

G-008/CI-94-675 ORDER DENYING RECONSIDERATION

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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In the Matter of a Low-Income Residential
Pilot Program for Minnegasco

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DOCKET NO. G-008/CI-94-675

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PROCEDURAL HISTORY

On December 2, 1994, the Commission issued its ORDER ADOPTING PILOT PROGRAM AND REQUIRING FURTHER FILINGS in the above-captioned matter. In that Order the Commission adopted a low-income discount pilot program for Minnegasco, pursuant to the requirements of Minn. Stat. § 216B.16, subd. 15. The Order required Minnegasco to submit further filings, including a proposed energy education and conservation provision for the program.

On December 12, 1994, Minnegasco filed its proposed Education and Conservation Component for the Pilot Program. Minnegasco stated that this proposal would determine whether energy education and conservation information provided to customers through the program would affect energy consumption. Minnegasco would provide energy education and assessment visits to half of the program participants. Each visit would include an analysis and explanation of the customer's bills, a walk-through inventory of appliance and energy use, conservation suggestions, and distribution of conservation pamphlets and other printed information. The visits were planned for February and March, 1995. Minnegasco would eventually compare energy consumption between those in the pilot program and those outside the program, and between program participants who received an education visit and those who did not.

On December 21, 1994, petitions for reconsideration and rehearing were filed by TRI-CAP, a Community Action Program agency, and by Energy CENTS. On December 22, 1994, a petition for reconsideration and rehearing was filed by the Minnesota Community Action Association, Inc. (MCAA).

On January 10, 1994, the Commission issued its ORDER GRANTING RECONSIDERATION tolling the statutory time period for consideration of the three petitions.

The petitions for reconsideration came before the Commission for consideration on January 26, 1995.

FINDINGS AND CONCLUSIONS

I. THE PETITIONS FOR RECONSIDERATION

A. TRI-CAP Petition

TRI-CAP expressed concern regarding the cost-effectiveness of Minnegasco's proposed education visits. According to TRI-CAP, past history shows that one visit has little or no impact on a household. Many customers live in rental units and have little impact on energy consumption in their buildings. A number of the customers are familiar with conservation practices through other programs, such as TRI-CAP's effort last summer to reach crisis households with energy education, conservation and budgeting assistance.

Because TRI-CAP doubted the effectiveness of the education visits, TRI-CAP objected to the additional expense placed upon the approximately 22,000 Energy Assistance Program households who are already supporting the pilot program's 3,000 participants.

TRI-CAP suggested that the desired information might be available from the existing Weatherization Program, since this program includes education in its auditing process.

B. MCAA Petition

MCAA also asked the Commission to reconsider the pilot program's education and conservation provision. While MCAA agreed that energy education and conservation are important aspects of any low-income program, the group believed that it might not be appropriate to include the provision in this pilot program.

MCAA opposed Minnegasco's education proposal for three main reasons. First, the education provision had never been discussed in the work group sessions held to develop the pilot program. Second, MCAA questioned the lack of information regarding the substance of the education component and its eventual cost. Finally, the MCAA believed that the education proposal could skew the evaluation of the pilot program. Limiting the education visits to half the program participants would unwisely reduce the already small sample size for evaluation.

C. Energy CENTS

Energy CENTS asked the Commission to reconsider three aspects of the pilot program: the program's objective and design; the treatment of arrearage forgiveness; and conservation activity.

A. The Program's Objective and Design

Energy CENTS stated that Minnegasco's pilot program will cover a much smaller number of participants than Energy CENTS had originally anticipated. For this reason, the group noted, designing the best possible program is of extreme importance. Energy CENTS stated that the purpose of the pilot is to design an effective program that will maximize affordability of gas bills for low-income people while minimizing Minnegasco's cost for offering the rate.

B. An Arrearage Forgiveness Mechanism

The Minnegasco pilot program as adopted by the Commission did not contain an arrearage forgiveness provision. In its December 2, 1994, Order, the Commission explained that an arrearage forgiveness mechanism might hinder the Commission's ability to measure the efficacy of the pilot program.

Energy CENTS argued that an arrearage forgiveness component would enhance rather than hinder the Commission's ability to evaluate the pilot program. Because some participants would enter the program with an arrearage while some would not, the Commission could compare the program's effect on the two groups.

Energy CENTS stated that an arrearage forgiveness mechanism allows a utility to save costs.

According to Energy CENTS, an arrearage forgiveness mechanism should be offered to program participants who fall behind in their payments by a certain amount, such as \$250.

C. Energy Education and Conservation Visits

Energy CENTS objected to the lack of prior discussion of the program's education component, to the random selection of households for the education visits, and to the lack of cost estimates.

Energy CENTS stated that most low-income people are already low energy consumers. According to Energy CENTS, low-income people have more to teach about conserving energy than they have to learn.

Energy CENTS suggested that a more effective conservation approach might be targeting high consumption households with direct impact conservation programs using Minnegasco's existing CIP programs.

Energy CENTS estimated the cost impact of the energy and conservation visits at \$75,000. The group believed this money could be put to better use on tangible conservation projects.

II. Comments of Minnegasco

At the January 26, 1995, Commission meeting, Minnegasco commented on the major issues raised in the comments.

Minnegasco stated that the energy conservation and education component was intended to provide the Commission with additional information regarding the impact of conservation information on energy consumption. Minnegasco agreed that there had not been much attention to this issue in the work group sessions. The Company had no problem with deferring implementation of the proposal until the parties had more opportunity to provide input.

Minnegasco agreed with the December 2, 1994, decision of the Commission regarding an arrearage forgiveness mechanism: in a pilot program, this component would hinder evaluation and analysis.

III. COMMISSION ACTION

A. Energy Education and Conservation Visits

Although Minnegasco presented its energy education and conservation proposal to the work group prior to the main work group sessions in August and September, 1994, there was little or no discussion of the component in those sessions. Since those meetings took place, it has become clear that parties disagree regarding the purpose and details of the component, and even as to whether this element should be implemented. Varying viewpoints have been expressed in a January 5, 1995, work group meeting, at the January 26, 1995, Commission meeting, and in parties' comments.

The Commission finds that implementation of the energy education and conservation visits should be deferred. More information is needed regarding the usefulness of this program component. If there is eventual agreement that this element should be implemented, the parties should develop a purpose and protocol for the visits.

The Commission will therefore reconsider its December 2, 1994, directive to implement an energy education and conservation provision. The Commission will direct Minnegasco and interested parties to work with Commission Staff in studying the concept. The group should submit a specific proposal recommending implementation or elimination of this program element. If the group decides that an energy education and conservation component is advisable, it should develop a specific proposal and protocol.

B. Arrearage Forgiveness Mechanism

In its December 2, 1994, Order, the Commission noted that the statute mandating a pilot program obliges the Commission to evaluate and report on the program. The Commission stated that an arrearage forgiveness mechanism in the pilot program would reduce the Commission's ability to evaluate the program's impact on arrearages. The Commission stated that it would consider the inclusion of an arrearage forgiveness mechanism in future low-income rate programs.

In its petition for reconsideration Energy CENTS stated that an arrearage forgiveness mechanism should be included in the pilot program because it will help the Commission evaluate the program and because an arrearage forgiveness component will allow the utility to save collection costs.

The Commission continues to believe that an arrearage forgiveness mechanism in the pilot program would be counter to the evaluative goals of the program. The Commission does not agree with Energy CENTS that the possibility of saving collection costs supports the inclusion of the forgiveness component. In a pilot program conducted to gather data, variables should (if possible) not be compounded. Including both a discount and an arrearage forgiveness mechanism would make it difficult to determine which element influenced any possible decrease in collection costs.

C. The Program's Objective and Design

Energy CENTS has raised no new issue regarding the pilot program's objective and design. The Commission continues to believe that the statutorily-mandated pilot program is meant to gather evaluative data for any future low-income programs.

ORDER

1. On or before April 30, 1995, Minnegasco and other interested parties, after meeting with Commission Staff, shall submit a specific proposal recommending implementation or elimination of the energy education and conservation component. If the group decides that such a component is advisable, it should develop a specific proposal and protocol for it.
2. On all other issues the Commission denies reconsideration of its December 2, 1994, Order.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

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