**BEFORE THE PUBLIC SERVICE COMMISSION**

**STATE OF GEORGIA**

IN RE: :

Georgia Power Company’s 2019 : DOCKET NO. 42516

Rate Case

:

:

**TESTIMONY OF**

**MR. ROOSEVELT COUNCIL, DR. WILLIAM M. COX, Ph. D**

**AND MR. WILLIAM L. HAWTHORNE, III**

Presented as a Panel on behalf

of the City of Atlanta, Georgia

October 17, 2019

**INTRODUCTION**

**Q. State your name, current employment and business address.**

A. (Mr. Council) My name is Roosevelt Council. I am the Chief Financial Officer of the City of Atlanta (“City”). My business address is City Hall, 55 Trinity Avenue, S.W., Atlanta, Georgia 30334.

(Dr. Cox) My name is William M. “Matt” Cox. I am the Chief Executive Officer at The Greenlink Group Inc., located at 695 Pylant Street N.E., Suite 110, Atlanta, Georgia 30306.

(Mr. Hawthorne) My name is William L. Hawthorne, III. I am Chief Equity Officer of the City. My business address is City Hall, 55 Trinity Avenue, S.W., Atlanta, Georgia 30334.

**Q. Summarize your formal education.**

A. (Mr. Council) I am a graduate of the University of Memphis with a degree in Finance and Accounting.

(Dr. Cox) I hold a Bachelor of Science degree from the University of Dayton, a Master’s of Science in Public Policy in Energy and Environmental Policy, with a focus on economic development from the Georgia Institute of Technology (“Georgia Tech”) and a Ph.D. in Energy Policy also from Georgia Tech, with a minor in sustainable development.

(Mr. Hawthorne) I am a graduate of Morehouse College with a Bachelor of Arts degree in pre-law, with honors. I also hold a Juris Doctor degree from Emory University.

**Q. (Mr. Council, Mr. Hawthorne) Summarize your work experience and responsibilities with the City.**

A. (Mr. Council) I have over thirty (30) years of experience in transportation logistics, aviation, telecommunications, public accounting and state and local government. I have served as the City’s Chief Financial Officer since June, 2018. Prior thereto, I was General Manager of Hartsfield-Jackson Atlanta International Airport from 2016 through June, 2018, having previously been Deputy General Manager and Chief Financial Officer from 2010-2016. I served as Chief Financial Officer of the Georgia Technology Authority from 2001-2008. I serve on the Board of Directors of the Atlanta Convention and Visitors Bureau, the Atlanta Metro Chamber of Commerce, Atlanta Aerotropolis Alliance and Atlanta Technical College.

As Chief Financial Officer, I head the City’s Department of Finance which manages and accounts for the City’s financial resources, prepares and monitors the City’s budget, invests the City’s funds to protect its assets, maintains the City’s fiscal liquidity and maximizes the City’s income in compliance with governing laws. Within the Department of Finance, the Office of Budget and Fiscal policy provides City government centralized budget and management analysis; the Office of the Controller directs policy and management for all of the City’s accounting operations; the Office of the Treasurer is responsible for debt management and cash/investment management of the City; the Office of Grants Management is the fiscal agent for all grant funds received by the City, and the Office of Revenue administers all billing and collection, business licensing, payment processing and online services, among others.

(Mr. Hawthorne) In January, 2019, I was appointed as Chief Equity Officer for the City. Previously, I was founder and President of D/I Strategies & Solutions, a New York based consulting firm advising organizations on creating and sustaining bias free workspaces and leveraging equity, diversity and inclusion as a marketing advantage. I also served as Senior Vice-President and Chief Diversity Officer for Macy’s, Inc. I began my career as an attorney with the City’s Solicitor’s Office, as a trial attorney with the Fulton County District Attorney’s Office and as Macy’s Division Vice-President and Deputy General Counsel with responsibility for the legal departments in Macy’s Midwest and Southeast regions. Among others, my board memberships include the Minority Corporate Counsel Association, the New York Urban League and the steering committee for the New York City Center for Youth Employment.

In my current position, I am responsible for overseeing Mayor Bottoms’ One Atlanta office. The goal of the Mayor’s One Atlanta vision is to ensure equitable, open and inclusive practices and policies in all City departments and to provide all of its residents the same access to opportunity. The One Atlanta office seeks to leverage the combined power of government, private and non-profit partners and communities to ensure Atlanta is an affordable, resilient and equitable city by dismantling inequities and barriers to opportunity for all City residents.

**Q. (Dr. Cox) Summarize your experience and expertise in the fields of electric utility regulation.**

A. I was a researcher and course instructor at Georgia Tech for several years. In this role, my research products supported the development and improvement of energy systems models for the Department of Energy and their National Laboratories, and the Energy Information Administration. I was an inaugural National Science Foundation Fellow in Nanostructured Energy Storage and Conversion, as well as a founding member of the Climate and Energy Policy Laboratory at Georgia Tech. I was the Building Energy Efficiency Project Manager for the City, where I led the development of energy efficiency policies, both internal to City operations and for the City at large.

I co-founded The Greenlink Group (“Greenlink”) and serve as Chief Executive Officer. I lead our team’s research work, focused on energy issues, advising clients on policies and programs to maximize energy savings and economic efficiency. Frequently, we use Greenlink’s own machine-learning modeling tools. Our research has analyzed resource valuation for both utility-scale (“US”) and distributed generation (“DG”) solar generation applications. We have also studied barriers and drivers to the cost-effective deployment of solar generation. Applying our advanced technology to the energy policy landscape, we identify energy savings opportunities for our clients. Over my career, I have published over sixty (60) research studies, primarily on energy efficiency and renewable energy policy. My experience and qualifications are fully set out on attached as Exhibit ATL-1.

**Q. Have you previously testified before this Commission?**

A. (Mr. Council) No, I have not testified before this Commission.

(Dr. Cox) Yes, I testified on behalf of Georgia Interfaith Power and Light (“GIPL”) and Southface Energy Institute, Inc. (“Southface”) in the 2016 Integrated Resource Plan (“IRP”)[[1]](#footnote-1) and on behalf of GIPL and the Partnership for Southern Equity (“PSE”) in the 17th Vogtle Construction Monitoring review.[[2]](#footnote-2) I also made a presentation at the Commission’s workshop regarding the valuation of renewable energy resources.[[3]](#footnote-3) Earlier this year, I testified on behalf of GIPL, Southface, Vote Solar, Georgia Solar Energy Association, Inc. (“GSEA”) and Georgia Solar Energy Industries Association, Inc. (“GSEIA”) in the 2019 IRP.[[4]](#footnote-4)

(Mr. Hawthorne) No, I have not testified before this Commission.

**Q. On whose behalf are you testifying?**

A. We are testifying on behalf of the City.

**Q. What is the purpose of your testimony?**

A. Our testimony addresses the impact of the rate increases proposed by Georgia Power Company (“Georgia Power” or the “Company”) in this docket from two different perspectives:

a. the direct impact on the City from the increased electricity bills that it will have to pay to maintain all of its buildings, facilities, municipal operations and services; and

b. the impact on the City’s residents, particularly those who are lower income, resulting from the Company’s proposed rate increases and the ripple effects the rate increases may have on the City’s overall economic development.

Our testimony does not address any specific rate increase proposed by the Company. Instead, we provide the Commission with data that quantifies the impact of the Company’s proposed rate increases on the City and its residents. Our testimony quantifies the impact of the Company’s proposed rate increases based on actual City financial and demographic data.

**Q. Summarize your key findings and conclusions.**

A. (Mr. Council) My portion of the panel’s testimony addresses the impact of the Company’s proposed rate increases on the City’s direct electricity costs. Based on the City’s analysis of its historical electricity purchases, we estimate that the Company’s proposed rate increases (if approved) will increase the City’s annual electricity costs by approximately $2.3 million in 2020, from approximately $37.6 million in 2019 to $39.9 million with additional increases to follow in 2021 and 2022.

(Dr. Cox) My portion of the panel’s testimony addresses the economic impact of the Company’s proposed rate increases on the City’s low-income residents. I project that the number of households in the City that are characterized as “energy burdened” will increase from 13,805 to 30,529, comprising 15.6% of the total households in the City. The number of City households in “energy poverty” will increase from 2,626 to 3,219, comprising 1.6% of the total households in the City. My testimony defines those terms and explains how the numbers were derived.

(Mr. Hawthorne) My portion of the panel’s testimony addresses the City’s concerns about the impact of the Company’s proposed rate increases on its “energy burdened” and “energy poverty” households. I also document the cooperative discussions that have already occurred between the City and the Company and request that those discussions continue in conjunction with the Commission to identify solutions to assist City residents who must deal with the daily impacts of the proposed rate increases.

**FINANCIAL IMPACT OF THE COMPANY’S RATE INCREASE**

**ON THE CITY**

**Q. Does the City purchase electricity from the Company?**

A. (Mr. Council) Yes, the City purchases a significant amount of electricity from the Company to operate all its’ facilities and provide important and essential constituent services. The City purchases electricity from the Company to operate Hartsfield-Jackson Atlanta International Airport through its Department of Aviation -- a primary transfer point in the international transportation system serving over 107 million passengers a year and 895,682 aircraft operations annually. The Department of Aviation provides passengers with approximately 32,000 24-hour parking spaces, maintains the 24-hour Command and Control Center, which includes the provision of centralized emergency management, maintains several maintenance buildings from which critical support is provided to all airport facilities and operations, as well as executive offices which house management and administrative support for the airport’s daily operations.

The City’s Department of Watershed Management provides over 1.2 million customers with safe drinking water per day, and it manages over 2,150 miles of sewer with a permitted discharge of 188 million gallons per day. It maintains 2 water treatment plants, 3 water reclamation centers, 6 combined sewer facilities, 16 sewage pumping stations and executive, administrative and customer support offices.

The City’s Department of Public Works manages, maintains and operates the City’s public transportation infrastructure, including roadway maintenance, traffic signals, streetlights and school zone flashers. This requires the operation and maintenance of approximately 19,436 streetlights and 1,000 traffic lights throughout the City. It also maintains two (2) maintenance facilities: North Avenue for street operations, sidewalk, pothole and point repairs and Claire Drive for traffic signal and streetlight repairs.

Several City departments perform public safety functions. The Department of Police Services operates and maintains the City’s police headquarters and all precincts. All City fire stations are operated by the Department of Fire and Rescue.

The Department of Corrections operates the Atlanta City Detention Center. The City’s Department of Parks and Recreation is responsible for the development, operation and maintenance of the City’s public parks, recreation centers and facilities, consisting of more than 100 facilities and 412 parks totaling 4,962 acres inside the city limits. The City’s Department of Enterprise Asset Management (“DEAM”) is responsible for the operations and maintenance of the City’s 126 other real estate asset holdings and facilities.

At each of these facilities, the City performs essential governmental functions that are required for its residents. Each facility operates on electricity that the City purchases from the Company. Given the City’s role in the economic development of the State of Georgia, the City and the Company must cooperate to provide electricity to make certain that the City’s operations are able to reliably perform these essential services.

**Q. Does the City budget for its electricity costs each year? If so, how?**

A. (Mr. Council) The City prepares an annual budget of its anticipated expenditures required to operate the City which includes an estimate of the City’s annual energy and electricity costs by department. The annual budget is developed based on the City’s prior energy demand and the anticipated priorities required for the provision of City services to residents. Each department is allocated a budget to cover its anticipated electricity expense.

The City operates on a fiscal year (“FY”) basis, commencing on July 1 and concluding the following June 30. Right now, the City is in the fourth (4th) month of FY 2020. The City concluded FY 2019 on June 30, 2019. FY 2019 is the last year for which the City has complete data documenting its electricity usage and the amount that it paid to the Company. For this reason, my testimony uses FY 2019 data.

**Q. Under what tariffs does the City purchase electricity from the Company?**

A. (Mr. Council) Each facility operated by the City and for which electricity is purchased is assigned to a City department. Electricity for each City facility is purchased based on type of facility and the specific amount of its electricity demand. The Company provides electric service to the City under multiple tariffs, based on the facilities’ specific operation and electricity needs.

The City purchases electricity from the Company through more than 1280 separate, metered accounts which are billed under more than fifteen (15) different tariffs. For example, the City purchases electricity under the General Services (“GS”) tariff for approximately 267 accounts, the Outdoor Lighting (“OLG,” “OLNG”) [[5]](#footnote-5) tariff for approximately 270 accounts and the Unmetered Devices (“UD”)[[6]](#footnote-6) tariff for approximately 385 accounts. The City’s usage data shows that approximately 37% of its electricity is used to operate the airport and watershed facilities under variations of the Real Time Pricing (“RTP”) tariff in only eight (8) accounts.

**Q. Describe the accounting process and procedures used by the City for its electricity purchases from the Company.**

A. (Mr. Council) DEAM serves as the City’s central repository and clearinghouse for management of the City’s electricity accounts with the Company. Each month, DEAM receives, reviews and analyzes the electricity cost at each City facility and location for all City departments. The City receives billing data from the Company via Excel file. DEAM assigns each bill to the appropriate department which in turn allocates cost for each location. DEAM uploads a file to the City’s Department of Finance/Accounts Payable for review. A single payment is then processed to pay the Company.

**Q. Has the City analyzed its electricity usage and costs for FY 2019?**

A. (Mr. Council) Yes, the City’s electrical demand and usage (by department) for FY 2019 are shown in Table 1:

**TABLE 1**

**City of Atlanta Electricity Usage and Cost**

**(By Department)**

|  |  |  |
| --- | --- | --- |
| **Department** | **Usage (kWh)** | **Cost** |
| Corrections | 11,260,360 | $1,029,289.05 |
| Cultural Affairs | 0 | $ 238.00 |
| D.E.A.M. | 25,553,618 | $2,257,319.00 |
| Department of Aviation | 65,880,890 | $6,051,426.00 |
| Department of Fire | 4,120,184 | $491,866.00 |
| Department of Parks and Recreations | 15,107,515 | $2,264,543.00 |
| Police | 3,058,969 | $393,414.00 |
| Public Works | 3,895,452 | $10,198,451.00 |
| Watershed | 236,393,050 | $14,890,351.00 |
| **Total Usage** | **365,270,038** | **$37,576,897.05** |

Across all City departments and all applicable Company tariffs by which the City purchases electricity, the City’s total electricity demand in FY 2019 was 365,270,038 kWh which cost $37,576,897.05.

**Q. Which City departments require the greatest electricity demand?**

A. (Mr. Council) As shown in Table 1, the Department of Aviation and Watershed accounted for the City’s greatest electricity demand in FY 2019.

**Q. Has the City estimated the impact of the Company’s proposed rate increase on its own electricity costs? If so, how?**

A. (Mr. Council) Yes, the City can only estimate the increase in its electricity costs under the Company’s proposed rate increases. From the complex billing data the City receives, it is virtually impossible to apply the Company’s proposed rate increases to the City’s FY 2019 usage and billing data to calculate the specific amount by which the City’s electricity costs will increase. To estimate the increase, the City relied on the direct testimony of Company witness, Mr. Larry Legg. He estimated the impact of the rate increase to each rate group on an after-fuel basis.[[7]](#footnote-7) Applying the percentage increases set out in Mr. Legg’s testimony to its FY 2019 electricity usage,[[8]](#footnote-8) the City estimates that the Company’s proposed rate increases will increase its annual electricity costs by $2.3 million in 2020. This estimate is conservative because it does not include future rate increases in 2021 and 2022. As the Company’s proposed rate increases continue into 2021 and 2022, the City’s costs will also continue to increase.

**Q. What is the impact to the City if the Commission approves the Company’s proposed rate increases?**

A. (Mr. Council) Obviously, the City will have to allocate more funds to purchase the electricity that its operations require given the rate increases.

**Q. What are the City’s options to cover its increased electricity costs?**

A. (Mr. Council) The City has several options to attempt to reduce the impact of the Company’s rate increases. The City may continue to increase energy efficiency measures to reduce its electricity demand. However, greater energy efficiency alone will not be able to counter the rate increases. The City could attempt to adjust its services and budget priorities to avoid passing the increased cost of electricity to its residents. Or, the City could implement increases in taxes or its own utility rates to recover its increased electricity costs. If the Company’s proposed rate increases are approved, it will be the responsibility of the Mayor and City Council to develop the City’s response to the impact of the rate increases.

**FINANCIAL IMPACT OF THE COMPANY’S RATE INCREASE**

**ON THE CITY’S LOW-INCOME RESIDENTS**

**Q. Is the City concerned about the impact of the Company’s proposed rate increases on its residents, as well as its own electric bills?**

A. (Mr. Hawthorne) Yes. Obviously, all City residents and businesses will have to pay increased rates for electricity if the Company’s proposed rate increases are approved. However, the rate increases will have a particularly harsh impact on the City’s low-income residents. Given the goals of the City’s One Atlanta vision, the impact of the Company’s proposed rate increases on its low-income households causes significant concern.

**Q. What terms are used to measure the impact of the proposed rate increases on the City’s low-income households?**

A. (Dr. Cox) The terms “energy burden” and “energy poverty” are used to classify households that must spend a disproportionate percentage of their income on energy.

**Q. Define “energy burden” and “energy poverty.”**

A. (Dr. Cox) The terms “energy burden” and “energy poverty” are standard, accepted metrics used to assess the impact of the cost of energy on the economics of a standard, ordinary household. The term “energy burden” refers to the share of annual household income that is used to pay annual household energy bills.[[9]](#footnote-9) Energy burden is characterized by “the percent of income spent on energy,” and it is calculated by dividing the household’s annual energy bill by its annual income.[[10]](#footnote-10)

While a number of thresholds for these terms have been explored,[[11]](#footnote-11) a general consensus has emerged in the research community in recent years. Following these conventions, a household is deemed “energy impoverished” with energy bills at 10% of income.[[12]](#footnote-12) A household is considered to experience a moderate energy burden if its energy bills exceed 6% of gross household income.[[13]](#footnote-13) Though total household energy costs may include other sources, such as natural gas, it is also possible to study specific forms of energy burden and identify the electricity burden, natural gas burden, etc., experienced by a household. The calculations in our testimony isolate the impact of the Company’s proposed electricity rate increases to household electricity burdens. The calculations are inherently conservative because we define a household as being “energy burdened” if the electricity burden exceeds 6% and in “energy poverty” if the electricity burden exceeds 10%. Most households consume more than just electricity and have real household energy burdens that are greater than our testimony describes. But, this emphasis keeps the focus solely on the electricity-related portion of the household’s energy burden.

**Q. Where does Georgia fit within these definitions?**

A. (Dr. Cox) Nationally, the average household spends 3.3% of gross household income to meet its energy needs.[[14]](#footnote-14) The median household energy burden in Georgia is a bit higher at 3.91%.[[15]](#footnote-15)

**Q. Why is the median household energy burden in Georgia higher than the national average?**

A. (Dr. Cox) There are two components to the energy burden calculation: the cost of electricity (the rate paid under Company tariffs) and the amount consumed. Both dictate the residential or business consumers’ electricity bill. As to electric rates, Georgia ranks 23rd lowest among the states,[[16]](#footnote-16) but electricity consumption in Georgia is greater. Because electricity intensity (consumption per square foot) in Georgia homes is 36% higher than the national median and Georgia household income is lower than the national median, Georgia’s median energy burden is higher than the national median.[[17]](#footnote-17)

**Q. Using these metrics, can you quantify the impact of the Company’s proposed rate increases on the number of households in the City that will become “energy burdened” or find themselves in “energy poverty?”**

A. (Dr. Cox) Yes. We calculated the cumulative impact of the Company’s proposed residential base rate increase and the usage (kWh) increase. Currently, 13,805 households in the City are “energy burdened,” paying electricity bills that exceed 6% of gross household income. After the Company’s proposed rate increases, the number of “energy burdened” households will increase to 30,529 – an increase of 16,724 or 121.1%. Of the City’s 195,433 households, 15.6% will experience energy burden from the Company’s proposed rate increases.

Today, 2,626 households in the City live in energy poverty. That number is estimated to increase by 22.5% to 3,219 if the Company’s rate increases are approved, accounting for 1.6% of the total number of households in the City.

**Q. Are the households identified as energy burdened or in energy poverty concentrated geographically in the City?**

A. (Dr. Cox) Yes. The impact of the Company’s rate increases disproportionately affects low-income and minority neighborhoods concentrated in the southern half of the City. The geographic distribution of the energy burdened households before and after the Company’s proposed rate increases is shown in Map 1.

Map 1

**Atlanta Households in Energy Burden**

**Before After**

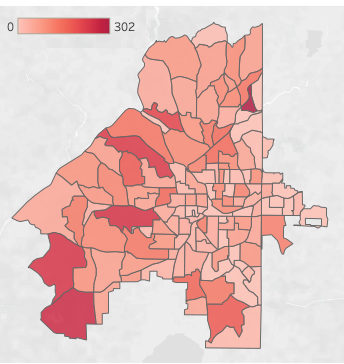
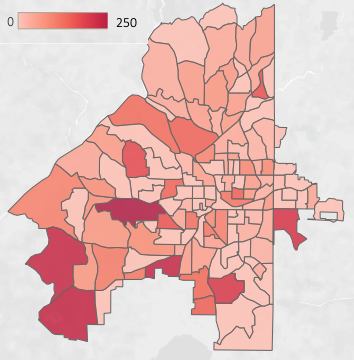
 

The change in households living in “energy burden” and “energy poverty” after the Company’s proposed rate increases is shown in Map 2. Each deep red colored area represents approximately 300 households pulled into energy burden (on the left) and approximately 250 households pulled into energy poverty (on the right).

Map 2

**Atlanta Households in Energy BURDEN AND Poverty**

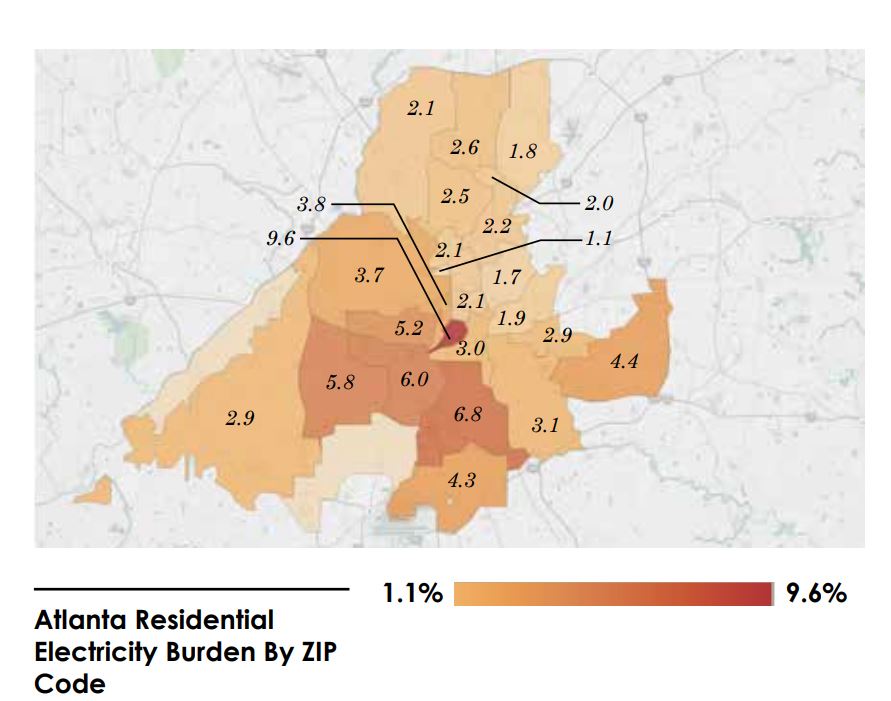
**Burden Poverty**

By zip code, the City’s energy burdened households are significantly concentrated in 30310, 30311, 30314 and 30315, as reflected on Map 3.

Map 3

**RESIDENTIAL ELECTRICITY BURDEN BY ZIP CODE**



**Q. Do the Company’s proposed rate increases similarly impact households in the City’s northside?**

A. (Dr. Cox)No. The City’s northside neighborhoods will experience little increase in the number of households that are energy burdened or living in energy poverty. I estimate that the average energy burden in the City’s northern half will only increase by approximately 0.1%.

**Q. Do the Company’s proposed rate increases disproportionately impact low-income households?**

A. (Dr. Cox) Yes, the census tract data[[18]](#footnote-18) used to support my testimony includes household income data, a summary of which is attached as Exhibit ATL- 2. Low-income households already spend a greater percentage of income on electricity. With lower household income, a rate increase (even a small one) is more likely to result in a household being classified as energy burdened, than would be required for the classification to apply to an average or higher-income household. For households located in low-income areas of south Atlanta, increases in electricity costs will have outsized impacts on the ability of low-income households to pay them.

Conversely, the Company’s proposed residential usage rates continue incentives to higher consumption households to use more electricity during non-summer months through a declining block rate design. These households tend to be higher income. As a result, electricity is offered at a marginally lower cost for wealthier customers. These incentives are not new, just continued.

**Q. What is the economic impact to the City (and metropolitan area) as more households become energy burdened or live in energy poverty?**

A. (Dr. Cox) Higher energy bills will produce ripple effects in a low-income household. Because the household must pay more for its electricity, the portion of household income available to pay for other essential goods and services will be less, and such purchases will decline. A low-income household may be confronted with decisions between the purchase of electricity and other essentials such as rent, food, medicine or school supplies.[[19]](#footnote-19),[[20]](#footnote-20) The data also show a tight correlation between higher energy burdened households, eviction rates and the use of short-term loans.[[21]](#footnote-21), [[22]](#footnote-22)

In the long run, this ripple effect can impact economic growth and job creation regionally if enough households are impacted. The decline of household spending power can slow economic growth. As a result, impacts of an increase in electricity costs are felt beyond the confines of the household.

**Q. Why is the City concerned about the increase in energy burdened households or those living in energy poverty?**

A. (Mr. Hawthorne) The City is very concerned about the number of households that are energy burdened and living in economic poverty because of the economic stress that it places on the City’s poorest residents and neighborhoods. The City’s four most energy burdened zip codes also contain its poorest residents, with households existing on incomes at or below 200% of the federal poverty line. These areas include more than 42,000 households.  As Dr. Cox testified, these areas face particularly harsh consequences if the Company’s proposed rate increases are approved.

For example, a retiree on a fixed-income of $2,000 per month (or less) living in a modest home can expect electricity costs to increase by 9%.  A family of four earning $3,200 per month can expect household electricity costs to increase by 10%.  The cost of electricity does not vary with household income, and a low-income retiree or family of four will be confronted with having to choose between household essentials. The City does not want to see its low-income residents forced to choose between medication, food or electricity as a result of the proposed rate increases. Yet for those households documented in our testimony, some families may be forced to do just that.

**Q. Will the disproportionate impact of the Company’s rate increases on low-income households affect the goals of the City’s One Atlanta vision?**

A. Yes. The City’s One Atlanta vision seeks to eliminate systemic barriers to economic opportunity for all of its residents. One Atlanta’s mission is particularly targeted to help low-income households advance through housing affordability, job opportunities, income growth and increased economic mobility. If low-income households advance economically, their neighborhoods can become affordable, thriving communities.

Clearly, the Company’s proposed rate increases will disproportionately impact low-income households that are geographically concentrated in low-income areas in south Atlanta. As these households pay higher electricity rates (among other costs) and make decisions between purchasing electricity or other essential goods and services, the systemic barriers that deter their economic advancement are reinforced, and the household’s and neighborhood’s abilities to thrive are further challenged. This impact runs counter to One Atlanta’s goals.

**Q. Is the disproportionate impact of Company's proposed rate increases the sole problem faced by the City's low-income households?**

A. (Mr. Hawthorne) Of course not.  All costs for essential goods and services disproportionately impact low-income households.  Low-income households always pay a higher percentage of their income for utilities (including those provided by the City), food, medicine and other essentials.  The disproportionate impact of the Company's proposed rate increases is just a component part for which statistical metrics have been developed to measure the severity of its impact.  To implement the City's One Atlanta goals, it is the responsibility of my office to address the fairness and equity issues that the proposed rate increases present, as well as any other circumstance that prevents the City's low-income households and neighborhoods from advancing economically.

**Q. Has the City raised these concerns with the Company?**

A. (Mr. Hawthorne) Yes. The City and the Company started discussing the impact of the Company’s proposed rate increases in August. The Company cooperatively engaged in discussions with both the City and its consultant, Bloomberg Associates in September. Therein, the Company identified possible options to assist low-income households with both energy efficiency improvements and possible new or revised programs to supplement electricity costs. Because the information provided by the Company was very preliminary and with discussions continuing, I feel that our testimony should not address the substance of the discussions here. However, another meeting between the City and the Company to review the impact of the proposed rate increases on the City’s low-income residents who are energy burdened or will be classified as living in energy poverty is scheduled for later this month.

**Q. As a result of those discussions, does the Company share the City’s concerns about the impact of its proposed rate increases on low-income households?**

A. (Mr. Hawthorne) Yes. The discussions conducted with the Company were cooperative, and the Company’s preliminary suggestions are a good starting point. However, the City is concerned that the magnitude of the number of households that will become energy burdened or exist in energy poverty as a result of the Company’s proposed rate increases will exceed the resources of the Company’s suggested remedies. Similarly, other resources available which rely on voluntary, charitable donations are probably insufficient to fully address the magnitude of the problem that the City foresees.

**Q. Do either federal or state programs and/or laws address the cost impact of other utility services on low income residents?**

A. (Mr. Hawthorne) Yes. Preparing for this docket, we learned of programs that mitigate utility service costs to low-income households in telecommunications and natural gas, including the federal Universal Service Fund (“USF”) (administered by the Federal Communications Commission’s (“FCC”)) to support access to communications by low-income and/or rural residents, and the state USF (created by statute and administered by the Commission) to assist low-income residents to obtain natural gas service through a regulated natural gas provider. Though these programs serve utility services that are now provided in competitive markets, they provide guidance and are instructive to address the challenges of the disproportionate impact of the increased cost of electricity on low-income households. The City’s concerns are not new, and reasonable policies for other utility services to address low-income households have been implemented.

**Q. What action should this Commission take to address the disparate impact of the Company’s proposed rate increases on its low-income households?**

A. (Mr. Hawthorne) The City urges the Commission to implement policies and/or programs to address the disparate impact of the Company’s rate increases on low-income households. Because of the possible ripple effects resulting from the magnitude of the number of energy burdened households in specific geographic areas of south Atlanta, the City is confronted with a significant challenge. Mitigation of the disparate impact of the Company’s rate increases requires more study to adequately assess the magnitude of the problem and identify and implement any solution. This process requires cooperation of the City, the Company and this Commission. We urge the Commission to take steps to address the disparate impacts, to participate in the ongoing discussions between the City and Company to evaluate and identify solutions and to take action to implement them.

**Q. Does this conclude the panel’s testimony?**

A. Yes.

1. “Testimony of William M. Cox, Ph.D. on behalf of Georgia Interfaith Power and Light and Southface Energy Institute, Inc.,” *In Re: Georgia Power Company’s 2016 Integrated Resource Plan and Application for Decertification of**Plant Mitchell Units 3, 4A and 4B, Plant Kraft Unit 1 CT, and Intercession City CT*; Docket No. 40161 (May 3, 2016); *In Re: Georgia Power Company’s Application for the Certification, Decertification, and Amended Demand Side Management Plan*; Docket 40162 (May 3, 2016) [↑](#footnote-ref-1)
2. “Testimony of William M. Cox, Ph.D. on behalf of Georgia Interfaith Power and Light and Partnership for Southern Equity,” *In re: Georgia Power Company’s Seventeenth Semi-Annual Vogtle Construction Monitoring Report*; Docket 29849 (December 1, 2017). [↑](#footnote-ref-2)
3. *Notice of Inquiry and Workshop to Examine Issues Related to the Value of Renewable and Distributed Energy Resources in Preparation for the 2016 Georgia Power Company Integrated Resource Plan*; Docket 39732. [↑](#footnote-ref-3)
4. “Testimony of William M. Cox, Ph.D. on behalf of Georgia Interfaith Power and Light, Partnership for Southern Equity, Southface Energy Institute and Vote Solar;” “Testimony of Dr. William M. Cox, Ph.D. and Karl R. Rabago, presented as a Panel on behalf of the Georgia Solar Energy Association, Inc. and the Georgia Solar Energy Industries Association, Inc.;” *In Re: Georgia Power Company’s 2019 Integrated Resource Plan and Application for Certification of Capacity From Plant Scherer Unit 3 and Plant Goat Rock Units 9-12 and Application for Decertification of Plant Hammond Units 1-4, Plant McIntosh Unit 1, Plant Langdale Units 5-6, Plant Riverview Units 1-2, and Plant Estatoah Unit 1 AND Application for the Certification, Decertification and Amended Demand Side Management Plan*; Dockets 42310 and 42311 (April 25, 2019). [↑](#footnote-ref-4)
5. In its direct testimony, the Company proposes to close OLG/OLNG tariffs to new customers. The City would continue purchases under these tariffs until the lights fail or the City decides to upgrade. (Testimony of Larry T. Legg, p. 20). [↑](#footnote-ref-5)
6. The Company also proposes to phase out unmetered service. (*Id.)*. [↑](#footnote-ref-6)
7. Mr. Legg testified as to the following rate increases by rate group: Small Business (8.8%), Medium Business (8.1%), Large Business (7.5%), Agricultural (7.9%), Government/Institution (7.3%), Outdoor Lighting (9.0%) and Marginally Priced (4.2%). *Id.*, at 11. [↑](#footnote-ref-7)
8. The City’s estimate applied a 4.2% increase to its RTP accounts and a 7.3% increase to the remainder. [↑](#footnote-ref-8)
9. APPRISE. 2005. “LIHEAP Energy Burden Evaluation Study.” Prepared for Division of Energy Assistance, Office of Community Services, Administration for Children and Families, US Department of Health and Human Services, p. 8. [↑](#footnote-ref-9)
10. *Id;* See also: Brown, MA, A Soni, MV Lapsa, KA Southworth, M Cox. (2019). “Low-Income Energy Affordability in an Era of Energy Abundance,” *Progress in Energy,* Vol 1. *forthcoming.* [↑](#footnote-ref-10)
11. *Id.*, at 12. [↑](#footnote-ref-11)
12. Cook J and Shah M. (2018) “Reducing energy burden with solar: Colorado’s strategy and roadmap for states,” NREL/TP-6A20-70965 (<https://nrel.gov/docs/fy18osti/70965.pdf>) [↑](#footnote-ref-12)
13. “LIHEAP Energy Burden Evaluation Study.” supra, at 12; Colton R D. 2011 *Home Energy Affordability in New York: The Affordability Gap (2008–2010)* (Albany, NY: Sew York State Energy Research Development Authority (NYSERDA)) (<http://nyserda.ny.gov/-/media/Files/EDPPP/LIFE/Resources/2008-2010-affordability-gap.pdf>)) [↑](#footnote-ref-13)
14. US Energy Information Administration. 2019. State Energy Data System. [↑](#footnote-ref-14)
15. *Id*; income data from U.S. Census Bureau, Median Household Income in Georgia [MEHOINUSGAA646N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/MEHOINUSGAA646N, October 15, 2019. [↑](#footnote-ref-15)
16. US Energy Information Administration. 2019. Form 861, Annual Electric Power Industry Report. This percentage includes all service providers in Georgia, not just the Company. [↑](#footnote-ref-16)
17. US Energy Information Administration. Residential Energy Consumption Survey; U.S. Census Bureau, Median Household Income in Georgia [MEHOINUSGAA646N], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/MEHOINUSGAA646N, October 15, 2019 [↑](#footnote-ref-17)
18. US Census Bureau. 2018. 2017 American Community Survey Microdata.

    [↑](#footnote-ref-18)
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20. Nelson, Hal T., and Nick Gebbia. “Cool or school?: the role of building attributes in explaining residential energy burdens in California.” *Energy Efficiency*, 11: 2017-2032 (2018). https://doi.org/10.1007/s12053-018-9681-1 [↑](#footnote-ref-20)
21. Levy, R., and J. Sledge. 2012. A Complex Portrait: An Examination of Small-Dollar Credit Consumers. Chicago: Center for Financial Services Innovation. [↑](#footnote-ref-21)
22. Brown, MA, A Soni, MV Lapsa, KA Southworth, M Cox. (2019). “Low-Income Energy Affordability in an Era of Energy Abundance,” *Progress in Energy,* Vol 1. *forthcoming.* [↑](#footnote-ref-22)