



Department of Energy Quadrennial Energy Review (Second Installment) Electricity: Generation to End-Use Stakeholder Meeting #1

RE: Statement of David Springe, Executive Director of the National Association of State Utility Consumer Advocates

The National Association of State Utility Consumer Advocates (NASUCA) is an association of utility consumer advocates from 40 states and the District of Columbia along with associate and affiliate members that also represent customer interests in utility proceedings. Most NASUCA members are designated by the laws of their respective jurisdictions to represent the interests of utility customers before state and federal regulators and in the courts. Some members are non-profit state utility advocate offices or associations that represent customers before state commissions but that are not designated by statute to that role. More than half of NASUCA members represent all customer classes, while others represent one or more specific customer classes, for instance residential or small commercial customer classes.

NASUCA appreciates this opportunity to make initial comments to the Department of Energy (DOE) as part of the Quadrennial Energy Review and looks forward to providing representatives from NASUCA member offices to participate in regional public meetings as part of the associated stakeholder process. Given the broad nature of the current DOE review, and the fact that each NASUCA member may address individual points in very different ways within their respective jurisdictions, NASUCA as an organization only seeks to present broad themes in these comments.

NASUCA believes that all customers deserve access to safe, reliable and affordable utility services. Changing technology may present an opportunity for new types of service for some customers. But these opportunities should not be provided at the expense of other customers. Changing technology may present a challenge to the operators of the electric grid. But these challenges should not be used as an excuse for investment that cannot be shown to benefit all customers through lower bills. Finally, some customers might find alternatives to the level or type of service previously requested from the utility. This does not mean that utilities should have the right to recover every cost from those customers that remain on the utility system and that have not changed the nature of their service arrangement. Nor should it become the pretext to argue for sweeping changes to regulatory structures, whether cost recovery methods or rate design, that have served customers well for years.

NASUCA acknowledges that increases in the level of distributed generation resources, both at the residential level and for larger customers, presents certain challenges to the status quo. However, NASUCA is concerned that there is much hype surrounding the discussion taking

place regarding technology, changing customer services, distributed generation and the idea of utility 2.0. Much in the same way that the hype around customer interest in smart meters proved more exuberant than customer use of the meters once installed, NASUCA urges the DOE to be cautious of claims from those with a vested business interest in large investments or changes in the existing regulatory structure. The DOE must recognize that it is not hearing from the vast majority of customers, those not seeking changes in service.

NASUCA urges DOE to be thoughtful about what constitutes basic utility service. The vast majority of utility customers simply need safe and reliable basic service. These customers don't need access to next generation technology and are not requesting the ability to self generate. These basic service customers should not be asked to absorb rate increases that result from investments in technology or other service options that they don't need and won't use. It should be possible to separate customers demanding more of the utility system into other service categories while protecting basic service customers. If we make basic service unaffordable to those who need it, we will have failed in our basic obligation.

To the extent that technology can be cost effectively added to a utility system in a way that increases efficiency, lowers costs and results in lower customer bills then NASUCA members welcome the opportunity to review proposals. However, NASUCA is concerned about the impact on customer bills of moving from long lived assets to technologies that have shorter service lives and that increase the risk of cyber security attacks. In a revenue requirement proceeding this shortened service life leads to higher depreciation expense levels and the speed at which technology becomes obsolete increases the possibility of stranded costs. Information technology and cyber security costs are growing rapidly and impacting consumer bills. NASUCA urges decision makers to always ask whether there are less expensive ways to accommodate customer and grid operator needs than those being proposed.

Finally, NASUCA urges DOE to recognize that many of the above decisions must be made in state level rate case and policy proceedings. Only through the detailed evaluation of data and evidence at the state level, with robust customer representation, can customers be assured their interests are being considered. DOE must be careful not to presume to have answers that will fit each state and must avoid putting its thumb heavily on the scale to influence any specific outcome.

Thank you for the opportunity to make this statement. Further information about NASUCA can be found at NASUCA.org.