

Docket 01-035-01
Division of Public Utilities
Ronald L Burrup
DPU Exhibit No. 1.0 R

In the Matter of the Application of)
PacifiCorp for Approval of its)
Proposed Electric Rate Schedules)
And Electric Service Regulations)
)

DOCKET 01-035-01

PREFILED REBUTTAL TESTIMONY

OF RONALD L. BURRUP

FOR THE

DIVISION OF PUBLIC UTILITIES

DEPARTMENT OF COMMERCE

STATE OF UTAH

JULY 16, 2001

1 **Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Ronald L. Burrup. I am employed by the Utah State
4 Department of Commerce, Division of Public Utilities. My business
5 address is PO Box 146751, Salt Lake City, Utah 84114-6751.

6 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

7 A. My purpose is to respond to the proposals of Mr. Jeffery V. Fox
8 regarding a new program referred to as Life-Support Assistance
9 Program (LSAP) and to the testimony of Dr. Charles E. Johnson
10 ecommending the Commission change its directive and remove the
11 \$1.85 million cap on collections and spending.

12 **Q. PLEASE DESCRIBE THE LSAP PROPOSAL.**

13 A. Mr. Fox proposes “that Utah Power’s customers who are designated
14 “life-support” and also on HELP (Home Energy Lifeline Program) be given an
15 additional discount up to \$10 a month on their electric bill¹“.

16 **Q. HOW HAVE YOU BEEN INVOLVED IN THE HELP PROGRAM?**

17 A. On May 24, 2000, in Docket 99-035-10, the Commission ordered
18 the Division, Committee, and SLC/CAP to work with the Company to
19 implement, within 90 days, a Lifeline program. The Commission ordered
20 that the program be capped at \$1.85 million per year and that it be
21 monitored by the Division and throughly audited within three years. The

1 Docket 01-035-01, Direct testimony of Jeffery V. Fox, June 15, 2001, page 4.

1 order at page 90 specifically states:

2 3. The Division of Public Utilities and PacifiCorp to prepare with the
3 participation of the Committee of Consumer Services and the Salt Lake
4 Community Action Program and any other interested party, a Lifeline
5 rate and program, as discussed herein, to be implemented within 90
6 days after this report and order. We further direct the Division of Public
7 Utilities to monitor and audit the program, submitting, at a minimum,
8 annual reports over an initial three-year period.

9 The Division Director asked me to be a facilitator to get a Lifeline
10 program implemented. Several meetings were held with other interested
11 parties, a stipulation was written and signed, two new tariffs were filed by
12 PacifiCorp, and the program started on September 1, 2000. On August 30,
13 2000, the Commission issued an order approving the tariffs and stipulation.
14 The program was officially entitled Home Energy Lifeline Program (HELP).
15 Since the program started, other meetings have been held to discuss the
16 quarterly reports PacifiCorp files and other issues.

17 The Division is in the process of issuing a Request for Proposals (RFP)
18 to retain a consultant to act as a facilitator and to assist in the development of
19 standards and measures of success. The current schedule calls for the RFP
20 responses to be discussed at the next meeting on August 28, 2001, and for the
21 Division to make a final selection shortly afterward. PacifiCorp will file its report
22 on the first full year's operation of HELP on October 31, 2001. The consultant
23 will have 30 days to complete his work and the Division will submit its report to
24 the PSC on or about December 1, 2001, which is 15 months after the program
25 started.

26 **Q. PLEASE DESCRIBE SOME OF THE RESPONSES YOU RECEIVED**

1 **FROM THE PUBLIC SINCE THE PROGRAM STARTED.**

2 A. In the first few months the Division received about 20 phone calls
3 from customers who objected to the new 12 cent surcharge on their bills.
4 I have also received an inquiry from the state legislative auditors office
5 requesting information on behalf of state legislators. We have provided
6 them with the information they requested.

7 **Q. WHAT IS THE CURRENT STATUS OF THE HELP FUND, AND WHAT**
8 **ISSUES DOES THE TASK FORCE NEED TO ADDRESS?**

9 The number of participants in the HELP program has increased
10 dramatically since September. As of June 30, 2001, the number of HELP
11 participants was 19,857. The program is designed to fund 18,750 participants.
12 The fund balance of \$735,079 will start to decline because the program is over
13 subscribed. The next task force meeting needs to address the number of
14 participants and billings from the Department of Community and Economic
15 Development (DCED) that appear to be in excess of the amounts allowed in the
16 Commission order. As the first year of operation closes, the task force also
17 needs to discuss any changes in the HELP surcharge tariff to confirm that the
18 cap is not exceeded.

19 **Q. WHAT IS THE DIVISION'S RESPONSE TO THE LSAP PROPOSAL?**

20 A. The Division believes the LSAP proposal is premature. The Low
21 Income Task Force, which was formed by the Commission,
22 recommended that the current HELP program undergo a "major review"

1 no later than three years after its implementation. The Commission
2 stated in Docket 99-035-10 at page 82:

3 The Task Force recommended that a major review should be
4 undertaken no later than three years after implementation of this, or any,
5 program, to make sure the program is effective and to suggest changes
6 or an end to the program.

7
8 The HELP program has been in effect since September 2000, or about
9 10 months. It has not yet been evaluated to determine if it is effective or should
10 be changed or ended. The Division recommends that the Commission wait for
11 the evaluation of the current HELP program before considering the LSAP
12 proposal.

13 **Q. PLEASE DESCRIBE DR. CHARLES JOHNSON'S RECOMMENDATION TO**
14 **REMOVE THE CAP ON SPENDING AND COLLECTIONS?**

15 Dr. Johnson argues that because in the first few months of the program,
16 collections exceeded expenditures resulting in the fund accruing a surplus
17 balance which cannot be spent with the current spending cap. The Division
18 does not interpret either the Commission's order or the stipulation as imposing
19 a spending cap, beyond the amount collected and beyond the \$8.00 per
20 participant per month. If there were a spending cap of \$1.85 million per year,
21 the interest that accumulated each month could never be spent (as of March
22 2001, accumulated interest was \$17,000). We interpret the instructions from
23 the Commission to mean that if the funds from one year are not spent, they and
24 the accrued interest, can flow into the next years funding. Under the Division's
25 interpretation, no change is necessary.

1 Regarding the collection cap, Dr. Johnson argues that because of
2 customer growth each year, the cap on collections will require the Company
3 ceasing to collect the surcharge for some days at the end of each year. The
4 Division anticipated this problem when the stipulation was written. The
5 stipulation states:

6 4. Amounts and Rates: PacifiCorp will use its best efforts to design a
7 Lifeline tariff rider to collect no more than \$1,850,000 annually for the
8 Lifeline Account. The balance in the Lifeline Account may increase as
9 fewer customers apply, or it may decrease as more customers apply. In
10 either case the Commission may adjust the Lifeline tariff credit, or the
11 Lifeline tariff rider as it deems necessary. The Lifeline tariff rider may be
12 revised annually with surcharge amounts recalculated to correct for any
13 over or under collection, within the limits of the cap identified in
14 paragraph 3. The goal is to collect \$1,850,000 annually.

15 **Q HOW HAS THE DIVISION KEPT THE COMMISSION INFORMED?**

16 A We have kept the Commission informed by filing memorandum and by
17 inviting them to attend task force meetings. As of now, it appears that the
18 program will operate within the limits established by the Commission during its
19 first year.

20 **Q WILL THE DIVISION NOTIFY THE COMMISSION IF THE LIFELINE TARIFF**
21 **SURCHARGES NEEDS TO BE CHANGED BECAUSE OF CUSTOMER**
22 **GROWTH TO AVOID OVER-COLLECTION?**

23 A Yes, we will keep the Commission informed through PacifiCorp's
24 quarterly reports, and the collections issue will be addressed in the next
25 meeting with interested parties. The Division does not see a need to remove
26 the collections cap as suggested by Dr. Johnson.

1 Q DOES THAT CONCLUDE YOUR TESTIMONY?

2 A Yes.