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DPU'S HELP PROGRAM ISSUES

TO: Public Service Commission

FROM: Division of Public Utilities
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DATE: May 12, 2005

SUBJECT: Docket Nos. 03-035-01 and 04-035-21 - Home Electric Lifeline Program (HELP) Evaluation.

In compliance with the Commission's scheduling order in Docket Nos. 03-035-01 and 04-035-21, the Division of Public Utilities (Division or DPU) submits the following list of issues and associated discussion dealing with the home electric lifeline program (HELP or Program).

Division's Summary Issues List

1. Annual collections under Schedule 91 exceed the Commission's ordered Program cap of $1.85 million.
2. HELP's ending account balance is in excess of $2 million and growing.
3. Definitive attribution to HELP of any positive effects (other than the credit directly paid to Schedule 3 ratepayers) has been difficult.
4. HELP consumes an extraordinary amount of the Division's (and other parties') resources, talent, and time.

Annual Collections:

The surcharge under Schedule 91 was initially designed to collect approximately $1.85 annually. The Commission, in implementing HELP, ordered that annually collections be capped at or near the $1.85 million. For evaluation purposes, the Division proposed and adopted an evaluation criteria or standard of, the ordered cap plus or minus five percent. The actual amounts of money collected under Schedule 91 during Years 3 and 4 of the Program were approximately $1,976,691 (about 6.9% above the cap) and $2,027,876 (9.6% above the cap), respectively (Table 1). Because of PacifiCorp's increasing Utah customer base, it is expected that the collection amount will continue to increase.

Ending Account Balance:

The ending account balance has been increasing throughout the four years of the Program and is now in excess of $2 million. This upward trend is expected to continue because the amount of money collected from other ratepayers exceeds the amount of money paid to HELP recipients by an ever-increasing amount ($138,106.04 in Year 2, $193,156.76 in Year 3, and $327,118.06 in Year 4); and interest, which is currently more than four times the Program's administrative costs, continues to accrue. (See Table 1).

Attribution to HELP:

A Joint Stipulation entered by various interested parties and adopted by the Commission in Docket No. 00-035-T07, charged the Division with,

a. Developing a set of standards and measures against which to evaluate the lifeline program;
b. Evaluating the effectiveness and success of the program against the determined measures and standards; and
c. Monitoring and auditing the program, and submitting, at a minimum, annual reports to the Commission and other interested parties with a comprehensive review after the end of Year 3.

In accordance with the Commission's order in Docket No. 99-035-10 (and the Joint Stipulation), the Division outlined what it believed to be measurable program goals, which included, among other things, benefits to low-income recipients; benefits to ratepayers in general; and benefits to the utility. In its annual evaluation reports, the Division attempted to evaluate the program against these goals. However, in each of its three annual reports, the Division concluded that changes in the Program's measures were not definitively attributable to HELP. Consequently, the Division asked the Commission for approval to have Quantec conduct a study to determine whether attribution were achievable.

According to Quantec's analysis, the HELP credit has a significant effect on the amount of arrears for HELP recipients. However, because of what the Division perceives as problems in the underlying data, the Division views the impact of the HELP credit on arrears and other measures as minimal at best, and probably not attributable.

Spent Resources:

Anecdotally, HELP seems to consume an extraordinary amount of the Division's (and possibly other parties) scarce resources, talent, and time. For example, since January of this year the Division (not counting support staff) has devoted approximately 531 employee hours to evaluating, monitoring, and reporting on the HELP program. In contrast, over the same period of time, the Division devoted approximately 1,200 employee hours to PacifiCorp's rate case. HELP represents approximately $2 million dollars per year; PacifiCorp's rate case started at $110 million dollars and settled at $51 million. The drain on the Division's resources appears to be disproportionate to any potential financial impact arising from HELP.

Besides the Division, the Commission, the Committee, PacifiCorp, other interested parties, and Quantec have also dedicated substantial resources, both financial and the commitment of staff-hours, over the last four years to an ongoing review of this Program without a clear result.

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