

ISSUES AND CONCERNS

2.1 Issues And Concerns

One of the roles for this report was to help develop a set of procedural focal points for the facilitated discussions in December. To support this effort, R. W. Beck reviewed the documents listed in the appendix and distilled that information into an outline of:

- Core issues and concerns associated with this dialogue; and
- Whether and how these issues might be appropriately addressed through this particular element in the Division's overall program evaluation strategy.

2.1.1 Background: The Purpose Of This Section

This section is more of a historical document. It was originally assembled as a tool that was used to help R.W. Beck achieve one of its core work tasks as a consultant to the Division.

The Assignment

R. W. Beck was assigned to help the Division and the Task Force Working Group (the Group) develop a formal evaluation tool, based on a set of quantifiable measures. This measure-based evaluation tool will be one of several evaluation strategies that the Division will use to assemble its reports to the Commission regarding the H.E.L.P. project.

In this case, the inventory of measures was tempered by strict criteria that the measures involve data that is accessible, measurable and attributable. Further, the Division assigned R.W. Beck to achieve related tasks in a very short time. Finally, Beck was assigned to support the Group in its efforts to advance its dialogue about how to incorporate more qualitative concepts into the quantitative form of formal performance measures.

Given the challenging focus and timing and the potential for complexity in the overall evaluation process, it was especially important for R.W. Beck to seek and keep a broad perspective on both the legal, technical and community issues underlying this initiative.

The General Strategy

One of the most challenging parts of introducing a consulting team into an active, long-lived program is to get the consultants up to speed on the overall situation, especially when the program staff and advisors are still working through related issues, concerns and controversies. Sometimes, it seems to require more energy than it may be worth. But, the fact is that, when public policy is concerned, technical and political issues and community priorities and concerns are often closely balanced in relationships that are unique to each community.

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In this setting, an evaluation strategy founded on strict technical rigor and stringent economic parameters must be balanced with an understanding of how a particular community assigning value to more complex evaluation criteria and more subtle cost continuums. It is also critical for everyone to understand that any analyses is, by necessity, bound in the balance of issues and concerns as it is expressed at one point in time. As such, any evaluation system must also be designed in a transparent manner, explicit enough about related assumptions, data sources, criteria and related calculations that it can be scrutinized and retooled as the projects' history evolves.

Most of this narrows down to the value of direct, clear communications among all active parties, in part, to ensure that the consulting team can contribute rather than disrupt the program's evolution. It works best when, the consultants, their clients and their clients' advisory partners have a shared understanding of the scope, focus and parameters that will define the consulting team's contribution to the effort. In turn, the consultants need to check their assumptions early and often to ensure that they are operating on the right foundation and can quickly surface related challenges that the group may need to address together.

The Tactics

To achieve the kind of balance and focus outlined above, R.W. Beck recommended that they publish an initial draft, summarizing what the consulting team had gleaned from reviewing all of the available materials and existing data related to the H.E.L.P project. In this way, all parties could make a quick assessment of what the team understood about the situation and the evaluation options. In this way too, each party could determine whether and what to contribute to refine the consulting team's understanding of the issues, data sources and options.

The draft outline of this section was based on R. W. Beck's understanding of the situation and assessment of the issues published in the draft report of November 2001. References included the consulting teams understanding of:

- How this particular project fits into this long-running effort to design, implement and evaluate the H.E.L.P lifeline rate program (and the boundaries related to that limited role);
- ⊕■ What kinds of issues and concerns had surfaced during this multi-year dialogue at the Task Force and how these might or might not be addressed through a system of formal measures; and
- ⊕■ An outline of how interested parties could contribute clarifying or additional information related to what they had read.

The Outcome

In general, the strategy worked to elicit specific information and concerns from affected parties. However, there was some confusion about the approach that required R.W. Beck to better explain the context for its very specific and direct comments.

In the end, the Group's comments, combined with the consulting team's analyses provided the foundation for a facilitated meeting, held December 11, 2001. The focus of the meeting was to:

- ⊕ ■ Refine the list of identified and potential new measures that might be used to help evaluate the lifeline program; and
- To work together to address some of the data and design challenges that R.W. Beck had identified in association with some suggested measures.

In addition to these tasks, the Group members in attendance also made progress in clarifying the larger context for how the Division proposed to approach report to the Commission. During these discussions, it was clarified that the Beck report and its measures would only be used as one of several evaluation strategies and that the Task Force chair would be outlining the greater report and contributing interpretive commentary to augment the quantitative data. In particular, the group clarified that the Division intended to address related issues on how macro-economic, social or political conditions may be affecting the program and its outcomes. In this context, the Group agreed to pursue other meetings on related subjects (some of these identified tasks are summarized in Section 5).

2.1.12.1.2 The Document

The following is based on Section 2 as it was published in November 2001. It is primarily included as an historical reference for this final report.

R.W. Beck finds that the document has served its purpose to promote dialogue and clarifications on key issues between the parties and acknowledges that several of the issue definitions and related analyses have subsequently been refined. Brief reference to these adjustments and refinements are included as annotations in this version. However, no attempt has been made to provide extensive discourse on related matters. And R.W. Beck makes no claim that all issues or facts have, at this point, been entirely developed or clarified.

Rather, R.W. Beck dedicated its energy to updating and refining other sections of this report, as since the content found in Sections 3, 4, and 5 their content will form the foundation for the measures and evaluation strategies that were the focus of this overall project.

PLEASE NOTE

The Following Is An Annotated Historical Reference

Though some basic grammatical and reference errors have been corrected, the original content has been left, fundamentally substantively, in tact. Annotations are used to clarify subsequent clarifications related to the topics and assumptions reflected in the original content. In addition, though some numbering has been slightly altered by this introductory section, all of the content is presented in its original order.

Original was published November 2001

Annotations were added December 2002

For the sake of procedural focus, this section is not intended to reiterate or imply any Party's specific position on the listed issues. TheThese positions are well documented through reports and direct correspondence related to the proceedings and any Party is invited to submit additional documentation, if they deem it appropriate.

Based on the comments received from the Parties, R. W. Beck will refine the understandings represented in this section and use #that as the basis for proposing an agenda for the facilitated discussions in December.

[NOTE: The whole premise of this section caused some initial concern among the Parties, many of whom had been working on this program and related negotiations for more than two years. It is exactly because the situation is so long lived and complex that this section was developed. As described above, one of the most challenging things to do is to integrate a new group into a complex discussion in a manner that balances expedience with the need for productive contribution. No matter how much material is consumed and applied, misperceptions or outright mistakes are inevitable when time is short.

The following was an attempt to expedite a clarifying dialogue between R.W. Beck and the Parties and to avoid getting too far into the project before any misunderstandings or misperceptions could erode the measures development effort. As such, it was expected that this section would include mistakes - flawed understandings or misperceptions that needed to be corrected. And, it was expected that the Parties would use these misperceptions as opportunities to expedite R.W. Beck's integration into the project through direct clarifications. On the whole this direct approach worked well for clearing things up for R.W. Beck, as well as among many long-time Party representatives.]

2.1.22.1.3 Approach to the Issues Outline

Within the following outline, the issues are organized under three topics:

- Demonstrating Recipient Need * Among Low Income Customers
- Approach to Solution/Program Design

- Balance of Benefits and Costs

[NOTE: * Based on input from the Parties, this topic was revised for the meeting to focus on need among the targeted group of low-income customers, whether they are active recipients or not.]

In turn, each category is divided into two sections:

- Issues Understood to Be Within The Scope of the Evaluation**

- Issues Understood to Be Outside the Scope of the Evaluation**

[NOTE: **The section's effort to clarify what R.W. Beck understood to be within and outside the scope of work initially elicited some misunderstandings and concerns. To further clarify, the intent of this approach was to ensure that the parties could reach some shared understanding about what how this particular endeavor would fit into the Group's overall effort to evaluate and discern how to proceed with the lifeline program. R.W. Beck finds that the resulting discussions offered valuable opportunities to become very specific about this report's role within the multi-faceted and complex effort to develop an overall evaluation. See related notes later in this section and in Section 3.]

And, within each section, the issues are presented under one of three sub-categories:

- Legal Parameters
- Community Parameters
- Technical/Business Parameters

2.1.32.1.4 Outline Summary

After identifying issues and concerns highlighted in the Commission documents, Task Force report and related appendices, R. W. Beck finds that, in general, it is most appropriate to the scope of this evaluation assignment to focus on issues that are directly associated with the program design elements and evaluation criteria that are defined within the Commission's Order and the DPU's RFP. Further, R.W. Beck finds that it will be important in addressing any of the related issues to maintain appropriate distinctions between analyses addressing the impacts of electric utility costs and analyses addressing total energy costs.

Further, it is R. W. Beck's understanding that it would be outside the scope of this assignment to:

- Speculate on or analyze legal or policy issues associated with the Commission's authority to order this program in the first place; or
- Hypothesize about or analyze alternative solutions.

Finally, in reviewing the issues being addressed through the Task Force dialogue and Commission hearings, R. W. Beck finds that it will be important to be very discerning in the case of issues involving assertions that the program will have measurable secondary or tertiary economic impacts. Specifically, this refers to impacts that could reasonably be considered to be outside of the electric utility's direct, micro-economic system, as it is defined and affected by the rates and practices of the electric utility and its customers. Recognizing that, for many Parties, the scope of the H.E.L.P. lifeline program is less a concern than the precedents set by the program's design, R.W. Beck

still recommends caution in this arena. This caution is, in large part due to the relatively broad assumptions that are implicit in such measures.

2.2 DEMONSTRATING—RECIPIENT NEED

[NOTE: NEED AMONG LOW-INCOME CUSTOMERS]

2.2.1 Issues Understood To Be Within The Scope Of This Evaluation

2.2.1.A LEGAL PARAMETERS

Issue:

Legislated or regulatory mandates requiring a determination of a need for fiscal relief among the customers being served by the investor-owned energy utility providers in Utah.

Assessment:

Based on the documentation reviewed as part of this report, as well as general organizational knowledge of related federal and state legislation, R. W. Beck does not find that there are any legislated imperatives or parameters associated with defining a need for relief by any or all energy electric utility ratepayers.

The Commission's Order does state an official position that the Commission does find the evidence sufficient to demonstrate a real need that is not otherwise being met by related programs.

2.2.1.B COMMUNITY PARAMETERS

Issue:

Perceived appropriateness of seeking solutions to help provide relief to customers that are earning incomes at or near the federal poverty levels and experiencing a significant budgetary impact due to energy costs.

Assessment:

The document review indicates that all parties support the basic premise that this is a serious issue that merits some type of response to provide some level of relief.

2.2.1.C TECHNICAL/BUSINESS PARAMETERS

Issue:

Significant budgetary impacts of energy costs on customers with incomes at or near the federal poverty level.

Assessment:

The assertion that energy costs are among the greatest budgetary challenges facing customers in the target population is a fundamental premise of the lifeline program that is generally accepted by the parties. As such, program evaluation will need to include a data-based point of reference to, at a minimum, monitor trends in the budgetary impacts of electric energy bills, and more specifically, on the targeted population (trends in the “Need” that is defining the program).

Related Issue:

Relative impact of electric bills and gas bills as separate elements in the budgetary stress of energy costs for customers in the target population.

Assessment:

H.E.L.P is specifically associated with an investor-owned electric utility provider. Given the emphasis on energy costs as a serious threat to the economic well-being of customers in the target population, it will be important to discern that energy costs are a compound factor, that, in Utah, involves several sources. In clarifying the need that defines this electric utility-based program, it will be important to clarify and monitor the dimension of the overall challenge that is attributable to electric bills.

Related Issue:

A related issue involves the business cost impacts on the utility (e.g., costs for collections, terminations, reconnects, etc.) when customers in the target population have unstable accounts.

Assessment:

Another premise of the H.E.L.P. lifeline program is an asserted need to help the electric utility stabilize its own cost of business, while customers are helped with stabilizing this element of their cost of living. It is R. W. Beck’s assessment that the evaluation will most appropriately include measures that track data related to both “needs.”

2.2.2 Issues That Are Understood To Be Outside The Scope Of The Evaluation Dialogue

2.2.2.A LEGAL PARAMETERS

Issue:

Whether there are any legislated mandates to respond to this need.

Assessment:

Based on review of the documents, R. W. Beck finds that, currently, there are no legislated mandates affecting this dialogue. It is outside the scope of R. W. Beck’s assignment to research additional sources on this issue.

Issue:

Whether the Commission has the authority to mandate a response to this need

Assessment:

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In its Order, the Commission asserts its authority to mandate the H.E.L.P. lifeline program. It is outside the scope of R. W. Beck's assignment and expertise to assess this assertion.

2.2.2.B TECHNICAL/BUSINESS PARAMETERS

Related Issue:

Effect of HEAT and related programs on the energy cost challenges for participating customers and whether and how that might affect the "profile" of need among the target population.

Assessment:

It is asserted and probable that HEAT's subsidies and energy conserving weatherization measures have had some mitigating impacts on the energy cost impact for some of the customers in the target population. It would be optimal to account for these factors in assessing and monitoring the dimension of the energy cost impact for eligible customers, especially as it relates to electric use and related electric utility bills, but it is outside the scope of this evaluation.

~~2.2.2~~ 2.2.3 Approach to the Solution/Program Design

2.3.1 Issues Understood To Be Within The Scope Of This Evaluation

2.3.1.A LEGAL PARAMETERS

Issue:

Legislated or regulatory mandates affecting the design of the Lifeline program.

Assessment:

Based on a review of the documents and general organizational knowledge of related federal and state legislation, R. W. Beck does not find that there are any legislated imperatives to pursue the H.E.L.P lifeline program or to structure it in any particular way.

R. W. Beck does find that the Commission's Order is very specific on the program's structure. The evaluation system must be designed, in part, to respond to the parameters outlined in the Order.

See section 2.2.2 on related issues that the Team understands to be outside the scope of this assignment.

2.3.1.B COMMUNITY PARAMETERS

Issue:

Formally collected and assessed evidence of community will, related to the perceived appropriateness of the design of H.E.L.P.

Assessment:

With regard to the general public or ratepayers-at-large, it is R. W. Beck's understanding that there is no formally conducted surveys or other evidence about general public or ratepayers-at-large opinion on H.E.L.P. or its structure.

With regard to representative stakeholder groups, the documentation for the Task Force and Commission hearing processes indicates that they have directly involved or invited direct involvement from a broad and diverse group of stakeholder groups. It is R. W. Beck's understanding that each group who elected to be involved in these processes has submitted verbal and written documentation of their issues and concerns on this and related topics. Further, it is R. W. Beck's understanding that the attached documentation includes at least one summary of documented positions, issues and concerns for each Party. NOTE: IF this understanding is incorrect, the comment phase of this draft report offers each Party another opportunity to clarify related matters through comments or other submittals directly to R. W. Beck.

Based on the evidence available to date, R. W. Beck finds that, while there is general consensus that energy cost impacts for customers in the target population represent a real problem that should be addressed, there is little evidence of full or inter-sector consensus on the appropriateness of the current design of H.E.L.P.

2.3.1.C TECHNICAL/BUSINESS PARAMETERS

Issue:

The appropriateness and potential effectiveness of a subsidy system for delivering relief for the eligible, participating customers.

Assessment:

While it is R.W. Beck's understanding that comparative evaluations of different program designs is outside the scope of this assignment, it is the understanding that the evaluation process can provide insights that can help assess whether the subsidy design is delivering meaningful relief with a minimum of unintended consequences.

Issue:

The effectiveness of the \$8 subsidy level in addressing the need to help relieve the budgetary impact of energy costs on customers in the target population.

Assessment:

Based on the documentation, the decision to target \$8 as the level of subsidy is one of the least well-defined elements of this program's design. As cited above, the evaluation process will need to support assessments of whether the subsidy design is working as intended. In turn, an appropriately designed evaluation process will also help determine whether the level of subsidy is meaningful relative to the energy cost impact it is intended to mitigate.

Issue:

The effectiveness of the administrative delivery system in distributing the intended benefits through enrollment of eligible families.

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Assessment:

For a number of reasons, it will be important to monitor what percent of a projected eligible population is participating. Clearly, the most pressing reason is to ensure that the program is achieving its mission. And, as highlighted in the next topic, the enrollment percentages (benefits) will help balance the analysis of the administrative overhead (costs).

Another reason that enrollment levels are important is that when the population is relatively small (such as the projected +or- 48,000), the participating population will also be relatively small. In the case of analyzing direct impacts on participants, this is less of a challenge, as the details from program enrollment statistics could help support significant measures. However, in the case of analyzing correlated impacts, such as crediting the program with helping to reduce arrearages or collections costs, it is important that the associated population be as large as possible.

Issue:

The effectiveness of the current design elements intended to help the utility keep its collection of funds at or near the \$1.8 million cap for any given year.

Assessment:

It is R.W. Beck's understanding that, in an effort to control program costs, the program design includes a stipulation that the utility keep the annual program fund account at or near the stipulated \$1.8 million, including the interest accrued to the account balance. [NOTE: The understanding reflected above has since been adjusted to include the clarification that the Commission ordered PacifiCorp to keep the annual collections (not the fund account) at or near the cap of \$1.85 million. Further, the Commissions ordered that unspent monies were to be tracked in an identifiable account on interest, equal to the cost of PacifiCorp's debt, is to be paid by PacifiCorp.]

To support this basic fund cap design, the program also includes a mechanism for adjusting the charges to contributing customers. Specifically, the utility is required to monitor the fund and, if appropriate, propose to the Commission that charges be adjusted up or down to enhance compliance with the fund cap. [NOTE: The understanding reflected above has been adjusted to include a clarification that the "cap" is on annual collections (not the fund or its balance).]

The fund cap is one of the design elements that have elicited some of the most specific contrasts in the dialogue and the position of different parties. The contrasting concerns pivot on finding ~~the a~~ balance between ensuring ~~that there is~~ adequate funding to ~~match-meet demand of recipients among eligible participants (concern the cap might be too constraining) and ensuring that there is responsible control of~~ minimizing impacts on customers who are contributing to the fund, ~~donors-but not eligible as participants (concern that the control mechanisms may prove inadequate keep the fund capped).~~ [NOTE: The understanding reflected above has been adjusted to include a clarification that the "cap" is on the annual collections (not the fund or its balance).]

~~Aside from the level of controversy, this element of the design~~The annual cap ~~is~~ intrinsic to the Commission's program design and their stated intention that impacts

for all parties be appropriately balanced. Over scrutiny would not be useful, as the cap control mechanism (Commission-approval for adjusted charges) will result in some level of delay and the fund balance will likely to fluctuate above or below the cap as adjustments take effect. However, it will be significant to include an assessment of trends in the fund level [NOTE: Clarified to be most appropriately focused on the level of annual collections, as well as the outstanding fund balance] 's trends as part of the evaluation. At this point, R.W. Beck's observes that this information could also be applied to assessing whether and to include these observations in assessments related to the surcharge is excessive in its impact on ratepayers or whether resulting funds are adequate to address the need (as discussed earlier) and adequacy (as related to demand), as well as impact of the charges on contributing customers. [NOTE: The understanding reflected above has been adjusted to include a clarification that the "cap" is on the annual collections (not the fund or its balance.)

2.3.2 Issues That Are Understood To Be Outside The Scope Of The Evaluation Dialogue

2.3.2.A LEGAL ISSUES

Issue:

Whether the Commission has the authority to order that the program be funded through a charge to non-participating ratepayers.

Assessment:

In its Order, the Commission asserts its authority to mandate H.E.L.P. and its structure. It is outside the scope of R. W. Beck's assignment and expertise to assess this assertion.

2.3.2.B TECHNICAL/BUSINESS ISSUES

Issue:

The comparative appropriateness of approaching the solution through the current funding and subsidy design as compared to alternative approaches.

Assessment:

R.W. Beck's assignment includes the assumption that the program will be implemented as stipulated in the Commission's Order. It is outside the scope of this assignment to analyze or hypothesize about how other solution structures would perform.

2.32.4 Balance of Benefits and Costs

2.4.1 Issues Understood To Be Within The Scope Of This Evaluation

2.4.1.A LEGAL PARAMETERS

Issue:

Legislated or regulatory mandates requiring use of specific analytic paradigms or data-references when evaluating programs involving efforts to relieve or adjust energy usage or energy cost impacts among the customers being served by energy utility providers in Utah.

Assessment:

Based on the documentation reviewed as part of this report, as well as general organizational knowledge of related federal and state legislation, R. W. Beck does not find that there are any specifically legislated imperatives or parameters associated with defining evaluating H.E.L.P. or like programs.

The Commission's Order does state an official position that the Commission does find the evidence sufficient to initially determine that:

- The benefits offset the negative impacts
- The program will not overly burden other customers
- The program is administratively simple and inexpensive to administer.

The evaluation system must provide support for the Commission and others to monitor related factors, including the impact on other customers.

The reference to "negative impacts" is more vague, however, there are limits implicit in a related stipulation that the related measures be available, quantifiable, and attributable.

2.4.1.B TECHNICAL/BUSINESS PARAMETERS

Issue:

The basic balance of directly attributable costs and projected benefits.

Assessment:

Benefits analyses can range from the basic (CED's charge for managing the program's recipient enrollment and re-cert) to the exotic (impact on the GNP). The parameters set by the Commission and the DPU tend to emphasize the basics and emphasize a need to discipline the scope of the measures and evaluation process, including a caution to ensure that related data is available, quantifiable, and attributable.

While more exotic categories of potential benefits are addressed in the following sections of this topic, it is R.W. Beck's understanding that this assignment calls for an emphasis on measuring and evaluating factors that are closely associated with the

direct, micro-economic system, as it is defined by the rates and practices of the electric utility and its customers.

Issue:

The effectiveness of H.E.L.P. in reducing the compounded customer costs and utility costs that can be associated with unstable utility accounts.

Assessment:

One of the central benefits assumptions associated with the lifeline program's subsidy-centered design involves projecting mutual cost savings for ~~the customer~~the customer and the utility [NOTE: this clause assumes that the fiscal health of the utility produces benefits to its ratepayers. Further, the reference to "customers" assumes that category to include ALL utility customers/ratepayer. Therefore this reference addressed BOTH donors and recipients] ~~and the utility~~ as an outcome of increased stability among [NOTE: and therefore reduced business expenses associated with] related residential accounts. This element of the design is fortified with the carrot/stick that participating customers who fail to keep their accounts sufficiently current will lose their eligibility and be removed from the program roles. As such, the utility will not be asked to bear a compounded burden of unstable customers AND a subsidy to those customers.

[NOTE: For clarity, this paragraph has been moved up] If residential accounts show a decline in arrearages and other measures associated with these core issues show a positive, attributable trend, then the evaluation should indicate that there is a corollary benefit of reduced burden from compounded costs for both the electric utility and, by association, their customers [NOTE: their ratepayers]. However, if the related trends are more negative, it will be important for the Commission to consider a range of factors in reassessing the program or its design.

[NOTE: Some Parties have expressed concern that the paragraphs in this sub-section are not explicit enough in articulating the correlation between stable residential accounts and benefits to the whole range of ratepayers. Since it was always Beck's intention to reflect this broad correlation, following is a specific example that was submitted: If write-offs and arrearages go down, then several groups receive benefits. Donors (and the utility ratepayers at-large) are benefited when business costs associated with write-offs and arrearages are avoided and do not have to be passed on. Recipients are benefited because the direct and indirect costs for arrearage or terminated service are avoided.

Clearly, if there is a reverse trend (i.e., an increase in write-offs or arrearages), then there are detrimental impacts for both donors and recipients as the associated business costs are passed on through rates and the recipients have to deal with the added financial, credit and legal burdens of the arrearage/termination process.]

The assumptions and design elements outlined above are also founded on another premise, that the level of the subsidy will provide sufficient budgetary relief to make it possible for the participating customersrecipients to pay the balance of their electric utility bill. This issue goes back to a related discussion under the previous topic and focused on the question of whether the program can achieve the Commission's objectives. In this case, the question is how well the subsidy-centered design and the

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level of subsidy (\$8 in this case) can meaningfully mitigate the energy cost impact or even just the electric cost impact for customers living at or near the federal poverty level.

~~If residential accounts show a decline in arrearages and other measures associated with these core issues show a positive, attributable trend, then more the evaluation should indicate that there is a corollary benefit of reduced burden from compounded costs for both customers and the electric utility. However, if the related trends are more negative, it will be important for the Commission to consider a range of factors in reassessing the program or its design.~~

Issue:

The direct economic impacts of the program's funding mechanism, based on charging an additional sum to ratepayers who are not eligible to participate in the program.

Assessment:

NOTE: A discussion of indirect economic impacts on the ~~non-participants~~donors who provide the funds through the surcharge is separate and included below.

[NOTE: Some Parties have expressed concern that the definition of direct and indirect is misconceived. In this case, R.W. Beck has elected to focus the discussion of "direct" impacts on the relationship between the donor or recipient with their electric costs. Further, R.W. Beck has elected to address related issues (such as lost consumer or investment opportunities associated with surcharge payments) as indirect impacts. However, this distinction does not indicate that R.W. Beck does not recognize that there are "indirect" impacts, nor does it imply that these impacts are not important.]

The Commission specified its initial assessment that the lifeline program would not be overly burdensome to donors (ratepayers who are paying the surcharge and are not eligible to participate as recipients) other customers. ~~Therefore, it~~ will be important to ensure that the evaluation includes some means to clarify and monitor the relative impact of the program surcharge on donors in terms of how this surcharge might or might not affect their overall energy cost "burden". ~~as a function of the overall energy cost impact for ratepayers in the different schedule categories.~~

While direct negative consequences are not indicated by the current level of surcharges, relative to the ~~overall-direct overall~~ energy cost impact ~~on~~of any specific group, it would clearly be an unintended consequence if this program fee could be attributably traced to any increase in unstable accounts among non-program participant ratepayers.

[NOTE: Subsequent to the writing of this section, R.W. Beck evaluated several measures to address the more indirect impacts of the surcharge on consumer and investment options for the donors and recipients. This is addressed more fully in Sections 3,4,5.]

2.4.2 Issues Understood To Be Outside The Scope Of This Evaluation

2.4.2.A TECHNICAL/BUSINESS PARAMETERS

Issue:

The indirect economic impacts of the program's funding mechanism, based on charging an additional sum to ratepayers who are not eligible to participate in the program.

Assessment:

NOTE: A discussion of direct economic impacts on who funds the program through the surcharge is separate and included above.

[\[NOTE: Subsequent to the writing of this section, R.W. Beck evaluated several measures to address the more indirect impacts of the surcharge on consumer and investment options for the donors and recipients. This is addressed more fully in Sections 3,4,5.\]](#)

Several Parties contributing to the Task Force dialogue or the Commission's hearings have alluded to or directly recommended that the H.E.L.P. evaluation include measures to help assess some of the lifeline program's more indirect consequences: specifically, indirect economic impacts for the ratepayers paying the program charge and, by association, for the local, state and national economy.

The next sections on measures provide a more detailed analysis and discussion of the inventory of suggested measures and those that R.W. Beck will propose to use in the evaluation. This section will address the issue more generically, in the context of the issues and concerns that have been identified by the Parties affected by and involved in the Commission's effort to understand and provide relief from the energy cost impact among families living at or near the federal poverty level.

In this context, R. W. Beck finds that it will be important to be very discerning in the case of issues involving assertions that the program will have measurable secondary or tertiary economic impacts. Specifically, this refers to impacts that could reasonably be considered to be outside of the electric utility's direct, micro-economic system, as it is defined and affected by the rates and practices of the electric utility and its customers.

Recognizing that, for many Parties, the scope of the H.E.L.P lifeline program is less of a concern than the precedents set by the program's design, R. W. Beck still recommends caution in this arena.

This caution is, in large part, due to R.W. Beck's reticence to apply the relatively broad assumptions and less-attributable data points that are implicit in such measures to a program that is so narrowly targeted, involves a relatively small and tightly controlled funding pool, and is specific to one localized delivery area for a utility with a national presence.

Combining this reticence with an emphasis on the parameters outlined by the Commission and the DPU, R.W. Beck finds that most, if not all macro-economic measures are outside the scope of this assignment.