Light and Truth Testimony Attachments
03-2035-02
Attachment Page Numbers in Original Hard-Copy and in the PDF File

TO: Utah Public Service Commission
Stephen Mecham, Chairman
Constance White, Commissioner
Richard Campbell, Commissioner

FROM: Light and Truth
Paul Mecham

DATE: April 24, 2003

SUBJECT: Evaluation of the HELP Program

The HELP program continues to work toward the right ends using the wrong methods. This has been true from its very conception, thru its implementation and continues today.

L&T believes the Commission will find this document significantly more objective, inclusive and factually supported than any other input it has received on this topic to date. There certainly are some remaining open-ends. Some will never be closed. With the attachments, this document contains full text extracts of applicable portions of Commission orders, over 3 years of reported PacifiCorp data, comparative and condensed quotes of all parties and the full R. W. Beck report. It contains 134 footnoted references.

In this document, Light and Truth evaluates HELP by applying the useable measures and standards and then makes an overall recommendation for the future of the Program.

TABLE OF CONTENTS

SUMMARY

Light and Truth (L&T) reviewed and extracted salient data from the following:

Three PSC orders pertaining to HELP
The R. W. Beck Report
The DPU First Annual HELP Report
The CCS comments on the DPU Report
The data reported by PacifiCorp relative to HELP

L&T then looked at the analysis done by the other parties on the measures, standards and available data. The great majority of available data was not usable for various reasons. This unusable data included most of the PacifiCorp data, the impact on which, could not be attributed to HELP. Most PacifiCorp data became informational only and could not be used for HELP evaluation. A number of the measures did not have any supporting data. A great number of the initial claims, assertions and findings were found to be unsupported and unsupportable. The usable measures, standards and data were ultimately identified.

L&T evaluated HELP against the usable measures and standards. HELP successfully provided benefits to recipients using acceptable procedures. No success for HELP was demonstrated in any of the other measures. No benefits to non-participant donors were found; no party presented such. No benefit to PacifiCorp was found; no party presented such. The overall detriments far exceeded the overall benefits: no party contested this. The fund balance, which ideally should be near zero, stood at over a million dollars at the end of program year two (September 30, 2002). In the end, the HELP program could not be demonstrated to be a success. It failed.

Even though pure logic would dictate that HELP be terminated, L&T is cognizant of the great needs of low-income people. With some reticence and concerns about legal issues, it recommends a modification and continuation of the program. That modification would be a conversion to non-forced, "opt-in" funding with the existing excess funds being kept (rather than refunded to donors) to allow present payments to continue. L&T hopes that, after reviewing the contents of this document, this compromise position can be supported by all parties and implemented immediately.

BACKGROUND

Many parties have described the background of the HELP program repeatedly. Light and Truth has elected in this document to display the high points of the background by referring to and quoting Public Service Commission (PSC) orders. Care has been taken in assembling the PSC quotes to differentiate between times the PSC is using the words of other parties and when the PSC is speaking in first person for itself. The underlining was done by L&T for emphasis. The parties mentioned are Salt Lake Community Action Program/Crossroads Urban Center (CAP), the Division of Public Utilities (DPU) and the Committee of Consumer Services (CCS). No effort was made to include any of the other filed input that was not quoted by the PSC.

PSC Quotes of others

The following quotes come from PSC Orders. In these quotes, the PSC is quoting other parties and not speaking for itself. These quotes illustrate the positions and assertions of other parties as shown on the PSC's records.

CAP

In 97-035-01: "SLCAP/Crossroads expects the benefits of the program to include a reduction in uncollectible accounts, returned checks, and service shutoffs; spreading the recovery of fixed costs over more customers and therefore reducing the impact on each customer; and an increase in sales of electric appliances."[1]

CCS

In 97-035-01: "The members of the Committee of Consumer Services have voted to support the proposal."[2]

DPU

In 97-035-01: "The Division is neutral on the proposal but believes it raises a matter better left to the state legislature."[3]

" The Division asserts that there are no benefits to nonparticipants from direct assistance programs. It cautions the Commission against 'effectuating social policy by means of altered electricity rates.'"[4]

Low Income Task Force

"Proposed Standards of Measures of Success. The task force report indicated some confusion as to what the Commission intended with its questions in this area. 'If the Commission's intention were to provide assistance to a given number of customers, or a percentage of low-income households, measurement would likely be quite simple . . .'"[5]

"It recommended that we ask the Division to develop a set of standards and measures."[6]

"... make sure the program is effective ..."[7]

Quotes of the PSC's own words

The following quotes come from PSC Orders. In these quotes, the PSC is speaking in first person, for themselves. The underline highlighting is added by L&T for emphasis.

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[1] Attch 2, PSC Order 97-035-01 (Extract) Lines 184-187
[2] Attch 2, PSC Order 97-035-01 (Extract) Line 47
[3] Attch 2, PSC Order 97-035-01 (Extract) Lines 47-48
[4] Attch 3, PSC Order 99-035-10 (Extract) Lines 77-79
[5] Attch 3, PSC Order 99-035-10 (Extract) Lines 82-85
[6] Attch 3, PSC Order 99-035-10 (Extract) Lines 88-89
[7] Attch 3, PSC Order 99-035-10 (Extract) Lines 91-92

In 97-035-01

"... we must determine if a lifeline rate, as proposed in this case, is in the public interest."[8]

"... we draw a set of criteria by which to judge the merits of the current proposal. ... the benefits of the program should offset negative impacts on rate making objectives and should be sufficient to overcome the Commission=s reluctance to effectuate social policy by means of altered electricity rates. ... the program should be easy and inexpensive to administer.[9]

"The record does allow us to conclude that the lifeline rate is adequately targeted ... and thus overcomes the concerns expressed by the Commission in Docket No. 81-999-06."[10]

"We conclude that if the assumptions are correct, then the benefits ... would exceed the detrimental effect of a very small increase in the bills of other customers.[11]

"SLCAP/Crossroads expects the benefits of the program to include a reduction in uncollectible accounts, returned checks, and service shutoffs; spreading the recovery of fixed costs over more customers and therefore reducing the impact on each customer; and an increase in sales of electric appliances. Though unrebutted, we recognize the speculative nature of this assertion."[12]

"We are left with enough unanswered questions that, rather than order the lifeline rate established immediately, we direct the low-income task force to further consider, and recommend, exactly how this will be implemented."[13]

"Measurements / Standards. Finally, we charge this task force with proposing as detailed as possible a set of standards, measurements and criteria against which, if we approve implementation, we could judge whether the program were functioning as intended. We further ask it to consider whether a pilot-test period may be appropriate, or a sunset date, or criteria upon which to determine that the program ought to be modified or abandoned."[14]

"... whether the program actually results in measurable benefits"[15]

[8] Attch 2, PSC Order 97-035-01 (Extract) Line 82
[9] "... we draw a set of criteria.... First, the need should be both real and unmet by direct-payments programs, ... Second, ... the program must target only low-income households ... Third, the benefits of the program should offset negative impacts on rate making objectives and should be sufficient to overcome the Commission=s reluctance to effectuate social policy by means of altered electricity rates. Fourth, ... the program should be easy and inexpensive to administer." See Attch 2, PSC Order 97-035-01 (Extract) Lines 86-94.
[10] Attch 2, PSC Order 97-035-01 (Extract) Lines 153-156
[11] Attch 2, PSC Order 97-035-01 (Extract) Lines 181-183
[12] Attch 2, PSC Order 97-035-01 (Extract) Lines 184-188
[13] Attch 2, PSC Order 97-035-01 (Extract) Lines 209-212
[14] Attch 2, PSC Order 97-035-01 (Extract) Lines 242-246
[15] Attch 2, PSC Order 97-35-01 (Extract) Line 250

In 99-035-10

"... our last rate case ... contained an extended discussion and analysis of the proposal, which we will not repeat here but reference and again rely on, in addition to evidence introduced in this case, as basis for our decision here.

"In the prior case, this Commission found that ... the program ... would not overly burden other customers; that the benefits offset negative impacts; and the proposed program was administratively simple and inexpensive to administer. Despite these findings, we declined to institute the lifeline rate in that case because of several concerns and unanswered questions, which were explained fully in that Order."[16]

"... we asked for more information on ... proposed measurements and standards by which we could judge the success of a program"[17]

"We find sufficient benefits to the intended beneficiaries, to the utility, and to utility customers in general through reduced cost to the utility of collections, terminations, reconnections, and arrearages."[18]

"We anticipate that the program be capped at no more than $1.8 million per year; that it continue to be monitored by the Division and that it be thoroughly audited within three years."[19]

"We further direct the Division of Public Utilities to monitor and audit the program, submitting, at a minimum, annual reports over an initial three-year period."[20]

"CONCURRING AND DISSENTING STATEMENT OF
COMMISSIONER STEPHEN F. MECHAM

"...I do not personally oppose the lifeline proposal, but without concrete, identifiable benefits to all customers, I believe the legislature should specifically address this issue"[21]

In 00-035-T07

"PacifiCorp shall gather data on a monthly basis and issue a report ... with, the following details.
"1. The number of customers on Utah Tariff 1 and Lifeline Tariff 3.
"2. The amount collected under the Lifeline tariff rider (HELP surcharge).
"3. The amount credited to Lifeline tariff 3 customers' bills
"4. The amount of any administrative charges from PacifiCorp
"5. The amount of any administrative charges from DCED
"6. The balance in the Lifeline Account at the end of the period
"7. The balance in the Lifeline Account shall accrue interest.

[16] Attch 3, PSC Order 99-035-10 (Extract) Lines 29-40
[17] Attch 3, PSC Order 99-035-10 (Extract) Lines 41-46
[18] Attch 3, PSC Order 99-035-10 (Extract) Lines 96-98
[19] Attch 3, PSC Order 99-035-10 (Extract) Lines 118-120
[20] Attch 3, PSC Order 99-035-10 (Extract) Lines 128-129
[21] Attch 3, PSC Order 99-035-10 (Extract) Lines 141-143

"8. For residential tariffs 1 and 3, the monthly arrearage (an aging of accounts receivable)
"9. For residential tariffs 1 and 3, the number of termination notices and actual terminations
"10. For residential tariffs 1 and 3, the number and dollar amount of accounts turned over to collection agencies
"11. For residential tariffs 1 and 3, the dollar amount of write-offs and recoveries"[22]

"The Division, with the assistance of PacifiCorp, SLCAP, CUC, DCED, CCS and other interested parties, will attempt to <u>develop a set of standards and measures against which to evaluate the effectiveness and success</u> of the program."[23]

"The Division will <u>evaluate the effectiveness and success of the program against the determined standards and measures</u>."[24]

"... the DPU will monitor and audit the program, and submit, at a <u>minimum, annual reports</u> to the Commission, CCS and other interested parties over the initial three year period. The DPU's reports will include three parts: (1) a <u>financial audit</u> of funds received and expended including administrative costs and a review of administrative processes, (2) an <u>analysis of the program's effectiveness</u> and (3) any <u>appropriate recommendations</u> for changes. <u>Interested parties may thereafter submit their comments to the filed report.</u> This procedural sequence is not intended to preclude the participation of any interested party in the development of the report and the inclusion of their views and recommendations in the report."[25]

PROGRAM GOALS

Light and Truth agrees with the identification of the eight HELP program goals made by the DPU in its report. L&T believes, however, that the goals need to be set in priority. To have a minor procedural goal be viewed as important as a major, overriding goal is a little like the airline pilot reporting to his passengers after being out over the ocean for several hours, "The bad news is that our navigation equipment is broken and we are hopelessly lost; but the good news is that we are making very good time."

Overriding Goals

Light and Truth believes the following goals are "overriding" and are significantly more important than the other goals.

[22] Attch 4, PSC Order 00-035-T07 Lines 124-140
[23] Attch 4, PSC Order 00-035-T07 Lines 170-173
[24] Attch 4, PSC Order 00-035-T07 Lines 174-175
[25] Attch 4, PSC Order 00-035-T07 Lines 179-187

Provide benefits to low-income program recipients

Provide benefits to utility customers in general

Provide benefits to PacifiCorp in the form of lower overhead costs

Provide benefits that offset negative impacts

Procedural goals

The following goals, while important on their own, do not carry the weight of the overriding goals in evaluating the overall success of the program

Not overly burden other customers

Cap collections at or near $1,850,000 per year

Comply with ordered procedures on Tariffs, Certification and Administrative charges

Be administratively simple and inexpensive to administer

MEASURES AND STANDARDS

This section describes all the measures proposed by all parties. It places them in groups of those that have been found to be useable, those that were not analyzed and those that were found to be unusable. Where a specific measure and related standard were found usable, the HELP program was evaluated against that specific standard and found to be either successful or unsuccessful. It must be remembered that success (or lack thereof) relative to this one standard must be combined with success relative to other standards. These must then be tied to a program goal or goals and prioritized along with their successes for an overall evaluation of the HELP program. A one-page summary of the measures, standards and success appears in Attachment 7.

Useable Measures and Standards

These measures were found to be usable in evaluating the HELP program. Some have valid data available to support the evaluation. For others, the absence of data was noted where data was needed to support a claim or demonstrate success. Standards, along with the source of those standards are shown. Condensed observations of parties are shown for each measure. Finally, an evaluation of the HELP program relative to the individual measure and standard is shown.

Benefit to Recipients

Standard: Benefit (Defined by PSC)

DPU: Not useful.[26] (DPU combined the impact of this measure in the measure, Ending Account Balance)

Beck: $1,044,260 distributed in first year[27]

CCS: Important[28]

L&T: This measure relates to the highest priority goal of the PSC. It should stand alone and not be combined with something else.

Evaluation: Success

Benefit to Ratepayers in General

Standard: Benefit (Defined by the PSC)

DPU: Not useful.[29] (DPU combined the impact of this measure in the measure, Program Cap)

Beck: No benefit. Negative impact.[30]

CCS: Should be reported[31]

L&T: This measure relates to the second highest priority goal of the PSC. It should stand alone and not be combined with something else. No party has demonstrated any HELP benefits to ratepayers. There are no benefits in HELP to Ratepayers.

Evaluation: Fail

Benefits to PacifiCorp

Standard: Benefit (Defined by the PSC)

DPU: Not useful.[32] (Although PacifiCorp's expenses before and after the implementation of HELP are available, the size of HELP relative to other factors makes it difficult, if not impossible, to attribute changes in PacifiCorp's O&M expenses or revenues to HELP.)

Beck: No data available.[33]

CCS: Data should be available[34]

L&T: Both DPU and Beck correctly observe there being no data available demonstrating a benefit to PacifiCorp. The proper conclusion is that there are no benefits in HELP to PacifiCorp.

Evaluation: Fail

[26] DPU HELP Annual Report, pg 18
[27] Beck Report, Enclosure 2. pg 5
[28] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9
[29] DPU HELP Annual Report, pg 20
[30] Beck Report, Enclosure 2, pg 5
[31] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9
[32] DPU HELP Annual Report, pg 19
[33] Beck Report, Enclosure 2, pg 5
[34] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9

Benefits Offset Negative Impacts

Standard: Benefit (Defined by the PSC)

DPU: (Defined the goal but made no additional comments)[35]

Beck: No (Is it Beck's overall position that the benefits will offset the negative impacts in year one? Please explain. No.)[36]

L&T: Considering the impacts on all parties involved in HELP, negative impacts far exceed benefits.

Evaluation: Fail

Benefits compared to Negative Impacts

		Benefits	Detriments
Year 1			
	Impact on Recipients	$1,044,260	$0
	Impact on Donors	$0	($1,887,233)
	Impact on PacifiCorp	$0	$0
Year 2			
	Impact on Recipients	$1,782,585	$0
	Impact on Donors	$0	($1,920,691)
	Impact on PacifiCorp	$0	$0
Sums		$2,826,844	($3,807,923)
Net			($981,079)

Detriments exceeded Benefits by $981,079 in two years

Notes:

PacifiCorp's benefit of holding the fund was balanced by the interest it paid. This was a "wash" and was not shown in the above table.

PacifiCorp's costs were reimbursed. This was a "wash" and was not shown in the above table

DCED's normal costs were reimbursed. This was a "wash" and was not shown in the above table.

DCED's excess costs were paid from outside funds. This was not shown in the above table.

[35] DPU HELP Annual Report, pg 14

[36] Beck Report, Enclosure 2, pg 6

<u>Not overly burden other customers</u>

Standard: Not overly burden

DPU: Inconclusive [37]

Beck: Not overly burden[38]

CCS: Not overly burden[39]

L&T: Please refer to the discussion in this document under SPECIFIC RESPONSES, Overly Burden.

Evaluation: Fail

<u>Program Cap</u>

Standard: Within 5 %of cap. (Defined by DPU)

DPU: Helpful, Meets,Yes[40]

CCS: useful[41]

L&T: All references observed by L&T in the PSC's orders except two indicate a firm cap. The exceptions occur in the 00-035-T07 order in which the PSC said, "... at or near the $1,850,000 cap ..."[42] and "... collect approximately $1,850,000 annually ..."[43] In the same order containing the exceptions just quoted, the PSC used the words, "... collect no more than $1,850,000 annually ..."[44] L&T believes that a "fuzzy" cap is no cap at all. L&T believes that to arbitrarily pick a 5% variance without the PSC's endorsement and then base an evaluation on that arbitrary number is not appropriate. PacifiCorp collected more than $1,850,000 in both HELP year one and HELP year two and, in the first thee months of HELP year 3, is collecting at a rate that exceeds $1,850,000 per year. Looking at calendar years 2001 and 2002 yields similar overcollections. PacifiCorp, when asked, indicated that if the fund were to reduce to zero, they would not grant any money to recipients below that zero level. DCED indicated that when HEAT money runs out, they stop spending. Apparently for some the limits are firm but this cap can be "fuzzy." Only the PSC can make a final determination on this issue. Simply put, HELP program collections have exceeded the cap.

Evaluation: Fail

[37] DPU HELP Annual Report, pg 39
[38] Beck Report, Enclosure 2, pg 6
[39] CCS Comments in the past
[40] DPU HELP Annual Report, pgs 24, 32 & 38
[41] CCS Comments to the PSC, March 11, 2003 Pgs 7, 9
[42] Attch 4, PSC Order 00-035-T07 Line 39
[43] Attch 4, PSC Order 00-035-T07 Line 103
[44] Attch 4, PSC Order 00-035-T07 Line 114

Process Collecting Surcharge from Ratepayers

Standard: Done per order (Defined by PSC)

DPU: Helpful, Meets, Yes[45]

CCS: useful[46]

Evaluation: Success

Process Granting Credit to Recipients

Standard: Done per order (Defined by PSC)

DPU: Helpful, Meets, Yes[47]

CCS: Helpful[48]

Evaluation: Success

Administrative Costs

Standard: Under cost cap (Defined by PSC)

DPU: Useful, Mixed, Inconclusive[49]

CCS: Useful tool[50]

L&T: In the first year of the program, DCED incurred HELP administrative costs and submitted them to PacifiCorp which exceeded the amount authorized by the PSC. Because of the cap, PacifiCorp refused to reimburse DCED. DCED found money elsewhere to cover the costs so the HELP fund was not hurt but that action did not remove the fact that costs exceeded the cap.

Evaluation: Fail

Ending Account Balance

Standard: Ending Account Balance

DPU: Useful, not meets, No[51]

Beck: Failed standard[52]

CCS: recommend $900,000 standard[53]

L&T: The DPU is right in its stating the importance and the failure in this measure but this measure should not include (and hide) the measure, Benefits to Recipients. Please also refer to the discussion in this document under SPECIFIC RESPONSES, Fund Balance.

Evaluation: Fail

[45] DPU HELP Annual Report, pgs 20, 34 & 38
[46] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9
[47] DPU HELP Annual Report, pgs 18, 34 & 38
[48] CCS Comments to the PSC, March 11, 2003 Pgs 3, 9
[49] DPU HELP Annual Report, pgs 19, 33 & 38
[50] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9
[51] DPU HELP Annual Report, pgs 23, 34 & 38
[52] Beck Report, pg 4-12
[53] CCS Comments to the PSC, March 11, 2003 Pg 5

Measures Which Were Proposed, Analyzed and Found Wanting

The following measures were found to be unusable for several reasons. The most common reason was the inability to attribute available data to the HELP program. It appears that no cause and effect link can be found or demonstrated between the data in these measures and HELP. No party has provided this link(s). The great majority of the data being reported by PacifiCorp apply to measures in this group.

Penetration

Standard: 42% of those eligible (Defined by Beck)

DPU: Caution, Inconclusive, Yes[54]
Beck: data not currently available. Failed standard[55]
CCS: important, valuable[56]
L&T: measure is arbitrary and not supported by data, would fail even if used.

Accrued Interest

DPU: Not useful[57]
Beck: No info on impact[58]
CCS: should be reported[59]
L&T: impact on HELP evaluation is meaningless. Info only

Balance in Arrears

Standard: Reduction (Defined by DPU)

DPU: Limited value, Inconclusive, Inconclusive[60]
Beck: Flag only[61]
CCS: could be useful[62]
L&T: Data not attributable. Info only

Terminations Per Customer

Standard: Reduction (Defined by DPU)

DPU: Limited value, Inconclusive, Inconclusive[63]
Beck: Flag only[64]
CCS: keep track of info[65]
CAP: reduction[66]
L&T: Data not attributable. Info only

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[54] DPU HELP Annual Report, pgs 24, 35 & 38
[55] Beck Report, pg 4-12
[56] CCS Comments to the PSC, March 11, 2003 Pgs 7, 9
[57] DPU HELP Annual Report, pg 28
[58] Beck Report, pg 4-11
[59] CCS Comments to the PSC, March 11, 2003 Pgs 8, 9
[60] DPU HELP Annual Report, pgs 21, 37 & 38
[61] Beck Report, pg 4-4
[62] CCS Comments to the PSC, March 11, 2003 Pgs 4, 9
[63] DPU HELP Annual Report, pgs 22, 37 & 38
[64] Beck Report, pg 4-5
[65] CCS Comments to the PSC, March 11, 2003 Pgs 5, 9
[66] Attch 2, PSC Order 97-035-01 Lines 185-186

Reconnections

Standard: Reduction (Defined by DPU)

DPU: Data not attributable[67]
Beck: Flag only[68]
CCS: keep track of info[69]
L&T: Data not attributable. Info only

Accounts Sent to Collection Agencies

Standard: Reduction (Defined by DPU)

DPU: Limited value, Inconclusive, Inconclusive[70]
Beck: Flag only[71]
CAP: reduction[72]
L&T: Data not attributable. Info only

Write-Offs Per Customer

Standard: Reduction (Defined by DPU)

DPU: Limited value, difficult, Inconclusive[73]
Beck: Flag only[74]
CCS: keep track of info[75]
L&T: Data not attributable. Info only

Recoveries Per Customer

Standard: Reduction (Defined by DPU)

DPU: Limited value, Inconclusive, Inconclusive[76]
Beck: Flag only[77]
CCS: keep track of info[78]
L&T: Data not attributable. Info only

Cost to Other Parties

DPU: Not useful[79]
CCS: unlikely to be useful[80]
L&T: Data not attributable. Info only

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[67] DPU HELP Annual Report, pg 22
[68] Beck Report, pg 4-6
[69] CCS Comments to the PSC, March 11, 2003 Pgs 5, 9
[70] DPU HELP Annual Report, pgs 22, 38 & 38
[71] Beck Report, pg 4-7
[72] Attch 2, PSC Order 97-035-01 Line 185
[73] DPU HELP Annual Report, pgs 22, 35 & 38
[74] Beck Report, pg 4-8
[75] CCS Comments to the PSC, March 11, 2003 Pgs 5, 9
[76] DPU HELP Annual Report, pgs 23, 36 & 38
[77] Beck Report, pg 4-9
[78] CCS Comments to the PSC, March 11, 2003 Pgs 5, 9
[79] DPU HELP Annual Report, pg 21
[80] CCS Comments to the PSC, March 11, 2003 Pg 4

Measures Found to be of Informational Use Only

The following were found to be unusable as measures but may be of interest if any party provides valid data.

Energy Consumption Trend

DPU: Not useful[81]
Beck: Not appropriate[82]
CCS: useful[83]
L&T: Data not attributable. Info only

Recipient Perspectives and Attitudes

DPU: Not useful[84]
Beck: Unresolved challenges[85]
CCS: get anecdotal information[86]
L&T: Data not available

Average Electricity Burden

DPU: Not useful[87]
Beck: Unresolved challenges[88]
CCS: relevant data should be reported[89]
L&T: Data not available, measurable or attributable

Economic stimulus lost from dollars "freed"

Beck: Extremely Challenged[90]

Donors' Missed Investment Opportunity

DPU: Not useful[91]
Beck: Unresolved challenges[92]
CCS: not easily quantifiable, small[93]
L&T: Data not available or measurable

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[81] DPU HELP Annual Report, pg 25
[82] Beck Report, pg 4-13
[83] CCS Comments to the PSC, March 11, 2003 Pgs 7, 9
[84] DPU HELP Annual Report, pg 29
[85] Beck Report, pg 4-14, 4-17
[86] CCS Comments to the PSC, March 11, 2003 Pg 8
[87] DPU HELP Annual Report, pg 31
[88] Beck Report, pg 4-14, 4-18
[89] CCS Comments to the PSC, March 11, 2003 Pgs 8, 9
[90] Beck Report, pg 4-23
[91] DPU HELP Annual Report, pg 25
[92] Beck Report, pg 4-14
[93] CCS Comments to the PSC, March 11, 2003 Pg 7

Donor's After-Tax Contribution Compared to Pre-Tax

DPU: Not useful[94]
Beck: Unresolved challenges[95]
CCS: not useful[96]
L&T: Data not available, measurable or attributable

Donor Perspectives and Attitudes

DPU: Not useful[97]
Beck: Unresolved challenges[98]
CCS: get anecdotal information[99]
L&T: Data not available

Economic stimulus lost from dollars "taken"

Beck: Extremely Challenged[100]

Returned Checks

DPU: Not useful[101]
Beck: Measure not included[102]
CCS: useful[103]
CAP: reduction[104]
L&T: Data not available, measurable or attributable

Program Stability

DPU: Not useful[105]
Beck: Unresolved challenges[106]
CCS: should be tracked[107]
L&T: Data not available, measurable or attributable

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[94] DPU HELP Annual Report, pg 26
[95] Beck Report, pg 4-14, 4-16
[96] CCS Comments to the PSC, March 11, 2003 Pg 8
[97] DPU HELP Annual Report, pg 29
[98] Beck Report, pg 4-14, 4-17
[99] CCS Comments to the PSC, March 11, 2003 Pg 8
[100] Beck Report, pg 4-23, 4-24
[101] DPU HELP Annual Report, pg 30
[102] Beck Report, pg 4-20
[103] CCS Comments to the PSC, March 11, 2003 Pgs 8, 9
[104] Attch 2, PSC Order 97-035-01 Line 185
[105] DPU HELP Annual Report, pg 30
[106] Beck Report, pg 4-14, 4-19
[107] CCS Comments to the PSC, March 11, 2003 Pg 8

<u>Broad-based Macroeconomic Benefits</u>

DPU: Not use[108]
Beck: outside the scope[109]
CCS: ought not be pursued[110]
L&T: Data not available, measurable or attributable

Measure Never Addressed

This measure was proposed. Both the DPU and Beck simply mentioned it but did not really address it.

<u>Constitutional and Legal Measures</u>

Standard: Consistent with Constitutions of Utah and US

DPU: No position, Not use[111]
Beck: Measure not included. Require a legal assessment[112]
L&T: The HELP program as created by the PSC runs contrary to the separation of powers. It is a tax on ratepayers which, as the evaluations just completed now clearly show, has no valid connection to electricity rates. The function belongs before the legislature. There is also a question about its consistency with federal statutes. These issues should be addressed, even if it takes a PSC request for legal briefs. For more detail, please refer to L&T's testimony in Docket 01-035-01[113]

SPECIFIC RESPONSES

The following paragraphs contain L&T's responses to input provided by other parties relative to HELP.

Demonstrate what?

At the start, the PSC spoke about "...if the assumptions are correct..."[114], "...speculative nature of this assertion..."[115], "...unanswered questions..."[116], "...we asked for more information..."[117], etc. Given the major unknowns and uncertainties at the start, what needs to be done now is demonstrate HELP's success, NOT prove HELP's failure. For example, the <u>absence</u> of valid data about a given item or measure indicates the <u>absence</u> of demonstrated success and, indirectly, failure.

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108 DPU HELP Annual Report, pg 27
109 Beck Report, pg 2-15
110 CCS Comments to the PSC, March 11, 2003 Pgs 8, 9
111 DPU HELP Annual Report, pg 26
112 Beck Report, pg 4-20
113 Attch 6, L&T Public Witness Testimony before the PSC on July 31, 2001
114 Attch 2, PSC Order 97-035-01 (Extract) Line 181
115 Attch 2, PSC Order 97-035-01 (Extract) Line 188
116 Attch 2, PSC Order 97-035-01 (Extract) Line 210
117 Attch 3, PSC Order 99-035-10 (Extract) Line 41

What the PSC needs to have demonstrated is "...whether the program were functioning as intended..."[118], "...evaluate the effectiveness and success..."[119], "...analysis of the program's effectiveness..."[120] It does not need more unsubstantiated assertions.

The burden of proof is on those demonstrating success, not upon those demonstrating failure.

Definitions

Light and Truth agrees with and supports all the Definitions in the DPU's HELP Report on pages 2 through 4.

Intangibles

The CCS in its Comments dated March 11, 2003 stated:

> "DEFINITIONS
>
> "On Page 3, under 'Definitions Relative to Benefit', the Committee does not agree that all benefits are monetary or even quantifiable. Financial accounting for HELP is a zero-sum game, so overall there are no monetary benefits. And the definitions of the three categories suggest that only PacifiCorp is a potential beneficiary. HELP was not established to provide the Company with benefits. When PacifiCorp 'benefits' by $1k, someone else – most likely the Company's customers – is suffering an equal and opposite detriment.
>
> "On Pages 3 and 4, under 'Definitions Relative to Measures', a focus on monetary measurement alone will never result in an adequate assessment of HELP. And the Committee does not agree that the use of 'floor', 'ceiling', and 'absolute' standards alone is adequate. It believes that the use of more comparative measures would be very valuable."[121]

L&T agrees with the CCS where it states that the accounting is a zero-sum game and that when one party benefits, another party is suffering a detriment.

L&T disagrees with CCS when it tries to use arguments that are "comparative" and not "quantifiable." CCS has not shown how these "comparative" (intangible? hypothetical? indirect? qualitative? subjective? emotional? or ???) measures would factor into an evaluation of a program that takes hard dollars from one party and gives hard dollars to another.

Delay

Beck argued for delay by stating, "... R.W. Beck finds that it is not possible to determine whether or not the program is an overall success, at this time and that it will be most appropriate to allow two years of data to accrue before a full evaluation is undertaken."[122] The Beck report also contains the following, "The Division asks how measures that present attributability challenges will become attributable. They will not."[123]

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118 Attch 2, PSC Order 97-035-01 (Extract) Line 244
119 Attch 4, PSC Order 00-035-T07 Line 174
120 Attch 4, PSC Order 00-035-T07 Lines 183-184
121 CCS Comments to the PSC, March 11, 2003 Pg 2
122 Beck Report, pg 5-2
123 Beck Report, Enclosure 2. pgs 6, 7

CCS states, "The Committee suggests that it is premature to attempt an evaluation of HELP – to judge whether standards have been met or exceeded, or goals achieved – at this stage."[124]

L&T believes that there should have been an initial evaluation at the end of year 1. In specifying annual reports, the PSC stated that the, "...reports will include three parts: (1) a financial audit ..., (2) an analysis of the program's effectiveness and (3) any appropriate recommendations for changes."[125] L&T notes that the underlined word, "reports" is plural, indicating that the above requirements apply to the annual reports, not just when HELP is "thoroughly audited within three years."[126]

Data for the base year and two more full years is currently available and attached to this document.[127] Other than the ramp-up time early in year one, there has been essentially no significant change between year one and year two. This refutes Beck's expectation on "...two years of data..." It also confirms Beck's admission that attributability challenges "...will not." change.

Any party arguing for further delay faces the challenge to demonstrate what data or conditions will change and what specific impact that will have on the HELP evaluation. CCS's input to date does not contain that demonstration.

Fund Balance

All money in the fund comes from donors. If there is too much in the fund, that means that too much was taken from donors. L&T believes that the PSC envisioned and ordered a program that would, ideally, maintain a zero balance with $1.8M going into the fund each year and $1.8M going out each year. Beck read it that way and indicated, "The excess balance in the program account comes from the donors surcharge, but the interest does not accrue to the donors. ... it does provide information regarding the potential for unintended consequences of the program's design in the form of an account that could, at the current levels of disbursements and administrative costs grow indefinitely. ... A standard should be defined for this measure that minimizes the excess amounts of accrued interest. The program design as understood by R.W. Beck would argue for 0 interest accrued..."[128]

CCS stated, "...the Committee recommends that the standard for the Account Balance should be $900,000."[129] To L&T, this appears to be a narrow focus on a special interest group and a disregard for the donors.

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[124] CCS Comments to the PSC, March 11, 2003 Pg 9
[125] Attch 4, PSC Order 00-035-T07 Lines 181-184
[126] Attch 3, PSC Order 99-035-10 (Extract) Line 120
[127] Attch 1, Measures: Graphs and Comments
[128] Beck Report, pg 4-11
[129] CCS Comments to the PSC, March 11, 2003 Pg 5

Overly Burden

Many parties have repeatedly stated that the program does not overly burden other customers. These have all been comments **about** those paying, not comments **in-behalf-of** or **for** those paying. To the best of my knowledge, to date, no party (other than Light and Truth) has spoken **for** those paying for HELP. No survey has been taken. No input has been sought. Even the official public witness day announcements did not mention HELP. The donors' burdens in forced actions, violation of property rights and distorted application of constitutional and governmental principles, as well as dollars have simply not been addressed.

The fact that there is a major fund balance (discussed under the previous, Fund Balance heading) is prime facie evidence that money has been overcollected and that donors are overburdened.

The focus has been exclusively on the small amount taken from a single donor a month at a time. No discussion has been had on the total impact on donors or society of $1.8M taken out here and put in there. In its review of orders, L&T has not found any reference to an impact of $1.8M being a potential burden, only the impact of 12 cents has been mentioned in the "burden" context. Much has been said about recipients' needs while nothing has been said about donors' rights. This is a classic example of a special interest group "tail" wagging the public "dog."

L&T sincerely believes that, while it has been repeated many times, it has yet to be demonstrated that HELP does not overburden other customers.

Charity

It has been clearly demonstrated that HELP has no demonstrated benefits to donors. It is simply a social program or charity. The PSC has long prohibited utilities giving to charities and passing the costs of that donation on to ratepayers. That, however, is exactly what the PSC has ordered to happen under HELP.

Third Party Billing

The Utah Code addresses third party billing. The definition in the code of a "third party" is, "any person other than the account holder and the public utility."[130] The definition of third party includes, "those persons billing for services or merchandise"[131] The Code also states that, "A public utility may not disconnect or threaten disconnection of any account holder's basic utility service for failure to pay third-party charges."[132]

During one of the HELP group working sessions, PacifiCorp was asked what would happen if a customer were to pay her bill, less the 12 cents for HELP. PacifiCorp's response was that it would be treated like any other partial payment. If the shortage were to persist over a set number of billing cycles, collection procedures would apply and ultimately power could be terminated. Light and Truth believes the HELP program violates both the intent and letter of the Code.

[130] UCA Title 54-4-37 (1) (e) (i)
[131] UCA Title 54-4-37 (1) (e) (ii) (D)
[132] UCA Title 54-4-37 (6)

Efficiency

Studies by Jerrold Oppenheim and Theo MacGreggor have been referenced. One of those studies is titled, “The Economics of Low-Income Electricity Efficiency Investment.” The key word in the context of the HELP program is “Efficiency.” Efficiency measures typically include efficient fixtures and appliances, insulation, education, etc. HELP is not an efficiency program; it is a direct payment program. The PSC indicated early on that, “...direct-payments programs ... are the preferred means.”[133]

During the series of Low-Income Task Force meetings, both Oppenheim and MacGreggor participated by telephone conference. They were separately asked if the benefits in the studies they published applied to programs that were exclusively direct payment. They both replied that they did not. The benefits accrued from the efficiency side.

L&T believes that many of the unsubstantiated claims made for HELP can be traced back to Oppenheim and confusion about what benefits apply to programs that are exclusively direct payment programs without efficiency aspects.

Other States

There has been discussion about other states. To the best knowledge of Light and Truth, all information before any party to this topic comes from Oppenheim. The confusion related to Oppenheim described in the preceding paragraph on Efficiency also applies here. Oppenheim provides very little information on programs that are exclusively direct payment like HELP. L&T believes that many fewer than half of the states have programs similar to HELP regardless of whether they were initiated by commissions or legislatures. The lemming principle should not apply here.

OVERALL EVALUATION

The following table displays the usable measures and standards and shows the HELP evaluations relative to those measures and standards. It then shows Light and Truth’s overall evaluation for the program. This table comes from an overall Program Evaluation Summary that is attached.[134]

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[133] Attch 2, PSC Order 97-035-01 (Extract) Line 88

[134] Attch 7, Program Evaluation Summary, cells A4-E16

Measure	Standard (and source of that standard)	Goal	Success
Benefit to Recipients	Benefit (PSC)	1	Success
Benefit to Ratepayers in General	Benefit (PSC)	2	Fail
Benefits to PacifiCorp	Benefit (PSC)	3	Fail
Benefits Offset Negative Impacts	Benefit (PSC)	4	Fail
Not overly burden other customers	Not overly burden (PSC)	5	Fail
Program Cap	Within 5% of Cap (DPU)	6	Fail
Process Collecting Surcharge from Ratepayers	Done Per Order (PSC)	7	Success
Process Granting Credit to Recipients	Done Per Order (PSC)	7	Success
Administrative Costs	Under Cost Cap (PSC)	8	Fail
Ending Account Balance	Less than $92,500 (Beck)		Fail
Overall HELP Program			**FAIL**

HELP did successfully provide benefits to recipients using acceptable procedures. No other success was demonstrated. This lack of success in all other measures and the detriments far exceeding the benefits make HELP an overall failure.

RECOMMENDATION

Given the demonstrated overall failure of the program, pure logic would probably dictate that HELP be instantly discontinued and the fund balance refunded to donors.

Light and Truth is aware of the needs of the poor that have been demonstrated in the proceedings of the program. And, bluntly put, L&T is also aware of the need for other involved parties in the proceedings to “save face.” L&T still has legal and constitutional concerns, but to the above ends, Light and truth recommends the following be implemented <u>immediately</u>:

Cancel the HELP surcharge being withheld from donor’s accounts.
Convert the HELP funding source to “Opt-In.”
Retain the fund balance to apply to ongoing HELP payments.
Allow the PSC, DPU, CCS, DCED, CAP, PacifiCorp, L&T and other interested parties to join in support of the modified program.
Appropriately publicize all the above.

ATTACHMENTS

1 Measures: Graphs and Comments

This attachment includes all data provided by PacifiCorp in its quarterly reports to the PSC covering periods up through December 31, 2002.

2 PSC Order 97-035-01 (Extract)

This extract includes all paragraphs on the HELP topic and has areas highlighted that were deemed by L&T to be most important and which were referenced by L&T in this document.

3 PSC Order 99-035-10 (Extract)

This extract includes all paragraphs on the HELP topic and has areas highlighted that were deemed by L&T to be most important and which were referenced by L&T in this document.

4 PSC Order and Stipulation 00-035-T07

This copy is complete and also has areas highlighted that were deemed by L&T to be most important and which were referenced by L&T in this document.

5 R. W. Beck Report

This copy is complete as filed by Beck and also has areas highlighted that were deemed by L&T to be most important and which were referenced by L&T in this document.

6 L&T Public Witness Testimony before the PSC on July 31, 2001

This contains the constitutional and legal arguments against the PSC implementing HELP

7 Program Evaluation Summary

This summarizes the HELP program's measures, standards and success

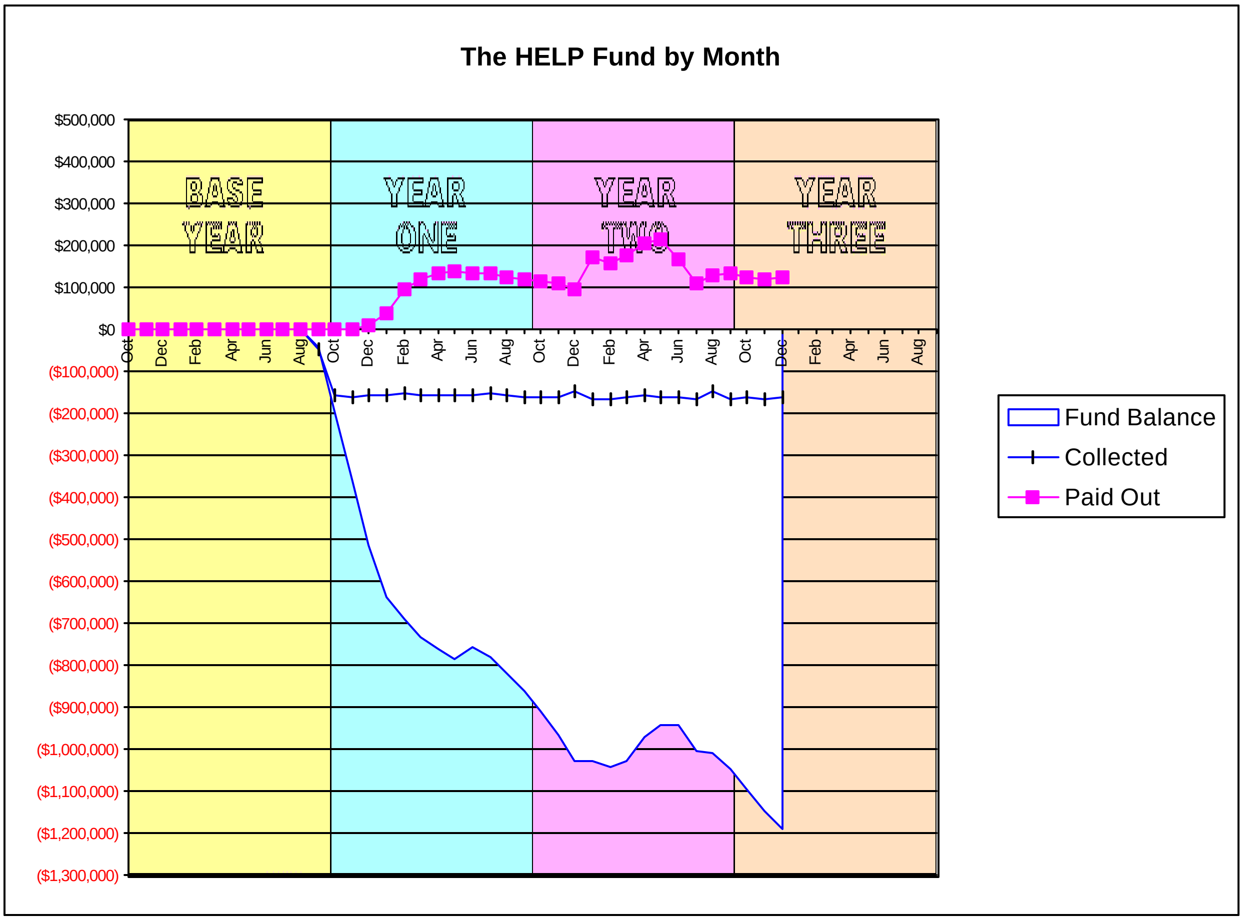
Measures: Graphs and Comments

The graphs in this attachment were created by Light and Truth. The data comes from the quarterly reports provided by PacifiCorp. The comments come from Light and Truth's Memo to the Public Service Commission in April 2003.

The alphabetic letters in the table below refer to the identifying letters for each data item in PacifiCorp's quarterly reports

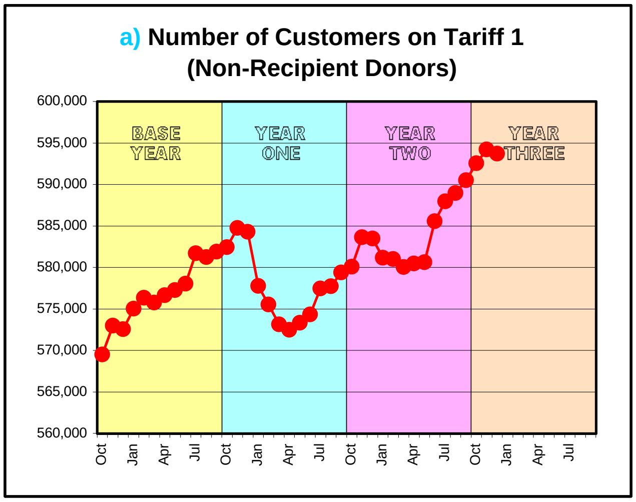
The comments on the separate graph pages attributed to other parties come from Light and Truth's Memo to the Public Service Commission in April 2003. Source references for these can be found in the footnotes in that Memo.

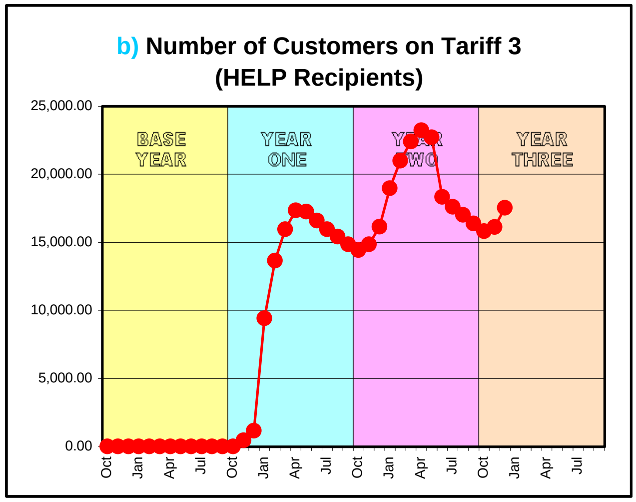
TABLE OF CONTENTS:

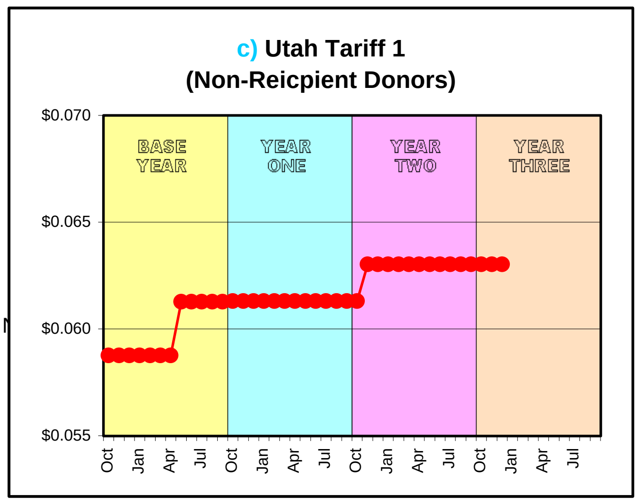


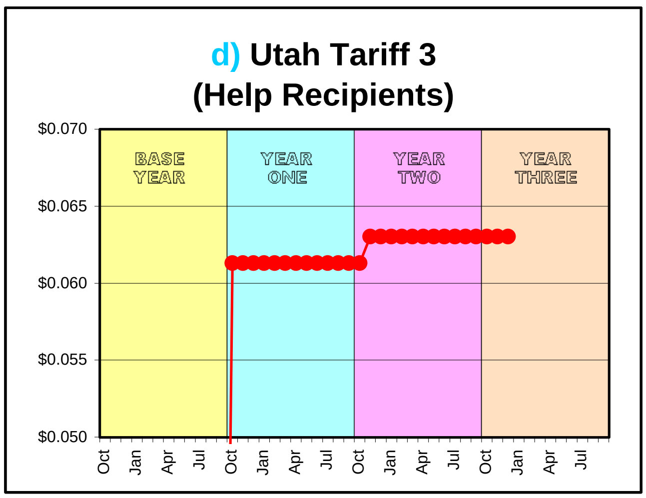
Notes:

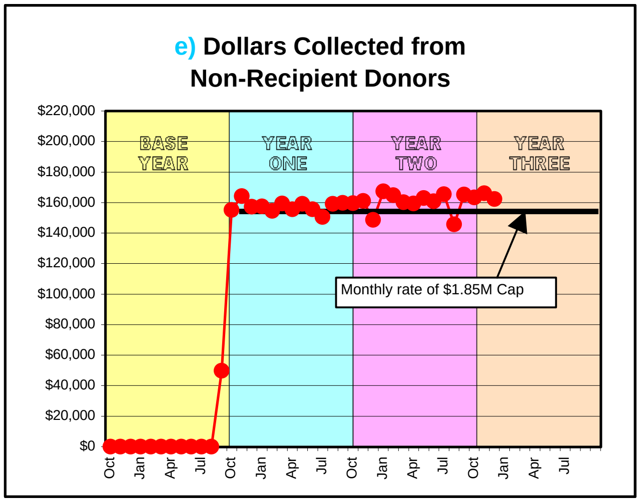
"Paid Out" shows as a positive amount being given to reciepients. (From Graph g)
"Collected" shows as a negative amount being taken from donors. (From Graph e)
"Fund Balance" shows as a negative amount to match the negative "Collected"
amount taken from donors. (From Graph l)


a) Number of Customers on Tariff 1
(Non-Recipient Donors)
600,000
595,000
590,000
585,000
580,000
575,000
570,000
565,000
560,000
BASE YEAR
YEAR ONE
YEAR TWO
YEAR THREE
Oct
Jan
Apr
Jul


b) Number of Customers on Tariff 3
(HELP Recipients)
25,000.00
20,000.00
15,000.00
10,000.00
5,000.00
0.00
BASE YEAR
YEAR ONE
YEAR TWO
YEAR THREE
Oct
Jan
Apr
Jul

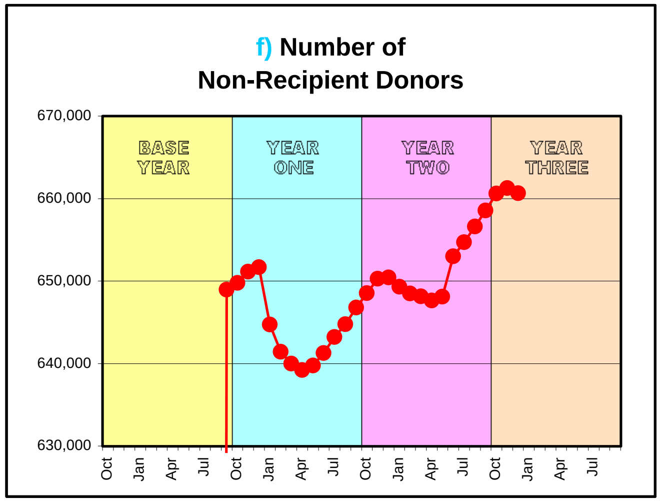

c) Utah Tariff 1
(Non-Reicpient Donors)
$0.070
$0.065
$0.060
$0.055
BASE YEAR
YEAR ONE
YEAR TWO
YEAR THREE
Oct
Jan
Apr
Jul


d) Utah Tariff 3
(Help Recipients)
$0.070
$0.065
$0.060
$0.055
$0.050
BASE YEAR
YEAR ONE
YEAR TWO
YEAR THREE
Oct
Jan
Apr
Jul

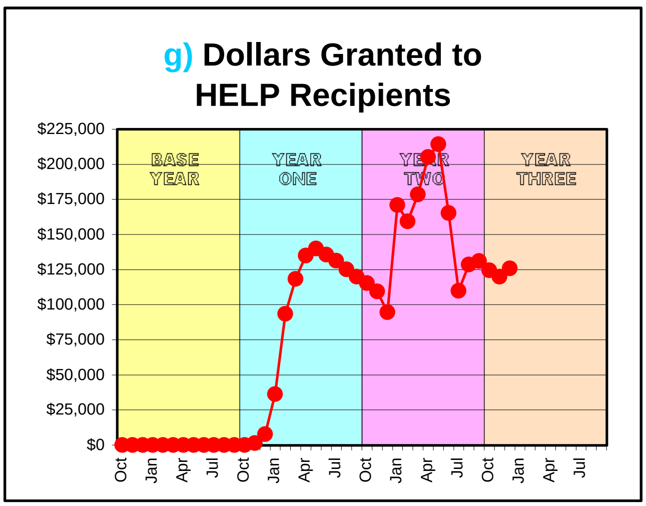


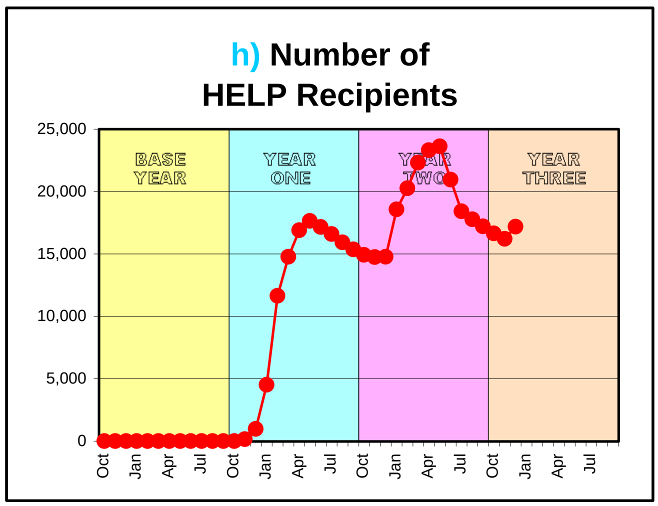
September 1999 was the first month dollars were collected.

Standard: Benefit (Defined by the PSC)
DPU: Not useful. (DPU combined the impact of this measure in the measure, Program Cap)
Beck: No benefit. Negative impact.
CCS: Should be report CCS: Should be reported
L&T: This measure relates to the second highest priority goal of the PSC. It should stand alone and not be combined with something else. No party has demonstrated any HELP benefits to ratepayers. There are no benefits in HELP to Ratepayer
Evaluation: Fail

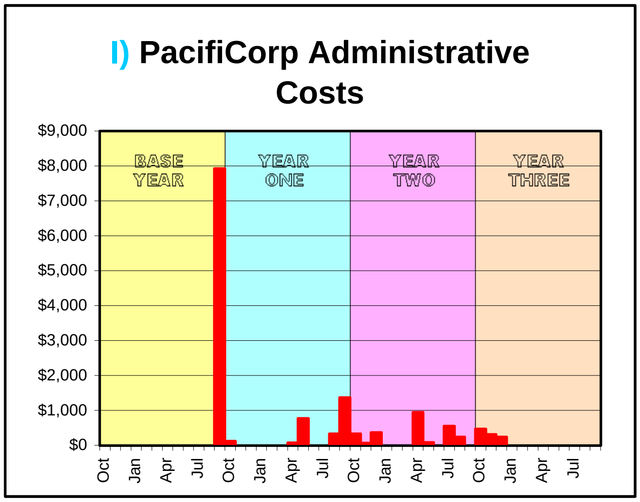


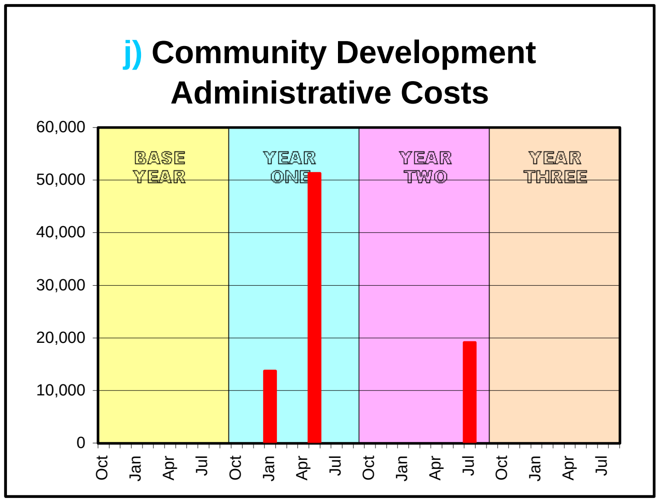
September 1999 was the first month dollars were collected. This appears on the above charts in the Base Year.
No other data exists for the Base Year

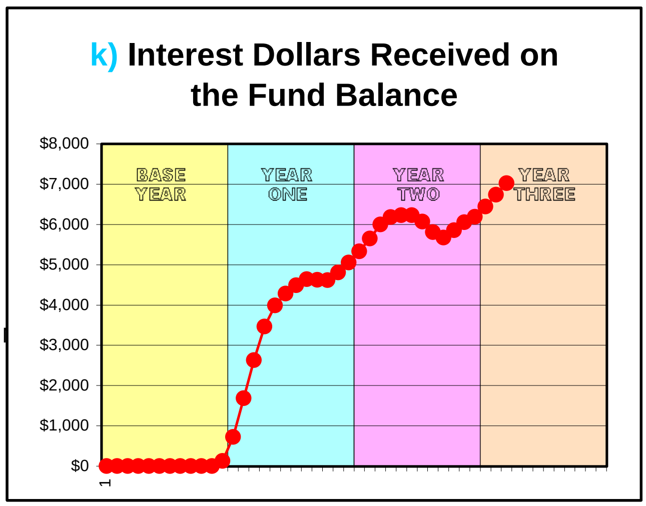




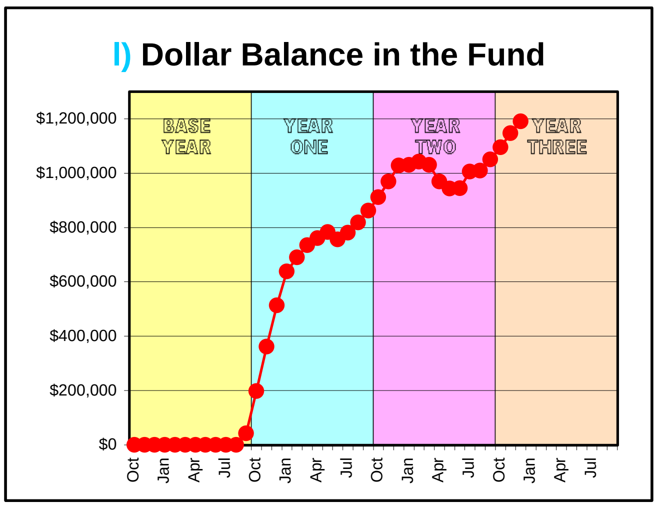
Standard: Benefit (Defined by PSC)
DPU: Not useful. (DPU combined the impact of this measure in the measure, Ending Account Balance)
Beck: $1,044,260 distributed in first year
CCS: Important
L&T: This measure relates to the highest priority goal of the PSC. It should stand alone and not be combined with something else.
Evaluation: Success



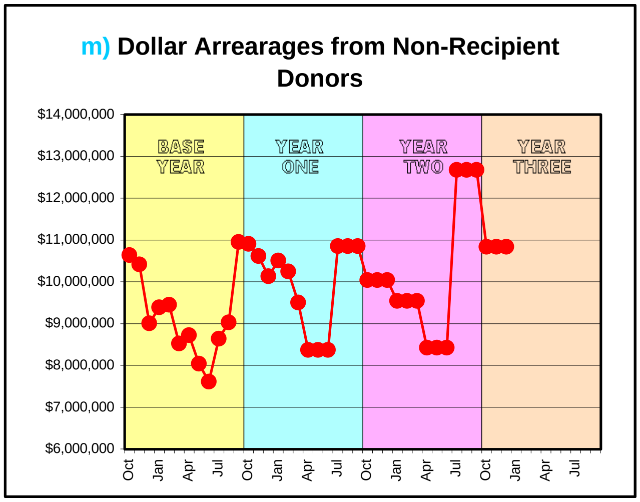




September 1999 was the first month dollars were collected.
The interest appears above in the Base Year.

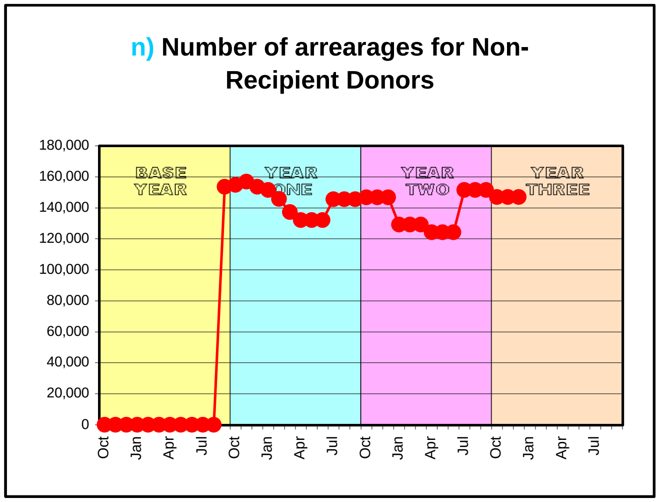


Standard: 5% of $1.85M
DPU: Useful, not meets, No
Beck: Failed standard
CCS: recommend $900,000 standard
L&T: The DPU is right in its stating the importance and the failure in this measure but this measure should not include (and hide) the measure, Benefits to Recipients. Please also refer to the discussion in this document under SPECIFIC RESPONSES, Fund Balance.
Evaluation: Fail



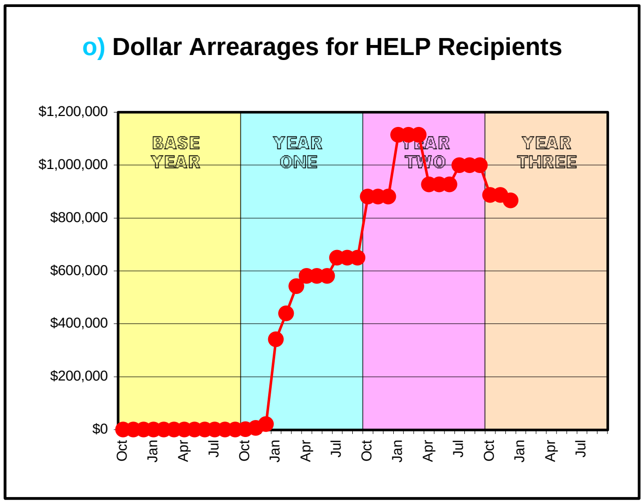
Quarterly data for Apr 2001 - Dec 2002 extrapolated from quarter-ending snapshots

Standard: Reduction (Defined by DPU)
DPU: Limited value, Inconclusive, Inconclusive
Beck: Flag only
CCS: could be useful
L&T: Data not attributable. Info only



Quarterly data for Apr 2001 - Dec 2002 extrapolated from quarter-ending snapshots

(Refer to comments for Graph m)



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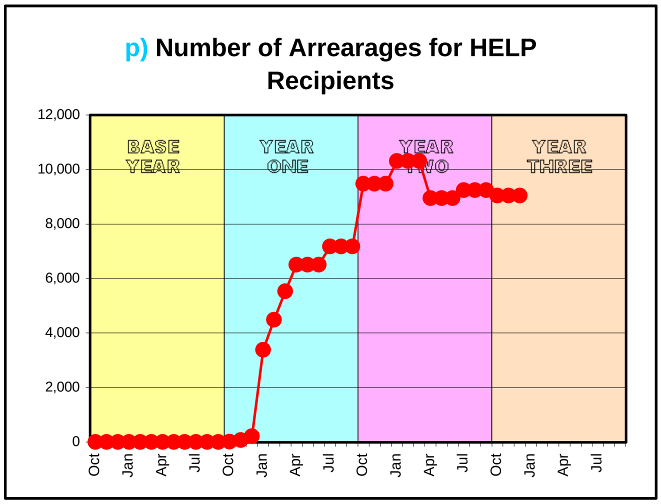
(Refer to comments for Graph m)



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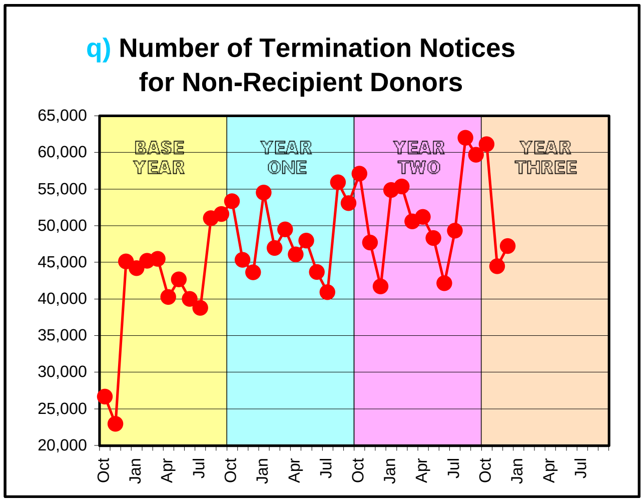
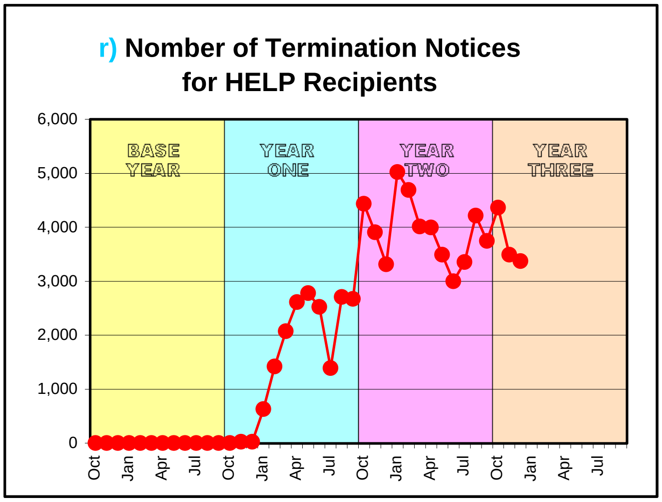
(Refer to comments for Graph m)



Standard: Reduction (Defined by DPU)
DPU: Limited value, Inconclusive, Inconclusive
Beck: Flag only
CCS: keep track of info
CAP: reduction
L&T: Data not attributable. Info only



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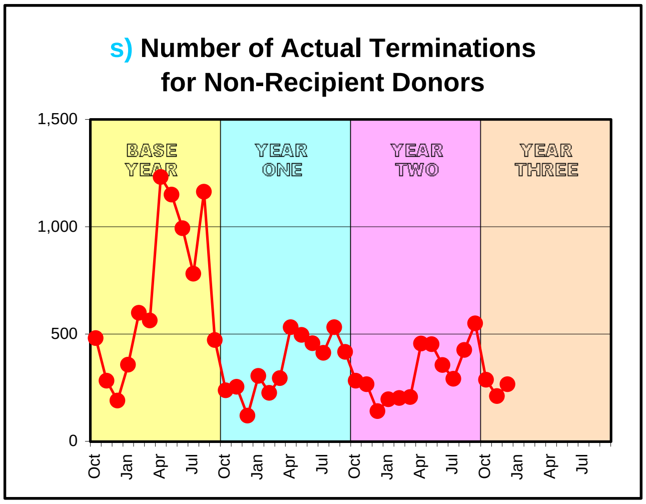

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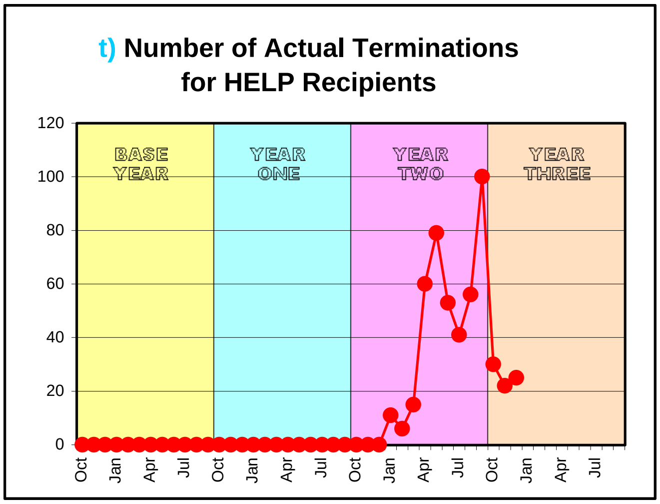

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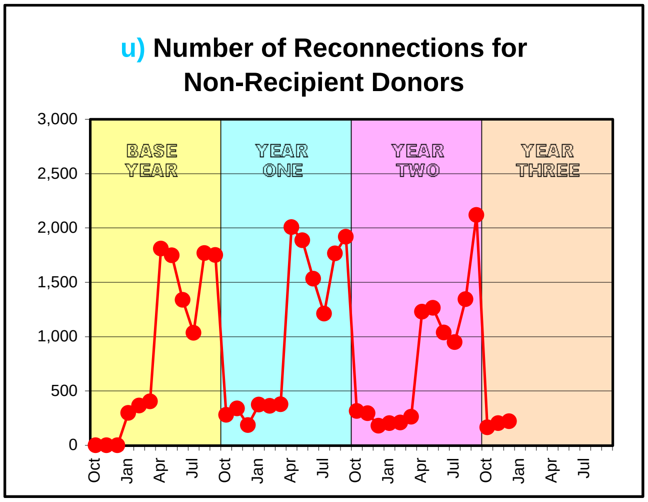
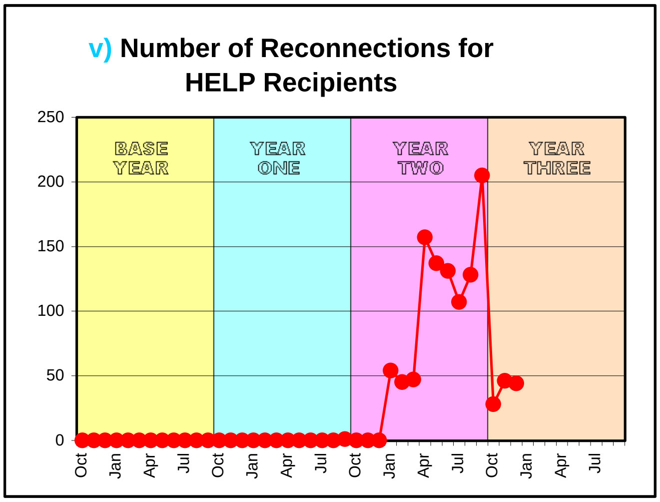
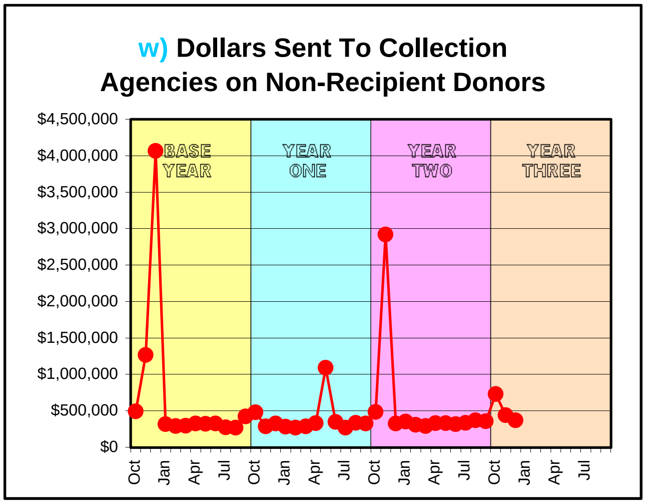




Standard: Reduction (Defined by DPU)
DPU: Data not attributable
Beck: Flag only
CCS: keep track of info
L&T: Data not attributable. Info only

There was one reconnection in September 2001 (Year 1) which does not show well in the above chart.

(Refer to comments for Graph u)



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Beck: Flag only
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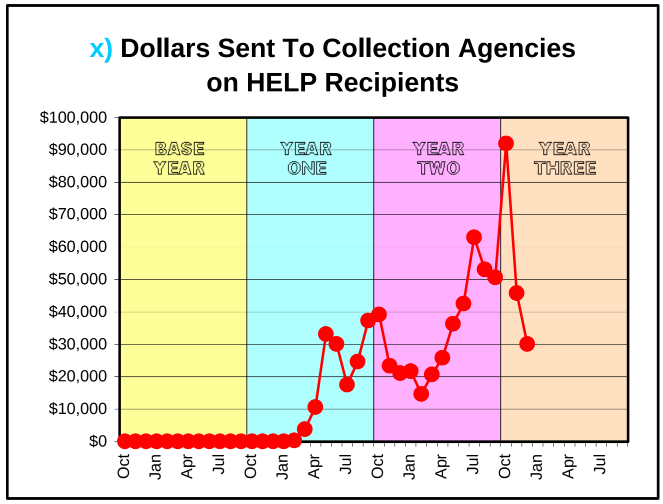
L&T: Data not attributable. Info only



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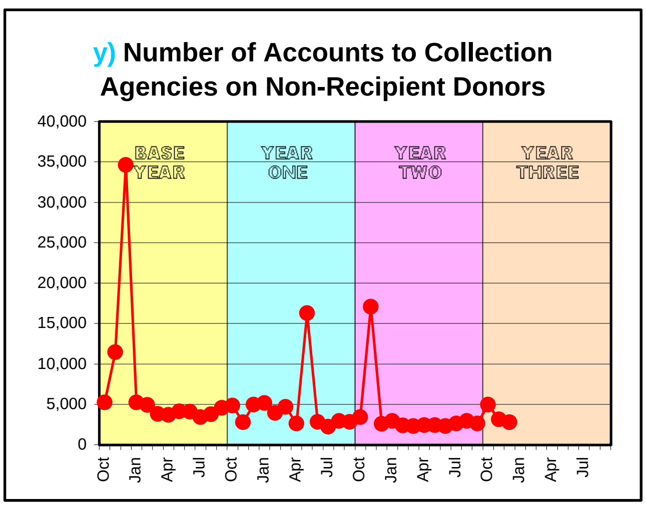

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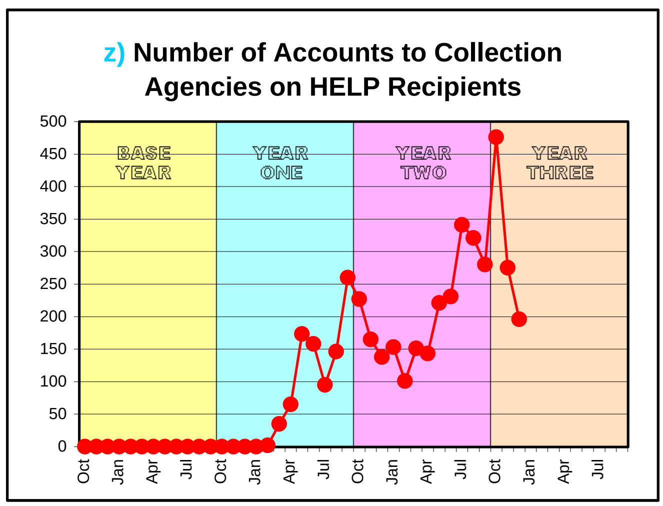

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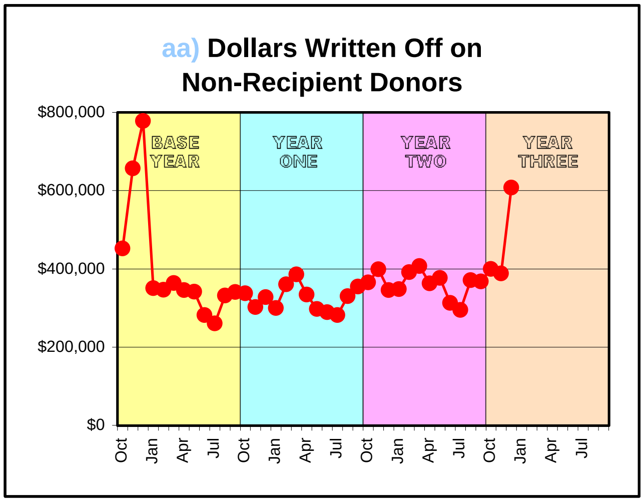
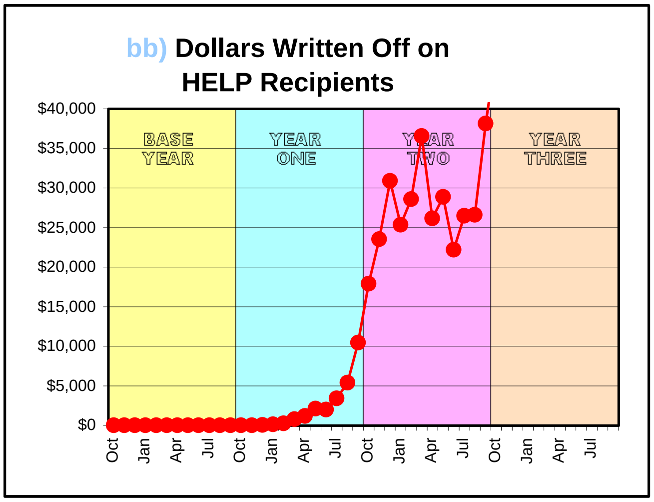
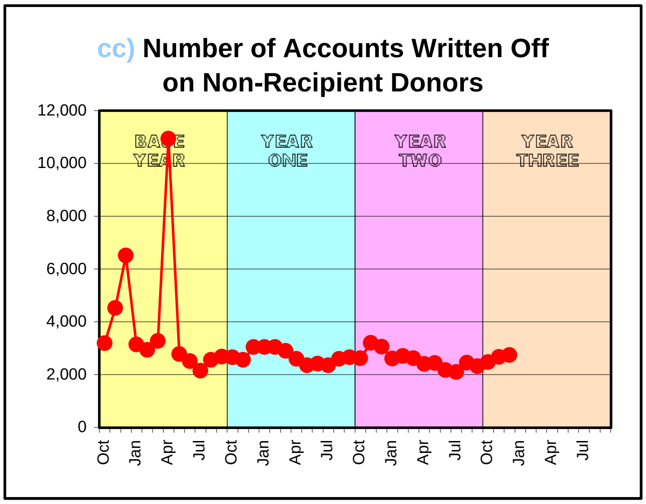
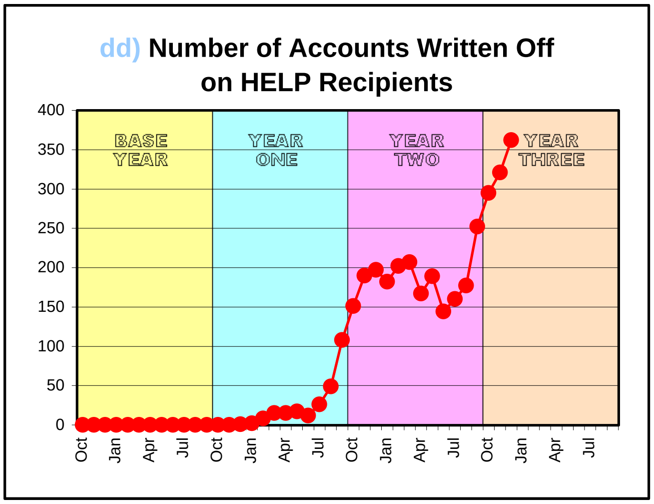




Standard: Reduction (Defined by DPU)
DPU: Limited value, difficult, Inconclusive
Beck: Flag only
CCS: keep track of info
L&T: Data not attributable. Info only

(Refer to comments for Graph aa)





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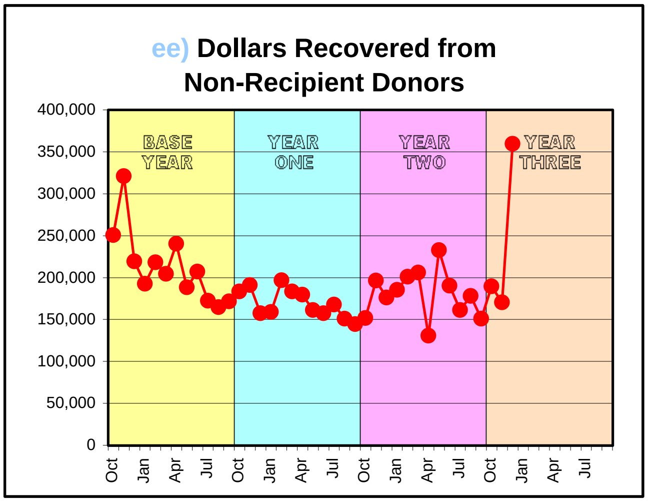
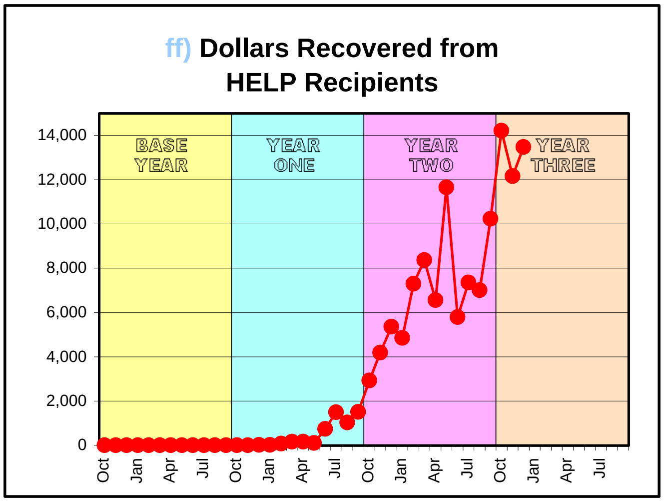


Standard: Reduction (Defined by DPU)
DPU: Limited value, Inconclusive, Inconclusive
Beck: Flag only
CCS: keep track of info
L&T: Data not attributable. Info only



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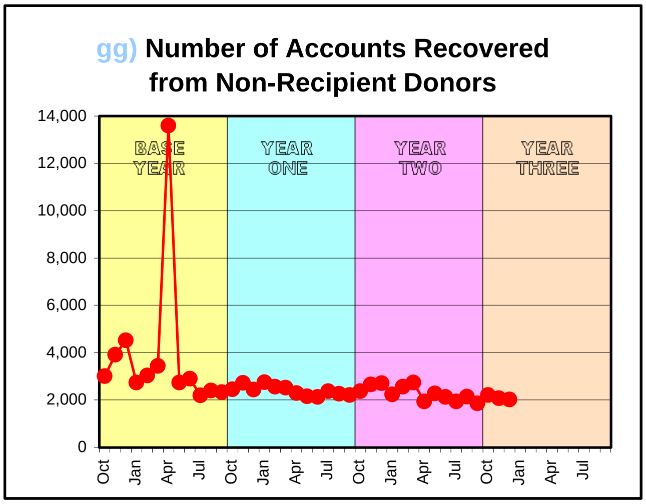

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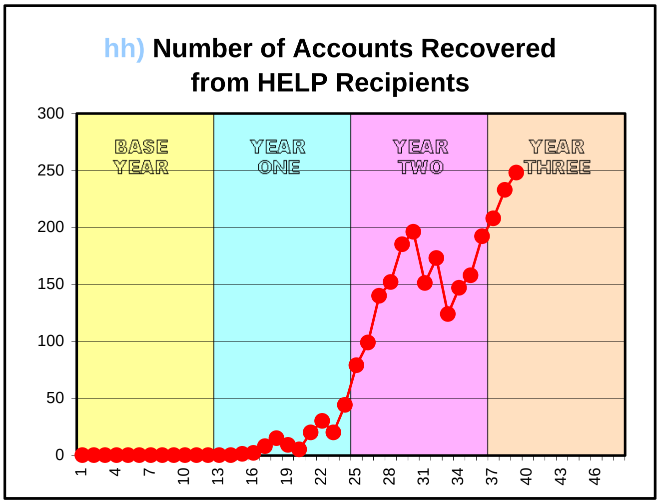

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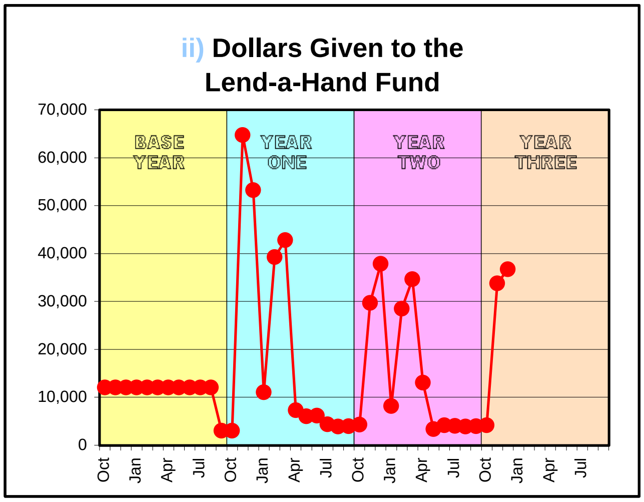
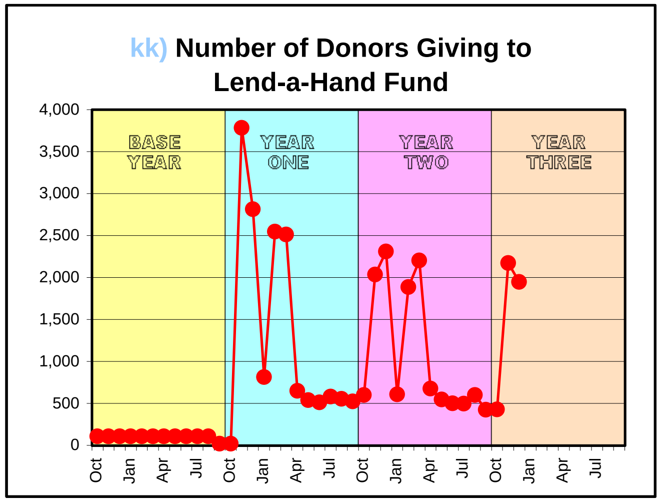


T3 into Lend-a-Hand $, jj) data is not collected separately by tariff. Info is included in ii), above.



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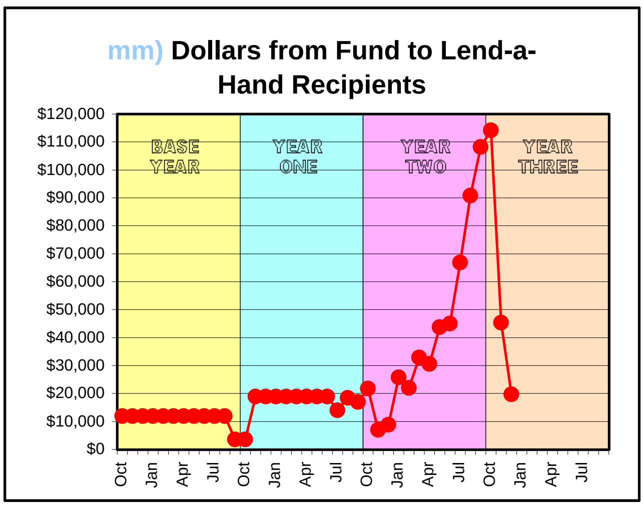

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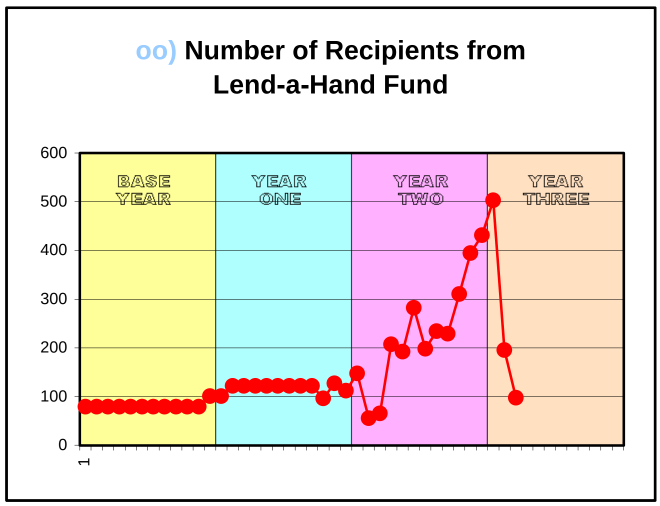

T3 Out of Lend-a-Hand #, pp) data is not collected separately by tariff. Info is included in oo), above.

This is an extract of order 97-035-01 which created a Task Force to study a possible HELP program. The full text of the order is available at http://www.psc.utah.gov/elec/99orders/mar/9703501r.htm

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Investigation	)	DOCKET NO. 97-035-01
Into the Reasonableness of Rates	)	
and Charges of PacifiCorp, dba	)	
Utah Power & Light Company	)	REPORT AND ORDER

ISSUED: March 4, 1999

SHORT TITLE

PacifiCorp 1998 General Rate Case

SYNOPSIS

The Commission reduces annual revenue requirement by $85.36 million, based on an adjusted 1997 test year and an allowed rate of return on equity of 10.5 percent. Rates are based on fully distributed, embedded cost of service. This occurs by eliminating the merger fairness adjustment, a lump-sum addition to Utah jurisdictional revenue requirement previously needed to ensure fair apportionment of total system revenue requirement among the states. The present value of remaining merger fairness payments is netted against a refund owed customers for 1997 and 1998. The refund is a result of legislative action which suspended this Docket making existing rates interim and subject to refund. The refund net of the fairness adjustment is $40.26 million, an amount spread to classes of service on the basis of relative revenues and distributed to customers on the basis of service usage during the 1997 - 1998 refund period. Four task forces are established to examine issues important in view of industry restructuring and the proposed merger of PacifiCorp and Scottish Power: cost allocation, special industrial contracts, low-income customer issues, and energy efficiency and renewable resources.

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IV. PRICING OF TARIFFED RATE SCHEDULES

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C. DESIGN OF RATES

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We also note that this Docket provides the first opportunity for the Commission to consider a lifeline rate for low-income residential customers in many years. We turn to that subject first.

1. Lifeline Rate

Salt Lake Community Action Program and Crossroads Urban Center propose a new lifeline rate to assist low-income households to purchase electricity. It would use an income criterion to target an $8.00 per month reduction in a qualifying household=s monthly electricity bill. The program is intended to be easy to administer. As discussed in detail below, it is clear that many could benefit from a lifeline program but we will not institute one until we have an opportunity to review and approve a more detailed proposal focused on actual implementation.

The members of the Committee of Consumer Services have voted to support the proposal. The Division is neutral on the proposal but believes it raises a matter better left to the state legislature. PacifiCorp supports a lifeline program if administrative burdens and costs to other customers are small, but wants separate line items on customer bills showing low-income charges and credits.

The Commission last reviewed the lifeline rate concept for electric utilities in Docket No. 81-999-06, In the Matter of the Consideration of Paragraph 114, Lifeline Rates, of the Public Utility Regulatory Policies Act of 1978 (PURPA), Report and Order issued May 13, 1982. A lifeline rate was not adopted but the Commission did not rule out such a rate in the future, if circumstances were appropriate.

In that Docket, the Commission found that a lifeline rate as proposed was not the best way to assist those in need because the correlation between income and energy use is imperfect. High-income, low-energy consumers could benefit undeservedly while low-income, high-energy users would be harmed. Many low-income families live in rental units, and those whose bill for electricity is included in the rental payment would not benefit from the lifeline rate. Low-income persons residing in institutions could not benefit. The Commission also expressed concern that lifeline assistance might be too little to warrant burdening other customers who would have to pay more to make up the revenue deficit created by the lifeline rate. Testimony suggested that such a rate might be inconsistent with the rate making objectives of conservation, efficiency and equity since cost-based rates are the means by which these objectives are attained. Though the Commission concluded it had authority to adopt a lifeline rate, it expressed reluctance to do so unless these negative effects were properly addressed and other benefits would result.

A program offering direct payment for energy consumed was found preferable to lifeline rates on both practical and economic efficiency grounds. The record in that Docket, however, showed the inadequacy of the existing direct assistance program, the federally funded low-income energy assistance program.

In Docket No. 85-999-13 (establishing telephone lifeline rates for regulated local exchange carriers in Utah), Order issued January 3, 1986, we concluded that proposed lifeline recipients could be distinguished as a class and that a rational basis for the rate existed. We also concluded that the definition of just and reasonable rates was broad enough to permit us to establish such a rate. (Utah Code Annotated 54-3-1 includes the Aeconomic impact of charges on each category of customer@ in the definition of just and reasonable rates.) This conclusion followed the decision in *Mountain States Legal Foundation v. Utah Public Service Commission*, 636 P.2d 1047 (Utah 1981), a case in which a lifeline rate for senior citizens failed not because the Commission lacked authority to set the rate but because findings of fact were insufficient to justify and delineate the class of beneficiaries. We conclude that we have the authority to adopt a lifeline rate.

Next, we must determine if a lifeline rate, as proposed in this case, is in the public interest. As discussed below, we believe that the proposal appears to meet this test in general, but believe that more detailed information, developed by the task force, will enable us to definitively find that the program, if and as implemented, will be in the public interest.

From reviewing the foregoing Commission orders and the *Mountain States* case, we draw a set of criteria by which to judge the merits of the current proposal. First, the need should be both real and unmet by direct-payments programs, which are the preferred means. Second, to avoid the problems found in Docket No. 81-999-06, the program must target only low-income households and it should not raise rates for low-income households that consume above-average amounts of electricity. Third, the benefits of the program should offset negative impacts on rate making objectives and should be sufficient to overcome the Commission=s reluctance to effectuate social policy by means of altered electricity rates. Fourth, a concern expressed in the present Docket, the program should be easy and inexpensive to administer. As there are no challenges to these criteria, we find them to be appropriate.

The need is real and is not being met by direct-payments programs. Without dispute, electricity is a necessity of modern life. But the lower is household income the more difficult is electricity to obtain. SLCAP/Crossroads, the party proposing a lifeline rate, defines this relationship between energy cost and household income as the Aenergy burden.@ It testifies that the average gas bill for residential customer is $651.75 per year, and for electricity, $579.84. Combined, the annual energy cost for the average household is $1,231.59. In 1996, the latest year which is consistent with the statistics of this presentation, Utah median household income was $36,480. The energy burden at this income level (energy cost divided by income) is 3 percent. The annual poverty-level income for a family of three is $13,644. For this family, the energy burden is 12 percent. If a family is dependent upon Utah=s family Employment Program, the energy burden is 23 percent; if dependent upon Supplemental Social Security (SSI), the energy burden is 21 percent. The unrebutted evidence developed on the record by SLCAP/Crossroads shows that the number of families or households in each category is significant. We find that the cost of energy is disproportionately large for low-income households and that there are many such households in Utah Power=s service territory.

In 1996, 8.1 percent of Utah households had an income at or below the Apoverty rate,@ a concept defined by income and number of persons in a household. SLCAP/Crossroads testifies that the concept was originally developed as a measure of the income required by an acceptable though minimum standard of living, an amount assumed to be three times the cost of an adequate food allowance. Though the Consumer Price Index is used to update it annually, changes over the years in the relative composition of household expenditure may have rendered the measure out-of-date. On the Wasatch Front, for example, rapid increases in housing costs (Salt Lake, SLCAP/Crossroads testifies, is now among the 25 least affordable areas in the U. S.) outstrip food cost increases so that the assumption of a budget three times more than required for food no longer indicates a poverty level, but, states SLCAP/Crossroads, subsistence.

Citing the dramatic increase in housing costs, SLCAP/Crossroads testifies that wage growth has not kept pace with the increasing cost of living. The cost of a two-bedroom apartment on the Wasatch Front has risen 89 percent in 10 years and average home prices are rising fast. As a result, housing and energy costs combine to overwhelm household budgets for the disabled, elderly and other poor. Finally, SLCAP/Crossroads states that housing and utility costs are the top concern of low-income persons because paying utility bills is key to maintaining a residence. Failure to pay is often grounds for eviction from rental units.

In sum, even though utility bills have been stable or declining in recent years, thus easing the energy burden, and unemployment has been low, the record indicates that in 1996, 159,000 persons were living at or below the poverty level. The record shows that at 8.1 percent of Utah households, the number of poverty-level, low-income households is relatively small. Utah's rapid population growth prevents the absolute number of households in this category from falling. SLCAP/Crossroads calculates that about 12 percent, or 65,000, of Utah Power's customers have incomes at or below 125 percent of poverty, the target it proposes as a qualification to receive a lifeline credit. We conclude that the need for assistance is both real and significant for those near the poverty line.

The Low Income Home Energy Assistance Program (LIHEAP), known in Utah as the HEAT program, has faced funding cuts in recent years and is now funded at a level less than half that of its peak years, 1983 to 1985. LIHEAP, a direct assistance program of the type favored by the Commission in Docket No. 81-999-06, provides cash assistance for low-income households to meet energy bills. In Congress, SLCAP/Crossroads states, funding is always questionable and Congress only at the last minute, after threats of further cuts, funded the program for the next fiscal year. The American Red Cross closed the "Lend a Hand" assistance program on January 24, 1998. The record allows us to conclude that direct assistance is inadequate to the need.

The program is successfully targeted and would not overly burden other customers. SLCAP/Crossroads proposes a lifeline discount in the form of a monthly credit on the bills of qualifying low-income customers. To qualify, household income must be at or below 125 percent of the official federal poverty rate. This poverty rate was selected to target the program because it is also the qualification for participation in Utah's HEAT program. SLCAP/Crossroads acknowledges that rates for all classes would be slightly higher to pay for the program.

The Committee urges us to conclude that the proposed program will meet the requirements of the *Mountain States* opinion because the class of proposed beneficiaries is discretely defined by the 125 percent of poverty criterion and bears a proportionately higher energy burden than the rest of society. The record does allow us to conclude that the lifeline rate is adequately targeted to customers whose energy burden is disproportionately high. Others, who do not face this burden, cannot qualify. The program is adequately targeted and thus overcomes the concerns expressed by the Commission in Docket No. 81-999-06.

Evidence does not allow us to conclude that low income correlates with low energy consumption. Indeed, there is reason to suspect that some low-income households, such as renters of poorly insulated, electrically heated units, consume more than average amounts of electricity. SLCAP/Crossroads acknowledges that definite statements about the energy consumption levels of low-income households cannot be made, though the evidence at its disposal leads it to suspect that low income is positively correlated with consumption. In its opinion, the subject should be examined further. In spite of this, the Committee assures us that the proposed lifeline program will pose little burden for other customers and classes. It cites unrebutted testimony that the lifeline rate would cost about $1.7 million annually. This is the conclusion derived by SLCAP/Crossroads on the basis of participation in LIHEAP, the direct assistance program, in which the number of eligible households averaged 73,365 during the years 1994 through 1996 but the average participation rate was only 41.95 percent.

On a per kWh basis, SLCAP/Crossroads calculates a charge of $0.0001 to produce benefits of $1,768,862. It proposes a slight reduction in the refund to customers expected to result from this Docket as the best way to pay for the program. Depending on the revenue requirement ultimately determined in this Docket, the Committee testifies that a $1.7 million program cost roughly translates to ten cents on an average monthly residential electricity bill, an amount in line with today's approved telephone lifeline rate charges. As expressed by both SLCAP/Crossroads and the Committee, electric service is the more vital utility service.

Though SLCAP/Crossroads proposes to deduct first year program costs from the refund which will be granted in this Docket, we conclude otherwise. If or when it is instituted, the lifeline program ought to be set up on an ongoing basis. We see no particular advantage to reducing the refund customers will receive just as a convenient way to ensure that the costs are recovered for a finite length of time.

We conclude that if the assumptions are correct, then the benefits of an approximate 17 percent reduction in the average monthly utility bill for a residential customer ($8.00 off the $48.32 average bill) would exceed the detrimental effect of a very small increase in the bills of other customers.

The benefits offset negative impacts on objectives. SLCAP/Crossroads expects the benefits of the program to include a reduction in uncollectible accounts, returned checks, and service shutoffs; spreading the recovery of fixed costs over more customers and therefore reducing the impact on each customer; and an increase in sales of electric appliances. Though unrebutted, we recognize the speculative nature of this assertion. It may not, however, be an unreasonable indication of a tendency if more customers are able to retain electric service than otherwise. SLCAP/Crossroads testifies that it chose an $8.00 credit rather than a percentage of the bill in order to avoid an adverse impact on energy conservation. We find this reasonable. The amount does not vary with the level of consumption since the price per kWh does not vary. The proposed $8.00 credit would not apply to previous balances and would not carry forward to succeeding month's bills. The proposed credit would be about 17 percent of a $48.32 monthly average bill, an amount SLCAP/Crossroads believes would be enough to help persons retain electric service and therefore housing. In its view, this is an important aid to persons attempting to move from poverty to contributing membership in society.

The program is easy and inexpensive to administer. SLCAP/Crossroads recommends administration of the proposed program similar to that of the existing telephone lifeline program. The Division would administer the program. The Department of Community and Economic Development (DCED) would verify eligibility by administering the income test. The utility, as in the telephone lifeline case, would forward a list of names to DCED for verification. In the telephone lifeline case, that results in a cost to DCED of about $10,000 per year. Utah Power would contract with DCED for this service and would recover the cost in utility rates. A separate rate category would be established for qualifying households. Since, at 8.1 percent of Utah's households, the number of poverty-level, low-income households in Utah is relatively small, SLCAP/Crossroads testifies that expenses of the proposed lifeline program will be small.

Conclusion. As set forth above, we conclude that a lifeline rate may be in the public interest. However, beyond the issues of legal authority and public interest are the practical concerns. We are left with enough unanswered questions that, rather than order the lifeline rate established immediately, we direct the low-income task force to further consider, and recommend, exactly how this will be implemented. At such time as this task force can address these issues, the Commission will consider actually approving and implementing a lifeline program, with or without a rate case.

We offer direction to the task force as it works out the details. The following discussion addresses some of the concerns raised in the hearings, and others we add. We would like to see the task force answer these questions as clearly and specifically as possible.

Amount of Credit. The proposal as presented assumes an $8.00 monthly credit and an annual cost of approximately $1.7 million. We wish to see proposals which would assure a cap on the total amount the program would raise and spend annually. We wish to see how to implement the program if the assistance were set at a lesser amount, for example $5.00 per month, and/or an annual cost of $1 million.

Calculation of Charges The Company requests that both the credit on some bills and the charge on the remainder appear as separate line items. SLCAP/Crossroads objects to this proposal on grounds that the cost-of-service studies presented in this Docket are too inaccurate to permit a conclusion about who is being subsidized, the clear, contrary implication to that drawn if the credit and the charge is shown on customer bills. We believe, however, that the information would be useful to customers and note that the credit and charge appear on telephone bills for the telephone lifeline program. We conclude that the credit and the charge should be line items on customer bills. We wish the task force to consider whether to levy the charge on all users, or only on the residential class. Is a per-customer charge appropriate? If assessed per kWh on large users, is a cap appropriate? How would the surcharge be re-evaluated and changed periodically to ensure that the proper amount is collected?

Eligible Customers. Though we have expressed satisfaction that the program is adequately targeted, we state here that only those customers are eligible who actually receive a bill for service. A renter, who receives no bill because the utility cost is included in the rental payment, or a person residing in an institution, will not be eligible. We remain interested in whether there are ways to target the benefits even more closely -- for example, by allowing even otherwise eligible renters to receive utility assistance.

Experience of Other States. We believe it would be helpful to our evaluation to understand which states have similar programs, how they are constructed, whether there are benefits to non-participants, and the experience in these states.

Measurements / Standards. Finally, we charge this task force with proposing as detailed as possible a set of standards, measurements and criteria against which, if we approve implementation, we could judge whether the program were functioning as intended. We further ask it to consider whether a pilot-test period may be appropriate, or a sunset date, or criteria upon which to determine that the program ought to be modified or abandoned.

Future Studies. As noted above, SLCAP/Crossroads recommends further studies of certain subjects. We agree and order the task force to advise us on how to make sure that these studies are done if we implement the program. These studies include: whether low income is positively correlated with consumption; whether the program actually results in measurable benefits such as a reduction in uncollectible accounts, returned checks, and service shutoffs; spreading the recovery of fixed costs over more customers and therefore reducing the impact on each customer; and an increase in sales of electric appliances.

…

V. ESTABLISHMENT OF TASK FORCES FOR ADDITIONAL STUDIES

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C. LOW-INCOME PROGRAMS

Salt Lake Community Action Program and Crossroads Urban Center request a task force to examine issues of the energy requirements, either or both electricity and natural gas, of low-income customers. These parties testify that little is known about low-income energy consumption and less attention is being paid than in the past to problems because utility rates have been stable while economic conditions -- prices and employment -- have been favorable. Nevertheless, they contend, the number of poor who face problems acquiring energy remains large. They propose to survey useful programs from other jurisdictions, to assess the need for legislation, and to define an income criterion. Areas of inquiry would include rate discounts, medical and life support discounts, customer service improvements, measures to reduce energy requirements, a refrigerator replacement program, and energy education. Because a thorough review of this sort has not been conducted in this jurisdiction for a number of years, we agree to establish a task force for the purpose.

We also direct the low-income task force to evaluate, in concert with the Company and the Division, a lifeline program addressing the issues discussed in this Order.

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VI. ORDER

Wherefore, pursuant to our previous discussion, findings and conclusions made herein, we order:

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9. Four Commission task forces are established to examine issues associated with cost allocation, special industrial customer contracts, low-income customer service, and energy efficiency and renewable resources. Task force organization and scheduling will be undertaken by the Commission with initial notice to the parties in this docket. Other interested persons may contact the Commission Secretary for future information concerning the task forces and their activities.

This is an extract of order 99-035-10 which implemented the HELP program. The full text of the order is available at http://www.psc.state.ut.us/elec/00orders/May/9903510ro.htm

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Investigation	)	DOCKET NO. 99-035-10
Into the Reasonableness of Rates	)	
and Charges of PacifiCorp, dba	)	
Utah Power & Light Company	)	REPORT AND ORDER

ISSUED: May 24, 2000

SHORT TITLE

PacifiCorp 1999 General Rate Case

SYNOPSIS

The Commission changes Pacificorp's annual revenue requirement by $17.04 million, based on an adjusted 1998 test year and an allowed rate of return on equity of 11 percent. The Commission also adopts a Lifeline rate for customers who qualify and establishes a new line extension policy. The percent revenue increase to residential, irrigation, small commercial, and lighting customers is 4.24 percent. The percent revenue increase to large commercial and industrial customers is less than 1 percent.

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III. PRICING OF TARIFFED RATE SCHEDULES

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C. DESIGN OF RATES

1. Lifeline Rate

As in our last rate case, Salt Lake Community Action Program and Crossroads Urban Center (SLCAP/CUC) propose a lifeline rate for low-income residential customers. This program would give an $8 per month credit for eligible participants. That case contained an extended discussion and analysis of the proposal, which we will not repeat here but reference and again rely on, in addition to evidence introduced in this case, as basis for our decision here.

In the prior case, this Commission found that we have the authority to implement a lifeline rate; that a real need exists and is not otherwise being met by other programs; that the program as proposed in that case was successfully targeted and would not overly burden other customers; that the benefits offset negative impacts; and the proposed program was administratively simple and inexpensive to administer. Despite these findings, we declined to institute the lifeline rate in that case because of several concerns and unanswered questions, which were explained fully in that Order. We requested that a Low-Income Task Force be established to investigate these issues further. In brief, we asked for more information on what we characterized as primarily "practical concerns," asking for a Lifeline Plan which would include clear and specific proposals and information on the following: (1) a proposed cap on the total amount the program would raise and spend annually; (2) how to calculate charges, and on which users; (3) targeting eligible customers; (4) experience of other states; (5) proposed measurements and standards by which we could judge the success of a program; and (6) any future studies which might be appropriate.

Members of the Task Force issued a "Report to the Utah Public Service Commission" on December 17, 1999. The Task Force, acknowledging that "the diversity of economic and ideologic interests prevent the Task Force from recommending a low-income energy assistance program," could not reach agreement on all of the issues. However, SLCAP/CUC proposes that we effect a lifeline rate in this case nevertheless. Its proposal here is substantially the same one as proposed in the prior case with some additions in response to our Order, and some additional information from the Task Force Report. It argues that, considering the evidence and findings in the prior rate case, the Task Force Report, and additional evidence on the record in this case, it has answered the Commission's concerns and we should institute the lifeline rate.

The following discussion examines the items as to which we requested more information. We continue to rely on and incorporate the findings and conclusions from the earlier Order and add to them the analysis from this case.

Cap. SLCAP/CUC's proposal, set forth fully in the exhibits to the direct testimony of the three SLCAP/CUC witnesses, estimates that the program would cost approximately $1.8 million per year plus administrative costs totaling approximately $50,000 per year. These costs would be divided among the rate classes in proportion to class revenue. For example, Schedule 1 (individual) customers would be capped at $0.13 per month, possibly rising to $0.19 per month assuming a higher participation level. In contrast, Schedules 6, 9, and 31 customers, the largest users, would pay $6.25 per month, to a maximum of $75 per year. This approach, at least for residential customers, would constitute a much smaller percentage of the average monthly bill of $40.04 (0.32%) than comparable lifeline programs for telephone assistance.

Targeting Eligible Customers. The proposal indicates that to qualify, a customer must be qualified for the Utah Home Energy Assistance (HEAT) Program (which we examined in our prior order and found that by itself it is inadequate to meet the needs of eligible customers); or earn no more than 125% of the federal poverty level. The Utah Department of Community and Economic Development would administer the program in conjunction with its HEAT program.

Experience in Other States. The Task Force Report contains a discussion of its findings in this area. It tells us that many other states have low-income assistance programs and that they vary in range, cost, and design. Whether they offer real benefits was a hotly contested issue among Task Force participants. Some possible benefits identified are to society at large and thus, it is argued by some, this decision properly belongs to the legislature and not the commission. The Division asserts that there are no benefits to nonparticipants from direct assistance programs. It cautions the Commission against "effectuating social policy by means of altered electricity rates." During the hearing we learned that in most states with similar programs, they were adopted by commissions in those states, and then the legislatures generally codified them.

Proposed Standards of Measures of Success. The task force report indicated some confusion as to what the Commission intended with its questions in this area. "If the Commission's intention were to provide assistance to a given number of customers, or a percentage of low-income households, measurement would likely be quite simple . . . ." The Task Force identified some problems in trying to measure effectiveness of any low-income assistance program. It asserted that some of the information needed is not currently tracked by PacifiCorp and it would be cost prohibitive to do so. It recommended that we ask the Division to develop a set of standards and measures.

Future Studies. The Task Force recommended that a major review should be undertaken no later than three years after implementation of this, or any, program, to make sure the program is effective and to suggest changes or an end to the program. Beyond that, the Task Force members had differing opinions.

We conclude that, considering the additional information provided in this case, it is in the public interest to have a Lifeline program in Utah as proposed and we are ordering that it be implemented. We find sufficient benefits to the intended beneficiaries, to the utility, and to utility customers in general through reduced cost to the utility of collections, terminations, reconnections, and arrearages. As for arguments that the program would benefit one class of customers only, and thus should be paid by them only, we note that it is not done in other arguably similar areas and we decline to do so here. One specific example is that each class of service does not pay precisely its "share" of costs. This is true, for example, of the large customer groups, or special contract customers, according to some views of allocations. Yet they do not agree with any allegations that they are being subsidized by residential customers. Examples abound to demonstrate that one person's improper "social welfare" program is another person's legitimate regulation of utilities in the "public interest".

Nor has the Commission's current rules on a lifeline rate for telephones, enacted under our general authority in Section 54-4-1 and 54-4-4 of the Utah Code, ever been challenged. We find that the program proposed here is a rather simply-designed program with relatively modest goals and is analogous to the lifeline program for telephone service. We expect that experience in administering the telephone lifeline program will provide guidance as the Company, the

Division, and others work to effect, and monitor, the Lifeline program we now institute. Although the large customer group questioned whether taxation of the amounts raised and spent for the Lifeline program might diminish its efficacy, it pointed to no evidence that that actually is happening with respect to the Lifeline program in the telephone arena. If that in fact turns out to be a problem, we expect to be advised of that, as the program is monitored.

Accordingly, we order the Division, the Committee, and SLC/CAP to work with the Company to implement, within 90 days following the effective date of this Order, the Lifeline program as proposed in the last case and as discussed herein. We anticipate that the program be capped at no more than $1.8 million per year; that it continue to be monitored by the Division and that it be thoroughly audited within three years.

…

IV. ORDER

Wherefore, pursuant to our discussion, findings and conclusions made herein, we order:

…

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

…

CONCURRING AND DISSENTING STATEMENT OF COMMISSIONER STEPHEN F. MECHAM

I concur in all of the decisions in this order with the exception of two: the Lifeline Rate and the Line Extension Policy. I do not challenge the Commission's authority to establish the lifeline rate because UCA 54-3-1 permits the Commission to consider the economic impact of utility rates on every category of customers. In addition, in 1986 the Commission adopted a lifeline rate for qualifying telecommunications customers without any more explicit statutory language. The difference is that the benefits for non-lifeline rate telecommunications customers are more identifiable than those suggested in this docket for non-lifeline electric customers. There are also federal offsets that enhance the benefits for telecommunications customers on the lifeline rate not available to electric customers who qualify. I do not personally oppose the lifeline proposal, but without concrete, identifiable benefits to all customers, I believe the legislature should specifically address this issue during its debate of electric industry deregulation before the proposal is implemented.

I also disagree with the Line Extension Policy established in this order. I am concerned that the policy may lead to double counting of parts of the system, like the transformer for example, and therefore result in double recovery. It also strikes me that the policy shifts more costs to the distribution system and the end use customer as the industry is preparing for restructuring. Many of the customers who cover those costs will be the last to benefit from a restructured electric industry. We should be wary of that movement. Lastly, though I prefer the new 15 year term for the facilities charge compared to the perpetual charge permitted today by tariff, that charge and how it is treated needs much more thorough analysis.

/s/ Stephen F. Mecham, Chairman

This is a copy of order 00-035-T07 which contains additional implementation details on the HELP program. The original of the order is available at http://www.psc.state.ut.us/elec/00orders/Aug/00035T07ro.htm

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Revisions to PACIFICORP's Tariff P.S.C.U. No. 43, Re: The Addition of Schedules 3 and 91 for the Low Income Lifeline Program and Surcharge for Funding	))))	DOCKET NO. 00-035-T07 REPORT AND ORDER

ISSUED: August 30, 2000

SYNOPSIS

In the interest of initiating funding timely, the Commission approves the tariff changes and the stipulation with some clarifications. The parties are requested to continue to meet and resolve, through clarifying language, the issue of re-qualification requirements of participants.

By The Commission:

PROCEDURAL HISTORY

In our Order in Docket 99-035-10, we ordered, with a deadline of 90 days, the implementation of a Lifeline Electric Service Rate program ("the Program") within the service territory of PacifiCorp. Details of the implementation of the Program were to be negotiated among several interested parties, including the Utah Committee of Consumer Services ("CCS"), Utah Division of Public Utilities ("DPU"), Salt Lake Community Action Program("CAP"), large users' group, and others. The majority of the interested parties achieved a stipulated implementation plan which was filed contemporaneously with the subject tariff pages, which together represent both the funding mechanism for, and the administration of, the Program. With the exception of the CCS, all interested parties signed the stipulation. Subsequent to the filing, the CCS raised several objections to the stipulation and tendered a revised draft which has not received the support of any other parties.

There appears to be no controversy among the interested parties as to the qualifications to be met for participants in the Program; nor does there appear to be controversy as to the amount of surcharges to be imposed on other ratepayers to fund the Program. There does appear to be some controversy as to the timing of re-qualification requirements, the method of capping Program costs, reports on the Program, and on auditing and evaluating the Program. We do not deem these controversies as sufficiently serious to justify delaying the start of the Program. Accordingly, we choose to approve the proffered tariff pages at this time and accept the original stipulation.

Nevertheless, the CCS's comments bring to light certain issues in the stipulation that we wish to clarify. With regard to capping Program costs, the Commission expects the Company to keep its collection of funds at or near the $1,850,000 cap over a Program year. We acknowledge that the estimate of the number of customers who will help fund the Program will differ from the actual number. We order the Company to monitor its collections and periodically adjust the charge to approximate the stated cap. Any change in the cap or the charge per customer must be approved by the Commission.

The CCS's suggested language changes regarding the issuance of reports and the methods of auditing the Program are, with one exception, hereby denied because they make some substantive changes to the stipulation. Line 7 of paragraph 5 should state: "The interest accrued on the balance in the Lifeline Account."

Finally, we are not satisfied that the stipulation adequately addresses participant re-certification and, therefore, direct the parties to achieve a stipulation regarding the re-qualification requirement details. To that end, we expect all the parties to meet expeditiously to present us with mutually acceptable language to be appended to the stipulation as soon as possible, but no later than December 1, 2000.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- Original Sheet Nos. 3.1, 3.2, and 3.3, as well as First Revised Sheet B.1, all of PacifiCorp's Tariff P.S.C.U. No. 43, be, and they are, approved.

- PacifiCorp and the Utah Department of Community and Economic Development be, and they are, authorized to begin qualifying persons as to eligibility for the Lifeline rate in accordance with the terms of the stipulation dated July 20, 2000, a copy of which is annexed hereto as Appendix A, and incorporated by this reference.
- Parties will present clarifying language on re-qualification requirements of participants by December 1, 2000.
- Any person aggrieved by this Order may petition the Commission for review within 20 days of the date of this Order. Failure to do so will forfeit the right to appeal to the Utah Supreme Court.

Dated at Salt Lake City, Utah, this 30th day of August, 2000.

/s/ Stephen F. Mecham, Chairman
/s/ Constance B. White, Commissioner
/s/ Clark D. Jones, Commissioner

Attest:
/s/ Julie Orchard
Commission Secretary

APPENDIX A

From Docket No. 99-035-10

JOINT STIPULATION ON PACIFICORP'S LIFELINE RATE
-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

In the Matter of the Investigation	)	DOCKET NO. 99-035-10
Into the Reasonableness of Rates	)	Joint Stipulation
and Charges of PacifiCorp, dba	)	on PacifiCorp's
Utah Power and Light Company	)	Lifeline Rate

Pursuant to the Commission's order in this Docket issued May 24, 2000, wherein the Commission ordered the Division of Public Utilities (DPU), the Committee of Consumer Services (CCS), Crossroads Urban Center (CUC) and the Salt Lake Community Action Program (SLCAP) to work with the Company (PacifiCorp) to implement the Lifeline program as proposed in the last case and discussed in the order. The Large Customer Group (LCG) and the Department of Community and Economic Development (DCED) also join this stipulation. The parties herewith submit this joint stipulation on program implementation.

1. Lifeline Tariff: PacifiCorp will file a new Utah tariff Schedule 3 implementing a Lifeline rate which includes a maximum $8.00 per month credit for qualifying residential households. To be eligible for this tariff, a customer's household income must be equal to or less than 125% of the Federal poverty level, or the household must be eligible for the Home Energy Assistance Target (HEAT) program. Only PacifiCorp's Utah residential customers in its certificated service territory are eligible. Customers may remain on this tariff for at least 12 consecutive months, but may continue on this tariff as long as they are eligible (annual re-certification is required beginning June 1, 2002). The Lifeline credit will appear as a separate line item on customers' bills.

2. Lifeline Tariff Rider: PacifiCorp will also file a new Lifeline tariff rider Schedule 91, to collect approximately $1,850,000 annually, to fund the costs of the Lifeline rate (the Lifeline Account). Lifeline tariff rider charges will show as a separate line item on customers' bills and be identified as Home Electric Lifeline Program (HELP) Surcharge. PacifiCorp will hold these funds in a separate Lifeline tariff account.

3. Utah Tariff Rider Spread: The Lifeline tariff rider will apply to all customer classes, except those customers under Utah Tariff Schedule 3 Lifeline rate. The tariff rider will be spread to customers as a customer charge, with a different surcharge for each rate schedule. The surcharge for each schedule is attached as an exhibit to this stipulation. The

Utah Lifeline tariff is capped at $6.25 per customer (one location at one point of delivery) per month ($75.00 annually).

4. <u>Amounts and Rates</u>: PacifiCorp will use its best efforts to design the Lifeline tariff rider to collect no more than $1,850,000 annually <u>for the Lifeline Account</u>. This account shall accrue interest at the Company's cost of debt determined in Docket 99-035-10. The balance in the Lifeline Account may increase as fewer customers apply, or it may decrease as more customers apply. In either case the Commission may adjust the Lifeline tariff credit, or the Lifeline tariff rider as it deems necessary. The Lifeline tariff rider may be revised annually with surcharge amounts recalculated to correct for any over or under collections, within the limits of the cap identified in paragraph 3. The goal is to collect $1,850,000 annually.

5. <u>PacifiCorp Accounting and Reporting:</u> For purposes of filing tariffs and reports, and collecting data, the Public Service Commission will establish a new docket number to the Lifeline Program. PacifiCorp shall gather data on a monthly basis and issue a report quarterly during the first year, and semi-annually thereafter (showing monthly and semi-annual data) to the Utah Public Service Commission, the DPU, CCS, CUC, DCED and other interested parties, with, the following details.

1. The number of customers on Utah Tariff 1 and Lifeline Tariff 3.
2. The amount collected under the Lifeline tariff rider (HELP surcharge).
3. The amount credited to Lifeline tariff 3 customers' bills
4. The amount of any administrative charges from PacifiCorp
5. The amount of any administrative charges from DCED
6. The balance in the Lifeline Account at the end of the period
7. The balance in the Lifeline Account shall accrue interest.
8. For residential tariffs 1 and 3 , the monthly arrearage (an aging of accounts receivable)
9. For residential tariffs 1 and 3, the number of termination notices and actual terminations
10. For residential tariffs 1 and 3, the number and dollar amount of accounts turned over to collection agencies
11. For residential tariffs 1 and 3, the dollar amount of write-offs and recoveries

6. <u>Statistical base</u>: PacifiCorp will provide a report by December 31, 2000 of the data listed in the above Paragraph 5, to the extent available, for the 12 month period immediately preceding implementation of the Lifeline program.

7. <u>Application process</u>: The Utah State Department of Community and Economic Development (DCED), which administers the HEAT program, agrees to administer the Lifeline program. DCED will develop an application process to screen applicants and forward names and PacifiCorp customer account numbers of qualified applicants to PacifiCorp, on not less than a monthly basis. DCED agrees to print forms for non-HEAT applicants to apply for the Lifeline program. PacifiCorp will assist DCED in maintaining a database of applicants for and recipients of the Lifeline program. Their assistance will include positive confirmation of the status of each applicant.

8 <u>Re-certification</u>: DCED agrees to send each customer on the Lifeline tariff Schedule 3, who has not re-certified during the prior two heating seasons, a reminder notice by May 1 of each year indicating they must re-certify by May 21 or be dropped from the tariff. DCED will forward the entire list of eligible customers to PacifiCorp by June 15 of each

year beginning in 2002. PacifiCorp will remove all customers not included on the above mentioned list from the Lifeline tariff on the first billing date after June 30 of each year.

9. Administrative Charges: PacifiCorp may charge program startup costs on a one-time basis of up to $25,000 against the balance of the Lifeline Account. DCED may also charge reasonable startup costs on a one-time basis of up to $25,000 against the balance of the Lifeline Account. PacifiCorp may charge its ongoing direct costs associated with administering the program against the balance in the Lifeline ~~tariff rider~~ Account, up to $10,000 annually. DCED may submit statements to PacifiCorp for reimbursement of its ongoing direct costs associated with administering the program, up to $40,000 annually. PacifiCorp agrees to pay the undisputed administrative charges submitted by DCED out of the balance of the Lifeline Account. Any disputed administrative charges will be submitted to the Utah Public Service Commission for resolution. Administrative charges will be prorated for any part of a year in which the program is implemented or eliminated.

10. Standards of Measures of Success: The Division, with the assistance of PacifiCorp, SLCAP, CUC, DCED, CCS and other interested parties, will attempt to develop a set of standards and measures against which to evaluate the effectiveness and success of the program.

11. Division Monitor: The Division will evaluate the effectiveness and success of the program against the determined standards and measures.

12. Division Audit Evaluation and Report: The Low Income Task Force recommended that a major review should be undertaken no later than three years after implementation of this, or any program, to make sure the program is effective and to suggest changes or an end to the program. Therefore, the DPU will monitor and audit the program, and submit, at a minimum, annual reports to the Commission, CCS and other interested parties over the initial three year period. The DPU's reports will include three parts: (1) a financial audit of funds received and expended including administrative costs and a review of administrative processes, (2) an analysis of the program's effectiveness and (3) any appropriate recommendations for changes. Interested parties may thereafter submit their comments to the filed report. This procedural sequence is not intended to preclude the participation of any interested party in the development of the report and the inclusion of their views and recommendations in the report.

13. General rates: For purposes of setting rates, neither the revenues nor the costs paid from the Lifeline fund in connection with this program will be included in the cost of service.

14. Income tax uncertainties: PacifiCorp will determine if the Lifeline program has any income tax impacts and report them to the parties within the first year of the program.

15. Taxes: Schedule 3 and 91 are subject to all applicable taxes.

EVALUATION OF PACIFICORP'S HOME ENERGY LIFELINE PROGRAM AND ASSISTANCE ON REPORTING ON THE PROGRAM

FINAL REPORT

PREPARED FOR

State of Utah,
Division of Public

JANUARY 2002

R·W·BECK

January 22, 2002

Mr. Paul Mecham and Artie Powell
Division of Public Utilities
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Subject: **Final Report – Evaluation of PacifiCorp's Home Energy Lifeline Program**

Dear Mr. Mecham and Mr. Powell:

R. W. Beck, Inc. is pleased to deliver the enclosed final report, which summarizes the proposed measures that can be used as a reference for the Division's evaluation efforts regarding PacifiCorp's lifeline program.

This report was prepared using a review of historical documents associated with the development and implementation of the lifeline program and a one day facilitated session with the Division and interested parties.

Also included as Enclosure 2, is R.W.Beck's response to the Division's communication dated January 15, 2002, addressing seven specific questions.

These materials conclude R.W. Beck's scope of services to the Division for this project. We appreciate the opportunity to assist the Division with this important project.

Sincerely,
R. W. BECK, INC.

Patty Cruz
Management Consultant

Encl.

4005 Spicewood Springs Road, Suite A-200 Austin, TX 78759-8673 Phone (512) 795-9007 Fax (512) 795-9008

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R.W. Beck's Response to Division's Questions

On January 15, 2002, R.W. Beck received a communication from the Division of Public Utilities (Division) stating that the final Beck report is incomplete because it understates the impact to donors. The main issue seems to be that the Division whishes to see a measure where the $1.9M collected from donors during the first year of the program is evaluated. The Division's communication then proceeds to solicit responses to seven questions that address the program's benefits, negative impacts and other issues.

R.W. Beck believes that the Division's concerns have been addressed in the report and will proceed to answer the Division's questions in an effort to further clarify the issues presented.

IMPACT ON DONORS

The following table lists the proposed measures from the report that show the program's impact or possible impact to donors. The details of each measure are included under Section 4 of the report.

Table 1 Measures that Illustrate Impact on Donors

Measure Title	Measures	Is data available, quantifiable & attributable?	Results
Account balance	1) Amount collected from donors and 2) Amount distributed to recipients	Yes	$1,897,652 was collected from donors
Donors' missed investment opportunity	Possible missed investment opportunity for program donors per year	Data is available and quantifiable. Measure presents an attributability challenge	Investment at 3% - $1,928,777 Investment at 12% - $2,025,641
Donors' after and pre-tax contributions	Shows direct and indirect cost to donors since contribution is after tax	Data is available, quantifiability and attributabiliy are challenged	Measure applies to residential customers only. At a 22% tax rate, cost is $84,576
Recipient and donor's perspective and attitudes	Donors' perspective and attitude toward the program	Data will be available once survey is conducted	Results will be available once survey is conducted
Economic stimulus from dollars "taken" through the subsidy	Aggregate impact of the consumer dollars that are "taken" up through subsidy dollars	Measure is extremely challenged for data attributability	Data attributability needs to be addressed before results are obtained.

From the measures listed above, the only measure that meets the criteria regarding the availability, quantifiability and attributability of the data is the account balance. The account balance measure includes two pieces of information: (1) The dollars collected from donors and (2) the dollars distributed to recipients. The measure was designed to include both pieces of information because they are related and presenting the results together shows the difference between collection and distribution.

The results of this measure show that $1,897,652 was collected from donors and that $1,044,260 was distributed to recipients, during the first year of the program. We see a shortfall in the distribution of collected funds as a first year anomaly.

IMPACT ON RECIPIENTS

The following table lists the proposed measures from the report that show the program's impact or possible impact on recipients. The details of each measure are included under Section 4 of the report.

Table 2 Measures that Illustrate Impact on Recipients

Measure Title	Measures	Is data available, quantifiable & attributable?	Results
Balance in arrears	The average balance in arrears for recipients	Data attributability is challenged	Refer to Table 4.2.1 in Section 4.
Terminations	The monthly of number service terminations and termination notices for recipients	Data attributability is challenged	Refer to Table 4.2.2 in Section 4.
Reconnections	The monthly of number service reconnections	Data attributability is challenged	Refer to Section 4.
Accounts Sent to Collection Agencies	The monthly of number recipient accounts and outstanding balances sent to collection agencies	Data attributability is challenged	Refer to Table 4.2.4 in Section 4.
Write-offs	The monthly number of recipient accounts and dollar amount for these accounts written off	Data attributability is challenged	Refer to Table 4.2.5 in Section 4.
Recoveries	The monthly number of recoveries to write-offs from recipient accounts	Data attributability is challenged	Refer to Table 4.2.6 in Section 4.
Account balance	1) Amount collected from donors and 2) Amount distributed to recipients	Yes	$1,044,260 was distributed to recipients

Penetration	Program's penetration over time	Yes	Refer to Table 4.2.9 in Section 4
Recipient and donor's perspective and attitudes	Recipients' perspective and attitude toward the program	Data will be available once Data survey is conducted	Results will be available once survey is conducted
Average electricity energy burden	Electric energy cost for low-income families participating in the program	Presents a data availability challenge	Once data is available
Program stability	Stability of program participation	Presents a data availability challenge	Once data is available
Economic stimulus from dollars "freed" through the subsidy	Aggregate impact of the consumer dollars that are "freed" up through subsidy dollars	Measure is extremely challenged for data attributability	Data attributability needs to be addressed before results obtained.

At the time this report was prepared, the only measures that meet the criteria regarding the availability, quantifiability and attributability of the data are account balance and penetration. As stated above, the account balance measure includes two pieces of information: (1) The dollars collected from donors and (2) the dollars distributed to recipients. The measure was designed to include both pieces of information because they are related and presenting the results together shows the difference between collection and distribution.

In reference to program penetration, as the results presented under Section 4.2.9 illustrate, the number of participants for the latter five months of the program increased and tended to remain stable, however a sharp decrease in participation was experienced in September 2001. The results obtained from the first six months of the program were not included in the analysis, because the number of participants had not stabilized and the program was experiencing predictable start-up challenges.

IMPACT ON THE UTILITY

The following table lists the proposed measures from the report that show the program's impact or possible impact on PacifiCorp. The details of each measure are included under Section 4 of the report.

Table 3 Measures that Illustrate Impact on the Utility

Measure Title	Measures	Is data available, quantifiable & attributable?	Results
Balance in arrears	The average balance in arrears for recipients	Presents a data availability and	Refer to Table 4.2.1 in Section 4.

		attributability challenge	
Terminations	The monthly of number service termination and termination notices for recipients	Presents a data availability and attributability challenge	Refer to Table 4.2.2 in Section 4.
Reconnections	The monthly of number service reconnections	Presents a data availability and attributability challenge	Refer to Section 4.
Accounts Sent to Collection Agencies	The monthly of number recipient accounts and outstanding balances sent to collection agencies	Presents a data availability and attributability challenge	Refer to Table 4.2.4 in Section 4.
Write-offs	The monthly number of recipient accounts and dollar amount for these accounts written off	Presents a data availability and attributability challenge	Refer to Table 4.2.5 in Section 4.
Recoveries	The monthly number of recoveries to write-offs from recipient accounts	Presents a data availability and attributability challenge	Refer to Table 4.2.6 in Section 4.

At the time this report was prepared, none of the measures meet the criteria regarding the availability, quantifiability and attributability of the data in order to show the program's impact on the utility. PacifiCorp does not have data available that would show the costs of the business processes mentioned in the table. This information would be useful in evaluating the program's possible impact on the utility, when looked in conjunction with other economic measures, as explained in the report.

IN SUMMARY

At the time this report was prepared, few measures met the criteria of data availability, attributability and quantifiability determined by the Commission. Undoubtedly with additional research and collection of more data several of the measures mentioned in the tables, will overcome the data availability challenges currently experienced.

DIVISION'S QUESTIONS

The communication received from the Division on January 15, 2002, also includes the following seven questions. R.W. Beck's response follows the restatement of each question.

1. *What benefit(s) did Beck identify in the program for recipients, PacifiCorp and the utility customers in general? Please identify, along with the available and attributable data, the measure and standard for each.*

   The measures and their components are detailed in Section 4. In addition, Tables 1, 2 and 3 above list the data challenges each measure presents. The following benefits are concluded based on the measures that at this time meet the data challenges:

   Benefits for Recipients:

   - $1,044, 260 distributed during the first year of the program. Data provided by the account balance measure.
   - The number of recipients has increased since the program's implementation. Data provided by the penetration measure.

   Benefits for Donors:

   - No direct benefits for the donors are observed from the program.

   Benefits for PacifiCorp

   - No data was available to determine the direct benefits for the utility.

2. *What negative impacts or detriments did Beck identify that the program has for recipients, PacifiCorp and utility customers in general?*

   Negative Impact for Recipients:

   - Of the $1,850,000 capped for distribution, only $1,044,260 was distributed. Data provided by the account balance measure.
   - Program participation has reached approximately 30%. The defined participation rate is 42%. Data provided by the penetration measure. Please refer to Section 5.2.2 for additional comments regarding this measure.

   Negative Impact for Donors

   - $1,897,652 was collected from the donors during the first year of the program. Data provided by the account balance measure.
   - Given that no direct benefits for donors are observed, the $1,897,652 represents a negative impact for donors.

   Negative Impacts for PacifiCorp

   - No data was available to determine the direct negative impacts for the utility observed from the program.

3. *Is it Beck's position that the $1.9M cost is not a detriment or "direct negative consequence" to donors?*

   R.W. Beck understands that the program design, which was approved by the Commission, involves monthly surcharges to utility customers in general. During the first year of the program the cost to donors was $1,897,652. Certainly, this is considered a detriment to donors in that no direct benefit is observed from the program.

4. *Is it Beck's overall position that the HELP program does not overly burden ratepayers?*

   The HELP program is funded from surcharges collected from the utility customers in general. Utility customers pay a surcharge to fund the program and receive no direct benefit from the program.

   The account balance measure shows that during the first year of the program $1.897,652 was collected from the donors. The amount collected from the donors varies from $0.12 per month for residential customers to $6.25 per month for industrial or commercial customers. The low-income families participating in the program receive $8.00 per month.

   When looking at the size of the program compared to the State of Utah's economy and the national economy, the impact on donors seems negligible. Even though the donors do not receive any direct benefits from the program and during the first year of the program more money was collected than distributed, R.W. Beck considers that the HELP program does not overly burden ratepayers.

5. *Is it Beck's overall position that the benefits will offset the negative impacts in year one? Please explain.*

   No. During the first year of the program more money was collected from donors than was distributed to recipients. The excess amount collected is approximately $850,000. This difference is most likely due to the fact that program participation had not stabilized during this timeframe.

6. *Is it Beck's overall position that the benefits will offset the negative impacts in future years? Please explain.*

   As designed, the donors will continue to fund the program and will continue to experience this cost. Once the program has overcome the initial start-up challenges and program participation has stabilized, it is expected that the difference between the dollar amount collected and distributed will be less.

   It is necessary to consider that in the future, the availability data challenges associated with other measures should be overcome. Further careful analysis of the results of those measures will be required to determine if the benefits offset the negative impacts.

7. *Is it Beck's evaluation that delaying the program evaluation will enhance the overall evaluation of the program's effectiveness? Please describe specifically what measures will improve with that delay and explain how they will become usable in the future. Please explain if they are not attributable now, how they will be in the future.*

   R.W. Beck considers that evaluating the overall evaluation of the program is appropriate, as explained in Section 5.1 Analysis Summary. The Division asks how measures that present attributability challenges will become attributable.

They will not. As stated in the report, these measures are to be used in conjunction with a broader economic study that considers factors such as fuel prices. They will provide information useful in identifying potential problems with the program. The following measures will provide more accurate information if the evaluation is delayed:

Table 4 Available Information If Evaluation is Delayed

Measure Title	Benefits of Delay
Balance in arrears, terminations, reconnections, write-offs, accounts sent to collections agencies, recoveries	A year of data exists for these measures. However the first six months of data do not provide an accurate picture because the program participation had not stabilized. An additional year of data will be useful in identifying trends and when looked in conjunction with a broader economic study, will provide information that may be used to assess the program's impact on the recipients and utility.
Account balance	Data provided from years where the program participation had stabilized would provide a more accurate picture of the results.
Penetration	Data provided from years where the program participation had stabilized would provide a more accurate picture of the results
Recipient and donor perspective and attitude	The survey needed to obtain the results for this measure has not been performed.
Average Electric Energy Cost	The data needed for this measure was not available at the time the report was finalized. More than one year of data would be useful to identify trends and measure if the program has reduced the electric burden for participants.
Program stability	The data needed for this measure was not available at the time the report was finalized. More than one year of data would be useful to identify trends and measure if the program has tended to stabilize

Please refer to Section 5 of the report for further detail on the program evaluation.

LETTER OF TRANSMITTAL

TABLE OF CONTENTS

INTRODUCTION

1.1 Background and Purpose

In May 2000, the Utah Public Service Commission (Commission) ordered the implementation of the Home Energy Lifeline Program (HELP) for PacifiCorp's low-income customers in Utah. The program provides an $8.00 credit to eligible recipients and is funded by monthly surcharges to donating ratepayers.

Before implementing the program, the Commission created a Task Force to study the benefits and negative impacts of the lifeline program. In December 1999, the Task Force presented their findings before the Commission, which included the needs of low-income utility customers, programs in other States, and information about the low-income population in Utah. The Task Force was also charged with proposing measures and standards to evaluate the program. They identified problems with establishing standards to measure the effectiveness of the program and recommended that the Utah Division of Public Utilities (Division) develop a set of measures against which to evaluate the lifeline program.

Parties involved in the Low-Income Task Force (Parties) include:

- Committee of Consumer Services (CCS)
- Crossroads Urban Center (CUC)
- Department of Community and Economic Development (DCED)
- Division of Public Utilities
- Large Customer Group (LCG)
- League of Women Voters of Utah
- Utah Power (PacifiCorp/Scottish Power)
- Questar
- Salt Lake Community Action Program
- Utah Energy Conservation Coalition
- Utah Gas

The Commission made the Division responsible for preparing annual reports that includes a financial audit of the program, an analysis of the program's effectiveness and appropriate recommendations for changes. In November 2001, R. W. Beck was retained by the Division to assist in the development of measures to evaluate the effectiveness of the lifeline program. The results compiled in this report will provide useful information and tools for the Division to use in developing its annual report to the Commission. To reach the project's goal, R.W. Beck accomplished the following:

- Developed measures and standards that are quantifiable, attributable and determined the availability of the data required to support each measure.
- Considered the topics mentioned in the Commission's orders and those provided by interested parties on potential measures. Assessed each potential measure and identified applicable measures for the Division's evaluation. The measures are classified as readily available measures, or measures with current data challenges.
- Facilitate group interaction to obtain input on potential measures, including how to address challenges related to data and design.
- Performed the calculations necessary to apply the proposed measures for which data is available and described the steps to apply the data for those measures for which the information is not currently available.
- Determined the current impact the proposed measures have on program recipients, donors and the utility.
- Evaluated the program's current success and effectiveness against the selected measures.

To achieve these assignments, R.W. Beck completed the following work activities:

Task 1: Data Collection and Clarification of Project Objectives

To begin the study in a structured manner, a conference call was conducted with representatives from the Division and R.W. Beck's team. The objective of the call was to finalize the scope of services, agree on the project schedule, review the request for information and clarify respective roles, responsibilities and expectations.

Task 2: Measurement Review and Analysis

R. W. Beck's consultants reviewed the various documents provided by the Division and the interested parties. The purpose of this analysis was to review the existing standards and measures to evaluate the program and determine the appropriateness of each one.

Task 3: Identifying Key Issues and Concerns

R. W. Beck's consultants also reviewed the historical documents associated with this dialogue and focused on clarifying and refining our understanding of each party's central interests, concerns and issues related to the process of evaluating the Division's low-income lifeline program.

A draft report including the findings related to the standards and measures to evaluate the program (Task 2) and the points of divergent and common understanding of the project's objectives among the Group members (Task 3) was prepared in advance of the session. The Group members were invited to submit written comments to clarify their positions, issues and concerns within one week of the distribution of the draft report. In turn, the Facilitators reviewed the comments to assess points for potential progress in facilitating additional agreement.

Task 4: Determine the Measures and Standards to Evaluate the Low-Income Lifeline Program (Facilitated Session)

The objective of this one-day session was to facilitate a collaborative effort among the members of the Group to advance their previous dialogue by narrowing the list of measures and seek a means to address related data and design challenges. The Group is defined as the Division, PacifiCorp, Salt Lake Community Action Program (SLCAP), Crossroads Urban Center (CUC), Department of Community and Economic Development (DCED), Committee of Consumer Services (CCS) and other interested parties.

Task 5: Final Report

This final report is based, in part on the results from the Group's work session, including assessments for each of the measures and standards that were identified and considered, and the justifications and clarifications for why each measure was included or excluded from the final selection.

In addition to this introductory section, the final report includes:

- **Section 2: Issues and Concerns**. This section addresses the issues and concerns identified after an initial review of the available documentation provided by the Commission.
- **Section 3: Potential Measures**. This section lists all the suggested measures provided by the interested parties, the Commission and R.W. Beck.
- **Section 4: Measurement System**. This section includes a detailed review of each suggested measure and results obtained from applying those measures where supporting data was available. In particular, this section clarifies R.W. Beck's findings on applicable measures.
- **Section 5: Overall Evaluation**. In this section, the results of the proposed measures are discussed in an aggregate manner. That is, the results of the measures are not only individually considered, but the relationship among them is reviewed as well.
- **Appendices**. The appendices for this project include the list of the documentation reviewed, the HELP spreadsheet and other data that support the various measures.

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.

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).

2.1.2 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, since the content found in Sections 3, 4, and 5 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, 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. These 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.]

2.1.3 Approach to the Issues Outline

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

- Demonstrating Recipient Need *
- 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

2.1.4 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, involve 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:

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.

2.3 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.

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 a balance between ensuring adequate funding to meet demand of recipients minimizing impacts on customers who are contributing to the fund, donors.. [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.] 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] as part of the evaluation. At this point, R.W. Beck's observes that this information could also be applied to assessing whether the surcharge is excessive in its impact on ratepayers or whether resulting funds are adequate to address the need (as discussed earlier). [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.

2.4 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 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] 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 recipients 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 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.

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 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) Therefore, it will be important to ensure that the evaluation includes some means to clarify and monitor the impact of the program surcharge on donors in terms of how this surcharge might or might not affect their overall energy cost "burden".

While direct negative consequences are not indicated by the current level of surcharges, relative to the direct overall energy cost impact on 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.

POTENTIAL MEASURES

3.1 Defining Potential Measurements for PacifiCorp's Lifeline Program

To be effective, measures and standards must be derived from the objectives and goals a program is trying to achieve. As stated in Docket No. 97-035-01 and Docket No. 99-035-10, the lifeline program was created to assist low-income households in the purchase of electricity. The Commission ordered the implementation of the proposed program , stating its conviction that:

- A real need exists and is not otherwise being met by other programs;
- The program was successfully targeted and would not overly burden other customers;
- The benefits offset the negative impacts;
- The program was administratively simple and inexpensive to administer.

The Commission also requested that the Division annually produce reports that would support an on-going assessment of whether the program continues to fulfill these fundamental criteria. The Division's report is to include (1) a financial audit of the program, (2) an analysis of the program's effectiveness and (3) any appropriate recommendations for changes.

3.1.1 The Role of The Measures In The Division's Evaluation Process

Over the course of this assignment, many parties have expressed an on-going concern that the measures appeared to be too "black and white" or to provide an overly stark view of complex matters. Many emphasized that measures must be developed in a manner that would help ensure that the Division's evaluation reports could:

- Avoid oversimplifying related impacts; and
- Convey insights into the more subtle factors that could be affecting program outcomes within the rather complex social, political and economic contexts surrounding utility services and rates.

In light of this concern, R.W. Beck considers it important to use this section's introduction as a place to distinguish between applying measures to collect and interpret data about a program's impacts and completing a comprehensive evaluation of a program's effectiveness.

R.W. Beck's assignment is to identify, develop and apply a set of relatively quantifiable measures that can be used as references for the Division's evaluation reports on the lifeline project. The term "relatively quantifiable measures" is used to describe a measurement system that includes measures proposed by the interested parties that stem from qualitative sources of information and that present data challenges. The term "relatively" also reflects that part of R.W. Beck's assignment to seek the most effective means to make all of the measures as specific, concrete and quantifiable as possible. The resulting measures and evaluation strategy will create only one of several evaluation tools that the Division could use to complete its analyses and reports to the Commission.

As discussed during the Group meeting on December 11, 2001, measures are the "building blocks" for an evaluation. Using another analogy, measures are significant, but not all-inclusive, "snapshots" of a specific factor affecting or affected by a program. Measures are rarely considered to be significant in isolation. Rather, meaning is assigned to a measure's results in the context of a more comprehensive evaluation process.

In the course of the evaluation process, it is common for evaluators to (a) review the trends and conditions that are indicated by all measures, (b) identify meaningful relationships between results from different measures, (c) interpret the meaning indicated by these combinations, (d) reference these interpretations in building the evaluation's analysis and conclusions and (e) augment the analysis with references to related factors (macro-economic, social, or political) that could also be influencing the program or its outcomes.

In a related manner, evaluators may also monitor how a measure's results are trending in relation to the measure's standard. Chronic deviations above or below the standard can be interpreted as "red flags" or otherwise used to indicate that a more detailed analysis is warranted.

The Division has confirmed it intends to augment its interpretation of results from measures being discussed in this report with contextual references to more qualitative factors, including relevant trends in the program's macro-economic, social and political context. In the context of this approach, the Group agreed to contribute to a related work session with the goal of identifying more qualitative or macro-economic factors for the Division to consider in its on-going lifeline program evaluation and reporting.

3.1.2 The Source of Measures Cited In This Section

To support an evaluation of the program's success, the Commission suggested several measures and the Division requested interested parties provide input on potential measures, as well. The parties were offered a series of opportunities to submit their suggestions and comment or request additional clarification on the suggested measures. Parties were also invited to discuss the suggested measures and related data and design challenges at the facilitated meeting held on December 11, 2001.

The following lists the measures suggested by the Commission , the parties and R. W. Beck.

3.2 Measures Suggested by the Commission

- **Measure Title**: ***Balance in Arrears***

  Description: Arrearages are defined as the outstanding account balances that are over 30 days past due. This measure would address the average monthly balance in arrears for recipients of the lifeline program.

- **Measure Title**: ***Terminations***

  Description: Provides information regarding the monthly number of termination notices and service terminations for non-payment for recipients in the program.

- **Measure Title**: ***Reconnections***

  Description: Provides information regarding the monthly number of service reconnections for recipients of the program.

- **Measure Title**: ***Accounts sent to collection agencies***

  Description: Provides information regarding the monthly number of program recipient accounts and outstanding account balances sent to collection agencies by the utility.

- **Measure Title**: ***Write-offs***

  Description: Provides information regarding the monthly number of recipient account write-offs by the utility and the dollar amount for these accounts.

- **Measure Title**: ***Recoveries***

  Description: Provides information regarding the ratios between the monthly number of recoveries to write-offs and the dollar amount of recoveries to write-offs.

3.3 Measures Suggested by the Parties

- **Measure Title**: ***Donor's Investment Opportunity***

  Description: Provides information regarding the donors' missed investment opportunity.

- **Measure Title**: ***Accrued interest***

  Description: Provides information regarding the excess amounts of accrued interest remaining in the program account after credit distribution.

- **Measure Title**: ***Donor's after–tax contributions compared to pre-tax contributions***

  Description: Provides information regarding the additional amount of money to be earned by some donors due to the fact that some of them cannot deduct the surcharge from their income taxes. The interested party suggested focusing on income tax and assuming a 22% tax load.

- **Measure Title**: ***Recipient and donor perspective and attitudes***

  Description: The measure suggested intends to provide information regarding the recipients' and donors' attitudes towards the program and its results. It would also provide information regarding the recipients' and donors' needs and desires in relation with the lifeline program. In addition, the contributing party suggests that this measure be used to provide information regarding the propensity of the recipients to consume the provided credit and the propensity of the donors to invest their contributions.

- **Measure Title**: ***Account Balance***

  Description: Provides information regarding the annual excess balance in the program account after the contributions have been distributed.

- **Measure Title:** ***Energy Consumption***

  Description: This measure tracks the average monthly kWh consumption for program recipients and also residential customers.

- **Measure Title:** ***Program Stability***

  Description: Provides information regarding the stability of program participation.

- **Measure Title**: ***Returned Checks***

  Description: This measure would provide information regarding the monthly number of returned checks from program recipients.

- **Measure Title**: ***Legal measures***

  Description: The suggestion was made to develop measures to determine whether the program was consistent with the Constitution of the United States, the Utah State Constitution and the Federal Welfare Reform Act of 1996.

- **Measure Title**: ***Costs associated with the fire and health department, homeless shelters and Medicaid funds***

  Description: The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include reduced costs of fire and health departments, homeless shelters and Medicaid funds. A measurement for this issue has been suggested as a means to evaluate the impact that the lifeline program has on the costs of the fire and health department, homeless shelters and Medicaid funds.

- **Measure Title**: ***Property Value***

  Description: The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include increased property values that generate real estate taxes. A measurement for this issue has been suggested to evaluate the impact the lifeline program has on property values.

- **Measure Title:** ***Investment Costs Associated With Employment and Construction***

  Description: An interested party suggested that the lifeline program has associated detriments that lower investments, which impact employment and construction figures negatively. The decrease in investments would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on employment and construction due to lower investments.

- **Measure Title:** ***Personal Funds and Costs Associated with Home Improvements and Retail Sales***

  Description: An interested party suggested that the lifeline program has associated detriments that reduce the personal funds donors have available for maintaining and repairing their homes and for purchasing retail items. The decrease in personal funds would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on reduced home improvements and reduced retail sales due to the donor's lower personal funds.

- **Measure Title:** ***Economic Stimulus from Consumer Dollars Freed Through the Subsidy***

  Description: Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are freed up through the availability of the "substituted" subsidy dollars.

- **Measure Title:** ***Economic Stimulus from Consumer Dollars Taken Through the Subsidy***

  Description: Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are "taken" up through the subsidy dollars.

3.4 Measures Suggested by R. W. Beck

Based on the program's objective of helping low-income customers purchase electricity, the following measures are suggested:

- **Measure Title**: ***Average Electricity Energy Cost Impact***

  Description: This measure would provide information about the electric energy cost burden of low-income families participating in the program.

- **Measure Title**: ***Penetration***

  Description: Provides information regarding the program's penetration, over time, into PacifiCorp's base of low-income customers who are qualified to participate in the lifeline program.

The following section of this report reviews each measure to determine whether the required data is available, whether the measure is quantifiable and attributable, and what information results from applying the measures.

MEASUREMENT SYSTEM

4.1 Defining the Measurements

Measurement systems are an important aspect of any program because they measure business results and can illustrate a program's progress towards success. This is an important task, since organizations may use the outcomes of measures to make lasting decisions affecting the targeted program. The information provided by the lifeline program's measurements may be used by the Commission, the Division, the Utility and interested parties as a tool to make informed decisions for allocating resources, identifying accountability, monitoring progress and budget development.

In this context, it is especially important to ensure that measurements can "measure up" as viable business decision "tools". To be effective, measures must be carefully selected and refined to be as specific and concrete as possible

In preparing this section of the report, R.W. Beck worked with each of the potential measures identified in Section 3. Each measure was refined, applied and assessed in terms of the standards outlined in 4.1.1.

Based on this effort, R.W. Beck has identified which measures it does and does not find to be applicable for evaluating PaciCorp's Home Energy Lifeline Program. Further, the applicable measures are divided according to whether they can be readily applied or involve unresolved data or design challenges.

- Sub-section 4.2: Measures that are proposed as applicable measures and identified as having readily available data to support them. Commentary on each of these measures includes assessments regarding the quantifiability and attributability of each measure.
- Sub-section 4.3: Measures that are proposed as applicable measures, but present certain challenges, such as the fact that the data required to support them is not readily available.
- Sub-section 4.4: Measures that are not proposed by R.W. Beck and for which discussion about data or attributability challenges would have to be resolved before they could be considered..
- Sub-section 4.5: Measures that are not proposed and are determined to have extreme data challenges.

4.1.1 Criteria For Well-Designed Measures

In assessing these measures, R.W. Beck considered criteria based on both industry standards for sound performance measures, as well as criteria specified by the Commission in their related order.

Any well-designed measurement system requires measures that are *specific, measurable* and *economical.* A measure is considered:

- *Specific* when its purpose is clear and it is well defined.
- *Measurable* when the information required is available, accurate and current.
- *Economical* when it is cost effective, the "pay-back" is meaningful, and conducting the measurement is not extensively time consuming.

In addition to these general characteristics, the measures included in the lifeline program evaluation system must meet the Commission's guidelines. As such, the measures are assessed to determine whether they are *applicable, quantifiable and attributable*. For the purposes of this assessment, a measure is considered: *Available* when the data required to support it is readily available; accessible in a manner that does not require excessive expense or effort to collect (See measurable and economical above).

- *Quantifiable* when its outcomes can be expressed in more concrete and objective terms.
- *Attributable* when its effects can be definitely attributable to the lifeline program.

Finally, the measures included in the lifeline program measurement system must focus on outcomes that are meaningful in the context of the program's objectives and goals, as presented in the mentioned dockets, the historical documentation provided by the Division and input from interested parties.

4.1.1 How Each Measure Is Defined

Measures have several attributes that define them. To ensure a common understanding, these attributes are defined for each measurement outlined in this section. These attributes are:

- Measure title: refers to the name of the performance measure.
- Description: refers to the precise description of what is to be measured.
- Significance: is a short description that identifies why this measure is significant and important.
- Impact: describes the impact the results of the measure will have on the program recipients, donors and/or utility.
- Standard: refers to the range the result of each measure should fall within. Standards are commonly defined using available industry data and the reality of the environment where the measurement system will be inserted. Defining standards for this program was a difficult task since industry standards regarding lifeline evaluation programs in other states were not available. The standards for Utah's lifeline program were defined based on the data available for the first year of the program and R.W. Beck's industry knowledge of standards applied to other performance-based measurement systems.

- Sources of information: identifies where and how the information will be obtained.
- Reporting format: identifies the type and format of the report.
- Responsibility: identifies organizational component and individual responsible for ensuring that the data are collected, and reported as specified.

4.2 Applicable, Readily Available Measures

As a starting point, R.W. Beck considered the measures proposed by the Commission to evaluate the success and effectiveness of the program. These measures are listed under 4.2.1 through 4.2.6.

It is challenging to find a way to attribute the results of these measures as an impact of the subsidy program. Factors such as the economy and the volatility of gas prices influence the processes measured under 4.2.1 through 4.2.6 and therefore make if difficult to determine the attributability of these results to the lifeline program. In addition, the data that supports some of these measures might be collected in such a way that clearly establishing their attributability to the program is not possible. For example, the ideal source of information for the terminations and reconnections measure is the number of process handled due to non-payment. The total number of service terminations and reconnections performed in one month might include the terminations and reconnections performed for customers that moved to a new residence, which would skew the results. These measures are to be considered "red flags" or general indicators that may provide associated information regarding the program.

An advantage for the viability of these measures is the fact that since the program's implementation in October 2000, PacifiCorp has monitored the data for these measures and has provided data for the previous year. However, it must be noted that the data available for the previous year presents a challenge in fulfilling the need for a program "baseline" in that this earlier data is aggregated for all residential customers and does not distinguish between program recipients and other residential customers. As such there is an open need to seek other sources for such "baseline" data for recipients. In the meanwhile, the design proposed for the affected measures include ways to make the data and calculations more relevant for providing insight about the program's impacts.

In addition, since it is more challenging to assert that trends for such measures are directly attributable to the program, several of the following measures could be applied as indicators or "red flags". In other words, trends associated with such measures can be monitored with the idea that, if related data points start to swing dramatically up or down, the phenomenon may merit deeper scrutiny. Such investigations could include consideration for whether and how this program may be affecting the data signals.

The following discussion takes a closer look at the measures currently in place.

4.2.1. Measure Title: *Balance in Arrears*

Caveat: The balance in arrears measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Arrearages are defined as the outstanding account balances that are over 30 days past due. This measure would address the average monthly balance in arrears for recipients of the lifeline program.

Significance: The measure is intended to show the impact the credit provided to low-income customers has on the amount of arrearages for program recipients.

Impact: In addition to illustrating the impact on arrearages for program recipients, the results of this measure will show if arrearages have increased or decreased per month and this percentage will be used to reflect the impact on the utility. PacifiCorp does not monitor the cost of its process for handling arrearages and therefore it is not possible to determine the monetary impact of this measure to the utility. This measure does not provide direct information of the impact arrearages has on program donors.

Standard: The standard for arrearages is based on the observed average arrearage for recipients during the latest six months of the program. This time frame was used since the participation in the program had stabilized. The data provided by PacifiCorp for arrearages during this time frame shows quarterly results. The average arrearage amount per month was derived from this quarterly figure. The average arrearage per program recipient is $13 dollars per month. The standard for this measure is defined as + 0% to –20% of $13 per recipient per month.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required to obtain the monthly average arrearages for program recipients.

Results: Since October 2001, PacifiCorp has been tracking the dollar amount of arrearages for program recipients. The following table illustrates the results obtained from dividing arrears per month by the number of program recipients. This calculation is performed to make the data comparable as the number of recipients varies each month.

Table 4.2.1 Balance in Arrears

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
T3 Arrearages $	$1,183	$6,297	$20,479	$341,720	$439,221	$542,325	--	--	$580,809	--	--	$650,062
Average arrear per month							$193,603	$193,603	$193,603	$216,687	$216,687	$216,687
Dollar amount/recipients							$11	$11	$12	$14	$14	$15

The results illustrate that the dollar amount of arrearages for program recipients has increased an average of 3.5% (except for the month of July where the increase is higher), even though the number of recipients has decreased. Therefore it is possible to assume that the cost of the arrearages process for the utility has increased over the time period reviewed.

4.2.2. Measure Title: *Terminations*

Caveat: The service terminations measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Provides information regarding the monthly number of termination notices and service terminations for non-payment for recipients in the program.

Significance: The measure is intended to show the impact that the credit provided to low-income customers has on the number of termination notices and terminations for recipients.

Impact: In addition to illustrating the impact of this measure on program recipients, the results will show if the number of terminations and termination notices has increased or decreased per month and this percentage will be used to reflect the impact on the utility. This measure does not provide direct information of the impact on program donors.

Standard: The standard for termination notices is defined based on the observed average number of termination notices for customers participating in the program. The average termination notices is 150 notices per 1000 customers and it is calculated using six months of data in which the program participation had stabilized. The standard is + 0% to –20% of 150 notices per 1000 program recipients per month.

The standard for service terminations is defined based on the observed average terminations for customers participating in the program. The average number of service terminations is 6 per 1000 customers and it is calculated using six months of data in which the program participation had stabilized. The standard is + 0% to –20% of 6 service terminations per 1000 program recipients per month.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems. The expected data set for this measure is monthly service terminations for program recipients due to non-payment. If PacifiCorp cannot provide this data, this measure is a less accurate meaningful surrogate measure.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: Since October 2001, PacifiCorp has been tracking on a monthly basis the number of termination notices and service terminations for program recipients. The following table illustrates the results obtained from calculating the number of termination notices and service terminations per month by the number of program recipients. This calculation is performed to make the data comparable as the number of recipients varies each month.

Table 4.2.2 Terminations

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
T3 Term Notices #	1	23	26	628	1,416	2,072	2,613	2,778	2,525	1,389	2,706	2,669
Termination notices/1000 recipients	250	51	23	67	104	130	151	161	152	87	176	180
T3 Terminations #	0	0	0	3	10	28	119	135	102	68	91	83
Terminations/1000 recipients	0	0	0	0	1	2	7	8	6	4	6	6

The number of termination notices per 1000 program recipients had initially decreased and then increased for the last two months considered. At the same time, the number of service terminations has tended to stabilize at 6 terminations per 1000 program recipients. It is possible to assume that the costs for the utility associated with termination notices increased during the months of August and September 2001, while the costs associated with service terminations has remained stable.

4.2.3. Measure Title: *Reconnections*

Caveat: The service reconnections measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Provides information regarding the monthly number of service reconnections for recipients of the program.

Significance: The measure is intended to show the impact that the credit provided to the low-income customers has on the number of service reconnections.

Impact: In addition to showing the impact of this measure on program recipients, the results of this measure will show if the number of reconnections has increased or decreased per month and this percentage will be used to reflect the impact on the utility. This measure does not provide direct information of the impact on program donors.

Standard: The data used for the analysis of this measure in the draft report was labeled improperly in PacifiCorp's spreadsheet and reflected the number of service reconnections performed for residential customers. The actual number of service reconnections for program recipients shows that during the first year of the program only one reconnection was performed. Based on this information, the standard for service reconnections would range from 1 service reconnection per 14,000 to at least 3 service reconnections per 14,000 program recipients.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems. The ideal data for this measure is reconnections for program recipients following terminations due to lack of payment. If PacifiCorp cannot provide this data, this measure is a less meaningful surrogate measure.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: Since October 2001, PacifiCorp has been tracking on a monthly basis the number of service reconnections for program recipients. During the first year of the program only one service reconnection was performed for recipients. Since one reconnection was performed during the year, it is possible to assume that the cost of service reconnections for program recipients increased.

4.2.4 Measure Title: *Accounts Sent to Collection Agencies*

Caveat: The account sent to collection agencies measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Provides information regarding the monthly number of program recipient accounts and outstanding account balances sent to collection agencies by the utility.

Significance: The measure is intended to show the impact that the credit provided to low-income customers has on the outstanding account balances and number of program recipient accounts sent to collection agencies.

Impact: In addition to showing the impact of this measure on program recipients, the results will show if the number of accounts and dollar amount sent to collection agencies has increased or decreased per month and this percentage will be used to reflect the impact on the utility. This measure does not provide direct information of the impact on program donors.

Standard: The standard for the dollar amount sent to collection agencies is defined based on the observed average amount sent by the utility involving program recipients. The average dollar amount sent to collection agencies is $2.00 per recipient and it is calculated using six months of data in which the program participation had stabilized. The standard should be + 0% to –20% of $2.00 per program recipient per month.

The standard for the number of accounts sent to collection agencies is defined based on the observed average number of program recipient accounts sent to collection. The average number of accounts sent to collection agencies is 9 per

1000 recipients and it is calculated using six months of data in which the program participation had stabilized. The standard is +0% to –20% of 9 accounts per 1000 program recipients sent to the collection agency per month.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: Since October 2001, PacifiCorp has been tracking on a monthly basis the number of accounts and dollar amounts for these accounts sent to collections agencies. The following table illustrates the results obtained from calculating the number of accounts and dollar amount sent per month. This calculation is performed to make the data comparable as the number of recipients varies each month.

Table 4.2.4 Accounts Sent to Collection Agencies

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
T3 to Collect Agencies $	$0	$0	$0	$0	$283	$3,764	$10,562	$33,116	$30,063	$17,553	$24,651	$37,242
Dollar amount/recipients	$0.00	$0.00	$0.00	$0.00	$0.02	$0.24	$0.61	$1.92	$1.81	$1.10	$1.60	$2.51
T3 to Collect Agencies #	0	0	0	0	0	2	4	10	10	6	9	17
Accounts/1000 recipients	0.00	0.00	0.00	0.00	0.15	2.19	3.75	10.03	9.52	5.95	9.47	17.50

The results indicate that the dollar amount and number of recipient accounts sent to collection agencies has tended to increase since April 2001. It is possible to assume that the costs associated with these processes have also increased for the utility.

4.2.5 Measure Title: *Write-Offs*

Caveat: The write-offs measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Provides information regarding the monthly number of recipient account write-offs by the utility and the dollar amount for these accounts.

Significance: The measure is intended to show the impact that the credit provided to low-income customers has on the dollar amount and number of write-offs for program recipient accounts.

Impact: In addition to showing the impact of this measure on program recipients, the results will show if the number of write-offs and dollar amount written-off has increased or decreased per month and this percentage will be used to reflect the impact on the utility. This measure does not provide direct information of the impact on program donors.

Standard: The standard for the number of write-offs is defined based on the observed average number of write-off for program recipients. The average number of write-offs is 2 per 1000 recipients per month and it is calculated using six months of data in which the program participation had stabilized. The standard is + 0% to –20% of 2 accounts per 1000 program recipients per month.

The standard for the dollar amounts written-off is defined based on the observed average amount of write-offs for program recipients. The average dollar number written-off is $262 per 1000 recipients and it is calculated using six months of data in which the program participation had stabilized. The standard is 0% to –20% of $262 per 1000 program recipients per month.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: Since October 2001, PacifiCorp has been tracking on a monthly basis the number of accounts and dollar amounts written-off. The following table illustrates the results obtained from calculating the number of accounts and dollar amount sent per month. This calculation is performed to make the data comparable as the number of recipients varies each month.

Table 4.2.5 Write-Offs

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
T3 Write-offs $	$0	$0	$30	$113	$256	$749	$1,163	$2,090	$1,985	$3,389	$5,384	$10,446
Dollar amount/1000 recipients	$0.00	$0.00	$26.06	$11.99	$18.76	$46.93	$67.06	$121.14	$119.56	$212.26	$349.41	$702.96
T3 Write-offs #	0	0	1	2	8	15	15	17	12	26	49	108
Accounts/1000 recipients	0.00	0.00	0.87	0.21	0.59	0.94	0.86	0.99	0.72	1.63	3.18	7.27

The results indicate that the dollar amount and number of accounts written-off per 1000 program recipients has tended to increase. It is possible to assume that the costs for the utility associated with these processes have increased as well.

4.2.6. Measure Title: *Recoveries*

Caveat: The recoveries measure outlined below might be applied as a "red flag" since the results cannot be clearly attributed to the lifeline program.

Description: Provides information regarding the ratio of the monthly number of recoveries to write-offs and the dollar amount of recoveries to write-offs.

Significance: The measure is intended to show the impact that the credit provided to low-income customers has on the dollar amount and number of write-offs for program recipient accounts.

Impact: In addition to showing the impact of this measure on program recipients, the results will show if the number of recovered accounts and dollar amount for these recovered accounts has increased or decreased per month and this percentage will be used to reflect the impact on the utility. This measure does not provide direct information of the impact on program donors.

Standard: The standard for the ratio of recovered accounts to write-offs is defined based on the observed average number of recovered accounts and written-off accounts from program recipients. The monthly average number of recovered accounts is 21 and it is calculated using six months of data in which the program participation had stabilized. The observed monthly average number of recipient account write-offs is 38 and it is also calculated using six months of data in which the program participation had stabilized. The average ratio of recovered accounts to written-off accounts is 21: 38, which closely approximates a ratio of 1 recovered account to 2 written-off accounts. The lower range for this standard would be no less than 1 recovered account per every two written-off accounts for program recipients. The upper end for this measure would be 1.5 recovered accounts per every 2 written-off accounts for program recipients.

The standard for the ratio of recovered dollar amounts to written-off amounts is defined based on the observed average recovered dollars and the amount written-off for program recipients. The monthly average recovered dollar amount is $838 and it is calculated using six months of data in which the program participation had stabilized. The observed monthly average written-off dollar amount is $4,076 and it is calculated using six months of data in which the program participation had stabilized. The average ratio of recovered dollar amounts is 838: 4,076. The lower end of this standard would be no less than $800 recovered dollars per $4,000 written-off dollars for program recipients. The upper end for this measure would be $1,200 recovered dollars per $4,000 written-off dollars for program recipients.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: Since October 2001, PacifiCorp has been tracking on a monthly basis the number of accounts and dollar amounts for the accounts written-off. The following table illustrates the results obtained from calculating the number of recovered accounts to write-offs. This calculation is performed to make the data comparable as the number of recipients varies each month.

Table 4.2.6 Recoveries

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
T3 Write-offs $	$0	$0	$30	$113	$256	$749	$1,163	$2,090	$1,985	$3,389	$5,384	$10,446
T3 Recoveries $	$0	$0	$19	$11	$69	$160	$159	$102	$733	$1,490	$1,035	$1,506
T3 Write-offs #	0	0	1	2	8	15	15	17	12	26	49	108
T3 Recoveries #	0	0	1	2	8	15	9	5	20	30	20	44

The number of recovered dollar amount and accounts to written-off dollar amounts and accounts was higher for the months of April, June and July 2001. However, in August and September the number of recovered accounts and amounts decreased in comparison to the number of written-off accounts. It is possible to assume that for the utility, the costs associated with recoveries was initially less and then increased for the six months reviewed.

4.2.7 Measure Title: *Accrued Interest*

Description: Shows the excess amounts of accrued interest remaining in the program account after credit distribution. An interested party suggested this measure.

Significance: The measure shows the monthly amount that is accrued due to interest. The excess balance in the program account comes from the donors surcharge, but the interest does not accrue to the donors.

Impact: This measure does not provide any information regarding the impact to recipients or utility. However, it does provide information regarding the potential for unintended consequences of the program's design in the form of an account that could, at the current levels of disbursements and administrative costs grow indefinitely.

Standard: A standard should be defined for this measure that minimizes the excess amounts of accrued interest. The program design as understood by R.W. Beck would argue for 0 interest accrued, which would require a rebate to recipients or an assessment that would consider rolling back the monthly surcharges.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: The data provided by PacifiCorp shows that the interest accrued by the fund after the first year of the program is $5,111.

4.2.8 Measure Title: *Account Balance*

Description: Shows the annual excess balance in the program account after the contributions have been distributed. An interested party suggested this measure.

Significance: The measure provides information regarding the collected amount from the donors and the amount distributed to program recipients.

Impact: This measure provides information regarding the impact to recipients and donors, but not the utility. And, like the measure above, this measure could grow indefinitely at the current levels of disbursements and administrative costs.

Standard: The standard for this measure is between 0% and 5% of the $1.850,000 designated as the capped amount for the program.

Sources of Information: The data for this measure is provided by PacifiCorp based on their accounting and financial information.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the account balance. The Division will be responsible for performing the calculations required for this measure.

Results: The data provided by PacifiCorp indicates that during the first year of the lifeline program $1,897,652 was collected from the donors and $1,044,260 was distributed to the program recipients.

4.2.9 Measure Title: *Penetration*

Description: Measures the program's penetration over time, in PacifiCorp's program qualified low-income customers-base. R.W. Beck suggested this measure.

NOTE: A variation of this measure was suggested to monitor the program's penetration into the lowest of the low-income customers. However, since related data is not currently available, this data challenge would need to be addressed before this variation could be proposed.

Significance: The program targets low-income households that are PacifiCorp customers in Utah and that qualify under the program's income restrictions. The measure would show the percent of program participation.

Impact: This measure illustrates the impact of program penetration on recipients, but not on donors or the utility.

Standard: Participation rate of 42% of eligible households in PacifiCorp's service territory.

Sources of Information: The information required for this measure is the number of participating households in the program and it is provided by PacifiCorp based on their accounting and financial systems.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: A total of 532,000 Utah Power and Light customers are residential customers. SLCAP and Crossroads estimated that approximately 48,157 households are eligible to participate in the program. The following table illustrates the program's participation since it was implemented in October 2000.

Table 4.2.9 ***Penetration***

	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01
Customers on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961	17,342	17,253	16,603	15,966	15,409	14,860
Percent of participation	0.01%	0.94%	2.39%	19.57%	28.34%	33.14%	36.01%	35.83%	34.48%	33.15%	32.00%	30.86%

4.2.10 Measure Title: *Energy Consumption Trend*

Description: This measure tracks the average monthly kWh consumption for program recipients and also residential customers.

Significance: Monitoring monthly consumption of these two groups of consumers provides useful information when analyzing the results or influences of the program and identifying external agents that might have influenced the results of the measures.

Impact: This measure does not evaluate the impact of the program on recipients, but rather tracks energy consumption for both groups of consumers.

Standard: Standards are not appropriate for this measure, since it tracks consumption rather than impact on recipients and donors.

Sources of Information: The average monthly kWh consumption for program recipients and donors will be provided by PacifiCorp.

Reporting Format: Report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the information for this measure to the Division. The Division will be responsible for performing the calculations required for this measure.

Results: The following table illustrates the average monthly consumption for program recipients and donors.

Table 4.2.10 ***Energy Consumption Trends***

	Oct-00	Nov -00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May -01	Jun-01	Jul-01	Aug-01	Sep-01
Residential Average kWh	640	631	799	850	723	661	579	556	644	811	912	776
Recipient Average kWh	706	547	692	731	747	526	524	502	498	615	658	589
Temperature Normalizing kWh Total Residential*	(1,004,000)	(28,324,000)	2,761,000	(2,401,000)	2,477,000	14,859,000	(9,083,000)	(16,144,000)	(3,531,000)	(2,129,000)	(4,691,000)	(2,714,000)

* The negative numbers indicate a reduction to the reported kWh based on actual temperatures that exceeded the expected temperatures.

The results indicate higher consumption for both groups during the winter months of January and February and during the summer month of August.

It is especially challenging to find a way to attribute energy-conserving trends as an impact of a subsidy program. The measure outlined above might be applied as a “red flag” or general environmental indicator, as described for measures earlier in this section.

4.3 Additional Applicable, But Challenged,Measures

The following section lists those measures that were suggested by interested parties and found to be applicable, but that, at this time, present unresolved challenges regarding data availability or design. The measures included have also been reviewed considering their quantifiability, attributability in relation to the program and the value their results could provide in evaluating whether the program is successful.

4.3.1 Measure Title: *Donor’s Investment Opportunity*

Description: Measures the donor’s missed investment opportunity.

Significance: This measure would illustrate the possible missed investment opportunity for program donors per year.

Impact: This measure provides information on potential impacts to donors. It does not provide information regarding impacts to the recipients or the utility

Standard: The standard for this measure would be the dollar amount that results from using two possible investment scenarios that range between 3.0% (savings account annual return) and 12.0% (Standard and Poors long term return) to calculate the missed investment opportunities.

Sources of information: To determine the donor’s missed investment opportunity, it is necessary to calculate the future value of the monthly surcharges contributed by the donors. The number of donors in each schedule and their corresponding surcharges provides the total monthly contribution. Once the monthly contributions are identified, it is possible to determine the magnitude of the investment opportunity by applying a financial time value of money formula that will illustrate the future value of the annuities for each schedule:

$$FVA = PMT \sum_{t=1}^{n1} (1 + i)^{n-1}$$

FVA = Future value of an annuity

PMT = Payment

n = number of payments

t = time

i= interest rate

To evaluate the missing investment opportunities, two scenarios were be considered:

1) Low rate of return. Under this scenario the interest rate used is 3.0%, which represents the interest rate yield by savings accounts.
2) Higher rate of return. Under this scenario the expected rate of return used is 12.0%, which represents the Standard and Poors 500 historical long-term return.

The results from this formula provide the amount of return the donors would receive if they had invested their contributions in alternative investment opportunities. The challenge associated with this measure is determining the percentage of donors that would be likely to invest their contributions in other opportunities.

Reporting Format: Report provided to the Commission on an annual basis.

Responsibility: It would be PacifiCorp's responsibility to provide the monthly contributions. The calculations required to obtain the results of this measure would be the Division's responsibility.

Results: To increase the accuracy of this measure it is helpful to determine the percentage of donors that would be likely to invest their contributions; however at this time that information was not available. The data that was available to perform this measure is the average monthly donor contribution, the number of payments performed by the donors in one year and the interest rates assumed for other investment opportunities. Taking into consideration that the percentage of donors most likely to invest is not available, the results of applying the formula for the two scenarios defined is:

1) Low rate of return - 3.0% interest rate used, which represents the interest rate yield by savings accounts. The following shows the details of the calculations performed to apply the formula:

   Average monthly contribution: $158,138

   Number of payments in a year: 12

Interest rate: 3% annual interest rate

Present value of the annuity: 0

Future value of the annuity: $1,928,777

Based on the average monthly contributions used, the total annual contributions equal $1,897,656. This means that if the donors had invested in other opportunities with a 3% interest rate they would have made an additional $31,212.

2) Higher rate of return - expected rate of return used is 12%, which represents the Standard and Poors 500 historical long-term return The following shows the details of the calculations performed to apply the formula:

Average monthly contribution: $158,138

Number of payments in a year: 12

Interest rate: 12% annual interest rate

Present value of the annuity: 0

Future value of the annuity: $2,025,641

Based on the average monthly contributions used, the total annual contributions equal $1,897,656. This means that if the donors had invested in other opportunities with a 12% interest rate they would have made an additional $127,985.

4.3.2. Measure Title: *Donor's After–Tax Contributions Compared to Pre-Tax Contributions*

Description: This measure shows the amount of money that is unavailable to some donors because the surcharge is not tax deductible. The interested party suggested focusing on the income tax and assuming a 22% tax load.

Significance: The measure is intended to show both the direct and the indirect cost to the donors since their contribution is performed on an after-tax basis.

Impact: This measure provides information on impacts to donors. It does not provide any information regarding the impact to the recipients or utility.

Standard: The standard for this measure would need to consider as a maximum point the total amount contributed by residential donors at a 22% tax rate. The minimum for this standard can not be defined at this time since the percentage of residential customers that work from home and deduct the surcharge as a business expense, can not be determined.

Sources of Information: PacifiCorp would provide the total dollars collected for the lifeline program. The suggested tax rate is 22%, which would apply to the majority of the donors. The challenge with this measure is that the contributions made by commercial and industrial customers are usually deducted as a business expense and therefore do not qualify for this measure. In addition, residential customers might work from home and also deduct this contribution as a business expense. Information required to determine the percentage of residential customers whose contribution is performed on an after-tax basis is not available. Data regarding the monthly contribution of all residential customers is available and will be considered in order to perform this measure.

Reporting Format: Excel spreadsheet and report provided to the Commission on an annual basis.

Responsibility: It is PacifiCorp's responsibility to provide the total dollar amount collected for the program. The Division will be responsible for performing the calculations required for this measure.

Results: To obtain the annual dollar contribution of residential customers, the average number of residential customers was calculated and then multiplied by the surcharge for this schedule ($0.12). The 22% tax rate was then applied to the result.

During the first year of the program, an average of 577,711 residential customers contributed to the program. Based on this figure the dollar amount contributed by the residential customers was $69,325. When applying the 22% tax rate, the cost to the donors is $84,576 since their contribution is performed on an after-tax basis.

As stated above, to increase the accuracy of this measure it is necessary to determine the percentage of residential customers whose contributions are performed on an after-tax basis. This data is currently not available.

4.3.3 Measure Title: *Recipient and Donor Perspective and Attitudes*

Description: The measure suggested focuses on identifying the recipients' and donors' attitudes about the program and its results. It would also identify the recipients' and donors' needs and desires in relation with the lifeline program. In addition, this measure would be used to determine the propensity of the recipients to consume the provided credit and the propensity of the donors to invest their contributions.

Significance: Obtaining the recipients' and donors' attitudes, perceptions, needs and desires in relation to the program is a measure that can be quantified through the use of a survey. This survey could also be used to determine the recipients' perception of their propensity to consume the provided credit and to determine the donors' perception of their propensity to invest their contributions.

Impact: As stated above, the survey would illustrate the perception of donors and recipients regarding the program. The survey would not measure the impact of the program on the utility.

Standard: Standards for this measure cannot be defined at this time, since the details of what the survey would evaluate are unknown.

Sources of Information: The data for this measure would be attainable through surveys conducted to recipients and donors. This process would increase the costs of administrating the project and it is important to consider that negative perceptions towards the program do not necessarily determine the program's effectiveness. R.W. Beck's experience has been that costs for a six to seven minute telephone survey of 400 residential customers would be approximately $10,000. Costs for a six to seven minute telephone survey of 300 commercial customers would be approximately $20,000. These costs include the design of the instrument, the actual surveying, and analysis of the results obtained.

Reporting Format: The results of the survey would be included in the annual report to the Commission.

Responsibility: The Division would be responsible for managing the process required to perform the surveys.

4.3.4 Measure Title: *Average Electricity Energy Burden*

Description: This measure would provide information about the electric energy cost burden for low-income families participating in the program.

Significance: This measure is intended to show the impact the credit provided to low-income customers has on their electric energy cost burden defined as the proportion of a household's income spent on electricity expenses. The measure would include:

- The electric energy cost burden calculated using the average annual electric bill for program recipients.
- The electric energy cost burden calculated using the average annual bill minus the $96 dollars credited to program recipients in a year.
- The median annual household income for program recipients.

Impact: This measure illustrates the program's impact on recipients. It does not provide information on the impact to the utility or program donors.

Standard: The Low Income Consumer Utility Issues: A National Perspective report prepared by Jerold Oppenheim and Theo MacGregor states that in Utah, the electricity burden is 1.6% for those with a median income. The Oppenheim and MacGregor report also states that for the low-income consumer, the electricity burden is five times greater. Considering this information, the suggested standard for this measure is between 8.0% and the actual electricity burden calculated for program recipients.

Sources of Information: The information required for this measure is:

- The median annual income for all program recipients is not available. Instead the median annual income for SSI recipients will be calculated using their monthly income and projecting it to obtain their annual income.
- Average monthly bill for program recipients.

Reporting Format: Results to be included in the annual report presented to the Commission.

Responsibility: PacifiCorp would be responsible for providing the average annual bills for program recipients. The Department of Community and Economic Development (DCED) would provide the monthly income for program recipients since they since administer the program and determine customer eligibility. The Division would be responsible for performing the calculations to obtain the electric energy cost burden.

Results: At this time the data regarding the monthly income for program recipients was not available. This data will be provided to the Division for the corresponding application of the measure.

4.3.5 Measure Title: *Program Stability*

Description: Provides information regarding the stability of the program participation.

Significance: During the facilitated session Group members suggested that the stability of the program be measured, based on recent observations that a number of recipients seem to be "lost" from the program rolls, when they move or in some other way affect their affiliation with their PacifiCorp account. The concern is that they may not be reenrolling, but there is no clear insight on the root challenges. This measure would help clarify whether the program is providing a stable benefit to enrolled customer households, identifying the number of people that join the program, how many leave and the reasons for leaving.

Impact: This measure would provide information regarding the impact that the program has on recipients. It would not provide any information regarding the impact to the utility or donors.

Standard: Discussion is still required to determine the manner to monitor this measure. Standards may be defined once this information is available.

Sources of Information: The information required for this measure includes the number of recipients per month that join the program, those that drop the program and the reasons why they leave it. As program administrator, the DCED would be the one most likely to have the data related to program participation. However, the information that supports the reasons why the recipients drop the program is currently unavailable. The surveys suggested to collect recipients' and donors' perspectives would provide one tool for gathering this information.

Reporting Format: Results to be included in the annual report presented to the Commission.

Responsibility: The Department of Community and Economic Development (DCED) would provide the data related to program participation. The Division would be responsible for performing the calculations to obtain the program stability rates. If the survey were performed, the Division would be responsible for managing that process.

Results: At this time the results for this measure are unavailable.

4.4 Measures Not Proposed

The following lists measures suggested by the interested parties, but that were not included in the measurement system that R.W. Beck is proposing to evaluate the lifeline program.

4.4.1 Measure Title: *Returned Checks*

Description: This measure would provide information regarding the monthly number of returned checks from program recipients.

Significance: The measure is intended to show the impact that the credit provided to the low-income customers has on the number of returned checks from program recipients. Monitoring the number of returned checks does not provide information as useful as tracking the monthly dollar amount the utility does not receive due to these checks. This figure can be tracked by the amount in arrearages, which is a measure currently monitored.

Impact: This measure would show the impact the program has on recipients. If the utility tracked the number of returned checks, the percent change of returned checks per month would provide information regarding the utility costs associated with this business process.

Standard: Not applicable.

Sources of Information: PacifiCorp would have to provide the number of returned checks from program recipients each month. This would most likely increase the administrative costs of the system, since the data gathering tools to monitor this measure are not in place.

Reporting Format: If the data were available, the results would be included in the annual report to the Commission.

Responsibility: PacifiCorp would be responsible for providing this information, if it were readily available.

Results: Implementing this measure will most likely increase the costs and complexity of monitoring the program. Since related data is gathered under the arrearages measure, at this time it is not necessary to track the number of returned checks from program recipients each month.

4.4.2 Measure Title: *Legal measures*

Description: The suggestion was made to develop measures to determine if the program was consistent with the Constitution of the United States, the Utah State Constitution and the Federal Welfare Reform Act of 1996. Developing these measures would require a legal assessment of the program that is beyond the scope of this project and therefore will not be addressed in this report.

Significance: Not applicable

Impact: Not applicable

Standard: Not applicable

Sources of Information: Not applicable

Reporting Format: Not applicable

Responsibility: Not applicable

4.4.3 Measure Title: *Costs Associated With the Fire and Health Department, Homeless Shelters, and Medicaid Funds*

Description: The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include reduced costs of fire and health departments, homeless shelters and Medicaid funds. A measurement for this issue would be intended to evaluate the impact the lifeline program has on the costs of the fire and health department, homeless shelters and Medicaid funds (and/or related service overheads for area communities).

Significance: A broader socio-economic study is required to analyze the possible impact low-income payment assistance programs have on the costs mentioned above. This study would need to consider issues such as the relationship between the payment assistance provided to the low-income households and their attitude regarding alternative uses of energy, health related behaviors, factors that influence the decision to move, etc. The results of this study would be used to define potential standards to measure the impact of the assistance program has on the costs of fire and health departments, homeless shelters, and Medicaid funds.

Impact: Not applicable

Standard: Not applicable

Sources of Information: Not applicable

Reporting Format: Not applicable

Responsibility: Not applicable

4.4.4 Measure Title: *Property Value*

Description: The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include increased property values that generate real estate taxes. In addition to the benefits stated in the Oppenheim and McGregor report, an interested party presented the detriments that the plan would have on property values. These detriments include reduced property values due to less money to maintain the homes and lower property tax receipts due to lower property values.

A measurement for these issues would be intended to evaluate the impact the lifeline program has on property values.

Significance: A broader socio-economic study is required to analyze the possible benefits and detriments low-income assistance programs have on property values. This study would need to consider issues such as the relationship between the payment assistance provided to the low-income households and factors that influence their decision to move, factors that influence property value, the relationship between the surcharge and the factors that influence home owners to maintain and repair their homes, etc. The results of this study would be used to define potential standards to measure the impact of the assistance program has on property values and the generation of real estate taxes.

Standard: Not applicable

Sources of Information: Not applicable

Reporting Format: Not applicable

Responsibility: Not applicable

4.4.5 Measure Title: *Investment Costs Associated With Employment and Construction*

Description: An interested party suggested that the lifeline program has associated detriments that lower investments, which impact employment and construction figures negatively. The decrease in investments would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on employment and construction due to lower investments.

Significance: A broader socio-economic study is required to analyze the possible impact the lifeline program has on employment figures, construction trends and investment costs. This study would need to consider issues such as the relationship between investments and employment rates, the relationship between investments and construction trends, factors that influence employment and construction rates, etc. The results of this study would be used to define potential standards to measure the impact of the assistance program has on employment and construction rates.

Impact: Not applicable

Standard: Not applicable

Sources of Information: Not applicable

Reporting Format: Not applicable

Responsibility: Not applicable

4.4.6 Measure Title: *Personal Funds and Costs Associated with Home Improvements and Retail Sales*

Description: An interested party suggested that the lifeline program has associated detriments that reduce the personal funds donors have available for maintaining and repairing their homes and for purchasing retail items. The decrease in personal funds would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on reduced home improvements and reduced retail sales due to the donor's lower personal funds.

Significance: A broader socio-economic study is required to analyze the possible impact the lifeline program has on home maintenance and retail sales. This study would need to consider issues such as the relationship between reduced personal funds and home maintenance patterns, the relationship between reduced personal funds and consumer behavior, etc. The results of this study would be used to define potential standards to measure the impact of the assistance program has on home maintenance and retail sales.

Impact: Not applicable

Standard: Not applicable

Sources of Information: Not applicable

Reporting Format: Not applicable

Responsibility: Not applicable

4.5 Possible Measures, but Extremely Challenged for Data Attributability

4.5.1 Measure Title: *Economic Stimulus From Consumer Dollars Freed through the Subsidy*

Description: Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are freed up through the availability of the "substituted" subsidy dollars.

Significance: The suggested measure is intended to calculate a compounded stimulating effect that the "freed" dollars would have within the local economy as the dollars are distributed back into circulation through consumer spending on basic goods and services. It was recommended that if the missed investment opportunity measure was calculated as an aggregate impact of the total funds collected through the surcharge, then this measure should be calculated using the aggregate of the total funds distributed through the subsidy.

Impact: This measure provides information on potential impacts to the recipients. It does not provide any information regarding the impact to the donors or utility.

Standard: The standard for this measure would be the dollar amount that results from using the multiplier recommended by the USDA to calculate the compounded stimulating effect that the "freed" dollars would have within the local economy as the dollars are distributed back into circulation through consumer spending on basic goods and services.

Sources of Information: Group members recommended that the measure apply information from the USDA, asserting that this agency has calculations on the "multiplier" effect of one dollar spent on basic commodity. According to this source, the referenced calculation assumes that for every dollar a consumer spends on a basic commodity it stimulates up to $3.00- $4.00 within the economy at large.

Reporting Format: Report provided to the Commission on an annual basis.

Responsibility: PacifiCorp would be responsible for providing the amount distributed to recipients. The party that suggested this measure, Crossroads Urban Center, would be responsible for identifying the multiplier suggested by the USDA for this measure and for performing the calculations associated with this measure.

Results: The multiplier necessary to apply this measure was not available at this time.

4.5.2 Measure Title: *Economic Stimulus From Consumer Dollars Taken through the Subsidy*

Description: Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are "taken" up through the subsidy dollars.

Significance: The suggested measure is intended to calculate a compounded stimulating effect that the taken dollars would have within the local economy as the dollars that are "taken" from the donors and are not available to them for consumer spending on basic goods and services. It was recommended that if the missed investment opportunity measure was calculated as an aggregate impact of the total funds collected through the surcharge, then this measure should be calculated using the aggregate of the total funds distributed through the subsidy.

Impact: This measure provides information on potential impacts to donors. It does not provide any information regarding the impact to recipients or the utility.

Standard: The standard for this measure would be the dollar amount that results from using the multiplier recommended by the USDA negatively to calculate the compounded stimulating effect that the "taken" dollars would have within the local economy.

Sources of Information: Group members recommended that the measure apply information from the USDA, asserting that this agency has calculations on the "multiplier" effect of one dollar spent on basic commodity. The negative number of this multiplier would be used to calculate the dollars "taken" from the donors. According to this source, the referenced calculation assumes that for every dollar a consumer spends on a basic commodity it takes up to $3.00- $4.00 within the economy at large.

Reporting Format: Report provided to the Commission on an annual basis.

Responsibility: PacifiCorp would be responsible for providing the amount distributed to recipients. The party that suggested this measure, Crossroads Urban Center, would be responsible for identifying the multiplier suggested by the USDA for this measure and for performing the calculations associated with this measure.

Results: The multiplier necessary to apply this measure was not available at this time.

Section 5
PROGRAM EVALUATION

Measurement systems are used as one tool to evaluate performance, goal achievement, improvement efforts, and other factors involved in implementing a program and monitoring its effectiveness. As detailed in the introduction to Section 3, measures are developed from the program's goals and objectives and should not be considered individually. To evaluate PacifiCorp's lifeline program it is necessary to consider the individual results obtained from the different measures and identify possible relationships between these results.

To review, the goal of PacifiCorp's lifeline program is to assist low-income recipients in the purchase of electricity. The Commission ordered the implementation of such a program , stating its conviction that:

- A real need exists that is not met by other programs
- The program would not overly burden other customers
- The benefits offset the negative impacts
- The program is simple and inexpensive to administer

The program design provides a monthly $8.00 credit to eligible recipients and is funded by monthly surcharges to donating ratepayers. The amount to be distributed is capped at $1,850,000 per year.

The Division has requested that R.W. Beck use results for measures proposed in the previous section to evaluate the program, determining the program's current levels of success and effectiveness. The following section:

- Summarizes initial conclusions related to the program's effectiveness, as well as the effectiveness of applying measures at this point in the data collection process.
- Details a current analysis, including evaluation narratives that interpret the results and comment on factors that may affect efforts to strengthen the measurement inventory and refine the evaluation strategies.

5.1 Analysis Summary

As requested, R.W. Beck reviewed results from applying the proposed measures to existing data. Details from that analysis follow this discussion.

In summary, a few of the results suggest that the program is going through predictable start-up challenges. For example, current results suggest that although penetration is progressing steadily, though there is still a notable discrepancy between the targeted number of participating customers and the current recipient rolls. While such penetration lags are one of the most predictable program start-up challenges, the fact remains that, at this point in the program, donors are being required to provide more funds than are actually required to benefit program recipients.

Most results are currently muddied by erratic data. And there is a strong probability that the whole picture is muddied by erratic economic trends inside and outside the utility industry. Even in the cases where data is available, such as results of measures suggested by the Commission, these outcomes cannot be directly attributed to the program.

Taking all of this into consideration, R.W. Beck finds that there is currently insufficient data to conduct an adequate evaluation and even the most concrete measures will best be employed as "red flags". Such "red flag" indicators could at least help program evaluators identify areas that may merit deeper investigation to determine whether the indicated problem or trend is affecting the targeted low-income customer population. As such, R.W. Beck finds that it is not possible to determine whether or not the program is an overall success, at this time and that it will be most appropriate to allow two years of data to accrue before a full evaluation is undertaken.

Specifically, the program has been in place for just over one year and the only proposed and ready measures with data for this time are the measures suggested by the Commission, as well as accrued interest, account balance, penetration and energy consumption. The first months of data for these measures do not reflect an accurate picture, because the program's recipient participation had not stabilized. Further, results of the Commission's measures are not directly attributable to the program. Part of these measures' value depends on being able to assume that data for other customer groups would remain relatively stable. In that context, trends in arrearages, etc, might reasonably be attributed to the program. However, recent adjustments in the local and national economy have produced challenges within all customer groups that obscure the impact of such a relatively small population.

There is also some data available for measures that have been found to be applicable, but data or design is challenged. In particular, these measures include those that focus on the fiscal impact of the program on donors in terms of lost investment opportunity and pre or post-tax contributions. While it is clear that there are already direct and indirect impacts on the donors ($1.9 M has been collected) R.W. Beck finds that both of these particular measures for that impact are currently data and design challenged. Also, R.W. Beck finds that it would be inappropriate to fully interpret donor impacts until they can be viewed in the context of a balancing offset of outcomes from a stable (versus startup) lifeline program.

The additional measures proposed do not have any history. And, while this data can be tracked monthly, quarterly and yearly, R.W. Beck recommends that a comprehensive program evaluation be deferred for at least two years to help ensure that an appropriate level of data for each measure is available for analysis. This time-frame would allow for the stabilization of plan recipient numbers and may provide a more accurate overall perspective of the program. This approach would also help avoid problems that could develop if the volatility of energy prices during the winter of 2000-2001 is allowed to skew the results. In addition, a deferred analysis would improve chances that important data, currently unavailable for certain measures, could be collected and therefore included in the analysis.

In recommending a deferred evaluation, R.W. Beck does not deny that there are significant impacts already accruing to both recipients and donors. However, as discussed earlier, R.W. Beck finds that it would be ill-advised to fully interpret either set of impacts until they can be viewed in the context of balancing information for both sides, as could be available through a stable (versus startup) lifeline program. Further, R.W. Beck cautions against spending too much energy on broad assertions of benefits or costs, in light of how insignificant this program and it numbers are in relation to the state or national economy.

5.2 Analysis Details

As described earlier, R.W. Beck analyzed the results from applying proposed measures to the existing data (Section 4) and developed the following evaluation narratives to summarize findings on program effectiveness, as well as analytic challenges.

For the sake of clarity, the evaluation presents the measures in relatively the same order as they are presented in Section 4. However, since some are combined, the order is not exact.

5.2.1. Commission's Measures

The six months (April 2001 – September 2001) of data analyzed for the measures proposed by the Commission, illustrate that arrearages, the number of termination notices and accounts sent to collection agencies and written-off accounts have tended to increase. As described in the previous section, these measures might be best applied as "red flags" or general indicators, since their attributability to the program is difficult to determine. It is not accurate to say that the program is unsuccessful or successful, based on the results without considering additional information such as the volatility of the energy prices for 2000-2001 and at least one more year of program data. The same can be said for reconnections, since only one reconnection was performed during the time frame reviewed. The ratio of recovered accounts to written-off accounts remained fairly stable until September of 2001, when it experienced a sharp decrease.

5.2.2 Account Balance, Accrued Interest, Penetration

During its first year of implementation the program collected $1,897,652 and $1,044,260 was distributed to program recipients. This difference is influenced by the fact that, during the first six months of the program, the number of recipients had not stabilized. The number of recipients for the latter five months of the program increased and tended to remain stable, however a sharp decrease in participation was experienced in September 2001.

The measure results also indicate that 42% participation was not reached during this year, even when the number of program recipients had stabilized in the second semester.

The following table shows the amount that could be distributed to recipients. The calculation uses two reference points:

- The amount that would be distributed based on the average number of recipients that are recorded for the five months mentioned above, when participation had tended to stabilize, and the amount that would be distributed if program participation reached 42%.

Table 5.1 *Program Participation and Credit Distribution*

	Oct 2001-Sept 2002
Average number of recipients (stable mos)	16,514
Percent of participation	34%
Amount distributed at $8 per recipient	$132,112
Total distributed in 12 months	$1,585,344

Number of recipients at 42% participation	20,226
Amount distributed at $8 per recipient	$161,808
Total distributed in 12 months	$1,941,696

At 34% percent participation, the program would still have funds available for distribution. If the targeted 42% participation were to be reached, the fund to be distributed surpasses the amount of the established cap.

In addition, the amount collected during this year is within the upper range for the standard defined for this measure. Since it is projected that the number of recipients will be stabilized over the coming months, the data for the second year of the program will be useful in evaluating the account balance. If this balance exceeds or is under the standard range, further analysis will be required to determine the causes of this result.

In regards to penetration, the Task Force defined the 42% participation rate as an appropriate and acceptable target. Considering the information provided by Table 5.1, it is Beck's recommendation that this standard be reviewed to reflect a more accurate and sustainable participation rate. A 38% participation rate, applied to the total of 48,157 eligible recipients, would require that a total amount of $1,756, 767 be available to cover distribution and administration expenses.

Another topic to consider is the interest that the fund is accruing. During the first year of the program, approximately $5,000 was accrued. This amount remains in the program and may be considered for a rebate to recipients or for developing a mechanism that rolls back the monthly surcharges based on the interest gained. A more detailed assessment is required to determine the benefits and/or detriments of changing the program design to include these mechanisms.

5.3 Related Analysis of Other Measures

5.3.1 "Baselines" for Recipient-Specific Data

The data provided by PacifiCorp shows that many aspects of the data gathering process were still being defined during the initial six months of the program. At the facilitated session, interested parties suggested that it would be difficult to draw meaningful conclusions about recipient impacts, unless we can compare the results of the related program measures with "a baseline" of results for the year previous to the program. In particular, Group members at the facilitated discussion discussed this issue in the context of data needed to analyze energy consumption patterns and the electric energy cost burden.

While R.W. Beck concurs that a data "baseline" would be ideal, there is a classic "apples to apples" type challenge that needs to be resolved. First, none of the data that is currently available for the previous year differentiates between program recipients and other residential customers. As such, it is not currently possible to complete an accurate comparison between the two years' data, using this distinction.

R.W. Beck suggests that more accurate results could be obtained by waiting until we have additional data and then comparing the program's initial year with the data to be gathered from October 2001 – September 2002.

5.3.2 Other Recipient Specific Impacts

In addition to the data challenges outlined just above, Group members at the facilitated discussion identified challenges with collecting very personal, but important, data for each participating household. Specifically, the discussion highlighted the need to determine incomes or relatively close income ranges for each household (related to Median Electric Energy Cost Impact) and to identify the issues associated with why program recipients leave the program rolls and/or return (related to Program Stability).

Though this evaluation does not have any recommendations for getting at the analysis any other way, this discussion is included to highlight some of the more relevant data challenges, as they relate to ensuring that the Commission's adopted program is fulfilling one core criteria: Effectively assessing and addressing a real need.

Further, it is important to maintain a perspective for all of these measures that includes the fact that the size of this program and the dimension of its fiscal impacts are insignificant when compared with the size of economy in Utah or the nation. In this larger context, it is very challenging to determine whether the benefits derived from the lifeline program exceed its costs. Such an assertion would require a much more extensive economic model than can be developed through this endeavor. Further, it would be dubious that the effort required to build such a model would be a meaningful investment in the face of this program's limited scope.

5.3.3 Measures Related To Donor Impacts

The majority of the measures proposed provide information about the program's impact for recipients. The account balance measure may be used to illustrate the program's impact on the donors and recipients. The result of this measure shows that approximately $1,900,000 was collected from the donors and only $1,044,000 was distributed to recipients, which is a notable discrepancy between funds collected and funds distributed. This discrepancy may, in part, be due to the predictable start-up challenges the program experienced during the first year. During the program's first months, the number of recipients had not stabilized. Data from the second year of the program will provide a more accurate picture of this impact and help determine potential program flaws.

Two additional measures, the donors' missed investment opportunity and the after and pre-tax contribution comparison, have the potential to provide information regarding the impact to donors. While it is clear that there are already direct and indirect impacts on the donors (over $1.8 M has been collected), R.W. Beck finds that both of these particular measures for that impact are currently data and design challenged. Also, R.W. Beck finds that it would be inappropriate to fully interpret donor impacts until they can be viewed in the context of a balancing offset of outcomes for recipient and business cost measures that will only be available from a stable (versus startup) lifeline program. As described in other areas of this section, it will likely require additional time to ensure that the program and the measurement system are stable, especially as it applies to penetration and data sourcing.

If these two donors measures were to be applied at this point, without adjusting the design or data, R.W. Beck finds that the evaluation should include consideration of related factors, including the very low level of monthly surcharges for individual customers. In this context, R.W. Beck's initial finding for this element of the program is that the neither the individual surcharge ($0.12 -$6.00/month), nor the aggregate impacts ($1.9M to $2.0M per year for lost investment opportunity and $ 84,576 for pre-tax contribution) illustrate that the program may not overly burden the ratepayers who contribute to a program that is providing a current individual benefit of $8 per month and an aggregate impact of $1M per year.

5.3.4 Measures Related to Utility Business Costs

The measures proposed do not provide a solid evaluation of the impact to the utility. The current challenge involves the fact that PacifiCorp does not track the information required to measure the cost of the business processes analyzed (e.g., the cost of dealing with returned checks). Therefore it is recommended that the impact to the utility is monitored based on those measures where an increase or decrease of the number of processes handled per program recipient can be determined and it can be assumed that the costs associated with the processes will vary in the same way.

Once the current data is more complete, such a general analysis can be conducted as it relates to trends in expensive business transactions, such as collections, arrearages, terminations and reconnections, etc. However, the challenge of attributing the impacts to the program will remain a function of the relative stability of the utility's micro-economy, as well as the general economy.

5.3.5 Qualitative Measures and Related Externalities

The Division and Group members attending the facilitated discussion agreed that there is a need for further clarification and discussion of qualitative measures and related externalities that may be helpful in future evaluations of the lifeline program. Specifically, the Division and Group members agreed to further discuss the following:

- An outline for the Division's overall report, including how it will incorporate some or all of the measures from this report as one of its analytic elements;
- A list of qualitative factors for the Division to consider and address as part of its analysis of the program's overall effectiveness, including how local and macro-economic, social and political conditions may be affecting or masking program outcomes;
- On-going efforts to resolve some of the more puzzling data and design challenges associated with quantitative measures, including:
- Recipient data on income, energy consumption and program enrollment patterns; as well as
- Attributable, accessible data on broader economic and social impacts from the subsidy and/or the surcharge.
- A set of related factors to incorporate into surveys on recipient and non-recipient attitudes and perspectives (also strategies to design and administer such a survey in a meaningful and affordable fashion).

In relation to this report, R.W. Beck notes that these interactions might lead to the discovery of additional measures or new sources of information for the proposed measures.

5.4 Closing Comments

Measurement systems are, by definition, dynamic. They need to be reviewed and updated based on the circumstances and environment in which they are inserted. The measures included in this report are an initial effort to evaluate PacifiCorp's lifeline program. To offer any real value, these measures will need to be tuned-up and maintained.

R.W. Beck agrees with the Task Force recommendation in that more than one year of data needs to be considered to perform the overall evaluation of the program's effectiveness. However, the results obtained from the implementation of the proposed measures provide some information regarding the program's current performance and design.

Appendix A

The following list includes the documents reviewed by R. W. Beck for this project:

1. Request for Proposal LW 2001 with Attachments
2. Task Force Report
3. Docket 99-035-10 PacifiCorp General Rate Case Report and Order
   May 24, 2001
4. Docket 00-035-T07 Report and Order
   August 30, 2000.
5. Docket 00-035-T07 Amendment to Order
   December 4, 2000
6. Help Data Spreadsheet
7. Contact List for Interested Parties
8. Appendices to the Task Force Report
9. Detail of Technical Data and Information gathered by the Data Analysis Subcommittee
10. Pacificorp's Tariffs
11. Updated Help Data Spreadsheet
12. Light and Power Study Considerations and Possible Measures

H.E.L.P. Data
Data thru Sep 2001
Printed 6 Nov 2001

		1999	1999	1999	1999	2000	2000
			Base Yr	Base Yr	Base Yr	Base Yr	Base Yr
		Sep	Oct	Nov	Dec	Jan	Feb
1 a)	# Cust on Tariff 1	568,100	569,512	572,966	572,556	575,025	576,321
2 b)	# Cust on Lifeline Tariff 3	n/a	n/a	n/a	n/a	n/a	n/a
3 c)	Utah Tariff 1	$0.058753	$0.058753	$0.058753	$0.058753	$0.058753	$0.058753
4 d)	Utah Tariff 3	n/a	n/a	n/a	n/a	n/a	n/a
5 e)	HELP surcharge $	n/a	n/a	n/a	n/a	n/a	n/a
6 f)	HELP surcharge #	n/a	n/a	n/a	n/a	n/a	n/a
7 g)	HELP paid out $	n/a	n/a	n/a	n/a	n/a	n/a
8 h)	HELP paid out #	n/a	n/a	n/a	n/a	n/a	n/a
9 i)	PC Admin $	n/a	n/a	n/a	n/a	n/a	n/a
10 j)	DCED Admin $	n/a	n/a	n/a	n/a	n/a	n/a
11 k)	Fund Interest $	n/a	n/a	n/a	n/a	n/a	n/a
12 l)	Fund Balance $	n/a	n/a	n/a	n/a	n/a	n/a
13 m)	T1 Arrearages $	$10,984,131	$10,632,929	$10,412,764	$9,002,852	$9,390,416	$9,446,806
14 n)	T1 Arrearages #						
15 o)	T3 Arrearages $	n/a	n/a	n/a	n/a	n/a	n/a
16 p)	T3 Arrearages #	n/a	n/a	n/a	n/a	n/a	n/a
17 q)	T1 Term Notices #	6,928	26,637	22,944	45,115	44,174	45,209
18 r)	T3 Term Notices #	n/a	n/a	n/a	n/a	n/a	n/a
19 s)	T1 Terminations #	140	481	282	190	356	599
20 t)	T3 Terminations #	n/a	n/a	n/a	n/a	n/a	n/a
21 u)	T3 Reconnections #	n/a	n/a	n/a	n/a	0	0
22 v)	T1 Reconnections #	n/a	n/a	n/a	n/a	688	840
23 w)	T1 to Collect Agencies $	$189,650	$491,237	$1,263,710	$4,065,764	$315,392	$291,441
24 x)	T3 to Collect Agencies $	n/a	n/a	n/a	n/a	n/a	n/a
25 y)	T1 to Collect Agencies #	1,529	5,235	11,435	34,623	5,224	4,913
26 z)	T3 to Collect Agencies #	n/a	n/a	n/a	n/a	n/a	n/a
27 aa)	T1 Write-offs $	$323,927	$452,131	$656,397	$777,698	$350,751	$346,074
28 bb)	T3 Write-offs $	n/a	n/a	n/a	n/a	n/a	n/a
29 cc)	T1 Write-offs #	2,298	3,190	4,519	6,507	3,141	2,928
30 dd)	T3 Write-offs #	n/a	n/a	n/a	n/a	n/a	n/a
31 ee)	T1 Recoveries $	$200,961	$250,641	$320,905	$219,337	$192,419	$218,076
32 ff)	T3 Recoveries $	n/a	n/a	n/a	n/a	n/a	n/a
33 gg)	T1 Recoveries #	2,245	3,008	3,910	4,521	2,736	3,033
34 hh)	T3 Recoveries #	n/a	n/a	n/a	n/a	n/a	n/a
35 ii)	T1 into Lend-a-Hand $	$12,021	$12,021	$12,021	$12,021	$12,021	$12,021
36 jj)	T3 into Lend-a-Hand $	Info not collected by tariff. Data in line 35 ii) above.				In 35ii)	In 35ii)
37 kk)	T1 into Lend-a-Hand #	106	106	106	106	106	106
38 ll)	T3 into Lend-a-Hand #	Info not collected by tariff. Data in line 37 kk) above.				In 37kk)	In 37kk)
39 mm)	T1 out of Lend-a-Hand $	$11,900	$11,900	$11,900	$11,900	$11,900	$11,900
40 nn)	T3 out of Lend-a-Hand $	Info not collected by tariff. Data in line 39 mm) above.				In 39mm)	In 39mm)
41 oo)	T1 out of Lend-a-Hand #	79	79	79	79	79	79
42 pp)	T3 out of Lend-a-Hand #	Info not collected by tariff. Data in line 41 oo) above.				In 41oo))	In 41oo))

H.E.L.P. Data
Data thru Sep 2001
Printed 6 Nov 2001

			2000	2000	2000	2000	2000	2000	2000
			Base Yr	Base Yr	Base Yr	Base Yr	Base Yr	Base Yr	Base Yr
			Mar	Apr	May	Jun	Jul	Aug	Sep
1	a)	# Cust on Tariff 1	575,735	576,651	577,244	578,018	581,706	581,229	581,906
2	b)	# Cust on Lifeline Tariff 3	n/a	n/a	n/a	n/a	n/a	n/a	0
3	c)	Utah Tariff 1	$0.058753	$0.058753	$0.061273	$0.061273	$0.061273	$0.061273	$0.061273
4	d)	Utah Tariff 3	n/a	n/a	n/a	n/a	n/a	n/a	$0.061273
5	e)	HELP surcharge $	n/a	n/a	n/a	n/a	n/a	n/a	$49,747
6	f)	HELP surcharge #	n/a	n/a	n/a	n/a	n/a	n/a	648,934
7	g)	HELP paid out $	n/a	n/a	n/a	n/a	n/a	n/a	$0
8	h)	HELP paid out #	n/a	n/a	n/a	n/a	n/a	n/a	0
9	i)	PC Admin $	n/a	n/a	n/a	n/a	n/a	n/a	$7,930
10	j)	DCED Admin $	n/a	n/a	n/a	n/a	n/a	n/a	$0
11	k)	Fund Interest $	n/a	n/a	n/a	n/a	n/a	n/a	$126
12	l)	Fund Balance $	n/a	n/a	n/a	n/a	n/a	n/a	$41,942
13	m)	T1 Arrearages $	$8,521,460	$8,722,621	$8,038,706	$7,608,262	$8,632,850	$9,024,204	$10,952,082
14	n)	T1 Arrearages #							
15	o)	T3 Arrearages $	n/a	n/a	n/a	n/a	n/a	n/a	$0
16	p)	T3 Arrearages #	n/a	n/a	n/a	n/a	n/a	n/a	
17	q)	T1 Term Notices #	45,442	40,243	42,635	39,994	38,775	51,007	51,557
18	r)	T3 Term Notices #	n/a	n/a	n/a	n/a	n/a	n/a	0
19	s)	T1 Terminations #	563	1,231	1,149	992	780	1,162	966
20	t)	T3 Terminations #	n/a	n/a	n/a	n/a	n/a	n/a	0
21	u)	T3 Reconnections #	0	0	0	0	0	0	0
22	v)	T1 Reconnections #	722	2,005	2,433	2,036	1,611	2,592	2,581
23	w)	T1 to Collect Agencies $	$293,787	$325,497	$322,343	$323,603	$272,497	$268,621	$420,137
24	x)	T3 to Collect Agencies $	n/a	n/a	n/a	n/a	n/a	n/a	$0
25	y)	T1 to Collect Agencies #	3,810	3,679	4,117	4,082	3,400	3,755	4,545
26	z)	T3 to Collect Agencies #	n/a	n/a	n/a	n/a	n/a	n/a	0
27	aa)	T1 Write-offs $	$363,690	$345,554	$341,665	$281,580	$260,791	$331,594	$340,948
28	bb)	T3 Write-offs $	n/a	n/a	n/a	n/a	n/a	n/a	$0
29	cc)	T1 Write-offs #	3,278	10,935	2,773	2,506	2,149	2,555	2,683
30	dd)	T3 Write-offs #	n/a	n/a	n/a	n/a	n/a	n/a	0
31	ee)	T1 Recoveries $	$204,375	$240,198	$188,310	$207,169	$172,333	$164,605	$171,523
32	ff)	T3 Recoveries $	n/a	n/a	n/a	n/a	n/a	n/a	$0
33	gg)	T1 Recoveries #	3,440	13,594	2,729	2,894	2,196	2,400	2,321
34	hh)	T3 Recoveries #	n/a	n/a	n/a	n/a	n/a	n/a	0
35	ii)	T1 into Lend-a-Hand $	$12,021	$12,021	$12,021	$12,021	$12,021	$12,021	$3,000
36	jj)	T3 into Lend-a-Hand $	In 35ii)	In 35ii)	In 35ii)	In 35ii)	In 35ii)	In 35ii)	In 35ii)
37	kk)	T1 into Lend-a-Hand #	106	106	106	106	106	106	20
38	ll)	T3 into Lend-a-Hand #	In 37kk)	In 37kk)	In 37kk)	In 37kk)	In 37kk)	In 37kk)	In 37kk)
39	mm)	T1 out of Lend-a-Hand $	$11,900	$11,900	$11,900	$11,900	$11,900	$11,900	$3,500
40	nn)	T3 out of Lend-a-Hand $	In 39mm)	In 39mm)	In 39mm)	In 39mm)	In 39mm)	In 39mm)	In 39mm)
41	oo)	T1 out of Lend-a-Hand #	79	79	79	79	79	79	
42	pp)	T3 out of Lend-a-Hand #	In 41oo))	In 41oo))	In 41oo))	In 41oo))	In 41oo))	In 41oo))	In 41oo))

H.E.L.P. Data

Data thru Sep 2001
Printed 6 Nov 2001

			2000	2000	2000	2001	2001	2001
			Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
			Oct	Nov	Dec	Jan	Feb	Mar
1	a)	# Cust on Tariff 1	582,429	584,742	584,283	577,760	575,515	573,114
2	b)	# Cust on Lifeline Tariff 3	4	451	1,151	9,425	13,649	15,961
3	c)	Utah Tariff 1	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307
4	d)	Utah Tariff 3	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307
5	e)	HELP surcharge $	$155,091	$164,085	$157,134	$157,396	$154,513	$159,380
6	f)	HELP surcharge #	649,771	651,120	651,654	644,720	641,412	639,964
7	g)	HELP paid out $	$32	$1,303	$7,846	$36,351	$93,483	$118,378
8	h)	HELP paid out #	4	165	980	4,524	11,633	14,767
9	i)	PC Admin $	$120	$0	$0	$0	$0	$0
10	j)	DCED Admin $	$0	$0	$0	$0	$13,682	$0
11	k)	Fund Interest $	$720	$1,681	$2,632	$3,462	$3,990	$4,280
12	l)	Fund Balance $	$197,601	$362,064	$513,985	$638,491	$689,830	$735,112
13	m)	T1 Arrearages $	$10,901,437	$10,613,998	$10,130,021	$10,503,794	$10,244,004	$9,503,513
14	n)	T1 Arrearages #						
15	o)	T3 Arrearages $	$1,183	$6,297	$20,479	$341,720	$439,221	$542,325
16	p)	T3 Arrearages #						
17	q)	T1 Term Notices #	53,336	45,334	43,605	54,493	46,942	49,489
18	r)	T3 Term Notices #	1	23	26	628	1,416	2,072
19	s)	T1 Terminations #	426	469	264	543	429	480
20	t)	T3 Terminations #	0	0	0	3	10	28
21	u)	T3 Reconnections #	0	0	0	0	0	0
22	v)	T1 Reconnections #	949	1,108	794	1,016	1,061	1,143
23	w)	T1 to Collect Agencies $	$477,340	$284,461	$326,163	$279,514	$267,968	$283,648
24	x)	T3 to Collect Agencies $	$0	$0	$0	$0	$283	$3,764
25	y)	T1 to Collect Agencies #	4,851	2,789	4,933	5,161	3,938	4,681
26	z)	T3 to Collect Agencies #	0	0	0	0	2	35
27	aa)	T1 Write-offs $	$337,614	$302,169	$327,743	$299,409	$360,192	$386,012
28	bb)	T3 Write-offs $	$0	$0	$30	$113	$256	$749
29	cc)	T1 Write-offs #	2,660	2,552	3,043	3,040	3,037	2,895
30	dd)	T3 Write-offs #	0	0	1	2	8	15
31	ee)	T1 Recoveries $	$183,461	$190,902	$157,332	$158,868	$196,607	$183,263
32	ff)	T3 Recoveries $	$0	$0	$19	$11	$69	$160
33	gg)	T1 Recoveries #	2,455	2,716	2,438	2,743	2,557	2,513
34	hh)	T3 Recoveries #	0	0	1	2	8	15
35	ii)	T1 into Lend-a-Hand $	$3,000	$64,732	$53,239	$11,021	$39,269	$42,769
36	jj)	T3 into Lend-a-Hand $	In 35ii)	In 35ii)	In 35ii)	In 35ii)	In 35ii)	In 35ii)
37	kk)	T1 into Lend-a-Hand #	20	3,781	2,813	812	2,546	2,510
38	ll)	T3 into Lend-a-Hand #	In 37kk)	In 37kk)	In 37kk)	In 37kk)	In 37kk)	In 37kk)
39	mm)	T1 out of Lend-a-Hand $	$3,500	$18,892	$18,892	$18,892	$18,892	$18,892
40	nn)	T3 out of Lend-a-Hand $	In 39mm)	In 39mm)	In 39mm)	In 39mm)	In 39mm)	In 39mm)
41	oo)	T1 out of Lend-a-Hand #		122	122	122	122	122
42	pp)	T3 out of Lend-a-Hand #	In 41oo))	In 41oo))	In 41oo))	In 41oo))	In 41oo))	In 41oo))

H.E.L.P. Data

Data thru Sep 2001
Printed 6 Nov 2001

		2001	2001	2001	2001	2001	2001
		Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
		Apr	May	Jun	Jul	Aug	Sep
1	a) # Cust on Tariff 1	572,460	573,315	574,341	577,448	577,723	579,399
2	b) # Cust on Lifeline Tariff 3	17,342	17,253	16,603	15,966	15,409	14,860
3	c) Utah Tariff 1	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307
4	d) Utah Tariff 3	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307	$0.061307
5	e) HELP surcharge $	$156,090	$159,152	$155,512	$159,826	$159,204	$160,269
6	f) HELP surcharge #	639,206	639,733	641,244	643,219	644,756	646,770
7	g) HELP paid out $	$134,926	$139,914	$135,652	$131,372	$125,204	$119,799
8	h) HELP paid out #	16,903	17,652	17,147	16,589	15,918	15,359
9	i) PC Admin $	$71	$774	$0	$0	$332	$1,370
10	j) DCED Admin $	$0	$0	$51,318	$0	$0	$0
11	k) Fund Interest $	$4,493	$4,639	$4,628	$4,647	$4,862	$5,111
12	l) Fund Balance $	$760,698	$783,802	$756,972	$790,073	$828,603	$872,814
13	m) T1 Arrearages $	--	--	$8,364,089	--	--	$10,850,611
14	n) T1 Arrearages #						
15	o) T3 Arrearages $	--	--	$580,809	--	--	$650,062
16	p) T3 Arrearages #						
17	q) T1 Term Notices #	46,078	47,956	43,645	40,882	55,898	53,058
18	r) T3 Term Notices #	2,613	2,778	2,525	1,389	2,706	2,669
19	s) T1 Terminations #	1,019	1,123	929	841	1,089	913
20	t) T3 Terminations #	119	135	102	68	91	83
21	u) T3 Reconnections #	0	0	0	0	0	1
22	v) T1 Reconnections #	2,767	2,720	2,322	1,950	1,371	1,564
23	w) T1 to Collect Agencies $	$330,316	$1,091,388	$347,208	$266,741	$333,408	$324,528
24	x) T3 to Collect Agencies $	$10,562	$33,116	$30,063	$17,553	$24,651	$37,242
25	y) T1 to Collect Agencies #	2,611	16,265	2,805	2,203	2,933	2,813
26	z) T3 to Collect Agencies #	65	173	158	95	146	260
27	aa) T1 Write-offs $	$334,392	$297,241	$289,026	$281,389	$329,616	$354,188
28	bb) T3 Write-offs $	$1,163	$2,090	$1,985	$3,389	$5,384	$10,446
29	cc) T1 Write-offs #	2,596	2,348	2,413	2,357	2,596	2,650
30	dd) T3 Write-offs #	15	17	12	26	49	108
31	ee) T1 Recoveries $	$179,536	$161,328	$157,444	$167,621	$150,834	$144,317
32	ff) T3 Recoveries $	$159	$102	$733	$1,490	$1,035	$1,506
33	gg) T1 Recoveries #	2,284	2,153	2,124	2,362	2,261	2,209
34	hh) T3 Recoveries #	9	5	20	30	20	44
35	ii) T1 into Lend-a-Hand $	$7,296	$6,015	$6,142	$8,642	$8,232	$3,930
36	jj) T3 into Lend-a-Hand $	In 35ii)	In 35ii)	In 35ii)			
37	kk) T1 into Lend-a-Hand #	647	540	513			
38	ll) T3 into Lend-a-Hand #	In 37kk)	In 37kk)	In 37kk)			
39	mm) T1 out of Lend-a-Hand $	$18,892	$18,892	$18,892			
40	nn) T3 out of Lend-a-Hand $	In 39mm)	In 39mm)	In 39mm)			
41	oo) T1 out of Lend-a-Hand #	122	122	122			
42	pp) T3 out of Lend-a-Hand #	In 41oo))	In 41oo))	In 41oo))			

Electric Energy Cost

Measure Calculations

Data:

Number of SSI	3,280
Monthly Income	$530.00
Annual Income	$6,360.00
Average Annual Bill	$39.77
Annual Electric Costs	$477.24
Electric Cost	7.50%

Calculation with $8 monthly credit

Number of SSI	3,280
Monthly Income	$530.00
Annual Income	$6,360.00
Average Annual Bill	$39.77
Annual Electric Costs	$477.24
Annual Electric Costs Minus Credit	$381.24
Electric Cost	5.99%

Number of SSI	3,280
Targeted Low-Income Population	48,157
Percentage of SSI Participants	6.81%

July 31, 2001

The Public Service Commission
160 East 300 South
Salt Lake City, Utah

Dear Commissioners,

I intend to provide testimony in the pending PacifiCorp rate case, 01-035-01 on public witness day. The testimony in this letter is what will be presented. I am sending an advance copy to those parties for whom I have been able to get e-mail addresses so you have an opportunity to review it before it is actually presented. For easier reference I have created the testimony in Question-Answer format and have numbered the lines.

This testimony is from "Light and Truth." This organization has no connection with my employer, the Division of Public Utilities. In this testimony, I do not speak for the Division of Public Utilities in any way. I have obtained relevant information and copies of other testimonies and orders through official requests directly to the Commission and Division and not unofficially from my employer. I have arranged for personal leave from my employer, if needed, to attend the public witness day hearings.

Sincerely,

Paul F. Mecham, for
Light and Truth

Q. Please state your name and organization affiliation.

A. My name is Paul F. Mecham and I am affiliated with Light and Truth.

Q. Tell us a little about the organization, Light and Truth.

A. It is dedicated to shedding light and discovering truth on selected issues and topics. Its major thrust is speaking out on behalf of the large number of individuals who have no special interest group championing their cause. The organization is just now being formed. The name has been registered with the state; it is registered as a lobbyist with the Lieutenant Governor's office and it soon will have a Web presence.

Q. What is the purpose of your testimony?

A. I respond to pre-filed testimony from the special interest groups, Salt Lake Community Action Program, Crossroads Urban Center and Utah Legislative Watch, relative to special considerations requested for low-income households.

Q. To what special considerations do you refer?

A. A low-income component in a new energy efficiency program (Direct Testimony of Elizabeth A. Wolf). A new Life-Support Assistance Program (Direct Testimony of Jeffrey V. Fox). Removal of the $1.85M cap on the HELP program (Direct Testimony of Dr. Charles E. Johnson).

Q. Please summarize your arguments.

A. These proposals are (1) premature, (2) are based upon unsubstantiated claims, (3) belong before the Legislature rather than the Commission and (4) actually threaten our governmental fabric.

(1) PREMATURE

Q. Are the proposals premature?

A. I sincerely believe they are. I agree with and support the testimony filed by Division witness, Ronald Burrup.

Q. Have the interests been considered of those whose money is being taken to fund these proposals?

A. To the best of my knowledge, no input has been sought from them. Nor has there been any action on the topic from their legally elected representatives in the Legislature. There appears to be nothing on the record beyond statements from the advocates like, "not overly burden other customers." Perhaps this topic will be addressed in the pending evaluation of the effectiveness of the HELP program.

(2) UNSUBSTANTIATED CLAIMS

Q. What claims were made as the HELP program was proposed?

A. The Commission found benefits to the utility and to utility customers in general through reduced collections, terminations, reconnections and arrearages (Final Report and Order in Docket 99-035-10).

Q. Have these findings or claims been substantiated?

A. To the best of my knowledge, none of this has ever been demonstrated, quantified and attributed directly to the program. It has merely been repeatedly stated. Saying it is so does not make it so.

(3) LEGISLATURE

Q. Why should these issues be before the Legislature?

A. Simply put, the Legislature is the governmental body charged with determining the government's income and outgo. It sets the budget for all state agencies and programs. It must balance the needs of all. No other agency (including the Commission) has the responsibility and authority to view and prioritize this broad, all-inclusive range of needs.

Q. Has the legislature filled the needs of the poor?
A. Apparently not, as their needs are defined by advocacy groups. Nor, apparently, has the Legislature meet the needs of education as those needs are defined by advocacy groups. Nor, apparently, has the Legislature meet the needs of police and public safety as those needs are defined by advocacy groups. The list of "needs" of groups, functions and agencies is nearly endless.

Q. Can a case be built that justifies additional expenditures for any of these needs?
A. Absolutely yes! Cases not only can be built but are built regularly. The cases typically are built in a "vacuum," looking only at the need being advocated. Seldom is any serious consideration given to other competing needs or the priorities involved in the source of funds.

Q. What is the Commission being asked to do in this docket?
A. Based upon justification in a vacuum, it is being asked to make a decision in a vacuum. If the Commission grants the petitions it will be creating a distortion in the legislative system. It will be ignoring the priorities that were carefully hammered out in the Legislature and essentially making a very narrow end-run around that process.

Q. Can and should the Commission act outside this legislative budget process?
A. It can and already has, in implementing the existing HELP plan. Whether or not it should expand that plan with the proposals before it in this docket is what is being debated here. Expanding the action increases the possibility (even probability) that other needs such as education, public safety, highways, etc. will be directed to the Commission. I believe the Commission should stop right where it is in this process and not increase the potential for appeals and class action.

(4) THREATEN GOVERNMENT

Q. What is the separation of powers between the three branches of government in our constitutions?
A. In simple terms, the legislative branch creates the laws; the executive branch carries out (or "executes") those laws and the judicial branch judges whether the laws and the execution of them are legal and constitutional.

Q. Are there also checks and balances between the three branches of government?
A. Without repeating all of Political Science 101, yes, each branch has a check and balance on the other two. These are to protect the citizens.

Q. Is that important?
A. It is <u>extremely</u> important. James Madison in his Federalist Paper No. 47, stated that

> ". . . the accumulation of all powers, legislative, executive, and judiciary, in the same hands . . . may justly be pronounced the very definition of tyranny."

Q. How do you feel that applies to the circumstances in the docket before us?

A. A man who served as undersecretary of State and Ambassador to Mexico some seventy years ago put it in words far better than I can. His name was J. Reuben Clark. He said:

> "... And let me say here and now, that in the whole history of the human race, ... Tyranny has never come to live with any people with a placard on his breast bearing his name. He always comes in deep disguise, sometimes proclaiming an endowment of freedom, sometimes promising help to the unfortunate and downtrodden, not by creating something for those who do not have, but by robbing those who have. But tyranny is always a wolf in sheep's clothing, and he always ends by devouring the whole flock, saving none."

Q. How does the Commission fit in this discussion?

A. Again in simplicity, the Commission is an administrative body in the executive branch with quasi-legislative and quasi-judicial functions. This overlapping power was granted for the very specific purpose of regulating utility monopolies. The power has no real day-to-day checks and balances beyond the commissioners' combined consciences.

Q. What are the potential impacts of the Commission granting exceptional consideration to special interest groups?

A. The Commission could act like the little Dutch boy and put its finger in the dike. Or, by granting exceptions outside its specific responsibility, it could even dig the hole in the dike a little larger. The Commission's actions could damage the very fabric of our government. With additional damage from other sources our government could collapse. Were that to happen, the poor who advocates are trying to help, will be even worse off than they are now. And, unfortunately, so will the rest of us. We must be constantly vigilant in ensuring that our actions are consistent with our constitution which defines and protects the rights we too often take for granted.

CONCLUSION

Q. Because these proposals are premature, are based upon unsubstantiated claims, belong before the Legislature rather than the Commission and actually threaten our governmental fabric, I strongly recommend that the Commission deny the proposals of the special interest groups in this docket.

Advance copies via e-mail to:
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PROGRAM EVALUATION SUMMARY
MEASURES, STANDARDS AND SUCCESS

Usable Measures and Standards

Measure	Use	Standard	Goal	Success (L&T)	DPU #s		DPU comments	CCS Use	CCS Comments	Beck Comments	Data Avail-able	Data Quan-tifiable	Data Attrib-utable	Pacif i-Corp	DPU Page #	Beck Page #	CCS Page #	L&T Page
Benefit to Recipients	Use	Benefit (PSC)	1	Success	2		Not useful	X+	Important	$1,044,260 distributed in first year	Yes	Yes	Yes	g, h	18	Enc 5	4, 9	9
Benefit to Ratepayers in General	Use	Benefit (PSC)	2	Fail	6		Not useful	X+	should be reported	No benefit. Negative impact	Yes	Yes	Yes	e, f	20	Enc 5	4, 9	10
Benefits to PacifiCorp	Use	Benefit (PSC)	3	Fail	4		Not useful	X+	Data should be available	No data available	No	No	No		19	Enc 5	4, 9	10
Benefits Offset Negative Impacts	Use	Benefit (PSC)	4	Fail						No	Yes	Yes	Yes		14	Enc 6		10
Not overly burden other customers	Use	Not overly burden (PSC)	5	Fail			Inconclusive		Not overly burden	Not overly burden					39	Enc 6	past info	11
Program Cap	Use	Within 5% of Cap (DPU)	6	Fail	15	1	Helpful. Meets. Yes	X	useful		Yes	Yes	Yes		24, 32 & 38		7, 9	12
Process Collecting Surcharge from	Use	Done Per Order (PSC)	7	Success	5	3	Helpful, Meets. Yes	X	useful		Yes	Yes	Yes		20, 34 & 38		4, 9	12
Process Granting Credit to Recipients	Use	Done Per Order (PSC)	7	Success	1	2	Helpful, Meets, Yes	X	Helpful		Yes	Yes	Yes		18, 34 & 38		3, 9	12
Administrative Costs	Use	Under Cost Cap (PSC)	8	Fail	3	6	Useful. mixed, In conclusive	X	Useful tool		Yes	Yes	Yes	i, j	19, 33 & 38		4, 9	12
Ending Account Balance	Use	Less than $92,500 (Beck)		Fail	14	5	Useful. not meets. No	X	x	Failed standard	Yes	Yes	Yes	l	23,34, & 38	4-12	5, 6, 9	13
Overall HELP Program				**FAIL**														

Measures Which Were Proposed, Analyzed and Found Wanting

Measure	Use	Standard	Goal	Success (L&T)	DPU #s		DPU comments	CCS Use	CCS Comments	Beck Comments	Data Avail-able	Data Quan-tifiable	Data Attrib-utable	Pacif i-Corp	DPU Page #	Beck Page #	CCS Page #	L&T Page
Penetration	Not Usable	42% of those Eligible (Beck)	1		16	4	Caution. Inconclusive.	X	important, valuable	Failed standard	Yes	Yes	Yes		24, 35 & 38	4-12	7, 9	13
Accrued Interest	Not Usable		2		22		Not useful	X+	should be reported	No info on impact	Yes	Yes	Yes		28	4-11	8, 9	13
Balance in Arrears	Not Usable	Reduction (DPU)	3		8	10	Limited value. In-conclusive.	X	could be useful	Flag only	Yes	Yes	**No**	m, n, o, p	21,37 & 38	4-4	4, 9	14
Terminations Per Customer	Not Usable	Reduction (DPU)	3		9	9	Limited value. In-conclusive.	X	keep track of info	Flag only	Yes	Yes	**No**	q, r, s, t	22,37 & 38	4-5	5, 9	14
Reconnections	Not Usable	Reduction (DPU)	3		10		Data not attributble	X+	keep track of info	Flag only	Yes	Yes	**No**	u, v	22	4-6	5, 9	14
Accounts Sent to Collection Agencies	Not Usable	Reduction (DPU)	3		11	11	Limited value. In-conclusive.	X	keep track of info	Flag only	Yes	Yes	**No**	w, x, y, z	22,38 & 38	4-7	5, 9	14
Write-Offs Per Customer	Not Usable	Reduction (DPU)	3		12	7	Limited value.Dificult to separate. Inconclusive	X	keep track of info	Flag only	Yes	Yes	**No**	aa, bb, cc, dd	22, 35 & 38	4-8	5, 9	15
Recoveries Per Customer	Not Usable	Increase (DPU)	3		13	8	Limited value. In-conclusive.	X	keep track of info	Flag only	Yes	Yes	**No**	ee, ff, gg, hh	23,36 & 38	4-9	5, 9	15
Cost to Other Parties	Not Usable		5		7		Not useful		unlikely to be useful						21		4	15

Measures Found to be of Informational Use Only

Measure	Use	Standard	Goal	Success (L&T)	DPU #s		DPU comments	CCS Use	CCS Comments	Beck Comments	Data Avail-able	Data Quan-tifiable	Data Attrib-utable	Pacif i-Corp	DPU Page #	Beck Page #	CCS Page #	L&T Page
Energy Consumption Trend	No Analysis	Info Only	1		17		Not useful	X+	useful	Not approp-riate	Yes	Yes	No		25	4-13	7, 9	15
Recipient Perspectives and Attitudes	No Analysis	Info Only	1		23		Not useful		get anecdotal	Unresolved challenges	No	No	No		29	4-14	8	15
Average Electricity Burden	No Analysis	Info Only	1		26		Not useful	X+	relevant data should be reported	Unresolved challenges	No	No	No		31	4-14	8, 9	16
Economic stimulus lost from dollars "freed"	No Analysis	Info Only	1							Extremely challenged	No	No	No			4-23		16
Donors' Missed Investment Opportunity	No Analysis	Info Only	2		18		Not useful		not easily quantifiable, small	Unresolved challenges	Yes	Yes	No		25	4-14	7	16
Donor's After-Tax Contribution Compared to Pre-Tax	No Analysis	Info Only	2		19		Not useful		not useful	Unresolved challenges	No	No	No		26	4-14	8	16
Donor Perspectives and Attitudes	No Analysis	Info Only	2		23		Not useful		get anecdotal	Unresolved challenges	No	No	No		29	4-14	8	16
Economic stimulus lost from dollars "taken"	No Analysis	Info Only	2							Extremely challenged	No	No	No			4-23		16
Returned Checks	No Analysis	Info Only	3		25		Not useful	X+	useful	Measure not included	No	No	No		30	4-20	8, 9	17
Program Stability	No Analysis	Info Only	4		24		Not useful	X+	info should be tracked	Unresolved challenges	No	No	No		30	4-14	8, 9	17
Broad-based Macroecon-omic Benefits (See NOTE)	No Analysis	Info Only	4		21		Not use		ought not be pursued	Measure not included	No	No	No		27	4-20	8	17

NOTE: Macroeconomic Benefits include: costs associated with fire and health department, homeless shelters and Medicaid funds; Property value (both recipient and donor); investment costs associated with employment and construction; personal funds and costs associated with home improvements and retail

Measure Never Addressed

Measure	Use	Standard	Goal	Success (L&T)	DPU #s		DPU comments	CCS Use	CCS Comments	Beck Comments	Data Avail-able	Data Quan-tifiable	Data Attrib-utable	Pacif i-Corp	DPU Page #	Beck Page #	CCS Page #	L&T Page
Constitutional and Legal Measures	No Analysis		5		20		No position. Not use		require legal assessment. UCA auth	Measure not included. Re quire a					26	4-20	8	17

This is an extract of Orders numbers 900020 and 900076 from the Supreme Court of the State of Utah dated December 31, 1992.

IN THE SUPREME COURT OF THE STATE OF UTAH
----ooOoo----

Salt Lake Citizens Congress,
Petitioner,

v.

Mountain States Telephone & Telegraph Company, dba Mountain Bell; the Public Service Commission of Utah,
Respondents.

No. 900020

Committee of Consumer Services, Department of Commerce, Division of Public Utilities, State of Utah,
Petitioner

v.

Mountain States Telephone and Telegraph Company, dba Mountain Bell; the Public Service Commission of Utah,
Respondents

No. 900076
F I L E D
December 31, 1992

Geoffrey J. Butler, Clerk

. . .

In 1969, the Utah Public Service Commission granted Mountain States Telephone & Telegraph Company (Mountain Bell) a rate increase and announced that it was changing its previous rule of allowing Mountain Bell to charge charitable contributions to ratepayers. Re Mountain States Tel. & Tel. Co., 78 Pub. Util. Rep. 3d (PUR) 429 (Utah Pub. Serv. Comm'n 1969). The Commission stated:

> There is one further adjustment which we have concluded to make in the above figures. The item designated miscellaneous income charges in the amount of #36,000 in the expenses shown above is not an operating expense account in the Uniform System of Accounts for Telephone Utilities. The system of accounts designates this account as a miscellaneous deduction from income on the income statement. An analysis of the actual charges included in this account for the year ended December 31, 1967, shows that approximately 70 percent of the dollars in the account represent contributions to numerous organizations in Utah. The balance consists dues and expenses for service clubs and other organizations paid

> by the petitioner on behalf of employees and a prorate of charges from the general office of Mountain States Telephone in Denver, Colorado. It can be assumed tha the make-up of the charges in the account for the year 1968 are comparable in nature to those in 1967.
>
> In the past the commission has included miscellaneous income charges as a part of total expenses in determining the revenue requirements of Mountain States Telephone, but such items have been excluded by the commission in fixing the rates of the other major utilities operating in Utah.
>
> The commission finds that miscellaneous income charges in the amnount of $36,000 should be eliminated from the allowable expenses.

Id. at 439-40 (emphasis added). The italicized language in the opinion indicates that the Commission's ruling constituted a pronouncement of established commission policy to be applicable as a general rule to Mountain Bell and all other major "utilities operating in Utah."

. . .

In 1988, the Commission initiated a general rate case against Mountain Bell on the ground that the utility was earning an unusually high rate of return. Using the same format that it had used in 1976, Mountain Bell submitted an application that again charged charitable contributions to the ratepayers. During the proceedings, the Commission became aware, apparently through the Division, that for the prededing eleven years Mountain bell had charged all charitable contributions to ratepayers. Commissioner Stewart emphatically expressed the view that Mountain bell had been in clear violation of the law for some time in its treatment of charitable contributions:

> Before you or anyone else wastes any more time of it, I want to have the company make reference or read a case entitled "Re the Mountain States Telephone and Telegraph Company," it's Case No. 5972, dated April 11th, 1969 where this issue was decided by this Commission and we do not intend to spend any more time on it in this case unless you plan to seek a reversal of that decision.
>
> . . .
>
> Mr. Smith [attorney for Mountain Bell]: I was not aware of that case.
>
> Com. Stewart: Okay The case held that charitable contributions were not to be taken [above] the line by Mountain States Telephone and Telegraph in that decision. We figured at a fine of $2,000 a day since 1969, this Commission probably owns Mountain Bell right now.

In its 1988 order, the Commission disallowed the $474,000 miscellaneous deduction and specifically ruled that charitable contributions were not to be treated as an above-the-line expense in any of Mountain Bell's future rate cases unless accompanied by a specific request for a change in Commission policy. Based on that order, the Director of the Salt Lake Citizens Congress (SLCC) wrote to Commissioner Stewart for "[s]ome form or redress" for Mountain Bell's past violation of the 1969 order. The Commission directed Mountain bell and the Division to respond. Mountain Bell acknowledged that charitable contributions had been charged to ratepayers between 1976 and 1988, but disclaimed any intent to mislead the Commission. Mountain Bell asserted that it had fully complied with the Commission's 1980 inquiry and that its exhibits to its prior rate applications had "made it clear" that the Company had included charitable contributions as an above-the-line expense for rate-making purposes.

After reviewing Mountain Bell's response, the Division recommended that the Commission Dismiss SLCC's complaint. Apparently more concerned with defending its own conduct that with the lawfulness of Mountain Bell's conduct, the Division justified its recommendation on the ground that the Division, its consultants, and other parties had overlooked the treatment of charitable contributions y telephone untilities since the mid-1970s.

. . .

The Commission assigned SLCC's letter a docket number and dismissed the complaint without a hearing. SLCC and the Committee of Consumer Services (CCS) filed requests for review and a petition for rehearing. CCS also filed a separate request for agency action. The Commission consolidated the requests . . .

. . . After a hearing before an administrative law judge, the Commission adopted the judge's findings of fact and conclusions of law and dismissed SLCC's and CCS's complaints.

. . .

In its 1969 order, the commission stated that it had not allowed other utilities to charge contributions to ratepayers and specifically ruled that Mountain Bell could not do so. The 1969 proceedings produced both an "order" and a "decision," as those terms are defined above. The order established Mountain Bell's rates for that case, and the decision established a general rule of law that charitable contributions could not be charged to ratepayers.

. . .

Rate-making proceedings are <u>not</u> to be conducted on the basis of gamesmanship. The disclosure of charitable contribution expenses near the end of a multi-page exhibit attached to financial statements and under the general heading of "Miscellaneous" expenses does not comply with Mountain Bell's duty to petition the Commission to change its ruling on charitable contributions.

. . .

Given petitioners' allegations and the facts appearing on the record, we hold that the Commission acted arbitrarily and capriciously in denying the petitioners' request for discovery and in failing to hold a factual hearing on whether Mountain bell engaged in misconduct. See Utah Code Ann. § 63-46b-16(4) (h) (iv) (1989).

The Commission's order dismissing the action is vacated, and the case is remanded for further proceedings consistent with this opinion.

This is an extract from Title 54 of the Utah Code Annotated. Highlighting is added for emphasis and for locating particular quotes.

EXTRACT FROM:
Utah Code
Title 54 – Public Utilities
Chapter 4 – Authority of Commission over Public Utilities

54-4-37. Definitions -- Unauthorized charge to account -- Penalties -- Procedures for verification -- Authority of commission and Division of Public Utilities.

(1) For purposes of this section:

(a) "Agents" includes any person representing a public utility for purposes of billing for a service or merchandise from a third-party supplier.

(b) "Billing aggregator" means any person that:

(i) initiates charges;

(ii) combines or aggregates charges from third-party suppliers of services or merchandise; or

(iii) (A) creates bills for account holders; and

(B) passes these bills for the billing of account holders to:

(I) another billing aggregator; or

(II) a public utility.

(c) (i) "Public utility" is as defined in Section 54-2-1.

(ii) "Public utility" does not include a telecommunications corporation providing only mobile wireless service or Internet access.

(d) "Subscriber" means a person or government or a person acting legally on behalf of a person or government who authorizes a charge from a third-party provider of service or merchandise.

(e) (i) "Third party" means any person other than the account holder and the public utility.

(ii) "Third party" includes:

(A) a billing aggregator;

(B) a public utility;

(C) a nonpublic utility provider of services and merchandise;

(D) those persons billing for services or merchandise; and

(E) those persons verifying a subscriber's authorization.

(iii) "Third party" does not include:

(A) an affiliated or subsidiary company of a public utility whose charges the commission determines by rule would be reasonably associated by a subscriber with the type of charges that would appear on that particular public utility's bill;

(B) a presubscribed local or long distance telecommunications corporation or its affiliated or subsidiary company as to charges for local or long distance telephone, data, or wireless services.

(2) This section does not apply to:

(a) telecommunications services that are used, initiated, or requested by the customer, including dial-around services such as:

(i) 10-10-XXX;

(ii) 1-900 numbers;
(iii) directory assistance;
(iv) operator-assisted calls;
(v) acceptance of collect calls; and
(vi) other casual calling by the customer;
(b) changes in telecommunications providers regulated by Section 54-8b-18;
(c) the provision of any charges for financing by an affiliated or subsidiary company of a public utility in connection with the purchase of services or merchandise if there is a written agreement for the financing between the customer and the affiliated or subsidiary company; or
(d) except for Subsections (5) and (6), services provided by any of the following that are billed through a public utility:
(i) a city;
(ii) a town; or
(iii) a county.
(3) Pursuant to this section, a public utility may not charge an account holder for services the account holder never:
(a) ordered; or
(b) knowingly authorized.
(4) A public utility shall ensure that its account holders receive:
(a) identification of a third-party provider of services or merchandise;
(b) upon subscriber request, toll-free numbers to enable a subscriber to contact the third party to resolve disputes;
(c) a clear, concise description of services or merchandise being billed;
(d) highlight or identification of each service or merchandise different from prior billing cycle services or merchandise;
(e) clear identification of the payment amount needed for each service or merchandise to ensure that any public utility service will continue;
(f) prompt and courteous treatment of all disputed charges; and
(g) information abut the provisions in Subsections (5) and (6).
(5) (a) Unless specifically instructed by the account holder, each public utility shall first apply all payments received to the account holder's bill for the public utility's own tariffed utility services.
(b) Any remaining credit after the application of payment under Subsection (5)(a) shall be allocated proportionally to other charges, unless otherwise specified by the account holder.
(6) A public utility may not disconnect or threaten disconnection of any account holder's basic utility service for failure to pay third-party charges.
(7) Accounts receivable purchased by a public utility from third parties may not be treated as public utility charges regardless of the service or product upon which the account receivable is based.
(8) (a) If an account holder informs the public utility that a third-party service or merchandise charge is neither knowingly used nor authorized, or the charge in whole or part is disputed, the public utility shall:
(i) (A) immediately credit the account holder's account for the disputed amount; and
(B) refer the matter back to the third party for collection; or

(ii) suspend the account holder's obligation of payment of the disputed amount until it is determined whether the charge was either knowingly used or authorized.

(b) The public utility may not request the account holder to contact the third party to resolve the dispute prior to applying the credit under Subsection (8)(a).

(c) The disputed charge shall be removed from the public utility's bill to the account holder no later than two billing cycles following the billing cycle during which the complaint or dispute is registered unless it is later determined that the charge was authorized and the account holder is required to pay the charge.

(d) Immediately upon the account holder's first complaint or inquiry, the public utility shall inform the account holder of:

(i) the process provided in this Subsection (8); and

(ii) the account holder's options.

(e) Except as provided in Subsection (8)(c), once the charges have been removed from the account holder's utility bill:

(i) the third party may not use the utility bill to:

(A) rebill the charges; or

(B) further attempt to collect the charge; and

(ii) the public utility may not allow any further collection attempts by the third party to involve the utility bill.

. . . [Balance of title not shown]

May 7, 2003

Public Service Commission
Heber M. Wells State Office Building
160 East 300 South, Fourth Floor
P.O. Box 45585
Salt Lake City, Utah 84145

Dear Commissioners,

This letter is a Formal Complaint. I submitted an informal complaint to the Division of Public Utilities on April 25, 2003 (copy attached). I submitted it as a Billing complaint but it got entered as an Inquiry. I received a response from Utah Power (copy attached) which denied my complaint and request. The following follows the format of the Formal Complaint Forms specified by the Commission.

1. Name of Complainant:

My personal information is:

Paul F. Mecham
849 East Stratford Avenue
Salt Lake City, Utah 84106
Home Phone: 487-0507

My complaint is against Utah Power Company

2. What did the utility do which you, (the complainant) think, is illegal, unjust, or improper? Include dates, times, locations and persons involved, as closely as you can.

The action which the utility has been taking is billing me for services which I did not order or knowingly authorize. I believe this charge of $.12 per month is for the Home Electric Lifeline Program. This has been occurring since approximately September 2000.

3. Why do you (The Complainant) think these activities are illegal, unjust or improper?

I believe this charge violates Utah Code 54-4-37. I, as a subscriber. have not authorized any charge(s) from any third parties for service or merchandise. I further believe that these charges have no reasonable association with any type of charges that would appear on Utah Power's bill and that I receive no demonstrated benefit from the charges. I have not received from Utah Power (1) the identification of the third-party provider of services or merchandise, (2) a clear concise description of services or merchandise being billed. I have hearsay evidence (which could be verified with Utah Power, if needed) that Utah Power would ultimately disconnect my utility service if I were to pay only for my basic utility service and not pay this third-party charge.

Upon my informal complaint filed through the Division of Public Utilities, Utah Power failed to immediately credit my account for the disputed amount. It failed to refer the matter back to the third-party for collection. It failed to suspend my obligation of payment of the disputed amount until it is determined whether the charge was either knowingly used or authorized.

I believe that the Utah Code, referenced above, supercedes any guideline, practice, tariff or order from the Public Service Commission upon which Utah Power might be acting. I further believe that the Commission's actions in ordering these charges, violate constitutional separation of powers and damage the very fabric of our government. In support of this claim, I refer the Commission to my testimony filed in Docket 01-035-01 on July 31, 2001.

In support of my claim of no benefit from the third-party charges, I refer the Commission to my Memo filed under the organization, Light and Truth on April 24, 2003.

4. What relief does the Complainant request?

The relief which I request is to have Utah Power (1) remove the charge from all future bills and (2) refund all past charges.

5. Signature of Complainant:

Paul F. Mecham
Date: May 7, 2003

Attachments:
- Informal complaint filed with the Division of Public Utilities
- Letter from Utah Power

-BEFORE THE UTAH PUBLIC SERVICE COMMISSION-

In the matter of the complaint of:	)	
	)	DOCKET NO. 03-035-09
PAUL F. MECHAM,	)	
Complainant,	)	
	)	
vs.	)	
	)	
UTAH POWER & LIGHT,	)	REPORT AND ORDER
Respondent	)	

ISSUED: September 2, 2003

SYNOPSIS

Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

By The Commission:

On May 7, 2003, Complainant Paul F. Mecham ("Mr. Mecham") filed this formal complaint challenging the legal ability of UP&L to bill him, as part of his utility service, $0.12 per month for the Electric Lifeline Program. Respondent Utah Power & Light (UP&L) filed its response including a request that the complaint be dismissed on June 9, 2003. Mr. Mecham filed a response to UP&L's request for dismissal on June 10, 2003. On June 25, 2003, the office of the Utah Attorney General, representing the Division of Public Utilities ("DPU"), filed a memorandum containing the recommendation of the DPU. The DPU's recommendation was that the complaint be dismissed because Mr. Mecham had failed to state a claim against UP&L.

There are no disputed facts in this matter. We will therefore address Respondent's request for dismissal based on the pleadings on file.

The charge in question arose out of a general rate case proceeding for UP&L, Docket No. 99-035-10, wherein the Commission found implementation of Lifeline Electric Service Rate to be in the public interest and ordered implementation of the program within 90 days of the date of the Order. Pursuant to that order a stipulation was entered into between all interested parties except one. The tariff under which the charges complained of herein are made was approved in Docket No. 00-035-T07, in a Report and Order issued August 30, 2000, and Erratum Order issued August 31, 2000. Mr. Mecham appeared as a witness for the Division of Public Utilities in Docket No. 99-035-10, advocating against adoption of the Lifeline rate. No appeal of the Commissions decision to implement the program in Docket No. 99-035-10, was filed. Likewise, no appeal was made of the Commissions approval of the tariff in Docket No. 00-035-T07.

<u>Third Party Billing</u>. Mr. Mecham claims that the subject tariff provision violates *Utah Code Ann.* '54-4-37. That provision applies to charges from a "third party" appearing on the bill of a public utility. Section 54-4-37(1)(e)(i) states that "Third party' means any person other than the account holder and the public utility." The charges complained of are from the public utility; they are part of the public utility's authorized tariff. They are not third party charges, and Mr. Mecham's reliance on this code section is misplaced.

Commission Authority. Mr. Mecham also appears to claim that the Commission exceeded its authority in approving the tariff. That claim also fails. The Commission has the authority to implement such a rate if it finds it to be in the public interest.

FINDINGS OF FACT

1. Complainant is a residential customer of Respondent, an electric corporation certificated by this Commission.

2. In Docket 99-035-10, UP&L was ordered to collect from its Utah customers an amount each month for the Electric Lifeline Program. UP&L has, since then, collected approximately $0.12 per month from Complainant in accordance with our Order and its Commission approved tariff.

CONCLUSIONS OF LAW

The Commission has party and subject-matter jurisdiction. Complainant has failed to allege facts which would entitle him to relief. The Electric Lifeline Program was properly established and funded by this Commission. The charge is not a third-party charge subject to the provisions of *Utah Code Ann.* '54-4-37. Accordingly, the charges imposed on Complainant are lawful, and Respondent is entitled to collect the same. The complaint must be dismissed.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The complaint of PAUL F. MECHAM against UTAH POWER & LIGHT is dismissed.

2. Any person aggrieved by this Order may petition the Commission for review/rehearing pursuant to the *Utah Administrative Procedures Act*, *Utah Code Ann*. '63-46b-1 *et seq.* Failure so to do will preclude judicial review of the grounds not identified for review. *Utah Code Ann*. '54-7-15.

DATED at Salt Lake City, Utah, this 2nd day of September, 2003.

/s/ Ric Campbell, Chairman

/s/ Constance B. White, Commissioner

/s/ Ted Boyer, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#35012

September 16, 2003

Public Service Commission
Heber M. Wells State Office Building
160 East 300 South, Fourth Floor
P.O. Box 45585
Salt Lake City, Utah 84145

Dear Commissioners,

I respectfully request review/rehearing of the Public Service Commission's Report and Order on Docket No. 03-035-09 which dismissed my complaint against Pacificorp.

There are only two issues on which I believe the Commission has erred. The primary issue is whether or not the charges for the HELP program included in my utility bill constitute "third party" charges as addressed in Utah Code Ann. §54-4-37. While the charges do indeed come to me from the utility, the money is not for the utility and the utility does not use it in its operations. Aside from some overhead costs, the money goes exclusively to recipients of the HELP program. I believe that the end recipients of the charges included in my bill, indeed, fit the definition in UCA Section 54-4-37(1)(e)(i) that states "'Third party' means any person other than the account holder and the public utility." The utility's roles in this issue are simply collection and disbursement. This is classic third party billing. The order stated that the charges, "…are not third party charges…" Beyond merely seeing it stated, I have seen nothing supporting this conclusion or countering the arguments and circumstances described above, in any of the filings in this docket or in the Commission's order itself.

The secondary issue hinges on the primary issue above. That involves Commission authority. My dispute on this issue is very narrow and focused. I believe the Commission has no authority to order a utility to break the law. I believe this is true whether it is part of authorizing a utility's tariff or whether it is in the Commission's perception of public interest or for any other reason. In no way am I alleging that the Commission intended for laws to be broken. My observation in the creation of the HELP program was that all parties had the highest of motives in trying to assist the poor. I do sincerely believe, however, that I have been harmed by a utility breaking the third-party billing law and justifying that action upon Commission order.

I request that the Commission reconsider its decision on my complaint.

Sincerely,

Paul F. Mecham
849 East Stratford Avenue
Salt Lake City, Utah 84106
Home Phone: 487-0507