

- 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)	<u>DOCKET NO. 99-035-10</u>
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. Amounts and Rates: PacifiCorp will use its best efforts to design the Lifeline tariff rider to collect no more than \$1,850,000 annually for the Lifeline Account. 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. PacifiCorp Accounting and Reporting: 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. Statistical base: 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. Application process: 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 Re-certification: 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.