

**BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH**

<b>In the Matter of the application</b>	}	
<b>PACIFICORP for an Increase in its Rates and</b>	}	<b>Docket No. 01-035-01</b>
<b>Charges</b>	}	

**DIRECT TESTIMONY OF**

**JEFFREY V. FOX**

**ON BEHALF OF**

**CROSSROADS URBAN CENTER  
SALT LAKE COMMUNITY ACTION PROGRAM  
AND  
UTAH LEGISLATIVE WATCH**

**JUNE 15, 2001**



1 Salt Lake City, Utah.

2 Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND.

3 A. I graduated from the University of Utah with a Bachelor of Science Degree in  
4 Psychology, with an additional 50 hours in the College of Business. I also have  
5 participated in a several conferences and seminars on utility issues.

6 Q. PLEASE STATE YOUR RELEVANT WORK EXPERIENCE.

7 A I was the Director of Crossroads Urban Center for ten years, Director of Utahns  
8 Against Hunger for three years and a State Representative in the Utah Legislature for six  
9 years. As a State Representative, I sponsored and cosponsored utility legislation. While I  
10 directed Crossroads Urban Center and Utahns Against Hunger, I worked on utility issues  
11 in the Legislature and testified at Public Witness Days. I also have provided contract  
12 services for Crossroads as a utility analyst for almost three years. Crossroads Urban  
13 Center is a non-profit, grassroots organization assisting and organizing low income,  
14 disabled, and minority Utahns to meet their basic survival needs and to address essential  
15 issues affecting their quality of life. I have more than 18 years of experience working  
16 with low income people and over 13 years of experience working on utility issues. I also  
17 created four low-income organizations.

1 Q. HAVE YOU TESTIFIED PREVIOUSLY IN REGULATORY PROCEEDINGS?

2 A. Yes, I have testified as an expert witness in UPSC Docket No. 97-035-01 and  
3 UPSC Docket No. 99-035-10, both Pacificorp rate cases. In addition, I testified as an  
4 expert witness in UPSC Docket No. 99-057-20 in a Questar Gas rate case. I also have  
5 testified at numerous public witness days.

6 **II. PURPOSE, FINDINGS AND RECOMMENDATIONS**

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is to offer a proposal that would assist some of the  
9 most financially and physically disadvantaged people in Utah in paying their energy bills.  
10 My testimony also will outline the need for such a proposal. Furthermore, I will explain  
11 the circumstances of people suffering from life threatening physical conditions whose  
12 electricity service has been ordered terminated by the Utah Public Service Commission.

13 Q. WHO DOES YOUR PROPOSAL ADDRESS?

14 A. Our proposal addresses at least 128 Utah Power customers designated by the  
15 Company as “life support.” Customers who have an approximate income of 125% of  
16 poverty or less, are participating in the Home Electric Lifeline Program (HELP) and are

1 “life-support” households would be eligible for our program. This year at least eleven  
2 households on “life support” have received termination notices issued by the Public  
3 Service Commission. While none of these customers have been terminated, to the best of  
4 my knowledge, the permission to terminate service weighs heavily on these “life-support”  
5 customers with limited income and life threatening medical conditions. People are  
6 terrorized by these Public Service Commission issued notices. Once the Public Service  
7 Commission has ordered termination of service, there is no legal impediment stopping  
8 Utah Power from terminating service at any time, regardless of circumstances. Folks who  
9 have little income and severe medical conditions should not be subject to this inhumane  
10 treatment.

11 Q. WHAT IS YOUR PROPOSAL?

12 A. First, we propose that Utah Power’s customers who are designated “life-support”  
13 and also on HELP be given an additional discount up to \$10 a month on their electric bill.  
14 No credit would be carried over and applied to another month’s bill. The new program is  
15 referred to as the Life-Support Assistance Program (LSAP). PacifiCorp’s Data Responses  
16 indicated there were 398 customers coded as “medical” including those on “life-support  
17 service” in Utah. Of those 398 customers, approximately 325 customers qualify for a  
18 “life-support service” designation. One hundred and twenty-eight customers who are  
19 coded as “medical” are currently on Rate 3, Utah Power’s low-income lifeline tariff  
20 referred to earlier as HELP.

1                   Households seeking the “life-support” designation must receive a letter  
2                   from a physician or have a physician fill out the Residential Life-Support  
3                   Verification form indicating what life-support equipment is necessary and  
4                   indicating that termination of the patient’s electric utilities would be create a life-  
5                   threatening event, or could lead to a serious worsening of the patient’s present  
6                   condition. Typically “life-support” accounts are coded for one year unless the  
7                   doctor/physician specifies a shorter period of time. Prior to the expiration date of  
8                   a “life-support” account, a renewal letter is sent to these customers asking them to  
9                   renew the medical condition profile if the condition still exists. .

10                  Second, we propose that LSAP be funded through the revenues collected for  
11                  HELP. If there were 100% participation in LSAP, the cost of the program would be  
12                  \$15,360 a year, if all 128 eligible customers participated.. However, that would be very  
13                  unlikely. One hundred percent participation only would occur, if all of the households  
14                  designated “medical” also were designated “life-support.” It also would require that Utah  
15                  Power automatically credited everyone on “life support” who also was on HELP, with a  
16                  \$10 a month discount. However, PacifiCorp is reluctant to administer the proposed  
17                  program and subsequently, the price tag for the new program would be considerably less.  
18                  Third, we suggest a separate tariff for those who qualify for the proposed LSAP. Fourth,  
19                  we recommend the program be administered in the same manner as the HELP fund. The  
20                  Department of Community and Economic Development would administer the program  
21                  and contract with the Utah CAP Association to run the Program. The Utah CAP  
22                  Association would use existing HELP funds to administer the program and not charge

1 additional administrative expenses. Fifth, we recommend that a rule be adopted, which  
2 requires that a health agency pay a visit to the home of a household with a member on life  
3 support prior to a hearing on termination of that household's electricity and make a report  
4 to the Public Service Commission, as to the physical consequences to the person on life-  
5 support.

6 Q. HOW DO THE RULES OF THE PUBLIC SERVICE COMMISSION GOVERN  
7 SHUT-OFFS FOR THOSE ON LIFE SUPPORT DEVICES?

8 A. Rule 746-200-5(D) Restrictions upon Termination to Residences with Life-  
9 Supporting Equipment – “No public utility shall terminate service to a residence in which  
10 the account holder or a resident is known by the utility to be using an iron lung,  
11 respirator, dialysis machine, or other life-supporting equipment, without specific prior  
12 approval by the Commission. Account holders eligible for this protection can get it by  
13 filing a written notice with the utility. Thereupon, a public utility shall mark and identify  
14 applicable meter boxes when this equipment is used..”

15 Q. IS A NEW PROGRAM REALLY NEEDED?

16 A. Yes, with a 50% increase in natural gas rates and an interim rate increase for  
17 Pacificorp the benefits of HELP have only served to soften the blow of an increased  
18 energy burden for the low-income. The economic hardship of those in or near the poverty

1 level, with a life-threatening physical condition requiring life-support equipment, while  
2 being threatened with the shut-off of their life sustaining electricity, is catastrophic for  
3 individuals and families. I contacted five of the at least eleven households facing  
4 termination. One woman had a lung disease, cancer of the pelvis, osteoporosis, a Foley  
5 catheter, a muscle disease and a termination notice from the Public Service Commission.  
6 This person was only vaguely aware of the legal process and her ability to obtain an  
7 attorney. When one is experiencing several illnesses, it's difficult to focus on the details  
8 of Utah's utility regulatory system without some help. The woman to whom I referred  
9 received social security, HEAT benefits and the HELP discount. Another woman I  
10 contacted also had multiple physical problems and was on a fixed income. Two  
11 households had children requiring oxygen 24 hours a day and the fifth household had one  
12 minimum wage worker, with one family member recovering from triple by-pass heart  
13 surgery. Four of the five families qualified for HEAT and HELP. Are financially  
14 disadvantaged people with life threatening illnesses more susceptible to terminations?

15 Aggravating the plight of low-income people with life with severe medical  
16 conditions is the high cost of rents. The REPORT TO THE UTAH PUBLIC SERVICE  
17 COMMISSION FROM THE TASK FORCE ON LOW INCOME ISSUES, December 17,  
18 1999, stated, "According to statistics from the U.S. Department of Housing and Urban  
19 Development and Office of Federal Housing Enterprise Oversight, Utah had the highest  
20 increase (50 percent) in fair market rents in the nation from 1994 to 1999. The National  
21 Low Income Housing Coalition's (NLIHC) report, 'Out of Reach Study,' released on  
22 September 15, 1999, concluded that 45 percent of the state's renters pay more than a third

1 of their income for housing and that apartment rental rates are rising far faster than wages.  
2 Affordable housing, as defined by the U.S. Department of Housing and Urban  
3 Development, does not consume more than 30 percent of a household income. NLIHC's  
4 Out of Reach Study is based on a comparison of HUD 'fair-market' rents, which usually  
5 are lower than actual apartment costs."

6 Q. DO HIGH ENERGY COSTS FALL DISPROPORTIONATELY ON THE  
7 POOR?

8 Yes, high energy costs fall disproportionately on the poor. The concept of  
9 an energy burden typically is defined as the expenditures of a household for home  
10 energy divided by the income of the household. Questar Gas Corporation indicated, in  
11 their recent pass-thru case USPC Docket No. 01-057-07, Exhibit 1.7, that the average  
12 household spent \$905.02 yearly on natural gas, with the rates effective January 1, 2001.  
13 With a monthly customer charge of \$5 monthly, 4% in city franchise fee, 2% city energy  
14 tax and 3.85% state sales taxes, the total average yearly natural gas bill is \$1055.44.  
15 Using Pacificorp's 1999 annual report on page 304, line 3, the average annual sales of  
16 KWH per residential customer is 8,018. This figure excludes time-of-day, all electric,  
17 and mobile home customers. With a monthly basic charge of \$.98, the interim rate  
18 increase, a 6% municipal tax, the energy charge, a monthly HELP surcharge of \$.12, state  
19 sales tax of 3.85% and a monthly merger credit of \$.17, the average yearly household bill  
20 is \$603. The total energy burden for a household in a city with a 6% tax is \$1658. A

1 single person, on “life-support” receiving Supplemental Security Income with a yearly  
2 grant of \$6,360 minus a \$96 HELP discount, has an energy burden of 26%. A family of  
3 two at 125% of poverty minus the HELP discount has an energy burden of 11.5%. A  
4 single parent with 2 children receiving a State FEP payment of \$451 per month minus a  
5 \$96 HELP discount has an energy burden of 31%. In combining the energy burden with  
6 high medical expenses, an individual or family finds it very difficult to make ends meet.

7 Q. WHY SHOULD THE PUBLIC SERVICE COMMISSION ADOPT THIS  
8 PROPOSAL?

9 A. The need is real and is not being met by other programs. The current process puts  
10 incredible strain on “life-support” customers and results in termination notices being  
11 issued by the Public Service Commission against Utah Power customers who are  
12 extremely fragile. This process terrorizes people. The procedures need to be reformed.

13 The program is successfully targeted and would not overly burden other  
14 customers. The benefits offset negative impacts. The program is easy and inexpensive to  
15 administer and will make a real difference in the lives of “life-support” consumers. One  
16 hundred and twenty dollars a year from LSAP, in addition to the \$96 from HELP, will  
17 greatly contribute to “life-support” people in paying their electric bills. The combined  
18 discounts of LSAP and HELP would reduce an average person’s electric bill by almost  
19 36%. This would make a significant contribution to a low-income family’s life. It is a  
20 rare opportunity to be able to do this. Please don’t waste it.

1 DOES THIS CONCLUDE YOUR TESTIMONY?

2 Yes, it does.

3