

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of the Divisions Annual Review and Evaluation of the Electric Lifeline Program, HELP</p>	<p>Docket No. 03-035-01</p>
<p>In The Matter of: HELP, Electric Lifeline Program Evaluation</p>	<p>Docket No. 04-035-21 Light and Truth Direct Testimony of Paul F. Mecham Exhibit LightandTruth 2.0</p>

FOR LIGHT AND TRUTH

September 16, 2005

1 Executive Summary

2

3 The Home Electric Lifeline Program (HELP) has been shown to be illegal and has not been
4 demonstrated to be successful.

5

6 HELP has been shown to violate the Public Interest and Just and Reasonable requirements in
7 Title 54 of the Utah Code. HELP has been shown to be pure charity and, as such, is outside
8 regulated utility operations which, in turn, raises further legal problems

9

10 The only goal that has been successfully met is that of putting money in the hands of selected
11 poor. No other substantive Goal has been demonstrated to be a success. No benefit for the
12 Company was demonstrated. No benefit for donor-ratepayers was demonstrated. Overall benefits
13 were not demonstrated to exceed detriments.

14

15 Not one of the claims upon which HELP was based has been demonstrated to be valid. That
16 includes claims of decreased arrearages, terminations, write-offs, etc.

17

18 Diligent efforts by the Division of Public Utilities (DPU), R. W. Beck, Light and Truth (L&T)
19 and Quantec have not been able to identify and demonstrate HELP success. Nor have any of the
20 other Parties provided documentation of success.

21

22 The Public Service Commission (Commission) has based its HELP decisions to date upon
23 information which is unsubstantiated and of questionable legality.

24

25 HELP has failed.

26

27 Light and Truth formally requests that the Commission order an immediate stop to forced
28 funding of the HELP Program.

29

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50 Prior actions in this Docket

51 **Q What prior actions have been taken that apply to your testimony in this Docket?**

52 A. In its order dated April 1, 2005, the Commission added the Light and Truth Exhibit 1.0,
53 Direct Testimony of Paul F. Mecham, from Docket 03-2035-02 to Docket No. 04-035-21. This
54 Exhibit 1.0 was initially filed with the Commission in hard-copy and MS Word format on
55 December 10, 2003 and was redistributed in PDF format to all Parties on February 23, 2005 as
56 part of this Docket.

57 In its order on August 1, 2005, the Commission dismissed consideration of the
58 Commission’s jurisdiction and authority to implement the HELP program and dismissed
59 consideration of the HELP program’s violation of Utah Code '54-4-37. Based upon that order, I
60 assume the Commission will not consider these issues in any testimony.

61

62 General

63 **Q Please state your name, provide your personal and organizational information and**
64 **state the purpose of this testimony.**

65 A My name is Paul Mecham. I am associated with the organization Light and Truth. Please
66 refer to Light and Truth Exhibit 1.0 for further personal qualifications and organizational
67 information and the purpose of this testimony.

68

69 **Q What is Light and Truth's feeling about assisting the poor?**

70 A It must be done. We all have an obligation to assist the poor.

71

72 **Q What is Light and Truth's feeling about using HELP to assist the poor?**

73 A Even very good ends (i.e. assist the poor) do not justify very bad means (i.e. HELP).

74

75 **Q What concept must be constantly kept in mind while evaluating the HELP**
76 **Program?**

77 A It is that merely saying something does not make it so. Nor does parroting it over and
78 over make it so. To make it so, support, demonstration and proof are required.

79

80 **Q What difference have you noted in the handling by the Commission and other**
81 **parties of statements made by HELP proponents?**

82 A One major difference in handling proponent statements has been puzzling at best. It
83 appears that proponents have been granted an unquestioned presumption of truth. They have not
84 been asked to support or defend their statements or claims. They have been allowed to simply
85 repeat them. This kind of handling would not happen with utilities in rate cases, where they are
86 questioned, audited and made to defend their statements and positions.

87

88 **Q Please compare that handling to that received by Light and Truth.**

89 A In contrast to the handling of proponents, Light and Truth has had its statements and even
90 its personal motives questioned. Worse than that, statements and requests by Light and Truth

91 have often simply been ignored.

92

93 **Q You mentioned handling by the Commission. Do you have further examples?**

94 A Yes. The Commission has not ever responded to Light and Truth's Report filed on April
95 4, 2003 or to the request it contained.

96

97 In the Commission's order in this Docket dated August 1, 2005, the Commission stated
98 the following:

99 "We will not address the matters that go to the past aspects of the HELP program
100 or disagreements on how the HELP program should have been conducted. Review
101 of the past, however, has value if it informs us of what the future may be. The
102 intended evaluation of the HELP program is to reach a **forward looking decision**,
103 what should **apply in the future**."¹ (Emphasis added)

104

105 One of the items before the Commission in this Docket is a request that HELP be
106 discontinued. If HELP were to be discontinued, there would be no "future." The Commission
107 appears to have prejudged the outcome of this Docket and determined that HELP has a future. At
108 the time of the above quoted order, the only things on record were filings on narrow legal issues
109 and testimony by Light and Truth. Even the testimony by Light and Truth had not yet been
110 subject to cross examination and discussion. There was no evaluation or determination of success
111 yet on record. The Commission appears to have inadvertently let its biases show and taken action
112 for which there is no basis on record.

113 **Illegal**

114 **Q What will your testimony show under this heading?**

115 A Light and Truth will show that HELP violates Utah Code Title 54, that it does not
116 properly belong in the regulatory arena, that it is a pure social program, and that it has other
117 serious legal problems.

¹ PSC Order 04-035-21 August 1, 2005

118 **Legal**

119 **Q What is your greatest legal concern about HELP?**

120 A HELP does not operate in the “public interest.” Nor is it “just and reasonable.”

121

122 **Q What support do you have for making those statements?**

123 A HELP’s dollar flow and benefits provide the single, largest, most obvious example. This
124 example, alone, is sufficient to convincingly demonstrate HELP’s violation of Utah Code.

125 Additional support and examples will follow.

126

127 Over the life of the HELP program the following has occurred:

- 128 ▪ \$7,000,000 was credited to a group of recipients comprising 3% of the public customers.
- 129 ▪ \$9,000,000 was surcharged from non-recipients donors who comprise 97% of the public
130 customers.
- 131 ▪ \$2,000,000 of the \$9,000,000 was an excess surcharge from non-recipient donors that did
132 not benefit anyone.
- 133 ▪ No value or benefit of any kind accrued to the 97% of the public who are non-recipient
134 donors.
- 135 ▪ If non-recipients had refused to pay the surcharge, their electric power would have been
136 turned off.
- 137 ▪ None of the Parties have refuted any of the above.

138

139 The forced taking of \$9,000,000 from 600,000 Pacificorp customers and giving them nothing in
140 return is neither just nor reasonable. The HELP program is simply the transfer of money from the
141 pockets of one group to the pockets of another which, similarly, is neither just nor reasonable.

142 Benefiting 3% of the public to the harm of 97% of the public is not acting in the public interest.

143

144 HELP is contrary to the public interest and is unjust and unreasonable.

145

146 **Q Upon what do you base your claim that HELP should be in the public interest and**

147 **be just and reasonable?**

148

149 The Commission has a mandate in Utah Code to act in the public interest and be just and
150 reasonable. So do the Division of Public Utilities (Division), the Committee of Consumer
151 Services (Committee) and the utility. The following quotes from Utah Code demonstrate this.

152

153 **“54-4-2. Investigations -- Hearings and notice -- Findings.**

154 Whenever the **commission** believes that in order to secure a compliance with
155 the provisions of this title or with the orders of the commission, or that it will be
156 otherwise **in the interest of the public**, an investigation should be made of any act
157 or omission to act, or of anything accomplished or proposed, or of any schedule,
158 classification, rate, price, charge, fare, toll, rental, rule, regulation, service or facility
159 of any public utility, it shall investigate the same upon its own motion, and may fix a
160 time and place for a hearing thereof with notice to the public utility concerning which
161 such investigation shall be made, and upon such hearing shall make such findings
162 and orders as shall be **just and reasonable** with respect to any such matter.”²

163 (Emphasis added)

164

165 **“54-4a-6. Objectives.**

166 In the performance of the duties, powers, and responsibilities committed to it by
167 law, the **Division of Public Utilities** shall act in the **public interest** in order to
168 provide the Public Service Commission with objective and comprehensive
169 information, evidence, and recommendations consistent with the following
170 objectives:

171 (1) promote the safe, healthy, economic, efficient, and reliable operation of all
172 public utilities and their services, instrumentalities, equipment, and facilities;

173 (2) provide for **just, reasonable**, and adequate rates, charges, classifications,
174 rules, regulations, practices, and services of public utilities;. . .”³ (Emphasis added)

175

176 **“54-10-2. Committee of Consumer Services created -- Members -- Terms --**

2 UCA 54-4-2

3 UCA 54-4a-6

177 **Qualifications -- Appointment -- Organization.**

178 (1) (a) There is created within the Division of Public Utilities of the Department of
179 Commerce a Committee of Consumer Services.”⁴

180

181 **“54-10-4. Duties and responsibilities of committee.**

182 The **Committee of Consumer Services** shall have the following duties and
183 responsibilities: . . . (3) The committee shall be an advocate on its own behalf
184 and in its own name, of **positions most advantageous to a majority of**
185 **residential consumers** as determined by the committee . . .”⁵ (Emphasis added)

186

187 **54-3-1. Charges must be just; service adequate; rules reasonable.**

188 All charges made, demanded or received by any **public utility**, or by any two or
189 more public utilities, for any product or commodity furnished or to be furnished, or
190 for any service rendered or to be rendered, shall be **just and reasonable**. Every
191 unjust or unreasonable charge made, demanded or received for such product or
192 commodity or service is hereby prohibited and declared unlawful.”⁶ (Emphasis
193 added)

194

195 The words “public interest” and “just and reasonable” also appear a multitude of other
196 times in Title 54 of the Utah Code. The above are just a few examples.

197

198 **Q What is your position on the actions of the Commission, the Division the Committee**
199 **and Pacificorp relative to HELP?**

200 **A** I believe that, in implementing HELP and allowing it to continue, the Commission is
201 violating Title 54 of the Utah Code.

202

203 I believe that, in both taking a neutral position on HELP in the past and now actively
204 supporting HELP, the Division is violating Title 54 of the Utah Code. I believe the Division’s

4 UCA 54-10-2

5 UCA 54-10-4

6 UCA 54-3-1

205 knowledge of HELP's failures demonstrated in its annual reports amplifies this violation.

206

207 I believe that the Committee has the same obligations as the Division in that it was
208 "created within the Division." It has further obligations in acting for the "majority of residential
209 customers." I believe that supporting HELP by defining 3% as a majority certainly violates the
210 requirement to be reasonable. I believe that, in supporting HELP, the Committee is violating
211 Title 54 of the Utah Code.

212

213 I believe that, in charging 97% of the public customers for HELP, Pacificorp is violating
214 Title 54 of the Utah Code. I believe that, after being made aware of the legal problems with
215 HELP, Pacificorp's failure to approach the Commission to correct the problem amplifies this
216 violation.

217

218 **Q The Parties frequently refer to HELP being a tariff. What comments do you have on**
219 **that topic?**

220 A The following analogy might aid in understanding one role of tariffs in this Docket. An
221 officer pulled a car over and had the following discussion:

222 Officer: Hello

223 Driver: I was obeying the speed limit. Even my passengers saw my speedometer.

224 Officer: I pulled you over because you ran a stop sign.

225 Driver: But I was obeying the speed limit.

226 Officer: And your license has expired.

227 Driver: But I was obeying the speed limit.

228 Officer: And I notice that you are not wearing your seatbelts.

229 Driver: But I was obeying the speed limit.

230

231 **Q How is that analogous to this docket?**

232 A The following exchange is essentially going on in this docket:

233 L&T: Hello

234 Parties: HELP is a proper tariff. We all agree

235 L&T: HELP is not in the public interest.

236 Parties: But HELP is a proper tariff.

237 L&T: HELP is not just and reasonable.

238 Parties: But HELP is a proper tariff.

239 L&T: HELP has never been shown to be a success.

240 Parties: But HELP is a proper tariff.

241 L&T: HELP violates several laws.

242 Parties: But HELP is a proper tariff.

243

244 **Q In simple language, what was the point the analogy demonstrates?**

245 A Even if (and that's a giant IF) HELP is a proper tariff, that does not exempt it from other
246 laws and requirements.

247

248 **Q Do you have any other legal concerns about HELP?**

249 A Yes, I have several. Most of them are related to my belief that HELP is not operating
250 within utility regulation. One way to show this is to compare HELP with the Telephone Lifeline
251 Program (which L&T believes to be legal), showing similarities and differences as follows:

252

	Telephone Lifeline	HELP
Program recipients	Qualified Poor customers	Qualified Poor customers
Source of program funds	Non-recipient customers	Non-recipient customers
Provides benefits to non-recipients	Yes, allows telephone contact between recipients and non-recipients which might not, otherwise, be possible.	No, no benefits accrue to one customer if another customer either does or does not have electrical service.
Involves utility operation, function and costs	Yes, involves all utility functions and costs. Benefit is essentially 50% of those costs.	No, there is no involvement. Benefit is flat rate unrelated to utility operation or costs.

Involved in cost of service and rate spread in a rate case	Yes, per the above.	No, the only involvement was the initial establishing of HELP tariffs
Provides lifeline utility service	Yes, lifeline supported telephone service is provided.	No, HELP provides no electric service. The utility is merely an agent for collecting and disbursing.

253

254 It is clear from the above that the telephone lifeline program has ties to and is part of
255 utility regulation while HELP is not. HELP is outside utility regulation.

256

257 **Q Would it be of value to have a definition of public interest?**

258 A It surely would. Light and Truth submitted a data request to the Parties which included
259 the following:

260 "3 . . . what is your definition of 'public?'"

261 Nearly all the responses began with "OBJECTION." Most responses then listed the here, there
262 and everywhere that a definition might be found. Not one response included an actual definition.
263 Light and truth hopes that when the Parties file testimony, there might be more substance.

264

265 **Q Do you have a definition of public or public interest to suggest for this docket?**

266 A I have several references that give us clues as to what the definition in this Docket ought
267 to include and ought to be. They are enumerated following.

268

269 In its Report and Order in the ScottishPower/PacifiCorp Merger, dated November 23,
270 1999, the Commission said the following:

271 "The Commission also issued a Memorandum to Parties on April 2, 1999, in which
272 we concluded that the Applicants would have to meet the **net positive benefit**
273 **standard** for the merger to be approved."7 (Emphasis added)

274

275 We can learn the importance of this to the Commission in the Commission's press release

7 PSC Order in 98-2035-04

276 issued November 23, 1999. The very first paragraph said:

277 “Today the Public Service Commission of Utah issued an order approving
278 ScottishPower’s merger with Pacificorp. After thoroughly examining all of the issues
279 in the case, the Commission concluded that the application met the **required**
280 **standard of producing net positive benefits to customers** and to the state.”
281 (Emphasis added)

282

283 This standard of net positive benefit to customers is currently being applied to the current
284 MidAmerican/Pacificorp sale. It is worth noting what the above statement said “customers.” It
285 did not say “some customers” or even “most customers;” it simply said “customers.”

286

287 Another very parallel clue comes from the first HELP order by the Commission that said:

288

289 “. . .the benefits of the program should offset negative impacts on rate making
290 objectives . . .”⁸

291

292 Title 54 of the Utah Code gives us another clue. That is that the “public” considered in
293 the public interest should be the majority of the public. That shows in a section already quoted
294 about the Committee. That is:

295

296 **“54-10-4. Duties and responsibilities of committee.**

297 The Committee of Consumer Services shall have the following duties and
298 responsibilities: . . . (3) The committee shall be an advocate on its own behalf
299 and in its own name, of positions most advantageous to **a majority of residential**
300 **consumers** as determined by the committee . . .”⁹ (Emphasis added)

301

302 **Q From those clues, how do you define public interest?**

303 **A The best definition is a net positive benefit to all customers. At an absolute minimum, it**

8 PSC Order in 97-035-01
9 UCA 54-10-4

304 is a net positive benefit to over half of the customers or public.

305

306 **Q Please apply that to HELP.**

307 A HELP is not a net positive benefit. Nor does what little benefit it has apply to over half
308 the public. HELP violates the public interest standard any way you look at it.

309

310 ***Social***

311 **Q Is HELP a social program or a utility program?**

312 A This testimony has clearly shown that HELP has no demonstrated benefits of any kind to
313 the donor ratepayers or to the utility and is, therefore, a purely social program.

314

315 **Q What about the argument put forth by Quantec (and others) that cross-class
316 subsidies exist elsewhere?**

317 A. To the best of Light and Truth's knowledge, the mentioned subsidies involve a utility cost
318 that is being shifted (like Utah's telephone lifeline program). Again to the best of Light and
319 Truth's knowledge, the Commission has never included HELP as a utility cost and as part of rate
320 spread (beyond establishing the charges/credits in tariffs 1 and 3) and there has been no claim by
321 any party that HELP is related to the cost of utility operation.

322

323 **Q What about the Commission's statement about "...legitimate regulation of utilities
324 in the 'public interest.'?"**

325 A In the Commission's order in Docket No. 99-035-10, the Commission stated:

326 "Examples abound to demonstrate that one person's improper 'social welfare'
327 program is another person's legitimate regulation of utilities in the 'public interest.'"

328 I believe this statement was made assuming the claims made by proponents were true. It has now
329 been shown that the claims are unfounded and there are no benefits beyond recipients. As in the
330 answer immediately preceding on cross-class subsidies, to the best of Light and Truth's
331 knowledge, the Commission has never included HELP as part of rate spread (beyond establishing
332 the charges/credits in tariffs 1 and 3) and there has been no claim by any party that HELP is

333 related to the cost of utility operation. The Commission now has enough facts to know that HELP
334 is not a “regulation of utilities,” that HELP is not in the “public interest” and that HELP is not
335 “just and reasonable.” HELP improperly acts through a utility, Pacifcorp, and directly
336 “regulates” citizens who happen to be utility account holders.

337

338 **Q What, then, is Light and Truth’s position on HELP as a social program?**

339 A HELP is an anomaly in Utah’s utility regulatory arena. There is no real Utah precedent for
340 it. There is no specific authorization for it in Code, either as a program itself or as an authorized
341 action of the Commission.

342

343 **Q Has the commission said anything about social programs in this Docket?**

344 A Yes. It said:

345 “. . . the benefits of the program should offset negative impacts on rate making
346 objectives and should be sufficient to overcome the **Commission’s reluctance to**
347 **effectuate social policy** by means of altered electricity rates.”¹⁰ (Emphasis
348 added)

349 In HELP, the Commission is doing the very thing it initially said it was reluctant to do.

350

351 **Q Can we learn anything on this topic from the 1992 Supreme Court “contributions”**
352 **case?**

353 A Yes. We can learn a great deal. The Supreme Court order, on its own as well as quoting
354 the commission, says many things about the impropriety of charging charitable contributions to
355 ratepayers. The order sums up the case in the following quote:

356 “In its 1969 order, the commission stated that it had not allowed other utilities to
357 charge contributions to ratepayers and specifically ruled that Mountain Bell could
358 not do so. The 1969 proceedings produced both an “order” and a “decision,” as
359 those terms are defined above. The order established Mountain Bell’s rates for that
360 case, and the decision established a general rule of law that **charitable**

361 **contributions could not be charged to ratepayers. . . .**¹¹ (Emphasis added)

362

363 **Q How does that fit HELP?**

364 A It has now been shown that HELP is nothing more than a charitable contribution. The
365 Commission established that charitable contributions could not be charged to ratepayers. The
366 commission has now turned around and done the very thing it prohibited utilities from doing. It is
367 charging charitable contributions to ratepayers. It is using a utility (Pacifcorp) as the conduit
368 through which to make the charges.

369

370 **Q Is there more to be gleaned from the Supreme Court “charitable” order?**

371 A Yes. The order contains the following, often quoted, passage.

372 “Rate-making proceedings are not to be conducted on the basis of gamesmanship.
373 The disclosure of charitable contribution expenses near the end of a multiple-page
374 exhibit attached to financial statements and under the general heading of
375 “Miscellaneous” expenses does not comply with Mountain Bell’s duty to petition the
376 Commission to change its ruling on charitable contributions.”¹²

377 Perhaps it is “gamesmanship” for the Commission to violate its own rule by charging ratepayers
378 for HELP’s charitable contributions through a utility. Perhaps it is Pacifcorp’s duty to petition
379 the commission to change its ruling on HELP’s charitable contributions.

380

381 **Q Are there other laws pertaining to charitable contributions?**

382 A Yes. Utah’s Charitable Solicitations Act sets many requirements relative to the
383 solicitation of charitable contributions. A great number of these requirements are being violated
384 by the parties operating HELP. The demonstration that HELP is nothing more than pure charity
385 opens up a veritable pandora’s box for the parties operating HELP.

386

11 Utah Supreme Court case No. 900020, December 31, 1992

12 Utah Supreme Court case No. 900020, December 31, 1992

387 Failed and Harm is Growing

388 **Q What will your testimony show under this heading?**

389 A Light and Truth will show that, beyond the obvious success in putting money in the hands
390 of selected poor, no other substantive success has been demonstrated. Light and Truth will show
391 that the claims and assumptions made by proponents have not been supported, demonstrated or
392 proven. This testimony will show that there is no indication that any of these conditions will
393 change in the future. This testimony will also show that the harm being done by HELP is
394 continuing and growing.

395

396 **Q What is the single most important aspect in evaluating the HELP Program?**

397 A It is most important to demonstrate success as opposed to proving failure. The HELP
398 Program began based upon assumptions and unsupported claims. For HELP to be evaluated to be
399 successful, these assumptions must be proven and the claims must be supported. Anything short
400 of this indicates failure. The Commission ordered,

401

402 "The Division will evaluate the effectiveness and **success** of the program..."

403 (Emphasis Added)13

404

405 The burden is on those making the assumptions and claims. Reporting terms like may,
406 might, inconclusive and indeterminate are indicative of lack of success or, more specifically,
407 indicative of failure.

408

409 **Q Has the Commission ever asked to demonstrate failure?**

410 A No. It has only asked to demonstrate success, which has not been done.

411

412 ***Not demonstrated or supported***

413 **Q. What goals have been identified for the HELP Program?**

414 A The Division of Public Utilities (DPU) through its series of reports and Light and Truth in
415 its Report have all included five major goals. The sequence and the priority and grouping have
416 varied over time but the five have remained consistent since their first extraction from orders
417 published by the Commission. Those five are:

- 418 • Provide benefits to the low-income program recipients;
- 419 • Provide benefits to non-recipient utility customers in general;
- 420 • Provide benefits to PacifiCorp in the form of lower overhead costs;
- 421 • Provide benefits that offset negative impacts; and
- 422 • Do not overly burden non-recipients.

423

424 **Q Has the first goal been met (benefits to recipients)?**

425 A Yes.

426

427 **Q Have the next three goals involving benefits to parties other than recipients been
428 met?**

429 A No. There have not been any other benefits of any kind demonstrated as a result of the
430 HELP Program. Costs and other detriments of the HELP Program have been carefully
431 demonstrated in the various reports and in this testimony but not one benefit has been
432 demonstrated to anyone other than recipients.

433

434 **Q What about the fifth goal of not overly burdening non-recipients?**

435 A The claim that HELP is not overly burdensome has been parroted by many parties but no
436 proof has been proffered. No surveys have been taken of the actual non-recipient donors. The
437 “burden” parroted has almost exclusively been mentioned as an individual monthly charge. It
438 has been seldom mentioned in the annual and almost never mentioned in the aggregate. The
439 times the aggregate amount is parroted is when it’s the source of HELP Program funds for
440 recipients, not a burden on donors. To Light and Truth’s knowledge, the only time a party

441 mentioned non-recipient donor burden in the aggregate was when Quantec stated:

442

443 “... the ratepayers test (B/C ratio of 0.82 and net value of -\$860,934). This test is
444 applied to investigate the Program goal of providing a bill discount ***without being***
445 ***burdensome to non-recipient customers***. The strictest interpretation of this
446 statement is that the Program has to provide a benefit in decreased utility cost that
447 is equal to the cost in surcharge. As such, ***the Program does not pass the***
448 ***test.***”¹⁴ (Emphasis Added)

449

450 **Q Were there claims made by HELP proponents, assumptions made by the**
451 **Commission or any unknowns at the time HELP was implemented?**

452 A Yes. Those claims, assumptions and unknowns form the very foundation of HELP.

453

454 **Q Of what significance are these claims, assumptions and unknowns?**

455 A Being the very foundation of HELP, support for the claims and assumptions and the
456 demonstration of their validity along with the satisfactory resolution of any unknowns determine
457 whether HELP has succeeded or failed.

458

459 **Q Has support for any of the claims and assumptions been demonstrated and have the**
460 **unknowns been resolved?**

461 A Only one. The claim that HELP would benefit recipients appears to have been
462 demonstrated to the satisfaction of all parties of which Light and Truth is aware.

463

464 **Q What about all the other claims?**

465 A None of the other substantive claims and assumptions have been supported or
466 demonstrated to be a success. Nor have the substantive unknowns that have been identified been
467 successfully resolved. Some non-substantive, procedural goals have been met such as; comply
468 with ordered procedures, be administratively simple and easy to administer, etc.

469

470 **Q What about input from other parties?**

471 A For the most part, there has simply been silence. In December of 2003, during Docket No.
472 03-035-01, Light and Truth submitted Data Requests to PacifiCorp, CCS, CAP and CUC to
473 obtain any information that they might provide. A few replies merely stated that they had no
474 information. Most replies avoided responding by using legal technicalities. The end result is that
475 the other parties have not demonstrated HELP success.

476

477 **Q Have any other parties spoken in support of the 600,000 “donor” ratepayers?**

478

479 A Light and Truth could find no time on the record where any party other than Light and
480 Truth has spoken in support of or in favor of the non-recipient donors. One party has indicated
481 some costs to these ratepayers such as the collection rate being too high and the fund balance
482 being too large but these indications were not stated as support for the donor ratepayers. Any
483 support would have to be read as an implication in their language, not a direct statement of
484 support.

485 ***Then and Now***

486

487 **Q You have made some strong statements in the previous questions and answers. Will**
488 **you please list the goals, substantive claims, assumptions and unknowns along with your**
489 **support for your conclusions?**

490 A Yes, I will. In this “Then and Now” section, each item on the list is footnoted and
491 referenced to specific testimony, orders, studies, data responses, etc. The “Then” shows the
492 specific claim, assumption or unknown. The “Now” shows the current status and/or what has
493 been learned to date. The last line of each item shows whether that item indicates HELP success
494 or failure

495 **Goals**

496

497 BENEFIT TO RECIPIENTS

498 Then: Claimed Benefit to Recipients

499 Since: All Parties agree that Recipients are Benefited

500 Now: THE CLAIM IS MET

501 H.E.L.P. SUCCEEDS

502

503 BENEFITS TO RATEPAYERS IN GENERAL

504 Then: Claimed Benefits to Ratepayers in General

505 Since: No party has demonstrated any benefits to Ratepayers in General

506 Now: THE CLAIM REMAINS UNSUBSTANTIATED

507 H.E.L.P. FAILS

508

509 BENEFITS TO PACIFICORP

510 Then: Claimed Benefits to PacifiCorp

511 Since: No party has demonstrated any benefits to PacifiCorp

512 Now: THE CLAIM REMAINS UNSUBSTANTIATED

513 H.E.L.P. FAILS

514

515 BENEFITS OFFSET NEGATIVE IMPACTS

516 Then: Claim that benefits offset negative impacts

517 Since: No party has demonstrated that benefits offset negative impacts

518 Now: THE CLAIM REMAINS UNSUBSTANTIATED

519 H.E.L.P. FAILS

520 **Claims**

521

522 ARREARAGES

523 Then: Claimed reduction in Arrearages

524 Since: DPU says, Limited Value, Inconclusive¹⁵

525 R.W.Beck says, Red Flag only¹⁶

526 Quantec says, sample shows decrease¹⁷

527 CCS says, could be useful¹⁸

528 L&T says, Data good for information only. Quantec sample cannot be expanded

529 to the complete PacifiCorp data.

530 Now: Available Data is NOT attributable

531 THE CLAIM REMAINS UNSUBSTANTIATED

15 DPU HELP first annual report, pgs 21, 37, 38

16 Beck Report, pg 4-4

17 Quantec report, pg IV-7

18 CCS comments to the PSC, March 11, 2003, pgs 4, 9

532 H.E.L.P. FAILS
533

534 TERMINATIONS

535 Then: Claimed reduction in Terminations
536 Since: DPU says, Limited Value, Inconclusive¹⁹
537 R.W.Beck says, Red Flag only²⁰
538 Quantec says, no statistically significant differences²¹
539 CCS says, Keep track of info²²
540 CAP says, reduction²³
541 L&T says, Data good for information only.
542 Now: Available Data is NOT attributable
543 THE CLAIM REMAINS UNSUBSTANTIATED
544 H.E.L.P. FAILS
545

546 TO COLLECTION AGENCIES

547 Then: Claimed reduction in Accounts to Collection Agencies
548 Since: DPU says, Limited Value, Inconclusive²⁴
549 R.W.Beck says, Red Flag only²⁵
550 CAP says, reduction²⁶
551 L&T says, Data good for information only
552 Now: Available Data is NOT attributable
553 THE CLAIM REMAINS UNSUBSTANTIATED
554 H.E.L.P. FAILS
555

556 WRITE OFFS

557 Then: Claimed reduction in Write Offs
558 Since: DPU says, Limited Value, Difficult, Inconclusive²⁷
559 R.W.Beck says, Red Flag only²⁸
560 CCS says, Keep track of info²⁹
561 L&T says, Data good for information only

19 DPU HELP first annual report, pgs 22, 37, 38
20 Beck report, pg 4-5
21 Quantec report, pg IV-5
22 CCS comments to the PSC, March 11, 2003, pgs 5, 9
23 PSC Order 97-035-01 Lines 185-186
24 DPU HELP first annual report, pgs 22, 38
25 Beck report, pg 4-7
26 PSC Order 97-035-01 Line 185
27 DPU HELP first annual report, pgs 22, 35, 38
28 Beck report, pg 4-8
29 CCS comments to the PSC, March 11, 2003, pgs 5, 9

562 Now: Available Data is NOT attributable
563 THE CLAIM REMAINS UNSUBSTANTIATED
564 H.E.L.P. FAILS
565

566 **RECOVERIES**

567 Then: Claimed reduction in Recoveries
568 Since: DPU says, Limited Value, Inconclusive³⁰
569 R.W.Beck says, Red Flag only³¹
570 CCS says, Keep track of info³²
571 L&T says, Data good for information only

572 Now: Available Data is NOT attributable
573 THE CLAIM REMAINS UNSUBSTANTIATED
574 H.E.L.P. FAILS

575 **Unknowns**

576

577 **PSC STATEMENTS**

578 Then: The PSC made the following statements in its orders
579 "...if the assumptions are correct..."³³
580 "...speculative nature of this assertion..."³⁴
581 "...unanswered questions..."³⁵
582 "...we asked for more information..."³⁶

583 Now: No party has provided valid information supporting the assumptions or assertions
584 THE REQUIRED INFORMATION IS STILL MISSING
585 H.E.L.P. FAILS
586

587 **Other Issues**

588

589 **Q Are there other issues or measures that you have not discussed?**

590 **A** Yes. They include the administrative processes of surcharging or crediting funds,
591 accounting accuracy and other procedural and administrative measures.

30 DPU HELP first annual report, pgs 23, 36, 38

31 Beck report, pg 4-9

32 CCS comments to the PSC, March 11, 2003, pgs 5, 9

33 L&T report April 4, 2003, Attch 2, PSC Order 97-035-01 (extract) lines 181-183

34 L&T report April 4, 2003, Attch 2, PSC Order 97-035-01 (extract) lines 184-188

35 L&T report April 4, 2003, Attch 2, PSC Order 97-035-01 (extract) lines 209-212

36 L&T report April 4, 2003, Attch 2, PSC Order 99-035-10 (extract) lines 41-46

592

593 **Q Of what importance or significance are they?**

594 A They are unique in that they have the potential to prove failure but have no potential to
595 prove success. Had the process been too difficult or had there been major accounting difficulties,
596 that could have added to the demonstration of failure. On the other hand, had these procedural
597 processes been shown to all be proper (and most were), they are simply assumed and do not
598 demonstrate benefits that indicate success. In an analogy with the Titanic, the procedural deck
599 chairs might be all in a nice row but that doesn't change the icebergs of harm to ratepayers'
600 property rights or missing demonstrated benefits.

601

602 **Q Do you see any other procedural deck chairs?**

603 A Yes. The stipulation proposed by the parties in this Docket is pure procedure. It proposes
604 minor modifications to procedures. It contains absolutely no substantive support or
605 demonstration of HELP's success either past, present or future. It does not even mention the
606 icebergs of harm to the public ratepayers.

607

608 **Q The above questions and answers address the past and the present. How does that
609 relate to the future?**

610 A There is absolutely no indication from any party that anything will change in the future.
611 There is no indication that new data will be provided. There is no indication how any data will be
612 attributed to the HELP program in the future. There is no indication about who will provide any
613 additional proof or substantiation in the future. All we have before us from the Parties are
614 repeated, unsubstantiated claims along with proposed minor refinements that will never correct
615 the substantive HELP problems. If HELP continues into the future, it will be a repeated, carbon-
616 copy of the problems, failure and damage to the public interest of the past.

617

618 **Quantec**

619

620 **Q What will your testimony show under this heading?**

621 A It will show that Quantec's report content did not demonstrate the attributability
622 of PacifiCorp's statistics as needed despite warnings and input prior to report finalization. It will
623 show that Quantec's Report is little more than a sales pitch similar to the less sophisticated sales
624 pitches received from CAP and Crossroads over the last five years.

625

626 The DPU report of March 24, 2005 accurately described the statistical deficiencies of the
627 Quantec Report. Light and Truth believes those deficiencies, alone, are sufficient to totally
628 dismiss the report. But, anticipating an attempt to revive at least parts of the report, the following
629 rather detailed analysis is provided.

630

631 **Q Did Quantec investigate benefits to recipients or donor ratepayers?**

632 A Quantec looked almost exclusively at recipients. All parties have agreed from the
633 beginning that HELP would benefit recipients. Quantec demonstrated no benefits to ratepayers.
634 In fact, on pages ES-6 and IV-10 of the Report, Quantec stated:

635

636 "... the ratepayers test ... has to provide a benefit in decreased utility cost that is
637 equal to the cost in surcharge. As such, **the Program does not pass the test.**"
638 (Emphasis Added)

639

640 On page ES-7 of the Report Quantec stated:

641

642 "The Program does not pass the Ratepayers' test producing a net monthly cost per
643 ratepayer of 1.86 cents."

644

645 More about this topic will be provided in this testimony later.

646

647 **Q Did Quantec use sampling?**

648 A Yes.

649

650 **Q When are sampling techniques used?**

651 A Probably the most well known use is in surveys where a statistical sample of a group is
652 asked a question. The responses of the sample are used to predict what the response would be of
653 the total group. The sample and the total group are presumed to be statistically the same. A
654 confirmation of the sample's accuracy could be gotten by surveying the total group.

655

656 **Q Are there differences in the way Quantec uses sampling in evaluating the PacifiCorp**
657 **HELP data?**

658 A Yes. The total HELP data are already known. Quantec tries to use a sample to attribute
659 cause to a given factor.

660

661 **Q What if the sample differs from the total data?**

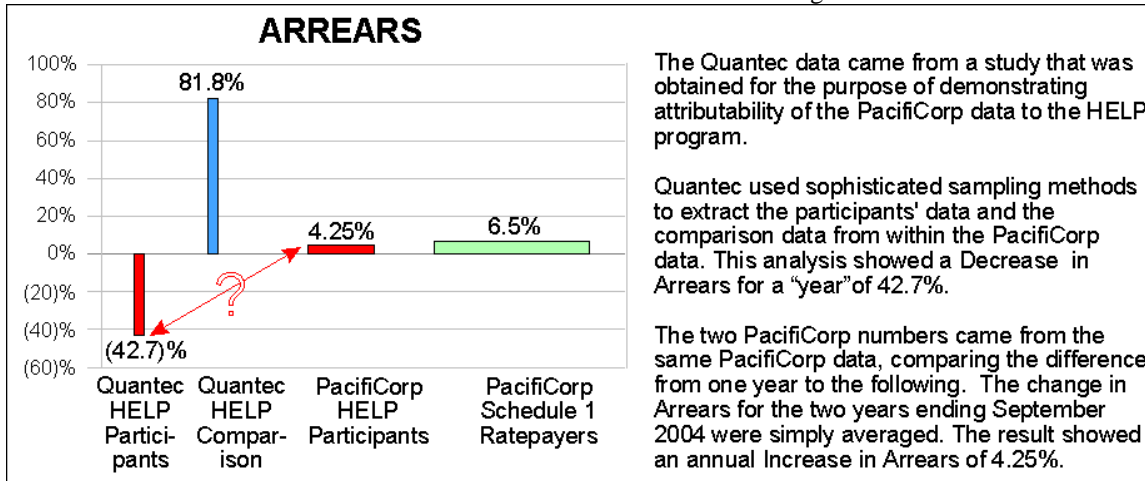
662 A Something is wrong. The problem could be the sample selection, the attributed cause or
663 something else. This very problem has occurred in Quantec's analysis, as will be shown in the
664 following questions and answers.

665

666 **Q Did Quantec investigate Arrears?**

667 A Yes. They found a decrease of 42.7% for HELP recipients in their sample that they
668 attributed to HELP. This contrasted with the increase of 4.25% that the entire PacifiCorp data
669 showed. This discrepancy is illustrated in the graph below. It is important to note that while the
670 PacifiCorp data is the best and most complete available, changes in it still have not been
671 attributed to HELP. The Quantec data are not in the same direction (negative instead of positive)
672 and not even in the same order of magnitude as the known total Pacificorp data.

673



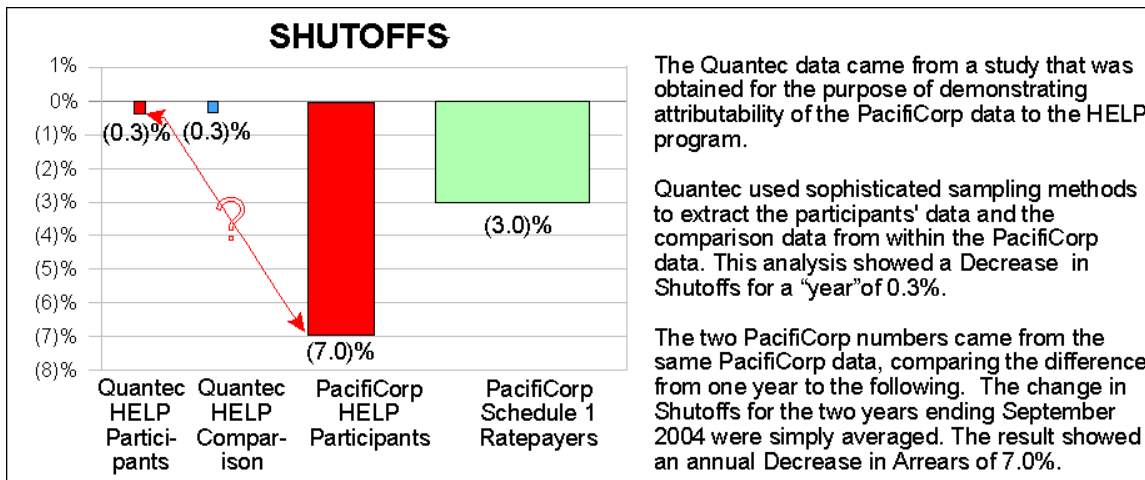
674

675

676 **Q Did Quantec investigate Shutoff Notices?**

677 A Yes. They found a decrease of 0.3% for HELP recipients in their sample that they
 678 attributed to HELP. This contrasted with the decrease of 7.0% that the entire PacifiCorp data
 679 showed. This discrepancy is illustrated in the graph below. Again, it is important to note that
 680 while the PacifiCorp data is the best and most complete available, changes in it still have not
 681 been attributed to HELP. The Quantec data are not even in the same order of magnitude as the
 682 known total PacifiCorp data.

683



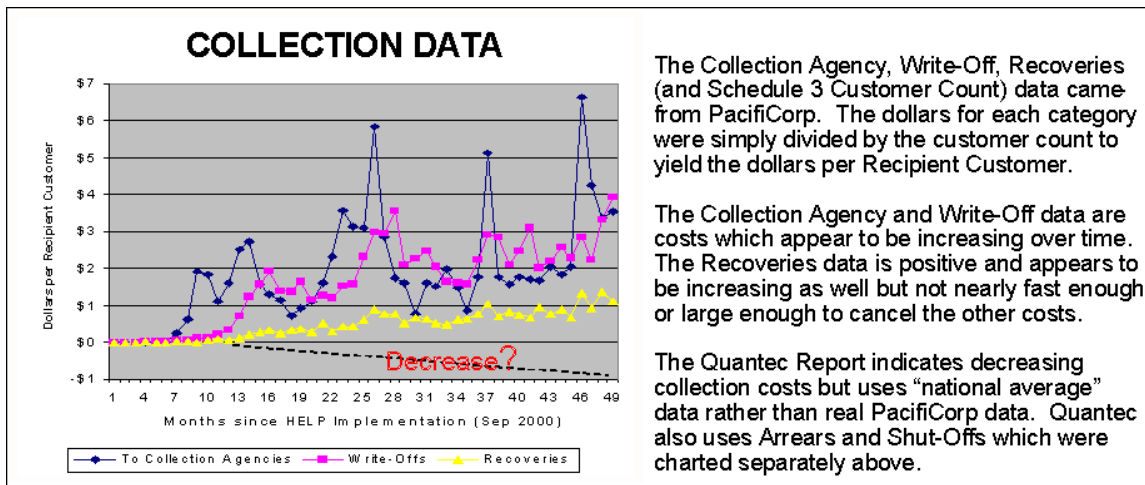
684

685

686 **Q Did Quantec investigate Collection Costs?**

687 A Yes, Quantec addressed Collection Costs in a variety of places in the report. Sometimes

688 the discussion was tied to other topics (like shutoff notices, etc.) where data is available from
689 PacifiCorp. Other times Quantec tied Collections to phone calls, letters, etc. but provided no
690 PacifiCorp data for support. Other PacifiCorp data is available and has been supplied since HELP
691 implementation. The “dollar” portion of that data (as opposed to the “number” of instances) are
692 charted below. Again, it is important to note that while the PacifiCorp data is the best and most
693 complete available, changes in it still have not been attributed to HELP. The Quantec data are not
694 even in the same direction (negative instead of positive) as the known total Pacificorp data.
695



696
697

698 **Q Did you ask Quantec to explain these discrepancies?**

699 **A** Yes. Prior to the final publication of Quantec’s report, I described the data difference in
700 tables and submitted the tables along with the following written question to them:

701

702 “What is the significance when the small sample Quantec data differs from the total
703 PacifiCorp data in either the direction (positive or negative) and/or in the order of
704 magnitude? Please explain.”

705

706 Quantec gave the following response:

707

708 “Quantec employed census of participants and equal sized samples of
709 nonparticipants. There is no issue with small samples in our analysis. **Explaining the**

710 ***difference between our analysis and that presented in the tables above is***
711 ***beyond the scope of our project.***” (Emphasis added)

712

713 **Q What is Light and Truth’s reaction?**

714 A I believe that any sampling must be consistent with, indicative of, and supportive of the
715 total, not grossly contradictive as Quantec’s sampling results have been shown to be. Quantec’s
716 work is certainly statistically sophisticated and may be arithmetically accurate. But the
717 Commission’s (and the other parties’) needs in the evaluation of HELP are to see if any changes
718 in PacifiCorp’s data can be attributed to HELP and if the magnitude of those changes exceed the
719 costs. To these ends, I believe Quantec’s sampling work is simply of no value.

720

721 Whatever sampling or results which are described by Quantec appear to be incapable of
722 being extrapolated to explain the PacifiCorp data already before the Commission. The data from
723 PacifiCorp still cannot be attributed to HELP just as attribution has failed from the very inception
724 of the program. The much repeated claimed benefits of reduced Arrears, reduced Shutoff
725 Notices, reduced Collection costs etc. have never been demonstrated and cannot be used to prove
726 the success of HELP.

727

728 **Q For the sake of discussion and assuming that Quantec’s sampling is accurate, what**
729 **is the best that could be said about Quantec’s findings?**

730 A Light and truth could not find any data in the Report on the size of Quantec’s samples. It
731 certainly was significantly less than the approximately 20,000 HELP recipients and obviously
732 less than the approximately 600,000 HELP donor ratepayers. As demonstrated above, whatever
733 attributability there might be in the selected samples, those samples cannot be extrapolated up to
734 the entire PacifiCorp data populations. Whatever actual dollar impact there might be that could
735 be reliably quantified in those samples, it would be miniscule and meaningless.

736

737 **Q Did Quantec apply any economic tests in its findings?**

738 A Yes. On page IV-9 of Quantec’s Report, the following was stated:

739

740 “Cost effectiveness tests for traditional demand-side management programs are fairly
741 well defined (California Standard Manual). These tests apply properly to programs
742 that are aimed at reducing energy consumption. They are not intended for programs
743 that offer assistance to low-income customers through straight cash donations or rate
744 discounts. To our knowledge, no such tests exist. ...”

745

746 After admitting that the DSM economic tests are not intended to apply to programs like
747 HELP, the Quantec Report then attempted to apply the TRC and Ratepayer tests to HELP and to
748 a combination of HEAT and HELP.

749

750 **Q What about using HEAT in this Docket?**

751 A It has only one very small role that could be considered appropriate. That is as one factor
752 in determining eligibility of recipients. Any other use, like the above Quantec exercise is
753 misleading and inappropriate. Quantec’s (1) failure to demonstrate that HELP, alone, passes the
754 TRC, (2) adding in HEAT to make it appear the combination passes the test and then (3)
755 removing HEAT and saying that HELP now succeeds is like the classic shell game. The exercise
756 proves nothing. Including HEAT in the Report was uncalled for and simply muddies the waters.

757

758 **Q Is there a test that Quantec should have applied but did not?**

759 A It should have applied the “Common Sense” test. This test is not sophisticated or
760 commanded by some state law. It’s just one that we all should apply. Had the Report used this
761 test, the failings of the Quantec Report would have become painfully obvious. The Arrears, Shut-
762 Offs and Collection data that bore no relationship to the real-world total PacifiCorp data (as
763 shown above) and the inclusion of extraneous HEAT data are just a few examples that fail the
764 Common Sense test.

765

766 **Q Is there a test and/or result in the Quantec Report with which Light and Truth**
767 **agrees?**

768 A Definitely yes. On pages ES-6 and IV-10 of Quantec’s Report, the following was stated:

769

770 "... the ratepayers test (B/C ratio of 0.82 and net value of -\$860,934). This test is
771 applied to investigate the Program goal of providing a bill discount *without being*
772 *burdensome to non-recipient customers*. The strictest interpretation of this statement
773 is that the Program has to provide a benefit in decreased utility cost that is equal to
774 the cost in surcharge. As such, **the Program does not pass the test.**" (Emphasis
775 Added)

776

777 The above Report statement not only applies to the "burdensome" goal, it applies to the
778 "benefits to ratepayers" goal and the "benefits exceed detriments" goal. Simply, the Program
779 does not pass the test.

780

781 **Q Did Quantec mention qualitative or societal benefits to RECIPIENTS?**

782 A Yes. Quantec stated that qualitative benefits were not used in their calculations and
783 evaluation but they included qualitative arguments repeatedly. On page IV-10, Quantec stated:

784

785 "... The benefits included under the Societal/TRC perspective are only a fraction of
786 those likely to have resulted from the Program. For example, health and safety,
787 reduced stress, increased ability to afford other necessities, and potentially some
788 economic benefits resulting from the increased spending are not included. Very little
789 data are available to support quantification of these benefits. ..."

790

791 But, while not "calculated," qualitative benefits to RECIPIENTS were "mentioned" in the
792 Quantec Report frequently as follows:

793 Page ES-5 Decreased mobility (a paragraph)

794 Page III-1 health and safety benefits

795 Page IV-8 Reduced Homelessness (a paragraph)

796 Page IV-9 Improved Health (a paragraph)

797 Page IV-9 Decreased Stress (a paragraph)

798 Page IV-10 health and safety, reduced stress, increased ability to afford other necessities,
799 and potentially some economic benefits resulting from the increased spending

800

801 **Q Did Quantec “mention” qualitative benefits to the COMPANY?**

802 A No, not one.

803

804 **Q Did Quantec “mention” qualitative benefits to RATEPAYERS?**

805 A No, not one.

806

807 **Q Did Quantec investigate individual recipients?**

808 A Yes. On page ES-4 Quantec stated the following

809

810 “We requested a review of 35 randomly selected participants’ files. ...”

811

812 **Q Did Quantec investigate individual ratepayer donors?**

813 A No, not one.

814

815 **Q Did you ask Quantec to explain the differences in treatment?**

816 A Yes. Prior to the final publication of Quantec’s report, Light and Truth provided the
817 following observation and question. Quantec provided the following response.

818

819 “Observation: In multiple places in the Report, results for Recipients are stated.

820 These might include: health, safety, reduced stress, increased ability to afford other

821 necessities and potentially some economic benefits resulting from increased

822 spending. Nowhere does the Report state any qualitative results for the Company.

823 These might include: feel good about helping the poor, public relations not appearing

824 to be anti-poor by resisting the program, etc. Nowhere does the report state any

825 qualitative results for Ratepayers. These might include: losing money they did not

826 voluntarily give, violation of their property rights, the breaking of state law, etc. The

827 Commission called for benefits to all three of these parties.

828 “Question 4a: In a genuinely objective evaluation of the HELP program, should there
829 not be qualitative results shown for all three - or for none? Please respond and
830 explain.”

831 “Response: The report explicitly addresses quantitative benefits to all three groups.
832 The report does also mention what we believe are significant unquantifiable benefits
833 to the recipients. While there are some qualitative benefits to the company, none of
834 the interviewees mentioned them. Same applies to the ratepayers. In any case, the
835 goal of the Quantec analysis was to establish attribution over some key indicators.
836 We were successful.”

837

838 **Q What is your reaction and conclusion to the preceding description of qualitative**
839 **benefits in the Report, the question to Quantec and response from Quantec?**

840 A Light and Truth could find no quantitative benefits to the company or ratepayers
841 anywhere in the report. Quantec had access to past reports from R.W.Beck, the Division of
842 Public Utilities (multiple) and Light and Truth. Quantec had the advance, above quoted warning,
843 from Light and Truth that the Report was not objective. Quantec had access to Commission
844 orders where the Commission called for benefits to all three parties. To try to explain away its
845 inconsistencies and omissions by saying, “... none of the interviewees mentioned them. ...” is
846 feeble and unconvincing.

847

848 **Q Did Quantec investigate moves?**

849 A Yes. They called it a “Reduction in Mobility.” On pageIV-8 of the Report, Quantec
850 stated,

851

852 “According to Utah Power’s Web site (Docket 03-2035-02), the cost of residential
853 reconnection is \$30. This figure is used as a proxy for the cost saving to the
854 Company of reduced mobility. ...”

855

856 The actual amounts are \$10 for a simple move of an account from one location to another
857 and \$25 for a reconnection following a disconnection for cause (such as failure to pay past bills,

858 etc.). Admittedly, a portion of these charges are a “penalty” or motivation to pay bills. There are
859 costs, however, to the Company associated with disconnecting and reconnecting accounts. If
860 there is a move and a resulting cost, that cost is covered by a charge. If there is no move, there is
861 no cost and there is no charge. To say that when a customer does not move, there is a savings to
862 the Company is a stretch beyond reason.

863

864 **Q What impact does this \$30 move error have on Quantec’s analysis?**

865 A The impact is huge. On page ES-6, Quantec stated:

866

867 “Our model estimated there may have been 1,500 avoided moves over the three-year
868 period due to the Program. This benefit alone we conservatively valued at over \$2
869 million dollars.”

870

871 Removing this \$2 million dollars takes away about one third of Quantec’s estimated
872 savings. This would drastically reduce their test results and greatly increase their calculated net
873 costs to donor ratepayers.

874

875 **Q Did Quantec include other factors in its investigation of moves?**

876 A Yes. On page IV-8 of its Report, Quantec listed the following.

877

878 “... In another national study, the cost of moving for low-income families was found
879 to be between 10% and 20% of annual income. These costs include moving expenses,
880 rental deposits, bank fees, telephone connections, etc.”

881

882 Please keep in mind that we are trying to determine attributability of PacifiCorp data in
883 the Utah HELP program. The above factors came from at least two national studies and cannot
884 be reliably quantified or attributed to any data in Utah. Light and Truth believes these topics
885 simply do not apply and should not have been included in Quantec’s report. Even if, and that’s a
886 giant if, these data were properly included, there should have been factors just as extreme and
887 far-fetched included relative to the cost impacts on ratepayers. This ratepayer data should then

888 have been included in the interest of being objective.

889

890 **Q Do you see any “red flags” in the words, “energy burden,” “equity” and “societal”**
891 **in the Quantec Report?**

892 A Unfortunately, yes. As used in the Report, they are euphemisms for items and concepts
893 that are not obvious on the surface but are, nevertheless, very real. The following quoted question
894 from Light and Truth and response from Quantec address Energy Burden. The same reasoning
895 applies to “equity” and “societal” as used by Quantec. Prior to the final publication of Quantec’s
896 report, Light and Truth provided the following observation and question. Quantec provided the
897 following response.

898

899 “Observation: The Report uses the term, “Energy Burden.” Perhaps there is also a
900 Food Burden, a Housing Burden, a Clothing Burden, a Telephone Burden, a
901 Transportation Burden and maybe more. It appears that these terms are merely a
902 fancy way of saying, “The poor are poor.” To make all these “Burdens” for the poor
903 the same as those Burdens for the middle class would require either (1) raise the
904 income of the poor to middle class level or (2) decrease the income of the middle
905 class to the level of the poor. This would have to be accomplished by edict from
906 those in governmental power (like the PSC, for starters) because it will never happen
907 voluntarily under free enterprise economics. This is a socialist concept. Some people
908 find the term, “Socialist” inflammatory. Some also find the term, “Energy Burden” just
909 as inflammatory. It would probably be better to simply not use either term.

910 “Question 12a: When Quantec recommends the socialistic target of reducing the
911 poor’s Energy Burden, is it proposing that the United States become socialist?
912 Please respond and explain.

913 “Response: No. Quantec was asked to conduct research on behalf of the DPU using
914 specific indicators. We performed our analysis as specified in the scope of work.

915

916 Please note that Quantec responded, “No.” but then dodged the real issue and let its
917 euphemistic, socialistic Report content stand.

918

919 **Q Does Light and Truth anticipate criticism about the preceding Q and A?**

920 A. Yes. The criticism will not be justified but it probably will come. Light and Truth's
921 comments are merely plain talk, not euphemisms. The concepts on both sides of the discussion
922 are directly comparable. If the HELP proponents (Quantec, CAP and others) retract their
923 inflammatory (euphemistic) terminology and concepts, Light and Truth will be glad to retract its
924 rebuttal (plain talk) terminology and concepts.

925

926 **Q Does Quantec's Report contain other questionable, implied concepts?**

927 A Yes. The Report states that the HELP money spent by recipients would be "increased
928 spending" that benefits the economy. To attempt to clarify this issue, prior to the final publication
929 of Quantec's report, Light and Truth provided the following observation and question. Quantec
930 provided the following response.

931

932 "Observation: Under Results, the Report states that societal benefits would include,
933 '...some economic benefits resulting from increased spending.' The implication is that
934 the money the HELP recipients get and spend would be added to the economy. That
935 money was first subtracted from the economy when it was taken from ratepayers. In
936 fact, more has been taken from ratepayers each year than has been given to
937 recipients. (This balance is in the hands of the Company who invests it and pays
938 interest on it. That has an impact on the economy but that is not the issue.)"

939

940 "Question 5a: Does Quantec have any reason to believe that \$1.8M (or any other
941 figure) in the hands of the HELP recipients will benefit the economy more than that
942 same amount in the hands of all other ratepayers? Please respond and provide any
943 supporting data."

944

945 "Response: This issue was not addressed explicitly nor was there any attempt to
946 quantify its impact."

947

948 Please note that Quantec again dodged the issue and let its unsupported Report content
949 stand.

950

951 **Q How was Quantec's Scope of Work determined for this Report?**

952 A It appears to have been drafted by Quantec, itself. Apparently there was also input from
953 PacifiCorp, the Division of Public Utilities and other parties. Light and Truth provided input by
954 filing it with the Commission. It is light and Truth's observation that the prime (almost sole)
955 interest of the parties was to determine attributability of the PacifiCorp HELP data. Light and
956 Truth was never made aware of how the final Scope was authorized. It certainly involved
957 PacifiCorp. It probably involved the Division. The final decision certainly did not involve Light
958 and Truth because nearly all its input was ignored.

959

960 **Q How was the Quantec Report paid for?**

961 A Apparently PacifiCorp paid for it out of HELP monies in some way that was approved by
962 the Commission. Light and Truth is very interested in whose money was used. Light and Truth
963 perhaps should have asked PacifiCorp or the Commission. It did, however, ask Quantec through
964 the following questions. Quantec's responses also follow. This exchange of observations and
965 questions from Light and Truth and answers from Quantec should be found germane, informative
966 and of interest to all parties.

967

968 Observation: HELP will most likely be considered in a PSC hearing. Parties will
969 provide testimony that could include quotes and references to Quantec's Report.

970 Question 13a: Will you attend the hearings to support and defend the Report under
971 cross examination?

972 Response: If requested by the DPU, Quantec will be present to discuss the report.

973 Question 13b: Has the cost of that hearing attendance been included in the existing
974 contract?

975 Response: No

976 Question 13c: Should the HELP ratepayers fund that attendance? (Consider the
977 following two questions.)

978 Response: It is not our decision how the attendance is funded.

979 Observation: Funds for your Report came from the HELP account balance held by
980 PacifiCorp. This account balance does not belong to PacifiCorp. They, in effect,
981 borrow it at interest. Permission was granted by the PSC to expend those funds. This
982 occurred even though the funds are not "owned" by the PSC. A case could be made
983 that the funds in the account still belong to the ratepayers.

984 Question 14a: Are you aware of any contact or consultation with ratepayers to
985 approve the fund expenditure?

986 Response: The regulatory parties representing ratepayers were present throughout
987 the process.

988 Observation: When entities hire consultants, their purpose is to further or defend their
989 own interests. Potential consultants are evaluated not only on their competence but
990 on their ability to understand and represent the entity's interests. This evaluation
991 would include consultants' past products that were pro or con the entity's interests.
992 The entity's expectation is consultant output that is supportive, not objective and
993 certainly not contrary to its interests. Very few entities want or get objective output.
994 On occasion, the PSC might want objectivity.

995 Question 15a: Given the earlier observations and questions, and Light and Truth's
996 Scope suggestions, does Quantec consider the Report as it now exists to be
997 objective relative to the HELP recipients, the company and the ratepayers? Please
998 respond and explain.

999 Response. Yes. Our report clearly highlights the costs and benefits to all three
1000 groups.

1001 Question 15b: If HELP ratepayers (not PacifiCorp, CAP, DPU or CCS) hired Quantec
1002 and received the current Report, would they ever hire Quantec again?

1003 Response: If HELP ratepayers had hired Quantec. The report findings would have
1004 been identical to the current report. Furthermore, we believe that the ratepayers
1005 were adequately represented through the Committee of Consumer Services and the
1006 DPU.

1007

1008 Light and Truth, speaking as one ratepayer and in behalf of HELP donor ratepayers,
1009 emphatically states that if we had contracted for this Report and had received it in draft form as
1010 PacifiCorp did, it would not have been accepted and would never have been paid for. Given the
1011 Report's final form and content, ratepayers would never use Quantec again.

1012

1013 Incidentally, relative to Quantec's last sentence quoted above, there is not on the record of
1014 the HELP implementation and evaluation even one time where either of these agencies spoke in
1015 support of or in behalf of HELP donor ratepayers.

1016

1017 **Q Has Light and Truth addressed all of the deficiencies in the Quantec Report?**

1018 A No. If it was deemed worth the time and effort to delve deeper (given the above
1019 deficiencies already noted), many other failings exist and could be argued.

1020

1021 **Q What is Light and Truth's summary of the content and objectivity of Quantec's**
1022 **Report?**

1023 A The content did not demonstrate the attributability of PacifiCorp's statistics as needed
1024 despite warnings and input prior to report finalization. The Report was Quantec's. The
1025 investigative responsibility was Quantec's. The responsibility for fair and equal treatment was
1026 Quantec's. The inescapable conclusion is that, irrespective of Quantec's protestations, Quantec is
1027 not objective. Quantec's Report is little more than a very biased sales pitch similar to the less
1028 sophisticated sales pitches received from CAP and Crossroads over the last five years.

1029

1030 Detailed Data

1031

1032 **Q What data has been collected on the HELP program?**

1033 A Nearly all the available data has come from PacifiCorp in its quarterly reports to the
1034 Commission and the Division. Some additional information has come from RWBeck, Quantec
1035 and Light and Truth. A smattering of data has come from other parties.

1036

1037 **Q Has the PacifiCorp data been analyzed and evaluated as to its value and validity?**

1038 A Yes. It has been reviewed in some detail by the Division, RWBeck and Light and Truth.

1039 Less detailed reviews have been made by other parties including the Committee, Salt Lake

1040 Community Action Program and Crossroads Urban Center.

1041

1042 **Q Have these analyses of the PacifiCorp data been presented to other parties?**

1043 A RWBeck, the Division and Light and Truth each reviewed the data in detail and presented

1044 their findings to other parties. Quantec did a very limited review and presented its findings to

1045 other parties.

1046 In its analysis, Light and Truth graphed each PacifiCorp data item and presented the

1047 positions on those items, of all parties in a single document. This was first presented as an

1048 attachment to Light and Truth's evaluation and recommendation presented to the Commission on

1049 April 24, 2003. This, in turn, is attached to Light and Truth's Exhibit 1.0 in this Docket.

1050

1051 **Q Please describe the PacifiCorp data.**

1052 A It can be divided up into essentially two kinds of data: (1) Descriptive data and (2) Pseudo

1053 data.

1054 Descriptive Data includes the number of customers, the number of HELP recipients, the

1055 amounts charged to customers, the amounts credited to recipients, the fund balance, etc. These

1056 data are probably very accurate and are essentially non-controversial. Quantifying and attributing

1057 these data to HELP is fairly simple. For example, the only reason charges show as being made to

1058 non-donor ratepayers is because HELP requires it. Most of these data in their raw form have little

1059 or no role in determining the success or failure of HELP.

1060 These Descriptive Data only become useful when quantifying overall HELP benefits or

1061 detriments and when value judgments are applied.

1062 Pseudo Data makes up the bulk of the PacifiCorp data and typically includes both the

1063 number (count) and amount (dollars) of Arrearages, Terminations, Write-offs, etc. for both

1064 recipients and donor ratepayers. It is possible to graph these data, include a trend line and give it

1065 the **appearance** of professionalism and validity. On the other hand, no party has demonstrated
1066 the attributability of any changes in these data to HELP. This makes all of the PacifiCorp Pseudo
1067 Data totally useless in determining the success or failure of HELP.

1068

1069 **Q You mentioned presenting Light and Truth’s evaluation and recommendation to the**
1070 **Commission on April 24, 2003. Did the Commission respond to your evaluation or act in**
1071 **any way upon your recommendation?**

1072 A No.

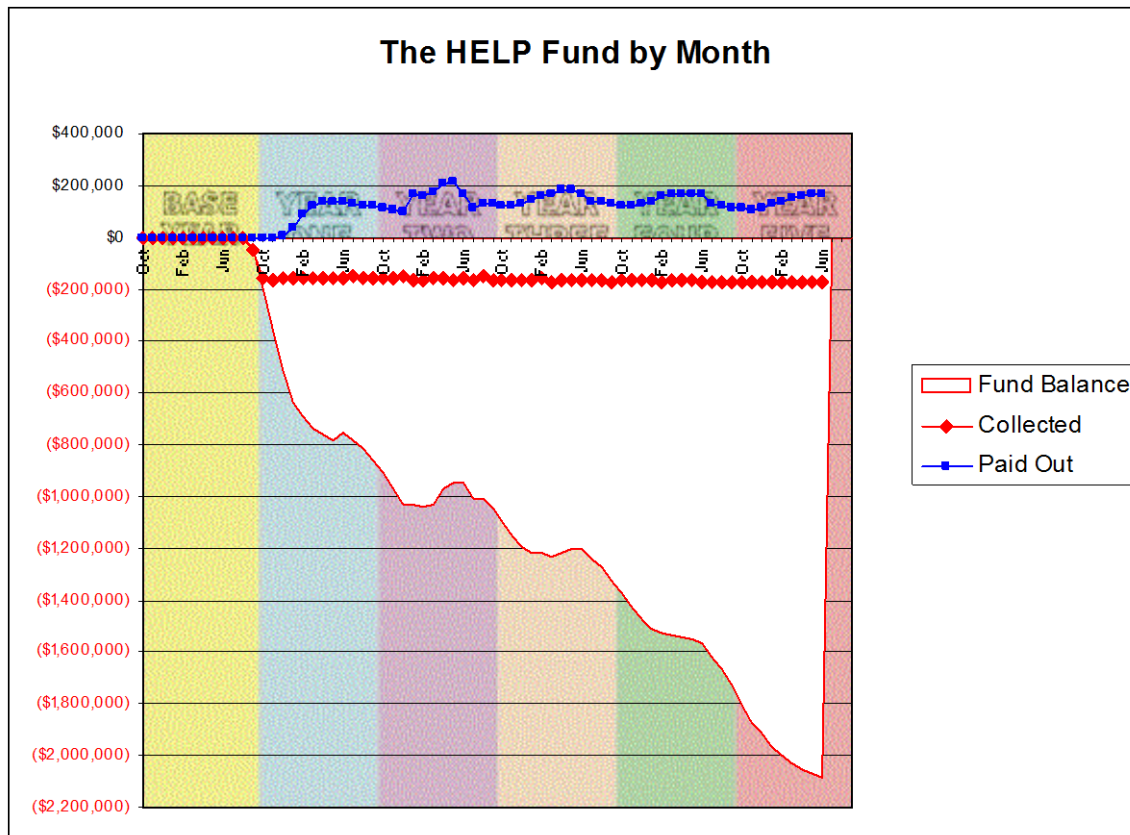
1073

1074 Continues to Harm

1075 **Q Does the harm done to donor ratepayers decrease as time passes?**

1076 A No. The harm increases. It continues to hurt. In every year since HELP inception, donor
1077 ratepayers have lost nearly two million dollars. A significant part of that is an over-collection
1078 which not only hurts donor ratepayers but doesn’t even assist recipients. This collection, payout
1079 and the over-collected fund balance show in the following graph.

1080



1081

1082

1083 **Q Is the above data the latest available?**

1084 A Yes, but, sometime in October, PacifiCorp will provide the next quarter's data. That will
1085 complete the fifth year of HELP. Relative to the Commission's implementing order, this is the
1086 fifth year of a possible three.

1087

1088 **Q What about harm to recipients?**

1089 A There definitely is harm and that harm continues as long as the program continues. That
1090 harm, while it is qualitative or societal and not quantifiable, it is definitely attributable to HELP.
1091 It is tied to the evils of the "dole." The dole damages self esteem and breeds dependence. It
1092 makes no long term improvement in the recipients' situation or attitudes. It trains people to look
1093 for and expect something for nothing.

1094

1095 In plain talk, while the dole fails to strengthen recipients, it politically strengthens the

1096 activists/proponents. As just one illustration, think of public witness day when some recipients
1097 testified. Most of them just described their needs and wants. A few said thank you. Think about
1098 to whom they expressed thanks. Was it to CAP or to DCED? Yes. Was it to the Commission?
1099 No. Was it to PacifiCorp? No. Was it to the donor ratepayers that actually provided the cash? No.
1100 Not ever!

1101 Conclusion

1102 **Q What is your summary of Commission actions relative to HELP to date?**

1103 A Light and Truth sincerely believes that all the Commission=s major HELP decisions,
1104 from start to finish, have been based upon unsupported claims by other parties that have failed to
1105 be proven, upon irrelevant comparisons, upon changed circumstances and/or upon a record
1106 which does not support the findings made. Light and Truth and Paul Mecham sincerely hope that
1107 the final order in this Docket will be based upon merit, reason and substance rather than bad
1108 precedent.

1109

1110 **Q What is your conclusion?**

1111 A With the demonstration that HELP violates Utah Code and in the absence of
1112 demonstrated overall success, there is absolutely no valid reason to continue the program.

1113

1114 **Q What is your requested action?**

1115 Light and Truth and Paul Mecham formally request that the Commission order an
1116 immediate stop to forced funding of the HELP Program.

1117

1118 **Q Does that conclude your testimony?**

1119 A Yes.

1120

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Direct Testimony of Paul F. Mecham, Light and Truth Exhibit 2.0 in the matter of the Evaluation of the HELP Program Docket No. 04-035-21 was distributed and transmitted electronically on the 16th day of September, 2005 to the following:

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Dated this 16th day September, 2005

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