

**BEFORE THE
PUBLIC SERVICE COMMISSION OF UTAH**

IN THE MATTER OF THE DIVISION'S ANNUAL REVIEW AND EVALUATION OF ELECTRIC LIFELINE PROGRAM, HELP	Docket No. 03-035-01
IN THE MATTER OF HELP, ELECTRIC LIFELINE PROGRAM EVALUATION	Docket No. 04-035-21
	STIPULATION

1. This Stipulation (“Stipulation”) is entered into by and among the parties whose signatures appear on the signature pages hereof (collectively referred to herein as the “Parties”).

I. INTRODUCTION

2. The terms and conditions of this Stipulation are set forth herein. The Parties represent that this Stipulation is in the public interest and recommend that the Public Service Commission (the “Commission”) approve the Stipulation and all of its terms and conditions.

II. BACKGROUND

3. PacifiCorp’s P.S.C.U. Tariff No. 46 effective March 1, 2005 provides for a Low Income Lifeline Program – Residential Service Optional for Qualifying Customers, commonly referred to as the HELP program. The HELP Program was first authorized by the Commission’s May 24, 2000 Report and Order in Docket No. 99-035-10, based upon the

findings and conclusions therein and the findings and conclusions in the Commission's March 4, 1999 Report and Order in Docket No. 97-035-01. The mechanics of the Program were established by Stipulation of certain parties in 2000 ("2000 Stipulation"). The HELP Program was implemented through Commission approval of that Stipulation by its August 30, 2000 Report and Order in Docket No. 00-035-T07, which added Schedules 3 and 91 to PacifiCorp's P.S.C.U. Tariff No. 43, and its Erratum Order, December 4, 2000. The HELP tariff has been reauthorized in each general rate case report and order issued since May 2000, including the most recent, Docket No. 04-035-42.

4. When the Commission authorized and implemented the HELP Program, it required that the Division of Public Utilities ("Division") annually audit the program for three years and that a "major review" take place about three years after implementation of the Program. The Commission opened Docket No. 03-035-01 and Docket No. 04-035-21 to consider the Division's annual reports.

5. On February 11, 2005 and February 23, 2005 respectively, Paul F. Mecham, a Division employee, doing business as "Light and Truth", intervened in Docket No. 03-035-01 and Docket No. 04-035-21 and requested agency action by a formal hearing, reevaluating and eliminating the HELP Program.

6. Pursuant to Commission Order, parties to these proceedings filed preliminary issues lists on May 13, 2005. Parties filed motions and memoranda to dismiss and/or exclude certain issues in these proceedings on July 1, 2005. The Commission heard oral argument on these motions on July 20, 2005. The Commission issued its Order on Various Procedural Motions and Petitions on August 1, 2005 which dismissed some and narrowed the remaining

issues in this proceeding.

7. The signatory Parties have engaged in settlement discussions pertaining to the issues identified in preliminary issues lists filed by all parties.

8. As a result of the settlement discussions, the Parties to this Stipulation have agreed to the matters specified herein. The Parties submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented.

III. TERMS OF STIPULATION

9. Effect on 2000 Stipulation. The Parties stipulate and agree that as a result of the annual audit and major review, certain adjustments to the HELP program as originally designed in the 2000 Stipulation, are required. Accordingly, the Parties agree that the 2000 Stipulation should be modified in the following manner: (1) Paragraphs 5, 6, 10, 11 and 12 are superceded in their entirety by this Stipulation and therefore, should no longer be in effect; (2) Paragraphs 7-9 and 13-15 are unchanged by this Stipulation and should remain in effect; (3) the first sentence of Paragraphs 1, 2 and 4 and the last sentence of Paragraph 4 are superceded by the modifications agreed to below and therefore, should no longer be in effect, while the remainder of those paragraphs are unchanged by this Stipulation and should remain in effect; (4) Paragraph 3 remains unchanged with the exception that the attachment referred to therein is replaced by Exhibit 1 attached hereto and should remain in effect; and (5) all references to the “Department of Community and Economic Development” or “DCED” in the 2000 Stipulation should be replaced with references to the “Department of Community and Culture” or “DCC”.

10. Adjustments to HELP Program. The Parties stipulate and agree that it is necessary to modify the HELP Program to more closely balance the amounts collected under Schedule 91, the credits applied under Schedule 3, the current annual collections cap and account balance due to collections exceeding credits, and the current and expected participation levels. Accordingly, the Parties agree that the HELP Program should be modified as follows:

a. Surcharge: The Schedule 91 surcharges will be reduced for all applicable customer classes by 17% (rounded to the nearest cent). This reduces the residential surcharge from \$0.12 per monthly bill to \$0.10 per monthly bill, and results in a change to the average Schedule 9 customer's monthly bill from \$6.25 to \$5.19. The new surcharges for each applicable schedule are shown on the attached Exhibit 1, page 1 to this Stipulation. The Parties agree that these reductions are necessary in order to help reduce the current account balance. However, the Parties agree to monitor the surcharge over time and to review it in the context of the next PacifiCorp general rate case to determine whether it may require any adjustment to stay within the design parameters of the HELP Program. The Parties agree that the Commission must approve any changes to the surcharge amounts and that the amounts may be adjusted in the future as the Commission deems necessary.

b. Credit: The Schedule 3 credit will be adjusted to \$11.25 per monthly bill.

c. Annual Collections Cap: The HELP Program annual collections cap will be increased to \$2 million. The Parties agree that the annual collections cap must

be adjusted annually to reflect growth in PacifiCorp's customer base. Accordingly, the Parties agree that each year at December 31, the annual collections cap will be adjusted to reflect a total cap which represents the sum of customers multiplied by the then-applicable class surcharge rate.

d. Account Balance: The current account balance exceeds the original design parameters of the HELP Program and it is the intent of the Parties to this Stipulation to decrease that balance over time through the adjustments to the HELP Program proposed herein. On a going forward basis, the Parties agree that the targeted account balance should be equal to approximately three months worth of surcharge collections as that estimate may fluctuate over time with varying participation and customer levels. Currently, that targeted account balance is estimated to be \$450,000. The Parties recognize however: (1) that because the current account balance is significantly over this target that it may take some period of time to reduce the account balance to this target but that the modifications included in this Stipulation are designed to achieve this target in a reasonable period of time; and (2) that the account balance may vary monthly and seasonally; however, the annual average account balance after the current balance is reduced should be in the range specified in this paragraph.

e. Participation: Parties agree that a reasonable expected annual average participation rate is approximately 22,000 Utah households in the near term and that it is reasonable to expect that rate to increase by no more than 500 households per year thereafter. If those participation rates are exceeded, the Parties agree that the program

parameters established in this paragraph 9 should be reevaluated by the Parties and any necessary changes recommended to the Commission. The Parties agree that participation levels may be improved if eligible and certified households could continue with Schedule 3 pricing after a move or a temporary disconnect without the need to recertify with the Department of Community and Culture (DCC) during the time period remaining under their most recent recertification. Accordingly, the Parties agree that Schedule 3 should be amended to permit PacifiCorp to continue to provide Schedule 3 pricing to eligible households after a move or reconnect after disconnect without the need for the household to recertify before such time as an annual recertification would have been due.

11. Conforming Schedules: To effectuate the modifications agreed to herein, the Parties agree that Schedules 3 and 91 should be modified in the manner indicated in the attached Exhibit 1. Exhibit 1 contains legislative mark-ups and clean versions of both Schedules. The Parties recommend the Commission approve the changes to Schedules 3 and 91 and make the clean versions of Schedules 3 and 91 effective as of the date of the Commission's order in this proceeding.

12. Reporting Requirement. The Parties stipulate and agree that, at this time, it is necessary and helpful to continue to require that PacifiCorp semi-annually report to the Commission, Division, Committee and Utah DCC only the following:

- a. The number of customers on all Schedules;
- b. The amount collected under Schedule 91 from all customers by class to fund HELP;

- c. The total amount credited by month to Schedule 3;
- d. The amount of any administrative charge from PacifiCorp or DCC;
- e. The end of period balance in the Schedule 3 Lifeline account; and
- f. The amount of interest accrued on the balance.

13. Audit. The Parties stipulate and agree that the Division should be relieved of its auditing and analysis obligation under the parameters previously established by the Commission. The Parties agree that the Division has fully satisfied its auditing and analysis obligation. On a going forward basis, the Division will review the semi-annual reports filed by PacifiCorp and conduct a financial audit of funds received and expended. The Division will conduct semi-annual meetings regarding the results of that review and audit and the Parties to this Stipulation agree to participate in those meetings. The Division will submit annual reports to the Commission regarding (1) the results of the financial audit on funds received and expended and the status of the annual collections cap and target account balance; (2) the results of the review on the design parameters of the program; (3) any new issues regarding the program and/or its design parameters raised by the Parties in attendance at the semi-annual review meetings and (4) any recommendations for changes to the Program that should be considered by the Commission. If the annual collections cap, account balance, or participation levels diverge materially from the parameters established in Paragraph 9, *supra*, the Division and other Parties to this Stipulation will work with PacifiCorp to recommend to the Commission the necessary adjustments to stay within the Program design parameters or to adjust those parameters.

14. Continuation of HELP Program. The Parties agree that, with the changes identified in this Stipulation, the HELP Program continues to be in the public interest. Specifically, the program satisfied and, with these changes, continues to satisfy the following criteria previously identified by the Commission: the program is efficient and simple to administer, the need for the program is real and unmet by direct-payment programs, the program targets only low-income households and does not raise rates for low-income households based upon electricity consumption and the program's benefits continue to offset any impacts on the ratemaking objective because the Program results in just and reasonable rates based on the economic impact of charges on a category of customers. Therefore, the Parties recommend that the Commission continue the Program as modified herein.

15. Obligations of the Parties. The Parties agree that their obligations under this Stipulation are subject to the Commission's approval of this Stipulation.

16. Recommendation and Support. The Parties recommend that the Commission approve and adopt this Stipulation in its entirety. If this Stipulation is approved by the Commission in its entirety, no Party shall appeal any portion of this Stipulation and no Party shall oppose the adoption of this Stipulation in any appeal filed by any person not a party to the Stipulation. The Company, the Division and the Committee shall make witnesses available to testify in support of this Stipulation and other Parties may make such witnesses available. In the event other parties introduce witnesses opposing approval of the Stipulation, the Parties agree to cooperate in cross-examination and in providing testimony as necessary to rebut the testimony of opposing witnesses.

17. Reservation of Right to Withdraw from Stipulation. In the event the Commission rejects any or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, or in the event the Commission's approval of this Stipulation is rejected or conditioned in whole or in part by an appellate court, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding delivered no later than five (5) business days after the issuance date of the applicable Commission or court order, to withdraw from this Stipulation. Prior to that election, Parties agree to meet and discuss the Commission's order or court's decision. In the event that no new agreement is reached, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to undertake any steps it deems appropriate.

18. Public Interest. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions, considered together as a whole, will produce fair, just and reasonable results.

19. Waiver. No Party is bound by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgement by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery, and no Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future and shall not be deemed to constitute precedent nor prejudice the rights of any party in future proceedings. No findings

of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

Dated this _____ day of August, 2005.

PACIFICORP

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