

- d. Would you apply a cost-benefit test to this program and discontinue it if it did not achieve a ratio of at least 1.00 in benefits to costs?

L&T Response: If the program took money involuntarily by force on the presumed authority of a non-elected government body that does not have the authority to tax, yes. By the way, Utah's telephone lifeline program operates under UCA 54-8b-15 enacted under the authority of an elected legislature having the authority to tax.

- e. Suppose you applied a cost-benefit test to this program and it came in at around a benefit to cost ratio of 0.80 (that is, benefits as measured are 89% if costs as measured). Would you say the program has no value and discontinue it, or would you say that the program has demonstrated significant value and should be continued, though at some reasonable cost to non-participants?

L&T Response: Please refer to the response to request (1)d immediately above.

- f. If you lived in a large apartment complex and tenants in some apartments could not pay their electric bills, would there be a value to you in a bill assistance program if it could help tenants keep their electricity turned on?

L&T Response: No, there would be no quantifiable value to me or to any other tenant in the complex.

- g. Do you believe that there is a benefit to utility companies and their customers in Louisiana, Mississippi and Texas from restoring power to victims of Hurricanes Katrina and Rita? If so, please explain what those benefits are. If not, please explain.

L&T Response: First, let's remember that we are evaluating HELP which is a \$2M per year program in the state of Utah, not solving the problems of the world. The request really ought to be totally disregarded but I will give more of a response than the request deserves.

A benefit to utilities would be to be back in business selling power to their customers, paying their employees and making profits for their stockholders. A benefit to citizens would be to be able to buy electric power for their lights and appliances.

This response does not address or imply anything at all about who should pay for the restoration; the individual utility, the individual citizen, an insurance company or whoever. Nor does it address or imply anything at all about whether the payments should be voluntary or involuntary.

- (2) In Docket 04-035-21 Direct Testimony, Pages 25-26, Lines 665-674, is it your testimony that in your analysis using company data that PacifiCorp HELP Participants experienced a 4.25% increase in arrears while PacifiCorp Schedule 1 Ratepayers experienced a 6.5% growth in arrears?

L&T Response: Yes, and I also stated in those lines that, “It is important to note that while the PacifiCorp data is the best and most complete available, changes in it still have not been attributed to HELP.

- a. When you contrast PacifiCorp HELP Participants and PacifiCorp Schedule 1 Ratepayers on arrears in your analysis, do you arrive at a net benefit for the HELP Participants over the PacifiCorp Schedule 1 Ratepayers of 2.25%?

L&T Response: I absolutely do not. L&T did not document any benefit, period. The ONLY function of L&T’s testimony on lines 665-674 was to demonstrate the gross inconsistency between Quantec’s results and actual Pacificorp data. Lines 668-670 stated, “It is important to note that while the PacifiCorp data is the best and most complete available, changes in it still have not been attributed to HELP.” A difference is apparent but there is no “benefit,” net or otherwise, to any person or group described. The Pacificorp arrears data is pseudo data as described in my testimony and as further described in later responses in this response document. L&T agrees with the Division’s statement on page 5, lines 111-113 of its testimony in this docket dated September 16, 2005 as follows, “...HELP is too small relative to the economy to separate the effects of the program from general macroeconomic trends.”

- b. Do you attribute this net benefit as due to the HELP program?

L&T Response: No, I do not. Please refer to response (2)a, above.

- c. If you attribute the net benefit as due to the HELP program, please explain why. If you do not attribute the net benefit as due to the HELP program, please explain why not.

L&T Response: I have made no attribution of the Pacificorp pseudo data. Please refer to response (2)a, above.

- d. In particular, you appear to have documented a net benefit due to HELP in the area of reduced arrears. If you believe you have not shown a net benefit due to the HELP program, please explain what specific criteria you would use in your analysis of company data to determine a net benefit due to the HELP program in the area of analysis of arrears.

L&T Response: I have not documented any benefit of any kind, including any benefit to HELP. Please refer to response (2)a, above. As to criteria,

the data would have to be available, measurable and attributable to HELP. Then the benefits would have to exceed the detriments.

- (3) In Docket 04-035-21 Direct Testimony, Page 26, Lines 675-684, is it your testimony that in your analysis using company data that PacifiCorp HELP Participants experienced a 7.0% decrease in shutoffs while PacifiCorp Schedule 1 Ratepayers experienced a 3.0% decrease shutoffs?

L&T Response: The analysis in my testimony does show those changes over the two year period but did not attribute those changes to any cause, including HELP. Please refer to response (2)a, above. That response which addressed arrears also applies identically to shutoffs when referencing lines 675-684.

- e. When you contrast PacifiCorp HELP Participants and PacifiCorp Schedule 1 Ratepayers on shutoffs in your analysis, do you arrive at a net benefit for the HELP Participants over the PacifiCorp Schedule 1 Ratepayers of 4.0%

L&T Response: No, I do not. Please refer to responses (2)a and (3), above.

- f. Do you attribute this net benefit as due to the HELP program?

L&T Response: No, I do not. Please refer to responses (2)a and (3), above.

- g. If you attribute the net benefit as due to the HELP program, please explain why. If you do not attribute the net benefit as due to the HELP program, please explain why not.

L&T Response: I did not document any benefit at all. Please refer to responses (2)a and (3), above.

- h. In particular, you appear to have documented a net benefit due to HELP in the area of reduced shutoffs. If you believe you have not shown a net benefit due to the HELP program, please explain what specific criteria you would use in your analysis of company data to determine a net benefit due to the HELP program in the area of analysis of shutoffs

L&T Response: I did not document any benefit at all. Please refer to responses (2)a and (3), above.

- (4) In the last line of your graph on “SHUTOFFS, Page 26, Lines 682-683 you say “The result showed an annual Decrease in Arrears of 7.0%.” Do you mean to say “The result showed an annual Decrease in Shutoffs of 7.0%”?

L&T Response: Yes. Thank you for pointing that out.

(5) On page 27 of your Direct Testimony, Lines 691-692, you say that "...while the PacifiCorp data is the best and most complete available, changes in it have still not been attributed to HELP."

i. Is it your testimony that the PacifiCorp data is reliable and factual regarding HELP and HEAT program participation?

L&T Response: No, I did not. To the best of my knowledge the quarterly reported Pacificorp data is HELP only and does not include HEAT.

j. Can you please explain what you mean when you say that "...changes in [the PacifiCorp data] have still not been attributed to HELP?"

L&T Response: First, please refer to response (2)a, above. No cause-effect relationship has been established between HELP and any changes in the Pacificorp pseudo data. As in the arrears and shutoff discussions in earlier responses, a given change (cause) in HELP cannot be traced to any result (effect) in the arrears and shutoff Pacificorp data. Please also refer to responses (7)a and (7)b on descriptive data and pseudo data, below.

k. Please explain the specific method you would use in your analysis of company data to determine attribution to HELP.

L&T Response: First, I don't think it's possible for the pseudo data. No party has been able to do it in the 5+ years of the program. Ideally, a data item would be identified in the Pacificorp data that can be isolated from other factors and isolated from other macroeconomic impacts. Then changes (effects) in that data item would have to be demonstrated to have a clear cause-effect relationship with changes (causes) in HELP.

(6) On page 29 of your Direct Testimony, Lines 749-756, you note that HEAT is one factor in determining eligibility [of HELP participants], but, with the exception of this role as a factor in determining eligibility the use of the HEAT program in analysis of the HELP program is "misleading and inappropriate."

l. Do you agree that the HEAT program pre-existed the HELP program?

L&T Response: Yes.

m. Do you agree that the HEAT program was part of the factual basis against which the HELP program was designed?

L&T Response: No, I do not agree. The PSC order in 97-035-01 noted funding concerns including Congress, Red Cross and LIHEAP (HEAT), which "... allows us to conclude that direct assistance is inadequate to the need." The PSC order in 99-035-10 also tied HEAT only to need. The PSC order in 00-035-T07 mentioned HEAT only in its

role in qualifying applicants for HELP. In all its orders in the HELP implementation process, the PSC mentioned HEAT only relative to need and to qualifying applicants, not relative to HELP's impact, result or measurement. To repeat, the use of the HEAT program in analysis of the HELP program is misleading and inappropriate.

- n. Do you agree that the HEAT program produces a result of partial reduction of amounts payable by customers in the HEAT program?

L&T Response: I see no connection whatever between that question and the specific evaluation of the Utah HELP program. Similarly inappropriate would be discussions of government welfare, church welfare, United Way, Red Cross, food stamps, etc. We are evaluating HELP.

- o. Do you agree that the HELP program produces a result of partial reduction of amounts payable by customers in the HELP program?

L&T Response: The amount billed for electricity by PacifiCorp to recipients is not affected by HELP. HELP's credit is applied separate from the electric service portion of PacifiCorp's bill. HELP provides a benefit to recipients that has never been contested by any party.

- p. Do you agree that from a participant customer perspective the results of HEAT and HELP in combination are additive in the effect of partial reduction of amounts payable by customers who are jointly participants in both programs?

L&T Response: See Response (6) n, above. There is absolutely no valid reason for inserting HEAT, United Way, food stamps or any other program that might be "additive" to HELP.

- (7) On pages 39-40 of your Direct Testimony, Lines 1061-1067, you say term "the bulk of the PacifiCorp data" as "Pseudo Data." Above, in Lines 1053-1058, you term other PacifiCorp data as "Descriptive Data."

- a. Please explain what you understand as the specific differences between company data that you characterize as "Descriptive Data" and company data that you assign to the category of "Pseudo Data."

L&T Response: In addition to the information in my testimony, some PacifiCorp data are simply "descriptive" and are independent of the presence or absence of HELP. Some other data are clearly available, measurable and attributable to HELP; these also qualify for the "descriptive data" title.

Examples of simple descriptive data are the number of customers on Tariff 1 and the amount of Tariff 1.

Examples of data that are clearly attributable to HELP and qualify as being called descriptive data are the number of ratepayers surcharged by HELP, the number of dollars surcharged for HELP, the number of HELP recipients, the number of dollars granted to HELP recipients, the dollars in the unused fund balance, the interest paid on the fund balance, the dollars of administrative reimbursement to Pacificorp and the dollars of administrative reimbursement to DCED.

- b. What are the specific operative criteria you use to characterize company data as “Pseudo Data.”

L&T Response: The criteria are availability, measurability (quantifiability) and attributability. Any data that is not simultaneously available, measurable (quantifiable) and attributable to HELP would be pseudo data.

Examples of data reported by Pacificorp which are not attributable to HELP and, therefore, are pseudo data are data relative to arrearages, terminations, reconnections, collections, write-off, recoveries, etc.

- (8) You note in this section (Lines 1064-1065) your belief that “...no party has demonstrated the attributability of any changes in these data to HELP.”

- q. Since the Quantec study uses company data as the input data for the analysis and attributes changes to the “HEAT plus HELP” combination and also to HELP, how do you explain your statement that “...no party has demonstrated the attributability of any changes in these data to HELP?”

L&T Response: I explained in the portion of my testimony on Quantec that HEAT is inappropriately applied by Quantec (also see response (6)m, above), that the Quantec sample does not expand to properly match the full Pacificorp data and that, therefore, the pseudo data reported by Pacificorp has still not been demonstrated to be attributable to HELP. Also, the quarterly data reported by Pacificorp since program inception contains no HEAT statistics.

- r. Do you question the basic method of the Quantec study, that is, the use of a comparison of program participants with non-participants as a method of attribution of results?

L&T Response: The proof is in the results. The results do not match (or even come close to) the full, already known Pacificorp data.

- (9) On Page 41 of your Direct Testimony, Lines 1087 to 1099, you assert harm to participants in HELP that is “qualitative or societal and not quantifiable.”

- a. Have you interviewed HELP participants or determined by empirical study that participants feel harmed by assistance in meeting their obligations to pay their electric bills?

L&T Response: No.

- b. In your view, does the HEAT program create a similar harm since it also helps low-income households by assistance in meeting their obligations to pay their electric bills?

L&T Response: Yes, it does. Any assistance via a dole carries with it that harm. "Continued dependence" upon welfare, said Franklin Delano Roosevelt in his 1935 State of the Union Address, "induces a spiritual disintegration fundamentally destructive to the national fiber. To **dole** our relief in this way is to administer a narcotic, a subtle destroyer of the human spirit." (Emphasis added)

- c. In your view, does the obligation to assist the poor (Page 4, Lines 68-69), for example by means of voluntary assistance to a family member or neighbor who is out of work by providing direct assistance in meeting their obligations to pay their electric bills create a similar harm?

L&T Response: Yes, with the following qualification. If a recipient is able to work for it, pay it back or somehow return the favor, that changes the assistance from a dole and largely erases the harm of a dole. This same qualification applies to all doles including HEAT and HELP. Please also refer to response (9)b, immediately above.

- (10) On Page 20, Lines 502-507, you state that "No Party has demonstrated any benefits to Ratepayers in General."

- a. Would a demonstration of reduced arrearages, in your view, be classified as a benefit to Ratepayers in General?

L&T Response: No, it would not. It would be a benefit to the person that had the arrearage if the demonstration clearly attributed the reduced arrearage to HELP. It's conceivable, but not a certainty, that it could be a benefit to the utility. I see no way, however, that it would be a benefit to ratepayers in general.

- b. Would a demonstration of reduced shutoffs, in your view, be classified as a benefit to Ratepayers in General?

L&T Response: No, it would not. Please see my response to (10)a, above.