

## POTENTIAL MEASURES

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### 3.1 Defining Potential Measurements for PacifiCorp's Lifeline pProgram

To be effective, Measures—measures and standards are—must be derived from the objectives and goals a program is trying to achieve. As stated in Docket No. 97-035-01 and Docket No. 99-035-10, the lifeline program was created to assist low-income households in the purchase of electricity. The Commission ordered the implementation of the proposed program considering that, stating its conviction that:

- A real need exists and is not otherwise being met by other programs;
- The program was successfully targeted and would not overly burden other customers;
- The benefits offset the negative impacts;
- The program was administratively simple and inexpensive to administer.

The Commission also requested that the Division annually produce reports that would support an on-going assessment of whether the program continues to fulfill these fundamental criteria. The Division's report is to include (1) a financial audit of the program, (2) an analysis of the program's effectiveness and (3) any appropriate recommendations for changes.

#### 3.1.1 The Role of The Measures In The Division's Evaluation Process

Over the course of this assignment, many parties have expressed an on-going concern that the measures appeared to be too "black and white" or to provide an overly stark view of complex matters. Many emphasized that measures must be developed in a manner that would help ensure that the Division's evaluation reports could:

- Avoid oversimplifying related impacts; and
- Convey insights into the more subtle factors that could be affecting program outcomes within the rather complex social, political and economic contexts surrounding utility services and rates.

In light of this concern, R.W. Beck considers it important to use this section's introduction as a place to distinguish between applying measures to collect and interpret data about a program's impacts and completing a comprehensive evaluation of a program's effectiveness.

R.W. Beck's assignment is to identify, develop and apply a set of relatively quantifiable measures that can be used as references for the Division's evaluation

reports on the lifeline project. The term “relatively quantifiable measures” is used to describe a measurement system that includes measures proposed by the interested parties that stem from qualitative sources of information and that present data challenges. However, the term “relatively” also reflects that part of R.W. Beck’s assignment is to seek the most effective means to make all of the measures as specific, concrete and quantifiable as possible. The resulting measures and evaluation strategy will create only one of several evaluation tools that the Division could use to complete its analyses and reports to the Commission.

As discussed during the Group meeting on December 11, 2001, measures are the “building blocks” for an evaluation. Using another analogy, measures are significant, but not all-inclusive, “snapshots” of a specific factor affecting or affected by a program. Measures are rarely considered to be significant in isolation. Rather, meaning is assigned to a measure’s results in the context of a more comprehensive evaluation process.

In the course of the evaluation process, it is common for evaluators to (a) review the trends and conditions that are indicated by all measures, (b) identify meaningful relationships between results from different measures, (c) interpret the meaning indicated by these combinations, (d) reference these interpretations in building the evaluation’s analysis and conclusions and (e) augment the analysis with references to related factors (macro-economic, social, or political) that could also be influencing the program or its outcomes.

In a related manner, evaluators may also monitor how a measure’s results are trending in relation to the measure’s standard. Chronic deviations above or below the standard can be interpreted as “red flags” or otherwise used to indicate that a more detailed analysis is warranted.

The Division has confirmed it intends to augment its interpretation of results from measures being discussed in this report with contextual references to more qualitative factors, including relevant trends in the program’s macro-economic, social and political context. In the context of this approach, the Group agreed to contribute to a related work session with the goal of identifying more qualitative or macro-economic factors for the Division to consider in its on-going lifeline program evaluation and reporting.

### 3.1.2 The Source of Measures Cited In This Section

To evaluate—support an evaluation of the program’s success, the Commission suggested several measures and the Division requested interested parties provide input on potential measures, as well. The parties had various were offered a series of opportunities to submit their suggestions and comment or request additional clarification on the suggested measures, and Parties were also invited to discuss them the suggested measures and related data and design challenges at the facilitated meeting held on December 11, 2001.

The following lists the measures suggested by the Commission ~~and the measures suggested by~~ the parties and R. W. Beck.

## 3.2 Measures Suggested by the Commission

- **Measure Title:** *Balance in Arrears*

**Description:** Arrearages are defined as the outstanding account balances that are over 30 days past due. This measure would address the average monthly balance in arrears for ~~recipient~~participants~~recipients~~ of the lifeline program.

- **Measure Title:** *Terminations*

**Description:** Provides information regarding the monthly number of termination notices and service terminations for non-payment for ~~recipient~~participants~~recipients~~ in the program.

- **Measure Title:** *Reconnections*

**Description:** Provides information regarding the monthly number of service reconnections for ~~recipient~~participants~~recipients~~ of the program.

- **Measure Title:** *Accounts sent to collection agencies*

**Description:** Provides information regarding the monthly number of program recipient accounts and outstanding account balances sent to collection agencies by the utility.

- **Measure Title:** *Write-offs*

**Description:** Provides information regarding the monthly number of recipient account write-offs by the utility and the dollar amount for these accounts.

- **Measure Title:** *Recoveries*

**Description:** Provides information regarding the ratios between the monthly number of recoveries to write-offs and the dollar amount of recoveries to write-offs.

## 3.3 Measures Suggested by the Parties

- **Measure Title:** ~~Donor~~Non-participant's~~Donor's~~ *Investment Opportunity*

**Description:** ~~Measures~~Provides information regarding the donors' missed investment opportunity.

- **Measure Title:** *Accrued interest*

**Description:** Provides information regarding~~Shows~~ the excess amounts of accrued interest remaining in the program account after credit distribution.

- **Measure Title:** ~~Donor~~Non-participant's~~Donor's~~ *after-tax contributions compared to pre-tax contributions*

**Description:** ~~This measure~~Provides information regarding~~shows~~ the additional amount of money to be earned by some donors due to the fact that some of them cannot deduct the surcharge ~~is not tax deductible~~from their income taxes. The interested party suggested focusing on income tax and assuming a 22% tax load.

- **Measure Title:** ~~Recipient~~Recipient and~~donor~~donor perspective and attitudes

**Description:** The measure suggested intends to ~~identify~~provide information regarding the ~~recipient~~participants~~recipients'~~ and ~~donor~~donors' attitudes towards the program and its results. It would also ~~identify~~provide information regarding the ~~recipient~~participants~~recipients'~~ and ~~donor~~donors' needs and desires in relation with the lifeline program. In addition, the contributing party suggests that this measure ~~be used to provide information regarding~~would be used to determine the propensity of the ~~recipient~~participants~~recipients~~ to consume the provided credit and the propensity of the donors to invest their contributions.

- **Measure Title:** *Account Balance*

**Description:** ~~Shows~~Provides information regarding the annual excess balance in the program account after the contributions have been distributed.

- **Measure Title:** *Energy Consumption*

**Description:** This measure tracks ~~tracks~~ the average monthly kWh consumption for program ~~participants~~recipients and also residential customers.

- **Measure Title:** *Program Stability*

**Description:** Provides information regarding the stability of program participation.

- **Measure Title:** *Returned Checks*

**Description:** This measure would provide information regarding the monthly number of returned checks from program ~~participants~~recipients.

- **Measure Title:** *Legal measures*

**Description:** The suggestion was made to develop measures to determine ~~if~~whether the program was consistent with the Constitution of the United States, the Utah State Constitution and the Federal Welfare Reform Act of 1996.

- **Measure Title:** *Costs associated with the fire and health department, homeless shelters and Medicaid funds*

**Description:** The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include reduced costs of fire and health departments, homeless shelters and Medicaid funds. A measurement for this issue has been suggested as a means ~~would be intended~~ to evaluate the impact that the lifeline program has on the costs of the fire and health department, homeless shelters and Medicaid funds.

■ **Measure Title:** *Property Value*

**Description:** The Low Income Consumer Utility Issues report by Jerold Oppenheim and Theo McGregor states that the benefits of low-income payment assistance and efficiency programs for tax payers include increased property values that generate real estate taxes. A measurement for this issue has been suggested ~~would be intended~~ to evaluate the impact the lifeline program has on property values.

■ **Measure Title:** *Investment Costs Associated With Employment and Construction*

**Description:** An interested party suggested that the lifeline program has associated detriments that lower investments, which impact employment and construction figures negatively. The decrease in investments would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on employment and construction due to lower investments.

■ **Measure Title:** *Personal Funds and Costs Associated with Home Improvements and Retail Sales*

**Description:** An interested party suggested that the lifeline program has associated detriments that reduce the personal funds donors have available for maintaining and repairing their homes and for purchasing retail items. The decrease in personal funds would be due to fewer dollars available due to the contributions made to the program. A measurement for this issue would be intended to evaluate the impact the lifeline program has on reduced home improvements and reduced retail sales due to the donor's lower personal funds.

■ **Measure Title:** *Economic Stimulus from Consumer Dollars Freed Through the Subsidy*

**Description:** Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are freed up through the availability of the “substituted” subsidy dollars.

■ **Measure Title:** *Economic Stimulus from Consumer Dollars Taken Through the Subsidy*

**Description:** Group members participating in the facilitated discussion, suggested that a measure be developed to provide information regarding the aggregate impact of the consumer dollars that are “taken” up through the subsidy dollars.

### 3.4 Measures Suggested by R. W. Beck

Based on the program's objective of helping low-income customers purchase electricity, the following measures are suggested:

■ **Measure Title:** *Average Electricity Energy Cost Impact*

## Section 3

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**Description:** This measure would provide information about the electric energy cost burden of low-income families participating in the program.

■ **Measure Title:** *Penetration*

**Description:** ~~Measures~~ Provides information regarding the program's penetration, over time, into PacifiCorp's base of -low-income customers who are qualified to participate in the lifeline program. ~~-base over time.~~

The following section of this report reviews each measure to determine ~~the availability of the data required, if~~ whether the required data is available, whether the measure is quantifiable and attributable, and what ~~the~~ information ~~that~~ results from applying the measures.