

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Divisions Annual Review and Evaluation of the Electric Lifeline Program, HELP	Docket No. 03-035-01
In The Matter of: HELP, Electric Lifeline Program Evaluation	Docket No. 04-035-21 Light and Truth Rebuttal Testimony of Paul F. Mecham Exhibit LightandTruth 3.0

FOR LIGHT AND TRUTH

October 14, 2005

TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
EXECUTIVE SUMMARY	3
EVALUATION PROCESS	5
EVALUATION CRITERIA	6
PUBLIC INTEREST	8
BENEFITS OFFSET NEGATIVE	12
THE DIVISION	14
HEAT	17
QUANTEC	19
HUGH GILBERT PEACH.....	23
SUMMARY TABLE.....	25
SUMMARY AND CONCLUSION	28
ATTACHMENTS.....	29

1 **EXECUTIVE SUMMARY**
2

3 This testimony responds to direct testimony filed by other Parties in this docket. I explain
4 in detail Light and Truth's positions and justification of those positions relative to
5 statements and positions taken by the other Parties. The conclusions based upon Light
6 and Truth's direct testimony and this rebuttal testimony are as follows:
7

- 8 • The evaluation process should include all possible input from the Commission's
9 three orders implementing HELP.
- 10 • No valid, quantified testimony has been provided that demonstrates that HELP is
11 in the public interest.
- 12 • No valid, quantified testimony has been provided that demonstrates that the
13 benefits of HELP offset or exceed the negatives of HELP.
- 14 • The evaluation criteria, standards and measures developed by the Division from
15 Commission orders with participation and input from other parties are
16 comprehensive and useable. The Parties, however have selected a very small
17 subset of these criteria, standards and measures and have excluded all the others
18 without justification or explanation.
- 19 • The Division in its reports and memorandum has consistently questioned data
20 attributability and described the data's inconclusiveness in demonstrating support
21 for either HELP success or failure. This has been true up until most recently when
22 the Division, in spite of no data foundation, has rejected its five year history, and
23 supported HELP continuation.
- 24 • HEAT has inappropriately been inserted into the HELP evaluation without basis
25 in Commission orders
- 26 • Quantec has failed to demonstrate attribution to HELP of the major PacifiCorp
27 statistical data. What attribution it did show is of no value in HELP's evaluation.
28 Quantec's errors eliminated the value of any economic tests it reported that might
29 have supported continuing HELP

30 • Hugh Gilbert Peach’s testimony contains more non-attributable claims well
31 beyond any applicability to HELP. His extreme recommended planned economy
32 has no applicability to HELP, to the state of Utah or to the United States of
33 America.

34 There is no valid justification for continuing HELP.

35

36 **EVALUATION PROCESS**

37

38 **Q What should the evaluation process be in this docket?**

39 A The Commission created HELP in three orders published between March 1999
40 and August 2000. As far as I can tell, the Commission has given no additional specific
41 feedback or even responded to reports since then.

42

43 In those initial three orders, the Commission made a number of assumptions,
44 comments and findings. They were adequate to start the program. The Commission then
45 ordered annual reports and a major review to determine if those findings were
46 demonstrated to be accurate over time and would justify continuing the program. In the
47 present review, it is not productive to refer to the initial orders and those initial findings
48 as if they were final and unchangeable. This circular reasoning on selected portions
49 essentially says that no review is needed and yet the Commission ordered this review. It
50 is needed.

51

52 In the absence of more specific instruction from the Commission, we must glean
53 the maximum amount of information possible from those initial orders. We must then
54 apply as much of that gleaning as possible in an analysis of HELP results in the years
55 since and as a forecast of any future years. The Division has been the leader in this
56 gleaning process (as ordered) and has generated three annual reports and one
57 Memorandum. (Copies of these four documents are attached)

58

59 Up until recently those reports have reflected broad gleaning. For any party or
60 parties now to selectively exclude any of that gleaned information without any stated
61 justification runs contrary to reason and to the Commission's three early orders. If this
62 were a rate case and a party submitted testimony running counter to earlier Commission
63 orders, that party would be expected draw that to the attention to the Commission and
64 explain it. That is not happening in this docket.

65

66 **Q You have been accused of taking quotes out of context in your testimony.**
67 **Have you a comment?**

68 A Yes, I do. I welcome discussing any of my comments and quotes in their full
69 context. I would hope that would be done by all others as well, in the spirit of the
70 evaluation process described above.

71

72 **EVALUATION CRITERIA**

73

74 **Q Did the Parties testify about criteria to justify continuing HELP?**

75 A Yes, every party selected the same five and only those five criteria from
76 Commission orders. The major significance of this is not the ones they selected but the
77 extremely important ones that they excluded

78

79 **Q What Commission statements did the Parties exclude when they chose only**
80 **five?**

81 A The following quotes show part of the Commission's reasoning and specific
82 criteria, standards and measures for the HELP program and its evaluation. Even the
83 following lists are not exhaustive. Those immediately following come from the order in
84 Docket 97-035-01

85

86 "...reduction in uncollectible accounts..."

87

88 "...reduction in ... returned checks..."

89

90 "...reduction in ... service shutoffs..."

91

92 "...whether there are benefits to non-participants..."

93

94 **"Measurements / Standards."**

95

96 "Finally, we charge this task force with proposing as detailed as possible a set
97 of standards, measurements and criteria against which, if we approve
98 implementation, we could judge whether the program were functioning as
99 intended."

100

101 "...criteria upon which to determine that the program ought to be modified or
102 abandoned..."

103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146

“...whether the program actually results in measurable benefits...”

The following quotes come from the Commission order in 99-035-10

“...not overly burden other customers...”

“...benefits offset negative impacts...”

“...a proposed cap on the total amount the program would raise and spend annually...”

“...proposed measurements and standards by which we could judge the success of a program...”

“Proposed Standards of Measures of Success.”

“It recommended that we ask the Division to develop a set of standards and measures.”

“...make sure the program is effective and to suggest changes or an end to the program.”

“We find sufficient benefits to the intended beneficiaries, to the utility, and to utility customers in general through reduced cost to the utility of collections, terminations, reconnections, and arrearages.”

“...the program be capped at no more than \$1.8 million per year...”

The following quotes come from the Commission order in 00-035-T07

“Standards of Measures of Success: The Division, with the assistance of PacifiCorp, SLCAP, CUC, DCED, CCS and other interested parties, will attempt to develop a set of standards and measures against which to evaluate the effectiveness and success of the program.”

“Division Monitor: The Division will evaluate the effectiveness and success of the program against the determined standards and measures.”

“...benefits to the intended beneficiaries, to the utility, and to utility customers in general.”

Q What are your observations on the Commission’s statements on criteria, standards and measures?

147 A It appears that the Commission clearly wanted standards and measures and they
148 wanted those standards and measures used in the evaluation.

149

150 **Q What are your conclusions on the Commission's statements on criteria,**
151 **standards and measures?**

152 A There are three conclusions as follows:

153 (1) The Commission expects the use of a great deal more than the five criteria listed
154 by the Parties.

155 (2) Some of the most important and significant measures, particularly benefits to non-
156 recipients and the utility were omitted by the Parties.

157 (3) Any evaluation using only the five criteria listed by the Parties would be
158 incomplete, misleading and worthless.

159

160 **Q What were the Parties' roles relative to standards and measures prior to**
161 **their testimonies in this docket?**

162 A With the exception of AARP, they all participated in the development of the
163 standards and measures published by the Division in its annual reports.

164

165 **Q Did the Parties include those standards and measures in their direct**
166 **testimony in this docket?**

167 A No they did not. As mentioned earlier, they used only five in their testimonies and
168 excluded all of the others that they participated in developing earlier.

169

170 **Q Why did the Parties take this action or exclusion?**

171 A I do not know. Light and Truth submitted a data request to each party asking
172 about this exclusion but did not received any explanation.

173

174 **PUBLIC INTEREST**

175

176 **Q Did the Parties testify about public interest?**

177 A Yes, all of them did.

178

179 **Q Did any one of the Parties define the words, public interest?**

180 A No, no party suggested a definition in its direct testimony. When Light and Truth
181 submitted data request to each of them asking for their definition, minimal responses
182 were provided. There was much criticism of Light and Truth's definition and many
183 references to places that a definition might be found but no specific quoted definition that
184 would apply right here, right now, in the utility regulation arena, in this docket. The
185 received proposed definitions were broad, philosophical and almost ethereal. Any
186 application in this docket would essentially make the term, "public interest" meaningless.

187

188 **Q Please restate Light and Truth's proposed definition.**

189 A The best definition is a net positive benefit to all customers. At an absolute
190 minimum, it is a net positive benefit to over half of the customers or public.

191

192 This is a down-to-earth, elementary definition that fits our present situation. It is
193 substantiated and discussed at length in my direct testimony on lines 256-303.

194

195 **Q Did any of the Parties demonstrate actions in HELP that met or complied
196 with this definition?**

197 A No, not one. The Parties provided generalities in words only. Not one provided
198 statistics of any kind to prove or demonstrate that HELP is in the public interest.

199

200 **Q What has the Commission stated about public interest in its orders creating
201 and leading up to this docket?**

202 A The following are quotes in full of every paragraph containing any reference to
203 public interest in the Commission's order in 97-035-01:

204

205 "Next, we must determine if a lifeline rate, as proposed in this case, is in the
206 public interest. As discussed below, we believe that the proposal **appears** to
207 meet this test in general, but believe that more detailed information, developed
208 by the task force, will enable us to definitively find that the program, if and as
209 implemented, will be in the public interest." (Emphasis added)

210

211 “**Conclusion.** As set forth above, we conclude that a lifeline rate may be in
212 the public interest. However, beyond the issues of legal authority and public
213 interest are the practical concerns. We are left with enough unanswered
214 questions that, rather than order the lifeline rate established immediately, we
215 direct the low-income task force to further consider, and recommend, exactly
216 how this will be implemented. At such time as this task force can address
217 these issues, the Commission will consider actually approving and
218 implementing a lifeline program, with or without a rate case.” (Emphasis
219 added)

220
221 “**Conclusion.** As set forth above, we conclude that a lifeline rate may be in
222 the public interest.” (Emphasis added)

223
224 The following is a quote in full of the only paragraph containing any reference to
225 public interest in the Commission’s order in 99-035-10:

226
227 **“We conclude that, considering the additional information provided in**
228 **this case, it is in the public interest to have a Lifeline program in Utah as**
229 **proposed and we are ordering that it be implemented. We find sufficient**
230 **benefits to the intended beneficiaries, to the utility, and to utility**
231 **customers in general through reduced cost to the utility of collections,**
232 **terminations, reconnections, and arrearages.** As for arguments that the
233 program would benefit one class of customers only, and thus should be paid
234 by them only, we note that it is not done in other arguably similar areas and
235 we decline to do so here. One specific example is that each class of service
236 does not pay precisely its "share" of costs. This is true, for example, of the
237 large customer groups, or special contract customers, according to some views
238 of allocations. Yet they do not agree with any allegations that they are being
239 subsidized by residential customers. Examples abound to demonstrate that one
240 person's improper ‘social welfare’ program is another person's **legitimate**
241 **regulation of utilities in the ‘public interest.’**” (Emphasis added)

242
243
244 The Commission’s order in 00-035-T07 is silent on public interest.

245
246 **Q Did any party attempt to quantify the public interest?**

247 **A** No. The Parties used generalities and philosophy but no statistics or
248 quantification.

249
250 **Q Can public interest be proven without quantification?**

251 A The term public interest is used over and over in UCA 54. The topic is extremely
252 important. To attempt to demonstrate compliance using generalities and philosophy I
253 believe is an affront to Title 54 and its purpose. I believe that hard dollars and statistics
254 are the only way to truly demonstrate compliance with public interest requirements. I
255 believe that other information could be provided in support of the hard dollar and
256 statistical data but the other information cannot validly stand alone.

257

258 **Q What is your reaction to relying on broad, philosophical, ethereal definitions**
259 **of public interest and on the absence of quantification?**

260 A The HELP proponents should use broad, philosophical, ethereal and unquantified
261 dollars to fund the program rather than taking very real dollars out of the pockets of other
262 ratepayers.

263

264 **Q What are your observations on the Commission's statements on public**
265 **interest?**

266 A With only unsubstantiated claims on the record, the Commission was very
267 indecisive in its public interest position. In its conclusion in 99-035-10, it relied upon
268 claimed "sufficient benefits to the intended beneficiaries, to the utility, and to utility
269 customers in general."

270

271 In the period of over five years since that order was published, no party has
272 demonstrated any benefit to the utility or to utility customers in general resulting from
273 HELP. Nor has any party demonstrated any reduced costs of collections, terminations,
274 reconnections or arrearages resulting from HELP.

275

276 Light and Truth's direct testimony conclusively demonstrated that HELP is
277 outside the regulation of utilities so that even the last comment in the Commission
278 Conclusion paragraph in 99-035-10 has now been shown to be baseless.

279

280 **Q What are your conclusions about public interest and HELP?**

281 A There are six conclusions as follows:

282

283 (1) Despite empty words and claims, no party has demonstrated HELP to be
284 in the public interest.

285 (2) The early unsupported claims upon which the Commission based its
286 assumption of HELP being in the public interest have been demonstrated
287 to be baseless and in error.

288 (3) Any party's claim that HELP is in the public interest based upon the
289 precedent of prior Commission order is similarly baseless, futile and in
290 error.

291 (4) Attempts to justify compliance without specific dollars and statistics are
292 meaningless.

293 (5) HELP is contrary to the public interest.

294 (6) There is no public interest reason to continue HELP.

295

296 **BENEFITS OFFSET NEGATIVE**

297

298 **Q Did the Parties testify about benefits offsetting negatives?**

299 A Yes. All of them did. They used at least part of the quote in the Commission order
300 in Docket 97-035-01 which said the following:

301

302 "Third, the benefits of the program should offset negative impacts on rate
303 making objectives and should be sufficient to overcome the Commission's
304 reluctance to effectuate social policy by means of altered electricity rates."

305

306 **Q Did any of the Parties quantify their arguments and demonstrate that**
307 **benefits offset negatives?**

308 A No, no party provided anything beyond generalities and words.

309

310 **Q Did the Commission, in its HELP orders, address this concept of benefits and**
311 **negatives?**

312 A Yes. The following quote also comes from the Commission's order in 97-035-01:

313

314 “We conclude that **if the assumptions are correct**, then the **benefits** of an
315 approximate 17 percent reduction in the average monthly utility bill for a
316 residential customer (\$8.00 off the \$48.32 average bill) would **exceed** the
317 **detrimental effect** of a very small increase in the bills of other customers.”
318 (Emphasis added)
319

320 The following quotes come from the Commission’s order in 99-035-10:

321
322 “**The benefits offset negative impacts on objectives.** SLCAP/Crossroads
323 expects the benefits of the program to include a reduction in uncollectible
324 accounts, returned checks, and service shutoffs; spreading the recovery of
325 fixed costs over more customers and therefore reducing the impact on each
326 customer; and an increase in sales of electric appliances. Though unrebutted,
327 **we recognize the speculative nature of this assertion.** . . .” (Emphasis
328 added)
329

330 “. . . would not overly burden other customers; that the **benefits offset**
331 **negative impacts**; and the proposed program was administratively simple . .
332 .” (Emphasis added)
333

334 The Commission’s order in 00-035-T07 is silent on this concept.
335

336 **Q Did any party attempt to quantify the benefits offsetting the negative?**

337 A No. As with the public interest, the Parties used generalities and philosophy but
338 no statistics or quantification.
339

340 **Q Is it possible to demonstrate that benefits offset or exceed negatives without**
341 **quantification?**

342 A I believe that hard dollars and statistics are the only way to truly demonstrate that
343 benefits do, indeed, offset or exceed negatives. Without an actual counting and
344 comparison to determine the net positive or negative, there is no demonstration or
345 substance. It is only talk.
346

347 **Q Has any party has ever shown how \$1.8M (or any other figure) in the hands**
348 **of the HELP recipients will benefit the economy more than that same amount in the**
349 **hands of all other ratepayers?**

350 A No.
351

352 **Q What are your observations on the Commission's statements on benefits and**
353 **negatives?**

354 A The Commission appeared to treat this as a very broad concept that should not be
355 narrowed to one or a few specific rate making objectives to the exclusion of other factors.
356 It appears also that the Commission felt the benefits should at least equal (and probably
357 exceed) detriments. It is possible to be consistent with all the above Commission quotes
358 by demonstrating that HELP both exceeds AND offsets the negatives. On the other hand,
359 claiming that benefits match negatives is consistent with the "offset" but fails to
360 "exceed." The listing of many factors also implies a quantification of benefits and
361 negatives and then summing them to determine that benefits actually offset or exceed
362 detriments. This concept appears to go hand-in-hand with Light and Truth's public
363 interest definition and argument.

364

365 **Q What are your conclusions on the Commission's statements on benefits and**
366 **negatives?**

367 A There are four conclusions as follows:

- 368 (1) The Commission expects benefits to exceed negatives
369 (2) Despite empty words and claims, no party has demonstrated that benefits
370 exceed (or even offset) negatives in HELP.
371 (3) Attempts to demonstrate that benefits exceed negatives without specific
372 dollars and statistics are meaningless.
373 (4) There is no valid benefits-exceeding-negatives argument to support continuing
374 HELP.

375

376 **THE DIVISION**

377

378 **Q Did the Division talk about measures and standards in its direct testimony?**

379 A Yes, as mentioned under the heading Measures and Standards above.

380

381 **Q What is the Commission's charge to the Division on Measures and**
382 **Standards?**

383 A The following Commission Quotes answer this question. The immediately
384 following quotes come from the Commission order in 99-035-10

385
386 “The task force ... recommended that we ask the Division to develop a set of
387 standards and measures.”
388

389 The following quotes come from the Commission order in 00-035-T07

390
391 “10. Measures of Success: The Division, with the assistance of PacifiCorp,
392 SLCAP, CUC, DCED, CCS and other interested parties, will attempt to
393 develop a set of standards and measures against which to evaluate the
394 effectiveness and success of the program.”
395

396 “11. Division Monitor: The Division will evaluate the effectiveness and
397 success of the program against the determined standards and measures.”
398

399 **Q Did the Division develop standards and measures?**

400 A Yes. It did so and reported on them in all three of its annual reports.

401

402 **Q Did the Division include those standards and measures in its direct testimony**
403 **in this docket?**

404 A No it did not. The Division used only five in its testimony and excluded all of the
405 others that it developed earlier.

406

407 **Q Why did the Division take this action or exclusion?**

408 A I do not know. As mentioned earlier, Light and Truth submitted a data request to
409 the Division asking about this exclusion but did not received an explanation.

410

411 **Q What have you done to assist the Commission on the topic of standards and**
412 **measures?**

413 A Light and Truth has attached to this testimony, copies of the three Division
414 Annual Reports and the Division’s Memorandum to the Public Service Commission on
415 Quantec’s Utah HELP Program Evaluation Final Report dated March 24, 2005 so they
416 would be available on the record in this docket.

417

418 **Q Did the Division testify about benefits in its direct testimony?**

419 A Yes. One of the five criteria it chose was benefits offsets negative.

420

421 **Q What is the Division's history relative to benefits?**

422 A The following quotes help show this. The immediately following quote comes
423 from the Commission order in 99-035-010.

424

425 "The Division asserts that there are no benefits to non participants from direct
426 assistance programs."

427

428 The following quote comes from the Division's first annual report.

429

430 "... the Division has been unable to find demonstrable benefits to either
431 PacifiCorp or ratepayers in general."

432

433 The following quote comes from the Division's second annual report.

434

435 "... the Division has been unable to find demonstrable benefits to either
436 PacifiCorp or ratepayers in general."

437

438 The following quotes come from the Division's third annual report.

439

440 "Because of the problem of attribution, it is difficult to clearly identify
441 whether the HELP program benefited the non-participating ratepayers, the
442 utility or the system in general."

443

444 "However, the Division has been unable to find demonstrable benefits
445 accruing to either PacifiCorp or ratepayers in general. The Division was also
446 unable to establish whether the positive impacts of the HELP program
447 outweighed its negative impacts."

448

449 "Because of the problem of attribution, it is difficult to clearly identify
450 whether the HELP program benefited the non-participating ratepayers, the
451 utility or the system in general. For one to be able to objectively evaluate the
452 real impact of the program, one must be able to establish attribution. Since
453 the Division did not have the data necessary to establish attribution, the
454 Division cannot determine whether the HELP program was a success or not."

455

456 The following quotes come from the Division's Memorandum to the Public
457 Service Commission on Quantec's Utah HELP Program Evaluation Final Report dated
458 March 24, 2005

459

460 "Although the Quantec report indicates that HELP is cost effective, the
461 Division has the same concerns with Quantec's analysis that it had with the
462 Division's own attempts to quantify performance standards: **the analysis fails**

463 **to satisfactorily isolate HELP impacts from other relevant economic**
464 **variables.** Therefore, the Division believes **it is difficult to say with**
465 **confidence whether or not changes in the performance measures are**
466 **attributable to the Program.**” (Emphasis added)
467

468 “The Quantec report attributes improvements in payment behaviors and other
469 indicators to the impact of HELP alone, leading Quantec to conclude that the
470 Program is cost effective. Although the study indicates an improvement in
471 payment behaviors of the participant group members and some other
472 indicators once they received HELP, **the Division is not satisfied that the**
473 **changes are attributable solely to HELP,** as opposed to an accumulation of
474 HELP and HEAT.” (Emphasis added)
475

476 “Quantec assumed that, because participants can apply for HELP in
477 conjunction with HEAT, participants who receive HELP also receive HEAT.
478 However, **participants may use their HEAT money to pay their gas bills**
479 **or electric bills.** Since the study did not consider a comparison group who
480 received HEAT but not HELP, the Division is not satisfied that this study
481 adequately separates the impact of HELP from that of HEAT for some of the
482 performance measures (energy consumption, shutoffs, mobility, and collection
483 notices). Furthermore, Quantec did not have access to records that would
484 indicate the amounts of HEAT money that may have been used toward gas
485 bills. Consequently, Quantec could not capture the total impact of the
486 combination of HELP and HEAT. **HELP certainly contributes benefit to**
487 **its recipients, but it is difficult to say with confidence that HELP makes a**
488 **significant impact on the performance measures used in this study.**”
489 (Emphasis added)
490

491 The Division’s reaction to the Quantec report includes much more and is mixed in
492 placing an overall value on the report. To place this in full context, a copy of the
493 Division’s Memorandum to the Commission dated March 24, 2005 is attached to this
494 testimony.
495

496 HEAT

497

498 **Q Did any of the Parties discuss the role of HEAT (LIHEAP) in the HELP**
499 **program?**

500 **A** Yes, nearly all of them talked about HEAT.

501
502 **Q What has the Commission said in its orders about HEAT?**

503 A The following is an exhaustive list of quotes including HEAT from Commission
504 orders on HELP: The immediately following quotes come from the Commission's order
505 in Docket 97-035-01"

506
507 Under the heading, "The need is real and is not being met by direct-payments
508 programs," the Commission said, "The Low Income Home Energy Assistance
509 Program (LIHEAP), known in Utah as the HEAT program, has faced funding
510 cuts in recent years and is now funded at a level less than half that of its peak
511 years, 1983 to 1985."

512
513 "To qualify, household income must be at or below 125 percent of the official
514 federal poverty rate. This poverty rate was selected to target the program
515 because it is also the qualification for participation in Utah's HEAT program."
516

517 The following quotes come from the Commission order in 99-035-10

518
519 "The proposal indicates that to qualify, a customer must be qualified for the
520 Utah Home Energy Assistance (HEAT) Program (which we examined in our
521 prior order and found that by itself it is inadequate to meet the needs of
522 eligible customers)"

523
524 "The Utah Department of Community and Economic Development would
525 administer the program in conjunction with its HEAT program."
526

527 The following quotes come from the Commission order in 00-035-T07

528
529 "To be eligible for this tariff, a customer's household income must be equal to
530 or less than 125% of the Federal poverty level, or the household must be
531 eligible for the Home Energy Assistance Target (HEAT) program."
532

533 "The Utah State Department of Community and Economic Development
534 (DCED), which administers the HEAT program, agrees to administer the
535 Lifeline program."
536

537 "DCED agrees to print forms for non-HEAT applicants to apply for the
538 Lifeline program."
539

540 **Q What are your observations on the Commission's statements on HEAT?**

541 A It appears that the Commission used HEAT, along with other assistance
542 programs, in its determination that there was a need for assistance. The Commission also
543 used HEAT as one trigger in qualifying individuals for the HELP program. No use could
544 be found for the Commission's use of HEAT other than these two, the determination of

545 need and the administrative qualifying of recipients. There was no tie to measures,
546 standards, criteria, reporting, calculations, or anything else.

547

548 **Q What are your conclusions on the Commission's statements on benefits and**
549 **negatives?**

550 A The recent ties and "confounding" of HEAT with HELP is unjustified and
551 inappropriate and has no basis in Commission orders. Other than for the Commission's
552 noted two reasons, HEAT has not even been mentioned in any of the conversations about
553 HELP in all the years up until the involvement of Quantec. Quantec's contorted put-it-in
554 and then take-it-out processes along with its evaluate-it-with and then evaluate-it-without
555 processes are unjustified, unconvincing, confusing, misleading and inappropriate in this
556 docket. Quantec's HEAT involvement should be disregarded in the evaluation of HELP
557 in this docket.

558

559 **QUANTEC**

560

561 **Q Did the Parties' testimony include Quantec and the economic tests in its**
562 **report?**

563 A Yes, nearly all did.

564

565 **Q Do you have any additional rebuttal relative to Quantec?**

566 A Yes. The major information is that Quantec understated the costs of HELP in its
567 economic tests by approximately 20%.

568

569 **Q What has been the understanding of what the cost of HELP is, by the**
570 **Commission's and all parties of record with the exception of Quantec?**

571 A From the very inception of HELP, its cost has been the surcharge in Utah tariff 1.
572 This is the cost that was capped at \$1.85 million. This is the cost that shows on the
573 majority of non-participants' bills as \$.12. Even Quantec's report said the following on
574 page III-2:

575

576 “Funding
577 “Funding for the Program is provided through a surcharge on ratepayers’ bills.
578 Non-participating residential customers pay \$0.12/month. Non-residential
579 customer contributions are capped at \$75 annually. The charge appears as a
580 line item on customers’ bills.”

581

582 **Q What is the understatement of cost that you mentioned?**

583 A Quantec used the period from October 1, 2000 through September 30, 2003.

584 Quantec’s report said, “Sept ’00 to Sept ’03.” According to PacifiCorp’s quarterly
585 statistical reports, the surcharge collected during those 36 months from non-participants
586 totaled \$5,784,752. Quantec used only \$4,790,592 in its calculations. Quantec’s report
587 stated the following on page IV-9:

588

589 “Program Costs

590 “The major cost component is the credit given to Program participants. For
591 the period covered by the evaluation (Sept ’00 to Sept ’03), the total amount
592 of credit given was \$4,790,592. Other cost categories included the agencies’
593 and Company administration of \$37,000.”

594

595 The \$4,790,592 figure also appears in the Quantec report four times on page IV-11
596 erroneously labeled “surcharge” and four times on page ES-7 erroneously labeled
597 “surcharge.” This \$4,790,592 is not the “surcharge.” The surcharge is \$5,784,752.

598

599 **Q Do you have comments about the size of the sample or sub-set of participants
600 in the Quantec study?**

601 A Yes, I have a couple. First, the size reported by Quantec and others is that the
602 number included was the entire census of the participants or the entire population of
603 program participants. The number of participants reported in Quantec’s study in Table
604 IV.2 on page IV-3 appears to be less than 5% of the number reported by PacifiCorp for
605 the same period. The table on the following page illustrates that.

606

607 Count of Arrearage Participants: PacifiCorp –vs- Quantec

PacifiCorp			Quantec	
Date	# T3	# Arrears (T3)	# Arrears (Participant)	Date
Sep 2000	0	0	18	9/1/2000
Oct 2000	4	7	511	10/1/2000
Nov 2000	451	70	964	11/1/2000
Dec 2000	1,151	209	2,019	12/1/2000
Jan 2001	9,425	3,387	2,788	1/1/2001
Feb 2001	13,649	4,483	1,763	2/1/2001
Mar 2001	15,961	5,526	1,321	3/1/2001
Apr 2001	17,342	6,500	506	4/1/2001
May 2001	17,253	6,500	88	5/1/2001
Jun 2001	16,603	6,500	4	6/1/2001
Jul 2001	15,966	7,171	7	7/1/2001
Aug 2001	15,409	7,171	17	8/1/2001
Sep 2001	14,860	7,171	20	9/1/2001
Oct 2001	14,430	9,478	107	10/1/2001
Nov 2001	14,853	9,478	536	11/1/2001
Dec 2001	15,140	9,478	1,029	12/1/2001
Jan 2002	18,964	10,314	1,101	1/1/2002
Feb 2002	20,990	10,314	761	2/1/2002
Mar 2002	22,417	10,314	599	3/1/2002
Apr 2002	23,224	8,948	34	4/1/2002
May 2002	22,728	8,948	262	5/1/2002
Jun 2002	18,337	8,948	3	6/1/2002
Jul 2002	17,598	9,244	5	7/1/2002
Aug 2002	17,020	9,244	6	8/1/2002
Sep 2002	16,380	9,244	12	9/1/2002
Oct 2002	15,824	9,043	71	10/1/2002
Nov 2002	16,120	9,043	461	11/1/2002
Dec 2002	17,538	9,043	629	12/1/2002
Jan 2003	19,398	11,473	620	1/1/2003
Feb 2003	21,310	11,473	538	2/1/2003
Mar 2003	22,821	11,473	374	3/1/2003
Apr 2003	23,506	9,873	136	4/1/2003
May 2003	23,481	9,873	212	5/1/2003
Jun 2003	18,151	9,873	5	6/1/2003
Jul 2003	17,418	18,490	5	7/1/2003
Aug 2003	16,781	18,490	8	8/1/2003
Sep 2003	15,708	18,490	10	9/1/2003
Oct 2003	15,708	29,342	51	10/1/2003
Nov 2003	15,798	29,342	193	11/1/2003
Dec 2003	17,345	29,342	2	12/1/2003
Count of above		40	40	
Sum of above		403,350	17,836	
Average of above		10,084	446	4.4%

609 It appears that Quantec's analysis applies to about 446 per month while the total
610 arrears population reported by PacifiCorp is about 10,084 per month.

611

612 Second, Quantec has been repeatedly asked (including before its report was even
613 published) how its analysis might be extrapolated, expanded, adjusted (or whatever the
614 right word is) to explain the full PacifiCorp reported population, Quantec continues to
615 state that its study population is "total." That appears untrue. The Quantec study does not
616 explain or attribute the changes in the total (the real total) PacifiCorp reported population.
617 It was this inability to attribute changes in the PacifiCorp data that initially triggered
618 Quantec's hiring. Quantec has not met that expectation.

619

620 **Q Briefly what was the reduction in Mobility error described in your direct**
621 **testimony?**

622 A This was the two million dollar supposed societal savings in things like increased
623 school dropout, inability to hold a job, moving expenses, rental deposits, bank fees,
624 telephone connections, etc. None of these claims were quantified and then summed to the
625 total. Nor was there even any direct attributability to HELP even attempted. HELP's
626 impact in moves is hidden in this area by the macroeconomic environment just like it is
627 for arrearages, shut-offs, etc. Despite these shortcomings, Quantec included two million
628 dollars of cost savings or benefits.

629

630 **Q What are the results of the Quantec calculations if the costs are corrected for**
631 **the cost understatement and the "Reduction in Mobility" error of \$2M described in**
632 **Light and Truth's Direct Testimony are considered?**

633 A All four of Quantec's calculations, (1) Ratepayers HELP alone, (2) Ratepayers
634 HELP with HEAT, (3) Societal/TRC HELP alone and (4) Societal/TRC HELP with
635 HEAT have benefit/cost ratios below 1.0 and have negative net values.

636

637 **Q What are your conclusions on Quantec's value in evaluating HELP?**

638 A There is only one valid conclusion about Quantec relative to the evaluation of
639 HELP. With its sophisticated, irrelevant methodology, with its obvious bias against the

640 majority of ratepayers and with its major errors in analysis, Quantec provides absolutely
641 zero support for the continuance of HELP.

642

643 **HUGH GILBERT PEACH**

644

645 **Q Do you have any rebuttal comments for Dr. Peach's testimony?**

646 A Yes. They follow,

647

648 **Q What is your reaction to the following quote of Dr. Peach?**

649

650 "Burnout and overstress of voluntary institutions and people – Second, there
651 has been an **over-reliance on voluntary assistance** over the past thirty years
652 such that helping agencies are generally overstressed. What we need is
653 intelligence in institutional structures and **programs** so that they **operate**
654 **more or less automatically** to prevent and solve problems to households and
655 families. To keep voluntary institutions viable, utility and government
656 programs must be made increasingly effective and efficient." (Emphasis
657 added)

658

659 A The obvious implication is that force is needed to make society match Dr. Peach's
660 picture of the world. In my picture of the world, this kind of testimony belongs before an
661 elected governmental body, not before a non-elected administrative body.

662

663 **Q What is your reaction to the following quote of Dr. Peach?**

664

665 "For both utilities and governments, programs like the Home Electric Lifeline
666 Program (HELP) are essential to provide continued access to electricity, gas,
667 and water services. These services are essential to life and **it is better** not only
668 for families and households served through payment assistance programs but
669 **for all households and for utilities and governments that access to**
670 **electricity, gas, and water be planned** in such a way as to insure that all
671 families and households can maintain continued service." (Emphasis added)

672

673 A This raises several unanswered questions. Who is so smart that he can plan better
674 than all households, utilities and governments can do for themselves? What examples of
675 planned economies might Dr. Peach have that have been more successful than ours
676 today?

677

678 **Q What is your reaction to the following quote of Dr. Peach?**

679

680 Who pays for the Home Energy Lifeline Program (HELP)? **Non-participants**
681 **pay** ... It is the non-participants who **must** pay for the program, because those
682 who not have money cannot pay.” (Emphasis added)

683

684 A This takes us back to a planned economy and a determination of who MUST pay.

685 Perhaps Dr. Peach is the one who is smart enough to make these decisions for the rest of

686 us.

687

688 **Q What is your reaction to the following quote of Dr. Peach?**

689

690 “... what do you advise utilities and governments to do? First establish, and
691 then carefully and incrementally optimize programs to maximize customer
692 payment by **asking only for payment amounts that are within the**
693 **reasonable possibility for customers to pay.**” (Emphasis added)”

694

695 A It appears to me that Dr. Peach is advocating a planned socialist economy where
696 people can get what they need (or think they need – or what others think they need) for a
697 price they can afford. This price apparently does not consider market, the price the
698 provider needs, the price difference that someone else must cover, etc.

699

700 **Q What is your reaction to the following short quotes about HELP of Dr.**

701 **Peach?**

702

703 “This is, at root a ‘health and safety’ benefit to the whole of the City.”

704

705 “This is actually a general public interest service quality or performance
706 issue.”

707

708 “... big box stores or individual corporations ...”

709

710 “... promote globalization ...”

711

712 “In the area of electricity supply, global warming, ...”

713

714 “... hurricane in the Gulf region.”

715

716 A Even before Dr. Peach joined the HELP discussions there was a very serious
717 attribution problem. His testimony contained no quantification at all and contained no

718 means whatever to attribute any result of any of the above quotes to the HELP program.
719 They are inappropriate in this docket.

720

721 **Q Did Dr. Peach reference the Bible?**

722 A Yes, he did. He referred to Ecclesiastes. With that door-opener, I have two
723 comments. Charity and the needs of the poor are mentioned over and over in the Bible.
724 On the other hand, no one has ever shown me in the Bible even one place where the
725 government should be the instrument for caring for the poor.

726

727 **Q Where might we learn more about Dr. Peach's methods and reasoning that
728 are more specifically tied to HELP?**

729 A Dr. Peach sent a data request to Light and Truth as part of this docket. His
730 assumptions and twists of Light and Truth's direct testimony show clearly in those
731 questions. A full copy of Light and Truth's responses which include Dr. Peach's
732 questions is attached to this rebuttal testimony.

733

734 **Q What are your conclusions on Dr. Peach's testimony on HELP?**

735 A He provides nothing of value in the specific evaluation of HELP. His
736 recommendations of a planned economy appear inappropriate. His assumption that there
737 is someone so smart that they know better how to handle the affairs (and funds) of all
738 households along with utilities and governments, also appear improper. My greatest
739 concern related to Dr. Peach's proposed use of force contrary to public freedom and
740 rights to reach his ends is that force contrary to public freedom and rights is already a part
741 of HELP as it exists today.

742 Dr. Peach may be smarter than I am but I don't believe he's smarter than
743 everyone else. I agree that the poor need assistance but Dr. Peach's approaches and
744 reasoning appear out of step with what the Commission and anyone else tied to utility
745 regulation ought to be doing.

746

747 **SUMMARY TABLE**

748

749 **Q** Have you compiled a Summary Table showing what the various parties have
750 (and have not) provided that supports (or does not support) the continuation of
751 **HELP?**

752 **A** Yes, that summary table appears on the following page.

753

754

755

SUMMARY OF DATA IN SUPPORT OF CONTINUING HELP

This table summarizes the support for continuing HELP that has been provided to the Commission. The entries are made to the best of Light and Truth's knowledge and research in the history and documents leading up to this hearing. The key column is the summary one headed, "Supports Continuing." The term, "Data Support" is used for those who have either found supporting data or have provided supporting data. The term, "No data support" is used for those who have found no support and for those who have made claims without support or demonstration.

Measure	Supports Continuing	AARP	CAP	CCS	DPU reports	DPU this docket	L&T	Pcorp	R.W.Beck
Public Interest**	Data against	No data support	No data support	No data support	No data support	No data support	Data against	No data support	Silence
Benefit to recipients*	Support Continue	Data support	Data support	Data support	Data support	Data support	Data support	Data support	Data support
Benefit to utility*	Data against	Silence	No data support	No data support	Data against	Silence	Data against	No data support	Data against
Benefit to utility customers in gen'l*	Data against	Silence	No data support	No data support	Data against	No data support	Data against	No data support	Data against
Benefits offset negatives* **	Data against	Silence	No data support	No data support	No data support	No data support	Data against	No data support	No data support
Not overly burden other customers*	No data support	No data support	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Arrearages	No data support	Silence	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Terminations	No data support	Silence	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Collections	No data support	Silence	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Writeoffs	No data support	Silence	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Recoveries	No data support	Silence	No data support	No data support	No data support	No data support	No data support	No data support	No data support
Target low income households**	Support Continue	Data support	Data support	Data support	Silence	Data support	Silence	Data support	Silence
Easy, inexpensive to administer**	Support Continue	Data support	Data support	Data support	Data support	Data support	Silence	Data support	Silence
Cap at \$1.85M	Data against	Silence	No data support	No data support	Data against	Data against	Data against	No data support	Silence
Recipient Need**	Support Continue	Data support	Data support	Data support	Data support	Data support	Silence	Data support	Data support

*Identified by the Division as "Performance Goals" in contrast to "Administrative Goals."

**The Five Included in the Parties' Proposed Stipulation

756 **SUMMARY AND CONCLUSION**

757
758 **Q Please summarize your rebuttal testimony**

759 A The above testimony makes the following points:

- 760 • No valid, quantified testimony has been provided that demonstrates that HELP is
761 in the public interest
- 762 • No valid, quantified testimony has been provided that demonstrates that the
763 benefits of HELP offset or exceed the negatives of HELP.
- 764 • The evaluation criteria, standards and measures developed by the Division from
765 Commission orders with participation and input from other parties are
766 comprehensive and useable. The Parties, however have selected a very small
767 subset of these criteria, standards and measures and have excluded all the others
768 with out justification or explanation.
- 769 • The Division in its reports and memorandum has consistently questioned data
770 attributability and described the data's inconclusiveness in demonstrating support
771 for either HELP success or failure. This has been true up until most recently when
772 the Division, in spite of no data foundation, has rejected its five year history, and
773 supported HELP continuation.
- 774 • HEAT has inappropriately been inserted into the HELP evaluation without basis
775 in Commission orders
- 776 • Quantec has failed to demonstrate attribution to HELP of the major PacifiCorp
777 statistical data. What attribution it did show is of no value in HELP's evaluation.
778 Quantec's errors eliminated the value of any economic tests it reported that might
779 have supported continuing HELP
- 780 • Hugh Gilbert Peach's testimony contains more non-attributable claims well
781 beyond any applicability to HELP. His extreme recommended planned economy
782 has no applicability to HELP, to the state of Utah or to the United States of
783 America.

784
785 **Q What is your overall conclusion?**

786 A There is no valid justification for continuing HELP.

787

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

789 **A** Yes

790

791 **ATTACHMENTS**

792

793 1) The Division's First Annual Report

794 2) The Division's Second Annual Report

795 3) The Division's Third Annual Report

796 4) The Division's Memorandum to the Public Service Commission on Quantec's
797 Utah HELP Program Evaluation Final Report dated March 24, 2005

798 5) Dr. Peach's Data Request to Light and Truth with Light and Truth's responses