



SALT LAKE COMMUNITY ACTION PROGRAM

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To: PacifiCorp
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From: Betsy Wolf
Salt Lake Community Action Program

Copies To: Service List in Docket No. 05-035-54
Utah Public Service Commission

Date: July 31, 2007

Subject: Supplemental Comments of Salt Lake Community Action Program on the Low
Income Arrearage Study Filed in Docket No. 05-035-54 regarding Merger
Commitment U. 26

We appreciate the opportunity to provide comments on the Low Income Arrearage Study. I have attached a letter dated July 27, 2007 from advocates for low income energy programs, including myself, in four of the states that PacifiCorp serves on the above subject. I am submitting some additional comments as follows specific to Utah issues. Finally, I am also attaching a 2001 American Bar Association article written by Roger Colton, who participated with Quantec on the Arrearage Management Study, outlining concerns and legal issues regarding prepaid utility meters and low-income utility customers.

Merger Commitment

As one who was involved on behalf of Salt Lake Community Action Program in the PacifiCorp / MEHC merger docket, one of our goals was to create a pilot arrearage forgiveness program. However, the ultimate commitment, agreed to by parties from most states, was to engage in a study of the cost effectiveness of those programs in other states and to determine how such programs could assist low-income people with arrearages in the PacifiCorp service territory. The joint letter from low-income advocates in four states details, on page 2, our concerns about how the study does not reflect the goals or expectations of the merger commitment.

Recommendation that PacifiCorp work with States on the LIHEAP allocation formula

Following receipt of the Report, I submitted a comment regarding the erroneous contention that Utah does not fully utilize the LIHEAP funds it receives and the subsequent recommendation that PacifiCorp should work with states to review the allocation formula. As a federal block grant program administered by the states, the Department of Health and Human Services gives LIHEAP

administrators in the states broad discretion within guidelines. That discretion is described as follows in a cite found at: <http://www.acf.hhs.gov/programs/liheap/funding/index.html>

“Block Grant Funds

A Federal block grant is an amount of federal funds awarded to a state or local governing agency based on a formula. The funds are to be spent in broadly defined areas. Relatively few restrictions are mandated from the Federal government. Block grants are based on the premise that a state or local governing agency should be free to target federal funds and design administrative mechanisms to provide services to meet the needs of their citizens. Under the block grant, grantees, rather than the federal government, are the primary interpreters of the law.”

Because the recommendation was further detailed in a May 24, 2007 written and oral presentation by Quantec, it appears that more information is needed to correct the misconception that Utah does not expend its share of federal LIHEAP dollars. In a recent email response to a query on how Utah allocates its funds, State Program Director Sherman Roquero described it in more detail as follows:

“We generally budget up to 70% of our funds for the Winter Assistance program;
10% to Weatherization;
10% Admin. and
10% Crisis, which is year-round.

For the Winter Assistance Program, our formula is based on the estimated number of households we anticipate serving and the amount of LIHEAP funds we anticipate we'll have to dedicate to it. We take this money off at the top before we decide how much we would put into Weatherization or Crisis.

Our formula is customized to take into account each household's poverty level, energy burden, and whether they have a targeted household member or not--child under six, disabled or elderly. The lower the poverty level, the higher the energy burden, and/or having a targeted household member, the higher the HEAT Benefit a household receives. Doing this we have never run out of funds before April 30 comes along although we have come close a few times. If we have left over money after 4/30, we obligate it to the Weatherization Program since we started at 10% but can go up to 15%. And this happens a few times especially when we are awarded LIHEAP Funds at the end of Winter. Our average HEAT Benefit is about \$290 which may be kind of small but we would rather serve everyone that applies and is eligible rather than serve them first come first serve with a higher amount and run out before the season is over.”

By utilizing the above described allocation method, Utah allocates its resources in a method that allows it to serve households throughout the year while utilizing all its LIHEAP funds each year.

In recent years, while the cost of electricity and natural gas has increased dramatically, federal

LIHEAP dollars have not increased in a commensurate manner. Roger Colton, an expert on low income energy issues who consulted on this study, has published “The Home Energy Affordability Gap” which analyzes national and state level data on the subject since 2002. He points out that Utah households below 50 percent of the Federal Poverty level pay 42.3% of their annual income simply for their home energy bills while those between 50 and 74% of the Federal Poverty Level pay nearly 17%.

(See: http://www.homeenergyaffordabilitygap.com/downloads/2006_Released_Apr07/States/Utah.pdf)

As nearly two thirds of Utah’s LIHEAP (run as the HEAT program in Utah) recipients are at or below 75% of the FPL or have incomes below \$9,000, the current available LIHEAP funds are simply insufficient to make essential home energy bills encountered by these low income households affordable. To further reduce those funds available to Utah customers would be unconscionable.

Appendix on Protections in States

The appendix on page 54 does not mention the winter moratorium that Utah established in statute (Utah Code, Chapter 9-23-201) in 1988. The moratorium provides for relief from involuntary termination for nonpayment of utility bills from November 15th to March 15th of each year and can be found at:

http://le.utah.gov/~code/TITLE09/htm/09_0A007.htm

Prepaid Meters

In Utah, the only previous discussion we have had regarding prepaid meters was in conjunction with the PacifiCorp / Scottish Power merger in the late 1990's. We were concerned at that time that Scottish Power used these meters in the UK and we were not interested in their introduction in PacifiCorp’s service territory. We are disturbed, as described in the joint letter dated July 27, 2007, that prepaid meters (even on a voluntary basis) are one of the primary recommendations of this report. We are clearly opposed to providing a method in which low income customers, many of whom are elderly, disabled or have small children in the home, literally may be forced to self disconnect, causing unintended consequences that can jeopardize their health and safety.

Recommendations

We recommend that PacifiCorp view this as a beginning rather than a conclusion of this study. In so doing, we would urge the Company to work in collaboration with all interested parties to address the very real issue of low income households with arrears and to examine the issues detailed on page 2 of the Joint July 27th letter in order to develop meaningful programs to reduce arrearages for low-income households in a way that does not diminish the health and safety of those households.