MEMORANDUM

To: Utah Public Service Commission

From: Betsy Wolf, Salt Lake Community Action Program

Date: January 18, 2008

Re: Docket No. 05-035-54, MEHC Acquisition of PacifiCorp and

Docket No. 07-2035-02, PacifiCorp Low-Income Arrearage Study

Salt Lake Community Action Program is writing in response to the Memorandum from the Division of Public Utilities dated November 16, 2007 and a letter from Rocky Mountain Power dated December 4, 2007, both to the Utah Public Service Commission regarding the above referenced matter. Salt Lake Community Action Program concurs with the recommendation of the Division of Public Utilities (DPU) that the Commission not acknowledge PacifiCorp's Arrearage Study as fulfilling the MEHC Merger Commitment, U. 26.

We have previously submitted documents (Joint Letter to Carole Rockney dated July 27, 2007 and Supplemental Comments of Salt Lake Community Action Program dated July 31, 2007) which outlined many of the concerns we have with the study and process. With regard to the issue of whether the study satisfies the merger commitment, our concern is less with the quantitative analysis on the then current arrearages of a portion of PacifiCorp's low income customers. Rather, our primary concern is about what was *not i*ncluded in the overall study.

By looking at the problem predominantly from the point of view as to whether the utility is getting paid, the study misses the point that non payment is an even more important problem for the household that can't pay. We believe that a more thorough study would have identified different populations who fail to pay for different reasons. If a program were designed that addressed the particulars of at least one of these discrete populations effectively, both the participants from that population and the utility (and indirectly other utility ratepayers) would be better off.

In addition to this more general concern, we submit the following specific reasons that SLCAP does not find that the study meets the commitment.

1. The commitment states that the Company "will study and *design (italics added)* for possible implementation an arrearage management project for low income customers that could be made applicable to Utah and other states that PacifiCorp serves. "

In Chapter 5, the study includes a “Summary of Industry Best Practices”. But nowhere does it actually study and design for possible implementation an arrearage management project for Utah or any other state.

2. The commitment states that such an arrearage management “project may have to be tailored to best fit the unique low income environment of each individual state. “

The study acknowledges the differences in states by providing a list of programs currently in place in each state in Chapter 4 where it states: “Recommendations to assist households in addressing their arrearage will work with or build on existing programs, where appropriate, to take advantage of existing infrastructure.” (Study, page 35) However, as noted above, there are no programs designed in the study for potential implementation and consequently no specific programs tailored to the specifics in each state.

3. The commitment states that “the goals for the project will include reducing service terminations, reducing referral of delinquent customers to third party collection agencies, reducing collection litigation and reducing arrearages and increasing voluntary customer payments of arrearages. “

Again, our issue with this portion is not with what was analyzed but with what was not analyzed. The study made an excellent effort at quantifying the state of arrears of those customers that it could identify as low income through participation of certain customers in current low income programs. And the study also showed, through comparisons of the states, how various assistance plans do contribute to bill payment coverage and reduced arrears. Where we believe the study falls short in this area is the anticipation that the goals for the “project” outlined above would have included looking more specifically at actual arrearage management programs as a way to reduce arrearages and increase voluntary customer payments of arrearages, especially for states such as Utah, Oregon, Washington and California that already have basic rate assistance programs in place. Our goal was that this study would provide direction and program design as to how those states could proceed with next steps in dealing with the arrearages of certain customers.

4. The study actually acknowledges this on page 5 as Recommended Strategies are discussed. It acknowledges that in addition to the traditional low income programs targeting energy use, the cost of energy and emergency energy assistance, other utility programs help low income customers through better budgeting or “by offering clients a *fresh* start by erasing previous arrearage levels (usually based on ability to achieve certain program-established payment goals).”

It is precisely this last strategy that we were anticipating that the study would explore in designing a potential program for states that already employ some of the more traditional approaches. In addition, the study notes that: "One distinguishing feature of the various programs implemented by utilities is whether the arrearage levels are used as a screening criterion. When households with high arrears are targeted, the reduction in arrears is significantly better than targeting the general population of low-income households." This last statement accurately reflects what we hoped would be the starting point for designing potential programs to deal with significant arrearage issues in the low- income population.

5. The recommended strategies potentially applicable to Utah such as prepaid meters or changing the LIHEAP allocation formula would not help in assisting Utah low-income customers and we have previously outlined our concerns with both those strategies. In addition, those strategies do not meet the goals outlined in #3 above.

Voluntary prepaid meters would not have a positive impact on any of those goals for those who already have accrued arrearages and thus would do nothing to solve that problem. Using a prepaid meter would obviously have a positive impact on reducing future arrearage accrual since a household with little or no money would be unable to access critical utility service. While prepaid meters likely would reduce disconnections from the standpoint of the utility, they would not reduce disconnections from the low-income customer standpoint since customers would self disconnect any time the meter was empty. For low-income customers who are often vulnerable due to age, disability, or income, the ability to fill a payment card is far different than for the general population. Often these households lack access to transportation, checking accounts, computers, credit cards and other basic tools that would make it harder to activate the meter, even if they had the necessary money.

Working with states to change the LIHEAP allocation formula to decrease funding to Utah would be antithetical to all the goals articulated in #3 by reducing the amount of federal dollars available to Utah low-income households. The goal of that program is to maintain critical utility services, particularly during the winter heating months, and decreasing an already insufficient amount would be counterproductive to the goals outlined above.

It is not our goal to simply let people off from paying the bills, but to find ways to charge people more appropriately so that the ultimate result is a gain for everyone (or nearly everyone) involved. Without designing and trying out some program approaches, we get no closer to finding a way of addressing and/or lessening a problem that will persist so long as families live in poverty.

Finally, we would hope that the Commission would view this as a beginning rather than a completion of this commitment. Working collaboratively with all parties to identify specific targeted low-income customers who could benefit from a program designed to manage their arrearage issues would be a benefit to low-income customers, other customers and the Company.

We thank you for the opportunity to provide input.