

Rocky Mountain Power  
Low Income Arrearage Study  
Recommendations and Future Direction

In accordance with commitment U26 in Docket No. 05-035-54, Quantec, LLC completed a study in March 2007 regarding low-income arrearage issues. Quantec's final report included five high level recommended strategies for PacifiCorp. Each recommendation is listed below along with initial concepts on how PacifiCorp, dba Rocky Mountain Power, may incorporate Quantec's recommendations into practice in Utah.

**Recommendation 1 - Identification of Low-Income Households**

**The identification, design, implementation, and evaluation of PacifiCorp's responses depends upon the regular periodic generation and analysis of data on low-income households. To accomplish this, PacifiCorp needs to create and implement processes that allow for the identification of confirmed low-income households, the collection of regular data on the billing and payment patterns of those households, the analysis of the data, and the translation of data into company policies and programs. It should be noted that this process is complicated by the fact that PacifiCorp does not currently request income information from its customers so as to not infringe on customer privacy.**

**The National Association of Regulatory Utility Commissioners, (NARUC) issued a resolution in February 2006 urging “. . . each individual State to gather utility billing and arrearage data from all electric and gas utilities within its State commission jurisdiction.” The intent of this ruling is to “support State and federal low-income assistance programs, such as LIHEAP; and to evaluate the impact on customer affordability of essential electric and gas service.”**

The Company is able to identify households that are confirmed as low-income through their participation in income qualifying energy-related programs. In Utah, these programs include energy assistance (federal HEAT funds and donated Lend-A-Hand funds), a bill discount (Schedule 3) and low-income weatherization (Schedule 118). Agencies that distribute HEAT funds and administer the other programs have participants sign a form that allows Rocky Mountain Power to release billing and payment data to them. The Company has provided this data to local agencies and has used it to design and evaluate programs. In addition, the Company provided billing and arrearage data to the Utah commission staff in support of the NARUC resolution described above. The Company would welcome input from agency representatives on what additional available data would be useful to them.

Increased efforts to communicate the availability of assistance funds to households who may not have previously applied for assistance funds resulted in a pilot project implemented by the Company in January 2008 with input from the Utah Department of Community and Culture (DCC). In this pilot, details relating to energy assistance are included on the back of all door hanger notices left by Rocky Mountain Power. The door hangers include information on income eligibility requirements and each HEAT office telephone number by county. The purpose of this pilot is to provide a new means of communicating the potential availability of assistance funds to a broader audience to potentially reach households that have not received assistance in the past. Rocky Mountain Power will discuss with DCC the affect of the modified notices on customers

and on agency staff, and determine the appropriateness of including this information on customer notices during future heating seasons.

### **Recommendation 2 - Maximize Use of Energy Assistance**

**PacifiCorp may want to maximize the external energy assistance available to its individual confirmed low-income households. This process can be enhanced by having better tracking of low-income households.**

**PacifiCorp unduly restricts its view of public energy assistance to the federal LIHEAP program. Total energy assistance dollars available through the Excess Shelter Deduction of the federal Food Stamp program, as well as through utility allowances provided to tenants of public and assisted housing, may well be greater than through LIHEAP. PacifiCorp should help its arrearage confirmed low-income households pursue that assistance, and seek to capture that assistance to help retire low-income arrears. “The fiscal year 2001 agriculture appropriations bill included two significant changes to the Food Stamp Program. The legislation increased the excess shelter cap to \$340 in fiscal year 2001 and then indexed the cap to changes in the Consumer Price Index for All Consumers each year beginning in fiscal year 2002. To date, only two States have not taken advantage of this option” (<http://www.fns.usda.gov/fsp/rules/Legislation/history.htm>).**

**The Company should make the various agencies aware of assistance resources available to their clients. Program information should be relayed to households by the agencies, not PacifiCorp.**

Rocky Mountain Power believes that our partnering local agencies providing energy assistance in their communities are knowledgeable about the various energy and non-energy related programs that are available through federal, state and local sources. And, we understand that agency staff members have limited time and communication avenues available to them to educate people in their communities as to all funding resources available. The communication of non-energy related programs to income eligible households may prove to be an important means of helping households become better able to reduce arrears.

There are likely many eligible households that are unaware of a variety of programs that would benefit them. In a January 2008 Lend-A-Hand meeting, a representative from 211 stated that she believes there is \$60 million in unclaimed Earned Income Credits in Utah because people are unaware of the program. Rocky Mountain Power is interested in discussing with DCC and agency staff ways to communicate a variety of programs available to Utahans with limited income.

The recommendation also states that the Company should have better tracking of low-income households. Due to confidentiality procedures in place to protect our customers, Rocky Mountain Power does not request income information. We are able, however, to identify households that participate in established programs. As noted above, the Company is interested in working with partnering state and local agencies to increase participation in the available low-income programs (energy assistance, the bill discount and weatherization). By increasing participation to households that have not requested services in the past, we will be able to expand the programs to more people in need and will increase the number of low-income customers we are able to identify.

### **Recommendation 3 - Maximize Use of New Trends**

Prepaid meters are another option to consider. Many, for good reason, are opposed to this solution for low-income clients. Quantec believes that its use, on a *voluntary* basis, can benefit the households as well as the utility. Prepaid meters establish a direct link between price and consumption and, thus, it encourages conservation. Also, with prepaid metering, households do not need significant amounts of capital to get reconnected as they otherwise would under more traditional metering arrangements. Under prepaid metering, if you run out of electricity, you just need a few dollars to buy some more. If you get disconnected with regular meters, you need to come up with several hundred dollars to get reconnected.

Rocky Mountain Power is not interested in pursuing the “new trend” example of pre-paid meters provided in the Quantec report at this time. However, there may be other current and future “new trends” or technologies that are worth study. For example, the Company is using an automated telephone dialer system to update customers during power outages. There may be a means to use this new trend/technology that would benefit customers with arrears by placing an outbound reminder call to the customer prior to a payment due date. Future trends may prove to be an important means of helping households with arrearages and the Company recognizes this as a long-term strategy.

The recommendation also mentions encouraging conservation. Rocky Mountain Power agrees this is an important means of helping low-income customers control their costs. The Company’s Bright Ideas booklets, printed in English and Spanish include efficiency tips. These booklets are available for distribution by local agencies. Rocky Mountain Power will communicate their availability to agencies regularly in an effort to increase the distribution. In addition, the Company will solicit suggestions from DCC and agency staff regarding ways we can assist them in providing energy education to their clients.

### **Recommendation 4 - Rate Discounts**

PacifiCorp serves a low-income population, some portion of which will have inadequate resources to pay its home energy bill in a full, regular, timely, and automatic basis. As a result of the absolute mismatch of household resources and home energy bills, the Company will incur unnecessary and unproductive expenses, which ultimately also prove to be ineffective in accomplishing its purpose of preventing or resolving arrearages.

We understand that PacifiCorp is operating within a constrained environment. In some states rate discounts already are legislated or commission ordered (e.g., California, Washington, and Utah). In others (Idaho, Wyoming, and Oregon) rate discounts are not allowed without appropriate legislation.

We believe PacifiCorp should encourage passing of appropriate legislation to allow the use of rate discounts (especially in Idaho and Wyoming). We also believe that Oregon Senate Bill 1149 should be modified to use some of the funding for a rate discount program. We believe this is the best and most efficient vehicle for improving affordability of electricity. The cost of intake and delivery is extremely low compared to all other low-income assistance options.

The Company recognizes that the rate discount through Schedule 3 is an effective means of helping households with inadequate resources pay their electric bills. It may be worthwhile discussing potential improvements to the program. For example, Quantec states that a tiered approach where a larger discount is provided to the lowest income households is a better approach than the flat type of discount currently in place in Utah. The Company has a tiered discount in place in the state of Washington. Also, we may be

able to help DCC make the annual application process more streamlined by providing them with participation data. This may help to ensure that all qualified households recertify so that they are not eliminated from the program and are better able to pay their monthly bills.

### **Recommendation 5 - Longer Term Solutions**

**Finally, PacifiCorp should take a long-term perspective in addressing the arrearages of its confirmed low-income households. One aspect of an appropriate utility response to low-income arrearages is to participate in larger social efforts to address the underlying issue of poverty. Such participation does not call for PacifiCorp to be the sole participant, nor even necessarily the primary participant. Nonetheless, PacifiCorp would benefit by emulating Entergy's financial support of local and/or state Individual Development Account (IDA) programs. Through the IDA asset-building approach, PacifiCorp will not only help individual households move out of poverty and, thus, reduce the need for programs directed toward low-income arrearages, but will also promote more stable and secure communities that reduce the need for public and private energy assistance.**

**Finally, PacifiCorp should consider working with States on the LIHEAP allocation formula. During our investigation we uncovered interesting patterns in use of energy assistance funds. For example, Utah does not expend all their funds while Oregon funds are exhausted quickly. All interested parties should request that the allocation formula, which has been in place for many years, be reviewed at the federal level.**

The Company participates in broader efforts to address poverty through the PacifiCorp Foundation. This foundation was created in 1988 and is one of the largest utility endowed foundations in the United States. Its mission is to support the growth and vitality of our communities. More than 300 grants were awarded last year totaling more than \$2.4 million. Communicating the existence of the Foundation and its application process to non-profit agencies that serve households with limited income may help to initiate programs and services that will benefit customers with arrearages. There may be other programs which Rocky Mountain Power could research that would support stable communities and reduce the need for energy assistance such as Habitat for Humanity.

The Company recognizes that each state determines the policies it will follow in providing energy assistance with LIHEAP funds. The fact that Utah's funding is not exhausted as quickly as another state is not in any way related to need for assistance in Utah but is related to how DCC and the agencies throughout the state manage the funds. Rocky Mountain Power staff would like to discuss the federal LIHEAP allocation formula with DCC staff and determine if the Company can assist them in issues related to the federal formula or in lobbying for an increase in funding nationwide. An increase in overall funding will result in additional funds allocated to all states including Utah.

### **Summary**

The Quantec study and its recommendations provide us with a means of initiating dialog and efforts with the goal of decreasing the arrearages of low-income households. There may be other interested parties that could be included in the dialog such as individuals from other utilities. It is important for the Company to work with state and local agency staff members to determine ways to reduce low-income arrearages in a cost effective manner that is considerate of customer needs.