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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

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Date: October 19, 2009

Subject: Office of Consumer Services' Comments on Rocky Mountain Power's Proposed Tariff Revisions to Schedules 3 and 91; Docket No. 09-035-T15

1 Background

On August 11, 2009, Rocky Mountain Power (Company) filed for Public Service Commission (Commission) approval of tariff modifications to Schedule 3 (Low Income Lifeline Program or "LILP") and Schedule 91 (Surcharge to Fund LILP). The Company recommends increasing the LILP credit associated with Schedule 3 from the current level of $8/month to $11/month. The proposed $3/month credit increase results in an estimated surcharge increase from about $2.6 million to approximately $4.1 million, which is collected from all rate schedules under Schedule 91. The Company also recommends revising Paragraph 1 of "Special Conditions" in Schedule 3 to align LILP eligibility with income guidelines used for the Utah HEAT Program.

The Company requests an effective date of November 1, 2009, which coincides with the start date of the 2009-2010 HEAT Program.

2 Discussion

2.1 Consistency with SB 75. As indicated in the Company's Advice Letter, SB 75 grants the Commission authority to approve a low income program subject to (1) any surcharge being set at an equal percentage of revenue from all rate schedules; (2) $50/month surcharge cap for any individual customer. The Company's calculations provided in an attachment to the proposed tariff changes show that the majority of classes have a revenue contribution of 0.35% to fund the

LILP.[1] The exceptions are Schedules 8 and 9 due to the applicability of the $50 cap on individual customers. Thus, the proposed changes to Schedule 91 appear to meet the low income assistance criteria established under SB 75.

2.2 Residential Customer Charge. The proposed $3/month increase for Schedule 3 directly relates to Paragraph 17 of the Rate Design Stipulation in Docket 08-035-38. Paragraph 17 required the Company to "hold discussions with Parties concerning a proposal to increase the Schedule 3 low income lifeline credit by at least an amount equal to the increase in the residential customer charge." The genesis for Paragraph 17 was, in part, the potential for relatively large bill impacts on low residential users from relatively small increases in the level of the customer charge. While the stipulated increase in the customer charge in the last rate case was $1/month, additional increases could come in the current and future cases. Further, every indication is that all customers, including low income customers, will continue to be confronted with upward pressure on rates. In addition to the current general rate case, there has been a recent increase to the DSM rider and two major plant additions are anticipated to be filed by the Company next year. Therefore, under the present circumstances, a $3 increase to the LILP is acceptable to the Office.

2.3 Reporting Requirements. The Company should provide an annual report detailing LILP participation levels, program funding, etc. so that the Commission can assess how these tariff modifications are impacting Schedule 3 and Schedule 91.

3 Recommendation

The Office recommends the Commission approve the Company' recommended changes to Schedules 3 and 91 subject to the Reporting Requirements discussed under 2.3 above.

[1]The Company's calculations assume LILP eligibility at a 150% Federal Poverty Limit (FPL).