



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Charles Peterson, Technical Consultant
Carolyn Roll, Utility Analyst

Date: September 23, 2011

Ref: Docket No. 11-035-T07. Advice No. 11-07 Low Income Lifeline Program

RECOMMENDATION (APPROVAL)

The Division of Public Utilities recommends that the Commission approve Rocky Mountain Power's (RMP) proposed changes to Schedule 91.

BACKGROUND AND DISCUSSION

The Rate Design Stipulation in Docket No. 08-035-38, which was approved by the Commission in its Report and Order, dated June 17, 2009, stated

17. Schedule 3. The Company agrees 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 stipulated hereon. The Company agrees to file an application with the Commission for approval for such proposal within 60 days from the date the Commission issues an order approving this Stipulation, if approval is granted.

In compliance with this Commission Order, the Company held its first meeting with the interested parties on July 13, 2009. This was followed by a conference call that was held on August 5, 2009. In these meetings, the Company and the interested parties (the parties) discussed an increase to the Schedule 3 low income lifeline credit. The outcome of these discussions was an agreement by the parties to increase Schedule 3 low income lifeline credit from \$8 to \$11 and to change the income eligibility for the credit to be the same as the income guidelines used for the Utah HEAT Program (which are determined by the Utah Department of Community and Culture). That means that households with incomes at or below 150% of federal poverty guidelines will be eligible for the low income credit.

On August 11, 2009, the Company filed its proposed tariff changes to Schedules 3 and 91. The proposed changes to Schedule 3 include:

1. An increase of the low income lifeline credit from \$8 to \$11 per month.
2. A revision to paragraph 1 under Special Conditions to allow income eligibility to mirror the income guidelines used for the Utah HEAT Program that are determined by the Utah Department of Community and Culture.
3. A correction of a typographical error in paragraph 6 under Special Conditions.

The Commission Rule referenced should be R745-200-7(D).

In response to the passage of Utah SB 75 both the low income credit and the surcharge collection rate were increased November 1, 2009.

Since that time the number of qualifying residential customers receiving these credits has increased significantly. As a result, the credits provided under Schedule 3 have exceeded the collections under the Schedule 91 surcharge. To keep the program funded it is necessary to increase the Schedule 91 surcharge. The Company estimates that there will be a 3 percent

increase in the number of customers served under this program over the next twelve months compared to the twelve most recent historical months.

In compliance with Utah Code 54-17-13.6, the proposed increase brings the Schedule 91 surcharge rate to approximately 0.35% of revenues for rate schedules that are not at the \$50/month cap. For residential customers the surcharge is proposed to increase by three cents per month, from \$0.23 to \$0.26. These proposed changes are in accordance to the parties' agreements and the above mentioned stipulation. The changes are designed to collect an amount of money large enough to cover Schedule 3 credits and the Utah Department of Community and Culture's (DCC) actual costs incurred in qualifying households as income-eligible. The proposed surcharge amounts needed are estimated to be \$4,536,048 annually, which includes a payment of up to \$30,000 to DCC.

The proposed changes in Schedule 91 include increasing the payment to DCC to cover its costs from the \$20,000 paid in 2010 to an estimated \$30,000 and changes in the monthly surcharge for the different schedules shown in the Table below.

Schedule	Current Monthly Surcharge	Proposed Monthly Surcharge
Schedules 1, 2, & 25	\$0.23	\$0.26
Schedules 6, 6A & 6B	\$7.82	\$8.91
Schedule 7	\$0.11	\$0.13
Schedule 8	\$50.00	\$50.00
Schedules 9 & 9A	\$50.00	\$50.00
Schedule 10	\$1.15	\$1.25
Schedule 11	\$1.71	\$2.24
Schedule 12	\$2.06	\$1.35
Schedule 15	\$0.17	\$0.19
Schedule 21	\$15.61	\$16.64
Schedule 23	\$0.42	\$0.45
Schedule 31	\$50.00	\$50.00

The Division reviewed the revenue information contained in the filing. It shows that the amount of money collected through the surcharge is just enough to cover the amount of

money needed to pay the low income credits and DCC's costs. Therefore, the Division concludes that the proposed changes in Schedule 91 are in compliance with the Commission Order and recommends that the Commission approve it.

CC: Maria Martinez, DPU
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