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Department of Commerce  
Division of Public Utilities

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**Memorandum**

TO: Public Service Commission

FROM: Division of Public Utilities  
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Energy Section  
Doug Wheelwright, Utility Technical Consultant Supervisor  
Brenda Salter, Utility Technical Consultant Supervisor  
Justin Christensen, Utility Analyst  
Abdinasir Abdulle, Technical Consultant

DATE: June 30, 2020

SUBJECT: 19-035-16 - Home Electric Lifeline Program, Calendar Year 2019 Report

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In accordance with the Public Service Commission's (Commission) order in Docket No. 99-035-10, the subsequent Joint Stipulation developed by various interested parties and adopted by the Commission in Docket No. 00-035-T07, and the Order in Docket Nos. 03-035-01 and 04-035-21, the Division of Public Utilities (Division) hereby submits its Calendar Year 2019 report of the Home Electric Lifeline Program (HELP). It contains the Division's Calendar Year 2019 audit of the program, evaluation of the measures adopted by the Division, and the Division's conclusions and recommendations.

# The HELP Report

## **HOME ELECTRIC Lifeline PROGRAM**

**2019 ANNUAL REPORT**

TO THE

**UTAH PUBLIC SERVICE COMMISSION**

FROM THE

**UTAH DIVISION OF PUBLIC UTILITIES**

June 30, 2020

# **HELP 2019 ANNUAL REPORT**

## **EXCECUTIVE SUMMARY**

This report constitutes the Division's evaluation of the Home Electric Lifeline Program, HELP, for Calendar Year 2019. The results of the evaluation show that of the ten measures adopted by the Division to evaluate HELP, seven have met or exceeded their associated standards (Administrative Costs, Process of Granting Credit, Process of Collecting Surcharge, Penetration Rate, Write-Offs, recoveries and Terminations per Customer). Among these measures that meet their respective standards were three measures considered as being useful and four measures that were considered as having limited value in determining the success of HELP. Three measures failed to meet their associated standards (Balance in Arrears, Ending Account Balance, and Accounts sent to Collection Agencies). Of these three measures two are among the group of measures the Division considers as having limited value, whereas the other one (Ending account balance) is among those measures considered as being useful in determining the success of HELP.

Regarding the attainment of the goals the program was designed to attain, the results are mixed. The program met four of the seven goals. These include: 1) Complying with Ordered Procedures, 2) Providing Benefits to Low-Income Recipients, 3) Administratively Simple and Easy to Administer, and 4) Not Overly Burdening Other Customers. The program did not meet the remaining goals, which include providing benefits to PacifiCorp, providing benefits to ratepayers in general, and positive impacts outweighing negative impacts.

In summary, based on its evaluation and audit of the HELP program, the Division concludes the program is being administered reasonably, with eligibility of applicants and the funds collected and disbursed in accordance with Utah Public Service Commission order in Docket No. 00-035-T07. The Division further concludes that recipients are benefiting without overly burdening either the ratepayers or the Company. However, because some of the goals and measures failed to meet their respective standards, the Division concludes that the program evaluation is inconclusive in terms of the success and effectiveness of the program. Despite this, the Division recommends no further action at this point.

## **BACKGROUND**

The Salt Lake Community Action Program (SLCAP) and the Cross Roads Urban Center (CUC) initially proposed the Home Electric Lifeline Program (HELP) in Docket No. 97-035-01. In that Docket the Commission established a Low-Income Task Force to further study the program. On December 17, 1999, the task force submitted its report containing its findings to the Commission.

In Docket No. 99-035-10, the Commission ordered the implementation of the electric lifeline program, which consisted of a lifeline tariff, Schedule No. 3, and a lifeline tariff rider, Schedule No. 91. The mechanics of the program were established by a stipulation in 2000, which was approved by the Commission in its August 30, 2000 Report and Order in Docket No. 00-035- T07.

In its Report and Order (Docket Nos. 03-035-01 and 04-035-21) dated November 23, 2005, the Commission directed the Division "...to report annually to the Commission on its review, financial audit, cost-benefit analysis and recommendations regarding HELP."

On January 27, 2020, the Commission issued an Action Request with a due date of February 26, 2020, which was later extended to June 30, 2020, to the Utah Division of Public Utilities ("Division") requesting the Division to review the Company's filings for compliance and make recommendations. This report constitutes the Division's response to the Commission's Action Request and contains the evaluation of HELP for the Calendar Year 2019 and the Division's audit report for the Calendar Year 2019.

### **Program Goals**

To help establish a set of Measures and Standards, the Division reviewed the Commission's orders in Dockets 97-035-01, 99-035-10, and 00-035-T07. Based upon this review, the Division concludes that the Commission's intended goals are as follows. To be successful, the HELP program will:

- A. Provide benefits to utility customers in general;
- B. Provide benefits to the low-income program recipients;
- C. Not overly burden other customers;
- D. Provide benefits that offset negative impacts;

- E. Be administratively simple and inexpensive to administer;
- F. Provide benefits to PacifiCorp in the form of lower overhead costs;
- G. Comply with ordered procedures on Tariffs, Certification and Administrative charges.

The Division, with the help of R.W. Beck and the HELP work group, identified 26 potential measures and defined their standards. In the first annual report to the Commission, filed on December 7, 2003, the Division placed these measures into three categories: measures that are useful, measures that have a limited value, and measures that are not useful in evaluating the success and effectiveness of the HELP program<sup>1</sup>. However, in its Report and Order in Docket Nos. 03-035-01 and 04-035-21, issued on November 23, 2005, the Commission eliminated one of these measures, program annual collection cap. The following table depicts the remaining 25 measures and their respective categories.

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<sup>1</sup> For a more detailed discussion of the measure classification see the Division's first annual HELP report to the Commission, December 2003. Pages 17-30.

**Table 1. Categories of the Measures Adopted by the Division.**

	Measure	Category
1	Administrative Cost	Useful
2	Ending Account Balance	Useful
3	Process Granting Credit to Recipients	Useful
4	Process Collecting Surcharge from Ratepayers	Useful
5	Penetration	Limited Value
6	Write-offs per Customer	Limited Value
7	Recoveries per Customer	Limited Value
8	Terminations per Customer	Limited Value
9	Balance in Arrears	Limited Value
10	Accounts Sent to Collection Agencies	Limited Value
11	Benefit to Recipients	Not Useful
12	Benefit to PacifiCorp	Not Useful
13	Cost to Ratepayers in General	Not Useful
14	Cost to Other Parties	Not Useful
15	Reconnections	Not Useful
16	Energy Consumption Trend	Not Useful
17	Donor's Missed Investment Opportunities	Not Useful
18	Donor's After Tax Contribution Compared to Pre-tax	Not Useful
19	Constitutional Measures	Not Useful
20	Broad-Based Macroeconomic Benefits	Not Useful
21	Accrued Interest	Not Useful
22	Recipient and Donor Perspectives and Attitudes	Not Useful
23	Program Stability	Not Useful
24	Returned Checks	Not Useful
25	Average Electricity Energy Burden	Not Useful

For the purpose of evaluating the effectiveness of the HELP program, the Division decided to use only those measures that are in the categories of measures that are useful and measures that have a limited value.

## **DIVISION AUDIT<sup>2</sup> REPORT OF HELP**

The Division, through a series of data requests and meetings with Rocky Mountain Power and the Program Administrators of the Home Energy Assistance Target (HEAT) Program located in the Department of Workforce Services (DWS), has reviewed the HELP Program along with its policies and procedures and has determined that it appears to be in compliance with Public Service Commission (Commission) requirements.

The Division's procedures and findings in connection with its audit of the HELP Program are as follows:

- Review of applicable orders, tariffs and stipulations establishing the program.
- Review the HELP application process administered by Salt Lake Community Action Program (SLCAP). SLCAP notifies past applicants that they must recertify each year to continue to receive the HELP benefit. SLCAP accepts HELP applications throughout the year.
- Review the HEAT application process administered by DWS. Households eligible for the HEAT Program also qualify for the HELP Program. DWS has approximately 41 offices under contract that handle HEAT applications statewide. The HELP Program is available year round whereas HEAT applications are accepted beginning November 1 and the program closes April 31 of the following year.(HEAT is available year round in four counties). All applications approved for the HEAT program are input into the SEALWorks Program by an intake worker and then approved by an auditor who verifies the supporting documentation.
- Review a random sample of HEAT approved applications submitted for both the HEAT and HELP Programs for the 2019 program period. The purpose of the review was to determine if applicants satisfied the eligibility requirements as ordered by the

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<sup>2</sup> In using the term "Audit" the Division notes that it did not conduct an independent audit as defined and conducted under Generally Accepted Auditing Standards as promulgated under the Auditing Standards Board of the American Institute of Certified Public Accountants. In this instance "Audit" means compliance review.

Commission. The Division's review confirmed, on the basis of the information provided, that applicants were approved in accordance with Commission eligibility requirements.

- DWS provides the Company with a weekly updated list of eligible HEAT/HELP participants.
- Determine, on the basis of discussions that the Company gives applicants the appropriate monthly credit on a timely basis and that participants who are not re-certified are promptly removed from the HELP Program.
- Review a random sample of customer billing records selected from a list of eligible Utah customers to verify that the Low Income Lifeline Credit (Schedule 3) of \$12.60 appears as a credit on the bills of eligible customers as a separate line item. The Division also verified that the Low Income Funding Surcharge (Schedule 91) was properly excluded from the bills of eligible customers for the lifeline rate. No exceptions were noted.
- Review a random sample of customer billing records selected from all Utah customers (excluding HELP eligible customers) to verify that the Low Income Funding Surcharge (Schedule 91) was appropriately included on power bills. No exceptions were noted.
- Review Rocky Mountain Power's HELP report for the quarter ended December 31, 2019, which shows the monthly activity for the program from its inception (September, 2000 through December 31, 2019). The current monthly HELP credit amount of \$12.60 was approved by the Commission in Docket No. 13-035-184. Credits granted in 2017, 2018, and 2019 totaled \$3,448,640, \$3,404,442 and \$3,317,224 respectively. The HELP Program account beginning balance on January 1, 2017 was \$1,581,730. On February 24, 2017 in Docket 17-035-T03, the Company asked the Commission to reduce the HELP surcharge rate<sup>3</sup> because of the continuing over collected balance in the account. Based on the Company's estimates at the time, the account balance was predicted to be reduced to approximately \$600,000 by mid-2019. The account balances at end of 2017 was \$1,578,414, at the end of 2018 was \$1,510,555 and at end of 2019 was \$1,557,248. With the reduction in surcharge rates, the balance has not reduced as much as the Company has predicted. With the effects of Covid-19, there may be an increase of applications for the HELP credit in the second half of 2020 and the following year. The Division has decided to defer another year to monitor and evaluate the account balance with next year's audit and recommend if any changes are

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<sup>3</sup> On customers not subject the \$50 per month cap.



appropriate.

- Review the HELP program's administrative costs charged by the Company and DWS for the year 2019. The charges from the Company were \$3,187.75. The Company did not make a payment to DWS in 2018. There were two payments to DWS in 2019 totaling \$42,942.87. The Division inquired with the Company on why there was no payment made in 2018, thus causing two payments in 2019. The Company stated the program manager retired and the invoice was not paid when it was received. The maximum annual amounts allowed by the Commission are \$10,000 for the Company and \$40,000 for DWS. The second payment to DWS caused it to barely go over the threshold of \$40,000. Included in the administrative cost category are the expired net metering credits for the annual year ending March 2019. The credit amount of \$159,972.50 was included in the 2019 Customer Owned Generation and Net Metering Annual Report in Docket No. 19-035-29.
- Review and verify the carrying charge on the HELP account balance to ensure that it meets Commission orders. In Docket No. 19-035-T03, the Commission raised the carrying charge rate from 4.09% to 4.37%, effective April 1<sup>st</sup>, 2019.

### **Audit Conclusion**

Based on its audit of the HELP program, the Division concludes that the program is being administered in a reasonable fashion. Eligibility of applicants and the funds collected and disbursed appear to be in accordance with Utah Public Service Commission order (Docket No. 00-035-T07)

### **DATA COLLECTION**

All of the data used by the Division to develop this report was provided by PacifiCorp.

### **EVALUATION OF HELP**

The evaluation of the HELP program for Calendar Year 2019 is exclusively based on those measures that were categorized as either useful or having a limited value in evaluating the performance of the HELP program. However, given the HELP program's small size relative to the state and national economy, the impact that the HELP program may have on these measures are dwarfed by the general macroeconomic conditions of the state and the nation. Therefore, any changes in these measures cannot be easily attributed to the HELP program. Hence, the

Division will evaluate the impact of the HELP program on these measures based on the agreed upon standards.

### **1. Administrative Costs**

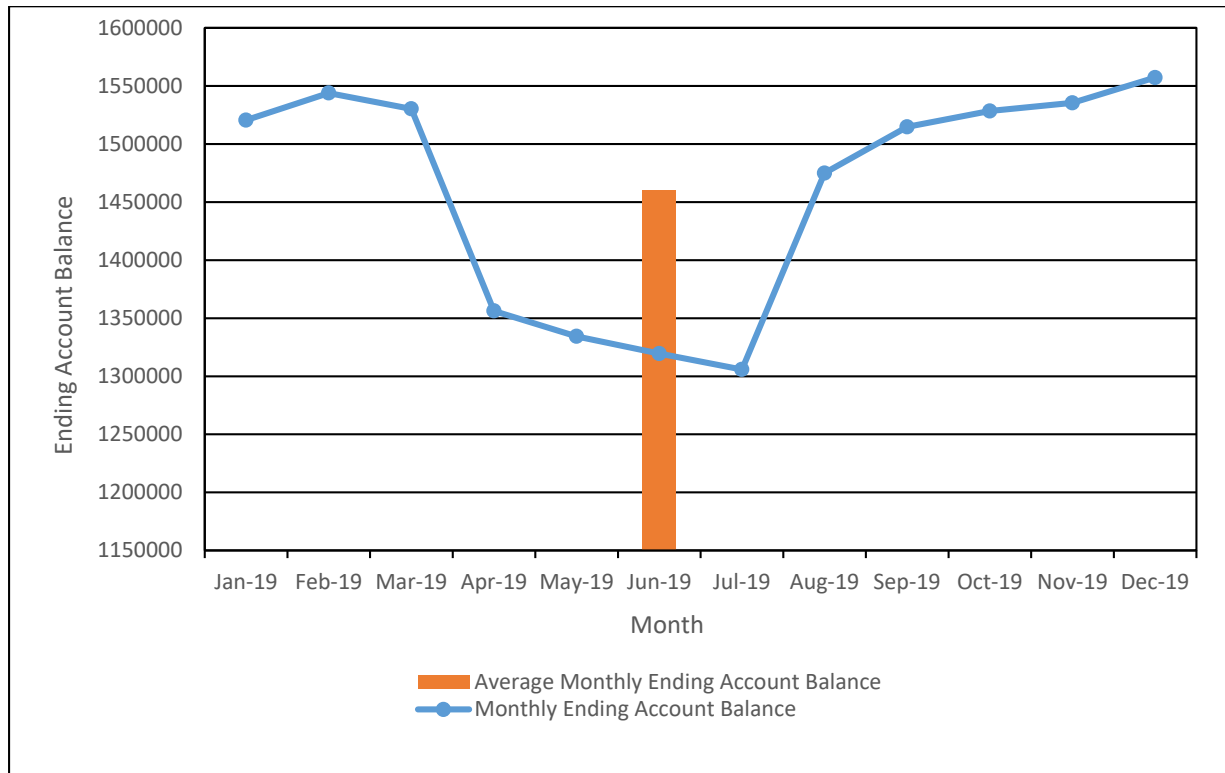
The Commission allowed DECD (now DWS) and PacifiCorp to charge their ongoing direct administrative costs of up to \$40,000 and \$10,000, respectively. The Division Audit Report shows that DWS was paid twice totaling \$42,942.87. These were the 2018 and 2019 payments. The reason for two payments in 2019 is explained in the Division's Audit report above. PacifiCorp charged \$1,998 for the Calendar Year 2019. Both charges are well below the amount authorized by the Commission for administrative cost. Therefore, we conclude that this measure meets its standard.

### **2. Ending Account Balance**

The measure is the amount in the account at the end of the annual period under consideration – in this case December 2019. The standard for this measure was set by the Commission in its November 23, 2005 Report and Order in Docket Nos. 03-035-01 and 04-035-21 as approximately three months-worth of surcharge collections, which was estimated at the time of the Order as \$450,000. The ending account balance for Calendar Year 2019 was \$1,557,248.

Therefore, this measure does not meet its standard. However, in its Order Approving Proposed Revisions to Schedule No. 91 dated March 23, 2017, the Commission approved a reduction in surcharges, which was expected to reduce the ending account balance to a value consistent with standard. Figure 1 shows that the ending account balance was consistently decreasing throughout the first semester of 2019 after which it increased. A similar trend was also observed in 2018. With the effect of Covid-19, the Division will keep monitoring the monthly ending account balance for consistency with the standard.

**Figure 1. Monthly Ending Account Balance for Calendar Year 2019.**



### 3. Process Granting Credit

The Division’s auditor determined that PacifiCorp gives HELP recipients the appropriate monthly credit on a timely basis and that participants who are not re-certified are promptly removed from the HELP program. The auditor also determined that the Low Income Lifeline Credit (Schedule 3) of \$12.60 appears on the bills of eligible customers as a separate line item. Therefore, we conclude that this measure meets its standard.

The Division also verified that the Low Income Funding Surcharge (Schedule 91) was properly excluded from the bills of eligible customers for the lifeline rate. No exceptions were noted.

#### 4. Process Collecting Surcharge from Ratepayers

The Division’s Auditor has verified that the Low Income Funding Surcharge (Schedule 91) was appropriately included on power bills. Therefore, we conclude that this measure meets its standard.

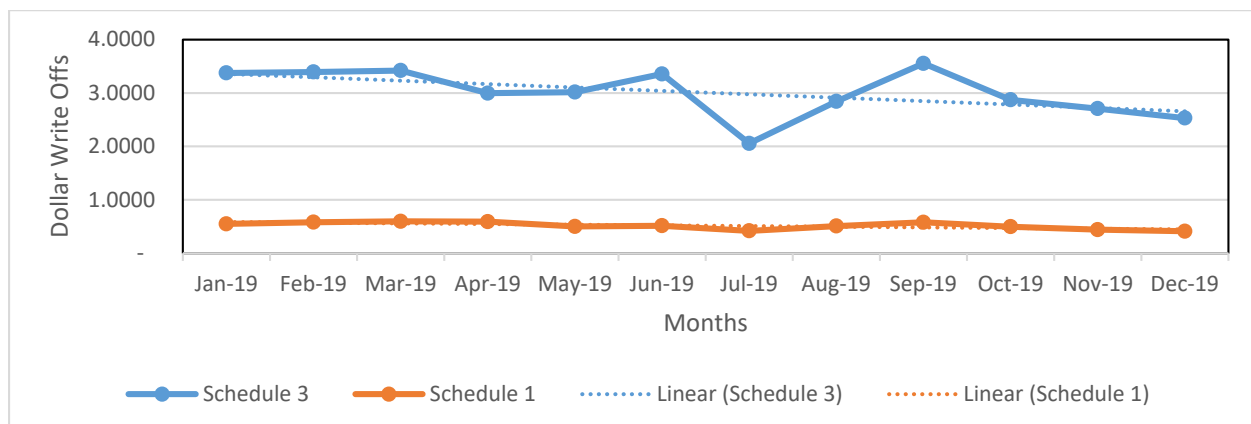
#### 5. Penetration Rate

The measure is the proportion of eligible households receiving a credit under HELP. The standard for this measure is 42% of the eligible households. The average number of households participating in this program was 21,202 per month. If there were 45,000 eligible households in Utah, a figure estimated by Salt Lake CAP, then the penetration rate would be approximately 47.11%. If we assume that the number of eligible households in Utah estimated by the SLCAP is correct, then, based on the available data, we conclude that this measure meets its standard.

#### 6. Write-Offs

The measure is the number of recipient accounts written-off and the associated dollar per customer amount. The standard is a reduction in these two figures, for Schedule 3, write-offs per customer initially trended down to a low of \$2.06 in July 2019. In August and September, the write-offs per customer ramped up to a high of \$3.55 after which it declined (Figure 2). Figure 2 also shows that the dollar amounts of write-offs per customer for the Schedule 1 customers was relatively stable throughout the year and averaged \$0.52. Since the dollar amount of write-offs per customer is generally decreasing for Schedule 3 customers and is relatively stable for Schedule 1 customers, we conclude that this measure meets its standard.

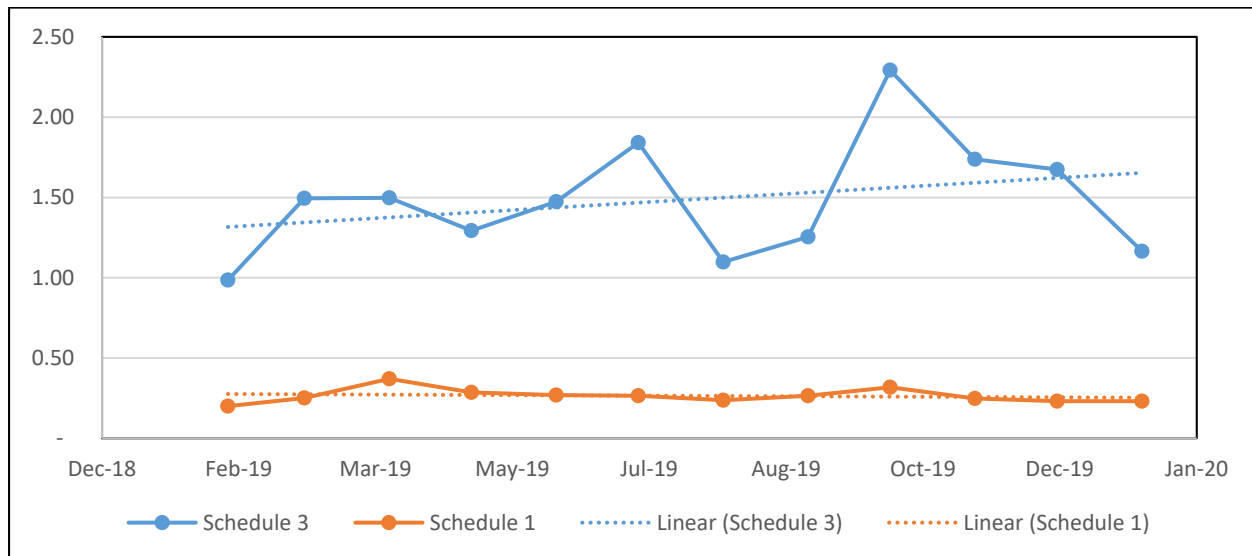
**Figure 2. Dollar Write Offs per Customer**



## 7. Recoveries per Customer

The measure is the dollar amount per customer being recovered from Schedule 3 customers whose arrearages have been sent to a collection agency. The associated standard is an increase in the amount recovered per customer. Figure 3 shows that the monthly recoveries per customer have been steadily increasing throughout the year for Schedule 3 customers. The Figure also shows that the monthly recoveries per customer have been stable around \$0.26 throughout the year for Schedule 1 customers. Therefore, this measure met its standard.

**Figure 3. Recoveries (\$ per Customer)**



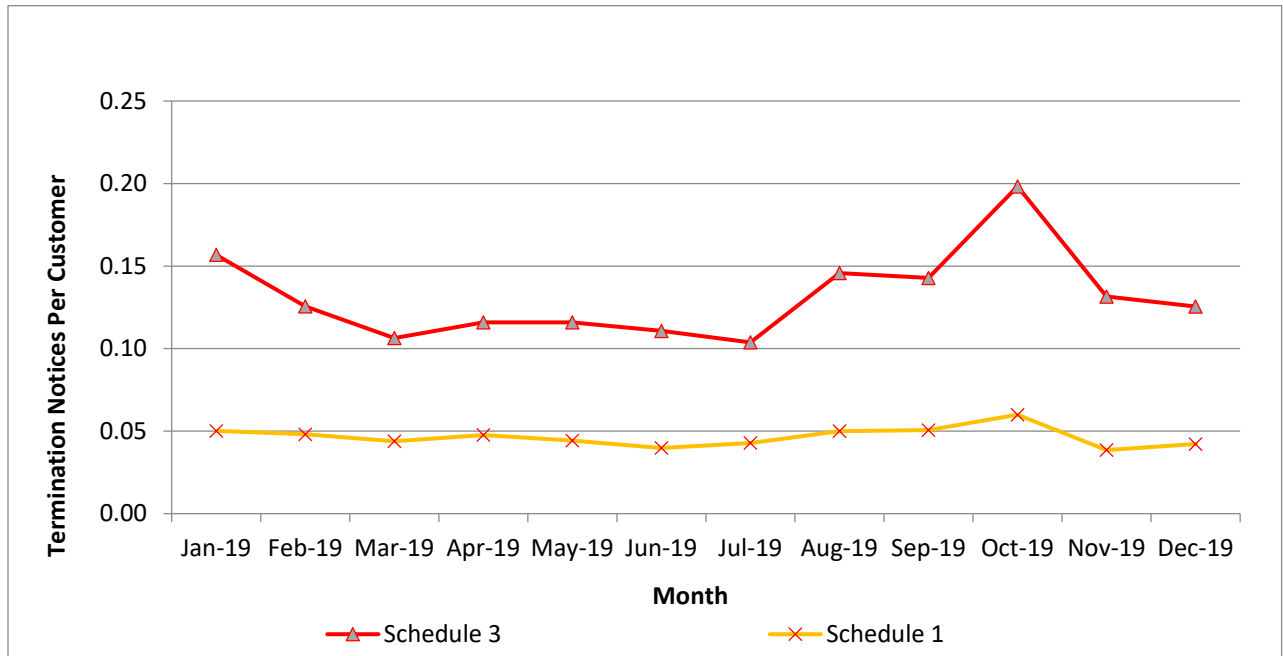
## 8. Terminations

The standard for this measure is a reduction in the number of monthly termination notices and service terminations per customer. The number of termination notices per customer for Schedule 3 declined from a high of 0.16 in January to a low of 0.10 in July 2019 (Figure 4). Then it increased and remained high from August to October, after which it declined to a low of 0.13 in December. Hence, we conclude that this part of this measure meets its standard.

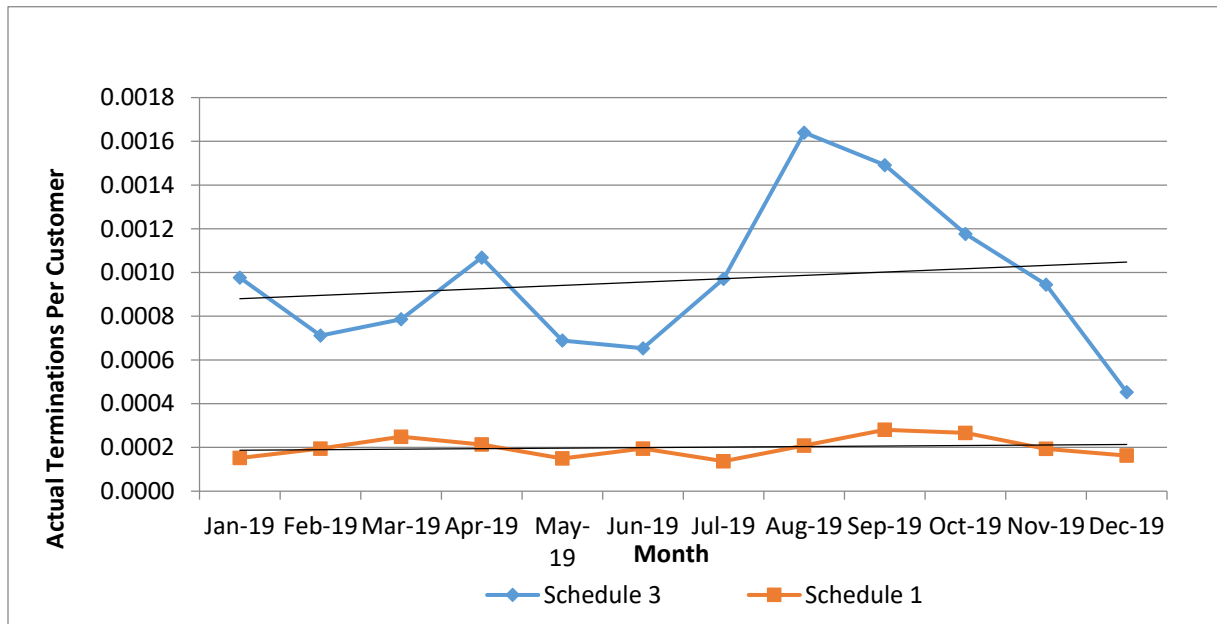
The number of actual terminations per customer for Schedule 3 customers in Calendar Year 2019, though fluctuating, experienced a slightly increasing trend. In contrast the actual terminations for the customers in Schedule 1 were relatively stable and much lower than those of Schedule 3 over the Calendar Year 2019 (Figure 5). Hence, we conclude that this part of this

measure meets its standard.

**Figure 4. Number of Termination Notices**



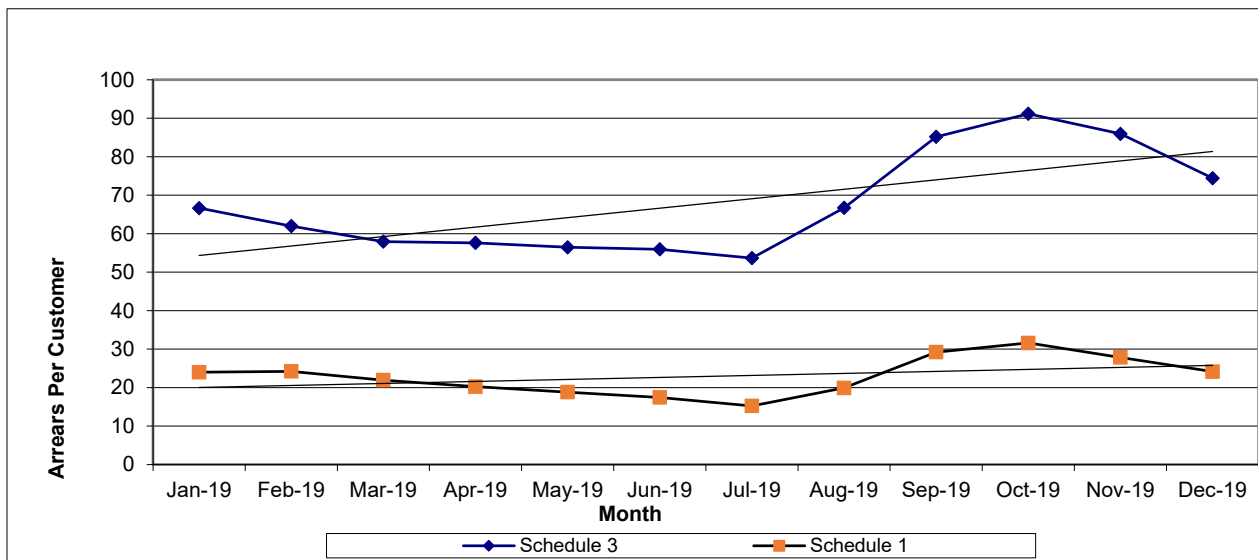
**Figure 5. Actual Termination per Customer**



## 9. Balance in Arrears

The standard for this measure is a reduction in the balance in arrears. Over the Calendar Year 2019, as the arrears per customer for Schedule 1, the arrears per customer for Schedule 3 depicted an upward trend and were more than twice as high as those for Schedule 1 (Figure 6). Hence, we conclude that this measure failed to meet its standard.

**Figure 6. Monthly Outstanding Arrears per Customer for Calendar Year 2019.**

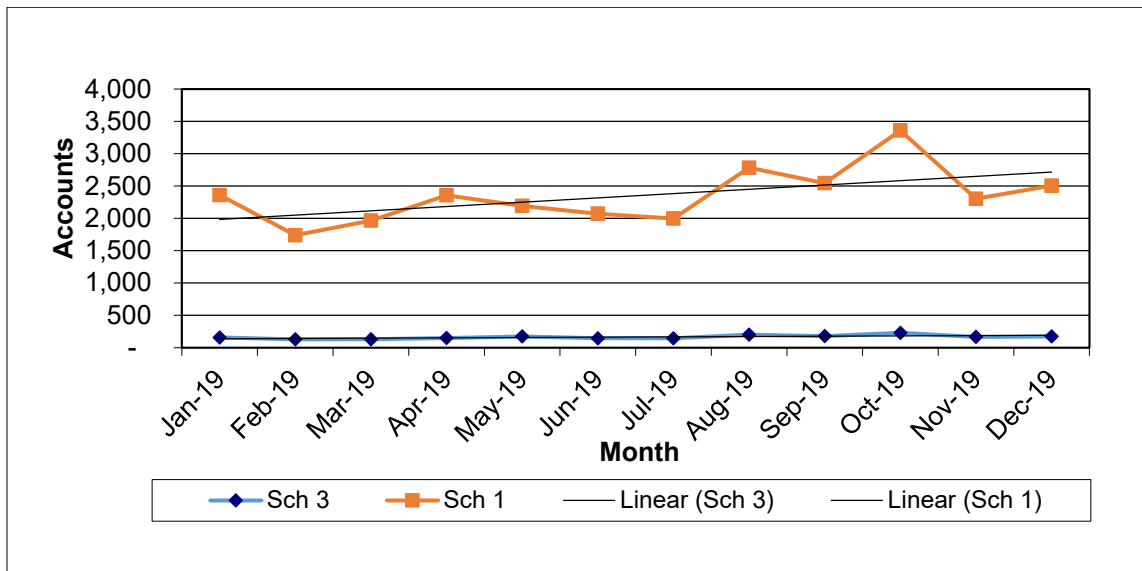


## 10. Accounts sent to Collection Agencies

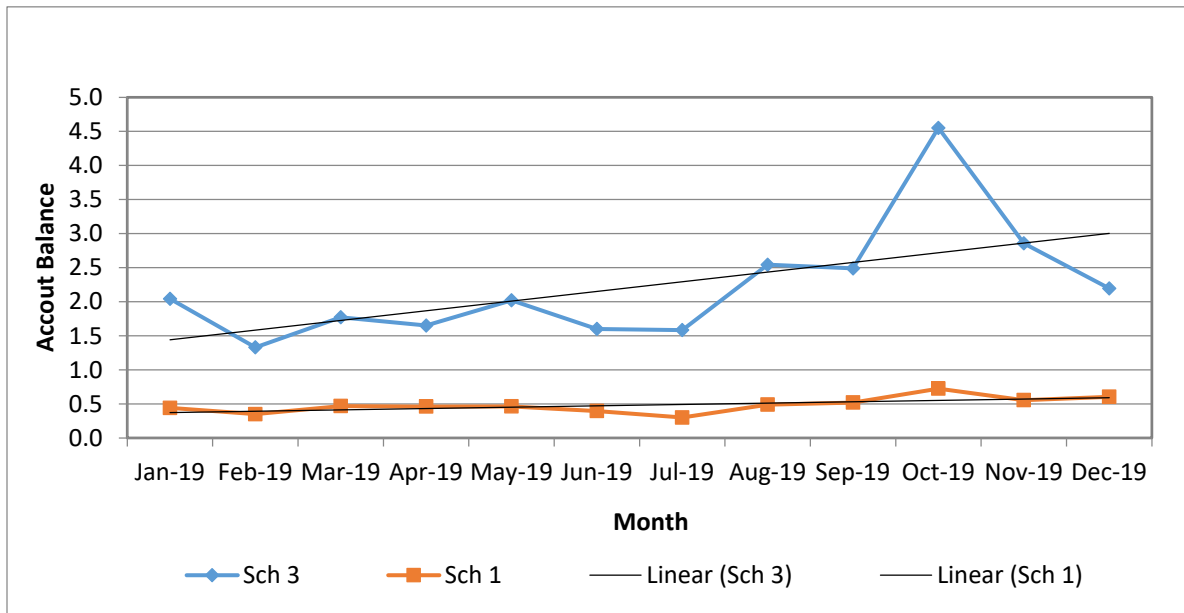
The standard for this measure is a reduction in the number of the recipient accounts and account balances sent to collection agencies. In Calendar Year 2019, the monthly number of recipient accounts (customers) sent to collection agencies steadily increased throughout the year (Figure 7). The account balance per customer sent to collection depicted a similar trend as that of the number of recipients sent collection agencies (Figure 8). The number of accounts sent to collection agencies for Schedule 1 and their balances per customer were relatively stable over the same period. We did not find evidence to suggest that HELP has

reduced the number of accounts sent to collection agencies and their balances per customer for Schedule 3 customers. Therefore, we conclude that this measure fails to meet its standard.

**Figure 7. Number of Customer Accounts Sent to Collection Agencies**



**Figure 8. Monthly Balances of the Accounts Sent to Collection**





## EVALUATION SUMMARY

The evaluation of the measures yielded mixed results. Of the ten measures adopted by the Division, seven met their standards (three measures in the category of the measures that are useful and four of the measures in the category of limited value in determining the effectiveness and success of the program) and three failed to meet their standards (one in the category of the measures that are useful and two were measures categorized as having a limited value in determining the effectiveness of the HELP program). Table 4 shows the measure evaluation summary.

**Table 4. Measure Evaluation Summary.**

Measure Description	Outcome of Evaluation Meets or Exceeds Standard
Administrative Costs	Yes
Process Granting Credit	Yes
Process Collecting Surcharge	Yes
Ending Account Balance	No
Penetration Rate	Yes
Terminations	Yes
Recoveries Per Customer	Yes
Write-Offs	Yes
Balance in Arrears	No
Accounts Sent to Collection Agencies	No

### Achieving Commission Goals

The measures' outcomes discussed above indicate that of the seven goals of the HELP program, only four have been achieved by the HELP program. The achievement of the remaining three goals of the HELP program was inconclusive. Table 5 shows the goals of the HELP program and their respective achievement status.

**Table 5. Evaluation of HELP’s Goals**

<b>Goal</b>	<b>Goal Achieved</b>
Comply With Ordered Procedures	Yes
Provide Benefits to Low-Income Recipients	Yes
Administratively Simple and Easy to Administer	Yes
Not Overly Burden Other Customers	Yes
Provide Benefits to PacifiCorp	No
Provide Benefits to Ratepayers in General	No
Positive Impacts Outweigh Negative Impacts	No

**CONCLUSION AND  
RECOMMENDATIONS**

The HELP program was implemented to achieve certain goals. First, it should provide benefits to the low-income program recipients, PacifiCorp, and utility customers in general while not overly burdening non-recipient customers. Furthermore, the benefits that the HELP program provides should offset the negative impacts of the program. Second, the program should be administratively simple and comply with Commission ordered procedures on tariffs, certification, and administrative charges.

Of the ten measures the Division used to evaluate the HELP program, seven have met or exceeded their associated standards, three measures failed to meet their associated standards (Balance in Arrears, and Accounts sent to Collection Agencies, and Ending Account Balance) two of the failing measures are among the group of measures categorized as having limited value and one is among the group of measures categorized as being useful in determining the effectiveness of the HELP program.

Over Calendar Year 2019 of the program, HELP provided benefits to the recipients in the amount of \$3,317,224. However, the Division has been unable to find demonstrable benefits accruing to either PacifiCorp or ratepayers in general. Without stronger evidence, the Division must conclude that the evaluation of the above listed goals is inconclusive.

Though HELP collected about \$3,165,518 from non-recipients, the average monthly residential bill is \$78.25 and the monthly residential surcharge under Schedule 91 is \$0.16. This indicates that the non-recipient monthly surcharge represents 0.20% of the average monthly residential bill. Based on this it appears that the amount of money collected from the non-recipient customers under Schedule 91 is not overly burdensome. Finally, the ending account balance for Calendar Year 2019 was \$1,557,248, which is more than three months-worth of surcharge collections. However, the HELP surcharge rate has been reduced and we are expecting that the ending account balance will decrease and meet its standard.

Therefore, the Division concludes that the program is administered well and the recipients are benefiting without overly burdening either the ratepayers or the Company. However, since some of the goals and measures failed to meet their respective standards, the Division concludes that the program evaluation is inconclusive in terms of the success and effectiveness of the program. Despite this, the Division recommends no further action at this point.