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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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Date: June 30, 2022

Re: **Docket No. 21-035-47**, Home Electric Lifeline Program, Calendar Year 2021 Report

The Division of Public Utilities (Division) hereby submits its Calendar Year 2021 report on the Home Electric Lifeline Program (HELP). The report contains the Division's Calendar Year 2021 audit of the program, an evaluation of the measures adopted by the Division, and the Division's conclusions and recommendations. The report is prepared in accordance with the Public Service Commission's (Commission) order in Docket No. 99-035-10, the Joint Stipulation developed by various 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 HELP Report

HOME ELECTRIC Lifeline PROGRAM

2021 ANNUAL REPORT

TO THE

UTAH PUBLIC SERVICE COMMISSION

FROM THE

UTAH DIVISION OF PUBLIC UTILITIES

June 30, 2022

HELP
2021 ANNUAL REPORT

EXECUTIVE SUMMARY

This report constitutes the Division's evaluation of the Home Electric Lifeline Program, HELP, for Calendar Year 2021. The results of the evaluation show that of the ten measures adopted by the Division to evaluate HELP, five have met or exceeded their associated standards (Administrative Costs, Process of Granting Credit, Process of Collecting Surcharge, Penetration Rate, and Write-Offs). Among these measures that meet their respective standards, three measures were considered as being useful, and two measures were considered as having limited value in determining the success of HELP. Five measures failed to meet their associated standards (Ending Account Balance, Recoveries per Customer, Terminations, Balance in Arrears, and Accounts sent to Collection Agencies). Of these five measures, four were considered as having limited value, whereas 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 5) Providing benefits to PacifiCorp, 6) Providing benefits to ratepayers in general, and 7) 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. A stipulation established the mechanics of the program 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, 2022, the Commission issued an Action Request with a due date of February 25, 2022, which was later extended to June 30, 2022, 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 2021 and the Division's audit report for the Calendar Year 2021.

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, and

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[1]. 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, the program annual collection cap. 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. The following table depicts the remaining 25 measures and their respective categories.

[1] 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

DIVISION AUDIT[2] REPORT OF HELP

The Division submitted a series of data requests and held multiple 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). The Division has reviewed the HELP Program along with its policies and procedures and determined that the HELP Program operates as intended and complies with Public Service Commission (Commission) requirements.

The Division's procedures and findings in connection with its audit 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 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. This is the last year that applications are administered through Sealworks. The 2022 applications will be processed through another database.
- Review a random sample of HEAT approved applications submitted for both the HEAT and HELP Programs for the 2021 program period. The purpose of the review was to determine if applicants satisfied the eligibility requirements as ordered by the Commission. The Division's review confirmed, based on the information provided, that applicants were approved in accordance with

[2] 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 eligibility requirements. DWS provides the Company with a weekly updated list of eligible HEAT/HELP participants.

- Determine 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 to verify that the Low-Income Lifeline Credit (Schedule 3) of $13.47 appears as a credit on the bills of eligible customers as a separate line item. Effective October 1, 2021, the Lifeline credit was $13.95.[3] 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, 2021, which shows the monthly activity for the program from its inception (September 2000 through December 31, 2021). The HELP surcharge rate was turned off effective October 1, 2021, to bring the overall balance down. The balance at the end of 2021 was $1,370,090. The Division continues to monitor the balance and believes that the account balance will be within the targeted parameters of the Commission's orders sometime during 2022.
- Review the HELP program's administrative costs charged by the Company and DWS for the year 2021. The Company charges were $2,972.24 and paid DWS $28,150.59. Included in the administrative cost category are the expired net metering credits for the annual year ending March 2021. The credit amount of $206,670.38 was included in the 2021 Customer-Owned Generation and Net Metering Annual Report in Docket No. 21-035-46.
- Review and verify the carrying charge on the HELP account balance to ensure that it meets Commission orders. In Docket No. 21-035-T03, the Commission decreased the

[3] Docket #20-035-20 PSC Report and Order

carrying charge rate from 3.88% to 3.04%, effective April 1st, 2021.

Audit Conclusion

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

DATA COLLECTION

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 2021 is exclusively based on those measures that were categorized as either useful or having 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 is 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 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 $28,150.59. PacifiCorp charged $2,972.24 for the Calendar Year 2021. 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

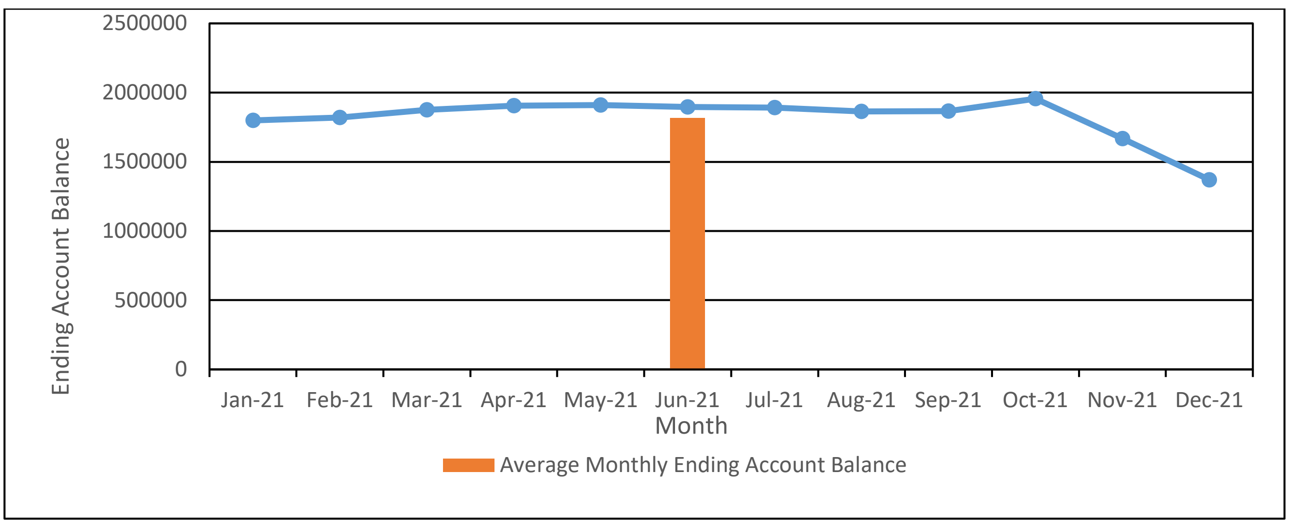
This measure reviews the account balance at the end of the annual period under consideration – in this case December 2021. The standard for this measure was set by the Commission in its

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 Division understands the intent of this Order is to keep the ending account balance around three months-worth of collections. The ending account balance was much higher than the estimated $450,000 for the last few years. Consequently, the HELP surcharge was turned off effective October 1, 2021, to bring the ending balance down. The 2021 ending account balance was $1,370,090. The Division will continue monitoring the ending account balance.

Figure 1 shows that the ending account balance steady declined since October 2021 when the surcharge was shut off and the credit was increased to $13.95[4]. The Division will continue to monitor the monthly ending account balance for consistency with the standard.

Figure 1. Monthly Ending Account Balance for Calendar Year 2021.



3. Process Granting Credit

The Division's auditor determined that PacifiCorp gives HELP recipients the appropriate monthly credit on a timely basis and those participants who are not re-certified are promptly removed from the HELP program. The auditor also determined that the Low-Income Lifeline

[4] Docket # 20-035-20 PSC Report and Order dated August 26, 2021

Credit (Schedule 3) of $13.14 (or 13.95 effective October 1, 2021) appears on the bills of eligible customers as a separate line item. Therefore, we conclude that this measure meets its standard.

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.

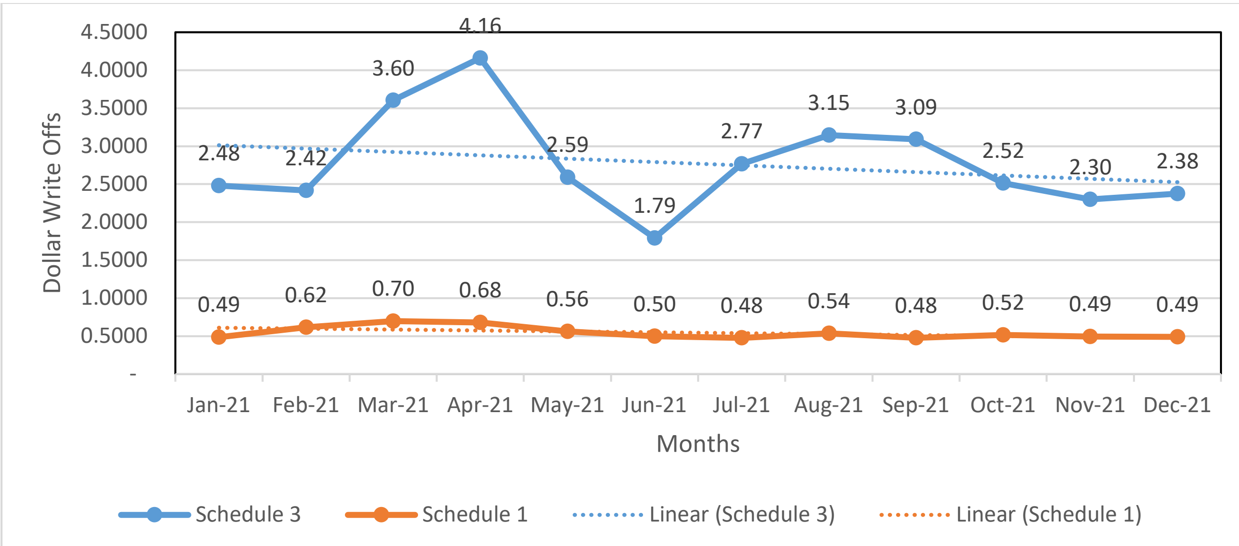
5. Penetration Rate

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 in 2021 was 20,620 per month. Salt Lake CAP has estimated that there are 45,000 eligible households in Utah which indicates that the penetration rate is approximately 46%. If we assume that the number of eligible households in Utah estimated by the SLCAP is correct, 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 amount per customer. The standard is a reduction in these two figures. Write-offs per customer initially increased from $2.48 to $4.16, then trended down to a low of $1.79 in June 2021. In July, the write-offs per customer increased to $3.14 after which it declined (Figure 2). Figure 2 also shows that the dollar amounts of write-offs per customer for the Schedule 1 customers were relatively stable throughout the year and averaged $0.54. 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.

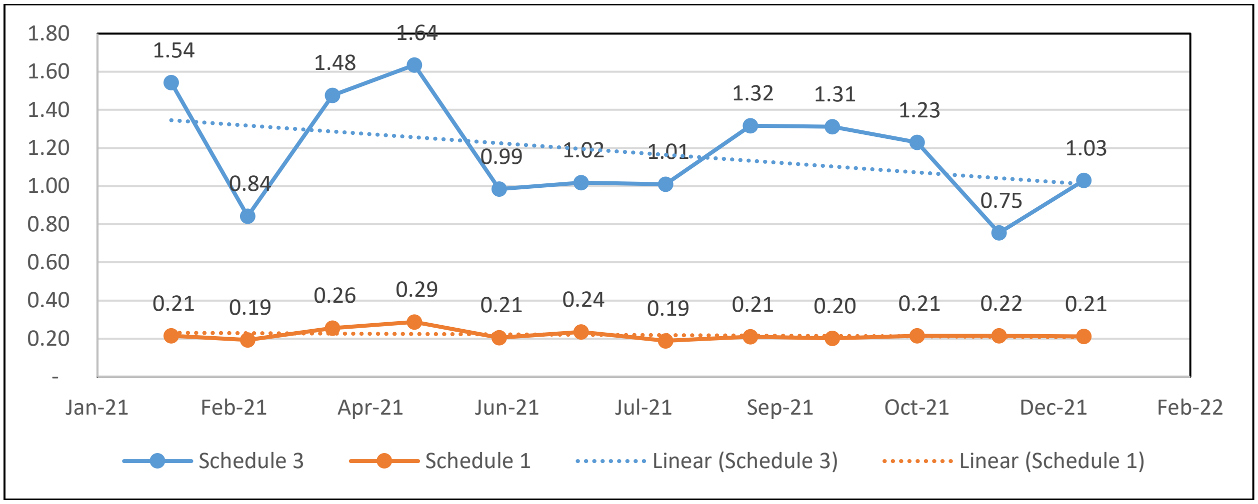
Figure 2. Dollar Write-Offs per Customer



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 overall trend of monthly recoveries per customer, though fluctuating, has been a decrease in 2021 for Schedule 3 customers. The Figure also shows that the monthly recoveries per customer have been stable around $0.22 throughout the year for Schedule 1 customers. Therefore, this measure did not meet its standard. The Division does not know how much of the changes in the recoveries per customer can be attributed to Covid-19. Hence, the Division will keep monitoring this measure for consistency with the 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 increased from a low of 0.06 in January to a high of 0.12 in October 2021, and shows an increasing trend for the year. Hence, we conclude that this measure did not meet its standard. The Division does not know how much of the changes in the number of termination notices can be attributed to the economic situation of the nation or related to Covid-19. Hence, the Division will keep monitoring this measure for consistency with the standard.

The number of actual terminations per customer for Schedule 3 customers in Calendar Year 2021, increased from 0.0012 in January to 0.0016 in March. After which it declined to a low of 0.0006. In August 2021 the actual terminations per customer increased sharply to 0.0014 after which it declined to a low of 0.0005 in December. The actual terminations for the customers in Schedule 1 followed the same trend though much lower than those of Schedule 3 over the Calendar Year 2021 (Figure 5). Hence, we conclude that this part of this measure did not meet its standard. The Division doesn’t know how much the change in this measure is due to the general economic conditions of the country or related to Covid-19. Thus, the Division will keep monitoring this measure for consistency with the standard.

Figure 4. Number of Termination Notices

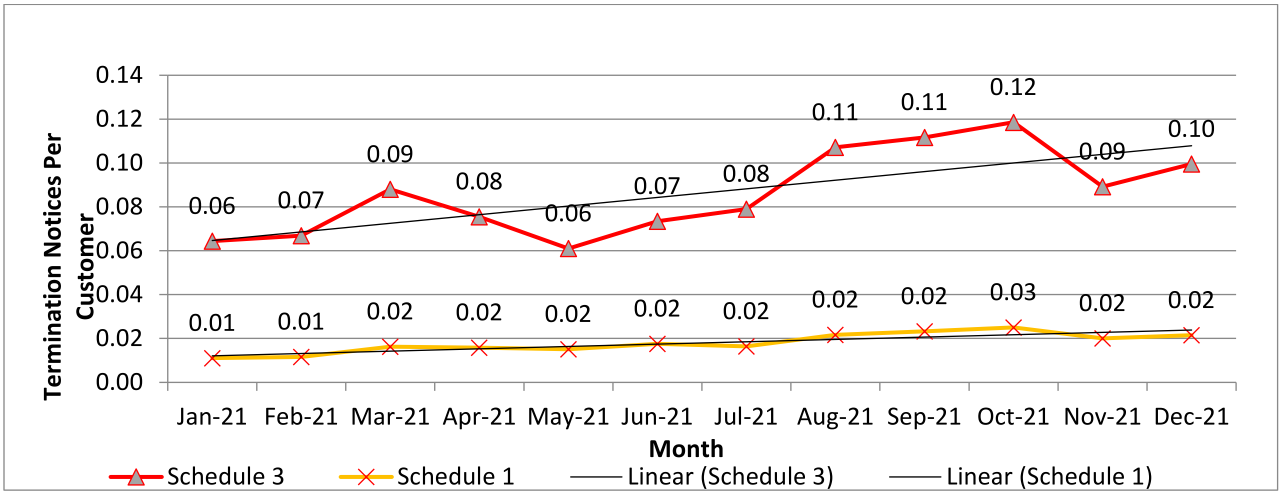
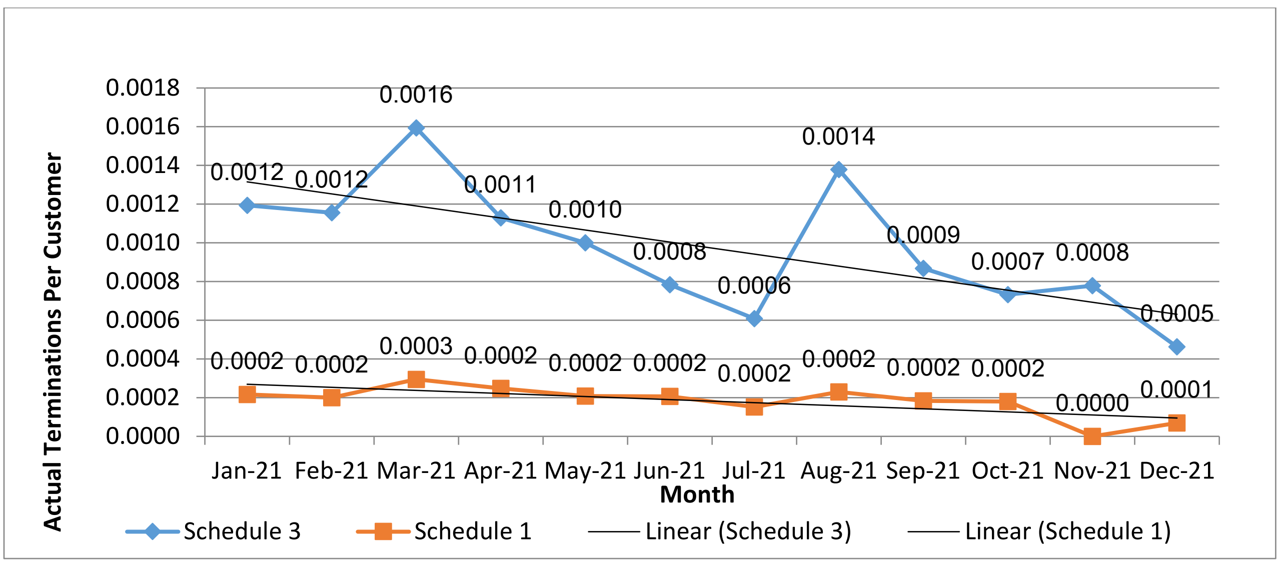


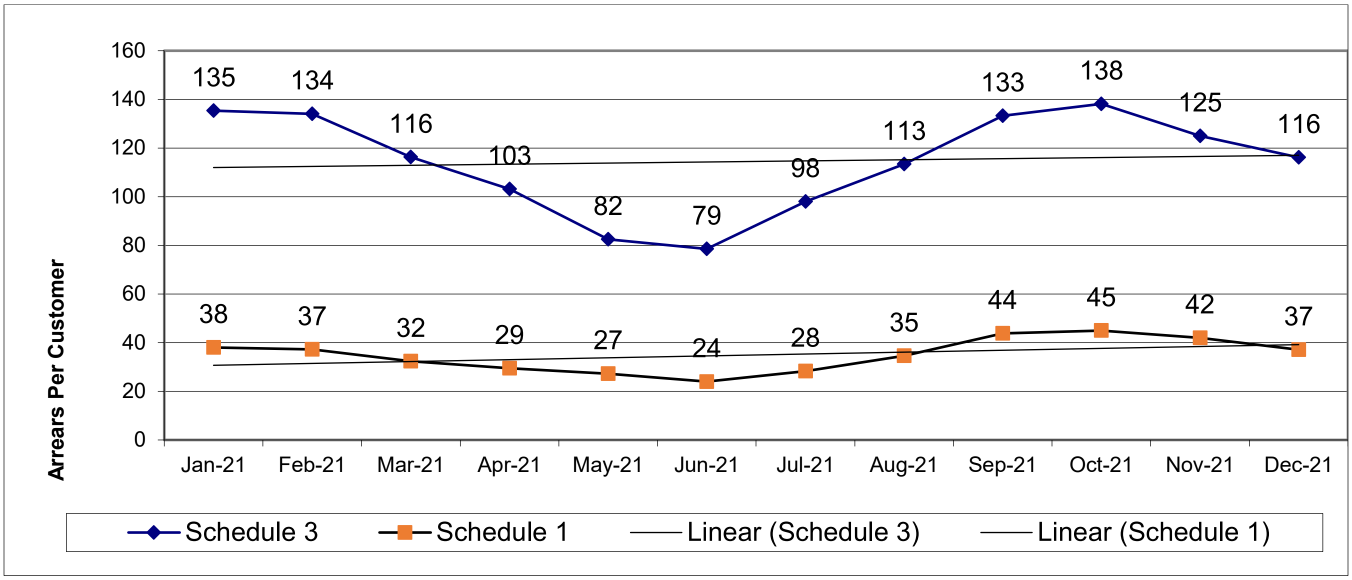
Figure 5. Actual Termination per Customer



9. Balance in Arrears

The standard for this measure is a reduction in the balance in arrears. Over the Calendar Year 2021, as the arrears per customer for Schedule 1, the arrears per customer for Schedule 3 depicted an initial downward trend between January and June 2021 after which it increased. The arears per customer for Schedule 1 depicted the same trend as that of Schedule 3 but were at lower level (Figure 6). The overall trends for both Schedules 1 and 3 were upward. Hence, we conclude that this measure failed to meet its standard. However, the Division doesn't know how much of the change in the outstanding arrears per customer is due to the general economic conditions of the country or Covid-19. Hence, the Division will keep monitoring the monthly outstanding arrears per customer for consistency with the standard.

Figure 6. Monthly Outstanding Arrears per Customer for Calendar Year 2021.



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 2021, the monthly number of recipient accounts (customers) sent to collection agencies for Schedule 1 decreased to a low of 1,991 accounts in May, then it increased to a high of 2,678 accounts in October. It then declined in November and December (Figure 7). The overall trend of the number of recipient accounts and account balances sent to collection agencies was a slight increase. The Schedule 1 account balance per customer sent to collection initially declined to a low of 1.6 in July, then it increased to a high of 3.5 in October, after which it declined (Figure 8). The number of accounts sent to collection agencies for Schedule 3 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. However, the Division does not know how much of the changes in the number of customer accounts sent to collection agencies and how much of the change in the balance of the accounts sent to collection can be attributed to general condition of the economy or Covid-19. Therefore, the Division will keep monitoring the trends of these measures for consistency with their respective accounts.

Figure 7. Number of Customer Accounts Sent to Collection Agencies

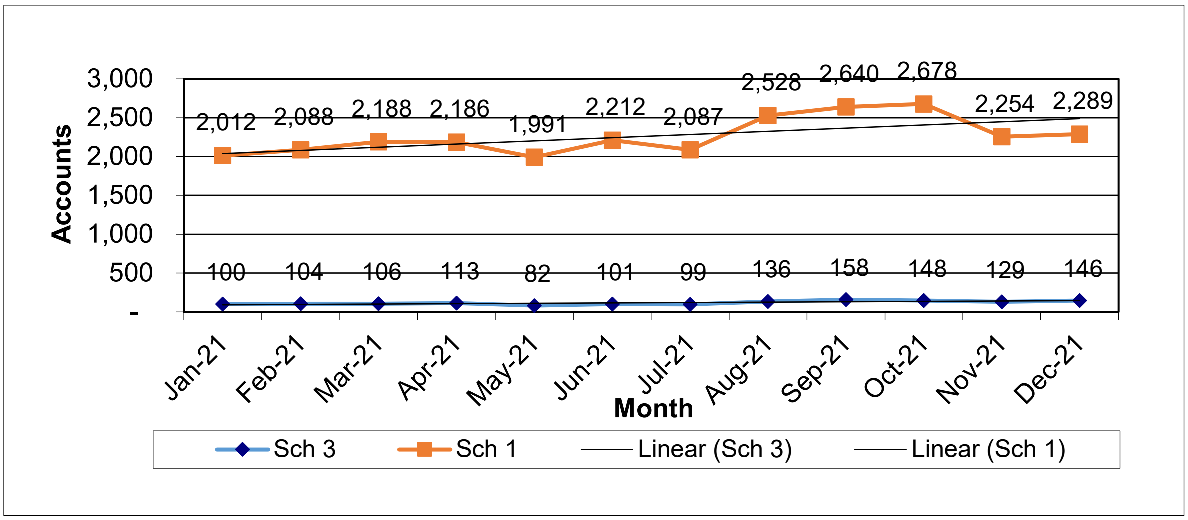
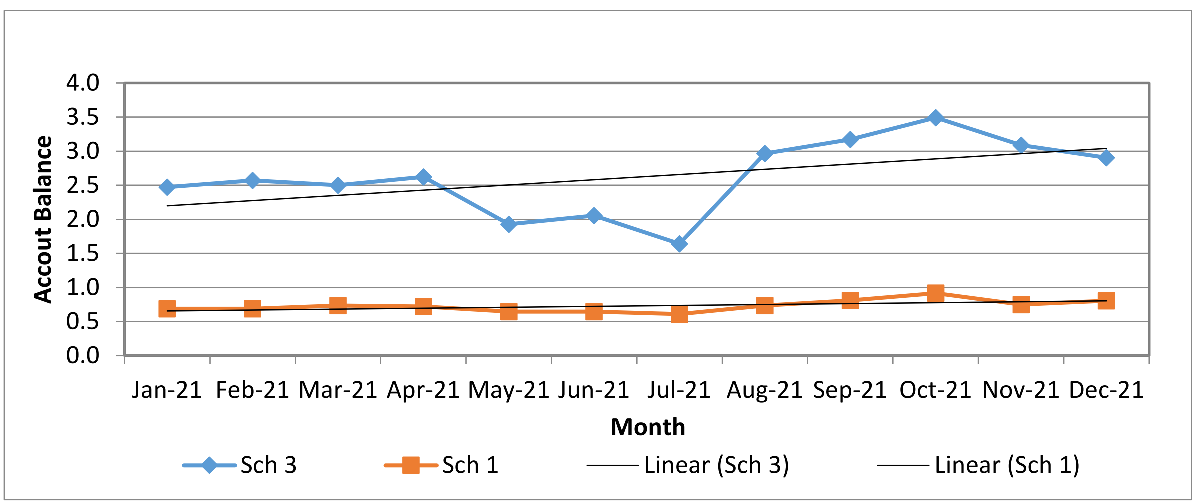


Figure 8. Monthly Balances of the Accounts Sent to Collection



EVALUATION SUMMARY

The evaluation of the measures yielded mixed results. Of the ten measures applied by the

Division, five met their standards. Three of the measures are in the useful category and two are in the category of limited value in determining the effectiveness and success of the program. Five failed to meet their standards of which one of the measures is in the useful category and four were measures are 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	Yes
Surcharge Ending Account	No
Balance Penetration Rate	Yes
Terminations	No
Recoveries Per	No
Customer 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

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

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, five have met or exceeded their associated standards, five measures failed to meet their associated standards (Ending Account Balance, Recoveries per Customer, Terminations, Balance in Arrears, and Accounts sent to Collection Agencies). Four 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 2021 of the program, HELP provided benefits to the recipients in the amount of $3,253,222. 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 $2,578,363 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.

The 2021 ending account balance was $1,370,090. In 2021 the Commission ordered to zero out the surcharge collection from non-recipients for five months and to increase the credit to $13.95 effective October 1, 2021. The Division will continue monitoring the ending account balance.

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. The changes in some of the measures have been impacted by the economic conditions of the Country and Covid-19, the Division will monitor those measures for consistency to their respective standards. Despite the inconclusive program evaluation, the Division recommends no further action at this point.