UTAH DEPARTMENT OF COMMERCE
Division of Public Utilities

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Memorandum

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Justin Christensen, Utility Analyst
Tamra Dayley, Utility Analyst

Date: June 27, 2023

Re: **Docket No. 22-035-39,** Division Review for Compliance RMP 2022 Home Electric Lifeline Program (HELP) - No Action Required.

The Division of Public Utilities (Division) hereby submits its Calendar Year 2022 report on the Home Electric Lifeline Program (HELP). The report contains the Division's Calendar Year 2022 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.

HOME ELECTRIC Lifeline PROGRAM (HELP)

2022 ANNUAL REPORT

TO THE

UTAH PUBLIC SERVICE COMMISSION

FROM THE

UTAH DIVISION OF PUBLIC UTILITIES

June 27, 2023

Executive Summary

The HELP program for the calendar year 2022 provided financial credits of $3,273,379 to a monthly average of 20,159 Rocky Mountain Power (RMP or Company) customers.

Performance Standards and Performance Results:

The results of the evaluation show that of the ten measures adopted[1] by the Division to evaluate HELP, six have met or exceeded their associated standards. Four standards failed to meet the performance standard. However, as shown in the table below the performance measures are deemed to vary in efficacy.

Table 1

No.	Performance Standard	Performance Result	Standard Efficacy
1	Administrative Costs	Pass	Useful
2	Ending Account Balance	Failed	Useful
3	Processing Program Credits to Recipient	Pass	Useful
4	Surcharge Collection from Ratepayers	Pass	Useful
5	Penetration of Eligible Households	Pass	Limited Value
6	Write-offs per Customer	Failed	Limited Value
7	Recoveries per Customer	Pass	Limited Value
8	Terminations per Customer	Pass	Limited Value
9	Customer Balances in Arrears	Failed	Limited Value
10	Accounts Sent to Collection Agencies	Failed	Limited Value

[1] 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. To evaluate 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.

Program Goals:

To help establish the goals of the program, 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 shown below. The attainment of the program's goals is 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 data analytic 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 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. Future results may necessitate reassessment of the program.

Division's HELP Audit[2] Report

The Division initiated a series of data requests and meetings with Rocky Mountain Power and the Department of Workforce Services (DWS) Program Administrators of the Home Energy Assistance Target (HEAT) Program. The HELP Program policies and procedures were reviewed determining that the HELP Program operates as intended and complies with the Commission's requirements.

<u>Procedures and Findings:</u>

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

a) Review of applicable orders, tariffs and stipulations establishing the program.

b) 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.

c) 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. 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.

d) Review a random sample of HEAT approved applications submitted for both the HEAT and HELP Programs for the 2022 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 Commission eligibility requirements.

e) DWS provides the Company with a weekly updated list of eligible HEAT/HELP

[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.

participants.

f) Determine, based on discussions, that the Company gives applicants the appropriate monthly credit on a timely basis and those participants who are not re-certified are promptly removed from the HELP Program.

g) 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 $13.95 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.

h) 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.

i) Review Rocky Mountain Power's HELP report for the quarter ended December 31, 2022, which shows the monthly activity for the program from its inception (September 2000 through December 31, 2022). The HELP surcharge rate was turned off effective October 2021, to bring the overall balance down. The surcharge rate was turned on effective March 2022. The balance at the end of 2022 was $1,097,772.

j) Review the HELP program's administrative costs charged by the Company and DWS for the year 2022. The Company charges were $3,708.34. The Company made a payment to DWS of $21,212.38. The maximum annual amounts allowed by the Commission are $10,000 for the Company and $40,000 for DWS. Included in the administrative cost category are the expired net metering credits for the annual year ending March 2022, and the Solar Subscriber excess credits. The expired net metering credits had a credit amount of $320,225.53 included in the 2022 Customer Owned Generation and Net Metering Annual Report in Docket No. 22-035-38. The Solar Subscriber excess credits had a credit amount of $50,147.44 included in the 2021 Subscriber Solar Program Annual Report in Docket 22-035-11.

k) Review and verify the carrying charge on the HELP account balance to ensure that it meets Commission orders. In Docket No. 22-035-T03, the Commission increased the carrying charge rate from 3.04% to 3.05%, effective April 1st, 2022.

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. The 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).

Division's HELP Analytical Evaluation

Data Collection:

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

Discussion:

The evaluation of the HELP program for Calendar Year 2022 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 –** Previously reported in the Audit Report (refer to Item j page 6).

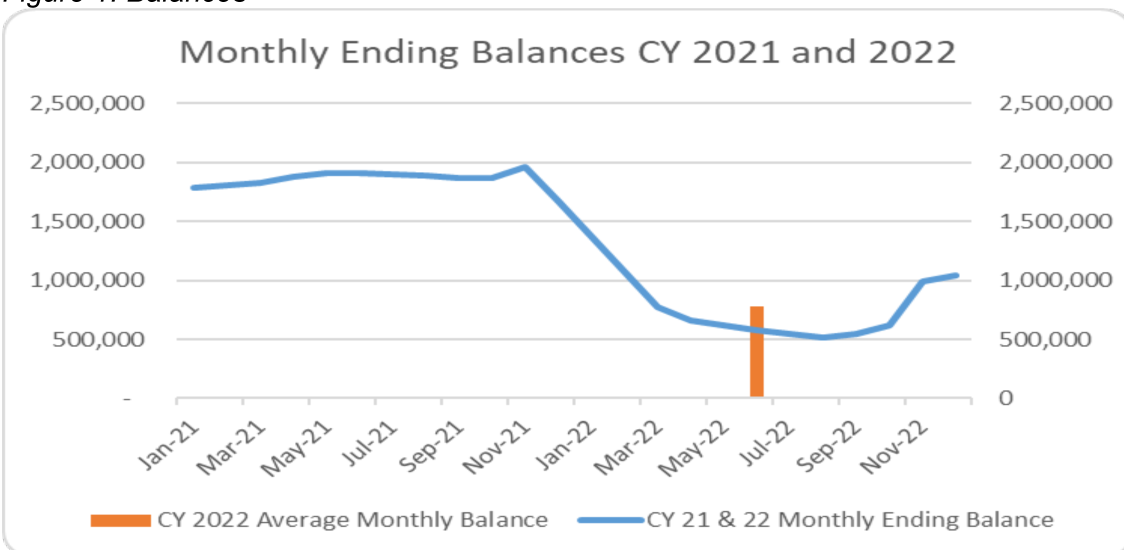
2. **Ending Account Balance**

This measure reviews the account balance at the end of the annual period under consideration. 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 total.

The Division understands the intent of this Order is to keep the ending account balance around three months-worth of collections. Collections for calendar year 2021 and 2022 averaged $217,000 monthly for a total of $651,000 for an estimated fund balance. The 2022 ending account balance was $1,097,772, or 169% of an average 3-month collections. 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[3]. The surcharge was reinstated February 2022. The Division will continue to monitor the monthly ending account balance for consistency with the standard.

Figure 1. Balances



3. **Process Granting Credit -** Previously discussed in the Audit Report (refer to Items d, e, f, and g on pages 5 and 6 of this report).

4. **Process Collecting Surcharge from Ratepayers -** Previously discussed in the Audit Report (refer to Items h and i on page 6 of this report).

5. **Penetration Rate**

The measure is the proportion of eligible households receiving program credits under HELP. The standard for this measure is 42% of eligible households. The average number

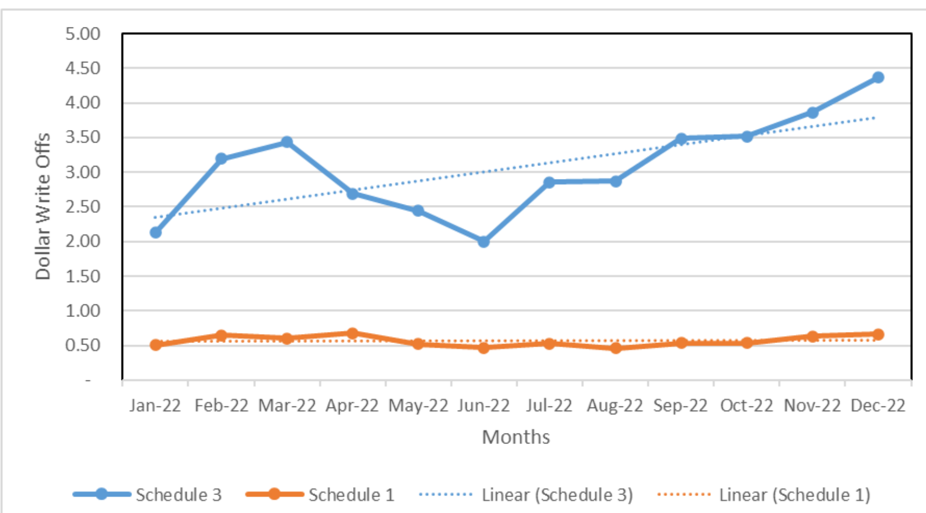
[3] See Low Income Lifeline Program Report 2020, Docket No. 20-035-20 (Order, issued August 26, 2021).

of households participating in this program in 2022 was 20,159 per month. Salt Lake CAP has estimated that there are 45,000 eligible households in Utah which indicates that the penetration rate is approximately 45%. 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 Schedule 3 HELP customer (as shown in **Figure 2**) increased from $2.13 to $4.37 for the year, however, they trend downward to a low of 2.00 in June 2022 up from $1.79 low point in June 2021. 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 $0.57. Since the dollar amount of write-offs per customer is generally increasing for Schedule 3 customers and is relatively stable for Schedule 1 customers, we conclude that this measure needs further evaluation.

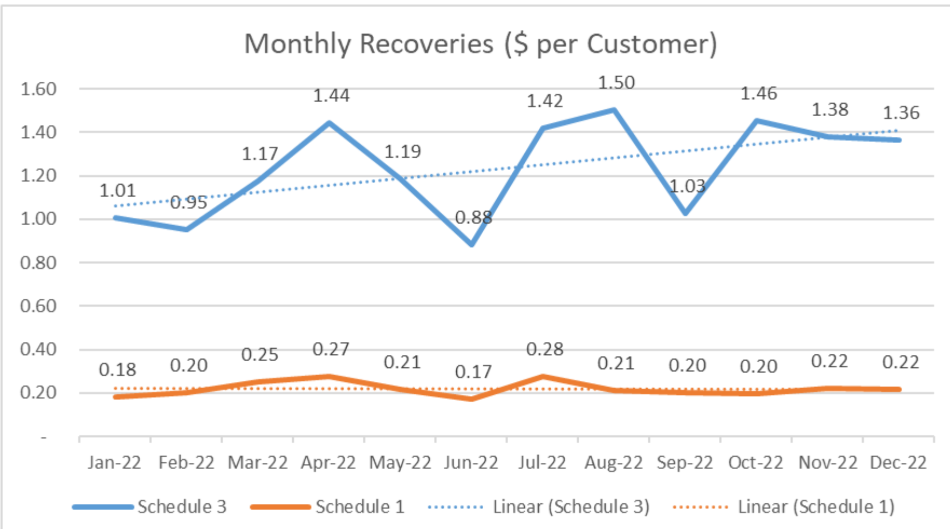
Figure 2. Dollar Write-Offs per Customer



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 an increase in 2022 for Schedule 3 customers. The Figure also shows that the monthly recoveries have been slightly trending up throughout the year and averaged $0.22 for Schedule 1 residential customers. Therefore, this measure met its standard. The Division does not know if the amount of recoveries per customer can be attributed to Covid-19 or other economic factors. Hence, the Division will keep monitoring this measure for consistency with the standard.

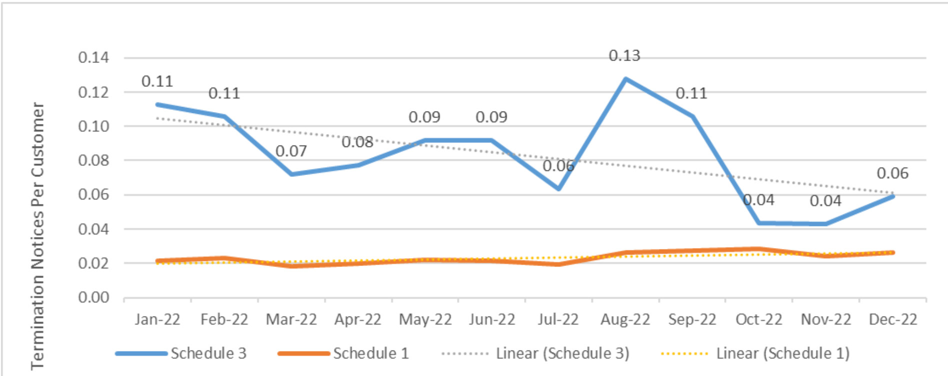
Figure 3. Recoveries



8. *Terminations*

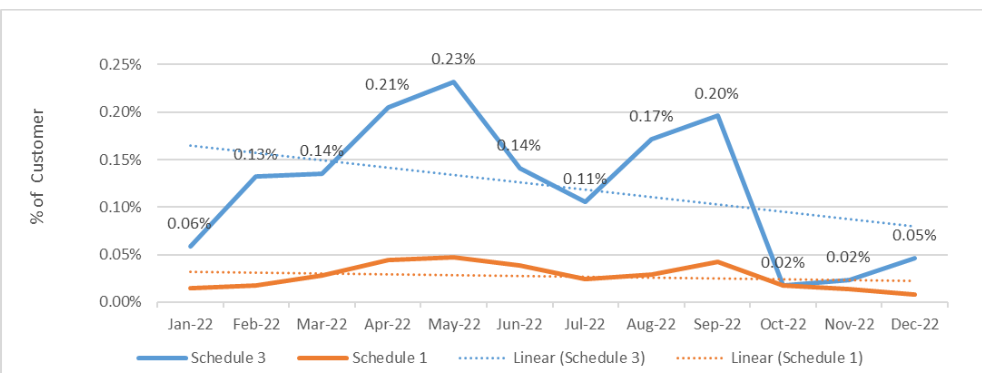
The standard for this measure is a reduction in the number of monthly termination notices and service terminations per customer. The number of termination notices per customer for Schedule 3 began the year with a high of 11% in January, climbed to 13% in August and then dropped to a low of 4% for October and November. **Figure 4** shows a decreasing trend for the year. And the annual average is slightly down 1% below the prior year. Figure 4 also shows a slight upward trend for Schedule 1. Hence, we conclude that this part of this measure met its standard.

Figure 4. Number of Termination Notices Per Customer



The number of actual terminations per customer for Schedule 3 customers in Calendar Year 2022 trended overall downward for the year averaging 0.12%. However, this is an increase over the prior year of 0.10%. 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 2022 **(Figure 5)**. Hence, we conclude that this part of this measure met its standard.

Figure 5. Actual Termination per Customer

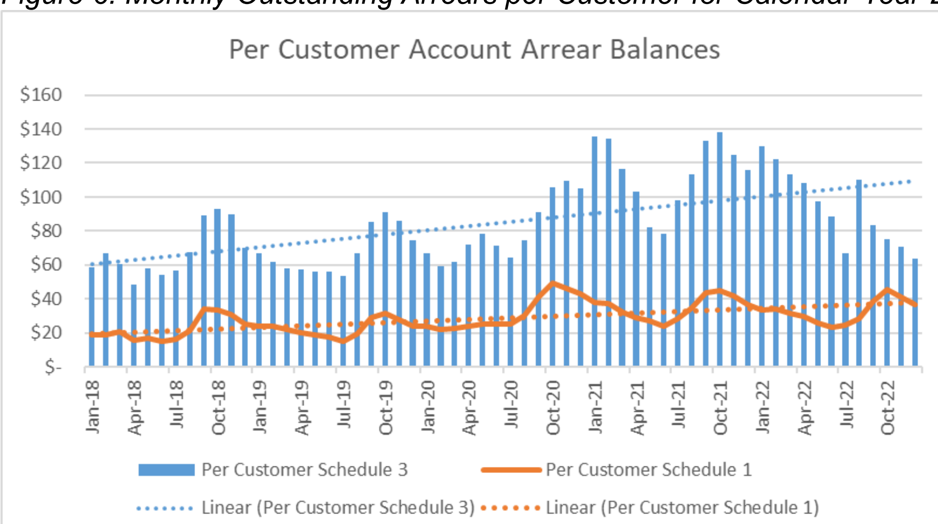


9. Balance in Arrears

The standard for this measure is a *reduction* in the balance in arrears. The data point is a simple calculation of the monthly arrear balances divided by the total number of customers per schedule. Over the calendar year 2022, both schedule 1 residential customers and schedule 3 HELP customers have overall upward trends for the 5-year period **(Figure 6)**. Although the balance in arrears has highs and lows during each calendar year the overall year average trends higher. In 2022 the HELP customers average annual arrears balances per customer are $94.2, a decline of 18% from the prior year, back to 2019 or pre-pandemic levels. However, the arrears balances remained above all previous years.

The arrears for Schedule 1 customers dropped from the 2021 level of $34.9 but remained above all previous years. Also of note, the gap between the Schedule 1 and Schedule 3 customers is widening. We conclude that this measure does meet the standard since the Schedule 3 customers have higher balances in arrears and that the per customer balance in arrears increases at a higher rate than the schedule 1 customers. 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. Hence, the Division will keep monitoring the monthly outstanding arrears per customer for consistency with the standard.

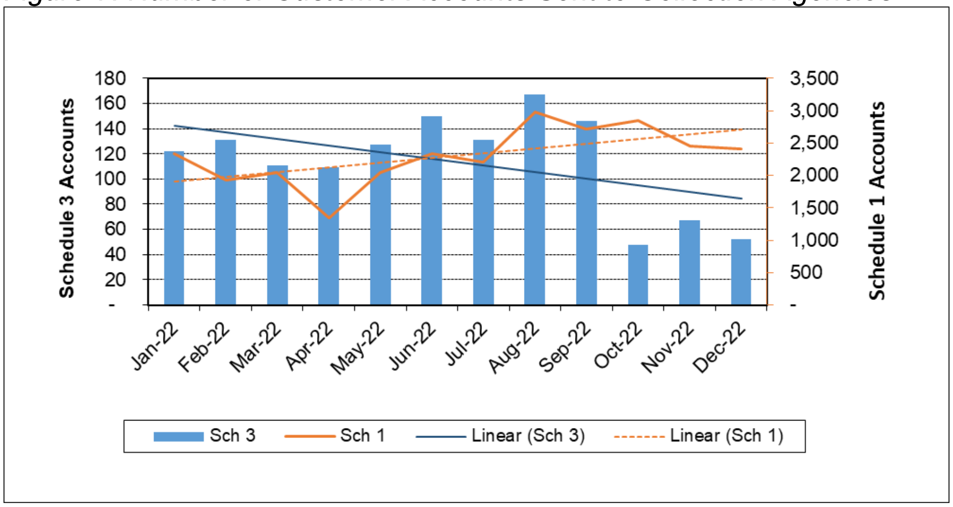
Figure 6. Monthly Outstanding Arrears per Customer for Calendar Year 2022.



10. Accounts Sent to Collection Agencies

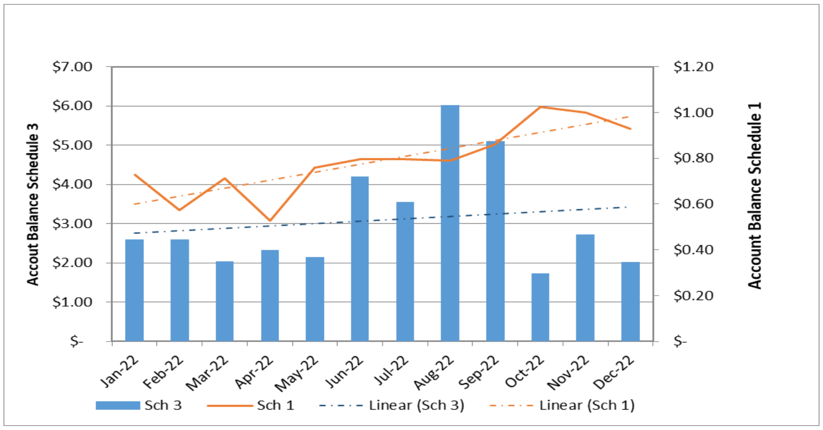
The standard for this measure is a reduction in the number of the recipient accounts and account balances sent to collection agencies. In Calendar Year 2022, the monthly number of recipient accounts (customers) sent to collection agencies for Schedule 1 decreased to a low of 1,344 accounts in April, then it increased to a high of 2,985 accounts in August. 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, as in the prior year.

Figure 7. Number of Customer Accounts Sent to Collection Agencies



The Schedule 1 account balance *per customer* sent to collection ranged from a high of $1.02 in October and a Low of $0.53 in April (**see Figure 8)**. Overall, the Schedule 1 account balance *per customer* was up from the prior year by $0.06**.** 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 change in the number of customers or balances sent to collection can be attributed to general condition of the economy. Therefore, the Division will keep monitoring the trends of these measures for consistency with their respective accounts.

Figure 8. Monthly Balances (000's) Sent to Collection



Data Analytical Evaluation Summary:

The evaluation of the measures yielded mixed results. Of the ten measures applied by the Division, six met their standards. Three of the measures are in the useful category and three are in the category of limited value in determining the effectiveness and success of the program. Four failed to meet their standards of which one of the measures is in the useful category and three were measures categorized as having a limited value in determining the effectiveness of the HELP program. The measure evaluation summary is shown on Table 1, page 3, of this report.