ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 330
Salt Lake City, UT 84116

August 9, 2023

VIA ELECTRONIC FILING

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84114

Attention: Gary Widerburg
Commission Administrator

RE: Docket No. 22-035-39
Rocky Mountain Power's Low Income Lifeline Program Reports 2022
RMP Comments on the Division of Public Utilities 2022 Annual Audit Report

In accordance with the Notice of Filing, Comment Period, and Request Rocky Mountain Power Submit Comments issued by the Public Service Commission of Utah on July 10, 2023, Rocky Mountain Power ("the Company") submits comments on the Division of Public Utilities ("DPU" or "Division") calendar year 2022 report on the Home Electric Lifeline Program ("HELP" or "Program") that was filed on June 27, 2023.

<u>Background</u>
Since 2003, the DPU has conducted an annual audit of HELP using ten measures that were established through a robust regulatory process. The DPU filed its audit report for calendar year 2022 ("Audit Report"), concluding that the Program is being administered in a reasonable fashion and operates as intended. The DPU further stated that the recipients are benefiting without overly burdening either the ratepayers or the Company. However, the DPU also determined that the Program evaluation is inconclusive in terms of success and effectiveness of the Program because the Program met four of its goals but failed three. The Commission issued a Notice requesting the Company submit comments responding to the conclusion that the Program evaluation is inconclusive in terms of success and effectiveness of the Program.

<u>RMP's Response</u>
When the evaluation measures used by the Division to audit the Program were established, they were divided into categories of standard efficacy and deemed to be "useful" or of "limited value." Table 1 in the Division's Audit Report lists the ten measures and the performance results of each measure in the audit. The Division determined that the Program passed six measures and failed four. Of the four failed measures, only the measure regarding the ending account balance is categorized as useful. The other three failed measures – write-offs per customer, customer balances in arrears, and accounts sent to collection agencies – were listed as those of "limited value."

Ending Account Balance
The Commission set the measure for ending account balance to be a limit of three months of collections from Electric Service Schedule No. 91 ("Schedule 91"). The revenues from Schedule 91 fund the credits provided to qualifying customers on Electric Service Schedule No. 3 ("Schedule 3"). Over the recent past, the ending balance has been above the target limit, and the Company and Division have proposed various actions to reduce the account balance.[1] These actions have helped reduce the account balance from $1,779,586 in December 2020 to $1,097,772 as of December 2022. However as noted by the Division, the measure failed the test since the ending account balance for CY 2022 is still above the target. The DPU calculates the three months threshold based on the average of calendar year 2021 and 2022 as $217,000 for a threshold of $651,000. The Company believes the DPU's threshold to be too low since it does not account for the fact that the Schedule 91 surcharge was turned off for two months during 2022 and three months during 2021,[2] resulting in an artificially low average that is not reflective of the monthly collections going forward. The Company recalculated the CY 2022 average using only the months where the Schedule 91 surcharge was effective. The result is a monthly average of $277,000 for an $831,000 target balance. The CY 2022 ending balance is still higher than the target, however only by approximately $267,000, which is less than one month of average Schedule 91 collections.

Since the ending balance will always fluctuate, the Company believes it is preferrable to err on the side of tolerating a slightly high ending balance versus actions that may reduce the balance too low. In the 2023 Utah Legislative session, Senate Bill 288 was passed by the Utah Legislature to provide an incremental $12 credit to qualifying customers using funding from an alternative source.[3] Although this funding is separately tracked and does not directly impact the account balance for the traditional HELP, the Company believes the publicity of the incremental credit and potential outreach efforts could increase participation rates of eligible customers in the Program, which could result in a higher number of customers receiving the Schedule 3 credits.

Therefore, although the ending balance is slightly higher than the limit, the Company does not believe any actions should be taken at this time to reduce the balance. The Company will continue to monitor the balance and propose appropriate action if the balance becomes materially higher than the desired target.

Other Failed Measures
The Division's audit compares the write-offs per customer, customer balances in arrears, and accounts sent to collection agencies for Schedule 3 customers to the trend for customers on Electric Service Schedule No. 1 ("Schedule 1") to assess the performance. These measures failed because the rate at which the write-offs, arrearages and accounts are sent to collections is increasing faster than the rate for Schedule 1. Although the Division monitors these measures in its annual audits, the Division states they have limited value for determining the effectiveness of the Program. The Company agrees that it is difficult to isolate the impacts of the Program from macroeconomic conditions. It is possible that the widening gap between Schedule 1 and Schedule 3 customers is

[1] *See* Docket No. 20-035-20, Rocky Mountain Power's Comments on the Division of Public Utilities' Calendar Year 2020 Report of the Home Electric Lifeline Program, July 30, 2021.
[2] Docket No. 21-035-T09.
[3] Utah Code §54-4-42.

attributable to economic factors that would be difficult to address through the Program alone.

The Company believes HELP provides a valuable benefit to qualifying customers without unduly burdening other customers. While HELP is evaluated for stand-alone program effectiveness, it is a valuable component of the assistance provided by the Department of Workforce Services ("DWS"). Although the data is inconclusive, the Company believes the Program continues to support the public interest.

Program Administrative Costs
The Company clarifies one minor aspect of the Division's Audit Report. In its discussion on the administrative costs of the Program, the Division states that the maximum annual amounts allowed by the Commission are $10,000 for the Company and $40,000 for DWS. The Company's understanding that the current maximum annual amount allowed by the Commission for DWS is $50,000, which was approved in Docket No. 09-035-T15.

Conclusion
The Company believes there is value to the Division continuing to evaluate HELP using the established criteria. Failure in any one measure should be reviewed for actions that can be reasonably pursued to improve the effectiveness of the Program. However, the Company believes failure of a measure does not necessarily mean the Program is not useful and providing benefits to customers. Judgement and discretion should be used on a case-by-case basis to determine if actions should be taken to address a failed measure. In this case, the failed measure categorized as useful was slightly above target and the other failed measures were of limited value. The Company agrees with the Division that no action is necessary at this time.

Sincerely,

Joelle Steward
Senior Vice President, Regulation and Customer/Community Solutions

CERTIFICATE OF SERVICE

Docket No. 22-035-39

I hereby certify that on August 9, 2023, a true and correct copy of the foregoing was served by electronic mail to the following:

Utah Office of Consumer Services

Michele Beck	mbeck@utah.gov
ocs@utah.gov	

Division of Public Utilities

dpudatarequest@utah.gov

Assistant Attorney General

Patricia Schmid	pschmid@agutah.gov
Robert Moore	rmoore@agutah.gov
Patrick Grecu	pgrecu@agutah.gov

Rocky Mountain Power

Data Request Response Center	datarequest@pacificorp.com
Jana Saba	jana.saba@pacificorp.com utahdockets@pacificorp.com
Carla Scarsella	carla.scarsella@pacificorp.com

Carrie Meyer

Carrie Meyer
Adviser, Regulatory Operations