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Division of Public Utilities
UTAH DEPARTMENT OF COMMERCE

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## Action Request Response

**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
Tamra Dayley, Utility Analyst

**Date:** June 25, 2025

**Re:** **Docket No. 24-035-40,** Rocky Mountain Power's semi-annual report of the Low-Income Lifeline Program for July through December 2024, and Rocky Mountain Power's semi-annual report of the Low-Income Lifeline Program for January through June 2024, Rocky Mountain Power's Low Income Lifeline Program Reports 2024.

## Recommendation (No Action Required)

The Division of Public Utilities (Division) hereby submits its Calendar Year 2024 report on Rocky Mountain Power's Low Income Lifeline Program Reports. The report contains the Division's Calendar Year 2024 audit of the program, an evaluation of the measures adopted by the Division, an evaluation of the program goals, 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)

## 2024 ANNUAL REPORT

TO THE

**UTAH PUBLIC SERVICE COMMISSION**

FROM THE

**UTAH DIVISION OF PUBLIC UTILITIES**

June 25, 2025

## Executive Summary

The HELP program for the calendar year 2024 provided financial credits of $3,408,544 to a monthly average of 20,709 Rocky Mountain Power (RMP or Company) customers.

*Performance Measures*:

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

*Table 1*

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

In summary, based on its data analysis and audit of the HELP program, the Division concludes the program is being administered reasonably, with the 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. The Commission may wish to assess the program's performance and whether changes are needed.

## 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.

*Procedures and Findings:*

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 HEAT application process administered by DWS.

The state uses the eREP (Electronic Resource & Eligibility Product). which is a software system that determines eligibility and calculates benefits for customers seeking HEAT or HELP assistance. The agencies across Utah use eREP to determine eligibility for all who apply. The program is also used for Temporary Assistance to Needy Families (TANF), Food Stamps, Medicaid, Child Care, and other services from the departments of Workforce Services, Human Services, and Health.

Applications are accepted through the DWS website. If a customer needs assistance to use the web-based applications, they can contact DWS or UCA (Utah Community Action Program) personnel. 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

[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.

the program closes April 31 of the following year (HEAT is available year-round in four counties).

Rocky Mountain Power sends DWS a list of all the clients currently receiving the HELP credit in their system. With that list, DWS mails out information for those clients to apply for that credit again. The applications that come back from that mailer are processed by UCA (Utah Community Action Program) for the whole state.

c) Review a random sample of HEAT-approved applications submitted for both the HEAT and HELP Programs for the 2024 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 following Commission eligibility requirements.

d) DWS provides the Company with a weekly updated list of eligible HEAT/HELP participants.

e) 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.

f) 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 eligible customer bills as a separate line item. The Division also verified that the Low-Income Funding Surcharge (Schedule 91) was properly excluded from eligible customer bills for the Lifeline rate. No exceptions were noted.

g) 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.

h) Review of Rocky Mountain Power's HELP quarter ended December 31, 2024 report showing a $2,895,631 fund balance. A key source of the balance came from $920,095 in expired Net Metering Service credits from Schedule 135, applied to the Schedule 3 fund in September 2024. The previous 3 years averaged $296,000 in expired credits.

i) Review the HELP program's administrative costs established by the Commission as annual expenditure limits of $10,000 for the Company and $40,000 for DWS.[3] The Company has verified expenses totaling $6,094.89. The Company remitted a payment of $35,306 to DWS. Included within the administrative cost category are the expired net metering credits for the annual period concluding in March 2024 and the Solar Subscriber excess credits. The expired net metering credits amounted to $920,096, as detailed in Docket No. 24-035-36, Schedule 135 credits. The Solar Subscriber excess credits were reported at $29,336 in the 2024 Subscriber Solar Program Annual Report, Docket No. 24-035-15.

j) Review and verify the carrying charge on the HELP account balance to ensure that it meets Commission orders. In Docket No. 25-035-T02, the Commission increased the carrying charge rate from 4.57% to 5.34%, effective April 1st, 2024.

*<u>Audit Conclusion:</u>*

Based on its audit of the HELP program, the Division concludes the program is being administered reasonably 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).

[3] Docket No. 99-035-10 Appendix A, Item 9, Joint Stipulation on PacificCorp's Lifeline Rate, May 24, 2000.

## 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 2024 is exclusively based on those measures that were categorized as either useful or have 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. 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 Audit Report Item I, page 7).

### 2. Ending Account Balance

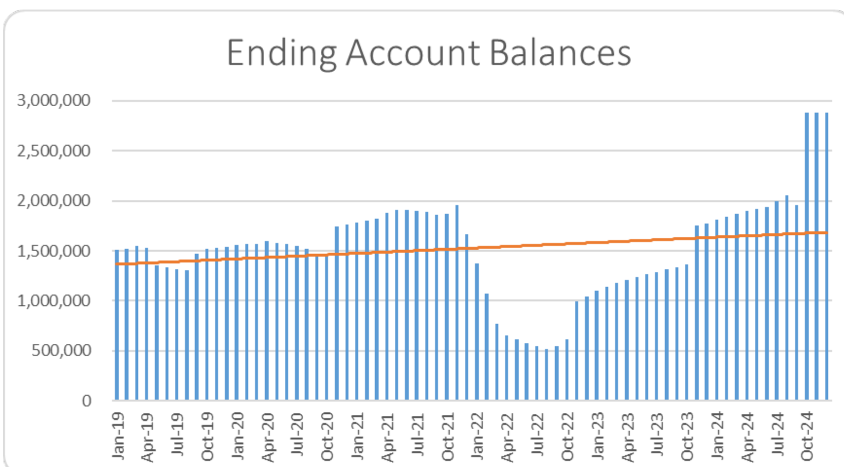
This measure reviews the account balance at the end of the annual period under consideration. The Commission set the measurement standards in the November 23, 2005, Report and Order in Docket Nos. 03-035-01 and 04-035-02. At that time, the HELP surcharge was set as approximately three months-worth of surcharge collections, which was estimated at the time of the Order as $450,000 total.

The Division understands that the intent of this Order is to keep the ending account balance around three months' worth of collections. The 2024 ending account balance was $2,895,631 or 1027% of an average 3-monthly collection of $281,930. The primary source of the balance was $920,095.97 expired Net Metering Service credits from Schedule 135 applied to the Schedule 3 fund[4] September 2024. The previous 3 years averaged $296,000 in expired credits.

During the 2024 General rate case Docket No. 24-035-04 the Lifeline credit increased to $18.00 effective May 2025. RMP stated, "... the existing surplus balance in the HELP account can be reasonably expected to sufficiently fund the incremental credit through March 2028."[5]

**Figure 1** shows a 2024 spike in balances. This was due to the expired Net-metering Service Credits posted in September being three times the amount compared to the previous years. Calendar year 2021 shows the ending account balance steadily declined after the collections were halted from October 2021 through January 2022, when the surcharge was shut off and the credit was increased to $13.95.[6] Collections were reinstated in February 2022. The Division will continue to monitor the monthly ending account balance for consistency with the standard and the effect of the general rate case changes.

*Figure 1. Balances*




[4] Clarification and Procedural Order, Docket No. 12-035-T10, November 28, 2012.
[5] Docket 24-035-04, Rocky Mountain Power's Analysis on Impact of Low Income Credit Increase, page 3.
[6] Low Income Lifeline Program Report 2020, Docket No. 20-035-20 (Order, issued August 26, 2021).

### 3. Process Granting Credit

Previously discussed in the Audit Report (refer to Items d, e, f, and g, page 6).

### 4. Process Collecting Surcharge from Ratepayers

Previously discussed in the Audit Report (refer to Items g and h on pages 6 and 7).

### 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 of households participating in this program in 2024 increased to an average of 20,724 per month.

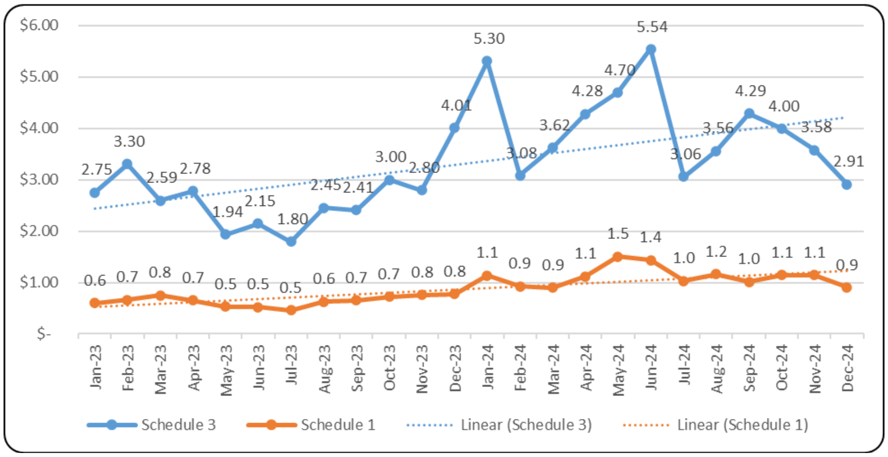
Current census bureau data estimates that approximately 92,627[7] households or 11% of Utah households' incomes are below 150% of the poverty level. Given this update, the Lifeline program only penetrates 22% of its target. Considering the current census data, this measurement does not meet the standard 42% penetration.

### 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**) averaged $3.99, up from the CY 2023 average of $2.66. Figure 2 also shows that the dollar amounts of write-offs per customer for the Schedule 1 customers were up throughout the year and averaged $1.12, up from the previous year's average of $0.65. Since the dollar amount of write-offs per customer is increasing for Schedule 3 customers and is also up for Schedule 1 customers, we conclude that this measure failed.

[7] US Census Bureau Data, S1702 Poverty Status in the Past 12 Months of Families, Utah, https://data.census.gov/table/ACSST1Y2023.S1702?q=utah+poverty.

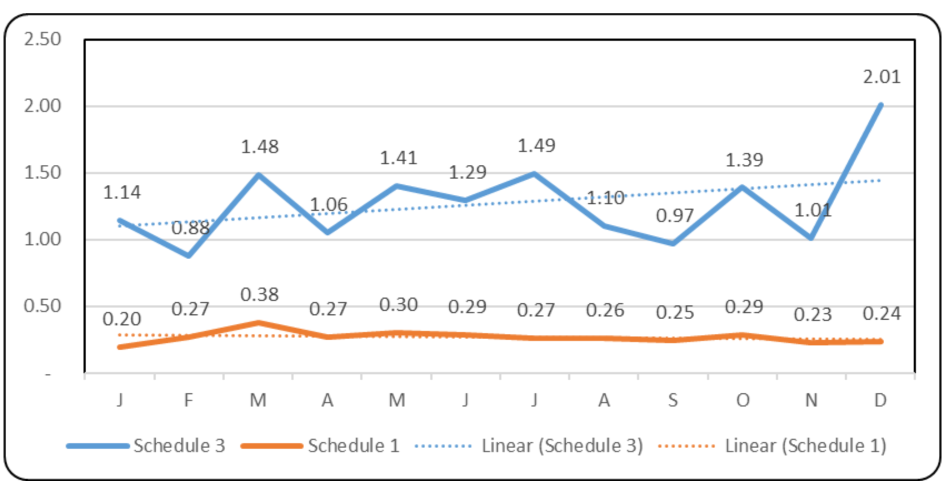
*Figure 2. Dollar Write-Offs per Customer*




## 7. Recoveries per Customer

The measure is the dollar amount per customer recovered from Schedule 3 customers whose accounts in arrears have been sent to a collection agency. The associated standard is an *increase* in the amount recovered per customer. **Figure 3** below shows the overall trend of monthly recoveries per customer, though fluctuating, was increasing. The average per month per customer has moved from $1.00 in the prior year to $1.27 in CY 2024 for Schedule 3 customers. Therefore, the recoveries per schedule 3 customer performance measure pass.

*Figure 3. Recoveries*

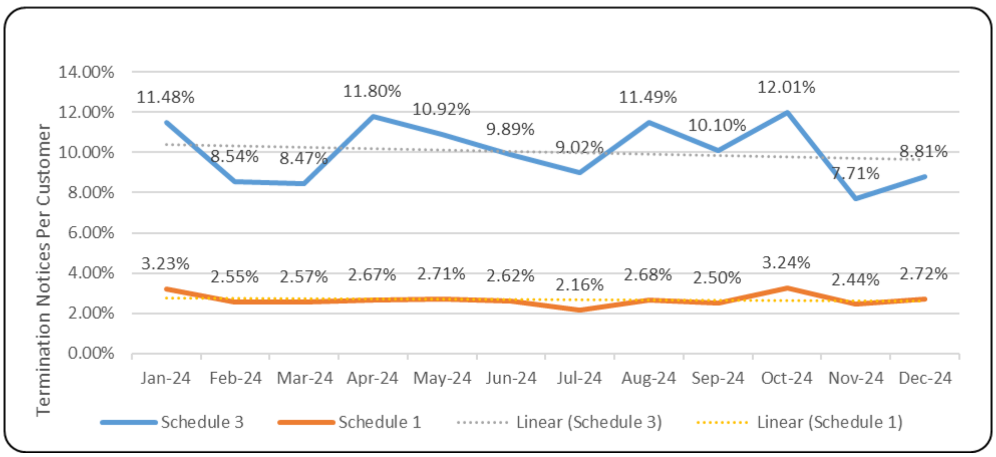


## 8. *Terminations*

The standard for this measure is to reduce the number of monthly termination notices and service terminations per customer. The number of termination notices per customer for schedule 3 began the year at 11.48% in January and ended the year at 8.81% in December for a slight downward overall trend.

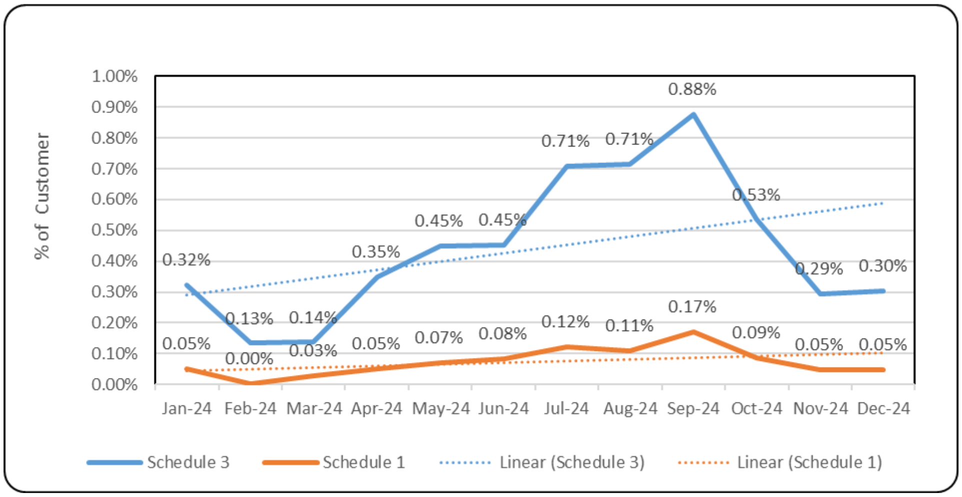
**Figure 4** shows a decreasing trend for notices throughout the year. Although the annual average per customer is up 1.12% above the prior year. Figure 4 shows a slight upward trend of 0.08% for Schedule 1. Hence, we conclude that this part of this measure did not meet its standard.

*Figure 4. Number of Termination Notices Per Customer*




The number of actual terminations per customer for Schedule 3 customers in Calendar Year 2024 averaged 0.44%. This is an increase over the prior year of 0.16%. The actual terminations for customers in Schedule 1 were also up, averaging 0.07%, double the prior year **(Figure 5)**. Hence, we conclude that this part of this measure failed to meet the standard.

*Figure 5. Actual Termination per Customer*

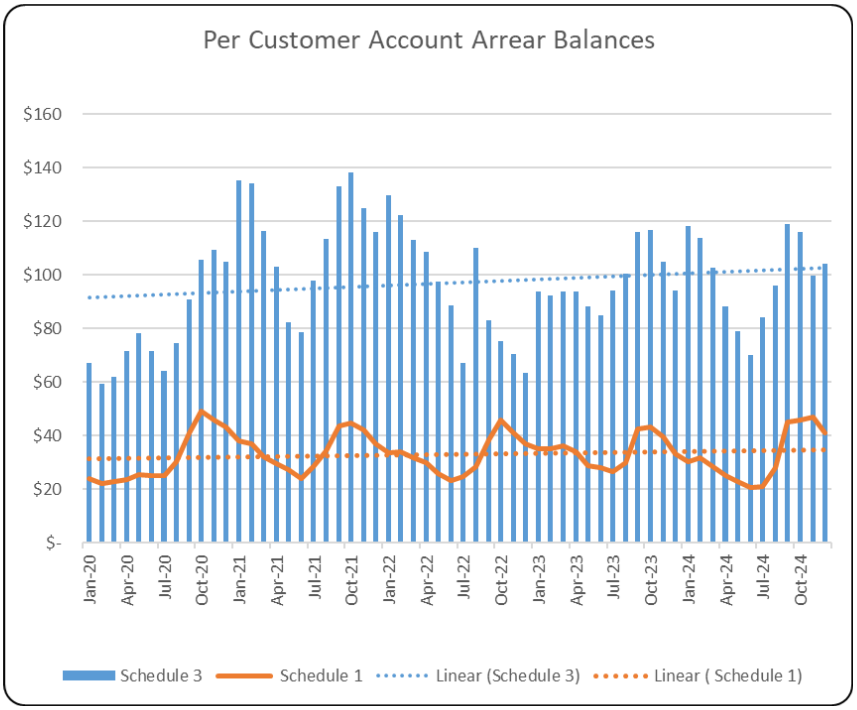



## 9. Balance in Arrears

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 2024, 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 yearly average trends higher. In 2024, the HELP customers' average annual arrears balances per customer are $99.29, an increase of 1.5% from the prior year.

However, the arrears for Schedule 1 customers decreased from the yearly average 2023 level of $34.40 to $32.30, a 3-year low.  We conclude that this measure does meet the standard since the combined balance of Schedule 3 and Schedule 1 customers is 4% lower than in 2023. The division will keep monitoring the monthly outstanding arrears per customer for consistency with the standard.

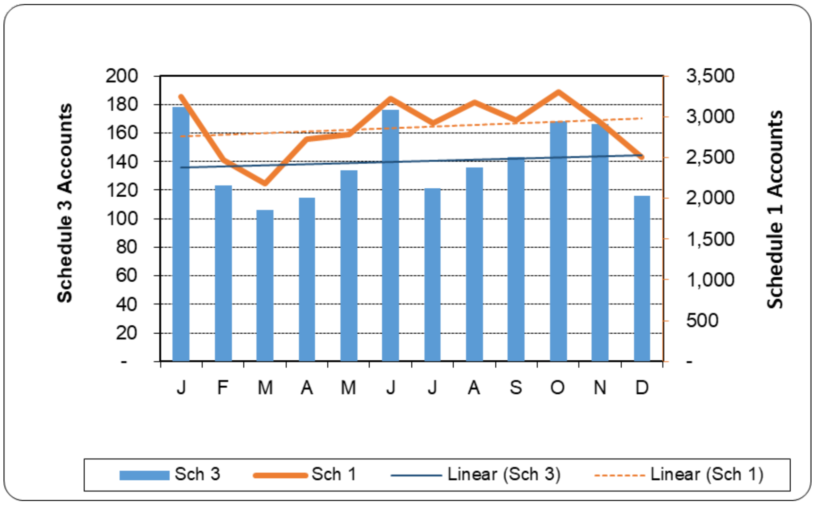
*Figure 6. Monthly Outstanding Arrears per Customer for Calendar Year 2020 thru 2024*




## 10. Accounts Sent to Collection Agencies

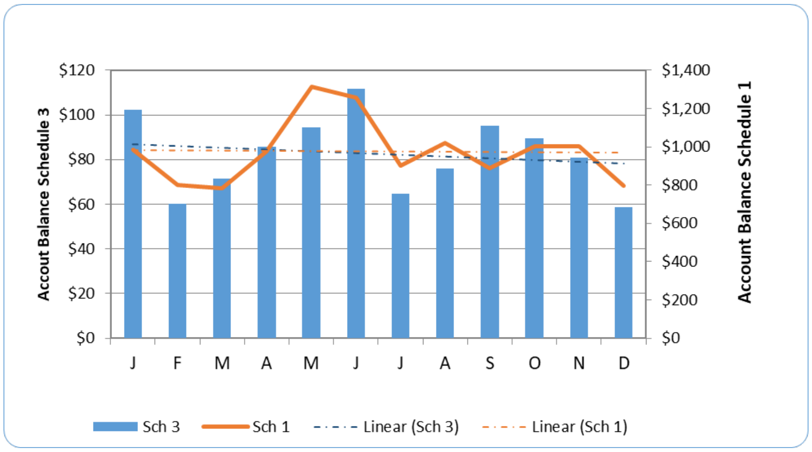
The standard for this measure is a reduction in the number of recipient accounts and account balances sent to collection agencies. In the Calendar Year 2024, the monthly number of recipient accounts (customers) sent to collection agencies for Schedule 1 decreased to a low of 2,176 accounts in February, then it increased to a high of 3,307 accounts in August. It then declined in November and December **(Figure 7)**. The overall trend 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 \$1.51 in May and a Low of \$0.90 in March and December (**see Figure 8)**. Overall, the Schedule 1 average account balance per customer was up from the prior year by \$0.11**.** The number of accounts sent to collection agencies for Schedule 3 and their balances per customer increased over the same period. The Schedule 3 customers sent to collections averaged 140 per month or 0.68% of Schedule 3 customers, up from 0.49% of customers a year ago. 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 collections can be attributed to the general condition of the economy and the state of electricity rates. 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*




***<u>Data Analytical Evaluation Summary:</u>***

The evaluation of the measures yielded mixed results. Of the ten measures applied by the Division, four are in the useful category. Of this category, three measures passed, and one measure failed, the ending account balance. The remaining six measures applied are of limited value, with the results of five measures failing and one measure passing. The measure evaluation summary is shown on Table 1, page 3, of this report.

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