

FACT SHEET

February 2011

**REQUEST: Vote NO on HB 332:
Utility Payment Assistance**

HB 332: Utility Payment Assistance (Rep. Wimmer)

HB 332: Utility Payment Assistance requires customers to opt-in to contribute to low-income utility assistance that benefit Utahns up to 150% of the federal poverty level. This would essentially eliminate programs that are currently helping tens of thousands of low-income Utahns. The Utah Legislature considered this issue just two years ago in 2009, and voted unanimously to pass SB 75, which explicitly authorized utility low-income assistance programs. Opt-in contribution programs already exist (“Lend a Hand” and “Reach”) and raise limited amounts of funds and serve a small subset of the other programs.

KEY FACTS

- Utility payment assistance programs are not mere subsidies. Studies¹ show these programs provide benefits to utilities and ratepayers.
 - Payment assistance programs reduce costs associated with payment arrearages, collections, termination and reconnections – all costs that would otherwise be paid through rates by all other customers.
 - Due to these benefits, utilities consider payment programs a business product similar to negotiated rates for large industrial customers, which might otherwise leave the system.
- The benefits from utility payment assistance programs are substantial and widespread.
 - Benefits to the utility and its ratepayers through reduced costs, listed above;
 - Benefits to taxpayers, including reduced costs to homeless shelters, as well as increased property values that generate real estate taxes;
 - Benefits to low-income families, including less frequent moving costs, fewer utility disconnections, and improved health.
- The costs of these programs are minimal to the average consumer.
 - The statute caps the contribution of customers to one half of one percent of customer class revenues.
 - For Questar, the cost for the average customer is \$1.20 per year.
 - For Rocky Mountain Power, the cost for a residential customer is \$2.76 per year.
- An opt-out alternative is unworkable.
 - Utilities have stated the administrative costs of an opt-out would be too high to continue the program.
 - It would be impossible to determine funding levels or program design.
 - Opens the door for opt-out requests for other rate provisions, e.g. opponents to coal.

ORGANIZATIONS THAT OPPOSE HB 332

AARP Utah
Disabled Rights Action Committee
Coalition of Religious Communities
Community Action Partnership of Utah
Claire Geddes, Consumer Advocate

Crossroads Urban Center
Office of Consumer Services
Salt Lake Community Action Program
Utahns Against Hunger
Utah Housing Coalition

¹ See <http://liheap.ncat.org/dereg/reports.htm> for link to several such studies. In particular: [Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities](#), APPRISE and Fisher, Sheehan, and Colton, July 2007 and [Protecting Low-Income Consumers: Building on Two Decades of Lessons Learned](#), by Jerry Oppenheim and Theo MacGregor, November 2000.