

**RESIDENTIAL ESSENTIAL SERVICES RATE  
PILOT PROJECT**

**Colorado Energy Assistance Foundation  
Public Service Company of Colorado**

**Program Policies**

**July 1998**

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**1 OVERVIEW**

The Residential Essential Service Rate (RESRate) is an electric and natural gas rate that is available to residential customers of Public Service Company of Colorado (PSCO, Public Service or Company) who meet the availability criteria below. The RESRate is an alternative to the normal residential electric and natural gas tariffed rates available to residential customers who do not meet all of the availability criteria.

The RESRate is a rate in that the normal residential tariff rate is not an available alternative to those customers taking service under it. In all essential elements, a customer taking service under the RESRate will, with the exception of the calculation of the customer's monthly payment obligation, be treated in the same fashion as all other residential customers.

The level of the RESRate is expected to generate a revenue stream that is less than that which would be generated if RESRate customers paid 100 percent of the normal residential tariffed rate. The difference between these two dollar amounts, however, is not expected to be paid by remaining customers. Instead, the difference will be paid through a reallocation of expenses currently embedded in existing rates.<sup>11</sup>

**2 AVAILABILITY OF RESRATE**

The RESRate is available to any residential customer of Public Service Company who meets all of the following criteria:

1. He or she is either a residential electric customer of Public Service, or a residential natural gas customer of Public Service, or both.
2. He or she has certified an annual income equal to or less than 185 percent of the federal Poverty Level annually published by the U.S. Department of Health and Human

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<sup>11</sup> Penn PUC cite.

Services.

3. He or she has a current monthly usage in the 12 months preceding his or her certification date which, if calculated for the entire 12 month period using the normal residential rates, would exceed the bill for current usage calculated using the RESRate.

A customer need demonstrate no other characteristic to be allowed to take service under the RESRate.

### ***2.1 Assignment to Control Group.***

Some customers who otherwise qualify for the RESRate will be randomly assigned to a "control group" not receiving the rate for purposes of establishing a data baseline for use in evaluation of the RESRate pilot project.

## **3 CHARGES PURSUANT TO RESRATE.**

The RESRate has two components to it. The first component (hereafter current monthly bill or current monthly charge) involves the charges for usage consumed during the current billing period (hereafter current monthly usage). The second component (hereafter pre-existing arrears charge) involves the charge for arrears pre-existing at the time the customer certifies his or her eligibility for the RESRate under the availability criteria.

### ***3.1 Current Monthly Charge***

The current monthly charge under the RESRate will be calculated as follows:

1. the customer's current monthly usage, times
2. the normal residential tariff, minus
3. the RESRate fixed monthly credit.

The RESRate customer is billed for current monthly charges on an equal monthly payment plan basis.

#### **3.1.1 Annual Fixed Credit Calculation.**

With the exception of customers receiving the minimum fixed credit amount as established in Section 0, the annual fixed credit under the RESRate will be calculated as follows:

1. the customer's prior year usage, times
2. the normal residential rate, minus
3. the customer's percentage of income payment amount.

### 3.1.2 Percentage of Income Payment Amount.

The customer's percentage of income payment amount is calculated by multiplying the customer's annual household income times the percentage of income responsibility identified in the matrix below:

Percentage of Income Payment Matrix	
Home Energy Source	
PSCO electricity with PSCO natural gas heating	8%
PSCO electricity with electric heating	9%
PSCO electricity with non-PSCO heating	5%

### 3.1.3 Conversion to Monthly Fixed Credits

The annual fixed bill credit shall be converted into 12 equal monthly fixed credits.

### 3.1.4 Minimum Fixed Credit.

All customers who qualify as income eligible for the RESRate will receive a minimum monthly fixed credit toward their bills.

- a. If the result of the calculation in Section 0 is a negative number, the customer shall receive a minimum fixed credit of \$5 per month.
- b. If the result of the calculation in Section 0 is a number that would result in a fixed credit of less than \$5 per month, the customer shall receive a minimum fixed credit of \$5 per month.

### 3.2 *Pre-Existing Arrears Charge*

Customers taking service under the RESRate will be responsible for any pre-existing arrears as follows.

#### 3.2.1 Pre-Existing Arrears: Description.

A pre-existing arrears includes:

1. Any arrears that appears on a customer's bill rendered in the billing period immediately previous to the customer's certification date; and

2. Any arrears owed to Public Service Company for which the customer is responsible from another time or on an account that is different from the one under which service is taken on the certification date, so long as the customer reveals those arrears and acknowledges responsibility for those arrears at the time of certification.

### **3.2.2 Calculation of Pre-Existing Arrears Charge.**

If a pre-existing arrears is present, a customer will pay a pre-existing arrears charge equal to two percent (2%) of the arrears, or two percent (2%) of the certified income, whichever is greater, so long as the charge is not less than \$5 per month.

### **3.2.3 Pre-Existing Arrears Charge: Matching Credit.**

For each timely payment of a pre-existing arrears charge made by or on behalf of the customer, the customer will earn an additional credit equal to the pre-existing arrears charge paid.

### **3.2.4 Term of the Pre-Existing Arrears Charge.**

A customer will pay the pre-existing arrears charge so long as a positive pre-existing arrears exists.

### **3.2.5 Public Assistance for Pre-Existing Arrears.**

Any public assistance received by the Company to retire arrears will be cause to recalculate the pre-existing arrears charge. No payment not received for the express purpose of reducing arrears will affect the pre-existing arrears subject to this section.

### **3.3 Total Monthly Payment Obligation.**

The customer's total monthly payment obligation is the sum of the current monthly charge plus the pre-existing arrears charge. The customer's total monthly payment obligation is an undivided whole.

## **4 CERTIFICATION AND ELIGIBILITY DETERMINATION.**

A residential customer may take service under the RESRate once Public Service Company certifies that the customer meets the criteria for the rate availability. This certification may take place at the initiative of the customer or at the initiative of Public Service.

### **4.1 Initiative of Public Service Company.**

Public Service Company shall place eligible customers on the RESRate if the Company has, or is provided, reliable information demonstrating that a customer fulfills the availability criteria. Information will be deemed reliable if:

1. the Company uses the information for purposes other than to establish RESRate

eligibility;

2. the information establishes eligibility for a public assistance program, the eligibility criteria for which are at least as stringent as those of the RESRate; or
3. the information is certified by a public or private agency which uses the information in its normal course of business.

#### **4.2 Initiative of the Customer.**

A customer may file a certification of eligibility with the Company on a form prescribed by the Company. This form shall be accompanied by a self-declaration of household size and documentary proof of annual household income. Annual income can be established by annualizing income in the same fashion provided for determination of eligibility for the Low-income Energy Assistance Program (LEAP). The documentation accepted for a determination of LEAP eligibility will be deemed acceptable for determining RESRate eligibility as well.

##### **4.2.1 Formal Agreements with Non-Company Agencies**

The Company will enter into formal agreements with external agencies to perform outreach and intake services where appropriate.

##### **4.2.2 Receipt of Certification Forms by Non-Company Entities.**

The Company may on its own initiative, and shall upon request by a government or non-profit service provider determined by the Company to have adequate safeguards to ensure the accuracy and reliability of certifications, allow non-PSCO entities to complete RESRate certification forms. All such certification forms are subject to review and final approval by Company personnel prior to the customer listed in the certification form being determined eligible for the RESRate.

## **5 RECERTIFICATION.**

A customer taking service under the RESRate will be required to periodically recertify his or her compliance with the availability criteria of the RESRate. The recertification shall occur on or before the customer's anniversary date.

### **5.1 Recertification Process.**

The recertification process shall begin no less than 60 days prior to a customer's anniversary date. The Company shall:

1. notify each RESRate customer of the need to recertify;
2. notify each RESRate customer of the anniversary date by which the recertification

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forms shall be returned;

3. notify each RESRate customer that a failure to return the recertification forms may result in the customer being subject to termination from the RESRate and placement onto the otherwise applicable residential rate; and
4. provide the necessary recertification forms.

In addition to other mechanisms for recertification, the Company shall accept recertification by mail.

### **5.1.1 Recertification Identical to Initial Certification**

In all ways not expressly noted in these Program Policies, the recertification process will be identical to the process of initial certification for the RESRate.

### **5.1.2 Non-Recertification: RESRate Termination.**

If a customer taking service under the RESRate has not recertified by his or her anniversary date, the customer will be terminated from the RESRate and will be placed on the otherwise applicable residential rate.

#### **5.1.2.1 Consequences of a Failure to Recertify**

In the event that a customer has been off the RESRate for fewer than 12 months due to a failure to recertify, any arrears incurred during the months not on RESRate will be subject to the deferred payment plan procedures set forth in Section 0.

#### **5.1.2.2 Recertification: 12 Month Lapse**

In the event that a customer has been off the RESRate for 12 months or more due to a failure to recertify, any subsequent certification will be treated as a new RESRate certification of eligibility.

### **5.2 *Payment Obligation Changes Based on Recertification.***

Once a customer's recertification form is received, the Company shall make the appropriate changes in the customer's monthly payment obligation based upon the information contained therein.

#### **5.2.1 Notification of Changes.**

The customer shall be notified in writing of:

1. The changes, if any, in the current monthly charges;
2. The changes, if any, in the pre-existing arrears charge.

## **5.2.2 Time to Implement Changes.**

The changes, if any, in the customer's monthly payment obligation will be reflected on the customer's bill as follows:

1. If a customer's recertification form is received by the Company 30 or more days before the customer's anniversary date, the changes will be effective on the first bill rendered on or after the anniversary date.
2. If a customer's recertification form is received at any other time, the changes will be effective for the first full billing cycle after receipt.

## **6 CHANGES IN CIRCUMSTANCES: INTERIM RECERTIFICATION.**

Occasionally there will be circumstances that merit reconsideration of a customer's total payment obligation prior to the normal periodic recertification. Changes that will require or allow a customer to recertify are limited to those changes in household circumstances that will or may make a prior determination of household energy use or household income inaccurate on a going forward basis.

### ***6.1 Changes Requiring the Customer to Recertify***

Some changes in circumstances will require a customer taking service under the RESRate to recertify his or her eligibility under the RESRate. These changes include:

1. If the customer changes his or her residence; or
2. If the customer changes the primary fuel for his or her space heating or water heating; or
3. Such other changes as may be identified throughout the operation of the program.

### ***6.2 Changes Allowing the Customer to Recertify***

Some changes in circumstances will allow, but not require, a customer taking service under the RESRate to recertify his or her eligibility under the RESRate. These changes include:

1. If the customer has a decrease in income; or
2. If the customer experiences a change in household composition; or
3. If the customer experiences some other change in circumstance which he or she believes would make a prior determination of income or energy use inaccurate on a going-forward basis.

## **7 NON-PAYMENT OF MONTHLY PAYMENT OBLIGATION UNDER RESRATE.**

### ***7.1 Non-Payment: Collection Cycle.***

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The RESRate is the rate at which service is provided to RESRate customers. Nonpayment of a customer payment obligation will result in the customer being placed in the same collection cycle as any other residential customer on the normal residential rate.

## **7.2 *Deferred Payment Plan Options.***

The same deferred payment plan options available to any other residential customer on the normal residential rate will be available to customers taking service under the RESRate. Any monthly payment obligation in arrears can be made subject to a deferred payment arrangement. Any deferred payment arrangement is subject to the same terms and conditions as a deferred payment arrangement for a customer taking service under the normal residential rate tariff.

### **7.2.1 *Deferred Payment Plans: Monthly Payment Obligation.***

Any payment which is due under a deferred payment arrangement is in addition to the monthly payment obligation owed by a customer taking service under the RESRate. The monthly total amount due in this case is the customer's monthly payment obligation plus the deferred payment plan obligation.

## **8 *DISPUTES***

Disputes concerning the applicability of the RESRate will be resolved in the same fashion as any other customer inquiry and complaint regarding an action or inaction by the Company.

## **9 *PILOT PROJECT.***

The RESRate will be tested on a pilot basis to generate information and experience on the operation and results of such a rate.

### **9.1 *Term of the Pilot Project.***

The RESRate pilot project will commence enrolling customers on or about November 1, 1998 and, without an affirmative decision to continue the project in its existing or in a revised form, will cease operation on or about 36 months after the project start date.

#### **9.1.1 *Project Start Date***

The project start date will be the first day of the first billing cycle after the Company has successfully enrolled 2,000 customers in RESRate.

### **9.2 *Amendment of the Pilot Project.***

The RESRate pilot project may be amended or altered at any time with the consent of the parties to the

Stipulation giving rise to the project. Creation of the RESRate pilot project gives rise to no vested rights to a continuing availability of any component of the RESRate on the part of customers taking service under the RESRate.

## 10 DEFINITIONS.

- 10.1 **Anniversary date:** 24 months after the first bill rendered to a customer on the RESRate and continuing each 24 months thereafter.
- 10.2 **Certification date:** The date on which a customer submits a complete and accurate certification form, including required documentation.
- 10.3 **Change in circumstances:** A change in household circumstances that will or may make a prior determination of household income or monthly energy consumption inaccurate on a going forward basis.
- 10.4 **Current monthly bill (current monthly charge):** The RESRate bill for current monthly usage.
- 10.5 **Current monthly usage:** Energy provided by PSCO and consumed by the customer in the current billing period.
- 10.6 **Fixed bill credit:** The credit necessary to reduced the annual bill for current monthly usage in the 12 months immediately preceding the certification date to the customer's percentage of income amount.
- 10.7 **Fixed monthly credit:** The fixed bill credit allocated in equal amounts over 12 months.
- 10.8 **Household income:** Income to the household of which the customer is a part, defined and calculated in the same fashion as calculated for the Colorado Low-income Energy Assistance Program.
- 10.9 **Monthly payment obligation:** The sum of the currently monthly bill and the pre-existing arrears charge billed in equal monthly installments over a 12 month period.
- 10.10 **Normal residential rate (normal residential tariffed rate):** The fully-embedded rate which a customer would be charged if the customer was not taking service under the RESRate.
- 10.11 **Percentage of income payment amount:** The customer's household annual income times the percentage of income pursuant to Section 0.
- 10.12 **Pre-existing arrears:** Any arrears that appears on a customer's bill rendered immediately previous to the customer's certification date, plus, any arrears owed to Public Service Company

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for which the customer is responsible from another time or an account that is different from the one under which service is taken on the certification date, so long as the customer reveals those arrears and acknowledges responsibility for those arrears at the time of certification.

- 10.13 **Pre-existing arrears charge:** A dollar amount charged to any customer with a pre-existing arrears, which amount is equal to two percent (2%) of the customer's household income, or two percent (2%) of the pre-existing arrears, whichever is greater, with a minimum charge of five (5) dollars.
- 10.14 **Prior year usage:** A customer's consumption during the 12 months immediately preceding his or her certification date. If a customer does not have 12 months of consumption at the service address where he or she lives at the time of RESRate certification, the Company shall estimate that consumption using standard use estimation procedures.
- 10.15 **Project start date:** The project start date is the first day of the first billing cycle after the Company has successfully enrolled 1,000 customers in RESRate.
- 10.16 **Recertification:** The process by which a customer currently taking service under the RESRate certifies, on or before his or her anniversary date, a continuing compliance with the availability criteria of the RESRate.
- 10.17 **Timely payment:** A payment made by or on behalf of a customer by the due date specified on the bill first setting forth the charge.