

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1787, AR 601, AR 602

In the Matters of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into Percentage of Income
Payment Program (UM 1787);

Rulemaking Regarding Severe Weather
Moratorium (AR 601);

and

Rulemaking into Service Disconnection
Reports for Energy Utilities. (AR 602).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our July 5, 2016 Regular Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 6 day of July, 2016, at Salem, Oregon.

Lisa D. Hardie
Chair



John Savage
Commissioner

**COMMISSIONER BLOOM WAS
UNAVAILABLE FOR SIGNATURE**

Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 5, 2016**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: June 20, 2016

TO: Public Utility Commission

FROM: Phil Boyle *PB*

THROUGH: Jason Eisdorfer *E*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: Staff's Second Report on Low Income Issues, Request to Initiate Rulemaking and Open Investigation into Percentage of Income Payment Program.

STAFF RECOMMENDATION:

Staff recommends that the Commission open a permanent rulemaking to consider rules requiring energy utilities to file reports on service disconnections, and requiring energy utilities to establish a mandatory severe weather moratorium on service disconnections, as detailed below.

Staff recommends that the Commission open an investigation into a Percentage of Income Payment Program.

Staff recommends no action to require energy utilities to hold deposits ten days before applying the deposit to an account balance.

DISCUSSION:

Issues

1. Whether the Commission should initiate rulemaking to require energy utilities to file reports on service disconnections.
2. Whether the Commission should initiate rulemaking to require energy utilities to establish a mandatory severe weather moratorium on service disconnections.

Staff's Second Low Income Report
June 20, 2016
Page 2

3. Whether the Commission should initiate rulemaking to require energy utilities to hold deposits before applying the deposit to an account balance after a service disconnection.
4. Whether the Commission should open an investigation into a Percentage of Income Payment Program.

Applicable Law

General rulemaking authority for the Commission is provided in ORS 756.060, under which the Commission may adopt reasonable rules and regulations relative to all statutes administered by the Commission. Under the current administrative rules, the Commission authorizes energy and large telecommunications utilities to disconnect service in several instances, which are listed in OAR 860-021-0305.

Utility service may not be disconnected for nonpayment on a weekend or holiday under OAR 860-021-0320. An energy utility may not disconnect residential electric or gas service when a customer submits an emergency medical certificate per ORS 757.755 and OAR 860-021-0410. An energy utility may not disconnect residential electric or gas service when a customer is on a written time payment plan per ORS 757.760 and OAR 860-021-0415. The Commission's rules identify what notice must be provided to residential customers of electric and gas utilities before disconnection per ORS 757.760 and OAR 860-021-0405.

The Oregon Energy Assistance Program (OEAP) is set forth in ORS 757.612(7). Under this statute, PGE and PacifiCorp collect funds to be used for low-income bill assistance in rates approved by the Commission for retail electricity customers. The funds are spent in the territory of the utility that collects the funds. The Oregon Housing and Community Services Department distributes these funds through community action (CAP) agencies. In addition, the Commission may allow an electric company to provide reduced rates or other payment or crisis assistance or low-income program assistance to a low-income household eligible for assistance under the federal Low-Income Home Energy Assistance Program (LIHEAP).

Prior to the winter of 2012, members of the Jackson County Fuel Committee filed petitions with the Commission requesting rate rollbacks and other changes to utility practices with regard to service disconnections and reconnections affecting low-income customers of PacifiCorp. In response, Staff investigated these requests in Docket No. UM 1650. Staff recommended against implementing any of the changes that the petitioners sought, and the Commission accepted the Staff report and closed the docket

Staff's Second Low Income Report
June 20, 2016
Page 3

as stated in Order No. 14-146. However, the Commissioners asked Staff to examine five related questions:¹

1. What information should utilities report on disconnections for nonpayment?
2. Should formal policies be adopted to govern disconnections during severe weather? If yes, what should be the elements of such formal policies?
3. Should separate standards be adopted to govern disconnections for at-risk and low-income households during the winter?
4. What amounts of past-due bills and other fees should low-income customers be required to pay prior to reconnection? Should low income customers seeking to have service restored be allowed to enter time-payment agreements for these amounts?
5. What are the policies and experiences of other states relating to reduced rates or other payment assistance to low-income customers?

Background

In response to the Commission's order, Staff produced a *Low Income Issues Report to the Commission* dated January 30, 2015. This report was subsequently presented to the Commission in a workshop held with various stakeholders on March 25, 2015. In the report, Staff concluded that the Commission should consider four recommendations. Those four recommendations are:

1. Utilities should be required to file an annual or semi-annual report with the Commission detailing the number of involuntary disconnections.
2. Utilities should be required to formalize a severe weather moratorium on service disconnections.
3. Utilities should be required to hold deposits for ten days after an involuntary disconnection prior to applying the deposit to the account balance.
4. Examine the establishment of a Percentage of Income Payment Program (PIPP).

¹ Order No. 14-146 at 1-2.

Staff's Second Low Income Report
June 20, 2016
Page 4

At the March 25, 2015, workshop, the Commission requested that Staff examine these four recommendations and hold workshops to determine if these four recommendations should be implemented.

Staff decided to proceed in two phases, the first phase would be to examine the first three recommendations and report to the Commission, and the second phase would be to examine the PIPP proposal. Staff planned to begin holding workshops for Phase 1 during the third quarter of 2015. However, during the 2015 legislative session, House Bill 2599 was introduced which, if implemented, would have made significant changes to utility practices around disconnection and reconnection of energy services for low-income customers of all Oregon customers of investor-owned utilities. As such, Staff delayed the first workshop. In the end, HB 2599 was enacted, but, with amendments, the bill only required submission of a report to the Commission on utility actions to mitigate disconnection of certain classes of customers. Each utility's report was due to the Commission by November 1, 2015.²

Staff waited until after these reports were filed with the Commission to hold the first workshop. The first workshop was held January 20, 2016, and included representatives of PacifiCorp (PAC), Northwest Natural (NWN), Portland General Electric Company (PGE), Avista Corporation (Avista), Cascade Natural Gas (CNG), Idaho Power (IPCO), the Citizens Utility Board of Oregon (CUB) and the Community Action Partnership of Oregon (CAPO). At the conclusion of the workshop, most of the participants, at Staff's request, submitted written comments along with some additional information and data describing their voluntary severe weather moratoriums and disconnection statistics.

1. Rulemaking to Require Energy Utilities to report Disconnections for Nonpayment.

Comments

Staff received feedback on this proposal from two non-utility participants, CUB and CAPO. CUB and CAPO support a requirement for monthly reporting by utilities of disconnect numbers and 60 days arrearage data. CUB recommends the data be broken down by ZIP Code so areas of particular need can be readily identified. CAPO serves the CAP agencies and it comments that this data will allow CAPO to begin to "examine changes and indicators of low-income payment difficulties." This data may encourage legislative action to provide additional Oregon Energy Assistance Program (OEAP) funding as was done in 2015. CAPO also states that it has flexibility in where it applies the available energy assistance funds, so access to disconnect and arrearage data by community would be a tool for CAPO that would better enable it to move funds between local agencies to where the need is the greatest.

² See Or Laws 2015 c. 370 § 1. Electric cooperatives, municipal utilities and people's utility districts were to submit reports by November 1, 2015, to their respective governing body.

Staff's Second Low Income Report
June 20, 2016
Page 5

The energy utilities that provided comments were nearly unanimous in their support for requiring some periodic reporting of this data, but question the value of the exercise. All of the utilities stated that they do not collect some of the demographic information recommended by Staff to be reported in the January 30, 2015, *Low Income Issues Report to the Commission*, specifically age and income level.

PAC supports an annual or semi-annual report to the Commission. PAC reports that the only way the utility can flag "low-income" customers is to note who receives funds from OEAP or from the federal Low Income Home Energy Assistance (LIHEAP). (Of course, this does not capture all low-income customers as not all eligible low-income customers are able to receive energy assistance funds due to the chronic underfunding of these programs.) PAC comments that the suggestion to report by ZIP code should be further examined, but noted that it serves 220 ZIP codes in Oregon, which would make the report unwieldy.

NWN supports such a requirement as long as it actually provides value to the Commission. The company recommends a quarterly report, although they are open to other timeframes. NWN could report based on recipients of energy assistance or holders of medical certificates, but this would not represent all low-income customers. NWN supports the suggestion of CUB to provide data based on ZIP code, and recommends the report contain the following data:

1. Total number of disconnections for non-payment by ZIP code;
2. Total number of reconnections by day of reconnect; and
3. Number of customers who had a deposit on account at time of disconnect.

NWN states that to establish such a report they will incur one-time programming costs and some level of ongoing administrative costs, but they are unable to quantify this at this time.

PGE supports periodic reporting of involuntary disconnections, but prefers an annual report and does not find rulemaking necessary. The company comments that reporting more frequently than on an annual basis only burdens a utility without commensurate benefit. PGE further comments that it cannot provide the detail of data recommended in the Low-Income Report without a very substantial capital investment. Further, they object to collecting information that is not relevant to providing adequate and safe service to customers.

Avista supports the reporting requirement as long as the data will be useful to the Commission or other stakeholders. Avista comments that a semi-annual or annual report is sufficient.

Staff's Second Low Income Report
June 20, 2016
Page 6

CNG does not support Staff's recommendation for reporting involuntary disconnection data to the Commission as it states such a rule creates more process without any ongoing benefit. The company comments that the data will merely demonstrate increases and decreases in disconnections without indicating any clear reason for the variation. Decreases in disconnections could be the result of a number of factors, and is not necessarily a good indicator of financial hardship.

IPCO comments that periodic reporting of involuntary disconnections to the Commission is acceptable, noting a preference for semi-annual or annual reporting.

Staff Analysis

Staff supports developing rules requiring energy utilities to file , regular reports to the Commission detailing data concerning disconnections in their service territory. Such rules could require data reporting such as:

1. Number of involuntary disconnections, sorted by community (based on one or more ZIP codes). For example, the Salem/Keizer area is comprised of at least five ZIP codes, but disconnections in these five zip codes may be combined into one community for purposes of the report.
2. Number of reconnections, sorted by the number of days following disconnection. For example, a company will report how many customers reconnected the same calendar day as the disconnection, after one day, after two days, and so on.
3. Number of disconnections to service for an account on which the customer had a deposit.
4. Number of customers over sixty days in arrears and the dollar amount due, sorted by community.

Though the utilities questioned the value of reporting disconnections, Staff finds that requiring this data will benefit customers. First, the data can help justify and quantify the need for additional LIHEAP and OEAP funding or further regulation of disconnections by this Commission. CAPO states that only 20 percent of eligible households receive energy assistance funds due to chronic shortages. Second, collecting data based on community (ZIP code) will allow the Commission, as well as CAPO and the local CAP agencies, to identify the communities most in need. CAPO has the ability to shift funds from one CAP agency to another. Third, sudden or uncharacteristic increases in disconnects can alert Staff to utility policy changes or actions that are impacting customers. It seems to staff that reporting more frequently than on an annual basis is more likely to realize these benefits.

Staff's Second Low Income Report
June 20, 2016
Page 7

Staff recommends a rulemaking to require utilities to file regular reports with the Commission detailing involuntary disconnections for non-payment as described above. Staff will work with all stakeholders to determine the appropriate reporting interval and data requirements.

2. Rulemaking to Require Energy Utilities to Establish a Mandatory Severe Weather Moratorium on Energy Utility Disconnections.

Comments

Each utility currently enacts some sort of voluntary moratorium on disconnections during severe weather events, but the criteria and level of decision making used to determine when to enact a moratorium is largely subjective and varies widely among utilities.

CUB would like a severe weather moratorium with criteria that would be consistently applied across utilities throughout the state. CUB commented that it should not be up to local operating personnel to make a subjective decision about implementing a moratorium. CUB would like to see the requirement for a severe weather moratorium enacted via rulemaking or a utility-specific tariff. They also believe that any temperature threshold, e.g. 32 degrees, that triggers the moratorium should be fairly consistent statewide – there should not be a large difference in the temperature trigger between eastern Oregon and the Willamette Valley.

CAPO agrees with CUB's comments, it does not believe the decision to suspend disconnects should be based on local decision making, and CAPO argues against a different temperature threshold in eastern Oregon vs western Oregon stating that 32 degrees is 32 degrees no matter where you live. CAPO believes there should be some consideration for a trigger that is higher than 32 degrees.

The utilities are unanimous in their opposition to formalizing a severe weather moratorium. They argue that the current voluntary moratoriums are effective and that formalizing a moratorium via rulemaking is unnecessary.

PAC states that formalizing a severe weather moratorium will not provide any more protection to customers than the utility's current voluntary process, but will simply add cost with no appreciable benefit. PAC initiates a voluntary moratorium during severe weather events, using local field collections managers who have discretion to stop disconnections due to inclement weather or other conditions in their locality. There are several criteria used to determine whether to stop disconnections, the PAC weather-based criteria are as follows:

1. Heat wave: when temperatures exceed 105 degrees for three days.

Staff's Second Low Income Report
June 20, 2016
Page 8

2. Cold temperatures (not specified). The company states that some areas are better acclimated to lower temperatures where cold winter weather is normal, so there is no companywide threshold.
3. Ice, snow and wind storms.
4. Flooding and wildfires.

Local collections managers review the current weather conditions and make a determination about whether to stop disconnections based on the above criteria and others, and determine how many days disconnections will be suspended.

NWN commented that it does not believe there is a demonstrated need to formalize a severe weather moratorium because all utilities have voluntary programs that work well. NWN is not aware of any customer complaints due to disconnection during severe weather. However, if the Commission finds a need for a more formal arrangement, NWN suggests the following as possible rule language:

"Each utility must establish, with the Commission's approval, a uniform policy governing the utility's practices for handling disconnections of service for non-payment during periods of severe weather."

During the heating season, NWN currently has a process in place to monitor weather conditions on a daily basis through AcuWeather for the temperature trigger to impose a voluntary moratorium on disconnections at its Resource Management Center, a 24/7 operation.

PGE does not believe it is necessary for the Commission to formalize what has worked well as a voluntary severe weather moratorium. PGE ceases disconnections when a severe weather alert has been issued by the National Weather Service (NWS) for extreme temperatures, a heat advisory or winter storm warning. NWS weather alerts do not specify a temperature trigger for action. Unlike other utilities, when a disconnect moratorium is declared in any location, it is applied to the company's entire service area. On a daily basis, PGE closely monitors the NWS website for hourly alerts, advisories and updates. Disconnections do not resume until the advisory has been lifted and the company can ensure there is no continuing danger to public safety, property or company personnel. While PGE does not feel it is necessary to establish a uniform severe weather moratorium across all utilities, they are willing to memorialize this current practice in a tariff.

Avista does not have a specific weather-based moratorium on disconnections in its Oregon service territory, but because gas is primarily a heating source they do monitor daily weather conditions during the heating season. The company considers conditions

Staff's Second Low Income Report
June 20, 2016
Page 9

such as temperature, amount of precipitation or weather trends. If disconnections under these conditions will result in hardship to customers, disconnections will be suspended until the conditions cease. There are no specific temperature triggers. The company does not believe a formalized severe weather moratorium is necessary, as they are unaware of any customer complaints.

CNG also does not agree it is necessary to formalize a severe weather moratorium. CNG points out that each utility operates its own voluntary moratorium that works for that company and is appropriate for their geographic territory. CNG states that its policy is to curtail disconnections when temperatures are forecast to fall below freezing during the next twenty-four hours. Staff understands this to mean that when the temperature is forecast to be 32 degrees or less for at least 24 hours, disconnections are suspended until the temperature rises about freezing. The company is willing to memorializing the current policy in tariff.

IPCO currently enacts a moratorium on disconnections for extreme weather occurring in either summer or winter. Extreme cold weather is defined as when the forecast daytime high temperature does not exceed 25 degrees for three consecutive days, or the nighttime temperature is forecast to fall below ten degrees on any weekday. Extreme hot weather is defined as when the forecast daytime high exceeds 105 degrees for three consecutive weekdays or 110 degrees on any weekday. Due to the great variability of terrain and weather conditions in its service area, IPCO may alter these targets by plus or minus five degrees. It is up to local managers to determine if the extreme weather criteria have been met in the area to trigger the moratorium.

The company objects to Staff's proposed definition of severe weather as being below 32 degrees or above 100 degrees. IPCO states that under normal winter and summer temperatures in some of its service area, these triggers may result in no disconnections for the entire winter or summer season. The company supports a severe weather moratorium, but believes each utility should be allowed to craft its own guidelines to meet operational and geographical needs.

Staff Analysis

After reviewing all stakeholders input and data, Staff recommends that the Commission open a permanent rulemaking to require energy utilities to formalize a severe weather moratorium in their tariff. Each utility should be allowed to design a moratorium which best serves the company's needs, but which must include the minimum thresholds described below.

In the March 2015 *Low-Income Report to the Commission*, Staff recommended formalizing a severe weather moratorium for all utilities. After gaining a more complete

Staff's Second Low Income Report
 June 20, 2016
 Page 10

understanding of the details of each utility's current voluntary moratorium, Staff is even more convinced that formalization of a severe weather moratorium is desirable. Most utilities allow local operating personnel to judge whether local weather conditions warrant imposition of a moratorium. Some require the use of established criteria for making the determination, some do not. Whether the utility has specific criteria or not, most utilities rely on a judgment call by local operating personnel about when to suspend disconnections due to severe weather conditions.

However, Staff does not believe a "one size fits all" moratorium is advisable. Any formalized moratorium should take into consideration the variability of local geography and weather conditions. Daily high temperatures in either summer or winter can vary widely depending on location. Summer temperatures in Eastern and Southern Oregon are consistently higher than Central Oregon or the Willamette Valley, but winter temperatures are more extreme in Eastern and Central Oregon. The following table illustrates this:

	Summer Highs 2015			Winter Highs 2015/16			
	100+	103+	Consecutive	30-	25-	Consecutive	
Ontario	16	8	9, 3, 4	Ontario	17	9	6, 11
Medford	21	12	7, 3, 4	Medford	0	0	0
Bend	1	0	1	Bend	11	6	5, 5
Valley	3	0	3	Valley	0	0	0

In the summer of 2015, Ontario had 16 days where the temperature hit 100 degrees or more (eight of those being 103 or higher) and Medford had 21 days of 100 degrees or more temperatures (12 of which were 103 or more). By contrast, Bend had only one day of 100 degrees or higher and the Willamette Valley had three such days. In addition, both Ontario and Medford had three occurrences of three or more consecutive days above 100 degrees (e.g. Ontario had a nine day stretch where temps exceeded 100, followed later by a three day stretch, and another four day stretch after that).

In the winter of 2015/2016, Ontario had 17 days on which the daily high temperature was 30 degrees or less (nine of those were 25 degrees or below), and Bend had 11 such days (six of those were 25 degrees or below). Ontario had one six-day stretch of weather with highs of 30 degrees or less, and later another stretch of 11 consecutive days below 30 degrees.

The above chart demonstrates that the weather profile is quite different from location to location. Ontario has both hot summers and cold winters, Medford has hot summers and mild winters, Bend has mild summers and cold winters, and the Willamette Valley has both mild summers and winters. This variation makes establishing consistent

Staff's Second Low Income Report
June 20, 2016
Page 11

statewide temperatures standards difficult. However, while weather variability across the state should be taken into account in each utility's plans, it is difficult to argue that the initial temperature thresholds should be different across the state. Oregon customers are just as cold when it is 30 degrees in Ontario as they are in Portland.

Staff recommends establishing by administrative rule a requirement for energy utilities to establish a severe weather moratorium for disconnection of service. Staff finds that establishing minimum standards for such moratoriums will have a minimal negative impact on the utilities, but will allow for continuation of vital utility services when severe weather hits, reducing the possibility of life threatening situations due to severe weather. As such, Staff recommends that the Commission open a permanent rulemaking to require each energy utility to establish a severe weather moratorium that includes at least the following minimum requirements:

1. Establishes a winter threshold temperature for disconnection moratorium. ;
2. Establishes a summer threshold temperature for disconnection moratorium.
3. Applies the forecast of the National Weather Service for each locality to determine whether the winter threshold or summer threshold has been met;
4. Provides how long a disconnect moratorium, once triggered, stays in effect.
5. Authorizes the utility to impose a disconnection moratorium during other extreme weather events including but not limited to high wind, widespread flooding, and other emergency situations.

In addition, Staff recommends the following procedures be included in the proposed rulemaking:

1. The moratorium is submitted with a tariff filing.
2. The company submits its moratorium and any changes thereto to Staff for review and comment prior to any tariff filing.
3. Rulemaking to Require a Delay in Applying any Held Deposit to the Unpaid Balance of a Disconnected Customer for 10 Days.

In the 2015 *Low Income Issues Report to the Commission*, Staff noted that it "believes requiring utilities to hold deposits for a minimum of ten days prior to applying it to a delinquent account balance would greatly benefit many

Staff's Second Low Income Report
June 20, 2016
Page 12

of the most vulnerable customers of utilities by lessening the burden of finding additional funds required to have service restored."

While Staff still draws the conclusion that this requirement would benefit certain customers, the data provide by the utilities has persuaded Staff that far fewer customers would benefit than originally conceived. The six utilities were unanimously opposed to this recommendation, generally stating that the measure would help few customers, but require expenditures on customer information systems that far outweigh any customer benefit.

Comments

PAC pointed out that under existing administrative rules, utilities have the ability to apply a deposit to a disconnected account immediately, but have generally made a business decision to wait five business days due to customer service system design, billing and collection cycles and other considerations. The company comments that to change the customer information and collections systems to accommodate Staff's suggested change would cost in excess of \$100,000.

Statistics provided by the Company show that about 90 percent of customers with a deposit who seek reconnection do so within five business days. In that circumstance, the reconnecting customer's deposit would not be applied to the unpaid balance, thus allowing the customer to have service reconnected simply by paying some portion of the account in arrears. Of the approximately 10 percent of PAC customers who did not reconnect within five business days, nearly half did not elect to reconnect service at all under the same name, at the same location, or under the same account number. The number of disconnected PAC customers who could theoretically benefit from the utility holding their deposit an additional five days is a relatively small number, about 200 in the past year.

Finally, PAC commented that this requirement would delay issuance of deposit refunds to customers to whom they are owed, and may result in an additional bill being issued after a customer has chosen to close the account, thus causing confusion.

Like PAC, NWN currently holds an existing deposit for five days before applying it to the account balance and does not believe holding the deposit an additional five days provides any real customer benefit. Data provided by the company shows that 89 percent of customers with a deposit on account are reconnected within the first five days after disconnection and five percent occur between six and ten days. The remaining six percent of accounts with deposits are reconnected after 11 days or not at all.

Staff's Second Low Income Report
June 20, 2016
Page 13

While the five percent of NWN customers (about 170 annually) with deposits reconnecting between six and ten days may benefit from having the deposit held an additional five days, the company believes the cost (not quantified) of accommodating this change far exceeds any customer benefit due to the few customers impacted, and is therefore opposed to Staff's recommendation.

PGE's current process results in an average deposit hold time of eight days, only two less than the Staff recommendation, the company cites "significant cost" in system changes and re-training of employees as well as customer confusion if it had to implement the Staff recommendation. PGE notes that its deposit hold timeline is driven by its billing cycle, and holding a deposit for a period that is different than their current process will result in a customer receiving an additional bill, thereby causing customer confusion and additional calls to the call center. They also note that holding a deposit for additional days will result in a delay in customers receiving any refunds.

Similar to PAC and NWN, the vast majority of PGE customers whose service is involuntarily disconnected have service reconnected with 48 hours, thereby avoiding having the deposit applied to the account balance. If the deposit holding period were extended to ten days, less than one percent of customers with reconnections would be impacted (165 customers annually).

Like many of the other utilities, Avista holds deposits for five days before applying the deposit to an existing account balance. The company comments that there is insufficient evidence to show a significant customer benefit from requiring deposits be held for ten days. Data provided by the company shows that of the involuntary disconnections where a deposit was held on the account, approximately 80 percent of customers have service reconnected within five days. About 15 percent of customers had service reconnected in the six to ten day timeframe (about 20 customers in 2014). Staff notes it is this group that may benefit from a ten day deposit holding period.

CNG does not oppose the proposal to hold deposits for ten days. In fact, CNG already holds deposits for ten days. As with the other utilities, data provided by the company shows a large percentage of customers whose service is involuntarily disconnected do not have service reconnected under the same name, account number or address. A notable difference from other utilities regarding the number of days elapsed before the customer is reconnected is that only about 33 percent of CNG customers have service reconnected within five days, while 80 to 90 percent of customers of other utilities do so.

IPCO is not opposed to a requirement that deposits be held for ten days so long as the adopted language provides that the deposit is to be held "at least" ten days. The company currently holds deposits for 20 days and would be opposed to a firm

Staff's Second Low Income Report
June 20, 2016
Page 14

requirement of ten days. Presently, the company holds few deposits as it only began regularly collecting deposits in 2015. However, like the other utilities, some 75 percent of disconnected customers have service restored within five days, and fewer than ten percent reconnect between five and ten days.

Staff Analysis

Upon review of the comments and data provided by the utilities, Staff concludes that the potentially significant costs associated with adjusting a company's customer information systems and employee retraining costs, and possible customer confusion over receiving multiple statements, outweighs the potential benefit that may be experienced by a relatively small number of customers.

Data provided by the utilities showed that only a very small number of customers, perhaps fewer than 1,000 statewide, might benefit from the requirement to hold deposits for a minimum of ten days. CNG is the only utility with a relatively high percentage of customers reconnecting between five and 10 days after disconnection, but it already has a ten day hold policy. This might suggest that holding the deposit ten days allows or encourages customers to delay having service reconnected immediately. Under the present circumstances, Staff recommends no Commission action on the original recommendation.

4. Opening an Investigation into an Alternative Percentage of Income Payment Program.

Staff Analysis

The Commission previously requested that Staff examine the issue of establishing a percentage of income payment program (PIPP) and to hold workshops to determine if a PIPP would be appropriate to pursue in Oregon. Staff proceeded first with examining the other issues identified by the Commission, and the next step will be to examine the PIPP proposal. The PIPP proposal, if endorsed, would likely require restructuring of OEAP, requiring a potentially lengthy process and legislative action. There are likely to be many interested persons and organizations who can provide input to Staff. Staff requests the Commission open an investigation into the PIPP concept, which will allow Staff to analyze this issue in depth before bringing it back to the Commission.

Conclusion

On review of the four issues analyzed above, Staff recommends the following:

1. A permanent rulemaking to consider adoption of rules requiring utilities to file regular reports with the Commission detailing involuntary disconnections for non-payment, as detailed above. Staff will work with stakeholders to identify the appropriate reporting interval and data.

Staff's Second Low Income Report
June 20, 2016
Page 15

2. A permanent rulemaking to consider adoption of rules requiring utilities to formalize a severe weather moratorium in their tariff. Each utility should be allowed to design a moratorium which best serves the company's needs, but which must include the components set forth above.
3. No action on Staff's earlier proposal to require utilities to hold deposits ten days prior to applying them to a disconnected account balance.
4. An investigation to examine the concept of creating a Percentage of Income Payment Program (PIPP) to reform low-income energy assistance.

PROPOSED COMMISSION MOTION:

- 1) Open a permanent rulemaking to consider rules requiring energy utilities to file reports on service disconnections, and requiring energy utilities to establish a mandatory severe weather moratorium on service disconnections.
- 2) Open investigation into a Percentage of Income Payment Program.