

Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

June 2, 2022

Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 2211 – CUB Comments on Pacific Power's Income-Qualified Bill Discount Program

Dear Filing Center:

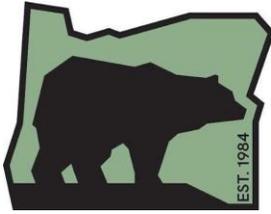
Enclosed, please find a copy of CUB's *Comments on Pacific Power's Income-Qualified Bill Discount Program* which were shared with the company on May 27th, 2022.

Please let me know if you have any questions or concerns.

Respectfully submitted,

/s/Jennifer Hill-Hart

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May 27, 2022

Pacific Power
Attn: Oregon Dockets
(oregondockets@pacificcorp.com)
825 Multnomah St E 800
Portland, OR 97232

RE: UM 2211 - CUB Comments on Pacific Power's Income-Qualified Bill Discount Program

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to comment on Pacific Power's (PacifiCorp) proposed Income-Qualified Bill Discount Program. CUB appreciates PacifiCorp's efforts to reduce the inequitable energy burdens of low-income customers in its service territory on an interim basis while it collects more data to help inform its permanent program.

The Energy Affordability Act (HB 2475) encourages regulated utilities to reduce the energy burden of their residential customers by acknowledging income within the context of both rate design (e.g. discount for customers with low incomes) and program development (e.g. demand response, weatherization, subsidized smart thermostats or other grid-connected equipment for customers with low incomes). The bill also directs that the costs of any tariff schedules, rates, bill credits or program discounts permitted by this law are collected in rates through charges paid by all retail electricity consumers.¹

CUB supports utility and Oregon Public Utility Commission Staff's (Staff) efforts to identify programs and rate structures that will reduce the disproportionate energy burden of low-income Oregonians. It is worth noting that these inequities are exacerbated by increasing frequency in extreme weather events. Ability to pay should not be the determining factor as to whether one of our neighbors is able to safely regulate the temperature of their home during the hottest and coldest times of the year.²

CUB thanks Staff for its guidance in developing these innovative and important programs and is in general agreement with their baseline evaluation criteria³ for interim action. CUB provides its comments to PacifiCorp's proposed Income-Qualified Bill Discount as categorized by the PUC

¹ This includes "retail electricity customers that purchase electricity from electricity service suppliers." HB 2475 Sect. 7(2).

² Cong, S., Nock, D., Qiu, Y.L. et al. Unveiling hidden energy poverty using the energy equity gap. *Nat Commun* 13, 2456 (2022) <<https://www.nature.com/articles/s41467-022-30146-5>>.

³ PUC Staff, Staff Interim Action Proposal Update (Feb. 1, 2022) (<https://edocs.puc.state.or.us/efdocs/HAH/um2211hah114912.pdf>).

evaluation criteria, beginning with the categories that we believe most reflect CUB’s advocacy focus.

CUB appreciates that PacifiCorp is proposing a program that considers the importance of removing barriers to customer enrollment with auto-enrollment for some customers and allowing customers to self-certify their income. We also appreciate that PacifiCorp is committed to collaborating with programs that serve low-income communities. CUB also appreciates that the utility has made the effort to compare various program opportunities – in addition to considering the program it already uses in California – for their potential to reduce energy burden and that PacifiCorp has shared the estimated bill impacts of these programs. At the same time CUB offers our comments, we also emphasize that the low-income program investigation is ongoing, and this proposed program does not set a precedent for the final program.

Bundling

CUB is encouraged by PacifiCorp’s efforts in developing a proposed program to reduce energy burdens for low-income customers. CUB would like PacifiCorp to work with the ETO and local weatherization partners to analyze the cost-effectiveness of several options to reduce energy burden. As part of this process, CUB would like to see how prioritizing energy efficiency at the utility level and through residential program opportunities can affect energy burden. It may very well be that a combination of energy efficiency and discount programs bring the most meaningful reductions in inequitable energy burdens, while keeping costs low for all residential PacifiCorp customers.

HB 2475 allows the PUC to address the mitigation of energy burdens through comprehensive classifications, tariff schedules, rates, and bill credits, as well as bill reduction measures or programs that can include but are not limited to demand response and weatherization. Staff has indicated they will review utility proposal’s efforts to: 1) share information with Energy Trust of Oregon (ETO) and energy efficiency and weatherization agencies about interim rates and program participants; 2) collaborate with energy efficiency and weatherization partnering agencies on complementary services and potential cross referrals; and 3) make energy efficiency or weatherization information and program resources available to participating customers.⁴

CUB believes fair utility rates and costs begin with energy efficiency as the primary driver of utility resource planning and fair and equitable rate design. Every dollar saved by energy efficiency reduces costs to PacifiCorp customers. CUB would like PacifiCorp to work with ETO and weatherization partners to analyze the cost-effectiveness of energy efficiency to reduce low-income customers’ energy burden. Some questions CUB would like to see the utility and Staff, in consultation with ETO and weatherization partners, consider are:

- *How is PacifiCorp prioritizing energy efficiency at the utility level and through residential program opportunities as part of its energy burden reduction efforts?*
- *How will the utility consider the cost-effectiveness of its energy efficiency cost-reduction efforts in its energy production and delivery?*

⁴ PUC Staff, Staff Interim Action Proposal Update, p 3 (Feb. 1, 2022) (<https://edocs.puc.state.or.us/efdocs/HAH/um2211hah114912.pdf>).

- *What is the cost-benefit analysis of the opportunity to reduce energy burden with investments in increasing energy efficiency in low-income homes, coupled with various energy assistance and discount program options?*
- *What demand response strategies does the utility propose to reduce energy consumption and thus alleviate energy burden?*
- *What role does the utility see for Energy Trust of Oregon (ETO) to help its low-income customers reduce energy burden? What resources are needed for ETO to serve all the utility's eligible customers?*

CUB expects that a combination of energy efficiency strategies and discount programs can meaningfully reduce energy burden for low-income customers, while reducing the costs for the remaining customers each utility serves. CUB encourages PacifiCorp to continue connections with community action agencies (CAA)⁵ around program implementation and utilization. Agencies that are helping customers sign up are important resources in understanding any barriers or issues with connection customers to the programs.

Level of Relief

CUB appreciates that PacifiCorp considered other Oregon utilities' low-income proposals in the development of its program proposal. It is important for utilities to consider how different programs may impact energy burden reduction and how much utility customers may have to pay to support those programs.

The focus of these programs should be getting assistance to customers shouldering greater energy burdens, and the interim programs should not set a precedent for what the long-term programs should look like. Regarding discounted programs for low-income customers, CUB encourages utilities proposing these programs to look at the income levels of residential customers and their corresponding energy burden. PUC Staff have directed utilities to “explain how the interim rate program was designed to provide a meaningful reduction of energy burden.” CUB would like to see NW Natural identify an equitable percentage of energy burden as the end goal of a low-income assistance program. Some utilities and stakeholders have considered reducing low-income customer energy burden to below 5 or 6%. It also may prove more equitable to reduce low-income energy burden to a level comparable to the energy burden levels of higher income customers. We would like to see all utilities analyze and determine what they believe is an equitable percentage of energy burden as part of their program proposal.

CUB understands PacifiCorp's interest in making its program simplified between California and Oregon for messaging purposes as their service territory overlaps Southern Oregon and California. CUB also acknowledges and understands the concern that PacifiCorp has with multiple tier levels and the fact that they are unfamiliar with self-attestation and placement into the appropriate tier level. Again, CUB also appreciates the level of analysis PacifiCorp has conducted with the data it has and that it applied it using several program methodologies. However, CUB believes that developing county level estimates of the number of low-income

⁵ For the purposes of these comments we include community advocacy organizations generally, including community action agencies, community action partners, and community-based organizations, under the umbrella of “CAA”.

customers and the energy burden facing these groups of customers is where utilities should start their analyses of program options. Understanding energy burden in PacifiCorp's Oregon service territory will be critical to explaining how its program provides a meaningful reduction of energy burden. A program that works in another state or for another utility may provide helpful direction, it does not mean it is the means to reduce energy burden for Oregon residential customers. Further, PacifiCorp should show how its program lowers total energy burden, provides any relief in proportion to need, and is proportional to the energy burden of its fuel type only.

CUB also would like to see PacifiCorp consider and analyze multiple means of providing equitable relief to low-income residential customers, including evaluating discounts as a percentage of household income. Ohio has implemented a Percent of Income Payment Plan (PIPP) that provides discounts based on a household's monthly income and may lead to greater discounts proportional to a customer's income.⁶ For example, this criterion may better encompass customers living in the Portland Metro area with higher costs of living that may be less likely to qualify for the current eligibility requirements. CUB highlights stakeholder comments for the need to adjust the eligibility criteria for one person households working minimum wage. This will help include households that are slightly above the 60% SMI category but that would still benefit from energy assistance programs. It is noteworthy that at least two programs considered by the utility can reduce the energy burden of 13 to nearly 20% more of its customers at 85% of program adoption.⁷

To help understand the energy burden of Oregon's most vulnerable and lowest-income individuals, CUB requests PacifiCorp to share data from their survey collection on the energy burden and average bill cost of their 0-20% SMI category. The information PacifiCorp shared at its May 10 presentation to stakeholders was not clear about the current energy burden of this group, and further data would help in the development of a permanent program that addresses the needs of this customer group. Accordingly, we would like to see PacifiCorp's analysis of the average energy burden and general bill level of its customers broken down even further at 20%, 15%, 10%, 5%, and 0% of SMI, based upon the existing data it used for its other analyses of energy burden impact and costs of the program. At least one other utility identified that there may be significant variance in levels of energy burden in this lowest income level grouping. We believe this data may be important to understanding the efficacy of PacifiCorp's program.

CUB highlights comments made by Staff at the May 10 meeting about analyzing customer arrearages while implementing this program. To adequately reduce energy burden, arrearages for low-income customers must be reduced. Inclusion of an arrears program may be necessary to target more complete energy burden reduction.

CUB believes conversation surrounding these discount programs cannot be siloed from other PacifiCorp PUC proceedings. When looking at the level of relief presented, it is important to compare what that relief would look like when customer bills are expected to increase, like in its general rate case or wildfire cost recovery. CUB would like PacifiCorp to address the impacts of

⁶ *Percentage of Income Payment Plan Plus (PIPP)*, Ohio Department of Development, <https://development.ohio.gov/individual/energy-assistance/2-percentage-of-income-payment-plan-plus>.

⁷ See PacifiCorp May 10, 2022, stakeholder presentation, slide 11.

upcoming residential bill increases and discuss the potential impacts of those increased costs on customers and the impact on any energy burden efforts of its proposed low-income discount program. CUB would appreciate seeing this information at one of the upcoming workshops and prior to the deadline for the next round of comments.

Eligibility

PUC staff directed that interim eligibility criteria should be income-based and there has not yet been consensus on a definition of income, including whether it should be based on either Federal Poverty Level or State Median Income. CUB highlights and defers to the knowledge and expertise of CAAs, and low-income and environmental justice advocates for direction on defining income and equitable percentage of energy burden, as well as ease of enrollment. We believe those community-based and direct service providers are intricately connected to the realities of net income to low-income households and have a good understanding of how to group income levels in the event a utility proposes a tiered discount program.

Tracking and Accounting

CUB believes that PUC Staff's tracking and accounting program design evaluation criteria should be helpful in implementing, evaluating, and improving upon utilities' interim program proposals. This information can help PacifiCorp better understand who is accessing the differentiated rates which can inform outreach efforts to better ensure that those with the lowest incomes are accessing the program. This data can also be used to inform ongoing outreach efforts to reach those that may not be represented well in the demographic data. CUB also highlights Staff's comments from the May 19 workshop about tracking and monitoring usage of the program as well as how connections to other energy assistance programs are being reached. CUB again defers to and highlights the knowledge and expertise of CAAs, and low-income and environmental justice advocates for direction on how best to collect enrollment data.

CUB also agrees with Staff that utility program costs should be tracked and reported quarterly in a deferral with sufficient detail for ongoing Staff review and discussion and that ongoing workshops are important to understanding data developed from interim programs. CUB believes this data will be essential to informing and developing the efficacy and cost-effectiveness of long-term energy burden reduction programs. CUB would like PacifiCorp to explain how it expects to track program and administrative costs of its interim program, and what costs it expects to recover from customers and by what mechanism it will seek to do so.

Outreach and Engagement

CUB agrees with Staff that utilities should make their processes transparent and informative. CUB agrees with Staff that utilities should make these processes transparent and informative. Utilities and the PUC have an incredible resource in the knowledge and expertise of CAAs, and low-income and environmental justice advocates. CUB also agrees with the direction from these stakeholders that utilities should use demographic data to inform and narrowly tailor ongoing outreach and engagement efforts. We encourage PacifiCorp to maximize its opportunities for feedback from these community-based and direct service providers that are intricately connected

to low-income communities. We encourage PacifiCorp to connect with other public benefits programs, low-income housing programs, food banks, school lunch programs, etc., to assist with outreach to enrollment of residential customers, especially outside of the Portland Metro area. How the utility engaged with and considered these stakeholders' feedback should be included in any low-income program proposal before the PUC.

PacifiCorp's interim proposal is off to a good start in its efforts to alleviate the disparate energy burden placed on low-income customers in the immediate future. CUB appreciates the interim relief offered by PacifiCorp and hopes it will consider all stakeholder comments and address any concerns or suggestions in its interim proposal filed with the PUC. As the interim program is implemented, we hope PacifiCorp will continue to push to develop a long-term program that meaningfully and equitably reduces the energy burden of its low-income customers, while keeping costs low for all customers in its service territory.

It is important to remember that the investigation is ongoing, and this interim program does not set a precedent for the final Income-Qualified Bill Discount program. The information gathered from the interim program, ongoing stakeholder input, and further research will assist the investigation in crafting a final plan that uses best practices towards equitable reduction of the energy burden currently experienced by low-income residential customers, as intended by HB 2475. CUB thanks PacifiCorp for its proposal and the efforts that it put into it. CUB also thanks PUC Staff for its guidance in developing these innovative and important programs.

Respectfully submitted,

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