

January 31, 2021



## **UM 2211 Investigation into implementation of HB 2475**

### **Staff Interim Action Proposal Update**

On December 22, 2011 Staff issued a letter to the UM 2211 stakeholders containing a proposed process and baseline evaluation criteria for HB 2475 interim action by the six investor owned, regulated Oregon utilities. Staff requested comments by January 10, 2022 and recorded the following submissions:

- Avista Utilities
- Idaho Power Company
- Northwest Natural Gas Company
- PacifiCorp
- Portland General Electric
- Cascade Natural Gas Company
- Joint Advocates

Staff reviewed the various comments and concerns provided by stakeholders.

Staff has reflected on the feedback received (See Appendix A for a detailed summary) and is prepared to share a final process proposal and baseline evaluation criteria for interim actions under UM 2211.

#### **Interim Action Process**

Staff appreciates the range of comments about the types of interim actions that the utilities are best positioned to take under the new HB 2475 authorities. This input helped Staff identify three separate work flows emerging from interim action.

##### **1. Large electric utilities prepared to implement a program offering differential rates.**

At this time, Portland General Electric and PacifiCorp have indicated that they are prepared to implement an interim differential rate in the next few months. PGE filed ADV 1365 with a proposed effective date of April 15, 2022. PacifiCorp is expected to file in Q1 2022 and is targeting a May implementation. Outreach and engagement will occur with all parties in collaboration with Staff under the traditional review and public meeting process in individual advice filing dockets. Staff will utilize the finalized baseline evaluation criteria described below in its review and engagement on the two proposals.

Staff understands PacifiCorp's resource constraints related to its general rate case and is comfortable modifying its proposal so that PacifiCorp files later than the originally proposed February 15, 2022 date, as long as the filing occurs before April 1, 2022.

##### **2. Gas utilities targeting a Q4 2022 program offerings for differential rates; providing enhanced bill assistance in the interim.**

Staff understands that all three natural gas utilities are planning to file differential rate proposals for implementation in Q4 2022. Staff still finds that some level of relief to income-eligible

customers a priority in the interim and expects Avista, Cascade Natural Gas, and Northwest Natural to continue to provide arrearage management programs (AMP) or other enhanced bill assistance until differential rate programs are implemented. Further, Staff expects that the natural gas utilities incorporate a component to target funds for low-income/high energy burden households.

In terms of process, Staff proposes that natural gas utilities submit requests for additional authorizations or tariff changes to ensure these bill assistance opportunities remain available to their customers by February 15, 2022. To the extent a natural gas utility finds they have existing offerings and tariffs that meet this criteria, Staff advises the utility to engage stakeholders for feedback and submit a letter to the Commission under Docket No. UM 2211 expressing its intentions and rationale by February 15, 2022.

### 3. Conduct a separate workshop for Idaho Power to discuss service territory challenges and alternative pathways to addressing energy burden

Staff is cognizant of the unique challenges Idaho Power has expressed in various forums; particularly with regard to the median income levels of the service territory, customer count, and implications of cost recovery. To this end, Staff is proposing to conduct a workshop before the end of March 2022 with Idaho Power, local Community Action Partnership (CAP) agencies, Community Based Organizations (CBO), and other interested parties to discuss these challenges and explore alternative ways to address energy burden in their service territory. This work flow should not be misinterpreted as meaning Staff does not feel any action is necessary in the Idaho Power service territory, but that more meaningful action may come out of additional discussion focused on this area.

### Finalized Baseline Evaluation Criteria

For programs and utilities subject to Staff review, Staff provides reply comments and finalized baseline evaluation criteria for interim action. Staff will utilize these in its review of the PGE and PAC proposals and recommend natural gas utilities maximize the use of these criteria in interim proposals to the extent possible.

## Final Baseline Evaluation Criteria for Interim Action

At minimum, Staff will review utility interim rate or program filings for inclusion of the following:					
KEY DESIGN ELEMENTS	Eligibility	Level of relief	Tracking and accounting	Bundling	Outreach and engagement
	<p>Low-barrier enrollment component(s) should be included (e.g. self-certification; categorical eligibility, etc.)</p> <p>Auto-enrollment for energy assistance recipients should be included</p> <p>Options for CBOs to submit eligible customers to the utility should be included</p>	<p>Prioritizes lowest income with the highest energy burden</p>	<p>Monthly zip code level reporting on enrollments for first 12 months, quarterly thereafter unless guidance is updated following the broader investigation. Monthly data should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Assistance dollars per customer;</li> <li>• Total and average arrears of participants (by 30, 60, 90+ days aged buckets);</li> <li>• Percentage of EA recipients;</li> <li>• Difference in average bill of participating versus non-participating customer.</li> </ul>	<p>Information sharing with ETO and energy efficiency and weatherization administrating agencies about interim rate and program participants</p>	<p>Transparent and informative</p>
	<p>Eligibility criteria should be income-based in the interim (the broad investigation can explore other criteria)</p>	<p>Utility proposal should explain how the interim rate was designed to provide a meaningful reduction of energy burden (e.g., Staff will look at how PGE considered a target energy burden ceiling (6%) when identifying the income tiers and discount levels provided by the proposed rate)</p>	<p>Program costs are tracked and reported quarterly in a deferral with sufficient detail for ongoing Staff review and discussion</p>	<p>Collaborates with energy efficiency and weatherization partnering agencies on complementary services and potential cross referrals</p>	<p>Regularly scheduled (monthly or quarterly) discussions and consultations with partnering agencies representing or servicing target communities; consolidating with peer utilities where possible</p>
		<p>Allows flexibility or direct engagement opportunities in program design to accommodate enrollments reasonably outside specific eligibility terms</p>	<p>Continued workshops with Staff and Stakeholders on right-sizing data collection and leveraging work done by other agencies; specific attention to more granular reporting of demographic and income data.</p>	<p>Makes energy efficiency or weatherization information and program resources available to participating customers</p>	<p>Demonstrates the Company provided meaningful engagement in advance of filing</p>
					<p>Surveys participating customers and CAP agencies at 3, 6, and 12 months of implementation</p>

### Eligibility

- Low-barrier enrollment component(s)
- Auto-enrollment for energy assistance recipients
- Option for CBOs to submit eligible customers to the utility
- Eligibility criteria should be income-based in the interim

Staff finds that streamlining eligibility and reducing barriers to enrollment is a critical component to interim relief. While Staff recognizes the challenges and concerns expressed by the utilities regarding auto-enrollment, Staff is recommending that all utilities implement an auto-enrollment element to its program design. This feature may be well-suited for existing recipients of energy assistance through LIHEAP and/or similar programs where income verification and eligibility has already been determined. Staff recommends utilities work with advocates to determine the most appropriate and useful strategy for auto-enrollment. Staff is also recommending that utilities take meaningful, albeit non-prescribed steps towards streamlined eligibility. This may be demonstrated with the application of categorical eligibility, self-attestation, self-certification, CBO partnerships for enrollment, or other low-friction strategies demonstrated by the utility and vetted with customer advocates.

## Level of Relief

- Prioritizes lowest-income with highest energy burden
- Meaningfully reduces energy burden
- Allows flexibility or direct engagement opportunities in program design to accommodate enrollments reasonably outside specific eligibility terms

Regarding prioritization of benefits, Staff envisions that designs may vary across programs and utilities, but that some demonstration of prioritization by income level and energy burden or reasonable proxy be established. This may be done using a tiered benefit structure tied to a percentage based discount, or other designs that allow for the highest level of benefits to be allocated to customers with the highest level of need. Staff is interested in promoting programs that recognize the need for targeted universalism that take meaningful steps rather than casting overly wide nets unintentionally minimizing material impacts. A program that successfully implements prioritization of benefits for low-income/high-energy burden households, should be able to demonstrate a distribution of benefits that maximizes bill impacts for groups in the highest needs category and minimizes oversubscription of benefits to non-energy burdened households.

Staff clarifies that the original proposal stated that the program design “demonstrate a focus on reducing energy burden to less than 6 percent”, and did not mean to imply that a program would only be successful if it were to achieve this target metric across all enrollments. However, Staff does find the less than 6 percent energy burden measure a meaningful metric and aspirational goal for program design. To this end, Staff retains its recommendation that utilities consider this national measure of energy burden when determining the level of relief to extend to energy burdened customers. Staff understands that utilities are not yet positioned to measure and track individual customer’s energy burden, but Staff believes it’s possible to use a general understanding of customers and communities to consider how the program design will impact energy burden. Staff also clarifies that meaningful reductions of energy burden may still occur above the 6 percent target.

Staff appreciates the advocates flagging a potential issue with certain income eligibility thresholds. Specifically, that a full-time minimum wage earner in Portland would not qualify for a discount program that required earnings less than 60 percent State Median Income<sup>1</sup> (SMI). For Staff, this issue highlighted a more general problem of potentially unnecessary exclusions from eligibility. While Staff acknowledges that eligibility criteria are necessary to successfully administer and regulate enrollment in any program, Staff is recommending that programs allow for degrees of flexibility with enrollment where possible and appropriate. For example, a full-time minimum wage earner who reaches out to the utility and attests to energy burdened circumstances may be considered for enrollment. Other characteristics may be considered on a case-by-case basis in order to allow customers to access assistance programs as needed. To the extent the program funds are not tied to federal grants, Staff would expect utilities to have more liberty with regard to eligibility accommodations. Staff is not opposed to implementing additional verification checks for enrollments outside of specified eligibility criteria should the utilities feel it is necessary for the added flexibility.

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<sup>1</sup> [Oregon State Median Income for FFY 2021 | The LIHEAP Clearinghouse \(hhs.gov\)](https://www.hhs.gov/olheap/clearinghouse/2021/04/01/oregon-state-median-income-for-ffy-2021)

## Tracking and Accounting

- Monthly zip code level reporting on enrollments for first 12 months, quarterly thereafter unless guidance is updated following the broader investigation.
- Program costs are tracked and reported quarterly in a deferral with sufficient detail for ongoing Staff review and discussion.
- Continued conversations with Staff and Stakeholders on data collection and potential partnerships/collaboration with other agencies; specific attention to demographic and income data

All parties seem to be in agreement that data-driven assessments are required to monitor whether HB 2475 activities are providing the important relief intended. There is some discord in terms of the frequency and granularity of reporting beyond quarterly reports and zip-code level data. Utilities also expressed concern about collecting demographic data. Given the pilot nature of the interim efforts, more frequent reporting is necessary and useful to monitor the transition of pilots into programs and inform the broad investigation.

Staff seeks to balance the importance of getting these offerings right against the administrative feasibility and costs. As such, Staff will consider monthly zip-code level data for the first year of implementation as sufficient when making recommendations about interim actions, recognizing that changes may occur before such a time and in that event, additional guidance will be provided. Staff also notes that there is still much appetite and need for demographic and income data to evaluate program impacts on energy burden and target communities; however, we remain open to having discussions on the most effective way of collecting these pieces from customers and encourage utilities to come forward with proposals on how to address these data gap in UM 2211.

Staff is recommending all costs associated with relief programs be tracked and recorded in a deferral, and reported to Staff quarterly. Staff notes that cost recovery is not decided when the Commission authorizes a deferral. Prudence review will occur prior to cost recovery with particular attention paid to administrative costs.

Cost allocation and the impact on other customers is a key issue for Staff. These considerations need to occur for UM 2211 costs, as well as, costs being tracked in dockets such as UM 2114. When future cost recovery discussion occur, Staff expects broad, collaborative thinking about cost mitigation strategies. For example, a voluntary giving programs that allows customers to make contributions that net against program deferrals. Staff notes that well designed conservation programs can be another tool (discussed under bundling).

## Bundling

- Information sharing with ETO and other energy efficiency and weatherization administrating agencies
- Collaborates with energy efficiency and weatherization partnering agencies on complementary services and potential cross referrals
- Makes energy efficiency or weatherization information and program resources available to participating customers

Staff appreciates all the valuable feedback and reflection on bundling an energy efficiency component with interim relief. Staff proposes that all parties continue conversations on how to incorporate an energy efficiency consideration into utilities' designs but is open to providing

flexibility with this criteria as conversations continue in UM 2211 and other related dockets. Staff recommends that utilities work, at a minimum, to share interim rate and program enrollment information with partnering agencies administering energy efficiency programs or weatherization in their service territory. Staff also recommends that utilities make information on energy efficiency and weatherization resources available to participating customers in their outreach and other communications.

## Outreach and Engagement

- Transparent and informative practices
- Regularly scheduled (monthly or quarterly) discussions and consultations with partnering agencies representing or servicing target communities; consolidating with peer utilities where possible
- Survey of participants and administering community partners at three, six, and twelve months post implementation

All parties provided general consensus of support on outreach and engagement. Staff would like to highlight the desire for transparency and informative communications related to the program. In early engagement, utilities should create an open and collaborative process with stakeholders on design elements and provide clear explanations of inclusions and exclusions in the final design. Post-implementation, customers should be able to clearly understand benefit levels, eligibility, and enrollment processes with minimal effort. The utility should endeavor to provide outreach to underserved communities and areas where participation in assistance programs are typically low despite known concentrations of eligible customers.

Some utilities expressed concern with a three-month survey of participants and partnering agencies, however, Staff will continue to advocate for the three, six, and twelve month surveys when making recommendations to the Commission about interim actions. This will allow better incorporation of lessons early on in the program implementation, particularly if more granular participant data and other demographic indicators will not be available. Staff does not see the additional burden of a survey at three months as outweighing potential benefits. Staff also recommends utilities incorporate the advocates' feedback on survey content to include an assessment of energy insecurity. Further, the utilities should schedule regular meetings to consult with community agencies and advocates to discuss program impacts and opportunities to improve design and/or outreach.

## Next Steps

- [PGE ADV 1365](#) engagement and review;<sup>2</sup>
- PAC to file proposed differential rate program in Q1 2022;
- Gas utilities to file interim action proposal or explanation of existing interim action by February 15, 2022;
- Staff announces IPC workshop by March 1, 2022; and
- Staff will begin scoping the broader investigation in Q2 2022 once the interim proposals are in place.

**If you have any questions on the process or content of this proposal, please contact:**

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<sup>2</sup> To receive schedule updates, meeting notices and agendas, review comments and other documents related to either docket, please send an email to [puc.hearings@puc.oregon.gov](mailto:puc.hearings@puc.oregon.gov) and ask to be added to the service list for the ADV 1365.

# Appendix A: Summary of Comments

	Eligibility	Level of Relief	Tracking and Accounting	Bundling	Outreach and Engagement
<b>Avista Utilities</b>	<p><b>YES:</b> Streamlined eligibility; self-attestation; auto-enrollment</p> <p><b>Recommendations:</b> Recognition of actual verification of income as important for integrity of program</p>	<p><b>General Support</b></p>	<p><b>General Support</b></p> <p><b>Concerns:</b> Labor vs. value of customer or zip code level reporting</p> <p><b>Recommendations:</b> further discussion on new metrics to track, how often and to what level of detail and value added; annual reporting more reasonable</p>	<p><b>General Support</b></p> <p><b>Concerns:</b> Requirement of EE for program participation</p> <p><b>Recommendations:</b> referrals from utilities be directed to low-income energy efficiency providers generally rather than ETO, specifically; EE should be complimentary pairing rather than requirement</p>	<p><b>General Support</b></p>
<b>Idaho Power Company</b>	<p><b>Concerns:</b> Auto-enrollment problematic with prioritized relief; self-certification may allow for oversubscription of benefits</p> <p><b>Recommendations:</b> CAP agencies qualify and refer eligible customers for participation in programs; build upon existing EA process</p>	<p><b>Concerns:</b> prioritizing relief not possible due to lack of income data and energy burden information; tiered approach may require customer specific factors</p> <p><b>Recommendations:</b> Further clarification on focus of implementing differential rate vs. reducing energy burden less than six percent</p>	<p><b>Concerns:</b> Demographics and income data are not currently collected and expresses concern about a requirement to do so; system upgrades would need to be implemented</p> <p><b>Recommendations:</b> Further discussion on new metrics to track, how often and to what level of detail</p>	<p><b>General Support</b></p> <p><b>Concerns:</b> administering CAP agency capacity</p>	<p><b>YES:</b> Finds Staff criteria reasonable</p> <p><b>Recommendations:</b> Additional clarification on survey element</p>
<b>Northwest Natural Gas Company</b>	<p><b>YES:</b> Streamlined eligibility and certification; income based approach</p> <p><b>Recommendations:</b> Consistency across electric and gas utilities that share customers; each utility have flexibility in how eligibility is streamlined</p>	<p><b>YES:</b> Staff prioritization</p> <p><b>Concerns:</b> Targeted reduction below six percent energy burden</p> <p><b>Recommendations:</b> More general focus on reducing energy burden</p>	<p><b>YES:</b> Finds deferred accounting and balancing account effective for tracking interim programs</p> <p><b>Concerns:</b> Demographics and income data are not currently collected and expresses concern about a requirement to do so</p> <p><b>Recommendations:</b> Separate workshop for reporting metrics</p>	<p><b>YES:</b> Leveraging EE opportunities useful in addressing energy burden; recommends further discussion on how to implement in program</p> <p><b>Recommendations:</b> referrals from utilities be directed to low-income energy efficiency providers generally rather than ETO, specifically</p>	<p><b>YES:</b> Finds Staff criteria reasonable</p>
<b>PacifiCorp</b>	<p><b>YES:</b> Streamlined eligibility; income based approach</p> <p><b>Recommendations:</b> More time with design development to comment on self-certification</p>	<p><b>General Support</b></p>	<p><b>YES:</b> Data tracking</p> <p><b>Recommendations:</b> further discussion on new metrics to track, how often and to what level of detail</p>	<p><b>YES:</b> ETO collaboration</p>	<p><b>General Support</b></p>
<b>Portland General Electric</b>	<p><b>YES:</b> Self-certification</p> <p><b>Concerns:</b> Auto-enrollment in tiered design</p> <p><b>Recommendations:</b> Aligning eligibility with partner utilities</p>	<p><b>YES:</b> Income-tiered; percentage-of-bill based</p> <p><b>Concerns:</b> Specified target for energy burden (&lt; six percent)</p>	<p><b>YES:</b> Data-driven assessments; report out on key metrics</p> <p><b>Recommendations:</b> Quarterly (initial) and annual (ongoing) data sharing</p>	<p><b>YES:</b> No cost weatherization</p> <p><b>Concerns:</b> Requirement of EE for program participation</p>	<p><b>YES:</b> Monthly conversations</p> <p><b>Recommendations:</b> 6 and 12-month survey of participants</p>
<b>Cascade Natural Gas Company</b>	<p><b>YES:</b> Staff criteria, generally</p> <p><b>Concerns:</b> Implementation of income verification due to available data</p>	<p><b>YES:</b> Staff criteria, generally</p>	<p><b>YES:</b> Staff criteria generally</p> <p><b>Recommendations:</b> Quarterly, semi-annual or annual reporting</p>	<p><b>Concerns:</b> Requirement of EE for program participation</p>	<p><b>YES:</b> Staff criteria, generally</p>
<b>Joint Advocates</b>	<p><b>YES:</b> Low-friction enrollment; auto-enrollment</p> <p><b>Recommendations:</b> CBOs can directly enroll clients</p>	<p><b>YES:</b> Staff prioritization, generally</p> <p><b>Concerns:</b> Inadvertent exclusion of full-time minimum wage earners with use of 60% SMI eligibility threshold</p> <p><b>Recommendations:</b> More discussion and clarification on prioritization of lowest income with highest energy burden customers; gas utilities be clearly directed to provide interim programs; ensure minimum wage earners can participate</p>	<p><b>YES:</b> Staff criteria regarding tracking and frequency of reporting</p> <p><b>Recommendations:</b> Zip code level data as proxy for community demographics; track number of customers in program who received EA in last two year and number of customers with 30-60+ day arrears and amount of arrears</p>	<p><b>YES:</b> EE component in principle</p> <p><b>Concerns:</b> Capacity and funding issues encountered by weatherization administering agencies</p> <p><b>Recommendations:</b> Continued conversations on topic with service providers and ETO; generalized and flexible EE component in programs</p>	<p><b>YES:</b> Outreach and engagement criteria</p> <p><b>Recommendations:</b> Outreach and engagement is transparent, informative, clarify applications of and decisions not to apply feedback, recurring surveys beyond 6 months, surveys include assessment of energy insecurity; utilities consult with CAAs and CBOs that provide direct service, especially to underserved communities</p>