



Oregon Citizens' Utility Board

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Public Utility Commission
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RE: UM 2211/ADV 1390 - CUB Comments on the Suitability of NW Natural's HB 2475 interim action proposal

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to comment on NW Natural's proposed Residential Low-Income Bill Discount Program. CUB appreciates NW Natural's efforts to reduce the inequitable energy burdens of low-income customers in its service territory while it works on collecting 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 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). CUB supports utility and Oregon Public Utility Commission (PUC) efforts to identify programs and rate structures that will reduce the energy burden of Oregonians who must pay a sizable portion of their incomes to their utility bills. Energy burden inequities caused by disproportionate energy burden 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, especially during the hottest and coldest times of the year.¹

CUB thanks PUC Staff's (Staff) for its guidance in developing these innovative and important programs, and is in general agreement with their baseline evaluation criteria² for interim action. CUB provides its comments to NW Natural's proposed Residential Low-Income Bill Discount Program as categorized by the PUC evaluation criteria, beginning with the categories that we believe most reflect CUB's advocacy focus.

CUB appreciates that NW Natural is proposing a program that removes barriers to customer enrollment, collaborates with programs that serve low-income communities, and has committed to using data from a low-income needs assessment of its service territory, along with Staff guidance, to improve its program's ability to reduce its low-income customers' energy burdens strategically and meaningfully. We are optimistic that this additional data and guidance will allow the company to create a cost-effective, data-driven program specific to the needs of its

¹ 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>>.

² PUC Staff, Staff Interim Action Proposal Update (Feb. 1, 2022) (<https://edocs.puc.state.or.us/efdocs/HAH/um2211hah114912.pdf>).

low-income customers in its service territory. CUB emphasizes that the low-income program investigation is ongoing, and this interim program does not set a precedent for the final program.

Bundling

CUB appreciates that NW Natural has considered how energy efficiency can play a role in reducing customers' energy burden by working with customers to enable referral to its Oregon Low-Income Energy Efficiency (OLIEE) program and other energy assistance partners.

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. PUC 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.³

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 NW Natural customers. CUB would like NW Natural to analyze the cost-effectiveness of using energy efficiency and weatherization programs to help reduce low-income customers' energy burden, for both homeowners and renters. When NW Natural develops its permanent low-income program for PUC consideration, CUB would like to see NW Natural work with the ETO and local weatherization partners to investigate and analyze opportunities that prioritize energy efficiency programs and demand response programs. Some questions CUB would like to see the utility and Staff consider are:

- *How is NW Natural prioritizing energy efficiency and weatherization at the utility level and through residential program opportunities as part of its energy burden reduction efforts?*
- *How can and will the utility consider the cost-effectiveness of its energy efficiency and weatherization cost-reduction efforts in its energy production and delivery?*
- *What is the cost-benefit analysis of the opportunity to reduce energy burden with investments in increasing energy efficiency and weatherization in low-income homes, coupled with various discount program options?*
- *What demand response strategies does the utility propose to reduce energy consumption?*
- *What role does the utility see for Energy Trust of Oregon (ETO) to help its low-income customers reduce energy burden?*

CUB expects that a combination of energy efficiency and weatherization strategies combined with discount programs can provide meaningful reductions in inequitable energy burdens imposed on low-income customers, while reducing the costs for the remaining customers each utility serves.

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

Level of Relief

CUB appreciates that NW Natural has proposed an interim low-income program similar to a model that has been approved by the PUC, reasonably expecting it to be a sufficient interim program. CUB encourages NW Natural to consider the difference between gas and electric customers, and if its interim program is going to be modeled off another program, to look to other natural gas utilities for guidance. It is important to acknowledge the potentially different energy burden customers face with natural gas usage. Both Avista Utilities and Cascade Natural Gas Corporation conducted a low-income needs analysis of the income levels and energy burden of customers in their service territory prior to sharing their low-income program proposals. It may make more sense for NW Natural to adopt an interim discount program similar to what other natural gas utilities proposed. At a minimum, CUB would like to see NW Natural analyze each of those utility's proposals as an alternative to the plan it proposed.

PUC Staff have directed utilities to “explain how the interim rate program was designed to provide a meaningful reduction of energy burden” and has indicated they will review how each proposal has 1) prioritized relief to its lowest income customers with the highest energy burden and 2) explain how the interim rate was designed to provide a meaningful reduction of energy burden. The focus of these programs should be getting assistance to customers shouldering greater energy burdens.

In NW Natural's presentation to stakeholders on May 13, 2022, slide 5 indicated that the interim program will make space for learnings from its LINA, OPUC Investigation and program results. Both Cascade and Avista conducted a LINA, specific to the counties they serve, and included this analysis in their interim program. *Does NW Natural expect to adjust its interim proposal based upon its LINA, as well as OPUC and stakeholder comments?*

CUB believes information from the LINA will help direct an interim program that better meets the needs of customers and is more targeted to reduce the energy burden of its specific customers. Both Avista and Cascade were able to use their customer data, the Low-Income Energy Affordability Data (LEAD) tool, and Low-Income Home Energy Assistance Program (LIHEAP) applicant data. CUB would like to see NWN use its data, LEAD tool data, and LIHEAP data to develop county-level income and energy burden information, as well as expected customer costs, prior to the next stakeholder workshop and comment period. At a minimum, we expect to see this level of analysis come out of its LINA report.

To understand the percentage reduction of energy burden more fully for the lowest income individuals, CUB requests that NW Natural make data available to stakeholders after the LINA process has completed. We believe energy burden reduction analyses for households at 20%, 15%, 10%, 5%, and 0% SMI will help better understand the impact of the program options.

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'd 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 believes that developing county level estimates of the number of low-income customers and the energy burden facing these groups of customers is a great start. Understanding energy burden in NW Natural's 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 but isn't necessarily the means to reduce energy burden for Oregon residential customers. Further, NW Natural should show how its program lowers total energy burden, provides relief in proportion to need, and is proportional to the energy burden of its fuel type only. CUB would like to see NW Natural 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.⁴ 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 believes conversations surrounding these discount programs cannot be siloed from other NW Natural 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 NW Natural to address the impacts of 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 Community Action Agencies (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. CUB appreciates that NW Natural's program allows customers to self-certify income and gives them several options to do so. CUB is also encouraged by NW Natural's partnership with OHCS and other public benefits programs to enable the Company to enroll customers, as well as its commitment to auto-enroll customers who have previously received energy assistance. It is important to reduce barriers to enrollment to increase avenues to participation.

⁴ *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>.

CUB does not want to delay the roll out of the NW Natural discount program, but would have preferred that the utility had conducted its LINA prior to developing its program, as the other gas utilities have done. In addition, we wish the utility would have provided more time for stakeholders to review and comment upon its proposed plan prior to filing, as directed to do by PUC Staff. CUB expects that NW Natural will closely analyze the data provided by the study and utilize the results to ensure the discount tiers and eligibility requirements for the permanent program provide the most cost-effective and long-term reduction of energy burden to its lowest income customers.

As mentioned previously, CUB also encourages NW Natural to explore what it would look like to implement a low-income bill discount and AMP program with similar discounts and set up to what Avista and Cascade have proposed. Exploring what this program set up would look like in NW Natural territory may help with conversations in stakeholder processes around energy burden reduction for gas utility customers. CUB would appreciate seeing this information at one of the upcoming workshops and prior to the deadline for the next round of comments.

Tracking and Accounting

CUB believes that during this interim stage it makes sense for NW Natural to use an automatic adjustment clause to recover direct costs of the program, and to track direct program costs in a balancing account that will be made available for review, while administrative costs will be tracked separately for future ratemaking consideration. We expect the utilities will conduct ongoing analyses of best practices for reducing low-income customer energy burden while remaining cost-effective, given that these analyses will be considered in any future requests for cost recovery.

CUB believes that PUC Staff's tracking and accounting program design evaluation criteria will be helpful in implementing, evaluating, and improving upon utilities' interim program proposals. CUB encourages NW Natural to work with stakeholders who represent and serve low-income customers in how and what demographic data can best inform the program's effectiveness and how to collect that information. This information should be able to help NW Natural 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. CUB also echoes Staff's comments that the utility track how it is collaborating with energy assistance programs as it implements its interim program. CUB again defers to and highlights the knowledge and expertise of Community Action Agencies (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. We also believe that ongoing workshops and discussions with Staff and stakeholders 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.

Outreach and Engagement

CUB agrees with Staff that utilities should make their processes transparent and informative. CUB is disappointed that NW Natural did not follow Staff's direction to provide opportunities for meaningful engagement on the proposal it filed last month. Utilities and the PUC have an

incredible resource into the needs of low-income communities in the knowledge and expertise of Community Action Agencies (CAAs), and low-income and environmental justice advocates. We encourage NW Natural to maximize its opportunities for feedback from these stakeholders that are intricately connected to low-income communities. CUB also agrees with the direction from these stakeholders that NW Natural should use demographic data to inform and narrowly tailor ongoing outreach and engagement efforts. We also encourage NW Natural to connect with other public benefits programs, low-income housing programs, food banks, school lunch programs, etc. to receive ongoing feedback and assist with program outreach with a special focus on those outside the Portland Metro service territory. How the utility engaged with and considered these stakeholders' feedback should be included in any utility low-income program proposal before the PUC.

CUB believes NW Natural's interim proposal is a good start to achieving the goal of HB 2475's efforts in the immediate future. CUB appreciates the utility's desire to implement this program in November 2022, before peak heating season, but would like to see the program implemented well in advance of the heating season—at least by October 1, 2022.

Again, 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. CUB appreciates the interim relief offered by NW Natural and hopes that the utility will continue to push to develop a long-term program that is data-informed and accordingly is able to evolve to equitably alleviate the disparate energy burden placed on its lowest-income customers, while keeping costs low. CUB thanks NW Natural for its proposal and the efforts that it put into it. CUB thanks PUC Staff for its guidance in developing these innovative and important programs.

Respectfully submitted,

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