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Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
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RE: UM 2211, Comments on HB 2475 Implementation of Differential Rates and Programs in Oregon

Portland General Electric Company (PGE) offers these responses to the “Project Planning Framework Questionnaire” attached to the Phase 2 Process Proposal submitted by Public Utility Commission of Oregon (OPUC) Staff in Docket No. UM 2211. PGE appreciates the opportunity to offer initial thoughts and considerations on these topics and looks forward to further investigation through the UM 2211 process this year.

Equity Landscape

1. What do you see are the most important or urgent equity issues in the provision of energy to utility customers?

PGE’s goal is to provide safe, reliable, and reasonably priced electricity that is increasingly clean and sustainable. When we seek our customers’ direct opinion on the issues that matter most to them, we very consistently hear that they are concerned about the reliability and affordability of their service. Delving deeper into this data shows that these concerns are particularly urgent for low income individuals and members of other environmental justice (EJ) communities. PGE is taking steps to acknowledge and overcome equity issues associated with these customer concerns:

Affordability is front of mind to many of our customers. To address affordability, we have demonstrated leadership in our Income Qualified Bill Discount (IQBD) program to offer bill savings of up to 60% to the most energy-burdened residential customers. Continued refinement of this program, progress in deploying weatherization and energy efficiency investments and ongoing efforts to ensure rates remain affordable across all customer groups are critical. To help customers manage energy use and cost, PGE offers self-service tools including the usage dashboard, rebates and incentives and other energy management tools (e.g. time of use pricing, flexible load offerings such as Smart Thermostat program and vehicle smart charging, and equal pay). PGE also offers alternative payment arrangements to help customers manage arrearages, including payment extensions and time payment arrangements. Many programs and offerings also seek to improve accessibility of efficiency and renewable options, addressing equity issues related to clean energy access.

Inequities in affordability, reliability, and clean energy outcomes for EJ communities are perpetuated by inequities in the accessibility of information available to these groups about energy choices and opportunities and by their ability to act on information. Partnerships with community-based organizations to more effectively reach and share information with these

communities as well as the development of customer-facing materials in multiple languages can help address these inequities.

2. Which communities are most impacted?

PGE seeks input from our customers and communities directly to better understand impacts. PGE's recently formed Community Benefits and Impacts Advisory Group (CBIAG) has brought together members representing many dimensions of EJ communities in PGE's service territory; consultation with the CBIAG on accessibility priorities and strategies will be an important source of information on community impacts.

PGE also uses a variety of publicly available tools, such as Justice40 data, to identify communities with high energy burdens. PGE has conducted equity mapping to better characterize EJ indicators within our service territory. In our 2022 Distribution System Plan (DSP) Part 2, we began the process of incorporating indicators into an equity map that can inform identification and program deployment for EJ communities.

3. What are the most important or urgent actions to improve equity outcomes?

Customer survey responses show that affordability is a top concern, and we recommend a holistic approach that:

1. Maintains continuity for participants and enrollment activities as PGE's interim IQBD transitions to a permanent program. As a result of recent changes effective in 2024, PGE's IQBD offers discounts for five income tiers, providing discounts for households earning up to 60% of state median income (SMI) and a discount of up to 60% for the most discounted tier (households earning up to 0-5% of SMI).
2. Emphasizes effective community outreach and engagement strategies to improve the accessibility of information about IQBD and the landscape of utility and non-utility programs and offerings, with particular focus on specific customer groups within EJ communities that are not effectively reached by utilities.
3. Identifies where improvements to program designs and implementation strategies can increase accessibility and participation of EJ communities, including improvement of alignment across programs offered by utilities, Energy Trust, community action agencies, and other organizations.

Utility Programs

3. What are the highest-impact and/or most urgent equity issues to address in utility programs and services? Responses can include gaps in existing programs and opportunities to develop new programs.

PGE recommends that the most important continuing focus is on improved awareness and enrollment of existing opportunities. This can be advanced through improved alignment and cross-marketing across distinct program implementers. PGE has started working with the CBIAG to identify and prioritize opportunities to improve communication, resources and opportunities to simplify enrollment for eligible customers.

These opportunities include but are not limited to clean energy and efficiency programs serving individuals and communities, energy assistance programs implemented through

community partnerships, and billing alternatives such as payment plans. Many activities are currently underway to design and fund new and more accessible programs - for example, PGE is exploring how best to leverage learnings from the Medical Battery Offering to design future storage-focused customer programs that prioritize the resilience needs of PGEs most vulnerable customers.

4. Are there specific geographic areas or distinct populations that should be prioritized?

Prioritization is most appropriately considered at a program level. A particular program might target specific building types, customers at particular income levels, customers with particular bill payment histories, customers with electric heating, or any of several other factors. For example, PGE's Medical Battery Offering uses very specific enrollment and implementation strategies; given limited eligibility, PGE pre-qualified initial eligible customers and is partnering with Meals on Wheels for battery delivery and set-up.

5. How can the PUC measure progress in addressing equity issues in utility programs and services? Please feel free to suggest specific metrics.

Program effectiveness assessment deserves to be considered both in the context of each particular program and more holistically. PGE encourages an approach that can:

1. Assess factors that are reasonably responsive to program influence;
2. Sufficiently incorporate qualitative information including customer experience data;
3. Track appropriate combination of actions and outcomes that likely evolves over time;
4. Allow for refinement over time, as equity metric development is an iterative process to be revisited over time based on learnings.

As OPUC considers potential metrics, PGE also highlights a connection point to Community Benefit Indicators (CBIs), which electric utilities have begun developing via Clean Energy Plans. PGE's informational CBI list includes several metrics relevant to progress in addressing equity issues, including outcome-based metrics for electricity bill burden, customer arrearages, customer disconnections, and DER program participation rates for EJ communities. PGE continues to seek input and refine its ICBI approach.

PGE acknowledges that it takes years to build trust, capacity and develop norms of mutual commitment. As processes mature, metrics that assess progress in procedural equity of decision making and initial actions to deploy increasingly accessible programs are appropriate.

6. Staff plans to organize informational sessions on the landscape of programmatic offerings for utility customers. Please provide any priority information within these topics, any additional topics for the series, and suggestions for expert presenters.

PGE has no initial input, but looks forward to discussing in more detail when appropriate.

Differential Rates

7. What degree of consistency is expected across the utilities? For explain, do we need to develop a standard rate design for all utilities or are there only certain elements that need to be standardized?

Currently, a degree of foundational consistency across utilities exists, in that all utilities offer tiered bill discounts informed by a customer's self-reported household income and household size. PGE sees benefits to continued consistency in overall approach in areas of administration, marketing, data reporting, performance assessment, and customer experience for shared customers.

For more granular details, PGE believes there are benefits in a flexible approach that allows each utility, in consultation with community groups and regulatory stakeholders, to specify program details that meet each utility's customer needs.

8. Are there customer characteristics that should be prioritized for consideration at this phase (e.g. income, energy burden, disconnections and other economic, social equity or environmental justice factors that affect affordability)?

Customer rate eligibility is a function of several factors. Applicability of base rates is determined by the customer type (residential or non-residential), with residential further differentiated by building type (single family or multi-family). Eligibility for specific voluntary rates may require specific technologies to participate, or in the case of IQBD, characteristics of household income and size thresholds. Electricity-dependent medical needs are also factored into eligibility for IQBD and resiliency-related offerings. Consideration and use of additional factors that affect affordability should be limited to marketing and providing enrollment support, as opposed to direct incorporation in eligibility criteria for IQBD or discounted rates.

Household income and size are the primary eligibility factors for IQBD programs, as well as various other publicly-funded programs for several meaningful reasons. These characteristics are simple to communicate through media and via partnerships, intuitive for customers to understand during enrollment, relatively straight-forward to evaluate, and sufficiently representative of the customer's energy burden.

PGE supports an approach in which rates are designed based on cost of service principles, with income-based bill discounts applied to address energy burden considerations. While we recognize that additional factors may influence an individual customer's energy burden, our initial view is that a bill discount offering with eligibility based on demographic characteristics would be very challenging to design and administer and would be a questionable improvement to explicit programmatic approaches. Administratively, eligibility verification could be a significant challenge; expectations for accuracy and consistency across all utilities could ultimately require a centralized state-led effort to identify eligible individuals.

a. What data sources can be used to support priority population identification?

Currently, IQBD eligibility is determined by self-reported household income and size data. This approach is consistent with many other utilities' discount programs, as well as numerous other need-based benefits. We believe this data source appropriately balances simplicity, relevance to affordability and verifiability. Importantly, reliance on self-reported data streamlines the enrollment process and addresses accessibility barriers. However, it creates

data availability challenges because utilities do not collect or have access to individual customer income data more broadly; we encourage the UM 2211 process consider what other non-utility data sources may be available for other income-qualified and equity-focused programs. PGE is currently conducting an Energy Burden Assessment (EBA), results of which will be available in Summer 2024. EBA results are expected to provide eligibility indicators for all current residential customers, which will help PGE refine prior estimates on the overall eligibility pool and future IQBD outreach efforts.

b. What considerations should be made relative to data privacy and equitable data practices?

Data privacy considerations include respect for consumers' privacy interests, protection against re-disclosures and compliance with legal expectations such as the Oregon Privacy Act (SB 619).

9. Are there rate structures that should be prioritized for consideration in this phase of implementation? Why or why not? For example: creating separate rate class, percentage rate discounts, percentage of income plans, kWh allotments, restructured or eliminated basic charge, other or combination

PGE's view is that of the examples listed by OPUC Staff in Question 9, creation of a separate rate class is not in and of itself a rate structure. Rather, it is an approach to cost allocation for a particular subset of utility customers which would be used to examine cost responsibility of the new class relative to the utility's approved revenue requirement. PGE reiterates caution against presumption that adoption of a new rate class focused on specific EJ customer group(s) would necessarily lead to its intended effect of reducing costs for that group; an assumption that traditional cost causation frameworks would result in lower rates for an EJ rate class is not an obvious conclusion for PGE and would require significant additional analysis to test. Likely, insertion of an explicit adjustment inconsistent with cost causation analysis would be required, leading to the same decisions as the other discount approaches concerning how to size the discount. Additionally, the rate class approach would add significant complexity and introduce other challenges regarding forecasting and managing applicability of the new subsegment.

a. What criteria should be used to evaluate the pros and cons of different ratemaking approaches?

Consideration of rate and bill discount structures should weigh the appropriate balance of feasibility and precision. For example, tiers help target program funds where needed without the costly administration of a percentage of income program. It is also important to tackle both the fixed and volumetric portions of customer bills, which would not be the case with either reduction/removal of a basic charge or reduction of a volumetric rate. The tiered percentage of bill approach addresses all price structures within residential billing.

Permanent bill discount program proposals should consider effectiveness in improving affordability, total cost, continuity with interim IQBD, and several factors related to program efficiency including customer experience, administrative feasibility and alignment with other programs and policy objectives. As discussed above in our response to Question 3 (Equity Landscape), PGE believes the discussion of pros and cons should be considered within the

scope of refining and extending the existing interim income-based tiered IQBD design, including review of the depth of discount and the level of eligibility verification:

- PGE's current program offers tiered discounts up to a 60% bill reduction, informed by a goal of reducing electricity burden below 3% of household income. In 2024, with enrollment still climbing, IQBD discounts impose an annual cost of about \$45 million, or roughly 2% of PGE's total revenue. A choice to expand discounts would need to be weighed against affordability generally.
- PGE allows participants to self-attest their eligibility, at which point they are enrolled for a duration of two years. PGE intends to conduct verification of a random sample of 3% to inform future program design decisions. PGE continues to support self-enrollment as more customer-friendly and administratively simpler, but notes that enrollment and re-enrollment processes are a potential area of program refinement.

10. How should the costs of differential rates be recovered?

It remains appropriate to track and recover costs for differential rate offerings through an Automatic Adjustment Clause (which allows positive or negative variations in collected funds versus forecast to be carried forward automatically to the next ratemaking period), given uncertainty in program design changes and continued significant enrollment growth. An emerging forecast uncertainty also concerns re-enrollments following the initial two-year enrollment period.

a. What are the most important considerations in the way that the costs are spread across different customers? b. Are there cost recovery practices that will help utilities offer more equitable rates in a cost-efficient manner?

As interim IQBD was designed and rolled out quickly, PGE's cost allocation across customer classes was modeled on cost collection for bill payment assistance programs (OEAP and LIHEAP)¹. Consistent with that starting point, PGE continues to allocate costs to residential customers as a fixed charge (\$/mo) and to nonresidential customers volumetrically (\$/kWh). We recognize that principles of cost causation don't apply to discussions of how to fund a bill discount offering, and we believe arguments could be made for and against fixed, demand-based and volumetric charges. In general, we are open to discussion of alternatives as long as allocation is based on data that is available.

11. How can the PUC measure progress in addressing energy burden through differential rates?

Periodic program evaluations are a relevant feature of an effective program. PGE is currently conducting an Energy Burden Assessment, which will provide insights into the progress of the interim IQBD in achieving its objectives.

¹ OEAP: Oregon Energy Assistance Program; LIHEAP: Low Income Home Energy Assistance Program

Other Suggestions

12. Do you feel you and/or your organization have sufficient capacity to engage in the proposed process?

While we generally have sufficient capacity to engage, we remain concerned by the potential workload of the data workstream, both as a function of the amount of data potentially being collected and reviewed in the UM 2211 investigation, and as a general concern regarding ongoing data collection and analysis tasks. We suggest a continued focus on both the availability and the potential usefulness of data being considered.

13. Do you have any additional input for the next phase of HB 2475 implementation?

Continuation of the recently updated IQBD is appropriate. Rather than structural changes, we encourage next steps including continued emphasis on promoting awareness and enrollment, consideration and integration of potential adjustments in response to Energy Burden Assessment findings, and review of eligibility verification results to identify whether additional changes should be considered.

PGE encourages emphasis in the Phase 2 work on advancing a holistic approach to serving energy burdened customers. The utility is an important stakeholder in these efforts, but acts as part of a large ecosystem of funders and service providers. Public funding is an important tool of achieving policy goals, and the UM 2211 process should seek opportunities to improve alignment across multiple state agencies and local service providers.

PGE is grateful for the opportunity to comment on Staff's proposal and participate in this ongoing effort with stakeholders, utilities and OPUC Staff to continue to better serve burdened customers.

Sincerely,

\s\ Riley Peck

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