

July 21, 2022

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

**RE: ADV 1412 / Advice 22-008 – PacifiCorp’s Reply Comments**

PacifiCorp, d/b/a Pacific Power (Pacific Power or Company) submits the following reply comments following the Company’s workshop held on July 7, 2022, and stakeholder comments submitted on July 15, 2022.

PacifiCorp has participated in the UM 2211 conversations leading up to the Company’s ADV 1412 / Advice 22-008 Low-Income Discount filing, attended workshops and meetings related to other utility bill discount filings, and held workshops and meetings with advocates to seek feedback. Responding to the engagement with stakeholders in these proceedings and conversations, PacifiCorp has evolved its initial plans for an interim bill discount program. These changes include auto-enrollment/self-attestation, removal of post-enrollment verification, making customer information sharing an opt-out to encourage more participation, post-enrollment surveys, updating the applications to include demographic information questions, formalizing reporting in the Company’s filing, agreeing that enrollment would be risk free to participants with no back billing, having initial application forms available online without customer log-in, and expediting its proposed effective date.

**Low-Income Discount Rate Experience**

In addition to the feedback and comments received and heard during the various workshops in UM 2211 and the other utility bill discount filings, PacifiCorp also leveraged its experience in running low-income discount rates in other states when developing the Company’s low-income discount program for Oregon customers. In particular, PacifiCorp considered its Washington Low Income Bill Assistance (LIBA) program and the California Alternative Rate for Energy (CARE) program and the distinct differences in each.

The Company’s LIBA program in Washington has multiple tiered rates and customers are placed on the specific rate associated with their income through energy assistance agency verification. Customers must provide documentation to the agency to qualify. There is a steeper discount (up to 70 percent) for customers at the lowest tier. Agencies in Washington receive payment of \$75 for every verified customer. The Company estimates that about 17 percent of eligible customers participate in this program.

The California CARE program has one discount rate for all qualifying customers. The program allows for self-certification of income and currently has an estimated participation rate of over 80 percent. Customers have low barriers to enrollment, and the Company performs a post-enrollment verification for two percent of random participants and for those whose usage

exceed 400 percent of baseline usage three times in a 12-month period. Additionally, program participants are required to recertify every two years or four years if they are on fixed income.

PacifiCorp's low-income discount is an interim program. The Company sees the interim program as an opportunity to not only begin helping low-income customers by providing a bill discount, but to learn more and adapt its processes to develop a program that helps lower the energy burden to low-income customers while balancing the overall impact to all customers. Accordingly, PacifiCorp believes that of these two programs it has experience operating, the model presented by California CARE will achieve more participation in the interim by removing barriers. In addition, it will have an easy-to-understand discount, be consistent with the Company's program in California, avoid higher administrative costs, and allow the Company to quickly identify eligible low-income customers for auto-enrollment. The Company does not have experience operating a bill discount program where customers may receive a deeper discount based solely upon a lower self-attested income level. Although some stakeholders advocate for such an approach, it is untested, and the Company is concerned about potential program abuse. If, for example, the Company were to offer a 70 percent discount for its lowest tier like it does for its Washington LIBA, but without independent income verification, it is not hard to imagine that customers would have a strong incentive to opt-in to that level of support.

#### **Eligibility/Enrollment/Verification**

In response to stakeholder feedback regarding self-verification of income and removing barriers for customers to enroll in the low-income discount program, PacifiCorp is proposing auto-enrolling customers who have qualified for low-income assistance through Low Income Home Energy Assistance Program (LIHEAP) and Oregon Energy Assistance Program (OEAP) in the past 12 months. Further, PacifiCorp's enrollment process allows customers to self-attest to income eligibility.

PacifiCorp confirms that its low-income discount program would be risk-free for low-income customers, and it would not require customers to pay back discounts if the Company unenrolled them from the program.

In addition to auto-enrollment and self-attestation, PacifiCorp has taken stakeholder feedback into consideration and has agreed that the initial interim low-income discount program will begin without post-enrollment verification. The Company proposes including language authorizing post-enrollment verification in the tariff in case the need arises. If PacifiCorp decides at a later date that it would be prudent to have post-enrollment verification, the Company will engage with stakeholders prior to making such a change.

#### **Tracking and Reporting**

PacifiCorp is adding demographic questions on the web form application. Additionally, the Company plans to train customer service representatives to help customers process the application online and obtain demographic information at the time of enrollment. This process would not be in place immediately, but the Company is actively developing it and hopes to implement it soon after the program's launch. Securely tracking and maintaining demographic

data is being considered as the Company transitions to a new customer service system in the near future.

### **Level of Relief**

PacifiCorp chose a single tier, 25 percent discount for all qualifying customers as a result of the Company's initial analysis of internal data, in addition to its experience administering other bill discount programs. This single tier discount is a great first step in addressing energy burden and serves as a program to compare with other utilities to help determine best practices in energy burden reduction, maximizing customer participation, and utilizing other forms of assistance and programs such as energy efficiency measures. With that in mind, implementing and administering a program similar to the California CARE program is the best fit for an interim program. The single tier discount that offers a moderate albeit meaningful discount is easier to understand, easier to implement, and provides smaller risk to all customers. This in turn helps maximize participation in the program, which was supported by stakeholders during discussions. There is still some discussion about how to best serve customers who are energy burdened and may also face other challenges such as housing costs, medical bills, and special needs. Providing the same maximum discount across all low-income customers below 60 percent State Median Income (SMI) will provide relief across other areas of low-income customers' lives. Stakeholders have noted that the six percent energy burden goal doesn't necessarily tell the whole story, and PacifiCorp believes that low-income customers whose energy burden is lower than six percent still benefit greatly with a 25 percent energy bill discount. Stakeholders have also noted that households experiencing lower than average income may move around a lot within this category making income hard to peg down with any one snapshot in time.

PacifiCorp's initial data analysis on energy burdened customers, which used preliminary data, helped frame the impacts of the bill discount. However, PacifiCorp strongly believes that the implementation of the interim bill discount program and further data collection from the real bill discount will help provide more substantial and meaningful information to assess the program in the near future. In pursuit of a more permanent program, the Company also believes that comparison to other peer utilities who may operate different program structures will provide further insight.

In its comments, the Joint Advocates claimed in response to the Company's proposed program that "no significant changes (or compromises) have been made in response to feedback."<sup>1</sup> The Company disagrees with the premise that it has not listened to and incorporated significant elements into its proposed program that it has received from stakeholders. The Company certainly appreciates the desire to provide those with the greatest need with the greatest relief, but respectfully disagrees with the Joint Advocates that a multi-tier self-attested program is the best approach for an interim bill discount program.

### **Arrears/Rate Changes**

The Company is mindful of its recent proposed price increases as well as the arrearages customers are facing as a result of the COVID-19 pandemic. The proposed low-income discount is one important step in helping mitigate future price increases and helping customers get back

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<sup>1</sup> Joint Advocates' Comments on Residential Low-Income Bill Discount at 1 (July 15, 2022).

on their feet by paying smaller future utility bills. The Company still believes that providing relief to qualifying customers must continue to be balanced with minimizing cost to non-participating customers. PacifiCorp is open to having further discussions about arrearage management as the discount gets rolled out but believes that arrearage management programs are outside of the scope of this advice filing which is to implement an interim bill discount.

### **Single-Customer Cap**

The Alliance of Western Energy Consumers (AWEC) has additionally requested that the Commission place a \$1,000 per customer site cap on the program. PacifiCorp is disappointed that AWEC did not participate in any of the stakeholder workshops leading up to the filing and has now chosen this point to propose changes in the program. However, the Commission should reject AWEC's proposal as not only bad policy but as inconsistent with Oregon law and Commission precedent. PacifiCorp designed this program without a cap, and it is not necessary to align PacifiCorp's program exactly with other utilities. Providing bill relief to low-income customers is a policy whose costs should be equitably borne by all customers, small and large, if a \$1,000 cap is imposed on the surcharge that recovers the costs of the program, large customers will pay a much smaller percentage of their bill to support the program. For very large customers, either participating in direct access or paying cost of service rates, \$1,000 a month can be a small fraction of their overall bills, effectively resulting in those customers bypassing the vast majority of the programs costs.

Additionally, AWEC makes a myriad of legal arguments claiming that PacifiCorp does not have legal authorization for this bill discount program under HB 2475. First of all, this is an interim bill discount program, PacifiCorp is not seeking to create a whole new low-income rate class. Additionally, ORS 757.695 does authorize the creation of these bill discount programs, the Commission explicitly stated this when it adopted Portland General Electric's bill discount program.<sup>2</sup> Finally, AWEC ignores the plain language in subsection 2 of ORS 757.695, which states that the costs of a program "must be collected in the rates of an electric company through charges paid by all retail electricity consumers[.]"<sup>3</sup> The statute goes on to specify that direct access customers must pay this charge. The clear intent of the statute is to ensure that all customers pay these charges regardless of customer class, even if they "receive no benefit from this program" as AWEC states.<sup>4</sup> Therefore, the Commission should reject AWEC's modifications.

### **Conclusion**

PacifiCorp sees the value in having a bill discount that is not identical to the other utilities during the interim program phase. This presents stakeholders with differing programs in which to compare, which will provide input on the success of specific bill discount designs. PacifiCorp

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<sup>2</sup> *In the Matter of Portland General Electric Company, Advice No. 22-01 (ADV 1365), Schedule 18, Income-Qualified Bill Discount and Schedule 118, Bill Adjustment Cost Recovery Mechanism, UE 403, Order No. 22-116, Appendix A at 3 (April 12, 2022) ("Further, HB 2475(7) specifically authorizes the Commission to implement bill reduction measures such as discounts or credits for qualifying customers and to allow the utility to spread the costs of such discounts across customers.")*

<sup>3</sup> ORS 757.695(2).


<sup>4</sup> Comments of the Alliance of Western Energy Consumers at 4 (July 20, 2022).

PacifiCorp Low-Income Bill Discount Reply Comments  
Public Utility Commission of Oregon  
July 21, 2022  
Page 5

recognizes the initial bill discount is an interim program. With the collaboration of the Commission Staff, advocates, and other stakeholders, the bill discount program will later be adjusted to best meet the goals of the program as the process works out and different utility programs are analyzed.

Please contact Robert Meredith, Direct Pricing and Tariff Policy, at 503-813-5017 or robert.meredith@pacificorp.com if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Shelley McCoy". The signature is written in a cursive style.

Shelley McCoy  
Director, Regulation