



Oregon

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Public Utility Commission

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November 15, 2022



BY EMAIL

PacifiCorp

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RE: Advice No. 22-010

At the public meeting on November 15, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1431. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

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**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 15, 2022**

REGULAR X CONSENT EFFECTIVE DATE December 1, 2022

DATE: November 8, 2022

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and Caroline Moore **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1431/Advice No. 22-010)
Adds Special Condition for Qualified Master-Metered Residential Buildings
to PacifiCorp's Low-Income Discount, Schedule 7.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp or Company) Advice No. 22-010 to extend the Company's low-income bill discount to qualified master-metered residential buildings, effective with service on and after December 1, 2022.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PacifiCorp's proposal to extend the Company's low-income bill discount to qualified master-metered residential buildings, effective December 1, 2022.

Applicable Rule or Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210.

ORS 757.220 requires utilities to file changes to any rates, tolls, charges, rules, or regulations with at least 30 days before the effective date of the changes. The

Commission may approve tariff changes on less than 30 days' notice for good cause shown pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

2021's House Bill 2475 (HB 2475) amended ORS 757.230(1) to authorize the Commission to consider differential energy burdens on low-income customers and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers in authorizing rate classifications or schedules of rates applicable to individual customers or to groups of customers. HB 2475, as codified in ORS 757.695, clarifies that the Commission may address the mitigation of energy burdens through comprehensive classifications, tariff schedules, rates and bill credits, and bill reduction measures or programs, including demand response or weatherization. The cost of any such schedules, rates, credits, or discounts must be collected through charges paid by all retail electricity customers per ORS 757.695(2).

Analysis

Background

In accordance with state and federal law,¹ PacifiCorp's Rule 8 requires individually-metered service for each unit in an apartment building. In Advice No. 22-005, filed April 27, 2022, PacifiCorp requested an exemption for Rule 8, Metering, to allow for the master metering of apartments in specific situations.² Commission Order No. 22-298 approved the Company's request with the condition that PacifiCorp use good-faith efforts to discuss and propose any viable solution for allowing qualifying tenants residing in any unit that is subject to this exemption access to the proposed Schedule 7³ energy prices.

Master Metering means measurement of electricity consumption of several tenants or housing units using a single meter. Tenants of master-metered apartment buildings will traditionally have utilities included in the rental costs assessed by the landlord/building owner rather than establish individual service and thus, are not technically customers of

¹ Oregon Revised Statute (ORS) 455.420 and Public Utility Regulatory Policies Act (PURPA) in 1978, PURPA 16 USC §2625(b) and §2625(d).

² See PacifiCorp Docket No. UE 411.

³ Order No. 22-317, established PacifiCorp's Schedule 7, Low-Income Discount (LID or Program), effective October 1, 2022. The LID is a two-tier, monthly percentage of bill discount available for income-qualified residential customers, receiving service under Schedule 4.

the utility providing electric service to the building.⁴ As a result, tenants of master-metered apartment buildings are unable to enroll in PacifiCorp's Schedule 7, Low-Income Discount (LID), even where their household income would otherwise make them eligible.

Company Proposal

The current filing is PacifiCorp's proposal to address this unintended gap in energy burden mitigation for otherwise income-qualified Oregonians in the Company's service territory. PacifiCorp has proposed changes to the applicability of Schedule 7, that would allow qualified master-metered residential buildings served under a general service rate schedule a 30 percent discount that would then be passed on to low-income occupants. The criteria for eligibility under this special condition contained in the revised tariff are:

- 50 percent or greater of the dwelling units in the building must be dedicated to occupants whose income is 60 percent or less of area median income;
- The building must qualify as affordable housing with OHCS as defined in OAR 330-240-0070(1); and
- The master-metered customer must commit to passing the discount back to low-income occupants on a proportional basis.

The Company indicated it will work with the Oregon Housing and Community Services (OHCS) to confirm the qualification of any applicants for the master-metered general service low-income discount.

Per the Company's application, PacifiCorp estimates that implementation of this proposal will not significantly increase the costs of the LID program at this time; therefore, no rate increase has been included in the filing. The Company represents that the future reviews of the surcharge to recover costs of the LID will take into account any master-metered customer discounts when setting rates.

Staff Review

The proposal contained in Advice Filing No. 22-010 was co-developed with Staff and stakeholders in a series of engagement opportunities hosted by PacifiCorp. In compliance with Order No. 22-298 and in advance of the current filing, PacifiCorp collaborated with Staff and community advocates on ways to extend the applicability of the LID for tenants in master-metered residential buildings. Throughout stakeholder engagement a number of issues and challenges were elevated as needing attention in order to meet the shared objective of providing otherwise income-qualified

⁴ The customer of the utility in these scenarios would be the landlord/owner of the master-metered building. Customers of this type are classified under non-residential General Service.

master-metered tenants access to the LID. Staff has outlined the most significant of these below.

- *Income-qualified tenants living in master-metered residential buildings do not have a utility account with the Company.*

This issue created some concerns around how to qualify buildings and identify need without compromising the privacy of non-customer building tenants or creating undue burden for the Company and landlord. Additionally, Staff and advocates questioned how the Company would verify that the discount was in fact being passed on to the income-qualified residents.

To address these concerns, PacifiCorp has arranged to work with OHCS to confirm the qualification of any applicants for the master-metered general service low-income discount. The Company will cross-reference OHCS's affordable housing address list with the Company's master-metered customers and from there, perform direct outreach to assist with qualified enrollments. PacifiCorp plans to create a form specifically for master-metered customers to complete for program enrollment. The form will be provided to the landlord/property owners of identified master meter housing eligible for the program. By signing program application, the landlord/owner commits to provide all applicable discounts and communications to their qualifying tenants. Due to the very low volume of potential applications, PacifiCorp does not have plans to have a verification process post enrollment.

- *Level of discount.*

Initially, PacifiCorp proposed a 20 percent discount on the bill to participating master-metered buildings; however, stakeholders expressed that this would not reflect the greater level of need for tenants who would otherwise qualify for the Company's higher LID tier if individually metered.

To address these concerns, PacifiCorp has increased the proposed discount for qualifying buildings to 30 percent. This amount is halfway between its two LID tiers in the standard application of the program.⁵

- *Data needs.*

In trying to understand the scope of the issue the proposal was trying to resolve, there were a number of questions around the availability of data on master-metered residential buildings in Oregon that would or could qualify as

⁵ PacifiCorp's Schedule 7 standard application offers income-qualified residential customers earning between 21-60 percent State Median Income (SMI) a 20 percent discount on their electricity bill, and customers earning 20 percent or below a 40 percent discount.

affordable housing, and how many income-qualified Oregonians were likely current or prospective tenants of master-metered buildings. The Company and OHCS both indicated that the application of the proposal was likely small in scope, and that master-metering residential buildings in Oregon has not been a common practice such that it would lead to significant use of this condition in the LID. Additionally, OHCS shared that sub-metering is a much more common practice for multi-family dwellings within their portfolio in Oregon, and while state agencies do not currently collect an inventory of master-metered affordable housing units, it is reasonable to estimate only about one percent or less of Oregon multi-family homes/buildings are both master-metered and considered affordable housing. Staff and stakeholders indicated that it would be useful for the Company to collect and share information on the implementation and use of the proposal, if approved, to determine whether adjustments to the terms would be appropriate. Some data points stakeholders would like to see include, but not limited to, the range of income in the master-metered apartment building's zip code; an inventory of master-metered affordable housing customers and number of income-qualified units; and number of LID participating households falling under the proposed condition.⁶ Staff is also interested in continuing conversations around how the Company might consider ways to measure the impacts/benefits to households in participating buildings.

PacifiCorp noted that the data collected from master-metered customers will differ from standard participants, because the Company does not have a direct relationship with the individual tenants from which to make inquiries, but that the Company would inventory the location of the master-metered participant, the bill discount for the complex, and the number of low-income units eligible for the discount out of the total number of units.

In addition to contributing to the issues discussed above, some stakeholders provided the following feedback to Staff after PacifiCorp had filed the proposal.

- *Community Action Partnership of Oregon (CAPO)*
The 30 percent discount is reasonable particularly given the potentially co-occurring benefit of residing in a rent-controlled dwelling.

⁶ In response to a post-engagement inquiry from Staff, PacifiCorp was able to examine agreements in its billing system that were on a general service rate schedule, but were on the residential revenue class (150) against affordable-housing addresses shared by OHCS. The Company found 6 master-metered apartments that would qualify, representing 193 low-income units.

In situations where master-metered apartments are 1) not state/federally subsidized as affordable housing and 2) “naturally affordable,” PacifiCorp could consider a self-attestation process for landlords to qualify and extend the discount to eligible tenants.

- *Citizens’ Utility Board (CUB)*
30 percent is a reasonable compromise, but still short of the preferred 40 percent given that these residents may otherwise qualify for the higher discount but for the circumstance of their residential building. To this end, it seems reasonable to have this blanket tariff err on the side of giving those residents what they would otherwise receive, particularly given that the Company expects this condition to impact a very limited number of households.

CUB agrees with CAPO regarding an extension of the condition for non-subsidized, albeit otherwise qualified master-metered apartment buildings.

Staff does not disagree with the arguments made by both CUB and CAPO, and requests PacifiCorp be open to revisiting both these considerations if data and information resulting from the initial implementation of the special condition indicates that it would be beneficial to do so and reasonable to accomplish.

Other than the issues highlighted in post-engagement feedback from stakeholders, Staff finds PacifiCorp’s proposal and implementation plans address, and in some cases resolve, many of the concerns brought forward by stakeholders. Additionally, Staff recognizes that despite some unknowns around how many households may benefit from the proposed application of PacifiCorp’s Schedule 7, there is a consensus between PacifiCorp and OHCS that the number is small. Against a backdrop of these considerations, Staff has sought to balance the value of additional refinements to the proposal with expeditious relief for income-qualified households. To this end, Staff finds the filing, if approved, provides income-qualified tenants of master-metered residential buildings a satisfactory means of accessing assistance they would otherwise receive.

Other considerations

Staff inquired of the other regulated utilities implementing income-qualified discount programs in their service territory and learned that among gas utilities, master-metered buildings are exclusively commercial and industrial customers. Portland General Electric (PGE) indicated that they are open to having similar conversations as those driving PacifiCorp’s Advice No. 22-010. However, the Company has not requested an exemption from individual metering, and while it did not have the specific data available at the time, does not expect to have a significant number of customers that would qualify if a similar condition was proposed in the Company’s discount program.

Staff plans to analyze the participation data that comes from PacifiCorp's proposal and engage stakeholders on the need for a comparable offering in PGE's service territory. If deemed valuable, a revision in the PGE tariff to include qualified master-metered residential buildings can be pursued.

Conclusion

Staff finds the proposal contained in PacifiCorp's Advice No. 22-010 offers a reasonable application of the Company's Low-Income Discount for tenants of master-metered residential buildings. Further, Staff finds the Company made a good-faith and earnest effort to collaborate with stakeholders on the development of this proposal as demonstrated by the Company's pre-filing engagement and responsiveness to concerns discussed herein. Staff requests the Company endeavor to collect the participation data elevated during stakeholder engagement and continue conversations on what additional information might be gathered and shared relative to implementation and household impacts. If, after the revisions are implemented and relevant data is available, parties find reason to further refine the terms of the special condition, Staff appreciates PacifiCorp's willingness to re-engage with stakeholders. That said, Staff is not requesting any changes to the proposal at this time and recommends the Commission approve PacifiCorp's Advice No. 22-010 as filed.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's (PacifiCorp or Company) Advice No. 22-010 to extend the Company's low-income bill discount to qualified master-metered residential buildings, effective with service on and after December 1, 2022.

LOW-INCOME DISCOUNT

Purpose

The purpose of this Schedule is to implement the Low-Income Discount for income qualified Residential Customers and General Service customers who qualify under Special Condition 10 of this tariff. (N)
(N)

This discount is enabled by House Bill 2475 (2021 regular sessions), which modified ORS 757.230 to allow for differentiated rates for "low-income customers and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers."

Available

To Residential Customers and General Service Customers who qualify under Special Condition 10 of this tariff and are served by the Company within its service territory. (N)
(N)

Applicable

To income-qualified Residential Customers with gross household income at or below 60% of Oregon State Median Income (SMI) adjusted for household size. For Customers in single-person households, eligibility is extended to those with gross household incomes up to the greater of 60% SMI or full-time wages at Portland minimum wage. Also applicable to General Service Customers who qualify under Special Condition 10 of this tariff. (C)(N)
(N)
(N)

Monthly Billing

Income-qualified Residential Customers will receive a monthly bill discount at one of two levels based on the Customer's household income as a percentage of SMI for the Residential Service Schedule charges for that Customers (Schedule 4, 5, or 6). Customers with household incomes up to 20% of SMI will receive a 40% discount on their electricity bill and customers with household incomes between 21% and 60% will receive a 20% discount on their electricity bill. The monthly bill discount will be applied prior to taxes and will not apply to Schedule 300 charges.

General Service Customers who qualify under Special Condition 10 of this tariff will receive a 30% discount on their electricity bill. The monthly bill discount will be applied prior to taxes and will not apply to Schedule 300 charges. General Service Customers receiving this discount must meet and comply with the terms of Special Condition 10 of this tariff. (N)
(N)
(N)
(N)

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Special Conditions

1. Customers receiving Low Income Home Energy Assistance Program (LIHEAP) or Oregon Energy Assistance Program (OEAP) funds automatically qualify for the bill discount. Low-income customers automatically enrolled for the discount whose household size and income are unknown to the Company will be placed in the 21-60% SMI tier and receive the 20% discount. The Customer may provide income information to be moved to the 0-20% SMI tier and receive the 40% discount. Customers may also qualify for the bill discount by submitting an application self-declaring household size and income.
2. Household size reflects all permanent residents in the home, including adults and children.
3. Qualifying income refers to total gross annual income from all sources based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and nontaxable.
4. The discount applies only to bills associated with the Customer's permanent primary residence and only to new charges billed after enrollment. Eligible Customers will receive the bill discount within one billing cycle of the receipt of application or receipt of LIHEAP/OEAP funds.
5. Re-enrollment will be required every two years. Customers receiving LIHEAP/OEAP will automatically be re-enrolled for two years following receipt of LIHEAP/OEAP funds.
6. The Company will randomly select 3% of enrolled Customers to provide post-enrollment verification to continue receiving this discount.
7. The Company may require post-enrollment verification from customers with excessive usage (greater than four times average residential customer usage) for them to continue receiving the discount.
8. It is the Customer's responsibility to notify the utility if there is a change in eligibility status.
9. If the Customer is removed from the program the Company will not seek to recover any benefits already provided to the Customer.

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Special Conditions (cont)

10. A master-metered building consisting of individual residential units that is served under a General Service rate schedule may receive the General Service discount shown in the Monthly Billing section of this tariff if it meets the following criteria:

(N)

- a. Master-metered customer must have 50% or greater of its dwelling units dedicated to occupants whose income is at 60% or less of area median income.
- b. Master-metered customer must qualify as affordable housing with Oregon Housing and Community Services as defined in OAR 330-240-0070(1).
- c. Master-metered customer must commit to pass its monthly bill discount back to its low-income occupants on a proportional basis.

(N)

Reporting

The Company will track and report information regarding the low-income discount with the Commission on a quarterly basis for the first calendar year and annually thereafter. The report will include, at a minimum, the total number of Customers enrolled in the program, total dollars provided to customers, and dollars spent on administrative costs.

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Rates and Regulations

Service under this schedule is subject to the General Rules and Regulations contained in the tariff of which this schedule is a part and to those prescribed by regulatory authorities.

(M)

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