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RE: UM 2211/ADV 1390 – NW Natural's Advice No. 22-02, Residential Low-Income Bill Discount Program

Dear PUC Commissioners and Staff,

Community Energy Project (CEP) and the undersigned advocates submit the following comments regarding NW Natural Bill Discount Proposal under Docket No. ADV 1390. We appreciate Northwest Natural's efforts to reduce the inequitable energy burdens of low-income customers in its service territory on an interim basis while it collects more data to help guide and improve its permanent program. That said, although NW Natural is still pending data from their low-income needs assessment (LINA), we believe that NW Natural can still incorporate certain changes based on the following comments from stakeholders who have experience in serving low-income, front-line communities. This iteration of the plan is an interim program. It is crucial for NW Natural to take stakeholder comments into account during the interim period and combine it with data as it becomes available in order to achieve a successful long-term bill discount program. We urge NW Natural to do so and value how receptive the utility has been to stakeholder feedback and discussion.

Level of Relief

In general, we recommend that NW Natural use its LINA to modify discount tiers as needed, but in the interim, we believe that steeper discounts are required to achieve the objectives set forth by the PUC staff's baseline evaluation criteria. In addition to concerns we've shared in previous comments regarding NW Natural rate increases, we also have concerns about NW Natural's methodology for calculating Oregon Low-Income Gas Assistance (OLGA) in their total percentage discount impact

According to Oregon Housing Community Services (OHCS), it is estimated that only 20% of people needing energy assistance are able to receive it. Furthermore, according to OHCS's evaluation of energy assistance programs (which has not yet been made public), only around 11% of eligible natural gas consumers are served by energy assistance programs. Whether it be 11% or 20%, it is clear that there is still a glaring amount of customers that are not receiving the energy assistance they need. OLGA impacts are too narrow to include as a consideration in the adequacy of the differential rate discount levels. In the short-term, a steeper bill discount is the most feasible way of

offering those unserved customers relief. We propose for NW Natural to add an additional tier at 15% SMI with a 50-75% discount. We believe this additional tier would not add a substantial cost to the program, yet it would provide necessary assistance for customers with the highest energy burden.

It is also important for NW Natural to consider that there may be an increase in energy consumption from low-income customers with high energy burden after receiving these discounts. Many low-income customers are dangerously frugal with energy usage to manage their energy burden. Increased consumption might be correlated with improved health outcomes at some level. Therefore, it is important for NW Natural to not immediately categorize any energy consumption increases as “bad behavior” on behalf of the customers. We would like to continue conversations with NW Natural around the complexities of energy burden and how it impacts low-income consumers.

Post Enrollment Verification

NW Natural plans to require post-enrollment verification of need from a randomly selected 3% of the customers enrolled in the program. We want to ensure that NW Natural adopts an approach to income verification that recognizes that not all customers who are low-income can provide the necessary documentation due to some of the reasons we mentioned in our previous comments. We would like to reiterate our recommendation for NW Natural to adopt a pre-qualifying process for certain customers, such as customers on a fixed income, so that they would not have to be a part of the post enrollment verification process. It is important to ensure that customers whose income is unlikely to change do not have to go through the logistical burden of income verification, and the associated risk of being disenrolled from the program. As a result, we advise that NW Natural’s program includes a mechanism to identify those customers and exclude them from post-enrollment income verification. We also recommend NW Natural’s program to be a no-risk venture for low-income customers—meaning customers would not be penalized and have to pay back discounts if they were for some reason to unenroll from the program.

Lastly, we ask that NW Natural provide evidence that a post-enrollment verification process is actually needed. Intensive income verification is often an expensive process. Partners have given range estimates from \$75-\$150 per person to conduct income verification. While the argument is that it is to ensure that fraud and abuse are prevented, there is very little evidence that significant amounts of fraud occurs in these kinds of programs. According to our conversation with NW Natural, the utility does not plan conducting a financial audit on the post-enrollment verification process. We suggest that NW Natural look at similar audits that PacifiCorp conducted in California,

which found no evidence of fraud. Ideally, we would like NW Natural to follow in PacifiCorp steps and not have a post-enrollment verification process at all.

Survey Data and Collection

We appreciate NW Natural being open to hearing feedback from CBOs on how to draft the survey questions. We ask that NW Natural take that feedback into serious consideration.

Timeline

As mentioned in our previous comments, we would like NW Natural's program to be implemented by at least October 2022 so that customers can enroll before the heating season. That said, we understand that NW Natural is constrained by how quickly they can get the technical components of their program set-up before launch. At minimum, we would like NW Natural to promote the program adequately in advance so that more customers are informed to apply as soon as the program launches.

Conclusion

Overall, we appreciate the time and effort put forward by NW Natural in drafting their interim bill discount program. We hope that NW Natural continues to engage with stakeholders to ensure that low-income customers with the highest energy burden are provided adequate relief. We look forward to NW Natural's response to our comments and further collaboration.

Sincerely,

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Community Energy Project

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Marli Klass, Energy & Environmental Justice Policy Associate

NW Energy Coalition