ITEM NO. RA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: July 26, 2022

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** _____**N/A**_____

DATE: July 18, 2022

TO: Oregon Public Utility Commission

FROM: Eric Shierman and Sarah Hall

THROUGH: Bryan Conway and JP Batmale **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2056)
Approval of PAC Budget for Monthly Meter Surcharge under House Bill 2165.

STAFF RECOMMENDATION:

The Commission should approve Pacific Power's (PacifiCorp or the Company) 2022 monthly meter charge budget (Budget).

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's 2022 monthly meter charge budget.

Applicable Rule or Law

ORS 757.357 requires the Commission to direct each electric company to file programs that accelerate transportation electrification (TE). The statute gives considerations that the Commission is required to include in its review of such programs. House Bills (HBs) 2165 and 3055 went into effect on January 1, 2022, and amend ORS 757.357 in significant ways. The Bills directed utilities to implement a monthly meter charge equal to 0.25 percent of total revenues as a dedicated funding source for TE investments. The bills give further detail and requirements for expenditures and tracking of the monthly meter charge. Utilities are required by law to account and report the revenues and expenditures in a manner prescribed by the Commission. The expenditures the utilities

make must be made on elements in the utility's Commission-accepted TE Plan. Additionally, utilities must make "reasonable efforts" to spend at least fifty percent of that funding on activities to support TE in "underserved communities."

Analysis

Background
HB 2165 amended ORS 757.357. These changes went into effect January 1, 2022. Accordingly, Portland General Electric and PacifiCorp were required to begin collecting the monthly meter charge. Prior to the legislation going into effect, Staff was investigating utility TE planning and investment frameworks within Docket No. UM 2165. In that docket the Commission directed Staff to open a rulemaking to revise Division 87, which outlines the requirements for TE program applications and Plan filings. Those draft rules, in Docket No. AR 654, prescribe the budget approval and review process for the monthly meter charge, and are expected to go into effect in Q3, 2022.

The monthly meter charge section of HB 2165 went into effect before the new rules. Because of this, Staff presented interim process guidance and definitions for the implementation of the new law.[1] Staff worked with parties to UM 2165 to establish implementation guidance for the 2022 monthly meter charge budgets. On October 20, 2021, Staff hosted a workshop in UM 2165 to present concepts for Staff guidance. This workshop was followed by a two-week written comment period. At a Special Public Meeting on November 30, 2021, Staff presented interim guidance that incorporated the feedback from parties to UM 2165.[2]

Statutory Requirements and Staff's Interim Guidance
The standard of review for the utilities' monthly meter charge budget and plan is derived from both the statute and Staff's interim guidance memo. Under statute, utilities are required to:

- **Monthly meter surcharge assessment:** Collect a charge from each retail electricity customer served through its distribution system that is set to one quarter of one percent of the total revenues collected by the Company from all retail electricity customers.[3]

[1] See Docket No. UM 2165, *Interim process guidance and definitions for implementation of HB 2165 implementation*, November 24, 2021.
[2] Id. at pp 1 – 11.
[3] Oregon Laws 0221, chapter 95 Section 2(2).

- **Budget format:** Account and report revenues and expenditures from the monthly meter charge separately and in a manner prescribed by the Commission.[4]

- **Types of expenditures:** Spend the funds collected under the monthly meter charge to support and integrate TE, consistent with a budget approved by the Commission and made on elements contained in the Company's accepted TE Plan.[5]

- **Expenditures on underserved communities:** Make "all reasonable efforts" to expend 50 percent of the funds collected from the monthly meter charge each year on "underserved communities."[6]

Under Staff's interim guidance, utilities are required to:

- **Budget cadence and contents:** File a budget for 2022 that includes an annual estimate of spending by program, as well as an annual forecast of spending on underserved communities.

- **Underserved community definitions**: Apply the guidance and suggested tools in Staff's memo to clarify the definition of "underserved communities" used in the statutory language.

- **Engagement and outreach to underserved communities in plan development:** Directly engage members of underserved communities to identify preferred spending of the monthly meter charge, preferred standards for geographic designation, and prioritization of populations served.

Review of PacifiCorp's 2022 Monthly Meter Charge Budget and Plan
The Company filed the 2022 Budget on June 7, 2022, after consulting with stakeholders. No parties filed written comments. This filing was within the timeframe of Staff's interim guidance.

PacifiCorp expects to collect approximately $3 million in 2022. Through this proposed Budget, the Company plans to spend that amount this year. As detailed in Table 1, the Company has budgeted this revenue to fund new engagement with underserved communities, development of equity map and infrastructure maps, TE programs

[4] Id. at Section 2(4).
[5] Id. at Section 2(3).
[6] Id. at Section 2(6).

approved by the Commission in Docket No. ADV 1288, development of a new grantmaking process, and further integration with state agencies.[7]

Table 1: Pacific Power's 2022 Monthly Meter Charge Budget

Description	**Amount**
Develop stakeholder engagement plan	$24,700
Develop equity map	$43,982
Develop public infrastructure map	$72,875
Research equitable Electric Vehicle Supply Equipment (EVSE) technologies	$20,000
Fund existing TE programs in ADV 1288	$2,271,990
Develop grant process	$76,000
Integrate into existing state programs	$514,500
Total	**$3,024,000**

Pacific Power groups these budget items into three categories: (1) stakeholder engagement; (2) public infrastructure development; and (3) program and incentive development.

<u>Stakeholder Engagement</u>
Stakeholder engagement makes up two percent of the Budget. This covers two budget items: (1) development of a stakeholder engagement plan; and (2) development of an equity map. PacifiCorp will:

- Build a team that will lead and coordinate stakeholder engagement for future TE portfolio development.
- Develop a stakeholder engagement plan.
- Investigate key layers of concerns from stakeholders in mapping underserved communities.
- Build participatory maps with stakeholders.[8]

[7] See Docket No. UM 2056, PacifiCorp, *2022 Monthly Meter Charge Budget Proposal*, June 2022, pp 5-6.
[8] See Docket No. UM 2056, PacifiCorp, 2022 *Monthly Meter Charge Budget Proposal* June 2022, p 7.

Public Infrastructure Development

Public infrastructure development makes up three percent of the Budget. This covers two budget items: (1) development of a public infrastructure map; and (2) research of equitable EVSE technologies. PacifiCorp will:

- Conduct needs assessment with undeserved communities related to public infrastructure.
- Establish public infrastructure plan for PacifiCorp territory.
- Conduct a best practices meta-analysis to understand what types of EVSE technologies enable better access.[9]

Program and Incentive Development

At ninety-five percent, program and incentive development makes up most of the Budget. This covers three budget items: previously approved TE programs, development of a grantmaking process, and integration into existing state programs. PacifiCorp will:

- Launch rebate programs, under existing TE programs for residential and nonresidential customers in ADV 1288, in order to accomplish a reduction in cost to customers.
- Investigate how additional incentive levels may encourage greater adoption for low income and multifamily sites.
- Conduct a customer journey through installation to understand what bottlenecks appear in the process.
- Hire grant consultants to build out a grant blueprint with stakeholders in order to accomplish the maximization of external funding.
- Integrate into DEQ's *Charge Ahead Rebate Program* by providing greater support for underserved communities.
- Develop a pool of available incentives for customers in need of supporting budget gaps and implementing EVSE.[10]

---

[9] See Docket No. UM 2056, PacifiCorp, 2022 *Monthly Meter Charge Budget Proposal* June 2022, p 7.
[10] See Docket No. UM 2056, PacifiCorp, 2022 *Monthly Meter Charge Budget Proposal* June 2022, p 7.

While the bulk of the Budget goes to existing TE activities, it funds new assessment, planning and stakeholder engagement that may enhance the delivery of these rebate programs. The Company is primarily targeting approved TE programs to better deliver charging options for underserved communities. The Budget also funds the planning infrastructure to consider new TE programs and measures in the pending TE Plan.

Staff Recommendation and Rationale
Staff recommends the Commission approve PacifiCorp's Budget because it satisfies both the statutory requirements and Staff's interim guidance.

PacifiCorp's Budget complies with statutory requirements in the following ways:

- **Monthly meter surcharge assessment:** As noted, HB 2165 requires the monthly meter charge to be assessed at one quarter of one percent of the Company's total revenue from retail customers. The Company's forecast of around $3 million is approximately this amount of observed gross revenue from 2020, the most recently published year from *Oregon Utility Statistics*.[11]

- **Budget format:** PacifiCorp has presented the Budget with the granularity Staff recommended at the November 30, 2021, Special Public Meeting. The Company's Budget breaks expenditures down by activity, expenditure type, and estimates expenditures on underserved communities.

- **Types of expenditures:** Staff reviewed the budget PacifiCorp filed compared to its TE Plan that was accepted by the Commission and found that the budget was made on elements contained in the TE Plan as required by statute.

- **Expenditures on underserved communities:** HB 2165 requires electric companies to make reasonable efforts to expend not less than one-half of the amount collected from the monthly meter charge on underserved communities. PacifiCorp plans to expend sixty-seven percent of this Budget on underserved communities.[12]

PacifiCorp's Budget satisfies Staff's interim guidance aligns in the following ways:

- **Budget cadence and contents:** PacifiCorp satisfied this requirement by filing the budget for calendar year 2022 and broke out both an annual estimate of spending by program and an annual forecast of its spending on underserved communities.

---

[11] OPUC. *Oregon Utility Statistics 2020* 2021, p 7.
[12] See Docket No. UM 2056, PacifiCorp, *2022 Monthly Meter Charge Budget Proposal*, June 2022, p 6.

- **Underserved community definitions:** PacifiCorp makes a reasonable effort to ensure that expenditures on underserved communities are validated by the definitions that Staff recommended at the November 30, 2021, Special Public Meeting. Staff recommended utilities verify a program participant is a member of an HB 2165 underserved community or that a TE investment is sited within a geographic definition of an underserved community. The Company is using both means of verification.

  Additionally, by coordinating with DEQ's *Charge Ahead Program*, the Company will be using the same 120 percent of median household income standard for lower income customers that the Energy Trust of Oregon uses for low-income solar grants.

- **Engagement and outreach to underserved communities in plan development:** PacifiCorp plans to directly engage members of underserved communities to identify preferred spending of the earmarked spending of the monthly meter on those communities. The Company is developing plans to consult directly with representatives of underserved communities.

Other Considerations
Staff appreciates the efforts by PacifiCorp to develop rigorous mapping, both of underserved communities and existing charging infrastructure. Staff encourages the Company to avoid siloing these efforts into separate applications. Instead, the Company should consolidate this spatial analysis into a single mapping tool with distribution system planning efforts.

Staff notes that this Budget is a one-off approval for 2022 made necessary for compliance with HB 2165. In AR 654, new draft rules for Division 87 spell out a more holistic budget review process for a three-year planning cycle. Staff makes a recommendation to approve this Budget with the understanding that a more complete picture of the Company's entire portfolio of TE activities will soon follow. In filing this Budget, Pacific Power has made a good faith effort to meet the requirements of the new law while the Company is also preparing for a more robust public review of the more detailed TE Plan.

<u>Conclusion</u>

Staff recommends the Commission approve PacifiCorp's 2022 monthly meter charge budget. The Budget meets the statutory requirements of HB 2165 and Staff guidance from the November 30, 2021, Special Public Meeting.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's 2022 Monthly Meter Charge Budget.

RA1 UM 2056