



April 23, 2024

Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

**Re: UG 490 – Multnomah County Office of Sustainability’s Comments on
Northwest Natural’s Request for a General Rate Revision**

Dear Chair Decker and Commissioners Perkins and Tawney,

Multnomah County Office of Sustainability offers these comments to encourage you to reduce Northwest Natural’s requested increase to the minimum possible while conserving aspects of the proposal that serve energy-burdened communities. Our community already experiences high energy burden rates, even before the steep increases that they have seen in their Northwest Natural bills over the last few years.¹ As a result, we encourage you to reject various specific elements of Northwest Natural’s proposal and to look closely at other elements that can reduce the impact of this rate case.

Our requests and advocacy in this docket are guided by our Office’s environmental and energy justice priorities. Multnomah County has strong greenhouse-gas-emission-reductions and renewable-energy goals.²³ Energy use in buildings is responsible for a significant portion of our emissions,⁴ with electricity and gas as the main sources of that energy. HB 2021 sets emissions reduction requirements for the electric utilities that serve Multnomah County. In contrast, Northwest Natural currently faces no emissions reduction requirements,⁵ although we expect to

¹ Oregon Department of Energy, *Multnomah County, Oregon 2020 Energy Profile* (Nov. 1, 2020), available at <https://energyinfo.oregon.gov/2020-counties/2020/11/1/multnomah-county>

² Multnomah County and the City of Portland, *Climate Action Plan* (Jun. 2015), (maintains 2009 goals of “reducing local carbon emissions by 80% from 1990 levels by 2050, with an interim goal of 40 percent by 2030.”), available at https://multco-web7-psh-files-usw2.s3-us-west-2.amazonaws.com/s3fs-public/CAP2015_june2015_web.pdf.

³ With Resolution 2017-046, the Board adopted the goal of meeting with renewable energy 100% of our community-wide electricity needs by 2035 and energy needs by 2050.

⁴ City of Portland, Bureau of Planning and Sustainability, *Summary of 2021 Multnomah County Carbon Emissions and Trends* (July 2023) at 9, available at <https://www.portland.gov/bps/climate-action/documents/multnomah-county-2021-carbon-emissions-and-trends/download>.

⁵ Gosia Wozniacka, *The Oregonian*, *Oregon court strikes down state climate program, rules in favor of utilities, industry* (Dec 23, 2023). <https://www.oregonlive.com/environment/2023/12/oregon-court-strikes-down-state-climate-program-rules-in-favor-of-utilities-industry.html>

see requirements back in place in the not-too-distant future.⁶ Our Office also has policy direction to center environmental and energy justice communities in our work.⁷ As a result, we prioritize engagement on issues that disproportionately impact low-income and other environmental justice communities, like the disconnections rulemaking, the design of existing bill discount programs, and, as our capacity allows, rate cases.

At a high level, we are concerned about the impacts of Northwest Natural's 17.8% requested increase for residential rates, on top of the rate hikes of almost 1/3 that customers have experienced since 2022.⁸ We encourage you to carefully scrutinize Northwest Natural's proposal to reduce any rate increase you may grant to the minimum among possible. We also offer the following specific recommendations:

- 1) Reject the Company's proposed increase in its return on equity

Northwest Natural proposes an increase in its return on equity to 10.1%,⁹ a figure outside the range that Staff finds reasonable in this docket.¹⁰ The impact of that proposal concerns us in light of the utility's rate increases to date. Additionally, Northwest Natural's request is high compared to the 9.5% stipulated in the Avista rate case that this Commission approved less than a year ago.¹¹ It is important to note that the Citizens Utility Board raised concerns about the Avista stipulated return on equity although it was much lower than Northwest Natural's proposal.¹² For these reasons, we encourage you to reject Northwest Natural's proposed return on equity.

- 2) Reject the company's proposal to expand incentives for gas infrastructure in new buildings while adopting a steep increase to the fixed charge for new residential customers

Northwest Natural proposes a new line-extension allowance ("LEA") structure that would offer

⁶ Gosia Wozniacka, The Oregonian, *Oregon seeks redo on signature Climate Protection Program invalidated by court ruling* (Jan 23, 2024), available at <https://www.oregonlive.com/environment/2024/01/oregon-seeks-redo-on-signature-climate-protection-program-invalidated-by-court-ruling.html>.

⁷ With Resolution 2017-046 the Board set a target of supplying 2% of community-wide energy needs via community-based renewable energy infrastructure by 2035, committed to pursuing "additional policies and partnerships to include low-income residents in the economic, social, and environmental benefits to be derived from the clean energy transition," resolved to "prioritize recruitment from within communities of color and women that have traditionally been underrepresented in renewable energy and energy efficiency fields, and in the workforce needed to implement a successful renewable energy transition," and resolved to "partner with Oregon tribes and native communities, communities of color, and low-income communities to address environmental, economic, and social inequities."; Resolution 2018-018 supports direction to our office to "[a]pply a lens of environmental justice in all relevant areas of its work, and continually search for opportunities to improve County practice to better align with the principle of environmental justice."

⁸ Bob Jenks, Citizens Utility Board of Oregon, *Is Oregon Utility Regulation Part of the Problem?* (Jan. 25, 2024), <https://oregoncub.org/news/blog/is-oregon-utility-regulation-part-of-the-problem/2944/>.

⁹ NW Natural's Executive Summary at 3.

¹⁰ Staff/100 Muldoon/17-18.

¹¹ Docket No. UG 461, Order 23-384 at 3 (Oct. 26, 2023).

¹² *Id.*

higher levels of allowance the lower the expected usage. We question how this proposal to offer higher LEAs to customers with the lowest expected usage can be consistent with the traditional principle underlying the LEA: that incentivizing new customers benefits existing customers because costs can be spread among a higher number of customers and therms.

We also find this LEA proposal especially concerning in light of the proposal to more than double its fixed charge for new residential customers.¹³ The LEA proposal would incentivize the construction of housing that relies on gas, while those who will live in that housing would face the steep fixed-charge increase. The overwhelming majority of those people would not have a say over whether they would be subject to a steeply increased portion of their bill that they could not mitigate with energy efficiency measures or by limiting their energy use.

Northwest Natural's fixed charge proposal also lacks an energy justice framework and a targeted attempt to minimize its impact on energy-burdened communities. While the company points to a \$2 discount for multifamily owners, this discount would apply across the board. In other words, Northwest Natural's proposal lacks components that would mitigate its impacts on energy-burdened communities

- 3) Approve increases to discount levels for Northwest Natural's low-income customer discount plan while signaling that utilities should consider procedural justice in their choice of forum for issues that impact environmental justice communities.

We strongly support strengthening the discount program that Northwest Natural proposes, and encourage the Company to engage with energy justice stakeholders to finalize specific discount levels. However, we are disappointed by the Company's decision to address the evolution of this program in a rate case, and by its limited engagement of the many stakeholders who worked on HB 2475 and its implementation. This decision does not advance procedural justice as it limits participation and discussion on the final program details to entities with the capacity and resources to intervene in a rate case. We appreciate efforts by Energy Justice Staff to attempt to address that reality through the creation of environmental justice workshops, and we encourage the Company to fully engage in those workshops. We also encourage the Commission to signal to utilities that they should consider procedural justice when determining the type of process in which they address issues with impacts on environmental justice communities.

To close, we appreciate your consideration of our comments and encourage you to center energy justice voices and perspectives as you consider issues in this docket, as well as any stipulations.

Respectfully submitted this 23rd of April 23, 2024,

/s/ Silvia Tanner

Silvia Tanner

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Multnomah County Office of Sustainability

¹³ NW Natural/1800 Wyman/Page 78.