ORDER NO. 19-084

ENTERED Mar 13 2019

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1631

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Waiver of Requirements of OAR 860-021-0414, Equal Payment Plans for Residential Electric and Gas Service.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 12, 2019, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Nolan Moser
Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 12, 2019

REGULAR X **CONSENT** ____ **EFFECTIVE DATE** **Upon Approval**

DATE: March 1, 2019

TO: Public Utility Commission

FROM: Brian Fjeldheim BF

JPB for JE MG
THROUGH: Jason Eisdorfer and Marianne Gardner

SUBJECT: PORTLAND GENERAL ELECTRIC COMPANY: (Docket No. UM 1631) Requests temporary waiver of equal payment plans and time payment agreements for residential electric service.

STAFF RECOMMENDATION:

Staff recommends the Commission approve, in part, Portland General Electric Company's (PGE or Company) waiver application, subject to the below conditions. Specifically, Staff recommends temporary waiver of the below portions of the following rules:

- The OAR 860-021-0414 requirement that PGE's equal pay program "provide for an annual adjustment between the estimated charge and the actual charges," through March 31, 2020; and
- The OAR 860-021-0415(2)(a) requirement that PGE "review the monthly installment plan periodically" for levelized Time Payment Agreements (TPA) and the provision allowing that "[i]f needed due to changing rates or variations in the amount of service used by the customer, the installment amount may be adjusted to bring the account into balance within the time specified in the original agreement," through March 31, 2019.

Staff's Recommended Conditions

1. *Notice to High Variance Customers*
   The Company will issue notice to equal pay customers with high debit or credit balances (defined as $500 or more and representing more than twice the monthly equal pay charge) whose annual true-up dates have passed, to offer options to get their accounts caught up (including TPA, one-time payments, and extension of existing TPA).

2. *Repayment for debit balances*
   The Company will provide an extended interest-free repayment period of up to 36 months for customers in the equal pay program or customers with existing TPA who have not had a periodic adjustment of their payment amount since the system conversion, to be extendable if a customer can show extreme hardship.
3. *Interest due for credit balances*
   The Company will compensate credit balance equal pay customers 2.6 percent of the credit amount due, as of the most recent annual account true-up date.
4. *Status report*
   The Company will file a status report in this docket by May 1, 2019. In that report, the Company will identify the updated functionality to the Oracle system that was implemented for the purposes of fixing the equal pay true-up functionality, and clearly identify how the update to the software is functioning post installation. If in their first report, the Company identifies any continuing functionality error to the equal pay true-up, then the Company will report every two months thereafter until the equal pay true-up functionality and automated system monitoring is restored.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to temporarily waive OAR 860-021-0414, Equal Payment Plans for Residential Electric and Gas Service and OAR 860-021-04159(2)(a), TPA for Residential Electric and Gas Service (Nonmedical Certificate Customers).

Applicable Rule or Law

Under OAR 860-021-0005, the Commission may waive any of its Division 021 rules for good cause shown.

Under OAR 860-021-0414, electric companies and gas utilities must make residential equal-payment plans available. Under such a plan, a customer with no outstanding balance who agrees to remain on an equal-payment plan for 12 months may enter into an equal-payment agreement at any time. OAR 860-021-0414 requires an annual adjustment between the estimated equal pay charge and actual monthly usage charges.

OAR 860-021-0415 governs TPAs for residential electric and gas customers who are not medical certificate holders. Under that rule, an energy utility is not permitted to disconnect service for nonpayment if a customer enters into a written time-payment plan. OAR 860-021-0415 requires, at a minimum, that customers to be able to choose between a levelized or an equal-pay arrearage plan. Among other things, a utility must review the monthly installment plan periodically for customers with levelized time-payment plans under OAR 860-021-0415(2)(a). Due to changing rates or variations in usage, if needed, that same rule provides that the payment amount may be adjusted to balance the account within the period of the original TPA.

<u>Analysis</u>

Background Summary

- PGE transitioned to a new computing platform in early 2018. During testing, it encountered unanticipated difficulties with certain automated functions in the new system, affecting approximately 34,000 equal pay customers by the end of 2018.
- The new system is not performing automatic annual adjustments to equal pay accounts to reflect changes in customer usage or utility rates ("true-ups") or periodic monitoring of accounts with levelized TPAs. Until repaired, equal pay monthly billing amounts will not be adjusted, except for high balance accounts.
- PGE is reaching out to the approximately 3,900 equal pay customers it has identified as having high debit or credit balances and is manually adjusting payment amounts and providing payment options to those account holders.
- Good cause supports granting the Company's request for temporary partial waiver of rules governing the annual true-up for equal pay accounts and periodic monitoring of TPAs,[1] although Staff recommends that the waiver be conditioned on the availability of extended repayment options for debit balance customers, interest payments to credit balance customers, and a reporting requirement.
- The Company filed its original waiver request on November 20, 2018, approximately six months after discovering the issues and turning off the relevant processes. The Company stated that it estimated that it could fix the issue quickly, but after further evaluation determined that the best course would start with research of best practices. While Staff was apprised of the challenges with the equal pay functionality in the summer of 2018, the Commission may wish to consider whether, in the future, a formal filing should be made sooner after the date of discovery to amplify public and customer notice.

[1] *Amended Application of Portland General Electric Company for Waiver of OAR 860-021-0414, Equal-Payment Plans For Residential Electric And Gas Service, and OAR 860-021-0415, Time-Payment Agreements For Residential Electric And Gas Service (Nonmedical Certificate Customers)*, UM 1631 (filed Jan. 31, 2019) (amending prior request filed November 20, 2018).

Background
PGE Application
In early 2018, the Company transitioned from its legacy customer information system ("Banner") to a new customer information and billing system ("Oracle"). During testing of Oracle, the Company discovered the Oracle system was not automatically performing the annual true-up calculations for equal pay accounts as had been expected.[2] The true-up calculation stems from the rule requiring that equal pay plans provide an annual adjustment between estimated and actual charges.[3] At the end of a 12-month term, if a customer has overpaid (leaving a credit balance) or underpaid (leaving a debit balance), the credit or debit balance (the "variance") is taken into account to re-calculate a new monthly payment amount for the next year.[4] If the amount were not adjusted, changes in usage or rates may not be reflected in future payment amounts. Over time, this would allow debit or credit balances to grow.[5]

In the legacy Banner system, equal pay customer accounts were automatically re-calculated every 12 months to reflect usage from the previous 12 months and any variance for the prior year. In the new Oracle system, PGE discovered that the true-up function fails to account for past variances when calculating the new amount. After discovering this issue in May 2018, the Company suspended the automated true-up feature and the monitor logic of the system. The monitor logic performs automated periodic reviews of usage to inform adjustment of equal payment amounts in both the equal pay program and for customers with levelized TPAs.[6] Until the true-up and monitor logic features are restored, PGE continues to bill equal pay and levelized TPA customers their existing fixed monthly payment amount, with the exception of customers with high balance accounts, which it is addressing manually as discussed below.

PGE is working to fix the new system and estimates these efforts will be complete by March 31, 2019. The Company reached out to Consumer Services Staff in the summer of 2018 to inform them of the issue. Since the new system went online, Consumer Services has received fewer than ten consumer complaints related to the PGE's equal pay program and fewer than five complaints specifically relating to PGE time payment

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[2] PGE experienced a similar issue in 2003 when it converted the previous billing system to the Banner system. Unfortunately, the Company did not discover the issue until a year later. The Commission opened an investigation and approved a stipulation that imposed several conditions on PGE. See *In the Matter of Portland General Electric Investigation of Equal Pay Plan Practices*, Docket No. UM 1105, Order No. 03-509 (2003).
[3] OAR 860-021-0414.
[4] See Attachment A for a visual example of an equal pay calculation.
[5] For a visual example illustrating how payment calculations work for an equal pay customer, see Attachment A, showing an example of equal pay monthly payments and monthly running variances.
[6] See OAR 860-021-0415(2)(a).

agreements. At the Commission's regular public meeting on December 18, 2018, a representative from the Washington County Community Action Agency offered public comments conveying the experiences of some customers with high debit balances, mentioning that some perceived a lack of affordable TPAs and were troubled by the Company's cessation of shutoff notices between May and November 2018.[7]

PGE's Proposal for High Variance Customers
The Company is proactively working with equal pay customers with high debit or credit balances (which PGE defines as greater than $500 and representing more than twice the monthly equal pay charge) to get those customers' accounts caught up.[8] PGE is offering those customers options that include making a one-time payment or entering into TPAs in 3-, 12-, and 18-month terms.[9] Customers electing a TPA receive an updated monthly payment amount aligned with the last year's usage, current rates, and a prorated fixed monthly amount to cover unpaid debit balances by the end of the TPA term. An equal pay customer need only ask for a TPA in order to be granted one.

The Company is contacting these high variance customers first by phone (with two calls over approximately two weeks) and written correspondence (issued approximately a week after the last call attempt). If a high debit balance customer fails to respond to the written correspondence within ten days, PGE removes them from equal pay to prevent the accrual of even higher balances; at that point, they must bring their account current, pay actual monthly usage going forward, and may seek a time payment agreement or extension.[10] If a high credit balance customer fails to respond, PGE leaves them in equal pay; their monthly payment amounts are being manually recalculated based on the last year's usage and the credit balance, resulting in a new, lower equal pay amount.[11]

Going forward, customers remaining in equal pay retain their existing true-up date. When the true-up function and monitor logic is turned back on, true-ups will not occur until the next time a customer's equal pay anniversary next occurs in the next year. For example, an equal pay customer with a February true-up date will not have an account true-up until February 2020. The exception to this will be if, during the automated periodic review of an account, the system monitor logic notes a significant change in customer usage or utility rates that is likely to generate a debit or credit balance at the end of the equal pay period, then the monthly payment amount may be adjusted. Once the monitor logic is functioning, Oracle is expected to perform quarterly reviews of all

[7] See http://oregonpuc.granicus.com/MediaPlayer.php?view_id=1&clip_id=351 (beginning 1:03).
[8] See Attachment B, Company response to Staff information request No. 1.
[9] See Attachment C, Company response to Staff information requests No. 2 and 3.
[10] See Attachment D, Company response to Staff information request No. 6, Attachment 006 A, page 2.
[11] See Attachment D, Company response to Staff information request No. 6, Attachment 006 A, page 1.

equal pay accounts, including accounts with a TPA as well as all levelized TPA accounts.

Staff's Analysis and Recommendations

Staff assessed PGE's filings, work papers, and various responses to information requests, and appreciates the Company's cooperation through Staff's investigation of this filing. Staff has identified the below concerns related to the Company's requests, which Staff recommends be addressed by Conditions 1 through 4 as discussed below.

Condition 1 - Notice to High Variance Customers

The Company will issue notice to equal pay customers with high debit or credit balances (defined as $500 or more and representing more than twice the monthly equal pay charge) whose annual true-up dates have passed, to offer options to get their accounts caught up (including TPA, one-time payments, and extension of existing TPA).

Condition 1 largely reflects the Company's proposed strategy for reaching out to high variance equal pay customers and manually modifying their equal pay enrollment and payment, as well as its proposed threshold for high variances. This strategy partially mitigates concerns relating to customers with the largest debit and credit balances by ensuring they receive affirmative and timely communication from PGE.

Condition 1 does not address all equal pay customers or all customers with levelized TPAs. The Company estimates that at the end of 2018, approximately 34,000 of all 80,000 equal pay customers were affected by the Oracle issues. Of those 34,000, PGE estimates approximately 3,900 meet its threshold for high variances, with approximately 1,400 having a credit balance and approximately 2,500 having a debit balance. As of February 8, 2019, all of these high variance debit and credit customers have been called at least once and 315 are awaiting a second phone call attempt from PGE.

Condition 2 – Repayment for debit balances

The Company will provide an extended interest-free repayment period of up to 36 months for customers in the equal pay program or customers with existing TPA who have not had a periodic adjustment of their payment amount since the system conversion, to be extendable if a customer can show extreme hardship.

Condition 2 addresses some concerns about debit balance customers that are not addressed by Condition 1's notification of high variance customers. Customers with a debit balance may continue paying their existing monthly equal pay amount and balances will be carried forward. Once true-ups are functioning again, each customer account will be trued-up at their next true-up date and the debit balance will be reflected in a new payment amount. If customers note the amount of their account variance, which the Company displays on the back of each customer bill, this may limit customer surprise from the delayed true-up. But customers may simultaneously assume that the annual adjustment process is working as intended and may still be surprised. In a worst case scenario, certain equal pay customers will have gone up to 23 months since their last account true-up. For customers with increased usage, this could result in a significant percentage increase in their monthly equal pay amount at their next true-up. While interest is not applied to the variance for equal pay customers and will not increase the amount owed, the delay in the true-up may still cause surprise and potential financial difficulties for customers, especially for those living on a fixed income. Similar concerns exist for customers with levelized TPAs who, as a result of the monitoring logic being turned off, failed to receive periodic adjustments to their levelized TPA payment amounts that may be necessary to bring their account current during their TPA period. Over time, this could result in a potential surprise and increased energy burden, except that interest might be applied, depending on the circumstances.

Condition 2 provides for an extended repayment period for debit balance customers in the equal pay program, including those high variance customers within the scope of Condition 1, as well as debit balance customers with existing levelized TPAs who have not received a periodic adjustment to their payment amount since the system conversion. A repayment term of up to 36 months, extendable in cases where customers can show extreme hardship, allows these customers to maintain uninterrupted electric service, alleviate the financial burden of an unexpectedly high balance due, and provides a mechanism to align their obligation to pay with their ability to pay. This condition also provides a mechanism to help PGE recover payment for all previously rendered electric service.

After considering the Commission's past precedent, in which the Company was required to provide 60 month repayment periods, and discussing related issues with PGE, Staff considered the following potential alternatives for Condition 2:

Equal pay - TPA duration scenarios

	Pros	Cons
Longer duration TPA - 37 to 60 month terms	Smaller monthly TPA payment; more opportunities to leverage annual customer assistance funds; reduces monthly energy burden; customers can choose to make higher payments; may increase PGE billing recoveries	Long term customer debt; may reduce customer's ability to borrow funds; may increase Company administrative costs; may disincent consumer from responsible usage management
Shorter duration TPA - 13 to 36 month terms	Aligns recent usage with customer payment amount; PGE may recover higher percentage of billings; may lower administrative burdens	Higher monthly TPA payments, may be unaffordable; reduces the number of opportunities to leverage assistance programs; increases energy burden; may increase PGE account write-offs; may increase the number of service shutoffs

PGE has communicated, based on their experience, that a 60 month payment requirement would be too long. Staff also considered whether Condition 2 should only apply to customers that meet the high balance threshold applicable to Condition 1. Staff does not favor this because some customers (e.g., those on fixed incomes) may find a lower balance difficult to repay, despite being categorized as having a low balance.

Customers with a debit balance may also contact PGE to administratively drop out of the equal pay program, at which point the debit balance must be paid or the customer may request a TPA; if the customer immediately rejoins the equal pay program, a new monthly equal pay payment amount is calculated and a new true-up date is imposed.

Condition 3 – Interest due for credit balances

The Company will compensate credit balance equal pay customers 2.6 percent of the credit amount due, as of the most recent annual account true-up date.

Inflationary erosion and the time-value of money in general may adversely impact customers with credit balances. Equal pay customers with credit balances are cutoff from these funds and, without true-ups, will effectively cede the economic benefit of this money to PGE for up to 23 months.

Condition 3 requires the Company to compensate credit balance equal pay customers using an annual percentage rate (APR) of 2.6 percent for the credit amount due, as of the most recent annual account true-up date, including the customers affected by Condition 1.[12] Under this condition, credit customers would receive interest for the

[12] To arrive at this recommendation, Staff considered the rates of return for: the Modified Blended Treasury Rate (3.74 percent for 2019); the 1 Year U.S. Treasury Note (2.55 percent at 2/15/2019); a sample of 1 year bank issued CDs (between 0.88 percent to 2.70% at 2/22/2019); the 2018 All Urban

period beginning at their most recent account true-up date through the date PGE restores the automated true-up and system monitoring capabilities and determines they are working properly. For example, a customer with a $100 credit balance, an annual true-up date of June 1, 2018, and a hypothetical equal pay restoration date of March 1, 2019, would receive interest of $1.94, resulting in a total of $101.94 to be paid to the customer.[13] This relieves customers from the adverse impact of foregone earnings during the period funds were in the Company's care. Further, Condition 3 helps align PGE incentives with timely program improvement.

Equal pay customers that wish to apply their full credit balance to their account immediately may also contact PGE to administratively drop out of the equal pay program, at which point the credit balance is applied to the account, a new equal pay payment amount is calculated, and a new true-up date is imposed.

Condition 4 – Status Report

The Company will file a status report in this docket by May 1, 2019. In that report, the Company will identify the updated functionality to the Oracle system that was implemented for the purposes of fixing the equal pay true-up functionality, and clearly identify how the update to the software is functioning post installation. If in their first report, the Company identifies any continuing functionality error to the equal pay true-up, then the Company will report every two months thereafter until the equal pay true-up functionality and automated system monitoring is restored.

Condition 4 requires PGE to file a status report by May 1, 2019 on the equal pay true-up software fix. In the first report, PGE is expected to provide a status update on how the software fix is functioning, whether or not it is correctly performing true-up functions as required, and whether the automated system monitoring function has been re-activated.

If after the first report PGE is not able to demonstrate that the software fix fully restored the equal pay true-up functionality and the re-activation of automated system monitoring, PGE will be expected to file a status report every two months that follow until equal pay true-up functionality and automated system monitoring is fully restored and enabled. This will provide the Company a formal mechanism to identify and address any lingering concerns that may exist from the system conversion.

Consumer Price Index (CPI-U) (2.60 percent at 12/2018); and a sample of local bank and credit union savings accounts (between 0.00 and 0.5 percent at 2/22/2019). The Commission imposed a 5.0% percent requirement in 2003.

[13] For a visual example of the calculation used in this hypothetical scenario, see Attachment F.

Staff's Recommended Scope of Waiver

A limited waiver of OAR 860-021-0414 and OAR 860-021-0415(2)(a) is appropriate here. The only portion of OAR 860-021-0414 that PGE needs relief from is the specific requirement that equal pay plans "provide for an annual adjustment between the estimated charge and the actual charges," which is what is not working in Oracle. The cause offered does not justify complete unavailability of the equal pay program or suspension of the rule governing customers who move. Staff's recommended duration of the waiver (until early 2020) reflects that automatic adjustments will generally not occur until customers' true-up dates again come to pass.

The only portions of OAR 860-021-0415(2)(a) that PGE needs relief from are the specific requirement that levelized installment plans under OAR 860-021-0415(2)(a) require an "energy utility shall review the monthly installment plan periodically" and the provision allowing that, "[i]f needed due to changing rates or variations in the amount of service used by the customer, the installment amount may be adjusted to bring the account into balance within the time specified in the original agreement." Staff's recommended duration of the waiver (until April 2019) reflects the Company's expectation this function will be restored in the near future.

Costs of Remediating the Issue

The system issues underlying this problem will have costs. The Company estimates the capital cost to reprogram the Oracle system to perform automated payment adjustments and periodic account monitoring to be approximately $560,000. These costs are not in current rates, which went into effect January 1, 2019.[14]

These costs are not at issue in this particular proceeding, as it is not a ratemaking docket. Any approval of a waiver will not be a determination on the reasonableness of these or any other costs associated with this issue.

<u>Conclusion</u>

Staff appreciates the Company engaging with Consumer Services Staff as Staff discovered and investigated this issue. After reviewing PGE's initial and amended filings, the accompanying work papers, and the Company's information request responses, Staff finds that good cause exists to for the Commission to approve, in part, PGE's waiver application, subject to the below conditions. Specifically, Staff recommends temporary waiver of the below portions of the following rules:

- The OAR 860-021-0414 requirement that PGE's equal pay program "provide for an annual adjustment between the estimated charge and the actual charges," through March 31, 2020; and

[14] See Attachment E, Company response to Staff information request No. 7.

- The OAR 860-021-0415(2)(a) requirement that PGE "review the monthly installment plan periodically" for levelized Time Payment Agreements (TPA) and the provision allowing that "[i]f needed due to changing rates or variations in the amount of service used by the customer, the installment amount may be adjusted to bring the account into balance within the time specified in the original agreement," through March 31, 2019.

Subject to the following conditions:

1. *Notice to High Variance Customers*
   The Company will issue notice to equal pay customers with high debit or credit balances (defined as $500 or more and representing more than twice the monthly equal pay charge) whose annual true-up dates have passed, to offer options to get their accounts caught up (including TPA, one-time payments, and extension of existing TPA).
2. *Repayment for debit balances*
   The Company will provide an extended interest-free repayment period of up to 36 months for customers in the equal pay program or customers with existing TPA who have not had a periodic adjustment of their payment amount since the system conversion, to be extendable if a customer can show extreme hardship.
3. *Interest due for credit balances*
   The Company will compensate credit balance equal pay customers 2.6 percent of the credit amount due, as of the most recent annual account true-up date.
4. *Status report*
   The Company will file a status report in this docket by May 1, 2019. In that report, the Company will identify the updated functionality to the Oracle system that was implemented for the purposes of fixing the equal pay true-up functionality, and clearly identify how the update to the software is functioning post installation. If in their first report, the Company identifies any continuing functionality error to the equal pay true-up, then the Company will report every two months thereafter until the equal pay true-up functionality and automated system monitoring is restored.

PGE reviewed Staff's draft memo and provided suggested edits, some of which Staff incorporated in this memo.

PROPOSED COMMISSION MOTION:

Approve PGE's application temporarily, and in part, pursuant to the terms and conditions contained in the Staff Recommendation and above Conclusion.

Example: Residential equal pay calculation, 800 kWh/month average use
(basic charge, transmission, energy use and distribution rates only)

Time Period	Units (kWh) **(A)**	Monthly usage ($/mo)	Equal pay ($/mo)	Δ Equal pay vs monthly usage ($)
Jan-18	510	68.29	100.87	32.58
Feb-18	500	67.17	100.87	33.70
Mar-18	425	58.74	100.87	42.13
Apr-18	765	96.94	100.87	3.93
May-18	835	104.80	100.87	(3.93)
Jun-18	950	117.72	100.87	(16.85)
Jul-18	1,120	136.82	100.87	(35.95)
Aug-18	1,215	147.49	100.87	(46.62)
Sep-18	975	120.53	100.87	(19.66)
Oct-18	900	112.11	100.87	(11.23)
Nov-18	760	96.38	100.87	4.49
Dec-18	645	83.46	100.87	17.41
12 month total	9,600	1,210.46	1,210.46	(0.00)
Monthly avg.	**800**	**100.87**	**100.87**	*

Per Company Residential Tariff Advice No. 18-26, effective January 1, 2019.

Transmission and Related Services **(B)** =	$0.00243 / kWh
Distribution **(C)** =	$0.04662 / kWh
Energy Service (1st 1,000 kWh) **(D)** =	$0.06329 / kWh
Basic charge **(E)** =	$11.00 / month

Monthly usage formula
A x (B + C + D) + E

December 31, 2018

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1631 General Waiver Requests
PGE Response to Information Request No. 001
December 17, 2018

Request:

Regarding the estimated 34,000 equal pay customers that will be affected by the end of 2018, as noted in the waiver request:

a. **What is the Company's definition of a "large debit" and "large credit" balance?**
b. **By the end of 2018, how many equal pay customers will have a large debit or credit balance?**

Response:

We have defined large debit or large credit balances as equal pay accounts with an equal pay variance of $500 or greater (credit or debit) and whose variance is more than twice their usual monthly equal pay charge.

There will be approximately 3,900 equal pay customers who will have large debit or credit balances by the end of 2018. Of these, approximately 1,400 customers will have credit balances and 2,500 customers will have debit balances.

December 31, 2018

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1631 General Waiver Requests
PGE Response to Information Request No. 002
December 17, 2018

Request:

Please provide an example of each of the below for an equal pay customer with a large debit balance and provide a detailed description of how each of the interim solution options described in the waiver request will impact the customer's bill:

a. Like time payment agreement.
b. One-time payment.
c. Extended duration of existing time payment agreement.

Response:

For the options below, we will use a hypothetical customer who has the following:

- Current equal pay amount of $200/month
- Debit variance of $570
- New recommended equal pay amount of $247/month

a. **Like time payment agreement.** We often offer 12-month time payment agreements (TPAs) so both the minimum time payment agreement (TPA), 12-month TPA and the extended 18-month TPA being offered to customers with equal pay variances are listed below.

3-month new TPA: If the customer prefers the minimum TPA (3 months), their next bills would be the new equal pay amount along with the TPA amount. Based on the amounts in the hypothetical, their next bill would be $437 ($247 + $190) and would remain this amount for the next three months until the TPA is billed out and then the equal pay amount of $247 would continue.

12-month new TPA: Their next bills would be the new equal pay amount along with the 12-month TPA amount for the $570 variance. Their next bill would be $294.50 ($247 + $47.50 TPA) and would remain this amount for the next twelve months until the TPA is billed out and then the equal pay amount of $247 would continue if usage remains the same.
18-month new TPA: Their next bills would be the new equal pay amount along with the 18-month TPA amount for the $570 variance. Their next bill would be $279 ($247 + $32 TPA) and would remain this amount for the next twelve months until the annual equal pay true-up

occurs and then the equal pay amount would change but the TPA would continue until it is billed out and paid off.

b. **One-time payment.** If the customer wants to make a one-time payment, we would take a payment of $570 on the phone. This would reduce the account's overall balance (shown on the back of the bill) and their next bill would be for $247.

c. **Extended duration of existing time payment agreement**. If the customer has a TPA but needs more time to help with the variance, we would do between a 12 to 18-month TPA. For the hypothetical, we will use the same customer and use the scenario of a current 12-month TPA: eight months has billed out and they have $200 remaining to bill out in the next four months. Below we show both the extension for 12 months and 18 months.

For a 12-month TPA extension: Their current equal pay amount plus TPA amount would be $250 ($200 equal pay + $50 TPA). We would offer to extend their current TPA to incorporate the variance and bill out the new TPA amount of $970 over the next twelve months. So, their next twelve bills would be $327 ($247 + $81 TPA).

For an 18-month TPA extension: Their next bills would be the new equal pay amount along with the updated $970 TPA over 18-month installments. Their next bill would be $301 ($247 + $54 TPA) and would remain this amount for the next twelve months until the annual equal pay true-up occurs and then the equal pay amount would change but the TPA would continue until it is billed out and paid off.

December 31, 2018

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1631 General Waiver Requests
PGE Response to Information Request No. 003
December 17, 2018

Request:

Once the automated billing system true-up feature is restored, will equal pay customers with a large debit balance have a full 12 month period from the time of restoration to "catch up" their account balance? If no, how long will these customers have to catch up their account?

Response:

Equal pay customers may contact us once the system functionality is restored to sign up for a TPA and we will extend the TPA timeframe up to 18 months depending on their circumstances to help them catch up their account balance. For customers with large variances, we are proactively contacting them to explain their account balance and offer options which will work for their situation.

December 31, 2018

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1631 General Waiver Requests
PGE Response to Information Request No. 006
December 17, 2018

Request:

Please provide Commission Staff with a copy of the materials the Company has and will be providing to equal pay customers with large debit or credit balances, including any materials that:

a. **Explain the billing system difficulties.**
b. **Describe the options available to resolve equal pay account balances.**
c. **Describe how to contact the Company to resolve equal pay account balances.**

Response:

Attachment 006-A are letters for both the debit and credit variance customers. The appropriate letter will be sent to customers we have attempted to call multiple times but have not been able to reach.

UM 1631

Attachment 006-A

Provided in Electronic Format Only

Copy of Customer Letters

[Postal Sequence ID – Line 1]
[Postal Barcode - Line 2]
Customer Name [Line 3]
Co-Customer Name [Line 4]
Address line 1 [Line 5]
Address line 2 [Line 6]
City, State Zip [Line 7]

Dear <Customer Name>,

Recently, we tried to reach you by phone to talk about your PGE account. Since we were unable to connect, we wanted to write to let you know about changes to our Equal Pay program and a variance amount that will appear on your next bill.

The Equal Pay program lets you pay the same amount each month based on your average energy use. Because household energy use can change over time, we review your account each year and look at the difference between the Equal Pay amount and your actual use. The difference between the two is called the Equal Pay variance.

The variance in your Equal Pay amount
This year, when reviewing the past 12 months of your energy use, we identified an Equal Pay variance credit of $XXX.XX. You will see this amount applied to your next bill. The credit will apply to future bills until it is completely used.

The change to our program
In the past, if there was a variance credit on your account, we'd automatically calculate a new monthly Equal Pay amount and decrease it to incorporate the variance. This year, because of our new billing system and changes to the program, your new Equal Pay amount reflects only the monthly average of your energy use.

As of [DATE], your monthly Equal Pay amount will be $XXX.XX. Your next bill will reflect this updated Equal pay amount. If your actual energy use each month differs from this amount, that Equal Pay variance will be shown on the back of your bill on the line labeled "Equal Pay Payoff Balance."

If you have questions, please call us at 503-228-6322 (Portland) or 800-542-8818 (outside Portland), Monday through Friday, from 7 a.m. to 7 p.m. We're here to help.

Sincerely,

Customer Service team

[Postal Sequence ID – Line 1]
[Postal Barcode - Line 2]
Customer Name [Line 3]
Co-Customer Name [Line 4]
Address line 1 [Line 5]
Address line 2 [Line 6]
City, State Zip [Line 7]

[Mmm. DD, 20YY]

Dear <Customer Name>,

Recently, we tried to reach you by phone to talk about your PGE account. Since we were unable to connect, we wanted to write to let you know about changes to our Equal Pay program, your enrollment, and a variance amount that will appear on your next bill.

The Equal Pay program lets you pay the same amount each month based on your average energy use. Because household energy use can change over time, we review your account each year and look at the difference between the Equal Pay amount and your actual use. The difference between the two is called the Equal Pay variance.

The variance in your Equal Pay amount
This year, when reviewing the past 12 months of your energy use, we identified an Equal Pay variance of $XXX.XX. On your next bill, you will see this Equal Pay variance, along with any charges for the current month. Both will be due on your usual monthly due date. If you would like to make payment arrangements, or request a payment extension, please call us. Our team will work with you to make a plan that fits your needs.

The change to our program and your Equal Pay status
In the past, if there was a variance on your account, we'd automatically calculate a new monthly Equal Pay amount. This year, because of our new billing system, we are taking customers whose monthly energy use has increased significantly off the Equal Pay program to give them a chance to catch up on this variance and determine which payment options are right for them.

If you want to remain on Equal Pay, please call us by [10 business days from date of letter; written this way: Jan. xx, 2019]. Otherwise, we will remove you from the program and your future bills will reflect your actual energy use each month. You're welcome to re-enroll at any time.

Please remember that you have several payment options, including paying your variance off or signing up for a payment plan. Please call us 503-228-6322 (Portland) or 800-542-8818 (outside Portland), Monday through Friday, 7 a.m. to 7 p.m. if you'd like to discuss those options. We're here to help.

Sincerely,

Customer Service team

December 31, 2018

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UM 1631 General Waiver Requests
PGE Response to Information Request No. 007
December 17, 2018

Request:

With respect to the billing system redesign and testing work associated with this waiver request:

a. **Please describe the work and the timeline for the work.**
b. **Please describe and quantify the costs associated with the work.**

Please explain whether the costs are expected to result in a future rate increase. If yes, please quantify the anticipated impact(s) to rates.

Response:

The main pieces of scope for the equal pay redesign project include: IT design/build, customer communications, employee training/communications, and roll-out planning. The IT build and testing are slated to be completed in mid-February 2019. Customer communications and employee training are being designed and will be rolled out in advance of the system functionality turning on. The roll-out planning should be completed by the end of January 2019.

The overall cost of this project is estimated to be $560,000 in capital. The project cost is not in current customer rates nor is it in new rates to be effective January 1, 2019.

Example: Interest calculation for credit balance equal pay account

Credit balance (A)	APR (B)	Monthly interest rate (C)	Annual true-up date (D)	Credit payment date (E)	Months since true-up date (F)	Credit balance interest (G)	Total customer credit payment (H)
$ 100.00	2.60%	0.22%	June 1, 2018	March 1, 2019	8.98	$ 1.94	$ 101.94

Formulas	
(C)	= B /12 months
(F)	= (E -D) / 30.42 days (30.42 = 365 days / 12 mos)
(G)	= A * (C * F)
(H)	= A + G