ORDER NO. 22-116

ENTERED Apr 12 2022

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 403

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Advice No. 22-01 (ADV 1365), Schedule 18, Income-Qualified Bill Discount and Schedule 118, Bill Adjustment Cost Recovery Mechanism.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED WITH MODIFICATIONS

This order memorializes our decision, made and effective at our April 5, 2022 Regular Public Meeting, to adopt Staff's recommendation with modifications in this matter. The Staff Report with the recommendation is attached as Appendix A.

We approve PGE's Advice No. 22-01 establishing Schedule 18, Income-Qualified Bill Discount and Schedule 118, the corresponding Bill Adjustment Cost Recovery Mechanism, effective with service on and after April 15, 2022, and further direct the Company to:

- Implement categorical eligibility and auto-enrollment feature for customers who have been qualified for EA on or before June 30, 2022.
- Implement third-party enrollment or provide Staff and Stakeholders an update of the status of third-party enrollment on or before June 30, 2022.
- Develop and administer a short survey offered to participants as quickly as practicable following enrollment, and at least once in Year 1, prior to post-enrollment verification and every six months thereafter that includes questions on energy affordability and demographics. The surveys should:
    - Be optional;
    - Have results trackable by income level declared at the time of self-verification; and
    - Omit or encrypt personal identifiable information (PII).
- Share participant survey findings and participant attributes with Staff and Stakeholders during post-implementation engagement
- Develop and administer a short survey offered to CAP agencies referring clients to IQBD at 6- and 12-months in Year 1, and annually thereafter, for the purposes of evaluating overall experience administering the program and effectiveness with helping clients.
- Implement a means of pre-qualifying, at a minimum, categorically eligible participants, for a post-enrollment verification exemption on or before December 31, 2022.

Made, entered, and effective Apr 12 2022.

Megan W. Decker Chair	**Letha Tawney** Commissioner
	Mark R. Thompson Commissioner

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. RA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 5, 2022

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** _____**April 15, 2022**_____

DATE: March 28, 2022

TO: Public Utility Commission

FROM: Michelle Scala

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1365/Advice No. 22-01)
Establishes Schedule 18, Income-Qualified Bill Discount and
Schedule 118, Bill Adjustment Cost Recovery Mechanism.

STAFF RECOMMENDATION:

Approve Portland General Electric (PGE) Advice Filing No. 22-01 establishing Schedule 18, Income-Qualified Bill Discount and Schedule 118, the corresponding Bill Adjustment Cost Recovery Mechanism, effective with service on and after April 15, 2022, and further direct the Company to implement and address the additional program and cost recovery terms as outlined in this Staff report.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PGE's proposed tariffs implementing its proposed Income-Qualified Bill Discount (IQBD) and corresponding Bill Adjustment Cost Recovery Mechanism, effective with service on and after April 15, 2022

Applicable Law

Oregon Revised Statute (ORS) 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220; Oregon Administrative Rules (OAR) 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

ORS 757.230, as amended by Oregon House Bill (HB) 2475, provides the Commission authority to take certain considerations into account when determining a comprehensive classification of service for each public utility; including, the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, 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.[1]

HB 2475(7)(1) provides that the Commission may address the mitigation of energy burdens through bill reduction measures or programs that may include, but need not be limited to, demand response or weatherization. HB 2475(7)(2) provides that the costs of tariff schedules, rates, bill credits or program discounts allowed pursuant to HB 2475(7)(1) must be collected in the rates of an electric company through charges paid by all retail electricity consumers, such that retail electricity consumers that purchase electricity from electricity service suppliers pay the same amount to address the mitigation of energy burdens as retail electricity consumers that are not served by electricity service suppliers.

Analysis

Background

On January 1, 2022, HB 2475 became effective. The bill expanded language under ORS 757.230 to include additional factors the Commission may consider when establishing rate classifications, such as the "differential energy burdens on low-income customers and other economic, social equality or environmental justice factors that affect affordability for certain classes of utility customers." HB 2475 implementation is currently focused on interim action to provide customers near-term relief under the new authority, which will be followed by a longer-term investigation to fully explore and establish the Commission's policies for differential rate and program design and administration.[2]

This Commission authority provided in HB 2475 represents a significant evolution in Oregon utility rate design. Prior to the passage of HB 2475, in 2016, the Commission had launched an investigation into Percentage of Income Payment Plans (PIPP),

[1] The Energy Affordability Act (HB 2475 – 2021 Regular Session) amended ORS 756.610, ORS 757.230, and ORS 757.072 and enacted new provisions to address equity in rate setting and participating in PUC proceedings, effective January 1, 2022. Or Laws 2021 Ch. 90.

[2] *See* Docket No. UM 2211.

Docket No. UM 1787. Opened per Commission Order No. 16-254, the intent was to examine the concept of creating a PIPP to reform low-income energy assistance. The investigation identified that the Commission did not have authority to consider energy burden in classifications or schedules of rates applicable to individual customers or groups of customers. The Energy Affordability Act now serves to provide that authority. Further, HB 2475(7) specifically authorizes the Commission to implement bill reduction measures such as discounts or credits for qualifying customers and to allow the utility to spread the costs of such discounts across customers.[3]

PGE's Proposed Schedule 18 Income-Qualified Bill Discount Program
PGE is the first Oregon utility to propose a discounted rate as its interim action under HB 2475. The intent of the interim actions under HB 2575 is to put forth proposals that are simple and well-designed enough to be implemented prior to a broader Commission investigation. The IQBD program is applicable to all PGE residential customers with a gross household income at or below 60 percent of Oregon State Median Income (SMI), adjusted for household size.[4]

Monthly bill discounts are calculated as a percentage of bill and are offered at three levels, based on the enrolled Customer's household income as a percentage of SMI:

IQBD Level	HH income[5]	% of Bill Discount
Tier 1	≤ 30% of SMI	25%
Tier 2	31% - 45% SMI	20%
Tier 3	46% - 60% SMI	15%

Enrolled Customers with a verified Emergency Medical Certificate on their PGE account will be moved to the next highest discount level, if not already qualified for the Tier 1 discount.

Applicants for the IQBD program must be the PGE accountholder and provide a self-declaration of household size and income. Customers approved into the program must re-enroll every two years.

The bill discount applies to most components of a customer's bill. Charges excluded from the IQBD include the following:

- Green Future Solar, Fixed and Habitat Optional Charges,

[3] Under PGE's current IQBD proposal, all customers, including those enrolled in the program would be included in the rate spread for IQBD cost recovery.
[4] For customers in single-person households, eligibility is extended to those with gross household incomes up to the greater of 60 percent SMI or $30,700.
[5] IQBD eligibility is based on SMI thresholds adjusted for household size. See Appendix C for additional detail.

- Solar Customer Charge for Customers on Solar Payment Option,
- Energy Efficiency Funding Adjustment (Schedule 109),
- Low Income Assistance Charge (Schedule 115), and
- Meter Rental and Non-Network Meter Read Charges (Schedule 300),
- Bill Adjustment Cost Recovery Mechanism[6] (Schedule 118).

Beginning in 2023, PGE will conduct annual post-enrollment verifications of need from a randomly selected three percent of enrolled customers to continue receiving this discount. If a customer's discount is discontinued due to non-responsiveness or ineligibility, they may re-enroll upon providing verification of eligibility.

PGE's Planned IQBD Outreach and Engagement
The Company continues to engage Staff and Stakeholders on the IQBD program and has indicated that it would be willing to continue monthly or quarterly engagement if desired.

In terms of customer outreach, in Year 1, the Company has identified a target group of customers who have received energy assistance (EA) in 2022 and prior years. PGE will send direct mail to paper customers with multiple touchpoints, available in English and Spanish. PGE plans to host a web landing page in English and Spanish with the ability to review information in 13 other languages, and maintain its existing bill assistance page with regular updates. Online enrollment is available for customers navigating either the English or Spanish versions. For customers who require one of the other 13 languages, they will have the ability to download the application in the appropriate language and then upload to the PGE page to submit. Emails in English and Spanish will provide additional touchpoints for EA recipients and potential auto-enrollments at a future date; and bill inserts available in English, Spanish, Russian, and Vietnamese will be targeted to customers who received EA in the past.

Customer Service Representatives (CSRs) at the Company will enroll customers over the phone and provide warm handoffs to partnering EA administering agencies where applicable.

PGE is also exploring how to enhance partnerships with Community Based Organizations (CBOs) to provide customers and communities with IBQD informational material and mail-in IBQD applications in 15 languages (including English and Spanish).

PGE's Proposed Schedule 118 IQBD Cost Recovery Mechanism
On December 30, 2021, PGE filed an application to defer costs and revenues

[6] The Company indicated that is included the IQBD cost recovery schedule as one of the charges exempt from the discount, in part to temper the IQBD price increase to non-enrolled residential customers, who may be just over the eligibility line for the program and thus not receiving the benefit.

associated with HB 2475.[7] In this application to defer, PGE explained that the deferral would support recovery of all amounts associated with HB 2475 through an automatic adjustment clause (AAC) and balancing account. During Staff's review of the application, both Staff and the Oregon Citizens' Utility Board (CUB) expressed concerns with the use of an AAC that included incremental administrative costs and wanted a means to re-evaluate the IQBD and cost recovery mechanism after it had been established. Ultimately, all parties agreed in principle to support the following terms of cost recovery related to HB 2475:[8]

- An AAC and balancing account would be applied to the revenues collected to fund the qualified bill discounts and the costs associated with the qualified bill discounts.
- This AAC would have a sunset date to allow parties to revisit cost recovery once the programs have had time to mature.
- Incremental administrative costs would be separately deferred and tracked for later ratemaking.
- All costs would accrue interest at the modified blended treasury (MBT) rate. Parties agreed that the use of the MBT rate for the administrative costs would not be precedential for future deferrals given the interim nature of the HB 2475 rate programs.

The Commission approved the application and adopted Staff's recommendations at the public meeting held on March 22, 2022.[9]

In Docket No. ADV 1365, PGE has included the proposed Schedule 118, Bill Adjustment Cost Recovery Mechanism, as the AAC related to IBQD cost recovery. Pursuant to HB 2475§7, the mechanism is non-bypassable, and therefore applicable to all PGE customers.[10] According to the filing and proposed tariff, residential customers receiving service under Schedule 7 will initially see an adjustment of $0.23 per bill, while all other schedules will be subject to a volumetric charge of 0.023 cents per kWh for the first 4,347,826 kWh. The AAC allows for collections to be assessed beyond the standard threshold of three percent of earnings and the two-way balancing account will enable concurrent spending and collections. The balancing account is to be reviewed annually with adjustments made for the following year to close the gap between benefits and collections in either direction.

As outlined earlier in the memo, pursuant to the Commission decision in Docket No. UM 2219, only direct costs associated with customer bill discounts would be included in the AAC. Administrative costs associated with the program are to be deferred and tracked

[7] *See* Docket No. UM 2219.
[8] *See* Docket No. UM 2219 Staff Report.
[9] *See* Commission Order No. 22-101.
[10] Customers will not be required to pay more than $1,000 per month per Site for cost recovery of the IQBD.

separately for cost recovery at a later date.

Stakeholder Feedback
PGE held a robust series of IBDQ concept discussions and performed ongoing outreach and engagement with Staff and Stakeholders several months prior to the January filing of Docket No. ADV 1365. Multiple channels of feedback were provided to Staff and Stakeholders via email correspondences, small and large group meetings, and formal comment solicitations following the formal filing. PGE has been consistently commended by stakeholders for the Company's proactive and thoughtful approach to engage stakeholders in the development of the proposed IQBD. Stakeholders report that PGE made a genuine effort to meaningfully and frequently work with the environmental justice (EJ) community and other advocates to shape the program and that the Company applied direct feedback to pre-filing modifications and evolutions of the program.

After the January filing, there was a technical workshop on February 24, 2022 Stakeholder comments on March 10, 2022, and PGE reply comments on March 17, 2022. As of March 10, 2022, Community Energy Project (CEP), Northwest Energy Coalition (NWEC), the Multnomah County Office of Sustainability (MCOS), and CUB submitted comments.

Stakeholder comments include the following issues/themes:

Positives:

- PGE engagement robust and responsive to stakeholder feedback
- Intake incorporates self-verification of income
- Eligibility and enrollment is equitable, respectful to clients, and cost effective
- "No-Risk" venture for customers[11]
- Outreach plan considerate of digital and language barriers

Opportunities for further development:

- Categorical eligibility and auto-enrollment for energy assistance recipients
- Pre-qualify customers <u>out</u> of post-enrollment verification pool; potential exemptions for:
    - Categorically eligible
    - Fixed income
    - Various accessibility limitations
- Allow for third-party enrollment
- Expanded income eligibility

[11] Customers will not have to payback discounts if they were for some reason to unenroll from the program or be moved to a lower discount tier.

- Collection of demographic data at time of enrollment and different stages of the program process

In PGE reply comments, the Company addressed each of the issues brought forward by Stakeholders. PGE expressed a willingness to continue the pursuit of and engagement on categorical eligibility, auto-enrollment, third-party enrollment, and narrowing the post-enrollment verification pool in the IBQD; however, the Company is not prepared to implement these features at present.

Categorical eligibility and auto-enrollment are the most viable program features in the near term and the Company has committed to implement some form of categorical eligibility and auto-enrollment by the end of June 2022. Currently, PGE is coordinating with Oregon Housing and Community Services (OHCS) on technical and legal solutions to sharing income and housing size information of LIHEAP/OEAP recipients. If possible, the information sharing would allow PGE to enroll customers in the appropriate discount tier without the need of an application or self-declaration of income and household size. If OHCS does not have the ability to share individual customer information without an adjustment to their current process, Stakeholders have suggested that EA recipients be enrolled at the lowest discount level until they submit an IQBD application declaring their eligibility for a higher discount level. PGE indicated it would be willing to accept this recommendation if OHCS determines that data-sharing would not be possible until October 2022 and if stakeholders and Staff concur that any incremental administrative costs are outweighed by the benefit to participating customers.

Third-part enrollment is another enhancement that PGE indicated it would likely be able to implement in Year 1. However, the Company is still in the process of verifying that its billing system can appropriately track the third-party entity and associated information to ensure the integrity of the enrollments as needed.

The post-enrollment verification process is expected to begin in early 2023. PGE will continue to work with stakeholders on how to sensitively implement the verification process in a way that recognizes additional barriers and burdens faced by some customers. While PGE would like to incorporate as much flexibility into the documentation process of post-enrollment verification as possible and continues to explore ways to do so, the Company indicated that pre-qualifying applicant out of the pool should be reserved for participants who have a history of EA in the previous 12 months.

Regarding data collection and participant surveys, the Company maintains its reluctance to engage customers in demographic data collection and hesitates to administer surveys in advance of 6-months post enrollment. PGE stated that there is a risk of survey/communication fatigue among early enrollees and that feedback may be limited if performed too early.

Finally, speaking directly to CUB's suggestion that the IQBD be expanded to include customers with household incomes up to 300 percent of the Federal Poverty Level (FPL),[12] PGE stated that this change would double the pool of eligible customers to about 300,000 and increase the direct program costs by about 50 percent under the current discount structure. PGE said that it prioritized deeper discounts to customers at the lowest end of the income spectrum rather than cast a wider net for program eligibility.

Staff Review
In Docket No. UM 2211, Staff published a set of baseline criteria for evaluating utility interim action proposals that incorporates feedback from utilities and other stakeholders. Staff provided this upfront, transparent information about its minimum evaluation criteria to facilitate timely and meaningful development of interim actions. Staff's approach to developing the baseline evaluation criteria was to first identify high level areas that would benefit from standardization and then reflect on feedback from prior stakeholder engagements and literature for practicable design elements that could be applied in interim designs.

Attachment A provides Staff's current baseline evaluation criteria and key design elements in the context of interim filings.

As intended, Staff's review of the Company's proposal was oriented around said baseline evaluation criteria. The following section describes Staff's review of the IQBD proposal through the shared evaluation criteria.

Eligibility
Staff advised that interim proposals support low-barrier enrollment practices, such as self-certification and categorical eligibility; incorporating auto-enrollment for EA recipients, and allowing for third-party enrollment with CBOs. Staff finds that PGE has included or addressed each of these features in its IQBD terms and communications. Staff supports the self-verification component of income eligibility and is appreciative of the Company's commitment to pursue categorical eligibility, auto-enrollment, and third-party enrollment. Staff has heard from stakeholders that the latter three eligibility components are of import and should be incorporated into IQBD evolutions as feasible. Staff agrees and recommends that categorical eligibility and auto-enrollment for EA recipients be implemented on or before June 30, 2022. Staff would also recommend that the Company implement or provide Staff and Stakeholders with an update on third-party enrollment by June 30, 2022, as well. Staff notes that third-party enrollment is not intended just for CBOs and should be addressed broadly based on Stakeholder feedback.

[12] PGE equates 300 percent FPL to ~85 percent SMI; as compared to the proposed Schedule 18 income qualifier of 60 percent SMI.

Level of Relief
Staff advised that energy burden mitigation structures prioritize based on level of need and asked that utility proposals be transparent as to how the interim rate was designed to meaningfully reduce energy burden. Staff also recommended that the program allow for flexibility that is responsive to customer needs that may exist beyond the terms of the tariff. Staff recognizes that there may be challenges with incorporating these design elements and that a lack of income data makes it difficult to represent reductions to energy burden in advance of or even during program implementation. Flexibility in program terms also requires some experience within the program and premature attempts to incorporate it risk stalling the program when expediency is a priority of the interim proposals. Staff recognizes the tiered discount level as a means of targeted assistance with deeper discounts afforded to those with lower incomes and considers PGE's approach a reasonable example of "triaging" assistance based on need.

Staff also engaged the Company in several discussions on whether or not "meaningful" discounts were achieved under the proposed structure. Staff was informed that the proposal reflected a balance of overall program cost and discount levels across three tiers. As stated in the Mach 17, 2022, PGE reply comments, the Company endeavored to narrow the eligibility pool enough to allow for discounts and avoid significant cost increases. Staff also acknowledges that the discount tiers evolved based on Stakeholder feedback in pre-filing engagement and received general support from participating advocates. PGE has also indicated that it will pursue ways to incorporate flexibility in the program with regard categorical eligibility and post-enrollment verification. Staff supports all of these efforts and the Company's willingness to develop the program post-implementation. That being said, Staff wishes to highlight the interim and non-precedent setting nature of the IBQD program terms and recommends a periodic and thoughtful evaluation of the effect of the discounts on energy burden and affordability for customers. Further, Staff agrees with comments submitted by CUB that HB 2475 implementation efforts should continue consideration of other means of providing equitable relief to low-income residential customers, including evaluating discounts as a percentage of household income. Thus while Staff is not recommending any immediate changes to the proposal with regard to level of relief, Staff expect an ongoing evaluation on the effectiveness of the discount structure and whether it should change relative to participant data and/or findings from Docket No. 2211.

Tracking and Accounting
Staff requested monthly zip code level reporting on participants for at least the first 12 months and provided some examples of desired metrics. Staff also addressed the need for further investigation into data collection, particularly with regard to more granular reporting on demographic and income data. Staff appreciates PGE's commitment to provide new and cumulative enrollment counts by month, zip code, and discount level quarterly. The Company has also committed to providing monthly information on average discount and bill amounts, the number of customers that have received Energy Assistance within the prior 12 months, and the number of customers in

arrears. Staff has talked with the Company and wants to be considerate of the workload associated with these data deliverables. Thus, Staff has no objections to the monthly data being submitted quarterly.

However, Staff is discouraged by the continued hesitation of the utility to meaningfully pursue the collection of demographic data. In reply comments, PGE references communication fatigue and concerns that customers may perceive demographic data collection is required for participation. Staff finds these assertions go against what has been articulated by customer advocates and believes that PGE and other utilities can work to meaningfully pursue a thoughtful way of collecting and sharing customer demographics for the purposes of informing and enhancing program design and engagement.

In the near term, it seems practical for the utility to offer an optional post-enrollment survey that includes questions on energy affordability and demographics. If the survey response can be tied anonymously to the self-verified income level, then there needn't be an additional income question within the optional survey. This approach has been recommended by multiple non-utility parties and can help stakeholders understand who (generally) is accessing the differentiated rates and identify potential gaps in outreach and/or messaging. In the future, Staff anticipates utilizing one or more of the Docket No. UM 2211 topical workshops to further explore the importance and feasibility of utilizing objective-based customer intelligence. These conversations will likely explore, at a minimum, the use of third-party data analytics firms, State agency partnerships, peer utility data clearing houses, and any other reasonable and cost-effective means to collect and apply customer demographics to better serve Oregon residents. Staff encourages PGE to shift its approach to demographic data collection and embrace the opportunities to collaborate and innovate on how to best pursue a more data informed future.

Bundling

Staff revised initial draft guidance related to energy efficiency (EE) bundling in interim programs in response to utility and Community Action Partnership (CAP) agency concerns that obligatory service bundles may be unfeasible from a capacity standpoint and create additional barriers from a participant standpoint. Staff's revisions recommended that utilities engage in information sharing with the Energy Trust of Oregon (ETO) and other EE/weatherization administering agencies; collaborate with said agencies on complementary services and cross referrals; and make EE/weatherization informational resources available to applicants. To the extent that these criteria do not oblige the Company to incorporate anything into the actual tariff, Staff simply reinforces its recommendation that utilities find ways to partner with ETO and EE/weatherization agencies and mitigate energy burden as effectively as possible (i.e. reducing energy needs + reducing the cost of energy).

Outreach and Engagement

Staff's expectations for outreach and engagement are that it be performed in a way that is transparent and informative; that the utility provide regularly scheduled monthly or quarterly discussions with partnering agencies and community representatives in a way that is mindful of stakeholder time; demonstrate meaningful engagement in advance of filing; and administer optional surveys to participating customers and CAP agencies at three, six, and 12 months from implementation. As indicated earlier, PGE has received a lot of praise regarding its early, frequent, and meaningful engagement with Stakeholders. Staff believes the Company has excelled in its engagement efforts and has provided a much improved experience for community and customer advocates to participate in a utility program's development. PGE has explained its concerns regarding issues where direct feedback was not incorporated in the final design (e.g. third-party enrollment) and provided forums and informational materials to help interested parties weigh-in on and learn about the IQBD proposal. Engagement began well before the January filing and continues today. Further, the Company has laid out a robust Year 1 targeted customer outreach strategy that has been discussed and improved with Stakeholder input.

The only element where Staff and the Company have somewhat diverged is regarding participant survey frequency and content. Both Staff and Stakeholders find value in participant surveys administered at three month intervals for the first year, with consideration to reduce frequency after Year 1. As stated in the Tracking and Accounting section of Staff review, Staff also emphasizes the inclusion of demographic and energy affordability questions in the participant survey. If the Company is concerned about communication fatigue, Staff would suggest it explore the possibility of consolidating planned "post-call surveys and other points of customer contact" referenced in the March 17, 2022, reply comments. Finally, Staff also suggests that the Company develop a survey for CAP agencies working with customers who enroll in the IQBD to better understand their experiences and trends in eligible clientele.

Post-enrollment verification was not an issue directly linked to Staff's baseline evaluation criteria, but is an important consideration nonetheless. Staff recognizes the importance of maintaining the integrity of the program by employing some verification of need and eligibility among participating customers. At the same time, Staff is sensitive to the additional burden and stress post-enrollment verification can put on customers, particularly those who are individuals or families with higher barriers.[13] Staff notes that the Company has stated a willingness to explore ways to pre-qualify individuals out of post-enrollment verification. It seems practical that individuals who are categorically eligible for the IQBD via LIHEAP/OEAP enrollments be the simplest to pre-qualify and Staff recommends this be implemented prior to the first verification check in 2023. With regard to other groups that may pre-qualify, Staff encourages the Company to continue to work with Stakeholders on whom and how to best identify these households

[13] *See* Docket No. ADV 1365, CEP Comments, page 2; submitted March 10, 2022.

throughout Year 1.

Additional Considerations
Staff notes that in addition to the proposed IQBD, there are other forms of energy assistance available to PGE customers. Traditional EA via LIHEAP and OEAP align with IQBD eligibility requirements, which will hopefully reduce some complexity for customers pursuing multiple resources for bill assistance. PGE has stated it plans to provide information on weatherization and other assistance options to enrolled customers, including non-EA benefits such as Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF). The Company also plans to target no-cost programs for cross referrals with ETO and CBOs, including welcome bundles that have traditionally been provided to CAP agencies for LIHEAP and OEAP clients. Finally, Staff notes that HB 2475 interim action guidance is expected of regulated gas utilities as well. Thus if a PGE customer is also a gas customer, they will likely have access to an interim relief measure through arrearage assistance and/or discounted rates.

With regard to PGE's arrearage management program, the Company received a total of $23.557 million in spending authorization for residential arrearage assistance. This included an initial authorization of $17.557 million[14] in February 2021 and a second authorization of $6 million[15] in September 2021. Funds were expended and committed through five AMP options that included matched payments, time payment arrangements, no-match grants, and reconnection assistance. At the start of the AMP, PGE residential arrears had increased from a pre-pandemic[16] $11.8 million, to $38.5 million. What was even more concerning was that the January 2020 percentage of arrears more than 90 days past due was approximately 19 percent, while in February 2021 the 90+ day bucket represented 79 percent of total arrears. In the most recently available arrears data, PGE residential past-due balances are approximately $19.2 million. Arrears have been declining since the February 2021 peak, with a slight uptick in the last month, and percent of total balance in the 90+ day group have trended downward since July 2021.

Staff is hopeful that arrears will continue to trend toward pre-pandemic levels and encourages PGE to continue working with customers that have past due balances to bring their accounts current. This is of particular import for customers who are likely to qualify for the IQBD program such that, as proposed, the Schedule 18 discount only applies to customer balances after initial enrollment.

See Appendix B for the latest PGE residential arrears figures.

[14] *See* Docket No. ADV 1233.
[15] *See* Docket No. ADV 1301.
[16] January 2020.

Effects of Filing
In addition to the estimated 24,600 eligible customers expected to receive bill discounts, PGE estimates that approximately 920,600 Retail Customers will be impacted by the 0.29 percent increase related to Schedule 118 to forecasted 2022 revenues. A typical Residential Customer using 780 kWh monthly will see a bill increase of $0.23, or 0.22 percent. All other schedule impacts will be based on a volumetric charge of 0.023 cents per kWh.

Schedule 118 provides for a two-way balancing account that will inform annual adjustments to customer rates based on a review of collections and payments from the account. As discussed earlier in the memo, the Company will only include direct costs from bill discounts in this balancing account. Administrative costs associated with the IQBD and HB 2475 implementation effort will be deferred and tracked separately. These amounts will accrue at the MBTR.

In reference to the corresponding information and action provided in Docket No. UM 2219, PGE estimated that the income-qualified energy discounts amount to be deferred will be approximately $4.2 million, with an additional $228,000 in incremental administrative costs. There will be no earnings review applicable or three percent test (ORS 757.259(6)) due to the use of the AAC. A prudence review will be performed when updating the amounts for amortization as part of the AAC, and all prudently incurred costs are recoverable by PGE with no sharing mechanism. Costs will be allocated as described above, when updating the AAC. Figure 1 below depicts PGE-generated material demonstrating the composition of the $4.2 million estimate for Year 1. This estimate assumes a 15 percent participation rate. At program maturity (75 percent participation), the Company expects this amount, under the proposed discount structure, to increase to $28.3 million (Figure 2).

Figure 1- IQBD Year 1 Cost Estimates

PGE Advice No. 22-01
Attachment A
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Tiered discounts – Year 1

Discount tiers	Eligibility threshold as % SMI[1]	Median monthly bill	% of bill discount	Median bill savings	End of Year 1 participation estimates[2]	Estimated annual direct costs[3]
Tier1	30%	$95	25%	$24	8,450	$1.8M
Tier 2	45%	$96	20%	$19	8,050	$1.4M
Tier 3	60%	$96	15%	$14	8,150	$1.1M

Estimated annual direct cost at 15% participation rate **$4.2 million** (~0.2% of PGE annual revenues)

Bill increase (price impact)	Residential	Small Commercial	Large Comm / Industrial
Monthly charge with $1,000 cap for non-residential customers	$0.23 (0.2%)	Ave $0.32 (0.2%)	$33 (0.3%) / $900 (0.3%)

[1] Tier income thresholds expressed in dollars, by household size, provided in Appendix; Tier 3 threshold for single-person households increased slightly.
[2] Assumes 15% participation rate among all eligible customers by end of Program Year 1 (9-month year).
[3] Annual direct costs do not include program administration or marketing costs; price impacts include $230,000 in administration and marketing costs for Year 1.

Figure 2- IQBD Program Maturity Cost Estimates

PGE Advice No. 22-01
Attachment A
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Tiered discounts – Program Maturity

Discount tiers	Eligibility threshold as % SMI[1]	Median monthly bill	% of bill discount	Median bill savings	End of Year 5 participation estimates[2]	Estimated annual direct costs[3]
Tier1	30%	$95	25%	$24	42,200	$12.0M
Tier 2	45%	$96	20%	$19	40,100	$9.2M
Tier 3	60%	$96	15%	$14	40,800	$7.0M

Estimated annual direct cost at 75% participation rate **$28.3 million** (~1.4% of PGE annual revenues)

Bill increase (price impact)	Residential	Small Commercial	Large Comm / Industrial
Monthly charge with $1,000 cap for non-residential customers	$1.58 (1.5%)	Ave $2.21 (1.2%)	$230 (1.8%) / $1,000 (0.4%)

[1] Tier income thresholds expressed in dollars, by household size, provided in Appendix; Tier 3 threshold for single-person households increased slightly.
[2] Assumes 75% participation rate among all eligible customers by end of Program Year 5.
[3] Annual direct costs do not include program administration or marketing costs.

Conclusion

Staff and Stakeholders commend PGE for its thoughtful proposal to mitigate energy burden and support income-eligible customers with more affordable rates. Staff notes that much of the IQBD proposal aligns with Staff's Baseline Evaluation Criteria despite having been largely developed in advance of the final guidance. Staff finds this demonstrative of the Company's proactive effort to engage with Stakeholders and incorporate feedback and design modifications from the advocate community. If the Commission is supportive of the forward looking guidance summarized above, Staff sees no reason to postpone or materially change PGE's proposed IQBD as an interim effort against energy burden.

Staff recommends the Commission approve PGE's Advice No. 22-01 and further direct the Company to implement additional features to the program as discussed in this Staff report. With regard to the Schedule 118 cost recovery mechanism, Staff recounts the order issued in Docket No. UM 2219, approving PGE's deferral of costs and revenues to support an AAC for direct costs associated with bill discounts while separately tracking administrative costs in a deferral to accrue at the MBTR.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 22-01 establishing Schedule 18, Income-Qualified Bill Discount and Schedule 118, the corresponding Bill Adjustment Cost Recovery Mechanism, effective with service on and after April 15, 2022, and further direct the Company to:

- Implement categorical eligibility and auto-enrollment feature for customers who have been qualified for EA on or before June 30, 2022.
- Implement third-party enrollment or provide Staff and Stakeholders an update of the status of third-party enrollment on or before June 30, 2022.
- Develop and administer a short survey offered to participants immediately following enrollment and at 3-, 6-, and 12-month intervals in Year 1 and every six months thereafter that includes questions on energy affordability and demographics. The surveys should:
    - Be optional;
    - Have results trackable by income level declared at the time of self-verification; and
    - Omit or encrypt personal identifiable information (PII).
- Share participant survey findings and participant attributes with Staff and Stakeholders during post-implementation engagement
- Develop and administer a short survey offered to CAP agencies referring clients to IQBD at 6- and 12-months in Year 1, and annually thereafter, for the purposes of evaluating overall experience administering the program and effectiveness

with helping clients.

- Implement a means of pre-qualifying, at a minimum, categorically eligible participants, for a post-enrollment verification exemption on or before December 31, 2022.

Attachment A

Staff's Final Baseline Evaluation Criteria for Interim Action

At minimum, Staff will review utility interim rate or program filings for inclusion of the following:					
	Eligibility	**Level of relief**	**Tracking and accounting**	**Bundling**	**Outreach and engagement**
KEY DESIGN ELEMENTS	Low-barrier enrollment component(s) should be included (e.g. self-certification; categorical eligibility; etc.) Auto-enrollment for energy assistance recipients should be included Options for CBOs to submit eligible customers to the utility should be included	Prioritizes lowest income with the highest energy burden	Monthly zip code level reporting on enrollments for first 12 months, quarterly thereafter unless guidance is updated following the broader investigation. Monthly data should include, but not be limited to: • Assistance dollars per customer; • Total and average arrears of participants (by 30, 60, 90+ days aged buckets); • Percentage of EA recipients; • Difference in average bill of participating versus non-participating customer.	Information sharing with ETO and energy efficiency and weatherization administrating agencies about interim rate and program participants	Transparent and informative
	Eligibility criteria should be income-based in the interim (the broad investigation can explore other criteria)	Utility proposal should explain how the interim rate was designed to provide a meaningful reduction of energy burden (e.g., Staff will look at how PGE considered a target energy burden ceiling (6%) when identifying the income tiers and discount levels provided by the proposed rate)	Program costs are tracked and reported quarterly in a deferral with sufficient detail for ongoing Staff review and discussion	Collaborates with energy efficiency and weatherization partnering agencies on complementary services and potential cross referrals	Regularly scheduled (monthly or quarterly) discussions and consultations with partnering agencies representing or servicing target communities; consolidating with peer utilities where possible
		Allows flexibility or direct engagement opportunities in program design to accommodate enrollments reasonably outside specific eligibility terms	Continued workshops with Staff and Stakeholders on right-sizing data collection and leveraging work done by other agencies; specific attention to more granular reporting of demographic and income data.	Makes energy efficiency or weatherization information and program resources available to participating customers	Demonstrates the Company provided meaningful engagement in advance of filing
					Surveys participating customers and CAP agencies at 3, 6, and 12 months of implementation

Attachment B

PGE's Residential Customer Arrears January 2020- February 2022

Figure 3 - Residential Customers in Arrears

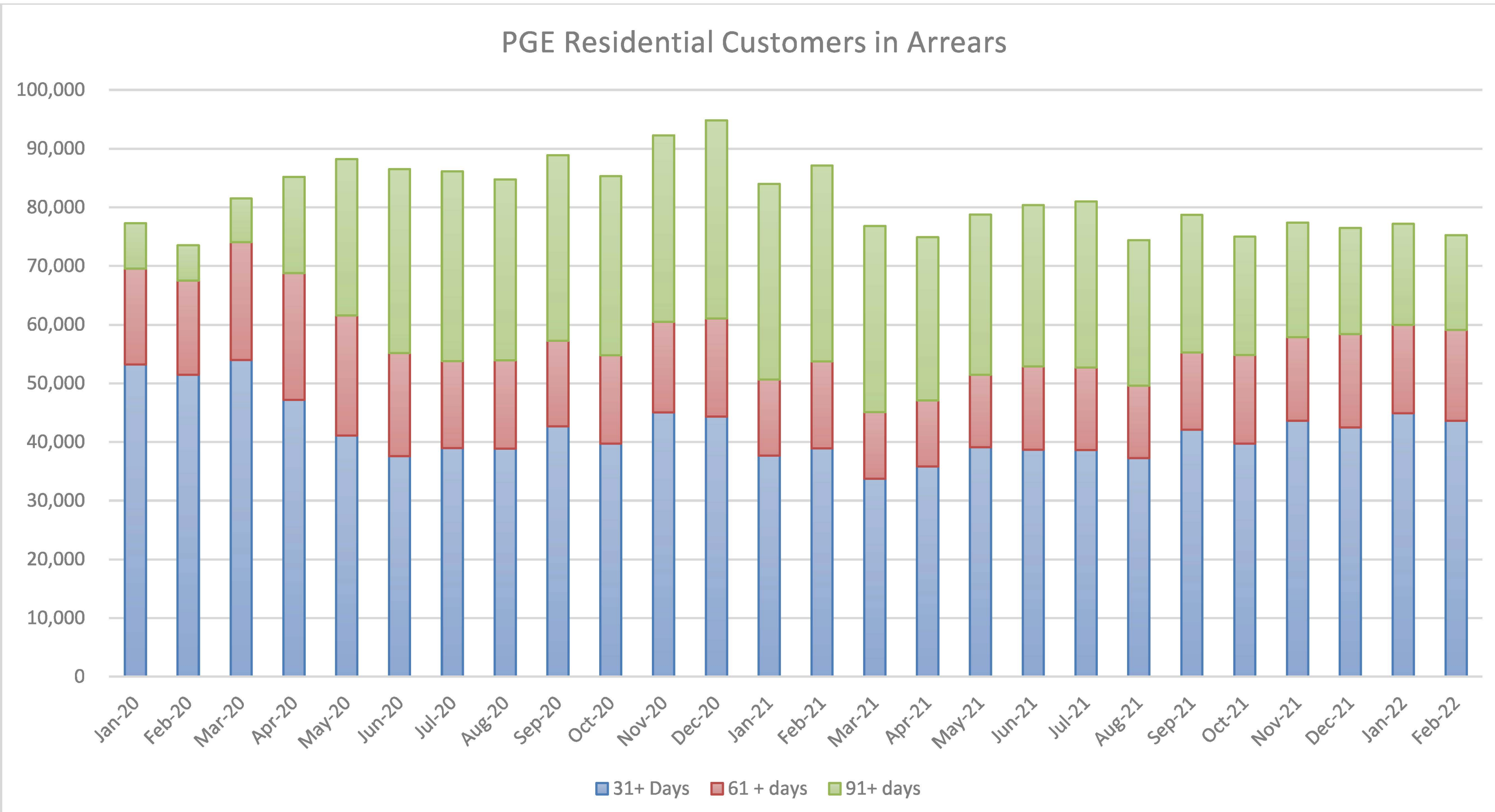


Figure 4 – Residential Arrears

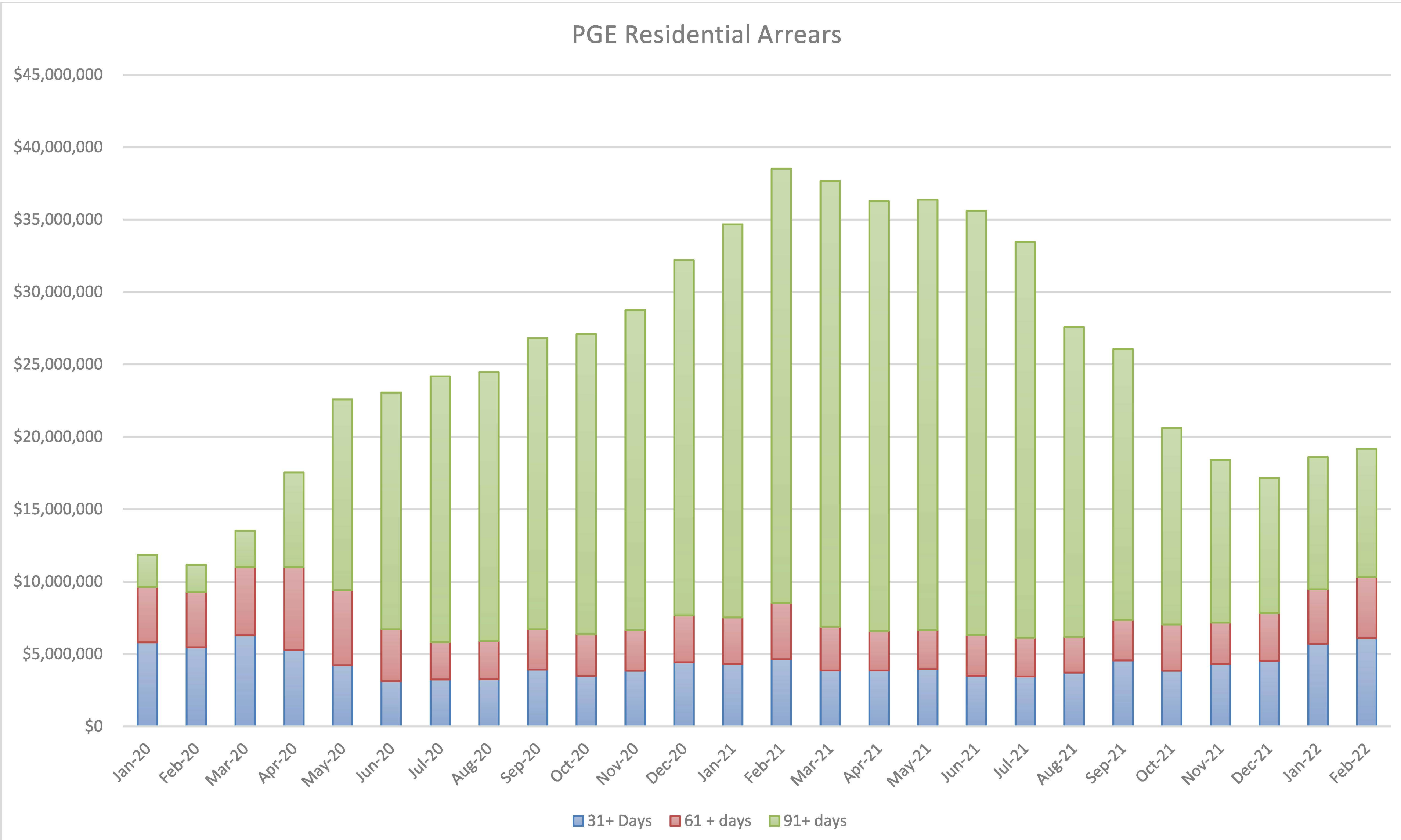
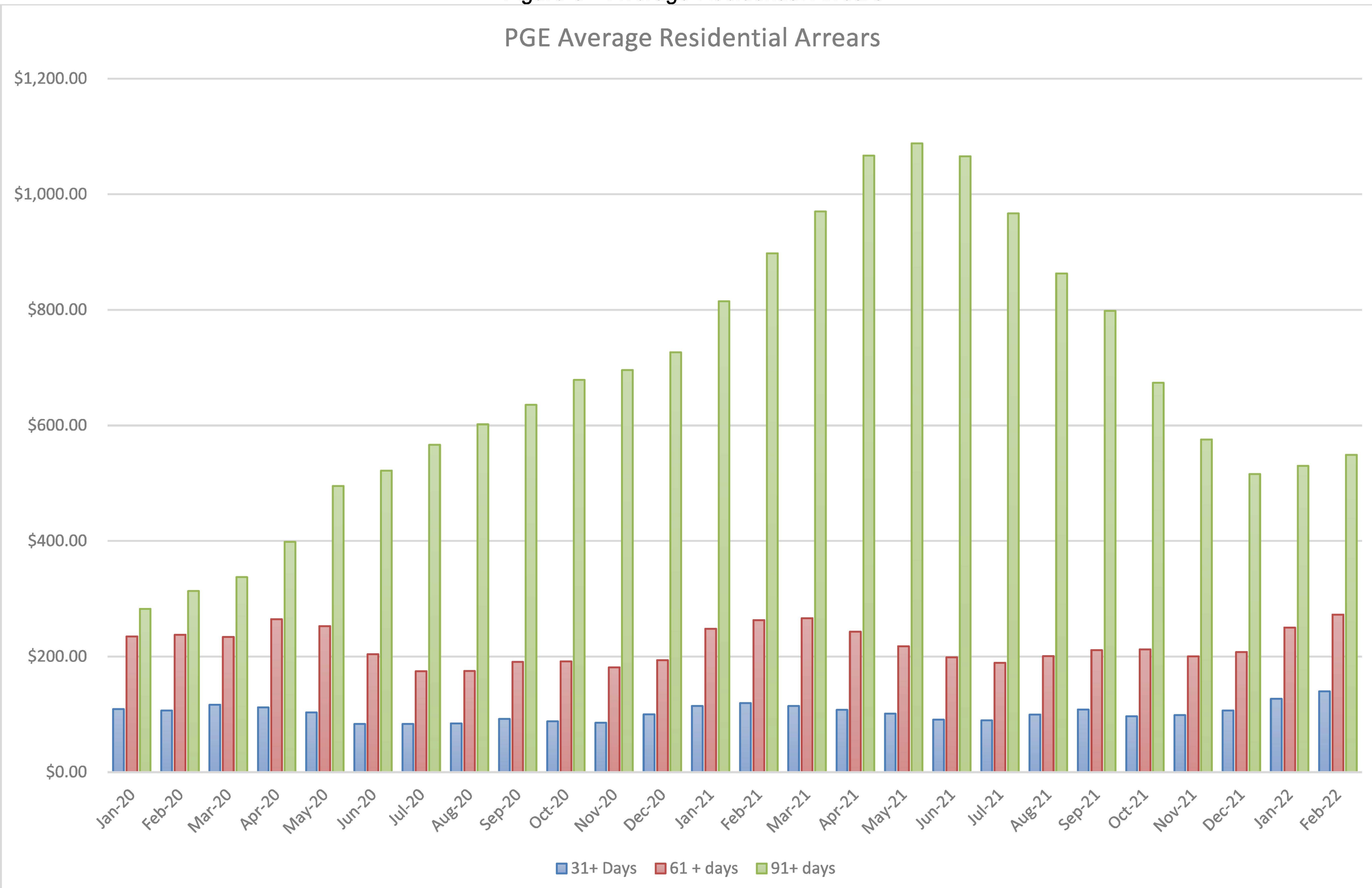


Figure 5 – Average Residential Arrears



Attachment C

PGE's IQBD Eligibility Tier Reference Table

Eligibility matrix (OHCS 2021-2022)

HH Unit Size	30% SMI	45% SMI	60% SMI[1]
1	$14,667	$22,001	$30,700
2	$19,187	$28,780	$38,373
3	$23,701	$35,552	$47,402
4	$28,215	$42,323	$56,430
5	$32,730	$49,094	$65,459
6	$37,244	$55,866	$74,488
7	$38,091	$57,136	$76,181
8	$38,937	$58,406	$77,874
9	$39,784	$59,675	$79,567
10	$40,630	$60,945	$81,260
11	$41,477	$62,215	$82,953
12	$42,323	$63,484	$84,645
13+ (ea.)	+$846	+$1,269	+$1,692

[1] Income threshold for single-person households increased slightly to cover those earning full-time minimum wage