ORDER NO. 22-317

ENTERED Sep 01 2022

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 409

In the Matter of PACIFICORP, dba PACIFIC POWER, Advice No. 22-008 (ADV 1412). Residential Low Income Bill Discount.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED WITH ADDITIONAL DIRECTIVE

This order memorializes our decision, made and effective at our August 23, 2022 Regular Public Meeting, to adopt Staff's recommendation in this matter with an additional directive. PacifiCorp, dba Pacific Power, is directed to make a compliance filing which updates the 1000 kWh to 900 kWh when it comes to the charge it will apply to residential customers for the energy discount program. The Staff Report with the recommendation is attached as Appendix A.

Made, entered, and effective Sep 01 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: August 23, 2022

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** ____**October 1, 2022**____

DATE: August 15, 2022

TO: Public Utility Commission

FROM: Bret Farrell

THROUGH: Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UE 409/Advice No. 22-008)
Establishes Schedule 7, Low-Income Discount and Schedule 92, Low-Income Discount Cost Recovery Mechanism. Updates Schedule 90, Summary of Effective Rate Adjustments.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp or Company) Supplemental Advice Filing No. 22-008 proposal to establish new Schedule 7, Low-Income Discount, new Schedule 92, the corresponding Low Income Discount Cost Recovery Mechanism, and update existing Schedule 90, Summary of Effective Rate Adjustments, proposed to be effective with service on and after October 1, 2022.

Further, direct PacifiCorp to:

1. With input from Stakeholders, develop a short survey offered to participants at or around the time of enrollment and in regularly scheduled increments thereafter. The survey may be administered, and data stored, by the Company, CAAs, or third-party, as deemed appropriate. The survey should:
   a. Be optional
   b. Include questions on demographics and energy affordability
   c. Have results trackable by income level declared at the time of self-verification
   d. Omit or encrypt personal identifiable information (PII)
2. Develop and administer an annual short survey offered to CAAs enrolling clients in the energy discount for the purposes of evaluating overall experience administering the program and effectiveness at helping clients.
3. Share survey findings and participant attributes with Staff and Stakeholders during post-implementation engagement.

4. Report on energy discount program and participant metrics by month and zip code in quarterly increments. Metrics include, but are not limited to:
    a. Total number of customers enrolled in the program
    b. Total dollars provided to customers, by discount tier
    c. Average discount provided to customers, by discount tier
    d. Dollars spent on administrative costs, by descriptive cost category
    e. Total enrollments through Cascade (does not need to be by zip code)
    f. Total enrollments through community partners (by agency)

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PacifiCorp's Supplemental Advice Filing No. 22-008 proposal to establish new Schedule 7, Low-Income Discount, new Schedule 92, the corresponding Low-Income Discount Cost Recovery Mechanism, and update existing Schedule 90, Summary of Effective Rate Adjustments, proposed to be effective with service on and after October 1, 2022.

Applicable Law

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.

Under ORS 757.210(1)(b), "automatic adjustment clause" means "a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred, taxes paid to units of government or revenues earned by a utility and that is subject to review by the commission at least once every two years."

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 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]

ORS 757.695, codifying HB 2475's Section (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)(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.

<u>Analysis</u>

Background

On January 1, 2022, Oregon House Bill (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." In response to HB 2475, the Commission has initiated a broad implementation effort that includes both interim actions to provide customers near-term relief under the new authority and a longer-term investigation to fully explore and establish the Commission's policies for differential rate design and administration.[2]

On June 16, 2022, the Company filed their initial version of their Schedule 7 Low-Income Discount (LID) program. On July 26, 2022, the Commission adopted Staff's recommendation to suspend and investigate PacifiCorp's Advice Filing No.22-008 proposal. Staff found that the initial bill discount proposal put forward by PacifiCorp did not meet the expectations articulated in Staff's baseline evaluation criteria and key design elements in Docket No. UM 2211. Specifically, Staff sought additional time to discuss alignment on the following issues:

1. Implement a multi-tier income-structure for the LID that endeavors to provide targeted need-based relief recognizing disparate energy burdens within income-qualified populations and may reflect peer utility designs such as the recently approved NW Natural Bill Discount Program.
2. Implement and specify LID as a risk-free program for residential customers, under which customers will not be subject to recovery of underbilling based on

[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.

enrollment in SID.

3. Implement a post-enrollment verification process for self-attesting[3] year one enrollments. The post-enrollment verification process should:
    a. Be informed by and developed with input from community stakeholders
    b. Administered across a three percent sample of the intended target enrollments

Based on comments from Association of Western Energy Consumers (AWEC), Staff also supported discussion of a monthly per site cap on cost recovery for the costs of the LID.

The Commission direct PacifiCorp to return with a revised proposal within 45 days opened Docket No. UE 409 for the resulting investigation. [4]

Given the 45-day timeline, PacifiCorp held two workshops on August 1 and August 8 with Staff and stakeholders, but no written comment was included in the schedule. Parties reached agreement on the issues about which the Commission directed further investigation, and, on August 15, 2022, PacifiCorp filed these updates to its LID with an effective date of October 1, 2022.

PacifiCorp's Proposed Schedule 7 Low-Income Discount Revisions
At the August 8 workshop, PacifiCorp brought forth several options for a two-tier program and Staff and stakeholders reached broad agreement to support a design that would give customers between 0-20 percent SMI a 40 percent discount and customers between 21-60 percent SMI a 20 percent discount. PacifiCorp's revised tariff reflects this agreement.

Under the revised tariff proposal, applicants for the LID must be the PacifiCorp accountholder and will be able to enroll by self-declaring household size and income in an application for the program. Customers approved into the program must re-enroll every two years. Customers receiving Low-Income Housing and Energy Assistance Program (LIHEAP), or Oregon Energy Assistance Program (OEAP) grants will automatically qualify for the 20 percent discount and will be allowed to self-attest at a later time to qualify for the 40 percent discount.

In response to AWEC's proposed monthly cap on per site cost recovery, Staff and stakeholders agreed for this interim program to support setting a cap at five million kilowatt-hours per month, per customer. For the Company's largest customers, usage over five million kilowatt-hours each month will not be subject to the cost recovery surcharge. The five million kilowatt-hour cap represents a compromise between no cap as proposed by the Company and a $1,000 cap proposed by AWEC. This change has

[3] I.e., not categorically eligible, auto-enrolled, or income-verified.
[4] See Commission Order No. 22-290.

been included in the proposed Schedule 92, Low-Income Discount Cost Recovery Adjustment.

Figure 1 provides a summary of the elements of the program PacifiCorp has put forth in their revised filing compared to their original June 16, 2022, filing.

Figure 1.

	Original Filing	Revised Filing
Tiered Discount	Single tier discount of 25% to all qualifying low-income customers who fall at or below 60% SMI.	Two-tiered approach with 40% discount at 0-20% SMI and 20% for 21-60% SMI.
Auto-Enrollment Tier	Low-income customers would be auto-enrolled into the discount	Low-income customers will be auto-enrolled on the 20% tier with the opportunity to attest to income and move to the 40% tier
Post-Enrollment Verification	The Company may choose to randomly select customers to provide post-enrollment verification	Company will randomly select 3% of enrolled customers to provide post-enrollment verification.
Risk Free	PacifiCorp's original filing didn't specifically address the risk free nature of the program.	Added verbiage to the program that customers are not required to pay back benefits received.
Surcharge Price	$0.35 per month for residential; 0.035 cents per kWh for non-residential	$0.36 per month for residential; 0.036 cents per kWh for non-residential
Surcharge Cap	No cap.	Monthly per customer cap of 5,000,000 kWh

Other Considerations
In its original recommendation to suspend and investigate, Staff provided additional recommendations for the Company's implementation of the tariff. Staff reiterates those recommendations here:

- Commit to targeting outreach with arrears balances and zip codes and/or areas where median income is below SMI.
- Endeavor to connect customers with all forms of available assistance when reaching out or enrolling customers for the LID.
- Work with advocates and community groups on LID survey questions and administration.

- Perform recurring engagement with Docket No. UM 2211 stakeholders to discuss the data and experiences reported following LID implementation, including, but not limited to LID metrics and survey results.

Staff also encourages the Company to implement their post-enrollment verification processes after thoughtful engagement with Staff and stakeholders. Staff believes information gathered during post-enrollment verification will help inform conversations regarding LID program fraud rates and post-enrollment verification efficacy and terms going forward.

Effects of Filing
Based on the revised program design and discount structure proposed by PacifiCorp, the Company estimates that approximately 646,000 customers will be impacted by the proposed cost recovery adjustment rate.

Based off a program participation level of 15 percent the overall average rate increase would be 0.4 percent or a bill increase of $0.36 per month. Due to the implementation of a five million kilowatt-hour cap the monthly bill surcharge increased from $0.35 per month in the initial filing to $0.36 per month. At a participation level of 85 percent, the bill impact would be $2.05.

Low-income residential customers who are enrolled in the Low-Income Discount program will see a monthly bill decrease of 20 percent or 40 percent, dependent upon attested income.

Housekeeping Request
The Company's original Schedule 7 filing included a request to remove Schedule 105 and add Schedule 106 into the Tariff Index is administrative and technical in nature. Based on the Commission's motion to approve the underlying program expansion in Advice No. 22-004, which necessitated the housekeeping request included in Advice No. 22-008, Staff has no reason to oppose this change. Upon approval of the advice filing, the tariff index update would be included.

<u>Conclusion</u>

Staff appreciates the Company's responsiveness and efforts to reach agreement on the outstanding issues flagged by Staff and stakeholders. Staff finds that the low-income bill discount program proposal put forward by PacifiCorp in Advice Filing No. 22-008 on August 15, 2022, addresses the issues identified by Staff and parties. As such, Staff recommends the Commission approve the terms of the proposal to establish a new Schedule 7, Low-Income Discount, new Schedule 92, the corresponding Low-Income Discount Cost Recovery Mechanism, and update existing Schedule 90, Summary of Effective Rate Adjustments, proposed to be effective with service on and after

October 1, 2022.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's (PacifiCorp or Company) Advice Filing No. 22-008 proposal to establish new Schedule 7, Low-Income Discount, new Schedule 92, the corresponding Low-Income Discount Cost Recovery Mechanism, and update existing Schedule 90, Summary of Effective Rate Adjustments, proposed to be effective with service on and after October 1, 2022.

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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 the Company 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