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RE: UM 2211/ADV 1412 – PacifiCorp's Advice No. 22-008, Residential Low Income Bill Discount

Dear PUC Commissioners and Staff,

Community Energy Project (CEP), the Community Action Partnership of Oregon (CAPO), the NW Energy Coalition (NVEC), and the undersigned advocates submit the following comments regarding PacifiCorp (PAC) Bill Discount Proposal under Docket No. UM 2211 and ADV 1412. PAC has engaged stakeholders and interested parties pre- and post-filing. PAC has also responded to questions and data queries. However, no significant changes (or compromises) have been made in response to feedback. In our view, stakeholder engagement is only meaningful if decision-makers are actually willing to act on feedback. Keeping this in mind, we reiterate the comments that have already been submitted to PAC by CAPO, the Citizens Utility Board, and CEP.

Program Eligibility/Enrollment

We commend PacifiCorp for incorporating auto-enrollment and self-verification in the program. That said, we encourage PacifiCorp to incorporate an online tool that allows community-based organizations and community action agencies (CAA) to enroll their clients directly, as well as provide funding as needed for these organizations due to the added time-commitment. We believe that this process would maximize enrollment from low-income customers that are more likely to enroll with agencies they already have an established relationship with, as well as from customers that programs often historically struggled to enroll, such as non-English speakers, some immigrant communities, and the elderly.

We are pleased to see PacifiCorp's simplified intake process through incorporating self-verification of income. The income verification process can often be burdensome and systematically exclude significant numbers of eligible individuals in frontline communities needing assistance. By having a simple self-verification process that is accessible online, by phone, or mail, PacifiCorp's eligibility and enrollment process is more equitable, more respectful to clients, and more cost-effective than requiring income verification. **We would also like PacifiCorp to ensure that enrolling in the program would be a no-risk venture for low-income customers—meaning customers would not have to pay back discounts if they were for some reason to**

unenroll from the program. We would like this to be clarified directly in the tariff filing, as the PUC has asked Cascade Natural Gas in Order 22-250.

Post-enrollment Verification

We commend PAC for establishing this program without income-verification. Variation among programs between utilities will allow us to perform evaluation and design better permanent programs. We are confident that this element will lead to high enrollment without wide-spread fraud. We do want to note for the record that the current filing reserves the right for PAC to conduct random as well as high usage income-verification.

If PAC is to conduct such audits, we request this to be preceded by some stakeholder engagement.

Level of Relief

There is much to like about PAC's current proposal to offer discounts of 25% for all individuals with incomes below 60% of state median income (SMI). This is administratively simple and provides a meaningful reduction in people's energy burden. However, a single tier is simply not enough to provide a meaningful reduction in energy burden across ALL incomes. **We propose that PAC add another discount level of at least 50% for incomes below 25% of SMI.**

- (1) While we are skeptical of the survey data provided by PAC (it shows much lower energy burden than general statistics suggest), the data suggests that the single tier does not really address the problem. It reduces the energy burden of people around 60% of SMI to around 1.5% while people around 5% of SMI still pay 12%¹ of their gross income towards electricity.
- (2) During presentations, PAC has repeatedly stated that a single tier would "alleviate concerns with the untested approach of self-verification." However, PAC has never been able to articulate what exactly this specific concern was. A priori, why would the expected level of fraud be higher with one vs. two discount tiers?
- (3) Furthermore, during the workshops, PAC stated that this discount was appropriate in the light of other energy assistance available. We do not disagree with that point in general. However, depending on the specific type of customer class, federally- and state-funded energy assistance is only sufficient to serve 12-18% of eligible individuals. Based on administrative rules, much of this funding is distributed on a first-come-first-served basis. This means, the majority of extremely low-income customers likely are not served by these programs. In the short term, a higher bill discount is the most feasible way of offering them relief.

¹ Purely mathematically, we would expect this number to be much higher. We suspect that the small sample size is not reliable for this income tier.

We would like to offer additional arguments for adopting steeper discount tiers for extremely low-income individuals. Our experience serving families at the very bottom of the income distribution shows energy burden becomes a somewhat meaningless number. Families in this category can hardly afford any of their bills, meaning that energy bills are unaffordable at full price or at a discount. Imagine the average low-income household in Oregon with annual utility bills of \$1,481.² At 10% of SMI, the average household (2.66 persons), would be able to contribute \$443 to their energy bill while staying at 6% energy burden. Together with the maximum LIHEAP payment of \$530, this leaves 34% of their energy bill uncovered (noting that most eligible households do not receive energy assistance).³ Furthermore, energy coordinators at CAAs state that bill discount programs run by consumer-owned utilities, that offer a 35% discount for people below 25% of SMI, are much more effective in counteracting energy insecurity. We would also like you to consider slide 11 of PAC's presentation. The first row indicates that a program similar to Avista's could decrease the energy burdened population by 20 percentage points, without much additional cost.

Furthermore, it is also important to consider discounts in the context of the 14% residential bill increase proposed in PAC's general rate case. Additionally, the financing mechanism of the bill discount proposal adds 2% to customers' bills at 85% enrollment. This would reduce the real proposed discount to 14% with significant implications for real energy burden reductions. Given that the rate case seeks to increase return on equity, we would urge PAC to consider that all company stakeholders, including shareholders, should contribute to the goal of reducing disproportionate energy burdens. These facts alone suggest to us that the current program does not offer deep enough discounts, especially for extremely low-income households.

In its response to stakeholders, PAC states that bill discounts "should not necessarily blunt the entire increase of every price change." We would be curious as to why not? The whole concept of energy burden suggests that burdened households cannot afford any increases in price.

Lastly, we would like to refer to PUC baseline evaluation criteria on the level of relief, stating that programs should prioritize those with the lowest incomes and the highest energy burdens.

In addition to dealing with current bills, we would encourage PAC to provide permanent means for low-income customers to deal with large arrears in this or

² US Department of Energy, LEAD Tool, <https://www.energy.gov/eere/slsc/maps/lead-tool>.

³ OHCS LIHEAP Program Manual, <https://www.oregon.gov/ohcs/energy-weatherization/Documents/2022-Energy-Assistance-Manual.pdf>.

future filings with the PUC. A sustainable low-income program needs to deal with prices and balances. In response, PAC states that “elimination of historic arrearages is outside the scope of the Company’s proposed interim bill discount.” However, this does not have to be the case. Both Avista and Cascade Natural Gas included arrearage management in their initial proposals.

Outreach and Communication

PacifiCorp has stated that they will seek stakeholder engagement through its Community Equity and Advisory Group (CEAG). We are glad to see PacifiCorp forming this group. We hope that PacifiCorp will consider having CEAG meetings open to the public for further transparency and for creating a space for richer participation. We would also like to hear from PacifiCorp on how they plan to incorporate feedback from the CEAG in HB 2475 and in the utility’s other processes. If feedback from the CEAG is not seriously considered, it runs the risk of falling under the category of being a “check the box” exercise for community engagement. We also would like for PacifiCorp to continue considering feedback from community-based organizations outside of the CEAG after it is launched.

Tracking and Accountability

We appreciate PAC including reporting into the tariff filing. However, we believe that even after year one, PAC should make enrollment numbers public on at least a quarterly basis. These numbers will allow advocates to identify gaps and target specific communities for enrollment.

Additionally, we urge PAC to gather some basic information, **including demographics** during enrollment. While surveys are a great addition, they always suffer from low participation and self-selection bias. We are confident that PAC, a large corporation that safeguards a lot of proprietary information, will be able to find a way to maintain data privacy. This is not to say surveys are not important. Capturing data following enrollment is crucial in helping us understand how this bill discount program is positively or negatively impacting, or failing to impact, energy burdened customers. We cannot address issues that we cannot measure. Therefore, we would like the survey that PacifiCorp administers to include questions on energy affordability and demographics to ensure that PacifiCorp is meeting equity goals. In the drafting of these surveys, we ask PacifiCorp to be mindful of the time-burden on customers, and to collaborate with their CEAG, in addition to other community-based organizations that have experience conducting similar surveys. We also ask PacifiCorp to provide the adequate equity training for call centers that would be conducting the surveys during enrollment.

In our view, a successful program would enroll at least 80% of eligible customers in the long run. Since non-participants are paying for the program, eligible but

non-enrolled customers will be subsidizing those enrolled. This would create a situation with obvious equity problems and is best avoided.

Conclusion

Overall, we appreciate the effort put forward by PacifiCorp in drafting their interim bill discount program. We hope that PacifiCorp continues to engage with stakeholders to ensure that low-income customers with the highest energy burden are provided adequate relief. We would also like to emphasize that all our comments are specific to the proposed interim programs. We, as advocates, are planning to learn from the implementation of this program how to best design future programs. This means, depending on the data, our recommendations and position might change in the future.

Sincerely,

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