

April 27, 2022



## Docket No. UM 2211: HB 2475 Implementation of Differential Rates and Programs in Oregon

### *Utility Status and Staff Investigation Updates*

This letter provides an update on the current status of House Bill (HB) 2475 implementation, including regulated utilities' (Avista, Cascade Natural Gas, Idaho Power, Northwest Natural Gas, PacifiCorp, and Portland General Electric) actions and upcoming Oregon Public Utility Commission (PUC or Commission) activities related to 'differential' rates and programs.

### **New to the Process?**

What is HB 2475?

HB 2475, or, the "Energy Affordability Act", is a 2021 legislative measure that took effect January 1, 2022, and allows the PUC to consider customer characteristics that affect affordability when approving programs<sup>1</sup> and energy rates<sup>2</sup> charged by regulated utilities. Generally, this authority makes it so the rates that make up monthly utility bills for residential customers can be designed in a way that considers those customers' *ability to pay*. HB 2475 also enables groups representing low income customers and environmental justice communities to receive intervenor funding assistance.<sup>3</sup>

What is UM 2211?

Docket No. UM 2211 is the reference name and "landing space" for Staff's HB 2475 implementation efforts. You can navigate to the PUC managed eDockets page for Docket No. UM 2211 here: <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23122>.

### **How Can I Participate?**

Staff is looking to promote diverse, equitable, and inclusive engagement throughout the entirety of this process. We invite anyone interested in learning more about PUC processes and how we as regulators can help reduce energy burden across the State to sign up for notifications regarding Docket No. UM 2211 by contacting the PUC.<sup>4</sup>

The types of information that come through Docket No. UM 2211 include differential rate and bill assistance proposals from regulated utilities, engagement notifications, public comment, and more. By signing up to receive notifications, you are not obligated to participate, but you will have the opportunity to receive timely updates on what events are coming up, what progress has been made, related dockets to follow, and what opportunities there may be to engage in the process.

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<sup>1</sup> Section 7 of enrolled House Bill 2475 (HB 2475-A).

<sup>2</sup> Section 2 of enrolled House Bill 2475 (HB 2475-A).

<sup>3</sup> Section 3 of enrolled House Bill 2475 (HB 2475-A).

<sup>4</sup> Interested parties may reach out to the Oregon PUC filing center at: [PUC.FILINGCENTER@puc.oregon.gov](mailto:PUC.FILINGCENTER@puc.oregon.gov) and express their interest in Docket No. UM 2211 or reach out directly to Staff using the contact information listed at the end of this publication.

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Other PUC resources that are not specific to UM 2211 but may help new and interested participants in our processes can be found here:

- <https://www.oregon.gov/puc/news-events/Pages/Trainings.aspx>
- <https://www.oregon.gov/puc/news-events/Pages/Get-Involved.aspx>

## Background

The initial implementation efforts for HB 2475 focused on getting near-term relief in place based on basic minimum standards for rate and program design, prior to a longer-term investigation into HB 2475 implementation policies.

### 2021

- **November 10:** Staff holds implementation process planning workshop
- **December 14:** Staff officially opens Docket No. UM 2211
- **December 22:** Staff issues proposed Baseline Evaluation Criteria for Interim Proposals<sup>5</sup> ([um2211hah114912.pdf \(state.or.us\)](https://www.oregon.gov/puc/news-events/Pages/Get-Involved.aspx))

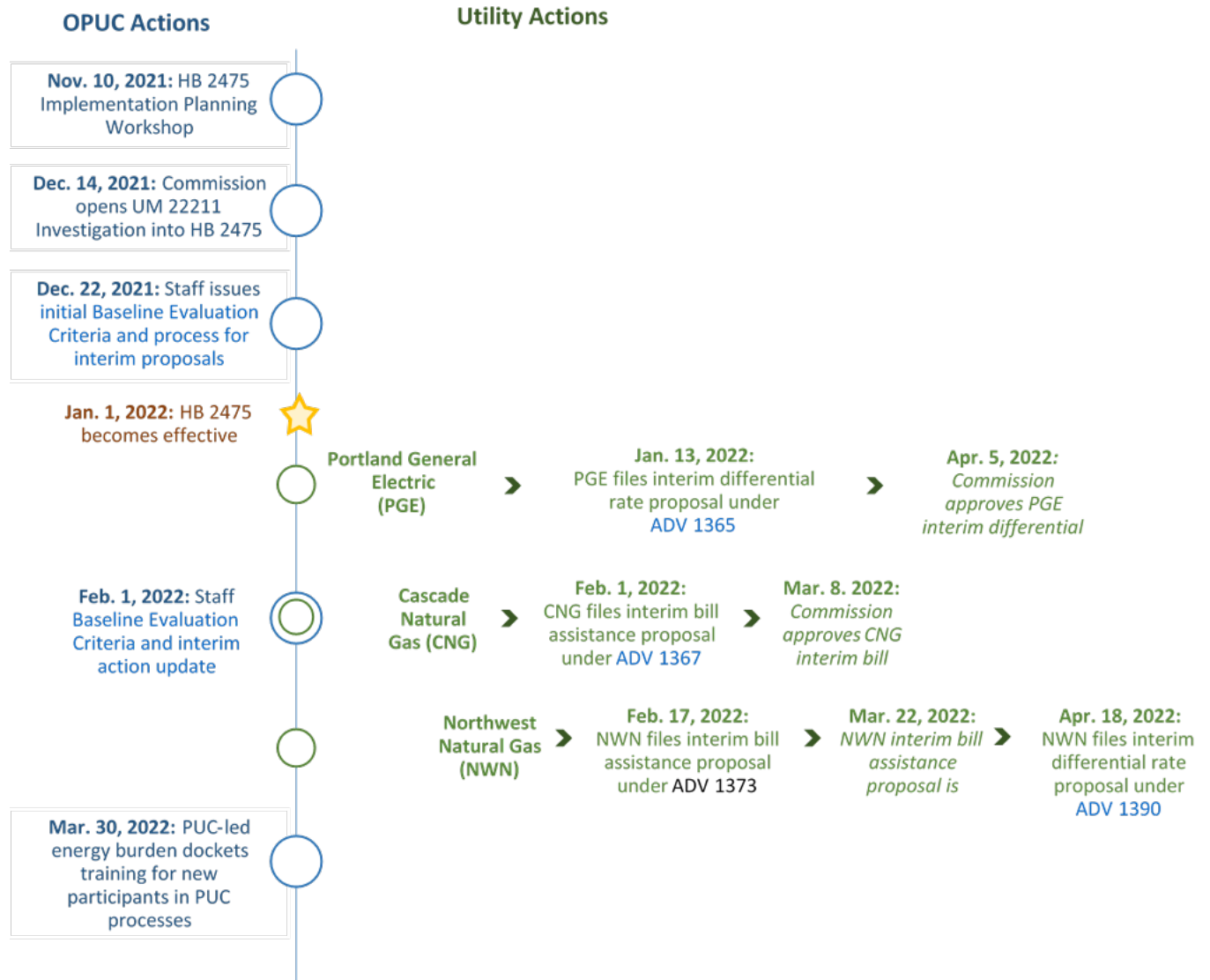
### 2022

- **January 1:** HB 2475 becomes effective
- **January 13:** Portland General Electric (PGE) files interim differential rate proposal under Docket No. ADV 1365 (<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23171>)
- **February 1:** Staff Baseline Evaluation Criteria finalized (<https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf>)
- **February 1:** Cascade Natural Gas (CNG) files interim bill assistance proposal under Docket No. ADV 1367 (<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23184>)
- **February 17:** Northwest Natural Gas (NWN) files interim bill assistance proposal under Docket No. ADV 1373 (<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23195>)
- **March 8:** CNG's interim bill assistance proposal is approved
- **March 22:** NWN's interim bill assistance proposal is approved
- **March 30:** PUC led stakeholder training (Part 1)
- **April 5:** PGE's interim differential rate proposal is approved
- **April 18:** NWN files interim differential rate proposal under Docket No. ADV 1390 (<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23272>)

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<sup>5</sup> Interim Proposals are intended to provide near-term relief to residential utility customers in advance of the broad HB 2475 investigation. Programs proposed in the interim may be designed as intentionally temporary or more as pilots that are targeting minor refinements.

**Figure 1. Summary of HB 2475 Implementation Progress Related to Differential Rates and Programs**



Please refer to [Attachment A](#) at the end of this document for more detailed updates on HB 2475 implementation progress and engagement across the six regulated utilities.

HB 2475 Baseline Evaluation Criteria

As a reminder, the baseline evaluation criteria finalized by Staff on February 1, 2022, provide guidance to the regulated utilities on what Staff has identified as key features that should be pursued in any type of differential rate or bill assistance proposal under HB 2475. The criteria discuss eligibility, level of relief, tracking and accounting, bundling (with energy efficiency programs), and outreach and engagement. For those interested in reviewing the baseline

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evaluation criteria, please follow the link here:

<https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf>.

### HB 2475 Interim relief

Initial HB 2475 implementation discussions indicated that providing relief out to residential customers quickly should be the near-term priority. This prompted the interim guidance and programs ahead of the broad investigation. Staff provided guidance to the regulated utilities, advising that electric utilities should target having an interim differential rate in place in time for when “summer cooling season” begins and monthly bills tend to increase as a result. Natural gas utilities were asked to have their rates ready by the Fall to be responsive to the “winter heating season”, but should provide some sort of bill assistance before then that addressed winter heating bills from the 2021-2022 season.

### Differential Rates vs. Bill Assistance

The term “differential rates” is based on the language in HB 2475 and describes a rate that a utility charges for electric or gas service that is specifically designed to increase affordability for a certain category of customers; for example, discounted rates for “income-qualified” customers available on an on-going basis. Staff envisions these rates as longer-term actions associated with HB 2475.

In the context of UM 2211, enhanced “bill assistance” proposals refer to one-time assistance that help with a customer’s past due amounts through grants or matching programs. The amount of the discount for differential rates or grant for bill assistance may vary from utility to utility, but should provide a meaningful measure of relief to residential customers. Staff envisions these offerings are shorter-term relief that this less tied to the spirit of HB 2475. We should also note that bill assistance programs coming as interim relief through UM 2211 are additive to existing energy assistance resources available for customer utility bills and weatherization services through Federal, State, and utility run programs, including but not limited to: Low-Income Housing and Energy Assistance Program (LIHEAP), Oregon Energy Assistance Program (OEAP), Oregon Low-Income Gas Assistance (OLGA), Oregon Low-income Energy Efficiency (OLIEE), Low Income Residential Assistance Program (LIRAP), Oregon Low Income Bill Assistance (OLIBA), Oregon Low Income Energy Conservation (OLIEC), Oregon Low Income Energy Efficiency Program (AOLIEE), and Project Share.

## OPUC Investigation Updates

### Timeline

In Staff’s February comments, we targeted the second Quarter of 2022 to develop a scope and strategy for the development of longer-term Commission policies and utility actions within the UM 2211 HB 2475 Implementation Investigation. Staff identified this timeline with the hope that that interim proposals would be in place in March 2022. Staff remains focused on working collaboratively with utilities, the community, and other stakeholders to get interim relief in place for each utility. The forward progress, shared learnings, and focus on establishing systems for ongoing monitoring and refinement has been incredibly productive. Staff has begun looking to

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the next phase of this investigation and plans to begin scoping the broader investigation over the Summer, with a target of July or August for an investigation kick off, and topical workshop series to follow.

### Upcoming Engagement

In order to begin scoping the investigation, Staff is interested in hearing from all interested parties in what topics should be covered in the investigation workshop series. Our initial thought has been to host an initial scoping workshop that provides any needed clarity on the goals and objectives of UM 2211, identifies topics and timelines for the workshop series, and to put together working groups to help streamline efforts and engagement related to each of the topical workshops. Staff plans to send out a communication, via the UM 2211 email service list, asking Stakeholders to identify issues, suggest topics/themes for the workshop series, and communicate any expectations, all of which can be discussed at our investigation kick-off. As a starting point for thinking about topical workshops suggestions, Staff recommends interested parties review the published Baseline Evaluation Criteria and identify any gaps or opportunities to build upon.

Please make sure you are signed up to receive notifications for Docket No. UM 2211 and be on the lookout for an email from Staff where you can provide your individual or organization's insights on moving forward with the HB 2475 investigation. Our plan is to consolidate the feedback into a document that can be shared and updated collaboratively and in real time at the investigation kick-off.

### Next Steps for you!

- Contact Commission Staff to sign up for notifications related to any dockets of interest you've read about here;
- Contact Commission Staff or utility providers if you wish to participate in any engagement opportunities that may be ongoing outside of formal PUC proceedings; and
- Look out for an email from Staff in the next month requesting feedback to prepare for the HB 2475 investigation kick-off.

To receive schedule updates, meeting notices, agendas, and to review comments and other documents related to either docket, please send an email to [puc.hearings@puc.oregon.gov](mailto:puc.hearings@puc.oregon.gov) and ask to be added to the service list for the docket.

### **If you have any questions on the process or content of this proposal, please contact:**

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503-689-2608  
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# Attachment A



## HB 2475 Implementation Utility Status Updates April 2022

### Avista Utilities

On March 30, 2022, Avista provided an update on the Company's permanent arrearage management program (AMP),<sup>6</sup> which has been in effect since October 2021. The update covered several topics regarding the Avista's energy assistance programs and activities, including proposed modifications to the AMP<sup>7</sup>, its future HB 2475 Low-Income Residential Assistance Program (LIRAP) Bill Discount, the recent Low Income Needs Assessment (LINA) findings and more. Materials presented at the update can be viewed here:

<https://www.oregon.gov/puc/utilities/Documents/COVID-19-Avista-Stakeholder-March-2022-Meeting-03-30-2022.pdf>.

In addition to soliciting and implementing feedback related to the AMP modifications, the Company plans to continue to work collaboratively with CAAs, Community Based Organizations (CBOs), advocates, and other interested stakeholders to develop its final LIRAP Bill Discount Proposal and raise awareness of the program offerings. Several workgroups have been hosted with CAAs in advance of an official filing, and are anticipated to continue with interested stakeholder groups through May. The Company has targeted a filing date of June 1, 2022, for the bill discount proposal to come before the Commission. If all the Company's targets are met, Avista expects to begin enrollments by October 1, 2022.<sup>8</sup>

Individuals and parties interested in staying up to date with Avista's bill discount engagement should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Regulatory Analyst, Jaime Majure: [jaime.majure@avistacorp.com](mailto:jaime.majure@avistacorp.com).

### Cascade Natural Gas

On February 1, 2022, Cascade filed revisions to its Temporary COVID-19 Residential Bill Assistance Program (i.e. AMP) to expand the authorized funding<sup>9</sup> and accessibility of the program for its customers.<sup>10</sup> As proposed, the authorized funding was increased by approximately \$354,000 for a total of \$1.06 million in bill assistance grants for eligible

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<sup>6</sup> An arrearage management program (AMP), provides residential customers assistance with past due balances.

<sup>7</sup> SCHEDULE 493 Residential Low Income Rate Assistance Program (LIRAP)- Oregon, Special Condition number 5.

<sup>8</sup> <https://edocs.puc.state.or.us/efdocs/HAC/um2211hac1049.pdf>.

<sup>9</sup> The utility must request Commission approval to spend the additional funds above the originally authorized funding as required by the signed agreement in Docket No. UM 2114. The approval does provide direct funds to the utility; however the authority allows the Company to pursue recovery for these costs in a later proceeding.

<sup>10</sup> <https://edocs.puc.state.or.us/efdocs/UAA/uaa16190.pdf>.

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customers. In its original iteration, the Cascade program, referred to as the “Big HEART” program, included an auto-enrollment feature for customers with a history of receiving energy assistance (EA) and has required non-EA applicants to self-certify household income at or below 300 percent federal poverty level (FPL). Staff appreciates the retention of both elements as they help provide targeted assistance for those most likely to be energy burdened. Cascade’s program also employs a “benefit curve”, which means that the level of relief increases based as a customer’s self-declared household income decreases. The changes proposed in the Company’s AMP enhancements included increasing the program benefit cap from \$1,500 to \$2,500; allowing all outstanding balances, including currently billed amounts, to be eligible for relief; and permitting customers to access the grants more than one time (with total benefit provided capped at \$2,500). The Company presented its proposed changes to stakeholders at a Staff led workshop on February 15, 2022.<sup>11</sup> The Commission approved the proposal at a public meeting on March 8, 2022.

Cascade is in the process of developing an energy burden discount program (EBDP) proposal to provided differential rates for income-qualified customers. The Company expects to present the EBDP proposal to the Commission in the second half of 2022, and targets implementation of the program to align with the 2022-2023 winter heating season. According to the Company, the draft EBDP proposal will be finalized for pre-filing engagement by the end of April 2022 with engagement and feedback to occur throughout the month of May. Once filed in June, the Company will initiate internal system work on the EBDP through July-September in order to meet its target for an October launch of the program.

Individuals and parties interested in staying up to date with Cascade’s planned EBDP engagement should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Regulatory Affairs Manager, Chris Mickelson: [Christopher.Mickelson@cngc.com](mailto:Christopher.Mickelson@cngc.com).

## Idaho Power Company

In Staff’s February comments, we acknowledged concerns expressed by Idaho Power that a differential rate design may not be the ideal tool for reducing energy burden for their customers. Staff asked that the Company endeavor to ground these concerns as truths shared by their community and customers and requested the Company conduct a workshop with Community Action Partnership (CAP) agencies, CBOs, and other interested parties to discuss these challenges and explore alternative ways to enhance equity and affordability for their customers. Since this publication, the Company has met with Staff twice and two CAP agencies in their service territory, Community in Action, Malheur County; and Community Connection of Northeast Oregon, Baker County. Idaho Power has also identified a few customer-advocacy

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<sup>11</sup> <https://www.oregon.gov/puc/utilities/Documents/COVID-19-CNG-Assistance-Modified-OR-02-15-2022.pdf>.

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and assistance organizations it plans to invite to future engagement opportunities on this topic.<sup>12</sup> Based on the feedback the Company has received thus far, Idaho Power has identified the following next steps:

- Develop a survey to administer to customers via email and USPS.
  - Survey will seek to gather customer feedback regarding, at a minimum:
    - Interest and support of a bill assistance program,
    - Value of an educational series, and
    - Awareness of weatherization program and Project Share.
  - Results will be analyzed in early June.<sup>13</sup>
- Idaho Power workshop(s) conducted after evaluation of survey results.
  - Use survey results to inform topics of discussion.
  - Discuss alternative energy burden and bill reduction options for residential customers.

Individuals and parties interested in staying up to date with Idaho Power's survey content and planned engagement should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Rate Design Manager, Connie Aschenbrenner: [CAaschenbrenner@idahopower.com](mailto:CAaschenbrenner@idahopower.com).

## Northwest Natural Gas

On February 17, 2022, NW Natural filed tariff revisions to its AMP under Docket No. ADV 1373.<sup>14</sup> The original AMP was extended to residential customers as part of statewide COVID relief initiatives.<sup>15</sup> The filing requested Commission approval for an additional ~\$3.1 million to be used for AMP assistance and created a new grant option specifically for low income customers. The low income instant grant option was designed to automatically enroll NW Natural customers who had a history of receiving EA and included a dedicated \$750,000 (from the \$3.1 million) to go to this purpose. After engagement with Staff and stakeholders, the final version approved by the Commission expanded the terms of the low income grant to allow for low income customers to self-certify household income at or below 60 percent state median income and apply for the low income grant option (versus exclusively auto-enroll EA recipients), increased the overall grant amount available to participants from \$1,200 to \$1,500, and asked that the Company apply a program eligibility criterion of self-certified household income at or

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<sup>12</sup> Euvalcree; Immigrant and Refugee Community Organization; and Northeast Oregon Compassion Center.

<sup>13</sup> Idaho Power's intention is to begin analyzing survey results in early June; however, depending on the response rate of surveys sent through USPS, the Company may seek to extend the survey window to try and capture a larger sample size.

<sup>14</sup> <https://edocs.puc.state.or.us/efdocs/UAA/uaa16454.pdf>.

<sup>15</sup> See Docket No. UM 2114, Investigation into the Effects of the COVID-19 Pandemic on Utility Customers, <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=22570>.



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below 300 percent FPL. The intent of this narrowing is to target the assistance dollars to those more likely to be energy burdened. The additional funding and grant limits took effect March 23 and the Company is expected to address the self-certification components by May 2022. NW Natural indicates it is on track to submit the second compliance filing to implement these additional components by the end of April, with an effective date of May 1, 2022.

During the course of the AMP engagement, NW Natural filed the Company's interim action plan under Docket No. UM 2211.<sup>16</sup> In the comments, NWN briefly addressed AMP Enhancements, the Interim Low-Income Bill Discount Program filing timeline, LINA, future plans for a long-term low income rate program, and the Company's Community and Equity Advisory Group (CEAG).

Regarding the Low-Income Bill Discount program, the Company presented its proposal to Stakeholders on March 31, 2022, and filed the proposal with the Commission on April 18, 2022, under Docket No. ADV 1390.<sup>17</sup> The proposal requests an effective date of July 15, 2022, but enrollments would not begin until November 1, 2022, in order for the Company to implement the final terms of the program into its computer systems. Staff is in the process of building a docket engagement schedule for this filing with input from the utility filing and UM 2211 stakeholders. We expect this to include a workshop series where interested parties can collaborate on potential refinements to the proposal, at least one round of comments (submitted to the PUC and published on the docket page), and general process deadlines (e.g. public meeting date). Engagement is targeted to begin in early May.

The Company has emphasized that the bill discount proposal is an interim program and that it is prepared to implement significant evolutions depending on lessons coming from the LINA findings and Staff led HB 2475 implementation investigation. NW Natural has targeted 2023 for developing a program that can incorporate those learnings.

Individuals and parties interested in staying up to date with NW Natural's planned bill discount engagement should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Regulatory Affairs Manager, Natasha Siores: [natasha.siores@nwnatural.com](mailto:natasha.siores@nwnatural.com).

## **PacifiCorp**

In January comments submitted under Docket No. UM 2211, PacifiCorp indicated that the Company intends to file its interim differential rate proposal in late April/early May 2022. PacifiCorp's position was that an earlier filing would not be possible with the timing of other regulatory processes and the desire to perform sufficient program development and stakeholder engagement. Staff met with PacifiCorp in late April to discuss progress on the proposal and communicate expectations for engagement in advance of and post an official filing. At the

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<sup>16</sup> <https://edocs.puc.state.or.us/efdocs/HAH/um2211hah153648.pdf>.

<sup>17</sup> <https://edocs.puc.state.or.us/efdocs/UAA/adv1390uaa115729.pdf>.

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meeting PacifiCorp shared that the program development was underway and the Company planned to begin pre-filing engagement based on Staff’s guidance in May with a target filing date of June. The Company’s initial work with program design is said to have been informed by experience with bill discount programs in PacifiCorp’s Washington and California service territories; internal analysis of Oregon bill, usage, and income metrics; Staff guidance; and stakeholder feedback provided in related proceedings. The Company is open to evolutions to the program based on learnings from community engagement and will work with Staff and stakeholders to determine the most appropriate timeline to begin offering the discounted rates to eligible PacifiCorp customers.

Individuals and parties interested in staying up to date with PacifiCorp’s upcoming bill discount development and engagement should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Regulatory Manager, Cathie Allen: [Cathie.Allen@pacificorp.com](mailto:Cathie.Allen@pacificorp.com).

## Portland General Electric

Portland General Electric conducted engagement on the income-qualified bill discount proposal through the Fall and Winter of 2021, ultimately filing the Company’s proposal on January 13, 2022. The proposed income-qualified bill discount program (IQBD) was the result of several evolutions informed by stakeholder feedback and met most Staff baseline evaluation criteria. The program is applicable to all PGE residential customers with a gross household income at or below 60 percent of Oregon SMI, adjusted for household size. 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:

<b>IQBD Level</b>	<b>HH income</b>	<b>% of Bill Discount</b>
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 Commission approved the program proposal at a public meeting on April 5, 2022, and the discounts were made available to customers on April 18, 2022. Portland General Electric has committed to implementing an auto-enrollment feature for customers who meet

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“categorical eligibility” based on data to be provided to the Company by the Oregon Office of Housing and Community Services (OHCS). OHCS collects income data on Oregon utility customers below 60 percent SMI and is working to develop a report that can be shared with utilities that enables Companies to automatically enroll income-qualified customers into discount programs. The Company is also exploring post-enrollment verification exemptions for categorically eligible customers, with follow-up to stakeholders scheduled no later than June 30, 2022.

Individuals and parties interested in staying up to date with Portland General Electric’s ongoing engagement opportunities should reach out to either PUC Staff with the contact information provided, or directly to the Company by emailing Government Affairs Specialist, Rachel DeRosia: [Rachel.DeRosia@pqn.com](mailto:Rachel.DeRosia@pqn.com).