ITEM NO. RA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: May 13, 2021

REGULAR __X__ **CONSENT** ____ **EFFECTIVE DATE** ____N/A____

DATE: May 6, 2021

TO: Public Utility Commission

FROM: Michael Dougherty

THROUGH: Bryan Conway **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 2114)
Investigation into the Effects of the COVID-19 Pandemic on Utility Customers.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission or PUC) should:

1. Pursuant to the terms of the November 3, 2020, UM 2114 Stipulated Agreement, and Commission Order No. 21-057, extend the June 15, 2021, date on which the energy utilities may resume providing a 15-day late (disconnection) notice for residential customers before disconnection to July 16, 2021; and direct Staff to consult with the parties to the Stipulated Agreement and provide a recommendation for any supplemental funding amount for each of the utilities' arrearage management programs, in addition to the initial amount under the Stipulated Agreement of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to August 1, 2021.

2. Direct the investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are participating in an utilities arrearage management program matching option, if applicable; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection); have a pledge to receive low-income energy assistance from a Community Action Agency (CAA); have an appointment to seek low-income assistance with a CAA; or have communicated with the utility that they have an appointment for or are working to obtain low-income energy assistance based on enrollment in programs that

qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

3. Direct the DEI Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.

Alternate Recommendation to Recommendation No. 1

1. Maintain the June 15, 2021, date on which the investor-owned electric and natural gas utilities may resume providing a 15-day late (disconnection) notice for residential customers and direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to July 1, 2021.

DISCUSSION:

Issues

Whether the Commission should:

1. Extend the June 15, 2021, date on which the investor-owned electric and natural gas utilities, which includes Portland General Electric, Idaho Power, Pacific Power, Avista, Cascade Natural, and NW Natural, may resume providing a 15-day late (disconnection) notice for residential customers to July 16, 2021 or maintain the June 15, 2021 date; and direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no disconnections prior to August 1, 2021.

2. Direct investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are participating in an utilities arrearage management program matching option, if applicable; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent

of the minimum amount due to avoid disconnection); have a pledge to receive low-income energy assistance from a Community Action Agency (CAA); have an appointment to seek low-income assistance with a CAA; or have communicated with the utility that they have an appointment for or are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

3. Direct the Commission's Diversity, Equity, and Inclusion (DEI) Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.

Applicable Law

ORS 756.040 describes the general powers and duties of the Commission in supervising and regulating public utilities and telecommunications utilities, which include representing the customers of any public utility or telecommunications utility and the public generally in all controversies respecting rates, valuations, service, and all matters of which the Commission has jurisdiction.

The Commission's regulatory authority is further specified in ORS Chapters 756 and 757, as relevant here. Under ORS 756.090, a utility must keep and maintain records as required by the Commission. The Commission may require a utility to furnish information to carry into effect the provisions of ORS chapters 756, 757, 758, and 759, per ORS 756.105. The Commission has adopted administrative rules relevant to the matters discussed herein in OAR Chapter 860, Divisions 21, as relevant.

Analysis

Background
On March 8, 2020, Governor Brown declared a statewide state of emergency due to the public health threat posed by the novel infectious coronavirus, COVID-19.[1] Several extensions of that order have been issued, and the state of emergency is currently extended to June 28, 2021.[2]

[1] EO 20-03 (March 8, 2020).
[2] EO 20-24 (May 1, 2020); EO 20-30 (June 30, 2020); EO 20-38 (September 1, 2020); EO 20-67 (December 17, 2020), EO 21-05 (February 25, 2021), and EO 21-10 (April 29, 2021).

On September 24, 2020, the Commission authorized Staff and the affected energy utilities and stakeholders to execute a stipulation that was developed during the Commission's investigation into the Effects of the COVID-19 Pandemic on Utility Customers.

During the timeframe between September 24, 2020 and October 23, 2020, Parties refined the Energy Term Sheet and developed a Stipulated Agreement on terms and conditions to assist customers and utilities during the current COVID-19 pandemic and the aftermath of the pandemic.

Parties include (though are not limited to): utilities, Clackamas County Social Services, Community Action Partnership of Oregon (CAPO), Community Action Agency of Washington County, Community Energy Project (CEP), Multnomah County Office of Sustainability, Northwest Energy Coalition (NWEC), Oregon Citizens' Utility Board (CUB), and Verde.

At its public meeting on November 3, 2020, the Commission approved the UM 2114 Stipulated Agreement. See Order No. 20-401, https://apps.puc.state.or.us/orders/2020ords/20-401.pdf.

At its special public meeting on February 23, 2021, the Commission extended the April 1, 2021, date on which the energy utilities may resume providing a 15-day late notice for residential customers before disconnection to June 15, 2021. The Commission also directed Staff to report back to the Commission in the middle of May regarding the moratorium and whether additional changes should be considered. See Order No. 21-057, https://apps.puc.state.or.us/orders/2021ords/21-057.pdf.

At its public meeting on March 23, 2021, the Commission approved the Arrearage Management Plans (AMPs) of Avista, Cascade Natural Gas, NW Natural, Idaho Power, and PacifiCorp. The Commission previously approved Portland General Electric's AMP on February 11, 2021.

On March 29, 2021, Avista filed Advice No. 21-02-G – Avista Utilities Schedule 493, Low-Income Rate Assistance Program (LIRAP) to incorporate an arrearage management program into its tariff and to extend the provision of LIRAP outreach funds to Avista as well as to the Community Action Agencies that are already receiving such administration funds for the delivery of the program within the Company's service territory.

Residential Disconnection Moratorium
Paragraph 4 of the UM 2114 Stipulated Agreement states, in part:

> For residential customers, the Utilities may resume the 15-day disconnection notice (in accordance with OAR 860-021-0405) on April 1, 2021. The Commission will have ongoing oversight to determine whether to extend the April 1, 2021 date to a later date based on ongoing economic and pandemic conditions.[3]

Paragraph 4 also states:

> Once a Utility resumes disconnections as authorized under this paragraph, a Utility may disconnect a customer for non-payment only after the following has occurred:
>
> a. The Utility has provided notice to the customer subject to disconnection as provided in paragraph 3.
>
> b. The Utility has provided notice to the customer subject to disconnection as specified in applicable regulations and the Utility's tariff;
>
> c. The Utility has made a good faith effort to contact the customer to inform the customer of flexible payment options, financial assistance programs, and any other means to avoid disconnection. These efforts must be documented by the Utility; and
>
> d. The requisite period of time specified in the Utility's tariff for the customer to enter into an arrangement to avoid disconnection has passed.

Commission Order No. 21-057, extended the date to issue 15-day disconnection notices until June 15, 2021. This date would prevent disconnections from occurring prior to July 1, 2021. Because Oregon is in an improving, but ever changing, economic recovery and COVID-19 pandemic situation, Staff recommends that the Commission:

- Extend the June 15, 2021, date on which the investor-owned electric and natural gas utilities, which includes Portland General Electric, Idaho Power, Pacific Power, Avista, Cascade Natural Gas, and NW Natural, may resume providing a 15-day late (disconnection) notice for residential customers to July 16, 2021; and

[3] UM 2114, Order No. 20-401, Appendix A at 13.

direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to August 1, 2021.

- Direct investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are working with the utilities on arrearage management programs; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection); on low-income energy assistance or communicating with the utility that they are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

- Direct the DEI Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.

As an alternate recommendation to No. 1:

- Maintain the June 15, 2021, date on which the investor-owned electric and natural gas utilities, which includes Portland General Electric, Idaho Power, Pacific Power, Avista, Cascade Natural Gas, and NW Natural, may resume providing a 15-day late (disconnection) notice for residential customers and direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to July 1, 2021.

Staff makes this primary recommendation and alternate based on review of:

- Stakeholder Input and May 5, 2021, Moratorium Workshop
- Arrearages (through March 2021)
- Arrearage Management Programs
- Increased Low-Income Energy Assistance
- Extended Time Payment Arrangements (TPAs) and Medical Certificates

- Improving Economic Measures
  - Ongoing Economic Recovery
  - Decreasing Unemployment Rate and Federal Stimulus
- Pandemic/Vaccine update
- Updates on moratoriums and Oregon disconnections
- Historical data on disconnections
  - Best Practices and Oregon Disconnection Rules
- 2021 Legislation
- Costs to Customers
- Equity Lens

Staff's recommendation would:

- Allow utilities to continue to proactively engage customers with communications and notices outlined in Paragraph 3 of the UM 2114 Stipulated Agreement, and start sending notices to customers on July 16, 2021 for disconnections to occur no earlier than August 1, 2021.

- Allow utilities to continue focused outreach to Community Action Agencies and Community-Based Organization to assist in customer contact.

- Allow additional time for customers to obtain energy assistance.

- Allow a period of time to observe the effects of utilities' arrearage management programs and extended time payment arrangements on customers.

- Align Oregon's disconnect date with Washington as four of six energy utilities operate in Washington.

- Allow for possible renegotiation of the initial amount of $39 million in arrearage management program (AMP) funding to an increased amount. At this juncture, arrearages are over $91.7 million and AMP funds only cover 43 percent of arrearages. Customers of the utilities will end of absorbing these arrearage costs either in deferrals as AMP costs or bad debt.

There is also a cost of service basis for extending the moratorium for disconnects to the beginning of August, especially in regard to customers qualifying for federal and state bill pay payment support programs. The recent CARES Act, Low Income Home Energy Assistance Program (LIHEAP) increases and Homeowners Assistance Funds provided or will provide additional support for bill payment assistance along with other support programs. The additional support will provide much needed funds to eligible customers directly, or indirectly through governmental and nongovernmental agencies that administer the funds.

Given that it takes time for the monies to eventually reach those customers qualifying for the assistance, it makes sense to extend the disconnect moratorium by one month to allow the time needed for the customers to take advantage of these additional support monies. By extending the moratorium, other customers will benefit as well because instead of having the utility write-off the unpaid bills, the additional time will allow the utility to collect additional monies for those bills paid through the increased federal support monies.

Having lower utility write-offs means that the deferrals the Commission has authorized will accrue smaller balances. Smaller deferral balances means smaller rate increases needed to amortize the deferral balances. It is important that current arrears balances be dealt with prior to the upcoming heating season so that arrearage balances are not compounded due to higher winter bills.

Even though there is a cost of service argument to extending the date, there should be abundance of caution to prolonging the date past July 16, 2021, as bad debt and other utility deferrals are growing rapidly. These costs, which are recoverable by utilities, will push rates up for all customers on the system.

Recommendation No. 2 directs investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are participating in an utilities arrearage management program matching option, if applicable; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection); have a pledge to receive low-income energy assistance from a Community Action Agency (CAA); have an appointment to seek low-income assistance with a CAA; or have communicated with the utility that they have an appointment for or are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

In the instance of a customer contacting the utility about attempting to obtain energy assistance, the utility will be able to work with customer concerning AMPs and TPAs.

Disconnections would likely only occur if customers do not engage with the utility after disconnection notices are sent. In the case of disconnections that occur prior to October 1, 2022, these customers would not be required to pay a late fee or reconnection fee as a result of the provision in Paragraphs 11 and 12 of the Stipulated Agreement.

Because the issue of disconnects needs to be addressed in a more universal and long-term manner, Staff's Recommendation No. 3 directs the DEI Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.

Staff's alternate recommendation would maintain the current moratorium and allow for possible renegotiation of the AMP amount. This date meets the concerns (schools, California moratorium) that were expressed during the February 23, 2021, Commission Special Meeting. The alternate recommendation would also allow for possible renegotiation of the initial amount of $39 million in arrearage management program (AMP) funding to an increased amount as needed.

It is important to note that both recommendations compare favorably to the 2021 Legislative Bill, Senate Bill (SB) 282, which, if enacted, would give renters significant protections from evictions. According to the Canby Herald:

> SB 282 key provision would not extend the current pandemic-related moratorium on evictions past June 30, or forgive back rent. But the bill would give tenants until Feb. 28, 2022, to pay back any rents due from April 1, 2020, or make arrangements to obtain rental assistance. The current deadline is June 30.
>
> Tenants would have to stay current on rent after July 1. But they could not be evicted for nonpayment of past-due rent during the extended grace period.[4]

Staff believes that Parties earnestly worked to deliver a UM 2114 Stipulated Agreement that not only protected customers from disconnections, but allowed for arrearage management programs, extended time payment arrangements, waiver of disconnection and reconnection fees, and other significant protections. Staff recommendations maintain significant protections to customers when the moratorium is ended.

Although Staff believes the primary recommendation sets the correct date for the moratorium to end, Staff believes that we need to continue to monitor the pandemic and economic situation; and if necessary, come back to the Commission with an update, and if necessary, an alternate recommendation.

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[4] Oregon Senate extends grace period for past-due rents, Canby Herald, April 15, 2021.

Stakeholder Input
Staff conducted an Arrearage Management Best Practices Workshop on April 12, 2021. During this meeting, Staff floated the idea of two dates for disconnect notices: one for customers not on energy assistance (June 15, 2021); and another for customers on energy assistance (September 15, 2021).

For a variety of reasons, this proposal did not go over well. Basically, the utilities believed this proposal went beyond the terms of the Stipulated Agreement (two dates). Utilities expressed that the Stipulated Agreement would need to be reopened to effectuate two dates.

Many stakeholders were concerned about the September date still being too early for disconnections because of the current COVID situation; and the issue of properly ensuring that customers in need do not get left behind in this scenario due to increased workload for Community Action Agencies.

Stakeholders also expressed concerns about the current level ($39 million) of debt relief compared to the current level of arrearages.

Because of the lack of any agreement on the disconnect moratorium, Staff recommends that the date for 15-day late (disconnection) notices be extended from June 15, 2021, to July 16, 2021.

Staff believes it is advantageous to allow customers the one-month additional time to enter in extended Time Payment Arrangements, apply for energy assistance, and utilize arrearage management programs offered by the utilities. These actions should help lower the bad debt burden. As a result, the disconnect process (notices) for customers should be extended to July 16, 2021.

Between now and July 16, 2021, utilities, low-income, social and environmental justice organizations, and community action agencies can engage with customers to ensure these customers are aware of the possibility of disconnection. As explained below, there are many factors that will allow for an orderly end of the moratorium.

May 5, 2021, Moratorium Workshop
Numerous stakeholders believe that the July 16, 2021, date to send notices is too early; and that the moratorium should be extended. Stakeholders had numerous arguments for a later date (November and December) that included:

- The Moratorium should align with the process in Recommendation No. 3.

- Additional time should be given for Community Action Agencies to ramp up staffing to distribute the additional federal funds ($41 million) just awarded to Oregon.

- Additional time for vulnerable communities to receive vaccinations.

- Additional time to review, and if necessary, to increase arrearage management plan funding to prevent disconnections.

- Uncertainty on about how Staff's Recommendation No. 2 will actually play out to protect vulnerable customers.

Although Staff understands stakeholders' concerns, the UM 2114 Stipulated Agreement was established to deal with the pandemic and historical recession. Staff recommends against delaying the moratorium past August.

As demonstrated below, the worse of both the pandemic and recession are over. As also demonstrated later in the memo, the cost to customers are significant (over $26 million (including almost $19 million of bad debt expense) accrued during first quarter 2021), and every month delay will add to these costs. Additionally, ending the moratorium in the midst of a heating season will cause significant harm to customers as average arrears are increasing monthly. These arrearages will just get more difficult to zero out even with arrearage management plans and enhanced energy assistance.

Arrearages
From February to March, the total number of residential customers in arrears fell by 9,727 to 259,713. This is likely a confluence of three factors:

First, February saw the unprecedented ice storms across Oregon which contributed to a spike in the 31+ day arrears basket. The 31+ day arrears basket saw a net decrease of 14,965 from February to March. A portion of these customers likely transitioned from the 31+ day basket to the 61+ day basket which saw a net increase from the previous month. However, a portion of these customers likely dropped out of arrears completely.

Second, March is the first month in which Portland General Electric's (PGE) Arrearage Management Program (AMP) is reflected in the data. PGE had a net decrease of 10,308 residential customers in arrears, and saw decreases in customer counts across all three arrears baskets.

Third, customers began to receive their third round of federal stimulus checks in March and utilities have indicated that there is correlation between when checks are issued and individuals exiting arrears.

Across all utilities, growth in customer counts was relatively flat, with some utilities seeing small decreases and some with small increases. The total number of residential customers in arrears is now 50,569 customers (24.18 percent) higher than it was in January 2020. While the customer count is down this month, March 2021 was the fourth highest customer count in the previous 12 months.

The following graphs show the changes in energy utility customer arrearages from January 2020 to March 2021:

Figure 1 – Total Residential Customers in Arrears

Total Residential Arrears Balance

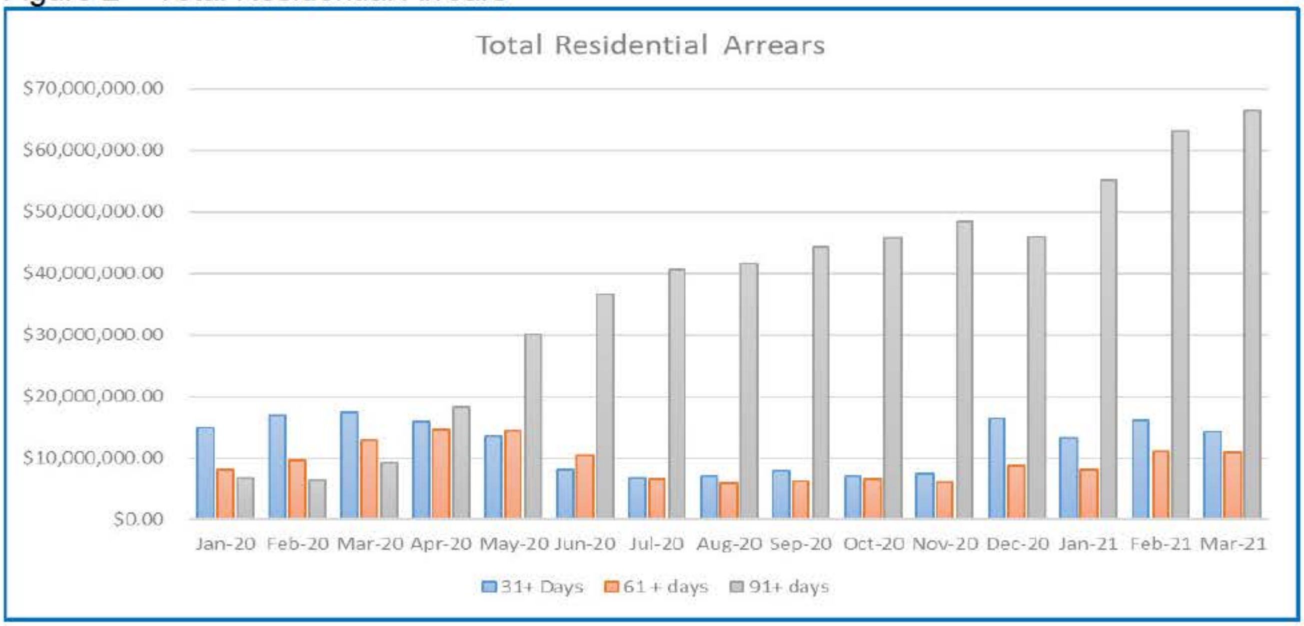
From February to March, the total residential arrears balance grew by $1,509,016 to $91,715,205.

Despite the decrease in customer counts, March saw continued growth in residential arrears balance, driven solely by the 91+ day arrears basket. The 31+ and 61+ day basket both saw net decreases in balances, but the 90+ day basket grew by $3,338,903 (5.3 percent increase).

This increase marks a slowdown in the rate of growth for the 91+ day arrears basket, which for the previous months had seen a 14.6 percent increase (January to February) and a 20 percent increase (December to January).

The total residential arrears balance is now $61,825,797 (206.8 percent) higher than it was in January 2020. This comprised almost entirely of the 91+ day basket, which is $59,666,703 (882.5 percent) higher than it was in January 2020. The 31+ day basket is now lower than it was in January 2020 by $686,143 (-4.5 percent) and the 61+ day basket is higher by $2,845,237 (35 percent).

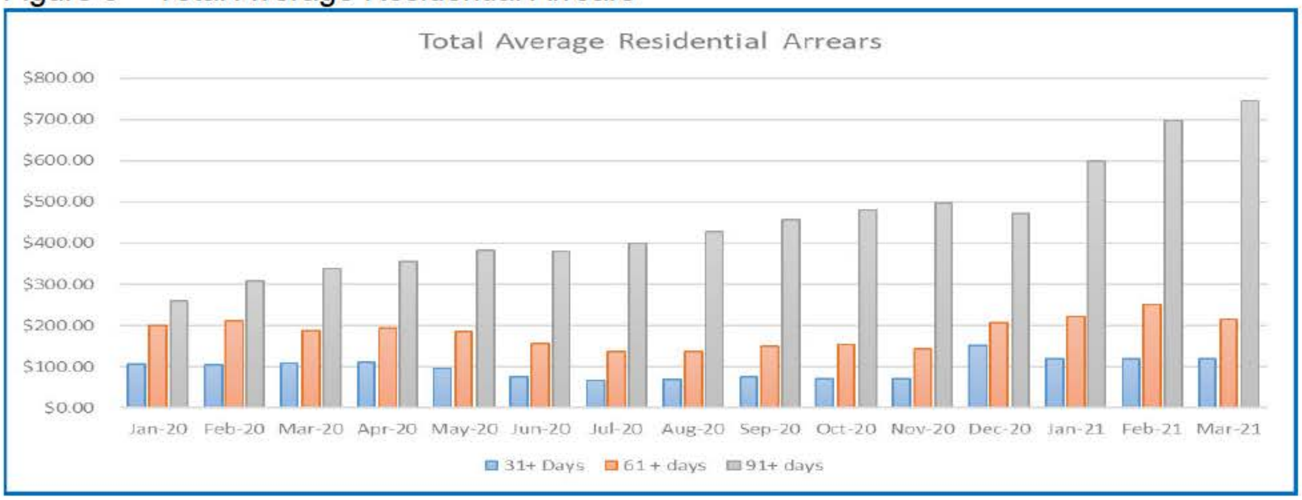
Figure 2 – Total Residential Arrears



Average Residential Balance

The change in average residential arrears balance varied by basket. The 91+ day basket continued to see growth and the average is now $747, which is $488 higher than it was in January 2020. The 61+ day basket saw a decrease to $214, which is now only $15 higher than January 2020. The 31+ day basket saw a small increase to $119, which is $14 higher than January 2020.

Figure 3 – Total Average Residential Arrears



Data points include (parenthesis indicated change from January 2020):

<u>31+ Day Segment</u>

- Customers in Arrears – 119,652 (-15.90 percent)
- Residential Arrears – $14,313,409 (-4.57 percent)
- Average Residential Arrears – $119.63 (-13.46 percent)

<u>61+ Day Segment</u>

- Customers in Arrears – 51,153 (+25.34 percent)
- Residential Arrears – $10,974,343 (+35.00 percent)
- Average Residential Arrears – $214.54 (+7.63 percent)

<u>91+ Day Segment</u>

- Customers in Arrears – 88,908 (+240.71 percent)
- Residential Arrears – $66,427,453(+882.35 percent)
- Average Residential Arrears – $747.15 (+188.38 percent)

<u>Additional Points:</u>

- PGE (the only company whose AMP would show up in the data):
  - Total Number of Residential Customers in Arrears fell by roughly 10 thousand (11.8 percent decrease).
  - Total Residential Arrears Balance fell by $834 thousand to $37.6 million (2.2 percent decrease).

- Avista noted in its April 22, 2021, Workshop, that 17 customers paid their past due bill in full when contacted about Avista's debt relief program; and 103 customers, not contacted, paid their past due balance in full.

Total arrears are $91,715,205. As a result, AMP funds now cover only 42.5 percent of the total residential arrears balance.

The following table highlights the growing amount of average arrears beginning in October 2020:

Table 1 – Average Arrears Summary

	31+	61+	91+
October	$68.67	$144.83	$480.31
November	$69.48	$135.37	$497.52
December	$208.68	$296.61	$718.54
January	$118.48	$221.52	$599.96
February	$118.94	$250.20	$697.63
March	$119.63	$215.54	$747.15

Staff's key take-away from this data is that arrearages 91+ are increasing and AMP funds are covering a lower percentage of this arrearage, which is not unexpected as notices of disconnection have not commenced.

This segment and customers on energy assistance is a priority for utilities in administering their arrearage management programs.

The following table highlights the change in AMP funds to total arrears:

Table 2 – AMP Funds to Arrears Ratio (in millions)

Month (2020)	**AMP Funds**	**Arrearage**	**AMP Ratio**
July	$39	$53.9	72%
August	$39	$54.7	71%
September	$39	$58.5	67%
October	$39	$59.5	66%
November	$39	$62.1	63%
December	$39	$71	55%
January	$39	$76.3	51%
February	$39	$90.2	43%
March	$39	$91.7	43%

The situation surrounding the COVID-19 arrears situation is extremely fluid and contingent on various health and economic factors. As such, forecasting out the arrears situation is very difficult. Each utilities AMP will undoubtedly begin to bring arrears balances down over the coming months, but how the situation progresses after each AMP has been fully utilized is difficult to predict.

These arrearages, if not settled through AMP funds or energy assistance, will add to each utility's bad debt expense. The higher this bad debt amount gets, the greater the burden that will be placed on all customers, as utilities will be able to recover a level of bad debt as allowed in the UM 2114 Stipulated Agreement. Staff explains this in more detail in the *Costs to Customers* section of this report.

In an April 16, 2021, letter to the Commission, stakeholders asked:

> *What is the total cost of arrearages that are likely to remain uncollected when the moratorium is lifted and AMP programs have been exhausted?*

Table 2 above shows that at this point in time, approximately $52.7 million of arrearages remain after AMP funds are exhausted. This amount will likely change as customers obtain increased energy assistance or pay arrears after receiving a disconnection notice. Staff and parties will have a more accurate picture of arrears over the next few months when disconnections occur.

Arrearage Management Programs

At the February 23, 2021, Special Public Meeting, Staff presented Arrearage Management Principles. The first two principles addressed outreach and priority of fund expenditures. These two principles are:

- A well-defined, sophisticated Outreach Plan that reaches as many customers as possible and that includes:
    - Priority to communities (zip codes) with the highest number of customers in arrears.
    - Communications in languages that are prevalent in the company's service territory.
    - Partnering with community-based organizations to provide information on debt relief programs.
    - Information on resources that can assist customers from falling into arrears.

- Prioritization of funds to those most in need.
    - Priority to customers enrolled in low-income programs (LIHEAP, OEAP, OLGA, LIRAP, and OLIBA) and ensure that these customers are not disadvantaged by rules.
    - Priority to customers in the 91+ day arrears followed by those in 61+ day arrears.
    - Priorities to customers on medical certificates.
    - Consideration of energy burden by zip code is helpful.

All utilities that have already conducted outreach workshops, demonstrated that they are closely following these two principles. A great example is that Pacific Power developed a customer priority that placed a focus on Jefferson, Umatilla, and Klamath counties, followed by Jackson and Multnomah counties. The priority was developed using a weighted priority based on:

- 5 percent - customer count,
- 25 percent - dollar amount,
- 20 percent - energy burden,
- 20 percent - poverty level,
- 20 percent - Black, Indigenous, People of Color (BIPOC) community, and
- 10 percent - COVID cases.

On May 3, 2021, PGE reported numbers on its outreach to customers. The following was reported (91+ days were a priority):

- 4,300 outbound calls made:
    - PGE made contact to 77 percent of those called (voicemail or direct conversation).
    - Of those PGE was able to speak with, 49 percent enrolled in a program.
    - Of those PGE was able to speak with, 12 percent were working on or were connected with energy assistance.
    - Of those PGE was able to speak with, 39 percent said it was not a good time, or wanted to think and follow-up.
- Targeted zip codes represent 32 percent of customers eligible for assistance.
- Same zip codes represent 37 percent of those who have received PGE Bill Assistance.

Order No. 21-057 requires each energy utility that is a party to the UM 2114 Stipulated Agreement and has an arrearage management program approved by the Commission to file monthly Arrearage Management Program status reports, with the first report due starting March 20, 2021 for the previous month, and the last report due October 20, 2021; and to file quarterly Arrearage Management Program status reports starting January 20, 2022 through January 20, 2023, for the previous quarter.

Monthly and Quarterly Status Reports shall include, at minimum: number of recipients per option, total funds expended, total funds available, funds expended per option, and average customer payments per option.

As a result of arrearage management program start dates, timing of reports, and timing of this memo, Staff does not have a complete picture of all utility expenditures. What is certain, is that bad debt is increasing and AMPs only cover 42.5 percent of arrearages.

Additionally, Avista and PGE have already met the 50 percent commitment of AMP funds and have conducted workshops on their programs on April 22, 2021, and May 3, 2021, respectively.

As previously mentioned, PGE's total number of residential customers in arrears fell by roughly 10 thousand (11.8 percent decrease); and total residential arrears balance fell by $834 thousand to $37.6 million (2.2 percent decrease) in March.

In its April 22, 2021, 50 percent expenditure update, Avista demonstrated that it paid the outstanding debt of all customers (654) who are on energy assistance or were on energy assistance within the past two years on April1, 2021. Additionally, Avista stated that total arrears dropped from $2.2 million to $1.94 million in the first 16 days of April as a result of its AMP and customer contact.

Idaho Power's program started on March 24, 2021, and has expended $18,128 and committed $7,786 of funds as of March 31, 2021, leaving a balance of $493,994. Based on its April 1, 2021, AMP start date, Cascade and PacifiCorp did not report any costs to date.

However, Pacific Power in its April 26, 2021 Outreach Workshop, stated that it has committed $1,149,748 in funds (Instant Grant and Extended Payment Plan) to 2,540 customers who were in arrears $2,342,894. NW Natural's program does not begin until May 3, 2021.

In an April 16, 2021, letter to the Commission, certain stakeholders requested the following:

> *The total projected cost of administering the AMP programs*.

Arrearage Management Program administration costs are not included in the 1 percent ($39 million) contemplated in the UM 2114 Stipulated Agreement. Administrative costs also include technology costs and marketing costs to implement the AMPs. These incremental costs, as they accrue will be reported in each utility's quarterly deferral reports. The utilities reported the following total estimated costs for administering AMP. These amounts, as shown in Table 3, will change as utilities administer their programs.

Table 3 – Utility AMP Administrative Costs

Utility	**Amount**
Avista	$63,264
Cascade Natural Gas	$105,426
NW Natural	$113,046
Idaho Power	$37,830
PacifiCorp	$200,000
PGE	
Total	**$519,566**

Note: PGE has not recorded any significant costs to date.

Stakeholders also asked the following:

> *What percentage of people taking advantage of AMP programs or who benefit from the moratorium truly need those programs and would not have the resources to pay down their bills otherwise?*

Paragraph 18 of the UM 2114 Stipulated Agreement did not prioritize customers "*who truly need those programs*," as the stipulation was developed to deal with the COVID-19 pandemic. However, as previously mentioned, utilities have been following the prioritization as listed in the AMP Principles. Additionally, both Avista and Cascade provided instant grants to customers on or that have previously been on energy assistance.

Increased Low-Income Energy Assistance

It is important to consider that certain low-income customers have access to numerous and increased fund sources administered through community action agencies (CAAs) and counties. These funds include:

Table 4 – Low Income Assistance Funding

Program	Funding
LIHEAP (Energy Assistance State-wide)[5]	$30 million
LIHEAP CARES Act (State-wide)[6]	$7.8 million
EASCR (CRF)[7]	$16.5 million
LIHEAP (Latest Stimulus Package – EA State-wide)[8]	$41 million
OHCS Budget Request – General Fund	$5 million
OEAP (PGE/PAC)[9]	$20 million
OLGA (NW Natural)	$2.8 Million
LIRAP (Avista)	$255,000
OLIBA (Cascade Natural Gas)	$120,000

The CAAs and Counties have been effective in administering these programs to the benefit of low-income customers. Additionally, utilities have strong working relationships with CAAs and counties to ensure eligible customers are directed to the correct resources.

Excellent news for energy assistance funding is that the LIHEAP amounts are more than double a normal year's allocation.

Outstanding news is that Oregon Housing and Community Services (OHCS) is in the beginning stage to change the administrative rules that will allow Express Enrollment for the Oregon Energy Assistance Program (OEAP).

More good news is that OEAP may increase by $10 million for a three-year period if 2021's HB 2947 passes the Legislature.

The following information was provided to Staff from OHCS concerning availability of low-income funds at each CAA / County as of the end of March 2021, for LIHEAP 2021 and OEAP. Table 4 does not include Natural Gas utility programs (OLGA, LIRAP, and OLIBA). According to OHCS:

[5] This is a significant increase from previous pre-COVID allocations and includes allocations to Consumer-owned Utilities.
[6] $3.0 million remaining.
[7] $1.9 million remaining.
[8] OHCS received the Award Letter on May 5, 2021.
[9] HB 2947 requests an additional $10 million in OEAP funds.

- The numbers contained herein come straight from OPUS, which is OHCS' robust state fiscal/accounting and database tool all agencies are required to report in to.
- OHCS reports would include everything contracted to the CAA's including administrative expenditures, but excluding projected expenditures.
- The numbers OHCS collects would have been captured and collected on April 12, 2021, and are numbers used as the official March 31, 2021, report for remaining funds.

Table 5 – CAA / County Funding

Agency Snapshot	OHCS LP 21 3/31/21 Remaining Funds	OHCS OEA 3/31/21 Remaining Funds
ACCESS	$1,044,980	$777,377
CAO	$2,343,850	$2,630,095
CAPECO	$1,491,203	$311,720
CAT	$448,659	$158,632
CCNO	$686,168	$89,666
CINA	$511,298	N/A
Clackamas	$1,526,052	$2,027,372
CSC	$1,543,722	$1,478,261
KLAS	$979,974	$557,658
MCCAC	$282,307	$52,063
Multnomah	$4,365,447	$5,516,282
MWVCCA	$2,034,948	$1,480,359
Neighbor Impact	$880,441	$320,899
ORCCA	$595,441	$208,696
UCAN	$1,193,528	$553,775
YCAP	$431,120	$416,908
TOTAL	**$20,359,138**	**$16,579,763**

According to Community Action Partners of Oregon (CAPO), all CAAs currently have money and expect to have money through most of the remaining program year (September 30, 2021). Additionally, the CAAs are in good shape to partner with the utilities and their arrearage management plans rollouts for the next several months.

Voluntary Programs
Paragraph 21 of the Stipulated Agreement states:

> If a Utility does not already have a voluntary program where customers can choose to “round-up” their bill to the next whole dollar or other voluntary customer program to provide bill assistance, the Utility will explore creating such a program. This will include studying the costs and benefits of such a program.

Included as a subject in the April 12, 2021, Arrearage Management Plans Best Practices Workshop, was a discussion of voluntary programs and efforts to examine and build upon these voluntary programs. The voluntary programs are nowhere near the magnitude of arrearage management programs and low-income assistance, but they play a part in helping customers who need assistance. The following are brief descriptions of these voluntary programs and projected efforts to build upon these programs.

Avista
Avista’s Project Share is donation-based that provides emergency energy assistance to qualified households. Project Share funds are used to help stabilize households-in-crisis for 30 days. Customers do not need to meet federal poverty guidelines to qualify. Avista customers, employees, and the Company currently donate to Project Share to support the local community in need of emergency energy assistance.

On March 29, 2021, Avista filed Advice No. 21-02-G – Avista Utilities Schedule 493, Low-Income Rate Assistance Program (LIRAP) to incorporate an arrearage management program into its tariff and to extend the provision of LIRAP outreach funds to Avista as well as to the Community Action Agencies that are already receiving such administration funds for the delivery of the program within the Company’s service territory.

Cascade Natural Gas
Cascade Natural Gas (CNG) currently has a voluntary customer and company donation-based energy assistance program named Winter Help. CNG’s Oregon customers may add a donation onto their payment using their remittance statement (example below), set up recurring payments, or make a one-time donation using the pledge form. Community Action Agencies and the company are able to utilize these funds to assist customers.

The pledge form is provided as a bill insert once per year and can also be found on the company's website (https://www.cngc.com/wp-content/uploads/PDFs/Brochures/winter-help.pdf).

Starting in 2020 and continuing in 2021, CNG has also used bill insert capability to solicit donations from their customers who are not past due. CNG believes this program is an effective way to provide additional assistance beyond LIHEAP and PPC funds; however, the Company is in the early stages of evaluating a bill round-up option, consistent with the Stipulated Agreement approved in Order No. 20-401.

NW Natural

Consistent with paragraph 21 of the Stipulated Agreement approved in Order No. 20-401, NW Natural has identified components and technology requirements for a bill round-up program that would allow customers to voluntarily round up the total amount due on their bill to the next whole dollar amount to donate to utility programs that provide bill assistance to low-income customers. In the case of NW Natural, these donations via a "Round-Up" Program would contribute to NW Natural's Gas Assistance Program (GAP).

NW Natural favors moving forward with the Round-Up Program and the additional funding source the program will provide for GAP; however, the priority for this project follows the Company's Arrearage Management Program, which is currently being developed for a launch date of May 3, 2021.

As mentioned in previous responses regarding technology changes provided in UM 2114, NW Natural's customer information system (CIS) was developed and customized for the Company over 21 years ago and uses a programming language that is no longer widely used. NW Natural's few internal CIS subject matter experts represent a finite resource and will need to balance development of these new programs with the day-to-day maintenance, security work, and updates that CIS requires. As a result, the date of development of the Round-Up Program has not been set.

Idaho Power

Idaho Power plans to continue utilizing its program currently in place, Project Share, which is a year-round bill pay assistance program that provides a one-time payment of up to $300 a year to qualified Idaho Power customer households. Project Share is administered by the Salvation Army in Baker County and Community in Action in Malheur and Harney counties.

In addition to funds contributed by shareowners, contributing customers have the option to round-up their monthly bill, sign up for an on-going fixed contribution or elect to round up and add a fixed amount to their monthly bill.

PacifiCorp

PacifiCorp currently offers two voluntary programs for customers who wish to donate money to help individuals struggling to pay their electric bill: Lend-A-Hand and the Small Change program. Both programs require the customer to opt in. For the Lend-A-Hand program, the customer donating to the program overpays the amount due by certain dollar increments.

The Small Change program automatically rounds up the donating customer's bill to the next nearest dollar and reflects that amount due on their monthly bill.

The voluntary donation programs are part of PacifiCorp's Fuel Fund program in which the Company matches customer and employee donations two-to-one up to $144,000 annually. PacifiCorp partners with Oregon Energy Fund, a non-profit agency, to offer energy assistance with donated funds. Oregon Energy Fund contracts with agencies throughout PacifiCorp's service territory to deliver funds to qualified households. Funds are collected, matched, and sent to Oregon Energy Fund monthly.

PGE

PGE currently sends a donation envelope with the monthly bill twice a year in which customers are able to donate to Oregon Energy Fund (OEF). If a customer is enrolled in paperless billing, their electronic statement contains a link to OEF instead of receiving a physical envelope. OEF typically receives around $100,000 in annual donations from these envelopes and the link. The envelopes allow a customer to send a donation directly to OEF, while the link for paperless billing customers takes them directly to the OEF website. Customer donations made via the envelope or link do not pass through PGE.

PGE has also been researching and evaluating a payment round-up donation option in which customers could choose to round-up their monthly payments in order to donate to OEF and other local organizations. PGE has identified the level of work that would be necessary to implement this process, but has been focused on other high priority work such as the Bill Assistance Program and offering convenient payment options for customers.

Staff will continue to work with utilities and stakeholders on exploring voluntary customer programs per Paragraph 21 in future workshops and report back to the Commission on these programs at the November 16, 2021, Public Meeting.

Extended Time Payment Arrangements (TPAs) and Medical Certificates
Paragraph 26 of the UM 2114 Stipulated Agreement requires enhanced reporting on TPAs. The following table highlights recent activity concerning TPAs. This activity will probably increase when late notices and subsequent disconnection notices are again sent to customers.

Table 6 - New TPAs – Residential

Utility	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	Total
Avista	373	292	382	401	462	538	2,448
Cascade	55	68	78	210	245	268	924
Idaho Power	152	321	379	346	392	433	2,023
NW Natural	190	171	317	437	423	694	2,232
Pacific Power	2,372	2,129	2,647	2,575	2,134	2,134	13,991
PGE	NR	NR	447	1,578	1,322	3,244	6,591
Total	**3,142**	**2,981**	**3,868**	**5,146**	**4,516**	**7,511**	**28,209**

Concerning medical certificates, Paragraph 16 of the UM 2114 Stipulated Agreement allows customers to self-certify for a medical certification. Currently there are 619 existing medical certificates as of March 31, 2021, and 179 new medical certificates. The majority of the medical certificates are in PGE's service territory (476 and 158 respectively).

Utilities are working with customers to address bad debt through various means, including extended time-payment arrangements, medical certificates, and AMP outreach to keep customers connected. Based on the assistance available, most customers should be able to stay connected as long as they make every effort to work with their utility.

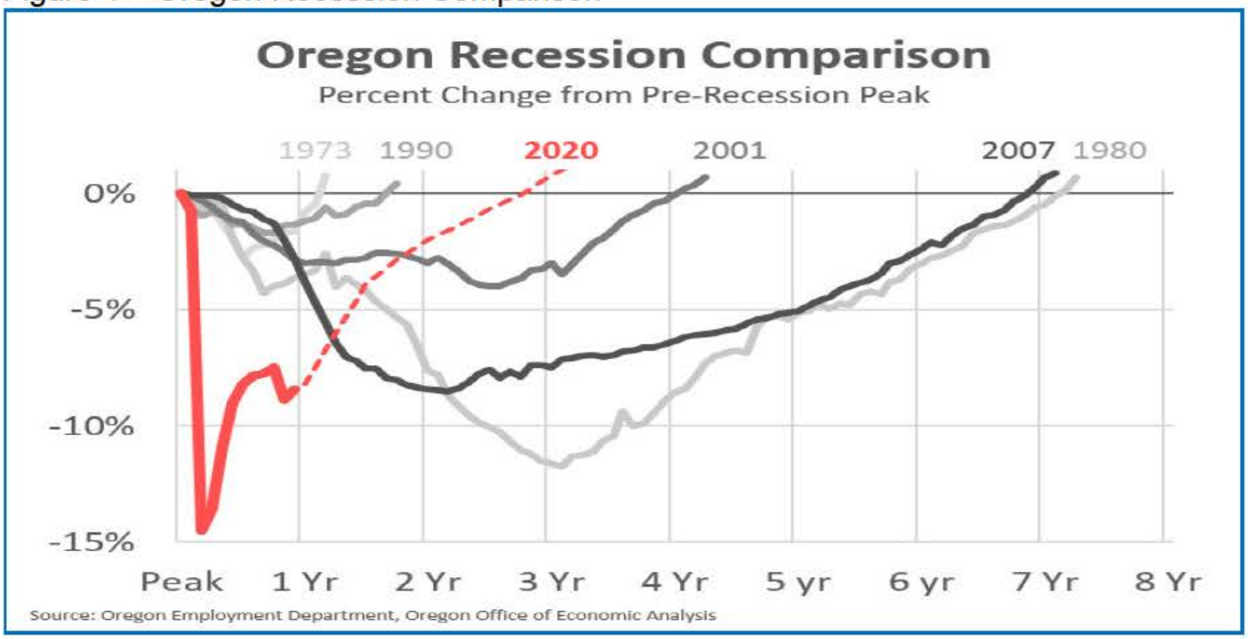
Economic Trends – Economic Recovery
The economic picture continues to improve. According to the Oregon Economic Analysis (OEA), March 9, 2021, update:

> This morning the Oregon Employment Department released the latest employment report. The good news is jobs rebounded in January, following losses in December. More importantly from a data perspective we also got the annual benchmark revisions as well. Big picture, not many changes to the topline data. The strength of the initial recovery last

> summer is a bit better than initial estimates showed and the unemployment rate wasn't quite as bad either.[10]

Comparing this current recession with previous recessions, OEA provides the following graph:

Figure 4 – Oregon Recession Comparison



OEA goes on to state:

> Even with all the industry changes, the big picture look at employment by wage level looks pretty similar. Workers in low-wage, in-person service industries have and continue to bear the brunt of the recession.

OEA breaks down data more on wage levels and points out:

> Middle-wage jobs are not experiencing severe job losses, and even as low-wage jobs have, federal aid has largely kept workers and households afloat in the past year. Looking forward, our office expects both low- and middle-wage jobs to fully recover, at least overall. Some individual occupations and industries are unlikely to entirely regain all their lost jobs, but the dynamics this cycle are different.[11]

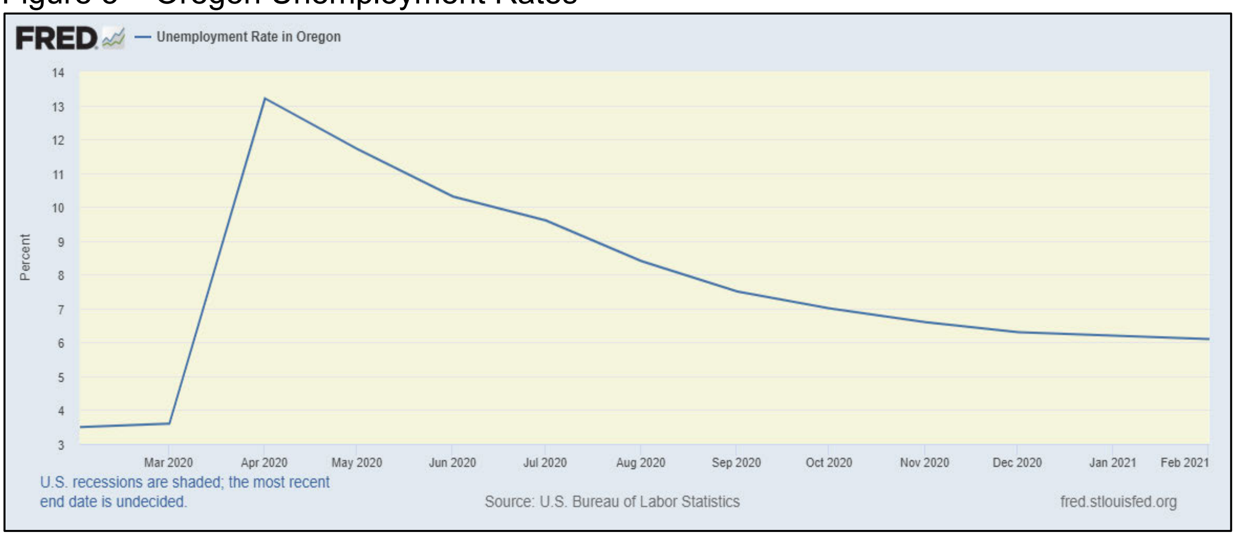
[10] Oregon Economic Analysis, Oregon Employment, January 2021.
[11] OEA, COVID-19 and Job Polarization, April 1, 2021, https://oregoneconomicanalysis.com/.

OEA further states:

> **Bottom Line**: We knew that workers in the in-person service industries have been the most impacted by the COVID recession. However until yesterday, we didn't know exactly how those losses broke down between occupations even in the hard-hit industries. This cycle is different both in terms of the nature of the losses, in addition to the federal policy response. Given that incomes are up for most households, and pent-up demand is very real, our office does expect a much faster and more complete economic recovery than we have experienced in recent decades. This means there is likely to be relatively little economic scarring and permanent damage. The occupations and industries that have borne the brunt of the recession will recover in the years ahead. Our office will continue to monitor this data to look for structural changes in the staffing patterns across the economy.[12]

<u>Economic Trends – Unemployment Rates and Federal Stimulus</u>
The following graph shows the change in unemployment rate from February 2020 to February 2021:

Figure 5 – Oregon Unemployment Rates



As the graph indicates, unemployment is much higher in February 2021 (6.1 percent) as compared to February 2020 (3.5 percent), but is trending down from the beginning of

[12] OEA, COVID-19 and Job Polarization, April 1, 2021, https://oregoneconomicanalysis.com/.

the pandemic. In fact, the March unemployment rate dropped to 6.0 percent, which is below the average of 6.8 percent over the past two decades.[13] According to the Oregonian:

> Oregon added 20,000 jobs last month. Most of the gains were in the leisure and hospitality sector as bars and restaurants steadily reopened after a broad wintertime shutdown that accompanied a spike in COVID-19 cases.
>
> The state has now regained 54% of the jobs lost in the early days of the pandemic, 153,100 altogether. Oregon's jobless rate is less than half its peak 11 months ago, 13.2%, but it's still well above the historic lows around 3.5% in the months before the pandemic hit.[14]

Employment numbers are also increasing on the national level, a recent news alert from the Society of Human Resource Managers state:

> States reported that 498,000 workers filed for new unemployment benefits during the week ending May 1, a decrease of 92,000 from the previous week's revised level and the lowest level of initial claims since March 2020. The total number of workers continuing to claim state unemployment benefits held at 3.6 million.
>
> The labor market continues to heal 14 months after the COVID-19 pandemic first began to ravage the U.S. economy. Economists forecast that more than one million jobs were added in April, and that the unemployment rate for the month ticked down to 5.8 percent from 6 percent in March. The official data will be published in the Department of Labor's employment report tomorrow morning.[15]

In regard to this unemployment assistance, a second federal relief package passed in December; and a third package passed in March. The December package included a $600 stimulus payment for certain individuals earning under $75,000 and heads of households under $112,500; an additional extra $300 per week in unemployment

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[13] https://oregoneconomicanalysis.files.wordpress.com/2021/04/oregons-tight-labor-market-april-2021-1.pdf.
[14] Oregonian Online, April 13, 2021.
[15] Society of Human Resource Management, May 6, 2021, News Alert, https://www.shrm.org/about-shrm/Pages/default.aspx.

insurance benefits; and an extension of both Pandemic Unemployment Assistance (PUA)[16] and Pandemic Emergency Unemployment Compensation (PEUC).[17]

The stimulus package that passed in March included:

- Direct payments of $1,400 to most Americans, bringing the total relief to $2,000, including December's $600 payments.
- Maintaining the federal, per-week unemployment of $300 and extending it through September 6, 2021.
- Increases the Supplemental Nutrition Assistance Program benefit by 15 percent through September.
- Adds $25 billion in rental and utility assistance and about $10 billion for mortgage aid.[18][19]
- Pandemic Unemployment Assistance (PUA), the federal program for self-employed, part-time and gig workers, will be extended through Sept. 6.
- Pandemic Emergency Unemployment Compensation (PUEC), which lengthens benefits for people who have exhausted the number of weeks for which they can claim unemployment, will be extended through Sept. 6.[20]

Although full or near full employment is a desired result for the economy, the additional federal funds, extension of funds, and proposed additional funds are important assistance to the unemployed and under-employed during the duration of the pandemic. This is discussed in a joint article by OEA and Oregon Employment Department:

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[16] Pandemic Unemployment Assistance (PUA) is a program that temporarily expands unemployment insurance (UI) eligibility to self-employed workers, freelancers, independent contractors, and part-time workers impacted by the coronavirus pandemic. PUA program runs from Jan. 27, 2020, through March 13, 2021.

[17] Pandemic Emergency Unemployment Compensation (PEUC) is an emergency program designed to help Americans affected by the COVID-19 pandemic extending unemployment insurance up to 24 weeks to those who exhausted their benefits. Although the benefits under the PEUC program were due to expire on Dec. 31, 2020, the PEUC was extended to March 13, 2021.

[18] https://www.cnbc.com/2021/03/10/stimulus-update-house-passes-1point9-trillion-covid-relief-bill-sends-to-biden.html.

[19] https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund.

[20] https://www.forbes.com/advisor/personal-finance/third-stimulus-package-unemployment-benefits-extension/#:~:text=The%20new%20stimulus%20package%20impacts%20unemployment%20benefits%20in,benefits%20between%20March%2014%20and%20Sept.%206%2C%202021.

> Total personal income in Oregon today is about 15% higher than before the pandemic. The primary reason is the strong federal fiscal policy response to the pandemic. The recovery rebates and enhanced unemployment insurance benefits each have added $12 billion to personal income in Oregon. This income support is the primary reason why the recovery and overall economic outlook is so bright. Even so, a stronger safety net where incomes are higher today than pre-COVID can reduce labor force participation in the short term for some workers. To the extent this is happening today, it is temporary.[21]

The joint article goes on to also state:

> Federal Pandemic Unemployment Compensation (FPUC) adds $300 onto weekly unemployment insurance benefits through September 4, 2021. In the first quarter of 2021, the weekly regular unemployment (UI) benefit has averaged $370 per week. With the additional $300 FPUC payment, that adds up to an average payment of $670 per week. That's roughly the same as earning $16.75 per hour for someone working full time. During the first quarter of 2021, that has also represented full wage replacement (between 100% and 104%) relative to regular UI claimants' pre-pandemic earnings on the jobs. Some perspective here: earning $670 per week, working year round would total $34,800 in gross earnings for a worker. By comparison, the median earnings for full-time workers in Oregon in 2019 was $50,712.[22]

Although $670 per week is an average, Staff realizes that there are utility customers that are not receiving this type of assistance. As a result, Staff's recommendation No. 2 will help customers that are not receiving enhanced benefits.

When considering all available federal funds combined with utility AMPs, extended TPAs, increased low-income assistance (LIHEAP and possibly OEAP), end of the heating season, and utilities outreach to customers, Staff believes there are adequate mechanisms in place to protect residential customers following the restart of disconnections in early August.

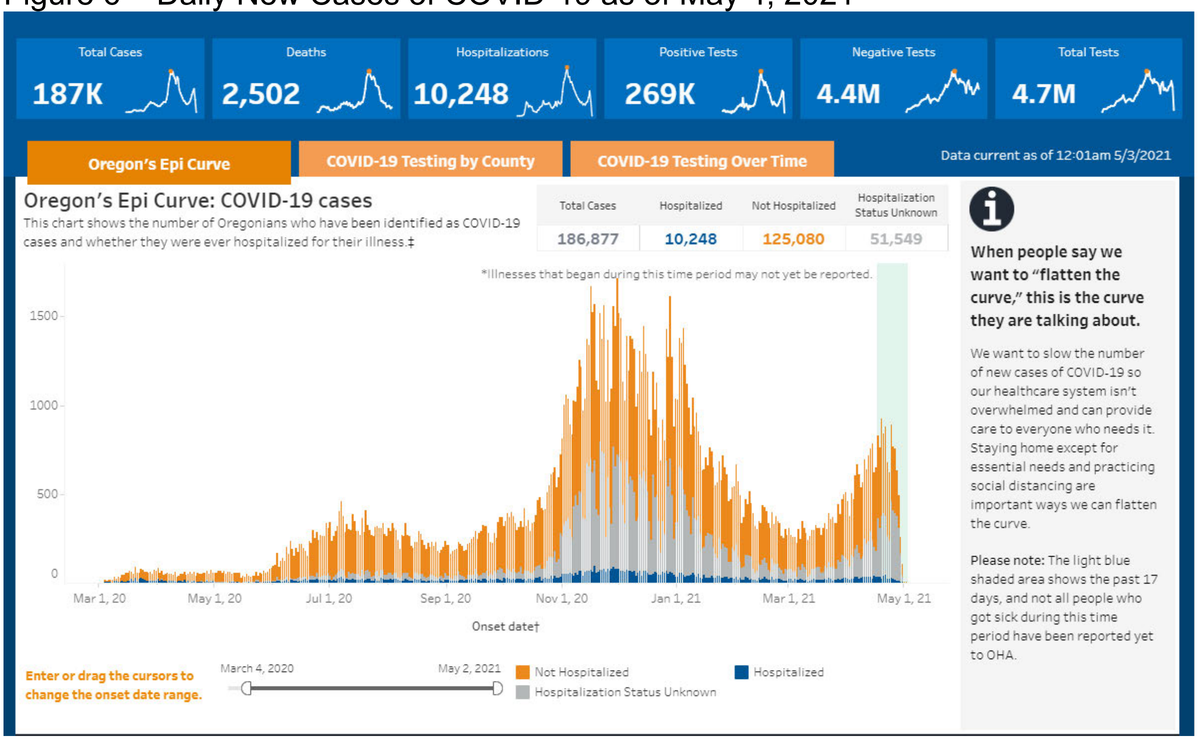
[21] https://oregoneconomicanalysis.files.wordpress.com/2021/04/oregons-tight-labor-market-april-2021-1.pdf.
[22] https://oregoneconomicanalysis.files.wordpress.com/2021/04/oregons-tight-labor-market-april-2021-1.pdf.

Anecdotally, both Avista, in its April 22, 2021, 50 Percent Expenditure Workshop, and Pacific Power in its April 26, 2021, Outreach Workshop, stated that customers were able to bring down arrears based on recent stimulus payments.

Staff will continue to monitor unemployment trends and consider any additional unemployment numbers, trends, and disparate impacts of the COVID-19 recession.

<u>Pandemic / Vaccine</u>
The following graph shows the pandemic situation in Oregon in terms of daily case since February 2020:

Figure 6 – Daily New Cases of COVID-19 as of May 4, 2021



As the graph above indicates, Oregon is still in a pandemic situation, and may be for some time to come. In an April 27, 2021, press release Governor Brown stated:

> Due to the rapid spread of COVID-19 in Oregon, Governor Kate Brown today (April 27, 2021) announced updates to county risk levels under the state's public health framework. With hospitalizations rising above 300 people statewide, threatening to overwhelm doctors and nurses, 15 counties will move to the Extreme Risk level effective Friday, April 30

> through Thursday, May 6. In addition, nine counties will be in the High Risk level, four at Moderate Risk, and eight at Lower Risk.[23]

The press release goes on to state:

> Counties will stay in Extreme Risk for a maximum of three weeks, and will be able to move to a lower risk level sooner if their COVID-19 case rates are brought down in the intervening weeks, or if Oregon moves below 300 statewide hospitalizations or the seven-day hospitalization average percent increase goes below 15 percent.[24]

Concerning the trajectory of the pandemic, an article by McKinsey Healthcare System, states:

> The trajectory of UK and US cases has enabled the beginnings of a transition toward normalcy, the first and more important of the pandemic's two endpoints. We expect this transition to continue in the second quarter of 2021 and will likely see many aspects of social and economic life return to the pre-pandemic normal, consistent with UK Prime Minister Johnson's staged reopening plan for the United Kingdom and US President Biden's goal of a normal Independence Day.[25]

In his first prime time press conference, President Biden announced "*the next phase of our war-time effort to vaccinate the U.S. population, with the goal of getting the nation closer to normal by July 4th, Independence Day.*"[26]

Locally, schools are beginning to open for hybrid learning and school sports are being played. In fact, about one-third of the students in Oregon are participating in school in person; 50,797 are fully onsite and 149,005 are hybrid.[27]

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[23] Governor Kate Brown Urges Oregonians to Get Vaccinated, 15 Counties Qualify for Extreme Risk Amid Rapid Surge in COVID-19 Cases and Hospitalizations, https://www.oregon.gov/newsroom/Pages/NewsDetail.aspx?newsid=54579.
[24] *Ibid.*
[25] When will the COVID-19 pandemic end? March 26, 2021, https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/when-will-the-covid-19-pandemic-end.
[26] https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/11/fact-sheet-president-biden-to-announce-all-americans-to-be-eligible-for-vaccinations-by-may-1-puts-the-nation-on-a-path-to-get-closer-to-normal-by-july-4th/.
[27] https://www.koin.com/news/health/coronavirus/oregon-schools-build-in-covid-protocols-for-the-future/.

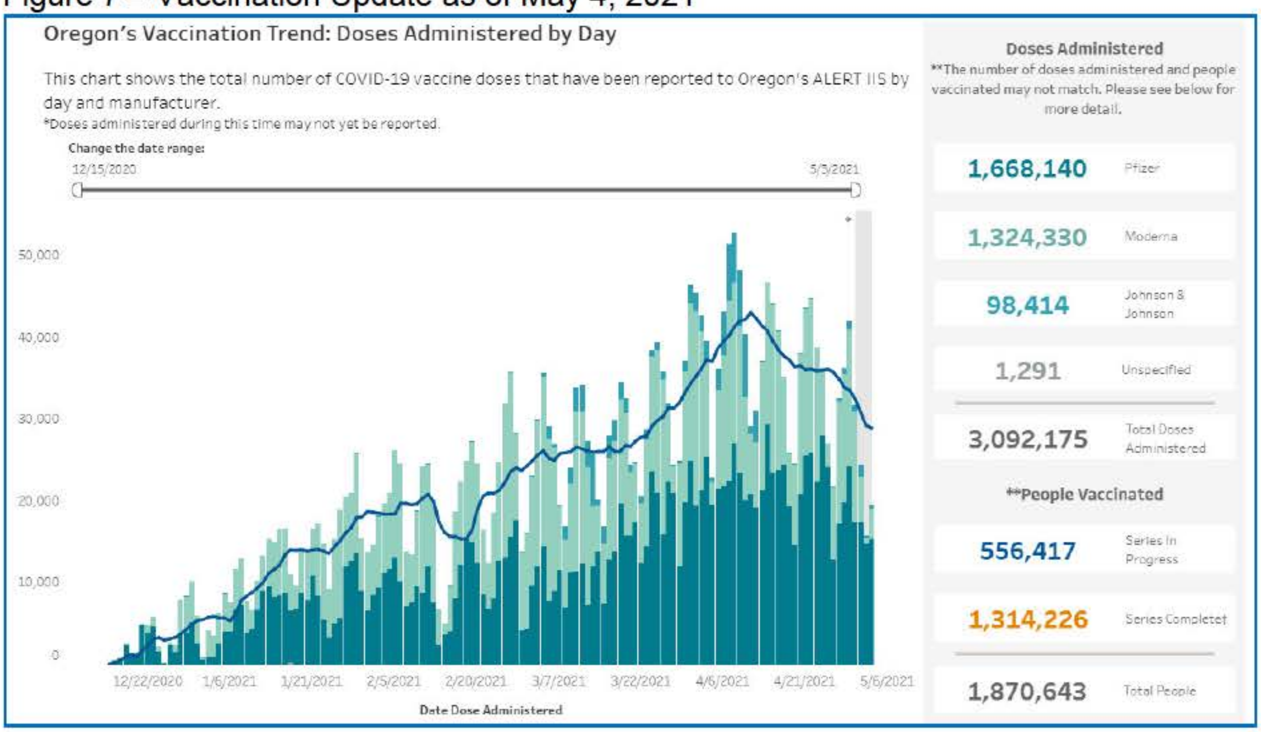
Additionally, a NBC News article states:

> A variety of metrics could indicate that the country is getting the pandemic under control, including the number of new daily cases and the number of deaths. But epidemiologists say three specific metrics are required to get a clear understanding of the country's overall response: the number of Covid-19-related hospitalizations, the virus's so-called reproduction number and the number of vaccinations administered.[28]

The article goes on to state that of the three specific measures in the long run, the metric that will be most indicative of the country's progress is the number of vaccinations administered.[29]

As such, the following shows an update on vaccinations as of May 4, 2021:

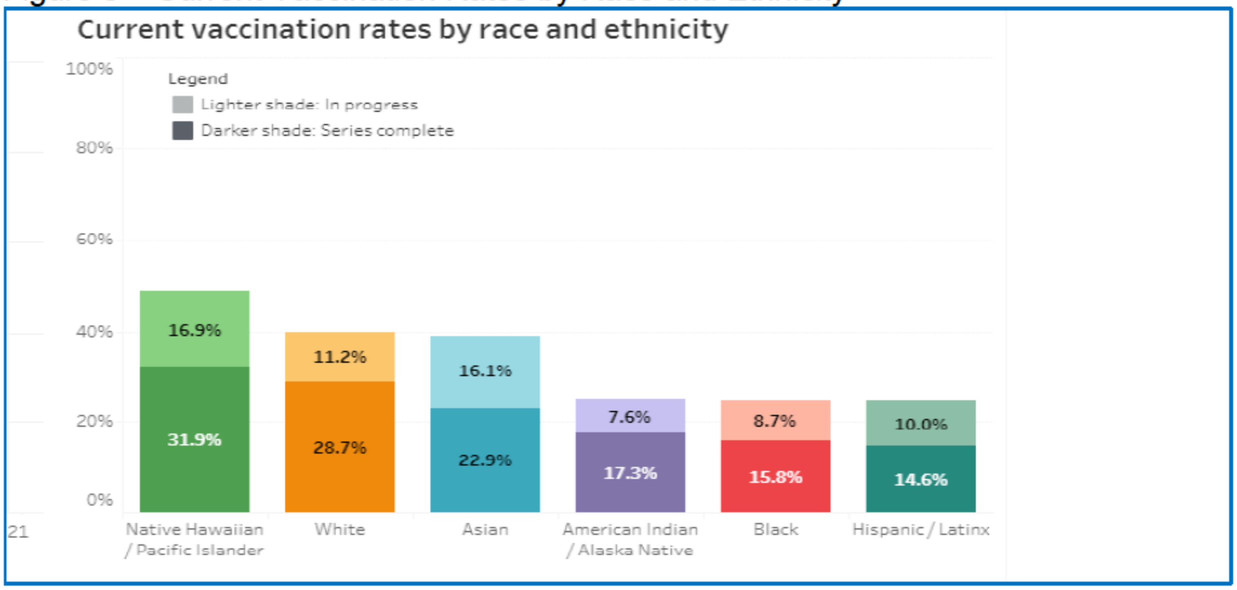
Figure 7 – Vaccination Update as of May 4, 2021



[28] https://news.yahoo.com/pandemic-end-three-numbers-experts-090000009.html.
[29] *Ibid.*

The figure below shows that vaccination rates by race and ethnicity. As numerous stakeholders pointed out, the communities that are most affected by disconnections are the groups that are less likely to get vaccinated.

Figure 8 – Current Vaccination Rates by Race and Ethnicity



Starting April 16, 2021, all Oregonians over the age of 16 were able to receive a vaccination. The vaccination progress combined with recession recovery and improving unemployment numbers should allow for disconnections to resume August 1, 2021.

Updates on moratoriums and Oregon disconnections

Concerning small commercial customers of investor-owned utilities in Oregon, the UM 2114 Stipulated Agreement Paragraph 4 allowed the utilities to resume imposing late fees (in accordance with OAR 860-021-0126) and disconnecting service for non-payment (in accordance with OAR 860-021-0505) on December 1, 2020.

The following table shows the Oregon small commercial disconnects to date.

Table 7 – Oregon Small Commercial Disconnects

Company	Small Commercial Customers	Small Commercial Disconnects	Disconnects as Percentage of Small Commercial Customers
Avista	12,037	52	0.43%
Cascade Natural Gas	10,379	61	0.59%
Idaho Power Company	2,629	1	0.04%
Northwest Natural Gas	54,348	251	0.44%
PacifiCorp	68,193	0	0.00%
Portland General Electric	105,307	33	0.03%
Total	**252,893**	**398**	**0.16%**

It is important to note that some utilities did not start resuming disconnect notices until January and these numbers will change. However, the number of disconnections continue to be low; and Staff has confidence that the utilities will be just as fair and proactive in working with residential customers to keep them connected after the moratorium is lifted as they have with small commercial customers.

An interesting fact is that small commercial customers that are in arrears in March 2021 (10,170) is less than January 2020 pre-pandemic numbers (12,958). This is true for all arrearage segments. Additionally, the Governor is partnering with Legislature for $20 million for immediate aid to businesses in Extreme Risk counties.[30]

Investor-owned water utilities were also allowed to commence disconnections on December 1, 2020. From that date, only 22 customers were disconnected for non-payment (0.07 percent), and all 22 were reconnected the same day.

Also, when comparing Oregon to other states Oregon, California (June 30, 2021), and Washington (July 31, 2021) have the longest moratoriums. It is Staff's understanding that Oregon, Washington, and California are the only states that continue to have a disconnect moratorium in place.

Historical data on disconnections and reconnections

As previously highlighted in Staff's February 23, 2021, memo, the time from initial billing date to disconnect date varies between utilities and ranges from 38 to 64 days. During

[30] https://www.oregon.gov/newsroom/Pages/NewsDetail.aspx?newsid=54579.

this time frame, utilities will reach out to customers through an initial notice of disconnection (late notice), final notice of disconnection, and in many cases robocalls and personal calls to customers.

Paragraph 3 of the Stipulated Agreement requires utilities to engage in proactive customer outreach throughout the COVID-19 pandemic. In addition to this outreach, utilities must notify its customers with past due balances at least 30 days before issuing a 15-day late notice of disconnection of all flexible payment options that are available to avoid disconnection.

The below table highlights historical reconnect information.

Table 8 – Historical Percentage of Customers Reconnected by Number of Days

	2018				2019				2020			
days	**0-5**	**15**	**30**	**>30**	**0-5**	**15**	**30**	**>30**	**0-5**	**15**	**30**	**>30**
Cascade	33.3%	0.8%	0.4%	0.4%	29.7%	1.7%	0.1%	0.7%	23.7%	5.3%	0%	0%
Avista	49%	4%	0%	-	48%	5%	0%	-	64%	4%	0%	-
Northwest Natural	56.3%	8.5%	2.4%	11.9%	56.4%	8.1%	2.6%	11.4%	64.7%	8.5%	2%	4.1%
PacifiCorp**	71.8%	2.9%	0.1%	-	75.9%	2.1%	0.1%	-	72%	1.8%	0%	-

	2018		2019		2020	
days	**0-1**	**2-7**	**0-1**	**2-7**	**0-1**	**2-7**
Idaho Power	75%	10%	77.2%	9%	76%	10.3%
Portland General***	58.2%	15.2%	62.6%	9.7%	64.1%	2.1%

*2020 disconnections were moratoriumed in March
**PAC customers disconnected >20 days are considered new customers if reconnected
***PGE 2018 data is from August-December

As the above table indicates, the majority of reconnections occur within five to seven days. In general, natural gas reconnections often do not happen as quickly as electric reconnections. Natural gas customers have other options for heat, like using electric heaters.

Staff recognizes that once a customer has been involuntarily disconnected for non-payment of their utility bill, the hurdle to get reconnected can be steep. Current rules state that a customer must pay 100 percent of their unpaid utility bill, plus any reconnect fee and a new or additional deposit required by the utility.

As an alternative, as long as the disconnection was not due to theft, and the reconnection is within 20 days, the customer can get reconnected by paying one-half of their outstanding balance, plus any new or additional deposit, and reconnect fee. The other one-half of the outstanding balance must be paid in full within 30 days. Currently, under the COVID stipulation, utilities are not assessing deposits or reconnect fees, but paying one-half of an outstanding balance can still be a high hurdle for some.

Staff proposes to reexamine these rules and analyze and discuss alternatives with the advisory committee formed under UM 2114 Stipulated Agreement Paragraph 28, as referenced in Recommendation No. 3.

The following tables also show that with the exception of PGE concerning energy assistance customers, a small percent of customers who receive disconnection notices actually get disconnected.

Table 9 – 2019 Residential Disconnections compared to Notices

2019						
Utilities	5-day Notices 2019	Disconnects 2019	% Disconnects 2019	EA Notices 2019	EA Disconnects 2019	% EA Disconnects 2019
PGE	414,753	27,556	6.64%	56,701	4,230	7.46%
PAC	320,955	19,478	6.07%	52,833	3,902	7.39%
AVA	25,869	2,889	11.17%	2,600	339	13.04%
CNG	7,587	869	11.45%	477	92	19.29%
NWN	149,883	7,749	5.17%	9,022	553	6.13%
IPC	6,921	852	12.31%	1,336	191	14.30%

As the above table indicates, a disconnection notice does not necessarily result in a disconnection. The UM 2114 Stipulated Agreement prevented any disconnects in 2020 (and directed reconnections when a disconnection occurred). The Stipulated Agreement also prevents any disconnection or reconnection fees until October 2022.

The following table highlights the reconnection fees from each energy utility's tariffs. These fees are reviewed during a utility's general rate case and are determined "at cost." These costs are charged to the customer and are not system costs. Please note that there are no disconnection charges by any of the utilities.

Table 10 – Disconnection and Reconnection Charges

	Disconnect $	Reconnect $ Business Hrs	Reconnect $ Remote	Reconnect $ Off Hrs	Field Vis Chg
Avista - Rule 20	$ -	$ 30.00	NA	$ 50.00	NA
Cascade NG - Sch 200	$ -	$ 32.00	NA	$ 50.00	$ 20.00
Northwest NG - Sch C	$ -	$ 30.00	NA	$ 80.00	$ 20.00
Portland General - Sch 300	$ -	$ 27.00	NA	$ 80.00	$ 20.00
Pacific Power - Sch 300	$ -	$ 30.00	$ 7.00	$ 75.00	$ 20.00
Idaho Power - Sch 66	$ -	$ 20.00	$ 20.00	$45 - $80	$ 20.00

Paragraph 11 of the UM 2114 Stipulated Agreement waives disconnect and reconnect charges until October 1, 2022. Utilities will be allowed to recover these waived costs based on UM 2114 Stipulated Agreement Paragraphs 11 and 25.

Stakeholders in an April 16, 2021, letter to the Commission requested the following:

> *The total cost of the collection process for the +275k past-due customer accounts (if the moratorium were to be lifted).*

This request assumes that all 275 thousand customers in arrears will go through a disconnect process or will become past due after the moratorium is issued. Staff does not believe that this will be the case due to enhanced energy assistance, arrearage management plans, and extended time-payment arrangements.

The UM 2114 Stipulated Agreement allows utilities to recover administration costs of enacting the stipulation. Because disconnects have not occurred, these costs are not recorded by utilities. With that said, Table 13 on page 35 of this Staff report lists a total of $12,251,664 of waived late fees to date. Pursuant to Paragraph 25 of the UM 2114 Stipulated Agreement, these costs are recoverable and are included in deferral amounts.

Stakeholders also requested the following:

> *The cost of disconnecting some percentage of those customers who would not be able to pay. Our preference is to focus on ratepayers who are past due by more than 90 days.*

Because utilities do not charge a disconnect fee, any costs associated with disconnection would be administrative costs that utilities would need to demonstrate are above any general rate case cost baseline. Additionally, these costs, with the exception of waived late fees, are not currently recorded as disconnections have not occurred. These waived late fees were $12,251,664 as of March 31, 2021.

However, using historical data on disconnections, customer count for 91+ days arrears, and reconnection costs, cost to reconnect all customers past due 91+ day (as of March 31, 2021) is reflected in the following table:

Table 11 – Cost to Reconnect Customers 91+ in Arrears

Utility	Customers 91+	Reconnect Fee	Cost to Reconnect
Avista	3,683	$30	$110,490
Cascade	2,090	$32	$66,880
NW Natural	20,614	$30	$618,420
Idaho Power	623	$20	$12,460
Pacific Power - AMI	29,250	$7	$204,750
Pacific Power - Meter	905	$30	$27,150
PGE	31,743	$27	$857,061
Total	**88,908**		**$1,897,211**

- *Pacific Power numbers are using 97% AMI; 3% manual read meters.*
- *With AMPs in progress, these 91+ numbers may be overstated.*

As mentioned above, most customers that receive a disconnect notice are not actually disconnected. If we take the "Cost to Reconnect" and multiply by the actual historical disconnections from Table 9, the cost is significantly reduced. In this incidence, we use the Percent of Energy Assistance Disconnects:

Table 12 – Cost to Reconnect

Avista	Cost to Reconnect	Historical EA Disconnects	EA Disconnect Cost
Avista	$110,490	13.04%	$14,408
Cascade	$66,880	17.57%	$11,751
NW Natural	$618,420	6.13%	$37,309
Idaho Power	$12,460	14.30%	$1,782
Pacific Power - AMI	$204,750	7.39%	$15,131
Pacific Power - Meter	$27,150	7.39%	$2,006
PGE	$857,061	7.46%	$63,937
Total	**$1,897,211**		**$146,324**

As can be seen, Table 12 costs ($146,324) are significantly less than the March growth in arrears of $1.5 million. Actual disconnection / reconnection costs will be recorded by utilities; and Staff will start to see these costs in the utilities' October 20, 2021, report on deferrals if disconnects start in July or August.

Stakeholders also asked the following questions:

> *What are the impacts that result from resuming disconnections? Of particular concern are the aggregate health and economic impacts*.
>
> *What is the likelihood / percentage of customers who would be unable to pay, even with the tools we already have?*

Based on historical data, approximately seven percent of customers that receive a 5-day notice will be disconnected. Of this percentage that are disconnected, approximately 33 to 75 percent (depending on the utility) will be reconnected within seven days. These numbers do not take into account AMPs, extended TPAs, and enhanced energy assistance funds; as such, actual numbers will differ. Staff will be able to track actual data as Appendix A requires utilities to report:

> k. Total number of disconnection communications delivered by vintage (15-day, 5-day, personal contact);
>
> l. Total number of service disconnections for non-payment; and
>
> m. Total number of service reconnections, segmented by 24-hour reconnect, 48-hour reconnect, less than seven-day reconnect, and more than seven-day reconnect.

Staff realizes that when data is received, we will probably see a disparate impact of low-income customers on energy assistance. With the DEI Director, Staff will continue to examine the impacts of disconnects to vulnerable populations and will attempt to center the needs of the most vulnerable customers. Staff's recommendation No. 2 will hopefully reduce this unequal impact.

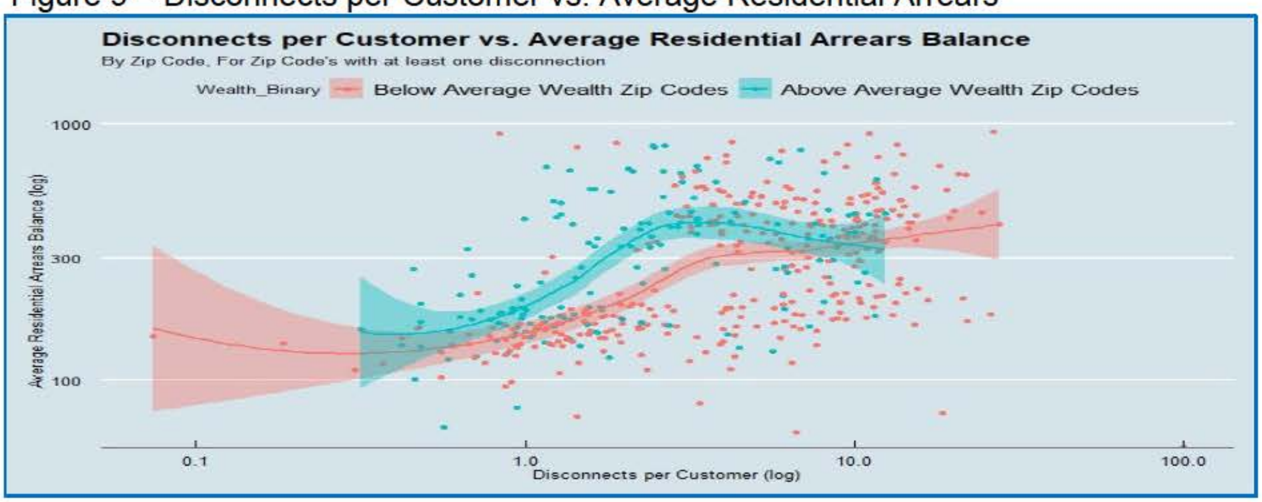
Additionally, Staff's recommendation No. 3 allows for a focused advisory committee that will analyze and discuss approaches to arrearage management; including, but not limited to, developing an alternative to disconnections in the post-moratorium period.

With respect to stakeholders' concern regarding health and economic impacts, Staff has sought to explore the relationship between the current arrearage situation and existing economic and geographic factors to understand how the moratorium may impact different groups. From this analysis, Staff has arrived at the following conclusions:

- There is strong correlation between zip codes that currently have the highest Average Arrears Balance and zip codes that had the highest rate of disconnects per customer in 2019.
- Lower wealth zip codes have a higher ratio of notices to disconnections, indicating that notices are more likely to lead to disconnection in lower wealth zip codes.
- There is a correlation between zip codes that have higher percentages of Energy Burdened Households and zip codes which had the highest rate of disconnects per customer in 2019.
- Housing precarity policies that prevent eviction and utility disconnections have been effective mechanisms for decreasing both COVID-19 infections and deaths. [31]

Figure 9 below shows that distribution of notices to disconnections for all zip codes in Oregon with at least one disconnection. The data is split between each utilities' data. Below average wealth zip codes had higher distributions of notices to disconnections indicating that lower wealth zip codes are more likely to be disconnected once they are issued a notice.

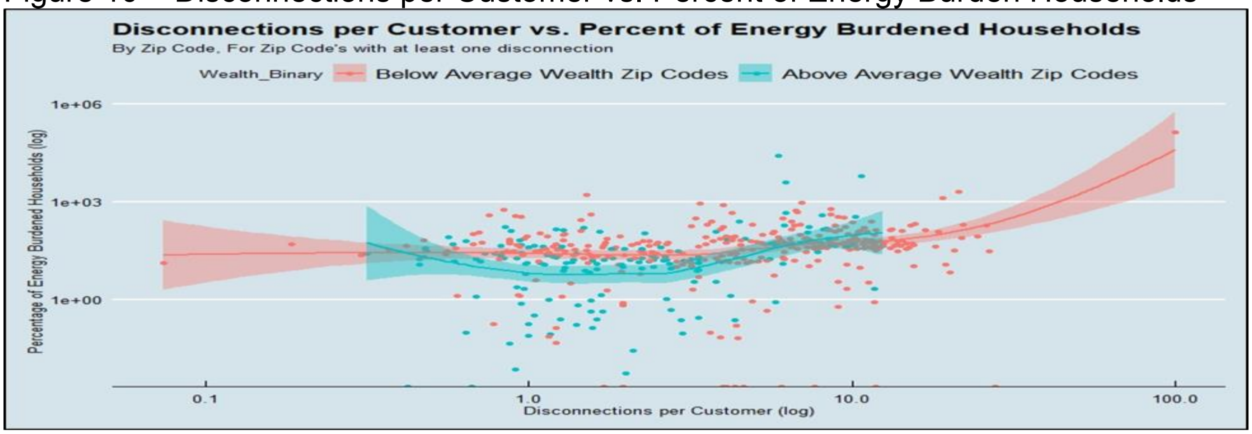
Figure 9 – Disconnects per Customer vs. Average Residential Arrears



[31] Jowers, Kay, et al. *Housing precarity & the covid-19 pandemic: Impacts of utility disconnection and eviction moratoria on infections and deaths across us counties*. No. w28394. National Bureau of Economic Research, 2021.

Figure 10 below shows the relationship between disconnects per customer and the percent of energy burdened households for zip codes with at least one disconnection. The data is split between below average wealth zip codes and above average wealth zip codes. The chart shows a slight correlation between disconnections per customer and zip codes with higher percentages of energy burdened households; indicating that lower wealth zip codes with more energy burdened households are the zip codes facing the highest rate of disconnection.

Figure 10 – Disconnections per Customer vs. Percent of Energy Burden Households



It is important to note that the Parties worked earnestly to deliver a UM 2114 Stipulated Agreement that not only protected customers from disconnections, but allowed for arrearage management programs, extended time payment arrangements, waiver of disconnection and reconnection fees, and other significant protections. Staff's two recommendations maintain significant protections to customers when the moratorium is ended.

Recommendation No.2 will ensure utilities endeavor not to disconnect customers who are working with the utilities on arrearage management programs; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection), on low-income energy assistance or communicating with the utility that they are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

Best Practices and Oregon Disconnection Rules
The National Association for the Advancement of Colored People (NAACP) Environmental and Climate Justice Program published a March 2017 report titled, "LIGHTS OUT IN THE COLD: Reforming Utility Shut-Off Policies as If Human Rights Matter."

The report includes principles that states should undertake to protect customers during any disconnection process. These principles are listed below and include what is actually happening in Oregon.

Procedural Protections

1. Require multiple attempts at both written and telephonic or in-person contact before disconnection. *Already required by Oregon Administrative Rule (OAR).*

2. Secure notification of disconnection by mail. *Already required by OAR.*

3. Require a post-disconnection notice to all customers. *No Oregon requirement.*

4. Provide additional notice provisions for customers who can be disconnected remotely. *Already required by OAR.*

5. Restrict disconnections to times between 8:00 a.m.-2:00 p.m. on days when the utility has employees available to reconnect utility service. *Required by UM 2114 Stipulation.*

6. Provide notice and utility disconnection policies in multiple languages. *Already required by OAR.*

7. Remove all policies allowing utilities to charge disconnection and reconnection fees. *Required by UM 2114 Stipulation.*

8. Cease the collection of deposits for utility service activation and/or reconnection. *Required by UM 2114 Stipulation.*

Seasonal Protections

9. Include seasonal protections with both temperature and date-based solutions. *Seasonal protections already required by OAR.*

10. Set disconnection arrearage minimums for customers who use utility services as the primary source of heating or cooling during periods of seasonal protection. *No Oregon requirement.*

11. Provide utility services during extreme weather events that fall outside of seasonal protection periods. *No Oregon requirement.*

Payment Assistance
12. Allow budget payment plans to distribute utility costs throughout the year. *Already required by OAR.*

13. Allow partial payment plans to customers to prevent disconnections. *Already required by OAR.*

14. Provide connections to social services and case management resources for households with arrearages. Investor-owned *utilities voluntarily do this.*

Protections for Socially Vulnerable
15. Establish simple procedures for socially vulnerable groups to apply and be registered for protection from disconnection. *Considered through Energy Assistance Stability Coronavirus Relief (EASCR) and natural gas programs.*

16. Implement customer surveys in advance of extreme weather seasons to screen for socially vulnerable individuals. *No Oregon Requirement.*

17. Ensure active outreach to socially vulnerable customers and households for inclusion in protection programs. *Being accomplished through utility AMP outreach programs.*

18. Registration into these programs should be complimented with a notification to local and/or state emergency relief agencies and safety responders. *Being somewhat accomplished through utility outreach to CAAs and CBOs.*

As can be seen from the above, Oregon Administrative Rules strongly protect customers during the disconnection process.

*2021 Legislative Bill*s
PUC's Legislative Team is tracking the following two bills that deal with low-income needs. These two bills, if enacted, may will help to address long-term problems of energy burden.

- HB 2475, which authorizes Public Utility Commission to consider differential energy burden and other inequities of affordability in rates. HB 2475 has already passed the House and the Senate Energy and Environment Committee.

- HB 2739 adds $10 million per year to the existing $20 million in OEAP through 2023. The bill was unanimously passed from committee and sent to Ways and Means on April 12, 2021.

Costs to Customers

Paragraph 25 of the Stipulated Agreement allows the utilities to defer COVID-19 costs and benefits. Both the costs of the $39 million arrearage management programs (AMP) and bad debt costs are included in these deferrals. Paragraph 26 of the Stipulated Agreement requires the utilities to provide quarterly reports on costs and benefits that have occurred the previous quarter.

To demonstrate the effect of rapidly accruing deferrals, the following table outlines $26,271,222 in net deferrals (not including AMP costs) for each company for the three month period from January 1, 2021 to March 31, 2021:

Table 13 – Utility Deferrals January 1, 2021 to March 31, 2021

	Bad Debt Expense	Waived Late Fees	Other Costs	Benefits (-)	Net
Avista	$1,055,219	$356,009	$318,224	$1,287,042	$442,410
Cascade	$83,447	$269,274	$23,852	$254,030	$122,543
Idaho Power	$268,145	$31,556	$47,640	$108,091	$239,250
NW Natural	$2,355,676	$1,728,770	$2,730,923	$505,334	$6,310,035
Pacific Power	$1,156,168	$4,000,000	$4,614,527	$8,770,744	$999,951
PGE	$9,203,316	$5,866,055	$3,252,722	$265,060	$18,057,034
Total	**$14,121,971**	**$12,251,664**	**$10,987,889**	**$11,190,301**	**$26,171,222**

Notes:

- *Other costs include: Technology Costs, Facility costs, PPE, contact tracing, interest, other. Benefits include lower employee expenses, CARES Act tax benefits, other.*
- *Concerning PacifiCorp; other costs and benefits are total company. Everything else is Oregon specific. PacifiCorp would only seek recovery of Oregon-allocated cost and savings.*
- *Idaho Power's Other Costs includes its AMP costs.*

The table below provides additional information on bad debt expense as of March 31, 2021. It is important to note that the table does not show the full effect of arrearage management plans and these numbers will undoubtedly change. Bad debt is a cost that will be recoverable (after Staff's intensive review) in deferrals as outlined in Paragraph 25 of the UM 2114 Stipulated Agreement.

Both Staff's primary and alternate recommendations allow for possible renegotiation of the initial amount of $39 million in arrearage management program (AMP) funding to an increased amount. At this juncture, arrearages are over $91.7 million and AMP funds cover 43 percent of arrearages. Customers of the utilities will end of absorbing these arrearage costs either in deferrals as AMP costs or bad debt.

Table 14 – Bad Debt Expense as of March 31, 2021

Utility	Bad Debt Baseline	2020 (March through December)	2021 (January through March)	Total	Above GRC baseline
Avista	$420,494	$1,330,251	$360,670	$1,690,921	$1,270,427
Cascade NG	$151,419	$235,722	$55,627	$291,350	$139,931
NW Natural	$947,436	$2,764,074	$505,212	$3,269,286	$2,321,851
Pacific Power	$6,562,116	$6,046,906	$1,671,378	$7,718,284	$1,156,168
PGE	$6,475,083	$13,624,936	$6,526,060	$20,150,996	$13,675,913
Idaho Power	$172,132	$439,308	$968	$440,277	$268,145
Total					**$18,832,435**

Note: Concerning Avista $215,208 of bad debt was reclassified on March 31st to reflect the application of Automatic Grants applied on April 1st. However, these amounts are included as bad debt in the table above.

The following graphs show the effect of customer rates for the current $39 million AMP costs and every one percent of other deferred costs as compared to 2019 revenue. The graphs show the effect of rates if these costs are solely allocated to residential class; and if costs are allocated system wide.

Figure 11 – Rate Effect of 1% Debt Relief on Residential Customers (Residential Only)

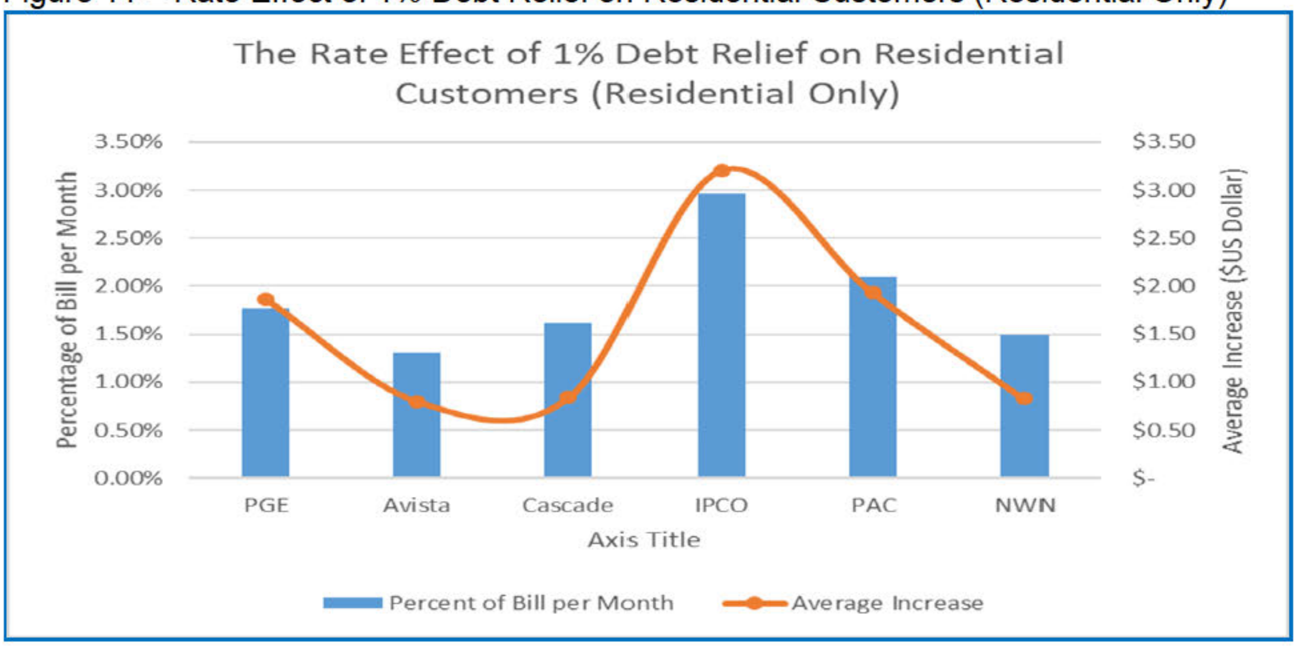


Figure 11 - Rate Effect of 1% Debt Relief on Residential Customers (All Customer Classes)

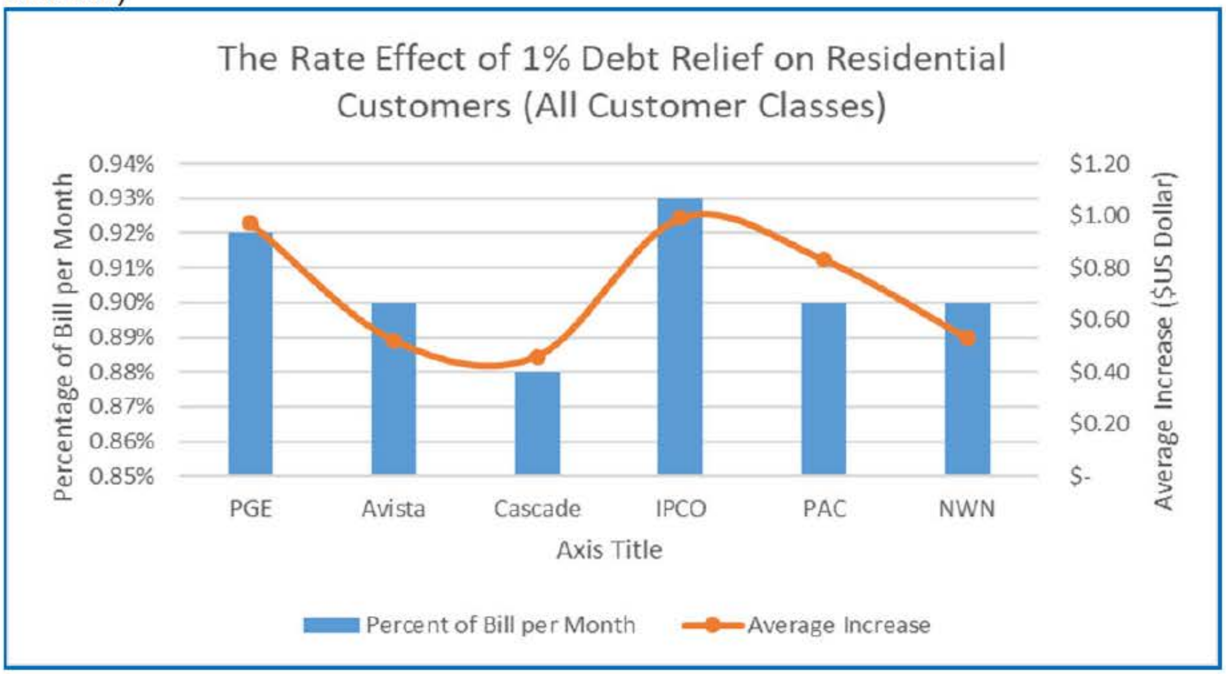


Figure 12 – The Rate Effect of 1% Net Deferral (Residential Only)

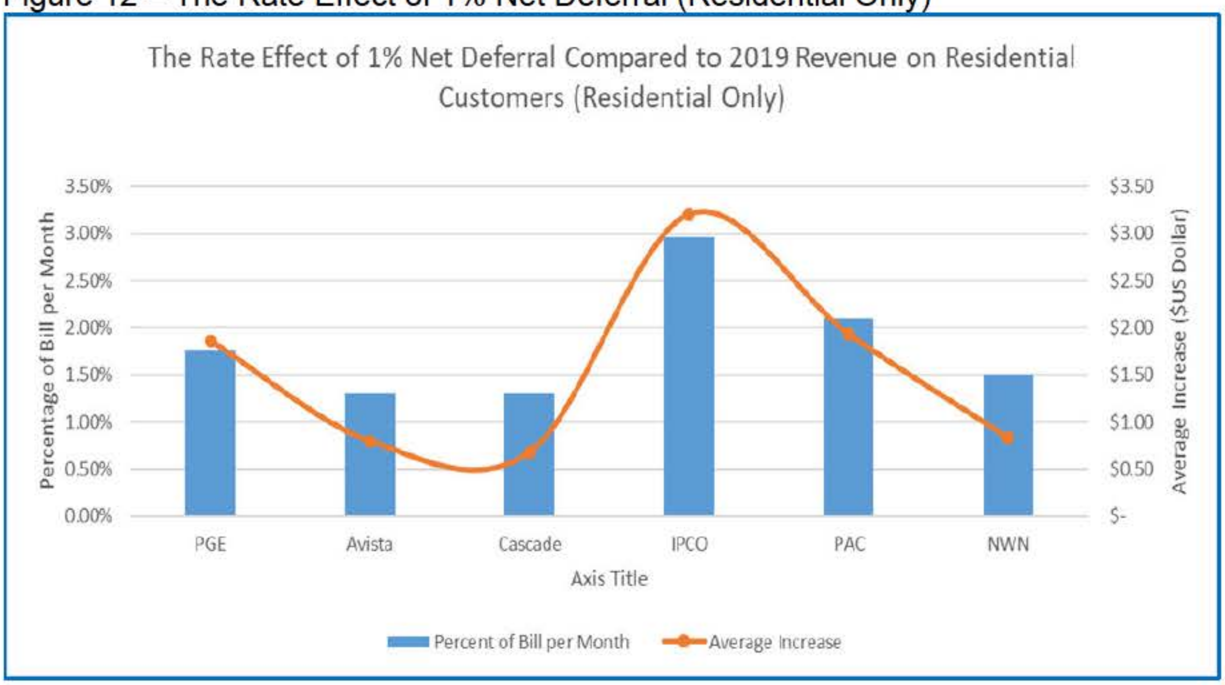
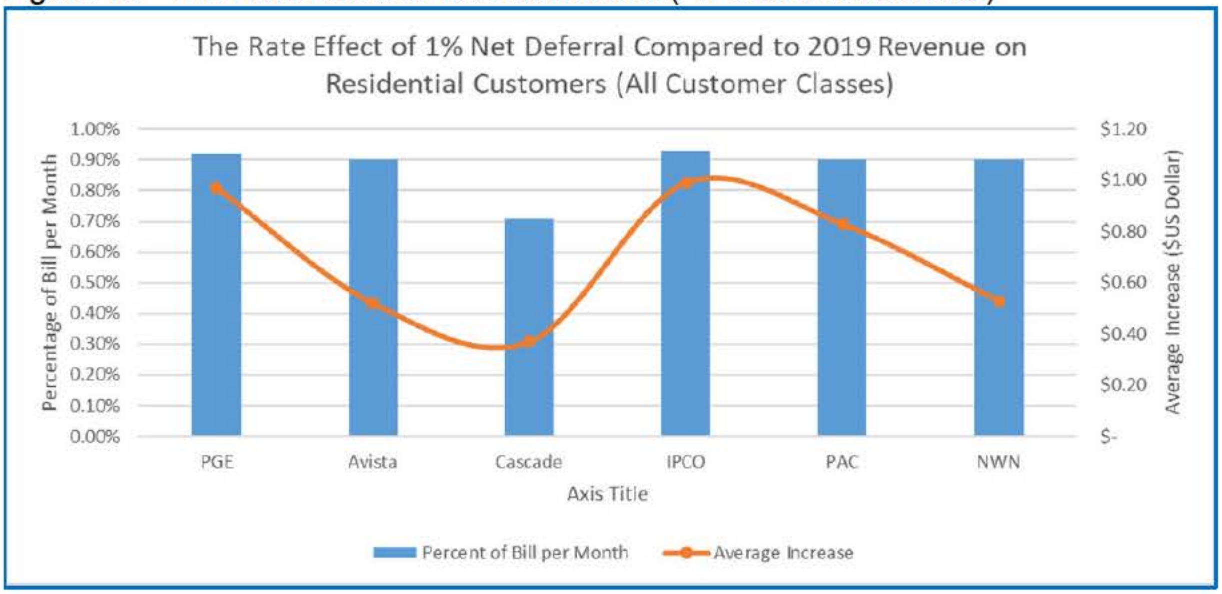


Figure 13 - The Rate Effect of 1% Net Deferral (All Customer Classes)



As a specific example from the graphs, the monthly rate increase to a PGE customer for the one percent AMP is $1.86, if allocated to only residential customers; or $0.97 if allocated system-wide.

Additionally, any non-AMP deferrals (bad debt, waived late fees, technology changes to implement the Stipulated Agreement, or other costs and benefits) that also reach one percent of 2019 revenue, would result in a similar PGE increase of $1.86 and $0.97, respectively. This is a potential $3.72 (or $1.94) increase in monthly rates that can swell as bad debt, waived late fees, and other expenses compound. This amount does not include any carrying charges that would be applied.

As a result of Paragraph 25 of the Stipulated Agreement, utilities can recover both the AMP amounts and the amount of bad debt that has accrued due to the disconnection moratorium.

By directing Staff to consult with parties and provide a recommendation for any supplemental funding amount for the energy utilities' arrearage management programs (AMP), in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues; costs would be shifted from bad debt to AMP costs.

By shifting these costs to AMPs, more customers will be helped while the overall deferral costs would stay the same for customers.

In an April 16, 2021, letter to the Commission, stakeholders asked the following question:

> *What is the PUC statutory authority to create alternative solutions to AMPs or disconnections as a means for addressing arrearages[?] For example: debt forgiveness that is not borne by customers in a rate case.*

Fundamentally, if the utility in the future forgives debt that is not recognized in establishing new rates, then utility shareholders would have to bear those costs. The question, as posed, would imply that there are not federal funds available to pay a portion of the debt. As previously mentioned, energy assistance in 2021 is approximately double the amounts from previous years.

Bad debt is a customer-caused expense. The Commission does have the authority to undertake retroactive ratemaking through deferred accounting. Under this rate recovery method, the arrearage would not be paid for out of "base rates," those established through a rate case, but would be recovered in tariff adders necessary to allow the utility to recover the level of arrearages.

Additionally, it is fair to note that shareholders do make contributions to customers through voluntary programs that were discussed above.

With that said, there will be additional federal assistance available to help pay down customer bad debt expense for homeowners. The American Rescue Plan Act provides up to $9.961 billion for states (more than $90 million for Oregon), the District of Columbia, U.S. territories, Tribes or Tribal entities, and the Department of Hawaiian Home Lands to provide relief for our country's most vulnerable homeowners.

The purpose of the Homeowner Assistance Fund (HAF) is to prevent mortgage delinquencies and defaults, foreclosures, ***loss of utilities or home energy services***, and displacement of homeowners experiencing financial hardship after January 21, 2020. Funds from the HAF may be used for assistance with mortgage payments, homeowner's insurance, ***utility payments***, and other specified purposes. The law prioritizes funds for homeowners who have experienced the greatest hardships, leveraging local and national income indicators to maximize the impact.[32] HAF funds will be distributed through Oregon Housing & Community Services.

There may also be more help on the way as the President's infrastructure bill provides for weatherization upgrade funds for low- and middle-income households. The plan

[32] https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/homeowner-assistance-fund (emphasis mine).

would invest $213 billion toward building, renovating and retrofitting more than two million homes and housing units.

Homes would be upgraded though block grant programs, extending and expanding home and commercial efficiency tax credits and through the Weatherization Assistance Program.[33] This program would help reduce energy burden for middle- and low-income households.

Equity Lens
Staff is working with the Commission's Diversity, Equity, and Inclusion (DEI) Director in this effort and other initiatives (Community Solar, Energy Efficiency, Weatherization, Low-income Rates, other) that will hopefully address and reduce energy burden in Investor-Owned Utility service territories in Oregon.
Paragraph 28 of the Stipulated Agreement states:

> Commission Staff shall convene an advisory committee to focus on low-income customers' energy burden and related social inequities. The Commission's Diversity, Equity, and Inclusion Director shall staff the advisory committee for the Commission. The advisory committee shall, among other responsibilities, make policy recommendations on dockets, as appropriate, and shall include participation from community-based and other non-profit organizations, and other interested customer advocates, particularly those organizations and entities representing impacted communities.

The DEI Director is currently setting the stage for this effort by working with Staff to strengthen the Commission's internal low-income group; and by participating and facilitating UM 2114 workshops. Our Low-Income Internal group has been renamed; the Social Equity Lenses and Frameworks to Lower Energy Stress Successfully Committee (SELFLESS).

The committee will consist of dedicated staff from Utility Programs including Strategy and Integration; Energy Resources and Planning; Rates, Finance and Audit; and Telecom and Water. The "SELFLESS" Committee will host monthly meetings that center on the needs of vulnerable ratepayer segments.

Relative to the Special Public Meeting to address the Moratorium on Disconnects and in consultation with the DEI Director, Staff has examined the issue of disconnects, specifically relative to disparate impact. We have reviewed the impacts of disconnects to vulnerable populations and have attempted to center the needs of our most

[33] https://ktvz.com/politics/2021/04/21/heres-whats-in-bidens-infrastructure-proposal/.

vulnerable customers. Additionally, we acknowledge that each utility company that we regulate has unique challenges; and we understand that a one-size-fits-all approach is likely untenable. We seek to answer the following key DEI considerations:

- Who are the socioeconomic groups (stakeholders organized by zip code) affected by the policy, program, rulemaking, or decision? What are the potential impacts on these groups? (OHCS Heat Map used) (How has energy burden been considered?)

- Does this policy, program, rulemaking, or decision ignore or worsen existing disparities? What are possible unintended consequences of this policy, program, rulemaking, or decision?

- How have we intentionally involved stakeholders who are members of the communities affected by this policy, program, rulemaking, or decision? Can we validate our assessments in (1) and (2)?

- What barriers exist to outcomes that are more equitable (e.g. mandated, prevailing case law, political, emotional, programmatic or managerial)?

- How will we (a) mitigate negative impacts and (b) address barriers identified above?

This effort has a good start as Staff's recommendation No. 3 allows for a focused effort that will provide recommendations for approaches to arrearage management; including, but not limited to, developing an alternative to disconnections in the post-moratorium period.

<u>Conclusion</u>

Based on the information provided, Staff recommends that the Commission:

1. Extend the June 15, 2021, date on which the investor-owned electric and natural gas utilities may resume providing a 15-day late (disconnection) notice for residential customers to July 16, 2021; and direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to August 1, 2021.

Staff makes this recommendation based on review of:

- Stakeholder Input and May 5, 2021, Moratorium Workshop
- Arrearages (through March 2021)
- Arrearage Management Plans
- Increased Low-Income Energy Assistance
- Extended Time Payment Arrangements (TPAs) and Medical Certificates
- Improving Economic Measures
    - Ongoing Economic Recovery
    - Decreasing Unemployment Rate and Federal Stimulus
- Pandemic/Vaccine update
- Updates on moratoriums and Oregon disconnections
- Historical data on disconnections
    - Best Practices and Oregon Disconnection Rules
- 2021 Legislation
- Costs to Customers
- Equity Lens

Staff also recommends that the Commission:

2. Direct investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are participating in an utilities arrearage management program matching option, if applicable; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection); have a pledge to receive low-income energy assistance from a Community Action Agency (CAA); have an appointment to seek low-income assistance with a CAA; or have communicated with the utility that they have an appointment for or are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

3. Direct the DEI Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.

As previously mentioned, numerous stakeholders believe the moratorium should be extended to the November / December timeline.

Alternate Recommendation to No. 1 above:

1. Maintain the June 15, 2021, date on which the investor-owned electric and natural gas utilities may resume providing a 15-day late (disconnection) notices for residential customers; and direct Staff to consult with parties and provide a recommendation for any supplemental funding amount for each of the energy utilities' arrearage management programs, in addition to the initial amount of at least one percent of each utilities' 2019 Oregon retail revenues. This would mean no residential disconnections prior to July 1, 2021.

PROPOSED COMMISSION MOTION:

1. Extend the June 15, 2021, date on which the energy utilities may resume providing a 15-day late (disconnection) notice for residential customers before disconnection to July 16, 2021; and direct Staff to consult with the parties to the Stipulated Agreement and provide a recommendation for any supplemental funding amount for each of the utilities' arrearage management programs, in addition to the initial amount under the Stipulated Agreement of at least one percent of each utilities' 2019 Oregon retail revenues.

2. Direct investor-owned electric and natural gas utilities to endeavor not to disconnect customers who are participating in an utilities arrearage management program matching option, if applicable; extended time-payment arrangements (TPAs); renegotiated TPAs; making partial payments (10 percent of the minimum amount due to avoid disconnection); have a pledge to receive low-income energy assistance from a Community Action Agency (CAA); have an appointment to seek low-income assistance with a CAA; or have communicated with the utility that they have an appointment for or are working to obtain low-income energy assistance based on enrollment in programs that qualified for the Energy Assistance Stability Coronavirus Relief (EASCR) Program.

3. Direct the DEI Director to work with the advisory committee convened under Paragraph 28 of the Stipulated Agreement to analyze and discuss approaches to arrearage management; including, but not limited to, alternatives to disconnections in the post-moratorium period. The DEI Director will report to the Commission no later than the December 14, 2021, Public Meeting, with findings and recommendations.