

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 435

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Request for a General Rate Revision.

VERDE'S OPENING BRIEF

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Pursuant to Administrative Law Judge (ALJ) Mapes' Rulings setting the date for filing Opening Briefs for October 28, 2024 (September 27, 2024) and directing that the format should follow the list of issues, Verde submits this Opening Brief (October 11, 2024). Verde has taken positions on a number of issues but does not discussing them all here. For the most part, the issues not discussed are issues raised and more appropriately briefed by other parties. They include: Issue 50 IQBD Cost Recovery - AWEC proposal - Verde objects to it; Issue 56 Effective Date of Rate Increase, if any - CUB proposal - Verde supports it; Issue 57 Rate Cap - Staff proposal - Verde supports it; and Issue 58 Rate Cap Mechanism - CUB proposal - Verde supports it. Verde does not intend to waive its positions and reserves the right to discuss these issues in the Closing Brief.

I. INTRODUCTION - GENERAL FACTUAL BACKGROUND

Verde's Opening Brief addresses the issues it raised responding to Portland General Electric's (PGE or Company) request for a rate increase in this matter. The Public Utility Commission (PUC or Commission) is asked to determine if there is an affordability problem (or crisis, even) and to exercise its broad discretion to impose measures in this proceeding that will

mitigate that problem which would be exacerbated by the Company's requested rate increase. The measures include requiring the Company to re-calibrate its Income Qualified Bill Discount (IQBD) program so that any new increase does not reduce the benefits available under the current program. In fact, the Commission is asked whether such re-calibration should become a standard expectation for all rate cases until policy work to identify a longer-term rate design addressing energy burden is complete. Other mechanisms include one-time measures aimed at providing some immediate relief related to arrearages and disconnections which would also have the added benefit of providing an incentive to the Company to expeditiously engage in longer-term designs to curb those problems. Finally, the Commission is asked to re-envision its rate-making function and begin re-legislating in rate-making to contextualize the new statutory policies aimed at addressing energy burden and energy justice.

The Company filed this rate case, seeking a 7.6 % increase in rates, in February, 2024, less than 60 days after the effective date of its 18% rate increase approved in UE 416.¹ That 18% increase contributed to what is now a 43.8% increase in residential rates since December 2021.² As of May 2024, almost 90,000 customers had past due balances over 31 days, and between February and March 2024, over 14,000 households had their electricity disconnected.³

Over 3000 public comments were submitted, overwhelmingly raising real-world affordability concerns and asking the Commission to exercise its discretion to deny such an

¹ Staff/2300 Dlouhy – Scala/2-3.

² CUB/100 Jenks/70.

³ Staff/100 Beitzel/3; Staff/2300 Dlouhy – Scala/4 (“Disconnections in 2024 are nearly double the Company’s annual average since 2019, with two months exceeding 4,000 customers and one month representing the highest in the data provided to the Commission since 2018.”); Staff/2300 Dlouhy – Scala/5 (two months the total exceeded 4000 and one month was the highest on record since 2018.).

increase, evidencing that the Company’s residential class cannot sustain another.⁴ Verde represents the interests of PGE’s environmental justice communities and intervened in this case to ask the Company and the Commission to mitigate impacts on those rate payers generally, and more specifically the Company’s Income Qualified Bill Discount (IQBD) enrolled customers. Given the record, Verde agrees that the Commission should consider dismissing the case, and alternatively mitigate the rate impact on PGE’s low income residential customers.

The record shows that the Company could have taken some action in this case to mitigate impacts to its low income residential customers, demonstrating that it understands the public comments and concerns about impacts to those customers. Instead, and for all intents, the Company has ignored or provided a corporate response which does not respond to the merits. Consistently, the Company has acknowledged the mitigation requests but denied a meaningful discussion. The Company and more recently Staff, take the position that the proposals should be addressed out of the rate case. The Company provides no real explanation and as understood, Staff raises concerns that decisions in this proceeding regarding the proposals would not be “data driven.”⁵

Most of Verde’s proposals are, in fact, data driven as Verde’s revised proposals are tethered to the Company’s June 30, 2024, Energy Burden Assessment (EBA) or are otherwise one-time proposals that would require no future clawing back of benefits or relief. The affordability crisis requires some or all of the proposals be adopted prior to any additional rate increase. There are no barriers to adoption of such measures and, in fact, plenty of precedent to

⁴ Staff/600 Nottingham/3; Staff/2600 Nottingham/2.

⁵ Staff/2500 Ayres/6.

do so, including the Company's adoption of IQBD enhancement related proposals in its 2023 rate case.⁶ Yet, in this case, the Company insists that the policy docket - UM 2211 or the Company's undefined "EBA process"- is the place it will discuss requested changes to its IQBD program.⁷ This is impractical and unreasonable and should be rejected.

Finally, there are reasons this rate case should be dismissed as argued by other parties. An additional reason includes the unfair advantage the Company has taken to diminish 2023 negotiated IQBD benefits adopted in UE 416. At the time the revisions to IQBD discount tiers were adopted, it was anticipated that the UM 2211 investigation of Rates and Program refinements, including the Company's, was to occur in 2024.⁸ While the Company satisfied the letter of the law regarding its agreements made in UE 416, it has not and refuses to discuss or recalibrate the IQBD program to avoid wiping out those negotiated benefits.

II. RELEVANT LEGAL STANDARDS

Rate-making is a legislative function. Despite it becoming cliché, it is a most important aspect of rate-making. The Commission's authority is "commensurate with that of the legislature itself."⁹ In fact, the Commission has "almost plenary authority to make the policy decisions,

⁶ In UE 416 the Company respond to party request for rate mitigation for low-income customers, and agreed to adopt deeper discounts in its IQBD program, to conduct the EBA by June 2024 and revise its IQBD program as informed by the EBA by September 30, 2024. Order No. 23-386 at 11.

⁷ PGE / 100 Pope - Sims / 25; See also note 47, *infra*.

⁸ Staff/1900 Ayres/13.

⁹ *Gearhart v. PUC*, 356 Or. 216, 235 (2014); *Pac. Nw. Bell Tel. Co. v. Sabin*, 21 Or. App. 200, 213-14 (1975).

legislative in nature, necessary to accomplish political objectives which the legislature expresses in general terms.”¹⁰ The relevant statutes delegate broadly the intent to protect utility customers:

Likewise, the Public Utility Commissioner is required to regulate public utilities so as to allow them rates that are "just and reasonable," ORS 757.210, and to "protect such customers, and the public generally, from **unjust and unreasonable extractions and practices** and to obtain for them **adequate service** at fair and reasonable rates," ORS 756.040(1) (emphasis added).¹¹

More recently the legislature added the direction to consider the interests of a newly differentiated class of customers - low-income and environmental justice community customers - and authorized the Commission to address “energy burden” through bill reduction measures and programs.”¹²

Rate-making is, therefore, and should be more than establishing a revenue requirement, deciding if its fair and just and then deciding which customers should pay what. It necessarily will present opportunities to "protect such customers, and the public generally, from unjust and unreasonable extractions and practices” and to “obtain ... adequate service,” as well. And in relation to low-income customers, the environmental justice policy “expressly moves the Commission away from a strict economic regulator role and requires broader consideration of

¹⁰ *Springfield Education Assn. v. School Dist.*, 290 Or. 217, 229-230 (1980) (emphasis added); see also, *Hammond Lbr. Co. v. Public Service Com.*, 96 Or. 595, 609 (1920) (explaining that predecessor to the PUC was charged “with statutory duties closely allied to the legislative power of the state”).

¹¹ *Springfield Education Assn.*, 290 Or. at 229-230 (The Commission is responsible for policy refinement and to make choices within the range of discretion allowed by the statutes’ general policies.).

¹² O.R.S. § 757.230(1); H.B. 2475, 81st Leg., 2021 Reg. Sess. (Or.). (authorizing the Commission to consider the “differential energy burdens on low-income customers[.]”); O.R.S. § 757.695(1) (“[T]he Public Utility Commission may address the mitigation of energy burdens through bill reduction measures or programs...”)

affordability when designing rates,....”¹³ Rate-making must account for the extraordinary challenges and transition that is occurring.¹⁴

Said another way, electric service is of such importance that, like a government surrogate, the Company’s monopoly-type power is subject to the Commissions broad authority, which allows for the development of new ways of rate-making and new ways of defining the relevant bedrock statutory directives, to harmonize them to the directive and context of new policies. While utility companies do not assume constitutional burdens, they can be required “to surrender many of the prerogatives normally associated with private enterprise and behave in many ways like a governmental body.”¹⁵

The Commission should begin to re-legislate its rate-making function, even if it may seem to ask for a surrender of private enterprise norms, because the Commission has the authority and now a statutory duty to center affordability. This can be accomplished by redefining terms like “adequate service,” and through the specific direction of the fundamental task of weighing the interests of the investors and the customers: “The Commission shall balance the interests of the utility investor and the consumer in establishing fair and reasonable rates.”¹⁶

Defining those interests should be the starting point.

¹³ PGE / 2300 Sheeran – Latu - Newman / 17. Verde appreciates the Company’s stance, rejecting pressure to amend Schedule 118, and the acknowledgment of the move to broader considerations of affordability are presented within the context of cost causation principles. This supports Commission action to center affordability in the rate-making process.

¹⁴ PGE / 100 Pope - Sims / 8 (“As ... previously documented in UE 416, it continues to be a time of extraordinary challenge and transition. Climate change and extreme weather events, shifting economic conditions, geo-political instability, volatile energy markets, decarbonization policies, evolving customer expectations, and growing constraints in regional energy supplies are compounding uncertainty for PGE and our customers.”).

¹⁵ *Jackson v. Metro. Edison Co.*, 419 U.S. 345, 372 (1974) (Marshall Dissenting).

¹⁶ O.R.S. § 756.040(1).

III. Argument

A. The interests to balance.

Low-income customers: Broadly stated in the context of the statutes, low-income customer (like all customers) should “obtain ... adequate service.”¹⁷ “Adequate service” in the context of the state’s energy justice policies requires service that is affordable and free from disconnection, increasing debt and persistent energy insecurity. From HB 2021, centering environmental justice interests,¹⁸ to HB 2475 allowing the Commission to mitigate energy burden and support energy justice,¹⁹ to HB 3409 centering energy affordability for environmental justice communities in the state's energy policies,²⁰ Oregon law demonstrates a commitment to energy justice that must be reflected in the Commission's oversight of utilities.

Within the broader concepts of energy justice, the interests of low-income customers include “achieving equity in both the social and economic participation of the system,” “remediating social, economic, and health burdens of those disproportionately harmed by the energy system,” and ensuring “energy is accessible, affordable, clean and equitably managed.”²¹

More specifically, those interests include the right to be free from the adverse impacts when energy is not accessible, affordable, clean and equitably managed - the health, social, and economic impacts of inadequate service. Those impacts can be life-threatening - dying from weather related illness (cold or hot) or because one’s health care depends upon access to

¹⁷ *Id.*

¹⁸ O.R.S. § 468A.405(4).

¹⁹ O.R.S. § 757.695.

²⁰ O.R.S. § 469.760(1)(g), (2)(c); *id.* § 469.763(2)(d).

²¹ Staff/200 Scala/ 3-5.

electricity. Those impacts can result in unsafe and unhealthy behaviors and strategies used to cope, improvise and counteract the impacts of unaffordable electricity. Those impacts include negative mental health impacts, like chronic stress, anxiety, and depression which result from fear and uncertainty around access to energy, the complexities of navigating energy assistance programs, and the inability to control energy costs. Those impacts include remaining caught in cycles of poverty creating barriers to becoming self-sufficient and barrier to the development of generational wealth and self-sufficiency. Finally, in our 21st Century technological world, barriers to accessibility can negatively impact work, school and civic engagement, custodial rights and housing security, making families less productive.²²

These energy justice concepts have a legal analogue in the Justice Brandeis era of anti-trust jurisprudence:

[T]hat by the control which the few have exerted through giant corporations individual initiative and effort are being paralyzed, creative power impaired and human happiness lessened; that the true prosperity of our past came not from big business, but through the courage, the energy, and the resourcefulness of small men; that only by releasing from corporate control the faculties of the unknown many, only by reopening to them the opportunities for leadership, can confidence in our future be restored and the existing misery be overcome; and that only through participation by the many in the responsibilities and determinations of business can Americans secure the moral and intellectual development which is essential to the maintenance of liberty.²³

What is overwhelmingly reflected in the more than 3,000 public comments is the struggle of the Company's customers to maintain creative power, happiness, courage, energy and resourcefulness under the weight of the control the Company has to continually increase their

²² Verde/ 100 Segovia Rodriguez / 3-5, 15; Staff/602 Nottingham, *passim*; Staff/2600, Nottingham, *passim*.,

²³ Louis K. Liggett Co. v. Lee, 288 U.S. 517, 580 (1933).

electricity rates.²⁴

The interests of PGE Shareholders. Describing shareholder interests generally would focus on profit and earning more profit which is simply a matter of corporate law. The Company, however, is not an ordinary corporation; it's a monopolistic corporation subject to intense regulation which bakes in the discretion to discount normal corporate interests.

Otherwise, Verde acknowledges that profit is necessary for any utility to provide the service at the least cost, thereby benefitting customers. Verde does not deny there is a relationship between the costs of service and the ability of the Company to attract capital and incur debt at lower rates but questions whether there are not other ways to accomplish those goals other than through the abstract influence of giving profit to the shareholders.

Verde participates to give voice to the Company's environmental justice communities and to seek opportunities to make structural change. If there are more specific shareholder interests the Commission must weigh, it is the Company's burden to identify them. The record demonstrates, however, that the Company made significant profits in its first quarter in 2024; earnings per share increased by more than 50% from the prior year.²⁵ Therefore, a finding can be made there is no reason to doubt confidence in the Company's fiscal soundness and the success of its shareholders even without the increase sought in this proceeding; the Commission's discretion is therefore unfettered.

²⁴ Staff/600 Nottingham, 3 and *passim*.; Staff/2600 Nottingham 2 and *passim*.

²⁵ Verde/105, Segovia Rodriguez 1 (“After adjusting for the impact of the January 2024 storm, first quarter 2024 non-GAAP net income was \$123 million, or \$1.21 per diluted share. This compares with GAAP net income of \$74 million, or \$0.80 per diluted share, for the first quarter of 2023.”); CUB/100, Jenks/34. The Company seems to dispute that its earnings are up, responding with its opinion (without citation) that it underearns “relative to its ROE of 9.5%.” See UE 435 / PGE / 1100 Kliever - Liddle / 18.

B. The Issues

1. Return on Equity - Issues 1 & 55.

PGE has not met its burden to show that its request for a return on equity (ROE) increase is warranted or reasonable.²⁶ It has not demonstrated why, when it received an increase in 2023 to 9.5%, that another increase is necessary. There had not been a bond ratings change.²⁷ The Company had great earnings and was able to raise \$450 million in Capital in the first quarter of 2024.²⁸ Yet, the Company seeks another bite of the apple having failed to obtain the 9.8% ROE it requested in 2023. It now asks for a 9.65% ROE “given existing market dynamics.”²⁹ The evidence does not support an increase. It supports a decrease.

Although Verde’s questions the practice of establishing a range of “reasonable” rates based upon what other utilities have obtained in other jurisdictions - which seems to be a regulatory race to the bottom,³⁰ Staff’s calculation demonstrates the current low end of the reasonable range is 8.96.³¹ Other parties recommend 9.2%. Verde continues to believe that a balancing of the interests between shareholders and customers supports ROW on the low-end. Most certainly the Company’s request is unreasonable if only because it even exceeds the mean.

What is the reasonable point should be informed by a robust analysis and weighing of the interests between the customers and shareholders. The Company has the burden to demonstrate

²⁶ ORS 757.210 (utility “shall bear the burden of showing that the rate or schedule of rates proposed to be established or increased or changed is fair, just and reasonable.”).

²⁷ PGE / 600 Figueroa - Liddle / 6

²⁸ Verde/105, Segovia Rodriguez/011; PGE / 600 Figueroa - Liddle / 11.

²⁹ Verde/ 100 Segovia Rodriguez / 32.

³⁰ Verde questions the role and power Moodys and Standard and Poor’s have in rate-making in the country.

³¹ Staff/400 Muldoon/7.

how balancing resolves in its favor. That has not been presented.³²

Instead, the Company demonstrates a lack of concern for its low-income customers by brushing over the affordability evidence and affordability concerns raised by the parties and the public; the Company even calls them misinformed. The Company instead elevates its concerns about its financial position.³³

In opening testimony Verde offered that this discussion about financial position is speculative.³⁴ The Company makes speculative claims regarding risk due to imputed debt from power purchase agreements,³⁵ regarding the possibility that investors may request a premium because of the Company's size,³⁶ regarding its power-cost-adjustment being dissimilar to other mechanisms, regarding its need to make investments to achieve climate goals and regarding climate impact risks, wildfire in particular.³⁷ There does not seem to be sufficient evidence to

³² In fact, the Company leaves the balancing entirely to the Commission, urging the Commission to respond to the public comments and saying that is exactly what the Commission will do: "The Commission's review of PGE's rate case filing is highly responsive to this concern because it allows the Commission to complete an in-depth, public review of the utility's expenses and proposals, with stakeholder input, before authorizing a further price increase. This is exactly what many of the customers commenting on this proceeding requested." PGE / 1200 Sheeran - Wise / 27.

³³ Staff/2300 Dlouhy – Scala/3-4 ("PGE continues to brush over the significance of affordability across its customer base to focus on their difficulty funding the Company's proposals); Staff/2300 Dlouhy – Scala/5 ("However, Staff is concerned that PGE's reply seems to characterize affordability and rate pressure concerns as misinformed or warranting less attention or urgency than the Company's financial position and capital planning.)

³⁴ Verde/ 100 Segovia Rodriguez / 33.

³⁵ PGE/600, Figueroa - Liddle/101. Verde challenged this speculation based upon a lack of evidence and as understood the Company did not come forward with any in subsequent testimony. Verde/ 100 Segovia Rodriguez/ 34.

³⁶ PGE / 600 Figueroa - Liddle / 50 ("... [I]nvestors in PGE may require a premium over and above that required for larger companies.").

³⁷ PGE / 600 Figueroa - Liddle / 51.

confirm that the comparison is of apples to apples. For instance, how many of those sample utilities are also required to comply with climate goals or have other climate related risks, like disruptions and potential damage from hurricanes, floods, tornadoes or extreme cold or hot temperatures? Epitomizing the absurdity of using speculation to raise rates by raising the ROE, is this testimony:

A rating downgrade from Moody's would likely mean higher prices for PGE customers. A lower credit rating would increase the cost of debt and impact PGE's ability to attract debt and equity capital at a reasonable price, leading to higher overall costs for customers.³⁸

As understood, the Company is saying it needs a **certain** rate increase (by way of return) to avoid a **speculative** one. This evidence is not sufficient to justify the increase in the ROE the Company requests at this time. The shareholder interests do not outweigh the customers interests in avoiding an unnecessary rate increase.

That is not to say that Verde does not support reliability and grid resiliency investments. But as a regulated monopoly, the Company has privilege of immediately passing increasing costs on to captive customer while normal businesses would risk losing customers. The Company's rate increase request was filed precisely to avoid any delay in recovering those costs and to start earning a return, in fact a greater return, on those investments. Unfortunately, the Company's customers do not have an opportunity to choose a different service and this weighs in their favor.

Finally, the relationship of the reliability investments to the growth in sectors that are significantly increasing load and creating the need for grid investments - the semiconductor and data center sector - is concerning: "Our results this quarter speak to strong execution and robust

³⁸ PGE / 600 Figueroa - Liddle / 8.

semiconductor and data center growth, underscoring the importance of Portland General Electric's commitment to investments in grid resilience," said Maria Pope, PGE President and CEO.³⁹ CUB is right to call for some signal to counter this exuberance.⁴⁰

The Commission should not increase the risks that low-income customers will be disconnected due to higher rates and unable to even use those data centers simply because the new load means better earnings for shareholders. Low-income customers' interests in avoiding another rate increase greatly outweigh the shareholder's interests in a ROE that is greater than necessary to be reasonable. The Commission should set the ROE at 8.96 percent, or alternatively at some point up to 9.2 percent.

2. Mitigation of Energy Burden; Fostering Affordability, Equity and Procedural Change

Before discussing the mitigation mechanisms, there are general concepts and facts to present that inform Verde's arguments on the issues related to these topics. In the following paragraphs Verde asks the Commission to address procedural issues related to IQBD and rate-making.

The Commission opened a docket - UM 2211 - for the implementation of HB 2475's policy to address differential energy burden through bill reduction or other programs. Staff first developed baseline criteria to guide the adoption of interim programs intended to encourage the swift adoption of interim IQBD programs with later efforts to be focused on establishing long-

³⁹ Verde/105 Segovia Rodriguez/ 2.

⁴⁰ CUB/100 Jenks/71 ("Any reduction, even a reduction 10 from 9.5 to 9.4 sends a message to PGE, and its investors that there is a limit to Oregon's ability to absorb cost increases.").

term policies for differential rate and program design.⁴¹ The Company adopted the first IQBD program.

As part of the settlement of the Company's last rate case in 2023 (UE 416), the residential class incurred an 18% increase. In that case, the Company agreed to increase its IQBD tier discounts, creating two new tiers with discounts at 60% and 40% for those with incomes between 0 and 15 % of the state median income (SMI). The Company also agreed to complete an energy burden assessment (EBA) by June 30, 2024, and submit a "new discount program informed by [that assessment] within 90 days."⁴²

Just over a month after that new program took effect, the Company filed this rate case seeking an additional 7-10 % increase in rates and in its opening testimony announced that discussion of its EBA and the "updates" to its discount program would be conducted in a separate docket.⁴³

In April, Staff issued a notice in UM 2211 initiating 3 work-streams - data landscape, program barriers and rates work-streams - in addition to the programs work-stream focusing on weatherization and energy efficiency. The notice stated that the rates work-stream was now anticipated to begin in Q1 2025 and that "**near term opportunities would be available within the currently file rate cases to increase bill discount amounts.**"⁴⁴ The Company did not file its EBA in the rate case in June; instead, it filed it in the closed 2023 UE 416 rate case and the UM

⁴¹ Staff/1900 Ayres/ 7-8.

⁴² Order No. 23-386 p. 11.

⁴³ PGE / 100 Pope - Sims / 25.

⁴⁴ UM 2211 Staff's Phase 2 Survey Synthesis and Updates (April 16, 2024) (emphasis added)(also saying the rates work stream would consider policies for the creation of new rate classes); UM 2211, HB 2475 Implementation of Differential Rates and Programs in Oregon, filed by Kate Ayres (August 6)(referencing the prior efficiency and weatherization work-stream).

2211 dockets.

In its opening testimony filed in July, Staff indicated that it would focus on bill discount program refinements in the general rate case.⁴⁵ Staff acknowledged the Company's EBA filing and stated that it would allow Staff an opportunity to review the analysis and segment data in conjunction with its UE 435 review. It also provided a high-level assessment of the EBA findings.⁴⁶ Staff's testimony also referenced the tentatively scheduled Commission Energy Justice Workshop for this case which would allow "non-intervening environmental justice advocates an opportunity to review the data and promote accessibility, transparency, and accountability in rate case decision-making to address procedural equity gaps related to the contested case procedure nature of the rate case proceeding."⁴⁷

As understood this workshop would have been similar to the one conducted in Idaho Power Company's 2024 rate case (UE 426) which was highly successful in helping to refine Idaho Power's IQBD program in that case.⁴⁸ The Commission specifically praised the efforts to foster procedural equity and the success in that case:

We particularly note the procedural innovations the parties used to arrive at the Second Partial Stipulation. We had observed some parties' concerns that proposing a bill discount program in the context of a complex contested case could limit access by entities working closely with the impacted customers. It appears that informal and formal steps taken by all participants enabled participation and allowed the settlement to reflect the perspectives and needs of a wider range of stakeholders.⁴⁹

⁴⁵ Staff/1900 Ayres/9 (Staff's focus was intended "to ensure programs reflect the best available data on energy burden needs and stakeholder input.").

⁴⁶ Staff/200 Scala/12; Staff did not submit the report into the UE 435 record, however.

⁴⁷ Staff/200 Scala/12, 41-43; UE 435 Law Judge Conference Report (April 1, 2024).

⁴⁸ Order No. 24-311 p. 2, 9-12 (September 23, 2024).

⁴⁹ *Id.* at 12.

Unfortunately the workshop did not occur in this case, UE 435. There were several days of settlement conferences, however, but they too did not result in any refinement of the Company's IQBD program.

Meanwhile, on August 6, 2024, Staff issued a notice in UM 2211, announcing that there was an immediate need to take action to address rising disconnections and arrearages observed in 2024, citing and referring to RO 12 and Staff's testimony in UE 433 and UE 435.⁵⁰ The Company's subsequent testimony filed on August 14 and October 1, 2024, continued to insist that discussions regarding affordability were not appropriate in the rate case.

In fact, the Company's testimony made it very clear throughout that the Company did not intend to discuss its EBA, its September Revision to its IQBD or its later decisions to reject or put off suggestions made in the EBA. The Company, in one fashion or another, declared about 15 times its decision that UM 2211 or its "EBA process" were the appropriate venues for discussion of the affordability issues the parties and the public raised.⁵¹

In Verde's rebuttal testimony filed before the Company filed its "EBA informed" IQBD

⁵⁰ UM 2211, HB 2475 Implementation of Differential Rates and Programs in Oregon, filed by Kate Ayres (August 6).

⁵¹ PGE/1200, Sheeran-Wise/12 (referencing the "EBA process" for discount levels); PGE/1200, Sheeran-Wise/13 (saying it would seek input from its CBIAG in exploring a targeted approach for post-enrollment verification); PGE / 1200 Sheeran - Wise / 16; PGE/1200, Sheeran-Wise/18 (saying arrearages and disconnections should be addressed in the EBA process or UM 2211); PGE/1200, Sheeran-Wise/20-21 (efficiency); PGE/1200, Sheeran-Wise/23 (discount programs)(disconnections) and (efficiency); PGE / 1200 Sheeran - Wise / 23; PGE/2200, Liddle-Kliever/29 (related to the rate cap issue); PGE /2300 Sheeran-Latu-Newman/2 (including announcing a decision that it would focus on improving awareness of the IQBD because it believed that would be more impactful than efforts to scope or implement new assistance programs); PGE / 2300 Sheeran - Latu - Newman / 6; PGE/2300 Sheeran-Latu-Newman/11 (two times and stating that EBA-related suggestions to should be addressed in M 2211 or the "EBA filing update."); PGE/2300, Sheeran-Latu-Newman/12 (saying appropriate venue for actions addressing disconnections and arrearages was UM 2211).

revisions, Verde modified many of its specific mitigation requests, tethering them to the EBA information and suggestions. By the time Staff filed its rebuttal testimony, Staff appeared to agree with the Company (or so the Company reported in its surrebuttal testimony)⁵² that affordability concerns should be addressed in UM 2211.⁵³ It is unclear if Staff was aware that Verde’s proposal modifications intended to align with the data found in the EBA. Staff also distinguished its prior position by stating that it only envisioned “limited near-term incremental improvements” in rate cases.⁵⁴

Nevertheless, Staff did recommend some improvements for the Company’s September filing, including this condition subsequent: “If the UM 2211 process does not result in well supported improvements effective on a timeline that provides relief in the upcoming heating season, the Commission should direct the Company to make these improvements in their order in UE 435.”⁵⁵ The Company filed its IQBD revision tariff (ADV.No. 24-19) on September 27, adopting changes to include a master-metering component and a non-randomized post-enrollment verification sample.⁵⁶ On October 4, 2024, the Company filed its “Update on Energy Burden Assessment Recommendations” (EBA Update) which identifies and discusses which EBA recommendations the Company intends to consider or implement and those it will not.⁵⁷

Staff clearly has an ambition to obtain “improvements” in UM 2211 by the end of the year, but it is hard to tell if those improvements will actually mitigate the effects of another rate

⁵² PGE / 2300 Sheeran – Latu - Newman / 6.

⁵³ Staff/2500 Ayres/6-7.

⁵⁴ Staff/2500 Ayres/7.

⁵⁵ Staff/2500 Ayres/12-13.

⁵⁶ CUB 737

⁵⁷ CUB 735

increase and it appears certain that it will be limited to arrearages and disconnections as the rates discussions are not scheduled to begin until 2025.

Because Verde agrees there is an immediate need to address disconnection and address the affordability crisis, it continues to ask the Commission to adopt some or all of the following proposals and demonstrates how they are supported by the EBA or are otherwise one-off temporary measures to put in place while the longer-term utility wide policies are discussed. The proposals will provide some relief, signal that customer concerns are being addressed and provide incentives for the Company to work quickly to find long-term solutions.

Finally, before addressing the specific proposals, because every new rate increase which does not also include a re-calibration of the IQBD discounts results in a reduction in benefits, Verde asks the Commission to, not only clarify that issues related to the IQBD program are properly resolved in rate cases, but also to signal that such re-calibrations will be necessary. And, Verde asks the Commission to require all rate cases to include an Environmental Justice workshop. This should free up valuable resources needed to start focusing on the long-term solutions of class rate design in UM 2211.

a. Residential Basic Charge - Issues 34 & 49

The Basic Charge was an exception to the Company's insistence that discussion about the EBA and its IQBD not occur in this rate case.⁵⁸ The EBA said the current design of the basic charge was questionable because of its misalignment with the ability to pay, among other things.⁵⁹ Verde agreed with the EBA and Staff's suggestion that the issues should be the subject

⁵⁸ PGE / 3100 Macfarlane – Pleasant / 4 (as understood, it was in part because the Company was convinced that the charge increase would reduce costs for high users.).

⁵⁹ CUB/734 39-40.

of a separate work group but asked that, at least as it related to this potential rate increase, the increase in the Basic charge not be imposed on IQBD eligible customers. In sur-rebuttal testimony, the Company used the data provided in the EBA to further calculate the savings to high usage customers and determined that it would not disproportionately harm low-income customers.⁶⁰ The Company also indicated its willingness to amend its IQBD program to allow an offsetting fixed credit to those enrolled. Unfortunately, the Company did not include that in its September revision. It also did not discuss the basic charge it in its EBA Update.⁶¹ The Commission should direct the Company to adopt this proposal; its based upon EBA data and would only apply to this rate case increase until a policy may be hashed out in another UM 2211 work-stream.

b. Bill Design/Information Sharing – Issues 63, 64, 65.⁶²

Verde supports transparency as a procedural justice issue. Verde supports CUB’s bill design and public information dissemination proposals. The proposals will empower customers to make decisions and enable them to obtain agency in behavior and assume leadership in policy making.⁶³ Verde recognizes that potential conflict with shareholder interests in avoiding disclosure of information but the proposal (issue 63) to publish forecasts and rate increase impacts would allow for a balancing of shareholder interests on a case by case basis. In response to the Companies concerns about confusion, there was ample confusion in this case without the required disclosures. The issue 63 proposal seems to give the utility some control over the

⁶⁰ PGE / 3100 Macfarlane – Pleasant / 6.

⁶¹ CUB 735 & 736, *passim*.

⁶² As understood the Company has agreed to some of CUB’s bill design proposals (issue 40). PGE / 3100 Macfarlane - Pleasant/ 27.

⁶³ Staff/200 Scala/5; UM 2211 Phase 2 Workplan update (August 16, 2024) p. 2.

information in the first instance which should reduce confusion, if accurate. The Company further claims that a requirement to file a communications plan demonstrating how it will inform its customers of the rate change will hinder its decision-making about when to file a rate case. This seems speculative; there is insufficient evidence put forth by the Company to reject these procedural equity proposals.

c. IQBD Discount Revisions - Issue 43

The current IQBD program is not working to mitigate the affordability crisis.⁶⁴ While the EBA provided some analysis based upon 2024 projections, the EBA demonstrates that deeper discounts are needed and recommended “assessing the feasibility” of increasing discounts to 90 and 70% for the 0-5 and 6-15 tiers.⁶⁵ In fact the EBA stated that the following discounts represent the average need of high burdened households:

90% for Tier A (0–5% SMI); 67% for Tier B (6–15%); 45–50% for Tier C (16–30%); 23% for Tier D (31–45%) and 16% for tier E (46–60% SMI).⁶⁶

Verde proposed as an alternative to its proposal to adopt a bill capping percentage of payment income plan, that the Company adopt the following related discounts:

90% for Tier A; 70% for Tier B; 60% for Tier C.⁶⁷

⁶⁴ Staff/200 Scala/7; Staff/200 Scala/17 (“Ultimately, Staff finds the Company’s choice to make file the UE 435 request at this time, detached from the affordability crisis facing its residential customers.”); Verde/ 100 Segovia Rodriguez / 6; Staff/2300 Dlouhy – Scala/6 (“Given the affordability crisis facing Oregon customers, Staff appreciates parties’ willingness to bring creative proposals forward for Commission consideration.” And acknowledging the Commission’s authority to structure classes of service to address it); Staff/200 Scala/34.

⁶⁵ CUB 734 11, 31.

⁶⁶ CUB 734 31.

⁶⁷ Verde / 200 Segovia Rodriguez / 6; Verde’s Position Statement.

This proposal is also supported by Staff's assimilation of data. Staff took 2023 data and demonstrated that before the 2024 18% increase, energy burdens for those in the 0-5 SMI range after the application of the 2024 IQBD 60% discount ranged from 14 - 68%. Those in the 6-15% range still had at least 7-17% energy burden after application of the 2024 IQBD 40% discount.⁶⁸

It is clear the current IQBD program is far from meeting the statutory directive to address energy burden. The Company should re-calibrate the IQBD program by immediately adopting the EBA recommended discounts before any additional increase is effective. The Company may not fail to assess and make changes in any forum to address energy burden. The data is in the record with the EBA and Staff's analysis to do it now and in this case. And, there is no reason to delay for any further analysis for at least two additional reasons.

First, the data provided in other burden assessments, have similarly required higher discounts for the top tiers. Avista, offers households at 0-5% of Oregon's SMI a 90% discount on their bill, in addition to offering arrearage forgiveness.⁶⁹ Cascade Natural Gas Oregon offers the lowest income customers in its Energy Discount Program discounts of 90-95%.⁷⁰ Idaho Power Company offers a 70% discount to those in the 0-20% SMI range.⁷¹

Second, and perhaps most importantly, deeper discounts must accompany every rate

⁶⁸ Staff/1900 Ayres/15.

⁶⁹ Sixth Revision Sheet 493 canceling Supplemental Fifth Revision Sheet 493 (Nov. 1, 2023), available at https://www.myavista.com/-/media/myavista/contentdocuments/our-rates-andtariffs/or/or_493.pdf.)

⁷⁰ Assistance Programs, https://www.cngc.com/customerservice/low-income_assistance_programs/#oregon (last visited June 23, 2024)).

⁷¹ Order No. 24-311 at 9; Adv. No. 24-06.

increase as a matter of course. Every rate increase will effectively wipe away some or all of the benefit of the discounts under the current program, and render EBA data stale, reducing its reliability.⁷²⁷³ The Company's high burdened customers need not wait for additional data; there is sufficient data.

The Company rejected increasing the discounts because of cost and because it believes it should focus on enrollment to the existing program.⁷⁴ The Company has not proven why both efforts should not be undertaken. It has, however, demonstrated a lack of cognizance for the state of affordability of its customers.⁷⁵ The company/shareholder interest is outweighed by the interests of the highest energy burdened customers. The IQBD program should be revised to increase the discounts in the highest tiers.⁷⁶

Verde also put forth a proposal to address the additional burden on those in the 61-100% SMI range who are not eligible for the IQBD program or other assistance. Verde proposed that the Oregon Self Sufficiency Standard be used as the maximum income for those households. The EBA noted the standard in its discussion of proposals to mitigate burdens for those

⁷² CUB/300 Wochele-Jenks/12 (“.. [A]n enrolled IQBD customer’s existing energy burden will go up after a rate increase if discount tiers are not recalculated and adjusted each time rates go up.”); Staff/200 Scala/7 (“Staff is further concerned that the Company's filing does not directly acknowledge the need to re-calibrate the program to provide meaningful relief to highly energy burdened households if the proposed increase goes into effect.”).

⁷³ Staff/1900 Ayres/13; Verde / 200 Segovia Rodriguez / 5- 6.

⁷⁴ PGE / 1200 Sheeran - Wise / 11.

⁷⁵ Staff/1900 Ayres/13; Staff/200 Scala/17.

⁷⁶ Staff/200 Scala/17 (“PGE’s inclusion of proposals that overburden customers; do not appear to benefit customers; and/or and serve primarily to enrich the Company by reducing regulatory lag.”). Verde acknowledges that for the most part, as the IQBD does not directly impact shareholders, that the issue is the cost to other customers. Verde believes that this is a issue specific to each utility and the “appropriate” place to resolve those issues is a rate case.

households but settled on suggesting a grant program to mitigate those households' needs.⁷⁷

There is no reason to delay beyond the effective rate date some form of relief to these customers as a one-time offer to mitigate, somewhat, any potential increase.⁷⁸

Although recognizing that the EBA does not assess data relevant to a percentage income payment income plan (PIPP) - bill cap -, Verde believes that the Commission should direct Staff to conduct the necessary workshops to allow the adoption of such a longer-term program before any rate increase is imposed.⁷⁹ Adopting a program that caps bills as a percentage of income would provide substantial financial protections against future rate increases. A PIPP proposal or bill cap is currently before the Commission in UE 433 and the record is as sufficiently developed here that, should the Commission direct the adoption of such a proposal or provide any other directive related to a bill cap PIPP in UE 433, it should do so in this case.⁸⁰

d. Post-Enrollment Verification (PEV) (Re-enrollment) - Issue 44.

The EBA recommended the Company adopt a targeted approach to identifying its sample for verification and the Company agreed to withdraw its randomization element.⁸¹ Given the affordability crisis which the Company fails to acknowledge, and the concerning results from the Company's re-enrollment processes this year, Verde continues to seek a suspension of any further verification and re-enrollment until better design is proposed after an all-stakeholder

⁷⁷ CUB 734 37-38.

⁷⁸ CUB/600 Wochele - Jenks/26 (recommending addressing this cohort before the effective date of any rate increase).

⁷⁹ Verde/ 100 Segovia Rodriguez / 8; Verde / 200 Segovia Rodriguez / 13.

⁸⁰ UE 433, Coalition's Opening Brief at 9-11/

⁸¹ CUB 734; CUB 737.

process.⁸²

Between May and July, 2024, the Company began its re-enrollment and verification processes. The Company identified 13,437 IQBD customers who were subject to re-enrollment and 21% were un-enrolled; 486 were disconnected for non-payment, 3207 were un-enrolled because they failed to respond.⁸³ In addition 255 were un-enrolled because their income had increased, 226 of whom are now in the unaddressed 61-100% SMI range.⁸⁴ There are numerous legitimate and predictable reasons why a customer may not respond to requests from the Company to verify or re-enroll. Cutting off access to important discounts, however, is too harsh a penalty.⁸⁵ Suspending any potential savings the Company may gain from cutting off access, by suspending the programs temporarily, is outweighed by the interests of legitimate enrollees to remain enrolled. These programs need a new design and they should be suspended until there is time for that consideration. Further, suspending them will provide an incentive for the Company to work expeditiously for longer-term solutions to these aspects of the program

e. Disconnections - Issues 45, 47

The EBA recommended enhanced outreach to customers at risk of disconnection.⁸⁶ The

⁸² While styled as post-enrollment, the issue includes re-enrollment which is a subset of subsequent verification. Data related to the post-enrollment process was not yet available. Verde / 200 Segovia Rodriguez / 2 (“that post-enrollment verification should be suspended until a full and open discussion is had and a reasonable program is designed and implemented.”); Verde / 200 Segovia Rodriguez / 3 (stakeholder process should “identify enrollment, re-enrollment and post enrollment verification barriers and solutions related to the company’s specific customer base” and implement a robust plan to enroll and re-enroll those eligible as soon as possible.).

⁸³ CUB/600 Wochele - Jenks/11.

⁸⁴ CUB/600 Wochele - Jenks/12.

⁸⁵ See, Verde/ 100 Segovia Rodriguez / 17-18.

⁸⁶ CUB 734 at 29.

Company's EBA Update indicates that it will update its disconnection notices.⁸⁷ And despite rejecting the characterization that there is a disconnection problem or crisis, the Company reported that it is "working expeditiously to execute on plans regarding improvements to program updates, outreach and implementation informed by its EBA."⁸⁸ More is needed. Staff recommended the company engage stakeholders (not just its CBIAG) "to discuss disconnection rates, past due balances, struggling active and recently disconnected accounts, and any other factors that can be used to inform a crisis mitigation strategy to be brought before the Commission."⁸⁹ The Company did not initiate any such meeting and even failed to engage the parties to this proceeding in such a discussion. Verde recommended a moratorium on IQBD enrollee disconnections at least through April 1, 2025, pending the work in the UM 2211 proceeding.⁹⁰

Verde appreciates that there is a current and seemingly expedited process to discuss arrears and disconnections in order to create a "near-term program" to address arrearages for low-income customers in UM 2211." The Company will not be the only utility at that table, however. This will likely to make equitable participation difficult, especially given that the stakeholders identified by Staff do not have dedicated staff, funding and/or time to seek funding to fully engage. Nevertheless, Staff's endeavor would be aided by the Commission's imposition of such a one-time, temporary moratorium on IBQD enrollee disconnections which will provide

⁸⁷ CUB 735 at 7.

⁸⁸ PGE / 2300 Sheeran – Latu - Newman / 11.

⁸⁹ Staff/200 Scala/7 (listing Staff, consumer advocates, Community Action Agency partners, and its CBIAG as stakeholders).

⁹⁰ Verde / 200 Segovia Rodriguez / 15.

some incentive to at least one utility at that table.⁹¹

Finally, the Company's position appears to be that such discussions were resolved by AR 653 proceedings.⁹² That is concerning. It is possible, then, that unless the Company is directed in this proceeding to do something or directed to do it by a certain date, the Company may not do it until a rule is adopted and becomes final. The opportunity here to address disconnections and arrearages should not be wasted in favor of what could end up being protracted rule-making litigation.

f. Arrearage Management - Issue 46

Approximately 26% of IQBD customers were in arrears in April 2024.⁹³ Every one of those arrearages, likely causes stress, anxiousness and insecurity among those holding it. This is precisely the type of corporate control that paralyzes the courage, the energy, and the resourcefulness of the Company's community. The issue here is not whether service should be paid for, the issue is what can be done to at least start addressing this burden.

The EBA recommends enhanced communication about the IQBD program, examining a capped budget arrearage relief program, and forgiveness equivalent to a capped retroactive

⁹¹ Verde continues to support other proposals to mitigate disconnection, including extending the bill due date for residential customers to 30 days.

⁹² PGE / 2300 Sheeran – Latu - Newman / 8-9, 13 (“To the extent parties want to revisit these topics, PGE believes a process that involves all utilities and interested stakeholders via a Commission-led process is most appropriate.”).

⁹³ CUB/300 Wochele-Jenks/11; Staff/100 Beitzel/2 (Adding to this alarming picture, is that the current count of [all] customers in arrears does appear to have eclipsed pandemic peaks, and in fact, surpassed all reported months since January 2020“).

application of the discount tier.⁹⁴ Verde urged adoption of the EBA designed proposals by January 1, 2017 (without further examination, at least temporarily) and added a proposal for an immediate cessation of the accumulation of debt and collection referrals for IQBD customers while we wait for the UM 2211 proceeding.⁹⁵ Specifically, the EBA data supported an IQBD targeted arrearages program which would retroactively apply the applicable discount, at an estimated cost of \$1 million.⁹⁶ Requiring such a program in this proceeding is supported by the record and will provide some (albeit minor) one-time relief to IQBD customers. This will also provide some assurance that their concerns have been heard.

Otherwise, and for the reasons stated above regarding discounts, the opportunity to incentivize the Company to work expeditiously and creatively at the UM 2211 table, by taking action here should not be wasted. The Commission should direct the Company to suspend the further accumulation of debt and referrals to collection agencies for IQBD enrollees.⁹⁷ At a minimum, the Company should be directed to adopt a management plan before the effective date of any rate increase.

g. Reporting and Stakeholder Engagement - Issue 48 and
Procedural Equity- Issue 54

Verde's engagement proposals are aimed at getting the Company to engage those who

⁹⁴ CUB 734 at 32.

⁹⁵ Verde / 200 Segovia Rodriguez / 4, 9-10.

⁹⁶ CUB 735 at 32.

⁹⁷ Verde / 200 Segovia Rodriguez / 4.

know about the impacts to work on solutions, together.⁹⁸ These proposals are not aimed to pile on Company staff; they are to focus on the issues facing **this** Company's customers. Three days of settlement conferences on these specific topics could have produced results. This is the type of convening - with those on the informed by work in the community, data informed, and with positive interest in collaboration - that is necessary. Staff called for such a meeting initially but there was no time. Verde asks the Commission to direct Staff or at least signal to the utilities that such Company focused environmental justice stakeholder meetings need to be convened as a procedural component of rate cases.

In addition, as part of this order Verde asks the Commission to direct the Company to convene such meetings focusing on arrearages and disconnections and separately focusing on the

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- a. 1) Be required to immediately convene a stakeholder process (open to all, including Staff), with funded Community Action Partners (CAAs or CAP agencies), Program Navigator participation and its Community Benefits and Impacts Advisory Group members to identify enrollment, re-enrollment and post enrollment verification barriers and solutions related to the company's specific customer base and implement a robust plan to enroll and re-enroll those eligible as soon as possible.
- b. 2) Be required to meet with Staff and stakeholders to discuss the EBA and the IQBD, arrearage management, adjustments to the definition of high usage customers for energy efficiency and weatherization reporting and additional opportunities for refinement identified by Staff and stakeholders.

- c. 5). Be required to further engage stakeholders to determine more effective community partnerships to better encourage broader engagement with no-cost energy efficiency and weatherization resources from qualified households.

Verde Position Statement, Issue 48.

EBA, and EBA Update, separate from the UM 2211 proceeding. The intention is to focus discussion on the Company's data, processes and customers which could result in additional voluntary revisions to its programs and otherwise inform the UM 2211 work.

3. Energy Efficiency and Weatherization

The Commission should require PGE to adequately invest in energy efficiency in this proceeding to better protect ratepayers from its proposed rate hikes. PGE holds powerful tools to help address what its own EBA identifies as “the root cause” of high energy burdens: energy efficiency and weatherization.⁹⁹ The Oregon legislature also recognized energy efficiency as essential to ushering in an equitable energy future. From HB 2475, which authorizes the Commission to leverage energy efficiency and weatherization to combat energy burden,¹⁰⁰ to HB 3409's goal of installing half-a-million heat pumps statewide by 2030,¹⁰¹ to the directive that Oregon utilities invest in energy efficiency first as a least-cost resource, the Commission is empowered to require the Company to further invest in energy efficiency. PGE's approach is unacceptable; raising rates, including the base rate, while relying only on its status quo of existing energy efficiency offerings, fails to satisfy its burden of production that its rate is “fair, just and reasonable.”

The Company's reliance on the status quo is insufficient to meet the needs of energy-burdened residents in the context of its request to raise rates. Based on statutory directives and the Company's own EBA, Verde recommends three moderate protections for energy-burdened customers: (1) convert the no- and low-cost ductless heat pump pilot program into a fully-funded

⁹⁹ Verde/201, Segovia Rodriguez

¹⁰⁰ O.R.S. § 757.695(1).

¹⁰¹ O.R.S. § 469.760(2)(a).

program (2) expand weatherization efforts and services, including conducting targeted outreach to IQBD customers, and (3) center energy efficiency for low-income households as a condition for raising rates.

a. Energy efficiency and weatherization are appropriate complements to PGE's proposed rate increases under statutory directives

The Oregon legislature has declared that “[e]nergy efficiency programs promote lower energy bills, protect the public health and safety, improve environmental benefits, stimulate sustainable economic development, create new employment opportunities and reduce reliance on imported fuels.”¹⁰² Additionally, HB 2475 not only enabled the creation of the LID program,¹⁰³ but also authorized the Commission to, “address the mitigation of energy burdens through . . . programs that may include . . . demand response or weatherization.”¹⁰⁴ The law clarifies that costs of such programs must be collected via rates. PGE has not taken action to meet HB 2475’s directive to address energy burden through weatherization and demand response measures. In the three years since HB 2475’s passage, the Commission has only reviewed and approved measures related to the bill discount provisions of HB 2475.¹⁰⁵ Meanwhile, PGE proposes its second major rate increase in two years—a rate increase that will exacerbate the energy affordability the utility’s residents are experiencing in the wake of the January 2024 increases.¹⁰⁶

¹⁰² O.R.S. § 757.054(2)(a).

¹⁰³ See discussion, *supra* Section I.A.

¹⁰⁴ O.R.S. § 757.695(1).

¹⁰⁵ See UE 435, Exhibit Verde/301, Segovia Rodriguez/1 (PGE Filing, Advice No. 24-19, Schedule 18 revisions) (filing revisions to bill discount program that includes bill discounts but notes future, undefined work for other “bill reduction programs”).

¹⁰⁶ See UE 435, CUB/100, Jenks/1–4 (detailing the affordability crisis in the wake of PGE’s prior rate hikes).

As the Commission itself has recognized, programs mitigating energy burden serve as “an important complement” to accompany residential rate increases in a general rate case.¹⁰⁷ In Idaho Power’s recent rate case, stipulating parties agreed to include multiple measures related to weatherization and low-income energy efficiency, including supplementing the utility’s existing Energy Efficiency Rider to include additional funds targeted toward energy burden mitigation.¹⁰⁸ Idaho Power did not initially seek to invest in these low income weatherization measures that were included in the final stipulation; instead the impetus arose from discussions in an Environmental Justice Workshop.¹⁰⁹ In its Order approving the stipulation, the Commission found “reducing energy burden by resolving the underlying causes of high usage is both aligned with the explicit direction of HB 2475 and reduces the long-term costs of the bill discount program,” and expressed that the Commission was “pleased to see energy efficiency and weatherization accompany the bill discount program.” As in Idaho Power, PGE should effectuate HB 2475’s directives to mitigate energy burden with further investments in weatherization and other energy efficiency measures.

Additionally, PGE proposes an increase in the basic charge for all residential households.¹¹⁰ A higher basic charge corresponds with lower rates for electricity sales—and therefore a smaller percentage of the bill corresponding to energy use.¹¹¹ Utility customers then

¹⁰⁷ *In the Matter of Idaho Power Request for a General Rate Revision*, UE 426, Order No. 24-311, at 12 (Sept. 23, 2024).

¹⁰⁸ *Id.* at 7.

¹⁰⁹ UE 426, Stipulating Parties/100, Tatum-Aschenbrenner-Chipanera-Stevens-Jenks-Fain/24.

¹¹⁰ PGE/900/Macfarlane-Pleasant/20. This is PGE’s second basic charge increase in two years. *See* CUB/300, Wochele-Jenks/4.

¹¹¹ CUB/500, Tran/9–10.

have less control over their bills and less incentive to invest in conservation or energy efficiency.¹¹² By the utility's own admission, the distribution between basic charges and load charges impacts energy efficiency by driving down "estimated future bill savings."¹¹³ The Commission should ensure that any increases to the Company's basic rate charges are also accompanied by investments in energy efficiency to ensure efficiency is appropriately prioritized for residents, and in particular for households experiencing low incomes.

b. Issue 51. The Company should coordinate with ETO to convert the ductless heat pump pilot program into a fully funded program.

Heat pumps provide substantial energy and health benefits to consumers and particularly to energy burdened consumers with low and moderate incomes.¹¹⁴ Recently, ETO implemented a state-wide low- and no-cost ductless heat pump ("DHP") program pilot to great success: the program exhausted its initial funds rapidly and ETO applied for—and received—an additional \$2 million from the Commission to support further efforts.¹¹⁵ Under the pilot program, low- and moderate-income residents received heat pumps through ETO. The Commission found the program was a viable mechanism for reaching energy burdened customers.¹¹⁶ Given the success of the pilot program, the Commission should direct PGE to coordinate with ETO to transform the program into a fully-funded permanent offering.

A DHP program supports the Commission's directive to reduce barriers to heat pump

¹¹² *Id.*

¹¹³ PGE/3100, Macfarlane-Pleasant/9.

¹¹⁴ Verde/100, Segovia Rodriguez

¹¹⁵ *See In the Matter of Public Utility Commission of Oregon, Increase Energy Trust of Oregon No-cost DHP Pilot Budget Cap*, Docket No. UM 1696, Order No. 24-142, at 2–3 (May 20, 2024); Verde/100, Segovia Rodriguez/24.

¹¹⁶ Docket No. UM 1696, Order No. 24-142, at 3.

adoption.¹¹⁷ Heat pumps provide "both heating and cooling benefits" and "can help people to save money on household energy bills."¹¹⁸ Encouraging PGE to work with ETO to transform the DHP pilot into a fully funded program would further the Commission's obligations to support the State's goal of installing 500,000 heat pumps by 2030.¹¹⁹

Supporting a more robust heat pump program also helps to satisfy HB 2475's directive that the Commission reduce energy burden through energy efficiency measures. The legislature found that many Oregonians experience high energy burden and face "greater barriers to installing heat pumps."¹²⁰ Meanwhile, heat pumps can save these households money on energy bills.¹²¹ Thus, heat pumps provide an essential opportunity to reduce energy bills for energy burdened households that are the target of HB 2475. Fortunately, PGE already has at its fingertips access to a successful means by which to deliver heat pump savings to energy burdened residents—the no-cost and low-cost heat pump pilot.

c. Issue 52. The Company should expand weatherization efforts and services, amend its schedules to recognize the long term, system-wide cost-efficiencies of weatherization, and implement targeted outreach to IQBD customers.

Since weatherization provides a host of energy and non-energy benefits to households,¹²² prioritizing weatherization services, particularly for low-income customers, will not only protect the Company's most vulnerable customers from rate increases but also better reflect energy

¹¹⁷ H.B. 3409, 2023 Reg. Sess, § 2(1)(a); *id.* § 2; O.R.S. § 469.760; *id.* § 469.763(2).

¹¹⁸ O.R.S. § 469.760(1)(c)–(e).

¹¹⁹ *Id.* § 469.760(2)(a); *id.* § 2(2).

¹²⁰ *Id.* § 469.760(1)(g).

¹²¹ *Id.* § 469.760(1)(e).

¹²² Verde/100, Segovia Rodriguez/26; Verde/200, Segovia Rodriguez/17.

efficiency's true value, especially in our changing climate. The Company's EBA identified that energy burdened households would benefit from energy efficiency and weatherization programs.¹²³ To effectively support customers through this rate increase, the Commission should ensure PGE's investments in weatherization accurately reflect its value by revisiting cost-effectiveness evaluations related to weatherization¹²⁴ and implementing targeted outreach to IQBD customers.¹²⁵

According to its EBA, PGE's "energy assistance program mix should equally prioritize sustained energy burden reductions through energy efficiency and weatherization."¹²⁶ Energy Efficiency and weatherization address "the root cause of [customers'] energy burden[s]": 47,000 PGE low-income customers "would potentially be good candidates for energy efficiency measures."¹²⁷ The value of energy efficiency only becomes greater in the face of PGE's proposed rate increases—benefits its own report identified. It is imperative as PGE is poised to raise rates that the Commission considers energy efficiency and weatherization measures in this proceeding to meet the statutory directive to reduce energy burden.

PGE's EBA similarly recommends greater support for energy efficiency actions.¹²⁸ According to the report, nearly a quarter of the Company's IQBD-eligible households have high potential for energy efficiency measures—the vast majority of which also have high energy

¹²³ Exhibit Verde/201, Segovia Rodriguez/21 (PGE's Energy Burden Assessment).

¹²⁴ Verde/100, Segovia Rodriguez/27–28.

¹²⁵ Verde/100, Segovia Rodriguez/28; Verde/200, Segovia Rodriguez/15–16..

¹²⁶ *Id.* at 22.

¹²⁷ *Id.* at 36.

¹²⁸ Exhibit Verde/201, Segovia Rodriguez/21–22 (PGE's Energy Burden Assessment).

burden.¹²⁹ The EBA is clear about how these households should be supported: “the energy assistance program mix should equally prioritize sustained energy burden reductions through energy efficiency and weatherization.”¹³⁰ The report further outlines the reality that reaching more customers with weatherization services “faces a host of barriers.”¹³¹

Verde asks the Commission to recognize the long-term benefits of efficiency and weatherization and direct PGE to revisit its cost-effectiveness tests to better reflect these benefits. The Commission directed PGE to modernize its avoided cost calculations for energy efficiency in LC 80 as a condition for approving the Company’s IRP and CEP.¹³² Work responding to this directive moved slowly.¹³³ Meanwhile, rate increases are imminent. The Commission should therefore ensure immediate protections for energy burdened customers through ensuring the utility’s energy efficiency cost effectiveness tests are modernized to better reflect the diverse program needs, in addition to supporting burdened customers.

The Commission should also require PGE to implement more targeted outreach to connect IQBD participants to weatherization resources. The EBA findings echo Verde’s suggestion: “Work with ETO and CAP agencies to target EE funds at low-income, high burden households.”¹³⁴ Such actions will better support these customers manage the rate increase.

¹²⁹ *Id.* at 21.

¹³⁰ *Id.* at 22.

¹³¹ *Id.*

¹³² *In the Matter of PGE 2023 Integrated Resource Plan (IRP) and Clean Energy Plan (CEP)*, Docket No. LC 80, Order 24-096, at 8 (April 18, 2024).

¹³³ *In the Matter of Staff Investigation of Methodology and Process of EE Cost Effectiveness*, UM 1893, Docket No. UM 1893, at appdx. A, 4–5 (Sept. 23, 2024) (delaying reporting timeline).

¹³⁴ Exhibit Verde/201, Segovia Rodriguez/36.

Finally, weatherization and energy efficiency, when targeted towards high-usage IQBD participants, lower overall program costs.¹³⁵ To the extent that other intervenors have concerns over the costs of the IQBD program, targeting these customers by connecting them with resources will begin lowering their bills and the overall IQBD costs. Weatherization and energy efficiency should be considered a key tool to keep the program affordable for Oregonians. Verde therefore recommends the Commission direct PGE to conduct more targeted outreach to connect IQBD customers with energy service providers as a condition of granting the Company's application.

d. Issue 53. The Commission require PGE to center energy efficiency for low-income households in its rate scheme as a condition of any rate increase.

PGE's recent rate hikes from the 2023 GRC spurred record disconnections and arrearages.¹³⁶ While residential customers continue to adjust to the burdens of these recent increases, PGE in this case proposes to raise rates yet again. These increases will both deepen energy burden and decrease energy efficiency incentives by raising the base rate. Meanwhile, the Commission is directed to address energy burden and energy affordability under HB 2475, including through energy efficiency measures.¹³⁷ The Commission is likewise tasked with reducing financial barriers to accessing energy efficiency resources, particularly for environmental justice communities.¹³⁸ The Commission cannot allow the Company to raise rates without supporting its customers—such rate increases are not just or reasonable. Instead, to

¹³⁵ Exhibit Verde/201, Segovia Rodriguez/51 (“[S]pending on energy efficiency directly reduces IQBD discounts for program participants.”).

¹³⁶ UE 435, Verde/200, Segovia-Rodriguez/3.

¹³⁷ O.R.S. § 757.695(1).

¹³⁸ O.R.S. § 469.763(2).

further the goals of HB 2475, HB 2021, and other laws, the Commission should require adequate investments in energy efficiency for low-income residents as part of this rate increase that will directly and negatively affect burdened households.

IV. CONCLUSION

For the foregoing reasons, Verde respectfully requests that, should the Commission not dismiss the case, the Commission address the affordability crisis in this proceeding by requiring the Company to adopt energy burden mitigation measures, including, inter alia, re-calibrating the discount tiers of the IQBD program, suspending IQBD verification enrollment measures, providing one-time arrearages and disconnection relief to IQBD customers. The Commission should clarify that IQBD program issues are properly resolved in rate cases and signal that IQBD program discount re-calibrations will likely be necessary re-calibrations will be necessary. The Commission should require all rate cases to include an Environmental Justice workshop and direct the Company to convene inclusive work groups to address the EBA recommendations and the Company's arrearages and disconnections policies. Additionally, the Commission should address energy efficiency in this rate case and require the Company to expand its offerings and promote weatherization services for low-income customers.

Dated this 28th day of October, 2024.

Respectfully submitted,
/s/ Tonia Moro
Tonia Moro, OSB No. OSB 89316
Attorney at Law P.C.
Of Attorneys for Verde
(541) 973-2063 Tonia@ToniaMoro.com