

HB 2242
Addressing House Energy and Environment Committee Questions
from January 31, 2018

What is energy burden?

The concept of energy burden measures all household costs on energy expenditures as a proportion of total income. This concept helps provide understanding regarding how energy costs affect people's lives. **Energy burden most affects rural parts of the state, which are among the most low-income and least represented in public process.** An understanding of household energy burden is the kind of thing that the Low-Income and Environmental Justice Advocate can help bring forward to the Commission.

Why is a low-income and environmental justice perspective needed at the Public Utility Commission? Isn't this outside the scope of their work?

Representation in political and regulatory policies is critical to fair, just and informed decision-making. The Commission is an economic regulator that is tasked with ensuring safe, reliable electric service at affordable cost to customers. In the course of this regulation, **numerous decisions are made, large and small, that have an impact on customer service and affordability.** The Public Utility Commission relies on stakeholders that participate in its proceedings to translate how regulation affects different customers. **The PUC and stakeholders have identified a gap in the current perspectives that are participating in regulatory processes.**

Commission decisions directly affect on-the-ground work and the experiences of everyday Oregonians. There are many communities, across Oregon in developed and rural areas, who are deeply affected by energy costs and energy policy but haven't had a voice in Commission proceedings. **The intervener funding authority in this bill can help encourage direct participation and the Advocate position can provide technical support to folks with direct experience or who work in low-income programs and help include those voices in the regulatory process.**

For example, one of the things we've heard from the Public Utility Commission is a desire to host more meetings outside of Salem but a lack of staff expertise and resources to make this happen. The Advocate would be empowered to help do this and to ensure that the barriers to accessing regulatory proceedings are reduced and the Salem- and Portland-centric nature of those spaces is addressed.

What can utilities currently do in the area of low-income assistance and what problem is this bill trying to solve?

There two primary classifications of utilities in the state, 3 electric Investor Owned Utilities (IOUs) and 3 natural gas utilities (regulated by the Public Utility Commission) and 36 Consumer Owned/Public Utilities (COUs) (governed by individual boards or commissions). Investor Owned Utilities serve about 70% of the electric load in the state, with COUs serving the remaining 30%. For electricity service, it is commonly thought that COU's serve most rural areas in the state, however, all utilities have areas classified as rural and, in particular, PacifiCorp and Idaho Power both serve significant areas of rural customers.

The authorities of PUC regulated utilities differ considerably from the COU's. All utilities currently have the ability to do energy assistance and low-income weatherization; existing programs are funded through a combination of ratepayer funds, federal dollars and donations, depending upon the utility service territory. Consumer-owned utilities can structure this assistance in any way they decide to do -- they can provide bill credits, rate discounts or emergency assistance funding, among other programs.

Investor owned utilities currently provide low-income assistance through the public purpose charge or voluntary agreements, but DO NOT have the authority to structure assistance in forms such as rate discounts, bill credits or any other form that is a type of rate or adjustment to their bill. Experience in other states shows that structuring assistance directly on customer's bills can streamline programs and make it more effective at cost-effectively reaching a greater portion of customers needing assistance.

The authorizing language in the bill would allow investor owned utilities to use a broader array of tools to structure assistance programs. These program structures may be more effective at dispersing assistance funds -- perhaps by reducing overhead, and/or reaching a greater number of households that need assistance.

How will rate design approaches to low-income assistance work? Who will pay for this?

This bill requires the Public Utility Commission to conduct a public process to examine how investor owned utilities could improve service to low-income and other vulnerable customers, such as seniors. The bill does not mandate any specific approaches. Program changes will be discussed and decided through the public process. While it is possible that changes could increase costs, it is also possible that changes could save system costs, such as reducing uncollectible amounts, and other costs associated with late bill payments and shut-offs and reconnects. **How any costs and benefits will be assigned to customers will ultimately be determined by the Public Utility Commission, following their existing rules and regulatory history of fair and equitable assignment of costs based on the cost of service.**

Resources

Definition of Environmental Justice: *equal protection from environmental and health hazards, and meaningful public participation in decisions that affect the environment in which people live, work, learn, practice spirituality, and play.*

Source: the Oregon Environmental Justice Task Force Handbook

https://www.oregon.gov/gov/policy/environment/environmental_justice/Documents/2016%20Oregon%20EJTF%20Handbook%20Final.pdf

For an interactive map of utility service territories in Oregon see:

<https://www.oregon.gov/energy/energy-oregon/Pages/Find-Your-Utility.aspx>

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