



**Bureau of Planning and Sustainability**  
Innovation. Collaboration. Practical Solutions.

February 20, 2020

Senator Michael Dembrow  
Senate Committee on Environment and Natural Resources  
900 Court Street, NE  
Salem, OR 97301

Chair Dembrow and Members of the Committee,

My name is Jaimes Valdez and I work for the Bureau of Planning and Sustainability with the City of Portland. Thank you for the opportunity to testify in support of HB 4067.

This bill provides a much-needed tool to address the high cost of utilities and energy burden for the most vulnerable Oregonians. At the City of Portland, we have set goals to reduce energy use and move towards a low-carbon future in a way that also addresses environmental justice and social equity. Our 2015 Climate Action Plan sets guiding goals for our work and finds that: “Communities of color and low-income populations have historically been under-served by programs and investments and under-represented in decision making on climate policy”<sup>1</sup>. HB 4067 is a small step towards righting that wrong.

The City of Portland first declared a housing emergency in 2015, recognizing that housing costs were reaching unaffordable levels, leading to more displacement, family insecurity, and homelessness. In the 2017 ordinance to extend the housing emergency, City Council found that “Rents and housing costs continue to outpace income for our most vulnerable neighbors”.<sup>2</sup> Energy utility costs are the second largest housing expense for most low-income households, after their rent or mortgage. HB 4067 will particularly help renters, who do not have the same opportunities to save money through energy conservation and efficiency measures that are available for homeowners. For renters in Oregon, utility rate relief or targeted programs to reduce their energy burden can make a meaningful difference. Additionally, for low-income housing providers, reduction in utility bills allows them to keep those housing units affordable into the future. The housing crisis is a reality in cities around the state, and communities need a new set of policy tools to address the role of utility costs.

<sup>1</sup> 2015 Portland and Multnomah County Climate Action Plan, Page 42

[https://beta.portland.gov/sites/default/files/2019-07/cap-2015\\_june30-2015\\_web\\_0.pdf](https://beta.portland.gov/sites/default/files/2019-07/cap-2015_june30-2015_web_0.pdf)

<sup>2</sup> 2017 City Council Ordinance 188627, Section 1(5)

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In 2018, the City of Portland participated as a stakeholder in the PUC process around SB 978, which was intended to identify industry trends, technologies and policy drivers in the electricity sector, and needed changes in the regulatory system. As part of that process, community organizations and stakeholders from around the state made a strong case to address energy burden in a more holistic way that recognizes past and current disparities. The final PUC report to legislature delivered in September 2018, found that: “The Legislature should consider ways to improve equitable and affordable access to energy services” and noted the current limited scope of the PUC’s regulatory authority.<sup>3</sup> This bill provides needed change and regulatory guidance to meet that finding.

This recommendation was also a key outcome of the Governor’s Low-Income Utility Program Working Group, which held meetings throughout 2018. It found that the existing energy assistance, weatherization, and public purpose charge programs fill critical roles, but that structural changes are needed to adequately address energy burden for Oregonians around the state. The first high level recommendation was to: “Give utilities the authority to create low-income programs and require annual reporting on data and metrics.”<sup>4</sup>

HB 4067 does not create a predetermined outcome of how utility rates or programs are set, but simply directs the PUC to engage in a stakeholder process to evaluate options. This is the right time for this legislation, and the concept of income-sensitive utility rates has good precedent. Over 20 states and over a hundred utilities around the country already have discounted rate or bill programs. For example, one of our local Portland utilities, Pacific Power, currently implements low-income rate programs in neighboring states of Washington and California.

At the City of Portland, we have also been successful designing and administering discounted utility rates, in the context of the water and sewer utility services that we provide to residents. For decades, the Portland Water Bureau has provided bill discounts to make costs more affordable for struggling families.<sup>5</sup> The Portland Water Bureau currently have over 7,400 low-income customers that participate in this program, saving them each between \$57 to \$92 per month.<sup>6</sup> The City of Portland is glad to bring lessons from our past programs into discussions around energy utilities and rate policies.

HB 4067 also broadens access to resources for community organizations from around the state to participate in the regulatory process and gives a voice to often under-represented stakeholders in the

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<sup>3</sup> SB 978 Actively Adapting to the Changing Electricity Sector, Report to Legislature, September 2018, page 2 <https://www.oregon.gov/puc/utilities/Documents/SB978LegislativeReport-2018.pdf> )

<sup>4</sup> Low Income Utility Program Working Group Report, December 2018, page 14 <https://www.oregon.gov/puc/utilities/Documents/LIUPWG-2018-Final-Report.pdf>

<sup>5</sup> “Navigating Legal Pathways to Rate-Funded Customer Assistance Programs: A Guide for Water and Wastewater Utilities, 2017 <https://efc.sog.unc.edu/sites/default/files/City%20of%20Portland%20Water%20Bureau,%20Oregon.pdf>

<sup>6</sup> Portland Water Bureau current information and bill discount program : <https://www.portlandoregon.gov/water/article/565238>

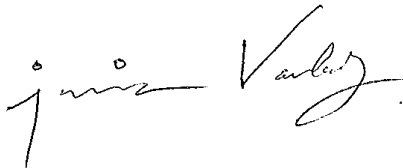
utility space. Smaller organizations, from both urban and rural communities, do not currently have the staff and legal resources available to advocate for their constituents and wider access to utility intervenor funds is needed. This is another key element to inclusive and just public policy that HB 4067 addresses.

Lastly, in November 2018, voters overwhelmingly supported the creation of the Portland Clean Energy Fund. The fund will be making investments in non-profit-led community programs and projects that reduce carbon emissions and deliver benefits to low-income households and communities of color in Portland. Grants will be available for community organizations to improve energy efficiency, retrofit buildings, provide job training and increase green infrastructure, with a focus on underserved communities. The goals of the program include reducing energy use and costs for low-income households, acknowledging that past programs have not created equitable outcomes. Utility programs that help identify and qualify low income customers could be instrumental in supporting our program implementation and are complementary to our goals.

We urge you to support a more equitable and fair utility structure, and to provide community organizations the tools to be effective advocates at the PUC. This bill has been many years in development, and as we look to transformative changes to our energy systems in Oregon, it is important that we have strong mechanisms to protect the most vulnerable Oregonians from regressive impacts and deliver benefits of a clean energy economy equitably. The City of Portland is glad to support HB 4067.

Thank you for the opportunity to provide input and we look forward to staying engaged in this process,

Sincerely,

A handwritten signature in black ink, appearing to read "Jaimes Valdez". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jaimes Valdez  
Portland Clean Energy Fund Startup Team  
City of Portland Bureau of Planning and Sustainability