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Chair Dembrow, Vice-Chair Olsen, and Members of the Senate Environment and Natural Resources Committee:

RE: HB 4067

Verde is proud to support HB 4067, as we have worked hard to pass this bill for two sessions. HB 4067 will expand resources to support the participation of crucial, but traditionally marginalized voices in utility regulation, and help to alleviate energy burden by allowing the Public Utility Commission to authorize lower rates for families who can least afford their energy bills. These are things that any legislator can and should be able to get behind, and this bill is an opportunity to make positive change around energy and the environment from both sides of the aisle.

HB 4067 is essential to advance Verde's work, and to advance environmental justice more broadly. Environmental justice is grounded in the idea that there some communities are impacted disproportionately by environmental and health hazards but least able to participate in public process and influence decision-makers to mitigate these harms. All legislators represent at least some environmental justice communities, who are, as defined in the bill: black, indigenous, and other communities of color, including tribal communities; communities with lower incomes; rural, coastal, and frontier communities, who are under-resourced, dependent on natural resources, and sometimes geographically isolated; and people who are more generally under-represented in public process such as seniors, youth, and people with disabilities. HB 4067 would help ensure that these communities can help influence policy and regulation so that it draws

from their lived experiences to solve everyday problems and create new opportunities. These should be the most important and valued voices in our work, because they know on the ground what will and won't work.

Verde has worked for fourteen years with environmental justice communities. We are a community-based organization in Portland that builds environmental wealth through social enterprise, outreach, and advocacy. That work includes a community energy plan in the Cully neighborhood, one of the most racially and ethnically diverse tracts in the last census. Cully is also a community with significant numbers of people with lower incomes. Like many neighborhoods in Portland, long-time residents increasingly cannot afford to stay in their community without targeted investments. The Cully Energy Plan consists of energy conservation and generation pilots that prevent displacement, and build resiliency, wealth, and self-sufficiency for Cully residents.

Verde has advanced this community energy work because we have been able to favorably affect local and state policy, including utility regulation at the Public Utility Commission. Our vision is that every environmental justice community in Oregon should be able to do the same. We need an energy policy landscape that can lift up a community-led, anti-displacement vision of climate, and it must include public processes that meaningfully engage community members. This is not possible without significant resources, investment, and commitment.

HB 4067 is an extension of SB 978 (passed by legislators in 2017), an example of how environmental justice can be incorporated effectively into regulatory conversations. SB 978 instigated a public process to explore how investor-owned utilities are regulated and could adapt to a rapidly changing industry and policy environment. Verde participated in SB 978 along with two other community-based organizations, the Coalition of Communities of Color (CCC), and OPAL Environmental Justice, and together, we amplified both affordability

and environmental justice as key issues, educating the Commission, utilities, and other stakeholders in the process. The process culminated in a report which identified climate change in addition to those other two arenas as top priorities; and the Commission indicated what actions it could be taken internally and immediately, and also, what direction it needed from the legislature . HB 4067 is an accurate embodiment of the necessary statutory changes identified to advance affordability and environmental justice in utility regulation.

First, HB 4067 addresses the resource barriers that exist for environmental justice communities around public process. Verde, CCC, and OPAL were only able to be present through a pilot expansion of intervenor funding, a current funding stream sustainably recovered from broad ratepayer classes to advance their interests through advocates who appear before the Commission. This is the funding that allows the Citizens' Utility Board and the Association of Western Energy Consumers respectively to represent residential and large/industrial retail customers. But sometimes, broad interests do not capture the nuances and needs of specific communities who might be disproportionately and adversely affected by rates, resource siting and acquisition, or program design. These are not special interests, but rather people struggling to get by with the odds stacked against them. In particular, black, indigenous, and communities of color live in places that lack economic opportunity, suffer poor environmental conditions, and lack consistent resources for meaningful community engagement. This is not dissimilar to rural, coastal, or frontier communities, and often, as Verde, we find ourselves aligned across political divides around shared frustrations, experiences, and work to help our communities support themselves and seek new opportunities.

Without the SB 978 intervenor funding pilot, we would not have had capacity to travel to Salem and spend hours in workshops, and there were almost no rural, coastal, or frontier voices at the table -- for whom our resource burdens were exacerbated -- and only a few folks engaged in a few meetings by phone. It is

imperative that the intervenor funding pilot be made permanent and more extensive in order to increase the number of organizations who can access Commission proceedings and make participation more sustainable across dockets. This pot of funding must be substantial in order to be significant. The Jemez Principles for democratic organizing, which may also be applied to developing just climate and energy policy, highlight inclusivity -- that all people should be able to access decision-making processes -- and that people should be able to speak for themselves or be represented by someone who is responsible to that community.

The kind of policy that could result from increased engagement from environmental justice stakeholders is exemplified in the second element of HB 4067: the statutory ability for the Public Utility Commission to allow investor-owned utilities to create differentiated rates to address energy burden for ratepayers with lower incomes. The regulatory process ensures access through principles of non-discriminatory, universal service and a cost-of-service, utility business model. But what this approach promises as broadly affordable and reliable leads to disparities at the household level.

Low rates for broad customer classes may not be felt by all ratepayers, as some households contribute a significant portion of their income toward energy bills and are, by definition, energy burdened. Oregon Housing and Community Services found that the average energy affordability gap, the difference between the average bill for low-income ratepayers and a bill that would be equivalent to 6% of their income is \$631 per household and in total nearly \$350,000 for the state¹. Energy burden is most concentrated in the Southern and Eastern parts of our state, also communities who are often left out of policy conversations and could benefit from expanded resources like intervenor funding.

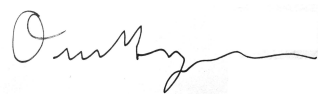
¹ <https://www.oregon.gov/puc/utilities/Documents/LIUPWG-2018-Final-Report.pdf>

Energy burden has a significant impact on our communities and on local economies. When someone is behind on their energy bill, in arrearages, they are more likely to become homeless or resort to payday loans. For an organization like Verde that is fighting displacement and building wealth in communities, we must advocate strongly for policies that better balance benefits and burdens. And at present the burdens are inequitable and untenable in energy rates. A targeted approach to affordability would directly address and alleviate energy burden and help ensure that people do not have to make choices between paying their energy bills and meeting other needs like medicine and food.

It is worth noting that this is not a mandate, nor does it ask the PUC to make many targeted rates. HB 4067 merely opens a new toolbox and asks the PUC to hold a process through which stakeholders and utilities determine how best to use the tools. This would mean determining the threshold for a rate discount or class and best functionality from a regulatory, policy, utility, and environmental justice or affordability perspective. We don't have to know everything yet about how this might work, but we do know there is great need and that energy assistance and weatherization are oversubscribed and not reaching communities as broadly as a differentiated rate could.

We cannot achieve our climate goals and pursue a more flexible and modern grid while the benefits and burdens of the transition are not distributed equitably. It matters who has access and power to influence decision-making, whose voice is reflected through policies. Verde advocates in the regulatory space because we want to build power for our communities both figuratively and literally. We urge you as members of the House Energy and Environment Committee to vote in favor of HB 4067 in order to increase funding to support community-based organizations in the regulatory space, and allow the PUC the authority to approve differentiated rates that alleviate energy burden.

Sincerely,



Climate and Energy Policy Coordinator
Verde