

House Bill 2475

House Committee on
Energy and Environment

Mark Thompson – Commissioner

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Oregon Public Utility Commission Rate-Setting Authorities



Regulate investor-owned electric, natural gas, water, landline telephone companies

Conduct rate-setting proceedings, among other methods of regulation

- Establish classes of service (*e.g.* Residential, Small Business, Large Commercial, Industrial, Interruptible, Firm) pursuant to ORS 757.230(1)
- Factors in determining classes, by law, include:
 - Quantity of energy or services used
 - Time when used
 - Purpose for which used
 - Existence of price competition or service alternative
 - Services being provided
 - Conditions of service
 - Any other *reasonable* consideration
- Set rates for each class based on costs of providing service to that class



Oregon Public Utility Commission Rate-Setting Authorities (cont'd)



Rates and charges cannot be “unduly discriminatory”

- ORS 757.310(2) prevents utility from charging a rate or amount for service that is different from that charged to any other customer “for like and contemporaneous service under substantially similar services”
- ORS 757.325 prohibits subjecting any person or locality to undue prejudice or disadvantage, or giving any person or locality undue preference or advantage

Challenge: Taken together, interpreted as restriction from setting differential rates on basis of income or other equity considerations if services and costs to serve are the same as other customers

House Bill 2475



Allows certain new considerations to be used in establishing classes of customers, so that rates specific to that class could be established

Differential energy burdens on low-income customers

Other economic factors, social equity factors, or environmental justice factors that affect affordability

Would affect OPUC in significant and various ways:

- Creation of new classes
- New and better insights into characteristics and needs of these customers
- New tools to address specific scenarios affecting customers

Example of low-income and equity considerations under existing authorities: COVID-19 Response



- “Investigation” into appropriate response kicked off in June of 2020
- Focused on customer impacts from pandemic and appropriate utility/regulatory response
 - Many customers’ ability to pay for services diminished
 - Reliance on utilities dramatically increased (at-home schooling, at-home work, communications needs)
 - Financial and operational impacts on utilities
 - Equity considerations brought into focus and issues exacerbated
- Outreach to broadened stakeholder group; Negotiations among OPUC staff, stakeholders, utilities
- Term sheets developed for electricity, natural gas, water, and telecommunications
- Terms sheets and subsequent stipulations approved by OPUC in September
- Final Report: <https://www.oregon.gov/puc/utilities/Documents/COVID-19-Final-Report.pdf>

Key Terms of COVID-19 Response Stipulations



Moratorium on Disconnections and Late Fees

- Energy: Residential through April 15, 2021; small commercial through December 1, 2020
- Water: Through December 1, 2020
- Telecommunications: Through October 1, 2020

Utility finance provisions

- Deferral and future recovery of increased costs, with some exceptions and limitations

Extended Time Payment Arrangements

- Energy: Residential - up to 24 months; Non-residential - up to 6 months with specific down payment
- Water: Residential - up to 12 months; Business - up to 3 months
- Telecommunications: between 3 and 12 months, depending on amounts owed

Arrearage management program (AMP)

- Programs to identify and manage payment arrearages associated with pandemic
- Details being determined
- Up to an amount equal to 1% of utility's total 2019 revenues from Oregon customers
- Around \$39M for all energy utilities

Equity and Low-Income commitments

- Low-Income and Equity Advisory Committee
- Work on mitigating differential energy burden,
- Focused work on low-income, equity, social and environmental justice

HB 2475 and OPUC's Future Work



New authorities would feed directly into, and enhance COVID-19 response commitments on low-income, equity, social and environmental justice

OPUC would expect to apply new authorities in rate cases, other regulatory proceedings and utility programs

New authorities would address identified gap highlighted in OPUC's study conducted after Senate Bill 978 (2017)

<https://www.oregon.gov/puc/utilities/Documents/SB978LegislativeReport-2018.pdf>

Implementation details would be fleshed out through established OPUC processes, with significant stakeholder outreach and involvement



Thank you! Questions?