



March 20, 2023

Chair Pam Marsh
Vice Chair Bobby Levy
Vice Chair Emerson Levy
House Committee on Climate, Energy & Environment
900 Court Street NW
Salem, Oregon 97301

RE: Opposing HB 3459, Relating to energy utility residential customers.

Dear Chair Marsh, Vice Chair Bobby Levy, Vice Chair Emerson Levy, and Members of the Committee:

Oregon Municipal Electric Utilities Association (OMEU) is made up of eleven municipally owned and operated electric utilities. Our rates are not-for-profit and set to cover the costs of service, not to earn a rate of return for investors.

We were surprised and alarmed to see HB 3459, which prohibits energy utilities from disconnecting service for nonpayment. Municipal electric utilities received no outreach prior to this bill's introduction. We have not been made aware of any concerns about our utilities' approach to disconnections. Our use of disconnections is appropriate and judicious. Disconnections are a tool of last resort.

Even at the height of the pandemic when many Oregonians were out of work and all students were at home doing on-line school, Governor Brown recognized that a statewide ban on disconnections was too blunt an approach that could have grave consequences for both non-for-profit consumer-owned utilities (COUs), and more importantly, our customers who would be developing large arrearages that would eventually come due.

While in actuality all COUs voluntarily stopped disconnecting residential service for several months during the pandemic because of the number of customers that were facing financial hardship, we are grateful that the Governor did not impose a blanket mandate as HB 3459 would. The pandemic did not affect everyone in the same way. Essential workers—including those at electric utilities—remained on the job. Other employees were able to maintain their income through remote work, while many in the service industry could not. We needed customers that did not suffer financial hardships to continue paying their electric bills. For those that could not, we were able to calibrate our response and connect customers with bill assistance from the Federal Low Income Home Energy Assistance Program (LIHEAP), our utility assistance programs—including supplemental funding to address the unprecedented hardship of the pandemic—and allow special arrangements to accept partial payments. Keep in mind even without a pandemic, this is how municipal electrics have always worked with our customers.

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We work proactively to ensure that consumers know that assistance and payment programs are available. Affordability solutions already exist. These programs are largely administered through entities approved by county agencies that distribute funds. These federal programs look at income and the number of people in the household when determining overall assistance. Utilities often use this third-party information for our own individual assistance programs on top of the federal aid. This is a powerful combination that helps customers have funds to pay their bills. These programs have been effective tools to prevent disconnections.

To give an example of the devastating consequences that HB 3495 would have on COUs, consider the City of Drain, which operates the state's smallest electric utility. Drain has only 535 residential customers. Every month the city issues 150 to 200 disconnect *notices*. Once those notices of an impending disconnection go out, almost all the past due billings are promptly paid. The city manager reports that if all those delinquent utility bills went unpaid, the city would have to lay off staff and consider selling off their electric infrastructure. While the smallest, Drain is not unique. Other municipal electric utilities have similarly small rate bases—for example, Bandon, Cascade Locks, and Milton-Freewater. In our experience many of those disconnected pay their bill in full and power is turned on the very same day. The majority appear to be using the disconnect as a “final notice.” An account or two may remain off, but those seem to be customers moving out that have failed to notify the utility. A disconnection ensures that those accounts stop accruing charges.

It is not a solution to say that other ratepayers can pick up the tab. Even though not all municipal electric customers pay 6% or more of their income on energy bills, we do have a number of customers on fixed incomes that are barely getting by at this time of record inflation and rising costs. They can ill-afford to bear the brunt of the rate increases that would be necessary if HB 3425 passed.

Beyond our policy concerns with HB 3495, it is unclear how the bill could even be implemented. For example, how would the customer demonstrate that their energy burden is 6% or more? Would the utility need to verify this by reviewing tax statements, gasoline receipts from auto fill ups, etc.? Additionally, once the threshold has been reached, the customer could use as much energy as they wish since there would be no obligation to pay; this would defeat the whole premise for conservation, which is a key tool for our state's ambitious climate goals. As for Sec. 3 of the bill, we already do reach out to customers with high energy use today to help connect them with our conservation programs, which we pay for through our BPA power rates.

As alluded to, without an obligation to pay one's electric bill, the permission granted in (3)(b) for the utility to keep billing, allow partial payment plans, or point customers to bill assistance would have no force.

While well intended, disconnection moratoriums do not work. Electricity is not free. Without the consequence of disconnection, there is little incentive to pay or communicate with the utility about a hardship that the customer may be facing. Once those communications take place, municipal electric utilities are willing to work with our customers—our neighbors—to get them the tailored assistance they need to avoid being disconnected. This is in our interest to keep the lights on. Perhaps more importantly, we genuinely care about our customers and the communities we serve.

We do not think a formal interim workgroup on disconnections is warranted. This topic has been thoroughly vetted the very recent past. However, we are always happy to discuss our practices in this area with policymakers and stakeholders.

Sincerely,

/s/ Jennifer Joly

Jennifer Joly, Director
Oregon Municipal Electric Utilities Association