State Report – Oregon

This Appendix furnishes detailed information for Oregon, including:

- Statistical Overview – Key characteristics for Oregon households and housing units.
- Needs Assessment – Statistics for Oregon low-income households and estimates of the need for energy affordability and energy efficiency programs.
- Legal and Regulatory Framework – A description of the legal and regulatory framework for low-income programs and identification of any legal or regulatory barriers to program design enhancements.
- Low-Income Affordability Programs – Information on Oregon's publicly funded affordability programs, the ratepayer-funded affordability programs targeted by this study, and an assessment of the share of need currently being met.
- Affordability Program Evaluation – A summary of the available evaluation findings regarding the performance of Oregon's affordability programs.
- Energy Efficiency Programs – Information on Oregon's publicly funded energy efficiency programs and the ratepayer-funded energy efficiency programs targeted by this study.
- Energy Efficiency Program Evaluation – A summary of the available evaluation findings regarding the performance of Oregon's energy efficiency programs.

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I. Statistical Overview

Oregon is the 27th largest state in terms of population. It is about average in terms of income and poverty (31st in median family income and 17th in individuals below poverty in 2005). In 2005, the median housing value was $201,200 and the median rent was $689.

Most housing units (85%) in Oregon are heated with regulated fuels, predominantly electricity (48%). Electricity prices are relatively low (23% below the national average) while the price of natural gas is at the national average. The weather is relatively cold in the winter (5,150 heating degree days compared to the national average of 4,524) and cool in the summer (only 237 cooling degree days compared to the national average of 1,242). Households are most at risk from the cold during the months of November through April

The following population and housing statistics were developed using data from the 2005 American Community Survey (ACS).

Population Profile

Total Population	3.6 million
Individuals 65 and Over	0.4 million (11%)
Individuals Under 18	0.8 million (22%)
Individuals 5 & Over Who Speak a Language Other than English at Home	0.5 million (14%)
Individuals Below Poverty	14% (17th nationally)

Household Profile

Total Households	1.4 million
Median Household Income	$42,944 (31st nationally)
Homeowners	
Total Homeowners	0.9 million (64%)
Median Value	$201,200 (16th nationally)
Median Housing Burden	22%
Renters	
Total Renters	0.5 million (36%)
Median Rent	$689
Median Rental Burden	29%

The following energy statistics were derived from a number of sources, including the 2005 American Community Survey (ACS), the Energy Information Administration's (EIA) supplier data collection, and NOAA's National Climatic Data Center (NCDC).

Energy Profile

Home Heating Fuel (Source: 2005 ACS)	
Utility gas	37%
Electricity	48%
Fuel Oil	5%
Other	10%
2005 Energy Prices (Source: EIA)	
Natural gas, per ccf	$1.290
Electricity, per kWh	$0.0725
Fuel oil, per gallon	$1.970
Weather (Source: NCDC)	
Heating Degree Days	5,150
Months of Winter (i.e., average temperature below 50°)	6
Cooling Degree Days	237
Months of Summer (i.e., average temperature above 70°)	0
Days with Temperatures Over 90°	15

[Note: Updates are available for energy prices and weather for 2006. Population statistics updates for 2006 will be available in August 2007.]

II. Profile of Low Income Households

Oregon policymakers have chosen to target the publicly funded and ratepayer-funded low income programs at households with incomes at or below 192% of the HHS Poverty Guideline. For 2005, the income standard for a one-person household was about $18,374 and the income standard for a four-person household was $37,152. For the analysis of low-income households in Oregon, we will focus on households with incomes at or below 192% of the HHS Poverty Guideline.

Table 1 furnishes information on the number of Oregon households with incomes that qualify them for the LIHEAP program and the ratepayer-funded programs. About 30% of Oregon households are income-eligible for these programs.

Table 1
Eligibility for Ratepayer Programs (2005)

Poverty Group	Number of Households	Percent of Households
Income at or below 192%	429,422	30%
Income above 192%	993,342	70%
ALL HOUSEHOLDS	1,422,764	100%

Source: 2005 ACS

Tables 2A and 2B furnish information on main heating fuels and housing unit type for Oregon low-income households. Table 2A shows that about 23% of low-income households use natural gas as their main heating fuel, significantly less than the 37% for all Oregon households. Low-income households are more likely to heat with electricity than the Oregon average. Table 2B shows that one of the reasons for the higher rate of electric main heat is that 27% of low-income households are in buildings with 5 or more units. Many multiunit buildings use electric space heating rather than natural gas or fuel oil. About 47% of low-income households live in single family homes, while 11% live in buildings with 2-4 units. Fourteen percent of households live in mobile homes.

Table 2A
Main Heating Fuel for Low-Income Households (2005)

Main Heating Fuel	Number of Households	Percent of Households
Electricity	267,774	62%
Fuel Oil	18,945	4%
No fuel used	2,772	1%
Other Fuels	40,030	9%
Utility Gas	99,901	23%
ALL LOW INCOME	429,422	100%

Source: 2005 ACS

Table 2B
Housing Unit Type for Low-Income Households (2005)

Housing Unit Type	Number of Households	Percent of Households
Boat, RV, Van, etc	2,005	1%
Building with 2-4 units	49,255	11%
Building with 5+	117,439	27%
Mobile Home	59,159	14%
Single Family	201,564	47%
ALL LOW INCOME	429,422	100%

Source: 2005 ACS

About 429,000 Oregon households are categorized as low-income. However, only those households that directly pay an electric bill or a gas bill are eligible for the Oregon ratepayer-funded programs. Table 2C shows that about 93% of low-income households directly pay an electric bill and that about 27% of low-income households directly pay a gas bill.

Table 2C
Low-Income Households
Direct Payment for Electric and/or Gas Bill (2005)

Poverty Group	Number of Households	Percent of Households
Electric Bill – Direct Payment	398,042	93%
Gas Bill – Direct Payment	115,166	27%
ALL INCOME ELIGIBLE	429,422	100%

Source: 2005 ACS

Tables 3A and 3B show the distribution of electric bills and burden for low-income households that do not heat with electricity and reported electric expenditures separately from gas expenditures.[1] Table 3A shows the distribution of electric expenditures for households that do not have electricity as their main heating fuel and Table 3B shows the electric energy burden.[2] Among these households, about 69% have electric bill that is less than $1,000 per year while about 10% have an annual electric bill of $1,500 or more. Electric energy burden is less than 5% of income for about 52% of these households, while it is greater than 15% of income for 15% of households.[3]

[1]The ACS allows respondents who have a combined electric and gas bill from one utility to report the total for both fuels. Those households are not included in these tables.

[2] Electric energy burden is defined as the household's annual electric bill divided by the household's annual income.

[3] About 13% of households have their electric usage included in their rent. These households have a nonzero electric energy burden, since part of their rent is used to pay the electric bill. However, since there is no way to measure the share of rent that is used to pay the electric bill, electric energy burden is unknown for these households.

Table 3A
Electric Bills for Low-Income Households without Electric Heat (2005)

Electric Bill	Number of Households	Percent of Households
$1 to less than $500	47,165	31%
$500 to less than $1,000	58,392	38%
$1,000 to less than $1,500	30,380	20%
$1,500 or more	15,827	10%
TOTAL	151,764	100%

Source: 2005 ACS

Table 3B
Electric Burden for Low-Income Households without Electric Heat (2005)

Electric Burden	Number of Households	Percent of Households
0% to less than 5%	78,863	52%
5% to less than 10%	40,557	27%
10% to less than 15%	10,005	7%
15% or more	22,339	15%
TOTAL	151,764	100%

Source: 2005 ACS

Tables 4A and 4B show the distribution of electric bills and burden for low-income households that heat with electricity. Table 4A shows the distribution of electric expenditures and Table 4B shows the electric energy burden. Among these households, about 59% have an electric bill that is less than $1,000 per year while about 19% have an annual electric bill of $1,500 or more. Electric energy burden is less than 5% of income for about 36% of these households, while it is greater than 15% of income for 19%.

Table 4A
Electric Bills for Low-Income Households with Electric Heat (2005)

Electric Bill	Number of Households	Percent of Households
$1 to less than $500	56,372	23%
$500 to less than $1,000	88,317	36%
$1,000 to less than $1,500	50,547	21%
$1,500 or more	46,915	19%
TOTAL	242,151	100%

Source: 2005 ACS

Table 4B
Electric Burden for Low-Income Households with Electric Heat (2005)

Electric Burden	Number of Households	Percent of Households
0% to less than 5%	87,878	36%
5% to less than 10%	77,625	32%
10% to less than 15%	30,581	13%
15% or more	46,067	19%
TOTAL	242,151	100%

Source: 2005 ACS

Tables 5A and 5B show the distribution of gas bills and burden for low-income households that heat with gas and report their gas bills separately from their electric bills. Table 5A shows the distribution of gas expenditures and Table 5B shows the gas energy burden. Among these households, about 69% have a gas bill that is less than $1,000 per year while about 12% have an annual gas bill of $1,500 or more. Gas energy burden is less than 5% of income for about 54% of these households, while it is greater than 15% of income for 14%.

Table 5A
Gas Bills for Low-Income Households (2005)

Gas Bill	Number of Households	Percent of Households
$1 to less than $500	43,191	39%
$500 to less than $1,000	32,917	30%
$1,000 to less than $1,500	21,053	19%
$1,500 or more	13,878	12%
TOTAL	111,039	100%

Source: 2005 ACS

Table 5B
Gas Burden for Low-Income Households (2005)

Gas Burden	Number of Households	Percent of Households
0% to less than 5%	59,827	54%
5% to less than 10%	26,141	24%
10% to less than 15%	9,680	9%
15% or more	15,391	14%
TOTAL	111,039	100%

Source: 2005 ACS

Tables 6A and 6B show the distribution of total electric and gas expenditures for low-income households that pay bills directly to a utility company. Table 6A shows the distribution of electric and gas expenditures and Table 6B shows the electric and gas energy burden. About 93% of households have an electric bill, a gas bill, or both. Almost half of low-income households have a total electric and gas bill that is less than $1,000 per year while only four percent have an annual bill of $2,500 or more. Electric and gas energy burden is less than 5% of income for 30% of low-income households, while it is greater than 25% of income for 12% of low-income households. [Note: As discussed later in this section, one of the ratepayer-funded programs targets a combined burden of 9% of income for program participants.]

Table 6A
Electric and Gas Bills for Low-Income Households (2005)

Electric and Gas Bill	Number of Households	Percent of Households
$1 to less than $500	72,532	17%
$500 to less than $1,000	131,071	31%
$1,000 to less than $1,500	87,412	20%
$1,500 to less than $2,000	49,262	11%
$2,000 to less than $2,500	40,575	9%
$2,500 or more	18,188	4%
No Bill	30,382	7%
ALL INCOME ELIGIBLE	429,422	100%

Source: 2005 ACS

Table 6B
Electric and Gas Burden for Low-Income Households (2005)

Electric and Gas Burden	Number of Households	Percent of Households
0% to less than 5%	128,222	30%
5% to less than 10%	131,106	31%
10% to less than 15%	51,651	12%
15% to less than 20%	25,072	6%
20% to less than 25%	13,234	3%
25% or more	49,755	12%
No Bill	30,382	7%
ALL Income Eligible	429,422	100%

Source: 2005 ACS

We have developed a series of demographic tables for households that pay an electric or gas bill. Table 7 furnishes information on the presence of vulnerable members in the household and illustrates what share of the population might be particularly susceptible to energy-related health risks. Table 8 shows the household structure for these households, and Table 9 presents statistics on the language spoken at home by these households.

Just over one-fourth of the low-income households with utility bills are elderly. More than one-third of low income households with utility bills do not have any vulnerable household members. Some programs choose to target vulnerable households with outreach procedures and may offer priority to these households.

Table 7
Vulnerability Status for Low-Income Households with Utility Bills (2005)

Vulnerability Type	Number of Households	Percent of Households
Disabled	79,642	20%
Elderly	101,899	26%
No Vulnerable	138,342	35%
Young Child	79,157	20%
Total	399,040	100%

Source: 2005 ACS

About one-third of the low-income households have children, just under one-fourth are headed by a person 65 or older, and 41% are other household types. Single parent families with children represent almost one-fifth of low-income households with utility bills.

Table 8
Household Type for Low-Income Households with Utility Bills (2005)

Household Type	Number of Households	Percent of Households
Married with Children	65,316	16%
Other	162,732	41%
Senior Head of Household	97,352	24%
Single with Children	73,640	18%
TOTAL	399,040	100%

Source: 2005 ACS

Thirteen percent of low income households speak Spanish and about 3% speak an Indo-European language (e.g., Russian, Polish). In total, program managers might find that almost two out of ten eligible households speak a language other than English at home.

Table 9
Language Spoken at Home by Low-Income Households with Utility Bills (2005)

Language Spoken	Number of Households	Percent of Households
English	319,767	80%
Spanish	51,680	13%
Indo-European	13,866	3%
Other	13,727	3%
TOTAL	399,040	100%

Source: 2005 ACS

III. Legal and Regulatory Framework

Oregon's universal service program is a creature of statute. The state's electric and natural gas utilities operate under separate statutory authority. Funding electric affordability programs in Oregon is mandatory. Funding for natural gas programs is not. The electric and natural gas statutory provisions are discussed separately below.

A. Oregon's Electric Low-Income Assistance Program

As part of the legislative approval of a move to electric restructuring in Oregon, the state legislature enacted statutory language explicitly creating a universal service fund.[4] The legislature declared that the program was created:

> . . .for the purpose of providing low-income bill payment and crisis assistance, including programs that effectively reduce service disconnections and related costs to retail electricity customers and electric utilities. Priority assistance shall be directed to low-income electricity consumers who are in danger of having their electricity service disconnected.[5]

The statute created a universal service fund. After the initial years of the law, the funding level was set at $10 million annually beginning in 2002.[6] Recent proposals have been introduced to increase the funding level to $15 million annually and to allow subsequent changes in the level of funding as the number of residential customers and business kWh sales increase.[7]

The Oregon fund applies only to the state's two investor-owned electric utilities: Portland General Electric and PacifiCorp. Funding is collected from all retail customers of these investor-owned electric companies.[8] Residential customers pay a monthly meters charge, while non-residential customers pay a per kWh charge.[9] The contribution of any individual non-residential customer, however, is capped at $500 per year per "site" for each customer.[10] The Oregon Public Utilities Commission (OPUC) is charged with the responsibility of setting both the meters charge and kWh charge to generate the annual funding of $10 million.[11] The OPUC determines the distribution of the $10 million between the residential and non-residential customer classes, as well as the individual charges. In reaching this decision each year, the OPUC considers periodic filings by the two utilities based on the utilities' most recent load forecasts.[12]

Under the Oregon low-income assistance program, low-income customers of the contributing electric companies can receive one regular assistance payment per year toward their electric bill. Under "special circumstances," these customers may also receive an additional "crisis"

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[4] Popularly known as Senate Bill 1149, the Oregon low-income program was codified at ORS, § 757.612 et seq. (2007).
[5] ORS, §757.612(7)(d) (2007).
[6] ORS, §757.612(7)(b) (2007).
[7] Oregon Senate Bill 461 (2007).
[8] See generally, Oregon *Energy Assistance Program, Report to the 74th legislative Assembly*, Oregon Housing and Community Services, December 31, 2006. The statute provides that "the Oregon Housing and Community Services Department shall prepare a biennial report to the Legislative Assembly describing program spending and needs for low-income bill assistance." ORS, § 757.612(2) (2007).
[9] Under the statute, "The commission shall determine each electric company's proportionate share of the total amount. The commission shall determine the amount to be collected from a retail electricity consumer . .." ORS, §757.612(7)(b) (2007).
[10] ORS, §757(7)(b) (2007).
[11] ORS, §757.612(7)(b) (2007).
[12] See generally, ORS, §757.205 (2007; see e.g., Portland General Electric's Advice No. 02-25 and PacifiCorp's Advice No. 02-028 (December 2, 2002) (to go into effective January 1, 2003) (setting meters charge at $0.38 per month and kWh charge at $0.038/kWh); Portland General Electric's Advice 05-002 and PacifiCorp Advice 05-003(to go into effect April 1, 2005) (setting meters charge at $0.33 and kWh charge at $0.033/kWh).

payment.[13] These assistance amounts can reach a maximum of $300 and $500 respectively.[14] A single grant is made to customers each year.

As with most such low-income programs, while administration of the funding of the program was placed under the supervision of the state utility commission, the program administration was placed within the state LIHEAP agency. The Department of Housing and Community Services (OHCS) set the eligibility for the Oregon program equal to 60% of state median income, believing median income "better represents local conditions" than does the Federal Poverty Leve.[15] The utilities collect the funding each month and pay it to OHCS. OHCS contracts with a network of community-based organizations to identify and enroll qualified electric customers.

B. Oregon's Low-Income Gas Assistance (OLGA) Program

At roughly the same time the legislature was mandating an electric affordability initiative for the State of Oregon, it was also authorizing natural gas companies to develop and propose individual company Oregon Low-Income Gas Assistance (OLGA) programs for approval by the Oregon state utilities commission. In 2001, the legislature amended the state's public utility law to provide that:

> The Public Utility Commission may authorize a natural gas public utility, upon application of the utility, to include in rates for residential customers of the utility amounts for the purpose of generating funds to be used for bill payment assistance to low-income residential customers of the state.[16]

The statute was written to be an explicit exemption from the statutory ban on discriminatory ratemaking. Oregon's basic public utility law provides that "a public utility may not charge a customer a rate or an amount for a service that is different from the rate or amount the public utility charges any other customer for a like and contemporaneous service under substantially similar circumstances."[17] Moreover, the statute provides that "a public utility may not charge a customer a rate or an amount for a service that is different from the rate of amount prescribed in the schedules or tariffs for the public utility."[18]

The Oregon natural gas statute differs sharply from its electric counterpart. First, while the electric statute mandates an electric affordability program, the natural gas statute merely authorizes the state utility commission to approve such a program should it so choose. In addition, the Oregon statute, mirroring its Washington counterpart, allows the state utility commission to approve a natural gas affordability program only if the program is first proposed by the gas utility.

There is ambiguity in the natural gas statute. It is not clear, for example, whether the statute requires an "all or nothing" approach to Commission approval. Once a utility proposes a program, the statute is not clear whether the Commission must approve that program *as proposed* or whether the Commission may order modifications in the proposal whether or not the proposing company consents to those modifications. Moreover, it is not clear whether a

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[13] Khawaja, Sami and Sharon Baggett (January 2002). Oregon Energy Assistance Program Evaluation, at 1-1, prepared for Oregon Housing and Community Services: Portland (OR). (hereafter Program Evaluation).
[14] Program Evaluation, at 1-4.
[15] Program Evaluation, at 1-4.
[16] ORS, §757.315(3) (2007).
[17] ORS, §757.310(2) (2007).
[18] ORS, §310.310(1) (2007). One additional exemption provided by statute is that a utility may provide "an optional schedule or tariff for the provision of energy service that takes into account a customer's past energy usage and provides price incentives designed to encourage changes in the customer's energy usage that correspond to changes in the cost of providing energy." ORS, §757.310(3)(c) (2007).

natural gas utility is authorized, outside of this statute, to provide a low-income affordability program so long as the utility does not seek to "include in rates for residential customers of the utility amounts for the purpose of generating funds to be used for bill payment assistance."[19] Under such a program, the statutory rate discrimination proscription would not be violated, since the low-income bill would be paid in full (albeit from different funding sources).

Avista Utilities

The precise construction of the statutory wording for Oregon's natural gas statute, however, was rendered moot as the state's natural gas utilities sought approval for affordability programs pursuant to the statute. In March 2002, Avista Utilities submitted a proposal to create a Residential Low-Income Rate Assistance Program (LIRAP) for its residential gas customers.[20] Under the Avista program proposal, the company would seek increased funding equal to roughly one-half of one percent of a residential customer's natural gas billing rate ($0.00438 per therm). The company calculated that residential customers would pay roughly 25 cents at an average usage of 56 therms, compared to the 35 cent assessment on electric customers. In recommending approval of the program, the OPUC staff reported that:

> Avista's application identifies a need for additional low-income bill payment assistance in the company's Oregon service territory, citing Oregon Housing and Community Services data, showing that Community Action Agencies currently providing low-income bill payment assistance in Avista's Oregon service territory are presently limited by funding to serving less than 14% of the households in need of low-income bill payment assistance.
>
> Avista's own internal data also identifies an increased need for low-income bill assistance within its Oregon service area. Notable among the company's statistics are a 65% increase in payment arrangements, a 26% increase in field collection orders and an increase of 21% in the number of customer accounts written off, resulting in a 93% increase in the amount written off.[21]

The proposed LIRAP program was designed to be used by local community action agencies "in conjunction with and in addition to existing" federal fuel assistance funds "to expand the reach of existing energy assistance." Avista estimated that it would serve an additional population of between 500 and 1,000 households. Households would receive winter assistance, with the "potential for assistance in non-winter months."[22] Program participants would be allowed, but not required, to enroll in the company's levelized monthly billing program.

Northwest Natural Gas

Northwest Natural Gas soon proposed an OLGA program similar to the LIRAP that had been approved for Avista Utilities. Northwest Natural Gas began collecting a monthly OLGA charge of 25 cents in October 2002. In February 2006, the Company requested an increase in its OLGA charge to 31 cents. While representing an increase of 25%, in recommending approval of the increase, the OPUC staff observed that it was "less than the company's 2004 and 2005 gas cost increases."[23] The proposed increase would result in a total of roughly $1.9 million in low-income assistance in the next year.

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[19] *See, e.g.*, initiatives in Missouri and Colorado under which arguably external funding sources (e.g., transportation gas refunds, unauthorized pipeline usage charges) were proposed as funding sources.
[20] Avista Utilities Advice No. 02-2-G (March 8, 2002).
[21] Avista Utilities Advice No. 02-2-G, Staff Report (April 2, 2002).
[22] Avista Staff Report, at 5.
[23] Northwest Natural Gas Advice No. 06-4, Staff Report (April 20, 2006).

In addition, the Company's 2006 filing indicated that Northwest Natural Gas "plans to propose a mechanism in its 2006 Purchased Gas Cost filing that will provide a more systematic way to adjust the OLGA charge (up or down) as residential billing rates increase or decrease."[24] The need to modestly increase the charge supporting the gas affordability program resulted not merely from a 35% increase in local distribution gas rates, but from increased experience with the dynamics of the charge. According to the OPUC staff:

> The OLGA charge has not been increased since its inception in 2002. Over the last two years, two gas cost increases have raised NW Natural residential rates by about 35 percent. During the 2004-2005 program year, NW Natural collected about $1.5 million and served 4,996 low-income customers with an average payment per household of $309. The OLGA program served 59 fewer customers than the prior program year (2003-2004) and the average payment per household increased by $27. NW Natural believes this demonstrates that the current growth in OLGA revenues of three percent per year due to customer growth does not provide sufficient funding to meet current program needs, given the higher gas costs and resulting higher bills per customer.[25]

In approving the 2006 NW Natural request for an increase in its OLGA charge, the OPUC found that there was a need to develop more specific standards on when, and to what extent, future changes in the OLGA charge would be approved. Those standards would involve measuring the need for increased funding along with the availability of other sources of energy assistance in each natural gas company's service territory. Each of the three investor-owned gas utilities, along with service providers such as the Community Action Directors of Oregon (CADO), would be invited to participate in promulgating those standards.

Cascade Natural Gas

In 2006, as part of a decoupling docket, Cascade Natural Gas agreed to fund two new public purpose programs.[26] One of these programs provides bill payment assistance. Under the new program, Cascade Natural Gas would implement a "public purpose charge" equal to 0.75% of its current revenues.[27] That charge would be expected to generate no less than $500,000 per year as "public purpose funds." Cascade Natural Gas agreed to transfer 20% of those funds to local community action agencies to support low-income weatherization and bill assistance programs. Three quarters of the low-income funds would be devoted to weatherization programs, with the remainder devoted to bill assistance. Funding not distributed in any given year would be carried forward to the next year.

The Cascade Natural Gas bill assistance program is tied closely to the state administration of the federal LIHEAP program. The Company agreed to distribute these bill assistance funds among the community action agencies serving its territory in the same proportion as LIHEAP funds are distributed. The funds, to be provided only to Cascade Oregon customers, would then be distributed based on the LIHEAP payment matrix most currently in use by the state LIHEAP office. The local community action agencies doing LIHEAP intake would have sole responsibility to screen and approve applicants for eligibility. As is evident, the impact of the Cascade Natural Gas program is to extend the LIHEAP program to households that might otherwise not be served due to the lack of federal funding.

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[24] Northwest Natural Staff Report, at 2.
[25] Id., at 2.
[26] In the Matter of Cascade Natural Gas Corporation Request for Authorization to Establish a Decoupling Mechanism, Docket UG167, Stipulation, at paras. 10 and 11 (April 2006).
[27] The level of the public purpose charge would be subject to change upon review.

C. Non-Statutory Affordability Programs in Oregon

Not all utility rate affordability programs in Oregon operate under the statutory framework discussed above. In adopting the electric affordability program in 1999, the Oregon legislature also authorized Oregon electric utilities to provide their own company-specific affordability programs. Under the statute, the state utility commission was explicitly authorized to "allow an electric company to provide reduced rates or other payment or crisis assistance or low-income program assistance to a low-income household eligible for assistance" under the federal LIHEAP program.[28] Programs adopted pursuant to this authorization would be in addition to the electric affordability funding administered through the state LIHEAP office.

In August 2006, Portland General Electric Company proposed an arrearage forgiveness program under the authority of this statute.[29] Called the New Start Pilot, the arrearage program would be made available to the first 600 residential customers who qualified for the federal LIHEAP program and had an outstanding balance of at least $100 (or a balance of at least $100 on an existing payment agreement).

New Start program participants would be placed on a 24-month levelized payment agreement. When a participant makes 12 consecutive monthly payments on time and in full (and attends one "energy awareness class"), the company would waive 50% of the customer's arrearage. According to the Company, its intent was to "test several hypotheses," including:

> The requirements for participating in the New Start Pilot will improve customers' payment habits; timely payments will reduce the costs associated with payment delinquency; and the 24-month, levelized time payment agreement will provide customers with stable and predictable monthly bills, which should reduce the likelihood that the participants will become delinquent in the future.[30]

In addition to citing the Commission's statutory authority under §757.612, the Company cited its authority under Commission payment plan regulations to enter into "alternate payment arrangements."[31]

The OPUC staff recommended approval of the New Start Pilot. According to the Staff, the Company:

> . . .developed the New Start Pilot in response to the inevitable accrual of monies resulting from customer accounts that are not paid and eventually booked to the utility's accounts as uncollectible funds. The Pilot is structured to encourage the modification of customer behavior that is related to bill payment, through a combination of education and financial reward.[32]

The Staff noted further that all administrative costs for the program, as well as the portion of a customer account that may be written off, would be booked below the line. After one year, the Staff said, the Company will review the program and recommend modifications or termination of the program as appropriate.

Summary and Conclusions

The past and present Oregon statutes present opportunities to gain insights into the limits and potentials of utility affordability programs. The basic Oregon ratemaking statute appears to

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[28] ORS, §757.612(3)(f) (2007).
[29] Portland General Electric Advice 06-17, August 4, 2006 (proposed to be effective September 6, 2006).
[30] PGE New Start Pilot Advice No. 06-17.
[31] OAR, §860-021-0415(4) (2007).
[32] New Start Pilot, Staff Report, August 24, 2006.

have historically been used to foreclose the opportunity for rate assistance programs. The reading of this statute appears to have been too narrow in this regard. The statute, by its very terms, is limited to a proscription on utilities *charging* one customer a different rate from that charged to a different customer. Moreover, the statutory language is limited to a proscription of a utility from *charging* a rate different than that which is prescribed in its rates or tariffs. Under such a statute, it would be possible to charge all customers the same rate (as well as charge all customers a rate which does not differ from the tariff). In contrast, however, the utility could collect funds that would be used as energy assistance to supplement the *payment* of low-income bills. As currently exists, in other words, while the low-income charges would be the same, the low-income utility customer could receive supplemental funding from a source of utility revenue. Such a program would not run afoul of the plain language of the Oregon statute.

Enactment of the present-day statutory framework, however, renders this analysis moot. The statute mandates electric low-income assistance funding, and authorizes natural gas rate affordability programs. Moreover, the statute explicitly authorizes electric companies to provide rate relief that goes beyond the generation of energy assistance funding.

Oregon's electric statute, however, does not purport to take on the issue of energy affordability. Rather, the state's electric assistance statute focuses on the prevention of utility arrears and service terminations. "Priority assistance," the statute specifically says, is to be provided to customers in danger of having their service disconnected.

While not mandated by statute, the Oregon rate programs (outside of PGE's proposed arrearage forgiveness program) are closely integrated with the state's LIHEAP office. For the most part, eligibility is set at the same level, intake is done through the same network of community-based agencies, and benefit levels are tied to existing federal LIHEAP benefit levels.

Outside these basic energy assistance programs, the New Start Pilot program breaks new ground. Modeled as a form of "payment plan" rather than as a rate discount, the program was presented under the utility's authority to enter into "alternate payment plans." Moreover, as with many of the initial affordability programs around the nation, the New Start Pilot was approved as an experimental project designed to generate information, and to increase understanding of how programs operate and how customers respond to such programs, as much as to enhance the affordability of underlying low-income bills.[33]

IV. Low-Income Affordability Programs

The four major affordability programs available to low-income households in Oregon are the LIHEAP Program, the Oregon Energy Assistance Program, the EWEB Customer Care Program (including Customer Care Plus), and the NW Natural Gas Oregon Low-Income Gas Assistances Program.

- LIHEAP Program – In 2005, the Oregon LIHEAP program received about $25.5 million in funding from the Federal government.[34] Since about 85% of low-income households use natural gas or electricity for their home heating fuel, we will estimate that about $21.7 million was made available to gas and electric customers for LIHEAP benefits.

- Oregon Energy Assistance Program – In 2005, the Oregon Energy Assistance Program furnished about $10.0 million in benefits to eligible households.[35]

[33] As of the date of this writing, the New Start Pilot was continuing.
[34] Source: LIHEAP Clearinghouse
[35] Source: LIHEAP Clearinghouse

- EWEB Customer Care Program (including Customer Care Plus) – In 2005, the EWEB Customer Care Program furnished about $1.6 million in benefits to eligible households.[36]

- Oregon Low-Income Gas Assistances Program – In 2005, the NW Natural Gas Oregon Low-Income Gas Assistances Program furnished about $1.4 million in benefits to eligible households and the Avista program furnished about $200,000.[37]

In total, about $35 million was available to help pay the electric and gas bills for low-income households. Using the ACS data, we estimated the following statistics regarding the aggregate electric and gas bills for low-income households in Oregon.

- Aggregate Electric and Gas Bill – The total electric and gas bill paid directly by low-income households is estimated to be about $473 million. The available funding of $35 million in benefits would cover about 7% of the total bill for low-income households.

- 5% Need Standard – Some analysts suggest that 5% of income is an affordable amount for low-income households to pay for the energy needs. The aggregate value of electric and gas bills that exceeds 5% of income is estimated to be about $220 million. The available funding of $35 million in benefits could cover about 16% of the unaffordable amount for low-income households. [Note: If benefits from any of the four programs are allocated to households with an energy burden less than 5% of income, the program would not cover 16% of the estimated need.]

- 15% Need Standard – Some analysts suggest that 15% of income is an affordable amount for low-income households to pay for the energy needs. The aggregate value of electric and gas bills that exceeds 15% of income is estimated to be about $71 million. The available funding of $35 million in benefits could cover about 49% of the unaffordable amount for low-income households if it were targeted to only those households with energy bills greater than 15% of income.

- 25% Need Standard – Many low-income households pay more than 25% of income for energy service. Among the ratepayer-funded low-income programs that have used a percent-of-income guideline in their benefit determination process, none have been as high as 25% of income for combined use of electric and gas. The aggregate value of electric and gas bills that exceeds 25% of income is estimated to be about $44 million. The available funding of $35 million in benefits could cover about 80% of the unaffordable amount for low-income households if it were targeted to households with energy bills greater than 25% of income.

These statistics demonstrate that the Oregon programs cover a significant share of the total low-income need, but do not meet the entire need from the three need standards examined. In addition, since we know that the LIHEAP does not require households to exceed these need thresholds to receive benefits, some of the funding is being allocated to households that do not exceed these need standards.

The OEAP program was authorized by the legislature as part of the electric restructuring in Oregon that took place in 2002. The OEAP program applies to the state's two investor-owned utilities, Portland General Electric and Pacificorp. Some important features of the administration of the OEAP include:

- Commission Oversight – The commission maintains overall responsibility for making policy decisions with respect to the OEAP. One of those responsibilities is to set the

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[36] Source: Eugene Water and Electric Board
[37] Source: LIHEAP Clearinghouse

program funding level and to establish the charges for residential and commercial customers that will support those funding levels.

- LIHEAP Office Operations – The state LIHEAP Office is responsible for operation of the program, including the development of systems for program intake, benefit determination, and financial reporting.

Some important features in the design and implementation of the NJ USF program include:

- Benefit Matrix – The program uses a benefit matrix to determine set program benefits levels.

- Benefit Types – There are a number of different benefit types that allow the program to serve many different types of households, including those that do not directly pay a utility bill.

- Budget Counseling – The E2C2 program is funded, in part, with OEAP funds. That program furnishes case management for households that have difficulty in paying their bills.

The following table furnishes detailed information on the OEAP program.

Program State	Oregon
Program Name	Oregon Energy Assistance Program (OEAP)
Utility Company (If Applicable)	PacifiCorp and Portland General Electric
Program Goals	Assist participating households to maintain affordable continuous and safe home energy, while lowering their energy burden.
Funding Source (SBC or Rates)	SBC: Meter charge. Residential customers pay $.33 per month and commercial customers pay up to $500 per month. Meter charges are regularly adjusted (up and/or down) to meet the statewide $10 million limit.
Annual Program Funds – Allocated (2006)	$9,946,727 (revenue 2006)
Annual Program Funds – Expended (2006)	$9,467,665
# of Households Served (2006)	22,514 households and 66,532 clients.
Participation Limit (Maximum # of Enrollees)	None.
Eligibility – % of Poverty Level	Household income at or below 60% of the state's median income.
Eligibility – Other Criteria	Households must receive service from PacifiCorp or Portland General Electric (PGE).
Targeted Groups	Priority is directed toward clients who are past due on their bills or in danger of disconnection.
Benefit Calculation Type (% of Income, Benefit Matrix, etc.)	Benefit matrix.
Benefit Calculation (Document Formula)	Regular payments are determined from a Benefit Matrix. There are six types of authorized payments in the program. Eligible clients, except those in subsidized housing, may receive both Standard and Crisis payments. The six types of payments include: o *Regular:* Total amount, based on eligibility guidelines for income and household size, payable to energy supplier. o *Subsidized:* Applicant lives in subsidized housing and receives only one-half of a regular payment; may also apply for a full crisis payment; may not receive both o *Crisis Payment:* Funds to specifically address criteria such as life threatening situations, supply shortages, cost of fuel disproportionate to household income, and other situations o *Roomer/Boarder/Owner:* Living situation where individual makes one fixed monthly

	payment that includes heat and or utility cost; applicant will receive 50% of regular payment based on income and household size o *Special:* Payment to cover unusual circumstances that do not fall under another category o *Shutoff:* Payment is being issued for a regular and a crisis payment at the same intake appointment
Benefit Amount (Mean Subsidy)	$321
Benefit Limit	$300 – Standard payment $500 – Crisis payment
% of Program Dollars Spent on Administrative Costs	2% - OHCS Administration 8.5% - Agency Administration 10% - Combined
Benefit Distribution (Fixed Payment, Fixed Payment with a Limit, Fixed Credit, Fixed Credit with Budget Billing, etc.)	Fixed Annual Credit
Arrearage Forgiveness Plan – Y/N	No
Amount Eligible for Forgiveness (Dollars, %, or Unlimited)	N/A
Forgiveness Requirement (Payments, On-Time Payments)	N/A
Forgiveness Period (One-Time, 12 months, 24 months, etc.)	N/A
Program Manager (PUC, State, Utility)	Oregon Housing and Community Services (OHCS)
Data Manager (PUC, State, Utility, Other)	OHCS
Enrollment Responsibility (Utility, CAP, etc.)	Community Action Agencies
Application Method (Mail, In-Person, Phone)	Application methods vary by agency. All agencies allow in-person application and most allow mail applications for senior and/or homebound clients.
Joint Application	Agency staff integrate the OEAP and LIHEAP intake processes (i.e., the applications are the same). A copy of this application is attached to this document.
Recertification Required – Y/N	No. Clients must reapply every year for the benefit.
Recertification Frequency	N/A
Recertification Method (Agency, Automatic Enrollment, Self-Certification)	N/A
Recertification Procedures	N/A
Removal Reasons	N/A
Other Communications	Agency staff try to provide energy education during intake but this is not a component of the Program. However, E2C2 provides case management support to clients. Some of OEAP interest funds fund the E2C2 program and the two programs are somewhat integrated (and moving towards increasing integration).
Budget Counseling	Agency staff usually provide budget counseling but this is not a component of the Program.
Evaluation Frequency	Regular evaluations are not regulated by statute. First and only evaluation: January 2003 http://www.oregon.gov/OHCS/CRD/SOS/docs/OEA_Evaluation_011303_final.pdf
Coordination with LIHEAP	Agency staff integrate the OEA intake process with the LIHEAP intake process (i.e., the applications are the same). The Program was designed to be easily implemented alongside LIHEAP. All fiscal requirements are the same and the same agencies are used to deliver the Program.
Coordination with WAP	On the intake form clients are asked if they are interested in weatherization services. These clients are then referred to the weatherization program.

Coordination with Energy Efficiency Programs	Agencies are expected to inform and refer clients to available weatherization programs (including ECHO).
Coordination with Other Energy Affordability Programs	Community Action Agencies work with other energy affordability programs (e.g., fuel funds, Oregon Low Income Gas Assistance Program, Consumer Owned-Utility Low Income programs) to serve clients.

The following table furnishes detailed information on the E2C2 program.

Program State	Oregon
Program Name	Energy Efficiency and Consumer Competency (E2C2)
Utility Company (If Applicable)	None. This program is state-wide and fuel-blind.
Program Goals	Committed to addressing the disproportionate energy burden facing many low-income households throughout Oregon through energy education and case management services. E2C2 aims to better serve low-income households by integrating energy assistance programs in the state.
Funding Source (SBC or Rates)	The E2C2 program receives it funding from a variety of sources including SBC funds, rates, and Public Funding. The breakdown of the funding is outlined below. Case Management Component: Duke and El-Paso Settlement (one-time allocation of $52,855 per agency); OEAP Interest and Administrative Dollars (54%); LIHEAP Assurance 16 Dollars (46%) Energy Efficiency Component: DOE, LIHEAP, Bonneville Power Administration (BPA), ECHO Weatherization and Energy Education Funds (89%), Settlement Funds.
Annual Program Funds – Allocated (2006)	Case Management: approx. $1 Million annually; Energy Efficiency: $3,219,161 (Total) $2,862,008 (ECHO funds)
Annual Program Funds – Expended (2006)	E2C2 is a new program. Most agencies did not begin offering combined services until 1/2007.
# of Households Served (2006)	E2C2 is a new program. Most agencies did not begin offering combined services until 1/2007.
Participation Limit (Maximum # of Enrollees)	E2C2 has three levels of participation. o The first level is an intake level in which all clients that need help may receive the minimum help available (i.e., clients receive referrals to Energy Assistance and Oregon Helps). o The second level is intended for clients that need short-term assistance (i.e., clients receive level one assistance; referral to other priority assistance such as food boxes, transportation, rent; and referral to level three). These clients may need case management services for less than 6 months. o The third level provides intensive case management in which clients work with a case manager to develop an action plan to help address their needs. Only 20-30 households will receive level three services at each Community Action Agency at any one time. There is no limit on the amount of households that receive level one and level two services.
Eligibility – % of Poverty Level	Household income must be at or below 60% of the state's median income.
Eligibility – Other Criteria	Criteria for entry into case management: o Households must either receive or be on the waiting list for LIEAP, OEP, WAP, ECHO, or another type of energy assistance. o Desire o Some level of housing stability o Some level of income
Targeted Groups	No.
Program Components	o Household Needs Assessment o Web-based linkage to Oregon Helps o Consumer energy education about how to reduce energy usage and costs o Energy bill assistance through OEAP and LIEAP o Bill Payment Options (including incentives to make regular payments) o Weatherization services

	o Energy Saving Kits o Case management that links clients to additional services with the goal of increased self-sufficiency skills
Benefit Calculation Type (% of Income, Benefit Matrix, etc.)	N/A
Benefit Calculation (Document Formula)	N/A
Benefit Amount (Mean Subsidy)	N/A
Benefit Limit	N/A
% of Program Dollars Spent on Administrative Costs	N/A
Benefit Distribution (Fixed Payment, Fixed Payment with a Limit, Fixed Credit, Fixed Credit with Budget Billing, etc.)	N/A
Arrearage Forgiveness Plan – Y/N	No. However, case managers at the community action agencies sometimes try to work out arrearage forgiveness plans for their clients with the utility.
Amount Eligible for Forgiveness (Dollars, %, or Unlimited)	N/A
Forgiveness Requirement (Payments, On-Time Payments)	N/A
Forgiveness Period (One-Time, 12 months, 24 months, etc.)	N/A
Program Manager (PUC, State, Utility)	OHCS
Data Manager (PUC, State, Utility, Other)	OHCS
Enrollment Responsibility (Utility, CAP, etc.)	Community Action Agencies.
Application Method (Mail, In-Person, Phone)	Clients that are taken on by the agency at level three must apply for the program in-person or by phone.
Joint Application	E2C2 intake is streamlined with the client's participation in LIEAP, OEAP, WAP, ECHO, and any other energy assistance.
Recertification Required – Y/N	No.
Recertification Frequency	N/A
Recertification Method (Agency, Automatic Enrollment, Self-Certification)	N/A
Recertification Procedures	N/A
Removal Reasons	o Client indicates they no longer need case management (the program expects clients to stay in the case management level for a minimum of 6 months). o Client non-participation
Other Communications	In-home visits that provide energy education, in-person appointments, and phone check-ins.
Budget Counseling	Yes. However, the level of counseling varies by agency. Budget counseling is a regular component of case management, however some agencies also have structured workshops and/or partnerships within the community to provide budget education through local banks and/or community colleges.
Evaluation Frequency	There is no statute that mandates regular evaluations of the E2C2 program. However, the program will be evaluated in 2009.
Coordination with LIHEAP	E2C2 application process is streamlined with LIHEAP.
Coordination with WAP	E2C2 application process is streamlined with WAP.

Coordination with Energy Efficiency Programs	E2C2 application process is streamlined with ECHO.
Coordination with Other Energy Affordability Programs	E2C2 application process is streamlined with OEAP.

The EWEB Customer CARE program was implemented by the Eugene Water and Electric Board. EWEB is not subject to commission regulatory authority. Some important features of the program include:

- Funding – The program is funded at about $1.6 million per year.
- Benefit Types - There are a number of different benefit types that allow the program to serve many different types of households, including a percent of income plan, a crisis grant, and incentive payments for participating in case management services.
- Program Intake and Service Delivery – Local CAP agencies conduct program intake and deliver case management services.

The following table furnishes detailed information on the EWEB program.

Program State	Oregon
Program Name	Customer Care (Two components: Customer Care and Customer Care Plus)
Utility Company (If Applicable)	EWEB
Program Goals	To assist EWEB's low-income customers in becoming stable customers.
Funding Source (SBC or Rates)	Rates, donations, and grants
Annual Program Funds – Allocated (2006)	$1.6 million (Rates)
Annual Program Funds – Expended (2006)	$1.6 million
# of Households Served (2006)	4,558 households
Participation Limit (Maximum # of Enrollees)	None.
Eligibility – % of Poverty Level	60% of Oregon's Median Income
Eligibility – Other Criteria	Families with income over this amount are eligible if: o They have had a member on active military duty in the last twelve months. o On a case by case basis, clients can appeal to the bill appeals committee for assistance if they have an extenuating circumstance (e.g., deceased spouse)
Targeted Groups	Seniors, clients with a potential medical crisis, the working poor, households with young children (6 or younger).
Benefit Calculation Type (% of Income, Benefit Matrix, etc.)	Percent of Income; Crisis Payment
Benefit Calculation (Document Formula)	The **Percent of Income Program** is available to households at 100 percent of poverty or less. Exceptions can be made. Participants pay: (9% of income – medical expenses) **Customer Care Base Fuel Fund Program** serves households in crisis (household incomes are at or below 60% of Oregon's Median Income).

	Benefit: the amount owed by the participant (up to $200). If the participant has a medical crisis, they can receive an additional payment of $500. Participants can receive the benefit several times a year until they reach the $200. Participants can receive up to $375 in incentive payments for completing certain aspects of their case management program under the **Bill Assistance Payments (BAPs) Program:** Some incentives include: o Intake appointments: $50 o Complete the four budget counseling classes: $125
Benefit Amount (Mean Subsidy)	N/A
Benefit Limit	Percent of Income Program: $1050 Customer Care Base Fuel Fund: $200 (no medical crisis) $500 (medical crisis) Bill Assistance Payments: $375
% of Program Dollars Spent on Administrative Costs	9%
Benefit Distribution (Fixed Payment, Fixed Payment with a Limit, Fixed Credit, Fixed Credit with Budget Billing, etc.)	Fixed
Arrearage Forgiveness Plan – Y/N	Yes
Amount Eligible for Forgiveness (Dollars, %, or Unlimited)	$1000
Forgiveness Requirement (Payments, On-Time Payments)	Participants must complete the program requirements: (attending appointments, installing CFLS, following through on case manager direction).
Forgiveness Period (One-Time, 12 months, 24 months, etc.)	12 months (or 24 months if their case workers extend their participation).
Program Manager (PUC, State, Utility)	EWEB
Data Manager (PUC, State, Utility, Other)	EWEB: manages internal and external (i.e., data collected by the CAP agency) data.
Enrollment Responsibility (Utility, CAP, etc.)	CAP agencies
Application Method (Mail, In-Person, Phone)	Call to make an intake appointment with an agency worker. Homebound clients can receive a visit or phone call for intake.
Joint Application	No.
Recertification Required – Y/N	Participants have to apply again to the program every year unless their case worker would like to keep them in the program an additional year.
Recertification Frequency	Annual.
Recertification Method (Agency, Automatic Enrollment, Self-Certification)	Agency.
Recertification Procedures	Participants have to complete an application. However, when the agency is determining eligibility by virtue of intake for LIHEAP, senior citizens that applied for LIHEAP by mail are not required to visit the office.
Removal Reasons	o Non-compliance – not attending meetings, workshops, or referrals to services. o Not making agreed payments (under the Percent of Income Program) o Receiving a fine from the utility (e.g., participants may receive a fine for tampering with a meter, threatening to assault or actually assaulting a case manager or utility employees or contractor employees, fraud, etc.)
Other Communications	The Customer Care Program is a comprehensive energy assistance program that not only provides bill payment assistance and arrearage forgiveness but also includes a case management component.

	Households in the Percent of Income Program receive: o Case management (initial intake, several follow-up phone calls, additional home visits, more extensive referrals to additional programs that are available to the community) o Extensive individualized energy conservation education. o Weatherization, energy efficient appliances All program participants receive an Energy Kit: The kit includes a toilet leak test kit, 3 CFLs, a wall thermometer, a shower timer, a booklet on conservation tips, a book on how to read their meter, and instructions on how to turn down hot water heater temp. All program participants receive energy education individually or through workshops provided by the Community Action Agency (county government agency). Eligible participants are sent mailings about LIHEAP.
Budget Counseling	The OUR credit union is a subcontractor to the CAP agency and OUR has offices in the poorest neighborhoods in the service territory. OUR provides budget counseling to the participants that are referred to the OUR credit union by their caseworker.
Evaluation Frequency	Annual Report to the EWEB Board of Commissioners. Third party independent evaluation done by Quantec in 2003. A needs assessment study was conducted for one of the CAAs in 2004.
Coordination with LIHEAP	Customer Care accepts LIHEAP eligibility as proof of eligibility for Customer Care. The same case managers that work for LIHEAP work on Customer Care so they leverage opportunities for both programs to their clients.
Coordination with WAP	Refer clients to the WAP. Customer Care buys slots in the WAP for Customer Care participants so that they receive priority consideration.
Coordination with Energy Efficiency Programs	Refer clients to the appliance change-out program. Energy Management Services Department and County Housing Authority provide low interest and no-interest loans to pay for weatherization. Sometimes, they will pay for the weatherization completely. Participants may be referred to them for weatherization services.
Coordination with Other Energy Affordability Programs	None.

V. Affordability Program Evaluation Findings

There were two affordability evaluation reports reviewed for Oregon.

- Oregon's Housing and Community Services Department (OHCS) contracted with Quantec to conduct an independent evaluation of the Oregon Energy Assistance Program (OEAP) for the 2001 and first half of 2002 program years. The evaluation objectives were to assess the quality of delivered services, estimate the impact of the program on arrearages and service terminations, and to assess cost effectiveness. The Oregon Energy Assistance Program Evaluation[38] report is dated January 10, 2003.

- The Eugene Water & Electric Board (EWEB) contracted with Quantec to conduct an independent evaluation of their low-income energy programs, which included the Universal Service plan (USP), REACH, and Energy Management Services (EMS). The evaluation focuses on data for the 2002 program year. The goals of the evaluation were to identify recommendations and the steps that were needed to implement those recommendations. The 2002 Low-Income Assistance Programs Evaluation[39] is dated August 23, 2003.

Oregon's Energy Assistance Program (OEAP) provides cash assistance to low-income customers to help them with their electric bills. Key findings from the OEAP evaluation included:

[38] Oregon Energy Assistance Program Evaluation, Quantec, LLC, January 10, 2003.
[39] 2002 Low-Income Assistance Program Evaluation, Quantec, LLC, August 26, 2003.

- OEAP served over 26,000 households in the one and a half years evaluated from January 2001 through June 2002.

- About half of the participants received LIHEAP as well as OEAP.

- The evaluation estimated that arrears were about $340 lower than they would have been in the absence of the program. Approximately $207 was directly from the OEAP payment and $133 due to customer payments.

- Collection costs declined as a result of the program.

EWEB's Universal Service Plan (USP) provides reduced bills and arrearage forgiveness. Key findings from the USP evaluation included:

- The USP is not cost-effective. However, this program provides services to the most financially needy customers, and it provides intensive and costly case management services.

- 95 percent of USP customers take steps to conserve energy after receiving education.

- Coordination between the programs could be improved.

VI. Low-Income Energy Efficiency Programs

The three major sources of funding for energy efficiency programs available to low-income households in Oregon are the DOE Weatherization Assistance Program (WAP), the LIHEAP Program, and the Energy Conservation Helping Oregonians Program.

- DOE WAP Program – In 2005, Oregon received about $3.1 million in funding for the Weatherization Program. These funds were distributed to local agencies to deliver weatherization services to low-income households.[40]

- LIHEAP Program – In 2005, Oregon elected to use $3.4 million (13%) of its LIHEAP funding for weatherization.[41]

- Energy Conservation Helping Oregonians Program – In 2005, the Energy Conservation Helping Oregonians Program was funded at a level of about $8.9 million.[42]

In total, about $15.4 million was available to help furnish energy efficiency services to low income households in Oregon.

It is a little more challenging to estimate the need for energy efficiency programs. In general, we would suggest that energy efficiency programs should be used in place of affordability programs when the energy efficiency programs result in cost-effective savings to the household. The literature on energy efficiency programs demonstrates that programs that target high users achieve the highest savings levels and are the most-effective. For electric baseload, programs that target households that use 8,000 kWh or more are most cost-effective. For electric heating, programs that target households that use 16,000 or more kWh are most cost-effective. For gas heating, programs that target households that use 1,200 or more therms are most cost-effective.

[40] Source: LIHEAP Clearinghouse
[41] Source: LIHEAP Clearinghouse
[42] Source: LIHEAP Clearinghouse

Our primary state-level data source, the ACS, does not ask respondents to report on the amount of electricity or natural gas that they use. However, we can develop a proxy for usage based on the respondent's estimate of the household's electric and gas bill. [Note: kWh price = 7.25 cents, therm price = 1.290].

Using the ACS data, we developed estimates of the number of households that would be eligible for energy efficiency programs using the cost-effectiveness targets. Table 10 shows that 69% of households could be targeted for high baseload bills, 35% could be targeted for high electric heat bills, and 13% could be target for high gas usage.

Table 10
Need for Energy Efficiency Programs for Low-Income Households (2005)

Group	Number of Households with Bills	Number of Households with High Bills	Percent of Households with High Bills
Electric Baseload Services[43]	152,639	105,081	69%
Electric Heating Services	242,151	85,363	35%
Gas Heating Services	92,375	12,255	13%

Source: 2005 ACS

In general, low-income weatherization programs spend about $3,000 per unit including all costs for administration and service delivery. With the available funds, Oregon could serve about 5,133 households, or about 5% of the high usage homes needing weatherization assistance, and about 5% of the homes needing electric baseload services. Longer term efforts to reduce the energy usage for the best targets in Oregon would required significantly more funding.

The following table furnishes detailed information on the Energy Conservation Helping Oregonians program. The program is funded at about $7.8 million per year and serves over 2,200 households. The program is coordinated with the delivery of the WAP program.

Program State	Oregon
Program Name	Energy Conservation Helping Oregonians
Utility Company (If Applicable)	Portland General Electric and PacifiCorp
Program Goals	Create energy savings in low-income Oregonians' homes and enable them to become more self-sufficient, with more funds available to meet basic needs.
Funding Source (SBC or Rates)	SBC - Public Purpose Charge (3% of each utility's total revenue). The ECHO program receives 13% of the total funds from the Public Purpose Charge.
Annual Program Funds – Allocated (2006)	$6,850,926 (7/1/05 to 6/30/06)
Annual Program Funds – Expended (2006)	$6,850,926 (7/1/05 to 6/30/06)
# of Households Served (2006)	2,228 (7/1/05 to 6/30/06)
Participation Limit	No. Participation is dependent on available funds.
Eligibility – % of Poverty Level	Participants must have incomes at or below 60% of the state's median income.
Eligibility – Home Type	None. However, in order for multifamily units to be serviced, at least 66% of the households within

[43] For households that report electric and natural gas expenditures as one bill, we allocated half of the cost to electricity and half of the cost to natural gas.

	the multi-family structure have to be low-income.
Eligibility – Energy Usage	No.
Eligibility – Participation in Energy Assistance	No.
Eligibility – Other Criteria	Clients must receive service from Portland General Electric and PacifiCorp.
Targeted Groups	Priority is given to seniors, disabled persons and households with children under the age of six.
Measure Determination	The program uses the DOE approved REM/Rate to determine which measures to incorporate into the home. This tool is available at: http://archenergy.com/products/rem//.
Mean Costs per Home (2006)	$3074
Targeted Average Cost (2006)	None.
Cost Limit	None.
Landlord Contribution	Landlord contributions are not required by the state. However, CAA's can require landlords to contribute if they choose.
% of Program Dollars Spent on Administrative Costs	OHCS admin: 5% of total program funds Agencies: 10% of their allocated funds (80% of the total program funds).
Efficiency Measures	The program resources can be used for conservation measures that may include but are not limited to: o Energy Audit o Ceiling, wall, and floor insulation o Energy-related minor home repairs o Air infiltration reduction o Furnace Repair and Replacement o Heating duct improvements
Customer Education – Y/N	Yes.
Education as Part of Service Delivery – Y/N	Yes.
Education Separate from Service Delivery – Y/N	Yes.
Follow-Up with Customers – Y/N	No.
Program Manager (PUC, State, Utility)	OHCS
Data Manager (PUC, State, Utility, Other)	OHCS
Enrollment Responsibility (Utility, CAP, etc.)	Community Action Agencies
Number of Provider Agencies and/or Contractors	There are 18 Community Action Agencies that implement the program. Some of the community action agencies have their own work crews and others sub-contract out the work to for-profit providers.
Type of Provider (For-Profit, CAA, etc.)	For-Profit Providers and Community Action Agencies.
Application Method (Mail, In-Person, Telephone)	In-person at local Community Action Agency.
Joint Application	No.
Reasons for Service Denial	There are no state guidelines for denying service but local CAAs may deny services based on their discretion. A household may be deferred for service if: o Potential conditions exist that may endanger the health and/or safety of the work crew or subcontractor or the client (e.g., sewage or sanitary problems, high carbon monoxide levels, lead-based paint); o A client is uncooperative, abusive, or threatening; o A house is condemned; o The building structure is in a state of disrepair that can't be resolved in cost-effective manner; o The client's current health condition precludes service delivery; and o There are moisture problems that can't be resolved under existing health and safety

	measures and minor repairs. However, contractors are expected to actively pursue all alternative options on behalf of the client, including referrals, and use good judgment in dealing with difficult situations.
Type of Follow-Up	No.
Quality Control (Inspections?, etc.)	All completed units are inspected by the local agency to ensure compliance with program standards. For each dollar invested, the unit must also demonstrate at least one kilowatt-hour in energy savings in the first year of operation. Additionally, the State inspects 10% of statewide ECHO completions.
Evaluation Frequency	ECHO is currently being evaluated alongside the federal Weatherization Assistance Program. There was also an economic impacts analysis conducted on ECHO and the federal Weatherization Assistance Program in December 2006 (http://www.ohcs.oregon.gov/OHCS/SOS_WX_Economic_Impact.shtm).
Coordination with LIHEAP	Yes, The intake requirements and procedures are identical for ECHO and LIHEAP
Coordination with WAP	This program administers the WAP.
Coordination with Energy Affordability Programs	Yes. The E2C2 program works with weatherization programs and leverages/matches funding and delivery. The E2C2 application process is integrated with ECHO and the E2C2 program provides energy education follow-up to ECHO participants.
Coordination with Other Energy Efficiency Programs	No.

VII. Energy Efficiency Program Evaluation Findings

There were no evaluation reports identified for the Energy Conservation Helping Oregonians program.