

CUB

Fall, 1998

THE BEAR FACTS

Citizens' Utility Board of Oregon...because the utilities bear watching

You'll Have the Power CUB Wins Support for "Portfolio" Plan

For over a year now, CUB has been hammering away at the plan put forward by Portland General Electric (PGE) to deregulate the electric industry in Oregon. The central tenet of PGE's plan is that customers should be able to choose their electricity supplier. In theory, this sounds good. In practice, CUB believes, customers will

PGE plan.) However, unlike today, customers would also have a "portfolio" of other options -- such as purchasing power generated by renewable resources

Choices	Price	Fuel Source	Hydro	CO ₂	SO ₂	NO _x	Spent Nuclear Fuel
☐ Current Service	5.55¢/kWh	Conventional mix of hydro, coal (30%), gas/oil, nuclear, and other	374 kWh per 1000 kWhs	630 g/kWh	1445 mg/kWh	1380 mg/kWh	42 µg/kWh
☐ Basic Rate (default)							
☐ Green Power	6.15¢/kWh	50% wind, 50% other	187 kWh per 1000 kWhs	315 g/kWh	723 mg/kWh	690 mg/kWh	21 µg/kWh
☐ 50% Wind							
☐ 100% Green	7.5¢/kWh	100% geothermal	0	0	0	0	0

Note: this ballot is conceptual. Actual figures and details will vary.
A sample "portfolio" ballot -- you'd get to choose how your power was generated.

lose many, if not all, of the protections we currently enjoy. We'll see misleading marketing calls from competing power companies, the complete disappearance of the conservation and renewable energy programs our rates currently support -- and prices will go up.

So CUB is proposing an alternative: the "portfolio approach" to electric restructuring. Currently, all customers purchase their power at a rate regulated by the Public Utility Commission (PUC). Under CUB's portfolio plan, customers would still have this option. It might be called the "basic," or "default" rate. (There is no provision for this under the

rather than by burning coal or natural gas.

"If you're satisfied with the current electric system, this approach allows you to stay with that system," explains Bob Jenks, CUB Executive Director. "But if you want to have your electricity come from wind or geothermal resources, you can do that instead."

The key to the portfolio approach is *how* consumers would make their choices.

Rather than be subjected to annoying and possibly misleading telemarketing calls, consumers would instead receive a brochure, or "ballot," listing their options (see above). The ballot would list different options, including their prices, the resources used to generate the power, the environmental consequences,

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From the Executive Director

Dear CUB Member,

The next few weeks will decide much about the power system -- for at least the next 20 years. CUB has been around for almost 15 years now, and never in that time have so many critical decisions been made about our energy future.

Even as I write, the Bonneville Power Administration has begun a process to determine: (a) who in the Northwest will be allowed to purchase cheap federal hydro-power; (b) how to encourage energy conservation; and (c) how to fund salmon recovery programs. In addition, the Oregon PUC will soon be making a decision on PGE's deregulation proposal and on CUB's alternative, "portfolio" model.

Yet the news media has practically ignored these critical issues. And that's dangerous. We don't want to leave these decisions up to regulators, utilities, industrial power customers, and politicians.

I firmly believe that citizens are more powerful than special interests. I believe that if we are informed and organized we can shape an energy policy that fits Oregon: one that is affordable to all our citizens and is environmentally sustainable.

You can help by joining our Rapid Response Team -- a group of 500 citizens who have pledged to contact decision-makers at critical times over the next year.

We'll keep you informed and up to date. All you have to do is speak out. To join, please fill out the enclosed form and return it in the enclosed envelope. Our future depends on it.

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Bob Jenks
Executive Director
& Member, Rapid Response Team

THE BEAR FACTS

is the quarterly newsletter of the Citizens' Utility Board of Oregon (CUB).

CUB is:

- a non-profit organization established by Oregon voters to advocate on behalf of Oregon's utility ratepayers.
- governed by a Board of Governors from throughout Oregon, elected by Congressional District.
- a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).

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Choose Your Energy Future:

The Fair & Clean Portfolio, or the "Freedom to Choose"

Curious about how CUB's plan stacks up against PGE's? Here's a chart to make the differences clear. Remember, it does not matter which of these two models will likely guide how you pay for your power, how damaging it is to the environment, and what protection

<i>Issue</i>	<i>PGE/Enron Deregulation "Customer Choice" Plan</i>
What Choices Do I Have? Is it more important to have your choice of electricity marketers in a market where the buyer must beware, or to have a safe choice of rates and environmentally-friendly options?	In practice, only large customers -- the huge industrial and commercial power companies, like big aluminum companies or Fred Meyer -- will definitely have a lot of electricity marketers competing to serve them. Small residential customers may not have any choices at all. The regulations that currently keep your rates under control would be gone.
How Much Do I Pay? Will my rates go down, the way they're supposed to in other states?	If this plan had gone into effect August 1st -- which PGE wanted -- residential customer rates would've gone up nearly 18%. Oregon has the 4th lowest electricity rates in the nation. Two federal studies have concluded that rates throughout the Northwest will go up by 20-30% if it deregulates.
What about Federal Hydropower? Federal hydropower is cheap to produce, and it's sold to utilities at cost. Those savings are currently passed on to consumers.	Under the PGE/Enron plan, there's no mechanism to pass those benefits on to you. In other words, you'd probably pay more.
How Will I Choose An Electric Provider?	Providers would let you know how your power was generated and its environmental impact, but they wouldn't disclose their costs and rates. You could pay a different rate than your next-door neighbor -- for exactly the same service.
What If I Don't Have a Choice or Don't Make One? Not everybody will actively choose a new electricity provider. Nor will everybody be offered a choice of electricity providers -- low-income and rural communities are likely to be ignored.	For the first year, customers pay a rate that's higher than the market value. After that, they'll be charged whatever their electricity provider chooses.
YOU DO THE MATH	

Higher Rates?

matter whether you're a PGE customer or not -- one of
s you'll have as a consumer.

Fair & Clean Energy Coalition "Portfolio" Access

All customers would be guaranteed a choice. Instead of choosing what company you buy your power from, however, you'd choose options that reflected your priorities. For example, you could buy power generated from renewable sources such as wind and geothermal projects. Or, you could continue to receive your power at the same, protected rate you do now.

Customers retain the right to buy power at rates similar to today's. Environmental choices might cost more.

Customers will retain the ability to purchase federal hydropower.

Environmental information *and* price information would be disclosed in a format friendly to consumers, making choices clear and easy.

Customers could not be victimized for failing to choose a plan -- or for not being able to choose a different electricity provider. Customers in either situation would receive their power at the basic or "default" rate, much as they do now.

CUB Gains 5.5% Rate Cut for PGE Customers

After months of negotiations, Portland General Electric (PGE) residential customers will see a 5.5% rate reduction on their bills this October. CUB and the Public Utility Commission (PUC) participated in the negotiations between PGE and the Bonneville Power Administration (BPA), the federal agency that markets power from the Columbia River system. The rate decrease represents PGE customers' share of federal hydropower benefits. "This rate reduction is a big victory for PGE ratepayers," said CUB attorney Jason Eisdorfer, who played a critical role in the negotiations.

However, the deal is only good for the next couple of years. Who gets access to federal hydro after 2001 is still in question (see below).

... But Consumers Lose Out to Big Aluminum

Bonneville Power Administration (BPA) recently unveiled its proposal for allocating federal hydropower after the year 2001. On the positive side, BPA included an incentive for regional utilities to invest in energy conservation programs. It also provided a number of mechanisms to collect fish protection costs as they vary over the next decade. Lastly, BPA proposed to deliver power to residential customers of PGE and PacifiCorp, for which CUB has been advocating for several years.

However, the amount of power BPA reserved for residential customers fell well below CUB's expectations -- yet large aluminum companies were given more favorable treatment. This is more than disappointing: after all, BPA has a statutory obligation to provide the benefits of low-cost hydro power to residential customers. But it has no such obligation to do so for large aluminum companies.

"Instead of ensuring that the benefits of federal hydropower are equitably spread to people throughout the region," says Jason Eisdorfer, CUB's legal counsel, "BPA proposes to cap the amount of power which is sold to Oregon's residential customers. Meanwhile, huge corporations are getting more than their share."

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You Have the Power: Choice Alone is Not Enough

Continued from page 1

and whether the power was generated using a unionized workforce. Consumers would check off their preference. Or, if they did nothing, they'd stay with the existing, regulated rates and conventional power sources.

"This is very different from the plan put forward by PGE," said Jenks. "PGE wants to do away entirely with regulated rates and throw everyone into a retail market with almost no rules or protection. We want to keep the existing protections, yet still give consumers options and the information necessary to make informed choices."

The portfolio approach is supported by the Fair and Clean Energy Coalition (a coalition of approximately 100 public interest, environmental, neighborhood, and social service organizations), and by PacifiCorp, the Eugene Water and Electric Board, the Emerald Public

Utility District, and the staff of the PUC.

"PGE proposed its plan one year ago," Jenks observed, "but today it has very little support. On the other hand, support for CUB's 'portfolio approach' seems to be growing."

Keep CUB Prowling



CUB welcomes bequests of life insurance, stocks, securities, and cash.

Call Bob Jenks, CUB's Executive Director, at 227-1984 to discuss your needs.

Large gifts ensure that CUB will always be around to fight for what you believe in.

CUB Thanks Its Loyal Members

CUB receives no state funding and depends on its members for 80% of its operating budget. Space doesn't permit us to list all of the members who contributed between June 24 and October 6, 1998, but we would like to single out the following members for special recognition:

Circle of Friends (monthly donations)

Gordon & Bea Bentson
Benjamin Chambers
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GTE Customers to See \$2.4 Million Refund, and \$25 Million Rate Reduction

Customers of GTE will see reduced rates and a refund on their next bill. The **refund** amounts to \$2.4 million and reflects the 2% kicker tax refunds GTE received for 1995 and 1997. CUB negotiated the \$25 million **annual rate reduction** with GTE and the Public Utility Commission (PUC) to bring the company's revenues into line with its decreasing costs.

Overall, GTE rates will decline by 11%, though individual customers may see larger or smaller decreases depending on what services they've ordered. The biggest decreases, averaging 39%, will be made to charges for Extended Area Service, the program that allows customers to have a larger local calling area.

"We're disappointed that GTE refused to eliminate the \$25 fee it charges customers who change their local service," said Bob Jenks, CUB Executive Director. "However, with this agreement, customers finally get the rate relief they deserve. GTE's costs have been going down, but the company has spent 2 years trying to avoid lowering rates."

US West Must Live Up to Service Quality Agreement

When US West employees went on strike recently, service quality problems increased. US West argued that the strike, like the famous Columbus Day storm, was an act of God beyond its control. Therefore, it claimed, the company was not accountable for service issues related to the strike.

Only two years ago, CUB and the Public Utility Commission (PUC) negotiated an agreement with US West to address the company's lack of responsiveness to customers without service. Under the agreement, US West was required to provide free cellular phones to customers waiting for service to be installed, and refunds to customers whose phones were out.

During this summer's strike, US West refused to live up to the agreement. Customers who requested a free cellular phone were told that they couldn't have one unless they agreed to pay for it.

At a September meeting of the PUC, CUB Executive Director Bob Jenks told the Commission that US West's position was wrong. While the service quality agreement did provide the company some flexibility for severe storms, it was never intended to

allow poor service during strikes.

The PUC agreed with CUB, and has ordered the company to compensate customers who were deprived of service because of the strike.



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