



The Bear Facts

Citizens' Utility Board of Oregon

Fall/Winter 2008

Natural Gas Bills Heading Up and Up

September is over, kids are back in school, and it's just possible that low temperatures at night have some CUB members' heaters kicking on at night to take the chill off. If your heat is produced from a natural gas furnace, and if you read CUB's online blog (at <http://www.oregoncub.org>), you may be aware that your natural gas bill is soon to be going up.

The wholesale natural gas market has been more volatile than usual this year, rising to a new high of \$12.86/mmBtu (higher than after Hurricane Katrina) in June. Across the nation, natural gas distribution companies were putting off their gas storage purchasing, waiting for the price to drop. And it did drop a little. In July, Oregon's gas utilities were forecasting November 1st increases of 15-40%. By late August, the forecasted increases had diminished to 2-25%, still significant but not quite as steep. There is still about a month to go before final forecasts are made based on October wholesale prices, and then November bills will reflect the new price of natural gas in Oregon.

Oregon natural gas companies' forecasts vary quite a bit. Here is the breakdown of expected increases, from the data we have now:

Avista 2%
Cascade 11%
NW Natural 25%

Some volatility can be attributed to speculation and hedging in international markets, over gas commodity futures and differences in currencies. But basically, the upward pressure on natural gas wholesale markets has been steady over the past decade, and parallels a similar upward trend in the cost of wholesale electricity and oil. The age of cheap fossil fuel energy is over.

The new status quo is a world in which fossil fuels are understood to be a finite resource, and one that it is increasingly expensive to retrieve. No less important is the new understanding that consumption of fossil fuel energy has serious consequences for Earth's carbon dioxide levels and therefore for all of us who depend on a stable climate. Energy efficiency and renewables are no longer an afterthought, but have become part of the structure of our energy system, and will only become more crucial as time goes on.

So we advise our members to do what they can to tighten up their houses before the cold settles in: do basic weather-stripping yourself, fill the holes and (when it's time) cover the windows. If you own your home or are in a position to do larger projects, such as insulation or a more efficient furnace, call the Energy Trust at 503-493-8888 for a free home energy review. Professional energy consultants will tell you where you can save the most energy (and money!), and what credits might be available to help you finance them. And weatherization programs are available through The Community Energy Project at 503-284-6827, and the Oregon Department of Housing and Community Services at 503-986-2000. No matter how tight you get your house, a 25% increase in your heating bill can make a dent in your wallet, so we also recommend that you look into Equal Pay programs through your natural gas provider.

Meanwhile, CUB will work to protect customers' pocketbooks on the regulatory front, in individual companies' rate increase filings, searching for unnecessary expenses that can be trimmed. CUB is also active in regulatory policy filings like the Purchased Gas Adjustment policy case, where we have argued for a process that protects customers from absorbing too much market risk, and makes sure customers get the benefit of resources they have paid for, like gas storage facilities. Finally, we are talking to management at Oregon's natural gas companies about improving their credit and shut-off policies, for the good of families who need heat and are having difficulty with their bills.

There's An Election Coming. Do You Know Where Your Candidates Are?

Energy Issues Q&A

Even though it seems like we've been seeing campaign commercials since last Christmas, the fall campaign season has really kicked into high gear and, by the time you read this, there will be about a month to go before the election. Here are three key questions we think every candidate running for public office at the federal, state and local level should be asked ... at every candidate forum, on the doorstep, or at the grocery store. (And we've even provided our version of the answers we'd be looking for.)

1. What is your plan to address climate change/global warming?

Climate change is the number one issue we will need to deal with economically and environmentally. We need to start investing now in cleaner energy and transportation systems so that consumers are protected from rising costs due to carbon regulation aimed at reducing carbon dioxide emissions. We need forethought and clarity in the energy policy we adopt, so that we're making the right investment decisions for the next 30-50 years.

2. What is the cheapest source of energy?

The cheapest energy is the energy you don't have to buy, and we can achieve energy reduction through good energy efficiency programs. In fact, we can reduce energy usage for only 1.5 to 2 cents per kilowatt hour. Compare that to the 7 to 8 cents per kWh it takes to generate fossil-fuel-based energy. We need to substantially increase the amount of money we spend on energy efficiency because there simply is no cheaper resource, and we cannot afford to miss opportunities to make sure we use the energy we produce as efficiently as possible.

3. Does Oregon's push for a clean energy system make sense?

Oregon is taking necessary steps to ensure cleaner, renewable energy resources for consumers. We created the public purpose charge to ensure steady investment in energy efficiency and renewable resources. We created the Energy Trust of Oregon as a nonprofit organization independent of the utilities to administer most of those public purpose funds; the Trust's only mission is to get consumers the biggest bang for the buck in efficiency and renewables. We've offered renewable energy options to consumers so they can demonstrate demand for cleaner energy sources. We created a Renewable Energy Standard to ensure that utilities start to take definite steps to invest in cleaner generation resources. We have also taken the first steps to rein in carbon dioxide emissions that lead to climate change. Our climate policy will have to be closely coordinated with our ongoing energy policy development. All together, we've laid a foundation on which to build a comprehensive state energy policy that is both cleaner and more economical.

So, there you have it — a cheat sheet for energy-smart voting. Clip this article, put it on your refrigerator or carry it around with you. You never know when you might run into a candidate. They're everywhere this time of year.

CUB Win For Customers From Qwest

After Qwest's long fight to deregulate landline phone service and CUB's long defense of customers, a settlement has finally been reached. Changes are coming, but, thanks to CUB's hard work, this one is a win for customers.

Many states in the West have been convinced to go with telecommunications deregulation. While Idaho and California are moving toward complete price deregulation, Washington deregulated everything except basic local service, and even that is going up 25%. Qwest and other telephone companies plead for deregulation because they face fierce competition from wireless companies (an industry which has never been regulated). In Oregon, Qwest asked to deregulate most features and raise the rate of basic local service (the first residential line) by \$2 (or 15%) during the next 4 years, and even more after that.

After many many meetings and negotiations, this is what we all got: basic local service will see no rate increase for at least 5 years. The cost of basic local service will remain where it has been since before 1991, a milestone for CUB Executive Director Bob Jenks - basic local telephone service has not increased even once on his watch.

In addition, a key group of features has been capped at current rates, features such as unlisted numbers, call trace (the ability to trace a number which has called harassing a household), toll restriction (the ability to prevent long-distance or toll calls from being made from a phone), extended area service, and switched access (access to the long distance network).

Qwest also agreed that when speaking with a customer, their service representatives will always give the customer information about the lowest cost item or feature to suit their needs.

Finally, Qwest has agreed to fund an independent organization to provide comparative pricing information about telecommunications services (including wireless) to consumers. The details of the organization have yet to be worked out but the \$2 million funding will happen.

Qwest won on some accounts, as well and will be able to raise rates under the settlement for other, non-essential features, which includes caller id, call waiting, and call forwarding (voice mail was deregulated some time ago). The PUC would maintain the ability to re-regulate these services if

From The Executive Director

Dear CUB Member:

In our last newsletter, I wrote about how CUB's mission is striking a balance between making sure that utility rates are kept under control and making sure that utilities make the right investments, even when that means that those investments could push rates up in the short term. It's worth pursuing that discussion a bit more.

CUB can't stop the wholesale price of coal and natural gas from going up. We can, and do, go to bat for you at the Public Utility Commission when a utility company asks for a rate increase. We will make sure that the utility isn't including extras and that they trim their costs.

At the same time, we need to make sure that we are seeing more investment in energy efficiency and renewable resources because even if that spending raises rates a bit right now, it will provide more stability over the long term. And that's not just good for consumers' pocketbooks, it's good for the environment as well, since reduced energy usage and cleaner energy resources means less global warming pollution.

That is why we see our mission at CUB as twofold: keeping utility consumer rates affordable and cleaning up our energy system. Each part is equally important. Some people will say that caring about our environment is too expensive. We respond that environmental protection and rate stability go hand in hand, and the sooner we make the needed investments, the better off we'll be. Carbon regulation is going to make carbon-intensive fuels like coal, that are relatively cheap now, very expensive in the future, and we don't want to be left holding the bag.

As I said in the last newsletter, we will vigorously fight proposed rate hikes where customers get no value for our money. But we will fight equally hard for those investments that give us long-term stability and move us away from our dependence on fossil fuel. And, as always, we'll need our members with us all the way as we fight those tough battles.



Bob Jenks
Executive Director and CUB Charter Member

The Bear Facts is the periodic newsletter of CUB and the CUB Policy Center.

BOARD

Chair Doug Crow

Governors Steve Weiss, Joan Ellen Jones, Fred Heutte, Scott Hansen, Janice Thompson, Linda Tomassi, Suzanne Leta Liou, Kelly Cowan

CUB's board meets 8 times per year.

CUB

610 SW Broadway, Suite 308
Portland, OR 97205
(503) 227-1984 (phone)
(503) 274-2956 (fax)
cub@oregoncub.org
www.oregoncub.org

CUB is a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).



the prices were no longer "just and reasonable." These features are most often purchased as part of a "bundle," which is not and never has been subject to price regulation. Very few Oregonians purchase these features individually anymore, which we hope mitigates the price impact on the majority of customers.

Furthermore, in comparison to the deal many neighboring states are getting, we feel that the deal we negotiated for Oregon was a good one. Most importantly, we were able to protect basic local service, so that the many thousands of low-income people and seniors in Oregon who rely on their one land-line will not be adversely affected by the changes. And we will let our members know when clear information becomes available through the soon-to-be-created independent telecommunications consumer information organization.

We would like to give our warmest thanks to Michael Davidson of A&E Tax Services, who has again pulled us out of a photocopying hole, by donating yet another good used copier to the CUB office. We go through a lot of paper copies in a year, and our previous copier was really, really tired. It had given up on feeding documents, sorting documents, stapling documents, etc. So we were totally thrilled when our new used copier, which does all of that, arrived.

We just used the copier for a filing that required thousands of pages of copies. The donation of this copier saved us a great deal of time. Thank you, Michael!

*The Bear Facts is printed
with soy-based ink on 50/35
recycled paper.*



RETURN SERVICE REQUESTED

Citizens' Utility Board of Oregon
PO Box 6345
Portland, OR 97228



Non-Profit Org.
US Postage
PAID
Portland, OR
Permit No. 2134