



The Summer 2011 newsletter of the
Citizens' Utility Board of Oregon
and the CUB Policy Center.

Readin', Writin', and Reducin' Energy

Schools have always been about the three Rs. But a bill in the Oregon legislature that passed this summer will add a new 'R' – reducin' energy. The "Cool Schools" bill, HB 2960, seeks to help school districts across the state utilize existing funds more effectively to make school buildings energy efficient.

In a closely divided legislature, it was good to see a proposal that attracted bipartisan interest. After all, as CUB has said for years, saving energy isn't a Republican or Democratic issue: it's an Oregonian issue. And the Cool

Schools bill hits a lot of common ground, no matter where you are on the political spectrum: reducing energy usage, creating jobs, strengthening Oregon's role as a clean energy leader, making schools more efficient so that more

money can eventually make its way into the classroom rather than being spent on overhead.

From a ratepayer perspective, CUB's mantra has been "the cheapest kilowatt hour is the one you don't have to produce in the first place." It doesn't matter to us where the energy savings come from, as long as we actually get them. That's why we helped create public purpose funding to ensure that a steady level of ratepayer dollars supports energy efficiency activity over a long period of time. A significant portion of

those public purpose dollars – 10 percent – is set aside for energy efficiency projects in schools in the service territories of Portland General Electric and Pacific Power.

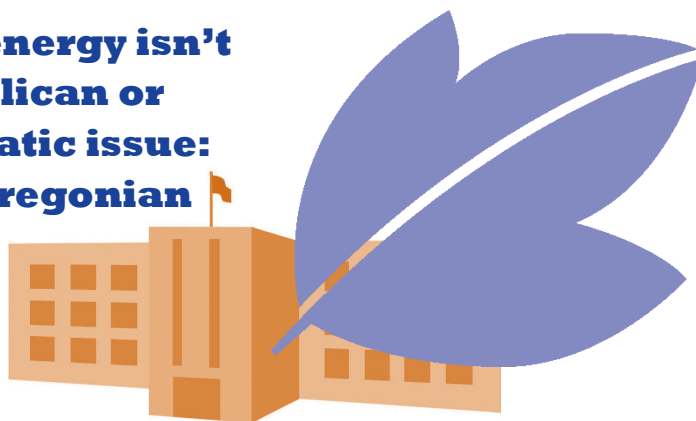
Oregon is facing hard times these days. If there are resources available to help any institution operate more effectively, we need to make sure those resources are used and used wisely. HB 2960 works to combine existing resources, like the public purpose dollars, with other financial resources such

as the state's Small-Scale Energy Loan Program (SELP) and federal Qualified Energy Conservation Bonds (QECBs) to buy down the cost of loan monies. This ensures that the stream of public

purpose dollars, which are guaranteed through 2025, can leverage loan money to make funds available immediately and those loans can be repaid through the stream of public purpose money. Even better, the SELP loans and the QECBs can be used in school districts outside of PGE and Pacific Power territories, ensuring that Cool Schools has a statewide reach.

Cool Schools scores well on another front, too: because the Cool Schools building upgrades use funds that would otherwise not be applied to the

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Continued page 4

Letter from the Executive Director

Members are the backbone of CUB.

When voters created CUB in 1984, the idea was simple. Customers would come together as members of a non-profit organization, pool their limited resources, and hire a staff to represent customers and fight unfair utility practices. Members would provide the funding base and elect the Board of Governors.



I joined CUB and became a member during its first membership drive in 1985. At the time I didn't work for CUB and didn't envision CUB becoming my job. I joined for the same reason many of you did. I was unhappy with my utilities. I did not think they cared about customers like me. My electric rates were going up too fast. My electric company was focused on nuclear and coal power, not efficiency and renewables. And the phone company had a reputation for terrible service.

The utilities just did not care about ratepayers like myself. They were looking out for their interests, not mine. I wanted to join with other Oregonians and fight back. I wanted to have someone looking out for my interests.

Since coming to work for CUB, I have come to rely on its members. Members play a vital role here at CUB, electing the Board of Governors and providing financial support. But they do more than just that. Our members contact us and let us know when they see unfair utility practices. Members send us nice notes with their contributions, which empower our staff. Members stop me on the street and in the grocery store to thank me for the work that we do.

This organization belongs to its members and we accomplish what we do because of our members. And while I know times are tough and the economy is in bad shape, it makes me proud that thousands of Oregon families still make renewing their CUB membership a priority.

Thank You,

A handwritten signature in dark ink, appearing to read "Bob Jenks". The signature is fluid and cursive, with a long, sweeping underline.

Bob Jenks

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

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CUB's board meets 8 times per year.

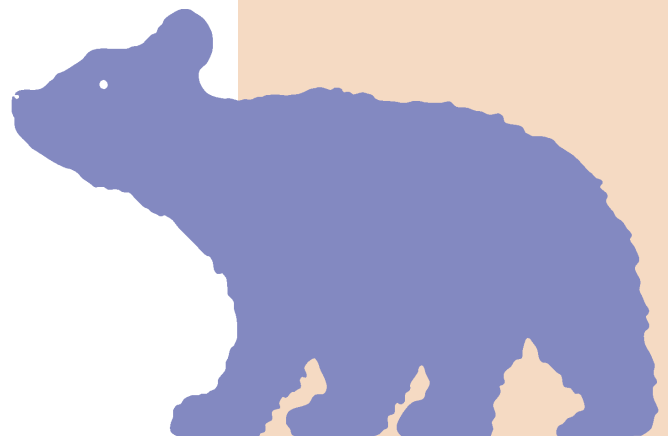
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CUB is a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).



Regulatory Update

Pacific Power Requests Another Rate Increase

Pacific Power has proposed a rate increase of 5.2% for its Oregon customers. If the PUC approves the increase, Pacific Power residential customers will pay rates that are more than 50% higher than rates were five years ago.

In 2005, when MidAmerican Energy Holding Company, a subsidiary of Warren Buffett's Berkshire Hathaway was proposing to purchase Pacific Power, it claimed that it would be able to hold annual rate increases to less than 4%, but instead it has increased rates by 59% since 2005.

CUB is concerned that Pacific Power's rates are becoming unaffordable.

CUB is concerned that Pacific Power's rates are becoming unaffordable. CUB is just getting started in examining this case, but we believe some aspects of Pacific Power's request, such as millions of dollars to integrate wind power, have not been justified at all by the company.

90 Percent of Region Agrees on Something

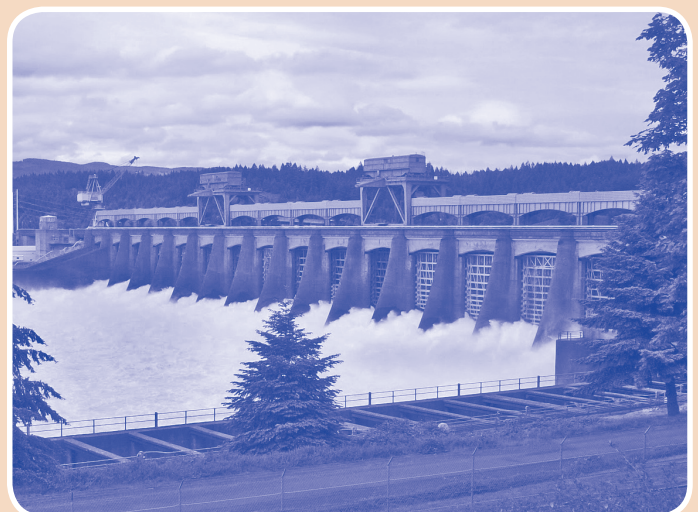
After nearly 30 years of litigation concerning the allocation of hydropower benefits from federal dams in the Northwest, parties representing more than 90% of the region's electric load have agreed on a long-term settlement.

The 1980 Northwest Power Act contained a complicated formula to share hydro power between consumer-owned utilities and residential and small farm customers of investor-owned utilities. Since the passage of the act regional interests have fought over the interpretation of the act at the Bonneville Power Administration and before the 9th Circuit Court of Appeals.

After the BPA's last rate case, nearly every utility in the region, along with the States of Washington, Oregon, and Idaho, and CUB appealed the decision to federal appeals court. Federal mediation of these lawsuits turned into discussion that over the last year have led to a settlement. This settlement allocates the benefits of the hydro power system through 2028.

CUB was one of several Oregon parties to these negotiations. CUB's General Counsel Catriona

McCracken and Staff Attorney Ray Myers worked for months to hammer out an agreement that all sides could live with. In the end the settlement that was negotiated is being supported by more than 90% of the region. With the region facing lots of issues from the challenge of integrating wind power to the affects of climate change on our hydro system, it is time to put the old fights behind us to begin addressing these new challenges.



Regulatory Update

continued from page 3

PUC Approves NW Natural 30-year Gas Contract

The PUC recently approved a settlement between CUB, NW Natural, the PUC staff and industrial gas users that sets the stage for NW Natural to purchase a 30-year supply of gas at a largely fixed price by investing in a gas field in Wyoming. While supportive of the concept of a 30 year contract, CUB was concerned that NW Natural's original proposal placed all risks associated with the deal on customers and none on the utility shareholders. The stipulation we negotiated changes that and limits the amount of risk that that is carried by customers.

One big problem in natural gas markets, like oil, is that the prices are very volatile and subject to speculation. Analysis suggests that 20% of the price of natural gas is a "speculation premium" caused by hedge funds and investment banks speculating in the gas commodity market. By investing directly in a natural gas field, NW Natural is able to gain a long term supply of gas that is independent of the speculative wholesale market.

Of course, investing in natural gas exploration is much different than buying a supply of gas on the wholesale market. CUB did a great deal of investigation concerning environmental and production risks and concluded that under the terms of this deal, the risks to ratepayers are small.

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Schools *continued from page 1*

general education budget – like federal QECBs – the initiative actually adds an additional revenue stream to schools.

When it comes to energy efficiency, there is no silver bullet. We have to keep figuring out how to save energy where and how we can. If we can effectively save energy in school buildings – even those that aren't used all day or on a year-round basis – we can use that experience to acquire even more savings in other public and private sector buildings. We start where we can, where there are opportunities, and keep the momentum going from there. And, in the case of HB 2960, if we can save energy in schools without impacting the already overstretched General Fund, all the better.

CUB is proud to support the Cool Schools law. We encouraged our members and supporters to contact their legislators to urge the passage of HB 2960 and it really made a difference. Thanks for helping the Legislature pass good energy policy that protected ratepayers, and for helping our school tax dollars go just a little bit farther.



CUB Organizing Director Jeff Bissonnette published a longer version of this article on the blog [BlueOregon](http://BlueOregon.com) www.blueoregon.com.



CUB Connects Update!

When we completed the finishing touches on cubconnects.org earlier this year, we knew it was just the beginning for the CUB Connects project. Developing the free online search tool and educational website was a huge accomplishment for the CUB Connects team, we are excited about moving beyond the website to share all the information we've learned with our fellow Oregonians.

In addition to the website, CUB Connects now includes a toll-

free helpline, 1-855-892-4314, for consumers seeking advice and guidance on purchasing a new phone or Internet plan, changing their service and other general telecommunications questions. The site also features consumer tips, information on current issues affecting the telecommunications industry, and more.

Also, the CUB Connects staff is offering free, on-site workshops to the greater Oregon community on such topics as understanding your phone and Internet bills, reducing

service fees, Internet security, and more. Workshops, which are tailored to your specific community, are also available in Spanish. Please get in touch with us at info@cubconnects.org if you have suggestions for community groups or centers we can work with to host workshops in your area.

Thanks for your support and remember to visit www.cubconnects.org for all of your telecommunications needs!



Andrea Crosby
CUB Connects
Project Manager

Thank You

This past month CUB was deeply humbled to learn that long-term CUB member, Trudy Margules, had remembered CUB in her will, among a number of other worthy charities we were proud to be included with. Trudy's bequest is an honor indeed. The deep belief of our members in our ability to serve their interests is incredibly moving to all of us

here at CUB. We thank Trudy for her trust, and encouragement, and want her family and friends to know that CUB will use this gift wisely.



Smart Grid

Today's Regulation and Tomorrow's Technology

CUB's Fall 2011 Smart Grid Conference

The Cub Policy Center, in partnership with the University of Oregon, is proud to announce its 'Smart Grid: Today's Regulation and Tomorrow's Technology' conference. The one-day conference will be held on **October 21, 2011**, at the University of Oregon's White Stag Block in downtown Portland, Oregon. The conference will address the development of Smart Grid in the region and the regulated utility structure within which it will take place. Industry professionals, attorneys (CLE credit is being applied for), utility analysts, and policymakers are all invited to attend. CUB Executive Director Bob Jenks will lead the Regulatory 101 sessions, drawing on his unmatched expertise in Oregon utility regulation. For more information, visit www.cubpolicycenter.org/smartgrid.



Citizens' Utility Board of Oregon

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Consumer Alert!

Are you a Qwest customer? If so, then you should keep an eye out for notifications of the Qwest-CenturyLink merger.

The merger was approved by the OPUC on March 24th, 2011.

For now, the most noticeable change that Qwest customers will see is the rebranding of all Qwest bills, statements, advertisements, and service trucks. By late summer/early fall, expect to see "Qwest is becoming CenturyLink" on your statements, and later just "CenturyLink."

Even though Qwest will be rebranded as CenturyLink, the Qwest Corporation will continue to exist (albeit under the CenturyLink umbrella), so for now current Qwest customers should see no changes to their rates, products or services.

To stay up-to-date with the merger and other telecom news visit news.cubconnects.org.



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