



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

CUB WINS \$2.6 MILLION PENALTY AGAINST PGE, NEGOTIATES \$8 MILLION REDUCTION FOR PACIFICORP

CUB scored two important victories in our efforts to hold utility management accountable this fall. First, the Public Utility Commission (PUC) imposed a \$2.6 million penalty against PGE for its failure to properly document how it's complied with its hedging policy (yeah, it's wonky – details below). Second, the PUC approved a settlement with PacifiCorp that reduces its rates next year by \$8 million. The settlement resolved a similar issue to a hedging matter on which CUB was challenging Pacific Power.

Hedging is a complicated issue that is made more difficult by the utilities' claim that nearly all information about their hedging is confidential. Essentially, hedging allows utilities to lock in a specific price for natural gas or purchased electricity in advance. By engaging in a portfolio of hedging spread over 3 or more years, utilities attempt to reduce the price volatility for natural gas and purchased power.

With the price of natural gas having fallen, the natural gas hedges that PGE and Pacific Power purchased in earlier years for 2012 were expensive and preventing customers from benefiting from falling gas prices. Because utility hedging was preventing customers from benefiting from lower rates, CUB decided to take a

hard look at the hedging practices of both utilities.

What we found was troubling. In CUB's view, both utilities were overly aggressive in their hedging and hedged too much natural gas too far in advance. More troubling to us was that each utility seemed to go beyond what was generally considered reasonable in its hedging policies, without retaining any records of why it agreed to those exceptions. During rate cases, we raised our concerns. Pacific Power agreed to address our concerns in a settlement where it agreed to reduce rates by \$8 million. While the settlement does not include any admission by Pacific Power of wrongdoing, it does resolve our issue by providing a rate reduction that was larger than our requested hedging penalty.

PGE did not agree to any settlement and our case went to the Commission. The PUC not only agreed with us that PGE failed to document the hedges that were outside of its hedging policy, it noted that this was "the direct result of PGE's management's failure to follow this Commission's specific instructions in a prior order" and ordered PGE to reduce rates by \$2.6 million for this "management failure."

CUB POLICY CENTER'S SMART GRID CONFERENCE AN INCREDIBLE SUCCESS!

On October 21, 2011, the CUB Policy Center, in partnership with the University of Oregon School of Law, put on its inaugural policy conference: "Smart Grid: Today's Regulation and Tomorrow's Technology." The conference was specifically designed to educate folks—including attorneys, utility professionals, regulators, and Smart Grid advocates—on the current regulatory environment in Oregon and the Northwest and to provide a forum for discussing the opportunities and challenges of integrating Smart Grid technology. By all accounts, the Smart Grid conference was a resounding success.

CUB is very pleased to have had the chair of its board and Executive Director of Oregon Women Lawyers (OWLS), Linda Tomassi as the Master of Ceremonies for the day. Commissioner Susan Ackerman of the Oregon Public Utility Commission (PUC) kicked the day off to a great start with an educational keynote address dis-

cussing the potential benefits of Smart Grid investment, previous PUC actions related to Smart Grid, and updating the audience on the status of current PUC investigations into Smart Grid policies.

CUB's Executive Director, Bob Jenks, was next in line and gave a thoughtful presentation discussing the current regulatory framework in the Pacific Northwest. Bob provided specific examples of how the Smart Grid can dramatically change the way energy is used and stored by individuals and businesses without an overhaul of the current regulatory system. Bob's presentation was followed by the Regulation 101 Panel, moderated by Katherine McDowell of McDowell Rackner & Gibson, which included Bob, Ric Gale of Gale Energy Consulting (former Senior Vice President of Corporate Responsibility at Idaho Power), Lisa Schwartz of the Regulatory Assistance Project, and Tom Foley of Tom Foley Consultants and Board Member of Smart Grid Oregon.

Letter from the Executive Director

Dear Members:

CUB recently lost a very dear old friend. George Starr, CUB's original Board Treasurer, passed away earlier this month.

I first met George during the 1984 campaign to establish CUB. As a young activist, I was impressed by George and his wife, Irene. They were great volunteers, two retirees always ready to roll up their sleeves and do whatever was needed. They were role models for what activists can do in retirement.

George, like my grandfather, spent his career working for Union Pacific. He served in the Oregon legislature from 1975 to 1980 and then spent the next few decades volunteering and helping the causes he cared about.

We were lucky that CUB was one of those causes. George worked hard during the campaign. After voters approved the CUB initiative in 1984, George was selected for the first Board of Governors, where he became Treasurer. The initiative had created a great deal of expectations for CUB, and George worked hard to see those expectations realized. There were a number of difficulties along the way, and George's passion, judgment, sense of humor and good will were critical to CUB getting off the ground.

George always had a kind word to say when I met him. He genuinely cared for people and was always supportive. He believed deeply in the work we do here at CUB and played a critical role in creating us.

My heart goes out to Irene, his wife of 64 years, and his children, grandchildren, and great grandchildren.

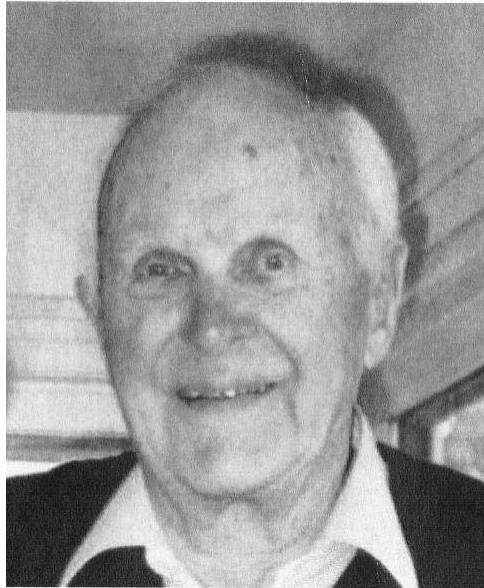
I can picture George with a big smile. George accomplished a lot and helped us to accomplish a lot. And he always enjoyed himself.

And that is an important lesson. We should care passionately about important causes, but we should also be kind and considerate to the people around us, and we should enjoy life.

We should be like George Starr.

Enjoy the westbound ride, George.


Bob Jenks



George Starr, 1914-2011

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

BOARD

President Linda Tomassi
Vice-President Suzanne Leta Liou
Secretary Dan Jaynes
Treasurer Kelly Cowan

Governors
Doug Crow
Chip Dennerlein
Scott Hansen
Fred Heutte
Meg Rowe
Donna Kinnaman
Les Margosian

CUB's board meets 8 times per year.

CUB

610 SW Broadway, Suite 400,
Portland, OR 97205

(503) 227-1984 (phone)
(503) 274-2956 (fax)

outreach@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).

Smart Grid

Today's Regulation and Tomorrow's Technology

October 21, 2011
White Stag Block, Portland, OR

CUB Policy Center

UNIVERSITY OF OREGON
School of Law



(l to r) Gordon Feighner, Carol Dillin, Barry Woods



Katherine McDowell, Lisa Schwartz, Bob Jenks, Tom Foley, Rick Gale



Attendees enjoy lunch keynote speaker Nora Brownell



CUB Board Member Meg Rowe (center) talks to other attendees



PUC Commissioner Susan Ackerman speaks



Bob Jenks, FERC Chairman Jon Wellinghoff, Catriona McCracken, Bill Bradbury



CUB Staff Attorneys John Sturm & Sommer Templet, Bill Holmes of Stoel Rives



Former CUB Intern Yoichi Zakai & CUB Business Director SA Anders

Continued from Page 1:

Following the Regulation 101 Panel, CUB was very fortunate to have former FERC Commissioner and co-founder of ESPY Energy Solutions, Nora Brownell, to deliver a witty and informative lunch keynote address, which discussed the importance and potential of the Smart Grid on a national level.

Following lunch, attendees had their choice to attend one of two panels in the first afternoon session. The Electric Vehicles Panel, moderated by CUB's own Utility Analyst and EV enthusiast Gordon Feighner, discussed the likely impacts and opportunities of electric vehicles. Panelists included Amy Hillman of ECotaility, Barry Woods of Drive Oregon, and Carol Dillin of PGE. The Business Applications and Opportunities Panel, which was moderated by Jeff Hammarlund of Portland State University and Board Member of Smart Grid Oregon, discussed the many opportunities for businesses that Smart Grid can provide. Panelists included Pete Catching of Energy Trust of Oregon (ETO), Joe Barra of PGE, and Robert Frisbee of the Oregon Sustainability Center.

The second session of afternoon panels included Home Energy Management and Making Renewable Resources Work. The Home Energy Management Panel, moderated by CUB's General Counsel, Catriona McCracken, discussed the role of utilities in home energy management and potential applications of Smart Grid technologies. Panelists included Jeff Lyng of Opower, Pat Egan of PacifiCorp and Josh Skov of Good Company. The Making Renewable Resources Work Panel discussed the opportunities and challenges of integrating renewable resources into the Smart Grid. The panel was moderated by Roby Roberts of EDP Renewables and speakers included Cameron Yourkowski of Renewable Northwest Project (RNP), Ken Corum of Northwest Power and Conservation Council, and Lee Hall of the Bonneville Power Administration (BPA).

Finally, the closing panel of the day discussed and summarized the lessons of the day and debated the next steps for Smart Grid. The panel was moderated by Michael Jung of Silver Spring Networks and speakers included Bob Jenks, Commissioner Susan Ackerman, James Mater of QualityLogic, and co-founder of Smart Grid Oregon, and Bill Holmes of Stoel Rives.

needed break after a full day of law and policy discussions, attendees, speakers and sponsors enjoyed a networking reception. CUB was very fortunate and honored to have the current Chairman of the Federal Energy Regulatory Commission, Jon Wellinghoff, in attendance at the reception.

The feedback following the event could not have been more positive, and CUB is beaming with pride over the success of the conference. Given the accolades for this event, CUB is excited about future events.



Citizens' Utility Board of Oregon

P.O. Box 6345

Portland, OR 97228

RETURN SERVICE REQUESTED

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

OREGON RANKS AS FOURTH MOST ENERGY-EFFICIENT STATE

The Energy Trust of Oregon (ETO) printed the following article in a recent edition of Synergy, its online newsletter. We share it here to let CUB members know about the amazing work that the Energy Trust is doing for ratepayers and how effective its programs are in reducing energy usage in the state. Thanks, ETO! It's also important to note that many observers think that the study highlighted below doesn't count all of the investment that is being made in the state. So Oregon is likely even more of a leader than this report indicates.

"The annual State Energy Efficiency Scorecard report has ranked Oregon as the fourth most energy-efficient state in 2011, behind Massachusetts, California and New York. Oregon has been in the top five states since the American Council for an Energy Efficient Economy, ACEEE, began issuing the scorecard in 2006. Rankings are determined by a state's policies to improve energy efficiency in residential, commercial, industrial and transportation sectors."

"Energy Trust of Oregon is highlighted as contributing to Oregon's ranking by establishing long-term energy-efficiency targets, and delivering on the state's research and development goals by field testing emerging technologies. According to ACEEE, "Energy Trust of Oregon has achieved significant success in a short time. Since its creation in 2002, the organization has rapidly developed and implemented a comprehensive menu of programs and services for customer energy efficiency."

"To read more about ACEEE's report and the state ranking, go here: <http://bit.ly/vBfon9>"

CUB CONNECTS REACHES OUT THANKS TO AARP AND NEWS FOR 2012!

CUB Connects, a project of the CUB Policy Center that offers apples to apples comparisons of the price of phone and internet, was featured in the October 2011 AARP Bulletin in the "State News" section. This bulletin goes out to all AARP members in Oregon. In the three weeks after the release of the bulletin, the website received over 3,000 hits, and the CUB Connects hotline fielded over 75 calls. This has really showed the need for such a service in Oregon, and through the hotline in particular we have discovered that many senior citizens are paying for phone and internet services that provide more than they actually need or use.

As we recognize that the people in most need of help understanding their telecom options may not yet be online, the next phase of the CUB Connects project is about bringing it even more into the community. We are working with the Multnomah County Library System to host free workshops at its 19 library branches in March and April of 2012. We are using this outreach effort as a pilot program that we will evaluate closely to see if the information we are offering is helpful and engaging for participants. After that, we hope to fine tune these workshops and offer them throughout Oregon.

The Bear Facts is printed with soy-based ink on 100% recycled paper.