

The Bear Facts



Citizens Utility Board
30 Years and Counting **of Oregon**

Fall 2014

CUB Opposes Subsidy to Industrial Customers

A Message From Bob Jenks

CUB is a strong supporter of energy efficiency investments. Energy efficiency is a resource, just like a new power plant or a wind farm, but energy efficiency is cheaper than building a new power plant. Every time an electric utility is required to develop an integrated resource plan (usually whenever there is a rate case,) energy efficiency always comes up as the least cost resource.

This is why during PGE's recent rate case we pointed out that the way PGE currently charges customers for energy efficiency is unfair to residential customers because they are contributing a significant subsidy to large customers. If PGE were to build a new power plant and propose that residential and small business customers pay twice as much for the plant as their large industrial customers, CUB would most certainly challenge this inequitable rate spread! However, that is exactly what PGE has been requiring small customers to do for large customers with regard to energy efficiency.

Oregon currently has a cap in place for the percentage of energy efficiency investments that can be charged to industrial customers. Therefore, PGE's industrial customers are only paying about 2.5% of their bills toward energy efficiency. These payments from the industrial sector are not enough to cover PGE's efficiency costs, which equal about 5% of its revenue. The rest of the costs have been covered by residential customers, who do not have such a spending cap available to them.

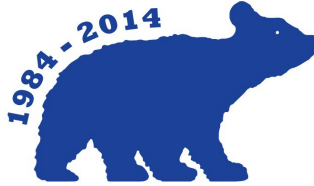
Consequently, roughly 5.8% of the bills being paid by PGE's residential customers are being allocated to pay off energy efficiency investments that benefit the whole system and not just residential rate payers.

That's over twice the rate being charged to industrial customers! That means that **industrial customers are getting something for nothing and it's coming out of your pocket.** Of course, Industrial customers such as Intel are happy with the current arrangement because it saves them a great deal of money.

And it only gets worse: somewhere in 2015-2016 PGE will not be able to acquire cost-effective energy efficiency without charging residential customers an even higher % of the total costs than they are already paying. Needless to say, this scenario is NOT acceptable. The good news is that during PGE's most recent rate case, **CUB forcefully and successfully** raised the issue of the industrial customers' unfair contributions. This resulted in PGE and other parties agreeing to support opening a Public Utility Commission investigation into the payment structure for energy efficiency.

The EPA's new Clean Power Plan rules for existing fossil fuel plants would make energy efficiency investment a key part of the solution in reducing carbon emissions from existing power plants. CUB agrees with the EPA that energy efficiency is a key to reducing pollution from power plants. But at the same time, CUB believes that an effort to successfully address climate change must require equitable contributions from all ratepayers: residential, small business, large commercial, and industrial.

As the investigation goes forward, CUB's message is simple: Energy efficiency is the cheapest resource investment for the utility and there is no reason for residential customers to financially support large customers. **It is time to end the industrial subsidy.**



Changing Climate, 4th Annual CUB Conference a Smashing Success!

On Friday, October 24th, the CUB Policy Center held our 4th annual policy conference, **Changing Climate: Adapting to New Regulations**. Sold-out and chock-full of engaging content, The CUB Conference brought together many of the best and brightest from the region's energy industry and its stakeholders to tackle some of the toughest issues emerging today in the field of energy policy.

For years, as the science has built up on the damage climate change is causing around the world, lawmakers and utilities have debated the merits of a carbon tax and other regulatory fixes as well as cap and trade, renewable incentives, and other voluntary actions. The CUB Conference provided an unprecedented opportunity for candid discussion among the region's energy leaders to tackle what has historically been - and still is - considered a politically charged and controversial topic.



Keynote speaker Philip Mote discusses human impact in global climate change



Opening Panelists (L-R): Sara Patton, Gregg Kantor, Jim Piro, Patrick Reiten, Bob Jenks

Particularly notable was the opening panel, moderated by NW Energy Coalition Executive Director Sara Patton, which convened three of Oregon's top utility executives: Gregg Kantor – NW Natural, Jim Piro – Portland General Electric, and Patrick Reiten – Pacific Power. CUB's own Bob Jenks joined this panel to discuss opportunities for utility leadership in mitigating the effects of climate change. The panelists spoke with candor about challenges and opportunities in the absence of a comprehensive federal climate policy, agreed that climate change is real and human-caused, and that collaborative action is necessary if effective solutions are to be found.

Another highlight was Midday Keynote speaker Dr.

Philip Mote, who showcased the latest scientific research from agencies at three different levels of government on climate change since the turn of the century: the Intergovernmental Panel on Climate Change, the US National Climate Assessment, and the Oregon Climate Change Research Institute (of which Dr. Mote is the Director). Although the Pacific Northwest is in much better shape currently than many other parts of the world, Dr. Mote's presentation demonstrated that we are not likely to come away unscathed - for instance, a 2-foot rise in sea level at Newport OR is projected to occur by the end of this century. You can find and download Dr. Mote's presentation and other reading materials from the cub conference website at www.cubpolicycenter.org/conference/additional-info.

There is no doubt that we could not have made this year's event happen without the support of our sponsors, community partners, in-kind donors and vendors:

- **Polar Bears:** PacifiCorp, Portland General Electric
- **Grizzly Bears:** NW Natural, Northwest Power and Conservation Council

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A Very Special Party
Celebrating 30 Years of Consumer Advocacy
80's style!

WHERE:

EcoTrust Building
(Jean Vallum Natural Capital Center)
721 NW 9th Ave
Portland, OR 97209

WHEN:

Thursday December 4th, 2014
5:30 - 8:30 p.m.

COST:

\$50.00 per person
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(seats 10)

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Online: www.oregoncub.org/cub30
Or call Sam at 503-227-1984 x21

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From Boondoggle to Boon: 30 Years of Success!

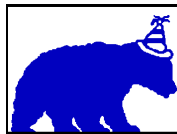
In early 1984, when *Oregonians for a Citizens' Utility Board* were collecting signatures to mandate the formation of CUB on the ballot, utility companies shrugged their corporate shoulders...they weren't worried.

You see, in 1983 the utilities had managed to stop an Oregon House Bill that would mandate a Citizens' Utility Board. This bill, it was said, had more bi-partisan co-sponsors than any bill that had come to the legislature that year. Despite this strong support, says CUB's Executive Director Bob Jenks, the utilities managed to successfully threaten even the sponsors of the bill, resulting in its failure. Though it was a bitter disappointment for the passionate campaigners from *Oregon Student Public Interest Research Group (OSPIRG)*, it became clear that there were a group of highly motivated, frustrated citizens who sincerely wanted a Citizens' Utility Board. So, OSPIRG organized a huge volunteer effort across the state to gather signatures.

As Tom Novick, chief petitioner and former OSPIRG Executive Director, said in a video made for CUB's 20th anniversary, "The utilities underestimated us...but a determined group of young idealistic staff with a broad coalition of seniors and consumer groups really worked hard, and suddenly when it came time to file we had 97,000 signatures."

At that time in Oregon, utilities were calling their own shots in regard to rates and infrastructure investments. Whenever a utility asked for a rate increase, according to Jenks, there was a single, appointed Utility Commissioner who immediately granted that increase on an "interim" basis. Only after raising rates would the Commissioner consider whether the rate hike was justified. "Basically," said Jenks, "the utilities got what they wanted." Clearly it was a process the utilities wanted to protect.

It was no surprise to the organizers that once the CUB initiative was put on the ballot, the utilities (including phone, gas, and electric) were no longer complacent about their efforts. Instead, Oregon's utility providers formed and funded their own Campaign Committee and hired a Los Angeles advertising firm. They produced slick television ads that portray a seemingly inept CUB canvasser barraged with questions that he cannot answer. He looks and acts pretty clueless and at the end of each commercial, one of the "citizens" he is talking with says, "It's a boondoggle. I'm voting NO". Despite those efforts, however, citizens in Oregon said "Yes" and made CUB a reality.



LET'S PARTY
Like it's 1984!

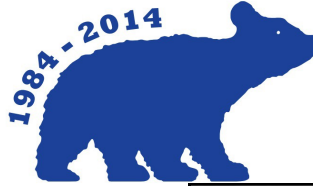
We could not have succeeded without members like you!
So, please flip this over and find your invitation to party!
We hope you will RSVP and plan to join us!

"They had the money and we had the grassroots support," Novick said. "We hand-painted lawn signs, we distributed literature door-to-door, we couldn't afford advertising but yet, we were able to win."

Today, CUB has earned the respect of utilities and ratepayers alike. We've kept unwise utility infrastructure investments off the financial backs of ratepayers, helped facilitate the widespread use of efficiency as the least-cost, least-risk way to save ratepayers money, and worked closely with PGE and PacifiCorp to close a couple of coal plants. All the while saving residential ratepayers **almost six billion dollars**.

Mark Dodson, former CEO of NW Natural, in an interview during his tenure, summed it up well when he spoke of CUB, "They really know how to make the very strong case for the residential ratepayer. And I believe we are better off having a strong voice at the table for the residential rate payers. They make us a better company for doing the hard work, understanding our business, and making sure we're honest."

Even the utilities admit we are making an important difference...from boondoggle to boon...now that's success!



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- **Brown Bears:** Bonneville Power Administration, Oregon Department of Energy, Sierra Club
- **Honey Bears:** Avista, Cable Huston, Energy Savvy, Energy Trust of Oregon, McDowell Rackner & Gibson PC, NW Energy Coalition, Renewable Northwest, Research Into Action
- **Media Sponsor:** Conduit

Thanks to the University of Oregon for hosting this year's event, to our speakers and panelists for their thoughtful contributions to the day's conversations, and to all our attendees for taking the time to bring their energy and ideas. We look forward to doing it again in 2015!



CUB Policy Center board members Kelly Cowan (chair) and Theresa Gibney

CUB Gears Up for 2015 Legislative Session

Every odd-numbered year, the Oregon Legislature has a long session from January to June to conduct the state's business. Between 3,000 and 4,000 bills are introduced relating to every issue under the sun.

CUB is active every session, pushing proposals that protect consumers and promote clean energy policies as well as working to defeat bad bills that are not in ratepayers' interest. 2015 will be no exception.

CUB is focusing its legislative efforts on five main areas. How these issues will play out will depend on a lot of factors. Other issues may be added. But these five issues will make up the core of CUB's legislative agenda.

Climate: There will be a climate bill. Whether it will be one bill or many, covering one topic or several or any number of strategic questions is unknown at this point. One part of that climate agenda is renewal of the Clean Fuels Standard which requires fuels sold in Oregon to be cleaner and reduce greenhouse gas emissions. CUB's interest centers around electric vehicles and CUB will be supportive of extending the Clean Fuels program.

Appliance Standards: CUB has a long history of working on and passing energy efficiency standards for appliances. This time, the main focus will be to try to gain authority for the Oregon Department of Energy to adopt new standards administratively rather than having to go to the legislature every time.

Energy Efficiency: We need to create more funding to acquire industrial efficiency. Currently, industrial customers are capped at their share of the public purpose charge and that share is nearing its limit – particularly in PGE territory. What this means is that there will be an industrial efficiency project proposed to the Energy Trust of Oregon and they'll have to reject it because there isn't enough money. The fix to this issue is pretty simple: we remove the statutory restriction of being able to collect more money for efficiency above and beyond the public purpose charge the way we can for residential and commercial customers. The Public Utility Commission will be facilitating a process to work through this issue and that may lead to a legislative solution.

Renewable Energy: There will be a variety of proposals and CUB will monitor all of them to ensure that any bills that move forward are in the interest of ratepayers. It's important to diversify our power sources with more renewable energy, but we must do so in a sensible way.

Protecting Ratepayer Public Purpose Dollars: CUB is always on the lookout to ensure that ratepayer dollars dedicated to energy efficiency are not diverted to other uses. That vigilance will continue in 2015.

CUB members are always critical to our success in the legislature and next year will be no different. Stay tuned throughout the session for updates and action alerts at key points in the legislative process. Your support makes all the difference in our effectiveness!



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Your Membership Makes a Difference

For 30 years, Oregon ratepayers have been at the heart of what CUB does. We work every day to safeguard against rising energy, water, and sewer costs and we constantly watchdog utilities to make sure that they are investing ratepayer dollars in least-cost energy production with the least risk to the environment. In fact, it is member ratepayers, just like you, who allow us to make such a huge difference!!

The truth is that since 1984, our members have donated about 3.5 million dollars to help us save Oregonians nearly 6 Billion dollars! That is roughly \$1700 in ratepayer savings for every \$1 contributed! Now that is a great return on your investment!

So, if you have already renewed this year - thanks! If it is time to renew - please do! If you have lapsed - please reconnect, and of course please spread the word about CUB.

You can support our mission protecting the interests and consumer rights of all Oregonians by using the enclosed envelope or checking us out on the web at <http://oregoncub.org>.

NOTICE OF ELECTION

Members in good standing may file to run for the CUB Board of Governors.

The filing deadline for the current election is 5:00 PM,
December 12, 2014.

For more information go to:
<http://oregoncub.org/about/board>
or call Jeff Bissonnette at 503-227-1984 x14.