

Oregon CUB

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CUB Mission:

As directed by Oregon voters in 1984, Oregon CUB represents the interests of Oregon's residential utility customers before administrative, judicial, and legislative bodies.

Inside This Issue:

Letter From Bob Jenks	Pg 1
Oregon Utility Merger Update	Pg 2
OTAP and Lifeline	Pg 3
Consumer Data Privacy Policy	Pg 3
Welcoming Essie Bender	Pg 4
PGE Cost Allocation	Pg 4
CUB Board Election	Pgs 5, 6
2018 CUB Conference	Pg 7
Cascade Rate Case	Pg 7
Interim Carbon Reduction Policy Work	Pg 8



The Bear Facts

QUARTERLY NEWSLETTER OF THE
OREGON CITIZENS' UTILITY BOARD

Fall 2018

Carbon Policy: An Idea Whose Time Has Come *a letter from Bob Jenks*

It's been a hot summer, and summers are getting hotter.

Portland averages 11 days per year when the temperature reaches at least 90 degrees. We beat this number in the month of July 2018 alone. As I write this, Portland is tying the record of 29 days with 90 degree or above temperatures. Tomorrow we are expected to break the record. In the last 50 years, there have been four times when Portland had more than 20 days with temperatures of 90 degrees or more. And they've all occurred within the last five years.



Downtown Portland, blanketed in smoke from wildfires across the region

This has increased the number of wildfires throughout the Western United States and Canada, which has caused the air quality in much of Oregon to be worse than Beijing, or Mumbai. As a gardener, I see this in my own yard. My tomatoes ripen two to three weeks earlier than they did 15 years ago.

The reason for this is no secret. Carbon, methane, and other greenhouse gases are being emitted into the air, changing the chemical composition of the atmosphere. CUB first wrote about climate change in our newsletter in 1989, 29 years ago. At that time, CUB linked climate

change to the need to invest in energy efficiency. And Oregonians have responded. Since 1990 the average Oregon household has reduced their use of electricity by 17 percent, while nationally, the average household has increased their use of electricity by 13 percent. In 2010, CUB worked with PGE on the first agreement in the country to close a modern coal plant. Today, 40 percent of the nation's coal fleet is closed or scheduled to close in the next few years. In 2016 the Oregon legislature passed SB 1547, committing Oregon to being the first state to phase out coal generation, and the first to get half of our electricity from renewables.

But it is clear that this is not enough. The climate keeps changing. While carbon emissions from Oregon's electric sector have declined, they have not declined to a level that scientists suggest is needed. And we have not seen corresponding reductions in the transportation sector. More must be done.

PGE recently commissioned an analysis on how Oregon's economy could reduce its carbon emissions to what is believed to be a sustainable level (80 percent below 1990 emission levels). This analysis was helpful. It showed that there were multiple paths to get there, that the technology exists to cut our emissions, and that the cost would be modest and ultimately leave us with a lower cost energy system. NW Natural is commissioning its own decarbonization study which it expects to release this fall.

In our summer issue I discussed decarbonization, a related topic, but here I want to point to consequential policy actions CUB expects to occur in the next few months. This fall, Portland voters

(Letter from Bob Cont'd on Pg 2)

Canadian Elections threaten Oregon Utility Merger

Hydro One, a Canadian electric utility, was on its way toward acquiring Avista Utilities, which provides natural gas service in southern and eastern Oregon. CUB and other stakeholders spent months analyzing the risks associated with the proposal and negotiating a settlement that would provide rate credits to Avista's Oregon customers, set up a system of financial protections to ensure that the utility remains in good financial health, and require transparency from Hydro One.

Things changed when the Province of Ontario had parliamentary elections and the Progressive Conservative Party won. The new Premier, Doug Ford (brother of Rob Ford, the infamous former mayor of Toronto), campaigned on a pledge to fire the CEO of Hydro One. Once elected, he carried out his threat, forcing the Hydro One Board of Directors and the CEO to resign.

Until recently, Hydro One was fully owned by the government of Ontario. The Province spun the utility off, creating an "independent" company, but the Province retained ownership of 47 percent of the utility. This is a different structure than in the US. We have utilities that are publicly

owned, and utilities that are investor owned, but we do not have investor owned utilities where government is the largest shareholder.

As CUB examined this acquisition, we were concerned about whether it was subject to political interference from Ontario.

As CUB examined the acquisition of Avista by Hydro One, we were concerned about whether it was subject to political interference from Ontario.

Hydro One assured us that the government was a passive investor and, while there were circumstances where the Province could initiate a process to fire the Board of Directors, it was unlikely. And, we were told that the Province had no role in the management of the company.

Rather than approving the merger and stipulation soon, the Oregon PUC has extended the process. CUB and other stakeholders have

been invited to evaluate these changes, reconsider the risks of the deal, and submit additional analysis.

CUB is asking the company for more information relating to the election and management changes, and is watching this closely. A new Board of Directors is expected in August, but it is unclear when a new CEO will be in place. CUB is keeping a close eye on developments and will submit additional analysis to the PUC later this fall.

(Letter from Bob Cont'd from Pg 1)

will face a ballot measure to fund additional actions to combat climate change. The Oregon legislature is also expected to consider a bill to place a declining cap on carbon emissions. I testified on this topic in front of an interim committee at the legislature in late August, and CUB anticipates decisive action in the 2019 session.

CUB is involved in several forums where policies to reduce carbon emissions are being considered. We believe that it is time for Oregon to rise to the challenge. But we also believe that this can be done in a way that keeps utility bills affordable. We have invested hundreds of millions of dollars in residential and commercial energy efficiency, and yet this has prevented us from spending even more on new generating plants. Adjusted for inflation, PGE bills are less than they were in 1980. We are closing the Boardman coal plant, Oregon's largest carbon emitter, in a manner which reduces utility bills by more than \$100 million. And, there remains much we can do to make our homes and businesses even more efficient. Renewable are getting cheaper and cheaper, as is energy storage. Utility customers around the country are starting to sell energy service like rooftop solar back to the utility.

It's been a hot summer, and it is time to take action.

Sincerely,



Bob Jenks
Executive Director, Oregon CUB



Governor Appoints CUB to Advisory Committee, Lifeline on Life Support

Oregon Governor Kate Brown recently appointed CUB's Outreach Manager, Samuel Pastrick, to CUB's designated seat on a newly formed Oregon Telephone Assistance Program (OTAP) Advisory Committee. The goal of this committee is to increase participation in OTAP, Oregon's telephone and Internet billing assistance program for eligible low-income households, which also leverages funds from a federal counterpart program called Lifeline.

The Oregon Legislature created the OTAP Advisory Committee through passage of HB 3268 in 2017. As introduced, this legislation harmed more than helped Lifeline and OTAP administration in Oregon, which warranted CUB's opposition. However, we always agreed with the underlying goal to increase Lifeline and OTAP participation in Oregon. CUB was a key player behind an amended bill to create the OTAP Advisory Committee, and the final bill specified that a CUB representative serve on the new advisory group, an opportunity we fully embrace.

Yet the creation of the OTAP Advisory Committee comes at a time when the Federal Communications Commission (FCC) is taking steps to reduce Lifeline's impact and modify the program's mission. This policy change was slated to begin on tribal lands later this year. In August, a federal appeals court stepped in to block the FCC.

The backstory is that soon after assuming the position of FCC Chair in early 2017, Ajit Pai began drafting plans to restrict Lifeline. By October, the FCC released those plans. Chief among them was to bar smaller companies, who

lease network capacity from large national carriers, from participating in the program. Approximately two thirds of current Lifeline recipients, on both tribal and non-tribal lands, receive their phone or Internet service from these companies.

In response, CUB and consumer advocates from across the U.S. filed opposition comments. Small wireless carriers and tribal groups banded together to sue the FCC and file a petition to halt the decision. Even Pai supporters lobbied for Lifeline to remain intact.

In early July, the FCC denied the appeal, sticking with their November decision to reduce the eligible recipient pool by two-thirds on tribal lands. Even worse, the FCC planned to eliminate subsidies altogether for urban tribal residents. These changes were set to take effect this fall and would have spread to non-tribal areas. Thankfully, the August federal court ruling will block (at least for now) the FCC from eroding Lifeline benefits.

Nonetheless, the formation of the OTAP Advisory Committee is opportune. Oregon is poised to not only maintain, but also rethink and even expand OTAP if the FCC eventually succeeds in eliminating Lifeline. CUB's seat on this committee is incredibly important as the lone consumer advocate.



CUB Leads Charge on Oregon Consumer Data Privacy Policy

CUB has long worked to protect consumers' data privacy. Most recently, we jumped into the national data privacy debate when, in early 2017, Congress eliminated FCC 2016 rules prohibiting Internet service providers from collecting and selling their customers' personal information without first receiving expressed, written consent from the customer.

In response to this congressional action, states across the country, including Oregon, quickly rallied around legislation to partly or wholly replace the repealed FCC rules. Oregon's (and nearly every other state) effort failed in 2017. During the 2018 legislative session, a coalition led by CUB and American Civil Liberties Union (ACLU) of Oregon initially paired data privacy language with net neutrality provisions in a larger Oregon bill. Legislative leaders ultimately decided to remove the privacy provisions, and the net neutrality legislation passed. However, CUB signaled a plan to return in 2019 with new data privacy legislation in testimony before the House Rules Committee.

Of course, Oregon is far from alone in this effort. The European Union enacted sweeping General Data Protection Rules (GDPR) in May of this year, and California responded by passing rules of their own – the California Consumer Privacy Act (CCPA) – modeled in large measure after GDPR standards. There are many

(Data Privacy Cont'd on Pg 7)

Welcoming Office Manager Essie Bender



In early August, CUB welcomed Essie Bender as our new Office manager. Essie comes to us from the great state of Alaska, where she enjoyed a 20-year career as an Archaeologist, working with the State of Alaska and the National Park Service to protect the state's cultural resources by bringing stakeholders to the table to find common ground. She also developed archaeology based educational resources for the Anchorage School District, and co-developed an Archaeological Mentorship Program that served high school students in remote villages adjacent to or within National Parks in the state, working to empower them through classroom and field studies to research, understand, and protect their own archaeological history.

In 2008, Essie started her own business in stormwater and erosion control compliance, and worked all over the state of Alaska keeping general contractors in compliance with the Clean Water Act. She retired her business and moved to the Pacific Northwest in 2015 to work in the financial sector, but in late 2016 decided that she needed to work

with an organization that had a mission of advocacy and consumer representation.

In her spare time Essie is an avid volunteer, and also enjoys gardening, reading, fishing, camping, and riding motorcycles. She lives in Salem, but finds Portland exciting and loves to explore its food and culture.

Welcome Essie!

CUB Makes Progress in Getting PGE to Fairly Allocate Costs

Earlier this year, PGE filed a request to raise rates by \$86 million, with residential customers receiving a 6.3 percent increase, and large commercial and industrial customers seeing a much smaller increase. The reason for the larger residential rate increase was because the investment going into rates related to distribution and customer service (billing) equipment. The theory is that while large customers may use 5,000 times more electricity than residential customers, they don't require 5,000 times as many bills, or utilize the distribution system 5,000 times more than residential customers.

CUB's analysis showed that the billing system was used for more than just billing. It was also used to support programs that reduced demand to manage load, energy efficiency programs, and programs that allowed large commercial and industrial customers access to power markets. PGE's evaluation of potential billing systems showed the functionality that the company considered important, which supported CUB's analysis and created a basis for reallocating the investment. CUB has proposed changes to PGE's cost allocation to recognize the energy benefits of this new investment, thereby reducing the amount of the cost that is allocated to residential and small commercial customers.

Smart grid investments designed to meet load should be recovered in the same manner as power plant investments. This would save residential customers millions of dollars.

More importantly, it sets an important precedent. Increasingly, utilities are looking for ways to have loads adjust to meet generation, rather than adjusting generation to meet load. This is the promise of the smart grid. If a utility is making an investment to meet summer peak load, that investment could be on the generation side, or could be on the demand/distribution side. However,

traditionally, distribution investments are recovered mostly from residential and small commercial customers, while power plants (i.e., generation) are recovered mostly from large commercial and industrial customers. This makes no sense. Smart grid investments that are designed to meet load should be recovered in the same manner as power plant investments. Establishing this principle is important and should save residential customers millions of dollars

as PGE makes smart grid investments. This precedent will also go a long way in ensuring other utilities' (like Pacific Power) smart grid investments are treated similarly.

While this rate case is not over, all indications are that CUB will significantly reduce the size of the proposed rate hike and will be successful in seeking a more reasonable spread of costs to customers.

2018 CUB Board Election Ballot Instructions

Cut on Dotted Lines and Return Ballot to CUB in the enclosed envelope. (See Below and Turn Over for Ballots.)

According to CUB's bylaws, members of the Board of Governors are elected for four-year terms by CUB's members within each of Oregon's five U.S. Congressional Districts. Candidates must run for a position in the congressional district in which they live. The candidates shown in this newsletter have been certified as living in the districts they seek to represent.

In order to vote you must:

- be a current CUB member. (If your membership has lapsed, you can join by sending a donation of \$5 or more with your ballot in the attached envelope.)
- live in the congressional district of the candidate for whom you are voting.

If your congressperson is **Representative Suzanne Bonamici** then you live in **District 1**. Please vote in District 1 only.

If your congressperson is **Representative Greg Walden** then you live in **District 2**. Please vote in District 2 only.

If your congressperson is **Representative Earl Blumenauer** then you live in **District 3**. Please vote in District 3 only.

If you live in any other district, we have no candidates at this time.

2018 Candidate to the CUB Board of Governors: Gordon Levitt



Gordon Levitt – District 1, Seat Two

My name is Gordon Levitt and I am running for election to CUB's Board of Governors in Congressional District 1. As a fellow CUB member, I am asking for your vote.

I earned my J.D. and M.S. in Conflict and Dispute Resolution from the University of Oregon School of Law in 2016. My Master's thesis explored strategies that local governments in Oregon could use to reduce greenhouse gas emissions and address climate change.

I am currently a Climate Law Fellow at Our Children's Trust, a nonprofit dedicated to giving youth a voice in climate policy and protecting the earth for current and future generations.

I admire CUB's work because it gives voice to another population – utility customers – who are directly affected by energy and utility policy and would otherwise not have the power needed to advocate for their best interests.

I ask for your vote so that I may continue working to ensure that you and utility ratepayers across Oregon are well represented in the regulatory and policy processes controlling the services you depend on. Thank you for your consideration.

Please fill out the form below, cut or tear, and return in the enclosed envelope. All ballots must be received in the CUB office by 5:00 PM Friday, October 12, 2018.

District 1, Seat Two (Representative Suzanne Bonamici)

☐

Gordon Levitt

Other _____

2018 Candidate to the CUB Board of Governors: Rory Isbell



Rory Isbell – District 2, Seat Two

My name is Rory Isbell and I am running for election to CUB's Board of Governors. I was appointed to a vacant board seat in October 2017, and am honored now to be running for a full term in that same seat serving District 2.

I am a staff attorney at Central Oregon LandWatch, where I advocate for the public interest in land use and environmental issues throughout the region. I received my J.D. from the University of Oregon School of Law, and M.C.R.P. (Master of Community and Regional Planning) from the University of Oregon in 2016. My master's thesis investigated the effectiveness of transportation funding and programming mechanisms to meet greenhouse gas reduction goals. My education and professional experience have positioned me well to help ensure that CUB members and utility customers throughout the state are fairly represented.

I care deeply about the work CUB does, and I'm excited to continue supporting its mission on behalf of the residents of Oregon's 2nd Congressional District. I ask for your vote as a fellow CUB member, and appreciate your support. Thank you.

Please fill out the form below, cut or tear, and return in the enclosed envelope. All ballots must be received in the CUB office by 5:00 PM Friday, October 12, 2018.

District 2, Seat Two (Representative Greg Walden)

☐

Rory Isbell

Other _____

2018 Candidate to the CUB Board of Governors: Hector Dominguez



Hector Dominguez – District 3, Seat Two

My name is Hector Dominguez and I am running for election to CUB's Board of Governors in Congressional District 3. As a fellow CUB member, I am asking for your vote.

I work for the City of Portland in the Bureau of Planning and Sustainability's SmartCity Project as an Open Data Coordinator. The goal of Smart City PDX is to find ways to use data and technology responsibly for the health, safety, and prosperity of all Portlanders.

My professional background is an eclectic mix of research, entrepreneurship, and nonprofit work. Over that time I have developed expertise on the Internet of Things, robotics, automation and AI, and advanced analytics. I received a PhD in Mechanical Engineering with a focus on solar concentrator manufacturing and sustainable manufacturing. I am passionate about putting technology and data to work for the public interest. My hope as a CUB Board Member is to bring my expertise to bear on how technology is changing the utility sector and how customers are being impacted. I ask for your vote in order to serve you and others in the community on the CUB Board of Governors. Thank you.

Please fill out the form below, cut or tear, and return in the enclosed envelope. All ballots must be received in the CUB office by 5:00 PM Friday, October 12, 2018.

District 3, Seat Two (Representative Earl Blumenauer)

☐

Hector Dominguez

Other _____

Destination: Decarbonization - A Preview

The eighth annual CUB Policy Conference, Destination: Decarbonization, will take place on Friday October 19, 2018 at the Downtown Portland Hilton. Designed to educate attorneys, analysts, regulators, and others working in and around the utility industry, this conference will explore the dramatic recent shift in Oregon and the Pacific NW from aspirational climate goals, to actively working to decarbonize our utilities, and what comes next.

Learn more and register today at oregoncub.org/cubcon18!

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CUB Seeks to Minimize Cascade Natural Gas Rate Request

Cascade Natural Gas is a natural gas distribution utility headquartered in Kennewick, Washington that provides natural gas distribution service to 25 communities in Oregon, the largest of which are Bend, Baker City, and Pendleton. Cascade has approximately 74,000 Oregon customers, and recently filed a rate increase request with the Oregon PUC. The company's request seeks to increase its Oregon revenues by \$2,310,808 or 3.53 percent. It cites increased investment in distribution systems as the main driver for the request.

The rate case is still in its very early phases, but CUB has already begun filing data requests to dig deeper into the costs Cascade asserts it must recover. In the end, it will only be permitted to recover costs that are necessary to serve customers. CUB will work diligently to ensure a fair deal for Oregon customers, and will seek to mitigate costs wherever possible.

(Data Privacy Cont'd from Pg 7)

lessons worth learning from GDPR and CCPA implementation; but at the end of the day, Oregon needs a cohesive set of data privacy policies that work for Oregonians.

At the time of this writing, CUB and key allies in ACLU and Oregon Public Research Group are actively developing a policy proposal aimed at protecting consumers' personal information. The goal of this strong policy development team is to design and pass legislation tailored to Oregon, ensuring data privacy protections for all Oregonians. Readers should expect regular updates on both the policy development process and opportunities for member involvement.



Oregon CUB

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CUB and Interim Carbon Reduction Policy Efforts

CUB expects carbon reduction to be a legislative leadership priority during the 2019 session in Salem. A robust set of interim activities are currently underway to help achieve that legislative goal. CUB tracks all these efforts, but is particularly involved in discussions related to electric utility carbon reduction opportunities and low-income energy assistance.

House Speaker Tina Kotek and Senate President Peter Courtney are leading the Joint Interim Committee on Carbon Reduction, illustrating the importance placed on legislative success in 2019. This Committee met in May, June, and July. Four additional meetings will occur before the 2019 legislative session.

The May meeting focused on climate change science and carbon reduction policy basics. The June and July meetings included several presentations related to carbon sequestration on working lands such as forests, coastal areas,

farmland, and rangeland. Also at the June meeting, Kristen Sheeran, who heads the Governor's new Carbon Policy Office, outlined the scope of the interim work underway administratively.

The Carbon Policy Office, with state agency assistance, is staffing three working groups: Natural and Working Lands, Low-Income Utility Programs, and a Business Advisory group. The Office has also engaged in targeted conversations with key stakeholders, including tapping into CUB's expertise on carbon reduction strategies that also provide electricity customer rate protection. CUB is also a member of the more recently launched low-income utility work group. The final legislation will comprehensively address all economic sectors, but the elements on which CUB will assist during the interim – decarbonizing the electricity sector and addressing the needs of low-income customers – represent essential policy development contributions.