

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.

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The Bear Facts

QUARTERLY NEWSLETTER OF THE
OREGON CITIZENS' UTILITY BOARD

Spring 2021

Oregon's Worst Winter Storm in 50 Years Raises Questions in Wake of Extended Power Outages

a letter from Bob Jenks

Thousands of customers were still without power more than two weeks after the mid-February ice storm. In terms of damage to Portland General Electric (PGE)'s distribution system, this was a storm of historic proportions, comparable to the Columbus Day Storm of 1962.

There is no doubt that PGE's line crews worked long, hard hours to bring power back to customers. Crews on loan from other utilities joined PGE in this effort under mutual aid agreements. But this does not mean that we should accept weeks-long outages. Many customers are justifiably frustrated and angry.

PGE will go to the Oregon Public Utility Commission (PUC) and seek to recover the costs of repairing the damage to its system. This will trigger a prudence review that will examine whether any of this damage could have been prevented. CUB will participate in that review, both to look back at what could have been done better, and to look forward at what better approaches should be taken in the future.

Communications with Customers: Many customers who reached out to CUB recognized the unprecedented nature of the storm, but were angry about their inability to get good information from PGE. People wanted to know the best estimates as to when the power would be restored, so they could know whether to move into a motel or ask a friend or relative to take them in despite the pandemic. People who had left their homes wanted to know if the power was back on so they could return home. They found they could not get PGE to call them and let them know.

Restoring Service: We don't want to criticize the line crews that worked very hard and long hours after the storm, but are there things that can be done to restore power faster? Should utilities have more line crews and/or equipment available? Are the mutual aid agreements sufficient, or are there more ways to bring in additional crews?

Prevention: What can we do to prevent wide-scale outages? While outages from this storm were caused by ice, the Columbus Day storm was caused by wind. How do we reduce these vulnerabilities as storms increase in severity and frequency due to climate change?

Tree trimming around power lines must be improved. When a utility fails to meet the requirements of its Vegetation Management Program, it should be held accountable.



Damage from the February 2021 ice storm, spotted in SE Portland

(Letter from Bob Cont'd on Pg 2)

Currently urban tree trimming is focused on preventing tree growth from touching power lines. Standards could be established to increase tree trimming and focus more on the potential impact from ice and wind – though this approach may meet resistance from homeowners.

While much of the damage was from trees hitting power lines, we also saw utility equipment fail due to ice accumulation. Should utilities be required to install wires, poles, and transformers that can handle more ice?

One popular suggestion is to bury power lines underground. Undergrounding power lines is done in new developments, because it can be done before roads, sidewalks, and houses are built. To do this across PGE's service territory would require digging a trench in most streets, and a hole for a line transformer for every 4-6 houses. There would have to be a trench from the transformer to each house - through sidewalks, driveways, and landscaping. The meter and connection to the house would have to be replaced or moved, and all that concrete and other ground surface material

would have to be repaired afterward. The cost would be thousands of dollars per house, or billions across the service territory. Undergrounding of all power lines may not be affordable. But selectively undergrounding in the highest risk areas, or when streets are repaved, could reduce the size of the outages.

This storm and its consequences were unprecedented. But we should not brush it off as a fluke. Instead, we should learn what we can, and improve how utilities prevent damage, how they repair damage, and how they communicate with customers.

Sincerely,



Bob Jenks
Executive Director, Oregon CUB



Pacific Power Requested a Rate Increase, Got a Rate Decrease

Pacific Power requested a 6 percent rate increase in a rate case that wrapped up late last year, but ended up with a 1.6 percent decrease, lowering bills for its 600,000 Oregon customers. It was the utility's first general rate case since 2013. Due to the long interval between rate cases and the relative complexity of the utility's system, many issues were in dispute. CUB is proud to report victories on a number of issues the regulatory team addressed throughout the case.

CUB argued against Pacific Power's requested profit margin increase, particularly in light of the economic hardship wrought by COVID-19. The PUC ordered a \$9 million annual reduction to the company's profit margin.

First, CUB opposed cost recovery for investments made in 2015 and 2016 to retrofit a Wyoming-based coal plant. Because customers in Pacific Power's six states share the costs of its system, if the PUC had ordered cost recovery, customers in Oregon would have had to pay for these investments. Instead, the PUC agreed with CUB's logic that the company should have considered various alternatives—including closing the coal plant early—instead of making costly investments to comply with federal environmental regulations. Because the PUC agreed with CUB, the company was prohibited from earning profit on this investment.

Pacific Power also sought to vastly increase the profit margin it earns on capital investments. If granted, this proposal alone would have raised Oregon customers' rates by about \$12 million per year. CUB, alongside other stakeholders, argued this increase was not appropriate when compared to the company's peer utilities, especially given the economic hardship the COVID-19 pandemic has wrought on its customers. With these factors in mind, CUB argued for a \$12 million per year decrease in the company's profits. The PUC ordered a \$9 million annual reduction to the company's profit margin.

Additionally, Pacific Power sought to raise the fixed portion of bills for residential customers living in single-family homes, while decreasing the fixed portion for multi-family home customers. While decreasing this portion of the bill for customers in multi-family homes makes sense because they cost less per customer to hook up to the grid, CUB opposed raising the fixed charge for single-family homes. CUB was able to win an agreement to achieve just that.

This legislative session, CUB's advocacy team is pushing for policies to expand consumer rights and programs that help build an equitable energy future. Many CUB members have helped this effort by responding to our online action alerts. Keep up with action alerts by joining our email list at oregoncub.org/get-involved/action-alerts. You can also join our email list with the enclosed remit envelope by checking the sign-up box and providing your email address.

Read on to learn about several of CUB's 2021 legislative priorities.

HB 2698 – Right to Repair: Stuff breaks and all too often, manufacturers restrict repair. CUB supports the Oregon Right to Repair Act (HB 2698) because the bill expands Oregonians' ability to repair consumer electronic equipment by requiring manufacturers to share parts, tools, and repair manuals with consumers and independent repair shops. Right to repair means that consumers can either fix products themselves or bring them to a repair shop, reducing waste and lowering the cost of devices used for staying connected.

HB 2165 – Transportation Electrification: By electrifying transportation, Oregon can reduce climate pollution and cut electric utility bills. The transportation sector is responsible for more climate pollution than any other area of Oregon's economy. HB 2165 improves evaluation of utility transportation electrification investments by regulators. Portland General Electric and Pacific Power would be required to make a minimum level of transportation electrification investments, currently estimated to be \$8-10 million per year. Half of those investments must benefit low- and moderate-income customers. HB 2165 also expands Oregon's electric vehicle rebate programs with an emphasis on equity. Equitably investing in transportation electrification benefits all customers of major electric utilities, not just those who can afford electric vehicles.



A fully disassembled Toshiba laptop gives a glimpse into modern electronic device repair

(CUB Legislative Action Alerts Cont'd on Pg 6)

Another Year, Another Opportunity to Scrutinize Utility Power Cost Filings

CUB diligently analyzes various utility cost recovery filings to ensure customers aren't paying for inappropriate expenses. Most utility capital and fixed costs are recovered in general rate case proceedings, like the recent Pacific Power case. However, utilities recover variable power costs through annual filings. These variable costs include buying fuel for power plants, buying and selling power on energy markets, and also include variable benefits such as renewable energy tax credits.

While some states allow a straight pass-through of these variable costs from the utility to its customers, Oregon's approach emphasizes consumer protection. Here, the utilities forecast an estimate of variable costs for the next year. The forecast is included in rates. At the end of the year, CUB and other stakeholders compare a utility's actual and forecasted costs. In Oregon, a utility is only allowed to recover the

difference between its forecast and actuals if certain customer protection criteria are met. For example, the utility must demonstrate that it has been under-earning below its authorized levels.

CUB's scrutiny of utility variable cost recovery filings is important in part because variable costs make up a substantial portion of the overall rates utilities are allowed to charge.

But in its recent rate case, Pacific Power wanted to change its annual power cost recovery rules by altering these customer protection measures so the company would get a straight pass-through of actual costs. CUB successfully fought this change so Pacific Power's annual power cost filings are still evaluated with customer protections like all other

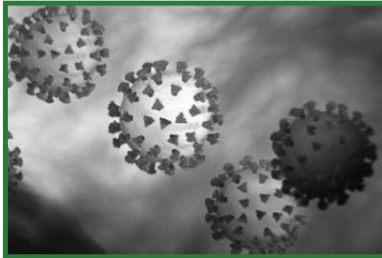
utilities. Otherwise, in Pacific Power's 2020 power cost filing, they would have recovered \$41 million that instead was money saved by customers.

This Pacific Power story demonstrates why CUB monitors variable cost filings, which are important for two reasons:

(Power Cost Filings Cont'd on Pg 4)

The pandemic harms residential utility customers. Many households remain unable to pay their utility or other bills. Last summer, CUB helped pave the way for the PUC to endorse an agreement protecting residential customers. The agreement included a moratorium on energy utility service disconnections through April 15, 2021 and a fund to reduce customers' past due balances. In February, the PUC extended the moratorium until June 30. CUB called on the PUC to extend the moratorium because:

- **The pandemic is by no means over.** COVID-19 cases and hospitalizations have fallen, but they remain high and the disease continues to harm residential customers.
- **COVID-19 variants deserve caution.** COVID-19 variants have emerged abroad and domestically. Until health experts better understand if or how the variants affect public health in Oregon, the moratorium should remain in place.
- **COVID-19 harms non-white Oregonians.** Non-white Oregonians are twice as likely to become infected with COVID-19 and nine times as likely to be hospitalized as result of COVID-19. Lifting the moratorium would further harm these communities.
- **Many Oregon students continue to attend school from home.** In late February, 450,000 students were learning from home on either a full-time or partial basis. The moratorium must not be lifted while so many Oregon students remain at home.
- **Public health authorities recommend quarantine for people exposed to COVID-19.** Health experts recommend quarantining after potential exposure. Oregonians need safe places to quarantine, and the safest place to quarantine is at home. Quarantining at home requires essential utility services.
- **Extending the moratorium is consistent with actions taken in other states.** California extended



Between emerging virus variants and lingering economic fallout, Oregon is in a precarious place in the fight against the COVID-19 pandemic.

its utility service disconnection moratorium until June 30. Washington extended its moratorium until July 31. Oregon should continue its COVID-19 response leadership.

At the February public meeting where the PUC extended the moratorium, CUB testified that customers' balances from the pandemic are not traditional "debt." Customers are unable to pay their utility and other bills due to lost income or health issues. Utilities have accounting tools to recover from emergencies like wildfires and ice storms. They should also have tools to respond to public health emergencies.

Other advocates argued for extending the moratorium into 2022. They stressed that while disconnection notices may convince customers to begin payment, they're harmful and may have unforeseen costs. Utilities urged caution, expressed concern for growing customer "debt", and difficulty reaching customers without disconnection communications. Commissioners voiced concern for customers and weighed the utilities' position before extending the moratorium. They also requested a report from PUC Staff on May 13 regarding progress to lower customers' past due balances, and the state of the pandemic.

Utility customers and Oregon's economy need more time to recover from the pandemic. CUB keeps a close eye on utility consumer protection needs and will offer updates as they unfold.

(Power Cost Filings Cont'd from Pg 3)

First, these variable costs make up a substantial portion of the overall rates a utility is allowed to charge. Second, since these are annual filings, they represent a consistent arena for CUB to ensure only appropriate costs are included, and that all applicable benefits are considered.

Utilities are only beginning to file their 2021 annual power cost cases. These cases will be a big issue for the CUB regulatory team since they are an arena where we can, and historically have, achieved big savings for customers.

CUB is pleased to welcome our two newest board members, Pamela Placencia Berrian and Ashley Lowe Mackenzie.



Pamela Placencia Berrian

Pam is a longtime resident of Eugene, where she represents CUB members in Congressional District 4.

Pam brings the expertise of a 30+ year career spanning social services, economic development, legislative advocacy, grants management, and more. She currently serves as Telecommunications Program Manager in the IT Division for the City of Eugene, where she is involved in licensing long-term users of the public rights of way. Pam also manages an internal grants program that funds pilot projects of community benefit, including municipal broadband accessibility and digital inclusion initiatives.

Pam is a past recipient of the Project Team Award and the Edwin B. Parker Enduring Achievement Award at the Oregon Connections Conference. She holds a Master of Arts Degree in Social Psychology from the University of California, Davis. In their spare time, Pam and her husband Jeff Johnston enjoy everything outdoors, RV jaunts, photography, their 10'x30' HO Scale Railroad layout and above all, seeing their new grandchild as often as possible.



Ashley Lowe Mackenzie

Ashley is a Ph.D. student in Applied Economics at Oregon State University. Her research focuses on the intersection of recreational, social media, and public land management issues. She earned her B.S. in Economics from Portland State University in 2011 and her Master's in Applied Economics in 2020.

Ashley and her husband are lifelong Oregonians from Logsden and Corvallis, respectively. They currently reside in Corvallis where Ashley represents members in Oregon's 4th Congressional District. She is an outdoor enthusiast and is only one long distance trail away from her triple crown; Pacific Crest Trail (2011) and Continental Divide Trail (2014).

Thank You For Your CUB Member Support

What does it mean to be a CUB member? How do I benefit from joining? We hear these questions from both new and long-time members. Joining CUB or maintaining an annual membership is vital to supporting CUB's work advocating for residential utility consumers. Your support allows CUB to advocate for not just you, but millions of other residential customers.



We work for you. We work for all Oregonians. And while you may never receive a tote bag or hoodie sweatshirt from CUB, you will always get our very best research, analysis, and advocacy. CUB is your consumer advocate, fighting for utility regulations and policies that protect your wallet and the environment.

If your 2021 membership is already up to date, thank you and please consider increasing your support level using the enclosed envelope, or online at oregoncub.org/get-involved/donate. If you have not yet contributed this year, now is the perfect time. From \$5 to \$5,000, every dollar counts. We promise to put your money toward nothing other than effective advocacy on behalf of Oregonians.



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(CUB Legislative Action Alerts Cont'd from Pg 3)

HB 2475 – Energy Affordability Act: This legislation will help reduce energy costs for low-income customers. These customers spend a large percentage of their income on energy costs, and bill payment assistance programs do not meet the need. With COVID-19, this need has only increased. The Energy Affordability Act would pave the way for regulators to consider equity and income in utility programs and rate design, reducing bills for eligible customers. HB 2475 also facilitates engagement from environmental justice communities, which includes communities historically underrepresented in utility regulation: Black, Indigenous, and other communities of color; rural, coastal, and frontier Oregonians; and seniors and people with disabilities.



HB 3141 – More Funding for Low-Income Programs and Public Purpose Charge Update: Although Oregon leads the country in energy efficiency, too many families are left behind with poorly insulated homes and high energy bills. In 1999, Oregon passed the public purpose charge, a 3 percent surcharge billed to customers of our state's major regulated electric utilities. These dollars are dedicated to energy efficiency investments, weatherization projects for households with low incomes, support for targeted renewable energy investments, and school energy improvements. After twenty years, the public purpose charge needs an update. CUB supports HB 3141 because it meets the goals of the original law, while increasing funding for low-income weatherization.

***See Page 3 inside** to learn about CUB's other 2021 legislative priorities and how to receive CUB action alerts by email!*