

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

Summer 2019

HB 2020 Died, But Work Continues On Climate Policy

a letter from Bob Jenks

The Clean Energy Jobs legislation, HB 2020, did not become law in 2019 due to the Senate Republican walk-out and inaccurate attacks on a complicated but well developed piece of legislation.

This news is an affront to the democratic process in Oregon and to modern climate science.

HB 2020 reflects years of work and is a well-crafted and Oregon-specific cap, trade, and invest approach to reduce economy-wide carbon emissions. To address our changing climate and instill long-term resilience into Oregon's economy, the bill established a comprehensive and declining greenhouse gas (shorthand: carbon) emissions cap to reduce overall emissions to 45 percent below 1990 levels by 2035, and 80 percent below 1990 levels by 2050. These benchmarks were based on previously adopted state goals and recent climate studies emphasizing the need for prompt action.

Under HB 2020, large polluters either would have been assigned carbon emission credits directly, or would need to purchase and could trade carbon emission credits from a state-run marketplace. Depending on their source, the proceeds from the sale of these credits would then be allocated toward further decarbonization efforts, certain transportation projects, rebates to affected households and businesses, and programs to offset the known harms to frontline communities - particularly low-income families - associated with our state's rapidly changing climate.

CUB's input focused on HB 2020's energy utility provisions. HB 2020 recognized and gave credit for previously adopted mandates on our state's major electric utilities: to remove coal from their electricity generation mix, increase renewables, and invest in energy efficiency, battery storage, and electric vehicle infrastructure. Additional decarbonization steps would have been required, but HB 2020 was designed to keep electricity bills affordable. Its facilitation of investment in transportation electrification and affordable electricity would have also enabled more households to purchase electric vehicles, thereby saving money on operation and maintenance costs.

HB 2020 would have been a truly historic milestone for Oregon as only the second economy-wide program of its kind in the United States. Oregon's cap, trade, and invest program was notable for its significant safeguards for both vulnerable industry groups and Oregonians more generally – but particularly low-income natural gas and transportation fuel customers.

My staff and I are deeply frustrated by this turn of events, but not only because of our work on the policy steps leading up to HB 2020. And not only because climate change is, in CUB's organizational view, the most serious public policy issue of our time. CUB's work on this issue convinced us that Oregon's energy systems can adapt to a low carbon future and that the technology to do so is available and affordable.

"...climate change is, in CUB's organizational view, the most serious public policy issue of our time... Oregon's energy systems can adapt to a low carbon future."

(Letter from Bob Cont'd on Pg 3)

Avista Utilities, which provides natural gas service to parts of southern, central, and eastern Oregon, has requested an 8 percent rate increase for residential customers. Avista has become the most aggressive Oregon utility in seeking higher rates: this is the fifth rate hike requested in the last six years. The one exception was 2018 when Avista sought approval to merge with Ontario utility Hydro One.

Avista says the increase is needed to fund replacement of aging gas infrastructure. CUB will take a hard look at the proposed capital investments to ensure that they are necessary to maintain reliable service. Avista is also asking the PUC to increase its Return on Equity, which is the profit margin built into rates, from 9.5 percent to 9.9 percent. After the company spent the last year on an unsuccessful merger attempt, CUB questions whether this increase is justified.



Bob Jenks moderates a panel on decarbonization at the 2019 NASUCA Conference, with (l-r): Jason Eisdorfer - OPUC, Elaine Hart - PGE, Susan Stratton - NEEA, and Angus Duncan - Oregon Global Warming Commission

Pacific Power – Profit on Retired Equipment

Pacific Power is asking the PUC to allow it to continue earning a profit on equipment that is being retired from service, even though Oregon courts have found that utilities are prohibited from earning a profit on equipment that is not “used and useful” to serve customers.

Pacific Power is repowering its wind facilities. This amounts to replacing at least 80 percent of each wind turbine with new equipment. Repowering allows the utility to boost its output of wind generation and qualify for an additional ten years of federal tax credits associated with wind generation.

CUB believes repowering the wind facilities makes sense; however, it must be done in a manner consistent with Oregon law. Pacific Power should be allowed to earn a profit on the new equipment it is adding, and to recover its capital investment in the old equipment being removed. But the company may not charge customers in order to profit on that old equipment. This would result in a good deal for Pacific Power, while still treating its customers fairly.

PGE Proposes EV Home Charging Program

Portland General Electric (PGE) is proposing a new home EV charging program that would offer customer households with EVs a rebate on a Level 2 charger, if the household signs up for a program that allows the company to vary the charge timing of the vehicle.

Last year, when PGE was seeking permission to build additional public EV charging pods, CUB requested that the company develop a program to ensure that home charging was managed to reduce costs to the system. PGE is expecting more than 100,000 EVs in its service territory within a few years; most of these will primarily be charged at home. CUB is concerned that, assuming many of these EVs are charged in the early evening, the resulting concurrence with peak summer load will add costs to the utility system. But if these same EVs are charged off-peak when there is unused capacity, the grid becomes more efficient, reducing costs. A level 2 charger facilitates this by allowing an EV to be charged in three or four hours, rather than ten or 12.

PGE’s proposal goes a step beyond just moving charging off-peak, and allows the utility to adjust the charging. This means that as wind power varies during the night, PGE can raise and lower EV charging loads and integrate that wind power at a very low cost.

Frontier Communications Purchased by WaveDivision Capital

Frontier Communications, a telecommunications company serving thousands of Oregon households with voice and internet service, has announced that it is selling its Northwest service territory to WaveDivision Capital. Because Frontier is a regulated telephone provider, this sale will have to be approved by the PUC.

WaveDivision Capital is a new investment company established by the founder of Wave Broadband. CUB will examine this new company, its structure, and its financing to determine whether its ownership of Frontier’s service territory poses risks to customers. CUB will also be examining planned investment to ensure that Frontier’s rural Oregon customers receive a benefit from this acquisition.

(Letter from Bob Cont'd from Pg 1)

What is missing is the political will by our political leaders. Polls consistently show that Oregonians believe that climate change poses an increasingly serious threat to our state's economic, environmental, and social livelihood - and that the Oregon legislature must act.

This is why neither I nor my staff, nor all the other hardworking advocates and policy makers, are deterred. I am confident that we will regroup and redouble our collective efforts to implement comprehensive, consumer-first climate change policies sooner rather than later.

In the meantime, CUB will continue working to ensure

that our utilities close uneconomic coal plants, make cost-effective investments in energy efficiency and renewables, support the move to electric vehicles, and take other actions that reduce carbon emissions.

Sincerely,



Bob Jenks
Executive Director, Oregon CUB



2019 Legislative Session Wrap-Up

As noted in Bob's letter, HB 2020 did not become law. In other outcomes for CUB's 2019 legislative agenda, we experienced a few major disappointments, but there were significant successes as well.

HB 2184 and HB 2173: On the final day of the legislative session, the Senate enacted HB 2173 to establish the Oregon Broadband Office (OBO). However, the Senate failed to take a final vote on HB 2184 to modernize the Oregon Universal Service Fund (OUSF) and provide resources for rural broadband grants.

CUB will continue working on restoring fairness to the OUSF. The Oregon Legislature created this fund in 1999 to ensure safe, reliable, and affordable voice service throughout the state. The Legislature at that time exempted wireless providers (and their customers) from contributing to the OUSF. Voice over Internet Protocol (VoIP) was not yet a viable alternative to landline for some customers as it is today.



Sam Pastrick discusses universal service, consumer protection, and more in a telecommunications panel at the 2019 NASUCA Conference, with (l-r):

*Regina Costa - TURN, and
Elizabeth Uzelac - Oregon DOJ*

That historic approach is now unfair, particularly to landline customers, and wireless and all VoIP companies should be paying their fair share into the OUSF. This additional revenue is needed to improve the existing program by reasonably compensating phone companies for their "carrier of last resort" (COLR) obligation that requires them to ensure fair, safe, reliable, and affordable voice service throughout Oregon. HB 2184 would have also provided \$5 million per year for broadband infrastructure and community planning grants, particularly in rural areas.

Governor Brown already created the OBO via Executive Order earlier this year, but HB 2173 establishes the office in statute. Located in the state's economic development agency, Business Oregon, the OBO will coordinate broadband policy at the state level, but its broadband grants program purpose is undermined by the demise of HB 2184.

CUB authored **HB 3065** with Representative Pam Marsh and technical support from Oregon Public Utility Commission (PUC) staff. The bill instructs the PUC to open a public proceeding, in which CUB will serve as a key stakeholder, to investigate

phone companies' COLR obligation and determine administrative or legislative policy changes to protect residential customers. The bill received bipartisan support in both the House and Senate, and Governor Brown signed it into law.

SB 1044 establishes policy goals for Oregon regarding the purchase and usage of Zero Emission Vehicles (ZEVs) by state agencies and the public at large. The bill also allows school districts that have completed all feasible weatherization using public purpose funding to reallocate those monies for ZEV infrastructure and bus fleet conversion. SB 1044 passed with bipartisan support through both the House and Senate with CUB's support.

(Legislative Reporting Cont'd on Pg 4)

We are asking for your support leading up to and during the “short” 2020 legislative session. The Oregon Legislative Assembly meets annually, with 30 Senators and 60 Representatives. It takes lots of work to advance legislation. In odd-numbered years, like 2019, the Legislature assembles for about five months ending in late June. During even-numbered years, like 2020, the Legislature convenes for only five intense weeks.

Short legislative sessions do not allow much time for policy negotiations, but CUB has achieved landmark policy wins during past short sessions, especially with advance organizing. In 2016, CUB helped pass the Clean Electricity and Coal Transition Act. In 2018, CUB led the fight to pass net neutrality protections. In 2020, we have our sights set on passing an Oregon “Right to Repair” (R2R) law.

R2R is straightforward: If you buy it, you own it, and have every right to fix it. State-level R2R bills often emphasize digital electronic devices (DEDs) such as phones, tablets, and computers because DED manufacturers increasingly design them for obsolescence and inappropriately monopolize their repair. The Apple iPhone, for example, is one of the most recognizable and sought-after consumer electronic products in the U.S., but not at all easy to repair and, therefore, inaccessible for many low or even moderate-income consumers.

DED manufacturers like Apple charge a premium for their products and intentionally design them for replacement and not repair. If the consumer does opt for refurbishment -

even replacing a battery or screen - the manufacturer goes to great lengths to ensure they perform the upgrade, not the consumer or a third-party repair shop. This dynamic is bad for consumers and the small business community. Third-party repair shops serve their communities well but are hampered by unequal access to basic repair and diagnostic information.

Right to Repair is straightforward: If you buy it, you own it, and have every right to repair it. But DED manufacturers intentionally design their products for replacement and not repair.

CUB and Oregon State Public Interest Research Group (OSPIRG) were the lead advocates for **HB 2688**, an Oregon R2R bill filed during the 2019 legislative session that just ended. However, due to a lobbying push from industry and out-of-state special interest groups, HB 2688 only received an informational hearing. This public record should benefit our R2R advocacy in Salem leading up to and during the 2020 session. Meanwhile, CUB will build public support to persuade legislative leadership that R2R is common sense policy for the benefit of all Oregonians, especially low- and moderate-income families with limited or no access to DEDs.

Passing an R2R bill in Oregon is a top priority for CUB in 2020, but we need your help! Leading up to the 2020 short legislative session, we will continue to engage members and Oregonians through our blog, action emails, and other media about passage of an Oregon R2R law in 2020. You can help, starting today, by contacting your legislator(s) and signing onto our letter to legislative leadership advocating for Oregon R2R (oreguncub.org/get-involved/action-alerts).

Other Works-in-Progress for Future Legislative Action

CUB authored **HB 2866** - the Data Transparency and Privacy Protection Act - with OSPIRG and ACLU of Oregon. Representing the culmination of months of policy development, HB 2866 endeavored to better protect Oregonian’s personal information and digital privacy. The bill included two key provisions:

1. A “right to know” policy allowing Oregonians to request, annually, a record from business entities operating in the state regarding their collection, analysis, storage, sale, or other transfer of Oregonians’ personal information through a DED.
2. A separate policy barring entities from collecting, analyzing, storing, selling, or otherwise transferring Oregonians’ geolocation and audiovisual information without first receiving consent.

HB 2866 received a public hearing in March before the House Judiciary Committee; though the Committee took no further action, primarily due to industry opposition. The CUB-ACLU-OSPIRG team continues to meet regularly, and we anticipate

(Future Legislative Action Cont’d on Pg 5)



Goodbye and Good Luck, Andrew

CUB said goodbye to Database Assistant, Andrew Rod in June. Andrew joined CUB in 2018 to manage our membership database and handle other member-related outreach activities.

Learning a new database system while in school full time and working a second part time job must have been challenging. But you'd never know it from observing Andrew or his work. He quickly mastered CUB's membership outreach systems while understanding CUB's unique role in Oregon and what the existence of an independent utility customer advocate means for Oregonians. CUB will surely miss Andrew. We wish him the very best and are confident in his future success.



Clean Energy Communities / Reliable Systems

Save the Date: the 9th annual CUB Policy Conference will take place on **Friday, November 8** at the Downtown Portland Hilton!

Keynote Address by **Megan Decker** – Chair, Oregon Public Utility Commission

And much more!

Sponsorship opportunities are available at a variety of levels. For more information about sponsorship packages, contact Janice Thompson at 503-227-1984 x24, or janice@oregoncub.org.

Stay tuned to oregoncub.org/cubcon19 for updates, and contact Amelia Lamb at 503-227-1984 x17 or amelia@oregoncub.org to join the CUB Conference email list.

This CUB Policy Conference is specifically designed to educate analysts, attorneys, advocates, regulators, utility executives, and others working in and around the energy industry. All past CUB Conferences have offered Continuing Legal Education (CLE) credits from the OR and WA Bars, and we anticipate renewed accreditation for 2019.

The program will feature:

Opening Panel: **The View From the Top: A Conversation with NW Utility Executives**

Panelists:

- **Stefan Bird** - President and CEO, Pacific Power
- **Kim Heiting** - Senior Vice President of Operations and Chief Marketing Officer, NW Natural
- **Jim Lobdell** - CFO, Portland General Electric
- **Elliot Mainzer** - Administrator, Bonneville Power Administration
- **Dennis Vermillion** - President, Avista Corporation

(Future Legislative Action Cont'd from Pg 4)

proactive steps from the Oregon Department of Justice to assemble a new Consumer Privacy Task Force this fall. The task force will assume a mission of authoring comprehensive digital privacy legislation for the 2021 "long" legislative session. CUB will be a leader among digital privacy advocates on the taskforce.

HB 2242 sought to create a low-income and environmental justice advocate within the PUC, while also allowing the PUC to consider low-income energy burden in utility programs and ratemaking. The bill passed through the House Energy and Environment Committee but stalled in the Joint Ways & Means (budget) Committee. CUB will seek input from environmental justice advocates on their priorities for this or similar legislation in 2020.



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CUB is Recruiting Board Members

Are you interested or have experience in energy or telecommunications policy? Experience or interest in nonprofit board management, fundraising, or HR? Expertise or aptitude in social media and outreach? Are you committed to diversity, equity, and inclusion? The CUB Board of Governors has vacancies that can be filled by appointment as well as 2019 board member elections.

For more information on board openings, responsibilities, and how to apply for CUB Board membership, contact Janice Thompson, Deputy Director at janice@oregoncub.org or 503-227-1984 x24 before the **August 19** application deadline.

Thanks for Your Action in 2019

CUB is active in Salem during Oregon legislative sessions and strives to encourage participation from members and Oregonians. With the 2019 session having just ended on June 30, a well-deserved thanks goes out those of you who signed on to CUB advocacy letters, contacted your legislator(s), or learned something new about energy or telecom policy to spark conversation with friends, family, or colleagues.

In 2019, we asked CUB members to sign onto endorsement letters for various bills. **More than 300 of you lent 400 signatures to four different bills.** Of course, not all of CUB's priority bills made their way to the Governor's desk (see pages 4-5 for details), but your help in demonstrating public support boosted our advocacy efforts every step of the way.

Action campaigns like these begin with analysis and education. We pore over policy details to keep readers of our blog, emails, and quarterly newsletter informed about the goings-on in Salem as they relate to policies impacting residential utility customers. **Thanks again for your interest and activism!**