

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	Pgs 1 & 2
Utilities Seek Higher Rates	Pgs 2 & 5
Telecommunica- tions Advocacy Updates	Pgs 3 & 5
New Staff & Board Intros	Pgs 3, 4 & 5
Oregon Climate Executive Order	Pgs 4 & 5
CUB is Here to Stay for All Residential Customers	Pg 6



The Bear Facts

QUARTERLY NEWSLETTER OF THE
OREGON CITIZENS' UTILITY BOARD

Summer 2020

CUB Fights Utility Greed Amidst Shrinking Economy

a letter from Bob Jenks

This is a challenging time for all of us. The COVID-19 virus continues to spread. Hundreds of thousands of Oregonians have lost jobs. The murder of George Floyd has led to massive demonstrations calling for an end to police violence and systemic racism. I joined thousands of other Oregonians in saying that Black Lives Matter. I spoke about this at a recent Oregon Public Utility Commission (PUC) meeting that launched their COVID-19 response work group.

We need to recognize that Oregon's Black community and other communities of color have been particularly hard hit by the virus and its economic impacts. People of color are more likely to have jobs that can't be done from home, work in places where controlling virus spread is challenging, or have jobs that simply no longer exist – all for the sake of public health benefits that are not shared equally across society.

In March as the virus spread and businesses began closing, Oregon's utilities responded to calls from CUB and others to suspend late fees and shut-offs due to nonpayment. Utilities are to be commended for these steps. However, CUB is concerned that the utilities are ready to end the shut-off moratoriums and get back to business as usual, while ignoring continued suffering by customers.

Before this crisis when unemployment was at a record low, four of the five energy utilities regulated by the PUC filed for rate increases. Today, unemployment is at record highs and the utilities still want to raise rates.

Pacific Power wants more money for its parent company, Berkshire Hathaway. Its rates are based on an annual forecast of power costs. While forecasts are rarely completely accurate, current policy is to not correct these forecasts when a utility has made a reasonable profit, which Pacific Power has done consistently. Pacific Power wants to change this policy. Doing so adds no value for Oregon customers, but would require customers to pay an additional \$45 million to Berkshire Hathaway, which is run by the world's fourth richest man, Warren Buffet.

In a rate case filing on May 29, NW Natural asked to raise rates by \$4.3 million for bonuses to its CEO and other corporate officers. While this proposal is not going to be adopted, the fact that the company made such a proposal given the impact of the virus seemed particularly tone-deaf.

This is no time to return to business as usual. Utilities cannot be allowed to end shut-off moratoriums and resume typical operations. Instead, CUB calls for a COVID-19 Utility Consumer Protection Plan that keeps the shut-off moratoriums in place until the economy improves, helps customers manage past due amounts through payment plans and debt forgiveness, and provides more resources to help struggling customers pay their bills.

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(Letter from Bob Cont'd on Pg 2)

Pacific Power and all three natural gas utilities serving Oregon are seeking higher rates through general rate cases. These rate cases were developed several months ago when unemployment was at historic lows. However, we are living in a different world now. Because of COVID-19, unemployment has climbed to record levels. CUB is calling on these utilities to reduce their rate hike requests in light of the economy, especially since the economic impacts of the pandemic are likely to linger for some time to come.

NW Natural Requests 12 Percent Rate Hike

NW Natural requested a rate hike of 12 percent for residential customers in December 2019, followed by an updated request in May of this year. CUB was extremely disappointed with this update because NW Natural was still asking for changes in PUC policies around pay, bonuses, and advertising that would allow it to add millions to the bills of Oregon customers. We were particularly troubled by a proposal that would charge customers more than \$4 million to provide bonuses to the company's CEO and other corporate officers. Since its May filing, there have been fruitful settlement discussions between NW Natural, CUB, and other parties. CUB believes we will be able to reach a settlement that ensures residential customers will not be subject to unnecessary rate hikes during this challenging time.

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the safety of its distribution system. For example, Cascade acquired the Bend area of its service territory in the 1950s and is in the process of replacing the older pipeline system that serves the core of the city.

Both the Avista and Cascade rate cases are at an early stage. CUB is diligently reviewing the companies' claims and expects to push back on several elements of these cases. Given the COVID-19 economic crisis, CUB believes utility rate increases must be held to the lowest level possible.

Pacific Power Files First General Rate Case in Seven Years

Pacific Power is the largest and most complex utility that Oregon regulates. The Warren Buffet-run company makes generation, transmission, and distribution

(Utility Rates Cont'd on Pg 5)

Avista Utilities and Cascade Natural Gas Company File General Rate Cases

Driven largely by the need to modernize their respective distribution systems and replace aging pipes, both Avista and Cascade - Oregon's two smallest gas utilities - have filed frequent general rate cases in recent years. This year is no different.

Avista is seeking a \$6.8 million boost in its rates, a 6.8 percent increase. If approved by the PUC, an average residential customer would see a \$3.94 per month increase, or 7 percent. Avista originally proposed to increase its profit margin (return on equity) from 9.4 percent to 9.9 percent, but CUB and other parties pushed back on this request and convinced Avista to remain at its 9.4 percent level. According to Avista, the rate increase is necessary to recover the costs associated with replacing and expanding its natural gas pipe infrastructure and costs related to new technology systems on both the customer and utility side.

Cascade Natural Gas Company serves 25 communities in Oregon, including Bend, Baker City, and Pendleton. In its general rate case, Cascade is requesting an increase of \$4.87 million, or 7.21 percent. Cascade did not seek an increase to its return on equity above its current level of 9.4 percent. Similar to Avista, Cascade's request is largely driven by increased capital investments to upgrade

(Letter from Bob Cont'd from Pg 1)

CUB is participating in a work group on these issues, overseen by the PUC. We will push for a comprehensive plan, incorporating input from diverse stakeholders, that covers all regulated utilities. Such a plan could then provide a model for utilities that are not state regulated: public power, municipal water and sewer, and broadband.

We must not forget that many Oregon families, particularly communities of color, are struggling as the economy is devastated due to Stay Home decisions made to protect the health of all of us. CUB will fight to avoid unnecessary rate increases, and work with our community partners to help customers maintain critical services like lights, heat, water, and internet service. That is our goal in the best of times and we're fighting even harder now.

Sincerely,



Bob Jenks
Executive Director, Oregon CUB



CUB Advocates for Customers in Public Process to Examine “Carrier of Last Resort” Requirement for Telecommunications Utilities

Page 3

“Carrier of last resort” (COLR) obligations ensure basic service to any customer in a telecommunications utility’s service territory who requests it. Last year, CUB opposed CenturyLink legislation that would have ended these requirements for all such utilities in Oregon. In response, CUB led development and passage of Oregon HB 3065, which instructed the PUC to initiate a public process providing a forum to explore potential modernization and improvements to COLR rules.

HB 3065 set the stage for the PUC’s process by identifying that many thousands of Oregonians do not have phone and internet options because they cannot or choose not to abandon their traditional telephone due to where they live, or other barriers.

The process began in January and will conclude with a report to the Legislature. CUB will submit comments to the PUC later this summer anchored by the following principles:

1. Access to reliable and affordable high-speed internet service is essential for participation in today’s world, but does not negate or replace the need for access to reliable and affordable phone service.
2. Funds generated by customers must be spent prudently, to maximize customer benefit and reflect evolving technologies and customer demands.

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CUB Secures \$3.5 Million for Phone and Internet Support via the Oregon Telephone Assistance Program

Widespread and affordable phone and broadband (highspeed internet) services are key elements in education, employment, social engagement, civic participation, and medical care. The COVID-19 crisis has thrown the necessity of these services into particularly sharp relief.



CUB Welcomes New Membership Organizer, Charlotte Shuff

In April, CUB was pleased to welcome Charlotte Shuff, who is CUB’s Membership Organizer. In this newly created position, Charlotte is exploring creative ways to expand outreach and membership engagement. She also manages CUB’s constituent relations database.

Prior to joining CUB, Charlotte worked for the Community Energy Project (CEP) teaching do-it-yourself weatherization around the Portland area. Before joining CEP, Charlotte worked in voter/member mobilization and fundraising for public interest groups such as Common Cause, Environment America, and OSPIRG. She came to the energy world through renewable energy, including doing project management for a solar developer.

Charlotte graduated from Lewis & Clark College, receiving a BA in Sociology & Anthropology with a focus on civic engagement and the public sector. When not at work, she can be found teaching herself new crafts or playing chess at coffee shops around town. Welcome, Charlotte!

When COVID-19 hit Oregon, CUB acted quickly by proposing additional resources to the Oregon Telephone Assistance Program (OTAP), the state’s complement to the federal Lifeline program. OTAP and Lifeline help low-income Oregon households pay for their phone or broadband service from traditional telecommunications utilities like CenturyLink and Zippy Fiber, as well as certain wireless and satellite providers.

On June 5, the Oregon Legislature’s Joint Emergency Board unanimously approved CUB’s proposal to allocate 3.5 million federal COVID-19 relief dollars to boost OTAP. Because the \$3.5 million is linked to short-term federal recovery investments, this initial \$3.5 million must be spent before the end of 2020.

CUB focused on “boosting” OTAP because it is an established anti-poverty program. Administered by the PUC, OTAP provides \$3.50 in addition to \$9.35 in federal Lifeline program support per eligible, low-income

(OTAP Report Cont’d on Pg 5)

In March 2020, Governor Brown issued Executive Order 20-04 creating the Oregon Climate Action Plan (OCAP), which calls for comprehensive actions by 16 state agencies to reduce Oregon's greenhouse gas (GHG) emissions. CUB will be pushing hard to ensure rigorous implementation of OCAP. We are tracking building and appliance code updates and clean fuels improvements, but are particularly focused on the Oregon Public Utility Commission (PUC).

The starting point is the PUC's OCAP implementation report, a thorough document that recommends several action steps CUB had advocated for in earlier proceedings. Our priorities include:

- More creatively and comprehensively addressing the needs of Oregonians with disabilities and health problems, children and the elderly, low-income people, and communities of color. CUB was pleased to see the OCAP's focus on, to use its terminology, "Impacted Communities". For the last two legislative sessions CUB has supported the leadership of environmental justice

CUB is fighting for a change in how the PUC evaluates transportation electrification, which should be recognized as an increase in load that contributes revenue to the system. It can and should offer significant benefits to all Oregonians, not just EV owners.

organizations on PUC-related equity and affordability bills. Unfortunately, these bills were not successful, but some of their goals may be advanced under the OCAP executive order. For example, the PUC will now assess options for utilities to offer new rate designs, such as discounts, to facilitate reduced energy burden for low-income customers.

- Adopting a more effective approach to utility investments in transportation electrification. Electrification is critical to reducing the 40 percent share of Oregon's GHG emissions that come from this sector. Addressing this problem, along with the multitude of related public health and equity issues, requires

action on many fronts. CUB is fighting particularly hard for a change in how the PUC evaluates transportation electrification, which should be recognized as an increase in load that contributes revenue to the system. The PUC's previous focus on pilot projects has hindered effective investments. Transportation electrification has the potential to offer significant benefits to all Oregonians, not just EV owners. CUB is committed to ensuring that this potential is realized.

- Facilitating municipal green programs. CUB supports establishing a framework for local jurisdictions to work with utilities to achieve their clean electricity and GHG reduction goals - goals that are frequently stronger than those at the state level. We have already assisted in stakeholder discussions on this topic. The OCAP sets the stage for the PUC to delineate how utilities and communities can partner on municipal green programs.



March 10, 2020: Surrounded by youth climate advocates at the Salem Capitol, Governor Brown signs Executive Order 20-04, creating the Oregon Climate Action Plan

(OR Climate Action Executive Order Cont'd on Pg 5)

CUB Welcomes New Law Clerk Eddie Kelinsky

When reviewing applications for our summer law clerk program, Eddie Kelinsky's materials rose to the top of our list due to his demonstrated commitment to public interest energy law. After a competitive hiring process, we were pleased to bring Eddie on board. Though he just finished his first year of law school, Eddie has already been accepted to Lewis & Clark Law School's masters in Environmental, Natural Resources, and Energy Law (LLM) program. Eddie's attention to detail and legal research skills are already shining through in his first few weeks on the job. We look forward to working with Eddie this summer as he provides support on the multitude of cases we are engaged in. Welcome, Eddie!



CUB Welcomes New Board Member, Amanda Martino



In May 2020, CUB was pleased to welcome our newest board member, Amanda Martino. Amanda is the Conservation Director for Blue Mountain Land Trust and works to protect the wild and working landscapes of eastern Oregon and southeastern Washington. She lives in Mt. Vernon and represents Oregon's Second Congressional District.

Amanda earned her J.D. from the University of Oregon School of Law in 2016 with a concentration in environmental and natural resources law. She has a B.A. in Spanish and a B.S. in environmental science from Siena Heights University.

Her passion for the outdoors keeps her busy hiking, camping, and exploring the eastern Oregon wilderness with her partner Joe and their two dogs, Hemi and Marshall. She spends the rest of her time gardening, cooking, and watching women's soccer (go Thorns!)

(OR Climate Action Executive Order Cont'd from Pg 4)

Beyond these specific priorities, CUB will seek out opportunities to urge the PUC to “keep its eyes on the prize”, targeting GHG emission reductions in the wide range of dockets in which we advocate for residential customers. When evaluating integrated resource planning by utilities, for example, the OCAP increases the role that GHG emissions will play in assessing investment options. We will also identify engagement opportunities for the general public and CUB members. Oregon needs to address the challenge of climate change. CUB is committed to achieving the full potential of Governor Brown's OCAP Executive Order.

(OTAP Report Cont'd from Pg 3)

household, per month. The \$3.5 million boost to the program will allow the PUC to raise Oregon's monthly contribution to at least \$12, resulting in a combined federal and state subsidy of over \$20 per month through the end of this year for tens of thousands of low-income Oregon households.

Low-income households suffer the first and worst during a crisis or disaster, and are poorly positioned for an eventual recovery. This is why the state's decision to invest in OTAP is so important. CUB applauds both the Joint Emergency Board for approving our proposal, and the PUC for its administration of OTAP, especially in this time of upheaval.

(Utility Rates Cont'd from Pg 2)

investments to serve its six-state territory. In February, Pacific Power filed its first general rate case in seven years. This proceeding is likely to be the most contentious case that CUB regulatory staff will work on this year.

Pacific Power is requesting cost recovery for investments it has made since its last general rate case, and is proposing several changes to existing regulatory mechanisms and rate design issues that affect its residential customers. Pacific Power is requesting to increase rates by approximately \$78 million, a 6 percent increase. It also seeks to recover costs related to the closure of a coal-fired power plant, Cholla Unit 4, which adds another \$17.3 million to the increase. These costs are partially offset by benefits associated with the federal Tax Cuts and Jobs Act and a decrease in net power costs. Therefore, the overall impact to customer rates as a result of Pacific Power's rate case filings is an increase of \$21.6 million, or an average increase of 1.6 percent.

Pacific Power is proposing to increase its return on equity to 10.2 percent, up from 9.8 percent. CUB believes the COVID-19 economic circumstances render it inappropriate for utilities to be earning substantially more profit than they otherwise would.

CUB recently filed testimony in this case that addressed these and other issues. CUB is opposing adding millions to rates to recover the cost of investments in coal plants that should have been closed. We oppose the company's proposal to increase profits by charging customers additional costs even when Pacific Power is already earning above its authorized profit margin. CUB also opposes raising the fixed monthly customer charge for most residential customers.

Check out the CUB blog (oregoncub.org/news/blog) for updates on this and other rate cases as we continue fighting for your consumer interests in the coming months.



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CUB is Here to Stay for All Residential Customers

Oregon voters created CUB with a broad mandate to advocate for public policies protecting their health, welfare, and economic well-being. This means that in a time of historic crisis, CUB has a unique responsibility.

It's remarkable to think how much time has passed from when Governor Brown first announced a state of emergency in response to COVID-19 in March. The Stay Home, Save Lives order soon followed. Months later, many of our lives remain upended.

The coronavirus pandemic and the groundswell of Black Lives Matter activism are shining a spotlight on existing inequities in our society. It is clear that COVID-19 and its resulting economic devastation disproportionately harm people of color, low-income families, and the elderly.

CUB has worked tirelessly to live up to our mission for 36 years. We have long advocated for utility programs to assist low-income customers, and must now redouble our efforts to address the needs of and systemic disadvantages experienced by our most vulnerable fellow Oregonians.

Financial contributions from members sustain our work. Please take a moment to renew your CUB membership or increase your 2020 giving in whatever amount is best for you. Thank you, and take care.

**BLACK
LIVES
MATTER**