



The Fall 2013 newsletter of the
Citizens' Utility Board of Oregon
and the CUB Policy Center

CUB PROTECTS CUSTOMER ENERGY EFFICIENCY MONEY

Just hours before the Oregon legislature adjourned on July 8, a proposal to transfer \$4.8 million of public purpose dollars was adopted. Public purpose dollars are monies collected from customers to fund energy efficiency and low-income weatherization programs within the service territory of the utility. CUB members know that CUB, as well as a broad coalition of other organizations, has long protected those funds as ratepayers funds, designated for specific uses and not available to the legislature to use for state budget needs.

This year the bill passed by the legislature transferred public purpose dollars away from low-income weatherization programs and onto Clean Energy Works Oregon (CEWO). Since CEWO has been a pilot project testing new financing and delivery methods for energy efficiency programs some might wonder what all the fuss was about. After all, the Governor had had funding for CEWO as one of his top agenda items throughout the session, a goal that was supported by many groups, including CUB.

So what was wrong? While CUB believes that CEWO is a great program and deserves funding, CUB believed, and still believes, that it is unacceptable for ratepayer monies, dedicated to low-income customers of specific utilities, to be used for statewide programs more appropriately funded by taxpayer dollars rather than dollars accumulated for use by specific utility customers. Secondly, taking funds away from much-needed low-income programs, particularly at a time when federal funds for low income programs was being drastically reduced, makes no sense. Lastly, there were questions about which funds were actually transferred in the legislation and whether there was actually \$4.8 million to transfer because some weatherization projects for which the funding had been collected had already been completed but the

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CUB SAVES RATE- PAYERS MORE THAN \$80 MILLION

It's been a busy summer at CUB. Rate cases, power cost dockets and some regular old integrated resource plans have kept things heated up for the CUB staff during the dog days. But that work has resulted in millions of dollars in savings for consumers and could lay the groundwork for even more. Here's what we've been up to:

Rate Cases for Both PGE and Pacific Power: Earlier this year, the two largest utilities filed general rate cases – proceedings that look at everything a utility does and where all costs are on the table for review. Portland General Electric (PGE) wanted to increase rates by more than \$100 million. Residential customers were facing a nearly 10% rate hike. Pacific Power wanted a 3% increase next January and an additional increase of 1.8% in the middle of 2014. This comes in addition to the two increases it asked for in 2013. The total of these four requested increases by Pacific Power over 2 years would have been more than 9%. We worked hard, negotiated hard, pushed, prodded and settled both cases. We reduced the PGE increase by half by eliminating the increases in management bonuses and shareholder profits that the utility was asking we disallowed new investments that were unlikely

to be completed by 2014 and, depending on the outcome of a remaining issue (pension expense), could knock it down even more.

CUB saved ratepayers \$83.3 million from these rate cases. Not a bad summer.

We reduced Pacific Power's increase to only 1.55% with a guarantee that the company won't come back next year and ask for another increase. Last year, we reduced the \$3.4 million increase the utility requested down to a 0.3% increase by disallowing imprudent investment to the utility's coal plants.

All told, CUB saved ratepayers \$83.3 million from these

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Letter from the Executive Director

Dear members,

This has been a very busy summer at CUB with multiple utility rate cases happening simultaneously. During the summer, CUB staff filed 15 separate pieces of testimony, comments, or legal briefs in various PUC proceedings. We attend at least 12 settlement conferences and more than a dozen workshops. We participated in major cases involving all three of Oregon's electric companies, the State's two largest gas utilities and the State's largest phone company.

We have made a difference. We were able to win agreements to reduce utility rate hikes by more than \$80 million. This means that Oregon families will have \$80 million more in their pockets, and for-profit utilities will have \$80 million less than they wanted.

We had to learn pension accounting in order to protect customers, so we developed a great deal of expertise very quickly. Utilities are pushing plans to turn their pensions into profit centers and make customers pay millions in profits on their pension investments. This is an ongoing issue.

We worked to protect low-income weatherization programs because they go a long way in making energy affordable. We continued to push for better analysis of coal investments because these investments will last decades and may conflict with future carbon regulation.

We took on utilities over small, technical issues, such as how much data is needed to forecast wind power integration costs, and over big costs, such as whether a utility can charge its customers for environmental clean-up costs associated with a Superfund site.

Individual customers don't have the time (or likely the desire) to participate in all of these proceedings and become experts in all these areas in order to protect themselves. Instead, customers have CUB. We do the hard work, learn the issues, and fight the battles so that you can know that your utilities' rates are as low as possible and that all customers are being treated fairly.

And, as this summer has shown, the staff here has become pretty good at it. We have built up a good team of folks who are smart, talented, and successful. I am proud to work with them.

Sincerely,



Bob Jenks

P.S. Please consider investing some of the money CUB saved you this summer back into the work that we do so that we can continue to achieve these kinds of results for customers. You can renew your membership or give an additional gift in the enclosed envelope or at oregoncub.org/member-services.

The Bear Facts is the quarterly newsletter of CUB and the CUB Policy Center.

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CUB is a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).

The filing deadline for the CUB Board Election is October 24, 2013. For more information, go to <http://oregoncub.org/about/board>.

funds had not yet been drawn down to pay for them.

All in all, we found ourselves in the middle of a big mess.

CUB joined low-income advocates, along with Portland General Electric (PGE) and Pacific Power, in urging the Governor to reject the legislative raid on public purpose dollars. We outlined our concerns and called for protecting low-income programs while finding an appropriate way to fund CEWO. Our position was supported by many other public interest organizations.

In the end, Governor Kitzhaber did exercise his single-item veto authority. This was a significant act that underscored the importance of protecting the public purpose funds. Ratepayer funds are dedicated to projects that benefit specific utility customers and cannot be absorbed into the State General Fund and spent by the Legislature on the populace at large.

The number of times that CUB and other interested parties have gone to bat to prevent legislative raids on these ratepayer funded programs over the years does not seem to ever sink in at the legislature. But they need to learn that this is customer money that needs to be spend to benefit customers. It is not state money that can be spent by the Oregon Legislature. CUB firmly believes that it is important that we now identify funding for CEWO to match the interim \$5 million in lottery funds that the legislature also provided.

You can help thank Governor Kitzhaber for providing his single-item veto and undoing the inappropriate transfer of public purpose funds. You can send a message to the Governor at his website: <http://www.oregon.gov/gov/Pages/ShareYourOpinion.aspx>. Under "Topic," select "Energy." We encourage you to do so and while you are at it please ask the Governor to help us identify alternative funding for CEWO.

CUB Gears Up for 3rd Annual Policy Conference

Behind the scenes of our public regulatory work, our staff has been busy preparing for CUB's third annual Fall Policy Conference, The Flexibility Challenge: Efficiency, Renewables, and Demand Response.

Our first two Policy Conferences, The Smart Grid (2011) and Energy Efficiency: The Next Generation (2012) brought together many of the brightest minds in the region to discuss topical energy issues, and this year's event is shaping up to continue that trend. On Friday October 25th, CUB Executive Director Bob Jenks and staff members Jeff Bissonnette, Catriona McCracken, and Nadine Hanhan will be joined by Oregon Department of Energy Director Lisa Schwartz, OPUC Commissioners John Savage and Susan Ackerman, PGE Executive Director Jim Piro, and others throughout the day, to engage in a wide range of topics. You can view an outline of the agenda on our conference website (<http://cubpolicycenter.org/conference>).

We are thrilled to be partnering once again with the University of Oregon School of Law to host this event at the beautiful White Stag Block in Old Town Portland. We anticipate offering both BPI and CLE credits to attendees from OR, WA, ID, MT, and CA.

Events like the CUB Policy Conference are made possible by your contributions and support. We are also grateful to our sponsors and community partners who are helping to make this event a success: Portland General Electric, PacifiCorp, Bonneville Power Administration, Conduit, the Energy Policy Institute, Energy Trust of Oregon, Oregon Department of Energy, Renewable Northwest Project, Climate Solutions, Climate Trust, Drive Oregon, Green Sports Alliance, Northwest Environmental Business Council, Oregon BEST, Oregon Solar Energy Industries Association, and Solar Oregon.



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2013 rate cases. Not a bad summer.

Integrated Resource Plans (IRP): IRPs are the processes that develop the roadmap of how a utility is going to meet its load and serve its customers for the next 20 years. They are important dockets because we can push the utilities to consider good investments and discourage bad ones. One of the most important has been Pacific Power's IRP. Pacific Power is pursuing billions of dollars in new investments to its coal fleet so the plants will run indefinitely and is looking to invest billions in new high voltage transmission lines. CUB is concerned that Pacific Power is not doing enough analysis to determine whether there are alternatives to these investments that would produce lower rates for its customers. CUB doesn't want customers' money spent unnecessarily.

Pacific Power is not exploring enough investment in energy efficiency. While the company's analysis showed that it would reduce its costs by increasing its energy efficiency investments, the company is arguing that it should not be required to increase that investment. CUB has found that the best way to keep rates under control over the long term is to ensure that utilities make the right investments. Because customers will be asked to pay for these investments, we need to make sure that the utility is planning wisely.

Utility Pensions. Last year, NW Natural argued that customers should pay it a rate of return (profit) on the money that its shareholders contribute to its pension fund. This year, all the other private, for-profit utilities that operate in Oregon, with the exception of Idaho Power, have asked for the right to earn a profit on their pensions, too. As of the time of writing the PUC has combined all the utility requests into a single proceeding but CUB thinks that there may well be a move to split the companies out into individual dockets given the fact specific nature of each utility's pension process. CUB is fighting this one hard and has already proven that in the case of at least one utility, many of the profits that it would be claiming are unrelated to any investments in pensions that its shareholders made, but are instead profits created by accounting entries. CUB has pointed out that this is not an investment like any other investment that a utility makes. CUB's analysis shows that what the companies are requesting will simply create a new and additional stream of money that customers would shell out to the utility unnecessarily, and the payments would go on indefinitely.

This summer, CUB has worked hard to rack up some serious savings for ratepayers.