



TESTIMONY OF JEFF NELSON,
OMEU LEGISLATIVE COMMITTEE CHAIR AND
GENERAL MANAGER AT SPRINGFIELD UTILITY BOARD

HOUSE COMMITTEE ON CONSUMER PROTECTION AND
GOVERNMENT EFFECTIVENESS

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Chair Fagan, Vice Chairs Buehler and Rayfield, and Members of the Committee, I am Jeff Nelson, OMEU Board Member and General Manager at Springfield Utility Board. I appreciate the opportunity to be here today and express OMEU's concerns regarding HB 2599.

Who are we?

Eleven of Oregon's municipally owned and operated electric utilities joined to form the Oregon Municipal Electric Utilities Association (OMEU) via an intergovernmental agreement (IGA) authorized by ORS 190. OMEU supports the collective interests of its members and their customer owners at the state legislature, state agencies, various trade associations and the Bonneville Power Association (BPA). A twelfth municipally owned electric utility in Oregon, the Eugene Water and Electric Board (EWEB), maintains independent representation and coordinates with OMEU.

OMEU Priorities – Affordable, Reliable and Safe Energy

Starting over 100 years ago, advocates of public power fought to form municipal utilities. Today, municipally owned utilities are governed by their city council or utility board comprised of community members who set rates, regulatory policies, develop programs and services and respond to the specific customer needs – with the primary focus of maintaining current authorities enabling delivery of affordable, reliable and safe electricity.

- **HB 2599 Fiscally Impacts Utilities**

HB 2599 would lead to an increase in price to ratepayers for three reasons.

First, HB 2599 would pass significant administrative costs to utilities. In its current form, the bill requires utilities to verify that certain customers meet specified conditions, including a number of conditions that could change significantly or suddenly. The bill provides, for example, that a utility must provide special accommodations if a customer has a child under the age of 12 months, if the customer's household includes a member who seriously ill, disabled, or if a member of the customer's household has died within the past 6 months. Sect. 3(1)(b)(C)-(F). The bill, therefore, requires significant administrative time on the part of utilities in order to determine if customers qualify under these specified conditions. For example, how will we make the determination if a member of a household is disabled or seriously ill? If by having a disabled parking permit qualifies the individual, that permit will qualify a lot of people who work normal jobs, including several city employees who have disabled parking permits. Also, if placing an elderly or senior citizen's name on your utility bill will help prevent shut-off, it is possible many customers will saddle their elderly family member with the bill.

Secondly, the bill prevents utilities from efficiently and timely terminating electric or natural gas service to customers for nonpayment or delinquent accounts. By banning utilities from terminating electric or natural gas service on days where the temperature of the state and territory of the utility exceed 100 degrees Fahrenheit, the bill puts an additional burden on the part of utilities to keep track of current temperatures in the service area.

Third, HB 2599 could encourage inefficient behavior on behalf of customers. If certain customers are continued to be provided service, even without payment, those customers have no incentive to conserve electricity. Instead, customers could run up a higher bill, leaving utilities with a larger uncollectible that would ultimately pass to ratepayers.

- **HB 2599 is Unnecessary Because of Current Practices**

In addition, HB 2599 would be unnecessary because many utilities and municipalities already offer energy or low-income energy assistance programs to their customers. Special programs are offered in many municipalities, especially during winter months, for low-income residents.

For example, Forest Grove Light and Power provides a Customer Assistant Program for Energy that provides assistance to limited or fixed income customers. Springfield Utility Board and Hermiston Energy Services also provide a financial assistance program for eligible customers through annual donations and customer contributions. The majority of OMEU members have such practices in place, rendering HB 2599 unnecessary for those areas.

In collaboration with the Bonneville Power Administration, OMEU members provide weatherization services at no cost to qualified limited income customers – whether they rent or own their home.

One way to help prevent homelessness is to assist customers with ways to remain current with their utility bill payments. This bill will hamper efforts to keep bills manageable and keep people in their homes. As a result, customer's bills may become unmanageable, they will abruptly move out, write-offs will increase, and utilities may not produce sufficient revenue to meet the overall financial requirements of the utility causing rates to increase for all customer classes.

Municipal entities have open meetings with an opportunity for customers to provide public testimony and voice concerns directly to the local legislative body. Customers of municipal utilities enjoy greater access and responsiveness with their electric utility.

- **HB 2599 is Unnecessary For Municipal Utilities because of Existing Federal Constitution Protections**

Courts have found that customers are required to be provided with due process when receiving a government service under the Fifth and Fourteenth Amendment to the United States Constitution (“nor shall any person be deprived of life, liberty, or property, without due process of law” “nor shall any State deprive any person of life, liberty, or property, without due process of law”). Municipal utilities are required to have an appeals process for customer billing with an opportunity to appeal prior to any disconnection of service.

- **HB 2599 is Overly Broad**

Last, HB 2599 would be overly broad in its residential categories, so much so that it could cover the majority of residential customers or at least make it very difficult for the utility to determine eligibility.

- **Even if HB 2599 were “Fixed”, it Would Likely Remain Broken**

According to the US Census, Springfield, Oregon has a median household income of \$39,273. Portland's median household income is \$52,657. 16.4% of families in Springfield are at or below the poverty line. Looking at income disparity across the state, there is a proportionately higher number of people near the poverty line in Springfield compared to Portland. By putting a statewide “line in the sand” for who does and does not receive benefits, one would be providing benefits to people who are “struggling” and making those who are “almost struggling” pay for the benefit. This would leave many families falling farther behind. This issue of “who pays” is a balancing act best addressed at the local level for municipal services.

In summary, if HB 2599 passed in its current form, it is probable that rates would need to be raised to cover the uncollected revenue increase. Additional deposits would also be required to be increased and kept by the utility until the customer discontinued service on a permanent basis. Although utilities strive to keep rates as low as possible, these new costs would be passed on to ratepayers in the form of higher rates.

The OMEU Board has not had the opportunity to convene and take an official position opposing this legislation, but individual members have expressed their opposition to OMEU staff.

Thank you for your time and attention. I am happy to answer any questions.

Jeff Nelson, OMEU Board Member and General Manager at Springfield Utility Board