



Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

April 9, 2017

To: Representative Ken Helm, Chair, House Committee on Energy and Environment,
Members, House Committee on Energy and Environment

From: Janice Thompson, Advocacy Director, Oregon Citizens' Utility Board

Re: Opposition to HB 2471

The Oregon Citizens' Utility Board (CUB) is a membership based residential customer advocacy organization created by a ballot measure in 1984. We work in both regulatory and legislative arenas. For example, CUB was a critical player in crafting the 2016 Clean Electricity and Coal Transition Act, SB 1547. CUB opposes HB 2471 and its proposed alterations to SB 1547.

HB 2471, as introduced, adds one word – tenth - to Section 8 of SB 1547, but it is a significant and problematic additional word.

An important backdrop for discussion of HB 2471 is that this section of SB 1547 is not an attempt to stop formation of municipal public power entities using a non-negotiated take-over mechanism.

Rather Section 8, as adopted, continues a principle established in the 2007 Renewable Portfolio Standard (RPS) law requiring that a non-negotiated take-over of private utility territory needs to honor the existing RPS agreement. In other words, this “honor the RPS” concept is not new to SB 1547.

From a customer perspective, polling clearly indicates public support for RPS goals, and customers should continue to receive the same level of greenhouse gas controls even after non-negotiated formation or expansion of a municipal utility. This is a particularly important point because there are times when the push for a municipal utility comes from large industrial customers rather than a grassroots, “we want public power” effort.

More generally, CUB is concerned about municipal utility formation or expansion inappropriately shifting costs and disrupting the 4% cost cap that protects investor-owned utility ratepayers in SB 1547. In other words, do not finance the formation of a public utility by an action that will make the electrical grid more, rather than less, carbon intensive.

CUB also opposes the dash 1 amendment. As written in SB 1547, the PUC “shall establish” stranded costs obligations, and this is a good thing. The proposed change (line 16 on the first page of the amendment) inappropriately changes the original “shall” with the PUC “may determine any” stranded costs.

It is critically important that the Legislature require PUC to establish any applicable stranded cost obligations. It is not adequate for the PUC to say that they “may” take action. That said, keep in mind that the PUC might determine that no stranded costs should be paid.

As written in SB 1547, the PUC “may” use FERC’s current methodology when determining its stranded cost obligation. The “may” language is very important because it allows the PUC to apply more rigorous and/or more Oregon-specific methodology.

The amendment (line 8 on page 2) changes PUC “may” to the PUC “shall” evaluate stranded costs using FERC methodology. This change is inappropriate for two reasons.

The first reason is that the amendment introduces uncertainty since what the “current FERC methodology” is today may change in the future. Uncertainty in regulatory matters is not a good thing.

The second reason is that mandating a FERC process would present an inappropriate challenge if future methodology is deemed inadequate for Oregon by the PUC or groups involved in PUC proceedings.

CUB supports the right of customers to form publicly owned utilities. This option is an important check on investor-owned utilities. However, the proposed amendment would hamstring effective PUC regulation of stranded costs. It is also important that a publicly owned utility comply with the RPS requirements.

CUB urges a “no” vote on HB 2471, both as introduced and in its amended form.