



To: Oregon Public Utility Commission
From: Small Business Utility Advocates (SBUA)
Re: SB 978 Comments
Date: 7/10/18

SBUA appreciates the process that has taken place in implementing SB 978. SBUA supports and encourages the Commission to take a harder look at the impact of energy regulation on Oregon's small businesses. There are tools to do so via implementation of ORS 183.335, executive orders, and intervention rules and there is interagency collaboration that would make the data collection both more efficient and more useful to the Commission. Small business, a.k.a. small nonresidential, is a very large customer group for utilities and SBUA encourages the Commission to seek out more information regarding these consumers as the Commission develops and implements policy. Small business is a key player in equitable energy policy and these businesses play an important role in demonstrating, sometimes leading, Oregon's industry trends, technologies and policy drivers currently developing in the electricity industry.



To: Oregon Public Utility Commission
From: Small Business Utility Advocates (SBUA)
Re: SB 978 Comments
Date: 4/20/18

Per request of the Oregon Public Utility Commission ("Commission"), SBUA provides these comments in this stage of the SB 978 process.

1. Summarize the Commission's current responsibility (i.e. its legal mandate in 100 words or less.

The current responsibility of the Commission is set forth in ORS 756.040:

"...the commission shall represent the customers of any public utility or telecommunications utility and the public generally in all controversies respecting rates, valuations, service and all matters of which the commission has jurisdiction. In respect thereof the commission shall make use of the jurisdiction and powers of the office to protect such customers, and the public generally, from unjust and unreasonable exactions and practices and to obtain for them adequate service at fair and reasonable rates. **The commission shall balance the interests of the utility investor and the consumer in establishing fair and reasonable rates.** Rates are fair and reasonable for the purposes of this subsection if the rates provide adequate revenue both for operating expenses of the public utility or telecommunications utility and for capital costs of the utility, with a return to the equity holder that is (a) Commensurate with the return on investments in other enterprises having corresponding risks; and (b) Sufficient to ensure confidence in the financial integrity of the utility, allowing the utility to maintain its credit and attract capital."

Per the Commission's Operating Guidelines "fairness" is identified as a "...goal of the OPUC regulatory proceedings, and fairness in regulatory proceedings is a fundamental principle of Oregon law. In short, it means that all parties have the opportunity to express their views and to respond to the views of others. Because of the importance of fairness in Commission cases, the Commission has implemented a number of procedures that go well beyond the minimum requirements of Oregon law."¹

Some small businesses have identified Commission responsibilities as follows: "The Commission should ensure rates are fair and match nationwide trends, and ensure that costs are in line with other utility providers." "The Commission should keep rates low as primary objective, with environmental and others second."

SBUA comments that the heart of the Commission's responsibility is to ensure that rates are just and fair. There is no equivalent of an agency-based ratepayer advocate so advocacy to achieve fairness comes primarily from outside the Commission with Commission staff providing their own input some of which may be consistent with the position small businesses do or would take in a docket. Oregon is a small business state and SBUA endeavors to represent these interests to help ensure rates are just and fair.

¹<http://www.puc.state.or.us/commission/Internal%20Operating%20Guidelines.pdf>, Order No. 01-253

2. What public policy objectives are promoted by the Commission's current system for regulating investor-owned utilities? What public policy objectives are impeded?

a. Limited stakeholder involvement is promoted in the Commission's current practices. Persons and entities may participate as interested persons and as intervenors, a status usually granted.

b. 1) Fairness is impeded by the current system when organizations representing general classes of ratepayers cannot participate as do other ratepayer classes. Among other examples, since 2015 general rate cases have presented rate increases and Commission process has been utilized in an unfair manner in these contested cases.

UE 294: 1.2% higher proposed rate for small nonresidential ratepayers over the rate for residential ratepayers, represented by statute by Citizens Utility Board (CUB),

and industrial ratepayers also represented;

UE 319: 2.27% higher than industrial, and 1.42% lower than residential ratepayers represented by CUB;

UE 335: 4.4% higher than industrial, and .1% lower than residential, represented again by CUB

In these rate cases, the Commission provided funding for certain intervenors representing residential customers (like CUB) but not for intervenors representing small commercial customers (i.e., SBUA). Therefore, the intervenor program has been unfairly implemented in the above-noted cases. Participation by small nonresidential ratepayers, the second most numerous group of ratepayers in investor-owned utility service territories, is impeded instead of welcomed.

On a related note, the Commission should improve its implementation of the statute ORS 183.336 requiring evaluation of cost of compliance effect of rulemaking on small business. While the Commission does collect and present some data to comply with this statute, it is not commensurate with the significance of transitioning the entire state's energy economy to meet the state's Renewable Portfolio Standards and other energy and utility mandates and goals.

2) Workforce participation by small business is impeded:

The Commission does not participate in Oregon public policy of supporting small business in Oregon's small business economy. The Commission should examine whether and how, as a state agency, it would implement Oregon policy expressed in the Executive Order 18-03 as it works with investor-owned utilities. Several avenues present including helping to assure opportunity to COBID firms in Requests for Proposals, to measuring impact simply by maintaining accurate data on the participation of COBID firms in utility contracts and any other work contracted out by the Commission. Implementing these and other strategies, the Commission can help achieve the public policy expressed in this EO 18-03.

To conclude, SBUA appreciates the opportunity to comment in this process of examining the Commission's responsibilities and processes. At the same time, SBUA respectfully requests that the Commission ensure all stakeholders and intervenors be invited to participate and receive equal treatment and consideration for intervenor funding in cases at the PUC. SBUA hopes the Commission will bear this in mind and also find these comments useful and instructive.