

**Oregon Citizens'
Utility Board**

Centering Customers in Utility Rate Setting

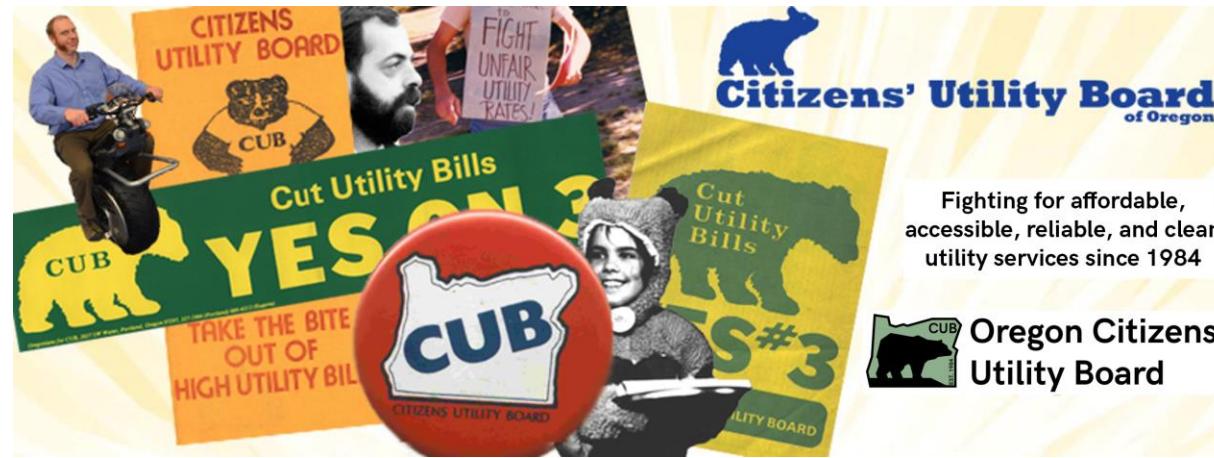
Before the Oregon House Commerce and Consumer Protection Committee

September 23, 2024

By Bob Jenks, Executive Director

About CUB

CUB is an independent membership-based, nonprofit organization that advocates for residential utility consumers. For 40 years, we have worked to keep Oregon utilities affordable, accessible, reliable, and clean.



CUB was founded in 1984 by a grassroots ballot initiative.



Our Impact

Our work helps make utilities better for Oregon households

- Utility consumers have saved nearly \$10 billion since 1984.
- Expanded investment in high-speed internet for rural Oregon.
- Customers kept utility service during the pandemic and secured more than \$59 million for bill relief.

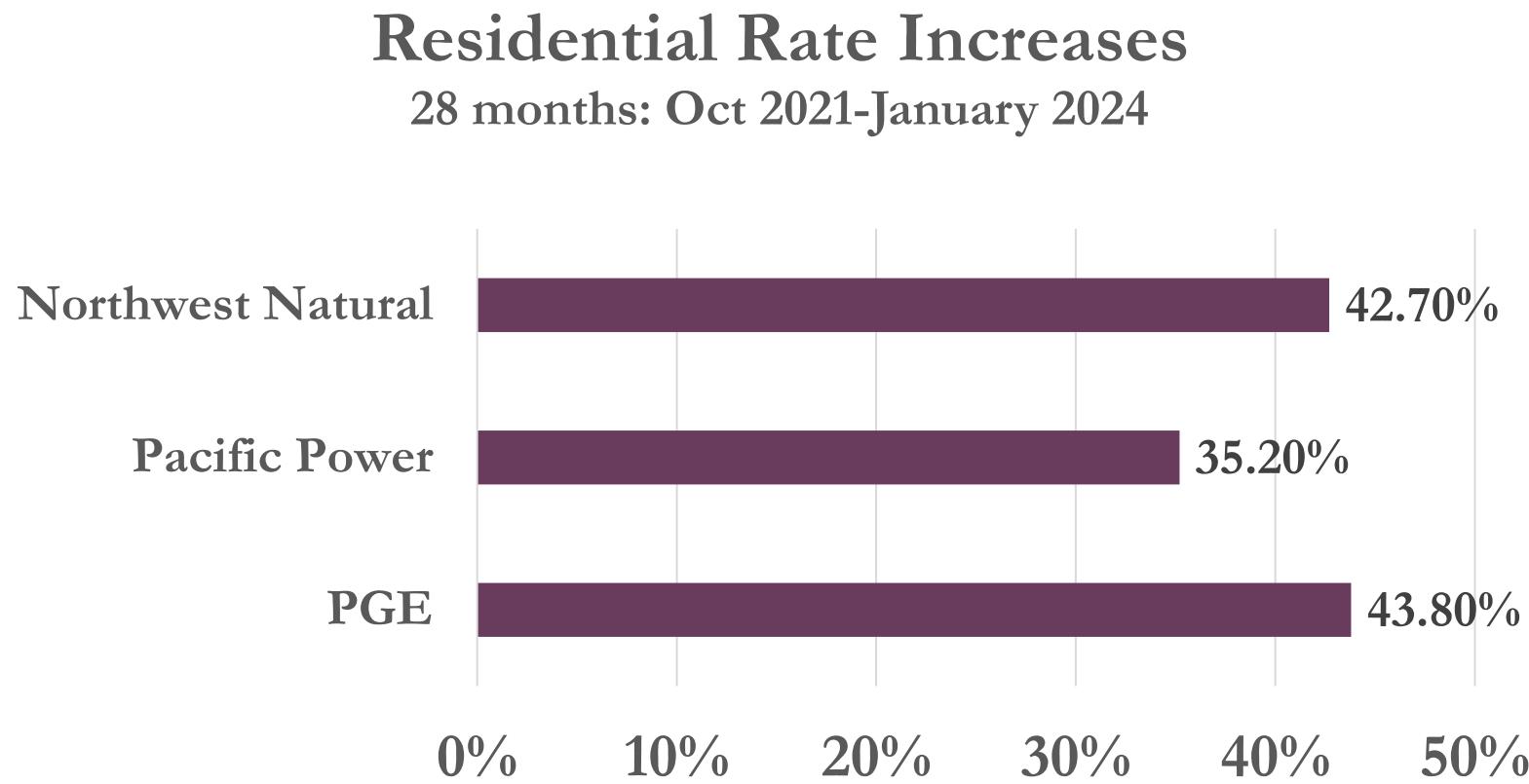


Investor-Owned Utility (IOU) Ratemaking 101

- IOUs control when they file a general rate increase request.
- IOUs are allowed a reasonable rate of return on their investments.
- Utilities must show the amount necessary to charge customers to provide reliable service and receive a reasonable profit.
- Oregon Public Utility Commission (PUC) has ten months to decide on a reasonable rate of return based on whether the IOU's costs were reasonable and prudently incurred (generally 9.4 to 9.5%)
- Utilities are asking for more and more surcharges outside general ratemaking process (single-issue rate requests).



Residential Rates Hikes are Unprecedented



Average Annual Residential Bill Increases

NW Natural: \$331

Pacific Power: \$432

PGE: \$597

62% to 78% of US households live paycheck to paycheck



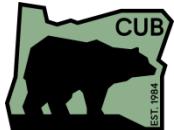
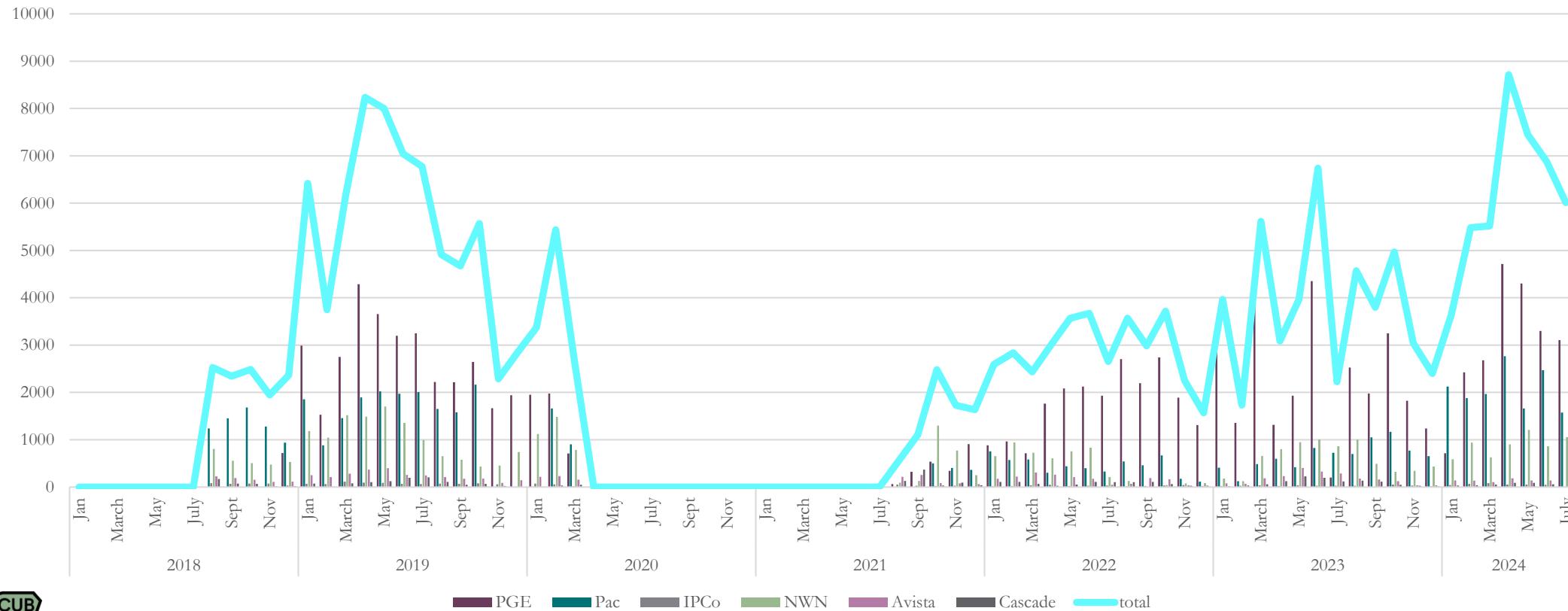
More Increases on the Horizon

- 2025 Rate increase proposals:
 - NW Natural
 - Pacific Power
 - PGE
 - Idaho Power



Unprecedented Disconnections

Utility Disconnections



People Can't Keep Up

- Arrearages, or overdue bills, are growing
- Neither PGE nor Pacific Power have arrearage forgiveness/relief programs
- PUC Staff are treating this like a crisis: Energy Affordability Act docket is prioritizing addressing arrearages
- Disconnections should not be a collections mechanism



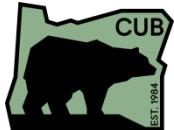
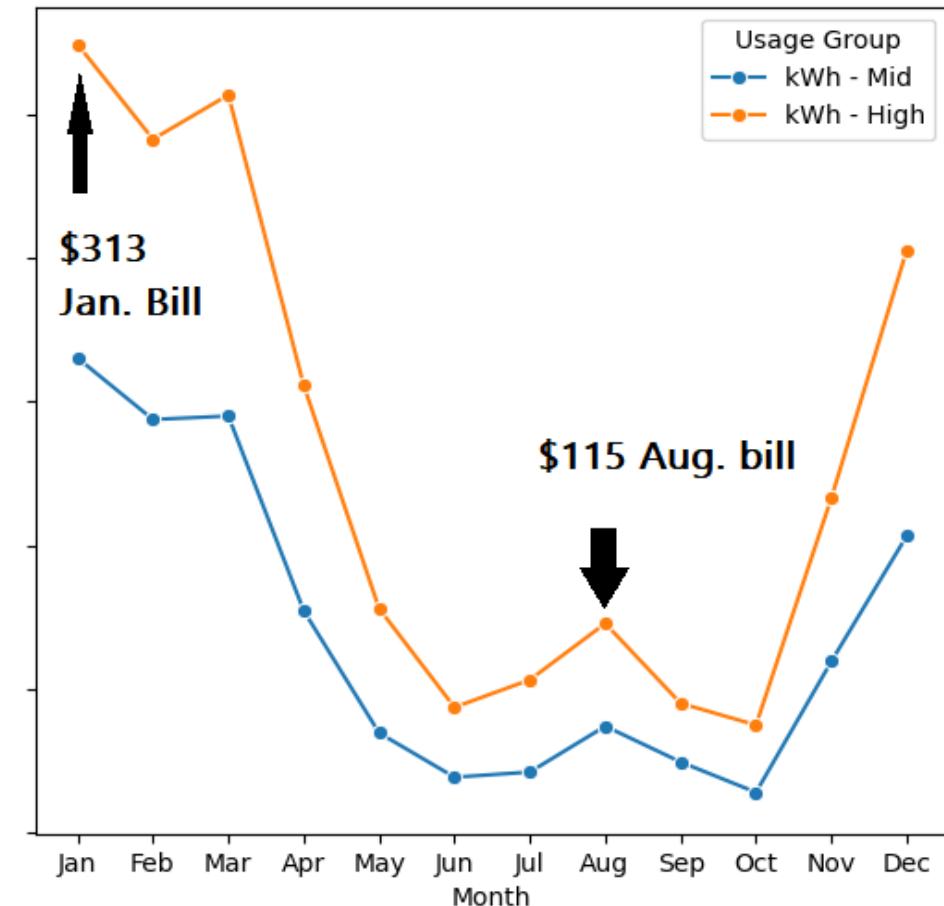
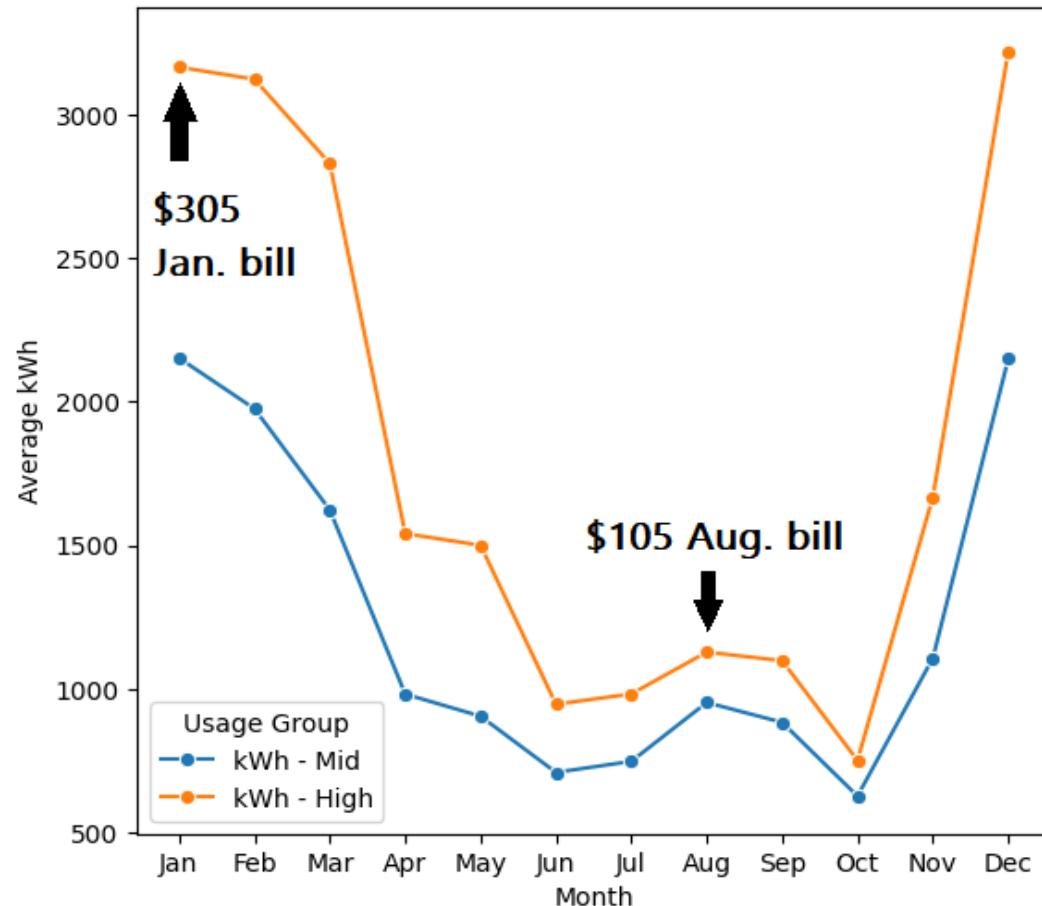
Rate Setting Process

- Rates always change in winter
- Too many single-issue proceedings
- Size of rate increase not known until November
- Utilities' cost recovery dominates the PUC agenda
- Utilities have incentive to invest capital and raise rates



Increases always happen in the winter

Monthly Amount of Electricity Used in 1 Randomly Selected Manufactured/Mobile Home Community
All 34 households were separated into groups based on annual kWh
2023



Cold Weather Events Lead to Shutoffs

Month	shutoffs	cold weather events
April 2019	4286	February 2019 saw two cold events: temperatures reached below freezing from Feb. 4 to Feb. 10 and again from Feb. 25 to Feb. 28. Portland area schools closed during both events.
March 2023	4188	Coldest weather of 2022 was just before Christmas with high temperatures in the 20s.
June 2023	4353	Coldest day of year was Feb. 25 when the low temperature reached 18°. 1st half of March was unseasonably cold.
April 2024	4712	Cold front from January 10th to January 24.
May 2024	4303	Cold front from January 10th to January 24.



Too Many Single Issue Rate Changes (outside of general rate case)

- Power Cost Forecasts
- Power Cost True Ups
- Energy Efficiency Funding
- Renewable Energy
- Transportation Electrification
- Wildfire Mitigation
- Extreme Weather and Pandemic Recovery
- Decoupling
- Demand Response
- Community Solar
- Solar Payment Option
- Colstrip Coal Plant Adjustment
- Boardman Coal Plant Decommissioning
- Public Purpose Charge



Don't know January Rate until end of December

General Rate Cases

PUC decision deadlines:

- IPC: 10/1/24
- NWN: 10/25/24
- PAC: 12/19/24
- PGE: 12/20/24

Power Cost Forecast

- Commission Final Order: 11/4
- Final Cost Update: 11/15

Adjustments Schedule

- Filed End of November
- Commission Decision: 12/28



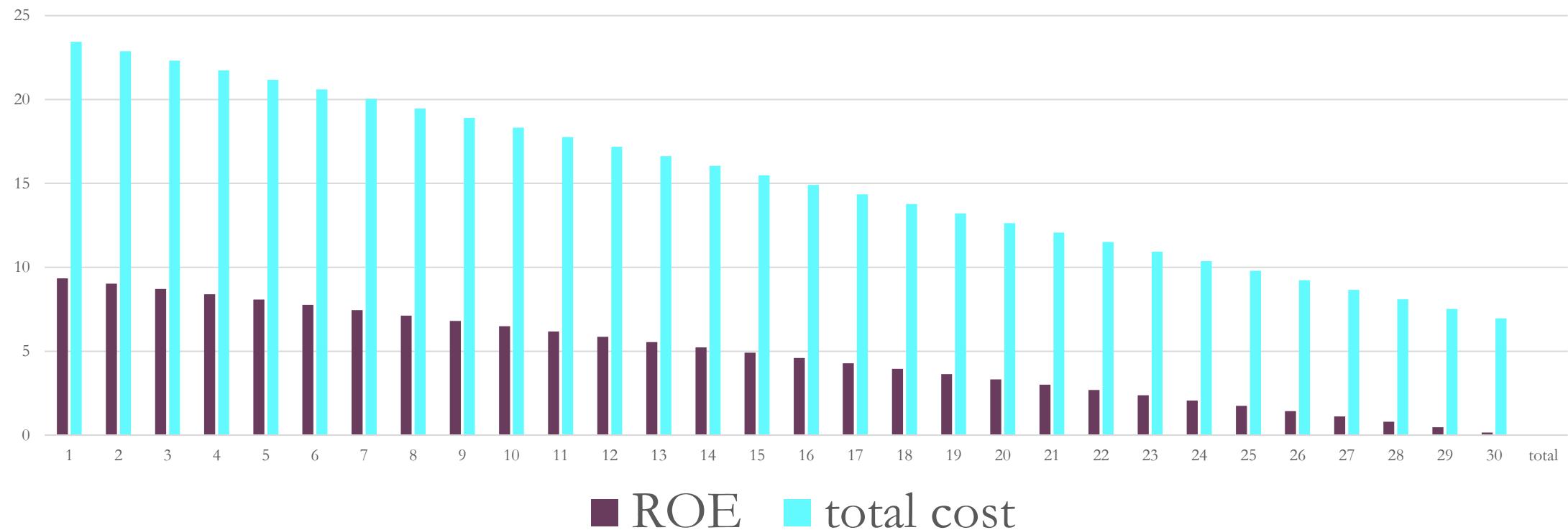
Utilities Dominate PUC Agenda

- Most proceedings start with utility filing.
- By law, Commission must issue general rate case order within 10 months.
- Deadline means general rate cases go to front of the line.
- Less Common are investigations initiated by Commission or requested to Commission by non-utility.
- No statutory deadline.
 - UM 2178 – 19 months
 - UM 2004 – 18 months
 - UM 2000 – 66 months
 - UM 1909 – 32 months



Utility Investment: Cost and Profit

Utility Investment: Cost and Profit



Centering the Customer is in the PUC's Authority

- Cap rate hikes
- Move rate increase out of winter
- Reduce number of rate mechanisms
- Allow additional time for rate cases
- Move policy issues out of rate cases
- Expand bill discount programs
- Targeted weatherization and efficient heating

- **Commission-led Investigation Into Ratemaking:**
- **Multi-year Rate Case**
- **Performance Based Regulation**
- **Other Reforms**

