

1 Hydropower Reform Coalition-American Rivers Exhibit 101). This testimony was developed in
2 consultation with other public interest groups who are not intervenors in this docket, including
3 Oregon HEAT, the Oregon State Public Interest Research Group (OSPIRG), and the Fair and
4 Clean Energy Coalition.

5 These parties submit this joint testimony in order to emphasize a number of points
6 relating to the Oregon Electric Utility Company's proposed acquisition of PGE. The purpose of
7 the testimony is to identify the policy choices that have occurred in Oregon – primarily by the
8 passage of Senate Bill 1149 – over the past several years. These policies implemented by SB
9 1149 are of such importance to the parties that it elevates our concern that any change in
10 ownership or management could place these policies in jeopardy.

11 In July 1998, the Fair and Clean Energy Coalition submitted testimony in UE 102, the
12 docket that Portland General Electric (PGE) and its new parent company Enron opened to
13 propose deregulating PGE. In that testimony, FCEC members outlined three key principles to be
14 followed as the issues of energy restructuring and deregulation were debated:

- 15 1) consumers must be protected;
- 16 ~~1~~2) _____ the environment must be preserved and enhanced;
- 17 ~~1~~3) _____ Oregonians must have access to affordable electricity.

18 UE 102 was rejected by the PUC in January 1999; in July 1999, the Oregon legislature
19 adopted Senate Bill 1149 containing many of the policies that FCEC advocated in UE 102.
20 Despite the passage of years and all the changes in the energy world that occurred during that
21 time, the principles that the members of the Fair and Clean Energy Coalition devised still hold
22 today as an adequate guide in the current sale. The Public Interest Witnesses, many of whom are
23 members the Fair and Clean Energy Coalition, hold that the principles and policies that the

1 coalition has worked for and won, through SB 1149 and other action, need to be maintained and
2 expanded.

3 The remainder of this testimony will highlight how hard-won consumer and
4 environmental protections must be affirmed in the current purchase in UM 1121 and how
5 guarantees of their expansion should also be put in place.

6

7 **II. Consumer Protections**

8 SB 1149 ensured that residential customers would never be cut loose into a deregulated
9 energy market and would be guaranteed a cost-based rate from their privately-owned utility
10 company. In addition, in answer to those who said that deregulation would bring “choice” to
11 residential customers, Oregon customers now have the protection of regulation AND choice
12 through the portfolio of energy options that each regulated utility responsible under SB 1149 is
13 required to offer to its customers. The most popular options offered through the portfolio are
14 clean energy options where consumers can choose to get some or all of their power from
15 renewable resources plus having the option of supporting salmon habitat restoration.

16 We maintain that, at a minimum, OEUC must commit to support the portfolio construct
17 that offers customers safe, regulated energy options while also guaranteeing a cost-of-service
18 rate. This means not only support for the program legislatively, but also creating a positive
19 working relationship and working environment with the stakeholders as we strive to improve the
20 program.

21 The portfolio of energy options is unique to Oregon and an innovative approach to
22 creating a diversified resource base. The portfolio has propelled Oregon into the forefront
23 nationally as a growing market for clean energy purchases. But customers need to be assured

1 that the portfolio will continue. Stability is the key to ensuring ongoing growth and trust in the
2 portfolio. There should be an explicit guarantee of a perpetual presence and company support
3 for a portfolio of energy options, with an emphasis on clean energy offerings.

4

5 **III. Environmental Preservation**

6 Generating electricity is a dirty business. It is responsible for a tremendous amount of
7 toxic heavy metals, nitrous oxide, sulfur dioxide, carbon dioxide and other air-borne particulates.

8 But Oregon has taken steps to addressing this hard fact. SB 1149 instituted a public
9 purposes charge dedicated to investment in energy efficiency, acknowledging that the cleanest
10 and cheapest power is the power that does not need to be generated in the first place, and to
11 renewable energy resource development to begin to set Oregon on a path toward cleaner energy
12 generation.

13 The public purposes charge, and the Energy Trust of Oregon, the independent not-for-
14 profit organization established to administer the majority of public purposes funding, have begun
15 to demonstrate considerable success in lowering the energy demand in the service territories in
16 which the public purposes investments are made. Not only are residential customers benefiting
17 from more efficient housing and lighting but commercial and industrial customers are also
18 benefiting through improved manufacturing processes, lighting and more efficient equipment.
19 Moreover, additional renewable resources are being brought online, adding to the growing base
20 of clean energy resources for a substantial portion of Oregon's electricity system.

21 SB 1149 established the public purposes charge for a period of 10 years to provide a
22 stable source of funding for sustained and consistent investment in efficiency and renewable
23 resources. Despite the growing list of accomplishments of the Energy Trust and the growing

1 recognition of the benefits of the public purpose investments, the public purpose charge will
2 likely be a target for attempted budgetary redirection. Because this is customer money and
3 because the public purpose investments are showing their worth in reducing individual and
4 system costs, improving the environment and supporting economic development, it is essential
5 that program funding continue.

6 The Public Interest Witnesses insist on a guarantee of continued support for the public
7 purposes charge and for the Energy Trust of Oregon being maintained as the primary delivery
8 vehicle for services supported by the charge. This support must include working in collaboration
9 with other interested parties to deflect any attempts to eliminate, reduce or otherwise lessen the
10 effectiveness of the public purposes charge. This support also must include ongoing support for
11 the Energy Trust of Oregon.

12 Finally, current energy prices suggest that energy efficiency and conservation efforts can
13 yield a great deal more cost-effective power over the next several years. It is time to begin a
14 two-part conversation. First, we must begin to examine whether the three-percent of utility
15 revenues dedicated to public purposes is enough. Recent analysis by state and regional entities,
16 particularly the recently released draft Fifth Northwest Power Plan by the Northwest Power and
17 Conservation Council, indicates that more investment – up to 4 or 5 percent – could be more
18 appropriate. Second, we must begin to examine whether the public purposes charge should be
19 terminated in 2012, the end of the legally mandated 10-year period, or whether the charge should
20 be extended beyond 2012.

21 This examination needs to start now. As part of the UM 1121 docket, the Public Interest
22 Witnesses look for a commitment on the part of the company to become an active participant in

1 this discussion and work with other interested parties to establish a consensus on how to
2 approach the future of public purposes investments.

3 In addition, because all indications are these investments will be cost-effective for the
4 foreseeable future, there needs to be a commitment on the part of the company: to continue
5 public purposes investment past 2012, regardless of what happens to the law created by SB 1149;
6 to consider the currently mandated 3-percent public purposes charge as a minimum and to invest
7 more if this is shown to be cost-effective; and to continue to support the Energy Trust of Oregon
8 as the primary delivery mechanism for services paid for by the public purposes fee.

9

10 **IV. Affordable Electricity for All Oregonians**

11 At the time SB 1149 was passed, electricity service was being made less affordable
12 because of reductions in federal support for low-income bill payment assistance programs and
13 private resources to aid struggling Oregonians keep their electricity on were being stretched
14 thinner and thinner.

15 SB 1149 instituted an ongoing energy assistance fee that collects \$10 million per year.
16 However, despite this needed help for low-income households, the need for assistance has only
17 grown since 1999. Rates have increased substantially in the intervening years, with residential
18 households experiencing a 32 percent rate hike in late 2001. Those rates have not gone down
19 substantially since then. At the same time, Oregon's economy has been extremely stagnant, with
20 unemployment rates being among the highest in the nation, and permanent job losses being
21 rampant. This has caused an upsurge in clients beating a path to the doors of service agencies
22 across looking for help, many for the first time in their lives. More needs to be done.

1 Service providers and social service advocates are preparing separate testimony as part of
2 this docket. The Public Interest Witnesses believe the proposals outlined in that testimony
3 should be considered as part an extended and effective response to the current conditions being
4 faced by customers. The company should work with proponents of those proposals in order to
5 achieve guarantees that are offered by the company in this docket to demonstrate net benefits for
6 ratepayers as a result of the proposed acquisition.

7

8 **V. Conclusion**

9 A proposed sale of a utility is always a complex transaction. However, after considering
10 all the financial, legal, economic and other sundry facets of a proposed sale, it all comes down to
11 two central questions: do the customers benefit and is the public interest protected?

12 The proposals contained in this testimony provide a basis for establishing whether
13 customers might actually benefit from this proposed sale. While the Public Interest Witnesses
14 cannot definitively state a position for this docket through this testimony, one fact is certain:
15 unless the desired commitments contained in this testimony can be made by the company, it will
16 be virtually impossible for the Public Interest Witnesses to be convinced that this sale will result
17 in benefits to customers or that the public interest is protected.

18

19

20

21

22

23

WITNESS QUALIFICATION STATEMENT

NAME: Jeff Bissonnette

EMPLOYER: Citizens' Utility Board of Oregon

TITLE: Organizing Director

ADDRESS: 610 SW Broadway, Suite 308
Portland, OR 97205

EDUCATION: Bachelor of Arts; Planning Public Policy & Management
University of Oregon; Eugene, Oregon

PREVIOUS EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 102, UX 27, AR 427, AR 452 and others. Member of the Portfolio Advisory Committee, currently serving as chair. Provide testimony to Oregon legislative committees on consumer issues related to energy and telecommunications. Lobbied Oregon Congressional delegation on behalf of CUB.

Employed by CUB since June 1998. Other experience includes: volunteer campaign worker on Measure #3 (1984) to establish the Citizens' Utility Board of Oregon; regional coordinator for Measure #4 (1986) to establish a three-person Public Utility Commission and Measure #8 (1986) to prohibit mandatory local measured telephone service; general experience working for advocacy and campaign organizations in Washington, DC, Illinois, and New York.

MEMBERSHIP: Oregon Universal Service Advisory Board
Board Member, Portland Community Media
Chair, OR League of Conservation Voters, Multnomah Co. Steering Committee

QUALIFICATION STATEMENT OF

STEVEN WEISS

Witness for the

NW Energy Coalition

Q. Please state your name, employer and business address.

A. My name is Steven Weiss. I am employed by the NW Energy Coalition (NWEC), 219 First Ave. South, Suite 100, Seattle, WA 98104. My phone number is 503-851-4054.

Q. What is your position and responsibilities?

A. I am the Senior Policy Associate and represent NWEC in regulatory proceedings at BPA and in the State of Oregon. I am also an advocate for clean and affordable energy in many other forums including the NW Power Planning Council and the Oregon Legislature.

Q. Summarize your educational background and professional experience.

A. I received a Masters in Science Education from Bucknell University in 1976 and a Bachelor of Arts in Physics and Math from the University of California at Berkeley in 1968. Previous professional experience includes employment as Assistant Professor (Educ.) at Clarion State College in Pennsylvania from 1975-79 and Director of Salem Electric (Co-op) from 1982-94. I also taught math and elementary statistics at Chemeketa Community College part-time during that period. I owned and operated a retail business from 1980-96. I have been employed by NWEC since 1994 and have participated in numerous Oregon and regional policy forums and rate cases. I also co-authored Oregon's electricity restructuring law (SB1149).