

Oregon's Consumer-Owned Utilities in a Nutshell

- Oregon's consumer-owned utilities (COUs) get the majority of their power from the Bonneville Power Administration, power that is more than 95% carbon-free.
- Oregon's COUs have saved 1.2 billion kilowatt hours (kWhs) of electricity through energy efficiency and conservation programs since 2002, and continue to exceed the Sixth Power Plan targets established by the NW Power and Conservation Council for energy efficiency savings. Energy efficiency and conservation remain the most cost-effective ways to meet the needs of customers requiring more power.
- The advantages of public ownership of electric utilities are abundant, including locally-elected and/or appointed boards of directors which set regulatory policy and approve local programs and services to serve the specific needs of customers within COUs' primary focus: Delivering safe, reliable and affordable electricity.
- Oregon's policy choices must recognize that there is a difference between investor-owned (IOU) and consumer-owned (COU) electric utilities. Oregon's COUs have a miniscule carbon footprint. COUs exist solely to serve their customers, and at rates intended to cover costs, not generate profits. COUs are locally-controlled and have locally-elected boards. Generally, COUs serve much of rural Oregon. Investor-owned utilities (IOUs) serve urban centers, providing contrasting demographics and economies. Policy should recognize and honor these differences and opportunities.

Consumer-Owned Power in Oregon

Early advocates of consumer-owned power fought to form local utilities to provide service to areas within Oregon without electricity service, clearing the way legislatively for the formation of cooperatives (co-ops), people's utility districts (PUDs), and city-owned electric utilities known as "muni's." In the early 1930s, Oregon passed state laws allowing rural areas to form COUs. Today, a significant portion of Oregon's rural areas continue to be served by consumer-owned electric utilities.

The Bonneville Power Administration (BPA) was established in 1937 with a mandate to provide low-cost hydropower for the people of the Pacific Northwest. Oregon's COUs still get most of their power from BPA, power that is more than 95% carbon-free (one of the highest ratios of clean energy in the

fees to Oregon counties and cities— over \$20 million in 2010.. COUs have demonstrated significant willingness to make investments in smart grid technologies without being mandated to do so.

COU Energy Efficiency Investments

COUs in the four Northwest states of Oregon, Idaho, Washington and Montana have cumulatively implemented more than 2,200 average megawatts (aMW) of conservation, enough to meet the energy needs of two cities equivalent to the City of Seattle. COUs fund BPA EE programs through their power rates. Also, many COUs supplement their EE programs by budgeting additional incentives beyond contributions made through BPA programs. Oregon COUs invite policymakers to support regional conservation targets through tools such as:

- State Building Codes and Standards
- Advanced Energy-Star Appliance Standards
- Restoring Funding for Conservation Tax Credits

Energy Efficiency (EE) Financing

Oregon COUs provide a variety of support to customers seeking EE financing. In many cases, rebate programs best fit the needs of COU customers, although loans may be useful in addressing the needs of customers seeking more expensive measures (i.e. ductless and forced air heat pumps, insulated glass, etc.) and for those motivated to spread payments over time. Many Oregon COUs offer loan programs and market them in a variety of ways. Typical COU loan programs offer zero or very low-interest loans facilitated either by on-bill repayment or through utility partnerships with credit unions or banks. These zero or low-interest loan offerings have proven to be popular and successful for customers, with very low default rates. Oregon COUs are monitoring new longer-term, higher-interest financing tools available to consumers. However, the long-term risks and benefits of longer-term higher interest financing tools for are not entirely clear yet. COUs are proceeding cautiously until these tools are better understood through market research and consumer demand information.

Policy should recognize COUs significant EE expertise, and that COUs know what options are the best fit for their customers.



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Debra Smith, Central Lincoln PUD, on behalf of OPUDA

Chair Vega Peterson and Members of the Committee,

My name is Debra Smith and I am the General Manager of Central Lincoln People's Utility District. I am here on behalf of the Oregon People's Utility District Association (OPUDA). OPUDA's members include five People's Utility Districts (known as PUDs) which provide electric service in Oregon. PUDs provide electric service to nearly two-thirds of Oregon's coastline, parts of Columbia and Multnomah counties, Lane, Douglas, and Coos counties and as far east as Wasco County.

In Oregon, PUDs are governed by five-member Boards of Directors that are elected by voters in each PUD's service area. Each Board of Directors sets rates based on the costs of providing service. Most PUD's power is purchased from the Bonneville Power Administration, and is sold to our customers at rates that are less than that of any of Oregon's for-profit utilities. Each board member is elected to represent the communities served, and board meetings are open to the public.

Oregon's electric PUDs collectively serve over 196,000 people and deliver over 4 million megawatt hours of electricity to Oregonians annually. OPUDA member utilities provided almost 400 family wage jobs in rural communities, representing more than \$47 million in salary and benefits, much of which stayed in our local communities. PUDs also pay property taxes and franchise fees. During 2013, we paid over \$8 million in property taxes and franchise fees to the counties and cities we serve.

Oregon PUDs provide their customers with electricity that is more than 96% carbon-free, which is one of the highest rates of clean energy in the United States. That 96-percent carbon-free power comes from the Bonneville Power Administration, including hydropower, wind power, and power from the Columbia Generating Station. In addition, PUDs have developed additional renewable energy including cogeneration, wood waste, bio-mass, agricultural waste, landfill gas, and "fish-friendly" hydropower. Oregon's PUDs offer innovative energy solutions supporting renewable energy such as solar and wind, energy efficiency programs and conservation as a resource. Oregon PUDs have invested more than \$46 million in energy efficiency and conservation programs saving more than 200 million kilowatt hours.

A diverse mix of conventional and renewable power supply resources is crucial. A solid mix of power sources reduces operational and financial risk, and helps PUDs maintain safe, reliable, and affordable service for customers now and in the future. "Cost to customers" is a critical consideration when considering what new power resources are truly sustainable and affordable to the public. That is why OPUDA has been vocal on issues including the Energy Supplier Assessment, a tax our customers pay to operate the Oregon Department of Energy that seems to keep growing each year. We would urge your Committee to address the ESA this Session.

OPUDA also vocally opposes the Low Carbon Fuel Standard, or LCFS, which your Committee will likely be considering this session. The LCFS will increase the cost of fuel for our customers in Oregon's rural and coastal communities. Rural Oregonians do not have alternative transportation. We do not have a choice about driving long distances and serving our customers in remote locations.

Central Lincoln PUD – Newport

Columbia River PUD – St. Helens

Emerald PUD – Eugene

Northern Wasco County PUD – The Dalles

Tillamook PUD – Tillamook