



**Oregon Citizens'
Utility Board**

HB 3179: FAIR Energy Act: Responding to the Energy Utility Affordability Crisis

Presentation for the House Commerce and Consumer Protection Committee

February 20, 2025

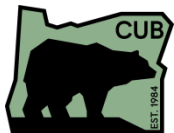
Bob Jenks and Jennifer Hill-Hart

About Oregon Citizens' Utility Board

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.



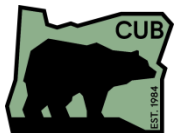
Utility Regulatory Model Encourages Spending

Utility-Centered Process Leads to Unaffordability for Residential Customers

Utilities have been encouraged to build infrastructure to expand service, making regulatory focus on capital spending, and not enough on affordability. This is problematic:

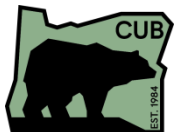
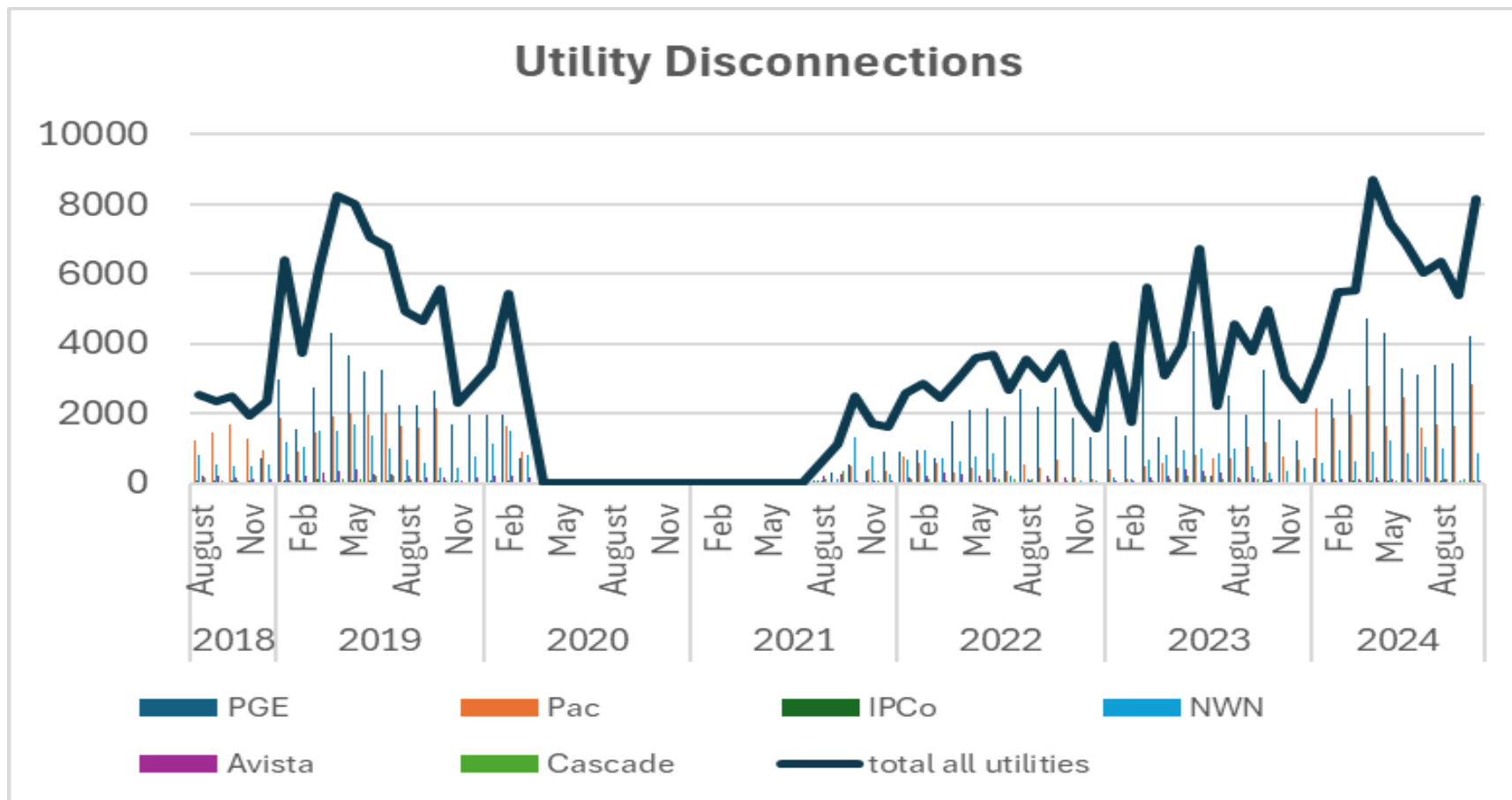
- Utilities have an incentive to spend money
- Utilities can request dozens of rate increases a year
- Designed so regulator looks at individual utility projects, not total rates
- Costs can be updated even after they are approved by regulators
- Utilities aren't transparent with rate increase information

We don't want to just keep on growing our system for growth's sake—we need to efficiently grow our system to meet its new needs.



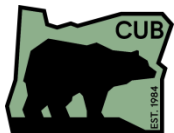
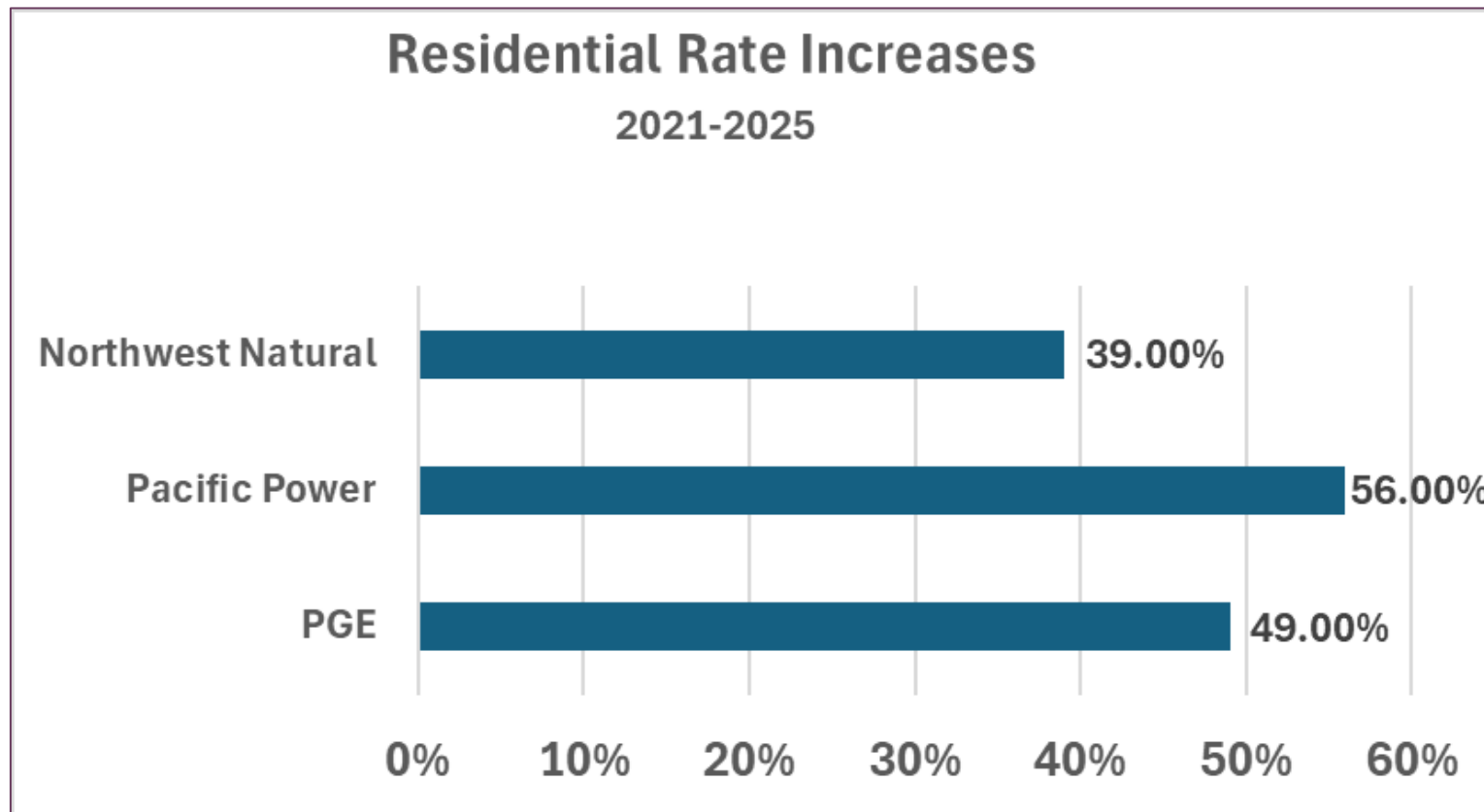
2024: Record Residential Disconnections

From January to October 2024, for-profit utilities disconnected over 150,000 Oregonians for unpaid bills—almost the population of Salem.

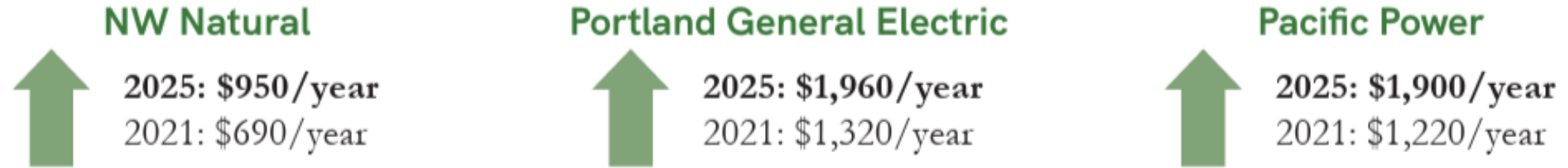


Energy Bills Have Skyrocketed

Since 2021, Oregon's largest utilities increased residential customer bills by nearly 50%



Unaffordable Bills Cause Disconnections



- Energy assistance programs are a crucial tool, but not a stand in for all affordability considerations.
- PUC temporary rules prohibit disconnections for bill discount program participants and households with medical certificates during winter months for electric utilities. and the day before and the day of extreme cold weather or severe weather event for gas utilities. Permanent rules with enhanced protections will be finalized by end of 2025.
- **But we need to manage utility bill affordability, which includes rate shock, and avoid double-digit rate increases year after year.**



FAIR Energy Act (HB 3179): Centering the Residential Household in Ratemaking



Oregon Citizens'
Utility Board



OREGON
JUST TRANSITION
ALLIANCE

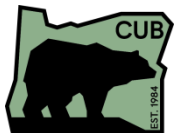


COMMUNITY
ENERGY PROJECT

Affordable Energy Bills

FAIR Energy Act (HB 3179): Affordable Energy Bills

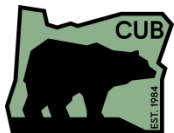
- **Consider what customers can handle:** utility must analyze, and PUC consider economic impacts on customers, such as unemployment and how many people are behind on bills.
- **Less paying for utility profits:** Gives regulators more options for using low-interest financing for necessary utility infrastructure, saving customers money through securitization.



Fewer Bill Increases

FAIR Energy Act (HB 3179): Fewer Bill Increases

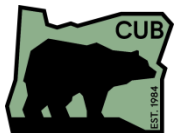
- **18 months between bill increases:** No new residential customer general rate increases for at least 18 months after a new one is added.
- **No winter bill increases:** Moves any residential rate increases out of winter when usage is highest, and bills are most expensive.
- **Even more time between increases:** More time for rate case decision and PUC determines rate effective dates instead of utilities.



More Transparent Utilities

FAIR Energy Act (HB 3179): More Transparent Utilities

- **Know what you're paying for:** Helps Oregonians understand what they are paying for by requiring utilities to report expense categories like investments or fuel prices.
- **Know what's coming:** Requires utilities to quarterly publish rate changes customers can expect in the next year, helping customers plan for upcoming bill increases.



HB 3179 Evens the Scales

Regulated utility rates are meant to be “fair, just, and reasonable”—they should balance the interests of customers with the interests of the shareholder.



From the utility perspective, the concept of fair, just, and reasonable rates has two central elements:

- Reasonable opportunity to recover costs that are prudently incurred; and
- The right to earn a reasonable return on investment.

HB 3179 does NOT prohibit a for-profit utility’s legal right to recover costs or earn a profit.

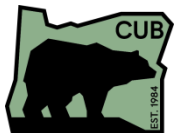
HB 3179 Evens the Scales

HB 3179 incorporates fair, just, and reasonable elements for residential customers—which better balances customer and shareholder interests.

The FAIR Energy Act:

- Considers economic impact of rate increases on residential customers;
- Provides more control over timing of rate increases;
- Expands low-interest public financing to large capital projects; and
- Results in greater transparency in rate increase costs.

The concept of fair, just and reasonable must better focus on affordability. It is unreasonable to have utility bills be so high that customers cannot afford them and instead have their utilities shut off.



Resources

- Slide 3:
 - *Portland General Electric reports big profit jump in 2024* (Feb. 14, 2025) (<https://www.bizjournals.com/portland/news/2025/02/14/pge-profit-was-up-85-million-in-2024.html>);
 - *PacifiCorp Was Grossly Negligent in Oregon's 2020 Wildfires. Now It's Asking Lawmakers for Protection* (Feb. 5, 2025) (<https://www.wweek.com/news/2025/02/05/pacificorp-was-grossly-negligent-in-oregons-2020-wildfires-now-its-asking-lawmakers-for-protection/>).
- Slide 4: Oregon IOU disconnection data ([In the Matter of Energy Utility Quarterly Report of Residential Disconnections for non-payment and subsequent reconnections per OAR 860-021-0408, the Disconnect Reporting Rule, Docket No. RO 12](#) (opened 11/14/2018));
- Slide 5: The 2021 numbers are from actual billings, and the 2025 numbers are CUB's conservative projection of 2025 billings based on current rates. They do not include any projections for the rate cases that will be decided this year.
- Slide 6: Same sources as Slide 5 and also [Disconnection Temporary Rules; Permanent Rulemaking Docket](#)

