



Portland General Electric
121 SW Salmon Street • Portland, OR 97204
portlandgeneral.com

Representative Nathan Sosa, Chair
House Committee on Consumer Protection and Commerce
900 Court St. NE
Salem, OR 97301

February 20, 2025

Re: House Bill 3179

Dear Chair Sosa, Vice Chairs, and members of the committee,

Thank you for the opportunity to provide testimony on HB 3179 behalf of Portland General Electric. Portland General Electric is an integrated energy company that generates, transmits and distributes electricity to over 950,000 customers serving an area of 1.9 million Oregonians in seven counties and 51 incorporated cities. We are proud to be an Oregon company and Oregon's largest provider of electricity.

We understand the burdens that utility rate increases can create and remain committed to keeping prices as low as possible for our customers. For this reason, we appreciate the intent of HB 3179 to lower costs for customers and are committed to working with legislators and stakeholders on this legislation but believe HB 3179 as introduced will result in unintended consequences for our ability to deliver reliable, affordable, increasingly clean electricity.

Our customers count on us every day for the energy they need. It is our privilege to serve them and our obligation to assure they have access to electricity, a vital necessity. As we work to modernize and strengthen the grid, meet society's rapidly growing demand for electricity, advance the clean energy transition, protect the grid against increasing cybersecurity threats, and prepare and protect against unpredictable and extreme weather - including the risk of catastrophic wildfires from all causes - Portland General Electric is focused on affordability for customers. PGE has been, and remains, committed to working with all stakeholders to address this complex challenge and to serve customers well.

As a regulated public utility, our rates are set through an extensive public process at the Oregon Public Utility Commission (OPUC). The OPUC determines the outcome of proceedings and exercises its duty to "scrutinize utility costs, risks, and performance to ensure just and reasonable rates for customers, manage customer and community choices to ensure value for everyone, and to anticipate, inform, and integrate policy, industry, market, and technology changes as the utility sector evolves."¹

Cost pressures driving utility rates

From 2020 to 2024, the Oregon Public Utility Commission has approved total price increases of 40%, and annual average increases of 8%, for PGE customers. These customer price changes over the last five years have primarily been driven by the rising costs to purchase necessary power from the open energy market to serve customers. Power costs, which PGE has limited options to control and are

¹ [Public Utility Commission : Energy - Who We Regulate : Utility Regulation : State of Oregon](#)

necessary to maintain reliable service to customers, have nearly tripled in the past five years. Like other sectors, we have also seen costs for equipment, materials, and labor increase dramatically. For example, since 2020, distribution transformer costs have gone up 50 to 60 percent, substation transformer costs have more than doubled, and circuit breakers have increased by more than 50 percent.

Throughout this time, we have focused on operating as efficiently as possible and have stringently managed our operations and maintenance (O&M) expenses included in customer prices 7% below inflation on average. PGE did not ask for a full rate case despite seeing significant inflationary pressures during the COVID-19 pandemic and made a very minimal increase effective in May 2022 that only resulted in a half percent increase. This resulted in a larger than average request for rate increase at the Public Utility Commission for 2024.

PGE has also worked hard to maximize federal grants, tax credits and funding to lower costs for customers. To date, PGE has participated in grant projects totaling more than \$2.1 billion, and PGE has been awarded nearly \$470 million in direct grant funding for those projects. PGE anticipates roughly \$450 million in tax credits to be realized for the benefit of customers between 2019 and 2025. All of these sources of project funding help keep costs lower for customers.

Addressing cost drivers

Given the growing risk of wildfire in Oregon and across the west, PGE has also been investing significantly in wildfire risk mitigation, as detailed and approved in our Wildfire Mitigation Plan approved by the OPUC. Since 2022, we have spent approximately \$194 million on system hardening, vegetation management, and enhanced situational awareness. Without significant policy changes to address the risks of catastrophic wildfire for utilities in Oregon, mitigation spending and insurance costs will continue to escalate customer prices.

At the end of 2024, our company exchanged public letters with U.S. Senator Ron Wyden on the topic of customer affordability. We publicly made commitments that PGE will do everything possible to keep residential rate increases at or below the rate of inflation and that we will take every possible step to ensure that large load increases from industrial users do not increase rates for residential customers. Since then, we have filed a proposal (UE430) at the OPUC to strengthen protections for residential and small business customers and fairly allocate the cost and risk of serving large amounts of electricity to new industrial customers. Legislators recently introduced HB 3546, which puts similar protections into state law, requiring new large energy users to pay for the added electricity infrastructure they require, instead of those additional costs being paid by all customers. This is a critical issue to support utility bill affordability for residential and small business customers. PGE supports the Legislature taking action this session.

Working with utility customers

PGE is committed to working with customers to help them manage and control their energy costs through weatherization, energy efficiency, and demand management programs. In addition, PGE provides a wide range of support to customers who need help with their bill. PGE's Income Qualified Bill Discount Program provides discounts of up to 60% based on household size and income. More than 91,000 residential customers are currently enrolled. PGE offers flexible payment options include options that are available 24/7, such as payment extensions, Time Payment Arrangements (TPAs) and different options to pay. PGE offers Preferred Due Date which allows customers the option to pick their

monthly bill date. PGE also offers an Equal Pay program which allows customers to average and level their monthly bills to help reduce high seasonal bills. PGE works closely with customers to help them access payment assistance, whether that's setting up a payment plan based on customer circumstances, extending payment due dates, or helping connect customers with community resources, such as the Low-Income Home Energy Assistance Program, Oregon Energy Assistance Program or Oregon Energy Fund.

PGE is further expanding customer protections, including suspending any disconnection for income-qualified bill discount (IQBD) customers and customers with medical certificates, through March 31, 2025. In addition, PGE is forgiving up to \$1,000 past-due balances for the company's most vulnerable, lowest-income IQBD customers, and expanding cold-weather disconnection protections for all customers.

As introduced, HB 3179 has concerning unintended consequences

We know that affordability is top of mind for our customers and legislators, as cost pressures are impacting Oregonians across all sectors. We appreciate the intent of HB 3179 to lower costs for customers but believe the introduced bill and the -1 amendments will result in unintended consequences that could slow our transition to clean energy and hamper needed investments to provide safe, reliable power and grow Oregon's economy. For example, the proposed use of securitization (a complex financing tool) in sweeping and untested ways may result in higher costs or challenges raising capital. Securitization can be appropriate to lessen the impact of the costs of significant one-time events, and PGE is interested in expanding its application for appropriate uses. The bill also may require utilities to run afoul of federal financial disclosure rules and includes many other provisions with unintended consequences.

We appreciate the discussion in committee today. While we have concerns with the bill as it now sits, PGE signed up neutral to indicate our commitment to working with legislators and stakeholders to advance customer energy affordability this session.

Sincerely,

Kristen Sheeran
Vice President, Policy and Resource Planning