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February 26, 2025

Chair Nathan Sosa
Vice-Chair Farrah Chaichi
Vice-Chair Virgle Osborne
Oregon State Legislature
Consumer Protection Committee
900 Court Street, NE
Salem, Oregon 97301

Subject: HB 3179 - 2025 Regular Session
Amendment to ORS 757.210 to 757.220

Chair Sosa, Vice-Chair Chaichi, Vice-Chair Osborne, and members of the Committee,

Idaho Power Company (Idaho Power) respectfully provides these written comments in opposition to HB 3179.

Idaho Power is committed to customer affordability and is sensitive to the hardships being faced by many of our customers. We serve customers across portions of Malheur, Baker, and Harney counties in Eastern Oregon. Of our approximately 20,000 customers across that rural service area, roughly 70% are residential, 18% are small and medium commercial, and 11% are irrigators and farmers. It is especially critical to understand the uniqueness of our service area in light of suggestions made during the committee meeting on January 20, 2025, that HB 3179 would not limit the utilities' ability to collect the costs of service, it only limits the amount that can be collected from residential customers. In addition to small and medium businesses, residential customers, and farmers, Idaho Power has all of six (6) customers that qualify as "large power."

Our rates range between *20 and 30 percent below the national average for electric prices* and we have a long track record of working with our customers to implement energy efficiency and weatherization programs to help them manage affordability in the long run. Just last year, with the approval of the Public Utility Commission of Oregon (OPUC), Idaho Power implemented its bill assistance program that will provide targeted assistance to our most income-vulnerable customers in the form of bill discounts that range between 10 and 70 percent.

In written testimony, the Citizen's Utility Board (CUB) asserts "[y]es, some costs for utilities are increasing, as CUB and the PUC acknowledged in our presentations at the public hearing. For example, the cost of steel is going up," then goes on to assert – without base – what it "doesn't see in the face of this is utilities cutting back on spending, or opting against or at least delaying certain projects."[1] Prior to its general rate case filed in 2023, Idaho Power had not filed a rate case since 2011. In part, Idaho Power was able to avoid requesting a general rate revision because it managed to keep non-fuel related operations and maintenance expense increases to less than 1% year-over-year. While CUB's efforts may be well-intentioned, their position is not based in the reality of how Idaho Power manages our business.

As a public utility regulated by the OPUC, Idaho Power must bring any request for a rate revision in front of the OPUC and has the burden of proving the prudence of any capital expenditure before a rate revision takes place. Said another way, an investor-owned utility (IOU) – like Idaho Power – must first raise the upfront capital to invest in necessary infrastructure and then must demonstrate the prudence of that decision in front of the OPUC and its 140+ member Staff of auditors, accountants, engineers, and technical subject matter experts.

As part of its review of utility expenses and capital expenditures, OPUC Staff submits discovery requests to review the reasonableness and prudency of expenditures. In our 2023 general rate case (GRC), OPUC Staff submitted over 500 multi-part discovery requests to assist in that review. We have been able to keep our rates among some of the lowest in the country by procuring resources that are least-cost and least-risk and ultimately demonstrating the reasonableness and prudence of those decisions in front of the OPUC before any rate changes can be implemented.

We also look for creative ways to mitigate the impact of rate increases, in our last GRC, in the same year, we anticipated rate decreases associated with reduced power supply expenses - while increased rates from the GRC were implemented on October 15, 2024, when considering the rate reductions that occurred on June 1, 2024, the net impact to residential customers was an increase of approximately 4 percent.

IOUs like Idaho Power have an *obligation to serve all customers* within our respective franchise service areas. A significant restructuring of the regulatory compact, as proposed by the draft bill, would almost certainly reduce the credit worthiness of impacted utilities making borrowing costs increase which will ultimately increase customer rates in the long run. It is important to note that many of the investments we are making in the grid are related to enhancing reliability, hardening the system to protect against the risk of wildfire, and to meet customer growth. This investment requires a combination of both debt and equity. Maintaining financial health of the company helps us attract low-cost capital to finance these operations.

Our primary concern related to this bill is that any policies put in place that will compromise our ability to recover prudently incurred costs, earn a reasonable rate of return, or negatively impact our cash flow will increase costs to customers through the higher cost of debt. Further, investors who are faced to decide between investing in a utility with operations in Oregon – or a utility in one of the other 49 states where the regulatory compact has been upheld – may elect to invest elsewhere. Ultimately, and of critical concern, is that these types of policies may also impact system reliability if our ability to invest in necessary projects is compromised. Affordability is among our highest priorities, but the tradeoff cannot be at the expense of safety, reliability and resiliency.

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[1] February 20, 2025, testimony submitted by Jennifer Hill-Hart, page 1.

While Idaho Power opposes this bill as written, Idaho Power is committed to continuing to work with regulators, customers, and other stakeholders to explore creative and innovative actions to maintain the affordability of our services while also balancing the financial health of the company, which benefits customers in the long run.

Sincerely,

Connie Aschenbrenner

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