



OREGON HOUSE OF REPRESENTATIVES

March 12<sup>th</sup>, 2025

**RE: SB688 – PERFORMANCE BASED REGULATION OF UTILITIES  
HEARING TESTIMONY**

Colleagues, I have worked extensively this session on HB3179 – the FAIR Energy Act – to reform the rate-setting process to prevent the type of utility bill price shocks we have seen in recent years. In the course of developing that legislation, however, it has become clear to me that we *also* need to have a discussion about some of the other institutional reasons why we are seeing such dramatic and historic increases.

One of the factors is the incentives built into our current system. During the 20<sup>th</sup> Century, the U.S. was growing its grid and striving to bring power to rural regions. So, it created a system where investor-owned utilities were rewarded for expanding their infrastructure. This mindset persists into the present and utility investors reap the largest rewards by prioritizing expensive infrastructure projects, which ultimately wind up being paid by customers who are hit with ever-increasing rates.

In the 21<sup>st</sup> Century, however, the need is no longer expansion – but efficiency. As our demands for energy grow, with the needs of the digital economy and artificial intelligence, our infrastructure has to be smarter – not larger. That is why 17 other states, along with Washington, D.C. and Puerto Rico, have enacted legislation or adopted frameworks that incorporate Performance-Based Regulation (PBR) for utilities. Oregon should do the same.







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SB688 will allow the PUC to explore and develop a framework for performance-based regulations. Such a system would reward utilities that prioritize things like affordability, energy efficiency, clean electricity standards, modernizing the grid, reliability during disasters, and wildfire prevention and safety. This is bill in the first-step in what will be a years-long conversation about how we can create a regulatory framework for our public utilities that is cleaner, more efficient, and more cost-effective for consumers as well as businesses in Oregon.

I urge your support.

Thank You,

Nathan Sosa

State Representative