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May 5, 2025

Senate Committee on Rules  
Oregon State Legislature  
900 Court St NE, Hearing Room C  
Salem, OR 97301

Chair Jama, Vice-Chair Bonham, and members of the committee:

Thank you for the opportunity to testify on behalf of the Northwest Gas Association (NWGA). The NWGA represents the three natural gas utilities and two transmission pipelines that provide warmth and comfort to two million Oregon residents, as well as heat and productive energy for more than 85,000 Oregon businesses, institutions, and industries.

We understand that energy affordability and transparency are top of mind for all Oregonians. However, SB 88 with the newly submitted -3 amendment does not meaningfully address these concerns and, if passed, could expose the state to expensive and lengthy legal challenges. SB 88 remains unconstitutional on multiple grounds, including violations of the First Amendment's free speech protections, the Fifth Amendment's takings clause, and the Fourteenth Amendment's due process clause.

Moreover, this bill seeks to bypass the Public Utility Commission's (PUC) well-established, quasi-judicial process for determining which costs are reasonable for utilities to recover. The PUC already has full authority to regulate utilities through a transparent and thorough process that ensures ratepayers' interests are balanced with a utility's right to earn a just and reasonable return on investment. The regulatory framework, grounded in the principle of the regulatory compact, provides essential checks and balances between utilities and regulators representing the public interest.

A typical rate case takes nearly a year to resolve and includes multiple opportunities for intervenors and the public to weigh in. Statute establishes a clear standard for a rate of return, and the burden of proof is on the utilities. It's also worth noting that the expenses the bill seeks to eliminate from rate recovery are not the primary cost drivers for utilities. Many of the items outlined in the bill are already excluded from rate recovery through the PUC process. Therefore, this bill will have very little impact on addressing energy affordability.

Finally, the bill's reporting requirements are onerous, creating extensive administrative work for both the PUC and utilities. This could strain the PUC's already stretched capacity and create barriers for utilities seeking to recover reasonable costs associated with presenting matters before the regulator.

For these reasons, we strongly urge the committee to continue to rely on the PUC's well-established regulatory process to ensure fair and reasonable rates through its existing quasi-judicial proceedings.

Natasha Jackson  
Director of State Affairs