

Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
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May 7, 2025

To: Chair Sollman, Vice-Chair Brock-Smith, and members of the Senate Committee on Energy and Environment

From: Sarah Wochele, Equity Analyst & Advocate, Oregon Citizens' Utility Board (CUB)

Re: SUPPORT for HB 3546 - Protecting Oregonians with Energy Responsibility (POWER Act)

CUB is a membership-based 501(c)3 nonprofit consumer advocacy organization that represents the interests of utility consumers, including energy and telecommunications customers, before legislative, administrative and judicial bodies. To date, we have saved Oregon households over \$10 billion dollars. **We ask for your support for HB 3546, Protecting Oregonians with Energy Responsibility—the POWER Act.**¹

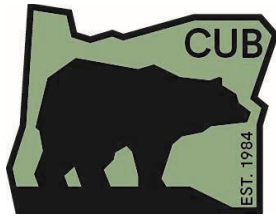
The problem HB 3546 seeks to solve has been in the making for at least ten years. It will continue to worsen if we do not take urgent necessary action. Back in 2014, Natural Resources Defense Council (NRDC), a large environmental advocacy organization, was one of the early whistleblowers surrounding data centers' growing bottomless hunger for energy that was already beginning to occur at the time.² Since then, due to the rise in AI computing, data centers have "hyperscaled" up from less computationally intensive (less power intensive) cloud computing, and now require even more power needs within a single data center. Ten years later, the DOE reported that data centers' total electricity usage had more than tripled, and estimated an increase between 325 to 580 TWh by 2028. This same report expects data centers to consume approximately 6.7 to 12% of total U.S. electricity by 2028.³ **Indeed, Oregon will soon see 250 MW data centers, requiring the same amount of energy needed to power the City of Eugene, be able to come online with as little as 18 months' notice. If we do not pass HB 3546, Oregon households, small businesses, and other large businesses will be left subsidizing even more growing energy costs of these massive energy customers.**

With the unprecedented load growth from these specific energy customers, brings unprecedented energy needs and unprecedented costs to build out the infrastructure needed to serve these unique customers. **Our current systems' assumptions about how we share costs and what kind of customer data centers are, have resulted in affording data centers special treatment at the expense of other energy customers. In order to set this right and ensure that we have solved the problem of unfair subsidization, we need to ensure that data centers and**

¹ Please also see our [previous written testimony](#) from March 6, 2025; as well as our house-side [presentation](#) from March 6, 2025 and our senate-side [presentation](#) from April 30, 2025.

² <https://www.nrdc.org/resources/americas-data-centers-consuming-and-wasting-growing-amounts-energy>

³ <https://www.energy.gov/articles/doe-releases-new-report-evaluating-increase-electricity-demand-data-centers>



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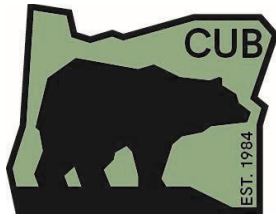
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crypto (who also have a unique energy profile, similar to data centers) are in their own customer category.

Treating data centers like other industrial customers has resulted in data centers being able to “hide” their true costs to the system in the rate setting process because these costs are otherwise “blended” with traditional industrial customers’ costs. The rate setting process is unable to assign data center specific costs to data centers as long as they are in a customer category with other customers who do not share their unique energy needs. This has allowed data center costs to be shared across all other customers, or at least just the industrial class. However, all customers are not growing at the same rate now. **Data centers are responsible for the enormous load growth seen in the industrial customer category, making it clear that these existing assumptions around sharing costs because of similar load growth, do not track for these new, enormous and unique customers, rendering the need for their own customer category.**

The customer category laid out in HB 3546 is the specific tool needed to allow the rate setting process to shine a light on the true costs and impacts data centers and crypto are having on the energy grid. The transparency and accountability that a specific customer category brings to the rate setting process, helps ensure the costs that are caused by data centers, and that only benefit them, are fairly assigned to them in their energy bills, instead of in ours. HB 3546 does not seek to double charge data centers nor to arbitrarily assign costs to data centers. It does not seek to change the PUC’s existing authority or processes of rate setting. It simply directs the PUC to urgently solve this problem using a long-standing tool for understanding the true costs of serving a specific grouping of customers, and to then appropriately assign and allocate those costs based on factual evidence with an eye towards protecting other customers. A data center, like any other customer, can appeal a PUC decision should it feel costs were allocated or assigned unfairly.

The problem that HB 3546 seeks to solve, as well as the tool used to solve it are not new to Oregon. Some Oregonians, just based off their zip code are already protected from the costs that come from their new data center neighbors. According to datacentermap.com, a tool used by the industry itself with data input by data center companies themselves, roughly 45% of all operational and planned data centers in Oregon are located in Umatilla, Boardman and Hermiston, the territory of Umatilla Electric Co-op, a consumer owned utility. **Umatilla Electric Co-op currently ensures that data centers coming onto their system pay their own way, in order to protect other customers from unfair subsidization.** HB 3546 seeks to ensure that customers living in for-profit utility territory, with new data center neighbors, are not left unfairly subsidizing their energy costs.



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Not only is this idea not new to Oregon, but it has also been enacted elsewhere. In 2022, in North Dakota, there was a new customer category created for Montana-Dakota Utilities, a regulated, for-profit utility, specifically for data centers—referring to them as “super users.”⁴

The utility specifically noted in its filing that its proposal ensures “Montana-Dakota and the Company's other North Dakota customers are not harmed by these ‘super users’ becoming a Montana-Dakota customer.” This is similar intent as HB 3546’s language around mitigating risks to other customers when it comes to unwarranted costs from data centers and crypto customers within Section 2.

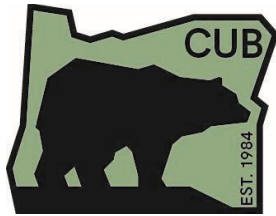
It is also worth noting that since May 2024 in Ohio, there have been active efforts to formalize a similar proposal to create a data center specific customer category, but it has been vigorously fought against for months now in Ohio’s regulatory space by the data centers. In their initial filing, Ohio AEP states their rationale for proposing a data center specific customer category “to address the unique circumstances set forth above and ensure that accommodating the exponential growth attributed to data centers do not create unacceptable risks for AEP Ohio or its customers.”⁵ Oregon is not the only place who recognizes the harm and unacceptable risks data centers bring to our shared grid.

If the legislature were to decline to act at this time on this pressing issue, it could take anywhere from 3 to 5 more years in the regulatory space to achieve similar protections for customers from unfair subsidization of data center costs. For example, in each of PGE’s and Pacific Power’s next individual general rate cases, CUB could make the case to reject their cost of service studies for customer class cost allocation because it will difficult to know what the actual cost to serve data center customers will be if they are lumped into the industrial class. But in those general rate cases, the costs would still need to be assigned, so the proposed cost of service study (or the last approved cost of service study) would still need to be utilized. Ideally the Commission would tell each utility on a going forward basis to create a new rate class for these customers, in response to CUB’s objection. Then, in the general rate case after this one, the utility would enter the general rate case with a new cost of service study which has data centers as their own rate class. Given other potential affordability legislation seeking to limit how often a utility can come in for a general rate case, this could make things take even longer.

CUB has been asked about related processes in the Oregon regulatory space, such as OPUC Docket No. UM 2377, but this is limited only to PGE. There are no existing dockets for looking at all or some of this problem in Pacific Power’s territory. And while Pacific Power’s last rate case (OPUC Docket No. UE 433) began to address some aspects of the unfair subsidization (i.e. Capacity Reservation Charge and Excess Demand Charge for these customers), other customers

⁴ North Dakota Public Service Commission, Docket No. PU-22-337, [High Density Contracted Demand Response Rate](#)

⁵ Ohio Public Utility Commission, Case No. 24-508-EL-ATA, [Application for Tariff Approval](#), at 8.



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are still subsidizing data center costs in this territory. As a reminder, PGE and Pacific Power are in support of this bill. **If passed, HB 3546 gives clear and timely direction for what happens next in order to protect Oregon households and small businesses and will apply to all three of our regulated electric utilities, instead of a slow, fragmented and piecemeal approach that will further strain our electricity bills.**

In conclusion, this bill, like other bills CUB is working on with energy affordability legislative champions this session, is fundamentally about affordability, fairness, transparency and accountability, and updating outdated systems that cannot meet the moment.

Thank you for your time and consideration,

Sarah Wochele, Equity Analyst & Advocate