

In Support of a Customer-Owned, Regional Utility



By Ryan Deckert

THE FATE OF Portland General Electric is linked to Oregon's economic future. In fact, ensuring that the ownership of PGE has goals aligned with its customers and communities may be the most important economic development strategy of this decade.

One of the most appealing options to avoid the future churn of PGE's ownership is converting it into a customer-owned utility, with a structure specifically designed to operate a sophisticated electric utility and provide adequate regional representation to PGE's service territory and areas where it maintains facilities.

Legislation to create such a regional customer-owned utility will be introduced this session and deserves serious consideration.

Public power is no stranger to the Pacific Northwest. Nearly 70 percent of Washington electricity consumers are served by customer-owned utilities. The issue we face with PGE is not about ideology; it's about options.

The reality is customers, through their rates, pay a utility's debt service — whether they are the "owners" or not. There are advantages to a stable, locally based, private utility owner. PGE was in such hands once upon a time.

Since Enron acquired PGE, tried to sell it, and now is selling it off as part of a bankruptcy proceeding, the electric utility is in play. There isn't much assurance PGE will return to stable, locally based ownership unless customers buy it.

Publicly owned utilities have advantages. They can access capital at lower interest rates. For PGE, which has an existing debt load in excess of \$1 billion, that's not an insignificant advantage.

Another benefit is that customer-owned utilities don't have to generate a profit for shareholders. The operating profit they achieve is reinvested in electricity generation and distribution systems — and in lower rates.

The debate over converting PGE into a customer-owned utility has centered on proposals by the City of Portland and various drives to establish people's utility districts within the current PGE service territory. These ideas have generated lots of controversy and opposition. But again, there are other options — the most appealing of which

“The issue we face with PGE is not about ideology; it's about options.”

involves creation of a regional customer-owned utility, designed to run a utility such as PGE much like public corporations that operate the Port of Portland and Oregon Health and Science University.

As a public corporation, the regional utility would have:

- > A governing board reflecting PGE's six-county service area, customer base and key stakeholders (including communities with generating and transmission facilities).
- > Men and women selected to set policy for the regional utility chosen because of business knowledge and experience with energy services.
- > Utility objectives that align with customers and communities.
- > Professional management to provide customers with reliable electricity service at the lowest possible price.

To the greatest extent possible, the regional utility would harness the skill and experience of existing (and past) PGE employees, who perhaps have suffered the most from the Enron fiasco.

What's important is that these aspirations are possible with a customer-owned regional utility. This isn't a question of private versus public sector. This is a question of what's best for our customers, our communities and our economy. Restoring real local control over PGE's energy assets makes a lot of sense. If creating a customer-owned regional utility achieves that objective, let's work to design a utility that delivers the maximum benefit possible. It may be our last best shot at real local control. ☒

Ryan Deckert is an Oregon state senator.

News Flash >>

www.energycentral.com

GAS LAW NEEDED

The Consumers Alliance for Affordable Natural Gas (CAANG) urged passage of legislation that would curb use of natural gas by conservation and promote development of alternative fuels.

“Only a balanced and comprehensive approach such as Sen. Alexander and Sen. Johnson are proposing can begin to address soaring prices and the worsening gap between the domestic supply and demand for natural gas,” said CAANG Chairman Geoff Hurwitz.

“Hundreds of thousands of high-paying manufacturing jobs have been pushed offshore as U.S. companies' competitiveness is eroded by high domestic natural gas prices and low natural gas prices overseas,” Hurwitz said.