

Oregon's Electric Industry Restructuring

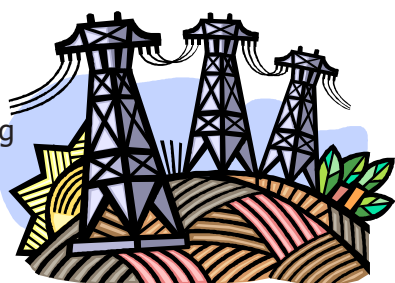
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Since March 2002, customers of Portland General Electric (PGE) and PacifiCorp have had more energy options.

That's when Oregon's electric industry restructuring law took effect for the state's largest investor-owned utilities. The law received broad-based support including the Oregon Public Utility Commission, the Citizens' Utility Board, Industrial Customers of Northwest Utilities and Associated Oregon Industries.



- ◆ Residential consumers can choose cost-of-service or portfolio rate options. Small business can also choose any portfolio option.
- ◆ A 3% public purpose charge is collected from retail customers. The money is used to encourage energy conservation and development of renewable energy.
- ◆ A low-income bill assistance fee, administered by the Oregon Housing and Community Services Agency, is collected by PGE and PacifiCorp.

The electric restructuring law established a general framework, but it left much of the implementation up to the Oregon Public Utility Commission through its rulemaking and rate setting processes. The following is an outline of how the Commission implemented the law.

Restructuring was designed to give consumers more options while at the same time encouraging the development of a competitive energy market. PGE and PacifiCorp continue to deliver power, and maintain the safety and reliability of the poles and wires that deliver power, regardless of who supplies it.

- ◆ The utility isn't required to sell any assets which generate electricity.
- ◆ Utilities can negotiate long term contracts to protect the consumer from the volatile spot market.
- ◆ No consumer is forced into the energy market.
- ◆ All consumers have the choice of receiving a regulated cost-of-service rate from the utility.

The law includes a number of key provisions:

- ◆ All business consumers can purchase power from their utility under a regulated cost-of-service rate or purchase energy directly from a certified Electricity Service Supplier (ESS). Purchasing power from an ESS is known as "Direct Access." Customers choosing direct access receive credits for the value of existing generation resources.



- ◆ All nonresidential consumers have the ability to purchase electricity from an ESS, Portland General Electric or PacifiCorp.
- ◆ Nonresidential consumers who buy power from an ESS have the opportunity to return to a cost-of-service rate.
- ◆ The utility provides default emergency service in case an ESS halts service to a nonresidential customer.
- ◆ A redesigned bill reflects the various costs that factor into your total bill.
- ◆ All consumers receive information so that they may compare the fuel mix and emissions of the electricity supply options that are offered to them.

Residential and small nonresidential consumers will receive a portfolio of energy options. Small non-residential is defined as those who use less than 30 kW monthly. The portfolio includes:

- ◆ Traditional basic rate
- ◆ Time-of-Day
- ◆ Fixed Renewable
- ◆ Renewable Usage
- ◆ Habitat Restoration
- ◆ Renewable Future (PGE only)

Small business customers can also opt for Direct Access.



A portfolio advisory committee crafted the options and recommends ongoing improvements to the Commission for approval.

The committee includes utility representatives, local governments, residential consumer and small non-residential groups, public/regional interest groups, and staff of the Oregon Public Utility Commission and Oregon Department of Energy.

For more detailed information refer to the PUC residential restructuring fact sheet or PGE's and PacifiCorp's Websites.

Public Purpose Fee and Low Income Bill Assistance

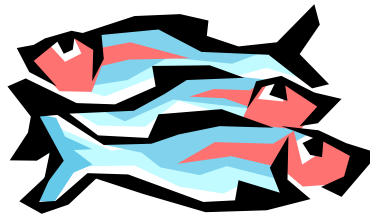
The law establishes an annual expenditure by the utilities of 3% of their revenues to fund "Public Purposes," including energy efficiency, development of new renewable energy and low-income weatherization. The public purpose fee appears as a separate item on your bill.

The law requires 80% of the funds designated for conservation to be spent in the territory of the utility from which they were collected.

The first 10% of the fund goes to Education Service Districts for energy audits and subsequent energy efficiency measures.

The remaining money goes into four public purpose accounts:

- ◆ 56.7%- Conservation
- ◆ 17.1%-Renewable energy
- ◆ 11.7% Low-income weatherization
- ◆ 4.5%-Low-income housing



The conservation and renewable energy funds are administered through a nonprofit entity, the Energy Trust or Oregon.

The law also established a \$10 million a year low-income bill assistance fund to be spent in the territory of the utility that collects it. The current amount is 33 cents a month for residential consumers and .033 cents/kWh for nonresidential consumers. The Oregon Housing and Community Services Agency distributes the money through community action agencies.

