

Dear Senators,

I am writing in support of the Rate Payers Protection Act (SB 1552).

I must first thank you for passing the rate shock protection act a few years ago. That was vital to protecting Oregon's agriculture in the short term as it limited the max increase in power rates to 50% in a single year. Now it is past time to solve the problem long term and part of that is defining what is fair.

It is interesting to note that ORS 756 states "Rates are fair and reasonable for the purposes of this subsection if the rates provide adequate revenue both for operating expenses of the public utility or telecommunications utility and for capital costs of the utility, with a return to the equity holder."

I understand that is the standard the PUC uses for determining power rates. I note that nowhere in that statement does it mention protecting the rate payer either short or long term. Passing this bill will limit the power company's equity holder to a 4.5% rate of return. This is way higher than anyone has been getting by putting their money in the bank or bonds for the last decade or more.

I would further assert that by increasing the costs of power in our area as fast as the power company has in the last few years we will soon reach a point where most agriculture will not be able to pay the power bill and will stop using power all together. I manage several properties that already the power bill eats all the profits that the land can make and the owners would be money ahead to dry up the land. They want to continue to enjoy being in agriculture and have committed themselves to irrigate until the power rates are more than what the land makes. These people have not made 4.5% in years. In fact if you look at the property taxes and other maintenance costs they have lost money since the power went up that last 50%.

If there is even a small increase in power costs a lot of the marginal properties will stop using power. What happens if 10% of the power users stop using power because it is too expensive in a rural area? The costs for maintaining the lines will be shared by fewer people and the cost for the remaining power users will have to go up, which will force more people to quit and soon you are stuck in a cycle where the power rates have to go up and as it goes up fewer people can use it, forcing the cost up higher ect.

I would assert we are close to that point. Increase our rates by as little as 20% again in the near future and it could start the above. Once the above starts it not easy to stop. By keeping Warren Buffets profits down in the short term, combined with some of the other benefits of SB 1552 hopefully we can keep the power rates from going up and starting the cycle of destruction I described above.

Thanks for your time.

Brandan Topham

Rate payer in Klamath County Oregon