



The Future? Higher Electricity Rates and More Oregonians on Assistance Programs

Posted on [May 17, 2011](#)

by [Todd Wynn](#)

The Oregon Senate Committee on Finance and Revenue recently passed [Senate Bill 863](#) (SB 863) which allows electric utilities to increase the amount of funds available for low-income assistance programs. The bill now moves to the [Senate floor](#).

Specifically, SB 863 will dedicate more electricity ratepayer funds to assisting low-income families and will come at a cost to residential utility customers of about 35 cents each month. Although 35 cents seems like a small amount per household, this adds up to an additional \$5 million a year to support programs that help struggling Oregonians pay their bills.

The latest publically available data from 2008 reveals that one in 20 Oregonians had their [electricity shut off](#) due to inability to pay, and one in 4 ratepayers were past due on their accounts. In the past few years, numbers on the low-income assistance programs in the state have increased significantly.

The increasing numbers on low-income assistance programs are undoubtedly due to a recession that has hit Oregon with high unemployment, but there are [other reasons](#) that cause Oregonians to have trouble paying their bills.

As of January 1, Pacific Power rates increased by 14.5% and PGE rates by 4.2%. Some of these increases were due to energy policies passed by the State Legislature. Policies that increase the cost of energy ([House Bill 3283](#) and [House Bill 3583](#)), policies that force Oregonians to purchase expensive energy ([Senate Bill 838](#)), and even utility “taxes” such as the public purpose charge and the [renewable resource cost adjustment](#) lead to higher monthly electricity costs.

Cascade’s recent study, [The Economic Impact of Oregon’s Renewable Portfolio Standard](#), points out that Oregon’s renewable energy mandate will cost Oregonians

dearly. Between 2015 and 2025, the average Oregon household will pay an additional \$1,706 in higher electricity costs. And by 2025, the mandates will cost families an average of \$247 more per year, commercial businesses an average of \$1,394 per year and industrial businesses an average of \$11,585 per year. Over the period of 2015 to 2025, the mandate will cost Oregonians an additional \$6.811 billion. This will lead to job losses and lower economic growth, and will leave Oregon with more families struggling to pay electricity bills.

Bills such as SB 863 should not come as a surprise. Expect that this is the first of many bills that will be proposed to address the government-created problem of struggling electricity ratepayers.

Cascade Policy Institute will continue to point out that legislators' love for politically preferred energy sources such as wind power comes with a cost. Hopefully, the message will sink in soon.