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Title: Restructuring Oregon's Electricity Market

Industrial Customers of Northwest Utilities PG&E Gas Transmission-Northwest, Conkling, Fiskum & McCormick, 2000, 2pgs

Summary: A program designed to get the de-regulation of electricity passed in Oregon.

Full Text: OVERVIEW

As the 1999 Oregon legislative session neared, Industrial Customers of Northwest Utilities (ICNU) was growing impatient with the century-old monopoly electric market. The organization's members wanted the ability to choose their own electricity providers. Oregon would be the first low-cost state to consider it. Disappointing results from two pilot programs fueled concerns - among consumer advocates, regulators, lawmakers and the media - that there was little to gain in consumer choice for the average Oregonian. With this backdrop of skepticism and concern, Conkling Fiskum & McCormick (CFM) working on behalf of multiple clients, became a coalescing force in the push for restructuring. After examining client interests and determining that no conflicts existed as long as CFM lobbied only on behalf of ICNU, CFM formed separate teams to work as lobbyists for ICNU and provide public relations counsel for PG&E Gas Transmission-Northwest.

RESEARCH

CFM's research included qualitative (one-on-one interviews) and quantitative (a review of a telephone poll of residential and commercial electricity customers) research. Additionally, CFM conducted a systematic audit of media coverage from 1997 and 1998 to examine statements from opponents of open access. Our analysis showed dissenting messages - that the issue was too complex, too risky and rural Oregon would lose - resonated with inexperienced and rural legislators. Other findings:

In July and August 1998, CFM conducted 26 executive interviews of people representing associations, industrial consumers, elected officials, and consumer and environmental advocates. The purpose of the interviews was to examine the awareness, attitudes and perceptions about the various issues that make up the consumer choice discussion in Oregon. Top Findings:

- Industrial and commercial customers are ready.
- Insiders and their slang alienate everyone else.
- Residential customers need to be protected.
- Forget mobilizing the general public.
- Basic education is needed.

CFM also reviewed the findings from the Assessment of the PGE Introductory Customer Choice program: Interim Report #1 The assessment, completed by Opinion Dynamics, Inc., included a random telephone survey of 918 residential customers and 506 commercial customers, conducted from January 27 to March 13, 1998.

Only 52 percent of residential customers and 66 percent of commercial customers had ever heard of customer choice. Implication: significant energy had to be spent educating well as influencing.

Only 35 percent of residential customers and 39 percent of commercial customers said they thought they'd be better off as a result of customer choice. Implication: consistent descriptions of the benefits were key,

84 percent of residential customers and 88 percent of commercial customers said having more power outages was a potential concern from customer choice. Implication: we had to clarify that poles and wires will remain regulated.

PLANNING

After collecting and analyzing the research, we met in several working sessions to arrive at a communications approach and a set of measurable objectives. Overall, we sought to pass an electricity restructuring bill that at the very least allowed commercial and industrial customers to shop for power on the open market, which would require the following steps:

- Eliminating opposition from residential consumer groups;
- Building a core group of legislators who would advocate for customer choice and persuade others; and
- Increasing understanding among legislators that we would protect consumers.

Strategies

Listen to and educate those who would be most likely to have an interest and get involved in the issue. They included: key legislators; business associations; local government associations; consumer advocates; regulators; capital press corps; and Oregon newspaper editors.

Be first to establish the issue through a series of early meetings and presentations with legislators.
Create a seamless coalition of business interests representing the entire state that seemed unbeatable.
Simplify the issue and give materials a simple look to break through the staid policy discussion.
Our action strategy on behalf of ICNU was to craft legislation that addressed meaningful concerns:
* Too Complex - We made it simple and gave the tough jobs to the Public Utilities Commission.
* Too Chancy - We crafted legislation that was cautious and protected residential customers.
* Rural Oregon Will Lose - We crafted legislation allowing publicly owned utilities to opt out.

EXECUTION

Through person-to-person contacts, we brought together virtually the entire business community in the state, creating the Oregon Energy Coalition, briefed participants on our plans and secured their support.

Through frequent communication (most commonly via e-mail) we kept our strategic partners updated on our outreach efforts "in the halls" and made them aware of how they could help. This ensured consistency in strategy, message and overall "tone" of the communication.

We hit the ground early with the development of a printer and face-to-face briefings with legislators we identified as key to our success Senate Majority Leader Gene Derfler quickly emerged as the person who would lead the effort.

We developed documents that related our key messages that stressed simplicity and consumer protections and benefits, which were disseminated broadly by coalition members to educate individual businesses.

We developed a tutorial for businesses and journalists that included an objective overview of all the basics of electricity choice. Knowing that the discussion of restructuring eventually would generate significant attention from the media, the journalist tutorial was intended to position Oregon's electricity choice legislation as cautious and to ensure that coverage was accurate. It was not intended to generate coverage. This included the following: an overview of why the change is being considered; activities in other states and in Congress; how the electricity market works today how a restructured market would work; the various proposals for what to do with residential consumers; the various proposals for how to fund public purposes; and a glossary of terms.

We conducted an editorial board to tell the story of those who want choice.

We assisted other organizations, including consumer advocates, in the development of strategies, messages and materials to join our push for restructuring.

After building our coalition and generating momentum, we had to face PacifiCorp, a monopoly utility that emerged as the lone dissenting voice. PacifiCorp positioned us as big business and raised concerns about how families would fare. We responded by encouraging consumer advocates to step up their rhetoric, which undermined the utility's credibility as a savior of the "little guy" and boosted lawmaker confidence.

Budget: total charges for professional services: \$94,182 for 746 hours of staff time.

EVALUATION

We created an environment that enabled Oregon lawmakers to pass an electricity restructuring bill that allowed commercial and industrial customers to shop for power on the open market. Oregon lawmakers passed landmark legislation restructuring the state's electricity market. The Governor quickly signed the bill. We achieved this objective by first achieving the following steps:

We eliminated opposition from residential consumer groups. In fact, we succeeded in persuading a strong coalition of residential consumer advocates led by Citizens Utility Board, to work hard in support of restructuring legislation. CUB even acted as media spokespersons down the stretch.

We established a core group of legislators - led by Senate Majority Leader Gene Derfler - who advocated for customer choice and persuaded others to follow. The article, "Derfler's bipartisan skills drive on energy bill," The Oregonian, April 11, 1999, noted: "Derfler could be on the verge of one of the year's biggest bipartisan achievements - winning passage of a landmark electricity deregulation bill."

We increased understanding among legislators, regulators and residential consumer advocates that we would protect consumers while restructuring the market. Ron Eachus, chairman of the Oregon Public Utility Commission, was among those advocating for the legislation, saying "We think the bill works and I don't see any reason why residential customers should have any higher rates than they would have without this bill," The Oregonian, April 12, 1999. Rep. Ryan Deckert spoke for the majority of his colleagues when he said, "I challenge you to find one state that has done it in a better way than Oregon has," The Oregonian, July 3, 1999.