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GUEST VIEWPOINT: EWEB can't always show its cards

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Over the past several weeks, The Register-Guard has made a series of public record requests for the Eugene Water & Electric Board's power purchase contract with Seneca Sustainable Energy, as well as several other power contracts. EWEB denied the Seneca request, as allowed under Oregon law, so the newspaper appealed to the Lane County district attorney's office.

The district attorney directed EWEB to turn over the contract. However, EWEB respectfully disagrees with the DA's interpretation, and has filed its own appeal to keep the contract confidential. EWEB's position is that the contract is exempt from disclosure, and we'll explain why the Oregon Legislature specifically exempted such contracts.

The newspaper's one-sided story on Dec. 7 and its subsequent editorial on this matter have since generated letters to the editor from customers and citizens about a perceived lack of transparency on the part of their public utility. We've also heard concerns directly from customers.

Every employee and board member fully appreciates that we are a publicly owned utility. We are accountable to our primary regulator, which is our publicly elected board of commissioners, and board members in turn are accountable to our ultimate regulator, which are our customer-owners, who elect commissioners.

While EWEB is a municipal utility, we buy and sell wholesale power in a very competitive marketplace. Most transactions in this marketplace are private. To be successful, EWEB must make smart decisions without giving away our strategy to competitors.

If EWEB is placed at a competitive disadvantage because The Register-Guard publishes information on these transactions, EWEB ratepayers will suffer with higher rates. This is not an academic argument. It is real, and it means millions of dollars every year. That is why the Legislature authorized public utilities to trade power (Oregon Revised Statutes 261.348), and exempted from public disclosure (ORS 192.502 (26)) transactional details pertaining to the sale or purchase of power by public utilities.

In addition to longer-term contracts such as the EWEB-Seneca contract, EWEB buys and sells wholesale power every hour and day of the year through its trading floor. We are concerned that the newspaper's intention to publish elements of the contract could set a precedent and that all EWEB contract and trading information would become public information. We are very worried about the financial damage that would occur if our competitors see it.

Here's an analogy: The University of Oregon is a public institution. How would football coach Chip Kelly react after being told he had to turn over his playbook because the public had a right to know, and it should be public information? That would not benefit the team, its fans or the public, but it would

certainly benefit the Ducks' competition.

With respect to the EWEB-Seneca contract, The Register-Guard is critical of the power being priced higher than today's spot prices. It is not fair or accurate to compare long-term contracts such as Seneca or our wind projects to wholesale spot prices on a given day or even over a given year.

When EWEB's Carmen-Smith Hydroelectric Project opened in 1963, many criticized the utility because generation costs came in at close to 2 cents a kilowatt — higher than market prices at the time. Almost 40 years later, Carmen-Smith has proven a wise and profitable investment. EWEB's investments in renewable projects, whether biomass, wind or geothermal, will always come with higher upfront costs. But over the long haul, it has been our experience that these investments pay off for our customers.

California made the mistake of depending on the spot market. In fact, the state directed the large investor-owned utilities to buy 100 percent spot market power in 1996 when prices were very low. A few years later, spot prices exploded and the experiment cost California ratepayers billions of dollars.

We learned from the energy crisis and put in place numerous safeguards, including making sure we had adequate and diverse power sources. Yes, that means we may look like we're paying more today than spot prices, but EWEB is well positioned to avoid a price roller-coaster when spot prices turn around — and they will. They always do.

EWEB will work with our customer-owners to create ways for them to know we are being smart about our contracts in this competitive marketplace. Perhaps a citizen review panel would be one way to provide that transparency. But making EWEB publish its playbook in the newspaper will only harm customers and help competitors.

John Brown is president of the Eugene Water & Electric Board. Roger Gray is the utility's general manager.

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