



Citizens' Utility Board of Oregon

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December 13, 2006

Governor Ted Kulongoski
160 State Capitol
900 Court Street
Salem, Oregon 97301-4047

Dear Governor Kulongoski,

The Citizens' Utility Board of Oregon supports the proposal of the Carbon Allocation Task Force, and joins the Task Force in recommending to you that addressing global warming become a priority during your second term in office. The efforts of the Task Force were inclusive, broad, and deep, and the resulting product is a thoughtful blueprint for crafting a regulatory system to reduce Oregon greenhouse gas emissions.

It is remarkable how many national business leaders have come to the conclusion that, as a nation, we are well on our way to mandatory federal controls on carbon emissions. Oregon's citizens and economy stand to benefit if our State leads any upcoming federal controls, instead of being led by those controls. By positioning Oregon in front of the curve, our State would also take its place as a beacon to others in providing an example and direction for serious global warming mitigation.

Customers of electric utilities in Oregon would also benefit if the uncertainties of future carbon regulation are resolved soon rather than later. As long as utilities believe they can hold off carbon regulation, they will have little incentive to change their business practices. As long as utilities believe that customers, and not shareholders, will ultimately bear the cost of any future carbon regulation, they will consider building traditional coal plants to serve Oregon's customers. The manifestation of such thinking would be a great leap backward, and would set your greenhouse emissions reduction goal further from reach.

At CUB, we do not take a narrow view of customers' interests that includes only current rates. We advocate instead for the best overall energy policy, considering long-term rate impacts, stakeholder equity, and environmental stewardship. Seeking the lowest possible rate today, regardless of the risks involved, may prove to be an extremely expensive energy policy in the long run.

While we advocate for reasonable rates, CUB is mindful that, if environmental externalities are not considered at the outset, not only will the environment

suffer, but ratepayers will almost certainly foot the bill down the road, and the delay may make reparations significantly more expensive than they otherwise might have been.

Given this, we believe it is imperative that we begin to address global warming in earnest. We support continued work on the cap and trade concept put forth by the Task Force, and look forward to working with your office on these and other matters that are important to the citizens and to the environment of our beautiful state.

Sincerely,

A handwritten signature in black ink, reading "Jason Eisdorfer". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Jason Eisdorfer
Attorney for CUB