

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass the A-Engrossed Measure
Vote:	4 - 1 - 0
Yeas:	Deckert, Monnes Anderson, Starr, Metsger
Nays:	George L.
Exc.:	0
Prepared By:	Janet Adkins, Administrator
Meeting Dates:	5/7

WHAT THE MEASURE DOES: Changes the basis for the fee imposed on investor-owned electric utilities to support the Public Utility Commission from kilowatt hours to gross operating revenues derived within Oregon. Specifies that the fee may not be less than \$10, or more than 25/100 of one percent of such revenues for the preceding calendar year. Exempts revenues from sales of power for resale to the extent that the revenues from those sales exceed 25 percent of total revenues received by the electric company from electricity sales to end users in the preceding calendar year.

ISSUES DISCUSSED:

- History of the change from gross operating revenues to kilowatt-hours
- Economic factors contributing to a decrease in Public Utility Commission revenues, such as inflation and projected decrease in gross revenue from the telecommunications industry
- Revenue increases anticipated
- Whether the change could affect a more free market utility approach in the future
- Benefits of revising the formula for calculating the fee
- Support from electric companies as well as consumer groups

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Public utility and telecommunications providers are required by statute to pay a fee to the Public Utility Commission (PUC) for the purpose of defraying the cost of regulation. House Bill 2053-A returns the calculation of the amount electric utilities must submit to the PUC from one based on electric kilowatt-hour throughput at the meters back to a gross revenue fee of no more than 0.25 percent, which was the formula applied before 1999 and is consistent with the other regulated industries that pay fees to the commission. The fee calculation method was changed by the 1997 Legislative Assembly. The change was part of the legislation allowing a more deregulated electricity market and a fee based on operating receipts was not considered compatible. The volume (kilowatt) based fee, however, does not adjust for inflation, and with flatter revenues as result of conservation, PUC revenues have declined. House Bill 2053-A returns the fee to an operating revenues basis and caps it at no more than one-fourth of one percent of the utility's gross revenues from retail customers.

The three investor-owned electric utilities operating in the state are Portland General Electric, PacifiCorp, and Idaho Power. More than 90 percent of the fee revenue is paid by Portland General Electric.