

**REVENUE:** No revenue impact

**FISCAL:** Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended, Be Printed Engrossed, and Rescind the Subsequent Referral to the Committee on Ways and Means
<b>Vote:</b>	4 - 1 - 0
<b>Yeas:</b>	Deckert, Monnes Anderson, Starr, Metsger
<b>Nays:</b>	George L.
<b>Exc.:</b>	0
<b>Prepared By:</b>	Janet Adkins, Administrator
<b>Meeting Dates:</b>	4/18, 4/26

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**WHAT THE MEASURE DOES:** Sets conditions and a process for establishing a public corporation to negotiate for purchase of an investor-owned utility if purchase of a controlling interest in the utility is proposed. Specifies conditions would include agreement of the utility, the Public Utility Commission (PUC), and local governments in the service area. Permits cities and counties in the service area to form an acquisition review committee upon notification of a proposed purchase of 50 percent or more of the voting shares of a utility. Specifies that cities and counties representing at least two-thirds of the customers of the utility must agree to negotiate for a purchase and, if negotiations with the utility are successful, to approve a decision to apply to the PUC for acquisition of the utility. Requires the Governor to activate a public corporation, Oregon Community Power, if the PUC and regulatory agencies in other states served by the utility approve the public acquisition. Gives the Citizens' Utility Board standing to intervene or to obtain judicial review of proceeding. Provides for nominations and Governor appointment of the Community Power Board and details the rights and responsibilities of the public corporation, including the authority to issue revenue bonds. Specifies that if the purchase is made, the utility be regulated as a consumer-owned utility. Limits the use of eminent domain to acquire the utility unless the utility consents to its use. Provides for payment in lieu of property taxes by the public corporation. Provides for notice, hearings, and timelines for the process, including a 60-day deadline for cities and counties to form an acquisition review committee, and 150 days to negotiate and enter into a purchase agreement. Authorizes the PUC to postpone issuance of an order approving acquisition for up to 90 days to allow time for the review process. Specifies that preliminary funding for the review may come from rate increases or fees on the utility. Specifies that Oregon Community Power would have access to Bonneville Power Administration power but not at the expense of any community utility.

**ISSUES DISCUSSED:**

- Importance of private investment in the development of energy utilities
- Scenarios that would trigger review and negotiations - utility agreement required
- Ratepayer, local government, and PUC roles under the proposed process
- Public and ratepayer benefit as criteria for review

**EFFECT OF COMMITTEE AMENDMENT:** Replaces the original bill, which would have established Oregon Community Power and directed it to negotiate to acquire the assets of Portland General Electric.

**BACKGROUND:** In 2005, Congress repealed the Public Utility Holding Company Act (PUHCA), which limited who could invest in utilities. Repeal of PUHCA made it more likely that outside investors could purchase interest in local utilities. Proposals for acquisitions or large-scale mergers increased, including some involving non-utility investment firms. Texas Pacific Group's proposed purchase of Portland General Electric in 2005, which was eventually turned down by the Public Utility Commission (PUC), is an example. The stated intent of Senate Bill 443-A is not to prevent private acquisition of an investor-owned utility, but to have a mechanism in place to evaluate purchase proposals and the authority to proceed with negotiations for public acquisition and bond issuance if that is deemed by ratepayers, the utility, the PUC, and the public purchaser to be the best option for ratepayers and the public. No action would result from passage of Senate Bill 443-A, but the measure creates a framework and details a process in the event of a proposed purchase of an investor-owned utility.

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*This summary has not been adopted or officially endorsed by action of the committee.*