

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 1 - 1

Yeas: Berger, Buckley, Esquivel, Roblan, Rosenbaum

Nays: Thatcher

Exc.: Hunt

Prepared By: Jim Stenbridge, Administrator

Meeting Dates: 6/15

WHAT THE MEASURE DOES: Sets conditions and process for establishing public corporation to negotiate for purchase of an investor-owned utility, if purchase is proposed. Specifies conditions to include agreements 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 purchase and, if negotiations with the utility are successful, to approve a decision to apply to the PUC for acquisition of the utility. Requires Governor to activate 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. Details rights and responsibilities of the public corporation, including authority to issue revenue bonds. Specifies that if the purchase is made, the resulting 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 payments 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:

- Possibility of public purchase of private utilities
- Recent history and current prospects of privately-held utility ownership in Oregon
- Access to electricity generated by the Bonneville Power Administration
- Recent court decisions and the federal Northwest Power Act

EFFECT OF COMMITTEE AMENDMENT: Resolves conflicts with SB 838-C (Chapter 301, 2007 Laws, effective June 6, 2007)

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. An example is Texas Pacific Group's proposed purchase Portland General Electric in 2005, which was turned down by the Oregon Public Utility Commission (PUC). 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 public purchase of an investor-owned utility.

6/20/2007 3:14:00 PM

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