

(To Resolve Conflicts)

B-Engrossed Senate Bill 443

Ordered by the House June 20
Including Senate Amendments dated May 21 and House Amendments
dated June 20 to resolve conflicts

Sponsored by Senator DECKERT; Representative BERGER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Sets conditions and process for establishing public corporation to negotiate for purchase of investor-owned utility if purchase of controlling interest in utility is proposed. Specifies conditions would include agreement of utility, Public Utility Commission and local governments in service area.

Permits cities and counties in service area to form acquisition review committees upon notification of proposed purchase of 50 percent or more of voting shares of utility. Establishes Oregon Community Power Utility Acquisition Fund and continuously appropriates moneys in fund to Public Utility Commission for purpose of transferring moneys to acquisition review committees to fund preliminary activities and negotiations. Specifies that cities and counties representing two-thirds of customers of utility must agree to negotiate for purchase and, if negotiations with utility are successful, to approve decision to apply to Public Utility Commission for acquisition of utility.

Requires Governor to activate public corporation, Oregon Community Power, if Public Utility Commission and regulatory agencies in other states served by utility approve public acquisition.

Provides for nominations and Governor appointment of Oregon Community Power board of directors. Specifies duties, functions and powers of board. Establishes duties, functions and powers of Oregon Community Power as public corporation, including authority to establish rates and to issue and sell revenue bonds. Gives Citizens' Utility Board of Governors standing to intervene in or obtain judicial review of proceedings affecting interests of utility customers.

Limits use of eminent domain to acquire incumbent utility unless utility consents to its use. Establishes provisions relating to taxation, direct access, electricity service suppliers, financing agreements and public purpose charges.

Declares emergency, effective on passage.

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A BILL FOR AN ACT

Relating to electric utilities; creating new provisions; amending ORS 221.420, 221.450, 287.025, 757.511 and 757.612; appropriating money; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

OREGON COMMUNITY POWER

(Definitions)

SECTION 1. As used in sections 1, 2 and 3 to 39 of this 2007 Act:

(1) "Board" means the board of directors of Oregon Community Power.

(2) "Incumbent utility" means an investor-owned utility that is the subject of a transaction described in section 2 of this 2007 Act.

(3) "Investor-owned utility" means a utility that sells electricity and that is operated by a corporation with shareholders.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (4) "Rate" has the meaning given that term in ORS 756.010.

2 (5) "Service" has the meaning given that term in ORS 756.010.

3 (6) "Service territory" means the geographic area within which a utility provides elec-
4 tricity to customers.

5
6 (Acquisition Review Committee)
7

8 **SECTION 2. Creation of acquisition review committee.** (1)(a) Except as provided in sub-
9 section (9) of this section, the Public Utility Commission shall give notice to the cities and
10 counties specified in paragraph (b) of this subsection whenever the commission receives no-
11 tice of a proposed transaction under ORS 757.511 (2):

12 (A) Relating to an investor-owned utility for which approval of the Public Utility Com-
13 mission is required under ORS chapter 757; and

14 (B) Involving the sale of 50 percent or more of the voting shares of the utility to a person
15 that is not an affiliated interest with the utility as defined in ORS 757.015.

16 (b) Notice under subsection (1) of this section shall be given to a city or county if the
17 investor-owned utility that is the subject of the proposed transaction has service territory
18 within the boundaries of the city or county.

19 (2) Upon receiving notice under subsection (1) of this section, each city or county may
20 appoint a member to an acquisition review committee formed to represent the affected cities
21 and counties. An acquisition review committee must be formed not more than 60 days after
22 notice is given by the commission under subsection (1) of this section. If an acquisition re-
23 view committee is not formed within 60 days after notice is given by the commission under
24 subsection (1) of this section, the commission shall proceed with any application made under
25 ORS 757.511 for approval of the transaction.

26 (3) An acquisition review committee formed under this section shall consider a proposed
27 transaction described in subsection (1) of this section for the purpose of determining
28 whether:

29 (a) Acquisition of the investor-owned utility by Oregon Community Power would be in the
30 best interests of the customers served by the investor-owned utility; and

31 (b) Acquisition of the utility can be accomplished in a manner that is consistent with the
32 policy described in section 27 of this 2007 Act.

33 (4) An acquisition review committee created under this section may decide to enter into
34 negotiations for the acquisition of an investor-owned utility that is the subject of a proposed
35 transaction described in subsection (1) of this section only by the affirmative vote of mem-
36 bers of the committee representing counties in which reside not less than two-thirds of the
37 customers with billing accounts that are served by the incumbent utility, and the affirmative
38 vote of members of the committee representing cities in which reside not less than two-
39 thirds of the customers with billing accounts that are served by the incumbent utility. If an
40 acquisition review committee determines that negotiations should commence, the committee
41 shall:

42 (a) Enter into negotiations with the incumbent utility or persons that have authority to
43 negotiate the disposition of the incumbent utility or the electric utility assets of the
44 incumbent utility; and

45 (b) If the negotiations result in an agreement between the committee and the incumbent

1 utility or persons described in paragraph (a) of this subsection, the committee shall imme-
2 diately give notice to the commission and file an application with the commission under ORS
3 757.511 for approval of the transaction.

4 (5) An acquisition review committee created under this section may decide to acquire an
5 investor-owned utility under subsection (4) of this section only by the affirmative vote of
6 members of the committee representing counties in which reside not less than two-thirds
7 of the customers with billing accounts that are served by the incumbent utility, and the af-
8 firmative vote of members of the committee representing cities in which reside not less than
9 two-thirds of the customers with billing accounts that are served by the incumbent utility.
10 An acquisition review committee may vote to acquire an incumbent utility under this sub-
11 section only after public notice and consultation with groups representing customers of the
12 incumbent utility.

13 (6) An acquisition review committee must complete negotiations and vote to enter into
14 an agreement not more than 150 days after notice is given to cities and counties under sub-
15 section (1) of this section. If the incumbent utility agrees in writing, the committee may
16 request that the time limitation imposed by this section be extended by 90 days.

17 (7) If the commission approves acquisition of the incumbent utility by Oregon Community
18 Power, the commission shall inform the Governor and the Governor shall activate Oregon
19 Community Power by convening an initial Oregon Community Power Board Nominating
20 Committee under section 7 of this 2007 Act. As soon as the first board of directors of Oregon
21 Community Power is appointed under section 8 of this 2007 Act, the board shall implement
22 the agreement and acquire the incumbent utility or the electric utility assets of the
23 incumbent utility in the name of Oregon Community Power.

24 (8) An acquisition review committee shall give notice to the commission immediately if
25 the committee proposes to dissolve or decides not to enter into negotiations under subsection
26 (4) of this section or if negotiations do not result in an agreement.

27 (9) The commission may not give notice to cities and counties under subsection (1) of this
28 section if a person providing notice of a proposed transaction under ORS 757.511 (2) also
29 provides to the commission written consent forms signed by persons with authority to act
30 on behalf of counties in which reside not less than two-thirds of the customers with billing
31 accounts that are served by the incumbent utility and on behalf of cities in which reside not
32 less than two-thirds of the customers with billing accounts that are served by the incumbent
33 utility.

34 (10) An acquisition review committee may enter into an agreement for the acquisition
35 of an incumbent utility or the electric utility assets of the incumbent utility only if the
36 committee obtains approval for the acquisition from the appropriate state agencies in all
37 states in which the incumbent utility serves retail electricity consumers.

38 (11) Notwithstanding any other provision of law, Oregon Community Power is responsible
39 for and shall pay all costs relating to the acquisition of an incumbent utility, including but
40 not limited to:

41 (a) The costs of acquiring the electric utility assets of the incumbent utility;

42 (b) The costs of acquiring any necessary generating capacity and transmission capacity
43 dedicated to serving the customers in the service area that will be acquired, including but
44 not limited to electricity generating assets and alternate energy generating assets under
45 construction but not yet in service;

1 (c) Depreciation;

2 (d) Loss of revenue to the incumbent utility; and

3 (e) All electric utility assets necessary to reintegrate the system of the incumbent utility
4 after detaching the portion of the utility acquired by Oregon Community Power.

5 **SECTION 2a.** ORS 757.511 is amended to read:

6 757.511. (1) No person, directly or indirectly, shall acquire the power to exercise any substantial
7 influence over the policies and actions of a public utility which provides heat, light or power with-
8 out first securing from the Public Utility Commission, upon application, an order authorizing such
9 acquisition if such person is, or by such acquisition would become, an affiliated interest with such
10 public utility as defined in ORS 757.015 (1), (2) or (3).

11 **(2) Notice must be given to the commission of an application under this section at least**
12 **60 days before the application is filed with the commission. The notice must indicate whether**
13 **the transaction is a transaction described in section 2 (1) of this 2007 Act. If the transaction**
14 **is a transaction as described in section 2 (1) of this 2007 Act, the commission shall give notice**
15 **to cities and counties as required by section 2 (1) of this 2007 Act.**

16 [(2)] (3) The application required by subsection (1) of this section shall set forth detailed infor-
17 mation regarding:

18 (a) The applicant's identity and financial ability;

19 (b) The background of the key personnel associated with the applicant;

20 (c) The source and amounts of funds or other consideration to be used in the acquisition;

21 (d) The applicant's compliance with federal law in carrying out the acquisition;

22 (e) Whether the applicant or the key personnel associated with the applicant have violated any
23 state or federal statutes regulating the activities of public utilities;

24 (f) All documents relating to the transaction giving rise to the application;

25 (g) The applicant's experience in operating public utilities providing heat, light or power;

26 (h) The applicant's plan for operating the public utility;

27 (i) How the acquisition will serve the public utility's customers in the public interest; and

28 (j) Such other information as the commission may require by rule.

29 [(3)] (4) The commission promptly shall examine and investigate each application received pur-
30 suant to this section. [and] **Except as provided in subsection (5) of this section, the commis-**
31 **sion shall issue an order disposing of the application within 19 business days of its receipt. If the**
32 **commission determines that approval of the application will serve the public utility's customers in**
33 **the public interest, the commission shall issue an order granting the application. The commission**
34 **may condition an order authorizing the acquisition upon the applicant's satisfactory performance or**
35 **adherence to specific requirements. The commission otherwise shall issue an order denying the ap-**
36 **plication. The applicant shall bear the burden of showing that granting the application is in the**
37 **public interest.**

38 **(5) The commission may postpone issuance of an order disposing of an application under**
39 **this section if notice has been given to cities and counties under section 2 (1) of this 2007**
40 **Act. In no event may the commission postpone issuance of an order disposing of the appli-**
41 **cation for more than 90 days under the provisions of this subsection.**

42 [(4)] (6) Nothing in this section shall prohibit dissemination by any party of information con-
43 cerning the acquisition so long as such dissemination is not otherwise in conflict with state or fed-
44 eral law.

45

(Oregon Community Power Created)

SECTION 3. Oregon Community Power created. (1) Oregon Community Power is created as a public corporation. Oregon Community Power shall exercise and carry out all powers, rights and privileges that are conferred upon Oregon Community Power under sections 1, 2 and 3 to 39 of this 2007 Act.

(2) Oregon Community Power is created as a public corporation in order to carry out public services in sectors of the economy in which activities or services are also provided by private enterprise. Oregon Community Power is granted all needed operating flexibility under sections 1, 2 and 3 to 39 of this 2007 Act in order to ensure the success of Oregon Community Power while retaining principles of public accountability and oversight.

(3) The primary mission of Oregon Community Power is to provide reliable, low-cost electricity to electricity consumers in the service territory in which Oregon Community Power undertakes to provide electricity service.

SECTION 4. Laws applicable to Oregon Community Power. (1) Except as provided in subsection (2) of this section, the provisions of ORS chapters 35 (other than ORS 35.550 to 35.575), 180, 190, 192 and 244 and ORS 30.260 to 30.460, 200.005 to 200.025, 200.045 to 200.090, 221.450, 236.605 to 236.640, 243.650 to 243.782 (other than ORS 243.696), 297.040, 307.090 and 307.112 apply to Oregon Community Power under the same terms as they apply to any other subdivision of state government.

(2) Except as otherwise provided by law, the provisions of ORS chapters 182, 183, 238, 238A, 240, 270, 273, 276, 279A, 279B, 279C, 283, 286, 291, 292, 293, 294, 295 and 297 and ORS 35.550 to 35.575, 183.710 to 183.725, 183.745, 183.750, 184.305 to 184.345, 190.430, 190.480, 190.490, 192.105, 200.035, 236.380, 243.105 to 243.585, 243.696, 278.011 to 278.120, 278.315 to 278.415, 279.835 to 279.855, 282.010 to 282.150, 287.006, 287.452, 288.150 to 288.165, 288.600, 288.815 and 656.017 (2) do not apply to Oregon Community Power.

(3) Oregon Community Power is not a participating public employer in the Public Employees Retirement System.

(4) Any funds held by or under the control of Oregon Community Power are not public funds, as defined in ORS 295.005.

SECTION 5. Regulatory authority of Public Utility Commission over Oregon Community Power. (1) Solely for purposes of determining the authority of the Public Utility Commission to regulate Oregon Community Power and the activities and operations of Oregon Community Power, Oregon Community Power shall be considered a consumer-owned utility, as defined in ORS 757.270, and the commission shall regulate Oregon Community Power as a consumer-owned utility.

(2) In addition to having the authority granted the commission under subsection (1) of this section, the commission has the authority to:

- (a) Regulate electricity service suppliers that conduct business with or use the facilities of Oregon Community Power;
- (b) Determine a claim by an electricity service supplier that Oregon Community Power has acted in an anticompetitive manner; and
- (c) Take action against Oregon Community Power to enforce consumer protection rules adopted under ORS 757.659 (3) and applicable to direct access consumers.

(3) Oregon Community Power may not be required to obtain the approval of the Public

1 Utility Commission to make an acquisition described in sections 1, 2 and 3 to 39 of this 2007
2 Act.

3 (4) As used in this section, “direct access” and “electricity service supplier” have the
4 meanings given those terms in section 28 of this 2007 Act.

5
6 (Board of Directors)
7

8 **SECTION 6. Nominating committee.** (1) There is established the Oregon Community
9 Power Board Nominating Committee. The purpose of the nominating committee is to assist
10 the Governor in appointing members to the board of directors of Oregon Community Power
11 under section 8 of this 2007 Act.

12 (2) The nominating committee shall consist of five members, as follows:

13 (a) One member shall be a delegate from the Citizens’ Utility Board and shall represent
14 the interests of residential electricity consumers.

15 (b) One member shall be a delegate from a qualified organization that represents the in-
16 terests of primarily commercial electricity consumers.

17 (c) One member shall be a delegate from a qualified organization that represents the in-
18 terests of primarily industrial electricity consumers.

19 (d) One member shall be a delegate from the League of Oregon Cities and shall represent
20 the interests of municipalities and their residents.

21 (e) One member shall be a delegate from the Association of Oregon Counties and shall
22 represent the interests of counties and their residents.

23 (3) Of the members described in subsection (2)(d) and (e) of this section, one shall be
24 from a local government that is within the service territory of Oregon Community Power
25 and one shall be from a local government that is outside of the service territory of Oregon
26 Community Power.

27 (4)(a) In order for the nominating committee to convene, the board of directors of
28 Oregon Community Power shall prepare a proposed direction to convene as soon as is prac-
29 ticable following the earlier of the date that a vacancy occurs on the board or the date that
30 it becomes known that a vacancy on the board will occur within six months.

31 (b) The proposed direction to convene shall state the qualified organizations that are to
32 provide the delegates described in subsection (2)(b) and (c) of this section. The board shall
33 send copies of the proposed direction to the Public Utility Commission and to each organ-
34 ization that served as a qualified organization at a prior convening of the nominating com-
35 mittee.

36 (c) Within 15 days after receipt of the proposed direction to convene, the commission
37 shall review the proposed direction. The commission shall afford the opportunity for a hear-
38 ing if requested by any party. If the proposed direction lists organizations that meet the
39 qualifications of subsection (2)(b) and (c) of this section, the commission shall approve the
40 direction. If the proposed direction does not list organizations that are qualified organiza-
41 tions under subsection (2)(b) and (c) of this section, the commission may modify the direction
42 prior to approval. A determination by the commission may be appealed as a contested case
43 under ORS chapter 183.

44 (5) The nominating committee shall convene as soon as is practicable after receiving an
45 approved direction to convene under subsection (4) of this section, and shall forward the first

1 slate of nominees to the Governor for consideration under section 8 of this 2007 Act no later
2 than 90 days after the date an approved direction to convene is issued.

3 (6) The nominating committee shall nominate three individuals for each position on the
4 board to be filled.

5 (7) A nominating committee that has been convened shall remain convened until each
6 vacant position on the board is filled. The nominating committee shall forward a second
7 slate of nominees to the Governor if requested by the Governor under section 8 (2) of this
8 2007 Act.

9 (8) In forwarding nominees to the Governor, the nominating committee shall strive to
10 select individuals who:

11 (a) Meet the qualifications described in section 8 (6) of this 2007 Act;

12 (b) If appointed, would result in a board of directors that represents the geographic di-
13 versity of Oregon Community Power's service territory; and

14 (c) Have the ability and experience to fulfill the principal duties of the board under sec-
15 tion 18 of this 2007 Act.

16 (9) As used in this section, "qualified organization" means a nonprofit organization that
17 represents a broad class of commercial or industrial customers and that has a substantial
18 record of representing the class before state agencies or the Legislative Assembly in matters
19 related to public utility rates, terms and conditions and energy policy issues affecting the
20 class.

21 **SECTION 7. Initial nominating committee.** (1) Notwithstanding section 6 of this 2007 Act,
22 the Governor shall convene the initial Oregon Community Power Board Nominating Com-
23 mittee for the first board of directors of Oregon Community Power on the date the Governor
24 activates Oregon Community Power under section 2 of this 2007 Act.

25 (2) The nominating committee shall forward the first slate of nominees to the Governor
26 for consideration under section 8 of this 2007 Act within 30 days following the convening of
27 the committee by the Governor.

28 (3) If necessary, the nominating committee shall forward a second slate of nominees to
29 the Governor for consideration within 10 days after the Governor's request for a second slate
30 of nominees under section 8 (2) of this 2007 Act.

31 (4) For purposes of section 6 (3) of this 2007 Act, the service territory of the incumbent
32 utility is considered to be the service territory of Oregon Community Power.

33 **SECTION 8. Board of directors.** (1) Oregon Community Power shall be governed by a
34 board of seven directors appointed by the Governor using the procedure set forth in this
35 section.

36 (2)(a) Prior to making any appointment to the board, the Governor shall consider the
37 nominations of the Oregon Community Power Board Nominating Committee.

38 (b) If the Governor reviews an initial slate of nominees made by the nominating com-
39 mittee and determines not to appoint a nominee, the Governor shall request that the nomi-
40 nating committee forward a second slate of nominees. If the Governor determines not to
41 appoint a nominee from the second slate of nominees, the Governor may appoint any indi-
42 vidual the Governor determines meets the qualifications of subsection (6) of this section.

43 (3) Notwithstanding the requirement that the Governor consider the nominations of the
44 nominating committee prior to making an appointment, the Governor shall appoint an indi-
45 vidual to be a board member within 120 days following the vacancy of a position on the board.

1 (4) Each appointment shall be subject to confirmation by the Senate in the manner pre-
2 scribed in ORS 171.562 and 171.565.

3 (5) The term of office for each board member shall be four years. A board member may
4 be nominated and appointed to successive terms, but within 150 days prior to the expiration
5 of the term of the member, the board shall issue a proposed direction to convene the nomi-
6 nating committee under section 6 of this 2007 Act for the purpose of nominating individuals
7 to fill the board position.

8 (6) A member of the board shall have significant experience or expertise in one or more
9 of the following areas:

- 10 (a) Business operations;
- 11 (b) Utility management;
- 12 (c) Legal or financial affairs;
- 13 (d) Regional energy issues; or
- 14 (e) Developing public policy.

15 (7) The Governor may remove any member of the board for cause, after notice and public
16 hearing.

17 **SECTION 9. Initial terms of directors.** (1) Notwithstanding section 8 (5) of this 2007 Act,
18 the term of office for the first board of directors of Oregon Community Power shall be as
19 follows:

20 (a) Two members shall be appointed for a term that ends one year following the date the
21 Governor convenes the board;

22 (b) Two members shall be appointed for a term that ends two years following the date
23 the Governor convenes the board;

24 (c) Two members shall be appointed for a term that ends three years following the date
25 the Governor convenes the board; and

26 (d) One member shall be appointed for a term that ends four years following the date the
27 Governor convenes the board.

28 (2) Consistent with subsection (1) of this section, the Governor shall designate the dura-
29 tion of the term of office of each member of the first board of directors at the time the
30 Governor convenes the board.

31 **SECTION 10. Board meetings and procedures.** (1) The board of directors of Oregon
32 Community Power shall meet at least once each month to conduct the business of the board.

33 (2) A majority of board members shall constitute a quorum.

34 (3) The board shall select one of its members as chairperson.

35 (4) The board shall adopt bylaws establishing rules of procedure for board meetings and
36 decisions.

37 (5) A member of the board shall be compensated as provided in section 20 (12) of this 2007
38 Act.

39 (6) The board, not later than April 15 of each year, shall file a report with the Governor
40 and the Legislative Assembly. The report shall explain the activities and operations of
41 Oregon Community Power for the preceding calendar year, including a summary of the audit
42 described in section 25 of this 2007 Act.

43
44 (Acquisition of Incumbent Utility)
45

1 **SECTION 11. Acquisition of incumbent utility; use of eminent domain.** (1) As soon as
2 practicable after being appointed, the board of directors of Oregon Community Power shall
3 implement the agreement entered into by an acquisition review committee under section 2
4 (4)(b) of this 2007 Act.

5 (2) Notwithstanding section 21 (1) of this 2007 Act, Oregon Community Power may not
6 use the power of eminent domain to accomplish all or a part of an acquisition described in
7 subsection (1) of this section unless the incumbent utility or the persons that have the au-
8 thority to negotiate the disposition of the incumbent utility or the electric utility assets of
9 the incumbent utility consent to the use of eminent domain for acquisition purposes.

10 **SECTION 12. Funding of preliminary activities and negotiations.** (1) Following a request
11 by an acquisition review committee under section 14 of this 2007 Act, the Public Utility
12 Commission shall transfer from the Public Utility Commission Account to the Oregon Com-
13 munity Power Utility Acquisition Fund established under section 13 of this 2007 Act all
14 amounts necessary to fund any preliminary activities needed to determine:

15 (a) The appropriateness or desirability of an acquisition described in sections 1, 2 and 3
16 to 39 of this 2007 Act;

17 (b) The requirements and terms of the acquisition; and

18 (c) Any due diligence activities related to the acquisition and the negotiations for the
19 acquisition.

20 (2) Notwithstanding any other provision of law, the commission may increase the rates
21 of an incumbent utility in order to recover the costs incurred in negotiating an acquisition
22 by an acquisition review committee under section 2 (4) of this 2007 Act.

23 (3) Notwithstanding any other provision of law, the commission may assess a fee on an
24 incumbent utility in order to fund the transfer described in subsection (1) of this section.

25 **SECTION 13. Oregon Community Power Utility Acquisition Fund.** (1) The Oregon Com-
26 munity Power Utility Acquisition Fund is established in the State Treasury, separate and
27 distinct from the General Fund. Interest earned by the Oregon Community Power Utility
28 Acquisition Fund shall be credited to the Oregon Community Power Utility Acquisition Fund.

29 (2) Moneys in the Oregon Community Power Utility Acquisition Fund are continuously
30 appropriated to the Public Utility Commission for the purpose of transferring moneys to an
31 acquisition review committee as described in section 12 of this 2007 Act.

32 **SECTION 14. Request to Public Utility Commission for transfer of funds.** (1) An acquisi-
33 tion review committee created under section 2 of this 2007 Act may request that the Public
34 Utility Commission transfer moneys appropriated under section 13 of this 2007 Act in order
35 to fund any preliminary activities the committee undertakes to determine:

36 (a) The appropriateness or desirability of an acquisition described in sections 1, 2 and 3
37 to 39 of this 2007 Act;

38 (b) The requirements and terms of the acquisition; and

39 (c) Any due diligence activities related to the acquisition and the negotiations for the
40 acquisition.

41 (2) An acquisition review committee shall submit a budget and plan of operations with a
42 request under subsection (1) of this section. The commission may approve the transfer only
43 after notice and public hearing on the request.

44 **SECTION 15. Conduct of business after acquisition.** If Oregon Community Power acquires
45 an incumbent utility under sections 1, 2 and 3 to 39 of this 2007 Act, all electric utility op-

1 erations undertaken by Oregon Community Power after the acquisition shall be conducted
2 under the name of Oregon Community Power.

3 **SECTION 16. Oregon Community Power to be successor in interest to incumbent utility.**

4 (1) If Oregon Community Power acquires an incumbent utility under sections 1, 2 and 3 to
5 39 of this 2007 Act, unless otherwise required by the Oregon Constitution, Oregon Commu-
6 nity Power shall constitute the successor in interest to the incumbent utility as of the date
7 of the acquisition for all purposes, including but not limited to:

8 (a) Allocation of territory and contracts allocating territory;

9 (b) City franchise fee agreements; and

10 (c) Contracts or obligations of any nature, to the extent the contracts or obligations ap-
11 ply to a successor in interest to the incumbent utility.

12 (2) Until the board of directors of Oregon Community Power establishes bylaws governing
13 the procedures for conducting a ratemaking hearing and establishing rates under sections
14 1, 2 and 3 to 39 of this 2007 Act and under those procedures establishes one or more new
15 rates or tariffs or establishes one or more changes in rates or tariffs, Oregon Community
16 Power shall:

17 (a) Adopt all existing rate schedules in effect for the incumbent utility on the date of
18 acquisition;

19 (b) Adopt the general rules and regulations of the incumbent utility's tariffs; and

20 (c) Maintain Oregon Community Power books and records in accordance with generally
21 accepted accounting principles and with the uniform system of accounts established by the
22 Federal Energy Regulatory Commission.

23 (3) If Oregon Community Power acquires an incumbent utility under sections 1, 2 and 3
24 to 39 of this 2007 Act, Oregon Community Power is subject to all privilege taxes imposed by
25 municipalities that the incumbent utility was required to pay to municipalities immediately
26 before the acquisition.

27 **SECTION 17. Equity and assets of incumbent utility held in trust; disclaimer of state**

28 **interest.** (1) Any equity of the incumbent utility, any electric utility assets of the incumbent
29 utility or any combination of equity and assets of the incumbent utility that Oregon Com-
30 munity Power acquires under sections 1, 2 and 3 to 39 of this 2007 Act shall be held in trust
31 by Oregon Community Power, acting as a trustee, for the exclusive purpose of carrying out
32 the powers, rights and privileges of Oregon Community Power under sections 1, 2 and 3 to
33 39 of this 2007 Act for the benefit of the retail electricity consumers of Oregon Community
34 Power. Notwithstanding any other provision of law, retail electricity consumers of Oregon
35 Community Power may not pursue any judicial remedy in any court of this state for any
36 action of Oregon Community Power, except as provided in sections 1, 2 and 3 to 39 of this
37 2007 Act.

38 (2) The State of Oregon declares that it has no proprietary interest in Oregon Community
39 Power or in any tangible or intangible property of any form owned or acquired by Oregon
40 Community Power. The state disclaims any right to reclaim any contributions made to
41 Oregon Community Power under sections 1, 2 and 3 to 39 of this 2007 Act.

42 (3) Except as provided in sections 1, 2 and 3 to 39 of this 2007 Act, Oregon Community
43 Power may not receive any moneys from the State of Oregon other than:

44 (a) Electric utility operational revenues;

45 (b) Public purpose charge revenues under ORS 757.612;

- 1 (c) Nonrecourse bond proceeds or proceeds from any other nonrecourse borrowing; or
- 2 (d) Loans, grants, payments or other assistance that any local government as defined in
- 3 ORS 174.116 would be eligible to receive.

4
5 (Duties and Powers of Oregon Community Power)

6
7 **SECTION 18. Board duties.** The principal duties of the board of directors of Oregon
8 Community Power are to:

9 (1) Establish policy and develop consistent positions on core utility issues that promote
10 and implement the primary mission of Oregon Community Power under section 3 of this 2007
11 Act;

12 (2) Oversee the investments and operations of Oregon Community Power;

13 (3) Take all actions to ensure that revenues and income from electric utility operations
14 are sufficient to satisfy all costs, including principal and interest payments on all outstanding
15 bonds and other debt obligations issued by Oregon Community Power, and to maintain fi-
16 nancial integrity in the operation of Oregon Community Power;

17 (4) Make decisions that are in the best interests of the consumers and communities
18 within the service territory of Oregon Community Power and that are consistent with the
19 primary mission of Oregon Community Power; and

20 (5) Consider the social, economic and environmental impacts of electricity generation,
21 transmission and distribution in board decision-making.

22 **SECTION 19. Payments in lieu of property taxes.** (1) Oregon Community Power shall
23 make payments in lieu of property taxes on all property that would otherwise be subject to
24 assessment under ORS 308.505 to 308.665 if owned by a taxable owner. Oregon Community
25 Power shall pay to each county in which property of Oregon Community Power is located
26 an amount equal to the ad valorem property taxes that would have been charged by the
27 county if Oregon Community Power property had been assessed to a taxable owner as of
28 January 1 of the assessment year for which payment is being made.

29 (2) The Department of Revenue shall determine the assessed value of Oregon Community
30 Power property as if the property were subject to assessment under ORS 308.505 to 308.665,
31 and shall transmit the value information as provided in ORS 308.505 to 308.665 to the appro-
32 priate county assessor. Oregon Community Power shall comply with property reporting re-
33 quirements under ORS 308.505 to 308.665 as if the property were subject to assessment under
34 ORS 308.505 to 308.665.

35 (3) The amount of the in lieu payment to be made to each county under this section shall
36 be determined and certified annually by the county assessor of the county. A notice of the
37 determination and certification shall be mailed to Oregon Community Power not later than
38 October 15. The notice shall contain a statement of the value of the property and a complete
39 explanation of the method used in computing the amount of the in lieu payment due under
40 this section. Not later than November 15, Oregon Community Power shall pay the amount
41 due to each county under this section, less a discount equivalent to that which is provided
42 in ORS 311.505. Payment shall be made to the county treasurer. The county treasurer shall
43 distribute the payment to the taxing districts of the county in accordance with the schedule
44 of percentages computed under ORS 311.390.

45 **SECTION 20. Powers of Oregon Community Power.** The board of directors of Oregon

1 **Community Power shall establish the policies of Oregon Community Power to be used in the**
2 **exercise of the powers enumerated for Oregon Community Power or the board, and may**
3 **thereafter modify those policies. The board may delegate the exercise of powers enumerated**
4 **for Oregon Community Power to a president, chief executive officer or general manager of**
5 **Oregon Community Power. Delegated powers shall be exercised by the delegatee in a manner**
6 **that is consistent with the policies established by the board. The powers of Oregon Commu-**
7 **nity Power, as exercisable by the board of directors or by a president, chief executive officer**
8 **or general manager under policies adopted by the board, are as follows:**

9 (1) **To acquire and hold, including by lease-purchase agreement, real and other property**
10 **necessary or incident to the business of Oregon Community Power, within or outside of, or**
11 **partly within or partly outside of, the service territory of Oregon Community Power, and to**
12 **sell or dispose of that property.**

13 (2) **To execute contracts to purchase, sell or lease assets, power, services or property.**

14 (3) **To execute contracts for the management or operation of any Oregon Community**
15 **Power facilities.**

16 (4) **To issue bonds, notes or otherwise borrow moneys, incur indebtedness or issue, sell**
17 **or assume evidence of indebtedness to the extent allowed under the Oregon Constitution.**

18 (5) **To sue and be sued.**

19 (6) **To refund and retire any indebtedness that may exist against or be assumed by**
20 **Oregon Community Power or that may exist against the revenues of Oregon Community**
21 **Power.**

22 (7) **To build, acquire, own, operate and maintain generation, transmission and distrib-**
23 **ution resources that are sufficient to maintain an adequate supply of electricity to the ser-**
24 **vice territory.**

25 (8) **To enter into agreements with local governments or other state agencies or subdi-**
26 **visions of state government.**

27 (9) **To periodically develop least-cost plans at regular intervals. A least-cost plan may be**
28 **developed only with public participation. A least-cost plan shall take into consideration eco-**
29 **nomic and environmental risks of providing adequate and reliable energy for consumers,**
30 **energy efficiency, renewable resources and cogeneration, in order to achieve adequate re-**
31 **sources at the least overall cost.**

32 (10) **To oversee all aspects of Oregon Community Power operations.**

33 (11) **To hire and fire employees of Oregon Community Power.**

34 (12) **To make contracts, to set wages, to set salaries and provide compensation for ser-**
35 **vices rendered by employees and by board members, to provide for life insurance,**
36 **hospitalization, disability, health and welfare and retirement plans for employees and to do**
37 **all things necessary and convenient for full exercise of the powers granted in this subsection.**
38 **The provision of life insurance, hospitalization, disability, health and welfare and retirement**
39 **plans for employees is in addition to any other right or power of Oregon Community Power**
40 **to participate in those plans and does not repeal or modify any statutes except those that**
41 **may be in conflict with the provision of life insurance, hospitalization, disability, health and**
42 **welfare and retirement plans.**

43 (13) **To enter into contracts with the United States Government, with any other state,**
44 **municipality or utility district or with any other person, for carrying out any provisions of**
45 **sections 1, 2 and 3 to 39 of this 2007 Act.**

1 (14) To fix, maintain and collect electric energy rates as prescribed in sections 1, 2 and
2 3 to 39 of this 2007 Act and to establish and collect charges for any other commodity or
3 service furnished, developed or sold by Oregon Community Power.

4 (15) To construct works across or along any street or public highway or over any lands
5 that are the property of this state, or of any city or other subdivision of this state, subject
6 to any franchise agreement, privilege tax or municipal regulation that would apply to the
7 works, and to construct works across or along any stream of water or watercourse. Any
8 works across or along any state highway shall be constructed only with the permission of
9 the Department of Transportation. Any works across or along any county highway shall be
10 constructed only with the permission of the county governing body. Any works across or
11 along any city street shall be constructed only with the permission of the city governing body
12 and upon compliance with applicable city regulations and payment of any fees called for un-
13 der applicable franchise agreements, intergovernmental agreements under ORS chapter 190
14 or contracts providing for payment of these fees. Oregon Community Power shall restore
15 any street or highway to its former state as near as may be practicable, and may not use
16 the street or highway in a manner that impairs its usefulness unnecessarily.

17 (16) To enter into franchise agreements with cities and pay fees under negotiated fran-
18 chise agreements, intergovernmental agreements under ORS chapter 190 and contracts pro-
19 viding for the payment of such fees, and to pay privilege taxes imposed under ORS 221.450
20 or other applicable privilege taxes.

21 (17) To exercise the power of eminent domain, as prescribed in section 11 or 21 of this
22 2007 Act.

23 (18) To adopt bylaws as prescribed in section 26 of this 2007 Act.

24 (19) To make payments in lieu of property taxes as prescribed in section 19 of this 2007
25 Act.

26 (20) To acquire property, execute contracts or otherwise conduct business with or within
27 the territory of any state or local government that is outside Oregon, any Indian tribe
28 wherever located or Canada or any province of Canada.

29 (21) To execute any contract necessary to acquire, hedge or sell fuel or energy in any
30 form, to manage electric utility operations, to construct, maintain or repair any energy
31 generation or transmission facilities or equipment, to increase capacity for energy gener-
32 ation or transmission, to transfer any asset owned by Oregon Community Power or to ac-
33 quire any asset for use in electric utility operations conducted by Oregon Community Power.

34 (22) To establish any funds or accounts at depository banks or other financial institutions
35 that are determined to be necessary, useful or convenient for the conduct of business by
36 Oregon Community Power.

37 (23) To take any other actions necessary or convenient for the proper exercise of the
38 powers granted to Oregon Community Power by sections 1, 2 and 3 to 39 of this 2007 Act.

39 **SECTION 21. Eminent domain.** (1) Oregon Community Power may exercise the power of
40 eminent domain for the purpose of acquiring any property, within or outside the service
41 territory of Oregon Community Power, necessary for carrying out the electric utility oper-
42 ations of Oregon Community Power. Oregon Community Power may use the power of emi-
43 nent domain to acquire an incumbent utility pursuant to an agreement under section 2 of
44 this 2007 Act only as provided by section 11 of this 2007 Act.

45 (2) Notwithstanding subsection (1) of this section, eminent domain may not be used:

- 1 (a) To acquire service territory of another electric utility; or
- 2 (b) To acquire any property for a purpose that is unrelated to electric utility operations.

3
4 (Rates)

5
6 **SECTION 22. Ratemaking.** (1) The board of directors of Oregon Community Power shall
7 establish rates for the provision of electricity within the service territory of Oregon Com-
8 munity Power using the procedure set forth under section 23 of this 2007 Act.

9 (2) The board shall establish a rate structure under which rates that apply to a specific
10 class of customers are designed to recover the costs of providing electricity and related
11 services to that class of customers.

12 (3) The rates adopted by the board shall be sufficient to accomplish the following pur-
13 poses:

14 (a) To properly maintain and operate all Oregon Community Power property and facili-
15 ties;

16 (b) To recover the overall costs of the electric utility operations of Oregon Community
17 Power;

18 (c) To reflect the income tax exempt status of Oregon Community Power so that the
19 savings from tax exemption accrue to the benefit of the customers of Oregon Community
20 Power;

21 (d) To pay all franchise fees, in lieu payments, privilege taxes and other charges and as-
22 sessments that are properly imposed on Oregon Community Power or the property or facili-
23 ties of Oregon Community Power;

24 (e) To pay principal and interest on all bonds, warrants or other obligations of any
25 character in accordance with the terms and provisions of the obligations, including but not
26 limited to bonds issued by Oregon Community Power for an acquisition described in sections
27 1, 2 and 3 to 39 of this 2007 Act;

28 (f) To pay any other indebtedness or obligation for which Oregon Community Power may
29 be obligated to pay;

30 (g) To pay any debt administration costs associated with bonds, warrants, obligations or
31 other indebtedness described in paragraphs (e) and (f) of this subsection;

32 (h) To fund operating reserves in sufficient amounts to ensure the continued efficient
33 operation of Oregon Community Power; and

34 (i) To establish and maintain any special funds that Oregon Community Power is obli-
35 gated to create for the purpose of paying bond issues or other obligations.

36 **SECTION 23. Notice of ratemaking; ratemaking hearings.** (1) Whenever the board of di-
37 rectors of Oregon Community Power determines to seek a modification in any rate imposed
38 by the board for electricity service, the board shall give notice of a ratemaking hearing, at
39 least 30 days in advance, as follows:

40 (a) In newspapers of general circulation that are published in the service territory;

41 (b) As a separate insert accompanying billing statements sent to customers;

42 (c) To persons that have requested notice of ratemaking action by the board; and

43 (d) By publication on the Oregon Community Power website.

44 (2) The notice shall state:

45 (a) The date, time and location of the ratemaking hearing of the board;

1 (b) The new rates or modifications to existing rates being proposed by the board; and

2 (c) Any other information deemed relevant by the board.

3 (3) At the time that the board issues a notice of a ratemaking hearing, the board shall
4 publish on the Oregon Community Power website or otherwise make available to the public
5 the underlying utility information upon which the proposed rates are based. The board shall
6 provide the specific information required by bylaws adopted under section 26 (1) of this 2007
7 Act.

8 (4)(a) Pursuant to ORS 183.625, the board shall request, and the Office of Administrative
9 Hearings shall assign, an administrative law judge to conduct the ratemaking hearing. The
10 ratemaking hearing shall be conducted under ratemaking hearing procedures established by
11 bylaws adopted under section 26 (2) of this 2007 Act. The hearing shall be conducted in a
12 manner that allows interested parties to present information and argument and to establish
13 a record upon which the board may establish or modify rates pursuant to section 22 of this
14 2007 Act.

15 (b) The administrative law judge shall ensure that the rates established at the
16 ratemaking hearing are sufficient to accomplish all of the purposes described in section 22
17 (3) of this 2007 Act.

18 (5) Notwithstanding section 4 of this 2007 Act, a decision by the board to establish or
19 modify rates may be appealed as a contested case under ORS chapter 183.

20
21 (Participation by Citizens' Utility Board)

22
23 SECTION 24. (1) Whenever the Citizens' Utility Board of Governors determines that an
24 Oregon Community Power proceeding may affect the interests of utility consumers, the
25 Citizens' Utility Board may intervene as of right as an interested party or otherwise partic-
26 ipate in the proceeding.

27 (2) The Citizens' Utility Board shall have standing to obtain judicial or administrative
28 review of any action of Oregon Community Power, and may intervene as of right as an in-
29 terested party or otherwise participate in any proceeding that involves the review or
30 enforcement of any action by Oregon Community Power, if the Citizens' Utility Board of
31 Governors determines that the action may affect the interests of utility consumers.

32
33 (Audits)

34
35 SECTION 25. The board of directors of Oregon Community Power shall cause an inde-
36 pendent audit to be performed at least annually. The audit shall review and report on the
37 financial affairs of Oregon Community Power and on any other aspects of Oregon Commu-
38 nity Power as the board may direct.

39
40 (Bylaws)

41
42 SECTION 26. The board of directors of Oregon Community Power may adopt bylaws
43 necessary to administer sections 1, 2 and 3 to 39 of this 2007 Act, including but not limited
44 to:

45 (1) Bylaws establishing the information the board must make available to the public prior

1 to conducting a ratemaking hearing.

2 (2) Bylaws establishing procedures for conducting a ratemaking hearing that provide for
3 substantially the same procedures as set forth in ORS 183.415, 183.425, 183.440 and 183.450.

4 (3) Bylaws to facilitate the implementation of the primary mission of Oregon Community
5 Power under section 3 of this 2007 Act.

6
7 **ELECTRICITY FROM BONNEVILLE POWER ADMINISTRATION**

8
9 **SECTION 27.** (1) The Legislative Assembly declares that it is the policy of the State of
10 Oregon to:

11 (a) Ensure that the formation and operation of Oregon Community Power does not di-
12 rectly or indirectly diminish the amount of federal electric power available for purchase by
13 consumer-owned utilities to serve their retail electricity consumers;

14 (b) Ensure that the formation and operation of Oregon Community Power does not, di-
15 rectly or indirectly, increase the lowest cost-based rates charged by the Bonneville Power
16 Administration to consumer-owned utilities for the purchase of federal electric power above
17 the level that would most likely have been charged absent the formation and operation of
18 Oregon Community Power;

19 (c) Preserve the existing exclusive distribution rights of consumer-owned utilities;

20 (d) Ensure the preservation of contract rights currently existing between consumer-
21 owned utilities and an incumbent utility;

22 (e) Preserve the authority of cities to impose franchise fees and privilege taxes and to
23 execute contracts with Oregon Community Power; and

24 (f) Ensure that Oregon Community Power has access to benefits from the Bonneville
25 Power Administration, as mandated by the federal Pacific Northwest Electric Power Plan-
26 ning and Conservation Act, that are equivalent to the benefits received by the incumbent
27 utility at the time the utility is acquired by Oregon Community Power.

28 (2) As used in this section, "federal electric power" means electricity generated, distrib-
29 uted or sold by the Bonneville Power Administration.

30
31 **DIRECT ACCESS**

32
33 **SECTION 28. Definitions.** As used in sections 28 to 33 of this 2007 Act:

34 (1) "Ancillary services" has the meaning given that term in ORS 757.600.

35 (2) "Direct access" means the ability of a retail electricity consumer to purchase elec-
36 tricity and ancillary services, as determined by the board of directors of Oregon Community
37 Power, directly from an entity other than Oregon Community Power.

38 (3) "Economic utility investment" means all investments, including plants and equipment
39 and contractual or other legal obligations, made by Oregon Community Power and properly
40 dedicated to generation or conservation, the full benefits of which are no longer available to
41 consumers as a result of electing direct access, absent transition credits.

42 (4) "Electricity," "electricity services" and "electricity service supplier" have the
43 meanings given those terms in ORS 757.600.

44 (5) "Nonresidential electricity consumer" means a retail electricity consumer that is not
45 a residential electricity consumer.

1 (6) "Portfolio access" means the ability of a retail electricity consumer to choose from
2 a set of product and pricing options for electricity determined by the board and may include
3 product and pricing options offered by Oregon Community Power or by an electricity service
4 supplier.

5 (7) "Retail electricity consumer" means the end user of electricity for specific purposes
6 that is served through the distribution system of Oregon Community Power, whether or not
7 the end user purchases the electricity from Oregon Community Power.

8 (8) "Transition charge" and "transition credit" have the meanings given those terms in
9 ORS 757.600.

10 (9) "Uneconomic utility investment" means all investments, including plants and equip-
11 ment and contractual or other legal obligations, made by Oregon Community Power and
12 properly dedicated to generation, conservation and workforce commitments, the full costs
13 of which are no longer recoverable as a result of direct access, absent transition charges.

14 SECTION 29. Oregon Community Power required to allow direct access. (1) Oregon
15 Community Power shall allow nonresidential electricity consumers direct access.

16 (2) Unless the board of directors of Oregon Community Power determines otherwise,
17 Oregon Community Power shall provide all retail electricity consumers of Oregon Commu-
18 nity Power with a regulated, cost-of-service rate option.

19 (3)(a) Oregon Community Power shall supply default electricity service to a nonresiden-
20 tial electricity consumer in an emergency.

21 (b) The board shall establish reasonable terms and conditions for providing default ser-
22 vice to a nonresidential electricity consumer in circumstances in which the consumer is re-
23 ceiving electricity services through direct access and elects instead to receive electricity
24 services through the default service.

25 (4)(a) Oregon Community Power shall permit retail electricity consumers that are eligible
26 for direct access to voluntarily aggregate their electricity loads.

27 (b) A retail electricity consumer that is eligible for direct access may voluntarily aggre-
28 gate its electricity load with the electricity load of any other retail electricity consumer that
29 is eligible for direct access.

30 SECTION 30. Rights of electricity service suppliers. (1) Every electricity service supplier
31 is authorized to use the distribution facilities of Oregon Community Power on a
32 nondiscriminatory basis.

33 (2) Oregon Community Power shall provide:

34 (a) Electricity service suppliers and retail electricity consumers access to the Oregon
35 Community Power transmission facilities and distribution system that is comparable to that
36 provided for Oregon Community Power's own use; and

37 (b) Electricity service suppliers and retail electricity consumers timely access to infor-
38 mation about the Oregon Community Power transmission facilities and distribution system,
39 metering and loads comparable to that provided to Oregon Community Power's own nondis-
40 tribution divisions, affiliates and related parties.

41 (3) Oregon Community Power shall allow any electricity service supplier that has been
42 certified by the Public Utility Commission to provide direct access to nonresidential elec-
43 tricity consumers.

44 SECTION 31. Transition credits and charges. (1) Each retail electricity consumer of
45 Oregon Community Power shall receive a transition credit or pay a transition charge as de-

1 terminated under this section.

2 (2) The total of all transition credits or transition charges shall equal the net value of
3 all economic utility investments and all uneconomic utility investments of Oregon Commu-
4 nity Power.

5 (3) The board of directors of Oregon Community Power shall adopt one of the following
6 methods to establish the net value described under subsection (2) of this section and all
7 procedures connected with the adopted method:

8 (a) Auction;

9 (b) Administrative valuation; or

10 (c) Ongoing valuation.

11 (4) The transition credit or transition charge that applies to a retail electricity consumer
12 under this section may change to reflect the duration of the service option chosen by the
13 consumer, but may not be changed because of the electricity service supplier chosen by the
14 consumer.

15 **SECTION 32. Portfolio access to electricity service providers.** The board of directors of
16 Oregon Community Power shall determine whether and under what conditions Oregon Com-
17 munity Power will offer retail electricity consumers portfolio access to electricity service
18 suppliers. The board shall have sole authority to determine:

19 (1) The quality and nature of electricity services, including but not limited to different
20 product and pricing options, that will be made available to its retail electricity consumers.

21 (2) The extent to which products and services will be unbundled and the rates, tariffs,
22 terms and conditions on which they may be offered.

23 (3) Whether one or more pilot programs for direct access, portfolio access or other forms
24 of access to alternative suppliers will be offered.

25 (4) The degree to which provision of portfolio access necessitates modification of transi-
26 tion credits, transition charges and the net value described in section 31 (2) of this 2007 Act
27 on which transition credits or transition charges are based.

28 (5) The establishment of technical capability requirements, financial responsibility re-
29 quirements and other protections for retail electricity consumers located within the Oregon
30 Community Power service territory in dealings with electricity service suppliers.

31 (6) Access to or use of the Oregon Community Power transmission facilities or distrib-
32 ution system by retail electricity consumers or electricity service suppliers.

33 (7) Oregon Community Power's qualification standards for electricity service suppliers in
34 addition to any certification standards established by the Public Utility Commission, provided
35 that the qualification standards are uniformly applied to electricity service suppliers in a
36 nondiscriminatory manner.

37
38 **CONSUMER-OWNED UTILITIES**
39

40 **SECTION 33. Distribution rights; service territories.** (1) Notwithstanding any other pro-
41 vision of law, a consumer-owned utility has exclusive distribution rights, to the extent the
42 distribution rights are provided by law other than sections 1, 2 and 3 to 39 of this 2007 Act,
43 and exclusive responsibility for the performance and oversight of:

44 (a) The utility's distribution system, including the acquisition, construction, financing,
45 operation and maintenance of distribution facilities; and

1 (b) Metering, billing, collection and consumer response functions related to the distrib-
2 ution of electricity to retail electricity consumers located within the utility's service terri-
3 tory.

4 (2) Sections 1, 2 and 3 to 39 of this 2007 Act do not:

5 (a) Diminish or enlarge the rights of any person under ORS 758.400 to 758.475; or

6 (b) Affect the administration or enforcement of ORS 758.400 to 758.475.

7
8 **FINANCING AGREEMENTS**

9
10 **SECTION 34.** As used in sections 34 to 38 of this 2007 Act:

11 (1) "Credit enhancement agreement" means any agreement or contractual relationship
12 between Oregon Community Power and any bank, trust company, insurance company, surety
13 bonding company, pension fund or other financial institution providing additional credit on
14 or security for a financing agreement or certificates of participation authorized by sections
15 34 to 38 of this 2007 Act.

16 (2) "Financing agreement" means a bond, installment sale agreement, loan agreement,
17 note, note agreement, short-term promissory note, commercial paper, line of credit or simi-
18 lar obligation or any other agreement to finance real or personal property, tangible or in-
19 tangible, that is or will be owned and operated by Oregon Community Power, to otherwise
20 borrow money, or to refinance previously executed financing agreements.

21 **SECTION 35.** (1) Oregon Community Power may enter into financing agreements in ac-
22 cordance with sections 34 to 38 of this 2007 Act upon such terms as the board of directors
23 of Oregon Community Power determines to be necessary or desirable. Amounts payable by
24 Oregon Community Power under a financing agreement shall be limited to funds specifically
25 pledged, budgeted for or otherwise made available by Oregon Community Power. If there are
26 insufficient available funds to pay amounts due under a financing agreement, the lender may
27 exercise any property rights that Oregon Community Power has granted to the lender in the
28 financing agreement against the property that was purchased with the proceeds of the fi-
29 nancing agreement, and may apply the amounts so received toward payments scheduled to
30 be made by Oregon Community Power under the financing agreement.

31 (2) Oregon Community Power may enter into a financing agreement only following
32 adoption by the board of directors of a resolution authorizing the execution of the financing
33 agreement or a series of similar financing agreements.

34 (3) Any obligation of any kind incurred by Oregon Community Power shall state on its
35 face that it is solely an obligation of Oregon Community Power.

36 **SECTION 36.** The board of directors of Oregon Community Power may delegate to any
37 board member, or to the chief executive officer, president, general manager or chief financial
38 officer of Oregon Community Power, the authority to determine maturity dates, principal
39 amounts, redemption provisions, interest rates or methods for determining variable or ad-
40 justable interest rates, denominations, methods of sale, agreements for the exchange of in-
41 terest rates as an issuer under ORS 287.025 and other terms and conditions of a financing
42 agreement that are not appropriately determined at the time of enactment or adoption of a
43 resolution authorizing the execution of the financing agreement. The board may also delegate
44 entering into a financing agreement or any other instrument authorized by law. This deleg-
45 ated authority shall be exercised subject to applicable requirements of law and any limita-

1 tions and criteria as may be set forth in the resolution authorizing the execution of a
2 financing agreement or in Oregon Community Power bylaws.

3 **SECTION 37.** Oregon Community Power may:

4 (1) Enter into agreements with third parties to hold financing agreement proceeds, pay-
5 ments and reserves as security for lenders, and to issue certificates of participation in the
6 right to receive payments due from Oregon Community Power under a financing agreement.
7 Amounts so held shall be invested at the direction of the board of directors of Oregon Com-
8 munity Power. Interest earned on any investments held as security for a financing agree-
9 ment may, at the option of the board, be credited to the accounts held by the third party and
10 applied in payment of sums due under a financing agreement.

11 (2) Enter into credit enhancement agreements for financing agreements or certificates
12 of participation, provided that any credit enhancement agreements shall be payable solely
13 from funds specifically pledged, budgeted for or otherwise made available by Oregon Com-
14 munity Power and amounts received from the exercise of property rights granted under the
15 financing agreements.

16 (3) Use financing agreements to finance the costs of acquiring or refinancing real or
17 personal property, either tangible or intangible, plus the costs of reserves and credit en-
18 hancements and the costs associated with obtaining the financing.

19 (4) Grant security interests in property to trustees or lenders.

20 (5) Make pledges for the benefit of trustees and lenders.

21 (6) Purchase fire and extended coverage or other casualty insurance for property that is
22 acquired or refinanced with proceeds of a financing agreement, assign the proceeds thereof
23 to a lender or trustee to the extent of their interest, and covenant to maintain any insurance
24 while the financing agreement is unpaid, as long as available funds are sufficient to purchase
25 the insurance.

26 **SECTION 38.** Oregon Community Power may consult with and obtain advice from the
27 State Treasurer on proposed or executed financing agreements. The State Treasurer may
28 recover from Oregon Community Power any costs incurred by the State Treasurer in pro-
29 viding consultation and advice.

30
31 **REVENUE BONDS**

32
33 **SECTION 39.** (1) Oregon Community Power may issue and sell revenue bonds in accord-
34 ance with the provisions of the Uniform Revenue Bond Act under ORS 288.805 to 288.945.
35 However, ORS 288.815 does not apply to revenue bonds issued by Oregon Community Power.
36 Revenue bonds issued by Oregon Community Power may not be a general obligation of
37 Oregon Community Power and may not be a charge upon any revenues or property of Oregon
38 Community Power that is not specifically pledged thereto. Any obligation of any kind in-
39 curred by Oregon Community Power under ORS 288.805 to 288.945 is not, and may not be
40 considered, an indebtedness of the State of Oregon.

41 (2) Revenue bonds or other financing agreements issued by Oregon Community Power
42 pursuant to ORS 288.805 to 288.945 shall be considered to be bonds or obligations of a political
43 subdivision of the State of Oregon for the purposes of all laws of this state.

44
45 **MUNICIPAL PRIVILEGE TAX**

1 **SECTION 40.** ORS 221.420 is amended to read:

2 221.420. (1) As used in this section:

3 (a) "Public utility" has the meaning for that term provided in ORS 757.005.

4 (b) "Commission" means the Public Utility Commission of Oregon.

5 (c) "Council" means the common council, city council, commission or any other governing body
6 of any municipality wherein the property of the public utility is located.

7 (d) "Municipality" means any town, city or other municipal government wherein property of the
8 public utility is located.

9 (e) "Service" is used in its broadest and most inclusive sense and includes equipment and facil-
10 ities.

11 (f) "Heating company" means any person furnishing heat but not electricity or natural gas to
12 its customers.

13 (2) Every city may:

14 (a) Determine by contract or prescribe by ordinance or otherwise, the terms and conditions, in-
15 cluding payment of charges and fees, upon which any public utility, electric cooperative, people's
16 utility district or heating company, **or Oregon Community Power**, may be permitted to occupy the
17 streets, highways or other public property within such city and exclude or eject any public utility
18 or heating company therefrom.

19 (b) Require any public utility, by ordinance or otherwise, to make such modifications, additions
20 and extensions to its physical equipment, facilities or plant or service within such city as shall be
21 reasonable or necessary in the interest of the public, and designate the location and nature of all
22 additions and extensions, the time within which they must be completed, and all conditions under
23 which they must be constructed.

24 (c) Fix by contract, prescribe by ordinance, or in any other lawful manner, the rates, charges
25 or tolls to be paid to, or that may be collected by, any public utility or the quality and character
26 of each kind of product or service to be furnished or rendered by any public utility furnishing any
27 product or service within such city. No schedule of rates, charges or tolls, fixed in the manner
28 provided in this paragraph, shall be so fixed for a longer period than five years. Whenever it is
29 proposed by any city to enter into any contract, or to enact any ordinance, or other municipal law
30 or regulation concerning the matters specified in this paragraph, a copy of such proposed contract,
31 ordinance or other municipal law or resolution shall be filed with the Public Utility Commission of
32 Oregon before the same may be lawfully signed or enacted, as the case may be, and the commission
33 shall thereafter have 90 days within which to examine into the terms thereof. If the commission is
34 of the opinion that in any respect the provisions of the proposed contract, ordinance or other mu-
35 nicipal law or resolution are not in the public interest, the commission shall file, in writing, with
36 the clerk or other officer who has the custody of the files and records of the city, the commission's
37 reasons therefor. If the objections are filed within said period of 90 days, no proposed contract, or-
38 dinance or other municipal law or regulation shall be valid or go into effect until it has been sub-
39 mitted to or ratified by the vote of the electors of the city. Unless and until a city exercises its
40 powers as provided in this paragraph, the commission is vested with all powers with respect to the
41 matters specified in this paragraph. If the schedule of rates, charges and tolls or the quality and
42 character of each kind of product or service is fixed by contract, ordinance or other municipal law
43 or regulation and in the manner provided in this paragraph, the commission has no power or juris-
44 diction to interfere with, modify or change it during the period fixed thereby. Upon the expiration
45 of said period such powers shall again be vested in the commission, to be exercised by the commis-

1 sion unless and until a new schedule of rates or the quality and character for such service or
 2 product is fixed or prescribed by contract, ordinance or other municipal law or regulation in the
 3 manner provided in this paragraph.

4 (d) Provide for a penalty for noncompliance with the provisions of any charter provision, ordi-
 5 nance or resolution adopted by the city in furtherance of the powers specified in this subsection.

6 **SECTION 41.** ORS 221.450 is amended to read:

7 221.450. Except as provided in ORS 221.655, the city council or other governing body of every
 8 incorporated city may levy and collect a **privilege tax** from **Oregon Community Power** and from
 9 every electric cooperative, people's utility district, privately owned public utility, telecommuni-
 10 cations carrier as defined in ORS 133.721 or heating company. **The privilege tax may be collected**
 11 **only if the entity is** operating for a period of 30 days within the city without a franchise from the
 12 city and actually using the streets, alleys or highways, or all of them, in such city for other than
 13 travel on such streets or highways[, a *privilege tax*]. **The privilege tax shall be** for the use of those
 14 public streets, alleys or highways, or all of them, in such city in an amount not exceeding five per-
 15 cent of the gross revenues of the cooperative, utility, district or company currently earned within
 16 the boundary of the city. However, the gross revenues earned in interstate commerce or on the
 17 business of the United States Government shall be exempt from the provisions of this section. The
 18 privilege tax authorized in this section shall be for each year, or part of each year, such utility,
 19 cooperative, district or company, **or Oregon Community Power**, operates without a franchise.

20 **SECTION 42. Sections 1, 2 and 3 to 39 of this 2007 Act do not diminish, or authorize the**
 21 **adoption of rules that diminish, the authority of a city to control the use of the city's rights**
 22 **of way or to collect license fees, privilege taxes, rent or other charges for the use of the**
 23 **rights of way of the city.**

24 **PUBLIC PURPOSE CHARGE**

25
 26
 27 **SECTION 43.** ORS 757.612 is amended to read:

28 757.612. (1) There is established an annual public purpose expenditure standard for electric
 29 companies **and Oregon Community Power** to fund new cost-effective local energy conservation,
 30 new market transformation efforts, the above-market costs of new renewable energy resources and
 31 new low-income weatherization. The public purpose expenditure standard shall be funded by the
 32 public purpose charge described in subsection (2) of this section.

33 (2)(a) Beginning on the date an electric company **or Oregon Community Power** offers direct
 34 access to its retail electricity consumers, except residential electricity consumers, the electric
 35 company **or Oregon Community Power** shall collect a public purpose charge from all of the retail
 36 electricity consumers located within its service area for a period of 10 years. Except as provided in
 37 paragraph (b) of this subsection, the public purpose charge shall be equal to three percent of the
 38 total revenues collected by the electric company, **Oregon Community Power** or **the** electricity
 39 service supplier from its retail electricity consumers for electricity services, distribution, ancillary
 40 services, metering and billing, transition charges and other types of costs included in electric rates
 41 on July 23, 1999.

42 (b) For an aluminum plant that averages more than 100 average megawatts of electricity use
 43 per year, beginning on March 1, 2002, the electric company **or Oregon Community Power** whose
 44 territory abuts the greatest percentage of the site of the aluminum plant shall collect from the alu-
 45 minum company a public purpose charge equal to one percent of the total revenue from the sale of

1 electricity services to the aluminum plant from any source.

2 (3)(a) The Public Utility Commission shall establish rules implementing the provisions of this
3 section relating to electric companies **and Oregon Community Power**.

4 (b) Subject to paragraph (e) of this subsection, funds collected by an electric company **or**
5 **Oregon Community Power** through public purpose charges shall be allocated as follows:

6 (A) Sixty-three percent for new cost-effective conservation and new market transformation.

7 (B) Nineteen percent for the above-market costs of new renewable energy resources.

8 (C) Thirteen percent for new low-income weatherization.

9 (D) Five percent shall be transferred to the Housing and Community Services Department Re-
10 volving Account created under ORS 456.574 and used for the purpose of providing grants as de-
11 scribed in ORS 458.625 (2). Moneys deposited in the account under this subparagraph are
12 continuously appropriated to the Housing and Community Services Department for the purposes of
13 ORS 458.625 (2). Interest on moneys deposited in the account under this subparagraph shall accrue
14 to the account.

15 (c) The costs of administering subsections (1) to (6) of this section for an electric company **or**
16 **Oregon Community Power** shall be paid out of the funds collected through public purpose charges.
17 The commission may require that an electric company **or Oregon Community Power** direct funds
18 collected through public purpose charges to the state agencies responsible for implementing sub-
19 sections (1) to (6) of this section in order to pay the costs of administering such responsibilities.

20 (d) The commission shall direct the manner in which public purpose charges are collected and
21 spent by an electric company **or Oregon Community Power** and may require an electric company
22 **or Oregon Community Power** to expend funds through competitive bids or other means designed
23 to encourage competition, except that funds dedicated for low-income weatherization shall be di-
24 rected to the Housing and Community Services Department as provided in subsection (7) of this
25 section. The commission may also direct that funds collected by an electric company **or Oregon**
26 **Community Power** through public purpose charges be paid to a nongovernmental entity for in-
27 vestment in public purposes described in subsection (1) of this section. Notwithstanding any other
28 provision of this subsection[.];

29 (A) At least 80 percent of the funds allocated for conservation shall be spent within the service
30 area of the electric company that collected the funds[.]; **or**

31 (B) **If Oregon Community Power collected the funds, at least 80 percent of the funds al-**
32 **located for conservation shall be spent within the service area of Oregon Community Power.**

33 (e)(A) The first 10 percent of the funds collected annually by an electric company **or Oregon**
34 **Community Power** under subsection (2) of this section shall be distributed to education service
35 districts, as described in ORS 334.010, that are located in the service territory of the electric com-
36 pany **or Oregon Community Power**. The funds shall be distributed to individual education service
37 districts according to the weighted average daily membership (ADMw) of the component school
38 districts of the education service district for the prior fiscal year as calculated under ORS 327.013.
39 The commission shall establish by rule a methodology for distributing a proportionate share of funds
40 under this paragraph to education service districts that are only partially located in the service
41 territory of the electric company **or Oregon Community Power**.

42 (B) An education service district that receives funds under this paragraph shall use the funds
43 first to pay for energy audits for school districts located within the education service district. An
44 education service district may not expend additional funds received under this paragraph on a
45 school district facility until an energy audit has been completed for that school district. To the

1 extent practicable, an education service district shall coordinate with the State Department of En-
 2 ergy and incorporate federal funding in complying with this paragraph. Following completion of an
 3 energy audit for an individual school district, the education service district may expend funds re-
 4 ceived under this paragraph to implement the energy audit. Once an energy audit has been con-
 5 ducted and completely implemented for each school district within the education service district, the
 6 education service district may expend funds received under this paragraph for any of the following
 7 purposes:

8 (i) Conducting energy audits. A school district shall conduct an energy audit prior to expending
 9 funds on any other purpose authorized under this paragraph unless the school district has performed
 10 an energy audit within the three years immediately prior to receiving the funds.

11 (ii) Weatherization and upgrading the energy efficiency of school district facilities.

12 (iii) Energy conservation education programs.

13 (iv) Purchasing electricity from environmentally focused sources and investing in renewable
 14 energy resources.

15 (f) The commission may establish a different public purpose charge than the public purpose
 16 charge otherwise described in subsection (2) of this section for an individual retail electricity con-
 17 sumer or any class of retail electricity consumers located within the service area of an electric
 18 company **or Oregon Community Power**, provided that a retail electricity consumer with a load
 19 greater than one average megawatt is not required to pay a public purpose charge in excess of three
 20 percent of its total cost of electricity services.

21 (g) The commission shall remove from the rates of each electric company any costs for public
 22 purposes described in subsection (1) of this section that are included in rates. A rate adjustment
 23 under this paragraph shall be effective on the date that the electric company begins collecting
 24 public purpose charges. **Oregon Community Power shall adhere to tariffs that were in exist-**
 25 **ence on the date Oregon Community Power acquired an incumbent utility under sections 1,**
 26 **2 and 3 to 39 of this 2007 Act, or the electric utility assets of the investor-owned utility, and**
 27 **that were designed to remove costs for public purposes from the rates.**

28 (4)(a) An electric company that satisfies its obligations under this section shall have no further
 29 obligation to invest in conservation, new market transformation, new renewable energy resources
 30 or new low-income weatherization or to provide a commercial energy conservation services program
 31 and is not subject to ORS 469.631 to 469.645, 469.860 to 469.900 and 758.505 to 758.555.

32 (b) **Oregon Community Power, for any period during which Oregon Community Power**
 33 **collects a public purpose charge under subsection (2) of this section:**

34 (A) **Shall have no other obligation to invest in conservation, new market transformation,**
 35 **new renewable energy resources or new low-income weatherization or to provide a commer-**
 36 **cial energy conservation services program; and**

37 (B) **Is not subject to ORS 469.631 to 469.645, 469.860 to 469.900 and 758.505 to 758.555.**

38 (5)(a) A retail electricity consumer that uses more than one average megawatt of electricity at
 39 any site in the prior year shall receive a credit against public purpose charges billed by an electric
 40 company **or Oregon Community Power** for that site. The amount of the credit shall be equal to
 41 the total amount of qualifying expenditures for new energy conservation, not to exceed 68 percent
 42 of the annual public purpose charges, and the above-market costs of purchases of new renewable
 43 energy resources incurred by the retail electricity consumer, not to exceed 19 percent of the annual
 44 public purpose charges, less administration costs incurred under this subsection. The credit may not
 45 exceed, on an annual basis, the lesser of:

1 (A) The amount of the retail electricity consumer's qualifying expenditures; or

2 (B) The portion of the public purpose charge billed to the retail electricity consumer that is
3 dedicated to new energy conservation, new market transformation or the above-market costs of new
4 renewable energy resources.

5 (b) To obtain a credit under this subsection, a retail electricity consumer shall file with the
6 State Department of Energy a description of the proposed conservation project or new renewable
7 energy resource and a declaration that the retail electricity consumer plans to incur the qualifying
8 expenditure. The State Department of Energy shall issue a notice of precertification within 30 days
9 of receipt of the filing, if such filing is consistent with this subsection. The credit may be taken after
10 a retail electricity consumer provides a letter from a certified public accountant to the State De-
11 partment of Energy verifying that the precertified qualifying expenditure has been made.

12 (c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that
13 are not used in one year may be carried forward for use in subsequent years.

14 (d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at
15 any site in the prior year may request that the State Department of Energy hire an independent
16 auditor to assess the potential for conservation investments at the site. If the independent auditor
17 determines there is no available conservation measure at the site that would have a simple payback
18 of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment
19 obligation for public purpose charges related to the site. If the independent auditor determines that
20 there are potential conservation measures available at the site, the retail electricity consumer shall
21 be entitled to a credit against public purpose charges related to the site equal to 54 percent of the
22 public purpose charges less the estimated cost of available conservation measures.

23 (B) A retail electricity consumer shall be entitled each year to the credit described in this sub-
24 section unless a subsequent independent audit determines that new conservation investment oppor-
25 tunities are available. The State Department of Energy may require that a new independent audit
26 be performed on the site to determine whether new conservation measures are available, provided
27 that the independent audits shall occur no more than once every two years.

28 (C) The retail electricity consumer shall pay the cost of the independent audits described in this
29 subsection.

30 (6) Electric utilities and retail electricity consumers shall receive a fair and reasonable credit
31 for the public purpose expenditures of their energy suppliers. The State Department of Energy shall
32 adopt rules to determine eligible expenditures and the methodology by which such credits are ac-
33 counted for and used. The rules also shall adopt methods to account for eligible public purpose
34 expenditures made through consortia or collaborative projects.

35 (7)(a) In addition to the public purpose charge provided under subsection (2) of this section, be-
36 ginning on October 1, 2001, an electric company **or Oregon Community Power** shall collect funds
37 for low-income electric bill payment assistance in an amount determined under paragraph (b) of this
38 subsection.

39 (b) The total amount collected for low-income electric bill payment assistance under this section
40 shall be \$10 million per year. The commission shall determine each electric company's proportionate
41 share of the total amount **and Oregon Community Power's proportionate share of the total**
42 **amount**. The commission shall determine the amount to be collected from a retail electricity con-
43 sumer, except that a retail electricity consumer is not required to pay more than \$500 per month
44 per site for low-income electric bill payment assistance.

45 (c) Funds collected by the low-income electric bill payment assistance charge shall be paid into

1 the Housing and Community Services Department Revolving Account created under ORS 456.574.
 2 Moneys deposited in the account under this paragraph are continuously appropriated to the Housing
 3 and Community Services Department for the purpose of funding low-income electric bill payment
 4 assistance. Interest earned on moneys deposited in the account under this paragraph shall accrue
 5 to the account. The department's cost of administering this subsection shall be paid out of funds
 6 collected by the low-income electric bill payment assistance charge. Moneys deposited in the ac-
 7 count under this paragraph shall be expended solely for low-income electric bill payment assistance.
 8 Funds collected from an electric company **or Oregon Community Power** shall be expended in the
 9 service area of the electric company **or Oregon Community Power** from which the funds are col-
 10 lected.

11 (d) The Housing and Community Services Department, in consultation with the federal Advisory
 12 Committee on Energy, shall determine the manner in which funds collected under this subsection
 13 will be allocated by the department to energy assistance program providers for the purpose of pro-
 14 viding low-income bill payment and crisis assistance, including programs that effectively reduce
 15 service disconnections and related costs to retail electricity consumers and electric utilities. Priority
 16 assistance shall be directed to low-income electricity consumers who are in danger of having their
 17 electricity service disconnected.

18 (e) Notwithstanding ORS 293.140, interest on moneys deposited in the Housing and Community
 19 Services Department Revolving Account under this subsection shall accrue to the account and may
 20 be used to provide heating bill payment and crisis assistance to electricity consumers whose primary
 21 source of heat is not electricity.

22 (f) Notwithstanding ORS 757.310, the commission may allow an electric company **or Oregon**
 23 **Community Power** to provide reduced rates or other payment or crisis assistance or low-income
 24 program assistance to a low-income household eligible for assistance under the federal Low Income
 25 Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.

26 (8) For purposes of this section, "retail electricity consumers" includes any direct service in-
 27 dustrial consumer that purchases electricity without purchasing distribution services from the elec-
 28 tric utility.

29 **(9) For purposes of this section, amounts collected by Oregon Community Power through**
 30 **public purpose charges are not considered moneys received from electric utility operations.**

31 **SECTION 43a. If Senate Bill 838 becomes law, section 43 of this 2007 Act (amending ORS**
 32 **757.612) is repealed and ORS 757.612, as amended by section 27, chapter 301, Oregon Laws 2007**
 33 **(Enrolled Senate Bill 838), is amended to read:**

34 757.612. (1) There is established an annual public purpose expenditure standard for electric
 35 companies **and Oregon Community Power** to fund new cost-effective local energy conservation,
 36 new market transformation efforts, the above-market costs of new renewable energy resources and
 37 new low-income weatherization. The public purpose expenditure standard shall be funded by the
 38 public purpose charge described in subsection (2) of this section.

39 (2)(a) Beginning on the date an electric company **or Oregon Community Power** offers direct
 40 access to its retail electricity consumers, except residential electricity consumers, the electric
 41 company **or Oregon Community Power** shall collect a public purpose charge from all of the retail
 42 electricity consumers located within its service area until January 1, 2026. Except as provided in
 43 paragraph (b) of this subsection, the public purpose charge shall be equal to three percent of the
 44 total revenues collected by the electric company, **Oregon Community Power** or **the** electricity
 45 service supplier from its retail electricity consumers for electricity services, distribution, ancillary

1 services, metering and billing, transition charges and other types of costs included in electric rates
2 on July 23, 1999.

3 (b) For an aluminum plant that averages more than 100 average megawatts of electricity use
4 per year, beginning on March 1, 2002, the electric company **or Oregon Community Power** whose
5 territory abuts the greatest percentage of the site of the aluminum plant shall collect from the alu-
6 minum company a public purpose charge equal to one percent of the total revenue from the sale of
7 electricity services to the aluminum plant from any source.

8 (3)(a) The Public Utility Commission shall establish rules implementing the provisions of this
9 section relating to electric companies **and Oregon Community Power**.

10 (b) Subject to paragraph (e) of this subsection, funds collected by an electric company **or**
11 **Oregon Community Power** through public purpose charges shall be allocated as follows:

12 (A) Sixty-three percent for new cost-effective conservation and new market transformation.

13 (B) Nineteen percent for the above-market costs of constructing and operating new renewable
14 energy resources with a nominal electric generating capacity, as defined in ORS 469.300, of 20
15 megawatts or less.

16 (C) Thirteen percent for new low-income weatherization.

17 (D) Five percent shall be transferred to the Housing and Community Services Department Re-
18 volving Account created under ORS 456.574 and used for the purpose of providing grants as de-
19 scribed in ORS 458.625 (2). Moneys deposited in the account under this subparagraph are
20 continuously appropriated to the Housing and Community Services Department for the purposes of
21 ORS 458.625 (2). Interest on moneys deposited in the account under this subparagraph shall accrue
22 to the account.

23 (c) The costs of administering subsections (1) to (6) of this section for an electric company **or**
24 **Oregon Community Power** shall be paid out of the funds collected through public purpose charges.
25 The commission may require that an electric company **or Oregon Community Power** direct funds
26 collected through public purpose charges to the state agencies responsible for implementing sub-
27 sections (1) to (6) of this section in order to pay the costs of administering such responsibilities.

28 (d) The commission shall direct the manner in which public purpose charges are collected and
29 spent by an electric company **or Oregon Community Power** and may require an electric company
30 **or Oregon Community Power** to expend funds through competitive bids or other means designed
31 to encourage competition, except that funds dedicated for low-income weatherization shall be di-
32 rected to the Housing and Community Services Department as provided in subsection (7) of this
33 section. The commission may also direct that funds collected by an electric company **or Oregon**
34 **Community Power** through public purpose charges be paid to a nongovernmental entity for in-
35 vestment in public purposes described in subsection (1) of this section. Notwithstanding any other
36 provision of this subsection[,]:

37 (A) At least 80 percent of the funds allocated for conservation shall be spent within the service
38 area of the electric company that collected the funds[.]; **or**

39 (B) **If Oregon Community Power collected the funds, at least 80 percent of the funds al-**
40 **located for conservation shall be spent within the service area of Oregon Community Power.**

41 (e)(A) The first 10 percent of the funds collected annually by an electric company **or Oregon**
42 **Community Power** under subsection (2) of this section shall be distributed to education service
43 districts, as described in ORS 334.010, that are located in the service territory of the electric com-
44 pany **or Oregon Community Power**. The funds shall be distributed to individual education service
45 districts according to the weighted average daily membership (ADMw) of the component school

1 districts of the education service district for the prior fiscal year as calculated under ORS 327.013.
2 The commission shall establish by rule a methodology for distributing a proportionate share of funds
3 under this paragraph to education service districts that are only partially located in the service
4 territory of the electric company **or Oregon Community Power.**

5 (B) An education service district that receives funds under this paragraph shall use the funds
6 first to pay for energy audits for school districts located within the education service district. An
7 education service district may not expend additional funds received under this paragraph on a
8 school district facility until an energy audit has been completed for that school district. To the
9 extent practicable, an education service district shall coordinate with the State Department of En-
10 ergy and incorporate federal funding in complying with this paragraph. Following completion of an
11 energy audit for an individual school district, the education service district may expend funds re-
12 ceived under this paragraph to implement the energy audit. Once an energy audit has been con-
13 ducted and completely implemented for each school district within the education service district, the
14 education service district may expend funds received under this paragraph for any of the following
15 purposes:

16 (i) Conducting energy audits. A school district shall conduct an energy audit prior to expending
17 funds on any other purpose authorized under this paragraph unless the school district has performed
18 an energy audit within the three years immediately prior to receiving the funds.

19 (ii) Weatherization and upgrading the energy efficiency of school district facilities.

20 (iii) Energy conservation education programs.

21 (iv) Purchasing electricity from environmentally focused sources and investing in renewable
22 energy resources.

23 (f) The commission may not establish a different public purpose charge than the public purpose
24 charge described in subsection (2) of this section.

25 (4)(a) An electric company that satisfies its obligations under this section shall have no further
26 obligation to invest in conservation, new market transformation or new low-income weatherization
27 or to provide a commercial energy conservation services program and is not subject to ORS 469.631
28 to 469.645 and 469.860 to 469.900.

29 **(b) Oregon Community Power, for any period during which Oregon Community Power**
30 **collects a public purpose charge under subsection (2) of this section:**

31 **(A) Shall have no other obligation to invest in conservation, new market transformation**
32 **or new low-income weatherization or to provide a commercial energy conservation services**
33 **program; and**

34 **(B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.**

35 (5)(a) A retail electricity consumer that uses more than one average megawatt of electricity at
36 any site in the prior year shall receive a credit against public purpose charges billed by an electric
37 company **or Oregon Community Power** for that site. The amount of the credit shall be equal to
38 the total amount of qualifying expenditures for new energy conservation, not to exceed 68 percent
39 of the annual public purpose charges, and the above-market costs of purchases of new renewable
40 energy resources incurred by the retail electricity consumer, not to exceed 19 percent of the annual
41 public purpose charges, less administration costs incurred under this subsection. The credit may not
42 exceed, on an annual basis, the lesser of:

43 (A) The amount of the retail electricity consumer's qualifying expenditures; or

44 (B) The portion of the public purpose charge billed to the retail electricity consumer that is
45 dedicated to new energy conservation, new market transformation or the above-market costs of new

1 renewable energy resources.

2 (b) To obtain a credit under this subsection, a retail electricity consumer shall file with the
3 State Department of Energy a description of the proposed conservation project or new renewable
4 energy resource and a declaration that the retail electricity consumer plans to incur the qualifying
5 expenditure. The State Department of Energy shall issue a notice of precertification within 30 days
6 of receipt of the filing, if such filing is consistent with this subsection. The credit may be taken after
7 a retail electricity consumer provides a letter from a certified public accountant to the State De-
8 partment of Energy verifying that the precertified qualifying expenditure has been made.

9 (c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that
10 are not used in one year may be carried forward for use in subsequent years.

11 (d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at
12 any site in the prior year may request that the State Department of Energy hire an independent
13 auditor to assess the potential for conservation investments at the site. If the independent auditor
14 determines there is no available conservation measure at the site that would have a simple payback
15 of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment
16 obligation for public purpose charges related to the site. If the independent auditor determines that
17 there are potential conservation measures available at the site, the retail electricity consumer shall
18 be entitled to a credit against public purpose charges related to the site equal to 54 percent of the
19 public purpose charges less the estimated cost of available conservation measures.

20 (B) A retail electricity consumer shall be entitled each year to the credit described in this sub-
21 section unless a subsequent independent audit determines that new conservation investment oppor-
22 tunities are available. The State Department of Energy may require that a new independent audit
23 be performed on the site to determine whether new conservation measures are available, provided
24 that the independent audits shall occur no more than once every two years.

25 (C) The retail electricity consumer shall pay the cost of the independent audits described in this
26 subsection.

27 (6) Electric utilities and retail electricity consumers shall receive a fair and reasonable credit
28 for the public purpose expenditures of their energy suppliers. The State Department of Energy shall
29 adopt rules to determine eligible expenditures and the methodology by which such credits are ac-
30 counted for and used. The rules also shall adopt methods to account for eligible public purpose
31 expenditures made through consortia or collaborative projects.

32 (7)(a) In addition to the public purpose charge provided under subsection (2) of this section, be-
33 ginning on October 1, 2001, an electric company **or Oregon Community Power** shall collect funds
34 for low-income electric bill payment assistance in an amount determined under paragraph (b) of this
35 subsection.

36 (b) The total amount collected for low-income electric bill payment assistance under this section
37 shall be \$10 million per year. The commission shall determine each electric company's proportionate
38 share of the total amount **and Oregon Community Power's proportionate share of the total**
39 **amount**. The commission shall determine the amount to be collected from a retail electricity con-
40 sumer, except that a retail electricity consumer is not required to pay more than \$500 per month
41 per site for low-income electric bill payment assistance.

42 (c) Funds collected by the low-income electric bill payment assistance charge shall be paid into
43 the Housing and Community Services Department Revolving Account created under ORS 456.574.
44 Moneys deposited in the account under this paragraph are continuously appropriated to the Housing
45 and Community Services Department for the purpose of funding low-income electric bill payment

1 assistance. Interest earned on moneys deposited in the account under this paragraph shall accrue
2 to the account. The department's cost of administering this subsection shall be paid out of funds
3 collected by the low-income electric bill payment assistance charge. Moneys deposited in the ac-
4 count under this paragraph shall be expended solely for low-income electric bill payment assistance.
5 Funds collected from an electric company **or Oregon Community Power** shall be expended in the
6 service area of the electric company **or Oregon Community Power** from which the funds are col-
7 lected.

8 (d) The Housing and Community Services Department, in consultation with the federal Advisory
9 Committee on Energy, shall determine the manner in which funds collected under this subsection
10 will be allocated by the department to energy assistance program providers for the purpose of pro-
11 viding low-income bill payment and crisis assistance, including programs that effectively reduce
12 service disconnections and related costs to retail electricity consumers and electric utilities. Priority
13 assistance shall be directed to low-income electricity consumers who are in danger of having their
14 electricity service disconnected.

15 (e) Notwithstanding ORS 293.140, interest on moneys deposited in the Housing and Community
16 Services Department Revolving Account under this subsection shall accrue to the account and may
17 be used to provide heating bill payment and crisis assistance to electricity consumers whose primary
18 source of heat is not electricity.

19 (f) Notwithstanding ORS 757.310, the commission may allow an electric company **or Oregon**
20 **Community Power** to provide reduced rates or other payment or crisis assistance or low-income
21 program assistance to a low-income household eligible for assistance under the federal Low Income
22 Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.

23 (8) For purposes of this section, "retail electricity consumers" includes any direct service in-
24 dustrial consumer that purchases electricity without purchasing distribution services from the elec-
25 tric utility.

26 **(9) For purposes of this section, amounts collected by Oregon Community Power through**
27 **public purpose charges are not considered moneys received from electric utility operations.**

28
29 **REVENUE BOND CONFORMING AMENDMENTS**

30
31 **SECTION 44.** ORS 287.025 is amended to read:

32 287.025. (1) As used in this section:

33 (a) "Agreement for exchange of interest rates" or "agreement" means a contract, or an option
34 or forward commitment to enter into a contract, for the exchange of interest rates that provides for:

35 (A) Payments based on levels of or changes in interest rates; or

36 (B) Provisions to hedge payment, rate, spread or similar exposure including, but not limited to,
37 an interest rate floor or cap or an option, put or call.

38 (b) "Borrowing" means a bond, note, bond anticipation note, commercial paper, certificate of
39 participation or other agreement made in exercise of the borrowing power of the issuer.

40 (c) "Counterparty" means the entity with which an issuer enters into an agreement for exchange
41 of interest rates.

42 (d) "Issuer" means a public body as defined in ORS 288.605, [or] Oregon Health and Science
43 University **or Oregon Community Power**.

44 (e) "Related borrowing" means a borrowing for which the issuer, or the State Treasurer on be-
45 half of a state issuer, enters into an agreement for exchange of interest rates.

1 (f) "Termination payment" means the amount payable under an agreement for exchange of in-
2 terest rates by one party to another party as a result of termination, in whole or in part, of the
3 agreement prior to the expiration of the stated term.

4 (2) If the issuer is a state issuer, including the State of Oregon or an agency, department, board
5 or commission of the State of Oregon, the State Treasurer may exercise the authority granted by
6 this section on behalf of the state issuer or the state issuer, with the approval of the State Treas-
7 urer, may exercise that authority directly.

8 (3) Subject to subsection (2) of this section, an issuer, or the State Treasurer on behalf of a state
9 issuer, may enter into an agreement for exchange of interest rates for one or more related bor-
10 rowings that:

11 (a) Exist when the agreement for exchange of interest rates is executed;

12 (b) Are reasonably expected to be executed when regularly scheduled payments are due from the
13 issuer under the agreement; or

14 (c) Are identified after the agreement for exchange of interest rates is executed and substituted
15 for a borrowing described in paragraph (a) or (b) of this subsection as a result of prepayment, re-
16 funding, conversion, ratings changes, redemption, defeasance or other similar event related to one
17 or more of the borrowings described in paragraph (a) or (b) of this subsection. An agreement may
18 be made to manage payment, interest rate, spread or similar exposure undertaken in connection with
19 a related borrowing upon a finding by the issuer, or the State Treasurer on behalf of a state issuer,
20 that the agreement benefits the issuer.

21 (4) The issuer, or the State Treasurer on behalf of a state issuer, shall include in an agreement
22 for exchange of interest rates provisions related to payment, term, security, collateralization, ter-
23 mination, default and remedy that the issuer, or the State Treasurer on behalf of a state issuer,
24 determines necessary or appropriate upon consideration of the covenants applicable to the related
25 borrowing and the creditworthiness of the parties.

26 (5) The issuer, or the State Treasurer on behalf of a state issuer, may enter into an agreement
27 for exchange of interest rates only if:

28 (a) The credit ratings for obligations of the counterparty that are similar to the termination
29 payment obligations of the counterparty, or the credit ratings for at least one of the guarantors of
30 the counterparty, are in one of the top three rating categories without gradation by at least two
31 nationally recognized rating agencies and satisfy any other requirements that may be imposed by
32 the Oregon Municipal Debt Advisory Commission or the State Treasurer, as applicable, pursuant to
33 subsection (13) of this section; or

34 (b) The termination payment obligations of the counterparty, or at least one of the guarantors
35 of the counterparty, with whom the issuer, or the State Treasurer on behalf of a state issuer, enters
36 the agreement are collateralized by cash or obligations:

37 (A) That are rated in one of the top three rating categories without gradation by at least two
38 nationally recognized rating agencies as determined by the Oregon Municipal Debt Advisory Com-
39 mission or the State Treasurer, as applicable, pursuant to subsection (13) of this section;

40 (B) That are deposited with the issuer, or the State Treasurer on behalf of a state issuer, or
41 with an agent of the issuer;

42 (C) That have a market value sufficient to collateralize that portion of the termination payment
43 obligations of the party under the agreement as determined at the discretion of the issuer, or the
44 State Treasurer on behalf of a state issuer; and

45 (D) That are revalued at least quarterly.

1 (6) An issuer, or the State Treasurer on behalf of a state issuer, may agree, based on the issuer's
2 reasonable expectations when the agreement is executed:

3 (a) If the borrowing bears interest at one or more variable rates, to pay sums equal to interest
4 at one or more fixed rates or one or more different variable rates determined under a formula set
5 forth in the agreement for exchange of interest rates on an amount not to exceed the outstanding
6 principal amount of the borrowing when the agreement is entered into or, if the borrowing has not
7 been issued, the principal amount of the borrowing reasonably anticipated to be outstanding when
8 payments are required to commence under the agreement in exchange for an agreement for the
9 issuer, or the State Treasurer on behalf of a state issuer, to be paid sums calculated based on the
10 same principal amount at a variable rate determined under a formula set forth in the agreement.

11 (b) If the borrowing bears interest at one or more fixed rates, to pay sums calculated based on
12 one or more variable rates or one or more different fixed rates determined under a formula set forth
13 in the agreement for exchange of interest rates on an amount not to exceed the outstanding prin-
14 cipal amount of the borrowing when the agreement is entered into or, if the borrowing has not been
15 issued, the principal amount of the borrowing reasonably anticipated to be outstanding when pay-
16 ments are required to commence under the agreement in exchange for an agreement for the issuer,
17 or the State Treasurer on behalf of a state issuer, to be paid sums calculated based on the same
18 principal amount at a fixed rate or rates set forth in the agreement.

19 (7) The issuer, or the State Treasurer on behalf of a state issuer, may not enter into an agree-
20 ment under this section that:

21 (a) Has a term that exceeds the original term of the related borrowing for which the agreement
22 for exchange of interest rates is made or, in the case of an option or a forward commitment, has a
23 term that exceeds the reasonably expected term of the related borrowing for which the agreement
24 is made; or

25 (b) Is for a purpose other than to manage payment, interest rate, spread or similar exposure in
26 connection with the related borrowing of the issuer.

27 (8) The limitation on interest on an obligation in ORS 286.036, or any other similar limitation,
28 does not apply to an amount paid under an agreement for exchange of interest rates entered into
29 under this section.

30 (9) Upon entering into an agreement for exchange of interest rates under this section and con-
31 tinuing until the agreement is satisfied, terminated or otherwise no longer in effect, as long as no
32 payment default has occurred, the issuer, or the State Treasurer on behalf of a state issuer, shall
33 treat the amount or rate of interest on the related borrowing as the amount or rate of interest
34 payable after giving effect to the agreement for the purpose of calculating:

35 (a) Tax levies, if any, to pay bond debt service; or

36 (b) Other amounts that are based upon the rate of interest of the borrowing.

37 (10) Subject to covenants applicable to a related borrowing and the limitation described in sub-
38 section (12) of this section, payments required under the agreement by the issuer, or the State
39 Treasurer on behalf of a state issuer, may:

40 (a) Be treated as interest payments on the related borrowing;

41 (b) Be made from revenues or other moneys committed to or legally available to pay the related
42 borrowing; and

43 (c) Rank in an order of priority of payment relative to the payment of the related borrowing as
44 the issuer, or the State Treasurer on behalf of a state issuer, determines. In connection with enter-
45 ing into an agreement, the issuer, or the State Treasurer on behalf of a state issuer, may enter into

1 an agreement that enhances or supports the credit of the issuer in the agreement or enhances or
2 supports the liquidity of the agreement.

3 (11) An agreement entered into under this section:

4 (a) Is not a debt or other obligation of the issuer for purposes of any limitation upon the
5 indebtedness of the issuer.

6 (b) Is subject only to the limitations of this section and is not subject to other limitations ap-
7 plicable to the related borrowing.

8 (12) A termination payment required to be paid by an issuer under an agreement for exchange
9 of interest rates may not be paid from taxes that the issuer may levy that are exempt from the
10 limitations of sections 11 and 11b, Article XI of the Oregon Constitution.

11 (13)(a) The Oregon Municipal Debt Advisory Commission shall promulgate administrative rules
12 establishing required terms, conditions, annual or periodic reporting requirements and other re-
13 quirements for an agreement for exchange of interest rates entered into by an issuer other than a
14 state issuer and may impose additional requirements for agreements for exchange of interest rates
15 that are executed by issuers other than a state issuer, if the commission determines those require-
16 ments are desirable to protect the interests of those issuers or citizens of the State of Oregon.

17 (b) The State Treasurer may promulgate administrative rules:

18 (A) Establishing required terms, conditions, annual or periodic reporting requirements and other
19 requirements for an agreement for exchange of interest rates entered into by a state issuer acting
20 with the approval of the State Treasurer under subsection (2) of this section;

21 (B) Requiring a party to an agreement, the party's guarantor or the collateral securing the ob-
22 ligation of a party or the party's guarantor to meet specific credit rating standards or other condi-
23 tions; or

24 (C) If the State Treasurer determines that conditions and restrictions are necessary or appro-
25 priate to protect the interests of issuers, requiring the agreement to contain terms and conditions
26 that are more restrictive than the terms and conditions established in subsection (5) of this section.

27 (14)(a) Before an agreement for exchange of interest rates may be entered into under this sec-
28 tion, the issuer, or the State Treasurer on behalf of a state issuer, shall determine whether:

29 (A) The agreement for exchange of interest rates is being executed for a permitted purpose and
30 benefits the issuer; and

31 (B) The requirements of this section have been met.

32 (b) In addition to the determinations required under paragraph (a) of this subsection, an issuer
33 other than a state issuer shall also determine whether the issuer has complied with the requirements
34 of the administrative rules promulgated by the Oregon Municipal Debt Advisory Commission under
35 subsection (13) of this section.

36 (15) An issuer other than a state issuer shall notify the State Treasurer of the execution by the
37 issuer of an agreement for exchange of interest rates under this section.

38
39 **MISCELLANEOUS**

40
41 **SECTION 45. The unit and section captions used in this 2007 Act are provided only for**
42 **the convenience of the reader and do not become part of the statutory law of this state or**
43 **express any legislative intent in the enactment of this 2007 Act.**

44 **SECTION 46. This 2007 Act being necessary for the immediate preservation of the public**
45 **peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect**

1 **on its passage.**

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