

**75<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5013-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

**Carrier – House: Rep. Jenson  
Carrier – Senate: Sen. Walker**

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**Action:** Do Pass as Amended and Be Printed A-Engrossed

**Vote:** 17 – 4 – 1

- House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Jenson, Kotek, Nathanson, Shields, G. Smith  
– Nays: Garrard, Gilman  
– Exc: Richardson
- Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker, Winters  
– Nays: Girod, Whitsett  
– Exc:

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Michelle Deister, Legislative Fiscal Office

**Meeting Date:** June 16, 2009

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**Agency**  
Department of Energy

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**Biennium**  
2009-11

## **Budget Summary\***

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 3,100,000	\$ 0	\$ 0	\$ -3,100,000	-100.0%
Other Funds	\$ 22,095,949	\$ 21,307,557	\$ 26,529,790	\$ 4,433,841	20.1%
Other Funds Nonlimited	\$ 81,129,921	\$ 101,209,200	\$ 100,209,200	\$ 19,079,279	23.5%
Other Funds Debt Service Nonlimited	\$ 76,876,586	\$ 66,707,615	\$ 67,707,615	\$ -9,168,971	-11.9%
Federal Funds	\$ 5,622,500	\$ 5,847,654	\$ 57,829,104	\$ 52,206,604	928.5%
Total	\$ 188,824,956	\$ 195,072,026	\$ 252,275,709	\$ 63,450,753	33.6%

## **Position Summary**

Authorized Positions	94	86	110	16
Full-time Equivalent (FTE) positions	90.49	84.79	108.50	18.01

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Department of Energy (DOE) has several sources of Other Funds revenues. They include the following: the Small-Scale Energy Loan Program (SELP) which includes general obligation bond sales, loan repayments, interest income, energy supplier assessments, settlement funds, application fees related to the Business Energy Tax Credit, energy siting fees, and fees for services related to the program for schools and self-directed efficiency projects stemming from electric marketing restructuring [Senate Bill 1149 (1999)].

Federal Funds received from the U.S. Department of Energy support various activities including oversight at the Hanford Nuclear site, deployment of technologies and energy sources that improve energy efficiencies in new building construction, promotion and utilization of alternative fuels, infrastructure development, and renewable resource projects. Federal Funds are also received for work related to tracking, monitoring and emergency planning for the shipment of low-level radioactive waste materials, and testing for contamination related to the Lakeview uranium mediation site. Additionally, the U.S. Department of Agriculture and the Environmental Protection Agency provide funds that support both conservation and renewable energy programs. There were no revenue changes, fee ratifications, revenue source changes or other significant revenue actions approved by the Subcommittee.

The department's increase in Federal Funds is related to the American Recovery and Reinvestment Act of 2009 (ARRA). The department is to receive two grants under the ARRA, \$42.2 million for the State Energy Program (SEP) and \$9.6 million for the Energy Efficiency and Conservation Block Grant Program (EECBG).

## **Summary of Natural Resources Subcommittee Action**

The mission of the DOE is to ensure Oregon has an adequate supply of reliable and affordable energy and is safe from nuclear contamination, by helping Oregonians save energy, develop clean energy resources, promote renewable energy, and clean up nuclear waste. DOE encourages energy conservation through public information and incentive programs which provide loans or tax credits for implementing energy efficient technologies in residences, public sector buildings, and private sector businesses.

The DOE staffs two boards:

1. The Energy Facility Siting Council, a seven-member citizen board that:
  - a. Decides whether large energy facilities may be built in Oregon;
  - b. Regulates the construction, operation, and decommissioning of energy facilities; and
  - c. Oversees the disposal of low-level radioactive waste.
  
2. The Hanford Cleanup Board, a 20-member board that:
  - a. Addresses clean-up issues at the nuclear site;
  - b. Represents Oregon's interest in issues involving Hanford, with a focus on protecting the Columbia River; and
  - c. Ensures safe transportation routes for shipments of radioactive waste.

The department also staffs the Global Warming Commission, created by House Bill 3453 (2007). The commission consists of 25 members, including 11 voting members appointed by the Governor, and provides for 14 ex-officio non-voting members. In addition, the agency staffs a number of other task forces and workgroups created by Executive Order.

The Subcommittee approved a budget of \$252,275,709 total funds and 110 positions (108.50 FTE) for DOE. This is an increase of 34 percent over the 2007-09 Legislatively Approved Budget (an increase of 29 percent over the agency's 2009-11 Essential Budget Level).

The committee recognized that several policy bills, which may have costs for the department, are outstanding and anticipate that adjustments to agency expenditure limitation and position authority will be made in an end of session adjustment or directly in some of the policy bills. The committee requests the department to provide a mid-biennium update to the Legislative Assembly regarding the implementation of the policy bills passed in the 2009 Legislative session.

The Subcommittee approved a number of policy packages, as described below.

Package 101: Green Public Buildings for Schools adds \$438,358 Other Funds and two positions (2.00 FTE) for the Schools Public Purpose program [Senate Bill 1149 (1999)] and the State Energy Efficient Design (SEED) program. The position for the Public Purpose program was approved as permanent, and the position for the SEED program was approved as limited-duration for the biennium.

Package 102: Renewable & Wave Energy Prog Implementation adds \$577,651 Other Funds and three positions (3.00 FTE). Two of the positions will be limited-duration for the following purposes: an Administrative Specialist 1 to provide support to the Global Warming Commission, and a

Program Analyst 3 position for the Community Renewable Energy Feasibility program. The remaining position is a permanent Operations and Policy Analyst 3 within the Renewable Energy Division for biomass and solar energy work.

Package 104: Business Energy Tax Credit App. Processing adds \$576,045 Other Funds and four limited-duration positions (4.00 FTE) to provide resources necessary to meet the demands for project review and verification associated with applications for the Business Energy Tax Credit. The positions include one Administrative Specialist 2, one Program Analyst 3, and two Program Analyst 2 positions.

Package 105: Implementation of Energy Efficiency Standards adds \$100,837 Other Funds, \$67,175 Federal Funds, and one position (1.21 FTE) to the Residential Energy Tax Credit program in an effort to provide better, more consistent information to retail outlets and consumers on projects that qualify for residential energy tax credits and to review and approve the applications. The additional 0.21 FTE increases an existing seasonal employee.

Package 106: LNG and Energy Siting Assistance adds \$842,121 Other Funds, \$138,775 Federal Funds and three positions (3.00 FTE). Two of the positions (2.00 FTE) are limited duration and for work related to the siting of energy facilities and transmission lines based on applications that have been submitted and for projects currently under development. The positions are a Utility and Energy Analyst 2 and an Operations and Policy Analyst 2. The remaining position (1.00 FTE) is a permanent Hydrogeologist (Natural Resource Specialist 4) for the Nuclear Safety Division to address the issues related to Hanford and the potential contamination of the Columbia River with Hanford's contaminants.

The Subcommittee adopted the following budget note:

### **Budget Note**

The Department of Energy, working in conjunction with the Energy Facility Siting Council (EFSC), is directed to compile existing publically available information pertaining to current and future transmission capacity and transmission siting plans for Oregon. The Department should summarize the information compiled in a report made available to interested parties on the Department's web site no later than July 2010. In gathering the available information, the Department is encouraged to work with regional public and private entities including, but not limited to, the Northwest Power Planning Council, the Bonneville Power Administration, and the Oregon Public Utility Commission.

Package 107: Internal Audits and Controls adds \$176,429 Other Funds and one position (1.00 FTE) to provide the department with a permanent Internal Auditor to improve internal controls and establish process improvements, information security, and financial reporting.

Package 108: Oregon Energy Planning Council adds \$127,746 Other Funds and one limited-duration position (0.50 FTE), an Operations and Policy Analyst 4, to provide support for the Oregon Energy Planning Council established in Executive Order 08-26.

Package 109: Quality Assurance and Compliance adds \$232,071 Other Funds and one position (1.00 FTE) to support the agency's Information Technology (IT) and Human Resource needs. The position provided in the package is an IT Manager. Included within the Other Funds expenditure limitation for this package is \$15,000 to be used by the department to contract with the Department of Administrative Services Human Resources Division for human resource assistance.

Package 200: Rent for Additional Workspace adds \$670,000 Other Funds for approximately 10,000 square feet of additional space at a rate of \$1.50 per square foot per month, and moving expenses for a portion of the department's staff. The department is currently at capacity within its headquarters building and needs more space. The Department of Administrative Services (DAS) is to unschedule these funds until the agency, working with DAS, produces a plan for review by the Legislative Fiscal Office and Budget and Management that outlines how additional staff will be accommodated in the short and longer term, including identification of suitable space with the assistance of DAS.

Package 203: Eastern Oregon Office adds \$119,209 Other Funds to provide the expenditure limitation necessary to support the continuation of a satellite office in Hermiston, Oregon.

Package 205: Community Renewable Energy Fund adds \$500,000 Other Funds to allow the department to disburse the remaining amount of money from the Reliant Settlement for the Community Renewable Energy Feasibility fund.

Package 801: LFO Analyst Technical Changes adds \$387,958 Other Funds to the department for the following: a one-time special payment to the Department of Agriculture (\$192,219) to fund a position that provides technical assistance for renewable energy projects involving agriculture; a position related to recruitment and development of sustainable energy technology companies for nine and a half months (\$139,378); and funding to make permanent the reclassification of three employees approved at a June 2008 Emergency Board (\$56,361). The payment to the Department of Agriculture is one-time in nature and is not to be built into the department's base for roll-up into the 2011-13 biennium. No position authority has been added as a result of this package because the positions all currently exist.

The Subcommittee adopted the following budget note:

### **Budget Note**

The Department of Energy is directed to develop – with the assistance of a stakeholder group determined by the Director – policies to guide the Department's assessment on energy suppliers, and to report back to the Legislature by December 2010 on the following issues: a determination of the Department programs and activities that are appropriately funded through the Energy Supplier Assessment; and a determination of policy to guide the amount collected, the frequency of the assessment, and an appropriate ending balance.

Package 811: Agency Accountability adds \$197,502 Other Funds and one position (1.00 FTE) to provide the department with a Deputy Director/Legislative Liaison position. The position will enhance internal and external communication and provide assistance to the director with tasks including program evaluation and resource assessment, planning for growth, and implementing legislation.

Package 812: Federal Funding Enhancements adds \$277,306 Other Funds, \$51,775,500 Federal Funds, and seven limited duration positions (7.00 FTE). The package adds expenditure limitation and position authority associated with the receipt of Federal Funds through the ARRA of 2009. The funds will be used by the agency in accordance with plans outlined in its applications for the SEP and EECBG funds. The positions include a Principal Executive Manager E, an Operations and Policy Analyst 3, two Project Manager 2 positions, and three administrative positions to include an Accounting Technician, Fiscal Analyst, and Procurement Specialist. The funding source for the three administrative positions is Federal Funds expended as Other Funds.

## **Summary of Performance Measure Action**

See attached Legislatively Adopted 2009-11 Key Performance Measures form.