

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5542-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Beyer
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and As Printed A-Engrossed

Vote: 22 – 0 – 3

House – Yeas: Beyer, Buckley, Cowan, Freeman, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays:
– Exc:

Senate – Yeas: Devlin, Edwards, Johnson, Monroe, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Bates, Girod, Nelson

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: April 29, 2011

Agency

Public Utility Commission

Budget Page

H-29

LFO Analysis Page

205

Biennium

2011-13

Budget Summary

	2009-11 Legislatively Approved Budget (1)	2011-13 Current Service Level	2011-13 Governor's Budget	2011-13 Committee Recommendation	Committee Change from 2009-11 Leg Approved	
					\$ change	% change
Other Funds	39,777,023	41,229,250	39,666,574	39,401,290	(375,733)	-0.9%
Other Funds Nonlimited	94,778,703	75,126,962	75,120,603	75,120,603	(19,658,100)	-20.7%
Federal Funds	2,910,317	821,211	4,813,961	4,813,961	1,903,644	65.4%
Total	\$ 137,466,043	\$ 117,177,423	\$ 119,601,138	\$ 119,335,854	\$ (18,130,189)	-13.2%

Position Summary

Authorized positions	133	128	132	132	(1)
Full-time equivalent positions (FTE)	129.83	126.00	129.50	129.00	(0.83)

(1) Includes adjustments through March 2011

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The majority of the agency's expenditures are funded from fees paid by investor owned utilities. The Residential Service Protection Fund is funded through a monthly surcharge on telecommunications subscribers. Revenues for the Oregon Universal Service Fund come from telecommunications providers. Federal Funds are available to ensure the safe operation of natural gas pipelines. The Board of Maritime Pilots is fully supported by fees on licensed pilots.

Summary of Transportation and Economic Development Subcommittee Action

The Public Utility Commission (PUC) of Oregon works to ensure that safe and reliable utility services are provided to consumers at just and reasonable rates through regulation and by promoting the development of competitive markets. It does this by regulating investor owned electric and natural gas companies, as well as certain telephone and water companies, and by licensing and regulating Maritime Pilots. The Subcommittee approved a budget of \$119,335,854 total funds and 129.00 full-time equivalent positions for the agency. This is a 13.2 percent total funds decrease from the 2009-11 Legislatively Approved Budget.

Utility Regulation - 001

The Utility Regulation program regulates rates for natural gas, electricity, water, and telephone services. The program also works to promote effective competition in these industries. The Subcommittee approved a budget of \$96,811,263 total funds, \$16,876,699 Other Funds, \$75,120,603 Other Funds Nonlimited, \$4,813,961 Federal Funds and 72.50 full-time equivalent positions for the Utility Regulation program.

The Subcommittee approved statewide personal service reductions and the elimination of inflationary adjustments included in the Governor's budget. The Subcommittee approved other policy option packages as follows:

- Package 104, Continuing ARRA Funding, provides limitation (\$480,651 Federal Funds) to continue three limited-duration positions (2.00 FTE) for activities related to an ARRA grant for the Oregon Electricity Regulators Assistance Project. The positions will perform research and manage dockets aimed at further developing regulatory standards and guidelines in the following ARRA topic areas: (1) Electric Vehicles, (2) Energy Efficiency, (3) Smart Grid, (4) Renewable Energy, and (5) Energy Storage.
- Package 106, Supplemental ARRA Grant (\$3,550,000 Federal Funds), allows the PUC to continue implementation of a supplemental grant for the State Broadband Data and Development Program. In 2009, the PUC received a grant from the National Telecommunications and Information Administration (NTIA). The NTIA recently provided an opportunity for states to receive supplemental funds and the PUC will use the funds to provide grants for: (1) Digital Literacy and Technical Assistance programs, (2) Strategic Planning and Outreach programs to accelerate broadband adoption and utilization, and (3) E-Government Project to promote, support, enable and accelerate the adoption of e-government strategies and applications for local governments.

The Subcommittee did not approve increasing an existing 0.5 FTE Utility Analyst position to 1.00 FTE, with the expectation that PUC could assume workload associated with this request when vacancies were filled.

Residential Service Protection Fund (RSPF) - 003

The RSPF consists of four programs: the Oregon Telephone Assistance program (OTAP), which works to ensure that adequate and affordable residential telephone services are available to all Oregonians; the Telecommunication Devices Access Program (TDAP), which loans specialized telecommunication devices to eligible communication impaired individuals; the Oregon Telecommunications Relay Service (OTRS), which insures that telephone services are available to all Oregonians, regardless of disability; and the Emergency Medical Certificate program (EMC) which serves to protect telephone services for at-risk Oregonians. The Subcommittee approved a budget of \$10,409,707 Other Funds and 7.50 full-time equivalent positions for the RSPF program.

The Subcommittee approved statewide personal service reductions and the elimination of inflationary adjustments included in the Governor's budget. The Subcommittee also approved the following policy option package:

- Package 102, RSPF Compliance Specialist, provides the PUC with \$153,559 Other Funds to make a 2009-11 limited duration compliance specialist permanent. The position provides accountability by ensuring telecommunications providers accurately collect, report and remit all RSPF surcharges due.

Additional expenditure limitation associated with increasing access to adaptive telecommunications equipment (Package 103) was not included in SB 5542, but would be added to the associated policy bill if the measure is addressed in a work session by Ways and Means.

Policy and Administration - 004

The Policy and Administration program includes the Commission and the divisions providing support to the public and the Utility Regulation program. The Subcommittee approved a total budget of \$11,795,873 Other Funds (limited) and 48.00 full-time equivalent positions for this program.

The Subcommittee approved statewide personal service reductions and the elimination of inflationary adjustments included in the Governor's budget.

Board of Maritime Pilots - 005

In addition to rate hearings, the Board of Maritime Pilots licenses Maritime Pilots and investigates maritime safety incidents. The Subcommittee approved \$319,011 Other Funds (limited) and 1.00 full-time equivalent for this program.

The Subcommittee approved statewide personal service reductions and the elimination of inflationary adjustments included in the Governor's budget, and an analyst adjustment further reducing services and supplies by \$213.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

SB 5542-A

**Public Utility Commission
Tamara Brickman -- (503) 378-4709**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$0	\$0	\$39,777,023	\$94,778,703	\$2,910,317	\$0	\$137,466,043	133	129.83
2011-13 ORBITS printed Current Service Level (CSL)*	\$0	\$0	\$41,229,250	\$75,126,962	\$821,211	\$0	\$117,177,423	128	126.00
2011-13 Governor's Recommended Budget *	\$0	\$0	\$39,666,574	\$75,120,603	\$4,813,961	\$0	\$119,601,138	132	129.50
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
Package 101: Increase Existing UA 3 Permanent Position Personal Services	0	0	(86,884)	0	0	0	(86,884)	0	(0.50)
Package 103: RSPF TDAP Broadens Eligibility Services and Supplies	0	0	(178,187)	0	0	0	(178,187)	0	0.00
Package 810: Analyst Adjustments Services and Supplies	0	0	(213)	0	0	0	(213)	0	0.00
TOTAL ADJUSTMENTS	\$0	\$0	(\$265,284)	\$0	\$0	\$0	(\$265,284)	0	(0.50)
SUBCOMMITTEE RECOMMENDATION *	\$0	\$0	\$39,401,290	\$75,120,603	\$4,813,961	\$0	\$119,335,854	132	129.00
% Change from 2009-11 Leg Approved Budget	0.0%	0.0%	-0.9%	-20.7%	65.4%	0.0%	-13.2%	-0.8%	-0.6%
% Change from 2011-13 Current Service Level	0.0%	0.0%	-4.4%	0.0%	486.2%	0.0%	1.8%	3.1%	2.4%
% Change from 2011-13 Governor's Recommended Budget	0.0%	0.0%	-0.7%	0.0%	0.0%	0.0%	-0.2%	0.0%	-0.4%

* Excludes Capital Construction Expenditures

Legislatively Proposed 2011-2013 Key Performance Measures

Agency: PUBLIC UTILITY COMMISSION

Mission: Ensure that safe and reliable utility services are provided to consumers at just and reasonable rates through regulation and promoting the development of competitive markets.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
- Vessel Incidents - The number and severity of incidents involving vessels under the direction of licensees, and as a percentage of total vessels piloted annually.		Proposed New KPM			
- Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Proposed New KPM			
1 - Water Utilities - Number of water utilities adopting price changes.		Approved KPM	20.00	26.00	
2 - Price of Electricity -Average price of electricity for residential users from Oregon Investor Owned Utilities as a percent of the national average price.		Approved KPM	81.00	90.00	90.00
3 - Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers.		Approved KPM	7.40	10.00	10.00
4 - Utility Pricing - Number of new utility pricing programs.		Approved KPM	10.00	11.00	12.00
5 - Residential Energy Efficiency – Ratio of dollars realized in energy savings per dollar of public purpose fund expenditure for Energy Trust's residential programs.		Approved KPM	5.00	3.70	3.70
6 - Commercial Energy Efficiency – Ratio of dollars realized in energy savings per dollar of public purpose fund expenditure for of Energy Trust's residential programs.		Approved KPM	3.50	2.80	2.80
7 - Industrial Energy Efficiency – Ratio of dollars realized in energy savings per dollar of public purpose fund expenditure for costs of Energy Trust's industrial programs.		Approved KPM	3.50	2.90	2.90
8 - Renewable Resource Development – Annual average megawatts acquired through Energy Trust programs. (3 year rolling average)		Approved KPM	16.60	3.00	3.00
9 - Energy Trust Administrative Efficiency – Administrative and program support costs as a percent of annual revenues.		Approved KPM	6.20	9.00	9.00

Agency: PUBLIC UTILITY COMMISSION

Mission: Ensure that safe and reliable utility services are provided to consumers at just and reasonable rates through regulation and promoting the development of competitive markets.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
10 - Electric Utility Operations – Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved KPM	0.22	0.15	0.15
11 - Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers.		Approved KPM	0.19	0.45	0.45
12 - Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved KPM	0.13	0.15	0.15
13 - Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved KPM	24.00	27.00	28.00
14 - Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved KPM	77.00	100.00	100.00
15 - Oregon Telephone Assistance Program – Percentage of food stamps recipients participating in the Oregon Telephone Assistance Program.		Approved KPM	13.00	23.00	23.00
16 - Access to Telephone Services – Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved KPM	60.00	50.00	50.00
17 - Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved KPM	76.00	75.00	75.00
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Accuracy	Approved KPM	77.00	90.00	90.00
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Availability of Information	Approved KPM	71.00	90.00	90.00
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Expertise	Approved KPM	77.00	90.00	90.00

Agency: PUBLIC UTILITY COMMISSION

Mission: Ensure that safe and reliable utility services are provided to consumers at just and reasonable rates through regulation and promoting the development of competitive markets.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved KPM	85.00	90.00	90.00
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Overall	Approved KPM	80.00	90.00	90.00
18 - Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent” in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Timeliness	Approved KPM	79.00	90.00	90.00
19 - Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved KPM	96.00	100.00	100.00

LFO Recommendation:

The Legislative Fiscal Office recommends the following changes to the Public Utility Commission's key performance measures (KPMs) for the 2011-13 biennium:- Approve the deletion of KPM #1 "Water Utilities - Number of water utilities adopting new price changes", to be replaced by a new KPM related to water, as follows: "Percentage of rate regulated water companies with rate designs promoting efficient use of water resources." The recommended target for this measure is 85 in 2011; 90 in 2012; and 92 in 2013.- Approve a new KPM for the Board of Maritime Pilots as follows: "Vessel Incidents - the number and severity of incidents involving vessels under the direction of licensees, as a percentage of total vessels piloted annually." The severity of incidents has been established by agency administrative rule (OAR 856-010-0022). The recommended target for this measure is in all years is 0.

Sub-Committee Action:

Approve the LFO recommendation.