

HB 5043
Public Utility Commission

House Bill 5043 is the budget bill for the Public Utility Commission. The PUC 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 agency also administers programs to ensure that adequate and affordable residential telephone services are available to all Oregonians, and that adaptive telecommunications devices and services are available to those who need them.

The Transportation and Economic Development Subcommittee recommends a total funds budget of \$121,608,650 and 130 positions (127.75 FTE) for the 2013-15 biennium. The recommendation includes the following changes from the agency's current service level:

- Reductions resulting from administrative efficiencies totaling \$226,946 Other Funds;
- Savings of \$60,313 Other Funds and \$1,889 Federal Funds related to changes in PERS taxation policy resulting from Senate Bill 822;
- Other PERS savings of \$482,047 Other Funds and \$15,094 Federal Funds due to modifications in cost of living adjustments and PERS Board administrative actions; and
- One new permanent Utility Analyst Three position in the Utility division to address additional federal inspection and review requirements related to gas pipeline safety in the wake of the San Bruno, California explosion in 2011.

The Subcommittee recommends a new performance measure that gauges the extent to which the Energy Trust of Oregon meets 14 reporting requisites required by the PUC in its oversight role.

Supplemental Other Funds expenditure limitation for the 2011-13 biennium in the amount of \$30,000 is recommended for the Board of Maritime Pilots to address unanticipated costs associated with investigations, administrative hearings and legal review related to recent maritime incidents.

The Transportation and Economic Development Subcommittee recommends House Bill 5043 be amended and reported out do pass, as amended.

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: HB 5043-A

**Carrier – House: Rep. Read
Carrier – Senate: Sen. Shields**

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

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Meeting Date: May 10, 2013

Agency

Public Utility Commission

Biennium

2013-15

Budget Summary*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change Change	%
Other Funds	\$ 39,556,887	\$ 40,587,906	\$ 39,892,306	\$ 335,419	0.8%
Other Funds Nonlimited	\$ 75,120,603	\$ 79,271,977	\$ 79,271,977	\$ 4,151,374	5.5%
Federal Funds	\$ 4,813,925	\$ 2,351,193	\$ 2,444,367	\$ (2,369,558)	-49.2%
Total	\$ 119,491,415	\$ 122,211,076	\$ 121,608,650	\$ 2,117,235	1.8%

Position Summary

Authorized Positions	132	129	130	-2
Full-time Equivalent (FTE) positions	128.75	126.75	127.75	-1.00

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

2011-13 Supplemental Budget*

	2011-13 Legislatively Approved Budget ⁽¹⁾	2013-15 Current Service Level	2013-15 Committee Recommendation	Committee Change from 2011-13 Leg. Approved	
				\$ Change	% Change
Other Funds	\$ 39,556,887	\$	\$ 30,000	\$ 30,000	0.1%

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.

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 \$121,608,650 total funds and 127.75 full-time equivalent positions for the agency. This is a 1.8 percent total funds increase from the 2011-13 Legislatively Approved Budget and a 0.5 percent total funds decrease from the agency's 2013-15 current service level.

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 \$97,760,332 total funds (\$16,043,988 Other Funds, \$79,271,977 Other Funds Nonlimited, \$2,444,367 Federal Fund, and 74.25 full-time equivalent positions for the Utility Regulation program.

The Subcommittee approved the following recommendations:

- Package 092, PERS Tax Policy, reduces expenditure limitation by \$35,236 Other Funds and \$1,889 Federal Funds. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments reduces expenditure limitation by \$281,552 Other Funds and \$15,094 Federal Funds. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 101, Utility Safety Reliability & Security Division, provides additional expenditure limitation of \$73,706 Other Funds, \$110,157 Federal Funds and one permanent position (1.00 FTE). This package gives the PUC one additional permanent Utility Analyst 3 position to address an increase in gas pipeline safety inspections and reviews as a result of the passage of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (federal law). The law passed as a result of findings driven by the National Transportation Safety Board after the San Bruno, California incident.

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 \$10,859,611 Other Funds and 7.50 full-time equivalent positions for the RSPF program.

The Subcommittee approved the following recommendations:

- Package 092, PERS Taxation Policy, reduces Other Funds expenditure limitation by \$2,293. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, reduces Other Funds expenditure limitation by \$18,443. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

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 \$12,650,111 Other Funds and 45.00 full-time equivalent positions for this program.

The Subcommittee approved the following recommendations:

- Package 091, Statewide Administrative Savings, reduces Other Funds expenditure limitation by \$226,946. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.
- Package 092, PERS Taxation Policy, reduces Other Funds expenditure limitation by \$22,274. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.

- Package 093, Other PERS Adjustments, reduces Other Funds expenditure limitation by \$177,978. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

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 \$338,596 Other Funds and 1.00 full-time equivalents for this program.

The Subcommittee approved the following recommendations:

- Package 092, PERS Taxation Policy, reduces Other Funds expenditure limitation by \$510. This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, reduces Other Funds expenditure limitation by \$4,074. This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

2011-13 Supplemental Budget

The Subcommittee approved an increase in Other Funds expenditure limitation for the Board of Maritime pilots in the amount of \$30,000 to address unanticipated costs associated with investigations, administrative hearings and legal review related to recent maritime incidents.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5043-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			
2011-13 Legislatively Approved Budget at Dec 2012 *	\$ 0	\$ 0	\$ 39,556,887	\$ 75,120,603	\$ 4,813,925	\$ -	\$ 119,491,415	132	128.75
2013-15 ORBITS printed Current Service Level (CSL)*	\$ 0	\$ 0	\$ 40,587,906	\$ 79,271,977	\$ 2,351,193	\$ -	\$ 122,211,076	129	126.75
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 001 - Utility Regulation									
Package 092: PERS Tax Policy									
Personal Services	\$ 0	\$ 0	\$ (35,236)	\$ 0	\$ (1,889)	\$ 0	\$ (37,125)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (281,552)	\$ 0	\$ (15,094)	\$ 0	\$ (296,646)	0	0.00
Package 101: Utility Safety, Reliability & Security Division									
Personal Services	\$ 0	\$ 0	\$ 68,818	\$ 0	\$ 102,825	\$ 0	\$ 171,643	1	1.00
Services and Supplies	\$ 0	\$ 0	\$ 4,888	\$ 0	\$ 7,332	\$ 0	\$ 12,220		
SCR 003 - Residential Services Protection									
Package 092: PERS Tax Policy									
Personal Services	\$ 0	\$ 0	\$ (2,293)	\$ 0	\$ 0	\$ 0	\$ (2,293)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (18,443)	\$ 0	\$ 0	\$ 0	\$ (18,443)	0	0.00
SCR 004 - Policy and Administration									
Package 091: Statewide Administrative Savings									
Personal Services	\$ 0	\$ 0	\$ (152,627)	\$ 0	\$ 0	\$ 0	\$ (152,627)	0	0.00
Services and Supplies	\$ 0	\$ 0	\$ (73,028)	\$ 0	\$ 0	\$ 0	\$ (73,028)		
Capital Outlay	\$ 0	\$ 0	\$ (1,291)	\$ 0	\$ 0	\$ 0	\$ (1,291)		
Package 092: PERS Tax Policy									
Personal Services	\$ 0	\$ 0	\$ (22,274)	\$ 0	\$ 0	\$ 0	\$ (22,274)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (177,978)	\$ 0	\$ 0	\$ 0	\$ (177,978)	0	0.00
SCR 005 - Board of Maritime Pilots									
Package 092: PERS Taxation Policy									
Personal Services	\$ 0	\$ 0	\$ (510)	\$ 0	\$ 0	\$ 0	\$ (510)	0	0.00
Package 093: Other PERS Adjustments									
Personal Services	\$ 0	\$ 0	\$ (4,074)	\$ 0	\$ 0	\$ 0	\$ (4,074)		
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ (695,600)	\$ 0	\$ 93,174	\$ 0	\$ (602,426)	1	1.00
SUBCOMMITTEE RECOMMENDATION *	\$ 0	\$ 0	\$ 39,892,306	\$ 79,271,977	\$ 2,444,367	\$ 0	\$ 121,608,650	130	127.75
% Change from 2011-13 Leg Approved Budget	0.0%	0.0%	0.8%	5.5%	-49.2%	0.0%	1.8%	-1.5%	-0.8%
% Change from 2013-15 Current Service Level	0.0%	0.0%	-1.7%	0.0%	4.0%	0.0%	-0.5%	0.8%	0.8%

2011-13 APPROPRIATION DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 005 - Board of Maritime Pilots									
Service and Supplies	\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 30,000	0	0.00
TOTAL RECOMMENDED APPROPRIATION	\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 30,000	0	0.00

Legislatively Proposed 2013-2015 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 2014	Target 2015
1 - Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Approved KPM	91.40	94.00	95.00
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	88.00	90.00	90.00
3 - Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers.		Approved KPM	6.00	10.00	10.00
4 - Utility Pricing - Number of new utility pricing programs.		Approved KPM	11.00	13.00	14.00
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	4.40	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 commercial programs.		Approved KPM	4.10	3.50	3.50
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	3.40	2.90	2.90
8 - Renewable Resource Development – Annual average megawatts acquired through Energy Trust programs. (3 year rolling average)		Approved KPM	2.50	3.00	3.00
9 - Energy Trust Administrative Efficiency – Administrative and program support costs as a percent of annual revenues.		Approved KPM	5.00	9.00	9.00
10 - Electric Utility Operations – Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved KPM	0.00	0.11	0.11

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 2014	Target 2015
11 - Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers.		Approved KPM	0.26	0.45	0.45
12 - Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved KPM	0.00	0.15	0.15
13 - Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved KPM	28.00	31.60	33.40
14 - Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved KPM	94.00	100.00	100.00
15 - Oregon Telephone Assistance Program – Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program.		Approved KPM	14.00	24.00	25.00
16 - Access to Telephone Services – Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved KPM	62.00	52.00	54.00
17 - Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved KPM	79.00	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	84.00	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	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.	Expertise	Approved KPM	83.00	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.	Helpfulness	Approved KPM	86.00	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 2014	Target 2015
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	83.00	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	86.00	90.00	90.00
19 - Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved KPM	92.00	100.00	100.00
20 - Vessel Incidents - The number and severity of incidents involving vessels under the direction of licensees, and as a percentage of total vessels piloted annually.		Approved KPM	7.00	0.00	0.00

LFO Recommendation:

In an effort to measure oversight by the Public Utility Commission of the Energy Trust of Oregon, the Legislative Fiscal Office is recommending the addition of a new Key Performance Measure. The KPM shall measure the extent to which the Energy Trust of Oregon meets the established internal performance measures and reporting requirements required of the Energy Trust by the Public Utility Commission in its oversight role. The proposed performance measure's target is 12 of 14 measures met, but 100% compliance for the following:

- Obtaining an annual unqualified financial audit;
- Keeping administrative and programs support costs below 9 percent of annual revenues;
- Reporting the benefit/cost ratio for conservation programs based on utility system societal perspective; and
- Reporting significant mid-year changes to benefit/cost performance as necessary in quarterly reports.

To the extent to which the ETO does not meet these requirements to the satisfaction of the Public Utility Commission, the Public Utility Commission can issue a notice of concern according to the current grant agreement contract which requires the ETO to provide a response within 30 days from notification outlining the timeline for implementing a resolution to the problem and describing remedial actions.

Sub-Committee Action:

**PROPOSED AMENDMENTS TO
HOUSE BILL 5043**

1 Delete lines 23 through 25 of the printed bill and insert:

2 **“SECTION 4. Notwithstanding any other law limiting expenditures,**
3 **the limitation on expenditures established by section 1 (4), chapter 185,**
4 **Oregon Laws 2011, for the biennium beginning July 1, 2011, as the**
5 **maximum limit for payment of expenses from fees, moneys or other**
6 **revenues, including Miscellaneous Receipts, but excluding lottery**
7 **funds and federal funds, collected or received by the Public Utility**
8 **Commission of Oregon, is increased by \$30,000 for investigations, rate**
9 **cases and legal expenses of the Oregon Board of Maritime Pilots.**

10 **“SECTION 5. This 2013 Act being necessary for the immediate**
11 **preservation of the public peace, health and safety, an emergency is**
12 **declared to exist, and this 2013 Act takes effect on its passage.”.**

13
