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# MEMORANDUM

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**To:** Members of the Natural Resources Subcommittee

**From:** Michelle Deister Legislative Fiscal Office  
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**Date:** May 30, 2013

**Subject:** Oregon Department of Energy – HB 5011  
Work Session Recommendations

## Department of Energy HB 5011 – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
General Fund	0	0	0	0
Lottery Funds	516,894	2,164,185	2,166,050	2,166,050
Other Funds	24,549,756	36,440,507	34,854,421	36,766,495
Federal Funds	28,793,085	36,845,834	3,086,893	2,939,533
Other Funds NL	172,002,020	171,915,239	176,018,807	176,018,807
Federal Funds NL	0	1	1	1
<b>Total Funds</b>	<b>\$225,861,755</b>	<b>\$247,365,766</b>	<b>\$216,126,172</b>	<b>\$217,890,886</b>
Positions	130	130	108	115
FTE	120.08	119.81	105.57	114.02

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Department of Energy. It contains the following:

- The Legislative Fiscal Office is recommending a total funds budget of \$217,890,886 and 115 positions (114.02 FTE) for the Oregon Department of Energy (ODOE).
- The recommended budget includes the following:
  - Eliminating two positions that were formerly funded with grant revenue that is no longer sufficient for that purpose (Package 070);
  - Standard statewide reductions to achieve administrative savings (Package 091) and savings in agency PERS rates (Package 092 and 093);
  - Moving positions existing positions among divisions to maximize existing staffing resources (Package 090);
  - 4.84 FTE and associated services and supplies dedicated to projects and objectives associated with the Governor's 10-year energy plan (Package 101);
  - 2.52 FTE for Energy Incentive program support;

- Implicit approval of fee increases for Energy Incentive Programs, totaling approximately \$650,000 in new revenue; see attachment following this memo);
- 3.00 FTE to support work related to energy facility siting.
- Technical adjustments to correct for errors in Governor's budget development.

**Adjustments to Current Service Level:**

The Legislative Fiscal Office recommends the following adjustments to current service level (all totals are presented on an agency-wide – not agency division – level):

- A decrease of 2.00 FTE, -\$193,661 Other Funds, and -\$184,881 Federal Funds, attributable to Package 070 (see page 3 of the work session presentation report);
- An increase of \$110,109 Other Funds and 0.25 FTE, and a decrease of \$51,668 Federal Funds, attributable to Policy Option Package 090 (see pages 4, 10, and 20 of the work session presentation report). This package moves positions from the energy policy division to Siting and Energy Development Services divisions and corrects an error in the personnel inventory control system.
- A decrease of \$251,089 Other Funds and a decrease of \$2,162 Federal Funds attributable to package 091 (see page 26 of the work session presentation report). This package is related to administrative efficiencies in finance, information technology, human services, accounting, payroll and procurement expenditures that the Department of Administrative Services is working with agencies to achieve.
- A decrease of \$53,337 Other Funds and a decrease of \$4,590 Federal Funds, attributable to package 092 (see pages 5, 11, 16, 21, and 27 of the work session presentation report). The package reflects the policy change in SB 822 that eliminates 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.
- A decrease of \$427,190 Other Funds and a decrease of \$36,671 Federal Funds attributable to package 093 (see pages 6, 12, 17, 22, and 28 of the work session presentation report). This package reflects the policy change in SB 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System, and administrative actions of the PERS Board as directed by a budget note.
- An increase of \$1,232,015 Other Funds, \$174,012 Federal Funds 4 positions, and 4.84 FTE attributable to Package 101 – 10 Year Energy Planning (see page 7,13, and 23 of the work session presentation report). The LFO recommendation for package 101 provides for the following:
  - A permanent position dedicated to residential energy efficiency;
  - The addition of 0.84 FTE to an existing position to provide a permanent full time position dedicated to evaluating energy efficiency improvements in the Cool Schools program (technical expertise);
  - Continuation of a position established during the 2011-13 biennium to provide financing and pro-forma expertise to school districts contemplating or undertaking energy efficiency projects as part of the Cool Schools program (financial services). This position is recommended as permanent;

- A limited duration position related to analysis and planning for converting public and private transportation fleets to alternative fuel technologies, pursuant to the Governor's 10-year energy plan; and
  - Continuation of the Governor's Energy Policy Advisor on a limited duration basis for the 2013-15 biennium.
- An increase of \$447,060 Other Funds and 3 positions (2.52 FTE) attributable to Package 201 – Energy Incentives Programs (see page 14 of the work session presentation report). The Legislative Fiscal Office Recommendation consists of a Permanent administrative services position, a permanent technical analysis position, and a permanent 0.52 FTE position associated with biomass credit evaluation.
  - An increase of \$1,027,091 Other Funds and 3 positions (3.00 FTE) attributable to Package 401 – Energy Facility Siting (see page 24 of the work session presentation report). The Legislative Fiscal Office recommends that two of the positions – a siting project officer and an Operations and Policy Analyst 4 position that ensures consistency in staff work, interpretation and of rules and standards, and contested case preparation -- be permanent, while a Fiscal Analyst 2 position related to billing of siting services and cost recovery on behalf of other agencies be approved as limited duration.
  - An increase of \$21,076 Other Funds and an decrease of \$41,400 Federal Funds attributable to Package 810 – LFO Analyst Adjustments (see pages 8 and 18 of the work session presentation report). These changes align funding for a position in the Nuclear Safety division to the correct fund type and correct an error that occurred with the Personnel Inventory Control System during budget development.

**Accept LFO Recommendation**

*Move the LFO recommendation to HB 5011.*

**Performance Measures**

See attached “Legislatively Proposed 2013-15 Key Performance Measures” form. The Legislative Fiscal Office is recommending that KPM 1 be revised to reflect the new Energy Incentive Programs, as well as the phase out of the BETC program, and that customer service and application processing targets be approved for the 2013-15 biennium. The Legislative Fiscal Office is also recommending that ODOE develop a measurement relating to the Planning, Policy, and Technical Analysis division.

**Accept LFO Recommendation**

*Move the LFO recommendation on Key Performance Measures*

**Recommended Changes to Appropriation Bill:**

The Legislative Fiscal Office recommends a budget of \$2,166,050 Lottery Funds, \$36,766,495 Other Funds, \$2,939,533 Federal Funds, and 115 positions (114.02 FTE) and that *House Bill 5011* be amended accordingly.

*Move to amend HB 5011 with the following changes:*

**Section 1**

Delete lines 5-7 and renumber remaining sections.

**Section 2**

Line 9: Delete [\$47,308,983] and insert **“\$36,766,495”**

**Section 3**

Line 14: Delete [\$3,437,724] and insert **“\$2,166,050”**

**Section 4**

Line 20: Delete [\$2,980,933] and insert **“\$2,939,533”**

**HB 5011 Final Subcommittee Action:**

***Final Motion:***

**If changed the bill requires changes**

*Move HB 5011 to the full committee with a “do pass” recommendation, as amended.*

## Attachment A: Current and Proposed Energy Incentive Program Fees

	Renewable	SPP	Conservation	Transportation	BETC	BIOMASS
<b>Application Fee</b>	<del>\$200</del> \$500	Informational filing fee: <del>\$60</del> \$100	<del>\$200</del> \$500	<del>\$200</del> \$500		\$100
<b>Technical Review Fee</b>	1.05% of project costs (max. fee \$7,500)		.055% of project cost			Up to <del>1.0%</del> 2.5% of requested tax credit amount
<b>Amendment Fee*</b>	\$300		\$300		(existing fee: \$300)	
<b>Final Review Fee</b>		<del>.05%</del> -.055% of project cost				
<b>Pass-Through Fee w/ assistance</b>		1.25% of tax credit amount (Max. fee <del>\$25,000</del> )(NO CAP) \$100/tax certificate issued			Up to 0.25% of tax credit amount (max. fee \$25,000; \$100 minimum)	
<b>Pass-Through Fee w/o assistance</b>		<del>\$100</del> \$200/tax certificate issued			\$100/tax certificate issued	
<b>Pass-Through Transfer Fee (after tax certificate issued)</b>		\$200+\$100 per tax certificate issued				
<b>Re-inspection Fee</b>	\$400					

*LFO Note: 2013-15 fee increases for ODOE are expressed in blue. Increases in Pass-Through fees and the Re-inspection fee require approval of HB 5012; the Department of Energy has statutory authority to recover costs associated with its energy incentive programs; Approval of the LFO recommendation would approve fee increases as in blue, above.*

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	2,088,439	31,477,822	36,736,670	171,915,239	1	242,218,171	127	113.23
2011-13 Ebds, SS & Admin Act	-	75,746	4,962,685	109,164	-	-	5,147,595	3	6.58
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	2,164,185	36,440,507	36,845,834	171,915,239	1	247,365,766	130	119.81
<b>2011-13 Leg Approved Budget (Base)</b>	-	2,164,185	35,726,832	36,845,834	171,915,239	1	246,652,091	128	118.73
Summary of Base Adjustments	-	1,865	80,669	(719,571)	4,106,723	-	3,469,686	(20)	(13.16)
<b>2013-15 Base Budget</b>	-	2,166,050	35,807,501	36,126,263	176,021,962	1	250,121,777	108	105.57
010: Non-PICS Pers Svc/Vacancy Factor	-	-	20,965	(18,820)	-	-	2,145	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(1,865,214)	(32,880,121)	-	-	(34,745,335)	-	-
030: Inflation & Price List Adjustments	-	-	711,778	38,962	(3,155)	-	747,585	-	-
050: Fundshifts and Revenue Reductions	-	-	179,391	(179,391)	-	-	-	-	-
<b>2013-15 Current Service Level</b>	-	2,166,050	34,854,421	3,086,893	176,018,807	1	216,126,172	108	105.57
070: Revenue Reductions/Shortfall	-	-	(193,661)	(184,881)	-	-	(378,542)	(2)	(2.00)
<b>Adjusted 2013-15 Current Service Level</b>	-	2,166,050	34,660,760	2,902,012	176,018,807	1	215,747,630	106	103.57
<b>Total LFO Recommended Packages</b>	-	-	2,105,735	37,521	-	-	2,143,256	9	10.45
<b>2013-15 Legislative Actions</b>	-	2,166,050	36,766,495	2,939,533	176,018,807	1	217,890,886	115	114.02
Net change from 2011-13 Leg Approved Budget	-	1,865	325,988	(33,906,301)	4,103,568	-	(29,474,880)	(15)	(5.79)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.1%	0.9%	(92.0%)	2.4%	0.0%	(11.9%)	(11.5%)	(4.8%)
Net change from 2013-15 Current Service Level	-	-	2,105,735	37,521	-	-	2,143,256	9	10.45
Percent change from 2013-15 Current Service Level	0.0%	0.0%	6.1%	1.3%	0.0%	0.0%	1.0%	8.5%	10.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	7,611,383	1,313,552	-	-	8,924,935	29	28.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	7,611,383	1,313,552	-	-	8,924,935	29	28.00
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	7,611,383	1,313,552	-	-	8,924,935	29	28.00
Summary of Base Adjustments	-	-	(27,903)	(2,701)	-	-	(30,604)	(1)	(1.68)
<b>2013-15 Base Budget</b>	-	-	7,583,480	1,310,851	-	-	8,894,331	28	26.32
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(3,207)	(32,281)	-	-	(35,488)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(342,411)	-	-	-	(342,411)	-	-
030: Inflation & Price List Adjustments	-	-	85,473	23,773	-	-	109,246	-	-
050: Fundshifts and Revenue Reductions	-	-	180,692	(180,692)	-	-	-	-	-
060: Technical Adjustments	-	-	(900,656)	(16,695)	-	-	(917,351)	-	-
<b>2013-15 Current Service Level</b>	-	-	6,603,371	1,104,956	-	-	7,708,327	28	26.32
070: Revenue Reductions/Shortfall	-	-	(193,661)	(184,881)	-	-	(378,542)	(2)	(2.00)
<b>Adjusted 2013-15 Current Service Level</b>	-	-	6,409,710	920,075	-	-	7,329,785	26	24.32
<b>Total LFO Recommended Packages</b>	-	-	392,040	(837)	-	-	391,203	(1)	0.68
<b>2013-15 Legislative Actions</b>	-	-	6,801,750	919,238	-	-	7,720,988	25	25.00
Net change from 2011-13 Leg Approved Budget	-	-	(809,633)	(394,314)	-	-	(1,203,947)	(4)	(3.00)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	(10.6%)	(30.0%)	0.0%	0.0%	(13.5%)	(13.8%)	(10.7%)
Net change from 2013-15 Current Service Level	-	-	392,040	(837)	-	-	391,203	(1)	0.68
Percent change from 2013-15 Current Service Level	0.0%	0.0%	6.1%	(0.1%)	0.0%	0.0%	5.3%	(3.8%)	2.8%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 070 Revenue Shortfalls**

Package Description This package eliminates two positions and associated expenditure limitation to match expenditures with available revenue. These two positions had formerly been funded with Federal and Other Funds grant revenues. Grants are no longer sufficient to fund the positions.

LFO Recommendation Approve.

LFO Recommended	-	-	(193,661)	(184,881)	-	-	(378,542)	(2)	(2.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 090 Analyst Adjustments**

Package Description Package 090 moves two Operations and Policy Analyst III positions from the Energy Policy Division to the Siting Division and Energy Development Services (respectively), to maximize existing personnel resources with workload needs across the various departmental units.

LFO Recommendation Approve.

LFO Analyst Notes

LFO Recommended	-	-	(374,052)	-	-	-	(374,052)	(2)	(2.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 092 PERS Taxation Policy**

Package Description This package reflects the policy change in SB 822 that eliminates the increased retirement benefits resulting from the 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%.

LFO Recommendation Approve.

LFO Recommended	-	-	(6,256)	(93)	-	-	(6,349)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 093 Other PERS Adjustments**

Package Description 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%.

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%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(49,988)	(744)	-	-	(50,732)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 10 Year Energy Planning**

Package Description This package proposes to add two permanent Policy Analyst Three positions funded through Energy Supplier Assessment revenue as follows:

One position dedicated to residential energy efficiency. This position would provide the expertise related to weatherization projects for the Residential Energy Tax Credit, the State Home Oil Weatherization program, and rental weatherization tax credit programs, including evaluating projects to see if they qualify, as well as policy advice on what residential energy efficiency projects provide the appropriate incentive to outcome ratio.

A position related to converting transportation fleets to alternative fuel technologies. This position would inventory public and private vehicle fleets as to fleet location, fueling and infrastructure needs, try to determine whether suitable fuel alternatives were available and workable, and what incentives would be necessary to spur conversion of fleets from conventional to alternative fuels.

The package also proposes to add 0.84 FTE (funded through the Energy Supplier Assessment) to an existing part time permanent 0.16 FTE position. This change would provide permanent position authority for a Policy Analyst position dedicated to evaluating proposed energy efficiency improvements in the Cool Schools program. The Department is currently double filling an existing position to provide this analytical capacity. It is anticipated that this position would also work on development of the building innovation lab project proposed in the Governor's 10-year energy plan. The Building Innovation Lab would analyze existing data related to state (and eventually other public sector) buildings to evaluate and advise on opportunities for energy efficiency improvements.

The package includes expenditure limitation for IT system enhancements and planning for agency databases.

LFO Recommendation Approve as modified: \$300,000 in OF Services and Supplies expenditure limitation were moved from the Administration SCR to properly reflect the agency department in which database and data related analysis expenditures are anticipated to take place. The Legislative Fiscal Office recommends that the position related to fleet conversion be approved as limited duration, and that the Department return in 2015-17 with specific examples of accomplishments and plans to support the continuation of the position in future biennia.

<b>LFO Recommended</b>	-	-	<b>842,660</b>	-	-	-	<b>842,660</b>	<b>2</b>	<b>2.84</b>
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 810 LFO Analyst Adjustments**

Package Description This package makes a technical adjustment to a position in the Energy Policy Division to account for issues experienced during the PICS roll during budget development.

LFO Recommendation Approve.

LFO Analyst Notes Position # 0031003 had two base segments and should only have had one.

LFO Recommended	-	-	(20,324)	-	-	-	(20,324)	(1)	(0.16)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	2,088,439	8,730,697	33,850,041	171,915,239	1	216,584,417	39	27.67
2011-13 Ebds, SS & Admin Act	-	75,746	4,249,010	109,164	-	-	4,433,920	1	5.50
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	2,164,185	12,979,707	33,959,205	171,915,239	1	221,018,337	40	33.17
<b>2011-13 Leg Approved Budget (Base)</b>	-	2,164,185	12,979,707	33,959,205	171,915,239	1	221,018,337	40	33.17
Summary of Base Adjustments	-	1,865	(290,056)	(796,975)	4,106,723	-	3,021,557	(16)	(9.92)
<b>2013-15 Base Budget</b>	-	2,166,050	12,689,651	33,162,230	176,021,962	1	224,039,894	24	23.25
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(20,775)	10,766	-	-	(10,009)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(1,387,803)	(32,880,121)	-	-	(34,267,924)	-	-
030: Inflation & Price List Adjustments	-	-	222,588	-	(3,155)	-	219,433	-	-
060: Technical Adjustments	-	-	(219,442)	-	-	-	(219,442)	-	-
<b>2013-15 Current Service Level</b>	-	2,166,050	11,284,219	292,875	176,018,807	1	189,761,952	24	23.25
<b>Adjusted 2013-15 Current Service Level</b>	-	2,166,050	11,284,219	292,875	176,018,807	1	189,761,952	24	23.25
<b>Total LFO Recommended Packages</b>	-	-	617,878	150,874	-	-	768,752	5	4.77
<b>2013-15 Legislative Actions</b>	-	2,166,050	11,902,097	443,749	176,018,807	1	190,530,704	29	28.02
Net change from 2011-13 Leg Approved Budget	-	1,865	(1,077,610)	(33,515,456)	4,103,568	-	(30,487,633)	(11)	(5.15)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.1%	(8.3%)	(98.7%)	2.4%	0.0%	(13.8%)	(27.5%)	(15.5%)
Net change from 2013-15 Current Service Level	-	-	617,878	150,874	-	-	768,752	5	4.77
Percent change from 2013-15 Current Service Level	0.0%	0.0%	5.5%	51.5%	0.0%	0.0%	0.4%	20.8%	20.5%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 090 Analyst Adjustments**

Package Description Package 090 moves a position from the Energy Policy division to the Development Services division in an effort to maximize existing staffing resources by aligning them with the workload across various agency divisions. In addition, the package corrects for an error in the personnel control information system by adding .25 permanent FTE to a position which was not properly accounted for during the PICS roll, at a cost of \$58,441 OF.

The Governor's budget also proposed \$10 million in funding from Lottery Bond proceeds for two separate purposes: \$5 million for the Small Scale Energy Loan program to meet projected shortfalls in debt service payments anticipated in the 2015-17 biennium; and \$5 million for a Home Energy Efficiency Program, in support of the Governor's 10 - year energy plan. The Home Energy Efficiency Program expenditures support financing of the up-front costs to consumers of home energy efficiency improvements that result from energy efficiency assessments and improvements performed by an approved list of qualified contractors.

LFO Recommendation Approve as modified. The LFO recommendation removes expenditure limitation associated with bond proceeds, cost of issuance and debt service. Should bonds for these purposes ultimately be approved as part of SB 5506, additional expenditure limitation for bond proceeds, cost of issuances and debt service can be added to the agency's budget in the "End of Session" bill.

LFO Recommended	-	-	230,547	-	-	-	230,547	1	1.25
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 092 PERS Taxation Policy**

Package Description 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%.

LFO Recommendation Approve.

LFO Recommended	-	-	(13,977)	(2,574)	-	-	(16,551)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 093 Other PERS Adjustments**

Package Description 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%.

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%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(111,682)	(20,564)	-	-	(132,246)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 10 Year Energy Planning**

Package Description This package continues one position established in 2011-13 to provide financing and pro-forma expertise to school districts that are contemplating or undertaking energy efficiency projects in the Cool Schools program. Funding for the position is provided through the State Energy Program grant received from the federal Department of Energy and from Other Funds fees for service.

LFO Recommendation Approve.

LFO Recommended	-	-	65,930	174,012	-	-	239,942	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 201 Energy Incentives Program**

Package Description This package provides permanent staffing resources for the Energy Incentives programs, as follows:  
A Program Analyst Two position to evaluate and score applications associated with renewable energy incentives; An Operations and Policy Analyst Two position dedicated to evaluation of biomass applications, and to facilitating tax credit pass throughs/transfers; and an Administrative Specialist position to ready applications and data for technical evaluation.

LFO Recommendation Approve.

LFO Recommended	-	-	447,060	-	-	-	447,060	3	2.52
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	558,468	1,496,565	-	-	2,055,033	6	6.00
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	558,468	1,496,565	-	-	2,055,033	6	6.00
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	558,468	1,496,565	-	-	2,055,033	6	6.00
Summary of Base Adjustments	-	-	24,374	68,350	-	-	92,724	-	-
<b>2013-15 Base Budget</b>	-	-	582,842	1,564,915	-	-	2,147,757	6	6.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(55)	3,837	-	-	3,782	-	-
030: Inflation & Price List Adjustments	-	-	7,868	14,879	-	-	22,747	-	-
060: Technical Adjustments	-	-	5,535	(9,131)	-	-	(3,596)	-	-
<b>2013-15 Current Service Level</b>	-	-	596,190	1,574,500	-	-	2,170,690	6	6.00
<b>Adjusted 2013-15 Current Service Level</b>	-	-	596,190	1,574,500	-	-	2,170,690	6	6.00
<b>Total LFO Recommended Packages</b>	-	-	32,464	(66,598)	-	-	(34,134)	-	-
<b>2013-15 Legislative Actions</b>	-	-	628,654	1,507,902	-	-	2,136,556	6	6.00
Net change from 2011-13 Leg Approved Budget	-	-	70,186	11,337	-	-	81,523	-	-
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	12.6%	0.8%	0.0%	0.0%	4.0%	0.0%	0.0%
Net change from 2013-15 Current Service Level	-	-	32,464	(66,598)	-	-	(34,134)	-	-
Percent change from 2013-15 Current Service Level	0.0%	0.0%	5.4%	(4.2%)	0.0%	0.0%	(1.6%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 092 PERS Taxation Policy**

Package Description 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%.

LFO Recommendation Approve.

LFO Recommended	-	-	(882)	(2,803)	-	-	(3,685)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 093 Other PERS Adjustments**

Package Description 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%.

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%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(8,054)	(22,395)	-	-	(30,449)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 810 LFO Analyst Adjustments**

Package Description This package adjusts limitation to properly reflect the amount of Federal Funds and Other Funds expenditure limitation attributable to a position in the Nuclear Safety division. This package nets to \$0, and has no bearing on Energy Supplier Assessment collections or expenditures.

LFO Recommendation Approve.

LFO Analyst Notes Too much FF were budgeted for position 3012006 (PA3). This change aligns fund type with execution.

LFO Recommended	-	-	41,400	(41,400)	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	4,260,266	-	-	-	4,260,266	10	10.00
2011-13 Ebds, SS & Admin Act	-	-	713,675	-	-	-	713,675	2	1.08
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	4,973,941	-	-	-	4,973,941	12	11.08
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	4,260,266	-	-	-	4,260,266	10	10.00
Summary of Base Adjustments	-	-	215,729	-	-	-	215,729	-	-
<b>2013-15 Base Budget</b>	-	-	4,475,995	-	-	-	4,475,995	10	10.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	35,153	-	-	-	35,153	-	-
030: Inflation & Price List Adjustments	-	-	105,988	-	-	-	105,988	-	-
060: Technical Adjustments	-	-	(46,369)	-	-	-	(46,369)	-	-
<b>2013-15 Current Service Level</b>	-	-	4,570,767	-	-	-	4,570,767	10	10.00
<b>Adjusted 2013-15 Current Service Level</b>	-	-	4,570,767	-	-	-	4,570,767	10	10.00
<b>Total LFO Recommended Packages</b>	-	-	1,136,259	-	-	-	1,136,259	4	4.00
<b>2013-15 Legislative Actions</b>	-	-	5,707,026	-	-	-	5,707,026	14	14.00
Net change from 2011-13 Leg Approved Budget	-	-	733,085	-	-	-	733,085	2	2.92
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	14.7%	0.0%	0.0%	0.0%	14.7%	16.7%	26.4%
Net change from 2013-15 Current Service Level	-	-	1,136,259	-	-	-	1,136,259	4	4.00
Percent change from 2013-15 Current Service Level	0.0%	0.0%	24.9%	0.0%	0.0%	0.0%	24.9%	40.0%	40.0%



	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 090 Analyst Adjustments**

Package Description This package reflects the movement of a position from the Energy Policy division to the siting division, to align existing staffing resources with work load across divisions.

LFO Recommendation Approve.

LFO Recommended	-	-	201,946	-	-	-	201,946	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 092 PERS Taxation Policy**

Package Description 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%.

LFO Recommendation Approve.

LFO Recommended	-	-	(10,320)	-	-	-	(10,320)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 093 Other PERS Adjustments**

Package Description 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%.

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%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(82,458)	-	-	-	(82,458)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 10 Year Energy Planning**

Package Description The Governor's budget included \$500,000 for landscape level planning for energy facility siting and for habitat mitigation banking. Shortly before the Department of Energy appeared for its Phase II budget hearing, the Governor's Energy Policy Advisor called to request that this package could be a better fit within the ODFW budget, which has direct involvement and experience in mitigation banking.

LFO Recommendation The Legislative Fiscal Office recommends that funding for this project be removed from the Department of Energy's budget, and that the package be evaluated in the context of priorities related to the budget for ODFW.

<b>LFO Recommended</b>	-	-	-	-	-	-	-	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 401 Energy Facility Siting**

Package Description This package makes permanent two positions -- a Utility and Energy Analyst 2 (project officer) and a Operations and Policy Analyst 4 (ensuring consistency in staff work, interpretation of rules and standards, and contested case preparation) -- approved at the May 2012 meeting of the Emergency Board. Further, the package adds a Fiscal Analyst 2 position to facilitate timely billing of siting services and cost recovery on behalf of other state agencies.

LFO Recommendation Approve as modified: The legislative fiscal office recommends that the requested Fiscal Analyst Two position be approved as limited duration, and that the Department of Energy provide data that demonstrate the volume and permancy of cost recovery efforts on behalf of other agencies when requesting continuation of the position in future biennia.

LFO Recommended	-	-	1,027,091	-	-	-	1,027,091	3	3.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<b>2011-13 Agy. Leg. Adopted</b>	-	-	10,317,008	76,512	-	-	10,393,520	43	41.56
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
<b>2011-13 Leg Approved Budget</b>	-	-	10,317,008	76,512	-	-	10,393,520	43	41.56
<b>2011-13 Leg Approved Budget (Base)</b>	-	-	10,317,008	76,512	-	-	10,393,520	43	41.56
Summary of Base Adjustments	-	-	158,525	11,755	-	-	170,280	(3)	(1.56)
<b>2013-15 Base Budget</b>	-	-	10,475,533	88,267	-	-	10,563,800	40	40.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	9,849	(1,142)	-	-	8,707	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(135,000)	-	-	-	(135,000)	-	-
030: Inflation & Price List Adjustments	-	-	289,861	310	-	-	290,171	-	-
050: Fundshifts and Revenue Reductions	-	-	(1,301)	1,301	-	-	-	-	-
060: Technical Adjustments	-	-	1,160,932	25,826	-	-	1,186,758	-	-
<b>2013-15 Current Service Level</b>	-	-	11,799,874	114,562	-	-	11,914,436	40	40.00
<b>Adjusted 2013-15 Current Service Level</b>	-	-	11,799,874	114,562	-	-	11,914,436	40	40.00
<b>Total LFO Recommended Packages</b>	-	-	(72,906)	(45,918)	-	-	(118,824)	1	1.00
<b>2013-15 Legislative Actions</b>	-	-	11,726,968	68,644	-	-	11,795,612	41	41.00
Net change from 2011-13 Leg Approved Budget	-	-	1,409,960	(7,868)	-	-	1,402,092	(2)	(0.56)
Percent change from 2011-13 Leg Approved Budget	0.0%	0.0%	13.7%	(10.3%)	0.0%	0.0%	13.5%	(4.7%)	(1.3%)
Net change from 2013-15 Current Service Level	-	-	(72,906)	(45,918)	-	-	(118,824)	1	1.00
Percent change from 2013-15 Current Service Level	0.0%	0.0%	(0.6%)	(40.1%)	0.0%	0.0%	(1.0%)	2.5%	2.5%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 091 Statewide Administrative Savings**

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor’s 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation Approve.

LFO Recommended	-	-	(251,089)	(2,162)	-	-	(253,251)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 092 PERS Taxation Policy**

Package Description 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%.

LFO Recommendation Approve.

LFO Recommended	-	-	(21,902)	880	-	-	(21,022)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 093 Other PERS Adjustments**

Package Description 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%.

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%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation Approve.

LFO Recommended	-	-	(175,008)	7,032	-	-	(167,976)	-	-
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Administrative Services

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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**Package 101 10 Year Energy Planning**

Package Description This package provides for continuation of the Governor's Energy Policy Advisor, as a limited duration position.

LFO Recommendation Approve as modified: \$300,000 in OF Services and Supplies expenditure limitation were moved from the Administration SCR to properly reflect the agency department in which database and data related analysis expenditures are anticipated to take place.

LFO Recommended	-	-	323,425	-	-	-	323,425	1	1.00
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## Legislatively Proposed 2013-2015 Key Performance Measures

**Agency: ENERGY, DEPARTMENT of**

Mission: The mission of the ODOE 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.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
1 a - ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings; Total Savings.		Approved KPM	161,565.00		
1 b - ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings; Business Energy Tax Credits.		Approved KPM	97,297.00		
1 c - ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings; Residential Energy Tax Credits.		Approved KPM	2,099.00		
1 d - ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings; Small-Scale Energy Loan Program.		Approved KPM	2,184.00		
1 e - ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings; State Energy Efficiency Design.		Approved KPM	1,173.00		
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM	87.00	95.00	95.00
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM	83.00	95.00	95.00

**Agency: ENERGY, DEPARTMENT of**

Mission: The mission of the ODOE 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.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2014	Target 2015
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM	86.00	95.00	95.00
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM	84.00	95.00	95.00
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM	86.00	95.00	95.00
2 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM	85.00	95.00	95.00
3 a - APPLICATION PROCESSING - Percent of applications reviewed and approved within administrative or statutory deadlines for Energy Facility Siting.		Approved KPM	100.00	100.00	100.00
3 b - APPLICATION PROCESSING - Percent of applications reviewed and approved within administrative or statutory deadlines for Energy Incentive Programs.		Approved KPM	93.40	100.00	100.00
3 c - APPLICATION PROCESSING - Percent of applications reviewed and approved within administrative or statutory deadlines for Residential Energy Tax Credits.		Approved KPM	99.10		

**LFO Recommendation:**

The Legislative Fiscal Office recommends that KPM 1 and its targets be revised to reflect the Phase Out of the Business Energy Tax Credit program, and to reflect the new Energy Incentive Programs, as follows:

KPM 1: ENERGY SAVINGS - Annual energy savings in number of households that could be powered as a result of energy savings.

1a) Total Savings: 130,000

1b) Energy Incentives (BETC, EIP, RETC, SHOW): 125,500

1c) Small-scale Energy Loan Program: 2,500

1d) Public Buildings (SEED, Schools, Industrial): 2,000

The Legislative Fiscal Office recommends the following targets :

KPM #2 - Customer Service: 95%

KPM #3 - Application Processing: 100%

LFO also recommends that Department of Energy work with the Legislative Fiscal Office over the interim to develop a performance measure related to the Planning, Policy and Technical Analysis division, for evaluation during the 2015-17 budget cycle.

**Sub-Committee Action:**