2013-15 GOVERNOR'S BALANCED BUDGET

REDUCTION OPTIONS

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
	(DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2011-13 AND 2013-15)	**(GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)**	**(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)**
1. Agency-Wide Reduction Reduce Miscellaneous S&S	**Cost/Benefit Determination:** Agency-wide reductions will be made in Services and Supplies categories. These reductions will result from continued diligence in evaluating expenditures to those absolutely critical to operation. The following are likely areas for additional reduction: • Travel • Training • Subscriptions • Professional Services	**Benefit Obtained: OF** **$715,072**	**Rank # 1** **Methodology:** PUC will commit to reduce through more stringent evaluation, the affect of service and supplies expenditures. Many PUC expenditures are necessary over the long term to ensure staff has the latest information about trends in the utility industry regulation; however, some expenditures may be able to be bypassed for a biennium while retaining the ability to "catch-up" knowledge and skills in the future. PUC believes that Services and Supplies should be reduced before staff is reduced.

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2. **Administration Program**	**Cost/Benefit Determination**:	**Benefit Obtained: OF**	**Rank # 2**
Administration **Office Specialist 2 (.5 FTE)** The Administration Office Specialist responds to staff and public needs by receiving visitors and directing them to the appropriate locations. They answer questions with general information to public in person or by telephone. Staff is required to provide time in copying of files, docketing and archiving cases. Staff answers customer questions, phone calls, complaints, routes information, serves the public with case information and doing all office routine obligations. The proposed reduction is to eliminate one part-time worker. Potential savings $68,112. No change in statutes would be needed to eliminate this activity.	Office Specialist 2 (.5 FTE) Salary + OPE $68,112 **Impact on Business:** The reduction of part-time worker from this section will increase the amount of time it takes to resolve the needs of the public and staff in a timely manner. The time it takes to copy, file or prepare cases for archiving will be interrupted by phone calls, personal visits from the public or from any agency requiring our service. The part-time worker acts as a front office receptionist and relieves some of the heavy duty workload that is put upon the Legal Secretaries and other Office Specialists by helping with closing of cases, copying extensive paper needs, helping with phones, customers and other staff members. Reducing the part-time position for the front office will result in a steady delay of completion of daily duties in a timely manner.	**$68,112**	**Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies).

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3. **Utility Program**	**Cost/Benefit Determination:**	**Benefit Obtained: OF**	**Rank: #3**
Utility Service Territory Allocation **Utility Analyst 1 (.5 FTE)** The purpose of this activity is to preserve the integrity of the PUC's territory allocations. Specific activities include: • Reviewing applications for allocation of territory to ensure they are consistent with existing allocations. • Maintaining and updating maps and other descriptions of allocated territory. • Researching and responding to questions about authority to serve specific geographic areas or customers.	Utility Analyst 1 (.5 FTE) Salary + OPE $63,889 **Impact on Utilities and Customers:** The PUC is authorized to allocate utility service territory in order to *"eliminate or avoid unnecessary duplication of facilities"* and to *"promote the efficient and economic use and development and the safety of operation"* of utility systems. (ORS 758.405 and 758.415) The agency's decisions on allocation of territory are documented in numerous orders on individual applications and on maps showing territory boundaries. Eliminating the staff activities listed above would: • Create substantial uncertainty about rights to serve customers throughout the state, as the agency's maps become more and more dated.	**$63,889**	**Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies).

No change in statutes would be needed to eliminate these activities. (PUC authority to allocate service territory would **not** be eliminated.)	• Impose significant administrative costs on 1) applicants to demonstrate that their requests for allocated territory do not conflict with existing allocations, and 2) utilities to monitor applications and ensure that there is no encroachment on their allocated service territories. • Potentially lead to unnecessary duplication of facilities and unsafe operating conditions if there are mistakes in the allocation process.		
4. Utility Program **Natural Gas Pricing and Supply** **Utility Analyst 3 (.5 FTE)** The purpose of this activity is to assess trends and forecasts of natural gas prices and the gas purchasing practices of the regulated natural gas utilities.	**Cost/Benefit Determination:** Utility Analyst 3 (.5 FTE) Salary + OPE $114,108 **Impact on Customers:** Elimination of ½ FTE of this position would reduce the agency's ability to ensure that natural gas companies purchase gas at the lowest cost and risk	**Benefit Obtained: OF** **$114,108**	**Rank: # 4** **Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical?

No change in statutes would be needed to eliminate this activity.	for customers. As a result, Oregonians could pay higher natural gas costs than otherwise.		• Will function get done? • Span of control (efficiencies). • Will position/history be lost?
5. <u>Utility Program</u> **<u>Regional Energy Policy</u>** **Utility Analyst 3 (.5 FTE)** The purpose of this activity is to track and participate in the development of regional and national electricity policies that could affect the price and supply of electricity in Oregon. Specific activities include: • Planning for new high-voltage transmission lines, primarily to access renewable resources in remote areas. • Development of wholesale electricity pricing policies. • Development of regional and national power	**<u>Cost/Benefit Determination:</u>** Utility Analyst 3 (.5 FTE) Salary + OPE $86,052 **Impact on Customers:** Elimination of ½ FTE of this position would result in less Commission influence on transmission planning, the structure and operation of wholesale electricity markets, and the reliability of the electric grid. As a consequence, Oregonians could pay higher electricity rates and receive less reliable service than they would otherwise.	**<u>Benefit Obtained: OF</u>** **$86,052**	**<u>Rank: # 5</u>** **<u>Methodology:</u>** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

system reliability standards. No change in statutes would be needed to eliminate this activity.			
6. <u>Residential Service Protection Fund: Oregon Telephone Assistance Program.</u> The RSPF Program currently provides $3.50 per OTAP recipient as part of the telephone subsidy program for low-income individuals. The proposed cost reduction for the OTAP program would be to reduce the state contribution by $2.32, which would result in a contribution of $1.18 per recipient. Potential savings from this reduction is $2,313,418 As a result of the reduction, the RSPF Program would need to examine and possibly reduce the $0.12 surcharge on telecommunication subscribers.	**<u>Cost/Benefit Determination:</u>** **Impact on the Customers:** Reduction of $2.32 per subscriber line will reduce the amount of support for each customer from $13.50 to $11.18. It will impact low-income Oregonians' ability to maintain payment for basic phone services. The proposed cost reduction for the OTAP program would be to reduce the state contribution to $1.18 per recipient. At this time the federal match would be reduced by $0.58. Potential savings from this reduction is $2,313,418.	**<u>Benefit Obtained: OF</u>** **$2,313,418**	**<u>Rank: # 6</u>** **<u>Methodology</u>:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

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7. Administration	**Cost/Benefit Determination:**	**Benefit Obtained: OF**	**Rank # 7**
Business Services **Procurement & Contract Spec 2 (1.0 FTE)** This position is responsible for the PUC's entire contract purchasing activity, personal and trade service contracts, space management and review of some accounting transactions. No change in statutes would be needed to eliminate this activity.	Procurement & Contract Spec 2 (1.0 FTE) Salary + OPE $165,600 **Impact on Agency:** Loss of this position would require that the purchasing, contracting, space management and review functions be reassigned to other positions. Currently, there are no positions at the same level that could absorb the purchasing, contracting or review duties. Reassignment of these duties to a lower-classified position would likely result in an upward position reclassification which would eventually erode the savings.	**$165,600**	**Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

8. Utility Program	Cost/Benefit Determination:	Benefit Obtained: OF	Rank: # 8
Consumer Services **Office Specialist 2** **(1.0 FTE)** The Consumer Services Section responds to inquiries and complaints about Oregon's regulated utility companies. It answers questions, mediates solutions and resolves complaints regarding telephone, electric, natural gas or water service. The proposed reduction is to reduce the staffing by one Administrative Specialist 1. Potential savings $105,576. No change in statutes would be needed to eliminate this activity.	Office Specialist 2 (1.0 FTE) Salary + OPE $105,576 **Impact on Customers**: Eliminating this position would increase the backlog of ongoing cases. This position is the primary generator of complaint files and records for use by the investigators. The volume and complexity of investigations conducted by the Consumer Services staff is currently stretched to keep the backlog from rising above acceptable levels. Consumers would not receive timely responses from the PUC in connection with their disputes and concerns regarding such things as billings, meter readings, and crammed and slammed telecommunications services.	**$105,576**	**Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

9. Utility Program	Cost/Benefit Determination:	Benefit Obtained: OF	Rank # 9
Water Rate Case **Utility Analyst 2 (.5 FTE**) The purpose of this activity is to balance the interests of water utilities and their customers in setting rates for service. No change in statutes would be needed to eliminate this activity.	Utility Analyst 2 (.5 FTE) Salary + OPE $76,752 **Impact on Customers:** This water utility analyst assists utilities and customers in the preparation and review of rate filings, analyzes the filings to determine what costs are reasonably incurred to provide service and what rates should be set to recover those costs, and makes recommendations to the Commission. Because there are only two analysts and their supervisor overseeing rate and service issues for about 80 water companies, loss of ½ FTE of this position would seriously diminish the agency's timeliness in resolving customer issues and establishing reasonable rates for water service.	**$76,752**	**Methodology:** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

10. <u>Utility Program</u> **<u>Consumer Services</u>** **Administrative Specialist (1.0 FTE)** The Consumer Services Section responds to inquiries and complaints about Oregon's regulated utility companies. The position answers questions, mediates solutions, and resolves complaints regarding telephone, electric, natural gas or water service. The proposed reduction is to reduce the staffing by one Administrative Specialist 1. Potential savings $112,006. No change in statutes would be needed to eliminate this activity.	**<u>Cost/Benefit Determination</u>**: Administrative Specialist (1.0 FTE) Salary + OPE $112,006 **Impact on Customers**: The reduction of one position from this section will increase the amount of time it takes to resolve complaints filed by customers. The time elapsed between the time the complaint is filed and its resolution varies dramatically depending upon the nature of the dispute. The Administrative Specialist 1 position is a frontline contact for consumer calling then PUC. This position is critical to the successful operation of Consumer Services as they not only receive incoming complaints; they also work telecom repair and cramming complaints. By reducing the number of Administrative Specialists from three to two, our complaint	**<u>Benefit Obtained: OF</u>** **$112,006**	**<u>Rank # 10</u>** **<u>Methodology:</u>** Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

	backlog will increase significantly. This will delay our ability to resolve customers' complaints in a timely manner and result in lower customer satisfaction ratings.		
11. <u>Administration</u> **<u>Information System Planning</u>** **Info Systems Specialist 7 (1.0 FTE)** The purpose of this activity is to improve the efficiency and effectiveness of agency operation and service through longer-term information systems planning.	**<u>Cost/Benefit Determination</u>**: Info Systems Specialist 7 (1.0 FTE) Salary + OPE $191,952 **Impact on Agency:** Elimination of this position would result in less efficient service and operation over the long run. Software and hardware repairs and corrections would take longer resulting in inefficiency throughout the agency.	**<u>Benefit Obtained: OF</u>** **$191,952**	**<u>Rank: # 11</u>** **<u>Methodology:</u>** The PUC is unable to quantify the cost impact for the majority of the reductions. Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

12. Utility Program	Cost/Benefit Determination	Benefit Obtained: OF	Rank: # 12
Natural Gas Facility Safety **Utility Analyst 2 (1.0 FTE)** The purpose of this activity is to protect utility customers from unsafe operating conditions involving natural gas pipelines and other natural gas facilities. Specific natural gas safety activities include: • Ensuring that natural gas utilities have safety and maintenance programs that comply with US Department of Transportation (DOT) regulations and state statutes. • Inspecting natural gas pipelines and customer service lines. • Regulating liquefied natural gas (LNG) facilities. • Investigating and reporting on accidents.	Utility Analyst 2 (1.0 FTE) OF Salary + OPE $71,635 FF Salary + OPE $107,453 **Impact on Agency:** Natural gas utilities in Oregon operate over 10,000 miles of natural gas lines, as well as two LNG facilities. These facilities, if not constructed, operated, and maintained properly, can pose a substantial hazard to the public through possible leakage of natural gas with potential destruction through fire and explosion. The elimination of this position would probably lead to a loss of federal funding that exceeds the budget savings. The level of federal matching funds is dependent on PUC maintaining a sufficient number of inspectors with proper qualifications, as well as the level of inspection activity and enforcement of federal pipeline safety standards.	**OF $71,635** **FF $107,453**	**Methodology:** The PUC is unable to quantify the cost impact for the majority of the reductions. Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are: • Services and Supplies should be cut before positions. • Is position function critical? • Will function get done? • Span of control (efficiencies). • Will position/history be lost?

No change in statutes would be needed in order to eliminate this position. Natural gas safety activity would be reduced, but not eliminated.	Removing this position would likely cause the Office of Pipeline Safety to determine that the PUC is not in compliance with the agency's certification agreement, and thereby reduce the federal contribution (currently nearly 60 percent of the gas safety program's $500,000 annual cost) by 10 to 30 percent. Some of the tangible results on inspection activity of eliminating this position is: • Less frequent inspections of utility plant by the PUC's safety personnel. • Less ability to develop forward looking or preventive programs regarding utility plant safety, as a greater percentage of staff time would be spent reacting to incidents. The staff has been active in this regard, e.g. bare steel replacement program.		