House Bill 2266

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Governor John A. Kitzhaber, M.D., for Public Utility Commission)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Authorizes Public Utility Commission to prescribe by rule filing date for public utility budgetary and accounting documents.

Specifies that certain provisions are not subject to service regulation of water utilities by commission.

A BILL FOR AN ACT

Relating to public utilities; creating new provisions; and amending ORS 757.061, 757.105 and 757.135.

Be It Enacted by the People of the State of Oregon:

BUDGET FILINGS

SECTION 1. ORS 757.105 is amended to read:

757.105. (1) The Public Utility Commission has the right and power of regulation, restriction and control over the budgets of expenditures of public utilities, as to all items covering:

(a) Proposed payment of salaries of executive officers;

(b) Donations;

(c) Political contributions and political advertising;

(d) Expenditures for pensions or for a trust to provide pensions for employees and officers;

(e) Other expenditures and major contracts for the sale or purchase of equipment; and

(f) Any payment or contemplated payment to any person or corporation having an affiliated interest for service, advice, auditing, associating, sponsoring, engineering, managing, operating, financing, legal or other services.

(2) On or before [*November 1 of each year*] **a date prescribed by the commission by rule,** each public utility shall prepare a budget showing the amount of money which, in its judgment, shall be needed during the ensuing year for covering all such activities and expenditures, and file it with the commission.

(3) When any such budget has been filed with the commission, the commission shall examine into and investigate the same and unless rejected within 60 days thereafter, the proposed budget is presumptively fair and reasonable and not contrary to public interest.

(4) Proposed expenditures for pensions or for a trust to provide pensions for the employees and officers of such utility whether for future service or past service or both, shall be recognized as an operating expense if the trust fund is irrevocably committed to the payment of pensions or benefits to employees and if such pensions are reasonable and nondiscriminatory. The commission may disallow as an operating expense any expenditure for pension purposes in excess of the amount necessary and proper to maintain an actuarially sound retirement plan for the employees of the utility

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

in Oregon.

SECTION 2. ORS 757.135 is amended to read:

757.135. (1) Except as provided in subsection (2) of this section, the accounts required under ORS 757.120 and 757.125 shall be closed annually on December 31 and a balance sheet of that date promptly taken therefrom. On or before [*April 1 following*] **a date prescribed by the Public Utility Commission by rule**, such balance sheet, together with such other information as the [*Public Utility*] commission shall prescribe, verified by an officer of the public utility, shall be filed with the commission.

(2) If a public utility maintains its accounts and records on a fiscal year basis, the accounts required by ORS 757.120 and 757.125 shall be closed annually on the last day of the fiscal year and a balance sheet shall be promptly taken from those accounts. On or before the first day of the fourth month following the end of the public utility's fiscal year, the balance sheet together with such information as the commission shall prescribe must be verified by an officer of the public utility and filed with the commission. The commission may require that a public utility filing information at the time specified in this subsection also file with the commission on a calendar year basis such additional information as may be prescribed by the commission.

(3) The commission may examine and audit any account. Items shall be allocated to the accounts in the manner prescribed by the commission.

SECTION 3. The amendments to ORS 757.105 and 757.135 by sections 1 and 2 of this 2013 Act apply to budgets and balance sheet information required for fiscal years or calendar years ending on or after the effective date of this 2013 Act.

WATER UTILITY SERVICE REGULATION

SECTION 4. ORS 757.061 is amended to read:

757.061. (1) For the purposes of this section:

(a) "Rate regulation" means regulation under this chapter, except for regulation under ORS 757.105 to 757.110.

(b) "Service regulation" means regulation under this chapter, except for regulation under ORS 757.105 to 757.110, 757.140, 757.205 to 757.220, **757.225, 757.245,** 757.259, **757.355,** 757.400 to 757.460, [*757.480 to*] **757.485, 757.490,** 757.495 and 757.500.

(2) Except as provided in this section, water utilities are not subject to regulation under this chapter or required to pay the fee provided for in ORS 756.310.

(3) The following utilities are subject to rate regulation and must pay the fee provided for in ORS 756.310:

(a) A water utility that serves 500 or more customers.

(b) A water utility that serves fewer than 500 customers, if the water utility also provides wastewater services to the public inside the boundaries of a city.

(c) A water utility that serves fewer than 500 customers, if the Public Utility Commission grants a petition from the water utility requesting that the water utility be subject to rate regulation.

(d) A water utility that satisfies all of the following conditions:

(A) The water utility serves fewer than 500 customers;

(B) The water utility proposes to charge a rate for water service that exceeds the maximum rates established by the commission under subsection (5) of this section; and

(C) Twenty percent or more of the customers of the water utility file a petition with the com-

mission requesting that the water utility be subject to rate regulation.

(4) The following utilities are subject to service regulation and must pay the fee provided for in ORS 756.310:

(a) A water utility that serves fewer than 500 customers and that is found by the commission, pursuant to an investigation under ORS 756.515, to have provided inadequate or discriminatory service at any time.

(b) A water utility that serves fewer than 500 customers and that at any time charges an average annual residential rate of $24 per month or more.

(5)(a) The commission shall adopt rules establishing maximum rates for water utilities serving fewer than 500 customers for the purpose of determining whether a petition may be filed under subsection (3)(d)(C) of this section.

(b) To encourage metered water systems for water utilities serving fewer than 500 customers, the commission shall establish a higher maximum rate for water utilities with metered water systems than for water utilities with unmetered systems.

(6) Not less than 60 days before a water utility that serves fewer than 500 customers increases any rate to exceed any maximum rate prescribed under subsection (5) of this section, the water utility shall provide written notice to all of its customers advising the customers of their right to file a petition under subsection (3)(d)(C) of this section. The commission shall adopt rules prescribing the content of the written notice.

MISCELLANEOUS PROVISIONS

SECTION 5. The unit captions used in this 2013 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2013 Act.