

**77<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY – 2013 Session  
BUDGET REPORT AND MEASURE SUMMARY**

**MEASURE: HB 5043-A**

**JOINT COMMITTEE ON WAYS AND MEANS**

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

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

**Vote:** 23 – 0 – 3

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Read, Richardson, Smith, Tomei, Williamson

Nays:

Exc: Freeman, Hanna

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc: Johnson

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Michelle Deister, Legislative Fiscal Office

**Meeting Date:** May 10, 2013

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Agency

Public Utility Commission

Biennium

2013-15

2011-13

**Budget Summary**\*

	2011-13 Legislatively Approved Budget <sup>(1)</sup>	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 <sup>(1)</sup>	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
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 001 - Utility Regulation</b>									
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		
<b>SCR 003 - Residential Services Protection</b>									
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
<b>SCR 004 - Policy and Administration</b>									
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
<b>SCR 005 - Board of Maritime Pilots</b>									
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)		
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (695,600)</b>	<b>\$ 0</b>	<b>\$ 93,174</b>	<b>\$ 0</b>	<b>\$ (602,426)</b>	<b>1</b>	<b>1.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 39,892,306</b>	<b>\$ 79,271,977</b>	<b>\$ 2,444,367</b>	<b>\$ 0</b>	<b>\$ 121,608,650</b>	<b>130</b>	<b>127.75</b>
% 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			
<b>SCR 005 - Board of Maritime Pilots</b>									
Service and Supplies	\$ 0	\$ 0	\$ 30,000	\$ 0	\$ 0	\$ 0	\$ 30,000	0	0.00
<b>TOTAL RECOMMENDED APPROPRIATION</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,000</b>	<b>0</b>	<b>0.00</b>

## Legislatively Approved 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
21 a - Extent to which the Energy Trust of Oregon meets 12 of 14 established internal performance measures.		Approved KPM		100.00	100.00
21 b - Extent to which the Energy Trust of Oregon meets the established internal performance measures; Obtaining an annual unqualified financial audit.		Approved KPM		100.00	100.00
21 c - Extent to which the Energy Trust of Oregon meets the established internal performance measures; Keep administrative and programs support costs below 9 percent of annual revenue.		Approved KPM		100.00	100.00
21 d - Extent to which the Energy Trust of Oregon meets the established internal performance measures; Reporting the benefit/cost ratio for conservation programs based on utility system societal perspective.		Approved KPM		100.00	
21 e - Extent to which the Energy Trust of Oregon meets the established internal performance measures; Reporting significant mid-year changes to benefit/cost performance as necessary in quarterly reports.		Approved KPM		100.00	100.00

**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:**

The Ways and Means Subcommittee on Transportation and Economic Development recommends approval of the LFO recommendation.