

Oregon Public Utility Commission

2015

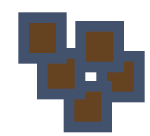
House Energy & Environment Presentation



Old home



New home



Commission

The Commission includes three Commissioners who are appointed by the Governor, confirmed by the Oregon Senate, and serve four-year staggered terms.

Chair Susan Ackerman

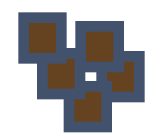


Commissioner Stephen Bloom



Commissioner John Savage

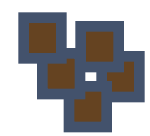




Mission Statement

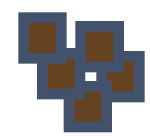
Ensure that safe and reliable utility services are provided to consumers at just and reasonable rates through regulation and promoting the development of competitive markets.

The PUC receives no General or Lottery funds. Commission responsibilities are funded through a per month charge on regulated natural gas, electric, telecommunication, and water utility bills (currently about \$0.17 per residential bill).



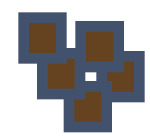
Scope of Regulation

- Three private electric utilities (PGE, PacifiCorp, and Idaho Power)
 - 1,405,946 customers
- Three private natural gas utilities (NW Natural, Avista, and Cascade Natural Gas)
 - 772,512 customers
- About 373 telecommunications companies
 - 822,181 customers
- About 80 small water utilities
 - 25,000 customers
- Over three million customers total.



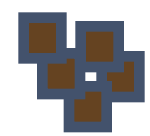
Scope of Regulation

- Total revenue collected by investor-owned utilities (IOUs) is approximately \$4.95 billion per year.
- IOU electric utilities account for 67.4 percent of electricity sold and 73.8 percent of electric customers in Oregon. Public power utilities represent the remainder.
- IOU natural gas utilities account for 100 percent of natural gas local distribution company sales and customers in Oregon.
- IOUs have the ability to ask for a rate increases at their discretion. Frequency of general rate requests has increased to almost annually.



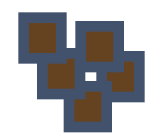
Responsibilities

- Represent the customers of a public utility or telecommunications utility and the **public generally** in all controversies respecting rates, valuations, service, and all matters in which the Commission has jurisdiction. *(ORS 756.040)*
- Balance interests between ratepayers and utilities including addressing and managing the effects of federal and state legislation and policy (**Direct Access, RPS, GHG, Net-metering, Solar, other**) on costs, system performance, and system reliability.



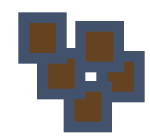
Responsibilities

- Set utility rates for homes and businesses. Ensure rates are just and reasonable.
- Set and enforce price and service rules to protect customers.
- Ensure that private energy utility companies meet customer needs at combined lowest cost and risk (*Integrated Resource Planning*).
- Approve a wide variety of utility transactions including mergers.
- Set and enforce service quality standards.



Responsibilities

- Resolve customer complaints about their utilities.
- Manage a \$33 million per year program to provide affordable phones in high cost areas.
- Set and enforce rules for fair competition in energy and telecommunications.
- Ensure pipeline, power lines, transformer stations, and energy facilities operate safely
(Commission authority in this area extends to consumer-owned utilities).



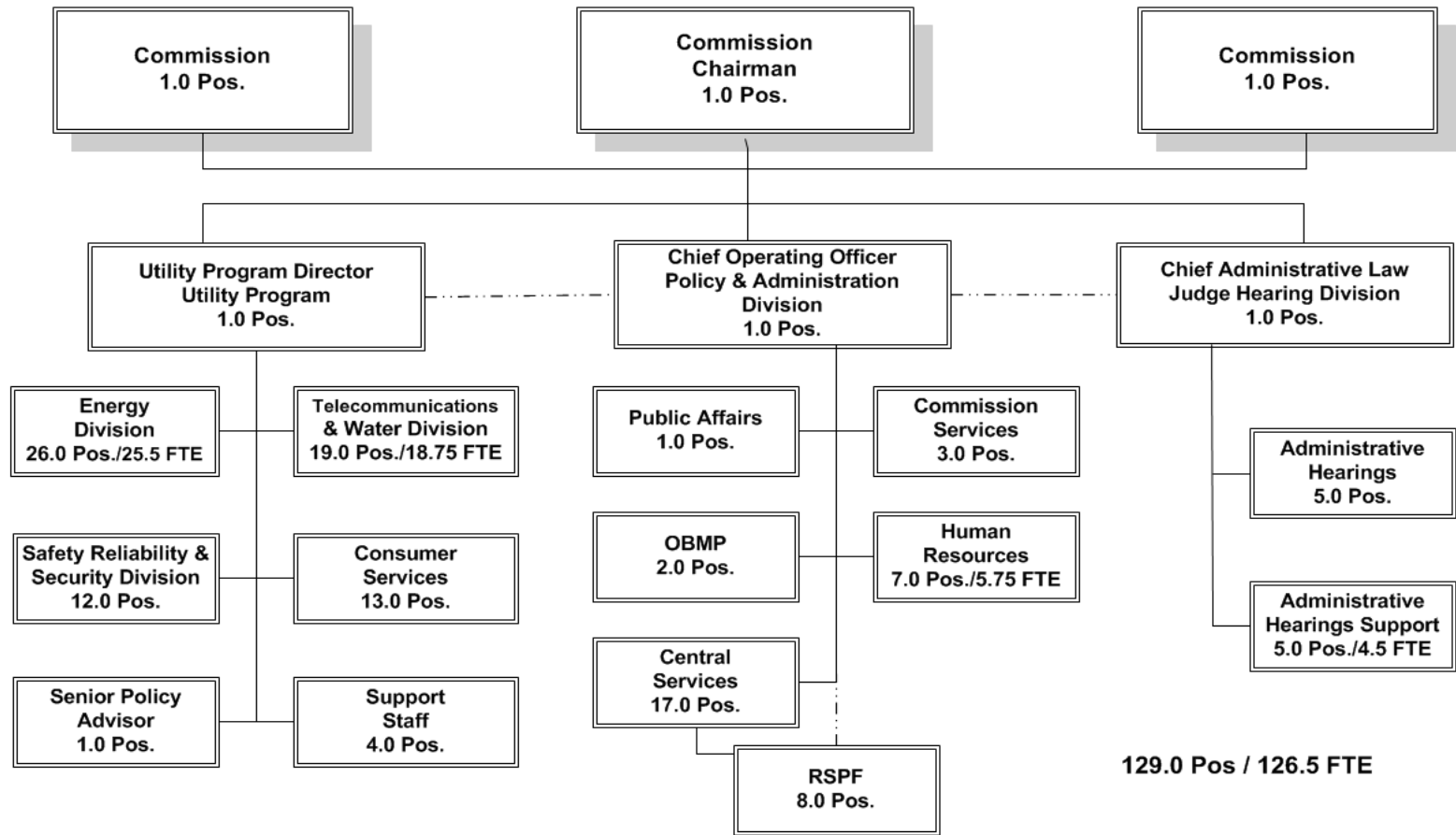
Responsibilities

- Advocate for Oregon in regional and federal forums.
- Administer the Residential Service Protection Fund.
- Ensure the Energy Trust of Oregon (ETO) acquires energy efficiency on behalf of PacifiCorp, PGE, Northwest Natural, and Cascade primarily through a competitive process.
- Oversight of regulated energy providers concerning seismic and cybersecurity preparedness.

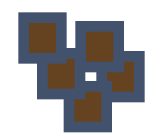


PUC Organization

**PUBLIC UTILITY COMMISSION
2015-2017 AGENCY REQUEST BUDGET**

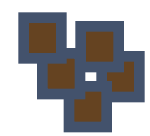


129.0 Pos / 126.5 FTE



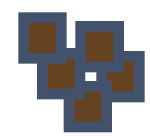
Utility Program

- Utility – 75.25 FTE
 - Energy
 - Energy Resources and Planning
 - Energy Rates, Finance, and Audit
 - Telecom and Water
 - Service Quality, Rates, and Water
 - Competitive Issues and Universal Service
 - Utility Safety, Reliability, and Security
 - Consumer Services
 - Regulatory Policy



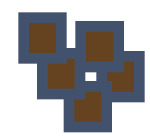
Utility Program

- The Utility Program is the technical and analytical arm of the Public Utility Commission.
- The Utility Program provides financial, accounting, engineering, and economics-oriented analysis in review of:
 - utility plant operations
 - capital improvements
 - utility and telecommunications services
 - cost of capital
 - property and other transactions (mergers, financing, affiliated interests, special contracts)
 - electric and telecommunications competition
 - renewable adjustment clauses
 - purchased gas costs, and
 - power costs



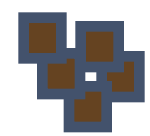
Utility Program

- Cooperates with multiple parties in case (docket) reviews including customer and environmental groups.
- Recommends rates that give IOUs an opportunity to recover costs that are prudently incurred plus an opportunity to earn a reasonable rate of return on capital investments.
- Performs analysis that ensures energy utilities develop a mix of new resources that meet customer needs at a combination of the lowest possible cost and risk.



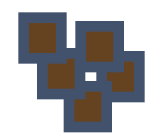
Utility Program

- Ensure compliance with the Renewable Portfolio Standard including a cost cap.
- Encourage installation of renewable energy resources owned by customers including “net-metering” and Solar Pilot Program (“feed-in” tariff).
- Ensure market competition in electricity and in local telecommunications markets.



Utility Program

- Administers natural gas pipeline safety program to ensure safe operations and compliance with federal Pipeline Hazardous Materials & Safety Administration (PHMSA).
- Inspects line and facilities of electric utilities including consumer-owned utilities.
- Ensures state's public rights-of-ways are safely and economically maintained for shared utility services.
- Provides support to Office of Emergency Management during disasters and emergencies. Promotes disaster mutual aid cooperation.
- Monitors utility compliance with energy security regulations including cybersecurity.



Utility Program

The PUC oversees the Energy Trust of Oregon to ensure that it produces good results (in terms of conservation savings and renewable resource development) and that it does so efficiently. PUC oversight includes:

- Yearly performance measures
- Grant agreement that describes ETO obligations
- Quarterly and annual reports to PUC
- Regular management coordination meetings between ETO and PUC
- Reviewing yearly budget and action plan
- Management audit every five years
- Financial statement audits every year



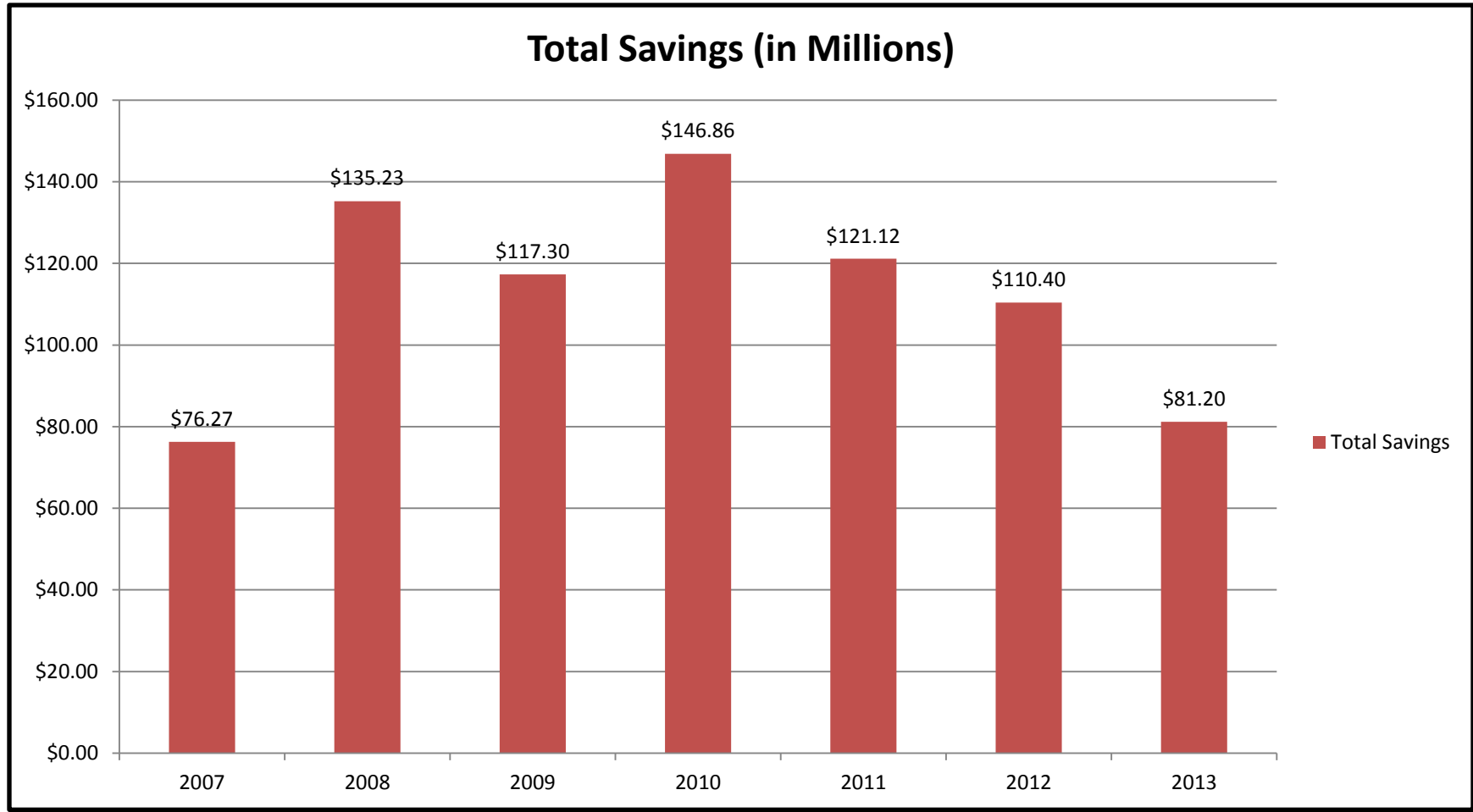
Utility Program

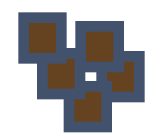
- Ensures universal access to basic telephone service at affordable rates.
- Approves telecommunications interconnection agreements.
- Regulates the rates and/or service of IOU water utilities. (85 total; largest having 12,234 customers)
- Through its Consumer Services Section, assists the public in resolving complaints about utility service.



Utility Program

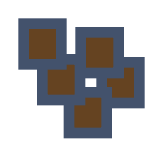
Savings to Utility Customers resulting from rate and other reviews





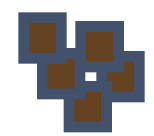
Administrative Hearing Division

- The Administrative Hearings Division (AHD) is an independent division that reports directly to the Commissioners - 10.5 FTE.
- PUC has its own Administrative Law Judges (ALJs) due to uniqueness of utility regulation. PUC is exempt from use of ALJs in Office of Administrative Hearings.
- Cases range from highly complex rate cases and investigations to more straightforward consumer complaints.



Policy and Administration

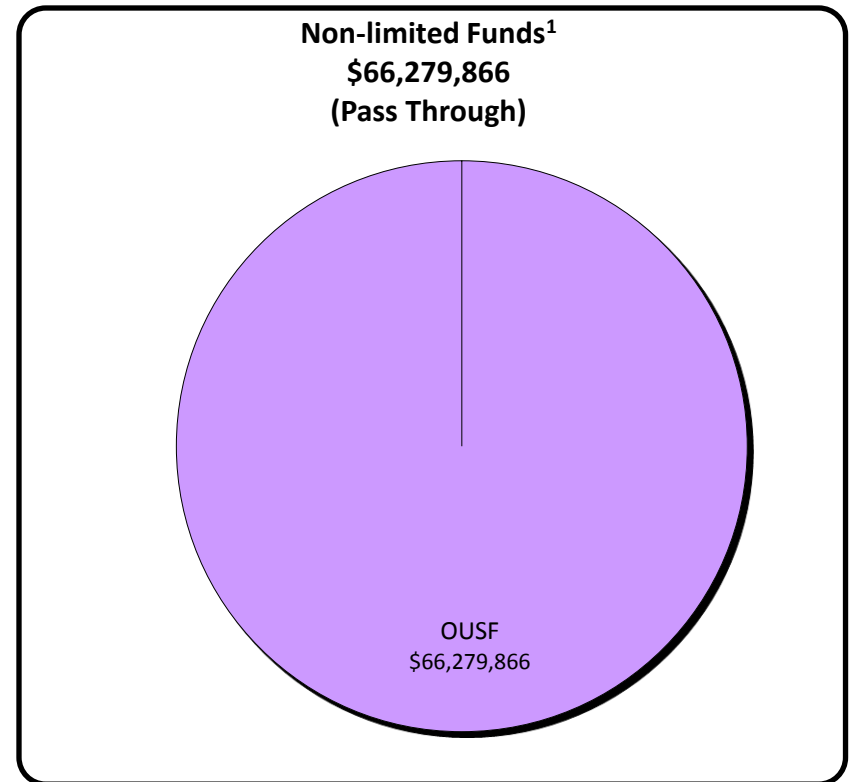
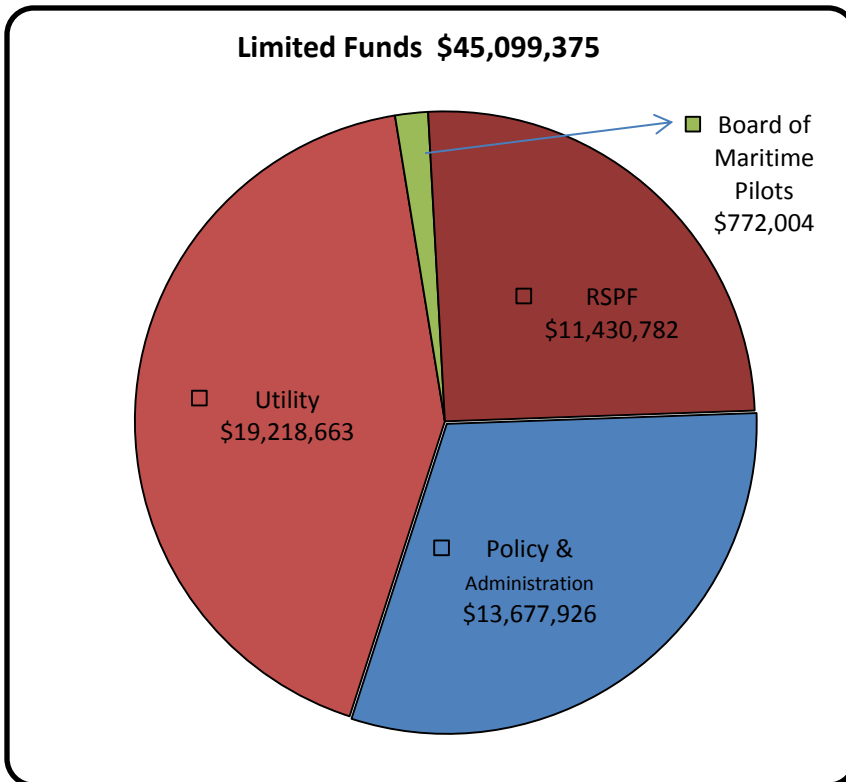
- Policy and Administration – 31.75 FTE
 - Commissioners
 - Commission Office
 - Human Resources (includes Training and Reception)
 - Business Services
 - Information Technology
- Residential Service Protection Fund (RSPF) – 8.0 FTE
- Board of Maritime Pilots – 1.5 FTE



Residential Service Protection Fund

- The RSPF supports the state's policy that all Oregonians have access to adequate and affordable telephone service. It consists of four programs and 8.0 FTE:
 - Oregon Telephone Assistance Program (OTAP)
 - Oregon Telecommunications Relay Service (OTRS)
 - Telecommunications Device Assistance Program (TDAP)
 - Emergency Medical Certificates Program (Handled by Consumer Services.)
- Decreased surcharge from \$0.12 to \$0.09 over the past two years. (Statutory maximum is \$0.35.)

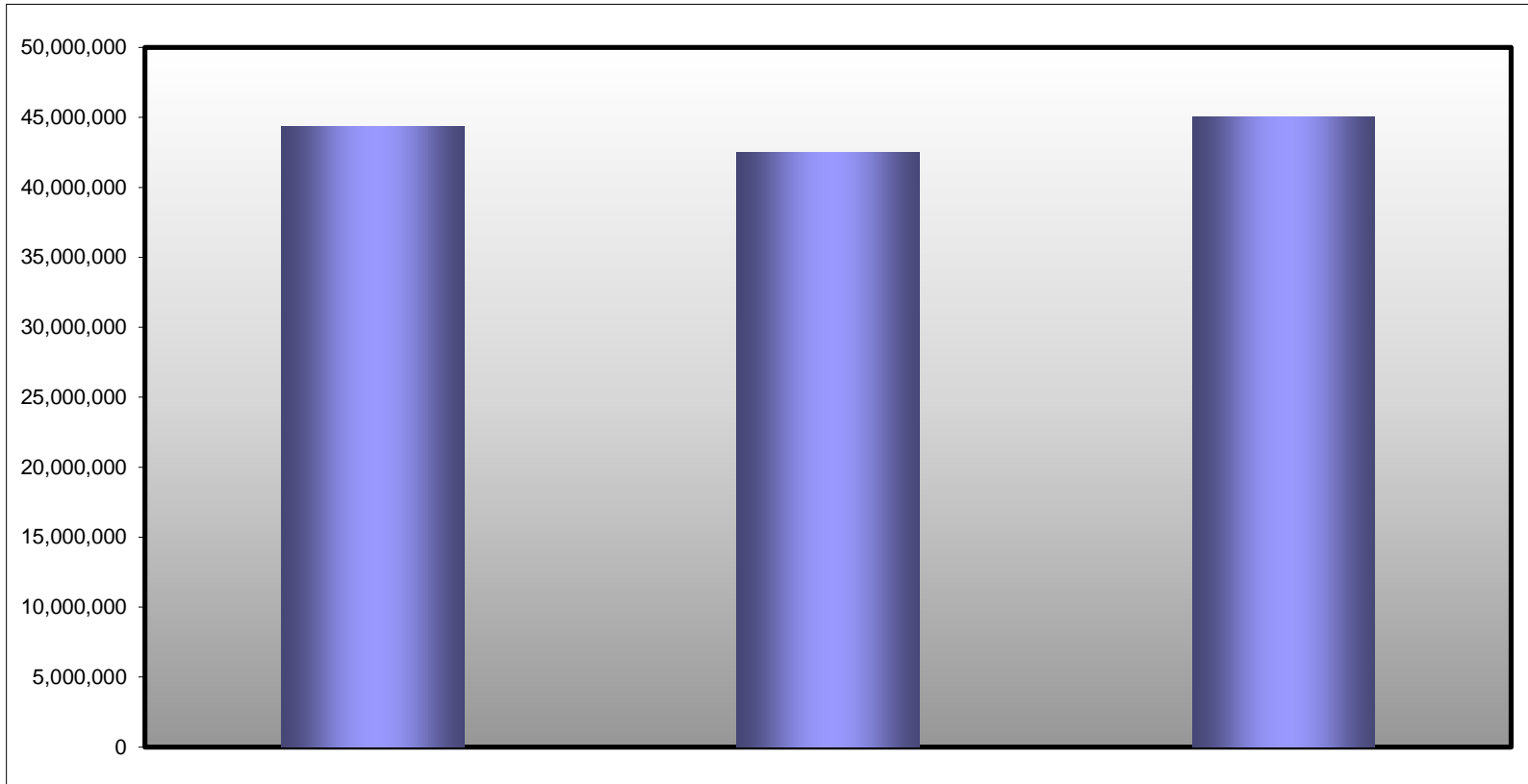
Budget Overview



¹These revenues are mandated by statute (ORS 759.425) that requires the PUC to establish and administer an Oregon Universal Service Fund (OUSF) to collect revenue from all retail telecommunications providers for service sold in Oregon and then to pass that revenue on to high-cost area telecommunications providers.



Budget Overview - Limited



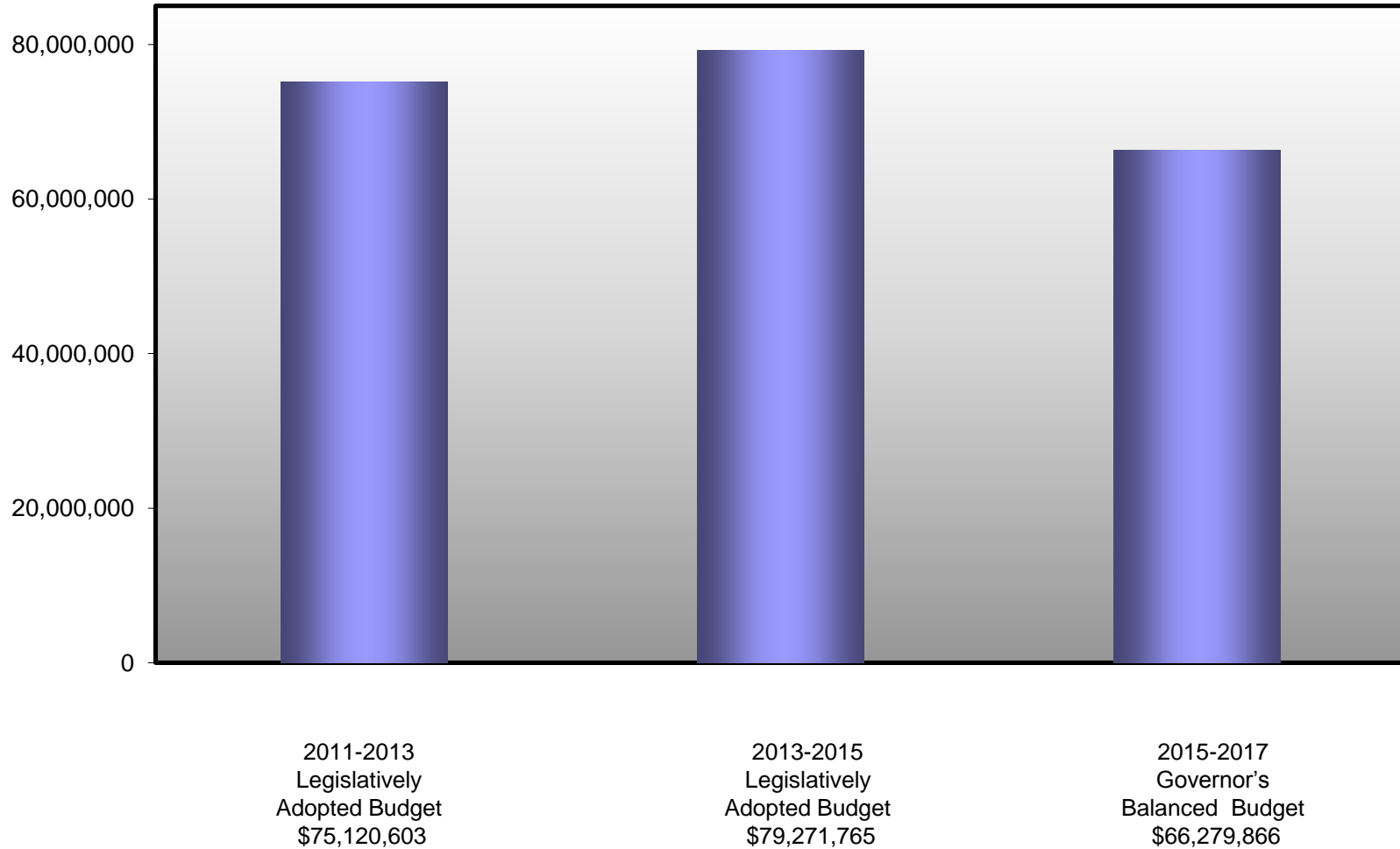
2011-2013
Legislatively
Adopted
Budget
\$44,370,812

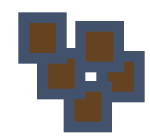
2013-2015
Legislatively
Approved
Budget
\$42,494,096

2015-2017
Governor's
Balanced
Budget
\$45,099,375



Budget Overview – Non-limited





SB 286

Civil Penalties

- This concept increases amount of civil penalty for noncompliance with Natural Gas safety regulations.
- The Pipeline and Hazardous Materials Safety Administration (PHMSA) informed the PUC that we are expected to adopt all Federal Regulations, including maximum civil penalties as a condition of our grant funding.
- Currently, the amounts are \$10,000 per event per day with a maximum of \$500,000 for a related series of violations. To maintain full federal funding, the agency must increase those penalties to \$200,000 and \$2,000,000 respectively.



SB 329

Utility Gross Operating Revenue Fee

- Modifies ORS 757.310
- Increases Utility Gross Operating Revenue Fee Assessment from maximum of 0.25 percent to maximum of 0.30 percent.
- Revenue growth is not meeting expenditures due to a combination of decreasing telephone landlines and energy efficiency measures.
- Increases average utility bill assessment from \$0.17 to \$0.20 (three cents).



Other Energy Legislation

(Not PUC Introduced)

- **HB 2082** – Imposes tax on fuel suppliers and utility based on amount of carbon in carbon-based fuel. Takes effect if HJR 10 and HJR 11 are approved by the people of Oregon.
- **HB 2086** – Imposes fee on fossil fuel or fossil fuel-generated electricity to be paid by vendors. Directs PUC to calculate vendors' carbon emissions rate.
- **HB 2192** – Repeals sunset on provisions of law related to low carbon fuels standard.
- **HB 2193** - Directs electric companies, if authorized by Public Utility Commission, to procure one or more energy storage systems that have capacity to store specified amount of electricity.



Other Energy Legislation

(Not PUC Introduced)

- **HB 2216** – Allows the PUC to authorize an electric company to include the cost of electricity, including above-market-costs, from wind facilities located in federal waters in electric rates. Sunsets January 1, 2022.
- **HB 2586** – Requires electric companies to account for external cost of carbon in integrated resource plans submitted to PUC.
- **HB 2599** – Prohibits public utility from terminating electric or natural gas service to certain residential customers.
- **HB 2729** - Electric companies to reduce allocation of electricity from coal-derived energy sources.



Other Energy Legislation

(Not PUC Introduced)

- **SB 32** – Directs PUC to form a workgroup to study methods to extend natural gas to areas that do not have access to natural gas.
- **SB 456** – Clarifies that additional incentives are available for PUC-approved Natural Gas utilities' projects for voluntary emission reduction programs.
- **SB 477** – Electric companies to reduce allocation of electricity from coal-derived energy sources.
- **SB 499** – Performance audit on ETO by independent third party.



PUC Contact Information

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