

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO: Ways and Means

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 2/25

WHAT THE MEASURE DOES: Increases annual fee imposed on public utilities and telecommunications providers from a maximum of 0.25 percent of a utility's gross operating revenue to a maximum of 0.30 percent for purposes of defraying costs of Public Utility Commission (PUC). Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The increase is required to maintain the PUC's Utility Program and Policy & Administration (P&A) Division's current level of operations. The proposed fee change will increase the average cost per residential customer per bill from \$0.17 to \$0.20. With the exception of 2010 (0.15 percent), the annual utility fee has been set at 0.25 percent since 1997. The increase in fee is driven by two factors: 1) Loss of telephone landlines resulting in corresponding decrease in revenue (Telephone landlines have decreased from 1.26 million in 2009 to approximately 1.0 million in 2014); 2) Effective energy efficiency and conservation measures that have slowed the growth of energy utility revenue.

For 2015-2017, budgeted expenditures for the Utility Program and P&A are \$4.6 million greater than forecasted revenue. Major program expenses are personnel, other personnel expenses (i.e. PERS, benefits, and employment taxes), Attorney General fees, and rent.

Currently, PUC is using its balance of funds to account for the differences of revenue and expenditures. The PUC estimates that if the fee change does not occur that they will exhaust their balance during the 2019-2021 biennium.