



TESTIMONY OF BETH VARGAS DUNCAN, EXECUTIVE DIRECTOR
OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION

HOUSE COMMITTEE ON CONSUMER PROTECTION AND
GOVERNMENT EFFECTIVENESS

MARCH 24, 2015

Chair Fagan, Vice Chairs Buehler and Rayfield, and Members of the Committee, I am Beth Vargas Duncan, Executive Director of the Oregon Municipal Electric Utilities Association. I appreciate the opportunity to be here today and express OMEU's concerns regarding HB 3321.

Who are we?

Eleven of Oregon's municipally owned and operated electric utilities joined to form the Oregon Municipal Electric Utilities Association (OMEU) via an intergovernmental agreement (IGA) authorized by ORS 190. OMEU supports the collective interests of its members and their customer owners at the state legislature, state agencies, various trade associations and the Bonneville Power Association (BPA). A twelfth municipally owned electric utility in Oregon, the Eugene Water and Electric Board (EWEB), maintains independent representation and coordinates with OMEU.

OMEU Priorities – Affordable, Reliable and Safe Energy

Starting over 100 years ago, advocates of public power fought to form municipal utilities. Today, municipally owned utilities are governed by their city council or utility board comprised of community members who set rates, regulatory policies, develop programs and services and respond to the specific customer needs – with the primary focus of maintaining current authorities enabling delivery of affordable, reliable and safe electricity.

- **HB 3321 Fiscally Impacts City Utilities**

HB 3321 would lead to an increase in price to city utility ratepayers.

As written, HB 3321 would create significant administrative costs to city utilities. In its current form, the bill requires extensive administrative time and effort on the part of city utilities to collect, maintain, and continuously provide detailed information to the Oregon Department of Administrative Services (DAS). This bill appears to apply to all public

1201 COURT ST. NE, SUITE 102 • SALEM, OREGON 97301 • 971-600-6976 • bvargasduncan@omeu.org

contracts as defined, regardless of how small the contract amount, and there is no allowance for emergency contract services.

Specifically, for every public contract the city utility enters, contracting agencies must provide the following items to DAS.

1. Contracting agency name;
2. Name and address of every contractor with which the contracting agency executes a public contract related to the contract;
3. *Name and address of every subcontractor related to the contract;
4. Description of the nature of the procurement;
5. Brief summary of the terms and conditions of the public contract;
6. *Dates on which the contracting agency executes or renews the public contract
7. Dates on which the public contract terminates;
8. Contract price for the public contract;
9. *Amount the contracting agency expends on the public contract during each fiscal year during which the public contract is in force;
10. *Funding source for the contracting agency's expenditures;
11. *Amount remaining of the contract price that the contracting agency must pay to the contractor under the terms of the public contract for which the agency does not have a current appropriation or expenditure limit;
12. *List of full-time equivalent positions that the contractor employs in performing the public contract
13. *Annual salary or hourly wage rate, as appropriate, that the contractor pays each full-time equivalent position in connection with the public contract;
14. Any other information DAS requires to compile and post on the Oregon transparency website the summaries, statistics and measurements:
 - a. *A list of all of each contracting agency's active public contracts and the total amount each contracting agency has expended or will expend for all of the contracting agency's public contracts in the current fiscal year;
 - b. *A list of all of each contracting agency's public contracts for the past five fiscal years;
 - c. *The total amount each contracting agency expended for all of the contracting agency's public contracts in each fiscal year for the past five years;
 - d. *A graphic representation of the amount that each contracting agency spent on all of the contracting agency's public contracts for each fiscal year as a percentage of the contracting agency's total budget;
 - e. *A listing and graphic representation of the amount that each contracting agency expended in each fiscal year for all of the full-time equivalent positions that contractors employ to perform all of the contracting agency's public contracts, compared with the amount the contracting agency pays each fiscal year for all of the full-time equivalent positions that the contracting agency employs to perform the contracting agency's functions; and
 - f. *A listing and graphic representation of the salary or wage rate, as appropriate, for each category of full-time equivalent positions for which each contracting agency pays a contractor under the terms of the contracting agency's public contracts, compared with the salary or wage

rate, as appropriate, for the nearest equivalent category of positions, if any, that the contracting agency would employ to perform a function similar to the function a contractor's employee performs for the contracting agency under a public contract.

Of the 20 items listed above, 15 are noted with an asterisk indicating those items which are likely to change or require ongoing maintenance to uphold accuracy.

- **HB 3321 is Unnecessary Because of Current Practices**

In addition, HB 3321 is unnecessary because city utilities and municipalities already publicly notice public service contracts offerings and as noted in the bill, public contracts information is subject to public records law and related public meetings law as required.

- **HB 3321 is Overly Broad**

HB 3321 is overly broad in the collection and posting of information, so much so that it hinders the public contracting process by adding time to the process resulting in causing delays and increased contracting costs.

In summary, with the passage of HB 3321 in its current form, it is probable that city utility rates would need to be raised to cover the increased administrative and public contracting burden. Although city utilities strive to keep rates as low as possible, these new costs would be passed on to ratepayers in the form of higher rates.

The OMEU Board has not had the opportunity to convene and take an official position opposing this legislation, but individual members have expressed their opposition to OMEU staff.

Thank you for your time and attention. I am happy to answer any questions.

Beth Vargas Duncan, Executive Director
Oregon Municipal Electric Utilities Association