



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

HOUSE COMMITTEE ON CONSUMER PROTECTION AND
GOVERNMENT EFFECTIVENESS

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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 3322.

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 3322 Fiscally Impacts Municipal Electric Utilities**

First, HB 3322 mandates that contracting agencies, including city electric utilities, perform an added study of how public procurements of \$250,000 or more might affect work related to the procurement in the local area. Specifically, the study must indicate how the procurement in question will affect:

1. *Employment, worker income, social services and public assistance programs;*

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2. *Other businesses;*
3. *Tax revenue for the local jurisdiction;*
4. *The environment; and*
5. *Other issues that concern residents of the area.*

Additionally, the study results must be posted to contracting agency and state transparency websites.

Some city utilities may possibly have resources in-house to conduct such a study prior to procurements as required. Other city utilities will likely be forced to first issue another public contract in order to garner the assistance they need and retain an expert that could perform a study on how all the aforementioned areas may be impacted by the procurement.

Second, HB 3322 limits flexibility of the contracting agency by disallowing such procurements unless the contracting agency's cost analysis demonstrates that the procurement will cost at least 10% less than if the agency performed the services with its own personnel and resources.

Third, HB 3322 requires the city utility to provide the results of the cost analysis to employees or labor organization of the contracting agency and give them "...an opportunity to present an alternative cost analysis and consider the alternative cost analysis on the same basis as the contracting agency's cost analysis." Section 1(1)(c)

As written, these extra requirements under HB 3322 would notably lengthen the time needed prior to commencing the procurements, thereby creating significant administrative and financial burdens on certain contracting agencies.

In summary, with the passage of HB 3322 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