
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Transportation & Economic Development Subcommittee

From: Julie Neburka, Legislative Fiscal Office
(503) 986-1839

Date: April 20, 2015

Subject: Oregon Public Utility Commission
SB 5535 Work Session Recommendations

Public Utility Commission

	2011-13 Actuals	2013-15 Legislatively Approved*	2015-17 Current Service Level	2015-17 LFO Recommended
Other Funds	35,001,412	40,901,178	44,333,835	44,454,209
Non-limited Other Funds	75,277,984	79,271,765	66,279,866	66,279,866
Federal Funds	3,118,132	2,783,200	698,049	698,049
Total Funds	113,397,528	122,956,143	111,311,750	111,432,124
Positions	131	130	128	128
FTE	127.51	127.25	125.47	125.97

*includes Emergency Board and administrative actions through December 2014

Attached is the recommendation from the Legislative Fiscal Office for the 2015-17 Public Utility Commission budget. It contains the following:

- Current service level funding for the Utility Program, the Residential Service Protection Fund Program, the Administrative Hearings Division, and the Policy & Administration program.
- An increase of 0.5 FTE and \$120,374 in Other Funds limitation to increase the Board of Maritime Pilots' executive director position from 0.5 to 1.0 FTE.

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 4/14/15.

Accept LFO Recommendation

Move the LFO recommendation to SB 5535.

OR

Change LFO recommendation

Move the LFO recommendation to SB 5535, with modifications.

Performance Measures

See attached “Legislatively Proposed 2015-17 Key Performance Measures” form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

OR

Change LFO recommendation

Move the LFO recommendation on Key Performance Measures, with modifications.

Budget Notes

There are no associated budget notes.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$44,454,209 Other Funds, \$698,049 Federal Funds, \$66,279,866 Non-limited Other Funds, and 128 positions (125.97 FTE) and that Senate Bill 5535 be amended accordingly.

Following is the content of the -1 amendment:

Section 1

Line 10 – Delete [\$18,519,056] and insert \$18,468,724

Line 12 – Delete [\$11,430,782] and insert \$11,426,934

Line 13 – Delete [\$13,677,926] and insert \$13,784,462

Line 15 – Delete [\$772,004] and insert \$774,089

Section 2

Line 16 – Delete [\$699,607] and insert \$698,049

Move to adopt the -1 amendment to SB 5535.

SB 5535 Final Subcommittee Action:

Final Motion:

Move SB 5535 to the full committee with a “do pass” recommendation, as amended.

Carriers:

Full: _____

House: _____

Senate: _____

LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 86000-000-00-00-00000
Public Utility Commission

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	40,049,729	2,444,367	79,271,765	-	121,765,861	131	128.25
2013-15 Ebds, SS & Admin Act	-	-	851,449	338,833	-	-	1,190,282	(1)	(1.00)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	40,901,178	2,783,200	79,271,765	-	122,956,143	130	127.25
2013-15 Leg Approved Budget (Base)	-	-	40,901,178	2,474,000	79,271,765	-	122,646,943	130	127.25
Summary of Base Adjustments	-	-	1,469,977	(278)	(12,991,899)	-	(11,522,200)	(2)	(1.78)
2015-17 Base Budget	-	-	42,371,155	2,473,722	66,279,866	-	111,124,743	128	125.47
010: Non-PICS Pers Svc/Vacancy Factor	-	-	409,194	(2,500)	-	-	406,694	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(200,000)	(1,624,261)	-	-	(1,824,261)	-	-
030: Inflation & Price List Adjustments	-	-	1,600,905	3,093	-	-	1,603,998	-	-
050: Fundshifts and Revenue Reductions	-	-	152,581	(152,005)	-	-	576	-	-
2015-17 Current Service Level	-	-	44,333,835	698,049	66,279,866	-	111,311,750	128	125.47
Adjusted 2015-17 Current Service Level	-	-	44,333,835	698,049	66,279,866	-	111,311,750	128	125.47
Total LFO Recommended Packages	-	-	120,374	-	-	-	120,374	-	0.50
2015-17 Legislative Actions	-	-	44,454,209	698,049	66,279,866	-	111,432,124	128	125.97
Net change from 2013-15 Leg Approved Budget	-	-	3,553,031	(2,085,151)	(12,991,899)	-	(11,524,019)	(2)	(1.28)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	8.7%	(74.9%)	(16.4%)	0.0%	(9.4%)	(1.5%)	(1.0%)
Net change from 2015-17 Current Service Level	-	-	120,374	-	-	-	120,374	-	0.50
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%	0.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	15,995,354	2,444,367	79,271,765	-	97,711,486	75	74.25
2013-15 Ebds, SS & Admin Act	-	-	520,394	338,833	-	-	859,227	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	16,515,748	2,783,200	79,271,765	-	98,570,713	75	74.25
2013-15 Leg Approved Budget (Base)	-	-	16,515,748	2,474,000	79,271,765	-	98,261,513	75	74.25
Summary of Base Adjustments	-	-	1,337,987	(278)	(12,991,899)	-	(11,654,190)	2	1.96
2015-17 Base Budget	-	-	17,853,735	2,473,722	66,279,866	-	86,607,323	77	76.21
010: Non-PICS Pers Svc/Vacancy Factor	-	-	194,749	(2,500)	-	-	192,249	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	-	(1,624,261)	-	-	(1,624,261)	-	-
030: Inflation & Price List Adjustments	-	-	267,659	3,093	-	-	270,752	-	-
050: Fundshifts and Revenue Reductions	-	-	152,581	(152,005)	-	-	576	-	-
2015-17 Current Service Level	-	-	18,468,724	698,049	66,279,866	-	85,446,639	77	76.21
Adjusted 2015-17 Current Service Level	-	-	18,468,724	698,049	66,279,866	-	85,446,639	77	76.21
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2015-17 Legislative Actions	-	-	18,468,724	698,049	66,279,866	-	85,446,639	77	76.21
Net change from 2013-15 Leg Approved Budget	-	-	1,952,976	(2,085,151)	(12,991,899)	-	(13,124,074)	2	1.96
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	11.8%	(74.9%)	(16.4%)	0.0%	(13.3%)	2.7%	2.6%
Net change from 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	10,858,728	-	-	-	10,858,728	8	7.50
2013-15 Ebds, SS & Admin Act	-	-	40,751	-	-	-	40,751	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	10,899,479	-	-	-	10,899,479	8	7.50
2013-15 Leg Approved Budget (Base)	-	-	10,899,479	-	-	-	10,899,479	8	7.50
Summary of Base Adjustments	-	-	63,515	-	-	-	63,515	-	0.50
2015-17 Base Budget	-	-	10,962,994	-	-	-	10,962,994	8	8.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	50,661	-	-	-	50,661	-	-
030: Inflation & Price List Adjustments	-	-	317,305	-	-	-	317,305	-	-
060: Technical Adjustments	-	-	95,974	-	-	-	95,974	-	-
2015-17 Current Service Level	-	-	11,426,934	-	-	-	11,426,934	8	8.00
Adjusted 2015-17 Current Service Level	-	-	11,426,934	-	-	-	11,426,934	8	8.00
2015-17 Legislative Actions	-	-	11,426,934	-	-	-	11,426,934	8	8.00
Net change from 2013-15 Leg Approved Budget	-	-	527,455	-	-	-	527,455	-	0.50
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	4.8%	0.0%	6.7%
Net change from 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	12,409,856	-	-	-	12,409,856	46	45.00
2013-15 Ebds, SS & Admin Act	-	-	273,115	-	-	-	273,115	(1)	(1.00)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	12,682,971	-	-	-	12,682,971	45	44.00
2013-15 Leg Approved Budget (Base)	-	-	12,682,971	-	-	-	12,682,971	45	44.00
Summary of Base Adjustments	-	-	34,043	-	-	-	34,043	(4)	(4.24)
2015-17 Base Budget	-	-	12,717,014	-	-	-	12,717,014	41	39.76
010: Non-PICS Pers Svc/Vacancy Factor	-	-	161,764	-	-	-	161,764	-	-
030: Inflation & Price List Adjustments	-	-	1,001,658	-	-	-	1,001,658	-	-
060: Technical Adjustments	-	-	(95,974)	-	-	-	(95,974)	-	-
2015-17 Current Service Level	-	-	13,784,462	-	-	-	13,784,462	41	39.76
Adjusted 2015-17 Current Service Level	-	-	13,784,462	-	-	-	13,784,462	41	39.76
2015-17 Legislative Actions	-	-	13,784,462	-	-	-	13,784,462	41	39.76
Net change from 2013-15 Leg Approved Budget	-	-	1,101,491	-	-	-	1,101,491	(4)	(4.24)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	8.7%	0.0%	0.0%	0.0%	8.7%	(8.9%)	(9.6%)
Net change from 2015-17 Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	785,791	-	-	-	785,791	2	1.50
2013-15 Ebds, SS & Admin Act	-	-	17,189	-	-	-	17,189	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	802,980	-	-	-	802,980	2	1.50
2013-15 Leg Approved Budget (Base)	-	-	802,980	-	-	-	802,980	2	1.50
Summary of Base Adjustments	-	-	34,432	-	-	-	34,432	-	-
2015-17 Base Budget	-	-	837,412	-	-	-	837,412	2	1.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	2,020	-	-	-	2,020	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(200,000)	-	-	-	(200,000)	-	-
030: Inflation & Price List Adjustments	-	-	14,283	-	-	-	14,283	-	-
2015-17 Current Service Level	-	-	653,715	-	-	-	653,715	2	1.50
Adjusted 2015-17 Current Service Level	-	-	653,715	-	-	-	653,715	2	1.50
Total LFO Recommended Packages	-	-	120,374	-	-	-	120,374	-	0.50
2015-17 Legislative Actions	-	-	774,089	-	-	-	774,089	2	2.00
Net change from 2013-15 Leg Approved Budget	-	-	(28,891)	-	-	-	(28,891)	-	0.50
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	(3.6%)	0.0%	0.0%	0.0%	(3.6%)	0.0%	33.3%
Net change from 2015-17 Current Service Level	-	-	120,374	-	-	-	120,374	-	0.50
Percent change from 2015-17 Current Service Level	0.0%	0.0%	18.4%	0.0%	0.0%	0.0%	18.4%	0.0%	33.3%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 Increase OBMP's Director FTE

Package Description This policy package would permanently increase the Executive Director position from half-time (0.5 FTE) to full-time (1.0 FTE) at a cost of \$120,374 Other Funds for the 2015-17 biennium. The Executive Director position was first authorized by the Legislature in 2013 (SB 851). It was created so that the Board could more effectively respond to the demands of multiple high-profile pressures facing Oregon’s vessel pilotage system. Additionally, the Board was increasingly being called upon to perform duties that exceeded the capacity of its volunteer board members and sole board administrator, including federally mandated studies, the need for in-depth review of licensee medical files, independent investigations into maritime incidents and more up-to-date and intensive licensee recruitment and training efforts.

The current half-time Executive Director is working with the Board and staff to provide independent incident investigations and pilot medical review. At present, Board staff (1.5 total FTE) and volunteer board members both conduct incident investigations and oversee pilot medical review. While pilots who volunteer for Board service are well-qualified to conduct internal incident investigations, increasingly sophisticated investigation standards demand time and resources that they do not possess, and “in-house” investigations present the possibility of real or perceived conflicts of interest. Similarly, the need for rigorous and timely pilot medical review and oversight is beyond the competence and resources of Board staff and volunteer board members. Medical review is critical to the safe and efficient operation of the pilotage system. The Board is currently in the process of defining and implementing an outcome-based independent pilot medical review and oversight process.

Implementation of independent incident investigations and pilot medical review will require significant modification to the OARs under which the Board operates. Additionally, the use of independent contractors will require enhanced oversight from Board staff. While progress has been made on increasing the independence of investigations and medical review, emerging issues are only being addressed as time allows. Emerging issues facing the Board and Staff include:

- Disparities in Pilot safety systems and resources between Oregon pilot grounds
- New pilot recruitment - pool size and applicant diversity
- Creating actionable vessel traffic forecasts to predict future pilot needs
- Safety impacts of infrastructure decisions in or near Oregon pilotage grounds
- Pilotage impacts of new regional marine cargoes such as coal exports in Washington, crude oil arriving by rail from the Bakken fields of the Dakotas, LNG exports in the Columbia and Coos Bay, and Liquid Propane Gas for export.

The Board does not currently have the staff capacity to address these emerging issues. By way of comparison, Washington State (on Puget Sound) performs similar work with a staff of 2.0 FTE and California (on San Francisco Bay) has a staff of 4.0 FTE, plus a port agent and 5 investigators. Both WA and CA agencies retain Executive Directors as a 1.0 FTE position, and WA is currently working to add additional staff. An Executive Director working at full time (1.0 FTE) would enable the Board to institutionalize plans, processes and programs that ensure continuing compliance with new standards, document conditions that exist in the field and assess current and emerging risks to Oregon Pilotage grounds.

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
<u>LFO Recommendation</u> Approve.									
LFO Recommended	-	-	120,374	-	-	-	120,374	-	0.50

Legislatively Proposed 2015-2017 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 2016	Target 2017
5 - Residential Energy Efficiency – Ratio of dollars realized in energy savings per dollar of public purpose fund expenditure for Energy Trust’s residential programs.		Proposed Delete KPM	4.40		
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.		Proposed Delete KPM	4.10		
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.		Proposed Delete KPM	3.40		
8 - Renewable Resource Development – Annual average megawatts acquired through Energy Trust programs. (3 year rolling average)		Proposed Delete KPM	2.50		
9 - Energy Trust Administrative Efficiency – Administrative and program support costs as a percent of annual revenues.		Proposed Delete KPM	5.00		
1 - Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Approved KPM	95.00	95.00	98.00
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	89.00	92.00	92.00
3 - Electric Energy - Percentage of business customers’ electric energy usage supplied by alternative suppliers.		Approved KPM	9.40	10.00	10.00
4 - Utility Pricing - Number of new utility pricing programs.		Approved KPM	14.00	14.00	14.00
10 - Electric Utility Operations – Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved KPM	0.10	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 2016	Target 2017
11 - Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers.		Approved KPM	0.30	0.45	0.45
12 - Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved KPM	0.00	0.10	0.10
13 - Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved KPM	25.60	34.00	34.25
14 - Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved KPM	100.00	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	18.00	26.00	27.00
16 - Access to Telephone Services – Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved KPM	68.00	56.00	58.00
17 - Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved KPM	82.00	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	80.00	84.00	84.00
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	77.00	80.00	80.00
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	79.00	83.00	83.00
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	83.00	86.00	86.00

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 2016	Target 2017
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	80.00	84.00	84.00
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	86.00	86.00
19 - Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved KPM	71.00	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	4.00	4.00	4.00
21 a - Extent to which the Energy Trust of Oregon meets 12 of 14 established internal performance measures.		Approved KPM	14.00	12.00	12.00
21 b - Extent to which the Energy Trust of Oregon meets the established internal performance measures; Obtaining an annual unqualified financial audit.		Approved KPM	1.00	1.00	1.00
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	4.00	9.00	9.00
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	1.00	1.00	1.00
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	1.00	1.00	1.00

LFO Recommendation:

LFO recommends approval of the agency's 2015-17 key performance measures and targets as proposed. Legislative action taken in the 2013-15 biennium replaced the performance measures related to the Energy Trust of Oregon. Performance Measures 5 through 9 were replaced with new performance measures 21a through 21e, intended to follow more closely the fourteen performance requirements of the Energy Trust of Oregon's grant contract with the PUC. In addition to containing a more comprehensive list of performance measures, the contract also contains language that requires a response and remediation plan in the event that the PUC issues a notice of concern about any of the Energy Trust's performance reports.

Sub-Committee Action:

SB 5535-1
(LC 9535)
4/15/15 (TR/ps)

**PROPOSED AMENDMENTS TO
SENATE BILL 5535**

1 In line 10 of the printed bill, delete "\$18,519,056" and insert
2 "\$18,468,724".

3 In line 12, delete "\$11,430,782" and insert "\$11,426,934".

4 In line 13, delete "\$13,677,926" and insert "\$13,784,462".

5 In line 15, delete "\$772,004" and insert "\$774,089".

6 In line 16, delete "\$699,607" and insert "\$698,049".

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