



Senate Bill 431

Sponsored by Senator OLSEN (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Reduces public purpose expenditure standard. Specifies that Public Utility Commission may not require any amount in excess of \$100 million that is collected through public purpose charges to be paid to nongovernmental entity in any given year.

A BILL FOR AN ACT

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Relating to the public purpose expenditure standard; amending ORS 757.612.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 757.612 is amended to read:

757.612. (1) There is established an annual public purpose expenditure standard for electric companies and Oregon Community Power to fund new cost-effective local energy conservation, new market transformation efforts, the above-market costs of new renewable energy resources and new low-income weatherization. The public purpose expenditure standard shall be funded by the public purpose charge described in subsection (2) of this section.

(2)(a) Beginning on the date an electric company or Oregon Community Power offers direct access to *its* retail electricity consumers, except residential electricity consumers, the electric company or Oregon Community Power shall collect a public purpose charge from all of the retail electricity consumers located within *its* **the electric company's or Oregon Community Power's** service area until January 1, 2026. Except as provided in paragraph (b) of this subsection, the public purpose charge shall be equal to *three* **two** percent of the total revenues collected by the electric company, Oregon Community Power or the electricity service supplier from *its* retail electricity consumers for electricity services, distribution **services**, ancillary services, metering and billing, transition charges and other types of costs included in electric rates on July 23, 1999.

(b) For an aluminum plant that averages more than 100 average megawatts of electricity use per year, *beginning on March 1, 2002,* the electric company or Oregon Community Power *whose,* **whichever's** territory abuts the greatest percentage of the site of the aluminum plant, shall collect from the aluminum company a public purpose charge equal to one percent of the total revenue from the sale of electricity *services* to the aluminum plant *from any source*.

(3)(a) The Public Utility Commission shall establish rules implementing the provisions of this section relating to electric companies and Oregon Community Power.

(b) *Subject to paragraph (e)* **Except as provided in paragraph (e)** of this subsection, funds collected *by an electric company or Oregon Community Power* through public purpose charges **under subsection (2) of this section** shall be allocated as follows:

(A) Sixty-three percent for new cost-effective **local energy** conservation[,] **and** new market transformation **efforts**.

(B) Nineteen percent for the above-market costs of constructing and operating new renewable

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 energy [*resources*] **resource projects** with a nominal electric generating capacity, as defined in ORS
2 469.300, of 20 megawatts or less.

3 (C) Thirteen percent for new low-income weatherization.

4 (D) Five percent [*shall be transferred to*] **for deposit in** the Housing and Community Services
5 Department Electricity Public Purpose Charge Fund established by ORS 456.587 (1) [*and used*] for
6 the purpose of providing grants as described in ORS 458.625 (2).

7 (c) The costs of administering subsections (1) to (6) of this section for an electric company or
8 Oregon Community Power shall be paid out of the funds collected through public purpose charges.
9 The commission may require [*that*] an electric company or Oregon Community Power **to direct funds**
10 collected through public purpose charges to [*the*] state agencies responsible for implementing sub-
11 sections (1) to (6) of this section in order to pay the costs of [*administering such responsibilities*]
12 **implementation.**

13 (d) The commission shall direct the manner in which public purpose charges are collected and
14 spent by an electric company or Oregon Community Power and may require an electric company
15 or Oregon Community Power to expend funds through competitive bids or other means designed to
16 encourage competition, except that funds dedicated for **new** low-income weatherization shall be di-
17 rected to the Housing and Community Services Department as provided in subsection (7) of this
18 section. The commission [*may also direct that*] **also may require** funds collected [*by an electric*
19 *company or Oregon Community Power*] through public purpose charges **to be paid to a nongovern-**
20 **mental entity for investment in public purposes described in subsection (1) of this section.**
21 **Notwithstanding any other provision of paragraphs (a) to (h) of this subsection:**

22 (A) At least 80 percent of the funds allocated for **new cost-effective local energy** conservation
23 shall be spent within the service area of the electric company that collected the funds; or

24 (B) If Oregon Community Power collected the funds, at least 80 percent of the funds allocated
25 for **new cost-effective local energy** conservation shall be spent within the service area of Oregon
26 Community Power.

27 (e)(A) The first 10 percent of [*the*] funds collected [*annually*] **each year** by an electric company
28 or Oregon Community Power under subsection (2) of this section shall be distributed to school dis-
29 tricts that are located in the service territory of the electric company or Oregon Community Power.
30 The funds shall be distributed to individual school districts according to the weighted average daily
31 membership (ADMw) of each school district for the prior fiscal year as calculated under ORS
32 327.013. The commission shall establish by rule a methodology for distributing a proportionate share
33 of funds under this paragraph to school districts that are only partially located in the service ter-
34 ritory of the electric company or Oregon Community Power.

35 (B) A school district that receives funds under this paragraph shall use the funds first to pay
36 for energy audits for schools located within the school district. A school district may not expend
37 additional funds received under this paragraph on a school [*facility*] until an energy audit has been
38 completed for that school [*facility*]. To the extent practicable, a school district shall coordinate with
39 the State Department of Energy and incorporate federal funding in complying with this paragraph.
40 Following completion of an energy audit for an individual school, the school district may expend
41 funds received under this paragraph to implement the energy audit. Once an energy audit has been
42 conducted and completely implemented for each school within the school district, the school district
43 may expend funds received under this paragraph for any of the following purposes:

44 (i) Conducting **additional** energy audits. A school district shall conduct an energy audit prior
45 to expending funds on any other purpose authorized under this paragraph unless the school district

1 has performed an energy audit within the three years immediately prior to receiving the funds.

2 (ii) [*Weatherization*] **Weatherizing school district facilities** and upgrading the energy effi-
3 ciency of school district facilities.

4 (iii) Energy conservation education programs.

5 (iv) Purchasing electricity from [*environmentally focused*] sources **that protect the environ-**
6 **ment.** [*and*]

7 (v) Investing in renewable energy resources.

8 (f) The commission may not establish a different public purpose charge than the public purpose
9 charge described in subsection (2) of this section.

10 (g) If the commission [*directs*] **requires** funds collected through public purpose charges to **be**
11 **paid to** a nongovernmental entity, the entity shall, **pursuant to an agreement entered into or**
12 **renewed between the commission and the entity:**

13 (A) Include on the entity's board of directors an ex officio member designated by the commis-
14 sion, who shall also serve on the entity's nominating committee for filling board vacancies.

15 (B) Require the entity's officers and directors to provide an annual disclosure of economic in-
16 terest to be filed with the commission on or prior to April 15 of each calendar year for public review
17 in a form similar to the statement of economic interest required for public officials under ORS
18 244.060.

19 (C) Require the entity's officers and directors to declare actual and potential conflicts of interest
20 at regular meetings of the entity's governing body when such conflicts arise, and require an officer
21 or director to abstain from participating in any discussion or [*vote*] **voting** on any item where that
22 officer or director has an actual conflict of interest. For the purposes of this subparagraph, "actual
23 conflict of interest" and "potential conflict of interest" have the meanings given those terms in ORS
24 244.020.

25 (D) **Annually**, arrange for an independent auditor to audit the entity's financial statements
26 [*annually*], and direct the auditor to file an audit opinion with the commission for public review.

27 (E) **Annually** file with the commission [*annually*] the entity's budget, action plan and quarterly
28 and annual reports for public review.

29 (F) At least once every five years, contract for an independent management evaluation to review
30 the entity's operations, efficiency and effectiveness, and direct the independent reviewer to file a
31 report with the commission for public review.

32 (h) The commission may remove from the board of directors of a nongovernmental entity an of-
33 ficer or director who fails to provide an annual disclosure of economic interest, or **who fails to**
34 **declare an** actual or potential conflict of interest, as described in paragraph (g)(B) and (C) of this
35 subsection, [*in connection with*] **if the failure is connected to** the allocation or expenditure of funds
36 collected through public purpose charges and [*directed*] **paid** to the entity.

37 (i) **The commission may not require any amount in excess of \$100 million that is collected**
38 **through public purpose charges under subsection (2) of this section to be paid to a nongov-**
39 **ernmental entity in any given year.**

40 (4)(a) An electric company that satisfies its obligations under this section [*shall have*]:

41 (A) **Has** no further obligation to invest in **new cost-effective local energy** conservation, new
42 market transformation or new low-income weatherization or to provide a commercial energy con-
43 servation services program; and

44 (B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.

45 (b) Oregon Community Power, for any period during which Oregon Community Power collects

1 a public purpose charge under subsection (2) of this section:

2 (A) [*Shall have*] **Has** no [*other*] **further** obligation to invest in **new cost-effective local energy**
3 conservation, new market transformation or new low-income weatherization or to provide a com-
4 mercial energy conservation services program; and

5 (B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.

6 (5)(a) A retail electricity consumer that uses more than one average megawatt of electricity at
7 any site in the prior year shall receive a credit against public purpose charges billed by an electric
8 company or Oregon Community Power for that site. The amount of the credit shall be equal to the
9 total amount of qualifying expenditures for new **cost-effective local** energy conservation, not to
10 exceed 68 percent of the annual public purpose charges, and the above-market costs [*of purchases*]
11 of new renewable energy resources incurred by the retail electricity consumer, not to exceed 19
12 percent of the annual public purpose charges, less administration costs incurred under this sub-
13 section. The credit may not exceed, on an annual basis, the lesser of:

14 (A) The amount of the retail electricity consumer's qualifying expenditures; or

15 (B) The portion of the public purpose charge billed to the retail electricity consumer that is
16 dedicated to new **cost-effective local** energy conservation, new market transformation or the
17 above-market costs of new renewable energy resources.

18 (b) To obtain a credit under this subsection, a retail electricity consumer shall file with the
19 State Department of Energy a description of the proposed conservation project or new renewable
20 energy resource and a declaration that the retail electricity consumer plans to incur the qualifying
21 expenditure. The State Department of Energy shall issue a notice of precertification within 30 days
22 of receipt of the filing, if such filing is consistent with this subsection. The credit may be taken after
23 a retail electricity consumer provides a letter from a certified public accountant to the State De-
24 partment of Energy verifying that the precertified qualifying expenditure has been made.

25 (c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that
26 are not used in one year may be carried forward for use in subsequent years.

27 (d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at
28 any site in the prior year may request that the State Department of Energy hire an independent
29 auditor to assess the potential for conservation investments at the site. If the independent auditor
30 determines there is no available conservation measure at the site that would have a simple payback
31 of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment
32 obligation for public purpose charges related to the site. If the independent auditor determines that
33 there are potential conservation measures available at the site, the retail electricity consumer shall
34 be entitled to a credit against public purpose charges related to the site equal to 54 percent of the
35 public purpose charges less the estimated cost of available conservation measures.

36 (B) A retail electricity consumer shall be entitled each year to the credit described in this sub-
37 section unless a subsequent independent audit determines that new conservation investment oppor-
38 tunities are available. The State Department of Energy may require that a new independent audit
39 be performed on the site to determine whether new conservation measures are available, provided
40 that the independent audits [*shall*] occur no more than once every two years.

41 (C) The retail electricity consumer shall pay the cost of the independent audits described in this
42 subsection.

43 (6) Electric utilities and retail electricity consumers shall receive a fair and reasonable credit
44 for the public purpose expenditures of their energy suppliers. The State Department of Energy shall
45 adopt rules to determine eligible expenditures and the [*methodology*] **method** by which such credits

1 are accounted for and used. The *[rules]* **State Department of Energy** also shall adopt methods to
 2 account for eligible public purpose expenditures made through consortia or collaborative projects.

3 (7)(a) In addition to the public purpose charge provided under subsection (2) of this section, an
 4 electric company or Oregon Community Power shall collect funds for low-income electric bill pay-
 5 ment assistance in an amount determined under paragraph (b) of this subsection.

6 (b) The commission shall establish the amount to be collected by each electric company in cal-
 7 endar year 2008 from retail electricity consumers served by the company, and the rates to be
 8 charged to retail electricity consumers served by the company, so that the total anticipated col-
 9 lection for low-income electric bill payment assistance by all electric companies in **the** calendar
 10 year 2008 is \$15 million. In **the** calendar year 2009 and subsequent calendar years, the commission
 11 may not change the rates established for retail electricity consumers, but the total amount collected
 12 in a calendar year for low-income electric bill payment assistance may vary based on electricity
 13 usage by retail electricity consumers and changes in the number of retail electricity consumers in
 14 this state. In no event shall a retail electricity consumer be required to pay more than \$500 per
 15 month per site for low-income electric bill payment assistance.

16 (c) Funds collected *[by]* **through** the low-income electric bill payment assistance charge shall
 17 be paid into the Housing and Community Services Department Low-Income Electric Bill Payment
 18 Assistance Fund established by ORS 456.587 (2). Moneys deposited in the **Housing and Community**
 19 **Services Department Low-Income Electric Bill Payment Assistance** Fund under this paragraph
 20 shall be used by the Housing and Community Services Department **solely** for *[the purpose of*
 21 *funding]* **purposes related to** low-income electric bill payment assistance~~.]~~ **and for the Housing**
 22 **and Community Service** Department's cost of administering this subsection. *[shall be paid out of*
 23 *funds collected by the low-income electric bill payment assistance charge. Moneys deposited in the fund*
 24 *under this paragraph shall be expended solely for low-income electric bill payment assistance.]* Funds
 25 collected *[from]* **by** an electric company or Oregon Community Power **under this subsection** shall
 26 be expended in the service area of the electric company or Oregon Community Power from which
 27 the funds are collected.

28 (d)(A) The Housing and Community Services Department, in consultation with the advisory
 29 committee on energy established by ORS 458.515, shall determine the manner in which funds col-
 30 lected under this subsection will be allocated by the department to energy assistance program pro-
 31 viders for the purpose of providing low-income bill payment *[and crisis]* assistance.

32 (B) The **Housing and Community Services** Department, **in consultation with electric com-**
 33 **panies**, shall investigate and may implement alternative delivery models specified by the advisory
 34 committee on energy~~, in consultation with electric companies,~~ to effectively reduce service discon-
 35 nections and related costs to retail electricity consumers and electric utilities.

36 (C) Priority assistance shall be directed to low-income electricity consumers who are in danger
 37 of having their electricity service disconnected.

38 (D) The **Housing and Community Services** Department shall maintain records and provide
 39 those records upon request to an electric company, Oregon Community Power and the Citizens'
 40 Utility Board established under ORS chapter 774 on a quarterly basis. Records maintained must
 41 include the numbers of low-income electricity consumers served, the average amounts paid **to low-**
 42 **income electricity consumers** and the type of assistance provided **to low-income electricity**
 43 **consumers**. Electric companies and Oregon Community Power shall, if requested, provide the
 44 **Housing and Community Services** Department with aggregate data relating to consumers served
 45 on a quarterly basis to support program development.

1 (e) Interest on moneys deposited in the Housing and Community Services Department Low-
2 Income Electric Bill Payment Assistance Fund established by ORS 456.587 (2) may be used to pro-
3 vide bill payment [*and crisis*] assistance to electricity consumers whose primary source of heat is
4 not electricity.

5 (f) Notwithstanding ORS 757.310, the commission may allow an electric company or Oregon
6 Community Power to provide reduced rates or other payment [*or crisis*] assistance or low-income
7 program assistance to a low-income household eligible for assistance under the federal Low Income
8 Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.

9 (8) For purposes of this section, "retail electricity consumers" includes any direct service in-
10 dustrial consumer that purchases electricity without purchasing distribution services from the elec-
11 tric utility.

12 (9) For purposes of this section, [*amounts*] **funds** collected by Oregon Community Power through
13 public purpose charges are not considered moneys received from electric utility operations.

14