

BUDGET REPORT AND MEASURE SUMMARY

CARRIER: Rep. Gomberg

**Joint Committee On Ways and Means**

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**Action:** Do Pass.

**Action Date:** 05/01/15

**Vote:**

**House**

Yeas: 10 - Buckley, Gomberg, Huffman, Komp, McLane, Rayfield, Smith, Whisnant, Whitsett, Williamson

Exc: 2 - Nathanson, Read

**Senate**

Yeas: 12 - Burdick, Devlin, Girod, Hansell, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Thomsen, Whitsett, Winters

**Prepared By:** Travis Miller, Department of Administrative Services

**Reviewed By:** Julie Neburka, Legislative Fiscal Office

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Agency: Public Utility Commission

Biennium: 2015-17

## **Budget Summary\***

	2013-15 Legislatively Approved Budget <sup>(1)</sup>	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 40,901,178	\$ 44,333,835	\$ 44,454,209	\$ 3,553,031	8.7%
Other Funds Nonlimited	\$ 79,271,765	\$ 66,279,866	\$ 66,279,866	\$ (12,991,899)	-16.4%
Federal Funds Limited	\$ 2,783,200	\$ 698,049	\$ 698,049	\$ (2,085,151)	-74.9%
Total	\$ 122,956,143	\$ 111,311,750	\$ 111,432,124	\$ (11,524,019)	-9.4%

## **Position Summary**

Authorized Positions	130	128	128	-2
Full-time Equivalent (FTE) positions	127.25	125.47	125.97	-1.28

<sup>(1)</sup> Includes adjustments through December 2014

\* Excludes Capital Construction expenditures

## **Revenue Summary**

The Public Utility Commission (PUC) is funded primarily by Other Funds from utility fees, the Residential Service Protection Fund (RSPF), the Oregon Universal Service Fund and the Public Purpose Charge. The Commission also receives Federal Funds from the United States Department of Transportation for the Natural Gas Pipeline Safety Program. In a separate bill, Senate Bill 329, the Subcommittee approved an increase to the annual fee imposed on public utilities and telecommunications providers from the current maximum of 0.25 percent of a utility's gross operating revenues to a maximum of 0.30 percent. The fee increase is projected to raise an additional \$5.2 million Other Funds during the 2015-17 biennium, and will enable PUC's Utility and Policy and Administration programs to operate at their current levels of service. In terms of consumer impact, the proposed fee increase will raise the average cost per residential customer by \$0.03 per monthly utility bill.

## **Summary of Transportation and Economic Development Subcommittee Action**

PUC's mission is to ensure consumers are provided with access to safe and reliable utility services at equitable and reasonable rates through regulatory activities and the promotion of competitive markets. The Commission regulates customer rates and services of investor-owned electric, natural gas and telephone utilities, as well as certain water companies, allowing regulated companies an opportunity to earn an adequate return on their investment.

The Transportation and Economic Development Subcommittee approved a total funds budget of \$111,432,124, including \$44,454,209 Other Funds, \$66,279,866 Nonlimited Other Funds and \$698,049 Federal Funds. The approved budget is a 9.4 percent total funds decrease, including an

8.7 percent Other Funds increase, a 16.4 percent Nonlimited Other Funds decrease and a 74.9 percent Federal Funds decrease from the 2013-15 Legislatively Approved Budget through December 2014. It includes 128 positions (125.97 FTE).

#### Utility Regulation – 001

The Utility Regulation program conducts research and analysis and provides the Commission with technical support. It ensures that private electricity, natural gas, telecommunications and water utilities provide safe, reliable and high-quality service at reasonable rates, and it promotes effective competition in those industries. Staff review program financing and budgeting issues, conduct fiscal and general audits and monitor utility safety practices. The Subcommittee approved a total funds budget of \$85,446,639 (76.21 FTE).

#### Residential Service Protection – 003

The Residential Service Protection Fund (RSPF) ensures accessible and affordable basic phone service for all Oregonians. It provides telecommunications services for low-income individuals and disabled persons, including the hearing- and speech-impaired through several programs. The Subcommittee approved a total funds budget of \$11,426,934 (8.00 FTE).

#### Policy and Administration – 004

The Policy and Administration Program includes the office of the Chief Operating Officer, the Commission, Commission Services, Administrative Hearings, Central Services (which includes Consumer Protection Services) and Human Resources. The Subcommittee approved a total funds budget of \$13,784,462 (39.76 FTE).

#### Oregon Board of Maritime Pilots – 005

The Oregon Board of Maritime Pilots (OBMP) is an independent occupational licensing and regulatory agency for state maritime pilots, whose mission is to protect public health, safety, and welfare by ensuring that only the best-qualified persons are licensed to pilot vessels in Oregon's four pilot-required areas, including: Yaquina Bay, Coos Bay, the Columbia River and the Willamette River. The Subcommittee approved a total funds budget of \$774,089 (2.00 FTE).

The Subcommittee approved the following adjustments to the Commission's current service level budget:

*Package 101: Increase OBMP's Director FTE.* This package provides \$120,374 Other Funds to permanently increase the Executive Director position from half-time (0.50 FTE) to full-time (1.00 FTE). The Executive Director position was first authorized by the Legislature in 2013 (Senate Bill 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. The increase in FTE will 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.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

**DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION**

**SB 5535-A**

**Public Utilities Commission**  
**Travis Miller -- (503) 373-1109**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ -	\$ -	\$ 40,901,178	\$ 79,271,765	\$ 2,783,200	\$ -	\$ 122,956,143	130	127.25
2015-17 Current Service Level (CSL)*	\$ -	\$ -	\$ 44,333,835	\$ 66,279,866	\$ 698,049	\$ -	\$ 111,311,750	128	125.47
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
<b>SCR 005 - Oregon Board of Maritime Pilots</b>									
Package 101: Increase OBMP's Director FTE									
Personal Services	\$ -	\$ -	\$ 120,374	\$ -	\$ -	\$ -	\$ 120,374	0	0.50
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 120,374	\$ -	\$ -	\$ -	\$ 120,374	0	0.50
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 44,454,209	\$ 66,279,866	\$ 698,049	\$ -	\$ 111,432,124	128	125.97
% Change from 2013-15 Leg Approved Budget	0.0%	0.0%	8.7%	-16.4%	-74.9%	0.0%	-9.4%	-1.5%	-1.0%
% 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%

\*Excludes Capital Construction Expenditures

## Legislatively Approved 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
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
5 - 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
6 - 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
7 - Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved KPM	0.00	0.10	0.10
8 - Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved KPM	25.60	34.00	34.25
9 - Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved KPM	100.00	100.00	100.00
10 - 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
11 - 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

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
12 - Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved KPM	82.00	75.00	75.00
13 - 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
13 - 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
13 - 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
13 - 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
13 - 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
13 - 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
14 - Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved KPM	71.00	100.00	100.00
15 - 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
16 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

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
16 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
16 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
16 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
16 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
5 - Residential Energy Efficiency – Ratio of dollars realized in energy savings per dollar of public purpose fund expenditure for Energy Trust’s residential programs.		Legislative Delete	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.		Legislative Delete	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.		Legislative Delete	3.40		
8 - Renewable Resource Development – Annual average megawatts acquired through Energy Trust programs. (3 year rolling average)		Legislative Delete	2.50		
9 - Energy Trust Administrative Efficiency – Administrative and program support costs as a percent of annual revenues.		Legislative Delete	5.00		

**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. (\*NOTE: as a result of the deleted measures 5-9, KPMs were renumbered and 21a-e referenced above are now 16a-e.)

**Sub-Committee Action:**

The Subcommittee approved the key performance measures as recommended by LFO.