

**REVENUE IMPACT OF
PROPOSED LEGISLATION
78th Oregon Legislative Assembly
2016 Regular Session
Legislative Revenue Office**

Bill Number:	HB 4036 - A41
Revenue Area:	Electric Rates
Economist:	Mazen Malik
Date:	02-22-2016

***Only Impacts on Original or Engrossed
Versions are Considered Official***

The revenue impact of this measure is indeterminate for the following reasons:

- The measure is a comprehensive bill that touches on numerous aspects of regulation of electrical utilities. The bill requires each electric company located in Oregon to eliminate coal-fired resources from its electricity supply, and Increases IOU RPS requirement to 50 percent by 2040. The Public Utility Commission through the regulation of rates allows the utilities to recover costs. Additionally, the Commission is to allow cost recovery for early RPS investments, variable cost recovery, and a public bidding process for procurement of renewable energy generating facility. The increase in rates is capped at 3% of revenue. However, the effect on rates of allowable costs and methods of recovery reflected in rates is not clear.
- Directs Commission to establish means by which electric company may track, and credit or charge customers for, difference between state or federal production tax credits included in rates charged by electric company and actual production tax credits received by electric company.
- Requires each electric company to file applications with Commission for programs to accelerate "transportation electrification". The measure also allows return of and return on investment made by electric company for purposes of the programs as well as using the rate mechanism as in investment costs. On the other hand, the effect of "transportation electrification" program on the gas tax revenue is not clear.
- There are different issues around Renewable Energy Credits, low-income, resource value of solar, and rates. It directs the PUC to report on the program before July 2019. A PUC impact on rates report as a result of the compliance with RPS requirements is due before 2020.