

July 18, 2016

Joint Interim Committee On Department of Energy Oversight

Co-Chairs Beyer and Holvey, and Members of the Committee:

My name is Randy Camp of CoEnergy Propane. We are a small, independent locally owned propane provider with offices in Albany and Redmond, Oregon. I want to tell you how unfair the Energy Supplier Assessment is to companies like mine.

The propane industry is made up of a variety of different types companies (national, regional, and local) and is a very competitive market. We are regulated by the Oregon State Fire Marshal's Office. We have no other direct nexus to the Department of Energy; we don't need site certificates from them, for example.

When the Department began to include us in the Energy Supplier Assessment, they told us that they did a phone survey and called each propane company, asking if they sold propane to others who sold it to the public. Since CoEnergy Propane sells to others like gas stations, who in turn sell to the consuming public in cylinders for grill, travel trailers and motorhomes, the answer was yes. We were then billed for the Energy Supplier Assessment. This makes for an unlevel playing field, as many other propane suppliers (my competitors) do not sell to gas stations and thus do not have to pay a fee.

The gas that is sold is assessed twice, as the wholesaler who provides it to us in the first place has to pay a fee also. It would be better to assess the fee once to the true wholesalers, as the Department of Environmental Quality does in its greenhouse gas regulation.

Another point of unfair treatment is that all of our sales (with the exception of motor fuel and tank rent), is assessed as well. This includes sales of any appliance, whether it runs on propane or not, all parts and fittings, all labor and so on, not just the propane we sell to other local companies that in turn sell to the consuming public. I doubt that a utility has to pay such a broad assessment.

The Pacific Propane Gas Association has met with the Department of Energy three times in the past over this issue, but nothing has changed. The personnel at the Department keeps changing.

Can you please help us?

Thank you.

Randy Camp
General Manager
Co-Energy Propane



*Representing the Propane Gas Industry for
Alaska, Hawaii, Oregon and Washington*

November 8, 2016

Joint Interim Committee on Department of Energy Oversight
c/o Beth Patrino, Committee Administrator
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Dear Co-Chairs and Members of the Committee:

As you know, I attended your meeting on November 4, 2016, when during the last hour you addressed issues relating to propane dealers. As the Oregon lobbyist for the Pacific Propane Gas Association (PPGA), I was very pleased to hear your discussion. You referred to our testimony from your meeting on July 18, 2016, and it is attached here.

We have two suggestions for your draft report, Joint Interim Committee on Department of Energy Oversight Co-Chair DRAFT -- Committee Report and Recommendations October 31, 2016.

1) **Revenue Definition**

Under "Central Services and Director's Office" on page 10, it reads:

"Key Recommendations:

- Clarify in statute that the ESA is an assessment on revenue derived from energy suppliers in Oregon and is used to pay for energy programs that benefit the state's citizens."

We have had a problem with being charged on revenue from appliances, parts and fittings, and other items in addition to the fuel itself. We would like to suggest you include "revenue...**from the sale of units of energy**" as an addition.

That recommendation would then read:

- Clarify in statute that the ESA is an assessment on revenue from the sale of units of energy derived from energy suppliers in Oregon and is used to pay for energy programs that benefit the state's citizens."

2) **Put payment onus on true propane wholesalers**

The propane industry is a multi-faceted industry, much more competitive and complicated than a utility, with its defined territory and structure. ODOE in the case of propane is billing some retail dealers in addition to the first point of supply, which results in the same unit of propane being billed at least twice.

That same problem is more effectively dealt with under the DEQ's greenhouse gas statutes and administrative rules. We would like to suggest that you adopt those definitions for propane dealers under the ODOE statutes too, rather than the current energy resource supplier definition in ORS 469.421. While I can't presume to write the statutory language, you could add the word "import" and say something like, "Assessment on propane dealers shall be made at the highest point possible." This could stand as a

carve out for propane industry, since it is so different from many other industries, if necessary. Here are the most relevant administrative rules:

OAR 340-215-0020

Definitions

(9) To "Import" means owning electricity or fuel from locations outside of Oregon at the time electricity is brought into this state through transmission equipment or at the time fuel is brought into this state by any means of transport, other than fuel brought into this state in the fuel tank of a vehicle used to propel the vehicle.

OAR 340-215-0030

(5) Propane importers.

(a) Any person that imports, sells or distributes propane for use in the state must register and report in accordance with OAR 340-215-0040(4).

(b) Persons that import propane for use in the state are not subject to subsection (5)(a) if:

(A) All imports are brought into the state by delivery trucks with a maximum capacity of 3,500 gallons of propane or less; or

(B) All imports consist of propane in canisters of 5 gallons or less.

If you have any questions, please don't hesitate to contact me.

Cordially,



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