

Senate Bill 979

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

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**.

Establishes ability of retail electricity consumer to purchase electricity generated by eligible renewable energy resources and certain ancillary services directly from entity that is not distribution utility that meets specified conditions.

Changes requirements for entity that is not distribution utility from which retail electricity consumer directly may purchase electricity.

Becomes operative January 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to utilities; creating new provisions; amending ORS 59.025, 757.600, 757.601, 757.607,
3 757.622, 757.627, 757.646 and 757.676; and prescribing an effective date.

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

5 **SECTION 1.** ORS 757.600 is amended to read:

6 757.600. As used in ORS 757.600 to 757.689, unless the context requires otherwise:

7 (1) "Aggregate" means combining retail electricity consumers into a buying group for the pur-
8 chase of electricity and related services.

9 (2) "Ancillary services" means services necessary or incidental to the transmission and delivery
10 of electricity from [*generating*] **electric generation** facilities to retail electricity consumers, includ-
11 ing [*but not limited to scheduling,*] load shaping **services**, reactive power **services**, voltage control
12 **services** and energy balancing services.

13 [(3) "*Commission*" means the Public Utility Commission.]

14 [(4) (3) "Consumer-owned utility" means a municipal electric utility, a people's utility district
15 or an electric cooperative.

16 [(5) (4) "Default supplier" means an electricity service supplier or electric company that has a
17 legal obligation to provide electricity services to a consumer, as determined by the **Public Utility**
18 **Commission**.

19 [(6) (5) "Direct access" means the ability of a retail electricity consumer to purchase electricity
20 and certain ancillary services, as determined by the commission for an electric company or the
21 governing body of a consumer-owned utility, directly from an entity **that meets the conditions**
22 **specified in ORS 757.607 (1)**, other than the distribution utility.

23 [(7) (6) "Direct service industrial consumer" means an end user of electricity that obtains
24 electricity directly from the transmission grid and not through a distribution utility.

25 [(8) (7) "Distribution" means the delivery of electricity to retail electricity consumers through
26 a distribution system consisting of local area power poles, transformers, conductors, meters, sub-
27 stations and other equipment.

28 [(9) (8) "Distribution utility" means an electric utility that owns and operates a distribution

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 system connecting the transmission grid to the retail electricity consumer.

2 [(10)] (9)(a) “Economic utility investment” means all electric company investments, including
3 plants, [and] equipment and contractual or other legal obligations, properly dedicated to generation
4 or conservation, that were prudent at the time the obligations were assumed, but the full benefits
5 of which are no longer available to consumers as a direct result of ORS 757.600 to 757.667, absent
6 transition credits.

7 (b) “Economic utility investment” does not include:

8 (A) Costs or expenses disallowed by the commission [*in a prudence review or other proceeding*],
9 to the extent of [*such*] **the** disallowance[, *and does not include*]; **or**

10 (B) Fines or penalties [*authorized and*] imposed under state or federal law.

11 [(11)] (10)(a) “Electric company” means an entity engaged in the business of distributing elec-
12 tricity to retail electricity consumers in this state[, *but*].

13 (b) “**Electric company**” does not include a consumer-owned utility.

14 [(12)] (11) “Electric cooperative” means an electric cooperative corporation organized under
15 ORS chapter 62 or under the laws of another state if the service territory of the electric cooperative
16 **corporation** includes a portion of this state.

17 [(13)] (12) “Electric utility” means an electric company or consumer-owned utility that is en-
18 gaged in the business of distributing electricity to retail electricity consumers in this state.

19 [(14)] (13) “Electricity” means electric energy, measured in kilowatt-hours, or electric capacity,
20 measured in kilowatts, or both.

21 [(15)] (14) “Electricity services” means electricity distribution, transmission, generation or
22 generation-related services.

23 [(16)] (15)(a) “Electricity service supplier” means a person [*or entity*] that offers to sell elec-
24 tricity services available pursuant to direct access to more than one retail electricity consumer.

25 (b) “Electricity service supplier” does not include an electric utility selling electricity to retail
26 electricity consumers in [*its own*] **the electric utility’s** service territory.

27 (16) “**Eligible renewable energy resource**” means a renewable energy source, as defined
28 **in ORS 469A.005.**

29 (17) “Governing body” means the board of directors or the commissioners of an electric coop-
30 erative or people’s utility district, or the council or **other governing** board of a city with respect
31 to a municipal electric utility.

32 (18) “**Interim market purchases**” means **purchases of electricity in the wholesale power**
33 **market from an electric generation resource the cost of which is not included in the pur-**
34 **chasing electric company’s rate base.**

35 [(18)] (19) “Load” means the amount of electricity delivered to or required by a retail electricity
36 consumer at a specific point of delivery.

37 [(19)] (20) “Low-income weatherization” means repairs, weatherization and installation of energy
38 efficient appliances and fixtures for low-income residences for the purpose of enhancing energy ef-
39 ficiency.

40 [(20)] (21) “Municipal electric utility” means an electric distribution utility owned and operated
41 by or on behalf of a city.

42 (22) “**New commercial load**” means:

43 (a) **An increase in the load of a nonresidential retail electricity consumer at a specific**
44 **point of delivery during a calendar year in an amount that exceeds five percent of the max-**
45 **imum load of the nonresidential retail electricity consumer during the previous calendar**

1 **year; or**

2 **(b) The load of one or more nonresidential retail electricity consumers at a new delivery**
 3 **point that was created through the development of commercial or industrial infrastructure.**

4 [(21)] **(23)(a)** “New renewable energy resource” means a renewable energy resource project, or
 5 [a new] **an** addition to an existing renewable energy resource project, or the electricity produced
 6 by [the] **a renewable energy resource** project, that is not in operation on July 23, 1999.

7 **(b)** “New renewable energy resource” does not include any portion of a renewable energy re-
 8 source project under contract to the Bonneville Power Administration on or before July 23, 1999.

9 [(22)] **(24)** “One average megawatt” means 8,760,000 kilowatt-hours of electricity per year.

10 [(23)] **(25)** “People’s utility district” has the meaning given that term in ORS 261.010.

11 [(24)] **(26)** “Portfolio access” means the ability of a retail electricity consumer to choose from
 12 a set of product and pricing options for electricity determined by the governing [board] **body** of a
 13 consumer-owned utility [and may include product and pricing options], **whether** offered by the
 14 **consumer-owned** utility or by an electricity service supplier.

15 [(25)] **(27)** “Power generation company” means a company **that is not regulated by the com-**
 16 **mission that is** engaged in the production and sale of electricity to wholesale customers, including
 17 [but not limited to] independent power producers, affiliated generation companies[,] **and** municipal
 18 and state authorities[, provided the company is not regulated by the commission].

19 [(26)] **(28)** “Qualifying expenditures” means those expenditures for energy conservation measures
 20 that have a simple payback period of not less than one year and not more than 10 years, and
 21 expenditures for the above-market costs of new renewable energy resources, [provided that] **subject**
 22 **to any rule adopted by** the State Department of Energy [by rule may establish] **establishing** a limit
 23 on the maximum above-market cost for renewable energy that is allowed as a credit.

24 **(29) “Renewable direct access” means the ability of a retail electricity consumer to pur-**
 25 **chase electricity generated by eligible renewable energy resources and certain ancillary ser-**
 26 **vices, as determined by the commission for an electric company or the governing body of a**
 27 **consumer-owned utility, directly from an entity that meets the conditions specified in ORS**
 28 **757.607 (1) and (2), other than the distribution utility.**

29 [(27)] **(30)** “Renewable energy resources” means:

30 (a) [Electricity] **Electric** generation facilities fueled by wind, waste, solar or geothermal power
 31 or by low-emission nontoxic biomass based on solid organic fuels from wood, forest and field resi-
 32 dues.

33 (b) Dedicated energy crops available on a renewable basis.

34 (c) Landfill gas and digester gas.

35 (d) Hydroelectric facilities located outside protected areas as defined by federal law in effect
 36 on July 23, 1999.

37 [(28)] **(31)(a)** “Residential electricity consumer” means an electricity consumer who resides at
 38 a dwelling primarily used for residential purposes.

39 **(b)** “Residential electricity consumer” does not include retail electricity consumers in a dwelling
 40 typically used for residency periods of less than 30 days, [including] **such as** hotels, motels, camps,
 41 lodges and clubs.

42 **(c)** As used in this subsection, “dwelling” includes [but is not limited to] single family dwellings,
 43 separately metered apartments, adult foster homes, manufactured dwellings, recreational vehicles
 44 and floating homes.

45 [(29)] **(32)(a)** “Retail electricity consumer” means the end user of electricity for specific pur-

1 poses, such as heating, lighting or operating equipment[, *and*].

2 **(b) “Retail electricity consumer”** includes all end users of electricity served through the dis-
3 tribution system of an electric utility on or after July 23, 1999, [*whether or not each end user pur-*
4 *chases*] **even if all end users do not purchase** the electricity from the electric utility.

5 [(30)] **(33)** “Site” means a single contiguous area of land containing buildings or other structures
6 that are separated by not more than 1,000 feet, or **containing** buildings and related structures that
7 are interconnected by facilities **that are** owned by a single retail electricity consumer and that are
8 served through a single electric meter.

9 **(34) “Standard direct access” means direct access that is not renewable direct access.**

10 [(31)] **(35)** “Transition charge” means a charge or fee that recovers all or a portion of an une-
11 conomic utility investment.

12 [(32)] **(36)** “Transition credit” means a credit that returns to consumers all or a portion of the
13 benefits from an economic utility investment.

14 [(33)] **(37)** “Transmission facility” means the plant and equipment used to transmit electricity in
15 interstate commerce.

16 [(34)] **(38)** “Undue market power” means the unfair or improper exercise of influence to increase
17 or decrease the availability or price of a service or product in a manner **that is** inconsistent with
18 competitive markets.

19 [(35)] **(39)(a)** “Uneconomic utility investment” means all electric company investments, including
20 plants, [*and*] equipment and contractual or other legal obligations, properly dedicated to **electric**
21 generation, conservation and workforce commitments, that were prudent at the time the obligations
22 were assumed, but the [*full costs of which*] **remaining undepreciated costs of the investments** are
23 no longer recoverable as a direct result of ORS 757.600 to 757.667, absent transition charges, **and**
24 **cannot be reasonably mitigated by the electric company.**

25 **(b)** “Uneconomic utility investment” does not include:

26 **(A)** Costs or expenses disallowed by the commission [*in a prudence review or other proceeding,*]
27 to the extent of [*such*] **the** disallowance[, *and does not include*]; **or**

28 **(B)** Fines or penalties [*as authorized by*] **imposed under** state or federal law.

29 **SECTION 2.** ORS 757.601 is amended to read:

30 757.601. (1) All retail electricity consumers of an electric company, other than residential elec-
31 tricity consumers, [*shall*] **must** be allowed [*direct access beginning on March 1, 2002. Retail electricity*
32 *consumers shall not be allowed direct access before that date.*] **both standard direct access and**
33 **renewable direct access.**

34 (2) Residential electricity consumers [*shall*] **must** be allowed to purchase electricity from among
35 a portfolio of rate options as described in ORS 757.603 [*not later than March 1, 2002*].

36 (3) ORS 757.600 to 757.691 do not apply to an electric company providing electricity services to
37 fewer than 25,000 **retail electricity** consumers in this state unless the electric company offers direct
38 access to any of [*its*] **the electric company’s** retail electricity consumers in this state or offers to
39 sell electricity services available under direct access to more than one retail electricity consumer
40 of another electric utility.

41 **SECTION 3.** ORS 757.607 is amended to read:

42 757.607. (1) The Public Utility Commission shall ensure that direct access programs offered by
43 electric companies meet the following conditions:

44 [(1)] **(a)** The provision of direct access to some retail electricity consumers [*must*] **of the elec-**
45 **tric company may** not cause the unwarranted shifting of costs to other retail electricity consumers

1 of the electric company. *[The commission may,]* In establishing any rates and charges under ORS
2 757.600 to 757.667, **the commission may consider and mitigate the rate impact on retail electricity**
3 **consumers resulting from the reduction or elimination of subsidies in existing rate structures[.], and**
4 **with respect to renewable direct access, the commission shall consider the benefit resulting**
5 **from the reduction of emissions and other environmental benefits created by using an eligi-**
6 **ble renewable energy resource instead of a resource that is not an eligible renewable energy**
7 **resource.**

8 [(2)] (b) The direct access, portfolio of rate options and cost-of-service rates may include tran-
9 sition charges or transition credits that reasonably balance the interests of retail electricity con-
10 sumers *[and]*, **electric utility investors[.] and electricity service suppliers, including the ability**
11 **of retail electricity consumers to have access to wholesale power markets and electric gen-**
12 **eration from eligible renewable energy resources.** The commission may determine that full or
13 partial recovery of the costs of uneconomic utility investments, or full or partial pass-through of the
14 benefits of economic utility investments to retail electricity consumers, is in the public interest. **In**
15 **making the determination, the commission shall consider:**

16 (A) **The reduction of emissions and other environmental benefits created by acquiring**
17 **electricity from an eligible renewable energy resource instead of from a resource that is not**
18 **an eligible renewable energy resource;**

19 (B) **Retail and wholesale electric competition; and**

20 (C) **Diverse ownership of electric generation resources.**

21 [(3)] (c) The commission shall allow recovery, through a transition charge, of any otherwise
22 unrecoverable costs arising from or related to an electric company's contractual or other legal ob-
23 ligations to the Bonneville Power Administration under ORS 757.663, or arising from or related to
24 a failure of the Bonneville Power Administration to meet its contractual or other legal obligations
25 to the electric company, from those classes of consumers for which electric power was purchased
26 from the Bonneville Power Administration.

27 (d) **The commission may not allow recovery, through a transition charge, of costs in-**
28 **curring by an electric company unless the electric company has demonstrated that the elec-**
29 **tric company used diligent efforts to mitigate the costs.**

30 [(4)] (e) Notwithstanding ORS 757.355, the commission may allow a return on the unamortized
31 balance of an uneconomic utility investment or an economic utility investment that is included in
32 rates[.], **but only to the extent that the electric company is unable to mitigate the costs on**
33 **a prudent basis or recover the return on the investment from new customers of the electric**
34 **company.**

35 (2) **The commission shall ensure that renewable direct access programs offered by elec-**
36 **tric companies meet the following conditions:**

37 (a) **Electricity generated for a renewable direct access program must be generated by an**
38 **eligible renewable energy resource, except that electricity necessary for ancillary services**
39 **may be generated by a resource that is not an eligible renewable energy resource if unbun-**
40 **dled renewable energy certificates, as defined in ORS 469A.005, associated with an amount**
41 **of qualifying electricity, as defined in ORS 469A.005, that is equivalent to the amount of**
42 **electricity necessary for ancillary services are retired by or on behalf of the electric retail**
43 **consumer that is receiving the electricity.**

44 (b) **Transition charges and transition credits may not be applied to any renewable direct**
45 **access service serving a new commercial load.**

1 (c) The commission shall adopt by rule a limited term, not to exceed five years, after
 2 which a customer eligible for renewable direct access may not be required to pay any tran-
 3 sition charges. Transition charges applied before the end of the term may not carry forward
 4 any costs or expenses beyond the end of the term.

5 (d) Electricity sold by an electricity service supplier under a renewable direct access
 6 program may not be included in the calculation of how much electricity the electricity ser-
 7 vice supplier sold during a calendar year for purposes of complying with ORS 469A.005 to
 8 469A.210.

9 **SECTION 4.** ORS 757.622 is amended to read:

10 757.622. The Public Utility Commission shall establish the terms and conditions for providing
 11 default electricity service for nonresidential electricity consumers in an emergency. **In establishing**
 12 **the terms and conditions, the commission shall allow default electricity service to be pro-**
 13 **vided through interim market purchases of an electric company without requiring the elec-**
 14 **tric company to maintain electric capacity within the base rate.** The commission also shall
 15 establish reasonable terms and conditions for providing default **electricity** service **based on cost-**
 16 **of-service** to a nonresidential electricity consumer in circumstances when the **nonresidential**
 17 **electricity** consumer is receiving electricity services through direct access and elects instead to
 18 receive [*such*] services through the default **electricity** service, **subject to sufficient prior notice**
 19 **by the requesting nonresidential electricity consumer.** The terms and conditions for default
 20 **electricity** service established by the commission shall provide for viable competition among elec-
 21 tricity service suppliers.

22 **SECTION 5.** ORS 757.627 is amended to read:

23 757.627. (1) An electric company shall permit retail electricity consumers that are eligible for
 24 direct access to voluntarily aggregate their electricity loads.

25 (2) A retail electricity consumer that is eligible for direct access may voluntarily aggregate its
 26 electricity load with the electricity load of any other retail electricity consumer that is eligible for
 27 direct access.

28 (3) **An electric company shall permit retail electricity consumers that are eligible for di-**
 29 **rect access to have standard direct access at any specific point of delivery, renewable direct**
 30 **access at any specific point of delivery or standard direct access or renewable direct access**
 31 **for any portion of a specific point of delivery.**

32 **SECTION 6.** ORS 757.646 is amended to read:

33 757.646. (1) The duties, functions and powers of the Public Utility Commission [*shall*] include
 34 developing policies to eliminate barriers to the development of a competitive retail market
 35 structure, **encourage diverse ownership of electric resources and promote the development**
 36 **of eligible renewable energy resources.** [*The policies shall*] **Policies developed pursuant to this**
 37 **section must** be designed to mitigate the vertical and horizontal market power of incumbent elec-
 38 tric companies, prohibit preferential treatment, or the appearance of [*such*] **preferential** treatment,
 39 of generation or market affiliates and determine [*the*] **which** electricity services **are** likely to be
 40 competitive. The commission may require an electric company acting as an electricity service sup-
 41 plier [*do so*] **to act as an electricity service supplier** through an affiliate.

42 (2) The commission shall establish by rule a code of conduct for electric companies and [*their*]
 43 affiliates **of the electric companies** to protect **retail electricity consumers** against **retail** market
 44 abuses and anticompetitive practices. The code [*shall*] **must**, at a minimum:

45 (a) Require an electric company and [*any*] **an affiliate of the electric company** that shares the

1 same name and logo **as the electric company** to disclose to all consumers the relationship between
 2 the **electric** company and **the** affiliate and to clarify that the affiliate is not the same **entity** as the
 3 electric company and that in order to receive service from the **electric** company a consumer does
 4 not have to purchase the services of the affiliate;

5 (b) Prohibit preferential access by an [*electric company*] affiliate **of an electric company** to
 6 confidential consumer information;

7 (c) Prohibit cross-subsidization between competitive operations and regulated operations, in-
 8 cluding the use of [*electric company*] **the** personnel and other resources **of an electric company**;

9 (d) Prohibit joint marketing activities and exclusive referral arrangements between an electric
 10 company and [*its*] affiliates **of the electric company**;

11 (e) Provide the commission with [*all necessary*] **the** access to books and records **of electric**
 12 **companies that the commission determines is necessary to meet the requirements of this**
 13 **subsection**;

14 (f) Require electric companies to make regular compliance filings; and

15 (g) Require fair treatment of all competitors by a distribution utility.

16 (3) An electric company shall provide the commission access to all books and records necessary
 17 for the commission to monitor the electric company and [*its affiliate relationships*] **the affiliates of**
 18 **the electric company**. The commission shall require an electric company biannually to file a report
 19 detailing compliance with this subsection.

20 **SECTION 7.** ORS 757.676 is amended to read:

21 757.676. The governing body of a consumer-owned utility is authorized to determine whether and
 22 under what terms and conditions it will offer its retail electricity consumers direct access, portfolio
 23 access or other forms of access to electric service suppliers. In making such determination, the
 24 governing body of a consumer-owned utility shall consider such factors as it deems appropriate. A
 25 consumer-owned utility shall have sole authority to determine:

26 (1) The quality and nature of electric service, including but not limited to different product and
 27 pricing options, which shall be made available to its retail electricity consumers.

28 (2) The extent to which products and services will be unbundled and the rates, tariffs, terms and
 29 conditions on which they may be offered.

30 (3) Whether one or more pilot programs for direct access, portfolio access or other forms of
 31 access to alternative suppliers will be offered.

32 (4) Notwithstanding ORS 757.600 [(10)] **(9)** and [(35)] **(39)**, what constitutes an economic or une-
 33 conomic utility investment, the value of such investments and, in the case of uneconomic utility in-
 34 vestments, the manner and means of mitigating such investments.

35 (5) Whether and on what basis a transition charge will be adopted, assessed and collected from
 36 a retail electricity consumer located within the utility's service territory, including but not limited
 37 to a nonbypassable distribution charge, the amount and period of recovery for the charges, the al-
 38 location of the charges among retail electricity consumers located within the utility's service terri-
 39 tory and the method of collecting such charges including but not limited to whether to impose a
 40 nonbypassable distribution charge.

41 (6) The manner of collecting stranded distribution charges, systems benefit charges, franchise
 42 fees, taxes and payments made in lieu of taxes from retail electricity consumers located within the
 43 utility's service territory for electric power transactions using transmission facilities, whether or
 44 not such transactions use distribution facilities. The governing body may assign charges on the basis
 45 of usage, demand or any combination or method it finds appropriate. Charges need not be assigned

1 to specific facilities.

2 (7) The collection from retail electricity consumers located within the utility's service territory
3 through rates, fees or charges, including the imposition of a nonbypassable distribution charge, in
4 amounts sufficient to recover 100 percent of stranded costs imposed by, or incurred pursuant to the
5 purchase of cost-based electric power from, the Bonneville Power Administration. Such stranded cost
6 charges may include the difference in cost associated with purchasing electric power from the
7 Bonneville Power Administration and the cost of purchasing a like and similar amount of electric
8 power at market prices.

9 (8) The establishment of technical capability requirements, financial responsibility requirements
10 and other protections for retail electricity consumers located within the utility's service territory
11 and the consumer-owned utility in dealings with electric service suppliers.

12 (9) Access to or use of the utility's transmission facilities or distribution system by retail elec-
13 tricity consumers or electric service suppliers.

14 (10) The utility's qualification standards for energy service suppliers in addition to any certi-
15 fication standards established by the Public Utility Commission, provided that the qualification
16 standards are uniformly applied to electricity service providers in a nondiscriminatory manner.

17 **SECTION 8.** ORS 59.025 is amended to read:

18 59.025. The following securities are exempt from ORS 59.049 and 59.055:

19 (1)(a) A security issued or guaranteed by the United States or a state, or by a political subdi-
20 vision, agency or other instrumentality of the United States or a state.

21 (b) Any other security offered in connection with or as part of a security described in paragraph
22 (a) of this subsection, if the security cannot be severed and sold separately from the security in
23 paragraph (a) of this subsection.

24 (2) A security issued or guaranteed by a foreign government with which the United States is
25 at the time of the sale maintaining diplomatic relations, or by a state, province or political subdi-
26 vision of the foreign government that has the power of taxation or assessment, if the foreign gov-
27 ernment, state, province or political subdivision recognizes the security as a valid obligation.

28 (3) A security that represents an interest in or a direct obligation of, or is guaranteed by, a
29 national bank, a federal savings and loan association, a federal credit union, a federal land bank or
30 joint stock land bank or a national farm loan association.

31 (4) Any of the following securities:

32 (a) A security that, at the time the security is issued, is listed or approved for listing on the
33 New York Stock Exchange, the American Stock Exchange, the Midwest Stock Exchange, the Pacific
34 Stock Exchange or any other exchange that the Director of the Department of Consumer and Busi-
35 ness Services recognizes by rule;

36 (b) A security that the NASDAQ Stock Market, NASDAQ Options Market or NASDAQ OMX
37 Futures Exchange has designated or approved for designation at the time the security was issued;

38 (c) Any other security issued by a person or entity that issues a security listed or designated
39 under paragraph (a) or (b) of this subsection, if the other security is of senior or substantially equal
40 rank to the listed or designated security;

41 (d) A security issuable under rights or warrants listed or approved under paragraph (a), (b) or
42 (c) of this subsection; or

43 (e) A warrant or right to purchase or subscribe to any security described in paragraph (a), (b),
44 (c) or (d) of this subsection.

45 (5) A security that maintains a rating that the director approves in a recognized securities

1 manual.

2 (6) A security that represents an interest in or a direct obligation of, and that has been or will
3 be issued by, a bank, trust company, savings and loan association or credit union and that is subject
4 to the examination, supervision and control of a regulatory agency of this state.

5 (7) Commercial paper issued, given or acquired in a bona fide way in the ordinary course of le-
6 gitimate business, trade or commerce, if the commercial paper is not made the subject of a public
7 offering.

8 (8) A security, the issuance of which the Public Utility Commission supervises, regulates or
9 controls, if the Public Utility Commission supervises, regulates or controls the person or entity that
10 issues the security.

11 (9) Stock or membership certificates that an agricultural cooperative corporation or irrigation
12 association issues, if the agricultural cooperative corporation or irrigation association issues the
13 stock or membership certificate as evidence of membership in the cooperative or association, as a
14 patronage dividend or as evidence of a member's or a patron's respective interests in reserves or
15 patronage dividends. This exemption does not apply to a cooperative or association that expects to
16 engage in or is engaged in producing, processing or marketing forest products.

17 (10) Stock or membership certificates that a fishing cooperative corporation issues to members
18 of the fishing cooperative corporation either for the purpose of showing membership or for the
19 purpose of showing the members' respective interests in reserves or patronage dividends. For pur-
20 poses of this subsection, a fishing cooperative corporation is an association of persons engaged
21 commercially in harvesting, marketing or processing products of aquatic life from fresh and salt
22 water, that is formed or operated under ORS chapter 62 with the purpose of commercially harvest-
23 ing, marketing or processing such products or engaging in group bargaining with respect to the sale
24 of such products.

25 (11) Stock or membership certificates issued by an association of consumers that is formed or
26 operated under ORS chapter 62 with the purpose of providing groceries to the association's mem-
27 bers, if the association issues the stock or certificates to members either for the purpose of showing
28 membership in the association or for the purpose of showing the members' respective interests in
29 patronage dividends or reserves. For purposes of the exemption under this subsection:

30 (a) The price of stock or a membership certificate may not exceed \$300.

31 (b) The benefits must be limited to discounts on purchases or patronage dividends, or any com-
32 bination of discounts and dividends.

33 (c) The association may issue only one stock or membership certificate to an individual.

34 (12) Subject to conditions that the director adopts by rule, stock or membership certificates that
35 a renewable energy cooperative corporation issues to members of the cooperative corporation, if the
36 cooperative corporation issues the stock or certificates to members either to show membership in
37 the cooperative corporation or to show the members' respective interests in or entitlement to assets,
38 reserves or dividends. For the purpose of this subsection, a renewable energy cooperative corpo-
39 ration is an association of persons that is organized as a cooperative corporation under ORS chapter
40 62 with the purpose of developing and operating facilities to generate electricity from renewable
41 energy resources, as defined in ORS 757.600 [(27)(a),] **(30)(a)**, (c) and (d), or from a type of energy
42 listed in ORS 469A.025 (1)(c).

43 (13) Any security issued in connection with an employee stock purchase, savings, pension, profit
44 sharing or similar employee benefit plan, provided that:

45 (a) The plan meets the requirements for qualification under section 401 of the Internal Revenue

1 Code of 1986; and

2 (b) The terms of the plan are fair, just and equitable to employees under rules of the director.

3 (14) Any security issued by a person that is:

4 (a) Organized and operated exclusively for a religious, educational, benevolent, fraternal, chari-
5 table or reformatory purpose and not for pecuniary profit;

6 (b) Organized or constituted so that the person's net earnings do not inure to the benefit of any
7 person, private stockholder, or individual; and

8 (c) Designated by rule of the director.

9 (15) Any other security the director exempts by rule.

10 **SECTION 9.** (1) **The amendments to ORS 59.025, 757.600, 757.601, 757.607, 757.622, 757.657,**
11 **757.646 and 757.676 by sections 1 to 8 of this 2017 Act become operative on January 1, 2018.**

12 **(2) The Public Utility Commission may take any action before the operative date specified**
13 **in subsection (1) of this section that is necessary to enable the commission to exercise, on**
14 **and after the operative date specified in subsection (1) of this section, all the duties, powers**
15 **and functions conferred on the commission by the amendments to ORS 59.025, 757.600,**
16 **757.601, 757.607, 757.622, 757.657, 757.646 and 757.676 by sections 1 to 8 of this 2017 Act.**

17 **SECTION 10.** **This 2017 Act takes effect on the 91st day after the date on which the 2017**
18 **regular session of the Seventy-ninth Legislative Assembly adjourns sine die.**

19