

Public Utility Commission

	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
Other Funds	45,634,617	45,128,415	45,919,838	48,075,719	49,501,005
Other Funds (NL)	69,279,866	56,290,822	56,290,822	54,312,163	54,312,163
Federal Funds	727,796	715,100	742,231	790,833	975,382
Total Funds	115,642,279	102,134,337	102,952,891	103,178,715	104,788,550
Positions	129	127	127	123	131
FTE	126.60	125.76	125.76	122.50	128.58

* Includes Emergency Board and administrative actions through December 2018.

Program Description

The Public Utility Commission of Oregon (PUC) regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunications companies, and water companies. The PUC works to ensure consumers receive safe and reliable utility services at fair and reasonable rates, while allowing regulated companies the opportunity to earn an adequate return on their investment. The three-member commission is appointed by the Governor and subject to Senate confirmation. The Commission provides administrative and budget support to the Oregon Board of Maritime Pilots, an independent occupational licensing and regulatory agency for state maritime pilots, whose mission is to protect public health, safety, and welfare by ensuring only the best-qualified persons are licensed to pilot vessels.

CSL Summary and Issues

The PUC is funded almost entirely by Other Funds derived from fees assessed on regulated entities. The Commission also receives Federal Funds from the US Department of Transportation for the Natural Gas Pipeline Safety Program. The 2019-21 current service level (CSL) budget of \$103.2 million is \$225,824 (or less than 1%) more than the 2017-19 legislatively approved budget. The CSL budget includes standard inflation adjustments, as well as increases for Attorney General fees and state government service charges. There are no CSL budget issues.

The PUC provides administrative services to the Oregon Board of Maritime Pilots. The Board of Maritime Pilots is funded by license fees paid by the pilots. The 2019-21 CSL budget of \$810,446 supports two positions (2.0 FTE) and services and supplies, including costs for legal fees and professional services.

Policy Issues

Gross Operating Revenue Fee. Statute establishes a maximum fee payable by utilities and telecommunications providers of 0.3% of a utility's annual gross operating revenues in the previous calendar year. For the 2019-21 biennium, the fee projected to be at the maximum. The PUC

has proposed (Senate Bill 68) to increase the annual utility fee from 0.3% to 0.45% for energy and water utilities, and from 0.3% to 0.35% for telecommunications utilities.

Telecommunications Revenue. As customers continue to transition from landline to wireless services, the telecommunications industry's gross revenues are projected to decrease between 2019 and 2021, resulting in a revenue loss of approximately 2% per year. Commission revenue from the energy industry will increase by an estimated 2% per year. Given that the Commission receives more revenue from the energy industry than it does from the telecommunication industry, the growth in electricity industry revenue will continue to offset the loss of telecommunications industry revenue.

Oregon Universal Service Fund. All retail telecommunications services sold in the state are subject to a universal service surcharge of 8.5%. The surcharge revenue is deposited into the Oregon Universal Service Fund administered by the Public Utility Commission. The purpose of the fund is to ensure basic telephone service is affordable in high cost areas of the state. Eligible carriers receive payments from the fund to offset the cost of providing basic telephone service. Revenue has been declining for several years because of the consumer shift from land lines to wireless service. Under current law, wireless service providers are exempt from the surcharge.