

**SB 5534 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Reviewed By:** Gregory Jolivet, Legislative Fiscal Office

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**Public Utility Commission**

**2019-21**

PRELIMINARY

## **Budget Summary\***

	2017-19 Legislatively Approved Budget <sup>(1)</sup>	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 45,919,838	\$ 48,075,719	\$ 49,589,906	\$ 3,670,068	8.0%
Other Funds Nonlimited	\$ 56,290,822	\$ 54,312,163	\$ 54,312,163	\$ (1,978,659)	(3.5%)
Federal Funds Limited	\$ 742,231	\$ 790,833	\$ 1,031,312	\$ 289,081	39.0%
<b>Total</b>	<b>\$ 102,952,891</b>	<b>\$ 103,178,715</b>	<b>\$ 104,933,381</b>	<b>\$ 1,980,490</b>	<b>1.9%</b>

## **Position Summary**

Authorized Positions	127	123	130	3
Full-time Equivalent (FTE) positions	125.76	122.50	127.75	1.99

<sup>(1)</sup> Includes adjustments through December 2018

\* Excludes Capital Construction expenditures

## **Summary of Revenue Changes**

The Public Utility Commission (PUC) is funded primarily by Other Funds derived from fees assessed on regulated utilities. It also receives Federal Funds from the United States Department of Transportation for the Natural Gas Pipeline Safety Program. The Commission manages the Residential Services Protection Fund (RSPF), the Oregon Universal Service Fund and the Public Purpose Charge Program. Senate Bill 68 (2019) increases the Utility Gross Operating Revenue Fee assessed on the gross operating revenues of regulated utilities from the previous calendar year. The PUC estimates this will increase revenues by \$9,076,967 in the 2019-21 biennium.

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

The PUC ensures Oregon utility consumers have access to safe, reliable, and high-quality utility services at just and reasonable rates through detailed analysis and independent decision-making conducted in an open and fair process. PUC regulates customer rates and services of the state's 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 Commission does not regulate utility districts, cooperatives, or municipally owned utilities except in matters of safety. Additionally, the Commission has no authority to regulate the rates or services of cellular, satellite, broadband service, or cable TV providers.

The PUC is governed by federal and state laws as well as a broad history of judicial decisions. The three-member Commission is appointed by the Governor and is subject to Senate confirmation.

The Oregon Board of Maritime Pilots (OBMP) is an independent occupational licensing and regulatory agency for state maritime pilots, which is part of PUC for budget and administrative purposes. OBMP protects public safety and the environment and serves Oregon's economy by ensuring only qualified individuals are licensed to pilot vessels.

The Transportation and Economic Development Subcommittee approved a total funds budget of \$104,933,381, which is comprised of \$49,589,906 Other Funds, \$54,312,163 Other Funds NonLimited, \$1,031,312 Federal Funds and 130 positions (127.75 FTE). The approved budget is a 1.9 percent increase from the 2017-19 Legislatively Approved Budget.

### **Utility Regulation**

The Utility Regulation program conducts research and analysis and provides the Commission with technical support. It ensures private electricity, natural gas, telecommunications and water utilities provide safe, reliable and high-quality service at reasonable rates and promotes effective competition in those industries. Staff review program finance and budget issues, conduct fiscal and general audits and monitor utility safety practices. The Subcommittee approved a total funds budget of \$76,598,485 and 67 positions (65.50 FTE).

### **Residential Service Protection**

The Residential Service Protection Fund ensures accessible and affordable basic phone service for all Oregonians. It provides telecommunications services for low-income and disabled persons, including individuals who are hearing- and speech-impaired through several programs. The Subcommittee approved a total funds budget of \$10,089,453 and eight positions (7.50 FTE).

### **Policy and Administration**

The Policy and Administration Program includes the Chief Operating Officer, the Commission, Commission Services, Administrative Hearings, Central Services and Human Resources. The Subcommittee approved a total funds budget of \$17,434,997 and 53 positions (52.75 FTE).

### **Oregon Board of Maritime Pilots**

The Oregon Board of Maritime Pilots is 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 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 \$810,446 and two positions (2.00 FTE).

The Subcommittee approved the following recommendations for PUC:

- Policy Package 101, Annual Gross Revenue Fee - Related to Senate Bill 68 (2019), this package increases 2019-21 Other Funds revenue by an estimated \$9,076,967 by increasing the Utility Gross Operating Revenue Fee assessed on the gross operating revenues of regulated utilities from the previous calendar year. This package does not affect expenditure limitation.

- Policy Package 102, Increase Utility Program & Policy Staff – Provides Other Funds expenditure limitation of \$1,250,613 and Federal Funds limitation of \$54,111 to establish six new positions (4.50 FTE) in the Utility Regulation Program. This increase includes three management positions, three analyst positions and reclassifies one analyst position to a management position. Additionally, this package provides \$215,595 Other Funds expenditure limitation to establish one Operations and Policy Analyst 4 position (0.75 FTE) in Commission Services, within the Policy and Administration Program.
- Policy Package 103, Increase Attorney General Limitation – This package increases Other Funds expenditure limitation by \$199,195 in the Utility Regulation Program and by \$35,152 in the Policy and Administration Program for Attorney General costs related to increased docket activity and complexity.
- Policy Package 104, Federal Fund Allocation – This package shifts expenditure limitation of \$186,368 from Other Funds to Federal Funds to better reflect state and federal cost sharing requirements for the Pipeline and Hazardous Materials Safety Administration program.
- Policy Package 105, Strategic Energy Initiatives – This package shifts \$578,412 Other Funds expenditure limitation and two positions - one management and one analyst position - from the Utility Regulation Program to the Policy and Administration Program to better align positions with program areas. This package provides no additional funding.

### **Summary of Span of Control Action**

Policy Package 102 establishes three management positions and reclassifies one analyst position to a management position. This would reduce PUC's Span of Control from 1:6 to 1:5.

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

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

PRELIMINARY

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Public Utility Commission  
Breanna McGehee -- 971-301-0189

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ -	\$ -	\$ 45,919,838	\$ 56,290,822	\$ 742,231	\$ -	\$ 102,952,891	127	125.76
2019-21 Current Service Level (CSL)*	\$ -	\$ -	\$ 48,075,719	\$ 54,312,163	\$ 790,833	\$ -	\$ 103,178,715	123	122.50
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 001 - Utility Regulation</b>									
Package 102: Increase Utility Program & Policy Staff									
Personal Services	\$ -	\$ -	\$ 1,184,823	\$ -	\$ 54,111	\$ -	\$ 1,238,934	6	4.50
Services and Supplies	\$ -	\$ -	\$ 65,790	\$ -	\$ -	\$ -	\$ 65,790		
Package 103: Increase Attorney General Limitation									
Services and Supplies	\$ -	\$ -	\$ 199,195	\$ -	\$ -	\$ -	\$ 199,195		
Package 104: Federal Fund Allocation									
Personal Services	\$ -	\$ -	\$ (175,958)	\$ -	\$ 175,958	\$ -	\$ -	0	0.00
Services and Supplies	\$ -	\$ -	\$ (10,410)	\$ -	\$ 10,410	\$ -	\$ -		
Package 105: Strategic Energy Initiatives									
Personal Services	\$ -	\$ -	\$ (564,042)	\$ -	\$ -	\$ -	\$ (564,042)	(2)	(2.00)
Services and Supplies	\$ -	\$ -	\$ (14,370)	\$ -	\$ -	\$ -	\$ (14,370)		
<b>SCR 004 - Policy and Administration</b>									
Package 102: Increase Utility Program & Policy Staff									
Personal Services	\$ -	\$ -	\$ 204,630	\$ -	\$ -	\$ -	\$ 204,630	1	0.75
Services and Supplies	\$ -	\$ -	\$ 10,965	\$ -	\$ -	\$ -	\$ 10,965		
Package 103: Increase Attorney General Limitation									
Services and Supplies	\$ -	\$ -	\$ 35,152	\$ -	\$ -	\$ -	\$ 35,152		
Package 105: Strategic Energy Initiatives									
Personal Services	\$ -	\$ -	\$ 564,042	\$ -	\$ -	\$ -	\$ 564,042	2	2.00
Services and Supplies	\$ -	\$ -	\$ 14,370	\$ -	\$ -	\$ -	\$ 14,370		
Special Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<b>TOTAL ADJUSTMENTS</b>	\$ -	\$ -	\$ 1,514,187	\$ -	\$ 240,479	\$ -	\$ 1,754,666	7	5.25
<b>SUBCOMMITTEE RECOMMENDATION *</b>	\$ -	\$ -	\$ 49,589,906	\$ 54,312,163	\$ 1,031,312	\$ -	\$ 104,933,381	130	127.75
% Change from 2017-19 Leg Approved Budget	0.0%	0.0%	8.0%	(3.5%)	39.0%	0.0%	1.9%	2.4%	1.6%
% Change from 2019-21 Current Service Level	0.0%	0.0%	3.2%	0.0%	30.4%	0.0%	1.7%	5.7%	4.3%

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2019 - 2021 Key Performance Measures

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Agency: Public Utility Commission

**Mission Statement:**

To ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
1. Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Approved	94%	97%	97%
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	89%	94%	92%
3. Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers.		Approved	11.40%	10%	11%
4. Electric Utility Operations - Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved	0.50	0.11	0.11
5. Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers.		Approved	0.36	0.45	0.45
6. Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved	0	0.10	0
7. Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved	53.50%	50.50%	58%
8. Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved	71%	100%	100%
9. Oregon Telephone Assistance Program - Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program.		Approved	15%	28%	21%
10. Access to Telephone Services - Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved	73%	60%	72%
11. Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved	90%	75%	75%
12. 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	80%	85%	85%
	Availability of Information		72%	75%	75%
	Overall		79%	82%	82%
	Accuracy		76%	80%	80%
	Expertise		83%	83%	83%
	Timeliness		83%	85%	85%
13. Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved	70%	100%	100%

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
14. 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	4	4	4
15. a. Met performance measures in OPUC's annual grant agreement. - Met 12 of 13 established internal performance measures		Approved	100%	12%	100%
15. b. Obtained an unmodified financial audit annually - Obtaining an annual unqualified financial audit.		Approved	1	1	1
15. c. Keep administrative costs below 8% of annual revenue. - Keep administrative and programs support costs below 9 percent of annual revenue.		Approved	5.20%	9%	7.99%
15. d. Annually report the total resource cost of conservation programs and maintain a score above 1 for each program. - Reporting the benefit/cost ratio for conservation programs based on utility system societal perspective.		Approved	1	1	1
15. e. Report quarterly expenditures and variances by program, and total quarterly progress to annual goals for energy efficiency savings and renewable generation in the Q1, Q2, Q3 and Q4 reports. - Reporting significant mid-year changes to benefit/cost performance as necessary in quarterly reports.		Approved	1	1	1

**LFO Recommendation:**

Approve the 2019-21 Key Performance Measures.

**SubCommittee Action:**

Adopted LFO recommended 2019-21 Key Performance Measures.

PRELIMINARY