



Oregon Citizens' Utility Board

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To: Members of the Joint Committee on Ways and Means Subcommittee on Transportation and Economic Development

From: Janice Thompson, Deputy Director-Oregon Citizens' Utility Board (CUB)

Re: Support for SB 5534 and SB 68

The Oregon Citizens' Utility Board (CUB) was created by voters via a 1984 ballot measure to advocate for residential customers of utility services. A major component of CUB's work is analysis and advocacy in regulatory proceedings before the Oregon Public Utility Commission (OPUC). CUB's positions on regulatory matters don't always carry the day with OPUC staff, but we find that agency's staff consistently thoughtful, hardworking, and committed to the OPUC's valuable mission.

It is also important to note the crucial role played by the OPUC's Consumer services group; the OPUC's management of the Oregon Universal Service Fund that supports provision of reliable telecommunications services throughout the state to the particular benefit of rural areas whose services are frequently higher cost; and the OPUC's management of the Residential Service Protection Fund that ensures access to affordable voice services for our disabled and low-income neighbors.

On these grounds alone, CUB would support SB 5534 regarding OPUC's budget.

However, I want to emphasize that CUB also supports SB 68 that increases annual fees assessed on the gross operating revenues of regulated utilities to fund the OPUC. The current cap on fees is 0.30 percent and a cap increase to 0.45 percent for water and energy utilities and to 0.35 percent for telecommunications utilities is quite appropriate.

Not only has the OPUC's regulatory workload increased, but those proceedings involve a growing number of challenging and complex regulatory issues. At the same time the OPUC's effective oversight of utility funded energy efficiency efforts have contributed to flat or slowly increasing levels of energy utility company revenues.

In other words, the OPUC's facilitation of energy efficiency has an inappropriate detrimental effect on its funding. CUB has been a vigorous supporter of cost-effective energy efficiency due to its significant benefits to the environment and customers and applauds the OPUC's role in Oregon's energy efficiency leadership in the utility sector. The proposed cap increase is needed to ensure that the OPUC's fostering of energy efficiency advances are encouraged and not hindered due to this agency's funding mechanism.

The lower shift to a 0.35 percent cap for telecommunications utilities is appropriate given the lower workload on the OPUC in this regulatory arena. However, it is important to note that the cost to administer these utilities exceeds current revenue, so increasing this cap is still an essential step.

CUB strongly urges support for SB 5534 and SB 68.