



March 1, 2021

To: Joint Ways and Means Subcommittee on Natural Resources

Re: **SB 5515, Oregon Department of Energy Budget**

Dear Co-Chairs Taylor and Reardon and Members of the Subcommittee,

The Oregon Municipal Electric Utilities Association (OMEU), the Oregon People's Utility District Association (OPUDA), and the Oregon Rural Electric Cooperative Association (ORECA) represent 36 of Oregon's consumer-owned utilities (COUs). As COUs, we are governed by locally-elected boards. We provide our electrical service at least cost and have no profit motive.

We are filing this testimony to highlight some important considerations regarding adoption of the State Department of Energy's (ODOE) 2021-23 biennial budget.

COUs continue to have concerns with the Energy Supplier Assessment (ESA) tax and activities funded with those dollars. ***The Governor's proposed budget calls for a 5.08% increase in the ESA, double the rate of inflation.*** The ESA is passed down to our utility customers on their electric bills.

As we know you appreciate, the coronavirus, wildfires, and now the ice storms, have created hardships for our communities and utilities. Recognizing this, we have been working with our customers, many of whom are struggling, to provide utility assistance and generous payment plans. Our utilities voluntarily suspended disconnections for non-payment for extended periods of time during the pandemic. These actions, while appropriate and necessary, have created challenges for many of our members. Several have delinquent accounts double or triple this time a year ago, pre-pandemic. Now is not the time to increase ODOE's reliance the ESA.

We urge you to hold the line on budget expenditures that would result in a 5.08% ESA increase. If the Subcommittee is not inclined to recommend agency cuts, we submit that the general fund should cover any increases. Given the recent positive state revenue forecast, this is feasible.

We would also like to see renewed discussions to reduce the ESA statutory cap, as proposed in SB 350. That bill provides that the assessment against an energy resource supplier shall not exceed 0.15 percent of the supplier's gross operating revenue. (The current cap is set at 0.375.) We need this safeguard moving forward. As you may recall, the Governor's 2019 proposal to replace ODOE with a Climate Authority agency, called for a 25% decrease in the ESA that biennium.

We compliment ODOE for their recent efforts to revamp the Biennial Energy Report. As policymakers, I am sure you find it a valuable resource. Going forward, we would like to see a more strategic partnership with ODOE that is based on the input of consumer-owned utilities

up-front, as they design new initiatives. While we appreciate that ODOE has many diverse stakeholders, our utilities are an important agency funding stream and cannot be an afterthought. We have become frustrated with scattershot reports about ODOE programs and initiatives that are too far along to meaningfully impact and often lack relevance in our service territories. It is our hope that ODOE's work can become more focused and less duplicative of work already being performed by other state agencies, the NW Power Pool, the NW Power Planning Council, or utilities. We would like our COU customers to see more value for the ESA we do pay.

Oregon's COUs appreciate the opportunity to submit this testimony and look forward to working with Subcommittee members and ODOE to address our concerns. We know now is not a time for a business-as-usual approach.

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