



February 7, 2024

Senator Floyd Prozanski, Chair
Senate Committee on Judiciary
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

RE: OMEU Opposition to SB 1575 and the -1 amendment, Relating to construction agreements.

Dear Chair Prozanski, Vice Chair Thatcher, and Members of the Senate Committee on Judiciary:

Oregon Municipal Electric Utilities Association (OMEU) is made up of eleven municipally owned and operated electric utilities. Our rates are not-for-profit and set to cover the costs of service, not to earn a rate of return for investors. Our utilities routinely contract for engineering and similar services addressed in SB 1575.

We oppose SB 1575 and the -1 amendment. While there is nothing unfair about limiting liability to one's own fault, this bill would codify a limited indemnity to the advantage of engineers and other design professionals. The practical implication of this change will be to require public bodies, including municipal electric utilities, to defend the liability of design professionals until a case is concluded. This is an unfair shifting of the legal burden.

If the Committee intends to move this bill, it should be amended to include a reciprocal limit on the liability of the public body to their own adjudicated fault back towards these same entities. OMEU has provided suggested language to the sponsor and bill proponents to achieve this. Under this approach, both design professionals and public bodies would be responsible to defend themselves against claims from the beginning. This is an equitable compromise that addresses the underlying problem without unduly tipping the scales. Our ratepayers should not be forced to pick up these added expenses.

Thank you for your consideration.

Sincerely,

/s/ Jennifer Joly

Jennifer Joly, Director
Oregon Municipal Electric Utilities Association

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