

SB 926 -2, -3 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

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Meeting Dates: 3/5, 4/7, 4/8

WHAT THE MEASURE DOES:

This measure prohibits an electric company from recovering from ratepayers the costs and expenses arising from wildfire liability.

Detailed Summary

- Defines an “electric company” to mean a company that is not consumer-owned and provides electricity to 25,000 or more Oregon customers.
- Prohibits such electric companies from recovering from its customers costs or expenses that:
 - Are associated with fines or penalties based on allegations of negligence or misconduct that resulted in a wildfire.
 - Are associated with a judgment or settlement of a civil action based on allegations of negligence or misconduct that resulted in a wildfire.

ISSUES DISCUSSED:

- Increasing costs and risks of utility-caused wildfires

EFFECT OF AMENDMENT:

-2 This amendment expands the scope of wildfire costs that an electric company may not recover from ratepayers to include wildfire litigation costs and costs to repair or replace infrastructure damaged through the electric company’s own fault. This amendment also prohibits electric companies indebted by a wildfire-related judgment from distributing dividends, income, interest, profits, or any other value to those with an ownership interest in the electric or a related company.

This amendment also directs the court to award a prevailing wildfire plaintiff their investigatory expenses, attorney fees, costs, and 9% interest without offsets for recovery from another source. Additionally, if a wildfire plaintiff establishes that an electric company’s conduct was grossly negligent, reckless, or willful, the amendment directs the court to award treble damages, including economic, non-economic, and punitive damages. The amendment’s above-described provisions apply to all wildfires ignited after January 1, 2020. Finally, the amendment requires any electric company with an outstanding wildfire judgment, issued between January 1, 2020 and 2025, against it as of January 1, 2026, to pay all taxes owed by the prevailing party upon the electric company’s satisfaction of judgment.

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This amendment also directs the court to award a prevailing wildfire plaintiff 9% interest and to award damages without any offset for a plaintiff's recovery from another source. The amendment’s above-described provisions apply to all wildfires ignited after January 1, 2020. Finally, the amendment requires any electric company with an outstanding wildfire judgment, issued between January 1, 2020 and 2025, against it as of January 1, 2026, to pay all taxes owed by the prevailing party upon the electric company’s satisfaction of judgment.

BACKGROUND:

Utility companies in Oregon must apply with the Public Utilities Commission (PUC) before raising consumer prices/rates. When deciding whether to approve a requested rate adjustment, the PUC must ensure the change is fair and reasonable for utility customers while also allowing the utility service provider to recover reasonable costs and earn a reasonable return on its investments. The PUC uses a quasi-judicial investigation to examine a utility's operating expenses, investments, and capital costs and thereby determine the extent to which these costs can be passed along to consumers through increased rates.

PRELIMINARY