

House Bill 3179

Sponsored by Representative SOSA, Senator TAYLOR, Representative MARSH, Senator SOLLMAN; Representatives CHOTZEN, FRAGALA, GOMBERG, LIVELY, NERON, WALTERS, Senators GOLDEN, PATTERSON, PHAM K (at the request of Citizens' Utility Board) (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells the PUC to look at the economic impact of a proposed rate or schedule of rates if the rates lead to certain revenue results. (Flesch Readability Score: 63.0).

Directs the Public Utility Commission to consider the cumulative economic impact of a proposed rate or schedule of rates on a public utility's ratepayers if the proposed rate or schedule of rates will result in an increase of the public utility's revenue in this state by 2.5 percent or more.

Modifies the commission's general powers to give the commission broad discretion in setting rates.

Authorizes the commission to adjust rates to mitigate or phase in an increase in rates if the increase would affect the ability of customers to maintain adequate utility services or could materially affect the economy of the state.

Authorizes a public utility, upon approval by the commission, to issue bonds and securitize debt for costs and expenses incurred or to be incurred by the public utility associated with capital investments that are approved by the commission.

Requires a public utility that provides electricity or gas services to provide and make public a visual representation of cost categories included in the public utility's residential customer rates for the preceding calendar year.

Requires a public utility to provide and make public a quarterly report on any rate adjustments the public utility expects within the next 12 months.

A BILL FOR AN ACT

Relating to public utilities; creating new provisions; and amending ORS 756.040, 757.210 and 757.457.

Be It Enacted by the People of the State of Oregon:

PUBLIC UTILITY RATES

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS 757.210 to 757.220.

SECTION 2. (1) In determining whether a public utility's proposed rate or schedule of rates to be established or increased or changed is fair, just and reasonable, the Public Utility Commission shall first determine whether the proposed rate or schedule of rates will result in an increase of the public utility's revenue in this state by 2.5 percent or more. To determine the amount that the public utility's revenue in this state will increase, the commission shall:

(a) Consider the revenue impact that will result from the proposed rate or schedule of rates in the aggregate with the revenue impact resulting from all rates or schedules of rates that the commission has approved within the previous 12 months for the public utility; and

(b) Compare the public utility's projected revenue for the 12 months beginning on the date the proposed rate or schedule of rates is to take effect with the public utility's revenue for the 12 months ending on the day before the date the proposed rate or schedule of rates

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 is to take effect.

2 (2) If a proposed rate or schedule of rates will result in an increase of a public utility's
 3 revenue in this state by 2.5 percent or more, the commission shall, in deciding whether to
 4 approve the proposed rate or schedule of rates, consider the cumulative economic impact of
 5 the proposed rate or schedule of rates on the public utility's ratepayers, taking into consid-
 6 eration the following:

7 (a) Data on the rates of unemployment, the median income and the number of persons
 8 receiving social service assistance in the public utility's service territory;

9 (b) For each classification of service of the public utility affected by the proposed rate
 10 or schedule of rates and, if applicable, distinguished by ratepayers who reside in single-family
 11 housing and ratepayers who reside in multifamily housing:

12 (A) Ratepayers' average monthly utility bill for the calendar year, the summer months
 13 and the winter months; and

14 (B) The estimated increase in ratepayers' utility bills;

15 (c) The average cost of living and cost of fuel and utilities for the country, for the state
 16 and for the service territory of the public utility, as determined by the commission using the
 17 Consumer Price Index for All Urban Consumers, West Region (All Items), as most recently
 18 published by the Bureau of Labor Statistics of the United States Department of Labor;

19 (d) The public utility's data on service disconnection, including:

20 (A) The number of ratepayers the public utility disconnected in the previous 12 months;

21 (B) The number of ratepayers receiving energy assistance the public utility disconnected
 22 in the previous 12 months; and

23 (C) The number of ratepayers who have a medical statement filed with the public utility;

24 (e) The public utility's data on overdue balances, including:

25 (A) The number of ratepayers who have an overdue balance;

26 (B) The average amount of the overdue balances; and

27 (C) The total amount of overdue balances owed to the public utility; and

28 (f) Any other relevant data, as determined by the commission.

29 **SECTION 3.** ORS 756.040 is amended to read:

30 756.040. (1) In addition to the powers and duties now or hereafter transferred to or vested in the
 31 Public Utility Commission, the commission shall represent the customers of any public utility or
 32 telecommunications utility and the public generally in all controversies respecting rates, valuations,
 33 service and all matters of which the commission has jurisdiction. In respect thereof the commission
 34 shall make use of the jurisdiction and powers of the office to protect such customers, and the public
 35 generally, from unjust and unreasonable exactions and practices and to obtain for them adequate
 36 service at fair and reasonable rates. The commission shall balance the interests of the utility in-
 37 vestor and the consumer in establishing fair and reasonable rates. *[Rates are fair and reasonable for*
 38 *the purposes of this subsection if the rates]* **In carrying out the commission's duty to protect**
 39 **customers of utilities and the public, the commission has broad discretion in setting rates,**
 40 **including discretion to set the lowest reasonable rates as long as those rates** provide adequate
 41 revenue both for **prudently incurred** operating expenses of the public utility or telecommunications
 42 utility and for **prudently incurred** capital costs of the utility, with a return to the equity holder
 43 that is:

44 (a) Commensurate with the return on investments in other enterprises having corresponding
 45 risks; and

1 (b) Sufficient to ensure confidence in the financial integrity of the utility, allowing the utility
 2 to maintain its credit and attract capital.

3 (2) The commission is vested with power and jurisdiction to supervise and regulate every public
 4 utility and telecommunications utility in this state, and to do all things necessary and convenient
 5 in the exercise of such power and jurisdiction.

6 (3) The commission may participate in any proceeding before any public officer, commission or
 7 body of the United States or any state for the purpose of representing the public generally and the
 8 customers of the services of any public utility or telecommunications utility operating or providing
 9 service to or within this state.

10 (4) The commission may make joint investigations, hold joint hearings within or without this
 11 state and issue concurrent orders in conjunction or concurrence with any official, board, commission
 12 or agency of any state or of the United States.

13 **SECTION 4.** ORS 757.210 is amended to read:

14 757.210. (1)(a) Whenever any public utility files with the Public Utility Commission any rate or
 15 schedule of rates stating or establishing a new rate or schedule of rates or increasing an existing
 16 rate or schedule of rates, the commission may, either upon written complaint or upon the
 17 commission's own initiative, after reasonable notice, conduct a hearing to determine whether the
 18 rate or schedule is fair, just and reasonable. The commission shall conduct the hearing upon written
 19 complaint filed by the utility, its customer or customers, or any other proper party within 60 days
 20 of the utility's filing; provided that no hearing need be held if the particular rate change is the re-
 21 sult of an automatic adjustment clause. At the hearing the utility shall bear the burden of showing
 22 that the rate or schedule of rates proposed to be established or increased or changed is fair, just
 23 and reasonable. The commission may not authorize a rate or schedule of rates that is not fair, just
 24 and reasonable.

25 (b) As used in this subsection, "automatic adjustment clause" means a provision of a rate
 26 schedule that provides for rate increases or decreases or both, without prior hearing, reflecting in-
 27 creases or decreases or both in costs incurred, taxes paid to units of government or revenues earned
 28 by a utility and that is subject to review by the commission at least once every two years.

29 (2)(a) Subsection (1) of this section does not apply to rate changes under an approved alternative
 30 form of regulation plan, including a resource rate plan under ORS 757.212.

31 (b) Any alternative form of regulation plan shall include provisions to ensure that the plan op-
 32 erates in the interests of utility customers and the public generally and results in rates that are just
 33 and reasonable and may include provisions establishing a reasonable range for rate of return on
 34 investment. In approving a plan, the commission shall, at a minimum, consider whether the plan:

- 35 (A) Promotes increased efficiencies and cost control;
- 36 (B) Is consistent with least-cost resources acquisition policies;
- 37 (C) Yields rates that are consistent with those that would be obtained following application of
 38 ORS 757.269;
- 39 (D) Is consistent with maintenance of safe, adequate and reliable service; and
- 40 (E) Is beneficial to utility customers generally, for example, by minimizing utility rates.

41 (c) As used in this subsection, "alternative form of regulation plan" means a plan adopted by the
 42 commission upon petition by a public utility, after notice and an opportunity for a hearing, that sets
 43 rates and revenues and a method for changes in rates and revenues using alternatives to cost-of-
 44 service rate regulation.

45 (d) Prior to implementing a rate change under an alternative form of regulation plan, the utility

1 shall present a report that demonstrates the calculation of any proposed rate change at a public
 2 meeting of the commission.

3 (3) Except as provided in ORS 757.212, the commission, at any time, may order a utility to ap-
 4 pear and establish that any, or all, of its rates in a plan authorized under subsection (2) of this
 5 section are in conformity with the plan and are just and reasonable. Except as provided in ORS
 6 757.212, such rates, and the alternative form of regulation plan under which the rates are set, also
 7 shall be subject to complaint under ORS 756.500.

8 (4) Periodically, but not less often than every two years after the implementation of a plan re-
 9 ferred to in subsection (2) of this section, the commission shall submit a report to the Legislative
 10 Assembly that shows the impact of the plan on rates paid by utility customers.

11 (5) The commission and staff may consult at any time with, and provide technical assistance to,
 12 utilities, their customers, and other interested parties on matters relevant to utility rates and
 13 charges. If a hearing is held with respect to a rate change, the commission’s decisions shall be based
 14 on the record made at the hearing.

15 **(6) The commission may adjust rates to mitigate or phase in an increase in rates if the**
 16 **increase is of such magnitude that, if applied at the higher rate or all at one time, the in-**
 17 **crease would affect the ability of customers to maintain adequate utility service or could**
 18 **materially affect the economy of the state.**

19
 20 **SECURITIZATION OF CAPITAL INVESTMENTS**

21
 22 **SECTION 5.** ORS 757.457 is amended to read:

23 757.457. As used in this section and ORS 757.459, 757.461 and 757.463:

24 (1) “Assignee” means a person, and any subsequent assignee, to which a public utility assigns,
 25 sells or transfers all or part of the public utility’s interest in or right to rate recovery assets, except
 26 as security.

27 (2) “Bond” includes bonds, notes, certificates of beneficial interests in a trust or other evidence
 28 of indebtedness.

29 (3) “Bondholder” means a holder or owner of a rate recovery bond.

30 (4) “Finance subsidiary” means an assignee at the time rate recovery bonds are issued:

31 (a)(A) That is beneficially owned, directly or indirectly, by a public utility; or

32 (B) In the case of a trust, for which a public utility or subsidiary of the public utility is the
 33 grantor; or

34 (b) That is unaffiliated with a public utility and acquires bondable rate recovery assets from a
 35 public utility in a transaction or under an agreement that is approved by the Public Utility Com-
 36 mission.

37 (5) “Financing costs” includes the following costs related to rate recovery bonds, whether in-
 38 curred and paid upon issuance or over the life of rate recovery bonds:

39 (a) The costs of issuing, serving, managing, repaying or refinancing rate recovery bonds, in-
 40 cluding any fees, expenses or charges incurred and the costs of any activities performed in con-
 41 nection with the rate recovery bonds, including:

42 (A) Information technology programming;

43 (B) Obtaining a financing order;

44 (C) Serving, accounting or auditing;

45 (D) Services related to trustees;

- 1 (E) Legal services;
- 2 (F) Consulting;
- 3 (G) Services related to financial and structuring advisors;
- 4 (H) Administration;
- 5 (I) Placement and underwriting;
- 6 (J) Services related to independent directors and managers;
- 7 (K) Services related to rating agencies;
- 8 (L) Stock exchange listing and compliance;
- 9 (M) Securities registration and filing; and
- 10 (N) Services necessary to ensure a timely payment of rate recovery bonds or other amounts or
- 11 charges payable in connection with rate recovery bonds;
- 12 (b) Principal, interest and acquisition, defeasance and redemption premiums payable on rate re-
- 13 covery bonds;
- 14 (c) Payments required under an ancillary agreement and any amounts required to fund or re-
- 15 plenish a reserve or account established under the terms of an indenture, ancillary agreement or
- 16 financing document related to rate recovery bonds;
- 17 (d) Applicable federal, state and local taxes, franchise fees, license fees, gross receipts or other
- 18 taxes or charges, whether paid, payable or accrued; and
- 19 (e) The Public Utility Commission's costs in performing the commission's duties related to rate
- 20 recovery bonds that are recoverable by the commission under ORS 756.310.
- 21 (6) "Financing order" means an order issued by the Public Utility Commission that authorizes
- 22 one or more the following:
- 23 (a) The recovery of rate recovery expenditures and financing costs;
- 24 (b) The creation of rate recovery assets;
- 25 (c) The issuance of rate recovery bonds;
- 26 (d) The imposition, collection and periodic adjustment of rate recovery charges; or
- 27 (e) The sale, assignment or transfer of rate recovery assets to an assignee.
- 28 (7) "Financing party" includes:
- 29 (a) Bondholders, trustees, agents and secured parties related to rate recovery bonds;
- 30 (b) A person acting for the benefit of bondholders, trustees, agents or secured parties; and
- 31 (c) A party to rate recovery bond documents or an ancillary agreement.
- 32 (8) "Public utility customer" means:
- 33 (a) For an electric utility, a retail electricity consumer, as defined in ORS 757.600.
- 34 (b) For a natural gas utility, the end use consumer served by the natural gas utility, including
- 35 those served by the natural gas utility under ORS 757.516, regardless of whether the end use con-
- 36 sumer purchases natural gas from the natural gas utility.
- 37 (9) "Rate recovery asset" means a right to recover from customers rate recovery expenditures
- 38 and associated costs and expenses approved in a financing order, including the right to:
- 39 (a) Impose, charge, bill, collect, receive, hold and apply rate recovery charges authorized under
- 40 a financing order or obtain, to the extent authorized, periodic adjustments of rate recovery charges;
- 41 and
- 42 (b) All claims, accounts, revenues, payments, collections, moneys or proceeds arising from the
- 43 rights and interest specified in a financing order, regardless of whether the claims, accounts, re-
- 44 venues, payments, collections, moneys or proceeds arising from the rights and interest specified in
- 45 the financing order are commingled with other claims, accounts, revenues, payments, collections,

1 moneys or proceeds.

2 (10) "Rate recovery charge" means charges to public utility customers authorized by the Public
3 Utility Commission to recover rate recovery expenditures and financing costs and to be used to pay,
4 repay or refinance rate recovery bonds.

5 (11) "Rate recovery expenditures" means costs and expenses incurred or to be incurred through
6 the date of issuance of a financing order by a public utility associated with:

7 (a) An event that is the subject of a federal or state declaration of a state of emergency, such
8 as severe weather, catastrophic wildfire, pandemic or other event that causes or threatens to cause
9 widespread loss of life, injury to person or property, human suffering or financial loss, except those
10 costs and expenses that are or are associated with criminal or civil fines or penalties or judgments
11 from a civil action based on negligence related to the event.

12 (b) An energy conservation program that provides loans and cash payments to public utility
13 customers for the installation of energy conservation measures funded by the public utility includ-
14 ing, but not limited to, the costs or expenditures for specific acquisition program development, pro-
15 motion and labor costs and associated general supervision, rents, leases and overheads.

16 (c) **Capital investments that are approved by the Public Utility Commission.**

17 (12) "Secured party" means a financing party that has been granted a security interest in rate
18 recovery assets.

19
20 **REPORTS BY PUBLIC UTILITIES**

21
22 **SECTION 6. Sections 7 to 9 of this 2025 Act are added to and made a part of ORS chapter**
23 **757.**

24 **SECTION 7. No later than January 15 of each calendar year, a public utility that provides**
25 **electricity services in this state shall provide to the Public Utility Commission, and make**
26 **publicly available on the public utility's website, a visual representation of cost categories**
27 **included in the public utility's residential customer rates for the preceding calendar year.**
28 **The cost categories are the costs associated with each of the following:**

29 (1) **Distribution services infrastructure, excluding costs associated with wildfire miti-**
30 **gation;**

31 (2) **Wildfire mitigation;**

32 (3) **Transmission services infrastructure under the exclusive jurisdiction of the Public**
33 **Utility Commission;**

34 (4) **Transmission services infrastructure under the jurisdiction of the Federal Energy**
35 **Regulatory Commission;**

36 (5) **Energization;**

37 (6) **A catastrophic event or emergency;**

38 (7) **Net metering and net billing tariffs;**

39 (8) **Commodity prices, including natural gas;**

40 (9) **Energy efficiency programs;**

41 (10) **Insurance, including self-insurance;**

42 (11) **Metering and billing;**

43 (12) **Taxes;**

44 (13) **Overdue customer balances; and**

45 (14) **Any other expenses, as determined by the commission, that a public utility seeks to**

1 recover in the public utility’s residential customer rates.

2 **SECTION 8.** No later than January 15 of each calendar year, a public utility that provides
3 natural gas services in this state shall provide to the Public Utility Commission, and make
4 publicly available on the public utility’s website, a visual representation of cost categories
5 included in the public utility’s residential customer rates for the preceding calendar year.
6 The cost categories are the costs associated with each of the following:

- 7 (1) Distribution services infrastructure;
- 8 (2) Transmission services infrastructure under the exclusive jurisdiction of the Public
9 Utility Commission;
- 10 (3) Transmission services infrastructure under the jurisdiction of the Federal Energy
11 Regulatory Commission;
- 12 (4) A catastrophic event or emergency;
- 13 (5) Commodity prices, including natural gas;
- 14 (6) Energy efficiency programs;
- 15 (7) Insurance, including self-insurance;
- 16 (8) Metering and billing;
- 17 (9) Taxes;
- 18 (10) Overdue customer balances; and
- 19 (11) Any other expenses, as determined by the commission, that a public utility seeks to
20 recover in the public utility’s residential customer rates.

21 **SECTION 9.** The Public Utility Commission shall require a public utility to file with the
22 commission, and make publicly available, a quarterly report on any rate adjustments the
23 public utility expects within the next 12 months. The report must identify the classification
24 of service or customer that may be affected by a rate adjustment that the public utility ex-
25 pects.

26
27 **APPLICABILITY**

28
29 **SECTION 10.** Section 2 of this 2025 Act and the amendments to ORS 756.040 and 757.210
30 by sections 3 and 4 of this 2025 Act apply to proceedings before the Public Utility Commission
31 that commence on or after the effective date of this 2025 Act.

32
33 **CAPTIONS**

34
35 **SECTION 11.** The unit captions used in this 2025 Act are provided only for the conven-
36 ience of the reader and do not become part of the statutory law of this state or express any
37 legislative intent in the enactment of this 2025 Act.

38 _____