



**2019-2021**

**Governor's Budget**

## BUDGET NARRATIVE

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# BUDGET NARRATIVE

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# BUDGET NARRATIVE

## CERTIFICATION

### CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Public Utility Commission

AGENCY NAME

201 High St SE Ste 100, Salem OR 97301

AGENCY ADDRESS



SIGNATURE

Chair

TITLE

**Notice:** Requests of agencies headed by a board or commission must be approved by official action of those bodies and signed by the board or commission chairperson. The requests of other agencies must be approved and signed by the agency director or administrator.

Agency Request

Governor's Budget

Legislatively Adopted

## BUDGET NARRATIVE

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# BUDGET NARRATIVE

## LEGISLATIVE ACTION

79th Oregon Legislative Assembly – 2018 Regular Session

HB 5201 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Johnson

Joint Committee On Ways and Means

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**Action Date:** 03/02/18

**Action:** Do pass the A-Eng bill.

**Senate Vote**

**Yeas:** 11 - DeBoer, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, President Courtney, Roblan, Steiner Hayward, Thomsen

**Exc:** 1 - Winters

**House Vote**

**Yeas:** 10 - Gomberg, Holvey, McLane, Nathanson, Noble, Rayfield, Smith Warner, Stark, Whisnant, Williamson

**Exc:** 1 - Smith G

**Prepared By:** Linda Ames and Gregory Jolivette, Legislative Fiscal Office

**Reviewed By:** Paul Siebert, Legislative Fiscal Office

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Emergency Board

2017-19

Various Agencies

2017-19

\* CORRECTED \*

This summary has not been adopted or officially endorsed by action of the committee.

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# BUDGET NARRATIVE

Budget Summary*	2017-19 Legislatively Adopted Budget	2018 Committee Recommendation	Committee Change from 2017-19 Leg. Adopted	
			\$ Change	% Change
Oregon State Veterinary Medical Examining Board Other Funds	\$ 973,220	\$ 1,034,917	\$ 61,697	6.3%
<b><u>Bureau of Labor and Industries</u></b>				
General Fund	\$ 13,119,229	\$ 13,461,114	\$ 341,885	2.6%
Other Funds	\$ 12,162,061	\$ 12,675,846	\$ 513,785	4.2%
Federal Funds	\$ 1,258,596	\$ 1,297,545	\$ 38,949	3.1%
<b><u>Licensed Social Workers, Board of</u></b>				
Other Funds	\$ 1,697,440	\$ 1,717,671	\$ 20,231	1.2%
<b><u>Oregon Medical Board</u></b>				
Other Funds	\$ 12,595,547	\$ 12,840,109	\$ 244,562	1.9%
<b><u>Mental Health Regulatory Agency</u></b>				
Other Funds	\$ 3,462,553	\$ 3,509,699	\$ 47,146	1.4%
<b><u>Board of Nursing</u></b>				
Other Funds	\$ 16,595,386	\$ 16,847,478	\$ 252,092	1.5%
<b><u>Board of Pharmacy</u></b>				
Other Funds	\$ 7,335,399	\$ 7,464,610	\$ 129,211	1.8%
<b><u>Public Utility Commission</u></b>				
Other Funds	\$ 45,128,415	\$ 45,919,838	\$ 791,423	1.8%
Federal Funds	\$ 715,100	\$ 742,231	\$ 27,131	3.8%
<b><u>Real Estate Agency</u></b>				
Other Funds	\$ 7,621,789	\$ 7,781,918	\$ 160,129	2.1%

HB 5201 A

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# BUDGET NARRATIVE

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**EMERGENCY BOARD MINUTES**

Not applicable for 2019-2021 biennium.

## BUDGET NARRATIVE

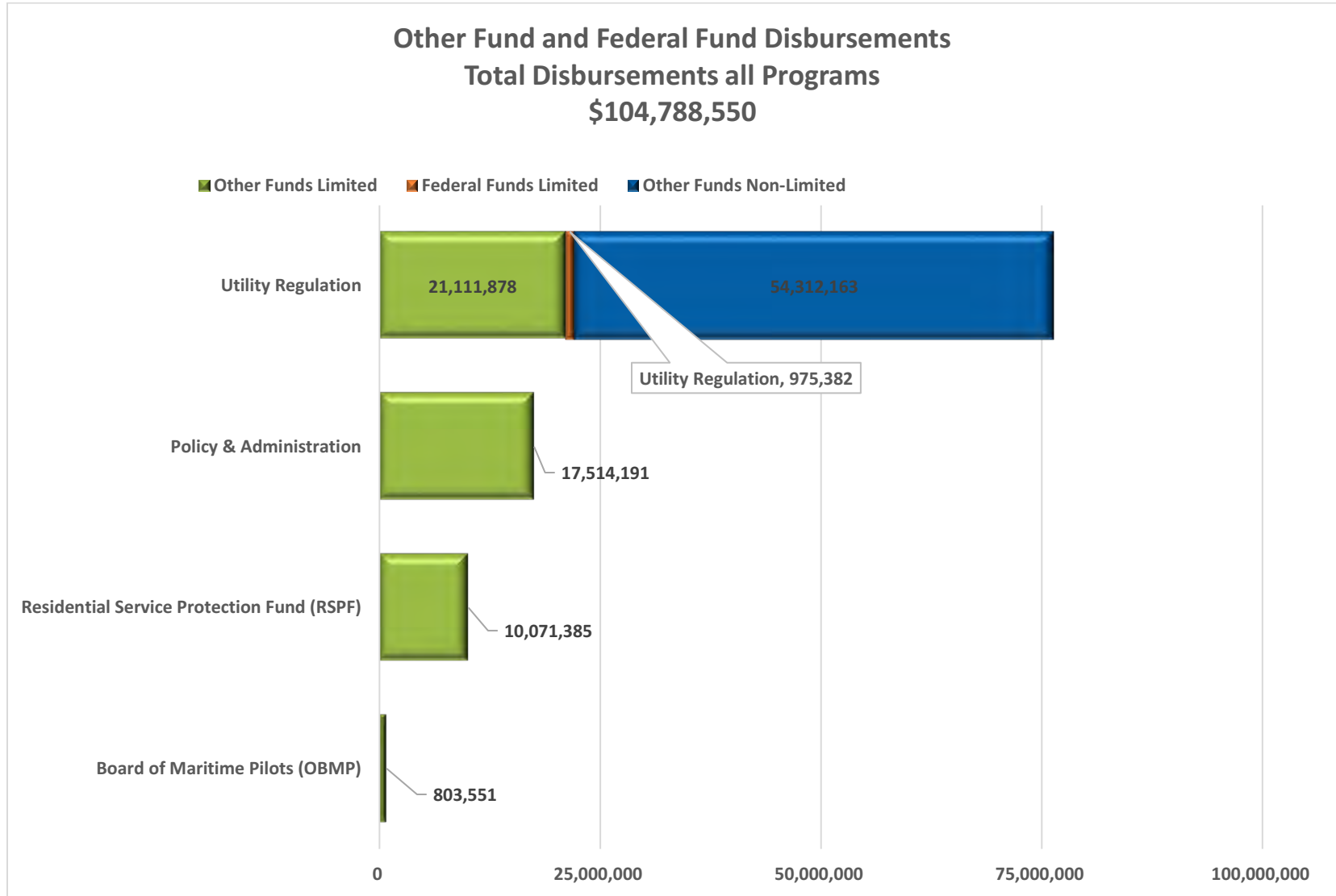
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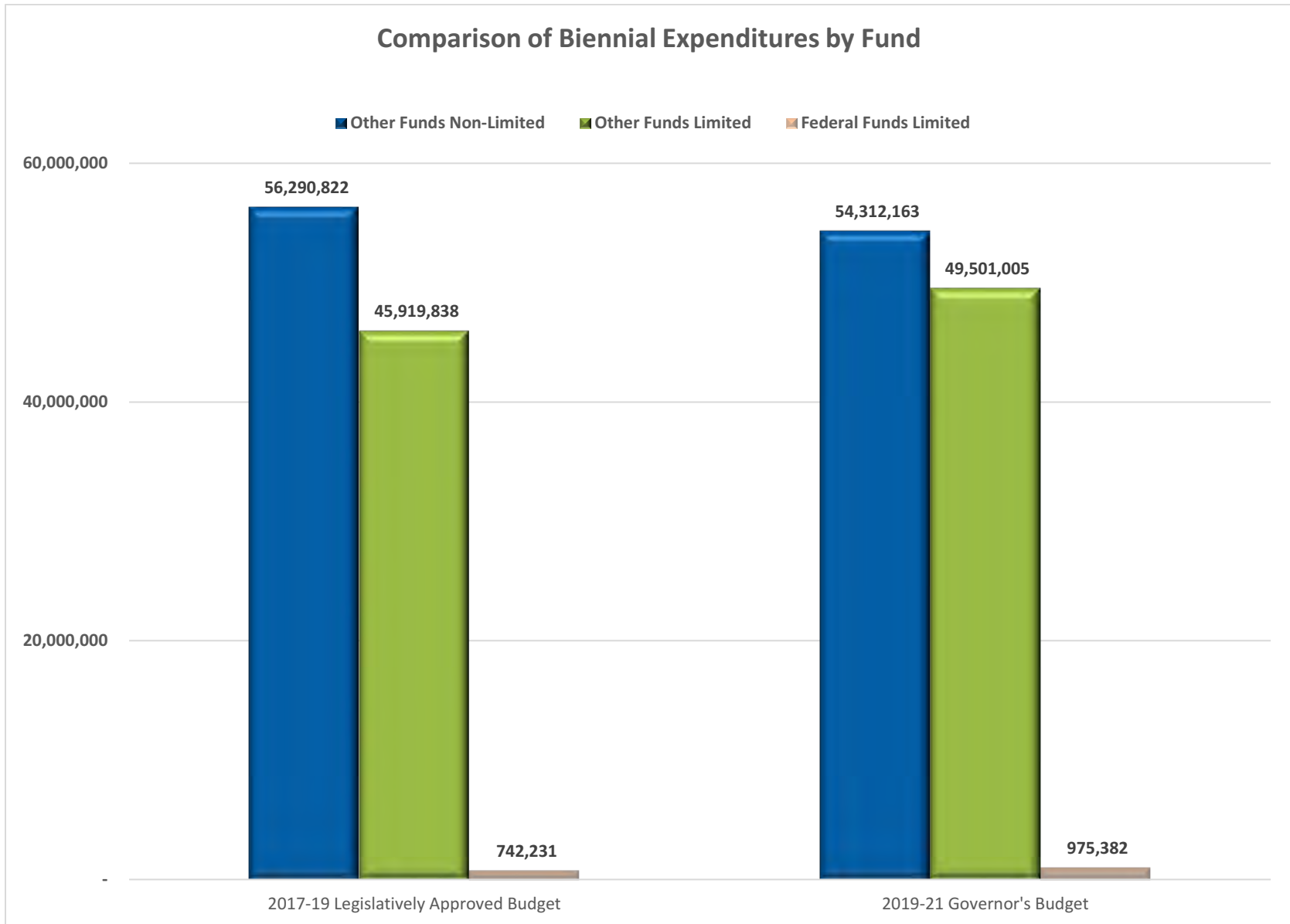
# BUDGET NARRATIVE

## AGENCY SUMMARY

### BUDGET SUMMARY GRAPHICS



# BUDGET NARRATIVE



# BUDGET NARRATIVE

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## **MISSION STATEMENT AND STATUTORY AUTHORITY**

### **Mission Statement**

The Oregon Public Utility Commission (PUC) regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunications companies, and water companies. The PUC’s mission is to “Ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.”

### **Values:**

Integrity - We are honest, transparent, trustworthy, and consistent.

Excellence - We strive for superior results in everything we do.

Service - We serve utility customers, stakeholders, and all Oregonians with respect, dedication, and determination.

Accountability - We manage our human and financial resources to efficiently and effectively fulfill our regulatory obligations.

### **Act (how we incorporate values into action):**

We are impartial and objective, use transparent processes and operations, and make decisions based on the correct application of the law.

We utilize our independent knowledge and expertise in utility regulation to skillfully implement legislative and executive priorities to serve the public interest.

We enforce electric, telecommunications, and natural gas safety standards to keep Oregonians safe.

We recruit, train, and retain a professional workforce to meet the challenges of complex and emerging issues within the regulated industries.

We maintain and promote a positive work environment for our employees.

State laws, federal laws, and judicial decisions govern the Commission actions. Both Congress and the Oregon Legislature have passed laws to encourage competition in the electricity and telecommunication marketplaces.

# BUDGET NARRATIVE

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## **Statutory Authority**

The PUC's authority is set forth in several provisions of the Oregon Revised Statutes (ORS).

**ORS Chapter 756** sets out the agency's general powers:

- Authorizes the Commission to “represent the customers of any electric and natural gas utility, telecommunications utility, water utility and the public generally in all controversies respecting rates, valuations, service and all matters of which the Commission has jurisdiction.”
- Authorizes the Commission to set rates and determine the terms and conditions of service by utilities.
- Authorizes the Commission to investigate the management and records of regulated utilities, investigate complaints and take other actions to protect customers.
- Requires the Commission to “balance the interests of the utility investor and the consumer in establishing fair and reasonable rates.”

**ORS Chapters 757 and 758** set out laws governing energy and water regulation.

**ORS Chapter 759** set out laws governing telecommunication regulation.

**ORS Chapters 290, 469, 469A, and 772** contain other provisions affecting the PUC's operations and regulatory oversight.

The PUC implements these statutory provisions in **Oregon Administrative Rules (OAR) Chapter 860**. These rules deal with all aspects of regulation, including rate filing procedures, safety standards, and customer complaint procedures.

## **Funding**

***The PUC receives no general or lottery funds.*** The agency is funded primarily through a Utility Gross Operating Revenue Fee of 0.3 percent assessed on a utility's annual gross operating revenue. On average, PUC's regulatory oversight costs consumers of regulated utilities about 20 cents per month on each natural gas, electric, telecommunications, and water bill. PUC also receives funds from the Residential Service Protection Fund (RSPF) surcharge. Each paying retail subscriber who has telephone or cellular service with access to the Oregon Telecommunications Relay Service (OTRS) currently pays six cents per month for the RSPF program. The surcharge is reviewed annually to ensure revenue matches expenditures. PUC's Gas Pipeline Safety Program receives federal funds that cover approximately 51 percent of the Commission's natural gas pipeline safety program costs.



# BUDGET NARRATIVE

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## **AGENCY 2019-2021 STRATEGIC PLAN**

Please Note: Although the plan below has not been updated for the 2019-2021 biennium, it continues to reflect the PUC's core activities. The PUC is currently examining its 2017-2019 Strategic Plan in context of legislative and industry changes. Refinements are expected to occur before or during the 2019-2021 biennium.

## **Protect Oregon Ratepayers and Obtain for Them Safe and Reliable Service at Reasonable Rates**

**Tactical Goal #1:** Oversee and approve customer rates for electricity, natural gas, and water charged by Oregon regulated utilities. (Governor's Priorities - A Thriving Statewide Economy and Responsible Environmental Stewardship)

**Evaluation Measures:** Key Performance Measures 1, 2, and 3.

**Tactical Goal #2:** Set and enforce pricing and service rules that protect consumers. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Key Performance Measures 8, 11, and 12.

**Tactical Goal #3:** Provide all customers options for controlling their energy use and bills. (Governor's Priorities - A Thriving Statewide Economy and Responsible Environmental Stewardship)

**Evaluation Measures:** Key Performance Measures 2 and 3.

**Tactical Goal #4:** Ensure utilities operate efficiently and, through their resource choices, meet their customer's needs at the lowest possible cost and risk. (Governor's Priorities - A Thriving Statewide Economy and Responsible Environmental Stewardship)

**Evaluation Measures:** Key Performance Measures 2 and 3.

**Tactical Goal #5:** Oversee programs to ensure telephone service is affordable and accessible to all Oregonians. (Governor's Priority - Healthy and Safe Communities)

**Evaluation Measures:** Key Performance Measures 9 and 10.

# BUDGET NARRATIVE

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## Promote Customer Needs in Evolving Markets

**Tactical Goal #1:** Promote an environment in which new and innovative energy and telecommunications technologies that benefit consumers can thrive. (Governor's Priorities - A Thriving Statewide Economy, and Healthy and Safe Communities)

**Evaluation Measures:** Key Performance Measures 3, 7, 9, and 10.

**Tactical Goal #2:** Influence federal energy and telecommunications laws and policies to benefit Oregon consumers. (Governor's Priorities - A Thriving Statewide Economy, and Healthy and Safe Communities)

**Evaluation Measures:** Key Performance Measures 7, 9, and 10.

**Tactical Goal #3:** Ensure utilities comply with all state and federal laws governing their resource choices. (Governor's Priorities - A Thriving Statewide Economy, Responsible Environmental Stewardship, and Healthy and Safe Communities)

**Evaluation Measures:** Key Performance Measures 2 and 3.

**Tactical Goal #4:** Ensure Oregon's regulations keep pace with changing technology and market conditions and continue to benefit consumers. (Governor's Priority - A Thriving Statewide Economy)

**Evaluation Measures:** Key Performance Measures 3 and 7.

**Tactical Goal #5:** Set and enforce rules for fair and effective competition in the energy and telecommunication industries. (Governor's Priority - A Thriving Statewide Economy)

**Evaluation Measures:** Key Performance Measures 3 and 7.

# BUDGET NARRATIVE

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## Maintain Safety, Reliability and Security

**Tactical Goal #1:** Ensure that pipelines, power lines, and other energy facilities operate safely and reliably. (Governor's Priority – Responsible Environmental Stewardship)

**Evaluation Measures:** Key Performance Measures 4, 5, and 6.

**Tactical Goal #2:** Ensure that regulated utilities and telecommunications companies are prepared to respond effectively to major disasters and cyber-attacks. (Governor's Priority - Healthy and Safe Communities)

**Evaluation Measures:** Required annual meetings by utilities to discuss disaster preparedness and cyber-security.

**Tactical Goal #3:** Set and enforce standards to ensure high quality utility and telecommunications service to Oregon consumers. (Governor's Priorities – A Thriving Statewide Economy, and Healthy and Safe Communities)

**Evaluation Measures:** Key Performance Measures 1, 2, 9, 10, and 12.

## Promote Energy Efficiency and Demand Response Programs

**Tactical Goal #1:** Ensure the Energy Trust of Oregon helps deliver clean and affordable energy benefits to 1.6 million utility customers while achieving established internal performance measures related to energy efficiency, renewable energy development, financial integrity, program delivery efficiency, and customer satisfaction. (Governor's Priorities – A Thriving Statewide Economy and Responsible Environmental Stewardship)

**Evaluation Measures:** Key Performance Measures 15a, 15b, 15c, 15d, and 15e.

**Tactical Goal #2:** Ensure energy utilities implement innovative demand response strategies to benefit customers. (Governor's Priorities – A Thriving Statewide Economy and Responsible Environmental Stewardship)

**Evaluation Measures:** Biannual Integrated Resource Planning reviews.

# BUDGET NARRATIVE

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## Continually Improve Business Performance and Work Environment to Benefit Customers, Employees, Regulated Utilities, Stakeholders, and the Public

**Tactical Goal #1:** Resolve customer complaints about utility rates and service in a timely and effective manner. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Key Performance Measures 8, 11, and 12.

**Tactical Goal #2:** Continue to foster a work environment that encourages employees to enhance their skills and create opportunities for professional growth. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Recruitment and retention data (to be developed).

**Tactical Goal #3:** Continue to enhance access to Commission proceedings through web-streaming, video conferencing, and outreach. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Public input to Commission meetings.

**Tactical Goal #4:** Implement a new web-based filing system to better serve stakeholders and the citizens of Oregon. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Completion and acceptance of project.

**Tactical Goal #5:** Redesign and implement a revised agency website that will be more user friendly for the public, regulated utilities, and stakeholders. (Governor's Priority – A Thriving Statewide Economy)

**Evaluation Measures:** Completion and acceptance of project.

# BUDGET NARRATIVE

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## **CRITERIA FOR 2019-2021 BUDGET DEVELOPMENT**

The Commission developed its budget based on the following criteria:

- Ensure ongoing balance of revenue and expenditures.
- Meet statutory obligations.
- Protect the health and safety of Oregonians.
- Advance the agency's mission.
- Achieve the agency's strategic plan.
- Successfully achieve all agency Key Performance Measures.
- Successfully integrate the budget with the Governor's goals.

## **STATE-OWNED BUILDINGS AND INFRASTRUCTURE**

Not applicable to this agency for the 2019-2021 biennium.

## **MAJOR INFORMATION TECHNOLOGY PROJECTS/INITIATIVES**

None submitted for the 2019-2021 biennium.

# BUDGET NARRATIVE

## SUMMARY OF 2019-2021 BUDGET (BDV104)

### Summary of 2019-21 Biennium Budget

**Public Utility Commission** **Governor's Budget**  
**Public Utility Commission** **Cross Reference Number: 86000-000-00-00-00000**  
**2019-21 Biennium**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	127	125.76	102,134,337	-	-	45,128,415	715,100	56,290,822	-
2017-19 Emergency Boards	-	-	818,554	-	-	791,423	27,131	-	-
<b>2017-19 Leg Approved Budget</b>	<b>127</b>	<b>125.76</b>	<b>102,952,891</b>	<b>-</b>	<b>-</b>	<b>45,919,838</b>	<b>742,231</b>	<b>56,290,822</b>	<b>-</b>
<b>2019-21 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(4)	(3.26)	869,666	-	-	831,739	37,927	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(1,978,659)	-	-	-	-	(1,978,659)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2019-21 Base Budget</b>	<b>123</b>	<b>122.50</b>	<b>101,843,898</b>	<b>-</b>	<b>-</b>	<b>46,751,577</b>	<b>780,158</b>	<b>54,312,163</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	382,287	-	-	388,544	(6,257)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	97,733	-	-	94,403	3,330	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>480,020</b>	<b>-</b>	<b>-</b>	<b>482,947</b>	<b>(2,927)</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(423,450)	-	-	(423,450)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(423,450)</b>	<b>-</b>	<b>-</b>	<b>(423,450)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	1,059,348	-	-	1,055,514	3,834	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	218,899	-	-	218,899	-	-	-

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BDV104 - Biennial Budget Summary  
BDV104

# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Public Utility Commission  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-000-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
<b>Subtotal</b>	-	-	1,278,247	-	-	1,274,413	3,834	-	-
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions	-	-	-	-	-	-	-	-	-
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments	-	-	-	-	-	(9,768)	9,768	-	-
060 - Technical Adjustments	-	-	-	-	-	(9,768)	9,768	-	-
<b>Subtotal: 2019-21 Current Service Level</b>	<b>123</b>	<b>122.50</b>	<b>103,178,715</b>	<b>-</b>	<b>-</b>	<b>48,075,719</b>	<b>790,833</b>	<b>54,312,163</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Public Utility Commission  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-000-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2019-21 Current Service Level</b>	<b>123</b>	<b>122.50</b>	<b>103,178,715</b>	-	-	<b>48,075,719</b>	790,833	54,312,163	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2019-21 Current Service Level</b>	<b>123</b>	<b>122.50</b>	<b>103,178,715</b>	-	-	<b>48,075,719</b>	790,833	54,312,163	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	1	0.83	175,196	-	-	175,196	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(85,336)	-	-	(83,517)	(1,819)	-	-
092 - Statewide AG Adjustment	-	-	(192,131)	-	-	(192,131)	-	-	-
101 - Annual Gross Revenue Fee	-	-	-	-	-	-	-	-	-
102 - Increase Utility Program & Policy Staff	7	5.25	1,477,759	-	-	1,477,759	-	-	-
103 - Increase Attorney General Limitation	-	-	234,347	-	-	234,347	-	-	-
104 - Federal Fund Allocation	-	-	-	-	-	(186,368)	186,368	-	-
105 - Strategic Energy Initiatives	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>8</b>	<b>6.08</b>	<b>1,609,835</b>	<b>-</b>	<b>-</b>	<b>1,425,286</b>	184,549	-	-
<b>Total 2019-21 Governor's Budget</b>	<b>131</b>	<b>128.58</b>	<b>104,788,550</b>	<b>-</b>	<b>-</b>	<b>49,501,005</b>	975,382	54,312,163	-
Percentage Change From 2017-19 Leg Approved Budget	3.15%	2.24%	1.78%	-	-	7.80%	31.41%	-3.52%	-
Percentage Change From 2019-21 Current Service Level	6.50%	4.96%	1.56%	-	-	2.96%	23.34%	-	-

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BDV104 - Biennial Budget Summary  
BDV104



# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Utility Regulation  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-001-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	67	66.26	75,243,707	-	-	18,237,785	715,100	56,290,822	-
2017-19 Emergency Boards	-	-	498,235	-	-	471,104	27,131	-	-
<b>2017-19 Leg Approved Budget</b>	<b>67</b>	<b>66.26</b>	<b>75,741,942</b>	<b>-</b>	<b>-</b>	<b>18,708,889</b>	<b>742,231</b>	<b>56,290,822</b>	<b>-</b>
<b>2019-21 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	(4)	(3.26)	53,086	-	-	15,159	37,927	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	(1,978,659)	-	-	-	-	(1,978,659)	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2019-21 Base Budget</b>	<b>63</b>	<b>63.00</b>	<b>73,816,369</b>	<b>-</b>	<b>-</b>	<b>18,724,048</b>	<b>780,158</b>	<b>54,312,163</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	194,602	-	-	200,859	(6,257)	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	37,853	-	-	34,523	3,330	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>232,455</b>	<b>-</b>	<b>-</b>	<b>235,382</b>	<b>(2,927)</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(23,450)	-	-	(23,450)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(23,450)</b>	<b>-</b>	<b>-</b>	<b>(23,450)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	286,476	-	-	282,642	3,834	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>286,476</b>	<b>-</b>	<b>-</b>	<b>282,642</b>	<b>3,834</b>	<b>-</b>	<b>-</b>

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Utility Regulation  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-001-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	1,361,128	-	-	1,351,360	9,768	-	-
<b>Subtotal: 2019-21 Current Service Level</b>	<b>63</b>	<b>63.00</b>	<b>75,672,978</b>	<b>-</b>	<b>-</b>	<b>20,569,982</b>	<b>790,833</b>	<b>54,312,163</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Utility Regulation  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-001-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2019-21 Current Service Level</b>	<b>63</b>	<b>63.00</b>	<b>75,672,978</b>	-	-	<b>20,569,982</b>	790,833	<b>54,312,163</b>	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2019-21 Current Service Level</b>	<b>63</b>	<b>63.00</b>	<b>75,672,978</b>	-	-	<b>20,569,982</b>	790,833	<b>54,312,163</b>	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(2,206)	-	-	(387)	(1,819)	-	-
092 - Statewide AG Adjustment	-	-	(154,296)	-	-	(154,296)	-	-	-
101 - Annual Gross Revenue Fee	-	-	-	-	-	-	-	-	-
102 - Increase Utility Program & Policy Staff	6	4.50	1,262,164	-	-	1,262,164	-	-	-
103 - Increase Attorney General Limitation	-	-	199,195	-	-	199,195	-	-	-
104 - Federal Fund Allocation	-	-	-	-	-	(186,368)	186,368	-	-
105 - Strategic Energy Initiatives	(2)	(2.00)	(578,412)	-	-	(578,412)	-	-	-
<b>Subtotal Policy Packages</b>	<b>4</b>	<b>2.50</b>	<b>726,445</b>	<b>-</b>	<b>-</b>	<b>541,896</b>	184,549	<b>-</b>	<b>-</b>
<b>Total 2019-21 Governor's Budget</b>	<b>67</b>	<b>65.50</b>	<b>76,399,423</b>	<b>-</b>	<b>-</b>	<b>21,111,878</b>	975,382	<b>54,312,163</b>	<b>-</b>
Percentage Change From 2017-19 Leg Approved Budget	-	-1.15%	0.87%	-	-	12.84%	31.41%	-3.52%	-
Percentage Change From 2019-21 Current Service Level	6.35%	3.97%	0.96%	-	-	2.63%	23.34%	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission** **Governor's Budget**  
**Residential Service Protection** **Cross Reference Number: 86000-003-00-00-00000**  
**2019-21 Biennium**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	8	8.00	9,650,497	-	-	9,650,497	-	-	-
2017-19 Emergency Boards	-	-	54,218	-	-	54,218	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>8</b>	<b>8.00</b>	<b>9,704,715</b>	<b>-</b>	<b>-</b>	<b>9,704,715</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2019-21 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	(0.50)	23,573	-	-	23,573	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2019-21 Base Budget</b>	<b>8</b>	<b>7.50</b>	<b>9,728,288</b>	<b>-</b>	<b>-</b>	<b>9,728,288</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	10,579	-	-	10,579	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	3,735	-	-	3,735	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>14,314</b>	<b>-</b>	<b>-</b>	<b>14,314</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	352,159	-	-	352,159	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	15	-	-	15	-	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Residential Service Protection  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-003-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal</b>	-	-	352,174	-	-	352,174	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(5,323)	-	-	(5,323)	-	-	-
<b>Subtotal: 2019-21 Current Service Level</b>	<b>8</b>	<b>7.50</b>	<b>10,089,453</b>	<b>-</b>	<b>-</b>	<b>10,089,453</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Residential Service Protection  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-003-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2019-21 Current Service Level</b>	<b>8</b>	<b>7.50</b>	<b>10,089,453</b>	-	-	<b>10,089,453</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2019-21 Current Service Level</b>	<b>8</b>	<b>7.50</b>	<b>10,089,453</b>	-	-	<b>10,089,453</b>	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(10,477)	-	-	(10,477)	-	-	-
092 - Statewide AG Adjustment	-	-	(7,591)	-	-	(7,591)	-	-	-
101 - Annual Gross Revenue Fee	-	-	-	-	-	-	-	-	-
102 - Increase Utility Program & Policy Staff	-	-	-	-	-	-	-	-	-
103 - Increase Attorney General Limitation	-	-	-	-	-	-	-	-	-
104 - Federal Fund Allocation	-	-	-	-	-	-	-	-	-
105 - Strategic Energy Initiatives	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>-</b>	<b>-</b>	<b>(18,068)</b>	<b>-</b>	<b>-</b>	<b>(18,068)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 2019-21 Governor's Budget</b>	<b>8</b>	<b>7.50</b>	<b>10,071,385</b>	<b>-</b>	<b>-</b>	<b>10,071,385</b>	<b>-</b>	<b>-</b>	<b>-</b>
Percentage Change From 2017-19 Leg Approved Budget	-	-6.25%	3.78%	-	-	3.78%	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-0.18%	-	-	-0.18%	-	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Policy and Administration  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-004-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	50	49.50	16,437,718	-	-	16,437,718	-	-	-
2017-19 Emergency Boards	-	-	260,535	-	-	260,535	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>50</b>	<b>49.50</b>	<b>16,698,253</b>	<b>-</b>	<b>-</b>	<b>16,698,253</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2019-21 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	0.50	813,421	-	-	813,421	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2019-21 Base Budget</b>	<b>50</b>	<b>50.00</b>	<b>17,511,674</b>	<b>-</b>	<b>-</b>	<b>17,511,674</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	172,536	-	-	172,536	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	56,423	-	-	56,423	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>228,959</b>	<b>-</b>	<b>-</b>	<b>228,959</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	(400,000)	-	-	(400,000)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>(400,000)</b>	<b>-</b>	<b>-</b>	<b>(400,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	402,222	-	-	402,222	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	218,788	-	-	218,788	-	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Policy and Administration  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-004-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
<b>Subtotal</b>	-	-	621,010	-	-	621,010	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	(1,355,805)	-	-	(1,355,805)	-	-	-
<b>Subtotal: 2019-21 Current Service Level</b>	<b>50</b>	<b>50.00</b>	<b>16,605,838</b>	<b>-</b>	<b>-</b>	<b>16,605,838</b>	<b>-</b>	<b>-</b>	<b>-</b>



# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Policy and Administration  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-004-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2019-21 Current Service Level</b>	<b>50</b>	<b>50.00</b>	<b>16,605,838</b>	-	-	<b>16,605,838</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2019-21 Current Service Level</b>	<b>50</b>	<b>50.00</b>	<b>16,605,838</b>	-	-	<b>16,605,838</b>	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	1	0.83	175,196	-	-	175,196	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(68,773)	-	-	(68,773)	-	-	-
092 - Statewide AG Adjustment	-	-	(27,229)	-	-	(27,229)	-	-	-
101 - Annual Gross Revenue Fee	-	-	-	-	-	-	-	-	-
102 - Increase Utility Program & Policy Staff	1	0.75	215,595	-	-	215,595	-	-	-
103 - Increase Attorney General Limitation	-	-	35,152	-	-	35,152	-	-	-
104 - Federal Fund Allocation	-	-	-	-	-	-	-	-	-
105 - Strategic Energy Initiatives	2	2.00	578,412	-	-	578,412	-	-	-
<b>Subtotal Policy Packages</b>	<b>4</b>	<b>3.58</b>	<b>908,353</b>	<b>-</b>	<b>-</b>	<b>908,353</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 2019-21 Governor's Budget</b>	<b>54</b>	<b>53.58</b>	<b>17,514,191</b>	<b>-</b>	<b>-</b>	<b>17,514,191</b>	<b>-</b>	<b>-</b>	<b>-</b>
Percentage Change From 2017-19 Leg Approved Budget	8.00%	8.24%	4.89%	-	-	4.89%	-	-	-
Percentage Change From 2019-21 Current Service Level	8.00%	7.16%	5.47%	-	-	5.47%	-	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Board of Maritime Pilots  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-005-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
2017-19 Leg Adopted Budget	2	2.00	802,415	-	-	802,415	-	-	-
2017-19 Emergency Boards	-	-	5,566	-	-	5,566	-	-	-
<b>2017-19 Leg Approved Budget</b>	<b>2</b>	<b>2.00</b>	<b>807,981</b>	<b>-</b>	<b>-</b>	<b>807,981</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2019-21 Base Budget Adjustments</b>									
Net Cost of Position Actions									
Administrative Biennialized E-Board, Phase-Out	-	-	(20,414)	-	-	(20,414)	-	-	-
Estimated Cost of Merit Increase	-	-	-	-	-	-	-	-	-
Base Debt Service Adjustment	-	-	-	-	-	-	-	-	-
Base Nonlimited Adjustment	-	-	-	-	-	-	-	-	-
Capital Construction	-	-	-	-	-	-	-	-	-
<b>Subtotal 2019-21 Base Budget</b>	<b>2</b>	<b>2.00</b>	<b>787,567</b>	<b>-</b>	<b>-</b>	<b>787,567</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Essential Packages</b>									
010 - Non-PICS Pers Svc/Vacancy Factor									
Vacancy Factor (Increase)/Decrease	-	-	4,570	-	-	4,570	-	-	-
Non-PICS Personal Service Increase/(Decrease)	-	-	(278)	-	-	(278)	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>4,292</b>	<b>-</b>	<b>-</b>	<b>4,292</b>	<b>-</b>	<b>-</b>	<b>-</b>
020 - Phase In / Out Pgm & One-time Cost									
021 - Phase - In	-	-	-	-	-	-	-	-	-
022 - Phase-out Pgm & One-time Costs	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
030 - Inflation & Price List Adjustments									
Cost of Goods & Services Increase/(Decrease)	-	-	18,491	-	-	18,491	-	-	-
State Gov't & Services Charges Increase/(Decrease)	-	-	96	-	-	96	-	-	-

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# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Board of Maritime Pilots  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-005-00-00-00000**

<i>Description</i>	<i>Positions</i>	<i>Full-Time Equivalent (FTE)</i>	<i>ALL FUNDS</i>	<i>General Fund</i>	<i>Lottery Funds</i>	<i>Other Funds</i>	<i>Federal Funds</i>	<i>Nonlimited Other Funds</i>	<i>Nonlimited Federal Funds</i>
<b>Subtotal</b>	-	-	18,587	-	-	18,587	-	-	-
040 - Mandated Caseload									
040 - Mandated Caseload	-	-	-	-	-	-	-	-	-
050 - Fundshifts and Revenue Reductions									
050 - Fundshifts	-	-	-	-	-	-	-	-	-
060 - Technical Adjustments									
060 - Technical Adjustments	-	-	-	-	-	-	-	-	-
<b>Subtotal: 2019-21 Current Service Level</b>	<b>2</b>	<b>2.00</b>	<b>810,446</b>	<b>-</b>	<b>-</b>	<b>810,446</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BUDGET NARRATIVE

## Summary of 2019-21 Biennium Budget

**Public Utility Commission  
Board of Maritime Pilots  
2019-21 Biennium**

**Governor's Budget  
Cross Reference Number: 86000-005-00-00-00000**

Description	Positions	Full-Time Equivalent (FTE)	ALL FUNDS	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds
<b>Subtotal: 2019-21 Current Service Level</b>	<b>2</b>	<b>2.00</b>	<b>810,446</b>	-	-	<b>810,446</b>	-	-	-
070 - Revenue Reductions/Shortfall									
070 - Revenue Shortfalls	-	-	-	-	-	-	-	-	-
<b>Modified 2019-21 Current Service Level</b>	<b>2</b>	<b>2.00</b>	<b>810,446</b>	-	-	<b>810,446</b>	-	-	-
080 - E-Boards									
080 - May 2018 E-Board	-	-	-	-	-	-	-	-	-
<b>Subtotal Emergency Board Packages</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	-	-	-
Policy Packages									
081 - September 2018 Emergency Board	-	-	-	-	-	-	-	-	-
090 - Analyst Adjustments	-	-	-	-	-	-	-	-	-
091 - Statewide Adjustment DAS Chgs	-	-	(3,880)	-	-	(3,880)	-	-	-
092 - Statewide AG Adjustment	-	-	(3,015)	-	-	(3,015)	-	-	-
101 - Annual Gross Revenue Fee	-	-	-	-	-	-	-	-	-
102 - Increase Utility Program & Policy Staff	-	-	-	-	-	-	-	-	-
103 - Increase Attorney General Limitation	-	-	-	-	-	-	-	-	-
104 - Federal Fund Allocation	-	-	-	-	-	-	-	-	-
105 - Strategic Energy Initiatives	-	-	-	-	-	-	-	-	-
<b>Subtotal Policy Packages</b>	<b>-</b>	<b>-</b>	<b>(6,895)</b>	-	-	<b>(6,895)</b>	-	-	-
<b>Total 2019-21 Governor's Budget</b>	<b>2</b>	<b>2.00</b>	<b>803,551</b>	-	-	<b>803,551</b>	-	-	-
Percentage Change From 2017-19 Leg Approved Budget	-	-	-0.55%	-	-	-0.55%	-	-	-
Percentage Change From 2019-21 Current Service Level	-	-	-0.85%	-	-	-0.85%	-	-	-

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BDV104 - Biennial Budget Summary  
BDV104

# BUDGET NARRATIVE

## REDUCTION OPTIONS

Activity or Program	Describe Reduction	Amount and Fund Type	Rank and Justification
(Which program or activity will not be undertaken)	(Describe the effects of this reduction. include positions and FTE in 2019-21 and 2021-23)	(GF, LF, OF, FF. Identify Revenue Source for OF, FF)	(Rank the activities or programs not undertaken in order of lowest cost for benefit obtained)
<p><b>1. <u>Agency-Wide Reduction</u></b> Reduce Miscellaneous Services and Supplies</p>	<p><b><u>Cost/Benefit Determination</u></b> Agency-wide reductions will be made in Services and Supplies (S&amp;S) categories. These reductions will result from continued diligence in evaluating expenditures to those critical to operation. The following are likely areas for additional reduction:</p> <ul style="list-style-type: none"> <li>➤ Travel</li> <li>➤ Training</li> <li>➤ Subscriptions</li> <li>➤ Professional Services</li> <li>➤ Office Expenses</li> <li>➤ Agency Program Services and Supplies</li> </ul>	<p><b>\$533,914</b> <b>OF</b></p>	<p><b><u>Rank #1</u></b> <b><u>Methodology</u></b> PUC will commit to reduce the effect of S&amp;S expenditures through more stringent evaluation.</p> <p>Many PUC expenditures are necessary over the long term to ensure staff has the latest information about trends in the utility industry regulation; however, some expenditures may be able to be bypassed for a biennium while retaining the ability to "catch-up" knowledge and skills in the future.</p> <p>PUC believes S&amp;S should be reduced before staff is reduced.</p>

# BUDGET NARRATIVE

<p><b>2. <u>Residential Service Protection Fund (RSPF): Oregon Telephone Assistance Program (OTAP)</u></b></p> <p>The RSPF Program currently provides \$3.50 per OTAP recipient as part of the telephone subsidy program for low-income individuals. The proposed cost reduction for the OTAP program would reduce the state contribution by \$2.33, which results in a contribution of \$1.17 per recipient. Potential savings from this reduction is \$1,630,571.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><b>Impact on the Customers:</b> Reduction of \$2.33 per subscriber line will reduce the amount of support for each customer from \$12.75 to \$10.42. It will affect low-income Oregonians' ability to maintain payment for basic phone services.</p> <p>The proposed cost reduction for the OTAP program would reduce the state contribution to \$1.17 per recipient. Potential savings from this reduction is \$1,630,571.</p>	<p style="text-align: center;"><b>\$1,630,571 OF</b></p>	<p><b><u>Rank #2</u></b></p> <p><b><u>Methodology:</u></b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Critical utility regulatory staff and functions should be preserved to meet the agency's primary mission.</li> </ul>
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# BUDGET NARRATIVE

<p><b>3. <u>Residential Service Protection Fund (RSPF):</u> <u>Oregon Telephone Assistance Program (OTAP)</u></b></p> <p><u>Public Service Representative 3 (1.0 FTE)</u></p> <p>The RSPF program staff respond to phone calls and emails from the public and coordinate program-related benefits as appropriate.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Public Service Representative 3 (1.0 FTE)</u> Salary + OPE \$117,884</p> <p><b>Impact on Customers:</b> Elimination of this position would result in slowing RSPF program processes that may affect certain customers and stakeholders throughout the state.</p>	<p><b>\$117,884</b> <b>OF</b></p>	<p><b><u>Rank #3</u></b></p> <p><b><u>Methodology:</u></b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>4. <u>Policy &amp; Administration</u></b> <b><u>Consumer Services</u></b></p> <p><u>Public Service Representative 4 (1.0 FTE)</u></p> <p>The Consumer Services Section responds to inquiries and complaints about Oregon’s regulated utility companies. It answers questions, mediates solutions, and resolves complaints regarding telephone, electric, natural gas or water service. The proposed reduction is to reduce the staffing by one Public Service Representative 4.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Public Service Representative 4 (1.0 FTE)</u> Salary + OPE \$163,642</p> <p><b>Impact on Customers:</b> Eliminating this position would increase the backlog of ongoing cases.</p> <p>The volume and complexity of investigations conducted by the Consumer Services staff is currently stretched to keep the backlog from rising above acceptable levels. Consumers would not receive timely responses from the PUC in connection with their disputes and concerns regarding such things as billings, meter readings, and crammed and slammed telecommunications services.</p>	<p><b>\$163,642</b> <b>OF</b></p>	<p><b><u>Rank #4</u></b></p> <p><u>Methodology:</u> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies)</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>5. <u>Policy &amp; Administration</u></b> <b><u>Business Services</u></b></p> <p><u>Accounting Technician 2 (1.0 FTE)</u></p> <p>The Business Office Specialist performs numerous administrative duties including mail services, copy services, accounts payable and receivable duties, and basic support duties.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Accounting Technician 2 (1.0 FTE)</u> Salary + OPE \$124,733</p> <p><b>Impact on Customers:</b> Elimination of this position would result in slowing business processes that may affect certain stakeholders throughout the state.</p>	<p><b>\$124,733</b> <b>OF</b></p>	<p><b><u>Rank #5</u></b></p> <p><b>Methodology:</b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>6. <u>Policy &amp; Administration</u> <u>Information System Planning</u></b></p> <p><u>Information Systems Specialist 6 (1.0 FTE)</u></p> <p>The purpose of this position is to improve the efficiency and effectiveness of agency operation and service through long-term information systems planning.</p>	<p><b><u>Cost/Benefit Determination:</u></b></p> <p><u>Information Systems Specialist 6 (1.0 FTE)</u> Salary + OPE \$255,941</p> <p><b>Impact on Agency:</b> Elimination of this position would result in less efficient service and operation over the long run. Software and hardware repairs and corrections would take longer resulting in inefficiency throughout the agency.</p>	<p><b>\$255,941 OF</b></p>	<p><b><u>Rank #6</u></b></p> <p><b><u>Methodology:</u></b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies)</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>7. <u>Utility Program</u></b> <b><u>Water Section</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u></p> <p>The purpose of this activity is to balance the interests of water utilities and their customers in setting rates for service.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u> Salary + OPE \$183,294</p> <p><b>Impact on Customers:</b> This water utility analyst assists utilities and customers in the preparation and review of rate filings, analyzes the filings to determine what costs are reasonably incurred to provide service and what rates should be set to recover those costs, and makes recommendations to the Commission.</p> <p>Because there are only three analysts and their supervisor who oversees rate and service issues for about 80 water companies, loss of 1.0 FTE of this position would seriously diminish the agency's timeliness in resolving customer issues and establishing reasonable rates for water service.</p>	<p><b>\$183,294</b> <b>OF</b></p>	<p><b><u>Rank #7</u></b></p> <p><b>Methodology:</b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>8. <u>Utility Program</u></b> <b><u>Energy Rates, Finance, and Audit</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u></p> <p>Conducts applied economic research on a wide range of matters related to the short-term and long-term forecasting of loads and other billing determinates of Oregon’s investor-owned electric and natural gas utilities. The position conducts complex economic research and analysis on matters related to the design of rates charged to customers, as well as allocating utility costs to residential, commercial, and industrial customer classes.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u> Salary + OPE \$183,294</p> <p><b>Impact on Customers:</b> This position has a significant role in ratemaking for electric and natural gas utility regulation.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency’s ability to establish reasonable rates for energy customers.</p>	<p style="text-align: center;"><b>\$183,294 OF</b></p>	<p><b><u>Rank #8</u></b></p> <p><b><u>Methodology:</u></b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>9. <u>Utility Program</u></b> <b><u>Telecommunications</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u></p> <p>Leads and coordinates the activity of other analysts to conduct independent analysis of complex and frequently controversial issues dealing with telecommunications and water like:</p> <ul style="list-style-type: none"> <li>➤ extended area service (EAS)</li> <li>➤ numbering issues (portability and company assignments)</li> <li>➤ tariff modifications</li> <li>➤ rate cases and other rate issues affecting telecommunications companies and their customers</li> </ul> <p>This position provides recommendations to the agency regarding policies and rules that have a significant effect on telecommunications regulation and operations.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u> Salary + OPE \$251,900</p> <p><b>Impact on Customers:</b> This position has a significant role in policy and cost formulations for telecommunications.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency's ability to ensure reasonable rates for telecommunications customers.</p>	<p style="text-align: center;"><b>\$251,900</b> <b>OF</b></p>	<p><b><u>Rank #9</u></b></p> <p><b><u>Methodology:</u></b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>10. Utility Program</b> <b><u>Energy Resources and Planning</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u></p> <p>Provides financial and economic analytical expertise in the review of regulatory filings made by electric utilities related to:</p> <ul style="list-style-type: none"> <li>➤ System operations,</li> <li>➤ Renewable resource procurement and planning,</li> <li>➤ Purchased power costs, and</li> <li>➤ Tariffs.</li> </ul> <p>The person in this position reviews utility testimony in general rate cases, renewable implementation plans, and other dockets related to generation and transmission investments, storage investments, power costs, and system operations.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u> Salary + OPE \$251,900</p> <p><b>Impact on Customers:</b> This position has a significant role in policy formulation for renewable resource acquisitions.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency's ability to establish reasonable rates for energy customers.</p>	<p><b>\$251,900</b> <b>OF</b></p>	<p><b><u>Rank #10</u></b></p> <p><b>Methodology:</b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>11. Utility Program</b> <b><u>Strategic Energy Initiatives</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u></p> <p>The purpose of this activity is to balance the interests of energy utilities and their customers in planning and coordinating utility initiatives.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 3(1.0 FTE)</u> Salary + OPE \$251,900</p> <p><b>Impact on Customers:</b> This position has a significant role in utility energy planning and initiatives.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency’s ability to plan and coordinate energy initiatives for benefit of energy utility customers.</p>	<p><b>\$251,900</b> <b>OF</b></p>	<p><b><u>Rank #11</u></b></p> <p><b>Methodology:</b> Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>12. Utility Program</b>  <u>Universal Service and Regulatory Analysis</u></p> <p><u>Principal Executive Manager E (1.0 FTE)</u></p> <p>The purpose of this position is to provide leadership in financial, accounting, and economic analysis to the Universal Service and Regulatory Analysis group. Specific activities include:</p> <ul style="list-style-type: none"> <li>➤ Directs complex regulatory analysis of company filings, which includes, but is not limited to the review of financial, economic, accounting, and policy assumptions.</li> <li>➤ Leads and participates in the development of policies to address the rapidly occurring changes in the nature of the telecommunications industry in Oregon and nationwide.</li> <li>➤ Leads and participates in activities to ensure that the Oregon Universal Service Fund is functioning smoothly as intended.</li> </ul>	<p><b><u>Cost/Benefit Determination:</u></b></p> <p><u>Principal Executive Manager E (1.0 FTE)</u>  Salary + OPE \$309,779</p> <p><b>Impact on Customers:</b> Elimination of 1.0 FTE of this managerial position would result in less robust analysis of company filings and the Oregon Universal Service Fund.</p> <p>Consequently, Oregonians could face higher rates for telecommunications services or be delayed in receiving advanced services such as broadband.</p>	<p><b>\$309,779</b> <b>OF</b></p>	<p><b><u>Rank #12</u></b></p> <p><b><u>Methodology:</u></b></p> <p>Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>13. <u>Utility Program</u></b> <b><u>Energy Rates, Finance, and Audit</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u></p> <p>The purpose of this activity is to balance the interests of energy utilities and their customers in setting rates for service.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 3 (1.0 FTE)</u> Salary + OPE \$251,900</p> <p><b>Impact on Customers:</b> This position has a significant role in energy rate setting, planning and transaction requests for energy utility regulation.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency's ability to plan and coordinate energy rates for energy utility customers.</p>	<p><b>\$251,900</b> <b>OF</b></p>	<p><b><u>Rank #13</u></b></p> <p><b><u>Methodology:</u></b></p> <p>Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>14. <u>Utility Program</u></b> <b><u>Energy Resources and Planning</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u></p> <p>The purpose of this activity is to balance the interests of energy utilities and their customers in planning utility resources.</p> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u> Salary + OPE \$183,294</p> <p><b>Impact on Customers:</b> This position has a significant role in energy resource planning and transaction requests for energy utility regulation.</p> <p>Loss of 1.0 FTE of this position would seriously diminish the agency's ability to plan and coordinate energy resources for energy utility customers.</p>	<p><b>\$183,294</b> <b>OF</b></p>	<p><b><u>Rank #14</u></b></p> <p><u>Methodology:</u></p> <p>Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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# BUDGET NARRATIVE

<p><b>15. Utility Program</b>  <b>Utility Safety, Reliability and Security</b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u></p> <p>The purpose of this position is to protect utility customers from unsafe operating conditions involving natural gas pipelines and other natural gas facilities. Specific natural gas safety activities include:</p> <ul style="list-style-type: none"> <li>➤ Ensuring that natural gas utilities have safety and maintenance programs that comply with US Department of Transportation (DOT) regulations and state statutes.</li> <li>➤ Inspecting natural gas pipelines and customer service lines.</li> <li>➤ Regulating liquefied natural gas (LNG) facilities.</li> <li>➤ Investigating and reporting accidents.</li> </ul> <p>No change in statutes would be needed to eliminate this activity.</p>	<p><b><u>Cost/Benefit Determination</u></b></p> <p><u>Utility Analyst 2 (1.0 FTE)</u>  Salary + OPE \$111,489 OF  Salary + OPE \$111,489 FF</p> <p><b>Impact on Customers:</b> Natural gas utilities in Oregon operate over 10,000 miles of natural gas lines, as well as two LNG facilities. These facilities, if not constructed, operated, and maintained properly, can pose a substantial hazard to the public through possible leakage of natural gas with potential destruction through fire and explosion.</p> <p>Elimination of this position would probably lead to loss of federal funding that exceeds the budget savings. The level of federal matching funds is dependent on PUC maintaining sufficient number of inspectors with proper qualifications, as well as the level of inspection activity and enforcement of federal pipeline safety standards.</p> <p>Removing this position would likely cause the Pipeline and Hazardous Materials Safety Administration (PHMSA) to determine PUC is not in compliance with the agency’s certification agreement, and thereby reduce the federal contribution by 10 to 30 percent.</p> <p>Some results on inspection activity of position elimination:</p> <ul style="list-style-type: none"> <li>➤ Less frequent inspections of utility plant by PUC’s safety staff.</li> <li>➤ Less ability to develop forward looking or preventive programs regarding utility plant safety, as a greater percentage of staff time would be spent reacting to incidents.</li> </ul> <p>Natural gas safety activity would be reduced, but not eliminated.</p>	<p><b>\$111,489 OF</b></p> <p><b>\$111,489 FF</b></p>	<p><b><u>Rank #15</u></b></p> <p><b><u>Methodology:</u></b></p> <p>Criteria used for ranking the reduction of services, supplies, activities, programs, or positions are:</p> <ul style="list-style-type: none"> <li>➤ Services and Supplies should be cut before positions.</li> <li>➤ Is position function critical?</li> <li>➤ Will function get done?</li> <li>➤ Span of control (efficiencies).</li> <li>➤ Will position/history be lost?</li> </ul>
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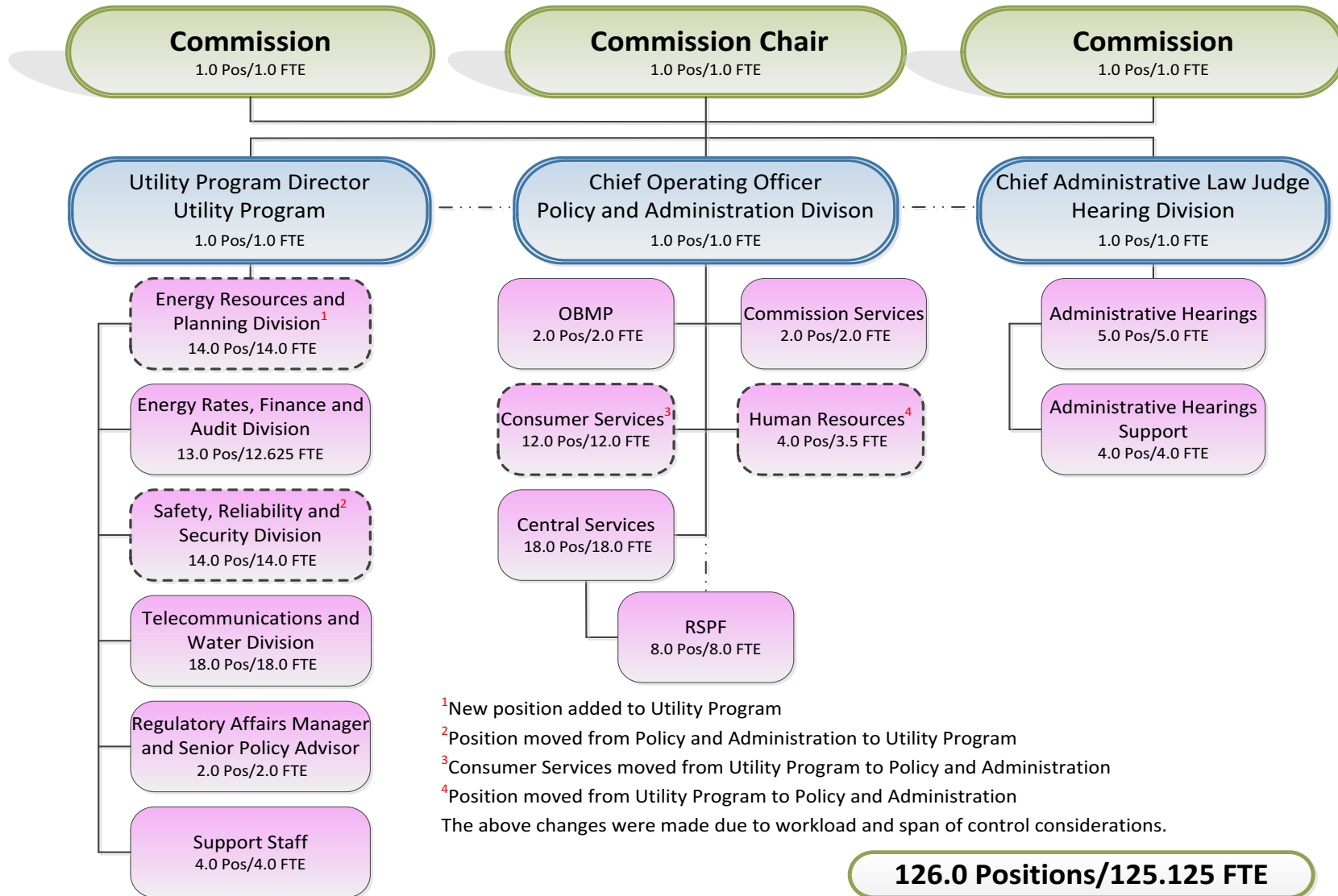
## BUDGET NARRATIVE

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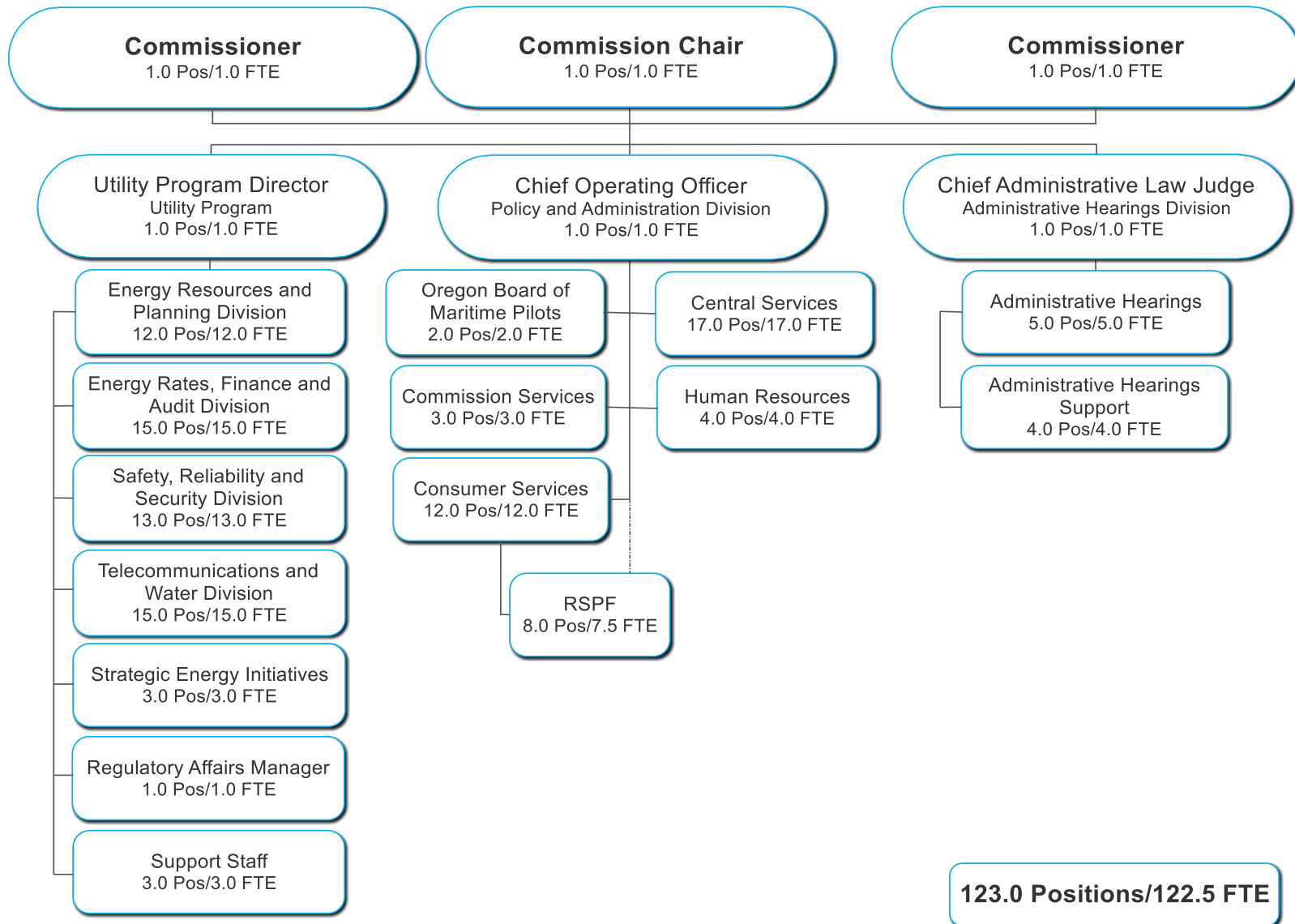
# BUDGET NARRATIVE

## 2017-2019 LEGISLATIVELY ADOPTED BUDGET



# BUDGET NARRATIVE

## 2019-2021 GOVERNOR'S BUDGET



**123.0 Positions/122.5 FTE**

# BUDGET NARRATIVE

## AGENCY-WIDE PROGRAM UNIT SUMMARY (BPR 010)

**Public Utility Commission**

**Agency Number: 86000**

**Agencywide Program Unit Summary  
2019-21 Biennium**

Version: Y - 01 - Governor's Budget

Summary Cross Reference Number	Cross Reference Description	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
001-00-00-00000	<b>Utility Regulation</b>						
	Other Funds	86,486,773	74,528,607	74,999,711	75,972,743	75,424,041	-
	Federal Funds	658,975	715,100	742,231	1,020,188	975,382	-
	All Funds	87,145,748	75,243,707	75,741,942	76,992,931	76,399,423	-
003-00-00-00000	<b>Residential Service Protection</b>						
	Other Funds	6,324,434	9,650,497	9,704,715	10,089,453	10,071,385	-
004-00-00-00000	<b>Policy and Administration</b>						
	Other Funds	13,017,872	16,437,718	16,698,253	17,516,243	17,514,191	-
005-00-00-00000	<b>Board of Maritime Pilots</b>						
	Other Funds	704,597	802,415	807,981	810,446	803,551	-
<b>TOTAL AGENCY</b>							
	Other Funds	106,533,676	101,419,237	102,210,660	104,388,885	103,813,168	-
	Federal Funds	658,975	715,100	742,231	1,020,188	975,382	-
	All Funds	107,192,651	102,134,337	102,952,891	105,409,073	104,788,550	-

\_\_\_\_ Agency Request  
2019-21 Biennium

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Agencywide Program Unit Summary - BPR010

## BUDGET NARRATIVE

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# BUDGET NARRATIVE

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## REVENUES

### REVENUE FORECAST NARRATIVE

*The Oregon Public Utility Commission (PUC) receives no General funds or Lottery funds.* Commission protection and oversight costs consumers of regulated utilities, on average, about 20 cents per month on natural gas, electric, telecommunications, and water bills.

The major sources of funding include:

#### Other Funds

**Utility Fees** - The PUC assesses annual fees on regulated electric, natural gas, water utilities, and telecommunications providers that fund the majority of the Commission's operating expenditures. The PUC collects fees from three investor-owned electric utilities, three natural gas utilities, about 81 regulated water utilities, and approximately 350 telecommunications utilities. The fees are limited by statute for use by the Commission in performing its duties (ORS 756.360).

For the 2019-2021 biennium, utility fee rates for electric, gas, water, and telecommunications utilities are projected to be at the maximum of 0.3 percent assessed on a utility's annual gross operating revenue. The fee rates are applied to the gross operating revenues of utilities for the previous calendar year. The PUC maintains an approximate three to four-month reserve balance of funds. The fee is projected to generate \$28,639,360 for the 2019-2021 biennium. The PUC submitted Legislative Concept LC 0538 to increase fees for energy and water utilities to 0.45 percent and for telecommunications utilities to 0.35 percent. The agency currently forecasts that the actual fees will be in the 0.35 to 0.40 percent range for the years 2020 through 2023.

Telecommunication revenues are projected to decline. The telecommunications industry's access lines and projected gross revenues will continue to decrease between 2019 and 2021 as customers move from traditional wireline service to wireless service and Voice over Internet Protocol (VoIP). There was a decrease in access lines of approximately 8.8 percent and a 1.0 percent decline in telecommunications revenues from 2015 to 2016.

PUC's revenue from the energy industry is estimated to increase slightly but at a lower rate than in prior years. Because PUC receives more revenue from the energy industry than it does from the telecommunication industry, revenue from the energy industry softens the loss of telecommunications industry revenue. Utility fees fund approximately 80 percent of Policy and Administration.

# BUDGET NARRATIVE

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## **Federal Funds**

U.S. Department of Transportation - PUC receives Pipeline Safety Program funds (approximately \$1,123,809 in 2019-2021), from the U.S. Department of Transportation to ensure safe operation of natural gas pipelines. The Pipeline Safety Program Grant requires a match of Other Funds (Utility Gross Revenue Fees). Currently, the match is approximately 51 percent Federal Funds – 49 percent Other Funds – Utility Fees.

**Residential Service Protection Fund (RSPF)** - Under Oregon Laws (OL) 1987, chapter 290, PUC can levy a surcharge of up to 35 cents monthly against telecommunications subscribers. This revenue is dedicated by law to fund the operation of the RSPF Programs (OL 1987, Chapter 290). The current surcharge is six cents per month. The program is expected to generate \$12,658,743 in the 2019-2021 biennium. PUC evaluates the rate annually to determine whether the rate needs to be raised or lowered to ensure adequate funding. PUC adjusts the rate, as needed, by October of each year to retain a six-month reserve balance. RSPF funds approximately 20 percent of Policy and Administration.

PUC estimates revenue for operational expenditures based on the line count projections subject to the surcharge. PUC bases its revenue requirements and expenditure projections on trends in billable relay minutes, the number of Oregon Telephone Assistance Program (OTAP) recipients, and the number of Telecommunication Devices Access Program (TDAP) equipment for the new biennium.

**Oregon Universal Service Fund (OUSF)** – Under Oregon Revised Statute (ORS) 759.425, OUSF provides payments to eligible telecommunication carriers to keep the price of basic service reasonable in areas of the state where costs are high. All certified telecommunication carriers are assessed an 8.5 percent charge on their intrastate retail revenue to fund the program. Only eligible telecommunication carriers approved by PUC receive distributions from the fund.

Under ORS 759.425(5), a small amount of the funds collected pays for administration through a contracted third-party administrator. PUC forecasted revenues, expenses, and distributions for the biennium are based on past trends and known and measurable changes in revenue collections, fund administration expenses, and projected distributions. PUC maintains a fund balance to make future disbursements and keep the fund solvent when rate changes are warranted. Typically, there is a nine-month lag between approving a rate change and collecting additional monies.

**Public Purpose Charge (PPC)** - Under ORS 757.600 to .691, Portland General Electric and PacifiCorp collect a three percent charge on customer bills for programs to save electricity, develop renewable resources, increase the energy efficiency of schools, and weatherize the homes of low-income households. These programs are administered by the Energy Trust of Oregon (energy efficiency and renewable development), Oregon Department of Energy (schools), and Oregon Housing and Community Services agency (low-income programs). Each receives a portion of the funds to pay for their administrative costs (ORS 757.612(3)(c)).

## BUDGET NARRATIVE

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PUC receives a small amount of the money collected to cover its costs of overseeing the development and implementation of programs. The expenses for the 2019 -2021 biennium are based on the estimated level of PUC staff activities related to public purpose requirements. Approximately 50 percent of one analyst's time (0.5 FTE) is dedicated to these oversight responsibilities.

**Oregon Board of Maritime Pilots (OBMP)** - OBMP is funded by license fees paid by the pilots and board operations fee from each vessel using the service of a licensee. ***OBMP receives no general funds or lottery funds.***

# BUDGET NARRATIVE

## DETAIL OF FEE, LICENSE, OR ASSESSMENT REVENUE PROPOSED FOR INCREASE (107BF08)

Proposed For Increase/Establishment						
Purpose or Type of Fee, License or Assessment	Who Pays	2017-19 Estimated Revenue	2019-21 Agency Request	2019-21 Governor's Budget	2019-21 Legislatively Adopted	Explanation
Assessment on annual gross operating revenue of Electric, Natural Gas, Water Utilities, and Telecommunications Providers.	Utility Customers	28,955,075	37,716,327	37,716,327		<p>Addresses the agency's increased funding needs resulting from recent legislation and other considerations as detailed in Policy Option Package 101. The current fee is set at 0.03 percent for all utilities. Energy and water utilities will be set at a maximum level of 0.45 percent, as most PUC cost drivers are a result of energy and water utilities. The telecommunication fee is recommended to be raised to a maximum of 0.35 percent as costs to administer telecommunication regulation exceed current revenue.</p> <p>The PUC will only assess an amount that will match revenues to expenses. We do not expect to assess the maximum after passage, and forecasts show an assessment of 0.35 to 0.40 through 2023. A small level of unused assessment will allow the PUC to adjust to any increased workload or new legislative mandates in a timely manner.</p>

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (BPR012)

### DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Utility Commission  
2019-21 Biennium

Agency Number: 86000

Cross Reference Number: 86000-000-00-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Other Selective Taxes	7,769,858	10,096,618	10,096,618	12,658,743	12,658,743	-
Business Lic and Fees	713,276	699,248	699,248	714,625	714,625	-
Public Utilities Fees	27,506,845	30,852,796	30,852,796	37,716,327	37,716,327	-
Charges for Services	159,424	102,168	102,168	186,769	186,769	-
Fines and Forfeitures	38,707	32,975	32,975	52,296	52,296	-
Interest Income	70,325	42,576	42,576	79,788	79,788	-
Other Revenues	417,106	-	-	-	-	-
Transfer In - Intrafund	12,897,348	16,785,618	16,785,618	17,515,113	17,398,715	-
Transfer In - Indirect Cost	212,124	141,212	141,212	204,038	204,038	-
Transfer Out - Intrafund	(12,763,092)	(16,785,618)	(16,785,618)	(17,515,113)	(17,398,715)	-
<b>Total Other Funds</b>	<b>\$37,021,921</b>	<b>\$41,967,593</b>	<b>\$41,967,593</b>	<b>\$51,612,586</b>	<b>\$51,612,586</b>	-
<b>Federal Funds</b>						
Federal Funds	1,015,035	960,008	960,008	1,224,226	1,224,226	-
Transfer Out - Intrafund	(134,256)	-	-	-	-	-
Transfer Out - Indirect Cost	(212,124)	(141,212)	(141,212)	(204,038)	(204,038)	-
<b>Total Federal Funds</b>	<b>\$668,655</b>	<b>\$818,796</b>	<b>\$818,796</b>	<b>\$1,020,188</b>	<b>\$1,020,188</b>	-
<b>Nonlimited Other Funds</b>						
Public Utilities Fees	66,631,284	56,000,000	56,000,000	51,454,056	51,454,056	-
Fines and Forfeitures	118,414	64,519	64,519	51,454	51,454	-
Interest Income	160,181	25,908	25,908	21,355	21,355	-
Other Revenues	3,884	-	-	-	-	-
<b>Total Nonlimited Other Funds</b>	<b>\$66,913,763</b>	<b>\$56,090,427</b>	<b>\$56,090,427</b>	<b>\$51,526,865</b>	<b>\$51,526,865</b>	-

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Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Utility Commission 2019-21 Biennium	Agency Number: 86000 Cross Reference Number: 86000-001-00-00-00000					
Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Public Utilities Fees	27,506,845	30,852,796	30,852,796	37,716,327	37,716,327	-
Charges for Services	137,426	88,168	88,168	172,769	172,769	-
Fines and Forfeitures	11,313	7,650	7,650	14,320	14,320	-
Other Revenues	86,082	-	-	-	-	-
Transfer In - Intrafund	134,256	-	-	-	-	-
Transfer In - Indirect Cost	212,124	141,212	141,212	204,038	204,038	-
Transfer Out - Intrafund	(10,493,497)	(13,923,430)	(13,923,430)	(14,185,851)	(14,069,453)	-
<b>Total Other Funds</b>	<b>\$17,594,549</b>	<b>\$17,166,396</b>	<b>\$17,166,396</b>	<b>\$23,921,603</b>	<b>\$24,038,001</b>	-
<b>Federal Funds</b>						
Federal Funds	1,015,035	960,008	960,008	1,224,226	1,224,226	-
Transfer Out - Intrafund	(134,256)	-	-	-	-	-
Transfer Out - Indirect Cost	(212,124)	(141,212)	(141,212)	(204,038)	(204,038)	-
<b>Total Federal Funds</b>	<b>\$668,655</b>	<b>\$818,796</b>	<b>\$818,796</b>	<b>\$1,020,188</b>	<b>\$1,020,188</b>	-
<b>Nonlimited Other Funds</b>						
Public Utilities Fees	66,631,284	56,000,000	56,000,000	51,454,056	51,454,056	-
Fines and Forfeitures	118,414	64,519	64,519	51,454	51,454	-
Interest Income	160,181	25,908	25,908	21,355	21,355	-
Other Revenues	3,884	-	-	-	-	-
<b>Total Nonlimited Other Funds</b>	<b>\$66,913,763</b>	<b>\$56,090,427</b>	<b>\$56,090,427</b>	<b>\$51,526,865</b>	<b>\$51,526,865</b>	-

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# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Public Utility Commission  
2019-21 Biennium**

**Agency Number: 86000  
Cross Reference Number: 86000-003-00-00-00000**

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Other Selective Taxes	7,769,858	10,096,618	10,096,618	12,658,743	12,658,743	-
Charges for Services	2,894	-	-	-	-	-
Fines and Forfeitures	27,394	25,325	25,325	37,976	37,976	-
Interest Income	70,325	42,576	42,576	79,788	79,788	-
Other Revenues	304,855	-	-	-	-	-
Transfer Out - Intrafund	(2,259,195)	(2,851,788)	(2,851,788)	(3,318,862)	(3,318,862)	-
<b>Total Other Funds</b>	<b>\$5,916,131</b>	<b>\$7,312,731</b>	<b>\$7,312,731</b>	<b>\$9,457,645</b>	<b>\$9,457,645</b>	-

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# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Public Utility Commission  
2019-21 Biennium**

**Agency Number: 86000  
Cross Reference Number: 86000-004-00-00-00000**

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Charges for Services	19,070	14,000	14,000	14,000	14,000	-
Other Revenues	26,057	-	-	-	-	-
Transfer In - Intrafund	12,763,092	16,785,618	16,785,618	17,515,113	17,398,715	-
<b>Total Other Funds</b>	<b>\$12,808,219</b>	<b>\$16,799,618</b>	<b>\$16,799,618</b>	<b>\$17,529,113</b>	<b>\$17,412,715</b>	-

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# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**Public Utility Commission  
2019-21 Biennium**

**Agency Number: 86000  
Cross Reference Number: 86000-005-00-00-00000**

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Business Lic and Fees	713,276	699,248	699,248	714,625	714,625	-
Charges for Services	34	-	-	-	-	-
Other Revenues	112	-	-	-	-	-
Transfer Out - Intrafund	(10,400)	(10,400)	(10,400)	(10,400)	(10,400)	-
<b>Total Other Funds</b>	<b>\$703,022</b>	<b>\$688,848</b>	<b>\$688,848</b>	<b>\$704,225</b>	<b>\$704,225</b>	-

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 -17 Actual	2017 -1 9 Legislatively Adopted	2017 - 19 Estimated	2019- 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Other Funds Ltd</b>								
Other Selective Taxes	3400	0190	7,769,858	10,096,618	8,426,891	12,658,743	12,658,743	-
Business Lic and Fees	3400	0205	713,276	699,248	710,596	714,625	714,625	-
Public Utilities Fees	3400	0240	27,506,845	30,852,796	28,955,075	37,716,327	37,716,327	-
Federal Revenues	3400	0355	-	-	-	-	-	-
Charges for Services	3400	0410	159,424	102,168	187,498	186,769	186,769	-
Fines and Forfeitures	3400	0505	38,707	32,975	25,281	52,296	52,296	-
Interest Income	3400	0605	70,325	42,576	89,250	79,788	79,788	-
Other Revenues	3400	0975	417,106	-	-	-	-	-
Transfer In - Intrafund	3400	1010	12,897,348	16,785,618	15,846,255	17,515,113	17,398,715	-
Transfer In - Indirect Cost	3400	1020	212,124	141,212	204,257	204,038	204,038	-
Transfer Out - Intrafund	3400	2010	(12,763,092)	(16,785,618)	(15,846,255)	(17,515,113)	(17,398,715)	-
Transfer Out - Indirect Cost	3400	2020	-	-	-	-	-	-
Transfer to Other	3400	2050	-	-	-	-	-	-
<b>Total Other Funds Ltd</b>			<b>37,021,921</b>	<b>41,967,593</b>	<b>38,598,848</b>	<b>51,612,586</b>	<b>51,612,586</b>	<b>-</b>

# BUDGET NARRATIVE

## DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 - 17 Actual	2017 - 19 Legislatively Adopted	2017 - 19 Estimated	2019 - 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Federal Funds Ltd</b>								
Federal Funds	6400	0995	1,015,035	960,008	1,021,286	1,224,226	1,224,226	-
Transfer Out - Intrafund	6400	2010	(134,256)	-	-	-	-	-
Transfer Out - Indirect Cost	6400	2020	(212,124)	(141,212)	(204,257)	(204,038)	(204,038)	-
<b>Total Federal Fund Ltd</b>			<b>668,655</b>	<b>818,796</b>	<b>817,029</b>	<b>1,020,188</b>	<b>1,020,188</b>	-
<b>Other Funds Non-Ltd</b>								
Other Selective Taxes	3200	0190	-	-	-	-	-	-
Public Utilities Fees	3200	0240	66,631,284	56,000,000	59,158,007	51,454,056	51,454,056	-
Fines and Forfeitures	3200	0505	118,414	64,519	59,158	51,454	51,454	-
Interest Income	3200	0605	160,181	25,908	311,588	21,355	21,355	-
Other Revenues	3200	0975	-	-	-	-	-	-
<b>Total Other Funds Non-Ltd</b>			<b>66,909,879</b>	<b>56,090,427</b>	<b>59,528,753</b>	<b>51,526,865</b>	<b>51,526,865</b>	-

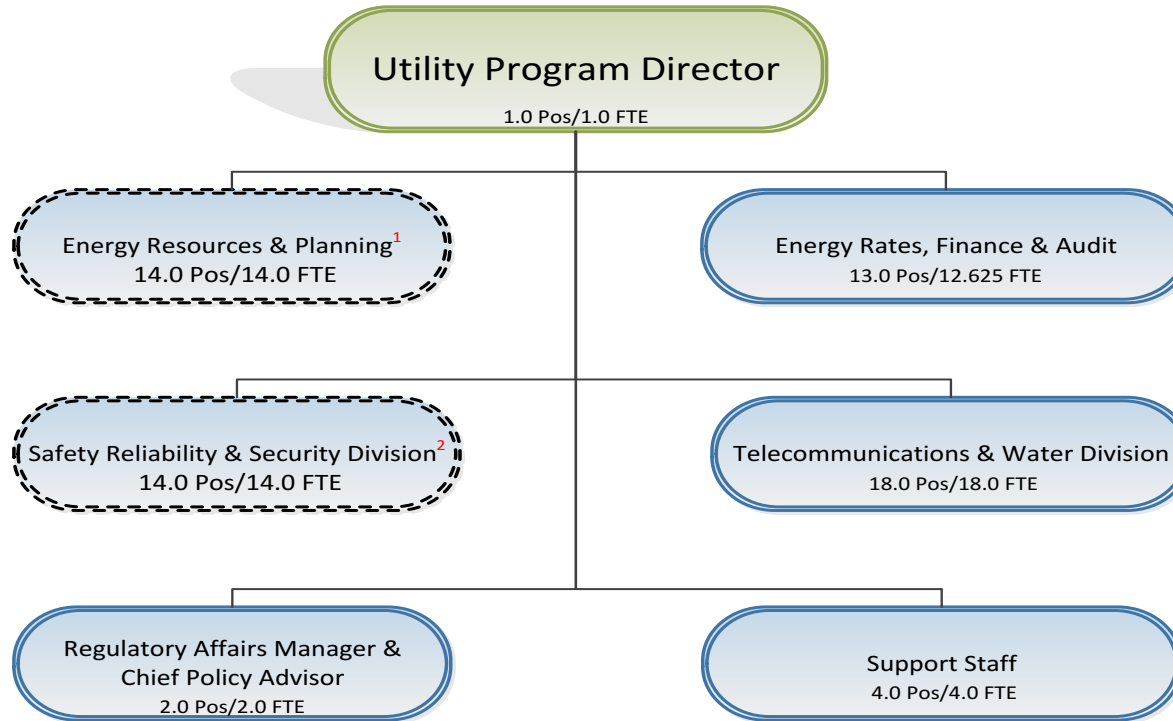
## BUDGET NARRATIVE

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# BUDGET NARRATIVE

## UTILITY PROGRAM 2017-2019 LEGISLATIVELY ADOPTED BUDGET



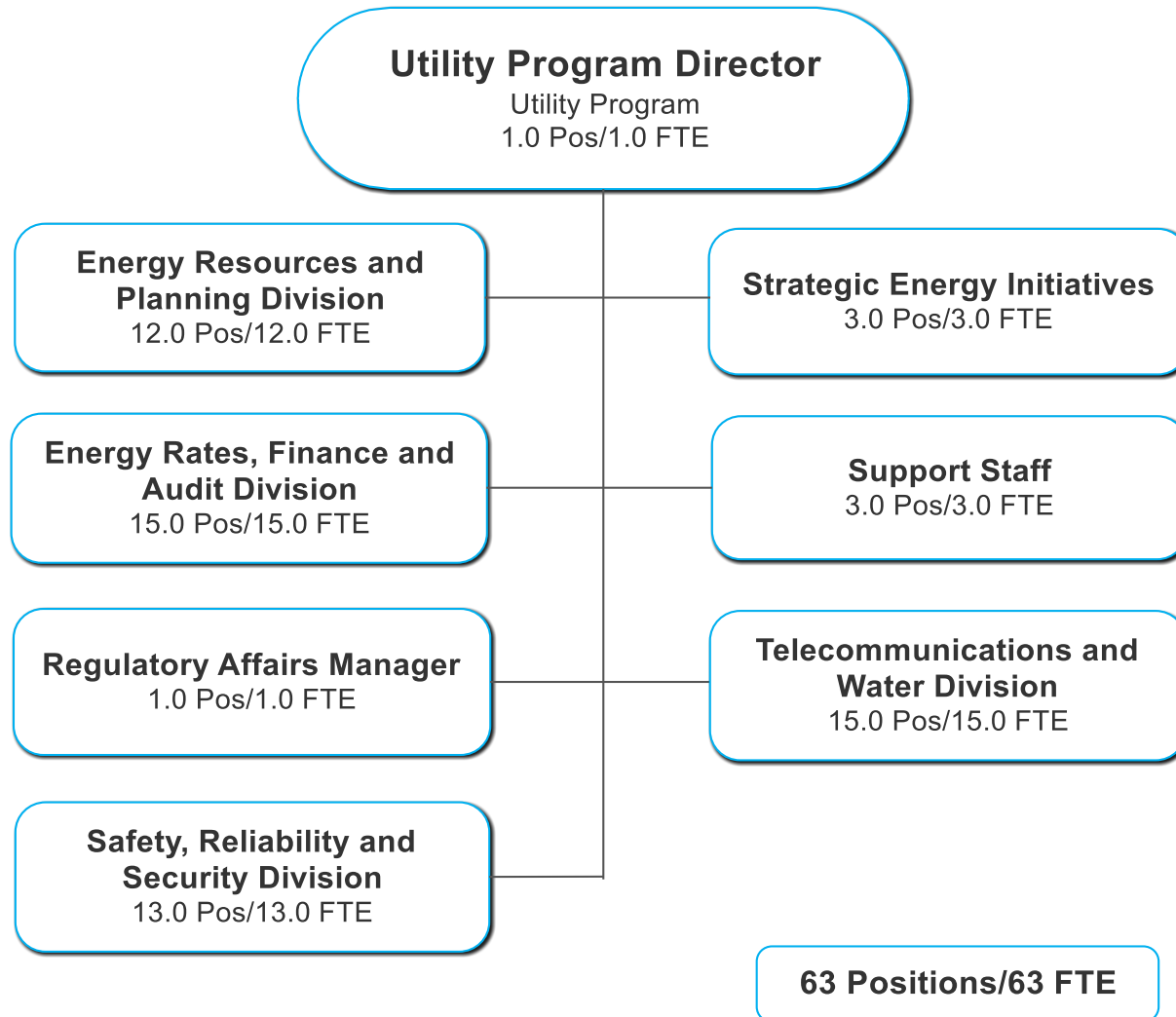
<sup>1</sup>New position added to Utility Program

<sup>2</sup>Position moved to Utility Program from Policy and Administration

**66 Positions/65.625 FTE**

# BUDGET NARRATIVE

## UTILITY PROGRAM 2019-2021 GOVERNOR'S BUDGET



# BUDGET NARRATIVE

## UTILITY PROGRAM EXECUTIVE SUMMARY

### Long Term Focus Area

Primary Focus Area – A Thriving Oregon Economy

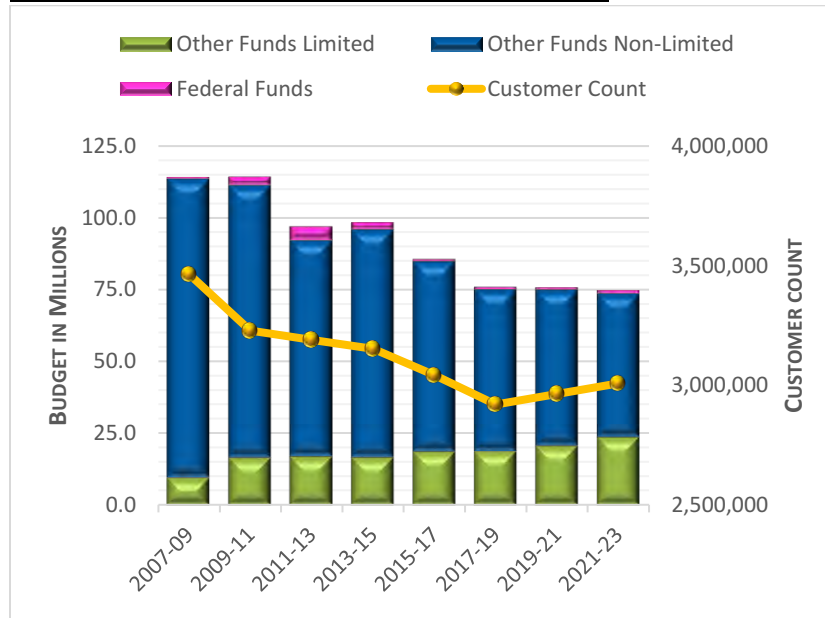
Secondary Focus Area – Responsible Environmental Stewardship

### Primary Program Contact

Jason Eisdorfer

[jason.eisdorfer@state.or.us](mailto:jason.eisdorfer@state.or.us)

### Total Funds Budget Over Time – Graph



*Note: Customer count is the aggregate count of customers of regulated electric, natural gas, telecommunications, and water utilities.*

# BUDGET NARRATIVE

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## **Program Overview**

The Utility Program, which is led by the Utility Program Director, is the technical and analytical arm of the Public Utility Commission (PUC). It consists of a professional staff that analyzes all utility filings, helps build a factual record in contested case proceedings, investigates and recommends policy options, inspects utility facilities, and undertakes many other activities needed for the Commission to carry out its mission and serve ratepayers.

## **Enabling Legislation/Program Authorization**

- **ORS Chapters 757 and 758** set out laws for energy and water regulation.
- **ORS Chapter 759** sets out laws for telecommunication regulation.

## **Program Funding Request**

The 2019-2021 program funding request for the Utility Program is \$54,312,163 Other Funds Non-Limited, \$21,111,878 Other Funds Limited, and \$975,382 Federal Funds.

	Program Costs (Limited)	Program Costs (Non-Limited)	FTE
2019-21	\$22,087,260	\$54,312,163	65.5
2021-23	\$24,684,107	\$50,005,652	67.0
2023-25	\$26,875,517	\$46,045,475	67.0

The Utility Program is responsible for Key Performance Measures (KPMs) 1-7 and 15a-15e. The Utility Program is fundamental to the agency's mission:

“To ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.”



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## **Program Description**

The Utility Program has 63 positions (63 FTE) and serves an estimated 1,452,375 customers of investor-owned electric utilities; 810,301 customers of investor-owned natural gas utilities; 625,646 customers of Incumbent Local Exchange Carriers (telecommunications); and approximately 31,000 customers of investor-owned and associated water and wastewater companies. Services are provided daily through rate and other investigations. No other state or federal agency has the statutory authority to perform these functions. The program is organized by industry and key distinct functions. These organizational units are:

- Energy Rates, Finance, and Audit Division
- Energy Resources and Planning Division
- Strategic Energy Initiatives
- Telecommunications and Water Division
- Utility Safety, Reliability, and Security Division

The Utility Program conducts financial, accounting, engineering, and economic analyses of utility plant operations, capital and infrastructure improvements, utility and telecommunications services, utility property transactions, cost of capital (debt and equity), property and other transactions, telecommunications competition, purchased gas costs, and power costs.

The Utility Program reviews and recommends adjustments to the utility's proposed costs, reviews utility's Integrated Resource Plans (IRPs) and Requests for Proposals (RFPs) for major resource acquisitions, and conducts rulemakings and proceedings to develop regulatory policy.

The financial and policy analyses conducted by utility program staff are complex and require highly qualified and trained personnel. The Utility Program benefits from analysis, comments and contributions from such groups and organizations as the following:

- Governor's Office
- Legislature
- Citizens' Utility Board (CUB)
- Alliance of Western Energy Consumers (AWEC)
- Energy Trust of Oregon
- Oregon Telecommunications Association (OTA)

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- Federal agencies such as the Federal Energy Regulatory Commission (FERC), Federal Communications Commission (FCC), Bonneville Power Administration (BPA), and Pipeline and Hazardous Materials Safety Administration (PHMSA).

Costs of the Utility Program are personnel (52 percent), other payroll expenses (26 percent), and services and supplies (22 percent).

## **Program Justification and Link to the Governor’s “Moving Oregon Forward”**

The Utility Program is directly tied to the Focus Areas of: A Thriving Statewide Economy and Responsible Environmental Stewardship by helping to ensure that every citizen, regardless of social status or economic condition, has the security of knowing that their personal safety and financial interests regarding regulated public utility services is strongly protected.

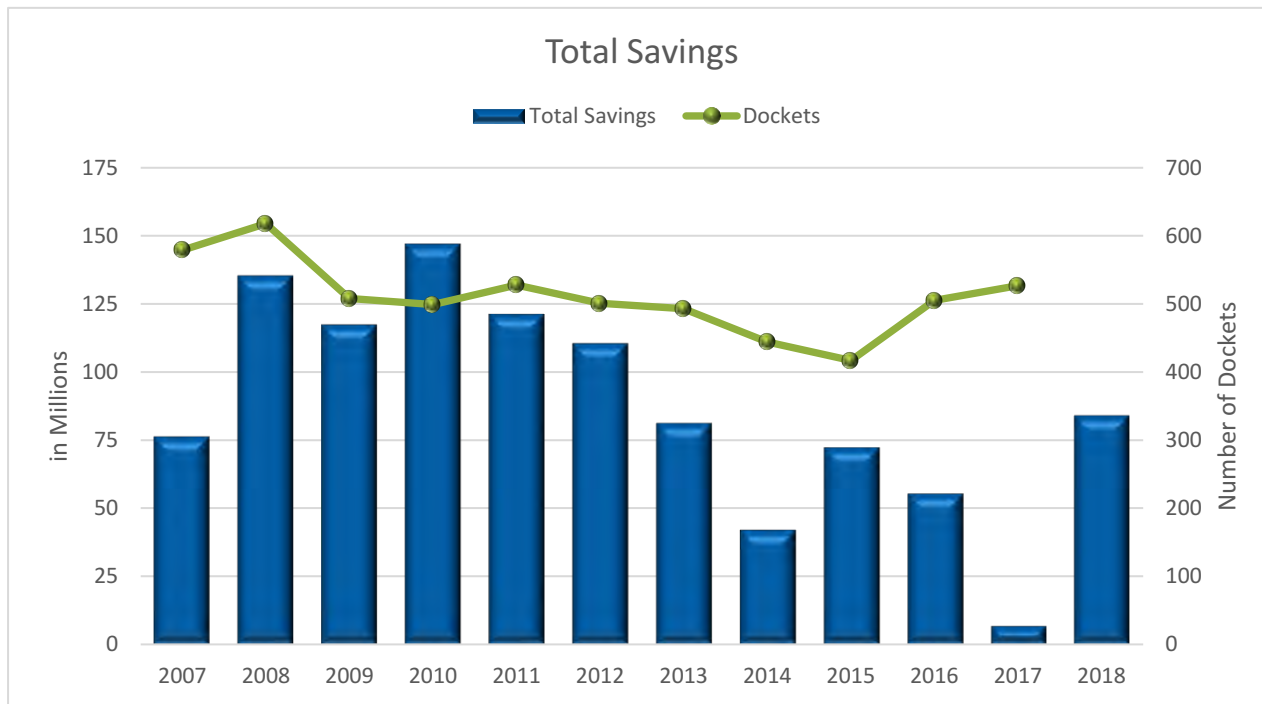
## **Program Performance**

There are approximately 2.9 million customers of utilities regulated by the PUC. Total revenue collected by Oregon investor-owned utilities is approximately \$4.8 billion per year. Investor-owned electric utilities (Portland General Electric, PacifiCorp, and Idaho Power) account for 65.3 percent of electricity sold in the state and serve 74 percent of electric customers in Oregon.

Residential customers of investor-owned electric utilities consume on average 10,292 kilowatt hours of electricity per year. Residential customers of investor-owned natural gas companies (NW Natural, Cascade Natural Gas, and Avista) consume on average 579 therms per year.

The following graph shows the number of dockets reviewed by staff and cost savings by year directly attributable to the Utility Program’s staff work that accrued to customers of investor-owned electric, natural gas, and water utilities.

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*Note: 2018 figures reflect six months (Jan - June) savings.*

The Utility Program has diverse responsibilities and is currently responsible for 12 Key Performance Measures (KPMs).

These include the following:

- Water utilities' conservation pricing,
- Price of electricity,
- Businesses' use of alternate suppliers,
- Electric utility operations,
- Unsafe acts,

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- Natural gas operations,
- Switched access lines, and
- Five measures concerning the Energy Trust of Oregon.

## **Funding Streams**

Commission protection and oversight cost customers, on average, about 20 cents per month on gas, electric, and telecommunications bills. The Utility Program is funded by Other Funds and Federal Funds and receives ***no funds from the General Fund or Lottery Fund.***

## **2019-2021 Funding Proposal**

The 2019-2021 budget proposal increases the Current Service Level. This budget includes five Policy Option Packages: one for the gross operating revenue fee increase, one that increases agency personnel, one that increases limitation for PUC's Attorney General expenditures, one that shifts funding from Other Funds to Federal Funds for one natural gas pipeline position, and one that reallocates staff from the Utility Program to Policy and Administration.

## **UTILITY PROGRAM NARRATIVE**

The Commission accomplishes its mission by:

- Setting the rates charged to homes and businesses.
- Promoting price and service competition, where appropriate, so that utilities and their customers can shop for the cheapest supplies and get services tailored to their needs.
- Setting and enforcing price and service rules that protect consumers.
- Providing oversight to the Energy Trust of Oregon.

## **Funding sources are:**

### ***Utility Fees***

PUC collects fees from three investor-owned electric utilities, three natural gas utilities, about 80 regulated water utilities, and about 350 telecommunications utilities. Utility fees fund the Utility Program and 80 percent of Policy and Administration.

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The fees are limited by statute for use by the Commission in performing its duties (ORS 756.360). For the 2019-2021 biennium, rates for electric, gas, water, wastewater, and telecommunications utilities are projected to be at the maximum of 0.3 percent assessed on a utility's annual gross operating revenue. The fee rates are applied to the gross operating revenues of regulated utilities for the previous calendar year.

PUC submitted Legislative Concept LC 0538 to raise the maximum annual gross operating revenue fee assessments from 0.3 percent to 0.45 percent for energy and water utilities; and from 0.3 percent to 0.35 percent for telecommunication utilities.

## ***Federal Funds***

U.S. Department of Transportation - PUC receives Pipeline Safety Program funds (approximately \$1,123,809 in 2019-2021), from the U.S. Department of Transportation to ensure safe operation of natural gas pipelines. The Pipeline Safety Program Grant requires a match of Other Funds (Utility Gross Revenue Fees). Currently, the match is approximately 51 percent Federal Funds – 49 percent Other Funds – Utility Fees.

## ***Oregon Universal Service Fund***

The Oregon Universal Service Fund (OUSF) under ORS 759.425 provides payments to eligible telecommunications carriers to keep the price of basic service reasonable in areas of the state where costs are high. These non-limited funds (approximately \$54 million in 2019-2021) are a pass-through and are not used to fund Utility Program operations.

## **Energy Rates, Finance, and Audit Division (ERFA)**

ERFA assists the Commission in its responsibility to set rates that provide Oregon's regulated utilities the opportunity to recover costs that are prudently incurred, and earn a reasonable return on their capital investments.

ERFA reviews and makes recommendations to the Commission concerning utility applications:

- To increase rates and change services, including general rate cases, purchased gas adjustments, and power cost adjustments,
- To sell utility property,
- To issue long-term securities to finance power plant construction and other facility investment needs,
- To enter into contracts with affiliated interests,
- To set rates for a specific service schedule, and
- To request deferral of unexpected large cost events for later recovery.

Additionally, ERFA conducts audits of utilities to verify the costs incurred to provide regulated energy services to Oregonians.

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## General Rate Cases

One major Commission undertaking is establishing overall utility rates by conducting general rate cases, in which virtually all utility costs are examined. Oregon uses the Future-Test-Years method. This methodology projects these costs for a future twelve-month period during which the new rates would be in effect. ERFA examines different components of the utility's projected costs related to the provision of utility services.

An energy utility's fixed costs for generation, storage, transmission, and distribution are recovered through rates determined in a general rate case. During a rate case, these costs are examined for prudence and then added to the company's rate base as a capital expenditure. Additionally, because five of the six regulated energy utilities provide services across several states, the Commission must determine an equitable methodology for allocating common and joint costs to Oregon. ERFA also reviews proposed cost allocations between utilities and affiliates and, where appropriate, recommends modifications.

## Purchased Gas Adjustments

Each local natural gas company purchases gas for delivery to its core customers. The gas utilities earn no return on these purchases. The cost of the gas purchase for customers is collected through a special mechanism called a purchased gas adjustment. The Commission annually reviews the gas costs proposed for recovery from core customers by each of the three regulated Oregon natural gas companies to ensure the costs are reasonable and prudent, and the company has taken all actions available to it to keep these costs as low and stable as possible. If the purchased gas adjustment functions as designed, each core customer pays only actual gas costs, with no mark-up or profit for the company.

## Power Cost Adjustments

Variable power costs are collected annually after a thorough power cost recovery (power cost adjustment) review. Power costs are the sum of fuel costs and purchased power less revenue from sales, and represents the cost of exactly meeting load each and every hour for a given test year. Determining the power cost for a given year is a two-step process: a) a forward-looking projection into the test year, followed by b) a look-back true up. The true-up portion is a comparison of actuals with the same year's projections.

Rate investigations, including purchased gas adjustments and power cost adjustments, involve ERFA and other interested parties in:

- Conducting discovery of information,
- Performing research and analysis,
- Preparing and participating in settlement discussions and negotiations,
- Submitting several rounds of written expert testimony and conducting cross-examination, and

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- Appearing at hearings and oral arguments before the Commission.

ERFA assists assigned counsel in submitting legal briefs that summarize each party's legal and factual arguments, and issuance of an order by the Commission. The entire process can take up to ten months. During the 2019-2021 Biennium, the Commission expects to complete at least six general rate cases for energy utilities. In addition, PUC will conduct several proceedings to address individual major cost components, such as purchased gas costs and electric power costs. Hundreds of millions of dollars are at stake in these targeted proceedings. In these rate cases, the Commission allocates the share of utilities' total costs to different groups of customers and determines the structure of customer rates.

## **Energy Resources and Planning Division (ERP)**

ERP assists the Commission in its responsibility to ensure least cost, least risk planning by Oregon's investor-owned utilities and associated activities such as cost-effective energy efficiency acquisition through Energy Trust of Oregon (Energy Trust). ERP also assists the Commission in its responsibility to ensure Renewable Portfolio Standards are met by Oregon's investor-owned utilities and that strategic pilots and programs meet the goals of the Legislature and the needs of ratepayers.

### ERP reviews applications and makes recommendations to the Commission to:

- Establish regulatory policies that induce utilities to secure the mix of new resources, including supply-side and demand-side resources that will meet customer needs at the lowest cost and risk.
- Design, execute, and monitor strategic pilot programs such as the Energy Storage pilots and the community-based renewables program to meet the growing diverse demands of Oregon customers.
- Conduct rulemaking processes with stakeholders to implement new state policies such as Community Solar and Transportation Electrification.

### New Energy Supply

A key Commission objective is to ensure that the energy utilities develop a portfolio of new resources that meets forecasted customer needs at the best combination of costs, risks, and uncertainties. Utilities develop long-term resource plans – called Integrated Resource Plans (IRPs) – to meet that objective.

The Commission requires all of Oregon's regulated electric and natural gas utilities to develop IRPs every two years and to acquire resources that reflect these publicly vetted plans. Utilities work with staff and stakeholders (parties) to forecast future needs and evaluate all resource options for meeting those needs. As part of the process, many potential resource portfolios cover a wide range of assumptions about the future. Parties then identify that mix of resource options that will best meet customer needs over a wide range of futures.

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## Renewable Resources

The foundation of the electric utilities' renewable acquisitions is Senate Bill 838 (ORS Chapter 469A), signed into law in June 2007. Senate Bill 838 established a Renewable Portfolio Standard (RPS) for Oregon's electric utilities and any electricity service suppliers serving at least three percent of the state's load. PGE and PacifiCorp, Oregon's two largest investor-owned electric utilities, were initially required to achieve five percent of their retail load by renewables by 2011, fifteen percent by 2015, twenty percent by 2020, and twenty-five percent by 2025.

The law also required the Commission to implement a mechanism for timely cost recovery and impose a cost cap to ensure that compliance with the requirements will not cause unreasonable rates for customers. The Commission adopted rules to implement these standards.

The 2016 Legislature enacted Senate Bill 1547 to double the renewable generation targets for PGE and PacifiCorp set by Senate Bill 838. The new targets require the utilities to meet 50 percent of their Oregon load with renewable resources by 2040, with interim targets of:

- 27 percent by 2025,
- 35 percent by 2030, and
- 45 percent by 2035

As part of Senate Bill 1547, utilities are also required to assign no coal costs to its customers by January 1, 2030. The exception is PGE's share in Colstrip units 3 and 4 in Montana, which can be included in rates until 2035 or until the Colstrip units close, whichever is earlier.

In addition to mandatory requirements to acquire renewable energy resources, the Commission oversees two of the nation's leading voluntary renewable energy programs as part of the Commission's portfolio options activities (ORS 757.603(2) and OAR 860-038-0220). These voluntary renewable energy programs are only available to residential and small business customers of PGE and PacifiCorp and generally cover the purchases of renewable energy credits (RECs). In 2017, approximately 19 percent of PGE customers and 8 percent of PacifiCorp customers participated in these voluntary programs, which funded renewable activities in excess of 14 percent and 6 percent of the utilities' total annual electric sales, respectively.



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## Energy Efficiency

The passage of Senate Bill 1149 (ORS 757.612) in 1999 led to the creation of a Public Purpose Charge. As part of this, PGE and PacifiCorp collect three percent of their annual revenue as a charge (roughly \$95 million a year) on customers' bills that support programs to:

- Save electricity through energy efficiency in homes, businesses, and schools,
- Develop small-scale renewable resources (less than 20 MW capacity),
- Weatherize the homes of low-income households, and
- Support the Oregon Housing Trust Fund.

The Commission oversees approximately two-thirds of these funds (\$67 million a year) through its oversight of Energy Trust and their activities to save electricity and develop new renewable resources with public purpose charge funds on behalf of utility ratepayers.

The Commission contracts with Energy Trust to administer the electric conservation and renewable resource programs. Energy Trust is a non-profit created specifically to deliver conservation and renewable programs for utility ratepayers using Public Purpose Charge funds. The Commission sets annual performance standards for Energy Trust, approves the annual budget, and receives regular updates from Energy Trust via their quarterly and annual reports detailing funds received, expenditures and program results. The success of this model has led Energy Trust to grow. In 2007, Energy Trust's mission expanded further with the passage of Senate Bill 838, which ensures acquisition of all cost effective, electric energy efficiency. Funds from Senate Bill 838 now make up 60 percent of Energy Trust's budget. Additionally, Energy Trust now runs conservation programs for NW Natural, Cascade Natural Gas, and Avista, the three natural gas utilities operating in Oregon.

The Commission and the Oregon Department of Energy provide a report to the Legislature on public purpose expenditures and results achieved. The Commission also oversees the energy efficiency programs offered by Idaho Power Company.

## Grid Technology

The Commission directs utilities to develop annual smart grid reports every two years. These reports describe the various ongoing efforts to integrate programs and technologies that enable enhanced communications, control, sensing, and cost-effective operations of the electric grid. Utilities are required to describe developments in four broad categories that enhance:

- 1) Operations of the transmission and distribution system,
- 2) The ability to save energy and reduce peak demand,

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- 3) Customer service and lower cost of operations, and
- 4) The ability to develop renewable resources and distributed generation.

In addition, the Commission promotes the development of new technologies that could greatly lower costs in the long run and change the nature of the customer-utility interactions in very fundamental ways. For example, the Commission approved proposals by PGE, Idaho Power, and PacifiCorp to install advanced customer meters (smart meters), which enables them to offer more pricing options for customers and better integrate renewable resources, among other services.

House Bill 2193 (2015) directs the Commission to oversee the acquisition of energy storage facilities, via pilot programs, by PGE and PacifiCorp. The Commission developed project guidelines, and received and approved utility project proposals for at least 5 MWh of new energy storage projects by PGE and PacifiCorp that will be in place by 2020.

## Transportation Electrification

The Commission oversees two distinct Transportation Electrification activities. The first are pilots under Senate Bill 1547 (2016) directing the Commission to work with the electric utilities to develop pilot programs designed to encourage the adoption of electric vehicles and determine whether projects are eligible for cost-recovery through customer rates. PGE and PacifiCorp have both proposed a series of pilot programs being implemented in 2018.

Additionally in 2018, PGE and PacifiCorp began receiving credits through Oregon's Low-Carbon Fuel Standard for certain activities that lowered transportation carbon emissions in their service territory. The Commission is working with interested stakeholders and the electric utilities to develop and put in place Transportation Electrification programs in 2018 funded through the monetization of Low-Carbon Fuel Standard credits. The level of funding from the Low-Carbon Fuel Standard credits (currently less than \$800,000 annually) is variable and set to expire once carbon reduction goals for the transportation sector are achieved.

## Demand-Side Management and Distributed Resources

The Commission adopted rules that encourage installation of renewable energy resources owned or operated by customers themselves. Under ORS 757.300, Oregon customers may offset their usage with "net metering" facilities, such as small solar or wind power units, which are interconnected with the utility's system. The Commission is also exploring the establishment of a Resource Value of Solar rate, as an alternative option to net metering.

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Senate Bill 1547 directed the Commission to develop a community solar program that will enable participants to invest in solar photovoltaic facilities without having to install a system on their own property. Participants of any facility will be able to share in the benefits, costs, and risks of power generated from solar photovoltaic facilities not located on their property. The Commission has developed and adopted Community Solar rules and begun the process to implement a Community Solar program, which will enable individuals and organizations to connect with solar developers.

## Market Competition

In 1999, the Oregon Legislature enacted SB 1149 (ORS 757.600 et seq.) to introduce competition into the retail electricity markets of Portland General Electric (PGE) and PacifiCorp. The 2001 Legislature revised the law to require implementation by March 2002 and guarantee a cost-of-service option for all customers. Under the law, businesses can buy power from other suppliers through "direct access" and have it delivered by the local utility. The Commission is responsible for implementing most of the provisions of the law.

The Commission laid the foundation for opening the retail market to competition. It adopted rules that govern the activities of existing utilities and competitors. The Commission established requirements to protect consumers from unfair practices and to maintain the safety, reliability and quality of electric service. The Commission sets the prices that utilities can charge for different elements of electricity service. The Commission further authorizes the regulated power supply options the utilities must make available to residential customers.

The Commission certifies and decertifies competitive suppliers. It also requires suppliers to:

- Give customers information about prices, power sources, and emissions,
- Ensure that customers cannot be switched to alternative suppliers without their consent,
- Guarantee that customers will receive service even if a customer's supplier goes out of business, and
- Make a regulated cost-based rate option available to all customers.

As of the end of 2014, approximately 190 megawatts of PGE's load and 20 megawatts of PacifiCorp's load (or about nine percent and one percent of each utility's eligible amount, respectively) is served through alternative suppliers. The Commission has approved multiple opportunities for customers to sign up during the year.

Residential and small business customers can choose from a "portfolio" of power supply options. More than 100,000 PGE and PacifiCorp customers have chosen renewable resource options, among the highest participation rates in the country.

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## **Strategic Energy Initiatives Section**

Strategic Energy Initiatives assists the Commission in its work implementing newly passed Legislation, provides analysis on proposed Legislation and its impacts to the work of the Utility Division, and is responsible for leading stakeholder processes to integrate new energy related policies at the Commission. This section is also responsible for conducting analysis, developing whitepapers, and making recommendations to the Utility Program Director and the Commissioners regarding major policy initiatives in the energy sector.

The Strategic Energy Initiatives Section is responsible for leading the public engagement process required under Senate Bill 978. The bill was passed by the Oregon Legislative Assembly in 2017. The bill requires PUC to establish a public process to investigate how developing industry trends, technologies, and policy drivers may impact the existing electricity regulatory system. The Commission is also required to investigate the obligations of and benefits to electric companies and customers under the existing regulatory system and the current use of regulatory incentives. Any changes explored to accommodate developing industry trends and support new policy objectives should do so without compromising affordable rates, safety, and reliable service.

The Commission is required to make a report of its findings to the Legislature in September 2018. After the filing of this report, the Commission anticipates opening several investigations to further explore and refine the topics raised during the Senate Bill 978 public engagement process.

## **Telecommunications and Water Division**

State law directs the Commission to secure and maintain high-quality universal telecommunications service at just and reasonable rates for all classes of customers and encourage innovation within the industry by a balanced program of regulation and competition.

### Competitive Entry

The major focus of the Commission and division has been to encourage effective and fair competition into Oregon's wireline telecommunications market. Presently, Oregon's telecommunications market consists of 322 certificated competitive providers (CPs) and 30 Incumbent Local Exchange Carriers (ILECs). There were approximately 220 companies certificated to provide Competitive Local Exchange Carrier (CLEC) service. Based on December 2016 Federal Communications Commission (FCC) line-count data, certificated and non-certificated competitors had a 55 percent share of the wireline market.

The Commission uses control over wholesale prices and monitoring of interconnection agreements to ensure that certificated competitors are treated fairly. The certificate held by these companies allows them to conduct business with other carriers at wholesale prices. The certificate subjects them to regulations that control their service quality, but not their rates. Certificated competitors are not required to file tariffs with the Commission.

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In addition to the certificated competitors, there are an increasing number of interconnected VoIP providers competing in the marketplace. Although some of them are certificated, they are presently not required to be certified. These companies presently are not subject to service quality regulation or to paying into the Oregon Universal Service Fund (OUSF).

Competitive entry has brought with it some innovations in the services being offered. However, competitive entry has also resulted in higher prices as the cost savings of newer technologies have not fully offset the loss of economies of scale. Going forward, a major focus of the Commission will be to continue to ensure the State of Oregon has high-quality universal telecommunications service at just and reasonable rates for all classes of customers.

## Interconnection Agreements

Under federal law, the Commission arbitrates and approves interconnection agreements between ILECs and CLECs. Interconnection agreements:

- Provide CLECs with access to the networks of incumbent carriers,
- Set prices that incumbent carriers can charge for such access,
- Establish wholesale discounts for CLEC resale of ILEC services,
- Set terms and pricing for constructing interconnection facilities, and
- Establish mutual compensation rates for terminating traffic.

The Commission enforces interconnection agreements by hearing complaints.

## Oregon Universal Service Fund (OUSF)

In 1999, the Legislative Assembly created the OUSF and two years later began collecting and distributing funds. The OUSF is funded by a surcharge on intrastate retail revenues, which is billed to the customers of all certificated carriers. Presently VoIP and cell phone customers are exempt from paying the surcharge, which results in a higher charge for those who do pay. To receive money from the fund, a company has to become an eligible carrier, which requires the company to meet a number of service commitments throughout a service area on reasonable terms.

OUSF provides payments to eligible carriers intended to offset the cost of providing basic service in high-cost areas. Until recently, the payments were used to hold down rates for selected services, but not specifically targeted to the high-cost areas. Beginning in 2017, because of Docket UM 1481, the emphasis has shifted to maintaining the networks in high-cost areas. Currently, eligible carriers receive approximately

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\$32 million annually. Of this amount, approximately \$21 million goes to CenturyLink and Frontier,<sup>1</sup> \$8 million to small incumbent carriers, and \$3 million to three competitive wireline carriers.

The Federal Communications Commission (FCC) runs the High Cost Federal Universal Service Fund, which provides support to offset the expense of serving high cost areas throughout the country, including Oregon. The federal support is taken into account when calculating the OUSF support a company needs. Federal law directs state commissions to designate telecommunications carriers as eligible to receive Federal Universal Service Funds in their state. The Commission has designated all Oregon Incumbent Local Exchange Carriers (ILECs) as eligible for Federal funds, plus three Competitive Local Exchange Carriers (CLECs), and three wireless carriers. The Commission established policies for designating eligible carriers under the federal program, and for ensuring that eligible carriers use Federal Universal Service Funds for intended purposes. Each year, the Commission reviews how eligible carriers have used federal funding. In addition, federal rules require the Commission to determine annually whether each eligible wireless and CLEC carrier should be recertified for continued support. Oregon's eligible carriers receive approximately \$65 million annually in high-cost support from the Federal Universal Service Fund.

## Service Quality

Another responsibility of the Commission is to ensure that Oregon consumers receive high-quality service. The Commission sets local service quality standards that apply to all certificated telecommunications carriers.

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<sup>1</sup> This includes all of CenturyLink and Frontier operating companies in Oregon.

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These standards include the:

- Number of trouble reports,
- Repair time,
- Speed of response to customer calls,
- Allowed call blockage, and
- Speed at which new service is installed.

The Commission assesses results on a monthly basis, conducts independent field audits, and monitors that the carriers fix service problems promptly. Larger carriers (1,000 lines or more) provide monthly service quality reports to the Commission, which are posted on its website. Carriers that meet all service quality requirements for a year may be exempt from reporting.

## Rates

Oregon's 30 ILECs can be grouped into three distinct clusters: member-owned telecommunications cooperatives, small investor-owned telecommunications utilities, and companies owned by CenturyLink and Frontier. Currently there are 11 member-owned cooperatives, 14 small investor-owned telecommunications utilities, and 5 telecommunications utilities owned by CenturyLink and Frontier. CenturyLink acquired Level 3 in 2017 and now provides service in more than 30 states and 60 countries worldwide. Frontier provides service in 29 states. Oregon law exempts all small telecommunications utilities from Commission regulation of local service rates. However, customers of investor-owned telecommunication utilities may petition the Commission for re-regulation. The Commission retains authority to regulate extended area service (EAS) rates for all of the small companies.

Four of the five telecommunications companies owned by CenturyLink and Frontier have their rate increases directly controlled by price plans. The fifth company, Citizens, as part of an agreement to allow it to be treated as a small company for other issues, has its rate increases restricted to those allowed by Frontier Communications Northwest. The current price plans will expire later this year and will likely be replaced by price plans that cover all five telecommunications companies owned by CenturyLink and Frontier. The multi-year price plans allow the companies to increase their rates by predefined annual amounts if they elect to do so. Under the price plans, the companies can quickly change their rates with very little paperwork beyond filing the new rates with the Commission.

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## Water Program

The Public Utility Commission (PUC) currently has the authority to regulate many of the State's privately owned and association-owned water providers. The utilities regulated by PUC vary widely in terms of size, sophistication, and water resource mix. As a result, PUC addresses a wide ranging and dynamic set of issues with the water utilities it regulates.

In 1989, Senate Bill 77 exempted most water utilities from regulation and established price threshold criteria and a petition process for regulation. In 1999, House Bill 2681 provided regulation of joint water and wastewater utilities. Also in 1999, Senate Bill 712 gave PUC authority to designate exclusive service territories for water providers.

There are a large number of water providers in Oregon, nearly 3,700 throughout the state. PUC regulates 81 of these water providers, serving approximately 30,000 customers. PUC does not have jurisdiction over any publicly owned water providers. These include municipalities, cooperatives, districts, business concerns, and parks and campgrounds. PUC regulates only those providers who fall within the criteria designated within the statutes and rules.

Water utilities are unique among the other regulated utilities. Water is the only utility that people cannot live without and therefore, is essential to customers and owners. Many providers are very small, with the smallest provider serving only three customers. The largest provider, while serving approximately 12,820 customers, is still small in comparison to the energy and telecommunication utilities regulated by PUC. Water providers tend to be less informed regarding regulation and are much more personally and emotionally involved with their operations and their customers. In fact, many water utility owners are neighbors with their customers.

The Water Program staff conducts rate cases, rulemakings, and jurisdictional and service investigations. Additional staff functions include reviewing:

- Tariff filings,
- Affiliated interest transactions,
- Property sales,
- Abandonments,
- Financial applications, and
- Service territory designations.



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Staff also assists in the following areas:

- Formulating PUC water policies,
- Participating on the State of Oregon’s Drinking Water Advisory Committee,
- Answering questions from water providers to help them understand the laws and rules, and filing necessary paperwork, and
- Acting in an advisory capacity to PUC Consumer Services to address customer issues.

PUC regulates water providers in two capacities: full regulation of rates and service, and service quality regulation. The distinction depends on criteria explained in the laws and rules.

## Rates and Service

Staff conducts economic and financial analyses in rate cases to determine the cost of service and a reasonable rate of return. Staff recommends revenue requirement, rate spread and design; negotiates settlements; and provides expert testimony in support of its analysis. Staff goes into the field to conduct meetings in locations where customers of the utilities may easily attend. PUC currently regulates the rates and service of 32 utilities, approximately 27,000 customers. Any utility that is rate-regulated is also regulated for service quality.

## Service Quality

PUC is tasked with ensuring Oregon consumers receive safe and reliable water service, and with regulating the service of all rate-regulated utilities, plus an additional 49 utilities, serving approximately 3,000 customers.

The service standards are determined by PUC and include:

- Customer service,
- Emergency response,
- Complaints and inquiries,
- Billing and collection,
- Disconnects,
- Reconnects,
- Meter accuracy, and

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- Capacity issues.

PUC works in conjunction with the Drinking Water Services Program of the Oregon Health Authority regarding water quality and water pressure requirements.

## **Utility Safety, Reliability and Security Division (USR&S)**

The Public Utility Commission (PUC) is responsible for overseeing the safe, reliable, and secure operation of electric power and natural gas supply networks and hundreds of thousands of miles of telecommunications lines located throughout Oregon. PUC establishes and enforces regulations and promotes practices to ensure that the state's utility rights-of-ways (underground and overhead) are constructed, operated and maintained in a safe and efficient manner.

The Division carries out these responsibilities, focusing on seven safety areas:

- Inspecting lines and facilities,
- Developing safety policy and regulations,
- Auditing maintenance practices, plans, and expenditures,
- Investigating serious accidents and incidents, including forest fires,
- Responding to customer and industry technical disputes,
- Prosecuting violators, and
- Educating utility operators to ensure safe operations and compliance with Pipeline Hazardous Materials & Safety Administration (PHMSA), National Electrical Safety Code (NESC), and PUC safety regulations.

The Division also:

- Acts on behalf of the National Transportation Safety Board (NTSB) in investigating serious gas pipeline safety incidents,
- Analyzes reported electric accidents and publishes an annual accident report showing the number of injuries resulting from contacts with energized power lines for the previous year, and
- Is active in national and state safety organizations, such as the National Association of Pipeline Safety Representatives (NAPSR), Oregon Utility Safety Committee (OUSC), and PHMSA.

# BUDGET NARRATIVE

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## Rights-of-Way Utility Joint-use

The Division ensures that the state's public rights-of-ways (ROWs) are safely and economically maintained for shared utility usage and for the efficient deployment of competitive utility services. The Division actively supports the Oregon Utility Notification Center (OUNC), established under ORS 757.547 for the underground ROW and the Oregon Joint Use Association (OJUA), established under OAR 860-028-0200 for the overhead ROW. PUC adjudicates disputes about pole attachment rates, conditions, and terms.

## Reliability

The Division performs annual audit reviews of actions taken by Idaho Power Company, Portland General Electric, and PacifiCorp to ensure reliable service is provided to end-use customers, and publishes a report showing reliability trends.

## Security and Resiliency

The Division promotes and monitors energy security measures to comply with regulations issued by federal agencies, such as the Federal Energy Regulatory Commission (FERC), the Department of Transportation (DOT), and the Department of Energy (DOE). Staff actively engages with utilities on issues of seismic resilience and cybersecurity to ensure appropriate investments are made to protect utility assets and ensure uninterrupted service to ratepayers.

## Emergency Response

Staff provides support to Oregon Emergency Management (OEM) and the Governor's Office during utility disasters and blackouts. PUC collaborates during disasters with the OEM Management Team to promote mutual aid and cooperation between Bonneville Power Administration (BPA), PGE, PacifiCorp, NW Natural Gas, Cascade Natural Gas, and Avista Utilities. The Division is an active participating member of the Oregon Emergency Response System (OERS), which is a state interagency team that responds to state catastrophes.

## Disaster Mitigation

The Division is an active member of the Governor's Interagency Hazard Mitigation Team (IHMT), which works collaboratively with other state agencies in preventing and mitigating vulnerabilities to future disasters.

## Service Quality Measures (SQM)

The Division annually reviews the customer service, reliability, power quality, and safety performance of PGE and PacifiCorp to ensure compliance with SQM requirements. Staff works with legal counsel to recommend SQM sanctions against companies not meeting minimum performance thresholds.

# BUDGET NARRATIVE

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## Utility Administration

Utility Administration consists of the Utility Program Director, one Regulatory Affairs Manager (non-supervisory) and three administrative staff.

The Regulatory Affairs Manager assists the Utility Program Director by:

- Reviewing and implementing emerging and legislatively mandated energy issues,
- Coordinating with the Legislature,
- Coordinating with Utility staff on complex issues, and
- Working in a neutral, non-advocate manner with the Commissioners on complicated dockets.

The administrative staff supports the Division in multiple ways to ensure it can effectively meet the mission of the Utility Program and agency. Administrative staff further coordinates discovery; processes utility reports, testimony, and letters; and ensures availability of supplies and tools to assist Utility Program staff.

# BUDGET NARRATIVE

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## **UTILITY PROGRAM ESSENTIAL PACKAGE NARRATIVES**

### **Essential Package 010 Non-PICS Personal Services / Vacancy Factor**

This package includes the standard 3.8 percent inflationary increase for temporary appointments, overtime payments, unemployment assessments, and differential costs. It also includes adjustments to vacancy savings and costs for the Public Employees Retirement System Pension Obligation Bond repayment.

### **Essential Package 022 Costs of Phased-out Programs and One-time Costs**

This packages decreases costs from the elimination of expenditures associated with the limited duration position granted with SB 958 (2017).

### **Essential Package 031 Standard Inflation**

This package increases Services and Supplies by the standard 3.8 percent and non-state employee and professional services costs by 4.2 percent inflation rates. Office rent increased by the allowed 3.8 percent. The rate for Attorney General services increased by 20.17 percent. The package also adjusts costs for changes in State Government Service Charges.

### **Essential Package 060 Technical Adjustment**

This package adjusts expenditures within Services and Supplies to allocated lease expenditures based on occupancy after the agency's move to its new location. The package further reallocates attorney general expenditures to reflect actual spending in Utility Regulation.

# BUDGET NARRATIVE

## UTILITY PROGRAM ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY (BPR013)

### ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Utility Commission

Cross Reference Name: Utility Regulation

Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Number: 86000-001-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	1,133	-	-	-	1,133
Overtime Payments	-	-	18	-	-	-	18
All Other Differential	-	-	2,138	169	-	-	2,307
Public Employees' Retire Cont	-	-	366	29	-	-	395
Pension Obligation Bond	-	-	28,195	3,059	-	-	31,254
Social Security Taxes	-	-	252	13	-	-	265
Unemployment Assessments	-	-	76	60	-	-	136
Mass Transit Tax	-	-	2,345	-	-	-	2,345
Vacancy Savings	-	-	200,859	(6,257)	-	-	194,602
<b>Total Personal Services</b>	-	-	<b>\$235,382</b>	<b>(\$2,927)</b>	-	-	<b>\$232,455</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	235,382	(2,927)	-	-	232,455
<b>Total Expenditures</b>	-	-	<b>\$235,382</b>	<b>(\$2,927)</b>	-	-	<b>\$232,455</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(235,382)	2,927	-	-	(232,455)
<b>Total Ending Balance</b>	-	-	<b>(\$235,382)</b>	<b>\$2,927</b>	-	-	<b>(\$232,455)</b>

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Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 022 - Phase-out Pgm & One-time Costs**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(300)	-	-	-	(300)
Office Expenses	-	-	(650)	-	-	-	(650)
Telecommunications	-	-	(325)	-	-	-	(325)
Attorney General	-	-	(22,000)	-	-	-	(22,000)
Other Services and Supplies	-	-	(175)	-	-	-	(175)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$23,450)</b>	-	-	-	<b>(\$23,450)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(23,450)	-	-	-	(23,450)
<b>Total Expenditures</b>	-	-	<b>(\$23,450)</b>	-	-	-	<b>(\$23,450)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	23,450	-	-	-	23,450
<b>Total Ending Balance</b>	-	-	<b>\$23,450</b>	-	-	-	<b>\$23,450</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	4,311	978	-	-	5,289
Out of State Travel	-	-	3,385	417	-	-	3,802
Employee Training	-	-	6,785	608	-	-	7,393
Office Expenses	-	-	2,499	188	-	-	2,687
Telecommunications	-	-	5,602	214	-	-	5,816
Publicity and Publications	-	-	713	23	-	-	736
Professional Services	-	-	1,853	-	-	-	1,853
IT Professional Services	-	-	874	-	-	-	874
Attorney General	-	-	210,343	-	-	-	210,343
Employee Recruitment and Develop	-	-	1,151	86	-	-	1,237
Dues and Subscriptions	-	-	5,640	28	-	-	5,668
Facilities Rental and Taxes	-	-	36,595	657	-	-	37,252
Facilities Maintenance	-	-	197	-	-	-	197
Agency Program Related S and S	-	-	135	-	-	-	135
Other Services and Supplies	-	-	2,147	537	-	-	2,684
Expendable Prop 250 - 5000	-	-	289	98	-	-	387
IT Expendable Property	-	-	123	-	-	-	123
<b>Total Services &amp; Supplies</b>	-	-	<b>\$282,642</b>	<b>\$3,834</b>	-	-	<b>\$286,476</b>
<b>Special Payments</b>							
Dist to Non-Gov Units	-	-	-	-	-	-	-
<b>Total Special Payments</b>	-	-	-	-	-	-	-

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	282,642	3,834	-	-	286,476
<b>Total Expenditures</b>	-	-	<b>\$282,642</b>	<b>\$3,834</b>	-	-	<b>\$286,476</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(282,642)	(3,834)	-	-	(286,476)
<b>Total Ending Balance</b>	-	-	<b>(\$282,642)</b>	<b>(\$3,834)</b>	-	-	<b>(\$286,476)</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	1,338,456	-	-	-	1,338,456
Facilities Rental and Taxes	-	-	12,904	9,768	-	-	22,672
<b>Total Services &amp; Supplies</b>	-	-	<b>\$1,351,360</b>	<b>\$9,768</b>	-	-	<b>\$1,361,128</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,351,360	9,768	-	-	1,361,128
<b>Total Expenditures</b>	-	-	<b>\$1,351,360</b>	<b>\$9,768</b>	-	-	<b>\$1,361,128</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(1,351,360)	(9,768)	-	-	(1,361,128)
<b>Total Ending Balance</b>	-	-	<b>(\$1,351,360)</b>	<b>(\$9,768)</b>	-	-	<b>(\$1,361,128)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 091 - Statewide Adjustment DAS Chgs**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	-	(1,816)	-	-	(1,816)
Office Expenses	-	-	(387)	(3)	-	-	(390)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$387)</b>	<b>(\$1,819)</b>	-	-	<b>(\$2,206)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(387)	(1,819)	-	-	(2,206)
<b>Total Expenditures</b>	-	-	<b>(\$387)</b>	<b>(\$1,819)</b>	-	-	<b>(\$2,206)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	387	1,819	-	-	2,206
<b>Total Ending Balance</b>	-	-	<b>\$387</b>	<b>\$1,819</b>	-	-	<b>\$2,206</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 092 - Statewide AG Adjustment**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(154,296)	-	-	-	(154,296)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$154,296)</b>	-	-	-	<b>(\$154,296)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(154,296)	-	-	-	(154,296)
<b>Total Expenditures</b>	-	-	<b>(\$154,296)</b>	-	-	-	<b>(\$154,296)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	154,296	-	-	-	154,296
<b>Total Ending Balance</b>	-	-	<b>\$154,296</b>	-	-	-	<b>\$154,296</b>

# BUDGET NARRATIVE

## UTILITY PROGRAM PPDBFISCAL

01/24/19 REPORT NO.: PFDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 001-00-00 Utility Regulation

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 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 102 - Increase Utility Program & Pol

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1900100	MMS X7008 AP	PRINCIPAL EXECUTIVE/MANAGER E	1	.75	18.00	06	7,942.00		142,956 61,674			142,956 61,674
1900101	MMS X7008 AP	PRINCIPAL EXECUTIVE/MANAGER E	1	.75	18.00	06	7,942.00		142,956 61,674			142,956 61,674
1900102	MMS X7008 AP	PRINCIPAL EXECUTIVE/MANAGER E	1	.75	18.00	06	7,942.00		142,956 61,674			142,956 61,674
1900103	MMN X0873 AP	OPERATIONS & POLICY ANALYST 4	1	.75	18.00	06	7,942.00		142,956 61,674			142,956 61,674
1900104	UA C1157 AP	UTILITY AND ENERGY ANALYST 3	1	.75	18.00	06	7,242.00		130,356 58,571			130,356 58,571
1900105	UA C1157 AP	UTILITY AND ENERGY ANALYST 3	1	.75	18.00	06	7,242.00		130,356 58,571			130,356 58,571
TOTAL PICS SALARY									832,536			832,536
TOTAL PICS OPE									363,838			363,838
TOTAL PICS PERSONAL SERVICES =			6	4.50	108.00				1,196,374			1,196,374

# BUDGET NARRATIVE

01/24/19 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 001-00-00 Utility Regulation

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

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 PICS SYSTEM: BUDGET PREPARATION

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PACKAGE: 104 - Federal Fund Allocation

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
0000244	UA C1157	AP UTILITY AND ENERGY ANALYST 3	1-	1.00-	24.00-	09	8,374.00		100,488- 42,393-	100,488- 42,391-		200,976- 84,784-
0000244	UA C1157	AP UTILITY AND ENERGY ANALYST 3	1	1.00	24.00	09	8,374.00		80,390 33,913	120,586 50,871		200,976 84,784
0000257	UA C1156	AP UTILITY AND ENERGY ANALYST 2	1-	1.00-	24.00-	07	6,275.00		75,300- 36,192-	75,300- 36,189-		150,600- 72,381-
0000257	UA C1156	AP UTILITY AND ENERGY ANALYST 2	1	1.00	24.00	07	6,275.00		60,240 28,952	90,360 43,429		150,600 72,381
0000728	UA C0107	AP ADMINISTRATIVE SPECIALIST 1	1-	1.00-	24.00-	09	4,095.00		85,995- 52,061-	12,285- 7,438-		98,280- 59,499-
0000728	UA C0107	AP ADMINISTRATIVE SPECIALIST 1	1	1.00	24.00	09	4,095.00		83,538 50,573	14,742 8,926		98,280 59,499
0000796	MMN X0871	AP OPERATIONS & POLICY ANALYST 2	1-	1.00-	24.00-	08	6,862.00		164,688- 75,850-			164,688- 75,850-
0000796	MMN X0871	AP OPERATIONS & POLICY ANALYST 2	1	1.00	24.00	08	6,862.00		115,282 53,096	49,406 22,754		164,688 75,850
0000816	UA C1156	AP UTILITY AND ENERGY ANALYST 2	1-	1.00-	24.00-	07	6,275.00		75,300- 36,192-	75,300- 36,189-		150,600- 72,381-
0000816	UA C1156	AP UTILITY AND ENERGY ANALYST 2	1	1.00	24.00	07	6,275.00		60,240 28,952	90,360 43,429		150,600 72,381
0700830	UA C1157	AP UTILITY AND ENERGY ANALYST 3	1-	1.00-	24.00-	06	7,242.00		86,904- 39,048-	86,904- 39,046-		173,808- 78,094-
0700830	UA C1157	AP UTILITY AND ENERGY ANALYST 3	1	1.00	24.00	06	7,242.00		69,523 31,237	104,285 46,857		173,808 78,094
1500862	UA C1157	AP UTILITY AND ENERGY ANALYST 3	1-	1.00-	24.00-	09	8,374.00		100,488- 42,393-	100,488- 42,391-		200,976- 84,784-

# BUDGET NARRATIVE

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 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 104 - Federal Fund Allocation

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	PTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1500862	UA	C1157 AP UTILITY AND ENERGY ANALYST 3	1	1.00	24.00	09	8,374.00		80,390 33,913	120,586 50,871		200,976 84,784
TOTAL PICS SALARY									139,560-	139,560		
TOTAL PICS OPE									63,493-	63,493		
TOTAL PICS PERSONAL SERVICES =				----	.00	-----	.00	-----	203,053-	203,053	-----	-----

# BUDGET NARRATIVE

01/24/19 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 001-00-00 Utility Regulation

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PACKAGE: 105 - Strategic Energy Initiatives

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
0000248	MMS X7008 AP	PRINCIPAL EXECUTIVE/MANAGER E	1-	1.00-	24.00-	09	9,177.00		220,248- 89,528-			220,248- 89,528-
0000503	UA C1157 AP	UTILITY AND ENERGY ANALYST 3	1-	1.00-	24.00-	06	7,242.00		173,808- 78,094-			173,808- 78,094-
TOTAL PICS SALARY									394,056-			394,056-
TOTAL PICS OPE									167,622-			167,622-
TOTAL PICS PERSONAL SERVICES =										561,678-		561,678-



# BUDGET NARRATIVE

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## UTILITY PROGRAM POLICY PACKAGES INVOLVING IT PROJECTS/INITIATIVES

None submitted for 2019-2021 biennium.

# BUDGET NARRATIVE

## UTILITY PROGRAM DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (BPR012)

### DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Utility Commission 2019-21 Biennium		Agency Number: 86000 Cross Reference Number: 86000-001-00-00-00000				
Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Public Utilities Fees	27,506,845	30,852,796	30,852,796	37,716,327	37,716,327	-
Charges for Services	137,426	88,168	88,168	172,769	172,769	-
Fines and Forfeitures	11,313	7,650	7,650	14,320	14,320	-
Other Revenues	86,082	-	-	-	-	-
Transfer In - Intrafund	134,256	-	-	-	-	-
Transfer In - Indirect Cost	212,124	141,212	141,212	204,038	204,038	-
Transfer Out - Intrafund	(10,493,497)	(13,923,430)	(13,923,430)	(14,185,851)	(14,069,453)	-
<b>Total Other Funds</b>	<b>\$17,594,549</b>	<b>\$17,166,396</b>	<b>\$17,166,396</b>	<b>\$23,921,603</b>	<b>\$24,038,001</b>	-
<b>Federal Funds</b>						
Federal Funds	1,015,035	960,008	960,008	1,224,226	1,224,226	-
Transfer Out - Intrafund	(134,256)	-	-	-	-	-
Transfer Out - Indirect Cost	(212,124)	(141,212)	(141,212)	(204,038)	(204,038)	-
<b>Total Federal Funds</b>	<b>\$668,655</b>	<b>\$818,796</b>	<b>\$818,796</b>	<b>\$1,020,188</b>	<b>\$1,020,188</b>	-
<b>Nonlimited Other Funds</b>						
Public Utilities Fees	66,631,284	56,000,000	56,000,000	51,454,056	51,454,056	-
Fines and Forfeitures	118,414	64,519	64,519	51,454	51,454	-
Interest Income	160,181	25,908	25,908	21,355	21,355	-
Other Revenues	3,884	-	-	-	-	-
<b>Total Nonlimited Other Funds</b>	<b>\$66,913,763</b>	<b>\$56,090,427</b>	<b>\$56,090,427</b>	<b>\$51,526,865</b>	<b>\$51,526,865</b>	-

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## BUDGET NARRATIVE

### UTILITY PROGRAM DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 -17 Actual	2017 -1 9 Legislatively Adopted	2017 - 19 Estimated	2019- 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Other Funds Ltd</b>								
Other Selective Taxes	3400	0190	-	-	-	-	-	-
Business Lic and Fees	3400	0205	-	-	-	-	-	-
Public Utilities Fees	3400	0240	27,506,845	30,852,796	28,955,075	37,716,327	37,716,327	-
Federal Revenues	3400	0355	-	-	-	-	-	-
Charges for Services	3400	0410	137,426	88,168	158,344	172,769	172,769	-
Fines and Forfeitures	3400	0505	11,313	7,650	14,478	14,320	14,320	-
Interest Income	3400	0605	-	-	-	-	-	-
Other Revenues	3400	0975	86,082	-	-	-	-	-
Transfer In - Intrafund	3400	1010	134,256	-	-	-	-	-
Transfer In - Indirect Cost	3400	1020	212,124	141,212	204,257	204,038	204,038	-
Transfer Out - Intrafund	3400	2010	(10,493,497)	(13,923,430)	(12,685,324)	(14,185,851)	(14,069,453)	-
Transfer Out - Indirect Cost	3400	2020	-	-	-	-	-	-
Transfer to Other	3400	2050	-	-	-	-	-	-
<b>Total Other Funds Ltd</b>			<b>17,594,549</b>	<b>17,166,396</b>	<b>16,646,830</b>	<b>23,921,603</b>	<b>24,038,001</b>	-

# BUDGET NARRATIVE

## UTILITY PROGRAM DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 - 17 Actual	2017 - 19 Legislatively Adopted	2017 - 19 Estimated	2019 - 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Federal Funds Ltd</b>								
Federal Funds	6400	0995	1,015,035	960,008	1,021,286	1,224,226	1,224,226	-
Transfer Out - Intrafund	6400	2010	(134,256)	-	-	-	-	-
Transfer Out - Indirect Cost	6400	2020	(212,124)	(141,212)	(204,257)	(204,038)	(204,038)	
<b>Total Federal Fund Ltd</b>			<b>668,655</b>	<b>818,796</b>	<b>817,029</b>	<b>1,020,188</b>	<b>1,020,188</b>	-
<b>Other Funds Non-Ltd</b>								
Other Selective Taxes	3200	0190	-	-	-	-	-	-
Public Utilities Fees	3200	0240	66,631,284	56,000,000	59,158,007	51,454,056	51,454,056	-
Fines and Forfeitures	3200	0505	118,414	64,519	59,158	51,454	51,454	
Interest Income	3200	0605	160,181	25,908	311,588	21,355	21,355	
Other Revenues	3200	0975	-	-	-	-		
<b>Total Other Funds Non-Ltd</b>			<b>66,909,879</b>	<b>56,090,427</b>	<b>59,528,753</b>	<b>51,526,865</b>	<b>51,526,865</b>	-

# BUDGET NARRATIVE

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## **UTILITY PROGRAM POLICY OPTION PACKAGE (POP) 101**

Oregon Public Utility Commission –

### **Annual Gross Revenue Fee**

#### **a. Purpose**

The primary purpose of this policy option package is to complement Legislative Concept LC 0538, which modifies ORS 756.310 by changing the annual utility fee from a maximum of 0.30 percent of a utility's gross operating revenue to a maximum of 0.45 percent for energy and water utilities and 0.35 percent for telecommunications utilities.

As a result of recent legislation including 2015 SB 611 (Symmetrical Gigabit), 2016 SB 1547 (Coal to Clean), 2017 SB 978 (Investigation into regulated electric system incentives and trends, technologies, and policy drivers), 2018 HB 4155 (Net Neutrality), and anticipated 2019 Clean Energy Jobs legislation, the PUC has experienced increased staffing, professional services, and attorney general costs.

Adding to the need for increased funding, recent discussions with stakeholders conducted as part of the PUC's 2018 strategic planning process noted the necessity for additional staffing in the Utility Program and in the Commission Office. Specific stakeholder comments included:

- The increased volume and complexity of the PUC's work, which has left staff, Administrative Law Judges, and Commissioners with insufficient time to do all that is currently requested and required of them.
- The need for additional staff, greater management support for staff, and emphasis on staff retention and training of new staff.
- The need for more dedicated technical and policy advice and support for Commissioners.
- The need to effectively and efficiently adapt processes, especially in light of expanding legislative requirements and a rapidly changing utility industry landscape.
- Improved website and eFiling capabilities.
- Greater use of outside consultants to address specific and emerging issues.

Furthermore, administrative costs such as rent, state assessment fees, attorney general fees, and other personnel expenses are increasing above current service levels.

# BUDGET NARRATIVE

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In addition to these emerging dynamics that will increase costs to the agency, agency revenue collected from utility fees (Other Funds) are currently not matching required expenses to support Utility Program and Policy & Administration (P&A) Division's current level of operations. At the current maximum assessment (0.30 percent), the PUC will under collect \$545,000 in 2020, \$839,000 in 2021, \$1.13 million in 2022, and \$1.43 million in 2023. These under collections do not include the additional expenditures in Policy Option Packages 102 and 103. At the current trend, these under collections will result in elimination of reserve funds during the 2019-2021 biennium and cause the PUC to not adequately meet its current obligations.

## **b. How Achieved**

Energy and water utilities will be set at a higher maximum level as most PUC cost drivers are a result of energy and water utilities. The telecommunication fee is recommended to be raised to 0.35 percent as costs to administer telecommunication regulation exceed current revenue. At the maximum surcharge levels, PUC would collect an additional \$8.6 million from energy utilities and \$469,486 from telecommunications utilities during the 2019-2021 biennium.

Although a higher maximum is being requested in LC 0538, the PUC will only assess an amount that will match revenues to expenses. We do not expect to assess the maximum after passage, and forecasts show an assessment of 0.35 to 0.40 through 2023. A small level of unused assessment will allow the PUC to adjust to any increased workload or new legislative mandates in a timely manner.

The proposed fee change at the maximum level would increase the average cost per residential customer per bill from \$0.20 to approximately \$0.27. Again, we do not expect to assess the maximum after passage.

Budget management actions of PUC to reduce expenditures during the 2017-2019 timeframe include reduction in administrative personnel; vacancy and other savings; transfer of Telecommunications Division personnel to Energy Division positions, and deferral of IT purchases.

## **c. Staffing Impact**

This policy option package does not on its own increase staffing levels; however, POP 101 will provide funds to effectuate POP 102, Increase Utility Program and Commission Office staffing and POP 103, Increase Department of Justice expenditures, which is based on the increase of two Assistant Attorney Generals assigned specifically to the PUC.

# BUDGET NARRATIVE

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## d. Quantifying Results

The general metric will be that the PUC will have sufficient funding to meet its mission and obligations (including 15 Key Performance Measures) beyond 2023 and maintain an approximate three-month balance of funds for contingencies.

## e. Revenue Source

Utility gross operating revenue fees, *no general or lottery funds are used*.

## f. Fiscal Impact Summary

At a surcharge level of 0.0035 for telecommunications utilities and 0.004 for energy utilities, PUC would collect an additional \$9 million during the 2019-21 biennium.

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# BUDGET NARRATIVE

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## **UTILITY PROGRAM POLICY OPTION PACKAGE (POP) 102**

Oregon Public Utility Commission –

### **Increase Utility Program & Policy Staff**

#### **a. Purpose**

The primary purpose of this policy option package is to increase agency staffing by seven Full Time Equivalent (FTEs) including three Principal Executive Managers – E (PEME), two Utility and Energy Analyst 3s (UA3), and two Operations and Policy Analyst 4 (OPA4); and reclassify one UA3 (Chief Natural Gas Pipeline Inspector) to a PEME.

These additions of greatly needed supervisory manager personnel will decrease PUC’s span of control from 1:6 to 1:5.

As part of the agency’s 2018 Strategic Planning process, we interviewed 18 stakeholders (utilities, customer groups, environmental organizations, and industry organizations). Concerns that were expressed to the agency on multiple interviews included:

- The increased volume and complexity of the PUC’s work, which has left Staff, Administrative Law Judges, and Commissioners with insufficient time to do all that is currently requested and required of them.
- The need for additional staff, greater management support for staff, and emphasis on staff retention and training of new staff.
- The need for more dedicated technical and policy advice and support for Commissioners.
- The need to effectively and efficiently adapt processes, especially in light of expanding legislative requirements and a rapidly changing utility industry landscape.

Additionally, as a result of recent legislation including 2015 SB 611 (Symmetrical Gigabit), 2016 SB 1547 (Coal to Clean), 2017 SB 978 (Investigation into regulated electric system incentives, trends, technologies, and policy drivers), 2018 HB 4155 (Net Neutrality), and anticipated 2019 Clean Energy Jobs legislation, the PUC has been confronted by the need for increased staffing to properly meet statutory requirements.

In addition, the National Pipeline and Hazardous Material Safety Administration has increased its requirements concerning pipeline system integrity programs and damage prevention. The increased requirements have amplified the scope and responsibilities of our Chief Natural Gas Pipeline Inspector requiring more detailed program management and supervisory functions to ensure federal regulations are properly met.

# BUDGET NARRATIVE

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Requested Staff include:

## Utility Program

The Utility Program is the technical and analytical arm of the Public Utility Commission. It consists of a professional staff that analyzes all utility filings, helps build a factual record in contested case proceedings, investigates and recommends policy options, inspects utility facilities, and undertakes many other activities needed for the Commission to carry out its mission and serve ratepayers.

The Utility Program consists of 63 employees (63 FTE), including nine managers, and five major divisions: Energy Resources and Planning; Energy Rates, Finance, and Audit; Telecommunications and Water; and Utility Safety, Reliability, and Security.

PEME – Program Manager, Resource Planning – The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research concerning integrated resource planning and grid modernization.

A key Commission objective is to ensure that the energy utilities develop a portfolio of new resources that meets forecasted customer needs at the best combination of costs, risks, and uncertainties. Utilities develop long-term resource plans – called Integrated Resource Plans (IRP) – to meet that objective. The Commission requires all of Oregon's regulated electric and natural gas utilities to develop Integrated Resource Plans every two years and to acquire resources that reflect these publicly vetted plans.

Because of the increased focus on new technologies, renewable resources, and energy efficiency, IRPs are highly contested and require thorough reviews every step of the process. The IRP teams frequently consist of six to 10 analysts and a supervisory Program Manager is required to ensure quality and timely work by analysts in order to ensure Oregon customers receive resources at the least cost, least risk.

This position will also supervise smart grid planning, transmission and distribution system planning efforts, and resource competitive bidding. The position will report to the Administrator, Energy Resources and Planning and supervise seven Utility Analysts.

PEME – Program Manager, Energy Programs - The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research concerning energy programs including clean energy programs.

These programs will focus on renewable resources and energy efficiency, but will also include transportation electrification, community solar, energy storage programs, resource portfolio options, Energy Trust activities, Qualifying Facilities (Public Utility Regulatory Policies Act), resource value of distributed resources, demand response programs, and SB 844 natural gas filings.

## BUDGET NARRATIVE

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This position will report to the Administrator, Energy Resources and Planning and supervise six Utility Analysts.

PEME – Program Manager, Finance and Corporate Operations - The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research on the regulation of electric and natural gas utilities.

This position will lead and direct the work of economists and senior utility analysts regarding economic, and financial analyses and other matters related to utility operations including: (a) review of utility mergers, acquisitions and generation facilities property sales, (b) utility audits, (c) review of generation decommissioning and dam removals, (d) review of a utility's return on equity and rate of return, (e) review of corporate finance and affiliated interest applications, (f) multi-state protocol modeling (cost-allocation), and (g) highly complex research on a wide range of financial and economic issues.

This section will also provide expert multi-industry economic, financial, and policy analysis in order to encourage utilities to provide high-quality services at fair and reasonable rates.

This position will report to the Administrator, Energy Rates, Finance, and Audit, and will supervise two Economists and five Utility Analysts.

PEME – Program Manager, Natural Gas Pipeline Safety – The Natural Gas Pipeline Safety program exists to protect the public against the risks to life and property inherent in the transportation of natural gas, other hazardous materials by pipeline. The program's goal is to prevent natural gas pipeline accidents and failures through safety inspections and enforcement, education programs, and policy development. The PUC has statutory authority to levy Civil Penalties against operators who fail to comply with safety regulations.

The primary purpose of this position is to enforce natural gas pipeline safety programs per ORS 757.039, OAR 860-024, OAR 860-028, OAR 860-031, OAR 952-000, and related US Department of Transportation (USDOT) Pipeline and Hazardous Materials Administration (PHMSA) regulations. As program manager and senior technical expert/analyst for the agency's pipeline safety program, the position provides senior level engineering and analytical expertise to the agency's pipeline safety program.

Additionally, the program manager is responsible to manage the One Call Grant (damage prevention – call before you dig – 811) and the Pipeline Safety Base Grant. These grants are awarded by PHMSA based on successful program design, implementation, and maintenance.

## BUDGET NARRATIVE

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This position will be a reclassification of the Chief Natural Gas Pipeline UA3 (Level 31 – Lead Worker) to a PEME. Reclassification is necessary due to greater program management and accountability placed on states by PHMSA. This position will report to the Administrator, Utility Safety, Reliability, and Security, and will supervise four Utility Analysts and an Operations and Policy Analyst.

UA3 – Renewable Resource Analyst – This position provides expert financial, engineering, policy, and economics-oriented analytical expertise related to the planning and development of renewable energy in investor-owned utility territory.

The position also provides analytical expertise on the implementation of Oregon’s renewable portfolio standard (RPS), community solar, and energy storage initiatives. The person in this position will review utility RPS implementation plans and compliance reports, review implementation of community solar programs, participation in Resource Value of Solar proceedings, and participation in energy storage proceedings.

Responsibilities include submitting written data requests to the utility, developing quantitative adjustments to the utility’s proposed RPS compliance costs, RPS implementation costs, Resource Value of Solar costs; and describing and supporting the adjustments in written testimony and defending the adjustments in settlement conferences and Commission hearings.

The person in this position will also be part of a team reviewing utility Integrated Resource Plans (IRPs) and Requests for Proposals for major resource acquisitions, and will occasionally conduct rulemakings and regulatory proceedings to develop regulatory policy in electricity-related topic areas. This position will report to the Program Manager, Energy Programs.

UA3 – Senior Energy Policy Analyst - Provide expert policy and economics-oriented analytical expertise related to the planning of emerging issues concerning regulated utilities and state energy policies. Provide analytical expertise on the implementation of transmission and distribution system planning and electric utilities participation in the Clean Fuels Program. The person in this position will participate in complex energy investigations, conduct workshops, collaborate with stakeholders, write testimony, and make recommendations to senior management and Commissioners on paths forward to meet state statutory and policy requirements.

As a member of the Energy Resources and Planning Division, this position conducts analysis, develops whitepapers, leads stakeholder process, and makes recommendations to the Program Manager, Administrator, Utility Program Director, and the Commissioners regarding major policy initiatives in the energy sector.

The person in this position will occasionally conduct rulemakings and regulatory proceedings to develop regulatory policy in electricity-related topic areas.

# BUDGET NARRATIVE

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This position replaces Limited Duration position 1700881, which has been extremely difficult to recruit for due to a tight market for such skills and the limited nature of the position. This position will report to the Program Manager, Resource Planning.

OPA4 – Utility Senior Policy Advisor – Act as the chief policy and technical advisor to the Utility Program Director and assist in providing an overall vision and policy direction of the Utility Program. Lead and conduct complex economic research and policy analysis on new and emerging issues of major significance of which the scope or application could apply to some or all industries the Commission regulates. Participate in the formulation of staff’s case in dockets with cutting-edge policy implications. Perform landscape analyses to determine burgeoning sector drivers and potential policy responses. Lead analysis and writing of program or policy reports to the legislature. The position also mentors Utility Program staff on research methods and agency policy.

This position also coordinates responses to legislative requests within the Utility Program; and reviews and edits all utility legislative reports prior to release by the Utility Program Director. This position will report to the Utility Program Deputy Director.

## Commission Services

The PUC has three Commissioners who are appointed by the Governor to staggered four-year terms.

The Commissioners establish policy direction for the agency and the regulated utilities and make the final decisions on utility rate and service matters under the PUC’s jurisdiction. The Commission must consider the effects of technology and policy change, competition, the demand for services, and resolve many complex issues facing utilities in a changing market. Commissioners encourage participation by the public and stakeholders on these and other issues at their public meetings.

Commission Services is organized under Policy and Administration. Commission Services provides direct support to the three Commissioners by ensuring that Commissioners have access to information and agency resources necessary to make decisions and establish agency direction, managing Commission strategic initiatives and external engagement, and coordinating all legislative and media/public information activities for the agency. The section ensures compliance with public meeting laws and other requirements, provides information to the public, and encourages citizen involvement in PUC activities.

OPA4 – Commission Advisor - The Commission Advisor assists all Commissioners by providing advice on a wide range of technical, operational, or theoretical aspects of regulatory issues before the Commission including providing basic regulatory expertise and operations research. Develops policy for the Commission by analyzing all pertinent issues and information regarding the impact of proposed policy on the provision of services to customers of regulated utilities; and determining the resources necessary to implement such policy in order to ensure the efficient and effective

# BUDGET NARRATIVE

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provision of utility regulation. Works in coordination with the Utility Program, the Administrative Hearings Division and Commission Counsel to ensure Commissioners' needs for policy, technical, or legal expertise are met.

**b. How Achieved**

PUC intends to use funds generated from POP 101 to ensure adequate funding of these positions. Because of the demand for listed skills of all positions and the current market for talent, recruitment of these positions is projected to take six months to a year.

**c. Staffing Impact**

This policy option package increases FTE by seven personnel and reclassifies one person. Because of legislative initiatives, augmented staff is necessary to meet increased workload and intensified complexity of workload.

**d. Quantifying Results**

PUC will continue to have sufficient staff to achieve our mission, obligations (including Key Performance Measures), and timelines.

**e. Revenue Source**

Utility gross operating revenue fees for utility positions; and utility gross operating revenue fees and Residential Service Protection Funds for the Commission Office position. ***No general or lottery funds are used.***

# BUDGET NARRATIVE

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**f. Fiscal Impact Summary**

As reflected in the following table, the 2019-2021 fiscal impact of this POP is \$1,981,185. Total personal services for new positions were calculated at step 6 for the biennium.

	Utility Regulation	Commission Office (Policy and Administration)
Personal Services (PS)	\$1,625,758	\$273,982
Services and Supplies (SS)	\$60,810	\$20,635
Total	\$1,686,568	\$294,617

Note: \$42,987 will be allocated to federal funds.

## BUDGET NARRATIVE

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# BUDGET NARRATIVE

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## **UTILITY PROGRAM POLICY OPTION PACKAGE (POP) 103**

Oregon Public Utility Commission –

### **Increase Attorney General Limitation**

#### **a. Purpose**

The primary purpose of this policy option package is to increase Other Fund Limitation by \$249,173 to cover increased Attorney General (AG) costs for Utility Regulation and Policy and Administration.

The following table highlights the past five fiscal years of AG costs for the programs above:

2013	\$903,223
2014	\$903,936
2015	\$915,236
2016	\$1,252,310
2017	\$1,731,313
<b>2016-2017</b>	<b>\$2,983,623</b>

Expenditures have risen significantly from 2015 to 2017 because of increasing the number of Department of Justice (DOJ) attorneys assigned to PUC from four to six. The additional attorneys were necessary due to:

- Increases in docket activity and associated orders (417 orders issued in 2015; 527 orders issued in 2017).
- Increases in utilization of DOJ attorneys for review of staff memos presented at public meetings (340 in 2017).
- Increases in use of DOJ knowledge because of increased PUC staff turnover (work with new employees to teach them regulatory framework, legal precedent and established Commission policy).
- Increases in integration of DOJ as part of staff team in contested cases (e.g. DOJ involved earlier and more often in contested case record development).

# BUDGET NARRATIVE

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- Increases in docket complexity especially in areas concerning Integrated Resource Planning, Qualifying Facilities, competitive participation by independent power producers, and competitive bidding.
- Increases in stakeholder participation including single-issue stakeholders, which results in DOJ participation in stakeholder management.
- Increases in legislative policy that is emerging including: 2016 SB 1547 - transportation electrification, community solar, resource value of solar, distributive generation, energy storage, removal of coal from power mix); 2017 SB 978 - requires the Commission to establish a public process to investigate how developing industry trends, technologies, and policy drivers may impact the existing electricity regulatory system; and 2018 HB 4155 – Net Neutrality requiring active legal participation by DOJ (rulemakings, legal briefs, legal research, etc.).
- Increases in rulemaking dockets. New legislation and outdated rules have resulted in many more rulemaking dockets.

Additionally, previous and expected increases in DOJ billing rates have had a significant effect on PUC expenditures.

The PUC utilizes six-month retainer agreements with DOJ, currently set at \$800,000 per six-month agreement; \$3.2 million per biennium. These costs are expected to increase to \$3.3 million in 2019-2021.

## **b. How Achieved**

PUC intends to use Other Funds to cover the higher AG costs. Because Other Funds are being used, PUC requires an increase in limitation to cover the additional costs.

## **c. Staffing Impact**

This policy option package does not increase agency staffing levels. DOJ assigned attorneys has already been set as six personnel (5.6 FTE) including Commission Counsel.

# BUDGET NARRATIVE

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**d. Quantifying Results**

PUC will continue to have sufficient DOJ support to achieve our mission, obligations (including Key Performance Measures), and timelines.

**e. Revenue Source**

Utility gross operating revenue fees. *No general or lottery funds are used.*

**f. Fiscal Impact Summary**

The table below reflects the fiscal summary for Policy Option Package 103, increasing current DOJ service level to \$3.3 million for 2019-2021, to meet anticipated costs.

	2017-2019 LAB	2019-2021 Current Service Level	Above 20.14% Standard Inflation	2019-2021 Agency Request Budget
Utility Regulation	\$1,066,404	\$2,593,203	\$211,797	\$2,805,000
Policy and Administration	\$1,494,989	\$457,624	\$37,376	\$495,000
	\$2,561,393	\$3,050,827	\$249,173	\$3,300,000

## BUDGET NARRATIVE

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# BUDGET NARRATIVE

## UTILITY PROGRAM POLICY OPTION PACKAGE (POP) 104

Oregon Public Utility Commission –

### Federal Fund Allocation

#### a. Purpose

The primary purpose of this policy option package is to allocate federal funds received from Pipeline and Hazardous Materials Safety Administration (PHMSA) for position #796, Natural Gas Pipeline Safety Policy Analyst. This federal fund allocation will result in a corresponding decrease in Other Fund allocation. Position #796 is a current position and no new position is being established. This split will align position funding with position duties as the position provides enforcement support to Oregon’s One-Call laws (ORS 757.542 to 757.562 and 757.993).

The primary purpose of position #796 is to research alleged violations of the Oregon Utility Notification Center (OUNC) Rules and if appropriate make recommendations for sanctions consistent with the Commission’s enforcement authority. This position develops and maintains tools to improve the availability of information related to the division’s safety enforcement activities. Additionally, the position leads and participates in projects to develop tools and reporting capabilities that: (1) simplify staff’s tracking of inspection/correction reports and (2) provide information for the public about safety programs, results and trends.

This policy option package will further re-allocate the split between Other Fund and Federal Fund for the Natural Gas Pipeline Program as follows:

	Federal Fund	Other Fund
New	60% of all Expenditures	40% of all Expenditures
Old	50% Personal Services, 55 % Services and Supplies	50% Personal Services, 45% Services and Supplies

# BUDGET NARRATIVE

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## b. How Achieved

PUC intends to allocate a portion of federal funds to this existing position and decrease allocation of utility gross operating revenue fees to fund this position. Fifty percent of the position will be allocated to the Natural Gas Program, which in part is funded by federal funds. This transfer of funds will increase Federal Funds limitation and decrease Other Funds limitation.

The agency will re-allocate the overall program cost for the Natural Gas Program to achieve a 60/40 split between Federal and Other Funds.

## c. Staffing Impact

As previously mentioned, Position #796 is a current position and no new position is being established.

## d. Quantifying Results

PUC will continue to provide superior natural gas pipeline damage prevention as required by PHMSA. In recent annual audits, PUC received high grades (99-100%) from PHMSA's review of our Natural Gas Pipeline Safety Program and an "Adequate" in damage prevention. (Only two grades are assigned: Adequate or Inadequate.)

## e. Revenue Source

Federal Funds (PHMSA) and utility gross operating revenue fees (Other Funds); ***no general or lottery funds are used.***

## f. Fiscal Impact Summary

The net fiscal impact for this policy option package is zero as reflected in the table below.

	Fund Shift
Federal Fund Ltd	\$229,355
Other Fund Ltd	(\$229,355)
Total	\$0

# BUDGET NARRATIVE

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## **UTILITY PROGRAM POLICY OPTION PACKAGE (POP) 105**

Oregon Public Utility Commission –

### **Strategic Energy Initiatives**

#### **a. Purpose**

The primary purpose of this policy option package is to shift positions #248, Principal Executive Manager E (PEME) and #503 Utility and Energy Analyst 3 (UA3) from the Utility Program (86000-001) Strategic Energy Initiatives to Policy and Administration Program (86000-004). These are current positions and no additional funding is required to make this change.

In May 2018, the Governor appointed a new Chair to the PUC. After an initial review of the agency's organization, the Chair determined that the positions within the Strategic Energy Initiatives Section were more appropriately placed in Commission Services, which is a section under Policy and Administration.

Position #248 will become the Director of Policy and External Affairs, which will be responsible for developing and managing the Commission's external agenda, including interactions with state agencies, the Legislature and the Governor's Office, as well as other state, regional and federal entities. The position will be located in the Commission Office in order to coordinate and integrate activities and external engagement among the Commissioners and the Utility Program. Position #503 will become a Commission Advisor who provides independent technical and policy analysis as well as serving as a liaison with the Utility Program to ensure that Commissioners are connected with appropriate Commission Staff resources for decision making.

#### **b. How Achieved**

By shifting funds from Utility Regulation to Policy and Administration.

#### **c. Staffing Impact**

Positions #248 and #503 are current positions. No new positions are being established.

# BUDGET NARRATIVE

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## d. Quantifying Results

The Commission’s mission is:

To ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.

Reallocating these positions advances the Commission’s mission by enhancing dedicated support for decision-making and external engagement by Commissioners, thereby improving the quality of decision-making and transparency and clarity in how the PUC organizes external engagement.

## e. Revenue Source

Other Funds – Limited

## f. Fiscal Impact Summary

The net fiscal impact for this policy option package is zero as reflected in the table below.

Other Funds Limited – SCR 86000-001-00	\$(578,412)
Other Funds Limited – SCR 86000-004-00	\$578,412
<b>Total</b>	<b>\$0</b>



# BUDGET NARRATIVE

## UTILITY PROGRAM ESSENTIAL AND POP PACKAGE FISCAL IMPACT SUMMARY (BPR013)

### ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Utility Commission  
Pkg: 101 - Annual Gross Revenue Fee

Cross Reference Name: Utility Regulation  
Cross Reference Number: 86000-001-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Public Utilities Fees	-	-	9,076,967	-	-	-	9,076,967
<b>Total Revenues</b>	-	-	<b>\$9,076,967</b>	-	-	-	<b>\$9,076,967</b>
<b>Ending Balance</b>							
Ending Balance	-	-	9,076,967	-	-	-	9,076,967
<b>Total Ending Balance</b>	-	-	<b>\$9,076,967</b>	-	-	-	<b>\$9,076,967</b>

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\_\_\_\_ Legislatively Adopted  
Essential and Policy Package Fiscal Impact Summary - BPR013

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 102 - Increase Utility Program & Policy Staff**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Transfers Out</b>							
Transfer Out - Intrafund	-	-	(215,595)	-	-	-	(215,595)
<b>Total Transfers Out</b>	-	-	<b>(\$215,595)</b>	-	-	-	<b>(\$215,595)</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	832,536	-	-	-	832,536
Empl. Rel. Bd. Assessments	-	-	276	-	-	-	276
Public Employees' Retire Cont	-	-	141,282	-	-	-	141,282
Social Security Taxes	-	-	63,688	-	-	-	63,688
Worker's Comp. Assess. (WCD)	-	-	264	-	-	-	264
Mass Transit Tax	-	-	6,586	-	-	-	6,586
Flexible Benefits	-	-	158,328	-	-	-	158,328
Reconciliation Adjustment	-	-	(6,586)	-	-	-	(6,586)
<b>Total Personal Services</b>	-	-	<b>\$1,196,374</b>	-	-	-	<b>\$1,196,374</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	2,700	-	-	-	2,700
Out of State Travel	-	-	5,400	-	-	-	5,400
Employee Training	-	-	14,400	-	-	-	14,400
Office Expenses	-	-	2,190	-	-	-	2,190
Telecommunications	-	-	9,000	-	-	-	9,000
Data Processing	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	6,000	-	-	-	6,000
Other Services and Supplies	-	-	11,400	-	-	-	11,400
Expendable Prop 250 - 5000	-	-	3,300	-	-	-	3,300

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**

**Cross Reference Name: Utility Regulation**

**Pkg: 102 - Increase Utility Program & Policy Staff**

**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Expendable Property	-	-	11,400	-	-	-	11,400
<b>Total Services &amp; Supplies</b>	-	-	<b>\$65,790</b>	-	-	-	<b>\$65,790</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	1,262,164	-	-	-	1,262,164
<b>Total Expenditures</b>	-	-	<b>\$1,262,164</b>	-	-	-	<b>\$1,262,164</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(1,477,759)	-	-	-	(1,477,759)
<b>Total Ending Balance</b>	-	-	<b>(\$1,477,759)</b>	-	-	-	<b>(\$1,477,759)</b>
<b>Total Positions</b>							
Total Positions							6
<b>Total Positions</b>	-	-	-	-	-	-	<b>6</b>
<b>Total FTE</b>							
Total FTE							4.50
<b>Total FTE</b>	-	-	-	-	-	-	<b>4.50</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 103 - Increase Attorney General Limitation**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Transfers Out</b>							
Transfer Out - Intrafund	-	-	-	-	-	-	-
<b>Total Transfers Out</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Attorney General	-	-	199,195	-	-	-	199,195
<b>Total Services &amp; Supplies</b>	-	-	<b>\$199,195</b>	-	-	-	<b>\$199,195</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	199,195	-	-	-	199,195
<b>Total Expenditures</b>	-	-	<b>\$199,195</b>	-	-	-	<b>\$199,195</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(199,195)	-	-	-	(199,195)
<b>Total Ending Balance</b>	-	-	<b>(\$199,195)</b>	-	-	-	<b>(\$199,195)</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 104 - Federal Fund Allocation**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Federal Funds	-	-	-	100,417	-	-	100,417
Transfer In - Intrafund	-	-	(114,458)	-	-	-	(114,458)
Transfer In - Indirect Cost	-	-	(14,480)	-	-	-	(14,480)
<b>Total Revenues</b>	-	-	<b>(\$128,938)</b>	<b>\$100,417</b>	-	-	<b>(\$28,521)</b>
<b>Transfers Out</b>							
Transfer Out - Intrafund	-	-	-	114,458	-	-	114,458
Transfer Out - Indirect Cost	-	-	-	14,480	-	-	14,480
<b>Total Transfers Out</b>	-	-	-	<b>\$128,938</b>	-	-	<b>\$128,938</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	(139,560)	139,560	-	-	-
All Other Differential	-	-	(925)	925	-	-	-
Empl. Rel. Bd. Assessments	-	-	(54)	54	-	-	-
Public Employees' Retire Cont	-	-	(23,842)	23,842	-	-	-
Social Security Taxes	-	-	(10,751)	10,751	-	-	-
Unemployment Assessments	-	-	(330)	330	-	-	-
Worker's Comp. Assess. (WCD)	-	-	(49)	49	-	-	-
Flexible Benefits	-	-	(29,025)	29,025	-	-	-
Reconciliation Adjustment	-	-	28,578	(28,578)	-	-	-
<b>Total Personal Services</b>	-	-	<b>(\$175,958)</b>	<b>\$175,958</b>	-	-	-
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(2,429)	2,429	-	-	-

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 104 - Federal Fund Allocation**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Out of State Travel	-	-	(1,036)	1,036	-	-	-
Employee Training	-	-	(1,509)	1,509	-	-	-
Office Expenses	-	-	(466)	466	-	-	-
Telecommunications	-	-	(532)	532	-	-	-
Publicity and Publications	-	-	(58)	58	-	-	-
Employee Recruitment and Develop	-	-	(214)	214	-	-	-
Dues and Subscriptions	-	-	(70)	70	-	-	-
Facilities Rental and Taxes	-	-	(2,520)	2,520	-	-	-
Other Services and Supplies	-	-	(1,333)	1,333	-	-	-
Expendable Prop 250 - 5000	-	-	(243)	243	-	-	-
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$10,410)</b>	<b>\$10,410</b>	-	-	-
<b>Total Expenditures</b>							
Total Expenditures	-	-	(186,368)	186,368	-	-	-
<b>Total Expenditures</b>	-	-	<b>(\$186,368)</b>	<b>\$186,368</b>	-	-	-
<b>Ending Balance</b>							
Ending Balance	-	-	57,430	42,987	-	-	100,417
<b>Total Ending Balance</b>	-	-	<b>\$57,430</b>	<b>\$42,987</b>	-	-	<b>\$100,417</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 105 - Strategic Energy Initiatives**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Transfers Out</b>							
Transfer Out - Intrafund	-	-	(578,412)	-	-	-	(578,412)
<b>Total Transfers Out</b>	-	-	<b>(\$578,412)</b>	-	-	-	<b>(\$578,412)</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	(394,056)	-	-	-	(394,056)
Empl. Rel. Bd. Assessments	-	-	(122)	-	-	-	(122)
Public Employees' Retire Cont	-	-	(66,871)	-	-	-	(66,871)
Social Security Taxes	-	-	(30,145)	-	-	-	(30,145)
Worker's Comp. Assess. (WCD)	-	-	(116)	-	-	-	(116)
Mass Transit Tax	-	-	(2,364)	-	-	-	(2,364)
Flexible Benefits	-	-	(70,368)	-	-	-	(70,368)
<b>Total Personal Services</b>	-	-	<b>(\$564,042)</b>	-	-	-	<b>(\$564,042)</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(1,200)	-	-	-	(1,200)
Out of State Travel	-	-	(2,000)	-	-	-	(2,000)
Employee Training	-	-	(4,800)	-	-	-	(4,800)
Office Expenses	-	-	(730)	-	-	-	(730)
Telecommunications	-	-	(4,000)	-	-	-	(4,000)
Employee Recruitment and Develop	-	-	(1,000)	-	-	-	(1,000)
Other Services and Supplies	-	-	(640)	-	-	-	(640)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$14,370)</b>	-	-	-	<b>(\$14,370)</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 105 - Strategic Energy Initiatives**

**Cross Reference Name: Utility Regulation**  
**Cross Reference Number: 86000-001-00-00-00000**

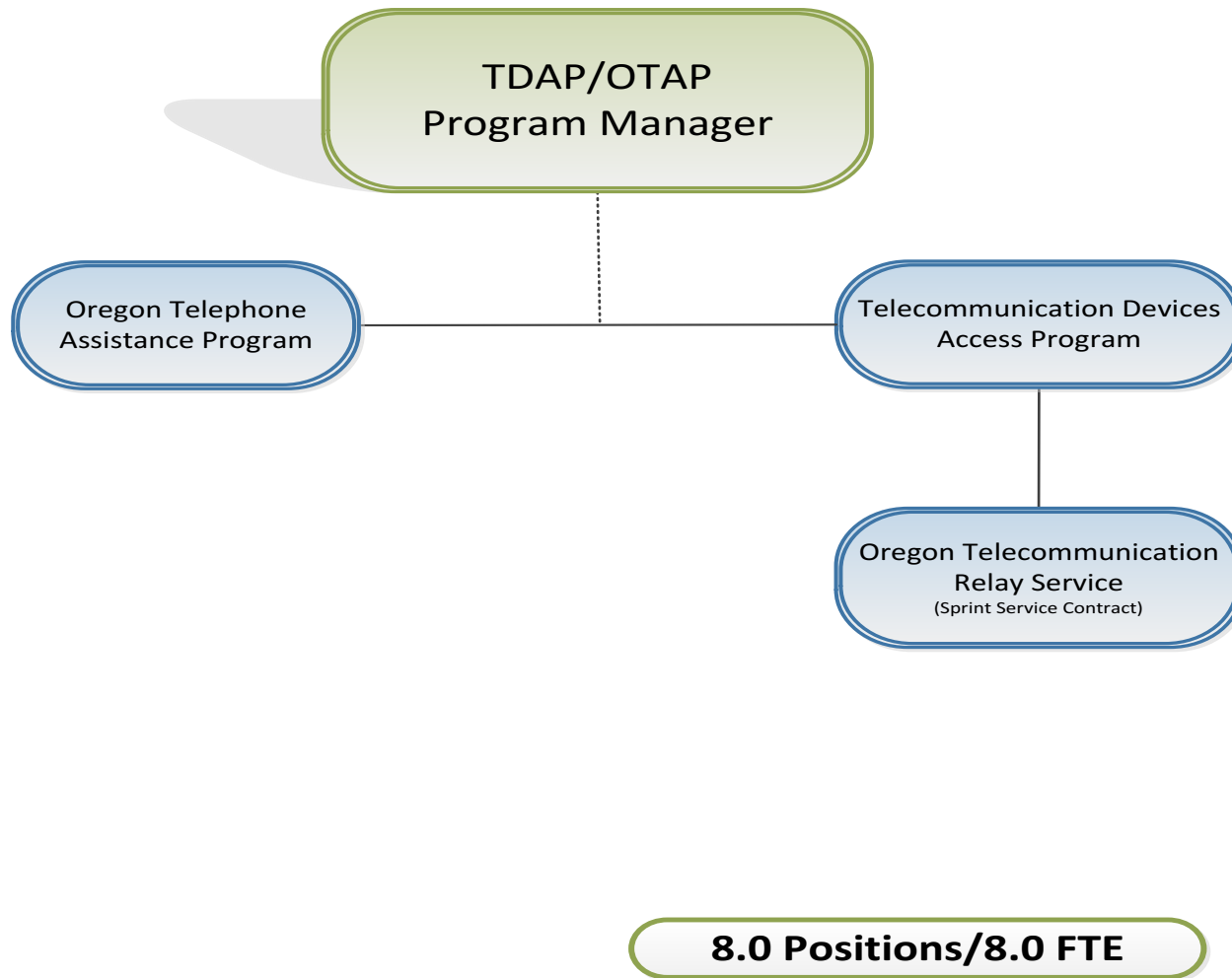
<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	(578,412)	-	-	-	(578,412)
<b>Total Expenditures</b>	-	-	<b>(\$578,412)</b>	-	-	-	<b>(\$578,412)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							(2)
<b>Total Positions</b>							<b>(2)</b>
<b>Total FTE</b>							
Total FTE							(2.00)
<b>Total FTE</b>							<b>(2.00)</b>



# BUDGET NARRATIVE

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## RESIDENTIAL SERVICE PROTECTION FUND (RSPF) 2017-2019 LEGISLATIVELY ADOPTED BUDGET



# BUDGET NARRATIVE

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## RESIDENTIAL SERVICE PROTECTION FUND (RSPF) 2019-2021 GOVERNOR'S BUDGET

Oregon Telephone Assistance Program/  
Telecommunication Devices Access Program  
Program Manager

Oregon Telephone  
Assistance Program

Telecommunication Devices  
Access Program

Oregon Telecommunication  
Relay Service  
(Sprint Service Contract)

8 Positions/7.5 FTE

# BUDGET NARRATIVE

## RESIDENTIAL SERVICE PROTECTION FUND (RSPF) EXECUTIVE SUMMARY

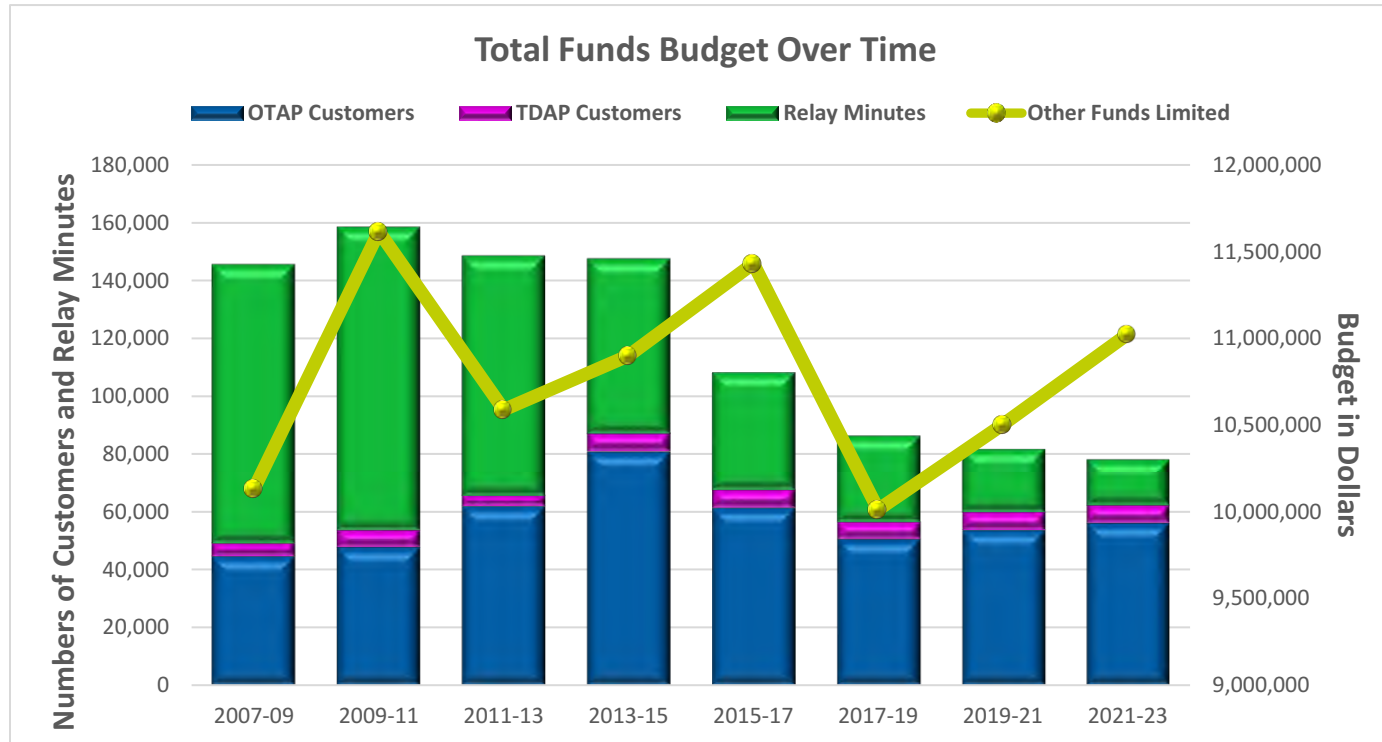
### Long Term Focus Area

Primary Focus Area – Healthy and Safe Communities

### Primary Program Contact

Jon Cray                      jon.cray@state.or.us

### Total Funds Budget Over Time (Graph)



# BUDGET NARRATIVE

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## **Program Overview**

Through four programs described below, the Residential Service Protection Fund (RSPF) provides telephone assistance to qualifying Oregonians who are low-income or have a disability.

## **Program Funding Request**

The 2019-2021 funding request for RSPF is \$10,071,385.

	Program Costs (Limited)	FTE
2019-21	10,071,385	7.5
2021-23	10,625,731	7.5
2023-25	11,194,008	7.5

## **Enabling Legislation/Program Authorization**

The RSPF programs are mandated by sections 2 to 6, chapter 290, Oregon Laws 1987 and ORS 759.693 to 759.698 with the following federal regulatory counterparts:

- Title IV, Section 225 of the Americans with Disabilities Act of 1990 allows states to establish and administer a Telecommunications Relay Service program.
- The Federal Communications Commission (FCC) 47 Code of Federal Regulations (CFR) § 64 Subpart F govern the provision of Oregon Relay.
- The Oregon Telephone Assistance Program (OTAP) is subject to the FCC 47 CFR § 54 Subpart E.

## **Program Description**

The Residential Service Protection Fund (RSPF) supports the state's public policy that all Oregonians have access to adequate and affordable telephone service through the following four programs.

1. Oregon Telecommunications Relay Service (Oregon Relay)
2. Oregon Telephone Assistance Program (OTAP/Oregon Lifeline)
3. Telecommunication Devices Access Program (TDAP)

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## 4. Emergency Medical Certificates (EMC)

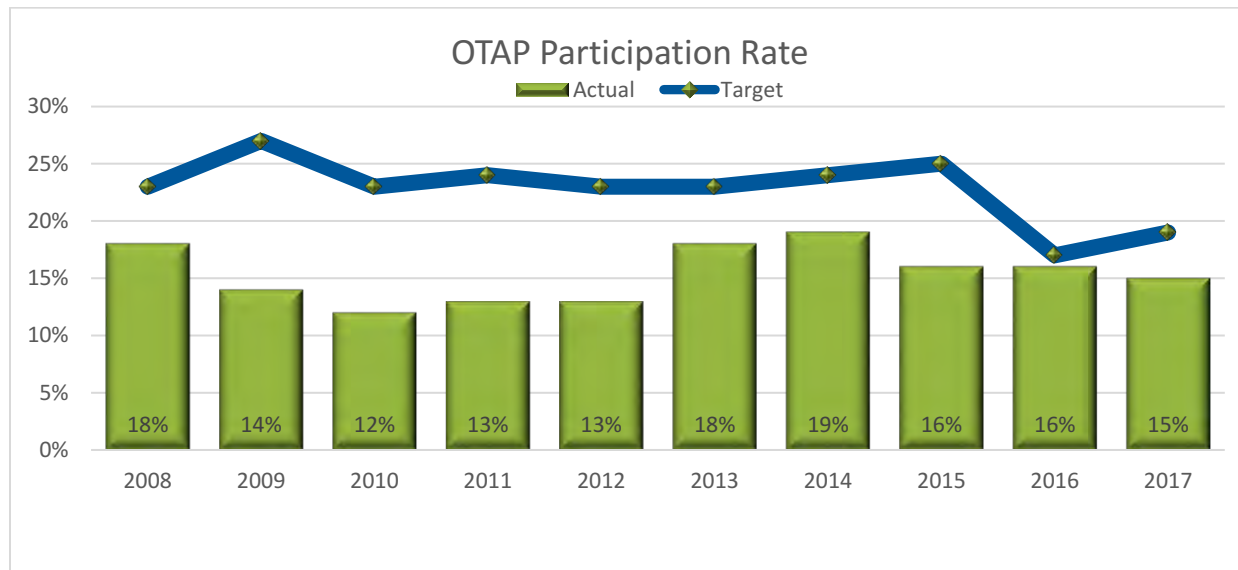
### **Program Justification and Link to the Governor’s “Moving Oregon Forward”**

RSPF is directly tied to the Healthy and Safe Communities Focus Area. The programs provide support to eligible low-income Oregonians and to Oregonians with disabilities by ensuring the availability of adequate and affordable telephone service.

### **Program Performance**

RSPF is responsible for Key Performance Measures (KPMs) 9 and 10, which measure the penetration rate of customers receiving OTAP and TDAP services, respectively.

The following chart shows the percentage of Supplemental Nutrition Assistance Program (SNAP) households receiving OTAP services.

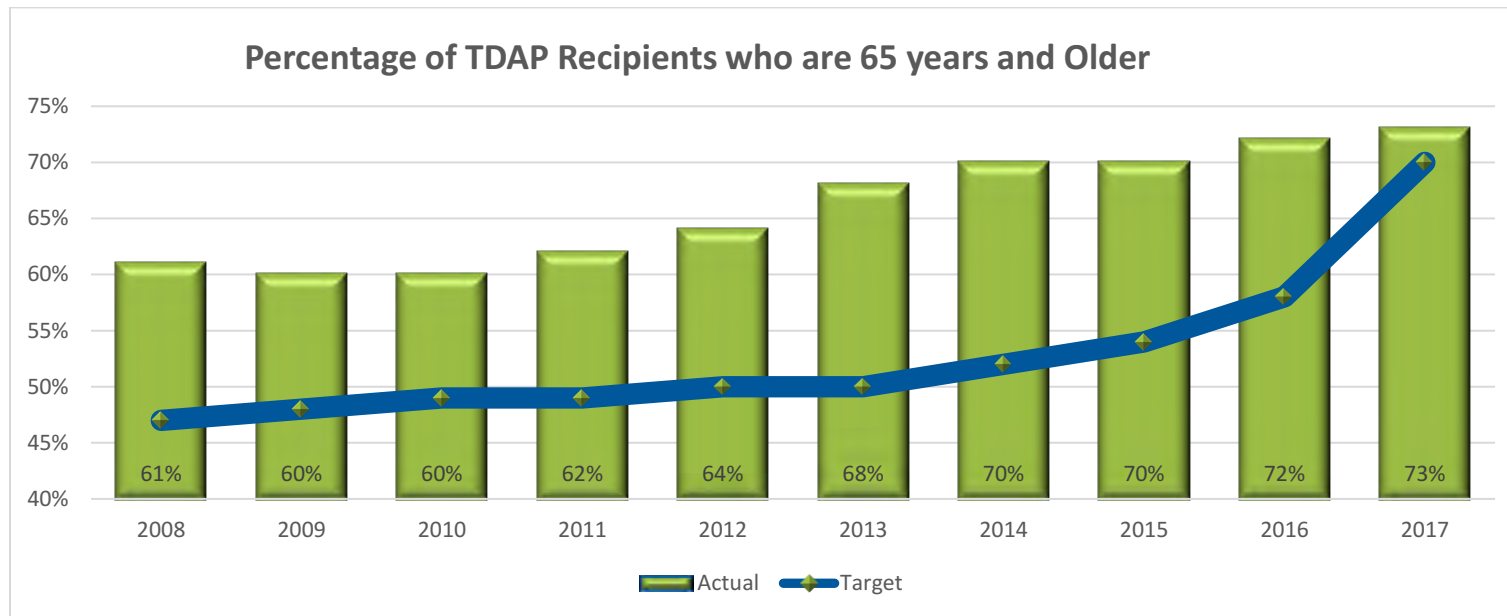


The number of OTAP households declined steadily from 2007 to 2010 due to a customer shift toward cable, wireless and Voice over Internet Protocol (VoIP) services provided by companies that did not participate in the program and because one landline company left the OTAP market. The number of OTAP households began to increase in 2011 after a prepaid wireless company entered the OTAP market. In 2012, two prepaid

# BUDGET NARRATIVE

wireless companies entered the OTAP market to offer service at no charge to eligible households. The appeal of the free service resulted in an increase of OTAP households from 2012 to 2014. In 2015, two wireless companies exited the OTAP market as part of a national strategy across most states, resulting in a decrease in the number of OTAP households. Despite the addition of two prepaid wireless companies in 2016 and 2017, the decline continued and dropped further when one prepaid wireless company exited the OTAP market. However, the number of OTAP households started to increase in 2018 and is 13 percent as of June 30, 2018.

The following chart reflects the number of senior citizens, 65 years and older, as compared to the total number of TDAP recipients.



PUC has consistently achieved its goal of providing TDAP services to the senior and aging population of Oregon. The upward trend is likely to continue and is attributed to ongoing outreach efforts to the aging baby boomer population increasingly needing specialized telephone equipment due to acquired disabilities.

# BUDGET NARRATIVE

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## Funding Streams

In accordance with ORS 759.685, funds for the RSPF programs are derived from a surcharge, not to exceed 35 cents, levied on each paying landline, cellular, and interconnected Voice over Internet Protocol (VoIP) service subscriber with access to Oregon Relay. PUC reviews the RSPF balance annually and adjusts the surcharge rate as necessary to ensure the fund has adequate resources, yet does not exceed six months of projected expenses.

## Revenue

Pursuant to ORS 759.687, the RSPF is established in the State Treasury and uses *no revenue from the General or Lottery fund*.

## 2019-2021 Funding Proposal

The 2019-2021 budget proposal maintains the program at Current Service Level.

## RSPF NARRATIVE

RSPF is staffed by eight positions, 7.5 FTE: 1.0 Program Manager, 1.0 Compliance Specialist, 1 Program Analyst, 1.0 Administrative Specialist, and 3.5 Public Service Representatives.

1. Oregon Relay, as required by the Americans with Disabilities Act of 1990, is a free 24-hour statewide service that allows Oregonians who are deaf, hard of hearing, deaf-blind, or have a speech disability to place and receive calls through specially trained operators. Oregon Relay also includes captioned telephone service, which allows persons with some residual hearing to read the captions of what the other party to the conversation is saying on a captioned telephone display.
2. As determined by the appropriate certifying authority, the Telecommunication Devices Access Program (TDAP) loans specialized telephone equipment to Oregonians who have a loss in hearing, speech, mobility, cognition, or vision. TDAP serves approximately 6,500 customers.
3. With approximately 44,000 customers, the Oregon Telephone Assistance Program (OTAP) is the state-mandated counterpart to the Federal Communication Commission's (FCC) Lifeline program. Collectively known as Oregon Lifeline, the program provides eligible low-income customers with a discount of up to \$12.75 (\$3.50 from OTAP and \$9.25 from the FCC's Lifeline program) on monthly residential or cellular phone service with participating landline or wireless companies.

# BUDGET NARRATIVE

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4. Emergency Medical Certificates (EMC) allows customers of PUC-regulated telecommunications, electric or natural gas, to enter into extended time payment arrangements to stop disconnection of service for qualified medical conditions. PUC's Consumer Services Section administers the EMC program.

The RSPF program collaborates with numerous stakeholders including, but not limited to the FCC, PUC Telecommunications and Consumer staff, Oregon Department of Revenue, Oregon Department of Human Services, Oregon Health Authority, Oregon Commission for the Blind, Citizens' Utility Board of Oregon, telecommunications providers, and low-income and disability constituency groups.

There are three committees that advise PUC on its RSPF programs.

1. ORS 759.696 established the TDAP Program Advisory Committee, which is composed of seven members:
  - a. Three who are deaf or hard of hearing,
  - b. One who has a disability or speech disability,
  - c. One who has a vision loss or is deaf-blind,
  - d. One professional in the field of hearing, speech, vision, or disability, and
  - e. One telecommunications industry representative.
2. PUC created the Oregon Relay Industry Advisory Committee in January 1995 for representatives of the telecommunications industry to provide advice and expertise on efforts to control and minimize costs to customers that support the RSPF programs.
3. Pursuant to ORS 759.688, the OTAP Advisory Committee is comprised of nine members appointed by the Governor:
  - a. One PUC representative knowledgeable about telecommunications,
  - b. One who represents the Citizens' Utility Board,
  - c. One who represents the Oregon Health Authority,
  - d. One who represents telecommunications carriers, including cellular phone carriers,
  - e. One who represents coordinated care organizations,
  - f. One who represents homeless individuals,



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- g. One who represents deaf, deaf-blind, or hard of hearing individuals,
- h. One who receives OTAP services, and
- i. One resident with a background in marketing and outreach.

## Trends

1. Oregon Relay - PUC oversees and governs the funding for all Oregon Relay intrastate conversation minutes, which stabilized to a monthly average of 8,478 and 8,479 in fiscal year 2016 and 2017, respectively. However, PUC projects that Oregon Relay intrastate conversation minutes will decline before stabilizing once again since some customers cannot afford, do not want, or do not have access to internet or cellular service.

Captioned Telephone Service intrastate conversation minutes decreased from a monthly average of 36,795 minutes in fiscal year 2016 to an average of 27,635 minutes in fiscal year 2017. The decrease is likely attributed to the ongoing customer shift to internet-based captioned telephones and apps. The FCC oversees and governs the funding for all internet-based captioned telephone services.

2. Telecommunication Devices Access Program (TDAP) - At the end of 2016 and 2017, there were 6,718 and 6,477 recipients respectively benefitting from specialized telephone equipment (e.g., captioned telephones, amplified phones, speech generating devices, tablets, etc.) from TDAP. The slight decline in TDAP customers is attributed to quarterly decedent data PUC receives from the Office of Vital Statistics. However, PUC introduced mobile smartphones as an assistive telecommunications device in 2018 and anticipates an increase as more customers discontinue landline phone service.
3. Oregon Telephone Assistance Program (OTAP) - One wireless carrier exited the OTAP market in 2016. As a result, the number of customers decreased from an average of 60,651 in 2016 to an average of 43,284 in 2017. However, PUC expects the overall number of customers to increase steadily with the support of the OTAP Advisory Committee.
4. Emergency Medical Certificates (EMC) - There are no telecommunications customers under the EMC because the regulated phone companies are willing to offer extended payment arrangements to those who would be eligible for an EMC.

# BUDGET NARRATIVE

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## **RSPF ESSENTIAL PACKAGE NARRATIVES**

### **Essential Package 010 Non-PICS Personal Services / Vacancy Factor**

This package includes the standard 3.8 percent inflationary increase for temporary appointments, overtime payments, unemployment assessments, and differential costs. It also includes costs for the Public Employees Retirement System Pension Obligation Bond repayment.

### **Essential Package 031 Standard Inflation**

This package increases Services and Supplies by the standard 3.8 percent and non-state employee and professional services costs by 4.2 percent inflation rates. Office rent increased by the allowed 3.8 percent. The rate for Attorney General services increased by 20.17 percent. The package also adjusts costs for changes in State Government Service Charges.

### **Essential Package 060 Technical Adjustments**

This package adjusts expenditures within Services and Supplies to allocated lease expenditures based on occupancy after the agency's move to its new location.

# BUDGET NARRATIVE

## RSPF ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY (BPR013)

### ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Public Utility Commission

Cross Reference Name: Residential Service Protection

Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Number: 86000-003-00-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
All Other Differential	-	-	249	-	-	-	249
Public Employees' Retire Cont	-	-	42	-	-	-	42
Pension Obligation Bond	-	-	3,264	-	-	-	3,264
Social Security Taxes	-	-	19	-	-	-	19
Mass Transit Tax	-	-	161	-	-	-	161
Vacancy Savings	-	-	10,579	-	-	-	10,579
<b>Total Personal Services</b>	-	-	<b>\$14,314</b>	-	-	-	<b>\$14,314</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	14,314	-	-	-	14,314
<b>Total Expenditures</b>	-	-	<b>\$14,314</b>	-	-	-	<b>\$14,314</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(14,314)	-	-	-	(14,314)
<b>Total Ending Balance</b>	-	-	<b>(\$14,314)</b>	-	-	-	<b>(\$14,314)</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Residential Service Protection**  
**Cross Reference Number: 86000-003-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	484	-	-	-	484
Out of State Travel	-	-	146	-	-	-	146
Employee Training	-	-	481	-	-	-	481
Office Expenses	-	-	3,485	-	-	-	3,485
Telecommunications	-	-	849	-	-	-	849
State Gov. Service Charges	-	-	15	-	-	-	15
Data Processing	-	-	10	-	-	-	10
Publicity and Publications	-	-	1,068	-	-	-	1,068
Professional Services	-	-	166,479	-	-	-	166,479
Attorney General	-	-	21,388	-	-	-	21,388
Dues and Subscriptions	-	-	45	-	-	-	45
Facilities Rental and Taxes	-	-	3,612	-	-	-	3,612
Facilities Maintenance	-	-	203	-	-	-	203
Agency Program Related S and S	-	-	150,134	-	-	-	150,134
Other Services and Supplies	-	-	3,289	-	-	-	3,289
Expendable Prop 250 - 5000	-	-	486	-	-	-	486
<b>Total Services &amp; Supplies</b>	-	-	<b>\$352,174</b>	-	-	-	<b>\$352,174</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	352,174	-	-	-	352,174
<b>Total Expenditures</b>	-	-	<b>\$352,174</b>	-	-	-	<b>\$352,174</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Residential Service Protection**  
**Cross Reference Number: 86000-003-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Ending Balance</b>							
Ending Balance	-	-	(352,174)	-	-	-	(352,174)
<b>Total Ending Balance</b>	-	-	<b>(\$352,174)</b>	-	-	-	<b>(\$352,174)</b>

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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Residential Service Protection**  
**Cross Reference Number: 86000-003-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Facilities Rental and Taxes	-	-	(5,323)	-	-	-	(5,323)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$5,323)</b>	-	-	-	<b>(\$5,323)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(5,323)	-	-	-	(5,323)
<b>Total Expenditures</b>	-	-	<b>(\$5,323)</b>	-	-	-	<b>(\$5,323)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	5,323	-	-	-	5,323
<b>Total Ending Balance</b>	-	-	<b>\$5,323</b>	-	-	-	<b>\$5,323</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 091 - Statewide Adjustment DAS Chgs**

**Cross Reference Name: Residential Service Protection**  
**Cross Reference Number: 86000-003-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Office Expenses	-	-	(10,477)	-	-	-	(10,477)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$10,477)</b>	-	-	-	<b>(\$10,477)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(10,477)	-	-	-	(10,477)
<b>Total Expenditures</b>	-	-	<b>(\$10,477)</b>	-	-	-	<b>(\$10,477)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	10,477	-	-	-	10,477
<b>Total Ending Balance</b>	-	-	<b>\$10,477</b>	-	-	-	<b>\$10,477</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 092 - Statewide AG Adjustment**

**Cross Reference Name: Residential Service Protection**  
**Cross Reference Number: 86000-003-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(7,591)	-	-	-	(7,591)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$7,591)</b>	-	-	-	<b>(\$7,591)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(7,591)	-	-	-	(7,591)
<b>Total Expenditures</b>	-	-	<b>(\$7,591)</b>	-	-	-	<b>(\$7,591)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	7,591	-	-	-	7,591
<b>Total Ending Balance</b>	-	-	<b>\$7,591</b>	-	-	-	<b>\$7,591</b>



# BUDGET NARRATIVE

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## RSPF POLICY PACKAGES INVOLVING IT PROJECTS/INITIATIVES

None submitted for the 2019-2021 biennium.

# BUDGET NARRATIVE

## RSPF DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (BPR012)

### DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Utility Commission 2019-21 Biennium		Agency Number: 86000 Cross Reference Number: 86000-003-00-00-00000				
<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Other Selective Taxes	7,769,858	10,096,618	10,096,618	12,658,743	12,658,743	-
Charges for Services	2,894	-	-	-	-	-
Fines and Forfeitures	27,394	25,325	25,325	37,976	37,976	-
Interest Income	70,325	42,576	42,576	79,788	79,788	-
Other Revenues	304,855	-	-	-	-	-
Transfer Out - Intrafund	(2,259,195)	(2,851,788)	(2,851,788)	(3,318,862)	(3,318,862)	-
<b>Total Other Funds</b>	<b>\$5,916,131</b>	<b>\$7,312,731</b>	<b>\$7,312,731</b>	<b>\$9,457,645</b>	<b>\$9,457,645</b>	-

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Detail of LF, OF, and FF Revenues - BPR012

## BUDGET NARRATIVE

### RSPF DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 -17 Actual	2017 -19 Legislatively Adopted	2017 - 19 Estimated	2019- 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Other Funds Ltd</b>								
Other Selective Taxes	3400	0190	7,769,858	10,096,618	8,426,891	12,658,743	12,658,743	-
Business Lic and Fees	3400	0205	-	-	-	-	-	-
Public Utilities Fees	3400	0240	-	-	-	-	-	-
Federal Revenues	3400	0355	-	-	-	-	-	-
Charges for Services	3400	0410	2,894	-	-	-	-	-
Fines and Forfeitures	3400	0505	27,394	25,325	25,281	37,976	37,976	-
Interest Income	3400	0605	70,324	42,576	89,250	79,788	79,788	-
Other Revenues	3400	0975	304,855	-	-	-	-	-
Transfer In - Intrafund	3400	1010	-	-	-	-	-	-
Transfer In - Indirect Cost	3400	1020	-	-	-	-	-	-
Transfer Out - Intrafund	3400	2010	(2,259,195)	(2,851,788)	(3,171,331)	(3,318,862)	(3,318,862)	-
Transfer Out - Indirect Cost	3400	2020	-	-	-	-	-	-
Transfer to Other	3400	2050	-	-	-	-	-	-
<b>Total Other Funds Ltd</b>			<b>5,916,130</b>	<b>7,312,731</b>	<b>5,370,091</b>	<b>9,457,645</b>	<b>9,457,645</b>	<b>-</b>

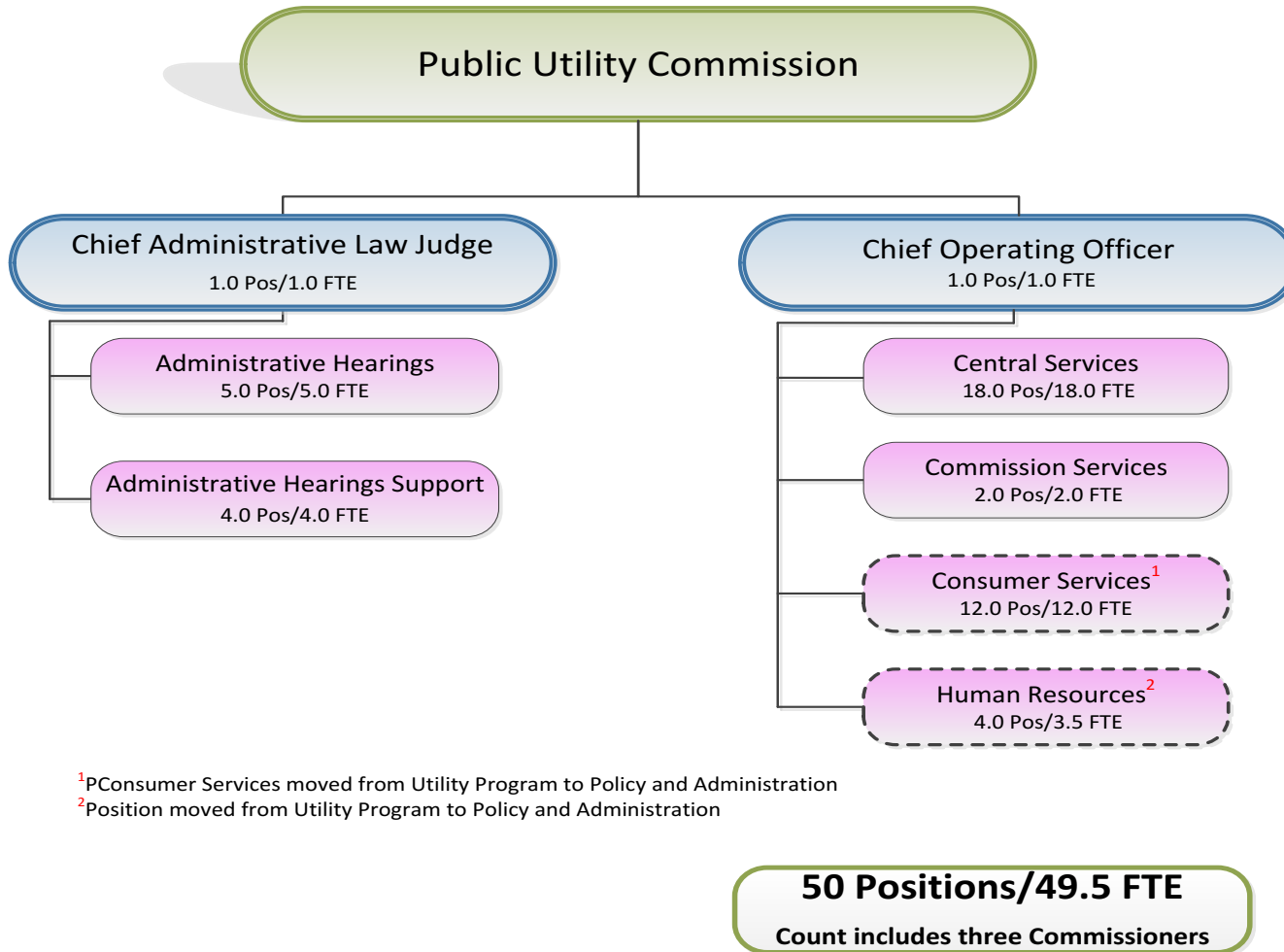
## BUDGET NARRATIVE

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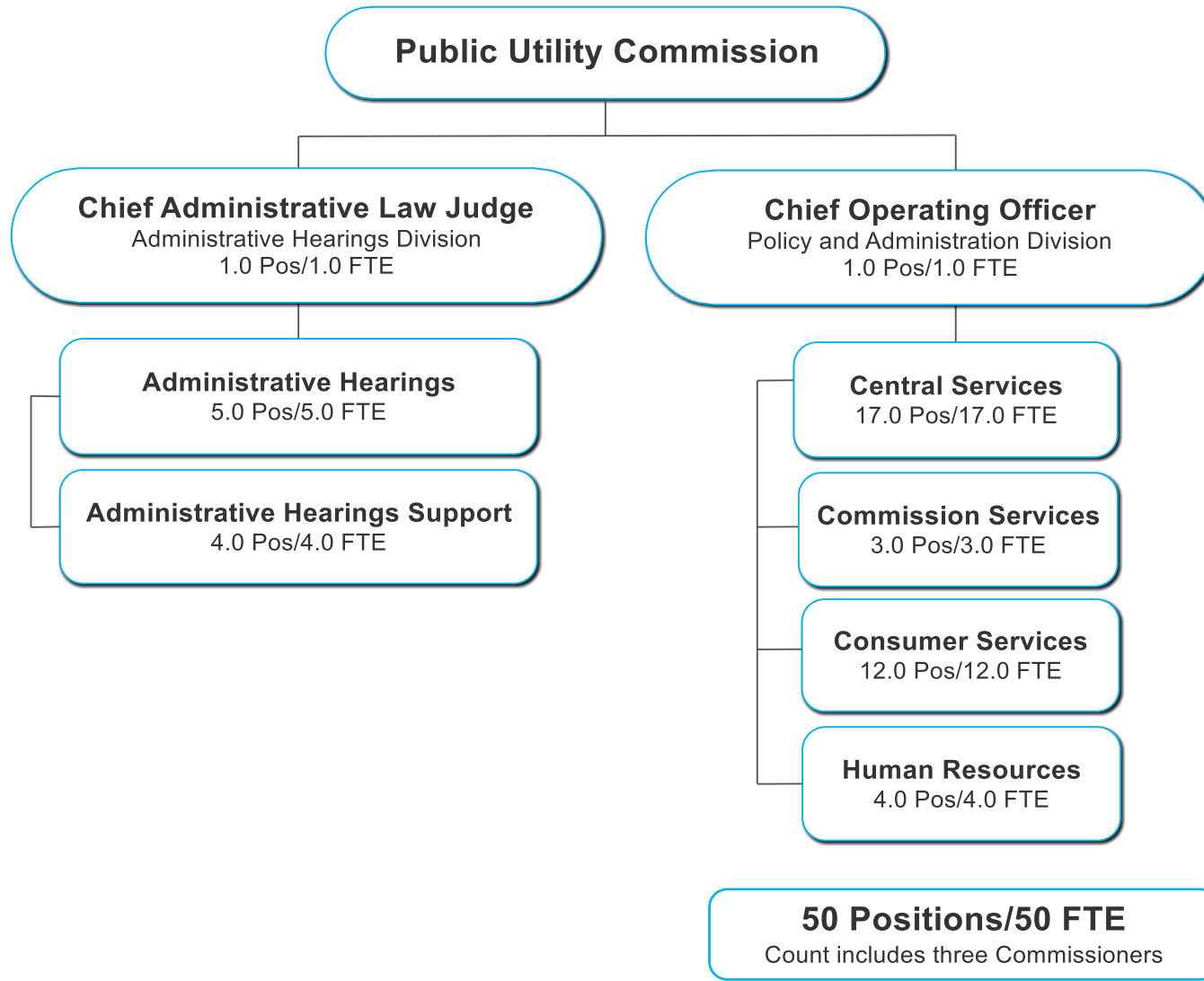
# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION 2017-2019 LEGISLATIVE ADOPTED BUDGET



# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION 2019-2021 GOVERNOR'S BUDGET



# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION EXECUTIVE SUMMARY

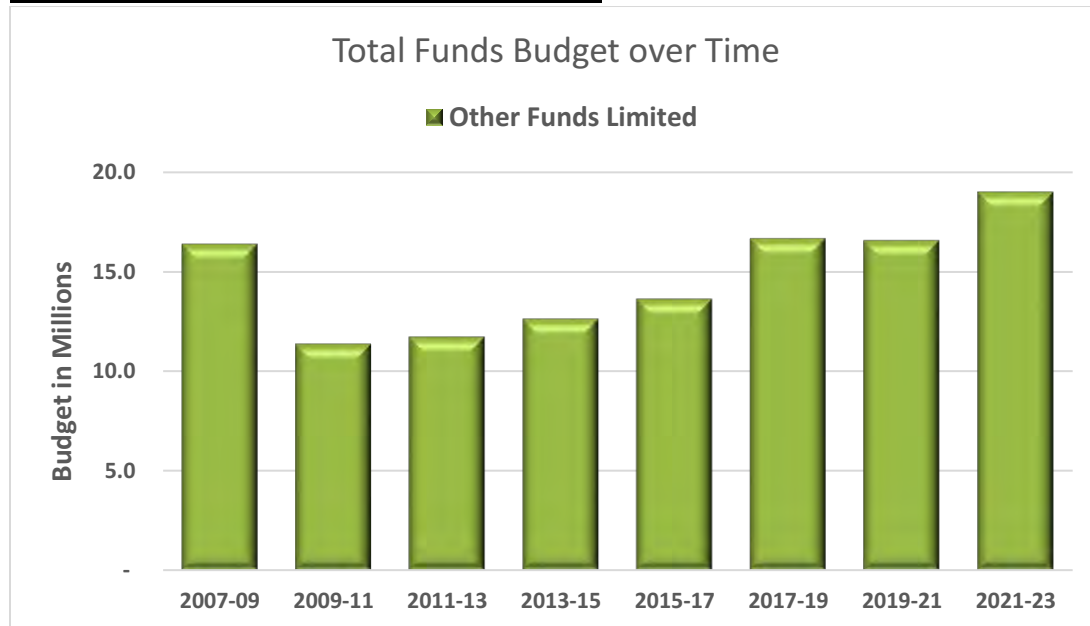
### Long Term Focus Area

Primary Focus Area – A Thriving Statewide Economy

### Primary Program Contact

Michael Dougherty michael.dougherty@state.or.us

### Total Funds Budget Over Time - Graph



# BUDGET NARRATIVE

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## **Program Overview**

Policy and Administration encompasses the Commissioners, Chief Operating Officer, Commission Services, Administrative Hearings Division, Consumer Services, Central (Business) Services, Information Systems, Human Resources, and RSPF for administrative purposes only.

## **Program Funding Request**

The 2019-2021 funding request for Policy & Administration is \$17,514,191 – Other Funds Limited. Approximately 76 percent of funding is attributable to personal services. The four largest charges under services and supplies are attorney general fees, facilities rent, state government service charges, and professional services.

Program cost increases are based on current service level and Department of Administrative Services’ inflationary increases.

	Program Costs (Limited)	FTE
2019-21	\$17,514,191	53.58
2021-23	\$19,236,804	54.0
2023-25	\$20,895,225	54.0

The Policy and Administration Division is responsible for Key Performance Measures (KPMs) 8, 11, and 12.

Policy and Administration is fundamental to the agency’s mission:

“To ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.”

## **Enabling Legislation/Program Authorization**

The PUC bases its authority on several chapters of state law.

**Oregon Revised Statute (ORS) 756** sets out the agency’s general powers:

- Grants the Commission authority to “represent the customers of any electric and natural gas utility, telecommunications utility, water utility and the public generally in all controversies respecting rates, valuations, service and all matters of which the Commission has jurisdiction.”
- Authorizes the Commission to set rates and determine the terms and conditions of service.



# BUDGET NARRATIVE

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- Authorizes the Commission to investigate the management and records of regulated utilities, investigate complaints and take other actions to protect customers.
- Gives the Commission the responsibility to “balance the interests of the utility investor and the consumer in establishing fair and reasonable rates.”

## **Program Description**

Policy and Administration is comprised of several divisions within the agency. It includes three Commissioners, who head the Public Utility Commission (PUC). The Commissioners and the Administrative Hearings Division are separated organizationally from the Utility Program to ensure fair and impartial decision-making. Human Resources is also a separate section due to the confidentiality of its functions. The remainder of the program serves PUC by providing accounting and budget assistance, information systems support, consumer services, and general administrative support.

## **Program Justification and Link to the Governor’s “Moving Oregon Forward”**

Policy and Administration is directly tied to A Thriving Statewide Economy Focus Area by supporting the Utility Program, Residential Service Protection Fund (RSPF), and Oregon Board of Maritime Pilots (OBMP) to efficiently meet their goals and objectives. Decisions by PUC affect billions of investor and consumer dollars, the reliability of infrastructure, and Oregon’s economy.

## **Program Performance**

PUC is responsible for the economic regulation of investor-owned electric and natural gas utilities, investor-owned water companies and certain water associations, and the telephone industry. These utilities provide service to approximately 2.9 million Oregon customers collecting approximately \$4.8 billion in revenue from ratepayers in calendar year 2016. These utilities may only collect for services at prices that are approved by PUC. Thus, decisions by PUC affect billions of investor and consumer dollars, the reliability of infrastructure, and Oregon’s economy.

Every aspect of Oregon’s economy is fundamentally dependent upon quality utility services at affordable prices. Decisions the three PUC Commissioners make about service quality, pricing, and safety have a direct and meaningful effect on the economic well-being of the state.

The subject matter of cases heard by the Commission ranges from complex rate applications, mergers and acquisitions, industry investigation, and telecommunications interconnection agreements to more straightforward consumer complaints and safety violations. These matters typically involve disputed issues related to accounting, finance, economics, and network engineering.

# BUDGET NARRATIVE

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Concerning the business side of PUC, the agency has received 21 consecutive Department of Administrative Services (DAS) Gold Star Accounting Awards, has an impressive risk management performance, and has continuously sought out ways to find efficiencies and reduce costs.

## **Funding Streams**

Policy and Administration receives *no general funds or lottery funds*. The Policy and Administration activities are funded by transfers from the programs they support. Approximately 20 percent of the funding for this program is transferred from the Residential Service Protection Fund (RSPF). The remainder of the funding (80 percent) is supported by the Utility Program funds.

## **2019-2021 Funding Proposal**

The 2019-2021 budget proposal increases the Current Service Level. This budget includes three policy option packages: one that increases agency personnel, one that increases limitation for PUC's Attorney General expenditures, and one that reallocates staff from the Utility Program to Policy and Administration.

## **POLICY AND ADMINISTRATION NARRATIVE**

Policy and Administration consists of 50 positions (50 FTE).

### **Commissioners**

PUC has three Commissioners who are appointed by the Governor to staggered four-year terms. The Governor appoints the Commission Chair, who serves as the administrative head and prescribes internal policies and procedures for governing the agency. The Commissioners do not specialize in any area of regulation. All three participate in all areas and make decisions as a body, based on the record in individual cases. The Commissioners establish policies for the agency and the regulated utilities and make the final decisions on utility rate and service matters under PUC's jurisdiction. The Commission must consider the effects of competition, the demand for services, and resolve many complex issues facing utilities in a changing market. Commissioners encourage participation by the public and stakeholders on these and other issues at their public meetings.

# BUDGET NARRATIVE

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## **Commission Services**

Commission Services provides direct support to the three Commissioners coordinates legislative activities and other external relations, and coordinates media/public information activities. The section ensures compliance with public meeting laws and other requirements, provide information to the public, and encourage citizen involvement in the PUC activities.

## **Administrative Hearings Division**

The Administrative Hearings Division (AHD) is an independent division in the agency that reports directly to the Commissioners. AHD's primary function is to conduct legal proceedings brought under the Commission's jurisdiction. AHD also conducts ratemaking proceedings for the Oregon Board of Maritime Pilots (OBMP).

AHD is comprised of one Chief Administrative Law Judge, five Administrative Law Judges (ALJs), and four legal support staff. By statute, the PUC is exempt from using ALJs from the Office of Administrative Hearings. Instead, it employs its own ALJs with specialized expertise in utility law. ALJ's preside over agency proceedings and make recommended decisions to the Commissioners on matters involving electric, natural gas, telecommunications and water utilities. ALJs conduct contested case hearings and rulemaking proceedings pursuant to state law, and serve as arbitrators under the Federal Telecommunications Act of 1996.

The subject matter of cases ranges from complex rate applications, industry investigations, and telecommunications interconnection agreements to more straightforward consumer and industry complaints. These matters typically involve disputed issues related to accounting, finance, economics, and network engineering.

Cases frequently involve numerous parties representing divergent and conflicting business, consumer, and public interests. Many proceedings are time-sensitive and require an extended procedural schedule that includes discovery, multiple rounds of pre-filed testimony, evidentiary hearings, and briefings. Conferences are regularly held to hear arguments on party status, resolve discovery disputes, treatment of protected information, and evidentiary and procedural objections.

AHD also manages the regulatory utility filing process, performs utility tariff review and coordination, monitors critical deadlines, ensures public notification, and manages records retention and archiving schedules.

ALJs also use Alternative Dispute Resolution (ADR) as a tool to resolve disputes informally without hearing. Where successful, this avoids unnecessary litigation, conserves public and private resources, and produces results that better meet the needs of involved parties. AHD also provides hearing services to the Oregon Board of Maritime Pilots (OBMP).

# BUDGET NARRATIVE

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## **Chief Operating Officer**

The Chief Operating Officer (COO) provides overall administrative and operational leadership to agency staff and management. The COO also provides strategic vision and planning under the policy guidance of the Commission, including:

- Legislative initiatives and coordination,
- Interagency and governmental relations,
- Development and management of the agency budget,
- Development of the Continuity of Operations Plan, and
- Agency operations.

The COO leads the agency management team; plans, develops, and implements strategic goals and objectives to meet the agency's immediate needs and overall mission. The position acts as the agency's primary point of contact with the Legislature and DAS; and other state, federal, and local agencies.

The COO is responsible for managerial and supervisory oversight of the Commission Office, Central Services, Human Resources, Consumer Services, and OBMP.

## **Central Services**

The Central Services Division includes Information Systems and Business Services. Business Services and Information Systems are addressed below.

## **Business Services**

Business Services' accounting and budgeting staff refine collection of detailed accounting and reporting systems to ensure current management reporting needs are met.

# BUDGET NARRATIVE

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The Business Services section includes:

- Accounting functions,
- Procurement and contracting,
- Payroll coordination and reconciliation,
- Fiscal and budgeting services,
- Revenue fee collection,
- Key card coordination,
- Forms coordination,
- Inventory and surplus,
- Policies and procedures coordination,
- Reception services,
- Risk management and safety,
- Facilities, parking, and fleet services,
- Travel services,
- Continuity of Operations Plan (COOP) Coordination, and
- Mail and copy services.

Staff attends training in their respective areas to ensure they maintain the skills necessary to plan system enhancements and changes. The PUC has adopted an internal audit committee charter and develops internal audit procedures consistent with DAS directions.

Business Services plans, develops, and prepares the biennial budget, assesses and recommends the fee level for revenue requirements from utilities, and collects fees annually.

Business Services leads and coordinates the administrative and technical work within the agency necessary to implement and effectively utilize Electronic Document Management Systems (EDMS).

# BUDGET NARRATIVE

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Business Services provides accounting, procurement, travel, and budget services to the Oregon Board of Maritime Pilots (OBMP).

## **Information Systems**

Information Systems (IS) provides:

- Information Technology (IT) support,
- Computer hardware and software services,
- Web services,
- Email services,
- Cloud services
- Telecommunications services,
- Database services,
- Data communications services,
- Internet access services, and
- Assists with business continuity planning, disaster recovery planning, and network security services.

The section manages the IS budget and IT long-range planning for the agency.

IS provides IT support to OBMP and the PUC Portland satellite office.

## **Human Resources**

Human Resources (HR) provides personnel services to the agency, including:

- Advising management and staff on employee relations matters,
- Conducting recruitment processes to effectively hire and retain competent employees,
- Representing and committing the agency in personnel-related actions,
- Monitoring employee training and coordinating all agency training activities,

# BUDGET NARRATIVE

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- Providing reception services,
- Maintaining agency policies and procedures,
- Administering the Family Medical Leave Act (FMLA) and Oregon Family Leave Act (OFLA), and
- Ensuring agency compliance with the Department of Administrative Services (DAS) rules and policies, as well as other applicable statutory requirements.

Human Resources provides personnel services to OBMP.

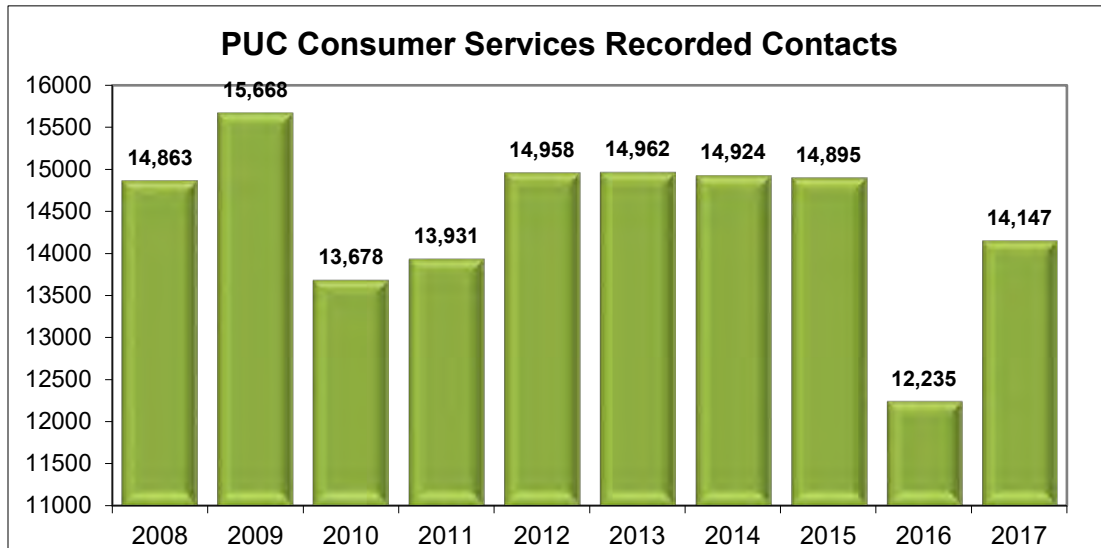
## **Consumer Services**

The Consumer Services Section includes the Consumer Services Section and the Residential Service Protection Fund (RSPF). RSPF is described under its own tab due to the budget structure.

The Consumer Services Section provides a valuable public service by responding to questions from consumers about the utility industry and resolving consumer complaints. In 2017, Consumer Services staff received 14,147 recorded consumer contacts, or 1,137 per month on average. A single contact often involves multiple issues. Recorded contacts are inquiries, which often require research, analysis, processing, and some resolution by staff.

The number of contacts to the Consumer Services section has been relatively stable from 2008 through 2017. In 2017, Consumer Services averaged one public contact every 8.4 minutes. The Section deals with regulated issues, as well as a variety of non-traditional consumer protection issues over which the Commission may have limited or no direct statutory authority.

# BUDGET NARRATIVE



## Consumer Savings

Consumer Services assists consumers in their disputes with regulated utilities and certain non-regulated companies, like wireless and broadband providers, while tracking dollar savings achieved for consumers. In 2016 and 2017, Consumer Services staff was able to help customers recover over \$550,000 in incorrect charges, more than double the savings from 2014 and 2015.

## Regulated Industries

Consumer Services primarily handles complaints against regulated utilities concerning electric, natural gas, water, and telecommunications billing, service reliability, and customer service issues. Approximately 75 percent of the complaints and inquiries received are related to telecommunications (wired and wireless) services. The number of telecommunications service complaints rose sharply in 2015 as compared to previous years, but has shown a steady decline in 2016 and 2017 primarily due to the continuing loss of traditional landlines to wireless service.

## Wireless Complaints

Beginning in 2005, Consumer Services has been handling wireless complaints under an interagency agreement with the Department of Justice (DOJ) to enforce an Assurance of Voluntary Compliance (AVC) agreement. The AVC agreement is between DOJ and Verizon, Sprint, and AT&T to address misrepresentation during sales transactions. DOJ determined that utilizing PUC's existing consumer complaint process and industry contacts provided for an efficient utilization of state resources. This allows DOJ to more effectively monitor and ensure the companies' compliance



# BUDGET NARRATIVE

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with the terms and conditions of the AVC. The interagency agreement allows Consumer Services to resolve complaints against these three wireless voice providers. PUC provides quarterly reports to DOJ. PUC is reimbursed by DOJ for the costs of the investigations and reports.

## Slamming and Cramming

Slamming occurs when a telecom service provider is switched without customer permission, while cramming is defined as unauthorized charges on a customer's phone bill. Slamming and cramming used to account for a large percentage of the telecommunications related complaints received by Consumer Services. However, rule changes and decisions from the Federal Communications Commission (FCC) have resulted in a dramatic decrease in these complaints over the last several years. By 2017, cramming complaints have dropped by more than 98 percent from their peak in 2004. Slamming complaints have declined even more – 2017 saw zero slamming complaints. While such complaints are still occasionally received, they are easily resolved in the customer's favor.

## Non-Jurisdictional Issues

Consumer Services receives numerous complaints from consumers regarding problems with their broadband service, Voice over Internet Protocol (VoIP) telephone service, cable and satellite TV, and internet service providers (ISPs). Although the Commission does not regulate these services, Consumer Services has established constructive relationships with providers that often allows for successful resolution of customer complaints. Some of these complaints are referred to DOJ for handling.

## Emergency Medical Certificates

The Emergency Medical Certificates (EMC) program helps protect at-risk consumers from utility service disconnection if their physician certifies that the loss of utility service could pose a danger to the life of the customer. The EMC does not guarantee service will not be disconnected, but it requires the utility company to enter into extended payment arrangements with the customer to avoid disconnection. If a customer fails to abide by the payment arrangement, service can be disconnected upon notification to the customer. These disconnections are subject to review by the PUC's EMC Coordinator.

In 2017, Oregon's six regulated energy utilities notified the PUC that they had sent disconnect notices to approximately 6,100 EMC participants, fewer than 10 percent of which proceeded to actual disconnection. Utilities are very proactive in working with these customers to avoid disconnection whenever possible.

# BUDGET NARRATIVE

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## Emerging Trends

While complaints against wireline telephone utilities have increased in recent years, 2016 and 2017 showed a decrease in absolute number of complaints as landline customers decline. Most of the complaints received were for poor service quality problems, poor customer service, or billing errors. In 2016 and 2017, an increasing number of complaints involve service quality. The increase in complaints appears to be primarily related to large telephone companies' aging copper networks. As a result, service quality has declined for companies who have chosen not to modernize their networks. Further, the large telecommunications companies have consolidated call centers, reduced customer service staff and sometimes use off-shore call centers. These actions have resulted in customer frustration due to a decreased level of customer service.

# BUDGET NARRATIVE

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## **POLICY AND ADMINISTRATION ESSENTIAL PACKAGE NARRATIVES**

### **Essential Package 010 Non-PICS Personal Services / Vacancy Factor**

This package includes the standard 3.8 percent inflationary increase for temporary appointments, overtime payments, unemployment assessments, and differential costs. It also includes adjustments to vacancy savings and costs for the Public Employees Retirement System Pension Obligation Bond repayment.

### **Essential Package 022 Costs of Phased-out Programs and One-time Costs**

This package decreases one-time costs from the elimination of expenditures associated with the agency's new e-discovery and e-filing system.

### **Essential Package 031 Standard Inflation**

This package increases Services and Supplies by the standard 3.8 percent and non-state employee and professional services costs by 4.2 percent inflation rates. Office rent increased by the allowed 3.8 percent. The rate for Attorney General services increased by 20.17 percent. The package also adjusts costs for changes in State Government Service Charges.

### **Essential Package 060 Technical Adjustments**

This package adjusts expenditures within Services and Supplies to allocated lease expenditures based on occupancy after the agency's move to its new location. The package further reallocates attorney general expenditures to reflect actual spending in the Policy and Administration Program.

# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY (BPR013)

### ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Temporary Appointments	-	-	2,278	-	-	-	2,278
Overtime Payments	-	-	1,070	-	-	-	1,070
Shift Differential	-	-	82	-	-	-	82
All Other Differential	-	-	684	-	-	-	684
Public Employees' Retire Cont	-	-	312	-	-	-	312
Pension Obligation Bond	-	-	46,906	-	-	-	46,906
Social Security Taxes	-	-	315	-	-	-	315
Unemployment Assessments	-	-	262	-	-	-	262
Mass Transit Tax	-	-	4,514	-	-	-	4,514
Vacancy Savings	-	-	172,536	-	-	-	172,536
<b>Total Personal Services</b>	-	-	<b>\$228,959</b>	-	-	-	<b>\$228,959</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	228,959	-	-	-	228,959
<b>Total Expenditures</b>	-	-	<b>\$228,959</b>	-	-	-	<b>\$228,959</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(228,959)	-	-	-	(228,959)
<b>Total Ending Balance</b>	-	-	<b>(\$228,959)</b>	-	-	-	<b>(\$228,959)</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 022 - Phase-out Pgm & One-time Costs**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Software	-	-	(400,000)	-	-	-	(400,000)
<b>Total Capital Outlay</b>	-	-	<b>(\$400,000)</b>	-	-	-	<b>(\$400,000)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(400,000)	-	-	-	(400,000)
<b>Total Expenditures</b>	-	-	<b>(\$400,000)</b>	-	-	-	<b>(\$400,000)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	400,000	-	-	-	400,000
<b>Total Ending Balance</b>	-	-	<b>\$400,000</b>	-	-	-	<b>\$400,000</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	319	-	-	-	319
Out of State Travel	-	-	2,172	-	-	-	2,172
Employee Training	-	-	4,753	-	-	-	4,753
Office Expenses	-	-	7,137	-	-	-	7,137
Telecommunications	-	-	3,343	-	-	-	3,343
State Gov. Service Charges	-	-	218,788	-	-	-	218,788
Data Processing	-	-	9,915	-	-	-	9,915
Publicity and Publications	-	-	1,025	-	-	-	1,025
Professional Services	-	-	22,925	-	-	-	22,925
IT Professional Services	-	-	6,578	-	-	-	6,578
Attorney General	-	-	301,091	-	-	-	301,091
Employee Recruitment and Develop	-	-	185	-	-	-	185
Dues and Subscriptions	-	-	2,144	-	-	-	2,144
Facilities Rental and Taxes	-	-	29,133	-	-	-	29,133
Facilities Maintenance	-	-	609	-	-	-	609
Agency Program Related S and S	-	-	373	-	-	-	373
Other Services and Supplies	-	-	1,833	-	-	-	1,833
Expendable Prop 250 - 5000	-	-	2,568	-	-	-	2,568
IT Expendable Property	-	-	3,124	-	-	-	3,124
<b>Total Services &amp; Supplies</b>	-	-	<b>\$618,015</b>	-	-	-	<b>\$618,015</b>

**Capital Outlay**

Data Processing Software	-	-	-	-	-	-	-
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# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 031 - Standard Inflation**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Capital Outlay</b>							
Data Processing Hardware	-	-	2,995	-	-	-	2,995
<b>Total Capital Outlay</b>	-	-	<b>\$2,995</b>	-	-	-	<b>\$2,995</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	621,010	-	-	-	621,010
<b>Total Expenditures</b>	-	-	<b>\$621,010</b>	-	-	-	<b>\$621,010</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(621,010)	-	-	-	(621,010)
<b>Total Ending Balance</b>	-	-	<b>(\$621,010)</b>	-	-	-	<b>(\$621,010)</b>

# BUDGET NARRATIVE

## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(1,338,456)	-	-	-	(1,338,456)
Facilities Rental and Taxes	-	-	(17,349)	-	-	-	(17,349)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$1,355,805)</b>	-	-	-	<b>(\$1,355,805)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(1,355,805)	-	-	-	(1,355,805)
<b>Total Expenditures</b>	-	-	<b>(\$1,355,805)</b>	-	-	-	<b>(\$1,355,805)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	1,355,805	-	-	-	1,355,805
<b>Total Ending Balance</b>	-	-	<b>\$1,355,805</b>	-	-	-	<b>\$1,355,805</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 090 - Analyst Adjustments**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	107,640	-	-	-	107,640
Empl. Rel. Bd. Assessments	-	-	51	-	-	-	51
Public Employees' Retire Cont	-	-	18,267	-	-	-	18,267
Social Security Taxes	-	-	8,234	-	-	-	8,234
Worker's Comp. Assess. (WCD)	-	-	49	-	-	-	49
Flexible Benefits	-	-	29,320	-	-	-	29,320
<b>Total Personal Services</b>	-	-	<b>\$163,561</b>	-	-	-	<b>\$163,561</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	600	-	-	-	600
Out of State Travel	-	-	1,000	-	-	-	1,000
Employee Training	-	-	2,400	-	-	-	2,400
Office Expenses	-	-	365	-	-	-	365
Telecommunications	-	-	2,000	-	-	-	2,000
Data Processing	-	-	1,500	-	-	-	1,500
Employee Recruitment and Develop	-	-	1,000	-	-	-	1,000
Other Services and Supplies	-	-	320	-	-	-	320
Expendable Prop 250 - 5000	-	-	550	-	-	-	550
IT Expendable Property	-	-	1,900	-	-	-	1,900
<b>Total Services &amp; Supplies</b>	-	-	<b>\$11,635</b>	-	-	-	<b>\$11,635</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 090 - Analyst Adjustments**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	175,196	-	-	-	175,196
<b>Total Expenditures</b>	-	-	<b>\$175,196</b>	-	-	-	<b>\$175,196</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(175,196)	-	-	-	(175,196)
<b>Total Ending Balance</b>	-	-	<b>(\$175,196)</b>	-	-	-	<b>(\$175,196)</b>
<b>Total Positions</b>							
Total Positions							1
<b>Total Positions</b>							<b>1</b>
<b>Total FTE</b>							
Total FTE							0.83
<b>Total FTE</b>							<b>0.83</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 091 - Statewide Adjustment DAS Chgs**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	(4,320)	-	-	-	(4,320)
Office Expenses	-	-	(1,642)	-	-	-	(1,642)
Telecommunications	-	-	661	-	-	-	661
State Gov. Service Charges	-	-	(51,991)	-	-	-	(51,991)
Publicity and Publications	-	-	(1,743)	-	-	-	(1,743)
Professional Services	-	-	693	-	-	-	693
Other Services and Supplies	-	-	(10,431)	-	-	-	(10,431)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$68,773)</b>	-	-	-	<b>(\$68,773)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(68,773)	-	-	-	(68,773)
<b>Total Expenditures</b>	-	-	<b>(\$68,773)</b>	-	-	-	<b>(\$68,773)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	68,773	-	-	-	68,773
<b>Total Ending Balance</b>	-	-	<b>\$68,773</b>	-	-	-	<b>\$68,773</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 092 - Statewide AG Adjustment**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
Attorney General	-	-	(27,229)	-	-	-	(27,229)
<b>Total Services &amp; Supplies</b>	-	-	<b>(\$27,229)</b>	-	-	-	<b>(\$27,229)</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	(27,229)	-	-	-	(27,229)
<b>Total Expenditures</b>	-	-	<b>(\$27,229)</b>	-	-	-	<b>(\$27,229)</b>
<b>Ending Balance</b>							
Ending Balance	-	-	27,229	-	-	-	27,229
<b>Total Ending Balance</b>	-	-	<b>\$27,229</b>	-	-	-	<b>\$27,229</b>

# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION PPDBFISCAL

01/24/19 REPORT NO.: PPDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 004-00-00 Policy and Administration

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

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 PICS SYSTEM: BUDGET PREPARATION

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PACKAGE: 090 - Analyst Adjustments

POSITION NUMBER	CLASS	COMP	CLASS NAME	POS CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1900107	MMN	X5617	AP INTERNAL AUDITOR 2	1	.83	20.00	02	5,382.00		107,640 55,921			107,640 55,921
TOTAL PICS SALARY										107,640			107,640
TOTAL PICS OPE										55,921			55,921
TOTAL PICS PERSONAL SERVICES =				1	.83	20.00				163,561			163,561

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01/24/19 REPORT NO.: PDPFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 004-00-00 Policy and Administration

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

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 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 102 - Increase Utility Program & Pol

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
1900106	MMN X0873	AP OPERATIONS & POLICY ANALYST 4	1	.75	18.00	06	7,942.00		142,956			142,956
									61,674			61,674
TOTAL PICS SALARY									142,956			142,956
TOTAL PICS OPE									61,674			61,674
TOTAL PICS PERSONAL SERVICES =			1	.75	18.00				204,630			204,630

# BUDGET NARRATIVE

01/24/19 REPORT NO.: PPDFISCAL  
 REPORT: PACKAGE FISCAL IMPACT REPORT  
 AGENCY: 86000 PUBLIC UTILITY COMMISSION  
 SUMMARY XREF: 004-00-00 Policy and Administration

DEPT. OF ADMIN. SVCS. -- PPDB PICS SYSTEM

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 PICS SYSTEM: BUDGET PREPARATION

PACKAGE: 105 - Strategic Energy Initiatives

POSITION NUMBER	CLASS COMP	CLASS NAME	POS. CNT	FTE	MOS	STEP	RATE	GF SAL/OPE	OF SAL/OPE	FF SAL/OPE	LF SAL/OPE	AF SAL/OPE
0000248	MMS X7008 AP	PRINCIPAL EXECUTIVE/MANAGER E	1	1.00	24.00	09	9,177.00		220,248			220,248
									89,528			89,528
0000503	UA C1157 AP	UTILITY AND ENERGY ANALYST 3	1	1.00	24.00	06	7,242.00		173,808			173,808
									78,094			78,094
TOTAL PICS SALARY									394,056			394,056
TOTAL PICS OPE									167,622			167,622
TOTAL PICS PERSONAL SERVICES =			2	2.00	48.00				561,678			561,678

# BUDGET NARRATIVE

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## POLICY AND ADMINISTRATION POLICY PACKAGES INVOLVING IT PROJECTS/INITIATIVES

None submitted for 2019-2021 biennium.



# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

**(BPR012)**

### DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Public Utility Commission  
2019-21 Biennium

Agency Number: 86000

Cross Reference Number: 86000-004-00-00-00000

<i>Source</i>	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
<b>Other Funds</b>						
Charges for Services	19,070	14,000	14,000	14,000	14,000	-
Other Revenues	26,057	-	-	-	-	-
Transfer In - Intrafund	12,763,092	16,785,618	16,785,618	17,515,113	17,398,715	-
<b>Total Other Funds</b>	<b>\$12,808,219</b>	<b>\$16,799,618</b>	<b>\$16,799,618</b>	<b>\$17,529,113</b>	<b>\$17,412,715</b>	-

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Detail of LF, OF, and FF Revenues - BPR012

# BUDGET NARRATIVE

## POLICY AND ADMINISTRATION DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE (107BF07)

Source	Fund	ORBITS Revenue Acct	2015 -17 Actual	2017 -19 Legislatively Adopted	2017 - 19 Estimated	2019- 21		
						Agency Request	Governor's	Legislatively Adopted
<b>Other Funds Ltd</b>								
Other Selective Taxes	3400	0190	-	-	-	-	-	-
Business Lic and Fees	3400	0205	-	-	-	-	-	-
Public Utilities Fees	3400	0240	-	-	-	-	-	-
Federal Revenues	3400	0355	-	-	-	-	-	-
Charges for Services	3400	0410	19,070	14,000	29,154	14,000	14,000	-
Fines and Forfeitures	3400	0505	-	-	-	-	-	-
Interest Income	3400	0605	-	-	-	-	-	-
Other Revenues	3400	0975	26,057	-	-	-	-	-
Transfer In - Intrafund	3400	1010	12,763,092	16,785,618	15,846,255	17,515,113	17,398,715	-
Transfer In - Indirect Cost	3400	1020	-	-	-	-	-	-
Transfer Out - Intrafund	3400	2010	-	-	-	-	-	-
Transfer Out - Indirect Cost	3400	2020	-	-	-	-	-	-
Transfer to Other	3400	2050	-	-	-	-	-	-
<b>Total Other Funds Ltd</b>			<b>12,808,219</b>	<b>16,799,618</b>	<b>15,875,409</b>	<b>17,529,113</b>	<b>17,412,715</b>	-

# BUDGET NARRATIVE

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## **POLICY AND ADMINISTRATION POLICY OPTION PACKAGE (POP) 102**

Oregon Public Utility Commission –

### **Increase Utility Program & Policy Staff**

#### **a. Purpose**

The primary purpose of this policy option package is to increase agency staffing by seven Full Time Equivalent (FTEs) including three Principal Executive Managers – E (PEME), two Utility and Energy Analyst 3s (UA3), and two Operations and Policy Analyst 4 (OPA4); and reclassify one UA3 (Chief Natural Gas Pipeline Inspector) to a PEME.

These additions of greatly needed supervisory manager personnel will decrease PUC’s span of control from 1:6 to 1:5.

As part of the agency’s 2018 Strategic Planning process, we interviewed 18 stakeholders (utilities, customer groups, environmental organizations, and industry organizations). Concerns that were expressed to the agency on multiple interviews included:

- The increased volume and complexity of the PUC’s work, which has left Staff, Administrative Law Judges, and Commissioners with insufficient time to do all that is currently requested and required of them.
- The need for additional staff, greater management support for staff, and emphasis on staff retention and training of new staff.
- The need for more dedicated technical and policy advice and support for Commissioners.
- The need to effectively and efficiently adapt processes, especially in light of expanding legislative requirements and a rapidly changing utility industry landscape.

Additionally, as a result of recent legislation including 2015 SB 611 (Symmetrical Gigabit), 2016 SB 1547 (Coal to Clean), 2017 SB 978 (Investigation into regulated electric system incentives, trends, technologies, and policy drivers), 2018 HB 4155 (Net Neutrality), and anticipated 2019 Clean Energy Jobs legislation, the PUC has been confronted by the need for increased staffing to properly meet statutory requirements.

In addition, the National Pipeline and Hazardous Material Safety Administration has increased its requirements concerning pipeline system integrity programs and damage prevention. The increased requirements have amplified the scope and responsibilities of our Chief Natural Gas Pipeline Inspector requiring more detailed program management and supervisory functions to ensure federal regulations are properly met.

# BUDGET NARRATIVE

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Requested Staff include:

## Utility Program

The Utility Program is the technical and analytical arm of the Public Utility Commission. It consists of a professional staff that analyzes all utility filings, helps build a factual record in contested case proceedings, investigates and recommends policy options, inspects utility facilities, and undertakes many other activities needed for the Commission to carry out its mission and serve ratepayers.

The Utility Program consists of 63 employees (63 FTE), including nine managers, and five major divisions: Energy Resources and Planning; Energy Rates, Finance, and Audit; Telecommunications and Water; and Utility Safety, Reliability, and Security.

PEME – Program Manager, Resource Planning – The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research concerning integrated resource planning and grid modernization.

A key Commission objective is to ensure that the energy utilities develop a portfolio of new resources that meets forecasted customer needs at the best combination of costs, risks, and uncertainties. Utilities develop long-term resource plans – called Integrated Resource Plans (IRP) – to meet that objective. The Commission requires all of Oregon's regulated electric and natural gas utilities to develop Integrated Resource Plans every two years and to acquire resources that reflect these publicly vetted plans.

Because of the increased focus on new technologies, renewable resources, and energy efficiency, IRPs are highly contested and require thorough reviews every step of the process. The IRP teams frequently consist of six to 10 analysts and a supervisory Program Manager is required to ensure quality and timely work by analysts in order to ensure Oregon customers receive resources at the least cost, least risk.

This position will also supervise smart grid planning, transmission and distribution system planning efforts, and resource competitive bidding. The position will report to the Administrator, Energy Resources and Planning and supervise seven Utility Analysts.

# BUDGET NARRATIVE

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PEME – Program Manager, Energy Programs - The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research concerning energy programs including clean energy programs.

These programs will focus on renewable resources and energy efficiency, but will also include transportation electrification, community solar, energy storage programs, resource portfolio options, Energy Trust activities, Qualifying Facilities (Public Utility Regulatory Policies Act), resource value of distributed resources, demand response programs, and SB 844 natural gas filings.

This position will report to the Administrator, Energy Resources and Planning and supervise six Utility Analysts.

PEME – Program Manager, Finance and Corporate Operations - The primary purpose of this position is to lead and direct a team of professional staff conducting innovative, highly complex, technical, economic, and policy research on the regulation of electric and natural gas utilities.

This position will lead and direct the work of economists and senior utility analysts regarding economic, and financial analyses and other matters related to utility operations including: (a) review of utility mergers, acquisitions and generation facilities property sales, (b) utility audits, (c) review of generation decommissioning and dam removals, (d) review of a utility's return on equity and rate of return, (e) review of corporate finance and affiliated interest applications, (f) multi-state protocol modeling (cost-allocation), and (g) highly complex research on a wide range of financial and economic issues.

This section will also provide expert multi-industry economic, financial, and policy analysis in order to encourage utilities to provide high-quality services at fair and reasonable rates.

This position will report to the Administrator, Energy Rates, Finance, and Auditing, and will supervise two Economists and five Utility Analysts.

PEME – Program Manager, Natural Gas Pipeline Safety – The Natural Gas Pipeline Safety program exists to protect the public against the risks to life and property inherent in the transportation of natural gas, other hazardous materials by pipeline. The program's goal is to prevent natural gas pipeline accidents and failures through safety inspections and enforcement, education programs, and policy development. The PUC has statutory authority to levy civil penalties against operators who fail to comply with safety regulations.

The primary purpose of this position is to enforce natural gas pipeline safety programs per ORS 757.039, OAR 860-024, OAR 860-028, OAR 860-031, OAR 952-000, and related US Department of Transportation (USDOT) Pipeline and Hazardous Materials Administration (PHMSA) regulations. As

## BUDGET NARRATIVE

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program manager and senior technical expert/analyst for the agency's pipeline safety program, the position provides senior level engineering and analytical expertise to the agency's pipeline safety program.

Additionally, the program manager is responsible to manage the One Call Grant (damage prevention – call before you dig – 811) and the Pipeline Safety Base Grant. These grants are awarded by PHMSA based on successful program design, implementation, and maintenance.

This position will be a reclassification of the Chief Natural Gas Pipeline UA3 (Level 31 – Lead Worker) to a PEME. Reclassification is necessary due to greater program management and accountability placed on states by PHMSA. This position will report to the Administrator, Utility Safety, Reliability, and Security, and will supervise four Utility Analysts and an Operations and Policy Analyst.

UA3 – Renewable Resource Analyst – This position provides expert financial, engineering, policy, and economics-oriented analytical expertise related to the planning and development of renewable energy in investor-owned utility territory.

The position also provides analytical expertise on the implementation of Oregon's renewable portfolio standard (RPS), community solar, and energy storage initiatives. The person in this position will review utility RPS implementation plans and compliance reports, review implementation of community solar programs, participation in Resource Value of Solar proceedings, and participation in energy storage proceedings.

Responsibilities include submitting written data requests to the utility, developing quantitative adjustments to the utility's proposed RPS compliance costs, RPS implementation costs, Resource Value of Solar costs; and describing and supporting the adjustments in written testimony and defending the adjustments in settlement conferences and Commission hearings.

The person in this position will also be part of a team reviewing utility Integrated Resource Plans (IRPs) and Requests for Proposals for major resource acquisitions, and will occasionally conduct rulemakings and regulatory proceedings to develop regulatory policy in electricity-related topic areas. This position will report to the Program Manager, Energy Programs.

UA3 – Senior Energy Policy Analyst - Provide expert policy and economics-oriented analytical expertise related to the planning of emerging issues concerning regulated utilities and state energy policies. Provide analytical expertise on the implementation of transmission and distribution system planning and electric utilities participation in the Clean Fuels Program. The person in this position will participate in complex energy investigations, conduct workshops, collaborate with stakeholders, write testimony, and make recommendations to senior management and Commissioners on paths forward to meet state statutory and policy requirements.

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As a member of the Energy Resources and Planning Division, this position conducts analysis, develops whitepapers, leads stakeholder process, and makes recommendations to the Program Manager, Administrator, Utility Program Director, and the Commissioners regarding major policy initiatives in the energy sector.

The person in this position will occasionally conduct rulemakings and regulatory proceedings to develop regulatory policy in electricity-related topic areas.

This position replaces Limited Duration position 1700881, which has been extremely difficult to recruit for due to a tight market for such skills and the limited nature of the position. This position will report to the Program Manager, Resource Planning.

OPA4 – Utility Senior Policy Advisor – Act as the chief policy and technical advisor to the Utility Program Director and assist in providing an overall vision and policy direction of the Utility Program. Lead and conduct complex economic research and policy analysis on new and emerging issues of major significance of which the scope or application could apply to some or all industries the Commission regulates. Participate in the formulation of staff's case in dockets with cutting-edge policy implications. Perform landscape analyses to determine burgeoning sector drivers and potential policy responses. Lead analysis and writing of program or policy reports to the legislature. The position also mentors Utility Program staff on research methods and agency policy.

This position also coordinates responses to legislative requests within the Utility Program; and reviews and edits all utility legislative reports prior to release by the Utility Program Director. This position will report to the Utility Program Deputy Director.

## Commission Services

The PUC has three Commissioners who are appointed by the Governor to staggered four-year terms.

The Commissioners establish policy direction for the agency and the regulated utilities and make the final decisions on utility rate and service matters under the PUC's jurisdiction. The Commission must consider the effects of technology and policy change, competition, the demand for services, and resolve many complex issues facing utilities in a changing market. Commissioners encourage participation by the public and stakeholders on these and other issues at their public meetings.

Commission Office is organized under Policy and Administration. Commission Services provides direct support to the three Commissioners by ensuring that Commissioners have access to information and agency resources necessary to make decisions and establish agency direction, managing Commission strategic initiatives and external engagement, and coordinating all legislative and media/public information activities for the

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agency. The section ensures compliance with public meeting laws and other requirements, provides information to the public, and encourages citizen involvement in PUC activities.

OPA4 – Commission Advisor - The Commission Advisor assists all Commissioners by providing advice on a wide range of technical, operational, or theoretical aspects of regulatory issues before the Commission including providing basic regulatory expertise and operations research. Develops policy for the Commission by analyzing all pertinent issues and information regarding the impact of proposed policy on the provision of services to customers of regulated utilities; and determining the resources necessary to implement such policy in order to ensure the efficient and effective provision of utility regulation. Works in coordination with the Utility Program, the Administrative Hearings Division and Commission Counsel to ensure Commissioners' needs for policy, technical, or legal expertise are met.

## b. How Achieved

PUC intends to use funds generated from POP 101 to ensure adequate funding of these positions. Because of the demand for listed skills of all positions and the current market for talent, recruitment of these positions is projected to take six months to a year.

## c. Staffing Impact

This policy option package increases FTE by seven personnel and reclassifies one person. Because of legislative initiatives, augmented staff is necessary to meet increased workload and intensified complexity of workload.

## d. Quantifying Results

PUC will continue to have sufficient staff to achieve our mission, obligations (including Key Performance Measures), and timelines.

## e. Revenue Source

Utility gross operating revenue fees for utility positions; and utility gross operating revenue fees and Residential Service Protection Funds for the Commission Office position. ***No general or lottery funds are used.***



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**f. Fiscal Impact Summary**

As reflected in the following table, the 2019-2021 fiscal impact of this POP is \$1,981,185. Total personal services for new positions were calculated at step 6 for the biennium.

	Utility Regulation	Commission Office (Policy and Administration)
Personal Services (PS)	\$1,625,758	\$273,982
Services and Supplies (SS)	\$60,810	\$20,635
Total	\$1,686,568	\$294,617

*Note: \$42,987 will be allocated to federal funds.*

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## **POLICY OPTION PACKAGE (POP) 103**

### Oregon Public Utility Commission –

#### Increase Attorney General Limitation

##### a. Purpose

The primary purpose of this policy option package is to increase Other Fund Limitation by \$249,173 to cover increased Attorney General (AG) costs for Utility Regulation and Policy and Administration.

The following table highlights the past five fiscal years of AG costs for the programs above:

2013	\$903,223
2014	\$903,936
2015	\$915,236
2016	\$1,252,310
2017	\$1,731,313
<b>2016-2017</b>	<b>\$2,983,623</b>

Expenditures have risen significantly from 2015 to 2017 because of increasing the number of Department of Justice (DOJ) attorneys assigned to PUC from four to six. The additional attorneys were necessary due to:

- Increases in docket activity and associated orders (417 orders issued in 2015; 527 orders issued in 2017).
- Increases in utilization of DOJ attorneys for review of staff memos presented at public meetings (340 in 2017).
- Increases in use of DOJ knowledge because of increased PUC staff turnover (work with new employees to teach them regulatory framework, legal precedent and established Commission policy).
- Increases in integration of DOJ as part of staff team in contested cases (e.g. DOJ involved earlier and more often in contested case record development).

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- Increases in docket complexity especially in areas concerning Integrated Resource Planning, Qualifying Facilities, competitive participation by independent power producers, and competitive bidding.
- Increases in stakeholder participation including single-issue stakeholders, which results in DOJ participation in stakeholder management.
- Increases in legislative policy that is emerging including: 2016 SB 1547 - transportation electrification, community solar, resource value of solar, distributive generation, energy storage, removal of coal from power mix); 2017 SB 978 - requires the Commission to establish a public process to investigate how developing industry trends, technologies, and policy drivers may impact the existing electricity regulatory system; and 2018 HB 4155 – Net Neutrality requiring active legal participation by DOJ (rulemakings, legal briefs, legal research, etc.).
- Increases in rulemaking dockets. New legislation and outdated rules have resulted in many more rulemaking dockets.

Additionally, previous and expected increases in DOJ billing rates have had a significant effect on PUC expenditures.

The PUC utilizes six-month retainer agreements with DOJ, currently set at \$800,000 per six-month agreement; \$3.2 million per biennium. These costs are expected to increase to \$3.3 million in 2019-2021.

## **b. How Achieved**

PUC intends to use Other Funds to cover the higher AG costs. Because Other Funds are being used, PUC requires an increase in limitation to cover the additional costs.

## **c. Staffing Impact**

This policy option package does not increase agency staffing levels. DOJ assigned attorneys has already been set as six personnel (5.6 FTE) including Commission Counsel.

## **d. Quantifying Results**

PUC will continue to have sufficient DOJ support to achieve our mission, obligations (including Key Performance Measures), and timelines.

## **e. Revenue Source**

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Utility gross operating revenue fees. *No general or lottery funds are used.*

**f. Fiscal Impact Summary**

The table below reflects the fiscal summary for Policy Option Package 103, increasing current DOJ service level to \$3.3 million for 2019-2021, to meet anticipated costs.

	2017-2019 LAB	2019-2021 Current Service Level	Above 20.14% Standard Inflation	2019-2021 Agency Request Budget
Utility Regulation	\$1,066,404	\$2,593,203	\$211,797	\$2,805,000
Policy and Administration	\$1,494,989	\$457,624	\$37,376	\$495,000
	\$2,561,393	\$3,050,827	\$249,173	\$3,300,000

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## **POLICY OPTION PACKAGE (POP) 105**

Oregon Public Utility Commission –

### **Strategic Energy Initiatives**

#### **a. Purpose**

The primary purpose of this policy option package is to shift positions #248, Principal Executive Manager E (PEME) and #503 Utility and Energy Analyst 3 (UA3) from the Utility Program (86000-001) Strategic Energy Initiatives to Policy and Administration Program (86000-004). These are current positions and no additional funding is required to make this change.

In May 2018, the Governor appointed a new Chair to the PUC. After an initial review of the agency's organization, the Chair determined that the positions within the Strategic Energy Initiatives Section were more appropriately placed in Commission Services, which is a section under Policy and Administration.

Position #248 will become the Director of Policy and External Affairs, which will be responsible for developing and managing the Commission's external agenda, including interactions with state agencies, the Legislature and the Governor's Office, as well as other state, regional and federal entities. The position will be located in the Commission Office in order to coordinate and integrate activities and external engagement among the Commissioners and the Utility Program. Position #503 will become a Commission Advisor who provides independent technical and policy analysis as well as serving as a liaison with the Utility Program to ensure that Commissioners are connected with appropriate Commission Staff resources for decision making.

#### **b. How Achieved**

By shifting funds from Utility Regulation to Policy and Administration.

#### **c. Staffing Impact**

Positions #248 and #503 are current positions. No new positions are being established.

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## d. Quantifying Results

The Commission's mission is:

To ensure Oregon utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. We do so through robust and thorough analysis and independent decision-making conducted in an open and fair process.

Reallocating these positions advances the Commission's mission by enhancing dedicated support for decision-making and external engagement by Commissioners, thereby improving the quality of decision-making and transparency and clarity in how the PUC organizes external engagement.

## e. Revenue Source

Other Funds – Limited

## f. Fiscal Impact Summary

The net fiscal impact for this policy option package is zero as reflected in the table below.

Other Funds Limited – SCR 86000-001-00	\$(578,412)
Other Funds Limited – SCR 86000-004-00	\$578,412
<b>Total</b>	<b>\$0</b>



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## POLICY AND ADMINISTRATION ESSENTIAL AND POP FISCAL IMPACT SUMMARY (BPR013)

### ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 102 - Increase Utility Program & Policy Staff**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	215,595	-	-	-	215,595
<b>Total Revenues</b>	-	-	<b>\$215,595</b>	-	-	-	<b>\$215,595</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	142,956	-	-	-	142,956
Empl. Rel. Bd. Assessments	-	-	46	-	-	-	46
Public Employees' Retire Cont	-	-	24,260	-	-	-	24,260
Social Security Taxes	-	-	10,936	-	-	-	10,936
Worker's Comp. Assess. (WCD)	-	-	44	-	-	-	44
Mass Transit Tax	-	-	1,144	-	-	-	1,144
Flexible Benefits	-	-	26,388	-	-	-	26,388
Reconciliation Adjustment	-	-	(1,144)	-	-	-	(1,144)
<b>Total Personal Services</b>	-	-	<b>\$204,630</b>	-	-	-	<b>\$204,630</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	450	-	-	-	450
Out of State Travel	-	-	750	-	-	-	750
Employee Training	-	-	2,400	-	-	-	2,400
Office Expenses	-	-	365	-	-	-	365
Telecommunications	-	-	1,730	-	-	-	1,730
Data Processing	-	-	1,500	-	-	-	1,500
Employee Recruitment and Develop	-	-	1,000	-	-	-	1,000
Other Services and Supplies	-	-	320	-	-	-	320
Expendable Prop 250 - 5000	-	-	550	-	-	-	550

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 102 - Increase Utility Program & Policy Staff**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Services &amp; Supplies</b>							
IT Expendable Property	-	-	1,900	-	-	-	1,900
<b>Total Services &amp; Supplies</b>	-	-	<b>\$10,965</b>	-	-	-	<b>\$10,965</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	215,595	-	-	-	215,595
<b>Total Expenditures</b>	-	-	<b>\$215,595</b>	-	-	-	<b>\$215,595</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions	-	-	-	-	-	-	1
<b>Total Positions</b>	-	-	-	-	-	-	<b>1</b>
<b>Total FTE</b>							
Total FTE	-	-	-	-	-	-	0.75
<b>Total FTE</b>	-	-	-	-	-	-	<b>0.75</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 103 - Increase Attorney General Limitation**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	-	-	-	-	-
<b>Total Revenues</b>	-	-	-	-	-	-	-
<b>Services &amp; Supplies</b>							
Attorney General	-	-	35,152	-	-	-	35,152
<b>Total Services &amp; Supplies</b>	-	-	<b>\$35,152</b>	-	-	-	<b>\$35,152</b>
<b>Total Expenditures</b>							
Total Expenditures	-	-	35,152	-	-	-	35,152
<b>Total Expenditures</b>	-	-	<b>\$35,152</b>	-	-	-	<b>\$35,152</b>
<b>Ending Balance</b>							
Ending Balance	-	-	(35,152)	-	-	-	(35,152)
<b>Total Ending Balance</b>	-	-	<b>(\$35,152)</b>	-	-	-	<b>(\$35,152)</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 105 - Strategic Energy Initiatives**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Revenues</b>							
Transfer In - Intrafund	-	-	578,412	-	-	-	578,412
<b>Total Revenues</b>	-	-	<b>\$578,412</b>	-	-	-	<b>\$578,412</b>
<b>Personal Services</b>							
Class/Unclass Sal. and Per Diem	-	-	394,056	-	-	-	394,056
Empl. Rel. Bd. Assessments	-	-	122	-	-	-	122
Public Employees' Retire Cont	-	-	66,871	-	-	-	66,871
Social Security Taxes	-	-	30,145	-	-	-	30,145
Worker's Comp. Assess. (WCD)	-	-	116	-	-	-	116
Mass Transit Tax	-	-	2,364	-	-	-	2,364
Flexible Benefits	-	-	70,368	-	-	-	70,368
<b>Total Personal Services</b>	-	-	<b>\$564,042</b>	-	-	-	<b>\$564,042</b>
<b>Services &amp; Supplies</b>							
Instate Travel	-	-	1,200	-	-	-	1,200
Out of State Travel	-	-	2,000	-	-	-	2,000
Employee Training	-	-	4,800	-	-	-	4,800
Office Expenses	-	-	730	-	-	-	730
Telecommunications	-	-	4,000	-	-	-	4,000
Employee Recruitment and Develop	-	-	1,000	-	-	-	1,000
Other Services and Supplies	-	-	640	-	-	-	640
<b>Total Services &amp; Supplies</b>	-	-	<b>\$14,370</b>	-	-	-	<b>\$14,370</b>

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## ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Public Utility Commission**  
**Pkg: 105 - Strategic Energy Initiatives**

**Cross Reference Name: Policy and Administration**  
**Cross Reference Number: 86000-004-00-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
<b>Total Expenditures</b>							
Total Expenditures	-	-	578,412	-	-	-	578,412
<b>Total Expenditures</b>	-	-	<b>\$578,412</b>	-	-	-	<b>\$578,412</b>
<b>Ending Balance</b>							
Ending Balance	-	-	-	-	-	-	-
<b>Total Ending Balance</b>	-	-	-	-	-	-	-
<b>Total Positions</b>							
Total Positions							2
<b>Total Positions</b>							<b>2</b>
<b>Total FTE</b>							
Total FTE							2.00
<b>Total FTE</b>							<b>2.00</b>

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