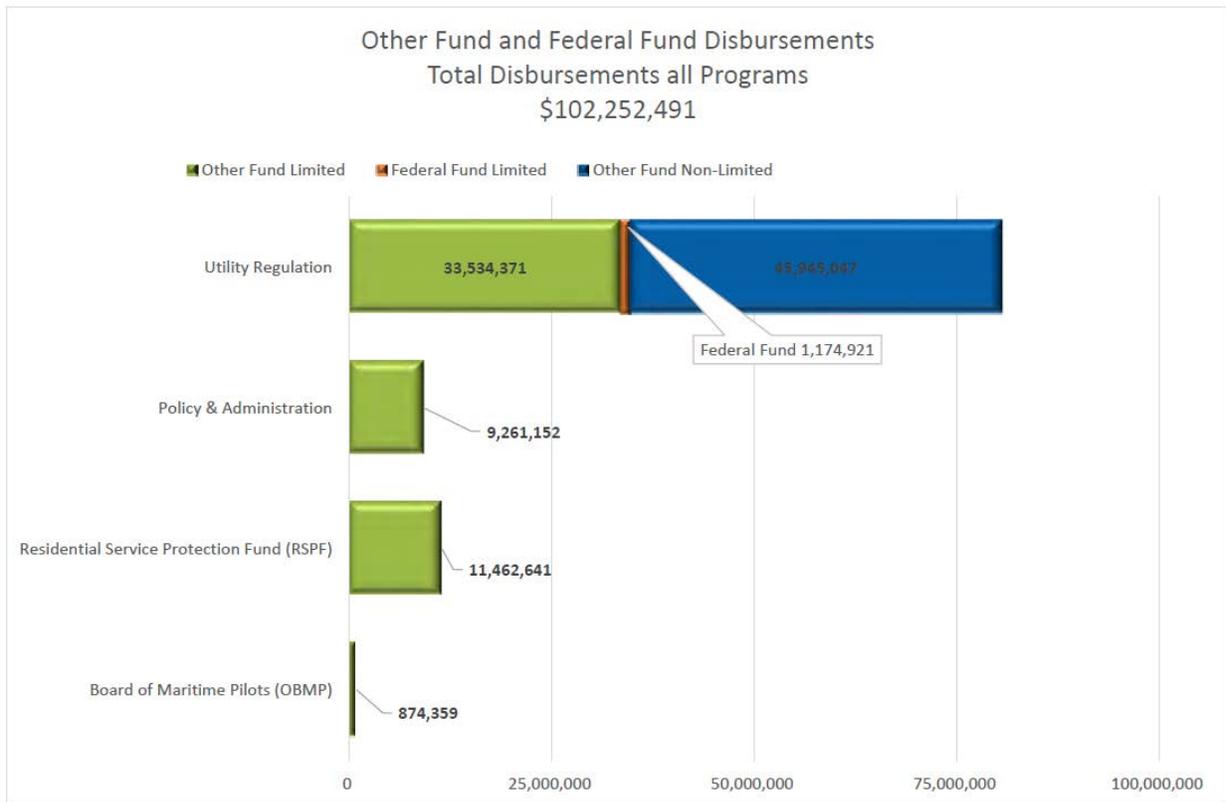


## Reference Materials for Ways and Means Presentation

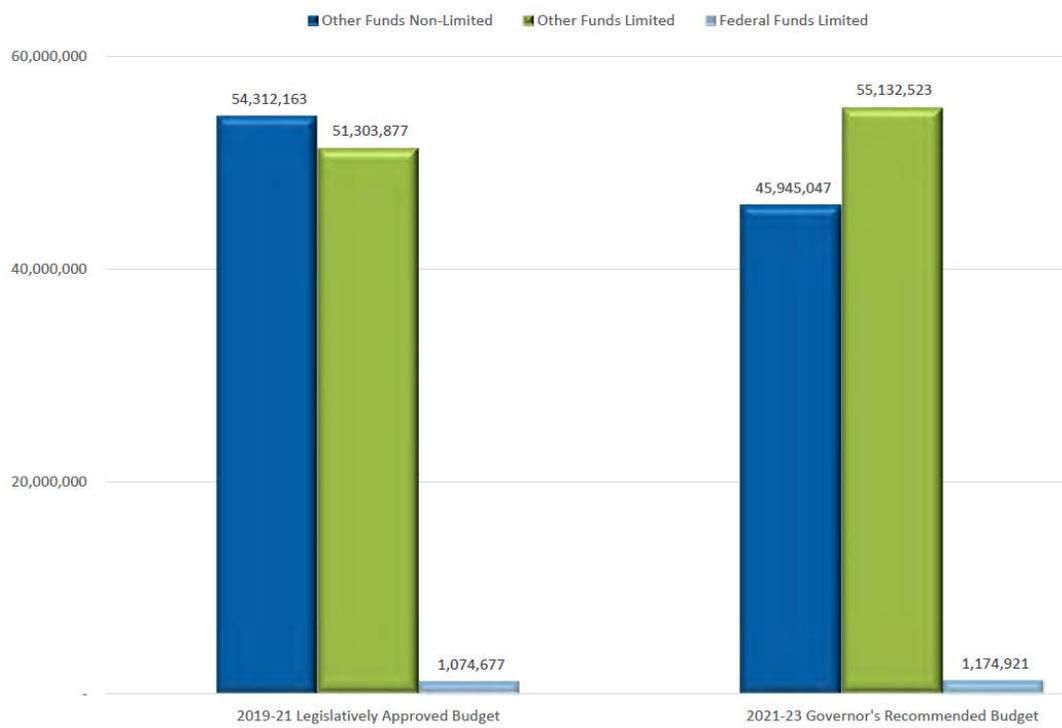
Agency mission, goals, and historical perspective; how the requested budget will achieve desired program results

**2021-23 Governor’s Recommended Budget for Oregon Public Utility Commission.** Here is the link to the PUC’s Governor’s Budget published on the website: [www.oregon.gov/puc/about-us-2021-23 PUC's Governor's Budget](http://www.oregon.gov/puc/about-us-2021-23/PUC's%20Governor's%20Budget)

Other Funds- Limited	\$ 55,132,523
Utility Regulation	\$ 33,534,371
Administration	\$ 9,261,152
Residential Service Protection Fund	\$ 11,462,641
Board of Maritime Pilots	\$ <u>874,359</u>
Other Funds- non Limited – Oregon Universal Service Fund	\$ 45,945,047
Federal Funds – Limited- Pipeline Safety Program	\$ <u>1,174,921</u>
<b>Total</b>	<b><u>\$102,252,491</u></b>



### Comparison of Biennial Expenditures by Fund



**Agency Mission:** To ensure Oregon Utility customers have access to safe, reliable, and high quality 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.

The PUC receives no General or Lottery funds. The agency is funded primarily through a Utility Gross Operating Revenue Fee of up to 0.45 percent assessed on a utility’s annual gross operating revenue. Our current year annual fee assessment rate is 0.375 percent. More information about PUC on the website: <https://www.oregon.gov/puc/about-us/Pages/default.aspx>

On average, PUC’s regulatory oversight costs consumers of regulated utilities about 25 cents per month on each natural gas, electric, telecommunications, and water bill.

- Set utility rates for homes and businesses. Ensure rates are just and reasonable.
- Set and enforce price and service rules to protect customers.
- Ensure that investor-owned energy utility companies file Integrated Resource Plans (IRP). The IRP presents a utility’s current plan to meet the future energy and capacity needs of its customers through a “least-cost, least-risk” combination of energy generation and demand reduction.
- Approve a wide variety of utility transactions, including mergers.
- Set and enforce service quality standards.
- Resolve customer complaints about their utilities.

- Manage the Oregon Universal Service Fund (OUSF) to provide high cost funding support to local exchange carriers serving rural areas. Based on revenue, up to \$28 million is targeted to support basic telephone service. In 2020, up to \$5 million dollars per year of this amount was earmarked to Broadband service beginning in 2021.
- Set and enforce rules for fair competition in energy and telecommunications.
- Ensure pipeline, power lines, transformer stations, and energy facilities operate safely. (Commission authority in this area extends to consumer-owned utilities.)
- Administer the Residential Service Protection Fund.
- Ensure the Energy Trust of Oregon (ETO) acquires energy efficiency on behalf of PacifiCorp, PGE, NW Natural, Avista, and Cascade primarily through a competitive process.
- Oversight of regulated energy providers concerning seismic and cybersecurity preparedness.

### **Agency Goals:**

#### Goal 1: Scrutinize Utility Costs and Performance to Ensure Utilities Charge Fair Rates for High Quality Service

##### Long-Term Objectives

- Independently and professionally review utility costs, practices and performance and set just and reasonable rates for Oregon’s rate-regulated utilities.
- Provide direction and incentives for utilities to operate efficiently and meet consumers’ needs at the lowest reasonable cost and risk.
- Encourage competition to benefit customers.
- Appropriately balance interests of customers, utilities, and other industry stakeholders in setting rates and regulating service in accordance with the public interest.

##### Short-Term Objectives (2021-2023)

- Process all utility filings, including significant, complex dockets (general rate proceedings, annual power cost reviews, integrated resource plans, requests for proposals to acquire resources, multi-state allocation proceedings).
- Explore and initiate performance-based regulation and other appropriate regulatory reforms.
- Examine all ratemaking options to address differential utility service burdens, inequities of affordability, and environmental justice concerns.

#### Goal 2: Maintain and Enhance Safety, Reliability, and Resiliency of Utility Services

##### Long-Term Objectives

- Enforce safety, service, and reliability rules to protect customers and the public.
- Adapt safety rules as necessary to maintain best practices in light of new industry trends and technologies.
- Establish regulatory incentives to promote effective and efficient utility strategies for addressing emerging risks.

- Maintain shared responsibility for the Office of Emergency Management’s Emergency Support Functions 2 and 12, and support the Governor’s resiliency officer and the Governor’s Disaster Cabinet.

Short-Term Objectives (2021-2023)

- Maintain a high-performing safety enforcement and emergency management program that proactively monitors emerging risks and adapts to new best practices.
- Review, enhance, and synthesize utility planning and ratemaking mechanisms for seismic, cyber, wildfire, and other risks.
- Facilitate collaborative efforts to address statewide utility-sector wildfire risks and determine best practices to mitigate risks to utility systems, communities, and the public, pursuant to Executive Order No. 20-04.

Goal 3: Promote Consumer Benefits from Policy, Market, and Technology Changes

Long-Term Objectives

- Maintain awareness of changes in industry, markets, technology, and regulatory best practices that may benefit consumers
- Encourage adoption of new technologies, programs, and practices that deliver consumer value and promote the public interest.
- Design and adapt regulatory mechanisms to promote consumer choices while protecting all utility customers and promoting overall system objectives.
- Implement new policies for the benefit of customers and the public interest.

Short-Term Objectives (2021-2023)

- Advance investigations into new or adapted regulatory practices to promote customer and system benefits from new technology and customer programs (distributed system planning, electric vehicles, storage and micro grids, rate design, community choice, demand response, and energy efficiency).
- Integrate public interest considerations from Executive Order No. 20-04 into agency analysis and deliberation, and understand implications of new policy development for utility customers and utilities.
- Engage in broadband policy forums to promote connectivity for all Oregonians.

Goal 4: Inform and Influence Utility Sector Solutions that Create Value for All

Long-Term Objectives

- Serve as a trusted resource to federal, tribal, state, and local leaders on matters related to utility services and energy, telecommunications, and water policies.
- Represent the interests of all utility customers, including traditionally underrepresented stakeholders, in consideration of emerging issues.
- Promote state and agency perspective in appropriate federal and regional utility-related proceedings.

- Optimize collaborative opportunities with other utility commissions, state agencies, and regulatory organizations in order to maintain awareness of emerging issues and advocate for outcomes that benefit all Oregonians.

#### Short-Term Objectives (2021-2023)

- Continue to seek leadership roles and participation for Commissioners and PUC employees in state, regional, and national forums with significant potential to benefit Oregon utility customers.
- Implement external engagement plan to strengthen relationships with the federal delegation, tribal nations, legislators, state agencies and local units of government, and utility sector stakeholders.
- Expand low income outreach activities to a broader Diversity, Equity and Inclusion (DEI) focus:
- Create DEI committee and management team to develop DEI plan with input from Commissioners, PUC leadership, agency stakeholders, community leaders, and DEI professionals
- Establish agency DEI coordinator to provide point of contact and lead engagement and outreach activities.

#### Goal 5: Improve Business Practices and Organizational Effectiveness

##### Long-Term Objectives

- Improve effectiveness of agency decision-making through continuous improvement in open, fair, and inclusive processes.
- Identify and recruit needed skills and expertise in PUC employees informed by and in support of agency succession planning.
- Foster a work environment that encourages alignment of individual goals with the agency's mission, values, and needs.
- Manage ratepayer funding of agency operations prudently and with integrity.
- Work together as a multi-disciplinary and cross-sectional team, committed to overall organizational success.

##### Short-Term Objectives (2021-2023)

- Develop a mentoring and enhanced training program for agency employees
- New employee
- Management Training
- State Policies Training
- Subject Matter Training/Professional Development
- Implement a new unified web-based system to provide a single point of contact/entry for the filing of and access to virtually all documents related to agency proceedings.
- Review PUC mandated regulatory filings and reports for opportunities to streamline and eliminate low value work.
- Enhance collaboration and resource sharing across agency work units.

### **Historical Perspective:**

July 5, 1843 – the first act regulating a “public utility” enacted by the then “Provincial Government,” six years before the Territorial Government was established. This included regulating mills and millers.

October 19, 1876—the first instance in Oregon history of the regulation of a utility by a commission at the recommendation of Governor L.F. Grover and enacted by the Legislature. It was designed to effectively regulate the activities of the Locks Company.

October 10, 1898—the Board of Railroad Commissioners was abolished, leaving the responsibility of accepting annual reports from regulated entities to be completed by the Secretary of State’s Office.

February 19, 1907—The Railroad Commission was created with an elected three member board.

November 29, 1912—The Railroad Commission’s jurisdiction was extended to include utilities and transportation regulation with the addition of the “Public Utility Act of 1911.” This act was the first place in Oregon history to mention the regulation of telephone service.

July 1, 1915—February 28, 1931—the Railroad Commission was renamed the Public Service Commission of Oregon.

March 1, 1931—The Commission dropped from three members to one and the name was changed to the Public Utilities Commissioner, which was appointed by the governor.

1986—Oregon voters approved a ballot measure changing the office back to a three-person, Governor-appointed Commission and changing the name to the Public Utility Commission of Oregon.

1995 —Congress deregulated much of the transportation industry. The regulation of motor transportation and rail safety was transferred to the Oregon Department of Transportation.

1999 —House Bill 3615 gave the Governor the authority to appoint the Commission Chair.

More information can be found on the website:

<https://www.oregon.gov/puc/about-us/Pages/default.aspx>

<https://www.oregon.gov/puc/about-us/Pages/History.aspx>

<https://www.oregon.gov/puc/about-us/Documents/History-Timeline.pdf>

<https://www.oregon.gov/puc/about-us/Strategic-Plan>

### **Reference:**

PUC’s [Governor’s Budget Narrative](#) pages 35 to 44, and 103

## Overview of agency performance and outcome measures, how measures are used by the agency, and progress toward achieving performance goals

There are approximately 2.8 million customers of utilities regulated by the PUC. Total revenue collected by Oregon investor-owned utilities is approximately \$4 billion per year. Investor-owned electric utilities (Portland General Electric, PacifiCorp, and Idaho Power) account for 62.7 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 10,151 kilowatt hours of electricity per year. Residential customers of investor-owned natural gas companies (NW Natural, Cascade Natural Gas, and Avista) consume on average 605 therms per year.

The following graph shows the number of orders reviewed by staff and cost savings by year directly attributable to the agency's work that accrued to customers of investor-owned electric, natural gas, and water utilities. In 2020, there are 128 orders reviewed and 9.97 million cost savings as of April 21, 2020.



The PUC's Performance Measures include:

- Promote efficient use of water resources. The PUC has been effective in encouraging non-metered systems to install meters and providing timely recovery of such costs. There are only two companies without meters of the current 33 companies that are rate regulated.
- Maintain electricity rates that are lower than the national average. The lower rates for Oregon Investor-Owned Utilities residential customers are largely due to the region's retention of federal hydropower or system benefits and other hydro-electric resources. The PUC authorizes utilities to include only prudently incurred costs in rates.
- Acquire low-cost energy conservation effectively and efficiently.
- Prevent personal injury to electricity and natural gas customers and industry workers. The decrease in injuries observed after 2018 are largely the result of Safety staff and PUC management aggressively working with the utilities to improve safety performance through

audits for compliance, regular meetings and staff reviews of programs, metrics and system performance.

- Maintain a healthy level of competition in the telecommunications and electricity industries.
- Promote utility pricing that encourages the efficient use of water and energy.
- Investigate customer complaints and issue complaint orders in a timely fashion. The PUC instituted a heightened emphasis on timely resolution of cases. Changes in internal processes and business practices resulted to more priority and expedited resolution of consumer complaints.
- Maintain a high level of agency customer service. It is important to note that PUC staff must often deliver news that the customer does not wish to hear when their allegations are not supported by the evidence, and when the utility has acted correctly. Maintaining satisfaction ratings above 80 percent despite regularly delivering unpleasant news to customers can be very difficult. However, even if a customer does not experience the outcome they sought, PUC can always be professional, courteous, and helpful.
- Successfully inform target populations about special telecommunications programs. The OTAP participation rate is gradually increasing to an average of 15%. This is largely due to increased outreach efforts of providers and PUC.
- Maintain effective Energy Trust performance. The PUC develops annual performance metrics for Energy Trust. The performance metrics cover savings goals, leveled cost targets, benefit cost ratios, renewable generation, administrative costs, customer satisfaction, and market transformation. Energy Trust met all fifteen of the Commission's performance measures.
- The PUC continues to achieve its goal of providing TDAP services to the senior and aging population of Oregon. The steady upward trend is likely attributed to the aging baby boom population with acquired disabilities, ongoing outreach efforts, and the array of specialized telephone equipment designed to meet various needs of senior citizens.

More information can be found on the website:

<https://www.oregon.gov/puc/forms/Forms%20and%20Reports/APPR-Proposed-PUC-2021-2023-Biennium.pdf>

Reference:

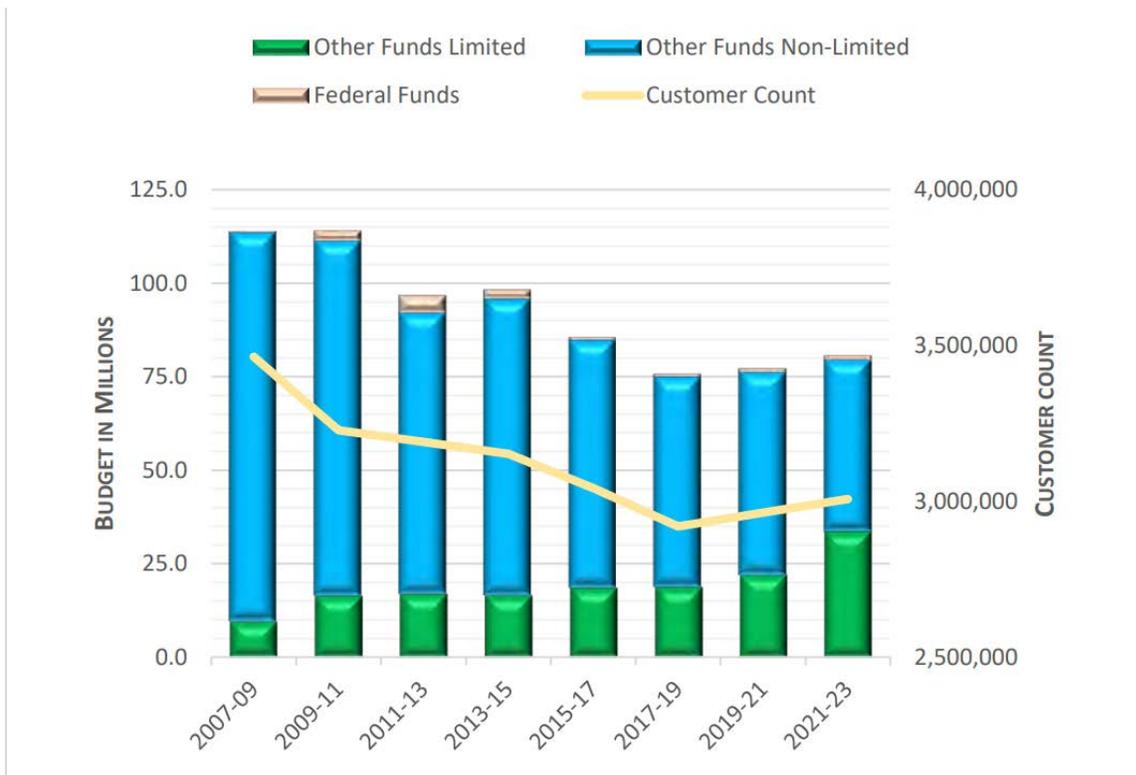
PUC's [Governor's Budget Narrative](#) pages 105 to 106 and 212 to 235

## Summary of programs, including who is served by programs and how many people are served

The PUC has four funds supporting various program areas and functions:

### 1) Utility Regulation – SCR # 86000-001 / Appn 41000

The 2021-2023 program funding request for Utility Regulation is **\$45,945,047** Other Funds Non-Limited, **\$33,534,371** Other Funds Limited, and **\$1,174,921** Federal Funds.



The PUC regulates:

- Three private or investor-owned electric utilities (PGE, PacifiCorp, and Idaho Power)
  - 1,488,185 customers
- Three private natural gas utilities (NW Natural, Avista, and Cascade Natural Gas)
  - 824,265 customers
- About 180 telecommunications companies
  - 454,600 access lines (11% decrease from 2018)
- About 87 small water utilities
  - 35,000 customers
- Approximately 2.8 million customers total

The Utility Regulation includes the following four operational areas:

- 1) **Utility Program** – 66 FTE. The Utility Program is the technical and analytical arm of the Public Utility Commission. The Utility Program provides financial, accounting, engineering, and economics-oriented analysis in review of:
  - Utility plant operations
  - Capital improvements
  - Utility and telecommunications services
  - Cost of capital
  - Property and other transactions (mergers, financing, affiliated interests, special contracts)
  - Electric and telecommunications competition
  - Renewable adjustment clauses
  - Purchased gas and power costs

The Utility Program is organized by industry and key distinct functions. These organizational units are:

- Utility Strategy & Integration Division
- Energy Rates, Finance, and Audit Division  
<https://www.oregon.gov/puc/utilities/Pages/Energy-Electric-Natural-Gas.aspx>
- Energy Resources and Planning Division  
<https://www.oregon.gov/puc/utilities/Pages/Energy-Electric-Natural-Gas.aspx>
- Telecommunications and Water Division  
<https://www.oregon.gov/puc/utilities/Pages/Telecommunications.aspx>  
<https://www.oregon.gov/puc/utilities/Pages/Water.aspx>
- Utility Safety, Reliability, and Security Division  
<https://www.oregon.gov/puc/safety/Pages/SafetyHome.aspx>

The Utility Program ensures safe operation of natural gas pipelines through participation of Pipeline Safety Program Grant which is 60% funded by US. Department of Transportation, Pipeline and Hazardous Materials Safety Administration. The 2021-2023 funding request for Federal Fund is **\$1,174,921**. More information about Gas Pipeline Safety Program on the website: <https://www.oregon.gov/puc/safety/Pages/Gas-Pipeline-Safety.aspx>

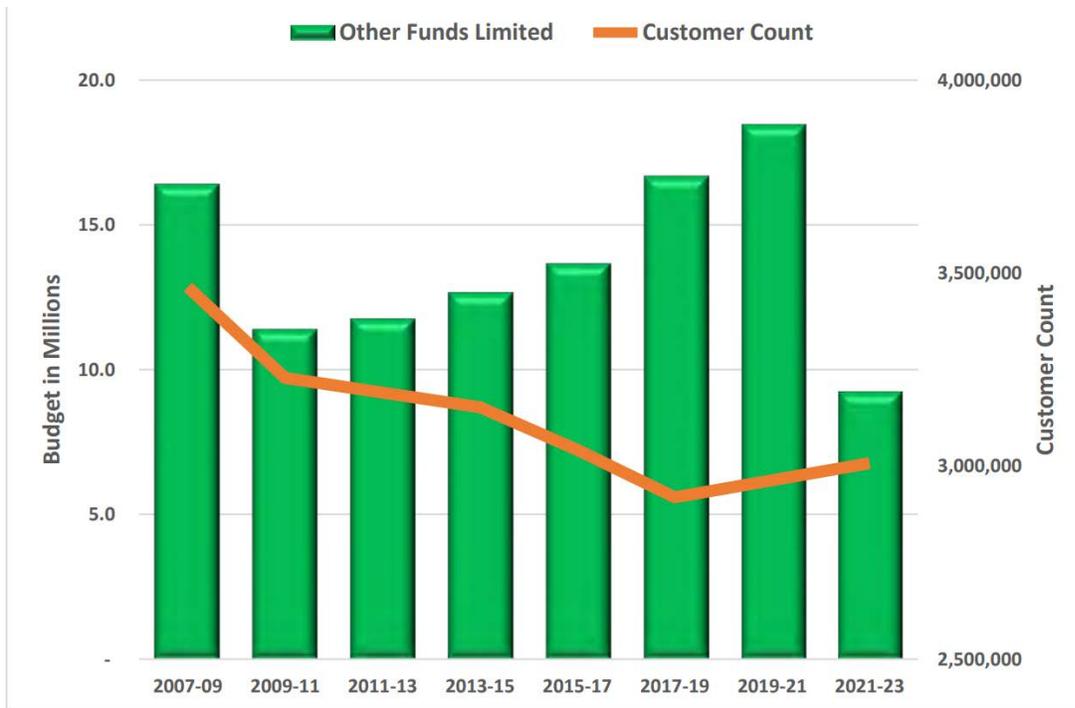
The Utility Program oversees the administration of the Oregon Universal Service Fund (OUSF). The 2021-2023 funding request for OUSF is **\$45,945,047**. The OUSF provides payments to eligible telecommunications carriers to keep the price of basic service reasonable in areas of the state where costs are high. These non-limited funds are a pass-through and are not used to fund Utility Regulation operations. The OUSF is funded by a surcharge of 8.5 percent on intrastate retail revenues, which is billed to the customers of all certificated telecommunication carriers. Only eligible telecommunication carriers approved by PUC receive distributions from the fund. More information about OUSF on the website: <https://www.oregon.gov/puc/utilities/Pages/OUSF.aspx>

The Utility Program provides oversight to the Energy Trust of Oregon to ensure that it generates effective results in terms of conservation savings and renewable resource development and that it does so efficiently. More information on the website: <https://www.oregon.gov/puc/utilities/Pages/Energy-Efficiency.aspx>

- 2) **Executive Office** – 7 FTE. The Executive Office includes the PUC Executive Director, Director of Policy, Diversity Equity and Inclusion Program Director, Commission Advisors, Policy Analysts, and Public Information Officer. Executive Office staff works in collaboration with the Commissioners and the Utility Program to engage with the Governor, the Northwest Regional Power Planning Council, the Oregon Department of Energy, the Legislature, federal agencies (Bonneville Power Administration, Federal Communications Commission, Federal Energy Regulatory Commission), and other state agencies on matters affecting energy and Telecommunications. The Executive Office directs the analysis of complex policy and strategic issues confronting the Commission, conducts research and policy analysis on new and emerging issues of major significance affecting the utility industry and work of the agency and support the Commission to set regulatory policy to ensure that customers of regulated utilities receive adequate service at fair and reasonable rates in a changing regulatory environment.
- 3) **Commission Office** – 3 FTE. PUC has three Commissioners who are appointed by the Governor to staggered four-year terms. The Commission Office establishes 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 and in contested dockets.
- 4) **Administrative Hearings Division** – 10 FTE. The Administrative Hearings Division (AHD) is an independent division that reports directly to the Commissioners. PUC has its own Administrative Law Judges (ALJs) due to uniqueness of utility regulation. PUC is exempt from use of ALJs in Office of Administrative Hearings. Cases range from highly complex rate cases and investigations to more straightforward consumer complaints.
- 5) **Consumer Services** – 11 FTE. The Consumer Services Section provides a valuable public service by responding to questions from consumers about the utility industry and resolving consumer complaints. In 2019, Consumer Services staff received 13,753 recorded consumer contacts, or 1,146 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. More information on the website: <https://www.oregon.gov/puc/Pages/Consumer-Information-Center.aspx>

## **2) Administration - SCR # 86000-004 / Appn 42000**

The 2021-2023 funding request for Administration is **\$9,261,152** – Other Funds Limited. Approximately 65 percent of funding is attributable to personal services. The three largest charges under services and supplies are facilities rent, state government service charges, and professional services.



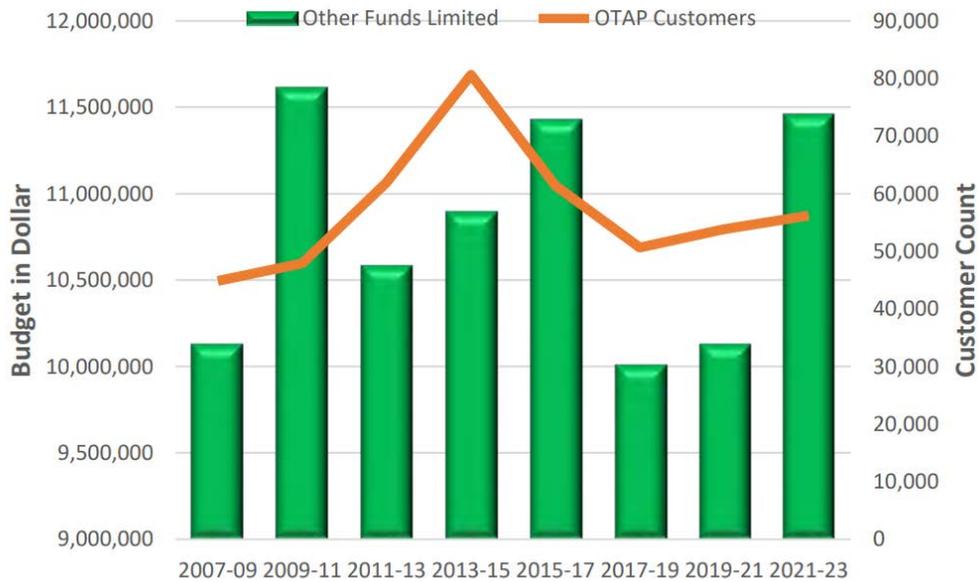
*The reduction of program cost in 2021-23 is a result of shifting the funding of four sections to Utility Regulation. Starting in the 2021-2023 biennium, the Commission Office, Executive Office, Administrative Hearings and Consumer Services are no longer funded under Administration.*

The Administration Program provides a comprehensive group of essential administrative services to support agency programs and operations. It encompasses three sections:

- **Business Services** – 10 FTE. Business Services’ accounting and budgeting staff refine collection of detailed accounting and reporting systems to ensure current management reporting needs are met. The Business Services section includes accounting functions, procurement and contracting, payroll coordination and reconciliation, budgeting services, revenue fee collection, inventory and surplus, risk management and safety, facilities, parking, travel services, mail and copy services.
- **Human Resources** – 4 FTE. Human Resources 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, providing reception services, and maintaining agency policies and procedures
- **Information Systems** – 7 FTE. Information Systems 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, Continuity of Operations Plan (COOP) Coordination, disaster recovery planning, and network security services.

### 3) Residential Service Protection – SCR # 86000-003 / Appn 43000

The 2021-2023 funding request for Residential Service Protection Fund (RSPF) is **\$11,462,641**. RSPF supports the state’s public policy that all Oregonians have access to adequate and affordable telephone service. Estimated surcharge for AY23 is \$0.12 (Statutory maximum is \$0.35). More information about RSPF on the website: <https://www.oregon.gov/puc/Pages/RSPF.aspx>



*The increase in 2021-2023 program cost is a result of an increase in Current Service Level and the inclusion of costs under Policy Option Package 101 that adjusts the Oregon Telephone Assistance Program (OTAP) discount from \$3.50 to \$10.00 for eligible low-income households that subscribe to phone or broadband internet access service.*

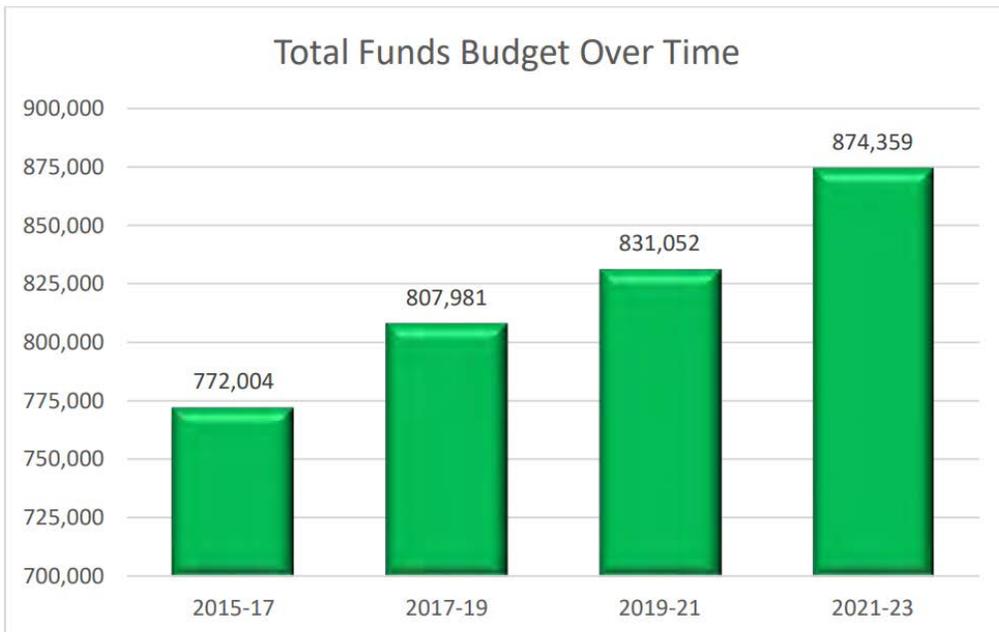
The RSPF supports four programs and 7.5 FTE:

- 1) **Oregon Telephone Assistance Program (OTAP)**. OTAP provides eligible low-income customers with a monthly discount of \$10.75 (\$3.50 from OTAP and \$7.25 from the FCC’s Lifeline program) on phone service or \$12.75 (\$3.50 from OTAP and \$9.25 from the FCC’s Lifeline program) on broadband internet access service with participating landline or wireless companies. More Information about OTAP on the website: <https://www.oregon.gov/puc/Pages/Oregon-Lifeline.aspx>
  - Approximately 40,000 Oregonians are served.
  
- 2) **Oregon Telecommunications Relay Service (OTRS)**. As required by the Americans with Disabilities Act of 1990, Oregon Relay 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. More information about Oregon Relay on the website: <https://www.oregonrelay.com/what-is-relay>
  - Operates 24 hours a day, approximately 4,071 calls monthly.

- 3) **Telecommunications Devices Access Program (TDAP).** 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. More information about TDAP on the website: [https://www.oregon.gov/puc/Pages/Telecommunication-Devices-Access-Program-\(TDAP\).aspx](https://www.oregon.gov/puc/Pages/Telecommunication-Devices-Access-Program-(TDAP).aspx)
  - Approximately 7,500 Oregonians are served.
  
- 4) **Emergency Medical Certificates Program (EMC).** 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.
  - In 2019, there were 5,900 disconnection contacts from utilities for medical certificate holders (non-payments and non-compliance with time-payment arrangements).

#### 4) Board of Maritime Pilots – SCR # 86000-005 / Appn 44000

The 2021-23 program funding request for Board of Maritime Pilots is **\$874,359**. The Oregon Board of Maritime Pilots (OBMP) is an agency that exists within the Oregon Public Utility Commission for budget and administrative purposes only. OBMP’s mission is to promote public safety by assuring that only well-qualified persons are licensed to pilot vessels entering and leaving Oregon’s ports. OBMP is staffed by two employees, an Executive Director and an Administrator. The Board consists of three public members, three pilot members, and three shipping industry members, are appointed by the Governor and approved by the Senate. OBMP is funded by the license fees paid by pilots as well as a board operations fee charged to each vessel using the services of a licensee. The OBMP receives no General funds or Lottery funds.



Oregon Board of Maritime Pilots – 2 FTE. The Board works with stakeholders from pilot organizations, steamship operators, and ports to address a variety of issues arising from delivery of pilotage services to service rate expenses. More information about OBMP on the website:

<https://www.oregon.gov/puc/bmp/Pages/About-Us.aspx>

OBMP has four programs:

1. Pilot Trainee and Pilot Apprentice Selection & Training
2. Incident Investigations – The Board investigates any incident that occurs while a licensee or trainee is providing pilotage service to a vessel.
3. License Administration - The Board sets the criteria for issuing new and the renewal of licenses.
4. Ratemaking Proceedings – The Board regulates the amount that pilots may charge for their services and publishes tariffs. No licensee may demand any greater, lesser, or different compensation for piloting a vessel upon any of the pilotage grounds than is allowed by law.

OBMP took the following actions concerning licensing and rates in 2019:

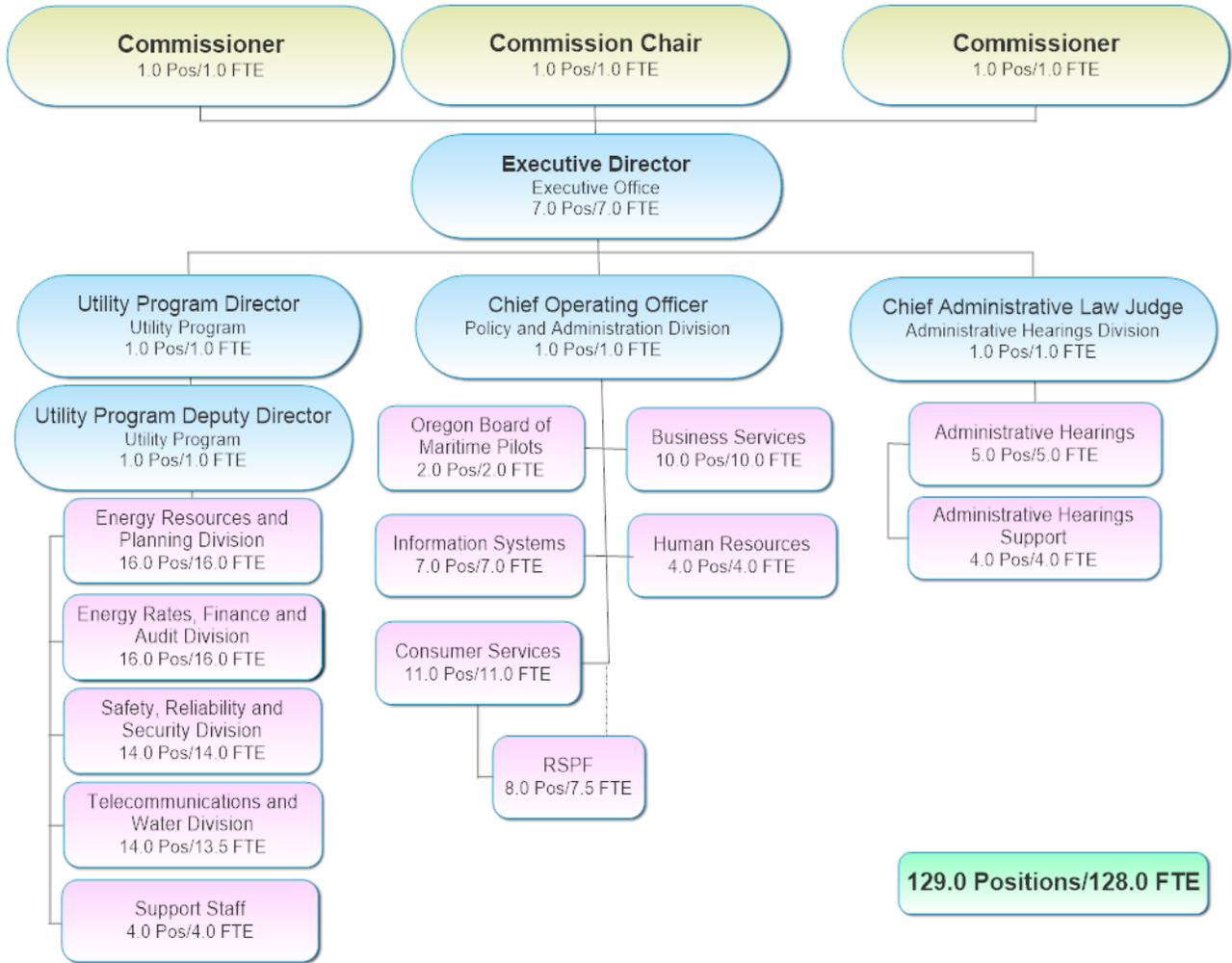
- 60 license renewals.
- Six license upgrades.
- Four license examinations.
- Five tariff economic adjustments.

Reference:

PUC's [Governor's Budget Narrative](#) pages 103 to 129, 171 to 177, 147 to 154, and 195 to 200

Agency organizational information, including an organizational chart and description of how services are delivered

### PUC's Organizational Structure



**Organizational Structure:**

**The Commission Office- led by the Commission Chair.** 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 specific area of the Commission’s regulatory program; all three participate in all areas and make decisions as a body, based on the record in individual cases. The Commission Office is funded by Utility Regulations Fund. More information about each commissioner on the website: <https://www.oregon.gov/puc/about-us/Pages/Commissioners.aspx> .

**Executive Office- led by the Executive Director.** The Executive Office includes the PUC Executive Director, Direct of Policy, Diversity Equity Inclusion Program Director, Commission Advisors, Policy Analysts, and Public Information Officer. Coordinates engagement with the legislature and ensures legislative directives are implemented. Ensures coordination between Utility Program personnel, Administrative Hearings Division, and Commission Office to ensure Commissioners are well informed and supported in decision-making, while preventing any ex parte issues. The Executive Office is funded by Utility Regulations Fund.

The PUC has three organizational divisions:

- 1. Utility Division – led by the Utility Program Director.** The Utility Division consists of Utility Admin Support (4 FTE), Energy Resources and Planning (16 FTE), Energy Rates Finance and Audit (16 FTE), Safety Reliability and Security (14 FTE), Telecommunications and Water (13.5 FTE). This division is funded by Utility Regulations Fund.

The Utility Division is the technical and analytical arm of the PUC that consists of professional staff who 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.

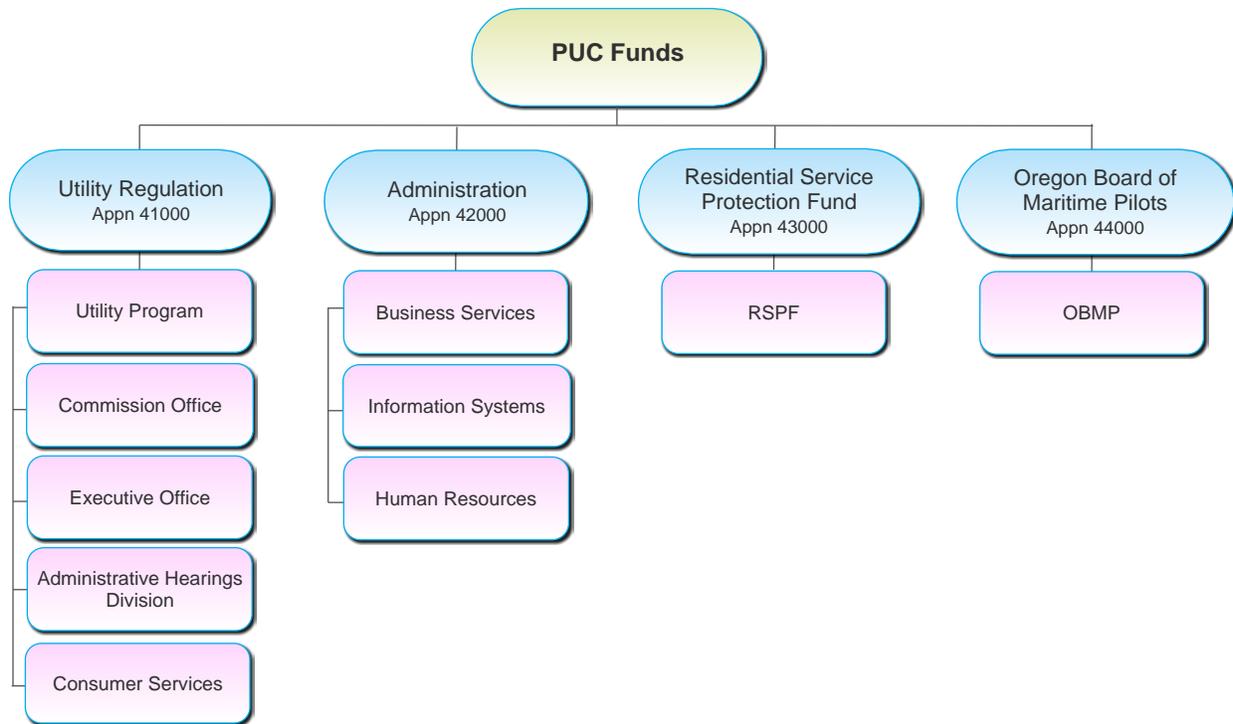
- 2. Administration Division – led by the Chief Operating Officer.** The Administration Division consists of Business Services, Information Technology, Human Resources, Consumer Services, Residential Protection Fund, and the Oregon Board of Maritime Pilots. The Chief Operating Officer is responsible for managerial and supervisory oversight of Business Services, Information Systems, Human Resources, Consumer Services, Residential Service Protection Fund, and Oregon Board of Maritime Pilots.

The administrative sections like **Business Services, Information Technology and Human Resources** support the efforts and program needs for the Commission Office, Executive Office, Utility Program, Administrative Hearings, RSPF, and OBMP to ensure these critical divisions receive the necessary support in terms of staffing or recruitment, training, budget, procurement, accounting, and information systems technology.

The administrative sections are funded by Administration Fund. The RSPF and OBMP sections are funded by their respective RSPF and OBMP funds. The Consumer Services section is funded by Utility Regulations Fund.

- 3. Administrative Hearings Division – led by the Chief Administrative Law Judge.** The **Administrative Hearings** 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, PUC 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. This division is funded by Utility Regulations Fund.

**Budget or Funding Structure:**



**Utility Regulation Fund** supports the program costs of the Utility Program, Commission Office, Executive Office, Administrative Hearings, and Consumer Services.

**Administration Fund** supports the administrative costs of the Business Services, Information Systems and Human Resources.

**Residential Service Protection Fund** supports the costs of the four program areas in RSPF section:

- Oregon Telephone Assistance Program (OTAP)
- Oregon Telecommunications Relay Service (OTRS)
- Telecommunications Devices Access Program (TDAP)
- Emergency Medical Certificates Program (EMC)

**Oregon Board of Maritime Pilots Fund** supports the program costs of the Oregon Board of Maritime Pilots.

**Reference:**

PUC's [Governor's Budget Narrative](#) pages 92, 102, 170, 146, and 194

Major budget drivers, budget risks (including pending lawsuits, disputes over existing contracts, audit findings), and environmental factors (for large agencies, specific detail should be provided in the program discussion)

### **Major Budget Drivers:**

#### PUC

- Personnel and Other Personnel Expenses – 65.9% of Limited Funds budget.
  - Tight labor market and competition for analysts drives recruitment and retention costs up.
- OTAP Payments/TDAP Equipment – 9.8% of Budget
- OTRS Payments – 7.6% of Budget
- Attorney General Expenses – 6.8% of Budget
- Rent – 3.7% of Budget
- Other Services and Supplies (including IT and state agency assessments) – 6.2% of Budget

#### OBMP

- Personnel and Other Personnel Expenses – 69.9% of budget
- Attorney General Expenses – 17% of budget
- Professional Services – 4% of budget
- Rent – 3.9% of budget
- Other Services and Supplies (including IT and state agency assessments) – 5.2% of budget

### **Budget Risks:**

#### PUC

- Decrease in revenue due to Covid-19
  - Estimated utility revenues between 2020 and 2022 were decreased by 6.4%, lower than January 2020 estimates.
- Lower natural gas (NG) prices equal smaller growth in NG revenue
  - Lower NG prices are good for customers. NG customers only grew 0.2% from 2018 to 2019.
- Slow growth in electric revenue
  - Energy conservation, distributed generation, lower NG prices, and lower energy market prices keep customer prices from increasing at higher levels. Electricity customers only grew 1.1% from 2018 to 2019.

#### OBMP

- Increased attorney fees resulting from
  - Proposed Pilotage Tariff review program
  - Medical Oversight program
  - Updated Ethics and Public Meetings procedures
- Columbia River Traffic

- Possible Washington State ecology rules on Columbia River oil transport requiring OBMP staff support
- Coos Bay Traffic
  - Possible approval and construction of Coos Bay LNG Terminal requiring OBMP staff support

## Environmental Factors:

### PUC

- COVID-19 has resulted in:
  - Higher arrearage balances for residential and commercial customers. The PUC approved a stipulated agreement between IOUs and stakeholders to use approximately \$39 million in customer funds to decrease or zero out balances of customers in arrears due to COVID-19.
  - Reduced commercial and industrial energy usage.
  - COVID-19 Impacts – The PUC hosted a series of workshops on the impacts of COVID-19 on utility customers. The workshop series explored customer and utility protections related to the pandemic. The workshops resulted in the development of three utility stipulated agreements (Energy, Water, and Telecommunications) that addressed, amongst other things, disconnections, late fees, arrearage management programs, data requirements, and time payment arrangements. This was a large effort that included nine Staff workshops, one Commission workshop, and four Commission Public Meetings.
- Emergency Response (COVID19 and Wildfire) – The PUC has been engaged supporting utilities and the state for COVID-related issues and wildfire response and recovery. Since the wildfires began in September 2020, PUC has tracked utility outages and worked with the state, counties, and utility providers on restoration. Late in the year 2020, the PUC launched the Oregon Wildfire & Electric Cooperative (OWEC) to further discuss wildfire mitigation efforts and best practices as directed by EO 20- 04. Additionally, PUC opened a wildfire mitigation planning rulemaking (AR 638) to address risk-based wildfire protection plans and planned activities consistent with EO 20-04.
- Oregon's population will continue to grow. The growth translates directly into greater demand for utility services, although the nature of utility services consumers seek is changing.
- Energy markets are undergoing rapid changes as telecommunications and technology advances are integrated with the electric grid.
- Distributed generation (solar photovoltaic, micro turbines, fuel cells, micro grids, energy storage) are increasing the complexity of utility operations and customer expectations. These changes are raising fundamental issues about long-standing regulatory concepts that will require considerable policy adaptation at the Commission.
- The uneven regional economic recovery is creating increased demand for utility service assistance programs.
- Emerging, changing, and uncertain federal laws and rules concerning greenhouse gas emissions, energy development, and energy consumption, as well as tax incentives will affect utility operations.
- Heightened concerns about the risks posed by cyber-attacks and major earthquakes on utility facilities.

- Continued decrease in telephone landline use due to cellular telephones, Voice over Internet Protocol (VoIP), and internet usage such as Skype.
- The need for utilities to invest in capital projects to meet the growing demand of customers, changes in technology, and federal and state mandates.
- Increased energy utility customer demands concerning options for “green tariffs” that utilize greater selections and availability of renewable power.
- Federal laws and rules promoting development of broadband as well as fundamental changes to universal service funding.

#### OBMP

- Increased oversight and scrutiny of Maritime Pilot operations as the Columbia and Coos Bay systems evaluate the marine transportation of coal, liquefied natural gas (LNG), and methanol through Oregon waters.
- Low numbers of vessel calls in Coos Bay and Yaquina Bay make training of new pilots and maintenance of safe pilot boats difficult, both practically and financially.
- On January 1, 2020, ships at sea must burn ultra-low sulfur fuel with no more than 0.5% sulfur. This new change will alter maintenance schedules due to the change in fuel viscosity and could lead to increased machinery failures.
- Travel restrictions due to the pandemic have resulted in more than 400,000 mariners worldwide being extended past their normal contract end. This creates increased fatigue and stress leading to lower performing and less safely crewed ships calling in our waters.
- Travel restrictions and cancellations of in person courses have made Continued Professional Development for pilots extremely challenging. While rules are in place to waive these requirements, in the long term it is critical to maintain professional competency.

Major changes to the agency in the past 6 years, broken down by biennia, including program changes (additions or reductions) and the effect of changes on service and program delivery, with an emphasis on programs that were initiated in 2019-21

### 2019-21

- New Commissioner in AY21- Mark Thompson.
- Created Executive Director position to coordinate activities between three divisions (Utility, AHD, and P&A).
- Created Policy Director position to coordinate legislative matters and other stakeholder activities.
- Created Diversity, Equity, and Inclusion (DEI) Director position to develop our Diversity, Equity and Inclusion Program.
- Created an organizational unit under Utility Program called Utility Strategy & Integration Division. This unit works closely with the Safety, Reliability, and Security Division (Safety), the Energy Rates, Finance, and Audits (ERFA) Division, and the Energy Resource & Planning (ERP) Division in bridging the efforts between existing programs in line with the agency's strategic vision.

Specific actions the agency has taken or plans to take to contain costs and improve programs and service, including realigning/consolidating programs; eliminating or reducing duplication of services or unnecessary processes; and/or proposed statutory, rule, or process changes (data supporting these actions, including estimated savings, should be included)

#### **Other Funds-Limited Restructuring**

- The costs of Executive Office, Commission Office, Administrative Hearings and Consumer Services were moved from Administration Fund to Utility Regulation Fund to have a transparent picture of actual administrative costs in Administration Fund.
- Administration Fund supports the administrative costs of Chief Operating Officer, Business Services, Information Technology and Human Resources.
- Currently, PUC's administrative costs (excluding State Government Service Charge) are less than 10% of total limited funds that would also include Residential Service Protection Fund (RSPF), Oregon Board of Maritime Pilots (OBMP), and Federal Funds.

#### **Budget management actions of PUC to contain costs and improve programs and services:**

- Reduction in administrative personnel
- Vacancy savings
- Administrative savings including technology
- Deferral of IT purchases
- Cost control in Attorney General expenditures
- Reduction in travel
- Data sharing agreements with Department of Revenue and Department of Human Services

#### **Policy Option Package 101 – Adjust (Increase) OTAP Discount**

- Adjust (OTAP) discount from \$3.50 to \$10.00 for eligible low-income households.
- The OTAP discount supplements the Federal Communications Commission's (FCC's) Lifeline benefit of \$9.25. The FCC is phasing out the Lifeline discount for phone service from \$9.25 to \$0. Effective December 1, 2021, eligible low-income Oregonians will only receive the OTAP discount of \$3.50 as opposed to a combined benefit of \$12.75. An OTAP discount of \$10.00 will offset an 80 percent loss.
- The FCC also established minimum service standards for broadband internet access service, which is excluding eligible low-income Oregonians. An OTAP discount of \$10.00 assists eligible low-income Oregonians with the cost of broadband internet access service. The 2017 Oregon Legislature established a 26 percent OTAP participation rate for the Public Utility Commission to attain by January 1, 2023. This policy option package will facilitate retention and promote participation.

#### **Policy Option Package 102 – \$321,972 E-filing/E-discovery two years of ongoing costs in biennium 2021-23**

- E-Filing / E-Discovery project includes the purchase of a Commercial off the Shelf (COTS) or Software as a Service (SaaS) solution which allows for customization and configuration to fit the Commission's business needs. The solution will replace the cumbersome software-as-service

product which the Commission has tried to mold its data request processes to use efficiently and the Commission's custom built docketing system which is more than 20 years old. The solution will provide a modern, friendly, consistent, and improved user interface allowing for ease of use. It will also facilitate commenting and will provide a means to reduce the spam encountered with the present system.

- The 2021-23 POP 102 \$321,972 is the estimated annual licensing, subscription, support fee, and costs to cover the Pilot Phase, Go-Live, and Post Go-Live Support in biennium 2021-23. A 2019-21 Limitation increase for the one-time cost of customization, configuration, and data migration, and prorated first year ongoing costs (\$510,925 total) was approved in December 2020 E-Board.
- The Commission's Filing Center currently keeps statistics on the number of filings it declines. It is anticipated that this number will decrease with an integrated solution. With unlimited size for file uploads and a means to electronically transfer protected information, there will be a reduction in physical mailings. Some results will be harder to quantify such as the reduction in staff time to respond to inquiries and find information.

Reference:

PUC's [Governor's Budget Narrative](#) pages 101 to 102, 105, 169 to 170, 172, and 165 to 166

Major budget information, including caseloads, fees, construction, unique cost increases/decreases, summary of revenues, proposed changes in revenue sources or fees, and historical and projected spending for programs

-none

Description of programs that are shared with or dependent on other agencies, including both existing programs and new initiatives that require cooperation between affected agencies for effective implementation

-none

Summary of proposed legislation affecting agency operations, the status of the legislation, and the budgetary impact;

-none

Discussion of program or service reductions included in the Governor’s budget, 10% reduction options requested by LFO, and information on vacant positions

**1) No program or service reductions included in the Governor’s Budget.**

The net change or reduction of \$ (370,063) from Current Service Level to Governor’s Budget is due to the statewide reductions of \$ (1,892,035) and the Pkg 101 and 090 limitation increases, and not a PUC program or service reduction. The \$ (1,892,035) budget reduction includes changes for shared statewide administrative costs, DAS assessments, Attorney General assessments, and the cost reduction for Microsoft 365 Consolidation.

Here is the breakdown of the Net Change of \$ (370,063):

<b>Budget Adjustment : Reduction</b>				
Pkg 091	Elimination of Service & Supplies Inflation			(562,713)
Pkg 092	Personal Services- Elimination of Vacancy Savings			(749,772)
Pkg 096	Statewide Adjustment DAS Charges			(246,686)
Pkg 097	Statewide Attorney General Adjustment			(241,162)
Pkg 099	Microsoft 365 Consolidation			(91,702)
		Total		(1,892,035)
<b>Budget Adjustment : Increase</b>				
Pkg 101	OTAP Discount Adjustment			1,200,000
Pkg 090	E-Docket and E-Discovery System Project 2-year costs			321,972
		Total		1,521,972
		<b>Net Change ( Reduction)</b>		<b>(370,063)</b>

**2) Ten Percent Reduction Options requested by LFO:**

Services and Supplies -	\$ 876,872
OTAP Payments -	\$1,050,230
Personnel -	<u>\$3,469,065</u>
Total	<u>\$5,396,167</u>

**AY23 Reduction Options Plan**

PRIORITY REDUCTION	Steps of Postions	AMOUNT	ADMIN	UTILITY	RSPF	FF
#1 S&S		\$ 556,872.00	\$111,374.40	\$ 445,497.60		
#2 OTAP		\$1,050,230.00			\$1,050,230.00	
#3 DOJ AG Fees		\$ 320,000.00		\$ 320,000.00		
#4 CS1 (0110851)	2	\$ 150,608.00		\$ 150,608.00		
#5 UTILITY OPA4 (1900103)	6	\$ 288,575.00		\$ 288,575.00		
#6 WATER UA2 (703)	2	\$ 97,120.00		\$ 97,120.00		
#7 PEME (151)	10	\$ 342,120.00		\$ 342,120.00		
#8 ERFA UA3 (0300822)	10	\$ 315,497.00		\$ 315,497.00		
#9 TELECOM UA3 (507)	6	\$ 266,563.00		\$ 266,563.00		
#10 ERP UA3 (755)	10	\$ 315,497.00		\$ 315,497.00		
#11 ERFA UA3 (280)	6	\$ 266,563.00		\$ 266,563.00		
#12 ISS6 (008)	10	\$ 281,687.00	\$281,687.00			
#13 ERP UA3 (0110850)	6	\$ 266,563.00		\$ 266,563.00		
#14 HRA2 (0.5 FTE) (1500865)	8	\$ 122,231.00	\$122,231.00			
#15 ALJ3 (0.5 FTE) (205)	10	\$ 186,558.00		\$ 186,558.00		
#16 UA2 (796)	2	\$ 255,752.00		\$ 179,026.00		\$76,726.00
#17 PEMF (218)	6	\$ 313,731.00		\$ 313,731.00		
<b>TOTAL</b>		<b>\$5,396,167.00</b>	<b>\$515,292.40</b>	<b>\$3,753,918.60</b>	<b>\$1,050,230.00</b>	<b>\$76,726.00</b>

Cut Increments 2.5%		
Top 2 Pri: Covers first 2.5%	\$ 1,394,966	\$1,607,102.00
Top 7 Pri: Covers first 5%	\$ 2,789,932	\$ 2,805,525.00
Top 12 Pri: Covers first 7.5%	\$ 4,184,898	\$ 4,251,332.00

See AY 23 Reduction Option in PUC's Governor's Budget Narrative pages 73 to 89

Reference:  
[PUC's Governor's Budget Narrative pages 73 to 89](#)

### 3) Information on vacant positions : Vacancy Report

Job Profile	Detail Cross Reference (Source - Budget System)	Position Worker Type (Source - Budget System)	Position Time Type (Source - Budget System)	Budget Authorization Number (Source - Budget System)	PPDB Position Number	Estimated Hire Date	Position Open Reason	Open or Future Job Requisition	Length (In Months)
Principal Executive/Manager F - SR35 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505040	0000218	1/1/2021	Change Job		9
Utility And Energy Analyst 3 - SR31 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	819000	0300822	4/1/2021	Termination		
Public Service Representative 3 - SR15 - Non Exempt	86000-003-72-00-00000	Permanent	Part-Time	708000	0000803		Change Job		10
Principal Executive/Manager E - SR33 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	506250	0000470	7/1/2021	Termination		7
Utility And Energy Analyst 3 - SR31 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505670	0000288	1/1/2021	Change Job	REQ-51171 Electrical Engineer (Utility and Energy Analyst 3) (Open)	3
Principal Executive/Manager F - SR35 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505960	0000415	1/1/2021	Termination		17
Information Systems Specialist 4 - SR25 - Non Exempt	86000-004-01-00-00000	Permanent	Full-Time	507240	0000642	2/1/2021	Termination	REQ-54081 Help Desk Analyst – Information Systems Specialist 4 (Open)	1
Utility And Energy Analyst 3 - SR31 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505310	0000247	2/1/2021	Termination	REQ-54383 Senior Energy Policy Analyst - Utility And Energy Analyst 3 (Open)	1
Utility And Energy Analyst 3 - SR31 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505600	0000280	1/1/2021	Termination	REQ-50939 Senior Telecommunications and Water Analyst - Utility And Energy Analyst 3 (Open)	3
Utility And Energy Analyst 2 - SR28 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	504330	0000146	3/1/2021	Change Job		2
Utility And Energy Analyst 2 - SR28 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	507340	0000706	3/1/2021	Change Job		1
Utility And Energy Analyst 2 - SR28 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	505390	0000256		Change Job	REQ-54376 Junior Economist/Statistician - Utility And Energy Analyst 2 (Open)	1
Utility And Energy Analyst 2 - SR28 - Exempt	86000-001-10-00-00000	Permanent	Part-Time	507310	0000703	3/1/2021	Change Job		17
Operations & Policy Analyst 4 - SR32 - Exempt	86000-001-10-00-00000	Permanent	Full-Time	1337050	1900103	6/1/2021	Create Position: Pending		16

## Discussion of pandemic/Coronavirus Relief Fund issues and effect of 2019-21 actions on the 2021-23 budget

### June 2020 Emergency Board

- Established an Other Funds expenditure limitation of \$3,500,000 that the Department of Administrative Services received from the federal Coronavirus Relief Fund and transferred to the Public Utility Commission's Residential Service Protection Fund to provide a greater discount on telephone or broadband services for eligible low-income households affected by the pandemic.
- The Oregon Telephone Assistance Program subsidizes local telephone and broadband service rates to about 42,000 eligible low-income Oregonians by providing up to a \$12.75 monthly discount. The Coronavirus Relief Fund increases the subsidy to \$21.25 per month with the aim of providing financial relief for up to 8,000 more low-income households and increasing access to broadband service.
- The federal funding package signed on the 28th of December included a provision that extended the deadline for CARES act spending to 12/31/2021. DAS is currently working with DOJ on the process for extending state agreements. For state purposes, the extension cannot go beyond 6/30/21 due to budgeting constraints and limitation issues.
- This 2019-21 action has no effect on the 2021-23 budget.

Oregon Legislature Emergency Board Certificate dated June 5, 2020, item no. 6 ...

#### Legislative Fiscal Office

900 Court St. NE, H-178  
Salem OR 97301  
503-986-1828



#### Oregon Legislative Emergency Board

Sen. Peter Courtney, Senate Co-Chair  
Rep. Tina Kotek, House Co-Chair

#### Certificate

June 5, 2020

Pursuant to the provisions of ORS 291.328, and acting under the authority of ORS 291.326(1)(a), (b), (c), and (d); ORS 291.371; and ORS 291.375; this hereby certifies that the Emergency Board, meeting via remote interface on June 5, 2020, took the following actions:

**6. Public Utility Commission**

Established an Other Funds expenditure limitation of \$3,500,000 for the Public Utility Commission, Residential Services Protection Fund, for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to the Public Utility Commission to provide a greater discount on telephone and broadband services for eligible low-income households needing assistance due to the COVID-19 pandemic.

Reference:

PUC's [Governor's Budget Narrative](#) page 32

A hyperlink/URL to the agency's Governor's Budget published on its website should also be included in the written reference materials. If the agency's Governor's Budget document is not completed prior to the deadline for submitting materials, the link/URL should be provided to your LFO analyst as soon as available.

- Here is the link to the PUC's Governor's Budget published on the website:  
[www.oregon.gov/puc/about-us-2021-23](http://www.oregon.gov/puc/about-us-2021-23) PUC's Governor's Budget

In the appendix, provide the following (if applicable):

i. Results of, and agency responses to, all audits on the agency conducted by the Secretary of State under ORS 297.070 during the current biennium;

- No audits on the agency conducted by Secretary of State during the current biennium.
- The Secretary of State performed an audit of the Energy Trust of Oregon administrative costs during July 2017 to June 2018. The PUC has agreement with Energy Trust requires full transparency in operations. PUC worked with Energy Trust to adapt reporting to better illustrate administrative costs for annual reports to the Commission. Further, as part of the budget process in the fall of 2018, Energy Trust clarified administrative cost categories and improved reporting of these costs. In their 2019 Budget and 2019-2020 Action Plan, Energy Trust included documentation describing administrative and program support costs and changes to reporting intended to improve clarity and transparency on these numbers.

Reference:

PUC's [Governor's Budget Narrative](#) pages 236 to 238

ii. Description of how recent changes to agency budget and/or management flexibility affected agency operations;

**Other Funds-Limited Restructuring**

- The costs of Executive Office, Commission Office, Administrative Hearings and Consumer Services were moved from Administration Fund to Utility Regulation Fund to have a transparent picture of actual administrative costs in Administration Fund.
- Administration Fund supports the administrative costs of Chief Operating Officer, Business Services, Information Technology and Human Resources.
- Currently, PUC's administrative costs (excluding State Government Service Charge) are less than 10% of total limited funds that would also include Residential Service Protection Fund (RSPF), Oregon Board of Maritime Pilots (OBMP), and Federal Funds.
- The changes in budget does not affect agency operations.

iii. Supervisory Span of Control Report from the Department of Administrative Services, Chief Human Resources Office, for agencies with more than 100 employees located at: <https://www.oregon.gov/das/HR/Pages/Span.aspx>;

- The PUC actual supervisory ratio of **1:5** is calculated using the following calculation:
  - 129 total personnel; 21 supervisors and 108 non-supervisors.

- 21 total supervisors = 22 employees in a supervisory role – 1 Agency Head
  - 108 total non-supervisors = 93 employees in a non-supervisory role plus 15 non-supervisory vacancies
- The agency has a current actual supervisory ratio of 1:5 = 108 non-supervisors / 21 total supervisors. Rounds to **1:5**.

**Complexity of PUC Duties**

- Traditionally, the core work of PUC was economic regulation; however, changes in the energy and telecommunications landscape has required PUC to become state’s experts in emerging energy and telecommunications policy.
- The energy and telecommunications industries are experiencing significant, revolutionary, and ongoing change. The effects of technology innovation, changes in market structures, shifts in government jurisdiction, development of new products and services, issues concerning cybersecurity and resiliency, broadband availability, and new environmental directives, are all having a profound impact on these industry sectors.
- As a result, the PUC needs additional and exceptional supervisors in its Utility Program to ensure staff has proper guidance, support, and access to technical and operational knowledge.

**Industry Best Practices**

- PUC’s maximum supervisory ratio is well within best practices and standards as our ratio is in the range of utility regulatory commissions in the western United States and regulatory departments of the state’s two largest electric utilities as demonstrated below.
  - Oregon Electric Utilities (as of June 22, 2018)
  - Portland General Electric – 1:5
  - Pacific Power – 1:8
  - State Regulatory Commissions
    - Colorado – 1:4
    - Idaho – 1:3
    - Montana – 1:3
    - Nevada – 1:4
    - Washington – 1:5
    - Wyoming – 1:4

More information on Supervisory Span of Control Report from the Department of Administrative Services CHRO website:

[https://www.oregon.gov/das/HR/Documents/2019-20\\_SOC\\_6th\\_qtr\\_Report.pdf](https://www.oregon.gov/das/HR/Documents/2019-20_SOC_6th_qtr_Report.pdf)

**Reference:**

PUC’s [Governor’s Budget Narrative pages 241 to 242](#)

**iv. Summary of proposed technology and capital construction projects;**

-none

**v. Program Prioritization for 2021-23 (form 107BF23) - Governor's Budget page 66 to 71**

Program Prioritization for 2021-23

Agency Name: Oregon Public Utility Commission																					
2021-23 Biennium																			Agency Number: 86000		
Program 1																					
Program/Division Priorities for 2021-23 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
5	1	Administration	Administrative program encompassing the Chief Operating Officer, Business Services, Information Systems, and Human Resources	16 (proposed)	4			9,347,126						22	22.00	N	Y	C, S	ORS 756	Regulation of investor-owned energy and water utilities, telecommunication utilities, and water associations	No proposed changes.
								9,347,126													

- 7. Primary Purpose Program/Activity Exists**
- 1 Civil Justice
  - 2 Community Development
  - 3 Consumer Protection
  - 4 Administrative Function
  - 5 Criminal Justice
  - 6 Economic Development
  - 7 Education & Skill Development
  - 8 Emergency Services
  - 9 Environmental Protection
  - 10 Public Health
  - 11 Recreation, Heritage, or Cultural
  - 12 Social Support

- 19. Legal Requirement Code**
- C Constitutional
  - D Debt Service
  - FM Federal - Mandatory
  - FO Federal - Optional (once you choose to participate, certain requirements exist)
  - S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

**Document criteria used to prioritize activities:**

Agency Name: Oregon Public Utility Commission		Agency Number: 86000																			
2021-23 Biennium		Program 2																			
Program/Division Priorities for 2021-23 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
1	2	Utility Regulation	Regulation of Private Electric and Natural Gas Utilities, Telecommunications, and Water Utilities	1, 2, 3, 4, 5, 6, 7, 8, 11, 12, 15a, 15b, 15c, 15d, 15e	3, 4, 6			34,559,072	45,945,047			\$ 80,504,119	97	96.50	N	Y	C, S	ORS 757, 758, and 759, 469 and 469A	Regulation of investor-owned energy and water utilities, telecommunication utilities, and water associations; Oregon statutes, and FCC, FERC and NERC regulations	No proposed changes.	
								\$ -	\$ -			\$ -									
								34,559,072	45,945,047			\$ 80,504,119	97	96.50							

**7. Primary Purpose Program/Activity Exists**

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

To document statutory requirements.

Program Prioritization for 2021-23

Agency Name: Oregon Public Utility Commission																						
2021-23 Biennium														Agency Number: 86000								
Program 3																						
Program/Division Priorities for 2021-23 Biennium																						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request		
Agcy	Prgm/ Div																					
2	2	Utility Regulation	Pipeline Safety	Safe and reliable operation of 10,000 miles of natural gas pipeline	6	3					1,180,926		\$ 1,180,926			N	Y	C, S	ORS 757 and 758	Responsible for pipeline safety in Oregon through Oregon statutes and Federal Pipeline and Hazardous Material Safety Administration CERs.	No proposed changes.	
													\$ -									
											1,180,926		\$ 1,180,926	0	0.00							

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

To document statutory requirements.

Program Prioritization for 2021-23

Agency Name: Oregon Public Utility Commission																					
2021-23 Biennium																			Agency Number: 86000		
Program 4																					
Program/Division Priorities for 2021-23 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
3	3	Residential Service Protection Fund	TDAP/ OTRS	Telephone assistive device program for Deaf and disable and Oregon telecommunication Relay System	10	12			see OTAP below			\$		see OTAP below	N	N	S	ORS 290 and 759	ORS 290 and American Disability Act	No proposed program changes.	
												\$									
												\$									
												\$		0	0.00						

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
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- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

To document statutory requirements.

Program Prioritization for 2021-23

Agency Nc Oregon Public Utility Commission																									
2021-23 Biennium																			Agency Number: 86000						
Program 5																									
Program/Division Priorities for 2021-23 Biennium																									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22				
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request					
Agcy	Prgm/Div																								
4	3	Residential Service Protection Fund	OTAP	Low income telephone subsidy program	9			11,892,440				\$ 11,892,440	8	7.50	N	Y	S	ORS 290 and 759	ORS 290 and Federal Universal Service Fund Lifeline requirements	POP 101, Adjustment of Oregon Telephone Assistance Program (OTAP) discount: The primary purpose of this policy option package is to adjust the Oregon Telephone Assistance Program (OTAP) discount from \$3.50 to \$10.00 for eligible low-income households that subscribe to phone or broadband internet access					
												\$ -													
												\$ -													
								11,892,440				\$ 11,892,440	8	7.50											

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
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19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

To document statutory requirements.

Program Prioritization for 2021-23

Agency Name: Oregon Public Utility Commission																									
2021-23 Biennium																			Agency Number: 86000						
Program 6																									
Program/Division Priorities for 2021-23 Biennium																									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22				
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request					
Agcy	Prgm/ Div																								
6	4	Board of Maritime Pilots	OBMP	Establish license requirements for pilots, qualify applicants and select trainees and apprentices. Provide for license examinations and issue licenses. Investigate maritime incidents.	13, 14	3, 6			893,969				\$ 893,969	2	2.00	N	N	C, S	ORS 776, 777, 778, 780 and 783	Oregon statutes and United States Coast Guard regulations	No proposed program changes.				
													\$ -												
													\$ -												
								893,969					\$ 893,969	2	2.00										

7. Primary Purpose Program/Activity Exists

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- 2 Community Development
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19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

To document statutory requirements.

vi. Other Funds Ending Balance Form

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2019-21 & 2021-23 BIENNIA

Agency: Public Utility Commission  
 Contact Person (Name & Phone #): Michael Dougherty 971-273-9201

(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or Statutory reference	(f) 2019-21 Ending Balance		(g) 2021-23 Ending Balance		(j) Comments
					In LAB	Revised	In CSL	Revised	
Limited	86000-001-00-00-00000, 86000-004-00-00-00000	00401 Utility Regulation	Operations Utility Regulation and Policy & Administration	ORS 756.305	17,271,816	14,634,584	10,538,999	11,649,674	Annual Gross Revenue Fees are collected in April and must pay expenditures for the following twelve months. The currently projected ending balance for 2019-21 is estimated to cover 10 months of operating expenditures. The lower ending balance variance for the current biennium is due to the anticipated impact of COVID-19, a reduction on electric and natural gas fee collection amounts in 2021. Also the expenditure amount got increased by \$585K for the e-filing/e-discovery system modernization, as approved in December 2020 E-board.
Non-Limited	86000-001-00-00-00000	00955 Oregon Universal Service Fund	Operations	ORS 759.425 (6)	1,967,505	4,821,932	3,629,118	3,629,118	The higher ending balance variance is due to revenue forecast got increased by SB1603 passed in the 2020 special session that made substantial changes to the OUSF. Capped the surcharge rate at 6% and both Wireless and VoIP revenues are subject to the fee. The current surcharge rate is 5% as of January 1st, 2020. Updated estimates for disbursement were reduced by \$2 million from the AY21 LAB. The ending balance for 2019-21 is estimated at 6 months of expenditures. The RSPF assessment is currently expected to be set at fourteen (14) cents for the calendar year starting January 1, 2021. The higher ending balance variance in 2019-21 is due to Oregon Telephone Assistance Program (OTAP) reimbursements being below the expenditure projection in the AY21 LAB. Expenditures are expected to increase again starting January 2021 due to a planned increase of the reimbursement amount to paying subscribers. Also, RSPF received \$788K returned payments from a Telecom provider who had wrongfully claimed reimbursements which significantly contributed to the drop in OTAP reimbursements. POP#101 was approved for RSPF in AY23. The primary purpose of this POP#101 is to adjust the Oregon Telephone Assistance Program (OTAP) discount from \$3.50 to \$10.00 for eligible low-income households that subscribe to phone or broadband internet access service.
Limited	86000-003-00-00-00000	00415 Residential Service Protection Fund	Operations	ORS 759.687	806,643	2,852,090	327,740	1,206,190	Estimated ending balance will be about 7 months of expenditures. The higher ending balance variance in 2019-21 is due to 4 months savings from the vacant OPA4 position, a low number of incident investigations, and low Attorney general costs incurred in AY 21.
Limited	86000-005-00-00-00000	01215, 00401 Board of Maritime Pilots	Operations, Other (Deposit Liability)	ORS 776.365, 776.540	127,505	219,738	124,506	144,116	

**Objective:** Provide updated Other Funds ending balance information for potential use in the development of the 2021-23 legislatively adopted budget.

**Instructions:**

- Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.
- Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2019-21 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).
- Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).
- Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.
- Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.
- Columns (f) and (h): Use the appropriate, audited amount from the 2019-21 Legislatively Approved Budget and the 2019-21 Current Service Level at the Agency Request Budget level.
- Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. Do not include adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2019-21 General Fund approved budget or otherwise incorporated in the 2019-21 LAB. The revised column (i) can be used for the balances included in the Governor's budget if available at the time of submittal. Provide a description of revisions in Comments (Column (j)).
- Column (j): **Please note any reasons for significant changes in balances previously reported during the 2019 session.**

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.