

HB 5032 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Public Utility Commission

2021-23

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 54,803,877	\$ 55,492,607	\$ 56,922,877	\$ 2,119,000	3.9%
Other Funds Nonlimited	\$ 54,312,163	\$ 45,945,047	\$ 45,945,047	\$ (8,367,116)	-15.4%
Federal Funds Limited	\$ 1,074,677	\$ 1,180,926	\$ 1,180,926	\$ 106,249	9.9%
Total	\$ 110,190,717	\$ 102,618,580	\$ 104,048,850	\$ (6,141,867)	-5.6%

Position Summary

Authorized Positions	130	129	129	-1
Full-time Equivalent (FTE) positions	127.75	128.00	128.00	0.25

⁽¹⁾ Includes adjustments through January 2021

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Public Utility Commission (PUC) is funded primarily from utility fees, the Residential Service Protection Fund (RSPF), the Oregon Universal Service Fund (OUSF), and the Public Purpose Charge. The Commission also receives Federal Funds from the United States Department of Transportation for the Natural Gas Pipeline Safety Program. The recommended budget includes a decrease in expected revenue and expenditures due to an anticipated Other Funds Nonlimited reduction within the Oregon Universal Service Fund. The OUSF surcharge is collected by PUC and distributed to eligible telecommunication carriers in parts of Oregon where providing telephone services is costly. OUSF revenue continues to decline with the trend in decreasing landline use. As these are pass-through funds, PUC's revenues and expenditures appear to be declining; however, their operations are not affected by this change. The recommended budget also includes an adjustment to the RSPF surcharge rate from \$0.10 to \$0.12. This increase supports Package 101, the Oregon Telephone Assistance Program (OTAP), which will increase the discount from \$3.50 to \$10.00 for eligible low-income households subscribing to phone or broadband internet access service. The projected Other Funds revenue increase from the RSPF surcharge is \$1,648,651.

Summary of the Transportation and Economic Development Subcommittee Action

PUC ensures Oregon utility consumers have access to safe, reliable, and high-quality utility services at just and reasonable rates through detailed analysis and independent decision-making conducted in an open and fair process. PUC regulates customer rates and services of the state's investor-owned electric, natural gas and telephone utilities, as well as certain water companies, allowing regulated companies an opportunity to earn an adequate return on their investment. The Commission does not regulate people's utility districts, cooperatives, or

municipally owned utilities except in matters of safety. Additionally, the Commission has no authority to regulate the rates or services of cellular, satellite, broadband service, or cable TV providers.

PUC is governed by federal and state laws, as well as a broad history of judicial decisions. The three-member Commission is appointed by the Governor and is subject to Senate confirmation.

The Oregon Board of Maritime Pilots (OBMP) is an independent occupational licensing and regulatory agency for state maritime pilots, which is part of PUC for budget and administrative purposes. OBMP protects public safety and the environment and serves Oregon's economy by ensuring only the qualified are licensed to pilot vessels.

The Transportation and Economic Development Subcommittee recommended a total funds budget of \$104,048,850, which is comprised of \$56,922,877 Other Funds expenditure limitation, \$45,945,047 Other Funds Nonlimited, \$1,180,926 Federal Funds expenditure limitation, and 129 positions (128.00 FTE). The approved budget is a 5.6% decrease from the 2019-21 legislatively approved budget and a 13.9% increase to the 2021-23 current service level.

Utility Regulation

The Utility Regulation program conducts research and analysis and provides the Commission with technical support. It ensures private electricity, natural gas, telecommunications, and water utilities provide safe, reliable, and high-quality service at reasonable rates and promotes effective competition in those industries. Staff review program finance and budget issues, conduct fiscal and general audits, and monitor utility safety practices. The Subcommittee recommended a total funds budget of \$81,685,045 and 97 positions (96.50 FTE).

Residential Service Protection

The Residential Service Protection Fund (RSPF) consists of four programs aimed at ensuring accessible and affordable basic phone service for all Oregonians. Each month, the RSPF surcharge is assessed on telecommunication subscribers. It provides telecommunication services for citizens that are low-income and physically challenged, including the hearing and speech-impaired, through the Oregon Telephone Assistance Program, Telecommunications Devices Access Program, Oregon Telecommunications Relay Service, and Emergency Medical Certificates Program. The Subcommittee recommended a total funds budget of \$11,892,440 and eight positions (7.50 FTE). The Subcommittee recommended the following package:

Package 101: OTAP Discount Adjustment. This package increases the Oregon Telephone Assistance Program (OTAP) discount from \$3.50 to \$10.00 for eligible low-income households subscribing to phone or broadband internet access service. This package increases Other Funds expenditure limitation by \$1,200,000 and increases revenues by \$1,648,651.

Administration

The Administration Program includes the Chief Operating Officer, the Commission, Commission Services, Administrative Hearings, Central Services, and Human Resources. The Subcommittee recommended a total funds budget of \$9,577,396 and 22 positions (22.00 FTE). The Subcommittee recommended the following packages:

Package 090: Analyst Adjustments. This package is for ongoing costs for the e-filing/e-discovery IT project. The 2021-23 budget is set at \$321,972, which equals the cost of two years of ongoing costs set at \$116,370 per year plus an additional amount of \$73,900 to cover the project's pilot phase, go-live, and post go-live support that will likely not be completed during the 2019-21 biennium; and a 5% contingency due to uncertainty about certain licensing costs, including login limits.

Package 099: Microsoft 365 Consolidation. Microsoft 365 is being consolidated within the office of the State Information Officer at the E5 level of service. This cost is built into the State Government Service Charge for every agency as a cost increase for the 2021-23 biennium. This package makes a corresponding reduction to the agency base budget in an amount equivalent to what agencies should be paying in the current 2019-21 biennium for Microsoft 365 at the E3 level of service.

Oregon Board of Maritime Pilots

The Oregon Board of Maritime Pilots is an independent occupational licensing and regulatory agency for state maritime pilots, whose mission is to protect public health, safety, and welfare by ensuring only the best-qualified persons are licensed to pilot vessels in Oregon's four pilot required areas, including Yaquina Bay, Coos Bay, the Columbia River, and the Willamette River. The Subcommittee recommended a total funds budget of \$893,969 and two positions (2.00 FTE).

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Public Utilities Commission
Drew Cohen (971) 707-8779

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ -	\$ -	\$ 54,803,877	\$ 54,312,163	\$ 1,074,677	\$ -	\$ 110,190,717	130	127.75
2021-23 Current Service Level (CSL)*	\$ -	\$ -	\$ 55,492,607	\$ 45,945,047	\$ 1,180,926	\$ -	\$ 102,618,580	129	128.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 86000-003 Residential Service Protection									
Package 101: OTAP Discount Adjustment Services and Supplies	\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ 1,200,000		
SCR 86000-004 Administration									
Package 090: Analyst Adjustments Services and Supplies	\$ -	\$ -	\$ 321,972	\$ -	\$ -	\$ -	\$ 321,972		
Package 099: Microsoft 365 Consolidation Services and Supplies	\$ -	\$ -	\$ (91,702)	\$ -	\$ -	\$ -	\$ (91,702)		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 1,430,270	\$ -	\$ -	\$ -	\$ 1,430,270	0	0.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 56,922,877	\$ 45,945,047	\$ 1,180,926	\$ -	\$ 104,048,850	129	128.00
% Change from 2019-21 Leg Approved Budget	0.0%	0.0%	3.9%	-15.4%	9.9%	0.0%	-5.6%	-0.8%	0.2%
% Change from 2021-23 Current Service Level	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%

*Excludes Capital Construction Expenditures

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Legislatively Approved 2021 - 2023 Key Performance Measures

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Agency: Public Utility Commission

Mission Statement:

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.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
1. Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Approved	94%	97%	94%
2. Price of Electricity - Average price of electricity for residential users from Oregon Investor Owned Utilities as a percent of the national average price.		Approved	90%	92%	92%
3. Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers.		Approved	13%	11%	13%
4. Electric Utility Operations - Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved	0.10	0.11	0.11
5. Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers.		Approved	0.21	0.45	0.45
6. Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers.		Approved	0	0	0
7. Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers, statewide.		Approved	61%	58%	61.60%
8. Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved	100%	100%	100%
9. Oregon Telephone Assistance Program - Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program.		Approved	13%	21%	26%
10. Access to Telephone Services - Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved	70%	72%	73%
11. Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved	87%	75%	85%
12. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as good or excellent in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	79%	85%	80%
	Availability of Information		69%	75%	75%
	Overall		76%	82%	80%
	Accuracy		75%	80%	80%
	Expertise		80%	83%	80%
	Timeliness		79%	85%	80%
13. Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved	91%	100%	100%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2022	Target 2023
14. Vessel Incidents - The number and severity of incidents involving vessels under the direction of licensees, and as a percentage of total vessels piloted annually.		Approved	2	4	4
15a. Met performance measures in OPUC's annual grant agreement. - Met 12 of 13 established internal performance measures		Approved	100%	100%	100%
15b. Obtained an unmodified financial audit annually - Obtaining an annual unqualified financial audit.		Approved	1	1	1
15c. Keep administrative costs below 8% of annual revenue. - Keep administrative and programs support costs below 8 percent of annual revenue.		Approved	6.24%	7.99%	7.99%
15d. Annually report the total resource cost of conservation programs and maintain a score above 1 for each program. - Reporting the benefit/cost ratio for conservation programs based on utility system societal perspective.		Approved	1	1	1
15e. Report quarterly expenditures and variances by program, and total quarterly progress to annual goals for energy efficiency savings and renewable generation in the Q1, Q2, Q3 and Q4 reports. - Reporting significant mid-year changes to benefit/cost performance as necessary in quarterly reports.		Approved	1	1	1

LFO Recommendation:

Approve the 2021-23 Key Performance Measures.

SubCommittee Action:

Approved the recommendation.

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