

Public Utility Commission

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
Other Funds	47,032,235	58,731,094	60,168,396	62,279,415	62,389,094
Other Funds (NL)	53,390,790	45,945,047	54,476,337	54,829,960	54,829,960
Federal Funds	1,042,763	1,180,926	1,219,585	1,198,174	1,213,146
Total Funds	101,465,788	105,857,067	115,864,318	118,307,549	118,432,200
Positions	129	140	140	135	142
FTE	126.25	135.50	135.50	133.25	141.00

* Includes Emergency Board and administrative actions through December 2022.

Program Description

The Public Utility Commission (PUC) regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunications companies, and water companies. The PUC works to ensure consumers receive safe and reliable utility services at fair and reasonable rates, while allowing regulated companies the opportunity to earn an adequate return on their investment. The three-member commission is appointed by the Governor and subject to Senate confirmation. The Commission provides administrative and budget support to the Oregon Board of Maritime Pilots, an independent occupational licensing and regulatory agency for state maritime pilots; its mission is to protect public health, safety, and welfare by ensuring only qualified persons are licensed to pilot vessels.

The agency is funded primarily through a Utility Gross Operating Revenue Fee of up to 0.45% assessed on a utility's annual gross operating revenue. On average, the Commission's regulatory oversight costs consumers of regulated utilities about 37 cents per month on each natural gas, electric, telecommunications, and water bill.

The Commission also receives funds from the Residential Service Protection Fund surcharge. Each paying retail subscriber who has telephone, cellular, or interconnected voice over internet protocol service with access to the Oregon Telecommunications Relay Service pays three cents per month to support the Residential Service Protection Fund programs. In accordance with ORS 759.685, the Commission can assess up to an amount not to exceed 35 cents per month. The surcharge is reviewed annually to ensure revenue matches expenditures.

The Commission's Gas Pipeline Safety Program receives federal funds that cover approximately 60% of the Commission's natural gas pipeline safety program costs.

CSL Summary

The PUC is funded almost entirely by Other Funds derived from fees assessed on regulated entities. The Commission also receives Federal Funds from the U.S. Department of Transportation for the Natural Gas Pipeline Safety Program. The 2023-25 current service level (CSL) budget of \$118.3 million is \$11 million, or 10.2%, more than the 2021-23 legislatively approved budget.

The CSL budget increase is primarily due to an \$8.8 million increase in Other Funds Non-Limited expenditure limitation for the agency's Oregon Universal Service Fund (OUSF). As of January 1, 2021, companies began collecting OUSF fees on wireless services and voice over internet protocol revenues. Previously, this fee was only collected on landlines. This action increased OUSF revenue collected and served to stabilize the fund's revenue base, which had been rapidly declining due to the trend of consumers switching from landlines to wireless options. These funds are passed through to eligible telecommunication carriers to maintain and upgrade their networks and keep the price of basic services reasonable in areas of the state where costs are high.

Also contributing to the CLS increase is a standard inflation adjustment of 4.2%, as well as increases for Attorney General fees and state government service charges totaling approximately \$2 million. The PUC provides administrative services to the Oregon Board of Maritime Pilots. The Board of Maritime Pilots is funded by pilot license fees and its 2023-25 budget of \$1 million Other Funds provides for the current service level including two positions (2.0 FTE).

Policy Issues

There were six policy bills passed in the 2021 legislative session affecting the work of the Commission, two of which were major initiatives: Wildfire Mitigation (SB 762) and Clean Energy (HB 2021). These measures increased PUC's budget by \$2.2 million Other funds and 11 positions (7.5 FTE) whereas additional resources were not included to implement the others. Through implementation of these directives in 2021, it became clear that additional resources were needed primarily concerning professional and technical personnel. Additionally, rapidly changing technology in the energy industries and increased workload are requiring more engineering-focused analysis. The agency has proposed policy option packages 101, 102, 103, and 106 to address these needs.

As of February 2023, only five of the eleven newly approved positions have been filled. Recruiting and retaining qualified candidates with a specialized skill set in the utility industry is very challenging and PUC is struggling to stay competitive, particularly when the position offered

is limited duration. The proposed policy option packages try to address this challenge by either requesting a permanent position or converting an existing limited duration position to a permanent position. While these proposals address the issue, they are not a long-term solution for the ongoing high turnover and failed recruitments the agency has experienced.

Governor's Budget Summary

The 2023-25 Governor's budget is \$118.4 million total funds and 142 positions (141.00 FTE). The budget is \$124,651, or 0.1%, more than the current service level of \$118.3 million. The Governor's budget includes a total funds expenditure limitation increase of \$2.5 million and seven positions (7.75 FTE) from policy packages primarily to address an increasing workload and demand for power systems expertise. Also included are a total of \$2.4 million in technical adjustment reductions for professional services (\$2 million), Attorney General (\$219,541), and state government service charges (\$145,865).

Key Performance Measures

A copy of the Public Utility Commission's Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPR-PUC_2022.pdf