



PUC 2023 Ways and Means Presentation

Transportation and Economic Development Subcommittee

February 24, 2023

Mission Statement

We ensure Oregonians have access to safe, reliable, and fairly priced utility services that advance state policy and promote the public interest.

We use an inclusive process to evaluate differing viewpoints and visions of the public interest to arrive at balanced, well-reasoned, and independent decisions supported by fact and law.

Note: The PUC receives no General or Lottery funds. Commission utility regulation responsibilities are funded through a per month charge on regulated natural gas, electric, telecommunication, and water utility bills (approximately \$0.37 per residential bill).

Commission

The PUC includes three Commissioners who are appointed by the Governor, confirmed by the Oregon Senate, and serve four-year staggered terms.

Chair Megan Decker

1st Term: April 1, 2017 – March 31, 2021

2nd Term: April 1, 2021 – March 31, 2025



Commissioner Letha Tawney

1st Term: June 18, 2018 – May 31, 2020

2nd Term: June 1, 2020 - May 31, 2024

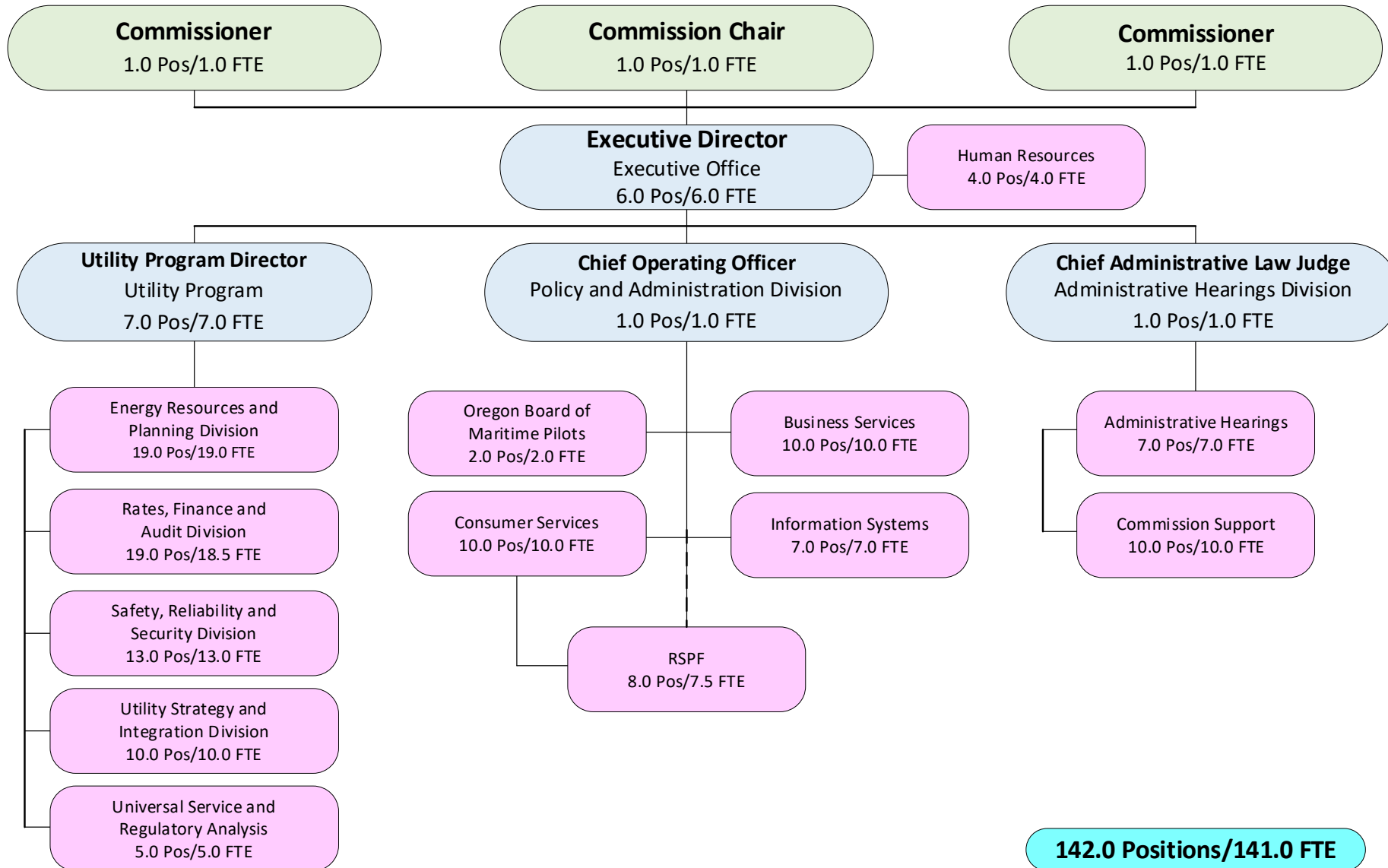


Commissioner Mark Thompson

1st Term: December 1, 2019 – November 30, 2023



PUC Organization



142.0 Positions/141.0 FTE

Responsibilities

- Set utility rates for homes and businesses. Ensure rates are just and reasonable.
- Set and enforce price and service rules, and service quality standards to protect customers.
- Oversee investor-owned energy utility companies' planning through Integrated Resource Plans (IRPs), which evaluate customer and policy needs and options for meeting them using a “least-cost, least-risk” combination of energy resources and demand reduction.
- Also oversee other utility planning, including for clean energy, electric vehicles, distribution system improvements, and wildfire mitigation.
- Approve a wide variety of utility transactions, including mergers.

Responsibilities

- Resolve customer complaints about their utilities.
- Manage the Oregon Universal Service Fund (\$54.5 million – 2023-2025 Governor’s Budget) to provide high-cost funding support to local exchange carriers serving rural areas.
- Set and enforce rules for fair competition in energy and telecommunications.

Responsibilities

- Review operational safety of pipelines, power lines, transformer stations, and energy facilities. (*PUC authority in this area extends to consumer-owned utilities.*)
- Engage with regulated energy providers concerning wildfire, seismic, and cybersecurity preparedness, including by reviewing wildfire mitigation plans and evaluating actions for cost recovery in rates.
- Administer the Residential Service Protection Fund.
- Oversee Energy Trust of Oregon's acquisition of energy efficiency on behalf of PacifiCorp, PGE, NW Natural, Avista, and Cascade.

2023-25 Strategic Plan Goals

1. Use regulatory tools effectively to balance interests and ensure utility service is reliable, affordable, and advances the public interest.
2. Promote safety, reliability, and resiliency of utility services.
3. Guide integration of new technology, customer offerings, and market mechanisms to benefit consumers.
4. Inform and influence utility sector solutions that create value for all.
5. Improve business practices and organizational effectiveness.

Performance Measures

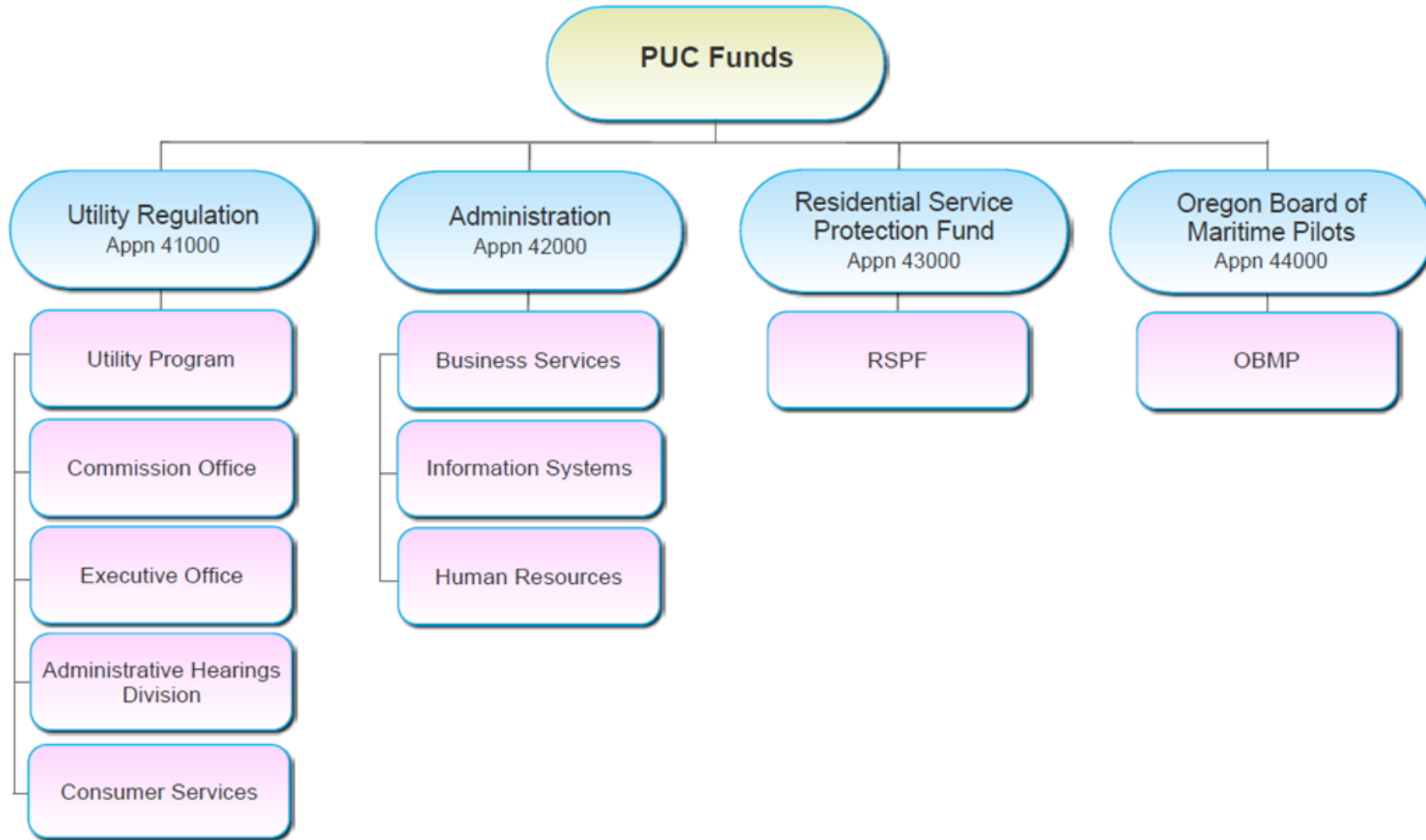
The PUC has 16 Key Performance Measures, which include:

- Maintain electricity rates that are lower than the national average.
- Acquire low-cost energy efficiency effectively and efficiently.
- Prevent personal injury to electricity and natural gas customers and industry workers.
- Maintain a healthy level of competition in the telecommunications and electricity industries.

Performance Measures

- Promote utility pricing that encourages the efficient use of water and energy.
- Investigate customer complaints and issue complaint orders in a timely fashion.
- Maintain a high level of agency customer service.
- Successfully inform target populations about special telecommunications programs.
- Maintain effective Energy Trust performance.

PUC Budget (Funding Structure)



Utility Regulation

Utility Regulation includes:

- Utility Program
- Commission Office
- Executive Office
- Administrative Hearings Division
- Consumer Services (reports administratively to the Chief Operating Officer)

Utility Regulation

The PUC regulates:

- Three private or investor-owned electric utilities (PGE, PacifiCorp, and Idaho Power)
 - *1,542,108 customers*
- Three private natural gas utilities (NW Natural, Avista, and Cascade Natural Gas)
 - *869,324 customers*
- About 323 telecommunications companies
 - *395,972 customers*
- About 86 small water utilities
 - *33,623 customers*
- Approximately 2.8 million customers total

Utility Regulation

- Total revenue collected by investor-owned utilities (IOUs) is approximately \$4 billion per year.
- IOU electric utilities account for 62.7 percent of electricity sold and 74 percent of electric customers in Oregon.
 - Customer-owned utilities and Electricity Service Suppliers represent the remainder.
- IOU natural gas utilities account for 100 percent of natural gas local distribution company sales and customers in Oregon.

Utility Regulation

Utility Program

- Utility Program – 72.5 FTE
 - Energy Resources and Planning (ERP)
 - Rates, Finance and Audits (RFA)
 - Universal Service and Regulatory Analysis (Telecom)
 - Utility Safety, Reliability, and Security
 - Utility Strategy Integration

Utility Regulation

Utility Program

The Utility Program is the technical and analytical arm of the PUC. The Utility Program provides financial, accounting, engineering, policy, and economics-oriented analysis in review of a wide variety of utility matters, among them:

- Utility plant operations and capital improvements
- Energy Planning
- Utility and telecommunications services
- Cost of capital
- Property and other transactions (mergers, financing, affiliated interests, special contracts)
- Electric and telecommunications competition
- Clean energy, wildfire and renewable planning and adjustment clauses
- Purchased gas and power costs

Utility Regulation

Utility Program

The PUC oversees the Energy Trust of Oregon to ensure that it generates effective results efficiently. PUC oversight includes:

- Yearly performance measures
- Grant agreement that describes Energy Trust obligations
- Quarterly and annual reports to PUC
- Regular management coordination meetings between Energy Trust and PUC
- Reviewing yearly budget and action plan, performance metrics
- Management audit every five years
- Financial statement audits every year

Utility Regulation

Commission and Executive Office

Commission Office / Agency Leadership

- Three Commissioners and six FTE Executive Office.
- The Executive Director is responsible for overall Commission organizational performance and operations.
 - Reports to the Commission Chair and directs and supervises the agency's three top-level executives, including the Utility Program Director, Chief Administrative Law Judge, and Chief Operating Officer.
 - Responsible for ensuring agency resources, processes, and culture align with Commission goals, values, and initiatives. Oversees and integrates the work of agency divisions to fulfill Commission mandates, to implement strategic goals and meet operational objectives.

Utility Regulation

Administrative Hearings Division

- The Administrative Hearings Division (AHD) is an independent division that reports to the Executive Director - 18 FTE.
 - 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, investigations, and rulemaking to more straightforward consumer complaints.
- Agency's Administrative Support reports under AHD and includes administrative personnel who perform Utility, AHD, and Commission support.

Utility Regulation

Consumer Services

- Consumer Services reports administratively to the Chief Operating Officer and includes 10 FTE.
- Investigates and resolves consumer complaints.
- Assists consumers in their disputes with regulated utilities and certain non-regulated companies, like wireless and broadband providers.
- Administers the Emergency Medical Certificates (EMC) program.
 - Helps protect at-risk consumers from utility service disconnection if their physician certifies that the loss of utility service could pose a danger to the life of the customer.

Residential Service Protection Fund

- RSPF supports the state's public policy that all Oregonians have access to adequate and affordable telephone service and to support broadband internet access service.

It consists of four programs and 7.5 FTE:

- Oregon Telephone Assistance Program (OTAP)
- Oregon Telecommunications Relay Service (OTRS)
- Telecommunication Devices Access Program (TDAP)
- Emergency Medical Certificates Program (EMC) (Handled by Consumer Services)
- Estimated surcharge for AY25 is \$0.03 (Statutory maximum is \$0.35)

Residential Service Protection Fund

RSPF serves:

- **OTRS** – Operates 24 hours a day, monthly average of 7,750 calls and 18,843 conversation minutes
- **OTAP** – Approximately 15,000 Oregonians served.
- **TDAP** – Approximately 4,400 Oregonians served.
- **EMC** – 5,900 disconnection contacts from utilities for medical certificate holders (non-payments and non-compliance with time-payment arrangements) in 2019; 0 in 2021; and 80 in 2022. The reduction in 2021 and 2022 were the result of the disconnection moratorium put in place during the COVID-19 pandemic.

Administration

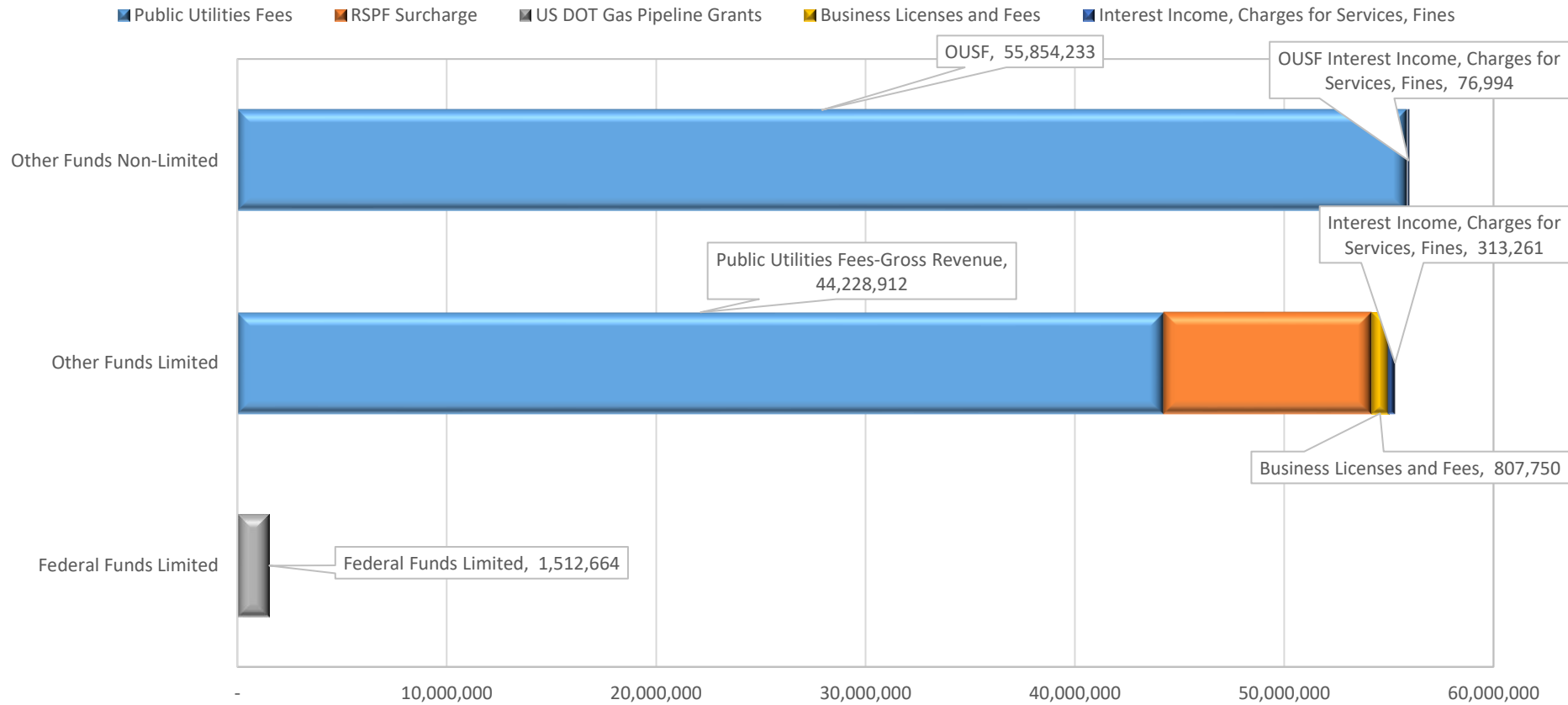
- Administration – 22 FTE
 - Chief Operating Officer
 - Business Services
 - Human Resources
 - Information Systems
- Board of Maritime Pilots – 2 FTE
 - Established in 1846 to promote safe shipping

Notes:

1. Residential Service Protection Fund (RSPF) – 7.5 FTE, administratively reports to the Chief Operating Officer.
2. Human Resources administratively reports to the Executive Office.

Budget Revenue

Sources of 2023-2025 Agency Revenues
 Total Revenue All Programs
 \$112,731,325



Budget Risks - Revenue

- ***Potential slower growth in energy revenue***

- Energy efficiency and distributed generation keep customer prices from increasing at higher levels.
- Residential customer count growing at lower levels:
 - Electricity customers increased 0.6% from 2021 to 2022.
 - Natural Gas customers increased 0.9% from 2021 to 2022.

- ***Higher natural gas and electricity prices***

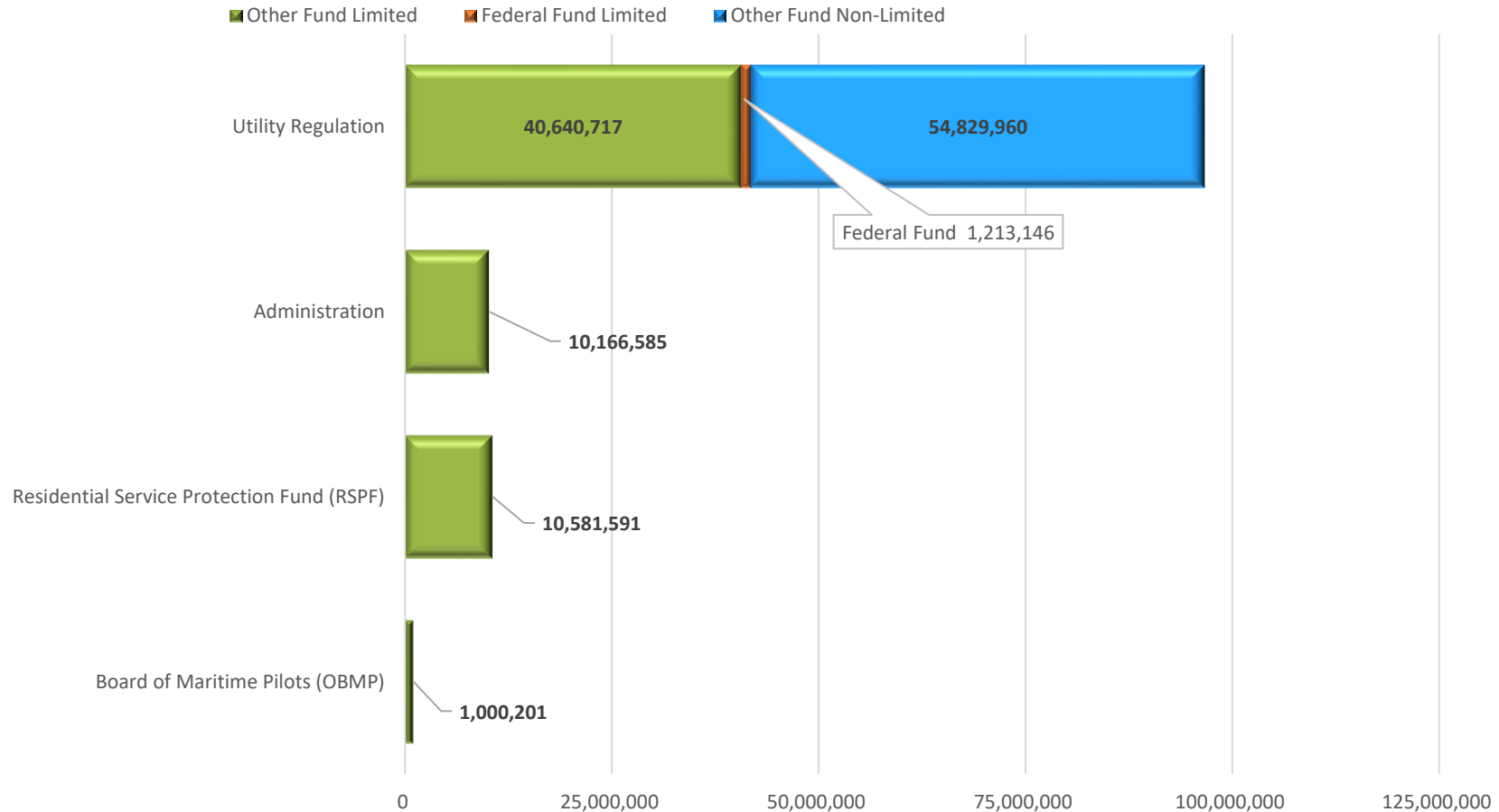
- May result in higher customer arrearages that could decrease revenue received from energy utilities.

- ***Decrease in landline telephones***

- Continued decrease in telephone landline use due to cellular telephones, Voice over Internet Protocol (VoIP), and internet usage such as Teams.

Budget Overview

Other Fund and Federal Fund Disbursements
Total Disbursements all Programs
\$118,432,200



Budget Overview – All Funds

Comparison of Biennial Expenditures by Fund



Budget Overview – Non-Limited Other Funds

- Increase in Other Funds Non-Limited by \$8.9 million
 - Other Funds Non-Limited represents the Oregon Universal Service Fund (OUSF), a pass-through fund. Contributions are based on a maximum 6.0% surcharge (currently set at 6.0%) of Intrastate Retail Telecommunication revenues.
 - Intrastate telecommunications revenues have historically declined quarter-on-quarter by approximately 1.75 percent. This quarter-on-quarter decline is expected to continue. However, Senate Bill 1603 (2020), “The Universal Service Fund Statute,” directed wireless and VoIP providers to contribute to OUSF to maintain the health and integrity of the fund.
 - SB 1603 also directs the Commission to transfer up to \$5 million per year from OUSF to a newly created Broadband Fund within Business Oregon to support projects for planning or developing broadband services infrastructure and for the administration of the Oregon Broadband Office.

Budget Overview – Limited Other Funds

- Increase in Other Funds Limited by \$3.7 million. Other Funds Limited consists of Utility Regulation Fund, Administration Fund, RSPF, and OBMP. The increase is due to:
 - POPs 101 & 103 for new/re-classified utility program positions,
 - POP 102 for additional utility program professional services budget,
 - POP 104 for ongoing costs associated with the E-Docket system,
 - POPs 105 & 106 in bring travel budgets to pre-COVID levels,
 - Inflation for rent and professional services, and
 - A net increase in personnel costs and other payroll costs.

Budget Drivers

- Personnel and Other Personnel Expenses – 66.4% of Limited Funds budget.
 - Tight labor market and competition for analysts drives recruitment and retention costs up.
- OTAP Payments/TDAP Equipment – 9.1% of Budget
- OTRS (Oregon Relay) Payments – 4.4% of Budget
- Attorney General Expenses – 7.3% of Budget
- Rent – 3.5% of Budget
- Other Services and Supplies (including IT and state agency assessments) – 9.1% of Budget

Major Changes in the Agency

Significant changes in the past six years:

- AY19 - Established and hired Executive Director position to coordinate activities between three divisions (Utility, AHD, and P&A).
- AY19 - Established and hired Policy Director position to coordinate legislative matters and other stakeholder activities.
- AY21 - New Commissioner - Mark Thompson.
- AY21 – Established the Utility Strategy and Integration Division.
- AY21 - Established and hired Diversity, Equity, and Inclusion (DEI) Director position to develop our Diversity, Equity and Inclusion Program and engage new stakeholders.
- AY21 – Established and hired an Energy Justice Program Manager position in the Utility Program to lead and coordinate the agency’s energy justice strategy and policy implementation across utility dockets and initiatives.

Other Funds-Limited Restructuring

Significant changes in the past six years:

- 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 division of regulatory program costs and administrative costs. (AY21)
- **Administration Fund** supports the administrative costs of Chief Operating Officer, Business Services, Information Technology and Human Resources. (AY21)
 - Currently, PUC's administrative costs (excluding State Government Service Charge) are less than 14% of total limited funds that would also include Residential Service Protection Fund (RSPF), Oregon Board of Maritime Pilots (OBMP), and Federal Funds.

Budget Issue - COVID-19

COVID-19 resulted in:

- Higher arrearage balances for residential and commercial customers.
 - The Commission approved a stipulated agreement between energy IOUs and stakeholders to use approximately \$39 million in customer funds to address balances of customers in arrears due to COVID-19.
 - The Commission approved additional funds for PGE, NW Natural, and Cascade Natural Gas to accelerate decreases in customer arrearages.
- Reduced commercial and industrial energy usage.
- Heightened awareness of inequities in energy utility burdens on customers.
 - HB 2475 (2021) allowed the Commission to approve differential rates for low-income customers of IOU energy utilities, and in 2022 the Commission approved interim low-income rates for PacifiCorp, PGE, NW Natural, Avista, and Cascade Natural Gas.
 - *POPs 102 and 103 will support necessary contracting and personnel to achieve the requirements and goals concerning customer arrearages and addressing inequities in energy utility burdens on customers.*

Budget Issues - Wildfire Prevention and Mitigation

- The Commission actions include:
 - Meet requirements of the Governor's Executive Order 20-04 and requirements of SB 762 (2021).
 - Formed the Oregon Wildfire Electric Collaborative (OWEC) in 2020.
 - Opened a wildfire rulemaking (AR 638) and adopted rules for IOUs on wildfire mitigation and prevention.
 - Responsible for the review and approval of wildfire protection plans for Oregon's three investor-owned electric utilities.
 - Engaged IOUs and stakeholders to determine ratemaking mechanism for wildfire-related expenses.
 - Serves as a resource to the Wildfire Programs Advisory Council.
- *POP 101 and POP 102 will contribute funding for personnel and contracting to fulfill the requirements and goals of wildfire prevention and mitigation.*

Budget Issues – Clean Energy Policies

- New state and federal statutes and regulation have increased the scope of the Commission’s responsibilities concerning clean energy.
- The 2021 Oregon Legislative Assembly passed important legislation directly or indirectly affecting the work of the Commission. 2021 Legislation includes Clean Energy (2021-HB 2021), Differential Energy Burden (2021-HB 2475), changes in the public purpose charge (2021-HB 3141), and Transportation Electrification (2021-HB 2165/HB 3055).
- Federal and regional planning initiatives have also resulted in additional work to the agency.
- Supplementary contracting is likewise required to ensure consistent and efficient analysis of IOUs clean energy plans and associated resource procurement activities.
- *POP 102 and POP 103 will contribute funding for personnel and any necessary contracting to fulfill the requirements and goals of clean energy policies.*

Necessary Budget Legislation

Legislation is not necessary to implement the Governor's budget proposals for the agency.

Proposed Policy Legislation - HB 3160

HB 3160 proposes to update several areas of statute under Chapters ORS 757 and ORS 758 to reflect current practices and ensure proper notice of various utility actions. These minor, non-substantive changes will modernize regulatory processes:

- **ORS 757.215** - Codifies existing practices and eliminates the need for serial suspensions of tariff filings for PUC review.
- **ORS 757.240** - Makes changes that reflect the use of modern technology and ensures greater public access to notices and information on rates and charges filed by public utilities at the PUC.
- **ORS 757.511** - Makes changes that reflect the use of modern technology and ensures greater public access to notices and information on rates and charges filed by public utilities at the PUC.

Proposed Policy Legislation - HB 3160 (cont.)

- **ORS 758.302** - Ensures more effective notice to affected customers when a water utility applies to the PUC for exclusive service territory designation for the water utility. The concept ensures that notice is provided to all customers of record and that the notice contains the proposed area to be served and general rate impacts to existing customers.
- **ORS 758.420** - Ensures that contracts filed with the PUC for allocation of territories and customers include a copy of the notice with information on the area subject to the application and the rates impacts to any existing customers and adds an option for hearings to be held virtually.
- **ORS 758.435** - Ensures that applications filed with the PUC for utility service in a territory currently not served by someone providing similar services include a copy of the notice given to the customers that describes the service area to be allocated and the potential rate impacts and adds an option for hearings to be held virtually.

Proposed Policy Legislation - HB 3161

HB 3161 proposes to streamline, amend and eliminate outdated reporting practices in the RPS under ORS 469A.075 and ORS 469A.170, and modify how reporting is conducted by eligible investor-owned electric utilities and energy service suppliers to be compliant with the RPS.

- The bill proposes eliminating the requirement for these utilities to file separate RPS implementation plans every two years and replaces it with a requirement for them to describe their plans to meet the RPS as part of their Clean Energy Plan development mandate under HB 2021, Section 4 (2021).
- ORS 469A.075 would be amended to allow the Commission to adopt rules that would combine requirements for meeting the RPS and development of CEPs in HB 2021(2021),

Ten Percent Reduction Options

First five percent

- Services and Supplies - \$744,139
- RSPF Professional Services - \$772,163
- OTAP Payments - \$1,584,151

Second five percent

- OTAP Payments - \$464,621
- Personnel - \$2,635,832

Long-Term Vacancy Report

As of 1/1/2023, Positions Unfilled 12 Months or Longer

DCR	Pos No	Position Class Comp	Position Title	Pos Type	GF Fund Split	LF Fund Split	OF Fund Split	FF Fund Split	FTE	2023-25 OF PS Total	2023-25 Total Bien PS BUDGET	Vacant Date	Position eliminate d in GRB? Y/N	Reason for vacancy
86000-001-10-00-00000	0000459	UA C1157 AP 6977	UTILITY AND ENERGY ANALYST 3	PF	0.00	0.00	1.00	0.00	1.00	250,634	250,634	3/31/2021	N/A	Failed recruitments - Interviews scheduled for 1/12. Hope to fill position in Feb. 2023
86000-001-10-00-00000	0700830	UA C1157 AP 6977	UTILITY AND ENERGY ANALYST 3	PF	0.00	0.00	1.00	0.00	1.00	250,634	250,634	9/17/2021	N/A	Position filled, incumbent started 1/9/2023
86000-001-10-00-00000	0000703	UA C1156 AP 5768	UTILITY AND ENERGY ANALYST 2	PP	0.00	0.00	0.50	0.00	0.50	107,041	107,041	7/9/2019	N/A	Eliminating position for use in PFP 2023-2 (pending)
86000-001-10-00-00000	1900103	MMN X0873 AP 7630	OPERATIONS & POLICY ANALYST 4	PF	0.00	0.00	1.00	0.00	1.00	270,375	270,375	7/1/2021	N/A	Duties for position has not been developed to-date. Position needs established by PD development and classification approval from DAS.
86000-001-10-00-00000	2300101	UA C1157 AP 6977	UTILITY AND ENERGY ANALYST 3	PF	0.00	0.00	1.00	0.00	1.00	250,634	250,634	7/1/2021	N/A	Classification review in-progress with PUC HR for DAS classification approval.
86000-001-10-00-00000	2300109	UA C1157 AP 6977	UTILITY AND ENERGY ANALYST 3	PF	0.00	0.00	1.00	0.00	1.00	250,634	250,634	7/1/2021	N/A	Previously PP, will be PF in AY25(POP 103). Difficulty recruiting due to PT status.
				Pos	GF	LF	OF	FF	FTE	OF	AF			
				6	0.00	0.00	5.50	0.00	5.50	1,379,952	1,379,952			
									5.50	2				

Cost Containment

Budget management actions of PUC:

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

Policy Option Package 101

Power Systems Expertise and Resources

- Package increases FTE by three personnel. As a result of legislative initiatives, augmented staff is necessary to meet increased workload and intensified complexity of workload.
- Commission Staff are increasingly required to make recommendations on highly technical issues related to transmission and distribution system costs, risks, and assets.
- Through additional staff, the Commission will be able to provide subject matter expertise and analysis for power systems issues within planning, policy, and ratemaking dockets or lead power systems-focused dockets and special projects to ensure consistent and efficient analysis.
- The 2023-2025 fiscal impact of this POP is \$814,287. Total personal services for new positions were calculated at step 6 for the biennium.

Policy Option Package 102

Increase in Professional Services

- Package 102 requests an increase of \$400,000 in agency Professional Services. New state and federal statutes and regulation have increased the scope of the Commission's responsibilities.
- The 2021 Oregon Legislative Assembly passed important legislation directly or indirectly affecting the work of the Commission. 2021 Legislation includes Wildfire Mitigation (2021-SB 762), Clean Energy (2021-HB 2021), Differential Energy Burden (2021-HB 2475), changes in the public purpose charge (2021-HB 3141), and Transportation Electrification (2021-HB 2165/HB 3055).
- Federal and regional planning initiatives have also resulted in additional work to the agency. Supplementary contracting is likewise required to ensure consistent and efficient analysis of new and increasing initiatives and responsibilities.

Policy Option Package 103

Reclassification of Four Positions from Limited Duration and Part-time to Permanent Full-time Positions (HB 2021) and Establishing a New Position

- The purpose of POP 103 is to request that four limited duration Utility Analyst 3 positions created from HB 2021 (2021) be re-classified into permanent full-time positions and that a new permanent full-time Utility Analyst 2 position be established.
- By using the newly reclassified staff, the Commission will be better positioned to meet the requirements of HB 2021 and respond to significantly increased responsibilities associated with energy industry transitions and decarbonization imperatives, including the Governor's Executive Order 20-04.
- As a result of a competitive job market, the Commission has been unable to hire qualified personnel into limited duration or part-time positions.
- The 2023-2025 fiscal impact of this POP is *\$1,190,936*. Total personal services for new positions were calculated at step 6 for the biennium.

Policy Option Package 104

Activity and Dockets System Maintenance Costs

- This project has annual costs associated with the number of users, and maintenance and services costs. The amount outlined in Package 090 of HB 5032 (2021) will not sufficiently cover these ongoing annual fees. The number of users will increase as a result of increased participation in Commission dockets; and an additional \$4,200 per year is required due to custom configuration based on added requirements.
- Additionally, with the organizational structure change in AY 23 moving Hearings Division from Administration Fund to Utility Regulation Fund, the budget for the annual costs associated with this project also needs to be moved to Utility Regulation Fund.
- Increase IT- Professional Services budget by \$30,950 to ensure sufficient limitation to fund annual maintenance costs for ADS. ADS is core to the Commission's mission.

Policy Option Package 105

In-State Travel

- The Commission's Utility Regulation section regularly has in-state travel needs that cannot be replaced by virtual calls or meetings. The nature of the in-state travel is to investigate and inspect utility-related sites, such as gas pipelines, electric transmission and distribution systems, and other infrastructure, for safety and compliance with federal and state regulations, including those related to wildfire risks. Utility safety staff conducts inspections and audit of utility companies. Their tasks cannot be fully fulfilled via online or working remotely. The need to travel and do inspections in facilities are required to occur even during and after the pandemic.
- Through appropriate in-state travel budget, the Commission will be able to send utility safety staff to job sites for scheduled and unscheduled job sites. This assures that any safety concerns can be identified and addressed.
- The 2023-2025 fiscal impact of this POP is \$43,404 total Services and Supplies.

Policy Option Package 106

Out-of-State Travel

- New state and federal statutes and policies have significantly increased the scope of the Commission's responsibilities. This increased scope includes Wildfire Mitigation (2021-SB 762), Clean Energy (2021-HB 2021), Differential Energy Burden (2021-HB 2475), changes in the public purpose charge (2021-HB 3141), Transportation Electrification (2021-HB 2165/HB 3055), and increased west-wide activity regarding regional transmission, organized electricity market and resource adequacy initiatives. Each of these items affect the regulatory approach that the Commission implements for investor-owned energy utilities in the state. In order to effectively implement this new legislation and policy, the Commission will need to undertake significant new activities, as well as modify existing work.
- These demands will increase out-of-state travel for Commissioners and staff as we work to gain insights into and conduct necessary coordination and engagement with national and regional partners on these topics.
- As a result of this POP, the Commission will continue to have sufficient travel budget to achieve our mission, obligations, and timelines.
- The 2023-2025 fiscal impact of this POP is \$10,480 total Services and Supplies.

Performance Measures – KPM 8

No requested changes to Key Performance Measures (KPMs).

KPMs that the agency is not achieving, KPM #8 and #9:

- KPM #8 - Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.

Factors affecting achievement is that PUC Hearing Division addressed only one consumer complaint case in 2021. Given the complexity of the issues, the extensive evidentiary record, and the fact that the matter was a question of first impression, the order in this case was not issued within 30 days.

Performance Measures – KPM #9

- KPM #9 - Oregon Telephone Assistance Program – Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program.

Factors affecting the OTAP participation rate among SNAP households include, but is not limited to, the following:

- Number of SNAP households that have service with a participating provider,
- Outreach and education efforts of participating providers,
- SNAP households subscribe to service from non-participating providers, e.g., Comcast, Verizon Wireless,
- The subsidized service offering does not meet household's needs,
- FCC regulations governing minimum service standards limit customer choice, or
- Greater subsidy under the FCC's Affordable Connectivity Program.

Performance Measures – KPM #9

HB 4092 (2022) requires a study to:

- Determine if expanding or increasing OTAP to support adequate and reasonable access to broadband Internet access service, and
- Identify barriers faced by residential customers with low-income to obtaining broadband internet access service.
- Report to the Legislature is due June 1, 2023.

The study results may be a catalyst to change KPM #9 in 2023.

Oregon Board of Maritime Pilots

- The Board of Maritime Pilots (OBMP) helps protect public health, safety, and welfare by ensuring that only highly-qualified and well-trained persons are licensed to pilot vessels.
- Pilots are essential to Oregon's maritime commerce, directing the transit of vessels calling on the ports of Coos Bay, Yaquina Bay, Astoria, Kalama, Longview, Vancouver, Pasco, and Portland.
- “Other funded” agency staffed with 2 FTE.

OBMP Budget Drivers

- Personnel and Other Personnel Expenses – 70.3% of budget
- Attorney General Expenses – 16.7% of budget
- Professional Services – 4% of budget
- Rent – 3.5% of budget
- Other Services and Supplies (including IT and state agency assessments) – 5.4% of budget

OBMP Budget Risks

- Increased staff/attorney costs from proposed legislation concerning licensing and suspension of licenses (SB325/SB517):
 - May increase attorney fees.
 - May require staff/Board effort to ensure compliance, review existing rules for compliance and creation of new rules and processes to comply.
- Columbia River Traffic
 - Budget is funded by fee on arriving ships.
 - If ship numbers fall, our revenue would also fall.

OBMP Proposed Budget and Policy Legislation

No proposed legislation.

Questions?



Budget Appendix

Secretary of State Audit Results

There were no audits by Secretary of State in the current biennium.

Budget Appendix

Supervisory Span of Control (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.

Budget Appendix

Supervisory Span of Control (1:5)

Industry Best Practices

PUC's maximum supervisory ratio (1:5) 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.¹

Oregon Electric Utilities

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

¹ information gathered mid-2018 to support change in 2019-21 biennium budget cycle.

Budget Appendix

Technology and Capital Construction Projects

None

Budget Appendix

Other Funds Ending Balance Form

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2021-23 Ending Balance		2023-25 Ending Balance		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	4,714,245	20,691,371	18,876,685	19,812,407	Annual Gross Revenue Fees are collected in April and must pay expenditures for the following twelve months. The AY23 LAB ending balanced is low due to a low revenue estimate, which stemmed from COVID uncertainty at the time of calculation. The revised projected ending balance for 2021-2023 is estimated to cover 11 months of operating expenditures. The higher ending balance variance for the current biennium can also be attributed to low personnel costs, associated with retirements and hiring difficulties. The PUC has taken steps to increase the hire rate and retention. When evaluating previous ending balances, the revised values follow an appropriate pattern.

Budget Appendix

Other Funds Ending Balance Form

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2021-23 Ending Balance		2023-25 Ending Balance		Comments
					In LAB	Revised	In CSL	Revised	
Non-Limited	86000-001-00-00-00000	00955 Oregon Universal Service Fund	Operations	ORS 759.425 (6)	3,629,118	14,196,111	4,125,593	13,897,378	The higher AY23 ending balance is due to a timing issue of when revenues/contribution were received. About \$6.8 million of contributions that were supposed to be included in AY19 were recorded for AY21; this caused the AY19 ending balance/AY21 beginning balance to be lower than it was supposed to be. The AY23 revised ending balance of \$14.2 million, is "normal" for what the balance for OUSF should be. When developing the AY25 balance, the beginning balance was underestimated, the revised balance of \$13.9 million is more accurate to what the ending balance should be.

Budget Appendix

Other Funds Ending Balance Form

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2021-23 Ending Balance		2023-25 Ending Balance		Comments
					In LAB	Revised	In CSL	Revised	
Limited	86000-003-00-00-00000	00415 Residential Service Protection Fund	Operations	ORS 759.687	1,673,445	4,353,993	(286,619)	(967,265)	<p>The discrepancy between the AY23 LAB and revised ending balances has been caused a few factors: received funds from an unexpected legal settlement (\$1,210,174 received in FY 2020 and 2021), and reductions in phone companies taking advantage of OTAP reimbursements, resulting in lower cash out-flow in AY21 and AY23.</p> <p>To remedy the dichotomy of unexpectedly high revenue and the reduction in expenditure, the PUC had a \$2 million expenditure reduction approved at the ARB step. This reduction is not reflected in AY25 CSL numbers, as reduction options are introduced after CSL audits are finalized, during the ARB process. This reduces the RSPF budget to a level that better matches need. Additionally, the RSPF programs cash balance should not exceed 6 months of operating costs; the AY23 and AY25 reduction in revenues, in comparison to past budgets, will bring the cash balance within the 6 month operating cost threshold. Once the expenditure reduction option is accounted for, the revised ending balance would be \$1.02 million, which is within the 6 month of operating cash requirement</p>

Budget Appendix

Other Funds Ending Balance Form

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2021-23 Ending Balance		2023-25 Ending Balance		Comments
					In LAB	Revised	In CSL	Revised	
Limited	86000-005-00-00-00000	01215, 00401 Board of Maritime Pilots	Operations, Other (Deposit Liability)	ORS 776.365, 776.540	122,219	291,296	57,009	80,232	Estimated ending balance will be about 7 months of expenditures. The higher ending balance variance in 2021-23 is attributed to a low number of incident investigations, low Attorney general costs, and minimal professional services costs incurred in AY 23.