

Legislative Fiscal Office

Oregon State Capitol
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Joint Committee on Ways and Means

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To: Joint Ways and Means Transportation and Economic Development
Subcommittee

From: Ben Ruef, Legislative Fiscal Office

Date: April 20, 2023

Subject: SB 5534 – Public Utility Commission
Work Session Recommendations

Public Utility Commission - Agency Totals

	2019-21 Actual	2021-23 Legislatively Approved	2023-25 Current Service Level	2023-25 LFO Recommended
Other Funds	47,032,235	60,168,396	62,279,415	62,754,500
Other Funds (NL)	53,390,790	54,476,337	54,829,960	54,829,960
Federal Funds	1,042,763	1,219,585	1,198,174	1,213,146
Total Funds	101,465,788	115,864,318	118,307,549	118,797,606
Positions	129	140	135	142
FTE	126.25	135.50	133.25	141.00

The Public Utility Commission of Oregon (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 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.

LFO is recommending a budget for the Public Utility Commission of \$118,797,606 total funds with 142 positions (141.00 FTE), which is a 2.5% increase over the 2021-23 legislatively approved budget and slight increase over the 2023-25 current service level.

Increases from current service level in the LFO recommended budget are primarily due to three policy packages aimed at addressing the increased workload and complexity of the Oregon Public Utility Commission resulting from legislative initiatives and expanding responsibilities. Package 101 includes an increase of three positions (\$814,287 and 3.00

FTE) with expertise in power systems management, engineering, economics, and policy. Package 102 includes an increase in professional services by \$400,000 to ensure consistent and efficient analysis of new and growing initiatives and responsibilities. Package 103 reclassifies and establishes four permanent full-time positions (\$1.2 million and 4.75 FTE) to better position the agency to meet the requirements of the Clean Energy Standards of Oregon initiative in HB 2021 (2021) and respond to energy industry transitions and decarbonization imperatives.

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5534. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5534, with modifications. (VOTE)

Performance Measures

See attached “Legislatively Proposed 2023-25 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Recommended Changes

LFO recommends a budget of \$62,754,500 Other Funds, \$1,213,146 Federal Funds and 142 positions (141.00 FTE), which is reflected in the –1 amendment.

MOTION: I move adoption of the –1 amendment to SB 5534. (VOTE)

Final Subcommittee Action

LFO recommends that SB 5534, as amended by the –1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move SB 5534, as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	58,731,094	1,180,926	45,945,047	-	105,857,067	140	135.50
2021-23 Ebds, SS & Admin Act	-	-	1,437,302	38,659	8,531,290	-	10,007,251	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	60,168,396	1,219,585	54,476,337	-	115,864,318	140	135.50
2021-23 Leg Approved Budget (Base)	-	-	60,168,396	1,219,585	45,945,047	-	107,333,028	140	135.50
Summary of Base Adjustments	-	-	373,426	(26,741)	8,884,913	-	9,231,598	(5)	(2.25)
2023-25 Base Budget	-	-	60,541,822	1,192,844	54,829,960	-	116,564,626	135	133.25
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(199,132)	(1,040)	-	-	(200,172)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(63,881)	-	-	-	(63,881)	-	-
030: Inflation & Price List Adjustments	-	-	2,000,606	6,370	-	-	2,006,976	-	-
2023-25 Current Service Level	-	-	62,279,415	1,198,174	54,829,960	-	118,307,549	135	133.25
070: Revenue Reductions/Shortfall	-	-	(2,000,000)	-	-	-	(2,000,000)	-	-
Adjusted 2023-25 Current Service Level	-	-	60,279,415	1,198,174	54,829,960	-	116,307,549	135	133.25
Total LFO Recommended Packages	-	-	2,475,085	14,972	-	-	2,490,057	7	7.75
2023-25 Legislative Actions	-	-	62,754,500	1,213,146	54,829,960	-	118,797,606	142	141.00
Net change from 2021-23 Leg Approved Budget	-	-	2,586,104	(6,439)	353,623	-	2,933,288	2	5.50
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	4.3%	(0.5%)	0.7%	0.0%	2.5%	1.4%	4.1%
Net change from 2023-25 Adj Current Service Level	-	-	2,475,085	14,972	-	-	2,490,057	7	7.75
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	4.1%	1.3%	0.0%	0.0%	2.1%	5.2%	5.8%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	36,535,333	1,180,926	45,945,047	-	83,661,306	108	104.00
2021-23 Ebds, SS & Admin Act	-	-	1,053,992	38,659	8,531,290	-	9,623,941	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	37,589,325	1,219,585	54,476,337	-	93,285,247	108	104.00
2021-23 Leg Approved Budget (Base)	-	-	37,589,325	1,219,585	45,945,047	-	84,753,957	108	104.00
Summary of Base Adjustments	-	-	272,311	(26,741)	8,884,913	-	9,130,483	(5)	(2.25)
2023-25 Base Budget	-	-	37,861,636	1,192,844	54,829,960	-	93,884,440	103	101.75
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(223,638)	(1,040)	-	-	(224,678)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(63,881)	-	-	-	(63,881)	-	-
030: Inflation & Price List Adjustments	-	-	821,315	6,370	-	-	827,685	-	-
2023-25 Current Service Level	-	-	38,395,432	1,198,174	54,829,960	-	94,423,566	103	101.75
Adjusted 2023-25 Current Service Level	-	-	38,395,432	1,198,174	54,829,960	-	94,423,566	103	101.75
Total LFO Recommended Packages	-	-	2,444,135	14,972	-	-	2,459,107	7	7.75
2023-25 Legislative Actions	-	-	40,839,567	1,213,146	54,829,960	-	96,882,673	110	109.50
Net change from 2021-23 Leg Approved Budget	-	-	3,250,242	(6,439)	353,623	-	3,597,426	2	5.50
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	8.7%	(0.5%)	0.7%	0.0%	3.9%	1.9%	5.3%
Net change from 2023-25 Adj Current Service Level	-	-	2,444,135	14,972	-	-	2,459,107	7	7.75
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	6.4%	1.3%	0.0%	0.0%	2.6%	6.8%	7.6%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 Power Systems Expertise and Resources

Package Description This package adds three positions (3.00 FTE) and \$814,287 Other Funds. As a result of legislative initiatives, augmented staff are necessary to meet increased workload and intensified complexity of workload.

- Public Utilities Manager 2 (1.00 FTE) - Electrical or power systems program management skills and transmission planning and assets management expertise.
- Utility Analyst 3 (1.00 FTE) - Electrical or power systems engineer with experience working with power flow models, transmission planning, hosting capacity or interconnection analysis.
- Utility Analyst 3 (1.00 FTE) - Economist, engineer, or policy expert with experience on regional transmission planning, Federal Energy Regulatory Commission policy, or transmission assets management.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	814,287	-	-	-	814,287	3	3.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Increase in Professional Services

Package Description This package increases Professional Services by \$400,000 due to the expanding scope of the Commission's responsibilities, resulting from new state and federal statutes and regulations. The 2021 Oregon Legislative Assembly passed crucial legislation, such as Wildfire Mitigation (SB 762), Clean Energy (HB 2021), Differential Energy Burden (HB 2475), changes in the public purpose charge (HB 3141), and Transportation Electrification (HB 2165/HB 3055), which have affected the Commission's work directly or indirectly. Additionally, federal and regional planning initiatives have generated more work for the agency, and supplementary contracting is required to ensure the consistent and efficient analysis of new and growing initiatives and responsibilities.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	400,000	-	-	-	400,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 103 Reclassing and Establishing Positions

Package Description This package re-classifies three limited duration Utility Analyst 3 positions created from HB 2021 (2021) into permanent full-time positions (1.00 FTE) and increases a permanent part-time Utility Analyst 3 position to full-time (1.00 FTE). It also establishes a new permanent full-time Utility Analyst 2 position (1.00 FTE). This will better position the agency to meet the requirements of HB 2021 (2021) and respond to significantly increased responsibilities associated with energy industry transitions and decarbonization imperatives, including the Governor’s Executive Order 20-04.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	1,190,936	-	-	-	1,190,936	4	4.75
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 105 In-State Travel

Package Description This package addresses the 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.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	28,432	14,972	-	-	43,404	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 106 Out-of-State Travel

Package Description This package increases the Out-of-State travel budget by \$10,480 in response to new state and federal policies in areas including wildfire mitigation, clean energy, differential energy burden, changes in public purpose charge, and transportation electrification expanding the responsibilities of the Commission. This will require increased out-of-state travel by the Commissioners and staff to engage with national and regional partners on these topics.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	10,480	-	-	-	10,480	-	-
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Residential Service Protection

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	11,879,000	-	-	-	11,879,000	8	7.50
2021-23 Ebds, SS & Admin Act	-	-	40,694	-	-	-	40,694	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	11,919,694	-	-	-	11,919,694	8	7.50
2021-23 Leg Approved Budget (Base)	-	-	11,919,694	-	-	-	11,919,694	8	7.50
Summary of Base Adjustments	-	-	12,340	-	-	-	12,340	-	-
2023-25 Base Budget	-	-	11,932,034	-	-	-	11,932,034	8	7.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(344)	-	-	-	(344)	-	-
030: Inflation & Price List Adjustments	-	-	657,916	-	-	-	657,916	-	-
2023-25 Current Service Level	-	-	12,589,606	-	-	-	12,589,606	8	7.50
070: Revenue Reductions/Shortfall	-	-	(2,000,000)	-	-	-	(2,000,000)	-	-
Adjusted 2023-25 Current Service Level	-	-	10,589,606	-	-	-	10,589,606	8	7.50
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2023-25 Legislative Actions	-	-	10,589,606	-	-	-	10,589,606	8	7.50
Net change from 2021-23 Leg Approved Budget	-	-	(1,330,088)	-	-	-	(1,330,088)	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	(11.2%)	0.0%	0.0%	0.0%	(11.2%)	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 070 Revenue Shortfalls

Package Description This package reduces the professional services budget of the PUC's Residential Services Protection Fund program by \$2,000,000. Based on projected expenditures, the RSPF program does not need the reduced \$2,000,000 of professional service budget to operate effectively.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	(2,000,000)	-	-	-	(2,000,000)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	9,434,505	-	-	-	9,434,505	22	22.00
2021-23 Ebds, SS & Admin Act	-	-	328,616	-	-	-	328,616	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	9,763,121	-	-	-	9,763,121	22	22.00
2021-23 Leg Approved Budget (Base)	-	-	9,763,121	-	-	-	9,763,121	22	22.00
Summary of Base Adjustments	-	-	26,820	-	-	-	26,820	-	-
2023-25 Base Budget	-	-	9,789,941	-	-	-	9,789,941	22	22.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	8,913	-	-	-	8,913	-	-
030: Inflation & Price List Adjustments	-	-	487,109	-	-	-	487,109	-	-
2023-25 Current Service Level	-	-	10,285,963	-	-	-	10,285,963	22	22.00
Adjusted 2023-25 Current Service Level	-	-	10,285,963	-	-	-	10,285,963	22	22.00
Total LFO Recommended Packages	-	-	30,950	-	-	-	30,950	-	-
2023-25 Legislative Actions	-	-	10,316,913	-	-	-	10,316,913	22	22.00
Net change from 2021-23 Leg Approved Budget	-	-	553,792	-	-	-	553,792	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	5.7%	0.0%	0.0%	0.0%	5.7%	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	30,950	-	-	-	30,950	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 104 Activity and Dockets System Maintenance Costs

Package Description The purpose of this package is to allocate an additional \$30,950 to the IT-Professional Services budget, in order to ensure that there is enough funding available to cover the annual maintenance costs for the Activity and Dockets System (ADS) project authorized in 2021 by HB 2021. Updates to the original budget show a \$30,950 shortfall.

LFO Recommendation The Legislative Fiscal Office recommends approval.

LFO Recommended	-	-	30,950	-	-	-	30,950	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2021-23 Agy. Leg. Adopted	-	-	882,256	-	-	-	882,256	2	2.00
2021-23 Ebds, SS & Admin Act	-	-	14,000	-	-	-	14,000	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2021-23 Leg Approved Budget	-	-	896,256	-	-	-	896,256	2	2.00
2021-23 Leg Approved Budget (Base)	-	-	896,256	-	-	-	896,256	2	2.00
Summary of Base Adjustments	-	-	61,955	-	-	-	61,955	-	-
2023-25 Base Budget	-	-	958,211	-	-	-	958,211	2	2.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	15,937	-	-	-	15,937	-	-
030: Inflation & Price List Adjustments	-	-	34,266	-	-	-	34,266	-	-
2023-25 Current Service Level	-	-	1,008,414	-	-	-	1,008,414	2	2.00
Adjusted 2023-25 Current Service Level	-	-	1,008,414	-	-	-	1,008,414	2	2.00
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2023-25 Legislative Actions	-	-	1,008,414	-	-	-	1,008,414	2	2.00
Net change from 2021-23 Leg Approved Budget	-	-	112,158	-	-	-	112,158	-	-
Percent change from 2021-23 Leg Approved Budget	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	12.5%	0.0%	0.0%
Net change from 2023-25 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2023-25 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legislatively Proposed 2023 - 2025 Key Performance Measures

Published: 4/17/2023 3:15:52 PM

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 Proposed KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources.		Approved	94%	94%	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	88%	92%	92%
3. Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers.		Approved	13.10%	13%	13%
4. Electric Utility Operations - Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers.		Approved	0	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	0.05	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. Switched access lines are telephone connections that allow users to make calls to others on the same or different networks by connecting to the telephone company's network. More of these lines offered in the market can result in increased competition, which benefits the public with lower prices, better service, and more innovation.		Approved	68.75%	70%	72%
8. Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record.		Approved	0%	100%	100%
9. Oregon Telephone Assistance Program - Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program.		Approved	12%	21%	21%
10. Access to Telephone Services - Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program.		Approved	68%	73%	70%
11. Complaint Investigation - Percent of complaint investigation cases open 50 days or less.		Approved	86%	85%	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	76%	80%	80%
	Availability of Information		74%	75%	75%
	Overall		77%	80%	80%
	Accuracy		78%	80%	80%
	Expertise		82%	80%	80%
	Timeliness		79%	80%	80%

Legislatively Proposed KPMS	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
13. Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved	91%	100%	100%
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	1	4	4
15a. Met performance measures in OPUC's annual grant agreement. - Met 85% of the 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	6.50%	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:

The Legislative Fiscal Office recommends updating the description to key performance measure #7 from "Percent of total switched access lines provided by competitive local exchange carriers, statewide" to "Percent of total switched access lines provided by competitive local exchange carriers, statewide. Switched access lines are telephone connections that allow users to make calls to others on the same or different networks by connecting to the telephone company's network. More of these lines offered in the market can result in increased competition, which benefits the public with lower prices, better service, and more innovation."

The agency will review and update key performance measure #9 based on a report required by HB 4092 (2022) due to the Legislature June 1st, 2023.

The Legislative Fiscal Office recommends approval of key performance measures and targets as presented.

SubCommittee Action: