

SB 5534 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Ben Ruef, Legislative Fiscal Office

Public Utility Commission

2023-25

PRELIMINARY

Budget Summary*

	2021-23 Legislatively Approved Budget ⁽¹⁾	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 60,168,396	\$ 62,279,415	\$ 62,754,500	\$ 2,586,104	4.3%
Other Funds Nonlimited	\$ 54,476,337	\$ 54,829,960	\$ 54,829,960	\$ 353,623	0.7%
Federal Funds Limited	\$ 1,219,585	\$ 1,198,174	\$ 1,213,146	\$ (6,439)	(0.5%)
Total	\$ 115,864,318	\$ 118,307,549	\$ 118,797,606	\$ 2,933,288	2.5%

Position Summary

Authorized Positions	140	135	142	2
Full-time Equivalent (FTE) positions	135.50	133.25	141.00	5.50

⁽¹⁾ Includes adjustments through January 2023

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Public Utility Commission (PUC) is funded primarily from a Utility Gross Operating Revenue fee, the Residential Service Protection Fund (RSPF), the Oregon Universal Service Fund, 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.

PUC receives a Utility Gross Operating Revenue fee of up to 0.45 percent assessed on a utility’s annual gross operating revenue. On average, the commission’s regulatory oversight costs consumers approximately \$0.37 per month on each natural gas, electric, telecommunications, and water bills. Additionally, a RSPF surcharge is applied to each paying retail subscriber who has telephone, cellular, or interconnected voice over internet protocol service with access to the Oregon Telecommunication Relay Service and pays a \$0.03 per month to support the RSPF program. In statute, the commission can assess an amount not to exceed \$0.35 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 percent of the commission’s Natural Gas Pipeline Safety Program costs.

The Residential Service Protection program unit is projecting to need fewer operating funds in the 2023-25 biennium and Other Funds expenditure limitation for the RSPF will be reduced by \$2,000,000.

Summary of Transportation and Economic Development Subcommittee Action

PUC's mission is to ensure Oregonians have access to safe, reliable, and fairly priced utility services that advance state policy and promote the public interest. The Commission uses 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. PUC regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunication companies, and water companies. 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.

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 subcommittee recommended a total funds budget of \$118,797,606, which is comprised of \$62,754,500 Other Funds expenditure limitation, \$54,829,960 Other Funds Nonlimited, \$1,213,146 Federal Funds expenditure limitation, and 142 positions (141.00 FTE). The approved budget is a 2.5 percent increase from the 2021-23 Legislatively Approved Budget and a 0.4 percent increase from the 2023-25 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 \$96,882,673 and 110 positions (109.50 FTE). The subcommittee recommended the following packages:

Package 101, Power Systems Expertise and Resources. This package increases Other Funds expenditure limitation by \$814,287 and adds three positions (3.00 FTE). Due to legislative initiatives, augmented staff are necessary to meet increased and intensified complexity of workload. The package specifically adds the following positions:

- Public Utilities Manager 2 (1.00 FTE) - an electrical or power systems position with program management skills, transmission planning, and asset management expertise.
- Utility Analyst 3 (1.00 FTE) - an electrical or power systems engineer with experience working power flow models, transmission planning, and the ability to address hosting capacity or interconnection analysis.

- Utility Analyst 3 (1.00 FTE) - either an economist, engineer, or policy expert with experience on regional transmission planning, Federal Energy Regulatory Commission policy or transmission asset management.

Package 102, Increase in Professional Services. This package increases Other Funds expenditure limitation by \$400,000 to cover professional service costs due to the expanding scope of the commission's responsibilities, resulting from new state statutes and federal regulations. The 2021 Oregon Legislative Assembly enacted the following legislation: Wildfire Mitigation (SB 762); Clean Energy (HB 2021); Differential Energy Burden (HB 2475); changes in the public purpose charge (HB 3411); and Transportation Electrification (HB 2165 & 3055), which impacted the commission's work both directly and indirectly. Additionally, federal and regional planning initiatives has increased the work for the agency and supplementary contracting is required to ensure the consistent and efficient analysis of new and growing initiatives and responsibilities.

Package 103, Reclassing and Establishing Positions. This package increases Other Funds expenditure limitation by \$1,190,936, continues 3 positions that were limited duration in the prior biennium, increases one position from 0.25 FTE to 1.00 FTE, and establishes one new position allowing the agency to meet the requirements of HB 2021 (2021) and to respond to a significant increase in responsibilities associated with the energy industry transitions and decarbonization imperatives, including the Governor's Executive Order 20-04 as follows:

- Extends three limited duration Utility Analyst 3 positions to permanent full-time (3.00 FTE) created under HB 2021 (2021),
- Converts one Utility Analyst 3 permanent part-time position to full-time position (increase of 0.75 FTE), and
- Establishes one permanent full-time Utility Analyst 2 position (1.00 FTE).

Package 105, In-State Travel. This package increases Other Funds expenditure limitation by \$28,432 and Federal Funds expenditure limitation by \$14,972 to address costs for in-state travel unable to be replaced by virtual calls or meetings. In-state travel is utilized to investigate and inspect utility-related sites, such as gas pipelines, electric transmission lines and distribution systems, and other infrastructures for safety and compliance with federal and state regulations, including those related to wildfire risks.

Package 106, Out-of-State Travel. This package increases Other Funds expenditure limitation by \$10,480 for out-of-state travel 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 commissions responsibilities. Both staff and commissioners will need to travel out-of-state to engage with national and regional partners on the above-mentioned topics.

Residential Service Protection

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 low-income and physically challenged citizens, 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 \$10,589,606 and eight positions (7.50 FTE). The subcommittee recommended the following package:

Package 70, Revenue Shortfalls. This package reduces the Other Funds expenditure limitation by \$2,000,000 for PUC's RSPF program. The reduction will be taken from the Services and Supplies, Professional Services line item. This adjustment is to align the budget with projected expenditures needs.

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 \$10,316,913 and 22 positions (22.00 FTE). The subcommittee also recommended the following package:

Package 104, Activity and Dockets System Maintenance Costs. This package increases Other Funds expenditure limitation by \$30,950 for Services and Supplies, IT Professional Services line items, to ensure enough funding is available to cover the annual maintenance costs for the Activity and Docket System project authorized in HB 2021 (2021).

Oregon Board of Maritime Pilots

The Oregon Board of Maritime Pilots is an independent occupational licensing and regulatory agency for state maritime pilots. The board's 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 \$1,008,414 and two positions (2.00 FTE).

Summary of Performance Measure Action

See attached Legislatively Adopted 2023-25 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Public Utility Commission
Michelle Lisper -- 971-283-6360

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2021-23 Legislatively Approved Budget at Jan. 2023 *	\$ -	\$ -	\$ 60,168,396	\$ 54,476,337	\$ 1,219,585	\$ -	\$ 115,864,318	140	135.50
2023-25 Current Service Level (CSL)*	\$ -	\$ -	\$ 62,279,415	\$ 54,829,960	\$ 1,198,174	\$ -	\$ 118,307,549	135	133.25
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 001 - Utility Regulation									
Package 101: Power System Expertise and Resources									
Personal Services	\$ -	\$ -	\$ 771,643	\$ -	\$ -	\$ -	\$ 771,643	3	3.00
Services and Supplies	\$ -	\$ -	\$ 29,144	\$ -	\$ -	\$ -	\$ 29,144		
Capital Outlay	\$ -	\$ -	\$ 13,500	\$ -	\$ -	\$ -	\$ 13,500		
Package 102: Increase Professional Services									
Services and Supplies	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000		
Package 103: Reclassing and Establishing Positions									
Personal Services	\$ -	\$ -	\$ 1,153,961	\$ -	\$ -	\$ -	\$ 1,153,961	4	4.75
Services and Supplies	\$ -	\$ -	\$ 36,975	\$ -	\$ -	\$ -	\$ 36,975		
Package 105: In-State Travel									
Services and Supplies	\$ -	\$ -	\$ 28,432	\$ -	\$ 14,972	\$ -	\$ 43,404		
Package 106: Out-of-State Travel									
Services and Supplies	\$ -	\$ -	\$ 10,480	\$ -	\$ -	\$ -	\$ 10,480		
SCR 003 - Residential Service Protection									
Package 070: Revenue Shortfalls									
Services and Supplies	\$ -	\$ -	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ (2,000,000)		
SCR 004 - Administration									
Package 104: Activity and Dockets System Maintenance Costs									
Services and Supplies	\$ -	\$ -	\$ 30,950	\$ -	\$ -	\$ -	\$ 30,950		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 475,085	\$ -	\$ 14,972	\$ -	\$ 490,057	7	7.75
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 62,754,500	\$ 54,829,960	\$ 1,213,146	\$ -	\$ 118,797,606	142	141.00

% Change from 2021-23 Leg Approved Budget	0.0%	0.0%	4.3%	0.6%	(0.5%)	0.0%	2.5%	1.4%	4.1%
% Change from 2023-25 Current Service Level	0.0%	0.0%	0.8%	0.0%	1.2%	0.0%	0.4%	5.2%	5.8%

*Excludes Capital Construction Expenditures

Legislatively Approved 2023 - 2025 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 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 Approved 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:

The Transportation and Economic Development Subcommittee approved the key performance measures and targets.

PRELIMINARY