

HB 3143 B STAFF MEASURE SUMMARY
Senate Committee On Energy and Environment

Carrier: Sen. Golden

Action Date: 05/09/23

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 3-0-0-2

Yeas: 3 - Golden, Lieber, Sollman

Abs: 2 - Findley, Hayden

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 5/4, 5/9

WHAT THE MEASURE DOES:

Defines terms. Establishes policy of State of Oregon to encourage financing certain costs and expenses by public utilities at the lowest, reasonable, and prudent cost to public utility customers, including, but not limited to, rate recovery expenditures. Requires State of Oregon and all public bodies to carry out policy by: (1) acknowledge certain owners require certainty with respect to owners' rights to enter into financing transactions that offer lowest reasonable and prudent costs; and (2) pledge and agree with public utilities, assignees, bondholders, and financing parties to not reduce, alter, or impair rate recovery assets, rate recovery bonds, or security for rate recovery bonds, or rate recovery charges or collection of rate recovery charges. Authorizes public utility, upon approval by the Public Utility Commission (PUC), to issue bonds and securitize debt for costs and expenses incurred or to be incurred by public utility associated with events subject to federal or state declaration of emergency. Establishes criteria and procedures for PUC for approving public utility's application to designate rate recovery expenditures as bondable and establishes rate schedules to recover rate recovery expenditures. Requires PUC to issue financing order if PUC approves public utility's application. Requires financing order to include certain provisions. Stipulates that rate recovery charges may not be avoided by public utility customer even if the customer: receives electricity or natural gas, electricity or natural gas services, or ancillary services from a successor or assignee of the public utility; elects to receive electricity or natural gas, electricity or natural gas services, or ancillary services from another public utility, utility provider, or service provider in the service territory; or changes customer class. Prohibits State of Oregon, public body, or PUC from limiting or altering collection of rate recovery assets or impairing rate recovery bonds. Establishes requirements and procedures for attaching and perfecting security interest and for perfecting transfer of rate recovery assets to assignee. Limits rights and remedies of secured party in enforcing secured interest to rate recovery assets. Repeals ORS 757.455 (conservation program investment policy; application for bondable investments; utility rates to include investment costs) and ORS 757.460 (pledge of conservation investment assets as bond collateral; perfection of security interest; foreclosure) with provisions of Act. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Public Utility Commission evaluation process
- Effects of securitizing debt
- Act does not impact responsibility of utility for preventative action

EFFECT OF AMENDMENT:

Modifies definition of rate recovery expenditures. Clarifies terms and language. Modifies methodology required to be included with financing order. Stipulates that rate recovery charges may not be avoided by public utility customer even if the customer: receives electricity or natural gas, electricity or natural gas services, or ancillary services from a successor or assignee of the public utility; elects to receive electricity or natural gas, electricity or

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natural gas services, or ancillary services from another public utility, utility provider, or service provider in the service territory; or changes customer class. Stipulates that transfer of rate recovery assets to assignee specifies that notice of transfer of recovery rate assets from the transferor to the assignee is filed.

BACKGROUND:

The Oregon Public Utility Commission (PUC) regulates investor-owned electric and natural gas utilities providing service to ensure they offer safe and reliable energy at reasonable rates. All regulated electric and natural gas utilities must seek PUC approval for all rate and service schedules, or tariffs.

According to the International Monetary Fund, "securitization is the process in which certain types of assets are pooled so that they can be repackaged into interest-bearing securities."

House Bill 3143 B authorizes a public utility, upon approval by the Public Utility Commission, to issue bonds and securitize debt for costs and expenses incurred or to be incurred by a public utility associated with events subject to a federal or state declaration of emergency.