

Oregon Public Utility Commission 2025 Ways & Means

Transportation & Economic Development
Subcommittee

February 19, 2025

Nolan Moser, Executive Director
Mandy Standiford, Chief Operating Officer
Tom Griffiths, OBMP Executive Director



Mission Statement



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

The PUC 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.

Note: The PUC receives no General or Lottery funds. Commission utility regulation responsibilities are funded through an annual charge on regulated natural gas, electric, telecommunication, and water utility bills.

Commission



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



Megan Decker, Chair

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

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



Letha Tawney, Commissioner

Partial Term: June 18, 2018 – May 31, 2020

1st Term: June 1, 2020 – May 31, 2024

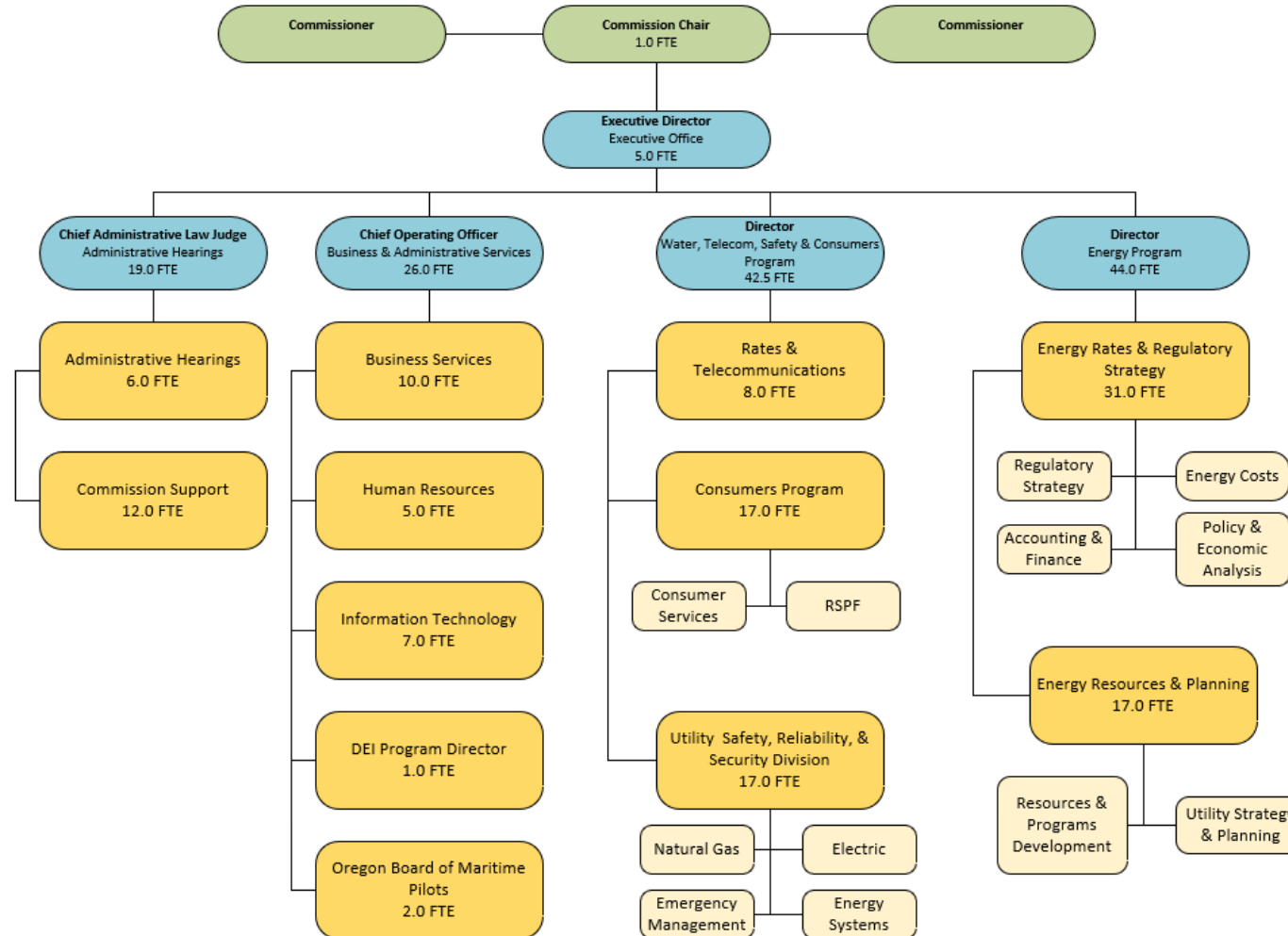
2nd Term: June 1, 2024 – May 31, 2028



Les Perkins, Commissioner

1st Term: March 18, 2024 – February 15, 2028

PUC Organization



Responsibilities



Regulatory Oversight & Consumer Protection

- Regulate rates and services of investor-owned electric, natural gas, telecommunications, and select water utilities to ensure fair pricing and service quality.
- Conduct economic and financial analysis to set reasonable rates and ensure utilities can recover costs prudently.
- Investigate consumer complaints and mediate disputes to ensure compliance with regulations and service standards.

Utility Safety, Reliability, & Security

- Ensure safe and reliable operation of electric, natural gas, and water utilities, enforcing safety standards and emergency response protocols.
- Conduct audits and inspections for compliance with safety regulations, including electric grid and gas pipeline oversight.
- Coordinate with Oregon Emergency Management during crises such as natural disasters.

Responsibilities



Infrastructure & Strategic Planning

- Guide the modernization of utility infrastructure to align with Oregon's social, environmental, and economic goals.
- Facilitate strategic planning for emerging technologies, resource allocation, and energy efficiency programs.
- Support competitive utility markets through policy development and regulation of rights-of-way for shared utility usage.

Public Engagement & Policy Implementation

- Encourage public participation in utility regulatory decisions through meetings, hearings, and stakeholder engagement.
- Implement legislative and regulatory policies to balance utility company needs with consumer protection.
- Oversee programs that assist low-income and differently abled residents with telecommunications access and energy affordability.

Responsibilities



Funding & Operational Integrity

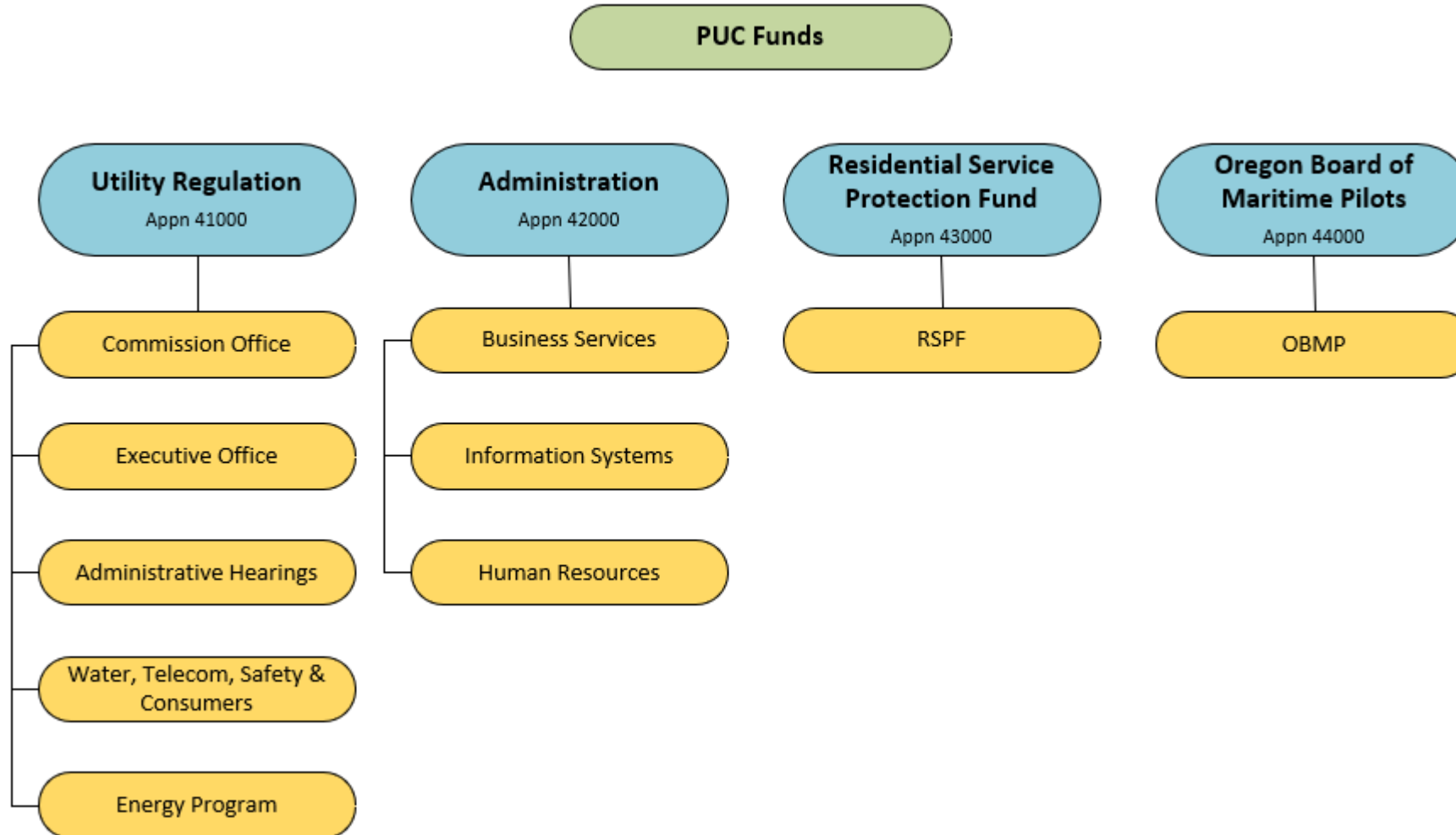
- Funded primarily through fees assessed on regulated utilities, with no reliance on General or Lottery Funds.
- Ensure transparency and fiscal responsibility in budget planning, regulatory compliance, and operational performance.
- Regularly review and adjust revenue mechanisms to maintain financial sustainability while minimizing cost burdens.
- Invest in workforce development, IT modernization, and process improvements to enhance operational efficiency and service delivery.

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.

PUC Funding Structure



Utility Regulation



- **The PUC regulates:**
 - Three private or investor-owned electric utilities (PGE, PacificCorp, and Idaho Power)
 - Three private natural gas utilities (NW Natural, Avista, and Cascade Natural Gas)
 - 291 telecommunications companies
 - 85 small water companies (serving approximately 34,700 customers)
- **Investor-Owned Utilities (IOUs)**
 - Total revenue collected by IOUs is approximately \$3.3 billion per year for residential.
 - IOU electric utilities account for 60% of electricity sold and 74% of electric customers in Oregon.
 - IOU natural gas utilities account for 100% of natural gas local distribution company sales and customers in Oregon.

Utility Regulation



The **Commission Office** and the **Executive Office** are comprised of the three FTE Commissioners and five FTE staff.

- The Executive Director:
 - Reports to the Commission Chair and directs and supervises the agency's four top-level executives: Chief Operating Officer, Chief Administrative Law Judge, Energy Program Director, and the Water, Telecom, Safety, and Consumers Program Director.
 - Responsible for ensuring agency resources, processes, and culture align with the Commission's goals, values, and initiatives.
 - Oversees and integrates the work of the agency divisions to fulfill Commission mandates to implement strategic goals and meet operational objectives.

Utility Regulation



The **Administrative Hearings Division (AHD)** is an independent division of 19 FTE that reports to the Chief Administrative Law Judge.

- The PUC has its own Administrative Law Judges (ALJs) due to the highly technical and unique nature of utility regulation. The PUC is exempt from use of ALJs in the Office of Administrative Hearings.
- Cases range from highly complex rate cases, investigations, and rulemaking to more straight forward consumer complaints.
- AHD also consists of an administrative support unit that includes personnel who perform Utility, AHD, and Commission support.

Utility Regulation



Energy Program (45.0 FTE)

- Energy Rates & Regulatory Strategy Division
 - Regulatory Strategy Unit
 - Policy & Economic Analysis Unit
 - Accounting & Finance Unit
 - Energy Costs Unit
- Energy Resources & Planning Division (ERP)
 - Resource & Programs Development Unit
 - Utility Strategy & Planning Unit

Water, Telecom, Safety, & Consumers Program (42.5 FTE)

- Utility Safety, Reliability & Security Division
 - Electric Unit
 - Natural Gas Unit
 - Emergency Management Unit
 - Energy Systems Unit
- Consumers Division
 - Consumer Services Unit
 - Residential Service Protection Fund (RSPF) Unit
- Rates & Telecommunications Unit

Utility Regulation



The **Energy Program** and the **Water, Telecom, Safety, and Consumers Program** are the technical and analytical arms of the PUC. The two programs provide financial, accounting, engineering, policy, and economics-oriented analysis in review of a wide variety of utility matters. This includes:

- 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



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

- Yearly performance measures
- Direct Funding Agreement that describes ETO obligations
- Quarterly and annual reports to PUC
- Regular management coordination meetings between ETO and PUC
- Reviewing yearly budget, action plan, and performance metrics
- Management audit every five years
- Financial audits every year

Utility Regulation



The **Consumer Services Unit** reports to the Consumer Services Program Manager and includes 10 FTE.

- Staff investigate and resolve consumer complaints.
- Assists consumers in their disputes with regulated utilities and certain non-regulated companies, such as wireless and broadband providers.
- Administers the Emergency Medical Certificates (EMC) program.
 - EMS 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 consumer.

RSPF



The **Residential Service Protection Fund (RSPF) Unit** reports to the Consumer Services Program Manager and includes 6.5 FTE.

- RSPF supports the state’s public policy that all Oregonians have access to adequate and affordable telephone service and to support broadband internet service access.
- RSPF consists of four programs:
 - Oregon Telephone Assistance Program (OTAP) -- serves approximately 34,500 Oregonians
 - Telecommunication Devices Access Program (TDAP) -- Serves approximately 5,475 Oregonians
 - Oregon Telecommunications Relay Service (OTRS)
 - Operates 24 hours/day; total billable minutes in 2024 for Oregon Relay and Captioned Telephone Services was 36,024 and 38,300 minutes, respectively
 - Emergency Medical Certificates Program (EMC) – handled by the Consumer Services Unit
 - 1,292 (2023) and 1,619 (2024) disconnection contacts from utilities for medical certificate holders (non-payments and non-compliance with time-payment arrangements)

Administration



The **Business & Administrative Services Division** is comprised of the following units, whose directors report to the Chief Operating Officer:

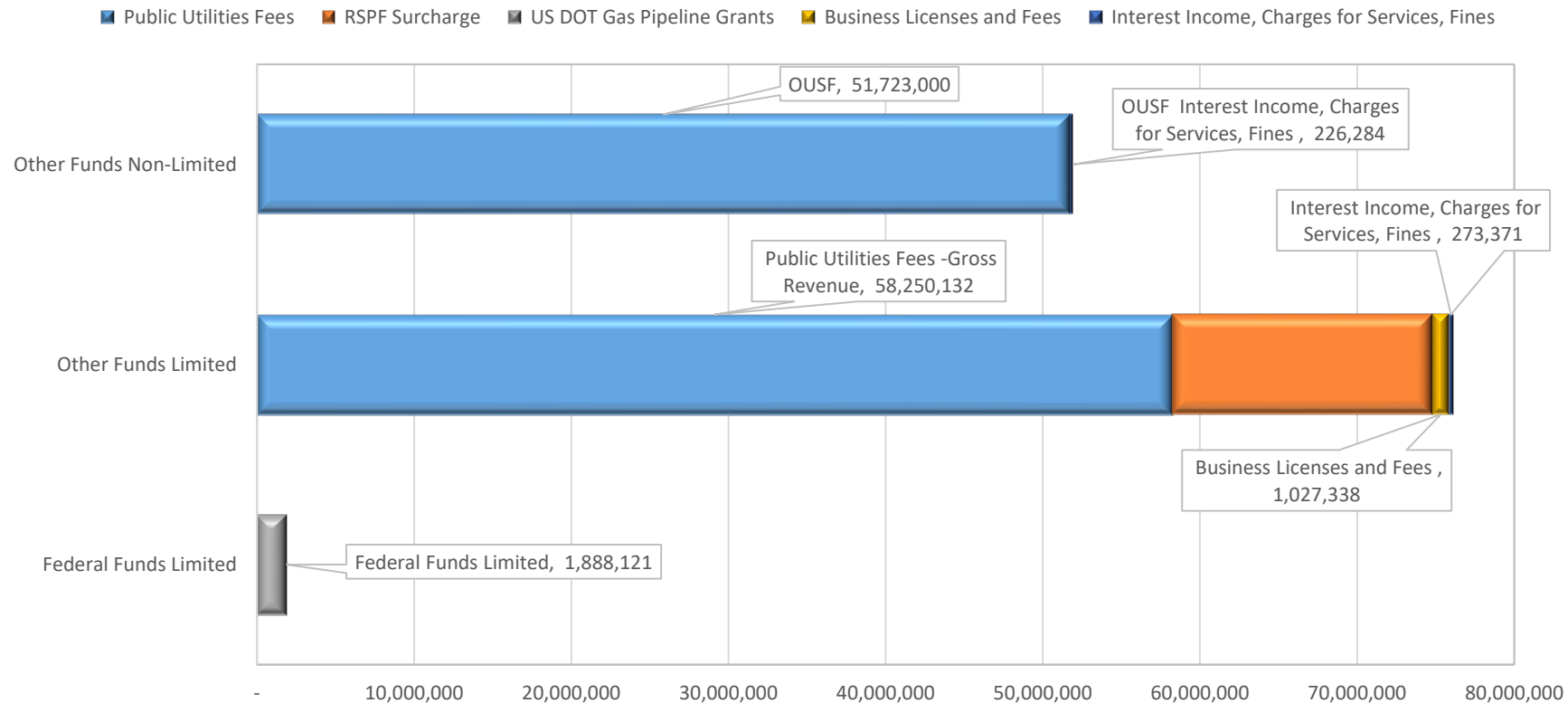
- **Business Services (10 FTE)**, reports to the Chief Financial Officer
- **Human Resources (5 FTE)**, reports to the Human Resources Director
- **Information Systems (7 FTE)**, reports to the Chief Information Officer
- **DEI Program Director (1 FTE)**, reports to the Chief Operating Officer

The **Oregon Board of Maritime Pilots** is administratively supported by the PUC and has two FTE. The OBMP Executive Director and the Program Administrator report to the Chief Operating Officer.

Budget Revenue



Sources of 2025-2027 Agency Revenues
Total Revenue All Programs
\$127,410,480



Budget Risks - Revenue

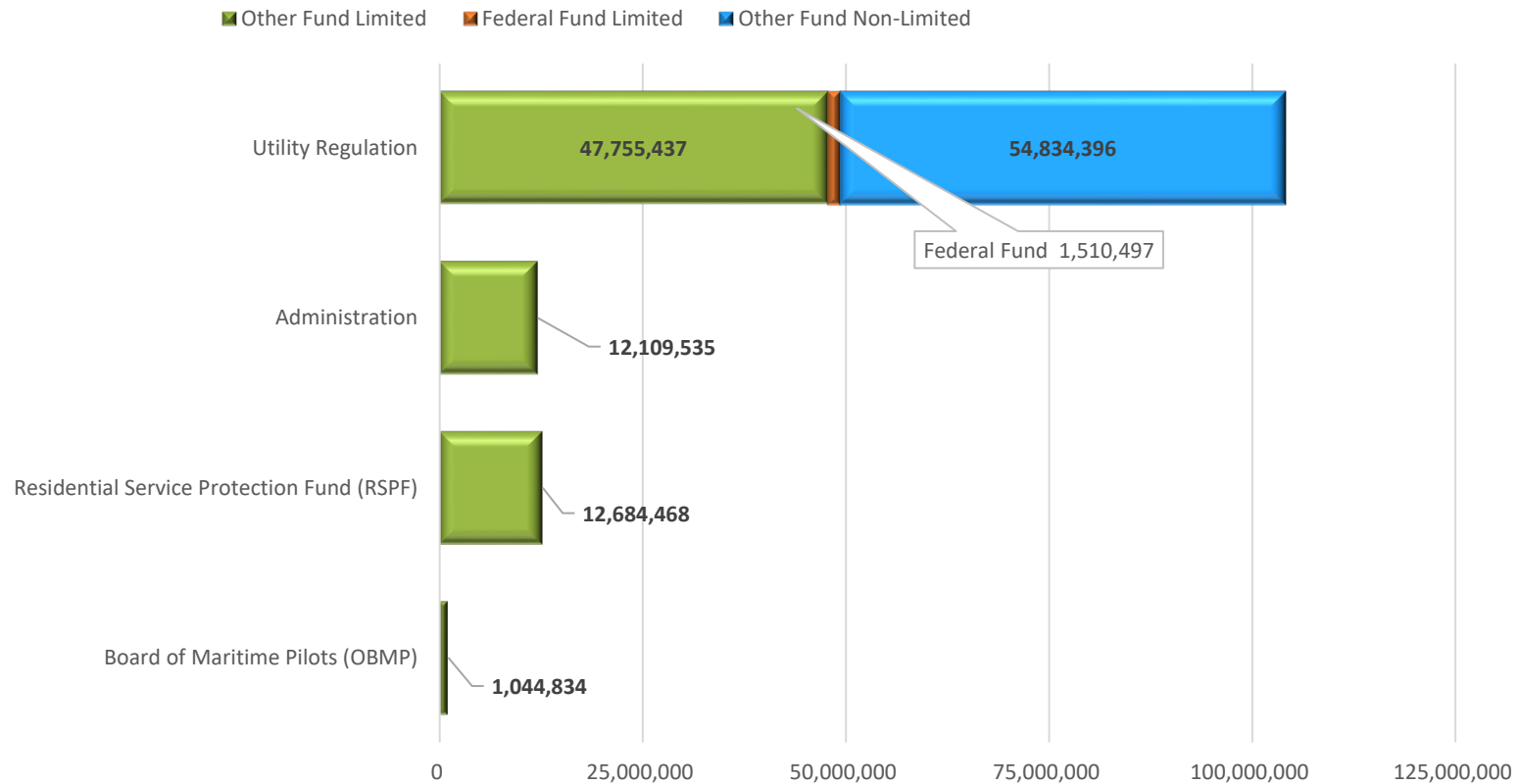


- **Potential slower growth in energy revenue**
 - Energy efficiency and distributed generation keep customer prices from increasing at higher levels.
 - Residential customer count growing at lower levels.
- **Higher natural gas and electricity prices**
 - May result in higher customer arrearages that 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 video conferencing services.

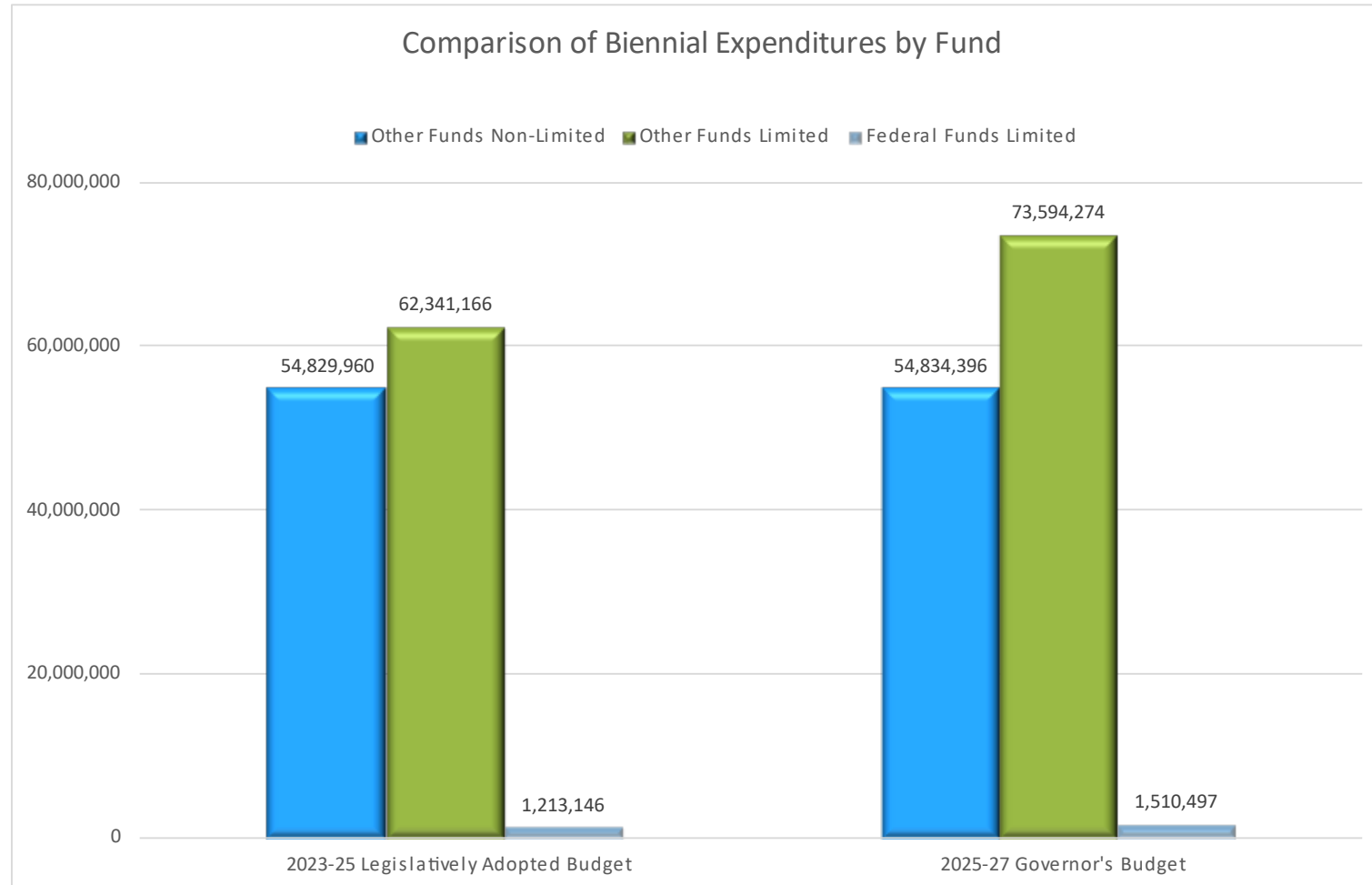
Budget Overview



Other Fund and Federal Fund Disbursements
Total Disbursements all Programs
\$129,942,024



Budget Overview – All Funds



Budget Overview



Other Funds Non-Limited

- Increase in Other Funds Non-Limited by \$4,436
 - 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 telecommunication revenues have historically declined quarter-on-quarter. There was a decrease in access lines of approximately 27% and a 21% decline in telecommunications revenues from 2021-2023.
 - SB 1603 (2020), the “Universal Service Fund Statute”, directed wireless VoIP providers to contribute to OUSF to maintain the health and integrity of the fund. SB 103 directs the PUC to transfer up to \$5 million per year from OUSF to the 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



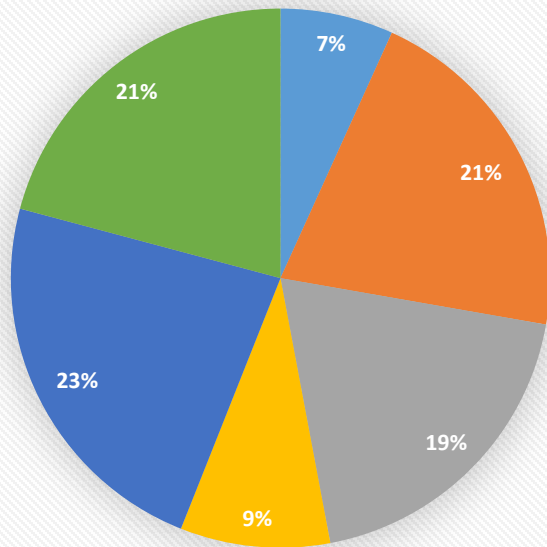
Other Funds Limited

- Increase in Other Funds Limited by \$11.2 million
- Other Funds Limited consists of Utility Regulation Fund, Administration Fund, RSPF, and OBMP. The increase is due to:
 - A net increase in personnel costs and other payroll costs
 - Department of Administrative Services' inflationary increases
 - Policy Option Packages (POPs)
 - POP 101: Utility Regulation Annual Fee Cap Adjustment
 - POP 104: Broader Auditing of Utility Wildfire Mitigation Actions
 - POP 105: Increased Professional Services
 - POP 106: Increase PUC Communication Services
 - POP 108: Partially FFL Position Adjustment (*technical adjustment; net zero impact*)

Budget Drivers

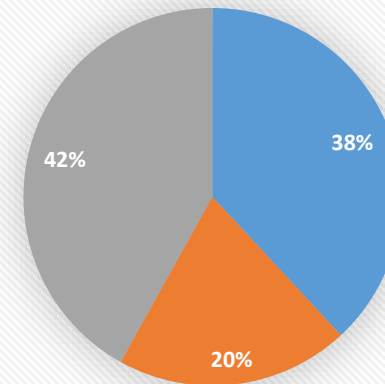


GB Services and Supplies Budgeted Limitation



- State Gov. Service Charges
- Professional Services
- Attorney General
- Facilities Rental and Taxes
- Agency Program Related S and S
- All Other S&S

GB Budgeted Expenditures



- Personal Services
- Services & Supplies and Capital Outlay
- Transfers

Notable Agency Changes



Significant changes in the past two years:

- AY23 – New Chief Operating Officer, Mandy Standiford
- AY23 – New Chief Financial Officer, Barbara Seaman
- FY24 – New Commissioner, Les Perkins
- FY24 – New Executive Director, Nolan Moser
- FY24 – Utility Program reorganization
 - Created the Energy Program and the Water, Telecom, Safety, & Consumers Program
- AY25 – New Commissioner, Karin Powers

Upcoming:

- AY25 – New Legislative Affairs Director, TBD
- AY25 – Departure of Commission Chair, Megan Decker; new Commission Chair is TBD

Budget Considerations



Wildfire Prevention & Mitigation

The PUC has expanded efforts to ensure Oregonians are protected from wildfires caused by utility infrastructure. Key budget considerations include:

- Increased oversight and auditing
- Regulatory and financial accountability
- Funding source and budget allocation

Clean Energy Policies

The PUC is investing in regulatory processes and expert analysis to support Oregon's transition to clean energy. Major budget considerations include:

- Increased professional services budget
- Clean energy planning and grid modernization
- Addressing emerging policy and technical challenges

Proposed Policy Legislation



HB 2370

- Proposes to increase the revenue fee cap from 0.45% to 0.55% of the utility's gross operating revenue derived within the state.
- Applies to energy and water utilities.
- Separate provisions governing the assessment of telecommunications providers would remain unchanged.

SB 843

- Proposes to amend ORS 757.365 to eliminate the requirement for the PUC to submit biennial reports to the Legislative Assembly on a Volumetric Incentive Rates (VIR) pilot program.
- The program has been fully subscribed since 2015 and is closed to participants.

Proposed Policy Legislation



SB 845

- Proposes to create additional authority allowing the Commission to order the transfer, sale, or regency of a water company after sufficient notice, opportunity for the presentation of evidence, and following specific findings from the Commission.
- The concept would also clarify the circumstances under which the Commission could appoint a regent to manage a water company.
- Other states have the authority, upon failure of all other avenues for ensuring safe and adequate water services, to compel the sale of a water company.
- Illinois, Pennsylvania, Hawaii, and Virginia all have some type of authority in place allowing their respective utility commissions to take actions to force a sale of a water company consistently failing to serve customers.

10% Reduction Options



Reduction	Amount
Services & Supplies	\$1,047,928
OUSF Reimbursement Reduction	\$5,483,440
OTAP Payments	\$698,619
Personnel	\$4,772,086
Temporary Appointments	\$108,192
DOJ Expense	\$816,375

Long-Term Vacancy Report



Long-term vacancies as of December 31, 2024

Position Title	Pos Type	GF Fund Split	LF Fund Split	OF Fund Split	FF Fund Split	FTE	2025-27 GF PS Total	2025-27 LF PS Total	2025-27 OF PS Total	2025-27 FF PS Total	2025-27 Total Bien PS BUDGET	Vacant Date	Position eliminated in GRB? Y/N	Reason for vacancy
Public Service Representative 3	PF			1.00		1.00			164,899		164,899	9/14/2022	N	Filled, new employee starts 1/13/2025
Utility And Energy Analyst 3	PF			1.00		1.00			287,834		287,834	7/1/2023	N	Position is being help open for organizational review
						-					-			
TOTAL		0.00	0.00	2.00	0.00	2.00	0	0	452,733	0	452,733			

Cost Containment



- Streamlined processes
- Collaboration with stakeholders to increase efficiency by eliminating outdated regulatory requirements and reporting
- Modernization initiatives
- Collaboration with agency partners, regulated utilities, and other interested parties
- Budget discipline

Policy Option Packages



POP 101 – Utility Regulation Annual Fee Cap Adjustment

- Increases the statutory revenue fee cap that the PUC may impose on public utilities gross operating revenue derived within the state to fund its operations from 0.45% to 0.55%.
- Ensures that the PUC has funds available to effectuate POPs 102, 105, and 106 and continue to operate under increasing costs outside of the PUC's control, such as state government service charges and personnel costs associated with pay equity increases and cost of living adjustments.
- The new cap would give the PUC the ability to collect an additional \$12,419,842 from energy utilities over the 2026-27 biennium.

Policy Option Packages



POP 102 – Records Management; Activity & Dockets System Maintenance

- Requests an additional \$68,811 in IT Professional Services to meet annual funding requirements needed for the PUC to complete the replacement of its records management system.
- The PUC processes tens of thousands of documents through the Biz Apps system. The PUC has been working for several years to replace the ageing Biz Apps program, whose underlying software is no longer supported by Microsoft.
- The replacement system project – Activity and Dockets System (ADS) will be completed during the AY27 biennium.

Policy Option Packages



POP 104 – Broader Auditing of Utility Wildfire Mitigation Actions

- Requests an additional \$1,189,242 to increase oversight of in-field actions, records verification, and office and field exercises.
- The heightened focus would rely on four new staff positions that would perform wildfire mitigation plan data analysis for:
 - Risk reduction
 - Confirm deployment of programs consistent with plans
 - Evaluate costs versus risks reduction
 - Verify accurate, timely completion of utility's wildfire mitigation programs
 - Summarize results for utility providers.
- One position would serve as a lead worker over the wildfire auditing program.

Policy Option Packages



POP 105 – Increased Professional Services

- Requests \$400,000 to help meet the PUC’s increased and expanded scope and complexity of duties under new state and federal laws, and regional energy initiatives.
 - Additionally, inflationary pressures and new requirements placed on regulated utilities have simultaneously created increased PUC review of general rate case filings and multiple power cost cases.
 - Often, the PUC’s work addresses emerging policy and technical issues that require specialized expertise beyond the agency’s current capabilities and the ability to hire consultants to supplement staffing has allowed the PUC to deliver comprehensive projects in a timely manner.

Policy Option Packages



POP 106 – Increase PUC Communication Services

- Requests \$278,320 to add an additional member to our communications team.
- This position would assist with media inquiries, internal and external communications, developing materials and managing the agencies social media presence – to enhance information flow, transparency, and public trust.
- Building a communications team allows for targeted outreach to a more diverse audience of stakeholders, including rural communities and vulnerable populations.

Policy Option Packages



POP 108 – Partial Federal Funds Limited Position Adjustment

- Requests a technical adjustment that results in a net zero impact in the Gas Pipeline program.
- Two positions need to have their funding split adjusted to become accurate to their actual job dedication. An Administrative Specialist 1 (PPBD # 728) no longer contributes the PUC's Gas Pipeline Safety program, which is partially funded by a federal reimbursement grant. Additionally, a Utility Analyst 2 (PPBD #796) almost entirely works within the Gas Pipeline Safety program and should have the same split as the 5 other positions that are part of the program.

Policy Option Packages



POP 109 – Residential Service Protection Fund Database Replacement

- Requests \$1,668,949 to allow the PUC to develop a database to support its provision of benefits to qualifying Oregonians with low incomes or disabilities.
- This would replace a system developed in 1999 that is obsolete and no longer supported by Microsoft.
- The RSPF program will have a new customer relationship management tool that automates processes and enhances delivery of services and products.
 - The new program will create efficiencies and eliminate many manual processes.

Key Performance Measures



The PUC has 16 Key Performance Measures (KPM), 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
- 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

Key Performance Measures



No requested changes to Key Performance Measures (KPMs) for 2025-27.

KPM #2: Price of Electricity

- Average price of electricity for residential users from Oregon Investor-Owned Utilities as a percent of the national average price
- The PUC met the target
 - The reporting year 2024 performance was below the target of 92%. Oregon's average residential electric price increased from 12.36 cents/kWh in reporting year 2023 to 14.16 cents/kWh in reporting year 2024.
 - The national average residential electric price increased from 15.12 cents/kWh in 2023 to 15.98 cents/kWh in reporting year 2024.

Key Performance Measures



KPM #8: Evidentiary Record

- Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record
- The PUC met its target
 - The PUC had three consumer complaints in 2023 that were adjudicated by the Commission
 - An order was issued fulling resolving each case before the close of the evidentiary

KPM #11: Complaint Investigation

- Percent of complaint investigation cases open 50 days or less.
- The PUC fell slightly short of its target
 - Since 2022, the number of investigations increased from 1,970 to 2,350
 - Consumer complaints are expected to rise as dissatisfaction with multiple price increases drives concerns about the quality and cost of the services provide by utility

Key Performance Measures



KPM #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.
- The PUC met its target across all categories
 - For the reporting period, 1,636 surveys were returned by consumers. Surveys are only sent to customers who provide email addresses
 - Increased complexity and a dynamic regulatory environment coupled with increased customer expectation continue to challenge the team
 - The team will continue weekly staff meetings to discuss hot topic issues, collaborate on resolutions for difficult complaints, and when possible, develop standardized responses for common issues

Oregon Board of Maritime Pilots



- The **Oregon 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, Columbia County, Longview, Vancouver, Pasco, and Portland.
- “Other funded” agency staffed with 2 FTE.



OBMP Budget Drivers



- \$1,042,756 for 23-25 biennium after legislative inflation adjustments
- Personnel and Other Personnel Expenses – 69.0% of budget
- Attorney General Expenses – 18% of budget
- Professional Services – 4.1% 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 Electronic Equipment Costs**
 - Moving nine board members from personal to state provided equipment
- **Ship Traffic**
 - If global trade actions reduce exports, ship traffic could fall
 - Funding comes from transit fees and pilot licensing fees
- **Major Maritime Accident**
 - Requires use of outside investigator
 - DOJ attorney costs



OBMP Environmental Factors



- Harsh offshore operating environment has resulted in important weather buoys going off station in the winter. They can be offline for months until a weather window do, that allows Coast Guard or contractor to reposition.
- Bridges have been a concern and remain a concern. As the tragedy in Baltimore highlights, bridge strikes can happen, and when they do, they are often fatal.
- The Columbia River navigational channel was designed for ships of about 600'. We routinely receive ships well over that length, with several exceeding 1000'. The increasing size of ships with no corresponding increase in the size of the channel reduces the margin of error for our pilots.



OBMP Environmental Factors



- Ship engine power limiters (a type of emission reduction equipment to comply with international pollution treaties) have decreased maneuverability of ships. While these systems pose no significant risk when offshore, in confined waters with currents and winds, the reduced power has been problematic and significantly reduces maneuverability.
- Cyber risks are increasing. Electronic signal manipulation of navigational equipment, specifically Automatic Identification System (AIS) transmissions has become routine in parts of the world. While our pilots retain the ability to navigate without electronic aids, spoofing AIS signals is a real risk.



Questions



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