

2025-27 Budget Review

Public Utility Commission

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	51,343,720	65,505,686	69,861,874	73,594,274
Other Funds (NL)	53,205,771	54,829,960	54,834,396	54,834,396
Federal Funds	964,634	1,292,424	1,444,341	1,510,497
Total Funds	105,514,125	121,628,070	126,140,611	129,939,167
Positions	138	142	141	146
FTE	134.75	141.00	140.50	145.50

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Public Utility Commission (PUC) regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunications companies, and water companies. 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 three-member commission is appointed by the Governor and subject to Senate confirmation. 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.

The agency is funded primarily through a Utility Gross Operating Revenue Fee of up to 0.45% assessed on a utility's annual gross operating revenue. On average, the Commission's regulatory oversight costs consumers of regulated utilities about 37 cents per month on each natural gas, electric, telecommunications, and water bill.

The Commission also receives funds from the Residential Service Protection Fund surcharge. Each paying retail subscriber who has telephone, cellular, or interconnected voice over internet protocol service with access to the Oregon Telecommunications Relay Service pays three cents per month to support the Residential Service Protection Fund programs. In accordance with ORS 759.685, the Commission can assess up to an amount not to exceed 35 cents per month. The surcharge is reviewed annually to ensure revenue matches expenditures.

Other Funds Nonlimited supports the Oregon Universal Service Fund, which provides payments to eligible telecommunications carriers in high-cost areas of the state, ensuring reasonable prices for basic services, and is not used for PUC regulation operations.

The Commission's Gas Pipeline Safety Program receives federal funds that cover approximately 60% of the Commission's natural gas pipeline safety program costs.

BUDGET ENVIRONMENT

Recent legislation, including the 2021 Clean Energy Bill (HB 2021) and the Wildfire Mitigation Bill (SB 762), have expanded the PUC's responsibilities to support Oregon's decarbonization and wildfire prevention goals. These efforts have required significant resources in technical staff and enhanced regulatory oversight to ensure utility compliance with clean energy targets and wildfire risk reduction measures, leading to increased budget needs.

Since 2021, the PUC has received \$4.6 million in new funding and 18 positions to address these requirements. However, the agency estimates that an additional \$1.6 million and four positions are necessary to meet the growing workload. Compounding these challenges, the PUC continues to experience difficulties in hiring and retaining qualified personnel to fulfill its expanded role.

PUC handles numerous contested cases, rulemakings, and open meeting proceedings, issuing hundreds of decisions each year. These cases often involve many participants and follow extended procedural schedules that require extensive filings, including motions, discovery, pre-filed testimony, exhibits or comments, and legal briefs. This process generates tens of thousands of documents processed through the PUC's IT docket system, which is now 24 years old.

To modernize this aging system, which is no longer supported by Microsoft, PUC has been working for several years on a replacement project. However, progress has been delayed due to the initial vendor's failure to meet state policy requirements, leading to a terminated contract in October 2023. PUC has since identified a new vendor and is finalizing the contract, with project completion now anticipated in 2027. Due to these challenges, overall project costs are expected to increase.

Although revenue from the current rate structure has been sufficient to cover costs, raising the statutory rate cap may become necessary in future biennia to sustain the Commission's efforts.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget of \$126.1 million is \$4.5 million, or 3.7%, more than the 2023-25 legislatively approved budget (LAB) of \$121.6 million. The increase is attributable to standard personal services growth and inflation for services and supplies expenditures. Personal services expenditures comprise 38% of the Commission's budget. The number of positions has been reduced by one position (0.50 FTE) due to the end of a limited duration position authorized by HB 2021 (2021).

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget is \$129.9 million total funds and 146 positions (145.50 FTE). The budget is \$3.8 million, or 3%, more than the current service level of \$126.1 million. The Governor's budget includes a total funds expenditure limitation increase of \$4.2 million and five positions (5.00 FTE) primarily to address an increasing workload and demand for wildfire mitigation, clean energy, and

communications. Increases are also included for maintenance costs for the Activity Docketing System and implementation of a new Residential Services Protection Fund database estimated at \$1.7 million.

OTHER SIGNIFICANT ISSUES

Energy rates in Oregon have increased significantly in recent years, with Portland General Electric (PGE) implementing an 18% rate hike in 2024, the largest in over two decades. Since 2021, cumulative rate increases have exceeded 40%, driven by the costs of transitioning to renewable energy, upgrading infrastructure for climate resilience, and complying with wildfire mitigation mandates. These changes have impacted household affordability, with a rise in utility disconnections for non-payment.

KEY PERFORMANCE MEASURES

A copy of the Public Utility Commission Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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