

HB 3179 -1 STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

Prepared By: Andrew Hendrie, LPRO Analyst

Meeting Dates: 2/20

WHAT THE MEASURE DOES:

The measure requires the Public Utility Commission (commission) to consider the revenue increases from proposed rate increases from a public utility and gives authority in rate setting. It requires visual explanations of costs from electricity and natural gas services providers. Requires quarterly report on rate adjustments expected in the next 12 months. Takes effect on 91st day following adjournment sine die.

Detailed Summary

Section 1

This act amends ORS 757.210 to 757.220

Section 2

In determining if rates are fair, just, and reasonable the Commission shall determine if the change will increase the public utility's revenue in Oregon by 2.5 percent or more. If a proposed rate would increase a public utility's revenue by 2.5 percent the Commission, in deciding to approve the proposed rate, shall consider the economic impact to ratepayers.

Section 3

Gives the commission broad discretion in setting rates, including lowest reasonable rates.

Section 4

The commission may adjust rates to mitigate or phase in an increase in rates if it would affect a consumer's ability to maintain adequate service or the economy of the state.

Section 5

Amends the meaning of "rate recovery expenditures" to include capital investments that are approved by the commission

Section 6

Sections 7, 8 and 9 to be added to ORS Chapter 757.

Section 7

A public utility that provides electricity services in Oregon shall provide to the commission and make public a visual representation of cost categories included in residential customer rates.

Section 8

A public utility that provides natural gas services in Oregon shall provide to the commission and make public a visual representation of cost categories included in residential customer rates.

Section 9

Requires a quarterly report of any rate increases a public utility expects in the next 12 months.

Section 10

Section 2 and amendments to ORS 756.040 and 757.210 in sections 3 and 4 apply to proceedings on or after the effective date.

Section 11

Unit captions in the bill do not become law and do not express any legislative intent.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment requires the commission to consider residential rate impact and a public utility's return on equity when considering a residential rate increase. In the case of a residential rate increase the commission will consider economic impact as provided by the public utility and perform an independent analysis of economic impact. The amendment also restricts when an increase can become effective and allows the commission to extend a suspension and require additional disclosures from public utilities. Declares emergency, effective on passage.

Detailed Summary

Section 2

Replaces section 2 so that in determining whether a public utility's proposed rate to be established or increased or changed is fair, just and reasonable the Commission must consider residential rate impact and the public utility's proposed return on equity. The commission must also consider the cumulative economic impact of a proposed rate on residential ratepayers If rates will increase. The commission must conduct an independent analysis of the cumulative economic impact. If the public utility's proposed rate will increase residential rates, the public utility must make a filing of analysis of economic impact that takes into account specific aspects laid out in the amendment. Allows the commission to contract or coordinate with others to carry out this section. The commission may establish rules to carry out this section.

Section 4

Adds to the section that residential rate increases may not take effect between November first and March thirty first in any year. A general rate revision rate increase for residential rates may not take effect within eighteen months from the effective date of the last increase.

Section 5

Adds authority for the commission to extend an suspension in certain circumstances during an investigation by the commission.

Section 6

Amends section 5 to now being section 6

Section 7

Adds that public utility should have a reasonable opportunity to earn a return as part of a financing order.

Section 8

Amends section 6 to now being section 8 and amends sections 7, 8 and 9 to be added to ORS Chapter 757 to section 9, 10, and 11 to be added to ORS Chapter 757.

Section 9

Amends section 7 to now being section 9

Section 10

Amends section 8 to now being section 10

Section 11

Amends section 9 to now being section 11 and adds that when a public utility files with the committee a change of rates the public utility will make publicly available a forecast of how the changes will affect customers.

Section 12

Amends section 11 to now being section 12

Section 13

Amends section 10 to now being section 13

Section 14

Adds Emergency clause to establish an effective date.

BACKGROUND:

The Public Utility Commission (the commission) is responsible for rate regulation of Oregon's investor-owned electric utilities, natural gas utilities, telephone service providers (landline only), as well as select water companies. The PUC also enforces electric and natural gas safety standards and handles utility-related dispute resolution on behalf of Oregon residents.

ORS Chapter 757 covers utility regulation. ORS 757.210 and 757.220 specifically deal with rates and hearings about rates.

ORS 756.040 covers the general powers of the Public Utility Commission.