

HB 3179 -3, -4 STAFF MEASURE SUMMARY

House Committee On Commerce and Consumer Protection

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Meeting Dates: 2/20, 2/25, 3/27

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:

-3 The amendment defines electric utility, energy services, and natural gas utility. the amendment requires a natural gas or electric utility to include a multiyear rate plan when filing a general rate case with the Public Utility Commission (commission). the amendment requires the multiyear plan to include an analysis of the utilities low-income assistance program and includes criteria for that analysis. if the analysis shows the utilities plan is insufficient, they must propose additional assistance. if the commission approves a multiyear plan, they must ensure its fair, just, and reasonable. the amendment requires that the commission ensure public utilities don't subsidize nonregulated activities with customers money.

-4 The amendment requires the Public Utility Commission (commission) to balance the interest of the utility investor and the consumer by considering the cumulative economic impact of rates on residential taxpayers. An electric or natural gas company must include an analysis of cumulative economic impact of a proposed rate on residential ratepayers with its filing. The amendment includes what must be taken into account for the analysis. The amendment prohibits a rate increase between November 1st and March 31 in any year. The commission must establish rules requiring an electric or natural gas company to establish a multiyear rate plan between three and seven years long. The amendment adds capital investment to the definition of rate recovery expenditures and allows the commission to direct a public utility to investigate rate recovery expenditures that could result in benefits to public utility customers.

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.