

Public Utility Commission – Overview of Roles and Responsibilities

House Committee on Climate, Energy and
Environment

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Roles and Responsibilities of the Public Utility Commission

Background

- PUC Overview
- Who the PUC regulates
- PUC Authority

Processes and Roles

- Types of Dockets
- Types of Processes
- Role of Staff and ALJs

Current and Evolving Responsibilities

- Ratemaking
- Safety & Wildfire Readiness
- HB 2021 Oversight

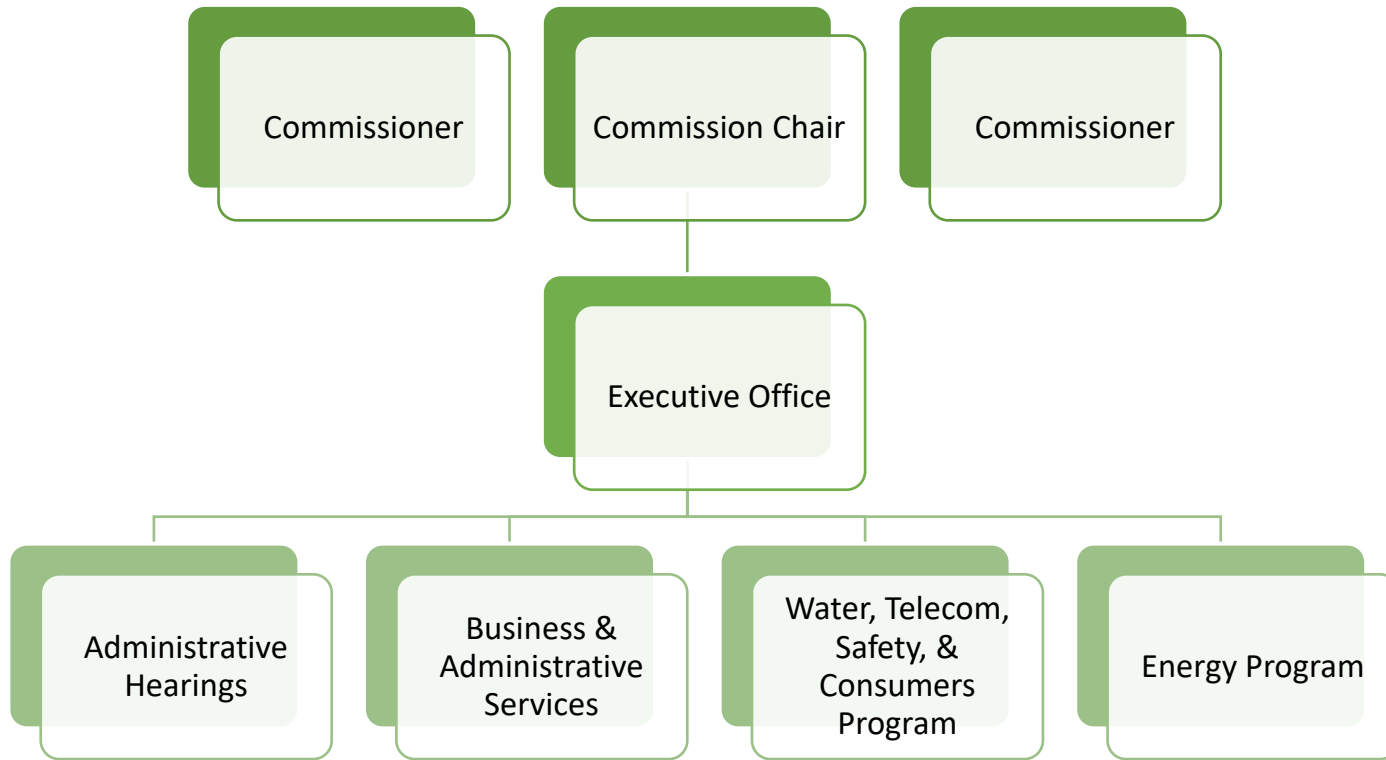
Oregon Public Utility Commission (OPUC)

- Economic regulator of investor-owned utilities:
 - Electric – PGE, PacifiCorp, and Idaho Power
 - Natural Gas – NW Natural, Cascade, and Avista
 - Select telecom and small water companies
- Broader role in utility safety and emergency support, including for COUs
- Quasi-judicial and policy functions
- 3 full-time Commissioners

Our mission is to ensure Oregonians have access to **safe, reliable and fairly priced** utility services that advance **state policy** and promote the **public interest**.

We use an **inclusive process** to evaluate differing viewpoints and visions of the public interest and arrive at **balanced, well-reasoned, independent decisions** supported by fact and law.

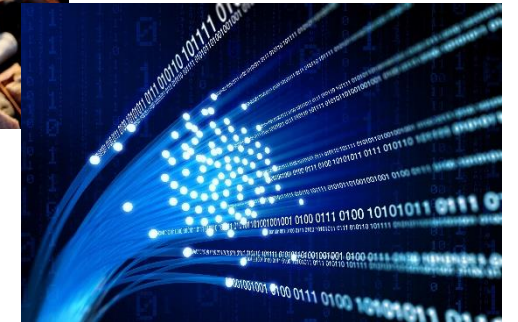
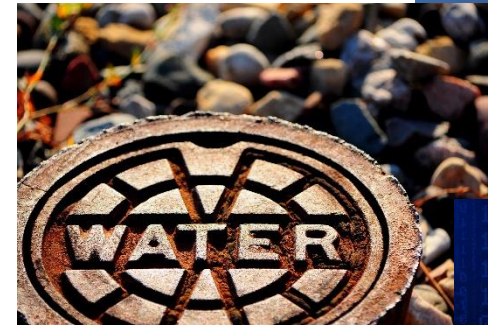
PUC Structure and Responsibilities



- Regulatory Oversight & Consumer Protection
- Utility Safety, Reliability, & Security
- Infrastructure & Strategic Planning
- Public Engagement & Policy Implementation
- Funding & Operational Integrity

Who does the PUC regulate?

- Electric, Natural Gas, Water, and Telecommunications utilities that are investor owned, for rate regulated services.
- PUC does not regulate rates of municipal utilities, and of non-rate regulated services, such as cell phone plans, etc.
 - Rates of municipal or co-op utilities regulated by elected officials or elected board members.



PUC Authority – Background

- As monopoly providers of essential services, public utilities are subject to government control over entry, service, and rates
- Although subject to regulation, public utilities remain private enterprises with protected rights
- The PUC sets rates that balance the interests of the utility and its customers
 - To protect customers, the rates must be just and reasonable
 - To protect the financial health of the utility, the rates must provide sufficient revenue for operating expenses and the capital costs of the business
- If rates do not afford sufficient compensation, it may be argued that the State has taken utility property without paying just compensation
- The Commission listens to stakeholders and experts, then makes decisions about these issues

Categories of Dockets the PUC Reviews

The PUC evaluates regulated utility filings in three major categories.

Rates

- General Rates Cases
- Annual Cost Adjustments

Planning

- Integrated Resource Plans
- Clean Energy Plans
- Wildfire Mitigation Plans
- Distribution System Plans

Programs

- Net Metering
- Community Solar
- Energy Efficiency
- PURPA
- Demand Response
- EV Charging

How the PUC makes decisions

The PUC makes decisions and implements policy in 3 primary ways

Contested Cases

- Quasi-judicial action
- Trial-like process to resolve disputed issues of fact, law, and policy
- Decisions must be based on evidentiary record
- Ex parte restrictions apply
- May be appealed to court

Rulemakings

- Staff-led process, to collect stakeholder input
- PUC must give notice and allow public comment
- Subject to Open Meetings Law
- Results in rules that subject utilities, others to specific binding and ongoing requirements

Other-Than Contested Cases

- Decisions as part of regular public meeting agenda
- No formal evidentiary record
- Subject to Open Meetings Law

About PUC Staff

- Staff:
 - Analyze Utility filings
 - Request more information
 - Develop public meeting memos
 - Develop draft rules
 - Complete reports and analysis
 - Submit, defend written testimony
 - Review all testimony, assess for reasonableness
 - Develop settlement positions
- Attorneys working with Staff:
 - Ensure legal sufficiency of rules and memos
 - Cross examine witnesses
 - Submit legal briefs
 - Make oral arguments

About ALJs

- Lawyers/Judges with experience in Administrative Law, Utilities Regulation
- Operate under delegated authority from the Commission
- Responsible for managing Contested Case, other case process
 - Schedules
 - Parties
 - Motions
 - Resolve evidentiary issues
 - Draft orders
 - Manage decision process

Current and Expanding Responsibilities



Example of PUC Role: Ratemaking

General Rate Case

- Evaluates a utility's business costs
- Utility may file at any time
- PUC conducts a year-long contested case investigation
- Staff and other parties evaluate components of utility projected costs
 - Labor
 - Materials
 - Capital costs
 - Prudence of investments
- PUC determines a revenue requirement and rate of return for the utility

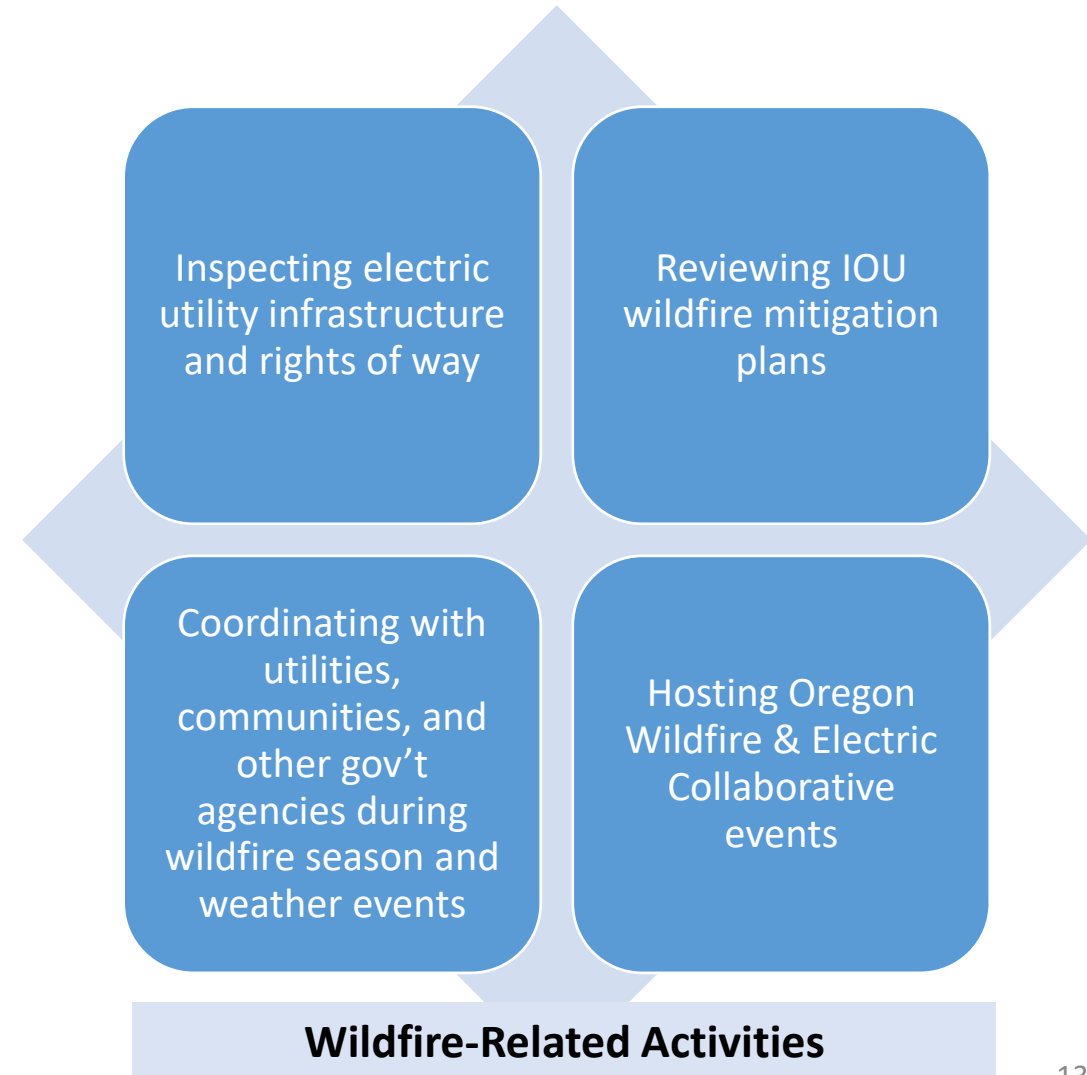
Annual Cost Adjustments

- Used for some non-capital costs
 - No profit mark-up
 - Incentives to control costs
- Reflect changes in actual prices paid by the utility
 - Wholesale electricity
 - Natural gas
- High variability costs

Role of the Safety Division

Advancing wildfire readiness, response and resilience

- 1) Safety authority related to overhead utility assets
- 2) Emergency support function when either state or utilities emergency response activated



HB 2021 – PUC Oversight

- Pre-2030
 - Clean Energy Planning (ORS 469A.415, ORS 469A.420)
 - Continual progress (ORS 469A.415)
 - Cost cap (ORS 469A.445, ORS 469A.450)
 - Reliability off-ramp (ORS 469A.440)
- Post-2030
 - Compliance verification with Oregon DEQ (ORS 469A.435)
 - Remediation plans for non-compliance (ORS 469A.435)

Evolving PUC Role: 2025 Session Themes

- Affordability
- Distributed and small-scale energy
 - Microgrids
 - Community solar
 - Small-scale resources
- Utility accountability and performance
 - Performance-based ratemaking
 - Wildfire liability
 - HB 2021 compliance
 - Large load customers
- Transmission

Questions?

For follow-up questions, please contact
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