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To: Transportation and Economic Development Subcommittee
From: Ben Ruef, Legislative Fiscal Office
Date: May 22, 2025
Subject: HB 2370 – Relating to fees imposed by the Public Utility Commission
Work Session Recommendations

House Bill 2370 increases the statutory cap on the rate the Public Utility Commission (PUC) may assess regulated energy and water utilities under ORS 756.310, raising the maximum from 0.45% to 0.55% of a utility's gross operating revenues earned within Oregon during the preceding calendar year. The change does not affect fees for telecommunications providers, which remain under separate provisions.

Fees collected from utilities are the primary funding source for the Commission's operating expenditures. The Commission currently collects fees from three investor-owned electric utilities, three natural gas utilities, and approximately 85 regulated water utilities.

The proposed fee cap increase would give the Commission flexibility to adjust revenues in line with its expanding responsibilities. In recent years, the PUC's work has grown beyond traditional ratemaking to include new areas such as clean energy implementation, wildfire mitigation, and infrastructure resilience. These new responsibilities have increased the number and complexity of regulatory proceedings. At the same time, the Commission faces higher operating costs, including cost-of-living and pay equity adjustments. Raising the fee cap would allow the Commission to better align revenues with its approved budget and maintain a sufficient operating reserve, without necessarily requiring immediate fee increases.

Any new or increased fees adopted under this measure must go through the legislative fee approval process outlined in ORS 291.050 and ORS 291.055. Should the Commission implement the full 0.55% assessment, additional Other Funds revenue is projected to total approximately \$13.7 million in the 2025-27 biennium and \$13 million in the 2027-29 biennium. No fee

increases are currently proposed for either biennium. The 2025-27 recommended budget maintains an estimated twelve-month operating reserve in the agency's ending fund balance.

Final Subcommittee Action

LFO recommends that HB 2370 be moved to the Ways and Means Full Committee.

MOTION: I move HB 2370, as amended, to the Full Committee with a do pass recommendation. *(vote)*

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____