SB 926 A STAFF MEASURE SUMMARY

Carrier: Sen. Smith DB, Sen. Prozanski

Senate Committee On Judiciary

Action Date:	04/08/25
Action:	Do pass with amendments. (Printed A-Eng.)
Vote:	4-2-0-0
Yeas:	4 - Broadman, Gelser Blouin, Manning Jr, Prozanski
Nays:	2 - McLane, Thatcher
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
Prepared By:	Kris Kolta, LPRO Analyst
Meeting Dates:	3/5, 4/7, 4/8

WHAT THE MEASURE DOES:

This measure prohibits an electric company from recovering from ratepayers the costs and expenses arising from wildfire liability.

Detailed Summary

- Defines an "electric company" to mean a company that is not consumer-owned and provides electricity to 25,000 or more Oregon customers.
- Prohibits an electric company from recovering from its customers:
  - Costs associated with fines or penalties based on allegations of negligence or misconduct that resulted in a wildfire;
  - Costs associated with a judgment or settlement of a civil action based on allegations of negligence or misconduct that resulted in a wildfire;
  - Wildfire litigation costs, and
  - Costs to repair or replace infrastructure damaged through the electric company's own fault.
- Prohibits electric companies indebted by a wildfire-related judgment from distributing dividends, income, interest, profits, or other value to those with an ownership interest in the electric company or a related company.
- Directs the court to award a prevailing wildfire plaintiff 9 percent interest from the time of wildfire ignition and damages without offset of recovery from other sources.
- Applies the above provisions to all wildfires ignited after January 1, 2020.
- Requires an electric company with an outstanding wildfire judgment, issued between January 1, 2020, and January 1, 2025, and not satisfied by January 1, 2026, to pay all taxes owed by the prevailing party at the time of the electric company's satisfaction of judgment.

ISSUES DISCUSSED:

- Increasing costs and risks of utility-caused wildfires
- Differences between base bill and amendment

EFFECT OF AMENDMENT:

The amendment adds categories of wildfire litigation costs that an electric company may not recoup from ratepayers, prohibits a wildfire liability indebted electric company from making distributions, and adds prejudgment interest and penalties for failure to timely satisfy judgments.

Detailed Summary

The amendment expands the scope of wildfire costs that an electric company may not recover from ratepayers to include wildfire litigation costs and costs to repair or replace infrastructure damaged through the electric company's own fault. The amendment also prohibits electric companies indebted by a wildfire-related judgment from distributing dividends, income, interest, profits, or any other value to those with an ownership interest in the electric or related company.

The amendment also directs the court to award a prevailing wildfire plaintiff 9 percent interest from the date of wildfire ignition, without offsets for recovery from another source. The provisions apply to all wildfires ignited after January 1, 2020. The amendment requires any electric company with an outstanding wildfire judgment, issued between January 1, 2020, and January 1, 2025, and not satisfied by January 1, 2026, to pay all taxes owed by the prevailing party at the time of the electric company's satisfaction of judgment.

BACKGROUND:

Utility companies in Oregon must apply with the Public Utilities Commission (PUC) before raising consumer prices or rates. When deciding whether to approve a requested rate adjustment, the PUC must ensure the change is fair and reasonable for utility customers while also allowing the utility service provider to recover reasonable costs and earn a reasonable return on its investments. The PUC uses a quasi-judicial investigation to examine a utility's operating expenses, investments, and capital costs and thereby determine the extent to which these costs can be passed along to consumers through increased rates.