

HB 5034 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Neron Misslin

Joint Committee On Ways and Means

Action Date: 05/30/25

Action: Do pass the A-Eng bill.

Senate Vote

Yeas: 9 - Anderson, Broadman, Frederick, Lieber, Manning Jr, McLane, President Wagner, Smith DB, Sollman

Nays: 2 - Bonham, Girod

Exc: 1 - Campos

House Vote

Yeas: 9 - Bowman, Breese-Iverson, Gomberg, Levy E, Owens, Ruiz, Sanchez, Smith G, Valderrama

Nays: 2 - Cate, Drazan

Exc: 1 - Evans

Prepared By: Kendra Beck, Department of Administrative Services

Reviewed By: Ben Ruef, Legislative Fiscal Office

Public Utility Commission

2025-27

Budget Summary*

	2023-25 Legislatively Approved Budget ⁽¹⁾	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
Other Funds Limited	\$ 65,505,686	\$ 69,861,874	\$ 74,003,004	\$ 8,497,318	13.0%
Other Funds Nonlimited	\$ 54,829,960	\$ 54,834,396	\$ 54,834,396	\$ 4,436	0.0%
Federal Funds Limited	\$ 1,292,424	\$ 1,444,341	\$ 1,510,497	\$ 218,073	16.9%
Total	\$ 121,628,070	\$ 126,140,611	\$ 130,347,897	\$ 8,719,827	7.2%

Position Summary

Authorized Positions	142	141	146	4
Full-time Equivalent (FTE) positions	141.00	140.50	145.50	4.50

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Public Utility Commission (PUC) is funded primarily from a Utility Gross Operating Revenue fee, the Residential Service Protection Fund (RSPF), the Oregon Universal Service Fund, and the Public Purpose Charge. PUC also receives Federal Funds from the U.S. Department of Transportation for the Natural Gas Pipeline Safety Program.

PUC receives a Utility Gross Operating Revenue fee of up to 0.45% assessed on a utility's annual gross operating revenue. Additionally, a \$0.27 per month surcharge is applied to each paying retail subscriber who has telephone, cellular, or interconnected voice over internet protocol service with access to the Oregon Telecommunication Relay Service to support the RSPF program. In statute, the Commission can assess an amount not to exceed \$0.35 per month. The surcharge is reviewed annually to ensure revenue matches expenditures. The Commission's Gas Pipeline Safety Program receives Federal Funds that cover part of the Commission's Natural Gas Pipeline Safety Program costs.

The Oregon Board of Maritime Pilots (OBMP) is funded by license fees paid by the pilots and an operations fee from each vessel using the services of a licensee. The Subcommittee recommended an increase to fees charged by OBMP through House Bill 5042 (2025). This will increase operation fees to \$70; revenue associated with this adjustment is included in package 801.

Summary of Transportation and Economic Development Subcommittee Action

PUC's mission is to ensure Oregonians have access to safe, reliable, and fairly priced utility services that advance state policy and promotes the public interest. The Commission uses an inclusive process to evaluate differing viewpoints and visions of the public interest to arrive at balanced, well-reasoned, and independent decisions supported by fact and law. PUC regulates rates and services offered by private Oregon electric and natural gas utilities, telecommunication companies, and water companies. The Commission does not regulate people's utility districts, cooperatives, or municipally owned utilities except in matters of safety. Additionally, the Commission has no authority to regulate the rates or services of cellular, satellite, broadband service, or cable TV providers.

OBMP is an independent occupational licensing and regulatory agency for state maritime pilots, which is part of PUC for budget and administrative purposes. OBMP protects public safety and the environment and serves Oregon's economy by ensuring only the qualified are licensed to pilot vessels.

The Subcommittee recommended a total funds budget of \$130,347,897, which is comprised of \$74,003,004 Other Funds expenditure limitation, \$54,834,396 Other Funds Nonlimited, \$1,510,497 Federal Funds expenditure limitation, and 146 positions (145.50 FTE). The approved budget is a 7.2% increase from the 2023-25 legislatively approved budget and a 3.3% increase from the 2025-27 current service level.

Utility Regulation

The Utility Regulation Program conducts research and analysis and provides the Commission with technical support. The program ensures private electricity, natural gas, telecommunications, and water utilities provide safe, reliable, and high-quality service at reasonable rates and promotes effective competition in those industries. Staff review program finance and budget issues, conduct fiscal and general audits, and monitor utility safety practices.

The Subcommittee recommended a total funds budget of \$104,459,344 and 113 positions (113.00 FTE, which includes the following packages:

Package 090: Analyst Adjustments. This package increases one-time Other Funds expenditure limitation by \$602,420 to account for delays in the implementation of PUC's Activity and Dockets System and pushing expenses into the 2025-27 biennium. Funding comes from annual Gross Revenues fees.

Package 104: Broader Auditing of Utility Wildfire Mitigation Actions. This package increases ongoing Other Funds expenditure limitation for the establishment of four permanent full-time positions: one Operation Policy Analyst 4 (1.00 FTE) and three Utility Analyst 3 positions (3.00 FTE). These additions are intended to enhance the PUC's capacity to manage its expanded responsibilities for wildfire mitigation and oversight, as mandated by recent legislation, including the Clean Energy Bill (House Bill 2021, 2021) and the Wildfire Mitigation Bill (Senate Bill 762, 2021). Of this limitation, \$7,635 will be one-time.

Package 105: Increase in Professional Services. This package increases Other Funds expenditure limitation one-time by \$400,000 for professional services so the agency can utilize outside consulting from subject matter experts to assist with PUC's recent increase in scope and responsibilities, as mandated by recent legislation, including, but not limited to, the Clean Energy Bill (House Bill 2021, 2021) and the Wildfire Mitigation Bill (Senate Bill 762, 2021).

Package 106: Increase in Communication Services. This package increases Other Funds expenditure limitation by \$278,320 to establish a permanent full-time Public Affair Specialist 2 (1.00 FTE) that will assist with media inquiries, internal and external communication, developing PUC presentations and reports, managing website content, and more to ensure transparency and build public trust. Of this amount, \$2,545 of this limitation will be one-time.

Package 108: Partially FFL Position Adjustment. This package adjusts how two positions, an Administrative Specialist 1 and Utility Analyst 2, in the Gas Pipeline Safety Program are funded to match the funding split of the other positions in the program; \$66,156 will be shifted from Other Funds expenditure limitation to Federal Funds expenditure limitation.

Residential Service Protection

RSPF consists of five programs aimed at ensuring accessible and affordable basic phone service for all Oregonians. Each month, the RSPF surcharge is assessed on telecommunication subscribers. It provides telecommunication services for low-income and physically challenged citizens, including the hearing and speech-impaired, through the Oregon Telephone Assistance Program, Telecommunications Devices Access Program, Oregon Telecommunications Relay Service, Emergency Medical Certificates Program, and Communications Facilitator. The Subcommittee recommended a total funds budget of \$12,698,515 and seven positions (6.50 FTE). The Subcommittee recommended the following package:

Package 109: RSPF Database Replacement. This package increases Other Funds expenditure limitation to develop a new Residential Service Protection Fund database used for customer relationship management, eligibility for benefits, and equipment distribution, which was developed in 1999 and is no longer supported by Microsoft. This would be funded by existing Residential Service Protection fund surcharge revenues. One-time development and implantation costs are estimated at \$1,544,940. Ongoing maintenance costs are estimated at \$123,553.

Policy and Administration

The Policy and Administration section serves the Commission by providing accounting and financial reporting functions, grant administration, budget assistance, information systems and technology support, human resource management, and general administrative support. The Subcommittee recommended a total funds budget of \$12,130,019 and 24 positions (24.00 FTE). The Subcommittee recommended the following package:

Package 102: Activity and Dockets System Maintenance Costs. This package will increase ongoing Other Funds expenditure limitation by \$68,811 to adjust for an increased estimate of maintenance costs for the Program's Activity and Dockets System, which is expected to be completed in 2027.

Oregon Board of Maritime Pilots

The Oregon Board of Maritime Pilots is an independent occupational licensing and regulatory agency for state maritime pilots. The Board's mission is to protect public health, safety, and welfare by ensuring only the best-qualified persons are licensed to pilot vessels in Oregon's four pilot required areas, including Yaquina Bay, Coos Bay, the Columbia River, and the Willamette River. The Subcommittee recommended a total funds budget of \$1,060,019 and two positions (2.00 FTE). The Subcommittee also recommended the following package:

Package 801: LFO Analyst Adjustments. The Board adopted a fee increase on January 1, 2025, by administrative rule (Chapter 856-010-0006). The statutory limit is \$100, adjusted for the CPI over the years. Currently, that sits at \$140 according to the Agency's rules. The OBMP Operating Fee will increase from \$50 to \$70 effective July 15, 2025. The Agency mistakenly assumed an administrative increase was sufficient. Instead of including the fee increase in a policy package, they incorporated the projected revenues directly into their revenue line, which was reflected in the 2025-27 governor's budget and needs formal approval. The revenue line currently reads \$1,027,338 Other Funds; however, this is based on a \$80 fee. The number should be \$964,938 Other Funds based on the \$70 fee adopted. The ending fund balance is approximately two months of operating reserves for 2025-27.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

Public Utility Commission
Kendra Beck -- 503-400-4747

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ -	\$ -	\$ 65,505,686	\$ 54,829,960	\$ 1,292,424	\$ -	121,628,070	142	141.00
2025-27 Current Service Level (CSL)*	\$ -	\$ -	\$ 69,861,874	\$ 54,834,396	\$ 1,444,341	\$ -	126,140,611	141	140.50
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 86000-001 - Utility Regulation									
Package 090: Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ 602,420	\$ -	\$ -	\$ -	602,420		
Package 104: Broader Auditing of Utility Wildfire Mitigation									
Actions									
Personal Services	\$ -	\$ -	\$ 1,174,262	\$ -	\$ -	\$ -	1,174,262	4	4.00
Services and Supplies	\$ -	\$ -	\$ 14,980	\$ -	\$ -	\$ -	14,980		
Package 105: Increase in Professional Services									
Services and Supplies	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	400,000		
Package 106: Increase PUC Communication Services									
Personal Services	\$ -	\$ -	\$ 274,575	\$ -	\$ -	\$ -	274,575	1	1.00
Services and Supplies	\$ -	\$ -	\$ 3,745	\$ -	\$ -	\$ -	3,745		
Package 108: Partially FFL Position Adjustment									
Personal Services	\$ -	\$ -	\$ (66,156)	\$ -	\$ 66,156	\$ -	-	0	0.00
SCR 86000-003 - Residential Services Protection									
Package 109: RSPF Database Replacement									
Services and Supplies	\$ -	\$ -	\$ 1,668,493	\$ -	\$ -	\$ -	1,668,493		
SCR 86000-004 - Policy and Administration									
Package 102: Activity and Dockets System Maintenance									
Costs									
Services and Supplies	\$ -	\$ -	\$ 68,811	\$ -	\$ -	\$ -	68,811		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 4,141,130	\$ -	\$ 66,156	\$ -	4,207,286	5	5.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 74,003,004	\$ 54,834,396	\$ 1,510,497	\$ -	130,347,897	146	145.50
% Change from 2023-25 Leg Approved Budget	0.0%	0.0%	13.0%	0.0%	16.9%	0.0%	7.2%	2.8%	3.2%
% Change from 2025-27 Current Service Level	0.0%	0.0%	5.9%	0.0%	4.6%	0.0%	3.3%	3.5%	3.6%

*Excludes Capital Construction Expenditures

Legislatively Approved 2025 - 2027 Key Performance Measures

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Agency: Public Utility Commission

Mission Statement:

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.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. Water Utilities - Percentage of rate regulated water companies with rate designs promoting efficient use of water resources: This measure tracks the percentage of rate-regulated water companies that use pricing structures designed to encourage efficient water use. By implementing rate designs such as tiered pricing, seasonal rates, or time-of-use charges, utilities can discourage excessive consumption and promote long-term water sustainability. This measure helps assess whether regulatory policies are effectively supporting conservation, fair pricing, and responsible water management.		Approved	91%	94%	94%
2. Price of Electricity - Average price of electricity for residential users from Oregon Investor Owned Utilities as a percent of the national average price: This measure tracks the average price Oregon residential customers pay for electricity from Investor-Owned Utilities, expressed as a percentage of the national average. It helps compare how affordable electricity is in Oregon relative to other states. A lower percentage indicates that Oregon's rates are more competitive and cost-effective for consumers.		Approved	89%	92%	92%
3. Electric Energy - Percentage of business customers' electric energy usage supplied by alternative suppliers: This measure tracks the percentage of electric energy used by business customers that is supplied by alternative (non-utility) energy providers. It reflects the level of competition and customer choice in the commercial energy market. A higher percentage suggests that more businesses are seeking alternatives to traditional utilities, often for reasons like cost savings, sustainability goals, or specialized energy services.		Approved	12.40%	13%	13%
4. Electric Utility Operations - Effectiveness of staff audits in preventing injuries caused by electric utility operations per 100,000 utility customers: This measure tracks the number of injuries caused by electric utility operations per 100,000 customers, helping to evaluate the effectiveness of staff audits in promoting safety. Fewer injuries indicate that audits are successfully identifying and addressing safety risks. This measure supports the PUC's goal of ensuring safe and reliable utility service for the public.		Approved	0	0.11	0.11
5. Unsafe Acts - Effectiveness of Utility and PUC promoted education in preventing injuries from unsafe acts per 100,000 utility customers: This measure tracks the number of injuries from unsafe acts by the public (such as digging into utility lines) per 100,000 utility customers, to evaluate the effectiveness of safety education efforts promoted by utilities and the PUC. A lower number of injuries suggests that outreach and education campaigns are successfully increasing public awareness and preventing accidents.		Approved	0.17	0.45	0.45
6. Natural Gas Operations - Personal injuries related to Natural Gas Operations per 100,000 utility customers: This measure tracks personal injuries from natural gas operations per 100,000 customers, reflecting PUC's effectiveness in overseeing gas utility safety. A lower rate indicates that the PUC's regulations and safety efforts are reducing risks.		Approved	0	0	0

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Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
7. Switched Access Lines - Percent of total switched access lines provided by competitive local exchange carriers statewide: This measure tracks the percentage of total switched access lines provided by competitive local exchange carriers statewide. A higher percentage indicates increased market competition, which can lead to lower prices, improved service, and more innovation for consumers. This measure reflects the PUC's role in encouraging a competitive telecommunications market.		Approved	70%	70%	70%
8. Evidentiary Record - Percent of Consumer Complaint Orders issued within 30 days of close of evidentiary record: This measure tracks the percentage of consumer complaint orders that are issued within 30 days after the evidentiary record closes. It reflects the PUC's efficiency and timeliness in resolving formal complaints. A higher percentage indicates stronger performance in providing prompt decisions and regulatory responsiveness to utility customers.		Approved	100%	100%	100%
9. Oregon Telephone Assistance Program - Percentage of Supplemental Nutrition Assistance Program (SNAP) recipients participating in the Oregon Telephone Assistance Program. This measure tracks the percentage of SNAP recipients who also participate in the Oregon Telephone Assistance Program (OTAP). It measures how effectively the PUC is ensuring that low-income households are accessing discounted phone or broadband services. A higher percentage indicates greater program outreach and accessibility for those who qualify.		Approved	5%	10%	12%
10. Access to Telephone Services - Percentage of disabled senior citizens (65 years and older) with access to the Telecommunications Devices Access Program: This measure tracks the percentage of disabled seniors aged 65 and older who have access to the Telecommunications Devices Access Program (TDAP). It reflects the PUC's effectiveness in reaching and serving these eligible individuals. A higher percentage indicates improved accessibility and support for seniors with disabilities.		Approved	67%	70%	70%
11. Complaint Investigation - Percent of complaint investigation cases open 50 days or less: This measure tracks the percentage of complaint investigation cases that remain open for 50 days or less, measuring the PUC's efficiency in resolving consumer complaints. A higher percentage indicates more timely and responsive service to utility customers.		Approved	82%	85%	85%
12. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as good or excellent in overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Helpfulness	Approved	83%	80%	80%
	Availability of Information		76%	75%	75%
	Overall		82%	80%	80%
	Accuracy		81%	80%	80%
	Expertise		85%	80%	80%
	Timeliness		81%	80%	80%
13. Best Practices - Percent of total best practices met by the Board of Maritime Pilots.		Approved	99%	100%	100%
14. Vessel Incidents - The number and severity of incidents involving vessels under the direction of licensees: This measure tracks the number of incidents involving vessels under the direction of licensed maritime pilots, expressed as a percentage of total vessels piloted each year. It reflects the Board's effectiveness in ensuring safe and professional pilotage services. Fewer incidents indicate strong oversight, training, and safety standards among licensees.		Approved	0	4	4

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
15a. Met performance measures in OPUC's annual grant agreement. - Met 85% of the established internal performance measures		Approved	100%	100%	100%
15b. Obtained an unmodified financial audit annually - Obtaining an annual unqualified financial audit.		Approved	1	1	1
15c. Keep administrative costs below 8% of annual revenue. - Keep administrative and programs support costs below 8 percent of annual revenue.		Approved	7.60%	7.99%	7.99%
15d. Annually report the total resource cost of conservation programs and maintain a score above 1 for each program. - Reporting the benefit/cost ratio for conservation programs based on utility system societal perspective.		Approved	1	1	1
15e. Report quarterly expenditures and variances by program, and total quarterly progress to annual goals for energy efficiency savings and renewable generation in the Q1, Q2, Q3 and Q4 reports. - Reporting significant mid-year changes to benefit/cost performance as necessary in quarterly reports.		Approved	1	1	1

LFO Recommendation:

The Legislative Fiscal Office recommends approval of key performance measures and targets as presented.

SubCommittee Action:

The Transportation and Economic Development Subcommittee approved the key performance measures and targets.