

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 21, 2023**

REGULAR X CONSENT EFFECTIVE DATE March 1, 2023

DATE: February 7, 2022

TO: Public Utility Commission

FROM: Imee Anderson

THROUGH: Michael Dougherty **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1012)
Requests an order to establish the annual fee level for electric, gas, water,
and wastewater utilities at 0.43 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at forty-three hundredths of one percent (0.43 percent) of 2022 gross operating revenues for electric, natural gas, water, and wastewater utilities.

DISCUSSION:

Issue

Whether the Commission should set the annual fee rate paid by electric, natural gas, water, and wastewater utilities to 0.43 percent of gross operating revenues.

Applicable Rule or Law

Pursuant to ORS 756.310, OAR 860-021-0033, OAR 860-021-0034, OAR 860-036-1050, and OAR 860-037-0095, each electric, gas, water, and wastewater public utility is required to pay to the Commission an annual fee to defray the costs of performing the duties imposed by law upon the Commission. The annual fee is imposed on gross operating revenues derived within Oregon at a rate determined by Commission order.

The gross operating revenues of an electric company do not include revenues from sales of power for resale to the extent that the revenues from those sales exceed an amount equal to 25 percent of the total revenues received by the electric company from sales of electricity to end users in the preceding calendar year. ORS 756.310(3).

The rules also state that the Commission's order shall be entered on or after March 1. The fee must be paid no later than 5:00 p.m. April 1 of the year after the calendar year upon which the fee is based. The fee payable shall not exceed forty-five hundredths of one percent (0.45 percent) of the Oregon gross revenue during the prior calendar year. ORS 756.310(3).

Analysis

Each year, the fee level is set based on gross operating revenues of utilities for the previous calendar year. Senate Bill (SB) 68, enacted in 2019, allows the Commission to set the annual fee to a percentage amount not to exceed forty-five hundredths of one percent (0.45 percent) of the provider's gross revenue.¹ To ensure adequate funding for the Commission, Staff recommends that the fee level should remain at forty-three hundredths of one percent (0.43 percent) of 2022 gross operating revenues for electric, natural gas, water, and wastewater utilities.

The Commission's reserve balance is currently projected to be about \$5.5 million on March 31, 2023. The estimated total collection and revenue at 0.43 percent rate is \$22.8 million by April 1, 2023. In addition to the funds collected from energy, water, and wastewater utilities, the Commission will also collect \$1.36 million from telecommunication utilities.²

The estimated expenditure for April 1, 2023 through March 31, 2024, is \$25.6 million, which includes the PUC's program and operational costs, costs associated with policy option packages submitted for AY25 budget due to increased rate case activities related to Wildfire Mitigation (2021-SB 762),³ Clean Energy (2021-HB 2021),⁴ Differential Energy Burden (2021-HB 2475),⁵ changes in the public purpose charge (2021-HB 3141),⁶ and Transportation Electrification (2021-HB 2165/HB 3055),⁷ and the first year

¹ SB 68 (2019), available at oregonlegislature.gov/2019/SB0068.

² UM 940, *Staff Report for the September 8 Public Meeting*, p.2 (2022).

³ SB 762 (2021), available at oregonlegislature.gov/2021/SB0762.

⁴ HB 2021 (2021), available at oregonlegislature.gov/2021/HB2021.

⁵ HB 2475 (2021), available at oregonlegislature.gov/2021/HB2475.

⁶ HB 3141 (2021), available at oregonlegislature.gov/2021/HB3141.

⁷ HB 2165 (2021)/ HB 3055 (2021), available at oregonlegislature.gov/2021/HB2165 / oregonlegislature.gov/2021/HB3055.

of biennial statewide government service charges and assessments. Commission Staff will continue to be prudent with expenditures.

Estimated Fee Collection as of April 1, 2023

Projected Natural Gas, Electric, Water and Wastewater Revenue	\$	22,820,626
Projected Telecommunications Revenue (at maximum rate 0.35%)	\$	1,355,260
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Total Estimated Fee Collection as of April 2023	\$	24,175,885
Additional Est Revenues (RSPF Admin Transfers + Misc Rev.) April 2023 to March 2024	\$	2,067,737
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Estimate Total Revenues for the period April 2023 to March 2024	\$	26,243,622

Estimated Expenditures for Utility Regulation and Administration

April 1, 2023 through March 31, 2024	\$	(25,594,628)
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The estimated total expenditure is less than projected revenue by \$648,995. The estimated cash balance by March 31, 2024, is \$6,165,497; this ending cash balance is equivalent to 3.14 months of operating expenses.

Conclusion

Based on Staff's analysis, the annual fee rate should be set to forty-three hundredths of one percent (0.43 percent) to ensure adequate funding for the Commission.

PROPOSED COMMISSION MOTION:

Approve setting the annual fee assessment rate at forty-three hundredths of one percent (0.43 percent) of 2022 gross operating revenues for electric, natural gas, water, and wastewater utilities.