

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 24, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE March 1, 2015

DATE: February 4, 2015

TO: Public Utility Commission

FROM: Opal Bontrager ^{OB} and Imee Anderson ^{IA}

THROUGH: ^{JE by MH} Jason Eisdorfer, ^M Michael Dougherty, and ^{DP} David Poston

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 0.25 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at 0.25 percent of 2014 gross operating revenues for electric, natural gas, water, and wastewater utilities.

DISCUSSION:

Fee Collections on Electric, Natural Gas, Water, and Wastewater:

Pursuant to OAR 860-021-0033, Annual Fees Payable to the Commission by an Electric Company, OAR 860-021-0034, Annual Fees Payable to the Commission by a Gas Utility, OAR 860-036-0095, Annual Fees Payable to the Commission by a Water Utility, and OAR 860-037-0095, Annual Fees Payable to the Commission by a Wastewater Utility, each electric, gas, water, and wastewater public utility shall pay to the Commission an annual fee 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.

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 25 hundredths of one percent (that is, 0.25 percent or 2.5 mills per dollar) of the Oregon gross revenue during the prior calendar year.

Each year, the fee level is set based on gross operating revenues of utilities for the previous calendar year. To ensure adequate funding for the Commission, the fee level should be maintained at 2.5 mills (0.25 percent) of 2014 gross operating revenues for electric, natural gas, water, and wastewater utilities. Because estimated expenditures for April 1, 2015, through March 31, 2016, are approximately \$698 thousand more than anticipated revenues, the Commission will probably need to draw on its reserve balance, which is projected to be about \$7 million on April 1, 2015. However, anticipated moving expenses will reduce this reserve balance by approximately \$750,000 to \$1,000,000 for one time costs.

Estimated Fee Collection as of April 1, 2015

Natural Gas (@2.5 mills)	\$2,390,705
Water & Wastewater (@2.5 mills)	39,200
Electric ¹ (@2.5 mills)	8,521,414
Telecommunications (UM 940)	<u>1,416,641</u>
Total Estimated Fee Collection	\$12,367,960
Additional Estimated Revenues	<u>\$968,792</u>
(From Federal Gas Pipeline, RSPF, and Misc.)	
Total Collection & Revenues	\$13,336,752

**Estimated Expenditures
for Utilities Regulation \$14,035,244**

(includes Utilities Program and Policy & Administration)

April 1, 2015 through March 31, 2016

PROPOSED COMMISSION MOTION:

The Commission issues an order setting the annual fee assessment rate at 2.5 mills or 0.25 percent for 2015 for electric, natural gas, water, and wastewater utilities.

¹ In addition, the Commission receives amounts from public purpose funds collected by PGE and PacifiCorp to cover administrative costs, per ORS 757.612(3)(c) and OAR 860-038-0480(16).