

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 25, 2020**

REGULAR CONSENT EFFECTIVE DATE March 1, 2020

DATE: February 14, 2020

TO: Public Utility Commission

FROM: Mihyeon Seo

THROUGH: Michael Dougherty and Imee Anderson **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 0.35 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at thirty-five hundredths of one percent (0.35 percent) of 2019 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 0.35 percent of gross operating revenues.

Applicable Rule or Law

Pursuant to ORS 756.310, OAR 860-021-0033, OAR 860-021-0034, OAR 860-036-0095, and OAR 860-037-0095, each electric, gas, water, and wastewater public utility is required to 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 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 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. To ensure adequate funding for the Commission, Staff recommends that the fee level should be increased to a blended rate of thirty-five hundredths of one percent (0.35 percent) of 2019 gross operating revenues for electric, natural gas, water, and wastewater utilities. Because the effected date of Senate Bill 68 was July 1, 2019, the blended rate was calculated from a rate of three-tenths of one percent (0.3 percent) for the first 6 months of 2019, and a rate of four-tenths of one percent (0.4 percent) for the next 6 months of 2019.

The estimated expenditures for April 1, 2020 through March 31, 2021 are approximately \$1.8 million less than anticipated revenues. This estimates include potential costs for 2020 Senate Bill 1530. The Commission's reserve balance is currently projected to be about \$3.4 million on April 1, 2020. Commission Staff will continue to be prudent with expenditures.

Estimated Fee Collection as of April 1, 2020

Natural Gas (at 3.5 mills)	\$ 2,940,660
Water and Wastewater (at 3.5 mills)	\$ 72,375
Electric (at 3.5 mills)	\$ 12,476,166
Telecommunications (at 3.0 mills, UM 940)	\$ 1,450,784
Total Estimated Fee Collection	\$ 16,939,985
Additional Estimated Revenues (From Federal Gas Pipeline Grant, RSPF, and Miscellaneous)	\$ 2,270,264
Total Collection and Revenues	\$ 19,210,249

Estimated Expenditures for Utility Regulation

April 1, 2020 through March 31, 2021 (includes Utility Program and Policy & Administration)	\$ (17,414,640)
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Estimated expenditures are below projected revenue by \$1,795,609.

Conclusion

Based on Staff's analysis, the annual fee rate should be set to thirty-five hundredths of one percent to ensure adequate funding for the Commission.

PROPOSED COMMISSION MOTION:

The Commission issue an order setting the annual fee assessment rate at thirty-five hundredths of one percent (0.35 percent) for 2020 for electric, natural gas, water, and wastewater utilities.