

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 23, 2021**

REGULAR X CONSENT EFFECTIVE DATE March 1, 2021

DATE: February 10, 2021

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 0.375 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at three hundred seventy-five thousandths of one percent (0.375 percent) of 2020 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 0.375 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. 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 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 from thirty-five hundredths of one percent (0.35 percent) to three hundred seventy-five thousandths of one percent (0.375 percent) of 2020 gross operating revenues for electric, natural gas, water, and wastewater utilities.

The Commission’s reserve balance is currently projected to be about \$3.4 million on April 1, 2021. The estimated total collection and revenue at 0.375 percent rate is \$20.5 million by April 1, 2021. The estimated expenditure for April 1, 2021 through March 31, 2022 is \$20.8 million, which includes PUC’s program and operational costs, implementation costs of E-Discovery Docketing System, and the first year of biennial statewide government service charges and assessments. Commission Staff will continue to be prudent with expenditures.

Estimated Fee Collection as of April 1, 2021	
Natural Gas (at 3.75 mills)	\$ 3,178,191
Water and Wastewater (at 3.75 mills)	\$ 80,825
Electric (at 3.75 mills)	\$ 13,538,271
Telecommunications (at 3.5 mills, UM 940)	\$ 1,552,055
Total Estimated Fee Collection	\$ 18,349,342
Additional Estimated Revenues (From Admin Transfers and Miscellaneous Revenue)	\$ 2,223,216
Total Collection and Revenues	\$ 20,572,558
Estimated Expenditures for Utility Regulation	
April 1, 2021 through March 31, 2022 (includes Utility Regulation and Administration)	\$ (20,809,254)

Estimated expenditures are more than projected revenue by \$236,696. The estimated reserve balance by March 31, 2022 is \$3,183,686; a 2.01 ending balance in months of operating expenditures.

Conclusion

Based on Staff's analysis, the annual fee rate should be set to 0.375 percent to ensure adequate funding for the Commission.

PROPOSED COMMISSION MOTION:

Approve setting the annual fee assessment rate at three hundred seventy-five thousandths of one percent (0.375 percent) for 2021 for electric, natural gas, water, and wastewater utilities.