

HOUSE COMMITTEE ON AUDITS

March 31, 2005 Hearing Room D

8:30 A.M. Tapes 53 - 54

MEMBERS PRESENT: Rep. Jerry Krummel, Chair

Rep. Tom Butler, Vice-Chair

Rep. Diane Rosenbaum, Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

Rep. Gordon Anderson

STAFF PRESENT: Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

MEASURES/ISSUES HEARD:

Energy Trust Public Purpose Charges – Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 53, A		
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002 Chair Krummel Calls the meeting to order at 8:40 a.m. and opens the informational meeting on the Energy Trust Public Purpose Charges.

ENERGY TRUST PUBLIC PURPOSE CHARGES – INFORMATIONAL MEETING

042 Lee Beyer Chairman, Public Utility Commission (PUC). Submits and reads from prepared testimony (**EXHIBIT A**). Describes the Public Purpose Charge Program's goals. Describes the energy conservation and renewable resources plans. Explains the policy and intent of SB 1149.

140 Beyer Explains the Energy Trust and the Energy Trust results. Describes the staff, background and operations of the Energy Trust. Explains the cost savings due to the help of the trust. Describes PUC oversights on page nine. States the PUC oversees the trust to ensure they are producing results that are effective and efficient. States there are adopted performance benchmarks to evaluate the trust. Explains the strategic plans and reports used to evaluate the intent of the program. Describes the required annual financial audits and the independent management audits. Notes the first audit was completed in early 2005.

267 Chair Krummel Comments he could not find the benchmarks set for the trust by the PUC on the website.

274 Beyer Responds he will make sure the benchmarks are there.

291 Rep. Dingfelder Inquires about the Public Purpose Charge percentages prior to senate bill 1149.

300 Rick Willis Administrator, PUC. Responds about the concerns over fluctuations in the percentages.

308 Rep. Dingfelder Inquires who made the approvals for the money spent.

311 Willis Responds about the public processes for approval. Comments Portland General Electric (PGE) and conservation people were in communication with customers about the types of programs wanted.

321 Beyer Responds about the persons who could address the concerns.

331 Rep. Brown Inquires about the leverage of the Public Purpose Charge.

336	Beyer	Responds that by legislative direction it is only levied on customers of Portland General Electric and PacifiCorp.
340	Rep. Brown	Inquires if there is any other investor owned utility in Oregon.
342	Beyer	Responds there is Idaho Power.
349	Rep. Rosenbaum	Inquires if the Public Purpose Charge was a crucial part of the passage of SB 1149.
363	Beyer	Responds about how the program was crafted.
387	Margie Harris	Executive Director, Energy Trust. Submits the list of performance measures (EXHIBIT B) .

TAPE 54, A

003	Tom Foley	President, Energy Trust Board of Directors. Describes the Energy Trust Board of Directors and duties on (EXHIBIT A, Page 12) . Describes the trust programs and the economic activity. Describes the cost effectiveness in regard to competitive pricing.
078	Rep. Dingfelder	Inquires about the appointments of staff.
081	Foley	Responds about the appointments by PUC and state they are a self - appointing board.
084	Rep. Dingfelder	Inquires about the representation of geographic areas.
099	Foley	Responds it is good policy, but he does not believe it is a requirement.
100	Chair Krummel	Inquires about the Blue Herrin Paper Company.
105	Foley	Responds he cannot respond about the Blue Herrin. Explains his experience with industrial plants, cost savings and competitiveness.
125	Chair Krummel	Inquires if there is assurance in regards to money paid by the state if the plant was to close.

139	Foley	Responds about the contractual agreements.
150	Harris	Responds about the Blue Herrin contract.
168	Chair Krummel	Inquires if the contract was set up as a revolving account.
184	Foley	Responds there focus is energy savings.
210	Harris	Describes the opportunities, administrative costs and evaluations of the Energy Trust. Describes the energy benefits and the cost variables. Explains the new employment opportunities. Refers to (EXHIBIT A, Page 11) and reads from the summary findings of the management audit.
346	Harris	Describes how they attract participation to the programs and improvements for independently owned businesses. Explains the work done for local communities.
387	Chair Krummel	Inquires about the solar electricity used in the Pepsi Cola Plant.
401	Harris	Responds about the electricity produced.
409	Chair Krummel	Inquires about the net-metering law.
415	Foley	Responds it is true for this project.
420	Chair Krummel	Clarifies that local governments are expected to pay the project money back.

TAPE 53, B

002	Harris	Responds there is not a loan program within the Energy Trust.
010	Foley	Responds they are not grants, they are incentives to pay for the installation that effect the measures.
014	Chair Krummel	Comments on the issue of not paying the money back and the definition of a grant.

024	Foley	Responds they are paying the incentive to get power at a lower cost.
033	Chair Krummel	Inquires about the 20% lower energy costs.
041	Harris	Responds that when persons use energy wisely, they are managing the impact on the consumer. Comments on the correlation between savings and efficiency.
049	Chair Krummel	Inquires about the fluctuation on energy bills.
064	Foley	Responds he replaced his furnace with an energy efficient furnace, and his gas bill was cut in half, but the rate is the same.
078	Chair Krummel	Inquires about the PGE service territory issues and the benefits in self-direct programs.
089	Harris	Responds they are a Pacific Purpose customer and pay into the Public Purpose charge.
095	Chair Krummel	Inquires about the service areas and benefits.
098	Harris	Responds about the service areas. Explains the analysis of the issue.
102	Foley	Responds about the Camas facility and the service benefits therein.
111	Chair Krummel	Makes a clarification about the Public Purpose Charge.
117	Rep. Anderson	Inquires if there are other businesses that would have readily used the funds.
123	Harris	Responds they have to serve them by law, and there were sufficient funds to serve them as well as Oregon customers.
127	Chair Krummel	Refers to the Energy Trust and Public Purpose Charges informational packet, which includes the Energy Trust Report, questions to and responses from the Department of Energy, the Public Utility Commission and the Management Audit of the Oregon Energy Trust (EXHIBIT C) and asks about the management audit.
150	Harris	Responds the scope of the audit included the efficiency operations.

159	Chair Krummel	Inquires how long it takes to receive the appliance rebate.
168	Harris	Responds within 30 days, averaging two weeks.
171	Chair Krummel	Inquires if they get complaints.
175	Harris	Responds they do have complaints and they try to get the incentive checks out right away.
182	Chair Krummel	Inquires about the location of the new facility on Broadway and Taylor St., Portland, OR. Asks for the monthly payment for space.
200	Harris	Responds the annual payment is \$290,000.
206	Chair Krummel	Clarifies it is \$19.00 a square foot.
209	Harris	Responds it is \$18.50 a square foot annually and they have 15,000 square feet of space.
210	Chair Krummel	Inquires about the number of staff.
215	Harris	Responds 34 employees.
216	Chair Krummel	Inquires about the amount of work space is given to employees.
224	Harris	Responds the offices are 12X10 offices, and the typical cubicles are 8X9. States the furniture was already there. Responds about the conference and information technology rooms.
240	Chair Krummel	Inquires if they are leasing the old space on 6th and Oak Street.
251	Harris	Explains the lease arrangement.
254	Chair Krummel	Inquires about the cost to move to another location not in Portland.
263	Harris	Responds about the convenience of being in the downtown Portland area for employees.

269	Chair Krummel	Inquires where the employees commute.
278	Harris	Responds many live in Portland.
280	Chair Krummel	Inquires about the subleasing arrangement.
282	Harris	Responds the arrangement is for three years.
283	Chair Krummel	Inquires about the lower cost for the tenants and about the owner not charging them for the difference.
285	Harris	Concurs and explains how they were bought out of their lease.
297	Rep. Anderson	Inquires if they ever considered investing in small facilities where energy could be generated through the Energy Trust.
311	Harris	Concurs. Explains the exploration of a larger scaled policy.
321	Anderson	Inquires about the investment percentages.
324	Harris	Responds it is about five percent.
326	Anderson	Requests the renewable portfolio.
332	Harris	Responds she will provide the information. Provides a breakdown of the developments and the costs. Responds about the small-scale wind.
363	Foley	Responds about the alternatives to transmission and distribution.
383	Rep. Butler	Inquires if the property on 6th and Oak street was vacated because it was too small.
390	Harris	Concurs and states they doubled their amount of space and productivity has increased.
394	Harris	Responds the productivity has increased.

400 Rep. Butler Inquires about contingent liability, if the new tenant did not perform.

402 Harris Responds she does not know and will provide the information to the committee.

TAPE 54, B

004 Rep. Dingfelder Inquires about how renewable resources are obtained and how they seek out partners.

011 Harris Explains how renewable resources are obtained, including integrated resource plans.

033 Rep. Dingfelder Inquires how they are doing in terms of meeting the goals.

044 Harris Responds they came over the goal last year for renewal acquisition.

045 Rep. Butler Inquires if there is a provision in SB 1149 in regards to a limit for administration.

053 Harris Responds she knows of no specific amount or percentage.

055 Rep. Butler Inquires about the target and cap for administrative costs.

061 Harris Concurrs and explains the cap is at eleven percent.

063 Chair Krummel Inquires if all the administrative fees are included in the caped budget.

069 Harris Responds it is the ladder.

072 Chair Krummel Inquires about the savings, paybacks and the length of the project exceeding the payback.

102 Foley Responds the issue is on the agenda for the next policy meeting. Responds about the reinvesting and the technology used to ensure the longevity.

118 Harris

		Responds about the value of energy and the cost center for customers.
134	Foley	Responds about the profit margin for the hospital.
142	Harris	Responds they will only fund projects that are cost effective.
148	Rep. Butler	Inquires about in-state travel to acquire projects.
151	Harris	Describes the trade allies.
171	Foley	Responds about the agreements made with the trust.
183	Chair Krummel	Inquires about the contracting timeframe.
192	Harris	Explains the pre-approved list of measures and the technical analysis conducted for larger, more complicated projects.
227	Chair Krummel	Inquires what happens if the 2011 legislature does not repeal the sunset.
244	Harris	Responds about the transition for the projects.
249	Chair Krummel	Comments on the intent of the meeting. Requests the invited testimony to return, due to lack of time. Closes the informational meeting on the Energy Trust Public Purpose Charges and adjourns the meeting at 10:30 a.m.

EXHIBIT SUMMARY

- A. Energy Trust Public Purpose Charges, prepared testimony, Lee Beyer, 12 pp**
- B. Energy Trust Public Purpose Charges, list, Margie Harris, 1 p**
- C. Energy Trust Public Purpose Charges, informational packet, staff, 165 pp**