

# SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

April 21, 2005  
1:00 P.M.

Hearing Room B  
Tapes 63 – 65

**MEMBERS PRESENT:**      **Sen. Rick Metsger, Chair**  
                                 **Sen. Bruce Starr, Vice-Chair**  
                                 **Sen. Jason Atkinson**  
                                 **Sen. Ryan Deckert**  
                                 **Sen. Laurie Monnes Anderson**

**GUEST MEMBERS:**      **Rep. Vicki Berger**

**STAFF PRESENT:**      **Theresa Van Winkle, Committee Administrator**  
                                 **James Goulding, Committee Assistant**

## **MEASURES/ISSUES HEARD :**

**HB 2460 – Public Hearing and Work Session**  
**HB 2590A – Public Hearing and Work Session**  
**SB 1008 – Public Hearing and Work Session**

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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.

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b><u>TAPE 63, A</u></b>		
003	Chair Metsger	Calls the committee to order at 1:08 p.m. Opens a public hearing on HB 2460.
<b><u>HB 2460 – PUBLIC HEARING</u></b>		
010	Jan Coleman	Yamhill County Clerk. Submits written testimony in favor of HB 2460 ( <b>EXHIBIT A</b> ).
030	Chair Metsger	Closes public hearing on HB 2460. Opens a work session on HB 2460
<b><u>HB 2460 – WORK SESSION</u></b>		
032	Sen. B. Starr	<b>MOTION: Moves HB 2460 to the floor with a DO PASS recommendation.</b>
034		<b>VOTE: 4-0-1</b>
	Chair Metsger	<b>EXCUSED: 1 - Atkinson</b>
		<b>Hearing no objection, declares the motion CARRIED.</b>
		<b>SEN. DECKERT will lead discussion on the floor.</b>
036	Chair Metsger	Closes work session on HB 2460. Open a public hearing on HB 2590A.
<b><u>HB 2590A – PUBLIC HEARING</u></b>		
040	Andrew Leisinger	Chair, Landscape Architect Board. Submits written testimony in favor of HB 2590A ( <b>EXHIBIT B</b> ).
065	Susanna Knight	Administrator, Landscape Architect Board. Testifies in favor of HB 2590A.
075	Chair Metsger	Closes public hearing on HB 2590A. Opens a work session on HB 2590A.
<b><u>HB 2590A – WORK SESSION</u></b>		

077	Sen. B. Starr	<b>MOTION: Moves HB 2590A to the floor with a DO PASS recommendation.</b>
078		<b>VOTE: 4-0-1</b>
	Chair Metsger	<b>EXCUSED: 1 - Atkinson</b>
		<b>Hearing no objection, declares the motion CARRIED.</b>
		<b>SEN. MONNES ANDERSON will lead discussion on the floor.</b>
080	Chair Metsger	Closes work session HB 2590A. Opens a public hearing on SB 1008.
<b><u>SB 1008 – PUBLIC HEARING</u></b>		
085	Chair Metsger	Notes they have -8 amendments before the committee <b>(EXHIBIT C)</b> .
090	Libby Henry	Eugene Water & Electric Board. Submits written testimony discussing the measure’s impact on dealing with the liabilities of the Trojan Nuclear Facility <b>(EXHIBIT D)</b> .
110	Larry Cable	Cable, Huston, Benedict, and Haagensen Law Firm. Testifies in regards to his thoughts on SB 1008.
130	Chair Metsger	Asks if the language in the -8 amendments satisfies their needs.
132	Henry	Confirms that it does. Makes remarks on the support for the language.
143	Andrea Fogue	League of Oregon Cities. Submits the written testimony of Ken Strobeck <b>(EXHIBIT E)</b> and testifies on his behalf.
190	Fogue	Relays the efforts of the league to make sure that franchise fees and agreements are honored.
205	Chair Metsger	Asks if they have a position on the city of Portland’s proposal for purchasing Portland General Electric (PGE).
207	Fogue	Replies that they have been actively involved in the discussion process.
228	Sen. B. Starr	Wonders what their position is on PGE being owned publicly or privately.
240	Fogue	Replies that they favor a public PGE. Comments on the previous Texas Pacific Group (TPG) sale offer.
253	Sen. B. Starr	Asks about rate payer involvement in deciding the purchase of PGE.
261	Fogue	Replies in regard to public involvement.
270	Sen. B. Starr	Considers if there would be a reason the league would oppose a public vote process.
275	Fogue	Feels they need to take a closer look at the government structure.
279	Sen. B. Starr	Clarifies his question.
285	Fogue	Replies the public needs to have a voice in the process and feels that they will.
293	Chair Metsger	Points out that the vast majority of PGE’s rate payers are outside of the city of Portland.
303	Fogue	Discusses the involvement of the city of Portland in communicating with other cities.
320	Liz Trojan	Oregon Public Power Coalition. Expresses her support for the city of Portland plan. Testifies on the important opportunity to form a public utility. States that with the governor’s support for the Portland plan, she does not see a need to move this through the legislature.
355	Chair Metsger	Comments on her remarks. Notes that legislative change is moved through the chambers and not the governor’s office. Feels the legislature needs to have an active role on behalf of their constituents.

369	Sandra Flicker	Executive Director, Oregon Rural Electric Cooperative Association (ORECA). Provides testimony on SB 1008.
410	Flicker	Discusses the resolving of issues with consumer owned utilities. Details the concerns of consumer owned utilities in relation to changes in ownership of PGE.
<b>TAPE 64, A</b>		
005	Flicker	Describes the sale of preference power and the impact on rate payers if SB 1008 should pass.
035	Flicker	Talks about scenarios for potential rate impacts and increases.
047	Sen. Deckert	Requests that they continue to work together on this issue.
063	Gary Conkling	Washington County. Provides a comprehensive breakdown of the sections of SB 1008 as amended by the -8 amendments <b>(EXHIBIT F)</b> .
100	Conkling	Explains section 12 of the measure.
131	Conkling	Explain section 14.
139	Sen. Deckert	Asks the rationale of the provision relating to imminent domain.
140	Conkling	Replies that it is to prevent any perceived hostile takeover of other utilities. Continues to describe the sections of the measure.
170	Conkling	Talks about section 19.
210	Conkling	Describes the provisions of section 20.
250	Conkling	Details section 26.
280	Conkling	Applauds the efforts of the work group and legislative counsel in drafting this measure and amendments.
297	Chair Metsger	Asks if this measure is self executing upon passage.
305	Conkling	Offers that the measure does provide momentum for formation of the board and sets timelines for action.
327	Chair Metsger	Observes the 120 day period for nominating the board. Feels there is a need for a temporary governing body to guide the process until the election of a full board.
353	Jason Eisdorfer	Citizens Utility Board (CUB). Concurs that they should address that issue.
358	Sen. B. Starr	Requests a list of statutes that apply and don't apply.
360	Conkling	Responds that he will provide that information.
367	Sen. B. Starr	Wonders if he still represents the Industrial Customers of Northwest Utilities.
373	Conkling	States that he no longer represents them.
375	Sen. Deckert	Comments on the need to act. Considers what the best path of action would be.
395	Conkling	Responds that speed is not as important as creating a credible offer.
<b>TAPE 63, B</b>		
005	Conkling	Talks about the interaction between a buyer and a seller.
033	Sen. Monnes Anderson	Voices her disappointment that all parties are not working together. Feels there is a collision course between this plan and the city of Portland's proposal.
050	Eisdorfer	Remarks SB 1008 provides a clear picture of what a public utility would look like. Feels moving the bill along is valuable.
090	Eisdorfer	Considers the timetable for holding a public vote.
100	Brad Van Cleve	Industrial Customers of Northwest Utilities. Testifies in regards to the -8 amendments. Notes there is greater clarity in the SB 1008 proposal than in other public purchase proposals.
110	Chair Metsger	Remarks on the previous discussion of this issue. Wonders where the ultimate responsibility rests.
140	Van Cleve	Notes the city of Portland would be responsible for bonds.

160	Sen. B. Starr	Feels the city council would have some authority over the assets of the company. Offers that there would be limitations as well. Wonders what this would mean to the average PGE ratepayer should SB 1008 pass.
176	Conkling	Explains that the provisions relating to various rate paying groups and how they would be impacted.
200	Conkling	Observes that not all ratepayers will notice an immediate change.
230	Ronald Nichols	Managing Director, Navigant Consulting. Submits an overview of the benefits of a public purchase ( <b>EXHIBIT G</b> ) and a comparison chart of PGE to other public power entities ( <b>EXHIBIT H</b> ).
270	Nichols	Compares the current PGE situation with a similar situation with the state of New York's purchase of Long Island Power Authority (LIPA).
305	Nichols	Notes the unique opportunity for an across the board rate decrease.
339	Nichols	Discusses various debt financing approaches.
379	Nichols	Provides a summary of details on page 5 of his written overview.
410	Nichols	Talks about page 7 of the provided written overview.
<b>TAPE 64, B</b>		
005	Nichols	Outlines the Long Island Power purchase example.
024	Nichols	Comments on the comparison chart.
035	Sen. Deckert	Wonders what the fastest a pro forma could be done in a best case scenario.
044	Nichols	Feels the fastest a pro forma could be done is a few weeks. Details how it could be done in a month's time.
061	Douglas Goe	Orrick, Herrington & Sutcliffe LLP, Pacific Northwest Office. Describes the bond issues involved.
100	Goe	Raises some policy issues he feels need to be addressed.
116	Chair Metsger	Requests clarification on how they could effectively structure their assets.
120	Goe	Talks about the need to change the language in the bill to reflect that there is financial independence of the company from the state.
139	Chair Metsger	Asks if they structured the business as independent from the state, would they still be able to use State Treasury bonding authority like Oregon Health and Science University (OHSU).
142	Goe	Notes that OHSU issues its own bonds.
157	Chair Metsger	Questions if the city of Portland has the flexibility that the state has to adapt to different scenarios.
171	Goe	Offers the City of Portland would have limitations when offering stock. Discusses the methods of overcoming potential financial hurdles.
187	Sen. B. Starr	Wonders if there are valid comparisons between Oregon Community Power and the State Accident Insurance Fund (SAIF).
195	Goe	Replies there are some parallels.
237	Chair Metsger	Asks what the committee's thought are on this measure.
241	Sen. B. Starr	Considers if there is a way for the public to place the proposal for purchase of PGE by the city of Portland on the ballot for a vote.
255	Chair Metsger	Offers that legislative counsel would have a better answer for that question.
263	Sen. Deckert	Ventures he is fully supportive of moving forward on this measure.

273	Dexter Johnson	Legislative Counsel. Asks for clarification on Sen. Starr's question.
278	Sen. B. Starr	Wonders if a referendum by the voters could overturn the city of Portland's acquisition of PGE.
297	Johnson	Offers his interpretation that after the acquisition occurs, it could not be undone. States an initiative could direct other actions.
327	Chair Metsger	Closes the public hearing on SB 1008. Opens a work session on SB 1008.

**SB 1008 – WORK SESSION**

<b>330</b>	<b>Sen. Deckert</b>	<b>MOTION: Moves to ADOPT SB 1008-8 amendments dated 4/21/05.</b>
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333	Monnes Anderson	Feels it is important to move the process along. Offers her concern that they are competing with the city of Portland. Wishes to see a more cooperative solution.
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360	Sen. Deckert	Urges the movement of this measure. Details his belief that this is most comprehensive and viable proposal for the state.
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**375** **VOTE: 4-1-0**

**AYE: 4 - Deckert, Monnes Anderson, Starr B., Metsger**

**NAY: 1 - Atkinson**

**The motion CARRIES.**

382	Chair Metsger	Calls for a recess at 3:01 p.m.
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**RECESS**

383	Chair Metsger	Calls the committee back to order at 3:21 p.m.
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<b>388</b>	<b>Sen. Deckert</b>	<b>MOTION: Moves SB 1008 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRALS to the committee on General Government and the committee on Ways and Means BE RESCINDED.</b>
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390	Sen. B. Starr	Notes his concern over the removal of the Ways and Means referral.
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**TAPE 65,A**

010	Theresa Van Winkle	Committee Administrator. Informs that the -8 amendments were given to Revenue and Fiscal and the statements are in progress.
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013	Sen. B. Starr	Wonders about the assumption that the measure would not have a fiscal or revenue impact.
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015	Chair Metsger	Offers that once it gets to the floor it will have statements on potential impact. Points out the other chamber can take action as needed.
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020	Sen. Deckert	Observes no need for a Ways and Means referral on the measure at this time. Reiterates the motion to move SB 1008 to the floor with a do pass recommendation.
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030	Sen. B. Starr	Notes his concern over moving this to the floor at this time.
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045	Sen. Monnes Anderson	Offers she has some unanswered questions as well, but feels the process needs to move forward.
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053	Sen. Atkinson	Feels this is poor public policy. Opposes the state becoming involved in public utilities.
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068	Chair Metsger	Contributes concluding comments and summarizes the importance of the state determining the future of its economic development.
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093	Chair Metsger	Outlines the necessity for the state to provide input on the process.
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**120** **VOTE: 3-2-0**

		<b>AYE: 3 - Deckert, Monnes Anderson, Metsger</b>
		<b>NAY: 2 - Atkinson, Starr B.</b>
	<b>Chair Metsger</b>	<b>The motion CARRIES.</b>
		<b>SEN. DECKERT and SEN. NELSON will lead discussion on the floor.</b>
124	Sen. B. Starr	Serves notice that he will be filing a minority report.
125	Chair Metsger	Closes work session on SB 1008. Adjourns the committee at 3:31 p.m.

## **EXHIBIT SUMMARY**

- A. **HB 2460, Written testimony, Jan Coleman, 1 p**
- B. **HB 2590A, Written testimony, Andrew Leisinger, 1 p**
- C. **SB 1008, -8 amendments, staff, 47 pp**
- D. **SB 1008, Written testimony, Libby Henry 1 p**
- E. **SB 1008, Written testimony of Ken Strobeck, Andrea Fogue, 2 pp**
- F. **SB 1008, Senate Bill 1008 Summary, Gary Conkling, 2 pp**
- G. **SB 1008, Public Purchase Overview, Gary Nichols, 8 pp**
- H. **SB 1008, Comparison Chart, Gary Nichols, 1 p**