

HOUSE COMMITTEE ON
BUSINESS, LABOR AND CONSUMER AFFAIRS

March 07, 2003 Hearing Room E
9:00 A.M. Tapes 49 – 51

MEMBERS PRESENT: Rep. Betsy Close, Chair
Rep. Mary Gallegos
Rep. Bill Garrard
Rep. Jeff Merkley
Rep. Mike Schauffer

MEMBERS EXCUSED: Rep. Derrick Kitts, Vice-Chair
Rep. Diane Rosenbaum, Vice-Chair

STAFF PRESENT: Megan Palau, Committee Administrator
Pam Cox, Committee Assistant

MEASURE/ISSUES HEARD: HB 2564 – Work Session
HB 2356 – Public Hearing

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
TAPE 49, A		
003	Chair Close	Calls meeting to order 9:09 a.m. Opens work session on HB 2564.
<u>HB 2564 – WORK SESSION</u>		
010	Megan Palau	Committee Administrator. Summarizes HB 2564.
012	Mark Long	Administrator, State Building Codes Division. Testifies in favor of HB 2564 and explains the process of purchasing one license for multiple building trades.
045	Rep. Gallegos	MOTION: Moves to ADOPT HB 2564-1 amendments dated 03/05/03 (EXHIBIT G).
		VOTE: 5-0
		EXCUSED: 2 - Kitts, Rosenbaum
	Chair Close	Hearing no objection, declares the motion CARRIED.
050	Rep. Gallegos	MOTION: Moves HB 2564 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED.
		VOTE: 5-0
		EXCUSED: 2 - Kitts, Rosenbaum
	Chair Close	Hearing no objection, declares the motion CARRIED.
060	Chair Close	Closes work session on HB 2564. Opens public hearing on HB 2356.
<u>HB 2356 – PUBLIC HEARING</u>		
063	Megan Palau	Committee Administrator. Summarizes HB 2356.
073	Rep. Greg Smith	House District 57. Testifies in favor of HB 2356 and explains this is a state wide issue and will have ramifications on cities,

		counties and on the federal level.
160	Rep. Merkley	Points out that HB 2356 would only affect the City of Portland.
170	Rep. Smith	Responds intent for bill and need for the bill to be amended.
175	Rep. Gallegos	Asks what the effect would be on employment.
180	Rep. Smith	Responds that jobs would be transferred from the public to private sector.
190	Rep. Garrard	Refers to bankruptcy of power agency in Nevada.
195	Rep. Smith	Answers to the impact and the fiduciary body and displacement.
220	Doug Riggs	Oregonians for Jobs and Power (OJP). Testifies as a neutral party of HB 2356 and offers information about supporters of public takeovers (EXHIBIT A).
316	Rep. Merkley	Asks if anyone could be a member of OJP.
317	Riggs	Explains only members who have signed up
319	Rep. Merkley	Asks for a list of who is funding OJP.
321	Riggs	Answers he will supply the document requested and continues on the variety of schemes of takeovers.
410	Rep. Gallegos	Asks for a copy of his PowerPoint presentation.
423	Riggs	Responds this can be done.
435	Rep. Garrard	Refers to a report that Sen. Smith wrote on Pacific, Gas & Electric (PGE) collecting money from taxes.
TAPE 50, A		
003	Riggs	Responds he does not have the details but will supply them for the committee and continues to describe future power rates.
062	Chair Close	Asks for explanation of operation costs.
065	Riggs	States he will supply a document of rates for ECONorthwest and continues to testify on the issue that PGE is still standing even though Enron has been mismanaged.
090	Rep. Schaufler	Asks about the status of PGE employees' retirement funds.
093	Riggs	Explains PGE employees' situation and notes that OJP is hoping the employees will purchase the company.
100	Rep. Schaufler	Notes he is unhappy in the way Enron has handled PGE but feels that with Portland buying PGE it would probably be handled better.
110	Riggs	Agrees and continues to explain the negative effect on people due to Enron and the possibility of government taking over PGE and describes OJP and the guidelines of operation.
240	Rep. Merkley	Asks if there are any other publicly owned entities.
245	Riggs	Answers that there are and they are all running well.
275	Gary Conkling	Regional Power Study Group. Testifies in opposition to HB 2356 and offers information on a study done by their intergovernmental group (EXHIBITS B & C).
350	Chair Close	Asks about concerns of smaller counties and stakeholders in PGE purchase.
358	Conkling	Explains coordination with stakeholders in addressing PGE purchase.
368	Rep. Merkley	Asks if he would address preferential power.
372	Conkling	Responds to evaluating preference power and contractual relationships.
TAPE 49, B		
030	Chair Close	Asks how fee increases would be prevented once PGE is a public body.
034	Conkling	Explains the need to create reasonable accommodations.
040	Rep. Gallegos	Comments it looks like the counties represented in the report are taking a very proactive approach and is it devaluing PGE.

054	Conkling	Answers economic forces have been driven by activities that Enron generated.
080	Rep. Gallegos	Asks if the counties have the revenue to buy PGE.
085	Conkling	Indicates they do not, but PGE is a profitable company and the money comes from rate payers.
100	Rep. Schaufler	Comments it is impossible to quantify devaluing of assets of PGE, but it is important to address the mismanagement of PGE.
110	Erik Sten	Commissioner, City of Portland. Testifies in opposition to HB 2356 and states if HB 2356 passes OJP would be blocking other options for the purchase of PGE (EXHIBIT D) .
155	Rep. Close	Asks about the option for employees to purchase PGE.
160	Sten	Explains discussions he has had regarding employee purchase of PGE. Addresses concerns of City of Portland with options for purchase of PGE.
270	Chair Close	Asks about relationship of Scottish Power taking over PacifiCorp and its effect on Oregon.
275	Sten	Answers the relationships have been acceptable and explains possibilities for PGE purchase.
290	Rep. Garrard	Comments on issues of a local government entity getting involved in a power company.
315	Sten	Suggests there are risks in City of Portland purchasing but they are considering other options.
380	Rep. Garrard	Asks if City of Portland would have to purchase bonds to purchase PGE.
385	Sten	Answers if the price is around what anyone else would pay then the bond market would be willing to issue bonds to purchase PGE.
405	Rep. Gallegos	Comments it sounds like City of Portland wants to purchase PGE.
410	Sten	Answers he cannot comment due to confidentiality agreement.
TAPE 50, B		
007	Rep. Gallegos	Asks if City of Portland's water billing system is fixed.
009	Sten	Explains problems with water billing system and how they have been addressed.
031	Rep. Gallegos	Asks for the amount of money that was lost.
034	Sten	Explains money lost and money recovered due to billing errors.
052	Rep. Merkley	Clarifies nature of problem with water billing system and the relationship between public and private entities. Asks about the possible breakup of PGE and Enron.
073	Sten	Discusses possible future of PGE and Enron.
110	Sandy Flicker	Executive Director, Oregon Rural Electric Co-Op Association. Testifies as a neutral party and offers information on proposals of PGE ownership (EXHIBIT E) .
210	Rep. Gallegos	Asks if she knows the amount of taxes Morrow County has received.
213	Flicker	Answers she does not.
216	Jeff Bissonnette	Citizens Utility Board of Oregon (CUB). Testifies in opposition to HB 2356 and suggests the need to look for better options (EXHIBIT F) .
260	Chair Close	Asks if that would retain an entity under Public Utility Commission.
262	Bissonnette	Acknowledges and continues description of current standing of PGE.

375	Rep. Merkley	Asks for list of those who fund CUB.
385	Bissonnette	States his board will provide it.
390	Rep. Merkley	Asks if buy-out by current PGE managers is an option.
395	Bissonnette	Answers that it is not.
405	Tom O'Conner	Director, Oregon Municipal Electric Utilities (OMEU). Testifies in opposition to HB 2356 and offers information on power companies elsewhere and states there are other options should be examined.

TAPE 51, A

001	O'Conner	Continues to describe other options that are sufficient to support the public.
042	Chair Close	Asks how the preferential power affects OMEU.
046	O'Conner	Answers that there are federal issues and the impact is not yet known.
070	David Barenberg	League of Oregon Cities (LOC). Testifies in opposition to HB 2356 and explains funding of LOC. Discusses issues that have been raised with other testimonies.
100	Rep. Gallegos	States that other cities will have a significant impact and asks what would happen if negotiations are not in their favor.
110	Barenberg	Answers that LOC would associate with others and facilitate communications to resolve issues.
120	O'Conner	States that OMEU will be involved in all levels.
130	Chair Close	Closes public hearing on HB 2356 and adjourns committee meeting at 11:10 a.m.

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EXHIBIT SUMMARY

- A – HB 2356, written information, Doug Riggs, 39 pp**
- B - HB 2356, written testimony, Gary Conkling, 1 p**
- C – HB 2356, written testimony, Gary Conklin, 1 p**
- D – HB 2356, written testimony, Erik Sten, 3 pp**
- E – HB 2356, written testimony, Sandra Flicker, 4 pp**
- F – HB 2356, written testimony, Jeff Bissonnette, 2 pp**
- G – HB 2564, -1 amendment, staff, 2 pp**