

SENATE COMMITTEE ON PUBLIC AFFAIRS

June 21, 2001 Hearing Room 50

10:00 am Tapes 17 - 18

MEMBERS PRESENT: **Sen. Verne Duncan, Chair**
 Sen. Rick Metsger, Vice-Chair
 Sen. Margaret Carter
 Sen. Bev Clarno
 Sen. Ken Messerle

STAFF PRESENT: **Janet Adkins, Administrator**
 Nancy Masee, Committee Assistant

MEASURE/ISSUES HEARD:
 HB 3633A Public Hearing and Work Session

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 17, A		
004	Sen. Verne Duncan	Chair. Opens meeting at 10:05 a.m. Opens public hearing on HB 3633A.
HB 3633A PUBLIC HEARING		
020	Janet Adkins	Committee Administrator. Comments on packets and procedures.
028	Sen. Lee Beyer	District 21. Explains the -A15 and -A16 amendments. Describes work on the amendments by interested parties (EXHIBITS A,B) .
079	Rep. Robert Ackerman	District 39. Discusses SB 1149 from 1999 legislative session. Gives reasons why the original date should be maintained due to the declining economy and the need for conservation of energy. (EXHIBITS C,D)
180	Rep. Ackerman	Continues testimony section 9 of HB 3633A which allows utilities to charge back to rate payers any cost of the delay of deferral of deregulation. Rate payers would be the ones who pay for it under HB 3633A. Emphasizes re-imposing the public service charge to encourage conservation and the purchase of nonrenewable power as intended by SB 1149.
244	Sen. Metsger	Asks which amendments are Rep. Ackerman's.
250	Rep. Ackerman	Explains -11 and -13 and -14 amendments and which amendments are combined (EXHIBIT E) .
258	Sen. Messerle	Asks for clarification if public service fee would come from all the rate payers in -A14.
260	Rep. Ackerman	Replies the -14 amendments re-establishes the public service fee. Explains those subject to HB 1149 which are investor owned utilities, Pacificorp.
265	Rep. Betsy Close	District 36. Thanks committee for hearing HB 3633. Discusses the -15 and -16 amendments. Reads comments from Albany Chamber of Commerce that responded amendments are not in best interest of the customer. Concern is with -15 and -16 about

		the way they are written. States it is unclear whether public purpose charge or the low income electric assistance is October 1.
270	Chair Duncan	Asks for any questions.
273	Sen. Ferrioli	District 28. Explains there is uncertainty felt over deregulation. Describes California and British Columbia in energy management. Discusses HB 1149 to stimulate investments in the energy market. Discusses siting facilities. Discusses lack of information and understanding on the many aspects of energy generation and management.
TAPE 18,A		
004	Sen. Ferrioli	Continues testimony. Describes California's decisions on energy management. Urges Oregon to consider thoughtfully the options. Costs are increasing and higher rates will follow. Gives example of Wasco County's Public Utility entering into a deregulated market. Costs for one month increased \$500,000.
060	Sen. Carter	Asks if deregulation is imminent. Asks if standards should be set in place.
080	Sen. Ferrioli	Replies that things change and neighboring states offer learning experience. Deregulation has to be an open and fair process.
085	Sen. Carter	Asks how the energy bill can be moved.
090	Sen. Ferrioli	Answers there is always the right of appeal.
112	Sen. Carter	Asks if he trusts the legislative process to correct unforeseen problems with the Public Utility Commission (PUC) and utilities.
115	Sen. Ferrioli	Responds that this issue should be a public process because every household is affected. States there is a need for a mechanism to move forward slowly. Supports the -16 amendments. Suggests a different process by PUC.
122	Sen. Carter	Discusses the CUB, Citizens Utility Board. Asks if the legislative process is trusted.
132	Sen. Ferrioli	Trusts the process. Points out the board is inexperienced.
138	Chair Duncan	Asks about -15.
140	Sen. Ferrioli	Says the -15 are lacking. Supports the -16 amendments.
173	Rep. Bill Witt	District 7. Discusses an imbalance between demand and supply of energy. Discusses efforts to address this problem. Describes measures to design and remove impediments and ensure conservation. Believes there is nothing in SB 1149 that will cause rates to go up. SB 1149 is not anything like California's legislation.
220	Rep. Witt	Continues discussing positive points in SB 1149. Encourages the committee to review SB 1149. Supports a minimal delay of 5 months or no delays.
283	Chair Duncan	Asks witnesses to come forward.
296	Mike Graine	Oregon Office of Energy. Supports the amendments to HB 3633. Prefers -15 to -16 amendments. Discusses applications for power facilities and facilities under construction.
343	Kevin Lynch	Pacificorp. Supports the -15 amendments. Says a 5 month delay is OK. October 1 is ok. Pacificorp has spent time getting ready for this law. Readiness has been made in customer service, new meters, and other necessities to comply with the law. Longer delay than 5 months would not be cost accountable.
TAPE 17, B		
004	Marc Anderson	International Brotherhood of Electrical Workers. Explains HB

		3633 is the only surviving bill of 13 bills filed on this issue. Supports the original HB 3633. Says IBEW was not asked about the 5 month delay. (EXHIBIT F)
032	Anderson	Continues testifying that customers do not want deregulation.
038	Tim Nesbitt	Oregon AFL-CIO. Supports 18 month delay in original bill. Discusses affects on employment of high cost of energy.
091	Sen. Metsger	Asks if further delay creates uncertainty.
094	Nesbitt	Believes regulated environment creates the most certainty. Discusses plants being sited and built over the next 3 years. Market will stabilize, supply catch up with demand.
128	Gary Conkling	Representing Industrial Customers of Northwest Utilities. Comments that at least the energy debates are now within a level of accommodating the parties. Supports implementation of SB 1149. Supports HB 3633 with –15 amendments.
191	Sen. Carter	Asks how a deregulated market would bring back workers that have been laid off.
197	Conkling	Explains how some plants operate on a narrow margin and increased energy costs have caused them to fail. Higher energy prices have caused manufacturers to look at their processes for efficiency and conservation.
275	Debra Kennedy	Community Action Directors of Oregon. Supports implementation on time of SB 1149. Says 5 months is a reasonable compromise.
297	Jeff Bissonnette	Citizens Utility Board (CUB) and Fair and Clean Energy Coalition. Says deregulation will protect consumers. Supports SB 1149. Supports –15 to HB 3633. Comments that longer than 5 month delay is dangerous to consumers.
388	Bissonnette	Discusses whether federal government will impose plans on states. Federal policy changed energy policies in states by the Energy Policy Act in 1992.
TAPE 18,B		
002	Bissonnette	Discusses Rep. Ackerman’s amendments and that 5 months is a reasonable time to wait as the –15 amendments allow. States that both chambers passed SB 843, which allows \$10 million for low income users.
037	Tom Gallagher	PG &E. Commends Rep. Witt’s testimony. Agrees to 5-month delay. Emphasizes that plants need to be built for Oregon customers, not for export. Supports the –15 amendments.
078	Sen. Carter	Asks if energy investors are discouraged in Oregon.
088	Gallagher	Replies he is pointing out the local difficulties along with the advantages to building Oregon plants.
102	Louise Wydlick	Neighborhoods Protective Association. Submits (EXHIBIT G.)
160	Sen. Metsger	Asks if the letter says deregulation should be stopped.
162	Wydlick	Reads article.
167	Julie Brandis	AOI. Discusses commercial customers, Oregon Restaurant Association and Coalition. Supports the –15 amendments.
175	Chair Duncan	Closes public hearing. Opens work session on HB 3633.
HB 3633A WORK SESSION		
177	Sen. Metsger	Summarizes the need for energy and the concern for increased cost to rate payers. There is a need for adequate supply of energy. It is important to bring new energy facilities to Oregon for Oregonians and to keep low income assistance for energy users. HB 3633 with the –15 amendments is a good package.
220	Sen. Messerle	Asks what the Governor’s office indicates regarding HB 3633.

223	Sen. Metsger	Suggests the Governor would accept the work of the committee.
	Sen. Carter	Commends those who worked on the issue to get HB 3633A.
100	Sen. Metsger	MOTION: Moves to ADOPT HB 3633A-15 amendments dated 6/21/01.
		VOTE: 5-0
001	Chair Metsger	Hearing no objection, declares the motion CARRIED.
102	Sen. Metsger	MOTION: Moves HB 3633A to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0
104	Chair Duncan	Hearing no objection, declares the motion CARRIED.
		SEN. METSGER will lead discussion on the floor.
105	Chair Duncan	Adjourns meeting at 11:50 am.

Submitted By,

Reviewed By,

Nancy Masee,
Committee Assistant

Janet Adkins,
Administrator

EXHIBIT SUMMARY

- A – HB 3633A, -15 amendments, staff, 2 pp**
- B – HB 3633A, -16 amendments, staff, 3 pp**
- C – HB 3633A, written testimony, Rep. R. Ackerman, 2 pp**
- D – HB 3633A, letter from Rep. R. Ackerman, 2 pp**
- E – HB 3633A, -11, -13, -14 amendments, staff, 3 pp**
- F – HB 3633A, written testimony, Marc Anderson, 2 pp**
- G – HB 3633A, written testimony, Louise Weidlich, 6 pp**

SENATE COMMITTEE ON PUBLIC AFFAIRS

June 21, 2001 Hearing Room E

3:00 pm Tape 19

MEMBERS PRESENT: Sen. Verne Duncan, Chair
Sen. Rick Metsger, Vice-Chair
Sen. Margaret Carter
Sen. Bev Clarno
Sen. Ken Messerle

STAFF PRESENT: Janet Adkins, Administrator
Judith Callens, Administrator
Nancy Masee, Committee Assistant

MEASURE/ISSUES HEARD:

HB 3002B WORK SESSION

HB 3637B PUBLIC HEARING AND WORK SESSION

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TAPE/#	Speaker	Comments
TAPE 19 A		
003	Sen. Verne Duncan	Chair. Opens meeting at 4:08 p.m. Opens work session on HB 3002B.
HB 3002B WORK SESSION		
009	Sen. Metsger	MOTION: Moves to ADOPT HB 3002B-12 amendments dated 6/19/01.
021	Judith Callens	Committee Administrator. Explains the -12 amendments related to fish passage. (EXHIBIT A)
075	Sen. Carter	Asks about the indeterminate amount of fiscal. Asks if this is in the Governor's budget.
078	Callens	No, it is not anticipated in the Governor's budget.
087	Rep. Bob Jenson	District 57. Says the work session agreed on the issues in the -12 amendments.
095	Chair Duncan	Asks anyone from the Department for comments.
104	Roy Elkert	Oregon Department of Fish and Wildlife (ODFW). Supports the bill.
107	Sen. Carter	Asks about an amendment involving water resources.
110	Elkert	Responds that the Water Resources Department could respond on that question.
117	Tom Byler	Water Resources Department. Responds the issue is in the interest of a water stakeholder. Discusses adjudication involved. A decision will be announced soon. Says the amendments suggested would cause confusion and prolong the adjudication process in the Klamath Basin.
165	Sen. Messerle	Comments that the -11 amendments might jeopardize the work of the task force.
170	Sen. Clarno	Comments on the delays in water adjudication.
173	Byler	Explains why water adjudications are a lengthy process.
1	Sen. Clarno	Finds the very long delays in water use adjudication

incomprehensible.

199 Sen. Metsger Asks why the administrative rule is valuable for the department.
203 Byler Answers the statute is already clear. The rule distinguishes between distribution of water after an order by the director and the ultimate decision of the court in a decree.

224 Chair Duncan Asks about the statutes.
229 Byler Explains the administrative rule is controlled by the statute.
232 Sen. Clarno Comments on the administrative rule.
242 Byler Responds he will be glad to work on this with members.
245 Sen. Messerle Comments on a court action.
260 Sen. Clarno Asks Byler to work with Sen. Messerle and Sen. Clarno.
260 Sen. Metsger MOTION: Moves to ADOPT HB 3002B-12 amendments dated 6/19/01.
VOTE: 5-0

261 **Chair Duncan Hearing no objection, declares the motion CARRIED.**
262 **Sen. Metsger MOTION: Moves HB 3002B to the floor with a DO PASS AS AMENDED recommendation.**
VOTE: 5-0

263 **Chair Duncan Hearing no objection, declares the motion CARRIED.**
SEN. MESSERLE will lead discussion on the floor.

264 Chair Duncan Closes work session. Opens public hearing on HB 3637.
HB 3637B PUBLIC HEARING

270 Rep. Bob Jenson District 57. Explains HB 3637B has been worked on at length.
320 Chair Duncan Closes public hearing. Opens work session on HB 36737B.
(EXHIBIT B)

HB 3637B WORK SESSION

325 **Sen. Carter MOTION: Moves to ADOPT HB 3637B-24 amendments dated 6/21/01.**
VOTE: 4-0
Excused – Metsger

326 **Chair Duncan Hearing no objection, declares the motion CARRIED.**
327 **Sen. Carter MOTION: Moves HB 3637B to the floor with a DO PASS AS AMENDED recommendation.**
VOTE: 4-0
Excused – Metsger

328 **Chair Duncan Hearing no objection, declares the motion CARRIED.**
SEN. MESSERLE will lead discussion on the floor.

329 **Chair Duncan MOTION: Requests unanimous consent that the rules be SUSPENDED to allow SEN. METSGER to BE RECORDED as voting AYE on the motion to move HB 3637B to the floor with a DO PASS AS AMENDED recommendation.**

330 **VOTE: 5-0**
331 **Chair Duncan Hearing no objection, declares the motion CARRIED.**
362 Chair Adjourns meeting at 4:32 p.m.

Submitted By,

Reviewed By,

Nancy Masee,
Committee Assistant

Janet Adkins,
Administrator

EXHIBIT SUMMARY

A – HB 3002B, -12 amendments, staff, 21 pp

B – HB 3637B, -24 amendments, staff, 21 pp