

SENATE COMMITTEE ON RULES AND REDISTRICTING

May 08, 2001 Hearing Room C
3:00 PM Tapes 76 - 79

MEMBERS PRESENT: Sen. Steve Harper, Chair
Sen. Peter Courtney, Vice-Chair
Sen. Jason Atkinson
Sen. Lee Beyer
Sen. Kate Brown
Sen. Randy Miller
Sen. John Minnis

STAFF PRESENT: Craig Allen, Committee Administrator
Annetta Mullins, Committee Assistant

MEASURE/ISSUES HEARD: Public Hearing
SB 965
Executive Appointments
Public Utility Commission

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 76, A		
004	Chair Harper	Calls meeting to order at 3:01 p.m. and opens a public hearing on SB 965.
<u>SB 965 – PUBLIC HEARING</u>		
006	Committee	Is awaiting the arrival of Governor Kitzhaber and Sen. Derfler.
040	Senator Gene Derfler	Senate District 16 and President of the Senate. Testifies in support of SB 965: States that information on early childhood is important. Has been working on program since 1991 and thinks it is pretty obvious that if we're going to stop prisons and dysfunctional families, we have to start in the early childhood years. Emphasis on early childhood will make a difference in dysfunctional families. <ul style="list-style-type: none">• Proponents have been working on program since 1991.• If we are to stop building prisons and dysfunctional families, we must start in the early childhood years to make it happen.• SB 965 puts emphasis on early childhood and that will make a difference in dysfunctional families.
072	Governor John Kitzhaber, M.D.	Submits summary of SB 965 including key policy elements and budget components for SB 965 (EXHIBIT A) and testifies in support of SB 965 (EXHIBIT B).
187	Governor Kitzhaber	Reviews percentages of total budget for other programs

204	Sen. Kate Brown	<p>compared to SB 965.</p> <p>Senate District 7. Testifies in support of SB 965:</p> <ul style="list-style-type: none"> • SB 965 exemplifies "An ounce of prevention is worth a pound of cure." • If we can give a child a good start and provide services early, we can have a profound impact on a child's life and the family. • Early childhood intervention yields substantial advantages in emotional and cognitive development as well as enhances the ability to learn and improve the economic well being of the family and child. • The more targeted the intervention to the children at risk, the more likely savings will exceed costs. • The plan will ensure that a comprehensive continuum of services is available to support Oregon's youngest children ages 0 to 8 and their families. • Each component of the continuum proposed under SB 965 is based on an effective service model that has proven results. Each component has at least one study that demonstrates a return for taxpayer investment. • From experience working in the juvenile courts, early intervention works. • Asks for passage of SB 965.
237 246	Sen. Minnis Sen. Derfler	<p>Asks how this bill differs from programs created in 1993.</p> <p>Responds he doesn't think SB 965 differs. The program was started in 1993. Believes last session was the first session to get dollars into the program. This program is a voluntary program and is a growth of the current programs that have been very successful. We have had very good results with the Healthy Start Programs, Relief Nurseries, and Family Resource Centers, but currently those are only in about 15 counties and this needs to be a statewide program. Believes the most important time of life is the first 18 months. Until last session very few dollars were spent in that area. Comments that about 25 percent of families are dysfunctional and giving basic information about how to clean a house, how to cook a meal, and how to balance a checkbook, are the kinds of things we need provide to get the families on track.</p>
268	Sen. Minnis	<p>Comments he would like to have some clarity in terms of the vision. Comments his observation from working in law enforcement on child abuse cases, is there are a lot of government systems in place and there are a lot of organizations to help people but they are not connected. Asks how the systems can be connected to make them work, and why we don't do parenting classes and community policing to solve the problems. Asks what the vision is and how will it be connected.</p>
329 314	Sen. Derfler Governor Kitzhaber	<p>Comments on positive results of the Healthy Start Programs.</p> <p>Comments that the vision is to do exactly what Sen. Minnis has stated--have an integrated set of services that follows the child. This is an expansion of the existing program and fills in the gaps. Data show that if you do parenting education and do not deal with the substance abuse problem, the rest of the program will not work.</p>

House District 31. Testifies in support of SB 965:

- SB 965 is about giving all children an even break as they begin life.
- SB 965 is a strong bi-partisan approach to the Oregon Children's Plan.
- Work on the bill has taken four months but the result is groundbreaking legislation that represents a solid policy to support our youngest children and their families.
- Key elements of the Children's Plan are: 1) outlines the essential elements of an early childhood system; 2) builds on successful program models that can help define the early childhood systems such as Head Start and Healthy Start; and 3) will ensure prudent programs are funded with local flexible dollars.
- SB 965 will connect previously separate planning processes into a coordinated comprehensive approach to deal with the problems of families and children.
- SB 965 began with the Children Care Team of the 1991 session and the creation of the Healthy Start program in 1993. It continued with a two-year study of organizing early childhood programs commissioned by the Governor. The Interim Committee on Children and Families met under the guidance of the Senate President last year.
- Aside from the fact that we have a long history with this issue and both houses have reached an agreement on an approach, SB 965 is simply the right thing to do.

TAPE 77, A

015 Rep. Janet Carlson

House District 32. Testifies in support of SB 965 (**EXHIBIT C**).

077 Rep. Carlson

Continues presentation (**EXHIBIT C, page 1 and attachments from The Children's Care Team Report, "A Positive Future for Oregon's Children and Families"**).

114 Rep. Carlson

Presents sheet showing services that comprise an early childhood system (**EXHIBIT C, page 9**).

121 Rep. Carlson

Submits the SB 965-3 (**EXHIBIT D**) and the SB 965-4 amendments (**EXHIBIT E**) and explains that both amendments speak to relief nurseries. Believes that the amendments are implicit in the bill but are not explicit and would like to see them be explicit in the measure. The -3 amendments clarify that when they talk about family support of comprehensive services, that the services are such as relief nurseries, family support programs and parent education programs. The -4 amendments, in Section 12, ask that relief nurseries become a statewide venture as funding becomes available, so there is legislative intent that relief nurseries could be an opportunity throughout the state instead of just in the areas where they now exist.

143 Chair Harper

Announces that about 35 people have signed up to testify and that the committee needs to conduct the executive appointment confirmation hearings this afternoon.

149 Sen. Beyer

Asks if Rep. Carlson is familiar with the program Together for Three and asks if that program would be included in the amendments and whether it would fit under Healthy Start and parenting.

155	Rep. Carlson	Responds that the families had comprehensive services as part of the bill but they did not specify examples of those services. It would be encompassed in the -3 amendments.
154	Sen. Brown	Asks if the Senate President and the Governor's offices are okay with the amendments.
	Rep. Carlson	Responds she has spoken to Sen. Derfler's office but has not spoken to anyone else.
177	Rep. Winters	Comments that relief nurseries are a natural linkage to Healthy Start.
199	Sen. Minnis	Asks whose bill this is.
199	Rep. Winters	Responds there has been a lot of input from a lot of people.
219	Sen. Minnis	Asks who is doing the research to say whether the state is being effective and is doing the right thing.
	Rep. Carlson	Comments that the committee will be hearing from persons at Oregon State University and the University of Oregon who have been doing research.
222	Sen. Minnis	Asks if training has been contemplated in SB 965.
227	Sen. Brown	Comments that statistics are included in the information from Oregon State University.
235	Rep. Laurie Monnes Anderson	House District 22. Testifies in support of SB 965 (EXHIBIT F).
303	Stan Bunn	Superintendent of Public Instruction. Testifies in support of SB 965: <ul style="list-style-type: none"> • There is tremendous value to all families and children by having deep coordination of human resource and education programs. • It is important to recognize how to value and coordinate homegrown programs with federally mandated programs. • It is also important to recognize that the human resource component is provided by the Department of Human Services (DHS) and the Commission on Children and Families, and the education component is administered by the State Board of Education.
338		<ul style="list-style-type: none"> • Design for assuring deep coordination with autonomy comes from assuring that there are uniform quality assurance standards and coordinated efforts. • Comprehensive local planning is best to coordinate the programs. • Before developing a program, the diversity factors must be recognized. • Database networks between education and human resource community is extremely important.
367		<ul style="list-style-type: none"> • Full support of SB 965 comes with the SB 965-5 amendments (EXHIBIT G) that were prepared today. The -5 amendments includes language that would assure that while we are doing the deep coordination within Oregon, we are also recognizing and meeting the federal requirements, for example, of our special education work. At the same time the -5 amendments take a different approach to the database work that is proposed. SB 965 in its original form would simply direct that DHS and ODE come together on their databases around early childhood. Suggests that success in the database efforts require a feasibility study

during the next two years while the implementation of the remainder of the bill is occurring. It is critical that we have a feasibility study that shows how education and human resources can use their databases together.

- Language in the -5 amendments assures that the federal legislation that exists could be met.
 - Believes there was an inadvertent removal of ORS 329.165 which is the basis under which ODE brings to the Governor their budget around federal Head Start, pre-kindergarten programs, and special education.
 - The -5 amendments recognize the distinction between the State Board of Education, the Department of Human Resources, and the Commission on Children and Families but at the same time says they will do a collaboration and coordination around common quality assurance standards and that the designing and planning will be done at the local level.
 - Urges adoption of SB 965 and the SB 965-5 amendments.
- 408 Chair Harper
 Bunn Asks if the amendments have been distributed.
 Responds they have not because they have just received them but they will make them available to the principals.
- 424 Chair Harper
 Bunn Ask who the principals are.
 Responds his understanding is that they are Sen. Brown, Sen. Derfler, and the Governor have been in collaboration in bringing forward much of the bill.

TAPE 76, B

- 007 Robin Karr-Morse Former paid consultant to the Children's Care Team. Submits and summarizes prepared statement (**EXHIBIT H**).
- 063 Sen. Minnis
 Karr-Morse Asks if we have done a good job of training Services to Children and Family (SCF) workers.
 Responds she thinks a lot more training needs to be done.
 Believes those people deserve more support and training. SB 965 makes sure the healthy families model takes advantage of the training and technical assistance from the national model and makes sure the workers get the training.
 Discuss training of workers.
- 113 Sen. Minnis and
 Karr-Morse
 Clara Pratt Oregon State University. Explains she is one of two evaluators of the Oregon's Healthy Start project. Summarizes information in handout (**EXHIBIT I**). Strongly supports SB 965. It is an admirable and very strong statement of a positive policy and positive step forward, not for just children, but for families and ultimately, for the state.
- 292 Pratt It is a voluntary program that people want to participate in and is one that engages both the private and the informal and formal systems. It provides early intervention so SCF has less to pick up later.
- 285 Hill Walker Co-Director, Institute on Violence and Destructive Behavior, College of Education, University of Oregon. Submits paper on "Proven Versus Promising Program Practices in Early Intervention," report "Benefit-Cost Analysis of the Perry Preschool Program and Its policy Implications," article "First Step to Success: An Early Intervention Approach for Preventing

		School Antisocial Behavior," report "Preventing Adolescent Health-Risk Behaviors by Strengthening Protection During Childhood," and a prepared statement (EXHIBIT J). Calls attention to four topics in statement (EXHIBIT J, pages 45-47).
388	Walker	Applauds authors and developers of SB 965. Believes it is based on a careful and thoughtful analysis of evidence-based interventions and approaches and best professional practices that address primary prevention, secondary prevention and tertiary prevention, goals, and outcomes.
413	Walker	Comments he is in his 35 th year dealing with aggressive, antisocial, challenging children. Has seen over the years children who do not have a realistic sense of whether their behavior is normal. Also has seen change in children who do not take responsibility or understand they have a responsibility for their behavior. Believes these are serious developments and are basically the result of changes in our society over 30 years.
TAPE 77, B		
006	Craig Allen	Administrator. Advises the committee that letters have been received from the following on SB 965: Barry Kast, Administrator, Mental Health and Developmental Disability Services Division (EXHIBIT K), Barbara Cimaglio, Administrator, Office of Alcohol and Drug Abuse Programs (EXHIBIT L), Karen Holt, Director of Prevention Services, Community Works (EXHIBIT M).
015	Beth Hinton	Bend resident. Reads prepared statement in support of Together for Children (EXHIBIT N).
	Shawnalee Froelich	Bend resident. Reads prepared statement in support of Together for Children (EXHIBIT O).
050	Heather Sorells	States she has been involved with Ready, Set, Go program since her daughter was a newborn. Thinks it is a wonderful program and has helped her become a better parent. States that Together for Children is also a great program because it allows her daughter to be with other kids.
063	Julie DeVoe	Deschutes County. Testifies in support of Together for Children. Reads her story about learning about the program and progress her child has made and suggests the program should be throughout Oregon.
	DeVoe	Submits packet of letters submitted by residents in Central Oregon in support of Together for Children (EXHIBIT P).
090	Scott Johnson	Director, Deschutes County Board of Commissioners. Submits prepared statement and program statistics in support of SB 965 (EXHIBIT Q). Explains statistics and summarizes statement.
164	Ted Jones	Member, Deschutes County Commission on Children and Families. Testifies in support of SB 965 but has concerns about reduced funding and deletion of the program Parents as Teachers (EXHIBIT R).
217	Carol Stiles	Presents prepared statement in support of SB 965. Asks that the Parent as Teachers program not be deleted (EXHIBIT S).
258	Rita Sullivan	Director of a large non-profit substance abuse treatment program in Jackson. Presents testimony in support of SB 965 (EXHIBIT T).
396	Chair Harper	Announces that due to time constraints SB 965 will be heard again Thursday and closes the public hearing.

Chair Harper

Opens a public hearing on appointment of Sen. L. Beyer to the Public Utility Commission.

EXECUTIVE APPOINTMENT - PUBLIC HEARING

PUBLIC UTILITY COMMISSION - LEE L. BEYER (EXHIBIT U)

- 409 Sen. Lee Beyer Lane County. States he is appearing before the committee because the Governor has appointed him, subject to the confirmation of the Senate, to the Public Utility Commission for Oregon. The goal of the commission is to maintain stable and reasonably priced utility services for Oregonians. That is his expectation and his commitment to the panel and Oregonians if he is confirmed.
- 425 Chair Harper Asks Sen. L. Beyer if he supports intervenor funding.
Sen. L. Beyer Responds that as he understands it, the issue of intervenor funding is something that Oregon is not currently doing. Explains that his understanding comes from reading the task force report that reviewed the PUC over the last interim. The issue that comes up is many states have separately funded staffs that act as advocates for the consumers separate from the technical staff that serves the public utility commission and its processing. That has not been the history in Oregon. The PUC staff has more or less done both roles although the Oregon PUC has served a stronger role of representing the consumers. There has been some concern about that and does not have a firm opinion on it and wants to look closer. Believes the issue is what best serves the consumer in Oregon. The task force report suggests the legislature appropriate additional dollars to have a separate staff doing that. Does not believe the Assembly is likely to do that currently, but it is worth taking a look at because other states do that.
- 463 Chair Harper Comments that as a multi-jurisdictional utility, PacifiCorp presents many challenges to the commission with regard to state allocation issues. Asks if Sen. Beyer believes Oregon ratepayers should be required to fund rate issues related to another state, such as Utah.
- 467 Sen. L. Beyer Responds he believes the short answer is no. Thinks the issue is to try and separate those out and deal with the issues of what is fair in Oregon to consumers and what is fair to the company to keep them in business and providing quality services.
- 477 Chair Harper Asks Sen. L. Beyer if he supports electric restructuring as set forth in SB 1149 (1999).
- 478 Sen. L. Beyer Responds affirmatively.
- 480 Chair Harper Asks Sen. L. Beyer if for some reason there is a delay in implementing SB 1149 this October, whether he believes customers should pay the three-percent public purpose fees anyway.
- 474 Sen. L. Beyer Responds that is a dilemma. Believes the issue of restructuring is how to address the current electrical shortage. The shortage question is really one of relying, over history, on hydropower. There is not a lot of juice left in that lemon so we need to encourage others to build plants to the extent we do not open the markets, we discourage that investment and leave ourselves in a situation that could be similar to California's rolling back outs or brown outs and I don't think we want to get there. The public portion of that was a deal put together between the

environmental community, utilities, and consumer groups. I think trying to piece it apart breaks the coalition and will make it more difficult. The other piece of that is in the short term. Probably the quickest answer to dealing with the shortage of energy is encouraging more conservation where it is practical and makes sense. That is where you get with the public service money. That is part of the encouragement. If we do not have that, we are left one tool short in the tool bag.

TAPE 78, A

045

Sen. Atkinson

States that in Southern Oregon in the next couple of years there will be some re-licensing of projects, particularly around the Klamath system, possibly seven projects. Asks Sen. L. Beyer what his views are on re-licensure and what the biggest hurdles will be in Southern Oregon, particularly with what we have seen this last week, the drought, ESA, and re-licensing.

Sen. L. Beyer

Responds that he is not familiar with those particular projects. In his area he has watched the Eugene Water and Electric Board go through those issues with regard to dams they have on the McKenzie River and thinks the issue is how do you meet the new federal standards and still have a viable power production. Would say his bias is toward keeping those power production facilities in place and to the extent that can be done, and thinks that has to be a very concerted reach, is to do it in a way that protects the wildlife and the issues there. The big constraint is how to stay in line with the federal government and get re-licensing through FERC.

064

Sen. Atkinson

Comments that Sen. L. Beyer brings a pretty unique perspective not only as a legislator but also in his non-legislative life. Asks Sen. L. Beyer to explain some of his economic development work, balancing and communication skills. States that with that background along with his service as a senator makes him pretty unique moving into pretty turbulent times for the PUC.

Sen. L. Beyer

States that for the last three or four years he has been the executive director of an economic corporation that is private, not-for-profit, in the Lane County area serving all the communities. Prior to that he did a number of years of consulting on working with business start-ups. Thinks the challenge to balance his professional hat with his political life which came up through working on local governments, volunteering on planning commissions and city councils and the legislature seeing the different sides of public purpose and private necessity. Has looked at it from a human service perspective. Has always believed the best human service possible is a good job, a well-paying job. That is what got him into the business of economic development--that is, making sure people in his community had the opportunity to have a good job. There is always a tradeoff but the bottom line has always been trying to provide that and you have to recognize you cannot do in the business context what you would like to do. You can't always pay the highest wages, or get the highest profits, but you have to balance that with the real world environment of competition. There are some tradeoffs there.

097

Has approached problems in general trying to figure out the proper balance and thinks that kind of approach is one he would

- bring to the PUC. States he goes back in his grounding and interest in the PUC as he believes the legislature was right many years ago in establishing a PUC in the era of monopolies saying you have to have someone who represents the consumers. You have to operate in that arena in an environment that recognizes that private utilities cannot exist unless they do make a profit. You have to balance the two--highest quality service, best price, recognizing the ability the utility needs to continue to exist.
- 109 Sen. Atkinson Comments that Sen. Derfler asked that he and Sen. L. Beyer work through the energy siting bills over the last five months. Through that process he has spent a lot of time with editorial boards, work groups, consensus, and negotiating with Sen. L. Beyer. States it has been a real learning experience and an honor to work with him.
- 119 Sen. Brown Comments she and Sen. L. Beyer came into the legislature one month apart. Thinks Sen. L. Beyer has been an outstanding legislator and it has been a real honor to serve with him. He has been a tremendous edition to this legislature.
- 134 Chair Harper Closes the public hearing and opens a work session on the executive appointment of Sen. L. Beyer.

PUBLIC UTILITY COMMISSION (PUC) - LEE L. BEYER (EXHIBIT U) - WORK SESSION

- 138 Sen. Courtney **MOTION: Moves the APPOINTMENT of Sen. Lee L. Beyer to the Public Utility Commission to the floor with the recommendation that the appointment BE CONFIRMED.**

- 143 **VOTE: 4-0**
EXCUSED: 3 - L. Beyer, Miller, Minnis

Chair Harper Hearing no objection, declares the motion CARRIED.

SEN. COURTNEY will lead discussion on the floor.

- 147 Chair Harper Opens a public hearing on the confirmation of the appointment of Roy Hemmingway to the Public Utility Commission.

PUBLIC UTILITY COMMISSION (PUC) - ROY H. HEMMINGWAY - (EXHIBIT U) - PUBLIC HEARING

- 151 Roy Hemmingway States he has met with most of the committee members privately and has had extended discussions. Reviews background:
- This is the second stint in state government working for Governor Kitzhaber. Has worked with the Governor since he took office in 1995 as his salmon and energy adviser and most recently as the manager of the Oregon Plan for Salmon and Watersheds.
 - Served from 1976 to 1986 under Governor Straub and Governor Atiyeh, first to get more Bonneville power into Oregon that turned into the Northwest Power Act and appointment by Governor Atiyeh to two terms on the Northwest Power Planning Council. During that time also did a stint for about two years as chief of the utility staff at the PUC. Does have some background, albeit dated, in how the PUC works.
 - In between the two periods in state government, from 1986 to 1995 he had a private consulting practice within the

electricity industry. Among the clients was an industrial client in a rate case in front of the PUC so he has seen it from that side. Also worked to set up a conservation financing authority for Oregon municipal utilities so has some experience working with publicly owned systems. Also did various projects for Portland General Electric (PGE) and PacifiCorp.

- Objectives at the PUC are fairly simple. Rightly or wrongly there is a concern among some parties now that the commission is not an unbiased and neutral panel. Intends to ensure the neutrality and integrity of the commission are beyond question. All participants in the processes before the PUC must be guaranteed of that neutrality. And the staff should be in exactly the same position. There should be no concern about bias or prejudice on the part of the staff for or against any participant in PUC processes.
- The job of commissioner involves a balancing between the interests of the consumers and the interest of the companies that appear in front of the commission. In the long run those two interests merge because companies have to have capital in order to be able to provide the services which consumers need. You cannot starve the companies in favor of the consumers and you cannot allow companies to use their monopoly authority to exact unacceptable levels of profits from consumers. That balancing job is basically the job of the PUC.

190

205

Chair Harper

Comments that Hemmingway will be named chair of the commission. Asks what he sees as the single most important issue for him to address.

Hemmingway

Responds he believes the most important issue is to ensure the integrity of the processes of the commission. There are a couple of things he would want to do right away. With or without passage of HB 2988, believes the commission ought to provide for more personal, direct involvement of commissioners in the cases in front of the commission. That can be done through allowing an oral argument of some kind at a relevant stage of decision making in each case. That is one thing he would want to do. Secondly, would want to make sure the staff and everyone who works at the commission understands that the commission must be a place where no one has any fear of retribution by testifying in front of the commission, that everyone feels they are going to get the same neutral fair shake from the commissioners and from the staff. Those are first priorities.

224

Chair Harper
Hemmingway

Asks what his position is on intervenor funding.

Responds that intervenor funding is a very old issue. It goes back to the days when he was on the PUC staff. Oregon is one of nine states without some kind of funding for public advocates. HB 3615, PUC task force debated on this for some time and there were a variety of opinions represented on the task force. Their conclusion was that the staff of the commission must be seen as a neutral participant in the case, must not lean toward the consumers or the company in either direction, must provide the commission with the best technical advice as possible. When

		<p>the staff assumes that role, there can be a vacuum in the case and there is not a professional representative of consumer interests. The Consumer Utility Board (CUB) sometimes plays that role and they do very well with the limited resources they have. But believes it is an open question as to whether the process would work better with the staff in a neutral position and some sort of professional representation for consumers. Does not believe it is something we need to do now. Does want to keep an open mind on the question and look at it in the next two years. Perhaps he, Sen. Beyer, and Commissioner Smith can bring a proposal back to this legislature on how to handle the issue in 2003.</p>
	Chair Harper	Asks Hemmingway to respond to the question about PacifiCorp (whether Oregon ratepayers should be required to fund rate issues related to another state, such as Utah).
258	Hemmingway	<p>Responds that PacifiCorp operates, he believes, in six states. This has always been an issue about how their costs are allocated among the states. They have a proposal in front of the commission asking for separation of their rate making so the costs remain in each state. It is something he does not want to comment on specifically because it is a proposal in front of the commission. But believes it is important that what Oregon does and the costs it imposes on a company and the savings it is able to achieve with a company, remain in Oregon and don't go elsewhere and the costs from other states do not come into Oregon. Thinks it is the job of the commission to make sure that only Oregon consumers are paying Oregon costs.</p>
275	Chair Harper Hemmingway	<p>Asks that Hemmingway talk about his work with PGE. Responds that he did a variety of things for PGE. One thing was work on setting up a non-regulated subsidiary to market power which eventually was not accepted by the Federal Energy Regulatory Commission (FERC). Some members may remember him as a television personality on the Trojan initiative of 1990 defending the Trojan nuclear power plant for PGE. Also was the media spokesperson and manager of that campaign.</p>
291	Hemmingway	Comments that he did a variety of projects for PacifiCorp, probably a little less activity for them than for PGE. Mostly looked at the evolution of the electricity industry and how the company might position itself as the industry changed.
297	Chair Harper Hemmingway	<p>Asks Hemmingway if he ever worked for any other utilities. Responds that as he mentioned, the Oregon municipal electric utilities. Did a consulting project for six of those utilities in which they put together a municipal financing authority for conservation. The rates of those utilities are not regulated by the PUC, though safety and curtailment issues are in front of the commission.</p>
304	Chair Harper	States these were Hemmingway's employers at one time. Asks how he will view their issues in front of the PUC.
309	Hemmingway	Responds that obviously if one has worked in the industry, one knows how they operate and thinks that is an important attribute. Has asked himself whether the many acquaintances and friendships in the industry prevent him from having a neutral view of those companies when they come before the commission. And then reminds himself of his role in the North Umpqua re-licensing case which he has been involved in for the

last nine months or so in which he has been negotiating on behalf of the state to develop a single state position which can then be carried to FERC or can be negotiated with the company. In that proceeding, he had friends on the opposite side of the table. Some people who work for PacifiCorp, after they became friends. Does not think there is anybody in the process who would say his participation has been anything other than representation of the state interests only. It is sometimes in a way the company has not been entirely happy with because sometimes their interests have not been identical. It is his belief that he has the ability to separate himself from the acquaintances he has had in the past and do this job on the basis the law requires.

342 Chair Harper
Hemmingway

Asks if Hemmingway supports SB 1149 (1999).
Responds that he does.

344 Chair Harper
Hemmingway

Asks if SB 1149 is delayed, whether the public purpose charge should still be paid.
Responds that first there is a political question, that is, he does not know how long a delay the coalition can accept and still stay together. If it is a short delay, relatively, a few months, believes the public purpose charge can be delayed as well without any repercussions. If it is much longer than three or four months, we get into difficulties because we do need those funds to fund renewable resources, conservation, low-income weatherization, there is a lot of money in there for schools to do weatherization. Thinks these decisions will be worked out in the political process where his voice would be just one of many that would articulate on this issue.

370 Sen. Atkinson

Comments that he and Hemmingway have talked about the re-licensure question for Pacific Power, some of the difficulties in drafting water and also the balance between farmers' needs and the potential listings.

377 Hemmingway

Responds that fortunately the PUC has almost nothing to do with re-licensing. The state has a process it has set up under statute called the Hydroelectric Application Review Team (HART) in which the state seeks to speak with one voice on re-licensing issues in front of FERC and the state has its own reauthorization proceedings that the Water Resources Department (WRD) coordinates under this HART process. This process involves a balancing. There are environmental issues at stake and there are the issues of maintaining this inexpensive low-impact resource for our electricity needs. Just as in the North Umpqua proceeding, would hope the state would come forward with a balanced proposal that would allow for these projects to go forward economically while still protecting the environment. These proceedings result in licenses that last anywhere from 30 to 45 years so it is very important that the state be very careful in its determination of what is that balance because that balance has to last for a very long time.

411 Sen. Atkinson

Asks if Hemmingway will stay as chair for the entire length of his term.

Hemmingway

Responds no, not necessarily. States that he has been told by the Governor is that it is his intention to name a chair to the

commission for a year. After that time, obviously Sen. L. Beyer will have had time to be a commissioner and the work of the commission will have had time to settle out. At that point the Governor will look at the commission and make another decision.

428 Sen. Atkinson

Comments that last session he introduced a bill with interest in conservation and balance. It was HB 3609 that took about five months of work, a lot of consensus building, and the bill passed unanimously and was signed by the Governor. States that his experience negotiating with the Governor's office was less than pleasant. Asks Hemmingway how he would anticipate his experience if Hemmingway moves into the PUC.

445 Hemmingway

Responds he is surprised that Sen. Atkinson said his experience was less than pleasant because he remembers a series of meetings on the House side in a conference room in which they negotiated out the bill and were able to, in a relatively short time, compared to how high the tension was in that room among tribes, fishing conservation organizations, legislators, and the Governor's office, reach an agreement that endured. It went back to the floor and passed both houses and thinks largely settled the issue through the interim. His recollection of that set of negotiations with Sen. Atkinson was positive and he appreciated Sen. Atkinson's role in those negotiations in making sure they happened.

471

The PUC is an agency that must respond directly to the Governor and the legislature. It is his intention to ensure that legislators get a swift response to their concerns and they have an opportunity to talk about things with him to the extent the law allows. There are some situations where the PUC is dealing with contested cases on the record in which case any conversation with a commissioner during that period must be done on the record. Otherwise, looks forward to having a relationship with all members of the legislature and looks forward to trying to work out issues with Sen. Atkinson and all the rest.

492 Sen. Atkinson

Asks if Hemmingway's role as chairman will be a hand-on chairman and his interests is attending not only the hearings but also tending to the needs of the legislature when they are in town.

498 Hemmingway

Responds he thinks the legislature needs to be apprised of what the PUC is doing. They are the policy making body for the state of Oregon and his role as a PUC commissioner, whether chair or not, is to be responsive in that policy making role.

TAPE 79, A
027

Sen. Minnis
Hemmingway

Asks what Hemmingway's travel schedule is.

Responds there are many times when the commission must do some traveling. The issues of the multi-state companies are west wide. Commissioner Hamilton, for instance, is in Salt Lake City tonight and tomorrow on western transmission issues. Does not think there is a need to travel out of the country. There is need to travel to meetings to stay up on issues but thinks the primary duties of the commissioners are here in Salem, and certainly as a chair to run the business of the commission. States that will be his focus.

042 Sen. Minnis

Comments that Oregon has a gubernatorial election coming up

042	Hemmingway	and we will have a different governor. Asks if Hemmingway would resign if the new governor asked for his resignation. Responds that according to statute, he must resign. States he serves at the pleasure of the Governor. States he as a commission has a right under the law to ask for the charges against him and a hearing on those charges but the discretion of the Governor is without limit to discharge a commissioner.
048	Sen. Minnis Hemmingway	Asks Hemmingway why he supports SB 1149 (1999). Responds he thinks SB 1149 is a gradual, flexible approach to getting to market forces where they are competitive in the electricity industry. Having been a regulator in the past, he was very aware of how regulation is a very dull instrument for achieving the goals of lowest prices for consumers and the most efficient delivery of product. Where you have a monopoly and it is the only tool you have, you use it. But where you don't have a monopoly, such as eventually, he hopes, the generation of electricity, believes the market can deliver a product more efficiently and at a lower cost to consumers. At the moment we don't have that market so SB 1149 provides for flexibility in a gradual approach toward getting to that market. Thinks some of the amendments being talked about in the legislature this session will aide and give the PUC more tools and give customers more tools for adjusting to that market as we go forward.
069 072	Chair Harper Hemmingway	Ask Hemmingway to talk about blowing up dams. Responds that the PUC has nothing to do with the decision to keep or not keep dams. States that Governor Kitzhaber has taken a position with respect to four dams on the Snake River that he believes could be removed as the appropriate policy for restoring salmonids in the Snake River but there are other alternatives that would get to the same goal but the federal government needs to make a commitment to those other alternatives if it is not going to take out those dams. Shares that view. Believes it is an appropriate one. In the long run we can do without the electricity from those dams if need be, but believes we have an obligation first to look for alternatives to see if we can find a way to preserve those fish without taking the dams out. It will require investment and commitment from the federal government to do so and so far, at least in this President's budget, we have not seen that commitment to the fish that would allow for keeping the dams in place and survival of those fish.
091	Hemmingway	With respect to other dams, believes it is a case-by-case issue. In the North Umpqua, for instance, many advocates suggested that one or two dams in that system should be removed for fish. Did not believe the evidence supported that proposition and fairly vigorously opposed some of the efforts to remove a dam in that system. States he cannot go much more into detail without violating the confidentiality agreement that all the North Umpqua negotiations are carried out under.
102	Hemmingway	Does not have a feeling one way or another that we should take dams out but they are an enormous asset for producing low-cost electricity and if we can preserve fish by keeping dams in, then that is the preferred alternative.
110	Chair Harper	Closes the public hearing on the confirmation and opens a work session on the appointment of Roy Hemmingway to the Public

Utility Commission.

PUBLIC UTILITY COMMISSION - ROY HEMMINGWAY (EXHIBIT U) - WORK SESSION

111	Sen. Courtney	MOTION: Moves the APPOINTMENT of Roy H. Hemmingway to the Public Utility Commission to the floor WITHOUT RECOMMENDATION
117		VOTE: 5-1-1 OBJECTION: - 1 - Atkinson EXCUSED: 1 - Miller
	Chair Harper	Noting objection by Sen. Atkinson, declares the motion CARRIED. SEN. COURTNEY will lead discussion on the floor.
139	Chair Harper	Adjourns meeting at 5:31 p.m.

Submitted By,

Reviewed By,

Annetta Mullins,
Committee Assistant

Craig Allen,
Committee Administrator

EXHIBIT SUMMARY

A - SB 965, key policy elements and budget information, Governor John Kitzhaber, M.D., 8 pp
B - SB 965, prepared statement, Governor John Kitzhaber, M.D., 4 pp
C - SB 965, outline of comments and portions of reports, Rep. Carlson, 9 pp
D - SB 965, SB 965-3 amendments, Rep. Carlson, 1 p
E - SB 965, SB 965-4 amendments, Rep. Carlson, 1 p
F - SB 965, prepared statement, Rep. Monnes Anderson, 1 p
G - SB 965, SB 965-5 amendments, SB 965 Coalition, 30 pp
H - SB 965, prepared statement, Robin Karr-Morse, 3 pp
I - SB 965, program evaluation information, Clara Pratt, 5 pp
J - SB 965, reports and prepared statement, Hill Walker, Ph.D., 47 pp
K - SB 965, prepared statement, Barry Kast, 2 pp
L - SB 965, prepared statement, Barbara Cimaglio, 2 pp
M - SB 965, prepared statement, Karen Holt, 1 p
N - SB 965, prepared statement, Beth Hinton, 1 p
O - SB 965, prepared statement, Shawnalee Froelich, 1 p
P - SB 965, prepared statement and letters from Central Oregon, Julie DeVoe, 35 pp
Q - SB 965, prepared statement and program statistics, Scott Johnson, 2 pp
R - SB 965, prepared statement, Ted Jones, 1 p
S - SB 965, prepared statement, Carol Stiles, 1 p
T - SB 965, prepared statement, Rita Sullivan, 9 pp
U - Public Utility Commission, staff and Governor's office, 8 pp