

SENATE COMMITTEE ON PUBLIC AFFAIRS

March 16, 1999 Hearing Room B

7:00 p.m. Tapes 22 - 23

MEMBERS PRESENT: Sen. Joan Dukes, Vice-Chair

Sen. Eileen Qutub

Sen. Charles Starr

Sen. Thomas Wilde

MEMBER EXCUSED: Sen. Gene Derfler, Chair

STAFF PRESENT: Brian E. Smith, Administrator

Rachel E. Halupowski, Administrative Support

MEASURE/ISSUES HEARD: SB 1149 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 22, A		
000	Vice-Chair Dukes	Opens meeting at 7:10 p.m. and opens public hearing on SB 1149.
<u>SB 1149 PUBLIC HEARING</u>		
009	Ken Canon	Industrial Customers of Northwest Utilities. Presents (EXHIBIT A) . Supports SB 1149 because it begins the transition to provide more electricity choices to customers, recognizes the different types of customers and utilities, and brings competition to generation suppliers while keeping distribution and transmission regulated. Explains there are mergers that have happened, and others that are proposed and are actively before the Public Utility Commission (PUC).

060	Canon	Believes customers should have choices so that they are not bought and sold through mergers. States SB 1149 defines the difference between customer classes. States it is appropriate for different time frames for industrial and residential deregulation. Believes restructuring will evolve. States there are critical transition issues: stranded costs, unbundling of products and services, portfolio supply options, and consumer protections.
110	Canon	States it is important to recognize that consumer-owned utilities are different and should be addressed with different legislation. States the need for funding and administrative efforts to promote conservation, renewable resources, and low income services. States franchise fee issues need to be addressed.
127	Julie Brandis	Associated Oregon Industries (AOI). Presents (EXHIBIT B) . States it takes time for the commercial class customer to aggregate and prepare a plan that meets their memberships needs. States the most important issue is to define who is a commercial customer. States, in the UE 102 case, the commercial class is defined as businesses who use over 30 kilowatts of electricity per month. States AOI is working with the PUC to develop a less arbitrary definition.
180	Brandis	States investor-owned and consumer-owned utilities are recognized as being different. States the commercial customers believe timing for direct access cannot be exclusively the decision of the utility. States, in the best interest of the commercial customers, those customers need time to plan, to develop aggregation proposals, and to survey their service needs.
220	Brandis	States that aggregation is not easy and clear rules need to be established. States that, as the market matures, statewide aggregation policies may need to be developed. Asks to keep in mind that commercial customers will not receive great price savings. States there are no incentives for the utilities to provide new service such as time-of-day pricing or allowing a hospital to run off a federally required generator during peak load times.
247	Sen. Qutub	Asks if she will explain California's "gold plated metering standards."
249	Brandis	States, by example, Blockbuster Video wanted to aggregate their stores, but they could do so only by putting in a meter standard set by the utility. Explains that the utility, to keep a customer from going to market, will set a standard so high that the commercial customer cannot financially meet the standard. States that Blockbuster Video did aggregate. States larger customers could afford the cost to aggregate, but the smaller commercial customers could not afford the payment for the new meter. States UE 102 set a statewide standard to give more flexibility to the end-user.
280	Diane Royse	Legislative Director, International Brotherhood of Electrical Workers (IBEW). Presents (EXHIBIT C) . States the members of IBEW are responsible for the physical operation and maintenance of generation, transmission, and distribution facilities of their various utility company employers. Explains that it is in the state's interest to protect the interests of utility employees who have dedicated themselves to assuring reliable service to Oregon's citizens.
310	Bill Miller	Business Manager, International Brotherhood of Electrical Workers. States

		deregulation is a no win situation for IBEW. States that California made many mistakes in deregulation and he hopes Oregon will avoid those mistakes. Emphasizes the need to not put a date certain on deregulation.
360	Miller	States employee safety is a crucial issue to IBEW. States without proper material and equipment, workers are at risk. States there are issues with peoplesí generators giving back-feed into the system. Explains back-feed through an example: a lineman could be fixing an outage and, if someone starts up a generator without the proper equipment in their home, the 120 volts could go out of the house into the high side of the transformer, and leave the lineman with 7,200 or 12,500 volts in his hand. States equipment needs to be installed correctly.
TAPE 23, A		
005	Miller	States, while in Arizona, the major utilities were discussing pipes and wires, not customers. States that deregulation may lead to people being without power because the customer does not have the proper information or know who to call when an outage occurs. States the portfolio approach appears to be one of the better systems.
046	Vice-Chair Dukes	Asks if there are any suggestions to ensure worker safety.
049	Miller	States there are many ways to protect the electrical workers. States utilities can be measured by their outage times. States in California there is a standard to verify that the system is built properly and is being maintained properly. States the standards can be written down and measured, but must be used equally by all utilities. States this issue has been addressed to the PUC.
082	Sen. Qutub	Asks if the committee should direct the PUC to write rules or standards.
084	Miller	Agrees and states the PUC knows what the inspection process is and how standards should be maintained.
096	Jane Cummins	League of Oregon Cities (LOC). Presents (EXHIBIT D) . States it is essential to preserve low-cost electricity and retain the benefits of the federal hydro-power system. States it is imperative to continue funding public purposes and maintain the authority of the municipal electric utilities. States it is essential to preserve the citiesí authority to manage local, public rights of way and to receive reasonable compensation for their use. States that restructuring utility functions may be offered by new energy service providers and other entities. Explains that utility revenues may be reduced which, in turn, would decrease the revenue from franchise fees. States that only utilities pay franchise fees and cities will run up against constitutional issues if they attempt to place a fee on many new providers.
150	Cummins	Proposes that a volumetric approach replace the gross revenue basis for franchise fees. States this type of approach is revenue neutral and avoids substantial cost shifts. Explains the cities would levy and collect a fee from distribution utilities that is based on volume of kilowatt hours delivered. States reductions in

		franchise fee revenues can be devastating to many Oregon communities. States those losses can include police, fire, and parks. Asks to include the proposed amendments for a volumetric approach to franchise fees in SB 1149.
190	Vice-Chair Dukes	Closes public hearing and adjourns meeting at 7:55 p.m.

Submitted By, Reviewed By,

Rachel E. Halupowski, Brian E. Smith,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 1149, written testimony, Ken Canon, 2 pp

B ñ SB 1149, written testimony, Julie Brandis, 4 pp

C ñ SB 1149, written testimony, Diane Royse, 2 pp

D ñ SB 1149, written testimony and amendments, Jane Cummins, 5 pp