

SENATE COMMITTEE ON PUBLIC AFFAIRS

April 2, 1999 Hearing Room 50

1:00 p.m. Tapes 26 ñ 29

MEMBERS PRESENT: Sen. Gene Derfler, Chair

Sen. Joan Dukes, Vice-Chair

Sen. Eileen Qutub

Sen. Charles Starr

Sen. Thomas Wilde

MEMBER EXCUSED:

STAFF PRESENT: Brian E. Smith, Administrator

Rachel E. Halupowski, Administrative Support

MEASURE/ISSUES HEARD: SB 288 Public Hearing and Work Session

SB 220 Public Hearing and Work Session

SB 280 Public Hearing

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 26, A		
000	Chair Derfler	Opens meeting at 1:10 p.m. and opens public hearing on SB 288.
<u>SB 288 PUBLIC HEARING</u>		
005	Chair Derfler	States the bill is proposed by the Department of Consumer and Business Affairs (DCBS) after the Management Labor Advisory Committee (MLAC) voted to

		end the workers' compensation premium refunds for the rehabilitation facilities.
016	Gary Weeks	Director, Department of Human Resources (DHR). States he will first defer to Greg Malkasian.
018	Greg Malkasian	Manager, Compliance Section, Workers' Compensation Division (WCD). Presents (EXHIBIT A) . States Sen. Derfler had asked the WCD to work at finding longer term solutions, and hopes the 5 amendments will achieve that goal. States the 5 amendments will provide a longer term solution than SB 288 and will broaden the scope of the management of funds to DHR, clarify the distribution plan, and clarify the transition from the premium refund program to a distribution of funds through DHR.
058	Weeks	Compliments MLAC for understanding the issues. States the Workers' Benefit Fund money will deal with the current participating rehabilitation facilities. States for the budget period of 2001 through 2003, DHR, the Legislative Fiscal Office, the Department of Administrative Services, and the provider community will develop a disbursement plan for remaining amount of money that comes from the Workers' Compensation Benefit Fund. States that next session there will be discussions to find solutions for the distribution plan. States there is the need to maximize Medicaid for clients being served in these facilities. States that there needs to be cooperation from all the organizations involved.
108	Weeks	States the transfer of funds from DCBS to DHR need to stay at DHR for two biennial periods. Asks to consider changes in the 5 amendments, line 9, adding the DHR and other organizations involved in developing the transfer plan.
127	Chair Derfler	Asks if changes are needed to the amendments.
128	Weeks	States changes are needed.
136	Al Soenoiger	President, Oregon Rehabilitation Association (ORA). States that rehabilitation facilities have people with severe disabilities who are working at a productivity level of less than 10 percent of the minimum wage level, yet the Workers' Compensation costs are based on a presumed federal level of minimum wage. States he has a disabled worker in his shop who he pays more for Workers' Compensation than for the worker's wages. Explains that Oregon had adopted legislation to deal with this issue by providing the Handicapped Workers' Fund. Supports SB 288 with the 5 amendments.
186	Soenoiger	States the ORA will continue to work with DHR to ensure the existing people who benefit from this program continue to benefit at a reasonable level.
210	Joseph Mendez	Goodwill Industries. States the need for a buffer for vocational service programs that would be hurt by the loss of the Workers' Compensation refund. Asks that language be included in SB 288 that clarifies that vocational service programs will be protected in the second biennium. States there are risks of damaging relationships of agencies that should be working together to advance the cause of people with disabilities. Supports SB 288 with the 6 amendments which will protect the second biennium.

250	Jan Kral	Executive Director, Shangri La Corporation. Supports SB 288 with the ñ5 amendments.
286	Chair Derfler	States there needs to be a conceptual amendment to the ñ5 amendments to add, on page one, line 10, after "services," "DHR." States he would like to pass the ñ5 amendments. Closes public hearing and opens work session on SB 288.
<u>SB 288 WORK SESSION</u>		
310	Sen. Qutub	MOTION: Moves to AMEND the ñ5 amendments, page one, line 10, by inserting "DHR" after "services".
		VOTE: 5-0
	Chair Derfler	Hearing no objection, declares the motion CARRIED.
312	Sen. Qutub	MOTION: Moves to adopt the amended ñ5 amendments.
		VOTE: 5-0
	Chair Derfler	Hearing no objection, declares the motion CARRIED.
315	Sen. Qutub	MOTION: Moves SB 288 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Derfler	The motion CARRIES. SEN. STARR will lead discussion on the floor.
330	Chair Derfler	Closes work session and opens public hearing on SB 220.
<u>SB 220 PUBLIC HEARING</u>		

346	Tom Mattis	Deputy Administrator, WCD. Presents (EXHIBIT B) . States SB 220 proposes that insurers be required to rate workers disabilities, close all workers' compensation claims, and reclassify non-disabling claims when workers become disabled. States that under current law, the insurer can either close the claim or defer it to the WCD.
375	Chair Derfler	Asks if this is a two year mechanism.
376	Mattis	States it is a two year mechanism that was dated with the agreement of the Governor's office. States that SB 220 will ensure that during the next biennium the WCD will be out of claims processing responsibilities. States the 3 amendments provide for the June 30, 2001 end date for all claim closure activity by the WCD. States there are issues not addressed in the 3 amendments: insurers ability to request reconsideration of disability rating, clarification of actions taken when a physician fails or refuses to provide impairment findings, and additional exemption from an imposed penalty when an insurer significantly under-rates the worker's impairment.
TAPE 27, A		
013	Mattis	States MLAC supports SB 220 with the 3 amendments. Asks that SB 220 as amended be sent to the floor with a "do pass" recommendation.
031	Chair Derfler	States there are issues with SB 220.
036	Mattis	States there will be another legislative session before the end date of June 30, 2001.
038	Chair Derfler	Asks Mattis to keep track of the problems as they appear.
039	Mattis	States that the WCD regularly reports back to MLAC and the interested stakeholders about what is happening on all of these issues. States they will continue to work with MLAC and try to help resolve these issues.
046	Chair Derfler	Explains that most other states do not close claims, insurance companies close claims.
048	Mattis	States claim closures are the responsibility of the insurance company.
054	Jeannie Berg-Rempel	Oregon State Council of Service Employees International Union (SEIU). Presents (EXHIBIT C) . States SB 220 with the 3 amendments comes with the support of MLAC and SEIU does not oppose this bill. States that if SB 220 is amended to allow or encourage insurers to bypass the attending physician's final report, or to broaden the exceptions for the assessment of penalties, SEIU would ask the committee to reject SB 220.
072	Fred Van Natta	Liberty Northwest. Presents (EXHIBIT D) . States that Liberty Northwest has

		written an amendment concerning the penalty section of SB 220. States they do not ask the committee to adopt this amendment, but wanted to make sure it became part of the record.
112	Chair Derfler	Closes public hearing and opens work session on SB 220.
<u>SB 220 WORK SESSION</u>		
113	Sen. Starr	MOTION: Moves TO ADOPT the ñ3 amendments.
		VOTE: 5-0
	Chair Derfler	Hearing no objection, declares the motion CARRIED.
116	Sen. Starr	MOTION: Moves SB 220 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Derfler	The motion CARRIES. SEN. DERFLER will lead discussion on the floor.
126	Chair Derfler	Closes work session and opens public hearing on SB 280.
<u>SB 280 PUBLIC HEARING</u>		
136	John Booton	Department of Consumer Business Services. Presents (EXHIBIT E) . States SB 280 is the result of a change in the workers' compensation rating system. Gives a brief history of the rating system of workers' compensation in Oregon, stating that in 1966 private insurers were permitted into the marketplace, which required a rating and statistical organization to gather statistics from those insurers. States the statistics include, among other things, payroll, premium losses, and types of injuries, and are processed to develop the annual rate revisions charged to Oregon employers.
151	Chair Derfler	Asks if the department gathered all the information and if the information is public.

155	Booton	States the organization who gathers this information is independent. States the information is public in aggregate. States that the data is also used to provide support to the legislative process to determine cost impact on measures. States the National Council on Compensation Insurance (NCCI) has produced and maintained the plans and systems that support these processes. States NCCI administers Oregon's work and compensation plan, the Assigned Risk Plan. States that within the next few weeks multiple rating organizations will emerge.
166	Chair Derfler	Asks if the present rules only allow for one agency.
167	Booton	States that is incorrect. States the need for SB 280 because there are no rules.
168	Chair Derfler	Asks if NCCI is the only rating organization at this time.
170	Booton	States that since 1966 there has only been NCCI. States there are others that would like to do the same sort of activity in Oregon.
174	Chair Derfler	Asks how long these companies have been in existence.
175	Booton	States these companies are fairly new, maybe three years old.
177	Chair Derfler	Asks if these companies have been rating other states and if there is a record showing they are capable of providing that service.
180	Booton	Explains these companies have been rating other states. States DCBS looked at the statute to see what type of guidelines existed, but the statute has minimal rules. States there is no practical ability to limit the number of rating organizations because the qualifications necessary are: competent, trustworthy, qualified, and have a statistical database. States this is a problem occurring nationwide. States the greatest concern expressed is fragmentation of the database, where too many people are involved in collecting and processing information which creates a greater likelihood of losing data, untimely filing, and other issues. States that SB 280, with provisions, addresses the issues. States that SB 280 gives the director of DCBS the authority to appoint one or more organizations through a selection process and develop a statistical plan for collecting the data. States that SB 280 mandates that the data the organizations collect would need to be exchanged and language in the bill specifies that the ownership of the data submitted is vested in the submitting insurer and the State of Oregon.
230	Booton	States that when the data is aggregated it would still remain public record. States SB 280 includes an emergency clause because DCBS is concerned with the possible serious consequences "if allowed to drift."
255	Chair Derfler	States there will not be a work session on SB 280 at this time. Asks if the department needs the authority to determine how many organizations will be able to rate Oregon.

270	Booton	States they do.
275	Chair Derfler	Asks, since refusal cannot be made to qualified organizations, what kind of criteria DCBS is requesting.
279	Booton	States the ñ1 amendments provide for a selection process established by rule. Explains there will very likely be a bidding process to induce competition.
285	Chair Derfler	States there is proprietary information the organizations will gather. Asks, if there is exception with regards to public records, if the information will be public.
289	Booton	Explains that in order to save the database for Oregon the state needs to be made co-owner of the information, and if the state owns the information the issue becomes a matter of public access. States that currently in the compensation law those records are protected. Believes the same concept should be appropriate in this issue. States each individual account will not be open to public access.
295	Chair Derfler	Asks if the information is secure.
296	Booton	States the individualís insurer can get the information. States that should another party want the information, they must obtain a letter from the employer releasing the information. States the employer controls the information access.
304	Chair Derfler	Asks how the information is going to be handled while making Oregon a co-owner of the data.
309	Booton	Explains that as far as Oregon is concerned there is no intention to pay for the data. States there are agreements being discussed between NCCI and another organization concerning expense and the cost of exchanging information. Explains that Oregon may never physically have the information except in the aggregated form and Oregon would be protected from having the organization leave the state with that data.
315	Chair Derfler	Clarifies the data would not be in Oregonís possession unless the organization left the state.
319	Booton	States the data, in aggregate form, will be in Oregonís possession, but should the organization leave the state, Oregonís database would stay here.
323	David Davidson	Liberty Northwest Insurance Corporation. Presents (EXHIBIT F) . Believes a single statistical agent for Oregon is the best vehicle for keeping the data in Oregon.
374	Chair Derfler	Asks if he favors SB 280 which allows more than one statistical agent.

377	Davidson	Supports SB 280, but would like the committee to provide the director with general guidance toward one agent unless there is an extraordinary reason for the director to choose more than one. States that his organization does not want SB 280 to restrict access to only one agent, but the director should have the appropriate judgement.
399	Chair Derfler	Clarifies that Davidson wants the director to have the authority, but he only wants one agent for Oregon.
400	Davidson	States there could be more than one agent only with good reasons. States he would like to see amendments added for clarification.
436	Chair Derfler	Asks if that information is included in his written testimony.
444	Davidson	States the information is included. Supports the ñ1 amendments, but opposes the ñ2 amendments because they require the director to make any other filings made by a licensed rating organization available to any other rating organization and its members at no cost. States the inequity and potential infringement on the rating organizations' intellectual property rights could result in costly legislation to Oregon.
TAPE 26, B		
036	Sen. Qutub	Asks for the written testimony.
043	Booton	Clarifies that SB 280 will narrow the gateway so the director will have the authority to choose one or more agents with the discretion to limit the number of agents.
058	Chris Davie	State Accident and Insurance Fund Corporation (SAIF). Supports SB 280 with the ñ1 amendments and asks the committee to consider, favorably, the ñ2 amendments.
063	Jaye Fraser	Regulatory Affairs Coordinator, SAIF. Presents (EXHIBIT G) . States that SAIF has coordinated with the department in the development of SB 280 with the ñ1 amendments. States the ñ2 amendments promote competition among workers' compensation rating organizations where none exists in Oregon, and provides downward pressure on workers' compensation premiums. States the NCCI has collected data and produced rates for Oregon for many years without competition to encourage NCCI to be responsive and progressive in addressing issues brought to them from member companies or state regulators. States that NCCI has a single page license that renews every three years for a nominal fee. States there is an alternative rating organization and statistical agent ready to be licensed in Oregon.
085	Chair Derfler	Asks, if there are no restrictions now, why the agent cannot operate in Oregon presently.

086	Fraser	States the agent can be licensed and come on board, but the department would still need to use the same statistical plan that is currently filed. States the current plan was filed by NCCI and they claim a copyright interest on that document.
090	Chair Derfler	Clarifies that the alternative agent can come on board, but they would need to gather the data themselves or purchase it from NCCI.
092	Fraser	States they would need to have their own statistical plan, and currently the statute requires a single statistical plan. States for several months the rating organization has attempted to negotiate a reasonable fee to use these plans but no agreement has been reached.
141	Fraser	States that because of NCCI and the copyright of information, SAIF and other agents are not allowed to use NCCI rates. States SAIF and other companies affiliated with NCCI have already paid millions to NCCI and believe they have already paid for the development of all plans currently filed. States that without the ñ2 amendments Oregon is implicitly blessing NCCI's continued monopoly.
168	Chair Derfler	Asks if SAIF and NCCI will need to settle their disputes with a court case.
172	Fraser	Believes that would not happen.
173	Chair Derfler	Asks if any court cases in other areas have occurred.
174	Fraser	States there is a case pending in Florida over copyright issues.
175	Chair Derfler	Asks if any of those cases have been settled.
178	Fraser	States they have not.
181	Chair Derfler	States he may not agree with Fraser on proprietary rights, but those issues can be settled in court.
184	Fraser	States SAIF has paid for the development of those plans by being a member organization.
185	Chair Derfler	States SAIF has benefited from the services.
		States SAIF has benefited, but paid for it. States that SAIF submits their data to NCCI. States that without SAIF's data, NCCI would not be able to effectively create rates for Oregon.
188	Sen. Qutub	Clarifies that SAIF provides the data.

190	Fraser	Reiterates it is SAIF's data that is needed by NCCI.
194	Steve Telfer	Oregon Legal Counsel, Alliance of American Insurers. Presents (EXHIBIT H) . States the marketplace is changing in the way data is being collected and managed. Supports a single uniform statistical plan. States the ñ1 amendments are generally acceptable except that it would imply the opportunity for more than one statistical entity which could possibly lead to the Florida situation.
244	Telfer	States the ñ1 amendments should revert to the original language in the bill which allows designation of only one agent. Recommends that the data be the property of the insurers, while Oregon has no claim to ownership. States the data should not be made available to competitors.
275	Chair Derfler	Asks what type of criteria would be used to select the agency when it is limited to one.
277	Telfer	Recommends that the department, by administrative rule, would develop the selection process by either setting up a bidding mechanism or a sophisticated approach with a panel.
285	Chair Derfler	Asks how someone can make a bid without knowing how much work is needed to gather all the data.
289	Telfer	States that once the bidding took place and the department chose one agent, then the plan would be set up. States the agent would proscribe how the data is to be collected, and the ownership of the data will remain propriety. States aggregation of the data is still public in order for the rating process to take place. States that the department, in this process, needs to come up with some technique to deal with historical data.
304	Sen. Qutub	Asks if the alliance supports the ñ2 amendments.
306	Telfer	States they do not support the ñ2 amendments.
324	Michael Taylor	Regional Director of Governmental Affairs, NCCI. Presents (EXHIBIT I) . States that NCCI is the nation's largest single source for workers' compensation data. States NCCI is a non-profit organization. Supports a competitive bid process to ensure the best prices. Endorses having the director appoint a single agent for rating. Concerned with the ñ2 amendments because they do not address the intellectual property issues.
374	Taylor	States that if a rating organization is not allowed to recover its costs it becomes a cost-prohibitive adventure. Opposes the ñ2 amendments.
388	Chair Derfler	States that a competitor coming in without the data could not compete.
394	Taylor	States there is statistical information and filing information and that is part of the

		issue.
395	Chair Derfler	Asks if it would be impossible to compete without the data.
399	Taylor	Agrees that without the data it would be difficult to compete. States the various parties around the county agree there needs to be a uniform base to keeps the database, rules, and manuals in place.
407	Chair Derfler	Asks if they planned to be a non-profit organization.
413	Taylor	States that NCCI was established as a non-profit organization 75 years ago by the National Association of Insurance Commissioners. States that NCCI is not entertaining the idea of becoming a for-profit organization.
420	Chair Derfler	Asks who owns NCCI.
425	Taylor	States NCCI is owned by the member insurers and that their board of directors has insurers and public members.
426	Chair Derfler	Closes public hearing and calls a recess.
TAPE 27, B		
022	Chair Derfler	Reopens meeting and opens public hearing on SB 1149.
<u>SB 1149 PUBLIC HEARING</u>		
023		Staff presents (EXHIBIT J) .
024	Andrea Henderson	Senate Majority Office. Discusses the changes that have occurred with SB 1149 ñ6 amendments. States that if anyone has issues with the changes to let the committee know. States, page 15, lines 28 through 31, are deleted.
059	Chair Derfler	Asks why there is a need to delete those lines.
060	Henderson	States there is a concern those lines would provide a back door route to direct access before the Public Utility Commission (PUC) determines the Bonneville Power Administration (BPA) question. States there is still concern with Section 18, but the parties concerned are still working on a solution.
077	Vice-Chair Dukes	Asks if the consumer-owned utilities will be allowed to run their own programs.

080	Henderson	States they will be allowed.
085	Ron Eachus	Chairman, Oregon Public Utility Commission. Presents (EXHIBIT K) . States that most suggestions from the PUC have been incorporated in the most recent amendments. States for Section 11, covering reciprocity, Henderson suggested that subsection 2 be deleted and the PUC concurs. Suggests adding language in Section 14 dealing with consumer protection.
135	Eachus	Suggests replacing functional separation with structural separation in Section 15. States he is unsure if Section 23 suggestions were fixed in the ñ6 amendments. Suggests deleting subsection 2 in Section 23 because it is replaced by Section 24.
161	Lee Sparling	Staff, PUC. States the old Section 10 has been put into play to enable the consumer-owned utilities to sell outside their own service territories. States the section was dropped because it was associated with the PUC exercising some authority to guarantee comparable access to transmission and distribution utilities. States that once a consumer-owned utility seeks to sell outside a service territory, then the governing body of the utility would need to ensure that the utility would provide electricity suppliers and retail consumers access to the transmission facilities.
193	Chair Derfler	Asks if there is an additional amendment the PUC would like to add to the ñ6 amendments.
194	Sparling	States they do have additional amendments.
200	Eachus	Suggests adding a new Section 24 that would allow a consumer-owned utility that sells electricity outside its own territory, consistent with federal law, to provide access comparable to what it provides itself. States there also needs to be consistency between the consumer-owned utilities (COUs) and investor-owned utilities (IOUs).
250	Eachus	States Section 24 for the COUs is the same as Section 10 for the IOUs. States in Section 18 the intent is to provide an ability to not proceed with direct access if there is a conclusion that direct access will prohibit receipt of low-cost electricity from BPA.
300	Eachus	States there needs to be clarity in Section 18 of what happens after a determination is made about the financial impact. States it is unclear, if the initial findings change, whether the PUC will be allowed to proceed with direct access. States the PUC is concerned with the legislature and their time to act based on statute. States the PUC needs the authority to revisit direct access in case there is an adverse effect.
364	Sparling	States Section 18 would delete subsection 2 and replace it with a new subsection 2. States a new subsection 3 will be added.
399	Vice-Chair Dukes	Asks for a copy of the new subsection 3.

400	Sparling	States the changes are not yet available.
413	Eachus	States that if there is an adverse effect the legislature could do what they choose anyway. States the provisions will still apply if the 2003 Legislature does not choose to act on the issue. States if there is still an adverse effect in 2003, and implementation has not occurred because of BPA, all the provisions for direct access are dead. States this decision is still made by the legislature.
TAPE 28, A		
027	Vice-Chair Dukes	States the legislature may not have the opportunity to do something about the direct access issue if they are out of session before July.
036	Eachus	States they used the July 1, 2001 date because that is the date used in the initial ñ5 amendments.
038	Vice-Chair Dukes	Asks if a couple of months would make a difference.
040	Eachus	States there is less time to develop an assessment unless it is done prior to the legislative session. States he is unsure if the date was chosen to complement the legislature. States they could move the end date up, should the legislature want the change.
062	Chair Derfler	Asks if Sen. Dukes prefers to move the date to May instead of July.
063	Vice-Chair Dukes	States it makes more sense to give the best assessment possible near the beginning of the session. States she would like to have the industrial customers go into direct access before the residential customers so that if there are any problems, they can be assessed before the residential customers move into direct access.
081	Eachus	States he is not sure if the 2006 date is still in SB 1149 for a residential direct access date.
082	Chair Derfler	States that specific provision is gone.
084	Eachus	States that by 2003, if direct access has not come into play because of BPA, the legislature will have the opportunity to revisit the issue. States if any problems occur the legislature may sunset in 2003, if those problems have not been resolved. Opposes revisiting everything in 2003.
096	Chair Derfler	Asks if he would like to revisit it should there be changes.
097	Eachus	States it is better to change the problems than to start from the beginning. States this is all the amendments they have to suggest and appreciates the committee

		coordinating those suggestions.
118	Diane Cowan	Executive Director, Oregon People's Utility District Association. States the ñ6 amendments gives the association local control. States the amendments from the PUC need to be looked at to see how they will impact the association.
133	Sandy Flicker	Oregon Rural Electric Cooperative Association. States the ñ6 amendments incorporate their needs. States that since the PUC has presented new amendments, they will need to revisit the issue to be sure the local control language will remain and there are no new impacts on the association.
145	Tom O'Connor	Oregon Municipal Electric Utilities. States he echoes the comments made by Flicker and Cowan.
150	Chair Derfler	Clarifies, for the record, that if the PUC amendments do not affect their organizations, they will support the new amendments.
155	Flicker	States the PUC amendments need to be revisited to ensure there is no adverse affect.
164	Bob Jenks	Executive Director, Citizens' Utility Board. Member, Fair and Clean Energy Coalition. Presents (EXHIBIT L) . Concurs with eliminating Section 11 subsection 2 and agrees with the PUC's issues with BPA. States SB 1149 is written for the direct service industries who currently have direct access. States it is appropriate for direct service industries to pay public purposes to create competitive neutrality between those companies, and their amendment would accomplish that.
200	Rachel Shimshak	Renewable Northwest Project. Member Fair and Clean Energy Coalition. States there has been progress made for the consumer-owned utilities for the public purposes section, but there still needs to be clarity with new renewables. States there are still problems concerning some definitions and she has given Henderson those issues.
235	Tom Schraw	Coordinator, Oregon Energy Partnership. Thanks the committee for keeping abreast of the low-income assistance issue. States he has been in contact with the utilities, shared data with them showing how income assistance programs save them money, and they are looking at the material and discussing pilot programs.
244	Chair Derfler	States there is some discussion among the committee concerning the low-income assistance issue.
248	Vice-Chair Dukes	Supports low-income energy assistance, but is concerned with the \$12 million fixed figure and the language in SB 1149. Asks for clarification of page 10, line 12, what the word "offered" means. Asks for clarification on page 5, where it states "allowed" direct access, not "offered" direct access. States the language is unclear enough that the PUC could determine that residential customers could lose their BPA benefits so that no one will go to direct access. States SB 1149 technically allows everyone direct access by October, 2001, and the way the

		language is written, the residential customer is allowed direct access even though the PUC has determined that the residential customer cannot go into direct access. States that if she votes in favor of SB 1149 right now, she would be raising customers' bills. States the language and the \$12 million requirement cause concern.
294	Schraw	States the \$12 million came from the Governor's Blue Ribbon Committee. States bill payment assistance would trigger with direct access. States if there was an issue with direct access and the residents would not move forward, the bill payment assistance program would not move forward either.
305	Vice-Chair Dukes	Asks if PGE begins billing once granted direct access, or would they wait until Pacific Power came on board. Asks if Pacific Power would begin billing when PGE begins billing, even though PGE will be billing two years before Pacific Power goes to direct access.
315	Schraw	Explains the charge would start on the date direct access begins for industrial customers, so it would be the same for both utilities.
318	Vice-Chair Dukes	Clarifies the billing begins when the PUC determines it is time to move forward.
320	Jenks	Clarifies, in Section 18, that if delays occur with the PUC, due to BPA, this section would be delayed.
323	Vice-Chair Dukes	States that everyone can collect from their customers, regardless of whether they have direct access.
331	Jenks	States that, according to this statute, both Pacific Power and PGE would provide direct access by October, 2001. States that if there is a conflict with BPA then billing assistance would be delayed.
340	Vice-Chair Dukes	States she was under the impression that no one went to direct access until the PUC approved and worked out a plan. States that if that is the case, all customers will be paying for billing assistance but only specified companies will actually have the direct access option.
352	Jenks	States he would need to check that issue. States the idea is to have direct access and billing assistance both begin on October 1, 2001.
368	Chair Derfler	Asks, if the \$12 million is collected from the utility who has been allowed direct access.
369	Vice-Chair Dukes	States every utility collects fees, no matter what.
381	Sen. Qutub	States there will be an increase in consumer electric bills and asks what that increase will be.

389	Schraw	States he is unsure if there would be an increase.
408	Sen. Qutub	Supports low income assistance. Asks if low income assistance is for the winter or summer.
TAPE 29, A		
013	Schraw	States this is more of a winter program and the funds generally run out by the summer. States in the United States there were many seniors dying from heat because of lack of air conditioning. States in eastern Oregon energy assistance could be a summertime need.
024	Chair Derfler	Asks that if energy assistance saves the utilities money, why they are not implementing these programs themselves.
026	Schraw	States the utilities were unaware of the research into the savings of energy assistance. Explains that since the utilities have seen the savings, they are coming to understand the program wins for everyone.
031	Chair Derfler	Asks if Schraw has convinced the utilities that this is a "win-win" situation. Asks if there is testimony from the utilities to prove they support energy assistance.
034	Jenks	States there is no testimony presently, but his organization is working toward that. States there is an implicit subsidy, the uncollectables, and until someone is cut off, those bills are shifted and paid off by other customers.
044	Chair Derfler	Comments that when the \$.30 shows up on Vice-Chair Dukes constituents' bills, she can assure them their rates are actually much lower.
046	Sen. Qutub	States it may be good for the electric company, but the consumers will eventually need to pay for this service.
056	Vice-Chair Dukes	States the language to require the charge for billing assistance is mandated in SB 1149. States the language that requires the utilities to offset those costs is missing.
058	Jenks	States the PUC already has the authority to reduce bills. States his agency will work toward being sure the PUC has proceedings that allow them to lower rates for uncollectables.
062	Eachus	States when rates are established, uncollectables are costs counted inherently in the rates. Supports what Schraw and Jenks have said. States if low-income billing reduces the cost of collectables, there would be a savings in the rates to the consumers.

086	Chair Derfler	Asks if there is an easier way to do this without the \$.30 showing up on a consumer's bill.
095	Eachus	States low income assistance has not been built into the rates, while low income weatherization has been. States that energy assistance specifically helps others pay their bills, but it does not help in the areas of efficiency as the income weatherization benefits do.
106	Chair Derfler	Asks if the PUC could assess the providers \$12 million without raising their costs.
110	Schraw	Asked the PUC if they could provide for energy assistance, but the PUC does not have the authority to do this because of rate discrimination legislation which prohibits the PUC from doing anything that specifically benefits low-income consumers. States until one can prove that it works it will not be done, but it cannot be proven to work until it is done. States if there is an offset it would need to be reflected in rates.
121	Shimshak	States the customer would have less of a charge if the company reaches this goal. States that part of public purposes goes to low income weatherization.
132	Vice-Chair Dukes	States the utilities who are giving billing assistance now are doing so voluntarily.
136	Jenks	States that if the utilities could credit billing assistance against the \$12 million, the fee for those customers would be less. States that the legislature can focus the language to charge the assistance to the distribution companies and not the customers.
160	Chair Derfler	States everyone has come to agreement with most of the issues except for low-income billing assistance. Asks what the committee would like to do at this time.
165	Vice-Chair Dukes	States she is comfortable with SB 1149 except for the low income assistance piece. States she is not comfortable with the \$12 million, or the language concerning direct access, or the \$.30 charge to each customer's bill.
179	Sen. Wilde	Concerned with the current wording in the statute to generate the \$12 million, and adds that if Pacific Power & Light did not offer this service, PGE would be required to pay the \$12 million. States this would not be proportional.
200	Chair Derfler	States most do not object with the idea of re-wording SB 1149 to accomplish this goal. Asks the committee what criteria are to be used.
210	Sen. Qutub	Concerned about residential customers being billed for low-income assistance. States if this is a win-win situation for everyone, some proof should be established either through pilot projects or some other means. States she shares the concern of one company carrying the burden of \$12 million.

230	Jenks	States the intent is for everyone to pick up their fair share.
235	Chair Derfler	States that if this is truly a win-win situation, than it could be paid for by the provider without causing problems.
252	Schraw	States this should not reflect a rate increase, but should be revenue neutral.
258	Jenks	States they will look at this issue and address it at Monday's meeting.
263	Schraw	States that ensuring a standard for this program would help.
270	Chair Derfler	States there will be another meeting at 4:30 p.m. on Monday.
284	Cindy Finlayson	Portland General Electric. States PGE's amendments were added to the current amendments. States she needs time to look at all the changes.
299	Chair Derfler	Asks if anyone else would like to come up to testify. States that on Monday, SB 1149 will be passed out. Asks the interested parties to give Henderson any information that will be addressed in the work session on Monday.
326	Vice-Chair Dukes	Asks if the committee will address the new suggested amendments by the PUC.
327	Chair Derfler	States they will address those amendments. Closes the public hearing and adjourns the meeting at 3:55 p.m.

Submitted By, Reviewed By,

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

EXHIBIT SUMMARY

A ñ SB 288, written testimony, Greg Malkasian, 1 p

B ñ SB 220, written testimony, Tom Mattis, 2 pp

C ñ SB 220, written testimony, Jeannie Berg-Rempel, 1 p

D ñ SB 220, written testimony, Fred Van Natta, 1 p

E ñ SB 280, written testimony, John Booton, 2 pp

F ñ SB 280, written testimony, David Davidson, 2 pp

G ñ SB 280, written testimony, Jaye Fraser, 2 pp

H ñ SB 280, written testimony, Steve Telfer, 2 pp

I ñ SB 280, written testimony, Michael Taylor, 2 pp

J ñ SB 1149, -5 amendments summary, staff, 13 pp

K ñ SB 1149, written testimony and suggested amendments, Ron Eachus, 8 pp

L ñ SB 1149, written testimony, Bob Jenks, 1 p