

## HOUSE COMMITTEE ON POWER DEREGULATION

**May 9, 1997 Hearing Room 50**

**3:00 P.M. Tapes 151 - 153**

### **MEMBERS PRESENT:**

**Rep. Jim Welsh, Chair**

**Rep. Cynthia Wooten, Vice-Chair**

**Rep. Randall Edwards**

**Rep. Jim Hill**

**Rep. Lonnie Roberts**

**Rep. Ken Strobeck**

### **MEMBER EXCUSED:**

**Rep. Patti Milne**

### **STAFF PRESENT:**

**John Larson, Administrator**

**Julie Neburka, Asst. Administrator**

**Lynda Sloan, Administrative Support**

### **MEASURE/ISSUES HEARD:**

### **HB 2821 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 151, A</b>		
007	Chair Welsh	Opens meeting at 3:15 p.m.
<b><u>HB 2821</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
		Administrator, Office of Energy. Resumes testimony begun May 8, 1997

013	John Savage	<p>discussing Section 19 of HB 2821. Refers to Exhibit J, May 8, proposed amendment to HB 2821.</p> <p>* expands number of eligible customers by reducing threshold cap from 10 megawatts demand per site to one average megawatt</p> <p>* allows large customers to include purchase and building of renewable power plants in charges for conservation investments</p> <p>* two threshold tests to ensure investment would not have been made anyway</p> <p>* in favor of credits for investments made, and ability for large customers to carry forward credit against future year charges</p>
056	Savage	<p>Discusses amendment regarding non-profit entity.</p> <p>* changes "entity" to "entities"</p> <p>* deletes reference to "regional"</p>
070	Rep. Wooten	Asks Savage to explain how he envisions process working.
073	Savage	<p>Describes process.</p> <p>* most likely candidate to administer funds is Northwest Energy Efficiency Alliance (NEEA)</p>
087	Rep. Wooten	Asks why NEEA best entity rather than new one.
090	Savage	<p>Points out he said most likely, not best. Discusses role of entity.</p> <p>* board should have customers participating.</p> <p>* If regional entity employed, benefits should redound to Oregon.</p> <p>* pooling of funds</p>
113	Savage	<p>Continues discussing amendments.</p> <p>* credit for energy supplier investments</p> <p>* allows Office of Energy to collect and distribute funds when utilities do not meet minimum spending standard</p>
134	Rep. Wooten	Asks Savage to describe role of Office of Energy as liaison between utilities, Public Utility Commission (PUC), regional non-profit, and planning processes for projects.
141	Savage	Says their role will be primarily to designate allocation of money.
		Asks if they considered amendment allowing Office of Energy to

147	Rep. Wooten	participate in planning process for projects or an alternative that would keep state involved, beyond PUC involvement, for monitoring pooled funds.
153	Savage	Oregon would have representation on the board of a regional entity.
157	Rep. Wooten	Asks about statutory language that enhances check and balance role of Office of Energy relative to that process.
159	Savage	Mentions an amendment submitted by Oregon Energy Coalition that designates who should be represented on the board.
171	Savage	Comments on Section 19 amendments submitted by others.  * concerns about amendment establishing interim task force studying regional market transformation group  * recommends re-evaluation of program at five-year point with view to improving effectiveness
215	Denise McPhail	Portland General Electric. Discusses amendments submitted to committee prior to meeting.  * deletes language "no expenditure for power from renewable projects in contracts or memorandums of understanding before the effective date of this act shall be eligible for meeting the investment standards."
255	Rep. Wooten	Asks McPhail to explain what she is saying.
262	McPhail	Says memorandum of understanding was not with Public Utility Commission, but was Enron and PGE as signatories with a group of entities that included renewable resources advocates, in which they were committed to a level of expenditures extending into the future, and excluded projects already committed to with PUC. Explains they feel inappropriate to exclude the newer commitments.
281	McPhail	Explains deletions of subsections 7 and 8.
300	Jim Anderson	PacifiCorp. Submits proposed amendments to Section 19 of HB 2821 <b>(EXHIBIT A)</b> .
312	Jim Paine	Stoel Rives for PacifiCorp. Discusses proposed amendments.
324	Rep. Wooten	Asks what was missing from bill that made amendment necessary.
328	Paine	Explains amendment insures collection of non-bypassable distribution charge from all suppliers.
364	Chair Welsh	Asks for testimony on Section 19.
370	Rachel	Renewable Northwest Project. Comments on Section 19 of HB 2821.  * supports recommendations of Office of Energy.  * agree with pooling conservation money

	Shimshak	* effort was that projects already committed to in memorandums of understanding would be considered existing, and projects such as PGE plans on forward going basis would be considered new
394	Chair Welsh	Comments on Shimshak's statements; asks what else they liked.
396	Shimshak	Expresses willingness to work with PGE on clearer language concerning conservation projects, and restates areas of agreement.
412	Rep. Wooten	Asks Shimshak to describe how she envisions implementation and operation of regional non-profit entity administering pooled funds.
417	Shimshak	Describes her view.  * operation similar to current operation between Bonneville and utilities when pooling moneys to do renewable resource research and development  * for distributed applications, assessment of existing opportunities, targeting demonstration projects, using competitive process to determine providers and investors in projects
<b>TAPE 152, A</b>		
001	Shimshak	Continues testimony.
013	Rep. Wooten	Asks why couldn't operate as subcommittee or appointed task force of NW Power Planning Council.
017	Shimshak	Responds. States possible.
022	Rep. Wooten	Questions how she would see process working.
028	Shimshak	Responds.
040	Rep. Wooten	Asks her opinion regarding public purposes funding.
043	Shimshak	Discusses important link in Oregon. Discusses renewable resources - question is have all northwest states contributed.
062	Chair Welsh	Calls for Section 20 discussion.
065	Tom Gallagher	Discusses Section 20 amendment offered regarding bypass, systems benefits charge ( <b>EXHIBIT B</b> ).
092	Jason Eisdorfer	Citizens Utility Board. Discusses amendment offered by Gallagher.
117	Gallagher	Says allowing bypassability not intent. Don't want to be charged charges not charged for now.
128	Eisdorfer	States can resolve issue.
140	Tom Grim	Eugene Water and Electric Board. Submits, discusses amendment to Section 20 ( <b>EXHIBIT C</b> ).
152	Rep. Wooten	Discusses having no definition in bill for public purposes charges.

157	Rep. Hill	Asks purpose of amendment to Section 20.
173	Ron Eachus	Commissioner, Public Utility Commission. States applies to existing bypass - applies to those who do not currently use distribution facilities.
187	Rep. Hill	Suggests adding language addressing this issue. Question.
196	Steve Weiss	Fair and Clean. Discusses being verbatim language from FERC order 888.
219	Rep. Hill	Discusses problem with charging industries rates when bypassing, PUC function.
230	Steve Weiss	Responds. Comments still need public purpose charges.
253	Rep. Hill	Question about public purposes charges.
255	Steve Weiss	Discusses Section 19 gives credit for amount Bonneville is spending.
265	Rep. Hill	Asks if will be increase in rates on amount of money collected from Direct Service Industries (DSI) for their energy.
269	Weiss	Discusses being increase this year.
277	Eachus	Discusses situation where new customer starts out as bypass customer. Need to explore existing language.
301	Gary Conkling	Oregon Energy Coalition. States Brad VanCleve took amendments with him. Discusses language intended to make sure not extended to self-generators. Provisions relating to bypass issues, language in "Tinman" broader, this language conforms to work group consensus. Discusses self-generators have made investments, not taking energy from system.
373	Rep. Hill	States no problem with grandfathering now, but looking to future.
389	Denise McPhail	Portland General Electric. Discusses amendment to Section 20. Purpose not to "rope" anyone into these charges not currently paying.
<b>TAPE 151, B</b>		
001	McPhail	Discusses new "players" paying relevant charges.
025	Rep. Hill	Question about meaning of language.
033	McPhail	Discusses contemplating provisions going toward retail electric customers, not wholesale.
065	Chair Welsh	Moves to Section 21, low income assistance.
080	Diane Cowan	Oregon Public Utility District Association. Offers amendment ( <b>EXHIBIT D</b> ). Discusses * date change * forward information
096	Rep. Hill	Discusses amending to specify bills paid are energy bills.
104	Rep. Wooten	Asks about organizations being used typically those that distribute low income energy assistance program.

112	Cowan	Discusses no anticipated change.
118	Rep. Edwards	Asks how work group came up with 20 million, how supposed to work.
121	Cowan	States 20 million being compilation of federal funds of 14 million; 6 million shortfall within state.
127	John Savage	Oregon Department of Energy. Continues explanation.
141	Rep. Edwards	Asks how 20 million specifically works.
142	Savage	Explains, discusses 20 million serves 1 in 4 of eligible, needs based estimate, less than highest in past.
160	Rep. Wooten	Asks what happened with Blue Ribbon Task Force.
163	Savage	Discusses task force agreeing on minimum level funding for weatherization programs, low income assistance - 20 million reflects that. Did not agree on how to collect funds. Discusses report setting out pros, cons of per customer charge bill, per customer multiple sources, or general fund.
189	Rep. Wooten	Asks if standard for eligibility same as that applied at federal level.
192	Savage	Comments agreed that all persons eligible under current guidelines should be eligible for these funds as well. Some portion of these funds will go for crisis assistance. Basically used federal guidelines.
210	Rep. Hill	Discusses, questions about page 15, line 12.
226	Savage	Discusses being completely independent from Section 19 activities.
235	Rep. Hill	Asks what percentage of energy generated to collect for this purpose.
252	Savage	Discusses quarter of one percent total revenues.
262	Rep. Hill	Asks if 100 percent federal money.
268	Savage	Discusses collecting about one million per year.
271	Cowan	Discusses bill authorizing rise to one per cent if federal funds go away.
286	Rep. Edwards	Asks why Office of Energy collector, why not housing, another agency.
295	Savage	Comments OOE not collector, just determiner. Money then collected by distribution utilities, sent to Housing and Community Services.
311	Chair Welsh	Discusses going over distribution process in work group, being of concern.
334	Rep. Hill	Questions about meeting federal guidelines today.
345	Savage	Responds yes.
352	Cowan	Discusses being 6 million shortfall in Oregon today. Section trying to get that new revenue into this program.
357	Rep. Hill	Asks how we know that.

370	Savage	Discusses will be enough funding for one in four.
382	Rep. Hill	Asks how calculate need.
407	Savage	Discusses statistics.
411	Rep. Edwards	Asks if make more sense to tie to population statistic.
418	Savage	Comments being "superior" approach.
424	Rep. Hill	Asks if includes strictly electric or gas as well.
<b>TAPE 152, B</b>		
001	Savage	Discusses who is eligible.
007	Cowan	Discusses getting to all homes for collection of funds.
023	McPhail	PGE. Discusses PGE's amendments being innocuous. Discusses voluntary program diminishing.
067	John Glasscock	American Association of Retired Persons. States problem with amendments on low income assistance. Feel at risk in competitive environment. Would be comfortable if everyone operated like consumer owned utilities. Discusses contributions to voluntary programs. Asks for continuity of low income assistance, not move up to 2001.
108	Savage	Discusses amendments ( <b>EXHIBIT E</b> ). Comments date not joined to date of opening.  * recommending Housing, Community Services develop priority listing of how funds spent  * recommending biennial report on fund
128	Rep. Wooten	Questions why Housing, Community Services better avenue to serve funds.
134	Savage	Responds.
145	Chair Welsh	Moves to Section 22.
151	Rep. Hill	Asks if intended to carry stranded costs beyond competitive time frame.
160	Eachus	Discusses assuring customers long term access.
173	Rep. Hill	Discusses creating stranded costs.
211	Eachus	Discusses nothing being stranded. Discusses only time costs stranded.
228	Rep. Hill	Asks if any requirement power purchased from Bonneville must be passed on at rate getting it.
240	Eachus	Discusses history of Regional Power Act of 1980, critical issue of access to low cost power. Discusses present with residential exchange.
283	Eachus	Discusses first tier to public preference, second tier to DSI's and residential and small farm load. States third tier costs based rate, not consumed by first and second tier. Fourth tier is market-based rate. Discusses way to be sure align utility interest, rate payer interest is to have us require utility to buy a certain amount.

338	Rep. Hill	Asks where guarantee in future that lower costs will be passed on to consumer.
343'	Eachus	Responds it is in federal law.
259	Rep. Hill	Asks what rate required to sell at.
363	Eachus	Responds first, second, third tiers are power at cost; fourth tier at market price.
380	Rep. Hill	Discusses opportunity for customer to choose.
397	Eachus	Discusses being applied on customer class basis, purchase on behalf of class by utility or default supplier, stranded costs, all customers would pay to maintain option.
<b>TAPE 153, A</b>		
003	Rep Hill	Discusses understanding how lower rates passed on to consumers.
016	Eachus	Discusses certain amount of power purchased through contract, passed on through distribution company to all customers.
020	Rep. Hill	Questions.
022	Jock Mills	Bonneville Power. Main reason important is subscription process underway now. Discusses no entity there fully representing residential, small farm customers. Important Oregon demonstrate wanting to get involved.
040	Eachus	Discusses residential, small farm owners laying claim early to low cost power.
074	Rep. Wooten	Discusses being strong advocate of this section.
086	Jason Eisdorfer	Citizens Utility Board. Discusses being vital section. Discusses PGE and PacifiCorp wanting to delete this portion of bill. Discusses conflict of interest being competing interest.
119	Eachus	Discusses looking at tiers. Conflicts, risks, future benefits great enough someone else independent of utility needs to make decision on how much to purchase.
152	Chair Welsh	Discusses future meetings. Requests five work groups look at each section and list what need to have in bill for this session and those things to pass on to task force during interim. Asks for report by end of work day Monday.
204	Chair Welsh	Adjourns meeting, 5:27 p.m.
		Proposed Amendments by Portland General Electric submitted into record by Denise McPhail ( <b>EXHIBIT F</b> ); proposed amendments by PacifiCorp submitted into record by Jim Anderson ( <b>EXHIBIT G</b> ).

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator



Transcribed by,

Shirley Spendal,

Administrative Support

**EXHIBIT SUMMARY**

**A - HB 2821, Proposed Amendments, Section 19, Jim Anderson, 2 pg.**

**B - HB 2821, Proposed Amendments, Section 20, Tom Gallagher, 1 pg.**

**C - HB 2821, Proposed Amendments, Section 20, Libby Henry, 1 pg.**

**D - HB 2821, Proposed Amendments, Section 21, Diane Cowan, 1 pg.**

**E - HB 2821, Proposed Amendments, Section 21, John Savage, 3 pg.**

**F - HB 2821, Proposed Amendments, Section 22, Denise McPhail, 3 pg.**

**G - HB 2821, Proposed Amendments, Section 22, Jim Anderson, 1 pg.**