

HOUSE COMMITTEE ON POWER DEREGULATION

May 15, 1997 Hearing Room E

1:00 P.M. Tapes 159 - 160

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

Rep. Lonnie Roberts

Rep. Ken Strobeck

MEMBER EXCUSED:

Rep. Randall Edwards

Rep. Jim Hill

Rep. Patti Milne

Rep. Cynthia Wooten, Vice-Chair

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.

Tape/#	Speaker	Comments
Tape 159, A		
001	Chair Welsh	Opens meeting and hearing on HB 2821 at 2:30 p.m. in subcommittee.
<u>HB 2821</u> <u>PUBLIC</u> <u>HEARING</u>		
		Oregon People's Utility District Association, discusses concerns about

018	Diane Cowan	<p>effects of HB 2821 on utility bonds and offers letter from Catherine Tamaro of Edward D. Jones & Co. (EXHIBIT A).</p> <p>* Public Utility District (PUD) systems financed with tax exempt municipal bonds</p> <p>* Edward D. Jones advising some clients to dispose of PUD bonds</p> <p>* potentially placing PUD bonds in jeopardy</p> <p>* federal legislation necessary to resolve issue</p>
070	Fergus Pilon	General Manager Columbia River PUD, reads letter from Harvey Rogers regarding Oregon tax-exempt bonds (EXHIBIT B) .
119	Milton Skov	Northern Wasco PUD, testifies on HB 2821 regarding bonds and potential effect of state level deregulation on their tax-exempt status.
148	Rep. Wooten	Asks if correct that tax-exempt status could be lost only if utility chose to compete outside its territory.
155	Skov	Yes, but concerned about bonds purchased before deregulation, if it occurs.
159	Rep. Wooten	Repeats question.
168	Skov	Says he understands that if someone takes 10 percent or more of load under deregulation, because local utility transmission lines are used, they could lose tax exempt status.
176	Rep. Welsh	Asks if they are proposing language to alleviate problem.
179	Cowan	Says no, that they want committee to consider delaying legislation until federal legislation resolved.
184	Rep. Wooten	Asks if they have seen Eugene Water and Electric Board (EWEB) proposed amendment that addresses this issue in terms of correcting perception issue or proposed amendment by Bonneville Power Administration (BPA) bond council relative to ability to pay. Asks if satisfied with protection as well.
199	Pilon	Says different issue which doesn't address this concern.
202	Rep. Roberts	Asks what federal government doing regarding deregulation.
210	Cowan	Says federal government working on language to clear up tax exempt bond issue.
215	Roberts	Asks if tax exempt bonds could be tax exempt federally and still be taxable by state or vice versa.
218	Cowan	Says bonds being discussed are tax exempt at both state and federal levels.
229	Larry Cable	<p>Cable Huston, discusses effect of deregulation on tax exempt status of bonds.</p> <p>* speculative whether legislation would have any effect</p>

251	Cable	<p>Says two issues</p> <ul style="list-style-type: none"> * whether or not anything can be done that would not run afoul of existing or future federal regulations * whether or not necessary to expressly provide for retention of exclusive distribution rights on behalf of public utilities and whether or not necessary to expressly provide for recovery of stranded investment sums to avoid uncovering bonds * important when legislation is completed, regardless of when done, that it include an expressed statement with absolutely no ambiguity, that exclusive distribution rights are maintained on behalf of public utilities, and that they can charge sufficient sums to provide adequate security for their debt existing as of date of enactment of legislation * current bill language adequate to address security issue * important to retain unquestionable exclusive distribution rights and right to recover stranded investments, to avoid unnecessary litigation
290	Rep. Wooten	Says understanding issues at hand have been committee's intent.
299	Cable	Repeats importance of retention of exclusive distribution rights and stranded investments recovery being expressly stated, not carried through implicitly.
312	Rep. Wooten	Comments on Cable's remarks.
315	Jim Deason	EWEB affirms concern about retaining exclusive right to distribute and stranded costs recovery language; offers to provide language and assistance in appropriate placement in bill.
330	Rep. Wooten	Says intention of committee was not to eliminate completely but to move from policy and declaration of policy to appropriate section,
335	Deason	Says he may have misunderstood, but it has not been moved yet, and the section from a previous version in which it resided no longer exists.
338	Cable	Says he understands; notes that those two points don't get bond lawyers excited, but they cause concern for treasurers of utilities which ultimately involves him
344	Rep. Wooten	Says language would be helpful.
350	Chair Welsh	Comments. Requests testimony from Steve Weiss.
359	Steve Weiss	Fair and Clean Energy Coalition, says Doug Myers should speak on issues.
408	Chair Welsh	Restates question for Doug Myers

420	Doug Myers	Fair and Clean Energy Coalition, discusses Section 3. Says still in negotiation but much depends on PUC dates for determination of rate cap.
Tape 160, A		
001	Tom Novick	Renewable Northwest Project, says many discussions have been held and still trying to find dates that as many parties from work group as possible can agree on.
007	Doug Myers	Comments on process.
013	Chair Welsh	Responds. Says may be easier to choose date for public purposes; notes early entrance affects Investor Owned Utilities, time frame for prerequisite list, and impact on Consumer Owned Utilities. Notes again time limit for continuing work on legislation; says will have recommendations next meeting.
039	Rep. Wooten	Comments that committee is doing its best to protect consumers and rate payers of Oregon while addressing specific and individual needs of all participants in restructuring process.
044	Myers	Says they are all working hard at coming up with a bill.

048 Chair Welsh Comments important bill for consumers in this state. Intent is that changes not adversely affect any consumer level at any point. Adjourns meeting at 3:02 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2821, letter from Catherine Tamaro, Diane Cowan, 1 p.

B - HB 2821, letter from Harvey Rogers, Fergus Pilon, 2 pp.