

HOUSE COMMITTEE ON POWER DEREGULATION

May 22, 1997 Hearing Room E

1:00 P.M. Tapes 164 - 165

**MEMBERS PRESENT:**

Rep. Jim Welsh, Chair

Rep. Cynthia Wooten, Vice-Chair

Rep. Randall Edwards

Rep. Jim Hill

Rep. Patti Milne

Rep. Lonnie Roberts

Rep. Ken Strobeck

**MEMBER EXCUSED:**

**STAFF PRESENT:**

John Larson, Administrator

Julie Neburka, Asst. Administrator

Lynda Sloan, Administrative Support

**MEASURE/ISSUES HEARD:**

HB 2821 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>
TAPE 164, A		
001	Chair Welsh	Calls meeting to order at 1:44 p.m. Opens work session on HB 2821.
<b><u>HB 2821</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		

023	Julie Brandis	Representing Associated Oregon Industries and the Oregon Energy Coalition, provides introduction and availability to respond to issues related to HB 2821.
034	Jason Eisdorfer	Representing Citizen's Utility Board, refers to Section 16, subsection (11)(a) and proposes amendment language concerning rate caps.
047	John Larson	Administrator, reviews provisions of Section 16 to HB 2128.
092	Chair Welsh	Asks about the purpose of the proposed amendment language to Section 16 of HB 2821.
094	Eisdorfer	Responds that it's purpose is to extend the rate cap to all classes of customers for the period prescribed.
100	Rep. Hill	Observes that the language in subsections (4) and (13) are identical.
108	Chair Welsh	Acknowledges duplication language of subsections (4) and (13).
120	Eisdorfer	Continues with discussion on Section 17, which authorizes the Public Utility Commission (PUC) to make determinations for residential and small-farm consumers of investor-owned utilities and ease access to Bonneville Power Administration (BPA).
138	Rep. Hill	Goes on record to voice opposition to proposed language in Section 17; suggests deletion of Section 17 from the bill.
147	Chair Welsh	Clarifies that Rep. Hill proposes to delete all of Section 17 from the bill; asks what this would do to bill.
150	Eisdorfer	Responds that deletion of Section 17 would make it difficult for consumers of Oregon to support bill.
161	Jim Deason	Representing Eugene Water and Electric Board, provides testimony on Section 18 relating to the duties of PUC concerning power regulations.
172	Chair Welsh	Comments on the need for consumer-owned utilities to continue to have the power of self determination in governance.
178	Deason	Responds that Section 18 sets forth what currently exists in statute and what should continue. Continues with discussion on Section 19 which allows transition charge recovery for consumer owned utilities.
198	Chair Welsh	Asks if Section 19 language would be sufficient for all consumer-owned utilities.
202	Deason	Responds that it would allow for necessary authorization and leaves the implementation to the governing board.
209	Rep. Hill	Comments on testimony given by a BPA representative concerning rate caps.
224	Deason	Responds that the concept of the rate cap is a separate issue and would be an additional complication apart from the bill language.
231	Eisdorfer	Comments that a task force of nine members will make recommendations on enumerated items prior to next legislative session.
247	Chair	Comments that his recommendation was to increase the number of task

	Welsh	force members to 11.
262	Larson	Reviews amendment language concerning the role of the task force, issues discussed: * monitoring and review of PUC proceedings relating to access * tax exempt status of bonds issued * consumer education programs
294	Chair Welsh	Comments on language concerning consumer education programs.
299	Rep Wooten	Comments that there were no other requests or amendments by committee members which would complete the extent of changes that may occur prior to the printed version of the bill.
320	Rep. Hill	Goes on record to oppose language relating to proxy voting on page 44 of the bill. Also notes that he was unaware that he was able to submit amendments.
326	Chair Welsh	Clarifies that committee members have the opportunity to propose amendments.
347	Larson	Reviews Section 20 relating to statutory obligations in the event of bypass.
360	Eisdorfer	Comments that a legal issue is being decided on whether a current customer can bypass the distribution system and hook up a line directly to the transmission system.
373	Larson	Comments on recommendation to strike the word "bypass" and use, as a section heading "Statutory Obligation in the Event of Use of Transmission Facilities Only." Further reviews language relating to exclusive territories.
399	Deason	Comments that the inclusion of the word "exclusive" was to make it consistent with other portions of the bill relating to distribution facilities and service territories.
<b>TAPE 165, A</b>		
001	Rep Hill	Voices opposition to Section 20, which allows PUC to collect franchise in lieu taxes. Comments that franchise fees are for the use of right of ways and the bill does not distinguish whether someone will use a right of way in connecting to a transmission facility. Also asks if "allowed by law" language applies to state or federal law.
021	Deason	Responds that their intent was to make the provision as neutral as possible in context due to current dispute on right of way laws (whether the right exists under state or federal law). Offers to include "state or federal" for purposes of clarification.
030	Rep. Hill	Asks to define the term "other governing bodies."
037	Deason	Responds that the term "governing bodies" is used throughout the act; refers to people's utilities districts, municipal electric utilities and electric cooperatives.

040	Rep. Hill	Suggests that governing bodies language include "other electric utilities" for clarity.
045	Chair Welsh	Acknowledges objection for the record.
050	Rep. Hill	Asks for clarification on line 22, relating to retail electric customer charges which implies responsibility to pay charges through self generation.
056	Deason	Clarifies that language refers to self generation charges only; that it is strictly a codification of existing law.
066	Deason	Continues with discussion of Section 22, relating to the disclosure of public records, issues discussed: * modification of existing statutes * allowing utilities to compete with private companies
080	Rep. Hill	Asks if disclosure requirements would be limited if public entities were to become public corporations,
086	Deason	Responds that proposal would have vast implications; it would affect governings and other related issues.
091	Rep. Hill	Asks where is the safety valve for citizens, public protection.
094	Deason	Responds that language provides safeguards.
098	Rep. Hill	Asks who determines what is a sensitive business document.
100	Tom Grim	Representing Eugene Water and Electric Board, responds to the issues of public protection and sensitive business documents.
118	Rep. Hill	Asks if he has had an opportunity to review the Oregon Newspapers' letter and their concern to sensitive documents <b>[EXHIBIT]</b> .
125	Grim	Responds that they tried to pattern the exemptions after the exemptions entered for the Oregon Health Science University during last session.
136	Rep. Strobeck	Refers to subsection (1) and comments on language that empowers an agency to regulate itself.
142	Grim	Responds that this is a provision of existing law (subsections 1 - 21); their exemption comes in as a new addition under subsection 22.
156	Rep. Hill	Voices opposition to disclosure language which reads that there is no requirement for disclosure after a sale has been made.
169	Grim	Responds that public records law is drafted for a public body; comments that the budget of a public utility would not be subject to exemption.
185	Rep. Hill	Comments that the "purchase of services" language could disadvantage the public body and that the language needs to be clarified.
196	Grim	Replies that they will clarify exemption language.
202	Brandis	Comments that they recognize the importance for clarification in statute.
210	Grim	Comments on the importance of statute that would allow utilities to compete on a level playing field.
215	Rep. Hill	Comments on exemption language and long term financial commitments.

226	Grim	Restates their goal to clarify exemption language.
230	Deason	Continues with discussion on Sections 23 through 27, which amends current law to allow utilities to participate in partnerships and joint ventures with other entities.
248	Larson	Identifies new amendments to people's utility district statutes that will be included into the bill (Sections 28, 29, 30 and 31).
253	Rep. Hill	Asks if cooperatives and other utility districts will have an obligation to open up their systems under the new bill.
258	Deason	Responds that July, 1999 and October, 2001 dates will apply to those entities and that the committee is still considering other issues with regard to municipal tax-exempt bonds.
272	Rep. Hill	Asks what will occur on the July, 1999 date.
274	Deason	Responds that July, 1999 is the date on which customers larger than one average megawatt per site will have direct access.
264	Rep. Hill	Asks about language "...and related goods and commodities" and asks if this would allow utility districts to sell stoves and related products to consumers.
275	Deason	Comments that amendment language is a "forward looking provision" necessary to prepare utilities to open up their systems, form joint partnerships for the installation of infrastructures, transmission and distribution. Also responds to the issue of related goods and the need to provide restrictions for those activities.
298	Rep. Hill	Asks for clarification that common facilities have to be related to the generation, transmission, distribution or marketing of electric power.
303	Deason	Responds that there are no restrictions on private companies to join partnerships.
325	Chair Welsh	Asks about the deletion of language in Section 25 concerning private utility companies being subject to regulations by the PUC.
340	Deason	Responds that language was an unnecessary restriction to utilities.
405	Bill Warren	Public Utility Commission, provides testimony and proposes amendments to Section 28, subsection (3)(A) relating to fees.
<b>TAPE 164, B</b>		
005	Warren	Continues with discussion on Section 28 relating to revenue assessments.
046	Rep. Hill	Voices opposition to Section 28, relating to transaction language.
050	Deason	Explains that the use of term "transactions" is an enabling provision which authorizes municipalities to seek partnerships.
098	Deason	Comments that Section 29 and remaining sections amend existing statutes necessary to carry the act forward.
172	Warren	Continues with discussion on the definition of "public utility."

194	Rep. Roberts	Refers to subsection (b); asks if railroads are considered public utilities.
202	Warren	Responds that railroads are not a public utility.
212	Larson	Reviews language on Section 31 which redefines statutory law that applies to the Department of Energy.
247	Larson	Reviews language changes relating to renewable energy service suppliers and direct access.
270	Chair Welsh	Asks the administrator to identify the correct version of the bill.
278	Larson	Explains that amendments are being drafted by legislative counsel.
303	Brandis	Summarizes activities of the United Consumers Coalition.
345	Chair Welsh	Adjourns meeting at 3:05 p.m.

Submitted by, Reviewed by,

Lynda Sloan John Larson

Administrative Support Specialist Committee Administrator

Transcribed by,

Nora Carlson,

Administrative Support Specialist

**EXHIBIT SUMMARY**

**A - HB 2821, proposed amendments, Committee staff, 65 pp**

**B - HB 2821, written testimony, Jim Hill, 2 pp**