

HOUSE COMMITTEE ON POWER DEREGULATION

May 27, 1997 Hearing Room E

1:00 P.M. Tapes 166 - 167

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 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 167, A		
001	Chair Welsh	Calls meeting to order at 1:45 p.m. Opens public hearing on HB 2821.
<u>HB 2821</u> <u>PUBLIC</u> <u>HEARING</u>		
	John	Administrator, submits proposed amendments to HB 2821 [EXHIBIT

015	Larson	A].
020	Ron Eachus	Oregon Public Utility Commission (PUC) provides key areas of concern relating to HB 2821 [EXHIBIT B], issues discussed: <ul style="list-style-type: none"> * renewable purchase option in the direct access pilots * rights of retail electric customers * time schedule for direct access
070	Eachus	Continues with testimony, issues discussed: <ul style="list-style-type: none"> * interim rates * timeline issues
120	Eachus	Continues with testimony, issues discussed: <ul style="list-style-type: none"> * direct access for renewable purchase * willing power marketer
179	Rep. Roberts	Asks about the number of people who have seen PUC's proposal.
181	Eachus	Identifies various agencies that have seen the amendments.
204	Rep. Roberts	Asks about the number of potential large direct access customers in the state.
208	Eachus	Identifies 230 customers at one average megawatt in the state of which 56 are from consumer-owned utilities and 174 from investor-owned utilities.
215	Rep. Roberts	Comments that most businesses are not direct access; asks for examples of renewable purchases.
23	Eachus	Identifies wind energy resources, biomass resources, geothermal resources and dish photovoltaics on a distributed generation basis.
245	Eachus	Continues with testimony on interim rates and time schedule on direct access requirements.
306	Dan Meek	Representing Residential Energy Service Companies, provides opposition to PUC proposals, issues discussed: <ul style="list-style-type: none"> * pilot rules for direct access * consumer protection * tariff rates
395	Rep. Wooten	Comments that she does not support PUC's proposal to delete the requirement for the renewable purchase option in direct access pilot projects.

402	Rachael Shimshak	Representing Renewable Northwest Project, submits proposed amendments and offers suggestions to the renewable purchase option in the pilot project [EXHIBIT C].
TAPE 167, A		
002	Rep. Roberts	Asks Ms. Shimshak when she received a copy of PUC proposals.
013	Shimshak	Responds that discussions have been held with PUC on the proposed language for a week.
046	Rep. Roberts	Observes that Ms. Shimshak appears to be the only person aware of the proposals. Expresses concern with receiving amendments just prior to the committee adopting provisions; that more time should be allowed for all interested parties to be informed.
031	Shimshak	Responds that she respects Rep. Roberts' interest to keep everyone informed and that she has had ample opportunity to understand PUC's concerns and address their issues.
022	Rep. Roberts	Reiterates his concern on amendments.
030	Larson	Comments that amendments had been prepared for presentation to the committee last week but the meeting was not held.
030	Chair Welsh	Asks if she is comfortable with PUC's proposed language.
032	Shimshak	Responds that she understands and appreciates PUC's concern in terms of timing to accommodate access for renewable power in advance of the prescribed year of 2001.
050	Rep. Wooten	Comments that language currently being proposed allows the State Treasurer to accept the deregulation bill as it pertains to not threatening the municipal tax-exempt bonds that may be at issue.
065	Rollie Wisbrock	Chief of Staff, State Treasurer's Office, submits May 19 letter from Mr. Nestle and responds that they are comfortable with the issue relating to tax-exempt bonds, [EXHIBIT D] but await further opinion from the Attorney General's (AG's) office.
089	Rep. Milne	Asks if the language that deals with the tax-exempt bonds issue is similar to the language proposed in Mr. Nestle's letter.
095	Wisbrock	Responds that the language is not exactly the same but that it meets the intent.
101	Rep. Milne	Refers to last paragraph in the letter and asks if he agrees with the issues raised.
105	Wisbrock	Responds that he agrees.
120	Rep. Milne	Asks whether suggested amendment language would provide any guarantee that the tax-exempt status would remain.
121	Wisbrock	Responds that language attempts to address the concerns.
133	Rep. Milne	Observes that language does not provide guarantee of what the federal government will do.

136	Wisbrock	Agrees that other opinions should be considered.
146	Rep. Wooten	Asks if he has contacted the AG's office for an opinion in response to concerns raised.
155	Wisbrock	Responds that he has asked the AG's office for an opinion in light of Mr. Nestle's letter of May 19.
160	Rep. Wooten	Asks how soon is a reply expected.
163	Wisbrock	Responds that he does not know when they will receive a response but that the language addresses their broad concerns.
168	Rep. Edwards	Comments on language that gives PUC the discretion to not offer direct access; asks if this will take effect before or after the October, 2001 date.
174	Wisbrock	Responds that exemption would occur after the prescribed date.
188	Rep. Edwards	Asks if there has been any indication on when the Internal Revenue Service will make a determination.
190	Wisbrock	Responds that they would hope to receive a response within the next few months, but that it could take up to two years.
200	Rep. Edwards	Comments on allowing direct access for customers.
202	Chair Welsh	Comments on consumer protection.
224	Rep. Hill	Asks if the draft language had been finalized and who submitted the draft.
229	Wisbrock	Agrees that language has been finalized but that he is not aware who submitted the draft.
241	Libby Henry	Representing Eugene Water and Electric Board, responds that they had asked their bond counsel to draft language to address concerns.
247	Jim Deason	Representing Eugene Water and Electric Board, submits proposed amendment concerning municipal bond language [EXHIBIT E] which includes issues raised in the AG's opinion letter [Exhibit D].
258	Rep. Roberts	Refers to the AG's letter which states that the Department of Justice is not capable or authorized to offer an opinion.
272	Rep. Wooten	Clarifies that the language states that the Department of Justice would not attempt to second guess what the United States Congress would decide.
284	Rep. Hill	Asks if anyone has discussed the issue with legislative counsel.
295	Wisbrock	Responds that there has not been an opportunity to review with counsel.
301	Rep. Wooten	Suggests that committee staff coordinate with the AG's office to get a final review as quickly as possible.

322	Chair Welsh	Refers to Section 17 relating to the access to Bonneville Power Administration (BPA); notes Rep. Hill's recommendation to delete Section 17 from the bill.
362	Rep. Wooten	Supports inclusion of Section 17 into the bill and comments on the need to preserve low-cost BPA power in the Northwest beyond the transition period. Refers to testimony and proposed amendments submitted by the Fair & Clean Energy Coalition [EXHIBIT F].
405	Chair Welsh	Comments on the working group's effort in drafting language that provides flexibility on requirements.
TAPE 166, B		
005	Rep. Hill	Asks if the PUC currently has the authority to require investor-owned utilities to purchase; asks if the commission would have a choice on whether to require investor-owned utilities to purchase.
007	Ron Eachus	Responds that PUC does not currently have authority and that requirement would be based on the progress of the subscription process.
013	Rep. Hill	Asks how electric market rates are projected.
015	Eachus	Responds that information would come from the current market, BPA projections, current planning process and analysis process.
020'	Chair Welsh	Asks if provision would obligate BPA to purchase renewables.
022	Eachus	Responds that it would not obligate BPA and that their concerns relate to recovery of stranded costs.
046	Chair Welsh	Asks about the timeline concerning the subscription process.
048	Eachus	Responds that there is anticipation to have contracts signed during the last half of the year 2000.
052	Chair Welsh	Asks about the length of the contract.
054	Eachus	Identifies an anticipated offer of a short-term, 5-year contract at a higher price.
060	Rep. Strobeck	Expresses concern with contract language.
073	Eachus	Responds that timelines will allow for the issue to be addressed in the 1999 Legislative Session.
101	Jock Mills	BPA Liaison, responds to the issue of contracts and subscription process.
118	Rep. Edwards	Asks whether contract language is an integral part of the bill or if it can be removed from the bill.
123	Mills	Responds that it depends on whether the legislature can carry the interests of the contracts, but if there are concerns, then perhaps language needs to be included to assure that the rate payers are looked after.

135	Rep Edwards	Asks for definition of a "qualifying residential" and "small farm retail electric customer."
139	Jock Mills	Responds that he does not have the Northwest Power Act, 1980 statute, which authorized and initiated the residential exchange programs and where terms are defined.
144	Eachus	Identifies a customer with an equivalent of a 400 horsepower load.
149	Rep Hill	Asks about the percentages of above-market range.
154	Mills	Responds that he does not have the figures in terms of percentage, but that currently their rates are at 2.4 cents per kilowatt hours depending upon the nature of the service.
165	Rep. Hill	Comments on the risk to small customers if Section 17 is adopted.
182	Eachus	Shares Rep. Hill's concern that customers may be required to pay more to utilities.
217	Rep. Hill	Comments on the affect of stranded costs; submits proposed amendments to HB 2821 [EXHIBIT G].
240	Rep. Strobeck	Comments on the need to provide legislative counsel with proposed amendments so that the committee can adopt the amendments to the bill.
248	Chair Welsh	Acknowledges requests and invites audience participants to submit any amendment language to legislative counsel.
256	Chair Welsh	Adjourns meeting at 3:03 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, 61 pp

B - HB 2821, written testimony and proposed amendments, Ron Eachus, 7 pp

C - HB 2821, proposed amendments, Rachael Shimshak, 1 p

D - HB 2821, written testimony, Rollie Wisbrock, 8 pp

E - HB 2821, proposed amendments, Jim Deason, 1 p

F - HB 2821, written testimony and proposed amendments, Steve Weiss, 4 pp

G - HB 2821, proposed amendments, Jim Hill, 5 pp