

## HOUSE COMMITTEE ON POWER DEREGULATION

February 11, 1997 Hearing Room E

1:00 PM Tapes 12 -13

### 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

### STAFF PRESENT:

John Larson, Administrator

Julie Neburka, Asst. Administrator

Lynda Sloan, Administrative Support

### MEASURE/ISSUES HEARD:

#### MANAGING THE TRANSITION FROM REGULATION TO COMPETITION

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 12, A		
010	Chair Welsh	Opens meeting at 1:05 p.m. Announces several groups will be making presentations.
<u>MANAGING THE TRANSITION FROM REGULATION TO COMPETITION</u>		
020	Diane	Executive Director of Oregon People's Utility District Association, presents written testimony advocating a slow

	Cowan	approach to electricity deregulation ( <b>EXHIBIT A</b> ).
066	Cowan	Continues presentation; notes concern about implementation date prior to July 2001 due to twenty-year contracts with Bonneville Power Administration signed in 1981.
095	Fergus Pilon	General Manager, Columbia River People's Utility District, submits and reads testimony concerning effects of deregulation on safety and reliability of the electric utility industry ( <b>EXHIBIT B</b> ).
122	Pilon	Gives examples of safety problems Columbia River PUD has experienced ( <b>EXHIBIT B, page 1</b> ).
160	Pilon	Expresses concerns about potential for duplicate facilities under deregulation, e.g. by-pass of local taxes; ensuring adherence to electrical codes in new hook-ups; control of types of equipment connected to distribution systems ( <b>EXHIBIT B, page 3</b> ).
<b>ISSUE DISCUSSED</b>		
207	Pilon	Discusses with committee maintenance of facilities under deregulation.
257	Pilon	Continues discussion with committee concerning maintenance.
279	Pat Ashby	General Manager, Tillamook PUD, presents written testimony advising a slow, thoughtful approach to retail deregulation ( <b>EXHIBIT C</b> ).
330	Ashby	Continues presentation, summarizing written testimony.
380	Ashby	Continues presentation noting issues legislation will need to address ( <b>EXHIBIT C, pages 5-6</b> ).
389	Rep. Roberts	Asks if PUDs are attempting to negotiate with Bonneville beyond 2001 when present contract expires.
397	Pilon	Responds that Columbia River PUD feels it is committed to Bonneville until 2001, but having successfully negotiated a lower rate for a large customer, has begun process of diversification.
<b>Tape 13, A</b>		
001	Pilon	Concludes testimony.
009	Tom Imeson	Vice-President of PacifiCorp, presents written testimony advocating deregulation of retail electric power ( <b>EXHIBIT D</b> ); discusses * preparation for competition * benefits of competition * "road map" for customer choice

060	Imeson	<p>Continues testimony discussing transition issues (<b>EXHIBIT D, page 5-6</b>)</p> <ul style="list-style-type: none"> <li>* level playing field, i.e., equal opportunity to serve new customers, both in and out of state</li> <li>* choice for all customers, whether public or private, business or residential</li> <li>* consumer protection mechanisms as a part of transition</li> </ul>
110	Imeson	Concludes testimony noting PacifiCorp's position in favor of restructuring electric power industry.
<b><u>ISSUE DISCUSSED</u></b>		
114	Imeson	<p>Discusses with committee PacifiCorp's plans in a deregulated market</p> <ul style="list-style-type: none"> <li>* improved, expanded services</li> <li>* time of day pricing</li> </ul>
170	Imeson	<p>Continues discussion with committee PacifiCorp's plans</p> <ul style="list-style-type: none"> <li>* improved technology to control power usage</li> <li>* PacifiCorp's specific position relative to public purposes</li> <li>* use of non-bypassable meter charge</li> </ul>
220	Rep. Wooten	Asks the level to which PacifiCorp plans to support public purposes in terms of actual programs.
250	Rep. Edwards	Asks what will allow forward movement without conflicting with Federal regulations.
257	Imeson	Says because electricity is interstate commerce issue, some Federal regulation is necessary. Says simple Federal legislation which establishes principles for all states, with means for states to resolve some issues, would fill that need.
305	Doug Myers	Fair and Clean Energy Coalition (FCEC), presents testimony concerning deregulation ( <b>EXHIBIT E</b> ); notes goals of FCEC, and discusses reasons FCEC is sponsoring its own deregulation bill.
358	Steven Weiss	Northwest Conservation Act Coalition, gives testimony in favor of power deregulation; notes FCEC approach is to utilize existing institutions and avoid adverse impact on existing institutions ( <b>EXHIBIT E, page 3</b> ).
414	Weiss	Continues presentation noting FCEC bill does not introduce new regulation of public power; says PUC will still regulate investor owned utilities, and public boards and commissions

		will still regulate their own utilities ( <b>EXHIBIT E, page 4</b> ).
<b>Tape 12, B</b>		
001	Weiss	Continues presentation discussing maintenance of regulatory oversight; says there will be no changes to existing rights of cities to collect franchise fees and other charges or taxes presently being collected ( <b>EXHIBIT E, page 4</b> ).
038	Weiss	Continues presentation on fairness goals ( <b>EXHIBIT E, page 4</b> ) <ul style="list-style-type: none"> <li>* providing all consumers meaningful choice at same time</li> <li>* avoiding cost shifting</li> <li>* sharing stranded costs</li> </ul>
057	Weiss	Concludes with outline to protect Oregonian's quality of life ( <b>EXHIBIT E, page 5</b> ); states the regional comprehensive review is best place for Oregon to start when considering deregulation.
073	Jason Eisdorfer	Attorney with Citizens' Utility Board, presents testimony concerning deregulation; discusses retail access as a consumer benefit ( <b>EXHIBIT E, pages 6</b> ); notes differences between industrial customers and residential and small business customers; points out potential difficulties in serving both types of customers in deregulated market.
112	Eisdorfer	Points out some negative aspects of competition ( <b>EXHIBIT E, page 7</b> ).
126	Weiss	Discusses leveling the playing field ( <b>EXHIBIT E, page 7</b> ). <ul style="list-style-type: none"> <li>* all consumers receive choice simultaneously</li> <li>* continue public purpose spending</li> <li>* aggregating small consumers</li> <li>* fair sharing of stranded costs</li> <li>* continued access to Bonneville power</li> <li>* equal access to the wires; no preferential treatment</li> <li>* fair dealing</li> <li>* no cost shifting</li> </ul>
180	Eisdorfer	Discusses obligations to connect; provider of last resort; licensing of vendors; consumer education; regulatory authority ( <b>EXHIBIT E, page 9</b> ).

232	Rep. Roberts	Asks who will set standards for qualifying for entrance into the market.
240	Eisdorfer	Says Public Utility Commission should license new marketers.
250	Rep. Hill	Asks what new products will come as result of deregulation.
255	Weiss	Says cheaper electricity main product; suggests new products might be use of radio controlled refrigerators and air conditioners or time of use rates to use existing system more efficiently.
302	Chair Welsh	Introduces glossary of terms, asks for feedback on glossary.
320	Rep. Hill	Notes that committee has not seen legislative measures referred to by several panelists.
315	Chair Welsh	Says committee has not yet received measures from Legislative Council.
332	Carmel Bentley	Community Action Directors of Oregon, presents written testimony concerning assistance with utility bills and weatherization ( <b>EXHIBIT F</b> ). Urges continuation of public purposes funding in deregulation legislation.
385	Bentley	Continues presentation noting average Oregon household expenditure on energy costs.
<b>Tape 13, B</b>		
001	Bentley	Concludes presentation requesting that deregulation legislation include mandate to utilities to invest 3 percent of revenues in conservation, renewables, and low income weatherization services.
<b><u>ISSUE DISCUSSED</u></b>		
011	Bentley	And committee discuss weatherization issues.
046	Joan Cote	President, Oregon Energy Coordinators Association, and Weatherization Coordinator for Mid-Willamette Valley Community Action Agency, presents testimony concerning power deregulation; says protection of low and fixed-income people is of primary importance.
054	Cote	Quotes from document from Community Action Directors of Oregon and Oregon Energy Coordinators Association to Oregon Public Utility Commission regarding deregulation and proposed merger of Portland General Electric and ENRON. Discusses concerns for low and fixed income customers in a deregulated market.
078	Rep. Wooten	Asks if Cote will return to committee with specific recommendations to accommodate concerns expressed.
080	Cote	Says she hopes Blue Ribbon Panel will provide input to legislative body.

086	Lester Pugh	Representing Oregon State Grange, presents written testimony advocating a thoughtful approach to deregulation ( <b>EXHIBIT G</b> ).
135	Pugh	Continues reading testimony.
<b><u>ISSUES DISCUSSED</u></b>		
155	Pilon	Discusses with committee * safety and reliability
195		* local control
245		* changes under deregulation
263	Chair Welsh	Makes announcements and adjourns meeting at 2:45 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - Written testimony, Diane Cowan, 3 pp.**

**B - Written testimony, Fergus Pilon, 4 pp.**

**C - Written testimony, Pat Ashby, 6 pp.**

**D - Written testimony, Tom Imeson, 6 pp.**

**E - Written testimony, Doug Myers, 9 pp.**

**F - Written testimony and materials, Carmel Bentley, 47 pp.**

**G - Written testimony, Lester Pugh, 1 p.**

**H - Glossary of terms, Staff, 13 pp.**