

HOUSE COMMITTEE ON POWER DEREGULATION

February 18, 1997 Hearing Room E

1:00 P.M. Tapes 16 - 17

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:

MANAGING THE TRANSITION FROM REGULATION TO COMPETITION

RECONFIGURING THE TRADITIONAL ELECTRIC UTILITIES

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 16, A		
010	Chair Welsh	Opens meeting at 1:10 p.m.; makes announcements.
<u>ISSUES DISCUSSED</u>		
020		Discusses

022		* glossary of terms
028	Committee	* field hearings
<u>MANAGING THE TRANSITION FROM REGULATION TO COMPETITION</u>		
070	Jim Gardner	Representing Enron, introduces speakers who will testify on behalf of Enron.
076	James Tarpey	Director, Regulatory Affairs for Enron Capital and Trade Resources, presents testimony on managing the transition from regulation to competition (EXHIBIT A).
120	Tarpey	Continues presentation, discussing customer choice (EXHIBIT A, page 3) <ul style="list-style-type: none"> * should be for all customers * should be for all services * should be done as soon as possible * no need for pilot programs; instead would consider transitional or phase-in system across all customer classes, e.g., 20 percent in beginning, with gradual increases over time
170	Tarpey	Continues presentation, discussing reliability (EXHIBIT A, page 7) <ul style="list-style-type: none"> * high level of concern for reliability * real problem today is that guidelines with regard to reliability in electric industry are voluntary * in the natural gas industry guidelines through Federal Energy Regulatory Commission (FERC) are mandatory and provide for consequences if gas does not flow * should be consequences if electricity does not flow * mandatory guidelines will increase reliability
		Discusses level playing field (EXHIBIT A, page 5) <ul style="list-style-type: none"> * utilities should not be allowed to give preferential treatment or information to affiliates not available to everyone

207	Tarpey	<ul style="list-style-type: none"> * full service to entities that do not want to choose * new entrants should be allowed to give services * utilities should be allowed to recover stranded costs
252	Tarpey	<p>Discusses rules for competition</p> <ul style="list-style-type: none"> * building on FERC rules regarding competition on wholesale level to include retail level * setting deadlines * competition on supply level as well as for other services * allowing transmission and distribution to remain as monopolies
290	Rep. Hill	Asks for description of how in marketplace Enron will differentiate electricity from Enron and electricity from competitors other than price.
300	Tarpey	<p>Describes how Enron would differentiate from other competitors</p> <ul style="list-style-type: none"> * pricing packages * bringing financing alternatives * experience * belief in quality of service * ability to customize
380	Rep. Wooten	Asks what Enron's plans for Oregon are in the marketplace, how it identifies customer base, time frames for accomplishment.
TAPE 17, B		
002	Tarpey	<p>Discusses Enron's plans for Oregon</p> <ul style="list-style-type: none"> * Enron active nationally in marketplace * primarily marketer, does not own any generation assets * would like to be model utility * become template for other places

		<p>* will keep full separation between non-regulated and regulated sides of business</p> <p>* will live by same affiliate rules that they expect everyone else to live by</p>
<u>ISSUES DISCUSSED</u>		
028 069 106	Tarpey	<p>Discusses with committee</p> <p>* Enron's marketing plans</p> <p>* packaging of services</p> <p>* Enron and PGE's respective roles on completion of proposed merger</p>
<u>RECONFIGURING THE TRADITIONAL ELECTRIC UTILITIES</u>		
142	Liston Darby	General Manager of Clatskanie People's Utility District (PUD), says a way to learn how people feel about deregulation is to put it out for referendum. Presents written testimony concerning deregulation (EXHIBIT B).
196	Liston Darby	Continues presentation discussing who pays for wire charges (EXHIBIT B, page 3).
255	Darby	Continues presentation, discussing maintenance of facilities (EXHIBIT B, page 5).
305	Darby	Discusses quality of service and public purposes (EXHIBIT B, page 7).
345	Darby	Discusses renewable resources and conservation public purposes (EXHIBIT B, page 9).
TAPE 16, B		
002	Darby	Continues presentation discussing proposals by marketers (EXHIBIT B, page 11). Urges caution, not haste, in deliberation of this issue.
<u>ISSUES DISCUSSED</u>		
030 043	Darby	<p>Discusses with Committee</p> <p>* surcharges</p> <p>* customers shifting among suppliers to avoid payment</p>
038	Darby	Says they don't particularly recommend surcharge.
043	Rep. Roberts	Asks about individuals shifting from one supplier to another to avoid payment.

048	Darby	Says if more study is done, these issues can be worked out.
060	Pat Ashby	General Manager, Tillamook People's Utility District, submits testimony advocating a thoughtful approach concerning deregulation legislation (EXHIBIT C). Discusses * customer choice already available at wholesale level * examples of potential problems with unbundling services
120	Jeff Shields	General Manager, Emerald People's Utility District (PUD), presents testimony in favor of restructuring (EXHIBIT D).
170	Shields	Continues testimony (EXHIBIT D, page 2); discusses * wholesale market * advocates competition * potential stranded assets
220	Shields	Continues testimony (EXHIBIT D, page 3); discusses * savings due to competition in wholesale market * local control
270	Shields	Continues testimony (EXHIBIT D, page 3); discusses * safety, reliability, and implementation of existing rules * California's Government Orders 95 and 125 which govern standards of construction and maintenance of distribution facilities
314	Shields	Continues testimony (EXHIBIT D, page 4); discusses * federal Low Income Energy Assistance Program * rate relief being the responsibility of government and therefore remaining tax based, not rate based * support for Regional Review recommendation of 3 percent investment for energy conservation
360	Shields	Continues presentation; discusses stranded costs (EXHIBIT D, page 5).
TAPE 17, B		

<u>ISSUES DISCUSSED</u>		
001 005 031 048	Shields	Discusses with Committee * ability and willingness of Emerald PUD to approach a deregulated market * the reasons Emerald did not extend contract with Bonneville * maintenance of current rates for residential, commercial, and industrial customers
073	Doug Myers	Representing Fair and Clean Energy Coalition (FCEC), lists agencies that comprise FCEC.
082	Jason Eisdorfer	Representing FCEC, presents written testimony (EXHIBIT E); discusses * reasons for separation * extent of separation
135	Eisdorfer	Continues discussing separation issues. Discusses competitive market * separate and create as competitive field as possible * continue access to Bonneville Power Administration power * provider of last resort has duty to provide good deals to residential customer * requiring standard offers for all marketers to be used as baseline in competition * usefulness of pilot programs
190	Steven Weiss	Discusses degree of separation; states reasons for separation being at least corporate (EXHIBIT E, page 2) * opportunity for competing sellers to have nondiscriminatory access to distribution facilities * must be as convenient for consumers to choose alternate suppliers as to remain with existing supplier * functional separation not sufficient to ameliorate market power of incumbent utilities

230	Weiss	Continues discussing corporate separation (EXHIBIT E, page 3) * describing how not separating increases pressure on reliability and safety * supporting Consumer Owned Utilities having exclusive authority to determine their own unbundling of rates without requiring divestiture * incentives for Investor Owned Utilities to divest
272	Weiss	Continues discussing corporate separation.
320	Weiss	Concludes testimony.
350	Chair Welsh	Makes announcements re glossary of terms.
384	Chair Welsh	Adjourns meeting at 2:55 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Written testimony, James Tarpey, 10 pp.

B - Written testimony, Liston Darby, 12 pp.

C - Written testimony, Patrick Ashby, 3 pp.

D - Written testimony, Jeff Shields, 6 pp.

E - Written testimony, Jason Eisdorfer and Steven Weiss, 3 pp.