

HOUSE COMMITTEE ON POWER DEREGULATION

February 25, 1997 Hearing Room E

1:00 P.M. Tapes 20 - 21

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:

LOCAL REVENUE IMPACTS

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 20, A		
004	Chair Welsh	Opens meeting at 1:20 P.M. Discusses importance of testimony concerning electric power deregulation. Announces work group meetings which begin Monday, March 3, 1997, to develop power deregulation legislation. Announces debate scheduled Tuesday, March 4, 1997.
069	Bruce Hellebuyck	Regulatory Policy Director for PacifiCorp, presents written testimony concerning local revenue impacts (EXHIBIT A). Says no need for changes in income and property taxes.

109	Anderson	<p>Discusses franchise fees (EXHIBIT A, page 3)</p> <ul style="list-style-type: none"> * need for requiring all energy suppliers to collect and remit franchise taxes * taxes shown clearly on utility bill * franchise fees considered as part of total package * cost-sharing when relocations of facilities are necessary
-----	----------	---

ISSUES
DISCUSSED

160		Discusses with Committee
161		* keeping cities whole with regard to franchise fees
215		* curb cut fees
237		* which customers would pay city franchise fees
265	Hellebuyck	* possibility of cities raising franchise fees to raise revenues
298		* effect of elimination of franchise fees on general rate levels
320		* reason absorbing cost of franchise fees should be part of unbundled pricing mechanism
342		* statewide business fee as way of eliminating distinction between franchised and non-franchised areas
386	Denise McPhail	Representing Portland General Electric, presents written testimony concerning local revenue impacts (EXHIBIT B).
		Tape 21, A
001	McPhail	Continues testimony, discussing proposal for taking taxes that cities now levy and spreading them among competitive providers. Notes potential problem with proposal and refers to attachment to testimony (EXHIBIT B, page 6).
050	McPhail	Continues testimony, discussing taxes (EXHIBIT B, page 3)
		* utility service charges
		* avoiding shifts between classes of customers
100	McPhail	Continues testimony, discussing income taxes (EXHIBIT B, page 4)
		* potential for tax exempt entities such as Bonneville Power Administration to replace taxpaying utilities as electricity providers
125	McPhail	Discusses regulatory fees and property taxes (EXHIBIT B, page 5).
149		Discusses with Committee

150		* differences from PacifiCorp in approaches to franchise fees
178		* statewide approach to replacement of franchise fees
212	McPhail	* dedication of fees to right-of-way rather than to general fund
246		* direct access pilot projects
272		* change of value of infrastructure due to restructuring
335	Bruce Folsom	Representing Washington Water Power, Rates and Tariff Administration section, presents written testimony concerning local revenue impacts (EXHIBIT C) . Defines direct access pilots as opportunity for customer to choose the supplier of power for the power itself; outlines pilot program. Notes areas they hope to learn from include * customer education and protection * level playing field for all suppliers
355	Folsom	* funding for public purposes * state and local taxes * metering issues * legal, accounting, internal operations, internal corporate culture and other miscellaneous details that are potential problem areas
388	Folsom	Notes two issues pilots not designed to deal with are cost-shifting across customer classes and stranded costs.
395	Folsom	Discusses two pilot projects: DADS, which is Direct Access Delivery Service, and MOPS, More Options for Power Services.
Tape 20, B		
001	Folsom"	Discusses DSM (Demand Site Management) Tariff Rider pilot projects. Says intention was to keep better aspects of regulation, moving toward age of deregulation.
025	Folsom	Discusses DADS tariff (EXHIBIT C, page 5) .
055	Folsom	Discusses MOPS tariff (EXHIBIT C, page 7) . Notes consumer education and protection important to WWP and describes plan to prevent widespread telemarketing of customer choices.
092	Rep. Hill	Asks how WWP will differentiate itself from other providers in the marketplace.
102	Folsom	Says WWP will compete on price and quality of service.
125	Rep. Hill	Asks if WWP will be able to provide less expensive power after deregulation.
132	Folsom	Says WWP should be able to beat current market price.

Representing Oregon Public Utility Commission, discusses pilot program activities and goals (**EXHIBIT D**)

156 Bill Warren * purpose of pilot programs to assess how competitive market for generation services would function

* no cost shifting

* true representation of customer base; voluntary participation

214 Warren Says Portland General Electric has been most active of Oregon's three investor owned companies in developing pilot programs; discusses several aspects of PGE's project (**EXHIBIT D, page 2**).

264 Warren Refers to map of PGE's service territory (**EXHIBIT D, page 3**).

275 Warren Refers to PGE Customer Choice Road Map (**EXHIBIT D, page 4**).

285 Warren Notes pilot programs planned by PacifiCorp.

319 Rep. Hill Asks about statutory authority for pilot project.

333 Warren Says projects being undertaken with willingness of agencies involved; says statutory authority has not been tested.

356 McPhail Says it is PGE's understanding that territorial allocation statues go to both provision and distribution of energy, and if PGE voluntarily says it wants to do this, is giving up energy portion of it.

ISSUES **DISCUSSED**

360 Discusses with Committee

362 * statutory authority for pilot programs

Warren

370 * whether time frame includes both large and small customers

400 * projected dates for implementation

Tape 21, B

001 Continues discussing with Committee

002 * time frames for implementation of pilot projects

015 * method of reporting on projects to legislature.

020 Warren * local revenue impacts

077 * reason for implementing pilots is to get experience with restructuring programs

085 * source of revenue that pays cities

096 * change in fees payments

Chair

102

Welsh

Makes announcements. Adjourns meeting at 2:48 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Written Testimony, Bruce Hellebuyck, 4 pp.

B - Written Testimony, Denise McPhail, 10 pp.

C - Testimony, Bruce Folsom, 27 pp.

D - Testimony, Bill Warren, 13 pp.