

HOUSE COMMITTEE ON POWER DEREGULATION

March 6, 1997 Hearing Room E

1:00 P.M. Tapes 30 - 32

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

Rep. Cynthia Wooten, Vice-Chair

Rep. Randall Edwards

Rep. Patti Milne

Rep. Lonnie Roberts

Rep. Ken Strobeck

MEMBER EXCUSED:

Rep. Jim Hill

STAFF PRESENT:

John Larson, Administrator

Julie Neburka, Asst. Administrator

Lynda Sloan, Administrative Support

MEASURE/ISSUES HEARD:

PUBLIC PURPOSES

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 30, A		
002	Chair Welsh	Calls meeting to order at 1:15 p.m.
015	Vice-Chair Wooten	Opens meeting in sub-committee.
	Fergus	General Manager of Columbia River People's Utility District, presents written

026	Pilon	testimony concerning public purposes (EXHIBIT A, page 1).
044	Pilon	Continues testimony, advocating that an alternative performance standard be established as an option to the minimum investment standard now being considered. Describes advantages of this approach (EXHIBIT A, page 2).
068	Pilon	Continues testimony, saying that the low income programs at Columbia River PUD could be a model for rest of the state (EXHIBIT A, page 3). Describes low income programs and resources.
101	Pilon	Discusses Columbia River PUD's efforts and expenditures in the area of conservation (EXHIBIT A, page 4).
119	Pilon	Continues discussing conservation (EXHIBIT A, page 5).
148	Pilon	Discusses development of renewable resources. Says under deregulated environment, development of renewable resources should be the responsibility of generating companies, not of wires only utilities(EXHIBIT A, page 6).
169	Rep. Roberts	Says he agrees with Pilon and notes that costs of development would probably be reflected in charges to consumers.
178	Pilon	Resumes testimony concerning renewable resources (EXHIBIT A, page 7).
200	Pilon	Suggests need for performance standards for conservation. Notes main stumbling block is building rehabilitation; says 3 percent not sufficient to cover needs for building rehabilitation. Describes Smart Moves project to replace dilapidated manufactured homes.'
218	Vice-Chair Wooten	Asks if Pilon supports Regional Review suggestion of 3 percent for public purposes.
223	Pilon	Says he supports 3 percent, but also suggests flexibility in legislation that would allow a utility to perform better than that.
229	Rep. Roberts	Asks if home rehabilitation includes apartment buildings and if so, what justification there is for general public to subsidize owners of rental property.
240	Pilon	Says one of the problems is that low income housing includes many apartments with landlords who seem not to be interested in upkeep.
246	Diane Cowan	Executive Director of Oregon People's Utility District Association, presents testimony concerning public purposes (EXHIBIT B).
301	Isaac Regenstreif	Says PUD's are committed to public purposes using performance standards in place of mandatory percent, but with percent requirement as fallback when standards not met, and choice in public purposes. Policy Consultant for PacifiCorp, presents testimony in favor of continuing public purposes (EXHIBIT C). Discusses * non-bypassable public benefits charge as separate identifiable charge on bill * 3 percent revenue based on 1995 revenue * deciding what is cost-effective conservation

* everyone paying the 3 percent during transition and making money collected available to local utility for dispersal

* linking public benefits charge to restructuring legislation

Tape 31, A

Continues testimony, discussing **(EXHIBIT C, page 4)**

* flexibility in expenditures for renewables

* low-income energy assistance

001

Regenstreif

* Project HEAT

* having default provider in place

* in favor of federal legislation, but feel many issues should be dealt with on state by state basis

ISSUES
DISCUSSED

Discusses with Committee

056

* non-bypassable charges

074

* current expenditures of PacifiCorp relative to conservation

102

Regenstreif

* conservation, renewable, and public purpose moneys returned to utilities for distribution

125

* PacifiCorp's \$125,000 voluntary contribution for low-income energy assistance

136

* fair credit back to industrial users for public purposes

154

Susan
Ackerman

Manager of Rates and Regulatory Affairs and Associate Counsel for Northwest Natural Gas Company, presents written testimony concerning excluding natural gas from public purposes **(EXHIBIT D)**.

Discusses concerns in electrical restructuring bill

* some issues addressed in electric restructuring bill specific to electricity without much application to natural gas

174

Ackerman

* low income heating assistance for gas customers and conservation adequately funded now

* legislation not assuring that funds collected from natural gas customers would support natural gas programs

ISSUES
DISCUSSED

Discusses with Committee

210 Ackerman * exclusion of natural gas from restructuring

221 * natural gas industry as model for electric industry deregulation; differences in the industries

275 Jane Cummins Senior Staff Associate with League of Oregon Cities, presents written testimony concerning public purposes (**EXHIBIT E**).
Director of City of Portland's Energy Office, presents testimony concerning energy conservation, renewables, and low income issues.
Discusses

332 Susan Anderson * deregulation not impairing Portland and Oregon's competitive positions in regional and global markets
* impacts of restructuring already being experienced
* loss of seed money for programs
* benefits of conservation programs

385 Anderson Continues discussing conservation programs. Says utility investments for conservation renewables should be in 3-5 percent range.

Tape 30, B

Continues discussing conservation programs in Portland area

001 Anderson * market barriers
* need for consumer education
* public desire for energy efficiency services and renewables
* motivation for conservation
* multi-family housing improvement program

Continues presentation, discussing

* funds to leverage private investments to reduce consumer bills

* competition helping to reduce price

050 Anderson * being more efficient as way to cut energy costs
* continued need for weatherization
* conservation efforts in commercial milieu
* consider 5 percent for public purposes

* cities and utilities encouraged to work together

* new providers share equally

Continues presentation; asks Committee to consider three issues

* statewide public purpose investments being closer to 5 percent of sales

093	Anderson	<p>* encouraging cities and utilities to work together to develop cost effective conservation programs</p> <p>* new electricity providers sharing equally in support of conservation and other public benefits</p>
105	Rep. Wooten	Asks how much money city of Portland receives in office of energy through partnership with utilities for conservation programs.
108	Anderson	Says all funds come from partnerships with businesses, neighborhood efforts, local governments; estimates \$200,000 in the past, this year close to nothing.
135	Therese Lederer	Client Services Manager for Community Action of Washington County, presents written testimony concerning possible effects of deregulation on low income households (EXHIBIT F). Expresses support for a universal service fund that would ensure no low income household would pay more than 5 percent of income on basic energy services. Reads letter from client who lives in substandard housing and receives energy assistance, pleading for continuance of energy assistance funding.
184	Chair Welsh	Asks where money comes from for Low Income Energy Assistance Program (LIEAP) currently and amounts available per household.
190	Lederer	Says maximum is \$220 one-time payments per year; average payment \$180.
194	Rep. Strobeck	Asks breakdown of households in single-family households compared to apartments.
200	Lederer	Says majority are apartment dwellers. Says Oregon recently received federal grant from REACH program which includes weatherization of dwellings of LIEAP recipients.
213	Chair Welsh	Asks about average age of apartments.
218	Rep. Strobeck	Says housing might be cinder block style built in 1960s with little to no insulation, poor heating, single-pane windows.
232	Doug Myers	Representing Oregon Energy Coalition, notes new members added. Also notes Governor Kitzhaber turns 50 next week and will be receiving a letter from American Association of Retired Persons inviting his membership.
		Representing Fair and Clean Energy Coalition, presents written testimony concerning funding for public purposes (EXHIBIT G). Says these funds at risk in move to competitive environment, as evidenced by
	Steven	* Bonneville Power Administration conservation spending cut back by 90 percent

252	Weiss	<ul style="list-style-type: none"> * Oregon cut from 3 to 2 percent for conservation spending * examples from other deregulated countries * price signals not reflecting avoided costs of conservation investments <p>Continues discussing evidence of risks to conservation funding (EXHIBIT G, page 2)</p>
302	Weiss	<ul style="list-style-type: none"> * high discount rates affecting capital investments in conservation and renewables * inability to capture split benefits <p>Continues testimony, discussing approach to public purposes in HB 3232 and Comprehensive Review (EXHIBIT G, page 2)</p>
335	Weiss	<ul style="list-style-type: none"> * recommends 3 percent total revenues from electricity sales; voluntary compliance by utilities with enforcement mechanism effective with July, 1999 open access start * \$70 million year in rates now, not new tax; \$6 million new funds * all existing programs included in 3 percent standard <p>Continues testimony, discussing (EXHIBIT G, page 3)</p>
385	Weiss	<ul style="list-style-type: none"> * where expenditures will be made * collection of fees * no new bureaucracy
Tape 31, B		
001	Weiss	<p>Continues presentation, discussing rationale behind proposal (EXHIBIT G, page 3). Enumerates various compromises and adjustments agreed to in final proposal.</p> <p>Representing Northwest Energy Efficiency Council presents testimony regarding public purposes. Notes interests are</p> <ul style="list-style-type: none"> * maintaining truly competitive markets
065	Fred Huette	<ul style="list-style-type: none"> * extending and preserving conservation delivery capability presently have in region * ensuring all customer classes operate under same rules * all competitors operate under same rules * transforming markets through public benefits approach

- * support Fair and Clean bill in general
- 095 David Hewitt Senior Consultant with Pacific Energy Associates presents written testimony concerning conservation investments (**EXHIBIT H**).
- 159 Peter White Representing Johnson Controls offers testimony concerning public purposes funding (**EXHIBIT K**). Notes the company markets energy efficiency programs to public institutions. Gives examples of programs instituted by funding available for physical plant improvements. Says when energy efficiency upgrades are done, they improve learning environments in schools, healing environments in hospitals, productivity in businesses to make them more viable in global market.
- 217 Doug Still Board member of Emerald People's Utility District offers written testimony in favor of public purposes funding (**EXHIBIT I**).
- 268 Still Continues testimony; endorses the recommendation of Fair and Clean energy Coalition.
- 295 Jay Formick * Executive Director of Oregon HEAT presents written testimony concerning public purposes, specifically low-income bill payment assistance (**EXHIBIT J**).
- Discusses two types of assistance to low-income customers (**EXHIBIT J, page 1**)
- 355 Formick * support assistance to make energy more affordable for low income people; goal is financial independence over period of time
- * crisis assistance with goal of preventing disconnection of service in emergency situations

Tape 32, A

- 001 Formick Continues presentation, discussing concerns for low-income assistance in deregulated industry (**EXHIBIT J, page 2**).
- 033 Rep. Wooten Asks what Formick's concept of statewide low-assistance program might be, how it would be funded, and level of eligibility for participants.
- 039 Formick Suggests independent non-profit group to oversee implementation and collection of funds. Says he's agnostic on how funding should happen, legislature should probably decide.
- 053 Dan Meek Representing RESCUE (Residential Energy Service Companies' United Effort), offers testimony concerning public purposes. Discusses California's approach to public purposes programs
- * focuses on providing public purposes programs and ensuring competition among providers
- * doesn't give public purposes funds back to utilities for administration
- * Legislation ABA 1890 sets standard for publicly owned utilities' revenue to be spent on public purposes; gives authority to administer
- * 80 percent population, business and residence, both California and Oregon

served by investor owned or private utilities

* California's ABA 1890 and PUC decisions remove private utilities from administration of public good's surcharge funds

* conservation funds administered by California Energy Commission

* controversy over administration of conservation and low-income energy assistance funds; removing administration of funds from utilities

* California PUC determined administration of public purpose funds should not go to utilities due to conflict of interest in administration

Continues discussing administration of funds.

* California PUC creates two new boards: Energy Efficiency Board, whose members represent PUC, Energy Commission, and the public; and Low Income Board, whose members represent PUC, State Department of Community Services, and the public. Boards oversee administration of funds, allocations through competitive bidding for fund administration.

* After administration occurs, allocation to providers done on performance basis, with accountability for results.

109

Meek

ISSUES
DISCUSSED

Discusses with Committee

* Length of time new boards have functioned; nominations to PUC made today's date, implementation date scheduled for January 1, 1998

145

* Whether conservation money will return to providers to administer in their communities

155

* Renewables not included in either allocation board

180

Meek

* Judging of statewide and regional conservation efforts

187

* Coordinated statewide basis for judging; reducing administrative costs; market transformation efforts

211

* Reason renewables not included; ABA 1890 provided funds for buying down cost of renewables

Lane County Health and Human Services, coordinator of low income assistance programs, offers testimony in support of energy assistance for low-income people. Discusses proposed legislation that

228

Mary
Ellen
Bennett

* ensures no low income household pays more than 5 percent of income to energy

* provides energy crisis assistance fund
Continues testimony, discussing reasons for support

* 4500 Lane County households receive LEAP assistance, include aged, disabled, children under age of 6

260 Bennett

* many single elderly women who live alone and rely on Social Security checks of \$500 or less, choosing between heat and food and medicine

* prevention of heat cutoff
Continues discussing energy assistance benefits

310 Bennett

* prevention of homelessness, decline of performance among adult workers and schoolchildren, health problems among senior and disabled people due to lack of heat for extended periods of time

358 Chair
Welsh

Makes announcements; adjourns meeting at 3:30 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Written testimony, Fergus Pilon, 7 pp.

B - Written testimony, Diane Cowan, 6 pp.

C - Written testimony, Isaac Regenstreif, 6 pp.

D - Written testimony, Susan Ackerman, 5 pp.

E - Written testimony, Jane Cummins, 2 pp.

F - Written testimony, Therese Lederer, 2 pp.

G -Written testimony, Steven Weiss, 5 pp.

H - Written testimony, David Hewitt, 2 pp.

I - Written testimony, Douglas Still, 2 pp.

J - Written testimony, Jay Formick, 2 pp.

K - Written testimony, Peter White, 1 pp.

L - Written testimony, Mary Krahn 1 pp.