

HOUSE COMMITTEE ON POWER DEREGULATION WORK GROUP

March 17, 1997 Hearing Room 137

1:00 P.M. Tapes 51 - 54

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

STAFF PRESENT:

John Larson, Administrator

Mieko Aoki, Committee Clerk

MEMBERS OF PUBLIC PRESENT:

Jim Anderson, PacifiCorp

Gary Conkling, Oregon Energy Coalition

Diane Cowan, Oregon People's Utility District Association

Karla, Droste, Springfield Utility Board

Ron Eachus, Oregon Public Utility Commission

Jason Eisdorfer, Fair and Clean Energy Coalition

Michael Graine, Office of Energy

Thomas Grim, Eugene Water and Electric Board

Marc Hellman, Oregon Public Utility Commission

Libby Henry, Eugene Water and Electric Board

Denise McPhail, Portland General Electric

Jock Mills, Bonneville Power Administration

Paul Murphy, PG & E Energy Service

Tom O'Connor, Oregon Municipal Electric Utilities

Kevin O'Meara, Public Power Council

Bob Sipler, Oregon Public Utility Commission

Lee Sparling, Oregon Public Utility Commission

James Tarpey, Enron

Brad VanCleve, Oregon Energy Coalition

Steven Weiss, Fair and Clean Energy Coalition

MEASURE/ISSUES HEARD:

DEVELOPMENT OF CONSENSUS ON BILL

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 51, A		
003	John Larson	Opens meeting at 1:25 p.m. Reviews agenda.
013	Lee Sparling	Presents Public Utility Commission's (PUC) proposal of section 7 (4) (EXHIBIT A) .
049	Tom O'Connor	Comments on PUC's suggested amendments.
063	Karla Droste	Comments against PUC's proposal. * necessity of having own meters to verify billing accuracy * Customer-owned metering allows bypass. * opposes introducing telecommunication system to metering system * Costs of upgrading billing system are not affordable.
096	Diane Cowan	Asks what PUC's goal is for using customer-owned metering system.
106 156	Gary Conkling Conkling	Presents Oregon Energy Coalition's (OEC) perspective. * Double metering system is acceptable among industrial customers. * New metering system will provide more information and benefit to both consumers and utilities. * Telecommunication system will allow providing real time information. Continues presentation.
161	Cowan	Asks the meaning of the term "owning."

164	Conkling	Describes meaning.
180	Cowan	Says it is important to have ownership of meters.
191	Conkling	Comments on the value of new metering technologies in providing benefits for both customers and utilities.
221	Bob Sipler	States cost issues of metering system.
271	Sipler	<ul style="list-style-type: none"> * providing wide range of meter capabilities * maintaining accuracy of meters * accessibility of information * security of meters * disconnecting services Continues presentation.
286	O'Connor	Mentions a large amount of information will be required.
302	Libby Henry	Asks meaning of a non-utility interconnection facility.
305	Sipler	Describes it as a distribution function which prohibits duplicating functions.
330	Workgroup	Discusses
347	Workgroup	<ul style="list-style-type: none"> * how to define "non-utility interconnection facility" * suggests replacing "non-utility" with "on-site" * necessity of non-utility interconnection facility
371	Larson	Announces they are revisiting discussion of non-utility interconnection facility.
377	Paul Murphy	Suggests having a single device provide information for all the interested parties which may be the cheapest alternative.
429	Murphy	Continues presentation.
440	Jim Tarpey	Comments metering option is beneficial to residential customers.
TAPE 52, A		
043	Thomas Grim	Presents Eugene Water and Electric Board's (EWEB) proposal.
064	Murphy	Disagrees with EWEB's proposal which eliminates the possibility of providing information through single device and duplicating facilities.
		Discusses <ul style="list-style-type: none"> * upgrading meters

089	Workgroup	* burden of commerce * providing reliable information
116	Sipler	Presents the estimate of investment for changing meters. Says there will be an inexpensive way to satisfy utilities' system needs.
132	O'Connor	Opposes upgrading metering system.
146	Larson	Asks if it is possible meter belongs to the distribution utilities until customers choose to install the meters.
159	Conkling	Comments the opportunity to have choices for metering is the most important provision for everyone.
187	Denise McPhail	Disagrees with owning and upgrading meters, because it may cause cost shifting.
203	Conkling	Suggests creating customer choices and moving on to next issue.
220	Henry	Suggests having subgroup to discuss this issue because it is very technical.
231	McPhail	Suggests revisiting ancillary services issue.
255	Chair Welsh	Moves on to section 8, Default Supplier.
260	Larson	Announces subgroups.
322	Jason Eisdorfer	Proposes amendments on section 8 (EXHIBIT B).
354	Sparling	Comments on section 8. Suggests existing electric utilities be default suppliers.
387	Sparling	Comments on section 9. Distributes customer pricing options chart and explains four options (EXHIBIT C). Suggest discussing the obligation of default suppliers later.
437	Sparling	Continues presentation.
TAPE 51, B		
001	Sparling	Continues presentation.

Discusses proposed customer pricing options.

035	Workgroup	* each default supplier offers all options * differences between options C and D * rationale for waiting period
127	Workgroup	* existence of market-based index price Continues discussion.
177	Workgroup	* construction of cost basis
227	Workgroup	Continues discussion.

States his opinion on customer pricing options.

257 Ron Eachus * necessity of requiring default suppliers to make standard offer to customers

330 Eachus * possibility of changing the entity

* necessity of requiring options in legislation

352 Chair Welsh Continues presentation. Supports unbundled rates standard offer.
Comments on customer pricing options.

363 Workgroup Discusses

413 * base of unbundled rates

Continues discussion.

* protecting small customers from cost shifting and providing benefits

**TAPE
52, B**

030 Workgroup Continues discussion.

* establishing rate

* necessity of both market-based rate and cost-based rate

Comments on establishing rate.

060 Steve Weiss * helps assure some degree of price stability

* developing market among small customers applying default supplier system

* difference between market-based rate and market-based index rate

* preferring to have competitive market

095 Eachus Comments

* purpose of designing customer pricing options chart

118 Workgroup Discusses establishing rate.

* cost-based rate would not survive in competitive market

* relationship of rate setting to indexing rate

143 Chair Welsh Suggests discussing principles and policy objectives

180 Workgroup Addresses concerns.

* low cost resources

206 Chair Welsh Asks if workgroup has any suggestion for managing discussion.

253 Eisdorfer Mentions he needs more description of pricing options.

268 Chair Welsh Suggests reviewing the Strawman Bill and amendments before voting.
Announces workgroup has agreed on "default supplier."

305 Eachus Mentions problems on sections 8 and 9. Offers to have subgroup discuss section 9. States PUC would like to ensure having authority to carry out market-based rate.

354 Jim Anderson Suggests moving on to transition period issue.
Discusses
* legislative authority of transition period

359 Workgroup * 15 years of transition period
* necessity of more than 5 years of transition period for small customers

**TAPE
53, A**

005 Chair Welsh Suggests discussing section 8 and revisiting section 9.

008 Weiss Comments connection of cost-based rate to stranded cost.

028 Eachus Suggests adopting section 8.
Chair Welsh Calls for vote.

053 **Vote** **NO** to include the Strawman version of section 8, default supplier in the final package.

065 Workgroup Discusses section 8.

080 Henry Suggests replacing "may waive this requirement" with "may waive this obligation."

088 Larson Reads amended section 8.
Chair Welsh Calls for vote.

098 **Vote** **YES** to include amended statutory provision on section 8, Default Supplier, in the final package.

111 Chair Welsh Moves on to section 22, Statutory Obligation to Serve.

116 Larson Mentions the section consists of two parts, statutory obligation to serve and statutory obligation to connect. Gives overview of section 22.

125 Workgroup Discusses what the workgroup has discussed and what needs to be discussed.

174 Chair Welsh Proposes to move on to section 27, Access to Bonneville Power Administration (BPA) Cost-based Power by Residential and Small-farm Customers and revisit section 22.

176 Workgroup Reviews sections and confirms discussed issues.

- 226 Workgroup * prohibiting discrimination market-based offerings
- 276 Workgroup Continues discussion.
Continues discussion.
* everything in section 1 is covered by the alternate section 22
Continues discussion.
- 326 Workgroup * reason for identifying market base
* discrimination among customers
- 383 Eachus Comments market-based rate prevents discrimination among customers.
Discusses market-based rate.
- 422 Workgroup * reason for having market-based rate
- 472 Workgroup * definition of new customer
Continues discussion.

**TAPE
54, A**

- 020 Workgroup Continues discussing definition of new customer.
- 035 Murphy Suggests combining section 2 and 9 and moving on to next issue.
Agrees with Murphy's suggestion and addresses three issues.
* notice requirement for changing suppliers
- 046 Grim * prohibiting utilities from charging for changing suppliers
* concept of written release for large customers
- 090 Chair Welsh Moves on to section 27.
- 098 Eisdorfer Suggests asking Jock Mills to give an overview of section 27.
Gives an overview of section 27.
* distributing low-cost federal hydro-power
- Jock Mills
108 Mills Continues presentation.
- 158 i * establishing aggregators who buy power from BPA
* BPA not marketing the power directly to anyone
* no retail competition anticipated by BPA
- 225 McPhail Asks if current law allows investor owned utilities (IOU) or aggregators to buy

		BPA power. Discusses purchasing BPA power.
		* negotiating settlement of residential exchange load
232	Workgroup	* ability to purchase power from BPA
280	Workgroup	* risks of buying BPA power without having certified customers Continues discussion.
		* relationship of northwest preference to purchasing power
		* reserving certain amount of power for small customers Continues discussion.
340	Workgroup	* difficulties of applying 5-year contract to residential customers
426	Weiss	* enforcement of purchasing BPA power Mentions customer owned utilities (COU) are authorized to buy up to 50 % of power from BPA.
TAPE 53, B		Discusses section 27.
		* establishing requirement for purchasing BPA power
007	Workgroup	* guaranteeing low-cost power for small customers
057	Workgroup	* obligation of BPA Continues discussion.
		* guarantee of cost control by BPA Clarifies section 27.
087	Kevin O'Meara	* new mechanism that provides benefits of BPA power to small customers, but avoids redundancy * necessity of allocating power * limiting IOU purchases of BPA power Discusses section 27 (b).
113	Workgroup	* limitation on purchasing BPA power Continues discussion.

163	Workgroup	* subscription process issue * availability of BPA power * legislating three percent systems benefit charge
218	Mills	Mentions existence of customer review board which monitors BPA's function to improve their service. Comments on BPA power price setting.
225	Weiss	* price will be announced in advance to the customers * five-year renewable period
244	Tarpey	Says keeping price down requires great deal of motivation.
265	O'Connor	Suggests giving customers opportunities to choose options which will keep BPA competitive.
310	Mills	Clarifies BPA's position.
319	Chair Welsh	Adjourns meeting at 4:59 p.m.

Submitted By, Reviewed By,

Mieko Aoki, John Larson,

Committee Clerk Administrator

EXHIBIT SUMMARY

A - HB 2821, proposed amendments, Lee Sparling, 3 pp

B - HB 2821, proposed amendments, Jason Eisdorfer, 1 pp

C - HB 2821, written testimony, Lee Sparling, 1 pp