

HOUSE COMMITTEE ON POWER DEREGULATION WORKGROUP

March 24, 1997 Hearing Room 137

1:00 P.M. Tapes 64 - 67

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

STAFF PRESENT:

John Larson, Administrator

Mieko Aoki, Committee Clerk

MEMBERS OF PUBLIC PRESENT:

Jim Anderson, PacifiCorp

Sarah Baker-Sifford, Oregon Rural Electric Cooperative Association

Gary Conkling, Oregon Energy Coalition

Diane Cowan, Oregon People's Utility District Association

Ron Eachus, Oregon Public Utility Commission

Jason Eisdorfer, Fair and Clean Energy Coalition

Michael Graine, Office of Energy

Libby Henry, Eugene Water and Electric Board

Denise McPhail, Portland General Electric

Daniel Meek, Energy Electrons Environment

Paul Murphy, PG & E Energy Service

Tom O'Connor, Oregon Municipal Electric Utilities

Brad VanCleve, Oregon Energy Coalition

Steven Weiss, Fair and Clean Energy Coalition

Paul Wielgus, Enron

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 64, A		
004	Chair Welsh	Opens meeting at 1:13 p.m. Gives overview of discussion issues.
010	Chair Welsh	Reports on convention that he attended over the weekend.
060	Chair Welsh	Continues presentation.
073	Chair Welsh	Moves on to customer choice issue.
118	Workgroup	Discusses customers' abilities to choose distribution companies.
168	Workgroup	Continues discussion.
169	Chair Welsh Vote	Calls for vote. YES to offer customer choice. YES to offer customer choice effective no later than January 1, 2000.
180	John Larson	Clarifies the votes.
191	Tom O'Conner	States consumer owned utilities (COU) board members will make the decision.
200	Workgroup	Discusses * overriding state policies * option of not providing direct access
250	Workgroup	Continues discussion. * public purpose program * authority for making decision
300	Chair Welsh Vote	Calls for vote. NO to offer customer choice which should be optional for the consumer-owned utilities.
324	Larson	Moves on to question 3: "Should investor-owned utilities be reconfigured?"
333	Workgroup	Discusses
383	Workgroup	* minimum qualifications for creating customers' choices * functional separation

		Continues discussion.
413	Larson	Calls for vote.
	Vote	YES to reconfigure investor-owned utilities.
416	Larson	Moves on to next question 4: "Should there be state agency regulatory oversight?" Gives overview of the question.
TAPE 65, A		
014	Sarah Baker-Sifford	Suggests deleting "state agency" from question.
018	Larson	Reads amended question.
026	Workgroup	Discusses * intention of the question * necessity of super regulatory oversight
058	Larson	Reads amended question again.
063	Ron Eachus	Suggests not rephrasing the question because it causes confusion.
091	Larson	Reads question: "Should there be regulatory oversight?"
092	Larson	Calls for vote.
	Vote	YES to have regulatory oversight in the broadest sense.
093	Larson	Moves on to next question 5: "Should state policy apply uniformly to all retail electric customers, regardless of supplier?"
096	Workgroup	Discusses * ability of bypassing depends on suppliers * distinction of state policy among customers
117	Workgroup	Continues discussion. * rephrasing question to eliminate the confusion
137	Gary Conkling	Oregon Energy Coalition (OEC) opposes question 5.
148	Baker-Sifford	Mentions existence of theoretical conflicts between question 2 and 5.
159	Workgroup	Discusses * meaning of the question * definition of state policy
	Larson	Calls for vote.

218	Vote	YES to apply state policy uniformly to all retail electric customer, regardless of supplier.
224	Chair Welsh	Moves on to question 6: "Should public purpose programs be addressed?" Gives overview of question.
234	Workgroup	Discusses * meaning of "be addressed"
250	Chair Welsh Vote	Calls for vote. YES to include public purpose programs in the consensus bill.
255	Chair Welsh	Moves on to question 7: "Should electric utilities recover stranded costs?"
258	Workgroup	Discusses * how to recover stranded costs
272	Chair Welsh Vote	Calls for vote. YES to allow electric utilities to recover stranded costs.
281	Chair Welsh	Moves on to question 8: "Should there be special consumer protection provisions?" Gives overview of question.
290	Chair Welsh Vote	Calls for vote. YES to have special consumer protection provisions.
293	Chair Welsh	Moves on to question 9: "Should there be a default supplier?"
300	Eachus	Mentions necessity of default suppliers assuring customers prices will be reasonable.
307	Chair Welsh Vote	Calls for vote. YES to provide for default supplier in the consensus bill.
309	Chair Welsh	Moves on to question 10: "Should we develop a mechanism to guarantee load and acquire Bonneville Power Administration (BPA) power for retail electric customers?"
314	Larson	Gives overview of question.
325	Workgroup	Discusses * developing mechanism for small customers to access BPA power
366	Larson	Reads rephrased question: "Should there be a mechanism to provide access to BPA power for residential and small-farm customers?"
378	Eachus	Suggests * making direct access available * developing subscription process
	Jason	

389	Eisdorfer	Addresses their concern about ability of continuing BPA contract.
414	Libby Henry	Suggests revisiting language because there are legal problems in the language.
422	Eachus	Comments on difficulty of establishing mechanism without knowing subscription process Continues presentation.
472	Eachus	* informing customers that their access and benefits of low-cost power are protected * necessity of both default suppliers and standard offer.
TAPE 64, B		
031	O'Conner	Suggests recognizing fundamental issues.
058	Denise McPhail	States Portland General Electric's (PGE) position that they disagree with mechanism which requires buying BPA power.
064	Workgroup	Discusses * customer requirement for buying BPA power
075	Eachus	Mentions how to continue providing low-cost power after opening access to third party marketers and offering customer choice.
097	Chair Welsh	Asks if workgroup can develop the mechanism.
110	Baker-Sifford	Suggests the language: "Should all Oregon small farms and residential customers continue to have mechanism for accessing BPA power?"
123	Workgroup	Discusses * subscription process issue * continuing access to BPA's low-cost power for residential and small-farm customers
146	Larson	Reads the amended question 10: "Should we develop a mechanism to provide access to BPA power for residential and small-farm customers?"
151	Chair Welsh Vote	Calls for vote. YES on developing a mechanism to provide access to BPA power for residential and small-farm customers.
167	Chair Welsh	Moves on to next issue.
208	Chair Welsh	Gives overview of next meeting's agenda.
222	Chair Welsh	Suggests discussing details and moves on to next question.
		Mentions ideas on dates for open access.

250	Eisdorfer	* July 1, 1999 * earlier than July 1, 1999
275	Eachus	Comments * difficulties of setting sooner date * July 1, 1999 might be a good time to start Suggests revisiting this issue because this is connecting with other issues.
332	Paul Wielgus	States six months is enough for preparing.
343	Eachus	Mentions Public Utility Commission (PUC) needs more than six months to establish rules.
357	McPhail	Says Investor-Owned Utilities (IOU) have disagreement on this issue among the caucus.
370	Workgroup	Discusses overriding state policy by opening the territory voluntarily.
387	Jim Anderson	Addresses their problems about open access date.
409	Henry	States their position about open access date.
417	Chair Welsh	Suggests discussing open access date.
TAPE 65, B		
006	Eachus	Comments it is difficult to start before July 1, 1999, because everyone has different opinion for open access date.
045	Eisdorfer	Against open access separately.
057	Workgroup	Discusses open access date. * possibility of causing cost shifting * settle the date on July 1, 1999
097	Baker-Sifford	States Oregon Rural Electric Cooperative Association's (ORECA) position. * Everyone should have opportunity to test new form of electricity purchasing. * suggests determining the date at 1999 legislature session
116	Daniel Meek	Presents information of California PUC about open access.
126	Conkling	States OEC's (Oregon Electric Coalition) position. * supports date of July 1, 1999 * supports prepared customer can start earlier than others

168	Eisdorfer	Says workgroup should decide date to keep low-cost.
207	Eachus	Suggests the date should be July, 1, 1999 or later.
216	Chair Welsh	Summarizes discussion.
225	Workgroup	Discusses open access date.
276	Eachus	Suggests voting on July 1, 1999, implementation.
278	Chair Welsh	Calls for vote on date.
		VOTE SPLIT on the date of July 1, 1999.
		VOTE SPLIT on the date of October 1, 1999.
328	Vote	YES on the date of January 1, 2000.
	Chair Welsh	NO on the date of January 1, 1999.
		Continues voting.
		NO on the date of January 1, 2001.
		NO on the date of July 1, 2001.
381	Workgroup	Discusses determining the date of January 1, 2000.
431	Workgroup	Continues discussion.
TAPE 66, A		
008	Workgroup	Continues discussion.
		* suggests discussing about date at next legislature session
058	Workgroup	* All customer classes should start open access same date.
		* Date addressed in statute would be the starting date.
		Continues discussion.
074	McPhail	Says PGE could start program earlier than others.
079	Eisdorfer	Mentions starting voluntarily is not easy because PUC needs to qualify each supplier.
087	Larson	Suggests determining the date to move on to next issue.
111	Conkling	Changes his vote to the date of January 1, 2000.
112	Larson	Announces the vote on the date of January 1, 2000, has changed to yes.
117	Conkling	Says OEC will accept proposal of earlier date.
132	Larson	Suggests discussing whether all customers should start same date.

144	Workgroup	Discusses the proposition that no customer class should start sooner than any other customer class.
194	Workgroup	Continues discussion. * possibility of creating market distortion * functional bundling and commission oversight
209	Eachus	Mentions if legislature gives authority to PUC, it is easy to establish instruction for industrial customers and allow them to go prior to others without shifting costs. States necessity of changing current distribution costs to prevent cost shifting.
251	Meek	Mentions philosophy of California PUC.
260	McPhail	Asks if PUC has dealt with residential customers concerning distribution costs.
268	Eachus	Describes unavoidable cost shift.
298	Eisdorfer	Says there is no precedent for one customer class going earlier than others.
322	Larson	Reads question: "Should the date for opening access be same for all classes of customers?"
325	Chair Larson Vote	Calls for vote. VOTE SPLIT on the date for open access being the same for all classes of customers.
342	Eachus	Asks for rephrasing of the question.
347	Chair Larson	Reads rephrased question: "May industrial customers to be allowed open access earlier than other classes of customers?"
360	Chair Larson Vote	Calls for vote. VOTE SPLIT on allowing industrial customers open access earlier than other classes of customers.
387	McPhail	States PGE's position. * Customers should have information and education prior to making choices. * Customers who are ready should have opportunities to go to open access prior to others.
TAPE 67, A		
017	McPhail	Asks why small customers disagree with other customer classes going first when they are protected until they get open access.
035	Eisdorfer	Opposes creating a bad example.
066	Meek	Suggests determining deadline for facilitating direct access for all customer classes and starting earlier than January 1, 2000.

082	Eachus	Comments establishing provisions for certifying and registering industrial customers would not be difficult because they do not need some consumer protection provisions.
093	Henry	Suggests * establishing consumer protection, cost shifting protection policies before someone starts opening access * giving small customers phase in time for education
111	Eisdorfer	States Fair and Clean Energy Coalition opposes industrial customers going first.
121	Workgroup	Discusses * economical reason for opposing some customers going prior to others * subsidizing activities among competitive market * residential customers' needs and accomplishing education
173	Meek	Suggests * requiring deadline for utilities to provide information for accessing other providers * starting to open access sooner is better
186	Conkling	States their intention for industrial customers. Mentions the longer the date is delayed, the more competitive pressures will grow.
211	Baker-Sifford	Agrees with theory of programs, but all customer classes have to be benefited.
231	Steve Weiss	Suggests industrial customers go first without affecting other customers by cost shifting.
265	Eachus	Mentions there are two solutions. * someone changes vote * committee makes decision
290	Chair Welsh	Summarizes discussion and suggests moving on to next issue.
342	Anderson	Suggests * determining certain phase of qualified customers, including residential customers, to go first * accomplishing the process by deciding target date
367	Chair Welsh	Comments educating residential customers takes more time than industrial customers, but residential customers should not be disadvantaged because of the program.

371	Meek	<p>Raises California's two models of solutions.</p> <ul style="list-style-type: none"> * setting the date, January 1, 1998 for all customer classes * establishing protection for remaining small customers by reducing rate
418	Chair Welsh	Suggests discussing phased approach.
420	Workgroup	<p>Discusses</p> <ul style="list-style-type: none"> * rationale and qualification of all customer classes can be phased in
TAPE 66, B		
003	Workgroup	<p>Continues discussion.</p> <ul style="list-style-type: none"> * concerns about gaps among service territories * up to 50% of customer classes who are ready to go first * classification differences among industrial customers
031	Meek	Suggests establishing rules for residential customers. Opposes phasing in customer classes.
038	Workgroup	<p>Discusses</p> <ul style="list-style-type: none"> * establishing rules and places for residential customers * classification for industrial customers * setting target date for pilot programs to develop rules, places and mechanisms and providing that all customer classes go at the same time
075	Chair Welsh	Asks COU if all customer classes go in the program on January 1, 2000, whether there would be disadvantages for residential customers.
081	Baker-Sifford	Says residential customers may be charged part of stranded costs
096	O'Connor	Comments the transaction of the process would make the situation worse for COU and small utilities.
107	Eisdorfer	Asks if the program would start before January 1, 2000, COU would charge stranded costs to customers.
117	Baker-Sifford	Says COU would charge stranded costs to customers.
150	O'Connor	Comments BPA would charge additional stranded costs if they could not recover their treasury obligation.
165	Chair Welsh	Asks if large customers join the competition, how will COUs solve the issue.
172	Baker-Sifford	Describes their situation regarding industrial customers buying wholesale power from various utilities.
197	Chair Welsh	Asks if COU could do better.

198	Baker-Sifford	January 1, 2001, the opportunities will be better.
220	Chair Welsh	Asks if access opens prior to 2001, how will COUs deal with residential customers.
223	Baker-Sifford	Says all customers will have benefits.
251	Eachus	Reminds workgroup to consider the solution.
280	Chair Welsh	Suggests postponing the discussion and moves on to next issue.
303	Chair Welsh	Announces schedule for next meeting.
328	Chair Welsh	Adjourns meeting at 5: 08 p.m.

Submitted By, Reviewed By,

Mieko Aoki, John Larson,

Committee Clerk Administrator