

**HOUSE COMMITTEE ON POWER DEREGULATION WORKGROUP**

**April 10, 1997 Hearing Room E**

**1:00 P.M. Tapes 111 - 114**

**MEMBERS PRESENT:**

**Jim Welsh, Chair**

**STAFF PRESENT:**

**John Larson, Administrator**

**Lynda Sloan, Administrative Support**

**Mieko Aoki, Committee Clerk**

**MEMBERS OF PUBLIC PRESENT:**

**Jim Anderson, PacifiCorp**

**Sarah Baker-Sifford, Oregon Rural Electric Cooperative Association**

**Lee Barney, Portland General Electric**

**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**

**James Gardner, PacifiCorp**

**Thomas Grim, Eugene Water and Electric Board**

**Libby Henry, Eugene Water and Electric Board**

**Dale Kessenger, Eugene Water and Electric Board**

**Denise McPhail, Portland General Electric**

**Daniel Meek, Energy Electrons Environment**

**Steve Munson, Vulcan Power Company**



**Paul Murphy, PG & E Energy Services, Northwest Aluminum, Reynolds Metals**

**John Savage, Office of Energy**

**Rachel Shimshak, Renewable Northwest Project**

**James Tarpey, Enron**

**Bonnie Tatom, Oregon Public Utility Commission**

**Brad VanCleve, Oregon Energy Coalition**

**Steve 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 111, A</b>		
003	Chair Welsh	Calls meeting to order at 1:15 p.m.
010	Ron Eachus	Presents PUC's proposal for section 23 (10) <b>(EXHIBIT A)</b>  * difficulties gathering and providing information for customers  * customers should have right to receive reliable information and choose suppliers  * Supports Office of Energy (OOE) to be the entity to conduct investigation
060	Eachus	Continues testimony on necessity of nationwide regulation for pilot programs.
110	Eachus	Continues testimony on importance of establishing appropriate bill disclosure system.
125	Gary Conkling	Agrees with providing valuable information to customers.
160	Workgroup	Discusses  * whether PUC has responsibility of requiring information for certifying utilities or not  * bill disclosure mechanism
	Denise	



247	McPhail	Requests third party marketers to present their opinions.
251	Paul Murphy	Comments the proposal is workable for them.
261	James Tarpey	Addresses concerns * minimum obligation * allowing flexibility for providing information to satisfy customers
291	Chair Welsh	Summarizes the discussion.
300	Jason Eisdorfer	Supports PUC's proposal on section 10.
318	Conkling	Suggests providing independent resource of information.
345	Steve Munson	Comments on their position and supports PUC's proposal.
367	Eachus	Responds to questions about flexibility of authority to make rules.
395	Tom O'Connor	Asks if section 9 and section 10 are linked and providing minimum consumer protection.
410	Eachus	Describes connection between section 9 and section 10.
<b>TAPE 112, A</b>		
004	Workgroup	Discusses intentions of section 9 and 10.
030	Eisdorfer	Addresses their concerns on section 7, 9, and 28.
052	Bonnie Tatom	Explains revised section 28.
073	Eachus	Adds to Tatom's explanation.
080	McPhail	Introduces Lee Barney presenting their proposal.
094	Lee Barney	Presents PGE's amendments of section 28 ( <b>EXHIBIT B</b> ).
144	Barney	Continues testimony.
188	Eachus	Comments on PGE's proposed amendments.
219	Barney	Adds further explanation to their proposed amendments using examples.
269	Barney	Continues presentation.
285	Workgroup	Discusses allocating customers.
335	Workgroup	Continues discussion on accountability of suppliers.
346	Steve Weiss	Supports PGE's proposal.
365	Paul Murphy	Comments on PGE's proposal.
415	Murphy	Continues presentation.
<b>TAPE</b>		



<b>111, B</b>		
003	Barney	Describes their proposed mechanism.
018	Workgroup	Discusses * what will happen if a customer cannot pay * how to recover uncollectible costs
058	Workgroup	Continues discussion on how to share risks among utilities.
087	Murphy	Suggests amendments in third paragraph, on line three, "be accounted for and collected through a distribution delivery charge or other mechanism approved by the Commission."
107	John Savage	Asks necessity of the language.
109	Eisdorfer	Says we need direction.
115	Workgroup	Discusses * how to cover loss from uncollectibles * allocation of cost recovery
149	Thomas Grim	Addresses their concerns of default supplier. Introduces Dale Kessenger.
161	Dale Kessenger	Presents Eugene Water and Electric Board's (EWEB) proposal ( <b>EXHIBIT C</b> ).
202	Conkling	Opposes EWEB's proposal.
210	Kessenger	Adds to his presentation using examples of gas market allowing customers to switch suppliers.
229	Karla Droste	Comments against allowing customers to switch suppliers.
241	Eachus	Comments PUC has authority to establish approval of rates.
291	Eachus	Continues presentation. States the provision is consumer owned utilities' (COU) statutory issue.
300	Grim	Comments section 22 is allowing customers to switch suppliers.
317	Munson	Comments on default supplier's requirement to serve renewable energy projects. Against charging costs for the backup power. Proposes language.
337	McPhail	Asks if PUC has power to authorize any type of default suppliers.
344	Eachus	Yes. States default supplier would be considered as regulatory oversight.
360	Grim	Suggests reviewing language on section 22.
369	Larson	Requests Grim to prepare proposal for consumer protection language.
380	Eisdorfer	Addresses their concerns about allowing customers to switch suppliers.
408	Kessenger	Mentions conflicts between providing sufficient and reliable power for both customers and returned customers and shifting cost.



435	Eisdorfer	States importance of considering different standard between large and small customers.
<b>TAPE 112, B</b>		
013	Murphy	Proposes amendments to PGE's proposal in section 28. "The costs of credit, disconnection, reconnection, and collection practices and uncollectibles associated with default services including distribution shall be accounted for, allocated, and collected as approved by the Commission." Explains amendment.
055	Workgroup	Discusses * whether allowing PUC to make rules or not * definition of "adequate notice"
094	Larson <b>Vote</b>	Reads amended section 28. <b>YES</b> to include amended section 28 in the final package.
116	O'Connor	Suggests establishing the statement that every supplier required to be certified by PUC and agree with paying appropriate franchise fee or tax.
133	Workgroup	Discusses franchise fee.
183	Workgroup	Continues discussion.
191	Conkling	Proposes language "energy suppliers shall certify they will pay all applicable taxes as established by law."
211	Workgroup	Discusses appropriate language.
232	Munson	States problems of financial and technical capability requirements for geothermal energy industries.
262	Eachus	Believes the language does not cause problem unless the utility has problem with financing and technical capabilities.
273	Munson	Asks definition of "technical capabilities."
281	Eachus	Responds to Munson's question.
302	Larson	Reads amendment of section 28, an additional section of consumer protection.
311	Tarpey	Suggests adding "each" before "electric supplier."
314	Larson	Reads amended amendment.
325	Larson <b>Vote</b>	Calls for vote. <b>YES</b> to amendment of section 28.
330	Chair Welsh	Announces workgroup will vote on section 1 through 10.
335	Workgroup	Discusses inclusion of dates.
		Calls for vote.  <b>YES</b> to include section 1 to the final bill.



345	Chair Welsh  <b>Vote</b>	<p><b>YES</b> to include section 2 to the final bill.</p> <p><b>YES</b> to include section 3 to the final bill.</p> <p><b>YES</b> to include section 4 to the final bill.</p> <p><b>YES</b> to include section 5 to the final bill.</p> <p><b>YES</b> to include section 6 to the final bill.</p>
390	Chair Welsh  <b>Vote</b>	<p>Continues vote.</p> <p><b>YES</b> to include section 7 to the final bill.</p> <p><b>YES</b> to include section 8 to the final bill.</p> <p><b>YES</b> to include section 9 to the final bill.</p>
<b>TAPE 113, A</b>		
007	O'Connor	Says reversing COU's vote to "NO" on section 8.
018	Chair Welsh  <b>Vote</b>	<p>Continues vote.</p> <p><b>SPLIT</b> to include section 10 to the final bill.</p>
046	Chair Welsh	Suggests discussing section 22.
048	Workgroup	<p>Discusses</p> <p>* relationship of section 22 to 9</p> <p>* summarizes previous discussion</p> <p>* productive approach to solve issues</p>
098	Workgroup	Continues discussion.
101	Larson	Moves on to next issue.
103	Murphy	Testifies on his proposal ( <b>EXHIBIT D</b> ). Identifies issues which have to be discussed.
153	Murphy	Continues testimony on credit for public purposes spending.
184	Savage	Asks definition of three percent and large customers.
204	Murphy	Responds to Savage's question.
215	Henry	Requests giving examples and describes billing mechanism.
220	Murphy	Gives examples and describes billing mechanism. Three percent of annual revenues would be maximum expenditure for large customers.
250	Workgroup	Discusses definition of a large electric customer.



283	Murphy	Continues presentation.
300	Kessenger	Requests explanation of recovering public purpose costs from large customers in excess of three percent.
312	Murphy	Explains recovery process.
328	Workgroup	Discusses actual amount of public purpose charge.
378	Workgroup	Continues discussion.
406	Eachus	<p>Comments on structure of provision</p> <ul style="list-style-type: none"> <li>* purpose of systems benefit charge maximum of three percent</li> <li>* utilities could spend more than three percent for public purposes without recovering moneys through systems benefit charge</li> <li>* industrial customers would not need to pay more than three percent through systems benefit charge</li> </ul>
<b>TAPE 114, A</b>		
001	Eachus	Continues comments.
014	Workgroup	<p>Discusses</p> <ul style="list-style-type: none"> <li>* how to deal with large customers who are unhappy about contractual arrangements through Bonneville Power Administration (BPA)</li> <li>* three percent public benefits charge</li> <li>* applicable public benefits charge to all customers</li> </ul>
066	Savage	<p>Identifies issues</p> <ul style="list-style-type: none"> <li>* rights of industrial customers for self investment</li> <li>* clarifying policies such as dividing pooled money and cap for direct service industrial customers (DSIs)</li> </ul>
082	Murphy	Continues testimony on credit for public purposes spending. Explains proposal of section 24 (2) (b).
132	Murphy	Explains section 24 (2) (b) (B).
147	Murphy	Explains section 24 (2) (b) (C).
169	Murphy	Explains section 24 (2) (b) (D).
190	Murphy	Explains section 24 (2) (b) (E).
203	Workgroup	Discusses allocating conservation expenditure.
		<p>Comments</p> <ul style="list-style-type: none"> <li>* deciding reasonable floor in definition</li> </ul>



230	Eisdorfer	<ul style="list-style-type: none"> <li>* definition of 24 (1) (b) is escaping three percent of transmission and distribution related revenues</li> <li>* necessity of verification mechanism for 24 (2) (b) (A) (i)</li> <li>* impossible to recover entire cost of renewable energy</li> <li>* regional market transformation could have wide range of usage</li> </ul>
281	Munson	Comments <ul style="list-style-type: none"> <li>* DSIs should be held to same standards</li> <li>* renewables should cover in-state new renewable projects</li> <li>* every renewable energy developer should be treated equally</li> <li>* opposes DSIs being beneficiaries of renewable energy subsidies</li> </ul>
326	Savage	Comments <ul style="list-style-type: none"> <li>* correlation between market transformation and size of eligibility</li> <li>* supports 24 (2) (b) (C) provision</li> <li>* necessity of verification for carry backs</li> </ul>
356	Cowan	Asks clarifying 24 (2) (b) (C).
362	Murphy	Describes eligibility for amounts over three percent using examples.
384	Weiss	Supports including provision from Comprehensive Review that large customers could have special circumstances and treatment.
<b>TAPE 113, B</b>		
001	Workgroup	Discusses comprehensive review for large customers.
015	Kessenger	States problems of Murphy's proposal <ul style="list-style-type: none"> <li>* unfairness of different standard between large and small customers</li> <li>* calculation of expenditure</li> <li>* exemption of public purpose fund</li> </ul>
047	Workgroup	Discusses <ul style="list-style-type: none"> <li>* eligibility of DSIs to business energy tax credit</li> <li>* DSIs and large customers should be able to offset their funding</li> </ul>
		Continues discussion



097	Workgroup	<ul style="list-style-type: none"> <li>* energy efficiency improvement of large customers</li> <li>* industrial customers low budget priority</li> <li>* definition of carry back</li> </ul>
147	Workgroup	<p>Continues discussion</p> <ul style="list-style-type: none"> <li>* definition of aggregators and large customers</li> <li>* concern about inequitable standards</li> </ul>
197	Workgroup	<p>Continues discussion</p> <ul style="list-style-type: none"> <li>* internal capital scarcities of companies' multiple sites</li> <li>* necessity of including consensus of the issue which workgroup has been discussing in the bill</li> </ul>
234	Tom O'Connor	States there are very few points that he would agree with.
250	Workgroup	<p>Discusses</p> <ul style="list-style-type: none"> <li>* mechanism is in Strawman bill</li> <li>* needs further discussion on definition of "large"</li> </ul>
268	Larson	Suggests passing this issue to committee unless consensus exists.
272	Workgroup	<p>Discusses</p> <ul style="list-style-type: none"> <li>* necessity of language does not allow major shifting and definition of obligation based on revenue</li> <li>* deciding the cap for DSIs</li> </ul>
289	Conkling	<p>Suggests</p> <ul style="list-style-type: none"> <li>* get the notion of principle points of argument as reference large customers</li> <li>* get the offset and credit on the table</li> </ul>
312	Baker-Sifford	Opposes the language "rebate" and suggests "offset" or "credit."
322	Workgroup	Discusses definition of "rebate."
338	Conkling	Suggests amendments.
346	Larson	Clarifies Conkling's proposed amendments. Replacing all of (2) (b) in the Strawman bill with (2) (b) (A) in Murphy's proposal.
352	Shimshak	Suggests adding " new above market costs" to 24 (2) (b) (A) (ii).
365	Larson	Clarifies Shimshak's suggestion, "Amounts expended for the purchase of new above market cost renewable energy or invested in renewable energy projects."



378	Workgroup	Discusses * planning purpose of renewables is unclear * replacing "rebate" with either "offset" or "credit"
<b>TAPE 114, B</b>		
007	Murphy	Asks if workgroup agrees with adding 24 (1) (b).
015	Larson	Announces that he will offer proposal on how workgroup should discuss this issue.
018	Brad VanCleve	Suggests discussing to add certain amount of megawatts in the bill.
025	Workgroup	Discusses what workgroup needs to discuss * credit against renewable investment * what needs to be changed and what has to be addressed before the committee
041	Conkling	Asks meeting schedule and process.
062	Larson	Mentions Chair Welsh will answer the question. Announces future meeting schedule.
104	Larson	Adjourns meeting at 5:03 p.m.

Submitted By, Reviewed By,

Mieko Aoki John Larson

Committee Clerk Administrator

### **EXHIBIT SUMMARY**

**A - Consensus bill, proposed amendments, Ron Eachus, pp 5**

**B - Consensus bill, proposed amendments, Lee Barney, pp 1**

**C - Consensus bill, proposed amendments, Dale Kessenger, pp 2**

**D - Consensus bill, proposed amendments, Paul Murphy, pp 2**