

PUBLIC HEARING & WORK SESSION:

SB 892A

TAPE 222 A

HOUSE REVENUE COMMITTEE

JUNE 16, 1997 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

MEMBERS PRESENT: Rep. Lee Beyer, Vice-Chair

Rep. Tony Corcoran

Rep. Randall Edwards

Rep. Leslie Lewis

Rep. Anitra Rasmussen

Rep. Lane Shetterly

Rep. Mark Simmons

Rep. Ken Strobeck

MEMBERS EXCUSED: Rep. Tom Brian, Chair

WITNESSES PRESENT: Jim Anderson, PacifiCorp

Katherine McDowell, PacifiCorp

STAFF PRESENT: Brian Reeder, Economist

Barbara Guardino, Committee Assistant

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TAPE 222 SIDE A

008 Vice Chair Beyer Called meeting to order at 9:06 a.m. Opened public hearing on SB 892-A.

PUBLIC HEARING -- SB 892A

- 018 Jim Anderson Directed members' attention to SB 892-A4 (EXHIBIT A). Amendments were written in response to events that have occurred during session.
Refer to written testimony, verbatim "Testimony in Support of PacifiCorp's Amendment to Senate Bill 892-A" (EXHIBIT B).
- 045 Katherine McDowell A. Introduction
B. Solving the Public Power Transition Costs Bypass Problem
- 113 McDowell Explained, -A4 amendments were written as a result of FERC order 888 issued by the Federal Energy Regulatory Commission, which closed by-pass option as long as incumbent utilities' transmission service was being utilized. In the case where it is not utilized, is by-pass option, that PacifiCorp legislation is designed to close.
In response to question by Rep. Rasmussen, defined transmission costs: Amendments define transition charges as utility's assets that are made uneconomic by competition.
- 126 McDowell
- 163 McDowell Bill is purposely general in terms of amount of stranded costs, how calculated. In general restructuring legislation, there were various ways to calculate it. PUC would calculate amount of transition charges that a public utility would be permitted to recover. There would be some sharing between rate-payers and share-holders for the amount of stranded cost recovery. Each customer would share in payment of transition charges by a fee levied on distribution service. Problem, when customers leave public utility system, they no longer share the cost. Others who can't leave have to pay disproportionate share of stranded costs.
- 190 McDowell Discussed situations when this is already occurring.
- 211 Rep. Edwards Noted, timing appears to be early for this bill, since deregulation has yet to occur.
Believes bill is critical due to what appears to be a two-year hiatus between now and any comprehensive deregulation legislation. Utilities will try to get out of paying stranded costs between now and deregulation. SB 892 -A4 amendments promote stability. Alternative to legislation is cost-shifting and litigation.
- 215 McDowell

238 All Questions and discussion.
Noted, -A4 amendments would in no way try to stop a PUD from condemnation activities, or a city from annexing properties.

Also, during deregulation committee hearings, two main issues arose:

320 Anderson 1) Without this amendment, physical bypass of an electrical system by large industrial user.

2) Public power resisted deregulation, said it was not ready. Now it wants to serve large industrial customers. They would "cherry pick."

359 All Questions and discussion.

Submitted by, Reviewed by,

Barbara Guardino Kim James

Committee Assistant Revenue Office Manager

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EXHIBIT SUMMARY:

A. SB 892, McDowell, Testimony in Support of PacifiCorp's Amendment to SB 892-A, 3 pp.

B. SB 892, McDowell, Proposed Amendments: SB 892-A4, 1 p.