

settlement was the waiving
of the interest on the interim rate increase.

106 RON EACHUS: Yes. Over a certain period of time interest wasn't
accruing. We did settle the
case with no interest because there were other issues involved in the case.

112 SENATOR SHOEMAKER: The principle other issue involved was a claim by
PGE regarding an
investment tax credit issue which the attorneys for the PUC felt wouldn't
prevail. PGE gave up on this
issue in exchange for the PUC yielding on the interest.

138 BILL WARREN: Investment tax credits are generated through acts of
Congress for the benefit of
private interests. Congress designs investment tax credits to spur
construction. The way to do this is
reward investors by devices such as investment tax credits. It is possible
that the court could agree with
PGE's argument that Congress intended that investment tax credits flow
through to the investors rather
than the ratepayers.

173 RON EACHUS: Reiterates his statements of earlier regarding the UT47
case.

262 SENATOR SHOEMAKER: Not charging interest is a hard thing to justify.
Normally whatever
amount you ultimately agree on you would add interest to. Why don't you
charge interest?

286 PAUL GRAHAM: We looked at the ITC issue, we looked at the risk of
litigation involving that
issue. We also looked at who the judge was and what the likely result
before that judge would be. When
we decided to settle this case it wasn't just the ITC issue or just the
refund issue it was both of them
together. If it had just been the refund issue we were discussing we would
have asked for interest.

296 BILL WARREN: The amount of interest foregone is \$8.7 million.

310 DENISE MCPHAIL: We have agreed to have interest in future cases but
are waiving interest in
this case. PGE is in support of SB 670-3.

330 PAMELA LESH: The Commission should approve the treatment that was
given on the issue of
tax credits. We presented a fair amount of evidence to the Commission that
the treatment was a benefit
to customers.

367 RION BOURGEOIS: Citizens Utility Board is in opposition to this bill
and the amendments.
CUB doesn't feel that it is appropriate that PGE and PUC are coming to the
Legislature to deal with this.
The ratepayers are entitled to a refund with interest. The major concern
that I have about this legislation
is that it smacks of special legislation. This is a refund that CUB
brought to the attention of the PUC
and has won. The PUC has ruled that a refund of a specified amount shall
be paid by PGE. PGE has
appealed the decision to the Marion County Circuit Court and while the case
is on appeal and awaiting
decision, PGE and the PUC have attempted to enter into a settlement without
the agreement of CUB or
the other intervenors. The PUC is seeking special legislation to benefit
PGE in this instance, and this
seems unfair.

TAPE 47 SIDE A

045 CHAIR JOLIN: The Legislature has made a policy decision regarding
this legislation because PGE
and the PUC have asked for legislation to resolve this.

066 RION BOURGEOIS: All parties are not in agreement. The Citizens
Utility Board and Oregon
Fair Share isn't in agreement with this.

087 SENATOR SHOEMAKER: I don't feel that we need to decide this case on what has happened in the past. We are hear to decide this particular case.

094 RION BOURGEOIS: Reiterates his earlier statements in regard to special legislation.

118 DAN MEEK: Oregon Fair Share is in opposition to SB 670 and the amendments. The amendments don't apply to this case only. These amendments give ratepayers a large disadvantage in every rate case that applies to electric, gas, and telephone from now on.

145 SENATOR KENNEMER: Where in this bill does it state that this applies to all cases from now on?

148 DAN MEEK: The language in any statute is general and applies to the situation to which it applies. In Section 2 it states that these amendments apply to all interim rate increases granted by the Commission from and after January 1,1986. That would apply prospectively to every rate case in the future.

158 DAN MEEK: The point of this legislation is to allow PGE to emerge from a rate case only paying a \$15.7 million refund instead of paying what they would be required to pay under existing law. Even on the lower amount there is \$10 million worth of interest that the ratepayers are losing out on. Paul Graham stated that this is a settled case. There is no settlement agreement among the parties of the litigation, there is only a proposed settlement between the company and the utility. Senator Shoemaker asked if this bill would render the appeal moot. The answer is no. PGE is still appealing even if this bill goes through.

215 PAMELA LESH: There were three issues on appeal by the time we finished with the Commission with the cases noted as UE47 and UE48. There was the investment tax credit issue. There was an issue involving the gain made on the sale of a part of the Boardman coal plant. And there was also the issue of how much of the interim relief should be refunded. The issue that Mr. Meek is referring to is the Boardman issue. This is still on appeal but has nothing to do with the issue we are discussing today. The amount we are challenging is about half of the amount Mr. Meek stated. PGE asked the Commission to allocate the gain based on the amount the Boardman plant had been in the rate base since we brought it on line in 1980.

250 PAUL GRAHAM: Mr. Meek is neglecting to tell you that he, too, is appealing this issue. He is saying that the Commission which gave the ratepayers \$80 million didn't give the ratepayers enough. This bill also won't apply to telephone as Mr. Meek stated previously.

274 PAUL GRAHAM: In future cases the Commission will have discretion to determine whether to grant an interim increase. If they do grant an interim increase, they will be able to go back and find out what the actual revenue needs were during the interim period.

300 MOTION: Senator Otto moves the SB 670-3 amendments.

VOTE: There being no objections the motion carries.

305 MOTION: Senator Otto moves SB 670 as amended to the floor with a Do Pass recommendation.

VOTE: In a roll call vote the motion carries with all members voting "AYE."

315 Senator Shoemaker will carry the bill.

317 CHAIR JOLIN: Closes the work session on SB 670.

SB 1066 ANSWERING SERVICE NOTIFICATION, PUB.

Witnesses: Jim Stembridge, Construction Contractors Board.
Eugene Ebersole, Oregon Department of Justice.

320 JIM STEMBRIDGE: Gives testimony in favor of SB 1066. Customers have the right to know who they are dealing with. There are a lot of crooks who take advantage of unsuspecting consumers. By having identification by the answering services, the consumer's chances of distinguishing con artists and genuine construction workers or companies are greatly increased. Thousands of people are getting ripped off by these fraudulent con artists. The pattern that we are faced with is people who want to evade the construction contractors law get an ad in a newspaper with their phone number and what they do. There is no information in the ad about who is placing the ad. When we try to trace these numbers if we can't find who has issued the number then we call the number. Usually you reach an answering service. All they tell you is that they will leave your name and number for the person to call back. This is a problem that needs to be addressed and I believe that passage of SB 1066 would solve this problem.

410 SENATOR BUNN: Lines 21 and 23 of Subsections (c) and (d) could be a problem if an answering service had to go to the Secretary of State to verify an assumed business name or check the corporate records on every person that was going to sign up. Would the bill work without those parts?

421 JIM STEMBRIDGE: I feel it would work either way. But I do feel that it would work better with Subsections (b) and (c). The answering services don't seem to care one way or another whether the person they were working for was doing it illegally.

440 SENATOR BUNN: With the provisions of Subsections (c) and (d), what would be acceptable proof that they had done that?

443 JIM STEMBRIDGE: The Corporations Division has a number for each registration and we keep that number on file.

473 EUGENE EBERSOLE: Submits written testimony for Tim Wood, Assistant Attorney General.

TAPE 46 SIDE B

040 SENATOR BUNN: In the bill you require the answering service to collect the necessary information. How do you access the information once you have collected it?

048 JIM STEMBRIDGE: There is no specific provision in here for the Construction Contractors Board to get that information. It would be available for an investigation.

050 SENATOR BUNN: The answering service collects the information, the person doesn't file with the corporation commissioner, they don't have an assumed business name, but they do provide an identity and a resident address.

055 EUGENE EBERSOLE: Yes, that is a correct summary. We also feel that this bill needs to go to Ways and Means because the bill could have a possible fiscal impact.

060 SENATOR BUNN: In Section 3, what would the bond typically cost an answering service?

063 JIM STEMBRIDGE: I am not sure.

068 SENATOR BUNN: Would every answering service in the state be required

to pay for the bond
regardless of whether they deal with construction clients?

090 JIM STEMBRIDGE: Yes. This would apply to all telephone answering services, even the ones that don't deal with construction.

095 SENATOR SHOEMAKER: Would it be possible to get at this by simply requiring that an answering service obtain the name and the address of all its customers and make that information available upon request?

122 EUGENE EBERSOLE: I would be concerned about the people who want confidentiality. In response to your question, I would suggest that a governmental agency have access to this information rather than the general public.

144 JIM STEMBRIDGE: That is what I would be interested in. I am not so concerned about the bond, but I would like to be able to get information for businesses that are soliciting for business through these telephone answering services.

168 SENATOR SHOEMAKER: I believe that confidentiality is important but I have trouble seeing how you justify it if you're the one who is seeking phone calls.

177 EUGENE EBERSOLE: The Attorney General's office takes no position on the bond issue.

205 CHAIR JOLIN: Adjourns hearing at 2:24 p.m.

Submitted by:

Reviewed by:

Apryl Poff
Committee Assistant

Cherie Copeland
Committee Administrator

EXHIBIT LOG:

A - Hand engrossed amendments to SB 670-3 submitted by staff, 3 pages.
B - Written testimony submitted by Eugene Ebersole (written by Tim Wood), 2 pages.