

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 21, 2017**

REGULAR _____ CONSENT X EFFECTIVE DATE March 1, 2017

DATE: February 13, 2017

TO: Public Utility Commission

FROM: Barbara Seaman and Imee Anderson

THROUGH: Jason Eisdorfer, Michael Dougherty, and David Poston

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1012) Requests an order to establish the annual fee level for electric, gas, water, and wastewater utilities at 0.3 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at three-tenths of one percent (0.3 percent) of 2016 gross operating revenues for electric, natural gas, water, and wastewater utilities.

DISCUSSION:

Issue

Whether the Commission should increase the annual fee rate paid by electric, natural gas, water, and wastewater utilities from 0.275 percent of gross operating revenues to 0.3 percent of gross operating revenues.

Applicable Rule or Law

Pursuant to ORS 756.310, OAR 860-021-0033, OAR 860-021-0034, OAR 860-036-0095, and OAR 860-037-0095, each electric, gas, water, and wastewater public utility is required to pay to the Commission an annual fee on gross operating revenues derived within Oregon at a rate determined by Commission order.

The gross operating revenues of an electric company do not include revenues from sales of power for resale to the extent that the revenues from those sales exceed an amount equal to 25 percent of the total revenues received by the electric company from sales of electricity to end users in the preceding calendar year.

The rules also state that the Commission's order shall be entered on or after March 1. The fee must be paid no later than 5:00 p.m. April 1 of the year after the calendar year upon which the fee is based. The fee payable shall not exceed three-tenths of one percent (0.3 percent) of the Oregon gross revenue during the prior calendar year. ORS 756.310(3).

Analysis

Each year, the fee level is set based on gross operating revenues of utilities for the previous calendar year. ORS 756.310 allows the Commission to set the annual fee to a percentage amount not to exceed three-tenths of one percent (0.3 percent) of the provider's gross revenue. To ensure adequate funding for the Commission, Staff recommends that the fee level be increased to a rate of three-tenths of one percent (0.3 percent) of 2016 gross operating revenues for electric, natural gas, water, and wastewater utilities. Because estimated expenditures for April 1, 2017 through March 31, 2018 are approximately \$541,000 more than anticipated revenues, the Commission will likely need to draw on its reserve balance, which is projected to be about \$2.5 million on April 1, 2017. With this said, Commission Staff will continue to seek out savings to keep expenditures and revenue equal.

Estimated Fee Collection as of April 1, 2017

Natural Gas (at 3.0 mills)	\$ 2,481,719
Water and Wastewater (at 3.0 mills)	\$ 50,215
Electric ¹ (at 3.0 mills)	\$ 10,053,263
Telecommunications (UM 940)	\$ 1,650,483
Total Estimated Fee Collection	\$ 14,235,680
Additional Estimated Revenues (from Federal Gas Pipeline Grant, RSPF, and Miscellaneous)	\$ 1,497,973
Total Collection and Revenues	\$ 15,733,653
Estimated Expenditures for Utilities Regulation (includes Utilities Program and Policy and Administration)	\$ 16,274,901
April 1, 2017 through March 31, 2018	

Estimated expenditures exceed projected revenue by \$541,248.

Conclusion

Based on Staff's analysis, the annual fee rate should be increased to three-tenths of one percent to ensure adequate funding for the Commission.

PROPOSED COMMISSION MOTION:

The Commission issue an order setting the annual fee assessment rate at three-tenths of one percent (0.3 percent) for 2017 for electric, natural gas, water, and wastewater utilities.

