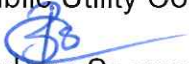





PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 23, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE March 1, 2016

DATE: February 16, 2016

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 2.75 mills per dollar (0.275 percent).

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at 0.275 percent of 2015 gross operating revenues for electric, natural gas, water, and wastewater utilities.

DISCUSSION:

Fee Collections on Electric, Natural Gas, Water, and Wastewater:

Pursuant to OAR 860-021-0033, Annual Fees Payable to the Commission by an Electric Company, OAR 860-021-0034, Annual Fees Payable to the Commission by a Gas Utility, OAR 860-036-0095, Annual Fees Payable to the Commission by a Water Utility, and OAR 860-037-0095, Annual Fees Payable to the Commission by a Wastewater Utility, each electric, gas, water, and wastewater public utility shall 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 or 3.0 mills per dollar) of the Oregon gross revenue during the prior calendar year.

Each year, the fee level is set based on gross operating revenues of utilities for the previous calendar year. SB 329 enacted 2015 allows the commission to set the annual fee to a percentage amount not to exceed three-tenths of one percent (0.3 percent or 3.0 mills per dollar) of the provider's gross revenue. To ensure adequate funding for the Commission, the fee level should be increased to a blended rate of 2.75 mills (0.275 percent) of 2015 gross operating revenues for electric, natural gas, water, and wastewater utilities. Because estimated expenditures for April 1, 2016, through March 31, 2017, are approximately \$565 thousand more than anticipated revenues, the Commission will probably need to draw on its reserve balance, which is projected to be about \$3.8 million on April 1, 2016.

Estimated Fee Collection as of April 1, 2016

Natural Gas (@2.75 mills)	\$2,439,586
Water & Wastewater (@2.75 mills)	\$44,400
Electric ¹ (@2.75 mills)	\$9,360,759
Telecommunications (UM 940)	\$1,505,000
Total Estimated Fee Collection	\$13,349,745
Additional Estimated Revenues (From Federal Gas Pipeline, RSPF, and Misc.)	\$1,284,555
Total Collection & Revenues	\$14,634,300

Estimated Expenditures

for Utilities Regulation **\$15,199,183**

(includes Utilities Program and Policy & Administration)

April 1, 2016 through March 31, 2017

Estimated expenditures exceed projected revenue by \$564,883.

¹ In addition, the Commission receives amounts from public purpose funds collected by PGE and PacifiCorp to cover administrative costs, per ORS 757.612(3)(c) and OAR 860-038-0480(16).

Docket No. UM 1012
February 16, 2016
Page 3

PROPOSED COMMISSION MOTION:

The Commission issues an order setting the annual fee assessment rate at 2.75 mills or 0.275 percent for 2016 for electric, natural gas, water, and wastewater utilities.

2016 UM 1012 Annual Fee Memo