

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 27, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE March 1, 2018

DATE: February 13, 2018

TO: Public Utility Commission

FROM: Barbara Seaman 

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 2017 gross operating revenues for electric, natural gas, water, and wastewater utilities.

DISCUSSION:

Issue

Whether the Commission should set the annual fee rate paid by electric, natural gas, water, and wastewater utilities 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 set to a rate of three-tenths of one percent (0.3 percent) of 2017 gross operating revenues for electric, natural gas, water, and wastewater utilities. Because estimated expenditures for April 1, 2018 through March 31, 2019 are approximately \$518,000 more than anticipated revenues, the Commission will likely need to draw on its reserve balance, which is projected to be about \$2.7 million on April 1, 2018. 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)	2,708,570
Water and Wastewater (at 3.0 mills)	51,609
Electric ¹ (at 3.0 mills)	10,500,441
Telecommunications (UM 940)	1,629,601
Total Estimated Fee Collection	14,890,221
Additional Estimated Revenues (from Federal Gas Pipeline Grant, RSPF, and Miscellaneous)	2,721,216
Total Collection and Revenues	17,611,437
Estimated Expenditures for Utilities Regulation (includes Utilities Program and Policy and Administration)	18,129,956
April 1, 2018 through March 31, 2019	

Estimated expenditures exceed projected revenue by \$518,518.

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Conclusion

Based on Staff's analysis, the annual fee rate should be set 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 2018 for electric, natural gas, water, and wastewater utilities.

2018 UM 1012 Annual Fee Memo