

ORDER NO. 25-069

ENTERED Feb 19 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1012

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

The Imposition of Annual Regulatory Fees
Upon Public Utilities Operating within the
State of Oregon.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 18, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 18, 2025**

REGULAR X CONSENT _____ EFFECTIVE DATE March 1, 2025

DATE: February 5, 2025

TO: Public Utility Commission

FROM: Robert Fredrick

THROUGH: Mandy Standiford and Barbara Seaman **SIGNED**

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 0.45 percent.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) issue an order setting the annual fee rate at forty-five hundredths of one percent (0.45 percent) of 2024 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 0.45 percent of gross operating revenues.

Applicable Rule or Law

Pursuant to ORS 756.310, OAR 860-021-0033, OAR 860-021-0034, OAR 860-036-1050, and OAR 860-037-0095, each electric, gas, water, and wastewater public utility is required to pay to the Commission an annual fee to defray the costs of performing the duties imposed by law upon the Commission. The annual fee is imposed on gross operating revenues derived within Oregon at a rate determined by Commission order.

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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. ORS 756.310(3).

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 forty-five hundredths of one percent (0.45 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. Senate Bill (SB) 68, enacted in 2019, allows the Commission to set the annual fee to a percentage amount not to exceed forty-five hundredths of one percent (0.45 percent) of the provider's gross revenue.¹ To ensure adequate funding for the Commission, Staff recommends that the fee level should be set to forty-five hundredths of one percent (0.45 percent) of 2024 gross operating revenues for electric, natural gas, water, and wastewater utilities.

The Commission's reserve balance is currently projected to be approximately \$11.7 million on March 31, 2025. The estimated total collection and revenue at 0.45 percent rate is \$30.0 million by April 1, 2025. In addition to the funds collected from energy, water, and wastewater utilities, the Commission will also collect \$1.22 million from telecommunication utilities.²

The estimated expenditure for April 1, 2025 through March 31, 2026, is \$33.1 million, which includes the PUC's first year of biennial statewide government service charges and assessments, and program and operational costs. Program and Operational costs include costs tied to increased rate case activity and the PUC's expanding scope of work, including work related to Wildfire Mitigation (2021-SB 762),³ Clean Energy (2021-HB 2021),⁴ Differential Energy Burden (2021-HB 2475),⁵ and Transportation Electrification (2021-HB 2165/HB 3055).⁶ In addition, the PUC is in the midst of an IT project to create a new Activities and Discovery System (ADS) to replace the current,

¹ SB 68 (2019), available at oregonlegislature.gov/2019/SB0068.

² UM 940, *Staff Report for the September 8 Public Meeting*, p.2 (2022).

³ SB 762 (2021), available at oregonlegislature.gov/2021/SB0762.

⁴ HB 2021 (2021), available at oregonlegislature.gov/2021/HB2021.

⁵ HB 2475 (2021), available at oregonlegislature.gov/2021/HB2475.

⁶ HB 2165 (2021)/ HB 3055 (2021), available at oregonlegislature.gov/2021/HB2165 / oregonlegislature.gov/2021/HB3055.

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outdated system. The Commission continues to manage its expenditures in a reasonable manner based upon the demands of the agency.

Estimated Fee Collection as of April 1, 2025

Projected Natural Gas, Electric, Water and Wastewater Revenue	\$ 30,067,923
Projected Telecommunications Revenue (at maximum rate 0.35%)	\$ 1,217,226

Total Estimated Fee Collection as of April 2025	<u>\$ 31,285,149</u>
Additional Est Revenues (RSPF Admin Transfers + Misc Rev.)	\$ 2,387,138

Estimate Total Revenues for the period April 1, 2025 through March 31, 2026	<u>\$ 33,672,288</u>
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Estimated Expenditures for Utility Regulation and Administration

April 1, 2025 through March 31, 2026	\$ (33,183,795)
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The estimated total expenditure is less than projected revenue by \$488,493. The estimated cash balance by March 31, 2026, is \$12,195,382; this ending cash balance is equivalent to 4.57 months of operating expenses.

Conclusion

Based on Staff's analysis, the annual fee rate should be set to forty-five hundredths of one percent (0.45 percent) to ensure adequate funding for the Commission.

PROPOSED COMMISSION MOTION:

Approve setting the annual fee assessment rate at forty-five hundredths of one percent (0.45 percent) of 2024 gross operating revenues for electric, natural gas, water, and wastewater utilities.