

ITEM NO. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 4, 2003**

REGULAR CONSENT EFFECTIVE DATE _____

DATE: February 18, 2003

TO: John Savage

FROM: Rick Willis, Vikie Bailey-Goggins, and Ed Busch

SUBJECT: PUC FEES FOR COLLECTION YEAR 2003: (Docket No. UM 1012)
Requests an order to continue the annual gross revenue fee level for gas, water, and wastewater utilities at 2.5 mills and sets the utility fee rate for each electric utility based on kilowatt-hours delivered to retail electric customers in 2002.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order setting the gross revenue fee at 2.5 mills for collection year 2003 for natural gas, water, and wastewater utilities. In addition, the order should set the electric utility fee, applied to kilowatt-hours delivered to retail electric customers in 2002, at 0.1734 mills for Portland General Electric Company, 0.1799 mills for PacifiCorp, and 0.1257 mills for Idaho Power Company. This rate is the same as collection year 2002.

DISCUSSION:

Fee Collections on Natural Gas, Water, and Wastewater:

Pursuant to OAR 860-011-0024 Annual Fees Payable by Other Public Utilities, each 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.

It also states that the Commission's order shall be entered on or after March 1. The fee shall be payable by April 1 of the year after the calendar year upon which the fee is based. The fee payable shall not exceed 25 hundredths of one percent (that is, .25 percent or 2.5 mills) of the Oregon 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. To ensure adequate funding for the OPUC, the fee level should remain at 2.5 mills for collection year 2003 for natural gas, water, and wastewater utilities.

Fee Collection on Electric Utilities:

In addition, pursuant to OAR 860-011-0022, each regulated electric utility shall pay a calculated fee derived from a rate applied to kilowatt-hours delivered to retail electric customers during 2002. The calculated average fee rate for the electric utilities this collection year is 0.1751 mills per kWh. This rate is adjusted by company-specific ratios to determine each utility's fee rate.

The rates for electric utilities for collection year 2003 should be set at 0.1734 mills for Portland General Electric Company, 0.1799 mills for PacifiCorp, and 0.1257 mills for Idaho Power Company.

The Commission adopted OAR 860-011-0022 at the June 23, 1998, public meeting which revised annual fees payable by the electric utilities to the OPUC. Beginning in collection year 1999, annual fees are calculated based on the amount of kilowatt-hours delivered to retail electric customers during the prior calendar year. The average fee payable by each electric company shall not exceed eighteen-hundredths of one mill per kilowatt-hour.

Collection Year 2003

Total Estimated Fee Collection		\$10,777,511
Natural Gas (@2.5 mills)	\$1,773,909	
Water & Wastewater (@2.5 mills)	20,225	
Electric Utility Fee	5,669,377	
<i>Telecommunications</i>	<i>\$3,314,000</i>	
<i>(Fee level set at 2.5 mills at October 15, 2002 Public Meeting)</i>		
Estimated Revenues		\$ 486,500
(from RSPF, Misc., and Federal Gas Pipeline)		
<u>Total Collections for April, 2003</u>		\$11,264,011
<u>Estimated Expenditures for Utility Regulation</u>		\$12,189,065
April 1, 2003 through March 31, 2004		

PROPOSED COMMISSION MOTION:

The Commission issue an order setting the gross revenue fee at 2.5 mills for collection year 2003 for natural gas, water, and wastewater utilities. In addition, the order should set the electric utility fee, applied to kilowatt-hours delivered to retail electric customers in 2002, at 0.1734 mills for Portland General Electric Company, 0.1799 mills for PacifiCorp, and 0.1257 mills for Idaho Power Company.