

2004 Commission Objectives
February 11, 2004
Page 2

PROPOSED COMMISSION MOTION:

The 2004 Commission Objectives in Attachment A be adopted.

2004 Objectives

Oregon Public Utility Commission 2004 Objectives

The Oregon Public Utility Commission strives to ensure that consumers get safe and reliable utility service at reasonable rates. The Commission relies on regulation and, where possible, competitive market forces to achieve this goal. To that end, the agency also promotes the development of competitive markets affecting utility service.

Much of the Commission's activity in any year is driven by applications by utilities and other parties. For example, the Commission expects to review an application this year for the sale of Portland General Electric (PGE), to ensure that customers will benefit from the change in ownership.

In 2004, the Commission will also review and revise its energy and telecommunications policies in light of changing technology, legal requirements, and market conditions. The Commission has three principal objectives in this regard. They are presented below, along with the major activities planned to accomplish each objective.

Establish regulatory incentives and policies to promote least-cost energy resource development.

Electric utilities are now or soon will be acquiring new resources to meet growing demands or to reduce reliance on short-term market purchases. Many different supply-side and demand-side resources, with different ownership or contractual arrangements, can be used to meet these needs. The Commission's regulation should ensure that the utilities acquire the best mix of resources for their customers.

Activities:

1. Determine the appropriate ratemaking treatment for new generating resources acquired by electric utilities (UM 1066).
2. Revise competitive bidding guidelines to ensure that all projects are considered on an equal basis.
3. Oversee the efforts of the Energy Trust to acquire cost-effective conservation and renewable resources.
4. Modify least-cost planning requirements to foster timely, efficient acquisition of new resources (UM 1056).
5. Remove barriers to the use of distributed generation.

6. Examine whether utility strategies for purchasing natural gas and electricity are reasonably designed to achieve rate stability at the lowest possible cost.
7. Investigate whether to promote the direct use of natural gas to meet customer needs over its use to generate electricity for that purpose.

Develop a workably competitive retail electricity market in Oregon.

The customer load served through direct access under Oregon's electricity restructuring law (SB 1149) is increasing, but barriers to the development of a competitive retail market remain. The Commission will work to ensure that no supplier has an unfair advantage and that no undue cost shifts to other customers occur. The retail market will also benefit from improvements in the operation of the transmission system.

Activities:

1. Collaborate with customers, suppliers, and utilities (through the UM 1081 process) to implement direct access.
2. Investigate alternative approaches to the treatment of transition costs and benefits.
3. Improve the efficiency of transmission service by promoting the development of an independent organization to operate the transmission system.

Establish the Commission's fundamental policies regarding telecommunications competition and regulation.

The Commission is charged with promoting competition in local telecommunications markets while maintaining strong regulatory oversight where needed to ensure high-quality service, universal access to basic service, and continuing innovation in services offered. The Commission will assess the scope of its regulation in view of continuing changes in technology and market conditions.

Activities:

1. Collaborate with industry, local government, and customer stakeholders to determine the proper role of regulation in an environment of continuing and dramatic changes in technology.
2. Evaluate current policies regarding the deregulation and price listing of telecommunications services.
3. Craft legislation for 2005 as needed.

The Commission will also undertake the following major activities:

1. Decide issues raised in major scheduled or anticipated dockets.
 - a. Acquisition of PGE by Oregon Electric Utility Company/Texas Pacific Group (UM 1121)
 - b. PacifiCorp interstate cost allocation (UM 1050)
 - c. PGE least-cost plan (LC 33)
 - d. PGE power cost adjustment
 - e. Possible general rate filings from PGE, PacifiCorp and Idaho Power
 - f. Investigations arising from the Federal Communications Commission's Triennial Review Order (UM 1100, 1110)
 - g. Extended Area Service (EAS) in Southern Oregon (UM 1061)
 - h. Wireline to wireless number portability
 - i. Wireless carrier qualification as eligible telecommunications carrier (UM 1083, 1084)
2. Investigate deferred accounting standards and procedures for electric and natural gas utilities.
3. Facilitate industry review and resolution of pole joint use issues.
4. Complete investigation into power trading during the 2000-01 energy crisis.
5. Participate in Bonneville Power Administration proceedings and related forums to ensure residential and small farm customers have equal access to the benefits of the region's low-cost resources.
6. Work with utilities, consumer groups, and responsible government agencies to determine appropriate actions and ratemaking to ensure safety and security of energy utilities.
7. Pursue legislation for 2005 to eliminate inconsistencies, confusion, and outdated laws in ORS Chapter 759.
8. Promote public involvement in the Commission's activities and increase awareness of agency programs and resources.
 - a. Increase opportunities for public comment in Commission dockets.
 - b. Improve the Commission's role as an information resource.
 - c. Increase awareness of Residential Service Protection Fund (RSPF) programs by eligible customers.
 - d. Provide technical and operational support and assistance to small water company owners.

Stakeholders Participating in Development of 2004 Objectives

1. Qwest
2. Verizon
3. Sprint
4. AT&T
5. Covad
6. Integra
7. Oregon Telecom
8. OTA
9. TRACER
10. Oregon Municipal Electric Utilities
11. City of Portland
12. Oregon Telecommunications Coordinating Council
13. Avista
14. NW Natural
15. PacifiCorp
16. Idaho Power
17. PGE
18. Industrial Customers of NW Utilities
19. NW Industrial Gas Users
20. Citizens' Utility Board
21. Associated Oregon Industries
22. Oregon PUD Association
23. League of Oregon Cities