

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 2, 2004**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: February 17, 2004

TO: Lee Sparling

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

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (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 per dollar (.25 percent) and sets the utility fee rate for each electric utility based on kilowatt-hours delivered to retail electric customers in 2003.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order setting the gross revenue fee at 2.5 mills for collection year 2004 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 2003, 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 2003.

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 per dollar) 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 2004 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 2003. The calculated average fee rate for the electric utilities this collection year is 0.1754 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 2004 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 average fee payable by each electric company shall not exceed eighteen-hundredths of one mill per kilowatt-hour.

Collection Year 2004

Total Estimated Fee Collection		\$10,334,358
Natural Gas (@2.5 mills)	\$1,712,106	
Water & Wastewater (@2.5 mills)	24,550	
Electric Utility Fee ¹	5,653,702	
<i>Telecommunications</i>	<i>\$2,944,000</i>	
<i>(Fee level set at 2.5 mills at October 15, 2003 Public Meeting)</i>		
Estimated Revenues		\$ 504,445
(from RSPF, Misc., and Federal Gas Pipeline)		
<u>Total Collections for April, 2004</u>		\$10,838,803
<u>Estimated Expenditures for Utility Regulation</u>		\$12,060,000
April 1, 2004 through March 31, 2005		

¹ In addition, the OPUC 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). In 2003, the PUC received \$42,615. Approximately 50 percent of one analyst's time was dedicated to public purpose and Energy Trust of Oregon issues.

PROPOSED COMMISSION MOTION:

The Commission issue an order setting the gross revenue fee at 2.5 mills for collection year 2004 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 2003, at 0.1734 mills for Portland General Electric Company, 0.1799 mills for PacifiCorp, and 0.1257 mills for Idaho Power Company.