

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 26, 2008**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: February 12, 2008

TO: Public Utility Commission

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

THROUGH: Lee Sparling

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1012)
Requests an order to continue the annual fee level for gas, water, and wastewater utilities at 2.5 mills per dollar (.25 percent) and, with the implementation of House Bill 2053, sets the annual fee rate for electric companies at 2.5 mills.

STAFF RECOMMENDATION:

Staff recommends that the Commission issue an order setting the annual fee rate at 2.5 mills for 2007 for natural gas, water, and wastewater utilities. In addition, with the implementation of House Bill 2053, staff recommends the order set the electric company annual fee rate at 2.5 mills for 2007.

DISCUSSION:

Fee Collections on Natural Gas, Water, and Wastewater:

Pursuant to OAR 860-021-0034, Annual Fees Payable to the Commission by a Gas Utility, OAR 860-036-0095, Annual Fees Payable to the Commission by a Water Utility, and OAR 860-037-0095, Annual Fees Payable to the Commission by a Wastewater Utility, 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.

Fee Collection on Electric Companies:

In addition, pursuant to the amendment of OAR 860-021-0033, per House Bill 2053, Annual Fees Payable to the Commission by an Electric Company, each regulated electric company must pay an annual fee on gross operating revenues derived within Oregon at

a rate determined by Commission order.¹ 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 shall be payable before 5:00 p.m. on 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, 0.25 percent or 2.5 mills per dollar) of the Oregon gross 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 Oregon Public Utility Commission, the fee level should remain at 2.5 mills for 2007 for natural gas, water, and wastewater utilities. The fee level should be set at 2.5 mills for 2007 for electric companies.

Estimated Fee Collection

Natural Gas (@2.5 mills)	\$2,987,700
Water & Wastewater (@2.5 mills)	33,900
Electric ² (@2.5 mills)	7,785,027
<i>Telecommunications</i>	<i>\$2,572,100</i>

(Fee level set at 2.5 mills at September 20, 2007 Public Meeting)

Total Estimated Fee Collection **\$13,378,727**

Additional Estimated Revenues **\$487,300**

(From Federal Gas Pipeline, RSPF, and Misc.)

Total Collections due April 1, 2008 **\$13,866,027**

Estimated Expenditures for Utility Regulation **\$12,403,975**

April 1, 2008 through March 31, 2009

¹ Prior to House Bill 2053, the fee for electric companies was derived from a rate applied to kilowatt-hours delivered to retail electric customers during the prior calendar year.

² 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 2007, the PUC received \$26,688. Approximately 34 percent of one analyst's time was dedicated to public purpose and Energy Trust of Oregon issues.

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PROPOSED COMMISSION MOTION:

The Commission issue an order setting the annual fee assessment rate at 2.5 mills for 2007 for natural gas, water, and wastewater utilities. In addition, with the implementation of House Bill 2053, the order should set the electric company annual fee rate at 2.5 mills for 2007.