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Stakeholder Update

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PUC's Biennial Budget & Fee Bill

By Mandy Standiford, Chief Operating Officer

The PUC has secured its 2025-2027 biennial budget marking an important step that



ensures the agency can continue to meet the evolving needs of Oregon's utility landscape. This budget reflects not only the increasing complexity

of the Commission's work, but also the public's growing expectations around safety, equity, and transparency.

The agency also received legislative approval to increase the statutory utility fee cap from 0.45% to 0.55% of a utility's annual gross operating revenue. The cap does not mandate what the Commission will charge but rather establishes an upper limit that may be used to support the agency's legislatively approved budget. The adjustment gives the Commission the flexibility to match revenues to expenditures as authorized by the Legislature. Importantly, the PUC does not intend to immediately charge the new maximum rate. Forecasts show the fee remaining around 0.45% through 2027 and any future increase would be carefully considered through a public process and only to the extent needed to meet approved funding levels.

The 2025-2027 biennial budget further provides funding to hire a second member to communications team to help manage the communications workload. As demand for public engagement and transparency has grown, so has the need for additional capacity in communications. For too long the PUC has been a communications department of one and the agency is excited to offer extra support soon.

Additional funding for the agency's Wildfire Mitigation Oversight Program in the form of additional Utility Analyst positions was also secured in the biennial budget. Initially launched with limited duration positions, this team plays a critical role in reviewing utility wildfire protection plans and ensuring those plans are effectively implemented. Increasing support for this work gives the PUC long-term capacity to guide utility resilience efforts and protect Oregon's communities.

The budget also supports major upgrades to the Residential Service Protection Fund (RSPF), which provides telecommunications access to low income and disabled Oregonians. The outdated RSPF database, originally built in 1999, will be replaced with a modern, secure system that improves usability, automates workflows, and better serves customers and service providers alike.

Several bills passed during the 2025 legislative session such as adopting multi-year ratemaking, adopting performance-based regulation, and establishing a regulatory framework regarding microgrids and community microgrids will influence how the PUC carries out its work. The foundation laid by the agency's 2025-2027 budget makes the implementation of this legislation possible. Together these investments ensure the agency has the capacity, tools, and expertise needed to fulfill its responsibilities and continue delivering reliable, forward-looking service to the people of Oregon. \heartsuit

2025 Legislative session in review

~ Laura Tabor, Legislative Affairs Director

The 2025 Legislative Session saw a record 3,466 bills introduced and relatively new leadership in both chambers. The legislature ultimately passed 640 bills and an unprecedented number of both introduced and adopted bills affecting the Public Utility Commission (PUC). In the end, 15 bills passed with substantive policy changes and implementation effects for the agency, five of which include fiscal resources for implementation. PUC staff and leadership were essential for completing bill reviews and fiscal impact statements, as well as

responding to questions from legislators. Having started midstream in a busy session this April, I am grateful to everyone who contributed!

The PUC's legislative priorities for the 2025 session included our agency budget and policy option packages (POPs) and two policy bills, <u>SB 843</u> and <u>SB</u>



845. POP 101, adjusting the utility regulation fee cap, moved in a different vehicle from the PUC budget as <u>HB 2370</u>. The legislature adopted the 2025-27 budget as proposed in the Governor's Recommended Budget with all POPs and both policy bills succeeded.

Major themes through the session relevant to the PUC included affordability, clean energy, and wildfire. Concern about rising costs of living – including utility bills – led to significant legislation that will affect utility ratemaking processes and structure (HB 3179 and SB 688) and lead to a new rate class for data centers (HB 3546), along with bills to increase energy bill assistance (HB 3792) and broadband device rebate funding (HB 3148) for customers in need. Some of these policies saw bipartisan support.

The 2023 legislature passed sweeping climate and energy packages with policy changes and funding for numerous clean energy and climate programs. 2025 saw a more constrained budget, a focus on transportation and many priorities outside the natural resources sector, and areas where federal funding – while facing cuts and long-term uncertainty – currently buttresses some energy priorities. On the electric side, legislators took steps aimed at increasing microgrid deployment (HB 2065 and HB 2066) and small scale clean energy (HB 3863) while also addressing transmission challenges related to permitting (HB 3681) and use of grid-enhancing technologies (HB 3336). Related to gas utilities, legislation passed on transparency around hydrogen blending (SB 685). Legislation on thermal energy network pilots (SB 1143) stalled, along with some efforts on transmission (HB 3628), community solar (SB 92), and distributed power plants (HB 3609).

Wildfire has become a pressing issue for Oregon on many fronts. Legislators grappled with how to sustainably fund wildfire mitigation and suppression (HB 3940), rolling back wildfire hazard maps (SB 83), and multiple potential policies related to utility wildfire mitigation and liability. Utility and wildfire conversations centered on two issues: potential development of a safety certificate process to set clear standards and increase utility accountability on wildfire mitigation as proposed in HB 3666, and how to more effectively and swiftly compensate wildfire victims for damages. SB 926 and, later, HB 3984 proposed varying paths forward on these issues but did not succeed. Both bills proposed direction for the PUC to contract with external experts to study catastrophic wildfire risk and recovery, including as relates to utilities.

The PUC is working quickly to begin implementing legislative directives and will share staff implementation plans with stakeholders soon. For more information about individual bills related to the PUC, please see our <u>2025 legislative report</u>.

Oregon sets the stage for a powerful 2025 Western Conference

This year, the Oregon Public Utility Commission hosted the 2025 Western Conference of Public Service Commissioners (WCPSC), bringing together commissioners, staff, industry leaders, and advocates from across the region. This year's conference offered a dynamic program, opportunities to network, fun activities, and amazing Oregon weather.

With just under 470 attendees, turnout exceeded expectations—reflecting strong interest in the challenges and opportunities shaping the future of the energy sector. Participants engaged in timely discussions on topics including wildfire mitigation, affordability, grid moderni-



Panel during the conference titled "Cooperation: Essential Services & Extreme Fire Risk." Panelists shown L-R: Jim Alberts from Hawaiian Electric Company, Daryl Osby from California Water Service, Nick Russell from WatchDuty, and Scott Schifando from ALERTWest.

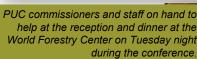
zation, the clean energy transition, among others.

Held at the Hilton Portland Downtown in the heart of *The Rose City*, the conference highlighted local culture. Attendees enjoyed Oregon-grown foods, diverse tours to local utility facilities and projects, an amazing urban hike, a trip to see our new baby elephant, Tula-tu, and a memorable evening at the World Forestry Center Museum.

"It was inspiring to see so many people come together in Portland to build relationships and share concerns, ideas, and solutions," said Oregon Commissioner and Western Conference President Les Perkins. "The conversations we had will help shape how we regulate in a way that truly serves the public interest—both now and in the future."



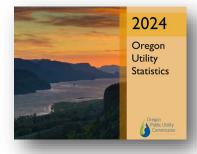
The Thirsty Squirrels performed at the dinner at the World Forestry Center on Tuesday night of the conference. The band features administrative law judges Mike Grant (on drums) and Chris Allwein (on bass guitar).





2024 utility statistics available

The 2024 Oregon Utility Statistics Book is now posted online. This publication provides data provided by the electric, natural gas, water and telecommunications utilities serving Oregon residents. <u>Take a look!</u> To access historical data, the PUC has Oregon Utility Statistics books <u>since 1970.</u>



PUC on hand at ceremonial bill signing

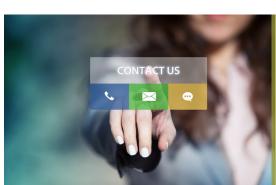
Governor Kotek hosted a ceremonial bill signing to commemorate the signing of four key bills related to energy affordability. Held at an affordable housing development in Hillsboro that was built by Hacienda with support from the Energy Trust of Oregon, Governor Kotek signed HB 3546 the POWER Act, HB 3179 the FAIR Energy Act, HB 3792 for OEAP funding, and SB 688 for performance-based ratemaking.

Key speakers included Senator Khan Pham, Representative Pam Marsh, Kid Governor Rosie Lanenga, and Anahi Segovia Rodriguez from Verde.









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