



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital

FROM: Jason Heuser, Legislative Affairs Coordinator; and Lance Robertson, Public Affairs Manager

DATE: November 20, 2013

SUBJECT: 2014 State Legislative Agenda

OBJECTIVE: Board approval of Resolution No. 1326 supporting legislative proposal outlined in this memo and accompanying resolution.

Issue

The Oregon Legislature now officially convenes biennially in February of even numbered years for a legislative session of approximately 45 days to enact laws and adjust the biennial budget for the State of Oregon. EWEB has an active presence during legislative sessions to protect the interests of EWEB and its customers.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol. These directives are approved by a resolution. The adopted directives guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments. This practice is consistent with Board policy GP13 - Board Role in Legislative Session.

During the short legislative session, EWEB staff prepares a written "legislative update" to be delivered to the Board midway through the legislative session. The report will apprise the Board of the bills or issues that EWEB staff is devoting time and resources toward in support or opposition, the implications of these bills for the utility, and prognostications on the likelihood of these bills advancing in the legislative process.

Discussion

The accompanying resolution provides a high level of general direction and principles for EWEB's lobbying efforts on the variety of legislative proposals that typically emerge over the course of the session. At this time, a rough picture is developing of what stands a good chance of occupying the bulk of EWEB's lobbying/bill review time for EWEB staff. However, the likelihood of legislation on these issues may change between now and the start of session on February 3, 2014.

The known issues likely to be discussed during this legislative session are as follows:

Renewable Portfolio Standard (RPS) Task Force and Possible Legislative Proposals

The Governor has convened an RPS Taskforce that has been meeting this fall to evaluate how Oregon's RPS law is functioning. The RPS law is entering its third year of compliance obligations for Oregon utilities. A central focus of this task force is whether or not legislative changes are needed that would take into account the influx of large energy-intensive data centers in Oregon. When these data centers locate in smaller utilities' service territories, the added electric load is likely to boost the local utility into the larger and higher utility standard that PGE, Pacific Power and EWEB are subject to. EWEB is participating in the RPS Task Force. We are monitoring proposals to evaluate if they are consistent with an equitable statewide application of the RPS statute, and whether any proposed changes would disadvantage utilities in the large standard of the RPS. At the time of this memo, no concrete proposals for legislative changes have coalesced.

Carbon Pricing Position Outreach

During the session, EWEB staff will make appointments to continue outreach and education on EWEB's carbon pricing position adopted earlier this year. It was originally expected that the Legislative Revenue Office (LRO) would have commissioned and completed a state carbon tax study, as authorized in the 2013 Legislative Session, and reported the findings to the February 2014 assembly. However, the timeline has been pushed out. Portland State University has been commissioned to collaborate with LRO. They are now expected to complete and report their work by the late summer or early fall of 2014.

Net Metering or Distributed Generation

Although no legislation on this topic is known to be planned or introduced for the short 2014 session, significant legislative activity is expected in the longer 2015 session, both in Oregon and Washington. A February informational hearing on this topic is a possibility. In February, Oregon utilities will be discussing what principles we have in common and how we might develop our approach to messaging and communications.

PERS

After making PERS changes in the 2013 legislative session and then again in a September special session, the legislature is not expected to have an appetite for further PERS changes until the 2015 session. However, EWEB will be closely monitoring any PERS-related activity that may unexpectedly emerge at the Capitol.

Recommendation and Requested Board Action

Management recommends that the Board adopt the accompanying resolution no. 1326 as provided.

Prior to even-numbered-year long sessions, time is normally scheduled on the Board agenda for a discussion prior to approving the resolution. During the short sessions like 2014 – in which the expected issues tend to be fewer or potentially less impactful to EWEB – we have the option of just providing a memo outlining the legislative agenda, prior to approval of the resolution. The Board also has the option of delaying approval of the resolution until the January meeting, to provide Commissioners with time to resolve any questions or concerns about the legislative agenda or resolution as stated.

If you have any questions prior to the Dec. 3 Board meeting, please contact Jason Heuser at 541-685-7425 or jason.heuser@eweb.org.

**RESOLUTION NO. 1326
DECEMBER 2013**

**EUGENE WATER & ELECTRIC BOARD
2014 LEGISLATIVE SESSION**

WHEREAS, the 2014 Oregon Legislative Session will convene on February 3, 2014; and

WHEREAS, the Eugene Water & Electric Board (EWEB) will continue to participate in the legislative process on behalf of its customers; and

WHEREAS, the Board has traditionally adopted positions and guidelines which provide general direction for purposes of supporting or opposing specific legislation; and

WHEREAS, the Board again desires to set forth such legislative directives.

BE IT RESOLVED that the Eugene Water & Electric Board adopts the attached legislative agenda, which includes the following issues and goals:

1. Renewable Portfolio Standard: Maintain a fair and level playing field for utilities in the application of requirements of the Oregon RPS.
2. Carbon Pricing: Educate and inform state decision-makers of the advantages and efficiencies of pricing carbon directly rather than indirectly.
3. Net Metering: Preserve local decision making and shield utilities from mandated approaches that do not equitably allocate costs among customers or that do not accurately value distributed generation based on utility specific conditions.

WHEREAS, new and unanticipated legislation can emerge each legislative session.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board goes on record supporting legislation which generally:

1. Preserves and enhances local control;
2. Complements or improves programs that are cost-effective to our customers; and
3. Preserves, conserves, and restores our natural environment in an equitable and cost-effective manner.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board will oppose legislation which generally:

1. Withdraws the capability of the Board to best serve EWEB's customers;
2. Duplicates existing laws, therefore complicating the execution of the Board's duties by state or federal mandate;
3. Imposes fees, assessments or procedures that impede the Board's ability to provide high-quality and cost effective service.

Dated this 3rd day of December 2013.

THE CITY OF EUGENE, OREGON

Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its December 3rd, 2013 Regular Board Meeting.

Assistant Secretary