



August 7, 2024

Governor Tina Kotek

Office of the Governor

900 Court Street NE, Suite 254

Salem, OR 97301-4047

RE: Opposition to the Oregon Department of Energy Proposed 18% increase in Energy Supplier Assessment Tax

Governor Kotek,

As members of the Oregon State Legislature, we are writing to express our concerns regarding the Department of Energy agency request. The Oregon Municipal Electric Utilities Association (OMEU), which encompasses eleven municipally owned and operated electric utilities, the Oregon People's Utility District Association (OPUDA), representing all six of Oregon's PUDs, and the Oregon Rural Electric Cooperative Association (ORECA), representing eighteen electric cooperatives, have voiced significant concerns regarding the proposed increase in the Energy Supplier Assessment (ESA).

Considering the ODOE's agency request budget, which proposes an 18% increase in the ESA, it is imperative that we consider the broader implications of this proposal. A substantial portion of ODOE's funding is derived from the ESA tax, which is paid by all fuel suppliers, including electric utilities.

While we appreciate the budget instructions issued to agencies, limiting general fund increases to a growth of 1%. We believe a similar approach should be applied to the ESA. An 18% increase is disproportionately large, especially for COUs that must pass this cost directly to their customers. These utilities cannot offset this increase by reducing shareholder profits, as they operate on a not-for-profit basis.

Policymakers have expressed significant concern about rising utility bills. During recent legislative sessions, the Senate Committee on Energy & the Environment highlighted the alarming trend of increasing utility rates, particularly those driven by investor-owned utilities. In this context, it seems counterproductive to impose a double-digit ESA rate increase, exacerbating the financial burden on consumers.

While we recognize that the government, like all sectors, faces inflationary pressures, it is essential that we scrutinize our budget to find efficiencies and minimize cost increases. Our COUs have demonstrated a

commitment to managing costs prudently; their governing boards would never propose an 18% rate increase without exhausting all other options to mitigate the impact. Unfortunately, we do not see the same level of commitment from ODOE.

At the ODOE budget meeting on July 29, 2024, mandated by ORS 469.421 (8), the agency presented a list of "potential reduction options" without specifying potential savings. As we proceed with budget preparations, we urge us to thoroughly examine these options, and others, to achieve a reduction in the proposed ESA increase that aligns with the general fund's growth limit of 1%.

The agency has shown willingness to provide information and engage in dialogue, but without our intervention, the ESA will continue to be used to fund "business as usual." This is an unsustainable approach given the direct impact on consumers. It is time for us to ensure that all funding sources, including the ESA, are subjected to the same rigorous scrutiny as the general fund.

Thank you for your attention to this matter and for your continued commitment to the fiscal responsibility and well-being of our constituents.

Sincerely,



Bobby Levy

House District 58



Anna Scharf

House District 23



Jeff Helfrich

House District 52



Boomer Wright

House District 9



Emily McIntire

House District 56



E. Werner Reschke

House District 55



James Hieb

House District 51



Court Boice

House District 1



Rick Lewis

House District 18



Mark Owens

House District 60



Jami Cate

House District 11



Tracy Cramer

House District 22



Vicki Breese-Iverson

House District 59



Christine Goodwin

House District 4



Dwayne Yunker

House District 3