

# Enrolled Senate Bill 838

Sponsored by Senator AVAKIAN; Senators ATKINSON, BATES, BROWN, BURDICK, CARTER, COURTNEY, DEVLIN, GORDLY, METSGER, MONNES ANDERSON, MONROE, MORRISETTE, PROZANSKI, STARR, WALKER, WESTLUND, Representatives DINGFELDER, ROSENBAUM (at the request of Governor Theodore R. Kulongoski)

CHAPTER .....

## AN ACT

Relating to electricity; creating new provisions; amending ORS 261.010, 261.030, 261.050, 261.235, 261.250, 261.253, 261.305, 261.335, 261.348, 261.355, 262.005, 262.015, 262.075, 757.612 and 757.687; and declaring an emergency.

Whereas the Legislative Assembly finds that it is in the interest of the state to promote research and development of new renewable energy sources in Oregon; and

Whereas the Legislative Assembly finds that it is necessary for Oregon’s electric utilities to decrease their reliance on fossil fuels for electricity generation and to increase their use of renewable energy sources; and

Whereas this 2007 Act may be cited as the Oregon Renewable Energy Act; and

Whereas the Oregon Renewable Energy Act provides a comprehensive renewable energy policy for Oregon, enabling industry, government and all Oregonians to accelerate the transition to a more reliable and more affordable energy system; now, therefore,

**Be It Enacted by the People of the State of Oregon:**

### DEFINITIONS

**SECTION 1. Definitions. As used in sections 1 to 24 of this 2007 Act:**

(1) **“Banked renewable energy certificate” means a bundled or unbundled renewable energy certificate that is not used by an electric utility or electricity service supplier to comply with a renewable portfolio standard in a calendar year and that is carried forward for the purpose of compliance with a renewable portfolio standard in a subsequent year.**

(2) **“BPA electricity” means electricity provided by the Bonneville Power Administration, including all electricity from the Federal Columbia River Power System hydroelectric projects and other electricity acquired by the Bonneville Power Administration by contract.**

(3) **“Bundled renewable energy certificate” means a renewable energy certificate for qualifying electricity that is acquired:**

(a) **By an electric utility or electricity service supplier by a trade, purchase or other transfer of electricity that includes the certificate that was issued for the electricity; or**

(b) **By an electric utility by generation of the electricity for which the certificate was issued.**

(4) "Compliance year" means the calendar year for which the electric utility or electricity service supplier seeks to establish compliance with the renewable portfolio standard applicable to the utility or supplier in the compliance report submitted under section 19 of this 2007 Act.

(5) "Consumer-owned utility" means a municipal electric utility, a people's utility district organized under ORS chapter 261 that sells electricity or an electric cooperative organized under ORS chapter 62.

(6) "Electric company" has the meaning given that term in ORS 757.600.

(7) "Electric utility" has the meaning given that term in ORS 757.600.

(8) "Electricity service supplier" has the meaning given that term in ORS 757.600.

(9) "Qualifying electricity" means electricity described in section 2 of this 2007 Act.

(10) "Renewable energy source" means a source of electricity described in section 4 of this 2007 Act.

(11) "Retail electricity consumer" means a retail electricity consumer, as defined in ORS 757.600, that is located in Oregon.

(12) "Unbundled renewable energy certificate" means a renewable energy certificate for qualifying electricity that is acquired by an electric utility or electricity service supplier by trade, purchase or other transfer without acquiring the electricity for which the certificate was issued.

## QUALIFYING ELECTRICITY

**SECTION 2. Qualifying electricity.** (1) Except as provided in this section, and subject to section 15 of this 2007 Act, electricity generated from a renewable energy source may be used to comply with a renewable portfolio standard only if the facility that generates the electricity meets the requirements of section 3 of this 2007 Act.

(2) Any electricity that the Bonneville Power Administration has designated as environmentally preferred power, or has given a similar designation for electricity generated from a renewable resource, may be used to comply with a renewable portfolio standard.

(3) The Legislative Assembly finds that hydroelectric energy is an important renewable energy source and electricity from hydroelectric generators may be used to comply with a renewable portfolio standard as provided in sections 1 to 24 of this 2007 Act.

**SECTION 3. Qualifying electricity; age of generating facility.** (1) Except as provided in this section, electricity may be used to comply with a renewable portfolio standard only if the electricity is generated by a facility that becomes operational on or after January 1, 1995.

(2) Electricity from a generating facility, other than a hydroelectric facility, that became operational before January 1, 1995, may be used to comply with a renewable portfolio standard if the electricity is attributable to capacity or efficiency upgrades made on or after January 1, 1995.

(3) Electricity from a hydroelectric facility that became operational before January 1, 1995, may be used to comply with a renewable portfolio standard if the electricity is attributable to efficiency upgrades made on or after January 1, 1995. If an efficiency upgrade is made to a Bonneville Power Administration facility, only that portion of the electricity generation attributable to Oregon's share of the electricity may be used to comply with a renewable portfolio standard.

(4) Subject to the limit imposed by section 4 (5) of this 2007 Act, electricity from a hydroelectric facility that is owned by an electric utility and that became operational before January 1, 1995, may be used to comply with a renewable portfolio standard if the facility is certified as a low-impact hydroelectric facility on or after January 1, 1995, by a national certification organization recognized by the State Department of Energy by rule.

**SECTION 4. Renewable energy sources.** (1) Electricity generated utilizing the following types of energy may be used to comply with a renewable portfolio standard:

- (a) Wind energy.
  - (b) Solar photovoltaic and solar thermal energy.
  - (c) Wave, tidal and ocean thermal energy.
  - (d) Geothermal energy.
- (2) Except as provided in subsection (3) of this section, electricity generated from biomass and biomass byproducts may be used to comply with a renewable portfolio standard, including but not limited to electricity generated from:
- (a) Organic human or animal waste;
  - (b) Spent pulping liquor;
  - (c) Forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and to reduce uncharacteristic stand replacing wildfire risk;
  - (d) Wood material from hardwood timber grown on land described in ORS 321.267 (3);
  - (e) Agricultural residues;
  - (f) Dedicated energy crops; and
  - (g) Landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste.
- (3) Electricity generated from the direct combustion of biomass may not be used to comply with a renewable portfolio standard if any of the biomass combusted to generate the electricity includes:
- (a) Municipal solid waste; or
  - (b) Wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or chromated copper arsenate.
- (4) Electricity generated by a hydroelectric facility may be used to comply with a renewable portfolio standard only if:
- (a) The facility is located outside any protected area designated by the Pacific Northwest Electric Power and Conservation Planning Council as of July 23, 1999, or any area protected under the federal Wild and Scenic Rivers Act, Public Law 90-542, or the Oregon Scenic Waterways Act, ORS 390.805 to 390.925; or
  - (b) The electricity is attributable to efficiency upgrades made to the facility on or after January 1, 1995.
- (5) Up to 50 average megawatts of electricity per year generated by an electric utility from certified low-impact hydroelectric facilities described in section 3 (4) of this 2007 Act may be used to comply with a renewable portfolio standard, without regard to the number of certified facilities operated by the electric utility or the generating capacity of those facilities. A hydroelectric facility described in this subsection is not subject to the requirements of subsection (4) of this section.
- (6) Electricity generated from hydrogen gas derived from any source of energy described in subsections (1) to (5) of this section may be used to comply with a renewable portfolio standard.
- (7) If electricity generation employs multiple energy sources, that portion of the electricity generated that is attributable to energy sources described in subsections (1) to (6) of this section may be used to comply with a renewable portfolio standard.
- (8) The State Department of Energy by rule may approve energy sources other than those described in this section that may be used to comply with a renewable portfolio standard. The department may not approve petroleum, natural gas, coal or nuclear fission as an energy source that may be used to comply with a renewable portfolio standard.

## **RENEWABLE PORTFOLIO STANDARDS**

**SECTION 5. Applicable standard.** (1) Electric utilities must comply with the applicable renewable portfolio standard described in section 6 or 7 of this 2007 Act.

(2) Electricity service suppliers must comply with the renewable portfolio standard established under section 9 of this 2007 Act.

**SECTION 6. Large utility renewable portfolio standard.** (1) The large utility renewable portfolio standard imposes the following requirements on an electric utility that makes sales of electricity to retail electricity consumers in an amount that equals three percent or more of all electricity sold to retail electricity consumers:

(a) At least five percent of the electricity sold by the utility to retail electricity consumers in each of the calendar years 2011, 2012, 2013 and 2014 must be qualifying electricity;

(b) At least 15 percent of the electricity sold by the utility to retail electricity consumers in each of the calendar years 2015, 2016, 2017, 2018 and 2019 must be qualifying electricity;

(c) At least 20 percent of the electricity sold by the utility to retail electricity consumers in each of the calendar years 2020, 2021, 2022, 2023 and 2024 must be qualifying electricity; and

(d) At least 25 percent of the electricity sold by the utility to retail electricity consumers in calendar year 2025 and subsequent calendar years must be qualifying electricity.

(2) If, on the effective date of this 2007 Act, an electric utility makes sales of electricity to retail electricity consumers in an amount that equals less than three percent of all electricity sold to retail electricity consumers, but in any three consecutive calendar years thereafter makes sales of electricity to retail electricity consumers in amounts that average three percent or more of all electricity sold to retail electricity consumers, the utility is subject to the renewable portfolio standard described in subsection (3) of this section. The utility becomes subject to the standard described in subsection (3) of this section in the calendar year following the three-year period during which the utility makes sales of electricity to retail electricity consumers in amounts that average three percent or more of all electricity sold to retail electricity consumers.

(3) An electric utility described in subsection (2) of this section must comply with the following renewable portfolio standard:

(a) Beginning in the fourth calendar year after the calendar year in which the utility becomes subject to the standard described in this subsection, at least five percent of the electricity sold by the utility to retail electricity consumers in a calendar year must be qualifying electricity;

(b) Beginning in the 10th calendar year after the calendar year in which the utility becomes subject to the standard described in this subsection, at least 15 percent of the electricity sold by the utility to retail electricity consumers in a calendar year must be qualifying electricity;

(c) Beginning in the 15th calendar year after the calendar year in which the utility becomes subject to the standard described in this subsection, at least 20 percent of the electricity sold by the utility to retail electricity consumers in a calendar year must be qualifying electricity; and

(d) Beginning in the 20th calendar year after the calendar year in which the utility becomes subject to the standard described in this subsection, at least 25 percent of the electricity sold by the utility to retail electricity consumers in a calendar year must be qualifying electricity.

**SECTION 7. Small electric utilities.** (1) Except as provided in this section, an electric utility that makes sales of electricity to retail electricity consumers in an amount that equals less than three percent of all electricity sold to retail electricity consumers is not subject to sections 1 to 24 of this 2007 Act.

(2) Beginning in calendar year 2025, at least five percent of the electricity sold to retail electricity consumers in a calendar year by an electric utility must be qualifying electricity if the electric utility makes sales of electricity to retail electricity consumers in an amount that equals less than one and one-half percent of all electricity sold to retail electricity consumers.

(3) Beginning in calendar year 2025, at least 10 percent of the electricity sold to retail electricity consumers in a calendar year by an electric utility must be qualifying electricity if the electric utility makes sales of electricity to retail electricity consumers in an amount that equals or is more than one and one-half percent, and less than three percent, of all electricity sold to retail electricity consumers.

(4) The exemption provided by subsection (1) of this section terminates if an electric utility, or a joint operating entity that includes the utility as a member, acquires electricity from an electricity generating facility that uses coal as an energy source or makes an investment on or after the effective date of this 2007 Act in an electricity generating facility that uses coal as an energy source. This subsection does not apply to:

(a) A wholesale market purchase by an electric utility for which the energy source for the electricity is not known;

(b) BPA electricity;

(c) Acquisition of electricity under a contract entered into before the effective date of this 2007 Act;

(d) A renewal or replacement contract for a contract for purchase of electricity described in paragraph (c) of this subsection;

(e) A purchase of electricity if the electricity is included in a contract for the purchase of qualifying electricity and is necessary to shape, firm or integrate the qualifying electricity;

(f) Electricity provided to an electric utility under a contract for the acquisition of an interest in an electricity generating facility that was entered into by the utility before the effective date of this 2007 Act or entered into before the effective date of this 2007 Act by an electric cooperative organized under ORS chapter 62 of which the electric utility is a member, without regard to whether the electricity is being used to serve the load of the electric utility on the effective date of this 2007 Act; or

(g) Investments in an electricity generating facility that uses coal as an energy source if the investments are for the purpose of improving the facility's pollution mitigation equipment or the facility's efficiency or are necessary to comply with requirements or standards imposed by governmental entities.

(5) The exemption provided by subsection (1) of this section terminates for a consumer-owned utility if at any time after the effective date of this 2007 Act the utility acquires service territory of an electric company without the consent of the electric company.

(6) Beginning in the calendar year following the year in which an electric utility's exemption terminates under subsection (4) or (5) of this section, the utility is subject to the renewable portfolio standard described in section 6 (3) of this 2007 Act and related provisions of sections 1 to 24 of this 2007 Act.

(7) The provisions of this section do not affect the requirement that electric utilities offer a green power rate under section 23 of this 2007 Act.

**SECTION 8. Exemptions from compliance with renewable portfolio standard.** (1) Electric utilities are not required to comply with the renewable portfolio standards described in sections 6 and 7 of this 2007 Act to the extent that:

(a) Compliance with the standard would require the utility to acquire electricity in excess of the utility's projected load requirements in any calendar year; and

(b) Acquiring the additional electricity would require the utility to substitute qualifying electricity for electricity derived from an energy source other than coal, natural gas or petroleum.

(2)(a) Electric utilities are not required to comply with a renewable portfolio standard to the extent that compliance would require the utility to substitute qualifying electricity for electricity available to the utility under contracts for electricity from dams that are owned by Washington public utility districts and are located between the Grand Coulee Dam and the Columbia River's junction with the Snake River. The provisions of this subsection apply

only to contracts entered into before the effective date of this 2007 Act and to renewal or replacement contracts for contracts entered into before the effective date of this 2007 Act.

(b) If a contract described in paragraph (a) of this subsection expires and is not renewed or replaced, the utility must comply, in the calendar year following the expiration of the contract, with the renewable portfolio standard applicable to the utility.

(3) A consumer-owned utility is not required to comply with a renewable portfolio standard to the extent that compliance would require the utility to reduce the utility's purchases of the lowest priced electricity from the Bonneville Power Administration pursuant to section 5 of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, as in effect on the effective date of this 2007 Act. The exemption provided by this subsection applies only to firm commitments for BPA electricity that the Bonneville Power Administration has assured will be available to a utility to meet agreed portions of the utility's load requirements for a defined period of time.

**SECTION 9. Renewable portfolio standard for electricity service suppliers.** An electricity service supplier must meet the requirements of the renewable portfolio standards that are applicable to the electric utilities that serve the territories in which the electricity service supplier sells electricity to retail electricity consumers. The Public Utility Commission shall establish procedures for implementation of the renewable portfolio standards for electricity service suppliers that sell electricity in the service territory of an electric company. If an electricity service supplier sells electricity in territories served by more than one electric company, the commission may provide for an aggregate standard based on the amount of electricity sold by the electricity service supplier in each territory. Pursuant to ORS 757.676, a consumer-owned utility may establish procedures for the implementation of the renewable portfolio standards for electricity service suppliers that sell electricity in the territory served by the consumer-owned utility.

**SECTION 10. Manner of complying with renewable portfolio standards.** (1) Except as provided in subsection (2) of this section, an electric utility or electricity service supplier must comply with the renewable portfolio standard applicable to the utility or supplier in each calendar year by:

(a) Using bundled renewable energy certificates issued or acquired during the compliance year;

(b) Subject to the limitations described in sections 16 and 17 of this 2007 Act, using unbundled or banked renewable energy certificates; or

(c) Making alternative compliance payments as described in section 20 of this 2007 Act.

(2) Bundled or unbundled renewable energy certificates that are issued or acquired by an electric utility or electricity service supplier on or before March 31 in a calendar year may be used by the utility or supplier to comply with the renewable portfolio standard applicable to the utility or supplier for the preceding calendar year.

**SECTION 11. Implementation plan for electric companies; annual reports.** (1) An electric company that is subject to a renewable portfolio standard shall develop an implementation plan for meeting the requirements of the standard and file the plan with the Public Utility Commission. Implementation plans must be revised and updated at least once every two years.

(2) An implementation plan must at a minimum contain:

(a) Annual targets for acquisition and use of qualifying electricity; and

(b) The estimated cost of meeting the annual targets, including the cost of transmission, the cost of firming, shaping and integrating qualifying electricity, the cost of alternative compliance payments and the cost of acquiring renewable energy certificates.

(3) The commission shall acknowledge the implementation plan no later than six months after the plan is filed with the commission. The commission may acknowledge the plan subject to conditions specified by the commission.

(4) The commission shall adopt rules:

- (a) Establishing requirements for the content of implementation plans;
- (b) Establishing the procedure for acknowledgement of implementation plans under this section, including provisions for public comment; and
- (c) Providing for the integration of the implementation plan with the integrated resource planning guidelines established by the commission and in effect on the effective date of this 2007 Act.

(5) The implementation plan filed under this section may include procedures that will be used by the electric company to determine whether the costs of constructing a facility that generates electricity from a renewable energy source, or the costs of acquiring bundled or unbundled renewable energy certificates, are consistent with the standards of the commission relating to least-cost, least-risk planning for acquisition of resources.

**SECTION 11a.** An electric company shall develop and file with the Public Utility Commission an initial implementation plan under section 11 of this 2007 Act no later than January 1, 2010.

### **COST LIMITATION**

**SECTION 12. Limits on cost of compliance with renewable portfolio standard.** (1) Electric utilities are not required to comply with a renewable portfolio standard during a compliance year to the extent that the incremental cost of compliance, the cost of unbundled renewable energy certificates and the cost of alternative compliance payments under section 20 of this 2007 Act exceeds four percent of the utility's annual revenue requirement for the compliance year.

(2) For each electric company, the Public Utility Commission shall establish the annual revenue requirement for a compliance year no later than January 1 of the compliance year. The governing body of a consumer-owned utility shall establish the annual revenue requirement for the consumer-owned utility.

(3) The annual revenue requirement for an electric utility shall be calculated based only on the operations of the utility relating to electricity. The annual revenue requirement does not include any amount expended by the utility for energy efficiency programs for customers of the utility or for low income energy assistance, the incremental cost of compliance with a renewable portfolio standard, the cost of unbundled renewable energy certificates or the cost of alternative compliance payments under section 20 of this 2007 Act. The annual revenue requirement does include:

(a) All operating expenses of the utility during the compliance year, including depreciation and taxes; and

(b) For electric companies, an amount equal to the total rate base of the company for the compliance year multiplied by the rate of return established by the commission for debt and equity of the company.

(4) For the purposes of this section, the incremental cost of compliance with a renewable portfolio standard is the difference between the levelized annual delivered cost of the qualifying electricity and the levelized annual delivered cost of an equivalent amount of reasonably available electricity that is not qualifying electricity. For the purpose of this subsection, the commission or governing body of a consumer-owned utility shall use the net present value of delivered cost, including:

(a) Capital, operating and maintenance costs of generating facilities;

(b) Financing costs attributable to capital, operating and maintenance expenditures for generating facilities;

(c) Transmission and substation costs;

(d) Load following and ancillary services costs; and

(e) Costs associated with using other assets, physical or financial, to integrate, firm or shape renewable energy sources on a firm annual basis to meet retail electricity needs.

(5) For the purposes of this section, the governing body of a consumer-owned utility may include in the incremental cost of compliance with a renewable portfolio standard all expenses associated with research, development and demonstration projects related to the generation of qualifying electricity by the consumer-owned utility.

(6) The commission shall establish limits on the incremental cost of compliance with the renewable portfolio standard for electricity service suppliers under section 9 of this 2007 Act that are the equivalent of the cost limits applicable to the electric companies that serve the territories in which the electricity service supplier sells electricity to retail electricity consumers. If an electricity service supplier sells electricity in territories served by more than one electric company, the commission may provide for an aggregate cost limit based on the amount of electricity sold by the electricity service supplier in each territory. Pursuant to ORS 757.676, a consumer-owned utility may establish limits on the cost of compliance with the renewable portfolio standard for electricity service suppliers that sell electricity in the territory served by the consumer-owned utility.

**SECTION 12a.** The Public Utility Commission shall establish the methodology for determining the annual revenue requirement of an electric company for purposes of section 12 of this 2007 Act no later than July 1, 2008.

### **COST RECOVERY**

**SECTION 13. Cost recovery by electric companies.** (1) Except as provided in section 20 (5) of this 2007 Act, all prudently incurred costs associated with compliance with a renewable portfolio standard are recoverable in the rates of an electric company, including interconnection costs, costs associated with using physical or financial assets to integrate, firm or shape renewable energy sources on a firm annual basis to meet retail electricity needs and other costs associated with transmission and delivery of qualifying electricity to retail electricity consumers.

(2) Costs associated with compliance with a renewable portfolio standard are not an above-market cost for the purposes of ORS 757.600 to 757.687.

(3) The Public Utility Commission shall establish an automatic adjustment clause as defined in ORS 757.210 or another method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity transmission. Notwithstanding any other provision of law, upon the request of any interested person the commission shall conduct a proceeding to establish the terms of the automatic adjustment clause or other method for timely recovery of costs. The commission shall provide parties to the proceeding with the procedural rights described in ORS 756.500 to 756.610, including but not limited to the opportunity to develop an evidentiary record, conduct discovery, introduce evidence, conduct cross-examination and submit written briefs and oral argument. The commission shall issue a written order with findings on the evidentiary record developed in the proceeding.

(4) An electric company must file with the commission for approval of a proposed rate change to recover costs under the terms of an automatic adjustment clause or other method for timely recovery of costs established under subsection (3) of this section. Notwithstanding any other provision of law, upon the request of any interested person the commission shall conduct a proceeding to determine whether to approve a proposed change in rates under the automatic adjustment clause or other method for timely recovery of costs. The commission shall provide parties to the proceeding with the procedural rights described in ORS 756.500 to 756.610, including but not limited to the opportunity to develop an evidentiary record, conduct discovery, introduce evidence, conduct cross-examination and submit written briefs and oral argument. The commission shall issue a written order with findings on the evidentiary record developed in the proceeding. A filing made under this subsection is subject

to the commission's authority under ORS 757.215 to suspend a rate, or schedule of rates, for investigation.

**SECTION 13a.** The Public Utility Commission shall establish the automatic adjustment clause or another method for timely recovery of costs as required by section 13 (3) of this 2007 Act no later than January 1, 2008. The clause or method shall apply to all prudently incurred costs described in section 13 (3) of this 2007 Act incurred by an electric company since the date of the company's last general rate case that was decided by the commission before the effective date of this 2007 Act.

## RENEWABLE ENERGY CERTIFICATES

**SECTION 14. Renewable energy certificates system.** (1) The State Department of Energy shall establish a system of renewable energy certificates that can be used by an electric utility or electricity service supplier to establish compliance with the applicable renewable portfolio standard. The department shall consult with the Public Utility Commission before establishing a system of renewable energy certificates under this section. The department may allow use of renewable energy certificates that are issued, monitored, accounted for or transferred by or through a regional system or trading program, including but not limited to the Western Renewable Energy Generation Information System. The system established by the department shall allow issuance, transfer and use of renewable energy certificates in electronic form.

(2) The validity of a bundled renewable energy certificate for purposes of compliance with the applicable renewable portfolio standard is not affected by the substitution of any other electricity for the qualifying electricity at any point after the time of generation.

**SECTION 15. Renewable energy certificates that may be used to comply with standards.** (1) A bundled renewable energy certificate may be used to comply with a renewable portfolio standard if:

(a) The facility that generates the qualifying electricity for which the certificate is issued is located in the United States and within the geographic boundary of the Western Electricity Coordinating Council; and

(b) The qualifying electricity for which the certificate is issued is delivered to the Bonneville Power Administration, to the transmission system of an electric utility or to another delivery point designated by an electric utility for the purpose of subsequent delivery to the electric utility.

(2) An unbundled renewable energy certificate may be used to comply with a renewable portfolio standard if the facility that generates the qualifying electricity for which the certificate is issued is located within the geographic boundary of the Western Electricity Coordinating Council.

(3) Renewable energy certificates issued for any electricity that the Bonneville Power Administration has designated as environmentally preferred power, or has given a similar designation for electricity generated from a renewable resource, may be used to comply with a renewable portfolio standard without regard to the location of the generating facility.

**SECTION 16. Use, transfer and banking of certificates.** (1) Renewable energy certificates may be traded, sold or otherwise transferred.

(2) Renewable energy certificates that are not used by an electric utility or electricity service supplier to comply with a renewable portfolio standard in a calendar year may be banked and carried forward indefinitely for the purpose of complying with a renewable portfolio standard in a subsequent year. For the purpose of complying with a renewable portfolio standard in any calendar year:

(a) Banked renewable energy certificates must be used, up to the limit imposed by section 17 of this 2007 Act, before other certificates are used; and

(b) Banked renewable energy certificates with the oldest issuance date must be used to comply with the standard before banked renewable energy certificates with more recent issuance dates are used.

(3) An electric utility or electricity service supplier is responsible for demonstrating that a renewable energy certificate used to comply with a renewable portfolio standard is derived from a renewable energy source and that the utility or supplier has not used, traded, sold or otherwise transferred the certificate.

(4) The same renewable energy certificate may be used by an electric utility or electricity service supplier to comply with a federal renewable portfolio standard and a renewable portfolio standard established under sections 1 to 24 of this 2007 Act. An electric utility or electricity service supplier that uses a renewable energy certificate to comply with a renewable portfolio standard imposed by any other state may not use the same certificate to comply with a renewable portfolio standard established under sections 1 to 24 of this 2007 Act.

**SECTION 17. Limitations on use of unbundled certificates to meet renewable portfolio standard.** (1) Except as otherwise provided in this section, unbundled renewable energy certificates, including banked unbundled renewable energy certificates, may not be used to meet more than 20 percent of the requirements of the large utility renewable portfolio standard described in section 6 of this 2007 Act for any compliance year.

(2) The limitation imposed by subsection (1) of this section does not apply to renewable energy certificates issued for electricity generated in Oregon from a renewable energy source by a net metering facility as defined in ORS 757.300, or another generating facility that is not directly connected to a distribution or transmission system.

(3) The limitation imposed by subsection (1) of this section does not apply to renewable energy certificates issued for electricity generated in Oregon by a qualifying facility under ORS 758.505 to 758.555.

(4) The limitation imposed by subsection (1) of this section does not apply to an electricity service supplier.

**SECTION 17a.** Notwithstanding section 17 (1) of this 2007 Act, for compliance years before 2020, a consumer-owned utility subject to the large utility renewable portfolio standard described in section 6 of this 2007 Act may use unbundled renewable energy certificates, including banked unbundled renewable energy certificates, to meet up to 50 percent of the requirements of the standard.

**SECTION 18. Multistate electric companies.** The Public Utility Commission by rule shall establish a process for allocating the use of renewable energy certificates by an electric company that makes sales of electricity to retail customers in more than one state.

## COMPLIANCE REPORTS

**SECTION 19. Compliance reports.** (1) Each electric utility and electricity service supplier that is subject to a renewable portfolio standard shall make an annual compliance report for the purpose of detailing compliance, or failure to comply, with the renewable portfolio standard applicable in the compliance year. An electric company or electricity service supplier shall make the report to the Public Utility Commission. A consumer-owned utility shall make the report to the members or customers of the utility.

(2) The commission shall review each compliance report filed under this section by an electric company or electricity service supplier for the purposes of determining whether the company or supplier has complied with the renewable portfolio standard applicable to the company or supplier and the manner in which the company or supplier has complied. In reviewing the reports, the commission shall consider:

(a) The relative amounts of renewable energy certificates and other payments used by the company or supplier to meet the applicable renewable portfolio standard, including:

- (A) Bundled renewable energy certificates;
  - (B) Unbundled renewable energy certificates;
  - (C) Banked renewable energy certificates; and
  - (D) Alternative compliance payments under section 20 of this 2007 Act.
- (b) The timing of electricity purchases.
  - (c) The market prices for electricity purchases and unbundled renewable energy certificates.
  - (d) Whether the actions taken by the company or supplier are contributing to long term development of generating capacity using renewable energy sources.
  - (e) The effect of the actions taken by the company or supplier on the rates payable by retail electricity consumers.
  - (f) Good faith forecasting differences associated with the projected number of retail electricity consumers served and the availability of electricity from renewable energy sources.
  - (g) For electric companies, consistency with the implementation plan filed under section 11 of this 2007 Act, as acknowledged by the commission.
  - (h) Any other factors deemed reasonable by the commission.
- (3) The commission by rule may establish requirements for compliance reports submitted by an electric company or electricity service supplier.

#### **ALTERNATIVE COMPLIANCE PAYMENTS**

**SECTION 20. Electric companies; electricity service suppliers.** (1) The Public Utility Commission shall establish an alternative compliance rate for each compliance year for each electric company or electricity service supplier that is subject to a renewable portfolio standard. The rate shall be expressed in dollars per megawatt-hour.

(2) The commission shall establish an alternative compliance rate based on the cost of qualifying electricity, contracts that the electric company or electricity service supplier has acquired for future delivery of qualifying electricity and the number of unbundled renewable energy certificates that the company or supplier anticipates using in the compliance year to meet the renewable portfolio standard applicable to the company or supplier. The commission shall also consider any determinations made under section 19 of this 2007 Act in reviewing the compliance report made by the electric company or electricity service supplier for the previous compliance year. In establishing an alternative compliance rate, the commission shall set the rate to provide adequate incentive for the electric company or electricity service supplier to purchase or generate qualifying electricity in lieu of using alternative compliance payments to meet the renewable portfolio standard applicable to the company or supplier.

(3) An electric company or electricity service supplier may elect to use, or may be required by the commission to use, alternative compliance payments to comply with the renewable portfolio standard applicable to the company or supplier. Any election by an electric company or electricity service supplier to use alternative compliance payments is subject to review by the commission under section 19 of this 2007 Act. An electric company or electricity service supplier may not be required to make alternative compliance payments that would result in the company or supplier exceeding the cost limitation established under section 12 of this 2007 Act.

(4) The commission shall determine for each electric company the extent to which alternative compliance payments may be recovered in the rates of the company. Each electric company shall deposit any amounts recovered in the rates of the company for alternative compliance payments in a holding account established by the company. Amounts in the holding account shall accrue interest at the rate of return authorized by the commission for the electric company.

(5) Amounts in holding accounts established under subsection (4) of this section may be expended by an electric company only for costs of acquiring new generating capacity from renewable energy sources, investments in efficiency upgrades to electricity generating facilities owned by the company and energy conservation programs within the company's service area. The commission must approve expenditures by an electric company from a holding account established under subsection (4) of this section. Amounts that are collected from customers and spent by an electric company under this subsection may not be included in the company's rate base.

(6) The commission shall require electricity service suppliers to establish holding accounts and make payments to those accounts on a substantially similar basis as provided for electric companies. The commission must approve expenditures by an electricity service supplier from a holding account established under this subsection. The commission may approve expenditures only for energy conservation programs for customers of the electricity service supplier.

**SECTION 20a.** The Public Utility Commission shall establish initial alternative compliance rates as required by section 20 of this 2007 Act no later than July 1, 2009.

**SECTION 21. Consumer-owned utilities.** The governing body of a consumer-owned utility shall establish an alternative compliance rate for the utility. To the extent possible, the alternative compliance rate shall be determined by the governing body of the consumer-owned utility in a manner similar to that used by the Public Utility Commission in establishing alternative compliance rates under section 20 of this 2007 Act. Amounts collected as alternative compliance payments by a consumer-owned utility may be used for the purposes specified in section 20 (5) of this 2007 Act and for the purpose of paying expenses associated with research, development and demonstration projects related to the generation of qualifying electricity by the utility.

#### PENALTY

**SECTION 22. Penalty.** If an electric company or electricity service supplier that is subject to a renewable portfolio standard under sections 1 to 24 of this 2007 Act fails to comply with the standard in the manner provided by sections 1 to 24 of this 2007 Act, the Public Utility Commission may impose a penalty against the company or supplier in an amount determined by the commission. A penalty under this section is in addition to any alternative compliance payment required or elected under section 20 of this 2007 Act. Moneys paid for penalties under this section shall be transmitted by the commission to the nongovernmental entity receiving moneys under ORS 757.612 (3)(d) and may be used only for the purposes specified in ORS 757.612 (1).

#### GREEN POWER RATE

**SECTION 23. Green power rate.** (1) Electric utilities shall allow retail electricity consumers to elect a green power rate. A significant portion of the electricity purchased or generated by a utility that is attributable to moneys paid by retail electricity consumers who elect the green power rate must be qualifying electricity, and the utility must inform consumers of the sources of the electricity purchased or generated by the utility that is attributable to moneys paid by consumers who elect the green power rate. The green power rate shall reasonably reflect the costs of the electricity purchased or generated by the utility that is attributable to moneys paid by retail electricity consumers who elect the green power rate. All prudently incurred costs associated with the green power rate are recoverable in a green power rate offered by an electric company.

(2) Any qualifying electricity procured by an electric utility to provide electricity under a green power rate under subsection (1) of this section or ORS 757.603 (2)(a) may not be used by the utility to comply with the requirements of a renewable portfolio standard.

(3) The provisions of subsection (1) of this section do not apply to electric companies that are subject to ORS 757.603 (2)(a).

(4) An electric utility may comply with the requirements of subsection (1) of this section by contracting with a third-party provider.

## COMMUNITY-BASED RENEWABLE ENERGY PROJECTS

**SECTION 24. Goal for community-based renewable energy projects.** The Legislative Assembly finds that community-based renewable energy projects are an essential element of Oregon's energy future, and declares that it is the goal of the State of Oregon that by 2025 at least eight percent of Oregon's retail electrical load comes from small-scale renewable energy projects with a generating capacity of 20 megawatts or less. All agencies of the executive department as defined in ORS 174.112 shall establish policies and procedures promoting the goal declared in this section.

## JOB IMPACT STUDY

**SECTION 25. Job impact study.** (1) The State Department of Energy shall periodically conduct a study to evaluate the impact of sections 1 to 24 of this 2007 Act on jobs in this state. The study shall assess the number of new jobs created in the renewable energy sector in this state and the average wage rates and the provision of health care and other benefits for those jobs. In addition, the study shall investigate the extent to which workforce training opportunities are being provided to employees to prepare the employees for jobs in the renewable energy sector.

(2) The department shall conduct the first study under this section not later than two years after the effective date of this 2007 Act.

**SECTION 26.** Section 25 of this 2007 Act is repealed January 2, 2026.

## PUBLIC PURPOSE CHARGE

**SECTION 27.** ORS 757.612 is amended to read:

757.612. (1) There is established an annual public purpose expenditure standard for electric companies to fund new cost-effective local energy conservation, new market transformation efforts, the above-market costs of new renewable energy resources and new low-income weatherization. The public purpose expenditure standard shall be funded by the public purpose charge described in subsection (2) of this section.

(2)(a) Beginning on the date an electric company offers direct access to its retail electricity consumers, except residential electricity consumers, the electric company shall collect a public purpose charge from all of the retail electricity consumers located within its service area *[for a period of 10 years]* **until January 1, 2026**. Except as provided in paragraph (b) of this subsection, the public purpose charge shall be equal to three percent of the total revenues collected by the electric company or electricity service supplier from its retail electricity consumers for electricity services, distribution, ancillary services, metering and billing, transition charges and other types of costs included in electric rates on July 23, 1999.

(b) For an aluminum plant that averages more than 100 average megawatts of electricity use per year, beginning on March 1, 2002, the electric company whose territory abuts the greatest percentage of the site of the aluminum plant shall collect from the aluminum company a public purpose charge equal to one percent of the total revenue from the sale of electricity services to the aluminum plant from any source.

(3)(a) The Public Utility Commission shall establish rules implementing the provisions of this section relating to electric companies.

(b) Subject to paragraph (e) of this subsection, funds collected by an electric company through public purpose charges shall be allocated as follows:

(A) Sixty-three percent for new cost-effective conservation and new market transformation.

(B) Nineteen percent for the above-market costs of [*new renewable energy resources*] **constructing and operating new renewable energy resources with a nominal electric generating capacity, as defined in ORS 469.300, of 20 megawatts or less.**

(C) Thirteen percent for new low-income weatherization.

(D) Five percent shall be transferred to the Housing and Community Services Department Revolving Account created under ORS 456.574 and used for the purpose of providing grants as described in ORS 458.625 (2). Moneys deposited in the account under this subparagraph are continuously appropriated to the Housing and Community Services Department for the purposes of ORS 458.625 (2). Interest on moneys deposited in the account under this subparagraph shall accrue to the account.

(c) The costs of administering subsections (1) to (6) of this section for an electric company shall be paid out of the funds collected through public purpose charges. The commission may require that an electric company direct funds collected through public purpose charges to the state agencies responsible for implementing subsections (1) to (6) of this section in order to pay the costs of administering such responsibilities.

(d) The commission shall direct the manner in which public purpose charges are collected and spent by an electric company and may require an electric company to expend funds through competitive bids or other means designed to encourage competition, except that funds dedicated for low-income weatherization shall be directed to the Housing and Community Services Department as provided in subsection (7) of this section. The commission may also direct that funds collected by an electric company through public purpose charges be paid to a nongovernmental entity for investment in public purposes described in subsection (1) of this section. Notwithstanding any other provision of this subsection, at least 80 percent of the funds allocated for conservation shall be spent within the service area of the electric company that collected the funds.

(e)(A) The first 10 percent of the funds collected annually by an electric company under subsection (2) of this section shall be distributed to education service districts, as described in ORS 334.010, that are located in the service territory of the electric company. The funds shall be distributed to individual education service districts according to the weighted average daily membership (ADMw) of the component school districts of the education service district for the prior fiscal year as calculated under ORS 327.013. The commission shall establish by rule a methodology for distributing a proportionate share of funds under this paragraph to education service districts that are only partially located in the service territory of the electric company.

(B) An education service district that receives funds under this paragraph shall use the funds first to pay for energy audits for school districts located within the education service district. An education service district may not expend additional funds received under this paragraph on a school district facility until an energy audit has been completed for that school district. To the extent practicable, an education service district shall coordinate with the State Department of Energy and incorporate federal funding in complying with this paragraph. Following completion of an energy audit for an individual school district, the education service district may expend funds received under this paragraph to implement the energy audit. Once an energy audit has been conducted and completely implemented for each school district within the education service district, the education service district may expend funds received under this paragraph for any of the following purposes:

(i) Conducting energy audits. A school district shall conduct an energy audit prior to expending funds on any other purpose authorized under this paragraph unless the school district has performed an energy audit within the three years immediately prior to receiving the funds.

(ii) Weatherization and upgrading the energy efficiency of school district facilities.

(iii) Energy conservation education programs.

(iv) Purchasing electricity from environmentally focused sources and investing in renewable energy resources.

(f) The commission may **not** establish a different public purpose charge than the public purpose charge [otherwise] described in subsection (2) of this section [for an individual retail electricity consumer or any class of retail electricity consumers located within the service area of an electric company, provided that a retail electricity consumer with a load greater than one average megawatt is not required to pay a public purpose charge in excess of three percent of its total cost of electricity services].

*[(g) The commission shall remove from the rates of each electric company any costs for public purposes described in subsection (1) of this section that are included in rates. A rate adjustment under this paragraph shall be effective on the date that the electric company begins collecting public purpose charges.]*

(4) An electric company that satisfies its obligations under this section shall have no further obligation to invest in conservation, new market transformation[, new renewable energy resources] or new low-income weatherization or to provide a commercial energy conservation services program and is not subject to ORS 469.631 to 469.645[,] **and** 469.860 to 469.900 [and 758.505 to 758.555].

(5)(a) A retail electricity consumer that uses more than one average megawatt of electricity at any site in the prior year shall receive a credit against public purpose charges billed by an electric company for that site. The amount of the credit shall be equal to the total amount of qualifying expenditures for new energy conservation, not to exceed 68 percent of the annual public purpose charges, and the above-market costs of purchases of new renewable energy resources incurred by the retail electricity consumer, not to exceed 19 percent of the annual public purpose charges, less administration costs incurred under this subsection. The credit may not exceed, on an annual basis, the lesser of:

(A) The amount of the retail electricity consumer's qualifying expenditures; or

(B) The portion of the public purpose charge billed to the retail electricity consumer that is dedicated to new energy conservation, new market transformation or the above-market costs of new renewable energy resources.

(b) To obtain a credit under this subsection, a retail electricity consumer shall file with the State Department of Energy a description of the proposed conservation project or new renewable energy resource and a declaration that the retail electricity consumer plans to incur the qualifying expenditure. The State Department of Energy shall issue a notice of precertification within 30 days of receipt of the filing, if such filing is consistent with this subsection. The credit may be taken after a retail electricity consumer provides a letter from a certified public accountant to the State Department of Energy verifying that the precertified qualifying expenditure has been made.

(c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that are not used in one year may be carried forward for use in subsequent years.

(d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at any site in the prior year may request that the State Department of Energy hire an independent auditor to assess the potential for conservation investments at the site. If the independent auditor determines there is no available conservation measure at the site that would have a simple payback of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment obligation for public purpose charges related to the site. If the independent auditor determines that there are potential conservation measures available at the site, the retail electricity consumer shall be entitled to a credit against public purpose charges related to the site equal to 54 percent of the public purpose charges less the estimated cost of available conservation measures.

(B) A retail electricity consumer shall be entitled each year to the credit described in this subsection unless a subsequent independent audit determines that new conservation investment opportunities are available. The State Department of Energy may require that a new independent audit be performed on the site to determine whether new conservation measures are available, provided that the independent audits shall occur no more than once every two years.

(C) The retail electricity consumer shall pay the cost of the independent audits described in this subsection.

(6) Electric utilities and retail electricity consumers shall receive a fair and reasonable credit for the public purpose expenditures of their energy suppliers. The State Department of Energy shall adopt rules to determine eligible expenditures and the methodology by which such credits are accounted for and used. The rules also shall adopt methods to account for eligible public purpose expenditures made through consortia or collaborative projects.

(7)(a) In addition to the public purpose charge provided under subsection (2) of this section, beginning on October 1, 2001, an electric company shall collect funds for low-income electric bill payment assistance in an amount determined under paragraph (b) of this subsection.

(b) The total amount collected for low-income electric bill payment assistance under this section shall be \$10 million per year. The commission shall determine each electric company's proportionate share of the total amount. The commission shall determine the amount to be collected from a retail electricity consumer, except that a retail electricity consumer is not required to pay more than \$500 per month per site for low-income electric bill payment assistance.

(c) Funds collected by the low-income electric bill payment assistance charge shall be paid into the Housing and Community Services Department Revolving Account created under ORS 456.574. Moneys deposited in the account under this paragraph are continuously appropriated to the Housing and Community Services Department for the purpose of funding low-income electric bill payment assistance. Interest earned on moneys deposited in the account under this paragraph shall accrue to the account. The department's cost of administering this subsection shall be paid out of funds collected by the low-income electric bill payment assistance charge. Moneys deposited in the account under this paragraph shall be expended solely for low-income electric bill payment assistance. Funds collected from an electric company shall be expended in the service area of the electric company from which the funds are collected.

(d) The Housing and Community Services Department, in consultation with the federal Advisory Committee on Energy, shall determine the manner in which funds collected under this subsection will be allocated by the department to energy assistance program providers for the purpose of providing low-income bill payment and crisis assistance, including programs that effectively reduce service disconnections and related costs to retail electricity consumers and electric utilities. Priority assistance shall be directed to low-income electricity consumers who are in danger of having their electricity service disconnected.

(e) Notwithstanding ORS 293.140, interest on moneys deposited in the Housing and Community Services Department Revolving Account under this subsection shall accrue to the account and may be used to provide heating bill payment and crisis assistance to electricity consumers whose primary source of heat is not electricity.

(f) Notwithstanding ORS 757.310, the commission may allow an electric company to provide reduced rates or other payment or crisis assistance or low-income program assistance to a low-income household eligible for assistance under the federal Low Income Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.

(8) For purposes of this section, "retail electricity consumers" includes any direct service industrial consumer that purchases electricity without purchasing distribution services from the electric utility.

**SECTION 28. The amendments to ORS 757.612 (3)(b)(B) by section 27 of this 2007 Act become operative on January 1, 2008.**

**SECTION 29.** ORS 757.687 is amended to read:

757.687. (1) Beginning on the date a consumer-owned utility provides direct access to any class of retail electric consumers, the consumer-owned utility shall collect from that consumer class a nonbypassable public purpose charge [for a period of 10 years] **until January 1, 2026**. Except as provided in subsection (8) of this section, the amount of the public purpose charge shall be sufficient to produce revenue of not less than three percent of the total revenue collected by the consumer-owned utility from its retail electricity consumers for electricity services, distribution, ancillary

services, metering and billing, transition charges and any other costs included in rates as of July 23, 1999, except that the consumer-owned utility may exclude from the calculation of such costs any cost related to the public purposes described in subsection (5) of this section. If a consumer-owned utility has fewer than 17 consumers per mile of distribution line, the amount of the public purpose charge shall be sufficient to produce revenue not less than three percent of the total revenue from the sale of electricity services in the utility's service area to the consumer class that is provided direct access, or the utility's consumer class percentage share of state total electricity sales multiplied by three percent of total statewide retail electric revenue, whichever is less.

(2) Except as provided in subsection (9) of this section, the governing body of a consumer-owned utility shall determine the manner of collecting and expending funds for public purposes required by law to be assessed against and paid by the retail electric consumers of the utility. A determination by the governing body shall include:

- (a) The manner for collecting public purpose charges;
- (b) Public purpose programs upon which revenue from the charges may be expended; and
- (c) The allocation of expenditures for each program.

(3) Beginning on the same date two years after July 23, 1999, a consumer-owned utility shall report annually to the State Department of Energy created under ORS 469.030 on the public purpose charges paid to the utility by its retail electric consumers and the public purposes on which the revenue was expended.

(4) A consumer-owned utility may comply with the public purpose requirements of this section by participating in collaborative efforts with other consumer-owned utilities located in this state.

(5) Funds assessed and paid by, and credits or other financial assistance issued or extended to, retail electric consumers for purposes of this section may, in the discretion of the governing body of the consumer-owned utility, be expended to fund programs for energy conservation, renewable resources or low-income energy services otherwise required by the laws of this state, adopted by the governing body pursuant to the National Energy Conservation Policy Act (Public Law 95-619, as amended November 10, 1981), or conducted by the utility pursuant to agreement with the Bonneville Power Administration under the Pacific Northwest Electric Power Planning and Conservation Act (Public Law 96-501). All such funds expended, credits issued and incremental costs incurred in connection with the performance of a consumer-owned utility's obligations under this section shall be credited toward the utility's public purpose funding obligation under this section.

(6) A consumer-owned utility also may credit toward its funding obligations under this section any incremental costs incurred by the utility for capital expenditures made to reduce its distribution system energy losses, existing biomass gas and waste to energy systems, existing hydroelectric generation projects using fish attraction water, for new energy conservation and renewable resource funding costs included in its wholesale power supplier's charges and for electric power generated by renewable or cogeneration resources pursuant to requirements of the Public Utilities Regulatory Policy Act of 1978 (Public Law 95-617), to the extent that such costs exceed the average cost of the utility's other electric power resources.

(7) A consumer-owned utility also may credit toward its public purpose funding obligations under this section any costs incurred in complying with ORS 469.649 to 469.659.

(8) Beginning on March 1, 2002, a consumer-owned utility whose territory abuts the greatest percentage of the site of an aluminum plant that averages more than 100 megawatts of electricity use per year shall collect from the aluminum company a public purpose charge equal to one percent of the total revenue from the sale of electricity services to the aluminum plant from any source.

(9)(a) A retail electricity consumer that uses more than one average megawatt of electricity at any site in the prior year shall receive a credit against public purpose charges billed by a consumer-owned utility for that site. The amount of the credit shall be equal to the total amount of qualifying expenditures for new energy conservation, not to exceed 68 percent of the annual public purpose charges, and the above-market costs of purchases of new renewable energy resources incurred by the retail electricity consumer, less administration costs incurred under this subsection. The credit shall not exceed, on an annual basis, the lesser of:

(A) The amount of the retail electricity consumer's qualifying expenditures; or  
(B) The portion of the public purpose charge billed to the retail electricity consumer that is dedicated to new energy conservation, new market transformation or the above-market costs of new renewable resources.

(b) To obtain a credit under this subsection, a retail electricity consumer shall file with the department a description of the proposed conservation project, new market transformation or new renewable energy resource and a declaration that the retail electricity consumer plans to incur the qualifying expenditure. The department shall issue a notice of precertification within 30 days of receipt of the filing, if such filing is consistent with this subsection. Notice shall be issued to the retail electricity consumer and the appropriate consumer-owned utility. The credit may be taken after a retail electricity consumer provides a letter from a certified public accountant to the department verifying that the precertified qualifying expenditure has been made.

(c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that are not used in one year may be carried forward for use in subsequent years.

(d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at any site in the prior year may request that the department hire an independent auditor to assess the potential for conservation measures at the site. If the independent auditor determines there is no available conservation measure at the site that would have a simple payback of one to 10 years, the retail electricity consumer shall be relieved of 54 percent of its payment obligation for public purpose charges related to the site. If the auditor determines that there are potential conservation measures available at the site, the retail electricity consumer shall be entitled to a credit against public purpose charges related to the site equal to 54 percent of the public purpose charges less the estimated cost of available conservation measures.

(B) A retail electricity consumer shall be entitled each year to the credit described in this paragraph unless a subsequent audit determines that new conservation investment opportunities are available. The department may require that a new audit be performed on the site to determine whether new conservation measures are available, provided that the audits occur no more than once every two years.

(C) The retail electricity consumer shall pay the cost of the audits described in this subsection.

(10) A retail electricity consumer with a load greater than one average megawatt shall not be required to pay a public purpose charge in excess of three percent of the consumer's total cost of electricity services unless the charge is established in an agreement between the consumer and the consumer-owned utility.

(11) Beginning on March 1, 2002, a consumer-owned utility shall have in operation a bill assistance program for households that qualify for federal low-income energy assistance in the consumer-owned utility's service area. A consumer-owned utility shall report annually to the Housing and Community Services Department detailing the utility's program and program expenditures.

(12) A consumer-owned utility may require an electricity service supplier to provide information necessary to ensure compliance with this section. The consumer-owned utility shall ensure the privacy and protection of any proprietary information provided.

## **PEOPLE'S UTILITY DISTRICTS**

**SECTION 30.** ORS 261.010 is amended to read:

261.010. As used in this chapter, unless otherwise required by the context:

(1) "Affected territory" means that territory proposed to be formed into, annexed to or consolidated with a district.

(2) "Board of directors," "directors" or "board" means the governing body of a people's utility district, elected and functioning under the provisions of this chapter.

(3) "County governing body" means either the county court or board of county commissioners and, if the affected territory is composed of portions of two or more counties, the governing body

of that county having the greatest portion of the assessed value of all taxable property within the affected territory, as shown by the most recent assessment roll of the counties.

(4) "Electors' petition" means a petition addressed to the county governing body and filed with the county clerk, containing the signatures of electors registered in the affected territory, equal to not less than three percent of the total number of votes cast for all candidates for Governor within the affected territory at the most recent election at which a candidate for Governor was elected to a full term, setting forth and particularly describing the boundaries of the parcel of territory, separate parcels of territory, city and district, or any of them, referred to therein, and requesting the county governing body to call an election to be held within the boundaries of the parcel of territory, separate parcels of territory, city and district, or any of them, for the formation of a district, the annexation of a parcel of territory or a city to a district, or the consolidation of two or more districts.

(5) "Electric cooperative" means a cooperative corporation owning and operating an electric distribution system.

(6) "Initial utility system" means a complete operating utility system, including energy efficiency measures and installations within the district or proposed district, capable of supplying the consumers required to be served by the district at the time of acquisition or construction with all of their existing water or electrical energy needs.

(7) "Parcel of territory" means a portion of unincorporated territory, or an area in a city comprised of less than the entire city.

(8) "People's utility district" or "district" means an incorporated people's utility district, created under the provisions of this chapter.

(9) "Replacement value of unreimbursed investment" means original cost new less depreciation of capitalized energy efficiency measures and installations in the premises of customers of an investor owned utility.

(10) "Separate parcel of territory" means unincorporated territory that is not contiguous to other territory that is a part of a district or that is described in a petition filed with the county clerk in pursuance of the provisions of this chapter, but when a proposed district includes territory in more than one county, the contiguous territory in each such county shall be considered as a separate parcel of territory. When a proposed district includes any area in a city comprised of less than the entire city, that area shall be considered as a separate parcel of territory.

(11) "Utility" means a plant, works or other property used for development, generation, storage, distribution or transmission of [*electric energy produced from resources including, but not limited to, hydroelectric, pump storage, wave, tidal, wind, solid waste, wood, straw or other fiber, coal or other thermal generation, geothermal or solar resources*] **electricity**, or development or transmission of water for domestic or municipal purposes, [*waterpower or electric energy,*] but transmission of water shall not include water for irrigation or reclamation purposes, except as secondary to and when used in conjunction with a hydroelectric plant.

**SECTION 31.** ORS 261.030 is amended to read:

261.030. Nothing contained in this chapter authorizes or empowers the board of directors of any people's utility district to interfere with or exercise any control over any existing utility owned and operated by any electric cooperative or city in the district unless by consent of the governing body of the electric cooperative or of the city council or the governing body of the plant owned by a city, when the control of the plant is vested in a governing body other than the city council or governing body of the city. However a district may participate fully with electric cooperatives and utilities owned by cities **in common facilities under ORS 261.235 to 261.255 and** in the formation and operation of joint operating agencies [*for electric power*] under ORS chapter 262.

**SECTION 32.** ORS 261.050 is amended to read:

261.050. (1) All property, real and personal, owned, used, operated or controlled by any people's utility district, in or for the production, transmission, distribution or furnishing of [*electric power or energy*] **electricity** or electric service for or to the public, shall be assessed and taxed in the same manner and for the same purposes, and the district and the directors and officers thereof shall be

subject to the same requirements, as are provided by law in respect to assessment and taxation of similar property owned, used, operated or controlled by private corporations or individuals for the purpose of furnishing [*electric power or energy*] **electricity** or electric service to the public.

**(2) If a people's utility district owns property jointly with a tax-exempt governmental or municipal entity, only that portion of the property, or that proportion of the property rights, directly owned, used, operated or controlled by the people's utility district shall be assessed and taxed pursuant to subsection (1) of this section.**

**SECTION 33.** ORS 261.235 is amended to read:

261.235. As used in ORS 261.235 to 261.255, unless the context requires otherwise:

(1) "City" means a city organized under the law of California, Idaho, Montana, Nevada, Oregon or Washington and owning and operating an electric light and power system.

(2) "Common facilities" means any [*works and facilities necessary or incidental to*] **property used for the generation, transmission, distribution or marketing of [*electric power*] electricity and related goods and [*commodities*] services that are owned or operated jointly by a people's utility district organized under this chapter and at least one other city, district or electric cooperative.**

(3) "District" means a people's utility district organized under this chapter or a similar public utility district organized under the law of California, Idaho, Montana, Nevada or Washington.

(4) "Electric cooperative" means a cooperative corporation organized under the law of California, Idaho, Montana, Nevada, Oregon or Washington and owning and operating an electric distribution system.

**SECTION 34.** Section 35 of this 2007 Act is added to and made a part of ORS 261.235 to 261.255.

**SECTION 35.** A people's utility district may become a member of an electric cooperative, or of a limited liability company, for the purposes of planning, financing, constructing, acquiring, operating, owning or maintaining property used for the generation and associated transmission of electricity within or outside this state. A district may not become a stockholder in, or lend the credit of the district to, an electric cooperative or a limited liability company. If a district becomes a member of an electric cooperative or of a limited liability company, the district may not exercise the power of eminent domain for the benefit of the electric cooperative or limited liability company.

**SECTION 36.** ORS 261.250 is amended to read:

261.250. (1) In carrying out the powers granted in ORS 261.245 and section 35 of this 2007 Act, a district of this state [*shall be*] **is** liable only for its own acts with regard to the planning, financing, construction, acquisition, operation, ownership or maintenance of common facilities. No moneys or other contributions supplied by a district of this state for the planning, financing, construction, acquisition, operation or maintenance of common facilities shall be credited or applied otherwise to the account of any other participant in the common facilities.

(2) A district shall not exercise its power of eminent domain to acquire a then existing thermal power plant or any part thereof.

**SECTION 37.** ORS 261.253 is amended to read:

261.253. (1) [*No*] **A** public contract entered into by a noninvestor-owned electric utility [*shall*] **may not** contain a clause or condition that imposes an unconditional and unlimited financial obligation on the electric utility that is party to the contract unless the terms and conditions of the contract are subject to approval and are approved by the electors of the people's utility district or city that owns the electric utility.

(2) Nothing in subsection (1) of this section is intended to affect provisions of law requiring approval of electors for any particular type of public contract that are in effect on October 15, 1983, or that are later enacted.

(3) Nothing in subsection (1) of this section is intended to conflict with ORS 279C.650 to 279C.670.

**(4) This section does not apply to a public contract executed in connection with:**

- (a) **The acquisition of renewable energy certificates;**
- (b) **The acquisition, construction, improvement or equipping of, or the financing of any interest in, a renewable energy facility; or**
- (c) **The acquisition or financing of any interest in electrical capacity needed to shape, firm or integrate electricity from a renewable energy facility.**

[(4)] (5) As used in this section:

(a) "Public contract" includes a contract, note, general obligation bond or revenue bond by which the people's utility district or city or any subdivision of any of them is obligated to pay for or finance the acquisition of goods, services, materials, real property or any interest therein, improvement, betterments or additions from any funds, including receipts from rates or charges assessed to or collected from its customers.

(b) "Unconditional and unlimited financial obligation" means a public contract containing a provision that the people's utility district or city that is party to the contract is obligated to make payments required by the contract whether or not the project to be undertaken thereunder is undertaken, completed, operable or operating notwithstanding the suspension, interruption, interference, reduction or curtailment of the output or product of the project.

**SECTION 38.** ORS 261.305 is amended to read:

261.305. People's utility districts shall have power:

- (1) To have perpetual succession.
- (2) To adopt a seal and alter it at pleasure.
- (3) To sue and be sued, to plead and be impleaded.
- (4) To acquire and hold, including by lease-purchase agreement, real and other property necessary or incident to the business of the districts, within or without, or partly within or partly without, the district, and to sell or dispose of that property; to acquire, develop and otherwise provide for a supply of water for domestic and municipal purposes, waterpower and electric energy, or electric energy generated from any utility, and to distribute, sell and otherwise dispose of water, waterpower and electric energy, within or without the territory of such districts.

**(5) To acquire, own, trade, sell or otherwise transfer renewable energy certificates.**

[(5)] (6) To exercise the power of eminent domain for the purpose of acquiring any property, within or without the district, necessary for the carrying out of the provisions of this chapter.

[(6)] (7) To borrow money and incur indebtedness; to issue, sell and assume evidences of indebtedness; to refund and retire any indebtedness that may exist against or be assumed by the district or that may exist against the revenues of the district and to pledge any part of its revenues. Except as provided in ORS 261.355 and 261.380, no revenue or general obligation bonds shall be issued or sold without the approval of the electors. The board of directors may borrow from banks or other financial institutions[, *on notes payable within 12 months,*] such sums as the board of directors deems necessary or advisable; *however, the amounts so borrowed, together with the principal amounts of other like borrowings then outstanding and unpaid, shall not exceed the amount that the board of directors estimates as the district's net income (determined in accordance with the system of accounts maintained by the board pursuant to ORS 261.470) for the 12 full calendar months following the date of the proposed borrowing, adjusted by adding to the net income an amount equal to the estimated charges to depreciation for the 12-month period.* No indebtedness shall be incurred or assumed except [*on account of*] **for the development, purchase and operation of [a utility] electric utility facilities or for the purchase of electricity, electrical capacity or renewable energy certificates.**

[(7)] *To enter into rental or lease-purchase agreements to rent, lease or acquire real or personal property, or both, required for district purposes. Except when approved by a majority of the electors of the district voting on the question, a people's utility district shall not enter into rental or leasing agreements when the annual aggregate amount of payment for any and all property directly related to a single transaction exceeds 10 percent of the revenues of the district in the preceding fiscal year.*

**(8) To exercise the powers otherwise granted to districts by ORS 271.390.**

[(8)] (9) To levy and collect, or cause to be levied and collected, subject to constitutional limitations, taxes for the purpose of carrying on the operations and paying the obligations of the district as provided in this chapter.

[(9)] (10) To make contracts, to employ labor and professional staff, to set wages in conformance with ORS 261.345, to set salaries and provide compensation for services rendered by employees and by directors, to provide for life insurance, hospitalization, disability, health and welfare and retirement plans for employees, and to do all things necessary and convenient for full exercise of the powers herein granted. The provision for life insurance, hospitalization, disability, health and welfare and retirement plans for employees shall be in addition to any other authority of people's utility districts to participate in those plans and shall not repeal or modify any statutes except those that may be in conflict with the provision for life insurance, hospitalization, disability, health and welfare and retirement plans.

[(10)] (11) To enter into contracts with **any person, any public or private corporation**, the United States Government, [with] the State of Oregon, or with any other state, municipality or utility district, and with any department of any of these, for carrying out any provisions of this chapter.

[(11)] (12) To enter into agreements with the State of Oregon or with any local governmental unit, utility, special district or private or public corporation for the purpose of promoting economic growth and the expansion or addition of business and industry within the territory of the people's utility district. Before spending district funds under such an agreement, the board of directors shall enter on the written records of the district a brief statement that clearly indicates the purpose and amount of any proposed expenditure under the agreement.

[(12)] (13) To fix, maintain and collect rates and charges for any water, waterpower, [electric energy] **electricity** or other commodity or service furnished, developed or sold by the district.

[(13)] (14) To construct works across or along any street or public highway, or over any lands which are property of this state, or any subdivision thereof, and to have the same rights and privileges appertaining thereto as have been or may be granted to cities within the state, and to construct its works across and along any stream of water or watercourse. Any works across or along any state highway shall be constructed only with the permission of the Department of Transportation. Any works across or along any county highway shall be constructed only with the permission of the appropriate county court. Any works across or along any city street shall be constructed only with the permission of the city governing body and upon compliance with applicable city regulations and payment of any fees called for under applicable franchise agreements, intergovernmental agreements under ORS chapter 190 or contracts providing for payment of such fees. The district shall restore any such street or highway to its former state as near as may be, and shall not use the same in a manner unnecessarily to impair its usefulness.

[(14)] (15) To elect a board of five directors to manage its affairs.

[(15)] (16) To enter into franchise agreements with cities and pay fees under negotiated franchise agreements, intergovernmental agreements under ORS chapter 190 and contracts providing for the payment of such fees.

[(16)] (17) To take any other actions necessary or convenient for the proper exercise of the powers granted to a district by this chapter and by section 12, Article XI of the Oregon Constitution.

**SECTION 39.** ORS 261.335 is amended to read:

261.335. (1) **Except as provided in subsection (2) of this section**, people's utility districts are subject to the public contracting and purchasing requirements of ORS 279.835 to 279.855, 279C.005, 279C.100 to 279C.125 and 279C.300 to 279C.470 and ORS chapters 279A and 279B, except ORS 279A.140 and 279A.250 to 279A.290.

(2) **The public contracting and purchasing requirements of ORS 279.835 to 279.855, 279C.005, 279C.100 to 279C.125 and 279C.300 to 279C.470 and ORS chapters 279A and 279B do not apply to contracts entered into by districts for the acquisition, construction, improve-**

**ment or equipping of a renewable energy facility or for the purchase or sale of electricity, electrical capacity or renewable energy certificates.**

**SECTION 40.** ORS 261.348 is amended to read:

261.348. (1) Notwithstanding any other law, people's utility districts and municipal electric utilities may enter into transactions with other persons or entities for the production, supply or delivery of electricity on an economic, dependable and cost-effective basis, including financial products contracts and other service contracts that reduce the risk of economic losses in the transactions. This [section] **subsection** does not authorize any transaction that:

[(1)] (a) Constitutes the investment of surplus funds for the purpose of receiving interest or other earnings from the investment; or

[(2)] (b) Is intended or useful for any purpose other than the production, supply or delivery of electricity on a cost-effective basis.

**(2) Nothing in subsection (1) of this section prohibits a people's utility district or a municipal electric utility from entering into any transaction for the acquisition, construction, improvement or equipping of a renewable energy facility or for the purchase or sale of electricity, electrical capacity or renewable energy certificates.**

**SECTION 41.** ORS 261.355 is amended to read:

261.355. (1) For the purpose of carrying into effect the powers granted in this chapter, any district may issue and sell revenue bonds, when authorized by a majority of its electors voting at any primary election, general election or special election.

(2) All revenue bonds issued and sold under this chapter shall be so conditioned as to be paid solely from that portion of the revenues derived [from] **by** the district [by] **from** the sale of water, waterpower and [electric energy] **electricity**, or any of them, or any other service, commodity or facility which may be produced, used or furnished in connection therewith, remaining after paying from those revenues all expenses of operation and maintenance, including taxes.

(3) Notwithstanding subsection (1) of this section and subject to subsection (4) of this section, any district may, by a duly adopted resolution of its board, issue and sell revenue bonds for the purpose of **financing** betterments and extensions [*within the existing boundaries*] of the district, **including renewable energy facilities or the purchase or sale of electricity, electrical capacity or renewable energy certificates**, but the amount of **revenue bonds** so issued shall be limited to the reasonable value of the betterments and extensions plus an amount not to exceed 10 percent thereof for administrative purposes. Revenue bonds shall not be issued and sold for the purpose of acquiring an initial utility system or acquiring property or facilities owned by another entity that provides electric utility service **unless:**

**(a) The acquisition is a voluntary transaction between the district and the other entity that provides electric utility service; or**

**(b) [*without first obtaining the affirmative vote of*] The electors within the district **have approved issuance of the bonds by a vote.****

(4) Not later than the 30th day prior to a board meeting at which adoption of a resolution under subsection (3) of this section will be considered, the district shall:

(a) Provide for and give public notice, reasonably calculated to give actual notice to interested persons including news media which have requested notice, of the time and place of the meeting and of the intent of the board to consider and possibly adopt the resolution; and

(b) Mail to its customers notice of the time and place of the meeting and of the intent of the board to consider and possibly adopt the resolution.

(5) **Except as provided in subsection (3)(a) of this section**, any authorizing resolution adopted for the purposes of subsection (3) of this section shall provide that electors residing within the district may file a petition with the district asking to have the question of whether to issue such bonds referred to a vote.

(6) If within 60 days after adoption of a resolution under subsection (3) of this section the district receives petitions containing valid signatures of not fewer than five percent of the electors of

the district, the question of issuing the bonds shall be placed on the ballot at the next date on which a district election may be held under ORS 255.345 (1).

(7) When petitions containing the number of signatures required under subsection (6) of this section are filed with the district within 60 days after adoption of a resolution under subsection (3) of this section, revenue bonds shall not be sold until the resolution is approved by a majority of the electors of the district voting on the resolution.

(8) Any district issuing revenue bonds may pledge that part of the revenue which the district may derive from its operations as security for payment of principal and interest thereon remaining after payment from such revenues of all expenses of operation and maintenance, including taxes, and consistent with the other provisions of this chapter.

(9) Prior to any district board taking formal action to issue and sell any revenue bonds, the board shall have on file with the secretary of the district a certificate executed by a qualified engineer that the net annual revenues of the district, including the property to be acquired or constructed with the proceeds of the bonds, shall be sufficient to pay the maximum amount that will be due in any one fiscal year for both principal of and interest on both the bonds then proposed to be issued and all bonds of the district then outstanding.

(10) **Except as provided in subsection (3)(a) of this section,** the district shall order an election for the authorization of revenue bonds to finance the acquisition or construction of an initial utility system, including the replacement value of the unreimbursed investment of an investor owned utility in energy efficiency measures and installations within the proposed district, as early as practicable under ORS 255.345 after filing the certificate required under subsection (9) of this section. An election under this subsection shall be held no more than twice in any one calendar year for any district. In even-numbered years no election shall be held on any other date than the date of the primary election or general election.

**SECTION 42.** ORS 262.005 is amended to read:

262.005. As used in ORS 262.015 to 262.105, unless the context requires otherwise:

(1) “Electric cooperative” means a cooperative corporation owning and operating an electric distribution system.

(2) “Joint operating agency” means an agency organized by three or more cities or people’s utility districts under the laws of this state for the purposes and according to ORS 262.005 to 262.105.

(3) “Privately owned electric utility company” means an electric utility operated for profit and subject to regulation by the Public Utility Commission of Oregon or the equivalent officer or commission of any other state.

(4) “Utility properties” means [*plants, systems and facilities, and any enlargement or extension thereof, used for or incidental to the generation and transmission of electric power and energy,*] **a plant, works or other property used for development, generation, storage, distribution or transmission of electricity.** [*provided, however, that it shall not mean*] **“Utility properties” does not include** facilities for uranium refining, processing or reprocessing.

**SECTION 43.** ORS 262.015 is amended to read:

262.015. (1) Any three or more cities or people’s utility districts or combinations thereof, organized under the laws of this state, may form a joint operating agency to plan, acquire, construct, own, operate and otherwise promote the development of utility properties [*in this state*] for the generation, [*and*] transmission **and marketing** of [*electric power and energy*] **electricity, electrical capacity or renewable energy certificates.**

(2) A joint operating agency may participate with other publicly owned utilities, including other joint operating agencies, or with electric cooperatives, or with privately owned electric utility companies, or with any combination thereof, for any purpose set forth in subsection (1) of this section, whether such agencies or utilities are organized or incorporated under the laws of this state or any other jurisdiction. However, no joint operating agency may act alone or as the managing participant to acquire, construct, own or operate utility properties[, *nor may a joint operating agency own more than 50 percent of any utility property, except combustion turbines*].

(3) Joint operating agencies, cities, people's utility districts and privately owned utilities, or combinations thereof, may participate in joint ownership of [*thermal generation and transmission*] **common** facilities in accordance with ORS 225.450 to 225.490 or 261.235 to 261.255.

**SECTION 44.** ORS 262.075 is amended to read:

262.075. (1) Each joint operating agency shall be a political subdivision of the State of Oregon, and shall be a municipal corporation with the right to sue and be sued in its own name. Except as otherwise provided, a joint operating agency shall have all the powers, rights, privileges and exemptions conferred on people's utility districts.

(2) A joint operating agency shall have the power to acquire, hold, sell and dispose of real and other property, within or without this state, which the board of directors in its discretion finds reasonably necessary or incident to the generation, [*and*] transmission **and marketing** of [*electric power and energy*] **electricity, electrical capacity or renewable energy certificates**. However, such an agency shall not acquire or operate any facilities for the distribution of [*electric energy*] **electricity**.

(3) A joint operating agency shall have the power of eminent domain which it may exercise for the purpose of acquiring property; however, a joint operating agency shall not condemn any properties owned by a publicly or privately owned utility which are being used for the generation or transmission of [*electric energy or power*] **electricity** or are being developed for such purposes with due diligence, except to acquire a right of way to cross such properties in a manner which will not interfere with the use thereof by the owner.

(4) A joint operating agency shall have the power to enter into contracts, leases and other undertakings considered necessary or proper by its board, including but not limited to contracts for any term relating to the purchase, sale, interchange, assignment, allocation, transfer or wheeling of power with the Government of the United States, or any agency thereof, and with any other municipal corporation or privately owned utility, or any combination thereof, within or without the state, and may purchase, deliver or receive power anywhere.

(5) A joint operating agency shall have the power to borrow money and incur indebtedness, to issue, sell and assume evidences of indebtedness, to refund and retire any indebtedness that may exist against the agency or its revenues, and to pledge any part of its revenues. A joint operating agency may borrow from banks or other financial institutions such sums on such terms as the board considers necessary or advisable. A joint operating agency may also issue, sell and assume bond anticipation notes, refunding bond anticipation notes, or their equivalent, which shall bear such date or dates, mature at such time or times, be in such denominations and in such form, be payable in such medium, at such place or places, and be subject to such terms of redemption, as the board considers necessary or advisable. The issuance and sale of revenue obligations by a joint operating agency shall be governed by ORS 262.085.

(6) The joint operating agency may apply for, accept, receive and expend appropriations, grants, loans, gifts, bequests and devises in carrying out its functions as provided by law.

#### **COST RECOVERY FOR CONSERVATION MEASURES**

**SECTION 45.** Section 46 of this 2007 Act is added to and made a part of ORS 757.600 to 757.687.

**SECTION 46.** (1) In addition to the public purpose charge established by ORS 757.612, the Public Utility Commission may authorize an electric company to include in its rates the costs of funding or implementing cost-effective energy conservation measures implemented on or after the effective date of this 2007 Act. The costs may include amounts for weatherization programs that conserve energy.

(2) The commission shall ensure that a retail electricity consumer with a load greater than one average megawatt:

(a) Is not required to pay an amount that is more than three percent of the consumer's total cost of electricity service for the public purpose charge under ORS 757.612 and any amounts included in rates under this section; and

(b) Does not receive any direct benefit from energy conservation measures if the costs of the measures are included in rates under this section.

**MISCELLANEOUS**

**SECTION 47.** The unit and section captions used in this 2007 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2007 Act.

**SECTION 48.** This 2007 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect on its passage.

Passed by Senate April 10, 2007

Repassed by Senate May 25, 2007

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Secretary of Senate

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President of Senate

Passed by House May 23, 2007

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Speaker of House

Received by Governor:

.....M,....., 2007

Approved:

.....M,....., 2007

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Governor

Filed in Office of Secretary of State:

.....M,....., 2007

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Secretary of State