



Annual Report of the Oregon Citizens' Utility Board

December 2019

In 2019, CUB built on our 35-year history of standing up for utility consumers across Oregon. We argued rate cases; analyzed utility pilot programs and long-term resource plans; fought doggedly for consumer-first climate and telecommunications legislation; advocated for infrastructure investment and utility service accessibility for underserved communities; and continued the process of weaving an ethos of diversity, equity, and inclusion into everything we do. Thanks to your support, we are finishing out the year stronger and more determined than ever!

Read on for some highlights of CUB's major projects and milestones in 2019. For a comprehensive list of this year's accomplishments, visit bit.ly/CUBmilestones.

Pricing Carbon Benefits Climate and Customers

CUB supported the Clean Energy Jobs bill (HB 2020) in 2019 because the legislation would have attached a price to economy-wide carbon emissions while protecting energy utility customers. The bill proposed an enforceable and declining cap on carbon emissions, targeting an overall reduction of 80 percent below 1990 levels by 2050, and established a marketplace to help emitters meet their annual obligations. CUB advocated for low-income natural gas customer protections and supported measures to offset potential cost increases to drivers at the pump.

HB 2020 narrowly lost in 2019 (bit.ly/HB2020dies), but CUB refuses to give up. We will continue to collaborate with key legislators, utilities, business allies, and other advocacy groups to pass legislation during the 2020 Oregon session – because pricing carbon benefits our climate and utility customers.



CUB Outreach Manager Sam Pastrick presents the 2019 Consumer Champion Award to Representative Pam Marsh

CUB Wins Victories in Two Merger Cases

Hydro One's Avista Merger Rejected: As 2019 began, Hydro One, a Canadian electric utility partially owned by the government of Ontario, was still trying to purchase Avista Utilities. In January the merger was rejected by Idaho and Washington. CUB had been a leading voice objecting to the deal after the newly elected Premier of Ontario decided to fire the CEO and interfere in the utility's operations.

Northwest Fiber Commits to Improve Broadband Infrastructure: As this Report goes to print, CUB and other parties have reached an agreement in principle to support Northwest Fiber's acquisition of Frontier Communications. Frontier is a telecommunications company that provides primarily voice and broadband service to some parts of the Portland Metro area and sections of rural Oregon. Frontier was heavily in debt and was not upgrading its rural broadband network. CUB pushed to get Northwest Fiber to make binding commitments to invest in fiber-based broadband, including millions of dollars in investment in rural communities.

Your support gives CUB its voice as your utility consumer advocate. We simply could not do this work without your help. Whether you are a member at \$5 or a Ursa Major donor at \$5,000, we thank you. See our 2019 Anniversary Club (\$100+) and Ursa Major donors (\$500+) at oregoncub.org/about-us/donors.

Welcoming CUB's Newest Economist



CUB welcomed one new staff member in 2019. Sudeshna Pal joined CUB's regulatory team in January as an Economist. Formerly a professor of Economics at PSU, who continues to teach in an adjunct capacity,

Sudeshna dug in throughout 2019 by analyzing utilities' Integrated Resource Plans, transportation electrification plans, and much more. Join us in welcoming Sudeshna!

Rate Cases Yield Customer Benefits

Cascade Rate Hike Cut: Cascade is a natural gas utility serving Central and Eastern Oregon. It was requesting a 5 percent residential rate increase due to increased investment in its distribution pipes. CUB was able to reduce the increase to less than 3 percent by ensuring that the benefits of lower corporate tax rates were passed through to customers. View more details at bit.ly/CascadeRates.

Avista Rate Hike Cut: Avista, a natural gas utility serving Southern and Eastern Oregon, sought an 8 percent residential rate increase. Much of the cause was the need to replace pipe that is beginning to fail, but the company was also asking for an increase in profit margin. CUB was able to push back on the profit margin issue, and win other changes that lowered the increase to 4.5 percent.

CUB Victory on Pacific Power Wind Repowering

Pacific Power is replacing about 80 percent of each of its wind turbines with more modern equipment that will increase their output. A significant benefit is that the wind repowering is eligible for federal tax credits. Pacific Power requested to be allowed to continue earning a profit on the equipment that was being removed from turbines. CUB objected. CUB won a lawsuit that stopped Portland General Electric (PGE) from charging profits on the closed Trojan nuclear power plant and believes that precedent applies here. We worked out an agreement with Pacific Power that removes the profits and limits the rate impact to less than 1 percent. More info: bit.ly/PACwind.



CUB staff Will Gebrke (l) and Mike Goetz (r) visit Pacific Power’s Leaning Juniper wind facility in the Columbia Gorge

Policy: Decarbonizing the Grid

Pacific Power Coal Studies: After years of pressure from CUB and other groups, Pacific Power agreed to examine the economics of its coal fleet. The study found that several plants are uneconomic and sets the stage to begin shutting some of them down. See more details at bit.ly/PACCoal.

Smart Grid Test Bed: CUB has been working with PGE on its Smart Grid Test Bed which launched in the summer. The idea is to pay customers to adjust loads to support the grid rather than building new gas-fired power plants. See more details at bit.ly/DRTestBed.

Fairness and Equity in Broadband and Telecom Services

When Oregon voters formed CUB in 1984, the Oregon Public Utility Commission (PUC) regulated telecommunications companies as monopoly utilities. Landline telephone service is still in use today, but customers continue to choose, when they can, broadband-based services delivered by largely unregulated companies. But this means consumers face new digital equity and privacy issues.

In 2019, CUB advocated tirelessly for legislation to protect and reduce costs for landline customers; provide reliable funding for broadband infrastructure and planning for rural communities; empower consumers and small businesses with the necessary tools and resources to repair broadband-enabled equipment; and protect all Oregonians’ digital privacy.

These proposals failed due to strong industry opposition, but CUB remains determined. We will continue to prioritize policies that lower costs for landline telephone customers; connect rural communities with 21st century broadband capability (bit.ly/RTIAbill); ensure consumers’ right to repair their devices; and protect Oregonians’ digital privacy – because fairness and equity in broadband and telecom services benefits customers.

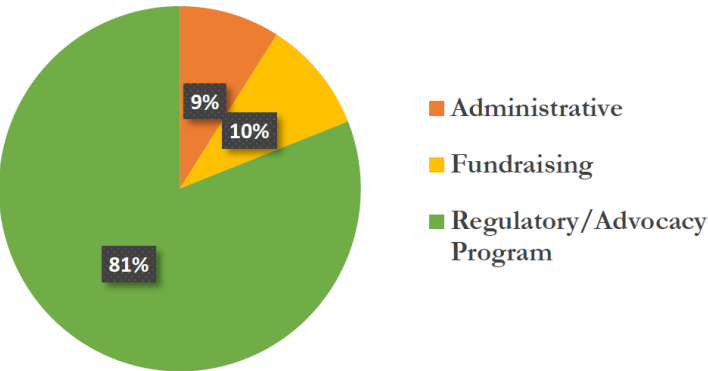


CUB Executive Director Bob Jenks (r) speaks on a panel at the 2019 NASUCA (National Association of State Utility Consumer Advocates) Annual Meeting

CUB Policy Conference Highlights Clean Energy Communities and Reliability

The 9th annual CUB Policy Conference, *Clean Energy Communities / Reliable Systems*, convened utility industry leaders and stakeholders on November 8 to discuss the interplay and conflicts between goals to achieve clean and resilient energy systems in communities, and the need for firm capacity and grid reliability. For a full recap of this year’s conference, see bit.ly/CUBCon19.

FY 2019 Expenditures



Legislative Victory: HB 3065

CUB authored HB 3065 with Representative Pam Marsh from Ashland in District 5 to defend landline telephone customers from proposed CenturyLink legislation that sought to abandon their and other telephone companies’ carrier of last resort (COLR) obligation to Oregon customers. CUB’s successful legislative alternative called for a COLR policy review by the Oregon PUC with a required commitment to protect rural, older adult, and low-income customers. CUB will work hard to ensure that these commitments are kept and looks forward to participating in the 2020 proceeding. See details at bit.ly/COLRbill.