

Annual Report

2013-2014



Citizens' Utility Board
of Oregon

CUB Policy Center



Part of the Process

A Year-End Letter From Bob Jenks

It is hard to believe another year has come and gone, and I am once again writing an annual report letter; so much has happened since this time last year. Some of it has been challenging yet exciting, some a little disappointing, and some surprising. I guess that makes life in an organization a lot like the life that you and I lead; full of ups and downs and all part of a process.

So, to speak to my life analogy, we had some changes in CUB family this year as we restructured our staff to improve our communications and outreach to CUB members. We took on a new project as the consumer advocate for Portland water and sewer customers. Though we receive no funding from the city, we expect that Portlanders will join CUB, recognizing that CUB will save them money. But like life, these new challenges did not mean the old ones went away. Every regulated electric and natural gas utility asked for rate increases this year, and CUB's work on those cases alone saved customers more than \$100 million.

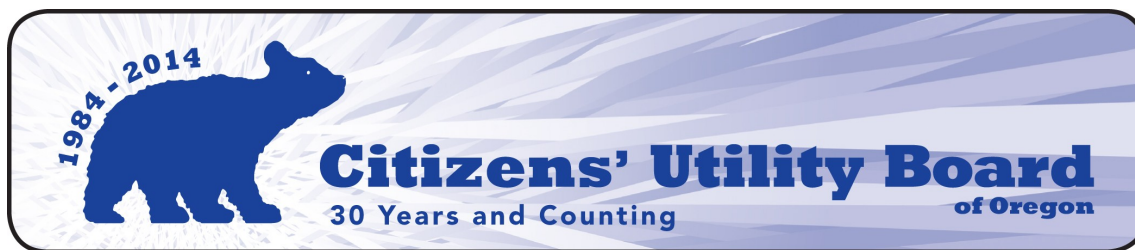
Financially, we are doing well despite the changes that put our fundraising a bit behind. New people are joining CUB every day and that gives us critical support. Intervener Funding grants from the Public Utility Commission allow us to provide technical testimony that is critical to our successful advocacy for you during utility rate cases. Policy Center donations, as well as grants from both the Bullitt and the Energy Foundations make it possible for us to make substantial inroads in convincing utilities to close expensive, aging coal plants and replace them with money-saving efficiencies and renewables. Please take a look inside to see what has been going on in 2014.

And just as I need my family and staff to ensure my success, so CUB needs great folks like you to continue ours! Your backing give us the clout we need when we are pushing the utilities for fair rates and responsible investments, your support provides us with authority when we must stand up for pro-consumer legislation in Salem, and your membership sustains our influence on utilities. They know that we speak for their customers because their customers are our funders. In other words, **we couldn't save rate payers money or close coal plants without your membership** and donation support, **so thanks!**

What's next? Well...new challenges, new excitement, new disappointments, new surprises and **with YOUR HELP**...the process continues!

Best Wishes for a great holiday season and a prosperous new year!

Bob Jenks



The Citizens' Utility Board of Oregon (CUB) is a nonprofit organization founded in 1984. CUB's mission is to represent the interests of Oregon's residential utility customers before administrative, judicial and legislative bodies, such as the Oregon Public Utility Commission and the Oregon Legislature.

CUB was founded by Oregon voters through a ballot initiative in November 1984, and has come to be a leader in consumer advocacy within the energy industry. In its three decades of service, CUB has, among many other achievements, saved Oregon ratepayers over \$6 billion. CUB led the effort to create the Energy Trust of Oregon in 2002, which has helped Oregon to rank third (behind California and Massachusetts) in energy efficiency investment and was critical to the passage of Oregon's 25% Renewable Energy Standard.

CUB led the effort in 2010 to close the 1970's-era Boardman baseload coal power plant in 2020 and replace it with alternative resources that will emit far fewer greenhouse gases. In fact, Boardman's closure will avoid a \$500 million retrofit investment, **saving customers millions**. Additionally, the agreement to close Boardman was the first of its kind in the United States, setting a precedent for additional climate-related coal plant closures in the region. CUB has worked to ensure that Oregon takes the lead on the national stage in battling climate change.

CUB works at the intersection of policy and utility regulation on behalf of all residential consumers of the investor-owned utilities in Oregon. We work every day to prevent utility rates from rising too high for consumers to bear, and we work for renewable resources and meaningful climate change policies. You can track our efforts through our blog at www.oregoncub.org.

2014 CUB Accomplishments

CUB celebrated our 30-year anniversary by saving consumers more than **\$136 million in 2014**, bringing total savings to more than **\$6 billion!** Here are some of the highlights!

Pollution Control Investments Shot Down: The Public Utility Commission (PUC) agreed with CUB's testimony in its verdict on Integrated Resource Plans (IRPs) proposed by Pacific Power and Idaho Power when it refused to acknowledge pollution control investments for two generating units at Jim Bridger coal plant in WY (co-owned by both companies) as well as Pacific Power's Hunter coal plant in Utah. This decision signaled that both companies must improve their resource modeling and consider phase-out as an alternative to pollution controls, in order to make sound resource decisions.

Coal Plant Retirement: Five years after CUB first began pressuring Pacific Power to conduct phaseout analysis in their IRP processes, the Utility finally applied this analysis to their Cholla Unit 4 plant in Arizona, and elected to stop burning coal there by 2025. Cholla will join a rapidly growing list of coal plants in the West to be closed and replaced with renewables, natural gas, efficiency, and other more environmentally friendly and cost-effective resources.

PGE Power Costs: PGE proposed using an old forecast for the expected production of energy from its new

wind farm, even though more updated studies demonstrated a higher output. CUB objected and won an agreement to use the updated forecast.

PGE General Rate Case: PGE requested three rate increases for 2015: one small increase in January, followed by two larger increases when its new wind farm and its new gas plant begin serving customers. The total amount of its request was \$81.5 million. While

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CUB and CUB Policy Center Staff



The CUB Policy Center is a 501(c)3 non-profit and the sister organization to the Citizens' Utility Board (CUB) of Oregon. The Policy Center aims to protect consumers and better our state and region through comprehensive research, sound policy recommendations, and outreach and educational opportunities that empower and inform our fellow Oregonians.

The **mission** of the CUB Policy Center is to provide thoughtful, sophisticated policy resolutions and produce research that shows Oregon to be a national leader on energy efficiency policy, climate change solutions, renewable resource implementation, and consumer awareness. We devote ourselves to this work while consistently providing educational opportunities to the greater community to share our expertise and promote the public interest. Learn more about the CUB Policy Center online at www.cubpolicycenter.org.

2014 CUB Policy Center Achievements

It has been a building year for the CUB Policy Center. We exceeded our overall budget goals, hosted our 4th annual sold-out CUB Policy Conference, and hosted six law clerks, interns, and externs over the course of the year through our Education Opportunities Program. Here are some of the highlights from 2014 at the CUB Policy Center.

Support for the Transition From Coal: The Energy Foundation issued a grant of \$20,000 to the Transition From Coal project in June 2014. This grant will support the Policy Center's efforts to build the case for closing coal plants in the West and replacing them with renewables, efficiency, and other sustainable and cost-effective resources.

Changing Climate Takes the Stage: The CUB Policy Center held its 4th annual energy policy conference, *Changing Climate: Adapting to New Regulations* on October 24th, 2014. The conference was standing-room only, and featured a morning panel that brought together the CEOs of Oregon's three largest utility companies, PGE, Pacific Power, and NW Natural Gas, to discuss opportunities for utilities to demonstrate leadership in mitigating the effects of climate change.



Changing Climate Opening Panelists (L-R): Sara Patton, Gregg Kantor, Jim Piro, Patrick Reiten, Bob Jenks

A Successful Year of Community Outreach: CUB's 2014 AmeriCorps Community Outreach Coordinator, Heather Kendall, attended 43 community events and classrooms in the Portland area, educating 2,255 community members about electric vehicles, clean energy investment, and how energy is generated and distributed in the Pacific Northwest.



AmeriCorps Outreach Coordinator Heather Kendall at PSU Earth Day Fair—July 10, 2014



(CUB Policy Center 2014 Accomplishments continued)



CUB Connects Gets a Boost: The CUB Connects program, which offers a search tool to assist Oregonians in identifying their best telephone and internet options, received a grant in 2013 from the Consumer Federation of America. Work began in 2014 to fulfill this grant, by producing Spanish translations of educational materials about telecommunications and consumer issues, and distributing these materials to partner organizations and schools in the Portland area. We are aiming in 2015 to build capacity to increase the translation initiative, making this information accessible to more non-English-speaking households in Oregon. You can learn more about the CUB Connects program at www.cubconnects.org.



Changing Climate panelists (L-R): Lisa Schwartz, Ann Gravatt, CUB Senior Utility Analyst Jaime McGovern

Emerging Policy Priorities

Coal as a Policy Priority: While we have been focused on coal within the regulatory context, we are working with other public interest allies to determine the best policy path to reduce the use of coal. A policy solution will eventually go to the legislature in 2015.

SB 844 Rulemaking and Project Development: Senate Bill 844 was passed in 2013 to allow the PUC to incentivize successful projects by natural gas companies to reduce greenhouse gas emissions and provide other customer benefits. We worked on rules to implement the bill in 2014 and started to look at potential projects. This process is being watched from around the country.

Industrial Energy Efficiency: Industrial customers are not paying their fair share for the benefits of energy efficiency projects. While that has been a developing issue for awhile, we made it a top priority in 2014, pushing hard to ensure that either large customers pay their share, or that benefits are reallocated to the customers who are paying for efficiency, namely, residential and commercial customers. The PUC will be taking up the issue in 2015 and may develop a legislative solution.

Stay tuned for updates on these issues in 2015!



Changing Climate Keynote speaker Philip Mote



Former CUB Senior Utility Analyst Gordon Feighner and CUB Consumer Advocate Janice Thompson



(CUB 2014 Accomplishments continued)

the PUC has not issued a final order in this case, through negotiations and testimony, the issues in the case have been resolved and PGE's request is being cut by approximately 2/3, or \$64 million.

No RES ballot measure: In early 2014, CUB - working with Renewable NW, NW Energy Coalition and others - negotiated a settlement of a dispute over the Renewable Energy Standard (RES) that avoided a ballot measure fight. We also ensured that the RES will not be a legislative issue for the next 4 years.

Pacific Power's Power Costs: Pacific Power over-committed to a coal supply at its Naughton Unit 3 coal plant, and attempted to charge customers \$8 million to pay for its mistake. The company originally proposed stopping the use of coal at Naughton 3 in 2015, but because it had already purchased the coal for that plant, it was proposing that customers pay to have that coal shipped to another plant. At the same time, Pacific Power was trying to get Wyoming and

the EPA to allow it to keep burning coal at Naughton 3 until 2017. CUB opposed this \$8 million charge, and we made our case successfully: Pacific Power agreed to remove the cost and not charge it to customers.

Centurylink Price Plan: Centurylink made significant concessions in the settlement of their proposed price plan.

- The Company agreed to explicit pricing caps for basic residential phone service
- The plan limits increases permitted for other phone-related services such as call waiting and caller ID
- Centurylink agreed to invest \$650,000 in network improvements for customers

Frontier Price Plan: Frontier also agreed to settle their price plan, which the PUC approved in August.

- Frontier agreed to critical pricing safeguards for call waiting, caller ID, other phone-related services
- The Company agreed to invest \$400,000 in Oregon customers (including \$50,000 allocated to the CUB Connects program)

Portland Water & Wastewater Program

CUB was designated by the City of Portland in January to act as residential rate payer advocate for Portland water, sewer, and stormwater customers. **CUB is not paid by the City**, however we do have access to financial and other information to ensure effective analysis and advocacy. Janice Thompson was hired in March to lead this program, and brings the experience of a long career in democracy reform and advocacy, with expertise in biology and education. Here are our first year's accomplishments.

CUB gave "tough love" testimony to the Portland City Council in a May rate hearing highlighting: 1) that past misuses of ratepayer dollars largely came from decisions made by the City Council, and 2) examples of innovative and prudent management by the Bureau of Environmental Services (BES) and the Portland Water Bureau (PWB).

Janice was appointed to the 12-member Utility Oversight Blue Ribbon Commission, which worked from July through November 2014 to develop recommendations for the Portland City Council to improve accountability and oversight of the two utility bureaus.

CUB developed a triangle model of effective utility oversight that was helpful to the Commission in understanding 1) the decision making role of the City Council, 2) the need for CUB as an independent analyst and advocate from outside City Hall, and 3) the need for a stronger internal oversight group with a broad charge, integrated into the city budget process to ensure attention by decision-makers.

The CUB model helped guide the Commission's review of options, and shaped its recommendations to the City Council.

CUB began to track the PWB and BES Budget Advisory Committees in October, and will be closely monitoring and providing input on development of the upcoming 2015-2016 utility bureau budgets.





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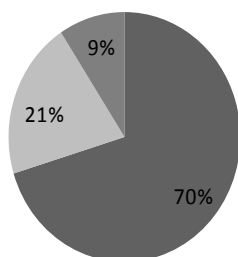
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CUB & CUB Policy Center A Great Return on Your Investment

CUB and the CUB Policy Center continue to bring you great return on your investment! In 30 years CUB has saved Oregon rate payers \$6.1 billion (about \$1,700 for every dollar donated.) This year alone we saved \$136.4 million!

CUB and CPC Combined 2013 Audited Financial Statement

■ Program ■ Fundraising ■ Administrative



That is because at CUB we work every day to watchdog electric, gas, water, and telecommunications utilities and challenge them to find low-cost alternatives to carbon-based energy.

AND, at the CUB Policy Center we not only protect your pocketbook, by offering information that you can use to save you money on your phone plan purchase, but we also educate and move energy policy forward through outreach at local festivals and public speaking, and by bringing together industry leaders and stakeholders at our well-respected, standing room only annual Policy Conference.

Whatever it is that we do, however, we do it because our members support our work by donating all through the year and especially during this year-end call to action.

So please make a gift to the CUB Policy Center. Your \$100, \$50 or \$25 donation will help us continue to educate people on ratepayer, utility, and environment related issues. **Donations to the Policy Center are tax-deductible** to the extent allowed by law.