

Annual Report

2014 - 2015



Citizens' Utility Board
of Oregon

CUB Policy Center



*The Future's So Bright, I Gotta Wear Shades!**

A Year-End Letter from Bob Jenks



It is hard for me to believe that we are once again at the end of another year. Last year at this time I shared with you that 2014 had been a year of change as we reorganized in hopes of creating a more successful future. As 2015 comes to a close, I am pleased to share with you that, in fact, the future looks bright for the Citizens' Utility Board (CUB) and the CUB Policy Center (CPC).

One of the reasons for my optimism is our recently completed Strategic Plan. Beginning with our board/staff retreat in April, senior staff members, Jeff Bissonnette and Pamela White, helped us navigate through the process of discerning who CUB is and where we want CUB to go in the next few years. Though it was time consuming, I am pleased to say that on Nov 2, 2015 the board adopted updated vision, missions and values, as well as a four-year strategic plan for CUB and CPC. (Please see page 3 of this document.)

One of the most significant aspects of this process was that we took the time to listen to each other about what we believed was important for CUB to accomplish. Over the six-months that we worked together, we had a number of meetings where both staff and board engaged in genuine conversation about the best way for CUB to go forward. While we did not always completely agree, we did find that there was a lot of consensus about what the future should look like, with lots of openness as to how to get there.

As I write this, our staff is working in small taskforce groups to create measureable goals with strategies for meeting those goals within the four-year continuum. Ideally, these goals will also inform our budgeting process over the next few years. With this in mind, I feel confident that the future for CUB is bright and that as we close out the second decade of the 21st century, CUB is positioned as an even stronger voice for consumers – offering protection from unfair rate hikes and foolish investments, and representing your beliefs and values by creating a strong energy and telecom future for all Oregonians.

Bob Jenks

**With a nod to Timbuk3 for coining the phrase!*



From L - R, Top: Bob Jenks, Jaime McGovern-Senior Economist, Nadine Hanhan-Utility Analyst, Bottom: Jeff Bissonnette-Policy Director, Amelia Lamb-Communications Associate, Janice Thompson-Consumer Advocate, Leslie Murry-Office Manager, Pamela White-Development & Communications Director, Sommer Moser-Staff Attorney, and Samuel Pastrick-Development Associate.



Regulatory Program Saves The Bacon

By Amelia Lamb

CUB's regulatory team achieved significant victories for Oregon ratepayers this past year. Here are the major highlights:

- ◆ Pacific Power used CUB's coal plant closure analysis methodology in its 2015 IRP and found that it could avoid significant investment in coal plant retrofits by shuttering three plants. Closing Wyodak, Cholla, and Dave Johnston 3 will save customers \$450 million.
- ◆ In August, we wrapped up a multi-year, somewhat obscure proceeding with the conclusion of the Utility Pensions docket. The major utilities (PGE, Pacific Power, Cascade Natural Gas, Avista, and NW Natural) wanted to earn a profit on pension contributions, and by thoroughly analyzing years of pensions data, CUB was able to demonstrate that there was no basis for charging customers to achieve this goal. Our victory in this case will save consumers more than \$20 million per year.
- ◆ In the realm of utility rate cases, CUB won out in proceedings with both PGE and Cascade Natural Gas.
 - ◆ PGE requested two rate increases in 2016, totaling \$66 million. CUB was able to get this number reduced by over 70% to just \$17.8 million. This will equate to a small decrease in rates in January, followed by an increase later in the year.
 - ◆ Cascade Natural Gas requested a rate increase of \$3.6 million in 2016. CUB's work on this case amounted to this rate increase being reduced by over 80% to less than \$1 million.
- ◆ NW Natural, thinking they could make a higher profit than by just purchasing natural gas on the market, invested in gas drilling but the wells were expensive, and didn't perform as well as the company had forecasted. CUB argued that NW Natural's investment was imprudent because the company failed to adequately consider the risk, and the company agreed to eat the cost of the imprudence by adjusting prices down to reflect the price of a gas purchase available in the market. The resulting settlement will save customers \$14.7 million.



Staff Attorney, Sommer Moser makes sure that utilities follow through with their agreements. You could say that she - legally speaking - holds their feet to the fire.



Analyst Nadine Hanhan puts her skills to work to help CUB understand the impacts of utility rate-hikes and investments.

- ◆ Looking ahead to next year, we are working on a Community Solar docket, which will work in conjunction with legislation currently being developed. A community solar stipulation would allow electric customers to buy solar energy as a shared resource if they live in a home where solar panels cannot be installed.

Our hope is that utilities would be able to provide this option to their customers, but also that private groups like churches or co-ops could cultivate solar resources and allow their members to purchase shares of the energy produced. We look forward to sharing more news on this project as it develops.



CUB & CPC Vision

We envision an Oregon where CUB:

- ◆ Represents utility customers as an expert and proactive advocate.
- ◆ Is widely recognized for achieving victories to ensure that residential ratepayers have access to fair, affordable, reliable, and sustainable electric, gas, telecommunications, and water/sewer services.
- ◆ Empowers consumers and engages with policy makers and utility leaders through education and advocacy to develop collaborative solutions to emerging utility issues that affect residential ratepayers.

CUB Mission

As directed by Oregon voters in 1984, the Citizens' Utility Board of Oregon (CUB) represents the interests of Oregon's residential utility customers before administrative, judicial, and legislative bodies.

CPC Mission

The CUB Policy Center (CPC) works at the intersection of utility policy and regulation to develop innovative solutions, empower consumers, and engage stakeholders around utility issues that affect Oregonians.

Our Values

Acting Responsibly on Behalf of Our Members

- ◆ We protect utility consumers' economic resources while working to maintain a sustainable environment for future generations.
- ◆ We analyze utility issues on behalf of ratepayers in order to support wise and reputable policy recommendations.
- ◆ We are resourceful in all aspects of our work.

Social and Environmental Justice and Equity for all Oregonians

- ◆ All Oregonians should have access to critical utilities.
- ◆ Ratepayers have a right to be protected from investor owned utilities' attempts at unjustified rate hikes and unfair practices.
- ◆ Utility rates should be fair.
- ◆ Good utility policy includes a reduction in fossil fuel use and an increase in affordably priced efficiencies and sustainable energy options.

Transparency

- ◆ CUB advocacy, lobbying, and fundraising are executed with honesty and integrity.
- ◆ CUB seeks clear and genuine communication as the standard with both internal and external stakeholders.
- ◆ CUB's work is balanced, data-driven, and accurate.

Practical Idealism

- ◆ We speak the language of policy and economics with utility stakeholders in order to represent ratepayers and protect the environment.
- ◆ We provide leadership by conducting analyses that support fossil fuel phase-out and intelligent energy policies.
- ◆ When striving for change, we envision a future of substantial transformation, but we will accept incremental progress in achieving this vision.

The Human Factor

- ◆ We invite all Oregonians to join us as members, and provide a wide range of opportunities to engage with our mission.
- ◆ Staff, members, board, and other volunteers are CUB's heart and soul. We acknowledge that without them we would have neither the passion nor the resources to accomplish our mission.
- ◆ We believe CUB staff should have competitive salaries and benefits, flexible work environment, and a culture that supports good work-life balance.



To Good Policy And Beyond...

By Jeff Bissonnette

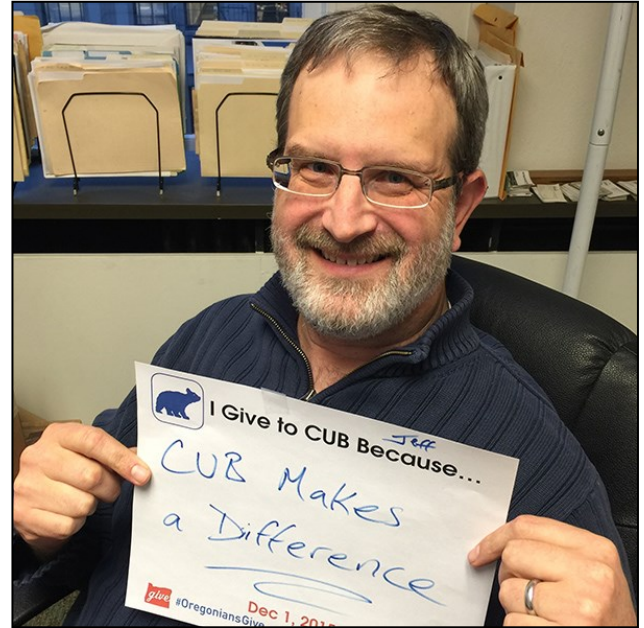
CUB makes a difference in the regulatory and administrative arena because we do our homework and present solid analysis. We also make a difference because we constantly push for forward-thinking policy.

2015 saw CUB active again in advocating for policies that protect consumers and enhance the environment. We were very active in the regular session of the Oregon legislature and won several victories.

Our agenda focused on climate, energy efficiency, protecting ratepayer funds, and renewable energy. We passed a bill that brought State incentives for solar hot water systems to the same level as solar generation systems. We defeated a very serious attempt to divert ratepayer funds away from energy efficiency and renewable energy to a very vague proposal to support "electric vehicle infrastructure."

Don't get us wrong – CUB strongly supports electric vehicles. We believe they have an important role in both reducing greenhouse gas emissions and helping to manage the electric grid of the future. But it is not a good idea to take away funds from things like efficiency and small-scale renewables.

Despite the progress we made during the session, one area remained frustratingly unaddressed: a comprehensive climate policy. CUB issued its first statement calling for a global warming policy in 1988. As a state, we have made investments over the years that help address climate issues. We've had a historical commitment to energy efficiency and consistently rank as one of the top states that acquire efficiency – our cheapest resource. We ensure that our building codes



Policy Director, Jeff Bissonnette supports CUB's #OregoniansGive on #GivingTuesday campaign.

and other standards create the most efficient structures and appliances on the market. We make investments in renewable energy to clean up our generation system. We are seriously addressing coal power and working to do more.

CUB's work makes a real difference. Greenhouse gas emissions have leveled in the state. Where other states are struggling to determine their compliance strategy, we are in a great position to comply with the new federal Clean Power Plan, which is aimed at curtailing coal power nationally.



CEOs Elliot Mainzer-BPA, Scott Morris-Avista, and Jim Piro-PGE share their perspectives at the 2015 Policy Conference, *Utility 2025: Building the NW's Energy Future*.

But the fact remains that ratepayers are being asked to make long-term investments in resources without knowing the true risks of climate regulation because there is no comprehensive policy.

(Continued on page 5)



Volunteer Makes A Difference



Volunteer Extraordinaire, Max Muller testifies before the Oregon House Energy and Environment Committee in April 2015.

Any success story at CUB is really about people, particularly our members who individually give time or money. Collectively, it all adds up to make big impacts. But now and then, there are individuals who step up and contribute above and beyond.

CUB was fortunate to have one such individual in 2015. Max Muller grew up in Portland and worked for an Oregon legislator during the 2005 session. He then moved to Illinois to work on environmental issues as part of Statewide campaigns and lobby the Illinois General Assembly.

He returned to Oregon in late 2014 and offered to volunteer for CUB as part of our lobbying team. Because of his particular experience, both in Oregon and with lobbying, he was assigned a portfolio of bills. He was primarily responsible for the success CUB had on passing the bill that improved incentives for solar hot water systems. He also set CUB up for its next steps on appliance efficiency.

Max continues to volunteer on projects for CUB. We were fortunate to have someone of his skill and dedication in 2015. We appreciate his ongoing commitment. Thanks for everything, Max!

(To Good Policy continued from page 4)

We don't know how greenhouse gas emissions will be priced or when, so we cannot determine the impact on rates in either the short or long term. That is inherently risky for consumers. We can only get that kind of comprehensive policy from Congress or the State legislature.

That's why CUB will continue to keep climate issues at the top of its policy agenda. Good policy will drive good regulation and good investment decisions. That's when consumers will know what their utility system will look like twenty or even thirty years from now, and how much it will cost to create that system.

As we look ahead to 2016, we will continue our ongoing work to pull more energy efficiency from the industrial sector and make sure that all customers – residential, commercial, and industrial – pay for it more equitably than they do today. We will push for better efficiency standards for appliances. We will continue to support more cost-effective renewable resources. But most importantly, we will continue to advocate for comprehensive climate policy because, until then, both the consumer and the environment is at risk.

Thank you to our members and supporters for being part of this important work. We know you will continue to join the effort going forward.

(Development & Communications continued FROM page 6)

On the communications and marketing side, we solidified our brand, systemized our print, online and social media communications, updated the inner workings of our website, and embarked on our first electronic ad campaign.

Come the New Year, we will get important social media policies in place, do some rebranding, offer an online newsletter alternative, update and mobilize our website, and do some co-marketing of our water/sewer program.

We could not do all of this without you, so thanks. Thanks to all of you, our members and donors, who give your resources to help us achieve our important mission! You help us make a huge difference in Oregon.



Forward Thinking Analysis Wins Big

For Portland Water & Sewer Ratepayers

By Janice Thompson

In 2014, CUB became the independent consumer advocate for residential customers of Portland public utilities providing storm-water management, sewer, and water services. Led by CUB's Janice Thompson, we continue to shake things up, keeping dollars in ratepayer pockets. Due to our work in 2015, customers enjoyed some major victories:

CUB saved ratepayers \$2 Million: The Portland City Council froze sewer system fees paid by developers during the Great Recession. The goal on the City's part was to encourage new building projects. Yet ratepayers were the ones footing the bill. CUB argued that with an improving economy developers should no longer receive this subsidy. Developers now pay these fees to the extent fully allowed under state law. Starting with \$2 million during the current fiscal year, ratepayers will see ongoing savings.

CUB took action to improve utility oversight: In 2014, Mayor Hales and Commissioner Fish launched the Utility Oversight Blue Ribbon Commission, where CUB's Janice Thompson occupied an influential seat. The Commission offered several recommendations, and CUB made sure City Council adopted them. For in

stance, a new Portland Utility Board (PUB) replaced long ignored internal oversight groups. The PUB will have its own staff and not rely on analysis from the utilities it monitors.

The takeaway here is that CUB has been a key player during a complete overhaul of Portland's utility oversight system by ensuring that the City Council listens to the PUB and also our input on behalf of customers. At the same time, we keep a watchful eye on the PUB. As Commissioner Fish says: *"In concert with a unique partnership with [CUB], the PUB will bring a new level of accountability and transparency to our utilities."*

CUB pushed for better billing: Most residential customers in Portland receive quarterly bills. These can be tough for many folks to manage. CUB argued for a monthly billing option and now customers can choose what is best for them.

These are just a few examples of the careful and forward thinking analysis that you can expect from CUB. Our promise is to hold the Portland City Council accountable for their management of the utility bureaus. Backed by three decades of expertise, and with support from members, we will continue to advocate for common sense policies and good value for water and sewer rates.

Development & Communications Team: Raising Funds And Awareness

By Pamela White

The Dev/Com team worked hard in 2015, to both stabilize the program and find ways to innovate for the future.

On the fundraising and organizing front, we maintained membership levels while increasing donations through a program called the Anniversary Club, and by increasing community engagement. We also implemented a major gift program. The CUB Policy Conference moved to a bigger venue, allowing us to increase the attendance by 25% and income by almost 15%. Additionally, we embarked on our first-ever Facebook Campaign for #GivingTuesday on December 1, 2015 (which at this writing has yet to happen).

We look forward to 2016 with plans to increase our membership by 10% through improved social media organizing, Chamber involvement and community speaking engagements, and our donations through building relationships with all of you through gatherings and Ursa Major connections. We also plan to start a new telecommunications policy conference.



Development Associate, Samuel Pastrick and Office Manager, Leslie Murray reconcile monthly contribution records.

(Continued on page 5)



CUB Connects - Building Programs To Meet Consumer Needs

By Samuel Pastrick

For CUB and the CUB Connects project, 2015 was a year of transition and change. CUB took steps to build-out the breadth and depth of the CUB Connects Project. Our idea was to improve the channels already in use to advise community people about important developments in a changing telecommunications-reliant world.

In February, the first shoe to drop was the culmination of a decades-old debate over “net neutrality”. After carefully unpacking the issue, we introduced the Federal Communication Commission’s (FCC) landmark Open Internet Order. We followed this analysis with news about modernizing updates to the Lifeline program, and an outline of independent FCC and Oregon Public Utility Commission consumer complaint processes.

But perhaps the culmination of these efforts is our new consumer workshop series. We designed the curricula with the goal to provide phone and internet customers in Oregon with the appropriate tools and resources to educate themselves and their families about the current risks and opportunities in the telecom industry – thereby helping them to choose the service, or combination of services, that meet their specific needs.

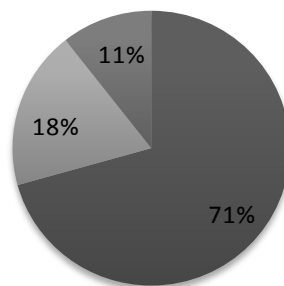
The plan for now is to hold workshops at City of Portland events like Fix-it-Fairs, and in partnership with community groups like Free Geek. We expect that 2016 will offer new and exciting opportunities in this area.

As we look toward the future, CUB’s consumer advocacy and community education work, especially as it relates to telecom services, is arguably more important than any time in recent history. Sweeping technological developments confound consumer expectations about not just service availability and accessibility, but also the definition of the services themselves.

Going forward, the big question for policy makers and regulators is, frankly, how to keep pace while not hanging consumers out to dry. CUB will keep a careful watch on these issues with the goal of staying informed about the concerns that consumers like you face. Though the future of telecom is often uncertain, our commitment to represent you and all Oregon customers is rock solid. For more information and regular updates visit our blog at oregoncub.org.

CUB and CPC Combined 2014 Audited Financial Statements

■ Programs ■ Fundraising ■ Administration





610 SW Broadway
Suite 400
Portland, OR 97205

RETURN SERVICE REQUESTED

Non-Profit Org.
U.S. Postage
PAID
Portland, OR
Permit No. 2134

Please... Feed the Bears **Support CUB Policy Center**

By Pamela White

If you grew up in the 60's, loved Cartoon Network in the 80's, or perhaps saw the movie in 2010, you probably remember Yogi Bear; the fedora-clad, necktie-wearing bear from Jelly Stone Park. And if you remember the story line, you know that Ranger Smith always cautions park visitors not to feed the bears. Yogi, who claimed to be "smarter than the average bear", and his pal Boo-Boo, consistently stole "pic-a-nic" baskets as a way to sustain themselves.

The truth is, stealing "pic-a-nic" baskets is really no way to fund an organization, so Bears or not, CUB and the CPC continue to look for more viable ways to fund our work representing Oregon ratepayers' values and protecting their wallets.

As you know, CUB works on behalf of ratepayers in Oregon to make sure that energy and telecom utilities offer reasonable rates and invest wisely in in-

frastructure projects. And at the CPC, we bring cutting-edge policy options to the table and educate Oregon ratepayers about energy and telecom issues that affect both the individual and the community.



So, with 2015 winding down, and as you make your end-of-year contributions, we hope that you will be smarter than the average person and ignore Ranger Smith's warning.

By donating to the CPC today, using the enclosed envelope or heading online to cubpolicycenter.org, you help the us to engage citizens and educate stakeholders around important energy and telecom utility issues.

Though it may be unconventional wisdom, we really do think that, at least in our world, you should regularly feed the (CUB) bears.