

PORTLAND UTILITY BOARD

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To: Mayor Ted Wheeler
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Chloe Eudaly
Commissioner Dan Saltzman
Auditor Mary Hull Caballero

Re: Hydroelectric Power Contracts

Date: August 28, 2017

The Portland Utility Board (PUB) was created by the Portland City Council to serve as the citizen advisory board for the Portland Water Bureau and the Bureau of Environmental Services. The PUB charge from the City Council includes identifying and reporting to the Commissioner(s)-in-Charge, the Mayor, and the Council on important issues and challenges for both utility bureaus. The Portland Water Bureau (PWB) acts as manager of Portland's Bureau of Hydroelectric Power (BHP). The BHP generation facilities are sited in the Bull Run Watershed on two dams operated by the PWB in its mission of providing drinking water to the Citizens of Portland and surrounding water providers. In consideration of the close bond of these bureaus, PUB offers the following.

The PUB appreciates PWB presenting the hydroelectric power issue for our consideration and input. We value their commitment to answering our questions and the time they spent preparing additional information. We especially thank Commissioner Fish for requesting our input and his willingness to provide an extra week between the first and second readings of the ordinances to allow for our deliberation.

The PUB supports continued production of clean energy from the City's hydroelectric facilities. As presented to the PUB and City Council, the contracts are constructed so that financial risks are to be borne entirely by the City's General Fund. The board's expectation is that no costs will be incurred by Water customers because of this enterprise.

The City engaged outside counsel and energy experts in the negotiations of the contracts but several sections of the Power Purchase Agreement with PGE are covered by a non-disclosure agreement. Such agreements preclude members of the board and the public from viewing many of the essential details of the agreement. As such, the PUB cannot comment on the overall value of the enterprise, however we would suggest that the risks of this project aren't limited to market risks related to energy production but also risks to public perception and public trust. Transparency is vital to earning and maintaining the public's confidence.

At this time, the PUB reiterates its request from the water treatment discussion earlier this month that, for the PUB to continue to be of value to the City Council, we be included in the process much sooner and have access to more complete information in advance. In the future, our hope is that the bureaus will bring items to PUB earlier for consideration, including time for responses to questions and incorporation of feedback, prior to presentation to the Council so the board can be prepared to provide you its input at that time as well.

The PUB is committed to working with PWB to improve these challenges of communication and transparency and knows that it takes time to change the processes of the bureau to incorporate its oversight committee earlier.

We look forward to evaluating the progress of the contracts and their impact in PWB's budget. In an effort to further enhance transparency for the public, the PUB requests annual reporting on the performance of the contracts.