

Portland Utility Board
August 24, 2017, 11am – 1pm
Lovejoy Room, City Hall
Meeting # 30 Minutes

Attendees:

PUB Members: Ana Brophy, ex officio
Colleen Johnson
Micah Meskel
Mike Weedall
Robert Martineau
Ted Labbe
Van Le, ex officio
Hilda Stevens

Absent:

* Meredith Connolly
Scott Robinson
* Alice Brawley-Chesworth, ex officio
* Allan Warman
* Lee Moore
* Dan Peterson

* Notice of absence provided prior to meeting

Staff: Mike Stuhr (Director, Portland Water Bureau)
Gabe Solmer (Deputy Director, Water)
Cecelia Huynh (Director of Finance and Support Services, Portland Water Bureau)
Jaymee Cuti (Public Information Officer, Portland Water Bureau)
Ashley Tjaden (Community Outreach and Information Representative, Portland Water Bureau)
Liam Frost (Management Analyst, Portland Water Bureau)
Jeff Winner (Capital Improvement Program Planning Supervisor, Portland Water Bureau)
Yone Akagi (Principal Engineer, Portland Water Bureau)
David Peters (Principal Engineer, Portland Water Bureau)
Todd Lofgren (Senior Policy Advisor, Commissioner Fish)
Karen Moynahan, City Attorney's Office

Melissa Merrell (Principal Analyst, City Budget Office)

Public: Janice Thompson (Citizen Utility Board)
Carol Cushman (League of Women Voters)

I. Call to Order, Introduction of Any Audience Members

Colleen opened the meeting by laying out a road map. The board sent [questions](#) to the bureau on August 21. Colleen asked the bureau to submit those answers prior to the September 5 meeting since they had not yet been received.

II. Disclosures

Ted said that he was working with BES policy makers and went on the site visit with Marie Walkiewicz and Kaitlin Lovell and encourage other members to explore the area. Rob said he always meets with bureau staff.

III. Hydropower Contracts

Colleen then asked members if they had any previously unasked questions about the hydropower contracts. Mike raised the issue of the heavily redacted sections and specifically 3.14 which limits the City's ability to join power markets. He noted that the next paragraph was totally redacted. Colleen asked about information on when the city has used non-disclosure agreements in the past and for what activities.

Rob said he had reviewed the materials and the PUB's responsibilities. He asked the board to consider if this was in the overview of the board. While the production is attached to dams, it has no rate impact. He questioned whether this policy area was connected to board's mission.

Ted said in his opinion this was not an overreach. This item is within the board's purview but might not rise to the top of issues that he feels is a priority. He felt the bureau has provided good responses so far. There may be missed opportunities and if the bureau had more bandwidth they may have been able to strike better deal but public safety/public health items are forefront. He feels the may have done more due diligence but the board should pick its battles. He thought valid questions have been raised but there wasn't enough time to engage.

Mike W. said in his opinion the hydropower was an incredible resource given today's power markets and to not maximize value is a missed opportunity. The board should be encouraging the Council to negotiate with City resources in the sunshine. He felt this was a known issue that wasn't addressed until the last minute and actions like that are the reason the City Council created the PUB.

Rob asked again how would water rate payers incur costs.

Hilda said the deal included assets of the Water Bureau and she wasn't sure that all the risks were yet known and not confident they would all be borne by the city.

Colleen said that she didn't think this was overreach for a number of reasons. First, it was brought to the PUB and the Commissioner asked the PUB to provide input at the worksession. She said the board has been told there would be no rate impact but the general fund is tight and who's to say that won't change. The board knows this has been an issue in the past.

Karen Moynahan, City Attorney, spoke to the board. She said the City know knows that they can't use rate money on these activities. Yes, they had in the past now there is better

understanding of the restrictions. She said the City often uses nondisclosure agreements in things like preliminary development work with Prosper Portland. PBOT has used them with respect to bicycle transactions and the City used them when working with the Timbers on stadium design. These items were covered by nondisclosure until they were made public. That's not the case here.

Colleen said that the risk isn't just market risk but also a public perception and trust are at risk. She sees that as the real issue with the non-disclosure agreements. Karen said she understands that point. She said that PGE will eventually make the disclosure in FERC reports and someone could discern the rates.

Ted suggested that in the spirit of disclosure the Water Bureau could translate those disclosures for the general public. PUB could ask for that to make it as transparent as possible to the average person on the street.

Rob sees the value of maximizing the assets and bolstering the general fund. He questioned the value of using later data in hindsight to judge the agreement.

Karen said there were many components of contract. The city engaged outside counsel who were experts in energy and they did their best to get the best deal for the city.

Colleen said she has concerns about paying upfront for expenses when there is a black hole of information on revenues. In her opinion, it's not transparent.

Van suggested splitting the items on the [discussion document](#). She said she thought in item #1 there was a general concern on the principle of transparency and disclosure related to public trust. Mike W. said its important with deals like this that rate payers not be harmed.

It was noted that the questions PUB submitted after the July 11 meeting helped shaped the conversation at the worksession. Colleen said that she thanked Commissioner Fish for providing extra time between the first reading and second readings of the ordinance to allow PUB to schedule a dedicated meeting. However, there still wasn't much deliberative time.

The board discussed the issue of timeliness and that it has been to PUBs disadvantage. Items that come quickly and aren't brought early in the process don't allow PUB time to review and add value.

Ted said that this issue has been raised and maybe the thing to do is monitor through this contract and then have a chance to dig into the issues next time. There are too many complex issues here to do a thorough job in two meetings. He thinks this could be an area where PUB can help give the public opportunity to scrutinize these things more generally.

The board agreed that they think communication to Council should:

- Support continued green energy production
- Register the expectation that rate payers will be protected and that the risk of enterprise will be borne by general fund
- Raise the issue of transparency and the non-disclosure agreements
- Speak to the concerns of timeliness

- Require reporting

Micah said he wasn't here for the initial conversation with hydropower. In general, he agreed that it was within PUBs purview as an asset of the Water Bureau. He sees value in maximizing the asset. He thinks this plays to the issue of PUB being the liaison to the community. Maximizing assets can be beneficial to rate payers in the future but there are tensions between maximizing value and risking public trust. Micah said that he had concerns about what was included within the redacted areas and what the City could be precluded from doing.

Rob talked about the value of the hydropower asset and it being subordinate to the water supply we all rely on. He said its value was a grain of sand compared to Bull Run. He said that while it was an established asset, if it was worth a lot, PGE would have kept with the old contract. He said the hydro plant was worthless if it compromises water supply.

The board then asked if there was any public comment.

One person, Jon, who has worked for a public utility district that also had hydropower spoke. He said there were advantages such as choosing when to make power to maximize value on the spot market. He speculated that producing power may generate savings and hoped that had been taken in to consideration when negotiating.

Mike again raised the question of section 3.14 and municipalization. There was discussion that there was agreement on overarching themes but that specific followup questions would be better in questions to the bureau. Melissa was asked to revise the questions to include that and resend the questions to the bureau.

Motion to send a letter to Council conveying 5 items of agreement. Seconded by Hilda. All members voted Aye. No members opposed

Van motioned to adjourn and Mike seconded. All in favor.

The meeting adjourned at 12:05 PM