CUB statement on Utility Oversight Blue Ribbon Commission Final Report

It was an honor to serve on the Utility Oversight Blue Ribbon Commission, a hard working group that in five months read hundreds of pages of information about the Bureau of Environmental Services and Portland Water Bureau, met 10 times, held three public hearings, and conducted a City Council work session.

As CUB’s consumer advocate for Portland residential customers of sewer, stormwater, and water services I was pleased to bring CUB’s 30 years of experience in private utility rate regulation to the Utility Oversight Commission’s discussion of three critical elements of effective utility oversight that are reflected in the Commission’s major recommendations:

- Form one group, the Public Utility Board (PUB), to replace the BES and PWB budget advisory committees and the Portland Utility Review Board (PURB). This streamlines the City’s internal oversight of BES and PWB by replacing three currently weak groups with one. The PUB will have input on capital improvement planning since major construction projects have significant impact on BES and PWB budgets and rates.
  - A critically important component of this recommendation is that the PUB will have dedicated staff so it won’t have to rely on analysis by the utility bureaus, a major flaw of the current budget advisory committees that are also not integrated into capital improvement planning.
  - The PUB will have two staff with utility expertise, a marked improvement from current PURB staffing which is done on a part-time basis by a rotating set of analysts in the City Budget Office. The Utility Oversight Commission’s recommendation for PUB staff is similar to the Utility Review Team approach whose abandonment contributed to the decline of the PURB’s effectiveness.

- The City Council must integrate the PUB into all steps of the BES and PWB budget process at a level not seen in Council interactions with advisory groups of any other city bureaus. The Utility Oversight Commission also recommended other new standards for City Council practices to ensure that this new oversight group and other input about BES and PWB are genuinely considered. For example, the frequent past occurrence of the City Council ignoring audit reports must stop with the PUB being integrated in implementation of future audit findings relevant to BES and PWB.
• CUB should continue as residential ratepayer advocate providing analysis from outside City Hall.
  o CUB does not work for the City Council and no city funds are paid to CUB. The City Council has approved the use of city funds to print inserts in utility bills that provide the opportunity for ratepayers to voluntarily join CUB. CUB offered to pay for this printing, but the City Attorney recommended payment by the City to ensure their control over inserts in utility bills. The CUB insert does not affect the timing or postage of City’s utility bill mailings. CUB’s work is independent because we rely on membership support.
  o CUB’s role in Portland is similar to CUB’s service as the state-level residential ratepayer advocate in legislative discussions and before the Public Utility Commission (PUC) that regulates private utilities on behalf of the public. Portland analogies to state regulation of private utilities are that the City Council is akin to the Legislature and the PUC while the PUB and its staff are akin to the analytical team at the PUC. In both settings CUB plays an outside analyst and advocate role.

There may be complaints because Mayor Hales and Commissioner Fish asked the Utility Oversight Commission to focus on recommendations that could be promptly implemented. This meant that proposals requiring City Charter changes were off the table. This shouldn’t be surprising since Portlanders voted down a May ballot measure to change the charter regarding management of public utilities by a three-to-one margin.

Nevertheless, the Utility Oversight Commission heard presentations and discussed two proposals that would have required charter changes because they included a new management board with major budget and administrative authority. This idea did not advance in Utility Oversight Commission deliberations because of concerns about giving undue power to an unelected management board and likely confusion because of complicated new lines of authority. Commission discussion may have been shortened because of the request to avoid charter changes, but it is CUB’s view that consideration of the unelected management board idea ended due to the likelihood of creating new problems because of its complexity.

The management board idea can also be reviewed in the future since another important recommendation by the Utility Oversight Commission is for the City Council to convene a new version of this Blue Ribbon Commission in 2 to 5 years. That new oversight group should, as possible, include members of the current group. Its purpose would be to evaluate effectiveness of the recommendations now before the City Council and if other situations have surfaced that require additional oversight measures or a new approach.

CUB’s next step will be pushing the City Council for full implementation of the Utility Oversight Commission’s recommendations.

But CUB won’t stop.

CUB’s work will continue long after the Utility Oversight Commission’s report. Once the PUB has formed, CUB will analyze its work and monitor the City Council in living up to new expectations for transparency and involvement of the PUB in its utility budget and rate setting. In general, CUB will continue being watchdog on the look out to rein in utility rates.

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