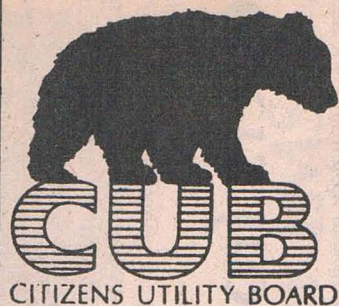




THE BEAR FACTS

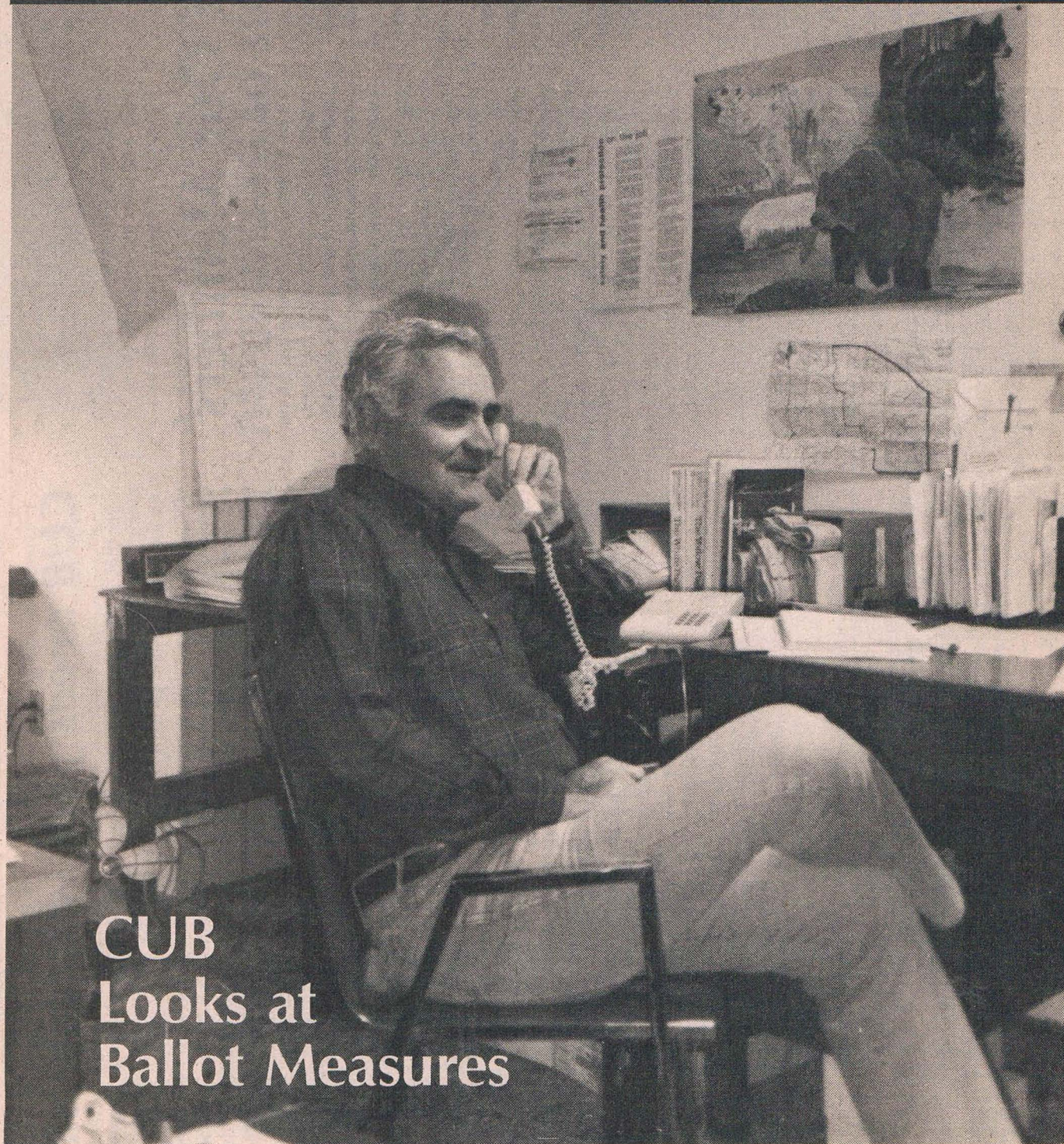
The Citizens' Utility Board of Oregon
newsletter for members and friends

2637 S.W. WATER
PORTLAND, OR 97201

P.O. BOX 6345
PORTLAND, OR 97228

(503) 227-1984

OCTOBER 15, 1986



**CUB
Looks at
Ballot Measures**



THE BEAR FACTS

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Candidates take stands on utility reform issues

The Citizens' Utility Board recently asked gubernatorial candidates Norma Paulus and Neil Goldschmidt to respond to a questionnaire regarding their stands on some major utility issues. The two-part questionnaire asks the candidates to take stands on Ballot Measures #4, #8, and #14; it also asks their opinions on two utility reforms which may come before the next state legislature. More detailed information on the three ballot measures is located on page two of this newsletter. The candidates' responses follow:

Ballot Measure #4 would establish a three-person PUC which would be subject to Oregon open meetings laws. Do you support this measure?

GOLDSCHMIDT: YES. Regardless of the outcome of Measure #4, I would work to correct the abuses which led to the initiative. I would work with one or three commissioners.

Paulus: YES

Ballot Measure #8 would prohibit telephone companies in Oregon from instituting mandatory local measured service. Do you support this measure?

Goldschmidt: YES

Paulus: YES

Ballot Measure #14 would prohibit nuclear power plants from operating in the state of Oregon until a permanent, licensed waste storage facility is established. Do you support this measure?

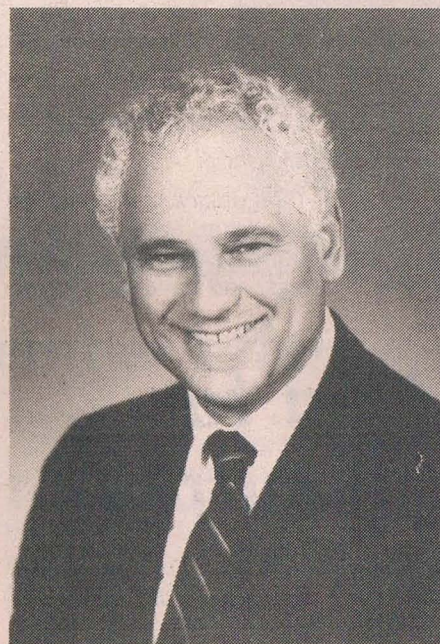
Goldschmidt: NO. At a time when Oregon's economy is suffering, we cannot tolerate the rate increase that would result from shutting down Trojan.

Paulus: NO. If the plant were shut down it would cost the rate payers to replace the power. Also, it sends the wrong signal to businesses, in Oregon or seeking to locate in Oregon, if we change the operating rules after the plant has been operating.

Would you support the establishment of a law that would prohibit Oregon's Public Utility Commissioner (or Commissioners) from accepting employment with a regulated utility for at least 2 years following his or her service?

Goldschmidt: YES. The state should

Paulus: YES. My recommendation



Currently, the Public Utility Commissioner is allowed by law to grant "interim" rate increases to utility companies without public hearings and without justification of the need for the increase. Would you support a repeal of the law?

Goldschmidt: NO. The current commissioner may have abused interim rate-setting authority. The new commissioner(s) should make rules which would set acceptable limits to this prac-

Paulus: NO. Since the rate hearing process is slow and the economic conditions can change rapidly, I think that the state and utilities need some sort of flexibility. I am in favor of re-examining

Concurrence: YES. The state should adopt a rule similar to the federal one.

Paulus: YES. My recommendation would be five years.

would set acceptable limits to this practice without eliminating the flexibility of the commission.

flexibility. I am in favor of re-examining the procedure by which such interim rates are given to make sure that the public interest is adequately protected and to make sure that the public can participate in the process. The open meetings law ought to apply to the interim rate process.

Wanted—Your help to stop Maudlin's dangerous plan

Public Utility Commissioner Gene Maudlin intends to adopt a dangerous proposal which would have a serious impact on phone bills of consumers and small businesses in Oregon for many years to come.

YOUR HELP IS NEEDED TO STOP MAUDLIN NOW!

The proposal, inappropriately called the "Universal Service Protection Plan," really offers consumers no protection at all. It allows phone companies to annually increase residential monthly phone rates up to \$3 without public hearings. It also allows phone companies to change prices on services like call-forwarding and call-waiting by merely filing a new "price sheet" with the PUC.

In an August 23 editorial, the *Eugene Register-Guard* said of Maudlin's plan:

"Phone companies would have limited risks and unlimited potential benefits, while ratepayers would have limited benefits and unlimited potential risks."

Despite the protests of CUB and other consumer and business groups, Maudlin forges ahead. He seems to view this plan as his "last hurrah" as Public Utility Commissioner. Both gubernatorial candidates have stated that they would not reappoint Maudlin.

Here's how you can help stop Maudlin's plan:

1) Attend the PUC's public meeting in your area. The schedule for the remaining meetings is:

Redmond Oct. 24, 7:30 PM Central Ore. CC 716 W. Forest	Pendleton Oct. 27, 7:30 PM City Hall Council Chambers 34 S.E. Dorion
--	---

The Dalles Oct. 29, 7:30 PM City Library 722 Court
--

2) Write a "Letter to the Editor" in your local newspaper, or write to your state representative and state senator and ask them to help oppose Maudlin's plan.

3) Write a letter to Commissioner Gene Maudlin, PUC, Labor and Industries Bldg., Salem, OR 97310.

Thanks for your help! If you need more information, give us a call at 227-1984 or call your local CUB Board member (their phone numbers are in this newsletter).

Oregon phone rates too high; CUB demands refund from PNB

While CUB's fight against Portland General Electric's rate filing has received lots of media attention, CUB has been "quietly" fighting telephone rate increases.

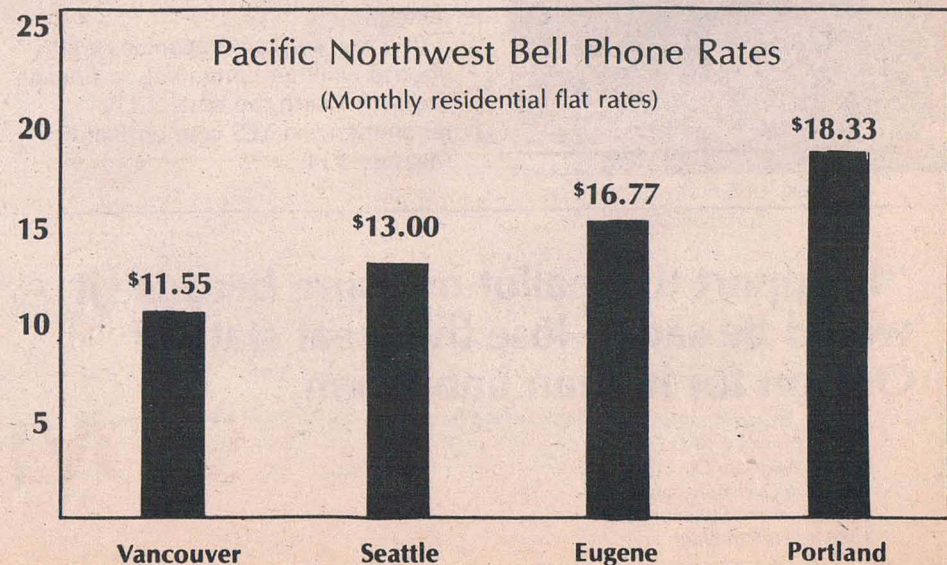
CUB is currently involved in 4 phone rate cases. The most significant case involves Pacific Northwest Bell, the largest phone company in the state.

In January, despite the protests of CUB and other groups, Public Utility Commissioner Gene Maudlin granted PNB a \$2 increase in monthly rates... without holding a single public hearing. Now—10 months after the fact—the Commissioner is holding hearings. Maudlin's own staff recently

concluded that PNB's profits should be reduced by \$41 million.

CUB has demanded an immediate refund of the \$2 increase! We agree with the PUC staff that PNB's profits are too high. In addition, the Washington utility commission recently ordered PNB to refund \$78 million to its Washington customers.

Rates for PNB customers in Oregon are already over 40% higher than PNB rates in Washington! PNB has had the benefit of an unfair rate increase for 10 months now. We think this is an outrage. Oregon consumers deserve better and CUB will continue to fight for affordable phone service for all Oregonians!



3-Member Commission to open closed doors

Q: Which state is the only state in the country with a one person Public Utility Commission?

If you answered Oregon, you're correct. Since 1931 decisions about whether our gas, electric and phone rates should go up have been made by one person. All other states have multi-member commissions which help provide a diversity of opinion in rate-making decisions. Oregonians have an opportunity to change this on November 4th by voting yes on Ballot Measure #4.

What Ballot Measure #4 will do

Ballot Measure #4 would create a 3-member Public Utility Commission. The Commissioners would be appointed by the governor and confirmed by the Senate. This measure was referred to the voters by the 1985 Oregon legislature. The referral happened in the closing days of the ses-

sion when utilities reversed their long standing opposition to a multi-member commission. The utilities supported the change in order to ensure that consumer groups like CUB would not place a measure on the 1986 ballot for an elected 3-person PUC.

According to Representative Rick Bauman, "The utilities learned their lesson in 1984. They didn't want another battle like the CUB initiative."

Although CUB would still prefer an elected PUC over an appointed commission, we feel that Ballot Measure #4 is a tremendous improvement over the current system. That is why we have endorsed this measure and urge all CUB members to vote YES.

Fresh air for a very smoky backroom

For years Oregonians have watched utility rates skyrocket, have watched as rate decisions were made without public hearings, and have seen former

Public Utility Commissioners show up on the utility payrolls. Currently, utility rate increases are made behind closed doors. However, a three member commission would be subject to Oregon open meetings law, and would have to make their decisions in public.

A quick look at the dismal record of our current Commissioner Gene Maudlin reveals why a three member commission is needed. Last December, without holding public hearings, Maudlin allowed Pacific Northwest Bell to raise our phone rates \$2 per month. In contrast, Washington's multi-member commission just ordered PNB to refund \$78

million to their customers.

Another in a long list of backroom sweetheart deals with the utilities is Maudlin's recent illegal actions regarding charging ratepayers for a canceled power plant. Measure #4 will open these back rooms to public scrutiny.

CUB is working with other consumer groups and small business organizations to get the word out on Measure #4. The best way to make sure CUB has access to an open, accessible ratemaking process which gives consumers a fair shake is to vote YES on Measure #4. Let's put the "public" back into the Public Utility Commission!

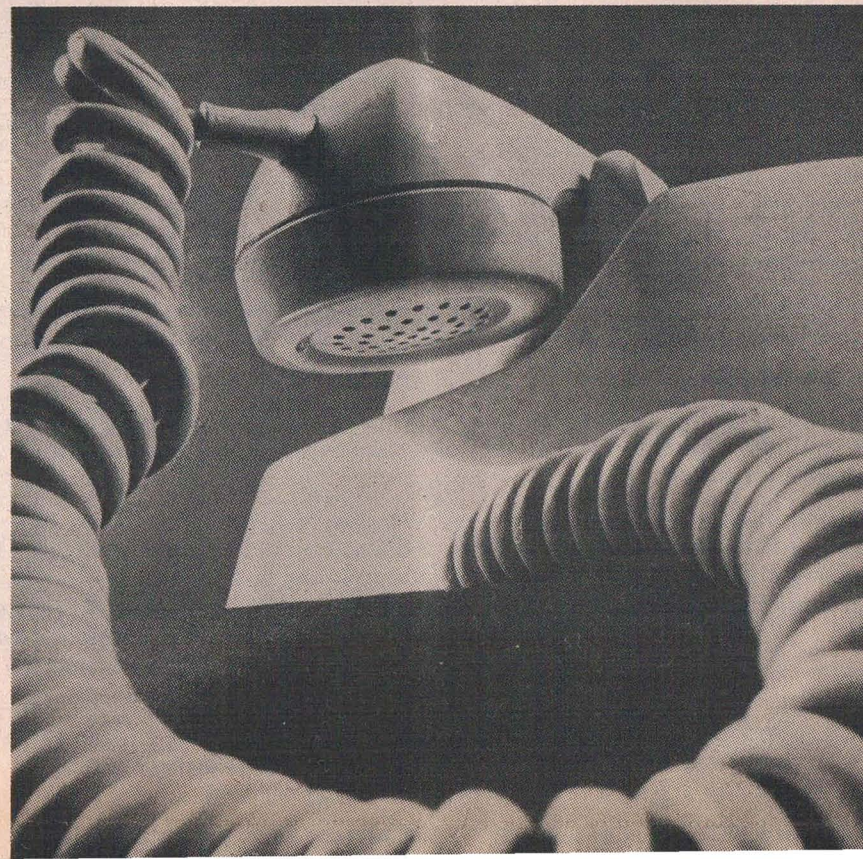
Measure #14: Plan for future in time of surplus

The critical question posed by Ballot Measure #14 to Oregon voters is whether we will plan the transition from nuclear technology in a time of surplus or be forced to pay for its failure in a time of demand.

Ballot Measure #14 would prohibit operation of the Trojan Nuclear Plant until there is a federally licensed repository capable of accepting its high level radioactive waste. If the legislature determines that there is an emergency need for power, the Trojan Plant can only be turned on,

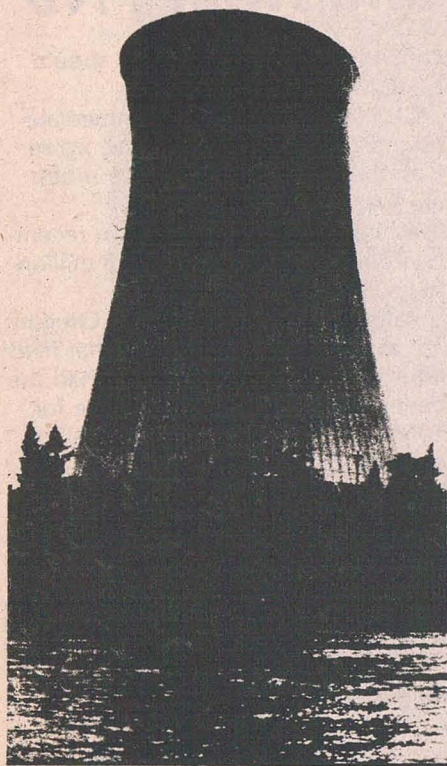
municipal bond failure in history. In the 1960's, the industry assured us that the chance of a major accident was 1 in 9 billion, now we have Three Mile Island and Chernobyl.

In the Northwest, we were also told in the late 1960's that we needed 20 new nuclear power plants. Now the Northwest is littered with nuclear plants half-built and abandoned, and we have an energy surplus which could last 20 years. Surplus on PGE's own system allowed them to sell power to California equal to 82% of



Jan Plant can only be turned on, before there is a federally licensed repository, by putting it to a vote of the people. Ballot Measure #14 asks the people of Oregon to choose whether the continued operation of the Trojan nuclear plant is worth the costs.

In the 1950's, the nuclear industry promised electricity that would be "too cheap to meter." In the 1980's they gave us WPPSS, the largest



power to California equal to 62 % of their share of Trojan. Oregonians got the waste, California got the power.

Although PGE claims that passage of Ballot Measure #14 will cost ratepayers \$1.4 billion, an independent economic analysis performed for the Salem Electric Co-op shows that, "...the continued operation of the Trojan unit is essentially a break-even proposal. That is, the costs of continued operation and the costs of shutdown are of similar magnitude."

Along with CUB, two utilities, Salem Electric and the Emerald Peoples' Utility District (EPUD) have endorsed Measure #14. Lon Topaz, Director of EPUD notes, "PGE's residential and farm customers are protected by the Residential Power Exchange Agreement with the Bonneville Power Administration. Whether PGE's generation costs go up or down, residential and farm customers continue to pay about the same. Public Utility Customers will not be noticeably affected."

CUB will be examining Ballot Measure #14 in its October meeting. Representatives from PGE, the Bonneville Power Administration and the Northwest Power Planning Council have been invited to give presentations on the measure. (See page 4 for details.)

In a few weeks, Oregonians will choose whether continuing to operate Trojan is worth the costs. CUB recommends a YES vote on Ballot Measure #14.



Telephone Power
Richard LaBranche

A Pay phone in your home?

Measure #8 to stop LMS

On November 4th, Oregonians will have the opportunity to vote on Ballot Measure #8 to decide whether to stop Oregon telephone companies from instituting mandatory local measured telephone service. Local measured service (LMS) is a controversial pricing scheme in which consumers are billed on a "per call" basis, according to length of call, distance, and time of day.

Around the country, phone companies have stepped up their efforts to market LMS. "The companies stand to gain because they can charge for each and every call," said CUB Vice-Chair Eric Stachon, "despite the fact that the number of lines, not the number of calls, is what determines the actual cost of providing the service."

Currently in Oregon, most consumers have a choice as to whether they want flat rate service or local measured service. Over the last 8 years, Pacific Northwest Bell has aggressively tried to get residential customers to "voluntarily" switch to optional measured service. PNB has underpriced measured service while steadily increasing the price of flat rates. Despite this deliberate pricing strategy to make measured service appear more attractive, less than 10% of PNB's customers have switched from flat rates to basic measured service.

Ballot measure #8 serves to protect the rights of the consumer to choose whether to have flat rate service or measured service.

Pacific Northwest Bell claims LMS is fair because you "pay for what you use." However, this is not true for telephones. Unlike gas or electricity, nothing is "used up" when you make a phone call. Nearly all the costs of the phone system are "fixed." Once the phone system is in place, customer usage has very little impact on costs to the phone company. Light phone users do not subsidize heavy phone users.

"Mandatory LMS gives the phone company a tremendous opportunity to increase its revenues and its profits," Stachon said. "In addition, measured service gives the phone company a clever way to disguise rate increases. By increasing the per call charges by just a few cents, the phone company would reap millions of dollars in added revenues."

Many groups have joined together in support of Ballot Measure 8: the United Seniors, Portland Gray Panthers, the Oregon State Public Interest Research Group, the National Federation of Independent Businesses, and the Oregon State Council of Senior Citizens.

CUB supports a YES vote on Ballot Measure #8.

"I support this ballot measure because it would be sad to lose the great state of Oregon for human habitation."

—John Goffman, M.D., Ph.D.
Former Associate Director
Lawrence Livermore Laboratory
Co-discoverer of uranium-233
1986 Voters Pamphlet

From the Chair...

By Robert Ackerman

In November, 1984, a politically significant event occurred in Oregon. A Citizens' Utility Board was formed overwhelmingly by a vote of over 600,000 Oregonians.

The original citizen-sponsored legislation authorized CUB to place inserts in utility bills. These inserts were to have been used to solicit membership. The utilities immediately challenged this law as an infringement of their rights of free speech. They sued CUB in the United States District Court. The trial court ruled in the utilities' favor. CUB appealed to the Ninth Circuit Court of Appeals. In the meantime, the United States Supreme Court ruled that this practice was unconstitutional in a similar case arising out of California. CUB had just lost its primary fund raising mechanism.

In the meantime, CUB's fighting spirit was not threatened. CUB has intervened in approximately 10 rate cases. CUB is challenging over \$250,000,000 of proposed rate increases. In each instance, CUB must proceed through attorneys and utilize expert witnesses. The rate proceedings are complicated and the utilities are well staffed to meet this challenge.

CUB has continued to recruit membership through direct mailing. Our annual revenues through membership fees are about \$70,000. A great portion of those funds is spent on direct mail costs. Our only staff person is paid less than \$11,000 per year. All our attorneys are working for free or at drastically reduced rates. We cannot remain under funded in the long run.

CUB is announcing a membership goal of 10,000 members for the next year. We are seeking an average contribution from each member of \$25.00. We are authorized to accept dues in amounts from \$5.00 to

Even though CUB is under funded, it is certainly perceived as a threat by the utility industry. The utilities spent in excess of \$1,140,000 in an effort to defeat the initiative that formed CUB. Certainly we are a threat since we are challenging an excess of \$250,000,000 in rate increases!

Most significantly, four of our primary adversaries (Northwest Natural Gas, Portland General Electric, Pacific Power & Light and Pacific Northwest Bell) grossed over \$4.599 billion in the last year. That is \$8,750 per minute! In the ten minutes it may have taken you to read and consider this newsletter, those utilities have grossed more than CUB's annual revenues!

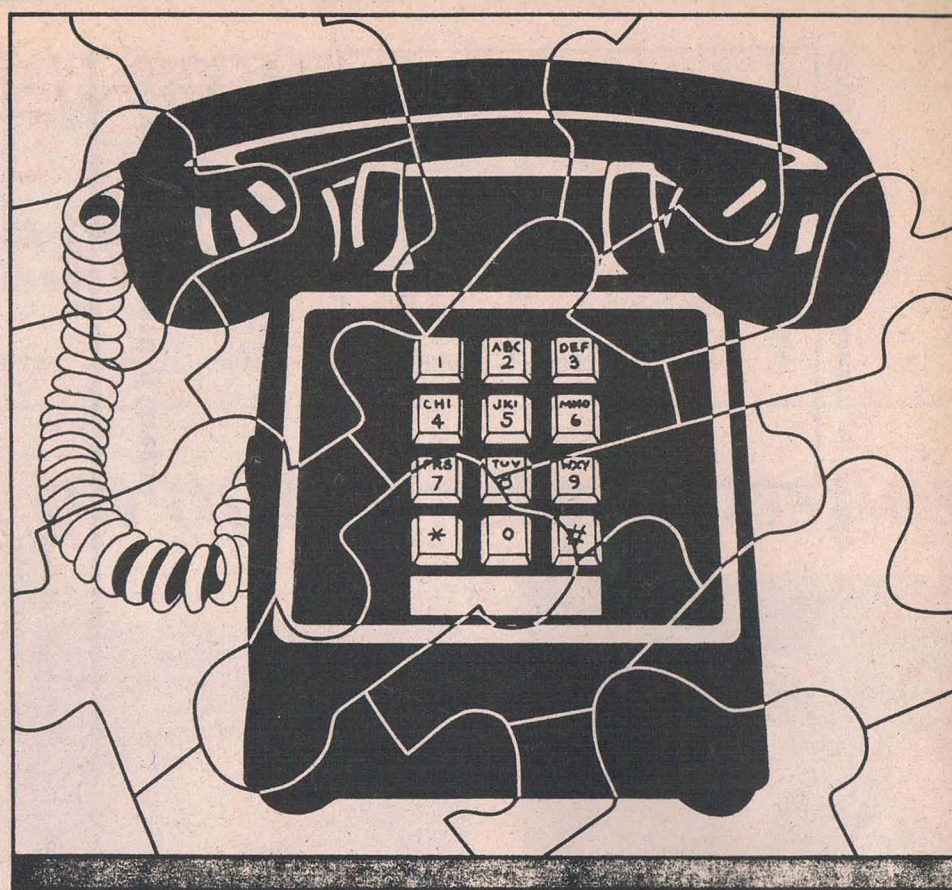
We are gratefully asking you now to join CUB or renew your membership. Gifts and donations are particularly appreciated. We have demonstrated that we can have a significant impact on a limited budget. We invite your continued support.

Gale C. Corson
CUB Interim Board of Directors

The Oregon legislature will be meeting soon. With the legislature's help CUB has two critical goals to meet: **improve the regulatory environment, and improve CUB's ability to serve utility consumers.** CUB can meet them through a series of proposals for legislative changes, left behind by the Interim Board of Governors.

CUB's members are well aware of the need for a better regulatory environment. Public media have carried criticisms of Utility Commissioner Maudlin, including plans to replace him by both major candidates for the Governor of the state.

When you vote for Measure 4 (the



Interim Board member offers ideas for 1987

does this create?

Oregon law prohibits that kind of subsequent employment by other officials at a similar level of authority, but not the PUC. One of the proposed legislative reforms seeks to correct the oversight.

Here are several other suggestions for the regulatory environment: requirements for hearings and notice of hearings, restrictions on interim rate increase authority, and reasonable standards for maximum rates of return to utilities.

The second goal seeks a stronger CUB—so the organization can gather important data and put the right people where you need them, when needed.

You probably know the courts have

gap and higher costs. Consequently, CUB is less economically able to serve consumers.

The reform package suggests several things we can do about this, too. One of the several approaches would be for the PUC to pay "intervenor funding" to groups which benefit the public when they get involved in regulatory cases.

CUB's Governors need to select the most important proposals and back them with careful research, presentations, and lobbying. The bills need sponsors. We, the membership of CUB, need to give our views over the backyard fence, and through letters to the editor or testimony in Salem.

At last, we have a way to do more than grine. Through CUB we can

dues in amounts from \$5.00 to \$100.00.

The Board is currently developing a legislative program. We will lobby in the next legislative session for change in some statutes that relate to utility rate regulation. Board members will form a lobby team for this purpose. All board members do not and cannot receive compensation for their services.

Letters from Our Members

Dear CUB:

I cannot adequately express my gratitude for your expert performance of your duties.

We have been treated very unfairly by the lobby representing electric utilities for too long. My whole neighborhood welcomes you and thanks you.

If there is anything we can do to further show our gratitude and our serious intentions to support you wholeheartedly, I want to hear from you so I can spread the word.

Max Christensen
Grants Pass

Dear Mr. Christensen:

Thank you for your kind words and your support. CUB will soon be producing some new literature which will be easy to distribute to your neighbors. I will be happy to send you some when it is ready.

Dear CUB:

Could you tell me why our phone rate has gone up \$2.00 in the last few months? Was this other additional \$2.50 something which would have been added on to that?

Thank you for your kindness.

Dorothy McKaughan
Eugene, OR

Dear Ms. McKaughan:

Earlier this year Commissioner Gene Maudlin approved an "interim" rate increase of \$2 per month for all residential phone customers. In addition,

When you vote for Measure 4 (the three-person PUC) in November, you will improve the regulatory environment. But that won't be enough.

Do you know, for example, that the Public Utility Commissioner can leave office and immediately go to work for the utilities he has been regulating? One recent commissioner waited a year and then did just that. What conscious or even unintended bias

tion, Pacific Northwest Bell is asking for an increase of \$2 more per month beginning in January. CUB has been fighting both these increases and has demanded a refund to all PNB customers. (See article, page 1.)

Dear CUB:

Congratulations on United Telephone withdrawal of rate increase request. YOU DID IT!

Fran Greenlee
Bend, OR

You probably know the courts have set aside a provision intended to let CUB contact consumers easily, thus leaving CUB with a communication

CUB needs your volunteer skills

No matter what your skills, CUB needs your volunteer help on a number of interesting projects. CUB volunteers can help with mailings, do data entry, create graphic designs for our newsletter, or can help out in the office. Whether you have an hour a month or a couple of hours a week, CUB welcomes your help. The following are some projects which will be taking place in the next couple of weeks. If you can help on these or on other projects, please contact Barbara at 227-1984.

In the Portland area: CUB will be inserting membership literature into sample ballots in several Multnomah County voting districts. This provides a great opportunity for CUB to get the

word out. It also gives volunteers a chance to meet and talk with people from various political campaigns. CUB needs volunteers to help insert our literature on Saturday, October 18th. If you can help, please call the CUB office by Friday October 17th at 227-1984.

Around the state: Volunteers are needed to distribute CUB literature to their neighbors and friends. If you can go door-to-door in your neighborhood, or if you are already planning on distributing campaign literature, consider taking CUB literature along with you. In the Portland area contact the CUB office at 227-1984, or contact your local Board member listed on page four of this newsletter.

YES, I want to join CUB and help fight unfair utility rate increases.
Enclosed is my annual membership contribution.

(please print)

NAME (1) _____

NAME (2) _____

NAME (3) _____

ADDRESS _____

CITY _____ ZIP _____

TELEPHONE _____

CONGRESSIONAL DISTRICT # _____

(1) (2) (3)
☐ ☐ ☐ \$ 25.00
☐ ☐ ☐ 100.00
☐ ☐ ☐ 50.00
☐ ☐ ☐ 15.00
☐ ☐ ☐ _____

Minimum annual dues are set by law at \$5.00* so that those with limited incomes may become members. Please sign up for more if you can to make CUB strong.

*Can be waived in cases of financial hardship.

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CUB membership is open to all Oregonians 18 years of age or older.

Energy Project Workshops Begin

By Bob Roth, Community Energy Project

The Community Energy Project is beginning its fourth year of providing free weatherization workshops to Portland residents. During the months of October through February 30 workshops will be held in Inner-Northeast and Southeast neighborhoods. These workshops teach participants easy no-cost and low-cost ways to stay warmer in the winter months and save money on utility bills. Both renters and homeowners are invited to attend. Low and moderate income participants who qualify will receive \$50 worth of free weatherization materials that they can take home and install themselves for immediate energy savings. This project is funded by the City of Portland's Bureau of Community Development. For more information contact the Community Energy Project at the Eliot Energy House, 3116 N. Williams, Portland 97227, or call 284-7868.

If you live outside the Portland area, contact your local Community Action Program or Agency for information on similar programs.

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926-5771

Measure # 14 topic of meeting

The October meeting of the CUB Board of Governors will feature presentations on the impact of Ballot Measure #14. Representatives from Portland General Electric (PGE), the Bonneville Power Administration (BPA), and the Northwest Power Planning Council have been invited to give presentations. There will be a

question and answer period and a public comments period following the presentations.

All CUB Board meetings are open to the public, and CUB members are encouraged to attend.

The meeting is Friday, October 24th at 10:00 a.m. in room 257 at the State Capitol in Salem.

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The Bear Facts

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