



THE BEAR FACTS

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

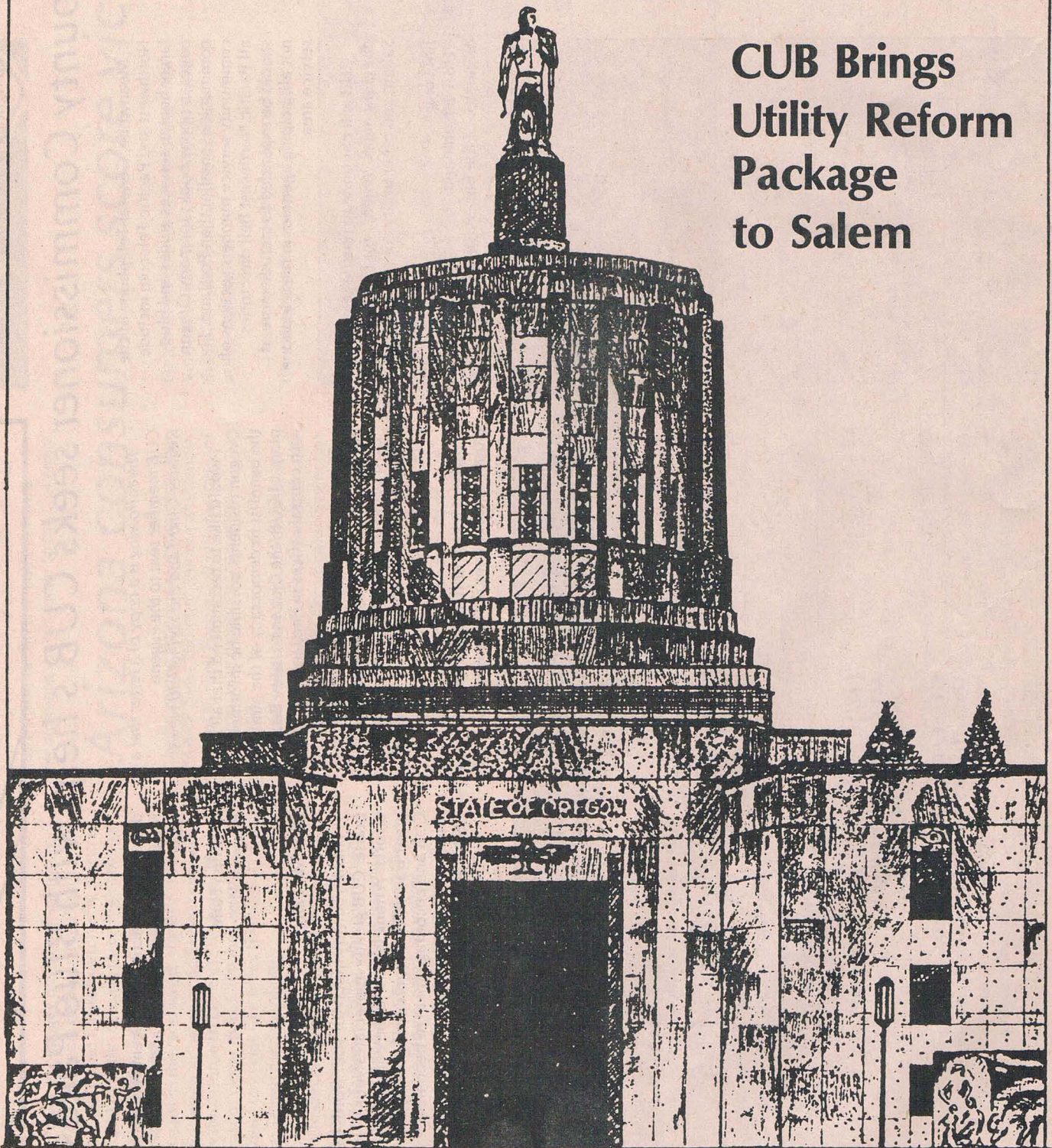
2637 S.W. WATER
PORTLAND, OR 97201

P.O. BOX 6345
PORTLAND, OR 97228

(503) 227-1984

January 12, 1987

**CUB Brings
Utility Reform
Package
to Salem**





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CUB fights for Oregon utility reform

In order to continue to protect Oregon's utility consumers, CUB has embarked upon a program of legislative reforms that CUB Board members will lobby for during the current legislative session. (The session begins January 12th.)

CUB's legislative agenda is comprised of four areas of reform: putting an end to interim rate hikes; closing the "revolving door"; obtaining intervenor funding; and strengthening utility shut-off laws. Below is an explanation of each of these issues.

Interim Rate Hikes. Under Public Utility Commissioner Gene Maudlin, ratepayers have seen their rates rise again and again without public hearings. The authority to grant such interim rate increases was given to the Commissioner by the 1981 legislature. CUB will be working in Salem to repeal this interim rate hike authority. Please see the article below for additional information.

Closing the Revolving Door. When a PUC Commissioner leaves his or her post and then goes right to work for a regulated utility (like Commissioner Lobdell did when he went to work for Northwest Natural Gas), that rings a warning signal for consumers. CUB is fighting for restrictions that would make it illegal for a

Public Utility Commissioner to go to work for a regulated utility for at least two years following the end of his or her term as Commissioner.

Intervenor Funding. Many states make provisions for funding consumer groups who do a good job of representing the public interest in utility rate proceedings. Since the Supreme Court decided that CUB could not insert its literature into utility bills, another potential funding source is needed. The article below explains this proposal in more detail.

Utility Shut-Off Laws. Consumers have certain rights which utilities are supposed to honor before terminating a customer's service. Unfortunately, utilities have been able to use loopholes to get around the intent of these "shut-off" laws. CUB will work to close these loopholes so consumers get the protection they deserve.

The 1987 legislative session promises to be an exciting one. With a new governor, a new Public Utility Commission, and the overwhelming support voters showed for Ballot Measures #4 (for a 3 Person PUC) and #8 (to prohibit mandatory local measured phone service), the time is right for Oregon to continue to make major steps in utility reform.



CUB Board members Tom Novick, District 1, Portland; Mavis McCormic, District 2, Keno; and Kurt Harlan, District 4, Eugene.

Interim rate increases shut out utility consumers

While Gene Maudlin's reign as Public Utility Commissioner nears an end, one

CUB is currently fighting for a refund of a multi-million dollar interim increase

CUB Citizen Lobby

When writing your legislator, remember to include the bill number and to keep your letter brief (preferably one page). In a clear, concise manner, explain to him or her why you feel this bill is important and why you want your legislator to vote a certain way. If a particular bill affects you personally, explain this in your letter.

To be successful in the 1987 legislature, CUB needs your help! Legislators listen when their constituents voice their opinions. As a CUB member, you can make an invaluable contribution toward utility reform in Oregon. Below are some tips for CUB members and concerned citizens:

Become Informed: CUB members can start by becoming informed about the bills which CUB is supporting. If you would like to receive updated information on CUB's bills, please write your name, address, and telephone number in the space provided below and mail this form to the CUB office. Oregonians can also receive up-to-date information on any bill and on hearing schedules by calling the toll-free legislative information number: 1 (800) 332-2313.

Write Your Legislator: Once you have some information on a bill, write your representative and/or senator. Unless an issue is extremely controversial, legislators get very little mail from their constituents. As few as five or ten letters from constituents can make your legislator change his or her vote. If you are unsure of who your senator or representative is, contact your county elections division.

You may send your letter using the following address:

Senator _____	Representative _____
State Capitol	State Capitol
Salem, OR 97310	Salem, OR 97310

Call Your Legislator: It is also helpful to call your legislator or a committee member to discuss your views or to get more information. There is a toll-free legislative access number established for this purpose. The person you call will usually take your number and call you back in order to free the incoming toll-free line. The number is 1 (800) 327-7389.

YES! I want to be kept informed of the progress of CUB's utility reform campaign. Please contact me with additional information:

NAME _____

ADDRESS _____

CITY _____ **ZIP** _____

PHONE _____

AREA OF INTEREST: _____

Please mail this form to CUB Citizen Lobby; P.O. Box 6345; Portland, OR 97228.

authority to grant interim rate hikes without public hearings.

The ability to grant interim rate hikes was given to the Public Utility Commissioner by the 1981 Legislature. Since then, it has been used by the PUC as a way to shut consumers out of the rate-setting process.

Interim rate hikes are approved without public hearings. If hearings are held (after an interim increase is granted), consumers are at a tremendous disadvantage. The utility already has its rate increase. Consumers must show why the increase that has been granted on an "interim" basis shouldn't become permanent. With the odds stacked against ratepayers, it's not surprising that no interim increase has ever been refunded.

Intervenor funding rewards consumer rate case work

CUB was created by Oregon voters to fight for consumers against utility rate increases. The key to the CUB concept was to have been CUB's authority to include CUB material in utility bills. Unfortunately, the utilities went to court and were successful in keeping CUB literature out of utility bills.

CUB's main source of funding (access to utility bills) has been taken away from CUB. However, the problem that CUB was created to address still exists.

Several states provide for consumer representation through something called "intervenor funding." This is a program which reimburses consumer groups for their costs to participate in rate hearings. Since utilities charge their customers for the attorneys and experts hired by the utilities, it seems only fair to charge the utilities for experts hired by CUB.

When CUB decides to fight a rate increase, CUB must hire attorneys, economists, and expert witnesses. These experts attend hearings and spend months uncovering evidence; taking depositions, and researching the facts in order to prove

last year. The public hearings on this increase started *after* the increase took effect. (See article, page 3.)

Consumer groups have tried to get the Legislature to repeal interim rate authority, but the utilities keep winning at the state capitol. In 1983 the Senate voted to end interim rate hikes, but the House failed to act. A similar bill never made it out of a Senate committee in 1985. CUB will be fighting for an end to interim rate hikes in the 1987 Legislature.

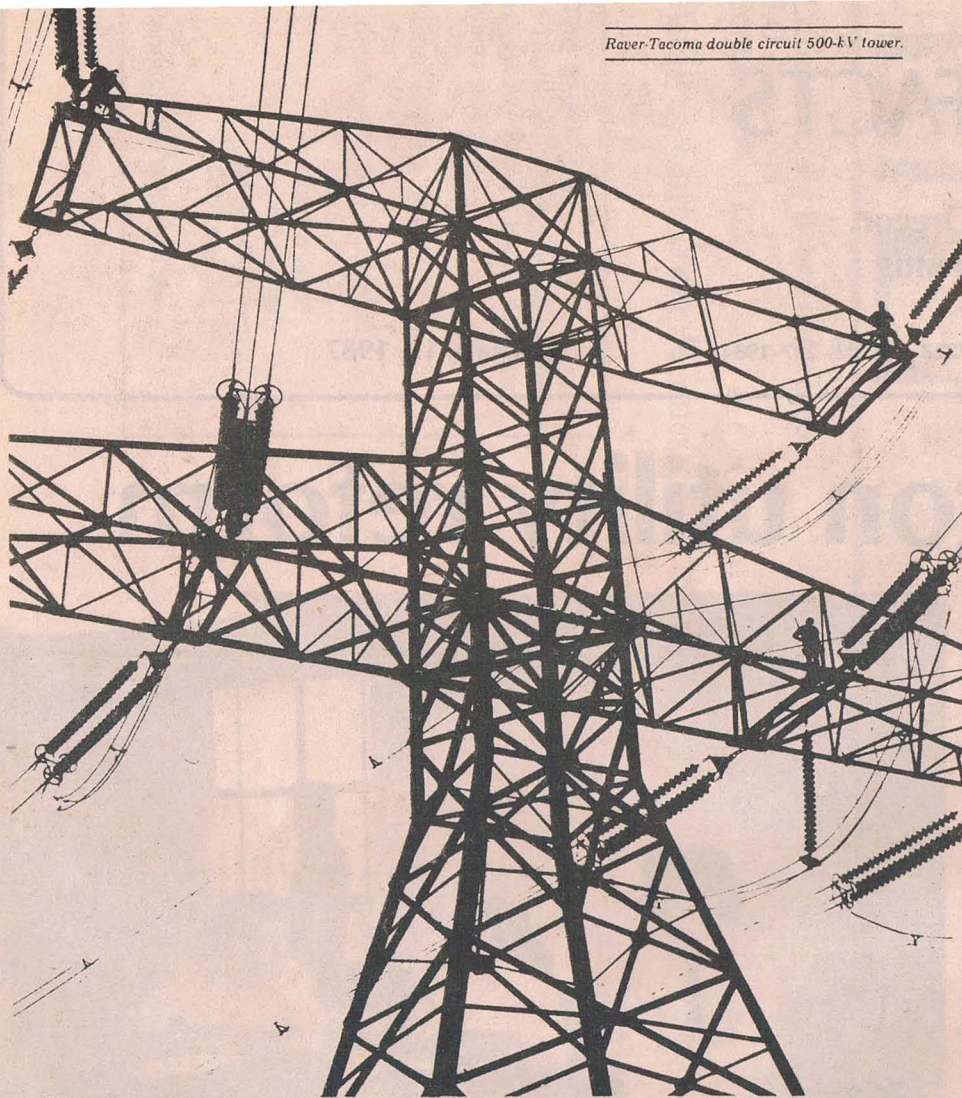
In some states, interim rate hikes are allowed only under certain conditions. The Washington Utilities and Transportation Commission criteria states that: "an interim rate increase is an extraordinary remedy, and should be granted only where an actual emergency exists..."

to the PUC that the increase is not justified. Intervenor Funding would allow CUB to apply for money to fund this type of expert representation.

CUB is looking at several different intervenor funding options. One proposal would create a "Consumer Representation Fund" by assessing the utilities 2 cents per month per customer.

Other proposals would reimburse groups after a rate case was over. Under this system, a consumer group would only be reimbursed for its work in the case if the PUC found that the group had presented information that made a substantial contribution to the final outcome of the case.

Intervenor funding is CUB's top priority in the upcoming legislative session. Oregonians have come to expect CUB to fight for them against high utility bills. But fighting utility rate increases can be an expensive proposition. Attorneys and expert witnesses are needed to counter the utilities' army of experts. We need a stable source of funding to continue to ensure that Oregon ratepayers are treated justly and fairly.



Where does the Power go?

Proposed transmission project to send surplus power to California

Public hearings are being held in Oregon and California on the California-Oregon Transmission Project (COTP). The COTP is the proposed addition of another high-voltage power line connecting the Pacific Northwest to the Southwest. This new power line is being considered in light of environmental impact statements just

Since the proposed transmission line project does not come under the Energy Facility Siting Council, Governor Atiyeh asked the Oregon Department of Energy to set up a group (The Oregon Review Committee) to study the project, its costs and benefits to Oregon, the alternate routes, and to provide open hearings. CUB

PGE trims revenue request; CUB fights for rate reduction

PGE has already reduced its revenue requirement increase by some \$45 million as a result of CUB's efforts on behalf of Oregon ratepayers.

On March 6, 1986, Portland General Electric Company asked the PUC for a \$67 million revenue requirement increase. As part of this case, PGE sought confirmation of a number of expensive accounting changes, the lion's share of a \$102 million profit it received from a power sale, and permission to put its Coalstrip 4 plant into the rate base.

PGE sought the lion's share of a \$102 million profit . . . from a power sale.

CUB has intervened and has played a dominant role in this case on behalf of consumers. CUB has participated in over 15 hearings and conferences in Salem, has taken legal depositions of 11 PGE employees, and has examined thousands of pages of PGE documents. CUB has hired a highly respected expert witness, Thomas M. Power, an Economics professor from the University of Montana, to help prepare and present its case.

Last summer, CUB attorney John Stephens discovered that PUC Commissioner Gene Maudlin had given away to PGE \$68 million dollars of investment tax

credits that had been set aside for ratepayers. PGE immediately used the money to write off a portion of its investments in the abandoned Skagit/Hanford and WPPSS No. 3 nuclear power plants.

An investigation by the Oregon Attorney General determined that this PUC-PGE give-away violated a state law approved by Oregon voters in 1978 that prohibits charging ratepayers for the cost of abandoned nuclear power plants. CUB has made substantial progress in its efforts to seek the return of this \$68 million.

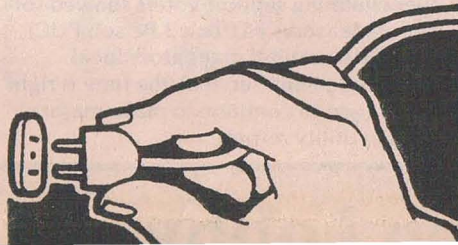
CUB's efforts have not been limited to securing the return of the \$68 million of ratepayer funds. CUB has taken a firm stand that ratepayers should receive all of the \$102 million profit that PGE received from a 1985 power sale from its Boardman Plant. PGE ratepayers have been carrying the burden of the largely useless Boardman Plant for six years. It's only fair that consumers receive the benefits which have now become available.

In addition, CUB has taken a stand against PGE's efforts to put its similarly useless Coalstrip 4 Plant into its rate base. No other party besides CUB has taken a strong position on this issue, despite the fact that it represents an annual cost to PGE ratepayers of \$40 million.

Although the hearing on these cases is still some months away, in part, as a result of CUB's efforts, PGE has already agreed to reduce the amount of its revenue requirement increase by \$45 million. CUB is not willing to settle for anything less than a substantial rate decrease.

Other Electric Issues

CUB will also be monitoring and tracking the following issues: PGE's accounting for its \$1.8 million expenditure to defeat Ballot Measure 14, (the Trojan nuclear plant closure initiative); the \$2 million tax deduction PGE will receive for giving OMSI 18.5 acres of land in



environmental impact statements just issued by the Bonneville Power Administration (BPA) and the Transmission Agency of Northern California (TANC).

Power exchanges have been going on for several years between the Pacific Northwest and California (chiefly North to South) over the existing three high-voltage transmission lines which make up the Intertie system. With the current energy surplus in the Northwest, the BPA and utilities are looking at additional capacity on the Intertie to generate revenue. The present capacity is 5,200 megawatts (equal to about five times the output of the Trojan nuclear plant).

On December 10th and 11th meetings on the Bonneville Draft Environmental Impact Statement (EIS), which were held in Portland and Klamath Falls, provided the public a chance to comment on the two-volume report, which examines probable effects of developing the additional Intertie line and how access to the Intertie system should be determined. The public showed concern about the Northwest becoming an energy farm for California with no benefit to Oregon.

Several public hearings on the four-volume Environmental Impact Statement by TANC are scheduled for January, but only one was scheduled in Oregon (on January 5th in Klamath Falls).

People in the Klamath region have special interests in the project since the connecting 500-kilovolt line would pass through one of three local communities — Malin, Keno, or Pinehurst. However, electricity consumers throughout the state also have a stake in the California-Oregon Transmission Project since adding the Intertie will affect the distribution of power in the Northwest and possibly the electric rates in Oregon.

The long term power contracts, which would be required for the additional line to be profitable, might result in utilities having problems delivering when the surplus is gone. BPA is restrained by laws requiring that its contracts have escape provisions since its major responsibility is to the Northwest.

utes, and to provide open hearings. CUB Board Member Mavis McCormic from Keno, Oregon, is a member of the Committee. The Committee has been working for nearly a year and feels that more information is needed before a recommendation is made to the Governor.

Arizona consumers score victory

The following article is reprinted from the "AARP News Bulletin" (American Association of Retired Persons). It tells the story of a victory won by utility consumers in Arizona.

AARP volunteers and other consumer groups in Arizona were instrumental in the Arizona Corporate Commission's rejection of the Arizona Public Service Company's (APS) bid for a whopping electric rate case in 1987.

As a result of their efforts, APS was granted significantly less than their request — a rollback from \$54.6 million to \$1.6 million. It was the smallest increase ever granted to the company. APS has appealed the decision by the commission.

Volunteers with backgrounds in law, economics, accounting and statistics researched and helped prepare testimony for four months of hearings. They are members of the Association's Arizona Utility Intervention Pilot Program, launched to determine whether AARP should get involved in utility rate cases throughout the country.

"The result of intervening in the Arizona utility rate case was more successful than we had anticipated," said Sonia Pray of Lake Havasu, the State Legislative Committee coordinator for the project. The commission granted AARP permission to testify in the case.

The rate package approved by the commission trimmed the utility's monthly minimum service charges from \$11.46 to \$7.50 for most customers. In addition, the ruling modified the rate structure and rate-making procedures.

APS said it needed the large increase in revenues to help pay its share of the



giving CMS 18.5 acres of land in Southeast Portland along the Willamette River (the site of the old PGE turbine power plant station L); and the proposed Klamath River salt caves hydroelectric project.

building and operating costs of the Palo Verde Nuclear Generating System which the utility owns jointly with six other utility companies.

The Association selected Arizona for the pilot project because of the large

number of retirees in the state and concerns that the APS was seeking several rate requests which would trigger a dramatic cost increase for users. There are approximately 363,000 AARP members in Arizona.

CUB New Member Campaign

Do you know someone who would like to become a CUB member, but who has never received any CUB literature or simply just hasn't gotten around to joining? You can help CUB reach potential members by including the names and addresses of a few friends, relatives, or neighbors in the spaces provided below. CUB will send a complimentary copy of "The Bear Facts" along with a membership application to each person you list.

NAME: _____

ADDRESS: _____

CITY: _____ ZIP: _____

NAME: _____

ADDRESS: _____

CITY: _____ ZIP: _____

NAME: _____

ADDRESS: _____

CITY: _____ ZIP: _____

Send your friend or neighbor a complimentary copy of "The Bear Facts."

Please mail this form to: CUB; P.O. Box 6345; Portland, OR 97228

CUB demands \$36 million phone rate refund



Last January, local telephone rates were increased by up to \$2 per month for residential customers across Oregon. (Pacific Northwest Bell telephone rates went up \$2 per month, while rates for independent telephone company customers were increased by 25 cents to

that the increase was needed in order to generate revenue to give their corporate long distance customers a break. PNB provides long distance service within the state.

During the hearings process, CUB has argued that the increase was excessive

PNB has argued that the increase was needed . . . to give their corporate long distance customers a break.

\$2 per month.) This increase was granted by Commissioner Maudlin without public hearings. Since the increase went into effect, CUB has been demanding that ratepayers be given a refund of this unfair increase.

Pacific Northwest Bell, the largest telephone company in Oregon, has argued

and not necessary. CUB is demanding that ratepayers receive a refund of the \$19.4 million generated by the \$2 per month increase, along with an additional refund of PNB's excess revenues. The total refund CUB is demanding is \$36 million.

The PUC's own staff has found that PNB is earning \$36 million in excess revenue

over the fair rate of return. Yet the PUC staff is only asking the Commissioner to refund the \$19.4 million generated by the most recent increase. CUB's research has found that Oregon local residential phone rates are the highest in the West.

CUB is also involved in a "rate design" proceeding. Although this case does not carry a specific dollar figure, it would determine who pays for the local exchange used by long-distance customers. Commissioner Maudlin has been pushing for local residential customers to bear the burden of these costs. CUB attorney Rion Bourgeois said "Maudlin is trying to give a break to large corporate customers so that they will stay with PNB. His actions have been good for PNB, but not good for any local ratepayer."

The controversial Universal Service

Protection Plan, which would have deregulated some "non-essential" telephone services, was widely criticized in public hearings held in October and November around the state. CUB and other consumer groups feared that the plan proposed by Commissioner Maudlin would raise local telephone rates by up to 90% over the next decade.

An interim legislative task force on telecommunications also held hearings on the plan and urged Maudlin to not adopt the USPP until after it could be reviewed by the 1987 legislature.

These cases are expected to be decided by the new interim Public Utility Commissioner (who will take office on January 12th when Maudlin steps down) or by the 3-Member commission which will take office in April.



New PUC to take office in April

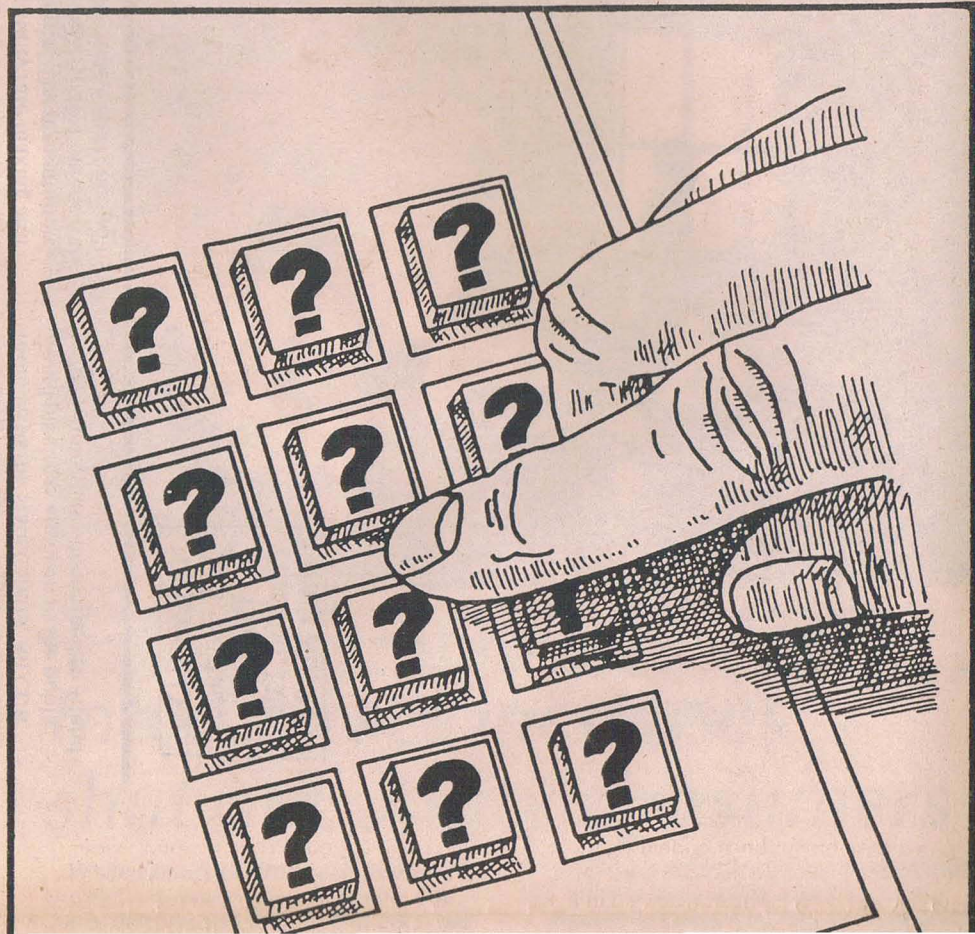
Until November 4, Oregon was the only state in the country which left utility rate making decisions up to one person. Oregon voters changed that when they approved Ballot Measure 4 with over 70 percent of the vote. This measure, which was supported by CUB, was referred to voters by the 1985 Legislature. It changed Oregon's one-person appointed commission to a three-person appointed commission.

"Gene Maudlin's performance helped the measure pass by a large margin," said Eric Stachon, CUB Vice-Chair. "Voters sent a clear message that they want consumers to be treated fairly in the regulatory process." Maudlin, whose term

session). Governor Goldschmidt will appoint one person to fill the office on January 12th, and then two additional persons to round out the commission in April. All nominees have to be approved by the Senate.

Unlike the current commission, the new 3-person commission will be subject to the Open Meetings Law which means that deliberations will have to be made in public.

"The passage of Measure 4 brings utility rate-making decisions out of the back room," said Stachon. However, he cautioned that the new commission would not be the complete answer to the



officially ends in April when the three-person commission takes over, has announced he will resign on January 12th (the opening day of the legislative

problem of high utility rates. "Consumers still need strong representation before the PUC. That's CUB's role, and we intend to keep fighting for consumers."

Letters: Lane County Commissioner seeks CUB's help with Blue Pages

Dear Jim:

Is there something the Citizens' Utility Board can do to usher in a more comprehensive design for telephone directories in the state? I am particularly interested in the pioneering work that was done in Washington County. The blue pages make the use of telephone directories much more convenient. Eugene does not have centralized access to government offices, nor a comprehensive listing of classified human services with addresses. This would be of great convenience and importance and would be time-saving for the citizens of this area. It occurs to me that much of the state could benefit from comprehensive blue pages. I would appreciate any response that the CUB could make in this regard.

Jerry Rust
Lane County Commissioner

Dear Mr. Rust:

The community blue pages concept, which originated in Hillsboro ten years ago, is a directory improvement implemented in over 250 million telephone directories in Australia, Europe, and North America. CUB has received requests from Salem, Eugene, and Portland to work for improved phone book listings.

Unfortunately, Pacific Northwest Bell/U.S. West has included blue pages sections only in its Portland area white pages directories. A recent CUB survey of seventy telephone booths in downtown Portland shows that only 5 percent contain the white and blue pages directories. This means that people wanting to access phone listings for 400,000 people, all government offices, public schools, and community services have to pay a 50-cent Directory Assistance charge.

Meanwhile, General Telephone of the Northwest and Pacific Telecom include larger human services guides and blue pages in phone books for many Oregon communities smaller than Portland. The community service numbers sections of all Pacific Northwest Bell directories should be expanded to include more, if not all, helping agencies in the telephone service area.

CUB will continue to pursue telephone directory improvements for Eugene, Salem, and other utility consumers.

Jim Long
CUB Treasurer and
originator of the Blue Pages concept

The following is a copy of a letter that a CUB member sent to the Eugene Register-Guard and the Springfield News:

I would like to recommend that all Oregon residents possible be informed of the benefits to democracy of the aims and plans of CUB, the Citizens' Utility Board with central offices in Portland.

They produce a newsletter of timely information; the current one headlines: "CUB Looks at Ballot Measures." Another headline: "Oregon Phone Rates Too High, CUB demands refund..."

Although I am not an agent for this group, I must admit that it promotes

democratic practices that seem very good for any supporters of "the land of the free."

G. Ralph Earle
Pleasant Hill

Dear Mr. Earle:

Thank you very much for your words of praise. CUB greatly appreciates your efforts. Writing letters to the editor is a great way to let Oregonians know about CUB and encourage them to become members. Every new member increases CUB's effectiveness.

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 # _____

☐ Visa ☐ MasterCard
Charge card number for Visa or MasterCard:

Expiration Date

Mo. Year

Interbank No. (for MasterCard)

Authorized
charge card
SIGNATURE _____

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☐ ☐ ☐ \$ 25.00

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☐ ☐ ☐ 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.

**I AM ALREADY A CUB MEMBER, PLEASE
ACCEPT MY ADDITIONAL
CONTRIBUTION OF \$_____.**

**PLEASE ACCEPT THE ENCLOSED CON-
TRIBUTION AS MY ANNUAL CUB
MEMBERSHIP RENEWAL.**

Please make your check payable to Citizens' Utility Board; P.O. Box 6345; Portland, OR 97228

Membership Renewals Due

Many renew in December

Even though the holiday season finds many people short on cash, over 300 CUB members renewed their memberships during the month of December. CUB would like to thank all those members who have recently renewed their memberships, with a special thanks to those who were able to contribute \$25 or more.

Every member adds to CUB's effectiveness. The more members CUB has in a given legislative district, the more that legislator has to listen to utility consumers.

If you have been sent a notice that your membership is about to expire, please renew your membership today so that your voice will continue to be heard! If you don't have the renewal card handy, simply send in the coupon on page three of this newsletter with your check or money order.



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Address Correction Requested

The Bear Facts

The Bear Facts is the **bi-monthly** newsletter of the Oregon Citizens' Utility Board.

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Rate-making topic of Jan. meeting

The CUB Board of Governors will be conducting their January and February monthly meetings in Salem in order to take advantage of all the city has to offer during the legislative session.

In January, the Board will host a special presentation on utility rate-making and regulation in Oregon. The presentation will take place on Tuesday, January 27th, at 1:00 p.m. at the State Capitol and will

be made by a staff member of the Public Utility Commission. The regular Board of Governors business meeting will follow at 5:30 p.m. at 707 13th St. S.E.

The February meeting will take place on Saturday, February 21st, at 10:00 a.m. in room 50 of the State Capitol. All CUB Board meetings are open to the public. CUB members are encouraged to attend.

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