



THE BEAR FACTS

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

February 1988

921 SW Morrison #550
Portland, OR 97205

P.O. BOX 6345
PORTLAND, OR 97228

(503) 227-1984



Important elections information inside!

Board election season begins



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PP&L/Utah Power merger needs close scrutiny

On September 17, 1987, PacifiCorp Maine, previously known as Pacific Power and Light (PP&L), filed an application with the Oregon Public Utility Commission (PUC) requesting approval for the proposed merger of PP&L and Utah Power and Light Company (UP&L) into a new corporation to be known as PacifiCorp Oregon. This merged corporation would combine two separate utility operations into the third largest electric utility in the Western United States and the tenth largest investor-owned electric utility in the United States based on market capitalization.

The Citizens' Utility Board, represented by Board Members Robert Ackerman and Lloyd Marbet, has intervened before the PUC to help answer the ultimate question, "is this larger utility better for Oregon and the Pacific Northwest?"

PP&L was organized in 1910 and headquartered in Portland, Oregon. It generates and sells electricity to 663,778 customers in the states of Oregon, Washington, Wyoming, Montana, California, and Idaho. It has a total of 4,080 employees. Utah Power and Light was organized in 1912 and headquartered in Salt Lake City, Utah. It generates and sells electricity to 516,000 customers in the states of Utah, Idaho and Wyoming. It has a total of 5,300 employees. Both utilities predominantly generate their

10 percent over the next four years. In Oregon they merely promise not to raise electric rates. One wonders what's in it for Oregon? Even more revealing are the analyses from the various investment banking firms and bond rating agencies who have issued

expensive generating resources from retail service in Utah and transmitting this power more economically to "potential new markets" in California. The power to serve UP&L's service territory would then come from PP&L's generating resources.

"combined companies will seek to reinforce their routes into Southern California by merging with utilities in either Arizona or Nevada". Shearson Lehman Brothers goes even further by stating that "the Utah Power & Light's transmission system would provide PPW [PacifiCorp] with additional means of selling excess power to California and, at the same time, bypass the Bonneville Power Authority (BPA)".

In Utah PacificCorp promises to lower electric rates by 5 to 10 percent ... In Oregon, they merely promise not to raise electric rates.

reports on the impact of the merger on investment earnings.

While some of these financial firms are predicting short term negative effects on financial indicators, the projected long term outlook is even more revealing. Drexel Burnham Lambert predicts "significantly enhanced profit potential from wholesale power sales and brokering" in an environment of higher market clearing prices for energy and capacity as reserve margins tighten in the 1990's and/or oil and gas prices escalate". This means that the merger would provide an excellent opportunity for

Increased power marketing also heightens concerns over the Northwest becoming an "energy farm" for the South and Midwest while at the same time suffering the attendant resource depletion and environmental impacts of producing the power, especially with coal plants. In addition Salomon Brothers Inc. believes that the

PacifiCorp could also acquire "large amounts of relatively cheap Canadian hydro power from British Columbia Hydro" putting it in direct competition with BPA in the sale of surplus power. This in turn could force down the price and amount of wholesale power sold by BPA and deplete the revenues generated from these sales which are used to offset the cost of power to all utility consumers in the Pacific Northwest. It is clear this proposed merger has significant repercussions for electric ratepayers in Oregon and the Pacific Northwest.



has a total of 3,500 employees. Both utilities predominantly generate their power with the use of coal fired electric plants, which is 79 percent of PP&L's generating capacity and 92 percent of UP&L's.

Currently PacifiCorp is seeking approval of this merger from all the state service commissions in which each of the utilities operate, and from the Federal Energy Regulatory Commission. This has caused a marathon of regulatory hearings in which company witnesses will travel from state to state asserting the benefits of the merger proposal.

In Utah, for example, PacifiCorp promises to lower electric rates by 5 to

provide an excellent opportunity for corporate profits on the sale of excess power produced in the Northwest to markets out of the region, especially if the price of conventional energy resources go up.

The direct financial impact this might have on investors as well as Oregon ratepayers depends on how much of the power sale revenues, predicted by 1991 to reach \$62.8 million annually, are allocated solely to the benefit of ratepayers. Goldman Sachs offers a more pointed example of how "considerable benefits should accrue to PacifiCorp and Utah Power and Light" with the removal of UP&L's

CUB 'LIEAPs' over energy assistance hurdles

Due to a crisis with the release of funds for the Low Income Energy Assistance Program (LIEAP), CUB entered into negotiations with representatives of the PUC and 30 heating utility companies in early December to protect ratepayers from winter shutoffs.

CUB Board member Kathy Weaver of Portland represented CUB's

concerns, negotiating for more than 3 hours to ensure that people who were eligible for LIEAP assistance would not have their heat shut off because of a bureaucratic problem with the release of funds. CUB had originally requested that the PUC adopt temporary emergency rules to solve this problem, but the PUC instead suggested the informal agreement.

Weaver said of the negotiations, "It was a gruelling session, but CUB accomplished what we set out to do: protect ratepayers from life-endangering shutoffs during the coldest winter months."

As a result of the session, an informal policy was adopted which granted a grace period to ratepayers who had been eligible for LIEAP funds in the past, or who were likely to be eligible for assistance this winter. During this grace period, (which lasted until January 15th), each shutoff of heating service had to be approved directly by the PUC Consumer Assistance Division.

"In the future CUB will be looking at utility shutoff regulations and policies overall, to ensure strong protections for ratepayers."

Three CUB members helped in CUB's fight for these protections: Judy Schilling, LIEAP Director for Washington County Community Action Organization, Lucia Pena, LIEAP Director for Multnomah County Community Action Agency, and Julie Snyder, Manager of the Clatsop County Community Action Agency.

"CUB wishes to thank Lucia, Judy, and Julie for their invaluable expertise and insight into the problems low-income people face regarding the basic necessities of life," Weaver said.

CUB to publish consumers handbook

What program can help me weatherize my home? Does the natural gas company make house calls? How can I have a say in the latest utility rate increase request? When can I be charged a deposit for telephone service? What is a Time Payment Agreement?

The *Utility Consumer's Rights Handbook* contains the answers to these and most other questions that the utility ratepayer would want to know.

Using CUB's Educational Fund for the first time, the Handbook will be published in the spring for members and the general public.

"People can save time and money if they are aware of their rights and responsibilities as utility customers," said Barbara Head, CUB director. "The Handbook makes the facts easy to find."

The first section, "General Regulations," explains the responsibilities of the customer and the utility in the way of deposits, services, billing and measuring, disconnection, and disputes. It is followed by the "Public Utility

Commission in Brief" section, which gives the purpose, responsibilities and organization of the PUC.

The next section, "Typical Steps in a Major Rate Case," details the ins and outs of how utility rates are changed. Beginning with a utility's rate change request, a rate case moves through public notices, hearing notices, and a prehearing conference. In the hearing room intervenors, PUC staff, utility representatives, and "interested persons" voice their views and concerns before a decision is made. The last section is "Assistance Programs" and tells how to find out more about utility assistance programs.

The Handbook summarizes Public Utility Commission regulations and material prepared by investor-owned utilities like Portland General Electric, Northwest Natural Gas, and Pacific Northwest Bell. It does not apply to unregulated utilities such as municipalities, cooperatives, and People Utility Districts (PUDs).

David Scotchie wrote the handbook as a volunteer for CUB. He became involved in utility issues while working as a Jesuit Volunteer in Washington

County Community Action Organization's Energy Program and with the Low-Income Energy Assistance Program.

"The Handbook can become an accessible, accurate and complete reference for all utility consumers in Oregon as well as for human service workers who deal daily with the problems of low-income utility consumers," Scotchie said.

Currently the Public Utility Commission publishes several information sheets covering some aspects of deposits, the hearing process, PUC history, disconnection, and appeals. Also available to the public through the Consumer Assistance office are copies of the administrative rules for utilities, motor transportation, policies and procedures, and rail transportation.

The utility customer will find the *Utility Consumer's Rights Handbook* a ready reference to save time and money. The Oregon citizen will find that this handbook offers a good knowledge of Utility rules, which is the best guarantee that the rules will be observed.

And yes, the natural gas company does make house calls.

Pioneer PUD: Public Power for Portland

In the May 1988 primary election, voters in North, Northwest, and Southeast Portland will have an opportunity to reduce electric rates and stimulate economic rejuvenation by creating two people's utility districts (PUDs) to provide electric service instead of Portland General Electric Company (PGE).

Pioneer PUD No. 1 and Pioneer PUD No. 2 would each be run by a 5-person board of directors, also elected on May 17th. These board of local citizens must then supervise detailed feasibility studies to determine exactly how much the PUDs would be able to reduce electric rates. The PUDs would need voter approval again before issuing revenue bonds (repaid from rate revenues) to purchase PGE's power distribution system and start providing lower-cost power.

CUB and many other citizen groups are supporting the Pioneer PUD formation. Here's why.

Electric rates in the state of Washington are much lower than in Oregon because about 80 percent of the people and businesses in Washington are served by public power — PUDs, municipal utilities, and rural electric cooperatives. In Oregon, 80 percent of the power is provided through private utilities, owned by stockholders and operated for profit.

Under federal law, only public power utilities can buy power from the Bonneville Power Administration (BPA) at the lowest price. BPA sells the power generated by 30 federal hydroelectric dams and other power projects in the Pacific Northwest. Because so little of Oregon is now served by public power, BPA has no choice but to sell more Pacific

Northwest power to California than to Oregon. (See chart.)

Public power rates are much lower than PGE's

Public power utilities in Oregon have much lower rates for all customers — residential, commercial, and industrial. The rates of the six small PUDs in Oregon are 35 percent below PGE's rates. The 11 municipal utilities in Oregon, including Eugene, Forest Grove, Springfield, McMinnville, and Canby have rates that are 42 percent lower than PGE's.

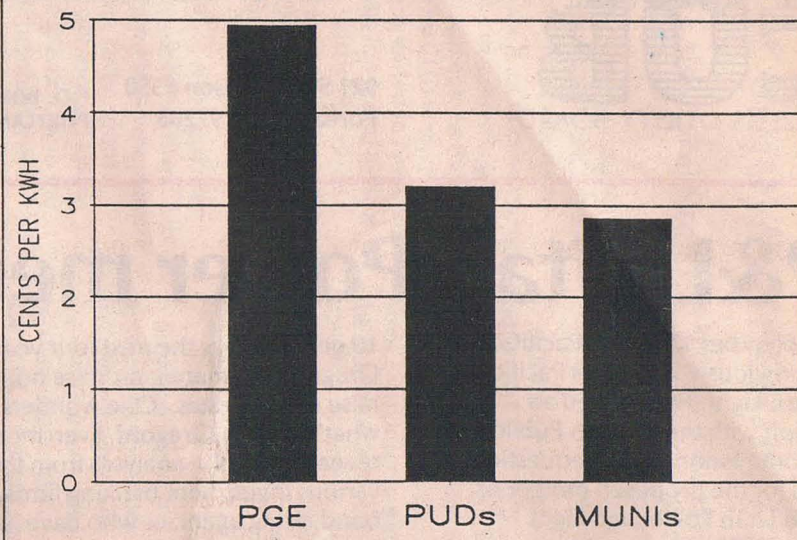
PGE in the early 1970's had the lowest electricity rates of any private utility in the Pacific Northwest. Now PGE's rates are the highest. PGE's rates have tripled since 1975. Over the past 15 years, PGE's revenue per kilowatt-hour (kWh) sold has increased by 470 percent, nearly double of any other private utility in the region.

Why do public power utilities have lower rates?

Power supply: cost

PGE's rates have risen as the company has wasted over \$130 million on the Pebble Springs nuclear project (abandoned in 1982) and \$120 million on the Skagit nuclear project (abandoned in 1983). PGE also spent over \$300 million on the WPPSS 3 nuclear project, which PGE then traded to BPA in 1985. PGE spent \$500 million to build the Boardman coal-fired plant in eastern Oregon, which has run less than 20 percent of the time since it began operating in 1980.

PGE v. PUBLIC POWER IN OREGON 1986 OVERALL RATES



Public power utilities, on the other hand, have first call on the low-cost power generated by the 30 federal hydroelectric projects located in the Pacific Northwest. This power, sold by BPA, now costs 2.3 cents per kWh, while PGE's power costs about 50 percent more. The BPA estimates that, after adjusting for general inflation, the cost of its power available to public power utilities will actually decline over the next 20 years, while the price of BPA power available to private utilities will go up.

Unlike BPA, PGE has refused to provide any forecast of its future rates.

Power Supply: Reliability

BPA's hydroelectric power is reliable, generating enough power to serve the needs of each Pioneer PUD more than 50 times over.

PGE's power supply is uncertain, because PGE relies on only a few, risky generating plants. And PGE in the past two years has signed 30-year contracts

Cost of PGE's executive suite

Although it is among the largest utilities in the Pacific Northwest, PGE's overhead costs per customer are very high — about \$130 annually per customer. The average PUD in Oregon or Washington spends less than \$80 per customer per year in general overhead.

One reason PGE's overhead is so costly is that PGE has 15 executives who are paid an average of \$150,000 per year, not including bonuses, pension funding, and other benefits. PGE is also using its profits from electricity ratepayers to invest heavily in non-utility businesses, including real estate developments and venture capital schemes in California, Idaho, and Washington. PGE holds over \$250 million in stock in other companies, tying PGE's financial fortunes to the volatile stock market. PGE has also poured \$50 million into its non-utility subsidiaries, some of which have already failed.

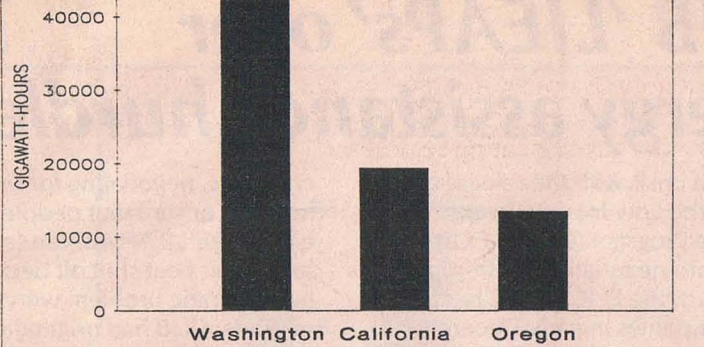
The people of Portland have the



OREGON SHORT-CHANGED
ON NORTHWEST FEDERAL HYDRO POWER
1984-86 AVERAGE BPA POWER RECEIVED

50000

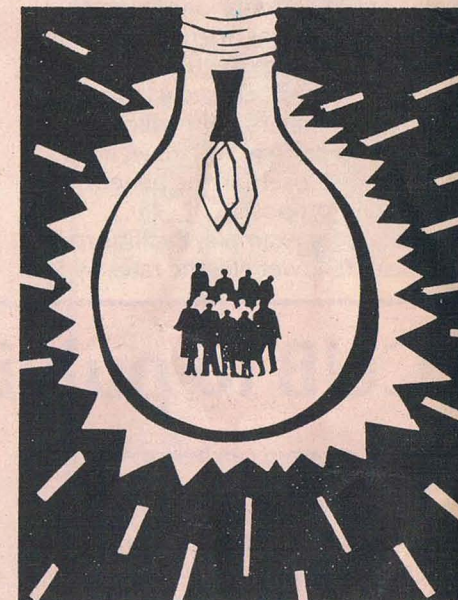




two years has signed 30-year contracts to send 200 megawatts of power to California utilities, nearly 20 percent of PGE's total generation.

PGE already generates less than 40 percent of the power it sells, buying the rest of its power from BPA (30 percent) and from other utilities under contracts that expire within 20 years. More than half of the power PGE actually generates comes from the Trojan nuclear plant. If there were an accident at Trojan or at any similar reactor anywhere in the world, Trojan may have to cease operation.

The people of Portland have the opportunity to use the low-cost power generated by federal hydroelectric projects here in the Pacific Northwest. The voters will decide in May whether to take advantage of this opportunity by establishing the Pioneer PUDs.



JOIN CUB

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

NAME: _____

ADDRESS: _____

CITY: _____ Zip _____

Phone _____

Amount of Annual Membership:

- ☐ \$25.00 Regular
- ☐ \$50.00 Contributing
- ☐ \$100.00 Sustaining
- ☐ \$5.00 Basic *
- ☐ _____ Other

*Can be waived in cases of financial hardship.

- ☐ I AM ALREADY A CUB MEMBER, PLEASE ACCEPT MY ADDITIONAL CONTRIBUTION OF \$____.
- ☐ PLEASE ACCEPT THE ENCLOSED CONTRIBUTION AS MY ANNUAL CUB MEMBERSHIP RENEWAL.

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

Cost: Federal taxes

Private utilities must pay federal income taxes on their profits. PGE's federal income taxes have risen dramatically and now average \$100 million per year. PGE charges these taxes to ratepayers, which raises rates by about 15 percent. PUD's make no profits and pay no federal income taxes.

CUB mailing list trading policy

Due to CUB's need to be continually gaining new members, CUB has a policy of trading our mailing list to other public interest organizations. This means that when CUB asks another organization, (such as the Sierra Club), for permission to borrow its list for a one-time mailing, CUB will then trade our membership list to that organization for a one-time use.

To protect CUB members, each trade must be approved by the

Executive Committee of the Board of Governors.

If you do not want your name to be a part of the traded list, please fill out the form below and send it to: CUB List; P.O. Box 6345; Portland, OR 97228. CUB will honor your request by removing your name from our traded mailing list. (If you already sent in a form, you do not need to send another.)

Name(s) _____

Address _____

_____ Zip _____

From Iowa to Oregon . . . election season begins

One of the ways in which CUB is different from many other non-profit organizations is that we are governed by a democratically elected Board of Governors. A Board elected by those who care the most about CUB — our members. As a CUB member, you not only have the right to vote in CUB elections, but you also have the right to run for election to the Board.

Knowledge of specific utility issues is helpful, but one need not be a utility expert to be a valuable Board member

February marks the beginning of the second CUB elections period. As you may remember, CUB's first elected Board of Governors took office in 1986. At that election, Board terms were staggered to provide consistency on the Board. Based on the number of votes received, five members were elected to four-year terms, five were elected to three-year terms, and five to two-year terms. The coming election will fill one vacancy in each Congressional district in Oregon. The terms of office will be three years, beginning this June.

The most important qualities for Board members are: leadership skills, commitment to CUB, and commitment to working in a group to determine the best direction for CUB as an organization. Knowledge of

specific utility issues is helpful, but one need not be a utility expert to be a valuable Board member. Currently, Board members range in experience from a retired teacher, attorneys, a student activist, and a former BPA rate analyst.

Board members must be willing to attend meetings of the full Board, (which meets 8 - 10 times per year), and must sit on a committee. Board members may also be asked to work individually on Board projects.

CUB strongly encourages women and minority candidates to run for election this year. In the first election there were only three women candidates who ran for the fifteen positions. Two of the three women candidates were elected, and since then two additional women were appointed to fill vacancies which occurred mid-term, bringing the total to four women Board members.

Board members whose terms will be expiring are: District 1, Jim Long; District 2, Steve Thomas; District 3, Austin Collins; District 4, Laura Olson. (District 5 position is vacant.) Current Board

Board appoints new members

The Board of Governors wishes to welcome two new members who were appointed to the Board to fill vacancies in Districts 1 and 5. Steve Gorham of Salem was appointed to fill the District 5 term ending in June of 1989. Kirk Roberts of Portland (District 1) was appointed to serve until June of 1990.

members are allowed to run for re-election.

Below you will find a candidate filing form which explains the eligibility rules. Your CUB membership must have been current as of December 31, 1987 in order to be eligible for candidacy. The elections schedule

and districts are also listed below. If you are unsure of which district you live in, please call your local elections division.

CUB is looking forward to having a lively election season! If you have any questions regarding your potential candidacy, please call Barbara Head at 227-1984.

Citizens' Utility Board of Oregon

Filing of Candidacy for Board of Governors

Directions: If you are a CUB member interested in running for the Board of Governors, you must fill out this form to certify your eligibility for candidacy. Candidate filing forms must be received at the CUB office no later than 5:00 pm on March 14, 1988.

Name of Candidate _____

Residence Address _____

City _____ Zip _____

Congressional Dist. _____ Telephone _____

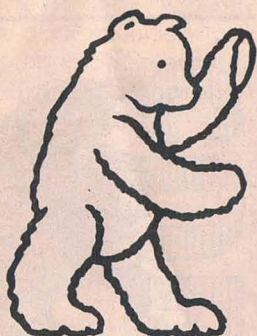
Mailing Address _____

City _____ Zip _____

I Certify that:

A. I am 18 or over, a utility consumer, and a member of the Citizens' Utility Board of Oregon.

U.S. Congressional District guide



Congressperson: **District #:**

Les Aucoin **1**

Denny Smith **5**

Ron Wyden **3**

Peter DeFazio **4**

Bob Smith **2**

★★★★★★★★★ Election Schedule ★★★★★★★★★★

March 14

Candidate Filing Forms due

April 25

Ballots mailed to CUB members

March 21

Board qualifies candidates
(based upon filing forms)

May 9

Contributions & Expenditures
Report #1 due

April 11

Candidate campaign materials
due

May 16

Board qualifies candidates
(based upon C & E Report #1)

April 11

Candidate financial interest
forms due

May 30

Ballots due

April 15

Board qualifies candidates
(based upon financial interest
forms)

June 6

Ballots counted

June 6

Contributions & Expenditures
report #2 due

April 21

Candidate campaign materials
mailed

June 13

Board qualifies candidates
(based upon final C & E Report)

Inauguration of new members:

★★★★★★★★★ To be announced ★★★★★★★★★★

B. I am a resident of the United States Congressional District stated above, from which I am seeking election the the CUB Board of Governors.

C. I am not employed by an utility regulated by the Public Utility Commission pursuant to ORS Chapter 757, which furnishes electric, telephone, gas or heating service.

D. The total contributions and expenditures (as defined in ORS Chapter 260, including in-kind contributions, i.e., printing, advertising, telephone service, etc.) to and for my campaign for the Board of Governors will not exceed \$1,000.

E. I will not accept a contribution of more than \$250 from any one contributor.

F. I will not accept a campaign contribution from a utility, municipality, cooperative or a people's utility district.

G. If elected, I shall not hold an elective public office, be a candidate for an elective public office, or be a state public official.

H. If elected I shall not obtain employment by a utility regulated by the PUC while a member of the Board of Governors.

I. I do not and shall not own or control, either singly or together with any immediate family member, utility stocks or bonds of a total value in excess of \$3,000, while a candidate or if elected to the Board of Governors.

J. If at any time I become ineligible to serve as a member of the Board of Governors, I will so notify the Board of Governors and resign.

My signature attests to the accuracy of the foregoing statements and affirms my agreement to abide by the election regulations established by the Citizens' Utility Board of Oregon.

Signature of Candidate _____

Date _____

Please mail completed application forms to: CUB elections; 921 SW Morrison, Room #550; Portland, OR 97205.

Inside canvassing: A door-knocker enjoys meeting folks

"Hi, My name is Allen. I'm with the Citizens Utility Board - CUB."

If you do anything long enough it seems that someone will inevitably ask you to write about it. I've been canvassing for 3 years, a lot in canvassing terms, so I guess I'm something of an authority on the subject. As the first canvasser hired by CUB when the outreach program started in November, let me say first that I'm proud to be a CUB canvasser. When I knock on people's doors I feel good about the work that I'm doing; to me that's worth more than money.

Nothing, I believe, represents our spirit as a free people better than CUB. Our respect for fairness — whether it be in utility rates, taxes, sports, or anything — is still strong. I know this because I see it everyday in the faces of the CUB members that I recruit. They are willing to make a small investment by joining CUB in order

to keep the utilities playing fairly. Yes, the threat is stronger than the execution, and CUB's threat of legal action when the utilities test the limits of fairness is what has made us successful.

In order for any grassroots organization like CUB to grow, a strong canvass is necessary. It is the canvasser who initially enlightens people on whatever issues — utilities, the environment, taxes — in order to empower them with the reality of democracy. Ultimate power rests with us, the people, and any situation with which we are unsatisfied we can, and will - by organizing ourselves - be able to change.

So when the next CUB canvasser appears on your doorstep, you won't have to ask what we're doing outside in the pouring rain. Canvassing needs to be done regardless of the weather; it keeps CUB solvent and, more importantly, through the dissemination of vital information not always found in newspapers, it keeps people aware.

Why did I choose canvassing for a job? Well, to be successful (which means consistently getting folks to join) a canvasser has to like people in all their different shapes, forms, and habits, for on any given night I will meet all kinds. I must respect people and realize that, for whatever reason, I am invader of their domestic tranquility. I am successful canvassing by realizing and understanding this, with the knowledge that there are lots of Oregonians out there who are concerned about issues that affect their lives.

To be quite truthful, though, canvassing is not a job for everyone. The toughest part, by far, is the rejection, the old door slam in the face. That's part of it, too, although there are almost always more people interested in what I have to say than there are door-slammers (fortunately). All in all I must say thank-you to the people of Oregon, for it is you who have enabled me to make canvassing a reality. It is you who got out your checkbooks and joined CUB, thanking me for the work I'm doing. And it is you who ensure that Oregon will have fair utility rates by keeping CUB alive and growing.

CUB BOARD OF GOVERNORS

District 1

Elmer Moke
7280 SW Wilson Ct.
Beaverton, OR 97005
641-4778

Jim Long
Rt. 1, Box 233
Cornelius, OR 97113
647-0021

Kirk Roberts
115 SW Bancroft
Portland, OR 97201
223-9766

District 2

Mavis McCormic
PO Box 236
Keno, OR 97627
883-8410

Jesse Loffer
740 NE Memorial Dr.
Grants Pass, OR 97526
476-5764

Steven Thomas
PO Box 1327
Pendleton, OR 97801
276-6685

District 3

Eric Stachon
2924 SE Morrison
Portland, OR 97214
234-6746

Kathy Weaver
3234 SE 24th
Portland, OR 97202
239-7695

Austin Collins
3125 NE Schuyler St.
Portland, OR 97212
282-6266

District 4

Bob Ackerman
1212 South 'A' St.
Springfield, OR 97477
746-6573

Cathy Duvall
1661 Ferry 7
Eugene, OR 97401
484-2531

Laura Olson
45014 McKenzie Hwy.
Leaburg, OR 97489
896-3298

District 5

Lloyd Marbet
19142 S. Bakers Ferry
Boring, OR 97009
637-3549

Steve Gorham
341 State St.
Salem, OR 97301
364-6494

Board of Governors Meeting

Friday Feb. 19th
1:30 pm

State Capitol
Salem, OR

The Bear Facts

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

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Citizens Utility Board of Oregon

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