



THE BEAR FACTS

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

921 SW Morrison #550
Portland, OR 97205

P.O. BOX 6345
PORTLAND, OR 97228

Volume 11
July 1988



**Rocky Mountain Institute — a vision of
fostering the efficient and sustainable use of
resources as a path to global security.**

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setbacks (p. 1)**



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(503) 227-1984

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CUB proposes stronger protection for ratepayers

Utility disconnection procedures, payment plan agreements, deposit policies, and medical certificates are the subject of a PUC proceeding which began in June. Both CUB and the utilities are proposing changes in the current rules and regulations regarding utility service. These rules are known as Division 21 rules.

Board member Kathy Weaver represented CUB at a prehearing conference with the utilities and the PUC on June 16. The purpose of the conference was to set a schedule for the proceeding. Initial written comments by CUB, the utilities, the PUC staff, and other intervenors are due August 15th. Public hearings are scheduled for October 27th and 28th.

Weaver and fellow board member Lloyd Marbet are working along with representatives of several agencies which provide assistance to ratepayers facing disconnections. In addition, Weaver has conducted research on rules and regulations relating to residential utility services in the states of Michigan, New York, and Ohio. She chose these states because their rules provide strong protections for consumers.

The following are some of the changes which CUB may be proposing:

telephone and personal contact with the ratepayer. The utilities are proposing to eliminate the 72 hour notice in favor of mailing a 5-day notice. Telephone and personal contact would also be eliminated if the utilities' proposal is accepted. CUB is proposing that a 5-day notice be delivered, and that personal contact be required before disconnecting service.

Time Payment Agreements: Time Payment Agreements (TPAs) allow customers who are behind on their bills to pay 10 percent of their arrearage each month in addition to their full current bill. The utilities' proposal equalizes monthly payments on the TPAs, but triples the downpayment amount. CUB is exploring the possibility of an alternative payment plan.

These are just some of the changes which are likely to be proposed by CUB and the utilities. If you are interested in learning more about CUB's involvement or the public hearings, please contact Barbara Head at the CUB office: PO Box 6345, Portland, OR 97228; 227-1984.



CUB Board members Kathy Weaver and Lloyd Marbet are representing ratepayers in hearings regarding utility service regulations. Weaver and Marbet are pictured here at a CUB conference last fall.

Final approval pending in merger

The merger of Pacific Power & Light

Ackerman said. "PacifiCorp argues that

Deposit criteria: Currently applicants for utility service are charged a deposit if they fail to meet certain criteria. CUB will be examining these criteria to be sure they are fair for ratepayers.

The utilities are also proposing to implement a "credit scoring" process to determine who should be charged a deposit. CUB is opposed to this undefined scoring process. In a public meeting former Commissioner Paul Cook stated that credit scoring discriminates against low income people.

Disconnection Notices: Current regulations require the utility to issue a disconnection notice 72 hours before disconnecting service, and to make

(PacifiCorp) with Utah Power & Light is still awaiting a decision of the Oregon Public Utility Commission, the Washington Utilities and Transportation Commission, and the Federal Energy Regulatory Commission (FERC).

CUB argued strongly in opposition to the merger before the Oregon PUC at hearings in April. The Oregon PUC has not yet announced its decision on the merger. CUB argued that Oregon ratepayers should receive a fair share of any benefits of the merger.

Lloyd Marbet and Robert Ackerman, CUB Board members who represented CUB at the hearings, also argued that PacifiCorp had not adequately researched the effects of the merger.

Everything will be rosy after the merger, but refuses to provide evidence to justify this rosy picture."

Proponents of the merger encountered two setbacks in June. The first setback came when the Washington UTC ordered that hearings on the merger be re-opened in order to investigate why PacifiCorp is promising rate decreases of 2 to 10 percent to Utah customers, but promises no rate decreases to Washington customers. Also in June an administrative law judge of the Federal Energy Regulatory Commission recommended that the merger be denied by the FERC Commissioners. "The FERC judge's recommendation sends a message down to the states that the Commissions should deny this

PacifiCorp argues that everything will be rosy after the merger, but refuses to provide evidence to justify this rosy picture.

merger because there is nothing to substantiate the benefits, and the likelihood of long-term costs are great," said Marbet. All final Commission decisions must be made by late August in order for the merger to occur.

And the winners are . . . new board members to take office

The CUB Board election season came to a close in June with the election of four talented members to the Board of Governors. Two of the members elected had been serving in appointed positions on the Board prior to being elected. CUB wishes to congratulate the winners

District 1 — Terry Chadwick
(Portland)
District 2 — Steve Thomas
(Pendleton)
District 3 — Dave Allen (Portland)
District 4 — Laura Olson
(Leaburg)

Both Steve Thomas and Laura Olson have served as appointed members since August 1987. Steve Thomas is an attorney who gained experience in utility concerns of low-income people through his work with Oregon Legal Services. He recently left OLS to enter private practice.

Laura Olson has many years of political experience through her past work on the staff of Oregon Congresspersons Maureen Neuberger and Jim

Weaver. She is currently active in the League of Women Voters and the Lane County Democrats.

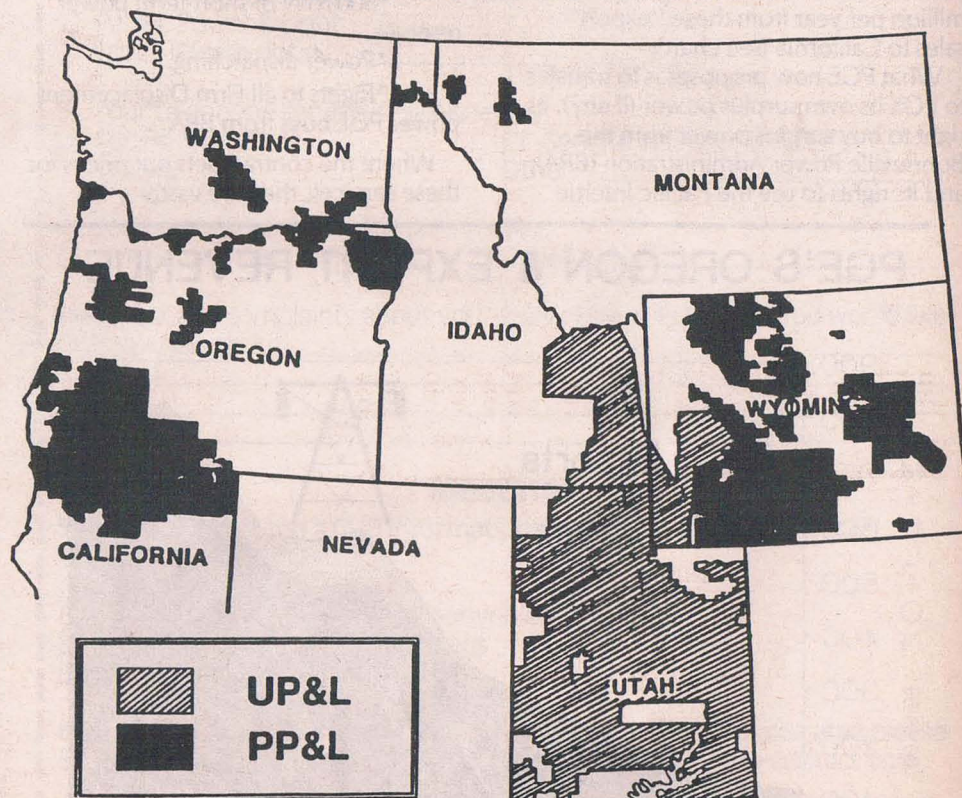
Terry Chadwick and Dave Allen are both new to the CUB Board. Terry comes to CUB with expertise in telecommunications and an interest in consumer rights through her work with the Alliance for Social Change and the Washington County Energy Coalition.

Although Dave Allen is new to the Board of Governors, he is no stranger to CUB. Dave worked for OSPIRG (the Oregon State Public Interest Research Group) during the campaign to establish CUB in 1984, and also helped CUB to establish our membership canvass last fall. Dave is currently the membership director for the Oregon Nature Conservancy.

CUB looks forward to the many talents these new members will bring to the Board of Governors.

The Board wishes to thank departing Board members Jim Long and Austin Collins for their two years of service to CUB. We wish them luck in their future endeavors.

Combined Service Territories



If approved, the merged PacifiCorp/Utah Power & Light utility would provide service in seven states: Oregon, Washington, Idaho, Utah, Montana, Wyoming, and California.

RockyMt Institute seeks resource efficiency, global security

By Mavis McCormic

A tour of the Rocky Mountain Institute was an appropriate special treat for participants at the recent meeting of the National Association of Regulatory Commissioners (NARUC) which I attended in Aspen, Colorado in May. The RMI energy-saving building, which serves as home, bioshelter and office, demonstrates the most recent developments in efficient use of resources.

Hunter and Amory Lovins founded the Institute in 1982 to focus on problem solving in the areas of energy, water,

economic renewal, agriculture, and security. Lovins' work done in the energy field is probably most widely known. Amory Lovins' "soft energy path" concept which advocates conservation and environmentally sound energy planning truly set a new direction in resource use.

The unique energy and water conserving building was completed in 1984. With 16-inch thick walls and superinsulation, the building heating is provided by solar gain through windows, body heat, lights, and appliances. A 900

square foot greenhouse helps with heat collection as well as growing plants and fish. A tremendous amount of thermal storage within the building helps retain heat in winter.

Less than a tenth the normal amount of electricity is used in the building thanks to solar water heating, super efficient fluorescent lighting and refrigeration, natural circulation for cooling and

other energy conserving devices. Several staff members work in the building, and much of the electricity use goes to computer operation.

Anyone who plans to be in the area and would like to take a tour of the Institute may write to: Rocky Mountain Institute; 1739 Snowmass Creek Road; PO Box 505; Snowmass, CO 81654.

Environmental, social costs should be considered in Least Cost Plans

By Mavis McCormic

Among utility planners, regulators, and consumer advocates the topic getting the most attention currently is Least Cost Planning. It is defined narrowly by some as least cost electrical management. For others who feel that energy strategies can affect worldwide problems such as acid rain, Least Cost Planning is broadly defined to encompass all energy planning.

Utilities have been making decisions based on supply-side requirements and information for many years; now the advantages of an integrated approach which includes demand-side factors are being considered for regulations in more than two-thirds of the states. A strong LCP program creates an opportunity for consumers to have an impact in the long range planning stages, rather than simply responding to individual rate proposals as they arise.

From the consumers' viewpoint, the utility is selling energy services rather than electricity. If more efficient lamps make it possible to obtain the same amount of light while using less electricity, the consumer will be well

served. If conservation can be made the best game for utilities as well (by rewarding savings rather than investments), least-cost planning could fulfill its promise.

Initiating LCP is usually done by legislation or rulemaking. In the last session of the Oregon legislature, least-cost energy planning legislation was introduced but defeated. At the present, the Northwest Power Planning Council, the Oregon Department of Energy, and the Public Utility Commission are all studying ways of adopting LCP to Oregon utilities. Since investor-owned utilities have more interest in profits for shareholders than in minimum energy costs for customers, it is in the consumers' best interest for regulatory agencies to require LCP.

The Solar Energy Association of Oregon (SEA of O) has taken the lead in advocating for Least Cost Planning in hearings before the Oregon PUC. CUB is supporting SEA of O's position that external costs (such as environmental and social effects) should be included in the energy planning process.



The Rocky Mountain Institute in Old Snowmass, Colorado, is a showcase of energy efficiency and includes a semi-tropical bioshelter which provides a year-round growing space for fish and crops.

PGE power selling plan to pilfer ratepayer profits

By Dan Meek

PGE's Application for Approval of Affiliated Interest Transactions, filed

transmission system linking the Pacific Northwest and California. PGE would charge PG&E very low prices for these

underpriced. For firm power, PG&E would far less than the price already being paid to PGE by California utilities

The order also stated that "if the Commission determines that a review of

Affiliated Interest Transactions, filed March 24, seeks authorization from the Oregon PUC for PGE to transfer the use of valuable utility assets, including power plants and transmission lines, to its unregulated subsidiary, Portland General Exchange (PGX), a Delaware corporation.

PGX would then sell power (primarily to California utilities) for a profit to be retained wholly by PGE stockholders. But PGE ratepayers have been paying for these assets for years. Transferring their use now to an unregulated subsidiary simply absconds with assets ratepayers have already paid for.

Under the existing system, when PGE sells power to California, the revenue is credited against PGE's revenue requirement in Oregon. Over the past 5 years, PGE has collected an average of \$77 million per year from these "export" sales to California (see chart).

What PGE now proposes is to transfer to PGX its own surplus power (if any), its right to buy surplus power from the Bonneville Power Administration (BPA), and its rights to use the Pacific Intertie

charge PGX very low prices for these services, far less than they are worth to California utilities, resulting in less money coming back to Oregon ratepayers. PGX would then turn around and sell the same services to California at higher prices, reaping a profit that would not be credited against PGE's Oregon revenue requirement.

Under PGE's scheme, PGE would immediately begin providing services to PGX under a contract that would run through 2015. Among the 'services' PGE would provide are:

- *300 MW (Megawatts) of the Pacific Intertie to California.
- *300 MW of firm power.
- *The 70 MW of power PGE receives from BPA under the WPSS 3 Settlement Agreement.
- *500 MW of short-term power reserves.
- *Power dispatching.
- *Rights to all Firm Displacement power PGE buys from BPA.

Where the contract sets out prices for these services, they are vastly

charge PGX very low prices for these services, far less than they are worth to California utilities, resulting in less money coming back to Oregon ratepayers. PGX would then turn around and sell the same services to California at higher prices, reaping a profit that would not be credited against PGE's Oregon revenue requirement.

Thus, PGE would transfer both power and transmission line capacity to PGX for far less than it is worth, guaranteeing the ability of PGX to earn large profits. If there were no PGX, PGE itself would make these power sales to California, and the revenue would go to reducing PGE's Oregon revenue requirements. If PGX takes the profits, then PGE's Oregon rates will be higher.

Until recent years, the PUC and numerous other regulators have adhered to the rule that gains on the sale of ratebased property must be credited to ratepayers. If PGE were to sell a power plant to PGX at fair market value, the gain on the sale would belong to ratepayers. Because the depreciated book value of nearly any operating power plant is less than its fair market value, the sale of any power plant to PGX would almost certainly result in gain to be allocated to ratepayers. By merely selling power instead of the power plant, PGE seeks to keep this gain for stockholders.

Update!

As The Bear Facts was going to print, the PUC issued an order in the PGX case.

The Commission concluded that the statute governing utility dealings with affiliated companies only applies to contracts that obligate the utility (PGE) to make payments to the unregulated subsidiary (PGX), not to contracts where the subsidiary makes payments to the parent utility.

In essence, the Commission put off any decision about the propriety and rate treatment of the transactions between PGE and PGX. The PUC order stated that "as long as PGE does not execute any portion of the (contract) which obligates PGE to make payments to (PGX)," the law "does not require prior approval from the Commission."

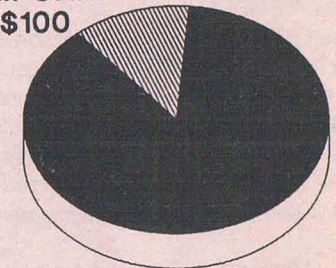
the (contract) is appropriate," it may conduct such a review under current laws.

CUB and ratepayers must remain vigilant and insist that the Commission not allow PGE to divert money from power sales to California into the pockets of stockholders. This money is produced by power plants and transmission lines that ratepayers have been paying for in their rates for many years. PGE must not be allowed to bilk ratepayers by laundering this money to stockholders through its 'PGX' scheme.

PGE REVENUE SOURCES

Millions \$\$\$

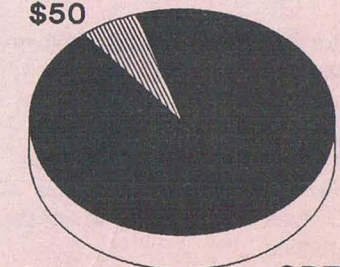
CALIFORNIA
\$100



OREGON
\$700

Without PGX Scam

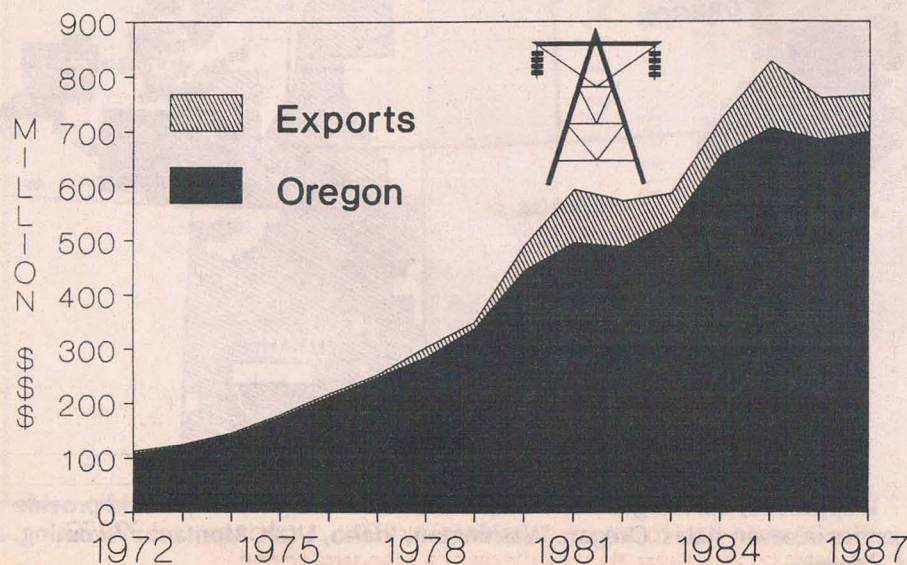
PGX
\$50



OREGON
\$750

With PGX Scam

PGE'S OREGON & EXPORT REVENUE



PNB overearns \$5 million—CUB demands refund

Another refund may be on its way!

Rion Bourgeois, CUB telecommunications attorney, filed a request for a supplemental order in May demanding that the PUC order Pacific NW Bell to refund \$5.4 million in overearnings to its ratepayers. Last year, when CUB won a refund and rate reduction from PNB, the

PUC ordered PNB to reduce its revenue by \$54 million annually. However, PNB only reduced their revenue by \$48.6 million, and the PUC never enforced the further reduction.

CUB demanded that these overearnings be refunded to the ratepayers. The PUC staff agreed that the refund should

be made, and it is now up to the Commissioners to make the final decision. The PUC staff recommended that the refund be made as a credit on PNB bills.

It is because of CUB's vigilance that this \$5.4 million was not allowed to slip through unnoticed.

state of Washington have been required to drastically lower their rates due to the effects of this tax reform. CUB is intervening in these rate cases to ensure that residential ratepayers receive their fair share of any rate reductions.

Cable TV: local governments oversee consumer complaints

By Eric Stachon

CUB receives a number of calls every month from consumers with questions about cable television regulation. Many times people are disappointed to learn that CUB does not work on cable issues; however, cable subscribers do have somewhere to turn for their questions or complaints.

It's not surprising that many people turn to CUB when they have cable complaints. After all, there are similarities between cable TV systems and utilities. Like utilities, cable systems use the public "right of way" to provide service — cable is strung along utility poles (or underground) and a line is connected to your home. Like utilities, cable systems are monopolies, that is, each cable company is the sole provider of service in an area.

But a significant difference between cable systems and utilities is the way in which they're regulated. Private telephone, electric and gas utilities are primarily regulated by the state Public Utility Commission. By law, these are the consumers CUB represents and most of our work takes place in PUC proceedings.

Regulation of the cable TV systems is almost the sole responsibility of local governments through a franchise agreement.

A franchise is a contract between a cable company and a city or county. It

The commission is a multi-member body appointed by a city council or county commission and usually has general authority over the franchise. The cable office serves as the professional staff to the Commission. In the areas without a cable commission and cable office, the city manager or city attorney usually has the regulatory responsibility.

Recent federal legislation reduced the authority of local governments to regulate basic service rates charged by cable operators. However, there are many types of services over which local governments still have regulatory authority.

Cable subscribers who have questions and/or complaints about their service should contact the cable regulatory office in their area, if one exists. If there is no office in your area, contact either your city clerk, city attorney, city manager, or county courthouse.

The following is a list of the cable regulatory offices in Oregon:

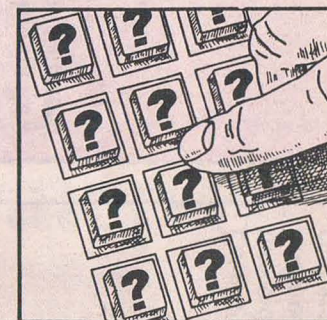
Portland Office of Cable Communications
1120 SW 5th, Room 1021
Portland, OR 97204
796-5385

(Regulates cable systems within the city of Portland)

Multnomah Cable Regulatory Commission

PacTel/ConTel Rate Cases

Pacific Telecom and Continental Telephone have been required to justify their rates in hearings before the PUC. The PUC will be looking at the rates of these companies with regard to the Tax Reform Act of 1986. Many utilities in the



Board members needed in Dist 3, 4

Applications are now being accepted for two positions on the Board of Governors from districts 3 and 4. The district 4 position is currently open, and was vacated by Cathy Duvall who moved out of state. The position in district 3 will come open in October.

CUB is looking for dedicated, working Board members who have leadership skills and an interest in utility issues. Applicants to the Board need not be

utility experts, but must possess a commitment to working toward the just treatment of ratepayers.

The district 4 position lasts until June of 1989, the district 3 position until June of 1990. CUB members who are interested in these positions should contact Barbara Head at the CUB office: 921 SW Morrison #550; Portland, OR 97205; 227-1984.

CUB Membership Questionnaire

This questionnaire was designed by the membership committee of the Board of Governors. The purpose of the questionnaire is to get feedback from CUB members so that we may take your concerns into account in planning for the future. Please take a few minutes to complete the questionnaire and return it to CUB at the address listed below.

Your city? _____
Your Congressional/CUB District _____

Issues

1. Which of the following activities do you consider most important for

cable company and a city or county. It spells out the responsibilities of the cable companies (i.e. services provided) in exchange for the privilege of being the sole provider of cable service in the franchise area. Cable systems pay a franchise fee (usually 5% of revenues) to the local government. A portion of the franchise fee is used to regulate the cable system. It is the responsibility of your city or county to enforce the provisions in the franchise and address complaints by customers about a cable company.

Local governments regulate cable TV in slightly different ways. In a couple of cases, a regulatory commission is created and a cable office is established.

Commission
1120 SW 5th, Room 1430
Portland, OR 97204
248-3576

(Regulates cable systems in unincorporated Multnomah County and the cities of Gresham, Fairview, Troutdale, and Wood Village)

Metropolitan Area Communications
Commission
1819 NW 169th Place, Suite 6020
Beaverton, OR 97006
629-8534

(Regulates cable systems in all cities in the unincorporated areas in Washington county)

JOIN CUB

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

NAME: _____

ADDRESS: _____

CITY: _____ ZIP: _____

TELEPHONE: _____

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
Mail to: P.O. Box 6345; Portland, OR 97228

CUB membership is not tax deductible. However, tax deductible contributions for educational projects may be made payable to: CUB Educational Fund

CUB? (Please rank the top 3, using 1 as most important)

- _____ Saving consumers money on utility bills
_____ Promoting weatherization/conservation programs
_____ Representing consumers on policies relating to service, such as shutoffs, deposits, etc.
_____ Advocating the efficient use of Oregon's natural resources in utility planning
_____ Lobbying the Legislature on behalf of utility consumers
_____ Providing informational materials on utilities and the Public Utility Commission
_____ Other (Please note): _____

Utility Service

2. Your electricity is furnished by:

- ☐ Portland General Electric
☐ Pacific Power & Light
☐ Other (Please note): _____

3. Your telephone service is furnished by:

- ☐ Pacific NW Bell ☐ General Telephone (GTE)
☐ United Other: _____

4. Your natural gas service is provided by:

- ☐ NW Natural Gas Other: _____

Please list any complaints about your local utility service that you would like CUB to know about: _____

Meetings

5. Would you attend a CUB informational meeting held in your area?

- ☐ YES ☐ NO

6. If yes, what time(s) would be convenient?

- ☐ Weekends ☐ Evenings
☐ Weekdays ☐ Daytime

If you are interested in helping to set up such a meeting in your area please list your name, address and phone number so that CUB may contact you:

Please mail this form to: CUB, PO Box 6345, Portland, OR 97228.
Letters to the Bear Facts Editor are also welcome.

Consumer handbook to debut in fall

A comprehensive utility consumers rights handbook has been a long time in coming, but this Fall all CUB members and many other consumers around the state should be receiving a free copy of the handbook. The Utility Consumers Rights Handbook was written for CUB by volunteer David Scotchie. Scotchie wrote the handbook drawing upon research through the Oregon PUC,



What's in a name?



So you thought you were dialing your phone company, Pacific NW Bell.

Hello. US West Communications. Do you have the wrong number?

Pacific Northwest Bell's new name was introduced this month — US West Communications. PNB joined together with Mountain Bell, and Northwestern Bell to form US West Communications.

CUB is concerned with the confusion

other state regulatory commissions, and the Illinois CUB.

CUB is likely to be receiving grant funding for the production and printing costs. Distribution of the handbook will be the first project of the CUB Educational Fund. The Educational Fund is a tax-deductible arm of CUB established to fund educational projects. Many CUB members have contributed

this new name might cause, not only for ratepayers, but for regulators and consumer groups as well. This name change clouds the distinction between regulated (US West Communications) and non-regulated (US West) subsidiaries of the same company.

For example, television has been inundated with commercials for US West which show cowboys herding cattle in the sunset. US West, however, is an unregulated subsidiary company which produces telephone books and provides consulting services. US West Communications is a regulated telephone company providing primarily local telephone service. Because US West uses the Bell system logo on their phone books, ratepayers believe that their local phone company produces the phone books and that the phone book content is regulated.

CUB will be monitoring the distinctions between these two companies and is interested in examining the use of the Bell logo by US West.

to this fund.

The Handbook will be the only comprehensive guide to ratepayers' rights and responsibilities in Oregon.

CUB Board of Governors

District 1

Kirk Roberts
516 SW College
Portland, OR 97201
223-9766

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

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

Dave Allen
1803 SE Washington
Portland, OR 97214
228-9561

Terry Chadwick
134 1/2 NW 21st
Portland, OR 97209
228-4023

District 4

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

District 2

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

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

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

District 5

Steve Thomas
PO Box 1327
Pendleton, OR 97801
276-5008

Lloyd Marbet
19142 S. Bakers Ferry Rd.
Boring, OR 97009
228-0734

District 3

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

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

**CUB
Board of
Governors
meeting
July 22nd
6:00 pm
State Capitol
Room 257
Salem**

The Bear Facts

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

Editor: Barbara Head

Contributors:

Dan Meek
Mavis McCormic
Eric Stachon

Citizens Utility Board of Oregon
P.O. Box 6345
Portland, OR 97228

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Cover Photo: Amory Lovins, founder of the Rocky Mountain Institute and a leading proponent of conservation and renewable energy resources leads a tour of the RMI facility for attendees of the recent conference of NARUC
(Photo by Mavis McCormic)