



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

October 1988
Volume 12



Inside:



CUB appeals
PP&L merger



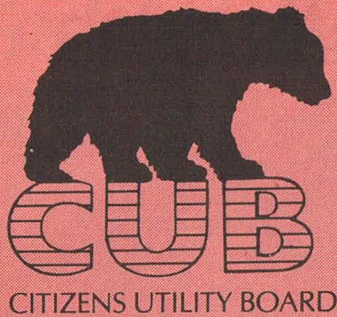
A look at US West's
"social contract"



Farewell to a founder



PUD rights under scrutiny



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CUB sues PUC to block PP&L merger

Citing the Public Utility Commission's unfair stipulation process and inadequate research into the impact of the merger on Oregon utility rates, CUB filed a lawsuit against the PUC on September 13th. The lawsuit asks the Marion County Circuit Court to send

the public's right to fully participate in PUC proceedings," said Robert Ackerman, CUB Board member. "The agreement was negotiated before the hearings took place. CUB had not yet been given the chance to present our evidence," Ackerman said. Ackerman,

along with Board member Lloyd Marbet represented CUB before the PUC.

CUB also believes that the terms of the stipulation are not in the best interests of Oregon ratepayers. Under the stipulation, overall rates are frozen for only five years.

"Because Utah Power is an extremely high cost utility, the merger would result in increased pressure for Oregon rates to go up," Ackerman said. "Simply freezing Oregon's rates for five years does not give ratepayers adequate protection."

Without the merger, Ackerman said, it is likely that substantial rate decreases could occur for Oregon's Pacific

customers because Oregon would not be subsidizing the rate reductions of Utah's customers.

Final approval of the merger will be given only with the approval of the Federal Energy Regulatory Commission (FERC) and the seven state utility commissions within PacifiCorp's service area. Currently, all of the state utility commissions have approved the merger. However, the FERC Commissioners have sent the merger proceeding back to their staff for further investigation. FERC is expected to announce its decision any day.

CUB's appeal will continue regardless of FERC's decision.

Because Utah Power is an extremely high cost utility, the merger would result in increased pressure for Oregon rates to go up — Simply freezing Oregon's rates for five years does not give ratepayers adequate protection

the case back to the PUC for a more thorough investigation into the merger.

The PUC approved the merger between the two companies on July 15th. The approval was based upon a stipulated agreement between the PUC and PacifiCorp. This agreement promised no overall rate increases for Oregon ratepayers for five years. It also promised immediate rate decreases of two to 10 percent for Utah customers.

CUB maintains that the PUC staff entered into the stipulated agreement with PacifiCorp without adequately

Governor's panel to scrutinize PUD rights

Governor Neil Goldschmidt has appointed a Blue Ribbon Committee to review the use of "eminent domain" by Oregon Peoples' Utility Districts. The study was called for in the Governor's veto message of House Bill 3245 passed by the 1987 Legislature. Eminent domain is the right to purchase existing power facilities through condemnation.

"We welcome the opportunity to clarify the question of our rights and authorities and the Legislature's ability to

House Bill 3245 would have suspended the Oregon Constitution by placing a two-year moratorium on PUDs use of eminent domain.

Recognizing that the bill was unconstitutional, Governor Goldschmidt said in his veto, "if we are to move away from this constitutionally-based preference for public power...I believe the decision must be made by the voters and not by the Legislature."

PUDs acquire property and conduct

cooperate, or asks an excessive price for the facilities, then the facilities may be condemned by the PUD. Under current law an amount of "just compensation" for any condemned property would be set by a twelve-person jury. This right to condemn power facilities is called "eminent domain".

Governor Goldschmidt has asked the panel to complete its report by November 30th. On October 5th, a public meeting was held to solicit

with PacifiCorp without adequately investigating the impact of the merger and without allowing other parties, such as CUB, to fully participate in the proceeding.

"The PUC staff and PacifiCorp negotiated an agreement between themselves and presented it to CUB and the other parties with a signature line. CUB feels this was a violation of

override the State Constitution," said Marion Hemphill, Executive Director of the Oregon Peoples Utility Districts Association. "This study became necessary when the private utilities attempted to unconstitutionally restrict the right of Oregonians to choose who will provide energy and to decide where that power should come from," Hemphill said.

If it had been allowed to become law,

business only when the voters of the area approve the establishment of a PUD. If the voters have chosen to be served by a PUD and the PUD's elected board has been mandated to acquire property, the PUD has the legal right to buy out existing power facilities owned by the private utility company within the PUD area.

If the private utility refuses to

information about the Constitutional rights and limits of PUDs. Members of the public may continue to submit comments to the panel by writing to: Michael Grainey; Oregon Department of Energy (ODOE); 625 Marion Street N.E.; Salem, OR 97310. For more information about the PUD study, you may call Michael Grainey at 1(800)221-8035.

An "anti-social" contract: US West's new plan

US West (alias Pacific Northwest Bell) is at it again. They have introduced a new proposal to raise telephone rates without review by the PUC. The plan, which US West calls a "Social Contract", would allow the company to automatically raise rates each year according to a price index formula which they have devised. US West is also proposing a profit sharing plan for its customers. That sounds like a good deal for consumers, until you look at all of the facts.

All consumers should be concerned about this proposal. If US West succeeds with its plan, it will open the doors for other local phone companies to establish similar plans.

Currently, all private local telephone companies are guaranteed a maximum rate of return which governs the profits they can earn. If a company earns higher profits, then 100 percent of these excess profits go to ratepayers in the form of refunds or rate reductions. Under US West's plan, excess profits would be shared: 50 percent for US West, 50 percent for ratepayers.

If adopted, the Social Contract plan would allow US West to raise rates

automatically each year based not on costs, but on a price index. Currently, rates are based on actual costs incurred by the company, and any rate increases must be approved by the PUC.

"This plan focuses on prices, not on actual costs," said CUB Attorney Rion Bourgeois. "But why should our rates go up because the cost of copper wire is going up, if US West is not buying any copper wire?"

CUB action has forced US West to notify all of its customers of its proposed plan. Originally, US West did not notify customers, because they said the proposal was not a request for a rate change. CUB objected to this, and the PUC ruled that notice must be given.

CUB also requested that public input hearings be held throughout the state in the evening hours. The PUC agreed, and granted hearings in Medford, Eugene, Portland, and Bend. Dates for these hearings have not yet been set. Watch your local newspapers and The Bear Facts for notices about the dates and locations of the hearings.

"All ratepayers should be concerned about this proposal," said CUB Executive Director Barbara Head. "If US West succeeds with its plan, they will open the doors for other local phone companies to establish their own plans. CUB members and consumers around the state need to come to the public hearings and tell the Commissioners what they think about US West's Social Contract."

United Telephone and General Telephone (GTE-NW) have both been preparing their own Social Contract

plans for review by the PUC following the US West proceeding.

CUB sees these Social Contracts as very dangerous because phone companies throughout the country are using similar plans to try to get regulators to

believe that competition exists for local phone service. "The fact is that there is no competition for local telephone service. US West still has a monopoly on local service, and it must be regulated like a monopoly," Head said.

Current Regulation	US West proposal
* Rate of return used to determine profits — 10.47 percent	* Rate of return used to determine profits — 12.18 percent
* 100 percent of excess profits go to ratepayers in the form of reduced rates	* 50 percent of excess profits would go to ratepayers, 50 percent would be kept by US West
* Each rate increase must be approved by the PUC after public hearings	* Rates would raise automatically each year according to a price index devised by US West
The above chart shows how telephone rates are set under current regulation (left column) and how US West is proposing to change the way rates are set (right column). A higher rate of return means higher profits for US West.	

Activist gives views on CUB's future, challenges

Long-time utility activist and CUB Board member Eric Stachon is leaving the Board to concentrate on his studies in the Cable and Community TV program at Mt. Hood Community College. The Bear Facts interviewed Eric recently to get his perspectives on changes in utility regulation in Oregon and what's in the future for CUB.

Utilities still exert far too much influence over the legislature. This legislative session will be a crucial test for CUB to activate its members to become involved and counter that utility influence.

How has ratemaking changed since you became involved in utility issues?
Stachon: Looking back, the difference is like night and day. It used to be that the ratemaking process was a closed club. No group had the resources to consistently fight a rate case with expert witnesses and attorneys. The problem was magnified by the fact that Oregon had a single Public Utility Commissioner who had no obligation to hold hearings. Since the PUC was not subject to the open meetings law, this resulted in tremendous abuses including unfair, and in some cases, illegal rate hikes.

Now CUB serves as an effective voice for ratepayers, and we have a three

member PUC which is committed to involving the public. There are certainly more gains to be made, but it is incredible to see the progress we've made in just a few years.

How has CUB changed over the years?
Stachon: CUB has grown much stronger over the last year. First, CUB has added

several new Board members who bring a strong commitment and new energy and enthusiasm to the organization.

Second, the formation of CUB's canvass program has greatly expanded CUB's membership and has provided greater visibility for CUB in the community.

What is the biggest challenge you see facing CUB?

Stachon: CUB needs and deserves a stable source of funding. Unfortunately, the degree of balance which has been achieved in the ratemaking process does not exist in the legislative process. Utilities still exert far too much influence

over the legislature. This legislative session will be a crucial test for CUB to activate its members to become involved and counter that utility influence. CUB members need to make their legislators more accountable.

What are the most important utility issues you see facing consumers?
Stachon: There has been a tendency on the part of some people to think that energy issues aren't as important as they once were. But now many experts believe that the utility industry will use the greenhouse effect to make a renewed push for nuclear power. The utilities must be forced to aggressively pursue conservation and renewable resources through least cost planning.

In terms of telephone issues, the trend toward breaking off the more profitable areas of telephone services from regulation is potentially very dangerous for consumers. Telephone companies nationwide seem bent on raising the costs of basic service and deregulating all other services whether or not competition exists. What makes this especially dangerous for consumers is the tremendous resources the telephone companies have for advertising. This gives them the ability to make it sound as though they are doing this with the customers' best interests in mind. Really, its corporate profits first, customer interests a distant second.



Eric Stachon, pictured here at an energy conference, is leaving CUB to concentrate on his studies in video production. Stachon has been a utility activist for 12 years, was instrumental in establishing CUB, and most recently served as the Chairperson of CUB's Board of Governors.

Telephones: Con Tel rates drop; EAS hearing set

Extended Area Service — the telephone service which allows Portland residents to call to as far away as Estacada or Forest Grove without a toll — is being examined by the Public Utility Commission, CUB, and telephone companies around the state.

Earlier this year, the PUC decided to look into developing a statewide policy on Extended Area Service (EAS).

month for the privilege of having access to a broad calling area without paying a long distance charge. To a person who only calls outside of Portland very infrequently, paying \$2.40 every month is a substantial charge. However, if a Portland ratepayer has a relative they call frequently who lives in Beaverton, the EAS charge is much lower than he or

petitioning their local phone company.

CUB believes that ratepayers should have the option of subscribing to EAS. Making EAS optional means that ratepayers who do not need the service could cut their monthly bills by opting to not subscribe for EAS service. But, CUB is carefully watching the proposals of the PUC staff and the phone companies to make sure that

CUB will be looking for answers to these questions at the PUC hearings on EAS scheduled for October 26th. CUB's goal is to help consumers receive the best service for the lowest possible price.

ConTel rates reduced!

policy on Extended Area Service (EAS). Some of the issues being examined are: Should EAS be made available around the state? Should EAS remain mandatory, or should it become optional?

All Portland residents currently pay a mandatory EAS charge of \$2.40 per

EAS charge is much lower than he or she would pay if calling Beaverton was a long distance call.

In looking at a statewide policy, the PUC staff has suggested that EAS be made optional in areas where it currently exists. In areas where there is no EAS system, ratepayers of that area should be allowed to establish EAS by

Board elects officers, appoints new member

The CUB Board of Governors elected new officers and appointed a new Board member from district 5 at its July meeting.

CUB's newest Board member is Martin Fisk of Corvallis. Fisk is a Marine Biologist at Oregon State University. He has been active in the American Friends Service Committee and was active in utility issues while he

lived in New York state. CUB welcomes Fisk's energy and enthusiasm and looks forward to working with him in the coming year.

Presiding over the August meeting in Corvallis were new officers Laura Olson, Chairperson, Mavis McCormic, Vice-Chairperson, Dave Allen, Secretary, Elmer Moke, Treasurer, and Kathy Weaver, At-Large member.



CUB Board members gather at the August Board of Governors meeting in Corvallis. Present are (from left to right): Eric Stachon, Robert Ackerman, Elmer Moke, Terry Chadwick, David Allen, Laura Olson, Martin Fisk, Jesse Loffer, Steve Gorham, Mavis McCormic, Lloyd Marbet, Kathy Weaver.

phone companies to make sure that making EAS optional will not result in a rate increase.

Another concern of CUB's is the size of the home calling area. US West originally proposed a home calling area about the size of a person's neighborhood, such that people who chose not to have EAS would pay a toll for every call made outside of their neighborhood!

The newest PUC proposal calls for allowing ratepayers to choose between a flat rate EAS charge and a measured EAS charge. The flat rate would allow a caller to make unlimited calls to the extended calling area for a flat monthly fee (similar to the current monthly charge for Portland residents). The measured rate would allow a caller a ceiling on the number of calls he or she could make outside of the home calling area. If the caller exceeds that number of calls, all additional calls during that month would be charged a toll similar to long distance.

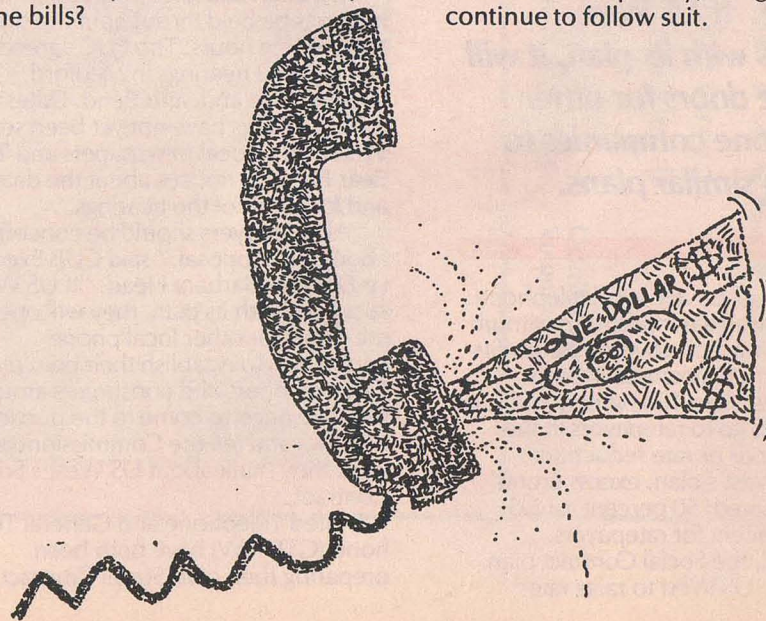
On the surface, the PUC staff's proposal looks good. However, two questions still remain: What is the size of the home calling area? and, What effect will this plan have on monthly phone bills?

In September the PUC ordered Continental Telephone (ConTel) to reduce their residential telephone rates by approximately 5.2 percent, for a total reduction in revenues of \$802,000.

This reduction came about as a result of the effects of the federal Tax Reform Act of 1986. CUB intervened in this rate case to ensure that residential ratepayers received their fair share of the reductions. As a result, residential ratepayers will see a drop in their monthly bills of about 78 cents for a one-party line. Monthly rates for budget measured service will drop from \$10.47 per month to \$9.98 per month. Customers should see these rate decreases reflected on their November bills.

Also, the charge for touch tone phones will be reduced, and eventually eliminated due to CUB's participation. The charge for touch tone service will be reduced from \$1.25 per month to 75 cents per month.

ConTel represented the first in a series of telephone rate reductions which should come about as a result of the change in tax laws. Many states have already ordered drastic rate reductions. Hopefully, Oregon will continue to follow suit.



Updates: handbook, NeighborFair, 15,000 members!

A Good Neighbor

CUB went to NeighborFair in Portland's Tom McCall Waterfront Park on July 17th with the help of several volunteers. NeighborFair is an annual event which spotlights Portland's many active neighborhood associations and community groups. CUB's booth, which was built by former Board member Austin Collins, was shared with the Portland area Gray Panthers. Many thanks go to Austin as well as volunteers Mike McGregor, Terry Chadwick, Josh Silverman, David Brambora, and Elise Bouneff.

15,000 and Growing!

October marks the addition of CUB's 15,000th member! Since CUB began our canvass program last November, membership has nearly doubled. Thanks go to all of our members for helping CUB to grow by leaps and bounds. The addition of 7,000 new

members this year will help increase our political clout in the upcoming legislative session.

Consumer Handbook on hold

CUB's Utility Consumers' Rights handbook which was scheduled to be produced this Fall has unfortunately been delayed. There are two causes for this delay. Currently, the PUC, CUB and the utilities are reviewing all of the regulations regarding utility shutoff policies, time payment agreements, medical certificates, and other utility service policies (see article on page 2). Because of this review, the regulations explained in the handbook are likely to be changed. Also, CUB has encountered some delays in funding the printing for the handbook.

CUB is committed to completing this handbook, which will be the only comprehensive handbook which explains utility consumers rights, responsibilities, and the role of the PUC. The CUB Board will review the circumstances of the current PUC proceeding, and the funding of the handbook at its October Board meeting.

Anniversaries

This Fall also marks the one year anniversary of three CUB staff members. Amie Carrie, part-time office staff member, has been hard at work maintaining our computer mailing list; Canvass Director Josh Silverman has

built the canvass program from the ground up; and one year ago, Canvasser Jim Hilton began signing up his record-breaking total of 1,600 new CUB members. Thanks for all of your hard work!

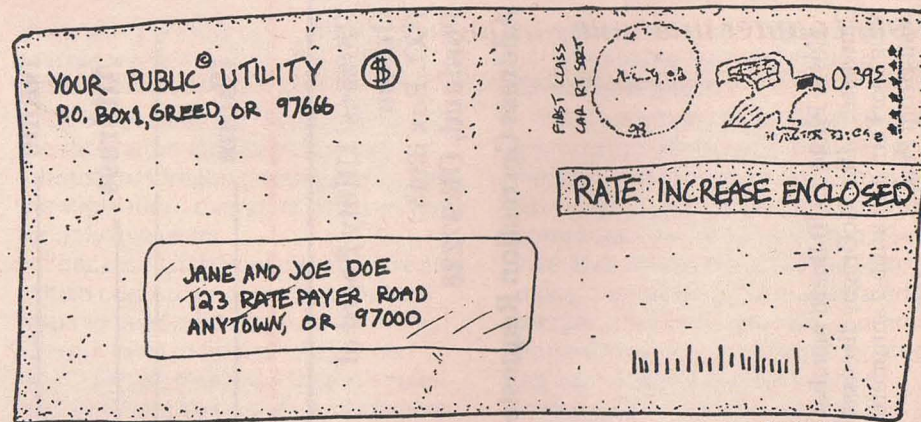
Wish List

If you have office furniture to spare, CUB could put your donations of the following items to good use: typewriter table; 2 small desks; file cabinets; card files; desk chairs; and folding chairs. Tax

deductible donations of some items may be made to the CUB Educational Fund. If you have something to donate, please contact Barbara Head at 227-1984.

Oops!

Oops! We made a mistake. In the July issue of The Bear Facts, CUB stated that Board member Terry Chadwick had in the past worked with the Washington County Energy Coalition. This was incorrect. We apologize to Terry and the energy coalition for any confusion.



Questionnaires show members want lower bills, representation, least cost planning

Editor's Note: CUB published its first membership questionnaire in the July issue of The Bear Facts. The following is a summary of the responses. The questionnaire responses were very helpful. Thank

Coming in fourth place was representing consumers on policies relating to service, such as shutoffs, deposits, etc. This was closely followed by 5) promoting weatherization/conservation

day while others were turned off completely. (Anyone out there have Prince Albert in the can?)

More than half of the members responding, (51 out of 95) expressed interest in attending CUB





CUB Canvass Director Josh Silverman chats with Gray Panthers volunteer Lydia Koennecke during NeighborFair.

The Corner Chair

Canvass visits Vida, Leaburg

The Corner Chair is a new feature of The Bear Facts. This first column was written by Laura Olson, the CUB Board of Governors' newly-elected Chairperson.

By the time you have read this sentence, CUB's membership will have exceeded 15,000!

Credit for CUB's growth goes first to Oregonians who are interested in supporting CUB's efforts to make sure that utility consumers get what they pay for at a fair price.

Reaching out to potential new members is done in a variety of ways. We have used letters, our newsletter, personal solicitations, friends' suggestions, and quite successfully this past year, a group of trained canvassers who go door-to-door. Your response to the canvass has proven to the Board of Governors that our decision to establish a canvass program was correct.

Canvassing takes time and must be done carefully. When anyone is asked to join CUB, he or she is first assured of the validity of the canvass. Hard sells are not a part of CUB's style. If a person isn't interested, the canvasser thanks them and moves on. We know that canvassing does not bring in "big bucks". But it does bring in people who join because they believe in CUB and want us to make sure that utility prices and policies are fair. In the past year, CUB's membership has nearly doubled.

Our canvassers have been contacting residents in the Tri-County area

you. Next time we will include an eye-catcher to increase the number of responses.

By Laura Olson

Members responding to our first questionnaire want CUB to give top priority to 1) Saving consumers money on utility bills; 2) lobbying the legislature on behalf of utility consumers; and 3) advocating the efficient use of Oregon's natural resources in utility planning.

(Multnomah, Clackamas, and Washington counties) for the most part. In August three canvassers did contact residents along part of the McKenzie river in Lane County (from Vida west to Cedar Flats), and in two evenings they had identified 43 new CUB members. You can imagine how this has pleased my Dad and I since we had been the only two members "on the River" up to then. The canvassers stayed overnight with us. They brought their sleeping gear and they helped with breakfast so there was no strain.

Your Board of Governors is convinced that to be most effective the CUB membership needs to grow throughout the state. So if you agree and could put up a team of hard-working young people who believe in CUB and do a fine job of selling the "why" of CUB, please contact Canvass Director Josh Silverman at 274-2956, or drop him a note at the Portland office (921 SW Morrison, #550; Portland, OR 97205). He will get back in touch and, as he can, will arrange other canvass days around the state. Obviously, we need your support.

The Act which the voters approved to establish CUB states that "Utility consumers need an effective advocate to assure that public policies affecting the quality and price of utility services reflect their needs and interests..." That's why CUB was created, and in numbers there is increased strength. Help us grow.

programs, and 6) providing informational materials on utilities and the PUC.

In the "other" category, interest was expressed in energy education, promoting alternative energy and Least Cost Planning; taxing transmission lines; "keeping PUC and the Feds honest"; keeping watch on large utility mergers; providing incentives for rental weatherization; closing down Trojan; and stopping the Salt Caves Dam project.

Along with suggestions, there were complaints ranging from equipment problems to damaged trees, water charges and cable TV service. Street lights posed interesting problems as members noted some were left on all

interest in attending CUB meetings within their own Congressional districts. Most of these people preferred weekday evening meeting times.

In reviewing the returns, the Board of Governors appreciated the guidance received from the 95 members who sent in the questionnaire, but expressed its hope that the next survey would draw a higher return. The total return was about 1 percent of the CUB membership. Congressional districts 3 and 1 led in number of responses.

The membership committee of the Board hopes to continue to solicit our members views through questionnaires in future editions of The Bear Facts.

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.

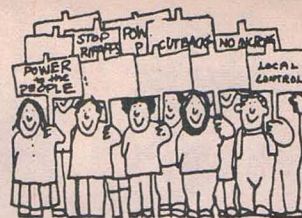
Energy hearings set for November

The Oregon Department of Energy (ODOE) will be sponsoring public hearings in Medford and Portland to receive comments on their 1989 draft energy plan.

Hearings will be held at the following locations:

November 1
7:30 pm
Jackson E.S.D. Building
101 North Grape
Medford

November 3
7:30 pm
1120 S.W. 5th
Room C, 2nd Floor
Portland



Activist Alert!

CUB needs your help! In the coming year many public hearings on important utility matters will take place around the state. Also, CUB will be lobbying for consumer-oriented bills before the Oregon Legislature. If you would like to be contacted regarding public hearings in your area, consumer bills before the Legislature, and other important events, please return this form to CUB; PO Box 6345; Portland, OR 97228.

I want to help! I can:

- ☐ **Attend public hearings**
- ☐ **Help publicize hearings in my community**
- ☐ **Write or call my state legislators**
- ☐ **Write or call my Congresspersons**
- ☐ **Help publicize CUB in my community**
- ☐ **All of the above**

Name _____

Address _____

Zip _____

Phone _____

CUB Board of Governors

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Cover Photo: CUB Board member Terry Chadwick and CUB Canvasser Mike McGregor discuss the day's events at NeighborFair, and annual summertime gala in Portland's Waterfront Park.