

Because Utility Companies Bear Watching...



January, 1991

Would You Rather Fight Than Switch? The EAS Choice

CUB's first in our new series of news bulletins deals with the issue of EAS -- extended area service. The following article, written by CUB Telecommunications Law Project Attorney, Rion Bourgeois, provides vital information which will help CUB members make informed choices about new and upcoming EAS billing options.

Long distance calls (aka toll calls or interexchange calls) are billed to Oregon customers on a measured rate: so many pennies per minute.

Local calls (aka intraexchange calls) are billed either on a flat rate or a measured rate. For example, US West Customers can choose to pay \$13.68 for an unlimited number of local calls, or from \$.015 (5 p.m. to 8 a.m) to \$.03 per minute (during peak hours) for local calls.

Many, but not all, Oregon phone customers have for years had available a hybrid service called Extended Area Service (EAS) which allowed toll calls to designated nearby exchanges to be billed on a flat rate. For example, a customer in Eugene could make an unlimited number of calls to Junction City and other nearby exchanges for a flat rate of, say, \$.84 cents a month instead of the measured toll rate

of so many pennies per minute for those interexchange calls.

Until recently, if a customer chose the flat rate option for her local service, she was required to take the flat rate EAS service, whether making any interexchange calls or not.

In recent years, there has been a growing demand for EAS service, and for the conversion of calls which had been

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measured toll calls to flat rate EAS calls. Since the local regulated phone companies (telcos) are guaranteed a profit, the toll revenues lost by the phone companies are made up in EAS revenues. In other words, the Eugene customer's long distance bill went down when a Junction City call became an EAS call, but her EAS bill went

up. The conversion of a toll call to an EAS call is obviously beneficial to the customer who makes a lot of interexchange calls, and was bad for the flat rate local customer who does not make many interexchange calls.

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Thus, the Eugene customer's total local service, EAS and toll bill became smaller since the Eugene to Junction City call was no longer a toll call, and she paid the same flat rate even if she made hundreds of calls to her mother (or branch office) in Junction City. However, her neighbor, who made no calls to Junction City, nevertheless paid the higher mandatory EAS rate.

In the face of the growing demand for EAS service, and the potential for inequitable transfer of telephone costs from the high volume user to the low volume user, the PUC has decided to make flat rate EAS service optional for flat rate local customers. Beginning in August, 1990 for some areas, November, 1990 for some areas, and November, 1991 for the Portland

(continued from first page)

metropolitan area, customers can choose flat rate service for unlimited calls within their own exchanges, and measured rate EAS calls to nearby EAS exchanges. Under either option, you dial the number like a local call, but if you have chosen measured EAS, the phone companies computer bills it like a toll call, but at a lower measured EAS rate. Those customers who do not make a lot of interexchange calls would actually see a decrease in their overall bill if they choose the measured EAS rate option.

Many customers will see a concurrent increase in their flat rate EAS charge. This is because in many exchanges, the EAS geographic area is being expanded, thereby reducing the telcos' toll revenues, and because, in other exchanges, the phone company and the PUC Staff are predicting many customers will take advantage of the cost savings made available by measured EAS and will choose that option. In order to guarantee the telephone companies' profits, flat rate EAS rates will be increased so the telcos will be guaranteed not to lose any profits.

Unfortunately, it is impossible to predict just how many low volume users will choose measured EAS service, so the phone companies may see an increase in their profits with the implementation of the optional EAS rates concurrently with increased EAS areas and increased flat EAS rates. CUB has requested that the PUC keep track of the differential and refund any excess, but PUC Staff and the telcos are resisting such a move. The issue is currently still undecided, but CUB recommends that phone customers consider the new measured EAS option, and if your average monthly minutes

of interexchange calls multiplied by the EAS measured rate is less than the flat rate EAS monthly charge, select measured EAS as your option. (While you are at it, you might want to compute your monthly interexchange (local) minutes of use as well, and select the

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measured option for local service. Many customers would pay less per month if they chose measured local service rather than flat rate, but choose flat rate local service for security.)

Call your local phone company to get the different rates, and the identity of exchanges in your EAS area. For example, US West's measured EAS rates are 5 cents per minute during business hours of 8 a.m. to 5 p.m., and a 50% discount (\$.025 per minute) for other hours. The flat EAS rate for Medford is increasing from \$.72 per month to \$1.50 per month. At \$.025 per minute, you get 60 minutes of EAS calls per month for \$1.50. So, if the Medford residential customer is not making an average of 60 minutes of calls per month to neighboring EAS exchanges, she should choose measured EAS.

US WEST's measured local rates are \$.03 per minute during business hours, with a 50% discount (\$.015 per minute) for other hours. US WEST's local

flat rate is \$13.68. At \$.015 per minute, you get 912 minutes (15.2 hours) of off peak local calls per month for \$13.68. At \$.03 per minute, you get 456 minutes (7.6 hours) of local calls during business hours for \$13.68. If you spend less than 8 hours per month on the phone making local calls, measured local service is the way to go.

There is no charge for switching to measured EAS and/or measured local service, and no charge for switching back to flat rate if you are a US WEST or GTE customer, during a trial period of about six months from the date of EAS implementation, so CUB recommends that you try them both. Unless you are a high volume user, you will be glad you did.



Calling All Volunteers!

Recognizing that not many folks can take time away from their daily schedules and still want to give time, CUB is starting a weekly volunteer night.

Each Tuesday, from 6:30p.m. to 8:30p.m., the CUB office will be open to all comers! The TUESDAY NIGHT VOLUNTEER CREW will help with CUB mailings, data entry, and a host of other projects.

The CUB office is in the Galleria, in downtown Portland, on the city block between Alder, 9th, Morrison, and 10th Streets. Take the elevator along the 10th Street wall to the fifth floor, and walk through the double glass doors, turn right, and proceed around to Suite 550.

CUB CASE NOTES

UC 164

This two-subject complaint against U S W E S T Communications (Pacific Northwest Bell, PNB), filed by CUB in early May, alleges that PNB is diminishing its service to ratepayers in two separate instances.

By no longer remunerating community pay station owners who act as Bell agents by collecting cash and critical payments, many of the pay stations have ceased collecting payments. Bill payers must now purchase a money order to pay their bills, or, in some instances, must pay a fee to the pay station in order to be allowed to pay in cash.

The second subject of this case is the provision of free out-of-Bell-region telephone directories to libraries in the State of Oregon. Since divestiture, Bell has charged Oregon's libraries for providing directories outside their service territory.

CUB argued that customers are protected under ORS 759.035, the provision for "reasonably adequate service," and that assessing a fee for paying in cash does not fall under the protections of the statute. Likewise, since ceasing to provide directories to libraries at no cost, many of Oregon's libraries have used book acquisition funds to ensure that ratepayers have access to up to date directories. Many small libraries are using out of date directories. CUB argued that directories are not for libraries - they are for ratepayers -- and the libraries have been kind enough to provide the space and

the staff to support the directory collections.

The closing brief in this docket was submitted on December 11th.

UE 79

The pre-hearing conference for this current PGE ratecase was held on November 28th. The Evidentiary hearings begin on January 23, 1991. We'll keep you posted on times and places for hearings, and on more information pertaining to this case as it comes available.

CUB is investigating the impact of Measure 5 on this and other rate cases, and will keep members posted.

UT-85

PNB has managed to delay the rate reduction ordered by the PUC by appealing to circuit court. Opening briefs have been filed, two more rounds to be written. The decision will be given by the circuit court judge, and PNB will undoubtedly appeal again to delay once more. CUB will again oppose a further stay. CUB's lawyer, Rion Bourgeois, is very confident that the reduction will be upheld on appeal, it's just a matter of how long PNB can delay the implementation of the reduction and refund of the interim excessive collections.

Member Support Vital

CUB wants to ROAR into 1991, building on what we've achieved to date. And, your continued support is one of the most important elements in building that ROAR to such a volume that utility companies will hear us all over Oregon!

As the end of 1990 approaches, we invite you to consider making an additional gift to support CUB.

Should you wish to help ensure that every CUB member receives this new Bulletin every month, because the Bulletin is an educational device, your gift made to the CUB Educational Fund is tax deductible.

The Bulletin will help CUB better inform all our members, and, information is power. Your tax-deductible gift of \$250 -- or \$100 or \$50 -- whatever you can afford, will strengthen the base we continue to build, on behalf of our members, and all Oregonians.

Many of CUB's members wish to support our regulatory and legislative work rather than (or in addition to) making gifts to the Ed Fund. We appreciate the role you play in enabling CUB's vital program work, and ask you to renew that financial support as we move into 1991.

The CUB Advocate's Club is our organization's major donor group. Individuals making gifts of \$250 or more become members of the Advocate's Club, and receive a quarterly major donor newsletter, as well as invitations to major donor activities.

Upcoming CUB Board Meeting:

February 3rd, in Salem, 11:30 a.m., Regulatory Affairs Committee, 12:30 p.m., Board meets. Location not yet determined. Call the office for more information. 227-1984

SURVEY RESULTS IN: Stick to the Basics

More than 500 CUB members so far have responded to our CUB Member Survey sent out in late October. Final results will be tabulated and reported in the next bulletin, but a preliminary count shows that most members want CUB to stick to the basics - intervening in rate proceedings and promoting legislation to protect consumers from non-regulated utilities.

High on the list of ways to accomplish consumer protection is the production of a utility company "report card", detailing pro and anti-consumer actions. Another priority suggested by members is informing the community on issues of importance. Clearly, people want CUB's "watchdog" role to include keeping its members up-to-date on utility consumer issues.

All survey results, including individual comments, are getting plenty of attention as we work to keep CUB policies in line with what members want and need.



CUB is an independent non-profit organization established by Oregon voters in 1984. CUB is funded by voluntary membership contributions.

CUB represents the interests of Oregon consumers of the regulated utilities -- gas, electric, and telephone -- through participation in hearings and ratemaking proceedings before the Public Utility Commission and the Oregon state legislature. CUB also educates consumers through a variety of outreach efforts.

The Bulletin is the monthly newspiece of the Citizens' Utility Board of Oregon.

MORE NEWS, MORE OFTEN

Welcome to **Utility Companies Bear Watching**, CUB's new monthly Bulletin!

CUB member response from the legislative survey told us that CUB members want more timely information, and want to learn more about the many issues CUB works on.

Every month, every CUB member will receive a Bulletin highlighting one of CUB's programmatic endeavors. Each Bulletin will have a **call to action** section, inviting member involvement, explaining how you can protect yourself as a consumer on a given issue.

In addition to the lead article, we'll provide shorts on case and organizational updates, acknowledge donations, volunteers, and other special friends to CUB. We'll also list upcoming meetings in a more timely fashion, a key to on-going member involvement in the regulatory process.

The Bulletin will report on current issues, and will detail upcoming battles, inviting

members to get involved in the early derailing of negative consumer policies.

CUB Board Chair, Steve Gorham, comments about the monthly Bulletin, "As CUB's program has grown in breadth and depth, so has our need to expand our offering of information. I think the Bulletin is just the solution. I hope members will let us know how they like it."



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