

The Bear Facts

from The Citizens' Utility Board of Oregon

Spring, 1992

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CUB Launches Campaign to Protect Phone Rates

Pointing to the current \$56 million refund to US West customers as an example of how local phone companies use unregulated subsidiaries to raise consumer costs, CUB has called on Congress to maintain and increase consumer protection laws.

The regional local phone companies, called "Baby Bells," were created when the courts broke up the AT&T monopoly almost a decade ago. In addition to being granted exclusive local phone service in most of the country, the Bells were granted the right to engage in almost any business activity except three areas: providing interstate long-distance, providing certain information services, and manufacturing phone equipment.

The Bells have been engaged in a multi-million dollar campaign to repeal these restrictions in the courts and Congress.

"If these restrictions are lifted, consumers will pay more for local phone service in order to subsidize the Bells' new business ventures," said Bob Jenks, program director for CUB. "Because these new areas overlap with the local phone system, US West has a huge financial incentive to shift costs for these businesses onto local phone consumers."

According to CUB, lifting the restrictions will have the following effects:

1. Prices will go up for local phone services as the local system is used to subsidize these new business ventures. These new subsidiaries

will share staff, offices, lines, switches and other equipment with the local phone system. The consumer has no guarantee that the costs of these shared items will be fairly allocated.

2. The Bells will manufacture equipment through an unregulated subsidiary and sell it to themselves at inflated prices.

3. The Bells will use their control of the phone system to limit competition in information services and long distance. This will drive up prices.



The campaign CUB launched is aimed at getting Oregon members of Congress to oppose any attempts to repeal current restrictions and to pass HR 3515, the "Telecommunications Act", introduced by Representative Jim Cooper of Tennessee.

CUB is collecting "phonegrams" from citizens, which call on their member of Congress to increase consumer protection rules for phone consumers.

"We want to guarantee that when a consumer pays a bill they are only paying the necessary costs of local phone service and are not paying for all kinds of new services such as cable TV and computer billboards," said Jenks.

US West Customers Get \$56 Million Phone Refund

CUB FIGHT PAYS OFF

CUB won an important victory in December when US West agreed to begin refunding \$56 million to Oregon ratepayers. The refunds come from US West's use of a subsidiary to shift money out of the ratebase to exceed the allowed profit margin.

In 1990, the Oregon PUC found that US West had used its publishing subsidiary, US West Direct, to divert profits.

According to the PUC, "US West formulated a corporate strategy in 1986 to divert directory profits from ratepayers to stockholders. The company acknowledged that the strategy would cause local rates to increase, but nevertheless concluded that it should pursue the goal of flowing as many dollars to the shareholders as possible."

Since that ruling, CUB has been fighting before the PUC and in the courts to return the money to the company's ratepayers.

Starting in January residential consumers saw a credit on their bills of about \$24.00, or \$1.00 for every month of service between January 1, 1990 and December 31, 1991.

CUB is concerned that thousands of former US West customers, who have moved to a different phone service during the last two years, may not get their refund.

CUB encourages consumers who no longer have US West service, or who feel the refund they received was insufficient, to contact US West at 1-800-879-6575.

CUB Calls for Regulation of Cable Rates

The rates paid by Oregon consumers for local cable television have increased as much as 150% since 1986 when Congress deregulated the cable industry.

On March 9, CUB released a study showing that cable rates have increased at more than six times their rate of inflation for many Oregon consumers. CUB has called on Congress to pass legislation allowing local communities to regulate cable rates and services.

The federal perception of cable companies must change to see them as they are: business monopolies which can now charge as much as they want. Consumers have been left without choices not just in cost, but in the level and quality of service as well.

CUB Bids Farewell to Valuable Board Member

Kathy Weaver, elected to CUB's first Board of Governors in 1986, has reluctantly resigned her post as Board Member-at-Large.

Recently employed as Organizer for Portland's chapter of Oregon Fair Share, Weaver says, "My responsibilities at Fair Share prevent me from engaging in the level of work I've put into CUB over the past six years."

Fearless and vocal on behalf of low-income consumers, Weaver devoted countless hours over a two-year period to obtain consumer protections against unfair shut-offs. As a result, PUC rules were strengthened to force utilities into adopting better consumer policies.

Despite those gains, Weaver says, "I know we have a long way to go for consumer rights. Compared to other states, Oregon's consumer protections are lagging behind fair standards. In fact, in many other states, shut-offs are simply not allowed."

The U.S. Senate has already acted by its overwhelming passage of the Cable TV Consumer Protection Act. The House Telecommunications and Finance Subcommittee, which includes Oregon Representative Ron Wyden, will begin considering a bill to regulate cable TV in late March.

Consumers can help by calling or writing Representative Wyden to express support of a strong consumer protection bill.

CUB

*Because Utility Companies
Bear Watching*

An active and visible Board member during her 6-year tenure, Weaver served on both the Regulatory Affairs and Executive committees. She not only testified before the PUC, but her frequent appearances before the State legislature were an added boost for CUB's consumer protection work.

Weaver commented on the present state of the PUC: "The only improvement is the increase from one to three Commissioners. We need an elected Commission. Studies have shown rate increases to be substantially slower in states with elected commissions."

Weaver's dedication to CUB did

CUB CAN'T WORK WITHOUT YOU!

Not a government agency, CUB exists solely due to member support. CUB's members are Oregon citizens paying rates to regulated utilities -- that's most of Oregon's population. More than likely, that's you!

If you're not yet a CUB member, join. It's easy. Use the enclosed envelope to send us your name, address, and whatever you can afford over \$5 in annual dues. In return, you'll keep an eye on the utility monopolies by keeping CUB alive.

And members, to help CUB produce and distribute The Bear Facts, please use the enclosed envelope to mail your contribution today. Because utilities bear watching!

not stop with these long and difficult battles on behalf of consumers. An organizer at heart, she orchestrated a state-wide fund raising effort last summer, successfully pulling CUB out of a temporary financial crunch.

Upon her departure from the CUB Board, Weaver said, "I want to wish CUB all the success it deserves. Knowing what it takes to make regulatory changes, CUB is needed now, more than ever before. I will watch and support CUB's progress with interest."

Kathy Weaver's dedication as a social servant has manifested through a distinguished career. CUB will miss the spark of her unique integrity.

Over the last 30 years, Oregon has become bound to an inefficient, costly, and destructive energy economy. And the bond tightens with each year the established energy sources continue to operate.

Oregon's challenge is no less than the transformation of its energy system to efficient, non-polluting sources which produce and deliver enough

Oregon Face to Face With The Energy Crisis

power to serve the population. Once this transformation is complete, energy will be cheaper than it is today.

But replacing old operating systems with ones we can happily present to future generations will cost money. Who will pay?

The ratepayers, as usual, will be asked to bear the costs. CUB is working to ensure that all parties, particularly the utilities responsible for the reckless choices of the past, pay their fair shares.

THE HIGH COSTS OF OUR PRESENT ENERGY SOURCES

Energy costs were once measured in terms of the quickest access to the most power. We are now paying for this "expedient" approach played out by the decision makers of the industrial age. The costs of that cheap and plentiful power are now demanding our immediate attention.

Nearly 6 billion tons of fossil carbon are now burned on earth every year. Fossil fuels are not replaceable and are now being depleted at an alarming rate. Worse yet, the pollution created by the combustion of these fuels severely damages the environment.

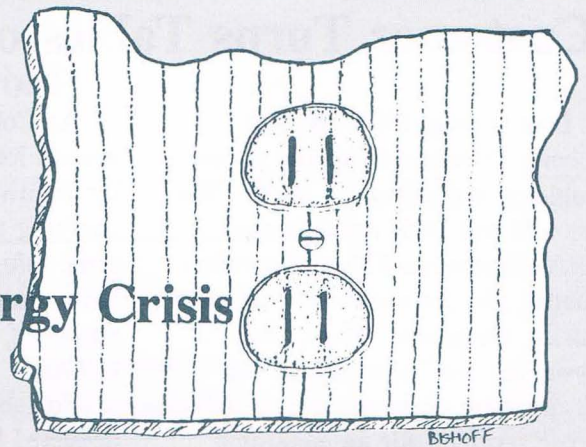
Carbon dioxide released by the combustion of fossil fuels accumulates in the atmosphere with other anthropogenic gases and causes the "greenhouse effect" by trapping infrared radiation. The result is an increased average temperature of the earth's surface and climatic instability.

Carbon dioxide emissions must be cut by 75% from current levels to stabilize the atmosphere. Clearly, this is a monumental task.

Nuclear power, once thought to be a cheap source of energy, has become expensive in management costs, safety violations fines, waste disposal problems, and decommissioning costs.

At least 12 nuclear power plants in the US have been shut down after an average life-span of only 10 years. Could the costs of building the plant, operations start-up and maintenance over 10 years, and decommissioning costs (including waste disposal), possibly have been cost-effective in producing 10 years' worth of electricity?

The Northwest has benefitted from plentiful sources of power, particularly its many hydroelectric



projects. But those large dams we once prized are now being reassessed for their potential damage to the environment, and especially to a northwest treasure, the Salmon. Small hydroelectric projects may eventually replace the monolithic structures which have placed stress on our fragile environment.

MEETING OREGON'S ENERGY NEEDS FOR THE LEAST COST

How can Oregon, indeed the entire Northwest region, maintain the energy supply it needs without depleting the earth's resources? And can it be done at reasonable cost?

Energy conservation and renewable resources can eventually replace our existing sources of power. And, if done with care and an eye on the future, will cost a fraction of what we now pay.

Conservation has the potential to drastically reduce our current energy use -- obviously, the best way to cut costs is to decrease the demand.

Renewable resources are now available and becoming cheaper. For example, prices for new wind, geothermal, and solar projects now operating in California cost between \$.05 and \$.08 per kilowatt hour, putting them on a nearly equal footing with new fossil fired electricity.

Those costs are expected to decline with further technological advances and greater economies of scale. Clearly, the more renewable energy sources are used, the lower the price. Furthermore, these sources don't contain "hidden costs", such as for waste management, pollution and safety fines, or decommissioning.

CUB'S ROLE AS RATEPAYER REP

CUB has become a player in several forums to solve the Northwest's energy problems. Standing almost alone to promote ratepayer's interests, we work with environmentalists, public activist groups, government agencies, and even the utilities.

Portland General Electric is required to submit a "Least Cost Plan" to the Public Utility Commission by the end of October citing how they will operate to

Please see "Energy" on next page.

Energy *continued*:

produce a sufficient supply of energy at the least cost. CUB participates in that forum to demand energy for the least cost to ratepayers and the environment (at the expense of PGE's shareholders if necessary).

Since we cannot blast the existing sources of power without offering viable alternatives, CUB is also representing utility ratepayers in a coalition of public interest leaders from environmental and citizen action groups in the Northwest region to promote renewable energy resources. This group will explore ways to reconcile environmental impacts with the public's need for sufficient energy.

CUB's own internal energy will soon focus on the PUC. The Commission, charged by Oregon's citizens with the responsibility for utility regulation, must meet the tremendous challenge of enforcing strict energy utility regulations.

THE OPPORTUNITY OF A LIFETIME

To have a responsible Oregon energy policy, action must be taken by the PUC, government agencies, public service groups, the utilities, and consumers. With the combined efforts of all parties, the energy crisis can be turned around.

We are face to face with an opportunity to make the Northwest into a world class showcase, a model of excellence in meeting human energy needs.

This opportunity will not exist much longer. Its success depends upon how quickly we can translate our ideas into reality. For the individual, a simple daily act to conserve energy is a substantial contribution. Beyond that, we can support those who work for an energy efficient Oregon.

Future editions of The Bear Facts will cover CUB's actions in the areas of conservation, renewable resources, Trojan, rates, the utility companies, and regulation.

CUB Board Elections Set

In 1984, Oregon voters frustrated over high utility rates approved Ballot Measure 3 and created the Citizens' Utility Board. The idea was simple: Let's form an organization to represent the ratepayer in utility rate hearings. The membership would be open to all ratepayers, and its Board of Governors elected by the members.

This Spring CUB will hold Board elections. Board members are elected to four-year terms. Three members represent each one of Oregon's five Congressional districts. Board seats are open in each district this year.

The two most important qualities

for Board members are leadership skills and a commitment to building CUB as an organization. Knowledge of utility issues is helpful, but one need not be a utility expert. Board members attend meetings, serve on committees, and participate in CUB projects and campaigns.

If you are interested in running for the CUB Board, please fill out the accompanying form and send it to the CUB office. If you have questions about serving on the Board or want a copy of the election rules please call the CUB office at 227-1984 in Portland.

Citizens' Utility Board of Oregon Filing of Candidacy for Board of Governors

Directions: If you are a CUB member interested in running for the CUB 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 by 5:00 pm on May 1, 1992.

Name of Candidate _____

Residence Address _____

City _____ Zip _____

Congressional District _____ Telephone _____

Mailing address (if different than above) _____

I certify that:

1. I am at least 18 years old, I am a utility consumer and I am a member of the Citizens' Utility Board.
2. I am a resident of the Congressional District stated above, from which I am seeking election to the CUB Board of Governors.
3. I am not employed by a utility regulated by the Public Utility Commission which furnishes electric, telephone, gas, or heating service.
4. I do not hold an elective public office and am not a candidate for an elective public office.
5. I am not a state public official.
6. I do 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.

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 _____

Mail completed applications to: CUB elections, 921 SW Morrison, #550, Portland, OR 97205.

All candidates are invited to submit a typed 300 word statement giving their qualifications and reasons for running. This statement will be included in a voters' pamphlet to CUB members. Voter's pamphlet statements can be enclosed with this form or can be sent separately, but they must be received by May 1, 1992.

The Phone Technology You Can't Avoid

The information age is introducing a lot of new technology -- some of which you'll want to use, and some you won't. The question is: Do you have a choice? Take the case of Caller ID, for instance.

Caller ID, one of a group of new services called "CLASS" from US West Communications, has been under investigation by the Public Utility Commission since November of 1990. CUB has intervened on behalf of utility ratepayers to oppose Caller ID.

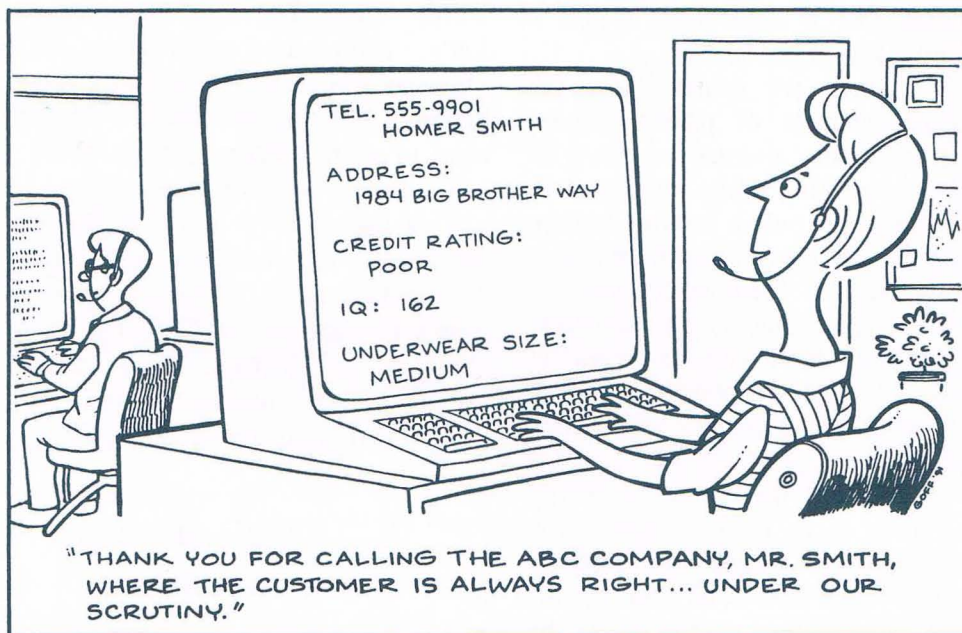
The Caller ID technology is simply a device which phone customers can purchase to display a caller's number (and name, as an option). The base cost of the device ranges from \$70 to \$120.

Suppose you don't wish to purchase Caller ID. In order to protect your number from being identified every time you make a call, you'll need to buy a service called "Call Blocking". With this feature, you must enter a code before making your call or your number will be automatically displayed on the recipient's device.

If the Call Blocking feature seems like a costly inconvenience, try this option: Customers can pay an additional charge for "Line Blocking" to permanently block their number from display, without entering a code -- that is, you can pay the phone company to block your line from any participation in Caller ID.

If it sounds to you like the very existence of Caller ID would require that phone customers will pay not to have a service, you've got the picture. (And, yes, it does have the ring of a protection racket.)

Not only is Caller ID a marketing gimmick, phone customer privacy is at stake. For example, once a caller's telephone number has been displayed, it can be transmitted into a computer data base and linked



Courtesy of TURN, San Francisco

to all sorts of other personal information that is already stored on the data banks of corporate computers, such as credit ratings, purchase histories, or income levels.

If you're shopping by phone today, you'll be on any number of vendor solicitation lists tomorrow. If you're having legal, financial, or medical problems, your desire to seek help may be inhibited by the "eye" at the other end of your phone. Likewise, if you're being harrassed over the phone, a serious perpetrator will simply use a pay phone or Call Blocking to prevent discovery.

For harrassing calls, CUB supports the use of "Call Trace" as an alternative to Caller ID. Not a big money-maker for the phone company, it provides better protection because the information gathered is shared by law enforcement authorities and phone company personnel. No special equipment is needed; the recipient of a harrassing phone call merely initiates a "trace" by entering a code when the call occurs.

CUB cannot endorse any technology which has the potential to

add to the ratepayer burden and whose service can be provided by other offerings like Call Trace, or by existing mechanisms like answering machines (a device you can buy at your local retail outlet which will screen calls for you).

The PUC has issued a proposed order which requires free per line and per call blocking of Caller ID. While CUB agrees with that view, we hope the PUC will go further. At the very least, US West should provide written information to all customers on the services and their costs, including individual customer ballots for determining their choice of options.

If the "information age" means that phone customers are to be inundated with technological services, those services must be optional, reasonably priced, and clearly explained.

The phone companies aspire to be masters of communication; if they were communicating fully with their customers, this issue would have been decided long ago!

Customer Turns Tables on US West

Last Spring, CUB member Roberta Cobain was having phone problems and called US West. She was told that their repairperson would charge her \$35 to determine whether the problem was inside or outside her house. Then, after giving her this information, the repairperson could provide actual repair service...for an additional charge.

Cobain then had her phone lines tested by an independent contractor, who determined the problem to be inside her house. She notified US West of her findings, and charged them a mere \$25 for the information.

As Cobain pointed out in one of several letters to US West, "My fee for information is a bargain. I am charging you only \$25" (for the same information US West would have charged her \$35). She sent copies of her letters to the PUC and to CUB.

For about 6 months, Cobain deducted \$25 from her phone bill. Finally, in January, she received a credit of \$25 "by order of the Public Utility Commission".

Our hat's off to Roberta Cobain for showing a terrific combination of perseverance and imagination. And for reminding us how satisfying it is to hear about individual consumer victories. Ahhh...

Board of Governors

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648-6646

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Mark Becker, Bend
382-2467

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Margot Beutler, Portland
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