CUB

Summer 1998

THE BEAR FACTS

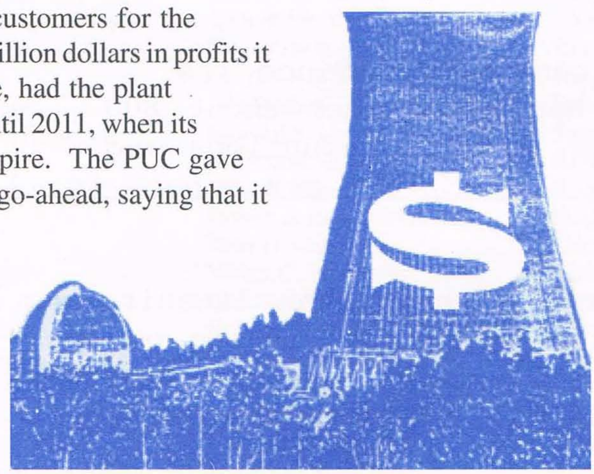
Citizens' Utility Board of Oregon...because the utilities bear watching

CUB Wins Trojan Nuke Plant Lawsuit — Again

But it's not over yet

Since its founding, CUB has often been compared to David, because we're fighting Goliath corporations. We like the comparison -- because even though we have a tiny staff to pit against armies of lawyers, we often win. On June 24th, we won again, in a lawsuit we filed against Portland General Electric (PGE).

It all started in 1993, when PGE closed its Trojan nuclear power plant, which had been plagued for years with malfunctions. PGE asked the Oregon Public Utility Commission (PUC), the state utility regulator, for permission to charge customers for the cost of decommissioning the plant and paying off its remaining debt. The problem came when PGE also asked to charge customers for the estimated $250 million dollars in profits it *would* have made, had the plant remained open until 2011, when its license was to expire. The PUC gave the company the go-ahead, saying that it wanted to give utilities an incentive to close down and abandon bad investments.



Trojan nuclear power plant, closed since 1993 -- but still turning a profit for PGE.

John Stephens, an attorney working for CUB, challenged the decision. "Why should PGE profit from a power plant that's not working?" he explained recently. "Isn't it better to give companies an incentive not to make bad investments in the first place?"

More importantly, Stephens argued that a 1978 Oregon ballot measure, approved by voters, prohibits utilities from collecting a profit on power plants that are not, in the words of the measure, "presently providing service to the customer."

"The PUC interprets the law as saying that the prohibition only applies to facilities that are not *yet* providing service, as opposed to closed facilities, like Trojan, that already *have* provided service," said CUB's Executive Director, Bob Jenks. "But the measure's language is very clear on this point, and Trojan is obviously not 'presently providing service' to PGE's customers."

When Marion County Circuit Court agreed, PGE took the case to the Oregon Court of Appeals. In June, a 3-judge panel agreed unanimously with CUB. "State law," they wrote, "does not allow public utilities to obtain a profit from ratepayers on their investments in facilities that are not used to serve ratepayers."

"This is a victory for ratepayers," said Jenks. "More importantly, this sends a message to utilities: you're just like every other business — if you make a bad investment, it will hurt your bottom line."

This should mean that PGE's nearly 670,000 customers will receive a rate cut because of CUB's work.

But hold the champagne -- there's still one more hurdle. Even though all four judges who have reviewed the case so far have sided with CUB, PGE will appeal the case to the Oregon Supreme Court.

Now where'd we put that slingshot?

From the Executive Director

Dear CUB Member,

Fourteen years ago, when citizen activists asked voters to form CUB, they were opposed by utilities.

Utilities called CUB a "boondoggle" (even though it was to be funded by contributions). They were so afraid of it, <u>they outspent CUB supporters by 40 to 1</u>. No one is supposed to be able to win a campaign against those odds, especially a campaign built upon volunteers instead of pollsters and media consultants. But those early CUB volunteers did win.

And so did consumers. Since its founding, CUB has saved them about 800 million dollars in rate reductions and refunds. <u>That's over $100 *per minute* for 14 years</u>.

CUB's victory in the Trojan lawsuit (see p. 1) shows that we're not resting on our laurels. The suit could save PGE customers about $250 million, and possibly cut the bills of other utility customers as well.

So let's go over this again: PGE mismanaged Trojan. Yet they want to keep charging customers for a profit on it -- for the next 13 years.

Now *that's* a boondoggle.

Bob Jenks
Executive Director

THE BEAR FACTS is the quarterly newsletter of the Citizens' Utility Board of Oregon (CUB).

CUB is:

- a non-profit organization established by Oregon voters to advocate on behalf of Oregon's utility ratepayers.
- governed by a Board of Governors from throughout Oregon, elected by Congressional District.
- a member of the National Association of State Utility Consumer Advocates (NASUCA)

Citizens' Utility Board
921 SW Morrison St., #511
Portland, OR 97205
(503) 227-1984 (phone)
(503) 274-2956 (fax)
E-mail: cub@teleport.com

CUB Calls for End to GTE "Confusopoly"

The company shouldn't profit from confusing its customers

Oregon's second largest phone company, GTE, has been making \$25 - \$30 million *more* each year than allowed by the Oregon Public Utility Commission (PUC). As a result, the PUC intervened to reduce GTE's rates, and CUB has played a strong role in the negotiations between the two parties. But now that the PUC and GTE have proposed a settlement, CUB's coming out against it.

"GTE thinks that because its customers don't have a choice, it's okay to be confusing."

"GTE has designed a system that makes it nearly impossible for consumers to choose the plan that makes the best sense for them," says CUB's Executive Director, Bob Jenks, "and the proposed settlement totally ignores that."

GTE regularly misrepresents its calling plans to consumers -- then charges them a whopping \$25 if they want to switch. For example, the GTE phone book says its "premium plan" gives customers unlimited access to the "local calling area" -- but the map of the "local calling area" actually describes a more limited area, covered by the "community calling plan."

To see the area covered by the "premium plan," a customer would have to look at the map entitled "Extended Area Service."

But guess what? None of the calling plan descriptions even mentions "Extended Area Service!"

Even Jenks, who has worked on telecommunications issues for years, was unable to make heads or tails of GTE's descriptions of its calling plans. So he called a GTE customer service rep. "She didn't understand the plans either," Jenks said. "It's absurd! The only way to find the best calling plan is through trial and error ... but if you try that, the company'll charge you \$25 every time you switch plans."

Why don't GTE customers simply change companies? Because GTE has a monopoly on their local phone service.

"GTE thinks that because its customers don't have a choice, it's okay to be confusing," Jenks says. "They know they won't lose their business. So they're profiting from a 'confus-opoly.'"

Soon, CUB will prepare testimony asking the PUC to review how GTE describes its calling plans and to eliminate the \$25 fee for switching plans. In addition, CUB will propose that the PUC investigate the marketing practices of GTE and other local phone companies.

☎ ☎ ☎

Rate cases give CUB the opportunity to raise issues and address problems -- if you're a GTE customer and you're aware of a service problem we should know about, please give Bob Jenks a call at (503) 227-1984.

Consumer Tip

It's easy to choose the right calling plan for long distance and cellular service: just ask!

Here's how:

1. Call the customer service number on your long distance or cellular bill.
2. Tell your service representative to review your bill for the last 6 months and tell you if you are on the best calling plan. Some companies can do that over the phone -- others will mail you a written analysis.
3. Just for fun, try asking your local phone company to do the same thing. Chances are, they'll tell you they can't.

Why? Because local phone companies have no incentive to help you save money -- it cuts their profits, and they know you can't switch to another provider.

But the long distance and cellular companies have to compete for your business. They believe that helping you save a few dollars will make you a loyal customer.

Citizens Unite with CUB Against Enron

Over 200 citizens attended a series of public hearings held in May on the Portland General Electric (PGE)/Enron Electric Deregulation Plan. The hearings, sponsored by the Oregon Public Utility Commission (PUC), indicated that consumers were skeptical about PGE/Enron's claims that their plan would lower electric rates. The testimony also showed broad support for energy efficiency, renewable energy, and low-income energy assistance.

In addition to dozens of citizens, several members of the Fair & Clean Energy Coalition – of which CUB is a founding member – testified. Representatives from AARP, Oregon Environmental Council, OSPIRG, Oregon Consumer League, Oregon Law Center, Oregon Action, and the Oregon Energy Coordinators Association spoke about the need to protect both consumers and the environment.

Only four groups testified in favor of the Enron plan, including Electric Lite, an independent power supplier. Each of the supporters stood to gain financially from Enron's version of deregulation.

PUC staff filed testimony July 6th asking the Commissioners to reject the PGE/Enron deregulation plan. The staff proposed an alternative plan that would address many of CUB's objections to the PGE/Enron proposal. On July 22nd, CUB will file its own detailed testimony, including a critique of the Enron proposal, and a plan for improving the electric system. Members may obtain a copy of CUB's testimony (estimated to run about 50 pages) for a $5 copying fee.

CUB Says, "No Thanks, US West!"

Recently, the U.S. District Court in Seattle suspended a partnership between US West and Qwest Communications until the Federal Communications Commission has an opportunity to decide the case. This "partnership" is the latest example of US West attempting to duck rules designed to benefit consumers.

Currently, consumers can choose their long-distance carrier, but have only one local phone company. To break up local phone monopolies, Congress enacted the Telecommunications Act of 1996. The idea was to use competition to give customers better service and lower prices.

US West doesn't want to lose its local customers to competitors. But it does want access to the lucrative long-distance market. Under the new law, it can offer long-distance only if it allows competition in its local markets first.

To get around this, US West teamed up with Qwest to offer long-distance. Qwest would provide service to US West customers, and cut US West in on the profits. That way, US West didn't have to open up its local market to competition, but it could still profit from long-distance.

The scheme is a bald-faced attempt to get around Congress. And who suffers? Customers of US West. Yet Sol Trujillo, President and CEO of US West, claims that the deal with Qwest "encourages everyone to get more focused on the customer."

Sure, Sol --you mean focused on *squeezing* the customer, don't you?

Help CUB Prepare for the Future

Want to do more to help CUB fight for lower rates, good service, and a better environment? Join CUB's Circle of Friends by giving monthly.

Suppose you give $25 a year to CUB now. A small gift of $5 a month will boost your annual contribution to $60! And it's easy. Have it withdrawn monthly from your debit card or credit card. If you prefer, we'll give you pre-addressed reply envelopes for your checks.

CUB also welcomes bequests of life insurance, stocks, securities, and cash. Call Bob Jenks at 224-1987 to discuss your needs.

Large gifts ensure that CUB will always be around to fight for what you believe in.

CUB Thanks Its Loyal Members

*CUB receives **no** state funding and depends on its members for 97% of its operating budget. Space doesn't permit us to list all the many thousands of members who contributed between January 1 and June 23, 1998, but we would like to single out the following members for special recognition:*

Benefactors ($250+)
Marian Drake

Advocates ($100-$249)
James Boscole
Robert Crawford
Walter L. Crow Jr.
Donna Deacon
D.W. & Susan Decker
Louise M. Fronville
Jane & Howard Glazer
Sheryl L. Hill-Tanquist
John C. Crabbe & Jeri Janowsky
Kenneth K. Keyt
John & Marjorie Lloyd
Edward McNamara
Dr. Marsha Willard & Mark S. Mikolavich
Pharaba Pankratz
John C. Pock
Arno Reifenberg
Paul D. Rogland
Peter V.H. Serrell
John Sherman
Clark & Connie Stephens

Sustainers ($75-$99)
HSI Security Systems
Anna O'Guinn

Circle of Friends (monthly donations)
Gordon & Bea Bentson
Benjamin Chambers
Steven H. Gorham
Stanley N. Heth
Merton Saling

Patrons ($50-$74)
Joan & Michael Adelsheim
Ella L. & Winfield C. Anderson
Phillip D Anderson
Anthony Auker
Stephen Babson
Baden & Baker Inc.
Philip & Debra Barrett
John Barth
Richard W. Becker
Owen Bentley
Jerry Bibler
Joanne Binns
Michael Bishop

Patrons, cont'd
Ronald G. Bline
Steven Goldberg & Linda Boise
Francis E. & June A. Boone
Mary Boyer
Janice M. Brandstrom
Caren Braunschweig
Alan W. Brown
Linda Butler
Dr. Bruce Chaser
Virginia & Oscar Coen
Susan Cook
G. Maxine Cracraft
Oliver Dalton
Malcolm Daniels
Nadine M. Davis
Lois Ann Day
Don DeFazio
F. K. Delaney
Thurston E. Doler
Alex Dracobly
Roger Dreiling
Diane M. Dugan
James Wendell Dunsworth
Dwyer, Simpson
Nancy D. Ege
William C. Elkins
Roger & Marie Ellingson
Joseph Erceg
Doug Erickson
Myra Erwin
Mary Etter
Sherrylee Felger
J. Scott Ferris
Paul A. Fishman
Maureen Flynn
Ashton Foerst
Ginny & Robert S. Freeman
Mr. & Mrs. Dale Fry
Monique & Steve Goldstein
Peter & Erica Goodwin
Louis & Jacqueline Gordon
Wayne & Joan Graber
Chad Gracey
Bill Gregory
Marjorie L. & Aurel L. Gunter
Eric Hall
Dr. Jon M. Hanifin
Mark E. Harbert
William K. & Barbara R. Harris
Mira M. & Arley E. Hartley
Edward Heid
John H. Herbert
Dr. Emily Herbert
Joy Hicklin
Phyllis M. & Robert E. Hofland
James E. Hoy III
Susan Hubbard
Charles Humphrey
Neil & Joan Hundtoft
Patrick & Laune Iverson
Velma Jeremiah
Kimberly A. Johnson
Leslie R. & Helen Jorg
Don & Bev Kauffman
Brian Kenny
Richard Kiernan & Kelly Knowles
Karol Kochsmeier
John H. Kuitert M.D.
Patsy Kullberg
David A. Lane
Biagina Lazaroni
Harry Lofton
Henry M. Lunki
Catherine H. Machell
Monteith Macoubrie
Stanley A. Maple
John & Martha Marks
Roy W. Marvin
Charles J. & Billie Marx
Jeff Mather
Edward S. May
Raymond Mayer Jr.
Peter & Esther McEvoy
Robert & Ester McGinnis
Peter H. Miller
Walter C. Mintkeski
Christine V. Mitchell
Robert Gross & Alice Muccio
Daniel Aslin & Molly Jo Mullen
Kay & Wayne Musgrove
Julie & Peter Najdek
Robert J. Neuberger
Christopher Nielsen
Lyle L. Olson
Weir H. Owens
Robert & Rachel Ozretich
William Parsons
John Patterson
Lillian A. Pereyra
William R. Perrin
Jane S. Peters
Tomm H. Pickles
William Poppie & Tamara Pinkas
John W. S. Platt
Sandra Polishuk
George D. Porter
Janet Rekate
John W. & Phyllis Reynolds
John T. Rice
Steven J. Robinson
Roger Rogers
Rachael C. M. Brake & Harold G. Rolette
Rochelle Rosenberg
Larry Rothman
Anita E. Russel
Susan Russell
Dr. Daryl S. Ruthven
Jennifer Sachs
Kathy & James Sampson
Elmer G. Sankey
Eugene Scott
William Seifert
George J. & Barbara Skorney
Louis Sloss
Marguerite Smalle
Neil Soiffer & Carolyn Smith
Clayton & Marjorie L. Smith
Rosalind M. & James Q. Smith
Alan Thomas Nettleton & Olivia Lee Smith
Stephen H. Snyder
Nancy Solomon
Donald J. & Julie C. Sterling
Susan E. Stone
BJ & Reggie Sullivan
Frank Tannehill
Holly Thau
Elizabeth & Dr. Morris Tiktin
Richard S. Tron
Stanley V. Tucker
Alan Locklear & Marie Valleroy
Donald Walden
Marjory E. & Thomas J. Walker
Trudi H. Walta
Allen Wasserman
Elbert J. Weihmann
Rebecca West
Phillip & Sharon Williams
Dean R. Wilson
Harlan C. Wisner
Dr. Mark Yerby

CUB's Enviro-friendly Regulation Plan called "Revolutionary"

In May, the Public Utility Commission (PUC) adopted a proposal CUB co-authored with Pacific Power (PacifiCorp) and several environmental groups to give Pacific Power an incentive to invest in energy efficiency and renewable energy like solar and wind power. It also maintains investments in service quality.

In the past, utilities like Pacific Power had no incentive to help you cut your energy use -- it would be like asking a grocery store to sell less food.

The new plan means Pacific Power doesn't have to sell more power in order to improve profits. Instead, conservation, efficiency, and innovation are the keys to profit. This is big news. In a May 19th editorial, the *Oregonian* called the plan "revolutionary," and "a model for the nation."

> *"We see this new rate reform proposal as a model for the nation ..."*
>
> The Oregonian

The new regulation plan has four key elements:

* Pacific Power's profit is tied to energy efficiency, not consumption.
* Pacific has an incentive to invest in renewable resources.
* The plan creates a new funding mechanism to support conservation and renewables.
* It establishes service quality rules that ensure the company will make the necessary investments to maintain the electric distribution network. This will prevent an electric version of the US West service quality failures.

Elections

Three members of our Board of Governors must step down this fall, because of term limits. We'll be mailing out ballots to those districts with open seats. Watch your mail!

Join the Rapid Response Team!

Jeff Bissonnette

"The American Revolution had its Minutemen, and the campaign to protect electric utility consumers will have its Rapid Response Team," says Jeff Bissonnette, Organizing Director of the Fair & Clean Energy Coalition (FCEC), of which CUB is a founding member. FCEC's goal is to defeat the PGE/Enron deregulation plan and make sure that any new plan includes consumer and environmental protections. FCEC has set a goal of organizing 500 citizens by the Fall of 1998. Team members will participate in the Coalition phone tree and receive specialized updates.

To join, write Jeff Bissonnette c/o CUB, call him at 227-1984, or reach him via e-mail at jbissonette@igc.apc.org.

The Bear Facts is printed with soy-based ink on 50/35 recycled paper.

Citizens' Utility Board of Oregon
PO Box 6345
Portland, OR 97228
RETURN SERVICE REQUESTED

Non-Profit Org.
US Postage
PAID
Portland, OR
Permit No. 2134