CUB

Winter, 1999

THE BEAR FACTS

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

CUB Fights US West's $700 Million Rip-Off in State Senate

Company's "Dream Bill" is a Nightmare

What if the phone company owed you $150 but wouldn't pay up?

What if it went to court to prevent you from getting the money and then, just to be sure, it went to the legislature to pass a bill saying it didn't have to pay you a dime? What if it *also* wanted you to pay 55% *more* on your phone bill every month -- and to pay extra if you lived in a rural area?

"This is the biggest consumer rip-off I've ever seen,"

Executive Director of CUB

Sounds like a bad dream, right? It's not. It's very real. Right now, US West is pushing the Oregon Legislature to pass Senate Bill 142 (SB142), which would do all of the above.

"This is the biggest consumer rip-off I've ever seen," said Bob Jenks, Executive Director of CUB. "It's the corporation's 'dream bill,' but it's a nightmare for consumers."

Right now, CUB and the Public Utility Commission (PUC) are fighting US West in court to make sure that its Oregon customers get a rate reduction of $97 million per year, and a refund dating back to 1996 that's currently worth (with interest) anywhere between $270 and $400 million dollars. The refund alone works out to between $150 and $200 per residential line.

But US West is afraid it's going to lose the case. So it's asking lawmakers to protect it.

The bill it's supporting, SB142, is so outrageous that ordinarily, it would have no chance of support. But corporate spin doctors are claiming the bill would be good for eastern and rural Oregon -- and so far, some legislators are buying it.

They say the bill will help rural Oregon get fiber optic cables for high-speed communication, but the bill has no plan and no budget for the project. CUB supports access to high-speed communications for all of Oregon, but SB142 isn't the way to get it. In fact, it'll make things *worse* for eastern and rural Oregon.

First, SB142 is a bad deal for everybody. Here's how it works: customers give US West $400 million dollars the first year. Then we give US West another $97 million a year in rates the company has been ordered to cut. Over four years, that's a total of about $700 million dollars. In return, the corporation will put $120 million into its rural network over the same period.

So let's see. For every dollar we give to US West, they'll put 17¢ into their network. Gee. How generous.

Consider the following:

(a) US West should be investing in its network anyway. Hundreds of thousands of people have no choice but to depend on it.

(b) If the bill passes, the refund won't go to Oregonians, to be spent in their

Continued on page 5

CUB Wins First Round in PGE -Enron Deregulation Fight

See Page 3

From the Executive Director

Dear CUB Member,

Normally, the lead article in this newsletter would be our victory in the PGE/ Enron deregulation proceeding. The PUC decision to reject PGE's deregulation plan and choose the CUB plan instead may rank as CUB's single biggest victory ever.

Unfortunately, we don't have time to celebrate. US West's legislation, highlighted in this newsletter, could be the biggest consumer rip-off in state history.

It would be easy to dismiss it. How could such a ridiculous bill become law? Consider:

* US West, its executives, and its lobbyists, gave more than $600,000 to Oregon candidates this election year. Many received several thousand dollars from associates of US West. So when US West talks in Salem, politicians listen.

* US West has begun an advertising blitz around the state. Misleading ads have appeared in Portland, Salem, and other communities. These ads make the absurd claim that US West does not owe customers a refund, so its bill, SB 142, can't take it away. This is untrue.

CUB doesn't make campaign contributions. We can't afford to take out half-page ads. We do have over 6,000 members, and I firmly believe that people power can talk louder than money.

Please take a moment to write, call, or e-mail your state Senator and let him or her know that SB 142 has to be defeated.

If we all do this, then CUB will achieve another significant victory.

Bob Jenks
CUB Member

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

PUC Rejects PGE/Enron Deregulation Plan

Top Regulators Choose CUB's Fair and Clean Plan

After months of deliberation -- and input from CUB and its members -- the Public Utility Commission (PUC) recently rejected the PGE/Enron deregulation plan and instead chose CUB's alternative, the Fair and Clean Energy Plan, as the preferred method for restructuring the electric industry in Oregon.

"This was a huge victory for Oregon consumers," said Jason Eisdorfer, Director of CUB's Energy Program. "The PGE/Enron plan would have meant higher rates and less investment in energy efficiency and renewable energy. CUB's plan will protect customers and the environment."

On the five key issues, the Commission sided with CUB:

1. Retaining regulated rates for residential consumers. PGE proposed a fully-deregulated market with no rate regulation. CUB opposed that, arguing that residential customers must retain the ability to buy electricity at current rates. PUC sided with CUB.

2. Hydro assets. PGE wanted to sell its hydro assets to the highest bidder. CUB argued that hydro assets must be retained, with the benefits going to customers. PUC sided with CUB.

"A huge victory for consumers"

3. BPA power. PGE failed to propose a system that would guarantee its customers access to cheap federal hydro power. CUB argued that federal hydro power had kept Northwest rates low, and that PGE's residential customers must have access to it. PUC sided with CUB.

4. Energy Efficiency and Renewables. PGE proposed to spend 2.7% of its revenues on energy efficiency and renewable energy programs, with this amount declining each year for ten years, to a low of 1.5%. CUB proposed that PGE be required to spend at least 3% of its revenues each year on these programs, with no reductions. PUC sided with CUB.

5. Choice. PGE proposed that residential customers be required to buy their power in a retail marketplace, with no uniform price disclosure rules to allow customers to make a wise decision. CUB argued that a limited number of choices (such as electricity generated by wind) should be presented to customers, with a side-by-side comparison of price and environmental effects. PUC sided with CUB.

Now the battle moves to the legislature. CUB, as part of the Fair & Clean Energy Coalition, is introducing its own restructuring bill. With the PUC's support, our vision could become a reality.

Long-Distance Carrier Tries to "Slam" CUB: Oops.

Twice in December, an unidentified long-distance company attempted unsuccessfully to "slam" CUB (i.e., to change our long-distance provider without our permission). It's against the law, but it's not uncommon. And, <u>slammers may lie about why they're calling</u>. In our case, representatives lied repeatedly. They told us they were from US West and that our long-distance carrier would not change. Here's a few tips to protect yourself:

1. Call your local phone company for help. Ask it not to change your long distance service unless it receives a written or verbal authorization from you. This protects you from unscrupulous switches.

2. Watch what you say: you could be on tape. Legitimate companies will tape your responses to verify that you do want to change carriers. Shady carriers may tape your responses to questions that have nothing to do with changing your carrier -- and then edit the tape.

3. Ask the caller to send you written material and an authorization form in the mail. Read the material carefully. If you switch, check your bills to make sure you got the rate you were promised.

4. If you're slammed ... Lodge a complaint with the Public Utility Commission (1-800-522-2404). The Oregon Attorney General's office uses those complaints to pursue legal action against slammers. Also, have your local phone company switch you back to your preferred carrier. Whether you'll have to pay the slammer is uncertain -- the rules are changing as we go to press.

CUB Thanks Its Loyal Members

*CUB receives **no** state funding and depends on its members for 80% of its operating budget. Space doesn't permit us to list all of the members who contributed between October 7, 1998 and February 4, 1999, but we would like to single out the following members for special recognition:*

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2,410 dedicated members

Keep CUB Prowling

If you have provided for CUB in your estate plans, please let us know. If not, let us show you how. Write Bob Jenks, Executive Director, CUB, 921 SW Morrison, #511, Portland, OR 97205, or call (503) 227-1984.

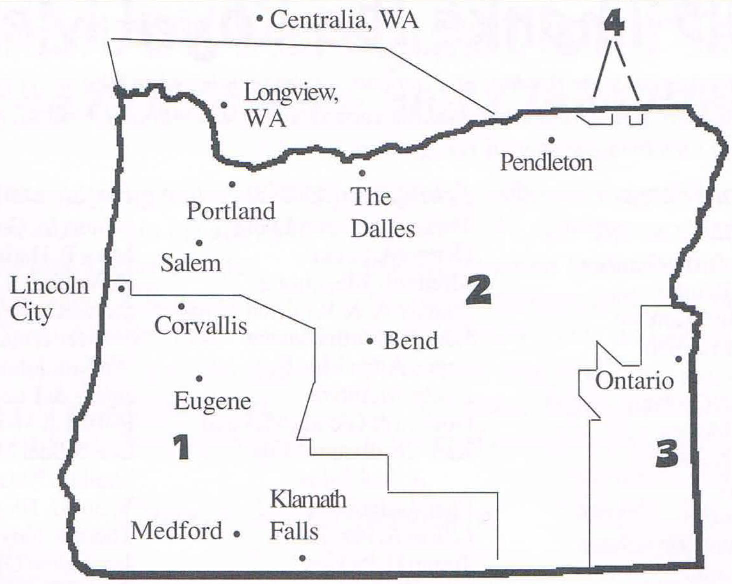
Your gifts ensure that CUB will always be around to fight for what you believe in.

Don't Forget: Choose an In-State Long-Distance Carrier

Until recently, your local phone company handled long-distance calls inside your "LATA" (intra-LATA calls). Now even US West customers can choose another provider for these calls.

LATA stands for "Local Access Transport Area." LATAs were set up in 1984, when AT&T was broken up. They often cross area codes and state lines. The Portland LATA, for instance, actually includes southwestern Washington.

Here are some guidelines for choosing an intra-LATA carrier:



Map of Oregon LATAs (approximate)
1 = Eugene LATA; 2 = Portland LATA; 3 = Idaho LATA; 4 = Spokane LATA
Note that the Portland, Idaho, and Spokane LATAs extend into other states.

1. Whether you choose your local phone company or your long-distance carrier, expect to pay between 8¢-10¢ per minute.
2. Check your bills when you get them, to make certain that you get the rate you were quoted.
3. US West customer? Want to stay with them? Then request their cheaper rate, which should fall in the 8¢-10¢ per minute range. <u>Otherwise, they'll go on charging your current rate, which could be as high as 25¢ a minute</u>.

US West: CUB Fights Plan to Squeeze Customers

continued from p. 1

communities, but to US West headquarters in Denver, CO.

(c) Nor will US West *have* to invest the $120 million where we're told it will. As John Glascock of AARP has noted, "The bill does not actually require US West to invest in rural areas." Given that the company is feeling the heat of competition in Portland and other cities, but not in rural Oregon, it's very likely to invest the money in urban areas, not rural ones.

(d) The cost of building and maintaining a telecommunications network varies geographically. It costs more in rural areas than in urban ones. Right now, all customers share that cost equally, no matter where they live. SB142 would change that. Your rates would vary based on the cost to serve you. In other words, rural customers are going to pay *more* for basic phone service than they do now. All customers should have equal access to telecommunications, no matter where they live.

What You Can Do

Contact your state senator. Tell him or her that you think SB142 is a bad idea.

US West says "Life's Better Here." Don't let them make it worse.

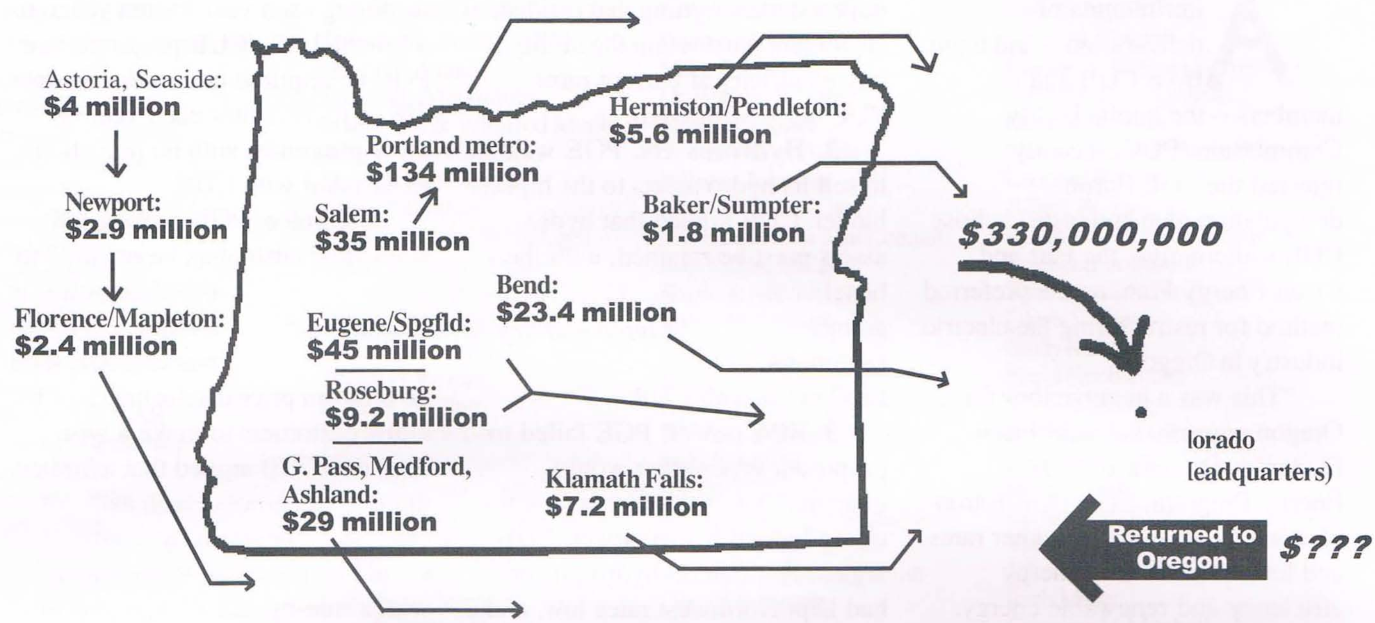
Senate Bill 142

Amount Customers Give to US West: $700 million	*Amount US West Invests in Network* $120 million
Where the Bill's Supporters Say the $120 Million Will Go: Rural areas	*Where the Bill Says the $120 Million Will Go:* Anywhere US West Wants

Tell Your Senator Not to Support It

Refuse the Call

What US West's Senate Bill Will Cost Your Community



Shown Above: What will happen if US West pushes Senate Bill 142 (SB142) through the Oregon Legislature. A refund worth several hundred million dollars due to US West customers will be cancelled and remain in corporate coffers.

Not Shown: $400 Million in additional overcharges. Senate Bill 142 allows US West to overcharge its customers $97 million/year for the next four years. For more information, see page 1.

Want to stop SB142? Contact your state senator. See enclosed insert.

Notes: Actual refund (ordered by the Public Utility Commission in 1997) will range between $270 million and $400 million. Diagram above assumes the refund is worth $330 million. Some communities not represented, so figures do not total to $330 million. Amounts shown combine adjacent service areas.

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