

THE BEAR FACTS

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

PacifiCorp wants \$61 million of your money: CUB says "NO!"

CUB submitted testimony to the Public Utility Commission July 10 asking that PacifiCorp receive a 11.7 million dollar rate decrease. The company has asked for a \$61 million dollar rate increase, money out of your pockets. PacifiCorp says it needs that money to keep a reasonable profit margin, but CUB's not buying that.

PacifiCorp is basing its numbers on its budget for 1998, one of the worst fiscal years in the company's history. Prior to 1998, PacifiCorp had decided it wanted to expand its services into the global market arena and build an international energy company, so they began buying up a number of overseas energy companies. 1998 was the year when their dreams came crashing down around them.

"They wanted to be a global player and now they are asking us to pay for their losses," CUB Executive Director Bob Jenks says.

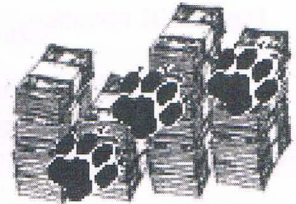
In 1998, PacifiCorp bought a \$140 million computer system capable of running a global business. The company began selling satellite dishes and home security systems. CUB uncovered one document where the company set a goal of expanding from its current base of about 8,000 utility employees to 70,000 employees engaged in a variety of global business.

However, these steps

didn't catapult PacifiCorp into the global market; it left the company weak and bloated, clearing the way for ScottishPower to come in and buy them out. And what was ScottishPower's first act? Ask for this rate increase, basing it on the turbulent 1998 expenses.

"It is not surprising that 1998 would be a year with a great deal of corporate overhead," Jenks wrote in CUB's testimony. "It went from attempting to become a world-wide energy holding company to being a utility that is held. Clearly 1998 is not a representative year for the corporate offices of PacifiCorp and it should not be used for setting rates going forward."

In fact, by 1999, PacifiCorp had already begun to turn its earnings around without the aid of a rate increase. Because of this, CUB's testimony says that



PacifiCorp's rate increase after CUB is done with it

1998 is not an appropriate year to base analysis on.

"Comparing the overfed ineffective company in 1998 to a prudently run utility, CUB argues that the rates should actually come down, not go up," says Jason Eisdorfer, CUB's energy program director.

The next step in the case allows PacifiCorp to rebut CUB's testimony, with PUC acting as a judge. This case should be decided by early November.

You can read CUB's testimony on our website: www.oregoncub.org.

Inside:

US West refunds

Even if you're not currently a customer, you might just be eligible

see page 5 for details



From the Executive Director

Dear CUB members,

Within couple of months, US West customers should begin to see a credit of about \$125 on their phone bills. US West has been overcharging customers since 1996 and we've worked to get you that money back.

This is not the first or the last victory we've had, but it was possible only because thousands of Oregon ratepayers support us each year. Over the years, we have successfully fought rate increases by PGE, PacifiCorp, Idaho Power, US West, GTE and Northwest Natural Gas.

However, never in the 15 years we have been fighting for Oregon ratepayers have we seen anything like what is expected this fall. Oregon ratepayers have never been under attack like this before:

❖ US West is attempting to raise the price of Basic Local Residential Telephone Service from 20% to 40%, depending on where you live.

❖ PacifiCorp's 13% rate increase case continues through November. CUB thinks PacifiCorp's rates should decrease.

❖ Before this case is over, PacifiCorp will file a second case, where we expect them to ask for another increase of at least 5%.

❖ PGE is expected to file a request for a 10% rate hike by early November.

❖ Northwest Natural will ask for a 20% increase in natural gas rates.

The net affect of these cases could be hundreds of dollars per year for a typical household.

But it doesn't have to happen. Consider reinvesting a portion of your US West return (20% of the refund would be a \$25 contribution, leaving you with around \$100) to fight for lower rates from US West, PGE, PacifiCorp and NW Natural Gas.

Sincerely,

Bob Jenks
Executive Director & CUB Charter Member

THE BEAR FACTS is the quarterly newsletter of CUB and the CUB Educational Fund.

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) and the Consumer Federation of America (CFA).

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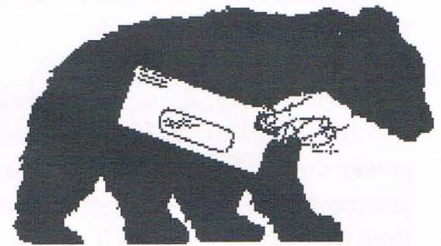
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CUB needs a few good activists

Volunteer with CUB and make a difference

Ever thought, "Hey, I want to help keep big utility companies in check while supporting the underdog?" Well, now's your chance, because CUB is looking for a few good volunteers. We have a variety of projects available, everything from helping out with mailings to office work to research to

campaign work to phone banks to rapid response teams to building CUB in your area. And we're not asking you to devote your entire life. A few hours each month can make a big impact. So, c'mon, fill out the form insert and mail it back today. It's fun, it's easy and it's good for the soul.



Apply as a candidate for board of governors

Want to help CUB fight corporate greed; pressure utilities to make responsible environmental decisions and protect the rights of residential consumers?

Here's a good chance.

CUB is recruiting candidates from all five congressional districts to run for its Board of Governors.

Board terms last four years; terms will begin at the end of the calendar year.

The Board meets monthly, usually in Portland (though members can

participate via phone).

Members must attend at least 8 meetings every year (either in person or by phone), and be available for phone consultation.

Members should be prepared to donate at least 6 1/2 hours of time each month, distributed approximately as follows:

- 2 1/2 hours to board meetings
- 2 hours to preparation/reading for board meetings
- 2 hours to additional background material

More time maybe required for committee meetings, special events, etc.

Interested? Fill out the form insert and mail it back to us by Oct. 12, 2000. Members will vote when the next issue of *The Bear Facts* is mailed out.

And remember, if you want to be involved with CUB, we have a variety of other volunteer opportunities as well.

For more information, call Bob Jenks at (503) 227-1984.

CUB Members Make a Difference in Eugene

In the May 2000 election, the Eugene Water and Electric Board (EWEB) asked Eugene voters to allow it to add telecommunications to the services it provides to Eugene homes.

Although outspent almost 9-1, EWEB supporters prevailed on election day against the financial onslaught of cable monopoly AT&T and phone monopoly US West, and CUB members helped.

The two telecom monopolies are in a collective corporate dither over EWEB's desire to provide telecommunications competition.

The election in Eugene demonstrated the political lengths to which both companies are willing to go to protect their monopoly status.

The two telecom giants contributed most of the \$88,000 spent to defeat the measure, compared to the \$10,000 spent by the campaign supporting the measure.

CUB members played an important role in this effort.



Through e-mails and telephone calls, they encouraged the Eugene City Council back in February to place the measure on the ballot to let voters decide whether their utility should be allowed to provide telecommunications service.

And when all the votes were counted, the measure won by 2,000 votes. Since CUB has 4,000 Eugene households we informed on this issue, it is likely that CUB members provided at least a portion of the margin of victory.

So pat yourselves on the back for a good win and stay tuned as this issue develops in Eugene.

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 those who contributed between March 9, 2000 and August 1, 2000, but we would like to single out the following members for special recognition:

25th Anniversary Partners

Robert Crawford
Al and Nancy Jubitz

Circle of Friends (monthly donations)

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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.

Fifteen Years
CUB

4

US West refund still on the way

That US West refund we keep promising is still on the way, and the longer you wait, the bigger it gets, though not big enough, according to Bob Jenks, executive director for CUB.

"We're disappointed that customers are not getting back the full amount that they overpaid, but we're all looking forward to getting at least some of our money back," he said.

The Public Utility Commission found that US West had been overcharging customers since the spring of 1996, and after a drawn-out legal battle, US West has to pay \$270 million dollars in refunds. That money accumulates interest, so by the time the refund arrives around October, it should be approximately \$125 per residential phone line and about \$288 per business.

If you're currently a US West customer, you don't have to do anything to get your money; it'll

show up as a credit on your bill. If you don't use it all up in one month, that's all right, because the balance will just continue to carry over each month until it is spent.

Even if you are no longer a US West customer, but were for at least six months between May 1996 and the present, you've got some money coming to you as well, thanks in part to CUB, who lobbied the PUC to include past US West customers in the refund.

To receive your refund as a former consumer, you have to apply. The day that current customers receive their bill credits, US West will take out ads in newspapers around the state with forms in them that people can cut out and send in for their refund. If you miss the ad, don't worry, you can just call US West and have them mail you a copy of the form. US West will fill the claims on a "first-verified, first-served basis" for a three-month



period. Any money left over will then be distributed back among current customers.

The order given to US West also allows for \$63 million dollars a year of temporary bill credit, which translates to \$2.47 a month for a residential line, and will be applied until PUC sets final rates, probably through next spring.

And after you get your refund, consider re-investing some of that money back into CUB, so we can continue to represent your interests against companies like US West.

Telecom Update: City of Portland Loses a Battle But May Win the War

As reported a few months ago, AT&T had sued the City of Portland because the city was demanding that AT&T open its cable internet service network to independent service providers, a right known as "open access."

CUB had filed an amicus brief supporting the City in the lawsuit in order to prevent AT&T from creating a high-speed cable Internet monopoly. Unfortunately, the court ruled against

CUB's position, saying that the city did not have the power to force open access since that could only be regulated by the Federal Communications Commission.

But the court also decided that providing Internet service over cable lines is not a cable service as AT&T and the City had assumed; the court decided that, legally, it is a telecommunications service. This change in the legal definition of Internet services provided over cable lines is a big

deal.

It means that while Portland may have lost the court battle, it may have won on a more important issue.

Consumer advocates across the country have cheered Portland's position in this landmark effort and CUB has been proud to support the City in its efforts. CUB will continue to push for open access and will keep its members informed on this crucial issue.

CUB's amicus brief is on our website: www.oregoncub.org.

CUB has more rate cases than ever

Starting this fall and going through the summer of 2001, CUB will be faced with more ratecases going on at the same time than it ever has in its history. Here's a sample:

PGE will ask for a rate increase ratecase of 10 to 15 % to increase power costs. Because a significant portion of PGE's electricity comes from the wholesale electricity market, they will argue that they should get additional revenues to offset the high prices they've been paying. CUB needs to make sure that residential customers aren't being gouged.

US West has a rate case that will be continuing into next year. They are proposing to increase the price of basic local service 20 to 40 %. This rate case is a result of Senate Bill 622, which largely deregulated much of US West's operation. The case will be the final time that the Public Utility Commission gets to set the company's prices. This is important because the PUC will not be able to adjust prices down after this rate case. Because telecommunications is a

"declining cost" industry, meaning US West can offer the same services for less money, they will be able to keep more money and not be required to pass along cost savings to their customers. CUB wants to set prices low enough so that consumers avoid giving outrageous profits to US West.

Pacific Power's attempt to get a 13% rate increase is continuing and the case probably won't be finished until late this year. CUB is arguing that in fact, the company may deserve a rate decrease. This case will continue to take a lot of work.

Finally, Northwest Natural, a private gas company, will ask for an increase of about 20 %. Once again, CUB will be making sure to protect consumers' interests.

Both Portland General Electric and Pacific Power will be filing ratecases in response to Senate Bill 1149, the electricity restructuring bill. These ratecases will serve to create the blueprint on how each utility will

operate in the new industry and CUB will ensure that consumers get the protections guaranteed under the bill. In addition to the ratecases, each utility has to file a resource plan outlining what it will do with all of its power plants and CUB will work so that customers benefit from the value of those resources.

So, that's six, count 'em six, rate cases in which CUB will be at the forefront. If any CUB member would like to volunteer to help out, please give us a call. We'll keep you posted.

Wish List

Please call Bob Jenks at 227-1984 if you can make a tax-deductible, in-kind contribution of any of the following to the CUB Educational Fund::

- ◆ photocopier machine
- ◆ recycled-content copy paper
- ◆ scanner (PC-compatible)

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



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I am interested in volunteering with CUB in the following capacity (check all the ones that interest you:

☐ office work
☐ campaign work
☐ phonebanking
☐ mailings

☐ research
☐ rapid response team
☐ building CUB in my area
☐ other _____

Please cut out and return to: CUB, 921 SW Morrison #511, Portland, OR 97205.

Declaration of Candidacy

Directions: In order to run for the CUB Board of Governors, you must fill out this form to certify that you are eligible to run. All candidates are invited to submit a typed statement (300 words, max.) giving their qualifications and reasons for running. Your statement will be included in the next newsletter mailed to CUB members. Mail or deliver completed applications and statements to CUB, 921 SW Morrison #511, Portland OR 97205, by 5 pm on Oct. 12, 2000. Call Bob Jenks at (503) 227-1984 for more information.

Name of Candidate _____

Residences Address _____

City _____ Zip _____

Telephone _____ Email _____ Congressional District (1-5) _____

Don't know your Congressional District? Check with your County Elections Commission

Mailing address (if different from above) _____

I certify that:

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

Signature of Candidate _____ Date _____

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.