



CUB

Winter 2003

The Bear Facts

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

CUB TO OPPOSE NW NATURAL RATE HIKE

NW Natural, Oregon's largest natural gas utility has asked the PUC to allow it to raise residential rates by 9%. The rate increase is unrelated to the cost of natural gas. Instead it relates to employee costs, shareholder profits, company overhead, billing and distribution costs.

When NW Natural was proposing to buy PGE last year, it said that these costs would be frozen for the next 6 years. "What has changed?" asked Bob Jenks, CUB Executive Director.

"Maybe the company sees the PUC granting increases to PGE and Pacific Power, and NW Natural decided they want their increase too."

CUB's initial analysis of their rate request raises a series of troubling issues.

Fairness. The company is proposing to raise rates to residential customers by 9%, while at the same time pledging no increase to industrial customers. CUB believes that if cost are really increasing (something we question) then all customers should pay their share.

Economic Development costs. The company is including costs associated with bringing natural gas service to Coos Bay. The company admits that that this service is not economic, but natural gas service in Coos Bay will help with local economic development. CUB does not oppose eco-

nomic development, but there is no authority under state law to tax customers throughout the state for economic development in a single community. Oregon has several economic development programs. Utility rates are not supposed to be used to subsidize economic development.

Gas Storage. The company is working to increase the amount of natural gas it stores underground. While gas storage has the potential

to keep rates down, NWN documents make clear that "excess storage" is used for unregulated natural gas trading. This is an activity that benefits shareholders not ratepayers.

Cost of Capital.

Since the company's last rate case the cost of capital (borrowing money) has fallen throughout the economy - from home mortgages to government bonds. Yet, NW Natural is asking the Commission to ignore this and grant them a sizable increase in their cost of capital.

It's clear that the company does not deserve an increase of this size. Over the next few months, CUB will be investing a significant amount of resources into analyzing an responding to this filing and working to ensure that Natural Gas rate do not show a significant increase.

It's clear that the company does not deserve an increase of this size.

CUB Works With Domestic Violence Groups For Phone Protections

Survivors of domestic violence face so many obstacles even after leaving the abusive relationship, maintaining phone service shouldn't be one of them. The Domestic Violence Council (DVC), a group working with domestic violence survivors in Lane County, found that often survivors had difficulty getting phone service in their own name or were hobbled by outstanding balances from accounts they'd shared with a former partner. Yet phone service is so important for safety reasons for these survivors.

The staff and volunteers at DVC propose giving domestic violence survivors certificates like those given to people with medical conditions that require access to phone service. The phone company is prohibited from shutting off service to customers with medical certificates. DVC believes a certification process like the one used for medical certificates could be established and would make a huge difference. CUB will work with the council to create a system and pass legislation to make this happen during this legislative session. For more information and how you can help, call CUB's Organizing Director Jeff Bissonnette at 503-227-1984.

Eugene and Lane County Ratepayers Get An Easy Way To Join CUB

When CUB was created by Oregon voters in 1984, the initiative included a funding mechanism that required private utilities to allow inserts in bills inviting ratepayers to join CUB. Every ratepayer in Oregon served by private utilities would have the opportunity to join. Unfortunately, the utilities sued over the requirement and won. The courts ruled that Oregon cannot require utilities to provide ratepayers with information about CUB. CUB has never had the chance to take advantage of this easy and inexpensive way to get information to ratepayers across the state about all CUB can and does do to represent ratepayers.

But fortunately, there are public utilities that recognize it's important for consumers to be able to fund their own representation in front of the Public Utility Commission and in the legislature. The Eugene Water and Electric Board (EWEB) and the Emerald People's Utility District (EPUD), which serves rural Lane County, have agreed to put a CUB insert in their bills in early 2003.

The inserts will be in EPUD bills in January and February 2003. EWEB will include inserts sometime in the first half of the year. Over 100,000 Oregonians will have the opportunity to join CUB and make sure that residential ratepayers have a voice at the PUC and in the legislature. CUB members can help out by encouraging friends and family who live in Lane County to join CUB when they get the insert. CUB members who are served by EWEB and EPUD can contact their board members and thank them for helping consumers.

The Bear Facts is the quarterly newsletter of CUB and the CUB Educational Fund.

CUB is

- * a nonprofit 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).

BOARD

President

John Patterson

Treasurer

Mark Wilk

Secretary

Laura Culberson

Members

Kevin Masterson

Steve Weiss

Doug Still

Joan Swanson

Will Calvert

CUB's board meets 8 times per year. For the next meeting date, check CUB's web site. A proposed agenda for each meeting will be posted at least two days prior to the scheduled meeting.

STAFF

Executive Director

Bob Jenks

Energy Program Director

Jason Eisdorfer

Organizing Director

Jeff Bissonnette

Development Director

Karen Jaffe

610 SW Broadway #308

Portland, OR 97205

(503) 227-1984 (phone)

(503) 274-2956 (fax)

E-mail: cub@oregoncub.org

web: www.oregoncub.org

CUB Continues To Be Concerned About A Pro-Utility Commission

Last summer, the Oregon Public Utility Commission (PUC) handed down a ruling granting PacifiCorp a \$131 million rate increase, despite CUB and the industrial customer groups demonstrating that the utility did not deserve the rate hike. It was the last straw in a series of decisions spanning more than a year where the PUC has favored utility interests at the expense of ratepayers. CUB is appealing this decision right now in state courts, but that's only one of many steps CUB is planning to take to make the Commission more responsive to the customers in Oregon and not the utilities.

CUB has been strongly critical of the PUC for the past year, demanding more attention to ratepayers. "The role of the PUC is to protect consumers against the power of monopoly utilities," noted Bob Jenks, CUB's executive director. "It is not clear that the current commissioners have taken that mission to heart."

As reported in CUB's last newsletter, CUB will be taking its case to the 2003 legislature to strengthen the consumers' hand in the ratemaking process. "There seems to be some doubt at the Commission about the authority the commissioners have to protect consumers," said Jenks. "If it takes an explicit legislative directive to define that authority, that's what we'll get." For example, the commission decided last year that it did not have the authority to consider 'rate shock' (the impact that a large increase will have on customers). Let's give them that authority and demand that they use it.

The 2003 legislative session starts on January 13, 2003. CUB will be there from day one to make sure that both the PUC and the utilities are accountable to consumers. If you haven't had a chance to sign up for CUB's Rapid Response Team to contact legislators at key points during the session, fill out the form below.

YES! I want to help CUB ...

- ☐ **By joining the Rapid Response Team. (Check all that you can do.)**
 - ☐ **I can write legislators.**
 - ☐ **I can make calls to legislators. My phone number is:**

 - ☐ **I can send emails to legislators about pressing issues (will be about once or twice a month). My email address is (please print:)_____**
- ☐ **I can volunteer in the CUB office (Portland area) an afternoon a month stuffing envelopes and helping to get mailings out to members. Please call me at:**

If you want to help, please clip (make sure to include your membership information on the other side of this page) and mail to CUB with the enclosed envelope.

CUB Keeps The Public Power Pressure On PGE

Portland General Electric (PGE) is Oregon's largest electric utility and its future owner remains in doubt. Since Enron, PGE's parent company declared bankruptcy and Enron's creditors announced that PGE would be put on the auction block, CUB has worked to make sure PGE's customers are protected. CUB supports a purchase by local government to make PGE accountable to PGE's ratepayers. Since PGE will be sold and ratepayers will be asked to pay back the cost of the purchase we ought to become the owners of the utility.

Once purchased by a local government, PGE would have lower borrowing costs, no federal income taxes and no shareholders demanding profits from ratepayers. This will lead to lower rates.

The City of Portland has stepped up to the plate and is pursuing purchasing PGE. CUB

has supported that effort while working to ensure that the day to day management and operation of PGE as public power entity would be done on a regional basis. CUB has been working with elected officials throughout PGE's service territory and other customer groups to keep these discussions on track.

Since our last newsletter, Portland officials announced that they had hired Goldman Sachs, an investment banking firm, to coordinate a sale of public revenue bonds to fund the purchase. CUB is encouraged by this next step in the process of making PGE public and protecting ratepayers. Depending on the progress of Enron's auction process, Oregonians should know the winning bidder for PGE in the first three months of 2003. Watch this space for more developments.

We at CUB would like to thank member Jessica Hergenrader for her tireless volunteer efforts this summer and fall.

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



RETURN SERVICE REQUESTED

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



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



January
2003

Board Elections

Vote for Your Representative on the CUB Board of Governors

Fred Huette

I'm Fred Huette, and am a candidate for the Board of Governors because of my long involvement in environmental and ratepayer issues, and because CUB's record of protecting consumers from utility excesses is unsurpassed. I have been a CUB member and active volunteer since it was founded.

I strongly support CUB's leading role in promoting a public purchase of Portland General Electric (PGE). We can clean up the mess left by Enron's bankruptcy

and establish one of the best utilities in the country. This is not a new issue for me — I came to Oregon in 1980 to help the campaign to create people's utility districts in 12 counties.

CUB has built tremendous credibility through saving millions of dollars in utility overcharges and protecting ratepayer rights. But CUB has also consistently promoted conservation and renewable energy. And CUB will be a leading voice against the national energy bill in Con-

Statement continues on next page.

Liz Trojan

My name is Liz Trojan and I am a candidate for the Citizen's Utility Board. I am a native Oregonian, a software engineer by profession, and a proponent of public power. The abuse that we Oregonians have suffered in the hands of Enron has given us the opportunity to move forward with public ownership of Portland General Electric. The health of our local economy depends on it. As Ken Canon, spokesperson for Industrial Customers of Northwest

Utilities state in his address before the Portland City Club this August, "These very high rates are crushing the local economy". Contrary to being anti-business, public ownership of PGE would actually create lower rates thereby improving the business environment. Above and beyond lowering our rates public ownership would allow us to promote a more environmentally friendly utility with an emphasis on conservation, and on clean, renewable energy sources.

Statement continues on next page.

Ballot for Congressional District #1

CUB Board of Governor elections are by Congressional District. Below is a list of candidate(s) for your Congressional district. Please vote for one candidate and return your ballot with the envelope enclosed.

☐ Fred Huette

☐ Liz Trojan

For your vote to be counted, you must be a member as 12/11/02 and you must fill in your name and address on the envelope with which you send your ballot.

Did We Get It Right?

If you're not a resident of Congressional District 1 -- or if your congressional representative isn't David Wu -- please write or call us with the name of your representative, and we'll send you the correct ballot. (Elections are only in Districts 1, 3 and 5.)

Fred Huette Statement continued:

gress that threatens both consumers and the environment.

I was a co-founder of the Northwest Energy Coalition and director of the Solar Oregon Lobby in the 1980s. My familiarity with utility operations and issues comes from 15 years working on conservation program evaluations for utilities in Oregon and many other states.

Currently I am active with the Sierra Club and the Alliance for Sustainable Jobs and the Environment. It's crucial to bring together consumer, environmental and labor forces to promote policies to develop clean, safe and affordable energy.

I want to help CUB move forward, and ask my fellow members for your vote. These CUB members have been generous enough to endorse my candidacy:

Maureen Kirk
OSPIRG*

Tom Novick
Chief Petitioner for CUB in 1984

Beverly Stein
Former candidate for Oregon Governor

Evan Manvel
1000 Friends of Oregon*

Rachel Shimshak
Renewable NW Project*

Jonathan Poisner

** Organizations for identification only*

Liz Trojan Statement continued:

I am one of seven chief petitioners for a People's Utility District in Multnomah County. We are looking forward to a PUD formation election in May of 2003. As soon as we make the ballot PGE will spend significant amounts of money opposing public ownership. In order to overcome PGE's spending blitz we will need to lead an effective campaign to educate rate-payers on the benefits of public ownership. I believe C.U.B can be an effective force in promoting public power and I want to help make that happen.



January
2003

Board Elections

Vote for Your Representative on the CUB Board of Governors

Kevin Masterson

My name is Kevin Masterson and I am seeking re-election to the Board of Governors of the Citizens' Utility Board of Oregon (CUB). I was an active campaign volunteer in 1984 when CUB was created to represent consumers. Since then, CUB has been very effective. I've been a CUB member for many years and have been on the board since 1998. I want to continue to be a part of CUB's long record of success.

Over the years, CUB has won many battles. Most recently, we defeated Enron's scheme to bring a California-like energy deregulation plan to Oregon. We stopped Portland General Electric and the Oregon legislature from collecting profits on the extinct Trojan nuclear plant. We were key in creating the Energy Trust of Oregon to make smart decisions about energy conservation and developing renewable energy. I'm proud of CUB's track record in protecting both consumers and the environment.

CUB faces challenging battles. We are very concerned about the Public Utility Commission's accountability to ratepayers. NW Natural is angling for a significant rate increase and CUB will be fighting to cut its request down to size. We are working for public power by supporting a public pur-

chase of PGE to extract it out of the Enron bankruptcy.

I want to be a part of meeting these challenges. I am proud to be endorsed by other CUB members who are also involved in good work, working with CUB to protect all residential consumers and preserve the environment. I ask for your vote to continue my service to CUB.

Maureen Kirk
OSPIRG*

Tom Novick
Chief Petitioner for CUB in 1984

Beverly Stein
Former candidate for Oregon Governor

Evan Manvel
1000 Friends of Oregon*

Rachel Shimshak
Renewable NW Project*

Jonathan Poisner

** Organizations listed for identification only*

Ballot for Congressional District #3

CUB Board of Governor elections are by Congressional District. Below is a list of candidate(s) for your Congressional district. Please vote for one candidate and return your ballot with the envelope enclosed.

☐ Kevin Masterson

For your vote to be counted, you must be a member as 12/11/02 and you must fill in your name and address on the envelope with which you send your ballot.

Did We Get It Right?

If you're not a resident of Congressional District 3 -- or if your congressional representative isn't Earl Blumenauer -- please write or call us with the name of your representative, and we'll send you the correct ballot. (Elections are only in Districts 1, 3 and 5.)