



The Bear Facts

Citizens' Utility Board of Oregon

Who Ya Gonna Call? CUB!

The world of telecommunications is wild and woolly. Consumers trying to figure out which phone to purchase, what services to use, and how much to pay are pretty much on their own to sort through and comprehend competing offers, confusing and complex price plans, and a bunch of technical gibberish that means little to the average person.

Now, compare that to a trip to the supermarket. At Fred Meyer or Safeway things like unit pricing and ingredient labels can help us make apples-to-apples comparisons among products, which we can use to make informed choices about what we purchase. So, what would it take to bring some of that clarity and sanity to the telecommunications market?

CUB has been working on just that issue, and we're getting ready to take some big steps toward bringing a little order to the telecom chaos. How? We're launching the Oregon Telecommunications Consumer Information Center! And yes, we realize that's not a very catchy name – more on that later.

Back in 2008, Qwest applied to the Oregon Public Utility Commission to implement what we called "a radical plan" to deregulate a broad range of telecommunications services. This came right after CUB and other consumer groups had beaten back a similar proposal in the 2007 Oregon legislature. Our analysis of Qwest's proposal showed that basic residential service would increase by more than 15%, and other services would go up even more. Needless to say, we weren't happy.

CUB took the bull by the horns and sat down at the table with Qwest and the PUC to negotiate. Finally, after a series of workshops and negotiations, we reached a settlement. CUB had gone into those

talks with three goals: 1) protect basic local service with no price increase; 2) protect unlisted numbers and a handful of other features which may be essential for safety reasons or financial hardship; and 3) help customers negotiate the maze of telecom pricing. Our settlement met all of those goals, and we encourage you to read the details for yourself, linked on our website.



Bob Jenks signs the agreement while Jeff Bissonnette looks on.

As part of the settlement, Qwest agreed to provide funding for an independent organization which would offer comparative pricing information on a broad range of telecommunications services. Everyone involved in the negotiations, including CUB, assumed that a university or some other public or nonprofit entity would be recruited to create and manage such a service.

By Summer 2009, despite several attempts to recruit such an entity, no organization had stepped up to the plate. It was suggested to CUB that if it was truly important to CUB that the center be started, CUB should look at whether it could manage the project itself.

Not wanting to let such an invaluable opportunity to protect consumers disappear, CUB did just that. We developed a draft proposal and began extended discussions with both the PUC Staff and Qwest. This led to an agreement by all involved that CUB was well suited to take on the project, and the PUC Commissioners agreed.

The Oregon Telecommunication Consumer Information Center will consist of an interactive website where consumers can get information about products, services and pricing. Users will be able to compare all of those options across various companies. Later we will add an information hotline to the OTCIC where consumers can call and get information from an actual person! (Because we hate automated recordings just as much as you do.) **Continued on page 4.**

From The Executive Director

Dear member,

Today, I have a break from settlement negotiations. PGE and Pacific Power are both seeking to raise electric rates by millions of dollars. As part of those cases, the utilities, CUB, the PUC staff and other intervening parties (such as industrial customers, Fred Meyer, Walmart, and the City of Portland) meet and attempt to settle the rate case or parts of the rate case. As we negotiate with utilities, CUB has several principles that guide us:

1. We have to keep rates as low as we reasonably can, and challenge the utility to operate its business within those rates. Utilities would like rates to follow utility costs – if costs go up, they believe that rates should automatically go up. CUB disagrees. We believe that a utility has a responsibility to manage its business within the rates that have been set. Resorting to increasing rates should only be considered when it's no longer possible for the utility to responsibly manage its business within the current rates.
2. We have to consider the long term impact of any settlement. Decisions in one case set a precedent for decisions in other cases. For example, a utility might suggest that we trade a higher profit margin for a lower interest rate on borrowed money. If we agree and a higher profit margin is established for one utility, other utilities will likely request that higher amount as well but without the trade-off of lower interest rates.
3. Residential customers should never be asked to subsidize industrial, commercial and irrigation customers. Sometimes specific customers or customers groups get involved with a goal of simply lowering the rates for them. Rather than focusing on keeping rates down for everyone, they declare that they will oppose any settlement unless it is agreed that their rates will be limited to a certain amount. Because residential customers are the largest rate category, this often means that those entities are demanding a subsidy from residential customers.

If we can keep rates as low as possible, while avoiding bad precedents and subsidies, then CUB is willing to settle cases. More often than not, we end up settling some issues in a case and litigating others before the PUC.

As I sit at the negotiating table with utilities, there is one thing that I am constantly aware of: this is not a game. I am negotiating with your money. With electric rates going up much faster than most people's income, every dollar added to rates is a dollar an Oregon family cannot spend on the things that it needs.



The Bear Facts is the periodic newsletter of CUB and the CUB Policy Center.

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CUB's board meets 8 times per year.

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CUB is a member of the National Association of State Utility Consumer Advocates (NASUCA) and the Consumer Federation of America (CFA).



What's CUB Working On This Summer?

The first half of this year has been very busy for CUB's program staff, and the summer looks to get even more hectic. Both PGE and PacifiCorp have filed general rate cases, and PacifiCorp has also filed its annual Transition Adjustment Mechanism [TAM], updating its power costs to the commission and asking to pass those on to customers where they can. The combined effects of PacifiCorp's rate case, TAM, and new surcharge for Klamath dam removal result in a proposed rate increase of roughly 21%. PGE's new proposed rates would increase by 7.4%. The first round of testimony has been filed in the TAM, and we will submit testimony in both general rate case filings in June. Our testimony will encourage the PUC to take a hard look at these proposed rate increases and will outline specific costs that the companies should not be allowed to pass on to ratepayers.

In addition to these large rate dockets, the electric utilities have several other open dockets that deal with smaller dollar amounts. PGE has filed to defer the costs of several new renewable energy projects, as well as the impact of anticipated increases in its pension expenses. Deferring an expense allows the utility to track the cost and add it as a surcharge on to rates next year. PacifiCorp also has open dockets seeking to defer the expenses of some pension expenses and renewable projects. We are contesting the proposed pension deferrals, and are monitoring the status of the renewable energy projects to ensure that the impact to residential customers is minimal. There are good renewable projects and renewable projects that are more expensive than they're worth. We don't want customers to get stuck paying for the latter kind.

Like the electric utilities, NW Natural has also filed to defer some of its pension expenses. CUB is strongly opposed to this particular proposal, as it directly follows a year in which NW Natural reported record earnings, and is a direct reaction to the PUC staff's filing of a deferral to make the company refund taxes that it collected from ratepayers but did not pay to the state.

On the telecom side, the merger of Frontier Communications and Verizon is nearly complete, with almost all affected states having issued their final orders. Another merger, the purchase of Qwest by CenturyLink, was announced in April, and the PUC will begin hearing the case this summer. We will, as always, work diligently to look out for the interests of ratepayers in this case, as it will affect customers of the largest and third-largest providers of phone service in the state.

Meet Our New Law Clerk

CUB is pleased to introduce our Spring/Summer Law Clerk Kevin Parks. Kevin, a practicing attorney, was born and raised in Kansas City, and went to the University of Kansas

(Rock Chalk Jayhawks!) before moving west to Oregon to study public interest environmental law.

During law school in Eugene, Kevin was an editor on the Oregon Review of International Law, served as Chief Justice of the University of Oregon Constitution Court, was a co-director of the Public Interest Environmental Law Conference, and served as a clinical attorney for the Lane County Public Defenders, Lane County Legal Aid and Advocacy Center, and the Western Environmental Law Center. He also worked as a law clerk in the Law Offices of Marianne Dugan, and in the Office of the Secretary of State.

Kevin spent summer 2007 working with the Wildlife Conservation Society in Kabul, Afghanistan, reportedly roaming mountain ranges, protecting wild sheep and snow leopard populations – and avoiding landmines.

Having graduated from UO Law School in May 2009, Kevin immediately took and passed the bar. Thanks to the recession he now ably fills our part-time law clerk position while seeking a permanent full-time energy law position.

Kevin reports that he is thrilled to be practicing in Portland and CUB is very pleased to have Kevin to help lighten the load!

CUB Counsel Attends The 2010 National Energy Efficiency Advocates Conference In DC

By Staff Attorney Catriona McCracken.

I was extremely fortunate to be invited to attend the 2010 National Energy Efficiency Advocates conference held in Washington DC in June. CUB and I are both very grateful to the Energy Foundation for their financial support in making my attendance possible.

The conference theme was "Accelerating Energy Efficiency Across the U.S." Presentations at the conference were thoughtful and well researched especially those given by Steven Nadell of ACEEE. His slides demonstrated both the prior uptake of nationally available energy efficiency opportunities and the future opportunities available if only we can motivate individuals, companies, cities and states and of course utilities to take advantage of them. And his slides showed that nationally uptake in 2007 was at about 2% of load. In Oregon we are now at more than 5%!

Other great sessions focused on regional issues and provided examples of local programs that make energy efficiency options available to small businesses, landlords and homeowners. But the highlights for me were the presentations made by two remarkable women - Gina McCarthy, Assistant Administrator Office of Air and Radiation USEPA and Kathleen Hogan, Deputy

PHONE CONT'D from page 1: We are also looking at the possibility of sponsoring several community-based workshops to bring the same information to towns and cities, across Oregon.

So, when will all this be happening? It started this month! On June 10th the Commission acknowledged the plan, and our lawyer began drafting a Request For Proposals for help designing the website. We hope to have the website up and operating by sometime this fall. The hotline will open a few months after that, and if there is a demand, the community workshops will start a few months later.

Now, lastly, about that name. The “Oregon Telecommunications Consumer Information Center” (OTCIC) – well, it’s a tad unwieldy, even bland and worst of all probably very forgettable. And yes, it’s boring! So we need your help.

What should we call this new creation? What would be an inoffensive, yet catchy name (and acronym) that would make a good domain name? Please send us your suggestions ASAP to cub@oregoncub.org. And thank you for your continued support. We hope that you will find the website and hotline to be very useful for you, your family and your business. Stay tuned to CUB Online for lots more news as this project develops.

And read more at www.oregoncub.org, including links to the PUC order!

ENERGY CONT'D from page 3: Assistant Secretary for Energy Efficiency Department of Energy. These two amazing women administrators are fired up to take energy efficiency to “full scale” for the reason that energy efficiency is the underpinning of the strategy to move forward on climate change.

So why, when energy efficiency saves consumers money, creates jobs, and is THE most cost-effective way of addressing

climate change, does uptake of energy efficiency opportunities in both the residential and commercial/industrial sectors lag in many states? Partly I think there is a need for additional education, partly there is a need for additional funding to offset individual funding expense issues and partly we need to get used to the idea of boasting about how little energy we use rather than boasting about the new energy hogging gadget that we just bought!

One message was loud and clear from all of the speeches: we need to do all of the available cost-effective energy efficiency changes now! So how do we “scale up”? The answer is that we have to build appropriate human and technological infrastructure to make energy efficiency happen. There need to be teachers to shape policy and technical courses on energy efficiency. There need to be advocates to get the word out. There need to be certified Energy Efficiency Evaluators to tell us what we need to do to our various buildings. There need to be Energy Efficiency Engineers and Technicians who can help us install the fixes our buildings need to be more energy efficient. And the win-win, in all this? We can work to save the planet and at the same time provide living wage jobs.

Ah, you say, but where is the money to come from to get such projects off the ground? The answer is that there are currently multiple sources of funding, federal funds, state funds, foundation grants and various other new forms of creative locally based financing to help us but we have to strike now while the iron is hot. And in Oregon we have! In Oregon we are ahead of the curve. In Oregon we have the Energy Trust of Oregon (ETO) whose main mission is promotion of Energy Efficiency and that’s why Oregon is at 5%. So let’s take advantage of this wonderful local resource and get out and educate ourselves on what more we as individuals can do for energy efficiency. Let’s all call the ETO!

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