PGE sticks to set rates

State demands customer repayments

By GREG WASSON
Of the Emerald

SALEM — Twenty state legislators demanded Tuesday that Public Utility Commission (PUC) head Charles Davis return to Portland General Electric (PGE) customers about $1.5 million the legislators claim was collected illegally.

The charge concerns the time between Dec. 7, 1978 and Jan. 25, 1979. On Dec. 7, Ballot Measure 9, which prohibited utilities from including construction costs of new plants in their rates, took effect. But it wasn't until Jan. 25 that new rates were approved.

"The voters wanted those charges removed from their bill," says Rep. Rick Bauman, D-Portland, "and they should have been removed on Dec. 7."

The measure passed with 69 percent of the vote statewide. In Lane County it garnered over 70 percent.

According to a press release issued Tuesday morning, Davis told the legislators that he "has no plans to refund or credit the overcharges."

Assistant PUC Commissioner Frank Dillow answered the complaint by explaining how rates are set.

"Once an allowed rate of return is set, the company operates at that rate level as long as it is reasonable, basically until the next rate case."

The last rate change previous to the January one was about 15 months ago. Dillow explains that rate hearings were already underway when the measure passed.

"We reopened the record and the included testimony on the impact of the ballot measure and used that as part of the decision issued in January."

Dillow predicts that the new rate of $1.80 per 1,000 kilowatt hours would have been higher had Measure 9 not passed. But, he says, any adjustment had to come according to schedule.

"It would be illegal, in our view, to turn back the clock and issue rebates. We can't do that as long as the rates are within the reasonable allowable level set by the commissioner.

"I'm fairly sure they are out, but sometimes you complain about apples and they come back as applesauce."

Dillow admits that the new rate still reflects some of the costs of future plants. Passage of Nine forced removal of over $600 million from the figures used to set rates. The elimination prompted the company to borrow additional money, making it a higher risk for investors.

The rate formula allows a utility to get a "reasonable rate of return" from its customers (currently about 13 percent) and with the additional risk, the PUC concluded that the rate needed to be higher if PGE was to attract capital.

As Dillow explains it, "The rate payers are paying an increased rate of return to the stockholders due to the increased level of debt."

Bill may add PUC members

By JACK CONDLIFFE
Of the Emerald

A bill to expand the Public Utility Commission from one to three members has been introduced in the Legislature by Reps. Billy Grannell, D-North Bend, and Bill Markham, R-Riddle.

Grannell and Markham have introduced HB 2323, which calls for a broader range of individual involvement in decision-making and increases public participation in PUC ratemaking.

"There is a feeling that there is too much power in the office," says Monty King, Grannell's legislative assistant. "There's no accountability."

King says a three member PUC would represent a broader part of Oregon, and would expand the listening abilities of the commission.

Gov. Vic Atiyeh supports the concept of the larger commission for the same reasons as Grannell and Markham, though he has not specifically endorsed HB 2323.

The governor feels it is better not to have all the decision making in the hands of one individual, says Atiyeh aide Denny Miles. Miles says a larger commission would also provide more of a variety of ideas on how to deal with utility issues.

"There is a better chance they won't be headed down one dead end road," Miles says.

Outside the legislative arena, the bill has not generated either support or opposition.

Public Utility Commissioner Charles Davis is aware of the bill, according to his representative, Joanne Hower, but he does not intend to take any position on it.

Portland General Electric public information officer says the company is not enthusiastic about the bill and has a wait-and-see attitude pending further study of the bill's effects.

Oregon Student Public Interest Research Group director Bill van Dyke says he thinks the bill is a red herring on the issue of improving public participation and will have little effect.

Van Dyke says what is needed is Public advocacy before the PUC during ratemaking hearings, a proposal former Gov. Bob Straub opposed even though federal funds were available for public advocacy staff.

"The public just can't compete in terms of resources with the private utilities, and even the public utility commissioner has a tough time preparing his cases," van Dyke says.

He says OSPIRG will be concerned with creating some form of public advocacy within the PUC, rather than the actual form of the PUC.

State nursing homes hurt the most needy

By DANA TIMS
Of the Emerald

SALEM — The average patient in Oregon's nursing homes is 79 years old, female, takes 13 drugs, has three or more chronic conditions, lives on a sub-poverty income, is in need of dental care and has no relatives to whom she can turn, the spokesperson for several senior's organizations testified Tuesday.

To worsen the problem, said Cecil Possey, "Many nursing homes offer mediocre or improper care."

Possey, who spoke at an informal hearing of the House Aging Committee, represents United Seniors 1979, the National Retired Teachers Association and the American Association of Retired Persons of Oregon. These three organizations, he said, represent 170,000 of Oregon's 370,000 seniors.

"We have not taken care of retirement for women," Possey told committee members. "They're the ones who are having the roughest times in nursing homes."

If a woman is confined to a nursing home and her husband remarries, Possey claimed, she loses all of her social security benefits, even if she worked all her life and contributed thousands of dollars to Social Security.

Women, Possey noted, constitute more than 70 percent of the 13,000 patients in Oregon's 190 nursing homes. Of all nursing home patients, he added, 55 percent are on public assistance.

According to a legislative interim task force report, Possey said, more than 90 percent of Oregon's nursing home patients are in "immediate and drastic" need of dental care.

"I was shocked by that figure," Possey admitted. "I asked a nursing home administrator in Multnomah County about it and he said it was correct. He told me that all money appropriated for dental care programs in Oregon goes to children."

Currently, he stated, it is "common practice" for nursing homes to evict patients who can't pay their bills, which might "easily" exceed $1,000 per month.

He mentioned a recent incident in which a nursing home settled out of court with the family of an elderly man who died after being booted from an intensive care facility.

Some nursing homes, he said, refuse to accept welfare patients. The reason, Possey claimed, is that such facilities receive only about 70 percent state reimbursement for accepting and caring for welfare patients.

Private patients end up paying for those on welfare because nursing homes pass along the uncollected amount to them in the form of higher rates, he stated. While an average monthly bill last year was $819, Possey said, that figure will top $1,000 this year.

"Those who can initially afford to pay their own bills soon end up exhausting whatever funds they had and become welfare patients themselves," Possey said.

He also pointed to high turnover rates among employees as a major problem in Oregon's nursing homes. "No business could last very long with administrators turning over at a rate of 300 percent a year," Possey noted.

"These problems are not going to go away," he concluded.

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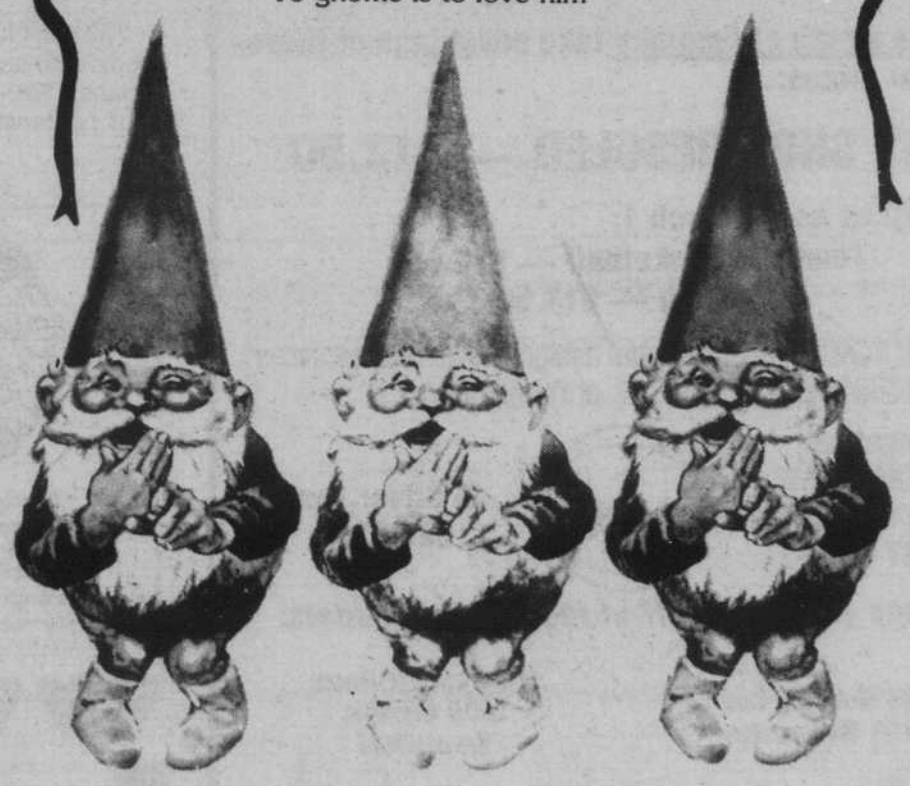

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