

# DeFazio criticizes deregulation at panel debate

■ Peter DeFazio, Philip Romero and Randy Berggren weighed in on the energy crisis in a panel discussion

By Hank Hager  
Oregon Daily Emerald

Even if California's energy deregulation had been done perfectly, the situation would still be the same, U.S. Rep. Peter DeFazio, D-Ore., said Monday night while participating in a panel discussion at the Eugene Water and Electric Board.

More than 100 people from the University and the Eugene community attended the panel discussion, "Unplugged: California's Energy Deregulation and Its Impact on Oregon and Our Legislation," sponsored by the University Alumni Association. Philip Romero, dean of the Charles H. Lundquist School of

Business, and Randy Berggren, general manager of EWEB, also spoke during the discussion.

DeFazio, who is a member of the House Resources Committee in the U.S. Congress and a critic of the California deregulation, said one aspect of energy production that deregulation has seriously affected is efficiency.

"If you were in a regulated utility market, you have to provide 99 percent efficiency," DeFazio said. "In a deregulated market, you don't have to do that."

He said the United States has had a history of providing the reliable and least expensive energy in the world.

"So what was the problem we were trying to fix?" he said.

DeFazio said that in 1999, Oregon paid a total of \$7 billion for its energy. In 2000, the price rose to \$27 billion, and this year's estimate is al-

ready at \$70 billion.

He said that if energy prices increase at the same rate in the future, Oregon residents will be paying more for energy than for their mortgages.

Romero, who served as California's chief economist during Pete Wilson's term as governor, said California based its deregulation on theory. But what happens in theory, he said, may not always happen in reality.

"The notion was that if generation was open to choice, and people could choose their own suppliers, prices would drop and service improve," he said.

But, he said, this has not happened. The original deregulation plan should have allowed for a price war, which would have dropped the rates that customers pay and helped California overcome the recession it had become mired in during the early 1990s.

Romero said that in 1996 a modified deregulation plan was passed that imposed price caps on the retail level, which is what customers pay to the suppliers. However, he said, no price cap was set at the wholesale level, which made it tougher for energy companies to make a profit.

"The critical stumbling block behind deregulation was that the compensation to power companies was much less than what they were coerced to pay," he said. "Assets were a lot less than what the companies paid for them."

Unlike DeFazio, who does not favor deregulation, Romero said it should work if done properly.

Berggren, who has been general manager of EWEB since 1990, said the price increase was something that began in March 2000 but was unforeseen. Prices skyrocketed and are still climbing, he said.

"This kind of market just kept going and going," he said.

He said EWEB normally keeps \$4 million in reserves for unpredictability in prices, and in past years the reserve would be enough to last an entire year. But now, he said, the same amount of money will last only one week.

"That's a radical shift in the way you think and in your approach," he said.

Berggren said the drought that Oregon is currently suffering and a shortage in the supply of energy have also affected the price of energy.

The current rates for energy, he said, are twice as much as Oregon residents had been paying 12 to 18 months ago.

"I don't believe we'll ever see rates that we were used to seeing again," he said. "I feel like I'm learning this business all over again."

## Economics

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come, it should realize a bright future."

Tachouet said one risk involving electronic cash is the possibility of a firm's assets dropping below its liabilities. For example, he said an electronic cash firm is not required to hold deposits it takes in, so the money is not always there.

"Say I have \$2,000 of a firm's e-cash," he said. "They have a \$2,000 liability to me, so they owe me \$2,000."

In addition to other risks common to all Web sites, such as software incompatibility and Internet failure, Tachouet said there is also a risk of fraud when dealing with electronic cash.

"With e-cash, firms have access to credit cards and checking account numbers," he said.

While technology offers several new opportunities for consumers, others think regular cash is still the most popular way to make purchases.

Hank Hoell, executive vice president and chief operating officer of LibertyBank, said he doubts tech-

nology will create a "cashless, checkless society" anytime soon. He said the idea of replacing money with cashless technology was first introduced in 1975 and was predicted to happen well before the millennium, but he said this has obviously not happened.

"There's more cash and checks today than there has ever been," he said. "ATM machines are everywhere, so what does that say about less cash?"

Hoell said the Internet and other types of technology are designed for ease of use and to make cash and checks less popular. But, he said, he expects the use of cash to remain steady for at least several more decades.

"If cash becomes less prevalent, I think it will happen slowly," he said.

Economics Professor Jo Anna Gray said she is excited about today's technological economy and isn't worried about the future of paper money.

"I don't think we're becoming cashless," she said. "I think we're seeing cash transformed."

The idea of cash should not be

## Banking and the Internet

Of community banks:

- 75% have Web sites, up from 55% a year ago
- 77% cite offering Internet banking services as important to their continued success
- 86% agree that customers want Internet access to their accounts
- 36% plan to accelerate the development of Internet banking services within the next year

Source: <http://www.CyberAtlas.internet.com>

Sean Graf Emerald

limited to coins and dollar bills, Gray said, but should instead include anything that can be used for transactions, including department store gift cards and phone cards.

"It really has to do with what you think of as cash," she said. "Just one meaning is too limited of a definition."

Gray said she uses her debit card and online banking a great deal more now that the opportunities ex-

ist, one reason being because she doesn't have to bother with writing checks as frequently. However, she said the technology can be intimidating for people to get used to.

"Even professionals with computers at home and work may face a bit of a struggle in getting used to doing transactions online," she said. "But I think most people are finding it much more convenient."

## Frohnmayr

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do," he said.

Along with Frohnmayr, two University students — freshmen Jason Clark and Amaury Sarmiento — were initiated into the house.

Clark, a business major, said taking his vows with the University

president was an unforgettable experience.

"It was a night to remember," he said.

Fellow initiate Sarmiento, an education major, said he was glad Frohnmayr decided to join the house as well.

"He's a great guy," he said. "I think him being greek now has great significance on this campus

and around the country."

Benton agreed, adding that Frohnmayr's decision to join the fraternity is not just important to the Delta Upsilon house, but also to the Greek System as a whole.

"It was a great thing for Delta Upsilon, and an awesome thing for the greek community," he said.

Upcoming Greek Week events include the Smoker on Tuesday

and Anchor Splash on Wednesday.

The Smoker, a boxing tournament to benefit the YMCA Big Brother/Big Sister program, will begin at 6 p.m. at McArthur Court. Anchor Splash, in which Greek representatives will compete for the title of Mr. and Ms. Anchor Splash to raise money for Aid to the Blind, will begin at 7 p.m. in the EMU Ballroom.

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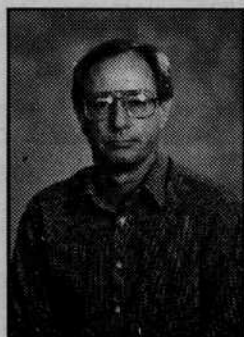
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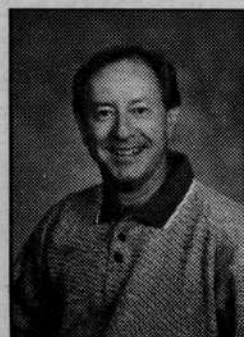
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