CFA
news news news news news
consumer federation of america

Washington, D.C. October, 1974

Consumers are "forgotten victims" at Inflation Summit

As President Ford held his Economic Summit in Washington, D.C. on September 27-28, consumer advocates held a press conference to focus public attention on the fact that consumers are the Administration's "forgotten victims of inflation."

Throughout the Economic Summit and the series of presummit meetings that led to it, consumer participation was limited to a token level. In fact, the Conference on Inflation became a sounding board for money oriented special interests.

Joining in the press conference were such widely known consumer advocates as Ralph Nader, Betty Furness, Esther Peterson, president of National Consumers League; Rhoda Karpatkin, executive director of Consumers Union; Ellen Zawel, president of National Consumers Congress and Carol Tucker Foreman, executive director of Consumer Federation of America, who chaired the meeting.

Carol Tucker Foreman, CFA's Executive Director speaks out for consumers at the Natural Resources, Recreation and Environment Conference on inflation in Dallas. Other participants shown here (l. to r.) are Wesley Steiner of the Colorado River Basin; E. W. Littlefield, Chairman of Utah International, Inc. and Rep. Craig Hosmer (R-Calif)

In her opening remarks, Ms. Foreman delivered a statement which was jointly prepared. In it, she outlined the extent of industry dominance and consumer neglect that permeated all levels of the conference. The text of the message follows:

"As a variety of special interests crowd around the economic summit table, American consumers are largely unrepresented. With a total constituency of 210 million, consumers have been reduced to only token representation—a few voices at each presummit meeting, a few brief moments today and tomorrow. The conference on inflation has, for the most part become a sounding board for money-oriented special interests.

"The extent of industry domination at this meeting on inflation makes it clear that American consumers are the Ford Administration's "forgotten victims" of inflation. Consumers have no special interest unless it is survival. Too many cannot afford to feed their families. Too many cannot afford the exorbitant interest rates which would find them adequate housing. Too many have sacrificed rainy-day savings in order to continue to exist at a decent level in today's world. They live in constant fear that an emergency will arise to totally destroy what is left of their family's financial stability.

"These overwhelming problems, shared by consumers in every part of the country have been given but token consideration during the pre-

Continued on page 5

Senate kills Agency for Consumer Advocacy bill for 1974

On Thursday, September 19, supporters of the Agency for Consumer Advocacy (ACA) bill fell two votes short in their fourth attempt at breaking the Senate filibuster, and this crucial piece of consumer legislation died for this session of Congress.

The final Senate vote was 64-34, but that wasn't enough to get the two-thirds majority needed to invoke cloture. Consumers picked up two key votes, those of Senators George Aiken (R-Vt) and Ted Stevens (R-Alaska). However, Senator Milton Young (R-ND) switched and opposed cutting off debate after supporting that move in August.

Senator Edward Kennedy (D-Mass), arrived on the Senate floor just ten seconds too late to cast his yea vote. His tardiness, which was due to a technical timing error in the Senate's bell system, prompted discussion of an unprecedented fifth cloture vote.

After a week of deliberation, Senate sponsors Abraham Ribicoff (D-Conn), Charles Percy (R-Ill) and Jacob Javitz (R-NY) decided against another cloture vote when they learned that Minority Whip Robert Griffin (R-Mich) had persuaded several Republican Senators to switch their support.

Senator Griffin played another key role in the bill's defeat. CFA learned that he convinced President Ford to remain neutral on the bill.

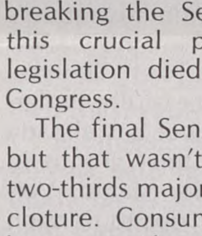
This promise of neutrality delayed a White House meeting between the President and consumer leaders (see related story on this page). The Senate opposition felt that such a meeting would give the appearance that President Ford was supporting the bill.

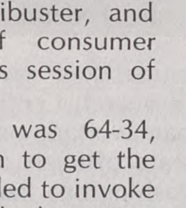
CFA's executive director Carol Tucker Foreman, places much of the blame for the bill's defeat on the President's failure to take an affirmative stand. "Consumers regard Mr. Ford's silence as a slap in the face," she noted. "His endorsement of the bill would have broken the filibuster. Yet he did not say a word. The ominous silence from the White House was a major cause of the legislation's defeat."

Ms. Foreman further noted that it is quite clear that pressures from big business altered the President's thinking on the ACA bill. The record shows that Mr. Ford knew the bill well. He supported it in 1971 on the floor of the House of Representatives and he voted against an attempt to weaken the effectiveness of hte proposed agency. While he was Vice President, he told a GOP Boosters Club meeting in Chicago that he would have voted for the weaker House-passed version if he had still been a member of Congress last April. It appears that a funny thing happened to Mr. Ford on the way to the White House.

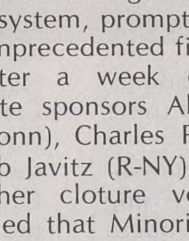
Continued on page 6

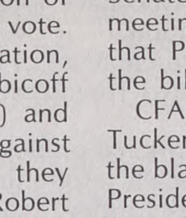
● ● ● ● ● MURDERER'S ROW ● ● ● ● ●

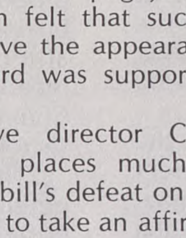

Sam Ervin (D-NC)

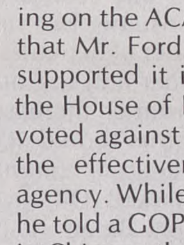

James Allen (D-Ala)

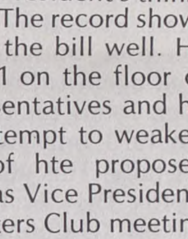
SUCCESSFUL FILIBUSTER LEADERS IN 1972 & 1974


Milton Young (R-ND)
CONSUMERS' BENEDICT ARNOLD


Robert Griffin (R-Mich)
MADE SECRET WHITE HOUSE DEAL


Barry Goldwater (R-Ariz)


Peter Dominick (R-Colo)


Henry Bellmon (R-Utah)

Up for re-election

Congress ranked on consumer voting records

With elections only one month away, Consumer Federation of America has identified 13 consumer crushers who are facing tough re-election contests. This list of two Senators and 11 Representatives is composed of those Congressmen who failed to cast a single vote in the best interests of consumers during the current session of Congress. All Representatives come from marginal districts (those in which the incumbent received less than 55% of the vote in the last election).

Heading the list are Senators Peter H. Dominick (R-Colo) and Henry Bellmon (R-Okla). They are joined in the House by William L. Dickinson (R-Ala), John B. Conlan (R-Ariz), John H. Rousselot (R-Calif), William T. Ketchum (R-Calif), David C. Treen (R-La), Robert E. Bauman (R-Md), Robert J. Huber (R-Mich), David Towell (R-Nev), Edward Young (R-SC), Robert Price (R-Tex) and Robert W. Daniel, Jr. (R-Va.)

"Each of these elected officials has eagerly sacrified the needs of his constituents to satisfy a small number of business barons," charges Carol Tucker Foreman, executive director of CFA. "In an election year it is especially important to let the voters know which candidates are truly concerned with their problems and which are buddies of powerful corporations. We singled out 13 members of the Congress who have tough re-election contests because we want their constituents to be aware of this inexcusable consumer neglect when they cast their ballots."

House support decreases

Unfortunately, there are an additional 47 Representatives who never voted for the consumer this year. On the Senate side, five other Senators who are up for re-election have pro-consumer ratings of less than 50%. They are Barry Goldwater (R-Ariz) 0%, Robert Dole (R-Kans) 11%, Marlow Cook (R-Ky) 44%, Milton Young (R-ND) 33% and Mike Gravel (D-Alaska) 44%.

On the whole, the U.S. Senate showed a slight increase in its level of support for the American consumer thus far in 1974. Of eight key issues which came before them this year, a majority of Senators voted for the consumer five times. At the same time, both the number of Senators who never voted against the consumer and the number who never voted for the consumer increased.

In 1973, only two Senators scored 100% on the CFA tally. This year 13 Senators compiled perfect records. They are Floyd Haskell (D-Colo), Abraham Ribicoff (D-Conn), Joseph Biden (D-Del), Adlai Stevenson, III (D-Ill), Dick Clark (D-Iowa), Harold Hughes (D-Iowa), William Hathway (D-Maine), Edmund Muskie (D-Maine), Edward Brooke (R-Mass), Lee Metcalf (D-Mont), John Pastore (D-RI), Claiborne Pell (D-RI) and William Proxmire (D-Wis).

Last year only 7 Senators never supported the consumer. In 1974, this group has increased to 11. They are Senators John Sparkman (D-Ala), Barry Goldwater (R-Ariz), Peter Dominick (R-Colo), Edward Gurney (R-Fla), Russell Long (D-La), Carl Curtis (R-Neb), Jesse Helms (R-NC), Henry Bellmon (R-Okla), Bill Brock (R-Tenn), William Scott (D-Va) and Clifford Hansen (R-Wyo).

The record of the House was quite comparable to the Senate. Of 13 key votes, the majority of members supported the consumer on eight. Perfect scores on behalf of the consumer were compiled by only 9 members of the House, a drop from 47 last year. A staggering 55 members failed to cast a single pro-consumer vote. This is an increase from 29 last year.

"In this time of skyrocketing inflation, when consumers are worried about being able to obtain even the basic necessities for themselves and their families, it is just incredible that House support diminished to this degree. If consumers are feeling insecure about the government responding to their needs, their worries and fears are indeed justified," Ms.Foreman noted.

Absent advocates named

A number of Congressmen never voted against the consumer, but due to absenteeism, did not score 100%. These absent advocates and the number of votes they missed are Edward Kennedy (D-Mass) (1), Jacob Javits (R-NY) (2), Bob Packwood (R-Ore) (2), Howard Metzenbaum (D-Ohio) (1), Gaylord Nelson (D-Wisc) (1) and 13 Democratic Representatives from 6 states.

Ms. Foreman summarizes, "Although the House passed the most important piece of consumer legislation of the decade, the Agency for Consumer Advocacy Act, neither House of Congress did much to protect the consumer from rising prices and the growing monopolistic power of industry. We hope voters throughout the country will study the records of their members of Congress on the key consumer issues of 1974 including the Agency for Consumer Advocacy Act, oil price rollbacks, real estate settlements costs, auto safety, no-fault auto insurance, Federal Trade Commission appropriations and broadcast license renewals. The CFA voting records make clear which members of Congress are supporting consumers and which have sold out to big business."

A copy of CFA's voting record is available for 50 cents from consumer Federation of America, 1012 14th St., N.W. Washington, D.C. 20007.

FTC leaks secrets to food industry

Federal Trade Commission leaks of confidential advertising proposals to food industry representatives have prompted the Consumer Federation of America to demand equal access to these documents for consumers.

A formal request, under the Freedom of Information Act was made to the Federal Trade Commission September 12 after CFA learned that business groups have obtained copies of the proposals. According to published reports these business groups, who have long opposed strong, affirmative nutritional disclosures have been meeting with representatives of the FTC, including Commissioner Mayo Thompson, to discuss these secret drafts.

"The FTC's nutritional proposals have explosive potential to drastically reform the food advertising business as it exists today," comments Elizabeth Langer, Legislative Director of CFA. "Instead of using promotional gimmicks aimed at sex appeal, insecurity or false promises, advertisers would be required to sell food products on their nutritional merits."

CFA charges that these FTC leaks have enabled affected business interests to weaken the proposals substantially through secret negotiations with no consumer representation. "All we are asking for is equal access to these proposals which are so vital to consumers in this time of double digit inflation," Ms. Langer added.

The American public has an enormous stake in obtaining these drafts before they become meaningless industry dominated propaganda.

CFA, is joined in this request by Consumers Union, publishers of *Consumer Reports*, National Consumers League, National Consumers Congress, Center for Science in the Public Interest Federation of Home Makers, Virginia Citizens Consumer Council and Maryland Citizens Consumer Council.

George Myers—
New CFA President

Myers named CFA president

George E. Myers of Washington, D.C. was named President of Consumer Federation of America (CFA) by CFA's Executive Committee on September 4 to fill the unexpired term of Mrs. Esther Shapiro. Mrs. Shapiro resigned after being named head of the Consumer Department of the City of Detroit. Myers will serve until CFA's annual meeting in January 1975.

Myers was one of the founders and incorporators of CFA and has served as a vice president since its founding in 1968. He is Public Relations Director in the Washington, D.C. office of the Credit Union National Association, Inc.

He edits CUNA's largest publication "Capital Comminique", writes the Credit Union Magazine feature "Capital Events", and handles numerous other Washington news-writing assignments for CUNA. He also edits "Alert", the defense Credit Union Council publication, and serves as executive secretary of the Council.

Born and raised in Illinois, Myers attended the University of Illinois and was graduated from its School of Journalism in 1933. He has done graduate study at the University of Wisconsin and the University of Virginia. He served as editor of a number of Illinois newspapers from 1933 to 1940, when he became publisher of his own newspaper.

Myers, a widower, resides in Vienna, Virginia. He has three daughters, Ellen, 25; Susan, 23 and Laura, 21.

Douglas Center begins state energy survey

The project to design a model consumer affairs system for he Federal Energy Administration's network of State Offices of Petroleum Allocation (SOPAs) undertaken by CFA's Paul Douglas Consumer Research Center is successfully underway. The team working on the project has already met with state officials and consumer groups in Oregon, Washington, Pennsylvania, Maine, Vermont, New York and Connecticut. Trips to thirteen other sites are planned for the near future.

CFA's Paul Douglas Center has hired a new staff member as part of the team for this project. She is Sarah Wald, a 1974 graduate of Brown University with honors in American Civilization. A native of the Washington, D.C. area, Sarah has worked with several consumer oriented organizations, including Ralph Nader's Congress Project.

Sarah feels that the Paul Douglas center project is filling an often neglected need to create ways in which to assure that those on fixed and low incomes are assured of receiving at least a minimal supply of home heating fuel. "This winter may be a much tougher one than anyone in the Federal government now wants to admit," she noted. "Data on energy problems, especially those of the poor, is extremely inadequate. I hope that our project will help remedy this by documenting some of the very serious problems which do exist, and by providing both FEA and SOPAs with workable suggestions to alleviate some of these consumer energy problems."

Special Report

Environmentalists and consumers—allies not adversaries

by Edward Berlin

In the past it has been popular sport to carve breeches between "environmentalists" and "consumers" as if each of us neatly fit within one category or the other. Without belaboring the obvious—including the undeniable fact that each group, if indeed it be differently composed, shares the common struggle of endeavoring to introduce new voices into our critical public policy decision making processes—there is one area in which our mutual objectives merge: with respect to electric utility pricing.

Consumers are properly distressed over the seeming insatiable utility appetite for rate increases. Environmentalists are properly distressed over the apparent inefficiencies inherent in current pricing structures and consumption patterns. Indeed, no one appears content with the present situation. Notwithstanding annual rate increases, utilities are experiencing an erosion of their earnings. This in turn is impacting their bond ratings and the attractiveness of security issues. The investment community has responded with an understandable loss of confidence which in turn drives up the cost of money to this capital intensive industry. And regulatory commissions, which increasingly are being staffed with persons of heightened sensitivity and public dedication, are left frustrated by the seeming hopelessness of their tasks.

Consumers and environmentalists have a stake in preventing pollution. (E.P.A. Documerica—Marc St. Gil)

Need innovative rate structure

For some time now the Environmental Defense Fund has been committed to the view that much of the electric power industry's current and future difficulties could be ameliorated through the invocation of revised rate design metrodologies and to this end EDF has pursued corrective modifications in regulatory proceedings on both the state and federal level. The modifications, which we are convinced serve the mutual interests of customers, environmentalists, utilities, their investors, and regulatory commissions, are particularly necessitated by the changing posture in which the industry now finds itself.

In previous decades the industry and its consumers stood to gain through the promotion of increased consumption. That was because of the availability of economies of scale. It was not only cheaper on a unit basis to build a larger than a smaller plant during any particular point in time, there was every reason to believe that on-going technological advances would make tomorrow's generation capacity cheaper than today's. That being the case, consumers were benefited by growth for it permitted utilities to build newer plants and thereby to lower their average system-wide cost of capacity.

Today, economies of scale appear to have bottomed out. While it still may be cheaper to build a larger than a smaller plant the future does not promise to be one of decreasing costs. It is not even clear that it is cheaper today to build very large as opposed to moderately sized plants. For larger plants have had demonstrated reliability problems and magnify the need to maintain significant reserve margins.

Second, the nature of electric loads has changed significantly over the past several years. It was assumed during the 50's and the 60's that added per capita consumption would permit fuller use to be made of available capacity thus resulting in a greater spread of fixed costs. Today, any such assumption would appear fallacious. Growth in consumption is not resulting in the improvement of utility system load factor. It is, in fact, generally resulting in its worsening as more and more of the added load is occasioned by weather sensitive uses.

Obviously if load grows but load factor worsens the economic costs are considerable. A utility must build sufficient capacity to meet its anticipated peak system demand. If the peak demand is a spiked one, if full capacity is required for but a few hours or days a year, consumers will be required to absorb the fixed costs of idle plants. Moreover, new capacity is capital intensive. For this reason utilities have been understandably concerned about inflation. It follows that every effort should and must be made to minimize the need for new capital.

Major environmental problems

Sharp system peaks also present serious environmental or societal problems. First, capital must be committed to capacity, the use of which is required only infrequently. Second, scarce land resources must be dedicated to mammoth generation and transmission facilities necessarily wasting natural resources. Third, the problem of fuel scarcity is exacerbated. A utility, properly managed, will utilize its most efficient capacity first. As load increases it is required to rely upon increasingly less efficient units to the point where, on peak, it generally is required to utilize fuel-consumptive thermal plants. In large measure it has been the use of those units, with their high fuel costs, that has resulted in exceedingly high consumer bills of late as the cost of fuel automatically is passed on to consumers through operation of the fuel adjustment clause.

Cost-based rates used

The Environmental Defense Fund became convinced that if rates were redesigned consistent with accepted economic principles the efficient utilization of electricity would result. The accepted principle cannot be refuted: simply stated it is that rates to the consumer must be cost-base. That is, efficiency will result if the consumer is required to pay the full cost associated with supplying the particular service which he demands. At present electric rates utilized in this country are not cost-based. In some cases consumers are charged too much; in other cases they are charged too little. Last year consumers were told that rate increases were necessary because consumption increased. This year consumers are being told that rates must go up because consumers—in response to our national energy problem—have conserved. The situation would be comical were it not so tragic and perverse. It is brought about precisely because the rates that are charged are not cost based. If rates were cost-based utility earnings would largely be indifferent to consumption idiosyncracies for if consumption increased the rates collected would cover the utility's added cost and if consumers conserved the utility would enjoy cost savings which would offset any loss in revenues.

The most significant defect in current rate schedules is that they disregard the *time* of consumption. Because a utility must add plants to satisfy its peak demand, because it must utilize its most inefficient units in meeting that demand, it costs a utility and society far more to supply service that is demanded at the time of system peak than it does to supply precisely the same amount of energy off-peak. Rates schedules,

Continued on page 4

Consumer allies, from p. 3

however, generally do not distinguish between on and off-peak consumption. Instead they focus on irrelevancies such as whether the consumer is a residential, or a commercial or an industrial consumer or consumes 1000 or 2000 kilowatt hours during a monthly period. If a utility is called upon to serve an additional kilowatt hour at the time of its peak demand, it makes no generation cost difference whether that kilowatt hour is demanded by a residential or industrial customer. (There may be transmission or distribution cost differences, but they should not be major). Yet the price charged for that service will depend upon the customer's classification. Similarly, no conclusions can be drawn as to the unit cost of serving a 1000 kwh customer as opposed to serving a customer who demands half that amount each month. The critical fact remains the *time* of consumption.

As a society we cannot ignore the steady erosion of system load factors. Consumers will permit a utility to maximum efficiencies only when proper price signals are provided. If rate schedules are indifferent to patterns of consumption, so too will consumers be indifferent.

Time-of-day or peak-load pricing is the answer. It would charge each consumer the marginal cost of serving the particular load he imposes on the system. A very high price would be charged during hours of peak consumption (which for a typical utility would probably number several hundred hours a year); a greatly reduced price would be charged for off-peak consumption reflecting the fact that additional off-peak consumption costs the utility very little.

The advantages are several. First, since prices are patterned after marginal costs, cross-subsidization between consumers would be avoided. In essence, equity would be achieved.

Second, better use would be made of available capacity. Time-of-day pricing affords consumers an option—the option to save money by switching on-peak consumption to an off-peak period. Many uses of electricity are shiftable over the daily cycle. In view of the cost differential between on and off-peak consumption, significant shifts are likely. Indeed, it is entirely possible that a consumer could increase significantly his monthly consumption of kilowatt-hours while lowering his total bill and imposing less costs on the utility and on society. Previously I suggested that the cost of new capacity is increasing. To a large extent, it is irrelevant whether the industry is one of increasing or decreasing costs. Real resources are committed every time a new plant is built, and it is always cheaper (particularly if externalities are considered) to serve increased load through the better utilization of existing capacity.

Third, the better utilization of capacity, and correspondingly reduced need for capacity additions, will lessen the impact of inflation and free capital for other public needs.

Fourth, since the better utilization of base load units would be encouraged and the need to rely on inefficient units lessened, fuel efficiency would be encouraged and the escalating nature of fuel costs dampened. Moreover, consumers would be induced to conserve kilowatt hours where that consumption would result in the greatest conservation of fuel—on peak.

Finally, with rates designed to cover costs and consumers forewarned that if they cause a utility to add plants the consumption responsible for that addition will be required to pay its full cost, earnings attrition should not take place and rate stability should be furthered. It is to no one's advantage to have to confront annual (or more frequently) rate increases. Consumers are seriously prejudiced by the current instability. Cost-based time-of-day pricing should avoid the rate increase cycle.

EDF wins test case

EDF has successfully argued for time-of-day pricing in what the Chairman of the Wisconsin Public Service Commission recently called "...a 'national' test case of electric rate design." The case involved the application of the Madison Gas and Electric Company for increased rates and resulted in an order directing time-of-day pricing for customers who are now being served through meters that record the time of consumption. Additionally, the utility is to investigate the feasibility of extending time-of-day pricing to smaller users as well. EDF is presently pursuing parallel efforts in Michigan and California and is prepared to do "battle" elsewhere if that be necessary. It is sincerely hoped however, that "battles" will not be necessary but instead that all previous combatants will recognize the advisability of a cooperative effort at the resolution of what are now clearly mutual problems.

To this end EDF Energy Chairman Dr. Ernst Habicht recently announced that EDF is "prepared to meet with consumers, regulators, investors, utility managers and public policy makers to articulate our ideas and answer any questions ...." We are convinced that the time for rate design modifications has come and, as Dr. Habicht emphasized "we are equally convinced that the merits of time-of-day pricing will be far better perceived through open discussions ...." EDF stands ready to share its data, its computer programs and its experts and would welcome the opportunity to convince consumers that at least on the subject of electric utility pricing, environmentalists and consumers are allies and not adversaries.

Edward Berlin, a member of Berlin, Roisman and Kessler (CFA's General Counsel) is currently a visiting member of the faculty of the University of Wisconsin-Madison teaching regulatory practice, environmental law and technology assessment. Ed's efforts in the electric utility pricing area have been on behalf of the Environmental Defense Fund, a nationwide organization with in excess of 48,000 members. The director of EDF's Energy Program, Dr. Ernst R. Habicht, Jr. can be reached at the organization's East Setauket, New York office (162 Old Town Road, Zip 11733; area code (516) 751-5191). As the article emphasizes EDF is anxious to cooperate fully with consumer groups in the development of rate design modifications which will serve the mutual objectives of consumers and environmentalists.

Summit victims, from p. 1

summit meetings and at this conference. None of the meetings have been sufficiently concerned with the role of industry concentration in causing inflation, nor the institution of a vigorous anti-trust policy as a remedy. No meeting has suggested that oil prices be rolled back and oil company profits be reduced as a means of fighting inflation.

Kay Pachtner, consumer delegate on state and local governments panel

(Wide World Photo)

"No meeting has attempted to refute Energy Administrator Sawhill's advocacy of a 15% rate of return on investment for utility companies. Despite all the money that has been spent, no new people or ideas have gained access to the inner councils of government. In short, effective exclusion of the consumer-oriented solutions to inflation. Consumer representatives have been scattered. They are a small voice crying out against a raging corporate wind.

"It was not consumers who got us in to double digit inflation. It was not labor, which has until recently been limited to small wage increases by Federal controls. Yet consumers are the group least recognized and asked to sacrifice the most.

"Consumers have not been under-represented—a handful at each meeting—through ignorance or oversight. President Ford, who has met with labor leaders and economists and who devoted two presummits to business and finance, planned and then postponed a meeting with consumer leaders. He did so because he promised Senator Griffin that he would remain neutral on the Agency for Consumer Advocacy act then before the Senate. Although he favored the agency earlier, once in the White House he succumbed to business pressure. President Ford's refusal to support this legislation, taken together with the lack of any meaningful participation by consumers in the planning or execution of these conferences seriously diminishes our hopes for a more concerned attitude toward consumers.

Openness and candor were the Administrations first promises to the American public. However, its lack of openness was pitifully displayed right from the planning stages of the presummit meetings.

CFA was asked to submit the names of experts in each of the eight fields of study—Housing and Construction; Transportation; Agriculture and Food; Banking and Finance; Business and Manufacturing; Health, Education, Income, Security and Social Services; State and Local Governments and Natural Resources and Recreation. In good faith, CFA submitted their consumer expert lists to the office of Mrs. Virginia Knauer, Special Assistant to the President for Consumer Affairs. CFA naturally assumed that its recommendations would be honored, for who could better suggest responsible consumer representation than the nation's largest consumer organization?

What CFA did not know was that its list of names was subject to the approval of both the White House and the Secretaries of the Departments in charge of the various meetings. This led to the exclusion of several eloquent, although controversial, consumer advocates.

Butz had veto power

In particular, Secretary of Agriculture Earl Butz vetoed CFA's suggestion of James Hightower, director of the Agribusiness Accountability Project, from attending the meeting on Agriculture and Food. Consumers are outraged that Secretary Butz had the power to blackball their suggestions. If the Ford Administration is as open as it claims to be, why has it given the Secretary of Agriculture the power to decide who is to represent the consumer? And, shouldn't all sides have been given a chance to provide input while plans for action were being formulated? Mr. Hightower's expertise would have helped to shift the meetings emphasis away from the profit interests of the powerful agribusiness concerns toward the real problems of what is causing inflation in the food industry—monopoly control, vertical integration and the lack of anti-trust enforcement against huge multinational corporations.

Sol Harge takes a strong stand at the HEW meeting

Notably absent was Edward Berlin, a Washington attorney and visiting professor at the University of Wisconsin (see special insert *Environmentalists and Consumers*-Allies not Adversaries, this issue). Mr. Berlin's name disappeared from the list of

Ellen Haas speaks for consumers on agriculture and food panel (Wide World Photo)

invitees somewhere within the Department of Interior. He has just completed a lawsuit which will result in the restructuring of utility rates in Wisconsin to a "peak load pricing" system. Another glaring omission was the name of Lee C. White, Chairman of CFA's Energy Policy Task Force and former Chairman of the Federal Power Commission.

Carol Foreman urges oil price rollbacks at Natural Resources Summit

Ms. Foreman noted that the main emphasis of the conference was how to help fuel companies to keep their record profits. Little mention was made of how to help people who are having trouble paying their rising utility bills and how to give them enough fuel to heat their homes this winter.

These two examples are typical of consumer neglect at summit meetings. One exception was the meeting on Health, Education and Welfare, where many consumer and public interest representatives were able to exchange thoughts and programs. Unfortunately, their input was limited to a discussion among themselves and following the meeting, HEW Secretary Casper Weinberger wrote to President Ford stating that he could not endorse any of their recommendations.

Of approximately 700 participants at the Washington Summit, only about 20 were consumer spokespersons. Those present, notably Ellen Haas, president of the Maryland Citizen's Consumer Council, Soloman Harge, director of Cleveands Consumer Protection Association, and a CFA vice president, Kay Pachtner, director of San Francisco Consumer Action and a CFA vice president and Fred Cowan, director of Arkansas Consumer Research, and a CFA board member eloquently brought the issues to the attention of President Ford and the American people who watched the summit on public television or read about it in the newspapers.

The crucial question now is, was the summit just a vast public relations gimmick to make the American people think that their new President is really going to act in their best interests, or will some basic changes really be made to elevate the American consumer?

State Reports

ARKANSAS

Arkansas Consumer Research was recently granted permission by the state Public Services Commission to intervene in the public hearing concerning Arkansas Power and Light Company's application for a $36.5 million rate increase. The increase was described by AP&L's president as "only a step in the right direction and does not go far enough." To residential customers, this rate increase would be a giant lead backwards. The proposed rates include an indicated increase of 28% for residential customers, who have already seen their monthly bills rise appreciably this summer due to the company's fuel adjustment clause. Now AP&L is asking for an additional rate increase. ACR said in its petition that it would oppose the rate increase on the following points: 1) to challenge AP&L's present and proposed fuel adjustment clause which permits AP&L to pass on increases in the cost of fuel to its customers without a public hearing; 2) to challenge AP&L's request for a cost of debt adjustment clause which would permit it to pass on increases or decreases in its embedded cost of debt; 3) to examine AP&L's energy conservation programs to determine how and if these programs contribute to reducing the excessive growth in demand for electricity; 4) to scrutinize certain operating expenses of a questionable nature which AP&L customers are forced to subsidize in its rates. Some of these expenses include charitable contributions, exorbitant legal fees, promotional sales and advertising, and certain consultative expenses; 5) to work for a better distribution of rates; 6) to examine AP&L's billing procedures.

NEW JERSEY

Retirees from the Amalgamated Clothing Workers Local 394 in Trenton joined other ACWA members in demanding that the New Jersey Public Utilities Commission not grant Public Service Electric & Gas a 20% rate increase. PSE&G, the nation's third largest privately-owned utility, received a 12% boost last year. A retiree and former Local 394 President Marsala said, "I already pay over a third of my Social Security and pension to the power company. I cannot give up any more of my money to them."

They are joining together with the New Jersey Public Interest Research Group as intervenors in the monumental rate case. They argue that residential customers already pay a third more per kilowatt hour than industry and commerce.

ACWA members picketed outside, then attended the hearing as a delegation. Ms. Marsala told the Commissioners that a rate increase would be especially unfair to retired people, already suffering from the effects of inflation. Disabled persons and those living on Social Security will be hurt worst by a rate increase despite the fact that they have been very supportive of recent drives to conserve energy.Those who use less are paying more, while wasteful industries, pay less per kilowatt hour.

NEW YORK

A recent New York court decision supports the contention that consumers must receive a hearing before a utility can shut off service. The case involved a 79-year-old widow, Mrs. Eliose Bronson, who lives alone in a two-story apartment in Brooklyn. Mrs. Bronson, who lives on a $200 a month allotment from Social Security, suffered for two and a half years because of Con Edison's incompetence.

But something good came out of this. The Bronson case came before Federal District Judge Harold R. Tyler, Jr. who held that Con Ed's activity in discontinuing service to residential consumers for non-payment of bills was "state action" within the Due Process Clause, and the Constitution was held to require that prior to discontinuance a customer must be afforded adequate notice and an opportunity to be heard on the merits of the utility's claim.

Shortly after that decision came down, Con Ed announced that it wanted to "settle" the case, that is, to negotiate with The Legal Aid Society for new notice and hearing procedures. Negotiations the Legal Aid Society. The product was a stipulation, signed by the parties and approved by the Court that spelled out precisely what procedures the utility had to follow before turning off a customer's service for nonpayment of bills. The company agreed that at least 10 days prior to a proposed shut-off, it would give written notice to the customer.

ACA bill dead, from p. 1

Just as his predecessor sided with business, against consumers on every vital issue, Mr. Ford has not clearly shown that his loyalties lie with the special business and corporate interests who vigorously opposed the legislation. The Senators who opposed the cloture vote have also shown that they are more concerned with business greed than consumer need.

Since this is an election year, CFA urges you to inform the voters in your state how your Senators voted on cloture. Pay special attention to those Senators, facing reelection, who voted against cloture. They are Peter Dominick (R-Colo) Milton Young (R-ND) Henry Bellmon (R-Utah) and Barry Goldwater (R-Ariz).

The defeat of the ACA bill means that consumers will remain without a voice in the hundreds of multi-million dollar regulatory agency proceedings that are made each year. The ACA would have been the consumers' lawyer, presenting the consumers' case backed up by sufficient resouces to provide reliable data. It would also have helped to curb inflation by assuring that regulatory agencies cost savings to consumers when rendering decisions.

What happens now?

Senate backers and consumer leaders have predicted that their business opponents will enjoy only a temporary victory. The ACA bill will be revived next year in stronger form and will be considered by a new Congress that will hopefully be less friendly to business. *The Wall Stret Journal* reported that some of the bills opponents privately concede that they may have a tougher fight next year. Senator Ribicoff, the chief Democratic sponsor, assumes chairmanship of the Government Operations Committee. In the past this committee was chaired by opponent, Sen. Sam Ervin (D-NC) who used his position to delay action. Another hopeful sign is that expert filibuster leader Ervin who co-directed the successful filibusters in both 1972 and 1974, along with James Allen (D-Ala) is retiring at the end of this session of Congress.

What can you do now?

CFA urges consumers throughout the country to write, phone or wire President Ford expressing your disappointment at his failure to endorse the ACA. You might tell the President that he has let the American people down when they needed his support most. Tell him that his silence on the ACA bill reaffirms your mistrust and dampens your hopes and dreams of real help from his new Administration.

CFA news news news
consumer federation of america
1012 14th ST. N.W., WASHINGTON, D.C. 20005

CFA News

PRESIDENT
George Myers
EXECUTIVE DIRECTOR
Carol Tucker Foreman
EDITOR
Midge Shubow

The CFA News is a publication of the Consumer Federation of America, 1012 14th Street, N.W., Washington, D.C. 20005.

Bulk Rate
U.S. Postage
PAID
Washington, D.C.
Permit No. 44772