

MUCKRAKING

Irate phone users crowd hearing

By RON GARBANSKI

Ham threatened Thursday evening, but the crowd still came.

Almost 2,000 irate telephone subscribers assembled in the amphitheater at Oakland Community College's Orchard Ridge Campus in Farmington Hills.

Then, as Lou Gordon entered, the audience began to applaud and cheer him on in his latest confrontation with the Michigan Public Service Commission (PSC) and Michigan Bell Telephone over the utility's recent \$178.2 million rate increase.

Gordon, the outspoken TV commentator

from WKBD, Channel 30 in Southfield, frequently has lashed out against the commission and the telephone company. For almost 30 minutes last week, he blasted the PSC and Bell, maintaining that the telephone utility "isn't entitled to the largest increase ever requested in the history of the state by a utility."

He was one of about 15 speakers who spoke out against the latest Bell increase at the public hearing called by the PSC to provide administrative law judges who are handling the rate case, with consumer input.

options were two PSC members, Lenton Skulthorp and William Hails.

The two commissioners, along with administrative law judge William Austin and Alfred Sullivan, sat through the hearing to hear public opposition to the rate hike.

Only 25 citizens attended that meeting while eight spoke out against Bell's service and need for more money.

Bell's chief attorney in the case, Wayne Wells, was the first speaker presenting a brief statement explaining why his company wants to change its rates.

While Gordon received cheers and applause, Wells appeared like a wounded

warrior thrown into the lion's den. He was booed and heckled during his short remarks.

After Gordon concluded his attack the crowd followed him to the exits. Those remaining heard other speakers voice their opinions—some supporting the rate request and the majority opposing it.

When Gordon left, so did his station's camera crew on hand to film the event for showing on his Sunday evening show.

Telephone complaint department employees and PSC staff members also were present to take complaints and handle other questions.



Hot lights, cameras and a largely unsympathetic crowd were on hand to meet administrative law judges and members of the Michigan Public Service Commission Thursday night. Spurred by the highly publicized appearance of television commentator Lou Gordon, the hearing drew nearly 2,000 persons.

Bell's reply

By STEVE BARNARD
Farmington editor

"A license to steal."

That's the way television crusader Lou Gordon described the conduct of Michigan's public utilities at last week's public hearing of the Public Service Commission.

Gordon was making his second appearance in as many years at the Orchard Ridge Campus of Oakland Community College, Farmington Hills, to present requested increases by Michigan Bell Telephone Company.

Gordon lambasted the commissioners, saying it was their responsibility to prohibit Michigan Bell from getting increases which harmed consumers.

"You gentlemen presumably represent the people. You must insist that these utilities show you they need extra revenue and higher rates and they are operating at maximum efficiency."

"It is up to you to keep them from robbing the public," he said before a crowd of more than 2,000 who attended the hearing.

GORDON LASHED out at Bell's reluctance to implement the emergency dial tone system on pay phones after being granted permission to charge 20 cents for pay phone calls.

"Bell has quickly converted practically all of those pay phones to the 20 cent charge. Now they claim they don't have enough personnel to convert the telephones to provide for the free emergency service."

"They had no shortage of personnel in increasing the 18 cent charge to 20 cents," he said.

Bell has asked that up to 82 per cent of its phones be permitted to wait until December, 1977 before being converted to the free emergency service, according to Gordon.

Gordon attacks rate request

On June 11, Michigan Bell requested the Michigan Public Service Commission to approve a 19.3 per cent rate increase.

The company officials said, "would reduce its ability to provide top quality service, generate new job opportunities and give customers new options to help control the size of their phone bills."

Just last May the company was granted a \$2.2 million rate increase by the PSC. The following are reasons why company officials say the utility is asking for \$178.2 million more.

"More income is sought to regain the financial strength necessary to begin hiring additional employees needed and to restore construction cutbacks that are costing jobs in other industries."

"The utility has been beset by poor earnings for the last six years and needs to get things going again. We'll continue to increase efficiency and aggressively sell our services. But our rates are too low and must be brought more closely in line with those charged in other states for comparable services."

"The company's level of earnings dropped to 4.35 per cent last year, a 17-year low. Revenues were \$80 million short of producing the 13.8 per cent rate of return authorized by the MPSC. In the first quarter of 1976, revenues were deficient by \$36 million. Since then, revenues have fallen \$200 million short of generating the earning level approved by the PSC."

"Although the company doesn't want to have a quarantined profit, the firm believes that during good economic times it at least should have a chance to reach the earning level set by the PSC."

"The utility's profitability has slumped despite increased efficiency and aggressive marketing. blame for this financial slump can be traced directly to the rates the company is allowed to charge for its services. Michigan Bell's rates across the board are among the lowest in the country, just as its financial return is about the lowest in the nationwide Bell System. Even with the increase sought, Michigan Bell's rates still would compare favorably with those charged in other states."

"Despite the frequent attention addressed to utility rates, the telephone company's rates have gone up only 23 per cent since 1967—half of the 47 per cent increase in the Consumer Price Index."

"Basically, the two reasons why Michigan Bell is seeking the new rate increase are: To obtain increases in rates that will give the company a realistic opportunity to reach the level of earnings the Public Service Commission finds reasonable. Secondly, to have the existing rate of return increased to reflect today's market conditions."

Bell's reply

"What about those poor souls who can't find two dimes to put in a phone to report a fire or a mugging or an assault or a murder?" Gordon asked.

He also lashed out at what he termed "enormous profits" and high executive salaries in the utility industry.

Last year AT&T earned \$3 billion, up 11 per cent from the preceding 12 months, according to Gordon.

"Michigan Bell had earned net income last year of \$103 million, up 10 per cent from the previous year. Michigan Bell paid back in dividends to AT&T \$110 million in 1975—up 12 per cent from 1974," he said.

Gordon said the Public Service Commission had been badly taken on the salary issue.

"YOUR STAFF STUDY showed that Bell's executive salary increases exceeded the national average by 55 per cent during the 1972-75 period," he said.

Bell has 111 executives earning more than \$40,000 a year, he said. In the period, 1972-75 number of Bell executives earning more than \$40,000 increased from 118 to 111—a 517 per cent increase.

Gordon labeled "phantom" taxes as the biggest rip-off yet by the telephone company.

"Michigan Bell in their request for rate increases tell you that they had an income tax expense of \$84 million while a tells the state and federal government that they had a tax loss credit coming of \$2.2 million."

"This is twice as bad as it sounds. Because for every dollar of income tax that Michigan Bell claims they are paying they ask you to give them \$2 additional revenue from the rateayers of the state because of additional revenue it supposedly subject to income taxes at an approximate rate of 50 per cent."

Staff photos by Harry Mauthe

Above, it was all Lou Gordon's show Thursday night as he received standing ovations and wild cheers from almost 2,000 persons on hand to hear him lash out against the Public Service Commission and Michigan Bell for its latest rate increase request of \$178.2 million. Below, Public Service Commission member Lenton Skulthorp (left), the state's chief administrative law judge Alfred Sullivan, William Austin, the administrative law judge assigned to the rate case, and commissioner William Hails listen to Gordon's verbal attack and other comments from residents at Thursday's public hearing on increasing Bell's service rates.



The Last of the '76's




Chrysler Auto Show

August 9-15
Dameron Motor Sales displays some of the '76's still available

- ★ Volare Station Wagon
- ★ Small Fury
- ★ Volare Two Door
- ★ Volare Four Door

Play Miniature Golf at the Mall, and kids to size 16 get a T-shirt for putting the ball in the clown's mouth.



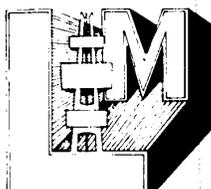
MEET FAMOUS PERSONALITIES

TOM SHANNON

CKLW Disc Jockey
Wednesday August 11 at 6:00 P.M.

Tom will arrive by the CKLW Traffic Spotter helicopter in the southwest corner of the parking lot. He'll have some surprises for the kids.

Captain America
Fighter of Crime
Wednesday, August 18
at 4:00 P.M.
at the Little Professor Book Store



LIVONIA MALL

7 MILE RD at MIDDLEBELT
OPEN DAILY 'til 9 p.m.—Sunday, Noon-5 p.m.