



MORE THAN YOU WANTED TO KNOW
ABOUT
CHARITABLE CONTRIBUTIONS

by Jolene Unsoeld

Pacific Northwest Bell is totally disingenuous when it hides behind worthy social causes in an attempt to increase its own profits. PNB not only wants to get the "social credit" for making charitable contributions from money belonging to its ^{ratepayers} ~~customers~~, it would also realize a profit for its own stockholders on all such contributions.

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PNB's CHARITABLE CONTRIBUTIONS HAVE CLIMBED STEADILY SINCE 1971

- 1971 -- \$ 93,491 -- Test year for PNB in their rate increase case (U-71-5) in which they first requested WUTC to permit charitable contributions to be placed in the rate base. WUTC denied on Dec. 23, 1971.
- WUTC's order was challenged by PNB. King County Superior Court upheld WUTC on Dec. 20, 1972:
- " . . . Recognizing that PNB is a state regulated monopoly, charitable contributions of PNB cannot be said to have been made for the purpose of creating good will and thereby acquiring additional business customers, inasmuch as there is no competing telephone company for customers to subscribe. This court concludes therefore that the better position is to hold that donations of PNB should be donations of the owners, to-wit: the shareholders."
- 1974 -- \$ 187,501 -- Test year for PNB's case U-75-40.
- 1975 -- \$ 366,257 -- PNB filed U-75-40 and Gen. Tel. filed U-75-50. In both cases the utilities requested permission to place charitable donations in rate base. WUTC granted PNB's request Apr. 23, 1976 and Gen. Tel.'s the same year.
- 1976 -- \$ 391,247 -- Both cases were challenged in court by members of the public.
- 1977 -- \$ 479,494 -- Test year for PNB's case U-77-87. Commission staff recommended that charitable contributions be excluded from the rate base. WUTC reversed previous policy and disallowed charitable donations in rate base for PNB on Oct. 18, 1978 with separate denial to Gen. Tel.
- 1978 -- \$ 476,811 -- Washington State Supreme Court overturned WUTC's 1976 decision to permit charitable donations in rate base on Nov. 2, 1978:
- "That which is involuntarily removed from the telephone subscribers' pockets is more akin to a tax than a charitable contribution. Pacific Northwest Bell Telephone Company is a monopoly and the subscribers cannot go elsewhere for service."
- 1979 -- \$ 555,099 -- No charitable donations included in rate base.
- 1980 -- \$ 699,810 -- No charitable donations included in rate base.

In ten years PNB's charitable contributions have climbed 748 %.

INTERESTING OBSERVATIONSPACIFIC NORTHWEST BELL CHARITABLE CONTRIBUTIONS FOR 1980

<u>Identifiable Distribution Area</u>	<u>Senate District</u>	<u>Recipient</u>	<u>\$ Amount</u>	<u>Area Total</u>
Olympia	<u>Hemstad</u>	Capital Area Assn. for the Performing Arts	400	
		Elected Washington Women	100	
		Lacey Music Festival	200	
		Morningside	2,350	
		OK Boys Ranch	500	
		Olympia Child Care Center	1,150	
		Olympia Symphony Orchestra	250	
		Possca Inc.	<u>250</u>	5,200
Aberdeen	<u>Quigg</u>	Choker Club	100	
		Driftwood Players Assn.	<u>100</u>	200
Bainbridge Island	<u>Conner</u>	Helpline	1,000	
Port Townsend		Centrum Foundation	500	
Port Angeles		Clallum County Historical Society	350	
	Port Angeles Community Symphony Orchestra	100		
Shelton		Shelton Fire Dept.	367.43	
		Mason County Community Concert Assn.	100	
		Mason County Fire District	<u>1,150</u>	3,567.43
Pullman	<u>Patterson</u>	Washington State University	<u>5,000</u>	5,000
Bellingham	<u>Goltz</u>	Indian Village Mission	250	
		Western Foundation	<u>1,000</u>	1,250
Longview	<u>Fuller, Talley</u>	Mid Valley Elementary School for the Deaf	175	
		Navy Relief Fund	100	
		Lower Columbia Council on Alcoholism	100	
White Pass	<u>Fuller</u>	White Pass Volunteer Ski Patrol	<u>500</u>	875
Wenatchee	<u>Sellar</u>	Wenatchee Valley College Foundation	<u>10,000</u>	10,000

<u>Identifiable Distribution Area</u>	<u>Senate District</u>	<u>Recipient</u>	<u>\$ Amount</u>	<u>Area Total</u>
Tacoma	<u>Gallaghan, Wojahn</u> <u>Haley,</u> <u>Rasmussen</u>	Building a Scholastic Heritage	100	
		Christmas House	200	
		Industrial Conference Board	300	
		Kleiner House	700	
		Mary Bridge Hospital & Orthopedic Foun.	230.38	
		One-to-One	250	
		Parents Anonymous	500	
		Pierce County 4-H Leaders Council	135.08	
		Tacoma General Hospital	5,000	
		Tacoma Philharmonic Inc.	200	
		Tacoma Public Schools	600	
		Tacoma Rescue Mission Inc.	100	
		Tacoma Symphony Orchestra	200	
		Tacoma Youth Symphony	100	
University of Puget Sound	25,000			
			<u>33,615.46</u>	
Pierce County	<u>Bottiger, Gaspard,</u> <u>Gallaghan, Wojahn,</u> <u>Haley, Rasmussen</u>	United Way of Pierce County	<u>29,487</u>	29,487
Buckley	<u>Bottiger</u>	City of Buckley Police Dept.	<u>1,200</u>	1,200
Puyallup	<u>Gaspard</u>	WA. St. 4-H Foundation	<u>2,000</u>	2,000
<u>Grand Total Pierce County</u>			<u>- - \$66,302.46</u>	
Vancouver	<u>Bauer</u>	Retired Senior Voluneer Program	500	
		S.W. WA. Independent Forward Thrust	1,000	
		Valley Work Activity Center	250	
		Women's Resource Center	<u>100</u>	
				1,850
Bremerton	<u>Craswell</u>	USS Bremerton Gift Committee	<u>100</u>	100
Walla Walla	<u>Hayner</u>	Walla Walla Symphony Soc.	<u>200</u>	200

<u>Identifiable Distribution Area</u>	<u>Senate District</u>	<u>Recipient</u>	<u>\$ Amount</u>	<u>Area Total</u>
Spokane	<u>Hurley, McCaslin, Hughes, Guess, Wilson</u>	United Way of Spokane County	26,400	
		Southeast Daycare Center	1,100	
		Crime Check of Spokane County Inc	300	
		Deaconess Hospital Foundation	5,000	
		Drum Corps Assn. of Spokane	150	
		Eastern WA. St. Historical Soc.	200	
		Full Gospel Mission Youth Camp	200	
		Gonzaga Preparatory School	1,100	
		Inland Empire Zoological Soc.	365	
		KSPS	150	
		Percussion-Naut Patriots of Spokane	135.08	
		Special Olympics	250	
		Spo. Am. Youth Hockey Club	100	
		Spo. Civic Theatre, Inc.	125	
		Spo. Ski Racing Assn.	325	
		Spo. Symphony Soc.	750	
		Spo. Youth Sports Assn.	150	
		WAMPUM, Inc.	1,700	
		Western Rescue Journal	375	
		Whitworth College	390	
				39,265.08
Cheney	<u>Guess</u>	Eastern WA. U. Foundation	3,000	
Mead	<u>Hurley, McCaslin</u>	Mead High School Band	467	
<u>Grand Total Spokane County</u> - -			<u>\$42,732.08</u>	
Colville	<u>Wilson</u>	Tri-County Senior Services	500	
Yakima	<u>Deccio, Hansen Newhouse</u>	Allied Arts of Yakima Valley	3,000	
		Patrons of Music	250	3,250
Cle Elum	<u>Hansen</u>	Cle Elum Historical Society	350	
Ellensburg	"	Silent Environment Education Kamp	745	1,095

EXAMINATION OF PNB'S CONTRIBUTIONS TO UNITED WAY, UGN, ETC.

<u>1980 Recipients</u>	<u>\$ Amount</u>	<u>1979 Population</u>	<u>Per Capita Equivalent</u>	
			<u>1980</u>	<u>1977</u>
United Way of King County	\$ 180,131	1,231,500	\$.15	\$.10
United Way of Pierce County	\$ 29,487	453,900	\$.065	\$.051
United Way of Spokane County	\$ 26,400	328,100	\$.08	\$.051
All Other United Way	\$ 49,522.1			

King County has 31 % of the state population.

King County received 63 % of all PNB's contributions to United Way programs.

Six-Year Growth Pattern -- Contributions from PNB to "Welfare Funds" (includes United Way, Community Chest, American Red Cross, United Good Neighbor, etc.):

1975 -- \$ 147,983	1977 -- \$ 172,976	1979 -- \$ 213,114
1976 -- 157,779	1978 -- 189,764	1980 -- 285,540

Comments made by WUTC in their order dated Oct. 18, 1978:

An analysis of the charitable contributions listed by the Respondent indicates that, even excluding a one-time contribution of a surplus building whose demolition would have cost more than the value of the land upon which it was situated, the contributions were unevenly spread throughout its service territory. It thus appears that residents of smaller communities subsidized contributions to recipients in larger communities. The Respondent offered no rebuttal to this criticism, other than urging the Commission to disregard in such a computation the transaction involving the building as being nonrecurring. Respondent offered no evidence that recipients in the larger communities served residents of the smaller communities, or that when analyzed upon the basis of revenues or other factors rather than population, the pattern of charitable contributions was more equitable.

. . . .

Experience since Cause No. U-75-40 indicates to us that an attempt to set guidelines for charitable contributions is unworkable. A utility's judgment of the worthiness of a particular beneficiary or the priorities leading to its determinations will inevitably constitute a matter of controversy among ratepayers. Ratepayers have no voice in selection of beneficiaries, and do not appear to be credited with any recognition that the donation is funded by them. In sum, . . . experience has demonstrated the unworkability and inappropriateness of treating charitable contributions as expenses for ratemaking purposes; consequently we will reject the Company's proposed Adjustment 47. (Emphasis added.)

PER CAPITA COMPARISONS - PNB CHARITABLE DONATIONS

(Of necessity this comparison excludes dollar amounts listed in PNB reports as being given to "Various" locations and which totals \$102,718.38 or 14.68% of their total.)

<u>Distribution Area</u>	<u>Senate Districts</u>	<u>1979 Pop.</u>	<u>\$ Amount</u>	<u>Per Capita Equivalent</u>
Cowlitz & Lewis	<u>Fuller & Talley</u>	129,700	875	\$.006
Grays Harbor, Pacific	<u>Quigg</u>	80,100	200	\$.002
Thurston	<u>Hemstad</u>	111,100	5,200	\$.046
Mason, Clallam, Jefferson	<u>Conner</u>	87,700	3,567	\$.04
Adams, Whitman, Garfield, Columbia, Asotin	<u>Patterson</u>	79,600	5,000	\$.06
Bellingham Area	<u>Goltz</u>	51,570	1,250	\$.02
Chelan, Douglas, Okanogan (part)	<u>Sellar</u>	61,000	10,000	\$.16
Spokane	<u>Hurley, McCaslin, Guess, Hughes, (fraction Wilson)</u>	328,100	42,732	\$.13
Ferry, Stevens, Pend Oreille, Lincoln, Okanogan (part)	<u>Wilson</u>	66,700	500	\$.007
Yakima, Grant Kittitas	<u>Deccio, Hansen, Newhouse</u>	237,000	4,345	\$.018
Clark	<u>Bauer, Zimmerman (part)</u>	150,000	1,850	\$.01
Kitsap	<u>Craswell, Gallagher</u>	135,000	100	\$.0007
Walla Walla	<u>Hayner</u>	45,200	200	\$.004
Pierce County	<u>Bottiger, Gaspard, Gallaghan, Wojahn, Haley, Rasmussen</u>	453,900	66,302	\$.146
King County	17 legislative districts	1,231,500	452,906	\$.367

King County - with 31% of the state population received 65% of PNB's contributions.

(This excludes \$23,958 to the U. of W. which PNB did not list with the other charitable donations and hence is probably not included in the total. It also excludes \$50,000 reported by KCTS as having been received from PNB in 1980 but which I could not find listed by PNB.)

OTHER OBSERVATIONS --- PNB CHARITABLE CONTRIBUTIONS

Contributions to Independent Colleges of Washington, Inc.:

1975:	\$30,000	1978:	\$33,000
1976:	33,000	1979:	33,000
1977:	33,000	1980:	60,000

1980 Contributions:

	Oregon Museum of Science & Industry:	\$25,620
	Pacific Science Center:	12,500
Hospitals --	Children's Orthopedic Hospital & Medical Center:	\$2,300
	(1979 contribution = \$30,515)	
	Deaconess Hospital Foundation, Spokane	5,000
	Good Samaritan Hospitals Medical Explorers	1,000
	Mary Bridge Hospital & Orthopedic Foundation, Tacoma	230.38
	Northwest Artificial Kidney Center, Seattle	1,500
	Tacoma General Hospital	5,000

Women's Service Organizations:

(primarily women)	League of Women Voters	\$2,299
	Am. Bus. Women's Assn.	224
	Bus. & Prof. Women's Club	335
	Soroptimist Club	585
	Zonta	280

Men's Service Organizations:

(primarily men)	Kiwanis	3,104
	Lions Club	3,043
	Rotary	4,809

Children's Organizations:

	Boy Scouts & Girl Scouts	2,790
	Boys & Girls Clubs	5,889
	WA. St. 4-H (Puyallup)	2,000
	Pierce County 4-H	135

Environmental Organizations:

	Keep Washington Green	175
	Nature Conservancy	5,480
	Sierra Club Foundation	0
	WA. Environmental Foundation	0

Legal Defense Funds:

0

Central Area Motivation Program:

(Largest social service agency in the central core area of Seattle:
a whole array of social services including: foodbank, low income
energy assistance, crisis intervention, etc.)

0

(CAMP does receive help from the "central city community
relations team", a group of central area black employees of PNB.)

A.C.L.U.

0

OTHER RECIPIENTS of PNB's 1980 CHARITABLE CONTRIBUTIONS

Brazil Academy of Music, \$500	Mountain States Legal Foundation, \$225.14
Cherry Hill Coalition, \$500	Navy Relief Fund, \$100
Chief Seattle Club, \$500	North Hill Christian Center, \$1400
Christmas House, \$200	Northwest Conference of Black Public Officials, \$157.42
Church Council of Greater Seattle, \$1600	Northwest Seaport Inc., \$1619.33
Citizen's Education Center Northwest, \$1250	Percussion-Naut Patriots of Spokane, \$100
City of Buckley Police Dept., \$1200	Ryther Child Center Inc. \$12,500
Cleveland Orchestra, \$1306.59	Seattle Center Theater Fund, \$9500
Columbia Club of Seattle, \$500	Seattle Preparatory School, \$1200
Columbia Lutheran Home, \$1,000	Seattle Public Schools, \$1225
Community Enterprises of Issaquah, \$500	Seattle Repertory Theatre, \$2100
Corporate Council for the Arts, \$30,000	Shelton Fire Dept., \$367.43
Custom Industries, \$2500	Southwest WA. Independent Forward Thrust, \$1000
Drum Corps. Assn. of Spokane, \$150	Spokane Civic Theatre, Inc., \$125
Elk Volunteer Fire Dept., \$1,100	Spokane Ski Racing Assn., \$325
Exchange Club, \$932	St. Therese Winter Jog-A-Thon Benefit, \$521
Forrest Ridge School, \$1000	Tacoma Public Schools, \$600
Full Gospel Mission Youth Camp, \$200	United Gospel Mission, \$800
Gonzaga Preparatory School, \$1100	White Pass Ski Patrol, \$500
Grandview School, \$156.71	Spokane Symphony Society, \$750
High Point Community Church & Christian Cen., \$800	
Inner City Education & Research Found., \$500	
International District Economic Assn., \$1000	
Little League, \$984	
Mason County Fire District, \$1150	
Mead High School Band \$467	

Washington State Council on Economic Education - - - - - \$ 7,514.93

(Program to develop K-12 economic development curriculum and assist in teacher training for the program.)

In addition to school administrators the Board & officers include:

Sea-First (2)	Associated General Contractors
Rainier (3)	Concrete Technology
PNB	Teltone Corp.
American Marine Bank	John Fluke Mfg. Co.
Great Western Savings	Yakima Fruit & Cold Storage
Old National Bank	ITT Rayonier
Pioneer First Fed. S. & L.	Washington Education Assn.
A.W.B.	WA. St. Council of Carpenters
The Norcliffe Fund	Scott Paper Co.
Korten's Inc.	Bellingham Frozen Foods
Boeing (2)	Pacific Lutheran University
Nalley's Fine Foods	Weyerhaeuser
McGregor Land & Livestock Co.	Operating Engineers, Local 302
Columbia Fed. S. & L.	Dunning-Ray Insurance
Safeco	Washington Water Power
American Sign & Indicator Corp.	Westinghouse Hanford

"Experience . . . indicates to us that an attempt to set guidelines for charitable contributions is unworkable. A utility's judgment of the worthiness of a particular beneficiary or the priorities leading to its determinations will inevitably constitute a matter of controversy among ratepayers."

WUTC, Cause No. U-75-40

'Charity'

Phone users help pay for convention entertainment

by WARREN KING
Times staff reporter

SEP 6 78

Pacific Northwest Bell Telephone customers, through their phone bills, helped pay for liquor, food and entertainment for the nation's lieutenant governors and Western attorneys general who attended conventions in Seattle last summer.

P.N.B. customers also donated to a variety of civic festivals like Seafair and a conference for area businessmen put on by the Harvard Business School.

All the expenses were reported to the Washington Utilities and Transportation Commission as "charitable contributions."

The commission now is considering the contributions and other expenses in P.N.B.'s request for a 22 per cent rate increase. Under the rate boost, the basic residential-phone rate in Seattle would go from \$8.25 to \$10 a month and the cost of a pay-phone call would go from 15 to 25 cents.

Donations for the conventions and festivals are a small part of the \$79,000 in charitable contributions P.N.B. charged its Washington customers during 1977. Most are for causes like the United Way, arts groups, schools and hospitals.

The company's largest donation, for example, was a \$260,700 building on Queen Anne Hill that it gave to the Seattle Public Library. P.N.B. no longer needed the 50-year-old structure for its equipment and demolition costs and restrictive zoning offset the commercial value of the land.

The phone company says that since it is part of the community, it should contribute to organizations that help the community.

"We're a corporate citizen and I think we would be criticized if we didn't participate," Eugene L. Pfeifer, P.N.B. vice president, said in a recent interview.

However, the utilities-commission staff and many P.N.B. customers have argued that all of the contributions should be charged to the company's stockholders instead of its customers.

The phone company reported a \$500 donation to the Western Attorneys General Conference, held August 8-11, 1977. Organizers of the meeting said the money helped pay for a cocktail party at the Seattle Tennis Club, a salmon dinner at Tillicum Village on Blake Island and planning expenses.

The company donated \$100 to the National Conference of Lieutenant Governors, held August 17-20, 1977, at the Olympic Hotel. A conference coordinator said this helped pay for a cocktail party, two luncheons, a boat cruise and dinner at Klana Lodge on Agate Pass, and a final cocktail party and banquet.

Donald C. Franklin, who is responsible for P.N.B.'s contributions program, said the conference donations helped "significant organizations" and were good for the city because they brought convention business here.

"The fact they were quasi-political raises more of a question than if they were March of Dimes contributions," he said. "But we were assured it was just for the conventions."

P.N.B. said in an affidavit filed with the Utilities and Transportation Commission that all of its charitable contributions were "free of political interest or pressure."

P.N.B. contributed \$450 for the Harvard Business School conference April 1, 1977. The donation paid for 10 tickets to a dinner at the Harbor Club, a luncheon at the Olympic Hotel and lectures by Harvard faculty members and other prominent business speakers.

Franklin said the tickets were used by P.N.B. employes and a few area college students.

Coordinators of all three of the conferences and the community festivals said that P.N.B. was among many businesses that donated to the events.

P.N.B. contributed various amounts to community festivals or projects around the state. In Seattle, for example, it gave \$150 to Seafair activities and \$218 to the Mayor's Hospitality Committee for its Dial-A-Sailor program, through which residents may call a certain number and invite visiting sailors to dinner or to other activities.

Other contributions included \$137 to the Puget Sound Naval Base Association to welcome new Navy families to Bremerton, \$40 to the Port Angeles Salmon Fishing Derby, \$40 to the Miss Auburn Pageant, \$50 to the Port Townsend Rhododendron Festival and \$50 to Old Bellevue Days.

P.N.B. claimed the \$260,700 donation for its abandoned equipment building on Queen Anne Hill after it gave the structure to the library system to use for storage. The big, brick building is at 1529 Fourth Ave. W., across the street from the Queen Anne Branch Library.

Franklin testified before the Utilities and Transportation Commission in June that the building was appraised as being worthless when it was abandoned by the company in early 1976.

He said the zero appraisal was made because the property has very restrictive zoning. The cost of tearing down the building would offset the value of the land, he said.

After this initial appraisal, Franklin said, the phone company asked the Queen Anne Community Council to find an organization acceptable to the community that could use the building. The council rejected several commercial ventures in favor of the library, he said.

A second appraisal of \$260,700 was made in late 1976 "after it had been determined that the Seattle Public Library was the beneficiary of the building," Franklin testified.

(Washington customers' portion of the building donation is about 72 per cent of its value. This is the portion of each individual P.N.B. contribution charged against Washington customers by the company, which operates in three states.)

The Utilities and Transportation Commission first allowed P.N.B. to charge its customers for charitable contributions during the last previous P.N.B. rate case in 1976. The commission staff recommended against the move, but the commission felt the contributions were "a necessary cost of doing business."

P.N.B.'s contributions budget is pegged to guidelines set by the commission. Those guidelines say the company's contributions should be no more than about seven-one-hundredths of 1 per cent of the company's revenues each year.

Franklin said in a recent affidavit to the commission that P.N.B. contributes to an organization only if it has a "proven record of working to improve the quality of life in the community."

He said local P.N.B. community-relations teams make contribution recommendations based on this criterion. The teams also look at how much other businesses support an organization, he said.

The P.N.B. board of directors gives final approval to the contribution list and acts individually on any contribution of more than \$10,000, he said.

In the rate hearings this summer, Franklin was questioned by Frank Hayes, an assistant state attorney general, about P.N.B.'s abundance of Seattle-area contributions.

Testimony showed that in 1977, Seattle-area organizations received about 70 per cent of P.N.B.'s contributions, although only 30 per cent of the state's telephones are here.

Franklin testified, however, that the company had not received complaints from the public that it was showing preferential treatment to Seattle.

Records on file with the Utilities and Transportation Commission show that P.N.B. did contribute to organizations all over the state. However, the company's contributions to United Way

campaigns — one of its most consistent contributions — are considerably heavier in Seattle.

P.N.B. contributions to United Way of King County from October, 1976, through December, 1977, amounted to \$148,882. (This was the company's second-highest contribution for the period, second only to the \$260,700 building donated to the Seattle Public Library.)

United Way of Pierce County received \$22,106. United Way of Spokane County got \$15,310.

Far behind these were United Way campaigns in other counties or cities: Yakima, \$3,385; Thurston, \$1,950; Cowlitz, \$2,208; Walla Walla, \$1,100; Whatcom, \$1,685; Kitsap, \$1,560; Wenatchee, \$740; Pasco, \$700; Grays Harbor, \$1,200; Moses Lake, \$400; Ephrata, \$240; Mason County, \$220; Lewis County, \$400; Jefferson County, \$130, and Kittitas County, \$100.

P.N.B. listed these colleges and schools as recipients of its contributions: Independent Colleges of Washington, Inc., \$33,000 (members: Fort Wright College, Gonzaga University, Whitworth College, Seattle Pacific University, Seattle University, Pacific Lutheran University, St. Martins College and Walla Walla College); Seattle Pacific University and University of Puget Sound, \$5,000 each; Washington State University, \$2,500; University of Washington (a variety of programs), \$2,730; Eastern Washington University, \$150; Gonzaga University and Fort Wright College, \$100 each.

Comish Institute for Allied Arts, \$2,000; Bellarmine High School, Tacoma, \$1,215; Seattle Preparatory School and Forest Ridge School, Bellevue, \$1,200 each, and Lakeside School, Seattle, \$150.

Other P.N.B. contributions of \$10,000 or more went to Children's Orthopedic Hospital and Medical Center Building Fund, Seattle, \$30,260; Corporate Council for the Arts, Seattle, \$20,000, and Pacific Science Center Foundation, \$10,000.

The phone company reported some 31 pages of contributions totaling more than 350 entries.

Other contributions of \$1,000 or more went to:

Mary Bridge Children's Health Center Building Fund, Tacoma, \$9,250; Seattle Handicapped Center, \$8,600; Junior Achievement of Seattle, \$5,068; Boys Clubs of King County, Center for Community Development (Seattle), Tacoma General Hospital Building Fund, Capital Theater Building Fund (Yakima), and Y.M.C.A. Building Fund (Walla Walla), \$5,000 each.

St. Helens Hospital (Chehalis), National Conference of Christians and Jews Camp Brothwood (Seattle) and Mount Carmel Hospital Building Fund (Colville), \$2,500 each; Church Council of Greater Seattle, \$2,000.

PONCHO (Patrons of Northwest Civic, Cultural and Charitable Organizations, Seattle) \$1,675; WAMPUM, Inc. (Spokane) \$1,675; Central Youth Services (Seattle), Northwest Artificial Kidney Center (Seattle), \$1,500 each; Morning Star Boy's Ranch (Spokane), \$1,350.

Junior Achievement of Tacoma, Neighborhood Health Centers of Seattle, Northwest Council for Economic Education (Seattle), Eastside Community Mental Health Center (Bellevue), Sno-King Youth Services, \$1,200 each; Youth Eastside Services (Bellevue), \$1,150; Mason County Fire Protection District No. 8, \$1,100; subscriptions to Pacific Search magazine for Seattle Public Schools science students, \$1,040.

King County Court-Second Chance, The Brotherhood (a Seattle crisis-intervention center), Citizens Council Against Crime (Seattle), Friends of the Center for Urban Studies (Seattle), Odessa Brown Children's Outreach Clinic (Seattle), Rainier Community Action Center (Seattle), Seattle Mountain Rescue Council, Edwin T. Pratt Scholarship Fund (Seattle), Lincoln High School P.T.S.A. Career Education Fund (Seattle), Center for Addiction Services (Seattle), Union Gospel Mission (Spokane) and Mason County Fire District No. 15, \$1,000 each.

WASHINGTON SUPREME COURT DECISION

The following quotations are taken from the supreme court decision in Jewell v. WUTC, 90 W2d 775 (1978) in which the court decided that WUTC lacked the authority to permit charitable contributions by a telephone company to be considered as part of the rate base:

. . . . The public interest, in return for the grant of a monopoly, requires prompt, expeditious and efficient service. Quid pro quo, the company is entitled to rates which are fair, just, reasonable and sufficient to allow it to render such services. RCW 80.36.080.

There is nothing in the statutory scheme which directs that the telephone company must be a good corporate neighbor or that it is entitled to rate charges for contributions which result in improving the image of the corporation. Yet that is the essence of the testimony before the commission. There is a total lack of any proof or finding that the telephone users are receiving any more "prompt, expeditious and efficient" telephone service because the telephone companies choose to contribute to, among other charities, hospitals or private colleges.

. . . .

The commission's orders beg the essential question. Those orders are premised upon the idea that utility contributions are expected and desirable. We agree. The question is who pays for them. They can be paid for by the investors who own the utility and are interested in its corporate image and its community responsibilities, or they can be paid for by the unwitting telephone subscribers who just want to be able to use their telephones.

The attitude of PNB in its brief before the commission indicates that it hardly considers itself a public service company. It stated:

"The amount and burden on the ratepayer which would result from the recognition of charitable contributions by the Commission as a legitimate rate making expense is so minuscule as not to be measurable. . . .

It is suggested that the impact of charitable contributions on the enlightened ratepayer would be the least objectionable on the scale of increased costs because of the nature of the needs to which those contributions respond."

Suffice it to say that the state of Washington in granting PNB a monopoly, has not delegated to it the decision as to who is an "enlightened" ratepayer or the right to decide that any portion of the telephone bill is so minuscule as to be not measurable. If it is so minuscule as to be not measurable, surely the stockholders will find it minuscule, not measurable and therefore not objectionable.

. . . .

The dangers inherent in the commission's action are apparent from the contents of its orders. It cautions the utilities that the contributions must be distributed free of political interests or pressure. It warns the utilities that they should not withhold contributions from charities, such as a legal services organization, with interests adverse to the utility. . . .

Because our decision is based upon interpretation of the statutes, we do not reach the constitutional issues raised. However, it is apparent that the kinds of decisions and pressures inherent in the limitations of the order would put the appointed ommissioners into an entanglement of politics, private schools, religious issues and social policies beyond anything authorized by the legislature and into a constitutional thicket of substantial question.

. . . .

. . . . Pacific should not be permitted to be generous with ratepayers' money but may use its own funds in any lawful manner."

. . . .

"That which is involuntarily removed from the telephone subscribers' pockets is more akin to a tax than a charitable contribution. Pacific Northwest Bell Telephone Company is a monopoly and the subscribers cannot go elsewhere for service."

The order of the trial court is reversed.

/ S / Justice Brachtenbach