



DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

August 2, 2004

Kathryn Logan, Administrative Law Judge
Christina Smith, Administrative Law Judge
Office of Administrative Hearings
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: UM 1121 – Consolidated Issues List 1 & 2

Dear Judges:

At your request, the parties have prepared a list of issues (List) that may be addressed in this docket. There are two parts to the List. List 1 represents issues to which no party currently objects. List 2 represents issues to which at least one party currently objects for any reason. This List does not preclude any party moving to strike testimony on an issue on either List 1 or List 2. Nor does it limit the parties from addressing any issue on either list or any additional issues. Placement on either list does not indicate the relative importance of issues on either list.

The following parties have agreed to the List: Applicants, PGE, Bonneville Power, BOMA, AOI, Strategic Energy, EWEB, Multnomah County, Enron, RNP, CUB, ICNU, City of Portland and Staff.

Enclosed for filing please find an original and 5 copies of List.

Sincerely,

Michael T. Weirich
Assistant Attorney General
Regulated Utility & Business Section

Enclosures
c: Service List
MTW:na1/GENJ8414

Consolidated Issues

List 1

1. Should the Commission grant the application under ORS 757.511?
2. If the Commission grants the application, what risk mitigation/ring fencing, conditions and/or affiliated interest conditions should the Commission impose to protect ratepayers?
3. Will the acquisition of PGE under terms and conditions currently provided by Applicants provide net benefits for customers?
4. What service quality measures should be imposed as a condition of this application?
5. Should the Commission implement customer guarantees? (See, e.g., Commission Order No. 99-00616, Appendix Stipulation 5, pages 11-14).
6. Does OEUC's proposed capital structure create risks to ratepayers?
7. Will the proposed acquisition impact PGE's credit rating?
8. What access should the Commission have to the books and records of OEUC, TPG, their affiliates, and/or other investors in TPG or OEUC to protect PGE's customers?
9. Does the proposed LLC holding company ownership structure or the investment from private equity limited or general partnerships create risks connected to this transaction? If yes, how should those risks be addressed?
10. What are the risks and benefits associated with the specific organizations involved in the proposed transaction?
11. What are the risks and benefits posed by OEUC's stated intention to hold its investment in PGE for a limited time period?
12. What would be the impact if Oregon Electric and/or TPG were to own and/or influence control over other regulated utilities and how might this impact the risks or benefits in this application?
13. What are Applicants' plans for reviewing operations and management at PGE?

14. Would a repeal of the PUHCA affect the level of benefits presented by the applicants?
15. Should PUHCA be repealed would there be any benefit to having "local representation" on the OEUC Board? If so, what benefit?
16. How will the loan agreements and operating agreements of OEUC be structured?
17. What should be the terms and conditions of the Master Services Agreement?
18. Are there tax-related ratemaking issues that should be considered in this proceeding?
19. Are there cost savings or efficiencies available that would benefit ratepayers as a result of the proposed acquisition? If so, how would potential cost savings benefit customers?
20. Would potential cost saving efforts or efficiencies create a degradation of services provided to ratepayers?
21. Should the Commission consider the PERS investment in TPG, and if so, what impact, if any, does this investment have on the benefits offered by the Proposed Transaction?
22. When will OEUC or TPG be able to file all necessary applications with and receive regulatory approvals from other regulatory bodies?
23. Does Oregon Electric intend to establish any new unregulated subsidiaries of PGE or OEUC, and are additional commitments required to protect PGE's customers?
24. How is PGE's exposure to existing and potential lawsuits and/or liabilities affected if this transaction is approved?
25. How is OEUC's exposure to existing and potential lawsuits and/or liabilities affected if this transaction is approved and what impact would that have on PGE's customers?
26. What risks and benefits are associated with the specific organizations involved the proposed acquisition?
27. What are the Applicants' plans for energy supply as it relates to renewable energy and to issues affecting the development of renewables, such as transmission.

Consolidated Issues

List 2

1. Should conditions be imposed for treating gains realized on the subsequent sale of PGE?
2. Should conditions be imposed regarding the ultimate disposition of PGE and/or OEUC?
3. Should a plan to improve PGE's credit quality be a condition imposed by the Commission?
4. Which conditions agreed to in the purchase of PGE by Enron should the Commission implement in this Proposed Transaction? (*See generally* Commission Order No. 97-196 and its Appendix A).
5. If the Commission imposes a condition similar to the Enron Condition No. 6, should some or all short-term debt and/or other factors be considered when determining the minimum debt/equity ratio for PGE?
6. What is needed to assure that there are adequate investments (e.g., maintenance and infrastructure) to meet present and future needs?
7. What conditions affecting direct access service should be required as a condition of the acquisition of PGE to facilitate the implementation of SB 1149 and to serve the public interest?
8. Should the net benefits of the acquisition be tangible and measurable?
9. Should the net benefits of the acquisition include rate benefits?
10. How should the benefits currently offered by the Proposed Transaction be measured to determine net benefits? (e.g. what comparison should be used to measure?)
11. Should the net benefits for customers include a commitment to environmental stewardship and a continued significant participation in civic and charitable endeavors?
12. Does the use of PGE stock as collateral for Oregon Electric require special considerations by the Commission to assure protections for ratepayers?
13. Does the Commission need to ensure that PGE will provide adequate investment in its infrastructure?

14. Will the proposed Integrated Resource Plan be fully funded should it gain acknowledgement?
15. Is it reasonable to think that the Commission can approve application without knowing the terms of loan agreements and operating agreements of OEUC?
16. If TPG III and/or TPG IV were sold, would the transaction constitute a change in investors in Oregon Electric? If yes, would the Commission have authority over the transaction and what statutes would apply?
17. What ongoing costs of decommissioning and restoration of Trojan should be considered in this proceeding?
18. Will the Proposed Transaction affect PGE's ability to negotiate in good faith with the City of Portland related to franchise rights?
19. Should PGE's taxes be calculated on a consolidated or unconsolidated basis with OEUC and other related corporate entities?
20. What would be the impact on PGE if it did not file on a consolidated basis?
21. Should there be safeguards imposed to ensure that service quality will not be adversely affected by cost reduction efforts?
22. Would potential cost saving efforts or efficiencies have an impact on local jobs?
23. What weight should be given to potential cost savings and/or potential harms associated with cost-cutting measures?
24. Is any monitoring and/or PERS disclosure(s) of its investment in TPG necessary to assure ratepayers interests are not compromised?
25. Can this case be processed without knowing the terms of the loan agreements and the Limited Liability Company operational agreement?
26. If Oregon Electric establishes new unregulated subsidiaries or affiliates of either PGE or OEUC, are additional conditions necessary to protect customers?
27. Is the issue of a potential reorganization of PGE's power trading operations applicable? If so, what would the impact be on this transaction if there were a requirement that, for the transaction to proceed, the SEC must rule that PUHCA is not applicable to OEUC?

28. Should SEC determine OEUC is not a holding company and therefore is held exempt from PUCHA, what impact would such a determination have on ratepayers?
29. To what extent does the Commission have authority over a change in investors in Oregon Electric and/or a change of control of Oregon Electric?
30. If Oregon Electric were sold, would the Commission have authority over that transaction? If yes, what statutes would apply?
31. Should PGE's commitments in the hydropower licensing process be considered in this proceeding? If so, how?
32. What are the risks and benefits, including implications for long-term energy resources and energy policies, posed by Oregon Electrics' stated intention to hold its investment in PGE for a limited time period?
33. Should the Commission recognize the "double leveraged" capital structure proposed by the Applicants for PGE?
34. Should the Commission require PGE to actually pay to government all federal and/or state income taxes that are charged to ratepayers?
35. Should the Commission allow the equity ownership of Oregon Electric to be secret?
36. Should the Commission determine public benefit by comparing the proposed transaction to the status quo or to the public purchase of PGE that the TPG plan preempted?
37. Should the Commission adopt conditions relating to treatment of gains on subsequent sales of PGE or PGE Assets?
38. Should the Commission adopt other conditions to protect ratepayers?

CERTIFICATE OF SERVICE

I certify that on August 2, 2004, I served the foregoing upon the parties hereto by sending a true, exact and full copy by electronic mail only and hardcopy to those parties who do not have an email address:

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