

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1121

In the Matter of)	
)	
the Application of Oregon Electric Utility)	BOMA Issue List
Company, LLC, et al)	
To Acquire Portland General Electric)	
Company.)	
)	
)	

Building Owners & Managers (Portland) submits the following Initial Issues List.

For the purposes of the record, BOMA raises a concern that the Issue List is premature and would better be addressed after the Parties have seen the Supplemental filing by Applicant, and further submits these issues without waiving any ability to raise additional issues later in the proceedings, and finally that by identifying the issues herein, BOMA is not intending to waive, modify, amend, or allow any shift in the burden of proof in this matter.

1. Protections for Commercial and Small Industrial Customers. BOMA is concerned that concessions granted to other parties will result in higher rates being charged to Commercial and Small Industrial customers as has happened in the past. These customers (hereafter collectively called “Commercial Customers”) face extraordinary burdens in the current economic situation. These customers have historically borne a greater economic burden in rates, whether for “open access” programs, to support conservation, renewable resource development, or shareholder compensation. If OEUC is to show benefits for this class, it will be necessary to insulate Commercial Customers from being burdened with costs over their pro rata share based upon all customers, including residential.

2. Service Guaranties. Commercial Customers have an interest in service guarantees that better reflect the cost to the business for lost service and other services provided by the utility.

3. Cross collateralization and investor protections. At this juncture, there has been no disclosure of the operative financing terms. BOMA is concerned that the financing vehicles may include provisions that operate to protect investors first, such as provisions that require that any monies paid on any debt be paid first to transaction in which the investors are at risk economically. Similarly, BOMA is concerned that there will be provisions that allow the collateral from one loan to be used to secure another loan at the maker's discretion.
4. Internal Investor Arrangements. Without additional information, it is unclear what ability the various groups (OEUC, TPG, TPG investors) have to revise and modify the all of the internal arrangements (not just the Operating Agreement) without Commission approval. BOMA would be interested in requirements to assure that any significant change of any kind be approved by the Commission. That would mean that TPG, for instance, would have to agree to this as a condition of the purchase since the Commission has limited authority over these other entities.
5. Spinning off the Trading Activities. This has been justified as necessary for PUHCA. Care should be used to assure that there are not unintended results from this spin off including impairing the ability to determine whether prices are manipulated, meeting FERC obligations, and tax consequences.
6. Use of PGE as Guarantor, PGE stock as collateral for Loans and Financing Arrangements, or PGE Stock to back trading Activities. The role and ability of the Commission to enforce protections for the ratepayers is critical if this sale is to proceed. An unregulated and largely secret "trading" affiliate backed by PGE credit or its shares is unacceptable.
7. Transparency of Information. Need BOMA say more? This arrangement is complicated and fraught with areas that *might* work but if they do not, Oregon ratepayers will suffer. It is critical to make information available and understandable during TPG's ownership, especially since it has been stated that it intends to buy and then sell the utility.
8. Terms and Conditions with Respect to the \$250 million short term debt. Specifically more information about how it may be used for dividend distribution must be developed to prevent this debt from becoming the source of funding of distribution to investors.

9. Local Representation vs. Local Control. Particularly in light of TPG's ability to trump any decision of the OEUC Board, we must have greater numbers of Oregonians as members with more authority to act independently as currently exists.

10. Tax Collection in Rates. It is imperative that there be limitations on how much money is collected in rates for taxes and a cap on how much of that money can be used in any tax avoidance scheme, i.e. offset against loss.

11. Service and Workforce Issues. If OEUC can't raise rates, must fund various public benefits, and cannot collect in rates money that actually is not paid to the relevant governmental entity, OEUC will be seeking ways to lower costs. There must not be any erosion of service quality or reduction in force, transfer of work force out of state, or reduction in crews.

12. OEUC's Position as a regional utility and marketing entity. If this sale occurs, OEUC will be a regional player just as PGE is currently. It will have to decide what role it intends to play with respect to renewable development, transmission access and scheduling, and involvement in BPA resource issues. It would be appropriate to find out what role that TPG sees for the utility and how the sale to TPG (instead of distribution to creditors, sale to others, etc) will support, expand, and facilitate its position in the Northwest for the benefit of ratepayers.

Dated this 13th day of May, 2004

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