

Staff's Proposed Consolidated Issue List

1. Should the Commission grant the application under ORS 757.511?
2. If the Commission grants the application, what conditions, if any, should the Commission impose?
 - Should conditions be imposed for treating gains realized on the subsequent sale of PGE?
 - Should conditions be imposed regarding the ultimate disposition of PGE and/or OEUC?
3. Will the Applicants' acquisition of PGE provide net benefits for customers?
 - Should the net benefits be tangible and measurable?
 - Should the net benefits include rate benefits?
 - To what should the Commission compare the benefits offered by the proposed acquisition in order to determine net benefits?
 - Will the net benefits for customers include a commitment to environmental stewardship and a continued significant participation in civic and charitable endeavors?
4. What service quality measures should be a condition of this acquisition?
 - What safeguards should be put in place to ensure that service quality will not be adversely affected by cost reduction efforts?
5. Should the Commission implement customer guarantees? *See, e.g.,* Commission Order No. 99-00616, Appendix Stipulation 5, pages 11-14.
6. Are there risks to customers associated with Oregon Electric's capital structure?
 - If so, what is necessary to protect PGE's customers?
 - Does the use of PGE stock as collateral for Oregon Electric loans require special protections for the ratepayers?
 - How will the proposed acquisition impact PGE's credit ratings?
 - Should a plan to improve PGE's credit quality be a condition of this sale?
7. What risk mitigation/ring fencing and affiliate interest protection mechanisms should the Commission implement to protect PGE's customers?

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?
 - What, if any, monitoring and disclosure of the PERS investment in TPG is necessary to assure ratepayers interests are not compromised?
9. Which conditions agreed to in the purchase of PGE by Enron should the Commission implement if its approves this proposed acquisition? *See generally* Commission Order No. 97-196 and its Appendix A.
10. 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?
11. Are there unique risks to this transaction due to the type of business entities involved in ownership and investment in PGE (e.g., LLC holding company, limited partnerships, and private equity funds)?
12. What are there risks and benefits associated with the specific organizations involved in the proposed acquisition?
 - What are the risks posed by Oregon Electric's stated intention to hold its investment in PGE for a limited time period?
 - Should Oregon Electric or TPG own other regulated utilities? If so, how would such ownership impact the risks or benefits in this application?
 - What are Applicants' plans for reviewing operations and management at PGE?
13. How can the Commission ensure that PGE will provide adequate investment in its infrastructure?
 - Will the proposed Integrated Resource Plan be fully funded should it gain acknowledgement?
 - What conditions are required to assure continued PGE investments in maintenance and infrastructure to meet present and future needs?
14. Would a repeal of the Public Utility Holding Company Act (PUHCA) affect the level of benefits presented by the applicants?
 - Should PUHCA be repealed would there be any benefit to having "local representation" on the Oregon Electric Board? If so, what is that benefit?
15. Could OEUC obtaining an exemption from PUHCA have any negative consequences for ratepayers?

- Should the exemption from PUHCA be obtained by reorganizing PGE's power trading operations, what impact would that have on this transaction?
16. Should the ongoing costs of decommissioning and restoration at Trojan be considered in this proceeding?
 17. How will the loan agreements and operating agreements of Oregon Electric be structured?
 - Can this case be processed without knowing the terms of the loan agreements and operating agreements of OEUC? If so, how?
 18. What should be the terms and conditions of the Master Services Agreement?
 19. Should PGE's taxes be calculated on a consolidated or unconsolidated basis with Oregon Electric and other related corporate entities?
 - What would be the impact on PGE if it did not file on a consolidated basis?
 20. What tax-related ratemaking issues should be considered in this proceeding?
 21. Are there cost savings or efficiencies available as a result of the proposed acquisition?
 - If so, how will the cost savings benefit customers?
 - If so, will there be a degradation of service as a result of cost savings and efficiency measures?
 - If so, will the cost savings come at the expense of local jobs?
 - If so, what weight should be given to potential cost savings and/or potential harms associated with the cost-cutting measures?
 22. 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?
 - If TPG III and/or TPG IV are sold, would that constitute a change in investors in Oregon Electric? If yes, would the Commission have authority over the transaction and what statutes would apply?
 - If Oregon Electric were sold, would the Commission have authority over that transaction? If yes, what statutes would apply?
 23. 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 acquisition?

24. When will OEUC or TPG be able to file all necessary applications with and receive regulatory approvals from other regulatory bodies?
25. What impact, if any, would there be to direct access should this transaction be consummated?
26. Does Oregon Electric intend to establish any new unregulated subsidiaries of PGE or OEUC, and, if so, are additional conditions required to protect PGE's customers?
27. Will the proposed acquisition affect PGE's ability to negotiate in good faith with the City of Portland related to franchise rights?
28. Should PGE's commitments in the hydropower licensing process be considered in this proceeding? If so, how?
29. How is PGE's exposure to existing and potential lawsuits and/or liabilities affected if this transaction closes?
30. How is OEUC's exposure to existing and potential lawsuits and/or liabilities affected if this transaction closes and what effect could have on PGE's customers?

CERTIFICATE OF SERVICE

I certify that on July 2, 2004, I served the foregoing upon the parties hereto by mailing, regular mail, postage prepaid, a true, exact and full copy thereof to:

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