

BEFORE THE OREGON PUBLIC UTILITIES COMMISSION

UM 1121

In the Matter of

OREGON ELECTRIC UTILITY
COMPANY, LLC, et al.

Application for Authorization to
Acquire Portland General Electric Co.

REPLY BRIEF OF UTILITY REFORM
PROJECT, et al.

November 17, 2004

The Opening Brief of Staff addressed the issue of phony income taxes in a way that avoided our actual proposed conditions.

The additional \$15 million per year of what Staff refers to as "tax benefit" (actually tax detriment to ratepayers and government) can be avoided by either of two URP-proposed conditions:

- A. **The Commission should recognize the "double leveraged" capital structure proposed by the Applicants for PGE.**
- B. **The Commission should require PGE not to charge ratepayers for federal and/or state and/or local income taxes, and all other taxes, that PGE does not actually pay to government.**

Recognizing the "double leveraged" capital structure, as proposed in the Testimony of Daniel W. Meek, would itself eliminate the \$15 million annual charges of phony income taxes to ratepayers by recognizing the new \$707 million in debt as debt of the utility. Staff apparently proposes to have this debt ignored in determining PGE's revenue requirement, which will inevitably result in the imposition of the

phony income taxes on ratepayers.

Dated: December 3, 2004

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing REPLY BRIEF OF UTILITY REFORM PROJECT BY UTILITY REFORM PROJECT, ETC. by mailing a true and correct copy thereof, placed in a sealed envelope and deposited in the U.S. Postal Service at Portland, Oregon, on December 3, 2004, with the postage prepaid, to every person on the service list UM 1121 proceeding below for whom the list on the OPUC web site this day does not show an email address:

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I served the remainder of the service list by emailing this document in Wordperfect, Word, and PDF formats to every email address on the service list by using the Email Service List (comma delimited) link on the OPUC web site for this docket.

Dated: December 3, 2004

Linda K. Williams