



CITY OF
PORTLAND, OREGON
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October 27, 2006

BY E-MAIL AND FIRST CLASS MAIL

PUBLIC UTILITY COMMISSION
ATTN: FILING CENTER
PO BOX 2148
SALEM OR 97308-2148

Re: **Docket UE 180/UE 181/UE 184:** In the Matter of PGE's Request for a General Rate Revision

Dear Filing Center:

Enclosed for filing in the above-referenced matter is an original and five copies of the Issue Brief of the City of Portland, Oregon.

Very truly yours,

Benjamin Walters
Senior Deputy City Attorney

BW:lw
Enclosures
c: Service List (by e-mail)

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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UE 180/ UE 181/ UE 184

4 In the Matter of
5 PORTLAND GENERAL ELECTRIC
6 COMPANY
7 Request for a General Rate Revision (UE 180),

8 In the Matter of
9 PORTLAND GENERAL ELECTRIC
10 COMPANY
11 Annual Adjustments to Schedule 125
(2007 RVM Filing) (UE 181),

12 In the Matter of
13 PORTLAND GENERAL ELECTRIC
14 COMPANY
15 Request for a General Rate Revision relating to
16 the Port Westward Plant (UE 184).

ISSUE BRIEF OF THE CITY OF
PORTLAND, OREGON

17 The issues remaining for the City of Portland, Oregon in this proceeding are as follows:¹

18 **Practical and Prudent Tax Planning:** PGE should engage in practical and prudent tax
19 planning to minimize currently payable income tax burdens imposed on ratepayers

20 **Imputed PGE LLC Conversion:** As a comparator in setting PGE's rates, the
21 Commission should deem that an LLC conversion of PGE had occurred prior to its stock
22 distribution to Enron creditors. This conversion would have been a reasonable and prudent
23

24 ¹ By Order No: 06-528, dated September 14, 2006, the Commission a stipulation entered into
25 among Portland General Electric Company, Staff of the Public Utility Commission of Oregon,
26 the Industrial Customers of Northwest Utilities, Fred Meyer Stores, the City of Portland,
Constellation NewEnergy, Inc., EPCOR Merchant and Capital (US) Inc., and Sempra Global
regarding direct access issues in this proceeding.

1 business decision with significant benefits for ratepayers. The effect of this conversion would
2 have been to significantly reduce PGE's tax burden.

3 **Ratepayer Credit Deferred Tax Balances:** Income taxes previously included in PGE
4 rates and reflected as deferred taxes on the PGE balance sheet as of January 1, 2006 should be
5 refunded as billing credits to ratepayers in order to avoid double charging ratepayers when the
6 temporary differences that created the deferred tax liabilities reverse and become currently
7 payable income tax liabilities, in conforming to new practices of utility income tax accounting
8 under SB 408.

9 **Ratepayer Credits of Improper Cash Transfers to Enron:** Cash payments made by
10 PGE to Enron under the PGE/Enron oral and written Tax Allocation Agreements, and not
11 otherwise explicitly authorized by the Commission from 1997 through 2005, should be refunded
12 to ratepayers through billing credits.

13 Dated this 27th day of October, 2006.

14 Respectfully submitted,

15 /s/ Benjamin Walters

16 Benjamin Walters, OSB #85354
17 Senior Deputy City Attorney
18 Of Attorneys for City of Portland
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1 CERTIFICATE OF SERVICE

2 I hereby certify that on October 27, 2006, I mailed an original and five copies of the
3 foregoing ISSUE BRIEF OF THE CITY OF PORTLAND, OREGON to:

4 PUBLIC UTILITY COMMISSION OF OREGON
5 ATTENTION: FILING CENTER
6 550 CAPITOL ST., NE., SUITE 215
7 SALEM, OR 97308-2148

8 and on October 27, 2006, I hereby certify that the foregoing document was electronically mailed
9 to all Persons on the Service List maintained by the Public Utility Commission for the related
10 UE 180, UE 181 and UE 184 proceedings who had an e-mail address posted. I further certify
11 that for those persons listed on the Service List a copy was mailed by first class mail, contained
12 in a sealed envelope, with postage paid, and deposited in the post office at Portland, Oregon on
13 said day.

14 /s/ Benjamin Walters

15 Benjamin Walters, OSB #85354
16 Senior Deputy City Attorney
17 Of Attorneys for City of Portland
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