



CITY OF

PORTLAND, OREGON

COMMISSIONER ERIK STEN

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Chair Lee Beyer
Commissioner Ray Baum
Commissioner John Savage
Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97301

Dear Commissioners:

As you know, the Portland City Council has taken a strong interest in the future of PGE and the protection of Oregon ratepayers in general. In the swiftly changing energy industry, and because the federal government's role is significantly reduced, I believe heightened government oversight at the state and local level is needed.

As the appointed lead on utility issues for Portland's City Council, I have been following with great interest the rulemaking process that followed adoption of SB 408. I believe this law is fair and necessary. Like the legislature, I find it unacceptable that Oregon ratepayers pay millions of dollars of taxes through our utility rates, which are never paid to the governing authority or which are offset in consolidated tax returns by affiliates with losses so that Oregon ratepayers pay more than their fair share of the consolidated tax liability, even when that tax liability is positive. I understand the legislature's intent is to stop this practice and to ensure that the taxes collected from utility ratepayers are paid to the government or if filed in a consolidated fashion that ratepayers do not pay more than their fair share of taxes.

On September 21st, our Council passed a resolution requesting information from Portland General Electric regarding past unpaid taxes and forgiveness of Enron debt. We were glad to hear that the Commission staff developed strong rules on the payment of taxes that will be collected. In the near future, The City of Portland will also consider whether it is important for its City Council to step in and adjust rates considering the information we've collected. I am sure that, with your strong oversight, Portland's role will be diminished greatly. In addition, I will be asking my colleagues on the City Council to support the PUC's recommended rules on the collection and payment of taxes by utilities. Thank you for your time, consideration and service.

Sincerely,

Erik Sten

cc: Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Dan Saltzman