

Public officials in the state say they are concerned about Portland's capacity to buy and run the utility Beyond Portland, a wary view of PGE

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While momentum builds within Portland City Hall to buy Portland General Electric from Enron, anxiety festers outside the city.

Throughout PGE's sphere of influence — in counties ranging from populous Clackamas and Washington to smaller Columbia and Morrow — many public officials openly worry about Portland's ability to buy and oversee Oregon's largest utility. They fear the urban powerhouse would bully them into compliance on crucial issues such as rate-setting or, worse, ignore them.

More than 27 percent of Morrow County's property tax revenue comes from PGE, a percentage unmatched in any other county.

"We absolutely must have fair representation," said Salem Mayor Janet Taylor, who admits unease with her political kin in the columned building at Fourth Avenue and Jefferson Street in downtown Portland.

On one level, the acquisition effort has united a broad assortment of Oregonians intent on freeing PGE from the fallen Enron, securing local ownership and lowering utility rates. On another, it has accentuated financial, political and cultural differences that separate Portland from its neighbors and aggravated the distrust between the mighty and the slight.

"I hate to say it, but it exacerbates the urban-rural divide," said Tony Hyde, who, as chairman of the Columbia County Commission, governs an area heavily dependent on property tax revenue generated by a PGE-owned power plant near Clatskanie.

If the unease coalesces into organized opposition, Portland could find itself in a political tangle of deal-botching proportions. A suburban-rural revolt could scare off a skittish Enron. In so doing, it also could deepen rifts among counties and embarrass big-city leaders who insist they want only the best for those living within the 16 counties in which PGE delivers electricity or holds assets.

City momentum

Portland officials insist support grows by the day for their proposal, which would rely on city-issued revenue bonds to buy PGE and a regional form of governance to establish policies and rates.

An outside operator, not a city bureau, would run the utility, officials say, a direct response to widespread concerns about Portland's ability to manage such a large, complex operation.

"I think we have a critical mass of support that allows us to move forward," said Portland City Commissioner Erik Sten, who has pushed, off and on, for a city purchase for almost three years.

The city renewed its effort in March when state regulators rejected a \$2.35 billion buyout proposal from private equity firm Texas Pacific Group. The Legislature, responding in part to concerns about the city's bid, is considering a bill that would create a state-sanctioned public corporation to buy PGE. Senate Bill 1008 cleared the Democrat-controlled Senate on Friday but faces an uphill battle in the Republican-controlled House.

Sten has worked hard to assure public officials, business organizations and customer groups that he and a diverse advisory group are carefully designing a public utility that would provide reliable, low-cost electricity to all 767,000 households and businesses in PGE's six-county service area.

Given tax and financing advantages, city financial analysts say, the Portland-owned utility could cut costs by at least \$100 million annually. The savings would result in rate cuts of 10 percent, Sten has said.

Sten admits that the city's liberal political makeup and its sheer size make it an easy target for ridicule. "Because we're Portland, we have trouble getting the trust we should," he said. "They need to accept us at our word."

To be sure, some officials of jurisdictions outside Portland have tentatively encouraged Sten to go ahead, while others have withheld judgment.

But warm acceptance is hard to come by. Moving outside Portland's core, support for the municipal purchase quickly gives way to caution, skepticism and outright opposition.

"These people are nuts!" Carlton Mayor Kathy Oriet said of Portland officials in a recent e-mail to Silverton Mayor Ken

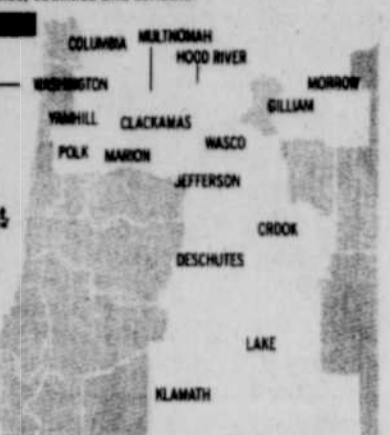
PORTLAND GENERAL ELECTRIC'S OREGON INFLUENCE

PGE is Oregon's largest utility, with 767,000 customers in six counties. In additional counties, where power plants, substations and other assets are located, PGE pays substantial property taxes and franchise fees. Here's a look at the 16-county breadth of PGE's influence and the taxes and fees paid to local jurisdictions such as cities, counties and schools:

COUNTIES WITH CUSTOMERS AND ASSETS				COUNTIES WITH ASSETS ONLY			
County	Customers/percent of total	Property taxes	Franchise/privilege taxes paid**	Major assets	County	Property taxes	Franchise/privilege taxes paid**
Multnomah*	258,500/34%	\$6.55 million	\$9.72 million	Portland service center, Gresham service center	Morrow	\$4.57 million	
Washington	210,400/27%	\$4.48 million	\$8.03 million	Tualatin customer center, Beaverton service center, Tigard fleet maintenance center, Hillsboro service center	Jefferson	\$2.38 million	
Clackamas	160,600/21%	\$5.37 million	\$4.61 million	Wilsonville service center, Oregon City service center, Hydro-electric projects: Bull Run, Faraday, North Fork, Oak Grove, River Mill, T.W. Sullivan	Columbia	\$1.47 million	\$2.10 million
Marion	109,300/14%	\$2.92 million	\$5.77 million	Salem service center, Woodburn service center	Lake	\$95,900	
Yamhill	25,000/3%	\$80,000	\$97,900	Newberg service center	Klamath	\$54,800	
Polk	3,200/0.4%	\$154,600			Deschutes	\$39,700	
					Crook	\$16,800	
					Gilliam	\$13,300	
					Wasco	\$8,800	
					Hood River	\$2,500	

TOTALS: Customers: 767,000 Property taxes paid: \$28.99 million Franchise and privilege taxes paid: \$39.03 million

Sources: Portland General Electric and Association of Oregon Counties



MICHAEL MOORE/THE OREGONIAN

Hector. "They act like they already own PGE."

Outlying anxieties
Critics worry most about adequate representation.

Would counties with far fewer PGE customers than Portland's Multnomah County find themselves with scant say in decisions made by a newly formed board of directors?

"We have some serious concerns about Portland being the prime purchaser," said Martha Schrader, chairwoman of the Clackamas County Commission. "It doesn't seem to lend itself to a more regional view."

Salem's Taylor sits on the 12-member advisory group and is pushing for geographic representation, a means of selection that she thinks will "protect our constituents."

Other advisory group members want board choices to focus more on utility expertise than home address. Otherwise, territorial self-interest could rule, they say.

Terry Tallman:
"They're the big dog, and we're the little dog."

Counties such as Columbia and Morrow have few PGE customers, but feel the same edginess. Each of the two is home to PGE power plants and major substations and transmission lines, valuable assets that generate significant property taxes and franchise fees for local budgets, including general government and school and fire districts.

More than 27 percent of Morrow County's property tax revenue comes from PGE, a percentage unmatched in any other county.

"That's a huge chunk," said Ray Grace, a Morrow County commissioner, who fears a publicly owned utility would exercise its right to cease paying taxes, a move that would "literally strangle Morrow County."

Portland city officials have promised that PGE-turned-municipal would continue to pay state income taxes and local property taxes, even though, by law, it wouldn't be obligated to do so. Nevertheless, the amount of money involved keeps Grace and others agitated.

If a financial crisis hit the utility, for example, policies might be altered to short-change the far-flung counties, said Terry Tallman, who, as Morrow County Judge, heads the commission.

"They're the big dog, and we're the little dog," Tallman said. "We're

not saying we don't trust them. We're just saying things happen."

Columbia County also frets about sitting in the nose-bleed section of any decision-making arena. PGE's largest gas-fired plant is along the Columbia River near the north county town of Clatskanie, and another power plant, Port Westward — estimated to cost PGE \$300 million — is under construction nearby.

The county formed an urban renewal district to accommodate site improvements, such as roads and a water-cooling system, for the new plant, and it's counting on future property tax revenue from PGE to pay off the \$34 million in debt financing.

"We're uniquely invested in the outcome of this transaction," said state Sen. Betsy Johnson, D-Scappoose, who represents Columbia and other neighboring counties.

Hyde, the Columbia County chairman, chafes at the thought of a city advisory group busily defining details without input from local representatives. The group is made up of representatives of consumer and business organizations, such as the Citizens' Utility Board and Associated Oregon Industries, and of government associations, such as the League of Oregon Cities.

"If you're not at the table, you're part of the menu," Hyde said.

The city's reputation
Portland's politics and what some describe as an anti-business bent lie at the heart of the debate over representation.

"We're far more conservative," Clackamas County's Schrader said. "Their framework for making decisions is different than ours."

Schrader and Salem Mayor Taylor point to their counties' farming and nursery businesses, which rely on large amounts of electricity for irrigation, and to an energy-intensive manufacturing sector. They fear that Portland leaders might increase business utility rates to subsidize residential rates or pay for broader low-income aid or renewable energy programs.

"For us, electric rates are a real determinant of economic success," Taylor said. "I'm sorry, but I just don't think Portland is as pro-business as we are."

Then, there's management. It doesn't take long for Portland critics to mention the city's Water Bureau and its botched computer billing system. More recently, fault-finders bring up Mayor Tom Potter's decision to pull Portland police officers off the FBI's Joint Terrorism Task Force.

"I'll be frank," Silverton's Hector said. "When you see governance like that out of the city of Portland, it certainly leaves doubts in my mind about the direction they're headed."

Hector doesn't define the differences in political terms.

"It's not about liberals or conservatives," he said. "It's about bureaucrats. Running government is different than running a business in the private sector, and not one of them has that experience."

Private-sector option

That's why many mayors and county commissioners in the outlying counties favor an ownership option designed to create a publicly traded utility such as Portland's Northwest Natural Gas or Washington's Puget Sound Energy.

Under that alternative, outlined in Enron's approved

Healthy Start wants to help you raise healthy, happy babies

Healthy Start is a free voluntary program through the Morrow County Health Department that assists first time parents in giving their newborn a healthy start in life. Healthy Start was established in 2002 in Morrow County. Last year Healthy Start began a recertification process, credentialing, which has allowed the program and its staff members to provide more appropriate guidelines and procedures that best serve the needs of our county residents.

How does Healthy Start work? Currently Healthy Start has two trained home visitors who want to reach out to every first time parent in the county to join the program mission; to give our kids a jump start in life and a healthy upbringing, by providing ideas for quality care, regular growth and development monitoring, age appropriate activities, books, educational materials, etc. The program staff participates in numerous trainings ongoing so that they are able to provide educated suggestions to new parents in order for the child to receive the best nourishment, best care and attention at an early stage, right when it is most essential for healthy growing. In addition, the program uses curriculum in which parents have direct access to information that explains in very simple language what researchers and scientist have found on brain development and ways to provide brain power to the child.

As a participant of healthy start, you receive weekly visits from a trained Family Support Worker

bankruptcy plan, Enron would issue new PGE stock and distribute shares to creditors. The stock would be listed on a major stock exchange.

Portland Commissioner Sten said he doesn't find the stock-distribution idea "inherently bad," but he sees public ownership as the only sure way to bring PGE under local control so that customers, not investors, are the main beneficiaries.

Naysayers become believers, Sten said, when they understand the steps that would be taken to ensure regional representation and fair rates across all customer classes.

"When we have a clean shot to show people what we're doing — our motives, our aspirations, our actual plan — we have a strong percentage of support."

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Wedding Tables

Tyan Sanderson & Luke Swanson
Wedding - Saturday, May 21st

Lena Gossett and Benjamin McElligott
Wedding - Saturday, June 4th

Melissa Cutsforth and Olaf Pedersen
Wedding - Saturday, June 18th

Tricia Coe & Jon Lorence
Wedding - Saturday, June 25th

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