

The Oregon Public Utility Commission

The anti-PUD forces have made numerous statements indicating that it's a bad thing that publicly-owned utilities are not regulated by the Oregon Public Utility Commission (OPUC). But is it?

The Oregonian reported on September 25, 2003 that the OPUC "voted unanimously Wednesday to endorse Portland General Electric's tentative settlement of charges that the Portland utility engaged in fraudulent electricity trades with its parent company, Enron."

Of the \$8.5 million that PGE has "offered" to pay, only \$1.3 million will go to business and residential customers. Of this amount, \$250,000 will be given to Industrial Customers of Northwest Utilities, a customer group, and \$250,000 will be given to Blue Heron Paper, an Oregon City paper mill. The California Department of Water Resources will receive \$6.1 million. Tacoma, which led the PGE investigation along with the California attorney general's office, will receive \$1.1 million.

The remaining \$800,000 will be shared between PGE's almost 750,000 customers. Even if this refund were divided equally, it would amount to only \$1.07 per ratepayer. In all likelihood, it will be paid over several months or years.

In October 2001, the OPUC allowed PGE to raise its rates by 41% overall, 53% for businesses. In the two years since, PGE has collected an "additional" \$800 million from ratepayers. It is now well known that the increase was due, at least in part, to manipulation of the energy market. PGE's owner Enron played the leading role in this fraud. When prices were near and at their highest, PGE signed long-term contracts for energy with its parent and others. **PGE ratepayers will continue to pay the cost of these contracts for years to come, perhaps a few billion dollars in additional rates.** A PUD will save ratepayers from this rate overcharge.

PGE had revenue of \$1.855 billion in 2002.

In a three-part series on the power trading scandal in 2002, Oregon Public Broadcasting reported that PGE employees knew or suspected that some of their energy trading transactions were at least questionable and probably illegal yet they failed to report their concerns to regulators. They were required to do so by law and had they done so it's very possible energy prices would not have risen dramatically. PGE has been sued by the states of Washington, California, and Montana, by the Port of Seattle along with others for fraud.

PGE was ordered to provide transcripts of telephone conversations to federal regulators. An April 2000 transcript included Enron trader John Forney describing to a PGE transmission employee a plan to send power from California to Oregon and then back into California. The practice was part of what was known as 'Forney's Perpetual Loop', which was used to take advantage of the California Market." It was reported that a PGE employee told a colleague at another energy trading company "This is a scam and you know it." The OPB report pointed out other questionable actions by PGE yet The Oregonian recently reported, "PGE contends its traders played only an unwitting role in Enron's schemes."

In 2003, PGE is charging ratepayers \$15.6 million for "state income taxes" and \$77 million for "federal income taxes" although in all probability no taxes will be paid. **In fact, since Enron bought PGE in 1997 the utility has received over \$572 million from ratepayers. During the seven years, a total of \$221,000 (2002) has been paid in federal income and a total of \$10 (2002) has been paid in state income taxes.**

The Oregon Public Utility Commission says that PGE can continue charging customers for taxes that are not paid to any government.

As part of the proposed PGE settlement, the Oregon Public Utility Commission will also waive its right to continue investigating PGE for wrongdoing. This may also end Federal Energy Regulatory Commission (FERC) investigations.