



Multnomah County Oregon

Board of Commissioners & Agenda

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BOARD OF COMMISSIONERS

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MAY 27, 28 & 29, 2003

BOARD MEETINGS

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 a.m. Tuesday School Aged Policy Framework Discussion
Pg 2	9:00 a.m. Wednesday Health Policy Discussion and Temporary Personal Income Tax Measure Discussions
Pg 2	6:00 p.m. Wednesday Public Hearing on the 2003-2004 Multnomah County Budget
Pg 3	9:30 a.m. Thursday Regular Board Meeting
Pg 4	10:30 a.m. Thursday Continued Public Hearing on Boundaries of the Proposed People's Utility District
Pg 5	Budget Work Session and Hearing Schedule

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30

Friday, 11:00 PM, Channel 30

Saturday, 10:00 AM, Channel 30

Sunday, 11:00 AM, Channel 30

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Tuesday, May 27, 2003 - **9:30 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION

WS-1 School Aged Policy Framework

Wednesday, May 28, 2003 - **9:00 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION

WS-2 Health Policy
Multnomah County Temporary Personal Income Tax Measure

Wednesday, May 28, 2003 - **6:00 PM**
Multnomah County East Building, Sharron Kelley Conference Room
600 NE 8th, Gresham

PUBLIC HEARING

PH-1 Public Hearing on the 2003-2004 Multnomah County Budget. Testimony will be Limited to 3 Minutes per Person.

Thursday, May 29, 2003 - **9:30 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM
PUBLIC CONTRACT REVIEW BOARD

C-1 ORDER Approving an Exemption from the Formal Competitive Bid Process the Contract with Election Systems & Software, Inc. (ES&S) for the

Purchase of New Vote Tabulation Equipment, Unity Software and Election Support Services

SHERIFF'S OFFICE

- C-2 Budget Modification MCSO-03 EXT-12 Appropriating \$126,618.63 of Revenue from the Federal Bureau of Justice Local Law Enforcement Block Grant (LLEBG) to Assist in Purchasing River Patrol Vehicle and Overtime for Corrections at MCDC
- C-3 Budget Modification MCSO-03 EXT-13 Appropriating \$45,488 in Additional Revenue from the Oregon Department of Transportation to Continue Funding the DUII Intensive Supervision Program (DISP)
- C-4 Budget Modification MCSO-03 EXT-14 Appropriating \$20,095 Revenue from the Oregon State Sheriff's Association for Participating in the Seat Belt Grant for 2002-2003
- C-5 Budget Modification MCSO-03 EXT-15 Appropriating \$12,000 Revenue into this Fiscal Year's Budget from the Oregon State Sheriff's Association, for Participation in the DUII Overtime Enforcement Grant
- C-6 Budget Modification MCSO-03 EXT-16 Appropriating \$15,000 Annual Revenue from U.S. Customs Services' Contract to Assist in Anti-Smuggling Unit Operations from October 1, 2002 to September 30, 2005

DEPARTMENT OF COUNTY HUMAN SERVICES

- C-7 Government Revenue Contract (190 Agreement) 4600003987 with the City of Portland to Purchase Culturally Competent Services for the Latino Community from the City of Portland, North Portland Neighborhood Association, Acting as the Fiscal Agent on Behalf of the Latino Network

REGULAR AGENDA - 9:30 AM

PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on Non-Agenda Matters. Testimony is Limited to Three Minutes per Person.

DEPARTMENT OF HEALTH - 9:30 AM

- R-1 NOTICE OF INTENT to Apply for Refugee Preventive Health Grant

- R-2 NOTICE OF INTENT to Apply for a Federal Nurse Education, Practice, and Retention Career Ladder Program Grant
- R-3 NOTICE OF INTENT to Apply for a Family Planning Male Reproductive Health Research Grant
- R-4 NOTICE OF INTENT to Apply for Grant Funding from the Oregon Department of Human Services to Develop and Implement an Asthma Tracking System

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 9:55 AM

- R-5 RESOLUTION Approving Sale of Gresham Neighborhood Center (GNC) Building and Lease Option Agreement for Adjacent Parking Lot
- R-6 RESOLUTION Approving Justice Center Fire Alarm Upgrades (Project #1) and Justice Center Detention Electronics Project (Project #2) Plans and Authorization to Proceed with Public Bidding through Completion of Project #1

Thursday, May 29, 2003 - 10:30 AM
(OR IMMEDIATELY FOLLOWING REGULAR AGENDA)
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

CONTINUED PUBLIC HEARING

- PH-2 The Multnomah County Board of Commissioners will conduct a Continued Public Hearing to Consider the Boundaries of the Proposed Multnomah County People's Utility District. The electors' petition describes the proposed boundaries as: All of Multnomah County, except the areas within the boundaries of: the Interlachen People's Utility District and the Rockwood Water People's Utility District. The electors' petition describes the purposes of the levy as: To finance an engineer's report and the election under ORS 261.355(1). Public Testimony will be Limited to 3 Minutes per Person.
Written Testimony is Encouraged.

Submit Written Testimony to:
Deborah Bogstad, Board Clerk
deborah.l.bogstad@co.multnomah.or.us
501 SE Hawthorne Blvd., Suite 600
Portland, OR 97214

MULTNOMAH COUNTY 2003-2004 BUDGET WORK SESSIONS AND HEARINGS

**(Unless otherwise noted, all sessions will be held in the Multnomah Building
Commissioners Boardroom 100, 501 SE Hawthorne, Portland)**

Cable coverage of the May 6 through June 11 budget work sessions, hearings and Thursday Board meetings are produced through Multnomah Community Television. Call (503) 491-7636, ext. 332 for further info or log onto <http://www.mctv.org> for the program guide/playback schedule. The sessions, hearings and Board meetings are available via media streaming at http://www.co.multnomah.or.us/cc/live_broadcast.shtml. Contact Board Clerk Deb Bogstad (503) 988-3277 for further information.

**Wed, May 21
9:30 - 12:00 p.m.**

**Multnomah County Temporary Personal Income Tax
Measure Discussion**

**Wed, May 21
6:00 - 8:00 p.m.**

**Public Hearing on the 2003-2004 Multnomah
County Budget - Multnomah Building,
Commissioners Boardroom 100, 501 SE
Hawthorne, Portland**

**Tue, May 27
9:30 - 11:00 a.m.**

School Aged Policy Framework

**Wed, May 28
9:00 - 12:00 p.m.**

**Health Policy
Multnomah County Temporary Personal Income Tax
Measure Discussion**

**Wed, May 28
6:00 - 8:00 p.m.**

**Public Hearing on the 2003-2004 Multnomah
County Budget - Multnomah County East
Building, Sharron Kelley Conference Room, 600
NE 8th, Gresham**

**Tue, June 3
9:00 - 12:00 p.m.**

If Needed Budget Work Session

**Wed, June 4
1:00 - 4:00 p.m.**

**Revenue Forecast Update
Amendments
Shared Services**

**Thu, June 5
9:30 - 10:15 a.m.**

**Tax Supervising and Conservation Commission
Public Hearings on the Multnomah County 2002-
2003 Supplemental Budget; and the 2003-2004
Budget - Multnomah Building, Commissioners
Boardroom 100, 501 SE Hawthorne, Portland**

**Tue, June 10
9:00 - 12:00 p.m.**

Amendments

**Tue, June 10
2:00 - 4:00 p.m.**

Amendments

**Wed, June 11
9:00 - 12:00 p.m.**

Amendments

**Wed, June 11
2:30 - 4:00 p.m.**

Amendments

**Thu, June 12
9:30 - 12:00 p.m.**

**Public Hearing and Resolution Adopting the 2003-
2004 Budget for Multnomah County Pursuant to
ORS 294
Public Hearing and Resolution Adopting the 2003-
2004 Budget for Dunthorpe Riverdale Sanitary
Service District No. 1
Public Hearing and Resolution Adopting the 2003-
2004 Budget for Mid County Street Lighting
Service District No. 14 and Making Appropriations
Public Hearing and Resolution Adopting the 2003-
2004 Mt. Hood Cable Regulatory Commission
Budget**

10:30 A.M. MAY 29, 2003

**MULTNOMAH COUNTY
BOARD OF COMMISSIONERS**

**CONTINUED PUBLIC HEARING
ON THE PROPOSED PUD
BOUNDARIES**

**TESTIMONY SIGN-UP SHEETS
AND WRITTEN SUBMISSIONS**

PH-2

Thursday, May 29, 2003 - 10:30 AM
(OR IMMEDIATELY FOLLOWING REGULAR AGENDA)
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

CONTINUED PUBLIC HEARING

PH-2 The Multnomah County Board of Commissioners will conduct a Continued Public Hearing to Consider the Boundaries of the Proposed Multnomah County People's Utility District. The electors' petition describes the proposed boundaries as: All of Multnomah County, except the areas within the boundaries of: the Interlachen People's Utility District and the Rockwood Water People's Utility District. The electors' petition describes the purposes of the levy as: To finance an engineer's report and the election under ORS 261.355(1). Public Testimony will be Limited to 3 Minutes per Person. **Written Testimony is Encouraged.**

Submit Written Testimony to:
Deborah Bogstad, Board Clerk
deborah.l.bogstad@co.multnomah.or.us
501 SE Hawthorne Blvd., Suite 600
Portland, OR 97214
fax (503) 988-3013

PUD HEARING SCRIPT
Thursday, May 29, 2003
10:30 a.m. hearing

I. Introductory Comments:

1. I am Serena Cruz, Multnomah County Commissioner. I will be serving as chair of this hearing. The other Commissioners of the Board present today are:

- a. Diane Linn, Chair
- b. Lisa Naito
- c. Maria Rojo de Steffey
- d. Lonnie Roberts

This is the time set for hearing on the electors' petition to form a "Multnomah County People's Utility District." It is the Board's duty under ORS 261.161 to hold a hearing to determine the boundaries for the proposed district.

Within 10 days of the close of the hearing, the Board will determine the boundaries of the district.

2. This is a quasi-judicial proceeding. All parties are entitled to an impartial hearings board. This is the time for Board members to declare any of the following:

- a. Potential or actual conflicts of interest
- b. Prejudgment or bias in this matter
- c. Ex parte contacts with Board members regarding this matter

Does any Board member wish to make any disclosures described above?

Does anyone at this hearing wish to challenge any member of the Board on any of these grounds?

Does anyone at this hearing wish to challenge this hearing on any procedural ground?

II. Hearing Record

This hearing will be recorded and all written comments or testimony received will be added to the record and considered by the Board in making its decision. The April 18, 2003 report prepared by the Oregon Office of Energy, as well as written testimony submitted to it, is already in the record. In addition, the record contains any written comment received by the Board or Board staff prior to the beginning of this hearing regarding the hearing.

III Order of Presentation

The hearing will proceed this morning in the following manner:

1. Andrea Westersund, from Multnomah County GIS Information Services
2. John Kauffman, Multnomah County Director of Elections
3. Dave Boyer, Multnomah County Finance Director
4. Members of the public who have requested time to comment may speak. Any member of the public wishing to speak should complete a sign-up sheet located by the door and submit it to the Board Clerk.

Public comment will be limited to 3 minutes per person. To be fair, we will be sticking to this time limit.

IV. Testimony. Speakers should present testimony as follows:

1. State your name clearly for the record.
 2. State your position as clearly and succinctly as possible.
 3. Public testimony will be limited to three minutes.
- Members of the public are invited to submit their testimony in writing.

During the hearing, we ask those in the audience to refrain from demonstrations in support or opposition to the hearing. We also ask that Board members, when possible, hold their questions until the end of the individual's testimony.

V. Hearing Conclusion

Yesterday we received a letter from counsel for PacifiCorp providing information that may require additional exclusions from the boundaries. Copies of the letter are available on the back table. The June 3rd hearing at 10:00 a.m. to noon here in the Boardroom will be for the purpose of hearing testimony specifically on potential exclusions from the district boundary.

We are leaving the record open until 5 p.m. on Thursday, June 5th, 2003 to provide petitioners or other interested entities an opportunity to review and respond in writing to this information. We will also review any additional written testimony submitted during this time period on any other issue. You are invited to submit written comments to the Board Clerk, Deb Bogstad. Comments must be received by that time.

This hearing will close at 5:00 p.m. June 5th, 2003.

Testimony List for PUD Hearings Before the Multnomah County Board of Commissioners

May 15, 2003 10:00 a.m. Hearing

1. **Petitioners:** (30 minutes total)
 - a. Liz Trojan, Chief Petitioner
 - b. Rosanna Herber, Sacramento Municipal Utility District, California Municipal Utilities Association, Director of Power Strategy. She's coming up from Sacramento to discuss how successful public power is.
 - c. Dan Meek, Utility Reform Project, Oregon Public Power Coalition attorney
 - d. Jerry Leone, Public Power Council, Manager. She will discuss the success & history of public power in the NW
2. **Utilities:** (30 minutes total)
 - a. Judi Johansen, President, CEO of PacifiCorp
 - b. Don Furman Senior Vice President, Regulation and External Affairs, PacifiCorp
 - c. Gregory R. Mowe, Attorney providing testimony on behalf of PacificCorp
 - d. Fred Miller, Executive Vice President, Public Policy and Consumer Services, PGE
 - e. Stephen Hawke, Vice President, System Engineering and Utility Services, PGE
3. **Invited Testimony from Multnomah County jurisdictions:** (5 minutes each)
 - a. Mayor Mark Hardie, City of Maywood Park
 - b. Councilor Shane Bemis, City of Gresham
 - c. Jean M. Ridings, Interlachen PUD
4. **Public Testimony:** (3 minutes each)

1. Mara Woloshin	Opposes PUD formation
2. Robert F. Lanz	Opposes PUD formation
3. David Panichello	Opposes PUD formation
4. John Rakowitz, Portland Business Alliance	Opposes PUD formation
5. Bill Michtom, Chief Petitioner	Supports PUD formation
6. Grace Weinstein	Supports PUD formation
7. Karen Lee, PGE Government Affairs	Opposes PUD formation
8. Frank Gearhart, Chief Petitioner	Supports PUD formation
9. Joan Horton, Chief Petitioner, OPPC	Supports PUD formation
5. **AM Written Submittal only:**

1. Samuel Brooks, OAME	Opposes PUD formation
2. Phil Keisling	Opposes PUD formation

Testimony List for PUD Hearings Before the Multnomah County Board of Commissioners

May 15, 2003 6:00 p.m. Continued Hearing

- 6. Public Testimony:** (3 minutes each)
- | | |
|---|---------------------------|
| 1. Michael C. Marino | Supports PUD formation |
| 2. Tom Casey | Supports PUD formation |
| 3. Judy Barnes, OPPC | Supports PUD formation |
| 4. Robin Bee, OPPC | Supports PUD formation |
| 5. Phil Dreyer | Supports PUD formation |
| 6. Catherine Todd for Jean DeMaster, Human Solutions | Opposes PUD formation |
| 7. Charles Ford, NE Coalition of Neighborhoods | Opposes PUD formation |
| 8. Bill Michtom, Chief Petitioner | Supports PUD formation |
| 9. Jerry Leone, Public Power Council | Supports PUD formation |
| 10. Eulia Quan Mishima | Supports PUD formation |
| 11. Linda Williams, Attorney for OPPC & Chief Petitioners | Boundary Error Correction |
| 12. Vinh Mason | Supports PUD formation |
| 13. Laurence Tuttle | Supports PUD formation |
| 14. Nancy Newell, OPPC | Supports PUD formation |
| 15. Kathryn "Cherie" Holenstein | Supports PUD formation |
| 16. Jeffrey G. Franz | Supports PUD formation |
| 17. Frank Gearhart, Chief Petitioner | Supports PUD formation |
| 18. Amy L. Sacks | Supports PUD formation |
| 19. Max Wilkins | Supports PUD formation |
| 20. Liz Trojan, Chief Petitioner | Supports PUD formation |
| 21. Deane Funk, PGE | Opposes PUD formation |
| 22. Lisa Melyan, Tualatin Valley Water District | Supports PUD formation |
| 23. David Barts | Supports PUD formation |
| 24. Toby Kinkaid | Supports PUD formation |
| 25. Collin Whitehead | Opposes PUD formation |
| 26. Kenleigh P. Nelson | Supports PUD formation |
| 27. Abby Sewell | Supports PUD formation |
| 28. Elizabeth P. Brenner | Supports PUD formation |
| 29. Art Lewellan | Supports PUD formation |
| 30. Michael Papadopoulos | Supports PUD formation |
| 31. Adele Regnier | Supports PUD formation |
| 32. Dan Meek | Supports PUD formation |
- 7. May 15, 2003 PM Written Submittal only:**
- | | |
|-------------------------------------|------------------------|
| 1. Mike Zolter | Supports PUD formation |
| 2. Mike DeRochier, SEDCOR Chair | Opposes PUD formation |
| 3. Judith Beck and Charles R. Posey | Supports PUD formation |
| 4. Robin Bloomgarden | Supports PUD formation |
| 5. Carson M. Horton | Supports PUD formation |
| 6. Dolores Hurtado | Supports PUD formation |

Testimony List for PUD Hearings Before the Multnomah County Board of Commissioners

- | | |
|------------------|------------------------|
| 7. William Leler | Supports PUD formation |
| 8. John Marks | Supports PUD formation |
| 9. David Stowell | Supports PUD formation |

May 29, 2003 10:30 a.m. Continued Hearing

8. Invited Testimony from Multnomah County

- a. Andrea Westersund, from Multnomah County GIS Information
- b. John Kauffman, Multnomah County Director of Elections
- c. Dave Boyer, Multnomah County Finance Director

9. Public Testimony: (3 minutes each)

- | | |
|-----------------------------------|------------------------|
| 1. Bill Michtom, Chief Petitioner | Supports PUD formation |
| 2. Judy Barnes, Chief Petitioner | Supports PUD formation |
| 3. Mara Woloshin | Opposes PUD formation |
| 4. Florence A. Rawson | Supports PUD formation |
| 5. Melissa Adams-Russell | Supports PUD formation |
| 6. Kathryn "Cherie" Holenstein | Supports PUD formation |
| 7. Nancy Newell | Supports PUD formation |
| 8. Dan Meek | Supports PUD formation |

10. Written Submittals Received between May 12, 2003 and May 30, 2003:

- | | |
|--|------------------------|
| 1. Copy of Testimony and Documentation Submitted to the Oregon Office of Energy for its April 7, 2003 Multnomah People's Utility District Public Meeting | |
| 2. Copy of Pacific Power Submitted Testimony and Documentation for the April 7, 2003 Multnomah People's Utility District Public Meeting Before the Oregon Office of Energy | |
| 3. Marion County Board of Commissioners | Opposes PUD formation |
| 4. American Electronics Association | Opposes PUD formation |
| 5. Salem Area Chamber of Commerce | Opposes PUD formation |
| 6. Tualatin City Council | Opposes PUD formation |
| 7. Polk County Board of Commissioners | Opposes PUD formation |
| 8. Lake Oswego Chamber of Commerce | Opposes PUD formation |
| 9. Wilsonville Chamber of Commerce | Opposes PUD formation |
| 10. Gresham City Council | Opposes PUD formation |
| 11. Portland City Commissioner Jim Francesconi | Opposes PUD formation |
| 12. North Clackamas Chamber of Commerce | Opposes PUD formation |
| 13. Mark Peery | Thanks for nothing |
| 14. Kathleen Worman | Opposes boundary |
| 15. Paul Foley | Supports PUD formation |
| 16. Gateway Area Business Association | Opposes PUD formation |

**Testimony List for PUD Hearings
Before the Multnomah County Board of Commissioners**

17. Margaret G. Chamberlain	Supports PUD formation
18. Curt Sommer	Supports PUD formation
19. Bud Harris	Supports PUD formation
20. Hubbard City Council	Opposes PUD formation
21. Judie Hammerstad, Mayor, City of Lake Oswego	Opposes PUD formation
22. Robin Bee	Supports PUD formation
23. Liz Copeland	Supports PUD formation
24. PacifiCorp Attorney Robert Van Brocklin	Township/Municipality Boundary Issues
25. Linda Kadas	Supports PUD formation
26. Herschel Soles	Supports PUD formation
27. Molalla City Council	Opposes PUD formation
28. Charles F. Nakvasil	Supports PUD formation
29. Newberg Area Chamber of Commerce	Opposes PUD formation
30. Milwaukie City Council	Opposes PUD formation
31. Keizer City Council	Opposes PUD formation

**REPORT ON THE PROPOSED
MULTNOMAH COUNTY PEOPLES' UTILITY DISTRICT
BY THE
OREGON OFFICE OF ENERGY
APRIL 18, 2003**

**Report on the
Proposed Multnomah People's Utility District**

**By the
Oregon Office of Energy**

April 18, 2003

Introduction

This is the Oregon Office of Energy's report on the proposed Multnomah County People's Utility District (PUD). Under ORS 261.151, the Office of Energy must hold a hearing and issue a report not less than 30 days and not more than 60 days after receipt of a petition to form a PUD.

The statute provides that the report should be concise and should address the availability and cost of power or water resources, potential tax consequences and any other information relevant to the proposed formation of the PUD. In preparing the report, the Office of Energy is to obtain the advice and the assistance of the Public Utility Commission. A copy of the report is to be provided to the county governing body.

This report is not intended to take the place of a detailed feasibility or engineering study. The time provided by law for the Office of Energy to conduct a hearing and to issue a report precludes a more in-depth analysis which an engineering study or a detailed feasibility study could provide. Upon completion of this report the Office of Energy has no further role in this process.

The Office of Energy consulted with the Public Utility Commission in the preparation of this report as required by law. The contents and conclusion of the report, however, are solely those of the Office of Energy. The Public Utility Commission did provide a letter through its Assistant Attorney General. The letter discusses the role of the Commission to protect regulated ratepayers in the event of an attempted condemnation by a publicly-owned utility of utility property owned by an investor-owned utility. A copy of that letter is included as an attachment to this report.

Background

A petition to form the Multnomah County PUD was filed with Multnomah County, certified by the county and received by the Office of Energy on February 21, 2003.

The proposed area of the PUD would include all of Multnomah County except the areas within the boundaries of the existing Interlachen PUD and the Rockwood Water PUD. Currently, the electricity providers in Multnomah County covered by the proposed PUD are Portland General Electric (PGE) and PacifiCorp.

Pursuant to ORS 261.113, the PUD chief petitioners also propose the question of whether the proposed PUD would be authorized to impose a one-time special levy of 3 mills per one thousand dollars of assessed valuation (equal to \$3 per million of assessed valuation) to finance an engineer's report and the election under ORS 261.355(1)

Summary of the Hearing

The Office of Energy held a hearing on April 7, 2003, at the State Office Building in Portland, Oregon. Approximately 100 people attended the hearing. More than thirty people testified at the hearing. A list of those who testified is attached.

In addition, written comment was accepted through Friday April 11. Sixty written comments were received. A list of those who provided written comments is also attached.

Supporters of the proposed PUD explained the purpose of forming a PUD and their reasons for supporting it. These reasons included among others the following:

PUD supporters believe that there are many advantages which would result from local control over electricity service which a PUD would provide; there are potential advantages in the price of electricity through access to BPA power; there are reduced operating costs by a PUD being a non-profit governmental entity; and there are tax savings to the customers of a PUD from the absence of corporate income taxes which a PUD would not have to pay. In addition, the PUD supporters believe that the PUD could acquire through condemnation any generating and distribution assets it needed to serve its load. They also believe that the absence of privately-held stock would assure that decisions made by a PUD on electricity service are made only with the interests of consumers in mind.

The PUD supporters also believe that the PUD would have financial advantages over an investor-owned utility by being able to issue tax-exempt bonds and to acquire resources through condemnation at "book value". In addition, they believe that removing PGE ratepayers from the Enron corporate entity is in the interests of electric ratepayers and consumers. In the case of PGE, PUD proponents believe that a bankruptcy court could order sale of PGE assets to pay off Enron creditors and that the interest of ratepayers would not be considered in such a sale. They also believe that questions of funds withheld for income taxes but not paid by Enron provide additional reasons to form a PUD.

Opponents of the proposed PUD also provided a number of reasons for their opposition. These reasons included, among others the following:

PUD opponents expressed concern about the impact of forming a PUD on PGE and PacifiCorp customers who are not in Multnomah County; the impact on the local economy of replacing a private business with a governmental entity including loss of tax base, elimination of private sector jobs, loss of charitable contributions, loss of public purpose funding and other adverse impacts. PUD opponents also believe that forming a PUD sends an anti-business message by replacing a private business with a governmental entity; and the PUD would lack independent regulatory oversight which the Oregon Public Utility Commission currently provides over investor-owned utilities.

Those opposing formation of the PUD also stated that they believed it was unlikely that a new PUD would have access to BPA power; that the PUD would need to incur a large amount of indebtedness to acquire utility assets from PGE and PacifiCorp; and that the ability of the State of Oregon to continue to use tax-exempt financing for housing, economic development and other purposes would be adversely affected if a new PUD issues tax-exempt bonds. They also expressed concern about the loss of two corporations with a large presence and their corporate headquarters in Portland, the loss of many skilled and dedicated workers, and the likelihood that a new PUD would have to acquire resources on the volatile open market, which could result in higher rates. They also believe that a PUD does not have condemnation authority over generating power facilities.

Discussion of Major Issues

Access to BPA Power

Consumer-owned utilities in the Northwest, including PUDs, have traditionally had access to wholesale power from the Bonneville Power Administration (BPA). In the past, such utilities have usually had the option to contract with BPA for as much power as they have needed. However, negotiations are currently underway for a major revised agreement between BPA and the region's utilities for future access to BPA power because of the limits of BPA's resources compared to demands of the region's utilities.

The proposed "slice agreement" currently under discussion would begin in 2006 and limit the amount of power available to new publicly-owned utilities. It is not clear whether the proposed slice agreement will be adopted by BPA, but it is likely that BPA will have difficulty in acquiring additional low-cost resources to serve a new large load formed by a new PUD. Moreover, BPA's wholesale rates have increased substantially in the last few years as a result of supply and price problems in the wholesale market. These factors make it difficult to determine whether any substantial rate benefit would occur if a new PUD had access to BPA power for a substantial part of its resource load.

Access to BPA power at BPA's lowest cost-based rate is also uncertain even under the status quo. Currently until October 1, 2006, any new publicly-owned utility would have access to BPA power at prices above BPA's lowest cost-based rate. The higher rate charged by BPA is intended to reflect the additional costs of serving new utility customers. BPA is also considering alternative pricing policies that could affect the price at which a new PUD could buy power from BPA.

Acquisition of Other Resources

ORS 261.305 provides that people's utility districts have the power "...to acquire, develop, and otherwise provide for a supply of water for domestic and municipal purposes, waterpower, and electric energy, or electric energy generated from any utility, and to distribute, sell, or otherwise dispose of water, water power, and electric energy within or without the territory of such districts."

While a PUD can provide either water or electricity service, the PUD proponents indicated that their intent at this time is to provide electric service. The information provided by people who spoke at the hearing both in favor and against formation of a new PUD dealt only with issues regarding electric service.

Both PGE and PacifiCorp oppose the formation of a PUD in their service areas. Both PGE and PacifiCorp indicated that they would not willingly sell or transfer their facilities, including generating resources and distribution assets, to a new PUD. Thus, the PUD would be required to acquire assets from PGE and PacifiCorp through condemnation. In the absence of agreement between the new PUD and PGE or PacifiCorp a court would need to determine the value of any property acquired by the new PUD through condemnation.

Valuation of such assets would require a detailed engineering and appraisal study. In addition, while the PUD proponents believe that a PUD would have authority to acquire power generating resources through condemnation, both PGE and Pacific dispute that the PUD would have such authority. Resolution of the limits of PUD condemnation authority would likely also require a determination by a court.

If the new PUD did not try to acquire PacifiCorp's or PGE's generating assets it could purchase power on the open market or finance new generating facilities. The open market is very volatile and the price of power, especially for long-term contracts, is very uncertain. The costs of financing new generating resources directly by a PUD are also uncertain. Issuance of bonds by a PUD poses a number of questions requiring further study. These include whether bonds would be tax-exempt or taxable, at what cost such bonds could be issued, the impact on other public debt issued by state and local governments in Oregon and other issues.

To assure that energy conservation and renewable resources play a key part of resource acquisition by Portland general Electric and Pacifcorp, Oregon's restructuring law provides that these two investor-owned utilities pay a 3% public purpose charge to

fund energy conservation, renewable resources and other public purposes. A new PUD would not be obligated to pay this 3% public purpose charge. However, the PUD may choose to fund through its rates an equivalent amount of energy conservation and renewable resources, although it would not be required by law to do so.

These uncertainties and questions cannot be easily answered without a detailed financial analysis of different scenarios, and an analysis of which scenarios are most likely to bound the range of uncertainty. The analysis required to answer these questions cannot be undertaken in the time provided by law to complete this report.

Tax Consequences

Under Oregon law, a PUD has the power to issue revenue bonds (ORS 261.355) and general obligation bonds (ORS 261.360) upon receiving voter approval. Revenues from the bonds may be used for any purpose authorized by law. General obligation bonds must not exceed two and one-half percent (.025) of the real market value of all taxable property within the district.

ORS 261.385 provides that a PUD may also levy and collect property taxes prior to receipt of operating revenues. In any one year, the tax cannot exceed one-twentieth of one percent of the true cash value of all taxable property within the PUD. Over 10 years, the tax cannot exceed in the aggregate one-fourth of one percent of the true cash value of property within the PUD.

A PUD may have access to tax-exempt bond financing for capital acquisition and possibly for some operating costs. Current federal limits on state and local tax-exempt financing make it difficult to determine to what extent a new PUD could use tax-exempt bonds for its financing. Moreover, the U.S. Treasury continues to seek further restrictions from Congress on the use of tax-exempt bonds by state and local governments, making the future access to this form of financing uncertain.

Taxable bonds, which incur higher interest charges than tax-exempt bonds, could also be issued by a new PUD, but whether they would be less expensive than the current costs of capital of PGE and PacifiCorp is uncertain, given the long history of access to the capital markets of both utilities with a variety of financial instruments.

A PUD pays no state or federal income taxes, but a PUD is subject to property tax assessment under ORS 261.050 to the same extent as property of an investor-owned utility is taxed.

Conclusion

In order to fully analyze the economic advantages and disadvantages of forming a new PUD, many questions must be analyzed thoroughly. There are also factors which could vary greatly and have significant impact on whether a PUD would have access to a supply of power at reasonable rates. For example, whether a new PUD would have

access to significant amounts of BPA power, how much BPA rates will increase, whether a PUD could condemn PGE's or PacifiCorp's generating resources and if so, at what price, what the cost of financing capital for a new PUD would be and to what extent tax-exempt bonds could be used are all factors which could impact the cost of electric service by a new PUD compared to the cost of service currently provided by PGE and PacifiCorp.

In addition, non-economic questions, such as the value of local control, the benefits of private enterprise, the role of government and other issues involving value judgements as well as economic considerations must be examined. Many of these issues were raised and discussed at the hearing and in the written comments filed in this record.

The resolution of the questions raised and the differing perspectives and differing opinions cannot be readily resolved, without more extended study and analysis of these issues. Questions such as the valuation of utility property, what utility property is subject to condemnation, access to BPA power, and the availability or lack of tax-exempt financing are all complex issues requiring extended review and analysis.

Because these issues require extensive investigation and analysis to resolve, no definitive conclusion as to the impact on rates of forming a PUD can be made under the limited time provided by state law to issue this report. In addition, other questions such as the role of private businesses compared to a publicly-owned utility system present value judgements for the voters.

The Office of Energy makes no recommendations as to whether the proposed Multnomah County PUD should or should not be formed. That is a decision for the voters to make, after evaluating many issues including the issues raised in this report.



DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

April 11, 2003

Michael Grainey, Director
Office of Energy
625 Marion Street NE, Suite 1
Salem, Oregon 97301-3742

Re: Oregon Office of Energy Report on PUD Formation in Multnomah County

Dear Mr. Grainey;

The Public Utility Commission of Oregon has asked me, as its chief counsel, to submit comments in the Oregon Office of Energy's report regarding PUD formation in Multnomah County. The Commission made its request to me because members of the Oregon Legislative Assembly asked the agency for comments.

The Commission does not have a position regarding the formation of a PUD in Multnomah County, but it has asked me to discuss PUC statutes that may come into play and positions the Commission has taken in the past regarding condemnations by consumer-owned utilities of property owned by investor-owned utilities. The condemnations have involved distribution and generation assets. I will discuss each separately.

Distribution Assets

A Multnomah County PUD would need to acquire the distribution assets that Portland General Electric Company and PacifiCorp now use to serve their customers within the county. In cases in which a consumer-owned utility is condemning distribution assets of a utility regulated by the PUC, and thereby is also taking responsibility to serve some customers, the Commission's duty is to protect remaining customers of the regulated utility.

Under ORS 757.480, a public utility, such as PGE or PacifiCorp, may not dispose of property with a value in excess of \$100,000 unless it has the consent of the Commission. If a Multnomah County PUD condemns assets of an investor-owned utility, then the statute may not apply, as the court's award may supercede the Commission's authority. On the other hand, if there is a settlement, then it would be up to the Commission to approve the price.

There have been two recent court cases involving condemnation by consumer-owned utilities of distribution assets of PacifiCorp, one case in the Halsey area and the other in Hermiston. The Commission was involved in both cases, taking the position that fair market

value, not book value, is the appropriate standard for courts to apply in such cases. In both cases, the market value of the distribution assets was in fact well above book value. When the utility receives more than book value, the Commission's policy is to award the vast majority of the excess (i.e. the capital gain) to the remaining customers. That is precisely what the Commission did after PacifiCorp received settlements well in excess of book value for the Halsey and Hermiston assets.

The Commission gives the vast majority of the capital gain on sales of distribution assets to customers because they pay rates based on the utility's book value. If market value is below book value, customers "lose" because they return the higher book value to the utility, as well as a return on the higher book value. Conversely, when a utility sells an asset that has a market value that is above book value, customers "win" by having the Commission use the capital gain to reduce rates.

Generation Assets

The PUC was also an intervenor in a case in which Emerald People's Utility District attempted to condemn four PacifiCorp hydro-electric facilities on the North Umpqua. The Commission intervened in that case, and along with PacifiCorp, successfully prevented the condemnation. *Emerald People's Utility Dist. v. PacifiCorp*, 100 Or App 79, on reconsideration, 101 Or App 48, review denied 310 Or 121 (1990). The Commission opposed the condemnation because PacifiCorp would have had to replace low-cost hydro-electric resources with more expensive resources, thereby raising the company's rates. The Court prohibited the condemnation, finding that it was not in the public interest, as it would have lowered Emerald's already low rates and would have increased Pacificorp's comparatively high rates.

If a Multnomah County PUD is formed, and it wishes to condemn generation assets that either PGE or PacifiCorp uses to serve its customers, and if the utilities have to replace those resources with more expensive ones, then the Commission will likely oppose such a condemnation because it would not be in the interest of customers whom the Commission must protect.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Paul A. Graham
Attorney-in-Charge
Regulated Utility & Business Section

cc: Lee Beyer, Commission
Roy Hemmingway, Commission
Joan Smith, Commission
John Savage, Utility Director – PUC
Lee Sparling, Utility – PUC
Marc Hellman, ERFA – PUC

List of Those Who Made Statements at the Hearing

Denise Antoniadis, Cap, Gemini, Ernst & Young
Hank Ashforth, Ashforth Pacific, Inc.
Robin Bee, Oregon Public Power Coalition
Steve Buckstein, Cascade Policy Institute
Richard P. Burke, Libertarian Party
Liz Callison
Jean DeMaster, Human Solutions
Jay Formick, Oregon Heat
Peggy Fowler, Portland General Electric
Don Furman, Pacific Power
Frank Gearhart, Oregon Public Power Coalition
Larry Glassock, Salem Economic Development Corporation (SEDCOR)
Stephen R. Hawke, Portland General Electric
Bruce W. Hollen
Joan Horton, Oregon Public Power Coalition
Judi Johansen, PacifiCorp
Robert F. Lanz
Wayne Lei, Portland General Electric
Pamela Lesh, Portland General Electric
Bill Lindblad
Jim Litchfield, Litchfield Consulting Group
Lloyd Marbet, Oregon Public Power Coalition
Patti McCoy, Columbia Corridor Association
Dan Meek, Oregon Public Power Coalition
Lisa Melyan
Bill Miller, I.B.E.W.
Gregory R. Mowe, Stoel, Rives LLP.
Nancy Newell
Walter Pollock
Eulia Quanmishima, Oregon Public Power Coalition
Netta Mae Rymal, Oregon Public Power Coalition
Liz Trojan, Oregon Public Power Coalition
Linda Williams, Oregon Public Power Coalition
Matt Wingard, Oregonians for Jobs and Power

List of Those Who Provided a Written Statement to the Office of Energy

American Public Power Association
Denise Antoniadis, Cap, Gemini, Ernst & Young
Hank Ashforth, Ashforth Pacific, Inc.
Betty Atteberry, Westside Business Alliance
Bill Bakke, Native Fish Society
Robin Bee, Oregon Public Power Coalition
Barbara Block, Tektronix
Bernie Bottomly, PacifiCorp
Samuel Brooks, Brooks Staffing Inc.
Steve Buckstein, Cascade Policy Institute
Richard Butrick & Julie Brandis, Associated Oregon Industries
John Charles, Cascade Policy Institute
Dave Covington
Rob DeGraff, Portland Business Alliance
Jean DeMaster, Human Solutions
Rob Drake, Mayor of Beaverton
Christine Dunn, Portland General Electric
Jim Edwards, Britcher Commercial Development
Randall Edwards, Oregon State Treasurer
Krisitine Fagler
Lynn and Linda Ferrin
Peggy Fowler, Portland General Electric
Don Furman, Pacific Power
Brian Gard, Citizens Against the Government Takeover
Larry Glassock, Salem Economic Development Corporation (SEDCOR)
Carl Grossman, Public Private Partnerships
Barbara Halle, Portland General Electric
Patti Hansen
Stephen R. Hawke, Portland General Electric
Ken Hector, City of Silverton
Joan Horton, Oregon Public Power Coalition
Dmitri Jermeljanov
Judi Johansen, Pacificorp
Scott A. Lawrence
Wayne Lei, Portland General Electric
Pamela Lesh, Portland General Electric
Bill Lindblad
Jim Litchfield, Litchfield Consulting Group
Marion County Board of Commissioners
Terry McCall,
Mike McCoy, NW Natural
Mike McLaran, Salem Area Chamber of Commerce
Dan Meek, Oregon Public Power Coalition

Warden M. Minor, American Lung Association
Gregory R. Mowe, Stoel, Rives LLP.
PacifiCorp Integrated Resources Plan
Greg Peden, Portland Business Alliance
James J. Piro, Portland General Electric
Rainier H. Poersch, Leupold & Stevens, Inc.
Walter Pollock
Regional Financial Advisers Inc.
Bob Repine, Director Office of Oregon Department of Housing and Community Services
Jerry Smith, Clackamas County Economic Development Commission
Curtis Sommer
T. Michael Tallman, City of Boardman
Janet Taylor, Mayor, City of Salem
Linda Williams, Oregon Public Power Coalition
Matt Wingard, Oregonians for Jobs and Power
Gary Withers, Portland State University
Louise P. Yarbrough, Equity Foundation

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 03-029

Setting a Public Hearing and Directing Notice for Consideration of Boundaries for a People's Utility District

The Multnomah County Board of Commissioners Finds:

- a. On February 12, 2003, an electors' petition was filed with Multnomah County Elections Division (Elections) for formation of a People's Utility District (PUD) for public ownership of PGE.
- b. The proposed PUD boundaries include all of Multnomah County, except for those areas already served by either the Rockwood or Interlachen PUDs.
- c. On February 19, 2003, Elections certified the petition (ORS 261.131) and sent the petition to the Office of Energy (ORS 261.151).
- d. The Board must set a hearing date on PUD boundaries within ten days of petition certification. (ORS 261.161).
- e. The hearing may not exceed four weeks in total length. (ORS 261.161).
- f. The Board must determine PUD boundaries within ten days of the last hearing date. (ORS 261.161).

The Multnomah County Board of Commissioners Resolves:

1. The Board will hold a hearing on **Thursday, May 15, 2003 at 10:00 a.m.** and again at **6:00 p.m.** that evening, in the Multnomah Building, First Floor Commissioners Boardroom 100, 501 SE Hawthorne Boulevard, Portland, Oregon.
2. The purpose of the hearing is to consider the boundaries of the proposed PUD as described in the electors' petition.
3. The Chair is directed to provide notice of the hearing, stating the time and place of the meeting, together with the electors' petition without the attached signatures. The notice must be in compliance with the provisions of ORS 261.161.

ADOPTED this 27th day of February 2003

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

THOMAS SPONSLER, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Thomas Sponsler, County Attorney

ELECTORS' PETITION FOR FORMATION ELECTION FOR THE MULTNOMAH COUNTY PEOPLES' UTILITY DISTRICT

Whereas, with the intent that agreements allowing existing municipal electric utilities to enlarge their service territories into areas annexed by those municipalities should be respected, the Chief Petitioners desire to form the Multnomah County People's Utility District and address this petition to the Multnomah County Commissioners:

The Chief Petitioners, electors residing in Multnomah County, desire to form a utility district and request that an election be held, pursuant to ORS 261.105, on the question of whether to form the MULTNOMAH COUNTY PEOPLES' UTILITY DISTRICT (P.U.D.) in the following territory:

All of Multnomah County, except the areas within the boundaries of these existing People's Utility Districts:

Interlachen People's Utility District

Rockwood Water People's Utility District

In the event the people within any one or more municipalities or separate parcels of territory within the proposed district vote against its formation, then that portion of the district which voted in favor of organization of a people's utility district may be organized into the district.

As required by ORS 261.113, the Chief Petitioners also propose the question of whether the P.U.D. shall be authorized to impose a one-time special levy of 3 mills per one thousand dollars of assessed valuation (equal to \$3 per million dollars of assessed valuation) to finance an engineer's report and the election under ORS 261.355(1).

CHIEF PETITIONERS

Judith Barnes 1425 SE 37th Ave Portland OR 97214 503-232-1911	Frank Gearhart 2103 NE 24th Court Gresham, OR 97030 503-665-4777	Elizabeth Trojan 12320 SW 60th Ave Portland OR 97219 503-246-7850
Eric Dover 2425 NE 48th Ave Portland OR 97213 503-249-3993	Joan Horton 0234 SW Curry Portland OR 97239 503-228-4468	Bill Michtom 1110 SW Clay St #33 Portland, OR 97201 503-916-4102
	Scott Forrester 2030 NW 7th Place Gresham OR 97030 503-492-1593	

PUD HEARING SCRIPT
Thursday, May 29, 2003
10:30 a.m. hearing

I. Introductory Comments:

1. I am Serena Cruz, Multnomah County Commissioner. I will be serving as chair of this hearing. The other Commissioners of the Board present today are:

- a. Diane Linn, Chair
- b. Lisa Naito
- c. Maria Rojo de Steffey
- d. Lonnie Roberts

This is the time set for hearing on the electors' petition to form a "Multnomah County People's Utility District." It is the Board's duty under ORS 261.161 to hold a hearing to determine the boundaries for the proposed district.

Within 10 days of the close of the hearing, the Board will determine the boundaries of the district.

2. This is a quasi-judicial proceeding. All parties are entitled to an impartial hearings board. This is the time for Board members to declare any of the following:

- a. Potential or actual conflicts of interest
- b. Prejudgment or bias in this matter
- c. Ex parte contacts with Board members regarding this matter

Does any Board member wish to make any disclosures described above?

Does anyone at this hearing wish to challenge any member of the Board on any of these grounds?

Does anyone at this hearing wish to challenge this hearing on any procedural ground?

II. Hearing Record

This hearing will be recorded and all written comments or testimony received will be added to the record and considered by the Board in making its decision. The April 18, 2003 report prepared by the Oregon Office of Energy, as well as written testimony submitted to it, is already in the record. In addition, the record contains any written comment received by the Board or Board staff prior to the beginning of this hearing regarding the hearing.

III Order of Presentation

The hearing will proceed this morning in the following manner:

1. Andrea Westersund, from Multnomah County GIS Information Services
2. John Kauffman, Multnomah County Director of Elections
3. Dave Boyer, Multnomah County Finance Director
4. Members of the public who have requested time to comment may speak. Any member of the public wishing to speak should complete a sign-up sheet located by the door and submit it to the Board Clerk.

Public comment will be limited to 3 minutes per person. To be fair, we will be sticking to this time limit.

IV. Testimony. Speakers should present testimony as follows:

1. State your name clearly for the record.
 2. State your position as clearly and succinctly as possible.
 3. Public testimony will be limited to three minutes.
- Members of the public are invited to submit their testimony in writing.

During the hearing, we ask those in the audience to refrain from demonstrations in support or opposition to the hearing. We also ask that Board members, when possible, hold their questions until the end of the individual's testimony.

V. Hearing Conclusion

Yesterday we received a letter from counsel for PacifiCorp providing information that may require additional exclusions from the boundaries. Copies of the letter are available on the back table. The June 3rd hearing at 10:00 a.m. to noon here in the Boardroom will be for the purpose of hearing testimony specifically on potential exclusions from the district boundary.

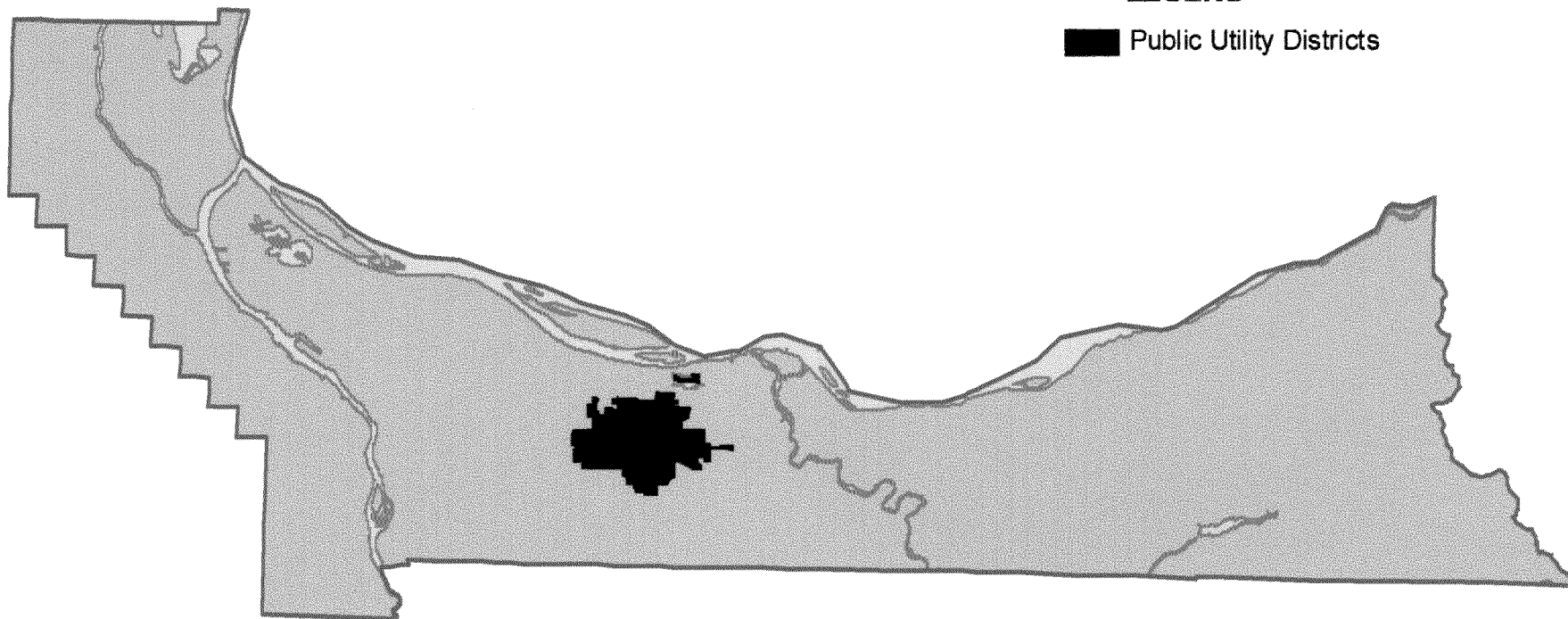
We are leaving the record open until 5 p.m. on Thursday, June 5th, 2003 to provide petitioners or other interested entities an opportunity to review and respond in writing to this information. We will also review any additional written testimony submitted during this time period on any other issue. You are invited to submit written comments to the Board Clerk, Deb Bogstad. Comments must be received by that time.

This hearing will close at 5:00 p.m. June 5th, 2003.

PUD Petition

LEGEND

Public Utility Districts

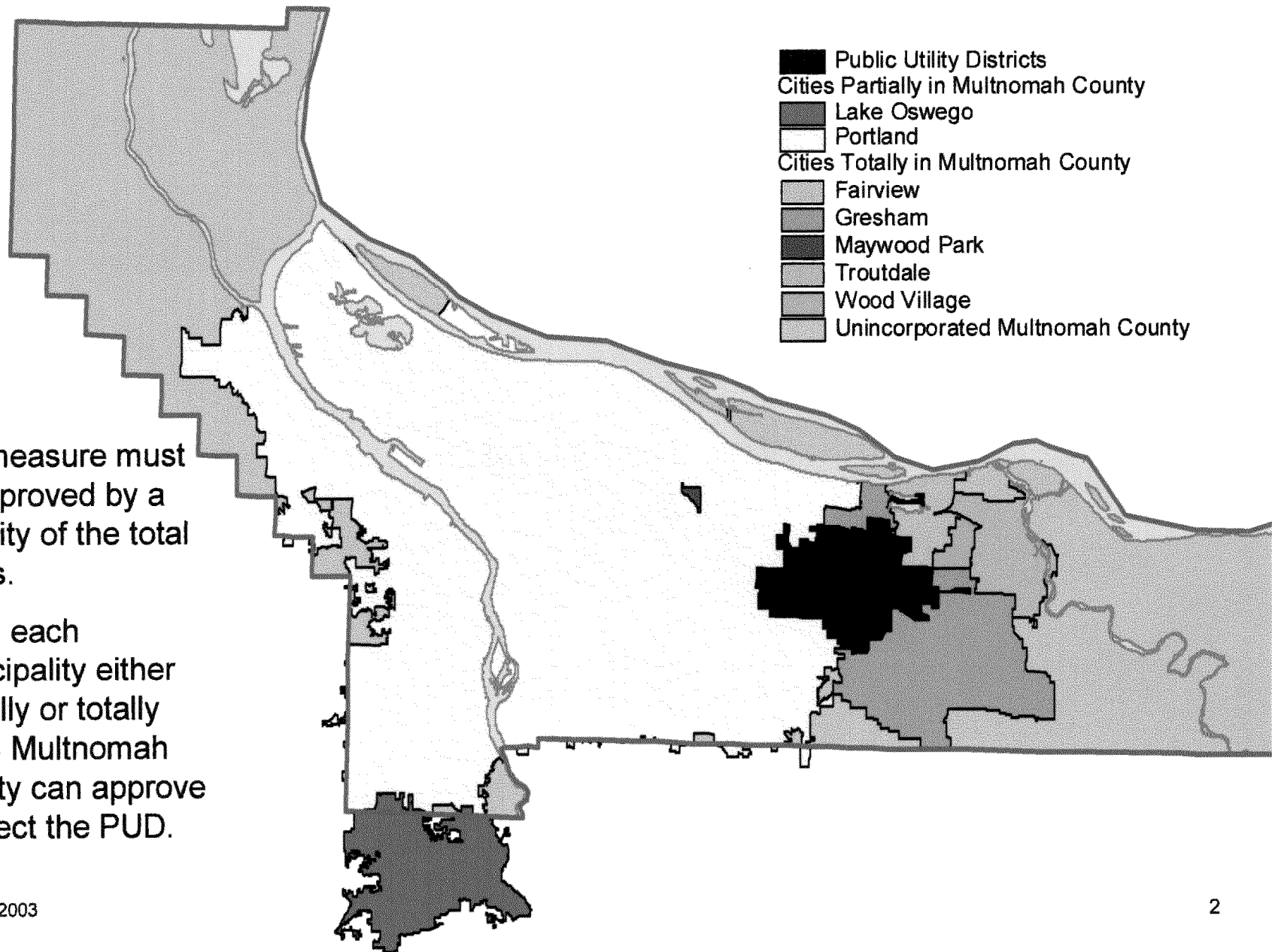


The PUD Petition includes all of Multnomah County
except Rockwood and Interlachen PUDs

PUD Petition: Municipality Approval

The measure must be approved by a majority of the total voters.

Then, each municipality either partially or totally within Multnomah County can approve or reject the PUD.



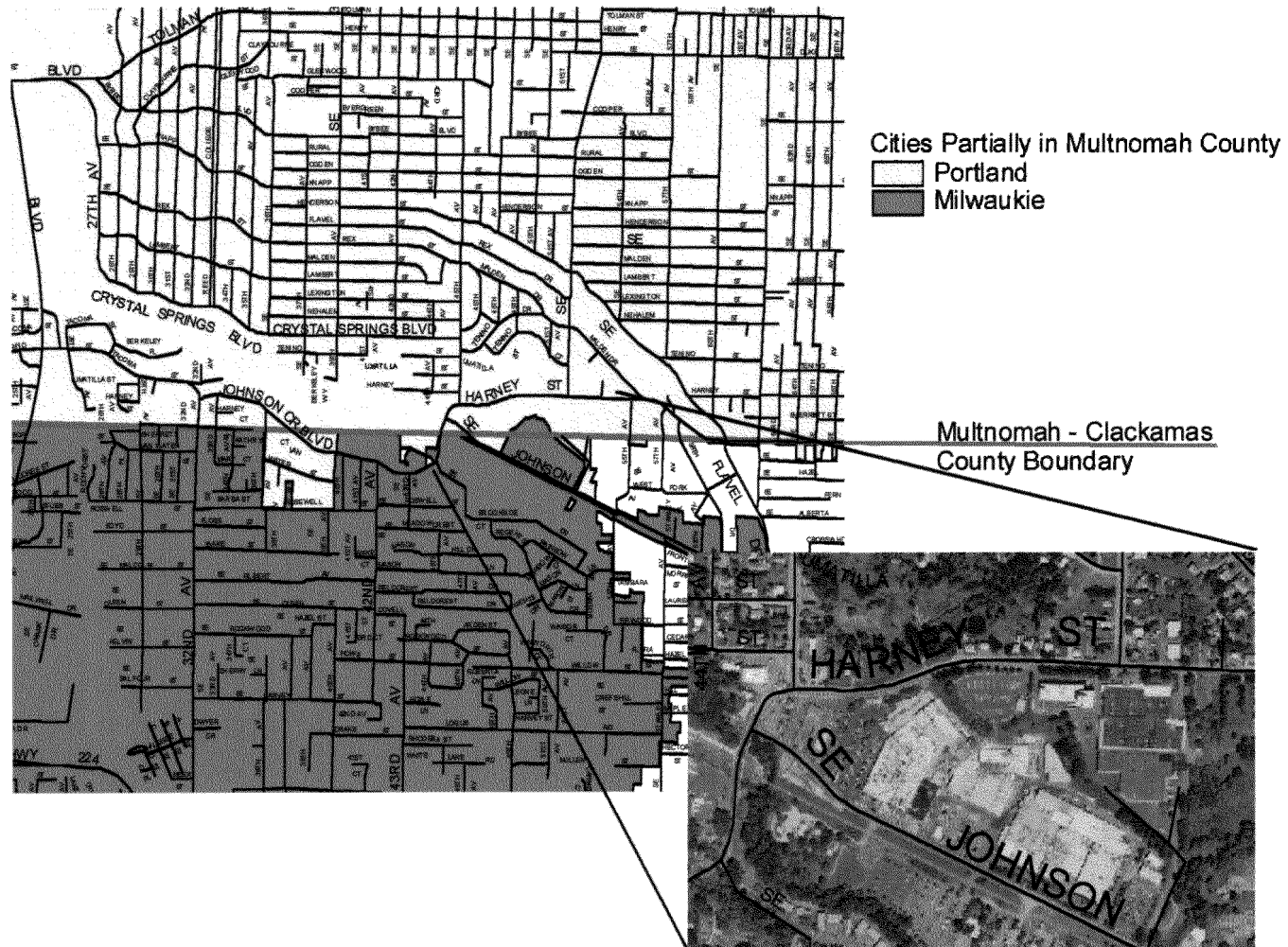
PUD Petition: Milwaukie Exclusion?

Should the petition be modified to exclude the portion of Milwaukie within Multnomah County?

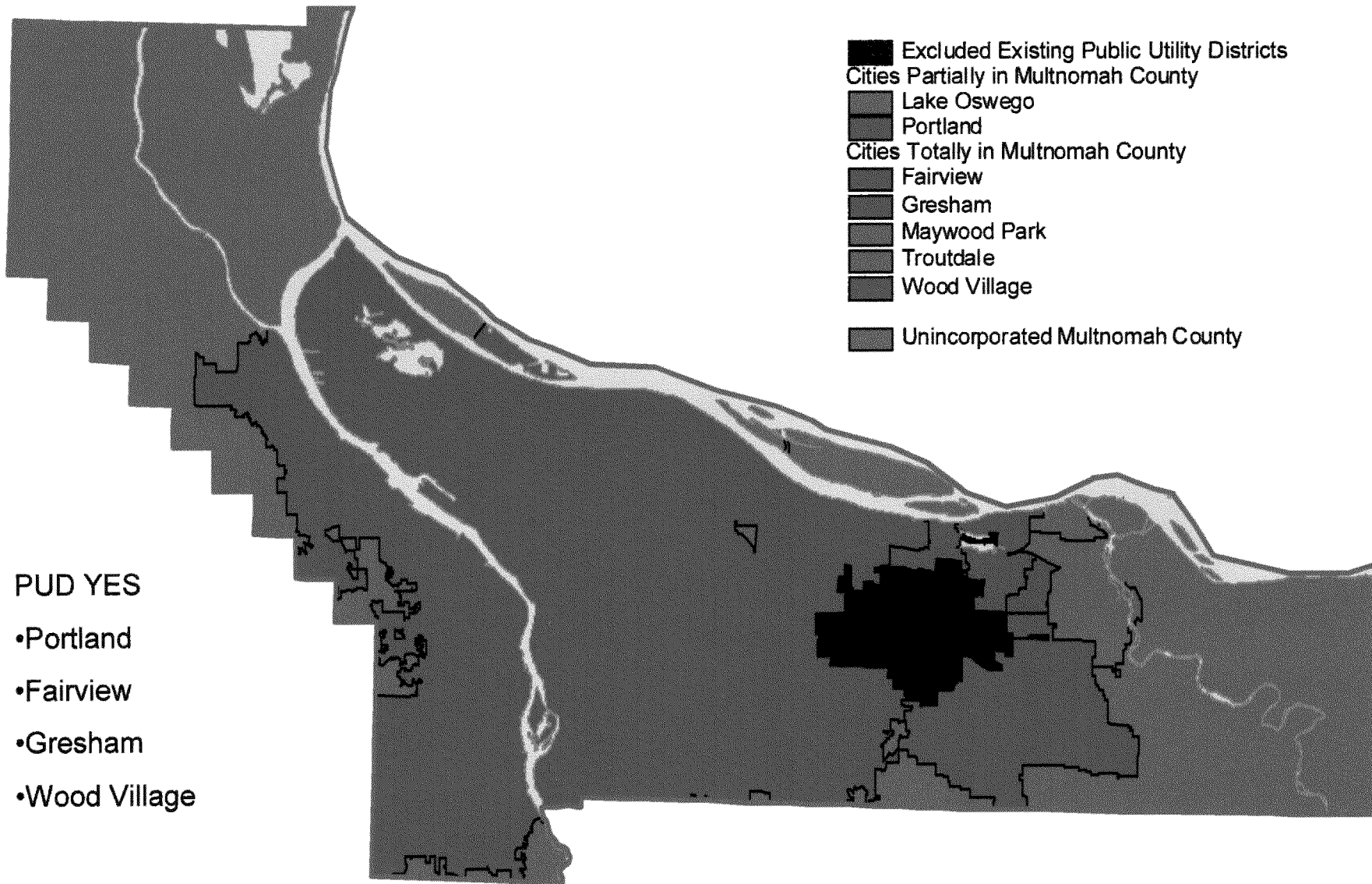
A very small portion of Milwaukie lies within Multnomah County.

The area is an industrial park.

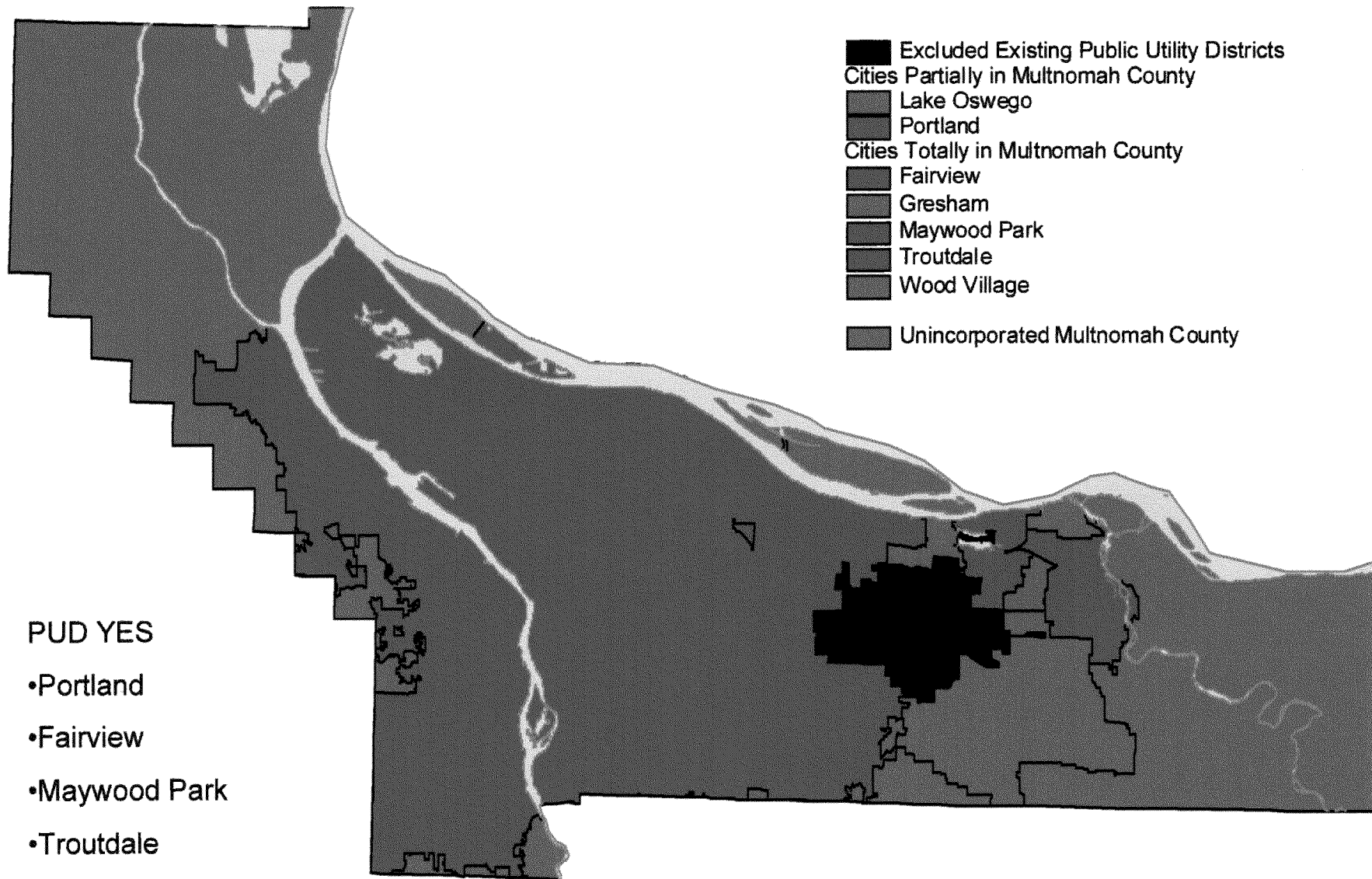
There are no registered voters in the area.



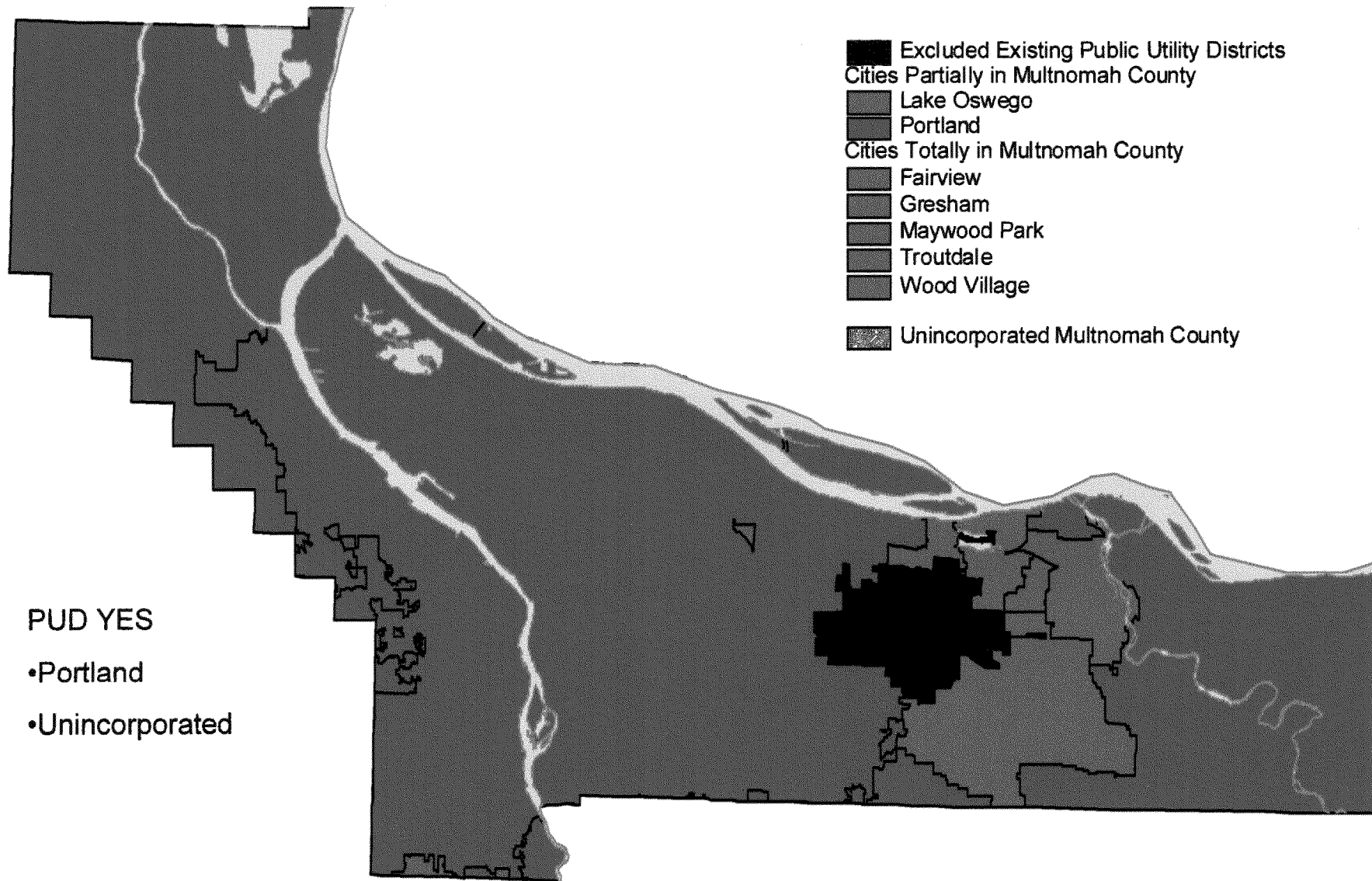
PUD Petition: Possible Municipality Approval Outcome 1



PUD Petition: Possible Municipality Approval Outcome 2



PUD Petition: Possible Municipality Approval Outcome 3

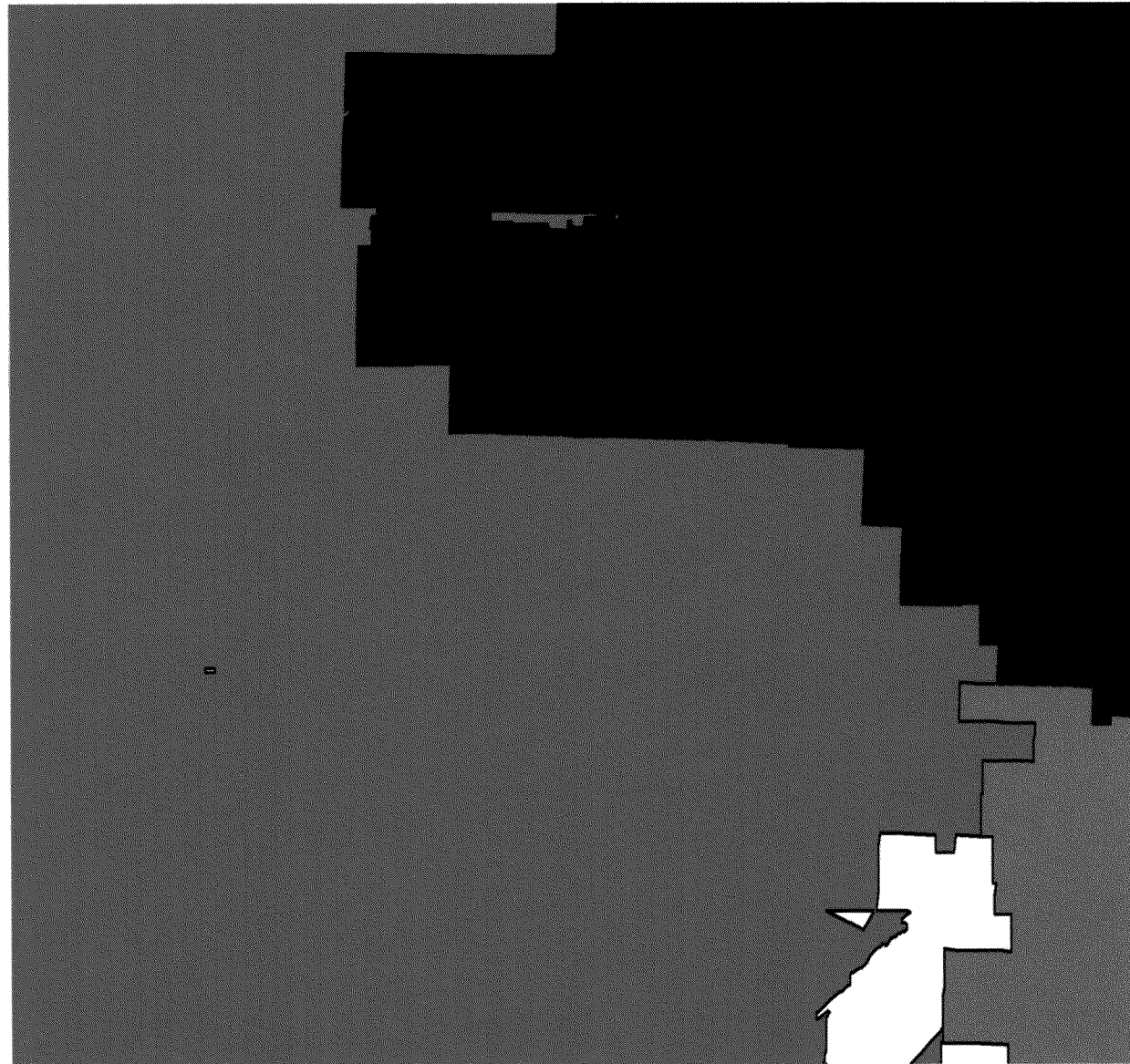


PUD Petition: Existing Complex Boundaries

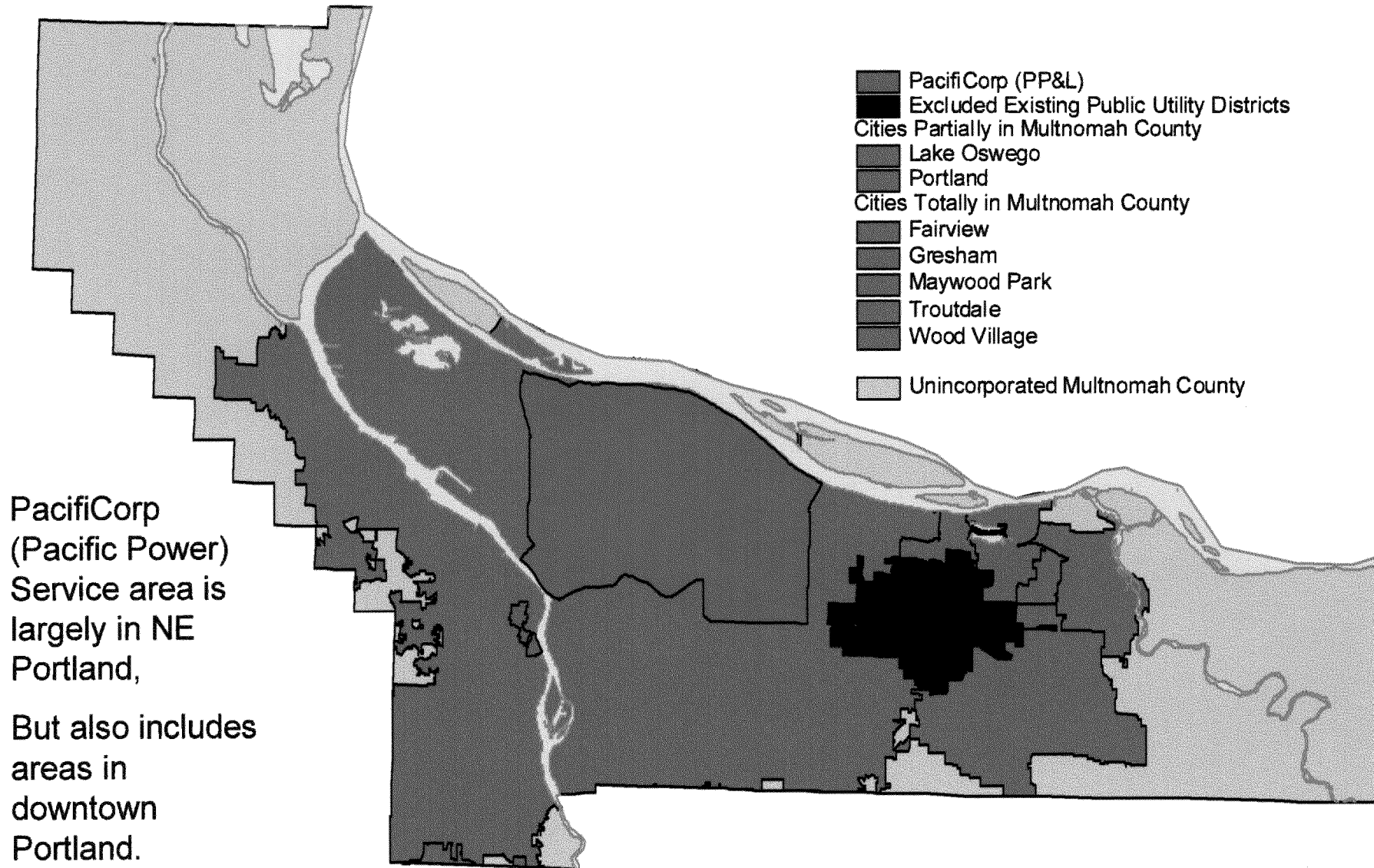
There are small
islands within the
existing PUD area

Within and
between the City
of Portland and
Gresham

And along the
unincorporated
boundary



PUD Petition: Possible PacifiCorp Exclusion



IMPORTANT DATES FOR A PUD FORMATION ELECTION

	September Election	November Election
Submit Notice of Board Election to newspaper for proofs	June 3	July 22
Publish Notice of Board Election	June 7	July 26
Last Day for Candidates to File	July 17	September 4
Last Day to File Measure	July 17	September 4
Last Day for VP material	July 21	September 8
Mail Military & Overseas	August 2	September 20
Mail Out-of-State Absentee	August 18	October 6
Last Day to Register to Vote	August 26	October 14
Mail VBM Ballots	August 29	October 17
Mail Voters' Pamphlet	August 25-26	October 13-14
ELECTION DAY	September 16	November 4
Certify Results	October 6	November 24



MULTNOMAH COUNTY, OREGON

COUNTY COMMISSIONERS

DIANE LINN, CHAIR
MARIA ROJO DE STEFFEY, DISTRICT #1

SERENA CRUZ, DISTRICT #2
LISA NAITO, DISTRICT #3
LONNIE ROBERTS, DISTRICT #4

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES

MULTNOMAH BUILDING
501 SE HAWTHORNE BLVD. 4TH
FLOOR
PO BOX 14700
PORTLAND, OR 97293-0700
PHONE (503) 988-3312
FAX (503) 988-3292

MEMORANDUM

TO: Board of County Commissioners

FROM: David Boyer, Finance Director

DATE: May 29, 2003

SUBJECT: Peoples' Utility District (PUD)

This is to provide information on provisions related to the creation of a PUD.

Engineering Report on Revenue Bonds ORS 261.113 - As allowed in ORS 261.113, the petitioners are proposing that the question whether the PUD shall be authorized to impose a one-time special levy of 3 mills per one thousand dollar of assessed valuation (equal to \$3 per million dollars of assessed valuation) to finance an engineers report and the election under ORS 261.355(1). The County's 2002/2003 assessed value is \$42,349,119,000. The levy of .003 (3 mills) per thousand of assessed value would raise about \$127,000 if the entire County was included. If cities opted out the assessed value would need to be decreased to account for the change.

Based on the complexity of analyzing a utility system revenue bonding capacity, I am not sure that \$127,000 would be adequate to provide the needed analysis to determine the viability of issuing revenue bonds. Some of the items that need to be looked at in evaluating the feasibility to start up a PUD:

- A. Identify the electric load and project the total annual power supply requirements for the next 10 years.
- B. Project the cost of service and retail rates of the current retail supplier for the next 10 years.
- C. Identify other wholesale power suppliers and project their costs of service and wholesale rates for the next 10 years.
- D. Evaluate and appraise the existing distribution facilities.
- E. Evaluate financing
- F. Estimate and project the annual costs of operation.

Levy and collection of taxes ORS 261.385 – The PUD may levy and collect taxes for a period of 10 years for purposes of paying the obligations of the district prior to acquisition. These taxes would be subject to Ballot Measure 5 \$10 cap per \$1,000 of real market value.

Borrowing money and incurring indebtedness ORS 261.305 (6) and ORS 261.355 - The PUD must get approval from the voters to issue revenue bonds or general obligation bonds to acquire the system initially. The PUD can not assume that an entity can issue tax exempt debt to acquire the system. County does not have a liability if debt is issued and any bonds issued would not impact our bond rating.

Property taxes ORS 261.050 - All property, real and personal is assessed and taxed in a similar manner as if they were a private operator.

Income Tax- Private Entities are required to pay income taxes (County, City or State). The PUD would not be required to pay income tax.

#1

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/03

SUBJECT: P. V. D.

AGENDA NUMBER OR TOPIC: P. V. D.

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Bill Michtom

ADDRESS: 1110 SW Clay #33

CITY/STATE/ZIP: Portland OR 97207

PHONE: _____ DAYS: 503 916 4102 EVES: Same

EMAIL: michtom@pacifier.com FAX: _____

SPECIFIC ISSUE: P. V. D.

WRITTEN TESTIMONY: yes

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

Before Multnomah County Commission, May 29, 2003

Chair Linn, Commissioners, citizens:

Why are we here today? Will testimony today ensure that the vote for a People's Utility District will or will not take place? No. The formation vote for a Multnomah County P.U.D. will take place regardless of what is said here today.

We are here, both supporters and opponents, for two reasons: 1) to make a statement to the public through the news media and via cable access; and 2) to try to convince the Commission that it should be more than a neutral observer in this process.

These are not trivial goals. The vote for a P.U.D. will affect every citizen and business not just of Multnomah County, but of the entire PGE service territory. It is a multi-billion dollar question. Will we continue to be beholden to the whims of corporate officers and the search for greater and greater profit, or will we be able to have direct and local control over a necessity of modern life?

Because of the urgency of the issue; because Fred Miller of PGE said the opponents would spend "whatever it takes" to defeat this effort – and they spent over 40 dollars per ratepayer (money that came from ratepayer dollars) in their last successful effort to hold onto their cash cow; because they are already using their paid staff to wage a battle in the city councils and business meeting rooms of the area – often behind closed doors; because the proponents of a P.U.D. are all volunteers fighting for what should by right be ours to begin with – assets we have paid for with our rate payments over the decades; because we can make a difference in the economic health of our communities; and, finally, because it is the right thing to do, I urge the Commission to endorse the efforts of the Oregon Public Power Coalition and call for the formation of a People's Utility District in Multnomah County and in the other areas currently served – and I use that

word loosely - by the financially and morally bankrupt Enron Corporation through its wholly-owned subsidiary Portland General Electric.

Thank you.

Bill Michtom
Chief Petitioner, Multnomah County P.U.D.
1110 SW Clay, #33
Portland, OR 97201

#2

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/05

SUBJECT: P. U. D.

AGENDA NUMBER OR TOPIC: P. U. D.

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Judy Barnes

ADDRESS: 1425 SE 37th

CITY/STATE/ZIP: Portland, OR 97214

PHONE: _____ DAYS: 503 232 1911 EVES: same

EMAIL: judy@oppc.net FAX: _____

SPECIFIC ISSUE: P. U. D.

WRITTEN TESTIMONY: Yes

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#3

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/03

SUBJECT: PUD - Peoples Utility District

AGENDA NUMBER OR TOPIC: PH 2

FOR: _____ AGAINST: X THE ABOVE AGENDA ITEM

NAME: MARA WOLOSHEIN

ADDRESS: 3786 SW Lyle Court

CITY/STATE/ZIP: Portland, OR

PHONE: _____ DAYS: 241 3834 EVES: _____

EMAIL: _____ FAX: 503 241 3754

SPECIFIC ISSUE: above

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
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IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

Citizens Against the
Government Takeover

P.O. Box 40261, Portland, OR 97240-0261

(503) 552-5015

May 29, 2003

To the Multnomah County Board of Commissioners:

As of today, the cities of Gresham, Boardman, Hillsboro, Hubbard, Keizer, Salem, Silverton, Tigard, Tualatin, and Milwaukie; elected officials from Portland, Lake Oswego and Beaverton and the Commissions of Marion and Polk Counties have expressed formal opposition to the Multnomah People's Utility District. Associations and organizations such as Oregon Industries, Clackamas County Economic Development Commission, Oregonians for Jobs and Power, the Portland Business Alliance, the Westside Economic Alliance and the Wilsonville, Lake Oswego, North Clackamas and Salem Chambers of Commerce have also expressed formal opposition. These civic and business entities and many others see no benefit in a costly PUD.

A new startup utility takeover through condemnation of PGE's and Pacific Power's customers in Multnomah County would hurt all Oregonians. It would be costly, risky -- bad for business, the community -- and the environment. Here are my concerns.

The PUD is exclusionary; it creates an artificial boundary around Multnomah County. This proposed new utility pays no attention to the complexities of electricity distribution and metering for all counties in the service area. It will cost all electricity customers millions to reconfigure these fragments into one system. This expense would create no added value for us as customers.

I work as a consultant to Oregon Economic Development Department's business retention program. The complex and costly operational and financial factors mean that the PUD will hurt virtually all Oregon businesses --- small and large -- further depressing our economy.

A takeover by condemnation, accompanied by litigation, huge costs and uncertain rates, will do nothing but scare away the new business Oregon so desperately needs right now.

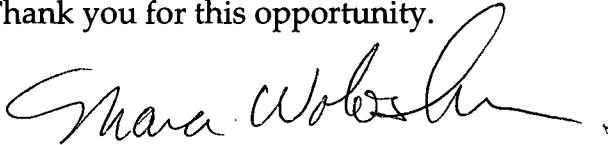
A startup People's Utility District would be bad for police, fire, safety and school systems who would lose much-needed millions in franchise fees and local taxes paid annually by Pacific Power and PGE.

Charities such as SOLV and Human Solutions would lose nearly \$2 million annually in cash donations and thousands of volunteer hours. Programs that foster renewable electrical generation would end. For over twenty years I have consulted to dozens of nonprofits that have benefited from these dollars. We cannot risk losing more support for Oregon's third sector.

Establishing a PUD would be incredibly risky for Oregon.

I represent of a rapidly growing committee of concerned citizens, businesses and community groups opposing formation of the Multnomah People's Utility District.

Thank you for this opportunity.

A handwritten signature in black ink, appearing to read "Mara Woloshin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mara Woloshin
Citizens Against the Government Takeover

#4

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/03

SUBJECT: People's Public Utility District

AGENDA NUMBER OR TOPIC: PUD Hearing

FOR: X AGAINST: THE ABOVE AGENDA ITEM

NAME: FLORENCE A. Rawson

ADDRESS: 429 NE 89th

CITY/STATE/ZIP: Portland, OR 97220

PHONE: DAYS: 503-234-7859 EVES: Same

EMAIL: frawson@chevanet.com FAX: NA

SPECIFIC ISSUE: Purchase of RGE.

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

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2. Written testimony will be entered into the official record.

#5

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/03

SUBJECT: Public Utilities District Election

AGENDA NUMBER OR TOPIC: _____

FOR: ☒ AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Melissa Adams-Russell

ADDRESS: 8624 N. Haven Avenue

CITY/STATE/ZIP: Portland, OR 97203

PHONE: (503) 880-2257 DAYS: 880-2257 EVES: same

EMAIL: melissa311adams@cs.com FAX: N/A

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: No

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
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6

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk
This form is a public record

MEETING DATE: 5/29/03

SUBJECT: DOE/Edron

AGENDA NUMBER OR TOPIC: _____

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Kathryn "Cherie" Holensten

ADDRESS: 6141 SE Steele

CITY/STATE/ZIP: POK 97206

PHONE: _____ DAYS: 441-5695 EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: will mail it in

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
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#7

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk
This form is a public record

MEETING DATE: 5/29/03

SUBJECT: Multnomah County PUD

AGENDA NUMBER OR TOPIC: _____

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Nancy Newell

ADDRESS: 3917 NE Skidmore St.

CITY/STATE/ZIP: PORTLAND, OR 97211

PHONE: _____ DAYS: 288-3986

EVES: _____

EMAIL: ogec@imagina.com

FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: later

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
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#8

**MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP**

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 5/29/03

SUBJECT: PWD

AGENDA NUMBER OR TOPIC: _____

FOR: ? AGAINST: ? THE ABOVE AGENDA ITEM

NAME: DAN MEEK

ADDRESS: 10949 SW 4TH AVE

CITY/STATE/ZIP: PORTLAND OR 97219

PHONE: _____ DAYS: 503-293-9021 EVES: _____

EMAIL: dan@meek.net FAX: _____

SPECIFIC ISSUE: BOUNDARIES, ELECTION, ETC

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
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