



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 28TH DAY OF AUGUST, 2002 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, and Sten, 3.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ben Walters, Senior Deputy Attorney; and Officer Michael Frome, Sergeant at Arms.

Item No. 1051 was pulled from Consent Agenda for discussion

Due to the absence of 2 Council members, emergency items were continued and the Consent Agenda items were rescheduled to August 28, 2002 at 2:00 p.m.

COMMUNICATIONS	Disposition:
1033 Request of Richard Koenig to address Council regarding a Police Bureau personnel allegation that they are acting in good faith when stealing vehicles of the public using city streets (Communication)	PLACED ON FILE
1034 Request of Merrick Bonneau to address Council regarding his settlement with the City (Communication)	PLACED ON FILE
1035 Request of Tycian Bonneau to address Council regarding Merrick Bonneau's settlement with the City (Report)	PLACED ON FILE
TIME CERTAINS	
*1036 TIME CERTAIN: 9:30 AM – Adopt City 2002-2004 Equal Employment Opportunity Affirmative Action Plan (Ordinance introduced by Mayor Katz) Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)	176836

***1037 TIME CERTAIN: 10:00 AM** – Update cost-of-service analysis for the Area Parking Permit Program, approve new permit fees and authorize the City Traffic Engineer to perform annual updates and make appropriate changes to permit fees (Ordinance introduced by Commissioner Francesconi)

Continued to Wednesday, August 28, 2002 at 2:00 p.m.

(Y-4)

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CONSENT AGENDA – NO DISCUSSION	
<p>1038 Accept bid of Natt McDougall Company for Larson's Roadway and pipeline bridge maintenance and seismic strengthening for \$757,000 (Purchasing Report - Bid No. 101616)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p>Mayor Vera Katz</p>	
<p>*1039 Authorize an Intergovernmental Agreement between the City of Beaverton and the Police Bureau to provide the Beaverton Police with access to the Portland Police Data System. (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176837</p>
<p>*1040 Authorize an Intergovernmental Agreement between the Multnomah County Department of Community Justice and the Police Bureau to provide access to the Portland Police Data System and the Police with access to the Juvenile Information Network (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176838</p>
<p>*1041 Authorize Airport Way Urban Renewal and Redevelopment Refunding Bonds (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176839</p>
<p>*1042 Authorize Downtown Waterfront Urban Renewal and Redevelopment Refunding Bonds (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176840</p>
<p>*1043 Authorize Bonds to refund 2000 Series A Bonds (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176841</p>
<p>*1044 Create three Nonrepresented classifications as follow up to the implementation of the reformed Nonrepresented employees classification and compensation structure and establish compensation rates for the classes; and change the compensation rates for four Nonrepresented classifications (Ordinance)</p> <p>Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176842</p>

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<p>*1045 Approve settlement with Ackerman's Uniforms (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176843</p>
<p>*1046 Extend Legal Service Agreement with Cable, Huston, Haagensen & Lloyd for outside counsel (Ordinance; amend Contract No. 33228) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176844</p>
<p>*1047 Authorize acquisition of vehicles for use by City Bureaus (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176845</p>
<p>*1048 Dedicate and assign a strip of Bureau of Fire, Rescue and Emergency Services land as public street right-of-way (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176846</p>
<p>*1049 Amend agreement with Becker Projects, Inc. and the Office of Planning and Development Review to increase the amount by \$19,000 and to extend the termination date to December 31, 2003 (Ordinance; amend Contract No. 33274) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176847</p>
<p>Commissioner Jim Francesconi</p>	
<p>1050 Appointment of Bob Davie to the Taxicab Board of Review effective immediately (Report) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p> <p>*1051 Amend Code relating to taxicab regulations by reforming and renaming the Taxicab Board of Review (Ordinance; amend Code Chapter 16.40; replace 16.40.110) Motion to remove the word "taxicab" from the last sentence of Section 5 of the ordinance. Moved by Commissioner Francesconi and seconded by Commissioner Sten. Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">CONFIRMED</p> <p align="center">176869 AS AMENDED</p>

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<p>*1052 Authorize application to Oregon Department of Transportation for a grant in the amount of \$45,000 to develop bicycle safety facilities along the Esplanade, at NE Oregon and at the north sidewalk of the Hawthorne Bridge (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176848</p>
<p>*1053 Authorize application to Oregon Department of Transportation for a grant in the total amount of \$200,000 to develop pedestrian safety facilities along SE Tacoma, in conformance with the Tacoma Main Street Plan (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176849</p>
<p>*1054 Amend conditions in vacating a portion of SE 15th Avenue (Ordinance; amend Ordinance No.157718)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176850</p>
<p>*1055 Grant revocable permit to Sweetwater's Jam House to close SE 34th Avenue between Belmont and Morrison Streets on September 7, 2002 (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176851</p>
<p>*1056 Grant revocable permit to Kingston Bar & Grill/Portland State University to close SW Morrison St. between 20th Avenue; and 20th Place and SW 20th Place between Morrison and Yamhill Street on 8/31, 9/14, 10/5, 10/12, 10/26 and 11/6, 2002 (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176852</p>
<p>*1057 Grant revocable permit to Portland Brewing Company to close NW 31st between Luzon and Industrial Streets on September 13 through September 15, 2002 (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176853</p>
<p>*1058 Grant revocable permit to Archdiocese of Portland in Oregon/St. Stanislaus Church to close N. Failing between Interstate east to dead-end on September 27th through September 30, 2002 (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176854</p>
<p>*1059 Grant revocable permit to Neighbors West-Northwest and the Pearl District Neighborhood Association to close NW 13th Avenue between Hoyt and Irving Streets on September 6, 2002 (Ordinance)</p> <p align="center">Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p> <p>(Y-4)</p>	<p>176855</p>

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<p>*1060 Grant revocable permit to Hilton Hotel to close SW Taylor Street between 5th and 6th Avenues on September 28 through September 29, 2002 (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176856</p>
<p>*1061 Accept a grant from Multnomah County in the amount of \$135,425 for operation of an integration program for senior citizens who have mental retardation/developmental disabilities (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176857</p>
<p>*1062 Declare as surplus an unused steel loading dock located within Springwater Corridor and donate it to the City of Gresham (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176858</p>
<p>*1063 Contract for roof replacement and skylight upgrades at the Children's Museum 2nd Generation (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176859</p>
<p>*1064 Amend an Interagency Agreement between Portland Parks and Recreation and Portland Development Commission for professional and technical services for park improvements for FY 2002-2003 (Ordinance; amend Contract No. 51843) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176860</p>
<p align="center">Commissioner Dan Saltzman</p>	
<p>*1065 Authorize an agreement with Engineering Information Services for \$71,625 to visually analyze, evaluate, and compile reports of the Bull Run Watershed Roads and provide for payment (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176861</p>
<p>1066 Amend contract with Cornforth Consultants, Inc. to extend the contract time for professional engineering services (Ordinance; amend Contract No. 30891) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m.</p>	<p align="center">PASSED TO SECOND READING SEPTEMBER 4, 2002 AT 9:30 A.M.</p>
<p>*1067 Amend contract between Bureau of Waterworks and the City of Gresham for the sale of water (Ordinance; amend Contract No. 18899) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p align="center">176862</p>

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<p>*1068 Authorize contract with David Evans and Associates, Inc. to provide professional engineering services for the Rivergate Wastewater Pump Station Relocation Project No. 5689 (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176863</p>
<p>*1069 Authorize contract with Browning Shono Architects, LLP for design services to complete the design of Columbia Boulevard Wastewater Treatment Plant DODD Building Second Floor Rehabilitation Project No. 6246 (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176864</p>
<p>Commissioner Erik Sten</p>	
<p>*1070 Authorize agreement with Mt. Hood Community College for Mt. Hood Head Start to provide early childhood development for \$131,677 and provide for payment (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176865</p>
<p>*1071 Authorize agreement with Community Development Network for \$21,588 to support citizen participation activities and other community development activities that benefit low-income people and provide for payment (Ordinance) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176866</p>
<p>*1072 Amend agreement with Sarah Lerner to provide fundraising services (Ordinance; amend Contract No. 33692) Rescheduled to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176867</p>
<p>REGULAR AGENDA</p>	
<p>Mayor Vera Katz</p>	
<p>1073 Amend the Code to restore the City of Portland flag to its original design (Ordinance; amend Code Section 1.06.010 and repeal Section 1.06.020)</p>	<p>PASSED TO SECOND READING SEPTEMBER 4, 2002 AT 9:30 AM</p>

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<p>*1074 Authorize appointment of Tod Burton to the position of Economist I at a rate of pay of \$31.76 per hour (Ordinance) Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176870</p>
<p>*1075 Extend the agreement with the Tri-County Metropolitan Transportation District of Oregon whereby the Portland Police manages the Tri-Met Transit Police Division (Ordinance; amend Contract No. 51484) Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176871</p>
<p>*1076 Amend the Code to allow the City Council to establish charges for City vehicles taken home by City employees (Ordinance; amend Code Section 5.60.110) Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176872</p>
<p>Commissioner Jim Francesconi</p>	
<p>*1077 Amend Interagency Agreement with Portland Development Commission for 2002-2003 professional and technical services for transportation improvements (Ordinance; amend Contract No. 51819) Continued to Wednesday, August 28, 2002 at 2:00 p.m. (Y-4)</p>	<p>176873</p>

At 10:51 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 28th DAY OF AUGUST, 2002 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Saltzman and Sten, 4.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Frank Hudson, Deputy City Attorney; and Officer Michael Frome, Sergeant at Arms.

On a Y-4 roll call, the balance of the Consent Agenda, continued from the 9:30 a.m. session was adopted.

<p>1078 TIME CERTAIN: 2:00 PM – Direct the Mayor and the Commissioner of Public Works to enter into discussions with Enron Corporation, its creditors and other interested parties to ensure that the citizens of Portland and Northwest Oregon presently served by Portland General Electric receive reliable, stable and low-cost electric service from a utility which is not responsible for Enron’s debts and which has a long-term continuing commitment to the economic and environmental well-being of Portland and surrounding communities and counties (Resolution introduced by Mayor Katz, Commissioners Sten and Saltzman)</p> <p>(Y-4)</p>	<p>Disposition:</p> <p>36093</p>
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At 5:44 p.m., Council adjourned.

GARY BLACKMER
Auditor of the City of Portland

By Susan Parsons,
Acting Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption Transcript.

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Closed Caption Transcript of Portland City Council Meeting

This transcript was produced through the closed captioning process for the televised City Council broadcast.

Key: ***** means unidentified speaker.

AUGUST 28, 2002 9:30 AM

Roll

Katz: Commissioner Saltzman had a medical emergency—he's going to be fine—but he won't be here this morning. Consequently we will here Communications, we will move the entire Consent Agenda to this afternoon. There's just one or two items that are non-emergency. We'll move them all except item 1051 that commissioner Francesconi asked to be pulled, and we'll hear testimony on that. Then on the regular time certians and the regular agenda, we will hear testimony from anybody that's here to testify, and then we'll vote on them in the afternoon. We won't take testimony in the afternoon, but we'll take testimony in the morning. And then we hope that commissioner Saltzman is back for the large item for -- on the regular agenda for this afternoon. All right. Everybody understand? All right. Communications. 1033.

Item 1033.

Katz: Is richard here? No.

*****: Must have got a traffic ticket. [laughter]

Katz: All right. 1034.

Parsons: Merrick has called to reschedule.

Katz: 1035. He has also requested to reschedule.

Katz: Okay. If it's all right with the council, if there are no objections, we'll pull 1051, and then move the entire consent agenda item over to this afternoon. Do I hear any objections? Hearing none, so ordered. [gavel pounded] all right.

*****: I was supposed to testify on this today too?

Katz: On which one?

Jada Mae Langloss: I signed up. To do a communications today.

Katz: I don't have your name on there.

Langloss: Of course not. My name was not even mentioned in the voters' pamphlet when I was a candidate.

Katz: Did we not get -- why don't you -- all right. Come on up and come and -- I didn't even recognize you.

Langloss: I put ice on my head, i'm sorry. I have to have a cool head when I come to city hall, so I put ice on my head.

Katz: You get special privileges, anyway, so make it quick.

Langloss: As fast as I can to give you a book load of information.

Katz: Identify yourself.

Langloss: My name is jada mae langloss, constant candidate for office, unelected, for 25 years. I came here to talk about a solution for the budget problem. These chairs weigh about 500 pounds.

Katz: We can hear you.

Langloss: Back in the old days, before the raiders and invaders showed up from the european area, there was no money. There was barter. There was skills. There was many things that they could offer. At this day, at this time, there is many of us that still don't understand money. It doesn't make sense. It was something that was brought over that is artificial to the original american way

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of life. If you want to call it america. That was another european name. Today the answer to the budget problem is, if they don't have money because they spent it in the first week of the month, or et cetera, they have skills. They have tools. They have something that they can give to society besides money. If we adopted half skills/half barter, and money for those people who understand nothing else but money, that would be the solution for the problems of Portland, when there's not enough money, which doesn't make sense to me. It's very good to light a fire in the rain with money, because it works, it goes faster than dynamite. So -- and the other thing I was going to mention is, our holy burial grounds are being robbed again in pine ridge, south dakota, and I was asked by the freedom fighters of the native americans if I could come up with a vehicle and a little bit of gas money so we can go back and protect our burial grounds. They're hauling off artifacts and bones. Little airplanes at night, loaded with caskets of artifacts. So this is a special request I am making to the public to see if we can do something to help the original native american people. Protect their burial grounds. Thank you.

Katz: Thank you, jada. All right. Commissioner Francesconi, 1051. Let's read that.

Item 1051.

Francesconi: I pulled this for two reasons. Michael tulley is here and wants to testify. Second of all, we should have done this not on consent anyway, it's important enough, let me just -- the purpose as the council knows, we want to have fair representation for all of the affected transportation providers, so the council asked jim wadsworth and john hamilton to go back and create a fair process representing all the industries. And so I just want you to know that the staff spent a lot of time on this. The board took it very seriously, had two meetings. There was unanimous agreement on this, except for michael tulley, who abstained. My recommendation is going to be to proceed. Go ahead.

Jim Wadsworth, Bureau of Licenses, Chair-Taxicab Board of Review: Good morning, mayor Katz, commissioners. My name is jim wadsworth, i'm speaking as the chair of the present taxicab board of review. We came to council at a council work session in august of 2000 with a draft transportation, ground transportation white paper that envisioned the actions that the taxi board and the city would take in regulating all of the different types of private for-hire ground transportation providers over the coming three to five years. In september of 2000 -- 2001, the taxicab board of review had a series of strategic planning meetings identified the reformation of the existing taxi board as an essential piece to regulating all of the private for-hire ground transportation industries so that there would be a level playing field for all of those providers in the type of -- and the type of service they provided. In october of 2001, we came before the -- before council with the limited passenger transportation ordinance that allowed the city then to regulate the remaining three industry segments in limited passenger transportation, the executive sedans, shuttles and especially attended transportation providers. The largest segment of for-hire ground transportation providers, so that we would begin to have a level playing field. We implemented that legislation -- that ordinance as of august the 1st, along with the drivers, and I brought that -- had brought that to fruition. We had a couple of subcommittees the board working on the reformation of the board. Our concern was to provide the mission of the board, which was to regulate the for-hire ground transportation for public safety, for rider convenience and affordability, and availability, and to provide an integrated, consistent way of regulating ground transportation so that we would fit in with tri-met, with the activities at the port, and so forth. We discussed this at the may taxi board meeting. We discussed it again at the june taxi board meeting. We briefed the board and distributed a revised -- i'm each time revising these based on recommendations that the board made, and in august, the board passed the version of the ordinance that you have in front of you. There is one clerical error, and the reason for -- one of the reasons for commissioner Francesconi pulling it, we did leave the word "taxicab" in front of what should have just been "driver representative." to be

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able to level the playing field, one of the concerns we heard from the limited passenger transportation providers as you recall is that there was too much taxi influence on the board. And while the taxi representatives on the board at that time, the industry representatives did not have a vote. They did in fact have a seat on the board, and they could take part in the discussion. However, other industry providers could also take part in the discussion, because we opened it up, the board chose to open up the discussion on items that affected the overall for-hire ground transportation industries for their comment as well, so we could be informed when we made decisions that would affect those industries as well. The current board structure that we have as to taxi industry representatives, we have a permanent driver representation -- representative position that is on the board, and the new structure will have an industry representative elected by, or appointed by the overall industry. There's a standing committee for the industry folks, they will work together on issues that affect the industry. They will be allowed to select an individual or individuals who will serve as voting members to the board. The driving population, the drivers of these different industries will also have the ability to select a driver, and that driver representative will serve on the board and will have a both. -- have a vote. Both of these now will have a vote on what happens. We have created -- this is a new way of doing a board in Portland. We're looking at it from a standpoint of, it will probably take some fine tuning. We believe that it still gives the industry a voice and our taxi board industry representatives right now, we're very adamant at the meetings that they wanted to be sure they still had a voice, and their voice could be heard by the board. We believe that having a standing committee that the board will defer to for information on how -- what the board is going to consider will affect the industry, hear that at a taxi board meeting, give that standing committee a chance to get their act together, and say, okay, here's the effects each of these industries is going to have, and present it to the board. We believe that that gives the board the best overall view of the industry and will help us make better decisions that will affect the entire ground transportation provision and not just one segment.

Katz: Thank you.

*******:** Do you have any other questions?

Katz: Questions? All right. Thank you. Mr. Tulley? Let's take a motion to make that correction on the ordinance.

Francesconi: So moved. We have to execute the name -- put -- we have to eliminate -- what do we have to do? Take out the name "taxicab"?

*******:** Right, and then remove "taxicab."

Katz: Leave it one driver representative. Motion made. Second?

Sten: Second.

Katz: Hearing no objections, so ordered. [gavel pounded]

Michael Tolley, Driver Representative: Michael toley, southwest Portland, driver representative.

I appreciate the opportunity to be here. One of the things I love about this city is that an unhappy citizen can come and share their views with you. I know you take them into consideration. The issues that I had with the ordinance that was presented to you were outlined in a letter I distributed to your offices yesterday, and I hope you all had an opportunity to read it. Briefly, there is follows - - the name of the board in addition to not easily rolling off the tongue, does not really let the public know what the function of this board is. I think if you went out to anybody on the street and said private for-hire transportation board of review, you would get a very blank look. And it seems in the -- as removing -- we're moving toward including more people under the regulatory umbrella, that somehow taxicabs have become a disgraced uncle -- uncle that we don't want to mention. I would -- as a taxicab driver, I would point out that taxicabs have been an important part of this city and its life for 70 years, and while we're -- we've been willing to share the market with new folks in it who don't want to particularly be hidden under the rug. So in addition to that, the -- any number

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of names, including just the word livery, would cover all of these things, but private for-hire transportation board of review is not very clear and doesn't indicate the scope or the mission of the board. Secondly, the industry representative, I have -- I didn't have the opportunity to propose this to the taxicab board because I didn't think of it at the time, but there is a desire to have the three niche markets, shuttle, executive sedan, and specially attended transportation, represented on the board. One way or the other, if there's only one industry representative, either the niche markets or the taxicab industry will be left off the board. It seems to me to make -- it would make more sense to have one taxicab representative and one from one of the three niche markets. The taxicab business encompasses a little over 50% of the business in Portland, and it seems logical to have them -- that representation reflected in the membership on the board. To think that the standing committee will be able to come forward with one voice I think is almost naive, or if not naive, certainly optimistic, because the niche markets and the taxicab market have such different interests.

The selection of the driver representative -- and I want to make clear to all of you that my issue about this has nothing to do with my wanting to pursue being driver representative for perpetuity, but I do believe the method for -- that has been put forth for selecting it, whoever shows up at one single meeting as opposed to the -- about 11-step process that was used when I was selected for this, is as I said in the letter, these are the passions of the moment, or happenstance, who shows up at a meeting.

Katz: Michael, your time is up.

Sten: Do you want to extend him a little bit.

Katz: Go ahead, finish up.

Tolley: And so I would propose using the same selection process that was used before, where anybody who wants to apply, that you use some sort of criteria and resume, and I feel much more comfortable with the commissioner Francesconi or whoever is in that position, making the appointment as opposed to just whoever shows up at a meeting. And such a meeting would automatically disenfranchise between a third and half of the drivers anyway, because it would be during their work time. So a process over time would not have that problem. And I also mentioned in there that the -- that this -- the way this was done cuts my term in half, which I find a little strange in this reformation of the board that only one person's term is affected, and I think when you invite citizens to give of their time and energy for a two-year time, they should have a two-year term. There's things I'd still like to finish and do for drivers, and some of the things I had planned out relied on that two-year term. The last thing was the absence by board members. Literally the way the ordinance is written you can call in 12 times in a year and say you're not going to be there, and you're in good standing. If people accept a commitment to serve on a board, they ought to show up at the meetings, and I think if you miss four meetings in a year, maybe you should find something else to do.

Katz: Thank you.

*******:** Thanks very much.

Katz: Questions?

Sten: Mayor --

Katz: Thank you. Jim, come on up for a second. Refresh our memory with the -- with the driver representatives and how that individual is chosen.

Wadsworth: Okay. John, do you want to come up? Just if I miss something pertinent here. We have -- the taxi board has requested city staff and John Hamilton and Nancy Ayres, city attorney, to organize the first meeting of the drivers and of the industry. At that meeting, they will decide upon a process that they will use to select the driver representative or the industry --

Katz: The process?

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Wadsworth: That's correct. We're letting the industry decide. One of the things we had with having a driver representative as we have added s.a.t. Drivers, as we have added the other drivers, and even before then, was they felt they didn't have a representative on the board. We pointed out the driver representative on the board, which is michael, represented s.a.t. Drivers, town car drivers, and in fact he's testified in front of this council that he represented those people as well as at the legislature.

Katz: Okay.

Sten: I guess -- at the meeting the -- they'll decide a process for picking somebody?

Wadsworth: And if they can pick that person, and we hope they'll be able to. We're trying to get the ordinance through so we can move and then get the appointments made at the end of this year. I might also mention that when we brought you appointments this year, one of the things we had discussed with commissioner Francesconi and also with the other board members, and board member ray miles is here representing the taxi industry, was, we talked to those folks about the fact we were going to change the board composition. We also talked to michael about that. Because we would be looking at a different composition, and probably different board members. We knew at that time, we knew back in september of 2001 at our strategic meeting.

Sten: I guess you confused me. They're deciding a process to pick a member or they're picking a member?

Wadsworth: We hope we'll be able to come up with a process and perhaps pick that member and get that taken care of. That's what we hope to be able to do. We've left --

Katz: Let him pursue the question.

Sten: That's -- those are two completely -- if somebody wants to be the representative, having a big meeting where they learn what the process is to be chosen and choosing one are kind of two different -- usually there's a process for -- i'm assuming there's probably different factions that would like to have that spot. Is that right?

Wadsworth: We're not sure. We had from all of the taxi drivers I believe we had eight applicants the last time, and that was following a pretty long period of asking people to come in. And when they did come in, we talked about setting criteria and what would that take, and then put that into effect. I'm assuming probably that will take some of that same avenue to do. Again, I want to point out, this is the first venture that we know of into standing committees and being able to put those into effect. And have those standing committees be the conduit for all of that information to come back to the board. We realize that there probably will be changes, the board has brought before you many changes as we've put something into effect, and then found we needed to manage it better.

Sten: I guess -- it's a little unusual to say, come to this meeting, find out what the process is, and get picked or don't get picked. Usually you have a process for getting picked, and people who want it know it, so they can go forward.

Wadsworth: We're wanting the industry, the people that are interested from these different industries, to come forward, and we're wanting them to have a part in how this selection will take place, and what that will be. And electing, being able to elect a representative.

Sten: So you have a process that they'll elect somebody -- you're completely confusing me.

Wadsworth: If they can agree -- john, do you want to --

John Hamilton, Bureau of Licenses: Mayor Katz, commissioners, nancy, ramone and I are the subcommittee for rewriting the entire code. We discussed this at length, and as we talked about process, we couldn't come up with a way that would be better than the administration contracting and working with all the industries to meet and assist administratively them to figure out whether they want to do it by consensus or by election, and each of the committees, the drivers and the companies, could create their own process. We did that because --

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Katz: I think both of you are missing commissioner Sten's point. He's asking you to think about separating the decision on the process of representation and then letting that information out to everybody who might be interested in being a representative as opposed to having that group select somebody that day.

Hamilton: Absolutely. That's right. What I --

Katz: What's right?

Hamilton: That's exactly how we intend to do it. Those details aren't stated in the code, but it does -- the code does state that the administration will help these -- assist these subcommittees in forming the process and arriving at their own way of doing it, and their own person to serve as the chair of their representative committees, and therefore to be on the review board. We are not going to just say --

Katz: Will you be electing a representative on that first meeting?

Hamilton: No.

Wadsworth: Probably not. [laughter] unless we have people show up that are all prepared and have taken --

Francesconi: Let's accept -- time out. Time out.

Wadsworth: Probably not.

Francesconi: Guess what? We're not, now. Let's go with John's answer. Redo the process. The first meeting we'll give them the process and we're not going to select anybody at the first meeting.

Katz: Let me just ask a question. I think that there's a consensus here that that probably ought to be the way to go. Does that screw up your filling the board for your new term?

*******:** No.

Katz: Okay, fine. Good. Thank you.

Sten: On this question of the industry representatives, we're going from two company representatives to one, but we're broadening -- we're going to process -- in the process of putting explicitly the types of services that the board oversees, and I guess I'm concerned that from my experience up here, I'm not as expert as you guys are, generally the town cars and the taxicabs not only don't see the things the same way, they're literally at odds with what regulations they want, and I'm a little worried, how do you just put one -- by definition there's only one, you can't have any balance on the board between those two points of view, and I can't imagine a consensus between those industries as to which of those industries should get the one spot on the board. It doesn't make any sense. So how are you going to turn over to the competitive industries the choice of who gets to sit on the board, and how do we get a balanced view point with only one industry that's competing against each other on the board?

Wadsworth: I'm going to ask Rae Miles to join us, because this is -- you're expressing a concern that we also talked about at the taxi board. One of the initial recommendations was to have -- have the standing committees achieve consensus before any issue would come back to the -- would come back to the board for consideration. And we talked with the industry reps, we talked with the limited passenger transportation folks that we were dealing with in trying to get information from as we were identifying who those folks were, and those that had testified here at council, and we recognized that they're going -- there are going to be differences. So we took the consensus piece out. We also have a long-standing tradition at the taxi board that when the board considers an issue, the board has its discussion, then we ask for industry comments or for audience comments, or written comments that we've received, and we read those into the record. And those are all processed through. So I'm going to let Rae maybe express what she did at the meetings and let you hear from one of the industry folks.

Rae Miles, Broadway Cab, Taxicab Board Member: Hi, Rae Miles, Broadway Cab and Taxicab Board Member. I have the same concerns that we've gone from meaningful and in some eyes even

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overrepresentation on the board, to the chance we'll go to zero representation on the board. At the same time, this item has been on the taxi -- taxicab board agenda for four months, the process has been complete. I feel like i've been heard. I've had assurance from the -- mr. Wadsworth that if after we get into this they don't feel like there's adequate across the industry representation, that we'll rethink it. In a lot of ways I applaud the idea, make the industry go out and really knuckle through these issues. I don't know that it's going to work, but I think like I said, the process has been good and I certainly feel like I was heard at the taxicab board meetings, as an industry person and as a board member.

Katz: All right. So let me try to interpret this. You're going to try something that's a little bit new and different, has never been done before. If once it's done and you look across and you see that the -- you don't have representatives on your board, you may come back. Or rethink it. Right? Yes?

*******:** Absolutely.

Katz: All right. Anybody else want to testify? Before you leave, I don't think because of the fact that our afternoon agenda is going to be really full, neither commissioner Saltzman or I may be at impac, and I think you need to be there and ask them to please table or delay any decision on the region regulating the taxicabs, because I have no clue what the implications for us are. Are you going to -- will you do that?

*******:** I'll be there.

Katz: Okay. Thank you. All right. This item will go over to the afternoon. All right. Item 1036. **Item 1036.**

Katz: Let me make a quick introduction to this. As all of you know, legally as a recipient of federal funds, the city is required to have an affirmative action plan in place. We would do it probably anyway, but legally we're required to do that. We have made a goal for the city to continue our commitment to foster a diverse work force and make sure that we throw out a very broad net to attract the best and the most qualified, but keeping in mind that we need to work very hard to identify those that represent a diverse community in the city of Portland. This plan is a little different, different in two ways. One, the bureaus participated in working through the plan, rather than responding to the plan. And so you are going to hear that in a few minutes. Second of all, the directors and managers and supervisors' job performance will be evaluated, it will be one of the pieces of -- for evaluations as to how well they do in carrying out the affirmative action plan. That goes for us as well.

Anna Kanwit, Operations Manager, Bureau of Human Resources: Thank you, mayor and commissioners. I'm the operations bureau, here on behalf of yvonne deckert. I just have a couple points I wanted to make, and then joseph will have some comments as well. We are currently operating under an extension of the '99-2001 affirmative action plan, so to ensure continued compliance with equal employment opportunity, federal guidelines, we do need to adopt the plan before you. As mayor Katz mentioned, the plan does embody council's directives set out in resolution last october concerning the use of many tools, including equal employment opportunity and affirmative action in the development of a diverse work force. And finally, the adoption of the plan would appoint joseph, who is the manager of the city's diversity development affirmative action office, as the city's affirmative action officer and delegates to him responsibility for monitoring and reporting implementation of the plan.

Katz: Thanks. Okay.

Joseph Quinones, Diversity Development Affirmative Action Manager: My name is joseph, i'm the diversity development affirmative action manager for the city. There are three points I wanted to make. One is this plan, as written and developed, and it was developed with the cooperation, collaboration and efforts of every bureau in the city, representativess a very different approach, a new approach and a very comprehensive approach to affirmative action for the city. It's really I

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would say a very forward-thinking approach for affirmative action, and you'll find that the you speak to your colleagues around the country, you'll find that true. The second thing, it does hold bureau directors and managers accountability in ways we have not in the past, and I think that will ensure implementation and success for this plan. And the third thing really is that it does, as all affirmative action plans should, have placed objectives at the core. We're just in compliance with that issue under affirmative action. It meets all the legal obligations we have under eeo.

Katz: Questions? I just want for those who are listening or watching, the council did have a work session, so just because there aren't any questions now doesn't mean we didn't have questions then or weren't presented the full plan. Okay? Anybody else want to testify? Do we have anybody signed up? No. All right. Then we'll carry this over to the afternoon. For those who came in late, everything is carried over to this afternoon. If it's an emergency ordinance I don't have four people here. Thank you. All right. Item 1037.

Item 1037.

Katz: I'm sorry. Everything is carried over for a vote. Go ahead.

Katz: All right. You should have had this set up earlier. One second. Ben, could you get commissioner Francesconi? We're ready to start.

*******:** Are we waiting for the commissioner?

Katz: We don't have a quorum.

Katz: There's only three of us.

Francesconi: I'm sorry.

Katz: All right. Why don't you go ahead. Let's go.

Ramon Corona, Manager, Parking Control, Office of Transportation: Good morning. My name is ramone, i'm with the city of Portland parking control section. I'm the manager. This is ellis mccooy. He's the parking operations division manager. We're here to talk about -- i'm going to give you a brief history and a little background information.

Katz: Okay.

Corona: In 1981, the first residential parking permit programs create the by city ordinance were started in the lair hill and ridge neighborhoods. These programs were monday through friday, 7:00 a.m. To 6:00 p.m. Designed to prevent downtown commuter parkers from parking in the neighborhoods. Since then, we've added seven more neighborhood programs, changed the programs to include business districts, extended the days and hours of some of the programs. One of the programs extended hours to include the evening hours, and added new rules to some of the programs to address specific issues for those neighborhoods. One neighborhood changed the rules governing how a guest permit is used in order to limit the level of abuse. And another neighborhood changed off-street parking spaces to the calculation of number permits allowed to residents and businesses. We've also had our programs made accessible on the web. Citizens are able to get information and print applications and contact us and be -- via e-mail. The area parking permit program is a product of change, not all programs work the same. The program is still evolving, demand for program services are increasing. We're constantly being asked by other neighborhoods that do not quite fit the criteria, but are truly in need of assistance. Due to this and other needs, both from the city and the neighborhoods, we find that making the existing programs self-supporting we ensure the continued operation of those programs and the possible creation of other programs throughout the city. The fees have been increased twice in the 21 years the program has been in operation. In may of 1981, council approved the start of lair hill and gander ridge and the permit fees were established at \$5 a permit. In june of 1986, a permit fee was increased to \$10 per permit, and it was established as stated in the ordinance, this is a quote, the residential permit program was intended to be financially self-supporting, revenues currently at that time support only the 8% of the actual cost, leaving 42 to be financed through conversation, operating fund monies.

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By raising permit fees, the program costs would increase to 80% at that time. Then in July of 1994, the permit fees were increased to \$15 per permit. The cost of service study was done and showed the full cost of the permit was determined to be \$32 per permit, and the city would need to pay the difference from transportation operating funds. The apps are voluntary in nature and created through a process designed to ensure a neighborhood support. The programs require a petition from the neighborhood, a public meeting, a ballot, and a majority of the applications completed in process. The process to remove a permit program is the same and can be initiated by any resident in the area. The permit area. A public involvement process we used included a phone survey, two open house meetings, and a meeting of the area parking permit program chairs. An invitation to the chairpersons to hold meetings in various program areas was also made. The Lair Hill program asked for a meeting and we sent out notices and held that meeting. The cost recovery is necessary to maintain the level of service we presently have. At -- the present \$32 fee is the same amount presented to council in 1994, and was what we based our fee on at that time. Through modifications and changes to the process, we've been able to keep the costs from rising further.

Ellis McCoy, Department of Transportation: One of the things I might add, and I apologize for the technical difficulties with the power point, is that this issue was considered thoroughly during the budget process that pdot participated in, as you recall. It was submitted as part of pdot's budget proposal and was adopted in the mayor's budget.

Katz: Anybody else want to testify? Are there any questions by council? Any further testimony? Anybody signed up? Come on up. Thank you, gentlemen.

*****: Do you want me to move?

*****: No, you don't have to move.

Katz: I don't need you now. Why don't you go ahead, and if there are any questions, we'll call you back.

William Danneman, Lair Hill Parking Committee: My name is William Danemann. I'm the chair of the Lair Hill parking committee. This is where it all began. It didn't originate from the city. It originated from the residents. And at the beginning, it was 1978 when it all began, '81 was the first ordinance. And it was designed, the program was designed in the documents from the city, to pay for itself within six months. Then in '81 it went to \$5. And then it went continually up, and it has been proven that over the past, the other part of the parking situations where there are scooters and stuff in the other districts, have been put into the program. We --

Katz: I'm sorry, clarify that.

Danneman: You have scooter patrols that respond to, say, somebody's blocking my driveway, and it's all the way out, say, Vermont, or -- and now what they were doing at the time when we raised it, it -- back in the '90s, they were adding that to charge against our program. Well, that was found to be erroneous, and they had to go back and redo their figures at that time. And they used the \$32 was what they came up with in 1990, but the program originally was put in to share, to compensate the surrounding neighborhoods -- you'll notice if you see them, they're only in the neighborhoods that surround downtown. It's because of the downtown management parking program that the problems have existed, because commuters do not want to pay \$100 a month when they can park on a city street for nothing. And this was seen by the other city counsels back in Frank Ivan's mayor Goldschmidt, they all found that it was necessary to -- for the neighborhoods to -- so they could be even semilivable, because you can't get to your house, or businesses couldn't do business in the area. So it worked for both residences and businesses. We understand that there's tough times, and we need to find more money. We're not going to argue this. But this is over a 100% increase. I wish you could show me another program that gets over 100% increase during this budget process. One thing I asked, and at this meeting of all the chairs, was to explore different ways to cut costs. None of my suggestions were ever answered by Mr. McCoy. And I find that to

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be a really a break of trust with the neighborhood that have always supported this. Because we want to -- we would be more than happy to give our time to cut their costs administrative costs, but they did not want to explore --

Katz: We'll pursue that in a few minutes. Thank you. Your time is up. We've got the message. Go ahead.

Ken Dueker, Homestead Neighborhood Association, Parking Committee Chair: Good morning, mayor Katz. Members of the council. My name is ken duker, i'm a resident of homestead neighborhood association, and I am chairman of the parking committee of homestead. On april 11th in year, the chairs of all area parking committees met to discuss the proposed increase in fees for area parking permits. All chairing expressed concern over the size of the proposed increase. All chairs thought that the city should continue to participate in the cost of the area parking permit program as a cause of the problem, spillover parking and funding of the program from gas tax income correctly links it to commuters. Nevertheless, the chairs recognized gas tax revenue has stagnated due to the continuing impasse between the trucking association and the triple "a." discussion then centered on the use of parking revenue from the downtown meters and parking structures as mitigation for the spillover parking program. City participation in the -- and the cost of the program is appropriate. It's appropriate to mitigate the spillover parking program -- problem, resulting from parking charges in downtown and in my case at ohsu. The area parking permit program should not be self-support program imposed on the impacted neighborhoods. And that priorities need reexamination to continue the city participation. The homestead neighborhood association that I represent differs from the other areas. We are not impacted by downtown commuters except for one part of our area. Our neighborhood association voted that ohsu should bear all costs of the program in our area. I think that goes too far, in my opinion. I feel ohsu should bear part of the cost to the program, perhaps, but not all. This could be accomplished by assigning part of the cost to the permits issued in areas c and d around ohsu to ohsu. Another way would be for ohsu to subsidize and administer selling of the permits in our area. In summary, I feel the concept of self-support needs to be revisited. Area residents should not bear the full cost. The cost is due to the spillover program from outside of our neighborhood, and those people essentially should bear part of that cost. And they can do so by use of the parking revenues or the gas tax. And there's a correct linkage.

Katz: Let me ask you the question, in your meetings did the bureau show you how it got the cost for service?

Dueker: Yes.

Katz: Were you satisfied with what you saw?

Dueker: The costs are appropriate. It's the allocation of those costs that we're questioning.

Katz: Who pays. Okay. Thank you. Anybody else? Come on up.

Bert Geiger, Central Eastside Industrial Council: Burt geiger. The central eastside industrial council ended into a partnership with the city of Portland to address the program of commuter parking in the central eastside business district. The district's parking problem was created by the high price of parking in downtown Portland. This large difference in the cost is due to the city's policy to restrict commuter parking downtown and encourage people to take transit to work. The commuters include public employees as we discovered at the public hearings to create the central eastside area parking permit program. The partnership we entered into was a 50/50 shared cost of the parking permit program with the city. Is the businesses pass on the fee to their employees such as a post office, Multnomah county, and some private firms. Other businesses absorb the cost as one more tax from the city. Even with this parking program, park assisting limited and not available to many companies after the morning arrival of workers. Businesses are only able to buy 75% of the parking permits based on the employee count. So we do encourage carpooling and

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transit -- city transit. In the proposed budget the city's proposing to discontinue their share. We feel this is a violation of our partnership. The city's share was to offset the impact of the city's policy to restrict downtown commuter parking, a policy that has resulted in a multimillion dollar return through city-owned parking structures. Essentially the city's withdrawal causes the central eastside to subsidize the downtown streetcar and other programs that are currently being paid for by parking receipts. Most importantly, partnerships are based on trust. Will you make this one more obstacle in keeping businesses from staying in this Portland business district? If we are to withdraw from this partnership as well, this important program would fail and the city would have nothing.

Katz: Thank you.

Wayne Kingsley, President, Central Eastside Industrial Council: I'm wayne kingsley, president of the central eastside industrial council. Good afternoon. Most of the points relevant points have already been made. I won't remake them. I will say the central eastside industrial district's goal is to increase employment and living -- in living wage jobs. We depend on on-street parking in the central eastside because we don't have parking structures except for the one at the county building. We also have less than optimal transit. In fact there's parts of the central eastside industrial district are rated as worse than suburban public transit. So my point is -- the point has been made, down -- the parking restrictions in downtown have caused people to park in the central eastside. The permit program was a partnership with downtown to ameliorate this program and try to give us the necessary parking spaces so we can continue to increase living wage jobs without taxing employees or employers more, increasing their cost of business. So we'd like you to revisit the change in the rules and continue public fund support for the parking permit program. That's all I have to say.

Katz: Thanks. Anybody else want to testify on this? Thank you. You have some questions?

Sten: I want to ask the commissioner, you're usually my guide post on fees to business. You're pretty tough on them. Are you comfortable these are the right fees?

Francesconi: I wish we didn't have to do this. Looking at transportation's budget, the worst is yet to come in terms of impact on business and residents. In terms of the decrease in the gas tax. So compared to what's coming in terms of the deterioration of the infrastructure upon which businesses rely, i'm reluctantly -- think this is okay.

Katz: Let me ask the staff. The budget was a horrendous budget to deal with. Everybody had to make cuts, and fees were increased, and some were increased more than others. Did you work through this with the neighborhoods as you increased those fees?

McCoy: We did a number of things. Early on when we were --

Katz: Identify yourself for the record.

McCoy: Ellis mccoy, parking operations manager. Early on when we identified that we were looking at this alternative, we did a survey, a phone survey through the -- throughout the app areas, and we were asking the question, one, were they satisfied with service, we also suggested to them that we had -- we were having difficulties with the budget and we had to look at cutting services or increasing fees, which would they prefer to have happen to their situation. About 60% indicated over the phone to us that they would prefer to increase fees, because they didn't think the \$32 a year, even though it's a significant increase from 15, was -- the program was well worth it. Based on that, we wanted to move forward. We went forward with public meetings to address this issue and to hear people's concerns about it.

Katz: Let me ask you, I know costs have increased, but this is a 100% increase.

McCoy: The costs have remained the same since 1994. The initial cost of service analysis we did identified the cost at \$32. So we've actually kept the costs down, it's just that at that particular time the fee was decided to be 15 instead of 32, and it was actually recognized at the time that there was a discussion of whether or not there was a public-private been of benefit at the time. We can't quantify that, so we decided to go forward with the -- with the subsidy at that time. But the issue,

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the underlying issue we're all speaking to here is whether or not the city's responsibility for the commuter traffic that happens in the outside -- outside of the downtown area. And we've had meters since 1934, there's been parking outside the area since then. We've instituted a number of programs, we've financed to try to get people out of their automobiles, outside of this particular program that they're referring to, so we have a number of initiatives that the city is financed, the transportation options division being one, where we're trying to further the initiative of getting people out of their automobiles and reduce commuter traffic. I disagree with the assumptions this program was specifically set up to mitigate those impacts.

Katz: Questions? All right. Thank you.

Francesconi: The issue that was raised by one of the -- about what to do with the parking meter revenue and whether you can use those meter revenues to offset this, I think the answer is no. But to be honest, how we use our parking meter revenues right now is something i'm trying to get a handle on. So i'm actually looking at that. I've asked pdot to prioritize, but I don't want to give people false hope. But it is a question i'm looking at. Having said all that, I still think reluctantly we need to proceed.

Katz: The parking meter at least as I understood, was supposed to help with financing garages that we build, and we have pulled that money out for a variety of other purposes, including the streetcar, including other purposes, and so we need to be very careful.

*****: It's heavily taxed.

Katz: Heavily used for other purposes.

*****: I used the word taxed.

Katz: Thanks. I want to flag that. It's heavily used for a lot of other purposes. And leverage, you're right. Thank you. We'll set it up for a vote -- set it aside for a vote this afternoon. All right. Let's get to the regular agenda. Item 1073.

Item 1073.

Katz: It's not every city council that has the opportunity to think through their flag design and we have had a request from the gentleman that's coming up right now, let me do a very brief introduction, this is the fifth flag if we adopt this ordinance, since 1917, and the gentleman sitting in front of you, doug lynch, i'm sure you've read a lot about him, was the one who brought the design to the city council. And I don't know what the make-up of the city council was at the time in '69, but I think there was some bickering that went on in the city council, and in the hopes of keeping everything in a consensus mode without a lot of bickering, they decided they were going to redesign the flag. And one thing I have learned, that if you design something through consensus, it's usually not very satisfactory. They put the seal on. As a result of the seal on the flag, very few people are reproducing the flag because it's very difficult to reproduce the seal. And the original concept was not followed. So we received a call from doug lynch, who's sitting in front of you, let me just introduce doug, and then i'll turn it over to him. Born in la grande, grew up in Portland, and attended grant high school. Another one. He's a graphic designer by profession, and he's been a very active member of the civic life in this city. He joined the city club in the '30s, he's -- he was the chair of the local arts commission in the '50s. He's a five-time award recipient from the prestigious american institute of graphic arts, and you can still see some of his 1937 mural work at timberline lodge. I understand it's in the bar. -- in the barlow room. In 1968 when the Portland arts commission honored him, they said there is no one individual in this community, nor nun one who -- I met doug lynch in my first campaign for the legislature, and was honored by his support of his -- his spouse's support, and i've been watching his career, now that he's retired, I sometime see him in the neighborhood, and he has come to us and has asked us to please reconsider the original design and adopt it. So doug, it's all yours.

*****: Thank you.

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Katz: Bring the mikes closer to you.

Doug Lynch: Do I need to say anything more?

Katz: Yes, you do. You -- I didn't talk about the flag at all. I left that up for you.

Lynch: It was 33 years ago that I stood before the city council to offer a design for the city flag. At that time I faced the council looking forward the east. Now i'm facing you, council, toward the west. 180-degree change in direction. Improvement and updating seemed to be in the nature of civic history. After these 33 years, I now propose an adjustment, a simplification of the city flag, an update. In the late '60s, the mayor needed something, a flag, to display and impress visiting dignitaries and vips. He asked the civic art commission at that time to develop a flag for that purpose. The arts commission was then chaired by mrs. Gus solomon, who in a great burst of energy and enthusiasm, began the process of development. The newspapers picked it up, statements and opinions were printed, and the stage was set all -- for all the fun and games of the public controversy. In this uncertain public mood, I was in effect volunteered for this design chore. The assignment was wide open, and rather than dash off a sketch or two, it was obviously more important to develop appropriate criteria for any design process. I'll read from my letter of response then to the commission. It is the function of the art commission to advise and to recommend. It is the authority of the city council to accept or reject. It is advisable therefore to have an expression of opinion from the members of the council, and of the commission on what visual elements and directions would either be desirable or strongly unacceptable. The summation of this opinion will serve to formulate some preliminary guidelines. Further studies or sketches can then proceed with less wasted time and effort toward a final accepted -- acceptable design. Flags are generic. A new flag will be seen in the context of ancient traditions of custom and protocol. To respect these considerations, I sent to all concerned a five-point questionnaire, covering the basic elements of flag design. The questions were, first, general character, abstract pattern or representational. Two, lettering, numbers, or slogans. Three, color preference and symbolism. Four, use of the city seal. And five, use of a single representational symbol. Everyone answered, 14 sets of opinions, five city officials, nine citizens. [laughter] I ask your patience in reviewing all this.

Katz: This is fascinating.

Lynch: While i'm asking your patience in reviewing all this, because it's important to know that this design is more than someone at a drawing board making color marks on a piece of paper. These opinions are from busy people who took time and thought to contribute to this project, and I will name them. Mayor shrunk, mel bows, stan earl, and libby solomon, bob lee, harry widman, marry marsh, dorothy lynch, lloyd keith, norman -- dick norman and andy rokia. The city officials all chose the civic emblem, the seal. The citizen members favored the abstract pattern. Letters and numbers were rejected, colors chosen were green, gold, blue, and white, the base color of the fabric. Lloyd keith articulated the concept of port, land, or inland port. You can look -- the city star will fit right into the intersection of the willamette and the columbia. All these preferences supported my own thinking as I privately studied the graphic possibilities. And all along, the original elmer of elmer's flag and banner advised on production matters. Architect dick norman wrote perfect dimensional specifications, harry widman, by then chairman of the commission, wrote the forwarding letter. All that was a generation ago, much has changed, many are gone. I am before you now proposing an adjustment, an upgrade toward easier production, a simpler image, giving more importance to the symbol of the rivers, greater emphasis to the city star, and hoping this council will add its names to this 33-year process. Thank you.

Katz: Thank you. You're carrying something with you. Is that --

*******:** I was carrying something with me?

Katz: Yeah. Was that the design?

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Lynch: Well, that is a full-size -- a full-sized drafting of the center motif of the flag, but that's for mike Hales of elmer's flag and banner.

Katz: Oh, okay. Thank you. Questions of doug? Thank you, that was wonderful history lesson. Come on up.

Ted Kaye, Portland Flag Association: I'm ted kay, member of the Portland flag association, and editor of raven, a scholarly journal on flags. And author of the guidebook to flag design. Good flag, bad flag, named after our local hot dog stand, good dog, bad dog. I'm hear to support the adjustment of the Portland city flag.

Sten: I was worried there.

Kaye: In my good book I identified five basic principals of good flag design. Keep it simple, a flag should be so simple a child can draw it from memory. Use meaningful symbolism. The flag's images, colors, or patterns should relate to what it symbolizes. Use two to three basic colors, four at the most. Limit the number of colors which contrast well and come from the standard color set. Never use lettering or seals. Never put writing of any kind on an organization's flag. It's a graphic symbol, not a verbal symbol. And be distinctive. Avoid duplicating other flags. The current proposal of dropping the seal and expanding the stripes both of those changes improve the flag's design. The larger stripes follow the principles of simplicity and symbolism, and removing the seal follows the principle of simplicity and no seals. In addition, this adjustment to the flag should significantly reduce its cost, making it more available and less expensive to the citizens of the city, and we should see it flying more. Thank you.

Katz: Thank you.

Mason Kaye: My name is mason kay. I'm writing the history of Portland city flags, which i'll present at the international congress of flags next year in stockholm, although you already said some of the history, there's still some other history to be said. By passing this ordinance the council will make Portland's flag better than ever. Portland has had three other city flags. In 1917, the winner of a flag contest had three horizontal stripes. Blue green between two white stripes and a red circle representing the city. In 1950, a benson high school teacher designed one of the worst versions depicting the city seal on a dark blue background with the date 1851. In 1958, a flag was presented depicting a seal, but not that of the city. On a dark blue background. None of these flags were officially adopted by city council. In 1969, doug lynch's design would have been the best ever, but at the last minute the city council slapped the city seal on the flag. Making it just as bad as the others. [laughter] I hope you will reverse this action and give Portland the best flag it's ever had. Thank you.

Katz: Thank you. Go ahead.

Michael Hale, Elmers Flag and Banner: Mayor Katz and commissioners, i'm michael hale from elmer's flag and banner. I want to thank you for being able to talk here today. We've had a long relationship with the Portland city flag, because elmer and doug lynch worked together on that flag.

We've stocked that flag for many years, and made it available to city government offices. The folder you have, if you turn to the first page you see, it says, city of Portland flag prices. It just shows a price comparison of the old flag there versus the new flag. The old flag had four colors. And it's going to cost more money to produce four colors than three. And there's another extra screen charge involved, but you can see there that given today's prices, we had a potential order here a while back, about a month ago, and we suggested to mr. Adams or whomever it was that he might be aware there's a new flag being proposed, and this is going to save the city some money for the production of flags, depending on how many are ordered and things like that. And elmer's flag and banner is again, as we were at the first flag, willing to absorb the screen charges that you see on the right-hand side. Because we're proud of our flag, i'm a member of the same flag group these

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men are, and I believe this would be an improvement to the city flag. That's basically what i'm here to say.

Katz: Thank you. The three of you are sitting here, and doug, we were examining the seal. This is sort of app romo -- apro pro, not to point, but -- we wanted to think about modernizing the seal, and we got to the star. And I asked the question, since it's not in the shape of a real star, what -- where did all that come from? And I couldn't get an answer. Nobody knew what the history of the star was. Do any of you know that?

Ted Kaye: The star on the city seal?

Katz: On the city seal.

Ted Kaye: Sue sile at the Oregon historical society did a full history of the city seal, which I can provide to your office. And cities all over the country continually reexamine their seal for improvement. I don't know the symbolism of the star on our seal, though that was very common in municipal seals of the era. Usually it means independence of some kind, starting from texas's lone star that has persuaded american symbolism, california put it on its flag.

Katz: That same star?

Ted Kaye: Stars of all kinds.

Katz: It's the shape of the star.

Ted Kaye: The star that doug lynch has proposed for the city of Portland flag is mathematically called a hypocycloid, but basically it's a very unusual four-pointed star and will distinguish Portland from many other cities.

Katz: Would you send me that report? Do any of you know any of the history? Doug, do you know the meaning of our star on our seal? Come on up. This has been sort of a question that nobody's been able to answer, and since we're talking a little bit about history and they put the seal on the flag, I thought it would be somewhat apropos.

Lynch: I looked through many books of flags, I could not find any four-pointed star quite like that. In japanese decorative arts, there is one something like that. I -- I wanted a star because a star represents a place, a city, and the five-pointed pentagon star is used by everyone in the world. Our city, interestingly enough, is laid out on the four points of the compass. East, west, north, and south. And that seemed appropriate for me, that the star would be -- would represent a rather like a compass star, that it would divide the field of the star into north, south, east, and west, or northeast, southeast, southwest, and northwest.

Katz: Thank you.

Lynch: That's an explanation I can give you. There are other more arcane than that, but it would require four coins that you push together and that forms that particular configuration of a star.

Katz: Thank you.

Ted Kaye: As you relook the design of the city seal, we'll be happy to help with that as well, and i'll send you all the information we've got.

Katz: It's sort of temporarily on hold. Thank you. All right. Thank you, gentlemen. Anybody else want to testify? All right. We will vote on this in the afternoon. No, this goes to second. So we'll -- it will be voted on next week. All right. 1074.

Item 1074.

Katz: All right. Anybody want to testify on this? Fine. We'll vote on it this afternoon. 1075.

Item 1075.

Katz: Okay. Come on up. Do you think we can have a flag for next week?

Lynch: A sample?

Katz: Yeah.

Lynch: I'll make one.

Katz: Good. Thank you. Go ahead.

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Mike Bell, Captain, Tri-Met Director of Security: Good morning, mayor. Council persons. My name is mike bell, i'm the captain and the director of security for tri-met. Currently assigned to the transit police division. This is a renewal of our present contract with I think just a very couple small word changes that are contained in the first one or two pages of it. Unless the council has any questions about what we're doing here, this is pretty much the way we've been -- I expected steve hendrix from fiscal services to be here if there -- if there were some fiscal questions, but --

Katz: Don't worry, we won't ask. Did you want to add anything?

*******:** No.

Katz: Any questions? Thank you.

*******:** Thank you.

Katz: All right. We'll vote on this this afternoon. 1076.

Item 1076.

Katz: Anybody here to testify on this? Okay. Then it will move on to a vote this afternoon. 1077.

Item 1077.

Katz: Okay. Anybody want to testify on this?

Greg Jones, Office of Transportation: Very quickly. Greg jones. This is an amendment, two amendments to our agreement, annual agreement with pdc. Normally we would have processed it on the consent agenda. It simply got placed on regular by mistake. Vicky is here to -- to answer any questions if you have any on the streetcar, which is the largest of the work scope.

Katz: Does anybody want to hear from vicky on this? Thank you. Anybody else want to testify? That will -- item will move over to vote this afternoon. All right. So we'll have a full agenda with quick votes hopefully on the morning's work, and then get to the work of the afternoon agenda. My hope is that commissioner Saltzman comes back. If he doesn't, I don't know what we're going to do. We're adjourned until 2 o'clock. [gavel pounded]

At 10:51a.m., Council recessed

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Roll

Katz: We had only three members present this morning. Any emergency ordinance takes four of us and so what we're going to be doing before we get to the item of the afternoon is we have to complete the morning's business. So be patient. I also need to tell you that if the number of testifiers gets to be huge and we begin to hear repetitive testimony I'm going to cut the testimony from 3 minutes to 2 minutes which we usually do. Trust me, you can say the same in two minutes that you do in three. I'm not going to do it in the very beginning and I'm going to allow people from both sides to at least get three minutes in. At some point there may have to be a cut off. For those of you who are standing, please, we've opened upstairs. Go upstairs. Sue will call three names ahead of time so you will have plenty of time to come down. OK, let's go with item 1036.

Item 1036.

Francesconi: Thank you. I just want to thank you for your work. Now we just have to execute this wonderful plan. Aye.

Saltzman: Aye. **Sten:** Good work. Aye.

Katz: Mayor votes Aye. 1037

Item 1037.

Francesconi: Aye **Saltzman:** Aye **Sten:** Aye

Katz: Mayor votes Aye. 1038

Item 1038.

Parsons: This will be the consent agenda.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 1051.

Item 1051.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. 1074. Roll call.

Item 1074.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounding] 1075.

Item 1075.

Katz: Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounding] 1076.

Item 1076.

Katz: Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Item 1077.

Katz: Mayor votes aye. 1077.

Katz: Roll call.

Francesconi: Aye. **Saltzman:** Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounding] 1078.

Item 1078.

Katz: Thank you. Let me open it up with some brief remarks and then i'll turn to commissioner Sten and commissioner Saltzman. I'm going to review the resolution very carefully, because many of your e-mails and letters I think are not -- don't have all the information that you need to have as

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to what our actions are going to be today. So i'm going to be careful in reviewing it. First let me start by saying that enron has declared bankruptcy. Two, p.g.e. Is owned by enron. Three, p.g.e. Is for sale. And because of that, we're considering a resolution to allow is to step in, take a place at the table, and protect the interest of the ratepayers in this community during enron's bankruptcy proceedings. Enron's actions and business conduct have had substantial negative impacts on p.g.e.'s financial health. P.g.e., because of that, may affect its ability to provide a stable supply of electricity at the lowest possible prices to Portland. And you know the rates have gone up substantially. There is going to be an auction. It was announced yesterday for the sale of p.g.e. To enron's creditors to -- or to the highest bidders. What the goals of the council are, as representatives of the city and this region and p.g.e. Customers, are to make sure that the electricity is reliable, at stable and reasonable costs -- and this is language from the resolution -- responsive to local needs and priorities and local employees and committed to the economic and environmental well-being of Portland, its surrounding communities and counties. It is essential that the interest of the city and ratepayers now served by p.g.e. Be advanced in a timely fashion to creditors or to any prospective purchasers of p.g.e. Since the ament was made formally yesterday with a time line, that the action that we are dealing with today is very timely. The resolution also states that -- and I want to underline the words -- "if necessary" -- the city is prepared, if necessary, I to execute its full legal authority to assure again that the city's interest and the ratepayers are fully protected. We have the ability through our charter, we have powers and authorities vested by the voters to protect public interest. We have the power to acquire, we have the power to operate, we have the acquire to own, we have the acquire to deal with this issue. Having said that, I think it's -- we've made it very clear, that if passing this resolution all it does is begin to give us the tools to be represented. If passed, we will create a task force under the direction of our office of management and finance composed of people who know he's issues, know the issues of bankruptcy, who know the issues of -- financial issues, who know the issues of taxes, to provide and advise us and give us the technical support that we'll require. It will give us the ability to commence discussions immediately with senior executives of enron. And I need to tell many of you that I have received a letter from steve cooper and he is not opposed to a public entity purchasing p.g.e. And potential purchasers -- i'm sorry. To begin discussions with enron, creditors committee, potential purchasers of p.g.e. And/or its assets with the objective of bringing about a sale or reorganization of p.g.e. That achieves the public interest objectives described in this resolution. We are also authorizing up to \$500,000, up to, we have no idea at this particular time what the cost is going to be, to complete a detailed analysis of the options and provide guidance to us for the next steps. And as i've said over and over again, this is the initial resolution to begin doing the fiduciary work that's necessary to be done by us. We will be reporting to the council, recommending further action if insist -- necessary, at least monthly and probably sooner than that because things are moving very quickly, until such time as there is a satisfactory transfer of p.g.e.'s assets or business in a manner that achieves our objectives. We have not made any decision, either individually or collectively as a council, of what our actions are going to be. All this is doing is bringing us to the table to have those discussions with the people who are very interested in making sure that enron's debts are paid off. And in that role we ought to have the information to protect the interests of this region and the interests of ratepayers. That's what this resolution does. I would predict that we'll probably be back in short order with additional resolutions, but I don't know what they would be. I can't fill in the blanks today. That's the resolution, and that's all it is.

Sten: Thank you, mayor Katz. I think you've done an excellent job of laying out what we're voting on today, so i'll probably be relatively brief. Many years ago, 4-5 years I was assigned to be

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the liaison to our utilities in town and to follow these issues closely which i've been doing. I think we've come to a unique and I think very dangerous situation for this community. Due in part, I think, to what are clearly malicious acts by the enron corporation, in part to a much bigger problem in terms of the national deregulation strategy, in part, just to market and forces that were coincidentally bad in a whole variety of factors that came together. Where we find ourselves right now is a pretty stuff spot. Electric rates are up 50% on industrial customers, which I don't think has been good for business in a very tough time for business to begin with. Residential rates are up 30%. And probably worst of all, a company that I think has been a very good corporate partner and done well by Oregon, p.g.e., is completely, in my opinion, and that's my opinion and some will dispute it today, outside -- unable to control its own destiny. What we're looking at is that in all likelihood creditors in new york will make a decision what happens to one of the key linchpins of our economy, our environment, and our community here in the next couple of weeks. And as it stands today -- and i'm an expert on these issues, but i've spent many, many months talking with experts. Not any one person knows all of the details, because there's a lot of players, but collectively a picture has emerged -- there is not a local buyer on the scene. In all likelihood p.g.e.

Will be sold, although there are talks of restructuring. Enron said today in the paper nationally this company is for sale. If Oregon is going to be great, as it has been in the past, we've got to be willing to be bold and act locally when things are in our interest. I firmly and deeply believe that it's in our public interest to make sure that we have the best possible workout of the situation and i'm absolutely convinced that by getting the city of Portland to the table with the creditors, which we're trying to do today, exploring the possibility of a public purchase, most likely with private management down the road if that were to go that far, and using all of the powers that are available to us to make sure that we have a seat at the table, we have the very best chance of coming up with a solution that is good for Oregon. I frame it that way on purpose, because I think we're going to hear a lot of testimony today about things that could go wrong. And is certain to me right now is that every path is fraught with risk. We're in a situation that none of us wanted to make, including p.g.e. But I think the path of inaction, in my opinion, is far more risky than the path of action. And action doesn't mean that we can't make decisions down the road, that we can't come up with new models and new ideas, but inaction means that people from outside of this community whose only interest will be recovering money using p.g.e.'s assets, that's their interest, to get paid back as much money as possible, and the security they have is what our community depends on, p.g.e., them acting without us at the table is a guaranteed more risky than acting with us at the table. I very much appreciate the way mayor Katz framed this. I think we're poised to act, ready to act, but we need do so thoughtfully, cautiously, get to the table, work with these creditors and come up with a solution. If a solution is impossible and can't find it, then I think we have to consider very bold action. That's what I think this community has been known for in the past. And we should do, if we have to. P.g.e. From my standpoint is something that this community cannot live without functioning in a good fashion. And given the choices that we have before us, I think the best thing to do is be proactive and get something done. This sets the tone and gives us the legal authority to begin that process today.

Katz: Thank you, commissioner Sten.

Saltzman: I think as a co-sponsor of this resolution i'm pleased to do so, because although p.g.e. Is certainly an extremely important to the future of Portland, it affects our quality of life and our business climate. P.g.e. Has also been a very good model corporate citizen, but as has been said unfortunately the future of p.g.e. Is no longer in the hands of local p.g.e. Executives. As commissioner Sten and the mayor said it's in the hand of a bankruptcy court. This resolution

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simply provide us with the funding for the analysis and discussions with p.g.e.'s creditors about the potential role the city of Portland could play in p.g.e.'s future. And I think it's time that we take a look at this bold step of perhaps public ownership. It may be in all of our best interest to do so and achieve a number of objectives. This resolution, however, does not take us to any prejudged conclusion. We don't know what model may emerge if we in fact decide to become involved as an owner. I do -- I have expressed all along my preference, that if we do get involved if the ownership, that it should be privately managed and that would be the only option I would feel comfortable with supporting this at this point. But this convergence of events and the need for action that brings me to support this resolution today. We need to take action on behalf of our citizens and ratepayers. We're elected to represent your interests and I feel this is a prudent step forward today if we adopt this resolution toward representing your interests. Thank you.

Katz: We'll start with the three elected officials. We extend the courtesies to elected officials. Mayor mike swaim from salem, mayor charlotte lehan from wilsonville, commissioner ed truax from tualatin. Are you here? Ed's here.

Katz: All right. We have the mayor-elect of salem, janet taylor, but let's -- I think we ought to wait -- we ought to wait for a mayor swaim. Okay. Then somebody flag to me when he comes in and we'll put him into the lineup. All right, go ahead.

Charlotte Lehan, Mayor of Wilsonville: Mayor and members of the council, my name is charlotte lehan, i'm the mayor of wilsonville and a member of the Oregon mayors association.

Katz: If you can't hear, we have amplifiers for you to use, personal ones. We can only turn the volume up to so much, so if you have difficulty hearing, please raise your hand and we'll give you an amplifier. Don't be embarrassed.

Lehan: Do you want me to start over?

Katz: Yeah. And --

Lehan: My name is charlotte lehan, the mayor of wilsonville and a member of the Oregon mayors association. I received a call last night from mayor lou ogden of tualatin, the current president of the league of Oregon cities, and he's in chicago or he would have been here today, but he asked me to come and speak of behalf of a number of Oregon cities affected by this. I just wanted to say that the city of wilsonville and I know a number of other cities, i'm sure, if they were involved in it, would also support the resolution that's before you now. We certainly are as interested as anyone in the economic impacts of whatever happens to p.g.e., and to the ratepayers and it's just a very important thing for many of Oregon's cities. Our fortunes, like a lot of other cities, are linked to p.g.e.'s. And it's important that we have this strong local voice and I just wanted to be here to voice those -- that support for the actions that the city of Portland is taking and commend you for moving in this direction.

Katz: Thank you, mayor. Commissioner?

Ed Truax, Tualatin City Council: Mayor Katz, commissioners, my name is ed truax. I serve on the tualatin city council. We've not had the opportunity to meet on this issue. So my statements reflect my personal opinions and those of our mayor, lou ogden. We're not sure that the government solution to this critical problem is the right solution. We're not sure that condemnation is an appropriate strategy, but we're absolutely certain that the future of p.g.e. Is of great importance to the city of tualatin and to all of us. And we are very supportive of the action that you're contemplating in this resolution and applaud you for being willing to take the first step to move this forward and to take the actions that may be necessary to protect all of us as ratepayers.

Katz: Thank you.

*****: Thank you.

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Katz: There you are.

Mike Swaim, Mayor of Salem: Mayor Katz and the rest of the commission, let me apologize first of all.

Katz: Take a deep breath.

Swaim: Yes. Whenever I see people with signs with sticks on them, I always wake up and pay attention, something's important going on. I apologize for being late. My office heard it was 2:30 and it's a little earlier. I'm Mike Swaim, the mayor of Salem, and here to support the effort and leadership of the Portland commission to address the issue how we provide ourselves with a stable, reliable and affordable source of energy in the future. This is a matter of grave importance to the city of Salem, as well as the constituents of Salem, because as we increase our electrical payments to the provider of electrical service, we're having to pay with general fund dollars that we could otherwise use for fire and police that compete for those very same dollars. We've experienced a dramatic increase in the cost of electricity over the last year. I also have the privilege of serving on the national league of cities steering committee, the policy committee for energy, environment and natural resources, so I've had the opportunity to kind of gauge the public's mood nationally about the issue of the provision of electrical services. What we find is that municipally owned facilities, municipally owned utility companies are doing far better than the investor-owned utilities throughout the United States. That was before the deregulation effort took effect and it's even more so now that deregulation has taken effect. I know of only one place, Rochester, New York, reports that they've been better off because of deregulation. We know now that deregulation was one of the brainchilds of Enron, and that Enron was one of the manipulators of the energy market in the state of California. I think we ought to go back to the future and revisit some of those same arguments made in the first couple of decades of the 20th century for public power in the first place. It's an acknowledgment, I say, and would suggest, that electrical energy is not the kind of commodity like cornflakes ought to be about and sold to the highest purchaser, but an essential service. Let me just conclude by saying two things. First of all, I think that may be one of those classic examples of the thousand-year-old Chinese proverb, that out of great danger, some would translate that as chaos, either applies in this instance, there's great opportunity. Finally I'm here to tell you we raise this issue on whether or not we should support the efforts of the Portland commission to move forward and look at the effort of the -- the possibility of acquiring or otherwise arranging a purchase of these assets, and my council voted you unanimously to support you in your effort. We're very pleased to see you take the leadership on it thank you.

Katz: Thank you for taking time to be us. All right, P.G.E., I've given P.G.E. 15 minutes, and then it will be followed by Bob Jenks from C.U.B., Ken Cannon from the industrial users, energy users, Ed Sheets, the past executive director of the Northwest Planning Council. So welcome, P.G.E. Peggy?

Peggy Fowler, CEO, Portland General Electric: Thank you, Mayor Katz. Peggy Fowler, C.E.O. Of Portland General Electric. Thank you, Mayor, and Commissioners for this opportunity to speak with you. You'll be happy to hear I won't take my whole 15 minutes. But there are a few things I would like to share with you. I believe that P.G.E. has really had a positive working relationship with the city of Portland. We've been good corporate citizens. We stepped forward with P.G.E. Park, OMSI, projects like that. We responded quickly and effectively to the study on the franchise fees. We've been very active in the schools. We've been a corporate leader in the city and state and I think there's been a healthy spirit of collaboration between P.G.E. and the city of Portland. I guess that's one of the reasons that I was very surprised and very disappointed as I conveyed to you, Mayor, on the phone last week that the city really didn't engage us more in this process, that we haven't even been able to see the study. I understand that the city may have a different point of

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view, but I believe we still really need to work together. Please don't exclude us from this process. My job is a lot like yours. I spend a lot of time trying to balance the different constituents. And in my case most of the time i'm thinking about customers, i'm thinking about our employees, and yes, i'm thinking about shareholders. That's part of the american way. And despite all the troubles related to enron, p.g.e.'s employees have still perform well. Since 1997 we've been through a lot. And a lot of uncertainty. The purchase of p.g.e. By enron to begin with. The near sale to c.r. Pacific resources the 2000-01 western energy crisis, the near sale to northwest natural gas, the sale of our parent company, almost enron, to dynagy and the largest bankruptcy in history. We're now in the middle of an auction process. In the midst of our employees have had substantial losses to their 401(k) savings plans, but throughout all of it you see the same management, same employee team. We've had a good record, excellent record of delivering safe, reliable power, that hasn't changed. Our community spirit hasn't changed. I think our employees -- i'm really proud of our employees and what they've given in volunteer hours, over 100,000 volunteer hours last year, and set an employee for an employee-giving campaign, which was amazing during hard times. Simply put, p.g.e. Is not enron. I'm not here to defend enron. Anybody has a right to be angry at enron. It's myself and it's p.g.e. Employees. This past year i've noticed a shift. People who are friends and supporters have continued to call us p.g.e. Detractors have been quick to label us enron. We're the same company. We're the same employees. We're the same local management. We have a lot of control, a lot to do with what goes on here. Our focus is at the service to our customers. Commissioner Sten stated that i'm not but a paid spokesperson for enron. I was raised here in Portland. I've been at Portland general electric 27 years. I can tell you that either i, nor the rest of the employees at p.g.e., consider ourselves to be enron. Taking pains to call p.g.e. Enron is not only wrong, it's insulting. It's insulting to all of our 2800 employees. We work very hard. [applause]

Katz: That's the last outburst or we will clear the chambers. Just a minute, peggy. This is a deliberative body, not a place to demonstrate.

Fowler: Our parent company is enron, but they really have had minimal involvement in our day-to-day operations since they decided to sell us over three years ago. Jeff skilling wanted p.g.e. Gone. He actually had every p.g.e. Employee's name taken out of the enron on-line telephone book. People ask me a lot, so what have I learned through the enron experience? One of the things I can tell you, the key piece is, you have to be careful what believe. There are a lot of misconceptions out there, and that's really what I want to address with you. Probably the most important one, and the one that comes up more often than any for those who want to question what's happening here, is that p.g.e. Will be broken up by enron or by the creditors committee. That simply is not true. Mayor, you've you got a letter yesterday, and I have the official letter from steven cooper today and copies for each of the commissioner, from steven cooper reiterating that p.g.e. Is not under consideration by the creditors committee or him to be broken up at all. Anyone who thinks this ignores the role of the Oregon public utility commission. They don't understand what's possible here. Enron officially announced yesterday at the beginning of the auction process. Many people were saying, the auction process isn't going to happen. It's happening. We're in the middle of it. We're inviting bids for qualified parties who want to express an. The city of Portland is welcome to bid. It's very clear in this process that p.g.e. Will be sold as an integrated utility. The initial indications of interest are due in october. The final bids will be due in november. It's possible that p.g.e. Could be sold in this process or it's possible that p.g.e. Could remain and become part of the emerging reorganized enron that's been talked about before and that was called opco. Any type of sale at all will require the consideration of the Oregon public utility commission

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for the s.e.c. And other regulatory agencies. The city does have a place at the table. You have an opportunity to intervene, just as you have done with enron, with northwest natural, and with the c.r. Pacific sales. If it would help, mayor Katz, i'd be happy to arrange another meeting with enron, steven cooper or michael france, his number one person, who works a lot with p.g.e., is willing to come out and explain the process to you. This might be helpful before you commit the half a million dollars. I think it's important for all of you to remember that a half a million dollars is just the tip of the iceberg. Three additional misconceptions I want to understand. First, the potential liabilities is what present interested parties from bidding. This isn't true. We've identified a number of liabilities, but we've set aside reserves for those. -- they're set aside in shareholder dollars, not in customer dollars. In our financial statements we've taken great care to demonstrate it's extremely remote that these will have an impact. The auction process will include due diligence, lots of opportunities for those truly interested in a company like ours to resolve these issues. Second, government ownership equates to lower prices. It's true that p.g.e. Currently has higher rates than some other northwest utilities. But there's some other northwest utilities with rates that are higher than ours, that are government-owned utilities. Seattle city light, which is owned by the city of seattle, raised rates 60% because they don't have generation. Our city, Portland's own water bureau, came up second highest in the nation on their rates. On a nationwide basis p.g.e. Rates are mid-range or low mid-range. Finally, the last misconception is that sale to an out of state company equals lack of control. How parochial are we here in Portland, or in Oregon? Out of state, out of country, does not mean that there's no oversight. P.g.e. Will remain a regulated utility, subject to state oversight through the o.p.u.c.. We're provided a regulated rate of return and have severe financial penalties for companies that fail to meet service standards. 51 cities and counties, including the city of Portland, have franchise agreements with p.g.e. All these agreements would be binding to a new company. The o.p.u.c. In their oversight of the purchase of pacificorp put agreements in place where the company would pay fines for poor operational performance. Pacificorp's performance improved dramatically after that. At p.g.e., our service levels kept level or improved with enron's ownership. Our community involvement and our giving has increased with enron's ownership. I think saying that out of state and international ownership is harmful, we ignore a lot of good companies, who have been solid, Portland citizens. Intel, bank of america, was fargo, adidas and freightliner. The last and final point I want to be clear on is that p.g.e. Will oppose condemnation. P.g.e. Has nothing against public power. We enjoy very good working relationships with many co-ops, public utilities. Some of them are our customers that we do work for. I have a lot of admiration and respect for the work they do, but most of these have been government-owned for many, many years just like p.g.e. Has been investor-owned. Government agencies who were to purchase p.g.e. Can participate in the auction process. And we're happy to cooperate with that. But p.g.e. Actively opposes any efforts of condemnation, because it doesn't make sense for our customers or our employees. In the past, access to b.p.a. Power might have meant that there were lower rates available, but right now, and into the future, there isn't power available and their prices are going up. Condemnation results in breaking up of p.g.e. Because the thermal generation assets can't be condemned. It adds additional stress to p.g.e. Customers and employees and it offers no guarantee of benefits. In closing, i'd just like to say I really hope we can deal fairly and honestly with the issues. Not use enron's failure as an excuse to devalue or break up one of Portland's oldest and most respected cost. P.g.e. Has never forsaken the obligations that come with the privilege and the franchise that we enjoy. We don't intend to start now. We've been part of this community as an investor-owned and managed company for 113 years. I'd ask you to look at the certainties of our service and reliability record. Weigh it against

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the multiple uncertainties inherent condemnation. Again, I look forward to working with you on these matters.

Katz: Thank you, peggy. As you know, in our conversation, I also echoed my appreciation for p.g.e. And all the partnerships that the company has been involved with over the many, many years. I'm one of your customers. Though the lights went out for two hours just the other day and I was --

Fowler: I didn't have anything to do with that, but, you know, we have a lot of employees who aren't happy about this.

Katz: Yeah. And I appreciate all of the work that we -- we commence together, whether it was work here, work for nonprofit organizations, work at the legislature. As I said over the phone that you don't know what your future looks like either. And all we're saying is that we want to be at the table and make sure that all the values of the company that you've been involved with are maintained, and how they're maintained is really the issue.

Fowler: Will with, i'm just asking you not to exclude us in that, because we do have influence with enron and with the creditors committee.

Francesconi: I have two areas of questions, peggy. First, I think the whole council would say you're among our best corporate citizens, not only in Portland, but in Oregon. The two areas of questions. One is about one of your assumptions -- or that -- misperceptions that maybe I share, and that's why I want to raise it. That is the question about dismemberment.

Fowler: Uh-huh.

Francesconi: And that -- I think there's a feeling among some members of the council that you're not in control of your own destiny here in the creditors committee. And that warren buffett and others are out there trying to figure out how to divide you up. And can you give us assurances that -- either that that's not the case or that you have a strategy to prevent that from happening?

Fowler: Absolutely. I think this letter from steven cooper --

Francesconi: I haven't seen it. Here, let me --

Fowler: There's a number of logical reasons that address this. One is value. There's more value keeping the company together. Then you have the piece of the Oregon public utility commission has to approve this, and they're never going to approve splitting up of the company. That's one of the early discussions that the creditors committee and steven cooper and his folks had when they came in to start this, was looking at what made sense. They were very clear, even in their news release oh -- or actually the auction release, and I don't have that with me, that p.g.e. Would be sold only as an integrated utility. There's no discussion at all about breaking it up. Steven cooper's letter addresses that specifically.

Francesconi: Okay. Then my last question is -- what is it in the resolution -- you mentioned that you're opposed to it -- I mean, you're not opposed to having the city at the table, which is the gist of the resolution. Is it the amount of money the city's spending? Is it the threat, although it's not authorizing condemnation? You were clear that the process you're objecting to.

Fowler: Right.

Francesconi: But leaving aside process, what is it in the resolution itself?

Fowler: Certainly condemnation is a concern. \$500,000 in today's world may sound like a lot of money, but in a process like this it's not very much money. And if the city is really serious about moving forward on something like this and making a purchase it's going to take a lot more money than that. So i'd just ask you to consider the whole piece and what makes sense for the city with all the other priorities you're facing these days.

Katz: Thanks.

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Sten: In the first place i'd like to very publicly apologize to you for insulting you with that statement and to your employees as well. It certainly was not my intention to disparage the p.g.e. Employees. I think if -- as i've struggled with this, and very difficult, and i'm not looking for sympathy, just because we're in a contentious situation with people who have worked together. As I said at great length in my city club speech and in comments to the speech, looking out for trying to keep the p.g.e. Employees employed as part of this is important. And I think the contribution you and everybody have made is without dispute. I agree with everything you've said. And I do apologize for insulting you, and it was in the context of trying to say -- i'm just going to be blunt -- I don't think it's your call what happens to this company. That's why I said it's a paid person for enron. I guess my blunt question is -- who will decide what's acceptable? Enron or the creditors committee or p.g.e. Or some combination? I'm still, to be very honest, you're referring to steven cooper's letter.

Fowler: Yes.

Sten: Does he have the final power?

Fowler: Yes. Steven cooper has the final power. He's hired to resolve this. And he's hired in this process to make the best decision that gets the best value. And if he doesn't think the creditors committee is making the best decision, he actually has the power to force another decision and ask for approval from the bankruptcy judge. My assumption would be in the final say the bankruptcy judge has it, but he expects everybody to negotiate and agree on that. That's really what steven cooper's there to do.

Sten: Well, and i'm not a lawyer, but my brief understanding of bankruptcy law is that it's the bankruptcy judge that decides. I also understanding that the bankruptcy judge's duty is to the creditors, not to enron. Is that right? So if it was in the creditors' interest --

Fowler: Steven cooper's accountability is also to the creditors. My accountability is to the creditors.

Sten: But just hypothetically, and this is what i've been so concerned about, if the creditors were to come to the conclusion that doing something with p.g.e. Was in their interest and the judge agreed, that's who makes the decision.

Fowler: The creditors and the judge would never come to a decision that couldn't get done, that couldn't get the approvals that wouldn't keep the company together, because that isn't the best value.

Sten: I guess what -- I understand --

Fowler: The Oregon public utility commission will have the final say on this.

Sten: The Oregon public utility commission's opinion trumps the federal bankruptcy judge?

Fowler: So the attorneys will debate around that, but federal bankruptcy judges and creditors have enough sense to know that you don't want to get into years of litigation over something like this, and if you really want that money for your creditors you better figure out something that isn't going to be in the court system for ten, which is what would happen, and which is the decision they've come there you, why they've been very clear about doing this as an integrated company and not breaking it up.

Sten: Can we expect some statement from the creditors to that extent?

Fowler: You actually have that in the letter from steven cooper.

Sten: I know. I don't equate him the --

Fowler: He is the creditors. He represents the creditors. He deals with them on a regular basis. There's a lot of people out there that will tell you, I talked to tuck hardy, he's a creditor, this and that. I mean, that's where some of this misinformation comes from, but these folks are there to

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negotiate and reach a consensus, and steven cooper who is leading that effort and he's there to do that for however long it takes to get the right value.

Sten: I think I understand it. I just want to make sure I do. That the auction is proposed for this fall.

Fowler: Yes.

Sten: If the price for the assets that is bid is acceptable, then this company and the other enron assets will be sold. If it's not, it will be restructured?

Fowler: That's correct.

Sten: Has anybody -- how will we know how to judge what's acceptable and what's not acceptable?

Fowler: Actually steven cooper and the creditors committee will be reviewing that. They've hired blackstone group as a consultant to actually look at that. That's part of this process. Maybe having steven cooper come out again, or michael france, and address some of that I think would be worthwhile for all of you. He's offered to do that, offered to talk to the Oregon public utility commission again, so we're planning on scheduling that in the next month or so.

Sten: You know, I actually agree with your premise that some of the companies that have been bought by the larger cost have remained intact for the most part. I think p.g.e. Fits that description. Many others have not.

Fowler: Uh-huh.

Sten: And although p.g.e. Has remained intact, I think we've suffered and I think your employees have suffered from --

Fowler: No question about that.

Sten: -- you know, constant -- I mean, if the amount of energy that i've had in this is 1% of your what your employees have had it's a lot, because almost every year there's a different proposal on what's going to happen.

Fowler: Uh-huh.

Sten: Do you have any sense of what is a good buyer? Right now I don't have of any buyers that - is it all the same?

Fowler: No. I think my assumption, whoever is going to be a serious buyer for a company like ours is going to be somebody who understands the energy business right now, who has the financial wherewithal to be involved and accept the risk in the energy business. It's not just Portland general electric that's been an uncertainty and in disarray. Most electric companies have been in some type of disarray over the last couple of years, partly through deregulation, partly through just all the issues going on in the market, and certainly enron hasn't helped some of that. So whoever would purchase us would be somebody who knows the risk and understands it and has the financial strength to be able to know that they could attain the power and invest the capital. That's the big part. How do you keep the system running? How do you care of the poles and wires? How do you build the power plants to make sure this happens? That takes somebody with a lot of financial strength. There are companies who are doing that sort of thing or it's possible that in the reorganize -- if the companies were removed from bankruptcy and set up with very little debt, that the reorg'd company could do that too.

Sten: I apologize for insulting p.g.e. Employees. I don't apologize for insulting enron. I appreciate being corrected on it. Can we at some point -- I mean, if in fact the power resides with steven cooper, and he was out here, but to be blunt, there really wasn't much of anything specific said. I mean, this letter that came today after the council acted, to be blunt, is the first real specific pledge to keep the company together.

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Fowler: Actually, he sent a letter to governor kitzhaber in the very beginning that I thought the mayor was copied on that was pretty clear on the breakup piece.

Sten: Then i'm mistaken, but even this is still -- doesn't lock anyone in. You know, at what point should we as a community -- forget the council -- expect a concrete proposal from mr. Cooper as to why we should want a restructured enron or why we should be comfortable with the auction process? Not him or the creditors, but us.

Fowler: Well, the plan is that by end of year we would know exactly if there is a buyer and who they would be. And if there isn't a buyer, then the reorg'd process and what the company would look like and how that would be structured. There is some information on the reorg'd company that's available now and it's set up as a very strong financial company, all the liabilities stay behind with the enron estate, those types of things, but it's probably after this october-november time frame.

Sten: What it doesn't show is any idea of what kind of debt is going to be attached and what the rates will be.

Fowler: Right.

Sten: That's the bottom line. What is enron proposing to charge our ratepayers? If it's restructuring, we need to know the rates.

Fowler: The rates are approved by the Oregon public utility commission, and they're not going to approve for them to go up. The thought is any rate structure -- or any debt structure that's put in place will have the same restrictions we do right now, because that's what they're there to protect. And they did a good job of that before with enron. If they hadn't done that, I think things could even been more difficult than they have been.

Sten: Okay. That's all I have. Thank you.

Fowler: Uh-huh.

Saltzman: I met mr. Cooper, I guess it was back in june. I seem to recall that he was saying that he hoped that opco would gain approval by the creditors, but certainly couldn't assure it.

Fowler: Right.

Saltzman: If I understand things correctly, and i'm still learning this bankruptcy process as much as we all are, but according to your statement, you said if there were no buyer acceptable to the creditors, then a reorganization process would be the next step of the.

Fowler: Uh-huh.

Saltzman: Now is that spoken on behalf of sort of mr. Cooper's view of the world or is that spoken as the creditors view of the world? I guess if you go to that next step, the creditors more or less are saying that they will basically be satisfied with equity in this new firm opco, or whatever it is called. Is that --

Fowler: It's a process --

Saltzman: Is that a done deal, if there's no buyer, that they're going to say, okay, we'll take equity in this new company, or there some other step, or could they put it back on the auction block again?

Fowler: The first piece is to evaluate the values of the companies, and then see if there are people who are willing to purchase them. And then even as they look at the purchasing, the way it's set up now is they -- they can only purchase distinct pieces. And one example i've heard, steven cooper talk about, is if someone came along and only wanted to purchase some of the main companies and nobody else wanted to purchase the other pieces, if they kept them altogether and keeping them together provided more value than selling off some of them and just keeping some of them together, then they would probably make the decision as a creditors committee and steven cooper

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together that it made sense to keep them all. So it's really -- it's an evaluation process to see where the great he feel value is, to hopefully over time get some of the losses back for the creditors that have lost through all of this. And some of it may mean selling it, some of it may mean keeping it together. It's a process of comparison and seeing what's out there and what's possible.

Saltzman: I mean, the array of options for creditors are, you know, some arrangement that produces cash, whatever cents on the dollar is, or equity in a new firm?

Fowler: Yes. Yeah. Whatever the greatest long-term benefit is for them.

Saltzman: Okay. Thanks.

Saltzman: Thank you, peggy.

Fowler: Thank you.

Katz: Okay. Messrs. Kenon, salinka and sheets. Then we'll open it up to public testimony. You have three minutes each.

*****: Okay, thank you.

Bob Jenks, Executive Director, Citizens Utility Board of Oregon: Good afternoon, mayor, members of the council. I wanted to discuss a couple issues --

Katz: Identify yourself.

Jenks: My name is bob jenks, executive director of the citizens utility board of Oregon. I wanted to discuss a couple issues with the council this afternoon. Before I do, I want to raise one point. When the city begins discussing public ownership of p.g.e.'s entire service territory the city is taking on a large responsibility. A responsibility that goes beyond the city's normal concerns about utility rights-of-ways and franchise agreements. The city is taking responsibility for the well-being of p.g.e.'s customers whether they live in the city or not. I appreciate the comments of the mayor and commissioner Sten made about concern for customers at the very beginning of this -- at this meeting, because I think that's paramount to the responsibility of the commission's taking on. Enron purchased p.g.e. In 1997. At that time p.g.e.'s rates were not unusually high for the northwest. The reason they bought p.g.e. Was to set up a model deregulated utility. Their vision was to break up the company to sell off the generating assets and leave distribution utility that had no generation. We fought that battle and prevented that from happening. Today p.g.e. Has a highest rates in the region. If they'd been successful in breaking up the company, our rates would be considerable higher. Our analysis last year showed that if their plan had been approved rates would have been more than 30 cents a kilowatt area, devastating to the region. But enron didn't get its way, didn't pass that radical deregulation plan. Instead customer groups along with a coalition of more than 100 public interest organizations came together and largely wrote Oregon's energy plan, a plan that was developed in the best traditions of Oregon public policy, a combination of idealism and pragmatism. It allows large industrial customers access to the market, recognizing that a one tariff for all approach doesn't necessarily work for industrial customers. It created a portfolio of options for residential customers that led to one of the -- it led to the most successful authoring of green power in the country, and it created the energy trust of Oregon as an innovative way to offer cost-effective conservation. It's important that those goals that customer groups fought for be preserved. Now I want to turn to the follow-up from the enron collapse. There's really one of three options available right now. The first option is that p.g.e. Stays with enron, it's the opco plan that's been thrown out. The opco plan itself says that the goal is to cut costs and increase profits from p.g.e. We think that the way you cut costs is you eliminate employees and cut service. We think customers will be harmed by that opco plan and eventually we think the creditors will turn around and resell p.g.e. To somebody else down the road. The second option is it would be sold to a private company. From our experience -- and we participated in four of these

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merger proceedings before the p.u.c. In the last five years -- three of them involved p.g.e. -- that kind of sale to another private company will be paid for by maintaining high rates. What the companies come in and ask for is a rate plan that allows them to maintain rates that are above costs for a period of time to pay for the costs of the purchase. Because they don't have the cost of public financing and they don't -- they have to pay federal income taxes, those are high costs, and it will artificially maintain high rates. The third option has been the public power option --

Katz: Excuse me.

Jenks: I'll be very quick. The third option is a public power option. The idea -- and we're working to implement that concept. The idea is that because of the lower cost of financing available to governments, as well as the fact that you don't have to pay federal income tax, p.g.e. Can be purchased as a whole, its entire -- its entire service territory and generating assets brought into public ownership and there's still the ability to lower rates. We think this will happen through the auction process. Willamette valley power, which we've been involved in, we think will commit -- has been willing to commit to the -- the energy policy that we've been working for years, and we think that's important. We've come a long way in the last few months, and we still believe that willamette valley power is a viable approach. Willamette valley power is a little bit different than the city in that it doesn't include condemnation. I want to talk about that for a minute and then conclude. We support the government's rights to use the power of public domain. Condemnation has built public utilities successfully in the past. Here we're in a little bit different situation. We think condemnation can be more expensive than the auction process. We think -- and it will clearly take significantly longer. It will take many years to condemn a utility the size of p.g.e. In addition, we read state law as prohibiting condemnation of the thermal assets, the thermal generating assets, which would give enron outright ownership of those assets that customers have paid for. We've talked a lot about breaking up the company. We pushed the p.u.c. And the attorney general's office to send a letter to the creditors committee making clear that Oregon wouldn't stand for breaking up the company and selling off the generating assets, condemnation and loose talk about it may send a signal to the creditors committee that Oregon's changed its mind and is willing to break up the company and not hang on to those assets. Be careful about loose talk of condemnation, and we believe that the generating assets are an important part of the utility a necessary requisite for successful public ownership is buy-in from customers. Shareholders and local governments throughout p.g.e.'s service territory. Ultimately the city and counties must come together to form a truly public utility. Willamette valley power's been working with the counties for several months now. We've been developing the analysis of -- and the understanding of the auction process and what the creditors are -- are expecting. We think the obvious path to public ownership is a cooperative effort that combines Portland's energy and drive with willamette valley valley's talent and head start. As advocates for public ownership, the city's interest in this matter is important to us. The city can lend a great deal of political leadership. At the same time as folks who have spent the last several months involved in this very process, we're asking the city to work with us. This can't become a food fight between the city and willamette valley power proponents. If the city and willamette valley don't work together, the likelihood is that both of us will fail. That's the worst outcome of all. We have the same goal and there's consequences if we fail. And some of those consequences could be severe. There's also a tremendous opportunity -- it's an opportunity that I think is a once-in-a-lifetime opportunity. With opportunity comes risks, but by working together we can minimize those risks and secure benefits. Thank you.

Katz: Thank you, bob.

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Francesconi: Sir, mr. Jenks, a question. The rap that i've heard now on willamette valley power, there was two, and you addressed one of them. One of them was without threatening or using or suggesting or mentioning condemnation, the price would be too high, but I think you've addressed that by saying, by talking about it actually risks splitting up the company, because the power generation, and you can't condemn thermal. So I think you've addressed that, at least rap i've heard on willamette valley power. The other is that the intergovernmental agreement language -- and my language may not be right, but the state authorizing for these kind of intergovernmental is too weak to allow willamette valley power to succeed. Can you address that?

Jenks: Right. I don't believe that to be true. I'm not an attorney, so I shouldn't give you that legal analysis. The attorney who works for c.u.b. Has looked closely at that and believes the intergovernmental agency law is clear-cut and allows the agencies to float bonds to purchase assets. That's a pretty clear-cut what we're going to do it it may not have been envisioned to purchase something this size, but it allows local governments to come together, put out bonds, and purchase assets, and that's exactly what we're proposing in the auction process. P.g.e. And the creditors have invited us to do that, so it's not clear, where -- if you have a willing seller and willing buyer, i'm not sure whether where there will be a challenge. If we bid a price that's reasonable, then I would expect that it would -- it would work out and I think it can withstand any challenges to that. If you want our attorney to talk to the city's attorneys about that, we can have that happen.

Katz: When our attorney starts talking to his attorney and his attorney and his attorney, we're all in trouble. Okay.

Francesconi: All kidding aside, I actually would like that for later in the process, but thank you.

Katz: We'll talk about that later on. All right, go ahead.

Ken Cannon, Industrial Customers in Northwest Utilities: Thank you very much. I'm ken cannon, representing industrial customers and northwest utilities. We're in -- an industrial trade association that's focused on electricity issues for the last 22 years. Obviously electricity is very important to our economy. It has really been one of the foundations for the entire northwest economy. And p.g.e. Industrial customers, business customers, have lost that traditional competitive advantage. And as a consequence, they realize that there is no longer a status quo with Portland general electric. Portland general electric is going to be sold or restructured and it's our belief that you have to be for something, you have to do something, because the at alternative is to sit by and having something done to you. I see members purchase electricity, and they view investor-owned utilities as a uniquely quasi public and private entity, their prices and services are established and set by the state. We believe this is a unique, challenging opportunity that we can't fritter away. Time is short, much is at stake. If public ownership is to be an option obviously public officials need to come together and work very, very closely with each other, with the constituents, to make the best solution for customers and constituents. So therefore we hope this is a beginning of a complementary pro where Portland can work with customers, willamette valley power in a regionwide effort to create the best workable solution. We've supported willamette valley power's efforts in order to get to the next level of detailed analysis. That's one of the things we lack right now. We all lack that. We need a detailed high quality rate and financial analysis. We need some heavy lifting, real work done on a detailed charter and governments. One of the other reasons that we've supported the further development of willamette valley power is that it presumes a voluntary purchase of all of p.g.e.'s assets. We do have concerns regarding condemnation in this instance. It is time consuming, taking 2-4 years. It is not keep p.g.e.'s they remember will mal. Politically it could raise real issues for the city of Portland, to the extent that

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you condemn a service territory that includes counties and other cities. Also, I think it's our realization that through a voluntary purchase, we can get meaningful, hopeful rate savings now and what is very important, some stability for p.g.e.'s customers, for p.g.e.'s employees, and move on. As we have been involved in this effort, we've consistently voiced several fundamental strategic s although this would be a public power entity we would very much want to have it encompass the very crafted compromise in the senate bill, because through a lot of work that we came up with in 1999. I think the groups that supported it then support it today. Also we think it's very important for this new entity, whatever it may be, to focus on electricity. We don't want to use the utility as a revenue source to fund other governmental activity, allow the rate savings to flow to customers and for them to spur further economic activity. We look forward to working with Portland and hope that you will work with us and others to create a more stable, competitive electric future. Thank you.

Katz: Thank you.

Alan Zelenka, Emerald Public Utility District: Mayor Katz, commissioners, thank you for inviting me to today's hearing. My name is Alan Zelenka, resource manager for the utility district around Springfield and Eugene to the south. Eugene and Springfield are both public power communities as well. We're in our 18th year of operation and we're a relatively new utility, formed out of Pacific Power & Light under threat of condemnation. So we're a shining example of what end product could be. While I don't speak for all public power, I sit on the committee of the public power council, and I worked in public power for 16 years. While I respect my colleagues at p.g.e. And think they do a fine job and I agree with a lot of the statements that Peggy Fowler made, I do take exception to the notion that a new public power entity in the Portland area would create a costly inefficient bureaucracy and be bad for the community. Not only would public power be a good idea, it could also bring substantial benefits to the Portland community. Public power is a longstanding tradition in this country, with over 2,000 community-owned electric utilities across the nation serving over 40 million people, some of them over 100 years old. While there are many small rural utilities, some of our biggest cities have public power electric utilities, like Los Angeles, San Antonio, Austin, Seattle, Orlando and Sacramento, to name a few. And last year, though narrowly defeated, San Francisco has a public utility on the ballot again this fall I believe in November. Northwest has about half the people served by public power, and has 120 public utilities. And the Northwest is just chockful of good examples of successful public power utilities. Just to the south is my utility, which has 10% lower rates than p.g.e. For the average p.g.e. Customer. And in we go, the electric board, has 20% lower rates for the average p.g.e. Customer. These are two of the best-run, most innovative, progressive utilities in the country. While these have lower rates than p.g.e., they still have equal to, if not better, and reliable service. Public power in Portland could be cheaper as well. The Willamette Valley power proponents believe they can save \$125 million a year and others have said anywhere between 10-30% savings on monthly bills of customers. All those costs would be paid through rates and no new taxes would be needed. While public powers still pay property tax, still pay in lieu of payments, still pay franchise fees, they're still cheaper because they have lower access to interest rates for capital, they don't have to pay high C.E.O. Salaries, don't have to pay federal income tax, and most importantly they don't have to pay profits to stockholders. P.g.e. Tacks on to pay for stockholder equity. Without the focus on providing profits to stockholders, public utilities with locally elected boards -- and board members that pay the same rates as the customers -- are more accountable to customers. It's not surprising that the Emerald P.U.D. Was included in the book, "The Service Edge," which described the top 100 companies for customer service in the United States. As well, public utilities have a reputation for

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taking care of their employees. And treat them with respect. In the year 2000, "oregon business journal" put together -- this is a longstanding process for them, but puts together the best 100 companies in Oregon. In 2000, emerald p.u.d. Was voted the best company in Oregon to work for that. After that date we dropped out of the survey, because where can you go from there?

Katz: Are you almost finished?

Zelenka: Yeah.

Katz: Okay.

Zelenka: Local control can afford community owners and have the public utility have -- and have the public have a means of having a say in how the utility wins -- operates. And the interest of the community can win out over corporate interests. And that's why -- that's why community-owned entities like eweb and epud do serve the communities well, and for instance have a desire to have less polluting resources. They're nationally known for that. It's the public utilities that are the vanguard of preservation in the pacific northwest. I would encourage that any public power entity in the Portland area to at a minimum to continue the support of the energy trust of Oregon and the tenants -- the carefully constructed piece of legislation. And as well I hope that public power can work together and that the city will work with other entities, like willamette valley power, to create a public power entity. Finally, in order to engender the support of my colleagues in public power, the city should make it absolutely clear that they have no intention to ask b.p.a. For a share of preference power, that you would be willing to contractually agree to this, and that you would be satisfied with only the benefits that p.g.e. Currently enjoys from b.p.a. To the residential -- through the residential exchange. And with that, I think i'll conclude.

Katz: Thank you. All right, questions? All right. Ed, why don't you come on up. Thank you, gentlemen.

Ed Sheets: Thank you, mayor, members of the city council. My name is ed sheets, i'm a consultant here in Portland. I've been involved in energy issues since 1974 as the executive director of the northwest power planning council, as the director of the Washington state energy office --

Katz: Ed, bring the other mic towards you.

Sheets: Is this one working better?

Katz: No. It helps.

Sheets: Thanks. And as energy staff to the late senator warren magnuson in Washington, d.c. A couple of recent projects i've worked on was first helping set up the energy trust of Oregon and also working with the yakima nation in the formation of a public utility to serve the yakima indian nation in the state of Washington. A couple of observations, very briefly. Clearly electricity is very important to the residents of Portland, Portland general electric serves more than 750,000 residents, customers, here in Oregon. With revenues of over \$3 billion. Those revenues are primarily coming from the people you represent. Based on the work we did for the yakima nation, it seems to me that there may be some benefits from public ownership of p.g.e. It could produce lower rates. That could help stimulate economic development. And it could also improve local control. It seems to me given the potential benefits and the importance to the people you represent, it's only prudent to carefully evaluate all of the alternatives available to you in the ownership question and the management of p.g.e. The city did a good study several years ago, a number of things have changed, but I think you can build on that work as you move forward and take a seat at the table. It seems to me that there are three important reasons for you to be at the table. Clearly Portland is the largest jurisdiction. You represent a lot of people in this issue. You can potentially bring the most expertise to bear in these discussions. You've got a large staff with sophisticated

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background. And Portland residents have the most to gain or to lose. It's important to get an interbureau team and outside experts together to look at all the alternatives. And I guess that would be my final point. I'm not here to advocate any particular outcome, only that you get started very quickly to look at all the options, to not rule any in or out. I think there could be some significant benefits from public ownership. And if private ownership seemed to be the best way to go, there are ways to shape that to better improve the public interest for the citizens here. Final observation, this is moving very quickly now, and so it's important to get started as soon as possible.

Katz: Thank you. Okay. Sue?

Katz: I think it's fair to say that you've heard all the issues that are not issues and all the issues that are issues. And I hope that you focus in on the issues that are issues and set aside the issues that are not issues. But I'll give you a break.

Jack McGowan: Thank you very much, mayor Katz, fellow city commissioners. My name is Jack McGowan. Before I begin, let me state that I'm here individually as a private citizen, not as a representative of S.O.I.V. S.O.I.V.'s bylaws forbid the organization from taking positions for or against any political issue. I'm here to solely offer my personal views as a citizen and individual, both in past and presently involved in numerous nonprofit organizations. It is with this understanding that I offer the following views -- as a long-time supporter of business, government, and citizen involvement in the health of Oregon, I've been very impressed with the willingness of Portland General Electric to be actively involved in numerous community activities and organizations. Businesses like citizens are not bound by any victim to become engaged in their community. It is the mark of how one feels about where they do business and where they live that gives a barometer about how much they're involved. And if you agree with this hypothesis, then P.G.E. has proven by its actions over the decades how much it cares about the natural and community involvement in its service territory. If I may, let me provide a few examples. The Douglass Center, where P.G.E. was instrumental in the establishment of a new grief counseling center in northeast Portland. The Equity Foundation's subsequent support from the business community through the leadership of P.G.E. Through its support of the Portland Art Museum, OMSI, Rafael House, S.O.I.V. And so many other nonprofit organizations, P.G.E. has shown and continues to show a high degree of corporate ethics and community leadership that is a model for others to emulate. This proof of caring not only stems from the corporate philanthropy shown both before and after the establishment of the P.G.E. Foundation, but even more importantly from P.G.E. Employees who time and again rise up to numerous calls for volunteer engagement. In S.O.I.V.'s annual report, a public document, P.G.E., along with S.O.I.V.'s other business and government partners, has been recognized for its strong participation in such noteworthy activities as Solve-It, one of the nation's largest earth day activities whereby almost 1,000 illegal dump sites have been cleaned in the Portland metropolitan area. The annual S.O.I.V. Fall beach cleanups where approximately 1,000 P.G.E. employees gather to clean the coastline, and finally the Rose Festival P.G.E. Starlight Parade, known as the cleanest parade in America, which saves the city of Portland tens of thousands of dollars in postcleanup costs due to P.G.E.'s leadership and commitment to the community. Even with all of the upheaval of the Enron debacle, neither Portland General Electric, nor its employees, have diminished the scope of their philanthropy or volunteer involvement. The P.G.E. before is still the P.G.E. of now. Its commitment to the community is as strong as ever. It's proven itself time and again, and I for one want to publicly thank its management, its employees and caring spirit. Oregon is stronger for it. Thank you very much.

Katz: Thank you. Dean?

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Deane Funk: Dean funk, Portland, Oregon, hillsdale neighborhood, 13 years the Portland general electric company. This is not honest. This is not honest brokering. If it were, then the city of Portland would not be able to use such specious reasoning for pursuing this because they would have consulted with p.g.e. If it were, then I would not have had to walk, storm up to city hall and ask for a copy of the reason, because it had leaked to the media and they were asking for our response. I was furious as staffers in each of your office can surely attest. I've been closer to this situation on a day-to-day basis than anyone at p.g.e. I was told that we would see a copy of the resolution before it went out. I've seen the mayor furious a time or two, so I think she knows how it feels. If this were honest brokering, then the city of Portland would not have shopped this first with northwest natural and pacific the week prior, before we heard it from the media. If it were, I would not have had to ask gresham to send me a copy of the letter that was sent to 35 cities. If this were honest brokering, then p.g.e. Wouldn't have had to submit a freedom of information act request to see the preliminary report after being repeatedly denied access to it. I hope i'm not sickened, sickened by whomever lurks in the shadowy doorways of city hall, determining our future without our consent. This is patronizing at best. The city of Portland in its infinite wisdom is saying we know what's best for you. No one has ever liked that when the city has done it to them. We didn't just fall off the turnip truck to paraphrase commissioner joan smith. It's an insult to all the wonderful people I work with, and have worked with you and your predecessors to make this a great city. We should have been consulted. You could not do this in good conscience if we had been. One good looting does not serve another. Stop this right now as the decent people I know each of you to be.

Katz: Thank you. Clayton?

Clayton Herring, Norris Beggs Simpson: Honorable mayor, members of city council, i'm clayton herring, a principal and the c.e.o. Of a commercial real estate service firm locally owned and proud to have served the city for more than 70 years. I'm here also as a private citizen and as a business owner who is concerned as I voiced on other appearances before this august body about where we stand in these challenges times as it relates to economic vision, vitality and the lack of job growth. At this time we do not need, in my infinite wisdom, to lose another stellar corporation. I plead for a rational approach, as we should be using the powers of the collective offices that you publicly have been elected to ensure side-by-side with p.g.e.'s management team, employees and shareholders, that it remains locally owned, vital, and private and Portland-based. This does not, in my view, mean deprivatizing, nor having p.g.e. Owned, controlled or operated by a public agency or agencies. Portland, more than ever, needs this fine company that's served this market over 730 retail customers with a payroll of in excess of \$100 million for more than a century. And served us well. In fact, as we speak in challenging times as it relates to generating power, with constraints on hydro, inability to develop in many cases other efficient sources to generate power, p.g.e. Is still delivering a service, a utility, that is 25% below the national average. Today if we lose p.g.e., or if we put p.g.e. In a position, that harms its ability to be able to deliver a competitive services, we're affecting not only the citizens that are served by p.g.e., but I believe all Oregonians. 2700 employees, a million dollars in excess of and contributions to philanthropy as jack referred to earlier, specific examples, an excellent and stellar corporate citizen, and leadership throughout this community, civically, socially, politically and just hall of fame names of bob short, peggy fowler who testified earlier, fred miller, who toil way beyond their working hours to add to this community. The opportunity that's presented to you and to us as citizens at this time is to use the resources of the public/private sector to promote a p.g.e. Solution that will be without the bureaucratic shackles enable p.g.e. To compete, prosper and grow. As stewards of the citizens of

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Portland your energies and the financial resources of the public coffers should be crafting an environment to foster job growth and economic vitality, not -- and I repeat, not -- chopping away at the economic engines, corporate citizens, such as p.g.e..

Katz: Clayton, your time is up.

Linda Williams, Oregon Public Power Coalition: Thank you. And I plead for your sanity. [laughter]

Katz: All right.

Williams: Mayor Katz, members of the council, i'm linda williams. I'm speaking today on behalf of the Oregon public power coalition, a broad alliance of people and groups which support the public ownership, public operation, and popular election of the managers of energy resources. I'm going to speak very directly to the resolution, because one of the reasons that the o.p.c.c. Supports the resolution is because it's taking preliminary thoughtful steps. We understand it, the city is resolving to act actively consider using legal powers to rescue the billions of dollars of ratepayer investment already made in Portland general electric assets, to try to restore honest local control to energy decisions, and replace profiteering with public service. And we support all of those goals. In order to be brief, i'm going to move to the next portion of my written remarks, which is that we believe the city has the unequivocal legal authority from its citizens to act on behalf of those citizens and electric ratepayers. In contrast, willamette valley valley's legal authority to acquire or operate utility assets is debatable, and it's certain to invite court challenge. I wish to add that the problem with willamette valley power is not this intergovernmental agreement structure. The consortium, I believe, under Oregon law can derive powers from its members. If the members, which are counties, do not have unequivocal authority to own and operate electric utilities, then the combination of counties don't have any greater power. I think it's very debatable legal point, whether or not the counties actually have that power, but again you don't want to hear a legal argument. If willamette valley power lacks the necessary authority under state law, then it becomes ineligible for low-cost preference power from the bonneville power administration, our friend b.p.a., the city's right to preference power is secure in law, and I know ms. Fowler said something to the effect that you can't get it anymore. That's not technically true. The subscription process will open up again, and the city can get into cue for preference power. Somewhere down the line, if it comes to that, the city can purchase p.g.e. Assets at a fair price through constitutional means, otherwise known as condemnation, in public view. As far as we can tell, the willamette valley power proposal is to secretly negotiated an inflated price with the enron creditors committee and that debt would be passed on in the additional revenue bonds that the entity would issue. I think we all know that the big investment banks are on the enron creditors committee, they are the enron creditors in bankruptcy court. They're in line to make commissions on bond sales and we tend to believe they have a hand in willamette valley power.

Katz: Thank you.

Williams: I do -- I do have a different point, your honor. If I could --

Katz: You're not in court, so just make it very brief president your three minutes are up.

Williams: Oh, okay. Your honor, I think the point I want to make is that the coalition is convinced that advocacy and formation of public utility districts, one of its missions, are compatible with the city efforts, but we would encourage the city to consider and adopt four public involvement points, this task force should include and solicit services from public service and nonprofit consultants, as well as consultants within the electric utility industry. The task force, if possible, should include ratepayers and citizens from the entire p.g.e. Service territory, outside the Portland metro area. Any discussions with enron, the creditors and parties to the bankruptcy

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proceeding should, to the fullest extent possible, also be in public. And fourth, we urge the task force to also eventual governance issues and make specific proposals to allow representation of outside the Portland city boundaries on the governing body of the publicly-owned utility that Portland could eventually create.

Katz: Thank you.

Williams: Thank you, your honor.

Bill Michtom: We have your letter. My name is bill michtom. Thank you for allowing to me. I had a prepared statement, but after listening to peggy fowler and the three people opposing, I wanted to make some comments off the cuff, more or less. I was just stunned by is ms. Fowler's continued chant of steven cooper like a mantra in the face of the reality that steven cooper is not the bankruptcy judge, nor does he have final authority legally. He is -- he represents the entity that is being sold at bankruptcy. The other thing -- a few other things that I noticed that I found hard to buy were mr. MCGOWN's litany of involvement by p.g.e. As though no other corporations or the city or governments don't get involved in their community and don't have employees who are invested in their community in a way that a corporation can never be because it's taken profit and sending it off to shareholders other places. Indeed, and the man from the real estate firm, i'm sorry, I don't remember his name, I thought was being disingenuous in the same way, because what does p.g.e. Provide as some -- I don't know, he sort of practically like it was all so magical that it was a private company. Well, it's the people who are in the company, who make it. The workers who have been working for years and have contributed. It is not the management or enron that have ripped it off and ripped off the ratepayers around here for the past number of years. We have to get public power. We have to get people -- we have to get a system which has -- has to answer to people. And a private company has -- does not have to answer people. I think ms. Williams spoke to the problems with the willamette valley power, and thank you very much for your time.

Katz: Thank you.

Dan Meek: Good afternoon, commissioners. My name is dan meek. I'm an attorney and resident of Portland. I have somewhat of a mystery on this issue. I opposed the enron buyout of Portland general electric in 1996 and 1997. I appealed that decision through the Oregon courts for 3« years, but unfortunately I lost and enron got to buy p.g.e. I'll try not to repeat any of what I said here in may on this subject. Instead i'll only say that I support this resolution, along with the opportunity for active public involvement in subsequent efforts as outlined by linda williams. City acquisition of p.g.e. Could well be a good solution to the enron problem. A problem which could well get worse, worse than the massive rate increases to date, including the \$400 million rate increase this year alone. In the bankruptcy process, the valuable hydro electric and transmission assets we've been paying for up to 50 years could be sold out from under state regulation. You've been hearing it called p.u.c. Regulation. This is basically a new situation, because the -- because the parent company is in federal bankruptcy, and bankruptcy law is federal law, can preempt state regulation, that is still quite an open issue that it can do that. Ms. Fowler indicated several times that the p.u.c. Can protect us. I'm afraid not. If you would consult the p.u.c.'s attorney he agrees that the p.u.c. Cannot stop the auction, it cannot disapprove of the results of the auction, even if the auction breaks up p.g.e.'s assets. And if the assets are broken up and the transmission and hydro sold to nonutilities, then they're out from under state regulation, there's a good possibility of that. The result will be even higher rates than we have now for us. And the city need not consider itself rushed by the proposed auction. No matter what private entity buys the assets, the city can still step in later, exercise eminent domain and get them back. The only real threat is that the assets are sold in auction to the so-called willamette valley power, a consortium of counties backed by wall

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street investment banks. The major creditors of enron are the investment banks. They have an interest in paying and having a high price paid for these assets, not a low price. Willamette valley power have told the press they're philosophically opposed to eminent domain. A high price means we have to pay it back through revenue bonds over a period of years. Mr. Jenks said let's avoid loose talk on condemnation. I think we got to have more loose talk about condemnation, because that's good for willamette valley power, if they're really interested in paying a lower price for the asset. If there's someone around like the city of Portland who unequivocally has the power of eminent domain that's going to scare off potentially other purchasers and bring the price down for willamette valley power, not up. On just a couple of other issues. The assertion has been that condemnation will take time. It takes years. It's not the case. The city would only need a deposit, estimated compensation with the court, and immediately take possession of the assets. The thermal plants, we don't want them anyway. On governance, methods can be devised for the city of Portland to have participation by folks outside the city of Portland on something like a the eugene water and electric board, modified. I have three newspaper articles i'd like to distribute to you, if I could.

Katz: Why don't you do that. Thank you for your testimony. All right.

Katz: We'll take three at a time. Okay. Who wants to start in why don't you go ahead and start.

Virginia Willard, Executive Director, NW Business for Culture and the Arts: All right, thank you. Mayor Katz, commissioners, good afternoon. My name is virginia willard, executive director of the northwest businesses that support arts and culture. The nonprofit association of businesses that understand the economic and social value of arts to our community, and we're dedicated to improving the financial and volunteer support of the arts, heritage and humanities in our community. One of those businesses, one of the outstanding businesses in that regard is Portland general electric. P.g.e. Is absolutely outstanding in its support of nonprofits in our community that has been mentioned before, so I would just like to go straight to the point about arts and culture. In support of the arts in the city, p.g.e. Absolutely stands out. They were a major contributor to the art museum's capital campaign and educational program and they also support many small emerging arts groups, often partnering with them to -- on special projects that foster to diversity and opportunity. My organization on a national level recently gave p.g.e. An award for their outstanding support of arts and culture. N.w.b.c.a. Does an annual study and ranking of businesses in their support of Portland area arts and culture. Person testifying just before me said they're not the only corporation that does that. That's true, but twice in the past three years p.g.e. Ranked number one on the list, and in the one year they weren't on the list they were number two. Over those three years p.g.e. Gave a combined total of almost \$2 million to arts and culture in Portland. Just in the Portland area. Organizations of all sizes. I ask where would our city's arts be today without that \$2 million? Would a government-owned electric utility be able to donate that kind of money to our community? Not likely. Business support like this funds things that government can't afford to do. So a government-owned p.g.e. Would not continue to provide this kind of funding of arts and cull and the community would be that much important pier. Thank you.

Katz: Thank you. Again in it, go ahead.

Gwyneth Gamble Booth, Chair, PGE Foundation: Mayor Katz, commissioners Francesconi, Saltzman and Sten. My name is gwyneth gamble booth, chairman of the board of the p.g.e. Foundation. In his brilliant but often misunderstood musical follies, stephen sondheim features a woman who has lived through the joys of life, but she proudly stands up and proclaims, good times, bad times, but, my dear, i'm still here. Perhaps p.g.e. Could borrow from the sondheim refrain, because my dears, good time, bad times, p.g.e. Is still here. Since providing reliable and safe

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electric service to our 730,000 customers and we intend to still be here. But as Virginia said, think just a moment about our community if we were not here. I believe the effect of our absence would have a negative impact on thousands of Oregonians, many of whom voted for each of you. They live right here in Portland. Do you realize that from p.g.e., now that I'm speaking of the corporation, 720 local nonprofit groups and schools received corporate contributions last year. In fact, between the corporation and the p.g.e. Foundation which as I said I feel very honored to chair, more than \$2 million was given right here in Portland last year. Did you know that p.g.e. Employees and retirees volunteered 105,000 hours in one year? I might add, many of those hours were again right here in Portland. If we weren't here, who would pick up the slack? Who would give the volunteer hours? Which corporation would step up and give such community support and financial support? I've been involved with p.g.e. Since becoming a director of the corporation in 1981. And I was proud to be p.g.e.'s first woman director. In the last 21 years I have seen p.g.e. Grow in its desire to be the best citizen it can be to this our community. And I believe we've been exemplary in those efforts. In fact, you said so yourself, Mr. Katz, when you awarded p.g.e. The spirit of Portland award. We're a company that stands for diversity in our workplace and we also stand for and adhere to a business strategy which provides energy efficiency and renewable energy options to all our customers. Am I proud of p.g.e.? You're darn right I'm proud of p.g.e.. I'm proud of our senior management who operate from the highest ethical standards, and those very ethics permeate our whole company. Yesterday a long-time employee caught me at the elevator and shed tears in her eyes. She said, you know, I feel like the city is trying to kick us while we're down. Don't they understand, can't the mayor and councilman Sten understand that we will emerge intact. Don't they know the p.u.c. Safeguards our customers? Well, frankly, I was glad that I was the one she grabbed at the elevator, because I know you both. And I know you honestly believe you are doing what is best for the city. Erik, you and I worked together on the neighborhood partnership fund and worked hard to see that community-based development corporations would be in adherence. And Mayor Katz, I've been your supporters from your first campaign and every campaign from then on. So now I'm hoping you'll practice patience and forbearance and not spend half a million dollars on not yet another study. And incidentally would your study show what municipally utilities contribute in man-hours and money to their representative communities?

Katz: Okay.

Booth: Just one second. Mayor Katz, recently you said Portland is open for business. Let's keep it that way. To borrow again from Stephen Sondheim, this is no time to send in the clowns, to eagerly condemn p.g.e. And take it over. It's a time to show that Portland has leadership, you all, that is thoughtful and fair. Leadership that makes Portland the city that works. And let p.g.e. Proudly continue to say we're still here. Thank you.

Katz: Thank you.

Tom Cropper: Thank you. I'm a member of the Portland council. My name is Tom Cropper, I used to live in Portland, but I moved to Lincoln County, and I --

Katz: That's why we haven't seen you around.

Cropper: I'm on the coast, central Oregon coast. Beautiful out there. And we have a good public utility district, central Lincoln p.u.d. Good service, I understand, stable rates, and the service is as good as what we've come to expect in Portland, maybe better. Our utilities are underground. And in Portland a lot of the utilities are above ground. I'm also served by the Pioneer Telephone Cooperative, my internet service provider is the membership owned and run organization, so we have different types of organizations out there. And I think it's a good alternative to what we have. I oppose the Enron takeover of p.g.e. In 1996. Dan Meek also opposed it. I was at the legislature.

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I took the fight to the Oregon p.u.c. And nothing has stopped the business plan of enron was futuristic trading, which is speculation. That was their business plan. Now it turns out, according to your resolution, that p.g.e. Ends up as their biggest asset. And they're to be offered as a sacrificial lamb in a new york court, the district court, the bankruptcy court in new york. I don't think that this is a very good idea for Oregonians. There is an alternative. The key issue is we are the right of condemnation. We have the right to take over what was fraudulently taken. The manipulators and in the financial market had their advisers, they had their bankers, they had their creditors, they had their backers, they had their c.p.a. Firm, arthur andersen, enron was one of the biggest frauds around. Exceeded only by some of the internet company frauds now coming out. So I think we better take a look at the p.u.c. Alternative, especially because according to your estimate they may offer up p.g.e. In october or somewhere around of this year. That's not much time to waste on studying, we need to focus on what we can do. We shouldn't be liable for enron's debt.

Katz: Thank you. Let me just assure everybody that none of this money is going to studies. This is not a study. Okay. Let's proceed. Thank you.

Tom Nelson, Oregon Mentoring Initiative: Mayor Katz, council. I'm tom nelson. I'm the executive director of the Oregon mentoring initiative. I'm here as a citizen today. My bylaws also prohibit my organization from taking a position on matters such as these, but we are a business-led organization, that's dedicated to the expansion of mentoring activities putting caring adults in the lives of children in all of Oregon's 36 counties. Children with mentors in their life are more likely to succeed in schools, contributing citizens of our communities. Their less likely to use drugs and alcohol. Less likely to engage in violence. Less likely to commit crimes and less likely to drop out of schools. Mentoring programs save taxpayers, government, schools and city councils millions of dollars a year. They have been prioritized, mentoring has been prioritized by the counties. P.g.e. Is at the top of the heap when it comes to the kind of private sector leadership, volunteerism and philanthropy that is an essential of what my organization and hundreds of nonprofit organizations in this community do for the betterment of this community. And for the community that you as elected officials are bound to serve. As a citizen, with years of experience in the business community, and also in the nonprofit world, I do not think that any public-owned entity or city agency can conduct philanthropy in a way that a private company can. That is a unique position. And nobody in this community does that public philanthropy better than p.g.e. Does. This is a time when I think the city of Portland an its citizens should be praising p.g.e. And its management team and finding ways to keep that organization and its people and its employees this community and intact. This is not a time for condemning a company and a group of employees with p.g.e.'s track record for philanthropy. I see this as a leadership moment for this council. As elected officials whom I have voted for, in some cases multiple times. I urge you to work with the management team of p.g.e., not against the management team of p.g.e. If an effort to keep this company intact and in this community in doing the work it has done in the past and will continue to do. Thank you.

Katz: Thank you.

Frank Gearhart, Citizens For Safe Water, Citizens Interested In Bull Run: Thank you, mayor Katz and commissioners for the opportunity to be before you this day. My name is frank gearhart. I'm on the board of citizens for safe water and also citizens interested in bull run. I've been an active involvement here for about 16-17 years in Portland and the surrounding communities. We support direct citizen involvement and the right to vote. We also support public power. We're concerned that any proposal for public power be set up so that there's full public involvement and

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the right to vote for the board of directors. We are very concerned about the potential for private entities to operate the operations of p.g.e. And the utilities it provides. We support public power, ownership that keeps control one step away from the citizens and the ratepayers. Thank you.

Katz: Thank you.

*****: Hello, mayor Katz and commissioners. Thank you for allowing --

Katz: Speak up a little.

*****: Can this be closer?

Katz: Yeah.

Judith Barnes: Thank you for allowing me to testify today. My name is Judith Barnes, a concerned citizen and ratepayer. In the interest of keeping to the three-minute time limit, since I have a vision impairment, I've asked a colleague to read my brief statement which I have submitted in writing for the record. Before she begins I feel obliged to address one issue not in my written form, and that's the idea of charitable donations. The source of revenue, which they use to make those donations, primarily comes from ratepayers, ourselves, and that those sources of money will not dry up if municipal power is created. Thank you.

Katz: Who's coming up to read for her? All right, come on up. Please try to stay within the three minutes. There's a little clock on the monitor.

*****: Oh, okay.

Katz: Okay.

*****: This is Judy's statement. I must applaud the Portland's mayor and city commissioners for being the first body of elected officials to declare for and attempt to intervene on behalf of the ratepayers as a concerned citizen and ratepayer who has been seeing the handwriting on the wall for some time now I've taken the trouble to educate myself as to the various solutions open to us. It's my firm belief that some form of public power, which gives local citizens control over rate-making and decisions about our energy future is the only solution that will bring us lower, stable rates, a fair shake to p.g.e. Workers, and permanently insulate us from the predatory behavior of future energy market manipulators. The provision of reliable electrical energy is too vital a service to be left vulnerable. Again I must applaud the city for its intention, for stating its intention to move toward an energy model that could accomplish these goals. My concerns are that the solution crafted by the city and its task force must include these elements. We're talking about the resolution. One, use of the city's power of eminent domain to condemn p.g.e. Assets and thus obtain for them a price which takes into account the equity in those assets that we ratepayers have accumulated over the years through our rates. Two, transparent accountability to ratepayers through direct election of an oversight team, i.e., a directly elected board. Three, direct input and participation in energy decisions by current p.g.e. Ratepayers in jurisdictions surrounding the city of Portland. Four, a fair shake for p.g.e. Workers who deserve secure jobs and benefits. And five, adoption of a genuine, not for profit model of public power that removes the profit element from our rates. This means hiring professional managers, not reintroducing a level of profit into our rates by contracting out overall management to another independently operated profit-making utility, which would in essence turn the city into a mere regulator, somewhat like the p.u.c. Rather than retaining direct management oversight. As a concerned citizen, ratepayer and Portland resident, I offer whatever assistance I may be able to provide in moving forward toward a genuine and permanent solution to this problem. With respect, Judith K. Barnes.

Katz: Thank you.

Lindy Tolbert, PGE Employee: Good afternoon, mayor Katz, members of the council. My name is Lindy Tolbert, and I'm an employee of p.g.e. And a former deputy city attorney with the city of

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Portland. But i'm here today as a resident of the city of Portland. In opposition to the council's proposed resolution to spend up to a half a million dollars of taxpayers' money to determine the feasibility of the city using its condemnation powers. To acquire Portland general electric. I oppose this resolution for the following reasons -- the city exerting its condemnation power may result in the breakup of Portland general electric service territory. Thereby raising uncertainty as to whether those customers that are outside the geographical boundaries of the city would continue to be served. The condemnation powers do not include p.g.e.'s thermal assets, which without those assets the reliability and service flexibility that p.g.e. Customers enjoy today would not be used. Also that portion of p.g.e.'s service territory that the city could condemn would no longer be subject to the old p.u.c. Jurisdiction and oversight. The o.p.u.c. Is the very reason today why p.g.e. Is not part of the enron bankruptcy. The state regulators had the foresight to put certain measures in place to protect not just Portland general electric as a corporate entity, but the more than 740,000 customers that Portland general electric serves. Those customers have been protected by the o.p.u.c. The city, by exerting its condemnation powers, would in essence ensure that various counties would forfeit millions of dollars in property taxes and potential city franchise fees. This revenue is essential to the state of Oregon that right now has one of the highest unemployment rates. That unemployment rate has substantially decreased the state's income tax revenue, which is evident by the governor of the state of Oregon calling a record high fifth special session. To balance the state's budget. What message will the city of Portland be sending to potential businesses by exercising its eminent domain powers, a city that is struggling with economic development and the retention of businesses in the state. I'm a volunteer member of the parks bureau's community as citizens group that's overseeing the future of waterfront park. That committee is struggling with revenue. Funds to make sure that the waterfront park is a established and built up in a way that all citizens of the city of Portland can enjoy. The half million dollars that the city is thinking about using right now to study whether or for the p.g.e. Should be condemned are funds that could be used by other bureaus and other services that the city provides. In conclusion, i'd like to say to commissioner Sten, I worked closely with you and commissioner gretchen kafoury when the city did the right thing by stepping in and acquiring from dominion capital the largest portfolio of low-income housing. They formed and funded a nonprofit entity to operate that housing stock. This action anchored and secured low-income housing in the city of Portland, but with all due respect, as a resident of the city of Portland, as a p.g.e. Employee and customer of p.g.e., we do not need to be rescued at this time. The funds could be better spent doing other things.

Katz: Your time is up.

*******:** Thank you.

Earl Johnson, President, Clackamas Community College: Mayor Katz, members of the commission. My name is earl johnson and I go by the nickname joe. I'm president of clackamas community college. I'm here to underscore a point that's not been raised today, and it's benefits that the current facilities and training agreement that exists between clackamas community college, Portland general electric and pacificorp. I want to underscore the public importance of this alliance and i'm seeking assurance that if there is a condemnation of p.g.e.'s assets and/or reorganization, that it would not have an adverse impact on this extraordinary partnership. Several years ago our institution began discussion with p.g.e. And pacificorp about the need for occupational training and career advancement for utility workers here in the Portland metropolitan area. What emerged from those early discussions is now a national model for education and industry cooperation. This unique partnership resulted in the tripling of the size of our clackamas county community college

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wilsonville campus. It is now a campus that serves thousands of p.g.e. And pacificorp employees each year with state-of-the-art equipment and facilities. The Oregon public utilities commission requires that both p.g.e. And pacificorp provide adequate training for its thousands of employees. This is accomplished through our unique partnership the utility companies. We want you to know that is you investigate the feasibility of the condemnation of p.g.e.'s assets and/or the reorganization, that you cannot -- that you consider not terminating this partnership. For years we've heard about the importance of public/private partnerships and the importance of training Oregonians to provide for high-paying family-wage jobs. This is a model partnership and any disregards for the merit of this partnership would have a chilling effect on future private-public partnerships in the Portland metropolitan area. Thank you.

Katz: Thank you.

Matt Wingard, Oregonians for Jobs and Power: Mayor, commissioners, my name is matt wingard. I'm executive director of an organization, coalition, calling itself Oregonians for jobs and power. I have brought some materials that sue is handing out on our coalition, which continues to grow. We added four members today. Only three of which I was able to get on the list before we printed the materials today. Before I begin and read my statement, I would like to ask for a clarification on a comment that you made earlier. You'd indicated that none of the \$500,000 --

Katz: I'm not going into discussion about how the \$500,000 is going to be used. If read the resolution, it doesn't say study. Okay?

Wingard: Okay. Oregonians for jobs and power is dedicated to researching government takeover proposals, including condemnation. Our members include businesses, associations, elected officials and citizens, and they're all ratepayers in one way or another. We support efforts to promote and expand private enterprise in Oregon. Portland desperately needs leadership dedicated to encouraging businesses to move in, expand and create more jobs. Creating those family-wage jobs requires more private investment within the state, not less. It's important for Oregon and its major cities to send a business friendly message, if we are to successfully lure corporate investment. Before the city of Portland considers the wholesale condemnation of one of its most civic-minded companies we'd like to suggest just a few of the potential drawbacks. Government takeover of p.g.e. Would reduce tax receipts and franchise fees to the city at a time when you are already dealing with severe budget cuts. Nearly \$1 million in annual charitable giving, most of it within the city of Portland, would disappear at a time of increased economic distress. I list some of them, but you've heard from many of them here today. And -- or had them listed. Public utility advocates have claimed that they would have no impact on p.g.e. Employees. And they've invited us to look at puget sound energy as a model for their proposed public/private operations. But p.s.c. Subcontracting led to over 350 layoffs. Ask the skilled and hard working members of the international brotherhood of electrical workers local 77 if they felt the impact of that. An independent analysis which i've distributed to you conducted by eco northwest suggests that subcontracting with private companies will likely lead to cuts in existing p.g.e. Jobs. For every 100 jobs eliminated from the utility, the cost to **Oregon** in terms of lost economic output is over \$6 million and the additional loss of 77 jobs in related sectors. With the public utility the costs of mismanagement are borne entirely by the ratepayers and taxpayers as recent problems with the city's water bureau has illustrated. While ratepayers still bear some costs by a private utility, this burden is shared by the stockholders. In essence, there's no buffer to insulate ratepayers to the -- they're put at greater risk. We would ask this question -- is there truly a groundswell of support in the willamette valley or within the city to create the largest public utility in the northwest? Those who favor a public utility often cite no taxes and lower rates, but does public power really lead to

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lower electricity rates? Four of the five highest rates in the pacific northwest are charged by public utilities.

Katz: Thank you. Your time is than. I'm beginning to lose a little bit of patience. There is nothing in this resolution that talks about condemnation. There's nothing in this resolution that gives any conclusions. This resolution is primarily to place the city at the table and analyze automatic of the options that we have as the bankruptcy court proceeds and as the auction proceeds, period, end of story. Thank you.

Jeff Cropp, Pacific Green Party: I'm jeff cropp, co-chair of the Portland metro chapter of the pacific green party. My organization has already endorsed the concept of public power and act actively endorse a people's utility district. I applaud the idea of the city council investigating the acquisition of p.g.e.'s assets. Such a move by the council would provide one of the most timely and beneficial means from protecting ratepayers. I believe that you'll find a great deal of public support for this effort. My sole concern involves comments by city commissioners which reflect a bias of private management of a publicly-owned utility. I'm disturbed because those estimates imply that commissioners who are elected to manage the city's bureaus don't genuinely believe that the company is competent to elect managers for their utility. The public is capable of this and deserve the right to do so. Ratepayers have already suffered enough. Nearly every other major city on the west coast has recognized that and implement some form of public power. I thank you for exploring the idea of joining them and urge you to keep the public accountability foremost in your considerations.

David Barts: Thank you, mayor and commissioners. My name is david barts, city resident and p.g.e. Ratepayer. I applaud the city's efforts to attempt to protect its citizens from the adverse impacts of the p.g.e. Enron bankruptcy, however my support for this resolution is with some reservations. While it starts out with some very commendable and nice language and whereas causes that i'm very supportive of, when one gets to the meat of the resolution neither clause a nor b has anything specific to say about citizen, consumer or ratepayer involvement in the board that's being formed. I find that troubling and strongly urge that the task force contain such representatives. Finally, I cannot resist to make a comment on one of the more specious proceed p.g.e. Arguments i've heard this afternoon. Just where does one think the money that p.g.e. Donates to worthy causes is coming from anyway? P.g.e. Is simply being generous with other people's rate dollars. Lower cost public power would leave more money in the pockets of consumers who would be free to give it to the causes they choose. Thank you.

Joan Horton: I'm joan horton. I'm a resident of Portland an i'm one of the chief petitioners on the public utility district petition for Multnomah county. Electricity is a survival tool. It's the modern-day equivalent of the fire of our ancestors, far too important to leave in the hands of profiteers that we've seen at enron. We all know what has happened to enron and the effect this had on the Oregon economy. We also know that p.g.e., the most viable of enron's assets will be on the auction block at the end of enron's bankruptcy proceedings. If p.g.e. Is auctioned off again as yet another investor-owned utility the cycle starts all over again. It's time to break that cycle. I'm pleased that the city council has realized the importance of taking action regarding the situation with p.g.e.. I have two concerns about the resolution. I'm concerned that the resolution places a great deal of emphasis on discussions with enron and enron's creditors, but doesn't mention any specific consumer groups, ratepayers, both residential and commercial are bearing the brunt of this fiasco, and we should be included in these discussions. Ratepayer representatives should be included on the task force. Secondly, I believe the discussions with enron and its creditors should be open to the public. Enron has been unworthy of trust and therefore the public should be able to observe our

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discussions with it. And this is regardless of whether we use an outside negotiator or not. True public ownership of p.g.e. Is crucial to decreasing and stabilizing the cost of electricity. It is also the only way to create stable, local control of p.g.e. And we should remember that local ownership does not necessarily equal local control. Thank you very much.

Sue Doroff, VP, Western Rivers Conservancy: My name is sue doroff. I'm a citizen of Portland and the vice president of western rivers conservancy. I will be brief. We have, as western rivers conservancy, a lot of personal contact with Portland general electric and have nothing but the highest kudos to offer with regard to their corporate citizenship. We've been overwhelmed with their integrity and level of commitment to the communities both inside and outside Portland. And I -- I think they've made it look easy. And I feel confident in their skills in running a utility as well as in delivering the highest level of community service. And they set' standard for the city.

Bill Lindblad: Mayor Katz and commissioners, i'm mr. Bill lindblad and live on raleigh wood lane, Portland. From 1977 to 1990 I was a senior executive at Portland general electric with responsibilities for overseeing the projects and transactions that brought bulk electric power into the company. I'm now retired. With that experience I can advise you that the cost of securing electric energy for a supply such as the p.g.e. Customers require was highly variable then, and all indications that it will be even more volatile in the future. You may say you will engage professionals to manage that, but a large financial risk will remain with the owners. In the state of california the state undertook to do the power buying for electric companies last year using what it thought were experienced consultants and ended up with a \$43 billion liability. Unfunded obligation has seriously complicated their treasury and budgeting activity and continues to jeopardize the normal performance of state functions. Much has been made of p.g.e. Temporary rate increases of 30% or more. What you need to understand, should you become a future owner of the system, that that will be the same environment you would share, and it might tempt you to shortchange vital city activities to assuage the pain of electric customers. Should you decide to, on a possible acquisition study, your consideration should include how you would hedge such a large operating financial risk for the city while trying to live up to promises made to constituents for low service rates. Thank you for your attention.

Francesconi: Sir, i've only had a little bit of time to look at this myself, but is it fair to say that if the city has the power generation, the key is the power generation, then the city is in more control of its own -- its destiny in terms of ratepayers, but without the power generation, then the concerns that you raise and analogy to california, then they come in to bear. Is that a fair, general statement on my part?

Lindblad: As I recall, something like 80% of the revenues of our company in those days went to both power, purchased power, but also fuel. If you have power generation on site, in your company, the fuel is very volatile as well. And one talks about bubbles of gas and if you look at even gasoline as a fuel, and strip out the taxes that one pays, you find that the variability in the price of gasoline is -- is quite high. And so as time goes on you would like to have stable fuel costs, it turns out, that you can't bank on that, you believe so you put up a large reserve, long fuel contracts, that assure that.

Ricard Burke, President, Executive Director, Libertarian Party of Oregon: Good afternoon. I know it's been a long afternoon for y'all. I'll try to be interesting. I know eric. My name is ricard burke, i'm president of the tualatin valley water district. We looked at this recently and decided to postpone it indefinitely. For various reasons we decided not to pursue this, but i'm not here in that capacity today. I'm here as executive director of the libertarian party of Oregon and also representing the tom cox campaign. What a combo, huh? Last sunday we voted you unanimously

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to oppose any public takeover of Portland general electric, but particularly the takeover by condemnation. I know you don't want to hear a lot about it, because your resolution doesn't specifically address condemnation, but it's perceived to be opening a possible road toward that direction. I'll only make a significant comment about it, and that is what condemnation would do, if that was pursued as a long-term result to this resolution, would be to artificially reduce the market price of p.g.e. By about a billion dollars. And we take a look at the creditors. They're faceless. We think of them as corporations, businesses and stockholders. Some of them are people. And they have invested money that they've been swindled out of by enron. They want as much of their money back as they can get and they deserve it. By artificially decreasing the price of p.g.e. We're essentially taking money out of their hands. And that's wrong. And I think that we have to take a look at that aspect of it, the people who don't have faces, along with the people that do have faces. Also i'm concerned about Portland's business economy too. There have been a lot of publications and articles about how it's hard to do business with Portland, how corporations are leaving Portland, and I know that you're fighting it, you're trying to streamline the process of doing business with the city and doing other things. But you have to think about what kind of a message this is going to send. If i'm a business person in texas or north carolina, i'm thinking about relocating a plant to Portland, I don't know all the nuances of what you're doing, I just know what i'm reading here and reading there, and the message I would get from this would be come to Portland and we'll municipalize your assets. That could be the thing that tilts my mind toward locating in some other city beside Portland. I don't want to see that happen. Also, I don't think enough has been said today about the tax money. We're not fans of property taxes to be sure, but that money would have to be replaced somehow. It would be replaced by rates. So it could offset some of the claimed advantages of a public takeover. How do we know that money would be distributed fairly. There's been no discussion about that. I think it's fair to say that public agencies, just like companies, are not immune from mistakes or abuse. I'm sure that no one on this council, or anyone who might immediately be involved with a publicly-run p.g.e. Would do those things, but you can never tell the future, and so there are a lot of aspects to taking over a privately-owned utility that I think you should think about before making this large mistake. Thank you very much.

Katz: Thank you. And that's part of the resolution.

*******:** Thank you.

Scott Forrester, Friends of Clackamas River: Madame mayor, commissioner Sten. My name is scott forester, a resident of gresham. I'm a p.g.e. Ratepayer. I'm also here representing as the president of the friends of the clackamas river. A nonprofit, trying to protect the clackamas river watershed. I am -- to get to the issue here -- for you spending up to \$500,000 in engaging enron and/or the bankruptcy court --

Katz: Just one second. I don't have a quorum. Would somebody please get commissioner Francesconi?

Francesconi: I had to go to the restroom, in anybody wants to know. Some things you give up for public service.

Katz: All right, go ahead. Why don't you start from the very beginning.

Francesconi: I'm sorry.

Forrester: That's all right. Thank you, commissioner Francesconi. Just wanted to say i'm president of friends of the clackamas river. We're a nonprofit on the clackamas basin, trying to protect the watershed. In the spring of this year the board of the nonprofit voted you unanimously for public power. Now we haven't discussed what kind of public power, but there are various

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forms to choose from out there in the marketplace. I'm glad to see personally that Portland is coming forward with this concept. I personally support wholeheartedly you going forward and engaging in the process. I'm also hoping that the task force mentioned in the resolution would include, as you speak to other interests, I would like to consider that our interests, as a small but hardy nonprofit on the clackamas, that at least three species of endangered or threatened salmon and trout still, steelhead trout go through the city of Portland, right through the Portland harbor. When they hit willamette falls they take a left turn and go to their ancient spawning grounds in the clackamas. So we do have a stake in this. Why? There's at least three hydro dams in the oak grove fork area, also has timothy lake, which some of you might have camped up in the mt. Hood national forest. So these assets can be possessed by condemnation or exercise eminent domain, and we have great interest in clackamas county, and that watershed in your actions, and I would personally like to request at this time to be considered as a member of that task force, as another interest. In terms of the overall concept, i'm looking forward to what this report has to say. I hope that it's as open as possible, so that all citizens can take a look at it in a timely fashion. I appreciate your time and thank you very much.

Katz: Thank you.

Fred Heutte, Sierra Club: I'm fred heutte. I'm a resident of Portland, p.g.e. Ratepayer. Also the sierra's club member. Neither of those groups has had time to take any formal position, but I think I can speak for their -- for our strong interest in what you're doing and our strong support for the direction you've outlined. I want to bypass just a moment. Today's "wall street journal" article, enron takes bids on major assets adding to a glut. Right next to that is an article, commission Francesconi might be interested in this, says "how often can workers take nature calls?" you might want to look into that. I'll be happy to provide that for the record. I'm hoping that you've also got by testimony, charter principles for northwest Oregon community electric system. Which lays out principles that I think the council -- the city and all the region should be looking at in going forward on this. What I felt in the -- in the resolution before you, there are two things that struck -- struck me especially as not being there, one of which was any reference to the city's energy policy, which I think deservedly has world renowned. We've done a great job on that. I want to commend the council and office of sustainable development and the energy folks over the years who have done a really good job on that. That is something we should stand on right from the very start. The other things thing, as others have mentioned, we need to have a more open public process that isn't just the city bureaucracy and consultants, which we definitely need, and we look for you on leadership to bring forth the proper information, but now is the time to really bring everybody in. There isn't much time, as we know. There is enough time, however, and I think we ought to take advantage of the interests in the region, as you've heard today, to move forward. What does it make to win? That's the big question I have right now. I see four pieces. First, a legal structure. I think that can be worked out. Secondly, the money, I think the money can be found. The city's bonding capacity alone would be enough, and with the region as a whole I think we can cover that. The third thing is to be clear in our goals. That's why I wrote up this charter principles statement, as at least my own view of what that should be. Finally we need to have broad, public regional support, because when we go to wall street, the bankruptcy court, when we go to the creditors, we've got to have our act together and really look united or it will not go. Thank you.

Katz: Thank you. Would you hand -- do you have other copies of the principles, because we --

Heutte: I certainly do.

Katz: -- we are just beginning now to think through -- you folks are way ahead of us -- the guiding principles and the goals that we want to keep in mind as we begin looking at those decision

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options. All right. As well as the ability to communicate with other groups, how we do it, when do we do it. We have not even begun that. We really -- we felt that it would be really disingenuous if we did that before the resolution passed. Okay.

Lisa Melyan, Tualatin Valley Water District: My name is lisa melyan, and i'm a commissioner at the tualatin valley water district, like richard, though, i'm not here to represent the views of the board, but i'm here as a citizen. And i'd like to thank you for bringing this up and thank the mayor and city council. As i've said in the past in a letter to the editor, if p.g.e. Were in the business of selling candy or toasters, there would be no basis for a public takeover, but I believe water and power are a necessities for survival. They should not be subject to the invisible hand. There are many ratepayers in this region who agree. And the question is what form should this public utility take? Willamette valley power's proposal would have us line than up like any other bidder, eschewing condemnation, perhaps paying up to \$4 bill ill for the assets. This plan serves the interests of enron's creditors while wearing the sheep's clothing of the public interest. While I wholeheartedly commend city council for bringing this issue up, i'm concerned about possible similarities between that plan and the city's plan. Enron's creditors are enron's problem, and should not be treated with kid gloves. I hope the city council will seriously consider exercising eminent domain in this case. The ratepayers have been punished through market manipulation. Enough. And need only pay just compensation. As to the governance issue, I support directly elected board, a p.u.d. Over a municipally run or county-run utility. We favor outsourcing functions, and i'm concerned about the city council plan that it may lead to the same kind of outsourcing. It is the engineer and the technician and the mapper and the planner who make p.g.e. The efficient operation that it is, not upper management. Outsourcing would significantly alter the efficient operation of p.g.e. The employees themselves have told me so. A directly elected board would allow anyone to run for a seat on the board, including those engineers, technician, mappers and planners who know how to run a utility. A directly-elected board would deal solely with the management of the utility, with the p.u.d. Those engineers and technicians, such as from s.o.l.v. And heat, could run on the board on the issues directly relating to power and the public interest. Probably with broad public support. Under municipal or county operations, such public advocates would have to become generals, run for the city council, and hope that they were appointed to that post. I want a seat on the water board based on -- based on an issue that was important to the public, and if it were under a city or county, I may not have been able to bring the public's concerns to the table the way I was able to. And but despite my concerns, I do commend erik Sten, I commend the city council, for bringing this up. And I do hope you keep in mind public involvement as you go along.

Katz: Thank you.

Heutte: If I might add one thing. It's actually rather important and I did miss it. There's another big piece here, which is the federal -- the congressional debate on the energy bill, which starts up again next week, is likely to have a very important piece -- the repeal of the public utility holding company act has a thread throughout the history of enron and p.g.e. But I think if the p.u.h.c., public utility holding company act is repealed or significantly changed and handed over to f.e.r.c., which is basically the approach that roy hemingway tested in favor of back in february, that really changes the game that we're in. Because the potential then exists that the future of p.g.e. Could be as the keystone for a new national utility company. People like warren buffett, have been saying that they're to make major investment in the retail utility business in order to go in that direction. Another reason to move as quickly as possible as you're planning to do.

Katz: Thank you.

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Dave Van Bossuyt, PGE Employee: I've taken vacation this afternoon and have come as an employee. I've worked for pge for 21 years and am proud to be an employee for all that time. I've worked over all that time to keep these lights on. You notice there's not been one blink during this meeting. I've worked on safe and reliable power for the last ten years, part of my responsibilities have been working with the staff of the Oregon public utility commission on different service quality measures. We helped develop those measures. And p.g.e. Has been and continues to be one of the best, or the best in the state, in the different measures with outages and customer service. And that's a record that I know myself and the rest of the employees at p.g.e. Share. Of course, i've also experienced a significant losses in my 401(k), in my retirement savings. That's why i'm here today. I heard commissioner Saltzman state that very bold action is needed. Public ownership is needed. We would use a private company to manage p.g.e. It's also been in the papers that that private company, then, would contract for utility services. I as an employee may or may not be hired by that private utility contractor to continue to provide service to customers at p.g.e. So not only have I lost a significant percentage of my retirement savings, now if this plan goes ahead I also have the threat of -- of a real potential loss of my job security, of my future retirement benefits that I -- that I would enjoy as a continuing employee of p.g.e. So as this all moves ahead, please, I request you say -- you say you're concerned about employees, but look at all the different ramifications. We've all worked extremely hard to make this one of the best utilities around. We're proud to work for the utility. And we just want to be sure that that's taken into consideration.

Katz: Thank you.

Emmett Wheatfall, PGE Employee: Good afternoon. My name is emmett wheatfall. I've been a resident of the city of Portland for 26 years, and i've been an employee of Portland general electric for 13 years. I just want to come by today and express some concerns I have about the current proposition that is before the city council. First off, I want to share that it's my conviction that any involvement by the city of Portland at this point will only serve to further complicate and exacerbate the current situation. Much to my consternation, if I understand the willamette valley power proponents idea is that they want to keep all the assets together, whereby, if -- and I understand you have trepidation about the aspect of condemnation, but if that were an elementary of this particular process, that would exclude the thermals. Already I begin to see that the two entities would not necessarily be on the same page. It would complicate and exacerbate the situation. Secondly, it creates further unnecessary stress for our management and our employees. Especially at a time when our resilience and dedication continually demonstrates to ratepayers a commitment to provide reliable and safe energy. Thirdly, I just really believe that it sends the wrong message to our customers, other utilities, and most importantly the business community at large. Let me give you three quick reasons why. First off, it's when p.g.e., like many other businesses have, for example, been a member of the community in the state for more than 100 years, been one of the state's leading corporate citizens through its community volunteer rhythm and philanthropy. The important thing to understand good the philanthropy is understand that money doesn't come from ratepayer funds, it comes from shareholder funds. Just wanted to make sure I dramatized that particular point. Finally i'd like to say that it sends the wrong message in the sense that when the going gets tough, the city thinks it's important to further complicate and exacerbate the situation by requesting a place at the table. I want to say that I don't think -- I just firmly believe that public governance does not mean that p.g.e. Would be better managed or efficiently run and in conclusion I just think that it just sends the wrong message. Thank you very much.

Katz: Thank you.

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Bill Bakke: Mayor Katz and commissioners, my name is bill bakke. I live in Portland. I -- i'm glad that you've included the environment in your resolution. It's an issue that i'm very close to. My experience with p.g.e. Is primarily been related to salmon protection, and I just wanted to share with you some of the things that they've done. I think they're unique of the and in many ways I don't think they probably would have been accomplished without p.g.e. For instance, before enron took over, they created a \$10 million fund to buy a habitat and three watersheds -- deschutes, sandy and clackamas. And that fund is being used now. We've -- we've actually gotten about 10,000 acres of habitat purchased through this process. 1500 acres donated by p.g.e., some of it with old-growth timber on it and to the public domain, protecting. This has been long and arduous, but it's also something that I think p.g.e. Has provided leadership in in terms of being open to ideas, funding research, and a lot of these ideas and research wouldn't be on the table if it wasn't for p.g.e. Making sure that door is open to those ideas and able to fund that research. I am worried about the future. You know, we hear about mud snails from new zealand now. Okay? We worry about whirling disease coming down the snake and into the columbia river, found it in clear creek on the clackamas this year. What is going to happen in terms of our commitment and to the city's commitment to its e.s.a. Program in the Portland harbor when p.g.e. Or whoever operates p.g.e.'s assets has an influence over salmon in the clackamas river? The environment is a crucial infrastructure for the city of Portland and your decision is -- is very important that your decision takes that into account. Thank you.

Katz: Thank you.

David Olson, Franchising Director: As your franchising director, part of my job is to implement city policy. City policy, and city code, for more than 15 years, is that utilities in the city of Portland need to be subject to up to date franchise agreements with the city. And that's in order to ensure there's a stable base of operating conditions, clear understandings between the utility and city. It was stated by p.g.e. Representative -- or referenced to a franchise with p.g.e. No such franchise exists, commissioners. There is no valid franchise with p.g.e. That the city has written and none has existed, and unlike most every other utility, more than three dozen of them, including pacific power & light, p.g.e. Has never been seriously interested in legitimatizing its presence in Portland through the franchising process and through your adopted policies. Despite numerous efforts, it simply has not occurred and we've never been able to obtain an up to date franchise agreement with p.g.e. Therefore, there has been no stable base, institutional base of conditions with Portland general electric. And the current relationship is as good as a handshake of management or probably not even that now with the current structure. I'd also like to point out that the last time the city had a reasonable chance to control its own destiny, in connection with electric power, was 65 years ago this month. August 1937 when congress passed the preference clause in the bonnevillie power act, in the same month Portland enshrined private power through the renewal of the private utility franchise. The irony of its what the same month the preference clause went in. Portland took the steps to ensure the private power remained here. And that occurred as it did in several occasions in the 1930s through an enormous array of private utility lobbying, expenditures and influence, this council and around the state. It's a very interesting history. I definitely won't go into it today. But I think you're aware that the preference cause has benefited public utilities throughout the northwest and has cost Portlanders hundreds of millions of dollars in lost access to preference power. The other aspect of this and the one I want to conclude with is p.g.e.'s infrastructure. P.g.e. Has the most pervasive utility infrastructure in the city. Poles and conduits. That infrastructure is not only important --

Katz: Let me ask council -- okay, go ahead.

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*****: That infrastructure's not only important for electricity. That forms the basis for numerous telecommunications systems in the city. The city has an interest not only in electric rates, but also in citizen access to telecommunications on a competitive basis. That infrastructure is critical for the future of the city understand in terms of potential communications applications as well. The city's interests are multiple here. For all these reasons, in my institutional row, I urge you to do exactly what you're doing, ensure the city has a place at the table in this most critical discussion that is being undertaken. And to echo the words of one of the initial staff people and directors of bonneville power administration who said, about 1937, he said you know, in 1937, Portland had its chance and it blew it. I would only say let's not let it happen again. I think you're taking a prudent and cautious step in direction. Thank you.

Katz: Thank you.

Jada Mae Langloss: I have a fun story to tell about p.g.e. Did I talk too loud and turn it off?

Katz: No. Go ahead, as long as it only last three minutes.

Langloss: Okay. The fun story about p.g.e. Is I am very glad that p.g.e. Chose my daughter to be the first lady meter reader over in the Washington county area. Son of the big mucky-mucks were having lunch, and they like to have lunch where my daughter and her two best friends were working, and they observed the conduct of these three mischief-makers, and they decided that my daughter was the one they were going to recruit to be the first lady meter reader of Portland -- I mean p.g.e. So my daughter got into that job, and she -- she would run as fast as she could out. She had to get acquainted with all the dogs that were barking and she knew how to sass them off and make them civil. And she loved her job. But her legs couldn't run as fast as the fellas. So she got back in the truck, she made out for the -- made up for the lost time by becoming one of the best racers on the highway that p.g.e. Ever had. So I am very proud that p.g.e. Took that step in hiring my daughter. And also, my daughter was one of the custodians from Portland school district, but that's another book i'll talk to you about that later.

Katz: Thanks.

Richard Donin: Mayor, commissioners. Richard donin. I've been a consultant in the utility industry for about 20 years. I'm also a resident of Portland and a native actually. So that may put me in a different place. I came here simply to support what you're doing and support the courage that it's going to take to see this through, because after 20 years of working in the utility industry, both public power and investment-owned utilities the teeth are still out there. You need to be aware that this is going to enlarge itself beyond what it is right here. Because I sat in the back of the room and watched with interest all of the statements that were made that had very little to do with the resolution, but a lot to do with the politics and the economics invested in what you're about to do. So to you I suggest, keep the courage up. I support what you're doing. It's extremely important. I have children who are going to be living in this city and I would like them to have the same level of convenience to electricity that I did. So I com mend you on your courage and keep going.

Katz: Thank you.

Alice Richmond: Mayor vera Katz, gentlemen and ladies of Portland city council. I did not vote for you --

Katz: Just a minute. Could you identify yourself? Alice richmond.

Katz: Okay.

*****: 3939 parker road in west linn.

Katz: Okay, go ahead.

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Richmond: Pardon done me. I did not vote for any of you for the good reason I live in west linn, but I work in Portland for 42 years with the one company not too far from here, them. I retired from them. And of course I lived and in here since 1959. So i've witnessed the various steps of the growth of Portland and its businesses. And p.g.e. Is another business. You people are the leader of Portland, but in Oregon, because of your population. Other cities and counties around are looking at what you're going to be doing. So i've been following the issues on the agenda today and listened carefully and absorbed a lot of testimony in regard to our p.g.e. Utility facility. In my judgment, a government takeover, whatever has been discussed, has a communistic inclination. I come from france. I know what it is. It would complicate the future. Let's face it, we all know the government is most perplexed offices of which so far we all agree, the saying goes, is at least presently to be regulated by p.u.c. If I make any sense is that -- see, I have to put my adjectives a little bit french way in here. What i'm saying to say is that we have a company, p.g.e., that's been in here ever since that I moved from new york city. And when this business, and your local boundary is down, you don't kick them you know where. But we do work with them because they are our resources, our commodity, that not only supplies electricity when you switch the lights on, but gives power to a lot and a lot of other issues, like water, et cetera, et cetera. I also am an adviser in the south fork water board for west linn. I also -- clackamas river providers. I'm involved with a lot of meetings and committees that I think that if -- that we need to help p.g.e., whether it is with cities or not, but we need to uplift and to encourage what we have had rather than really give it more damages. I know enron was -- is done, has been coming up to anyway. You have -- i'm not going to insult you guys by repeating what you have heard with all the testimony so far, but some are valid, some are not. Some are a bit out of the issues, some are this. But I think all of us, the city and county around, we do have confidence in you.

Katz: Your time is up.

*****: Okay.

Katz: Thank you.

*****: Thank you.

Andy Noel, Green Mountain Energy: Thank you, mayor and commissioners, for listening to all of us today. And I hope for your own sanity that us two are one of the last ones here. Yeah, really.

Katz: What's your name.

Noel: My name is andy noel, a sales manager for green mountain energy. Today i'd like to add color to some of the great work that p.g.e. Has done to promote renewable power in the state of Oregon. Green mountain energy is the nation's largest supplier of renewable energy. We -- because of Oregon's energy restructuring law were chosen by p.g.e. To work with them in supplying and marketing green power here to Oregonians. Since march 1st we've worked closely with p.g.e.'s renewable team to deliver p.g.e. Customers a choice of renewable energy products. It's been a huge success. To date 14,000, just since march, 14,000 Oregonians have chosen renewable energy. To get to the point, the most important thing that the utility -- that the Oregon utility can make to increase the amount of renewables in the state of Oregon is for the utility to have a robust program that makes it easy for customers to participate in. To date, p.g.e. Has done just that. That's an important part. That should continue. That's all I have to say. Thanks.

Katz: Thank you. Sue?

Katz: Who wants to start? Why don't you go ahead.

Lloyd Marbet: Mayor Katz, city council members, citizens of Portland, my name is lloyd marbet. I'm appearing before you representing myself. I want to thank you for the opportunity to testify

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and I want to congratulate you on your willingness to hear the concerns being raised by the public. Some months ago I appeared before you and offered testimony regarding the benefits public power would bring to Portland. I am resubmitting this testimony to you in writing. I do not intend to read it as you have heard it before. Instead, I would like to specifically address your resolution and proposed changes to it that I hope you will consider adopting. I am submitting these changes to you in writing and I also am not going to read those. But I would like to tell you what the thrust of those changes are. Mayor Katz, you're right. Your resolution does not call for condemnation. I think that's a big mistake. I don't think you should have any fear in instituting condemnation proceedings now, and I think it's to the benefit of the public and the ratepayers to do that immediately. The proposed changes that I offer, which I again provide you for in writing and have brought copies for the public, would do that. It would strike some of the language in the resolution. It would immediately go to the heart of the question, and there's no question why you can't continue to at the same time do the task force and go after the expertise that you need in order to create a utility that truly will meet the concerns of representing the public in a manner in which we do not find ourselves again with the kind of reality that we have inherited with enron. When peggy fowler testified before you, she said something that I thought was rather interesting. She said that whoever purchases Portland general electric -- i'm paraphrasing -- will know what they're doing. They will have the experience and the expertise. And it immediately brought me back to when enron came to town. Isn't that exactly what we all thought? That they too had experience and expertise. In fact, I remember when ken lay testified in the front of the city club and everyone treated him as if he was royalty. The fact of the matter is that we inherit a reality now that's far from what we would have expected. The problem that we have here is not the continuation of community programs. Enron obviously wanted to continue those community programs. They're a public relations aspect of the utility. The problem that we really have is the hidden agenda that we cannot see and whoever it is that ultimately owns the utility. We will see up front who it is that owns the public utility. Our concern here is not with the availability of resources. My god, there's combustion turbines going up across the region as far as thermal resources go --

Katz: One second.

*****: Excuse me?

Katz: Go ahead. Your time is up, but we're extending just a little bit.

Marbet: Appreciate that. There are combustion turbines going up across the region. Anyone can build one. I don't in anyway suggest that's the route to take. One of the attractive features again of going to a public utility is finally we can build a renewable energy future and conservation energy future that really will provide us some hope that we can address the dwindling fossil fuels that we find ourselves in, the global warming, and so forth. I also want to point out that unfortunately when bill bochy testified, Portland general electric had brought this \$10 million in to save salmon, I don't know if you're aware of where that came from. That was part of the settlement agreement to public interest groups in to supporting enron's takeover of Portland general electric. It is an agreement that I refused to sign on to, and it's the kind of problem that we face here. It is very tantalizing to look at this wealth of money that can come down and basically meet the concerns raised by members of the community that are trying to protect the environment, but the fact of the matter is is that the overall picture is colored much differently. That's why I would encourage you to stand tall in this, to not be afraid to instigate those condemnation proceedings now and to move forward in creating a utility that will benefit all the people of Portland, and not only that, residents like myself who happen to live in clackamas county.

Katz: Thank you.

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*****: Thank you.

Scott Simms, PGE Spokesman: Mayor Katz, members of the commission. First of all, I want to congratulate you for your staying power. I'm Scott Simms, Portland general electric spokesman. I have just a couple of very brief comments, so I can donate the rest of my time to Mr. Marbet here. I want to question, Mayor, you said today that you want to analyze the issue and place the City at the table. Mayor, your press release seemed to indicate that the \$500,000 was for use on a study. Now it's our duty to the Oregon Public Utility Commission to document exactly how we spend ratepayer dollars. And I ask that if this money is not going to a study, then can you explain exactly how the money will be spent. Because

Katz: I'll do it when we figure it out. I have no clue yet. It's in the resolution
Read the resolution.

Simms: I don't think that the the resolution is clear to that point.

Katz: That's exactly the point.

Simms: That's exactly the point? We don't know where the money's going?

Katz: Look. I'm not going to have a public relations argument with you right now. There are a lot of legal questions. There are a lot of questions that haven't been answered but a lot of them have been raised today. We would be remiss if we didn't get experts in the area other than you to answer some of our questions.

Simms: Thank you very much, mayor Katz and commissioners. **William Nelson, Tehachapi,**

CA: Good afternoon, mayor, commissioners. My name is William Nelson. I am a resident of California. I am a professional consultant in the energy building codes and I have ten years plus experience in California public utility commission matters in the restructuring of the electric industry in California and the disposition of what's called the public benefits charge of the public goods charge in that state. I would like to speak to four points in this matter. Allow me to emphasize how the California position is relevant to the Oregon position and the city of Portland in this imploded deregulated electric industry. As in Oregon and as in the New York bankruptcy court, there's a bankruptcy court action in California that Pacific Gas and Electric is involved in that is attempting to convey the largest hydro system in the world out, out from under state regulation. These matters are federal, state regulation of franchise, electric franchises are historic in proportion and I would suggest that you that Oregon's public interests are in serious jeopardy at this point and that your public utility commission unfortunately has fallen far short of asserting those interests. In California fortunately we have a public utilities commission that on a weekly basis is vigorously asserting the state authorities and the state position in that bankruptcy matter. The city that works must become the city that protects in this instance. I am not suggesting that you will be displacing your state's public utilities commission. I suggest that you catalyze it at the point that you take concrete steps to exercise eminent domain. You will assume shoulder to shoulder standing in that respect. My second point goes to the task force commission mission. I can understand the reasons why you want to give it flexibility. I would suggest to you time is more of the essence and a more directed process is needed. I would suggest that the task force solely focus on what the choices of the city are in the event the city exercise of eminent domain. Other efforts could be just churning in another arena arena of contention and you do not have authorities and responsibilities which other parties really are exercising very vigorously. Now, if you do wish to explore what I termed the managed buyout path, the bankruptcy court path, these negotiations with creditors and financiers who are behind the supposed candidates for buyout, that I would suggest you bifurcate the mission of the task force into two paths, one to be a managed-buyout path, the other to be the public power road. That will be a more productive process. Otherwise you will quickly see the

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task force if it is broadly, broadly constituted dissolve into an unworkable contention, arena of contention. The task force in charge should be research and where justified articulate findings. I am confident that there is a long list of findings --

Katz: Just one second. Counsel, go ahead.

Nelson: I am confident that there is a long list of findings that this city can find in behalf of the public interest. Let me assert two prima facie finds already for this record. Firstly an asset appraisal of the wire system is needed as well as the pge system generally. You can trigger a public interested baseline valuation, informed by public interests which we will not get from the bankruptcy court, if you move forward with the exercise of eminent domain. The valuation of these assets have long since been lost in all sorts of deregulation and decades of rate cases. Secondly, the Oregon public utilities commission is, in fact, failing its duties to protect the interests. There's a prima facie case for you to move forward. The time has come in summary, let me point out, I believe that the pge franchise will be transformed. I believe that the creditors will obtain some form of market-valued satisfaction from the generation assets. I do not believe that a new york bankruptcy court, with the financiers and blackstone group and all of the same actors that have been active in all sorts of global deregulative efforts are going to serve the best interests of in city.

Katz: Thank you. Quickly.

Nelson: When the full realization in this city and in this state of the outrages of the enron debacle are not coming to closure in the bankruptcy court but are, in fact, metastacizing I believe you will find that the public road is the road you will wish to take. I caution you on all contacts and discussions with private company officials, since you are not functioning under the per view of a very contentious process in which criminal investigations are also involved. If you do conduct such talks and discussions, I strongly urge that they be conducted in public. Thank you very much for the extended time.

Katz: I'm sorry. I was busy doing something else. Could you identify yourself?

Nelson: My name is william nelson. And I am a director of residential energy efficiency clearinghouse. I have been active in california public utility commission proceedings during, almost full time since 1995, during the restructuring period.

Katz: Thank you. Thank you.

Mike McLaren: Thank you, mayor, and members of the commission. My name is mike mclaren, executive directors salem area chamber of commerce. I want to thank you for your patience and endurance through this afternoon. Certainly is a complex issue. It does impact us in salem. And we do have concern about the approach that the city of salem is taking at this time. Just a matter of context, currently, the state of Oregon is near, if not number one in employment -- unemployment in the nation, we are near the last as a state in the nation in job creation. We are one of the worst states in the nation in dealing with business, as ranked by several organizations. And a sad state or fact is the fact that we are number one in the nation in hunger, which means that one out of four children every night go to bed hungry. We feel there's a correlation between the first three statistics and that one in terms of the lack of job creation and family wage jobs. In this action by the city of Portland, when it's necessary that we as a state really put a, an effort into job creation, we don't see that as enhancing that effort and, in fact, in witnessing the debate today and the testimony, it appears to be quite a bit of diviciveness on this issue. And i'm fearful in terms of what that has in the impact on the image of the state of Oregon since Portland is certainly a big driver in that. So we just would urge some caution in your approach on the issue, and for the fact that pge, not in name but for the people that represent pge, that live in this northwest region, in Portland and

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in salem and in other cities, they are the people that make up this company of pge. Perhaps it would be a good step, as a point of courtesy by this body, to encourage in a work session with their management team just to hammer out some of the ambiguities and issues that were raised in order to try to bring some semblance of better collaboration and cooperation before you go further with enacting an actual resolution. With that I guess I would just add that we don't share currently the same enthusiasm with the current mayor of salem has for the direction of this body, and again just urge a bit of caution and understanding of the priorities and needs that the state of Oregon has and certainly that we share in salem.

Katz: Thank you.

Janet Taylor, Mayor-elect, Salem: Mayor Katz and commissioners, I am janet taylor. I am currently mayor-elect of salem but I am here as a long-term owner of a manufacturing company, since the current mayor did speak earlier. As you heard many times, pge has been wonderful corporate partner with our city, nonprofit organizations, not just the dollars. It's the thousands of volunteer hours that pge has put into our community. And it's very important. I've also been concerned long term about the anti-business reputation that our state and many of our cities have. And therefore I would urge you to use your influence and the power, mayor Katz, that you told us so strongly about to encourage private, local ownership of pge so that we send the message that private companies are the preferred method to provide goods and services. However, if you decide to go ahead with your resolution and especially if you are successful in purchasing pge, I ask you, please, to include all of the other counties and the cities from day one in the discussions and frankly, in the learning that I have had today, the learning about all of the different sides of this issue. I feel like every city and the county should have a representative here because I learned so much about it. It's complicated. If you are going to proceed with it, please include us. It does affect us drastically, too.

Katz: Thank you. And as I said before, we're in the process of thinking through ways that we can include, in terms of the indication, much broader constituency within our region.

Taylor: I think. I think that education is always going to solve things and make people more cooperative.

Katz: Thank you.

Bill Miller, IBEW Local 25: Mayor Katz, and commissioners, my name is bill miller. I am a business manager of financial secretary of ibew local 25. We represent 3500 people, 27 different utilities, 1500 of those people work for private utilities. The remainder work for bonneville power or pud municipals or electric cooperatives throughout the five states in the northwest, Oregon, Washington, idaho, nevada, montana, and northern california. Again, in -- I have been in my present position for 25 years as elected representative of the membership. I have been in the electric utility business for 33 years. I serve often an international committee for international union on the sole issue of deregulation in the united states and canada and deal with the public-private factor of 50% of our members are from the public sector. A little less than that, of course, are from the private sector. I am one of those guys by trade that climbs these poles out here, working from 120 volts to 500,000 volts so I have a little experience and understand the issues. I have been through the takeovers, the mergers and the acquisitions. And I want to speak specifically to the resolution, save your money. It's not enough. And if you are not going to fund it correctly, you are going to waste a lot of money. And I speak from the knowledge that I have. you need to be able to throw more money at it if you are going to take a hard honest look at it. Just for example, the gas company spent \$13.7 million on the pge takeover. There was nothing accomplished. Didn't get done. Sierra pacific was \$22 million. And nothing happened there. And

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the study -- I applaud the study. I think the concept's right. You should look at it. This is not a public power-private power issue. It's what doing -- it's doing what's right for the citizens of Oregon, Portland, and throughout the system. But the reality is, I heard public power advocates sit here today and say, we support public power, and it's good and all that kind of thing. but I honestly believe when they go home at night and they look at visualize this, there's so much power that bonneville power has, it's cheap hydro. The rest of it's blended, make sure and all that kind of stuff and as that goes in the prices go up. When you blend that power in you luke at an animal as big as this utility would be, be it willamette valley power authority or an pud or municipal as big as the state of Oregon there's a lot of horsepower there when this gets done and the adverse impact to the smaller public utilities, it's going to be a political football, and other people that are in the smaller utility, with the lesser density areas Portland will win other ratepayers in the state of Oregon will lose. that's a fact.

Katz: All right. Okay. Just a moment.

Miller: There's a lot of issues here that I would like to address. Time limits won't let me do it and I would request permission to send my comments in.

Katz: Absolutely. I'm going to give you a little bit more time so if you can highlight some -- but don't repeat the ones we heard.

Miller: I was asked to speak before the united states senate and the house of representatives on the enron issue and in the senate subcommittees on the 401k pension issue. Issue of the money and I don't know if people are bringing this to the forefront, to the city needs to recognize and acknowledge that there's a liability there. it's a tremendous liability. We currently have two lawsuits filed with the state, and I believe it was one of the main reasons that the gas company walked away from their deal with Portland general electric, enron. Because \$200 million and \$400 million minimum liability there that nobody is talking about, but there are lawsuits and there are liabilities there. I don't think anybody's talked about that, put that on the table but it's one of those things that has to be acknowledged. It's a liability. And maybe you can buy a plant for \$3.2 billion but can you handle other \$4 to \$600 million?

Katz: Thank you. Thank you. Thank you for the training on the trials and tribulations of public hearings.

Katz: This one has been an easy one.

Tom O'Connor, Oregon Municipal Electric Utilities: Mayor and commissioners, thank you for the opportunity to speak. I'm tom o'connor, director of Oregon municipal electric utilities, a trade association that represents 11 of the generally smaller municipal electric utilities in Oregon. We are very proud of our record of local control and delivering reliable service at cost on a nonprofit basis. We are -- municipal utilities in Oregon are all about local control. We support, or applaud your willingness to make sure through this resolution that the community is involved in these real important decisions of an essential public service. We're not here to endorse any particular proposal or any idea. But we do think that the approach that you are taking to involve yourself in this issue and make sure that the public is at the table is the right thing to do.

Katz: Thank you, tom.

*******:** Thank you.

David Bean, Wild Salmon Nation: Thank you for giving me this opportunity to speak. I'm david bean, founder of the wild salmon nation. Salmon advocacy group that's partnered before with pge at the oxbow salmon festival. I've been involved with power issues and salmon issues for the last 11 years. And I salute you in your, in this resolution. Encourage -- and the courage it takes because you are diving into a deep pool of complexity. And yet you are the ones to protect our

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Portland. And i've done some study on enron. It has, what, 47 charters in this country, the first one, the initial one was called new falcon, by the way. And they have terrific liabilities and not just here. I don't know if you are aware that they own the water facilities of buenos arrest aires. There's liabilities from every angle so pge is a local utility, and it has the possibility of being one of two things. Being an engine of prosperity, which it has been, and which we wish to see it to be in the future, with local control, or it can be a cash cow for somebody in some distant place. And you have taken the honorable and courageous task of protecting us from it being a cash cow and we basketball a -- so I just thank you for your courage.

Katz: Thank you.

Leonard Girard, : Good afternoon, good evening as the case may be. Mayor Katz, members of the council, I am leonard girard, Portland resident. Retired Portland general electric executive. And member, former member of the governor kitzhaber's task force to review the puc. As it relates to what I have to say, founder of I have a dream foundation in Oregon. I want to relate four things to you. One, the human side of pge is support of charities. Two, the source of the money for the charities. Three, an awful idea I just thought of for your study, if you go ahead with it which I don't support. And the last I want to toss you a bouquet. In terms of the human side of pge and charity you have heard they give this money here, here's a human side of how I have a dream foundation got off in Portland. I studied it. Thought it was a good idea. Convinced my wife we should do it. I didn't realize it would take a vast amount of time and money. We were willing to make a commitment and we also hooked up with ken lewis who made a financial commitment but there's a big time commitment so I went to care hanson and said, ken, this is going to take lots of time, lots of my time. Are you comfortable with that? He said, yeah, we support children and this supports children. Do it. And then folks that we talked to who we said, how can we raise money in addition to that to which ken and my wife and I put up? They said you better put your company behind it because when you ask companies and foundations for money to help match what you folks have put in they will say, well, does your company support this? Fortunately, the answer was question. so there's the human side. I can tell you that but for Portland general supporting my time and money, and plenty of company folks who stepped up, there would not be a dream foundation in Portland. The best result of that it was very emotional. I was lucky to be at stanford in june as was my wife and ken, when a young lady from northeast Portland graduated from stanford with very high grades and she is now starting med school this month. So that's hopefully a tangible example of what a committed private organization can create. What's the source of all this? Pge donates money. When you go through the regulatory process they review the company's expenses, the company's put up their expenses for charitable organizations. the Oregon puc puts that up and says no you will not include that in your rates. If you want to accept lower profits that is your choice but the customers do not pay for that budget expense. Here's an idea for your study if you go ahead with it and I really think that it would be important to you. Obviously, if you do a study, as step one and say, well, we'll see what that shows, maybe you don't encourage us to go ahead, maybe it won't be clear or maybe it will encourage us not to go ahead, I suggest that for every consultant, financier, lawyer, et cetera that gets hired to work on the first study that you stipulate with them and they agree that they will not work on any further studies for you and they will not participate in financial offerings should someone say, hey, this is a great idea, let's go ahead. They won't be the lawyers for it, et cetera. So that they will have an incentive to do their level best on your study to give best, the most accurate answer they can, but their own future self-interest will not be involved. Because i'm afraid, be it public or private, sometimes the folks that do the initial study have a serious interest in going to part b, part c, and et cetera. That's an idea for your consideration.

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Katz: Where's the bouquet?

Girard: That's what i'm coming to. The bouquet is this. It actually ties in. Last night my wife and I had a dinner at our place in Portland on king's court, a little tiny street that leads up to vista two blocks from civic stadium. We had a bunch of folks from the dream foundation, folks who work for the kids over for dinner. As you know, the issue is parking. And I can tell you that your parking plan, both the concept and the execution in terms of saving parking for the residents and their guests of king's hill works. And there were parking places available. Secondly, obviously in order to have these folks park there and not be ticketed I had to come down to downtown and get the permits, the red permits which you scratchoff one-day permits and I have to tell you the folks in your bureau in the processed that, I just had cash. They're not taking cash now and don't take credit cards, I said I haven't got a check. i'll go out and get a money order. Your folks said, no, you look honest. Here are your five books of parking passes. Send us a check, which I did send them that day. That was city government that was service I think at its best in terms of they remember responsive, they took care of it. No problem. Problem solved human resource theirs your bouquet.

Katz: Thank you.

Grieg Anderson: My name's grieg anderson. I will also a retiree of Portland general electric after spending 30 years there. I am opposed to the proposal and I want to address the specifically your question, talk about the proposal. It seems to me the proposal does two bad things, doesn't do very much good, and there are other places to put the money. So let me approach those. First, I fear that the study may facilitate a break-up as opposed to an integrated utility. How does that happen? It happens because the foundation of your authority is condemnation. The foundation for your approach is undergirded in all respects by condemnation. If it's just money, there are a lot of people with money. You have a unique power. But you only can condemn, as I understand it, part of the facilities. This then begins to offer up a facilitation for condemning part and then we will do something else with part -- result that we don't want to see. The study itself, pursuing this, I think facilitates that. Secondly, the study may adversely affected business community and the enhancement of business in the city. What are we about? We're about the possible condemnation or replacement of private enterprise activity in a troubled situation, I granted, with a municipal situation. Nothing wrong with municipal. But it's as someone approaches the business community, they would say, this doesn't feel like a supportive business proposition. I don't think it is likely to do very much good. I think there are others, public utility commission and others like them who have more clout, more authority, and will be taken seriously other than by condemnation. And I think they would be more useful. Public power is not necessarily a panacea. Look only to the north to seattle and tacoma. they are having a difficult time. It's not necessarily a panacea. And then finally, there's the question of the alternative. \$500,000, now, i'm like all of you read what's going on in the legislature and the state government. I think we're about to have a problem, an implosion in the state. It's going to flow to the city of Portland. And the question then would be, is \$500,000 better spent by the city of Portland in this study or in ameliorating the problems that are going to flow to the city from the state of Oregon? Thank you very much.

Katz: Thank you. Tim, why don't you come on up. Let's clarify some of the issues that have been raised with regard to the, up to half a million, the --

Tim Grewe, Chief Administrative Officer: Tim grewe, chief administrative officer for the city of Portland. I'll be glad to respond to any issues council would like further information on to the degree I have that information at this point, but let me start by talking about the budgetary situation. First of all, the \$500,000, which I will inform the council is our best estimate of initial

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cost for proceeding with a more in depth analysis leading to proposals to you in the very near future how best to proceed, in any city attempt to acquire the pge assets. That \$500,000 is designed to bring expertise to your table, the city's table, necessary to achieve that end. We have plenty of in-house expertise in the city. We are also relying on particularly in the finance area and the debt areas but I will admit to you we have a need for outside expertise on this type of an issue. That type of expertise includes expertise in bankruptcy proceedings, it includes expertise in negotiating both in the context of that bankruptcy proceeding but also in the acquisition of major utilities. We are in need of additional expertise from the banking industry on how to develop proposals of this nature. We've already heard about condemnation and other public laws. We will require expertise in that particular area of acquisition of thermal energy plants. We also need lots of expertise in the area of utility operations, both in terms of power generation and distribution and all other aspects of utility operations. And we will need expertise in the area of valuation, assets and market. I want to remind the council that we now have the timetable that has been set for the auction. We are almost to september 1. That timetable calls for preliminary proposals to be submitted in the middle of october. I do not have much time unless your assigned coordinator of this effort to get back to with you proposals on how the city should proceed. it's imperative this expertise come to the table as soon as possible if I am going to be responsive to your direction if the resolution passes today.

Katz: Thank you. Further questions by the council?

Francesconi: I just have one at this point. So are we capping this at \$500,000 or are you saying there could be more than \$500,000.

Grewe: I am saying this is my best ability to estimate for you the resources that will likely be necessary to get to the stage of recommending to you what type of a proposal, if we move forward. I think it is very accurate to say that the city does get involved in the actual bid process, we are going to see standpoints well beyond us.

Francesconi: Into what range?

Grewe: All I can give you is figures that have been involved from other jurisdictions, the northwest natural gas estimate of \$3 million is probably not far off. I would not be surprised if the city saw expenditures in the neighborhood of \$1 million to \$2 million before all is said and done but let me say this. If we do acquire, and we issue debt to acquire all of these expenses will be reimbursible from the bond issue.

Francesconi: And if we don't acquire?

Grewe: Then we stand the risk of having to absorb those costs. I also want to point to what the source of that \$500,000 is. Like any healthy jurisdiction, the council sets aside a contingency and each and every one of their budgets. That contingency is designed to deal with unanticipated events the council could not have foreseen during their annual budget process. So it is, in fact, budgeted amount of money for unforeseen events that we are turning to to fund this proposal.

Francesconi: I guess --

Katz: Any wild dreams of using that for other purposes, it's part of the contingency fund for these kinds of situations?

Grewe: Council has been very good about restricting the use of that contingency to things that are truly new events, not for funding service expansion or anything of that nature.

Katz: Thank you. Go ahead.

Francesconi: Two things. One is just a piece of information. Country is the question for the council. the piece of information is in the last ten days or so, at least in my mind, the key legal questions and the key policy questions that I individually need answered, I put down on a memo

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i'm going to give you and what I would like, I don't want to go through them today but what I would like is your group, if appropriate, to give me those answers at the next time we proceed. Okay? And I have copies for the council. The question for the council is, can we -- is it all right if we just have a report back to us when we reach the \$200,000 limit? That's what we originally -- so we can see where we're at after \$200,000? Before we get to \$500,000? That's my request of the council.

Katz: Go ahead.

Grewe: Respond to that, commissioner, I will be very happy as soon as possible to come back to you with a more specific budget. I will also encourage we give you regular updates on the status of our spits.

Francesconi: I'm not asking you. I'm asking the council because yes, I am asking the sponsors of the resolution. I have considered actually amending this to \$200,000 because that's what I thought we had originally talked about but if the council, if we can have a check-in at \$200,000 to see where we are before we expend the \$500,000, that's my request of the sponsors of the resolution.

Katz: I asked tim to -- tim is fine with that. That's not an issue.

Francesconi: Thank you.

Katz: Okay. Any other questions of tim? Then if not, roll call.

Francesconi: I want to just say a couple things and I will be brief. This is the first time that I have spoken about this publicly because frankly I have needed the hearing and I needed to think about this. Although I have talked to a variety of people from the puc to other experts in this arena. First of all, and I also want to be clear about what i'm doing because this resolution is a little unclear when it comes to the specifics. In terms of -- I believe that these are extraordinary times. That justify us on behalf of Portland ratepayers to do further investigation. Because our ratepayers are at risk. This is, we do have the highest electrical rates in the northwest. The 32 to 50% rate increases have put our residents and our businesses at risk. And therefore, i'm going to vote in favor of this resolution. But I also want to be clear about why i'm doing this. I also, we haven't talked about it but clearly there's no talk or discussion, either behind closed doors or out in public, about threats or municipalizing pacificorp, northwest natural, or any other utility that is not in these extraordinary situations that pge and the tragedy that pge finds themselves. I think it is not been clear from this discussion what are our goals? And it's not really clear from the resolution. In supporting this, I want to be clear what my goal is. And that is cheaper power for our residents and our businesses. That's the goal. There are other secondary goals that are important but that's the goal. In order for any talk of public power, and it is true in looking at the history in this country that many, if not most, public power is cheaper. But that's before now. And that's assuming power generation. If we get to the public side of this, I believe that the days of Portland going it alone need to end. And that a regional approach on public power makes a whole lot more sense to me. And i'm encouraged by the testimony I heard today from the mayors and the public that that's going to be the way we proceed if public power is an option. I have concerns and real questions about whether public power's going to be cheaper for our residents given the fact that bonnevill power is a billion dollars in debt and there was a 43% increase to public, in public power rates to the public utilities in the the just the past year. I'm also concerned about our ability to get enough power generation to make public power worth it, given the issue of thermal, the thermal power of pge. However, because those rates have gone up so dramatically and because this is so important to our economy and our residents, spending \$200,000 as opposed to \$500,000 to see if my hunches are wrong is well worth the investment on that issue. If my hunches are not wrong, then, the issue of local control and only then and how we advance it through private, our private partners makes the

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most sense to me. So I wanted to be clear on what I think. I have listed some substantial questions that I have given to you that i, for one member of the council, need some help with. But there's no doubt that the initiative led by the mayor, commissioner Sten to get us the seat at the table to try, as we look at the issues facing our citizens, is worth \$200,000. Aye.

Moore: Saltzman.

Saltzman: As embarking on this process that we are about to do today, I think it's important to all parties to kind of diminish to what extent we can the level of rhetoric that typically comes out in any kind of debate associated with, either a, pge, or, b, public power. Both entities, both issues have long histories in the state of Oregon. They're very divisive and it's very to knock pge and that's not being to help us and we're not trying to do that here today. Similarly, I think for pge to evoke images that we are spending money foolishly, that we are dead set on condemnation when they fully realize the strategy we are embarking upon is a reasonable one. In fact, peggy fowler admitted as much in her testimony. She welcomes us to our discussions. That's what this does is bringing us to these discussions. It's not about the \$500,000. It's really the larger point here as commissioner Francesconi said, it's safe, reliable, economic power for the residents of Portland, for the residents of this area. And we are in an unusual circumstance here where that could be threatened. The city is well within its prerogative to exercise its jurisdiction here. It's inviting ourself to a dance and the dance is being played on wall street to a lesser extent in houston. And one of the ways to get noticed at this dance is to frankly let them know the obvious and that's what this resolution does. We are prepared to use all powers necessary to protect the interests of our residents. It says no more, no less than that. It doesn't commit us to condemnation. It doesn't detract from the wealth of the outstanding record pge has as a corporate citizen. It's really looking out for what's best and doing it in a way that's going to get us noticed and give us some clout, frankly and that's what this does and I think it's a step we need to take. And I look forward to the mayor and commissioner Sten reporting back us to soon. Aye.

Sten: I appreciate all the testimony today it was in times an emotional hearing and I think that's appropriate. Couple of thoughts. I would like to have and have all along come away convinced that we have without taking this step a strategy to keep things local and to achieve all of the goals that actually both sides were talking about, although in different ways. And they do differ on some of the issues. I did not become any more convinced today than I have been through months of talking with lots of interested parties, throughout the region and the nation, about this that we can control this situation, and I don't know that we can control it by stepping in but I think we have a much better situation if we do step in. I'm absolutely convinced that the first step after we do this is to do more work, more research, more thinking and ultimately lead towards a conversation among people who represent the public interest which is council does and the creditors themselves. There's a lot of speculation about what they're going to do and we need to talk with them and make it clear what our interests are and that we are prepared to protect those interests using the powers that are available to us. That's what this resolution says, and there's nothing today that's convinced me otherwise. I can't believe legally that we have certainty that the puc trumps a federal bankruptcy court and I didn't hear any argument otherwise today. The information I continue to receive is that there is not a clear plan between enron and the creditors as what to do with this company, and I have to say I am completely in awe and very proud of the corporate culture that was shown today. You have people who are loyal, who have worked hard, have given to this community and in great strides and had gotten back from their company and the pride shows. I don't, however, agree with the observation that after enron bought in and people lost their 401(k) that any buy they are comes along is going to treat the pge employees better than a locally crafted

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solution and is essentially the argument that's made in telling us to step back. The argument is trust the auction process, whoever buys us will be better off and although I understand the frustration and the pushback at this council there's been a lot of testimony to that extent and I want to say out loud I do not believe that the pge employees will be better off no matter who buys it. That was the argument with enron and the retirement savings are gone of so many employees. We're in a terrible, terrible situation. That doesn't mean that us getting in this solves this thing by any stretch of the najera nation and it absolutely does not mean that anything the city would do would be better than anything that could happen through the option process. It means that I think we need to step into this thing and try and make sure that the best possible solution comes out. There's been a lot of talk today about what we like and don't like. What those things aren't -- have no seat at the bankruptcy table other than steven kooper and I don't trust steven kooper or in any way more than I should. He's the ceo of the new enron. I don't know what he's going to do. The first time we heard from them was after we moved, not before. And I think it's very, very important that this city council step in, use the powers that are available to us to put the public's voice into this discussion.

We will see where it goes. That could involve a whole lot of pieces. I do believe on all of the issues that people talked about, whether they're environmental benefits, economic development issues, retention of existing employees that if something was crafted locally and if that came out all of those issues would be subject to public negotiation before they were decided upon. Soy the city would never sign an operating contract without that contract being public. And so for an existing employees, for groups that benefit all these issues would have to be negotiated and have to be done in the light of day which will not happen around the bankruptcy table. So at the end of the day, we have a better shot at doing something good for Oregon by being involved than we have sitting back and trusting the whims of the marketplace where ultimately the creditors in new york may call the shots if neck convince a bankruptcy judge. That much is clear. Certainly enron has some influence with that bankruptcy judge and pge does but probably less than enron and ultimately the creditors decide and I think we need to get in this thing, take a shot at it, do it in a responsible fashion, we could not really take firm positions and have real thorough debate on what the city should or shouldn't do with any of the involved parties until we voted on this resolution because we're a public body, unlike the way this goes forward and we did not have a city policy until this resolution passed. At this point, I believe and will be personally available and ready that there are literally hundreds of meetings that need to be had with hundreds of constituencies, most of whom are here today to talk this thing through and start working on strategy. I'm absolutely not convinced we know everything we need to know to be successful but this is a step getting us in that direction. And if we are smart, cautious, and do things in the right way, but not be scared to step in to such a tough situation. We could pull off something better for Oregon, and I certainly wholeheartedly believe we have a better shot than letting this bankruptcy unravel with no known local buyer, no guarantees to Oregon. We don't have any promises as to what we should get out of this process and I think to the extent that we should believe the auction process is going to work for Oregon, then we should expect enron to tell us why and I think this letter is a start but it's not -- it's nothing like a proposal and I think we should expect to see those types of things before we can rely on that and I fully believe this is the right step and appreciate the council's support to move forward at this time. I appreciate it. Particularly mayor Katz's office and herself who have dug into this great debate. Aye.

Katz: Thank you. I'm going to vote aye. I had a sense during the testimony that some people thought we were happy to be here in this position. This is not anything we would have started. Had not greedy corporate executives ripped off large communities and bankrupt a company. We

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are here because we have no choice. The corporate executives i'm talking about are enron executives. We have no choice but to take the responsibility that has been given to us to protect the interests of the rate payors. I have to be honest with you. A couple of years ago when this issue was introduced to the council, I wasn't terribly excited to move forward on looking at municipalization of power. Wasn't convinced at this time that was necessary to do. I wasn't convinced because we were in a different situation. Pge has been a wonderful corporate partner with us. Everything that people testified is true. But that isn't the issue. The donation of money to philanthropic causes is not the issue. This is the issue of the future of this community and who has the ability and the control of power. And my hope is that we can step back and things would work out without us going in in either acquiring or condemning pge. But i'm not sure that that can be realized. We're in a very difficult situation. We have really no options but to at least proceed to ask the difficult questions. Many of them raised today. For example, does a municipal have the power to condemn thermal power? We don't know the answer. We've heard yes. We have heard arguments in support of the municipal having the ability to do that. There are issues of tax structure. One that would be beneficial, one that would not be beneficial, issues that need to be thoroughly examined by people who clearly understand all the nuances about bankruptcy courts and what is going to be happening in the next couple of months. At tim said we have some of the resources. We don't have them all and that's the reason for the expenditure of funds. These funds are not available to solve the state's problems. They are not even available to solve some of our problems. They're, we doucette resources aside specifically for events such as this. We will come back and report to the council. We will come back and report to the public and we will make a decision at some point as to whether this city council and this city ought to proceed and if yes in what direction, if no, why. There's been discussion about what the goals and principles are. That's a conversation that we've begun. We have identified the expertise that we need. We have not identified individuals. We have begun to identify some of the questions that need to be asked but they're not a final list. And as soon as this resolution passes the work will begin. Aye. Thank you, everybody. And we stand adjourned.
At 5:45 p.m., Council adjourned.