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## City Continues To Dig Into PGE's Finances

By Ley Garnett

PORTLAND, OR (2006-02-15) The trial of Enron executives Ken Lay and Jeffrey Skilling has moved into its third week in Houston and a witness with links to Portland is testified Wednesday.

Kenneth Rice headed Enron's broadband unit, which was based in the Rose City. Rice was asked about a 2001 meeting in Portland with Lay and Skilling where they decided to layoff 250 local workers of the broadband company.

As the trial grinds on, so does the city of Portland's probe of PGE, Enron's last standing U.S. company. Ley Garnett has this update.

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From an office at the World Trade Center, Portland General Electric attorney Jay Dudley thumbs through a thick brochure of financial documents.

They are documents, he says, that have already been turned over to the city.

Jay Dudley: We responded with about 2600 pages of material, almost a whole banker's box of material back to the city.

But the city wants more. Two weeks ago it sent a 14-page letter to PGE outlining a voluminous new data request.

Portland Commissioner Erik Sten says the city suspects PGE inflated its power rates by charging its customers more than \$600 million in taxes that were never actually paid.

Sten is especially interested in power trades that PGE conducted in 2001 during the western energy crisis. He says it appears that PGE assigned profits from power trades to Multnomah County, boosting the county's income tax -- which Enron then wrote off as PGE's parent company.

Erik Sten: It's not a witch hunt to get somebody or smear somebody. It's to say if the rates are too high because of these shenanigans, we ought to do everything we can to get the rates back down. And we've moved away from a focus on trying to purchase the utility to a focus on trying to make sure that the rates are as low as they should be.

But PGE attorney Dudley insists there was no collusion between Enron and Portland General.

Jay Dudley: PGE and Enron were completely separate companies for doing trading during 2000 and 2001. They were several floors apart but they were in one building here in Portland, Oregon.

Robert McCullough: Well, they were on different floors, but it was not at all clear that the separation was as great as it should have been.

Portland has hired local utility analyst Robert McCullough to dig through the documents.

McCullough is a former PGE executive. He's been a witness at Congressional hearings investigating Enron and the energy crisis.

Robert McCullough: It's very difficult to pick up a rock around Enron and not find a creepy crawly underneath it. The criminal conduct was so pervasive and the dollars were so huge that literally every day people find more abuses and more manipulations.

McCullough helped a public utility based in Everett, Washington secure tapes of Enron energy traders.

This one was recorded in 2001 when a wildfire threatened to take out a major power transmission line feeding California. If the line would have been wiped out completely, wholesale power prices would have skyrocketed even further.