

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

AR 499

In the Matter of)	
)	STAFF'S RESPONSE COMMENTS
Adoption of Permanent Rules to Implement)	
SB 408 Relating to Utility Taxes.)	

INTRODUCTION

These separate staff response comments are in addition to the joint comments that staff is concurrently filing. While these comments respond to some issues raised in other participants' opening comments, they do not respond to every proposal and silence on some of the proposals should not be interpreted as acquiescence or agreement.

DISCUSSION

Staff does not oppose the technical corrections proposed by NW Natural (Opening Comments, pages 2-4 and Exhibit A), except we recommend that the clarification language in section 2(k) of the proposed rule be the addition of “and other income” following “excluding other operating revenues. . .” The addition addresses NW Natural’s concerns and is consistent with the definitions in the FERC Uniform System of Accounts for electric and natural gas utilities.

In PacifiCorp's opening comments, page 9, line 25 through page 10, line 6, it proposes to add to total taxes, prior to apportionment, amounts for the affiliated group's unregulated deferred taxes, tax credits and charitable contributions, stating that this can be done because the Commission has broad authority to define properly attributed. While staff agrees that this approach would make sense from a policy perspective, it believes that there is an outstanding legal question of whether the Commission has the discretion to include more add-backs than

1 those defined in (13)(f). Assuming that the Commission's broad authority to define properly
2 attributed allows them include additional add-backs, staff supports the concept.

3 On page 10, line 20, through page 11, line 8, PacifiCorp states that the Commission has
4 discretion to increase the properly attributed amount up to the 3(12) cap to take into account
5 unusual expenses between rate cases. Regardless of whether the Commission does have the
6 discretion to increase the properly attributed amount up to the 3(12) cap to take into account
7 unusual expenses between rate cases, staff understands the Commission's interim order as
8 concluding that such an increase would be inappropriate. *See* Order No. 06-400 at 10-11. As a
9 result, staff does not support increasing the properly attributed amount to take into account
10 unusual expenses between rates cases.

11 NW Natural and PGE proposed that the taxes paid amount for local income taxes be
12 calculated as the utility's stand-alone tax liability (subject to the 12b cap). Staff believes the
13 Commission has the discretion to define taxes paid for local income taxes in that manner, and for
14 simplification purposes may wish to do so. If the Commission decides that an attribution
15 calculation is needed for local income taxes, staff recommends the Commission use the 100%
16 gross income factor described in our opening comments, consistent with the factor used by
17 Multnomah County.

18 DATED this 14th day of August 2006.

19 Respectfully submitted,

20 HARDY MYERS
21 Attorney General

22 

23 Jason W. Jones, #00059
24 Assistant Attorney General
25 Of Attorneys for Staff of the Public Utility
26 Commission of Oregon

1 **CERTIFICATE OF SERVICE**

2 I certify that on August 14, 2006, I served the foregoing upon the parties in this
3 proceeding hereto by electronic mail and sending a true, exact and full copy by regular mail,
4 postage prepaid or by shuttle mail/hand deliver to the parties accepting paper service.

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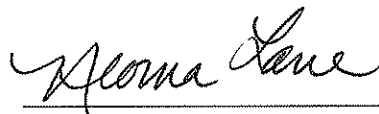
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