

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 22, 2005**

REGULAR X **CONSENT** **EFFECTIVE DATE** N/A

DATE: November 10, 2005

TO: Public Utility Commission

FROM: Judy Johnson

THROUGH: Lee Sparling and Ed Busch

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: Requests the Commission direct Pacific Power & Light, Portland General Electric, Avista Utilities, and Northwest Natural to file tariffs establishing automatic adjustment clauses under the terms of SB 408.

STAFF RECOMMENDATION:

I recommend that the Commission direct Pacific Power & Light, Portland General Electric, Avista Utilities, and Northwest Natural to file, within 60 days, automatic adjustment clause tariffs for taxes subject to SB 408 beginning January 1, 2006, and open a contested case proceeding for each utility under ORS 757.210.

DISCUSSION:

The 2005 legislature passed Senate Bill 408, which requires public utilities to file annual tax reports and other tax information with the Commission. The bill requires the report to provide information concerning the amount of taxes paid by the public utility and the amount of taxes authorized to be collected in rates during specified time periods. Further, the bill requires the Commission to review the report and determine if the amount of taxes assumed in rates differed by at least \$100,000 from the amount of taxes paid by the public utility to units of government. SB 408 directs the Commission, upon finding that difference in amounts, to require the public utility to implement a rate schedule with an automatic adjustment clause accounting for the difference.

Staff has examined the tax reports filed by Pacific Power & Light, Portland General Electric, Avista Utilities, and Northwest Natural. These reports show that the difference between the taxes paid to units of government and taxes collected from customers is greater than \$100,000, thus triggering the automatic adjustment clause. Staff has not

yet completed its audit of the tax reports and does not know the exact difference between the taxes paid and taxes collected, but it is clear that the \$100,000 minimum has been met. Staff recommends that the Commission direct the utilities to make tariff filings for the automatic adjustment clause filings and open a contested case proceeding for each utility under ORS 757.210.

PROPOSED COMMISSION MOTION:

Pacific Power & Light, Portland General Electric, Avista Utilities, and Northwest Natural be directed to file, within 60 days, automatic adjustment clause tariffs for taxes subject to SB 408 beginning January 1, 2006, and that a contested case proceeding for each utility be opened under ORS 757.210.