

Secretary of State

NOTICE OF PROPOSED RULEMAKING HEARING*

A Statement of Need and Fiscal Impact accompanies this form.

Public Utility Commission**860**

Agency and Division

Administrative Rules Chapter Number

Diane Davis**550 Capitol St NE – Suite 215, Salem OR 97301-2551****(503) 378-4372**

Rules Coordinator

Address

Telephone

RULE CAPTION**Annual Tax Reports and Automatic Adjustment Clauses Relating to Public Utility Taxes**

Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.

Hearing Date

Time

Location

Administrative Law Judge

May 31, 2006**9:00 a.m.****Public Utility Commission****Kathryn A. Logan****August 21, 2006****9:30 a.m.****Main Hearing Room, 1st Floor****550 Capitol Street NE****Salem, Oregon***Auxiliary aids for persons with disabilities are available upon advance request.***RULEMAKING ACTION**

Secure approval of new rule numbers (adopted or renumbered) with the Administrative Rules Unit prior to filing.

ADOPT: 860-022-0041**AMEND:****REPEAL:****RENUMBER:****AMEND and RENUMBER:****ORS 756.060**

Stat. Auth:

Other Authority

ORS 757.267 & ORS 757.268

Stats. Implemented:

RULE SUMMARY

This rule establishes the required content for the tax reports required by ORS 757.268 for purposes of aligning taxes collected with taxes paid by four energy utilities. The rule also defines certain statutory terms, such as "properly attributed," so that automatic adjustment clauses can be established and amended based on information provided by the utilities in their tax reports.

The agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

August 21, 2006

Last day for Public Comment

Signature

Diane Davis

Printed Name

Date

STATEMENT OF NEED AND FISCAL IMPACT

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Agency and Division

Administrative Rules Chapter Number

Public Utility Commission

860

In the Matter of the Adoption of Permanent Rules Implementing SB 408 Relating to Utility Taxes.

Rule Caption: Annual Tax Reports and Automatic Adjustment Clauses Relating to Utility Taxes

Statutory Authority: ORS 756.060

Other Authority:

Stats. Implemented: ORS 757.267 & ORS 757.268

Need for the Rule(s): This rule is needed to define terms and establish procedures to implement ORS 757.267 and ORS 757.268 regarding tax reports and automatic adjustment clauses related to utility taxes for four utilities doing business in Oregon.

Documents Relied Upon, and where they are available: ORS 757.267 and ORS 757.268. These two statutes are available at the web site of the Oregon Legislative Counsel at http://www.leg.state.or.us/bills_laws/home.htm. The initial tax reports filed by Avista Corporation, Northwest Natural Gas Company, PacifiCorp and Portland General Electric Company are on file with the Public Utility Commission of Oregon, 550 Capitol Street NE, Salem, OR 97301.

Fiscal and Economic Impact, including Statement of Cost of Compliance: Until a decision is made about the rules, it is impossible to determine the fiscal impact. However, the fiscal impact arises from the legislative enactment of these new statutes, rather than the adoption of rules implementing the statutes. Under the temporary rules, we observed the following about taxes paid and taxes collected for 2004:

PacifiCorp: Taxes paid exceeded taxes collected in rates by \$8,183,784.

Avista: Taxes collected exceeded taxes paid by \$697,000.

PGE: Taxes collected exceeded taxes paid by \$65,402,565.

NW Natural: Taxes paid exceeded taxes collected by \$3,453,000.

The impact of these rules is on ratepayers, who may see either a credit or debit to their utility bills, and on the affected utilities, who may need to refund monies collected for taxes that were not ultimately paid to a federal, state or local taxing authority.

How were small businesses involved in the development of this rule?

Small businesses were not directly involved in the development of the rule. There is no greater effect on small businesses than on any other ratepayer.

Administrative Rule Advisory Committee consulted? No

If not, why? The Commission uses various stakeholders in the development of its rules, but does not use a standing advisory committee. In this instance, all four utilities, Citizens' Utility Board of Oregon, Industrial Customers of Northwest Utilities, and others were involved in drafting this rule.

	Diane Davis	
_____ Authorized Signer	_____ Printed Name	_____ Date