

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 499

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

ALJ
MEMORANDUM

We are scheduled to meet for a conference on January 10, 2006, to discuss how to proceed in this docket. In this memorandum, I have outlined a process that I'd like the participants to consider.

As you know, on December 27, 2005, the Attorney General's opinion was issued, stating that the Commission has a broad range of discretion in defining the term "properly attributed." To assist the Commission in the exercise of this discretion, I propose that the participants divide into groups to draft straw *proposals* (not actual rule language) for the new rules. The purpose of these proposals is to set out the concepts to be included in the rules, the criteria used for establishing those concepts, and the effect of actually applying those concepts.

I suggest that at least three groups be formed. One group should craft a proposal based on Illustration A in the Attorney General's opinion, and another group's proposal should be based on Illustration B. The third group will be Staff, who should consider all possibilities it deems reasonable.

The groups should meet and complete their straw proposals by a date certain. The proposals will then be filed and circulated, with a date certain established for replies to the proposals. The next step is a Commission workshop, at which time the Commissioners could hear presentations from each group and ask questions. Based on the input received, the Commissioners could provide some direction about the drafting of the rules. Rule language would then be drafted to fill out the concepts.

At some point in this process, a notice will be filed with the Secretary of State to start the official process. My intent is to have final rules in place by late July or early August.

We will discuss this process at the January 10, 2006, conference. Any concerns, suggestions, or new ideas can be raised at that time.

Dated at Salem, Oregon, this 3rd day of January, 2006.

Kathryn A. Logan
Administrative Law Judge