

ISSUED: June 19, 2007

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 517

In the Matter of)	MEMORANDUM
)	AND NOTICE OF RULEMAKING
Housekeeping and Clarification Changes)	HEARING
to OAR 860-022-0041.)	

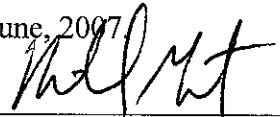
The Public Utility Commission of Oregon (Commission) has opened a rulemaking to amend OAR 860-022-0041 relating to utility taxes. Following a series of informal workshops with interested persons, the Commission Staff has proposed amendments intended to (1) remove an iterative effect caused by calculating a tax effect on the amount either refunded or collected from customers; (2) allow a change in methodology if ownership of the utility changes; (3) remove a potential federal tax law normalization problem caused by drawing down current deferred taxes; (4) create a placeholder due to a legislative proposal so all parties will have the ability to comment on any changes to treatment of the BETC tax credit; and (5) correct the calculation of the "floor" for the three-factor Apportionment Method.

Notice of Proposed Rulemaking Hearing and Statement of Need and Fiscal Impact was filed with the Secretary of State on June 14, 2007, and will be published in the July 2007 Oregon Bulletin. Both are attached to this memorandum, together with a copy the proposed rules.

To conduct this rulemaking docket, the Commission has established the following procedural schedule:

EVENT	DATE
Participants submit opening comments	July 16, 2007
Rulemaking Hearing	July 31, 2007 9:30 a.m. Main Hearing Room PUC Building, 1 st Floor Salem, Oregon
Participants submit closing comments	August 10, 2007

Dated at Salem, Oregon, this 19th day of June, 2007


 Michael Grant
 Chief Administrative Law Judge

Secretary of State
NOTICE OF PROPOSED RULEMAKING HEARING*

A Statement of Need and Fiscal Impact accompanies this form.

<u>Public Utility Commission</u>	860
Agency and Division	Administrative Rules Chapter Number
<u>Diane Davis</u>	<u>550 Capitol St NE – Suite 215, Salem OR 97301-2551</u>
Rules Coordinator	Address
	<u>(503) 378-4372</u>
	Telephone

RULE CAPTION

In the Matter of Housekeeping and Clarification Changes to OAR 860-022-0041.

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

Hearing Date	Time	Location	Administrative Law Judge
July 31, 2007	9:30 a.m.	Public Utility Commission Main Hearing Room, 1st Floor 550 Capitol Street NE Salem, Oregon	Michael Grant

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:

AMEND: 860-022-0041

REPEAL:

RENUMBER:

AMEND and RENUMBER:

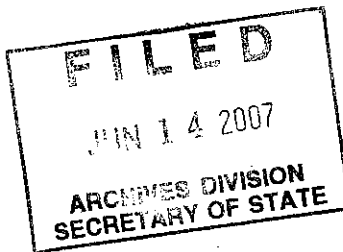
ORS 183, 756, 757 & 759

Stat. Auth:

Other Authority

ORS 756.040, 756.060, 757.267 & 757.268

Stats. Implemented:



RULE SUMMARY

The proposed changes to the Annual Tax Reports and Automatic Adjustment Clauses Relating to Utility Taxes (860-022-0041) include (1) removing an iterative effect caused by calculating a tax effect on the amount either refunded or collected from customers; (2) allowing a change in methodology if ownership of the utility changes; (3) removing a potential federal tax law normalization problem caused by drawing down current deferred taxes; (4) creating a placeholder due to a legislative proposal so all parties will have the ability to comment on any changes to treatment of the BETC tax credit; and (5) correcting the calculation of the "floor" for the three-factor Apportionment Method. If adopted, the proposed changes will make it easier for utilities to prepare their October 15 tax filings.

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 10, 2007

Last day for Public Comment

Last day to submit written comments to the Commission

Diane Davis

Signature

Diane Davis

Printed Name

6-14-07

Date

**Hearing Notices published in the Oregon Bulletin must be submitted by 5:00 p.m. on the 15th day of the preceding month unless this deadline falls on a weekend or legal holiday, upon which the deadline is 5:00 pm the preceding workday.

DOCKETED

Secretary of State

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 Housekeeping and Clarification Changes to OAR 860-022-0041.

Rule Caption: In the Matter of Housekeeping and Clarification Changes to OAR 860-022-0041.

Statutory Authority: ORS 183, 756, 757 & 759

Other Authority:

Stats. Implemented: ORS 756.040, 756.060, 757.267 & 757.268

Need for the Rule(s): This rulemaking is needed to make a few housekeeping and clarification changes to OAR 860-022-0041. If the changes are adopted, the utilities subject to the rule will have an easier time preparing their October 15 tax filings.

Documents Relied Upon, and where they are available:

ORS 757.267 and ORS 757.268. Available on line at http://www.leg.state.or.us/bills_laws/home.htm.

The 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:

The proposed rule amendment will not have an economic impact nor cost of compliance for any state agencies or local units of government. The staff of the Oregon Public Utility Commission currently review the filings associated with this rule. The public utilities subject to this rule will not be subject to any additional reporting, recordkeeping or administrative duties upon adoption of the proposed changes; nor will the public utilities experience any increased administration nor need any additional equipment, supplies, labor or professional services in order to comply with the requirements of the proposed changes. There are no small businesses subject to this rule.

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

The businesses subject to this rule are investor-owned public utilities and are not small businesses. Small businesses are not subject to this rule and were not involved in the development of the proposed amendments.

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 the proposed changes.

<u>Diane Davis</u> Authorized Signer	Diane Davis Printed Name	<u>6-14-07</u> Date
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860-022-0041

Annual Tax Reports and Automatic Adjustment Clauses Relating to Utility Taxes

(1) This rule applies to regulated investor-owned utilities that provided electric or natural gas service to an average of 50,000 or more customers in Oregon in 2003, or to any successors in interest of those utilities that continue to be regulated investor-owned utilities.

(2) As used in this rule:

(a) "Affiliated group" has the meaning given to "affiliated group" in ORS 757.268(13)(a);

(b) "Deferred taxes" for purposes of the utility means the total deferred tax expense of regulated operations; ~~as reported in the deferred tax expense accounts as defined by the Federal Energy Regulatory Commission~~, that relate to the year being reported in the utility's results of operations report or tax returns, excluding deferred taxes related to the establishment of a regulatory receivable or payable account for any rate adjustment imposed under ORS 757.268, in the year the deferred tax is established but not thereafter, to eliminate the iterative tax effect of the rate adjustment;

(c) "Income" means taxable income as determined by the applicable taxing authority, except that income means regulatory taxable income when reporting or computing the stand-alone tax liability resulting from a utility's regulated operations;

(d) "Income tax losses" means the negative taxable income of an entity in the federal taxpayer or unity group, excluding the current deduction of tax depreciation on public utility property and federal investment tax credits related to public utility property;

~~(de)~~ "IRC" means Internal Revenue Code;

~~(ef)~~ "Investment" means capital outlays for utility property necessary or useful in providing regulated service to customers;

(g) "Iterative tax effect" means the tax effect of a rate adjustment for taxes related to ORS 757.267 or ORS 757.268 in the tax reporting period that includes the rate adjustment;

~~(fh)~~ "Local taxes collected" means the total amount collected by the utility from customers under the local tax line-item of customers' bills calculated on a separate city or county basis;

~~(gi)~~ "Pre-tax income" means the utility's net revenues before income taxes and interest expense, as determined by the Commission in a general rate proceeding;

~~(hj)~~ "Properly attributed" means the share of taxes paid that is apportioned to the regulated operations of the utility as calculated in section (3), subject to subsections (4)(a), (4)(b), (4)(g) and (4)(h), of this rule;

~~(ik)~~ "Public utility property" means property as defined by the Code of Federal Regulations, Title 26, ~~s~~Section 168(i)(10);

~~(jl)~~ "Regulated operations of the utility" has the meaning given to "regulated operations of the utility" in ORS 757.268(13)(c);

~~(km)~~ "Results of operations report" means the utility's annual results of operations report filed with the Commission;

~~(ln)~~ "Revenue" means utility retail revenues received from ratepayers in Oregon, excluding supplemental schedules or other revenues not included in the utility's revenue requirement and adjusted for any rate adjustment imposed under this rule;

(mo) "Revenue requirement" means the total revenue the Commission authorizes a utility an opportunity to recover in rates pursuant to a general rate proceeding or other general rate revision, including an annual automatic adjustment clause under ORS 757.210;

(np) "Stand-alone tax liability" means the amount of income tax liability calculated using a pro forma tax return and revenues and expenses in the utility's results of operations report for the year, except using zero depreciation expense for public utility property, excluding any tax effects from investment tax credits, and calculating interest expense in the manner used by the Commission in establishing rates;

(og) "System regulated operations" means those activities of the utility, in Oregon and other jurisdictions, that are subject to rate regulation by any state commission;

(pr) "Tax" has the meaning given to "tax" in ORS 757.268(13)(d);

(qs) "Taxes authorized to be collected in rates" means:

(A) The following for federal and state income taxes calculated by multiplying the following three values:

- (i) The revenue the utility collects, as reported in the utility's results of operations report;
- (ii) The ratio of the net revenues from regulated operations of the utility to gross revenues from regulated operations of the utility, calculated using the pre-tax income and revenue the Commission authorized in establishing rates and revenue requirement; and
- (iii) The effective tax rate used by the Commission in establishing rates for the time period covered by the tax report as set forth in the most recent general rate order or other order that establishes an effective tax rate, calculated as the ratio of total income tax expense in revenue requirement to pre-tax income;

(B) For purposes of paragraph (2)(qs)(A) of this rule, when the Commission has authorized a change during the tax year for gross revenues, net revenues or effective tax rate, the amount of taxes authorized to be collected in rates will be calculated using a weighted average of months in effect;

(rt) "Taxes paid" has the meaning given to "taxes paid" in ORS 757.268(13)(f);

(su) "Taxpayer" means the utility, the affiliated group or the unitary group that files income tax returns with units of government;

(tv) "Tax report" means the tax filing each utility must file with the Commission annually, on or before October 15 following the year for which the filing is being made, pursuant to ORS 757.268;

(uw) "Unitary group" means the utility or the group of corporations of which the utility is a member that files a consolidated state income tax return; and

(vx) "Units of government" means federal, state, and local taxing authorities.

(3) The amount of income taxes paid that is properly attributed to regulated operations of the utility is calculated as follows:

(a) The amount of federal income taxes paid to units of government that is properly attributed to the regulated operations of the utility is the product of the values in paragraphs (3)(a)(A) and (B), subject to subsection (3)(b) of this rule:

(A) The total amount of federal income taxes paid by the federal taxpayer, to which is added:

- (i) The current tax benefit, at the statutory federal income tax rate, of tax depreciation on public utility property;
- (ii) The tax benefits associated with federal investment tax credits related to public utility property; and

- (iii) Imputed tax benefits on charitable contributions and IRC section 45 renewable electricity production tax credits of the affiliated group, except those tax benefits or credits associated with regulated operations of the utility; and
- (B) The average of the ratios calculated for the utility's gross plant, wages and salaries and sales, using amounts allocated to regulated operations of the utility as set forth in the utility's results of operations report in the numerator and amounts for the federal taxpayer in the denominator;
- (b) The amount of federal income taxes paid that is properly attributed to the regulated operations of the utility under subsection (3)(a) of this rule shall not be less than the amount of the federal stand-alone tax liability calculated for the regulated operations of the utility, reduced by the product of:
- (A) The imputed negative tax associated with all federal income tax losses of entities in the utility's federal taxpayer group; ~~after making the adjustments in subparagraphs (3)(a)(A)(i) and (ii) of this rule;~~ and
- (B) The average of the ratios for the utility's gross plant, wages and salaries and sales, using amounts allocated to the regulated operations of the utility as set forth in the utility's results of operations report in the numerator and amounts for the system regulated operations in the denominator;
- (c) The total amount of state income taxes paid to units of government that is properly attributed to the regulated operations of the utility is the product of the values in paragraphs (3)(c)(A) and (B), subject to paragraphs (3)(c)(C) and (D) and subsection (3)(d) of this rule:
- (A) The total amount of Oregon income taxes paid by the Oregon unitary group taxpayer, to which is added:
- (i) The current tax benefit, at the state statutory rate, of tax depreciation on public utility property; and
- (ii) Imputed Oregon tax benefits on charitable contributions ~~and state business energy tax credits related to conservation and renewable energy production~~ of the unitary group, except those tax benefits ~~or credits~~ associated with regulated operations of the utility; and
- (B) The average of the ratios calculated for the utility's gross plant, wages and salaries and sales using amounts allocated to regulated operations of the utility as set forth in the utility's results of operations report in the numerator and amounts for the unitary group taxpayer in Oregon, adjusted to reflect amounts allocated to regulated operations of the utility, in the denominator;
- (C) If a utility's taxes collected in rates reflect non-Oregon state income taxes, the utility must make a one-time permanent election in its October 15, 2006, tax report filing, or in the case of a utility ownership change pursuant to ORS 757.511, in the first tax report filing that includes a tax reporting period reflecting the new ownership, to either:
- (i) Multiply the total amount of Oregon income taxes paid in paragraph (3)(c)(A) of this rule before adjustments by the ratio calculated as the state income tax rate used by the Commission in establishing rates divided by the Oregon statutory tax rate set forth in ORS 317.061; or
- (ii) Calculate the total state taxes paid using the formula set forth in paragraphs (3)(c)(A) and (B) of this rule on a state by state basis, apportioned to Oregon by multiplying the

total state taxes paid by the average of the ratios calculated for gross plant, wages and salaries and sales using amounts allocated to the regulated operations of the utility in the numerator and amounts for the system regulated operations in the denominator;

(D) When Oregon income tax attributable to system regulated operations is 100 percent allocated to Oregon in setting rates, 100 percent of the Oregon income tax of system regulated operations must be attributed to the regulated operations of the utility;

(d) The amount of state income taxes paid that is properly attributed to the regulated utility operations of the utility under subsection (3)(c) of this rule must not be less than:

(A) For a utility for which Oregon state income taxes are the only state income taxes included in rates, the amount of the Oregon state stand-alone tax liability calculated for the regulated operations of the utility, minus the imputed negative tax associated with all Oregon state income tax losses of entities in the utility's unitary group; ~~after making the adjustment in subparagraph (3)(c)(A)(i) of this rule;~~ or

(B) For a utility for which non-Oregon state income taxes are included in rates, the product of:

(i) The sum of the state stand-alone tax liability calculated for the applicable system regulated operations in each state in which the utility is a member of a unitary group, minus the sum of the imputed negative tax associated with all state income tax losses of entities in the utility's unitary group in each state; ~~after making the adjustment in subparagraph (3)(c)(A)(i) of this rule for each state;~~ and

(ii) The average of the ratios calculated for gross plant, wages and salaries and sales using amounts allocated to the regulated operations of the utility in the numerator and amounts for the system regulated operations in the denominator;

(e) The amount of local income taxes paid to units of government that is properly attributed to the regulated operations of a utility is the product of the values in paragraphs (3)(c)(A) and (B) of this rule for each local taxing authority in Oregon:

(A) The total amount of income taxes paid by the taxpayer to the local taxing authority, as adjusted to include the imputed effect on local income taxes of:

(i) The current tax benefit of tax depreciation on public utility property; and

(ii) Imputed tax benefits on charitable contributions of the taxpayer except those associated with regulated operations of the utility; and

(B) The ratio calculated using the method for apportioning taxable income used by the local taxing authority, with the amount for the regulated operations of the utility in the local taxing authority in the numerator and the amount for the taxpayer in the local taxing authority in the denominator.

(4) On or before October 15 of each year, each utility must file a tax report with the Commission. The tax report must contain the following applicable information for each of the three preceding fiscal years:

(a) The amount of federal and state income taxes paid to units of government by the taxpayer, as adjusted pursuant to subparagraphs (3)(a)(A)(i), ~~and (ii) and (iii)~~ of this rule;

(b) The amount of the utility's federal and state income taxes paid that is incurred as a result of income generated by the regulated operations of the utility, where:

(A) The amount of federal income taxes paid is equal to the federal stand-alone tax liability calculated for the regulated operations of the utility;

- (B) For a utility for which Oregon state income taxes are the only state income taxes included in rates, the utility's state income taxes paid is the Oregon state stand-alone tax liability calculated for the regulated operations of the utility; and
- (C) For a utility for which non-Oregon state income taxes are included in rates, the amount of state income taxes paid is the product of:
- (i) The sum of the state stand-alone tax liability calculated for the applicable system regulated operations in each state in which the utility is a member of a unitary group; and
 - (ii) The ratio calculated as the income of the regulated operations of the utility divided by the income of the system regulated operations;
- (c) The amount of federal and state income taxes paid to units of government by the taxpayer that is properly attributed to the regulated operations of the utility, as calculated in section (3) of this rule;
- (d) The lowest of the amounts in subsections (4)(a), (4)(b) and (4)(c) of this rule, after making adjustments ~~for~~ **in paragraphs (4)(d)(A), (4)(d)(B), (4)(d)(C), (4)(d)(D), and (4)(d)(E), but no less than the deferred taxes related to depreciation of public utility property for regulated operations of the utility, except the deferred tax amount must be reduced by any tax refunds recognized in the reporting period and apportioned to the regulated operations of the utility:**
- (A) The items defined in subsection (2)(~~rt~~) of this rule;
 - (B) A reduction equal to the current tax benefit related to tax depreciation of public utility property for regulated operations of the utility; ~~and~~
 - (C) A reduction equal to the tax benefit related to federal investment tax credits recognized by the Commission in establishing rates;
 - (D) An increase equal to the tax benefit of Oregon business energy tax credits, including those credits transferred pursuant to ORS 469.206 and ORS 469.208, of the unitary group, excluding those credits covered by subsection (4)(d)(A); and**
 - (E) Elimination of the iterative tax effect to the extent such iterative tax effect has not been eliminated by subsection (4)(d)(A) of this rule;**
- (e) The amount of federal and state income taxes authorized to be collected in rates;
- (f) The amount of the difference between the amounts in subsections (4)(d) and (4)(e) of this rule;
- (g) The amount of local income taxes paid to units of government by the taxpayer, calculated for each local taxing authority, and to which is added the imputed effect on local income taxes of the amount in subparagraph (3)(e)(A)(i) of this rule;
- (h) The amount of local income taxes paid to units of government by the taxpayer that is incurred as a result of income generated by the regulated operations of the utility, calculated as the stand-alone tax liability in each local taxing authority;
- (i) The amount of local income taxes paid to units of government by the taxpayer that is properly attributed to the regulated operations of the utility, as calculated in section (3) of this rule for each local taxing authority;
- (j) The lowest of the amounts in subsections (4)(g), (4)(h) and (4)(i) of this rule, calculated for each local taxing authority, after making adjustments for:
- (A) The items defined in subsection (2)(~~rt~~) of this rule; and
 - (B) A reduction equal to the local tax effect of the current tax benefit related to tax depreciation of public utility property for regulated operations of the utility; ~~and~~

(C) Elimination of the iterative tax effect to the extent such iterative tax effect has not been eliminated by subsection (4)(j)(A) of this rule;

- (k) The amount of local income taxes collected from Oregon customers, calculated for each local taxing authority;
 - (l) The amount of the difference between the amounts in subsection (4)(j) and (4)(k) of this rule, calculated for each local taxing authority;
 - (m) The proposed surcharge or surcredit rate adjustments for each customer rate schedule to charge or refund customers the amount of the differences in subsections (4)(f) and (4)(l) of this rule;
 - (n) If the utility claims the minimum taxes paid amount set by subsections (3)(b) and (3)(d) of this rule, the total federal and state income tax losses in the utility's affiliated and unitary groups associated with the imputed negative tax claimed; and
 - (o) Any adjustments, in addition to the adjustments required in section (3) and subsections (4)(a) through (4)(n) of this rule, that the utility proposes to avoid probable violations of federal tax normalization requirements.
- (5) In calculating the amount of taxes paid under sections (3) and (4) of this rule:
- (a) "Taxes paid" must be allocated to each tax year employed by the utility for reporting its tax liability in the following manner:
 - (A) For any tax return prepared for the preceding tax year and filed on or before the date the tax report is due for such tax year, the utility must allocate each reported tax liability to the tax year for which such return is filed;
 - (B) For each tax liability or tax adjustment shown on an amended tax return or made as a result of a tax audit, that is filed, paid or received after the date the tax report is due for the applicable tax year, the utility must allocate the tax liability or tax adjustment to the tax year that is recognized by the utility for accounting purposes;
 - (C) Taxes paid must include any interest paid to or interest received from units of government with respect to tax liabilities;
 - (b) When a utility's fiscal year or parent changes, and a partial year consolidated federal income tax return is filed during the year, taxes paid must be calculated in the manner defined by ORS 314.355 and OAR 150-314.355. For purposes of this rule, the amount of taxes paid must reflect a weighted average of the months in effect related to each tax return filing.
- (6) The utility must explain the method used for calculating the amounts in this rule and provide copies of all workpapers and documents supporting the calculations.
- (7) The Commission will establish an ongoing docket for each of the October 15 tax report filings. Upon signing a protective order prepared by the Commission, any intervenor may have access to all such tax report filings, subject to the terms of the protective order:
- (a) Within 20 days following the tax report filings, an Administrative Law Judge will conduct a conference and adopt a schedule;
 - (b) Within 180 days of the tax report filings, the Commission will issue an order that contains the following findings:
 - (A) Whether the taxes authorized to be collected in rates for any of the three preceding fiscal years differs by \$100,000 or more from the amount of taxes paid to units of government that is properly attributed to the regulated operations of the utility;

(B) For the preceding fiscal year, the difference between the amount of federal and state income taxes paid to units of government by the taxpayer that is properly attributed to the regulated operations of the utility and the amount of taxes authorized to be collected in rates;

(C) For the preceding fiscal year, the difference between the amount of local income taxes paid to units of government by the taxpayer that is properly attributed to the regulated operations of the utility and the amount of local taxes collected in rates; and

(c) Any other finding or determination necessary to implement the automatic adjustment clause.

(8) Upon entry of an order finding a difference of \$100,000 or more in section (7) of this rule, the utility must file an amended tariff, to be effective each June 1 unless otherwise authorized by the Commission, to implement a rate adjustment applying to taxes paid to units of government and collected from ratepayers for each fiscal year beginning on or after January 1, 2006;

(a) The utility must establish a balancing account and automatic adjustment clause tariff to recover or refund the difference determined by the Commission in paragraph (7)(b)(B) of this rule through a surcharge or surcredit rate adjustment;

(b) A utility that is assessed a local income tax must establish a separate balancing account and automatic adjustment clause tariff for each local taxing authority assessing such tax. The utility must apply a surcharge or surcredit on the bills of customers within the local taxing authority assessing the tax. The amount of the surcharge or surcredit must be calculated to recover or refund the difference determined by the Commission in paragraph (7)(b)(C) of this rule;

(c) Any rate adjustment must be calculated to amortize the difference determined by the Commission in paragraphs (7)(b)(B) and (7)(b)(C) of this rule over a period authorized by the Commission;

(d) Any rate adjustment must be allocated by customer rate schedule according to equal percentage of margin for natural gas utilities and equal cents per kilowatt-hour for electric utilities, unless otherwise authorized by the Commission;

(e) Each balancing account must accrue interest at the Commission-authorized rate for deferred accounts. For purposes of calculating interest, the amount of the difference calculated in this section of the rule will be deemed to be added to the balancing account on July 1 of the tax year;

(f) The automatic adjustment clause must not operate in a manner that allocates to customers any portion of the benefits of deferred taxes resulting from accelerated depreciation or other tax treatment of utility investment or regulated affiliate investment required to ensure compliance with the normalization method of accounting or any other requirements of federal tax law;

(g) On or before December 31, 2006, each utility must seek a Private Letter Ruling from the Internal Revenue Service on whether the utility's compliance with ORS 757.268 or this rule would cause the utility to fail to comply with any provision of federal tax law, including normalization requirements. Each utility must file a draft of its Private Letter Ruling Request with the Commission on or before November 15, 2006. While a utility's request for a Private Letter Ruling is pending, or a related Revenue Ruling is pending, no rate adjustment will be implemented, but interest will accrue according to subsection

(8)(e) of this rule on the amount of any rate adjustment determined by the Commission pursuant to paragraphs (7)(b)(B) and (7)(b)(C) of this rule.

(9) No later than 30 days following the Commission's findings in section (7) of this rule, any person may petition to terminate the automatic adjustment clause on the basis that it would result in a material adverse effect on customers. In the event of a filing under this section, the applicable rate adjustment will not be implemented until the Commission makes its determination. If the Commission denies the request to terminate the rate adjustment, interest will accrue according to subsection (8)(e) of this rule on the final amount of the rate adjustment.

(10) At any time, a utility may file a claim that a rate adjustment under the automatic adjustment clause violates ORS 756.040 or other applicable law. In making a determination regarding a potential violation of ORS 756.040, the Commission will perform an earnings review using the utility's results of operations report for the applicable tax year.

Stat. Auth.: ORS 183, 756, 757 & 759

Stats. Implemented: ORS 756.040, 756.060, 757.267 & 757.268

Hist.: PUC 8-2006, f. & cert. ef. 9-18-06