

BRAD AVAKIAN
Deputy Democratic Whip
State Representative

DISTRICT 34
WASHINGTON COUNTY



**HOUSE OF REPRESENTATIVES
900 COURT ST NE
SALEM, OREGON 97301**

October 13, 2005

Lee Beyer, Chairman
Oregon Public Utility Commission
550 Capitol Street NE #215
Salem, OR 97308

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P.U.C

Dear Chairman Beyer:

After reading the temporary rules on SB 408, I have some concern that the Commission's actions may not be consistent with the legislature's intent in the bill.

I voted against SB 408 on the House floor. Its legality was questionable, and unintended consequences appeared likely. While I believe that the bill was not the best solution in addressing the manner in which utility taxes are collected and paid, it is nevertheless the law, and it is important that it be interpreted in a manner consistent with the legislature's intent.

The problem presented to the 2005 legislature was that utilities had been collecting taxes through customer rates but not always indicating payment of that tax to the appropriate government body. SB 408 attempts to correct this by adjusting a customer's bill when utilities paid less in taxes than that which was collected in rates. The legislature did not intend that SB 408 be applied to forecasted taxes. Neither was it intended to make adjustments prior to 2007 or to reach to affiliate businesses of the utility to obtain those tax benefits that would go back to utility customers. The appropriate application of SB 408 is to ensure that the taxes actually collected by the utility company are taxes actually paid.

Please consider these comments as you and the Commission craft your permanent rules. As always, I would welcome a conversation with you if you want to discuss this further. And, as always, I thank you and the Commission for your good service to the people of Oregon.

Sincerely,

Brad Avakian
Oregon State Representative, District 34

cc: Commissioner Ray Baum
Commissioner John Savage
Governor Theodore R. Kulongoski

