

GEORGE L. GILMAN
State Representative

DISTRICT 55



Committees:

Chair:

Transportation

Member:

Business, Labor &
Consumer Affairs

HOUSE OF REPRESENTATIVES

October 28, 2005

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

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Dear Chairman Beyer:

I am writing to voice my concern about the approach to rulemaking on SB 408 that is emerging from the Oregon Public Utility Commission. It is important to ensure that the rules you are currently developing accurately reflect the intent of the Legislature.

As enacted, SB 408 seeks to reconcile gaps between taxes collected in energy utilities' rates and the amount of taxes paid to units of government by the utilities' owners. SB 408 responded to customers' concerns that a utility might collect 100 units of money in rates but the taxpayer of which the utility is a part paid less than the 100 units in total. I understood the legislation that passed the House and was concurred in by the Senate will provide for adjustments, to the extent appropriate, for taxes collected in rates and taxes paid by utilities or consolidated taxpayers including utilities in 2006, with adjustments beginning to flow to customers in 2007.

I understand the Commission is seeking to claim for utility customers a portion of tax losses from businesses affiliated with a utility due to the fact they are part of a consolidated tax return even when the consolidated tax filer pays more in taxes overall than the utility collected in rates. The reason I voted against SB 408 was my fear of unintended consequences during rulemaking and interpretation of the legislation. The current rules have not alleviated that fear. The Legislature voted to adjust utility rates when taxpayers paid more taxes in rates than units of government collected from the utility or consolidated taxpayer. It did not vote to shift any benefits of tax losses to utility customers when the consolidated taxpayer paid as much or more in taxes than was collected in rates but had tax losses among its individual affiliated businesses.

Very truly yours,



George L. Gilman