

FRANK MORSE
State Senator

DISTRICT 8
LINN & BENTON COUNTIES

REPLY TO ADDRESS INDICATED:

- ☐ 900 Court St NE S-215
Salem, OR 97301
- ☐ 3616 Eagle View
Albany, OR 97322



OREGON STATE SENATE
900 COURT ST NE
SALEM, OREGON 97301

RECEIVED
NOV 02 2005
P.U.C.

November 1, 2005

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

Dear Chairman Beyer:

I am writing to you to voice my concern about the approach the Oregon Public Utility Commission is taking in the development of the regulations to implement Senate Bill 408. It is important to me and to the other Members of the Legislature who supported the bill to ensure that it is implemented in a consistent and fair way.

I supported SB 408 because it would align taxes paid with tax amounts that regulated utilities collect from state and federal income taxes in rates. If utilities or their owners pay less in taxes than is collected in rates, then customers' bills should be reduced to reflect the difference. The legislation requires an initial report this month to determine if enough of a disparity exists between taxes collected and taxes paid to establish an adjustment mechanism but gives the Commission, utilities, and customers time to sort out implementation issues in order to implement initial adjustments in 2007 based on taxes collected in rates and taxes paid to governments in 2006.

I am concerned that the Commission may adopt rules that go beyond what the Legislature intended. The Commission's temporary rule on SB 408 would, if it becomes the model for calculating adjustments, punish utilities and their parent companies by taking losses from affiliated businesses and allocating them back to Oregon ratepayers, even when the utility and/or its parent pays as much or more in total taxes than was collected in rates. The interpretation of SB 408 to examine each affiliated business of a utility even if their overall tax payments are equal to more than the utility's tax collections is neither consistent with the intention of the Legislature nor in the interest of promoting investment in the Oregon

I urge you and your colleagues to take caution when working toward permanent rules on implementing SB 408 as the potential impacts of misinterpreting the legislative intent are serious and could critically damage the economic climate in the state.

Thank you for your consideration of this matter.

Sincerely,

Frank Morse
Senator, Senate District 8

cc:

Commissioner Ray Baum
Commissioner John Savage
Governor Theodore R. Kulongoski