

**GORDON S. ANDERSON D.D. S.**  
**State Representative**

DISTRICT 3  
JOSEPHINE COUNTY



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

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October 16, 2005

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P.U.C

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

Dear Chairman Beyer: *Lee*

I am writing to you in regard to the rules currently being developed by the Oregon Public Utility Commission to implement Senate Bill 408. As I learn more about the direction the Commission is taking in its rulemaking, I am becoming more and more concerned about the Commission's approach diverging from the Legislature's original intent in passing the bill.

Senate Bill 408 is meant to ensure that Oregon utility ratepayers are not charged for taxes in their rates that are not ultimately paid to taxing authorities. The proponents of the legislation were clear that the bill would provide a true up of taxes collected and taxes actually paid. In cases like PGE and Enron's, where the utility collects more in taxes than the utility or its parent pay in their tax returns, then ratepayers should be credited back the difference. To ensure fairness in the application of this new law, we also intended that the true up would look at actual tax results with any potential adjustments resulting from 2006 tax year information. I think most if not all of my colleagues would agree with that assessment of our intent when we passed the bill.

As the Commission has now taken steps to implement SB 408, I am deeply disturbed at the direction the Commission is heading with its temporary rulemaking. I believe the temporary rules adopted by the Commission go beyond the Legislature's intent by now appropriating tax losses from unregulated affiliated businesses of utilities and passing those benefits through to ratepayers, even when the consolidated group pays more in taxes than the utility collected in rates. This is an interpretation that was never intended by the Legislature.

I urge you to reconsider this temporary rule and adopt the permanent rules for SB 408 more consistent with the intent and direction provided by the Legislature.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gordon", written over a diagonal line that extends from the left margin towards the center of the page.

Gordon S. Anderson, D.D.S.  
State Representative  
District 3

Copies:

Governor Theodore R. Kulongoski  
Commissioner Ray Baum  
Commissioner John Savage