

WAYNE SCOTT
House Majority Leader
District 39, Clackamas County



Committees:
Co-chair, Ways & Means
Chair, State & Federal Affairs

HOUSE OF REPRESENTATIVES

RECEIVED

September 29, 2005

SEP 29 2005

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

Dear Chairman Beyer:

With the Oregon Public Utility Commission in the process of developing regulations to implement Senate Bill 408, it is important to ensure that those rules accurately reflect the intent of the Legislature. I am concerned about the approach to rulemaking on SB 408 that is emerging from the Commission.

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 share this concern and worked to gain passage of the legislation in the House, which 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.

It is neither good policy nor the intent of the Legislature in passing SB 408 to claim a portion of tax losses from business affiliates with a utility due to the fact they are part of a consolidated tax return. Such a policy would artificially deflate the return a utility owner would be allowed to earn on its utility investment, and would do this because of business activities having nothing to do with providing electric and gas service to Oregonians.

Members of the House voted to adjust electric and gas bills when taxpayers paid more taxes in rates than units of government collected from the utility or consolidated taxpayer. The House did not intend 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.

I have attached a series of floor letters from SB 408 supporters which underscore my description of what the House set out to do by passing the bill. Thank you for your attention to this matter.

Sincerely,

Wayne Scott
House Majority Leader & State Representative for District 39

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



OREGON

NFIB/Oregon Supports SB 408

July 27, 2005

NFIB/Oregon supports SB 408 as it passed House State & Federal Affairs Committee on July 26th. The House Committee adopted the -22 amendments supported by NFIB, AOI, Oregon Restaurant Association, OFIC, and ICNU.

Ever since the significant increases in PGE's rates that were approved in 2001, NFIB's 12,000 small business members have lined up squarely behind legislative efforts to increase choice and affordability in the electricity marketplace.

SB 408 is one of the most promising and common-sense approaches to bringing some measure of rate relief to Oregon's small businesses.

SB 408 seeks to ensure that investor-owned utilities charge rates that reflect the actual amount of taxes paid. If the utility charges for taxes that are not actually paid, SB 408 will allow the PUC to direct the utility to adjust rates to reflect the fact that it over-collected from ratepayers.

SB 408 could potentially result in significant energy savings for Oregon's small business electricity consumers. For example, as a stand alone entity, PGE might have a tax liability of \$70 million to \$90 million that are reflected in its rates but not paid to any Oregon government entity.

NFIB agrees that SB 408 establishes much-needed integrity in how Oregon's investor-owned electric utilities charges its consumers for actual taxes paid. We also believe it will result in rate relief.

NFIB/Oregon respectfully requests your support for SB 408.

From the desk of
Rep. Brian J. Boquist