

RICK METSGER  
State Senator



OREGON STATE SENATE  
SALEM, OREGON  
97301

Committees:

Chair:

Business & Economic  
Development

Member:

Human Services  
Revenue  
Transportation

October 26, 2005

Chairman Lee Beyer  
Public Utility Commission of Oregon  
550 Capitol St NE #215  
Salem, OR, 97301

Re: Senate Bill 408

Dear Chairman Beyer:

Certain of my colleagues from the Oregon Legislature have expressed concern to you in recent weeks that the Commission has overstepped its authority in adopting temporary rules to implement Senate Bill 408. Others have complained that the OPUC's implementation of the Bill is anti-business. I am writing as one of the chief sponsors of SB 408 to express my support for the Commission's temporary rule and for the Commission Staff's hard work in formulating rules that implement the Bill in a manner that gives effect to the letter and spirit of the law. I urge you to continue in this direction in adopting permanent rules to give further definition to SB 408.

SB 408 is a pro-business bill and implementing it in a manner that ensures that that utilities collect in rates only the amount of taxes paid that are properly attributed to the regulated utility helps the Oregon business climate. One reason that SB 408 was enacted was to prevent ratepayers from being charged for taxes that are never paid to government, which had resulted in millions of dollars flowing from Oregon businesses to out-of-state parent companies in Houston and Scotland. The arguments that the OPUC should not establish rules that fairly allocate the total taxes paid by an affiliated group among all members of that group fail to recognize the fundamental purpose of SB 408. SB 408 does not impact the decision to include the utility in a consolidated tax group—the utility parent company makes that decision. If the parent company includes the utility in a consolidated tax group, however, SB 408 ensures that rates include only the utility's fair share of the consolidated group's tax liability.

The claims that SB 408 did not intend that a utility included in a consolidated tax group would share in losses of unregulated affiliates in determining the amount of taxes paid that are properly attributed to the utility are incorrect. Adopting an interpretation that results in utility customers continuing to bear more than their fair share of the taxes paid by an affiliated group would undermine the effectiveness of SB 408 and perpetuate the problem that SB 408 was enacted to resolve.

Sincerely,

  
Rick Metsger

cc: Commissioner Ray Baum  
Commissioner John Savage

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OCT 28 2005  
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