

**SAL ESQUIVEL**  
**State Representative**

DISTRICT 6

Assistant Majority Leader



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

October 10, 2005

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

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P.U.C.

**Committees:**

Vice-Chair:

Business, Labor and  
Consumer Affairs

Member:

General Government

Member:

Revenue

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.

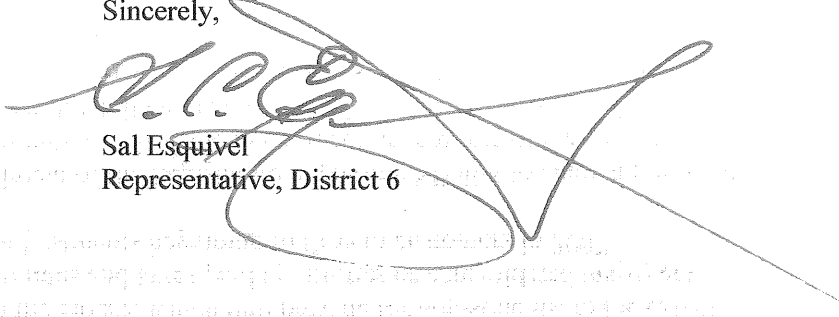
As enacted, SB 408 seeks to reconcile gaps between taxes collected in energy utilities' rates and the amount of taxes paid to units of government by the utilities' owners. SB 408 responded to customers' concerns that a utility might collect 100 units of money in rates but the taxpayer of which the utility is a part paid less than the 100 units in total. I 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.

I voted to adjust utility rates when taxpayers paid more taxes in rates than units of government collected from the utility or consolidated taxpayer. I did not vote or 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.

Thank you for your attention to this matter.

Sincerely,

  
Sal Esquivel  
Representative, District 6

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