



MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS
501 S.E. HAWTHORNE BLVD. , Room 600
PORTLAND, OREGON 97204
(503) 988-5217

LISA NAITO ● DISTRICT 3 COMMISSIONER

March 4, 2005

Lee Beyer, Commission Chair
Ray Baum, Commissioner
John Savage, Commissioner
Oregon Public Utility Commission
via email: puc.taxwhitepaper@state.or.us

RE: Request for comments on DOJ memorandum on recognizing a corporate parent's tax liability in setting utility rates

Dear Commissioners:

Thank you for the opportunity to provide comment on the treatment of income taxes in utility ratemaking.

You have been advised by the Department of Justice that "the Commission has the discretion to change its policy of calculating tax expenses." I urge you to exercise that discretion and change your policy to make certain that utility customers in Oregon and in Multnomah County are no longer duped into paying a "tax" that is not paid to their local governments, but is instead routed into utility company coffers.

Our County's utility customers rightly expect the utility bill line item they pay -- labeled "Collected on behalf of local government...Multnomah County Tax (0.356%)" -- should actually go to the County. Because these monies have instead been diverted into utility company bank accounts, Multnomah County, in a time of decreasing revenues, has had to make even deeper cuts to vital public safety and human services. This is unconscionable.

It is deceptive to continue a sleight-of-hand policy that in essence says, "actual taxes paid need not equal taxes collected through utility rates." Oregonians deserve a fair, accountable and transparent policy from you, the watchdog of the utility industries, whose stated duty is "to ensure that customers receive safe, reliable services at reasonable rates." The collection of "taxes" that are never paid as taxes is simply a hidden rate charge that defies reason.

Sincerely,

LISA NAITO
Commissioner
Multnomah County
District 3