

From: Karen Laumand
To: Jennifer Busch
Date: 5/8/03 11:52AM
Subject: Re: Multnomah County Tax Billed to Customers

Jennifer,

Thanks for the info. Since the tax is not currently appearing on the average customers bill due to the small percentage/rounding, the tax will now come and go. Your statement that the rate was really chosen as a placeholder is understandable and therefore the only reason a rate should always be maintained. It seems that implementing a minimum rate of 1 cent during times of overcollection would always insure that the tax appeared on ALL customers bills. An idea to think about for the future.

Karen

Karen Laumand
PGE
503-464-8918
503-464-2236 Fax

>>> Jennifer Busch 05/08/03 11:28AM >>>

The TIB 44 rate is .00001

At the time, Marcia said we really didn't need to collect but that it was historically better to collect something rather than having the tax come and go which is more confusing to customers. So, the rate was chosen really as a placeholder for the tax for when we do need to collect.

>>> Karen Laumand 05/08/03 11:16AM >>>

The Multnomah County taxes collected remains overcollected therefore the Multnomah County Tax rate should remain at .00001 (or .0001?). This rate was determined back in October 2002 and was effective 10-29-02 with cycle 1. It is my opinion that we should not be collecting any Mult. Cty taxes from the customers but perhaps there are circumstances that I am not aware of.

A few comments I have.....

- Marcia Romito submitted a rate of .00001 in Oct. 2002, the confirmation back showed .0001
- The current amount collected monthly is approx. \$150/mth
- The rate is so small that it is apparently appearing only on very large customer bills (I assume industrial/commercial) and is not shown on the average customer bill. This disputes the argument that some rate, no matter what, should always be included on the customers bill so that the tax collection is always shown.

Let me know your comments.

Thanks,
Karen

Karen Laumand
PGE
503-464-8918
503-464-2236 Fax

CC: Bruce Sirnio; Debra Halverson; Katherine Schaffran; Sarah Anderson; Wil Devenport

From: Marcia Romito
To: Jim Barnes
Date: 10/26/2001 1:07 PM
Subject: Re: Multnomah County Tax Billed to Customers
Brian Kuehne; Carolyn Winowitch; DARRINGTON OUTAMA; Karen Orr; RANDY DAHLGREN; Valerie Giles

See below. Let me know if you have more questions.

>>> Jim Barnes 10/26/01 12:34PM >>>

Marcia - sorry, I still have a couple of questions. Can you or Karen summarize this along the following lines, with the goal of determining if we need to make any changes to the 2001 Earnings Forecast or 2002 Budget

1) What is the impact on tax expense and revenue for 2001 and 2002, relative to what is included in the September 2001 FOR and 2002 budget.

Answer: No effect on tax expense. I calculate additional revenue of 551,000 for taxes collected in 2001. I will have to get a complete forecast for 2002 from Karen.

2) per your email, I presume we are increasing the tax rate to .007282 to collect the increased tax expense.

Answer: We are increasing the tax rate to pick up the under collection of taxes for 1999, 2000 based on actual tax returns filed and revised estimate for the remaining 2001.

3) given items one and two, is there a timing difference between when we recognize the tax expense and the increased revenue flow, such that we need to either create a reserve to capture the timing difference or to simply note that there is a timing difference in our variance analysis.

Yes, there is a timing difference between when we recognize the tax expense and increased revenue. Usually there is not much of a difference, however with the wholesale sales activity in 2000, with some of those sales being apportioned to Multnomah Cty. we did not have that increase included in our apportionment.

My understanding that only Multnomah county residents pay this tax. Have we allocated all of our wholesale sales to Multnomah county? If yes, then only Multnomah county residents are paying the tax for sales that benefitted all our customers. I'm concerned with overcharging a subset of our customer base. Or did we somehow only allocate a portion of these sales to Multnomah county and the rest to Washington, Clackamas, etc?

We have not allocated all wholesale sales to Multnomah County. We allocated only the sales which occur in Multnomah County. Then our income is apportioned accordingly. Thanks, jb

>>> Marcia Romito 10/26/01 12:00PM >>>

We need to change the Multnomah County Tax rate to .007282 to be effective on or around November 1, 2001.

It was determined that the ratepayers did benefit as we avoided a rate increase due to wholesale sales. We recalculated the Multnomah County tax for 2000 excluding the speculative profits from wholesale sales.

I like to thank all of you for your input and patience as we worked through the calculation.

Let me know if you have any questions. Thanks! Marcia

AFFIDAVIT Ex. 5

Kafoury v. PGE
PGE000214

From: Marcia Romito
To: LAURA LIDDELL; RUSS ORR
Date: 10/26/2001 12:00 PM
Subject: Multnomah County Tax Billed to Customers
Jim Barnes; Jim Murray; Karen Orr; MARC CODY; RANDY DAHLGREN; SARA CARDWELL

We need to change the Multnomah County Tax rate to .007282 to be effective on or around November 1, 2001.

It was determined that the ratepayers did benefit as we avoided a rate increase due to wholesale sales. We recalculated the Multnomah County tax for 2000 excluding the speculative profits from wholesale sales.

I would like to thank all of you for your input and patience as we worked through the calculation.

Let me know if you have any questions. Thanks! Marcia

AFFIDAVIT Ex. 6

Kafoury v. PGE
PGE000215

MARCIA ROMITO - 2000-2002 Speculative Settlements

From: Scott Gardner
To: Jim Murray; Marcia Romito; Renee Harris
Date: 10/26/2001 10:29 AM
Subject: 2000-2002 Speculative Settlements
Scott Gardner

Attached is a breakdown of the speculative (trading) settlements for 2000-2002 (excludes all mark-to-market). Included are actuals for 2000 and YTD 2001, along with remaining forecast of settlements for Q4 2001 and 2002.

Please let me know if you have any questions.

Scott

AFFIDAVIT Ex. 7

Kafoury v. PGE
PGE000226

From: Jim Barnes
To: Brian Kuehne; Kirk Stevens
Date: 10/26/2001 8:54 AM
Subject: Re: Fwd: Multnomah County Tax Billed to Customers
C Marcia Romito; RANDY DAHLGREN

fyi - I talked to Dahlgren this morning and he is going to figure out whether the 2000 amount can also be recovered through our supplemental Mult. Cty tax tariff. If yes, then we would not have to take the \$1.1 MM as a hit to earnings. Also since the 2001 taxes are recoverable via the tariff there should not be an earnings hit, just timing on cash flow.

I also asked Marcia to determine if the sales were split between retail and spec, our retail customers shouldn't pay for spec trading taxes.

I would also argue that customers did benefit from the sales in 2000 because they resulted in not having to file for a NVPC deferral in 2000, i.e, customers avoided a rate increase due to the good wholesale margins.

jb

>>> Jim Piro 10/25/01 06:24PM >>>
we need to get this into the forecast

>>> Marcia Romito 10/25/01 11:41AM >>>

In calculating a new rate for Multnomah County tax billed to customers, there could be a substantial increase, (approximately from .00273 to .0163) The reason for the increase is our income apportioned to Multnomah County increased from 26% to 55% as a result of Wholesale Sales being allocated to Mult. Cty. This resulted in an under collection of Multnomah County Tax for the year 2000 in the amount of 1.1 million.

The question is since the ratepayers in 2000 did not benefit from the wholesale sales, can we pass the under collection of tax to the shareholders?

We have the same situation in 2001, however, there is a PCA in 2001, and the ratepayers are benefitting from the wholesale sales. Therefore all of the Multnomah County Tax will be allocated to the ratepayers in 2001.

Please let us know your thoughts on this. Thanks! Marcia

AFFIDAVIT Ex. 8

Kafoury v. PGE
PGE000230

Relating to Local Government Fees, Taxes, and Other Assessments Imposed Upon an Energy or Large Telecommunications Utility

(1) If any county in Oregon, other than a city-county, imposes upon an energy or large telecommunications utility any new taxes or license, franchise, or operating permit fees, or increases any such taxes or fees, the utility required to pay such taxes or fees shall collect from its customers within the county imposing such taxes or fees the amount of the taxes or fees, or the amount of increase in such taxes or fees. However, if the taxes or fees cover the operations of an energy or large telecommunications utility in only a portion of a county, then the affected utility shall recover the amount of the taxes or fees or increase in the amount thereof from customers in the portion of the county which is subject to the taxes or fees. "Taxes," as used in this rule, means sales, use, net income, gross receipts, payroll, business or occupation taxes, levies, fees, or charges other than ad valorem taxes.

(2) The amount collected from each utility customer pursuant to section (1) of this rule shall be separately stated and identified in all customer billings.

(3) This rule applies to new or increased taxes imposed on and after December 16, 1971, including new or increased taxes imposed retroactively after that date.

(4) If any county, energy or large telecommunications utility, or customer affected by this rule deems the rule's application in any instance to be unjust or unreasonable, it may apply for a waiver of this rule by petition to the Commission, setting forth the reasons why the rule should not apply.

Stat. Auth.: ORS 183, ORS 756, ORS 757 & ORS 759

Stats. Implemented: ORS 757.110 & ORS 759.115

Hist.: PUC 164, f. 4-18-74, ef. 5-11-74 (Order No. 74-307); PUC 7-1998, f. & cert. ef. 4-8-98; PUC 16-2001, f. & cert. ef. 6-21-01

Dave Hunt - Billing of Wholesale Sales. IE - Change with city. Tax

Retail - vs - wholesale - due to prices - vs - volume

26% 55%

AFFIDAVIT Ex. 9

Kafoury v. PGE
PGE000240

From: RUSS ORR
To: Jerilynn Coleman, Marcia Romito
Date: Mon, Nov 1, 1999 1:41 PM
Subject: Re: Multnomah Count Tax Rate Change

The new Multnomah County Tax rate has been changed to .00852 in the billing programs (Online and Batch). The new rate is effective with meter readings on Nov 2, 1999.

Thanks,
Russ Orr
612-3992

>>> Marcia Romito 10/21 3:37 PM >>>

We need to change the Multnomah County Business Tax rate to .00852 to be effective on November 2, 1999.

At the of 1998 we were undercollected due to Multnomah County having a one time 1998 increase of .5% tax, which we did not include in our estimated rate. This is the reason for the jump from .00164 to .00852, in case you get some phone calls on it. Let me know if you have any questions.

Please let me know when the rate chage has been implemented.

Thanks!

>>> RUSS ORR 10/18 12:59 PM >>>

It's that time again. I will need the new rate by 10-25-99 so I can update all the billing programs. The effective date will be 11-2-99.

Thanks,
Russ Orr
612-3992

CC: Kurt Eggebrecht, LAURA LIDDELL, Ron Unruh, Sara...