

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 15, 2019

REGULAR  CONSENT  EFFECTIVE DATE January 16, 2019

DATE: December 31, 2018

TO: Public Utility Commission

FROM: Brian Fjeldheim *BF*

THROUGH: *EPH* Jason Eisdorfer, *Jc* John Crider, and *MG* Marianne Gardner

SUBJECT: PACIFIC POWER: (Docket No. ADV 895/Advice No. 18-009) Adjust Schedule 103, Multnomah County Business Income Tax Recovery (MCBIT).

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Pacific Power's (PacifiCorp or Company) request to amend its Schedule 103, which recovers the Multnomah County Business Income Tax (MCBIT) payments, for service rendered on and after January 16, 2019.

**DISCUSSION:**

Issue

Whether the Commission should approve PacifiCorp's proposed update to Schedule 103 and adjust the rate used to recover annual MCBIT payments.

Applicable law

PacifiCorp submitted this filing on December 13, 2018, pursuant to ORS 757.205, OAR 860-022-0025, and OAR 860-022-0030. The proposed rate adjustment schedule applies to all customers receiving service within the boundaries of Multnomah County.

The Commission reviews this filing in accordance with OAR 860-022-0045, which states in part:

If any county in Oregon... imposes upon an energy utility any new or increased 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.

ORS 757.259(5) provides that:

Unless subject to an automatic adjustment clause under ORS 757.210 (1), amounts described in this section shall be allowed in rates only to the extent authorized by the commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. The commission may require that amortization of deferred amounts be subject to refund. The commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the commission that the amount was prudently incurred by the utility.

Analysis

The Company maintains a balancing account to accrue any difference between the Company's actual MCBIT expenses and the revenues collected from customers to pay MCBIT expenses. The rate adjustment in this filing reflects the Company's projections of the 2019 MCBIT tax expense and the current state of the MCBIT balancing account.

The Company determines the rate to recover MCBIT by forecasting its expected MCBIT liability for the next calendar year and then adding this forecasted amount to the over- or under-collection for MCBIT in the prior year. This produces an estimated net MCBIT liability dollar amount, which is then divided by the most recent 12 months of retail revenues for Multnomah County, resulting in the Company's projected MCBIT rate.

2019 PacifiCorp MCBIT Rate

|   |     |                |
|---|-----|----------------|
| Multnomah Co. - retail revenues (Nov '17 - Oct '18)     | (A) | \$ 177,809,069 |
| 2018 MCBIT balancing account - (over) / under collected | (B) | \$ (46,666)    |
| 2019 MCBIT liability (est.)                             | (C) | \$ 451,241     |
| 2019 MCBIT revenue need (est.) (B) + (C)                | (D) | \$ 404,575     |
| 2019 MCBIT Rate (D) / (A)                               | (E) | 0.23%          |

The current MCBIT rate of 0.33 percent was authorized by the Commission during the

April 10, 2018, Public Meeting.<sup>1</sup> The proposed rate of 0.23 percent is a decrease from the current rate and is calculated to recover the projected MCBIT tax expenses in 2019 with the goal of reducing the balancing account to zero by the end of 2019. PacifiCorp estimates the proposed rate will affect approximately 80,000 customers in Multnomah County. A residential customer consuming 900 kilowatt-hours (kWh) monthly will see a bill decrease of approximately \$0.10 a month.

### Conclusion

After reviewing PacifiCorp's filing and accompanying work papers, Staff finds that PacifiCorp's proposed rate is reasonable. Because this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, OAR 860-022-0030, and OAR 860-022-0045, Staff recommends the Commission approve PacifiCorp's request to amend Schedule 103 rates.

### **PROPOSED COMMISSION MOTION:**

Approve PacifiCorp's application to adjust the rate for Schedule 103, Multnomah County Business Income Tax Recovery, and allow the associated tariff to take effect with service rendered on and after January 16, 2019.

CA6-PAC Advice No 18-009 MCBIT

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<sup>1</sup> *In the Matter of PacifiCorp, d.b.a. Pacific Power, Advice No. 18-001 (ADV 726), Schedule 103, Multnomah County Business Income Tax (MCBIT) Rate for 2018.* OPUC Docket No. UE 338, Order No. 18-126.