



Oregon

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Public Utility Commission

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March 22, 2022



BY EMAIL

PacifiCorp

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RE: Advice No. 22-001

At the public meeting on March 22, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1372. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 22, 2022**

REGULAR CONSENT EFFECTIVE DATE March 23, 2022

DATE: March 8, 2022

TO: Public Utility Commission

FROM: John Fox

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1372/Advice No. 22-001)
Schedule 104 - Oregon Corporate Activity Tax Recovery Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Pacific Power's (PacifiCorp, PAC, or Company) Advice No. 22-001, updating its Schedule 104 – Oregon Corporate Activity Tax Recovery Adjustment, for service rendered on and after March 23, 2022.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's proposed revision of Schedule 104 – Oregon Corporate Activity Tax Recovery Adjustment – which seeks to recover via an Automatic Adjustment Clause the annual forecast amount of the Oregon Corporate Activity Tax and a true-up of the previous year's over- or under-recovery of tax relative to the Company's actual tax liability.

Applicable Rule or Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules,

including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220.

OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

In Order No. 20-028, the Commission approved PacifiCorp's application requesting authorization for a deferred account and a new tariff, Schedule 104, implementing a rate schedule, balancing account, and automatic adjustment clause for the Oregon Corporate Activity Tax (OCAT) with the condition that the tariff will terminate and the tax will be included in base rates at a future date to be agreed upon by the parties.¹

In Order No. 20-473, the Commission denied Staff's proposal to include the OCAT in 2021 base rates in the amount of \$5.2 million, finding that:

[T]he record of this proceeding does not demonstrate that this level of expense is sufficiently certain to include in base rates at this time. Accordingly, we adopt PacifiCorp's request to continue to track and defer the variance between the revenues collected and the actual OCAT expense in the balancing account authorized in Order No. 20-028.²

At its April 20, 2021, regular public meeting, the Commission approved PacifiCorp's Advice No. 21-006, updating its Schedule 104 – Oregon Corporate Activity Tax Recovery Adjustment, for service rendered on and after April 21, 2021.

In Order No. 22-040, the Commission approved PacifiCorp's most recent application requesting reauthorization of deferred accounting for the Oregon Corporate Activity Tax for the 12-month period beginning January 1, 2022.³

¹ *In re PacifiCorp*, OPUC Docket Nos. UM 2036, UE 367, Order No. 20-028 (Jan. 29, 2020).

² *In re PacifiCorp*, OPUC Docket No. UE 374, Order No. 20-473 at 107 (Dec. 18, 2020).

³ *In re PacifiCorp*, OPUC Docket No. UM 2036(2), Order No. 22-040 (Feb 10, 2022).

Current Filing

The Company states that this a housekeeping filing to update the language in Schedule 104, as to reflect the cancellation of Schedule 297 and creation of new Schedule 291 as approved in Advice Letter 21-022.⁴

Analysis

PacifiCorp's application leaves the tariff rate unchanged at 0.54 percent of the total billed subject to the exclusions stated in the tariff.

In Order No. 22-040, Staff noted that tariff rates are currently set to recover \$6.524 million annually, mostly due to under recovery of OCAT taxes in 2020. Furthermore, actual 2021 revenue collections were \$5.504 million, leaving a deferred balance of \$810 thousand as of November 30, 2021.⁵ Accordingly, Staff finds that continuing the tariff rate of 0.54 percent is commensurate with the information provided in that filing.

As no change in tariff rate is proposed, the requirements of OAR 860-022-0025(2) and OAR 860-022-0030 are not applicable.

Conclusion

For the reasons stated above, Staff recommends the Commission approve PacifiCorp's proposed revision of Schedule 104 – Oregon Corporate Activity Tax Recovery Adjustment.

The Company has reviewed a draft of this memo and has not noted any concerns.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 22-001, updating its Schedule 104 – Oregon Corporate Activity Tax Recovery Adjustment, for service rendered on and after March 23, 2022.

ADV 1372 PacifiCorp Schedule 104 OCAT.docx

⁴ PacifiCorp's Advice No. 21-022. *Tariffs to Implement 2021 House Bills 3141 and 2165 for Public Purpose, Energy Efficiency and Transportation Electrification Funds*. Approved December 28, 2021.

⁵ See UM 2036(2) Supplemental Application filed December 23, 2021 at 4.

**OREGON CORPORATE ACTIVITY TAX
RECOVERY ADJUSTMENT**

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Purpose

To recover from Consumers in the State of Oregon the Oregon Corporate Activity Tax (OCAT) paid by the Company in accordance with HB 3427-A.

Applicable

To all bills for all Consumers whose electric service requirements are supplied by the Company in the State of Oregon.

Balancing Account

A balancing account will be maintained to accrue any difference between the Company's actual OCAT expense and the amount collected from Consumers through this adjustment rate. Any over- or under-collection of the OCAT expense will be considered when the OCAT Rate is periodically reviewed.

Oregon Corporate Activity Tax Recovery Adjustment Rate

The adjustment rate is:

0.54% of the total billed amount to the Consumer excluding the Low Income Bill Payment Assistance Fund (Schedule 91), the Adjustment Associated with the Pacific Northwest Power Planning and Conservation Act (Schedule 98), the Public Purpose Charge (Schedule 290), the System Benefits Charge (Schedule 291) and separately stated state and local taxes.

(C)

The adjustment rate will be reviewed periodically and updated as necessary to collect the expected OCAT expense and to correct any over- or under-collection in the OCAT balancing account.