

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 20, 2016

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2017

DATE: December 1, 2016

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH: Jason Eisdorfer and Marc Hellman  

SUBJECT: NORTHWEST NATURAL: (Docket No. ADV 435/Advice No. 16-20)  
Updates Schedule A, Multnomah County Business Income Tax Recovery.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve NW Natural's filing to adjust the rate of Schedule A, Multnomah County Business Income Tax Recovery, and allow the associated tariff to take effect on January 1, 2017.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's request to adjust the rate collected through its Schedule A, Multnomah County Business Income Tax Recovery (MCBIT).

Applicable Law

NW Natural makes this filing pursuant to ORS 757.205, ORS 757.210, and OAR 860-022-0030.

Further, the adjustment schedule represented in this filing applies to all customers receiving service within the boundaries of Multnomah County in accordance with OAR 860-022-0045, which says in part:

If any county in Oregon imposes or increases taxes or licensing, franchise, or operating permit fees, the utility required to pay such

taxes or fees shall collect the amount from its customers within the county imposing such taxes or fees.

### Analysis

The Company maintains a balancing account to accrue any difference between the Company's actual MCBIT expenses and what is collected from customers. The rate adjustment in this filing reflects the Company's projections of the 2017 MCBIT tax expense and the current state of the MCBIT balancing account.

The Company determines the MCBIT rate by forecasting its expected MCBIT tax liability for the next calendar year and adding this forecasted amount to the expected over- or under-collection of the prior year MCBIT taxes. This total amount is then divided by the forecasted revenues for Multnomah County to determine the final MCBIT rate.

The Company estimates that it will end calendar year 2016 with an over collection of \$413,109 and that the MCBIT tax liability in 2017 will be about \$100, resulting in a total amount to be refunded in 2017 of \$413,009. This equates to a proposed MCBIT rate of -0.22 percent, which is a decrease from the currently effective rate of 0.32 percent.

The proposed MCBIT rate is forecasted based on normal weather. The over collection happened because the weather was warmer than normal which decreases revenues and more taxes were collected from customers than the Company actually owed. The small 2017 tax liability is due to NW Natural's expectation of increased expenditures for assets that will be eligible for bonus depreciation, thus lowering taxes.

The proposed change in the MCBIT rate will decrease the average bill of a Multnomah County residential customer using an average of 50 therms per month by about \$0.13. There are about 199,163 NW Natural customers in Multnomah County, which is 31.1 percent of NW Natural's Oregon customer base.

### Conclusion

After a review of NW Natural's filing and accompanying work papers, Staff finds that the Company's proposed rate is reasonable. As this filing meets the requirements of ORS 757.205, ORS 757.210, and OAR 860-022-0030, Staff recommends the Commission approve it.

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**PROPOSED COMMISSION MOTION:**

Approve NW Natural's filing to adjust the rate of Schedule A, Multnomah County Business Income Tax Recovery, and allow the associated tariff to take effect on January 1, 2017.

NWN Advice 16-20 MCBIT