



Oregon

Kate Brown, Governor

Public Utility Commission

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March 23, 2021



BY EMAIL

PacifiCorp

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RE: Advice No. 21-004

At the public meeting on March 23, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1244. 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 23, 2021**

REGULAR CONSENT EFFECTIVE DATE March 24, 2021

DATE: March 12, 2021

TO: Public Utility Commission

FROM: John Fox

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1244/Advice No. 21-004)
Schedule 103, updates the company's Multnomah County Business
Income Tax Recovery for 2021.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Pacific Power's (PacifiCorp, PAC, or Company) Advice No. 21-004, updating its Schedule 103 - Multnomah County Business Income Tax (MCBIT) payments, for service rendered on and after March 24, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's proposed update to its Schedule 103 to adjust the rate related to recovery of its MCBIT payments.

Applicable Law

PacifiCorp submitted this filing on February 17, 2021, pursuant to ORS 757.205, OAR 860-022-0025, and OAR 860-022-0030. The 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:

When a county in Oregon imposes new or increased taxes or license, franchise, or operating permit fees upon an energy utility, the utility shall collect the amount from its customers within the county imposing such taxes or fees.

Analysis

The Company determines the MCBIT rate by forecasting its expected MCBIT tax liability for the next calendar year. The Company maintains a balancing account to accrue any difference between the Company's actual MCBIT expenses and what it collects from customers over the year. The over or under collection in the prior year is then added to the forecast amount for the following year. The total amount is divided by the forecasted revenues for Multnomah County to determine the final MCBIT rate. The rate adjustment in this filing reflects the Company's projections of the 2021 MCBIT tax expense and the current state of the MCBIT balancing account.

The current MCBIT rate of 0.05 percent was authorized by the Commission beginning February 1, 2020.¹ The proposed rate of 0.25 percent is a fivefold increase from the current rate, and it has been calculated to recover the projected tax expenses in 2021 with the goal of reducing the balancing account to zero by the end of 2021.

The Company provided additional information, via informal inquiry, reconciling the under-collected MCBIT tax liability of \$331,274 stated in the application. This information also indicates the under-collected amount is due to higher than expected Multnomah County taxable income as well as an increase in the MCBIT tax rate from 1.45 percent to 2.00 percent.

Further review of recent tariff revisions shows the requested 0.25 percent rate for 2021 is commensurate with tariff rates in earlier years as summarized in the following table:

¹ *In re PacifiCorp*, OPUC Docket No. ADV 1077 (Approved at January 28, 2020 Regular Public Meeting).

Oregon Schedule 103 - Recent History

Tariff		PacifiCorp	
Revision #	PUC Docket	Advice #	MCBIT Rate
7	ADV 210	16-02	0.31%
8	ADV 451	16-018	0.23%
9	ADV 726	18-001	0.33%
10	ADV 895	18-009	0.23%
11	ADV 1077	19-023	0.05%
Proposed rate:			
12	ADV 1244	21-004	0.25%

PacifiCorp estimates that this rate change will affect approximately 82,000 customers in Multnomah County. A residential customer consuming 900 kWh monthly will see a bill increase of approximately \$0.18 per month.

Conclusion

After a review of 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, OAR 860-022-0025, OAR 860-022-0030, and OAR 860-022-0045, Staff recommends the Commission approve it.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 21-004, updating its Schedule 103 - Multnomah County Business Income Tax payments, for service rendered on and after March 24, 2021.

**MULTNOMAH COUNTY BUSINESS
INCOME TAX RECOVERY**

Purpose

To recover from Consumers in Multnomah County the Multnomah County Business Income Tax (MCBIT) paid by the Company in accordance with Chapter 12 of the Multnomah County Code and OAR 860-022-0045.

Applicable

To all Consumers whose electric service requirements are supplied by the Company within Multnomah County.

Balancing Account

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

MCBIT Rate

The MCBIT Rate is:

0.25% of the total billed amount to the Consumer excluding the Low Income Bill Payment Assistance Fund (Schedule 91), Public Purpose Charge (Schedule 290), and all other separately stated taxes. (1)

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