



Oregon

Kate Brown, Governor

Public Utility Commission

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December 13, 2022



BY EMAIL

Portland General Electric Company

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RE: Advice No. 22-29

At the public meeting on December 13, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1442. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 13, 2022**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2023

DATE: November 22, 2022

TO: Public Utility Commission

FROM: Steph Yamada

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1442/Advice No. 22-29)
Schedule 103, Metro Supportive Housing Services Business Income Tax.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE) Advice No. 22-29, revising Schedule 103, for the collection of the Metro Supportive Housing Services Tax from customers that reside within the Metro jurisdiction effective January 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to adjust the rate collected through its Schedule 103, Metro Supportive Housing Services (MSHS) Business Income Tax Recovery.

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. OAR 860-022-0030 contains similar requirements for the filing of schedules naming increased rates.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates 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. ORS 757.259(4); OAR 860-027-0300(9).

Analysis

Background

In May 2020, voters in Multnomah County, Washington County, and Clackamas County approved a measure to raise money for supportive housing services for people experiencing homelessness or at risk of experiencing homelessness in the greater Portland area. The program is administered by the Portland Area Metropolitan Service District (Metro) and funded by a one percent tax on taxable income of more than \$125,000 for individuals and \$200,000 for couples filing jointly, and a one percent tax on profits from businesses with gross receipts of more than \$5 million. The taxes are effective for tax years beginning on and after January 1, 2021.

The Company maintains a balancing account to accrue any difference between the Company's actual MSHS expenses and what is collected from customers. The ongoing deferrals associated with the MSHS balancing account are filed annually in Docket No. UM 2131, most recently approved for the 12-month period beginning January 1, 2022.¹

Each year, the Company makes an advice filing to adjust the Schedule 103 rate to reflect the Company's projections of the MSHS tax expense for the coming year, as well as incorporating any residual balance from the previous year. The Company determines the MSHS Rate by forecasting its expected MSHS tax liability for the next calendar year and adding this forecasted amount to the expected over or under-collection of the prior year MSHS taxes. This total amount is then divided by the forecasted revenues from customers within Metro to determine the final MSHS Rate. The current Schedule 103

¹ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Deferral of Costs and Revenues Associated with the Metro Supportive Housing Services Tax*, Docket No. UM 2131(1), Order No. 22-074, March 11, 2022.

rate of zero percent was approved in Docket No. ADV 1335 and became effective January 1, 2022.

Current filing

The rate adjustment in this filing reflects the Company's projections of the 2023 MSHS tax expense and the current state of the MSHS balancing account. PGE requests to set the MSHS tax rate to 0.024 percent effective January 1, 2023, and provides the following explanation:

2022 was the second year that PGE was required to pay the MSHS income tax for "commercial activity" within Metro's jurisdiction. PGE estimated the tax in 2022 to be \$446K, however the tax PGE expects to pay is closer to \$850K due to an increase in taxable income. The 2023 estimated tax is estimated to be about \$779K.

In response to informal inquiry from Staff, the Company indicated that the current estimate for 2022 taxable income is higher than previous projections "due to higher pretax income, lower tax depreciation, and deferred tax items being trued up at year end."²

PGE also states,

In 2022 the Schedule 103 collection rate was set to 0% due to less than [expected] taxable income in 2021 and over-estimating the tax during the first year of collection. The projected balance after tax payments made in 2022 is estimated to be a credit of about \$378K. PGE proposes to set the Schedule 103 collection rate to 0.024% in order to amortize the remaining 2023 estimated tax PGE expects to pay.

Specifically, the proposed rate of 0.024 percent is calculated as follows.

| | | |
|---|--|-----------------|
| | Projected 2023 MSHS Tax | \$769,027 |
| - | 2022 Balancing Account Ending Balance | \$378,188 |
| = | Target Amortization | \$390,839 |
| ÷ | Projected 2023 revenue in Metro area | \$1,645,540,763 |
| = | Proposed Schedule 103 MSHS Rate | 0.024% |

To satisfy the requirements of OARs 860-022-0025(2) and 860-022-0030, PGE provides the following responses:

² Via email November 14, 2022.

The proposed Schedule 103 rate change will result in a 0.03% overall rate increase for approximately 782,000 Clackamas, Multnomah, and Washington County Customers within Metro's jurisdiction. A typical Schedule 7 Residential Customer consuming 780 kWh monthly will see a bill increase of approximately \$0.03.

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

Conclusion

Staff has reviewed the Company's filing, provided work papers, and responses to informal inquiries regarding this filing. For the reasons stated above, Staff recommends the Commission approve PGE's proposed revision of tariff Schedule 103, MSHS Business Income Tax Recovery.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 22-29, revising the Schedule 103 rate to 0.024 percent for the collection of the MSHS Tax from customers that reside within the Metro jurisdiction effective for service rendered on and after January 1, 2023.

**SCHEDULE 103
METRO SUPPORTIVE HOUSING SERVICES BUSINESS INCOME TAX RECOVERY**

PURPOSE

To recover from Customers inside Metro's jurisdiction in Clackamas, Multnomah and Washington Counties the Metro Supportive Housing Services (MSHS) Business Income Tax paid by the Company in accordance with Measure 26-210 OAR 860-022-0045 and to establish an associated Automatic Adjustment Clause and balancing account.

APPLICABLE

All Customers receiving Electricity Service within Metro's jurisdiction in Clackamas, Multnomah and Washington Counties.

BALANCING ACCOUNT

The MSHS Balancing Account will be maintained to accrue any difference between the Company's actual local income tax liability and the amount collected from Customers under this Schedule. Any over or under-collection reflected in this account will be considered when the Metro Supportive Housing Services Rate is established. This Balancing Account will accrue interest at the Commission-authorized rate for deferred accounts.

METRO SUPPORTIVE HOUSING SERVICES RATE DETERMINATION

The MSHS Rate is determined by dividing the sum of forecast MSHS tax liability plus or minus any amount in the Balancing Account divided by forecast Retail Revenue from Customers in Metro's jurisdiction in Clackamas, Multnomah or Washington Counties for each tax year or other applicable recovery period.

MSHS RATE

The MSHS Rate is:

0.024% of the total billed amount to the Customer excluding the Public Purpose Charge (Schedule 108), Energy Efficiency Funding Adjustment (Schedule 109), Low Income Assistance Charge (Schedule 115) and all other separately stated taxes.

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