

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 28, 2023**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  January 1, 2024

**DATE:** December 15, 2023

**TO:** Public Utility Commission

**FROM:** David Abraham

**THROUGH:** Bryan Conway, Marc Hellman, and Anna Kim **SIGNED**

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. ADV 1563/Advise No. 23-26)  
Filing to revise Schedule A – Billing City and County Exactions.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-26 revising the exaction rates for the Metro Supportive Housing Services (MSHS) tax and adjusting the Multnomah County Business Income Tax (MCBIT) percentage rate in Schedule A, effective January 1, 2024.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's Advice No. 23-26 to 1) revise the exaction rates to Schedule A for the MSHS tax for Portland Area Metropolitan Service District customers for 2024, and 2) revise the exaction rates to Schedule A to adjust the MCBIT percentage rate to customers in Multnomah County for 2024.

Applicable Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just, and reasonable.

ORS 757.220 provides that no change shall be made in any schedule, except upon 30 days' notice to the Commission before the time the changes are to take effect.

Analysis

*Schedule A*

Schedule A includes business or occupation taxes, license, franchise or operating permit fees, or similar "exactions" imposed upon the Company by any city, county, or local/regional entity for engaging in business or for use and occupancy of streets and public ways.

*Proposed MSHS Tax*

In May 2020, voters in Multnomah County, Washington County, and Clackamas County approved Measure 26-210 supporting homeless services through higher earners' income tax and business profits tax. 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 \$200,000 for couples filing jointly and over \$125,000 for single filers, and a one percent tax on profits from businesses with gross receipts of more than \$5 million. The taxes have been effective for tax years beginning on or after January 1, 2021, and are imposed in Multnomah, Washington, and Clackamas counties.

The MSHS Tax on businesses is collected from customers in the Metro jurisdictional region through Schedule A. An MSHS Tax balancing account will be maintained to accrue any difference between the Company's actual Metro Tax expense and the amount collected from customers.

The Company estimates the MSHS Tax liability to be collected will be a surcharge of \$427,037. This equates to a proposed MSHS rate of 0.07 percent to be collected through Schedule A, which is an increase of 0.11 percent from the current rate of -0.04 percent. The last time The Company updated the MSHS rate was January 1, 2023, where rates decreased to return overcollection of \$209,430. The Company states that the number of customers in the Metro region affected by the proposed change is 444,820.

The Company's calculation of the MSHS rate is below:

<b>Table 1 – MSHS Tax rate</b>	\$427,037
Forecasted amount to be collected/refunded	
Forecasted Metro regional revenues	\$653,806,248
2024 MSHS Exaction rate	0.07%

The proposed MSHS rate will increase the average bill of a residential customer in the Metro jurisdictional region using an average of 56 therms per month by about \$0.06 and the average Schedule 3 non-residential customer in the Metro jurisdictional region using an average of 255 therms per month by about \$0.20.

*Proposed MCBIT Adjustment*

Multnomah County assesses a business income tax of 1.45 percent of the net business income on “persons” doing business in the county. Revenue from MCBIT is directed to the county general fund and used to finance libraries, law enforcement, community corrections, jails, juvenile justice, bridges, social services, and health services.

The MCBIT is collected from customers in Multnomah County through Schedule A. The Company estimates it will end the calendar year 2023 with an under-collection of \$259,424, including a 2022 tax true-up surcharge of \$145,807. The MCBIT tax liability estimate for 2024 will be about \$153,970, resulting in a total amount to be collected in 2024 of \$424,972 including interest. This equates to a proposed MCBIT rate of 0.14 percent, which is an increase of 0.19 percent from the current rate of -0.05 percent. The last time the Company updated the MCBIT rate was January 1, 2023, where rates decreased to return overcollection of \$321,616.

The Company’s calculation of the MSHS rate is below:

<b>Table 1 – MCBIT Tax rate</b>	\$424,972
Forecasted amount to be collected/refunded	
Forecasted Metro regional revenues	\$295,923,845
2024 MSHS Exaction rate	0.14%

The proposed MCBIT rate will increase the average bill of a Multnomah County residential customer using an average of 56 therms per month by about \$0.11 and the average Schedule 3 nonresidential customer using an average of 255 therms per month by about \$0.41.

Conclusion

After a review of NW Natural’s filing and accompanying work papers, Staff finds that NW Natural’s proposed rate is reasonable. As this filing meets the requirements of ORS 757.205, ORS 757.210, and ORS 757.220, Staff recommends the Commission approve NW Natural’s filing.

Docket No. ADV 1563  
December 15, 2023  
Page 4

**PROPOSED COMMISSION MOTION:**

Approve Advice No. 23-26, NW Natural's request to revise its exaction rates for the Metro Supportive Housing Services tax and the Multnomah County Business Income Tax percentage rate in Schedule A, effective with service rendered on and after January 1, 2024.

CA11 NWN ADV1563/Advise No. 23-26