

ITEM NO. CA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 5, 2017

REGULAR CONSENT EFFECTIVE DATE January 1, 2018

DATE: November 21, 2017

TO: Public Utility Commission

FROM: John Fox *JF*

THROUGH: *JE* Jason Eisdorfer and *Jc* John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 649/Advice No. 17-25) Updates Schedule 106, Multnomah County Business Income Tax Recovery.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's filing and allow the associated tariff to go into effect on January 1, 2018.

DISCUSSION:

Issue

Whether Portland General Electric (PGE or Company) be allowed to adjust the rate collected through its Schedule 106, Multnomah County Business Income Tax Recovery. This tax is commonly referred to as the MCBIT.

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.)
The adjustment schedule in this filing applies to all customers receiving service within the boundaries of Multnomah County in accordance with OAR 860-022-0045, which provides, in relevant part:

If any county in Oregon * * * imposes upon an energy or large telecommunications utility any new taxes or license, franchise, or operating permit fees, or increases any such taxes or fees, the utility required to pay such taxes or fees shall collect from its customers within the county imposing such taxes or fees the amount of the taxes or fees, or the amount of the increase in such taxes or fees.

Analysis

The Company maintains a balancing account to accrue the 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 2018 MCBIT tax expense and the current balance of the MCBIT balancing account, which is about \$673,377.

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.

Work papers submitted with the current filing estimate cumulative excess collections of \$674,000 as of December 31, 2017. The company is proposing to split this amount in half and apply \$337,000 as a reduction in the schedule 106 rate for 2018 resulting in estimated net revenue of \$150,862.

The current rate of 0.098 percent was authorized by the Commission at its November 22, 2016 Public Meeting (Advice No. 16-14). The proposed rate of 0.027 percent in this filing has been calculated to recover the projected tax expenses from January 1 through December 31, 2018.

PGE estimates that this rate change will result in a 0.071 percent decrease to the approximately 292,000 Multnomah County customers subject to the MCBIT. A

residential customer consuming 820 kWh monthly will see a bill decrease of approximately \$0.06.

Conclusion

After a review of PGE's filing and accompanying work papers, Staff finds that PGE's proposed rate is reasonable. The balancing account was originally approved pursuant to Advice No. 06-12. Neither the tariff nor Commission order specifies a method to be used when the balancing account exceeds the annual revenue required. Staff concludes amortizing the excess amount over a period of two years as PGE proposes will promote rate stability for customers and is equitable.

As this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, Staff recommends the Commission approve PGE's filing.

PROPOSED COMMISSION MOTION:

Approve PGE's filing to adjust the rate of Schedule 106, Multnomah County Business Income Tax Recovery, and the associated tariff be allowed to take effect for service on and after January 1, 2018.