

ITEM NO. CA19

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: December 18, 2017

REGULAR CONSENT EFFECTIVE DATE January 1, 2018

DATE: November 30, 2017

TO: Public Utility Commission

FROM: John Fox JF

THROUGH: Jason Eisdorfer and John Crider Jc

SUBJECT: NORTHWEST NATURAL GAS:
(Docket No. ADV 660/Advice No. 17-17) Revisions to Schedule A:
Multnomah County Business Income Tax (MCBIT).

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, 2018.

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 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, OAR 860-022-0030, 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 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 2018 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 2017 with an under collection of \$246,814 and that the MCBIT tax liability in 2018 will be about \$28,930, resulting in a total amount to be collected in 2018 of \$279,312. This equates to a proposed MCBIT rate of 0.14 percent, which is an increase of 0.36 percent from the current rate of -0.22 percent.

The proposed change in the MCBIT rate will increase the average bill of a Multnomah County residential customer using an average of 50 therms per month by about \$0.07, and the average Schedule 3 non-residential customer using an average of 231 therms per month by about \$0.28. There are about 201,387 NW Natural customers in Multnomah County, which is 31.0 percent of NW Natural's total Oregon customer base.

Staff has reviewed the history of changes in the MCBIT rate since the Company's most recent general rate case in 2012 (UG-221). The balancing account is functioning as intended.

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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, ORS 757.220, and OAR 860-022-0030, Staff recommends the Commission approve it.

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, 2018.

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