

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: December 28, 2021**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** December 7, 2021

**DATE:** December 20, 2021

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. UM 1986(3))  
Request for reauthorization to use Deferred Accounting to support PGE's use of balancing accounts.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) request to authorize deferral of the variance between revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning December 7, 2021.

**DISCUSSION**

Issue

Whether the Commission should approve PGE's request for authorization to use deferred accounting to support PGE's use of a balancing account for the MCBIT for the 12-month period beginning December 7, 2021.

Applicable Law

PGE filed its application in accordance with 757.259 and OAR 860-027-0300. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later ratemaking treatment, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. OAR 860-027-0300 sets forth the requirements for applications to defer.

## Analysis

### *Background*

The Company maintains a balancing account to accrue any difference between the Company's actual MCBIT expense and what is collected from customers. Each year, the Company makes an advice filing to adjust the rate to reflect the Company's projections of the MCBIT tax expense for the coming year, as well as incorporating any residual balance from the previous year.

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 deferred amounts may result in an increase or a decrease in the MCBIT rate for the following year.

### *Proposed Accounting*

PGE proposes to account for the expenses and revenues associated with the MCBIT by recording the deferral in FERC Account 242, (Current Regulatory Liability). MCBIT payments are debited to FERC Account 242 and credited to FERC Account 407.4 (Regulatory Credit). The amortization of MCBIT is credited to Account 242 and debited to account 407.4. Interest will accrue on the balance at the approved blended treasury rate.

### *Estimated Deferrals in Authorization Period*

PGE stated that amounts deferred can vary based on the amount of costs and revenues collected for this tax. As such deferred amounts can vary from year to year. The previous year's balance was approximately (\$435,000).

### *Information Related to Future Amortization*

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.

- Rate Spread/Design – The costs are allocated among all Multnomah County customers on an equal cents per kilowatt basis.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

### Conclusion

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve PGE's application.

### **PROPOSED COMMISSION MOTION:**

Approve PGE's request for authorization to use deferred accounting to support PGE's use of a balancing account for the MCBIT for the 12-month period beginning December 7, 2021.