



Oregon

Kate Brown, Governor

Public Utility Commission

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March 23, 2021



BY EMAIL

Portland General Electric Company

pge.opuc.filings@pgn.com

RE: Advice No. 21-05

At the public meeting on March 23, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1250. 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: March 23, 2021**

REGULAR **CONSENT** **EFFECTIVE DATE** April 1, 2021

DATE: March 12, 2021

TO: Public Utility Commission

FROM: John Fox

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1250/Advice No. 21-05)
Schedule 103, Metro Supportive Housing Services Business Income Tax.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE) Advice No. 21-05, revising Schedule 103, for the collection of the Metro Supportive Housing Services Tax from customers that reside within the Metro jurisdiction effective for service on or after April 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed revision of Schedule 103 – Metro Supportive Housing Services Business Income Tax Recovery – which seeks to recover via an Automatic Adjustment Clause the annual forecast amount of the Metro Supportive Housing Services (MSHS) Tax and a true-up of the previous year's over- or under-recovery of tax relative to the Company's actual tax liability.

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.

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 1 percent tax on taxable income of more than \$125,000 for individuals and \$200,000 for couples filing jointly, and a 1 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.

In Order No. 21-029, the Commission approved PGE's application requesting authorization for a deferred account for the 12-month period beginning on January 1, 2021, and PGE's Advice No. 20-48, implementing Schedule 103, used to collect the MSHS Tax from customers residing within the Metro jurisdiction, subject to the supplemental filing to only include revenues from customers residing in those counties within Metro's jurisdiction.

Although docketed separately, this application is the supplemental filing contemplated in Order No. 21-029.

Analysis

The Commission is charged with ensuring that rates are fair, just, and reasonable prior to authorization. As such, with each proposed annual rate change, Staff must review and verify forecast annual amounts to be collected in rates, actual taxes paid the

previous year, and the over- or under-collection proposed to be included in rates from the subsequent year.

The tax calculations provided by the Company¹ estimate that 61.3 percent of the Company's 2021 sales will occur in the Metro tax district and apportions estimated taxable income by the same percentage.

Estimated taxable income for 2021 is based on 2020 net income of \$251.5 million before extraordinary trading losses of \$127.3 million. Staff notes the general understanding that the trading losses are to be borne by shareholders and are non-recurring in nature.

Summary of Tax Calculation:

- Estimated taxable income \$251.5 million
- Metro apportionment 61.3 percent
- Estimated Metro taxable income \$154.2 million
- MSHS tax (1 percent) \$1,542,127

The proposed tariff rate of 0.153 percent of sales is calculated to recover the estimated tax over the remaining nine months of 2021 (Apr-Dec). Staff expects this rate to decrease in future years as amortization will occur over a 12-month period.

In Staff's view, the estimates supporting the proposed rate change are reasonable and consistent with the supplemental filing expected in Order No. 21-029.

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

The proposed Schedule 103 rate change will result in a 0.153 percent overall rate increase for approximately 740,000 Clackamas, Multnomah and Washington County Customers within Metro's jurisdiction. A typical Schedule 7 Residential Customer consuming 800 kWh monthly will see a bill increase of approximately \$0.15.

Conclusion

For the reasons stated above, Staff recommends the Commission approve PGE's proposed revision of tariff Schedule 103, MSHS Business Income Tax.

¹ PGE Advice No. 21-05 Metro Supportive Housing Services Business Tax Work Papers 03.02.21.pdf

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PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 21-05, revising Schedule 103, for the collection of the MSHS Tax from customers that reside within the Metro jurisdiction effective for service on or after April 1, 2021.

PGE ADV 1450 Advice No. 21-05 MSHS Tariff

**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:

0.153% 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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