



Oregon

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Public Utility Commission

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December 14, 2021



BY EMAIL

Portland General Electric Company

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RE: Advice No. 21-42

At the public meeting on December 14, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1349. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

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**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 14, 2021**

REGULAR CONSENT EFFECTIVE DATE January 1, 2022

DATE: November 30, 2021

TO: Public Utility Commission

FROM: John Fox

THROUGH: Bryan Conway and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1349/Advice No. 21-42)
Schedule 131 Oregon Corporate Activity Tax Recovery.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) Advice No. 21-42, revising Schedule 131 Oregon Corporate Activity Tax Recovery, effective for service rendered on or after January 1, 2022.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed revision of Schedule 131 Oregon Corporate Activity Tax Recovery, which seeks to adjust the tariff rate to reflect projections of the 2021 OCAT tax expense and the current state of the OCAT balancing account.

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 Order No. 20-029, the Commission approved PGE's application requesting authorization for deferred accounting beginning on January 1, 2020, and a new tariff, Schedule 131, implementing a rate schedule, balancing account, and automatic adjustment clause for the Oregon Corporate Activity Tax with the condition that the tariff will terminate and the tax will be included in base rates at a future date to be agreed upon by the parties.¹ The Commission approved PGE's requested reauthorization of the deferral in Order No. 21-030 for the 12-month period beginning January 1, 2021.

The OCAT Recovery Rate approved in Order No. 20-029 is 0.436 percent of the total billed amount to the Customer excluding the RPA Credit (Schedule 102), Public Purpose Charge (Schedule 108), Energy Efficiency Funding Adjustment (Schedule 109), Low Income Assistance Charge (Schedule 115), and all other separately stated taxes.

Current Filing

PGE proposes to reduce the tariff rate from 0.436 percent to 0.397 percent stating the following:

The projected balance at the end of 2021 is estimated to be a credit of about \$322,742 due to the OCAT tax rate remaining unchanged since February 2020. PGE plans to amortize the balance over the next year. PGE also anticipates a slight increase in taxable income for 2022.

¹ *In re Portland General Electric*, OPUC Docket No. UE 368, Order No. 20-029, Jan 29, 2020.

However, due to the credit balance in the OCAT balancing account at the end of 2021, the overall expected tax collection from customers results in a slight overall decrease for 2022.

Staff notes that the current tariff rate was set to recover the OCAT over 11 months, which has contributed to credit balance due to customers at the end of 2021.²

On November 5, 2020, the parties in PGE's general rate case reached an agreement in principle to include the OCAT in base rates effective May 1, 2022.³ Staff anticipates PGE will file a request to reauthorize its deferral for the period not included in base rates. Based on Staff's review of the work papers in this filing, current tariff rates will result in a credit balance due to customers as of that date. Reducing the tariff rate now provides a customer benefit by reducing the anticipated deferred credit balance.

Notwithstanding, a reduction in tariff rates would be necessary to balance the deferral account if the OCAT were not to be included in base rates.

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

The proposed Schedule 131 rate change will result in a 0.039% overall rate decrease for approximately 918,600 Customers. A typical Schedule 7 Residential Customer consuming 780 kWh monthly will see a bill decrease of approximately \$0.04.

Conclusion

For the reasons stated above, Staff recommends the Commission approve PGE's proposed revision of tariff Schedule 131 Oregon Corporate Activity Tax Recovery.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 21-42, revising Schedule 131 Oregon Corporate Activity Tax Recovery, effective for service rendered on or after January 1, 2022.

² *Id.* replacement tariff sheets filed December 4, 2019.

³ See *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Request for a General Rate Revision*, Docket No. UE 394.

**SCHEDULE 131
OREGON CORPORATE ACTIVITY TAX RECOVERY**

PURPOSE

To recover from Customers the Oregon Corporate Activity Tax (CAT) paid by the Company for “commercial activity” in accordance with House Bill 3427 and to establish an associated Automatic Adjustment Clause and balancing account.

APPLICABLE

To all bills for Electricity Service.

BALANCING ACCOUNT

A CAT Balancing Account will be maintained to accrue any difference between the Company’s actual commercial activity 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 CAT Rate is established. The Balancing Account will accrue interest at the Commission-authorized rate for deferred accounts.

CAT RECOVERY RATE DETERMINATION

The CAT Recovery Rate is determined by dividing the sum of forecast commercial activity tax liability plus or minus any amount in the Balancing Account divided by forecast Retail Revenue from Customers for each tax year or other applicable recovery period. Forecast Retail Revenue excludes Schedule 102, Schedule 108, Schedule 109, and Schedule 115, and all other separately stated taxes.

CAT RECOVERY RATE

The CAT Recovery Rate is:

0.397% of the total billed amount to the Customer excluding the RPA Credit (Schedule 102), Public Purpose Charge (Schedule 108), Energy Efficiency Funding Adjustment (Schedule 109), Low Income Assistance Charge (Schedule 115) and all other separately stated taxes.

(R)

SPECIAL CONDITIONS

1. Actual commercial activity tax liability is subject to audit. Any adjustments to the commercial activity tax liability will be included in the balancing account.