

ORDER NO. 23-030

ENTERED Feb 08 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1983(4)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer a
Balancing Account Related to Multnomah
County Business Income Tax Expense.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 7, 2023, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 7, 2023**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: January 23, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1983(4))
Requests reauthorization to use deferred accounting for expenses related to the Multnomah County Business Income Tax.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp, PAC, or Company) request to re-authorize the deferral of revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning November 27, 2022.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request for reauthorization to defer revenues and expenses associated with the collection and remittance of the MCBIT.

Applicable Rule or Law

PacifiCorp makes this filing in accordance with ORS 757.259 and OAR 860-027-0300. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later recovery in rates, 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 several requirements for applications to defer.

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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.

The Commission approved the deferral application on January 18, 2019, in Order No. 19-018, to defer costs and revenues related to the MCBIT for the 12 months beginning November 27, 2018. PacifiCorp has filed for annual reauthorizations since Order No. 19-018, which have been approved by the Commission every year.

Reason for Deferral

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and received by customers. In this application, PacifiCorp seeks to continue the use of a balancing account to match the costs borne and benefits received by customers.

Proposed Accounting

PacifiCorp will record both MCBIT expenses and Schedule 103 MCBIT recovery in FERC Account 241, Tax Collections Payable.

Estimated Deferrals in Authorization Period

When PacifiCorp files its next tariff advice to update Schedule 103 for expected 2023 MCBIT expense, the tariff advice filing will request to collect the estimated 2023 MCBIT expense and any residual balance from the 2021 and 2022 MCBIT over a 12-month period. At this time, the 2023 MCBIT expense is forecasted to be approximately \$452,000.

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Information Related to Future Amortization

- Earnings review – An earnings review may be 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 percentage of revenue 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 (8) and (10)) 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 PacifiCorp's application.

The Company has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request to re-authorize the deferral of revenues and expenses associated with the MCBIT for the 12-month period beginning November 27, 2022.

PAC UM 1983(4) MCBIT Deferral