

ORDER NO. 23-454

ENTERED Nov 28 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1986(4)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Costs to Support the Use of Balancing
Accounts.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 28, 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.

ITEM NO. CA11

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 28, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A** _____

DATE: November 1, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1986(4))
Request for reauthorization to use Deferred Accounting to support PGE's use of balancing accounts for the Multnomah County Business Income Tax Recovery.

STAFF RECOMMENDATION:

Staff recommends the Commission 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, 2022.

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, 2022, ending December 6, 2023.

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.

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Analysis

Background

PGE filed this application to support a balancing account that is used to record the activity of a Commission-approved mechanism, in conjunction with PGE Schedule 106. PGE requests this deferral have an effective date of December 7, 2022, and be subject to annual renewals as long as Schedule 106 and the MCBIT balancing account are in place.

The Company will not seek amortization of the deferred amounts in a future proceeding as the deferred amounts will automatically reverse due to the standard operation of the approved MCBIT mechanism.

In addition, this application will permit the Company to continue using the established MCBIT balancing account mechanism as approved by the OPUC. In accordance with prior Commission Orders, amounts in the MCBIT balancing account will continue to be rolled forward and can have either positive or negative (i.e., debit or credit) balances.

Reason for Deferral

Granting this Application will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

Description of Expense

The balancing account associated with the MCBIT Recovery is maintained to accrue the difference between PGE's actual local income tax liability and the amount collected from customers under Schedule 106. Any temporary over-or under-collection reflected in this account is considered when the MCBIT rate is updated

Proposed Accounting

The balancing account is recorded in FERC Account 242 (Current Regulatory Liability). MCBIT Payments are debited to FERC Account 242 and credited to FERC Account 407.4 (Regulatory Credit). MCBIT amortization is credited to FERC Account 242 and debited to FERC Account 407.3. Interest is accrued on the balance at the approved blended treasury rate.

Estimate of Amounts

The Company currently estimates the ending MCBIT balance for the next 12-month period to be a credit amount of approximately (\$250,000), based on the current balance, the 2023 projected tax amount, and zero collections from customers during 2023.

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Information Related to Future Amortization

- Earnings Review – No earnings review is applicable as PGE will not seek separate amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing account. Additionally, as Schedule 106 is established as an Automatic Adjustment Clause, an earnings review is not required under ORS 757.259(5).
- Prudence Review – A prudence review should be performed by the Commission Staff as part of their review of PGE’s annual UM 1986 reauthorization filings.
- Sharing – Percentages All prudently incurred costs are recoverable by PGE with no sharing mechanism.
- Rate Spread/Rate Design – Rate Spread/Rate Design is applied in accordance with PGE Schedule 106. PGE will not seek amortization of the deferred amounts in a future proceeding because all associated costs and revenues will continue to flow through the established balancing account.
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply because PGE will not seek amortization of the deferred amounts in a future proceeding.

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.

At the time of finalizing this memo, the Company had not yet responded as to whether it has any concerns regarding this memo.

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, 2022, ending December 6, 2023.

PGE UM 1986