

ORDER NO. 24-242

ENTERED Jul 24, 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1983(5)

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 July 23, 2024, 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:

A handwritten signature in blue ink, appearing to read "Alison Lackey".

**Alison Lackey**  
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. CA5

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 23, 2024**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_ **N/A**

**DATE:** July 15, 2024

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Bryan Conway and Matt Muldoon **SIGNED**

**SUBJECT:** PACIFIC POWER:  
(Docket No. UM 1983(5))  
Requests reauthorization to use deferred accounting for expenses related to the Multnomah County Business Income Tax.

**STAFF RECOMMENDATION:**

Staff recommends the Commission 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, 2023.

**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 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.

Docket No. UM 1983(5)  
July 15, 2024  
Page 2

## Analysis

### *Background*

On November 16, 2023, the Company submitted its reauthorization request to use deferred accounting for the balancing account related to the MCBIT for the 12-month period beginning November 27, 2023.

This deferred account's history began with a February 12, 2018, filing where PacifiCorp requested to update Schedule 103 for 2018. During the pendency of the review of Advice No. 18-001, Commission Staff unveiled its new policy direction regarding the inclusion of residual amounts in the MCBIT balancing account in new rates absent a separate deferral authorization for the balancing account.

Staff found that PacifiCorp's proposed Schedule 103 rate constituted retroactive ratemaking because it included the residual balance of the MCBIT balancing account absent a deferral. Advice No. 18-001 was eventually resolved when PacifiCorp agreed to remove the residual balance from the Schedule 103 rate, including only the estimated 2018 MCBIT expense.

On November 27, 2018, PacifiCorp filed a deferral application to obtain approval for the deferred accounting for the balancing account for the MCBIT. The Commission approved the deferral application on January 18, 2019, in Order No. 19-018, to defer costs related to the MCBIT for the 12-months beginning November 27, 2018.

In addition, the Company has filed for annual reauthorizations since Order No. 19-018, which have been approved by the Commission. The last reauthorization was approved by the Commission through Order No. 23-030, issued on February 8, 2023.

### *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.

### *Proposed Accounting*

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

### *Description of Expense*

The Company uses the MCBIT balancing account to record MCBIT expenses and the collections from Schedule 103.

Docket No. UM 1983(5)  
 July 15, 2024  
 Page 3

### *Estimate of Amounts*

The 2024 MCBIT expense is forecasted to be approximately \$305,000. When PacifiCorp files its next tariff advice to update Schedule 103 for expected 2024 MCBIT expense, the tariff advice filing will request to collect the estimated 2024 MCBIT expense and any residual balance from the 2023 MCBIT over a 12-month period. Because the balance again appears to be relatively large, Staff plans to focus in the tariff review on ensuring that the balance ends at a more business-reasonable position.

### *Amounts in Previous Years*

#### **Multnomah County Business Income Tax Monthly Report**

<b>Date</b>	<b>Begin Balance</b>	<b>Customer Collections</b>	<b>Tax Payments / (Refunds)</b>	<b>Ending Balance</b>
November 2022	(337,780.12)	(33,175.60)	100.00	(370,855.72)
December 2022	(370,855.72)	(40,236.26)	(35,000.00)	(446,091.98)
January 2023	(446,091.98)	(41,871.08)		(487,963.06)
February 2023	(487,963.06)	(42,857.79)		(530,820.85)
March 2023	(530,820.85)	(20,408.05)		(551,228.90)
April 2023	(551,228.90)	3,318.45	17,000.00	(530,910.45)
May 2023	(530,910.45)	3,070.64		(527,839.81)
June 2023	(527,839.81)	3,458.13	46,000.00	(478,381.68)
July 2023	(478,381.68)	3,338.47		(475,043.21)
August 2023	(475,043.21)	3,561.48		(471,481.73)
September 2023	(471,481.73)	3,357.03	(78,000.00)	(546,124.70)
October 2023	(546,124.70)	3,191.13		(542,933.57)

### *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

Docket No. UM 1983(5)  
July 15, 2024  
Page 4

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, 2023.

PAC UM 1983(5) MCBIT Deferral