

ORDER NO. 25-173

ENTERED May 13 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1983(6)

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 May 13, 2025, 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:



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. CA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 13, 2025**

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

DATE: March 24, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1983(6))
Requests Reauthorization to Defer Accounting for a Balancing Account
Related to Multnomah County Business Income Tax Expense.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request to reauthorize the deferral of revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month period beginning November 27, 2024.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request for reauthorization to defer revenues and expenses associated with the collection and Schedule 103 of the MCBIT.

Applicable Law

The applicable law is in 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.

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A deferral may be authorized under ORS 757.259(2) for a period not to exceed 12 months beginning on or after the date of application.

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

Analysis

Background

On February 12, 2018, PacifiCorp filed Tariff Advice No. 18-001 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, at that time, constituted retroactive ratemaking because it included the residual balance of the MCBIT balancing account while not having authorization for a related deferral.

Advice No. 18-001 was eventually resolved when PacifiCorp agreed to remove the residual balance from the Schedule 103 rate, and include only the estimated 2018 MCBIT expense.

Since then, PacifiCorp has filed for annual deferral reauthorizations which have been approved by the Commission.¹

Description of the Expenses

The expenses are the revenues and expenses associated with the Multnomah County Business Income Tax balancing, and the collections from Schedule 103 MCBIT.

Proposed Accounting

The Company proposes to record both MCBIT expenses and Schedule 103 MCBIT recovery in FERC Account 241, Tax Collections Payable.

¹ See, Order No. 20-030, to defer costs related to the MCBIT for the 12 months beginning November 27, 2019; Order No. 20-498, to defer costs related to the MCBIT for the 12 months beginning November 27, 2020; Order No. 21-474, to defer costs related to the MCBIT for the 12 months beginning November 27, 2021; Order No. 23-030, to defer costs related to the MCBIT for the 12 months beginning November 27, 2022; and Order No. 24-242, to defer costs related to the MCBIT for the 12 months beginning November 27, 2023.

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Estimate of Amounts

At this time, the 2025 MCBIT expense is forecasted to be approximately \$657,000. When PacifiCorp files its next tariff advice filing to update Schedule 103 for expected 2025 MCBIT expense, the tariff advice filing will request to collect the estimated 2025 MCBIT expense and any residual balance from the 2024 MCBIT over a 12-month period.

Amounts in Previous Years

Account #245942
Multnomah County Business Income Tax
Monthly Report

Date	Begin Balance	Customer Collections	Tax Payments / (Refunds)	Ending Balance
November 2023	(542,933.57)	3,223.37	36,100.00	(503,610.20)
December 2023	(503,610.20)	3,658.79	(82,000.00)	(581,951.41)
January 2024	(581,951.41)	4,181.33	-	(577,770.08)
February 2024	(577,770.08)	4,026.38	-	(573,743.70)
March 2024	(573,743.70)	3,768.79	(193,000.00)	(762,974.91)
April 2024	(762,974.91)	3,788.40	-	(759,186.51)
May 2024	(759,186.51)	3,327.75	-	(755,858.76)
June 2024	(755,858.76)	3,552.35	(12,946.00)	(765,252.41)
July 2024	(765,252.41)	24,160.20	-	(741,092.21)
August 2024	(741,092.21)	60,306.52	-	(680,785.69)
September 2024	(680,785.69)	55,022.33	(227,000.00)	(852,763.36)
October 2024	(852,763.36)	49,850.99	-	(802,912.37)

Reasons 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.

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.

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- 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, 2024.

PacifiCorp UM1983(6)