

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1986(5)(6)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Costs to Support the Use of Balancing
Accounts Associated with MCBIT
Recovery.

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. CA5

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

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

DATE: April 7, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1986 (5) and (6))
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) requests to reauthorize the deferrals associated with the variance between revenues and expenses associated with the Multnomah County Business Income Tax (MCBIT) for the 12-month periods beginning December 7, 2023, for UM 1986(5), and December 11, 2024, for UM 1986(6).

DISCUSSION:

Issue

Whether the Commission should approve PGE's requests for reauthorization to use deferred accounting to support PGE's use of a balancing account for the MCBIT for two separate filings, for the 12-month periods beginning December 7, 2023 ending December 6, 2024, and December 11, 2024 ending December 10, 2025.

Applicable Law

PGE filed its application in accordance with ORS 757.259 and OAR 860-027-0300. 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

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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).

ORS 757.269(1) states that "the Public Utility Commission shall act to balance the interests of the customers of the utility and the utility's investors by setting fair, just and reasonable rates that include amounts for income taxes" and "amounts for income taxes included in rates are fair, just and reasonable if the rates include current and deferred income taxes and other related tax items that are based on estimated revenues derived from the regulated operations of the utility."

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.

Analysis

Background

This memo addresses two separate Company deferral applications to support a balancing account that is used to record the activity of a Commission-approved mechanism, in conjunction with PGE Schedule 106. The first PGE application was filed on December 6, 2023, and is docketed as UM 1986(5). The second PGE application was filed on December 10, 2024, and is docketed as UM 1986(6).

The Company, however, 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 Commission-approved MCBIT mechanism which takes the projected tax amount and divides that value by the forecasted revenues for Multnomah County to determine the final MCBIT rate. Any outstanding balance of the deferred amounts may result in an increase or a decrease in the MCBIT rate for the following year.

Description of the Expenses

The expense is related with the balancing account associated with the MCBIT Recovery and is maintained to accrue the difference between PGE's actual local income tax liability and the amount collected from customers under Schedule 106.

Proposed Accounting

According with the Company 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

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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 forecasts that the MCBIT balance at the end of the 12-month period in UM 1986(5) will be approximately (\$4,700) and (\$4,500) at the end of the 12-month period in UM 1986(6).

Reasons for Deferral

Pursuant to ORS 757.259(2)(e), PGE seeks to continue deferred accounting treatment for costs and revenues associated with the MCBIT Recovery to support the use of a related balancing account. Thus, approval of both applications for deferral will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

Information Related to Future Amortization

- Earnings Review – Staff does not recommend an earnings review be applied in this case because Schedule 106 is an automatic adjustment clause, and 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 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. The three percent test does not apply because PGE will not seek amortization of the deferred amounts in a future proceeding.

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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 two separate applications.

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

PROPOSED COMMISSION MOTION:

Approve PGE's request for reauthorization to use deferred accounting to support PGE's use of a balancing account for the MCBIT for the 12-month periods beginning December 7, 2023, ending December 6, 2024, for UM 1986(5) and December 11, 2024, ending December 10, 2025, for UM 1986(6).

Portland General Electric UM 1986(5)(6)