

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 24, 2017**

REGULAR _____ CONSENT X EFFECTIVE DATE February 1, 2017

DATE: January 12, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *MPm*

THROUGH: *J* Jason Eisdorfer and *X* Marc Hellman

SUBJECT: PACIFIC POWER: (Docket No. ADV 451/Advice No. 16-018) Adjust Schedule 103, Multnomah County Business Income Tax Recovery.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp or Company) request to amend its Schedule 103, which recovers the Multnomah County Business Income Tax (MCBIT) payments, and allow the change to take effect on February 1, 2017.

DISCUSSION

Issue:

Whether the Commission should approve PacifiCorp's proposed update to its Schedule 103 to adjust the rate related to recovery of its MCBIT payments.

Applicable law:

PacifiCorp submitted this filing on December 2, 2016, pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030. The rate adjustment schedule applies to all customers receiving service within the boundaries of Multnomah County. The Commission reviews this filing in accordance with OAR 860-022-0045, which says in part:

"When a county in Oregon imposes new or increased taxes or license, franchise, or operating permit fees upon an energy utility, the utility shall

collect the amount from its customers within the county imposing such taxes or fees.”

Analysis:

The Company maintains a balancing account to accrue any difference between the Company’s actual MCBIT expenses and what it collects from customers. The rate adjustment in this filing reflects the Company’s projections of the 2016 MCBIT tax expense and the current state of the MCBIT balancing account.

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. The total amount is divided by the forecasted revenues for Multnomah County to determine the final MCBIT rate.

The current MCBIT rate of 0.31 percent was authorized by the Commission at its February 23, 2016, Public Meeting (Advice No. 16-02). The proposed rate of 0.23 percent is a decrease from the current rate and it has been calculated to recover the projected tax expenses in 2017 with the goal of reducing the balancing account to zero by the end of 2017.

PacifiCorp estimates that this rate change will affect approximately 78,000 customers in Multnomah County. A residential customer consuming 900 kWh monthly will see a bill decrease of approximately \$0.08.

Conclusion:

After a review of PacifiCorp’s filing and accompanying work papers, Staff finds that PacifiCorp’s proposed rate is reasonable. Because this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, OAR 860-022-0030, and OAR 860-022-0045, Staff recommends the Commission approve it.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp’s application to adjust the rate of Schedule 103, Multnomah County Business Income Tax Recovery, and allow the associated tariff to take effect with service rendered on and after February 1, 2017.