

ITEM NO. CA20

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 18, 2012**

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  January 1, 2013

**DATE:** December 10, 2012

**TO:** Public Utility Commission

**FROM:** Geoffrey Moore

**THROUGH:** Jason Eisdorfer, Maury Galbraith, and Marc Hellman

**SUBJECT:** NORTHWEST NATURAL: (Advice No. 12-19) Revises Schedule A, Billing for City and County Exactions.

**STAFF RECOMMENDATION:**

Staff recommends that Northwest Natural's advice filing be approved.

**DISCUSSION:**

Northwest Natural Gas (NW Natural or Company) made this filing to revise Schedule A, Billing for City and County Exactions, specifically the Multnomah County Business Income Tax Rate.

The Multnomah County Business Income Tax (MCBIT) Rate, Schedule A, recovers the Company's MCBIT expenses from Multnomah County customers. Under OAR 860-022-0045, if any county in Oregon imposes or increases taxes or licensing, franchise, or operating permit fees, the utility required to pay such taxes or fees shall collect the amount or increase from its customers within the county imposing such taxes or fees. Schedule A applies to all customer classes receiving natural gas service within Multnomah County, Oregon. The purpose of this filing is to update the MCBIT Rate to reflect actual and estimated collections and expenditures through 2013.

The Company determines the MCBIT Rate by forecasting their 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. This total amount is then divided by the forecasted revenues for Multnomah County to determine the final MCBIT Rate. The Company maintains a balancing account to accrue any difference between

the Company's actual MCBIT expenses and what is collected from customers. The Company will update the MCBIT Rate to reflect either a credit (over-collection) or charge (under-collection) to Multnomah County customers via periodic filings.

The proposed MCBIT Rate in the filing includes actual adjustments for 2012 and forecasted MCBIT collections for 2013. The Company's MCBIT balancing account has a credit balance of \$243,692 due to the use of bonus depreciation and available income tax credits to decrease taxable income between 2010 and 2012.

The Company anticipates that its MCBIT tax liability for 2013 will not exceed the credit in the balancing account. The result of this filing is a credit to customers of \$221,351 (\$243,692 credit balance less \$24,093 estimated 2013 MCBIT tax liability plus \$1,752 interest accrued refund).<sup>1</sup> The Company proposes to refund this amount to Multnomah County customers through a MCBIT Rate of negative 0.12 percent (\$221,351 refund divided by \$185,174,883 estimated 2013 Multnomah County revenues) effective beginning January 1, 2013.

Over- or under-collected expenses will accrue in a balancing account for later consideration during the next periodic MCBIT Rate revision. The MCBIT balancing account will accrue interest during amortization at the Modified Blended Treasury Rate as annually established by the Commission pursuant to Order No. 08-263.<sup>2</sup>

The previous MCBIT Rate revision was based on a balancing account credit of approximately \$352,000 and resulted in a MCBIT Rate credit of negative 0.16 percent that took effect on March 6, 2012.

The update to Schedule A results in a net increase of approximately 0.04 percent for Multnomah County customers only. The average Multnomah County residential customer using 53 therms per month will see an increase of approximately \$0.02 per month as a result of this increase.

#### **PROPOSED COMMISSION MOTION:**

Northwest Natural's Advice No. 12-19 be approved.

---

<sup>1</sup> The 2013 MCBIT tax liability of \$24,093 is computed by multiplying the Multnomah County taxable income (\$1,661,555) by the MCBIT tax rate (1.45 percent).

<sup>2</sup> Docket No. UM 1147