

ELLEN F. ROSENBLUM
Attorney General



FREDERICK M. BOSS
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

December 29, 2017

via E-mail

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97308-1088
PUC.FilingCenter@state.or.us

**Re: UM _____ Staff's Application to Defer Changes in Idaho Power Company's
Federal Tax Obligations Resulting from H.R.1 - Tax Cuts and Jobs Act**

Enclosed for filing is Oregon Public Utility Commission Staff's (Staff) Application to Defer Changes in Idaho Power Company's Federal Tax Obligations Resulting from H.R.1 - Tax Cuts and Jobs Act.

A Notice of Application and copy of the Application have been sent to each person on the UE 233 service list.

Sincerely,

Sommer Moser
Assistant Attorney General
Business Activities Section

ST7:pjr/#8688751
Enclosures

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UM _____

4
5 In the Matter of

6 STAFF OF THE PUBLIC UTILITY
7 COMMISSION OF OREGON,

8 Application to Defer Changes in Idaho Power
9 Company's Federal Tax Obligations Resulting
10 from H.R.1 - Tax Cuts and Jobs Act.

APPLICATION TO DEFER CHANGES IN
IDAHO POWER COMPANY'S FEDERAL
TAX OBLIGATIONS RESULTING FROM
H.R.1 - TAX CUTS AND JOBS ACT

11 Pursuant to ORS 757.259 and OAR 860-027-0300, Staff of the Public Utility
12 Commission of Oregon (Staff) files this Application to Defer Changes in Idaho Power
13 Company's (Idaho Power or Company) Federal Tax Obligations Resulting from Tax Cuts and
14 Jobs Act of 2017 (Application).

15 **I. OAR 860-027-0300(3) requirements.**

16 **A. Expense or Revenue at Issue.**

17 The 115th United States Congress recently passed H.R.1 – Tax Cuts and Jobs Act (H.R.1
18 or Act).¹ The Act was signed into law on December 22, 2017 by President Donald Trump, with
19 most provisions going into effect on January 1, 2018. The Act contains provisions that impact
20 regulated utilities' federal tax obligations, including reduction to the corporate income tax rate.

21 Staff requests to defer, for potential later ratemaking treatment, the difference between
22 Idaho Power's current retail rates and its currently approved retail rates inclusive of the impact of
23 H.R.1.² Due lengthy and complex nature of the Act, it is not possible at this time to identify the

24 ¹ The final version of the Act may be accessed at [https://www.congress.gov/bill/115th-](https://www.congress.gov/bill/115th-congress/house-bill/1/text)
25 [congress/house-bill/1/text](https://www.congress.gov/bill/115th-congress/house-bill/1/text).

26 ² Staff notes that the Commission is currently investigating its legal authority and the policy
underlying the deferral of capital costs in docket UM 1909. To the extent that a Commission
determination in that proceeding affects this Application, Staff will revise its Application at that
time.

1 specific changes in Idaho Power's federal tax obligations that may be impacted by the passage of
2 the Act.

3 **B. Reason for Deferral.**

4 Staff requests the Commission approve this Application pursuant to ORS 757.259(2)(e),
5 which provides the Commission with discretion to defer "identifiable utility expenses or
6 revenues, the recovery or refund of which the commission finds should be deferred in order to
7 minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately
8 the costs borne by and benefits received by ratepayers." A deferral may be necessary to begin
9 tracking the potential changes to Idaho Power's federal tax obligations, for ratemaking purposes,
10 resulting from H.R.1. Deferral of the impact of H.R.1 on Idaho Power's federal tax obligations
11 assumed for ratemaking purposes would allow for the appropriate matching of costs borne by
12 and benefits received by ratepayers.

13 For example, among other provisions, the current version of the Act includes a reduction
14 in the federal corporate tax rate. Idaho Power's current retail rates assume a federal corporate
15 tax rate of 35 percent. The proposed corporate tax rate in H.R.1 is 21 percent, which would have
16 an impact to the tax expense customers assume in cost of service, and could also have an impact
17 on the Company's Accumulated Deferred Income Tax (ADIT) balance currently included in rate
18 base. Absent this deferral, Idaho Power's retail rates would continue to assume a 35 percent
19 corporate tax rate, when the Company's actual liability, for ratemaking purposes, would have
20 been significantly reduced to 21 percent. Staff notes, however, that the effects of H.R.1 are
21 unknown at this time, including whether such changes would result in overall savings to
22 customers.

23 **C. Proposed Accounting.**

24 Staff requests that the deferred amounts be recorded in FERC Account 254, Other
25 Regulatory Liabilities.

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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UM _____
4

5 In the Matter of
6 STAFF OF THE PUBLIC UTILITY
7 COMMISSION OF OREGON,
8 Application to Defer Changes in Idaho Power
9 Company's Federal Tax Obligations Resulting
10 from H.R.1 - Tax Cuts and Jobs Act.

NOTICE OF APPLICATION TO DEFER
CHANGES IN IDAHO POWER COMPANY'S
FEDERAL TAX OBLIGATIONS RESULTING
FROM H.R.1 - TAX CUTS AND JOBS ACT

9 On December 29, 2017, Staff of the Public Utility Commission of Oregon (Staff) filed an
10 Application to Defer Changes in Idaho Power Company's (Idaho Power or Company) Federal
11 Tax Obligations Resulting from Tax Cuts and Jobs Act (Application).

12 On December 22, 2017, President Trump signed into law H.R.1 – Tax Cuts and Jobs Act
13 (Act), which contained broad reforms to federal tax laws that will impact Idaho Power's federal
14 tax obligations. Staff filed its Application in order to defer, for potential later ratemaking
15 treatment, the difference between Idaho Power's current retail rates and its currently approved
16 retail rates inclusive of the impact of H.R.1. Approval of Staff's Application will not authorize a
17 change in Idaho Power's rates, but will permit the Commission to consider allowing such
18 deferred amounts in rates in a subsequent proceeding.

19 Persons who wish to obtain a copy of Staff's Application will be able to access it on the

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COMPANY'S FEDERAL TAX OBLIGATIONS RESULTING FROM H.R.1 - TAX CUTS AND JOBS
ACT

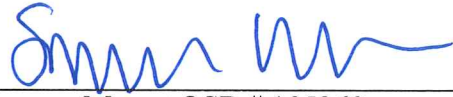
ST7/pjr/#8

1 Public Utility Commission of Oregon's website. Any person who wishes to submit written
2 comments on Staff's Application should do so by January 31, 2018.

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4 DATED this 29th day of December, 2017.

5 Respectfully submitted,

6 ELLEN F. ROSENBLUM
7 Attorney General

8 

9 Sommer Moser, OSB # 105260
10 Assistant Attorney General
11 Of Attorneys for Staff of the Public Utility
12 Commission of Oregon

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application to Defer Changes in Idaho Power Company's Federal Tax Obligations Resulting from H.R.1 – Tax Cuts and Jobs Act** to be served by electronic mail to those parties whose e-mail addresses appear on the attached service list for OPUC Docket UE 233.

Dated this 29th day of December, 2017.



Sommer Moser, OSB # 105260
Assistant Attorney General
Of Attorneys for Staff of the Public Utility
Commission of Oregon

SERVICE LIST FOR OPUC DOCKET UE 233

OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org
PACIFICORP, DBA PACIFIC POWER	825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificorp.com
IDAHO POWER COMPANY	PO BOX 70 BOISE ID 83707-0070 dockets@idahopower.com
RENEWABLE NORTHWEST	421 SW 6TH AVE., STE. 975 PORTLAND OR 97204 dockets@renewablenw.org
GREGORY M. ADAMS (C) (HC) RICHARDSON ADAMS, PLLC	PO BOX 7218 BOISE ID 83702 greg@richardsonadams.com
STEPHANIE S ANDRUS (C) (HC) PUC STAFF--DEPARTMENT OF JUSTICE	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4096 stephanie.andrus@state.or.us
ERIK COLVILLE (C) (HC) PUBLIC UTILITY COMMISSION OF OREGON	PO BOX 1088 SALEM OR 97308-1088 erik.colville@state.or.us
RANDY DAHLGREN PORTLAND GENERAL ELECTRIC	121 SW SALMON ST - 1WTC0702 PORTLAND OR 97204 pge.opuc.filings@pgn.com
WENDY GERLITZ NW ENERGY COALITION	1205 SE FLAVEL PORTLAND OR 97202 wendy@nwenergy.org
ROBERT JENKS (C) (HC) OREGON CITIZENS' UTILITY BOARD	610 SW BROADWAY, STE 400 PORTLAND OR 97205 bob@oregoncub.org
JOSHUA D JOHNSON (C) (HC) ATTORNEY AT LAW	101 S. CAPITOL BLVD., STE 300 BOISE ID 83702 j dj@racinelaw.net
JUDY JOHNSON (C) (HC) PUBLIC UTILITY COMMISSION OF OREGON	PO BOX 1088 SALEM OR 97308-1088 judy.johnson@state.or.us
SARAH E LINK PACIFIC POWER	825 NE MULTNOMAH ST STE 1800 PORTLAND OR 97232 sarah.link@pacificorp.com
ETTA LOCKEY PACIFIC POWER	825 NE MULTNOMAH ST., STE 2000 PORTLAND OR 97232 etta.lockey@pacificorp.com
LISA D NORDSTROM (C) (HC) IDAHO POWER COMPANY	PO BOX 70 BOISE ID 83707-0070 lnordstrom@idahopower.com
ERIC L OLSEN (C) (HC) RACINE OLSEN NYE BUDGE & BAILEY	PO BOX 1391 POCATELLO ID 83201 elo@racinelaw.net
LISA F RACKNER (C) (HC) MCDOWELL RACKNER & GIBSON PC	419 SW 11TH AVE., SUITE 400 PORTLAND OR 97205 dockets@mrg-law.com

DON READING (C) (HC)	6070 HILL ROAD BOISE ID 83703 dreading@mindspring.com
PETER J RICHARDSON (C) (HC) RICHARDSON ADAMS, PLLC	PO BOX 7218 BOISE ID 83707 peter@richardsonadams.com
IRION A SANGER SANGER LAW PC	1117 SE 53RD AVE PORTLAND OR 97215 irion@sanger-law.com
DONALD W SCHOENBECK REGULATORY & COGENERATION SERVICES INC	900 WASHINGTON ST STE 780 VANCOUVER WA 98660-3455 dws@r-c-s-inc.com
JOHN W STEPHENS ESLER STEPHENS & BUCKLEY	121 SW MORRISON ST STE 700 PORTLAND OR 97204-3183 stephens@eslerstephens.com; ortez@eslerstephens.com
DOUGLAS C TINGEY PORTLAND GENERAL ELECTRIC	121 SW SALMON 1WTC1301 PORTLAND OR 97204 doug.tingey@pgn.com
ANTHONY J YANKEL (C) (HC) UTILITY NET.INC	29814 LAKE RD BAY VILLIAGE OH 44140 tony@yankel.net