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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](mailto:PUC.FilingCenter@state.or.us)

**Re: UM \_\_\_ Staff's Application to Defer Changes in PacifiCorp'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 PacifiCorp'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 263 service list.

Sincerely,

Sommer Moser  
Assistant Attorney General  
Business Activities Section

ST7:pjr/#8688750  
Enclosures

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

UM \_\_\_\_\_

In the Matter of

STAFF OF THE PUBLIC UTILITY  
COMMISSION OF OREGON,

Application to Defer Changes in PacifiCorp's  
Federal Tax Obligations Resulting from H.R.1  
- Tax Cuts and Jobs Act.

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

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

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

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

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

Staff requests to defer, for potential later ratemaking treatment, the difference between  
PacifiCorp's current retail rates and its currently approved retail rates inclusive of the impact of  
H.R.1.<sup>2</sup> Due lengthy and complex nature of the Act, it is not possible at this time to identify the  
specific changes in PacifiCorp's federal tax obligations that may be impacted by the passage of  
the Act.

<sup>1</sup> The final version of the Act may be accessed at <https://www.congress.gov/bill/115th-congress/house-bill/1/text>.

<sup>2</sup> 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           **B. Reason for Deferral.**

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

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

21           **C. Proposed Accounting.**

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

24           **D. Estimate of Amounts to be Recorded in Deferred Account.**

25           Staff will supplement this Application with an estimate of amounts to be deferred as soon  
26 as those estimates are available. Because of the lengthy and complex nature of the legislation,

1 and the time that will be necessary to analyze the impacts to regulated utility federal taxes, it is  
2 not possible to estimate the amounts to be deferred as of the filing of this Application.

3 **E. Notice.**

4 A copy of the Notice of Application and a list of persons served with Notice are attached  
5 to this Application as Exhibit A.

6 **II. Staff contacts.**

7 Communications regarding this Application should be addressed to:

8 Sommer Moser	Marianne Gardner
9 Oregon Department of Justice	Public Utility Commission of Oregon
10 1162 Court Street NE	201 High Street SE, Suite 100
11 Salem, Oregon 97301	Salem, Oregon 97301
sommer.moser@state.or.us	marianne.gardner@state.or.us


12 **III. Conclusion**

13 For the reasons stated above, Staff respectfully requests that the Commission authorize  
14 the deferral of the difference between PacifiCorp's current retail rates and its currently approved  
15 retail rates inclusive of the impact of H.R.1.

16  
17 DATED this 29<sup>th</sup> day of December, 2017.

18 Respectfully submitted,

19 ELLEN F. ROSENBLUM  
20 Attorney General

21   
22 Sommer Moser, OSB # 105260  
23 Assistant Attorney General  
24 Of Attorneys for Staff of the Public Utility  
25 Commission of Oregon  
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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 PacifiCorp's  
9 Federal Tax Obligations Resulting from H.R.1  
10 - Tax Cuts and Jobs Act.

NOTICE OF APPLICATION TO DEFER  
CHANGES IN PACIFICORP'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 PacifiCorp's (or Company) Federal Tax Obligations Resulting  
11 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 PacifiCorp's federal  
14 tax obligations. Staff filed its Application in order to defer, for potential later ratemaking  
15 treatment, the difference between PacifiCorp'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 PacifiCorp's rates, but will permit the Commission to consider allowing such deferred  
18 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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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

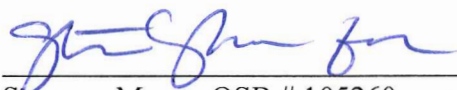
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9 Sommer Moser, OSB # 105260  
10 Assistant Attorney General  
11 Of Attorneys for Staff of the Public Utility  
12 Commission of Oregon

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day caused the **Notice of Application to Defer Changes in PacifiCorp'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 263.

Dated this 27<sup>th</sup> day of December, 2017.



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

## SERVICE LIST FOR OPUC DOCKET UE 263

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