

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

**Re: UM \_\_\_ Staff's Application to Defer Changes in Portland General Electric'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 Portland General Electric'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 319 service list.

Sincerely,

Sommer Moser  
Assistant Attorney General  
Business Activities Section

ST7:pjr/#8688749  
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 Portland  
General Electric's Federal Tax Obligations  
Resulting from H.R.1 - Tax Cuts and Jobs Act.

APPLICATION TO DEFER CHANGES IN  
PORTLAND GENERAL ELECTRIC'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 Portland General Electric's (PGE 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 PGE'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 PGE'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 PGE’s federal tax obligations, for ratemaking purposes,  
8 resulting from H.R.1. Deferral of the impact of H.R.1 on PGE’s federal tax obligations assumed  
9 for ratemaking purposes would allow for the appropriate matching of costs borne by and benefits  
10 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. PGE’s current retail rates assume a federal corporate tax rate of  
13 35 percent. The proposed corporate tax rate in H.R.1 is 21 percent, which would have an impact  
14 to the tax expense customers assume in cost of service, and could also have an impact on the  
15 Company’s Accumulated Deferred Income Tax (ADIT) balance currently included in rate base.  
16 Absent this deferral, PGE’s retail rates would continue to assume a 35 percent corporate tax rate,  
17 when the Company’s actual liability, for ratemaking purposes, would have been significantly  
18 reduced to 21 percent. Staff notes, however, that the effects of H.R.1 are unknown at this time,  
19 including whether such changes would result in overall savings to customers.

20           **C. Proposed Accounting.**

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

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

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

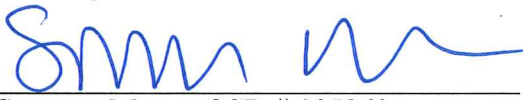
12 **III. Conclusion**

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

16  
17 DATED this 29th 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 In the Matter of

5 STAFF OF THE PUBLIC UTILITY  
6 COMMISSION OF OREGON,

7 Application to Defer Changes in Portland  
8 General Electric's Federal Tax Obligations  
9 Resulting from H.R.1 - Tax Cuts and Jobs Act.

NOTICE OF APPLICATION TO DEFER  
CHANGES IN PORTLAND GENERAL  
ELECTRIC'S FEDERAL TAX OBLIGATIONS  
RESULTING FROM H.R.1 - TAX  
CUTS AND JOBS ACT

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

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

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

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Page 1- UM – NOTICE OF APPLICATION TO DEFER CHANGES IN PORTLAND GENERAL  
ELECTRIC'S FEDERAL TAX OBLIGATIONS RESULTING FROM H.R.1 - TAX CUTS AND JOBS  
ACT

ST7/pjr/#8687196

Department of Justice  
1162 Court Street NE  
Salem, OR 97301-4096  
(503) 947-4520 / Fax: (503) 378-3784

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.

3  
4 DATED this 29<sup>th</sup> 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 Portland General Electric'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 319.

Dated this 21<sup>st</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 319

### CALPINE SOLUTIONS

GREGORY M. ADAMS (C)  
RICHARDSON ADAMS, PLLC

PO BOX 7218  
BOISE ID 83702  
greg@richardsonadams.com

GREG BASS  
CALPINE ENERGY SOLUTIONS, LLC

401 WEST A ST, STE 500  
SAN DIEGO CA 92101  
greg.bass@calpinesolutions.com

KEVIN HIGGINS (C)  
ENERGY STRATEGIES LLC

215 STATE ST - STE 200  
SALT LAKE CITY UT 84111-  
2322  
khiggins@energystrat.com

### FRED MEYER UE 319

KURT J BOEHM (C)  
BOEHM KURTZ & LOWRY

36 E SEVENTH ST - STE 1510  
CINCINNATI OH 45202  
kboehm@bkllawfirm.com

JODY KYLER COHN  
BOEHM, KURTZ & LOWRY

36 E SEVENTH ST STE 1510  
CINCINNATI OH 45202  
jkylar@bkllawfirm.com

### INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

MYRALEIGH ALBERTO (C)  
DAVISON VAN CLEVE

333 SW TAYLOR STE 400  
PORTLAND OR 97204  
maa@dvclaw.com

BRADLEY MULLINS (C)  
MOUNTAIN WEST ANALYTICS

333 SW TAYLOR STE 400  
PORTLAND OR 97204  
brmullins@mwanalytics.com

TYLER C PEPPLER (C)  
DAVISON VAN CLEVE, PC

333 SW TAYLOR SUITE 400  
PORTLAND OR 97204  
tcp@dvclaw.com

### OREGON CITIZENS UTILITY BOARD

OREGON CITIZENS' UTILITY BOARD

610 SW BROADWAY, STE 400  
PORTLAND OR 97205  
dockets@oregoncub.org

ROBERT JENKS (C)  
OREGON CITIZENS' UTILITY BOARD

610 SW BROADWAY, STE 400  
PORTLAND OR 97205  
bob@oregoncub.org

ELIZABETH JONES (C)  
OREGON CITIZENS' UTILITY BOARD

610 SW BROADWAY, STE 400  
PORTLAND OR 97206  
liz@oregoncub.org

### PACIFICORP UE 319

PACIFICORP, DBA PACIFIC POWER

825 NE MULTNOMAH ST, STE  
2000  
PORTLAND OR 97232  
oregondockets@pacificorp.com



MATTHEW MCVEE  
PACIFICORP

825 NE MULTNOMAH  
PORTLAND OR 97232  
matthew.mcvee@pacificorp.com

**PGE UE 319**

STEFAN BROWN (C)  
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST,  
1WTC0306  
PORTLAND OR 97204  
stefan.brown@pgn.com;  
pge.opuc.filings@pgn.com

DOUGLAS C TINGEY (C)  
PORTLAND GENERAL ELECTRIC

121 SW SALMON 1WTC1301  
PORTLAND OR 97204  
doug.tingey@pgn.com

JAY TINKER (C)  
PORTLAND GENERAL ELECTRIC

121 SW SALMON ST 1WTC-  
0306  
PORTLAND OR 97204  
pge.opuc.filings@pgn.com

**SBUA UE 319**

JAMES BIRKELUND (C)  
SMALL BUSINESS UTILITY ADVOCATES

548 MARKET ST STE 11200  
SAN FRANCISCO CA 94104  
james@utilityadvocates.org

DIANE HENKELS (C)  
CLEANTECH LAW PARTNERS PC

420 SW WASHINGTON ST STE  
400  
PORTLAND OR 97204  
dhenkels@cleantechlaw.com

**STAFF UE 319**

STEPHANIE S ANDRUS (C)  
PUC STAFF--DEPARTMENT OF JUSTICE

BUSINESS ACTIVITIES  
SECTION  
1162 COURT ST NE  
SALEM OR 97301-4096  
stephanie.andrus@state.or.us

MARIANNE GARDNER (C)  
PUBLIC UTILITY COMMISSION OF OREGON

PO BOX 1088  
SALEM OR 97308-1088  
marianne.gardner@state.or.us

SOMMER MOSER (C)  
PUC STAFF - DEPARTMENT OF JUSTICE

1162 COURT ST NE  
SALEM OR 97301  
sommer.moser@doj.state.or.us

**WALMART UE 323**

VICKI M BALDWIN (C)  
PARSONS BEHLE & LATIMER

201 S MAIN ST STE 1800  
SALT LAKE CITY UT 84111  
vbaldwin@parsonsbehle.com

STEVE W CHRISS (C)  
WAL-MART STORES, INC.

2001 SE 10TH ST  
BENTONVILLE AR 72716-0550  
stephen.chriss@wal-mart.com