



**Portland General Electric**  
121 SW Salmon Street • Portland, Ore. 97204  
PortlandGeneral.com

December 29, 2017

**via email**

[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Public Utility Commission of Oregon  
**Attn: OPUC Filing Center**  
201 High Street, Ste. 100  
P. O. Box 1088  
Salem, OR 97308-1088

**Re: UM \_\_\_\_\_ PGE's Application for Deferred Accounting of Benefits Associated  
with the U.S. Tax Reconciliation Act**

Enclosed for filing is Portland General Electric Company's application for deferred accounting of Benefits Associated with the U.S. Tax Reconciliation Act.

A Notice regarding the filing of this application has been provided to the parties on the UE 319 service list.

Parties who wish to receive a copy of this Application should review the Public Utility Commission of Oregon website.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or Alex Tooman at (503) 464-7623. Please direct all formal correspondence, questions, or requests to the following e-mail address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Stefan Brown", is written over a white background.

Stefan Brown  
Manager, Regulatory Affairs

Encls.

cc: CUB and ICNU

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM \_\_\_\_\_**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of 2018 net benefits Associated with the U.S. Tax Reconciliation Act	) ) ) ) ) ) )	Application for the Deferral Of 2018 Net Benefits Associated with the U.S. Tax Reconciliation Act
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Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby respectfully requests authorization to defer for later rate-making treatment the 2018 expected net benefits associated with the tax rules and provisions implemented through the current Tax Reconciliation Act, Public Law Number 115-97 (Tax Plan).<sup>1</sup> We request this deferral to be effective beginning December 31, 2017 and will seek amortization of the deferred amounts in a future Commission proceeding.

In support of this Application PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to the regulation of the Commission.
2. This application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items.
3. Written communications regarding this Application should be addressed to:

Douglas C. Tingey  
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PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric  
1 WTC 0306  
121 SW Salmon Street  
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<sup>1</sup> An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

In addition to the names and addresses above, the following are to received notices and communications via the e-mail service list:

Alex Tooman, Project Manager, Regulatory Affairs  
E-mail: [Alex.Tooman@pgn.com](mailto:Alex.Tooman@pgn.com)

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

The following is provided pursuant to OAR 860-027-0300(3):

A. Background

The Tax Plan legislation that was enacted on December 22, 2017 includes provisions that directly or indirectly affect power and utility industries. The most important provision is the lowering of the federal corporate income tax rate from 35% to 21% beginning January 1, 2018. The enactment of the Tax Plan will have implications on PGE's financial statement reporting in both 2018 and 2017. The projected impacts on PGE's financial results consist of the following:

- Reduced current and deferred income tax expense;
- Elimination of the Domestic Production Activities Deduction; and
- Other federal corporate tax provision changes.

Based on the length and complexity of the legislation, PGE will continue to evaluate the Tax Plan's implications and, if necessary, submit a supplemental filing to address any additional aspects or elaborate on the items already identified. For example, the Tax Plan becomes effective January 1, 2018, but PGE's accumulated deferred income taxes will need to be revalued as of year-end 2017.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks deferred accounting treatment of 2018 net benefits associated with the implementation of the Tax Plan. The granting of this Application will minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers. Approving the Application will not

Application for Deferred Accounting

authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferred amount in FERC Account 449.1 (Provision for Rate Refunds) crediting FERC Account 229 (Accumulated Provision for Rate Refund). In absence of a deferred accounting order from the Commission, PGE would record costs associated with the deferred amount to FERC 182.3 (Other Regulatory Assets), FERC 190 (Accumulated Deferred Income Taxes), FERC 236 (Taxes Accrued), FERC 254 (Other Regulatory Liabilities), FERC 282 (Accumulated Deferred Income Taxes – Other Property), FERC 283 (Accumulated Deferred Income Taxes – Other), FERC 409.1 (Income Taxes-Utility Operating Income), FERC 410.1 (Provisions for Deferred Income Taxes, Utility Operating Income), and FERC 411.1 (Provision for Deferred Income Taxes – Credit, Utility Operating income).

D. Estimate of Amounts to be Recorded for the Next 12 months.

The net amount to be deferred in 2018 is roughly estimated to be approximately \$60 million to \$70 million. The amount to be deferred, however, will be a function of the total tax liability in 2018 as compared to total tax liability that would have occurred absent the Tax Plan.

E. Notice

A copy of the Notice of Application for Deferral of Major Maintenance Expenses and a list of persons served with Notice are attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the UE 319 Service List, PGE's last general rate case.

## II. Summary of Filing Conditions<sup>2</sup>

### A. Earnings Review

Refunding PGE's 2018 net benefits associated with the Tax Plan will be subject to an earnings review in accordance with ORS 757.259(5). PGE proposes that the Earnings Review be applied as follows:

- The Earnings Review would include all of PGE's 2018 actual operation and maintenance, tax, and depreciation expenses, power costs, and rate base, and would be prepared similar to the method used to prepare our annual Result of Operations Report (ROO).<sup>3</sup> This method produces a Return on Equity (ROE) that represents our regulated adjusted results.
- Next, we would compare PGE's 2018 regulated adjusted ROE to the 9.5% ROE authorized in PGE's 2018 general rate case through Commission Order No. 17-511.
- PGE would then amortize the Tax Plan deferral (i.e., refund to customers) in conjunction with all other applicable deferrals (see below) such that the resulting regulated adjusted ROE would be at or above the 9.5% authorized ROE. To the extent that the sequence of deferral amortizations (as described above) results in a collection from customers, the resulting regulated adjusted ROE would be at or below the 9.5% authorized ROE.
- Finally, the Earnings Review for this deferral would occur after the Earnings Review for PGE's Power Cost Adjustment Mechanism (PCAM)<sup>4</sup>, but prior to Earnings

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<sup>2</sup> Per agreement with the Commission Staff on January 24, 2012.

<sup>3</sup> To calculate annual ROO, PGE applies certain accounting and regulatory adjustments to our actual operating results in accordance with recent Commission decisions and the OPUC Staff letter dated March 25, 1992.

<sup>4</sup> The PCAM earnings review would be performed first because it has an earnings deadband of PGE's authorized ROE plus 100 basis points.

Reviews for other deferrals subject to ORS 757.259 (e.g., the Portland Harbor Environmental Remediation Account – Docket No. UM 1789).

B. Prudence Review

A prudence review should be performed by the Commission Staff as part of the amortization filing.

C. Sharing

All prudently incurred cost and benefits, after appropriate application of an earnings review, would be collected or refunded from or to customers with no sharing mechanism.

D. Rate Spread/Rate Design

2018 net benefits associated with the Tax Plan will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenues.

E. Three percent test (ORS 757.259(6))

The amortization of the 2018 net benefits associated with the Tax Plan will be subject to the three percent test in accordance with the ORS 757.259(7) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

**III. Conclusion**

For the reasons stated above, PGE requests permission to defer the 2018 net benefits associated with the implementation of the U.S. Tax Plan.

DATED this December 29, 2017.

Respectfully Submitted,



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Stefan Brown  
Manager, Regulatory Affairs  
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## **Attachment A**

### **Notice of Application for Deferral of 2018 Net Benefits Associated with the Tax Plan**



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM \_\_\_\_\_

In the Matter of the Application of Portland General Electric Company for an Order Approving the Deferral of 2018 Net Benefits Associated with the U.S. Tax Reconciliation Act	) <b>Notice of Application for the Deferral of 2018 Net Benefits associated with the U.S. Tax Reconciliation Act</b>
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On December 29, 2017, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission) for an Order authorizing deferral of 2018 net benefits associated with the implementation of the U.S. Tax Reconciliation Act.

Approval of PGE's Application will not authorize a change in PGE's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Persons who wish to obtain a copy of PGE's application will be able to access it on the Public Utility Commission of Oregon website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than January 31, 2018.

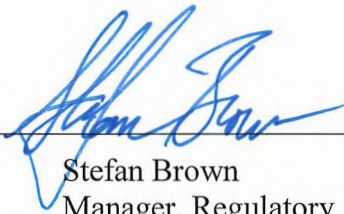
Dated this December 29, 2017.

  
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## CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for Deferred Accounting Treatment of 2018 Net Benefits Associated with the U.S. Tax Reconciliation Act** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service list for OPUC Dockets UE 319.

Dated at Portland, Oregon, this 29 day of December, 2017.



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**OPUC DOCKET # UE 319**

**CALPINE ENERGY UE 319**

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