



LISA D. NORDSTROM
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December 29, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301

Re: Docket UM 1928(3)
In the Matter of Idaho Power Company's Application for Deferred Accounting of Earnings Related to the U.S. Tax Cuts and Jobs Act

Filing Center:

Attached for filing is an electronic copy of Idaho Power Company's Application for Deferred Accounting of Earnings Related to the U.S. Tax Cuts and Jobs Act. The Notice of Application for Deferred Accounting is attached to the Application as Attachment A.

The Application and Notice have been served on the parties of Idaho Power Company's last general rate case, Docket UE 233.

Please contact me at (208) 388-5825 or Senior Regulatory Analyst Courtney Waites at (208) 388-5612 with any questions regarding this filing.

Very truly yours,

A handwritten signature in black ink that reads "Lisa D. Nordstrom". The signature is written in a cursive, flowing style.

Lisa D. Nordstrom

LDN/slb
Attachment

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1928(3)

In the Matter of Idaho Power Company's
Application for Deferred Accounting of
Earnings Related to the U.S. Tax Cuts and
Jobs Act

APPLICATION

I. INTRODUCTION

Pursuant to ORS 757.259 and OAR 860-027-0300, Idaho Power Company ("Idaho Power") hereby requests an accounting order reauthorizing the Company to defer for later ratemaking treatment impacts associated with the income tax provisions of the U.S. Tax Cuts and Jobs Act ("2017 Tax Act") which was signed into law on December 22, 2017 (see Pub. L. No. 115-97, 131 Stat 2045). On May 30, 2018, the Commission issued Order No. 18-199, Idaho Power's initial authorization to defer benefits associated with federal and state income tax changes (collectively referred to as "Tax Reform") resulting from the 2017 Tax Act for the period January 1, 2018, through December 31, 2018. Idaho Power seeks reauthorization for this deferral effective as of January 1, 2021. In support of this Application, Idaho Power states:

1. Idaho Power is a public utility in the state of Oregon and its rates, services, and accounting practices are subject to the regulation of the Public Utility Commission of Oregon ("Commission").
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize the deferral of certain items for later inclusion in rates.

1 3. Communications regarding this Application should be addressed to:

2 Lisa Nordstrom
3 Idaho Power Company
4 P.O. Box 70
5 Boise, ID 83707
6 lnordstrom@idahopower.com
7 dockets@idahopower.com

 Courtney Waites
 Idaho Power Company
 P.O. Box 70
 Boise, ID 83707
 cwaites@idahopower.com

8 **II. OAR 860-027-0300(3) REQUIREMENTS**

9 **A. Description**

10 Effective January 1, 2018, the 2017 Tax Act lowers the corporate tax rate to 21 percent
11 from the existing maximum rate of 35 percent, provides for expanded bonus depreciation,
12 limits the deductibility of interest expense, eliminates the alternative minimum tax, repeals
13 the manufacturing deduction, and imposes additional limitations on the deductibility of
14 executive compensation. Public utility companies, such as Idaho Power, retain the full
15 deductibility of interest expense but are no longer eligible for the bonus depreciation
16 provisions; however traditional accelerated tax depreciation methods are still available.
17 While the change in the corporate income tax rate reduced the Company's income tax
18 expense beginning in 2018, accounting rules required Idaho Power to remeasure deferred
19 income tax assets and liabilities as of the date of the enactment, reducing net deferred tax
20 liabilities in 2017, as well as causing an increase in income tax expense for 2017.

21 On May 30, 2018, the Commission issued Order No. 18-199 approving a Term Sheet
22 agreed to by Idaho Power, Staff, and the Oregon Citizens' Utility Board, collectively "Parties",
23 that quantified the cost-of-service benefits of the 2017 Tax Act and the 2017 Tax Act impacts
24 associated with the North Valmy power plant levelized revenue requirement. The Parties
25 agreed that the annual Oregon-jurisdictional tax benefits of \$1,483,736 are a reasonable
26 quantification of all tax benefits resulting from the 2017 Tax Act for 2018 and 2019. Further,
27 the Parties agreed that the annualized tax benefits will remain in customer rates through May
28 31, 2020, to provide customers with a full 24-month benefit period associated with 2018 and

1 2019 tax benefits. In order to facilitate this ratemaking treatment, the Company agreed to
2 request reauthorization from the Commission of the Oregon jurisdictional tax reform benefits
3 authorized in UM 1928.

4 On December 23, 2019, Idaho Power filed with the Commission a request to update
5 the quantification of Tax Reform benefits to be included in customer rates beginning June 1,
6 2020. On May 5, 2020, the Commission issued Order No. 20-148, approving Idaho Power's
7 quantification of \$1,519,887 in annualized Oregon jurisdictional benefits associated with Tax
8 Reform and adjusted customer rates to reflect amortization of the Tax Reform benefits
9 effective June 1, 2020. This amount will remain in customer rates until Idaho Power's next
10 general rate case or other proceeding where the then current tax expenses and other tax-
11 related revenue requirement components are reflected in rates.

12 **B. Reasons for Deferral**

13 As explained above, Idaho Power requests reauthorization to defer Oregon
14 jurisdictional Tax Reform benefits of \$1,519,887 associated with the calendar year 2021.
15 This deferral is intended to capture the tax reform benefits that will be amortized in rates, is
16 filed pursuant to ORS 757.259(2)(e), and is intended to minimize the frequency of rate
17 changes or the fluctuation of rate levels and match appropriately the costs borne by and
18 benefits received by customers.

19 **C. Proposed Accounting**

20 Idaho Power will record amounts subject to the deferral order in accordance with the
21 Code of Federal Regulations to the Federal Energy Regulatory Commission ("FERC")
22 Account 254 – Regulatory Liabilities with the corresponding entry to FERC Account 449 –
23 Operating Revenues. Absent approval, the Company would continue to record the collection
24 of the revenue requirement amounts in general business revenues, FERC Account 440 –
25 Operating Revenues with no offset.

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1 **D. Estimate of Amounts**

2 If approved, Idaho Power will defer Oregon-jurisdictional tax reform benefits of
3 \$1,519,887 associated with 2021.

4 **E. Notice**

5 A copy of the Notice of Application for Deferred Accounting of Earnings Related to the
6 Tax Act and a list of persons served with the Notice are attached to the Application as
7 Attachment A.

8 **III. OAR 860-027-0300(4) REQUIREMENTS**

9 **A. Entries in the Deferred Account to Date**

10 Attached to the Application as Attachment B is a description and explanation of the
11 entries in this deferred account to date.

12 **B. Reason for Continuation of Deferred Accounting**

13 As discussed in detail above, this deferral is intended to capture the 2021 tax reform
14 benefits that will be amortized in rates and is authorized pursuant to Order Nos. 18-199 and
15 20-148.

16 **IV. CONCLUSION**

17 Deferred accounting treatment is an appropriate, just, and reasonable means of
18 implementing Order Nos. 18-199 and 20-148 which provide in customer rates the Oregon-
19 jurisdictional tax benefits of \$1,519,887. For the reasons stated above, Idaho Power
20 requests permission to reauthorize the deferral of impacts associated with the Tax Act
21 beginning January 1, 2021 and pursuant to ORS 757.259(2)(e).

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1 DATED: December 29, 2020

IDAHO POWER COMPANY

Lisa D. Nordstrom

4 LISA D. NORDSTROM
Attorney for Idaho Power Company

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Attachment A

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**NOTICE OF APPLICATION FOR
DEFERRED ACCOUNTING**

On December 29, 2020, Idaho Power Company ("Idaho Power") filed an application with the Public Utility Commission of Oregon ("Commission") for an Order authorizing deferral of the Oregon-jurisdictional tax reform benefits pursuant to Order Nos. 18-199 and 20-148.

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

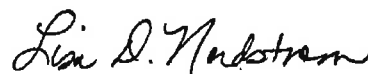
Idaho Power's Application will be posted on the Commission website for persons who wish to obtain a copy or they may contact the following:

Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, ID 83707
lnordstrom@idahopower.com

Any person who wishes to submit written comments to the Commission on Idaho Power's Application must do so by no later than January 29, 2021.

DATED: December 29, 2020

IDAHO POWER COMPANY



LISA D. NORDSTROM
Attorney for Idaho Power Company

Attachment B

UM1928(3) Attachment B - Account Entries

Account	DB2DATE	DISTDESC	Descr	TOTAMT
254452	6/30/2018	PROV RATE REFUND OR	Rate Related Amortization	(380,000.00)
254452	10/31/2018	OREGON	Rate Related Amortization	(159,147.48)
254452	11/30/2018	OREGON	Rate Related Amortization	6,729.01
254452	12/31/2018	OREGON	Rate Related Amortization	(31,889.95)
254452	1/31/2020	OR PROV RATE REFUND	Rate Related Amortization	(130,335.51)
254452	1/31/2020	REVERSE OR GAAP ADJ	Rate Related Amortization	127,235.44
254452	2/29/2020	OR PROV RATE REFUND	Rate Related Amortization	(112,651.61)
254452	2/29/2020	REVERSE OR GAAP ADJ	Rate Related Amortization	109,972.15
254452	5/31/2020	REVERSE OR GAAP ADJ	Rate Related Amortization	117,869.71
254452	3/31/2020	OR PROV RATE REFUND	Rate Related Amortization	(109,512.51)
254452	3/31/2020	REVERSE OR GAAP ADJ	Rate Related Amortization	106,907.72
254452	4/30/2020	OR PROV RATE REFUND	Rate Related Amortization	(104,816.49)
254452	4/30/2020	REVERSE OR GAAP ADJ	Rate Related Amortization	102,323.39
254452	5/31/2020	OR PROV RATE REFUND	Rate Related Amortization	(120,741.59)
				<u>(578,057.72)</u>

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CERTIFICATE OF SERVICE

UM 1928(3)

I hereby certify that on December 29, 2020, I served a true and correct copy of Idaho Power Company's Application for Deferred Accounting of Earnings Related to the U.S. Tax Cuts and Jobs Act on the parties of record in Docket UE 233 by e-mail to said person(s) as indicated below.

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dockets@oregoncub.org

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Oregon Dockets
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oregondockets@pacificcorp.com

Donald W. Schoenbeck
Regulatory & Cogeneration Services, Inc.
dws@r-c-s-inc.com

DATED: December 29, 2020.



Stephanie L. Buckner, Executive Assistant