



WENDY MCINDOO
Direct (503) 595-3922
wendy@mrg-law.com

December 23, 2019

VIA ELECTRONIC FILING

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

Re: Docket UM 1928(2)
In the Matter of Idaho Power Company's Application for Deferred
Accounting of Earnings Related to the U.S. Tax Cuts and Jobs Act

Attention Filing Center:

Enclosed 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 has been served on the parties of Idaho Power Company's last general rate case, UE 233, as indicated on the attached service list.

Sincerely,

Wendy McIndoo
Office Manager

Attachments

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1928(2)

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. Order No. 19-166, issued on May 7, 2019, reauthorized the deferral of Tax Reform benefits for the period January 1, 2019, through December 31, 2019. Idaho Power seeks reauthorization for this deferral effective as of January 1, 2020. In support of this Application, Idaho Power states:

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").

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 Communications regarding this Application should be addressed to:

2 Jocelyn Pease
3 McDowell Rackner & Gibson, PC
4 419 SW 11th Avenue, Suite 400
5 Portland, Oregon 97205
6 dockets@mrg-law.com

Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
lnordstrom@idahopower.com
dockets@idahopower.com

7 **II. OAD 860-027-0300(3) REQUIREMENTS**

8 **A. Description**

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

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

1 in customer rates through May 31, 2020, to provide customers with a full 24-month benefit
2 period associated with 2018 and 2019 tax benefits. In order to facilitate this ratemaking
3 treatment, the Company agreed to request reauthorization from the Commission, of the
4 Oregon jurisdictional tax reform benefits authorized in UM 1928.

5 In addition, concurrent with this Application, Idaho Power has filed with the
6 Commission a request for (1) approval of Idaho Power's quantification of \$1.52 million in
7 annualized Oregon jurisdictional benefits associated with Tax Reform, and (2) an adjustment
8 to customer rates to reflect amortization of \$1,519,887 in Tax Reform benefits effective June
9 1, 2020. The Company is requesting that this amount remain in customer rates until its 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 2020.
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 above, Idaho Power requests permission to reauthorize the deferral of impacts associated
2 with the Tax Act beginning January 1, 2020, and pursuant to ORS 757.259(2)(e).

3 Respectfully submitted this 23rd day of December 2019.

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McDOWELL RACKNER & GIBSON PC

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JOCELYN PEASE

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McDowell Rackner & Gibson PC
419 SW 11th Avenue, Suite 400
Portland, Oregon 97205
Telephone: (503) 290-3620
Facsimile: (503) 595-3928
dockets@mrg-law.com

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LISA D. NORDSTROM
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707

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Attorneys for Idaho Power Company

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UM 1928(2)

Attachment A to Application

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**NOTICE OF APPLICATION FOR
DEFERRED ACCOUNTING**

On December 23, 2019, 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 No. 18-199.

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:

Jocelyn Pease
McDowell Rackner & Gibson, PC
419 SW 11th Avenue, Suite 400
Portland, Oregon 97205
dockets@mrq-law.com

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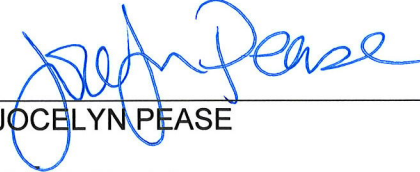
1 Any person who wishes to submit written comments to the Commission on Idaho
2 Power's Application must do so by no later than January 17, 2020.

3

4 DATED: December 23, 2019

McDOWELL RACKNER & GIBSON PC

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JOCELYN PEASE

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Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Email: lnordstrom@idahopower.com

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Attorneys for Idaho Power Company

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of Idaho Power's Notice of Application in Docket UM 1928(2) to the Parties of record in Docket UE 233 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

Citizens' Utility Board of Oregon
OPUC Dockets
dockets@oregoncub.org

Robert Jenks
Citizens' Utility Board of Oregon
bob@oregoncub.org

Erik Colville
Public Utility Commission of Oregon
Erik.colville@state.or.us

Stephanie Andrus
PUC Staff—Department of Justice
stephanie.andrus@state.or.us

Don Reading
dreading@mindspring.com

Judy Johnson
Public Utility Commission of Oregon
judy.johnson@state.or.us

Peter J. Richardson
Richardson & Adams
peter@richardsonadams.com

Gregory M. Adams
Richardson & Adams
greg@richardsonadams.com

Joshua D. Johnson
Attorney at Law
jdj@racinelaw.net

Anthony J. Yankel
Utility Net.Inc.
tony@yankel.net

Randy Dahlgren
Portland General Electric
pge.opuc.filings@pgn.com

Douglas C. Tingey
Portland General Electric
doug.tingey@pgn.com

Irion Sanger
Sanger Law PC
irion@sanger-law.com

John W. Stephens
Esler Stephens & Buckley
Stephens@eslerstephens.com
ortez@eslerstephens.com

Etta Lockey
Pacific Power
Etta.lockey@pacificcorp.com

Sarah Link
Pacific Power
sarah.link@pacificcorp.com

Oregon Dockets
PacifiCorp
oregondockets@pacificcorp.com

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

Wendy Gerlitz
NW Energy Coalition
wendy@nwenergy.org

Renewable Northwest Project
dockets@renewablenw.org

DATED: December 23, 2019



Wendy McIndoo
Office Manager

UM 1928(2)

Attachment B to Application

UM 1928(2) - Attachment B to Application

| 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) |
| | | | | <u>(564,308.42)</u> |