

LISA D. NORDSTROM Lead Counsel Inordstrom@idahopower.com

December 28, 2018

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UM 1928(1)

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,

Lisa D. Mardsham

LDN:csb Attachment

Ţ	BEFORE THE PUBLIC UTILITY COMMISSION	
2	OF OREGON	
3	UM 1928(1)	
4	f f	
5	In the Matter of Idaho Power Company's Application for Deferred Accounting of APPLICATION	
6	Earnings Related to the U.S. Tax Cuts and Jobs Act	
7		
8		
9	I. INTRODUCTION	
10	Pursuant to ORS 757.259 and OAR 860-027-0300, Idaho Power Company ("Idaho	
11	Power" or "Company") hereby requests an accounting order reauthorizing the Company to	
12	defer for later ratemaking treatment impacts associated with the income tax provisions of	
13	H.R.1, also known as the U.S. Tax Cuts and Jobs Act ("Tax Act"). The Tax Act, signed into	
14	law on December 22, 2017, provides for "reconciliation pursuant to titles II and V of the	
15	concurrent resolution on the budget for fiscal year 2018." On May 30, 2018, the Public Utility	
16	Commission of Oregon ("Commission") issued Order No. 18-199, Idaho Power's initial	
17	authorization to defer for later ratemaking treatment the impacts of the Tax Act for the period	
18	January 1, 2018, through December 31, 2018. Idaho Power seeks reauthorization for this	
19	deferral effective as of January 1, 2019. In support of this Application, Idaho Power states:	
20	1. Idaho Power is a public utility in the state of Oregon and its rates,	
21	services, and accounting practices are subject to the regulation of the Commission.	
22	2. This Application is filed pursuant to ORS 757.259, which allows the	
23	Commission, upon application, to authorize the deferral of certain items for later inclusion in	
24	rates.	
25		
26		

- 1 3. Communications regarding this Application should be addressed to:
- 2 Lisa D. Nordstrom

Idaho Power Company 3 1221 West Idaho Street (83702)

P.O. Box 70

Boise, Idaho 83707

Inordstrom@idahopower.com dockets@idahopower.com Courtney Waites

Idaho Power Company

1221 West Idaho Street (83702)

P.O. Box 70

Boise, Idaho 83707

cwaites@idahopower.com

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

A. <u>Description</u>

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

20

21

22

23

24

The Tax Act contains provisions that resulted in changes to Idaho Power's financial statements. The Company's income tax expense included in the revenue requirement computation approved in the last general rate case was calculated in accordance with the Internal Revenue Code of 1986. The Tax Act amended sections of the 1986 code, most notably the reduction in the federal corporate income tax rate from 35 percent to 21 percent. On May 30, 2018, the Commission issued Order No. 18-199 approving a Term Sheet agreed to by Idaho Power, Commission Staff, and the Oregon Citizens' Utility Board, collectively "Parties," that quantified the cost-of-service benefits of the Tax Act and the Tax Act impacts associated with the North Valmy power plant levelized revenue requirement. The Parties agreed that the annual Oregon-jurisdictional tax benefits of \$1,483,736 are a reasonable quantification of all tax benefits resulting from the Tax Act for 2018 and 2019. Further, the Parties agreed that the annualized tax benefits will remain in customer rates through May 31, 2020, to provide customers with a full 24-month benefit period associated with 2018 and 2019 tax benefits. In order to facilitate this ratemaking treatment, the Company agreed to request reauthorization from the Commission of the Oregon jurisdictional tax reform benefits authorized in Docket UM 1928.

B. Reasons for Deferral

As explained above, Idaho Power requests reauthorization to defer Oregon jurisdictional tax reform benefits of \$1,483,736 as a result of the Tax Act. This deferral is

1	intended to capture the tax reform benefits that will be amortized in rates, is filed pursuant to

2 ORS 757.259(2)(e), and is intended to minimize the frequency of rate changes or the

fluctuation of rate levels and match appropriately the costs borne by and benefits received

4 by customers.

5

C. Proposed Accounting

6 Idaho Power will record amounts subject to the deferral order in accordance with the

7 Code of Federal Regulations to the Federal Energy Regulatory Commission ("FERC")

8 Account 254, Regulatory Liabilities, with the corresponding entry to FERC Account 449,

9 Operating Revenues. Absent approval, the Company would continue to record the collection

10 of the revenue requirement amounts in general business revenues, FERC Account 440,

11 Operating Revenues, with no offset.

12 D. Estimate of Amounts

13 In accordance with Order No. 18-199, Idaho Power will defer Oregon-jurisdictional tax

14 reform benefits of \$1,483,736 associated with 2019.

15 E. Notice

A copy of the Notice of Application for Deferred Accounting of earnings related to the

17 Tax Act and a list of persons served with the Notice are attached to the Application as

18 Attachment A.

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

20 A. Entries in the Deferred Account to Date

21 Attached to the Application as Attachment B is a description and explanation of the

22 entries in this deferred account as of the date of the Application.

B. Reason for Continuation of Deferred Accounting

As discussed in detail above, this deferral is intended to capture the 2019 tax reform

25 benefits that will be amortized in rates and is authorized pursuant to Order No. 18-199.

26

23

19

IV. CONCLUSION 1 Deferred accounting treatment is an appropriate, just, and reasonable means of 2 implementing Order No. 18-199, which provides in customer rates the Oregon-jurisdictional 3 tax benefits of \$1,483,736. For the reasons stated above, Idaho Power requests permission to reauthorize the deferral of impacts associated with the Tax Act beginning January 1, 2019, and pursuant to ORS 757.259(2)(e). 7 DATED: December 28, 2018. **IDAHO POWER COMPANY** 8 9 LISA D. NORDSTROM Attorney for Idaho Power Company 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26

Attachment A

1	BEFORE THE PUBLIC UTILITY COMMISSION			
2	OF OREGON			
3	UM 1928(1)			
4		Í		
5	In the Matter of Idaho Power Company's	NOTICE OF APPLICATION FOR		
6	Application for Deferred Accounting of Earnings Related to the U.S. Tax Cuts and	DEFERRED ACCOUNTING		
7	Jobs Act			
8	On December 28, 2018, Idaho Power Company ("Idaho Power") filed its Application			
9	with the Public Utility Commission of Oregon ("Commission") for an order authorizing deferral			
10	of the Oregon-jurisdictional tax reform benefits pursuant to Order No. 18-199.			
11	Approval of Idaho Power's Application will not authorize a change in Idaho Power's			
12	rates, but will permit the Commission to consider allowing such deferred amounts in rates in			
13	a subsequent proceeding.			
14	Idaho Power's Application will be posted on the Commission's website for persons			
15	who wish to obtain a copy or they may contact the following:			
16	Lisa D. Nordstrom Idaho Power Company 1221 West Idaho Street (83702)			
17 18	P.O. Box 70 Boise, Idaho 83707 Inordstrom@idahopower.com			
19		en comments to the Commission on Idaho		
20	Power's Application must do so by no later than	January 28, 2019.		
21	DATED: December 28, 2018.	AHO POWER COMPANY		
22		L. am		
23	LIS	SA D. NORDSTROM		
24	At	torney for Idaho Power Company		
25				
26				

Page 1 - NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING

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

Attachment B

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

1	CERTIFICAT	TE OF SERVICE	
2	UM 1928(1)		
3	I hereby certify that on December 28, 2018, I served a true and correct copy of		
4	Idaho Power Company's Application for Deferred Accounting of Earnings Related to the		
5	U.S. Tax Cuts and Jobs Act on the parties of record in Docket UE 233 by e-mail to said		
6	person(s) as indicated below.		
7 8	OPUC Dockets Oregon Citizens' Utility Board dockets@oregoncub.org	Robert Jenks Oregon Citizens' Utility Board bob@oregoncub.org	
9	Lisa F. Rackner McDowell Rackner & Gibson PC dockets@mrg-law.com	Stephanie S. Andrus Department of Justice Business Activities Section	
11	=======================================	stephanie.andrus@state.or.us	
12	Dr. Don Reading dreading@mindspring.com	Judy Johnson Public Utility Commission of Oregon judy.johnson@state.or.us	
13	Fails Oak ille		
14	Erik Colville Public Utility Commission of Oregon erik.colville@state.or.us	Gregory M. Adams Richardson Adams, PLLC greg@richardsonadams.com	
15	Peter J. Richardson	Joshua D. Johnson	
16	Richardson Adams, PLLC peter@richardsonadams.com	Attorney at Law jdj@racinelaw.net	
17	Renewable Northwest Project	Anthony J. Yankel	
18	dockets@renewablenw.org	Utility Net, Inc. tony@yankel.net	
19	Randy Dahlgren	Douglas C. Tingey	
20	Portland General Electric Company pge.opuc.filings@pgn.com	Portland General Electric Company doug.tingey@pgn.com	
21	Irion A. Sanger		
22	Davison Van Cleve, PC irion@sanger-law.com	Wendy Gerlitz NW Energy Coalition wendy@nwenergy.org	
23	Etta Lockov	Sarah E. Link	
24	Etta Lockey Pacific Power etta.lockey@pacificorp.com	Pacific Power sarah.link@pacificorp.com	
25			
26			

1	Oregon Dockets Donald W. Schoenbeck PacifiCorp, d/b/a Pacific Power Regulatory & Cogeneration Services, Inc.	
2	oregondockets@pacificorp.com dws@r-c-s-inc.com	
3	John W. Stephens Esler Stephens & Buckley	
4	stephens@eslerstephens.com mec@eslerstephens.com	
5	med@esierstephens.com	
6	DATED: December 28, 2018.	
7	Ma Illa Eco.	
8	Christa Bearry, Legal Assistant	4
9	(
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	**	
20		
21		
22		
23		
24		
25		
26		