ORDER NO. 19-028

ENTERED Jan 29 2019

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1985

In the Matter of PACIFICORP, dba PACIFIC POWER, Application for an Accounting Order and Request for Amortization Related to the Federal Tax Act.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 29, 2019, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Michael Grant
Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. 2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 29, 2019

REGULAR X **CONSENT** ___ **EFFECTIVE DATE** **February 1, 2019**

DATE: January 18, 2019

TO: Public Utility Commission

FROM: John Fox JF

JE JC
THROUGH: Jason Eisdorfer and John Crider

SUBJECT: PACIFIC POWER: (Docket No. UM 1985) Application for an Accounting Order and Request for Amortization Related to the Federal Tax Act.

STAFF RECOMMENDATION:

Approve amortization of the 2018 ratepayer benefits of $45.2 million[1] associated with the Tax Act beginning February 1, 2019, consistent with the Term Sheet agreed to by PacifiCorp, Staff, AWEC, CUB and Vitesse LLC.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's (Company) Application for an Accounting Order and Request for Amortization Related to the Federal Tax Act.

Applicable Rule or Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative

[1] 2018 deferral balance $46.7 million less $1.5 million to account for 50 percent of the reduced value of renewable energy production tax credits (due to the Tax Act) on PacifiCorp's 2018 Transition Adjustment Mechanism (docket UE 323).

rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220.

OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. ORS 757.259(4); OAR 860-027-0300(9).

Analysis

Tax Act Deferral Background

On December 22, 2017, President Donald Trump signed H.R.1 – Tax Cuts and Job Act (Tax Act), with most provisions going into effect on January 1, 2018. The Tax Act amends sections of the 1986 code, most notably the reduction in the federal corporate income tax rate from 35 percent to 21 percent. The change in the corporate income tax rate also results in excess deferred income tax (EDIT) assets and liabilities that must be reversed.

On December 28, 2017, the Company filed a deferral application (UM 1917) to defer the expected impacts associated with the income tax provisions of the Tax Act. Because the legislation was newly enacted, the Company did not have an estimate of the total impacts at the time its application was filed.

On April 13, 2018, the Company filed a supplemental application, estimating Oregon-allocated deferred amounts to be between \$42 million and \$48 million, based on its 2017 Results of Operations with Type 3 adjustments, calculated both "with" and "without" the effects of the Tax Act.

On September 20, 2018, the Company filed a second supplemental application including the following revised estimates:

- The annual Oregon deferral will be approximately \$46.7 million for current taxes, exclusive of 2018 production tax credit (PTC) impacts and excess deferred

income taxes that must be normalized using the average rate assumption method (ARAM) of accounting.
- 2018 PTC impact is a negative benefit of $3.0 million.
- ARAM amortization is a benefit of $14.6 million.

On December 29, 2017, Staff also filed an application (UM 1925) to defer the changes in PacifiCorp's federal tax obligations resulting from H.R.1 — Tax Cuts and Jobs Act (Application). Staff filed similar applications for all six energy utilities to ensure ratepayers would benefit from the tax reduction beginning January 1, 2018.

Subsequent to the filing of both PacifiCorp's and Staff's initial applications, PacifiCorp, Staff, other utilities and stakeholders participated in a workshop to understand the Tax Act implications, and began working through a methodology to calculate benefits to ratepayers and a methodology for passing such benefits onto customers. Since that time, Staff has continued to work with each utility and interested stakeholders informally to address the deferral and amortization of Tax Act benefits.

On January 15, 2019, the Commission approved PacifiCorp's Application for Approval of Deferred Accounting Related to Federal Tax Act, docketed as UM 1917, for the twelve month period beginning December 31, 2017, calculated to be $198 million which includes; 2018 operational tax saving of $46.7 million dollars, an offsetting decrease in the value of production tax credits of ($3.0) million dollars, amortization of protected excess deferred income taxes of $10.4 million dollars for 2018 and deferral of unprotected excess deferred income taxes of $144.2 million dollars.

PacifiCorp's Request for Amortization in UM 1985
On December 7, 2018, PacifiCorp filed its Application for Accounting Order and Request for Amortization Related to the Federal Tax Act, which was docketed as UM 1985. In this filing, PacifiCorp requested that the Commission issue an order authorizing the Company to: (1) amortize the 2018 deferred amounts associated with the current income tax impact of the Tax At over two years beginning February 1, 2019; (2) use the current income tax impacts of the Tax Act that will be deferred in 2019 and 2020 along with the deferral of the Tax Act's impact to non-protected excess deferred income taxes (EDIT) to buy down steam plant book balances leading up the effective date of the recently filed application to revise depreciation rates (Depreciation Study); and (3) continue to defer the Tax Act's impact to excess deferred income taxes (EDIT) related to protected property and approve amortization of these amounts over five years beginning in 2021.

Settlement Agreement in UM 1985
On January 7, 2019 Staff hosted a workshops/settlement conference to discuss the appropriate terms for amortization and return of Tax Act benefits to customers.

All parties (PacifiCorp, Staff, AWEC, CUB and Vitesse LLC.), after reviewing the Company's initial filing and having further discussed issues of concern at the settlement conference, agreed to return the all current tax savings to customers between February 1, 2019, and January 31, 2020.

Furthermore, the parties agreed to defer the decision regarding ratemaking treatment of EDIT until PacifiCorp's next rate case, rather than applying those benefits to offset the book basis of PacifiCorp's coal plants. Consequently, the terms of the settlement will have no effect on nor require any update of the Depreciation Study as requested in the Company's initial filing.

The full agreement of the parties is set forth in the Term Sheet, which is included as Attachment A to this memorandum.

Each item in the term sheet is discussed below, including terms related to the amounts being deferred, in order to ensure that the Commission understands the relationship between deferral and amortization agreed to by the parties.

1. *PacifiCorp will amortize over a one-year time period beginning February 1, 2019, the 2018 deferral balance ($46.7 million) of the impact of the lower current tax expense due to the Tax Cut and Jobs Act[2] (Tax Act). Amounts deferred for 2018 will earn interest at PacifiCorp's weighted average cost of capital for the period beginning January 1, 2018 through January 31, 2019. The interest rate during amortization for this current income tax expense deferral balance will be the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279. The 2018 deferral balance will be reduced by approximately $1.5 million to account for 50 percent of the reduced value of renewable energy production tax credits (due to the Tax Act) on PacifiCorp's 2018 Transition Adjustment Mechanism (docket UE 323).*

    The Company's initial filing proposed returning the 2018 deferral balance over two years. Staff strongly supported a prompt return over one year to prevent further escalation of the amount due to customers. In other words, the amount returned to customers each month in 2019 will be equal to the continued over

[2] Pub. L. No. 115-97 (Dec. 22, 2017).

collection of tax in base rates at the prior 35 percent federal tax rate over the same period.

The return to customers over a 12 month period is also responsive to the interveners' concern that amortization over a shorter or longer period may shift benefits between customer classes whose seasonal usage patterns vary.

The monthly amortization amount, including interest, will be $4.019 million per month.

2. *PacifiCorp will defer 2019 current taxes of ($46.7 million) until January 31, 2020. The applicable interest rate for this deferral balance not under amortization related to the current income tax expense will be the company's weighted average cost of capital most recently approved by the Commission. PacifiCorp will amortize these deferred amounts over a one-year time period beginning February 1, 2020 through December 31, 2020. The interest rate for this current income tax expense deferral balance under amortization will be the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279. The 2019 deferral balance will be reduced by approximately $1.5 million to account for the remaining 50 percent of the reduced value of renewable energy production tax credits (due to the Tax Act) on PacifiCorp's 2018 Transition Adjustment Mechanism (docket UE 323). Any remaining 2019 deferral balance at December 31, 2020, will be addressed in PacifiCorp's next general rate case.*

Review of the Company's amortization calculations indicate the Company intends to continue to refund the same monthly amount for 2019, $4.019 million per month. This amount will be refunded for 11 months through the end of 2020.

The Company's initial application proposed using the 2019 deferral balance to offset the book basis of PacifiCorp's coal plants. The terms of the stipulation return this amount to customers over 12 months in the same manner as the 2018 deferral balance. Staff strongly supports this change for the same reasons, namely monthly return equal to the continued over collection of tax in rates and preventing further escalation and delay of the amount due to customers.

3. *PacifiCorp will defer 2020 current taxes of ($46.7 million) until the company's next general rate case. The applicable interest rate for this deferral balance not under amortization related to the current income tax expense will be the company's weighted average cost of capital most recently approved by the Commission. Upon*

filing the next general rate case, PacifiCorp will make a proposal on how to use the 2020 deferral balance.

The Company's initial application proposed using the 2020 deferral balance to offset the book basis of PacifiCorp's coal plants. Staff believes the settlement agreement delaying the decision regarding ratemaking treatment until the next rate case provides significant flexibility as the Commission can decide the ratemaking treatment at that time without having previously committed to a reduction in the book basis of PacifiCorp's coal plants.

4. *Full detail and calculations supporting these amortizations are provided in Attachment A.*

   The calculations are also included as Attachment B to this memorandum.

5. *Interest will not accrue on Excess Deferred Income Taxes (EDIT) balances, as these are treated as rate base deductions and will not accrue a carrying charge.*

   From an accounting standpoint EDIT balances were previously recorded as Accumulated Deferred Income Taxes (ADIT) prior to Tax Act passage. Staff agrees that interest charges are not appropriate as the amounts have already been excluded from rate base. Upon passage of the Tax Act, the Company revalued ADIT using the new lower federal rate of 21 percent and reclassified the EDIT amounts into separate accounts. No rate base adjustment has occurred for ratemaking purposes therefore the EDIT amounts are still excluded from rate base.

6. *The gross up percentage that will be applied to the current tax expense deferral described above will include revenue sensitive costs (a factor of 1.371).*

   This provision is consistent with the discussion and Commission decision in the deferral docket UM 1917 discussed above.

7. *PacifiCorp will continue deferring the EDIT until the company's next general rate case. Upon filing the next general rate case, PacifiCorp will make a proposal on how to use the EDIT regulatory liability.*

   The Company's initial application proposed using the EDIT balances to offset the book basis of PacifiCorp's coal plants. Staff believes the terms of the stipulation delaying the decision regarding ratemaking treatment until the next rate case provides significant flexibility as the Commission can decide the ratemaking treatment at that time without having previously committed to a reduction in the book basis of PacifiCorp's coal plants.

8. *If PacifiCorp does not file a general rate case as contemplated in paragraphs 2, 3 and 7 by December 1, 2020, then PacifiCorp will meet with the Settling Parties by December 31, 2020 to determine how to address any remaining deferral balance for both the current taxes and Excess Deferred Income Taxes (EDIT).*

   Staff notes that the Company's initial filing in this docket clearly contemplates filing of a general rate case in 2020. This provision is necessary to provide an alternate path for timely return of all tax benefits to ratepayers in the event the general rate case filing is delayed.

9. *PacifiCorp has appropriately and accurately calculated the benefits of the Tax Act, including EDIT, which shall be consistent with the Commission's decisions in the deferral docket UM 1917, and used an appropriate methodology to provide these benefits to customers.*

   This provision is consistent with the discussion and Commission decision in the deferral docket UM 1917 discussed above.

10. *Upon Commission approval of this settlement, PacifiCorp will submit a compliance filing to begin amortization on February 1, 2019. The Parties agree that the amortized amounts described above will be allocated to each schedule consistent with the rate spread described in PacifiCorp's application in this docket.*

   Although the wording in the Company's application is somewhat different, Staff and interveners understand the refund will be allocated to each schedule on an equal percentage basis using the applicable schedule's forecasted revenues at current prices excluding net variable power costs. Staff notes this is the same rate spread methodology approved by the Commission for the return of Portland General Electric's tax benefits (Order No. 18-459).

11. *This resolves all issues in docket UM 1985 regarding the application of the Tax Act for the 2018-2020 operating periods.*

   This provision is consistent with the discussion and Commission decision in the deferral docket UM 1917 for 2018 deferral amounts.

Although separate deferral applications will be necessary for the 2019 and 2020 operating periods, Staff agrees that using to the same deferral amount for each year ($46.7 million based on 2017 results of operations) is consistent with Oregon rate case principles and methodology as applied in the Company's historical rate cases.

Conclusion

For the reasons stated above, Staff concludes that the agreement among the parties related to the amortization of PacifiCorp's previously authorized deferred tax benefits, as set forth the Term Sheet, will allow PacifiCorp to timely pass through current tax benefits, while retaining flexibility with deferred EDIT amounts in light of anticipated future regulatory actions by PacifiCorp. This will result in rates that are fair, just and reasonable.

As discussed in UM 1917, the Company has not proposed application of an earnings test under the provisions of ORS 757.259(5) and intends to return the full amount of tax benefits to ratepayers. Accordingly, Staff concludes further review of Company's earnings at the time of application to amortize the deferral is unnecessary.

PROPOSED COMMISSION MOTION:

Approve amortization of 2018 ratepayer benefits of $45.2 million associated with the Tax Act beginning February 1, 2019, consistent with the Term Sheet agreed to by PacifiCorp, Staff, AWEC, CUB and Vitesse LLC, and direct PacifiCorp to file tariffs in compliance with this order by January 30, 2019.

UM 1985

UM 1985 Staff Report January 18, 2019 - Attachment A

PacifiCorp —Docket No. UM 1985

Term Sheet for All-Party Settlement

The following summarizes the all-party settlement between PacifiCorp and Staff, CUB, AWEC, and Facebook (Settling Parties). The Settling Parties agree that:

1. PacifiCorp will amortize over a one-year time period beginning February 1, 2019, the 2018 deferral balance ($46.7 million) of the impact of the lower current tax expense due to the Tax Cut and Jobs Act[1] (Tax Act). Amounts deferred for 2018 will earn interest at PacifiCorp's weighted average cost of capital for the period beginning January 1, 2018 through January 31, 2019. The interest rate during amortization for this current income tax expense deferral balance will be the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279. The 2018 deferral balance will be reduced by approximately $1.5 million to account for 50 percent of the reduced value of renewable energy production tax credits (due to the Tax Act) on PacifiCorp's 2018 Transition Adjustment Mechanism (docket UE 323).

2. PacifiCorp will defer 2019 current taxes of ($46.7 million) until January 31, 2020. The applicable interest rate for this deferral balance not under amortization related to the current income tax expense will be the company's weighted average cost of capital most recently approved by the Commission. PacifiCorp will amortize these deferred amounts over a one-year time period beginning February 1, 2020 through December 31, 2020. The interest rate for this current income tax expense deferral balance under amortization will be the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279. The 2019 deferral balance will be reduced by approximately $1.5 million to account for the remaining 50 percent of the reduced value of renewable energy production tax credits (due to the Tax Act) on PacifiCorp's 2018 Transition Adjustment Mechanism (docket UE 323). Any remaining 2019 deferral balance at December 31, 2020, will be addressed in PacifiCorp's next general rate case.

3. PacifiCorp will defer 2020 current taxes of ($46.7 million) until the company's next general rate case. The applicable interest rate for this deferral balance not under amortization related to the current income tax expense will be the company's weighted average cost of capital most recently approved by the Commission. Upon filing the next general rate case, PacifiCorp will make a proposal on how to use the 2020 deferral balance.

4. Full detail and calculations supporting these amortizations are provided in Attachment A.

5. Interest will not accrue on Excess Deferred Income Taxes (EDIT) balances, as these are treated as rate base deductions and will not accrue a carrying charge.

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[1] Pub. L. No. 115-97 (Dec. 22, 2017).

6. The gross up percentage that will be applied to the current tax expense deferral described above will include revenue sensitive costs (a factor of 1.371).

7. PacifiCorp will continue deferring the EDIT until the company's next general rate case. Upon filing the next general rate case, PacifiCorp will make a proposal on how to use the EDIT regulatory liability.

8. If PacifiCorp does not file a general rate case as contemplated in paragraphs 2, 3 and 7 by December 1, 2020, then PacifiCorp will meet with the Settling Parties by December 31, 2020 to determine how to address any remaining deferral balance for both the current taxes and Excess Deferred Income Taxes (EDIT).

9. PacifiCorp has appropriately and accurately calculated the benefits of the Tax Act, including EDIT, which shall be consistent with the Commission's decisions in the deferral docket UM 1917, and used an appropriate methodology to provide these benefits to customers.

10. Upon Commission approval of this settlement, PacifiCorp will submit a compliance filing to begin amortization on February 1, 2019. The Parties agree that the amortized amounts described above will be allocated to each schedule consistent with the rate spread described in PacifiCorp's application in this docket.

11. This resolves all issues in docket UM 1985 regarding the application of the Tax Act for the 2018-2020 operating periods.

PacifiCorp
Estimated Federal Tax Impact Deferral and Amortization Table
State of Oregon
$ - Thousands

	Beginning Balance	Deferral: 2018 Current Tax[1]	Deferral: Total Deferred	Refund (Annual Refund $ (46,734))	2018 PTC Offset	Net Change	Interest Accrual[2]	Ending Balance	Ref
Jan-18	$ -	$ 3,895	$ 3,895	$ -	$ -	$ 3,895	12	$ 3,907	
Feb-18	3,907	3,895	3,895	-	-	3,895	37	7,838	
Mar-18	7,838	3,895	3,895	-	-	3,895	62	11,795	
Apr-18	11,795	3,895	3,895	-	-	3,895	87	15,776	
May-18	15,776	3,895	3,895	-	-	3,895	112	19,783	
Jun-18	19,783	3,895	3,895	-	-	3,895	138	23,815	
Jul-18	23,815	3,895	3,895	-	-	3,895	163	27,873	
Aug-18	27,873	3,895	3,895	-	-	3,895	189	31,956	
Sep-18	31,956	3,895	3,895	-	-	3,895	215	36,065	
Oct-18	36,065	3,895	3,895	-	-	3,895	241	40,201	
Nov-18	40,201	3,895	3,895	-	-	3,895	267	44,362	
Dec-18	44,362	3,895	3,895	-	-	3,895	293	48,550	
Total		**$ 46,734**	**$ 46,734**	**$ -**	**$ -**	**$ 46,734**	**$ 1,816**	**$ 48,550**	
Jan-19	$ 48,550	$ -	$ -	$ -	$ (1,511)	(1,511)	298	$ 47,337	
Feb-19	47,337	-	-	(4,019)	-	(4,019)	141	43,459	
Mar-19	43,459	-	-	(4,019)	-	(4,019)	129	39,570	
Apr-19	39,570	-	-	(4,019)	-	(4,019)	117	35,668	
May-19	35,668	-	-	(4,019)	-	(4,019)	105	31,754	
Jun-19	31,754	-	-	(4,019)	-	(4,019)	93	27,828	
Jul-19	27,828	-	-	(4,019)	-	(4,019)	80	23,889	
Aug-19	23,889	-	-	(4,019)	-	(4,019)	68	19,939	
Sep-19	19,939	-	-	(4,019)	-	(4,019)	56	15,976	
Oct-19	15,976	-	-	(4,019)	-	(4,019)	44	12,000	
Nov-19	12,000	-	-	(4,019)	-	(4,019)	31	8,013	
Dec-19	8,013	-	-	(4,019)	-	(4,019)	19	4,012	
Total		**$ -**	**$ -**	**$ (44,208)**	**$ (1,511)**	**$ (45,718)**	**$ 1,181**	**$ 4,012**	
Jan-20	$ 4,012	$ -	$ -	(4,019)	$ -	(4,019)	6	(0)	
Feb-20	(0)	-	-	-	-	-	-	(0)	
Mar-20	(0)	-	-	-	-	-	-	(0)	
Apr-20	(0)	-	-	-	-	-	-	(0)	
May-20	(0)	-	-	-	-	-	-	(0)	
Jun-20	(0)	-	-	-	-	-	-	(0)	
Jul-20	(0)	-	-	-	-	-	-	(0)	
Aug-20	(0)	-	-	-	-	-	-	(0)	
Sep-20	(0)	-	-	-	-	-	-	(0)	
Oct-20	(0)	-	-	-	-	-	-	(0)	
Nov-20	(0)	-	-	-	-	-	-	(0)	
Dec-20	(0)	-	-	-	-	-	-	(0)	
Total		**$ -**	**$ -**	**$ (4,019)**	**$ -**	**$ (4,019)**	**$ 6**	**$ (0)**	

(1) See Exhibit 1 page 1 line 2 for detail of the $46.7 million.
(2) WACC for the current deferral that is not under amortization; Modified Blended Treasury rate for current deferral balances under amortization, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279.

PacifiCorp
Estimated Federal Tax Impact Deferral and Amortization Table
State of Oregon
$ - Thousands

	Deferral		Annual Refund						
			$ (46,734)						
	Beginning Balance	2019 Current Tax[1]	Total Deferred	Refund	2018 PTC Offset	Net Change	Interest Accrual[2]	Ending Balance	Ref
Jan-19	$ -	$ 3,895	$ 3,895	$ -	$ (1,511)	2,384	3	$ 2,387	
Feb-19	2,387	3,895	3,895	-	-	3,895	27	6,309	
Mar-19	6,309	3,895	3,895	-	-	3,895	52	10,256	
Apr-19	10,256	3,895	3,895	-	-	3,895	77	14,227	
May-19	14,227	3,895	3,895	-	-	3,895	102	18,224	
Jun-19	18,224	3,895	3,895	-	-	3,895	128	22,246	
Jul-19	22,246	3,895	3,895	-	-	3,895	153	26,294	
Aug-19	26,294	3,895	3,895	-	-	3,895	179	30,367	
Sep-19	30,367	3,895	3,895	-	-	3,895	205	34,467	
Oct-19	34,467	3,895	3,895	-	-	3,895	231	38,592	
Nov-19	38,592	3,895	3,895	-	-	3,895	257	42,743	
Dec-19	42,743	3,895	3,895	-	-	3,895	283	46,920	
Total		**$ 46,734**	**$ 46,734**	**$ -**	**$ (1,511)**	**$ 45,224**	**$ 1,697**	**$ 46,920**	
Jan-20	$ 46,920	$ -	$ -	-	$ -	-	297	$ 47,217	
Feb-20	47,217	-	-	(4,019)	-	(4,019)	141	43,340	
Mar-20	43,340	-	-	(4,019)	-	(4,019)	129	39,449	
Apr-20	39,449	-	-	(4,019)	-	(4,019)	117	35,547	
May-20	35,547	-	-	(4,019)	-	(4,019)	105	31,633	
Jun-20	31,633	-	-	(4,019)	-	(4,019)	92	27,706	
Jul-20	27,706	-	-	(4,019)	-	(4,019)	80	23,768	
Aug-20	23,768	-	-	(4,019)	-	(4,019)	68	19,816	
Sep-20	19,816	-	-	(4,019)	-	(4,019)	55	15,853	
Oct-20	15,853	-	-	(4,019)	-	(4,019)	43	11,877	
Nov-20	11,877	-	-	(4,019)	-	(4,019)	31	7,889	
Dec-20	7,889	-	-	(4,019)	-	(4,019)	18	3,889	
Total		**$ -**	**$ -**	**$ (44,208)**	**$ -**	**$ (44,208)**	**$ 1,176**	**$ 3,889**	

(1) See Exhibit 1 page 1 line 2 for detail of the $46.7 million.
(2) WACC for the current deferral that is not under amortization; Modified Blended Treasury rate for current deferral balances under amortization, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279.

UM 1985 Staff Report January 18, 2019 - Attachment B

PacifiCorp
CY 2018 TAM
Production Tax Credits

PTC Revenue Requirement in UE-323 Approved PTCs

Line no	Plant Name	PTC Expiration Date	Total Company CY 2018 Final	Factor	Factors CY 2018	Oregon Allocated CY 2018 Final	Oregon Allocated Revenue Requirement
1	JC Boyle	11/7/2015	$ -	SG	25.741%	$ -	$ -
2	Blundell Bottoming Cycle KWh	12/1/2017	-	SG	25.741%	-	-
3	Glenrock KWh	12/30/2018	(7,949,734)	SG	25.741%	(2,046,304)	(3,293,544)
4	Glenrock III KWh	1/16/2019	(2,985,815)	SG	25.741%	(768,565)	(1,237,012)
5	Goodnoe KWh	12/17/2017	-	SG	25.741%	-	-
6	High Plains Wind	10/14/2019	(7,424,880)	SG	25.741%	(1,911,204)	(3,076,099)
7	Leaning Juniper 1 KWh	9/13/2016	-	SG	25.741%	-	-
8	Leaning Juniper Indemnity	9/13/2016	-	SG	25.741%	-	-
9	Marengo KWh	8/2/2017	-	SG	25.741%	-	-
10	Marengo II KWh	6/25/2018	(2,482,279)	SG	25.741%	(638,952)	(1,028,399)
11	McFadden Ridge	10/31/2019	(2,065,509)	SG	25.741%	(531,673)	(855,732)
12	Seven Mile KWh	12/30/2018	(8,359,081)	SG	25.741%	(2,151,672)	(3,463,135)
13	Seven Mile II KWh	12/30/2018	(1,646,541)	SG	25.741%	(423,828)	(682,156)
14	Dunlap I Wind KWh	9/29/2020	(8,486,538)	SG	25.741%	(2,184,480)	(3,515,940)
15							
16	Total Production Tax Credit		$ (41,400,377)			$ (10,656,679)	$ (17,152,017)
17							
18							
19							
20							

21 **PTC Revenue Requirement in UE-323 - Restated at 21% Tax Rate**

Line no	Plant Name	PTC Expiration Date	Total Company CY 2018 Restated	Factor	Factors CY 2018	Oregon Allocated CY 2018 Restated	Oregon Allocated Revenue Requirement
22							
23	Plant Name	Expiration Date	Restated	Factor	2018	Restated	Requirement
24	JC Boyle	11/7/2015	-	SG	25.741%	-	-
25	Blundell Bottoming Cycle KWh	12/1/2017	-	SG	25.741%	-	-
26	Glenrock KWh	12/30/2018	(7,949,734)	SG	25.741%	(2,046,304)	(2,713,449)
27	Glenrock III KWh	1/16/2019	(2,985,815)	SG	25.741%	(768,565)	(1,019,136)
28	Goodnoe KWh	12/17/2017	-	SG	25.741%	-	-
29	High Plains Wind	10/14/2019	(7,424,880)	SG	25.741%	(1,911,204)	(2,534,303)
30	Leaning Juniper 1 KWh	9/13/2016	-	SG	25.741%	-	-
31	Leaning Juniper Indemnity	9/13/2016	-	SG	25.741%	-	-
32	Marengo KWh	8/2/2017	-	SG	25.741%	-	-
33	Marengo II KWh	6/25/2018	(2,482,279)	SG	25.741%	(638,952)	(847,266)
34	McFadden Ridge	10/31/2019	(2,065,509)	SG	25.741%	(531,673)	(705,011)
35	Rolling Hills KWh	1/16/2019	-	SG	25.741%	-	-
36	Seven Mile KWh	12/30/2018	(8,359,081)	SG	25.741%	(2,151,672)	(2,853,170)
37	Seven Mile II KWh	12/30/2018	(1,646,541)	SG	25.741%	(423,828)	(562,007)
38	Dunlap I Wind KWh	9/29/2020	(8,486,538)	SG	25.741%	(2,184,480)	(2,896,674)
39							
40	Total Production Tax Credit		(41,400,377)			(10,656,679)	(14,131,015)
41							
42					Increase Absent Load Change		3,021,001
43							

PacifiCorp

Capital Structure Impact - Tax Rate Change

	FILED DEC 2017 @ 21% TAX RATE			NORMALIZED DEC 2017 @ 21% TAX RATE		
TAX INFORMATION						
FEDERAL RATE		21.00%			21.00%	
STATE EFFECTIVE RATE		4.54%			4.54%	
FEDERAL/STATE COMBINED RATE		24.587%			24.587%	
CAPITAL STRUCTURE INFORMATION						
	CAPITAL <u>STRUCTURE</u>	EMBEDDED <u>COST</u>	WEIGHTED <u>COST</u>	CAPITAL <u>STRUCTURE</u>	EMBEDDED <u>COST</u>	WEIGHTED <u>COST</u>
DEBT	48.49%	5.26%	2.551%	48.49%	5.26%	2.551%
PREFERRED	0.02%	6.75%	0.001%	0.02%	6.75%	0.001%
COMMON	51.49%	9.80%	5.046%	51.49%	9.80%	5.046%
	100.00%		7.598%	100.00%		7.598%

Modified Blended Treasury Rate (Current) 3.74%

Anticipated rate for 2019