December 27, 2019

VIA ELECTRONIC FILING

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

Re: Docket UM 2045  
In the Matter of Idaho Power Company’s Application for Deferred Accounting of Oregon Corporate Activity Tax Expenses

Attention Filing Center:

Enclosed for filing is an electronic copy of Idaho Power Company’s Application for Deferred Accounting of Oregon Corporate Activity Tax Expenses.

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
BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2045

In the Matter of Idaho Power Company's Application for Deferred Accounting of Oregon Corporate Activity Tax Expenses.

APPLICATION

I. INTRODUCTION

Pursuant to ORS 757.259 and OAR 860-027-0300, Idaho Power Company ("Idaho Power") hereby requests an accounting order authorizing the Company to defer for later ratemaking treatment costs associated with the Oregon Corporate Activity Tax ("OCAT") beginning January 1, 2020. Idaho Power seeks authorization for this deferral effective as of the date of this Application. 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.

3. Communications regarding this Application should be addressed to:

   Lisa Nordstrom                  Courtney Waites
   Idaho Power Company            Idaho Power Company
   P.O. Box 70                    P.O. Box 70
   Boise, ID 83707                 Boise, ID 83707
   lnordstrom@idahopower.com       cwaites@idahopower.com
   docket@idahopower.com
II. OAR 860-027-0300(3) REQUIREMENTS

A. Description

The OCAT, which was signed into law on May 16, 2019, with House Bill 3427, and amended technically with HB 2164 on July 23, 2019, was adopted to impose a tax on all types of business entities, based on their Oregon-sourced commercial activity. The OCAT is a modified gross-receipts tax and is in addition to all other business taxes already imposed by the state of Oregon. Revenue from the OCAT will be used for education spending in the state of Oregon. Because the Company’s Oregon-sourced taxable commercial activity is above $1 million, effective January 1, 2020, Idaho Power’s tax expense will increase as result of the OCAT. Idaho Power must pay estimated OCAT payments in 2020 and file its first OCAT return in 2021.

B. Reasons for Deferral

Idaho Power requests authorization to defer the tax expense payments resulting from the establishment of the OCAT and the resulting increase to the Company’s Oregon state taxes. The Commission has approved similar treatment for Idaho Power’s changes in tax expense in Docket No. UM 1928; Order No. 18-199 authorized the deferral of $1.48 million in benefits associated with the reduction of income tax expense resulting from federal tax reform. The Company’s deferral request in this case is filed pursuant to ORS 757.259(2)(e) and is intended to minimize the frequency of rate changes or the fluctuation of rate levels.

C. Proposed Accounting

If approved, Idaho Power will record amounts that would be subject to the deferral order in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission (“FERC”) Account 182 – Regulatory Assets. The Company is still evaluating the corresponding entry but anticipates it will be recorded to FERC Account 409 – Current State Income Tax. Absent approval, the corresponding entry for the new OCAT payments would be recorded to FERC Account 131 – Cash.
D. Estimate of Amounts

The OCAT is $250 plus 0.57 percent of the Company's Oregon-sourced taxable commercial activity above $1 million less applicable exceptions and deductions. The Company estimates OCAT expenses for the January 1, 2020, through December 31, 2020, time period will be approximately $400,000. In accordance with Order No. 05-1070, Idaho Power will accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital most recently approved by the Commission.

E. Notice

A copy of the Notice of Application for Deferred Accounting of Oregon Corporate Activity Tax Expenses and a list of persons served with the Notice are attached to the Application as Attachment A.

III. CONCLUSION

For the reasons stated above, Idaho Power respectfully requests that, consistent with ORS 757.259(2)(e), the Commission authorize the Company to record and defer OCAT

McDowell Rackner Gibson PC
419 SW 11th Ave, Suite 400
Portland, OR 97205
expenses resulting from HB 3427 for the January 1, 2020, through December 31, 2020, time
period.

Respectfully submitted this 27th day of December 2019.

McDowell Rackner Gibson PC

JOCELYN PEASE

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LISA D. NORDSTROM
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Attorneys for Idaho Power Company
UM 2045
Attachment A to Application
BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 2045

In the Matter of Idaho Power Company's Application for Deferred Accounting of Oregon Corporate Activity Tax Expenses.

NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING


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, OR 97205
dockets@mrg-law.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 24, 2020.

DATED: December 27, 2019

MCDOWELL RACKNER GIBSON PC

JOCELYN PEASE

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E-mail: Inordstrom@idahopower.com

Attorneys for Idaho Power Company
CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of Idaho Power’s Notice of Application For Deferred Accounting in Docket UM 2045 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.

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OPUC Dockets
dockets@oregoncub.org

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bob@oregoncub.org

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