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,

Lisa D. Nordstrom

LDN/slb
Attachment
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.
3. Communications regarding this Application should be addressed to:

Lisa Nordstrom
Idaho Power Company
P.O. Box 70
Boise, ID 83707
lnordstrom@idahopower.com
dockets@idahopower.com

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

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

A. Description

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

On May 30, 2018, the Commission issued Order No. 18-199 approving a Term Sheet agreed to by Idaho Power, Staff, and the Oregon Citizens’ Utility Board, collectively “Parties”, that quantified the cost-of-service benefits of the 2017 Tax Act and the 2017 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 2017 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 UM 1928.

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

B. Reasons for Deferral

As explained above, Idaho Power requests reauthorization to defer Oregon
jurisdictional Tax Reform benefits of $1,519,887 associated with the calendar year 2021.
This deferral is intended to capture the tax reform benefits that will be amortized in rates, 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 and match appropriately the costs borne by and
benefits received by customers.

C. Proposed Accounting

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

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

E. Notice

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

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

A. Entries in the Deferred Account to Date

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

B. Reason for Continuation of Deferred Accounting

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

IV. CONCLUSION

Deferred accounting treatment is an appropriate, just, and reasonable means of implementing Order Nos. 18-199 and 20-148 which provide in customer rates the Oregon-jurisdictional tax benefits of $1,519,887. For the reasons stated above, Idaho Power requests permission to reauthorize the deferral of impacts associated with the Tax Act beginning January 1, 2021 and pursuant to ORS 757.259(2)(e).
DATED: December 29, 2020

IDAHO POWER COMPANY

LISA D. NORDSTROM
Attorney for Idaho Power Company
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

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:

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