



State of Utah  
Department of Commerce  
Division of Public Utilities

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## ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities  
Chris Parker, Director  
Artie Powell, Manager, Energy Section  
David Thomson, Technical Consultant

Subject: Docket No. 15-035-79. Action Request from the Commission to review and make recommendations. RMP Notice of IRS Application for Automatic Accounting Change. In the matter of the Miscellaneous Correspondence and Reports Regarding Electric utility Services; 2015

Date: October 4, 2015.

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### RECOMMENDATION (No Action)

After a review of the above notice, the Division of Public Utilities (“Division”) recommends that the Utah Public Service Commission (“Commission”) take no action.

### ISSUE

On October 12, 2015, Rocky Mountain Power (“Company”) submitted a letter to notify the Commission of its application for an automatic accounting method change (Form 3115) with the Internal Revenue Service (IRS) on September 12, 2015. The notice stated that neither the IRS nor PacifiCorp require that the Commission take any action. It also stated that the automatic accounting change was made final with the filing of Form 3115 with the Berkshire Hathaway Inc. 2014 federal consolidated tax return (which includes the PacifiCorp federal tax return) on September 12, 2015 and that the change is applicable for income tax purposes only and does not impact the methods of accounting used for FERC or U.S. GAAP financial reporting purposes.

## **REVIEW**

Per the Company notice, the IRS requires PacifiCorp to submit a copy of the completed application to any regulatory body having jurisdiction over the public utility property subject to the application within 30 calendar days of filing the federal income tax return. The filing of the notice to the Commission is within the 30 calendar day filing requirement.

The Division has reviewed the notice, a copy of the IRS Form 3115 and the Attachment to Form 3115 that was provided in the notice. Nothing came to the attention of the Division upon its review of the above that would indicate that the application was anything else other than purported in the notice.

The Division has had informal communications with the Company about the change in the tax accounting method. For regulatory purposes, the Division noted that the Company has indicated in those communications that the change in the tax accounting method will not impact deferred income taxes as there is no change in taxable income under the old and new tax accounting methods. Accordingly, there will be no increase or decrease to any temporary difference between book and tax. Because of this lack of increase or decrease to temporary differences a deferred accounting order is not necessary or required.

The following information communicated to the Division by the Company was also helpful. In 2013, The IRS issued new regulations under IRC sections 162 and 263 (the repair regulations) that formally incorporated as income tax regulations the income tax methods that PacifiCorp had been using since 2008. Through issued Revenue Procedures taxpayers were required to adopt the income tax accounting methods as set out in the new regulations as automatic accounting method changes on their income tax returns for 2014.

## **RECOMMENDATION**

Based upon its review of the notice and its attachments, and the company's informal representations and communications provided, the Division recommends that the Commission take no action regarding this notice.

cc: Michele Beck, Office of Consumer Services  
Bob Lively, Rocky Mountain Power