

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)	DOCKET NO. 17-035-40
APPLICATION OF ROCKY)	
MOUNTAIN POWER FOR)	Exhibit No. DPU 4.0 R
APPROVAL OF A SIGNIFICANT)	
ENERGY RESOURCE DECISION)	
AND VOLUNTARY REQUEST FOR)	Rebuttal Testimony
APPROVAL OF RESOURCE)	David Thomson
DECISION)	

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

Rebuttal Testimony of

David Thomson

January 16, 2018

1 **Introduction**

2 **Q. Please state your name and occupation.**

3 **A.** My name is David Thomson. I am employed by the Utah Division of Public Utilities
4 (“Division”) as a Utility Technical Consultant.

5 **Q. What is your business address?**

6 **A.** Heber M. Wells Office Building, 160 East 300 South, Salt Lake City, Utah, 84111.

7 **Q. Did you previously file Direct Testimony in this Docket?**

8 **A.** Yes.

9 **Q. What is the purpose of the testimony that you are now filing?**

10 **A.** I address the impact of President Trump’s signing of the new tax law¹ (Act) on my Direct
11 Testimony regarding the Production Tax Credit (PTC). I will also make a general comment
12 addressing the corporate tax rate and bonus depreciation changes.

13

14 My silence on any comments or recommendations given in Direct Testimony of those
15 involved in this Docket should not be interpreted as support or disagreement

16 **Q. Did the new tax law change the PTC?**

17 **A.** It appears to the Division, that the Act does not change the provisions of the PTC.² Thus, the
18 uncertainty to the economics of the new wind generation and transmission due to possible
19 legislative action regarding the PTC, as discussed in my direct testimony, is no longer
20 relevant. However, the other comments about the PTC as discussed in my Direct Testimony

¹ Known as the Tax Cuts and Jobs Act.

² <https://www.gpo.gov/fdsys/pkg/CRPT-115hrpt466/pdf/CRPT-115hrpt466.pdf>, p. 445.

21 are still relevant.³ Additionally, the reduction in the corporate tax rate should influence the
22 benefit calculations.

23 **Q. Has the Division changed its recommendation on the Resource Tracker Mechanism**
24 **(RTM)**

25 A. No. The Division continues to recommend that the Public Service Commission
26 (Commission) deny Rocky Mountain Power's (Company) request for the RTM. Also, the
27 Division continues to propose that if any deferrals are approved in this Docket those deferrals
28 do not include carrying charges..⁴**Q. Did the Act change the corporate tax rate and**

29 **corporate bonus depreciation?**

30 A. Yes. The Act replaced the prior-law graduated corporate tax rate, which taxed income over
31 \$10 million at 35%, with a flat rate of 21%. The new rate took effect on January 1, 2018.⁵
32 Bonus depreciation was also modified.⁶

33 **Q. Will these changes have an impact on updated economic benefits/results of the new**
34 **wind and transmission assets that are to be provided in the future under this Docket?**

35 A. Yes. The Division will note the above tax act changes as it reviews the Company's
36 supplemental filing to determine the tax changes' effects.

37 **Q. Is it possible that other provisions of the Act may have changed the economic**
38 **benefits/results of the new wind transmission assets?**

³ See Direct Testimony of Mr. David Thomson Docket No. 17-035-40, pages 3-4, lines 28-50.

⁴ See Direct Testimony of Mr. David Thomson Docket No. 17-035-40, pages 4-6, lines 59-106.

⁵ <https://www.gpo.gov/fdsys/pkg/CRPT-115hrpt466/pdf/CRPT-115hrpt466.pdf>, p. 343.

⁶ <https://www.gpo.gov/fdsys/pkg/CRPT-115hrpt466/pdf/CRPT-115hrpt466.pdf>, p. 354.

39 A. Yes, it could be possible that other provisions of the Act may have an impact on the
40 economic benefits/results of the projects. Since the signing of the Act late last month, the
41 Division has not had time to determine what provisions other than those mentioned above
42 may have an impact on the projects. The Act made significant changes to the tax code. The
43 Division anticipates the Company's supplemental filing and the related testimony will
44 address in detail the impact of the Act on its updated analysis.

45 **Q. Does this conclude your rebuttal testimony?**

46 A. Yes.