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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Public Service Commission of Utah

From: Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: February 23, 2018

Subject: Investigation of Revenue Requirement Impacts of the new Federal Tax Legislation
Titled: “An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution of the budget for fiscal year 2018” (Tax Reform Act). Docket No. 17-035-69

On December 21, 2017, the Public Service Commission of Utah (Commission) opened dockets to investigate the revenue requirement impacts of the new federal tax legislation titled: “An act to provide for reconciliation pursuant to titles II and V of the concurrent resolution of the budget for fiscal year 2018.” Rocky Mountain Power (Company), assigned as Docket No. 17-035-69, was required to file written comments by January 31, 2018, describing in detail the impacts on its revenue requirement. Other interested parties were to provide reply comments on or before February 16, 2018.

On January 2, 2018, the Utah Association of Energy Users (UAE) filed a Motion for Orders for Deferred Accounting Treatment of Benefits Associated with U.S. Tax Reconciliation Act. On January 12, 2018, the Office of Consumer Services (Office), Division of Public Utilities and Utah Industrial Energy Consumers filed memos in support of UAE’s request for a deferred accounting order.

January 29, 2018, the Company filed a motion to extend the deadline to file written comments until February 7, 2018, which the Commission granted on January 30, 2018.

On February 7, 2018, Rocky Mountain Power submitted its comments to provide information on the estimated revenue requirement impacts from the “Tax Reform Act” and its “proposed ratemaking treatment for the associated tax reform revenue requirement impacts”. The Company also reiterated its request first stated in its January 12, 2018 response to Utah Association of Energy Users motion that the Commission “issue an accounting order authorizing the Company to

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create a deferred liability of the income tax benefits arising from the Tax Reform Act until the effective date of new rates set in future ratemaking proceedings”.

The Office believes that it is appropriate for the Commission to take a similar approach in this docket related to Rocky Mountain Power as to that in Docket No. 17-057-20 regarding Dominion Energy Utah, as both dockets relate to similar federal tax issues resulting from the Tax Reform Act.

The Office recommends that the Commission issue an accounting order authorizing Rocky Mountain Power to create a deferred liability of the income tax benefits arising from the Tax Reform Act beginning on January 1, 2018. The Office further recommends that the Commission set a scheduling conference to establish a schedule for the investigation of the impact of and remedies associated with the recent change in federal corporate tax rate on Rocky Mountain Power.

In the course of that process, the Office intends to make more specific recommendations regarding the treatment of and timing for the return to customers of the income tax benefits.

CC: Joelle Steward, Rocky Mountain Power
Chris Parker, Division of Public Utilities
Gary Dodge, UAE