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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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”

Docket No. 17-035-69
**Comment of Nucor-Steel Utah on Need for
a Hearing Regarding Tax-Related Rate
Reductions**

In accordance with the Commission’s April 11 Notice in this docket, Nucor Steel-Utah (“Nucor”) files this comment to provide input on the need for a hearing before the Commission implements an interim rate reduction in this docket.

Nucor believes that a hearing is unnecessary at this stage if the interim rate reduction is applied uniformly to all retail customers, including special contract customers. However, if the Commission is entertaining a categorical exclusion of an entire rate class from receiving an allocation of the expected rate reduction due to reduced federal tax rates, then at a minimum, the Commission should hold a hearing. We believe that our position is consistent with that expressed by U.S. Magnesium in its April 9 comments.¹

¹ U.S. Magnesium, LLC’s Responsive Comments on Tax-Related Rate Reductions and on the Need for a Hearing, *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,”* Docket No. 17-035-69, at 5 (April 9, 2018).

We recognize the value of approving an interim rate reduction for some percentage of the expected reduction to Rocky Mountain Power's revenue requirement, even though the final impact of the tax rate reduction will likely take months to fully understand. This is similar to the typical process of approving an interim rate change for the Energy Balancing Account while the final details are reviewed and approved. If the interim rate is applied uniformly to all retail customers, we do not see a need for a hearing at this stage.

However, as we explained in more detail in our April 9 comments, we are very concerned by the position taken by the Division of Public Utilities,² and later repeated by the Company,³ that special contract customers should not be allocated any of the savings that result from the reduced federal tax rates. Neither the Division nor the Company provided any substantive support for this recommendation, which would result in a significant negative impact to special contract customers and create an unwarranted rate subsidy for other customer classes. This would also be a material departure from other similar riders approved by the Commission (such as the Energy Balancing Account). Moreover, we believe that such an exclusion would also be inconsistent with Nucor's contract terms. Given the potential extreme impact on the Company's special contract customers, a hearing (and possibly additional process) would be critical.

We expect that it will be several months before parties reach a more complete understanding of the impact of the federal tax rate reduction. In the interim, we recommend that the Commission refund the anticipated annual savings (or any portion of the savings) resulting from the Tax Cuts and Jobs Act ("Tax Act") to special contract customers in the same manner as other customer classes, based on the average overall revenue requirement impact on all retail

² Utah Division of Public Utilities, Action Request Response, Docket No.17-035-69, at 3 (Feb. 23, 2018).

³ Application of Rocky Mountain Power, Docket No.17-035-69, at 12 (Mar. 16, 2018).

customers, and according to the terms of the specific customer's contract and any relevant state law. This is an equitable, reasonable solution that could be accomplished without a formal hearing.

DATED this 13th day of April 2018.

/s/ Jeremy R. Cook _____
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing *Comment of Nucor-Steel Utah on Need for a Hearing Regarding Tax-Related Rate Reductions* was served via email this 13th day of April 2018 to the following:

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