

## DECISION MEMORANDUM

**TO:** COMMISSIONER ANDERSON  
COMMISSIONER CHATBURN  
COMMISSIONER HAMMOND  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** DONN ENGLISH  
DAYN HARDLIE

**DATE:** SEPTEMBER 6, 2022

**SUBJECT:** IN THE MATTER OF THE INVESTIGATION INTO THE IMPACT OF  
FEDERAL TAX CODE REVISIONS ON UTILITY COSTS AND  
RATEMAKING; CASE NO. GNR-U-18-01.

### BACKGROUND

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act of 2017 (“TCJA”). Effective January 1, 2018, the TCJA decreased the federal corporate tax rate from 35% to 21% and required companies to revalue their deferred tax amounts at the new corporate tax rate which resulted in excess deferred federal income taxes. Balances associated with regulated utility operations resulted in a balance sheet reclassification from a deferred tax to a deferred regulatory asset or liability. In response, the Commission opened a multi-utility case to investigate whether to adjust the rates of certain utilities that benefit from the reduced tax rate. *See* Order No. 33965. The Commission directed all affected utilities to immediately account for the tax benefits as a regulatory liability, and to report on how the tax changes affected them, and how the resulting benefits could be passed on to customers. *Id.* at 1-2.

Staff worked with the affected utilities to determine how to return the tax benefits to customers. In total, TCJA resulted in annual savings to Idaho customers of approximately \$60.4 million. An additional \$62.3 million in one-time savings was also returned to Idaho customers through various rate making mechanisms.

## **STAFF RECOMMENDATION**

Staff believes that Idaho utilities have either returned, or have an approved plan to return, all tax savings associated with the TCJA as directed in Order No. 33965. As such, Staff recommends that Case No. GNR-U-18-01 be officially closed.

## **COMMISSION DECISION**

Does the Commission wish to close Case No. GNR-U-18-01 In the Matter of the Investigation into the Impact of Federal Tax Code Revisions on Utility Costs and Rate Making?

  
Donn English

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