Roady Mountain Power rates decline due to new tax laws

BOISE (June 15, 2018) – State regulators have approved a rate decrease for customers of Rocky Mountain Power, reflecting the benefits of the Tax Cuts and Jobs Act of 2017 and changes to the corporate income tax rate at the state level.

The Idaho Public Utilities Commission’s decision reduces rates by about 1 percent.

The change took effect June 1 and is the result of a Commission decision in January that ordered all utilities to report the impact of the tax law.

A main feature of the tax law that took effect Jan. 1 was to reduce the federal corporate tax rate from 35 percent to 21 percent. Shortly thereafter, Idaho Governor C.L. “Butch” Otter signed into law House Bill 463, reducing the state’s corporate tax rate from 7.4 percent to 6.925 percent.

Since a utility’s tax expenses are a factor in determining customer rates, the Commission directed all regulated utilities in the state with more than 200 customers to report the financial benefits of the laws and the companies’ plans for passing those benefits along to customers.

Rocky Mountain Power serves approximately 75,000 customers in eastern Idaho.

In its report filed in late March, the utility proposed returning a portion of the tax benefits, $2.8 million, to customers. The company also proposed the creation of a deferred regulatory liability to reflect the incremental benefits of the income tax changes.

After filing its report, Rocky Mountain Power, Commission staff and the Industrial Customers of Idaho Power engaged in settlement discussions and later filed a settlement agreement for Commission approval.
The settlement agreement approved by the Commission is expected to decrease revenue from the company's Idaho customers by $8.35 million. The majority of this decrease - $6.185 million - will appear as a separate line item on customer bills until the company's next general rate case. The balance - $2.2 million – will be reflected through the Energy Cost Adjustment.

The Commission's decision also directs the company to file a final report on June 15 that outlines its net savings under the new tax laws. The report will include the calculation of deferred tax liabilities and will reconcile the accounting for the benefits of the new laws, including a true-up of any under-allocation or over-allocation of customer credits.

After the report is filed, the parties to the case will identify how the company will review the remaining deferral balances and determine how to incorporate them in customer rates.

To review the Commission’s decision, the settlement agreement and other documents filed in this case, including those of other regulated utilities, go here. Or go to www.puc.idaho.gov and click on “Open Cases” under the “Multi-Utility” heading and click on GNR-U-18-01.