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18-02010

Public Utilities Commission of Nevada
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Bureau of Consumer Protection



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November 21, 2018

Trisha Osborne
Assistant Commission Secretary
Public Utilities Commission of Nevada
1150 East William Street
Carson City, NV 89701

Re: Docket Nos. 18-02010, 18-02011 and 18-02012

Dear Ms. Osborne

Please accept for filing the Bureau of Consumer Protection's Answer to Exceptions Pursuant to Procedural Order No. 8 in the above-referenced dockets.

Should you have any questions regarding this filing, please contact me at (702) 486-3490.

Sincerely,

ERNEST FIGUEROA
Consumer Advocate

A handwritten signature in black ink, appearing to read "Paul Stuhff", written over a horizontal line.

PAUL STUHFF
Senior Deputy Attorney General
Bureau of Consumer Protection
8945 W. Russell Road, Suite 204
Las Vegas, NV 89148

PES/bj

cc: Parties of Record

1
2 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**
3

4 Application of Nevada Power Company d/b/a)
5 NV Energy filed under Advice Letter No. 485)
6 to revise Tariff No. 1-B to establish the 2017) Docket No. 18-02010
7 Tax Rate Reduction Rider.)
8 _____)

9 Application of Sierra Pacific Power Company)
10 d/b/a NV Energy filed under Advice Letter) Docket No. 18-02011
11 No. 605-E to revise Electric Tariff No. 1)
12 to establish the 2017 Tax Rate Reduction Rider.)
13 _____)

14 Application of Sierra Pacific Power Company)
15 d/b/a NV Energy filed under Advice Letter) Docket No. 18-02012
16 No. 326-G to revise Gas Tariff No. 1)
17 to establish the 2017 Tax Rate Reduction Rider)
18 _____)

19 **THE BUREAU OF CONSUMER PROTECTION'S ANSWER TO**
20 **EXCEPTIONS PURSUANT TO PROCEDURAL ORDER NO. 8**

21 COMES NOW the Nevada Attorney General's Bureau of Consumer Protection ("BCP")
22 before the Public Utilities Commission of Nevada ("Commission"), and submits this Answer
23 to Exceptions pursuant to the Procedural Order No. 8 issued on November 15, 2018.

24 **I. ANSWER TO EXCEPTIONS**

25 In its November 19, 2018 Exceptions to Proposed Order, NV Energy takes exception
26 citing to Paragraphs 36, 37, 38, 39, 40 and Ordering Paragraph 2 of the Proposed Order ("NV
27 Energy's Exceptions").

28 NV Energy has an unfounded complaint regarding the Proposed Order in Paragraph
39 that the mandate that such balances be amortized to cost of service has yet to be triggered,
but disagrees that the same mandate could in fact be further addressed by the Commission
so as to be addressed in the present, via this Proposed Order, and in the future, through a
general rate case, rather than only in the past. NV Energy confuses the issue about existing

1 vs. new Accumulated Deferred Income Taxes (“ADIT”) resulting from the Tax Cuts and Jobs
2 Act (“TCJA”), rather than focusing on the discretion vested in the Commission by NAC
3 704.6526(4) (emphasis added), which indicates, “Deferred income tax balances must be
4 adjusted to reflect changes in the statutory corporate income tax rate and these adjustments
5 must be amortized to cost of service *over a period of time to be determined by the*
6 *Commission.*” Since the regulation clearly vests the Commission with this authority, NV
7 Energy’s complaint is meritless, and the Proposed Order should be adopted by the
8 Commission.

9 Regarding Paragraph 40, NV Energy maintains that the period over which protected
10 ADIT is to be amortized is not “implicit”. Yet, NV Energy does not differ with the observation
11 in the Proposed Order that “NV Energy interprets NAC 704.6536(4)¹ as implicitly requiring
12 that the amortization of protected ADIT commence ‘immediately’ upon a change in the
13 statutory corporate tax rate.” If NV Energy were not insistent that the amortization of the
14 protected ADIT must commence *immediately* upon the change in corporate tax rate that has
15 occurred in this docket, then much of the ensuing litigation in this docket could have been
16 avoided, as NV Energy would cease or modify the amortization pending the decision in this
17 docket where the amortization period is to be “determined by the Commission” pursuant to
18 NAC 704.6526(4). NV Energy simply has to follow the regulation and allow the Commission
19 to determine the amortization period.

20 Regarding Ordering Paragraph 2, NV Energy takes exception to the Commission
21 reaffirming the Commission’s October 8, 2018 Order, arguing that the “. . . basis of the parties’
22 claims is the existence of a Commission process that never and does not exist, pursuant to
23 which when the statutory corporate tax rate changes, the Commission initiates a quest to
24 determine the period over which protected ADIT should be amortized (other than the period
25 calculated pursuant to the ARAM) . . .” However, this very docket is the realization of a
26 Commission process for the determination of a period over which protected ADIT should be

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28 ¹ Reference appears to cite NAC 704.6526(4).

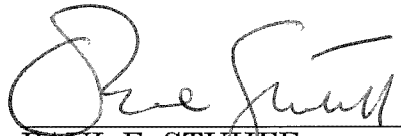
1 amortized. Further, the Commission has determined in Paragraph 40 that the amortization
2 take place at a rate “no faster than ARAM”, which is consistent with the NAC 704.6526(4),
3 and the Internal Revenue Service Regulations. Therefore, the “quest” to determine the period
4 over which protected ADIT should be amortized should not be thwarted, and the Commission’s
5 October 8, 2018 Order should be reaffirmed.

6 **II. CONCLUSION**

7 The BCP appreciates the opportunity to provide this Answer to Exceptions to the Draft
8 Proposed Order.

9 Respectfully submitted November 21, 2018.

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11 ERNEST D. FIGUEROA
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CERTIFICATE OF SERVICE

Docket Nos. 18-02010, 18-02011 and 18-02012

I certify that I am an employee of the Bureau of Consumer Protection and that on this day I have served the foregoing document upon all parties of record in this proceeding by emailing or mailing a true copy thereof, properly addressed with postage prepaid or forwarded as indicated below to the following:

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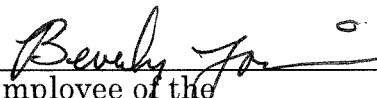
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10 Dated: November 21, 2018


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