

1 **Q. Please explain how the Company has treated all other temporary book-tax**
2 **differences in this filing.**

3 A. Consistent with the treatment of the repairs deduction, the Company has reflected
4 all other temporary book-tax differences on a normalized basis, with the single
5 exception of the temporary book-tax difference associated with the equity
6 AFUDC. In prior rate cases, the Company reflected all temporary book-tax
7 differences not required to be normalized by the IRC on a flow-through basis. As
8 enumerated in Exhibit No.__(RF-6), reporting all temporary book-tax
9 differences on a normalized basis, other than the temporary book-tax difference
10 associated with equity AFUDC, reduces revenue requirement by \$~~25,891~~5,967 as
11 compared to reporting these same book-tax differences on a flow-through basis.

12 **Q. Is the Company proposing to move to full normalization in this rate case? If**
13 **yes, why?**

14 A. Yes, the Company is proposing to move to the fully normalized treatment of
15 income taxes. There are practical and policy reasons underlying this proposal. As
16 a practical matter, the Company's income taxes are normalized in Oregon, Utah,
17 and Wyoming, which account for approximately 85 percent of the Company's
18 total regulated operations. The Company is also pursuing this treatment in
19 California and Idaho. Ideally, the Company would have a single and consistent
20 policy across all of its regulated operations which would provide benefits by way
21 of increased efficiency in the Company's income tax accounting and reporting
22 processes and income tax accounting systems.

23 As a policy matter, the Company supports tax normalization based on the