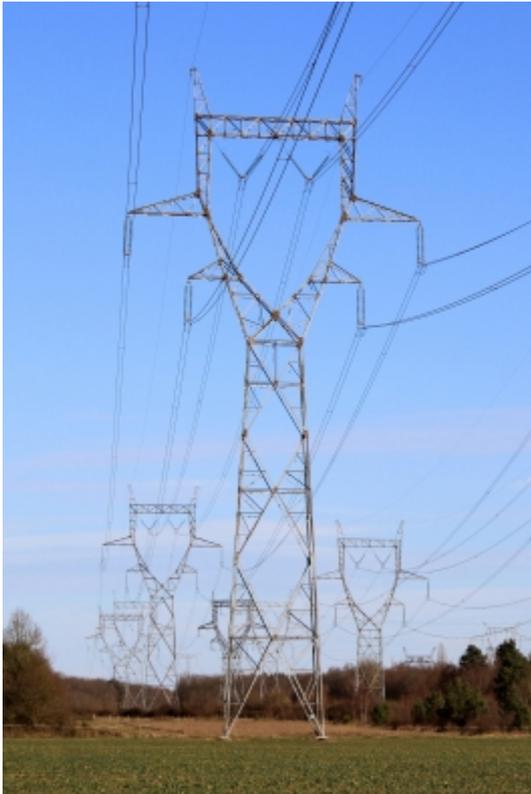


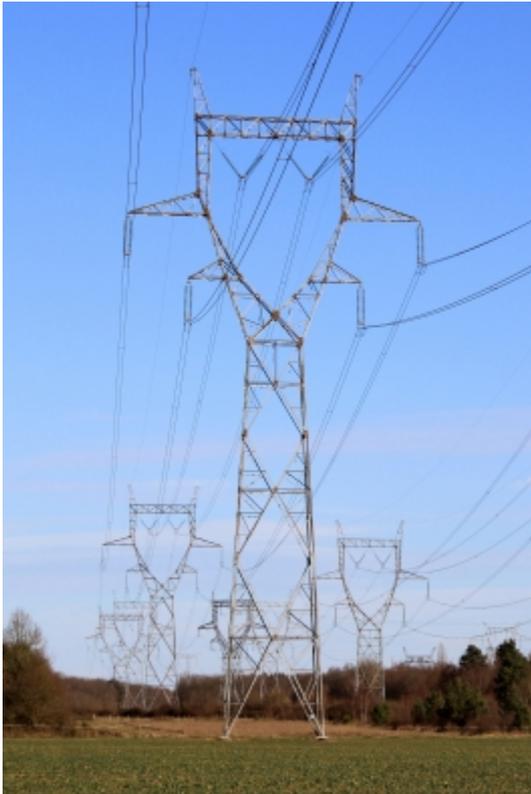
Sourcing Sales of Electricity



- Wholesale Competition
- Retail Competition
- State Studies and Regulations
- Tangible Personal Property vs. Service
- Recent Cases
- Next Steps

Image courtesy of xedos4 / FreeDigitalPhotos.net.

Sourcing Sales of Electricity



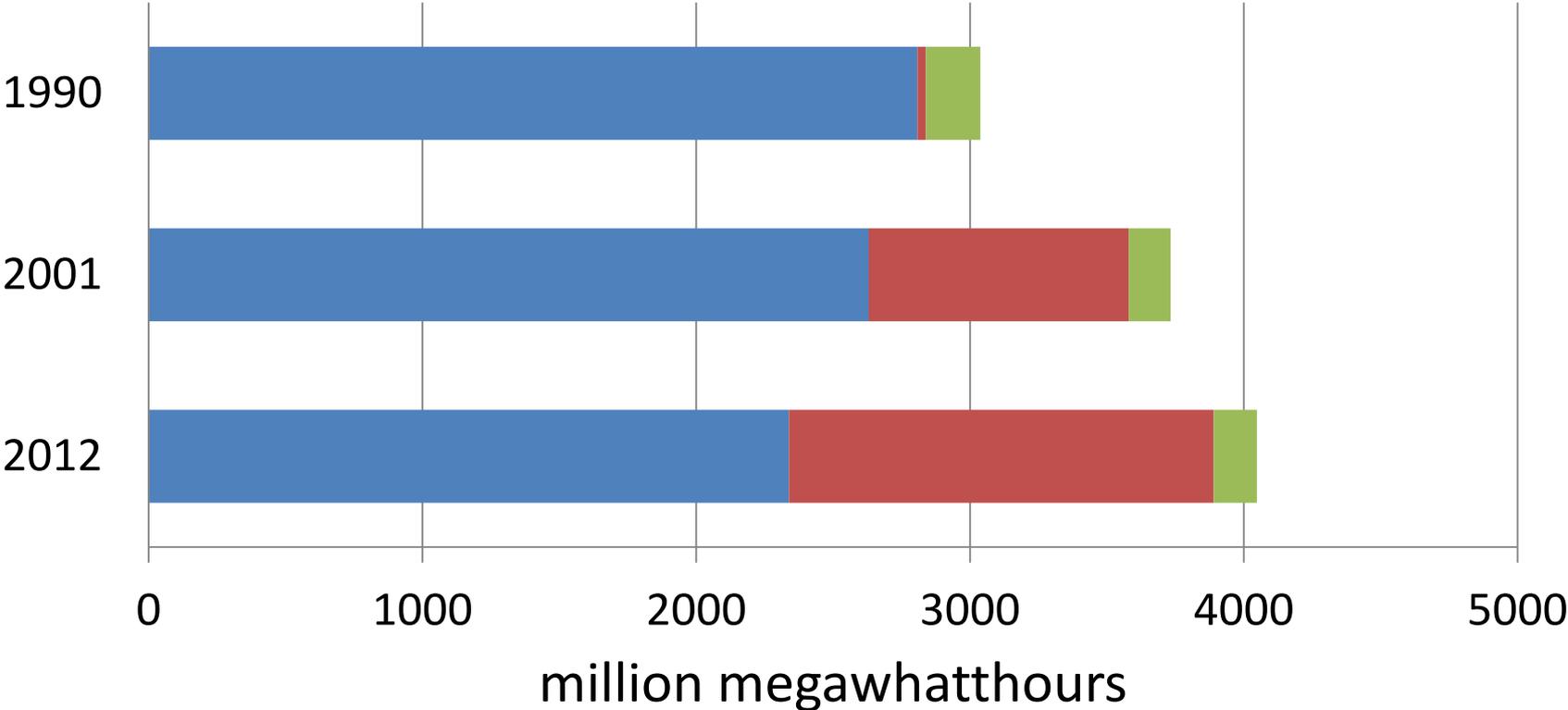
- UDITPA Was not Intended to Apply to Regulated Utilities

Image courtesy of xedos4 / FreeDigitalPhotos.net.

Net Generation by Sector



■ Electric Utilities ■ Ind Power Producers ■ Other

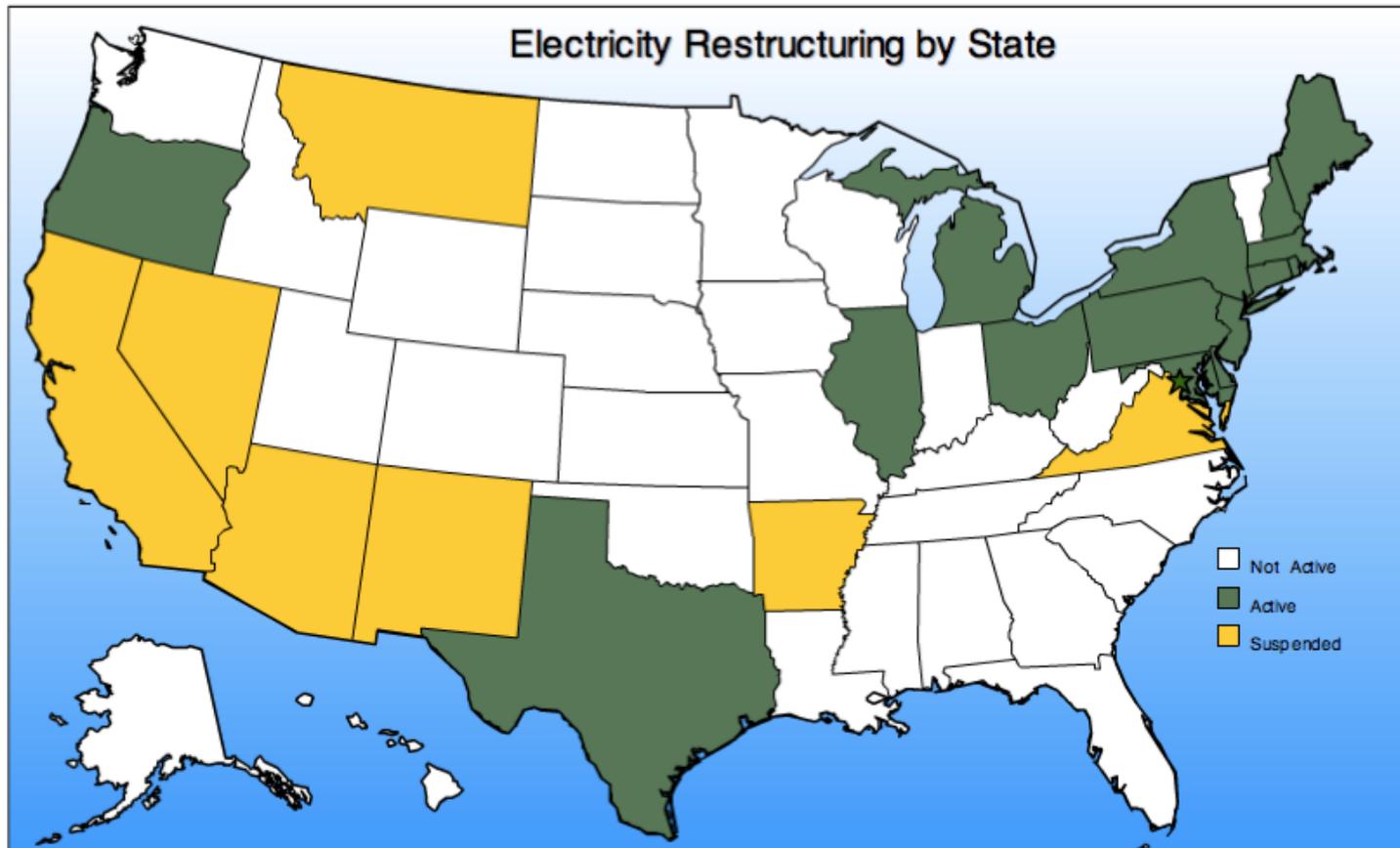


Source: Energy Information Administration, Electric Power Annual, Various Years

Retail Competition

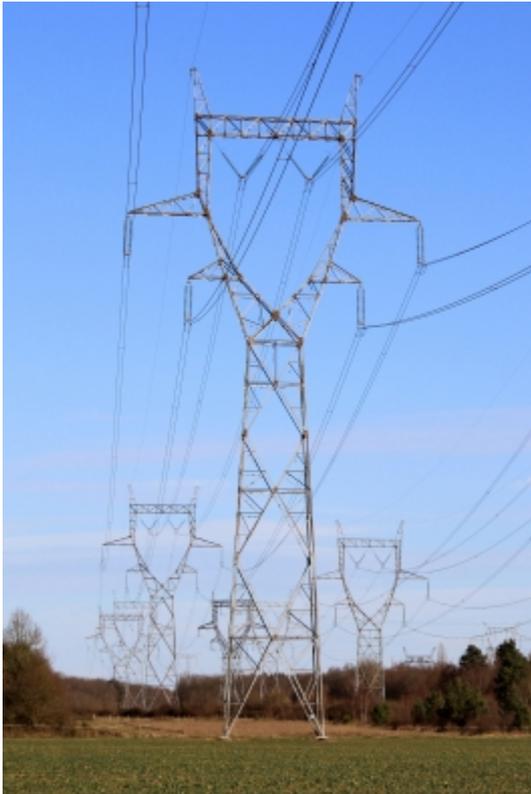


- The map below shows information on the electric industry restructuring. Click on a State for details.
- Restructuring means that a monopoly system of electric utilities has been replaced with competing sellers.



Source: Energy Information Administration

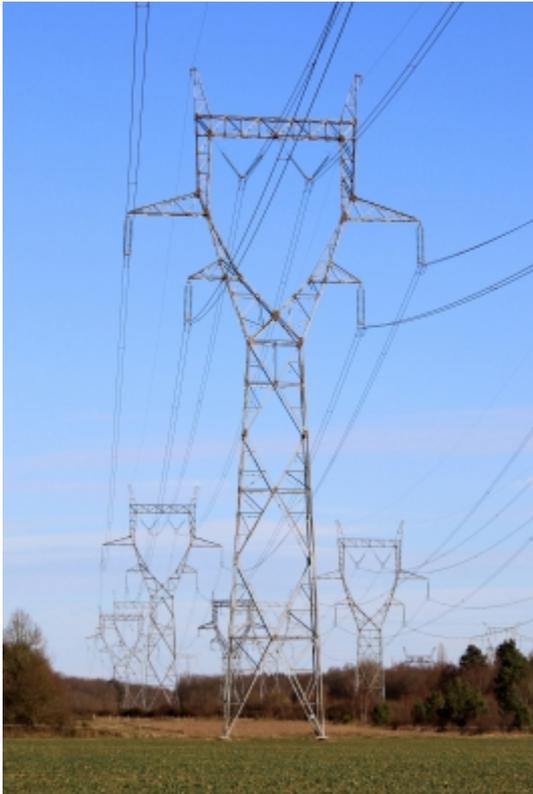
State Studies



- NESTOA
- Arkansas
- Minnesota
- Oklahoma
- Pennsylvania
- Washington
- Federation of Tax Administrators
- National Conference of State Legislators (NCSL)

Image courtesy of xedos4 / FreeDigitalPhotos.net.

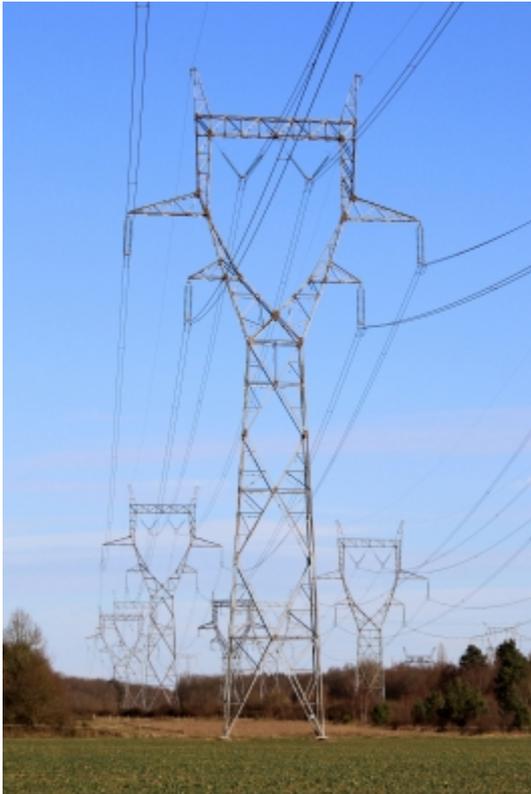
State Regulations



- **Massachusetts**
Special sales factor rules for electric industry taxpayers.
- **Oregon**
Sales is sourced to Oregon if the delivery is to Oregon.

Image courtesy of xedos4 / FreeDigitalPhotos.net.

What is Electricity ?



For Income Tax Purposes, States
Define Electricity As

Tangible Personal Property (31)

Service (6)

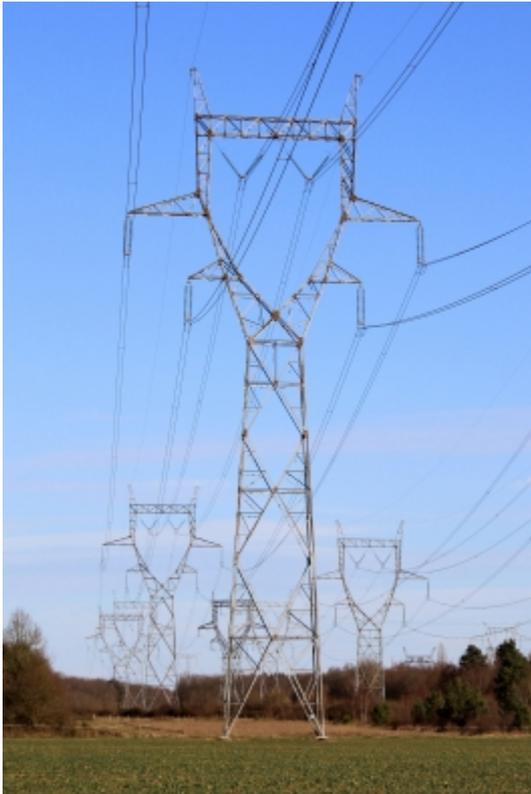
Intangible Property (4)

Other (2)

Source: Multistate Corporate Tax Guide (Healy and Schadewald),
Sales of Electricity, CCH, Wolters Kluwer.

Image courtesy of xedos4 / FreeDigitalPhotos.net.

What is Electricity ?

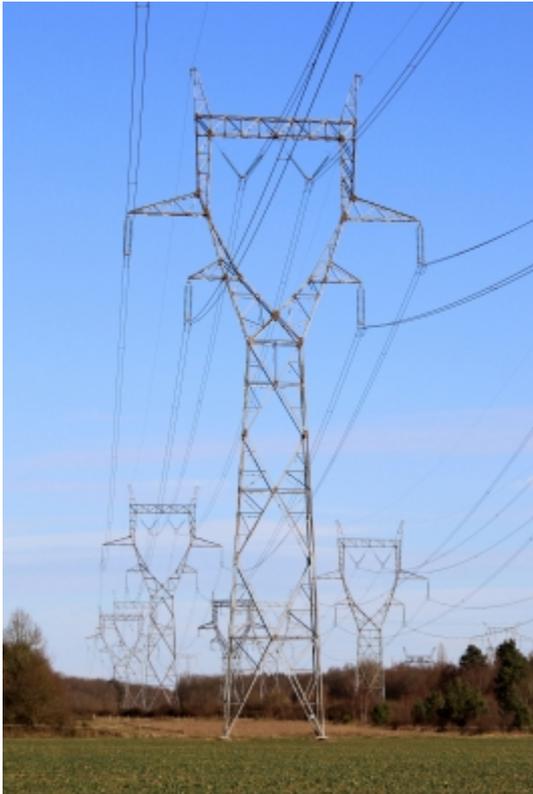


Recent Cases

- Pacificorp (2002)
- Powerex (2012)
- EUA Ocean (2006)

Image courtesy of xedos4 / FreeDigitalPhotos.net.

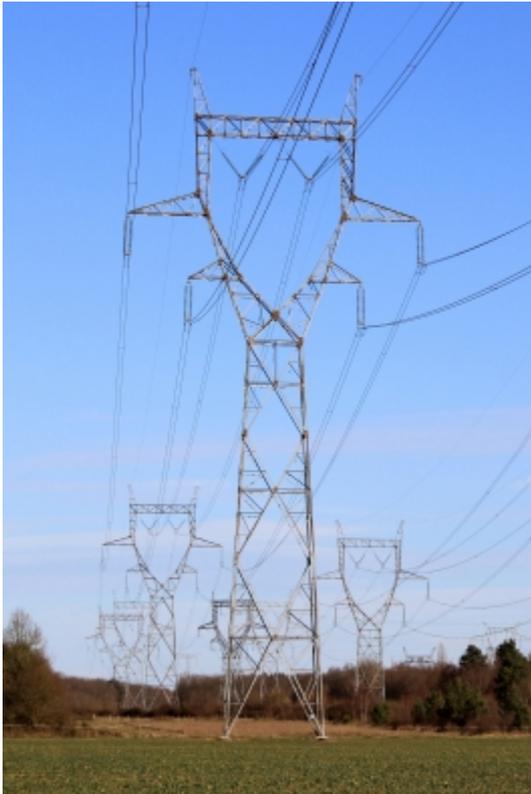
Next Steps



- Solicit Industry Involvement
- Educational Phase
- Survey the States
- Review NESTOA Proposal and State Regulations
- Review sourcing rules for natural gas

Image courtesy of xedos4 / FreeDigitalPhotos.net.

Sourcing Sales of Electricity



?



Images courtesy of
xedos4 / FreeDigitalPhotos.net.

Master isolated image / FreeDigitalPhotos.net.