

08-035-38/Rocky Mountain Power

February 3, 2009

DPU Data Request 58.11 – 1st Supplemental Response

DPU Data Request 58.11

Deferred Income Taxes – Please identify the impact on the revenue requirement on the current rate case if the Company moved from a 40% normalization of basis differences to 1) a 60% normalization level, or 2) full normalization. Please include all workpapers supporting the response to this request.

1st Supplemental Response to DPU Data Request 58.11

Please see Attachment DPU 58.11 -1 1st Supplemental. As shown therein, if the Company moved basis differences that are calculated at a 40 percent normalization level to a 60 percent normalization level, revenue requirement would increase by \$6,171,970.

If the Company moved basis differences that are calculated at a 40 percent normalization level to a 100 percent normalization level, revenue requirement would increase by \$18,515,909.

In the current rate case, the Company identified that, due to a processing discrepancy, the normalization percentages in the Second Supplemental Filing utilized a 63 percent normalization level rather than a 100 percent normalization level for Avoided Cost (Internal Revenue Code – IRC Section 263A capitalized interest for income tax purposes) and Contributions in Aid of Construction. The correction of this item to reflect the appropriate 100 percent normalization level for Avoided Cost and Contributions in Aid of Construction would decrease revenue requirement in this current case by \$17,655,478. This is shown in Attachment DPU 58.11 -1 1st Supplemental. Additional supporting detail is provided in Attachment DPU 58.11 -2 1st Supplemental.

To model the adjustment correcting the tax issue, make the following changes to the 'Adjustments' tab in the JAM model:

Cell BE3 = 1

Cell BE4 = 1

Cell BE5 = Yes

Cell BE11 = Tax Correction

Cell BE810 = (\$11,384,498)

Cell BE1269 = \$5,692,249

Then click Calculate Selected Adjustments button or use the Tools->Macro->Macros... menu and run CalcNewAllocationMethod.