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MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Philip Powlick, Director
Artie Powell, Manager, Energy Section
David Thomson, Technical Consultant

Subject: Rocky Mountain Power's Deferred Tax Normalization Method, Docket No. 09-035-03 (Cross reference Docket No. 08-999-02 Deferred Tax Normalization).

Date: July 6, 2009

RECOMMENDATION

The Division recommends that the Utah Public Service Commission (Commission) keep Docket No. 09-035-03 open. The Division also recommends that the Correspondence from the Division of Public Utilities (Division) to Rocky Mountain Power (RMP) regarding deferred tax normalization dated July 8, 2008 in Docket No. 08-999-02 be moved to this Docket enabling all information to be found in one place. The Division recommends that the Commission issue an Order that would keep this Docket open, the discovery on the tax normalization issue can commence through this Docket and that the parties may decide to consider the tax normalization issue in this docket. Further, the Division recommends that another technical conference be held sometime in mid to late August after some discovery has taken place. That Order should further establish a discovery turnaround schedule of 15 days.

DISCUSSION

In a memorandum to the Commission on May 28, 2009, the Division asked that a June 4, Technical Conference be rescheduled. The Division, also in that memorandum, anticipated that the Technical Conference would provide answers to any unanswered questions other parties

may have about the Deferred Tax Normalization issue and therefore requested that at the conclusion of the Technical Conference, the Commission close Docket No. 09-035-03.

The rescheduled Technical Conference was held June 18, 2009 at 1:30 PM. Attendees at the Technical Conference were RMP, the Division, the Office of Consumer Services and the Commission staff. At the conclusion of the meeting parties determined that they would like to further investigate and discuss the impact to Utah ratepayers if full tax normalization was implemented in the Utah jurisdiction. Also, leaving the Docket Open would give other parties the opportunity to comment on the white paper that was filed, conduct discovery or pursue other matters discussed at the Technical Conference. RMP expressed the desire to see if, after investigation and discussion, parties could obtain enough consensus on the matter of adopting full normalization to recommend it as a policy for the Commission to consider and ultimately to adopt. RMP also stated its desire to see if such a policy could be accepted by parties before it files a future 2011 rate case using full normalization. Therefore, it was generally agreed that after discovery, parties would determine if a consensus was possible on the tax normalization issue.

Parties in attendance agreed that they would be willing to continue to investigate and discuss this matter with RMP to see if such a policy recommendation could be obtained. The parties agreed to meet again sometime in mid August to coordinate the discussions and investigation efforts on this matter. In light of the above, the Division is recommending to the Commission that this Docket remain open and an Order be issued to notify all interested parties that this Docket may be used to consider the tax normalization issue and discovery on that issue can occur in this docket.

cc: Michele Beck, Utah Office of Consumer Services

Dave Taylor, PacifiCorp

All Parties of Record in Docket 08-035-38 and 09-035-23