P.S.C.U. Docket No. 16-057-03
Data Request No. MDR_22 D.1
Requested by R746-700-22
Date of QGC Response: July 1, 2016

MDR_22 D.1 **Miscellaneous Information.**

Accounting – Changes. A detailed description of Material changes in accounting policies or procedures adopted by the utility since the prior general rate case or as anticipated through the end of the Test Period. This will include a detailed description of the impact of change in accounting policy or procedure on the Test Period and identify the basis of the change.

Answer: In January 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-01, *Financial Instruments-Overall*. The ASU was developed to enhance the reporting model for financial instruments in order to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the ASU's effect on its financial position, results of operations, cash flows and associated disclosures.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*. The ASU simplifies the presentation of deferred income taxes. The update requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The guidance will be effective for annual periods beginning after December 15, 2016. The Company has adopted this update for the current reporting period and has retrospectively reflected all deferred taxes as noncurrent for the periods presented in the Company's statement of financial position.

In August 2015, the FASB issued ASU 2015-14. This update defers the effective date of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which the FASB issued in May of 2014, by one year. ASU 2014-09 replaces most of the existing revenue guidance with a single set of principles, including changes in recognition and disclosure requirements. The revised effective date will be January 1, 2018 and early adoption is permitted beginning January 1, 2017. The new guidance must be applied retrospectively for each prior period presented or via a cumulative effect upon the date of initial application. The Company is currently evaluating the ASU's effect on its financial position, results of operations or cash flows, as well as which transition approach it will take.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330)*. The ASU states that inventory should be measured at the lower of cost and net realizable value. The guidance will be effective beginning January 1, 2017 and will be applied prospectively. The Company is currently evaluating the ASU's effect on its financial position, results of operations and cash flows.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (Topic 820)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and it removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The guidance will be effective beginning January 1, 2016 and early adoption is permitted. The Company has adopted this update for the current reporting period.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30)*. The ASU simplifies the presentation of debt issuance costs by requiring that the debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The guidance will be effective beginning January 1, 2016 and early adoption is permitted. The new guidance must be applied retrospectively for each prior period presented. The Company is currently evaluating the ASU's effect on its financial position.

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