



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah

From: The Committee of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Copies To: Rocky Mountain Power
David Taylor, Manager, Regulation
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The Division of Public Utilities
Phil Powlick, Director
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Date: July 28, 2010

Subject: In the Matter of the Application of Rocky Mountain Power for an
Accounting Order Regarding Post-Retirement Prescription Drug Coverage
Tax Benefits, Docket No. 10-035-38

On April 1, 2010, Rocky Mountain Power (Company) filed an application with the Public Service Commission (Commission) for an Accounting Order Regarding Post-Retirement Prescription Drug Coverage Tax Benefits (Application). The Office of Consumer Services has acquired the services of Donna Ramas, an accounting expert and CPA, to review the Company's filing as to both the reasonableness of the request and compliance with GAAP. The Office and Ms. Ramas, on behalf of the Office, have participated in technical conferences and a settlement conference on this issue with the Division of Public Utilities and the Company. Attached to this document are her memorandum with recommendations and her Exhibit 1, which shows the estimate of benefit flowed to Utah ratepayers from the deductibility of the Medicare subsidy through August 31, 2011.

It is the Office's position that any request for deferred accounting must be analyzed and judged based on the specifics of the particular request taking into account both policy issues and accounting principles. For example, a key issue in reviewing this application is whether ratepayers actually received the benefits that the Company asserts have been reversed by the recent changes in the law. The Office has reviewed the Company's request with the assistance of Ms. Ramas from both policy and accounting perspectives. The recommendations contained in Ms. Ramas' attached memorandum are the recommendations of the Office in this matter.