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DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: Public Service Commission
From: The Office of Consumer Services
Michele Beck
Cheryl Murray
Eric Orton

Date: December 14, 2010

Subject: Docket 10-057-20

Application of Questar Gas Company to Include the Infrastructure Rate Adjustment

Background

On December 7, 2010 The Commission asked the following question:

“On September 27, 2010, the Small Business Job Act of 2010 (2010 Jobs Act) was signed into law extending the 50 percent bonus depreciation for tax purposes related to qualifying assets placed into service during the calendar year 2010. Is the revenue requirement for the proposed infrastructure rate adjustment in Docket No. 10-057-20 affected by bonus depreciation implemented in the 2010 Jobs Act?

If so, how is this represented in the calculation of revenue requirement included in Exhibit 1.1?”

That same day the Office sent a series of data requests to the Company seeking answers as to how or if the 50 percent bonus depreciation is reflected in the calculation of revenue requirement in the filing. We also requested Donna Ramas, an accounting expert and CPA with the firm of Larkin and Associates, to review the question and provide her expert analysis. She has provided expert opinion to the Office in numerous cases and her response and analysis is attached to this memo.

Discussion

After discussing the issue with the Division, the Company and Ms. Ramas and reviewing the analysis performed by each, the Office concludes that rather than using the December 16, 2010 hearing to try to resolve the issue parties should be given adequate time and information to develop positions and arguments on the issue. Only by allowing the process to unfold in a more deliberate fashion can the Commission ensure an outcome that is in the public interest. The Office recommends that as a first step in the

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process the Commission should convene a technical conference for interested parties.

Recommendation

The Office recommends that the rates be approved on an interim basis and requests that the Commission schedule a technical conference to address this issue in a more substantial manner.