



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Division of Public Utilities
Thad Levar, Acting Director
Artie Powell, Manager, Energy Section
Matt Croft, Utility Analyst
Marlin Barrow, Technical Consultant

Subjects: Request to Consolidate Dockets 10-057-21 and 10-035-127
Request for Technical Conference Regarding Tax Law Change

Date: December 22, 2010

Request for Docket Consolidation

On December 15, 2010, the Division filed with the Commission a request for an investigative docket in the matter of bonus depreciation effects on Questar Gas Company and Rocky Mountain Power. The Commission subsequently distributed the Division's request under two dockets, a Questar docket, Docket No. 10-057-21, and a separate PacifiCorp docket, Docket No. 10-035-127. The Division requests that for purposes of investigation and scheduling the Commission consolidate the two dockets. This will help simplify the logistics involving scheduling and interventions by interested parties. In addition, the basic issues relating to bonus depreciation are essentially the same for both companies.

Request for Technical Conference Regarding the Effects of Tax Law Change

The Division requests that the Commission schedule a technical conference as soon as possible to discuss the effect of the Tax Relief, Unemployment Insurance Reauthorization and Job

Creation Act of 2010 (the “Act”) on Questar and Rocky Mountain Power. The Act was signed into law on December 17, 2010, and allows companies to deduct 100% bonus depreciation for tax purposes, for *qualifying assets* that are *acquired* and *placed into service* after September 8, 2010 and before January 1, 2012. This request is an extension of our request for a technical conference contained in the Division’s memo dated December 13, 2010, wherein we requested the Commission initiate an investigative docket into the effects of bonus depreciation in general. In that memo, we indicated that passage of the Act was likely and was anticipated to be part of the scope of the investigation to be undertaken. Now that the Act has been signed into law, its effects, if any, should be part of the scope of the requested investigation.

Nearly all of the investments included in Questar’s tracker application (Docket No. 10-057-20) were placed in service after September 8, 2010. There are, however, technical questions regarding whether the assets placed in service meet the “acquired” criteria in the Internal Revenue Code. The same questions would also apply to Rocky Mountain Power’s capital additions placed into service after September 8, 2010.

The Division believes that should the 100% bonus depreciation be applicable, the originally filed revenue requirement in Docket No. 10-057-20 should be reduced to reflect the effect. In cooperation with Questar, the Division estimates that the effect if applicable would be a revenue requirement decrease of approximately \$503,523 rather than the increase of \$55,995 proposed in the Division’s December 13, 2010 memorandum. Exhibits showing the effects are attached hereto. These Exhibits are updates of the Exhibits provided with the Division’s December 13th, 2010 memorandum and utilize the same methodology therein.

Conclusion

For logistical simplicity and because the outstanding issues are relatively the same for both companies, the Division requests the Commission consolidate Dockets 10-035-127 and 10-057-21 into one docket.

The Division also requests that the Commission schedule a technical conference as soon as possible to discuss bonus depreciation in general and the applicability of the Act to any Questar and Rocky Mountain Power capital additions placed into service after September 8th 2010.

CC Barrie McKay, Questar Gas Company
 Dave Taylor, Rocky Mountain Power
 Michelle Beck, Office of Consumer Services