



JON HUNTSMAN Jr.  
*Governor*  
GARY HERBERT  
*Lieutenant Governor*

State of Utah  
Department of Commerce  
Division of Public Utilities

FRANCINE GIANI  
*Executive Director*

THAD LEVAR  
*Deputy Director*

PHILIP J. POWLICK  
*Director, Division of Public Utilities*

**Memorandum**

TO: Rocky Mountain Power  
Jeff Larsen, Vice President Regulatory Affairs  
Dave Taylor, Utah Regulatory Affairs

FROM: Division of Public Utilities  
Philip J. Powlick, Director  
Artie Powell, Manager  
David T. Thomson, Technical Consultant  
Brenda Salter, Utility Analyst

DATE: July 8, 2008

RE: Review and audit of Rocky Mountain Power's (Company or RMP) Deferred Tax Normalization method.

---

**Purpose**

The Utah Division of Public Utilities (DPU or Division) works to promote the public interest in utility regulation and also to ensure that all utility customers have access to safe, reliable service at reasonable prices. As part of the Division's on going mission, the Division has contracted with the Garrett Group, LLC to perform an audit of RMP's Deferred Tax Normalization method.

**Background**

Rocky Mountain Power filed an application for authority to increase its electric utility rates in Utah on December 17, 2007. During the review of the application and supporting documentation it was noted that the Company made a change to deferred taxes. Since about 1982, the Company has used a partial normalization method for deferred taxes as they relate to asset basis for book and tax. However, in the current RMP rate case, the Company has switched to 100 percent normalization.

**Issue**

The Garrett Group, LLC will review, analyze and provide written comments on the current and future effect of a change in tax normalization methodology by Rocky Mountain Power. The

Division appreciates the Company's cooperation in this matter. If you have any questions please contact

Brenda Salter  
801.530-6290  
801.530-6512 Fax  
[Bsalter@utah.gov](mailto:Bsalter@utah.gov)

cc: Utah Public Service Commission  
Utah Committee of Consumer Services  
Garrett Group, LLC