

1 to the Commission on a quarterly basis. Once the ratepayer interest is satisfied in
2 ~~20082011~~, the imputation adjustment will end.

3

4 **Q. HOW WILL THE RATEPAYER RECEIVE THE BENEFIT OF THIS**
5 **ADJUSTMENT?**

6 A. The ratepayer will receive the benefit of this adjustment in the exact same manner
7 as they do today. The adjustment is utilized as part of the calculation of the
8 Company annual intrastate results in the determination of its actual rate of return.
9 Hence, the Dex sale does not result in a rate change. The value of imputation is
10 only relevant when the Company's results of operations are formally reviewed as
11 part of a rate case or earnings investigation. Under the merger settlement
12 agreement, such a review will not occur prior to January 1, 2004. Under QC's
13 proposal, should a review commence between 2004 and ~~20082011~~, the amount of
14 annual imputation to QC intrastate revenues will be \$103,370,843. This is an
15 increase of \$18,147,375 or 21% since the Commission last updated the imputation
16 value in Docket No. UT-970766.²³

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18 **Q. WHAT IF PRIOR TO ~~20082011~~, THE COMPANY'S RATES ARE NO**
19 **LONGER SUBJECT TO REGULATION BECAUSE ITS RETAIL**
20 **SERVICES HAVE ALL BEEN COMPETITIVELY CLASSIFIED?**

21 A. At the point in time all of the Company's retail services have been competitively
22 classified, which enables the company to price its services according to the
23 competitive market, imputation is essentially terminated since the Company's
24 retail rates are no longer set through rate of return regulation. Hence, the

²³ The value of imputation in Docket No. UT-970766 was \$85,223,468 in revenue.