

From: Brown, Lindsay M.  
Sent: 4/26/2011 11:12:51 PM  
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7);  
Zafar, Marzia (marzia.zafar@cpuc.ca.gov)  
Cc: Hughes, John (Reg Rel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J8HS)  
Bcc:  
Subject: RE: Comr Sandoval and the Pres Obama tax stimulus

Brian,

What about HVAC? Is the projected life of that asset less than 20 or 30 years? Thanks.

Lindsay

**From:** Cherry, Brian K [mailto:BKC7@pge.com]  
**Sent:** Tue 4/26/2011 16:17  
**To:** Zafar, Marzia; Brown, Lindsay M.  
**Cc:** Hughes, John (Reg Rel)  
**Subject:** FW: Comr Sandoval and the Pres Obama tax stimulus

Marzia and Lindsay - with regards to bonus depreciation, I wanted to point out that in our initial set of talking points on the then-Water Resolution (appended above, excerpted below) pointed out that bonus depreciation is really for large businesses that intend to spend more than \$2 million in capital. Smaller businesses get tax benefits from other parts of the Obama Act. Bonus depreciation was not designed to appeal to small businesses at all. I hope this clarifies things.

- **Overview Of The New Tax Law.** The New Tax Law contained numerous provisions intended to provide tax breaks to all segments of the economy:
  - Middle-income earners benefit from a payroll-tax holiday
  - Lower-income earners benefit from continued expanded availability of child credit and other breaks
  - Higher-income earners benefit from lowered estate tax rate
  - Small businesses benefit from increased “Section 179 expensing” and other tax breaks<sup>[1]</sup>
  - Bonus depreciation is primarily useful to very large businesses spending more than \$2 million on new capital equipment in 2011 and, to a lesser extent, in 2012.<sup>[2]</sup> Small businesses are less likely to benefit from bonus depreciation because they can already write off 100% of equipment costs up to \$500,000 (previously, \$250,000).<sup>[3]</sup>

[1] Wall Street Journal, "Congress Passes Tax Deal" (12/17/10) - <http://online.wsj.com/article/SB10001424052748703395204576023772342189318.html>

[2] Section 179.org, "Section 179 FAQ's" - [http://www.section179.org/section\\_179\\_faqs.html](http://www.section179.org/section_179_faqs.html)

[3] Wall Street Journal, "Small-Business' Bill Holds Plenty for Big Firms" (7/28/10) - <http://online.wsj.com/article/SB10001424052748703940904575395520866814284.html>