

From: Cherry, Brian K  
Sent: 4/27/2011 7:14:14 AM  
To: Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4);  
'marzia.zafar@cpuc.ca.gov' (marzia.zafar@cpuc.ca.gov);  
'lindsay.brown@cpuc.ca.gov' (lindsay.brown@cpuc.ca.gov)  
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAE); Hughes,  
John (Reg Rel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J8HS)  
Bcc:  
Subject: RE: Comr Sandoval and the Pres Obama tax stimulus

Let me check but most Industrial HVAC options are out of the range of small business but let me check on smaller units.

Sid - can you look into this and get back to Marzia and Lindsay ?

**From:** Brown, Lindsay M. [mailto:lindsay.brown@cpuc.ca.gov]  
**Sent:** Tuesday, April 26, 2011 11:12 PM  
**To:** Cherry, Brian K; Zafar, Marzia <marzia.zafar@cpuc.ca.gov>  
**Cc:** Hughes, John (Reg Rel)  
**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>

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

<sup>[2]</sup> Section 179.org, “Section 179 FAQ’s” - [http://www.section179.org/section\\_179\\_faqs.html](http://www.section179.org/section_179_faqs.html)

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