I. Taxation of Power and Utilities

Class 1: So we begin

Introduction and Course Overview

Section 118
  Contributions to capital
  Contributions in aid

Class 2: Utility payments and repayments

Income recognition: Section 451(f) and (i)

Tax treatment of customer deposits – The “trilogy” and Indianapolis Power

Purchase gas cost/deferred fuel adjustment:
  Houston Industries Houston Industries Incorporated v. United States
  Rev. Rul. 2003-39

Claim of right doctrine: IRC Section 1341
  Dominion Resources case
  Florida Progress case

Class 3: Miscellaneous, but important, utility deductions

Depreciation and placed-in-service rules

Repairs and maintenance
Section 199 and public utilities

Nuclear decommissioning: Qualified decommissioning trusts

**Class 4: Utility ratemaking process**

The role of taxes

Normalization

II. **Taxation of the Oil and Gas Industry**

**Class 5: Oil and Gas Overview and Lease Activities**

Overview of oil and gas operations

The oil and gas lease (Producers 88)

Role of lessor and lessee / operator and non-operator

Tax treatment of initial payments (review: payment matrix)

Bonus payments

Delay rentals

Minimum royalties

The Economic Interest concept (IRC Section 611)

**Class 6: Tax Treatment of Lease Operations: Drilling & Production Operations**

Exploration efforts (Section 167(h))

Intangible Drilling Costs (IRC Sections 263(c), 59(e) and 291 and case law)

IDC and offshore operations

Domestic Production Activities Deduction (section 199)

Secondary and Tertiary Recovery (section 193)
Other operating expenses

Class 7: Recovery of Lease Investment

Economic interest concept (section 611)
Mineral property concept (section 614)
Cost Depletion
Percentage Depletion (section 613)
Limitations on Depletion (section 613A)

Class 8: Conveyances – Subleasing & Sharing Arrangements

Sharing Arrangements
Concept behind of Pool of Capital Doctrine
Risk sharing transactions – additional types of property interests
  Net profits interest
  Overriding royalty
  Carried interests
  Production Payments (IRC Section 636)

Class 9: Other Conveyances & Dispositions and Transfers of Interests

Partnership and elections out of Subchapter K (section 761)
Treatment on the sale of mineral interests (section 1254)
Like-kind exchanges in oil and gas (section 1031)
Taxation of downstream operations
III. Taxation of Renewable Energy Investments

**Class 10: Renewable and alternative energy, the basics**

- Section 45 production tax credits
- Section 48 investment tax credits
- Section 45K fuel from nonconventional sources
- Section 45J advanced nuclear power plants
- Energy efficiency

**Class 11: Monetizing energy incentives**

- Partnership structures
- Sale-leaseback arrangements
- Economic substance, shams, and true partnerships
- Section 1603 grant program
- MLPs and REITS

**Class 12: Issues in the design of energy tax incentives**

- General considerations
- Good intentions gone bad
- Tax reform proposals

**Class 13: TBD**

Options include a discussion of carbon taxes, or a review