

CHAPTER 30
TAX REFORM REVENUE ADJUSTMENT

199—30.1(476) Applicability. Each rate-regulated investor-owned public utility shall include in its charges or rates to customers an amount attributable to state and federal tax liability no greater than the tax liability based on the Tax Reform Act of 1986, as required by the provisions of this chapter, unless otherwise ordered by the board in a rate case proceeding.

199—30.2(476) General filing requirement. Each public utility subject to the provisions of this chapter shall determine and file, on or before May 1, 1987, the following information which shall be designated as confidential documents under Iowa Code section 422.20:

1. The revenue adjustment and all supporting workpapers.
2. The revised revenue requirement and all supporting workpapers.

199—30.3(476) Revenue adjustment. The revenue adjustment (RA) shall be calculated using 1986 data according to the following formulas:

$$\begin{aligned} TE_1 &= (T_1 + NITC_1 + DT_1 - DTF_1) \\ TE_2 &= (T_2 + NITC_2 + DT_2 - DTF_2) \\ RA &= (TE_1 - TE_2) RF \end{aligned}$$

TE_1 is the income tax expense (state and federal) calculated pursuant to income tax law prior to implementation of any of the provisions of the Tax Reform Act of 1986.

TE_2 is the income tax expense (state and federal) calculated for income tax pursuant to all provisions of the Tax Reform Act of 1986 and any state tax reform enacted in the 1987 legislative session.

RA is the revenue adjustment due to changes in the tax law.

T_1 is the income tax which is the taxable income before income tax times the composite statutory income tax rate less gross investment tax credit, calculated pursuant to tax law prior to the Tax Reform Act of 1986.

$NITC_1$ is the net investment tax credit which is the gross investment tax credit less amortization of deferred investment tax credit, calculated pursuant to tax law prior to the Tax Reform Act of 1986.

DT_1 is the deferred income tax which represents the (tax/book timing differences required to be normalized to obtain the income tax benefits of the timing differences plus tax/book timing differences allowed by the board to be normalized) times the statutory federal tax rate, calculated pursuant to tax law prior to the Tax Reform Act of 1986.

DTF_1 is the deferred income tax flowback under the tax law prior to the Tax Reform Act of 1986. It is the sum of tax/book timing differences for which deferred taxes have been accrued for such vintage years for which the timing differences have reached the point of turnaround times the federal income tax rate at which the deferred taxes were accrued.

T_2 is the income tax which is the taxable income before income tax times the composite statutory income tax rate less gross investment tax credit, calculated pursuant to the Tax Reform Act of 1986 and any state tax reform enacted in the 1987 legislative session.

$NITC_2$ is the net investment tax credit which is the gross investment tax credit less amortization of deferred investment tax credit, calculated pursuant to the Tax Reform Act of 1986 and any state tax reform enacted in the 1987 legislative session.

DT_2 is the deferred income tax which represents the (tax/book timing differences required to be normalized to obtain the income tax benefits of the timing differences plus tax/book timing differences allowed by the board to be normalized) times the statutory federal tax rate, calculated pursuant to the Tax Reform Act of 1986 and any state tax reform enacted in the 1987 legislative session.

DTF_2 is the deferred income tax flowback under the Tax Reform Act of 1986 calculated as the amount of the timing of the aggregate deferred income taxes to the aggregate timing differences as of the beginning of the period in question.

RF is the revenue factor which is calculated as one plus the (composite statutory income tax rate divided by one minus the composite statutory income tax rate), pursuant to the Tax Reform Act of 1986 and any state tax reform enacted in the 1987 legislative session.

199—30.4(476) Revised revenue requirement. The revised revenue requirement shall be the revenue collected for calendar year 1986 increased or decreased, as appropriate, by the revenue adjustment.

199—30.5(476) Rate filing. On or before June 1, 1987, each public utility shall determine and file rates designed to collect an amount no greater than the revised revenue requirement. The rates shall be increased or decreased equitably among customer classes. The rate filing is not a pending rate filing for purposes of Iowa Code section 476.6(10).

199—30.6(476) Board approval. Upon approval by the board, each public utility subject to the provisions of this chapter shall implement rates based on the revised revenue requirement beginning July 1, 1987. If a public utility has not yet received board approval to implement these rates beginning July 1, 1987, it shall file bond or other undertaking approved by the board conditioned upon refund in a manner to be prescribed by the board of any amount collected in excess of the revised revenue requirement before July 1, 1987.

These rules are intended to implement Iowa Code section 476.8.

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