BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Disposition of Contributions-in-Aid-of-Construction (CIAC) Gross-up Funds Received by FLORIDA CITIES WATER COMPANY in Brevard, Collier, and Lee Counties.	DOCKET NO. 921240-WS ORDER NO. PSC-94-0213-FOF-WS ISSUED: February 23, 1994

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON

APPEARANCES:

B. KENNETH GATLIN, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida, 32308.
On behalf of Florida Cities Water Company.

LILA A. JABER, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida, 32399-0863.
On behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida, 32399-0862
On behalf of the Commissioners.

FINAL ORDER REQUIRING REFUND

BY THE COMMISSION:

Background

Orders Nos. 16971 and 23541, issued December 18, 1986, and October 1, 1990, respectively, require that utilities annually file information to be used to determine the actual state and federal income tax liability directly attributable to contributions-in-aid-

of-construction (CIAC). This information is also used to determine whether a refund of the gross-up is appropriate for any given year for which gross-up was in effect.

Order No. PSC-92-0961-FOF-WS, issued September 9, 1992, clarified the provisions of Orders Nos. 16971 and 23541 for the calculation of refunds of gross-up of CIAC. On September 14, 1992, Order No. PSC-92-0961A-FOF-WS, was issued. That Order included the generic calculation form.

In accordance with Order No. 16971, Florida Cities Water Company (Florida Cities or utility) filed its 1987 through 1990 annual CIAC reports regarding its collection of gross-up each year. By Proposed Agency Action Order No. PSC-93-0389-FOF-WS, issued March 15, 1993, the Commission proposed that the utility refund excess CIAC gross-up collections for the years 1987 through 1990. The proposed refund amounts were $30,478 for 1987, $95,341 for 1988, $86,097 for 1989, and $70,121 for 1990.

On April 2, 1993, Florida Cities timely filed a protest to Order No. PSC-93-0389-FOF-WS. A prehearing conference was held on October 20, 1993, in Tallahassee, Florida. A hearing on this matter was held on November 4, 1993, in Tallahassee, Florida.

On November 16, 1993, Florida Cities filed a Motion for the Commission to Accept Late-Filed Exhibit No. 9. On November 29, 1993, Florida Cities filed a Motion for Extension of Time to File Briefs. These motions are addressed below.

Finding of Fact, Law, and Policy

Having heard the evidence presented at the hearing in this proceeding and having reviewed the recommendation of the Commission Staff (Staff), as well as the utility's brief, we now enter our findings and conclusions.

Motion to Accept Late-Filed Exhibit No. 9

On November 16, 1993, Florida Cities filed a Motion for the Commission to Accept Late-Filed Exhibit No. 9, which, in the utility's belief, shows the correct amount of CIAC tax refund as is contemplated by the Commission's method. Late-Filed Exhibit No. 9 consists of an explanation of the exhibit, revised CIAC reports for the years 1987 through 1990, a calculation of the gross-up refund, and a schedule of the first year's tax depreciation on contributed property for the years 1987 through 1990.

We believe it is appropriate that we consider this exhibit in reaching our final decision. Therefore, the utility's Motion to Accept Late-Filed Exhibit No. 9 is granted.

Motion for Extension of Time to File Brief

On November 29, 1993, the utility requested a three-day extension of time to file its post-hearing brief. We find it appropriate to grant the utility's motion as there was no prejudice to either Staff nor the party, nor was there any impediment to the preparation of this case. Florida Cities filed its Brief on December 1, 1993.

First Year's Depreciation

It is the utility's position that the first year's depreciation on CIAC should not be deducted from taxable CIAC in calculating the refund of excess gross-up collections on CIAC. First, the utility argued that there was no reasonable basis to believe the Commission intended to authorize the collection of that which would necessarily be refunded. Mr. Werle testified that overcharging customers is not a sound business practice and is frowned on by the Commission. He argued that if the Commission really intended that the benefit from first year depreciation was to ultimately reduce the amount of gross-up, the utility would not be allowed to collect an excess amount from the developer for which a refund was guaranteed at the point of time of collection. Second, the utility argued that it collected the gross-up as allowed by its approved tariffs, which were consistent with the formula contained in Order No. 16971. Third, Witnesses Werle and Schifano testified that the issuance of Order No. 23541 was the first indication that the first year tax benefit of depreciation of CIAC should be passed on to contributors paying the tax impact on CIAC.

We disagree with Messrs. Werle and Schifano with respect to the treatment of first year's depreciation. Utility Witness Schifano and Staff Witness Causseaux both testified that the issuance of Order No. 16971 granting authority to gross-up was a result of the emergency nature of the change in Tax Code Section 118. Witness Schifano testified that the purpose of gross-up was to pass on the tax impact. Witness Causseaux testified that the purpose was intended to keep the utility whole and not provide it with a windfall. Witness Causseaux also testified that Order No. 16971 was issued to provide absolutely the maximum amount of taxes that could possibly be required.

Upon further examination, Witness Werle agreed that if an undercollection existed and a utility would not be allowed to go back and collect it, the utility would be in a better position if overcollected and refunded later. While we agree with the utility that generally overcharging customers is not a sound business practice and is frowned on by the Commission, we note that all gross-up collections are made subject to refund, pending a final determination of the gross-up required. Therefore, the utility's argument involving overcollection is not persuasive. If a utility collects the maximum amount that could possibly be due, subject to refund, we believe both parties are protected.

With respect to the utility's second argument that gross-up was collected consistent with the formula contained in Order No. 16971; and therefore, no refund is necessary, is also not persuasive. First, we do not dispute that the utility collect its gross-up consistent with the formula, as found in the tariffs and in the Order. However, the formula presented in Order No. 16971 and the utility's tariff calculates the amount of gross-up that a utility needs to collect. That formula does not address refunds. As Staff Witness Causseaux testified, Order No. 16971 was issued to allow utilities the opportunity to collect the maximum amount of taxes that could possibly be required and does not calculate refunds. Florida Cities has provided no evidence in the record which indicates that if the utility calculates and collects the gross-up according to its tariff, then no refund is due. The tariff reiterates what is found in Order No. 16971. We believe that the refund determination must be based upon what the utility does on its tax return. The collection of gross-up and the refund determination are two separate calculations and have different functions.

Finally, both Witnesses Werle and Schifano argue that first year's depreciation did not emerge until October, 1990, with the issuance of Order No. 23541. Depreciation is and has been an element used in determining the actual tax liability of the utility. The determination of a utility's actual tax liability has been referenced in both Orders Nos. 16971 and 23541, and therefore, should be included in calculating each year's refund of excess gross-up collections. The utility's arguments ignore completely the basic fact that depreciation is an integral part of the calculation of the utility's actual tax liability.

On page 3 of Order No. 16971, paragraph (4)(c), the Commission stated that:

> Annually, following the preparation and filing of the utility's annual Federal and State income tax returns, a determination shall be made as to the actual Federal and State income tax expense that is directly attributable to the inclusion of CIAC in taxable income for the tax year. CIAC tax impact monies received during the tax year that are in excess of the actual amount of tax expense that is attributable to the receipt of CIAC, together with interest earned on such excess monies held in the CIAC Tax Impact Account must be refunded on a pro rata basis to the parties which made the contribution and paid the tax impact amounts during the tax year. (emphasis added)

With respect to the Commission's intent in Order No. 16971, the Commission on page 23 of Order No. 23541 stated the following:

> This could be interpreted to mean that we will look at the receipt of CIAC as an isolated tax event, or that a tax liability must be incurred on the overall jurisdictional return. However, since the taxation of CIAC in isolation can only produce a tax liability, the former interpretation makes no sense because there is no way that a refund could occur. Accordingly, we believe that the intent was to consider the entire tax picture. (emphasis added)

On page 24 of Order No. 23541, the Commission also stated that:

> Based upon the evidence of record and our discussion above, we find that all gross-up amounts in excess of a utility's actual tax liability resulting from its collection of CIAC should be refunded on a pro rata basis to those persons who contributed the taxes. (emphasis added)

The record is sufficiently clear that both Orders are and have been consistent in their reference to a utility's actual tax expense or tax liability. In addition, both Utility Witnesses Werle and Schifano testified that depreciation expense is an allowable deduction in calculating actual tax expense. We are not persuaded by the utility's argument that depreciation was not raised as an issue in connection with gross-up until the issuance of Order No. 23541. While depreciation was not specifically delineated as a component to be used in determining actual tax liability, we find that the record is sufficiently clear that the Commission intended to analyze the entire tax picture, which by definition and by the utility's own admission, includes depreciation.

Staff Witness Causseaux testified that depreciation is an integral part of the calculation of the utility's actual tax liability and reduces the revenues from the collection or receipt of CIAC. If depreciation is excluded from the calculation of actual tax liability, it appears that the utilities would collect more in taxes than they actually pay or claim on their federal tax returns, which would result in a windfall of cash to the utilities.

All three witnesses agree that depreciation is a component in the calculation of actual tax liability. Therefore, it is not relevant whether the orders, tariffs or the gross-up formula specifically refer to depreciation expense. The Orders clearly indicate that the intent of the Commission has always been to determine that amount of gross-up to be retained based upon the utility's actual tax liability, which would include a deduction to CIAC revenue for depreciation. Upon consideration, we find that it is appropriate to reject the utility's arguments with respect to first year's depreciation. Furthermore, based on the evidence in the record, we find that in reviewing the utility's "entire tax picture," first year's depreciation on CIAC must be deducted from taxable CIAC when calculating the refund of excess gross-up collection on CIAC.

Late-Filed Exhibit No. 9

Upon our review of Late-Filed Exhibit No. 9, it appears that the Exhibit indicates that no cash CIAC received in any year was converted into property and all associated depreciation should be removed. The Exhibit proposes to revise the Commission required gross-up reports and removes all depreciation associated with the utility's collection of cash CIAC. This is inconsistent with the utility's response in Interrogatory No. 1 or Composite Exhibit No. 2. In Composite Exh. No. 2, the utility acknowledged that it included the depreciation on its tax return. The utility does not

mention in Late-Filed Exhibit No. 9 that amended tax returns will be filed which remove the depreciation deduction associated with the cash CIAC.

We find that we cannot rely on Late-Filed Exhibit No. 9 for several reasons. First, as a part of the exhibit, the utility included a portion of the hearing transcript where Witness Causseaux testified that Staff had not intended to include depreciation on cash CIAC unless converted into property in the year of receipt. Also included was a portion of the hearing transcript wherein Witness Causseaux discusses netting the amount of property added in a year with the amount of cash received as a basis of determining whether cash CIAC has been converted, and therefore depreciable, in lieu of detailed records which attempt to trace the cash received. The utility has failed to include in Exhibit No. 9 any numbers which would support its argument. Instead, in Exhibit No. 9, the utility only makes a statement that no cash was converted. No supporting documentation was provided by the utility. The utility also did not net the property additions and cash as suggested by Witness Causseaux.

Second, if such a netting is done, it indicates that some if not all of the cash had to have been converted to property in each year. We have used the tax returns, Composite Exhibits Nos. 3 and 7, in our analysis set forth below. We were not able to make the netting calculation for 1987 because beginning year amounts are not available in the 1987 tax return.

YEAR	(A) Beg. Depr Assets Per 1120 Exh 3	(B) End. Depr Assets Per 1120 Exh 3	(C) Increase in Depr Assets (B) - (A)	(D) Less Property CIAC Exh 7	(E) Net Additions After Prop. CIAC (C) - (D)	(F) Less Cash CIAC Exh 7	(G) Net Assets In Excess of Cash and Prop (E) - (F)
1988	101,426,885	106,443,239	5,016,354	2,452,777	2,563,577	1,941,892	621,685
1989	106,443,239	117,234,646	10,791,407	1,896,478	8,894,929	2,162,635	6,732,294
1990	117,234,646	123,195,940	5,961,294	1,931,389	4,029,905	1,290,861	2,739,044

We have taken the beginning and ending depreciable plant balance from the balance sheet included in each year's 1120 tax return (Composite Exh 3) to determine the annual additions of depreciable plant. We then removed the amount of property CIAC received in each year as detailed in Exhibit No. 7 to arrive at the amount of net additions after property CIAC. We then removed the amount of cash CIAC collected (Composite Exhibit No. 7) to determine if the amount of property additions exceeded both the amount of cash and property CIAC received.

Based upon this analysis, it appears that the utility had plant additions for each year 1988 through 1990 far in excess of the amount of property and cash CIAC collections. We find that the utility has failed to support its position that no cash was converted into property and that the depreciation the utility claimed on its tax returns should be excluded from the refund calculation.

Rule 25-30.515(3), Florida Administrative Code, states that CIAC is:

> any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public. The term includes system capacity charges, main extension charges and customer connection charges. (Emphasis added)

By definition, CIAC charges are intended for plant and are to be utilized for the acquisition, or construction of utility property, and therefore, we believe they will be converted into property and will be depreciated. The only remaining issue is when will the conversion be made.

Refund Formula in Order No. PSC-92-0961-FOF-WS

It is the utility's position that Order No. PSC-92-0961-FOF-WS should be applied to prospective years. The utility argues that to apply the Order to the years 1987 through 1990 would constitute retroactive ratemaking. In support of its position, the utility cites to Southern Bell Telephone and Telegraph Company v. PSC, 453 So.2d 780 (Fla. 1984) and Sunshine Utilities v. PSC, 577 So.2d 663 (Fla. 1st DCA 1991).

In determining what the Commission intended by its use of the word "prospective" in Order No. PSC-92-0961-FOF-WS, we must review the entire purpose of that Order. The Commission issued Order No. PSC-92-0961-FOF-WS for the purpose of clarifying the provisions in Orders Nos. 16971 and 23541 with respect to the calculation of CIAC gross-up refunds, and not depreciation. That Order at p. 3 specifically states that:

> This clarification in the appropriate calculation of gross-up refunds to include the tax liability associated with the amount of gross-up retained shall be applied on a prospective basis. Attachment A hereto reflects the calculation we will employ in our determination of the amount of taxable CIAC.

The facts contributing to the issuance of Order No. PSC-92-0961-FOF-WS are as follows. A utility raised the issue of whether the taxes paid on the amount of gross-up collected should be included in the calculation of the refund. In analyzing that issue, the Commission discovered that it had used two different interpretations or methodologies in its treatment of the taxes paid on the amount of gross-up. It is that clarification that the Commission made in Order No. PSC-92-0961-FOF-WS. It is that clarification that the Commission stated would be applied on a prospective basis. Nowhere in Order No. PSC-92-0961-FOF-WS did the Commission state that the refund formula would only be applied for the years 1992 forward. Further, it is important to note here that Attachment A (found in Order No. PSC-92-0961A-FOF-WS), which is the Commission's calculation of the refund, specifically addresses the years 1987 through 1990.

Since Order No. PSC-92-0961-FOF-WS only involved a clarification in the refund formula with respect to the Commission's treatment of the taxes paid on the amount of gross-up, and did not address depreciation in any manner, we fail to see the validity in the utility's argument that retroactive ratemaking has occurred. As discussed earlier, we have always determined the amount of gross-up required by analyzing the utility's actual tax liability. Order No. PSC-92-0961-FOF-WS did not modify, change nor supersede any prior order with respect to the treatment of depreciation. The Order did, however, clarify, that on a prospective basis (as opposed to prospective years), the Commission would treat the taxes paid on the amount of gross-up in accordance with the formula found in that Order. No other element of the refund formula was addressed in that Order.

Finally, we agree with the utility that retroactive ratemaking is never appropriate. For that very reason, the Commission did not require the utilities previously ordered to make refunds to go back and recalculate the refund amount based on the formula found in Order No. PSC-92-0961-FOF-WS. In Sunshine, the Court in affirming the Commission's order, stated that the Commission has the authority to determine whether there are mistakes in its prior orders and has a duty to correct such errors. Id. at 665. We find that the clarification made in Order No. PSC-92-0961-FOF-WS was consistent with the case law on this issue and does not constitute

retroactive ratemaking. The Commission's ability to review a formula found in a previous order or used by the Commission in calculating refunds is a power inherent in our statutory ratemaking authority to set rates which are just, fair and reasonable.

Based on the foregoing, we find it appropriate to use the calculation provided in Order No. PSC-92-0961-FOF-WS and Order No. PSC-92-0961A-FOF-WS in calculating the refund of excess gross-up collections for each year 1987 through 1990.

Refund of Excess Gross-up Collected

It is the utility's belief that it properly calculated the tax expense attributable to the receipt of CIAC in accordance with Order No. 16971 and approved tariffs. Utility Witness Werle testified that the utility made the appropriate calculations and has complied with Order No. 16971, Staff Advisory Bulletin No. 25, and the tariffs approved by the Commission under that Order; and therefore, no refund is necessary. Witness Schifano testified that the tariffs, approved by the Commission set forth the same formula for calculation of the gross-up as provided by Order No. 16971. The utility provided no testimony as to actual numbers for the refund calculation.

As we stated earlier, we believe that the record is clear that both Orders Nos. 16971 and 23541 are consistent in their reference to a utility's actual tax expense or tax liability. Witness Causseaux testified that the gross-up required was to be calculated on the actual liability of the utility -- contributions received less depreciation taken multiplied by the applicable tax rate. That required gross-up was to then be compared to the actual gross-up collected. Witness Causseaux further testified that the Commission, by issuance of Order No. PSC-92-0961-FOF-WS, provided that refunds should no longer be calculated by including the taxes on the gross-up. Staff Witness Causseaux testified that in the future, the actual tax liability was to be grossed-up for comparison with the amount of gross-up actually collected. Order No. PSC-92-0961-FOF-WS was not protested.

Composite Exhibit No. 6 reflects the Commission's proposed refund calculations for the years 1987 through 1990. We used the balances in the jurisdictional amounts in the revised reports filed by the utility. Order No. 23541 requires that above-the-line net operating losses (NOLs) be used to offset CIAC income. Order No. 23541 further states that, until a tax liability is incurred, there is no additional tax burden. By requiring utilities to offset CIAC income with NOLs, the Commission is only recognizing what utilities are actually doing on their tax returns. In each year, the tax

returns and the annual gross-up reports indicate above-the-line taxable income prior to the collection of taxable CIAC. As a result, the full amount of taxable CIAC collected is used as taxable income. The full amount of taxable CIAC less the first year's depreciation claimed by the utility in its federal and state income tax returns determines the amount of net taxable CIAC. The reduction for first year's depreciation is consistent with our practice and with the record established in this case.

We have used the method established by Orders Nos. PSC-92-0961-FOF-WS and PSC-92-0961A-FOF-WS in calculating the required gross-up for this utility. We have multiplied the net taxable amount by the combined federal and state tax rate for each year to arrive at net income taxes associated with the collection of taxable CIAC. The net income taxes were then grossed-up to reflect the taxes associated with collection of that amount of required gross-up. We determine the amount of refund by comparing the required gross-up with the amount of gross-up collected for each year. This calculation, which is consistent with Order No. PSC-92-0961A-FOF-WS, is reflected in Schedule No. 1, incorporated herein by reference.

Based upon our calculations which are consistent with the formulas contained in the Orders and the record established in this case, we find that Florida Cites shall refund a total of $282,037 ($30,478 for 1987; $95,341 for 1988; $86,097 for 1989; and $70,121 for 1990), plus accrued interest through the date of refund, for gross-up collections in excess of the actual tax liability resulting from the collection of CIAC. No gross-up was collected in 1991, therefore, no refund for 1991 is appropriate. The refunds shall be completed within 6 months of the issuance of this Order. The utility shall submit copies of cancelled checks, credits applied to monthly bills, or other evidence which verifies that the refunds have been made, within 30 days from the date of the refund.

This docket shall remain open pending completion and verification of the refunds. Staff shall have administrative authority to close the docket upon verification that the refunds have been made.

Conclusions of Law

1. The Commission has jurisdiction to determine the water and wastewater rates and charges of Florida Cities Water Company, pursuant to Sections 367.081 and 367.101, Florida Statutes.

2. As the applicant in this case, Florida Cities Water Company has the burden of proof that its proposed rates and charges are justified.

3. The rates and charges approved herein are just, reasonable, compensatory, not unfairly discriminatory and in accordance with the requirements of Section 367.081(2), Florida Statutes, and other governing law.

4. Pursuant to Chapter 25-9.001(3), Florida Administrative Code, no rules and regulations, or schedules of rates and charges, or modifications or revisions of the same, shall be effective until filed with and approved by the Commission.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Florida Cities Water Company shall refund a total of $282,037 or $30,478 for 1987, $95,341 for 1988, $86,097 for 1989, $70,121 for 1990, plus accrued interest through the date of refund, for gross-up collections in excess of the actual tax liability resulting from the collection of contributions-in-aid of construction. It is further

ORDERED that the Florida Cities Water Company shall complete the refunds within six months of the issuance of this Order. It is further

ORDERED that Florida Cities Water Company shall submit cancelled checks, credits applied to monthly bills, or other evidence which verifies that the refunds have been made, within thirty days of the refund. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in the schedule attached hereto are by reference incorporated herein. It is further

ORDERED that this docket shall remain open pending completion and verification of the refunds. Staff shall have administrative authority to close this docket upon verification that the refunds have been made.

By ORDER of the Florida Public Service Commission, this 23rd day of February, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

LAJ

by: Kay Flynn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

SCHEDULE NO. 1

FLORIDA CITIES WATER COMPANY
SOURCE: (Line references are from CIAC Reports)

COMMISSION CALCULATED GROSS-UP REFUND

		1987	1988	1989	1990	1991
1	Form 1120, Line 30 (Line 15)	$ 3,793,099	$ 8,666,070	$ 6,901,695	$ 5,459,735	$ 0
2	Less CIAC (Line 7)	(1,266,708)	(4,265,300)	(3,863,484)	(3,140,623)	0
3	Less Gross-up collected (Line 19)	(961,547)	(2,572,243)	(2,329,660)	(1,893,911)	0
4	Add First Year's Depr on CIAC (Line 8)	47,502	159,949	144,881	117,773	0
5	Add/Less Other Effects (Lines 20 & 21)	0	176,261	669,110	676,856	0
6						
7	Adjusted Income Before CIAC and Gross-up	$ 1,612,346	$ 2,164,737	$ 1,522,542	$ 1,219,830	$ 0
8						
9	Taxable CIAC (Line 7)	$ 1,266,708	$ 4,265,300	$ 3,863,484	$ 3,140,623	$ 0
10						
11	Taxable CIAC Resulting in a Tax Liability	$ 1,266,708	$ 4,265,300	$ 3,863,484	$ 3,140,623	$ 0
12	Less first years depr. (Line 8)	(47,502)	(159,949)	(144,881)	(117,773)	0
13						
14	Net Taxable CIAC	$ 1,219,206	$ 4,105,351	$ 3,718,603	$ 3,022,850	$ 0
15	Effective state and federal tax rate	43.30%	37.63%	37.63%	37.63%	37.63%
16						
17	Net Income tax on CIAC	$ 527,916	$ 1,544,844	$ 1,399,310	$ 1,137,498	$ 0
18	Less ITC Realized	0	0	0	0	0
19						
20	Net Income Tax	$ 527,916	$ 1,544,844	$ 1,399,310	$ 1,137,498	$ 0
21	Expansion Factor for gross-up taxes	1.763668430	1.603334936	1.603334936	1.603334936	1.603334936
22						
23	Gross-up Required to pay tax effect	$ 931,069	$ 2,476,902	$ 2,243,563	$ 1,823,790	$ 0
24	Less CIAC Gross-up collected (Line 19)	(961,547)	(2,572,243)	(2,329,660)	(1,893,911)	0
25						
26	PROPOSED REFUND (excluding interest)	$ (30,478)	$ (95,341)	$ (86,097)	$ (70,121)	$ 0
27						
28						No Gross-up Collected
29	TOTAL REFUND	$ (282,037)				
30						