

This rules was filed as NMPSC Rule 320.

**TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES**  
**CHAPTER 3 UTILITIES FINANCIAL ACCOUNTING AND REPORTING-GENERAL PROVISIONS**  
**PART 320 UNIFORM ACCOUNTING PROCEDURES FOR ACCELERATED AMORTIZATION,**  
**LIBERALIZED DEPRECIATION, AND TAX CREDITS**

**17.3.320.1 ISSUING AGENCY:** New Mexico Public Service Commission [New Mexico Public Regulation Commission].  
[Recompiled 12/30/01]

**17.3.320.2 SCOPE:**  
[Recompiled 12/30/01]

**17.3.320.3 STATUTORY AUTHORITY:**  
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**17.3.320.4 DURATION:**  
[Recompiled 12/30/01]

**17.3.320.5 EFFECTIVE DATE:**  
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**17.3.320.6 OBJECTIVE:**  
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**17.3.320.7 DEFINITIONS:**  
[Recompiled 12/30/01]

**17.3.320.8 [TABLE OF CONTENTS:]**  
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D. Relief [17.3.320.12 NMAC]  
[Recompiled 12/30/01]

**17.3.320.9 PREAMBLE:**  
A. Uniform accounting procedures shall be used by all public utilities for amounts certified by the federal government for accelerated amortization pursuant to Section 168 of the Internal Revenue Code and applicable regulations and for liberalized depreciation allowances pursuant to Section 167 of the Internal Revenue Code. Uniform accounting procedures shall be used by all public utilities for amounts certified by the federal government for federal investment tax credits pursuant to Section 46 of the Internal Revenue Code.  
B. Pursuant to IRC Section 168 certificates of necessity were issued by the federal government only after evidence had been presented that the facilities were essential to the national effort and that there was probably future economic usefulness of the facilities. It is recognized that the amortization privilege assures only one thing, namely that the tax reduction will be realized during the period of amortization, which is usually five (5) years, instead of being spread over the life of the property.  
C. Subsequently Congress and the Internal Revenue Service in IRC Section 167 and Treas. Reg. Section 1.167 have made provisions for liberalized depreciation allowances wherein the tax reduction benefits are similar in character to those of the accelerated amortization privilege. The tax reduction will be realized during the early years after the purchase and installation of the asset, and the taxes will increase in the later years of the asset's life.  
[Recompiled 12/30/01]

**17.3.320.10 ACCOUNTING PROCEDURES FOR ACCELERATED AMORTIZATION AND LIBERALIZED DEPRECIATION:** In order to insure proper accounting for accelerated amortization and liberalized depreciation a utility may take these allowances for tax purposes but shall continue to charge customary depreciation on the books. The utility shall make a further charge on the books equivalent to the tax reduction arising by reason of the allowances (instead of customary depreciation) and credit this to an accumulated deferred income tax account. After the allowance period, when the property has been fully amortized or depreciated through the application of accelerated amortization or liberalized depreciation, the reserve in the Accumulated Deferred Income Tax Account shall be used to pay taxes on that income in excess of the income which would have been derived had customary depreciation been utilized.  
[Recompiled 12/30/01]

**17.3.320.11 ACCOUNTING PROCEDURES FOR FEDERAL INVESTMENT TAX CREDIT:**

A. For gas utilities, accounting for the federal investment tax credit permitted by IRC Section 46 and applicable regulations shall be in accordance with the Federal Power Commission's Accounting Procedure for Investment Tax Credit, Order No. 289, as amended by Order No. 289-A issued November 2, 1964.

B. For electric and other utilities, accounting for the federal investment tax credit permitted by IRC Section 46 and applicable regulations shall be in accordance with the Federal Power Commission's Accounting Procedure for Investment Tax Credit, Order No. 290, issued December 17, 1964, all such orders having been issued under Federal Power Commission Docket Nos. R-231 and R-232.

C. Where the orders allow alternative accounting procedures, each utility shall advise the Commission which of the procedures it intends to use in accounting for tax benefits received because of the investment tax credit.

D. To the extent that NMPSC Rules 510, 610, and 710 [17.3.510 NMAC, 17.3.610 NMAC, and 17.12.1 NMAC] do not provide account numbers and titles for the accounting for the federal investment tax credit, the utility shall employ the account numbers and titles prescribed from time to time by the Federal Power Commission or its successor, the Federal Energy Regulatory Commission.  
[Recompiled 12/30/01]

**17.3.320.12 RELIEF:** Relief from the requirements of NMPSC Rule 320 [17.3.320 NMAC] on an appropriate showing may be obtained on written application to the Commission.  
[Recompiled 12/30/01]

**17.3.320.13 [History:** MPSC Case No. 2086, order dated June 30, 1988, unless otherwise noted. Formerly First Revised General Order No. 18, superseded for purposes of rule reorganization and codification.]  
[Recompiled 12/30/01]

**HISTORY OF 17.3.320 NMAC:**

Pre-NMAC History: The material in this part was derived from that previously filed with the Commission of Public Records-State Records Center and Archives.

NMPSC Rule 320, Uniform Accounting Procedures For Accelerated Amortization, Liberalized Depreciation, And Tax Credits, 6/30/88.

History of Repealed Material: [RESERVED]