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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1436 Session of  
2015

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INTRODUCED BY GODSHALL, KOTIK, SAINATO, KILLION, SACCONI,  
DUNBAR, QUIGLEY, MARSHALL, GROVE, HARHAI, SNYDER, LONGIETTI,  
KORTZ, PICKETT, BARBIN, EVANKOVICH, COHEN, GIBBONS, EVERETT,  
SCHLOSSBERG, KAUFFMAN, BURNS, MUSTIO, MATZIE, P. DALEY AND  
SCHWEYER, JULY 6, 2015

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REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, JULY 6, 2015

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AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania  
2 Consolidated Statutes, in rates and distribution systems,  
3 providing for computation of income tax expense for  
4 ratemaking purposes.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Title 66 of the Pennsylvania Consolidated  
8 Statutes is amended by adding a section to read:

9 § 1301.1. Computation of income tax expense for ratemaking  
10 purposes.

11 If an expense or investment is allowed to be included in a  
12 public utility's rates for ratemaking purposes, the related  
13 income tax deductions and credits shall also be included in the  
14 computation of current or deferred income tax expense to reduce  
15 rates. If an expense or investment is not allowed to be included  
16 in a public utility's rates, the related income tax deductions  
17 and credits, including tax losses of the public utility's parent

1 or affiliated companies, shall not be included in the  
2 computation of income tax expense to reduce rates. The deferred  
3 income taxes used to determine the rate base of a public utility  
4 for ratemaking purposes shall be based solely on the tax  
5 deductions and credits received by the public utility and shall  
6 not include any deductions or credits generated by the expenses  
7 or investments of a public utility's parent or any affiliated  
8 entity. The income tax expense shall be computed using the  
9 applicable statutory income tax rates.

10 Section 2. This act shall take effect in 60 days.