

LEGISLATIVE REFERENCE BUREAU

L.R.B. Form No. 4 (Rev. 3/25/10)

2015D05359MSP : CMD

No. _____

LEGISLATIVE REFERENCE BUREAU

AN ACT

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

INTRODUCED _____ 20 _____

By _____ District NO. _____

By _____ District NO. _____

By _____ District NO. _____

By _____ District NO. _____

See next page for additional co-sponsors.

Referred to Committee on	
Date _____	20 _____
Reported _____	20 _____
As Committed-Amended	
Recommendation	

By Hon. _____	

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
18 or affiliated companies, shall not be included in the

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

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