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|  | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE**  P-2021-3025908 |

January 6, 2022

Tori L. Giesler

2800 Pottsville Pike

PO Box 16001

Reading, PA 19612-6001

Re: Petition of West Penn Power Company to Establish a Mechanism to Distribute the Tax Savings Associated with the TCJA for the Period Between January 1, 2018, and June 30, 2018

Docket No. P-2021-3025908

Dear Ms. Giesler,

On November 18, 2021, the Pennsylvania Public Utility Commission (Commission) entered an Opinion and Order (TCJA Order) in the above-captioned proceeding, which, among other things, directed West Penn Power Company (“West Penn” or the “Company”) to file a Petition to distribute the amortized amount of Excess Accumulated Deferred Income Taxes (EADIT) within 60 days of the adoption of the TCJA Order, i.e., by January 17, 2022.

On December 17, 2021, West Penn requested a 45-day extension of time to file the Petition (EADIT Petition) in accordance with the TCJA Order. The Company states the additional time is necessary to review a recent Private Letter Ruling (PLR) issued by the Internal Revenue Service (IRS) regarding the treatment of EADIT outside of base rate proceedings.[[1]](#footnote-1) West Penn noted that this process will also be impacted by the annual closing of the Company’s books as well as the holiday season. For these reasons, West Penn avers that a 45-day extension to file the EADIT Petition is warranted.

Based on the justifications provided, the Commission finds it reasonable to grant the request for an extension of time for West Penn to file the EADIT Petition. Accordingly, West Penn shall file the EADIT Petition by Thursday, March 3, 2022.

If you need further information or assistance, you may contact Marc Hoffer at [mhoffer@pa.gov](mailto:mhoffer@pa.gov) or James Mullins at [jamullins@pa.gov](mailto:jamullins@pa.gov).

 Sincerely,

Rosemary Chiavetta

Secretary

cc: Gladys Brown Dutrieuille, Chairman

John F. Coleman, Jr., Commissioner

Ralph V. Yanora, Commissioner

Seth Mendelson, Executive Director

Renardo Hicks, Chief Counsel

Kriss E. Brown, Deputy Chief Counsel

Richard Kanaskie, Bureau of Investigation & Enforcement

Patrick M. Cicero, Office of Consumer Advocate, [consumer@paoca.org](mailto:consumer@paoca.org)

Teresa Reed Wagner, Office of Small Business Advocate, [terewagne@pa.gov](mailto:terewagne@pa.gov)

1. On October 22, 2021, the IRS issued a PLR at No. PLR-101961-21 in response to an inquiry from another public utility. Through the PLR, the IRS discussed the utility’s accounting methods, including Excess Deferred Income Tax and the appropriate ratemaking treatment thereof, as well as normalization rules and standards. In its EADIT Petition, the Company stated that it “needs additional time to evaluate whether it can distribute the amortized amount of EADIT outside of a base rate case without possibly violating the IRS’s normalization rules, given the IRS’s conclusions in the PLR. Indeed, a violation of the IRS’s normalization rules would have severe financial and ratemaking consequences for the Company, such as barring the Company from utilizing accelerated tax depreciation.” [↑](#footnote-ref-1)