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|  | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE**P-2021-3025898 |

**January 6, 2022**

Nicholas A. Stobbe

Post & Schell, P.C.

17 North Second Street, 12th Floor

Harrisburg, PA 17101-1601

Re: Petition of People Gas Company LLC for an Extension of Time for filing

 the Petition at Docket No. P-2021-3025898

Dear Mr. Stobbe,

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 Peoples Gas Company LLC (“Peoples Gas” 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, Peoples Gas petitioned the Commission for 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 Internal Revenue Service (IRS) normalization requirements[[1]](#footnote-1) and prepare the EADIT Petition based upon this review. Peoples Gas noted that this process will also be impacted by the end-of-year closing of the Company’s books as well as the holiday season. By granting a 45-day extension Peoples Gas avers it will be better able to assess and analyze the distribution of tax savings associated with EADIT in a way that will comport with normalization standards.

Based on the justifications provided, the Commission finds it reasonable to grant the request for an extension of time for Peoples Gas to file the EADIT Petition. Accordingly, Peoples Gas 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 or James Mullins at 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

 Teresa Reed Wagner, Office of Small Business Advocate, terewagne@pa.gov

1. On October 22, 2021, the IRS issued a Private Letter Ruling at No. PLR-101961-21 (PLR) 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 also noted that “Subsequent to the entry of the Commission’s TCJA Order, Peoples Gas began to undertake an analysis of the tax normalization rules under the Internal Revenue Code and the Internal Revenue Service’s regulations. This review identified a concern that a flowback of EADIT, without corresponding adjustments to depreciation expense and the reserve for accumulated deferred income taxes used in setting rates, would be declared a violation of the tax normalization rules. Such a violation could result in Peoples Gas being prohibited from using accelerated tax depreciation.” [↑](#footnote-ref-1)