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**SB-1028 Public utilities: rates: federal tax law changes.** (2017-2018)

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**Senate Bill No. 1028**

**CHAPTER 411**

An act to add Section 751 to the Public Utilities Code, relating to public utility rates.

[ Approved by Governor September 14, 2018. Filed with Secretary of State September 14, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1028, Hill. Public utilities: rates: federal tax law changes.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would require the commission to evaluate the full effect of the enactment of federal House Resolution 1 (Public Law 115-97) upon the expenses and tax liabilities incurred by public utilities for payment of federal taxes and, if the commission determines that the projected expenses and tax liabilities for federal taxes that the commission has authorized in the rates for a public utility are materially affected by the enactment, would require the commission to adjust the rates of the utility to reflect the changes in projected expenses and tax liabilities in light of the changes in federal law.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 751 is added to the Public Utilities Code, to read:

**751.** (a) This section applies only to those public utilities over which the commission exercises its authority to fix rates and only to the extent the revenue requirements of the utility were based upon the tax rates in effect at the time rates were fixed for the utility by the commission. This section does not limit the discretionary authority of the commission to adjust any incentives provided pursuant to any state supervised or administered program, including the state's telecommunications universal service programs administered pursuant to Chapter 1.5 (commencing with Section 270).

(b) The commission shall evaluate the full effect of the enactment of federal House Resolution 1 (Public Law 115-97) upon the expenses and tax liabilities incurred by public utilities for payment of federal taxes. If the commission determines that the projected expenses and tax liabilities for federal taxes that the commission has authorized in the rates for a public utility are materially affected by the enactment of federal House Resolution 1 (Public Law 115-97), the commission shall adjust the rates of the utility to reflect the changes in projected expenses and tax liabilities in light of the changes in federal law. This section does not limit the discretionary authority of the commission to determine the full effect of the changes in federal tax law on each utility's cost of service, to utilize appropriate mechanisms at its disposal to track changes and adjust rates accordingly, and to allocate the impacts from changes in federal tax law over the period of time that results in the most reasonable allocation based on the particular circumstances of each utility.

