

Resolution on Federal Tax Treatment of Utilities' Energy Efficiency Programs

WHEREAS, Energy efficiency improvements offer significant economic and environmental benefits for all utility customers; *and*

WHEREAS, State regulators throughout the nation have acted to mobilize utilities as active promoters of cost-effective energy-efficiency improvements, through measures that include performance-based incentives to maximize and sustain program benefits; *and*

WHEREAS, Sustained momentum in energy efficiency is crucial to realizing both state and national energy policy objectives; *and*

WHEREAS, Federal tax policy consistently has allowed utilities to deduct ("expense") energy-efficiency program expenditures in the year that those expenditures occur; *and*

WHEREAS, Changes in current federal tax treatment of utilities' energy-efficiency expenditures could undermine or frustrate important state and national energy policy objectives; *now, therefore, be it*

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC) at its 106th Annual Convention in Reno, Nevada, that federal tax policy should continue to allow deduction ("expensing") of utilities' energy-efficiency program expenditures in the year that those expenditures occur, including circumstances where, for ratemaking purposes, state regulators permit recovery of prudently incurred energy-efficiency expenditures over more than one year.

*Sponsored by the Committees on Energy Conservation and Finance and Technology
Adopted November 16, 1994*