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March 26, 2018

Ms. Mary M. Becerra
Secretary to the Commission
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 East
Indianapolis, Indiana 46204

RE: American Suburban Utilities, Cause No. 45032

Dear Ms. Becerra:

I represent American Suburban Utilities, Inc. (“ASU”). This letter is being sent pursuant to the February 16, 2018 Order of the Commission in the above-referenced Cause, which ordered ASU to submit tariff revisions pursuant to 170 IAC 1-6 to reflect the federal income tax changes from the Tax Cuts and Jobs Act. ASU understands from the Order and from 170 IAC 1-6-8 that it may voluntarily withdraw this submission at any time pursuant to 170 IAC 1-6-8, and that this tariff cannot be approved for at least thirty (30) days from today’s date. I am enclosing American Suburban’s selection for purposes of contributions in aid of construction as well as the workpapers required by the Order which show the effect of the Tax Cuts and Jobs Act (TCJA”) on ASU’s approved revenue requirement. You will also find redline and clean versions of the proposed tariff as well as a verification of publication and posting.

In Cause No. 45032, the Indiana Utility Regulatory Commission (the “Commission”) provided in its Order that Respondents with contributions in aid of construction that may be impacted by the tax changes under the Tax Cuts and Jobs Act of 2017 include in its 30-day filing a request for Commission approval of a cost option set forth in 170 IAC 8.5-4-32.

ASU elects the second option under 170 IAC 8.5-4-32, which provides that:

(2) For the main extension, the applicant shall be allowed to pay the cost of the main extension exclusive of the tax associated with the main extension, and the applicant shall receive refunds as provided in sections 36 through 37 of this rule.

Electing the second option causes an impact on the rate calculation. Under Option 2, the public utility pays 100% of the income tax on the CIAC, but 50% of that tax is to be reflected in rates. See *In re Investigation into the Effect of 1986 TRA*, Cause No. 38194 (PSCI 6/1/1987), p. 13.

Indiana Utility Regulatory Commission

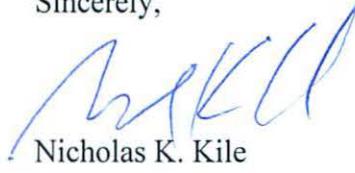
March 26, 2018

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During 2017, American Suburban received contributions of the lines and at the values set forth in the workpapers. Under the TCJA, these are now taxable income. Fifty percent of this tax has been offset against the fourteen basis point reduction in federal income tax expense recovered through American Suburban's existing rates for purposes of calculating the tariff required by the above-referenced order.

Should you have any questions, please do not hesitate to ask. When the stamped approval of this tariff revision is ready, please let me know. Thank you.

Sincerely,



Nicholas K. Kile

NKK:jc
Enclosures

**Verified Statement of American Suburban Utilities, Inc.
Concerning Notification of Customers Affected by March 26, 2018 30-Day Filing**

American Suburban Utilities, Inc. ("ASU") complied with the Notice Requirements under 170 IAC 1-6-6 in the following manner:

- (1) The undersigned has instructed ASU personnel to post the attached legal notice on ASU's website at <http://asutilities.com/>, and to post a physical copy at ASU's offices;
- (2) I have made arrangements to cause to be published the attached legal notice in the Lafayette Journal & Courier, a newspaper of general circulation that has a circulation encompassing the highest number of ASU's customers; and
- (3) I affirm under the penalties for perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Dated this 23 day of March, 2018.



Nicholas K. Kile, Its Attorney

Legal Notice

To all customers of American Suburban Utilities: Please take note that pursuant to the Commission's Order dated February 16, 2018 in Cause No. 45032, American Suburban Utilities, Inc. ("ASU") was ordered to submit a tariff pursuant to the Commission's 30-day filing procedure set forth in 170 IAC 1-6 that would reflect the effects of the changes in federal income tax implemented by the Tax Cuts and Jobs Act. The submission will be filed on March 26, 2018. The Order does not constitute a general rate case review and confirms that the submission may be withdrawn pursuant to 170 IAC 1-6-8 at any time before it has been approved. ASU's right to withdraw this tariff is further confirmed by the Docket Entry issued in Cause No. 45032 on March 7, 2018. In addition to the change in rates, the submission includes ASU's election for main extensions. ASU has elected the option which does not require those contributing mains to gross up their contributions for income taxes.

Since this Commission is, by rule, prohibited from taking action on this submission for at least thirty (30) days, ASU has at least that long to exercise its rights to withdraw. If the submission is not withdrawn and if it is approved, the impact on your bill would reduce your current bill. If the submission is not withdrawn, the Commission cannot approve it sooner than April 25, 2018.

If you have any questions about this Notice please contact the Company at:

American Suburban Utilities, Inc.
3350 West 250 N
West Lafayette, IN 47906
Phone: (765) 463-3856

Or you may contact the Indiana Utility Regulatory Commission at:

Secretary to the IURC
PNC Center
101 West Washington Street
Indianapolis, IN 46204
(317) 232-2701

Or you may contact the Office of Utility Consumer Counselor at:

Office of Utility Consumer Counselor
PNC Center
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
(317) 232-2494

AMERICAN SUBURBAN UTILITIES, INC.

I.U.R.C. No. S-3
(Phase 2)

CANCELING ALL PREVIOUSLY
APPROVED TARIFFS
First Revised Page 1 of 3

CLASSIFICATION OF SERVICE
SEWER SERVICE

AVAILABILITY

Available to any sewer customer. Applicant must be located on Company's collecting mains suitable for supplying the service requested within the Company's certificates of territorial authority in Tippecanoe County, Indiana.

MONTHLY RATES

Each customer shall pay the following monthly rate applicable to the user class of which the customer is a member.

(A) Flat Rates for One Month Consumption Periods

<u>User Class</u>	<u>Rate Per Month</u>
Residences or Residential Equivalents	\$ 56.17
Mobile Home	36.52
Multiple Family-Per Unit	45.51
Motels and Hotels-Per Unit	17.97
Service Stations	144.93
Schools (per student, faculty and staff member)	2.81

Issued:

Effective

Issued by: Scott L. Lods, President
3350 W. 250 North
West Lafayette, Indiana 47906

CLASSIFICATION OF SERVICE
SEWER SERVICE

(B) Metered Rates for One Month Consumption Applicable to Metered Commercial Customers

Each Commercial Customer not falling within one of the user classes set out in Schedule (A) and which is served by a metered water supply shall pay a monthly minimum rate of \$70.37 for which the user will be entitled to up to 10,000 gallons of sewage disposal service and the following volumetric charges:

<u>Consumption Per Month</u>	<u>Rate Per 1000 Gallons Per Month</u>
First 10,000 Gallons	\$7.037
Next 10,000 Gallons	6.982
Next 100,000 Gallons	6.465
Next 200,000 Gallons	5.815
Next 200,000 Gallons	5.075
Next 500,000 Gallons	3.903
Over 1,020,000 Gallons	2.604

LATE PAYMENT CHARGES

A utility service bill which has remained unpaid for a period of more than seventeen (17) days following the mailing of the bill shall be a delinquent bill. A utility service bill shall be rendered as a net bill. If a net bill is not paid within seventeen (17) days after the bill is mailed, it shall become a delinquent bill and a late payment charge will be added in the amount of ten (10) percent of the first three (3) dollars and three (3) percent of the excess of three (3) dollars.

Issued:

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CLASSIFICATION OF SERVICE
SEWER SERVICE

METERED RATE ADJUSTMENT

In the event that a Metered Commercial Customer's demonstrable usage of sewage disposal services during any particular period of the year (not to exceed three months in duration) does not correspond to the water usage information, then such customer would be entitled to an adjustment, using as a maximum rate the average of the 12 preceding months of water usage information, excluding such corresponding period of high usage.

CONNECTION CHARGE

Each user at the time he is connected with the sewage disposal system shall pay a charge of \$760.00 per residential connection. For nonresidential connections, the customer shall pay a charge based upon the actual cost of connection.

SYSTEM DEVELOPMENT CHARGE

Each user at the time he is connected with the sewage disposal system shall pay a charge of \$975 per residential connection. All non-residential users will pay a system development charge at the time they are connected that is based on their equivalent residential units (ERU) of their estimated usage.

MAIN EXTENSIONS

For purposes of the Commission's sewer main extension rules, the provisions of 170 IAC 8.5-4-32(a)(2) shall apply.,

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AMERICAN SUBURBAN UTILITIES, INC.

I.U.R.C. No. S-3
(Phase 2)

CANCELING ALL PREVIOUSLY
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First Revised Page 3 of 3

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(A) Flat Rates for One Month Consumption Periods

<u>User Class</u>	<u>Rate Per Month</u>
Residences or Residential Equivalents	\$ 56. <u>17</u> 54
Mobile Home	36. <u>52</u> 74
Multiple Family-Per Unit	45. <u>51</u> 78
Motels and Hotels-Per Unit	<u>17.97</u> 18.08
Service Stations	<u>144.93</u> 5.80
Schools (per student, faculty and staff member)	2.8 <u>13</u>

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CANCELING ALL PREVIOUSLY
APPROVED TARIFFSFirst Revised Page 2 of 3CLASSIFICATION OF SERVICE
SEWER SERVICE

(B) Metered Rates for One Month Consumption Applicable to Metered Commercial Customers

Each Commercial Customer not falling within one of the user classes set out in Schedule (A) and which is served by a metered water supply shall pay a monthly minimum rate of \$70.3779 for which the user will be entitled to up to 10,000 gallons of sewage disposal service and the following volumetric charges:

<u>Consumption Per Month</u>	<u>Rate Per 1000 Gallons Per Month</u>
First 10,000 Gallons	\$7.0 <u>3779</u>
Next 10,000 Gallons	<u>6.9827-024</u>
Next 100,000 Gallons	<u>6.465504</u>
Next 200,000 Gallons	5.8 <u>1550</u>
Next 200,000 Gallons	<u>5.075406</u>
Next 500,000 Gallons	3.9 <u>0327</u>
Over 1,020,000 Gallons	2.6 <u>0420</u>

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DRAFT

AMERICAN SUBURBAN UTILITIES

Waste Water Utility

Financial Update

Last updated - March 15, 2018

AMERICAN SUBURBAN UTILITIES

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Schedule C-1, Adjustments and Notes to Federal Income Tax	2 - 3

AMERICAN SUBURBAN UTILITIES, INC.

Tippecanoe County, Indiana

Net Operating Income

	Adjusted Phase II Rates with Phase II UPIS	(A)	Adjustments Amount	Adjusted Phase II Rates with UPIS at 21% Tax Rate	Adjustments Amount	Adjusted Phase II Rates with Phase II UPIS Including CIAC Taxable Income
Operating Revenues						
Unmetered Sales	3,562,007			3,562,007		3,562,007
Metered Sales	131,427			131,427		131,427
Forfeited Discounts per Rate Case	14,675			14,675		14,675
Connection Fees from Rate Case	95,000			95,000		95,000
CIAC Revenue				-	613,579	(3)
Total Operating Income	3,803,109			3,803,109		4,416,688
Operating Expenses Per Order						
Operation and Maintenance Expense	1,616,671			1,616,671		1,616,671
Depreciation Expense	604,197			604,197		604,197
CIAC Amortization	(165,506)			(165,506)		(165,506)
Taxes Other Than Income Taxes						
FICA Tax	40,291			40,291		40,291
Utility Receipts Tax	53,230			53,230		53,230
Property Taxes	164,005			164,005		164,005
Total Taxes Other Than Income Taxes	257,526			257,526		257,526
Total Income Taxes	481,309	(1)	(151,615)	(2)	329,694	128,852
Total Operating Expenses	2,794,197		(151,615)		2,642,582	
Net Operating Income	1,008,912		(151,615)		1,160,528	
						1,645,254

(A) Beginning with the latest filed adjustments, as filed March 17, 2017

(1) - (4) See Schedule C-1, attached

AMERICAN SUBURBAN UTILITIES, INC.

Tippecanoe County, Indiana

Detail of Adjustments

(1)

Income Taxes for Indiana State Corporate Tax & Federal Corporate Tax, as previously submitted on March 17, 2017

Total Phase I Adjusted Operating Revenue	\$ 3,803,109
Less: Phase II Operation and Maintenance Expenses	(1,616,671)
Less: Phase II Net Depreciation Expense	(438,691)
Less: Adjusted Phase II Taxes Other Than Income Taxes	(257,526)
Add: Adjusted Phase II Utility Receipts Tax	53,230
Less: Synchronized Interest	(239,175)
Adjusted State Taxable Income	<u>1,304,276</u>
Times: Indiana Corporate Income Tax Rate	<u>6.50%</u>

Estimated ! Last updated - March 15, 2018 \$ 84,778

Adjusted State Taxable Income	\$ 1,304,276.00
Less: State Income Taxes	(84,778)
Less: Utility Receipts Tax	(53,230)
Adjusted Federal Taxable Income	<u>\$ 1,166,268</u>

Amount Subject to 34% Tax 1,166,268

Estimated Federal Tax 396,531Total Estimated Taxes for Phase II Using Phase I Operating Revenue \$ 481,309

(2)

To adjust "Income Taxes" for New Federal Corporate Tax Rate of 21%

Adjusted State Taxable Income	\$ 1,304,276.00
Less: State Income Taxes	(84,778)
Less: Utility Receipts Tax	(53,230)
Adjusted Federal Taxable Income	<u>\$ 1,166,268</u>

Amount Subject to 21% Tax 1,166,268

Estimated Federal Tax Adjustment 244,916Total Estimated Reduction in Federal Income Taxes for New 21% Tax Rate 244,916
Less: Previous Federal Tax Estimate (See Note 1 Above) (396,531)

Adjustment - Decrease (151,615)

SCHEDULE C-1
(Continued)

Tippecanoe County, Indiana

Detail of Adjustments
(Continued)

(3)

To adjust "CIAC Revenue"

Contribution in Aid of Construction by Location

Add: Lindberg Village	\$ 122,280
Add: Wake Robin	87,260
Add: Soleado Vista	61,500
Add: Fieldstone	468,000
Add: Oak Ridge	<u>488,117</u>
Total CIAC	1,227,157

Less: 50% Non-Taxable Amount	<u>613,579</u>
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Amount Taxable	<u>\$ 613,579</u>
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(4)

To adjust "Income Taxes" for Federal Corporate Income Tax for Contributions in Aid of Construction (CIAC)

Increase in Revenues - 50% of CIAC (see # 10 above)	\$ 613,579
Times: Indiana Corporate Income Tax Rate	<u>21.00%</u>

Estimated Additional Federal Income Tax	<u>\$ 128,852</u>
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CAUSE NO. 45032
AMERICAN SUBURBAN UTILITIES, INC.

	Current	Reduction of 0.6%	New
Residences or Residential Equivalents	\$56.51	0.994	\$56.17
Mobile Home	\$36.74	0.994	\$36.52
Multiple Family-Per Unit	\$45.78	0.994	\$45.51
Motels and Hotels-Per Unit	\$18.08	0.994	\$17.97
Service Stations	\$145.80	0.994	\$144.93
Schools (per student, faculty and staff member)	\$2.83	0.994	\$2.81

First	10,000 Gallons	\$7.079	0.994	\$7.037
Next	10,000 Gallons	\$7.024	0.994	\$6.982
Next	100,000 Gallons	\$6.504	0.994	\$6.465
Next	200,000 Gallons	\$5.850	0.994	\$5.815
Next	200,000 Gallons	\$5.106	0.994	\$5.075
Next	500,000 Gallons	\$3.927	0.994	\$3.903
Over	1,020,000 Gallons	\$2.620	0.994	\$2.604
	Minimum	\$70.79	0.994	\$70.37