

From: [Lynn, Dana](#)
To: [Peerman, Kassi](#)
Cc: [Gassert, Curt](#)
Subject: FW: 30-Day Filing #50134 ASU
Date: Friday, June 01, 2018 9:52:59 AM
Attachments: [44676 American Suburban Utilities ASU Phase II Rate Calculation 031717 w rate red.xlsx](#)

Kassi –

Please submit this email as a transmittal to 30-Day Filing #50134. The supplemental information that was submitted by the utility yesterday refers to my May 2, 2018 email. Thus, to have a complete record in the file, we need to include the email below.

Thanks,

Dana

From: Lynn, Dana
Sent: Wednesday, May 02, 2018 10:38 AM
To: 'Kile, Nicholas' <Nicholas.Kile@btlaw.com>
Cc: Gassert, Curt <cgassert@urc.IN.gov>; Margaret Stull (mstull@oucc.IN.gov) <mstull@oucc.IN.gov>
Subject: 30-Day Filing #50134 ASU

Good morning Nick –

I am writing because I have concerns with ASU's 30-day filing as submitted. The Commission's Order in Cause No. 45032 (Order) required each Respondent to submit revised tariff sheets reflecting the new tax rate applicable to Respondent as a result of the Act. Submissions were to be filed under the Commission's 30-day filing process. The Order states "[t]he revised Rates and Charges shall be designed to remove the difference between (1) the amount of federal taxes that the given Rate or Charge was designed to recover based on the tax rate in effect at the time the Rate or Charge was approved, and (2) the amount of federal taxes that would have been embedded in the given Rate or Charge had the new tax rate applicable to Respondent as a result of the Act been in effect at the time of approval."

ASU's 30-day filing appears inconsistent with the directives of the Order. Specifically, ASU claims that given it selects the second option under 170 IAC 8.5-4-32, ASU can reflect 50% of the income tax on the CIAC in rates. There is nothing in 170 IAC 8.5-4-32 that allows for such recovery. I

note that you referenced the Commission's Final Order in Cause No. 38194 (38194 Order) for your basis for this adjustment.

However, the Commission only took administrative notice of the 38194 Order for the procedural process only. Moreover, on page 40 of the 38194 Order the Commission ordered that a rulemaking regarding the cost options be undertaken. The results of the rulemaking excluded the language you cited from the 38194 Order. Thus, I believe it is appropriate to rely on the Commission's Cost Option rule and not a previous order regarding whether the recovery of income tax on CIAC should be included in rates.

With that said, I cannot approve ASU's 30-day filing as submitted. I request ASU remove its adjustment associated with taxable CIAC from its 30-day filing. In addition, I believe ASU has understated the amount of decrease that results with the reduction of the federal income tax rate. I have attached my schedules wherein I calculated a revenue decrease of \$208,060, which is based on ASU's Phase II true-up schedules modified solely for the effects of the reduction in federal income tax rate from 34% to 21%. After you review, please confirm if you agree with my analysis and modify ASU's filing accordingly.

Thank you for your consideration.

Sincerely

Dana M. Lynn
Chief Technical Advisor
Water/Wastewater Division
Indiana Utility Regulatory Commission
(317) 232-2750

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