Columbia
WATER
Company

March 9, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
40 North Street, 2nd Floor
Harrisburg, PA 17120

RE: Tax Cuts and Jobs Act of 2017
Docket No. M-2018-2641242

Dear Ms. Chiavetta:

Enclosed are the Columbia Water Company's responses to the Commission's requests for data as outlined in your February 12, 2018 letter.

If you should have any questions, please feel free to contact me at (717) 684-2188.

Sincerely,

David T. Lewis, P.E.
Vice President and
General Manager

Enclosures
cc: Thomas J. Sniscak, Esquire

Columbia Water Company
220 Locust Street ▪ P.O. Box 350 ▪ Columbia, PA 17512
Phone: 717-684-2188 ▪ Fax: 717-684-4566

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION AT DOCKET NUMBER M-2018-2641242

Attachments B and C

Data Request B1	How does the reduction in the corporate Federal Income Tax rate from 35% to 21% affect your federal tax obligations for calendar year 2018 and subsequent tax years? Please quantify your response as to the effect on both current and deferred tax obligations.
Response:	Our 2017 financials and tax forms are not finalized as of this date so we are unable to answer this at this time. We will provide this information when it is available which will occur prior to April 30th.
Provided by:	David T. Lewis, P.E. Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION AT DOCKET NUMBER M-2018-2641242

Attachments B and C

Data Request B2 — If a reduced tax obligation is passed through to ratepayers, explain the methodology to be used to compute the reduction, the rate mechanism to accomplish the reduction, and the allocation among customer classes.

Response: — Inapplicable to Columbia Water Company (CWC) as CWC's rates are not based on an Federal Income Tax (FIT) Rate of 35% or even 21% and as explained below are 0.00%. In CWC's recent 2017-2018 rate case at Pa PUC Docket No. R-2017-2598203 *et. al.*, CWC's rate filing did not claim in proposed rates any FIT rate due to net operating loss carryforward (see Section 1, page 1-14 in the rate filing). Nor did any party (as one would expect under the circumstances) to that proceeding submit any adjustment including an expense claim for FIT rate. As such, for rates set in the aforesaid rate case, CWC's FIT rate will effectively be zero percent (0.00%). Consequently, ratepayers through rates are not impacted adversely or otherwise by the recent Tax Cuts and Jobs Act (TCJA) reduction of the FIT rate from 35% to 21%. If, at some point in the future, CWC requires a rate increase, that filing will reflect the then effective FIT rate at the time of the filing.

Provided by: — David T. Lewis, P.E.
Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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Attachments B and C

Data Request B3	If any of the potential tax savings from the reduced federal corporate tax rate can be used for purposes other than to reduce customer rates, provide details on how and where those tax savings can be used.
Response:	Inapplicable to CWC. See response to data request B2.
Provided by:	David T. Lewis, P.E. Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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AT DOCKET NUMBER M-2018-2641242

Attachments B and C

Data Request B4 — Does the company have any Net Operating Losses (NOL) as of 12/31/17? Please quantify the impact of the TCJA.

Response: — The Company will have NOL as of 12/31/17, but our 2017 financials and tax forms are not finalized as of this date so we are unable to identify the amount at this time. We will provide this information when it is available which will occur prior to April 30th.

Inapplicable to CWC. See response to data request B2.

Provided by: — David T. Lewis, P.E.
Vice President and General Manager

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AT DOCKET NUMBER M-2018-2641242

Attachments B and C

Data Request B5	Does the company have any Deferred Tax Liabilities as of 12/31/17? Please quantify the impact of the TCJA.
Response:	The Company will have Deferred Tax Liabilities as of 12/31/17, but our 2017 financials and tax forms are not finalized as of this date so we are unable to identify the amount at this time. We will provide this information when it is available which will occur prior to April 30th.
	Inapplicable to CWC. See response to data request B2.
Provided by:	David T. Lewis, P.E. Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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Attachments B and C

Data Request B6	Are there any impacts on riders/surcharges resultant from the TCJA? If so, please explain.
Response:	No. Inapplicable to CWC. See response to data request B2.
Provided by:	David T. Lewis, P.E. Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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Attachments B and C

Data Request B7	Are there any other changes made in the TCJA that will impact the Company? If so, please explain.
Response:	No. Inapplicable to CWC. See response to data request B2.
Provided by:	David T. Lewis, P.E. Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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Attachments B and C

Data Request B8 What test year should be used to quantify the new 21% federal corporate tax rate to be effective 1/1/18?

Response: None. Inapplicable to CWC. See response to data request B2.

Provided by: David T. Lewis, P.E.
Vice President and General Manager

COLUMBIA WATER COMPANY'S ANSWERS TO DATA REQUESTS
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Attachments B and C

Data Request B9 Please provide the following information regarding your last Commission approved rate caste:

a. Docket Number
b. Date filed
c. Approved Rate of Return
d. Approved Increase in Annual Revenues
e. Allocation of Approved Increase Among Customer Classes
f. Effective Date of new rates

Response:

a. Pa PUC Docket No. R-2017-2598203

b. June 27, 2017

c. Not Applicable. See response to data request B2. Black box settlement as approved by Order entered March 1, 2018.

d. A black box settlement agreement that included an increase in annual revenues of $635,000 approved by Order entered March 1, 2018.

e. Allocation in black box settlement approved by Order entered March 1, 2018:

Residential	$440,138
Commercial	$115,854
Industrial	$37,433
Public	$7,266
Fire Protection	$34,655

f. March 8, 2018.

Provided by: David T. Lewis, P.E.
Vice President and General Manager

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Attachments B and C

Data Request C1 Calculations of State and Federal Income Taxes

Response: Inapplicable to CWC. See response to data request B2.

Provided by: David T. Lewis, P.E.
Vice President and General Manager

VERIFICATION

I, David T. Lewis, on behalf of Columbia Water Company, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

David T. Lewis, P.E.
Vice President and General Manager
Columbia Water Company