

cc:LT

# ADAMS AND REESE LLP



2018 MAR 20 PM 12:39

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March 20, 2018

Terri Lemoine Bordelon  
Records and Recording  
Louisiana Public Service Commission  
602 North Fifth Street, 12<sup>th</sup> Floor  
Baton Rouge, LA 70821

**VIA HAND DELIVERY**

Re: Docket No. X-34747  
The Tax Cuts and Jobs Act/ Special Order No. 13-2018  
Ascension Wastewater Treatment, Inc.

Dear Ms. Bordelon:

Our firm represents Ascension Wastewater Treatment, Inc. ("AWT"). Enclosed you will find an original and two (2) copies of a letter prepared by Garrety & Associates, L.L.C., certified public accounts employed by AWT to respond on its behalf to the Louisiana Public Service Commission's directive mandating that each jurisdictional utility provide the Commission with an analysis of how it will be affected by the federal Tax Cuts and Jobs Act. Please file the original and necessary copies into the record of the referenced docket and present to Commission Staff as may be appropriate. I also enclose another copy and ask that you file stamp same indicating your receipt and return it to our courier.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

ADAMS AND REESE LLP

Robert L. Rieger, Jr.  
Grant J. Guillot

GJG/mbj  
Enclosures

By Hand

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

March 20, 2018

2018 MAR 20 PM 12:41  
LA PUBLIC SERVICE  
COMMISSION

VIA E-MAIL: [brandon.frey@la.gov](mailto:brandon.frey@la.gov)

Mr. Brandon Frey  
Executive Secretary  
Louisiana Public Service Commission  
602 N. 5<sup>th</sup> Street  
Galvez Building, 12<sup>th</sup> Floor  
Baton Rouge, LA 70821

Re: Docket No. X-34747/Special Order No. 13-2018  
The Tax Cuts and Jobs Act  
Ascension Wastewater Treatment, Inc.

Dear Secretary Frey:

As the independent fee accountants for Ascension Wastewater Treatment, Inc. ("AWT"), this brief letter and the enclosed analysis are in response to the Louisiana Public Service Commission's Special Order No. 13-2018, which requires certain regulated utilities under its purview, which includes AWT, to both analyze and submit its findings related to the estimated federal income tax savings to be realized under the recently enacted Tax Cuts and Jobs Act of 2017. Specifically, the Commission has requested that regulated utilities inform the Commission of the tax savings, if any, that each utility expects to achieve and the resulting rate reductions, if any, that each utility expects its customers will experience.

We respectfully submit that additional time is required in order to perform the depth of analysis the Commission appears to demand. However, pursuant to the Commission's instructions, we are herein submitting the most thorough analysis we were able to prepare given these time constraints. Furthermore, in reviewing the analysis, please know that, at this juncture, the 2017 financial statements are unaudited and have not been subjected to the year-end adjustments that are typical in the audit process. This is important since our 2018 projected taxable income is based, in part, on the estimated 2017 figures.

In summary, AWT's 2018 estimated current income tax expense savings resulting from the passage of the TCJA totals \$53,604 for an estimated \$0.31 monthly rate reduction per ratepayer. All requirements to both record and adjust any regulatory liabilities as it relates to the reduced federal rate of 21% along with any excess accumulated deferred income taxes will be made, accordingly, subject to AWT's ability to verify the actual amount of tax savings.

Please feel free to contact us with any questions or concerns.

Sincerely,



Craig T. Taylor, CPA, CVA, CGMA, MBA  
Tax Director/Partner  
Garrety & Associates, CPAs, LLC

CT/

Enclosure: Analysis of Tax Savings and Rate Reduction

cc: Mr. Tom Pertuit

Mr. Robert L. Rieger, Jr.

Ascension Wastewater Treatment, Inc.  
 Analysis of Tax Savings and Rate Reduction  
 LPSC Special Order # 13-2018

	2017		2018		
	Estimated LA Taxable Income	Tax	Estimated LA Taxable Income	Tax	
2017 Estimated Pre-Tax Book Net Income	\$ 431,182		\$ 444,117		
LA Income Tax	30,745	1,000	25,000	1,000	
Federal Taxable Income	\$ 400,437	1,250	419,117	1,250	
		3,000	394,117	3,000	
		7,000	344,117	7,000	
2018 Projected Pre-Tax Book Net Income	\$ 444,117	18,495	100,000	7,000	
LA Income Tax	31,779	30,745	244,117	19,529	
			Total LA Tax	\$ 31,779	
Federal Taxable Income	\$ 412,338		Federal Taxable Income (TCJA Flat 21% Rate)		Net Change (Estimated Savings under the TCJA)
			\$ 412,338	\$ 113,900	\$ 412,338
Expected Rate Reduction:			335,000	26,295	86,591
Estimated Total 2018 Savings Under TCJA	\$ 53,604		Total Fed Tax	\$ 140,195	\$ 53,604
Average Savings per month	\$ 4,467				
Estimated # of Ratepayers at 12/31/2018	14,600				
Estimated Monthly Rate Reduction Credit	\$ 0.31				

2017 & Prior Years Graduated Rates	Estimated LA Taxable Income	Tax	Estimated LA Taxable Income	Tax
4% of 1st \$25,000	\$ 431,182	1,000	\$ 444,117	1,000
5% of 2nd 25,000	25,000		25,000	
6% of next \$50,000	406,182		419,117	
7% of next \$100,000	381,182		394,117	
8% of all remaining	50,000	3,000	50,000	3,000
	331,182		344,117	
	100,000	7,000	100,000	7,000
	231,182	18,495	244,117	19,529
	Total LA Tax	\$ 30,745	Total LA Tax	\$ 31,779

	Federal Taxable Income	Federal Taxable Income (TCJA Flat 21% Rate)	Net Change (Estimated Savings under the TCJA)
\$113,900 on 1st \$335,000	\$ 400,437	\$ 412,338	\$ 113,900
34% of all remaining	335,000	335,000	86,591
	Total Fed Tax	Total Fed Tax	
	\$ 136,149	\$ 140,195	\$ 53,604