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July 17, 2018

PARTIES OF RECORD

Re: Case No. 2018-00042
ELECTRONIC INVESTIGATION OF THE IMPACT OF THE TAX CUTS AND
JOB ACT ON THE RATES OF KENTUCKY-AMERICAN WATER COMPANY

Attached is a copy of the corrected memorandum which is being filed in the record of the above-referenced case. The original memo erroneously referenced that it would take approximately six months to code a surcharge. The correct time period is approximately six weeks. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Mary Beth Purvis, Division Director of Financial Analysis at 502-782-2657.

Sincerely,

A handwritten signature in blue ink that reads "Gwen R. Pinson".

Gwen R. Pinson
Executive Director

MBP/ch

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2018-00042

FROM: Richard Raff

DATE: July 17, 2018

RE: Informal Conference of July 9, 2018 - Corrected

Pursuant to a Commission Staff notice dated July 6, 2018, an informal conference (IC) was held at the Commission's offices in Frankfort, Kentucky, on July 9, 2018. Attached is a copy of the attendance roster. The IC was held at the request of Commission Staff to discuss the tax issues pending in the investigation of the impact of the Tax Cuts and Jobs Act on the rates of Kentucky-American Water Co (Kentucky-American).

During the meeting, Kentucky-American further explained why it believes that no refunds can be made at this time associated with the ADIT impacts as it is unable to make the correct calculation at this time and cannot determine if the ADIT impact is an asset or a liability. For the Federal Income Tax portion, Kentucky-American referred to its filed testimony and the rate reduction and proposed rates contained therein. Staff asked if a surcharge rather than a rate reduction was possible. Kentucky-American responded that due to its billing system, adding a surcharge takes approximately six weeks to code while a rate change takes just a few days. Staff requested the total amount collected through June 2018 and an estimate for July 2018 in the deferred liability account set up as a result of the order related to Case No. 2017-00481.¹

The Attorney General also requested confirmation for Kentucky-American's response to the April 20, 2018 Second Request for Information, Item 9.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

¹ Case No. 2017-00481, *Electronic Investigation of the Impact of the Tax Cuts and Job Act on the Rates of Atmos Energy Corporation, Delta Natural Gas Company, Inc., Columbia Gas of Kentucky, Inc., Kentucky-American Water Company, and Water Service Corporation of Kentucky* (Ky. PSC Jan. 30, 2018)

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