

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF)
THE IMPACT OF THE TAX CUTS)
AND JOB ACT ON THE RATES OF) CASE NO. 2018-00043
WATER SERVICE CORPORATION)
OF KENTUCKY)

Attorney General’s Statement Concerning Hearing

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and hereby provides his statement on whether the Attorney General requests a hearing or whether the case may be submitted based on the record. Although the Attorney General believes there are material issues of fact in this matter, particularly related to the treatment of excess Accumulated Deferred Income Taxes, based on the record, the Attorney General believes this case may be concluded without a hearing. Given the fact that witnesses on behalf of Water Service Corporation of Kentucky (“WCK”) have stated that the utility intends on filing a base rate case by June, 30 2018,¹ and provided that evidence in the record indicates that savings as a result of the Tax Cuts and Jobs Act (“TCJA”) may be *de minimis*,² the Attorney General believes that there may be a more prudent path forward. The Attorney General believes that a hearing in this matter can be dispensed with by incorporating the calculation of savings resulting from the reduction in the federal income tax rate that is not included in the test-year of the aforementioned to-be filed rate case,

¹ Case No. 2018-00043, WCK response to Staff DR 2-1 (Ky. PSC April 20, 2018).

² See *Electronic Investigation of the Impact of the Tax Cuts and Jobs 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*, Case No. 2017-00481, Direct Testimony of Steven M. Lubertozzi (Ky. PSC Jan. 26, 2018) at 6, providing that Mr. Lubertozzi calculated the savings as a result of the TCJA was \$4,281.

within that matter. Calculating and litigating the savings to WSCK customers as a result of the TCJA within the rate case ensures that the parties do not litigate the same issues twice. Further, litigating the material issues of fact within the rate case also ensures significant time and money is not employed where the actual amount of savings may mirror that provided by WSCK, which was a *de minimis* sum.³

If the Commission disagrees with the Attorney General's recommendation that any savings due to the TCJA should be investigated as part of a soon-to-be-filed rate case, the Attorney General has no other option to protect the rights of consumers than to request a hearing given the outstanding material issues of fact. The Attorney General wishes to strike a balance though in his initial request, by trying to conserve already strained resources and protect any savings belonging to consumers, and getting those savings to customers within a reasonable time frame. Given the relatively small operating revenues of WSCK and the original calculation of "savings" as provided by WSCK, the Attorney General believes this proposal is balanced and is fair to all parties involved — particularly customers.

WHEREFORE, the Attorney General moves the Commission to allow the issue of savings due to the TCJA to be litigated in WSCK's soon-to-be-filed rate case, or in the alternative, hold a hearing in this matter.

³ *Id.*

Respectfully submitted,

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