

THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE COMMISSION'S
INVESTIGATION OF THE FINANCIAL
IMPACT OF THE TAX CUTS AND JOBS ACT
OF 2017 ON REGULATED OHIO UTILITY
COMPANIES.

CASE No. 18-47-AU-COI

ENTRY

Entered in the Journal on January 10, 2018

I. SUMMARY

{¶ 1} The Commission finds that the above-captioned case should be opened to consider the impacts of the Tax Cuts and Jobs Act of 2017 and determine the appropriate course of action to pass benefits resulting from the legislation on to ratepayers.

II. DISCUSSION

{¶ 2} The Tax Cuts and Jobs Act of 2017 (TCJA), signed into law on December 22, 2017, provides for a number of changes in the Federal tax system. Most notably, the federal corporate income tax rate is reduced from 35 percent to 21 percent, effective January 1, 2018.

{¶ 3} In order to study the impacts of the TCJA on the Commission's jurisdictional rate-regulated utilities, and determine the appropriate course of action to pass benefits on to ratepayers, the Commission finds it necessary to open the above-captioned Commission Ordered Investigation (COI). This is consistent with prior Commission action responding to modifications in the Internal Revenue Code. *See In re the Commission's Investigation of the Financial Impact of the Tax Reform Bill of 1986 on Regulated Ohio Utility Companies*, Case No. 87-831-AU-COI.

{¶ 4} All of the Commission's jurisdictional rate-regulated utilities, and any other interested stakeholders, are invited to file public comment discussing both:

- (i) those components of utility rates that the Commission will need to reconcile with the TCJA; and
- (ii) the process and mechanics for how the Commission should do so.

{¶ 5} Comments associated with those components of utility rates that the Commission will need to reconcile with the TCJA may include, among other things, a discussion of revenue requirements, the level of tax expense recovered through current base rates, treatment of riders containing a federal corporate income tax component, accumulated deferred income taxes (ADIT), and deferred tax assets that include income tax components calculated using the pre-TCJA income tax rates. Comments associated with process and mechanics may include a discussion of how the Commission should logistically execute any changes to base rates, riders, and deferrals, and the passing on of benefits to ratepayers.

{¶ 6} All comments should be filed in this docket on or before February 15, 2018.

{¶ 7} However, in the interim, effective January 1, 2018, the Commission directs the utilities, pursuant to our authority under R.C. 4905.13, to record on their books as a deferred liability, in an appropriate account, the estimated reduction in federal income tax resulting from the TCJA. Utilities should continue this treatment, until otherwise ordered by the Commission.

III. ORDER

It is, therefore,

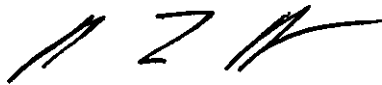
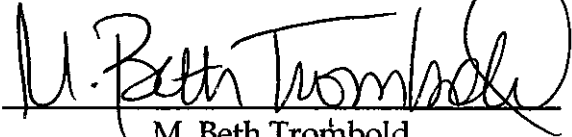
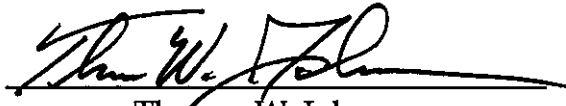
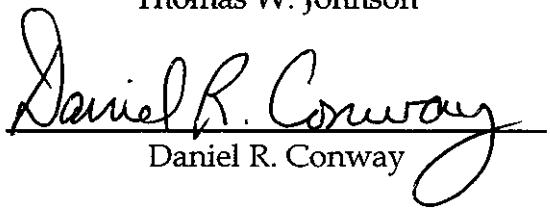
{¶ 8} ORDERED, That this investigation be opened to solicit public comment from the Commission's jurisdictional rate-regulated utilities and any other interested stakeholder in accordance with Paragraphs 4 and 5. It is, further,

{¶ 9} ORDERED, That these comments be filed in this docket on or before February 15, 2018. It is, further,

{¶ 10} ORDERED, That utilities establish a deferred tax liability, effective January 1, 2018, in accordance with Paragraph 7. It is, further,

{¶ 11} ORDERED, That a copy of this Entry be served upon all public utilities (other than motor transportation companies) subject to the Commission's jurisdiction.

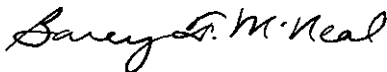
THE PUBLIC UTILITIES COMMISSION OF OHIO


Asim Z. Haque, Chairman
M. Beth Trombold
Thomas W. Johnson
Lawrence K. Friedeman
Daniel R. Conway

MJA/mf

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JAN 10 2018


Barcy F. McNeal

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Secretary