

## THE PUBLIC UTILITIES COMMISSION OF OHIO

IN THE MATTER OF THE APPLICATION OF  
AQUA OHIO WASTEWATER, INC., FOR  
IMPLEMENTATION OF THE TAX CUTS AND  
JOBS ACT OF 2017.

CASE NO. 18-1841-ST-UNC

IN THE MATTER OF THE APPLICATION OF  
AQUA OHIO WASTEWATER, INC., FOR  
APPROVAL OF TARIFF AMENDMENTS.

CASE NO. 18-1842-ST-ATA

### SUPPLEMENTAL FINDING AND ORDER

Entered in the Journal on February 10, 2021

#### I. SUMMARY

{¶ 1} The Commission approves the petition of Aqua Ohio Wastewater, Inc. to adjust a rider to credit customers with the benefits of the Tax Cuts and Jobs Act of 2017.

#### II. DISCUSSION

{¶ 2} Aqua Ohio Wastewater, Inc. (AWI or Company) is a sewage disposal system company and a public utility as defined in R.C. 4905.03(M) and R.C. 4905.02, respectively. As such, AWI is subject to the jurisdiction of this Commission.

{¶ 3} R.C. 4909.18 provides, in relevant part, that where an application is not for an increase in any rate, but is for a new service, the application shall fully describe the new service and the Commission may permit the filing of the schedule proposed in the application and fix the time when such schedule shall take effect.

{¶ 4} 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.

{¶ 5} On January 10, 2018, the Commission opened an investigation 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. *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.*

{¶ 6} By Finding and Order issued December 18, 2019, the Commission approved an application filed in this case on December 20, 2018, as amended, by AWI seeking approval of a TCJA Negative Surcharge rider to credit sewage disposal system customers in the Company's Franklin Division with the benefits of the TCJA.

**A. Summary of Petition**

{¶ 7} On January 19, 2021, AWI filed a petition seeking expedited approval of an adjustment to AWI's TCJA Negative Surcharge rider so that AWI may promptly file revised tariffs that reflect the appropriate amount for the TCJA credit for its sewage disposal system customers in 2021. Since the Commission previously determined that the December 20, 2018 application that initiated these proceedings was an application not for an increase in rates pursuant to R.C. 4909.18, AWI avers that the Commission may permit the filing of the petition's proposed revised tariffs without a hearing.

{¶ 8} Attached to the petition were the Company's schedules and proposed revised tariff sheets that would reflect the new TCJA Negative Surcharge for 2021. The attached schedules reflect the following calculations and adjustments:

- a. An update of the Stub Period amount<sup>1</sup> (replacing estimates with actuals and bringing it forward to the effective date of the TCJA Negative Surcharge per the December 19, 2019 Finding and Order);
- b. Reconciliation between the expected amount of Federal Income Tax (FIT) savings returned (comprised of the revised Stub Period and the annualized amount) and the actual that was returned to customers through December 31, 2020. This difference is

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<sup>1</sup> The Stub Period amount represents the deferred tax savings from January 1, 2018, through the date in which the TCJA Negative Surcharge became effective and was ordered by the Commission to be returned over a period of 12 months.

adjusted into the current schedules to include in the annualized amount of the FIT savings;

- c. Removal of the Stub Period from rates as that portion of the TCJA savings has been completely returned to customers, leaving the annualized amount plus the over-under amount being passed back through the base rate credit; and
- d. Adjustment of the protected amount (normalized Excess Deferred Income Taxes (EDIT) in accordance with the Average Rate Assumption Method) for the jurisdictional and the admin to the current amount.

**B. Staff Recommendation and Comments**

{¶ 9} On January 27, 2021, Staff filed comments recommending approval of AWI's revised tariffs as those tariffs comply with the Commission's December 18, 2019 Finding and Order. Further, Staff recommends that the Company continue to track actual amounts refunded through the TCJA Negative Surcharge rider, including the amortization of the regulatory liability associated with EDIT, to ensure the correct amount of savings are refunded to customers.

**C. Conclusion**

{¶ 10} Upon review of AWI's petition and Staff's recommendation, the Commission finds that the petition is not for an increase in any rate, joint rate, toll, classification, charge, or rental and appears to be just and reasonable. Further, the Commission finds it unnecessary to hold a hearing in this matter. Accordingly, we find that AWI's petition to adjust the TCJA Negative Surcharge and to file revised tariffs should be approved.

**III. ORDER**

{¶ 11} It is, therefore,

{¶ 12} ORDERED, That the petition filed by AWI on January 19, 2021 be approved.  
It is, further,

{¶ 13} ORDERED, That AWI be authorized to file in final form complete copies of the revised tariff pages consistent with this Supplemental Finding and Order and to cancel and withdraw any superseded tariff pages. It is, further,

{¶ 14} ORDERED, That the effective date of the new tariffs shall be a date not earlier than the date upon which the final tariffs are filed with the Commission. It is, further,

{¶ 15} ORDERED, That AWI shall notify all affected customers via a bill message or via a bill insert within 30 days of the effective date of the revised tariffs. A copy of the customer notice shall be submitted to the Commission's Service Monitoring and Enforcement Department, Reliability and Service Analysis Division, at least 10 days prior to its distribution to customers. It is, further,

{¶ 16} ORDERED, That nothing in this Supplemental Finding and Order shall be binding upon this Commission in any future proceeding or investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

{¶ 17} ORDERED, That a copy of this Supplemental Finding and Order be served upon all parties of record.

**COMMISSIONERS:**

*Approving:*

M. Beth Trombold  
Lawrence K. Friedeman  
Daniel R. Conway  
Dennis P. Deters

JRJ/kck

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Summary: Finding & Order approving the petition of Aqua Ohio Wastewater, Inc. to adjust a rider to credit customers with the benefits of the Tax Cuts and Jobs Act of 2017. electronically filed by Ms. Mary E Fischer on behalf of Public Utilities Commission of Ohio