

FILED
December 10, 2018
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA)
UTILITY REGULATORY COMMISSION'S)
INVESTIGATION INTO THE IMPACTS)
OF THE TAX CUTS AND JOBS ACT OF)
2017 AND POSSIBLE RATE) CAUSE NO. 45032 S4
IMPLICATIONS UNDER PHASE 1 FOR)
INDIANA AMERICAN WATER)
COMPANY, INC.)

**CITY OF CROWN POINT'S ("CROWN POINT") RESPONSE TO THE
PRESIDING OFFICERS' DECEMBER 6, 2018 DOCKET ENTRY QUESTIONS**

The City of Crown Point ("Crown Point"), by Counsel, responds to the Presiding Officers' December 6, 2018 Docket Entry Questions in this Cause.

1. The Commission noted on page 40 of its Final Order in Cause No. 44022 (6/6/12) that "[b]oth of the expert tax witnesses in this proceeding were in agreement that normalization is the appropriate regulatory treatment of timing tax differences such as those that are created by accelerated depreciation and the repairs method change." However, both tax experts in this case appear to believe that repairs deductions are a basis difference and not a timing difference (see Petitioner witness Wilde's rebuttal testimony, page 9 and OUCC witness Smith's testimony, page 13). Please provide a detailed explanation, along with any supporting documentation, regarding what appears to be a change in both parties position regarding repairs deductions.

Response: Crown Point concurs with the Response of the OUCC.

2. Page 3 of Respondent's Attachment JRW-2 states the following: Under the taxpayer's present method of accounting for repair and maintenance costs, the taxpayer capitalizes the repair and maintenance costs described above and recovers these costs using the appropriate method over the applicable recovery period and the applicable convention as prescribed by§ 168(a). Under the taxpayer's proposed method of accounting for repair and maintenance costs, the taxpayer will treat the repair and maintenance costs as ordinary and necessary business expenses pursuant to§§ 162 and 1.162-4.

Based on these Consent Agreement statements, does the \$256,280,025 reflected on OUCC 04-001 Attachment represent the amount of repairs that were capitalized for tax purpose before the method change in accounting that resulted based on the Consent Agreement Fact referenced above? If not, please provide a detailed description of what the \$256,280,025 represents.

Response: Crown Point concurs with the Response of the OUCC.

3. In Respondent witness Wilde's testimony, page 7, he references Paragraph 9 of the Consent Agreement (Attachment JRW-2) that states the following:

9) If any item of property subject to the taxpayer's Form 3115 is public utility property within the meaning of § 168(i)(10) or former § 167(1)(3)(A):

(A) A normalization method of accounting (within the meaning of § 168(i)(9), former §168(e)(3)(B), or former § 168(1)(3)(G), as applicable) must be used for such public utility property.

Please provide a detailed explanation that supports how the Repairs listed in line item T105 of OUCC 04-001 Attachment meets the definition of Internal Revenue Code §168(i)(10).

Response: Crown Point concurs with the Response of the OUCC.

Respectfully submitted,

/s/ R. M. Glennon

Robert M. Glennon

Attorney at Law, #8321-49

Robert M. Glennon
Robert Glennon & Assoc., P.C.
3697 N. Co. Rd. 500 E.
Danville, IN 46122
Telephone (317) 852-2723
Fax: (317) 852-0115
robertglennonlaw@gmail.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Responses to December 6, 2018 Docket Entry Questions was served upon the following by electronic delivery this 10th

day of December 2018, to:

OUCC

William Fine
Tiffany Murray
Office of Utility Consumer Counselor
115 W. Washington St., Suite 1500 South
Indianapolis, IN 46204
wfine@oucc.in.gov
timrray@oucc.in.gov
infomgt@oucc.in.gov

INDIANA AMERICAN
Hillary J. Close
Lauren M. Box
Barnes and Thornburg LLP
11 South Meridian Street
Indianapolis, IN 46204
Hillary.Close@btlaw.com
Lauren.box@btlaw.com

Kristina Kern Wheeler
Nikki G. Shoultz
J. Cchristopher Janak
Bose McKinney & Evans LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
Kwheeler@boselaw.com
nshoultz@boselaw.com
cjnak@boselaw.com

INDUSTRIAL GROUP
Todd A. Richard son
Aaron A. Schmoll
Joseph P. Rompala
Lewis & Kappes, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282-0003
TRichardson@lewis-kappes.com
ASchmoll@lewis-kappes.com
JRompala@lewis-kappes.com

CAC
Jennifer A. Washburn
Margo Tucker
Citizens Action Coalition
1915 West 18th Street, Suite C
Indianapolis, IN 46202
jwashburn@citact.org
mtucker@citact.org

/s/ R. M. Glennon
Robert M. Glennon
Attorney at Law, #8321-49

Robert M. Glennon
Robert Glennon & Assoc., P.C.
3697 N. Co. Rd. 500 E.
Danville, Indiana 46122
Telephone: (317) 852-2723
Fax: (317) 852-0115
Email: glennon@iquest.net