

*rel. Midwest Gas Users' Association v. Public Service Commission*¹ and *State ex rel. Hotel Continental v. Burton*² would allow the Commission to order a reduction in utility rates without considering all relevant factors in an extended general rate case.

Finally, Staff raises one additional matter. In AW-2018-0174, the working case opened to address the effect of the tax cuts, the Commission directed Missouri's electrical corporations, gas corporations and Missouri-American Water Company to respond to five questions. That earlier order did not address Veolia's steam operations. Staff now asks the Commission to direct Veolia to answer those five questions for its steam operations.

The Commission will open this file and direct Veolia to respond as requested by Staff.

THE COMMISSION ORDERS THAT:

1. No later than March 19, 2018, Veolia shall show cause, if any, why the Commission should not order it to promptly file tariffs reducing its rates for every class and category of steam service to reflect the percentage reduction in its federal-state effective income tax rate.

2. Veolia shall quantify and track all impacts of the Tax Cuts and Jobs Act of 2017 potentially affecting steam service rates from January 1, 2018, going forward.

3. Veolia shall quantify and track its excess protected and unprotected ADIT for possible future flow back to ratepayers, and shall advise the Commission how best such flow-back may be accomplished.

4. Veolia shall, as part of its response to this order to show cause, advise the Commission as to its position on whether the impact of the Tax Cuts and Jobs Act of 2017

¹ 976 S.W.2d 470 (Mo. App. W.D. 1998).

is like the gross receipts tax analyzed in *Hotel Continental* and the natural gas commodity costs considered in *Midwest Gas Users' Association*, such that the Commission may order a reduction in utility rates without considering all relevant factors in an extended general rate case.

5. Veolia shall, as part of its response to this order to show cause, identify and quantify all other impacts of the Tax Cuts and Jobs Act of 2017 on its steam rates not otherwise addressed in this order.

6. Veolia shall file its response to the following questions regarding its steam operations no later than March 5, 2018:

(a) What is the appropriate avenue for effectuating change to utility rates as a result of the federal income tax reductions?

(b) Is a different avenue appropriate for regulated corporations and Commission-regulated pass-through entities such as S Corporations, LLCs, and partnerships?

(c) What is the appropriate mechanism(s) for effectuating change to utility rates as a result of the federal income tax reductions?

(d) How does the change to the federal income tax affect pending rate cases? Can the change be considered in the pending rate cases?

(e) Please calculate the first-year approximate annual Missouri jurisdictional change in cost of service for your utility that is projected to result from implementation of the Tax Cuts and Jobs Act of 2017 (all other things being equal) and provide supporting workpapers for this calculation.

² 334 S.W.2d 75 (Mo. 1960).

7. The Commission's Data Center shall send a copy of this notice and order to each party to Veolia's most recent general steam rate case – HR-2014-0066 - and to the county commission of each county within Veolia's steam service area. The Commission's Public Policy and Outreach Department shall make notice of this order available to the members of the General Assembly representing Veolia's steam service area and the news media serving Veolia's steam service area.

8. Any party wishing to apply to intervene shall file an appropriate motion no later than March 5, 2018, by transmitting it to:

Morris L. Woodruff, Secretary
Missouri Public Service Commission
Post Office Box 360
Jefferson City, Missouri 65102-0360

or by using the Commission's Electronic Filing and Information System.

9. This order shall be effective when issued.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Morris L. Woodruff, Chief Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,
on this 22nd day of February, 2018.

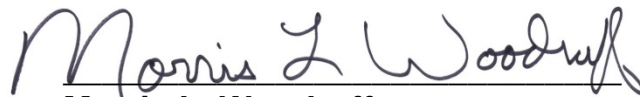
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 22nd day of February 2018.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

February 22, 2018

File/Case No. HR-2018-0232

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Veolia Energy Kansas City, Inc
Legal Department
115 Grand Blvd.
Kansas City, MO 64106

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.