

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Revenue Effects Upon)
Small Water and Sewer Utilities of the) File No. AW-2018-0237
Tax Cuts and Jobs Act of 2017)

GASCONY’S RESPONSE TO ORDER

COMES NOW Gascony Water Company, Inc. (the “Utility”) and, in response to the *Order Opening a Working Proceeding Regarding the Effects Upon Missouri Small Water and Sewer Utilities of the Tax Cuts of 2017 and Directing Response* (“Order Directing Response”) issued herein by the Missouri Public Service Commission (“Commission”) on March 7, 2018, respectfully states as follows:

On March 1, 2018, the Staff of the Commission (“Staff”) filed a motion asking the Commission to open a proceeding to investigate the effect recent federal tax cut legislation will have on the revenues of Missouri’s small water and sewer utilities and asked that the Commission direct the small utilities to respond in fifteen days to certain questions. The questions contained in Staff’s March 1 filing were incorporated into the Commission’s Order Directing Response. Those questions and the Utility’s responses are set forth below.

Question 1: For purposes of payment of income tax, is your company: (a) a C Corporation; (b) a Subchapter S Corporation; (c) a Limited Liability Corporation; (d) a Partnership; or (e) Other?

Utility’s Response: Subchapter S Corporation.

Question 2: If you know, does your company currently collect income tax expense in customer rates? If so, how much?

Utility’s Response: The Utility’s current rates were set in 1999 when it first obtained a CCN. At that time, the Commission-approved stipulation provided that an annual amount of \$552 was included in the cost of service for all income taxes.

Question 3: Have you or your financial advisors or consultants performed any analysis of the likely impact of the Tax Cuts and Jobs Act of 2017 on your cost of service and customer rates? If so, please provide such analysis.

Utility's Response: None.

Question 4: Generally speaking, when do you expect your company to seek a change in customer rates from the Commission?

Utility's Response: The Utility's rate increase request is currently pending before the Commission.

WHEREFORE, Gascony Water Company respectfully submits these responses to the Commission's Order Directing Response and requests such relief as is just and proper under the circumstances.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND, P.C.

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 21st day of March, 2018, with notice of the same being sent to all counsel of record.

Diana C. Carter