

**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)

ELM HILLS' RESPONSE TO ORDER DIRECTING RESPONSE

COMES NOW Elm Hills Utility Operating Company, Inc. ("Elm Hills" or "Company"),
and, as its Response to Order Directing Response, respectfully states as follows to the Missouri
Public Service Commission ("Commission"):

1. On March 7, 2018, the Commission issued its *Order Opening a Working Proceeding Regarding the Effects Upon Missouri Small Water and Sewer Utilities of the Tax Cuts of 2017 and Directing a Response* ("Order Directing Response"). Among other things, the Order Directing Response directed small utilities to respond to four questions by March 22, 2018. The Company responds to those questions as follows:

Question - 01: For purposes of payment of income taxes, the Company is a C Corporation.

Question - 02: The Company does not currently collect income tax expense in customer rates.

More specifically, the current rate does not generate sufficient revenue to cover the cost of routine operational expenses.

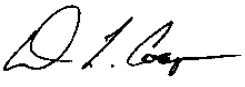
Question - 03: The Company has not performed, or caused to be performed, an analysis of the possible impact of the Tax Cuts and Jobs Act of 2017 on our cost of service and customer rates.

Question - 04: Generally speaking, any decisions regarding a potential change in customer rates would likely be made only after the impact (if any) was known, or once it could be calculated with an appropriate measure of confidence.

WHEREFORE, Elm Hills respectfully requests that the Commission consider this response to comply with the Order Directing Response.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

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ATTORNEYS FOR ELM HILLS
UTILITY OPERATING COMPANY, INC.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to the following on this 22nd day of March, 2018:

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Office of the Public Counsel
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