

Western Wahkiakum County Telephone Company
Docket UT-180034
Responses to UTC Information Request
April 30, 2018

UTC Information Request

EXHIBIT 1

Please provide the following information by February 12, 2018, updated to April 30, 2018:

1. Accumulated Deferred Federal Income Tax (ADFIT) balance as of December 31, 2017, for Total Washington and Washington Intrastate.

Response:

See attached Exhibit 2 (Excel file), line 42 for the estimated Total Washington and Washington Intrastate amounts.

2. The amount of excess deferred income tax reserve as described in the Internal Revenue Code at 26 U.S.C. § 168(i)(9)(A)(ii) as of December 31, 2017, for Total Washington and Washington Intrastate, to comply with the TCJA.

Response:

As of December 31, 2017 there was no excess deferred income tax reserve. The difference between the 34% and 21% tax rates was recorded through the income statement per generally accepted accounting principles. See attached Exhibit 2, line 43 for the estimated amount of the tax difference for Total Washington and Washington Intrastate.

3. The amount of excess deferred income tax expense the Company is currently collecting through Washington Intrastate rates and charges as of January 1, 2018, through December 31, 2018.

Response:

As the Company's current rates are not based on a rate of return revenue requirement developed in a recent rate case, the amount of excess deferred income tax expense, if any, that the Company is currently collecting through Washington Intrastate rates and charges in 2018 is not known. In addition, basic service rates have been established based on the FCC urban rate floor. Terminating intrastate switched access rates are being reduced based on the FCC ICC Reform Order to mirror interstate rates.

4. A proposed amortization schedule for numbers 2 and 3 (above) along with a supporting rationale for each schedule. Please identify and describe the amortization assumption, e.g., composite, average rate, or other alternative method.

Response:

If the Company were to propose an amortization schedule to amortize the amount identified in the response to Q2, it would be thirteen years based on weighted average remaining life of assets as of year-end 2017. See attached Exhibit 2, line 47. For state USF qualification purposes, this is a one-time event. The Company's preference is to exclude the one-time negative adjustment of excess deferred taxes in 2017 from the state USF calculation. Another reason for this treatment is it's a non-cash item.

5. In the event that all impacts of the TCJA are not fully known to the Company by the due date set forth in this information request, please provide a date certain by which the Company intends to supplement its response including its plans to address these impacts.

Response:

Upon completion of the Company's 2017 Cost Study and closer to completion of its 2017 federal income tax return, the Company plans to provide updated amounts on or before August 15, 2018.

6. Supporting work papers in electronic format with all formulas intact. See WAC 480-07-510(3)(c).

Response:

See attached Exhibit 2 for work papers supporting responses to Q1, Q2 and Q4 above.