**Hood Canal Telephone Co., Inc.**

**Docket UT-180020**

**Responses to UTC Information Request**

**April 26, 2018**

UTC Information Request EXHIBIT 1

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

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Please note that the Company is an S Corp and no deferred federal income taxes are booked on the Company's books. However, deferred federal income taxes are calculated annually for the interstate cost study and state USF qualification purposes. The Company has been using an effective tax rate of 21.25% for the above calculations for several years. There should be minimal impact to the Company with regards to the Tax Cuts and Jobs Act (TCJA).

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 34 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:**

See attached Exhibit 2, line 35 for the estimated Total Washington and Washington Intrastate amounts.

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 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 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:**

No amortization is proposed due to the excess deferred federal income amount being minor as identified on line 35 for Q2. See attached Exhibit 2, line 39.

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 provided for responses to Q1, Q2 and Q4 above.