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May 4, 2018

Sent Via:

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MMISSION

Mr. Mark L. Johnson, Executive Director & Secretary Washington Utilities & Transportation Commission P.O. Box 47250 1300 S. Evergreen Park Dr. SW Olympia, WA 98504-7250

RE: Information Request Regarding the TCJA in Docket UT-180029

Dear Mr. Johnson:

Skyline Telecom Inc. hereby submits to Washington Utilities and Transportation Commission ("Commission") the attached response Exhibit 1 and excel file Exhibit 2 pertaining to the Commission's information request regarding Tax Cuts and Jobs Act.

Skyline Telecom Inc.

By:

Delinda Kluser General Manager

Attachments: 2

Skyline Telecom Inc Docket UT-180029 Responses to UTC Information Request May 4, 2018

UTC Information Request

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

EXHIBIT 1

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 41 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 36 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. The Company rate of return in the prior years has been very low. It is anticipated the Company's rate of return will still be well below the 10% limit.

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 ten years in order to normalize the impact. See attached Exhibit 2, line 40. 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 provided for responses to Q1, Q2 and Q4 above.

Skyline Telecom, Inc.
Analysis of Deferred Tax Account
December 31, 2017
Docket UT-180029

								Total Washington Intrastate % Washington Intrastate 28,588 57.99% 16,579.21 Q.2	(19,382.62) Q.1
								ntrastate % 57.99%	57.99%
								Total Washington In 28,588	(33,422)
12/31/2017 Balance		508,324 (549,328) - (41,004)	(41,004)	7,582	(33,422)	(33,422) 3000.01	(33,422)	(74,769) 28,588 (46,181)	(33,422)
x Account Other Adjustment	1	.		1		6 1		_E 2	ı
Deferred Tax Account Tax (Provision) Other Benefit Adjustmen		34,794 (29,617) - 5,177	5,177	7,582	12,759	12,759	12,759	Total beg. Deferred tax change to beg def. tax due to chg in tax rate from 34% to 21% Beg. Bal. def. tax due to chg in rate	ax amount
1/1/2017 T Balance		473,530 (519,711) - (46,181)	(46,181)	•	(46,181)	(46,181)	(46,181)	Total beg. Deferred tax change to beg def. tax due tax rate from 34% to 21% Beg. Bal. def. tax due to ch	2017 deferred tax amount
net Net	21.00%	21.00% 21.00% 21.00%		21.00%		Federal State			
Effective Tax Rate	%00.0	%00.0 %00.0 0.00%		%00'0		r v			
Effect Federal	21.00%	21.00% 21.00% 21.00%		21.00%					
12/31/2017 12/31/2017 1s Balance		- 2,420,591 - (2,615,847) (195,256)	- (195,256)	- 36,105					
Differences Other Adjustments									
Gross Timing Differences Total Other Change Adjustments	*	165,685 (141,031)	24,654	36,105					
G 1/1/2017 Balance		2,254,906 (2,474,816) - (219,910)	(219,910)						
	Current Asset (Liability): Bad debt reserve	Non-current Asset (Liability): Depreciation-book Depreciation-tax		Net operating loss					

1,657.92 Q.4

2,858.80

Proposed 10 year amortization: