

SUEZ WATER RHODE ISLAND, INC.
Docket No. 4800
Ninth Set of Data Requests of the
Division of Public Utilities and Carriers
May 9, 2018

9-16 – Updated
(Cagle)

9-16 Does the Company have any journal entries and journal entry workpapers showing how it identified and recorded amounts of Excess ADIT as of December 31, 2017 as a net regulatory liability? If not, explain fully why not. If so, identify and provide the journal entries and journal entry workpapers and supporting calculations.

Response: The entries are summarized in the attachment to the response to 9-1 a. Please see attached.

Two entries were made to record the grossed up regulatory liability and the associated ADIT. Entry RL_TXRF and the associated supporting calculation shows the entry to record the initial regulatory liability. In reviewing the overall entries, it was noticed that certain corrections were necessary as some amounts had inadvertently been recorded at the parent level. Entry CORR_RL and the associated supporting calculations show the correction benefiting Rhode Island customers.

Acct No.	Desc	00600
ORIGINAL ENTRY:		
28405000	DEF FIT - New Federal Tax Rate	7,132,190
80200410	Deferred-Federal Income Taxes	(7,132,190)

CORRECTING ENTRY (NON-REG DEFERRED TAXES):		BU 600
28405000	DEF FIT - New Federal Tax Rate	(7,132,190)
80200410	Deferred-Federal Income Taxes	7,132,190
28405000	DEF FIT - New Federal Tax Rate	3,903,108
80200410	Deferred-Federal Income Taxes	(3,903,108)

CORRECTING ENTRY (REGULATED DEFERRED TAXES):		
	DTA/(DTL) @ 35%	(8,072,703)
	DTA/(DTL) @ 21%	(4,843,622)
	REG RATE CHANGE	3,229,081

RECLASS DEFERRED TO REG BU's:		600	61
Account	Desc	SWR	Rhode Island
19010000	Def. Federal Inc Taxes- Other	322,212	7,121
28203000	Def. FIT-MACRS	6,103,536	134,888
28307000	Def. FIT-PEBOP	2,491,929	55,072
28308000	Def. FIT-Cost of Removal	1,967	43
28310000	Def. FIT-Uncollectibles	(19,495)	(431)
28311000	Def. FIT-Injuries and Damages	(827,896)	(18,297)
28312000	Def. FIT - AFUDC Equity	450	10
		8,072,703	178,407

FEDERAL RATE CHANGE:			61
Account	Desc	TOTAL	Rhode Island
28405000	DEF FIT - New Federal Tax Rate	71,505	71,505
28406000	Def FIT New Federal TaxRate GU	19,008	19,008
25316000	Regulatory Liab - Tax New Federal Rate	(90,513)	(90,513)

Co	Company	Factor to Apply				Total Regulatory			Federal Gross Up	State Gross Up	Reconciliation	Effective tax rate	Effective Federal Rate	State Rate	% Change
		Dfd Tax	Deferred Taxes at 35%	Deferred Taxes at 21%	Difference	Liability	Total Gross Up								
61	Rhode Island	2.21%	(178,763)	(107,258)	71,505	90,513	19,008	19,008	-	90,513	21.00%	21.00%	0.00%	-40.00%	
TOTAL		2.21%	(178,763)	(107,258)	71,505	90,513	19,008	19,008	-	90,513					

Unit:	00976
Journal ID:	RL_TXRF
Journal Date:	12/31/2017
Ledger Group:	ACT_GRP
Ledger:	LOCAL

Description: To set up Regulatory liability on tax reform rate chg

Note: this report is only
run in local currency

BU	ledger	acct	CostElem	OperUnit	DeptID	amount	Reference	Description	ProjUnit	Project	WorkOrder	Analysis	BookCode	Affiliate
00061	LOCAL	28405000		9952		1,153,420							COMM	
00061	LOCAL	28406000		9952		306,605							COMM	
00061	LOCAL	25316000		9952		-1,460,025							COMM	
TOTAL						0								

Recording the change in Deferred Taxes

	61
	Rhode Island
28405000 DEF FIT - New Federal Tax Rate	1,153,420
28406000 Def FIT New Federal TaxRate GU	306,605
25316000 Regulatory Liab - Tax New Federal Rate	(1,460,025)
	-
check:	40%

	Deferred Taxes at 35%	Deferred Taxes at 21%	Difference	Total Regulatory Liability	Federal Gross Up	State Gross Up	Reconciliation	Effective tax rate	Effective Federal Rate	State Rate	% Change
61 Rhode Island	2,883,550	1,730,130	1,153,420	1,460,025	306,605	-	1,460,025	0.21	0.21	0	40.00%

SWI_Dec2017_Run1

Balance at 35% (FBOS)

		00061
		United Water Rhode Island
Code	Name	Ending Balance
Unassigned	Unassigned	
0002	True up SIT	0
0002a	State Income Tax - Current	0
0002b	SIT Current Expense	0
0003	State Income Tax - Deferred	0
0003_AT	State Income Tax - Deferred	0
0004a	Accrued Taxes-Franchise	0
0004b	Accrued Taxes-Excise	0
0004c	Accrued Taxes- Gross Receipts	0
0004d	Gross Earnings Tax Accrued	0
0004e	Accrued Taxes - Other	6,103
0005	Tax vs. Book Depreciation	(1,831,219)
0005_AT	Tax vs. Book Depreciation	0
0005_ATS	Tax vs. Book Depreciation	0
0005a	Section 481(a) Adjustment	(465,655)
0005b	CY TPR Adjustment	(511,448)
0006	Capitalized Depreciation	4,629
0007	Tax vs. Book Gain on Disposal of Assets	1,799
0007_AT	Tax vs. Book Gain on Disposal of Assets	0
0008	Tax vs. Book Loss on Disposal of Assets	(142,402)
0009	AFUDC Avoided Interest	24,939
0010a	AFUDC Equity	(80,250)
0010b_AT	AFUDC Equity Gross Up	0
0010b_ATS	AFUDC Equity Gross Up	0
0010c	AFUDC - Deferred Equity Gross-up Amortization	0
0010d	AFUDC Equity Gross Up	0
0011	Accrued Pension - Internal Reserve	0
0011a	Reversal of Accrued Pension	202,814
0011b	Reversal of Accrued Pension	0
0011c	Minimum Liability Adjustment BU 00200 only	0
0011d	FAS 158 - Pension	(448,097)
0011e	FAS 158 - PBOP	78,644
0014a	Accrued VEBA / PEBOP	0
0014b	PBOP Liability - Trustee	238,786
0014c	PBOP - Accumulated Transitional Obligation	0
0014d	PBOP - Recovery Reserve	0
0014e	PBOP - Milwaukee	0
0014f	PBOP Liability - Internal Reserve	0
0016	Supplemental Pension	0
0017a	Deferred Employee Benefits-Other	0
0017c	Deferred Director Fees	0
0018a	Reversal of Prepaid Pension	0
0019	Director's Pension	0
0020	Deferred Interest on Pension / PBOP Internal Reserve	0
0021	Emerson Income Adjustment	0
0028	Merger Costs (Amortization of Logo Cost Only)	0
0030	Amortization of Acquisition Adjustm	0
0031	Deferred Contractual Liability	0
0032	Regulated Liabilities - Non Tax	0
0033	Prepaid Real Estate Taxes	0
0033b	Accrued Property Taxes	62,184
0035	Equity in Partnership	0
0037	Deferred Revenue > ROE	0
0042	Bond Discount - UWW Only	0
0042a	Bond Discount - BU 00100 NJ and 00200 NY Only	0
0045	Revenue Adjustment	0
0045c	Deferred Revenue - Levelizing A/R	0
0046c	Taxable Advances / Service Lateralals	0

SWI_Dec2017_Run1

Balance at 35% (FBOS)

		00061
		United Water Rhode Island
Code	Name	Ending Balance
0046d	Taxable CIAC / Service Laterals	0
0046e	CWIP Taxable Advances	0
0046f	In Service Taxable Advances	0
0046g	CWIP Taxable CIAC	0
0046h	In Service Taxable CIAC	0
0048	Accrued Vacation Accrual	4,069
0049a	Purchased Water	0
0049c	Accrued Purchased Water	0
0050	Sludge Removal	0
0050a	Deferred Sludge Reconciliation	0
0050c	Accrued Sludge Removal	0
0050d	Accrue Regulatory Assessment	1,936
0051	Tank Painting	(88,275)
0051a	Amortization - Reg Def Tank Painting	114,902
0052	Amortization - Def Lagoon Cleaning	0
0053	Joint Clamps Deducted	0
0054	Cost of Removal	(55,031)
0055	Repairs and Maintenance	0
0061h	Accrued Other	611
0062	M&S Fees	0
0067	Audit Fee Expense	0
0068	Accrued Legal Expenses	0
0068a	Legal Expenses - Approved	0
0068b	Legal Expenses - Pending	0
0070a	Prepaid Franchise	0
0070b	Prepaid Gross Receipts	0
0070c	Prepaid Excise Tax	0
0070d	Prepaid Taxes-Other	0
0070g	Prepaid Dues	0
0070h	Prepaid Regulatory Assessment	0
0070i	Prepaid Rent	0
0070j	Prepaid STIP	0
0070k	Prepaid Expenses-Other	0
0071a	Deferred Power Costs-Pending (See 0071g for 18625)	0
0071b	Other Deferred Charges	0
0071c	Other Deferred Charges-Non Utility	0
0071d	Deferred Property Tax Reconciliation	0
0071e	Deferred M&J Costs	0
0071f	Deferred Credits-Other	0
0071g	Deferred Power Costs - Approved (See 0071a for 18714)	0
0071h	Deferred Rent	0
0072a	Accrued Casualty Insurance	0
0072b	Accrued Medical Insurance	0
0072e	Prepaid General Insurance	0
0072f	Prepaid Insurance-Other	0
0072g	Accrued Other Insurance	0
0072h	Accrued Medical IBNR	0
0073	Injury and Damage expenses	0
0073a	Accrued Injuries and Damages Reserve	0
0076	Accrued Stock Options	0
0077	Accrued SE LTIP	0
0078a	Accrued LTIP	0
0078b	Accrued Severance	0
0078c	Accrued Enhanced Severance Program	0
0078d	Deferred Compensation	1
0079	Rate Case Expenses	(2,590)
0083a	Deferred Relocation Expense-Approved	0
0086	Tax vs. Book Bad Debts	0

SWI_Dec2017_Run1

Balance at 35% (FBOS)

		00061
		United Water Rhode Island
Code	Name	Ending Balance
0086a	Tax vs. Book Bad Debts - Other	0
0088	Amortization of Contract Fees	0
0089	Amortization of Homer	0
0090	Amortization of Capital Improvements	0
0092	Reversal of IRS Adjustment	0
0095	Deferred Revenue Tax Adjustment	0
0101	Equity Earnings Affiliates (US) (formerly GE Latin Fund)	0
0102	Amortization of Intangibles(excess purch price)	0
0103	Tax vs. Book Capital Loss	0
0104	Tax vs. Book Capital Gain	0
0106	Other Regulatory Assets	0
0109	Deferred Chemical Cost (BU 00200 ONLY)	0
0110	Deferred Property Tax Reconciliation (BU 00200 ONLY)	0
0111	Deferred Antenna Leasing(BU200 only)	0
0112	Deferred Tax Asset	0
0113	Deferred Tax Asset Gross Up	0
0114	Disallowed Charitable Contributions	0
0115	Deferred Non Regulatory MTBE Costs	0
0116	CIAC - MTBE Costs	0
0117	Temporary State Tax Assessment	0
0118	Other Rate Reconciliations	0
0124	Def Fed NOL Tax Benefit	0
0125	Section 163(j)	0
6000_AT	R&D Credit	0
7000_AT	ITC	(72,752)
7100_ATS	Def State ITC Idaho	0
8000_AT	F71 / F109 ITC	25,469
8000_ATS	F71 / F109 ITC	0
8010_AT	F71 / F109 ITC - GU	13,739
8010_ATS	F71 / F109 ITC - GU	0
8020_AT	F71 / F109 Rate Diff	0
8030_AT	F71 / F109 Plant	0
8030_ATS	F71 / F109 Plant	0
8040_AT	F71 / F109 Plant - GU	0
8040_ATS	F71 / F109 Plant - GU	0
9997	AMT	0
9998	Other Temporary Tax Adjustments Affecting Federal and State	0
9999	Other Temporary Tax Adjustments Affecting Federal Only	0
9999_AT	New York Tax Rate Change Adjustment	0
S_NOL_SYS	S_NOL_SYS	0
STATE_NOL	State NOL	0
VA_SYS_PTTD_NC	VA_SYS_PTTD_NC	0
Total Unassigned		(2,917,095)
Total		(2,917,095)

(2,883,550)
(8,238,714)
(1,730,130)

FOR INPUT INTO OTP

TAG		
H	M_170	3,295,486
H	M_175	876,015

Journal Line									
Personalize Find View All									
First 1-11 of 11 Last									
Line #	Line Descr	SpeedType	Amount (in Transaction Currency)	Currency	Account	Oper Unit	Dept	PC Bus Unit	Project
50	Def. Federal Inc Taxes- Other		-7,135.00	USD	19010000	9952			
51	Def. FIT-MACRS		-135,158.00	USD	28203000	9952			
52	Def. FIT-PEBOP		-55,182.00	USD	28307000	9952			
53	Def. FIT-Cost of Removal		-44.00	USD	28308000	9952			
54	Def. FIT-Uncollectibles		432.00	USD	28310000	9952			
55	Def. FIT-Injuries and Damages		18,333.00	USD	28311000	9952			
56	Def. FIT - AFUDC Equity		-10.00	USD	28312000	9952			
85	Def FIT - New Federal Tax Rate		71,505.00	USD	28405000	9952			
86	Def FIT-New Federal TaxRate GU		19,008.00	USD	28406000	9952			
87	Regulatory Liab-Tax NewFedRate		-90,513.00	USD	25316000	9952			
107	IC Money Pool Receivable		178,764.00	USD	14605000	9952			

Journal Line										
Personalize Find View All First 1-3 of 3 Last										
Line #	Line Descr	SpeedType	Amount (in Transaction Currency)	Currency	Account	Oper Unit	Dept	PC Bus Unit	Project	Work Order
28	Def FIT - New Federal Tax Rate		1,153,420.00	USD	28405000	9952				
29	Def FIT-New Federal TaxRate GU		306,605.32	USD	28406000	9952				
30	Regulatory Liab-Tax NewFedRate		-1,460,025.32	USD	25316000	9952				