



IN THE MATTER OF THE APPLICATION OF)	
SUMMIT UTILITIES OKLAHOMA, INC., FOR)	
APPROVAL OF ITS)	CAUSE NO. PUD 202200022
PERFORMANCE-BASED RATE CHANGE)	
PLAN CALCULATIONS FOR THE TWELVE)	
MONTHS ENDING DECEMBER 31, 2021)	

MOTION TO TEMPORARILY SUSPEND EDIT-RELATED CHARGES & REFUNDS

Summit Utilities Oklahoma, Inc. (“SUO” or the “Company”), hereby moves for an order temporarily suspending SUO’s obligations, as follows:

- (1) To charge customers to collect an unprotected EDIT asset resulting from a reclass of the Cost of Removal from “protected” to “unprotected”, to comply with Internal Revenue Service (IRS) normalization rules; and
- (2) To refund the EDIT that resulted from the Tax Cuts and Jobs Act of 2017.

SUO seeks this relief to avoid a significant, one-time charge to customers of \$22.97 in April 2022, and allow the Commission time to consider a proposal from the Company intended to lessen the customer impact. Accordingly, SUO requests that the EDIT refunds and charges be suspended until the Oklahoma Corporation Commission enters a final order in this Cause. This Motion is supported by the Direct Testimony of Tyson Porter, Senior Director of Regulatory Finance and Rates, filed in this Cause on March 15, 2022, which is incorporated herein by reference.

In support of this motion, SUO would show the following:

- 1. The IRS issued PLR 202033002 interpreting the normalization rules of IRC Section 1689i)(9) such that the Cost of Removal (“COR”) is “unprotected” Excess Deferred Income Tax. SUO’s predecessor in interest, CenterPoint Energy Resources Corporation (“CERC”), treated COR as “protected” under the normalization rules and included the associated

EDIT in the balance reported to this Commission (at the time there was no clear guidance from the IRS on the treatment of COR).

2. The issuance of the PLR caused SUO to reclass more than \$3 million in amounts associated with COR from a net protected liability to an unprotected asset.

3. CERC has been refunding to customers EDIT that resulted from the Tax Cuts and Jobs Act of 2017 over a period of five years, pursuant to Order 684379 entered in Cause No. PUD 20180029. Every April, the Company issues a one-time bill credit for the net refund associated with the amortization of EDIT. The Company intended to refund the remaining \$215,957 of unprotected EDIT to customers in April of 2022.

4. However, the reclassification of the COR-related EDIT impacts the refund. Reclassifying the COR EDIT resulted in an unprotected asset balance of slightly more than \$3 million as of December 31, 2021. If SUO continued the five-year amortization period, then the entire unprotected EDIT balance (an asset) would be **due from** customers in April 2022. This would result in a **significant, one-time charge in the amount of \$22.97.**

5. As part of the relief sought in this PBR Cause, the Company proposes to amortize the unprotected asset at the same rate as the protected liability until the unprotected asset is fully amortized, which SUO estimates will take approximately thirteen years. If this Commission authorizes, during such period, customers will neither receive a credit nor be charged in connection with EDIT. Rather, under the Company's proposal, the unprotected balance arising from the IRS ruling on the COR will offset the return of protected EDIT. In other words, the annual refund that is normally provided in April will cease until the unprotected asset is fully amortized, under the Company's proposal.

6. Suspension of SUO's EDIT amortization obligations under Order 684379 is necessary to avoid the one-time charge to customers in April 2022 and allow the Commission an opportunity to consider the Company's related proposal.

WHEREFORE, SUO requests the Commission enter an Order temporarily suspending SUO's EDIT amortization obligations under Order No. 684379 until the Commission enters a final order in this Cause.

Respectfully submitted,

/s/ J. Dillon Curran

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ATTORNEYS FOR SUMMIT UTILITIES
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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of March, 2022, a full, true, and correct copy of the above and foregoing instrument was served on the following persons by **ELECTRONIC MAIL** and by **UNITED STATES MAIL**, postage prepaid to:

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/s/ J. Dillon Curran _____