

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY  
COMMISSION

v.

PEOPLES NATURAL GAS COMPANY LLC

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Docket No. R-2018-3006818

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**PREPARED REBUTTAL TESTIMONY OF  
MATTHEW D. WESOLOSKY  
DIRECTOR OF FINANCE AND REGULATORY  
PNG COMPANIES LLC**

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DATE SERVED: May 28, 2019  
DATE ADMITTED: \_\_\_\_\_

Peoples Natural Gas Statement No. 4-R

**Table of Contents**

	<b>Page</b>
I. INTRODUCTION AND SUMMARY .....	1
II. RESPONSE TO OTHER PARTIES’ DIRECT TESTIMONY .....	2
A. TAX CUTS AND JOBS ACT OF 2017 (“TCJA”) .....	2
B. INCOME TAXES .....	4
C. DEFERRED INCOME TAXES.....	8
D. TAXES OTHER THAN INCOME.....	10
E. PUBLIC UTILITY REALTY TAX (“PURTA”).....	11
F. CONSOLIDATED TAX ADJUSTMENT AND ACT 40 OF 2016 .....	12
III. CONCLUSION.....	14

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. PLEASE STATE YOUR FULL NAME, BUSINESS AFFILIATION AND**  
3 **ADDRESS.**

4 A. My name is Matthew D. Wesolosky. I am the Director, Finance and Regulation for PNG  
5 Companies LLC (“PNG”). I provide financial services to Peoples Natural Gas Company  
6 LLC (“Peoples Natural” or the “Company”). As Director, Finance and Regulation, my  
7 responsibilities include oversight of the tax function. My business address is 375 North  
8 Shore Drive, Pittsburgh, Pennsylvania 15212.

9  
10 **Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY ON BEHALF OF PEOPLES**  
11 **NATURAL IN THIS PROCEEDING?**

12 A. Yes.

13  
14 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

15 A. The purpose of my rebuttal testimony is to respond to the direct testimony of OCA witness  
16 Dante Mugrace (OCA Statement No. 1) and I&E witness Brenton Grab (I&E Statement  
17 No. 3) regarding tax issues and adjustments.

18  
19 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

20 A. Yes. I am sponsoring Exhibit MDW-1, which shows the amount related to the Tax Cuts  
21 and Jobs Act (“TCJA”) due to customers with interest accrued through the date rates are  
22 expected to go into effect in this proceeding.

1                   **II.     RESPONSE TO OTHER PARTIES' DIRECT TESTIMONY**

2                                   **A. TAX CUTS AND JOBS ACT OF 2017 (“TCJA”)**

3 **Q.     WOULD YOU BRIEFLY SUMMARIZE THE COMPANY’S PROPOSAL TO**  
4 **REFUND THE TAX SAVINGS ASSOCIATED WITH THE TCJA TO**  
5 **CUSTOMERS?**

6 A.     The Company has proposed to provide its customers a one-time bill credit within 120 days  
7 of the effective date of the new base rates in this proceeding. The one-time bill credit is  
8 inclusive of all amounts due to customers related to the impact of the TCJA including the  
9 impact of the lower federal income tax rate for periods prior to the effective date of Rider  
10 TCJA, over/under collections based on the difference between the amount billed under  
11 Rider TCJA and the actual tax provision through the effective date of rates and interest on  
12 over/under collections through the effective date. The one-time bill credit is estimated at  
13 \$16 million including over/under recovery through December 31, 2018 and will be revised  
14 to account for any over/under recovery through the date rates go into effect in this  
15 proceeding, as calculated in a manner consistent with the method used in the current Rider  
16 TCJA filings. Since this represents the comprehensive resolution of the issues at Docket  
17 Nos. M-2018-2641242 and R-2018-3000503, Rider TCJA will terminate on this effective  
18 date.

19  
20 **Q.     DO THE OTHER PARTIES ACCEPT THE COMPANY’S PROPOSAL?**

21 A.     OCA witness Mugrace accepts the Company’s proposal. (OCA Statement No. 1, p. 61.)  
22 However, I&E witness Grab makes two recommendations. First, he recommends that the  
23 Company include interest on the 2018 income tax over-recovery from the date the monies

1 were received to the date the over-recovery is refunded to ratepayers. The interest rate to  
2 be used under his recommendation is the residential mortgage lending rate effective on the  
3 last day of the month prior to the actual refund payment to ratepayers. Second, Mr. Grab  
4 recommends that Peoples be required to calculate the final refund due for the 2018 income  
5 tax over-recovery within 30 days of the effective date of the new base rates and then refund  
6 ratepayers via a one-time bill credit within 60 days of the effective date of new base rates.  
7 (I&E Statement No. 3, pp. 12-15.)  
8

9 **Q. DO YOU AGREE WITH I&E WITNESS GRAB'S RECOMMENDATIONS?**

10 A. I agree with I&E witness Grab that, pursuant to the order in Docket No. M-2018-2641242  
11 and R-2018-300050, the over-recovery is subject to interest calculated at the residential  
12 mortgage lending rate effective on the last day of the month prior to the actual refund  
13 payment to ratepayers. Attached as Exhibit MDW-1 is a calculation of the estimated over-  
14 recovery with interest calculated through the end of October 2019 to be \$16.6 million.  
15

16 However, I disagree with witness Grab's recommendation that Peoples should be required  
17 to calculate the final refund due for the 2018 income tax over-recovery within 30 days of  
18 the effective date of the new base rates and then refund ratepayers via a one-time bill credit  
19 within 60 days of the effective date of new base rates. The revised tariff page for Rider  
20 TCJA contemplates accumulated over or under collection while Rider TCJA was in effect,  
21 which includes not only 2018, but also the 2019 over or under recovery through the date  
22 rates in this proceeding go into effect and the effects of the TCJA are fully reflected in base  
23 rates. The 120 days allows for accounting to close the month when rates go into effect and

1 to calculate the final amount of under or over recovery, as well as the programming changes  
2 required to the billing system to implement the one-time rate credit.

3  
4 **B. INCOME TAXES**

5 **Q. WOULD YOU PLEASE EXPLAIN OCA WITNESS MUGRACE'S POSITION**  
6 **CONCERNING THE COMPANY'S CALCULATION OF ITS FEDERAL AND**  
7 **STATE INCOME TAXES?**

8 A. Mr. Mugrace accepts the Company's methodology to calculate its federal and state income  
9 taxes. However, he makes adjustments to the taxes to reflect his recommended adjustments  
10 to the Company's operating revenue and expenses. As a result, Mr. Mugrace recommends  
11 that the Company's income tax expense claim be reduced from \$35,462,042 to  
12 \$16,073,756, *i.e.*, a reduction of \$19,388,286. (OCA Statement No. 1, pp. 59-60.)

13  
14 **Q. DO YOU AGREE WITH MR. MUGRACE'S ADJUSTMENTS TO THE**  
15 **COMPANY'S INCOME TAX EXPENSE?**

16 A. The adjustments proposed by witness Mugrace to pre-tax operating income have been  
17 addressed by other Company witnesses in the case. Within the testimony of witness  
18 Mugrace, he attempts to calculate the tax impact of each adjustment discretely by  
19 multiplying the adjustment by 30.99% (21% FIT plus 9.99% PA State). However, this  
20 approach is not correct, as it fails to quantify the federal benefit of deducting state income  
21 taxes, as well as the impact of utilizing the PA NOL carryforward.

1 **Q. DO YOU AGREE WITH MR. KELLER’S ADJUSTMENTS TO THE COMPANY’S**  
2 **INCOME TAX EXPENSE?**

3 A. No. In his Excel files, provided in response to PNG Set I – Nos. 2, Mr. Keller uses a rate  
4 of 28.89%. This rate is incorrect as it fails to quantify the impact of utilizing the PA NOL  
5 carryforward.

6  
7 **Q. FOR ADJUSTMENTS TO PRE-TAX OPERATING INCOME, WHAT IS THE**  
8 **CORRECT RATE TO UTILIZE?**

9 A. 25.74%. Calculated as follows:

10 21.00% - Federal

11 9.99% - PA

12 (4.00)% - PA NOL utilization (40% of PA taxable income)

13 (1.26)% - Federal benefit of state deduction (21% \* (-9.99% + 4.000%))

14 25.74% - total income tax rate

15 It should be noted that despite the amounts disclosed within the testimony of witness  
16 Mugrace, his schedule DM-30 properly reflects the application of the rate. Since the parties  
17 have accepted the timing differences within the tax calculations, it is appropriate to utilize  
18 the 25.74% when calculating the tax impact of adjustments.

19

1 Q. **HOW DO ADJUSTMENTS IMPACT THE ADDITIONAL REVENUE**  
2 **REQUIREMENT?**

3  
4 A. The revenue conversion factor is utilized to gross-up the revenue deficiency to account for  
5 the additional taxes generated by the additional revenue. Witness Mugrace utilizes the  
6 Revenue Conversion Factor of 1.35264919 to gross-up his operating deficit of \$16.8  
7 million. As previously mentioned, witness Mugrace did not challenge any of the temporary  
8 differences and as such each adjustment can be tax affected at a rate of 25.74%. However,  
9 such adjustments impact the overall effective tax rate, which in turn impacts the calculation  
10 of the Revenue Conversion Factor. Assuming, all of witness Mugrace's adjustments are  
11 made to Exhibit 2, Schedule No. 4, the revenue conversion factor updates to 1.36873738  
12 generating an additional revenue requirement of \$23,222,516, rather than the \$22,949,558  
13 disclosed in the OCA revenue requirement.

14

15 Q. **WHAT CAUSES THE REVENUE CONVERSION FACTOR TO CHANGE?**

16 A. The revenue conversion factor is based on the overall effective tax rate at present rates. As  
17 adjustments are made to decrease the additional revenue required, the flow through of state  
18 income taxes has a greater impact and increases the effective tax rate. The effective tax  
19 rate for state income taxes impacts the state tax component of the revenue conversion  
20 factor.

21



1 **Q. I&E WITNESS KELLER MADE ADJUSTMENTS TO INCOME TAX EXPENSE**  
2 **AT PRESENT RATES. DO YOU AGREE WITH THESE ADJUSTMENTS?**

3  
4 A. Mr. Keller modified the present rate income taxes, as prepared by the Company, noting it  
5 reflects current year NOL adjustments, with no explanation as to the rationale behind this  
6 adjustment. Furthermore, the amounts are incorrect. The Excel file provided in response  
7 to PNG Set I – Nos 2, includes the tax calculations as follows:

8  
9 Current state taxes of -\$4,743 are calculated as: (\$30,102) (taxable income) \* 9.99% (state  
10 tax rate) – 1,736 (PA NOL Adjustment as calculated by the Company on Ex 7, Sch 8, p2).

11 There are several issues with this calculation:

- 12 • The \$30,102 represents the FPFTY PA NOL adjustment at *proposed rates* and not  
13 the taxable income for the FPFTY at *present rates*. The pretax amount should be  
14 the (\$17,381) noted on Company Exhibit 7, Schedule 8 page 2 which times 9.99%  
15 is (\$1,736).
- 16 • By subtracting an additional \$1,736, the PA NOL adjustment is being double  
17 counted.
- 18 • Since PA taxes are given flow through treatment, PA income tax expense should  
19 be zero as calculated by the Company in Exhibit 7.

20  
21 No. Current Federal taxes of (\$2,357) are calculated by Mr. Keller as follows: (\$3,955)  
22 (tax expense before NOL adjustment) +\$1,736 (PA NOL Adjustment as calculated by the

1 Company on Ex 7, Sch 8, p2) -\$138 (adjustment from FTY to FPFTY for EDIT  
2 amortization). Again, there are several issues with this calculation.

- 3 • It is unclear as to why Mr. Keller chose to include PA NOL in this part of the  
4 calculation. Since PA taxes are calculated separately, the PA NOL adjustment  
5 should not be a component of federal tax expense.
- 6 • The \$138 relates to the adjustment of EDIT amortization from the FTY to the  
7 FPFTY and is simply erroneous. As it relates to EDIT amortization, I&E Witness  
8 Grab, “accept[s] the Company’s claim of \$1,780,376 for the FPFTY.”
- 9 • Furthermore, federal income taxes are provided for on a normalized basis, which  
10 includes both current and deferred federal tax expense. The generation of a net  
11 operating loss, as is the case for the FPFTY at present rates, creates deferred income  
12 tax expense. Mr. Keller failed to include the \$3,345 of deferred tax expense  
13 generated by the current year NOL.

14  
15 The Company disagrees with this haphazard approach to adjusting the income tax expense  
16 at present rates and such adjustments should be denied. The Company’s income tax  
17 expense at present rates of \$12,445,156 should remain unadjusted.

### 18 19 **C. DEFERRED INCOME TAXES**

20 **Q. OCA WITNESS MUGRACE PROPOSES TO AVERAGE THE COMPANY’S**  
21 **ACCUMULATED DEFERRED INCOME TAXES (“ADIT”) FOR THE FUTURE**  
22 **TEST YEAR (“FTY”) AND FULLY PROJECTED FUTURE TEST YEAR**

1 (“FPFTY”), WHICH REDUCES THE ADIT BALANCE BY \$4,943,328. (OCA  
2 Statement No. 1, p. 12.) DO YOU AGREE WITH THIS PROPOSAL?

3 A. No. OCA witness Mugrace solely bases this recommendation on his proposal to use an  
4 average plant balance for the Company’s FPFTY. (OCA Statement No. 1, p. 12, lines 9-  
5 12.) As addressed in the rebuttal testimony of Andrew Wachter (Peoples Natural Gas  
6 Statement No. 3-R), Mr. Mugrace’s proposal to use an average plant balance for the FPFTY  
7 should be rejected. Therefore, his recommendation to average the ADIT for the FTY and  
8 FPFTY should be denied as well.

9  
10 Q. I&E WITNESS GRAB RECOMMENDS THAT THE COMPANY REFUND  
11 EXCESS ACCUMULATED DEFERRED INCOME TAXES (“EDIT”) FOR THE  
12 HISTORIC TEST YEAR AND FUTURE TEST YEAR OF \$2,729,390 BY  
13 AMORTIZING IT AS A REGULATORY LIABILITY OVER A 42-MONTH  
14 PERIOD, RESULTING IN AN ANNUAL AMORTIZATION OF \$779,826. (I&E  
15 Statement No. 3, pp. 17-18.) PLEASE RESPOND.

16 A. The Company disagrees with witness Grab’s recommendation that EDIT for the historic  
17 and future test year should be refunded to customers. There is no basis for this proposal.  
18 The Commission Docket Nos. M-2018-2641242 and R-2018-3000503 addressing tax  
19 reform did not require the retrospective refund of prior period EDIT amortization.  
20 Furthermore, deferred income taxes between rate cases are not fully reconcilable. In  
21 between rate cases the change in deferred taxes, or any other item of rate base for that  
22 matter, is not booked as a regulatory asset/liability subject to inclusion in future rates. As

1 such, excess deferred taxes are no different and future rates should not be retrospectively  
2 adjusted.

3  
4 **D. TAXES OTHER THAN INCOME**

5 **Q. OCA WITNESS MUGRACE PROPOSES SEVERAL ADJUSTMENTS TO THE**  
6 **COMPANY'S TAXES OTHER THAN INCOME. (OCA Statement No. 1, pp. 54-**  
7 **55.) WOULD YOU PLEASE SUMMARIZE THOSE ADJUSTMENTS?**

8 A. Mr. Mugrace proposes adjustments to the Company's FICA, FUTA, and SUTA taxes to  
9 reflect his recommended adjustments to labor costs, which includes his adjustments to  
10 remove: (1) costs associated with certain spot awards and APIP compensation  
11 (\$3,158,739); and (2) 50% of the Company's proposed vacancy positions (\$418,799). Mr.  
12 Mugrace applied the Company's experience factor to these payroll adjustments which  
13 generated a payroll tax adjustment of \$270,437. Mr. Mugrace also recommends that the  
14 Company's property taxes be reduced by \$47,022 to reflect changes in his recommended  
15 average plant balance. In total, his adjustments would reduce the Company's taxes other  
16 than income by \$317,459. (OCA Statement No. 1, pp. 54-55.)

17  
18 **Q. DO YOU AGREE WITH MR. MUGRACE'S PROPOSED ADJUSTMENTS?**

19 A. No. Witness Mugrace has adjusted the payroll taxes for a disallowance in APIP  
20 compensation, spot awards and 50% of the companies proposed vacancies. Although the  
21 payroll taxes are properly calculated, the adjustment to payroll taxes is based solely on Mr.  
22 Mugrace's assumption that it is proper to utilize an average increase in employees for the  
23 Company's FPPTY (by proposing to disallow costs for 50% of new hires). (OCA

1 Statement No. 1, p. 12, lines 9-12.) As addressed in the rebuttal testimony of Company  
2 witness Wachter (Peoples Natural Gas Statement No. 3-R), Mr. Mugrace's proposal to use  
3 an averaging within the FPFTY should be rejected. Therefore, his recommendation to  
4 average the payroll taxes on vacancies in the amount of \$31,643 should be denied as well.  
5 In addition to averaging the increase in new employees, Company witness Wachter does  
6 not accept the other proposed adjustments to labor including the adjustment in APIP  
7 compensation. As such, the total payroll tax adjustment of \$270,308 also should be denied.

8 The adjustment to property taxes is based solely on the assumption that it is proper  
9 to utilize an average plant balance for the Company's FPFTY. (OCA Statement No. 1, p.  
10 12, lines 9-12.) As addressed in the rebuttal testimony of Andrew Wachter (Peoples  
11 Natural Gas Statement No. 3-R), Mr. Mugrace's proposal to use an average plant balance  
12 for the FPFTY should be rejected. Therefore, his recommendation to reduce by property  
13 taxes by \$47,002 should be denied as well.

14  
15 **E. PUBLIC UTILITY REALTY TAX ("PURTA")**

16 **Q. I&E WITNESS GRAB PROPOSES TO REDUCE THE COMPANY'S**  
17 **ALLOWANCE FOR PURTA BY \$160,159. (I&E Statement No. 3, pp. 6-8.) DO**  
18 **YOU AGREE?**

19 A. The method employed by witness Grab is to calculate an allowance for PURTA using a  
20 cash basis approach, which is a reasonable method to calculate the allowance for PURTA,  
21 but is no less reasonable than that used by the company which is based on accrual  
22 accounting.

23

1 **F. CONSOLIDATED TAX ADJUSTMENT AND ACT 40 OF 2016**

2 **Q. WOULD YOU PLEASE SUMMARIZE OCA WITNESS MUGRACE'S**  
3 **ARGUMENTS AND RECOMMENDATIONS CONCERNING THE COMPANY'S**  
4 **CONSOLIDATED TAX ADJUSTMENT ("CTA") UNDER THE PROVISIONS OF**  
5 **ACT 40?**

6 A. Mr. Mugrace does not dispute the Company's calculation of a combined CTA of \$5.3  
7 million. However, Mr. Mugrace argues that Peoples has not satisfied the requirements of  
8 Section 1301.1(b) of the Public Utility Code.

9 First, Mr. Mugrace claims that the Company failed to present a "specific plan" on  
10 how 50% of the \$5.3 million revenue use differential (*i.e.*, approximately \$2.7 million) will  
11 be spent on reliability or infrastructure projects. He then recommends that the \$2.7 million  
12 should be used to offset rate base. However, if his average rate base proposal is adopted,  
13 he proposed that 50% of this \$2.7 million (*i.e.*, approximately \$1.332 million) should be  
14 deducted from rate base. (OCA Statement No. 1, pp. 64-65.)

15 Second, Mr. Mugrace argues that the Company has not proposed a "specific  
16 treatment" for how the remaining 50% of the revenue use differential (or \$2.7 million) will  
17 be used for general corporate purposes. In his opinion, "general corporate purposes" means  
18 "public utility purposes and uses that result in having some identifiable and quantifiable  
19 benefit to Pennsylvania and Peoples ratepayers." As a result, he recommends that this \$2.7  
20 million be used as a source of non-investor-supplied funding for utility working capital.  
21 However, like with his first recommendation, Mr. Mugrace proposes that this \$2.7 million  
22 adjustment to cash working capital be reduced by 50% (*i.e.*, approximately \$1.332 million)  
23 if his average rate base proposal is adopted. (OCA Statement No. 1, pp. 65-67.)

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**Q. DO MR. MUGRACE’S CLAIMS HAVE ANY MERIT?**

A. No. Act 40 added Section 1301.1 of the Public Utility Code, which provides, in pertinent part:

(b) Revenue use.--If a differential accrues to a public utility resulting from applying the ratemaking methods employed by the commission prior to the effective date of subsection (a) for ratemaking purposes, the differential shall be used as follows:

- (1) fifty percent to support reliability or infrastructure related to the rate-base eligible capital investment as determined by the commission; and
- (2) fifty percent for general corporate purposes.

66 Pa. C.S. § 1301.1(b).

I am advised by counsel that the application of statutory construction rules to the language in Section 1301.1(b) does not support Mr. Mugrace’s interpretation of this language; rather, utilities need only show that their capital expenditures and their general corporate purpose expenditures each exceed 50% of the differential in tax expense resulting from Act 40.

Here, both the Company’s capital expenditure expense and general corporate purpose expense for the fully projected future test year exceed the 50% thresholds referenced in Section 1301.1(b) by wide margins. Operating and maintenance expense in the fully projected future test year is \$194.2 million (Exhibit No, 2. Schedule No. 4) which far exceeds the \$2.7 million, which should be used for general corporate purposes.

1           Additionally, capital expenditures in the fully projected future test year of \$301.9 eclipses  
2           the \$2.7 million which should be used on infrastructure and reliability projects. Therefore,  
3           Peoples is fully entitled to recover tax expense in the manner authorized by Act 40, and no  
4           adjustment to rate base is justified. Counsel also has advised me that Section 1301.1(a)  
5           prohibits deductions of these amounts from rate base and the Commission has rejected  
6           similar adjustments proposed by the OCA in the UGI Electric rate case by Order entered  
7           October 25, 2018, at Docket No. R-2017-2640058.

8  
9   **III.   CONCLUSION**

10   **Q.    DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY AT THIS TIME?**

11   A.    Yes.



Peoples Natural Gas Company - Peoples Division  
Docket No. R-2018-3006818  
Tax Cuts and Jobs Act  
Rider TCJA Over/Under Calculation  
Interest Accrued Through October 31, 2019

	Current Period Federal Tax (Liability)	Current Period Federal Tax Refunded	Current Period Over/(Under) Difference	Cumulative (Liability) Balance	Time Factor	Actual Estimate Interest Rate (a)	Monthly Interest Rec(Pay)
January 2018	(3,621,792)		(3,621,792)	(3,621,792)	1.83	5.00%	(331,998)
February	(2,323,503)		(2,323,503)	(5,945,295)	1.75	5.00%	(203,307)
March	(2,107,221)		(2,107,221)	(8,052,516)	1.67	5.25%	(184,382)
April	(1,471,557)		(1,471,557)	(9,524,073)	1.58	5.50%	(128,148)
May	(205,479)		(205,479)	(9,729,552)	1.50	5.50%	(16,952)
June	661,959		661,959	(9,067,593)	1.42	5.50%	51,578
July	(524,260)	648,809	124,549	(8,943,044)	1.33	5.50%	9,134
August	76,284	442,963	519,247	(8,423,797)	1.25	5.50%	35,698
September	316,830	413,631	730,461	(7,693,336)	1.17	5.50%	46,871
October	220,372	699,756	920,128	(6,773,208)	1.08	5.50%	54,824
November	(2,153,294)	1,121,055	(1,032,239)	(7,805,447)	1.00	5.50%	(56,773)
December 2018	(2,879,283)	1,398,864	(1,480,419)	(9,285,865)	0.92	5.75%	(78,030)
<b>Total</b>	<b>(14,010,944)</b>	<b>4,725,079</b>	<b>(9,285,865)</b>				<b>(801,485)</b>
						<b>Peoples Over (Under) and Interest</b>	<b>(10,087,350)</b>
						<b>Equitable Over (Under) and Interest</b>	<b>(6,495,114)</b>
							<b>(16,582,464)</b>

(a) residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.)  
(b) Time factor assumes accrual of interest through October 31, 2019

January 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol47/47-50/2081.html">https://www.pabulletin.com/secure/data/vol47/47-50/2081.html</a>
February 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-3/112.html">https://www.pabulletin.com/secure/data/vol48/48-3/112.html</a>
March 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-7/250.html">https://www.pabulletin.com/secure/data/vol48/48-7/250.html</a>
April 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-11/398.html">https://www.pabulletin.com/secure/data/vol48/48-11/398.html</a>
May 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-15/567.html">https://www.pabulletin.com/secure/data/vol48/48-15/567.html</a>
June 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-20/782.html">https://www.pabulletin.com/secure/data/vol48/48-20/782.html</a>
July 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-24/924.html">https://www.pabulletin.com/secure/data/vol48/48-24/924.html</a>
August 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-29/1118.html">https://www.pabulletin.com/secure/data/vol48/48-29/1118.html</a>
September 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-33/1266.html">https://www.pabulletin.com/secure/data/vol48/48-33/1266.html</a>
October 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-37/1453.html">https://www.pabulletin.com/secure/data/vol48/48-37/1453.html</a>
November 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-42/1618.html">https://www.pabulletin.com/secure/data/vol48/48-42/1618.html</a>
December 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-46/1791.html">https://www.pabulletin.com/secure/data/vol48/48-46/1791.html</a>

Peoples Natural Gas Company - Equitable Division  
Docket No. R-2018-3006818  
Tax Cuts and Jobs Act  
Rider TCJA Over/Under Calculation  
Interest Accrued Through October 31, 2019

		Current Period Federal Tax (Liability)	Current Period Federal Tax Refunded	Current Period Over/(Under) Difference	Cumulative (Liability) Balance	Time Factor (b)	Actual Estimate Interest Rate (a)	Monthly Interest Rec(Pay)
January	2018	(3,042,447)		(3,042,447)	(3,042,447)	1.83	5.00%	(278,891)
February		(1,858,411)		(1,858,411)	(4,900,858)	1.75	5.00%	(162,611)
March		(2,307,437)		(2,307,437)	(7,208,295)	1.67	5.25%	(201,901)
April		(1,109,766)		(1,109,766)	(8,318,061)	1.58	5.50%	(96,642)
May		13,752		13,752	(8,304,309)	1.50	5.50%	1,135
June		804,691		804,691	(7,499,618)	1.42	5.50%	62,699
July		(316,344)	686,110	369,766	(7,129,852)	1.33	5.50%	27,116
August		442,619	454,992	897,611	(6,232,241)	1.25	5.50%	61,711
September		263,071	460,411	723,482	(5,508,759)	1.17	5.50%	46,423
October		(1,103,990)	737,545	(366,445)	(5,875,204)	1.08	5.50%	(21,834)
November		(1,514,778)	1,226,639	(288,139)	(6,163,344)	1.00	5.50%	(15,848)
December	2018	(1,267,910)	1,502,422	234,512	(5,928,832)	0.92	5.75%	12,361
Total		(10,996,950)	5,068,118	(5,928,832)				(566,282)
<b>Total Over (Under) and Interest</b>								<b>(6,495,114)</b>

(a) residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.)

(b) Time factor assumes accrual of interest through October 31, 2019

January 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol47/47-50/2081.html">https://www.pabulletin.com/secure/data/vol47/47-50/2081.html</a>
February 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-3/112.html">https://www.pabulletin.com/secure/data/vol48/48-3/112.html</a>
March 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-7/250.html">https://www.pabulletin.com/secure/data/vol48/48-7/250.html</a>
April 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-11/398.html">https://www.pabulletin.com/secure/data/vol48/48-11/398.html</a>
May 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-15/567.html">https://www.pabulletin.com/secure/data/vol48/48-15/567.html</a>
June 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-20/782.html">https://www.pabulletin.com/secure/data/vol48/48-20/782.html</a>
July 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-24/924.html">https://www.pabulletin.com/secure/data/vol48/48-24/924.html</a>
August 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-29/1118.html">https://www.pabulletin.com/secure/data/vol48/48-29/1118.html</a>
September 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-33/1266.html">https://www.pabulletin.com/secure/data/vol48/48-33/1266.html</a>
October 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-37/1453.html">https://www.pabulletin.com/secure/data/vol48/48-37/1453.html</a>
November 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-42/1618.html">https://www.pabulletin.com/secure/data/vol48/48-42/1618.html</a>
December 2018 Rate from PA Bulletin	<a href="https://www.pabulletin.com/secure/data/vol48/48-46/1791.html">https://www.pabulletin.com/secure/data/vol48/48-46/1791.html</a>