

Lynda W. Petrichevich
Director, Rates, Planning, and Forecasting

Peoples Service Company LLC
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March 31, 2015

MAR 31 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P. O. Box 3265
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**RE: PEOPLES NATURAL GAS COMPANY LLC – EQUITABLE DIVISION; Supplement No. 24 to
Tariff Gas – PA PUC No. 46: State Tax Adjustment Surcharge (STAS) Filing**

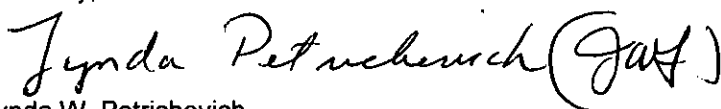
Dear Secretary Chiavetta:

Pursuant to Peoples Natural Gas Company – Equitable Division's ("Peoples- Equitable Division" or "Company") Tariff Gas – PA PUC No. 46, State Tax Adjustment Surcharge ("STAS"), enclosed is an original of Tariff Supplement No. 24 with an Effective date of April 10, 2015. This Supplement revises the STAS based on the annual recomputation required by the Company's Tariff. The revised STAS calculation results in a negative STAS of 0.82% applied to retail and transportation gas service tariff rate schedules.

Enclosed as **Exhibit A - C** is a revised calculation of the STAS. Additionally, Peoples- Equitable Division revised the denominator in the STAS calculation of this filing so that STAS applies consistently amongst both Peoples Divisions. Also enclosed is the affidavit of Joseph A. Gregorini, Vice President of Rates and Regulatory Affairs, certifying that Peoples- Equitable Division has posted Supplement No. 24 on its webpage in accordance with the Commission's Secretarial Letter of March 30, 1998.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions regarding this filing.

Sincerely,



Lynda W. Petrichevich
Director, Rates, Planning, and Forecasting

Enclosure

AFFIDAVIT

I, Joseph A. Gregorini, in my capacity as Vice President, Rates and Regulatory Affairs, of Peoples Natural Gas Company– Equitable Division, certify that Peoples- Equitable Division has posted Supplement No. 24 to Tariff Gas-PA PUC No. 46 on its Web Page in accordance with the Commission's Secretarial Letter of March 30, 1998. I understand that any statements in this Affidavit are subject to the penalties set forth in 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).



Joseph A. Gregorini

DATED: March 31, 2015

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

SUPPLEMENT NO. 24
TO

GAS - PA. P.U.C. NO. 46

Peoples Natural Gas Company LLC
EQUITABLE Division

RATES and RULES

FOR

GAS SERVICE IN

CITY OF PITTSBURGH

AND TERRITORY ADJACENT THERETO

(For Lists of Communities Served, see Page No. 4)

State Tax Adjustment Surcharge Recalculation

ISSUED: March 31, 2015

EFFECTIVE: April 10, 2015

By: Morgan K. O'Brien
President

Peoples Natural Gas Company, LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

LIST OF CHANGES MADE BY THIS TARIFF SUPPLEMENT

	<u>Current</u>	<u>Proposed</u>	<u>Increase (Decrease)</u>
State Tax Adjustment Surcharge	-1.02%	-0.82%	0.20%

STATE TAX ADJUSTMENT SURCHARGE

There shall be added to or subtracted from each gas bill, under tariff rate schedules RS, GSS, GSL, FDS, GDS, DDS, and GL, (0.82)% of the bills as otherwise computed in accordance with the Company's tariff. (I)

The above surcharge will be recomputed, using the elements prescribed by the Commission in accordance with the Commission's State Tax Adjustment Procedure at 52 Pa. Code Section 69.51 et seq.

The above recalculation will be submitted to the Commission within 10 days after the occurrence of the event or date which occasions such recomputation. If the recomputed surcharge is less than the one in effect, the Company will, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing. If the recomputed surcharge is more than the one then in effect the Company may submit with such recomputation a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after filing.

(I Indicates Increase.

PEOPLES NATURAL GAS COMPANY LLC
EQUITABLE DIVISION
Calculation Of Rider A - State Tax Adjustment Surcharge

Current Period - Incremental Change in PA Taxes:

(1) Incremental Change in Capital Stock Tax Liability (Exhibit A)	\$ (413,961)
(2) Incremental Change in PURTA Tax Liability (Exhibit A)	\$ (455,635)
Total Current Period - Incremental Increase (Decrease) in PA Taxes	\$ (869,596)

Prior Period (Over) / Under Collections (Exhibit B)	\$ 84,945
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Total Tax Changes and (Over) / Under Collections	\$ (784,651)
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Rider A - Computation - State Tax Surcharge

Incremental Change in PA Taxes (Above)	\$ (784,651)
Delivery Fee Revenues - 4/1/2015 through 3/31/2016 (Exhibit C)	\$ 95,518,027
Rider A - State Tax Surcharge (Effective 4/10/2015)	-0.82%

**PEOPLES NATURAL GAS COMPANY LLC
EQUITABLE DIVISION
Incremental Change in PA Taxes**

EXHIBIT A

Incremental Change in Capital Stock Tax:

	A	B	C	D=A*B*C
Time Period	Base Millage	Capital Stock Tax Value	# of Months Effective	Capital Stock Tax
1/ Base Rate Case - 2008	0.00289	\$ 154,690,657		\$ 447,056
2/ 4/1/2015 through 12/31/2015	0.00045	\$ 98,059,523	9/12	\$ 33,095
2/ 1/1/2016 through 3/31/2016	0	\$ 98,059,523	3/12	\$ -
				<u>\$ 33,095</u>
Incremental Increase / (Decrease) in Capital Stock Tax				\$ (413,961) -----> \$ (413,961)

Legislative Change in PURTA Liability:

	A	B	C	D=A*B*C
Time Period	State Taxable Value	PURTA Rate	# of Months Effective	PURTA Liability
1/ Base Rate Case - 2008				\$ 519,193
3/ 4/1/2015 through 12/31/2015	\$ 1,960,158	0.0324251	9/12	\$ 47,669
3/ 1/1/2016 through 3/31/2016	\$ 1,960,158	0.0324251	3/12	\$ 15,890
				<u>\$ 63,558</u>
Incremental Increase / (Decrease) in PURTA				\$ (455,635) -----> \$ (455,635)

1/ Reflects the as-filed tax liability in Peoples- Equitable Division's last rate case at Docket No. R-008-2029325. All issues in this case were resolved through a black-box settlement.

2/ Capital Stock Tax Value for current period is based on the most recent valuation (2013).

3/ Taxable value and PURTA rate are based on the August 11, 2014 PURTA Notice for tax year 2013.

EQUITABLE DIVISION

Calculation of (Over) Under Collection of State Tax Adjustment Surcharge

I. Actual STAS Revenue

2014 April		\$	(27,967)	
May		\$	(81,609)	
June		\$	(54,663)	
July		\$	(44,321)	
August		\$	(44,559)	
September		\$	(44,501)	
October		\$	(55,394)	
November		\$	(111,368)	
December		\$	(220,043)	
2015 January		\$	(276,156)	
February		\$	(298,599)	
March	<- Estimate	\$	(148,999)	
Total STAS Revenue Collected		\$	(1,408,181)	\$ (1,408,181)

II. Calculated Taxes

1) Prior Period (Over) Under Amounts included in STAS effective Month 4/10/2014 (4/2014 to 3/2015) -----> \$ (474,903)

2) Capital Stock - Increase (Decrease)

Time Period	A Base Millage	B Capital Stock Tax Value	C # of Days Effective	D=A*B*C Capital Stock Tax	
1/ Base Rate Case - 2008	0.00289	\$ 154,690,657		\$ 447,056	
				\$ 447,056	
2/ 4/1/2014 through 12/31/2014	0.00067	\$ 98,059,523	275/365	\$ 49,365	
2/ 1/1/2015 through 3/31/2015	0.00045	\$ 98,059,523	90/365	\$ 10,851	
				\$ 60,216	
Incremental Increase / (Decrease) in Capital Stock Tax				\$ (386,840)	\$ (386,840)

3) PURTA - Increase (Decrease)

Time Period	A State Taxable Value	B PURTA Rate	C # of Days Effective	D=A*B*C PURTA Liability	
1/ Base Rate Case - 2008				\$ 519,193	
				\$ 519,193	
3/ 4/1/2014 through 12/31/2014	\$ 1,784,374	0.0324251	275/365	\$ 43,473	
3/ 1/1/2015 through 3/31/2015	\$ 1,784,374	0.0324251	90/365	\$ 14,228	
				\$ 57,700	
Incremental Increase / (Decrease) in PURTA				\$ (461,493)	\$ (461,493)

Total Calculated Taxes

\$ (1,323,236)

III. Prior Period (Over) Under Collections (Part II - Part I)

\$ 84,945

1/ Reflects the as-filed tax liability in Peoples - Equitable Division's last rate case at Docket No. R-2008-2029325. All issues in this case were resolved through a black-box settlement.

2/ Capital Stock Tax Value for current period is based on the most recent valuation (2013).

3/ Taxable value and PURTA rate are based on the August 11, 2014 PURTA Notice for tax year 2013, adjusted for removal of EQT assets not transferred in the sale of Equitable Gas Company.

**PEOPLES NATURAL GAS COMPANY LLC
EQUITABLE DIVISION
Projected Non-Gas Revenues**

EXHIBIT C

Non Gas Rev	Projected Year
Retail	
Residential	65,145,618
GSS	1,917,881
GSL	582,793
Total	<u>67,646,292</u>
Transport	
Residential FDS	4,338,063
GDS	23,533,673
Total	<u>27,871,736</u>
Grand Total	95,518,027

(1) The specific reasons for each increase or decrease.

This filing proposes an increase in the State Tax Surcharge as a result of changes in the taxable values and tax rates for the Capital Stock Tax and Public Utility Realty Tax.

- (2) The operating income statement of the utility for a 12-month period, the end of which shall not be more than 120 days prior to such filing.

**Peoples Natural Gas Company LLC
Equitable Division
Statement of Income
For the Period Ending December 31, 2014**

<u>Operating Revenues</u>	
Total Operating Revenues	\$ 364,674,407
<u>Operating Expenses</u>	
Total Operating Expenses	\$ 296,256,824
Net Utility Operating Income	\$ 68,417,583
Total Other Income and Deductions	\$ 265,228
Interest Charges	\$ 17,072,256
Income Before Extraordinary Items	\$ 51,610,555

- (3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

Sales Customers as of December 31, 2014

Residential	228,470
Commercial	14,227
Industrial	48
Total	<hr/> 242,745

Transport Customers as of December 31, 2014

Residential	16,562
Commercial	3,279
Industrial	88
Total	<hr/> 19,929

- (4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.

Sales Customers

Residential	\$	260,488
GSS	\$	54,893
GSL	\$	25,565
Total	\$	<u>340,946</u>

Transport Customers

FDS	\$	15,714
GDS	\$	54,070
Total	\$	<u>69,784</u>

This tariff supplement, which will result in the above increase will be in effect April 10, 2015.

(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

None.

(6) A calculation of the total decreased, in dollars, by tariff subdivision, projected to an annual basis.

None.