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April 6, 2018

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**RE: RIEMER NATURAL GAS LLC RESPONSE TO DATA REQUESTS
REGARDING THE TAX CUTS AND JOBS ACT OF 2017
DOCKET NO. M-2018-2641242**

Dear Secretary Chiavetta:

Enclosed on behalf of Riemer Natural Gas LLC are the data requests regarding the impact of the Tax Cuts and Jobs Act of 2017.

If you have any questions, please do not hesitate to contact me.

Regards,

James L. Crist, P.E.

Riemer Natural Gas Responses

1. How does the reduction in the corporate Federal Income Tax rate from 35% to 21% affect your federal tax obligations for calendar year 2018 and subsequent tax years? Please quantify your response as to the effect on both current and deferred tax obligations.

Response:

Riemer Natural Gas (“Riemer”) is an LLC and not subject to the corporate Federal Income Tax rate as its earning flow to the sold shareholder and company President, Andrew Smith. Although it is impossible to predict at this point what the profitability and the impact of the TCJA individual tax rate changes will be in 2018 it is not likely to be significant.

2. If a reduced tax obligation is passed through to ratepayers, explain the methodology to be used to compute the reduction, the rate mechanism to accomplish the reduction, and the allocation among customer classes.

Response:

Federal Income Tax expenses are recovered in base rates and must be recovered through a base rate case process. It is uncertain if Riemer would realize any reduced tax obligation and if so it is unlikely that any reduction would be minor in comparison to the cost of conducting a base rate case, which is currently not contemplated by Riemer.

3. If any of the potential tax savings from the reduced federal corporate tax rate can be used for purposes other than to reduce customer rates, provide details on how and where those tax savings can be used.

Response:

As the Riemer distribution system is relatively old with several areas in need of repair any tax savings would first be applied to increased distribution system repair.

4. Does the company have any Net Operating Losses (NOL) as of 12/31/17? Please quantify the impact of the Tax Cuts and Jobs Act (TCJA).

Response:

Financial statements ending 12/31/17 do not show a net operating loss. There would not be any substantial impact of the TCJA.

5. Does the company have any Deferred Tax Liabilities as of 12/31/17? Please quantify the impact of the Tax Cuts and Jobs Act (TCJA).

Response:

Riemer has no deferred tax liabilities. The impact of TCJA is insignificant.

6. Are there any impacts on riders/surcharges resultant from the TCJA? If so, please explain.

Response:

Riemer has no riders/surcharges resultant from the TCJA.

7. Are there any other changes made in the TCJA that will impact the company? If so, please explain.

Response:

There are no other changes made in the TCJA that will impact Riemer.

8. What test year should be used to quantify the new the 21% federal corporate tax rate to be effective 1/1/18?

Response:

Riemer anticipates no impact of the TCJA in 2018. If the Commission mandated that Riemer submit a base rate filing, the test year should be based upon a projected twelve-month period starting with the anticipated effective date of the change in rates.

9. Please provide the following information regarding your last Commission approved rate case:

- a. Docket Number
- b. Date filed
- c. Approved Rate of Return
- d. Approved Increase in Annual Revenues
- e. Allocation of Approved Increase Among Major Customer Classes
- f. Effective Date of new rates

Response:

- a. R-2012-2302261 for the Herman Riemer Gas Company
- b. April 30, 2012
- c. Black box settlement
- d. \$205,000
- e. Details on the distribution of the increase are not available
- f. May 1, 2013

As explained in the data request responses presented in Attachment B, there are no significant changes in financial position due to the TCJA, therefore the tables of Attachment C are not provided.