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File #: 173191

August 17, 2021

***VIA ELECTRONIC FILING***

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

**Re: Petition of National Fuel Gas Distribution Corporation To Establish A Mechanism To Distribute The Tax Savings Associated With Tax Cuts and Jobs Act of 2017 For The Period Between October 1, 2017, and June 30, 2018  
Docket No. P-2021-3025909**

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Dear Secretary Chiavetta:

Attached for filing on behalf of National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) are three revised appendices to the Petition of National Fuel Gas Distribution Corporation To Establish A Mechanism To Distribute The Tax Savings Associated With Tax Cuts and Jobs Act of 2017 For The Period Between October 1, 2017, and June 30, 2018 (“Petition”) filed with the Pennsylvania Public Utility Commission (“Commission”) at Docket No. P-2021-3025909 on May 17, 2021. Therein, Distribution proposed to begin to distribute the tax savings associated with the Tax Cuts and Jobs Act of 2017 (“TCJA”) for the “stub period” of October 1, 2017 through June 30, 2018 (“2018 Stub Period”) on October 1, 2021. Distribution further proposed to revise its existing TCJA surcharge mechanism to provide for the distribution of these savings from October 1, 2021 through September 30, 2022. The Petition is uncontested; however, the Commission’s Bureau of Technical Utility Services (“TUS”) served certain data requests on the Company on August 5, 2020.

Based upon feedback received from TUS, the Company herein proposes to revise Appendices C, D and E to the original Petition. The revised appendices update the Company’s calculation of interest associated with the amounts to be refunded under the TCJA surcharge proposed in the Petition. Appendix C (Revised) is a revised version of the proposed TCJA Temporary Surcharge attached as Appendix C to the original Petition. It reflects the revised refund rates effective October 1, 2021, for each service class. Appendix D (Revised) provides a revised page 2 to

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original Appendix D to the Petition, which shows how the interest amount, as revised, is being calculated. In addition, Appendix E (Revised) provides a revised calculation of the refund for the twelve months ended September 2019 and the associated interest.

The revised appendices make the calculation of interest associated with the TCJA surcharge consistent with how interest is calculated for over- or under-collections by utilities, including the Company, for other surcharges. In addition, the revisions make the calculation of interest under the TCJA surcharge consistent with the Company's other TCJA reconciliation filings. The effect of these revisions set forth in revised Appendices C through E is that the interest included in the amounts to be refunded under the TRCJA surcharge increases from \$433,897 to \$676,916 and the total refund under the surcharge increases from \$3,563,311 to \$3,806,329.

Distribution respectfully requests that the Commission accept these revised appendices, and approve the Petition consistent with the revisions contained therein. In addition, Distribution respectfully reiterates its request that the Commission approve the distribution of tax savings associated with the 2018 Stub Period, including accrued interest and consistent with the revisions reflected in these revised appendices, at or before its public meeting scheduled for August 26, 2021.

Please contact the undersigned counsel if you have any questions related to this filing.

Respectfully submitted,



Anthony D. Kanagy

ADK/kl  
Attachments

cc: Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Garrett P. Lent

Date: August 17, 2021

# **Amended Appendix C**

## TCJA TEMPORARY SURCHARGE

To implement the effects of the Tax Cuts and Jobs Act (TCJA), on March 15, 2018 the Pennsylvania Public Utility Commission (Commission) issued a Temporary Rates Order at Docket No. M-2018-2641242 directing the utility to file its current base rates and riders as temporary rates, pursuant to Section 1310(d) of the Public Utility Code. 66 Pa. C.S. § 1310(d). Subsequently, on May 17, 2018, the Commission entered Orders in the above case and at Docket No. R-2018-3000527 superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge will apply as a credit to all customer bills at an equal percentage of non-gas revenue among the various customer classes, exclusive of STAS and automatic adjustment clause revenues, for bills rendered for intrastate service on and after October 1, 2021. The credit will be applied on a per Mcf basis, by service class, as indicated in the table below. The total credits provided to customers through this negative surcharge will be reconciled with actual differences in federal income tax expense of a pre- and post-TCJA basis and will remain in place until the Company files and the Commission approves new base rates for the utility pursuant to Section 1308(d) that include the effects of the TCJA tax rate changes. Interest on over or under collections shall be computed monthly at the 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.) from the month that the over or under collection occurs to the mid-point of the recovery period. Upon determination that the negative surcharge, if left unchanged, would result in a material over or under collection, the Company may file with the Commission, on at least 10 days' notice, for an interim revision of the TCJA Temporary Surcharge. The TCJA Temporary Surcharge will be filed with the Commission by September 1 of each year to become effective the following October 1, reflecting estimated TCJA savings for the fiscal year. The stub period 9ME June 2018 refund rate will expire September 30, 2022.

Service Class	Refund Rate Effective 10/1/20	12ME 9/2020 Recon. Rate Effective 10/1/21	9ME 6/2018 Refund Rate Effective 10/1/21	Total Rate
Sales & SATC	\$/Mcf			
Residential (RSS & LIRA)	(\$0.14764)	\$0.05089	(\$0.13293)	(\$0.22968)
Small Comm./Public Authority < 250	(\$0.17013)	\$0.05864	(\$0.15318)	(\$0.26467)
Small Comm./Public Authority > 250	(\$0.09442)	\$0.03254	(\$0.08502)	(\$0.14690)
Large Comm./Public Authority	(\$0.08830)	\$0.03043	(\$0.07950)	(\$0.13737)
Small Volume Industrial Service	(\$0.18090)	\$0.06235	(\$0.16288)	(\$0.28143)
Inter. Vol. Industrial Service	(\$0.17651)	\$0.06084	(\$0.15892)	(\$0.27459)
MMT & DMT	\$/Mcf			
Residential	(\$0.11447)	\$0.03946	(\$0.10307)	(\$0.17808)
Small Comm./Public Authority < 250	(\$0.15661)	\$0.05398	(\$0.14100)	(\$0.24363)
Small Comm./Public Authority > 250	(\$0.09165)	\$0.03159	(\$0.08252)	(\$0.14258)
Large Comm./Public Authority	(\$0.06278)	\$0.02164	(\$0.05652)	(\$0.09766)
Small Volume Industrial Service	(\$0.13718)	\$0.04728	(\$0.12351)	(\$0.21341)
Inter. Vol. Industrial Service	(\$0.04932)	\$0.01700	(\$0.04441)	(\$0.07673)
Large Volume Industrial Service	(\$0.03881)	\$0.01338	(\$0.03494)	(\$0.06037)
Large Industrial Service	(\$0.01683)	\$0.00580	(\$0.01515)	(\$0.02618)

Issued:

Effective:

# **Amended Appendix D**

National Fuel Gas Distribution Corporation  
 Pennsylvania Division  
 Effect of Tax Cuts and Jobs Act (TCJA) on Rates  
 Calculation of Over/Undercollection of Refund and Interest  
 Nine Months Ended June 30, 2018

If NFG has not filed a Section 1308(d) general base rate case within three years of the 5/17/18 order (i.e. **5/17/21**), the **Company must file a petition** to propose how to distribute the funds in the regulatory liability account established for the nine months ending June 2018. (R-2018-3000527 5/17/18 Order, Page 4, Paragraph 3)

	1	2	3	4=1+2+3	5	6		7=4*(5*6)
Month	Revenue Requirement	ARAM	Unprotected	Tax savings	Monthly Interest	Interest Weight		Interest
Oct - 2017	(\$130,370.47)	(\$101,043.47)	\$126,606.61	(\$104,807.33)	5.00%	54	/ 12	\$ (23,581.65)
Nov	(\$255,949.27)	(\$101,043.47)	\$126,606.61	(\$230,386.13)	5.00%	53	/ 12	\$ (50,876.94)
Dec	(\$442,566.66)	(\$101,043.47)	\$126,606.61	(\$417,003.52)	5.25%	52	/ 12	\$ (94,868.30)
Jan - 2018	(\$648,313.90)	(\$101,043.47)	\$126,606.61	(\$622,750.76)	5.00%	51	/ 12	\$ (132,334.54)
Feb	(\$551,780.04)	(\$101,043.47)	\$126,606.61	(\$526,216.90)	5.00%	50	/ 12	\$ (109,628.52)
Mar	(\$466,230.17)	(\$101,043.47)	\$126,606.61	(\$440,667.03)	5.25%	49	/ 12	\$ (94,467.99)
Apr	(\$461,291.06)	(\$101,043.47)	\$126,606.61	(\$435,727.92)	5.50%	48	/ 12	\$ (95,860.14)
May	(\$268,886.80)	(\$101,043.47)	\$126,606.61	(\$243,323.66)	5.50%	47	/ 12	\$ (52,415.97)
Jun	(\$134,093.24)	(\$101,043.47)	\$126,606.61	(\$108,530.10)	5.50%	46	/ 12	\$ (22,881.76)
Total	\$ (3,359,482)	\$ (909,391)	\$ 1,139,459	(\$3,129,413.35)				\$ (676,915.82)

# **Amended Appendix E**

National Fuel Gas Distribution Corporation  
 Pennsylvania Division  
 Effect of Tax Cuts and Jobs Act (TCJA) on Rates  
 Nine Months Ended June 30, 2018

Over/(Under) Refund - Twelve Months Ended September 2019	\$ (3,129,413)	(Workpaper D)
Interest (Expense)/Income	\$ (676,916)	(Workpaper D)
Total Amount to Surcharge/(Refund) to Customers	\$ (3,806,329)	
Total Non-Gas Revenues	\$ 114,213,305	

Percentage of Non-Gas Revenue -3.33%

<u>Service Class</u>	(1) <u>Non-Gas Revenues</u>	(2) <u>% of Total</u>	(3) <u>Allocation of Revenue Excess</u>	(4) <u>Normalized Volumes (Mcf)</u>	(5) = (3) / (4) <u>Surcharge Rate (\$/Mcf)</u>	(6) = (3) / (1) <u>% of Non-Gas Revenues</u>
RESIDENTIAL	\$ 65,858,906			16,406,502		
LIRA	\$ 3,375,775			896,539		
RESIDENTIAL SATC	\$ 10,449,818			2,674,253		
	<u>\$ 79,684,499</u>	69.77%	\$ (2,655,605)	<u>19,977,294</u>	\$ (0.13293)	-3.33%
SMALL CPA LE 250	\$ 3,579,953			777,007		
SMALL CPA LE 250 SATC	\$ 575,191			127,008		
	<u>\$ 4,155,144</u>	3.64%	\$ (138,476)	<u>904,015</u>	\$ (0.15318)	-3.33%
SMALL CPA GT 250	\$ 2,923,234			1,133,005		
SMALL CPA GT 250 SATC	\$ 656,392			270,223		
	<u>\$ 3,579,626</u>	3.13%	\$ (119,296)	<u>1,403,228</u>	\$ (0.08502)	-3.33%
LARGE CPA	\$ 2,009,605			839,231		
LARGE CPA SATC	\$ 210,048			91,224		
	<u>\$ 2,219,653</u>	1.94%	\$ (73,973)	<u>930,455</u>	\$ (0.07950)	-3.33%
SVIS	\$ 115,092			19,027		
SVIS SATC	\$ 39,188			12,540		
	<u>\$ 154,280</u>	0.14%	\$ (5,142)	<u>31,567</u>	\$ (0.16288)	-3.33%
IVIS	\$ 187,439			36,677		
IVIS SATC	\$ 20,829			6,997		
	<u>\$ 208,268</u>	0.18%	\$ (6,941)	<u>43,674</u>	\$ (0.15892)	-3.33%
RESIDENTIAL TRANS	\$ 302,927	0.27%	\$ (10,095)	97,948	\$ (0.10307)	-3.33%
SMALL CPA LE 250 TRANS	\$ 389,351	0.34%	\$ (12,976)	92,024	\$ (0.14100)	-3.33%
SMALL CPA GT 250 TRANS	\$ 1,395,923	1.22%	\$ (46,521)	563,747	\$ (0.08252)	-3.33%
LARGE CPA TRANS	\$ 10,632,500	9.31%	\$ (354,344)	6,269,142	\$ (0.05652)	-3.33%
SVIS TRANS	\$ 67,135	0.06%	\$ (2,237)	18,115	\$ (0.12351)	-3.33%
IVIS TRANS	\$ 4,473,186	3.92%	\$ (149,076)	3,357,008	\$ (0.04441)	-3.33%
LVIS TRANS	\$ 2,913,708	2.55%	\$ (97,104)	2,778,844	\$ (0.03494)	-3.33%
LIS TRANS	\$ 4,037,105	3.53%	\$ (134,543)	8,878,311	\$ (0.01515)	-3.33%
<b>TOTAL</b>	<u><u>\$ 114,213,305</u></u>	<u>100.00%</u>	<u>\$ (3,806,329)</u>	<u>45,345,372</u>		-3.33%