
Nicholas A. Stobbe

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File #: 189859

April 4, 2022

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: Peoples Gas Company LLC's Petition for Approval to Distribute to Customers the Net Savings Associated with its Excess Accumulated Deferred Income Taxes for the January 1, 2018, to December 31, 2021, Period
Docket No. P-2022-3031235**

Dear Secretary Chiavetta:

Attached are the Responses to Nos. 4, 5, 7, and 9 filed on behalf of Peoples Gas Company LLC to the Data Requests of the Bureau of Technical Utility Services in the above-referenced proceeding. Copies will be provided per the Certificate of Service.

Respectfully submitted,



Nicholas A. Stobbe

NAS/kl
Attachments

cc: Marc Hoffer – TUS (via email - mhoffer@pa.gov)
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).

VIA E-MAIL

Steven C. Gray, Esquire
Office of Small Business Advocate
Forum Place – 1st floor
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Patrick M. Cicero, Esquire
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Richard A. Kanaskie, Esquire
Bureau of Investigation &, Enforcement
Commonwealth Keystone Building
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PO Box 3265
Harrisburg, PA 17105-3265
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Date: April 4, 2022

Nicholas A. Stobbe

Docket No. P-2022-3031235
Peoples Gas Company LLC
Data Request

Respondent: Andrew P. Wachter

TUS - 4 Provide a detailed explanation, including workpapers, for the calculations provided in Exhibit 1.

Response: Please refer to the attachment provided electronically. Below is a more detailed explanation of the exhibit:

- Page 1 – provides a summary of the existing rate before (-8.5353%) and after (-11.4253%) the additional refund of \$939,925.
- Page 2 – provides the detail breakdown of the four components of the \$939,925 refund: (1) a refund of Excess Accumulative Deferred Income Taxes (“EADIT”), (2) the rate base offset resulting from refunding EADIT, (3) the gross up of the refund to account for the tax benefit associated with providing a refund; and (4) the interest associated with the net refund provided by the above three items.
- Page 3 – provides the detailed calculation of the various adjustments mentioned in the Page 2 description.
 - Column 1 – represents the monthly amortization of EADIT as calculated by the Company’s tax system.
 - Column 2 – represents the Accumulated Deferred Income Taxes (“ADIT”) as included in the Company’s original TCJA filings.
 - Column 3 – represents the ADIT adjusted to properly reflect ADIT in TCJA filings. As a result of undertaking a detailed review of its annual TCJA surcharge calculations the Company discovered that it must correct its treatment of ADIT since the inception of the Company’s TCJA Rider. The rate base offset used in the TCJA calculation needs to be cumulative in order to conform to tax normalization requirements, as explained in the IRS guidance set forth in PLR-101169-21.
 - Column 4 – calculates the adjustment necessary to correct ADIT by taking the difference between Column 3 and Column 2.
 - Column 5 – represents the accumulation of the EADIT amortization in Column 1.
 - Column 6 – represents the annual return as utilized in the Company’s TCJA filings divided by 12 to derive the monthly return.
 - Column 7 – calculates the rate base offset by applying the return in Column 5 times the sum of Column 4 and Column 5.

- Column 8 – calculates the total amount to refund to customers by summing Column 1 and Column 7.
- Column 9 – represents the factor necessary to “gross up” the refund of taxes to account for the tax benefit the Company will achieve by refunding money to customers.
- Column 10 – calculates the sum of Column 8 and Column 9.
- Column 11 – represents the Annual Interest rate as utilized the Company’s TCJA filings.
- Column 12 – represents Column 11 divided by 12 to derive a monthly interest rate.
- Column 13 – represents the numbers of months from the date of occurrence to the mid-point of the refund period.
- Column 14 – calculates interest by multiplying Column 10, Column 12 and Column 13.
- Column 15 – calculates the total refund due to customers by adding Column 10 and Column 14.

Peoples Gas Company LLC
 TCJA EADIT Petition
 Rate Calculation

Line No.		Existing Rate Calculation	Adjustment	Revised Rate Calculation
1	Earnings Excess (See December 1, 2021 Filing)	\$ 3,641,824		
2	Complement of Tax Rate	0.711079		
3	Revenue Excess (Line 1 / Line 2)	\$ 5,121,546	\$ 939,923	
4	Less: Projected July 2018 - December 2021 over(under) difference	\$ 3,355,066		
5	Subtotal	\$ 1,766,480	\$ 939,923	
6	Jan - June 2018 Stub Period Refund	\$ 3,785,468	\$ -	
7	Total over(under)	\$ 5,551,948	\$ 939,923	
8	Commission Allowed Revenues	\$ 65,046,689 (1)	\$ 32,523,345 (2)	
9	Percent Increase (Decrease)	-8.5353%	-2.8900%	-11.4253%
		<i>Rate effective January 1, 2022</i>	<i>see Exhibit 1, page 2</i>	<i>Proposed Rate effective July 1, 2022</i>

Notes

(1) - estimated annual revenues

(2) - estimated revenues for the period of July 1, 2022 through December 31, 2022

**Peoples Gas Company LLC
TCJA EADIT Petition
Summary of Adjustments**

**Exhibit No. 1
Page 2 of 3**

Line No.	Item	Amount	Support	Description
1	EADIT	\$ (1,389,926)	see page 3, column (1)	EADIT Amortization - Jan. 1, 2018 to Dec. 31, 2021
2	Less: EADIT Rate Base Offset	837,851	see page 3, column (7)	Cumulative Impact of Deferred Taxes
3	Gross Up	(224,312)	see page 3, column (8)	Adjustment to refund revenue
4	Plus: Interest	(163,536)	see page 3, column (14)	Regulatory Interest
5	Amount to be refunded	<u>\$ (939,923)</u>		

Peoples Gas Company LLC
TCJA EADIT Petition
Detailed Calculations

Exhibit No. 1
Page 3 of 3

Month	Monthly EADIT Amortization (1)	ADIT - included in TCJA Filings (2)	ADIT - revised to be cumulative (3)	Cumulative Difference (4)=(3)-(2)	Cumulative EADIT Amortization (5)	Monthly Return (6)	Rate Base Offset (7)=[(4)+(5)]*(6)	Total to Recover (Refund) (8)=(1)+(7)	Complement Tax Rate (9)	Refund Amount (10)=(8)/(9)	Annual Interest Rate (11)	Monthly Interest Rate (12)=(11)/12	Months to the Midpoint (13)	Interest (14)=(10)*(12)	Total Refund (15)=(10)+(14)
Jan-18	\$ (27,437)	\$ 1,158,000	\$ 1,158,000	\$ -	\$ 27,437	0.69%	\$ 189	\$ (27,248)	0.711079	\$ (38,319)	5.00%	0.42%	57	(9,101)	\$ (47,420)
Feb-18	(27,437)	1,158,000	1,158,000	-	54,874	0.69%	377	(27,060)	0.711079	(38,055)	5.00%	0.42%	56	(8,880)	(46,935)
Mar-18	(27,437)	1,158,000	1,158,000	-	82,311	0.69%	566	(26,871)	0.711079	(37,789)	5.25%	0.44%	55	(9,093)	(46,882)
Apr-18	(27,437)	1,158,000	1,158,000	-	109,748	0.69%	755	(26,682)	0.711079	(37,523)	5.50%	0.46%	54	(9,287)	(46,810)
May-18	(27,437)	1,158,000	1,158,000	-	137,185	0.69%	943	(26,494)	0.711079	(37,259)	5.50%	0.46%	53	(9,051)	(46,310)
Jun-18	(27,437)	1,158,000	1,158,000	-	164,623	0.69%	1,132	(26,305)	0.711079	(36,993)	5.50%	0.46%	52	(8,817)	(45,810)
Jul-18	(27,437)	1,158,000	1,158,000	-	192,060	0.69%	1,320	(26,117)	0.711079	(36,729)	5.50%	0.46%	51	(8,585)	(45,314)
Aug-18	(27,437)	1,158,000	1,158,000	-	219,497	0.69%	1,509	(25,928)	0.711079	(36,463)	5.50%	0.46%	50	(8,356)	(44,819)
Sep-18	(27,437)	1,158,000	1,158,000	-	246,934	0.69%	1,698	(25,739)	0.711079	(36,197)	5.50%	0.46%	49	(8,129)	(44,326)
Oct-18	(27,437)	1,158,000	1,158,000	-	274,371	0.69%	1,886	(25,551)	0.711079	(35,933)	5.50%	0.46%	48	(7,905)	(43,838)
Nov-18	(27,437)	1,158,000	1,158,000	-	301,808	0.69%	2,075	(25,362)	0.711079	(35,667)	5.50%	0.46%	47	(7,683)	(43,350)
Dec-18	(27,437)	1,158,000	1,158,000	-	329,245	0.69%	2,264	(25,173)	0.711079	(35,401)	5.75%	0.48%	46	(7,803)	(43,204)
Jan-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	359,983	0.61%	9,196	(21,542)	0.711079	(30,295)	5.75%	0.48%	45	(6,532)	(36,827)
Feb-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	390,722	0.61%	9,383	(21,355)	0.711079	(30,032)	5.50%	0.46%	44	(6,056)	(36,088)
Mar-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	421,460	0.61%	9,569	(21,169)	0.711079	(29,771)	5.25%	0.44%	43	(5,601)	(35,372)
Apr-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	452,198	0.61%	9,755	(20,983)	0.711079	(29,509)	5.25%	0.44%	42	(5,422)	(34,931)
May-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	482,936	0.61%	9,941	(20,797)	0.711079	(29,247)	5.25%	0.44%	41	(5,246)	(34,493)
Jun-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	513,675	0.61%	10,128	(20,610)	0.711079	(28,984)	5.25%	0.44%	40	(5,072)	(34,056)
Jul-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	544,413	0.61%	10,314	(20,424)	0.711079	(28,723)	5.00%	0.42%	39	(4,667)	(33,390)
Aug-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	575,151	0.61%	10,500	(20,238)	0.711079	(28,461)	4.75%	0.40%	38	(4,281)	(32,742)
Sep-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	605,889	0.61%	10,686	(20,052)	0.711079	(28,200)	4.75%	0.40%	37	(4,130)	(32,330)
Oct-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	636,628	0.61%	10,872	(19,866)	0.711079	(27,938)	4.50%	0.38%	36	(3,772)	(31,710)
Nov-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	667,366	0.61%	11,059	(19,679)	0.711079	(27,675)	4.50%	0.38%	35	(3,632)	(31,307)
Dec-19	(30,738)	1,238,000	2,396,000	\$ 1,158,000	698,104	0.61%	11,245	(19,493)	0.711079	(27,414)	4.50%	0.38%	34	(3,495)	(30,909)
Jan-20	(32,350)	1,563,333	3,959,333	\$ 2,396,000	730,454	0.70%	21,755	(10,595)	0.711079	(14,900)	4.50%	0.38%	33	(1,844)	(16,744)
Feb-20	(32,350)	1,563,333	3,959,333	\$ 2,396,000	762,805	0.70%	21,980	(10,370)	0.711079	(14,584)	4.50%	0.38%	32	(1,750)	(16,334)
Mar-20	(28,998)	1,563,333	3,959,333	\$ 2,396,000	791,802	0.70%	22,182	(6,816)	0.711079	(9,585)	4.50%	0.38%	31	(1,114)	(10,699)
Apr-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	817,447	0.70%	22,360	(3,285)	0.711079	(4,619)	4.25%	0.35%	30	(491)	(5,110)
May-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	843,092	0.70%	22,539	(3,106)	0.711079	(4,368)	3.75%	0.31%	29	(396)	(4,764)
Jun-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	868,737	0.70%	22,717	(2,928)	0.711079	(4,117)	3.50%	0.29%	28	(336)	(4,453)
Jul-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	894,381	0.70%	22,896	(2,749)	0.711079	(3,866)	3.50%	0.29%	27	(304)	(4,170)
Aug-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	920,026	0.70%	23,074	(2,571)	0.711079	(3,615)	3.75%	0.31%	26	(294)	(3,909)
Sep-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	945,671	0.70%	23,252	(2,393)	0.711079	(3,365)	3.50%	0.29%	25	(245)	(3,610)
Oct-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	971,316	0.70%	23,431	(2,214)	0.711079	(3,113)	3.50%	0.29%	24	(218)	(3,331)
Nov-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	996,960	0.70%	23,609	(2,036)	0.711079	(2,863)	3.50%	0.29%	23	(192)	(3,055)
Dec-20	(25,645)	1,563,333	3,959,333	\$ 2,396,000	1,022,605	0.70%	23,788	(1,857)	0.711079	(2,611)	3.75%	0.31%	22	(180)	(2,791)
Jan-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,053,215	0.69%	34,419	3,809	0.711079	5,357	3.75%	0.31%	21	352	5,709
Feb-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,083,825	0.69%	34,630	4,020	0.711079	5,653	3.75%	0.31%	20	353	6,006
Mar-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,114,435	0.69%	34,840	4,230	0.711079	5,949	4.00%	0.33%	19	377	6,326
Apr-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,145,045	0.69%	35,050	4,440	0.711079	6,244	4.25%	0.35%	18	398	6,642
May-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,175,655	0.69%	35,260	4,650	0.711079	6,539	4.50%	0.38%	17	417	6,956
Jun-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,206,266	0.69%	35,470	4,860	0.711079	6,835	4.50%	0.38%	16	410	7,245
Jul-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,236,876	0.69%	35,681	5,071	0.711079	7,131	4.50%	0.38%	15	401	7,532
Aug-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,267,486	0.69%	35,891	5,281	0.711079	7,427	4.50%	0.38%	14	390	7,817
Sep-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,298,096	0.69%	36,101	5,491	0.711079	7,722	4.25%	0.35%	13	356	8,078
Oct-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,328,706	0.69%	36,311	5,701	0.711079	8,017	4.25%	0.35%	12	341	8,358
Nov-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,359,316	0.69%	36,521	5,911	0.711079	8,313	4.25%	0.35%	11	324	8,637
Dec-21	(30,610)	1,537,697	5,497,031	\$ 3,959,333	1,389,926	0.69%	36,732	6,122	0.711079	8,609	4.25%	0.35%	10	305	8,914
	\$ (1,389,926)						\$ 837,851	\$ (552,075)	\$ (224,312)	\$ (776,387)				\$ (163,536)	\$ (939,923)

EADIT Balances

	Protected	Unprotected	TOTAL	Amortization Reg Liab	Amortized Protected
12/31/2017	(8,084,310)	(1,333,675)	(9,417,985)		
12/31/2018	(8,083,025)	(1,005,714)	(9,088,739)	(329,246)	(1,284)
12/31/2019	(8,011,900)	(707,979)	(8,719,879)	(698,106)	(71,125)
3/16/2020	(7,987,876)	(651,127)	(8,639,003)	(778,983)	(24,024)
12/31/2020	(7,922,977)	(471,955)	(8,394,932)	(1,023,053)	(64,454)
12/31/2021	(7,835,069)	(192,543)	(8,027,612)	(1,390,373)	(87,908)
					<u>(248,795)</u>

Source: Tax Department-PowerTax system calculation

**Amortized
Unprotected**

**Monthly
Amortization**

(327,961) \$ (27,437)

(297,734) \$ (30,738)

(56,852) \$ (32,350)

(179,171) \$ (25,645)

(279,413) \$ (30,610)

(1,141,131)

Support

Line No.	Change in ADIT - Rate Base Offset			Rate of Return	
	Originally Filed	Revised	Difference		
1	2018 \$	1,158,000 \$	1,158,000 \$	-	8.25%
2	2019 \$	1,238,000 \$	2,396,000 \$	\$ 1,158,000	7.27%
3	2020 \$	1,563,333 \$	3,959,333 \$	\$ 2,396,000	8.35%
4	2021 \$	1,537,697 \$	5,497,031 \$	\$ 3,959,333	8.24%
5	2022 \$	1,593,114 \$	7,090,145 \$	\$ 5,497,031	7.36%

see formulas

see formulas

Peoples Gas Company LLC
 Effect of Tax Cuts and Jobs Act (TCJA) on Rates
 Amounts in Thousands

Attachm

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>
Federal- Current (Page 1, Column 6, Line 23)	\$ 4,673
Federal- Deferred	\$ 2,895
 <u>Less: Post TCJA Taxes</u>	
Federal- Current (Page 1, Column 6, Line 24)	\$ 2,804
Federal- Deferred	\$ 1,737
Effect of TCJA On Income (A)	\$ 1,869
Change in ADIT	\$ 1,158 (a)
Commission Approved Rate of Return	8.25% (b)
Effect of ADIT Change on Income (B)	\$ 96
Earnings Excess (Line A - Line B)	\$ 1,774
Complement of Tax Rate	0.711079
Revenue Excess	\$ 2,494
Commission Allowed Revenues	\$ 93,509 (c)
Percent Increase (Decrease) Per Bill	-2.6676%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2018.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/17) was utilized.

(c) Represents proforma revenues for the twelve months ended September 30, 2018 as derived in the September 30, 2017 Quarterly Earnings Report.

\$ 1,158,000 *See right*
8.25% *See right*

Peoples Gas Company LLC
 Effect of Tax Cuts and Jobs Act (TCJA) on Rates
 Amounts in Thousands

Jan 1, 2019 Revised Calculation

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>		<u>Revised Calculation</u>	
Federal- Current (Page 1, Line 23)	\$	3,667.107	\$	3,667.107
Federal- Deferred	\$	3,095.000	\$	3,095.000
 <u>Less: Post TCJA Taxes</u>				
Federal- Current (Page 1, Line 24)	\$	2,200.264	\$	2,200.264
Federal- Deferred	\$	1,857.000	\$	1,857.000
Effect of TCJA On Income (A)	\$	2,704.843	\$	2,704.843
Change in ADIT	\$	1,238.000 (a)	\$	2,396.000
Comission Approved Rate of Return		7.27% (b)		7.27%
Effect of ADIT Change on Income (B)	\$	90.003	\$	174.189
Earnings Excess (Line A - Line B)	\$	2,614.840	\$	2,530.654
Complement of Tax Rate		0.711079		0.711079
Revenue Excess	\$	3,677.285	\$	3,558.892
Less: Projected July 2018 - December 2018 over(under) difference	\$	635.723	\$	635.723
	\$	<u>3,041.562</u>	\$	<u>2,923.169</u>
Commission Allowed Revenues	\$	61,892.681	\$	61,892.681
Percent Increase (Decrease)		-4.9143%		-4.7230%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2019.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/18) was utilized.

Peoples Gas Company LLC

Effect of Tax Cuts and Jobs Act (TCJA) on Rates

Amounts in Thousands

Jan 1, 2020 Revised Calculation

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>		<u>Revised Calculation</u>	
Federal- Current (Page 1, Line 23)	\$	5,310.926	\$	5,310.926
Federal- Deferred	\$	3,908.333	\$	3,908.333
<u>Less: Post TCJA Taxes</u>				
Federal- Current (Page 1, Line 24)	\$	3,186.556	\$	3,186.556
Federal- Deferred	\$	2,345.000	\$	2,345.000
Effect of TCJA On Income (A)	\$	3,687.704	\$	3,687.704
Change in ADIT	\$	1,563.333 (a)	\$	3,959.333
Comission Approved Rate of Return		8.35% (b)		8.35%
Effect of ADIT Change on Income (B)	\$	130.538	\$	330.604
Earnings Excess (Line A - Line B)	\$	3,557.165	\$	3,357.099
Complement of Tax Rate		0.711079		0.711079
Revenue Excess	\$	5,002.490	\$	4,721.134
Less: Projected July 2018 - December 2018 over(under) difference	\$	(939.640)	\$	(939.640)
	\$	5,942.130	\$	5,660.775
Commission Allowed Revenues	\$	64,818.985	\$	61,892.681
Percent Increase (Decrease)		-9.1673%		-9.1461%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2020.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/19) was utilized.

Peoples Gas Company LLC

Effect of Tax Cuts and Jobs Act (TCJA) on Rates

Page 2

Amounts in Thousands

Jan 1, 2021 Revised Calculation

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>	
Federal- Current (Page 1, Line 23)	\$	6,504.275
Federal- Deferred	\$	3,844.243
<u>Less: Post TCJA Taxes</u>		
Federal- Current (Page 1, Line 24)	\$	3,902.565
Federal- Deferred	\$	2,306.546
Effect of TCJA On Income (A)	\$	4,139.407
Change in ADIT	\$	1,537.697 (a)
Commission Approved Rate of Return		8.24% (b)
Effect of ADIT Change on Income (B)	\$	126.719
Earnings Excess (Line A - Line B)	\$	4,012.689
Complement of Tax Rate		0.711079
Revenue Excess	\$	5,643.098
Less: Projected July 2018 - December 2020 over(under) difference	\$	633.255
	\$	<u>5,009.843</u>
Commission Allowed Revenues	\$	66,833.294
Percent Increase (Decrease)		-7.4960%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 202:

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return earnings report (9/30/20) was utilized.

Peoples Gas Company LLC

Effect of Tax Cuts and Jobs Act (TCJA) on Rates

Amounts in Thousands

Jan 1, 2022 Revised Calculation

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>	
Federal- Current (Page 1, Line 23)	\$	5,415.038
Federal- Deferred	\$	3,982.785
<u>Less: Post TCJA Taxes</u>		
Federal- Current (Page 1, Line 24)	\$	3,249.023
Federal- Deferred	\$	2,389.671
Effect of TCJA On Income (A)	\$	3,759.129
Change in ADIT	\$	1,593.114 (a)
Commission Approved Rate of Return		7.36% (b)
Effect of ADIT Change on Income (B)	\$	117.305
Earnings Excess (Line A - Line B)	\$	3,641.824
Complement of Tax Rate		0.711079
Revenue Excess	\$	5,121.546
Less: Projected July 2018 - December 2021 over(under) difference	\$	3,355.066
	\$	1,766.480
Jan - June 2018 Stub Period Refund	\$	3,785.468
Total over(under)	\$	5,551.948
Commission Allowed Revenues	\$	65,046.689
Percent Increase (Decrease)		-8.5353%

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2021.
 (b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return earnings report (9/30/21) was utilized.

(c) As approved by the PUC in Final Order entered on November 18, 2021 in Docket No. P-2021-3025898

Docket No. P-2022-3031235
Peoples Gas Company LLC
Data Request

Respondent: Andrew P. Wachter

TUS - 5 Reference page 3 of Exhibit 1. Provide detailed calculations and supporting documentation, including workpapers, for the calculation of columns 1 and 2 (Monthly EADIT Amortization and ADIT – Included in TCJA Filings).

Response: Please refer to the response to TUS-4 for the support for this information as contained within that Excel workpaper. The Column 1 information is the monthly EADIT amortization as calculated by our tax system. The Column 2 ADIT information is also included in that same workpaper. The original TCJA filings are also attached to this response.



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Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
717-731-1985 Direct Fax
File #: 144101

June 4, 2018

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: Tax Cuts and Jobs Act
Peoples Gas Company LLC
Docket No. R-2018-3000502**

Dear Secretary Chiavetta:

Enclosed for filing is the Petition for Reconsideration of Order Entered May 17, 2018 in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Sincerely,

A handwritten signature in black ink that reads "Michael W. Hassell". The signature is written in a cursive, flowing style.

Michael W. Hassell

MWH/jl
Enclosures

cc: Certificate of Service
Paul T. Diskin

CERTIFICATE OF SERVICE

Docket No. R-2018-3000502

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).

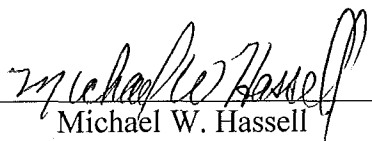
VIA E-MAIL & FIRST CLASS MAIL

John R. Evans
Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Tanya J. McCloskey Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Richard A. Kanaskie Esquire
Director and Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: June 4, 2018


Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Tax Cuts and Jobs Act : Docket No. R-2018-3000502
Peoples Gas Company LLC :

**PETITION FOR RECONSIDERATION
OF ORDER ENTERED MAY 17, 2018**

Peoples Gas Company LLC (“Peoples Gas”), by its counsel, hereby petitions the Pennsylvania Public Utility Commission (“Commission”), pursuant to 52 Pa. Code § 5.572, to reconsider its Order entered on May 17, 2018, in the above-captioned docket (the “Order”), to recalculate the surcharge rate to be effective July 1, 2018, from -2.6676% to -6.6820%. In support of this Petition for Reconsideration (“Petition”), Peoples Gas represents as follows:

I. BACKGROUND AND EXPLANATION OF PROPOSED REVISIONS TO ORDER

1. By Secretarial Letter dated February 12, 2018, at Docket Number M-2018-2641242, the Commission directed Peoples Gas and other major jurisdiction utilities to file certain data concerning the effects of the Tax Cuts and Jobs Act (“TCJA”) on each company.

2. On March 9, 2018, Peoples Gas filed the required information and completed Attachment C of the Secretarial Letter, including a calculation of a negative surcharge to be applied to customer bills in accordance with the formula set forth in Attachment C. This filing by Peoples Gas indicated a negative surcharge of -2.6676%. (Attached hereto as Appendix A).

3. On further review of the calculations contained in the Attachment C filed on March 9, 2018, Peoples Gas believes that the calculations contained therein do not fully reflect the tax reductions intended by the Commission and improperly calculate the negative surcharge.

4. In its Order entered May 17, 2018 at Docket No. M-2018-2641242 (the “Compliance Order”), the Commission stated that if a utility had an objection to its individual

order on the basis of accuracy of the computation, the utility should file a petition for reconsideration to allow Commission staff to review and address computation errors.

5. With regard to the reductions in taxes to be reflected in the surcharge, the formula used reflects the reduction in current income tax payments under the TCJA of \$1,869,000 (\$4,673,000 -\$2,804,000). Although the Attachment C originally filed by Peoples Gas also shows the reduction in taxes for the annual provision for deferred income taxes of \$1,158,000 (\$2,895,000 - \$1,737,000), the formula and the Peoples Gas filing do not reflect this reduction to the annual provision for deferred taxes in the calculation of the negative surcharge.¹ (See Appendix “A”).

6. In addition, the Attachment C formula circulated by the Commission calculates the negative surcharge by dividing the net reduction by “Commission Allowed Revenues.” In its original filing on March 9, 2018, Peoples Gas interpreted this term as to include revenues for recovery of purchased gas costs. On further review, Peoples Gas believes that using this divisor would inappropriately shift reductions to sales customers. Further in the Order, the Commission directed that the negative surcharge be applied to customer bills “exclusive of STAS and automatic adjustment clause revenues.” Accordingly, Peoples Gas believes that the appropriate divisor to calculate the negative surcharge should be distribution revenues excluding DSIC and other automatic surcharge revenues.² This negative surcharge would be appropriately applied to distribution rates prospectively. The revised calculation produces a negative surcharge of -6.6820%. (Attached as Appendix “B”). The annual reduction in revenues under the revised

¹ The annual provision for deferred income taxes is accumulated and deducted from rate base in base rate proceedings as accumulated deferred income taxes. Therefore, the reduced provision of annual deferred income taxes will result in a higher rate base in the future.

² It is not appropriate to apply the negative surcharge to DSIC revenues since the DSIC will be calculated at the lower tax rates.

negative surcharge is \$4,123,000, as compared to \$2,494,000, under the March 9, 2018 Peoples Gas filing.

7. Ordering Paragraph number 5 of the Order requires:

“That the Respondent will establish a ‘deferred regulatory liability’ account, if it has not already done so, to record on its books the tax savings associated with the TCJA for the January 1, 2018, through June 30, 2018 time period.”

Peoples Gas notes, however, that the form of tariff supplement attached to the Commission’s Order provides that the negative surcharge is to be applied on a “bills rendered” basis on and after July 1, 2018. Bills rendered in July 2018 will contain substantial charges for service in June 2018. Accordingly, any deferral should reflect only tax reductions for service to customers on and after January 1, 2018 (the effective date of the TCJA) and the beginning of the service period for each billing cycle billed in July 2018.

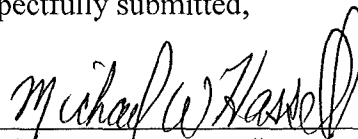
II. REQUEST FOR RELIEF

8. Peoples Gas requests that the Commission reconsider its order of May 17, 2018 at R-2018-3000502, and revise such Order to provide that:

- a) Peoples Gas’ negative surcharge to reflect the effects of this TCJA shall be -6.6820% as calculated in Appendix “B” to this Petition; and

- b) Peoples Gas shall record a regulatory liability on its books to reflect the effects of the TCJA for service rendered on and after January 1, 2018 until the beginning of each service period for each billing cycle billed in July 2018.

Respectfully submitted,



Michael W. Gang (ID # 25670)
Michael W. Hassell (ID # 34851)
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Phone: 717-731-1970
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William H. Roberts II (ID # 54724)
Peoples Natural Gas Company LLC
225 North Shore Drive
Pittsburgh, PA 15212
Phone: 412-208-6527
Phone: 412-208-6834
Fax: 412-208-6575
E-mail: WilliamH.RobertsII@peoples-gas.com

Of Counsel:

Post & Schell, P.C.

Date: June 4, 2018

Attorneys for Peoples Gas Company LLC

APPENDIX A
Original Filing
March 9, 2018

Peoples Gas Company LLC
Calculation of State and Federal Income Taxes
Amounts in Thousands

Line No.	DESCRIPTION	Last Commission Approved		Actual Results 9/30/17	Ratemaking Adjustments	Proposed Adjusted 9/30/18
		Rate Case				
1	Operating Revenues		\$	84,504	\$ 9,005	\$ 93,509
2	Less: O&M Expenses			49,873	5,841	55,714
3	Book Depreciation			9,370	554	9,924
4	Interest Expense			4,739	92	4,831
5	Operating Income before Taxes Total	\$	-	\$ 20,522	\$ 2,518	\$ 23,040
6	Add: Premature Property Losses/ Amortizations		\$	-	-	-
7	Depr- Straight Line- Remaining Life (Incl COR)			9,370	554	9,924
8	Taxable Meals & Entertainment			49	-	49
9	Total	\$	-	\$ 9,419	\$ 554	\$ 9,973
	Deduct					
10	Tax Depreciation		\$	16,262	\$ 1,467	\$ 17,729 (a)
11	MACRS On Post 1986 Assets			-	-	-
12	Cost of Removal			484	145	629
13	Total	\$	-	\$ 16,746	\$ 1,612	\$ 18,358
14	State Taxable Income	\$	-	\$ 13,195	\$ 1,460	\$ 14,655
15	State Income At:					
16	Historic, Future and Fully Projected At 9.99%	\$	-	\$ 1,318	\$ 146	\$ 1,464
17	Taxable Income after State Income Tax		-	11,877	1,314	13,191
18	Add: Cost Of Removal Non Adr Property			291	(130)	161 (b)
19	ACRS On Post 1980 Assets		-	-	-	-
20	MACRS On Post 1980 Assets- State			-	-	-
21	Deduct: SLRL On Post 1980 Assets & Amortization			-	-	-
22	Income Subject To Federal Income Tax	\$	-	\$ 12,168	\$ 1,184	\$ 13,352
23	Federal Income Tax at 35%	\$	-	\$ 4,259	\$ 414	\$ 4,673
24	Federal Income Tax at 21%	\$	-	\$ 2,555	\$ 249	\$ 2,804

Notes:

(a) Includes all adjustments made on a regulatory basis to derive state taxable income.

(b) Includes all adjustments made on a regulatory basis to state taxable income in order to derive Federal taxable income.

Peoples Gas Company LLC
Effect of Tax Cuts and Jobs Act (TCJA) on Rates
Amounts in Thousands

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>
Federal- Current (Page 1, Column 6, Line 23)	\$ 4,673
Federal- Deferred	\$ 2,895
 <u>Less: Post TCJA Taxes</u>	
Federal- Current (Page 1, Column 6, Line 24)	\$ 2,804
Federal- Deferred	\$ 1,737
Effect of TCJA On Income (A)	\$ 1,869
Change in ADIT	\$ 1,158 (a)
Comission Approved Rate of Return	8.25% (b)
Effect of ADIT Change on Income (B)	\$ 96
Earnings Excess (Line A - Line B)	\$ 1,774
Complement of Tax Rate	0.711079
Revenue Excess	\$ 2,494
Commission Allowed Revenues	\$ 93,509 (c)
Percent Increase (Decrease) Per Bill	-2.6676%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2018.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/17) was utilized.

(c) Represents proforma revenues for the twelve months ended September 30, 2018 as derived in the September 30, 2017 Quarterly Earnings Report.

APPENDIX B
Updated Filing
June 4, 2018

Peoples Gas Company LLC
Calculation of State and Federal Income Taxes
Amounts in Thousands

Line No.	DESCRIPTION	Last Commission Approved		Actual Results 9/30/17	Ratemaking Adjustments	Proposed Adjusted 9/30/18
		Rate Case				
1	Operating Revenues		\$	84,504	\$ 9,005	\$ 93,509
2	Less: O&M Expenses			49,873	5,841	55,714
3	Book Depreciation			9,370	554	9,924
4	Interest Expense			4,739	92	4,831
5	Operating Income before Taxes Total	\$	-	\$ 20,522	\$ 2,518	\$ 23,040
6	Add: Premature Property Losses/ Amortizations		-	\$ -	-	\$ -
7	Depr- Straight Line- Remaining Life (Incl COR)			9,370	554	9,924
8	Taxable Meals & Entertainment			49	-	49
9	Total	\$	-	\$ 9,419	\$ 554	\$ 9,973
	Deduct					
10	Tax Depreciation		\$	16,262	\$ 1,467	\$ 17,729 (a)
11	MACRS On Post 1986 Assets			-	-	-
12	Cost of Removal			484	145	629
13	Total	\$	-	\$ 16,746	\$ 1,612	\$ 18,358
14	State Taxable Income	\$	-	\$ 13,195	\$ 1,460	\$ 14,655
15	State Income At:					
16	Historic, Future and Fully Projected At 9.99%	\$	-	\$ 1,318	\$ 146	\$ 1,464
17	Taxable Income after State Income Tax		-	11,877	1,314	13,191
18	Add: Cost Of Removal Non Adr Property			291	(130)	161 (b)
19	ACRS On Post 1980 Assets		-	-	-	-
20	MACRS On Post 1980 Assets- State			-	-	-
21	Deduct: SLRL On Post 1980 Assets & Amortization			-	-	-
22	Income Subject To Federal Income Tax	\$	-	\$ 12,168	\$ 1,184	\$ 13,352
23	Federal Income Tax at 35%	\$	-	\$ 4,259	\$ 414	\$ 4,673
24	Federal Income Tax at 21%	\$	-	\$ 2,555	\$ 249	\$ 2,804

Notes:

(a) Includes all adjustments made on a regulatory basis to derive state taxable income.

(b) Includes all adjustments made on a regulatory basis to state taxable income in order to derive Federal taxable income.

Peoples Gas Company LLC
Effect of Tax Cuts and Jobs Act (TCJA) on Rates
Amounts in Thousands

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>
Federal- Current (Page 1, Column 6, Line 23)	\$ 4,673
Federal- Deferred	\$ 2,895
<u>Less: Post TCJA Taxes</u>	
Federal- Current (Page 1, Column 6, Line 24)	\$ 2,804
Federal- Deferred	\$ 1,737
Effect of TCJA On Income (A)	\$ 3,027
Change in ADIT	\$ 1,158 (a)
Comission Approved Rate of Return	8.25% (b)
Effect of ADIT Change on Income (B)	\$ 96
Earnings Excess (Line A - Line B)	\$ 2,932
Complement of Tax Rate	0.711079
Revenue Excess	\$ 4,123
Commission Allowed Revenues	\$ 61,702 (c)
Percent Increase (Decrease) Per Bill	-6.6820%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2018.

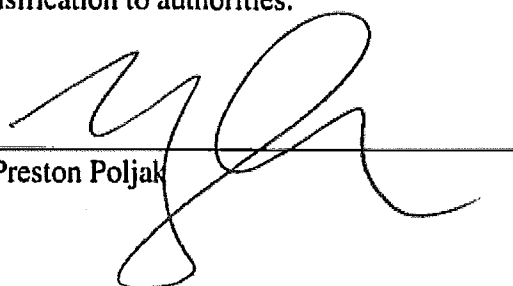
(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/17) was utilized.

(c) See petition

VERIFICATION

I, Preston Poljak, being the Chief Financial Officer at Peoples Gas Company LLC, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect Peoples Gas Company LLC to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: June 4, 2018


Preston Poljak



375 North Shore Drive
Pittsburgh, PA 15212

Andrew P. Wachter
Director, Finance and Regulation

PNG Companies LLC
Phone: 412-208-6593
Email: Andrew.Wachter@peoples-gas.com

November 30, 2018

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: Peoples Gas Company LLC
Tax Cut and Jobs Act (TCJA) Annual Filing
Supplement No. 59 to Tariff Gas – PA PUC No. 8**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Peoples Gas Company LLC (“Peoples Gas”) is Supplement No. 59 to Peoples Gas’ Tariff Gas – PA PUC No. 8, which has an effective date of January 1, 2019 and associated work papers. As required in the tariff, Supplement No. 59 updates Peoples Gas’ TCJA rate based upon the over/under collection of this Rider since its inception and revises the projected annual impact of tax reform.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "A.P. Wachter", with a long horizontal flourish extending to the right.

Andrew P. Wachter

Enclosure

SUPPLEMENT NO. 59
TO
TARIFF GAS - PA PUC NO. 8

PEOPLES GAS COMPANY LLC

RATES, RULES AND REGULATIONS
FOR NATURAL GAS SERVICE
IN TERRITORY DESCRIBED HEREIN

ISSUED: November 30, 2018

EFFECTIVE: January 1, 2019

TCJA Surcharge Rate Update

ISSUED BY:

PRESTON D. POLJAK
SR. VICE PRESIDENT – CHIEF FINANCIAL OFFICER
PEOPLES GAS COMPANY LLC
205 NORTH MAIN STREET
BUTLER, PENNSYLVANIA 16001

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 59
TO
TARIFF GAS – PA PUC NO. 8
FIFTY-SECOND REVISED PAGE NO.1
CANCELING FIFTY-FIRST REVISED PAGE NO.1

LIST OF CHANGES MADE BY THIS TARIFF

<u>Tariff Rate Schedule & Rates</u>	<u>Current Rates</u>	<u>Increase/(Decrease)</u>	<u>Proposed Rates</u>
Rider TCJA	(6.6820%)	1.7677%	(4.9143%)

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 59 TO GAS—PA PUC NO. 8
FORTY-SECOND REVISED PAGE NO. 12
CANCELLING FORTY-FIRST REVISED PAGE NO. 12

TCJA	Rider PGC - Gas Cost Charges			Base Rate Charges (4)	Rider STA (5)	Rider MFC (6)	Rider USP (7)	Rider GPC (8)	Rider ARC Rate Credit (9)	Rider Supplier Choice (10)	Rider DSIC (11)	Rider TCJA (12)	Bill Display Total Rate (13=SUM 1 to 12)
	Demand/Capacity	GCA	Commodity										
	(1)	(2)	(3)										
Residential - Sales													
Customer Charge				\$ 15.7500					\$ -	\$ 0.0003	\$ -	\$ (0.7740)	\$ 14.9763
Demand/Capacity	\$ 0.8546					\$ 0.0171					\$ -		\$ 0.8717
PTC - Commodity Charge		\$ 0.1915	\$ 2.7856			\$ 0.0595		\$ 0.1400			\$ -		\$ 3.1766
Delivery Charge				\$ 6.7743	\$ 0.0055		\$ 0.7519		\$ -		\$ -	\$ (0.3329)	\$ 7.1988
Total per MCF													\$ 11.2471
SGS - Sales													
Customer Charge													
0 to 499 MCF/Yr				\$ 35.0000					\$ -	\$ 0.0003	\$ -	\$ (1.7200)	\$ 33.2803
500 to 999 MCF/Yr				\$ 65.0000					\$ -	\$ 0.0003	\$ -	\$ (3.1943)	\$ 61.8060
Demand/Capacity 1/	\$ 0.3847										\$ -	\$ -	\$ 0.3847
Price-to-Compare Charge 1/	\$ 0.4699	\$ 0.1915	\$ 2.7856			\$ 0.0157		\$ 0.1400			\$ -		\$ 3.6027
Delivery Charge				\$ 5.1008	\$ 0.0055				\$ -		\$ -	\$ (0.2507)	\$ 4.8556
Total per MCF													\$ 8.8430
MGS - Sales													
Customer Charge													
1,000 to 2,499 MCF/Yr				\$ 75.0000					\$ -		\$ -	\$ (3.6857)	\$ 71.3143
2,500 to 24,999 MCF/Yr				\$ 175.0000					\$ -		\$ -	\$ (8.6000)	\$ 166.4000
Demand/Capacity 1/	\$ 0.2955					\$ -					\$ -	\$ -	\$ 0.2955
Price-to-Compare Charge 1/	\$ 0.5591	\$ 0.1915	\$ 2.7856			\$ -		\$ 0.1400			\$ -		\$ 3.6762
Delivery Charge				\$ 4.8604	\$ 0.0055				\$ -		\$ -	\$ (0.2389)	\$ 4.6270
Total per MCF													\$ 8.5987
LGS - Sales < 100,000 Mcf/yr													
Customer Charge													
25,000 to 49,999 MCF/Yr				\$ 800.0000							\$ -	\$ (39.3144)	\$ 760.6856
50,000 to 99,999 MCF/Yr				\$ 1,500.0000							\$ -	\$ (73.7145)	\$ 1,426.2855
Demand/Capacity 1/	\$ 0.2490					\$ -					\$ -	\$ -	\$ 0.2490
Price-to-Compare Charge 1/	\$ 0.6056	\$ 0.1915	\$ 2.7856			\$ -		\$ 0.1400			\$ -		\$ 3.7227
Delivery Charge				\$ 3.7500	\$ 0.0055				\$ -		\$ -	\$ (0.1843)	\$ 3.5712
Total per MCF													\$ 7.5429
LGS - Sales > 100,000 Mcf/yr													
Customer Charge													
100,000 to 199,999 MCF/Yr				\$ 5,000.0000							\$ -	\$ (245.7150)	\$ 4,754.2850
Over 200,000 MCF/Yr				\$ 7,500.0000							\$ -	\$ (368.5725)	\$ 7,131.4275
Demand/Capacity 1/	\$ 0.2490					\$ -					\$ -	\$ -	\$ 0.2490
Price-to-Compare Charge 1/	\$ 0.6056	\$ 0.1915	\$ 2.7856			\$ -		\$ 0.1400			\$ -		\$ 3.7227
Delivery Charge				\$ 0.9988	\$ 0.0055				\$ -		\$ -	\$ (0.0491)	\$ 0.9552
Total per MCF													\$ 4.9269

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Demand/Capacity charge. See the Residential - Sales section above as an example of Priority One.

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 59 TO GAS—PA PUC NO. 8
THIRTY-FOURTH REVISED PAGE NO. 13
CANCELLING THIRTY-THIRD REVISED PAGE NO. 13

TCJA	Base Rate Charges	Rider STA	Rider USR	Rider PGC Capacity	BB&A	Rider ARC Rate Credit	Rider Supplier Choice	Rider DSIC	Rider TCJA	Bill Display Total Rate	Retainage Charge
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10=SUM 1 to 9)	
Rate RS-T (Transportation Service)											
Customer Charge	\$ 15.7500					\$ -	\$ 0.0003	\$ -	\$ (0.7740)	\$ 14.9763	
Demand/Capacity				\$ 0.8546						\$ 0.8546	
Delivery Charge	\$ 6.7743	\$ 0.0055	\$ 0.7519			\$ -		\$ -	\$ (0.3329)	\$ 7.1988	5.4%
Total per MCF										\$ 8.0534	
Rate SGS-T (Transportation Service)											
Customer Charge											
0 to 499 MCF/Yr	\$ 35.0000					\$ -	\$ 0.0003	\$ -	\$ (1.7200)	\$ 33.2803	
500 to 999 MCF/Yr	\$ 65.0000					\$ -	\$ 0.0003	\$ -	\$ (3.1943)	\$ 61.8060	
BB&A 1/				\$ 0.3847						\$ 0.3847	
Delivery Charge	\$ 5.1008	\$ 0.0055				\$ -		\$ -	\$ (0.2507)	\$ 4.8556	5.4%
Total per MCF										\$ 5.2403	
Rate MGS-T (Transportation Service)											
Customer Charge											
1,000 to 2,499 MCF/Yr	\$ 75.0000					\$ -		\$ -	\$ (3.6857)	\$ 71.3143	
2,500 to 24,999 MCF/Yr	\$ 175.0000					\$ -		\$ -	\$ (8.6000)	\$ 166.4000	
BB&A 1/				\$ 0.2955						\$ 0.2955	
Delivery Charge	\$ 4.8604	\$ 0.0055				\$ -		\$ -	\$ (0.2389)	\$ 4.6270	5.4%
Total per MCF										\$ 4.9225	
Rate LGS-T (Transportation Service)											
Customer Charge											
25,000 to 49,999 MCF/Yr	\$ 800.0000							\$ -	\$ (39.3144)	\$ 760.6856	
50,000 to 99,999 MCF/Yr	\$ 1,500.0000							\$ -	\$ (73.7145)	\$ 1,426.2855	
BB&A 1/				\$ 0.2490						\$ 0.2490	
Delivery Charge	\$ 3.7500	\$ 0.0055						\$ -	\$ (0.1843)	\$ 3.5712	5.4%
Total per MCF										\$ 3.8202	
Rate LGS-T (Transportation Service)											
Customer Charge											
100,000 to 199,999 MCF/Yr	\$ 5,000.0000							\$ -	\$ (245.7150)	\$ 4,754.2850	
Over 200,000 MCF/Yr	\$ 7,500.0000							\$ -	\$ (368.5725)	\$ 7,131.4275	
BB&A				\$ 0.2490						\$ 0.2490	
Delivery Charge	\$ 0.9988	\$ 0.0055						\$ -	\$ (0.0491)	\$ 0.9552	5.4%
Total per MCF										\$ 1.2042	

1/ The Demand/Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.

Rider TCJA – 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 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge of 4.9143% will apply as a credit for intrastate service to all customer bills rendered on and after January 1, 2019. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues. (I)

This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility 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 December 1 of each year to become effective the following January 1.

(I) - Indicates Increase

Peoples Gas Company LLC
Calculation of State and Federal Income Taxes
Amounts in Thousands

Line No.	DESCRIPTION	Projected Annual Impact (c)
1	Operating Revenues	\$ 89,265
2	Plus: Annual TCJA Refund at Current Rate	\$ 3,803
3	Less: O&M Expenses	57,848
4	Book Depreciation	10,145
5	Interest Expense	4,668
6	Operating Income before Taxes Total	\$ 20,407
7	Add: Premature Property Losses/ Amortizations	\$ -
8	Depr- Straight Line- Remaining Life (Incl COR)	10,145
9	Taxable Meals & Entertainment	58
10	Total	\$ 10,203
11	Deduct	
12	Tax Depreciation	\$ 18,525 (a)
13	MACRS On Post 1986 Assets	-
14	Cost of Removal	598
15	Total	\$ 19,123
16	State Taxable Income	\$ 11,487
17	State Income At:	
18	Historic, Future and Fully Projected At 9.99%	\$ 1,148
19	Taxable Income after State Income Tax	10,339
20	Add: Cost Of Removal Non Adr Property	138 (b)
21	ACRS On Post 1980 Assets	-
22	MACRS On Post 1980 Assets- State	-
23	Deduct: SLRL On Post 1980 Assets & Amortization	-
24	Income Subject To Federal Income Tax	\$ 10,477
25	Federal Income Tax at 35%	\$ 3,667
26	Federal Income Tax at 21%	\$ 2,200

- Notes:**
- (a) Includes all adjustments made on a regulatory basis to derive state taxable income.
 - (b) Includes all adjustments made on a regulatory basis to state taxable income in order to derive Federal taxable income.
 - (c) Represents the proforma results from the 9/30/18 Earnings Reports.

Peoples Gas Company LLC
Effect of Tax Cuts and Jobs Act (TCJA) on Rates
Amounts in Thousands

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>	
Federal- Current (Page 1, Line 23)	\$	3,667
Federal- Deferred	\$	3,095
<u>Less: Post TCJA Taxes</u>		
Federal- Current (Page 1, Line 24)	\$	2,200
Federal- Deferred	\$	1,857
Effect of TCJA On Income (A)	\$	2,705
Change in ADIT	\$	1,238 (a)
Commission Approved Rate of Return		7.27% (b)
Effect of ADIT Change on Income (B)	\$	90
Earnings Excess (Line A - Line B)	\$	2,615
Complement of Tax Rate		0.711079
Revenue Excess	\$	3,677
Less: Projected July 2018 - December 2018 over(under) difference	\$	636
	\$	<u>3,042</u>
Commission Allowed Revenues	\$	61,893
Percent Increase (Decrease)		-4.9143%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2019.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/18) was utilized.

Peoples Gas Company LLC
TCJA Reconciliation

		Current Period Federal Tax <u>(Liability) (a)</u>	Current Period Federal Tax <u>Refunded</u>	Current Period Over/(Under) <u>Difference</u>	Cumulative <u>(Liability) Balance</u>	Time <u>Factor (b)</u>	Interest <u>Rate (c)</u>	Monthly Interest <u>Rec(Pay)</u>	Total Over/(Under) <u>Difference</u>
July	2018	\$ (81,621)	\$ 269,665	\$ 188,044	\$ 188,044	1.00	5.50%	\$ 10,342	
August		169,444	168,347	337,791	525,836	0.92	5.50%	26,511	
September		212,788	163,051	375,839	901,675	0.83	5.50%	41,327	
October		(175,085)	302,081	126,996	1,028,671	0.75	5.50%	42,433	
November	(d)	(583,083)	398,130	(184,953)	843,718	0.67	5.50%	30,936	
December	2018 (d)	<u>(907,050)</u>	<u>532,455</u>	<u>(374,595)</u>	\$ 469,123	0.58	5.50%	<u>15,051</u>	
Total		\$ <u>(1,364,607)</u>	\$ <u>1,833,730</u>	\$ <u>469,123</u> (A)				\$ <u>166,600</u> (B)	\$ 635,723 (A)+(B)

(a) regulatory liability for taxes including the gross-up for taxes

(b) assumes the reconciliation period is calendar year based upon new rates going into effect 1/1 each year.

(c) 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.)

(d) November and December results are projections

VERIFICATION

I, Andrew P. Wachter, hereby state that I am Director of Finance and Regulation, of PNG Companies LLC; that I am authorized to and make this verification for it; that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 11/30/18



(Signature)

CERTIFICATE OF SERVICE
Docket No. R-2018-3000502

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of §1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

John R. Evans
Small Business Advocate
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Tanya J. McCloskey Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Richard A. Kanaskie Esquire
Director and Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: November 30, 2018



Andrew P. Wachter



375 North Shore Drive
Pittsburgh, PA 15212

Andrew P. Wachter
Director, Finance and Regulation

PNG Companies LLC
Phone: 412-208-6593
Email: Andrew.Wachter@peoples-gas.com

December 17, 2019

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: Peoples Gas Company LLC
Tax Cut and Jobs Act (TCJA) Annual Filing
Supplement No. 66 to Tariff Gas – PA PUC No. 8**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Peoples Gas Company LLC (“Peoples Gas”) are revised tariff pages for Supplement No. 66 to Peoples Gas’ Tariff Gas – PA PUC No. 8, which has an effective date of January 1, 2020 and associated work papers. These revised pages reflect an update to the Commission Approved Rate of Return and the Projected July 2018 – December 2019 over(under) difference on Page 2 of the filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "A. P. Wachter", with a long horizontal flourish extending to the right.

Andrew P. Wachter

Enclosure

LIST OF CHANGES MADE BY THIS TARIFF

<u>Tariff Rate Schedule & Rates</u>	<u>Current Rates</u>	<u>Increase/(Decrease)</u>	<u>Proposed Rates</u>
Rider TCJA	(5.6706%)	(3.4967)%	(9.1673%)

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 66 TO GAS—PA PUC NO. 8
 FORTY-NINTH REVISED PAGE NO. 12
 CANCELLING FORTY-EIGHTH REVISED PAGE NO. 12

TCJA	Rider PGC - Gas Cost Charges			Base Rate Charges	Rider STA	Rider MFC	Rider USP	Rider GPC	Rider ARC Rate Credit	Rider Supplier Choice	Rider DSIC	Rider TCJA	Bill Display Total Rate		
	Demand/Capacity	GCA	Commodity											(1)	(2)
Residential - Sales											0.00%	-9.1673%			
Customer Charge				\$ 15.7500					\$ -	\$ (0.0040)	\$ -	\$ (1.4438)	\$ 14.3022		
Demand/Capacity	\$ 0.8650					\$ 0.0173					\$ -		\$ 0.8823		
PTC - Commodity Charge		\$ 0.1384	\$ 2.5190			\$ 0.0532		\$ 0.1400			\$ -		\$ 2.8506		
Delivery Charge				\$ 6.7743	\$ 0.0027		\$ 0.4585		\$ -		\$ -	\$ (0.6210)	\$ 6.6145		
Total per MCF													\$ 10.3474		
SGS - Sales															
Customer Charge															
0 to 499 MCF/Yr				\$ 35.0000					\$ -	\$ (0.0040)	\$ -	\$ (3.2086)	\$ 31.7874		
500 to 999 MCF/Yr				\$ 65.0000					\$ -	\$ (0.0040)	\$ -	\$ (5.9587)	\$ 59.0373		
Demand/Capacity 1/	\$ 0.3443										\$ -	\$ -	\$ 0.3443		
Price-to-Compare Charge 1/	\$ 0.5207	\$ 0.1384	\$ 2.5190			\$ 0.0144		\$ 0.1400			\$ -		\$ 3.3325		
Delivery Charge				\$ 5.1008	\$ 0.0027				\$ -		\$ -	\$ (0.4676)	\$ 4.6359		
Total per MCF													\$ 8.3127		
MGS - Sales															
Customer Charge															
1,000 to 2,499 MCF/Yr				\$ 75.0000					\$ -		\$ -	\$ (6.8755)	\$ 68.1245		
2,500 to 24,999 MCF/Yr				\$ 175.0000					\$ -		\$ -	\$ (16.0428)	\$ 158.9572		
Demand/Capacity 1/	\$ 0.3158					\$ -					\$ -	\$ -	\$ 0.3158		
Price-to-Compare Charge 1/	\$ 0.5492	\$ 0.1384	\$ 2.5190			\$ -		\$ 0.1400			\$ -		\$ 3.3466		
Delivery Charge				\$ 4.8604	\$ 0.0027				\$ -		\$ -	\$ (0.4456)	\$ 4.4175		
Total per MCF													\$ 8.0799		
LGS - Sales < 100,000 Mcf/yr															
Customer Charge															
25,000 to 49,999 MCF/Yr				\$ 800.0000							\$ -	\$ (73.3384)	\$ 726.6616		
50,000 to 99,999 MCF/Yr				\$ 1,500.0000							\$ -	\$ (137.5095)	\$ 1,362.4905		
Demand/Capacity 1/	\$ 0.1997					\$ -					\$ -	\$ -	\$ 0.1997		
Price-to-Compare Charge 1/	\$ 0.6653	\$ 0.1384	\$ 2.5190			\$ -		\$ 0.1400			\$ -		\$ 3.4627		
Delivery Charge				\$ 3.7500	\$ 0.0027						\$ -	\$ (0.3438)	\$ 3.4089		
Total per MCF													\$ 7.0713		
LGS - Sales > 100,000 Mcf/yr															
Customer Charge															
100,000 to 199,999 MCF/Yr				\$ 5,000.0000							\$ -	\$ (458.3650)	\$ 4,541.6350		
Over 200,000 MCF/Yr				\$ 7,500.0000							\$ -	\$ (687.5475)	\$ 6,812.4525		
Demand/Capacity 1/	\$ 0.1997					\$ -					\$ -	\$ -	\$ 0.1997		
Price-to-Compare Charge 1/	\$ 0.6653	\$ 0.1384	\$ 2.5190			\$ -		\$ 0.1400			\$ -		\$ 3.4627		
Delivery Charge				\$ 0.9988	\$ 0.0027						\$ -	\$ (0.0916)	\$ 0.9099		
Total per MCF													\$ 4.5723		

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Demand/Capacity charge. See the Residential - Sales section above as an example of Priority One.

ISSUED: December 17, 2019

EFFECTIVE: January 1, 2020

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 66 TO GAS—PA PUC NO. 8
FORTY-FIRST REVISED PAGE NO. 13
CANCELLING FORTIETH REVISED PAGE NO. 13

TCJA	Base Rate Charges (1)	Rider STA (2)	Rider USR (3)	Rider PGC Capacity (4)	BB&A (5)	Rider ARC Rate Credit (6)	Rider Supplier Choice (7)	Rider DSIC (8)	Rider TCJA (9)	Bill Display Total Rate (10=SUM 1 to 9)	Retainage Charge
Rate RS-T (Transportation Service)								0.00%	-9.1673%		
Customer Charge	\$ 15.7500					\$ -	\$ (0.0040)	\$ -	\$ (1.4438)	\$ 14.3022	
Demand/Capacity Delivery Charge				\$ 0.8650		\$ -		\$ -	\$ (0.6210)	\$ 0.8650 \$ 6.6145	
Total per MCF										\$ 7.4795	7.5%
Rate SGS-T (Transportation Service)											
Customer Charge											
0 to 499 MCF/Yr	\$ 35.0000					\$ -	\$ (0.0040)	\$ -	\$ (3.2086)	\$ 31.7874	
500 to 999 MCF/Yr	\$ 65.0000					\$ -	\$ (0.0040)	\$ -	\$ (5.9587)	\$ 59.0373	
BB&A 1/ Delivery Charge				\$ 0.3443		\$ -		\$ -	\$ (0.4676)	\$ 0.3443 \$ 4.6359	
Total per MCF										\$ 4.9802	7.5%
Rate MGS-T (Transportation Service)											
Customer Charge											
1,000 to 2,499 MCF/Yr	\$ 75.0000					\$ -		\$ -	\$ (6.8755)	\$ 68.1245	
2,500 to 24,999 MCF/Yr	\$ 175.0000					\$ -		\$ -	\$ (16.0428)	\$ 158.9572	
BB&A 1/ Delivery Charge				\$ 0.3158		\$ -		\$ -	\$ (0.4456)	\$ 0.3158 \$ 4.4175	
Total per MCF										\$ 4.7333	7.5%
Rate LGS-T (Transportation Service)											
Customer Charge											
25,000 to 49,999 MCF/Yr	\$ 800.0000							\$ -	\$ (73.3384)	\$ 726.6616	
50,000 to 99,999 MCF/Yr	\$ 1,500.0000							\$ -	\$ (137.5095)	\$ 1,362.4905	
BB&A 1/ Delivery Charge				\$ 0.1997		\$ -		\$ -	\$ (0.3438)	\$ 0.1997 \$ 3.4089	
Total per MCF										\$ 3.6086	7.5%
Rate LGS-T (Transportation Service)											
Customer Charge											
100,000 to 199,999 MCF/Yr	\$ 5,000.0000							\$ -	\$ (458.3650)	\$ 4,541.6350	
Over 200,000 MCF/Yr	\$ 7,500.0000							\$ -	\$ (687.5475)	\$ 6,812.4525	
BB&A Delivery Charge				\$ 0.1997		\$ -		\$ -	\$ (0.0916)	\$ 0.1997 \$ 0.9099	
Total per MCF										\$ 1.1096	7.5%

1/ The Demand/Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.

ISSUED: December 17, 2019

EFFECTIVE: January 1, 2020

Rider TCJA – 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 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge of 9.1673% will apply as a credit for intrastate service to all customer bills rendered on and after January 1, 2020. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues. (D)

This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility 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 December 1 of each year to become effective the following January 1.

(D) - Indicates Decrease

Peoples Gas Company LLC
Calculation of State and Federal Income Taxes
Amounts in Thousands

Line No.	DESCRIPTION	Projected Annual Impact (c)
1	Operating Revenues	\$ 88,582
2	Plus: Annual TCJA Refund at Current Rate	\$ 5,019
3	Less: O&M Expenses	51,604
4	Book Depreciation	10,620
5	Interest Expense	4,332
6	Operating Income before Taxes Total	<u>\$ 27,045</u>
7	Add: Premature Property Losses/ Amortizations	\$ -
8	Depr- Straight Line- Remaining Life (Incl COR)	10,620
9	Taxable Meals & Entertainment	70
10	Total	<u>\$ 10,690</u>
11	Deduct	
12	Tax Depreciation	\$ 20,341 (a)
13	MACRS On Post 1986 Assets	-
14	Cost of Removal	648
15	Total	<u>\$ 20,989</u>
16	State Taxable Income	\$ 16,746
17	State Income At:	
18	Historic, Future and Fully Projected At 9.99%	<u>\$ 1,673</u>
19	Taxable Income after State Income Tax	15,073
20	Add: Cost Of Removal Non Adr Property	101 (b)
21	ACRS On Post 1980 Assets	-
22	MACRS On Post 1980 Assets- State	-
23	Deduct: SLRL On Post 1980 Assets & Amortization	-
24	Income Subject To Federal Income Tax	<u>\$ 15,174</u>
25	Federal Income Tax at 35%	\$ 5,311
26	Federal Income Tax at 21%	\$ 3,187

Notes:

- (a) Includes all adjustments made on a regulatory basis to derive state taxable income.
- (b) Includes all adjustments made on a regulatory basis to state taxable income in order to derive Federal taxable income.
- (c) Represents the proforma results from the 9/30/19 Earnings Reports.

Peoples Gas Company LLC
Effect of Tax Cuts and Jobs Act (TCJA) on Rates
Amounts in Thousands

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>	
Federal- Current (Page 1, Line 23)	\$	5,310.926
Federal- Deferred	\$	3,908.333
<u>Less: Post TCJA Taxes</u>		
Federal- Current (Page 1, Line 24)	\$	3,186.556
Federal- Deferred	\$	2,345.000
Effect of TCJA On Income (A)	\$	3,687.704
Change in ADIT	\$	1,563.333 (a)
Commission Approved Rate of Return		8.35% (b)
Effect of ADIT Change on Income (B)	\$	130.538
Earnings Excess (Line A - Line B)	\$	3,557.165
Complement of Tax Rate		0.711079
Revenue Excess	\$	5,002.490
Less: Projected July 2018 - December 2019 over(under) difference	\$	<u>(939.640)</u>
	\$	5,942.130
Commission Allowed Revenues	\$	64,818.985
Percent Increase (Decrease)		-9.1673%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2019.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/19) was utilized.

Peoples Gas Company LLC

TCJA Reconciliation

**Peoples Gas Company LLC (FKA PEOPLES TWP)
Rider TCJA Reconciliation
2019**

Rider TCJA Actual Amount Refunded	Current Period							Prior Year		Total Regulatory (Liability)		
	Current Period		Tax		Cumulative (Liability) Balance	Time Factor (b)	Actual Interest Rate (c)	Monthly Interest Rec(Pay)	Current Regulatory (Liability)		Amount Refund	Prior Regulatory (Liability)
	Federal Tax (Liability)	Amount Refunded	Over/(Under) Difference									
(a)					(b)	(c)						
Regulatory Liability, Beginning Balance										167,611		167,611
January	536,748	(1,334,571)	648,934	(685,637)	(685,637)	1.50	5.75%	(59,136)	(744,773)	(112,187)	55,424	(689,349)
February	407,331	(910,097)	492,468	(417,629)	(1,103,265)	1.42	5.50%	(32,540)	(1,194,942)	(85,137)	(29,713)	(1,224,655)
March	398,973	(870,634)	482,363	(388,271)	(1,491,536)	1.33	5.25%	(27,179)	(1,610,391)	(83,390)	(113,103)	(1,723,494)
April	220,179	(203,793)	266,199	62,406	(1,429,130)	1.25	5.25%	4,095	(1,543,890)	(46,020)	(159,123)	(1,703,013)
May	190,753	10,568	199,863	210,430	(1,218,700)	1.17	5.25%	12,889	(1,320,571)	(9,110)	(168,233)	(1,488,804)
June	140,056	90,761	146,745	237,506	(981,194)	1.08	5.25%	13,508	(1,069,557)	(6,689)	(174,921)	(1,244,478)
July	139,179	147,301	145,826	293,127	(688,067)	1.00	5.00%	14,656	(761,774)	(6,647)	(181,568)	(943,342)
August	137,807	305,171	144,388	449,560	(238,508)	0.92	4.75%	19,575	(292,640)	(6,581)	(188,149)	(480,789)
September	132,754	157,537	139,094	296,630	58,123	0.83	4.75%	11,742	15,732	(6,340)	(194,489)	(178,757)
October	215,543	(36,399)	225,837	189,437	247,560	0.75	4.50%	6,394	211,563	(10,294)	(204,783)	6,780
November (d)	300,000	(809,244)	314,327	(494,916)	(247,357)	0.67	4.50%	(14,847)	(298,201)	(14,327)	(219,110)	(517,311)
December (d)	400,000	(809,244)	419,103	(390,141)	(637,497)	0.58	5.75%	(13,086)	(701,428)	(19,103)	(238,213)	(939,640)
Total		(4,262,644)	3,625,147	(637,497)				(63,930)				

(a) regulatory liability for taxes including the gross-up for taxes

(b) assumes the reconciliation period is calendar year based upon new rates going into effect 1/1 each year.

(c) 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.)

(d) November and December results are projections

CERTIFICATE OF SERVICE
Docket No. M-2019-3014706

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of §1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

John R. Evans
Small Business Advocate
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Tanya J. McCloskey Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Richard A. Kanaskie Esquire
Director and Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: December 17, 2019



Andrew P. Wachter

VERIFICATION

I, Andrew P. Wachter, hereby state that I am Director of Finance and Regulation, of PNG Companies LLC; that I am authorized to and make this verification for it; that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: _____

12/17/19



(Signature)



375 North Shore Drive
Pittsburgh, PA 15212

Carol Scanlon
Manager, Rates and Regulation

PNG Companies LLC
Phone: 412-208-6931
Email: carol.scanlon@peoples-gas.com

December 1, 2020

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: Peoples Gas Company LLC
Tax Cut and Jobs Act (TCJA) Annual Filing
Supplement No. 74 to Tariff Gas – PA PUC No. 8**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Peoples Gas Company LLC (“Peoples Gas”) is Supplement No. 74 to Peoples Gas’ Tariff Gas – PA PUC No. 8, which has an effective date of January 1, 2021 and associated work papers. As required in the tariff, Supplement No. 74 updates Peoples Gas’ TCJA rate based upon the over/under collection of this Rider and revises the projected annual impact of tax reform.

Respectfully submitted,

Carol Scanlon

Enclosure

PEOPLES GAS COMPANY LLC

RATES, RULES AND REGULATIONS
FOR NATURAL GAS SERVICE
IN TERRITORY DESCRIBED HEREIN

ISSUED: December 1, 2020

EFFECTIVE: January 1, 2021

TCJA Surcharge Rate Update

ISSUED BY:

MICHAEL HUWAR
PRESIDENT
PEOPLES GAS COMPANY LLC
205 NORTH MAIN STREET
BUTLER, PENNSYLVANIA 16001

LIST OF CHANGES MADE BY THIS TARIFF

<u>Tariff Rate Schedule & Rates</u>	<u>Current Rates</u>	<u>Increase/(Decrease)</u>	<u>Proposed Rates</u>
Rider TCJA	(8.7431%)	1.2471%	(7.4960%)

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 74 TO GAS—PA PUC NO. 8

FIFTY-SIXTH REVISED PAGE NO. 12

CANCELLING FIFTY-FIFTH REVISED PAGE NO. 12

TCJA	Rider PGC - Gas Cost Charges			Base Rate Charges	Rider STA	Rider MFC	Rider USP	Rider GPC	Rider ARC Rate Credit	Rider Supplier Choice	Rider DSIC	Rider TCJA	Bill Display Total Rate (13=SUM 1 to 12)	
	Demand/Capacity (1)	GCA (2)	Commodity (3)											(4)
Residential - Sales														
Customer Charge				\$ 15.7500					\$ -	\$ (0.0030)	\$ 0.00%	\$ -7.4960%	\$ (1.1806)	\$ 14.5664
Demand/Capacity	\$ 0.8572					\$ 0.0171					\$ -			\$ 0.8743
PTC - Commodity Charge		\$ 0.0307	\$ 2.5519			\$ 0.0516		\$ 0.1400			\$ -			\$ 2.7742
Delivery Charge				\$ 6.7743	\$ 0.0025		\$ 0.0278		\$ -		\$ -	\$ (0.5078)		\$ 6.2968
Total per MCF														\$ 9.9453
SGS - Sales														
Customer Charge														
0 to 499 MCF/Yr				\$ 35.0000					\$ -	\$ (0.0030)	\$ -	\$ (2.6236)		\$ 32.3734
500 to 999 MCF/Yr				\$ 65.0000					\$ -	\$ (0.0030)	\$ -	\$ (4.8724)		\$ 60.1246
Demand/Capacity 1/	\$ 0.3657										\$ -	\$ -		\$ 0.3657
Price-to-Compare Charge 1/	\$ 0.4915	\$ 0.0307	\$ 2.5519			\$ 0.0141		\$ 0.1400			\$ -			\$ 3.2282
Delivery Charge				\$ 5.1008	\$ 0.0025				\$ -		\$ -	\$ (0.3824)		\$ 4.7209
Total per MCF														\$ 8.3148
MGS - Sales														
Customer Charge														
1,000 to 2,499 MCF/Yr				\$ 75.0000					\$ -		\$ -	\$ (5.6220)		\$ 69.3780
2,500 to 24,999 MCF/Yr				\$ 175.0000					\$ -		\$ -	\$ (13.1180)		\$ 161.8820
Demand/Capacity 1/	\$ 0.3180					\$ -					\$ -	\$ -		\$ 0.3180
Price-to-Compare Charge 1/	\$ 0.5392	\$ 0.0307	\$ 2.5519			\$ -		\$ 0.1400			\$ -			\$ 3.2618
Delivery Charge				\$ 4.8604	\$ 0.0025				\$ -		\$ -	\$ (0.3643)		\$ 4.4986
Total per MCF														\$ 8.0784
LGS - Sales < 100,000 Mcf/yr														
Customer Charge														
25,000 to 49,999 MCF/Yr				\$ 800.0000							\$ -	\$ (59.9680)		\$ 740.0320
50,000 to 99,999 MCF/Yr				\$ 1,500.0000							\$ -	\$ (112.4400)		\$ 1,387.5600
Demand/Capacity 1/	\$ 0.2145					\$ -					\$ -	\$ -		\$ 0.2145
Price-to-Compare Charge 1/	\$ 0.6427	\$ 0.0307	\$ 2.5519			\$ -		\$ 0.1400			\$ -			\$ 3.3653
Delivery Charge				\$ 3.7500	\$ 0.0025				\$ -		\$ -	\$ (0.2811)		\$ 3.4714
Total per MCF														\$ 7.0512
LGS - Sales > 100,000 Mcf/yr														
Customer Charge														
100,000 to 199,999 MCF/Yr				\$ 5,000.0000							\$ -	\$ (374.8000)		\$ 4,625.2000
Over 200,000 MCF/Yr				\$ 7,500.0000							\$ -	\$ (562.2000)		\$ 6,937.8000
Demand/Capacity 1/	\$ 0.2145					\$ -					\$ -	\$ -		\$ 0.2145
Price-to-Compare Charge 1/	\$ 0.6427	\$ 0.0307	\$ 2.5519			\$ -		\$ 0.1400			\$ -			\$ 3.3653
Delivery Charge				\$ 0.9988	\$ 0.0025				\$ -		\$ -	\$ (0.0749)		\$ 0.9264
Total per MCF														\$ 4.5062

1/ The Price-to-Compare format as shown is applicable to a Non-Priority One customer; the Price-to-Compare Charge for a Priority One customer would not include the Demand/Capacity charge. See the Residential - Sales section above as an example of Priority One.

ISSUED: December 1, 2020

EFFECTIVE: January 1, 2021

PEOPLES GAS COMPANY LLC

SUPPLEMENT NO. 74 TO GAS—PA PUC NO. 8
FORTY-EIGHTH REVISED PAGE NO. 13
CANCELLING FORTY-SEVENTH REVISED PAGE NO. 13

TCJA	Base Rate Charges (1)	Rider STA (2)	Rider USR (3)	Rider PGC Capacity (4)	BB&A (5)	Rider ARC Rate Credit (6)	Rider Supplier Choice (7)	Rider DSIC (8)	Rider TCJA (9)	Bill Display Total Rate (10=SUM 1 to 9)	Retainage Charge
Rate RS-T (Transportation Service)											
Customer Charge	\$ 15.7500					\$ -	\$ (0.0030)	\$ -	\$ (1.1806)	\$ 14.5664	
Demand/Capacity				\$ 0.8572						\$ 0.8572	
Delivery Charge	\$ 6.7743	\$ 0.0025	\$ 0.0278			\$ -		\$ -	\$ (0.5078)	\$ 6.2968	
Total per MCF										\$ 7.1540	6.8%
Rate SGS-T (Transportation Service)											
Customer Charge											
0 to 499 MCF/Yr	\$ 35.0000					\$ -	\$ (0.0030)	\$ -	\$ (2.6236)	\$ 32.3734	
500 to 999 MCF/Yr	\$ 65.0000					\$ -	\$ (0.0030)	\$ -	\$ (4.8724)	\$ 60.1246	
BB&A 1/				\$ 0.3657						\$ 0.3657	
Delivery Charge	\$ 5.1008	\$ 0.0025				\$ -		\$ -	\$ (0.3824)	\$ 4.7209	
Total per MCF										\$ 5.0866	6.8%
Rate MGS-T (Transportation Service)											
Customer Charge											
1,000 to 2,499 MCF/Yr	\$ 75.0000					\$ -		\$ -	\$ (5.6220)	\$ 69.3780	
2,500 to 24,999 MCF/Yr	\$ 175.0000					\$ -		\$ -	\$ (13.1180)	\$ 161.8820	
BB&A 1/				\$ 0.3180						\$ 0.3180	
Delivery Charge	\$ 4.8604	\$ 0.0025				\$ -		\$ -	\$ (0.3643)	\$ 4.4986	
Total per MCF										\$ 4.8166	6.8%
Rate LGS-T (Transportation Service)											
Customer Charge											
25,000 to 49,999 MCF/Yr	\$ 800.0000							\$ -	\$ (59.9680)	\$ 740.0320	
50,000 to 99,999 MCF/Yr	\$ 1,500.0000							\$ -	\$ (112.4400)	\$ 1,387.5600	
BB&A 1/				\$ 0.2145						\$ 0.2145	
Delivery Charge	\$ 3.7500	\$ 0.0025						\$ -	\$ (0.2811)	\$ 3.4714	
Total per MCF										\$ 3.6859	6.8%
Rate LGS-T (Transportation Service)											
Customer Charge											
100,000 to 199,999 MCF/Yr	\$ 5,000.0000							\$ -	\$ (374.8000)	\$ 4,625.2000	
Over 200,000 MCF/Yr	\$ 7,500.0000							\$ -	\$ (562.2000)	\$ 6,937.8000	
BB&A				\$ 0.2145						\$ 0.2145	
Delivery Charge	\$ 0.9988	\$ 0.0025						\$ -	\$ (0.0749)	\$ 0.9264	
Total per MCF										\$ 1.1409	6.8%

1/ The Demand/Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the BB&A charge.

ISSUED: December 1, 2020

EFFECTIVE: January 1, 2021

Rider TCJA – 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 and June 14, 2018, the Commission entered Orders superseding the March 15, 2018 Temporary Rates Order directing the utility to establish temporary rates as follows:

A negative surcharge of 7.4960% will apply as a credit for intrastate service to all customer bills rendered on and after January 1, 2021. This negative surcharge will be distributed equally among the utility's various customer classes, exclusive of STAS and automatic adjustment clause revenues. (I)

This negative surcharge will be reconciled at the end of each calendar year and will remain in place until the utility 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 December 1 of each year to become effective the following January 1.

(I) - Indicates Increase

Peoples Gas Company LLC

Calculation of State and Federal Income Taxes

Amounts in Thousands

Line No.	DESCRIPTION	Projected Annual Impact (c)
1	Operating Revenues	\$ 87,903
2	Plus: Annual TCJA Refund at Current Rate	5,817
3	Less: O&M Expenses	46,588
4	Book Depreciation	12,159
5	Interest Expense	3,435
6	Operating Income before Taxes Total	\$ 31,538
7	Add: Premature Property Losses/ Amortizations	\$ -
8	Depr- Straight Line- Remaining Life (Incl COR)	12,159
9	Taxable Meals & Entertainment	70
10	Total	\$ 12,229
11	Deduct	
12	Tax Depreciation	\$ 23,050 (a)
13	MACRS On Post 1986 Assets	-
14	Cost of Removal	92
15	Total	\$ 23,142
16	State Taxable Income	\$ 20,625
17	State Income At:	
18	Historic, Future and Fully Projected At 9.99%	\$ 2,060
19	Taxable Income after State Income Tax	18,564
20	Add: Cost Of Removal Non Adr Property	19 (b)
21	ACRS On Post 1980 Assets	-
22	MACRS On Post 1980 Assets- State	-
23	Deduct: SLRL On Post 1980 Assets & Amortization	-
24	Income Subject To Federal Income Tax	\$ 18,584
25	Federal Income Tax at 35%	\$ 6,504
26	Federal Income Tax at 21%	\$ 3,903

- Notes:**
- (a) Includes all adjustments made on a regulatory basis to derive state taxable income.
 - (b) Includes all adjustments made on a regulatory basis to state taxable income in order to derive Federal taxable income.
 - (c) Represents the proforma results from the 9/30/20 Earnings Reports.

Peoples Gas Company LLC
Effect of Tax Cuts and Jobs Act (TCJA) on Rates
Amounts in Thousands

<u>Pre TCJA Taxes</u>	<u>Net Tax Effect</u>
Federal- Current (Page 1, Line 25)	\$ 6,504.270
Federal- Deferred	\$ 3,844.243
<u>Less: Post TCJA Taxes</u>	
Federal- Current (Page 1, Line 26)	\$ 3,902.562
Federal- Deferred	\$ 2,306.546
Effect of TCJA On Income (A)	\$ 4,139.405
Change in ADIT	\$ 1,537.697 (a)
Commission Approved Rate of Return	8.24% (b)
Effect of ADIT Change on Income (B)	\$ 126.718
Earnings Excess (Line A - Line B)	\$ 4,012.687
Complement of Tax Rate	0.711079
Revenue Excess	\$ 5,643.096
Less: Projected July 2018 - December 2020 over(under) difference	\$ 633.255
	<u>\$ 5,009.841</u>
Commission Allowed Revenues	\$ 66,833.294
Percent Increase (Decrease)	-7.4960%

Notes:

(a) Represents change in deferred tax expense for the projected twelve months ended September 30, 2020.

(b) The Company does not have a commission approved Rate of Return. Thus, the proforma rate of return as calculated in the recent quarterly earnings report (9/30/20) was utilized.

Peoples Gas Company LLC

TCJA Reconciliation

**Peoples Gas Company LLC
Rider TCJA Reconciliation
2020**

Rider TCJA Actual Amount Refunded	Current Period						Prior Year			Total Regulatory (Liability)		
	Current Period		Tax		Cumulative (Liability) Balance	Time Factor (b)	Actual Interest Rate (c)	Monthly Interest Rec(Pay)	Current Regulatory (Liability)		Prior Regulatory (Liability)	
	Federal Tax (Liability)	Amount Refunded	Over/(Under) Difference									Amount Refunded
(a)					(b)	(c)						
Regulatory Liability, Beginning Balance										\$ (664,721)	\$ (664,721)	
January	\$ 971,161	\$ (1,006,440)	\$ 817,531	\$ (188,909)	\$ (188,909)	1.50	4.50%	\$ (12,751)	\$ (201,661)	\$ 153,630	\$ (511,091)	\$ (712,751)
February	793,960	(796,987)	668,362	(128,625)	(317,535)	1.42	4.50%	(8,200)	(338,486)	125,598	(385,492)	(723,978)
March	561,236	(427,677)	472,453	44,776	(272,759)	1.33	4.50%	2,687	(291,024)	88,783	(296,709)	(587,733)
April	471,678	(342,527)	397,062	54,535	(218,224)	1.25	4.25%	2,897	(233,592)	74,616	(222,093)	(455,685)
May	381,422	(138,976)	336,661	197,685	(20,539)	1.17	3.75%	8,649	(27,258)	44,761	(177,332)	(204,590)
June	202,495	93,894	178,732	272,626	252,086	1.08	3.50%	10,337	255,705	23,763	(153,568)	102,136
July	206,548	94,295	182,309	276,604	528,690	1.00	3.50%	9,681	541,990	24,239	(129,329)	412,660
August	202,997	134,659	179,175	313,834	842,524	0.92	3.75%	10,788	866,611	23,822	(105,507)	761,104
September	224,595	158,267	198,238	356,505	1,199,029	0.83	3.50%	10,398	1,233,514	26,357	(79,150)	1,154,364
October	369,759	7,113	326,367	333,480	1,532,508	0.75	3.50%	8,754	1,575,748	43,392	(35,757)	1,539,990
November (d)	400,000	(892,147)	353,059	(539,089)	993,420	0.67	3.50%	(12,579)	1,024,080	46,941	11,184	1,035,264
December (d)	500,000	(892,147)	441,323	(450,824)	542,596	0.58	3.75%	(9,862)	563,394	58,677	69,861	633,255
Total		\$ (4,008,674)	\$ 4,551,269	\$ 542,596				\$ 20,799		\$ 734,582		

(a) regulatory liability for taxes including the gross-up for taxes

(b) assumes the reconciliation period is calendar year based upon new rates going into effect 1/1 each year.

(c) 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.)

(d) November and December results are projections

CERTIFICATE OF SERVICE
Docket No. M-2020-3019535

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of §1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

John R. Evans
Small Business Advocate
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Tanya J. McCloskey Esquire
Senior Assistant Consumer Advocate
Office of Consumer Advocate
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Richard A. Kanaskie Esquire
Director and Chief Prosecutor
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Dated: December 1, 2020



Carol Scanlon

VERIFICATION

I, Carol Scanlon, hereby state that I am Manager, Rates and Regulation of PNG Companies LLC; that I am authorized to and make this verification for it; that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that Peoples Gas posted Supplement No. 74 to Tariff Gas-PA PUC No. 8 on its Web Page in accordance with the Commission's Secretarial Letter of March 30, 1998. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Date: December 1, 2020

A handwritten signature in blue ink, appearing to read "Carol Scanlon", is written over a horizontal line.

(Signature)

Docket No. P-2022-3031235
Peoples Gas Company LLC
Data Request

Respondent: Andrew P. Wachter

TUS - 7 Why has the Company included a “rate base offset” during periods which it has not flowed back excess ADIT to customers?

Response: The inclusion of the “rate base offset” is necessary during periods back to January 2018 because the interest calculation makes the customers whole as if the excess ADIT amortization had incurred each month back to 2018. For example, since the Company is proposing to pay 57 months of interest on the January 2018 balance, it is effectively the same as if Peoples Gas had refunded \$27,248 in January of 2018, thus, is appropriate to provide the “rate base offset” for that period as well.

**Docket No. P-2022-3031235
Peoples Gas Company LLC
Data Request**

Respondent: Andrew P. Wachter

TUS – 9 Provide Excel versions of Exhibit 1 of this petition and to any responses provided above.

Response: Please refer to the attachment to the response to TUS-4 for the electronic version of Exhibit No. 1.

VERIFICATION

I, Andrew P. Wachter, on behalf of Peoples Gas Company LLC, hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date: 4/4/2022



Andrew P. Wachter