



375 North Shore Drive
Pittsburgh, PA 15212

Andrew P. Wachter
Director of Finance and Regulation

PNG Companies LLC
Phone: 412-208-6931
Email: andrew.wachter@peoples-gas.com

June 21, 2022

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) Revised Annual Filing
Supplement No. 86 to Tariff Gas – PA PUC No. 8
Docket No. P-2022-3031235 - Distribution of Net Savings Associated with EADIT**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission on behalf of Peoples Gas Company LLC (“Peoples Gas”) is Supplement No. 86 to Peoples Gas’ Tariff Gas – PA PUC No. 8, which has an effective date of July 1, 2022. This revised filing includes the net savings amount of its Excess Accumulated Deferred Income Taxes (EADIT) for the period of January 1, 2018, to December 31, 2021. Consistent with the order at Docket No. P-2022-3031235, the total net savings to be refunded to customers is \$939,925.

Respectfully Submitted,

Andrew P. Wachter

Enclosure

CERTIFICATE OF SERVICE

Docket No. M-2021-3025375

Docket No. P-2022-3031235

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 EMAIL

Erin K. Fure
Small Business Advocate
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Erin L. Gannon, Esquire
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: June 21, 2022



Andrew P. Wachter

PEOPLES GAS COMPANY LLC

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

ISSUED: June 21, 2022

EFFECTIVE: July 1, 2022

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>Current</u>	<u>Proposed</u>	<u>Increase/ (Decrease)</u>
Rider TCJA – TCJA Temporary Surcharge	(10.4662%)	(11.8922%)	(1.4260%)

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 11.8922% will apply as a credit for intrastate service to all customer bills rendered on and after July 1, 2022. 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

TCJA Surcharge	Rider PGC - Gas Cost Charges			Base Rate Charges	Rider STA	Rider MFC	Rider USP	Rider GPC	Rider Supplier Choice	Rider DSIC	Rider TCJA	Bill Display Total Rate
	Demand/Capacity	GCA	Commodity									
	(1)	(2)	(3)									
Residential - Sales												
Customer Charge				\$ 15.7500					\$ (0.0024)	0.00%	\$ (1.8730)	\$ 13.8746
Demand/Capacity	\$ 0.9020					\$ 0.0180				\$ -		\$ 0.9200
PTC - Commodity Charge		\$ 0.2102	\$ 4.1815			\$ 0.0878		\$ 0.1400		\$ -		\$ 4.6195
Delivery Charge				\$ 6.7743	\$ 0.0051		\$ 0.6770			\$ -	\$ (0.8056)	\$ 6.6508
Total per MCF												\$ 12.1903
SGS - Sales												
Customer Charge												
0 to 499 MCF/Yr				\$ 35.0000					\$ (0.0024)	\$ -	\$ (4.1623)	\$ 30.8353
500 to 999 MCF/Yr				\$ 65.0000					\$ (0.0024)	\$ -	\$ (7.7299)	\$ 57.2677
Demand/Capacity 1/	\$ 0.4263									\$ -	\$ -	\$ 0.4263
Price-to-Compare Charge 1/	\$ 0.4757	\$ 0.2102	\$ 4.1815			\$ 0.0217		\$ 0.1400		\$ -		\$ 5.0291
Delivery Charge				\$ 5.1008	\$ 0.0051					\$ -	\$ (0.6066)	\$ 4.4993
Total per MCF												\$ 9.9547
MGS - Sales												
Customer Charge												
1,000 to 2,499 MCF/Yr				\$ 75.0000						\$ -	\$ (8.9192)	\$ 66.0808
2,500 to 24,999 MCF/Yr				\$ 175.0000						\$ -	\$ (20.8114)	\$ 154.1886
Demand/Capacity 1/	\$ 0.3439					\$ -				\$ -	\$ -	\$ 0.3439
Price-to-Compare Charge 1/	\$ 0.5581	\$ 0.2102	\$ 4.1815			\$ -		\$ 0.1400		\$ -		\$ 5.0898
Delivery Charge				\$ 4.8604	\$ 0.0051					\$ -	\$ (0.5780)	\$ 4.2875
Total per MCF												\$ 9.7212
LGS - Sales < 100,000 Mcf/yr												
Customer Charge												
25,000 to 49,999 MCF/Yr				\$ 800.0000						\$ -	\$ (95.1377)	\$ 704.8623
50,000 to 99,999 MCF/Yr				\$ 1,500.0000						\$ -	\$ (178.3832)	\$ 1,321.6168
Demand/Capacity 1/	\$ 0.2271					\$ -				\$ -	\$ -	\$ 0.2271
Price-to-Compare Charge 1/	\$ 0.6749	\$ 0.2102	\$ 4.1815			\$ -		\$ 0.1400		\$ -		\$ 5.2066
Delivery Charge				\$ 3.7500	\$ 0.0051					\$ -	\$ (0.4460)	\$ 3.3091
Total per MCF												\$ 8.7428
LGS - Sales > 100,000 Mcf/yr												
Customer Charge												
100,000 to 199,999 MCF/Yr				\$ 5,000.0000						\$ -	\$ (594.6107)	\$ 4,405.3893
Over 200,000 MCF/Yr				\$ 7,500.0000						\$ -	\$ (891.9161)	\$ 6,608.0839
Demand/Capacity 1/	\$ 0.2271					\$ -				\$ -	\$ -	\$ 0.2271
Price-to-Compare Charge 1/	\$ 0.6749	\$ 0.2102	\$ 4.1815			\$ -		\$ 0.1400		\$ -		\$ 5.2066
Delivery Charge				\$ 0.9988	\$ 0.0051					\$ -	\$ (0.1188)	\$ 0.8851
Total per MCF												\$ 6.3188

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.

TCJA Surcharge	Base Rate Charges	Rider STA	Rider USR	Rider PGC Capacity	Balancing Charge	Rider Supplier Choice	Rider DSIC	Rider TCJA	Bill Display Total Rate	Retainage Charge
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9=SUM 1 to 8)	
Rate RS-T (Transportation Service)							0.00%	-11.8922%		
Customer Charge	\$ 15.7500					\$ (0.0024)	\$ -	\$ (1.8730)	\$ 13.8746	
Demand/Capacity				\$ 0.9020					\$ 0.9020	
Delivery Charge	\$ 6.7743	\$ 0.0051	\$ 0.6770				\$ -	\$ (0.8056)	\$ 6.6508	
Total per MCF									\$ 7.5528	7.4%
Rate SGS-T (Transportation Service)										
Customer Charge										
0 to 499 MCF/Yr	\$ 35.0000					\$ (0.0024)	\$ -	\$ (4.1623)	\$ 30.8353	
500 to 999 MCF/Yr	\$ 65.0000					\$ (0.0024)	\$ -	\$ (7.7299)	\$ 57.2677	
Balancing Charge 1/					\$ 0.4263				\$ 0.4263	
Delivery Charge	\$ 5.1008	\$ 0.0051					\$ -	\$ (0.6066)	\$ 4.4993	
Total per MCF									\$ 4.9256	7.4%
Rate MGS-T (Transportation Service)										
Customer Charge										
1,000 to 2,499 MCF/Yr	\$ 75.0000						\$ -	\$ (8.9192)	\$ 66.0808	
2,500 to 24,999 MCF/Yr	\$ 175.0000						\$ -	\$ (20.8114)	\$ 154.1886	
Balancing Charge 1/					\$ 0.3439				\$ 0.3439	
Delivery Charge	\$ 4.8604	\$ 0.0051					\$ -	\$ (0.5780)	\$ 4.2875	
Total per MCF									\$ 4.6314	7.4%
Rate LGS-T (Transportation Service)										
Customer Charge										
25,000 to 49,999 MCF/Yr	\$ 800.0000						\$ -	\$ (95.1377)	\$ 704.8623	
50,000 to 99,999 MCF/Yr	\$ 1,500.0000						\$ -	\$ (178.3832)	\$ 1,321.6168	
Balancing Charge 1/					\$ 0.2271				\$ 0.2271	
Delivery Charge	\$ 3.7500	\$ 0.0051					\$ -	\$ (0.4460)	\$ 3.3091	
Total per MCF									\$ 3.5362	7.4%
Rate LGS-T (Transportation Service)										
Customer Charge										
100,000 to 199,999 MCF/Yr	\$ 5,000.0000						\$ -	\$ (594.6107)	\$ 4,405.3893	
Over 200,000 MCF/Yr	\$ 7,500.0000						\$ -	\$ (891.9161)	\$ 6,608.0839	
Balancing Charge 1/					\$ 0.2271				\$ 0.2271	
Delivery Charge	\$ 0.9988	\$ 0.0051					\$ -	\$ (0.1188)	\$ 0.8851	
Total per MCF									\$ 1.1122	7.4%

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

Peoples Gas Company LLC

Calculation of State and Federal Income Taxes

Amounts in Thousands

Line No.	DESCRIPTION	Projected Annual Impact (c)
1	Operating Revenues	\$ 99,255
2	Plus: Annual TCJA Refund at Current Rate	\$ 4,980
3	Less: O&M Expenses	\$ 60,199
4	Book Depreciation	\$ 12,716
5	Interest Expense	\$ 4,613
6	Operating Income before Taxes Total	\$ 26,707
7	Add: Premature Property Losses/ Amortizations	\$ -
8	Depr- Straight Line- Remaining Life (Incl COR)	\$ 12,716
9	Taxable Meals & Entertainment	\$ 66
10	Total	\$ 12,782
11	Deduct	
12	Tax Depreciation	\$ 25,912 (a)
13	MACRS On Post 1986 Assets	\$ -
14	Cost of Removal	\$ -
15	Total	\$ 25,912
16	State Taxable Income	\$ 13,577
17	State Income At:	
18	Historic, Future and Fully Projected At 9.99%	\$ 1,356
19	Taxable Income after State Income Tax	\$ 12,221
20	Add: Cost Of Removal Non Adr Property	\$ - (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	\$ 12,221
25	Federal Income Tax at 35%	\$ 4,277
26	Federal Income Tax at 21%	\$ 2,566

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 12/31/21 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)	\$ 4,277.371
Federal- Deferred	\$ 4,646.570
<u>Less: Post TCJA Taxes</u>	
Federal- Current (Page 1, Line 26)	\$ 2,566.423
Federal- Deferred	\$ 2,787.942
Effect of TCJA On Income (A)	\$ 3,569.576
Change in ADIT	\$ 1,858.628 (a)
Commission Approved Rate of Return	7.0658% (b)
Effect of ADIT Change on Income (B)	\$ 131.327
Earnings Excess (Line A - Line B)	\$ 3,438.249
Complement of Tax Rate	71.1079%
Revenue Excess	\$ 4,835.256
Less: Projected July 2018 - December 2021 over(under) Refund Amount	\$ 1,722.097
	<hr/> \$ 3,113.159
Jan - June 2018 Stub Period Refund	\$ 3,785.468 (c)
EADIT Refund per Final Order under Docket No. P-2022-3031235	\$ 939.925 (d)
Total over(under)	<hr/> \$ 7,838.552
Commission Allowed Revenues	\$ 65,913.307
Percent Increase (Decrease)	-11.8922%

Notes:

(a) Represents the annual change in deferred tax expense for the projected twelve months ended December 31, 2021 versus the cumulative amount. Once an Order is issued in the Company's Petition for Approval to Distribute Net Savings Associated with its Excess ADIT for the January 1, 2018, to December 31, 2021, Period at Docket No. P-2022-3031235, this amount will be adjusted accordingly.

(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 (12/31/21) was utilized.

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

(d) As approved by the PUC in the Final Order entered on June 16, 2022 under Docket No. P-2022-3031235, total net savings to be distributed to customers for Excess Accumulated Deferred Income Taxes (EADIT) from the period of January 1, 2018 through December 31, 2021.

Peoples Gas Company LLC
 TCJA EADIT Petition
 Summary of Adjustments

Line No.	Item	Amount	Support	Description
1	EADIT	\$ (1,389,927)	see page 3, column (1)	EADIT Amortization - Jan. 1, 2018 to Dec. 31, 2021
2	Less: EADIT Rate Base Offset	837,852	see page 3, column (7)	Cumulative Impact of Deferred Taxes
3	Gross Up	(224,314)	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>\$ (939,925)</u>		

**Source: Petition filed March 3, 2022 pursuant to the TCJA Order and January 6, 2022, Secretarial Letter at Docket No. P-2021-3025989; Approval to Distribute to Customers Net Savings Associated with its Excess Accumulated Deferred Income Taxes for the January 1, 2018 to December 31, 2021 period.*

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 Peoples Gas posted Supplement No. 86 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: June 21, 2022



Andrew P. Wachter