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Carol Scanlon
Manager, Rates

PNG Companies LLC
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January 10, 2023

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 NATURAL GAS COMPANY LLC: State Tax Adjustment Surcharge (STAS)

Dear Secretary Chiavetta:

Pursuant to the Secretarial Letters issued by the Pennsylvania Public Utility Commission on November 9, 2022 and December 15, 2022; Peoples Natural Gas Company LLC's ("Peoples" or "Company") submits the attached compliance filing. Enclosed as **Exhibit A – C** is a revised calculation of the STAS.

Please note that Peoples will not be submitting a tariff change to the State Tax Adjustment Surcharge ("STAS") to account for the recent adjustment to the Pennsylvania Corporate Net Income Tax ("CNI") rate. Peoples' currently has a taxable loss as filed in its most recent 2021 CNI Tax return, primarily as a result of defining its unit of property under the Internal Revenue Service's tangible property regulations (i.e. "Tax Repairs"). Because the Company is currently incurring tax benefits (i.e. a net operating loss), the reduction in the CNI tax rate will ultimately reduce the tax benefits as compared to the level of tax benefit it would otherwise have experienced. This will result in the Company's STAS rate being a charge to customers. However, Peoples does not intend to pass on this loss of tax benefit resulting from this CNI rate change and thus the Company's currently effective STAS rate will not change. The Company's treatment of Tax Repairs was approved at Docket No. P-2020-3021191.

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

Respectfully submitted,

Carol Scanlon
Manager, Rates

AFFIDAVIT

I, Carol Scanlon in my capacity as Manager, Rates of Peoples Natural 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 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).

DATED: January 10, 2023



Carol Scanlon

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

Current Period - Incremental Change in PA Taxes:

(1) Incremental Change in Capital Stock Tax Liability (Exhibit A)	\$	-
(2) Incremental Change in Corporate Net Income Tax Liability (Exhibit A)	\$	-
(3) Incremental Change in PURTA Tax Liability (Exhibit A)	\$	59,278
Total Current Period - Incremental Increase (Decrease) in PA Taxes	\$	<u>59,278</u>

Prior Period (Over) / Under Collections (Exhibit B) \$ 58,061

Total Tax Changes and (Over) / Under Collections \$ 117,339

Rider A - Computation - State Tax Surcharge

Incremental Change in PA Taxes (Above)	\$	117,339	
Delivery Fee Revenues - 4/1/2022 through 3/31/2023 (Exhibit C)	\$	311,161,543	
Rider A - State Tax Surcharge (Effective 1/10/2023 - 4/10/2023)		<table border="1"><tr><td style="text-align: center;">0.04%</td></tr></table>	0.04%
0.04%			

PEOPLES NATURAL GAS COMPANY LLC
Change in PA Taxes

EXHIBIT A

Change in Capital Stock Tax:

	A	B	C	D=A*B*C
Time Period	Base Millage	Capital Stock Tax Value	# of Months Effective	Capital Stock Tax
1/ Base Rate Case - 2018	0	\$ -	12/12	\$ -
2/ 4/1/2022 through 12/31/2022	0	\$ -	9/12	\$ -
2/ 1/1/2023 through 3/31/2023	0	\$ -	3/12	\$ -
				\$ -
Incremental Increase / (Decrease) in Capital Stock Tax				\$ - -----> \$ -

Legislative Change in Corporate Net Income (CNI) Tax Rate:

	A	B	C	D=A*B*C
Time Period	State Taxable Value	CNI Rate	# of Months Effective	CNI
3/ Base Period 4/1/2022 - 3/31/2023	\$ (82,719,136)	0.0999	12/12	\$ (8,263,642)
				\$ (8,263,642)
3/ 4/1/2022 through 12/31/2022	\$ (82,719,136)	0.0999	9/12	\$ (6,197,731)
3/ 1/1/2023 through 3/31/2023	\$ (82,719,136)	0.0899	3/12	\$ (1,859,113)
				\$ (8,056,844)
Incremental Increase / (Decrease) in CNI				\$ 206,798 -----> \$ - 5/

Change in PURTA Liability:

	A	B	C	D=A*B*C
Time Period	State Taxable Value	PURTA Rate	# of Months Effective	PURTA Liability
1/ Base Rate Case - 2018	\$ 20,709,400	0.0304009	12/12	\$ 629,584
4/ 4/1/2022 through 12/31/2022	\$ 24,784,202	0.0279975	9/12	\$ 520,422
4/ 1/1/2023 through 3/31/2023	\$ 24,784,202	0.0271851	3/12	\$ 168,440
				\$ 688,862
Incremental Increase / (Decrease) in PURTA				\$ 59,278 -----> \$ 59,278

1/ Reflects the as-filed tax liability in Peoples' last rate case at Docket No. R-2018-3006818
All issues in this case were resolved through a "dollar" settlement.

2/ Effective 2016, the Company's Capital Stock Value is zero.

3/ Taxable income value for based on 2021 Income Tax Return.

4/ Taxable value and PURTA rate are based on the August 1, 2022 PURTA Notice for tax year 2021.

5/ Refer to the explanation in the cover letter

PEOPLES NATURAL GAS COMPANY LLC
Calculation of (Over) Under Collection of State Tax Adjustment Surcharge

EXHIBIT B

I. Actual STAS Revenue

2021 March	<-- True-up from previous filing	\$	10,803	
April		\$	23,216	
May		\$	10,337	
June		\$	5,080	
July		\$	2,757	
August		\$	2,757	
September		\$	2,807	
October		\$	3,704	
November		\$	9,894	
December		\$	21,011	
2022 January		\$	23,915	
February		\$	30,006	
March	<-- Estimate	\$	25,897	
Total STAS Revenue Collected		\$	172,185	-----> \$ 172,185

II. Calculated Taxes

1) Prior Period (Over) Under Amounts included in STAS effective Month 4/10/2021 (4/2021 to 3/2022) -----> \$ 165,935

2) Capital Stock - Increase (Decrease)

Time Period	A Base Millage	B Capital Stock Tax Value	C # of Days Effective	D=A*B*C Capital Stock Tax	
1/ Base Rate Case - 2018	0	\$ -	365/365	\$ -	
3/ 4/1/2021 through 12/31/2021	0	\$ -	275/365	\$ -	
3/ 1/1/2022 through 3/31/2022	0	\$ -	90/365	\$ -	
				\$ -	
Incremental Increase / (Decrease) in Capital Stock Tax				\$ -	-----> \$ -

3) PURTA - Increase (Decrease)

Time Period	A State Taxable Value	B PURTA Rate	C # of Days Effective	D=A*B*C PURTA Liability	
2/ Base Rate Case - 2018	\$ 20,709,400	0.0304009	365/365	\$ 629,584	
3/ 4/1/2021 through 12/31/2021	\$ 24,784,202	0.0279975	275/365	\$ 522,798	
3/ 1/1/2022 through 3/31/2022	\$ 24,784,202	0.0279975	90/365	\$ 171,098	
				\$ 693,896	
Incremental Increase / (Decrease) in PURTA				\$ 64,311	-----> \$ 64,311

Total Calculated Taxes **\$ 230,246**

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

\$ 58,061

- 1/ Reflects the as-filed tax liability in Peoples' last rate case at Docket No. R-2018-3006818
All issues in this case were resolved through a "dollar" settlement.
- 2/ Effective 2016, the Company's Capital Stock Value is zero.
- 3/ Taxable value and PURTA rate are based on the August 1, 2022 PURTA Notice for tax year 2021.

PEOPLES NATURAL GAS COMPANY LLC
Projected Delivery Fee Revenues

EXHIBIT C

Projected Year

Retail

Residential	171,119,761
SGS	18,373,437
MGS	11,978,147
LGS	1,606,062
Total	<u>\$ 203,077,407</u>

Transport

Residential	31,449,179
SGS	7,401,324
MGS	28,939,977
LGS	40,293,655
Total	<u>\$ 108,084,136</u>

Grand Total 311,161,543