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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 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 Gas Company LLC's ("Peoples Gas" or "Company") submits the attached compliance filing. Enclosed as **Exhibit A – C** is a revised calculation of the STAS.

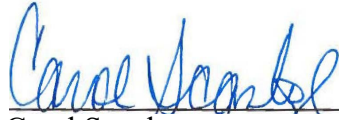
Please note that Peoples Gas will not be submitting a tariff change to the State Tax Adjustment Surcharge ("STAS") to account for the recent adjustment to the Pennsylvania Corporate Net Income Tax ("CNI") rate. Peoples Gas currently has a taxable loss as filed in its most recent 2021 CNI Tax return, 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 Gas 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.

Per the approved Settlement in the Joint Application of Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and Necessary Certificates of Public Convenience to Merge Peoples Natural Gas Company LLC and Peoples Gas Company LLC at Docket Nos. A-2021-3029831 and A-2021-3029833, Peoples Natural Gas (which will include the Peoples Gas assets) will account for the prospective impact utilizing flow-through

accounting consistent with the recent Peoples Natural Gas repairs tax settlement 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.

Sincerely,



Carol Scanlon
Manager, Rates

AFFIDAVIT

I, Carol Scanlon in my capacity as Manager, Rates of 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 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 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)	\$	38,923
Total Current Period - Incremental Increase (Decrease) in PA Taxes	\$	<u>38,923</u>

Prior Period (Over) / Under Collections (Exhibit B) \$ 7,975

Total Tax Changes and (Over) / Under Collections \$ 46,898

Rider A - Computation - State Tax Surcharge

Incremental Change in PA Taxes (Above)	\$	46,898
Delivery Fee Revenues - 4/1/2022 through 3/31/2023 (Exhibit C)		9,263,196
Rider A - State Tax Surcharge (Effective 1/10/2023 - 4/10/2023)	\$	<u>0.0051</u>

PEOPLES 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 - 2013	0	\$ 51,664,232	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	\$ (34,157,057)	0.0999	12/12	\$ (3,412,290)
				\$ (3,412,290)
3/ 4/1/2022 through 12/31/2022	\$ (34,157,057)	0.0999	9/12	\$ (2,559,217)
3/ 1/1/2023 through 3/31/2023	\$ (34,157,057)	0.0899	3/12	\$ (767,680)
				\$ (3,326,897)
Incremental Increase / (Decrease) in CNI				\$ 85,393

-----> \$ - 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 - 2013				\$ 52,000
4/ 4/1/2022 through 12/31/2022	\$ 3,271,269	0.0279975	9/12	\$ 68,691
4/ 1/1/2023 through 3/31/2023	\$ 3,271,269	0.0271851	3/12	\$ 22,232
				\$ 90,923
Incremental Increase / (Decrease) in PURTA				\$ 38,923

-----> \$ 38,923

1/ Reflects the as-filed tax liability in Peoples Gas's last rate case at Docket No. R-2013-2355886. 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 CNI rates are 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 GAS COMPANY LLC
Calculation of (Over) Under Collection of State Tax Adjustment Surcharge

EXHIBIT B

I. Actual STAS Revenue

2021 March True-up	\$	789	
April	\$	2,348	
May	\$	2,599	
June	\$	2,044	
July	\$	1,562	
August	\$	1,399	
September	\$	1,553	
October	\$	1,546	
November	\$	3,018	
December	\$	6,126	
2022 January	\$	6,818	
February	\$	8,884	
March <-- Estimate	\$	5,542	
Total STAS Revenue Collected	\$	44,228	-----> \$ 44,228

II. Calculated Taxes

1) Prior Period (Over) Under Amounts included in STAS effective Month 4/10/2021 (4/2021 to 3/2022) -----> \$ 12,616

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 - 2013	0	\$ 51,664,232	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 - 2013				\$ 52,000 \$ 52,000
3/ 4/1/2021 through 12/31/2021	\$ 3,271,269	0.0279975	275/365	\$ 69,004
3/ 1/1/2022 through 3/31/2022	\$ 3,271,269	0.0279975	90/365	\$ 22,583 \$ 91,587
Incremental Increase / (Decrease) in PURTA				\$ 39,587 -----> \$ 39,587
Total Calculated Taxes				\$ 52,203

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

\$ 7,975

1/ Reflects the as-filed tax liability in Peoples Gas's last rate case at Docket No. R-2013-2355886. 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 GAS COMPANY LLC
Projected Annual Customer Throughput

EXHIBIT C

Annual Customer Throughput	Projected Year
Retail	
Residential	4,948,075
Commercial	1,639,093
Industrial	
Total	<hr/> 6,587,168
Transport	
Residential	34,460
Commercial	1,002,951
Industrial	1,638,616
Total	<hr/> 2,676,027
 Grand Total	 9,263,196