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Pittsburgh, PA 15212

Carol Scanlon
Rates Manager

Peoples Natural Gas Company LLC
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December 20, 2024

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 Natural Gas Company LLC - Rider Tax Repairs Surcredit (TRS)
Rate Adjustment Docket No. R-2023-3044549**

Dear Secretary Chiavetta:

On September 12, 2024, the Pennsylvania Public Utility Commission issued an Order accepting the Recommended Decision in the above referenced proceeding. In compliance with this order (paragraphs 50-52 – shown below), and pursuant to Docket Nos. P-2020-3021191, A-2021-3029831 and A-2021-3029833, as amended at Docket No. R-2023- 3044549, Peoples Natural Gas Company LLC (“Peoples”) is filing Supplement No. 5 to PA PUC Tariff No. 48 to update the Rider Tax Repairs Surcredit:

50. Within 90 days following the effective date of new rates in this proceeding, Peoples will file a revised Tax Repair Surcharge Rider (“TRSR”) with the following adjustments:

A.) Adjustment to reflect the reduced tax benefits as a result of the reduction in the State Corporate Net Income (“CNI”) rate. The state benefit will be returned to customers in the amount monetized;

B.) Adjustment to reflect the impacts of IRS Rev. Proc. 2023-15 (“Natural Gas Safe Harbor” or “NGSH”) to the original 481(a) adjustment amount quantified in Docket No. P-2020-3021191 for the Peoples Natural Gas Division (“PNGD”).

C.) Adjustment to reflect the impacts of the Natural Gas Safe Harbor 481(a) adjustment amount for the Peoples Gas Division (“PGD”);

D.) Adjustment to reflect the impact of the 481(a) adjustment for Mandatory Relocations; and

E.) Extend the amortization period from the 5 years to 10 years including the amortized portion of the previous surcredit authorized in Docket No. P-2020-3021191, including the aforementioned adjustments.

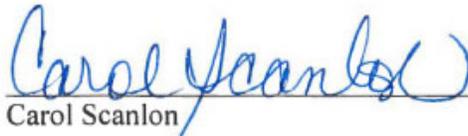
F.) Approval to defer in a regulatory liability all state tax benefits related to the aforementioned adjustments, including the full amount of state tax benefit addressed in Docket No. P-2020-3021191, for return to customers subject to monetization of Pennsylvania state Net Operating Losses.

51. The TRSR will apply to all customers of the combined Company, except for customers with negotiated rates.

Further, this revised rate is effective January 1, 2025, pursuant to the tariff approved in the above reference proceeding.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,



Carol Scanlon

Enclosure

cc: Certificate of Service

CERTIFICATE OF SERVICE

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

VIA EMAIL AND/OR FIRST-CLASS MAIL

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332 Main Capitol
Harrisburg, PA 17120
repburns@pa.house

Date: December 20, 2024



Meagan Moore, Esquire

VERIFICATION

I, Carol Scanlon, hereby state that I am Rates Manager, of Peoples Natural Gas Company 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: December 20, 2024



(Signature)

PEOPLES NATURAL GAS COMPANY LLC

RATES AND RULES GOVERNING THE FURNISHING OF NATURAL GAS SERVICE TO RETAIL GAS CUSTOMERS

ISSUED: December 20, 2024

EFFECTIVE: January 1, 2025

**BY: Michael Huwar
President
375 North Shore Drive
Pittsburgh, PA 15212**

NOTICE

Rider Tax Repairs Surcredit (TRS) Rate Update

This tariff makes changes to existing rates.
(See page 2)

LIST OF CHANGES

	<u>Current</u>	<u>Proposed</u>	<u>Increase/ (Decrease)</u>
<u>Rider Tax Repairs Surcredit (TRS)</u>	(6.8414)%	(0.6730)%	6.1684%

RIDER
TAX REPAIRS SURCREDIT (TRS)

Pursuant to Docket Nos. P-2020-3021191, A-2021-3029831 and A-2021-3029833, as amended at Docket No. R-2023-3044549, there shall be a surcredit of negative 0.6730% percent applied to the customer charge and the base rate (I) delivery charge under all rate schedules served by this tariff. Any customer receiving a discounted flexible delivery charge rate will not be eligible for the surcredit.

Purpose: The purpose of this surcredit is to refund, over a ten-year period beginning January 1, 2025, the tax benefits of certain catch-up tax deduction resulting from the Company's defining its unit of property under the Internal Revenue Service's Treasury Regulations 1.263(a)-3 and 1.162-4 and IRS Rev. Proc. 2023-15. Specifically, the surcredit shall reflect:

- the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for the tax years ended December 31, 2012 through March 15, 2020 for Peoples Natural Gas Company, net of amounts refunded prior to January 1, 2025;
- the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for the tax years ended December 31, 2013 through December 31, 2020 for the former Peoples Gas Company;
- the difference between federal and state income tax depreciation claimed versus the repair deductions that would have been claimed for mandatory relocation projects for the tax years ended December 31, 2012 through December 31, 2021 for Peoples Natural Gas Company; and December 31, 2013 through December 31, 2021 for the former Peoples Gas Company.
- the amortization of excess deferred taxes that are no longer protected under the IRS normalization rules due to the change in tax accounting methods.
- adjustments to reflect reduced state income tax benefits resulting from changes to the state Corporate Net Income Tax rate.

Effective Date: Beginning with service rendered January 1, 2025.

Calculation: The annual amount of the surcredit will be approximately \$4.1 million, equal to 100% of the tax benefit from the afore-mentioned items of approximately \$473.7 million refunded over a ten-year period.

Reconciliation: In accordance with Section 1307(e) of the Public Utility Code, the Company shall provide a reconciliation of the amount refunded and one-tenth of the projected tax benefit of the afore-mentioned items for the twelve-month period ended December 31. The rate will be adjusted annually for the resulting over/undercollection to be effective April 1. The annual reconciliation will be filed by March 21 for the preceding calendar year.

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 recoup or refund period.

This surcredit will remain in place for eleven years (ten years of refund period and one year for a final reconciliation period). In the final year, the Company also shall include the difference between the actual tax benefits received and the projected tax benefits previously reflected in calculating the surcredit, as provided by the Order at Docket No. P-2020-3021191. Any over or under ratepayer surcredit amounts remaining at the end of year eleven shall be flowed through to Customers in the Company's next quarterly 1307(f) gas cost filing. Within 60 days of termination of the distribution of the rate credit, the Company shall file with the Commission and provide a copy to all parties to Docket No. P-2020-3021191, A-2021-3029831 and A-2021-3029833, as amended at Docket No. R-2023-3044549 a final reconciliation of all surcredit amounts.

Upon determination that this surcredit, 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 this surcredit.

(I) – Indicates increase.

ISSUED: December 20, 2024

EFFECTIVE: January 1, 2025

	Rider Purchased Gas Costs				Base Rate Charges (5)	Rider STAS (6)	Rider MFC (7)	Rider Supplier Choice (8)	Rider USR (9)	Rider GPC (10)	Rider DSIC Charge (11)	Rider TRS (12)	Former Peoples Gas Customers RIDER TCJA 3/ (13)	Former Peoples Natural Gas Customers Total Rate (14=SUM 1 to 12)	Former Peoples Gas Customers Total Rate (15=SUM 1 to 13)
	Capacity (1)	AVC Capacity (2)	GCA (3)	Commodity (4)											
Residential Sales						0.00%					0.00%	-0.6730%	-0.4081%		
Customer Charge					\$ 16.80		\$ 0.0080				\$ -	\$ (0.1131)	\$ (0.0686)	\$ 16.6949	\$ 16.6264
Capacity	\$ 1.2293	\$ 0.7345					\$ 0.0270							\$ 1.9908	\$ 1.9908
Price to Compare - PTC			\$ (0.0689)	\$ 2.2144			\$ 0.0472			\$ 0.0865				\$ 2.2792	\$ 2.2792
Delivery Charge					\$ 5.3537			\$ 0.6055			\$ -	\$ (0.0360)	\$ (0.0219)	\$ 5.9232	\$ 5.9013
State Tax Surcharge						\$ -								\$ -	\$ -
Total per MCF							\$ 0.0742							\$ 10.1932	\$ 10.1713
Small General Service (SGS)															
Customer Charge															
0 to 499 MCF/Yr					\$ 22.00		\$ 0.0080				\$ -	\$ (0.1481)	\$ (0.0898)	\$ 21.8599	\$ 21.7701
500 to 999 MCF/Yr					\$ 44.00		\$ 0.0080				\$ -	\$ (0.2961)	\$ (0.1796)	\$ 43.7119	\$ 43.5323
1/ Capacity	\$ 0.4199	\$ 0.6683												\$ 1.0882	\$ 1.0882
Price to Compare - PTC	\$ 0.8094		\$ (0.0689)	\$ 2.2144			\$ 0.0113			\$ 0.0865				\$ 3.0527	\$ 3.0527
Delivery Charge					\$ 3.9844						\$ -	\$ (0.0268)	\$ (0.0163)	\$ 3.9576	\$ 3.9413
State Tax Surcharge						\$ -								\$ -	\$ -
Total per MCF	\$ 1.2293													\$ 8.0985	\$ 8.0822
Medium General Service (MGS)															
Customer Charge															
1,000 to 2,499 MCF/Yr					\$ 101.00						\$ -	\$ (0.6797)	\$ (0.4122)	\$ 100.3203	\$ 99.9080
2,500 to 24,999 MCF/Yr					\$ 145.00						\$ -	\$ (0.9759)	\$ (0.5918)	\$ 144.0242	\$ 143.4323
1/ Capacity	\$ 0.4199	\$ 0.4209												\$ 0.8408	\$ 0.8408
Price to Compare - PTC	\$ 0.8094		\$ (0.0689)	\$ 2.2144			\$ 0.0113			\$ 0.0865				\$ 3.0527	\$ 3.0527
Delivery Charge					\$ 3.6941						\$ -	\$ (0.0249)	\$ (0.0151)	\$ 3.6692	\$ 3.6541
State Tax Surcharge						\$ -								\$ -	\$ -
Total per MCF	\$ 1.2293													\$ 7.5627	\$ 7.5476
Large General Service (LGS)															
Customer Charge															
25,000 to 49,999 MCF/Yr					\$ 940.00						\$ -	\$ (6.3262)	\$ (3.8366)	\$ 933.6738	\$ 929.8372
50,000 to 99,999 MCF/Yr					\$ 1,465.00						\$ -	\$ (9.8595)	\$ (5.9793)	\$ 1,455.1406	\$ 1,449.1612
100,000 to 199,999 MCF/Yr					\$ 2,130.00						\$ -	\$ (14.3349)	\$ (8.6935)	\$ 2,115.6651	\$ 2,106.9716
Over 200,000 MCF/Yr					\$ 5,630.00						\$ -	\$ (37.8899)	\$ (22.9785)	\$ 5,592.1101	\$ 5,569.1316
1/ Capacity	\$ 0.1048	\$ 0.1297												\$ 0.2345	\$ 0.2345
Price to Compare - PTC	\$ 1.1245		\$ (0.0689)	\$ 2.2144			\$ 0.0113			\$ 0.0865				\$ 3.3678	\$ 3.3678
Delivery Charge															
25,000 - 49,999 MCF/Yr					\$ 2.6360	\$ -					\$ -	\$ (0.0177)	\$ (0.0108)	\$ 2.6183	\$ 2.6075
50,000 - 99,999 MCF/Yr					\$ 2.5519	\$ -					\$ -	\$ (0.0172)	\$ (0.0104)	\$ 2.5347	\$ 2.5243
100,000 - 199,999 MCF/Yr					\$ 2.4335	\$ -					\$ -	\$ (0.0164)	\$ (0.0099)	\$ 2.4171	\$ 2.4072
200,000 to 749,999 MCF/Yr					\$ 2.1937	\$ -					\$ -	\$ (0.0148)	\$ (0.0090)	\$ 2.1789	\$ 2.1699
750,000 to 1,999,999 MCF/Yr					\$ 1.9097	\$ -					\$ -	\$ (0.0129)	\$ (0.0078)	\$ 1.8968	\$ 1.8890
Over 2,000,000 MCF/Yr					\$ 1.4431	\$ -					\$ -	\$ (0.0097)	\$ (0.0059)	\$ 1.4334	\$ 1.4275
2/ Total per MCF	\$ 1.2293													\$ 6.2206	\$ 6.2098
Mainline Service (MLS)															
Customer Charge															
Over 200,000 MCF/Yr					\$ 5,630.00						\$ (37.8899)	\$ (22.9785)		\$ 5,592.1101	\$ 5,569.1316
1/ Capacity	\$ 0.1048	\$ 0.1297												\$ 0.2345	\$ 0.2345
Price to Compare - PTC	\$ 1.1245		\$ (0.0689)	\$ 2.2144			\$ 0.0113			\$ 0.0865				\$ 3.3678	\$ 3.3678
Delivery Charge															
PNG transmission line					\$ 0.7430						\$ (0.0050)	\$ (0.0030)		\$ 0.7380	\$ 0.7350
Interstate pipeline					\$ 0.4422						\$ (0.0030)	\$ (0.0018)		\$ 0.4392	\$ 0.4374
Total per MCF														\$ 4.3403	\$ 4.3373

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 Capacity Charge.

See the Residential - Sales section above as an example of Priority One.

2/ The Total per MCF displayed for Retail LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.

3/ The Rider TCJA Temporary Surcharge applies to former Peoples Gas Division customers.

4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.

5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

	Base Rate Charges (1)	Rider STAS (2)	Rider MFC (3)	Rider USR (4)	Rider Purchased Gas Costs Capacity (5)	AVC Capacity (6)	Balancing Charge (7)	Rider Supplier Choice (8)	Rider DSIC Charge (9)	Rider TRS (10)	Former Peoples Gas Customers RIDER TCJA 3/ (11)	Former Peoples Natural Gas Total Rate (12=SUM 1 to 10)	Former Peoples Gas Customers Total Rate (13=SUM 1 to 11)
Rate GS-T Residential													
Customer Charge	\$ 16.8000	0.00%						\$ 0.0080	\$ -	\$ (0.1131)	\$ (0.0686)	\$ 16.6949	\$ 16.6264
Capacity			\$ 0.0270		\$ 1.2293	\$ 0.7345						\$ 1.9908	\$ 1.9908
Delivery Charge	\$ 5.3537			\$ 0.6055				\$ -	\$ (0.0360)	\$ (0.0219)		\$ 5.9232	\$ 5.9013
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 7.9140	\$ 7.8921
Rate GS-Transportation SGS													
Customer Charge													
0 to 499 MCF/Yr	\$ 22.0000							\$ 0.0080	\$ -	\$ (0.1481)	\$ (0.0898)	\$ 21.8599	\$ 21.7701
500 to 999 MCF/Yr	\$ 44.0000							\$ 0.0080	\$ -	\$ (0.2961)	\$ (0.1796)	\$ 43.7119	\$ 43.5323
1/ Capacity/BB&A					\$ 0.6683	\$ 0.4199						\$ 1.0882	\$ 1.0882
Delivery Charge	\$ 3.9844							\$ -	\$ (0.0268)	\$ (0.0163)		\$ 3.9576	\$ 3.9413
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 5.0458	\$ 5.0295
Rate GS-Transportation MGS													
Customer Charge													
1,000 to 2,499 MCF/Yr	\$ 101.0000							\$ -	\$ (0.6797)	\$ (0.4122)		\$ 100.3203	\$ 99.9080
2,500 to 24,999 MCF/Yr	\$ 145.0000							\$ -	\$ (0.9759)	\$ (0.5918)		\$ 144.0242	\$ 143.4323
1/ Capacity/BB&A					\$ 0.4209	\$ 0.4199						\$ 0.8408	\$ 0.8408
Delivery Charge	\$ 3.6941							\$ -	\$ (0.0249)	\$ (0.0151)		\$ 3.6692	\$ 3.6541
State Tax Surcharge		\$ -										\$ -	\$ -
Total per MCF												\$ 4.5100	\$ 4.4949
Rate GS-Transportation LGS													
Customer Charge													
25,000 to 49,999 MCF/Yr	\$ 940.0000							\$ -	\$ (6.3262)	\$ (3.8366)		\$ 933.6738	\$ 929.8372
50,000 to 99,999 MCF/Yr	\$ 1,465.0000							\$ -	\$ (9.8595)	\$ (5.9793)		\$ 1,455.1406	\$ 1,449.1612
100,000 to 199,999 MCF/Yr	\$ 2,130.0000							\$ -	\$ (14.3349)	\$ (8.6935)		\$ 2,115.6651	\$ 2,106.9716
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ -	\$ (37.8899)	\$ (22.9785)		\$ 5,592.1101	\$ 5,569.1316
1/ Capacity/BB&A					\$ 0.1297	\$ 0.1048						\$ 0.2345	\$ 0.2345
Delivery Charge													
25,000 - 49,999 MCF/Yr	\$ 2.6360	\$ -						\$ -	\$ (0.0177)	\$ (0.0108)		\$ 2.6183	\$ 2.6075
50,000 - 99,999 MCF/Yr	\$ 2.5519	\$ -						\$ -	\$ (0.0172)	\$ (0.0104)		\$ 2.5347	\$ 2.5243
100,000 - 199,999 MCF/Yr	\$ 2.4335	\$ -						\$ -	\$ (0.0164)	\$ (0.0099)		\$ 2.4171	\$ 2.4072
200,000 to 749,999 MCF/Yr	\$ 2.1937	\$ -						\$ -	\$ (0.0148)	\$ (0.0090)		\$ 2.1789	\$ 2.1699
750,000 to 1,999,999 MCF/Yr	\$ 1.9097	\$ -						\$ -	\$ (0.0129)	\$ (0.0078)		\$ 1.8968	\$ 1.8890
Over 2,000,000 MCF/Yr	\$ 1.4431	\$ -						\$ -	\$ (0.0097)	\$ (0.0059)		\$ 1.4334	\$ 1.4275
2/ Total per MCF												\$ 2.8528	\$ 2.8420
Mainline Service (MLS)													
Customer Charge													
Over 200,000 MCF/Yr	\$ 5,630.0000							\$ (37.8899)	\$ (22.9785)			\$ 5,592.1101	\$ 5,569.1316
1/ Capacity/BB&A					\$ 0.1297	\$ 0.1048						\$ 0.2345	\$ 0.2345
Delivery Charge													
PNG transmission line	\$ 0.7430	\$ -						\$ (0.0050)	\$ (0.0030)			\$ 0.7380	\$ 0.7350
Interstate pipeline	\$ 0.4422	\$ -						\$ (0.0030)	\$ (0.0018)			\$ 0.4392	\$ 0.4374
Total per MCF												\$ 0.9725	\$ 0.9695

1/ The Capacity Charge applies to Priority 1 ratepayers when electing transport service. All other Ratepayers are billed the Balancing Charge.
 2/ The Total per MCF displayed for Transport LGS is representative of the 25,000 - 49,999 MCF/Yr delivery charge tier only.
 3/ The Rider TJCA Temporary Surcharge applies to former Peoples Gas Division customers.
 4/ In addition to the above listed rates the Weather Normalization Adjustment applies during October through May billing months.
 5/ The above rates are for non-transitional customers. For transitional customer rates, refer to the corresponding rate schedule found in the Company's retail tariff.

	<u>Federal Income Tax</u>	<u>State Income Tax</u>	<u>Federal Benefit of State</u>	<u>Total</u>
Original 481(a) Give Back - GrossTax Base	\$ 390,959,027	\$ 407,205,588	\$ 407,205,588	
PNG Original Mandatory Relos	34,433,905	34,433,905	34,433,905	
PNG NGSH 481(a) impact	(259,540)	(274,466)	(274,466)	
PGC Original 481(a)	33,984,032	30,582,227	30,582,227	
PGC Original Mandatory Relos	2,027,232	2,027,232	2,027,232	
PGC NGSH 481(a) impact	12,632,818	12,632,818	12,632,818	
Total Gross 481(a) - RL	\$ 473,777,474	\$ 486,607,304	\$ 486,607,304	
Tax Rate in effect on Tax Return =>	21.00%	8.99%	-1.89%	28.10%
481(a) Tax Benefit/(Exp)	\$ 99,493,270	\$ 43,745,997	\$ (9,186,659)	\$ 134,052,607
2025 Gross-Up Factor	1.2658	1.2658	1.2658	
Gross Revenue Give Back	\$ 125,940,848	\$ 55,374,679	\$ (11,628,683)	\$ 169,686,844
NOL Valuation Allowance	\$ -	\$ (55,374,679)	\$ 11,628,683	\$ (43,745,997) (a)
Subtotal	\$ 125,940,848	\$ -	\$ -	\$ 125,940,848
Amount Previously Refunded to Customers				\$ (98,523,781) (b)
Amount Subject to Give Back/(Recovery)				\$ 27,417,067
Less: Compliance Costs net of Interest Due				\$ (311,363) (b) (c)
Total Amount Subject to Give Back/(Recovery)				\$ 27,105,704
Remaining Amortization Period				6.59 (d)
New Annual Refund to/(Collection) from Customers				\$ 4,115,467
Projected Annual Delivery Rate Revenue				\$ 611,545,694
% Surcredit as of January 1, 2025				-0.6730%

Notes:

- (a) The Company does not expect to be able to take the deduction for State tax purposes. Thus, consistent with the Order, the Company is not required to refund a deduction it will never realize.
- (b) Includes actuals through November 2024 and projected December 2024 activity.
- (c) Certain external costs were incurred to update the various tax calculations based upon the new IRS regulations which reduced the net benefit of the catch-up deduction.
- (d) Original Refund Period was 8/1/21 through 8/1/26. The new period is extended to 8/1/31 in the Base Rate Case. Thus, 6.59 years remain.