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IURC 30-Day Filing No.: 50155
Indiana Utility Regulatory Commission

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April 24, 2018

Electronically filed

RE: Fountaintown Gas Company, Inc.— 30 Day Filing (Filing No. 50155)

Dear Ms. Becerra,

Fountaintown Gas Company (“Fountaintown” or “Respondent”) is a responding utility in the Commission’s investigation into the impacts of the Tax Cuts and Jobs Act of 2017 under the Commission’s Cause No. 45032. On February 16, 2018, Midwest was ordered to file revised tariff sheets using the 30 day filing process of 170 IAC 1-6-5 and 170 IAC 1-6-6. In keeping with its understanding of that Order, on March 26, 2018, Respondent submitted: revised tariff sheets; supportive verified testimony of Bonnie J. Mann; a recalculated revenue requirement; supportive verified testimony of Kerry A. Heid; and a recalculated revenue proof. Additionally Respondent included a copy of the legal notice which had been delivered to the Scott County Journal, a newspaper of general circulation within Respondent’s service area. Respondent believes such notice was published on or before April 5, 2018. Additionally a copy of this notice has been posted at Respondent’s offices and on Respondent’s website.

Based on the objections filed by the Office of Consumer Counselor (OUCC) and following further discussions with representatives of the staffs of the OUCC and IURC, Respondent was asked to refile its tariffs to include application of the new federal income tax rate to bad debt expense, the IURC fee, utility receipts tax, synchronized interest, and use of the state income tax rate all as established in Respondent’s last base rate case. Respondent has consented to refile its tariffs as requested, but notes that a number of these inputs have changed since its last base rate case. Therefore Respondent’s refiled tariffs attached here are offered subject to further change to accommodate and reconcile the actual bad debt expense, IURC fee, utility receipts tax, synchronized interest and state tax as appropriate. Respondent anticipates proposing such change under Phase 2 of Cause No. 45032, or a subdocket of such Cause, or as otherwise directed by the Commission.

Counsel for Respondent has provided a copy of this letter, and accompanying material to: Loraine Seyfried, as the presiding Administrative Law Judge in Cause No. 45032; Jane Steinhauer, as Director of the Commission’s Energy Division; Tiffany I. Murray, Counsel for the OUCC in Cause No. 45032; and Leja Courter, Director of the OUCC Natural Gas Division.

To the extent the Commission or the OUCC needs additional information please contact the undersigned; or Respondent’s Accountant; or Respondent’s Cost of Service Advisor.

Bonnie J. Mann
LWG CPA's and Advisors
317-634-4747
(Respondent's Accountant)

Kerry A. Heid
Heid Rate and Regulation Services
812-858-0508
(Respondent's Cost of Service Advisor)

Very truly yours,



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Fountaintown Gas Company

**RATE RS
RESIDENTIAL SALES SERVICE**

AVAILABILITY:

Available for general natural gas service to residential customers with installed meter sizes of 250 or less. Customer must be located on Company's gas mains suitable and adequate for supplying this service.

Service to residential customers shall be to single-dwelling residences that are individually metered for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting and automobile fueling.

CHARACTER OF SERVICE:

Gas furnished hereunder will have a heating value of approximately 1,000 BTU per cubic foot.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

Customer Charge per month \$10.60 per meter

Distribution Charge:

First 10 dekatherms per month \$3.4548 per dekatherm

Over 10 dekatherms per month \$2.8905 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge

DMS 12208965v1

Effective:

Issued by: Robert Wortman, President

Base rates as approved, Cause No. 44292

Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

**RATE GS
GENERAL SALES SERVICE**

AVAILABILITY:

Available for general natural gas service to commercial and public authority customers with installed meter sizes of 250 or less. Customer must be located on Company's gas mains suitable and adequate for supplying this service.

Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting, automobile fueling and to a multi-dwelling residential unit that is collectively metered.

CHARCTER OF SERVICE:

Gas furnished hereunder will have a heating value of approximately 1,000 BTU per cubic foot.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

Customer Charge per month	\$10.60 per meter
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Distribution Charge:

First 10 dekatherms per month	\$3.4548 per dekatherm
Over 10 dekatherms per month	\$2.8908 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Effective:

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Base rates as approved, Cause No. 44292
Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

**RATE B
COMMERCIAL SALES SERVICE**

AVAILABILITY:

Available for natural gas service to commercial and public authority customers with installed meter sizes greater than 250. Customer must be located on Company's gas mains suitable and adequate for supplying this service.

Service to commercial and public authority customers shall be to individually metered customers for natural gas consumption for heating, cooling, cooking, drying, water heating, lighting, automobile fueling and to a multi-dwelling residential unit that is collectively metered.

This rate schedule is not available to a commercial customer that utilizes the natural gas service for an industrial process.

CHARCTER OF SERVICE:

Gas furnished hereunder will have a heating value of approximately 1,000 BTU per cubic foot.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

For meter sizes 250 to 800	\$21.00 per meter
For meter sizes greater than 800	\$88.000 per meter

Distribution Charge:

First 10 dekatherms per month	\$3.9777 per dekatherm
Next 90 dekatherms per month	\$2.9741 per dekatherm
Over 100 dekatherms per month	\$1.7325 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

DMS 12209058v1

Effective:

Issued by: Robert Wortman, President
Base rates as approved, Cause No. 44292
Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

**RATE C
INDUSTRIAL SALES SERVICE**

APPLICABILITY:

Available for firm natural gas service to industrial customers that utilize the natural gas service for manufacturing and/or processing a product along with ancillary uses of natural gas. Customer must be located on Company's gas mains suitable and adequate for supplying this service.

CHARACTER OF SERVICE:

Gas furnished hereunder will have a heating value of approximately 1,000 BTU per cubic foot.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

Customer Charge per month \$220.00 per meter

Distribution Charge:

All dekatherms per month \$1.6888 per dekatherm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in this Tariff for Gas Service shall be charged to Customer, if applicable.

DMS 12209120v1

Effective:

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Base rates as approved, Cause No. 44292

Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

RATE D
GENERAL TRANSPORTATION SERVICE
(continued)

RATES AND CHARGES (cont.)

Distribution Charge:

All dekatherms per month

\$0.9195 per dekatherm

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

The Other Charges set forth in this Tariff for Gas Service shall be charged to Customer, if applicable.

CONTRACT FOR TRANSPORTATION SERVICE

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

OTHER CHARGES AND CONDITIONS OF SERVICE

1. A customer's prior delinquencies must be cured prior to commencing participating in Transportation Service, unless otherwise agreed to in advance by Company.

Transportation Service shall be available after the Customer has made arrangements to pay all under-collections for prior service received from the Company, including, without limitation, any under-collection existing in the Gas Cost Adjustment.

Transportation Service shall be initiated at the beginning of a Gas Cost Adjustment period.

Transportation Service will be effective as of Customer's next read date.

DMS 12209176v1

Effective:

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Base rates as approved, Cause No. 44292

Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

RATE GTS
LONG-TERM CONTRACT TRANSPORTATION SERVICE

APPLICABILITY

Throughout the service area of the Company where adequate facilities are available, to gas acquired by the Customer transported by the Company under a contract between the Company and the Customer.

AVAILABILITY

Available to all customers who contract with the Company for gas transportation service for a minimum of five (5) years and for a minimum volume of not less than 40,000 dekatherms (Dth) per month. Customers on this rate must:

- have an alternate fuel capability;
- be located on the Company's distribution main originating at the Morristown city-gate station and terminating at the Company meter/regulator located on the property of Bunge North America, or its successor;
- have made arrangements by which volumes of gas owned by it can be delivered into the Company's system; and
- require no additional facilities from the Company for the Company to provide the transportation service to the customer.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Distribution Charge:

First 40,000 dekatherms per month	\$0.3865 per dekatherm
Over 40,000 dekatherms per month	\$0.0523 per dekatherm

Minimum Monthly Charge:

The Minimum Monthly Charge shall be \$16,891, subject to the specific terms and conditions of the applicable contract.

Other Charges:

The Other Charges set forth in this Tariff for Gas Service shall be charged to Customer, if applicable.

DMS 12209208v1

Effective:

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**RATE STS
SCHOOL TRANSPORTATION SERVICE**

AVAILABILITY

This Rate Schedule shall be available to public School Corporation Customers serving students in grades K through 12 that elect service hereunder where distribution mains of adequate capacity are adjacent to the premise to be served.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

Multiple School Corporation Customers may elect to act jointly to aggregate purchases of natural gas commodity supply from a natural gas commodity seller for all schools included in the aggregated purchases. Notwithstanding the aggregation of natural gas commodity supply or the use of Summary Billing, each School Corporation Customer shall individually be subject to and pay the applicable rates and charges pursuant to this Rate Schedule.

RATES AND CHARGES

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

Customer Charge:

For meter sizes less than 800 \$174.00 per meter

For meter sizes 800 and greater \$260.00 per meter

Distribution Charge:

All dekatherms per month \$1.7600 per dekatherm

Monitoring Charge:

Metretek Monitoring \$50.00 per meter

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge plus the Monitoring Charge.

DMS 12209305v1

Effective:

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Base rates as approved, Cause No. 44292

Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

FOUNTAIN TOWN NATURAL GAS
Calculation of Change in Revenue Requirement for New Federal Income Tax Rates

	Revenue Requirement Per Order	Compliance Filing Aug-17	Current Revenue Requirement	Removal of Federal Taxes	Revenue Requirement W/O Fed. Taxes	Adjustment For New Federal Taxes	New Revenue Requirement
Gas Sales	\$ 2,089,971	\$ (21,150)	\$ 2,068,821		\$ 2,068,821	\$ (132,419)	\$ 1,936,402
Other Gas Revenues	82,339		82,339		82,339		82,339
Total Operating Revenues	2,172,310	(21,150)	2,151,160		2,151,160	(132,419)	2,018,741
Natural Gas Purchased	15,793		15,793		15,793		15,793
Other Operation & Maintenance	968,977	(20,854)	948,123		948,123	(890)	947,233
Depreciation & Amortization	275,110		275,110		275,110		275,110
Taxes Other Than Income Taxes	122,710	(296)	122,414		122,414	(1,844)	120,570
Income Taxes	311,785		311,785	(246,209)	65,576	116,523	182,099
Total Operating Expenses	1,694,375	(21,150)	1,673,225	(246,209)	1,427,016	113,790	1,540,806
Net Operating Income	\$ 477,935	\$ 0	\$ 477,935	\$ 246,209	\$ 724,144	\$ (246,209)	\$ 477,935

FOUNTAIN TOWN NATURAL GAS
Calculation of Federal Income Taxes

Net Operating Income from Revenue Requirement without Federal Income Taxes	\$ 724,144
Tax Rate	<u>21%</u>
Federal Taxes under new rates	<u>\$ 152,070</u>
Federal Taxes under new rates	\$ 152,070
Federal Taxes under old rates	<u>246,209</u>
Change in revenue for change in tax rates	<u>(94,139)</u>
Changes in revenue for change in tax rates	\$ (94,139)
Revenue gross up factor	<u>1.406634003</u>
Total change in revenue	<u>\$ (132,419)</u>

Gross Revenue Conversion Factor	Rate	Calculation
Revenues		100%
Less: Uncollectible expense from Cause # 44292	0.005516815	<u>0.005516815</u>
Revenues		100
IURC fee from Cause # 44292	0.0012031	<u>0.0012031</u>
Income for tax purposes		0.99328
Utility Receipts Taxes	0.014	0.01392
State Income Taxes from Cause # 44292	0.08	<u>0.079462407</u>
Income before Federal Income Taxes		0.899895
Federal Income Taxes	0.21	<u>0.188977932</u>
Income after Income Taxes		<u>0.710916982</u>
Gross Revenue Conversion Factor		<u>1.406634003</u>

**FOUNTAIN TOWN GAS COMPANY
DERIVATION OF RATE CHANGE PERCENTAGES**

	<u>Total</u>	<u>RATE RS/GS RES./GEN. SVC.</u>	<u>RATE B-COMMERCIAL SMALL METER</u>	<u>LARGE METER</u>	<u>RATE C INDUSTRIAL</u>	<u>RATE D GEN. TRANSP.</u>	<u>RATE GTS L.T. CONTRACT</u>
1 Test Year Revenues at Present Rates (input)	\$2,068,821						
2 Total Revenues Required to be Collected Through Rates (input)	\$1,936,402						
3 Present Customer Charge (input)		\$10.60	\$21.00	\$88.00	\$220.00	\$440.00	\$0.00
4 Proposed Customer Charge (input)		\$10.60	\$21.00	\$88.00	\$220.00	\$440.00	\$0.00
5 Proforma No. of Annual Bills (input))	39,300	35,892	2,868	444	36	48	12
6 Present Revenues Recovered Through Customer Charges (Ln 3 * Ln 5)	\$508,795	\$380,455	\$60,228	\$39,072	\$7,920	\$21,120	\$0
7 Present Revenues Recovered Through Distribution Charges (Ln 1 - Ln 6)	\$1,560,026						
8 Proposed Revenues Recovered Through Customer Charges (Ln 4 * Ln 5)	\$508,795	\$380,455	\$60,228	\$39,072	\$7,920	\$21,120	\$0
9 Proposed Revenues Recovered Through Distribution Charges (Ln 2 - Ln 8)	\$1,427,607						
10 Required % Increase in Distribution Charges {(Ln 9 / Ln 7)} - 1)	-8.4883%						

FOUNTAIN TOWN GAS COMPANY DERIVATION OF PROPOSED RATES

<u>DESCRIPTION</u>	<u>Present Rates (\$/Dth)</u>	<u>Proposed Margin Change (%)</u>	<u>Proposed Rates (\$/Dth)</u>
	(A)	(B)	(C)
<u>RATE RS-RESIDENTIAL SALES SERVICE</u>			
Customer Charge	\$10.60		\$10.60
First 10 Dekatherms	\$3.7752	-8.4883%	\$3.4548
Over 10 Dekatherms	\$3.1586	-8.4883%	\$2.8905
<u>RATE GS-GENERAL SALES SERVICE</u>			
Customer Charge	\$10.60		\$10.60
First 10 Dekatherms	\$3.7752	-8.4883%	\$3.4548
Over 10 Dekatherms	\$3.1586	-8.4883%	\$2.8905
Unmetered Gas Lighting	\$19.33	-8.4883%	\$17.69
<u>RATE B-COMMERCIAL SALES SERVICE</u>			
Customer Charge - Meter Sizes 250 to 800	\$21.00		\$21.00
Customer Charge - Meter Sizes Greater Than 800	\$88.00		\$88.00
First 10 Dekatherms	\$4.3467	-8.4883%	\$3.9777
Next 90 Dekatherms	\$3.2500	-8.4883%	\$2.9741
Over 100 Dekatherms	\$1.8932	-8.4883%	\$1.7325
<u>RATE C-INDUSTRIAL SALES SERVICE</u>			
Customer Charge	\$220.00		\$220.00
All Dekatherms	\$1.8455	-8.4883%	\$1.6888
<u>RATE D-GENERAL TRANSPORTATION SERVICE</u>			
Customer Charge	\$440.00		\$440.00
All Dekatherms	\$1.0048	-8.4883%	\$0.9195
<u>RATE GTS-LONG-TERM CONTRACT TRANSPORTATION SERVICE</u>			
Minimum Monthly Charge	\$16,891.00		\$16,891.00
First 40,000 Dekatherms	\$0.4223	-8.4883%	\$0.3865
Over 40,000 Dekatherms	\$0.0572	-8.4883%	\$0.0523
<u>RATE STS-SCHOOL TRANSPORTATION SERVICE</u>			
Customer Charge - Meter Sizes Less Than 800	\$174.00		\$174.00
Customer Charge - Meter Sizes Greater Than 800	\$260.00		\$260.00
All Therms	\$1.9233	-8.4883%	\$1.7600
Monitoring Charge	\$50.00		\$50.00