

Received: April 24, 2018
IURC 30-Day Filing No.: 50186
Indiana Utility Regulatory Commission

www.btlaw.com

L. Parvin Price
317-231-7721
Parvin.Price@btlaw.com

April 24, 2018

Electronically filed

RE: Community Natural Gas Company, Inc. – 30 Day Filing (Filing No. 50186)

Dear Ms. Becerra,

Community Natural Gas Company (“Community” 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,

L. Parvin Price
Attorney No. 5827-49
BARNES & THORNBURG LLP
11 S. Meridian Street
Indianapolis, Indiana 46204
(317) 231-7721
(317) 231-7433 (facsimile)
parvin.price@btlaw.com
Counsel for Respondent
Community Natural Gas Co.

FIRST REVISED SHEET NO. 50
BASE RATES AND CHARGES

RESIDENTIAL SERVICE*	
SERVICE CHARGE	\$13.00/meter/month
FIRST 10	\$4.1032/Dth
DTH/MONTH	\$2.7411/Dth
ALL USE OVER 10 DTH/MONTH	
GENERAL SERVICE*	
SERVICE CHARGE	\$30.00/meter/month
FIRST 10	\$2.7012/Dth
DTH/MONTH	\$2.1228/Dth
ALL USE OVER 10 DTH/MONTH	
INDUSTRIAL SERVICE*	
SERVICE CHARGE	\$90.00/meter/month
ALL DTH/ MONTH	\$2.1024/Dth
LARGE VOLUME SALES SERVICE*	
SERVICE CHARGE	\$900.00/meter/month
FIRST 5,000 DTH/MONTH	\$1.6429/Dth
ALL DTH OVER 5,000 DTH/MONTH	\$1.3434/Dth
LARGE VOLUME TRANSPORTATION SERVICE	
SERVICE CHARGE	\$900.00/meter/month
FIRST 5,000	\$1.6429/Dth
DTH/MONTH OVER	\$1.3434/Dth
5,000 DTH/MONTH	
LARGE VOLUME HIGH LOAD FACTOR	
INDUSTRIAL GAS SALES SERVICE*	\$900.00/meter/month
SERVICE CHARGE	\$1.1060/Dth
FIRST 9,000 DTH/MONTH	\$0.4686/Dth
OVER 9,000 DTH/MONTH	
SCHOOL TRANSPORTATION SERVICE	
SERVICE CHARGE	\$30.00/meter/month
ADMINISTRATIVE CHARGE	\$50.00/meter/month
FIRST 10 DTH/MONTH	\$2.7012/Dth
ALL USE OVER 10 DTH/MONTH	\$2.1228/Dth

(*) Above rates are subject to a gas cost adjustment factor in accordance with the Indiana Utility Regulatory Commission, Cause No. 37091 approved April 27, 1983. This gas cost adjustment factor currently in effect and applicable hereto with effective dates is found on Sheet No. 51 of these tariffs.

DMS 12208221v1

Issued: March 26, 2018 Effective:
 Issued by: Mandy G. Leach Base rates as approved, Cause No. 44768, March 22, 2017
 Base rates as approved, Cause No. 44880, August 16, 2017
 Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

COMMUNITY NATURAL GAS COMPANY INC
Calculation of Change in Revenue Requirement for New Federal Income Tax Rates

	Revenue Requirement Per Order	Removal of Federal Taxes	Revenue Requirement W/O Fed. Taxes	Adjustment For New Federal Taxes	New Revenue Requirement
Gas Sales	\$ 3,967,306		\$ 3,967,306	\$ (220,291)	\$ 3,747,015
Other Gas Revenues	53,495		53,495		53,495
Total Operating Revenues	4,020,801		4,020,801	(220,291)	3,800,510
Natural Gas Purchased	25,802		25,802		25,802
Other Operation & Maintenance	1,772,603		1,772,603	(2,743)	1,769,860
Depreciation & Amortization	676,883		676,883		676,883
Taxes Other Than Income Taxes	239,579		239,579	(3,049)	236,530
Income Taxes	500,194	(415,086)	85,108	200,587	285,695
Total Operating Expenses	3,215,061	(415,086)	2,799,975	194,795	2,994,770
Net Operating Income	\$ 805,740	\$ 415,086	\$ 1,220,826	\$ (415,086)	\$ 805,740

COMMUNITY NATURAL GAS COMPANY INC
 Calculation of Federal Income Taxes

Net Operating Income from Revenue Requirement without Federal Income Taxes	\$ 1,220,826
Tax Rate	<u>21%</u>
Federal Taxes under new rates	<u>\$ 256,373</u>
Federal Taxes under new rates	\$ 256,373
Federal Taxes under old rates	<u>415,086</u>
Change in revenue for change in tax rates	<u>(158,713)</u>
Changes in revenue for change in tax rates	\$ (158,713)
Revenue gross up factor	<u>1.387984574</u>
Total change in revenue	<u>\$ (220,291)</u>

Gross Revenue Conversion Factor	Rate	Calculation
Revenues		100%
Less: Uncollectible expense from Cause # 44768	0.0112778	<u>0.0112778</u>
Revenues		100
IURC fee from Cause # 44768	0.001171996	<u>0.001171996</u>
Income for tax purposes		0.98755
Utility Receipts Taxes	0.014	0.01384
State Income Taxes from Cause # 44768	0.0625	<u>0.061721888</u>
Income before Federal Income Taxes		0.911986
Federal Income Taxes	0.21	<u>0.191517103</u>
Income after Income Taxes		<u>0.720469102</u>
Gross Revenue Conversion Factor		<u>1.387984574</u>

COMMUNITY NATURAL GAS CO., INC.
IURC CAUSE NO. 44768
COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES

TYPE OF FILING: CAUSE NO. 45032 TAX REDUCTION FILING
WITNESS: HEID

PAGE 1 OF 2 (REVISED)

<u>DESCRIPTION</u>	<u>Number of Bills</u> (1)	<u>Billing Quantities (therms)</u> (2)	<u>Present Rates (\$/therm)</u> (3)	<u>Margin at Present Rates</u> (4)	<u>Proposed Rates (\$/therm)</u> (5)	<u>Margin at Proposed Rates</u> (6)	<u>Increase in Margins</u>	
							<u>Amount</u> (7)	<u>Percent</u> (8)
<u>Residential Sales Service</u>								
Service Charge	73,773		\$13.00	\$959,049	\$13.00	\$959,049	\$0	0.00%
First 100 therms		3,188,063	\$0.44948	\$1,432,971	\$0.41032	\$1,308,138	(\$124,833)	-8.71%
Over 100 therms		842,177	\$0.30027	\$252,881	\$0.27411	\$230,851	(\$22,030)	-8.71%
Total Therms and Margins	73,773	4,030,240		\$2,644,901		\$2,498,038	(\$146,863)	N/A
Reconciliation Factor				0.993847		0.993847		
Adjusted Margins				\$2,628,626		\$2,482,667	(\$145,959)	-5.55%
<u>General Sales Service</u>								
Service Charge	9,227		\$30.00	\$276,810	\$30.00	\$276,810	\$0	0.00%
First 100 therms		463,334	\$0.29281	\$135,669	\$0.27012	\$125,154	(\$10,515)	-7.75%
Over 100 therms		2,449,420	\$0.23012	\$563,661	\$0.21228	\$519,974	(\$43,687)	-7.75%
Total Therms and Margins	9,227	2,912,754		\$976,140		\$921,938	(\$54,202)	-5.55%
Reconciliation Factor				0.993847		0.993847		
Adjusted Margins				\$970,134		\$916,265	(\$53,868)	-5.55%
<u>Industrial Sales Service</u>								
Service Charge	120		\$90.00	\$10,800	\$90.00	\$10,800	\$0	0.00%
All therms		648,357	\$0.22358	\$144,960	\$0.21024	\$136,311	(\$8,649)	-5.97%
Total Therms and Margins	120	648,357		\$155,760		\$147,111	(\$8,649)	-5.55%
Reconciliation Factor				0.993847		0.993847		
Adjusted Margins				\$154,802		\$146,206	(\$8,596)	-5.55%

COMMUNITY NATURAL GAS CO., INC.
IURC CAUSE NO. 44768
COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES

TYPE OF FILING: CAUSE NO. 45032 TAX REDUCTION FILING
WITNESS: HEID

PAGE 2 OF 2 (REVISED)

<u>DESCRIPTION</u>	<u>Number of Bills</u> (1)	<u>Billing Quantities (therms)</u> (2)	<u>Present Rates (\$/therm)</u> (3)	<u>Margin at Present Rates</u> (4)	<u>Proposed Rates (\$/therm)</u> (5)	<u>Margin at Proposed Rates</u> (6)	<u>Increase in Margins</u>	
							<u>Amount</u> (7)	<u>Percent</u> (8)
<u>Large Volume Sales Service</u>								
Service Charge	12		\$900.00	\$10,800	\$900.00	\$10,800	\$0	0.00%
First 5,000 therms		437,379	\$0.17495	\$76,519	\$0.16429	\$71,855	(\$4,664)	-6.10%
Over 50,000 therms		236,964	\$0.14306	\$33,900	\$0.13434	\$31,834	(\$2,066)	-6.10%
Total Therms and Margins	12	674,343		\$121,219		\$114,489	(\$6,730)	-5.55%
Reconciliation Factor				0.993847		0.993847		
Adjusted Margins				\$120,473		\$113,785	(\$6,689)	-5.55%
<u>Large Volume High Load Factor Industrial</u>								
Service Charge	12		\$900.00	\$10,800	\$900.00	\$10,800	\$0	0.00%
First 90,000 therms		703,807	\$0.11800	\$83,049	\$0.11080	\$77,838	(\$5,211)	-6.27%
Over 90,000 therms		0	\$0.05000	\$0	\$0.04688	\$0	\$0	-6.27%
Total Therms and Margins	12	703,807		\$93,849		\$88,638	(\$5,211)	-5.55%
Reconciliation Factor				0.993847		0.993847		
Adjusted Margins				\$93,272		\$88,093	(\$5,179)	-5.55%
TOTAL THERMS AND MARGIN FROM RATES	83,144	8,969,501		\$3,967,306		\$3,747,015	(\$220,291)	-5.55%
MISCELLANEOUS REVENUE				\$53,495		\$53,495	\$0	
TOTAL MARGIN INCLUDING MISC. REVENUE				\$4,020,801		\$3,800,510	(\$220,291)	-5.48%