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Received: April 24, 2018
IURC 30-Day Filing No.: 50152
Indiana Utility Regulatory Commission

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April 24, 2018

Electronically filed

RE: Indiana Natural Gas Corporation – 30 Day Filing (Filing No. 50152)

Dear Ms. Becerra,

Indiana Natural Gas Corporation (“Indiana Natural” 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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Indiana Natural Gas Corporation

INDIANA NATURAL GAS CORPORATION
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	\$ 3,493,507		\$ 3,493,507	\$ (112,127)	\$ 3,381,380
Other Gas Revenues	26,476		26,476		26,476
Total Operating Revenues	3,519,983		3,519,983	(112,127)	3,407,855.85
Natural Gas Purchased	46,151		46,151		46,151
Other Operation & Maintenance	2,059,002		2,059,002	(517)	2,058,485
Depreciation & Amortization	548,050		548,050		548,050
Taxes Other Than Income Taxes	195,054		195,054	(1,565)	193,489
Income Taxes	261,688	(211,230)	50,458	101,184	151,642
Total Operating Expenses	3,109,945	(211,230)	2,898,715	99,103	2,997,818
Net Operating Income	\$ 410,038	\$ 211,230	\$ 621,268	\$ (211,230)	\$ 410,038

INDIANA NATURAL GAS CORPORATION
Calculation of Federal Income Taxes

Net Operating Income from Revenue Requirement without Federal Income Taxes	\$ 621,268
Tax Rate	<u>21%</u>
Federal Taxes under new rates	<u>\$ 130,466</u>
Federal Taxes under new rates	\$ 130,466
Federal Taxes under old rates	<u>211,230</u>
Change in revenue for change in tax rates	<u>(80,764)</u>
Changes in revenue for change in tax rates	\$ (80,764)
Revenue gross up factor	<u>1.38833083</u>
Total change in revenue	<u>\$ (112,127)</u>

Gross Revenue Conversion Factor	Rate	Calculation
Revenues		100%
Less: Uncollectible expense from Cause # 44453	0.00327997	<u>0.00327997</u>
Revenues		100
IURC fee from Cause # 44453	0.001329888	<u>0.001329888</u>
Income for tax purposes		0.99539
Utility Receipts Taxes	0.014	0.01395
State Income Taxes from Cause # 44453	0.07	<u>0.06967731</u>
Income before Federal Income Taxes		0.911759
Federal Income Taxes	0.21	<u>0.191469338</u>
Income after Income Taxes		<u>0.720289414</u>
Gross Revenue Conversion Factor		<u>1.38833083</u>

BASE RATES AND CHARGES

TARIFF G *	
SERVICE CHARGE	\$12.00/Mo.
DISTRIBUTION CHARGE	
FIRST 5 DEKATHERM	\$3.1475/Dth
ALL USE OVER 5 DEKATHERMS	\$2.6544/Dth
TARIFF C *	
SERVICE CHARGE	\$24.00/Mo.
DISTRIBUTION CHARGE	
FIRST 100 DEKATHERMS	\$2.4848/Dth
ALL USE OVER 100 DEKATHERMS	\$1.8931/Dth
TARIFF STS	
SERVICE CHARGE	\$24.00/Mo.
DISTRIBUTION CHARGE	
FIRST 100 DEKATHERMS	\$2.4648/Dth
ALL USE OVER 100 DEKATHERMS	\$1.8931/Dth
TARIFF TM	
SERVICE CHARGE	\$24.00/Mo.
DISTRIBUTION CHARGE	
FIRST 100 DEKATHERMS	\$2.4848/Dth
ALL USE OVER 100 DEKATHERMS	\$1.8931/Dth
TARIFF T	
SERVICE CHARGE	\$550.00/Mo.
DISTRIBUTION CHARGE	
ALL DEKATHERMS	\$0.9421/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 Appendix A-Gas Cost Adjustment, Sheet No. 51, of this Tariff for Gas Service.

DMS 12208889v1

ISSUED: March 26, 2018

EFFECTIVE:

ISSUED BY: David A. Osmon, Executive Vice President
 Base rates approved, Cause No. 44453
 Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

**INDIANA NATURAL GAS CORPORATION
DERIVATION OF SETTLEMENT RATE INCREASE PERCENTAGES**

	<u>Total</u>	<u>Tariff G</u>	<u>Tariff C/STS/TM</u>	<u>Tariff T</u>
1 Test Year Revenues at Present Rates (input)	\$ 3,493,507			
2 Total Revenues Required to be Collected Through Rates (input)	\$ 3,381,380			
3 Present Service Charge (input)		\$12.00	\$24.00	\$550.00
4 Proposed Service Charge (input)		\$12.00	\$24.00	\$550.00
5 Proforma Number of Annual Bills (input)	90,046	86,826	3,127	93
6 Present Revenues Recovered Through Service Charges (Ln 3 * Ln 5)	\$1,168,110	\$1,041,912	\$75,048	\$51,150
7 Present Revenues Recovered Through Distribution Charges (Ln 1 - Ln 6)	\$2,325,397			
8 Proposed Revenues Recovered Through Service Charges (Ln 4 * Ln 5)	\$1,168,110	\$1,041,912	\$75,048	\$51,150
9 Proposed Revenues Recovered Through Distribution Charges (Ln 2 - Ln 8)	\$2,213,270			
10 Required % Increase in Distribution Charges ((Ln 9 / Ln 7) - 1)	-4.8218%			

**INDIANA NATURAL GAS CORPORATION
DERIVATION OF FIT-REDUCED RATES**

<u>DESCRIPTION</u>	<u>Present Rates (\$/dth)</u>	<u>Proposed Margin Change (%)</u>	<u>Proposed Rates (\$/dth)</u>
	(A)	(B)	(C)
<u>Tariff G - Small General Gas Service</u>			
Service Charge	\$12.00		\$12.00
First 5 dekatherms	\$3.3070	-4.8218%	\$3.1475
Over 5 dekatherms	\$2.7889	-4.8218%	\$2.6544
<u>Tariff C - Large General Service</u>			
Service Charge	\$24.00		\$24.00
First 100 dekatherms	\$2.6107	-4.8218%	\$2.4848
Over 100 dekatherms	\$1.9890	-4.8218%	\$1.8931
<u>Tariff STS - School Transportation Service</u>			
Service Charge	\$24.00		\$24.00
First 100 dekatherms	\$2.6107	-4.8218%	\$2.4848
Over 100 dekatherms	\$1.9890	-4.8218%	\$1.8931
<u>Tariff TM - Transportation Service to Manufacturing</u>			
Service Charge	\$24.00		\$24.00
First 100 dekatherms	\$2.6107	-4.8218%	\$2.4848
Over 100 dekatherms	\$1.9890	-4.8218%	\$1.8931
<u>Tariff T - Transportation Service to End Users</u>			
Service Charge	\$550.00		\$550.00
All dekatherms - Transport	\$0.9898	-4.8218%	\$0.9421