

Received: April 24, 2018  
IURC 30-Day Filing No.: 50151  
Indiana Utility Regulatory Commission

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April 24, 2018

Electronically filed

RE: Midwest Natural Gas Corporation – 30 Day Filing (Filing No. 50151)

Dear Ms. Becerra,

Midwest Natural Gas Corporation (“Midwest” 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.

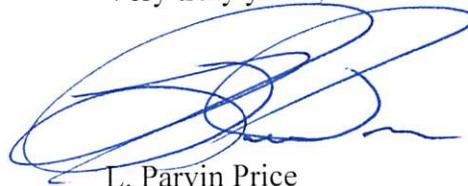
Counsel for Respondent has provided a copy of this letter, and accompanying material to: Loraine Seyfried, as the presiding Administrative Law Judge in Cause No. 45032; Jane Steinhauer, as Director of the Commission’s Energy Division; Tiffany I. Murray, Counsel for the OUCC in Cause No. 45032; and Leja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

DMS 12202235v1

**BASE RATES AND CHARGES**

**TARIFF A \***

SERVICE CHARGE	\$12.00
FIRST 100 THERMS	\$0.34966/therm
ALL USE OVER 100 THERMS	\$0.24386/therm

**TARIFF B \***

SERVICE CHARGE	\$26.00
FIRST 500 THERMS	\$0.30581/therm
NEXT 500 THERMS	\$0.21209/therm
ALL USE OVER 1000 THERMS	\$0.14727/therm

**TARIFF C \***

SERVICE CHARGE	\$165.00
FIRST 3000 THERMS	\$0.20386/therm
ALL USE OVER 3000 THERMS	\$0.14465/therm

**TARIFF E**

SERVICE CHARGE	\$460.00
FIRST 175,000 THERMS	\$0.06878/therm
OVER 175,000 THERMS	\$0.05534/therm

(\*) 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 12208790v1

ISSUED: March 26, 2018

EFFECTIVE:

ISSUED BY: DAVID A. OSMON, EXECUTIVE VICE PRESIDENT

Base rates as approved, Cause No. 44880, August 16, 2017  
Revised per Cause No. 45032, Phase 1, Order of February 16, 2018

**MIDWEST 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	\$ 7,943,451		\$ 7,943,451	\$ (259,563)	\$ 7,683,888
Other Gas Revenues	132,672		132,672		132,672
<b>Total Operating Revenues</b>	<b>8,076,123</b>		<b>8,076,123</b>	<b>(259,563)</b>	<b>7,816,560.30</b>
Natural Gas Purchased	15,540		15,540		15,540
Other Operation & Maintenance	4,604,967		4,604,967	(3,690)	4,601,277
Depreciation & Amortization	1,214,545		1,214,545		1,214,545
Taxes Other Than Income Taxes	499,283		499,283	(3,586)	495,697
Income Taxes	588,571	(489,543)	99,028	237,256	336,284
<b>Total Operating Expenses</b>	<b>6,922,906</b>	<b>(489,543)</b>	<b>6,433,363</b>	<b>229,980</b>	<b>6,663,343</b>
<b>Net Operating Income</b>	<b>\$ 1,153,217</b>	<b>\$ 489,543</b>	<b>\$ 1,642,760</b>	<b>\$ (489,543)</b>	<b>\$ 1,153,217</b>

MIDWEST NATURAL GAS CORPORATION  
 Calculation of Federal Income Taxes

Net Operating Income from Revenue Requirement without Federal Income Taxes	\$ 1,642,760
Synchronized interest from Cause # 44063	<u>(202,927)</u>
Taxable Operating Income	1,439,833
Tax Rate	<u>21%</u>
Federal Taxes under new rates	<u>\$ 302,365</u>
Federal Taxes under new rates	\$ 302,365
Federal Taxes under old rates	<u>489,543</u>
Change in revenue for change in tax rates	<u>(187,178)</u>
Changes in revenue for change in tax rates	\$ (187,178)
Revenue gross up factor	<u>1.386715842</u>
Total change in revenue	<u>\$ (259,563)</u>

Gross Revenue Conversion Factor	Rate	Calculation
Revenues		100%
Less: Uncollectible expense from Cause # 44063	0.0130429	<u>0.0130429</u>
Revenues		100
IURC fee from Cause # 44063	0.001171996	<u>0.001171996</u>
Income for tax purposes		0.98579
Utility Receipts Taxes	0.014	0.01382
State Income Taxes from Cause # 44063	0.06	<u>0.059147106</u>
Income before Federal Income Taxes		0.912821
Federal Income Taxes	0.21	<u>0.191692326</u>
Income after Income Taxes		<u>0.721128273</u>
Gross Revenue Conversion Factor		<u>1.386715842</u>

**MIDWEST NATURAL GAS CORPORATION**  
**IURC CAUSE NO. 44880**  
**COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES**

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

PAGE 1 OF 2 (REVISED)

DESCRIPTION	Number of Bills (1)	Billing Quantities (therms) (2)	Present Rates (\$/therm) (3)	Proforma GCA (\$/therm) (4)	Effective Present Rates (\$/therm) (5)	Margin at Present Rates (6)	Proposed Rates (\$/therm) (7)	Proforma Base Cost of Gas (\$/therm) (8)	Proposed Effective Rates (\$/therm) (9)	Margin at Proposed Rates (10)	Increase in Margins	
											Amount (11)	Percent (12)
<b>Rate A (General Service)</b>												
Service Charge	160,517		\$12.00		\$12.00	\$1,926,204	\$12.00		\$12.00	\$1,926,204	\$0	0.00%
First 100 therms		5,891,300	\$0.36895	\$0.00000	\$0.36895	\$2,173,595	\$0.34966	\$0.00000	\$0.34966	\$2,059,961	(\$113,634)	-5.23%
Over 100 therms		4,030,602	\$0.25731	\$0.00000	\$0.25731	\$1,037,114	\$0.24388	\$0.00000	\$0.24388	\$982,894	(\$54,220)	-5.23%
Service Charge-STS	12		\$12.00		\$12.00000	\$144	\$12.00		\$12.00	\$144	\$0	0.00%
First 100 therms-STS		666	\$0.36895		\$0.36895	\$246	\$0.34966		\$0.34966	\$233	(\$13)	-5.23%
Over 100 therms-STS		260	\$0.25731		\$0.25731	\$67	\$0.24388		\$0.24388	\$63	(\$4)	-5.23%
Total Therms and Margins	160,529	9,922,828				\$5,137,370				\$4,969,499	(\$167,871)	-3.27%
Reconciliation Factor						0.999316				0.999316		
Adjusted Margins						\$5,133,857				\$4,966,101	(\$167,756)	-3.27%
<b>Rate B (Commercial Service)</b>												
Service Charge	5,826		\$26.00		\$26.00	\$151,476	\$26.00		\$26.00	\$151,476	\$0	0.00%
First 500 therms		1,388,823	\$0.31757	\$0.00000	\$0.31757	\$441,049	\$0.30581	\$0.00000	\$0.30581	\$424,712	(\$16,337)	-3.70%
Next 500 therms		687,551	\$0.22025	\$0.00000	\$0.22025	\$151,433	\$0.21209	\$0.00000	\$0.21209	\$145,824	(\$5,609)	-3.70%
Over 1,000 therms		3,504,146	\$0.15293	\$0.00000	\$0.15293	\$535,889	\$0.14727	\$0.00000	\$0.14727	\$516,039	(\$19,850)	-3.70%
Service Charge-STS	36		\$26.00		\$26.00	\$936	\$26.00		\$26.00	\$936	\$0	0.00%
First 500 therms-STS		12,513	\$0.31757		\$0.31757	\$3,974	\$0.30581	\$0.00000	\$0.30581	\$3,827	(\$147)	-3.70%
Next 500 therms-STS		11,828	\$0.22025		\$0.22025	\$2,605	\$0.21209	\$0.00000	\$0.21209	\$2,509	(\$96)	-3.70%
Over 1,000 therms-STS		40,064	\$0.15293		\$0.15293	\$6,127	\$0.14727	\$0.00000	\$0.14727	\$5,900	(\$227)	-3.70%
Total Therms and Margins	5,862	5,644,925				\$1,293,489				\$1,251,223	(\$42,266)	-3.27%
Reconciliation Factor						0.999320				0.999320		
Adjusted Margins						\$1,292,610				\$1,250,373	(\$42,237)	-3.27%

**MIDWEST NATURAL GAS CORPORATION**  
**IURC CAUSE NO. 44880**  
**COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES**

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

PAGE 2 OF 2 (REVISED)

DESCRIPTION	Number of Bills (1)	Billing Quantities (therms) (2)	Present Rates (\$/therm) (3)	Proforma GCA (\$/therm) (4)	Effective Present Rates (\$/therm) (5)	Margin at Present Rates (6)	Proposed Rates (\$/therm) (7)	Proforma Base Cost of Gas (\$/therm) (8)	Proposed Effective Rates (\$/therm) (9)	Margin at Proposed Rates (10)	Increase in Margins	
											Amount (11)	Percent (12)
<b>Rate C (Firm Industrial Service)</b>												
Service Charge	161		\$165.00		\$165.00	\$26,565	\$185.00		\$165.00	\$26,565	\$0	0.00%
First 3,000 therms		357,928	\$0.21130	\$0.00000	\$0.21130	\$75,630	\$0.20386	\$0.00000	\$0.20386	\$72,968	(\$2,662)	-3.52%
Over 3,000 therms		1,788,429	\$0.14993	\$0.00000	\$0.14993	\$268,139	\$0.14465	\$0.00000	\$0.14465	\$258,700	(\$9,439)	-3.52%
Total Therms and Margins	161	2,146,357				\$370,334				\$358,233	(\$12,101)	-3.27%
Reconciliation Factor						0.999320				0.999320		
Adjusted Margins						\$370,082				\$357,990	(\$12,093)	-3.27%
<b>Rate E (Transportation Service)</b>												
Service Charge	196		\$480.00		\$480.00	\$90,160	\$480.00		\$480.00	\$90,160	\$0	0.00%
First 175000 therms		10,939,215	\$0.07131		\$0.07131	\$780,075	\$0.06878		\$0.06878	\$752,412	(\$27,663)	-3.55%
Over 175000 therms		4,836,101	\$0.05737		\$0.05737	\$277,447	\$0.05534		\$0.05534	\$267,608	(\$9,839)	-3.55%
Total Therms and Margins	196	15,775,316				\$1,147,682				\$1,110,180	(\$37,502)	-3.27%
Reconciliation Factor						0.999320				0.999320		
Adjusted Margins						\$1,146,902				\$1,109,425	(\$37,477)	-3.27%
MIDWEST NATURAL GAS CORPORATION												
TOTAL THERMS AND MARGIN FROM RATES	166,748	33,489,426				\$7,943,451				\$7,683,888	(\$259,563)	-3.27%
MISCELLANEOUS REVENUE												
TOTAL MARGIN INCLUDING MISC. REVENUE						\$8,076,123				\$7,816,560	(\$259,563)	-3.21%