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IURC 30-Day Filing No.: 50154
Indiana Utility Regulatory Commission

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April 24, 2018

Electronically filed

RE: Switzerland County Natural Gas Company, Inc.– 30 Day Filing (Filing No. 50154)

Dear Ms. Becerra,

Switzerland County Natural Gas (“Switzco” 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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Switzerland County Natural Gas

RATE 1R
RESIDENTIAL SERVICE

AVAILABILITY

Available for general natural gas service to residential customers.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of natural gas sales service having a heating value of approximately 1000 BTU per cubic foot.

RATES AND CHARGES

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

Customer Charge:

\$10.86 per meter

Commodity Charge:

First 102.5 therms per month @ \$0.34110 per therm

Over 102.5 therms per month @ \$0.28810 per therm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges, Terms and Conditions:

The Other Charges, Terms and Conditions set forth in the Tariff for Gas Service shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

RATE 1G
GENERAL SERVICE

AVAILABILITY

Available for general natural gas service to commercial and small industrial customers.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of natural gas sales service having a heating value of approximately 1000 BTU per cubic foot

RATES AND CHARGES

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

Customer Charge:

\$10.86 per meter

Commodity Charge:

First 102.5 therms per month @ \$0.34110 per therm

Over 102.5 therms per month @ \$0.28810 per therm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges, Terms and Conditions:

The Other Charges, Terms and Conditions set forth in the Tariff for Gas Service shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

RATE 2
LARGE COMMERCIAL AND INDUSTRIAL SERVICE

AVAILABILITY

Available for general natural gas service to large commercial and industrial customers whose annual volume is greater than 10,000 therms.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of natural gas sales service having a heating value of approximately 1000 BTU per cubic foot.

RATE AND CHARGES

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

Customer Charge:

\$90.52 per meter

Commodity Charge:

All therms per month @ \$0.22390 per therm

Gas Cost Charge:

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each therm of Company-supplied gas.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges, Terms and Conditions:

The Other Charges, Terms and Conditions set forth in the Tariff for Gas Service shall be charged to Customer, if applicable.

Late Payment Charge:

Bills shall be rendered and due monthly. If Customer does not pay a bill for gas service on or before the gross payment date, Customer shall be charged a Late Payment Charge as follows:

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

SWITZERLAND COUNTY NATURAL GAS
Calculation of Change in Revenue Requirement for New Federal Income Tax Rates

	Revenue Requirement Per Order	Compliance Filing Dec-17	Current Revenue Requirement	Removal of Federal Taxes	Revenue Requirement W/O Fed. Taxes	Adjustment For New Federal Taxes	New Revenue Requirement
Gas Sales	\$ 560,630	\$ (19,930)	\$ 540,700		\$ 540,700	\$ 3,904	\$ 544,604
Other Gas Revenues	11,499		11,499		11,499		11,499
Total Operating Revenues	572,129	(19,930)	552,199		552,199	3,904.36	556,103.36
Natural Gas Purchased	40,945		40,945		40,945		40,945
Other Operation & Maintenance	331,777	(19,651)	312,126		312,126	33	312,158
Depreciation & Amortization	90,571		90,571		90,571		90,571
Taxes Other Than Income Taxes	36,329	(279)	36,050		36,050	54	36,104
Income Taxes	11,622		11,622	(6,927)	4,695	10,744	15,439
Total Operating Expenses	511,244	(19,930)	491,314	(6,927)	484,387	10,831	495,218
Net Operating Income	\$ 60,885	\$ 0	\$ 60,885	\$ 6,927	\$ 67,812	\$ (6,927)	\$ 60,885

SWITZERLAND COUNTY NATURAL GAS
 Calculation of Federal Income Taxes

Net Operating Income from Revenue Requirement without Federal Income Taxes	\$ 67,812
Synchronized interest from Cause # 44293	<u>(21,630)</u>
Taxable Operating Income	46,182
Tax Rate	<u>21%</u>
Federal Taxes under new rates	<u>\$ 9,698</u>
Federal Taxes under new rates	\$ 9,698
Federal Taxes under old rates	<u>6,927</u>
Change in revenue for change in tax rates	<u>2,771</u>
Changes in revenue for change in tax rates	\$ 2,771
Revenue gross up factor	<u>1.409007528</u>
Total change in revenue	<u>\$ 3,904</u>

Gross Revenue Conversion Factor	Rate	Calculation
Revenues		100%
Less: Uncollectible expense from Cause # 44293	0.00719	<u>0.00719</u>
Revenues		100
IURC fee from Cause # 44293	0.0012031	<u>0.0012031</u>
Income for tax purposes		0.99161
Utility Receipts Taxes	0.014	0.01390
State Income Taxes from Cause # 44293	0.08	<u>0.079328552</u>
Income before Federal Income Taxes		0.898379
Federal Income Taxes	0.21	<u>0.188659592</u>
Income after Income Taxes		<u>0.709719416</u>
Gross Revenue Conversion Factor		<u>1.409007528</u>

**SWITZERLAND COUNTY NATURAL GAS CO.
DERIVATION OF RATE CHANGE PERCENTAGES**

	<u>Total</u>	<u>RATE 1-R RESIDENTIAL</u>	<u>RATE 1-G GENERAL</u>	<u>RATE 2 LARGE C&I</u>
1 Test Year Revenues at Present Rates (input)	\$540,700			
2 Total Revenues Required to be Collected Through Rates (input	\$544,604			
3 Present Customer Charge (input)		\$10.86	\$10.86	\$90.52
4 Proposed Customer Charge (input)		\$10.86	\$10.86	\$90.52
5 Proforma No. of Annual Bills (input)	9,036	7,416	0	1,620
6 Present Revenues Recovered Through Customer Charges (Ln 3 * Ln 5)	\$227,180	\$80,538	\$0	\$146,642
7 Present Revenues Recovered Through Distribution Charges (Ln 1 - Ln 6)	\$313,520			
8 Proposed Revenues Recovered Through Customer Charges (Ln 4 * Ln 5)	\$227,180	\$80,538	\$0	\$146,642
9 Proposed Revenues Recovered Through Distribution Charges (Ln 2 - Ln 8)	\$317,424			
10 Required % Increase in Distribution Charges {(Ln 9 / Ln 7)} - 1)	1.2453%			

**SWITZERLAND COUNTY NATURAL GAS CO.
DERIVATION OF PROPOSED RATES**

<u>DESCRIPTION</u>	<u>Present Rates (\$/th)</u>	<u>Proposed Margin Change (%)</u>	<u>Proposed Rates (\$/th)</u>
	(A)	(B)	(C)
<u>RATE 1-R RESIDENTIAL SERVICE</u>			
Customer Charge	\$10.86		\$10.86
First 102.5 therms	\$0.33693	1.2453%	\$0.34110
Over 102.5 therms	\$0.28451	1.2453%	\$0.28810
<u>RATE 1-G GENERAL SALES SERVICE</u>			
Customer Charge	\$10.86		\$10.86
First 102.5 therms	\$0.33693	1.2453%	\$0.34110
Over 102.5 therms	\$0.28451	1.2453%	\$0.28810
<u>RATE 2 LARGE COMMERCIAL AND INDUSTRIAL SERVICE</u>			
Customer Charge	\$90.52		\$90.52
All therms	\$0.22116	1.2453%	\$0.22380