



Cardinal Pipeline Company, LLC  
2800 Post Oak Boulevard  
P. O. Box 1396  
Houston, Texas 77251-1396

April 30, 2019

Ms. M. Lynn Jarvis  
Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Reference:     Docket No. M-100, Sub 148 – The Federal Tax Cuts and Jobs Act  
                    Docket No. G-39, Sub 42  
                    Quarterly Report – January 2019 to March 2019

Dear Ms. Jarvis:

Pursuant to Ordering Paragraph 8 of the North Carolina Utilities Commission (“Commission”) Order Addressing the Impacts of the Federal Tax Cuts and Jobs Act on Public Utilities issued on October 5, 2019 Order in Docket No. M-100, Sub 148 (“October 5 Order”), Cardinal Pipeline Company, LLC (“Cardinal”) submits for filing its quarterly report for the period of January 2019 to March 2019, which provides the status of: 1) the deferred regulatory liability account that holds the difference between the revenues collected under the prior federal corporate income tax rate and the recomputed revenues using the revised federal corporate income tax rate effective January 1, 2018, and 2) the deferred tax regulatory liability account that holds the excess deferred income taxes (“EDIT”) resulting from the change in the federal corporate income tax rate.

Any communications regarding this filing should be sent to:

Cardinal Pipeline Company, LLC  
c/o Cardinal Operating Company, LLC  
Charlotte A. Huston  
Director, Rates & Regulatory  
P.O. Box 1396  
Houston, Texas 77251  
Telephone: (713) 215-4060  
Email: [charlotte.a.hutson@williams.com](mailto:charlotte.a.hutson@williams.com)

Cardinal Pipeline Company, LLC  
c/o Cardinal Operating Company, LLC  
Carolyn K. McCormick  
Attorney  
P.O. Box 1396  
Houston, Texas 77251  
Telephone: (713) 215-4197  
Email: [carolyn.mccormick@williams.com](mailto:carolyn.mccormick@williams.com)

### **Quarterly Report – January 2019 to March 2019**

#### **Provisionally Collected Revenues**

The March 31, 2019 balance in the deferred regulatory liability account that holds the difference between the revenues collected under the prior federal corporate income tax rate and the recomputed revenues using the revised federal corporate income tax rate is zero. On November 9, 2018, Cardinal filed a revised proposal in compliance with the October 5 Order in the above-referenced dockets which provided that Cardinal would retroactively re-compute its 2018 transportation invoices to reflect the proposed revised rates and would refund to its customers the difference between the originally invoiced amounts and the revised invoice amounts for the period from January 1, 2018 to December 31, 2018. On December 20, 2018, in compliance with the Commission's December 17, 2018 Order Requiring Filing of Revised Proposal, Cardinal submitted revised calculations to reflect interest on the provisionally collected revenues. On December 28, 2018, the Commission issued an order approving Cardinal's revised proposal including the revised tariff sheets.

Cardinal refunded its customers the difference between the originally invoiced amounts

and the revised invoice amounts in its customers' January 2019 invoices and paid the interest associated with the refund on January 31, 2019. The details of the balance in the deferred account, including interest, is shown below:

	Piedmont Natural Gas Company	Public Service Company of North Carolina	Total
Balance as of 12/31/18	\$477,503.22	\$423,762.62	\$901,265.84
Refund of Revenues	(\$462,023.57)	(\$410,025.12)	(\$872,048.69)
Interest	(\$15,479.65)	(\$13,737.49)	(\$29,217.15)
Balance as of 3/31/19	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

On January 1, 2019, Cardinal began billing its customers the revised rates and therefore will have no further refund obligation associated with the federal corporate income tax rate change effective January 1, 2018.

#### **Excess Deferred Income Taxes (EDIT)**

Cardinal proposed in its November 9, 2018 filing to hold the EDIT associated with the federal corporate income tax rate change in a regulatory liability account until future disposition in Cardinal's next rate case, which is required to be filed no later than March 15, 2022. The Commission approved Cardinal's proposal in the December 17, 2018 Order Requiring Filing of Revised Proposal. The March 31, 2019 balance in the EDIT regulatory liability account associated with the federal corporate income tax rate change is \$13,339,024.

#### **Future Quarterly Reports**

Because Cardinal has fully refunded to its customers the difference between the

revenues collected under the prior federal corporate income tax rate and the recomputed revenues using the revised federal corporate income tax rate, the status of the deferred regulatory liability account reflecting such difference will not change. The status of the deferred regulatory liability that holds the EDIT balance associated with the federal corporate tax rate change will not change until the EDIT balance is addressed in Cardinal's next rate case. Therefore, Cardinal respectfully requests that the Commission allow Cardinal to file subsequent quarterly reports only if the balance of either account changes.

Respectfully submitted,

/s/ Scott A. Hallam

---

Scott A. Hallam  
Email: [scott.hallam@williams.com](mailto:scott.hallam@williams.com)  
Vice President, Cardinal Operating Company, LLC  
(713) 215-2100