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Feb 01 2018

February 1, 2018

**VIA ELECTRONIC FILING**

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

Re: Docket Nos. G-5, Sub 565 and M-100, Sub 138  
*Application to Refund Overcollection*

Dear Ms. Jarvis:

On behalf of Public Service Company of North Carolina, Inc., enclosed for filing in the above-referenced proceeding please find its *Application to Refund Overcollection*.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance in this matter.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kjg

Enclosures

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. G-5, SUB 565  
DOCKET NO. M-100, SUB 138

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. G-5, SUB 565	)	
	)	
In the Matter of	)	
Application of Public Service Company	)	
of North Carolina, Inc. for a General	)	
Increase in its Rates and Charges	)	
	)	APPLICATION TO REFUND
DOCKET NO. M-100, SUB 138	)	OVERCOLLECTION
	)	
In the Matter of	)	
Implementation of House Bill 998 – An	)	
Act to Simplify the North Carolina Tax	)	
Structure and to reduce Individual and	)	
Business Tax Rates	)	

Public Service Company of North Carolina, Inc. (“PSNC” or the “Company”), through counsel, respectfully submits its proposal to refund additional amounts resulting from the decrease in the state corporate income tax rate from 4% to 3% effective for the taxable year beginning January 1, 2017.

1. In the Commission’s Order Approving Rate Increase and Integrity Management Tracker issued October 28, 2016, in Docket No. G-5, Sub 565, the Commission approved an amended stipulation between the Company and the Public Staff which included a provision that the Stipulating Parties would work together to determine the appropriate revenue requirement reduction to recognize the decrease in the state corporate income tax rate from 4% to 3% beginning January 1, 2017. In accordance with such provision, on December 15, 2016, in Docket Nos. M-100, Sub 138; G-5, Sub 525;

and G-5, Sub 565, PSNC filed schedules showing the allocation of the revenue requirement reduction and the resulting adjustment to each rate schedule.

2. In the course of preparing the Commission requested comments in Docket No. M-100, Sub 148 associated with the Federal Tax Cuts and Jobs Act, PSNC determined that the previously submitted revenue requirement reduction associated with the decrease in the state corporate income tax rate from 4% to 3% was calculated incorrectly. The Company's December 15, 2016 filing reflected a revenue requirement decrease of \$328,144. The corrected revenue requirement decrease is \$792,006 as shown on Appendix A. As shown in column (e), after the decrease, net operating income and the overall rate of return are the same as reflected in the Amended Stipulation.

3. PSNC proposes to refund the excess amount collected from customers by crediting the over-collected amounts, plus interest, to the All Customer's Deferred Account. PSNC is in the process of determining the additional amounts collected from customers and will make an additional filing when the final amount has been determined. The corrected rate adjustments are set forth on Appendix B and corrected rates are set forth on Appendix C.

4. Contemporaneous with this filing, PSNC is submitting its comments in Docket No. M-100, Sub 148. Incremental amounts currently being collected in rates due to the error in determining the revenue requirement decrease associated with the state corporate income tax rate reduction to 3% will be incorporated into the determination of provisional amounts being collected as a result of the Federal corporate income tax rate reduction from 35% to 21%.

Wherefore, PSNC respectfully requests that the Commission approve the proposed refund as set forth above.

Respectfully submitted, this the 1<sup>st</sup> day of February, 2018.

*/s/Mary Lynne Grigg* \_\_\_\_\_

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*Attorney for Public Service Company of  
North Carolina, Inc.*

Public Service Company of North Carolina, Inc.  
Docket No. G-5, Sub 565  
Docket No. M-100, Sub 138  
Calculation of Revenue Requirement Adjustment Due to Decrease in SIT Rate to 3%  
Appendix A

Line No.	Item	After Rate Increase [1]	Adjustment to Reflect 3% SIT Rate	Adjusted For 3% Tax Rate	Revenue Requirement Decrease	After Decrease
		(a)	(b)	(c)	(d)	(e)
Operating Revenues:						
1	Gas Sales and Transportation	\$449,696,287	\$0	\$449,696,287	(\$792,006) [2]	\$448,904,281
2	Other Operating Revenues	3,803,540	0	3,803,540		3,803,540
3	Total Operating Revenues	<u>453,499,827</u>	<u>0</u>	<u>453,499,827</u>	<u>(792,006)</u>	<u>452,707,821</u>
Operating Expenses:						
4	Purchased Gas	180,388,055	0	180,388,055		180,388,055
5	Operating and Maintenance	101,677,251	0	101,677,251	(3,086) [3]	101,674,165
6	Depreciation	56,055,279	0	56,055,279		56,055,279
7	General Taxes	15,288,097	0	15,288,097		15,288,097
8	State Income Taxes	3,061,066	(765,263)	2,295,803	(23,668) [6]	2,272,135 [4]
9	Federal Income Taxes	25,712,984	267,849	25,980,833	(267,838) [6]	25,712,995 [5]
10	Total Operating Expenses	<u>382,182,732</u>	<u>(497,414)</u>	<u>381,685,318</u>	<u>(294,592)</u>	<u>381,390,726</u>
11	Net Operating Income for Return	<u>\$71,317,095</u>	<u>\$497,414</u>	<u>\$71,814,509</u>	<u>(\$497,414)</u>	<u>\$71,317,095</u>
12	Revenue Requirement Impact		<u>(\$792,006)</u>			
End of Period Rate Base						
13	Utility Plant	1,839,643,565		1,839,643,565		1,839,643,565
14	Accumulated Depreciation	(657,141,088)		(657,141,088)		(657,141,088)
15	Working Capital	5,897,214		5,897,214		5,897,214
16	Deferred Income Taxes	(241,677,456)		(241,677,456)		(241,677,456)
17	End of Period Rate Base	<u>\$946,722,235</u>		<u>\$946,722,235</u>		<u>\$946,722,235</u>
18	Overall Rate of Return	7.53%		7.59%		7.53%
19	Previous Decrease		<u>(\$328,144)</u>			
20	Additional Amount to Refund		<u>(\$463,862)</u>			

[1] Amended Stipulation, dated August 29, 2016, Exhibit A, Page 1 of 2, Column (e)

[2] Line 12, Column (b)

[3] Uncollectible expense and regulatory fee

[4] State income tax @ 3%

[5] Federal income tax @ 35%

[6] Column (e) - Column (d)

Public Service Company of North Carolina, Inc.  
Docket No. G-5, Sub 565  
Docket No. M-100, Sub 138  
Corrected Rate Adjustments to Reflect 3% SIT Rate  
Appendix B

Rate	Block	Therms	Margin \$ per therm	Margin Revenue	% of Total	Rev Req Adjustment (\$792,006)	Adjusted Margin \$	Adjusted Margin \$ per therm	Corrected Adjustment to Margin \$ per therm	Original Adjustment to Margin \$ per therm	Incremental Adjustment to Margin \$ per therm
<b>101 - Residential Service</b>											
Summer Energy Charge - Per Therm	All	39,319,179	\$0.42462	\$16,695,710					(\$0.00171)	(\$0.00071)	(\$0.00100)
Winter Energy Charge - Per Therm	All	258,930,351	\$0.42462	\$109,947,006					(\$0.00171)	(\$0.00071)	(\$0.00100)
	Total	<u>298,249,530</u>		<u>\$126,642,715</u>	64.44%	<u>(\$510,378)</u>	<u>\$126,132,337</u>	<u>\$0.42291</u>			
<b>102 - Residential Service</b>											
Summer Energy Charge - Per Therm	All	674,939	\$0.37462	\$252,846					(\$0.00171)	(\$0.00071)	(\$0.00100)
Winter Energy Charge - Per Therm	All	3,719,441	\$0.37462	\$1,393,377					(\$0.00171)	(\$0.00071)	(\$0.00100)
	Total	<u>4,394,380</u>		<u>\$1,646,223</u>	0.84%	<u>(\$7,514)</u>	<u>\$1,638,708</u>	<u>\$0.37291</u>			
<b>115 - Unmetered Lighting Service</b>											
Summer Energy Charge - Per Therm	All	32,898	\$0.42462	\$13,969					(\$0.00171)	(\$0.00071)	(\$0.00100)
Winter Energy Charge - Per Therm	All	32,799	\$0.42462	\$13,927					(\$0.00171)	(\$0.00071)	(\$0.00100)
	Total	<u>65,697</u>		<u>\$27,896</u>	0.01%	<u>(\$112)</u>	<u>\$27,784</u>	<u>\$0.42291</u>			
<b>125 - Small General Service</b>											
Energy Charge - Per Therm	First 500	74,025,193	\$0.29694	\$21,981,041					(\$0.00120)	(\$0.00050)	(\$0.00070)
	Next 4,500	45,487,292	\$0.29694	\$13,506,996					(\$0.00120)	(\$0.00050)	(\$0.00070)
	All Over 5,000	1,241,216	\$0.29694	\$368,567					(\$0.00120)	(\$0.00050)	(\$0.00070)
	Total	<u>120,753,701</u>		<u>\$35,856,604</u>	18.25%	<u>(\$144,504)</u>	<u>\$35,712,100</u>	<u>\$0.29574</u>			
<b>126 - Small General Service - Cooling</b>											
Energy Charge - Per Therm	All	<u>61,972</u>	\$0.29694	\$18,402	0.01%	(\$74)	\$18,328	\$0.29574	(\$0.00120)	(\$0.00050)	(\$0.00070)
<b>127 - Small General Service</b>											
Energy Charge - Per Therm	First 500	349,618	\$0.24694	\$86,335					(\$0.00120)	(\$0.00050)	(\$0.00070)
	Next 4,500	602,880	\$0.24694	\$148,875					(\$0.00120)	(\$0.00050)	(\$0.00070)
	All Over 5,000	48,471	\$0.24694	\$11,969					(\$0.00120)	(\$0.00050)	(\$0.00070)
	Total	<u>1,000,969</u>		<u>\$247,179</u>	0.13%	<u>(\$1,201)</u>	<u>\$245,978</u>	<u>\$0.24574</u>			
<b>135 - Natural Gas Vehicle Fuel</b>											
Energy Charge - Per Therm		<u>250,145</u>	\$0.83497	\$208,864	0.11%	(\$90)	\$208,774	\$0.83461	(\$0.00036)	(\$0.00015)	(\$0.00021)
<b>140 - Medium General Service</b>											
Energy Charge - Per Therm	First 1,000	10,644,000	\$0.22773	\$2,423,958					(\$0.00092)	(\$0.00038)	(\$0.00054)
	All Over 1,000	22,314,846	\$0.22773	\$5,081,760					(\$0.00092)	(\$0.00038)	(\$0.00054)
		<u>32,958,846</u>		<u>\$7,505,718</u>	3.82%	<u>(\$30,249)</u>	<u>\$7,475,469</u>	<u>\$0.22681</u>			

Public Service Company of North Carolina, Inc.  
Docket No. G-5, Sub 565  
Docket No. M-100, Sub 138  
Corrected Rate Adjustments to Reflect 3% SIT Rate  
Appendix B

Rate	Block	Therms	Margin \$ per therm	Margin Revenue	% of Total	Rev Req Adjustment (\$792,006)	Adjusted Margin \$	Adjusted Margin \$ per therm	Corrected Adjustment to Margin \$ per therm	Original Adjustment to Margin \$ per therm	Incremental Adjustment to Margin \$ per therm
<b>145 - Large-Quantity General Service</b>											
Energy Charge - Per Therm	First 15,000	19,565,501	\$0.13391	\$2,620,016	1.33%	(\$10,559)	\$2,609,457	\$0.13337	(\$0.00054)	(\$0.00022)	(\$0.00032)
	Next 15,000	4,140,327	\$0.11160	\$462,060	0.24%	(\$1,862)	\$460,198	\$0.11115	(\$0.00045)	(\$0.00019)	(\$0.00026)
	Next 15,000	1,739,803	\$0.09166	\$159,470	0.08%	(\$643)	\$158,828	\$0.09129	(\$0.00037)	(\$0.00015)	(\$0.00022)
	Next 15,000	883,094	\$0.06563	\$57,957	0.03%	(\$234)	\$57,724	\$0.06537	(\$0.00026)	(\$0.00011)	(\$0.00015)
	Next 1,000,000	1,153,367	\$0.04396	\$50,702	0.03%	(\$204)	\$50,498	\$0.04378	(\$0.00018)	(\$0.00007)	(\$0.00011)
	All Over 1,060,000	0	\$0.03639	\$0	0.00%	\$0	\$0	\$0.03624	(\$0.00015)	(\$0.00006)	(\$0.00009)
	Total	<u>27,482,092</u>		<u>\$3,350,207</u>		<u>(\$13,502)</u>	<u>\$3,336,705</u>				
<b>150 - Large-Quantity Interruptible Commercial &amp; Industrial Service</b>											
Energy Charge - Per Therm	First 15,000	1,181,777	\$0.08945	\$105,710	0.05%	(\$426)	\$105,284	\$0.08909	(\$0.00036)	(\$0.00015)	(\$0.00021)
	Next 15,000	808,253	\$0.06808	\$55,026	0.03%	(\$222)	\$54,804	\$0.06781	(\$0.00027)	(\$0.00011)	(\$0.00016)
	Next 70,000	1,940,466	\$0.04675	\$90,717	0.05%	(\$366)	\$90,351	\$0.04656	(\$0.00019)	(\$0.00008)	(\$0.00011)
	Next 500,000	2,773,747	\$0.02570	\$71,285	0.04%	(\$287)	\$70,998	\$0.02560	(\$0.00010)	(\$0.00004)	(\$0.00006)
	All Over 600,000	0	\$0.00438	\$0	0.00%	\$0	\$0	\$0.00436	(\$0.00002)	(\$0.00001)	(\$0.00001)
	Total	<u>6,704,243</u>		<u>\$322,738</u>		<u>(\$1,301)</u>	<u>\$321,437</u>				
<b>175 - Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145</b>											
Energy Charge - Per Therm	First 15,000	44,808,340	\$0.13391	\$6,000,285	3.05%	(\$24,182)	\$5,976,103	\$0.13337	(\$0.00054)	(\$0.00022)	(\$0.00032)
	Next 15,000	23,431,061	\$0.11160	\$2,614,906	1.33%	(\$10,538)	\$2,604,368	\$0.11115	(\$0.00045)	(\$0.00019)	(\$0.00026)
	Next 15,000	15,198,266	\$0.09166	\$1,393,073	0.71%	(\$5,614)	\$1,387,459	\$0.09129	(\$0.00037)	(\$0.00015)	(\$0.00022)
	Next 15,000	11,009,530	\$0.06563	\$722,555	0.37%	(\$2,912)	\$719,644	\$0.06537	(\$0.00026)	(\$0.00011)	(\$0.00015)
	Next 1,000,000	78,949,457	\$0.04396	\$3,470,618	1.77%	(\$13,987)	\$3,456,631	\$0.04378	(\$0.00018)	(\$0.00007)	(\$0.00011)
	All Over 1,060,000	1,505,986	\$0.03639	\$54,803	0.03%	(\$221)	\$54,582	\$0.03624	(\$0.00015)	(\$0.00006)	(\$0.00009)
	Total	<u>174,902,640</u>		<u>\$14,256,241</u>		<u>(\$57,454)</u>	<u>\$14,198,787</u>				
<b>180 - Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 150</b>											
Energy Charge - Per Therm	First 15,000	21,570,397	\$0.08945	\$1,929,472	0.98%	(\$7,776)	\$1,921,696	\$0.08909	(\$0.00036)	(\$0.00015)	(\$0.00021)
	Next 15,000	18,099,962	\$0.06808	\$1,232,245	0.63%	(\$4,966)	\$1,227,279	\$0.06781	(\$0.00027)	(\$0.00011)	(\$0.00016)
	Next 70,000	45,277,277	\$0.04675	\$2,116,713	1.08%	(\$8,530)	\$2,108,182	\$0.04656	(\$0.00019)	(\$0.00008)	(\$0.00011)
	Next 500,000	42,885,089	\$0.02570	\$1,102,147	0.56%	(\$4,442)	\$1,097,705	\$0.02560	(\$0.00010)	(\$0.00004)	(\$0.00006)
	All Over 600,000	13,929,615	\$0.00438	\$61,012	0.03%	(\$246)	\$60,766	\$0.00436	(\$0.00002)	(\$0.00001)	(\$0.00001)
	Total	<u>141,762,340</u>		<u>\$6,441,589</u>		<u>(\$25,960)</u>	<u>\$6,415,629</u>				
<b>Total Margin Revenue</b>				<u>\$196,524,375</u>	100.00%	<u>(\$792,339)</u>	<u>\$195,732,036</u>				

Public Service Company of North Carolina, Inc.  
 Docket No. G-5, Sub 565  
 Docket No. M-100, Sub 138  
 Adjusted Rates  
 Appendix C

Rate	Block	Current Rates \$ per therm [1]	Adjustment to Rates \$ per therm [2]	Proposed Rates \$ per therm [1] + [2]
101 - Residential Service				
Winter Energy Charge - Per Therm	All	\$0.93567	(\$0.00100)	\$0.93467
Summer Energy Charge - Per Therm	All	\$0.88424	(\$0.00100)	\$0.88324
102 - Residential Service				
Winter Energy Charge - Per Therm	All	\$0.86641	(\$0.00100)	\$0.86541
Summer Energy Charge - Per Therm	All	\$0.81498	(\$0.00100)	\$0.81398
115 - Unmetered Lighting Service				
Winter Energy Charge - Per Therm	All	\$0.82557	(\$0.00100)	\$0.82457
Summer Energy Charge - Per Therm	All	\$0.77414	(\$0.00100)	\$0.77314
125 - Small General Service				
Energy Charge - Per Therm	First 500	\$0.74329	(\$0.00070)	\$0.74259
	Next 4,500	\$0.70433	(\$0.00070)	\$0.70363
	All Over 5,000	\$0.66534	(\$0.00070)	\$0.66464
126 - Small General Service - Cooling				
Energy Charge - Per Therm	All	\$0.61606	(\$0.00070)	\$0.61536
127 - Small General Service				
Energy Charge - Per Therm	First 500	\$0.62958	(\$0.00070)	\$0.62888
	Next 4,500	\$0.59062	(\$0.00070)	\$0.58992
	All Over 5,000	\$0.55163	(\$0.00070)	\$0.55093
135 - Natural Gas Vehicle Fuel				
Energy Charge - Per Therm		\$1.15007	(\$0.00021)	\$1.14986
140 - Medium General Service				
Energy Charge - Per Therm	First 1,000	\$0.64173	(\$0.00054)	\$0.64119
	All Over 1,000	\$0.59153	(\$0.00054)	\$0.59099
145 - Large-Quantity General Service				
Energy Charge - Per Therm	First 15,000	\$0.46815	(\$0.00032)	\$0.46783
	Next 15,000	\$0.44565	(\$0.00026)	\$0.44539
	Next 15,000	\$0.42556	(\$0.00022)	\$0.42534
	Next 15,000	\$0.39931	(\$0.00015)	\$0.39916
	Next 1,000,000	\$0.37747	(\$0.00011)	\$0.37736
	All Over 1,060,000	\$0.36044	(\$0.00009)	\$0.36035
150 - Large-Quantity Interruptible Commercial & Industrial Service				
Energy Charge - Per Therm	First 15,000	\$0.40455	(\$0.00021)	\$0.40434
	Next 15,000	\$0.38301	(\$0.00016)	\$0.38285
	Next 70,000	\$0.36150	(\$0.00011)	\$0.36139
	Next 500,000	\$0.34029	(\$0.00006)	\$0.34023
	All Over 600,000	\$0.31879	(\$0.00001)	\$0.31878
175 - Firm Transportation Service For Customers Qualifying for Service on Rate Schedule No. 145				
Energy Charge - Per Therm	First 15,000	\$0.14710	(\$0.00032)	\$0.14678
	Next 15,000	\$0.12482	(\$0.00026)	\$0.12456
	Next 15,000	\$0.10492	(\$0.00022)	\$0.10470
	Next 15,000	\$0.07893	(\$0.00015)	\$0.07878
	Next 1,000,000	\$0.05730	(\$0.00011)	\$0.05719
	All Over 1,060,000	\$0.04974	(\$0.00009)	\$0.04965
180 - Interruptible Transportation Service for Customers Qualifying for Service on Rate Schedule No. 150				
Energy Charge - Per Therm	First 15,000	\$0.10208	(\$0.00021)	\$0.10187
	Next 15,000	\$0.08075	(\$0.00016)	\$0.08059
	Next 70,000	\$0.05945	(\$0.00011)	\$0.05934
	Next 500,000	\$0.03844	(\$0.00006)	\$0.03838
	All Over 600,000	\$0.01715	(\$0.00001)	\$0.01714

[1] Docket No. G-5, Sub 565, Summary of Rates and Charges filed January 30, 2018  
 [2] Appendix B

**CERTIFICATE OF SERVICE**

I certify that I have served a copy of the foregoing APPLICATION OF PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC. TO REFUND OVERCOLLECTION in accordance with Commission Rule R1-39, by United States mail, first class postage prepaid; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This, the 1<sup>st</sup> day of February, 2018.

*/s/Mary Lynne Grigg* \_\_\_\_\_

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North Carolina, Inc.*