

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. M-100, SUB 148  
DOCKET NO. G-39, SUB 42

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. M-100, SUB 148	)	
	)	
In the Matter of	)	
The Federal Tax Cuts and Jobs Act	)	
	)	
DOCKET NO. G-39, SUB 42	)	ORDER APPROVING
	)	DECEMBER 21, 2018 REVISED
	)	PROPOSAL AND TARIFFS
In the Matter of	)	
Cardinal Pipeline Company, LLC Filings to	)	
Reflect The Federal Tax Cuts and Jobs	)	
Act	)	

BY THE COMMISSION: On October 5, 2018, in Docket No. M-100, Sub 148, the Commission issued an Order Addressing the Impacts of The Federal Tax Cuts and Jobs Act on Public Utilities. The Order directed certain utilities, including Cardinal Pipeline Company, LLC (Cardinal), to “adjust their base rates to reflect the reduction in the federal corporate income tax rate to 21% for taxable years beginning after December 31, 2017, as outlined in the Tax Act.” The Commission further requested that certain utilities, including Cardinal, “file proposals . . . to adjust their rates to reflect the reduction in the federal corporate income tax rate to 21%” by no later than October 25, 2018 and that the Public Staff and other parties “file comments on the proposals by no later than Wednesday, November 14, 2018.”

On October 25, 2018, Cardinal filed its proposal in response to the Commission’s Order. Cardinal stated that its filing contained Cardinal’s proposal to adjust its rates to reflect the impact of the lower federal corporate income tax rate effective January 1, 2018, and that Cardinal proposed to voluntarily adjust its rates immediately to reflect the change in the federal corporate income tax rates, effective January 1, 2018, by billing those rates prospectively following Commission approval and by expeditiously refunding to customers the difference between customers’ originally invoiced amounts and the revised invoice amounts, also known as the provisionally collected amounts. Cardinal stated that following Commission approval of the proposed rates, Cardinal would bill its customers the revised rates, assumed to begin January 1, 2019. Cardinal maintained that it would also retroactively re-compute its transportation invoices to reflect use of the revised rates, and would expeditiously refund to customers the difference between customers’ originally invoiced amounts and the revised invoice amounts for the period from January 1, 2018 to December 31, 2018.

Cardinal also noted that consistent with the October 5, 2018 Order, Cardinal would continue to hold the federal EDIT in a regulatory liability account until future disposition. However, Cardinal specified that because it is required to file its next general rate case no later than March 15, 2022<sup>1</sup>, five months following the three-year deadline date of October 5, 2021, the Company was requesting that the Commission waive the requirement to address the disposition of the federal EDIT by October 5, 2021, and allow the federal EDIT to be disposed of in Cardinal's next general rate case proceeding.

On November 9, 2018, Cardinal filed its revised proposal. Cardinal noted that upon further discussions with the Public Staff, Cardinal found it necessary to file a revised proposal that properly reflected the reduction in the federal corporate income tax rate.

On November 14, 2018, the Public Staff filed its comments pursuant to the Commission's Order. No other party filed comments. The Public Staff stated that it had reviewed Cardinal's revised proposal for the base rate reductions and agreed with the Company's calculations.

The Public Staff further stated that it does not object to Cardinal's proposal to immediately refund the provisionally collected revenues; however, that because Cardinal is electing to immediately return the provisionally collected revenues, rather than waiting for its next general rate case, Cardinal did not include interest on the provisionally collected revenues as required in ordering paragraph 5 of the Commission's October 5, 2018 Order. The Public Staff asserted that interest should be imposed beginning on January 1, 2018, and continuing until the proposed rates reflecting the change are effective. The Public Staff maintained that interest should be at the overall weighted cost of capital approved in the Company's most recent general rate case proceeding, and compounded annually at January 1<sup>st</sup> of each year.

In addition, the Public Staff stated that it does not object to Cardinal's request that it be allowed to file its proposal for the disposition of federal EDIT when it files its next rate case, provided it files its next rate case no later than March 15, 2022. The Public Staff asserted that it would object to any further delay in the disposition of the federal EDIT were Cardinal to seek to delay the filing of its next general rate case.

The Public Staff recommended that the Commission direct Cardinal to file new calculations revising its rates to provide for interest on the provisionally collected revenues, as required in the Commission's October 5, 2018 Order.

On December 17, 2018, the Commission issued an Order Requiring Filing of Revised Proposal wherein the Commission directed Cardinal to refile its proposal to reflect interest on the federal provisionally collected revenues as recommended by the Public Staff. The Commission also granted Cardinal's request for a waiver of time to flow back the federal EDIT until March 15, 2022.

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<sup>1</sup> Specifically, per ordering paragraph 5 of the Commission's July 27, 2017 Order Decreasing Rates issued in Docket No. G-39, Sub 38 (Cardinal's last general rate case proceeding), Cardinal must file its next general rate case no later than March 15, 2022.

Further, Cardinal was requested to refile its proposal to reflect new calculations revising its rates to provide for interest on the federal provisionally collected revenues, as required in the October 5, 2018 Order, within 10 days of the issuance of the Order, and the Public Staff was requested to file a letter as soon as reasonably possible thereafter verifying that the revised calculations are correct and, if appropriate, recommending Commission approval.

On December 21, 2018, Cardinal filed its second revised proposal as requested. Cardinal's filing also included revised tariff sheets. Also on December 21, 2018, the Public Staff filed a letter stating that it had reviewed Cardinal's December 21, 2018 revised calculations and recommended that the Commission approve the proposal effective January 1, 2019.

Based upon the foregoing, the Commission finds it appropriate to approve Cardinal's December 21, 2018 revised proposal including the revised tariff sheets, effective January 1, 2019.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 28<sup>th</sup> day of December, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Janice H. Fulmore", is written over a faint, circular official stamp.

Janice H. Fulmore, Deputy Clerk