

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF)
WYOMING GAS COMPANY, A DIVISION OF)
NATURAL GAS PROCESSING, FOR A)
DECREASE IN RATES TO ACCOUNT FOR)
THE EFFECTS OF TAX CUTS AND JOBS ACT)
OF 2017)

Docket No. 30009-65-GR-18
(Record No. 15015)

ORDER
(Issued April 2, 2019)

This matter is before the Wyoming Public Service Commission (Commission), upon the Application of Wyoming Gas Company, a division of Natural Gas Processing Co. (Wyoming Gas or the Company) for approval of its plan to address the effects of the 2017 tax law commonly referred to as the Tax Cuts and Jobs Act (TCJA).

1. Wyoming Gas is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(D), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.
2. On June 5, 2018, Wyoming Gas filed its Application to address the effects of the TCJA in the instant docket. The Company's Application outlines its plan for treatment of the over-collection from current rates for the period beginning January 1, 2018, through the date the Commission approves the TCJA surcredit. The Company requests to apply its proposed income tax rate decrease to the actual billing determinants beginning January 1, 2018, through April 30, 2018.
3. Public notice of the Company's Application issued on June 13, 2018, and the protest period expired on July 13, 2018, with no intervenors and no comments filed.
4. In its Application, Wyoming Gas proposes: [i] to adjust its federal tax rate from 35 percent to 29.6 percent, reflecting the highest individual tax bracket less the 20 percent qualified business income deduction; [ii] to deduct and recover from its deferred liability account the estimated professional expenses incurred from researching the effects of the TCJA and legal expenses associated with filing this Application; [iii] to forgo the rate base adjustment pertaining to the accumulated Excess Deferred Income Tax (EDIT) balance, currently estimated to be approximately \$253,000, and disclose the EDIT balance as a deferred liability on all future financial statements; and [iv] to return TCJA benefits to its customers volumetrically via a surcredit of \$0.0090 per Ccf.

5. The Commission considered Wyoming Gas's Application pursuant to due notice at its regular Open Meeting on March 19, 2019. John Sundahl, Counsel, and Anne Wheatcroft, Controller and Chief Financial Officer, appeared in person; Leslie Graham, General Manager, and Tom Sullivan, Consultant, appeared by telephone for Wyoming Gas. Ms. Wheatcroft provided a summary of the Application, generally describing the information in paragraphs 2 and 4, above. Commission Staff recommended denial of the Application with directions to work with Commission Staff to file a new application not later than July 19, 2019, consistent with the terms of this *Order*.

6. Based on the Application, representations by Wyoming Gas and the analysis and recommendations of Commission Staff, the Commission finds that Wyoming Gas's Application is not in the public interest and therefore, denies the Application, effective immediately.

IT IS THEREFORE ORDERED:

1. Pursuant to Open Meeting action taken on March 19, 2019, the Application of Wyoming Gas for approval of its plan to address the effects of the Tax Cuts and Jobs Act, is denied.

2. Wyoming Gas shall file a new application for approval of a tax plan to credit its customers the benefits Wyoming Gas has received, and will receive, as a result of the Tax Cuts and Jobs Act, no later than July 19, 2019. The new application shall include the following parameters:

a. Wyoming Gas shall not reduce its customers' tax credits to effect Company recovery of attorney fees and outside services expenditures.

b. Wyoming Gas shall calculate a one-time "catch-up credit" to refund the amounts that have accrued since January 1, 2018, through the date new rates are in effect.

c. Wyoming Gas shall develop a plan for returning accumulated excess deferred income taxes to its customers.

d. Wyoming Gas shall calculate interest on the deferred tax balance, using the Commission Authorized Interest Rate, with such interest calculations beginning January 1, 2018.

3. Wyoming Gas shall continue to account for the difference between the Company's federal income tax liability under the law in effect on December 31, 2017, and the law in effect on and after January 1, 2018 pursuant to the order in Docket No. 90000-134-XO-17.

4. This *Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on April 2, 2019.

PUBLIC SERVICE COMMISSION OF WYOMING

Kara B. Fornstrom

KARA B. FORNSTROM, Chairman

Mary A. Throne

MARY A. THRONE, Deputy Chair

Michael M. Robinson

MICHAEL M. ROBINSON, Commissioner



(SEAL)

Attest:

John S. Burbridge

JOHN S. BURBRIDGE, Assistant Secretary