

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Revenue Effects Upon)	
Missouri Utilities of the Tax Cuts and)	File No. AW-2018-0174
Jobs Act of 2017)	

**SUMMIT NATURAL GAS OF MISSOURI, INC.'S
RESPONSE TO COMMISSION'S QUESTIONS**

COMES NOW, Summit Natural Gas of Missouri, Inc. ("SNGMO"), and for its response to the Commission's questions, states as follows:

- a.) What is the appropriate avenue for effectuating change to utility rates as a result of the federal income tax reductions?

Response: SNGMO believes the appropriate avenue is a rate case or complaint case.

- b.) Is a different avenue appropriate for regulated corporations and Commission-regulated pass-through entities such as S Corporations, LLCs, and partnerships?

Response: No.

- c.) What is the appropriate mechanism(s) for effectuating change to utility rates as a result of the federal income tax reductions?

Response: The appropriate mechanism is a rate case or complaint case.

- d.) How does the change to the federal income tax affect pending rate cases? Can the change be considered in the pending rate cases?

Response: SNGMO has no rate case pending and has no position on this issue.

- e.) Please calculate the first-year approximate annual Missouri jurisdictional change in cost of service for your utility that is projected to result from implementation of the *Tax Cuts and Jobs Acts of 2017* (all other things being equal) and provide supporting workpapers for this calculation.

Response: SNGMO interpreted this question as directing each utility to go back to the last rate case to determine the effect of using a 21% income tax rate on the cost of service. As such, SNGMO reviewed Case No. GR-2014-0086, and recalculated the income taxes at the lower rate. The tax reform rate impact is split amongst four rate areas (Gallatin, Warsaw, Rogersville, and Branson) as noted in "Confidential Attachment A". SNGMO has no way of determining the impact on the Lake of the Ozark rates, as that division has never been through a rate proceeding.

Overall, SNGMO does not believe it is appropriate to only look at one component of the cost of service without evaluating all. In Case No. GR-2014-0086, the test period was based on the 12 months ended September 30, 2013, updated through December 31, 2013. A lot has changed in the last four years that would ultimately impact the cost of service today. Most expenses have increased, and billing determinants have changed significantly.

Respectfully submitted,

SUMMIT NATURAL GAS OF MISSOURI, INC.

By: /s/ Matthew Kaply
Matthew Kaply
Summit Natural Gas of Missouri, Inc.
Senior Director of Regulatory Affairs
2 Delorme Drive, Suite 100
Yarmouth, ME 04096
T: 207-465-6744
E: mkaply@summitnaturalgas.com

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 31st day of January, 2018, to:

General Counsel's Office
staffcounsel@psc.mo.gov

Office of the Public Counsel
opcservice@ded.mo.gov

/s/ Justina Waller