UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Inquiry Regarding the Effect of the Tax Cuts and Jobs Act on Commission-Jurisdictional Rates	)))	Docket No. RM18-12-000

COMMENTS OF
THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA

Pursuant to the comment procedures set forth in the Federal Energy Regulatory Commission's ("FERC" or "Commission") notice of inquiry issued on March 15, 2018 in Docket No. RM18-12-000 (the "NOI"), the Interstate Natural Gas Association of America ("INGAA") hereby respectfully submits these comments.

INGAA is a trade association that advocates regulatory and legislative positions of importance to the interstate natural gas pipeline industry in the United States. INGAA's 27 members represent the vast majority of interstate natural gas transmission pipeline companies in the U.S. INGAA's members, which operate approximately 200,000 miles of interstate natural gas pipelines, serve as an indispensable link between natural gas producers and consumers. Its U.S. members are regulated by the Commission pursuant to the Natural Gas Act ("NGA").[1]

I. BACKGROUND

On December 22, 2017, the President signed the Tax Cut and Jobs Act ("TCJA")[2] into law, which reduced the federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. Additionally, as pertinent to these comments, the TCJA prohibited the use of bonus depreciation for assets acquired in the transportation of natural gas by pipeline. In response

[1] 15 U.S.C. §§ 717-717w.
[2] An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (2017) ("Tax Cut and Jobs Act" or "TCJA").

to the TCJA and a related court opinion relating to tax allowances for Master Limited Partnerships ("MLP") and other pass-through partnerships, the Commission issued three orders addressing or seeking comments on the effects of the new law and court opinion on the rates of interstate pipelines and other jurisdictional entities.

A. Inquiry Regarding the Commission's Policy for Recovery of Income Tax Costs in Docket No. PL17-1-000.

In *United Airlines, Inc. v. Federal Energy Regulatory Commission*,[3] the U.S. Court of Appeals for the District of Columbia Circuit remanded to the Commission its decision in an oil pipeline rate case applying the *Policy Statement on Income Tax Allowance* ("2005 Policy")[4] to an MLP.[5] The court found that the Commission did not adequately explain why a double recovery did not result from its 2005 Policy given the MLP received both an income tax allowance and a return on equity determined by the discounted cash flow ("DCF") methodology.[6] Importantly, the Court did not reach a finding that there was a double recovery, but rather, remanded the issue for further proceedings.

In response to the remand, the Commission initiated its *Inquiry Regarding the Commission's Policy for Recovery of Income Tax Costs* in Docket No. PL17-1-000.[7] The Commission solicited comments regarding how to address any double recovery resulting from the Commission's current income tax allowance and rate of return policies.

On March 15, 2018, the Commission issued its *Revised Policy Statement on Treatment of Income Taxes* ("Revised Policy Statement") in Docket No. PL17-1-000.[8] As relevant here, the

[3] 827 F.3d 122 (D.C. Cir. 2016).
[4] Docket No. PL05-5-000 (where the Commission permitted partnership or similar pass-through entities including master limited partnerships ("MLPs") to recover an income tax allowance for the partners' tax costs similar to a corporation receiving an income allowance.)
[5] *Id*. at 137.
[6] *Id*. at 134-137.
[7] 157 FERC ¶ 61,210 (2016).
[8] 162 FERC ¶ 61,227 (2018).

Commission revised the 2005 Policy "to no longer permit MLPs to recover an income tax allowance in their cost of service."[9] With respect to other pass-through entities, the Revised Policy Statement recognized that the record in that proceeding did not provide a basis for addressing the *United Airlines* double recovery issue for the innumerable forms of pass-through entities.[10] As a result, the Commission stated in the Revised Policy Statement that non-MLP pass-through entities may recover an income tax allowance if they are able to prove that there is no double recovery in future proceedings.[11] INGAA has separately sought clarification or, in the alternative, rehearing of the Revised Policy Statement.[12]

Irrespective of the outcome of any issue raised for clarification or rehearing, it remains the case even after issuance of the Revised Policy Statement that pipelines whose income is taxed and pay taxes at the corporate level should continue to be permitted an income tax allowance. Whether a pipeline is organized as a pass-through entity such as a limited liability company or otherwise, the theory of double recovery of income taxes does not hold in these instances because the corporation incurs an income tax cost separate and apart from any return earned on the pipeline's rate base. Neither the *United Airlines* opinion nor the Revised Policy Statement provides any basis for eliminating the income tax allowance from the cost of service of pipelines that are pass-through entities.

B. Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate ("NOPR").

Concurrently with the Revised Policy Statement, the Commission issued its notice of proposed rulemaking entitled *Interstate and Intrastate Natural Gas Pipelines; Rate Changes*

[9] *Id.* at P 8.
[10] *Id.* at P 3.
[11] *Id.* at PP 3, 8, 45.
[12] Request for Clarification or in the Alternative Rehearing of INGAA in Docket PL17-1-000 (Apr. 16, 2018).

Relating to Federal Income Tax Rate in Docket No. RM18-11-000 ("NOPR").[13] The Commission concluded that the federal corporate income tax rate reduction will decrease federal corporate income tax expenses.[14] The Commission also cited its Revised Policy Statement as establishing a policy that MLPs are not permitted to recover an income tax allowance in their cost of service and that other non-MLP pass-through entities if claiming an income tax allowance must address the concerns expressed in *United Airlines* arising in subsequent proceedings.[15] In response to the TCJA and the Revised Policy Statement, the Commission initiated the NOPR to require pipelines to provide cost and revenue data based on the new tax rates and tax allowance policy and to provide pipelines with options to file either general or limited section 4 rate proceedings in which the tax reduction and the MLP income tax allowance policy would be reflected in rates.[16] INGAA submitted comments on the NOPR on April 25, 2018 and a motion for leave to answer and answer on May 10, 2018.[17]

C. Inquiry Regarding the Effect of the Tax Cuts and Jobs Act on Commission-Jurisdictional Rates Federal Income Tax Rate ("NOI").

In the NOPR, the Commission stated it proposed to take no action on any excess accumulated deferred income tax ("ADIT") that may have been created by the reduction in the federal income tax rates.[18] Instead, concurrently with the Revised Policy Statement and the NOPR, the Commission issued the *Inquiry Regarding the Effect of the Tax Cuts and Jobs Act on Commission-Jurisdictional Rates* ("NOI") in Docket No. RM18-12-000.[19] The Commission noted

[13] *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, 162 FERC ¶ 61,226 (2018), 83 Fed. Reg. 12,888 (Mar. 26, 2018) (to be codified at 18 C.F.R. Parts 154 & 260).
[14] NOPR at P 6.
[15] NOPR at PP 3, 8, 45.
[16] NOPR at P 24.
[17] Comments of INGAA in Docket RM18-11-000 (Apr. 25, 2018); Motion for Leave to Answer and Answer of INGAA in Docket RM18-11-000 (May 10, 2018).
[18] NOPR at 31.
[19] 162 FERC ¶ 61,223 (2018), 83 Fed. Reg. 12,371 (Mar. 21, 2018).

that ADIT arises from the differences between the method of computing taxable income for reporting to the IRS and the method of computing income for regulatory accounting and ratemaking purposes.[20] In the NOI, the Commission explained that because of the reduction in the federal income tax rate, a portion of an ADIT liability recorded on the pipelines' books ("excess ADIT") will no longer be due from the interstate natural gas pipelines as taxes and must be returned to shippers through cost-of-service ratemaking.[21] As a result, the Commission identified a number of questions on which it is seeking comments. These questions included, among other things, the proper adjustment of a pipeline's rate base for excess ADIT, the proper flow back or recovery of excess or deficient ADIT as well as the appropriate amortization of any excess or deficient ADIT.[22]

II. COMMENTS

A. The Need to Address ADIT Prior to Implementation of the NOPR

As noted in INGAA's comments on the NOPR, the Commission should resolve all ADIT issues and complete the rulemaking process in this docket before collecting information in the Form 501-G and requiring pipelines to elect one of the four choices as determined by the Commission in the final rule in Docket No. RM18-11.[23] Handling these two issues separately will create uncertainty and will not provide the Commission the type of clarity it is seeking in the Form 501-G. If ADIT issues are not resolved prior to the Form 501-G deadlines, pipelines will lack certainty regarding the treatment of ADIT, and the Commission will not be able to fully analyze these forms. Further, as INGAA noted in its comments to the NOPR in Docket No. RM18-11, proceeding on two separate tracks may discourage pipelines from selecting the option to file a limited section 4 rate case, because they could still face additional risk regarding the ultimate rate

[20] NOI at P 9.
[21] *Id*. at P 13.
[22] *Id*. at PP 14-29.
[23] *See* Section III.A of the Comments of INGAA, Docket No. RM18-11-000 (Apr. 25, 2018).

treatment of ADIT in a separate proceeding. Pipelines and shippers, collectively, would be less likely to enter into an uncontested settlement until ADIT issues are resolved.[24] The issues in the two proceedings are intertwined, and the Commission should not move forward with a final rule on the NOPR until the ADIT issues are resolved.

Issues concerning the treatment of ADIT for MLPs and other pass-through entities raise additional and different timing concerns. As discussed at the end of these comments in response to the Commission's questions in this NOI relating to MLPs and other pass-through entities, many parties have sought rehearing of the Revised Policy Statement. For the reasons discussed in Section I below, it would be inefficient and premature to attempt to resolve ADIT issues pertaining to MLPs and other pass-through entities prior to a resolution of the issues raised on rehearing of the Revised Policy Statement. Moreover, because the guidance regarding tax allowances for MLPs is provided in a "policy statement", MLP pipelines must be permitted to propose tax allowances in their individual rate proceedings. Consequently, issues relating to ADIT on the books of MLP and other pass-through entities are dependent on the outcome of the tax allowance issue in such proceedings and should be addressed at the same time in those proceedings.

B. Recovery or Return of Excess or Deficient ADIT Through Rates

The NOI states (at P 13) that due to the reduction of the corporate income tax rate, a portion of the ADIT liability that was collected from customers will no longer be due to the IRS and any such excess ADIT must be returned to customers "in a cost-of-service ratemaking context." The Commission further explains that the rate mechanism for the recovery or return of deficient or excess ADIT is the establishment of a regulatory asset or liability. Specifically, pipelines are expected to re-measure their ADIT liabilities and assets and establish regulatory liabilities and

[24] Comments of INGAA at p. 23.

assets, as appropriate. (P 14). In one sentence of the NOI, however, the Commission has used the word "refund", in INGAA's view inartfully, when explaining that pipelines should establish a regulatory liability to return excess ADIT to customers. (P 13).

To avoid possible confusion, INGAA respectfully requests the Commission clarify that it does not intend to require pipelines to immediately return excess ADIT though a cash refund, but rather intends that whatever amount, if any, of excess ADIT determined to be appropriate to be returned to customers will be flowed through cost of service rates. This clarification is consistent with the remainder of the NOI, with normalization requirements generally, and with the specific accounting guidance cited at the end of the sentence in which the word "refund" was used.[25]

C. Effect on Rate Base

The Commission seeks comments (at PP 14-15) on (1) how to ensure that rate base continues to be treated in a manner similar to that prior to the TCJA (*i.e.,* how to preserve rate base neutrality) until excess and deficient ADIT have been fully settled in a just and reasonable manner; and (2) whether adjustments are needed to ensure that regulatory assets and liabilities are treated comparably to the ADIT liability and asset accounts.

INGAA agrees that, generally, rate base neutrality should be preserved as it relates to the ratemaking process when there is a legislative change in the income tax rate applicable to a pipeline. In this context, INGAA interprets "rate base neutrality" to mean that for ratemaking purposes, the rate base underlying the cost of service utilized in any subsequent rate determination must be reflective of (a) an initial adjustment to the ADIT balance to remove the excess (or deficient) ADIT resulting from a modification to the federal income tax rate; and (b) an initial

[25] NOI at P 13, *citing* Accounting for Income Taxes, Docket No. AI93-5-000, at 8 (1993) (requiring the establishment of a regulatory asset or liability for amounts that are probable to be recovered or returned in rates as a result of changes in tax laws or rates).

equal and offsetting regulatory liability (or asset), as such balance is further adjusted in the normal course of business. In this manner, the pipeline's revised tariff rates will be determined in a manner consistent with normalization requirements.

In contrast, for financial reporting purposes, the pipeline may have initially recorded or subsequently chosen to record a lesser regulatory liability that is reflective of the amount of the regulatory liability that will probably be returned to ratepayers over time based on its particular contract profile. Under Commission accounting guidance, a regulatory asset or liability resulting from a change in tax rate should reflect amounts that are "probable" to be collected or returned in future rates.[26] As the Commission recognized in its NOPR in Docket No. RM18-11, negotiated rate shippers do not pay tariff rates and are not entitled to a rate reduction to reflect the lower tax allowance unless specifically provided by agreement.[27] Thus, adjustments to regulatory assets or liability accounts established for excess or deficient ADIT may be appropriate for accounting purposes depending on the circumstances of each pipeline.

The Commission also notes (at P 16) that there may be a lag in implementing any adjustments to rate base to reflect excess and deficient ADIT and questions whether pipelines should include interest on excess and deficient ADIT from January 1, 2018 until any adjustments to rate base are implemented. INGAA opposes such an interest obligation for several reasons. First, an interest obligation would be appropriate only if the deferred taxes held by pipelines represent a loan to the pipeline from its customers. The Commission, however, has expressly rejected the notion that deferred taxes are a loan from customers when it adopted the tax normalization requirement.[28] Second, pipeline customers are already receiving the benefits of the

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[26] Docket No. AI93-5-000, Questions 8 & 9 (1993) (emphasis added).
[27] NOPR at P 45.
[28] *Regulations Implementing Tax Normalization for Certain Items Reflecting Timing Differences in the Recognition of Expenses or Revenues for Ratemaking and Income Tax Purposes,* Order No. 144, FERC Stats and Regs. ¶ 30,254

deferred taxes as a result of the Commission's requirement that pipelines normalize deferred taxes in rates by deducting their ADIT balance from rate base. This normalization requirement to reduce rate base by the ADIT balance results in ratepayers receiving the benefit of a reduction in the pipeline's overall return on rate base. As such, the benefit of the tax deduction provided to pipelines by the federal government in the form of accelerated depreciation is passed onto customers in their rates which ratepayers have enjoyed for years.[29] There is no basis to provide customers with an additional benefit in the form of interest.

Third, an interest obligation to compensate shippers for any "regulatory lag" in rate adjustments would conflict with the fundamental ratemaking scheme utilized by the Commission to design rates for interstate natural gas pipelines. Under the Natural Gas Act and the Commission's regulations, the rates of natural gas companies are designed on the basis of projected costs and revenues. With the narrow exception of specific costs that Commission policy allows to be tracked, which is not applicable to tax costs, pipeline rates cannot be changed between rate cases based on changes in a single cost or revenue component.[30] The "regulatory lag" between the time any cost or revenue rate component changes and the time such change is reflected in rates is simply a function of this ratemaking scheme. The change in federal tax rate passed in the TCJA is a change to one such cost component and should not result in any special treatment, such as interest.[31]

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at 31,539-40 (1981), *order denying reh'g, lifting stay and clarifying order,* Order No. 144-A, FERC Stats and Regs. ¶ 30,340 (1981).

[29] *See* Order No. 144, at 31,540 ("All the benefits achieved from having the use of deferred taxes are passed to consumers.")

[30] *ANR Pipeline Co.*, 110 FERC ¶ 61,069 at PP 18-19 (2005).

[31] *See* Order No. 144-A, at 31,127-28 (explaining that taxes are not the only cost component in rates in which customers pay prior to the pipeline's payment of the cost and that none of these rate components are considered loans from customers to the pipeline).

D. Flow-Back of Plant Based ADIT

The Commission seeks comment (at P 17) on how the Average Rate Assumption Method ("ARAM") or Reverse South Georgia Method will be implemented. As the Commission recognizes, the TCJA prohibits pipelines from flowing through any excess ADIT associated with plant assets more rapidly than over the life of the underlying assets. Pursuant to the TCJA, if pipelines have the requisite vintage data, the ARAM method must be used. If they do not have the requisite vintage data, the most commonly used methodology, which also is recognized by the TCJA and has been approved by the Commission in the past, is the Reverse South Georgia Method. INGAA agrees that either method determines the appropriate flow-through period for excess ADIT related to plant. INGAA requests the Commission to provide general guidance stating that both methods are appropriate for use in determining how to amortize protected excess or deficient ADIT balances as long as the companies are complying with the TCJA and IRS normalization rules.[32]

E. Flow-Back of Non-Plant Based ADIT

The Commission seeks comment (at P 19) on how quickly excess or deficient ADIT associated with non-plant based ADIT should be flowed back or recovered from customers. The amount of rate base related non-plant ADIT on the books of regulated interstate pipelines is typically relatively small in comparison to plant-based ADIT. Typically, these amounts are reflected in rates in a manner that is consistent with the life of the asset or liability that creates the temporary difference between the tax and book treatment of that asset or liability. INGAA proposes that pipelines be permitted to flow through or recover excess/deficient non-plant based

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[32] INGAA also notes that the IRS may issue guidance on normalization requirements in light of the tax changes in the TCJA. To the extent that any requirements relating to ADIT imposed pursuant to a Final Rule in this docket is inconsistent with, or would result in a violation of, IRS normalization rules that could jeopardize the benefits of accelerated depreciation to pipelines and their shippers, the Final Rule may need to be revisited.

ADIT, consistent with the treatment of the related income tax turnaround of the book-to-tax temporary difference, unless otherwise specified in a rate proceeding.

F. Assets Sold or Retired after December 31, 2017

The Commission explained (at P 20) that under its accounting requirements, when an asset is sold or retired, the original cost and accumulated depreciation of the asset are removed from the pipeline's accounts, and any associated ADIT is also removed because the deferred taxes related to the asset become due to the IRS as a result of the sale or retirement. The Commission seeks comment on whether, and if so how, excess ADIT that is removed from pipeline accounts after December 31, 2017 as a result of sales and retirements should be addressed.

INGAA believes the treatment of excess ADIT in connection with sales or retirements after December 31, 2017 should be treated in a manner similar to the Commission's general treatment of ADIT in connection with such sales or retirements. Most regulated pipelines apply a composite depreciation model which allows for minor sales or asset retirements to be netted into accumulated depreciation. This is allowed primarily to avoid undue refinements in the accounting for minor and routine asset disposals. Thus, for most sales or retirements, any excess or deficient ADIT should not be removed from the books, but instead should continue to be amortized over the composite basis remaining life of the property, plant and equipment.

An exception is made for sales of assets that constitute "operating units" within the meaning of the Commission's accounting regulations. For such sales, the book cost of the property sold is credited, and any associated accumulated depreciation is charged, to Account 114, with contra entries to Account 102. The difference between the net amount of debits and credits and the proceeds received for the sale is treated as a gain or loss on disposition of property.[33] For sales

[33] *See* Gas Plant Instruction 5F in Part 201 of the Commission's regulations. *See also El Paso Natural Gas Co.,* 49 FERC ¶ 61,360 (1989).

of such “operating units”, which typically involve major assets, any excess or deficient ADIT pertaining to that asset should be addressed in the calculation of gain or loss and eliminated from the books.[34]

G. Amortization of Excess and Deficient ADIT

The Commission seeks comment (at P 22) on whether pipelines should record the amortization through a reduction to the regulatory asset or liability account and record offsetting entries to Account 407.3 (Regulatory Debits) or Account 407.4 (Regulatory Credits). Some INGAA members believe that recording reductions to the regulatory asset or liability account and recording an offsetting entry to Account 407.3 (Regulatory Debits) or Account 407.4 (Regulatory Credits) is the proper way to record the excess ADIT amounts that are amortized and flowed through the cost of service.

Others believe that the amortization and flow through of these amounts should be recorded in the same income statement account originally used to record deferred income taxes when the regulatory asset or liability amount for ADIT was established. Under this approach, the amortization of excess ADIT amounts should be recorded in Accounts 410.1 and 411.1, as appropriate. Regardless of the accounts used, the effect to the rates is the same. The Commission, therefore, should recognize that both approaches may be appropriate, depending on the facts and circumstances of pipelines.

INGAA also seeks clarification that pipelines are permitted, but not required, to begin amortizing excess or deficient ADIT on January 1, 2018, if such regulatory asset or liability is established on that date, either initially or after the Commission provides such clarification. The Commission states in the NOI (at P 13) that pipelines are required to adjust their ADIT balances

[34] INGAA also notes that certain transactions occurring as a result of conversion of a pipeline’s corporate structure from an MLP to C-Corporation may trigger a taxable event, at which time taxes, if paid, may settle the ADIT balance.

to account for the effect of the change in tax rates in the period that the change is enacted. Because the TCJA became effective on January 1, 2018, an adjustment to the ADIT balance and a corresponding establishment of a regulatory asset or liability may be established on that date, and if so, the amortization of a regulatory asset or liability should be permitted to commence on January 1, 2018, or such later date as the pipeline deems appropriate.

INGAA would note, however, that due to the number of unresolved issues raised in the various notices of inquiry, proposed rulemakings and policy statements concerning tax allowances and associated ADIT, it may be appropriate to defer accounting adjustments until these issues are resolved. Commission clarification of the issues, including the timing of the commencement of the amortization of regulatory assets and liabilities described above, will provide much needed certainty.

H. Supporting Worksheets

The Commission seeks comment (at P 23) on whether pipelines and other regulated entities should be required to provide on a "one-time" basis additional information, such as supporting worksheets, showing the computation of excess or deficient ADIT and the corresponding flow-through to, or recovery from, customers of, ADIT. Such a requirement in INGAA's view would be premature and unnecessary. There are several issues that must be resolved before pipelines can determine how much, if any, ADIT would be returned or recovered, including not only the resolution of the issues raised in this NOI, but also issues raised in the Revised Policy Statement.[35]

Furthermore, there is no need for customers to have workpapers prior to the filing of individual pipeline rate cases. Until such time, the establishment of a regulatory asset or liability for excess or deficient ADIT will not have any rate impact on customers and there is no need for

[35] In addition, ADIT balances may change based on 2017 tax returns, and may be affected by IRS guidance on depreciation methods.

information pertaining to accounting entries and related computations. The accounting treatment of regulatory assets and liabilities stemming from the TCJA should be treated like all other accounting matters. That is, workpapers will be provided either to FERC Staff in connection with an audit of their books and records, or to shippers as part of a rate proceeding when the regulatory assets or liabilities will be subject to review along with all costs and revenues.

I. Treatment of ADIT for Partnerships

The Commission asks several questions (at P 25) concerning the effect of eliminating an income tax allowance for MLPs, and possibly for other non-MLP pass through entities, including whether such entities should eliminate any previously accumulated ADIT altogether from their cost of service, or whether the ADIT should be placed in a regulatory liability account and returned to ratepayers.

INGAA believes it is premature to address ADIT issues pertaining specifically to MLPs and other pass-through entities until the Commission addresses the requests for rehearing of the Revised Policy Statement.[36] As INGAA stated in its rehearing request of the Revised Policy Statement, as well as in comments on the NOPR on implementing the tax reduction in Docket No. RM18-11-000, it would be unlawful for the Commission to implement the Revised Policy Statement as a rule requiring the elimination of a tax allowance for MLPs or for any other pass-through entities. At a minimum, MLPs and other pass-through entities must be permitted to propose tax allowances in their individual rate proceedings, and address any concerns about a double recovery in such proceedings. Even under the Revised Policy Statement, those pipelines whose income is taxed and taxes are paid at the corporate level, whether organized as a pass-

[36] In contrast, as indicated at the outset of these comments, ADIT issues pertaining to entities other than MLPs and other pass-through entities need to be addressed prior to, or at the same time as, issuance of the final rule in Docket No. RM 18-11-000.

through entity like a limited liability company or otherwise, should continue to be permitted an income tax allowance without any further review in a subsequent proceeding. Even if the theory of double recovery of income taxes was correct, it would not hold for such pipelines because the taxpayer in these instances incurs an income tax cost separate and apart from any return earned on the pipeline's rate base. ADIT issues for these pipelines can be addressed similar to ADIT treatment for C-corporation Pipelines. However, since ADIT issues for MLPs and some other pass-through entities are affected by the broader issue of whether such entities will be entitled to a tax allowance, issues relating to ADIT should also be addressed at the same time in these individual rate proceedings.

J. Bonus Depreciation

The Commission notes (at P 28) that under the TCJA, bonus depreciation will no longer be available for assets acquired in the trade or business of, among other things, the transportation of natural gas by pipeline. Therefore, INGAA has no comment on bonus depreciation other than to suggest that to the extent applicable, it should be treated similar to other forms of accelerated depreciation since bonus depreciation is a method of accelerated depreciation that simply occurs more quickly than other accelerated tax depreciation methods.

III. CONCLUSION

WHEREFORE, for the above-mentioned reasons, INGAA respectfully requests the Commission adopt its comments.

Respectfully Submitted,

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