

December 6, 2018

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Attention: Ms. Kimberly D. Bose, Secretary

Re: FERC Form No. 501-G;  
TransColorado Gas Transmission Company LLC;  
Docket No. RP19-

Commissioners:

In Order No. 849 ("Final Rule"),<sup>1</sup> the Federal Energy Regulatory Commission ("Commission" or "FERC") recognizes that its statutory obligation to ensure that a pipeline's rates are just and reasonable is based on individual facts and circumstances of the pipeline. Pursuant to the requirements recently adopted by the Commission in the Final Rule and which will be codified, in part, at 18 C.F.R. § 260.402, TransColorado Gas Transmission Company LLC ("TransColorado") has elected Option 3 as part of its FERC Form No. 501-G ("Form 501-G") filing to demonstrate that an adjustment to its rates is not warranted at this time based on its individual facts and circumstances.

TransColorado reiterates and incorporates by reference the comments filed by the Kinder Morgan Entities including TransColorado to the Commission's Notice of Proposed Rulemaking<sup>2</sup> and in the Kinder Morgan Entities' Request for Rehearing. The Commission has broad authority to collect information from regulated interstate pipelines and already has vehicles in place such as the FERC Form Nos. 2 and 3Qs that facilitate such collection. But it is inconsistent with the Natural Gas Act to force pipelines to submit the Form 501-G in its current form, structured to result in an indicated cost of service reduction. This shifts the burdens established by sections 4 and 5 of the Natural Gas Act and undermines TransColorado's filed rates, which are deemed to be just and reasonable unless proven otherwise through full evidentiary hearing procedures.

Nevertheless, TransColorado must comply with the Final Rule until the Commission or a reviewing court takes action, and TransColorado therefore is submitting the Form 501-G as directed by the Commission. In doing so, TransColorado stresses that the resulting outputs of the form are misleading, have little resemblance to a litigated or settled outcome, and are not indicative of TransColorado's actual rate of return, actual cost of service, or rates that would result from a rate case initiated under sections 4 or 5 of the Natural Gas Act.

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<sup>1</sup> *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed. Reg. 36672 (July 30, 2018); FERC Stats. & Regs., Regs. Preambles ¶ 31,404 ("Final Rule").

<sup>2</sup> *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Notice of Proposed Rulemaking, 83 Fed. Reg. 12,888 (Mar. 26, 2018); FERC Stats. & Regs., Proposed Regs. ¶ 32,725 (2018).

### **No Further Action is Warranted at this Time**

In the Final Rule, the Commission required interstate pipelines to make a one-time informational filing, the Form 501-G, for evaluating the impact of the Tax Cuts and Jobs Act on interstate natural gas pipelines' revenue requirements.<sup>3</sup> The Commission acknowledged in the Final Rule that a rate reduction may not be "justified" for various pipelines at this time:

[d]espite the reduction in the corporate income tax and the change in policy concerning MLP Tax allowances, a rate reduction may not be justified for a significant number of pipelines. For example, the pipeline's existing rates may not fully recover its cost of service or a rate moratorium may prohibit changes at this time. Pipelines may include with their filing of the FERC Form No. 501-G a statement explaining why these or other reasons justify their not changing their rates at this time.<sup>4</sup>

Form 501-G calculates a Total Estimated ROE with adjusted tax allowance of -5.5% for TransColorado. The amount produced by the form is significantly below the indicative rate of 10.55% selected by the Commission to evaluate whether an investigation should be initiated.<sup>5</sup> As such, the form indicates that TransColorado is not fully recovering its cost of service. Accordingly, no adjustment to TransColorado's rates is warranted at this time.

### **Procedural Requirements**

TransColorado is submitting concurrently its completed, unadjusted Form 501-G in native format with formulas intact.<sup>6</sup> TransColorado has attached as Appendix A hereto a PDF version of that form.

### **Communications**

The names, titles, and mailing addresses of the persons to whom communications concerning this filing are to be addressed and to whom service is to be made are as follows:<sup>7</sup>

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<sup>3</sup> See, e.g., Final Rule at P 63.

<sup>4</sup> *Id.* at P 222 (Emphasis added).

<sup>5</sup> See Final Rule at P 103.

<sup>6</sup> All of TransColorado's income or losses are included on the consolidated tax return of a corporate parent. Additionally, Line no. 31 of page 1 of TransColorado's Form 501-G reflects the amortization of the excess accumulated deferred income taxes (ADIT) associated with TransColorado's regulatory liability Account No. 254 to reflect the 21% reduced federal income tax rate. Consistent with Commission and IRS normalization requirements and the Form 501-G, TransColorado intends to employ the Reverse South Georgia method to amortize its excess ADIT balance over the estimated weighted average remaining life of its assets as of December 31, 2017.

<sup>7</sup> TransColorado respectfully requests waiver of the restriction in 18 C.F.R. § 385.203(b)(3) (2018) to allow more than two individuals representing TransColorado to be included on the official service list for this proceeding.

William D. Wible  
Vice President, Regulatory  
TransColorado Gas Transmission  
Company LLC  
Post Office Box 1087  
Colorado Springs, CO 80944  
Telephone: (719) 520-3778  
william\_wible@kindermorgan.com

Mosby G. Perrow  
Vice President  
and Deputy General Counsel  
TransColorado Gas Transmission  
Company LLC  
1001 Louisiana, Suite 1000  
Houston, TX 77002  
Telephone: (713) 420-6547  
mosby\_perrow@kindermorgan.com

David R. Cain  
Assistant General Counsel  
TransColorado Gas Transmission Company LLC  
Post Office Box 1087  
Colorado Springs, CO 80944  
Telephone: (719) 520-4534  
david\_cain@kindermorgan.com

### **Conclusion**

Based on TransColorado's individual facts and circumstances as just described, an adjustment to TransColorado's rates is not warranted at this time. This submission is being made solely to comply with the Final Rule. Nothing in this filing should be construed as being supported or proposed by TransColorado as the appropriate amount or level of costs, or the methodology for functionalizing, classifying or allocating costs, or designing or establishing rates. This filing is without prejudice to any filings made on behalf of TransColorado or the Kinder Morgan Entities in this proceeding, Docket No. RM18-11-000 and Docket No. RP18-415-000, including their Request for Rehearing, as well as any petitions for rehearing, stay, or judicial review of any orders that may be issued in the referenced proceedings or this proceeding.

Respectfully submitted,

**TRANSCOLORADO GAS TRANSMISSION  
COMPANY LLC**

By \_\_\_\_\_/s/  
William D. Wible  
Vice President, Regulatory

## **Appendix A**

**FERC Form No. 501-G**  
**One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Cost of Service**

2 Pipeline Company Name **TransColorado Gas Transmission Company LLC**

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Net Amort. of Excess/ Deficient ADIT	(E) With Adjusted Tax Allowance
3	CID	<b>C000596</b>			
4	Is the Pipeline a separate income taxpaying entity?		<b>Yes</b>		
	Does it conduct business, realize net income or loss, pay income taxes and distribute profits to shareholders?				
	<b>Cost of Service - Non Fuel</b>				
	<b>Operating, Maintenance and Administrative &amp; General</b>				
5	Total Production & Gathering	P. 317; L. 30, C. (b)	\$ -		\$ -
6	Total Products Extraction	P. 318; L. 58, C. (b)	-		-
7	Total Natural Gas Storage	P. 322; L. 177, C. (b)	-		-
8	(Less) UG Compressor Station Fuel & Power	P. 320; L. 106, C. (b)	-		-
9	(Less) Other Compressor Station Fuel & Power	P. 321; LL. 131 & 132, C. (b)	-		-
10	(Less) LNG Compressor Station Fuel & Power	P. 322; LL. 157 & 158, C. (b)	-		-
11	Net Storage Costs	L. 7 minus LL. 8-10	-		-
12	Total Transmission	P. 323; L. 201, C. (b)	5,989,086		5,989,086
13	(Less) Gas for Compressor Station Fuel	P. 323; L. 184, C. (b)	876,829		876,829
14	(Less) Other Fuel & Power for Compressor Stns. (if included in true-up or tracking mechanism)	P. 323; L. 185, C. (b)	-		-
15	Net Transmission Costs	L. 12 minus LL. 13-14	5,112,257		5,112,257
16	Administrative & General	P. 325; L. 270, C. (b)	1,936,430		1,936,430
17	Total Operating, Maintenance and Admin. & Gen.	Sum of LL. 4, 5, 10, 14, 15	\$ 7,048,687		\$ 7,048,687
18	<b>Depreciation, Depletion, and Amortization</b>	Form 2 - P. 337; L. 12, C. (h)	16,350,706		16,350,706
19	Amort. of Plant Acq. Adj.	Form 2A - P. 114; LL. 6-8, C. (c) If 'yes' to P. 2; L. 5 of Form 501-G then 0, else P. 114; L. 9, C. (c)	-		-
	<b>Credits to Cost of Service</b>				
20	Regulatory Debits (if incl. in a § 4 rate filing)	P. 114; L. 12, C. (c)	-		-
21	(Less) Regulatory Credits (if incl. in a § 4 rate filing)	P. 114; L. 13, C. (c)	-		-
22	<b>Other Taxes</b>	P. 114; L. 14, C. (c)	962,864		962,864
	<b>Return</b>				
23	Long Term Debt	P. 2; L. 27 of Form 501-G	4,671,632		4,699,489
24	Preferred Stock (or equivalent)	P. 2; L. 28 of Form 501-G	-		-
25	Common Equity	P. 2; L. 29 of Form 501-G	13,066,446		13,144,362
26	Total Return		17,738,079		17,843,851
	<b>Allowance for Income Taxes</b>				
27	Federal Income Tax Rate	P. 5; L. 3 of Form 501-G	35.00%		21.00%
28	Weighted Average State Income Tax Rate	P. 5; L. 4 of Form 501-G	0.00%		0.00%
29	Composite Income Tax Rate	P. 5; LL. 3-6 of Form 501-G	35.00%		21.00%
30	Income Tax Allowance on Equity Return	[(L. 24+L. 25)*(L. 29/(1-L. 29))]	7,035,779		3,494,071
31	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT (Year 1 amortization)		-	1,295,677	1,295,677
32	Total Income Tax Allowance	L. 30 minus L. 31	7,035,779		2,198,394
33	<b>Total Cost of Service - Non Fuel</b>	Sum of LL. 17-20, 22, 26, 32 less L. 21	\$ 49,136,114		\$ 44,404,503
34	<b>Indicated Cost of Service Reduction</b>	1 minus [L. 33, C. (E) divided by L. 33, C. (C)]			<b>9.6%</b>

**FERC Form No. 501-G**  
**One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Rate Base**

**TransColorado Gas Transmission Company LLC**

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Excess/ Deficient ADIT Adjustment	(E) With Adjusted Tax Allowance
<b>Rate Base</b>					
1	Gas Plant in Service	P. 110; L. 2, C. (c)	\$ 432,877,726		\$ 432,877,726
2	Accumulated Depreciation	P. 110; L. 5, C. (c)	272,054,785		272,054,785
3	Acquisition Adjustment	P. 200; L. 12, C. (b)	-		-
4	(Less) Amort. of Plant Acquisition Adjustment	P. 200; L. 32, C. (b)	-		-
5	<b>No</b> Has the pipeline received permission to include Acq. Adjustment(s) in Rate Base? If no, provide amounts as a reduction to Rate Base.				
6	FERC Order Cite				
7	Net Acquisition Adjustment If L. 5 is yes, then zero; else L. 3 minus L. 4		-		-
8	Net Plant L. 1 minus L. 2 minus L. 7		160,822,941		160,822,941
<b>Gas Stored Underground</b>					
9	Base Gas - Account No. 117.1	P. 220; L. 5, C. (b)	-		-
10	System Balancing - Account No. 117.2	P. 220; L. 5, C. (c)	-		-
<b>Working Capital</b>					
11	Prepayments	P. 111; L. 54, C. (c)	-		-
12	Materials and Supplies	P. 111; L. 45, C. (c)	43,637		43,637
<b>ADIT and Regulatory Assets and Liabilities</b>					
13	Accumulated Deferred Income Taxes (IT)	P. 235; L. 3, C. (k)(see footnote)	3,014,710		3,014,710
14	(Less) Accum. Deferred IT - Other Property	P. 275; L. 3, C. (k)(see footnote)	(3,276,032)		(3,276,032)
15	(Less) Accum. Deferred IT - Other	P. 277; L. 3, C. (k)(see footnote)	20,287,639		20,287,639
16	Other Regulatory Assets	P. 232; L. 40, C. (g)	82,607,918	-	82,607,918
17	(Less) Other Regulatory Liabilities	P. 278; L. 45, C. (g)	12,192,383	-	10,896,706
18	<b>Rate Base</b> Sum of LL. 8 - 13 minus LL. 14-15 plus L. 16 minus L. 17		<b>\$ 217,285,216</b>		<b>\$ 218,580,893</b>

The Commission will apply Opinion No. 414, et al. in reviewing data submitted on page 4. Opinion No. 414, et al. requires that the pipeline's, or the parent's debt if using the parent's capital, must be issued in its name, be publicly traded, and be rated by a rating agency. The pipeline or parent must have a proper capital structure, which for purposes of FERC Form No. 501-G must have a equity ratio less than 65%.

Opinion No. 414, 80 FERC ¶ 61,157 (1997); reh'g denied, Opinion No. 414-A, 84 FERC ¶ 61,084 (1998).

Employing the data provided on Page 4 for capital structure and the component costs of Long Term Debt and Preferred Stock, the Pipeline's cost of capital for purposes of FERC Form No. 501-G will be based upon Case 4 - FERC Hypothetical Capital Structure and Cost of new Corporate Debt.

Summary of Page 4 Capital Structure and Capital Component Costs		Case 1 Balance Sheet & Income Statement	Case 2 Page 218a	Case 3 Parent's SEC Form 10K	Case 4 Hypothetical
19	1) Is the debt issued in the entity's name and traded?	No	No	No	
20	2) Is the debt rated by a rating agency?	No	No	No	
21	3) Is the equity ratio less than 65%?	No	No	Yes	
22	Each of the three above questions must be answered yes as the basis for using the capital structure and individual capital component cost.	<b>Not using Case 1 per Opinion No. 414 et al</b>	<b>Not using Case 2 per Opinion No. 414 et al</b>	<b>Not using Case 3 per Opinion No. 414 et al</b>	<b>Using Case 4</b>

Return based upon FERC Hypothetical Capital Structure and new Corp. Debt.			<u>Capitalization Ratio</u>	<u>Component Cost</u>	<u>Wtd. Cost of Capital</u>
23	Long Term Debt	P. 4 of Form 501-G	43.00%	5.00%	2.15%
24	Preferred Stock (or equivalent)	P. 4 of Form 501-G	0.00%	0.00%	0.00%
25	Common Equity	P. 4 of Form 501-G	<u>57.00%</u>	<u>10.55%</u>	<u>6.01%</u>
26	Total Return	Sum of LL. 23 - 25	100.00%		<u>8.16%</u>
27	Return - Long Term Debt	L. 18 times L. 23, C. (E)	\$ 4,671,632		\$ 4,699,489
28	Return - Preferred Stock (or equivalent)	L. 18 times L. 24, C. (E)	-		-
29	Return - Common Equity	L. 18 times L. 25, C. (E)	<u>13,066,446</u>		<u>13,144,362</u>
30	Total Return	Sum of LL. 27 - 29	\$ <u>17,738,079</u>		\$ <u>17,843,851</u>

**FERC Form No. 501-G**  
**One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Return on Equity**  
**Pre Tax Cut and Pro Forma Post Tax Cut**  
**TransColorado Gas Transmission Company LLC**

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) With Adjusted Tax Allowance	(E) Rate Moratorium Option 12% ROE Test
	<b>Operating Revenue</b>				Indicated Cost of Service Reduction of 9.6%
1	Total Operating Revenues	P. 301; L. 21, C. (h)	\$ 18,759,956	\$ 18,759,956	
2	(Less) Sales for Resale (Acct. Nos. 480-484)	P. 301; L. 4, C. (h)	-	-	
3	(Less) Commercial & Industrial Sales	P. 301; L. 2, C. (h)	-	-	
4	(Less) Gas Sales & Other Adj. from Acct. No. 495	P. 308; L. 10, C. (b)	-	-	
5	(Less) Fuel Related Revenues Incl. in Total Revenues	per Pipeline	-	-	
6	<b>Total Adjusted Revenue</b>	L. 1 minus sum of LL. 2-5	<b>\$ 18,759,956</b>	<b>\$ 18,759,956</b>	<b>\$ 16,953,447</b>
7	<input checked="" type="checkbox"/> <b>Yes</b>	Enter 'Yes' or 'No' - Does the Pipeline track or true-up fuel retention?			
8	<input checked="" type="checkbox"/> <b>Yes</b>	Enter 'Yes' or 'No' - Does the Pipeline have stated fuel rates?			
	<b>Calculation of Return On Equity - Pre Tax Cut and Pro Forma Post Tax Cut</b>				
9	Total Operating, Maintenance and Admin. & Gen.	P. 1; L. 17 of 501-G	\$ 7,048,687	\$ 7,048,687	\$ 7,048,687
10	Depreciation, Depletion, and Amortization	P. 1; L. 18 of 501-G	16,350,706	16,350,706	16,350,706
11	Amort. of Plant Acq. Adj.	P. 1; L. 19 of 501-G	-	-	-
12	Regulatory Debits (if incl. in a § 4 rate filing)	P. 1; L. 20 of 501-G	-	-	-
13	(Less) Regulatory Credits (if incl. in a § 4 rate filing)	P. 1; L. 21 of 501-G	-	-	-
14	Other Taxes	P. 1; L. 22 of 501-G	962,864	962,864	962,864
15	Non-Fuel Operating Cost Excl. Interest and Taxes	Sum of LL. 9-12 minus L. 13 plus L. 14	24,362,257	24,362,257	24,362,257
16	<b>Operating Income</b>	L. 6 minus L. 15	<b>\$ (5,602,301)</b>	<b>\$ (5,602,301)</b>	<b>\$ (7,408,810)</b>
17	Interest Expense	P. 1; L. 23, C. (C) of 501-G	4,671,632	4,699,489	4,699,489
18	Income Before Income Taxes	L. 16 minus L. 17	<b>\$ (10,273,933)</b>	<b>\$ (10,301,790)</b>	<b>\$ (12,108,299)</b>
	<b>Allowance for Income Taxes</b>				
19	Composite Income Tax Rate	P. 1; L. 29 of 501-G	35.00%	21.00%	21.00%
20	Income Taxes	L. 18 times L. 19	\$ (3,595,877)	\$ (2,163,376)	\$ (2,542,743)
21	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT	P. 1; L. 31 of 501-G	-	1,295,677	1,295,677
22	Total Income Tax Allowance	L. 20 minus L. 21	(3,595,877)	(3,459,052)	(3,838,419)
23	<b>Net Income</b>	L. 18 minus L. 22	<b>\$ (6,678,057)</b>	<b>\$ (6,842,738)</b>	<b>\$ (8,269,880)</b>
24	(Less) Preferred Dividends	P. 1; L. 24, C. (C) of 501-G	-	-	-
25	<b>Rate Base</b>	P. 2; L. 18 of 501-G	<b>\$ 217,285,216</b>	<b>\$ 218,580,893</b>	<b>\$ 218,580,893</b>
26	<b>Total Estimated ROE (excluding fuel)</b>	[L. 23 - L. 24] / [L. 25 * P. 2; L. 25 C. (C) of 501-G]	<b>-5.4%</b>	<b>-5.5%</b>	<b>-6.6%</b>

**FERC Form No. 501-G**  
**One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Capital Structure and Component Costs**  
**TransColorado Gas Transmission Company LLC**

Line No.	(A) Description	(B) Form 2 Reference	(C) Capitalization	(D) Capitalization Ratio	(E) Capital Component Cost Rate	(F) Weighted Cost of Capital
<p>The Commission will use your responses on the following four cases to evaluate your capital structure and capital component costs for Form No. 501-G: Case 1, balance sheet and income statement; Case 2, Page 218a of Form No. 2; Case 3, the parent's financial statements as filed in its SEC Form 10-K; or Case 4, a hypothetical capital structure and capital component costs.</p>						
<b>Case 1. Cost of Capital based upon amounts obtained from the Balance Sheet and Income Statement.</b>						
1	<b>Cost of Debt and Preferred Stock</b>					
2	Interest	P. 116; LL. 62-68, C. (c)	\$ -	= 0		
3	Long-Term Debt	P. 112; L. 24, C. (c)	\$ -			
4	Preferred Dividends	P. 120a; L. 68, C. (b)	\$ -	= 0		
5	Preferred Stock (or equivalent)	P. 112; L. 3, C. (c)				
6	Common Equity	P. 112; L. 15, C. (c)	\$ 235,890,526			
7	<b>Cost of Capital</b>					
8	Long-Term Debt	L. 3	\$ -	0.00%	0.00%	0.00%
9	Preferred Stock (or equivalent)	L. 5	\$ -	0.00%	0.00%	0.00%
10	Common Equity	L. 6 minus L. 5	\$ 235,890,526	100.00%	10.55%	10.55%
11	Totals		\$ 235,890,526	100.00%		10.55%
12	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 3 above issued in the pipeline's name and publicly traded?				
13	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all the debt listed on L. 3 above rated by a rating agency?				
<b>Case 2. Cost of Capital based upon amounts obtained from Page 218a of the FERC Form No. 2.</b>						
14		P. 218a	Column (b)	Column (c)	Column (d)	
15	Long-Term Debt	L. 3	\$ -	0.00%	0.00%	0.00%
16	Preferred Stock (or equivalent)	L. 4	\$ -	0.00%	0.00%	0.00%
17	Common Equity	L. 5	\$ 270,434,084	100.00%	10.55%	10.55%
18	Totals		\$ 270,434,084	100.00%		10.55%
19	<input type="checkbox"/> Yes	Are the Values on P. 218a from the books and records of TransColorado Gas Transmission Company LLC?				
20	If no, provide the name and stock symbol of the company for the source of the Page 218a amounts.					
21	<b>Ticker</b>	<b>Company Name</b>				
22	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above issued in the pipeline's name, or, that of the entity on L. 21? and publicly traded?				
23	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above rated by a rating agency?				
<b>Case 3. Cost of Capital based upon Parent's Capital Structure and costs for Long Term Debt and Preferred Stock.</b>						
24	Long-Term Debt	SEC - 10K	\$ 34,088,000,000	49.25%	5.25%	2.59%
25	Preferred Stock (or equivalent)	SEC - 10K	-	0.00%	0.00%	0.00%
26	Common Equity	SEC - 10K	35,124,000,000	50.75%	10.55%	5.35%
27	Totals		\$ 69,212,000,000	100.00%		7.94%
28	Provide the stock symbol(s), the name of the parent company(s), a hyperlink to the parent's SEC Form 10-K, and the associated year:					
29	<b>Ticker(s)</b>	<b>KMI</b>	<b>Company Name(s)</b>	<b>Kinder Morgan, Inc.</b>		
30	<b>Year</b>	<b>2017</b>	<b>10K Hyperlink(s)</b>	<b><a href="https://ir.kindermorgan.com/sites/kindermorgan.investorhq.businesswire.com/files/repo">https://ir.kindermorgan.com/sites/kindermorgan.investorhq.businesswire.com/files/repo</a></b>		
31	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above publicly traded?				
32	<input type="checkbox"/> No	Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above rated by a rating agency?				
<b>Case 4. Cost of Capital based upon FERC Hypothetical Capital Structure and Cost of new Corporate Debt.</b>						
33	Long-Term Debt			43.00%	5.00%	2.15%
34	Preferred Stock			0.00%	0.00%	0.00%
35	Common Equity			57.00%	10.55%	6.01%
36	Totals			100.00%		8.16%



**FERC Form No. 501-G**  
**One-time Report on Rate Effect of the Tax Cuts and Jobs Act**

**Current Composite Income Tax Rate**  
**TransColorado Gas Transmission Company LLC**

Line No.	(A) Description	(B) Form 2 Reference	(C) Weighting	(D) Marginal Tax Rates	(E) Weighted Average Tax Rates
1	<b>Based on the response to Line 4 on Page 1 of Form No. 501-G, TransColorado Gas Transmission Company LLC</b>				
2	<b>is a C Corp subject to the 35% tax rate for 2017. Please fill out lines 6 and 9.</b>				
3	Federal Income Tax Rate (FIT) - Calendar Year 2017:				<b>35.00%</b>
4	State Income Tax Rate (SIT) - Calendar Year 2017:				<b>0.00%</b>
5	Composite Tax Rate - Calendar Year 2017:				<b>35.00%</b>
6	<b>Provide the percentage of federal income tax deductible for state income taxes. = (p)</b>				<b>0.00%</b>
7	Composite Tax Rate equals				
8	[FIT Rate * (1 -SIT Rate) / (1 - SIT Rate * FIT Rate * p)] + [SIT Rate * (1 -FIT Rate * p) / (1 - SIT Rate * FIT Rate * p)]				
<b><u>Tax Rates for C Corps.</u></b>					
9	Provide the sum of weighted state tax rate(s)	sum of all rows from P. 263b; C. (q)			<b>0.00%</b>
<b><u>Tax Rates for Pass Through Entities */</u></b>					
<b>Federal Income Tax Rates</b>					
10	Subchapter C	per Pipeline's parents' owners	0.0%	0.0%	0.00%
11	Individuals	per Pipeline's parents' owners	0.0%	0.0%	0.00%
12	Mutual Funds	per Pipeline's parents' owners	0.0%	0.0%	0.00%
13	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	0.0%	0.0%	0.00%
14	UBTI Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
15	Non-Taxpaying Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
16	Weighted Average Rate		0.00%		0.00%
<b>State and Local Income Tax Rates</b>					
17	Subchapter C	per Pipeline's parents' owners	0.0%	0.0%	0.00%
18	Individuals	per Pipeline's parents' owners	0.0%	0.0%	0.00%
19	Mutual Funds	per Pipeline's parents' owners	0.0%	0.0%	0.00%
20	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	0.0%	0.0%	0.00%
21	UBTI Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
22	Non-Taxpaying Entities	per Pipeline's parents' owners	0.0%	0.0%	0.00%
23	Weighted Average Rate		0.00%		0.00%
24	Provide the date when the marginal tax rates were determined.			mm/dd/yyyy	

\*/ Income tax rates and weighting must be consistent with the Commission's *Policy Statement on Income Tax Allowances*, 111 FERC ¶ 61,139 (2005), and the Commission's *Order on Initial Decision and on Certain Remanded Cost Issues*, 113 FERC ¶ 61,277 (2005).