



December 6, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Tuscarora Gas Transmission Company
700 Louisiana Street, Suite 700
Houston, TX 77002

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Re: Tuscarora Gas Transmission Company
Form No. 501-G Filing
Docket No. RP19-____-000

Dear Ms. Bose:

Pursuant to section 206.402 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 206.402 (2018), and the Final Rule issued by the Commission in Docket No. RM18-11-000 on July 18, 2018,¹ Tuscarora Gas Transmission Company (“Tuscarora”) hereby submits its Form No. 501-G one-time informational report (“Form No. 501-G”).

Tuscarora’s Form No. 501-G indicates a cost-of-service increase of 2.6 percent. However, Tuscarora notes that its adjusted Form No. 501-G (“Adjusted 501-G”), which contains certain adjustments, yields a rate reduction of 1.7 percent. Accordingly, Tuscarora proposes to implement this 1.7 percent rate reduction, which will provide a benefit to Tuscarora’s ratepayers, through a limited Natural Gas Act (“NGA”)² section 4 rate filing.

Additionally, Tuscarora notes that per Article VI.2 of its July 15, 2016 Stipulation and Agreement of Settlement (“Settlement”) filed in Docket No. RP16-299-000, Tuscarora is scheduled to implement a rate reduction of 7.19 percent off of current rates on August 1, 2019. Lastly, Article V.1 of the Settlement requires that Tuscarora file a general NGA section 4 rate case no later than August 1, 2022.

Tuscarora notes that it held an in-person informational meeting with customers on November 28, 2018 to discuss its Form No. 501-G filing. Tuscarora’s customers were made aware of Tuscarora’s intention to file a limited section 4 filing as part of this 501-G proceeding to implement the rate reduction indicated by the Adjusted 501-G. Moreover, Tuscarora and its

¹ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed. Reg. 36,672 (Jul. 30, 2018) (“Final Rule”).

² 15 U.S.C § 717c.

shippers agreed to hold settlement discussions in January 2019, to discuss providing additional rate relief for customers and addressing the limited set of issues prompted by the 501-G process.

Pursuant to section 154.404 of the Commission's regulations, 18 C.F.R. § 206.402 (2018), and to Option 1 identified in the Final Rule,³ Tuscarora is contemporaneously submitting a limited NGA section 4 rate reduction filing to implement the indicated cost-of-service reduction.

Form No. 501-G Addendum

In the Final Rule, the Commission stated that pipelines may make adjustments to individual line items of Form No. 501-G in additional work sheets, and may fully explain and support the adjustments in an Addendum.⁴ In the Adjusted 501-G included herewith, Tuscarora has adjusted its capital structure to reflect its own capital structure of 66.34 percent equity and 33.66 percent debt, as opposed to its parent's capital structure of 31.12 percent equity and 68.88 percent debt. This adjustment yields a 1.7 percent cost-of-service reduction, which Tuscarora is implementing pursuant to its accompanying limited Section 4 filing. Additionally, this capital structure adjustment yields an ROE of 19.5 percent. Furthermore, as a result of the limited section 4 rate reduction, Tuscarora's ROE is reduced to 18.8 percent. Finally, Tuscarora notes that after taking into account the scheduled Phase II rate reduction per Article IV.2 of the Settlement on August 1, 2019, Tuscarora's resulting ROE would be 16.8 percent.

Election of Option

In the Final Rule, the Commission identified four options for each interstate natural gas pipeline in connection with the filing of Form No. 501-G:

- A limited NGA section 4 rate reduction filing pursuant to 18 C.F.R. § 154.404 (2018) ("Option 1");
- a commitment to file a general section 4 rate case or pre-packaged uncontested settlement in the near future ("Option 2");
- an explanation why no rate change is needed ("Option 3"); and
- no action other than filing a report ("Option 4").

Tuscarora has elected Option 1 and, contemporaneously with its filing of this letter, Tuscarora is filing a limited NGA section 4 rate filing to implement a reduction in its reservation rates for firm service, and its one-part rates that reflect fixed costs, by 1.7 percent.

Correspondence

The names, titles, mailing addresses, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

³ Final Rule at P 198.

⁴ See Final Rule at P 60, 105-06, 181.

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Reservation of Rights

This submission is made solely to comply with the Commission's regulation and Final Rule, and in particular the Form No. 501-G is submitted using 2017 Form No. 2 data as required by the Commission, on the form required by the Commission. By submitting Form No. 501-G, Tuscarora does not represent or concede that the form provides an accurate representation of Tuscarora's current costs and revenues.

By submitting this Form No. 501-G and Adjusted 501-G, Tuscarora does not waive any rights with respect to further actions Tuscarora or TransCanada Corporation may take in the future with respect to proceedings in, or arising out of, FERC Docket No. RM18-11-000. Tuscarora reserves the right to propose, in any appropriate filing, alternative service structures, cost allocations or methods for designing rates, as well as an alternative return on equity, overall rate of return and methods for establishing just and reasonable rates, as well as to make any other proposals it deems appropriate. The instant filing should not be construed as a proposal by Tuscarora, or as stating either Tuscarora's position with regard to the appropriate values used in setting rates or the positions Tuscarora may take in evidence and arguments when responding to participants' positions later in this proceeding or in any other proceeding.

Pursuant to Section 385.2005 and Section 385.2011(c)(5), the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. The undersigned possesses full power and authority to sign such filing.

Respectfully submitted,

A handwritten signature in cursive script that reads "John A. Roscher". The signature is written in black ink and extends to the right with a long, thin horizontal stroke.

John A. Roscher
Director, Rates & Tariffs

Enclosures

Tuscarora Gas Transmission Company

FERC Form No. 501-G

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

Cost of Service

Pipeline Company Name **Tuscarora Gas Transmission Company**

Line No.	Description	Form 2 Reference	Calendar Year 2017 Actuals	Net Amort. of Excess/ Deficient ADIT	With Adjusted Tax Allowance
3	CID	C000518			
4	Is the Pipeline a separate income taxpaying entity? Does it conduct business, realize net income or loss, pay income taxes and distribute profits to shareholders?		No		
Cost of Service - Non Fuel					
Operating, Maintenance and Administrative & General					
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)	2,393,288	-	2,393,288
13	(Less) Gas for Compressor Station Fuel	P. 323; L. 184, C. (b)	562,039	-	562,039
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	1,831,249	-	1,831,249
16	Administrative & General	P. 325; L. 270, C. (b)	3,216,801	-	3,216,801
17	Total Operating, Maintenance and Admin. & Gen.	Sum of LL. 4, 5, 10, 14, 15	\$ 5,048,050	-	\$ 5,048,050
18	Depreciation, Depletion, and Amortization	Form 2 - P. 337; L. 12, C. (h) Form 2A - P. 114; LL. 6-8, C. (c)	3,715,887	-	3,715,887
19	Amort. of Plant Acq. Adj. If 'yes' to P. 2; L. 5 of Form 501-G then 0, else P. 114; L. 9, C. (c)		-	-	-
Credits to Cost of Service					
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	Other Taxes	P. 114; L. 14, C. (c)	1,111,742	-	1,111,742
Return					
23	Long Term Debt	P. 2; L. 27 of Form 501-G	1,652,371	-	2,334,260
24	Preferred Stock (or equivalent)	P. 2; L. 28 of Form 501-G	-	-	-
25	Common Equity	P. 2; L. 29 of Form 501-G	2,237,388	-	3,160,696
26	Total Return		3,889,759	-	5,494,956
Allowance for Income Taxes					
27	Federal Income Tax Rate	P. 5; L. 3 of Form 501-G	35.00%	-	0.00%
28	Weighted Average State Income Tax Rate	P. 5; L. 4 of Form 501-G	0.24%	-	0.00%
29	Composite Income Tax Rate	P. 5; LL. 3-6 of Form 501-G	35.16%	-	0.00%
30	Income Tax Allowance on Equity Return	[(L. 24+L. 25)*(L. 29/(1-L. 29))]	1,213,028	-	-
31	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT (Year 1 amortization)		-	487,503	-
32	Total Income Tax Allowance	L. 30 minus L. 31	1,213,028	-	-
33	Total Cost of Service - Non Fuel	Sum of LL. 17-20, 22, 26, 32 less L. 21	\$ 14,978,466	-	\$ 15,370,635
34	Indicated Cost of Service Reduction	1 minus [L. 33, C. (E) divided by L. 33, C. (C)]			-2.6%

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

Rate Base

Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Excess/ Deficient ADIT Adjustment	(E) With Adjusted Tax Allowance
Rate Base					
1	Gas Plant in Service	P. 110; L. 2, C. (c)	\$ 206,958,743		\$ 206,958,743
2	Accumulated Depreciation	P. 110; L. 5, C. (c)	110,827,134		110,827,134
3	Acquisition Adjustment	P. 200; L. 12, C. (b)	-		-
4	(Less) Amort. of Plant Acquisition Adjustment	P. 200; L. 32, C. (b)	-		-
5	No 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	96,131,609		96,131,609
Gas Stored Underground					
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)	-		-
Working Capital					
11	Prepayments	P. 111; L. 54, C. (c)	18,657		18,657
12	Materials and Supplies	P. 111; L. 45, C. (c)	123,143		123,143
ADIT and Regulatory Assets and Liabilities					
13	Accumulated Deferred Income Taxes (IT)	P. 235; L. 3, C. (k)(see footnote)	3,003,964		-
14	(Less) Accum. Deferred IT - Other Property	P. 275; L. 3, C. (k)(see footnote)	17,068,033		-
15	(Less) Accum. Deferred IT - Other	P. 277; L. 3, C. (k)(see footnote)	31,481		-
16	Other Regulatory Assets	P. 232; L. 40, C. (g)	148,573	148,573	-
17	(Less) Other Regulatory Liabilities	P. 278; L. 45, C. (g)	14,176,598	14,176,598	-
18	Rate Base	Sum of LL. 8 - 13 minus LL. 14-15 plus L. 16 minus L. 17	\$ 68,149,834		\$ 96,273,409

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 an 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 3 - Parent's Capital Structure and costs for Long Term Debt and Preferred Stock.

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?	Yes	Yes	Yes	
20 2) Is the debt rated by a rating agency?	Yes	Yes	Yes	
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.	Not using Case 1 per Opinion No. 414 et al	Not using Case 2 per Opinion No. 414 et al	All are 'Yes', using Case 3	Using Case 3

		Capitalization Ratio	Component Cost	Wtd. Cost of Capital
23	Long Term Debt	P. 4 of Form 501-G 68.88%	3.52%	2.42%
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>31.12%</u>	<u>10.55%</u>	<u>3.28%</u>
26	Total Return	Sum of LL. 23 - 25 100.00%		<u>5.71%</u>
27	Return - Long Term Debt	L. 18 times L. 23, C. (E) \$	1,652,371	\$ 2,334,260
28	Return - Preferred Stock (or equivalent)	L. 18 times L. 24, C. (E)	-	-
29	Return - Common Equity	L. 18 times L. 25, C. (E)	2,237,388	3,160,696
30	Total Return	Sum of LL. 27 - 29	\$ 3,889,759	\$ 5,494,956

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
Tuscarora Gas Transmission Company

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
Operating Revenue					Indicated Cost of Service Reduction of -2.6%
1	Total Operating Revenues	P. 301; L. 21, C. (h)	\$ 23,374,795	\$ 23,374,795	
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	Total Adjusted Revenue	L. 1 minus sum of LL. 2-5	\$ 23,374,795	\$ 23,374,795	\$ 23,986,798
7	<input checked="" type="checkbox"/> Yes Enter 'Yes' or 'No' - Does the Pipeline track or true-up fuel retention?				
8	<input checked="" type="checkbox"/> Yes Enter 'Yes' or 'No' - Does the Pipeline have stated fuel rates?				
Calculation of Return On Equity - Pre Tax Cut and Pro Forma Post Tax Cut					
9	Total Operating, Maintenance and Admin. & Gen.	P. 1; L. 17 of 501-G	\$ 5,048,050	\$ 5,048,050	\$ 5,048,050
10	Depreciation, Depletion, and Amortization	P. 1; L. 18 of 501-G	3,715,887	3,715,887	3,715,887
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	1,111,742	1,111,742	1,111,742
15	Non-Fuel Operating Cost Excl. Interest and Taxes	Sum of LL. 9-12 minus L. 13 plus L. 14	9,875,679	9,875,679	9,875,679
16	Operating Income	L. 6 minus L. 15	\$ 13,499,116	\$ 13,499,116	\$ 14,111,119
17	Interest Expense	P. 1; L. 23, C. (C) of 501-G	1,652,371	2,334,260	2,334,260
18	Income Before Income Taxes	L. 16 minus L. 17	\$ 11,846,745	\$ 11,164,856	\$ 11,776,860
Allowance for Income Taxes					
19	Composite Income Tax Rate	P. 1; L. 29 of 501-G	35.16%	0.00%	0.00%
20	Income Taxes	L. 18 times L. 19	\$ 4,164,842	-	-
21	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT	P. 1; L. 31 of 501-G	-	-	-
22	Total Income Tax Allowance	L. 20 minus L. 21	4,164,842	-	-
23	Net Income	L. 18 minus L. 22	\$ 7,681,903	\$ 11,164,856	\$ 11,776,860
24	(Less) Preferred Dividends	P. 1; L. 24, C. (C) of 501-G	-	-	-
25	Rate Base	P. 2; L. 18 of 501-G	\$ 68,149,834	\$ 96,273,409	\$ 96,273,409
26	Total Estimated ROE (excluding fuel)	[L. 23 - L. 24] / [L. 25 * P. 2; L. 25 C. (C) of 501-G]	36.2%	37.3%	39.3%

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act
Capital Structure and Component Costs
Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Capitalization	(D) Capitalization Ratio	(E) Capital Component Cost Rate	(F) Weighted Cost of Capital
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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.

Case 1. Cost of Capital based upon amounts obtained from the Balance Sheet and Income Statement.

Cost of Debt and Preferred Stock						
1	Interest	P. 116; LL. 62-68, C. (c)	\$ 796,857	= 3.32%		
2	Long-Term Debt	P. 112; L. 24, C. (c)	\$ 24,000,000			
3	Preferred Dividends	P. 120a; L. 68, C. (b)	\$ -	= 0		
4	Preferred Stock (or equivalent)	P. 112; L. 3, C. (c)	\$ -			
5	Common Equity	P. 112; L. 15, C. (c)	47,307,505			
6	Cost of Capital					
7	Long-Term Debt	L. 3	\$ 24,000,000	33.66%	3.32%	1.12%
8	Preferred Stock (or equivalent)	L. 5	\$ -	0.00%	0.00%	0.00%
9	Common Equity	L. 6 minus L. 5	\$ 47,307,505	66.34%	10.55%	7.00%
10	Totals		\$ 71,307,505	100.00%		8.12%

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 3 above issued in the pipeline's name and publicly traded?

Yes Enter 'Yes' or 'No' - Is all the debt listed on L. 3 above rated by a rating agency?

Case 2. Cost of Capital based upon amounts obtained from Page 218a of the FERC Form No. 2.

	P. 218a	Column (b)	Column (c)	Column (d)	
14	Long-Term Debt	L. 3	\$ 21,817,843	28.97%	2.09%
15	Preferred Stock (or equivalent)	L. 4	-	0.00%	0.00%
16	Common Equity	L. 5	53,487,981	71.03%	10.55%
17	Totals		\$ 75,305,824	100.00%	8.10%

Yes Are the Values on P. 218a from the books and records of Tuscarora Gas Transmission Company?

If no, provide the name and stock symbol of the company for the source of the Page 218a amounts.

Ticker	Company Name

Yes 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?

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above rated by a rating agency?

Case 3. Cost of Capital based upon Parent's Capital Structure and costs for Long Term Debt and Preferred Stock.

24	Long-Term Debt	SEC - 10K	\$ 2,364,000,000	68.88%	3.52%	2.42%
25	Preferred Stock (or equivalent)	SEC - 10K	-	0.00%	0.00%	0.00%
26	Common Equity	SEC - 10K	1,068,000,000	31.12%	10.55%	3.28%
27	Totals		\$ 3,432,000,000	100.00%		5.71%

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:

Ticker(s)	TCP	Company Name(s)	TC PipeLines, LP
	2017	10K Hyperlink(s)	TCP latest annual report

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above publicly traded?

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above rated by a rating agency?

Case 4. Cost of Capital based upon FERC Hypothetical Capital Structure and Cost of new Corporate Debt.

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
Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Weighting	(D) Marginal Tax Rates	(E) Weighted Average Tax Rates
1	Based on the response to Line 4 on Page 1 of Form No. 501-G, Tuscarora Gas Transmission Company				
2	is a pass through entity for tax purposes. Please fill out lines 6, 10-15, 17-23.				
3	Federal Income Tax Rate (FIT) - Calendar Year 2017:				35.00%
4	State Income Tax Rate (SIT) - Calendar Year 2017:				0.24%
5	Composite Tax Rate - Calendar Year 2017:				35.16%
6	Provide the percentage of federal income tax deductible for state income taxes. = (p)				0.00%
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)]				
<u>Tax Rates for C Corps.</u>					
9	Provide the sum of weighted state tax rate(s)	sum of all rows from P. 263b., C. (q)			0.00%
<u>Tax Rates for Pass Through Entities */</u>					
Federal Income Tax Rates					
10	Subchapter C	per Pipeline's parents' owners	67.3%	35.0%	23.56%
11	Individuals	per Pipeline's parents' owners	28.2%	35.0%	9.87%
12	Mutual Funds	per Pipeline's parents' owners	0.0%	35.0%	0.00%
13	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	4.0%	35.0%	1.40%
14	UBTI Entities	per Pipeline's parents' owners	0.0%	35.0%	0.00%
15	Non-Taxpaying Entities	per Pipeline's parents' owners	0.5%	35.0%	0.18%
16	Weighted Average Rate		100.00%		35.00%
State and Local Income Tax Rates					
17	Subchapter C	per Pipeline's parents' owners	67.3%	0.2%	0.16%
18	Individuals	per Pipeline's parents' owners	28.2%	0.2%	0.07%
19	Mutual Funds	per Pipeline's parents' owners	0.0%	0.2%	0.00%
20	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	4.0%	0.2%	0.01%
21	UBTI Entities	per Pipeline's parents' owners	0.0%	0.2%	0.00%
22	Non-Taxpaying Entities	per Pipeline's parents' owners	0.5%	0.2%	0.00%
23	Weighted Average Rate		100.00%		0.24%
24	Provide the date when the marginal tax rates were determined.			December 31, 2017	

*/ 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).

Tuscarora Gas Transmission Company
Adjusted FERC Form No. 501-G

Addendum to Tuscarora Form No. 501-G

Tuscarora has included with its unadjusted Form No. 501-G an adjusted Form No. 501-G (“Adjusted 501-G”).

Tuscarora’s Adjusted 501-G includes adjustments to reflect its own capital structure. Form No. 501-G automatically requires an entity to use its parent’s capital structure if the entity’s actual equity component is above 64.99%. As such, Tuscarora was required to use its parent’s capital structure of 68.88% debt/31.12% equity as shown on page 2, line 23, column (c) and line 25, column (c) of Form No. 501-G. This resulted in an indicated cost-of-service increase of 2.6 percent. Tuscarora’s own equity component is 66.34 percent, within the range of reasonableness. *See Pacific Gas Transmission Co.*, 62 FERC ¶ 61,109 at 61,778 (1993) (approving use of 68.86 percent equity thickness). Given that Tuscarora’s own capital structure falls within the range of reasonableness, Tuscarora meets the Commission’s criteria for using its own capital structure because Tuscarora (1) issues its own non-guaranteed debt; (2) has its own bond rating separate from any corporate parent; and (3) has an actual capital structure that is not excessive compared to equity ratios approved by the Commission. *See Transcontinental Gas Pipe Line Corp.*, 84 FERC ¶ 61,084 at 61,414-15 (1998). As a result, Tuscarora has adjusted its debt/equity ratio on the Adjusted Form No. 501-G to reflect its actual capital structure of 33.66% debt/66.34% equity as shown on page 2, line 23, column (c) and line 25, column (c) of the Adjusted 501-G. The Adjusted 501-G yields a 1.7 percent cost-of-service reduction and results in an ROE of 19.5 percent, as shown on page 3, line 26, column (d) of the Adjusted 501-G.

Tuscarora is filing contemporaneously herewith a limited NGA section 4 rate filing to implement reduced rates reflecting this 1.7 percent reduction. As a result of this rate reduction, Tuscarora’s ROE is reduced to 18.8 percent, as shown on page 3, line 26, column (e) of the Adjusted 501-G. Moreover, Tuscarora notes that after taking into account the scheduled Phase II rate reduction per Article IV.2 of the Settlement on August 1, 2019, Tuscarora’s resulting ROE would be 16.8 percent.

**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 **Tuscarora Gas Transmission Company**

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	C000518			
4	Is the Pipeline a separate income taxpaying entity? Does it conduct business, realize net income or loss, pay income taxes and distribute profits to shareholders?		No		
Cost of Service - Non Fuel					
Operating, Maintenance and Administrative & General					
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)	2,393,288		2,393,288
13	(Less) Gas for Compressor Station Fuel	P. 323; L. 184, C. (b)	562,039		562,039
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	1,831,249		1,831,249
16	Administrative & General	P. 325; L. 270, C. (b)	3,216,801		3,216,801
17	Total Operating, Maintenance and Admin. & Gen.	Sum of LL. 4, 5, 10, 14, 15	\$ 5,048,050		\$ 5,048,050
18	Depreciation, Depletion, and Amortization	Form 2 - P. 337; L. 12, C. (h) Form 2A - P. 114; LL. 6-8, C. (c)	3,715,887		3,715,887
19	Amort. of Plant Acq. Adj. If 'yes' to P. 2; L. 5 of Form 501-G then 0, else P. 114; L. 9, C. (c)		-		-
Credits to Cost of Service					
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	Other Taxes	P. 114; L. 14, C. (c)	1,111,742		1,111,742
Return					
23	Long Term Debt	P. 2; L. 27 of Form 501-G	761,570		1,075,849
24	Preferred Stock (or equivalent)	P. 2; L. 28 of Form 501-G	-		-
25	Common Equity	P. 2; L. 29 of Form 501-G	4,769,931		6,738,351
26	Total Return		5,531,501		7,814,200
Allowance for Income Taxes					
27	Federal Income Tax Rate	P. 5; L. 3 of Form 501-G	35.00%		0.00%
28	Weighted Average State Income Tax Rate	P. 5; L. 4 of Form 501-G	0.24%		0.00%
29	Composite Income Tax Rate	P. 5; LL. 3-6 of Form 501-G	35.16%		0.00%
30	Income Tax Allowance on Equity Return	[(L. 24+L. 25)*(L. 29/(1-L. 29))]	2,586,079		-
31	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT (Year 1 amortization)		-	487,503	-
32	Total Income Tax Allowance	L. 30 minus L. 31	2,586,079		-
33	Total Cost of Service - Non Fuel	Sum of LL. 17-20, 22, 26, 32 less L. 21	\$ 17,993,258		\$ 17,689,879
34	Indicated Cost of Service Reduction	1 minus [L. 33, C. (E) divided by L. 33, C. (C)]			1.7%

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

Rate Base

Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Calendar Year 2017 Actuals	(D) Excess/ Deficient ADIT Adjustment	(E) With Adjusted Tax Allowance
Rate Base					
1	Gas Plant in Service	P. 110; L. 2, C. (c)	\$ 206,958,743		\$ 206,958,743
2	Accumulated Depreciation	P. 110; L. 5, C. (c)	110,827,134		110,827,134
3	Acquisition Adjustment	P. 200; L. 12, C. (b)	-		-
4	(Less) Amort. of Plant Acquisition Adjustment	P. 200; L. 32, C. (b)	-		-
5	No 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	96,131,609		96,131,609
Gas Stored Underground					
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)	-		-
Working Capital					
11	Prepayments	P. 111; L. 54, C. (c)	18,657		18,657
12	Materials and Supplies	P. 111; L. 45, C. (c)	123,143		123,143
ADIT and Regulatory Assets and Liabilities					
13	Accumulated Deferred Income Taxes (IT)	P. 235; L. 3, C. (k)(see footnote)	3,003,964		-
14	(Less) Accum. Deferred IT - Other Property	P. 275; L. 3, C. (k)(see footnote)	17,068,033		-
15	(Less) Accum. Deferred IT - Other	P. 277; L. 3, C. (k)(see footnote)	31,481		-
16	Other Regulatory Assets	P. 232; L. 40, C. (g)	148,573	148,573	-
17	(Less) Other Regulatory Liabilities	P. 278; L. 45, C. (g)	14,176,598	14,176,598	-
18	Rate Base	Sum of LL. 8 - 13 minus LL. 14-15 plus L. 16 minus L. 17	\$ 68,149,834		\$ 96,273,409

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 an 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 1 - amounts obtained from the Balance Sheet and Income Statement.

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?	Yes	Yes	No	
20 2) Is the debt rated by a rating agency?	Yes	Yes	Yes	
21 3) Is the equity ratio less than 65%?	Yes	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.	All are 'Yes', using Case 1	Using Case 1	Using Case 1	Using Case 1

		Capitalization Ratio	Component Cost	Wtd. Cost of Capital
23	Long Term Debt	P. 4 of Form 501-G 33.66%	3.32%	1.12%
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>66.34%</u>	<u>10.55%</u>	<u>7.00%</u>
26	Total Return	Sum of LL. 23 - 25 100.00%		<u>8.12%</u>
27	Return - Long Term Debt	L. 18 times L. 23, C. (E) \$	761,570	\$ 1,075,849
28	Return - Preferred Stock (or equivalent)	L. 18 times L. 24, C. (E)	-	-
29	Return - Common Equity	L. 18 times L. 25, C. (E)	4,769,931	6,738,351
30	Total Return	Sum of LL. 27 - 29	\$ 5,531,501	\$ 7,814,200

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
Tuscarora Gas Transmission Company

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
Operating Revenue					Indicated Cost of Service Reduction of 1.7%
1	Total Operating Revenues	P. 301; L. 21, C. (h)	\$ 23,374,795	\$ 23,374,795	
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	Total Adjusted Revenue	L. 1 minus sum of LL. 2-5	\$ 23,374,795	\$ 23,374,795	\$ 22,980,679
7	<input checked="" type="checkbox"/> Yes	Enter 'Yes' or 'No' - Does the Pipeline track or true-up fuel retention?			
8	<input checked="" type="checkbox"/> Yes	Enter 'Yes' or 'No' - Does the Pipeline have stated fuel rates?			
Calculation of Return On Equity - Pre Tax Cut and Pro Forma Post Tax Cut					
9	Total Operating, Maintenance and Admin. & Gen.	P. 1; L. 17 of 501-G	\$ 5,048,050	\$ 5,048,050	\$ 5,048,050
10	Depreciation, Depletion, and Amortization	P. 1; L. 18 of 501-G	3,715,887	3,715,887	3,715,887
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	1,111,742	1,111,742	1,111,742
15	Non-Fuel Operating Cost Excl. Interest and Taxes	Sum of LL. 9-12 minus L. 13 plus L. 14	9,875,679	9,875,679	9,875,679
16	Operating Income	L. 6 minus L. 15	\$ 13,499,116	\$ 13,499,116	\$ 13,105,000
17	Interest Expense	P. 1; L. 23, C. (C) of 501-G	761,570	1,075,849	1,075,849
18	Income Before Income Taxes	L. 16 minus L. 17	\$ 12,737,546	\$ 12,423,267	\$ 12,029,151
Allowance for Income Taxes					
19	Composite Income Tax Rate	P. 1; L. 29 of 501-G	35.16%	0.00%	0.00%
20	Income Taxes	L. 18 times L. 19	\$ 4,478,012	\$ -	\$ -
21	(Less) Net Amort. of Excess(+) and/or Deficient(-) ADIT	P. 1; L. 31 of 501-G	-	-	-
22	Total Income Tax Allowance	L. 20 minus L. 21	4,478,012	-	-
23	Net Income	L. 18 minus L. 22	\$ 8,259,534	\$ 12,423,267	\$ 12,029,151
24	(Less) Preferred Dividends	P. 1; L. 24, C. (C) of 501-G	-	-	-
25	Rate Base	P. 2; L. 18 of 501-G	\$ 68,149,834	\$ 96,273,409	\$ 96,273,409
26	Total Estimated ROE (excluding fuel)	[L. 23 - L. 24] / [L. 25 * P. 2; L. 25 C. (C) of 501-G]	18.3%	19.5%	18.8%

FERC Form No. 501-G
One-time Report on Rate Effect of the Tax Cuts and Jobs Act
Capital Structure and Component Costs
Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Capitalization	(D) Capitalization Ratio	(E) Capital Component Cost Rate	(F) Weighted Cost of Capital
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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.

Case 1. Cost of Capital based upon amounts obtained from the Balance Sheet and Income Statement.

Cost of Debt and Preferred Stock						
1	Interest	P. 116; LL. 62-68, C. (c)	\$ 796,857	= 3.32%		
2	Long-Term Debt	P. 112; L. 24, C. (c)	\$ 24,000,000			
3	Preferred Dividends	P. 120a; L. 68, C. (b)	\$ -	= 0		
4	Preferred Stock (or equivalent)	P. 112; L. 3, C. (c)	\$ -			
5	Common Equity	P. 112; L. 15, C. (c)	47,307,505			
6	Cost of Capital					
7	Long-Term Debt	L. 3	\$ 24,000,000	33.66%	3.32%	1.12%
8	Preferred Stock (or equivalent)	L. 5	\$ -	0.00%	0.00%	0.00%
9	Common Equity	L. 6 minus L. 5	\$ 47,307,505	66.34%	10.55%	7.00%
10	Totals		\$ 71,307,505	100.00%		8.12%

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 3 above issued in the pipeline's name and publicly traded?

Yes Enter 'Yes' or 'No' - Is all the debt listed on L. 3 above rated by a rating agency?

Case 2. Cost of Capital based upon amounts obtained from Page 218a of the FERC Form No. 2.

	P. 218a	Column (b)	Column (c)	Column (d)	
14	Long-Term Debt	L. 3	\$ 21,817,843	28.97%	2.09%
15	Preferred Stock (or equivalent)	L. 4	-	0.00%	0.00%
16	Common Equity	L. 5	53,487,981	71.03%	10.55%
17	Totals		\$ 75,305,824	100.00%	8.10%

Yes Are the Values on P. 218a from the books and records of Tuscarora Gas Transmission Company?

If no, provide the name and stock symbol of the company for the source of the Page 218a amounts.

Ticker	Company Name

Yes 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?

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 15 above rated by a rating agency?

Case 3. Cost of Capital based upon Parent's Capital Structure and costs for Long Term Debt and Preferred Stock.

24	Long-Term Debt	SEC - 10K	\$ 2,364,000,000	68.88%	3.52%	2.42%
25	Preferred Stock (or equivalent)	SEC - 10K	-	0.00%	0.00%	0.00%
26	Common Equity	SEC - 10K	1,068,000,000	31.12%	10.55%	3.28%
27	Totals		\$ 3,432,000,000	100.00%		5.71%

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:

Ticker(s)	TCP	Company Name(s)	TC PipeLines, LP
	2017	10K Hyperlink(s)	TCP latest annual report

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above publicly traded?

Yes Enter 'Yes' or 'No' - Is all of the debt listed on L. 24 above rated by a rating agency?

Case 4. Cost of Capital based upon FERC Hypothetical Capital Structure and Cost of new Corporate Debt.

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
Tuscarora Gas Transmission Company

Line No.	(A) Description	(B) Form 2 Reference	(C) Weighting	(D) Marginal Tax Rates	(E) Weighted Average Tax Rates
1	Based on the response to Line 4 on Page 1 of Form No. 501-G, Tuscarora Gas Transmission Company				
2	is a pass through entity for tax purposes. Please fill out lines 6, 10-15, 17-23.				
3	Federal Income Tax Rate (FIT) - Calendar Year 2017:				35.00%
4	State Income Tax Rate (SIT) - Calendar Year 2017:				0.24%
5	Composite Tax Rate - Calendar Year 2017:				35.16%
6	Provide the percentage of federal income tax deductible for state income taxes. = (p)				0.00%
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)]				
<u>Tax Rates for C Corps.</u>					
9	Provide the sum of weighted state tax rate(s)	sum of all rows from P. 263b., C. (q)			0.00%
<u>Tax Rates for Pass Through Entities */</u>					
Federal Income Tax Rates					
10	Subchapter C	per Pipeline's parents' owners	67.3%	35.0%	23.56%
11	Individuals	per Pipeline's parents' owners	28.2%	35.0%	9.87%
12	Mutual Funds	per Pipeline's parents' owners	0.0%	35.0%	0.00%
13	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	4.0%	35.0%	1.40%
14	UBTI Entities	per Pipeline's parents' owners	0.0%	35.0%	0.00%
15	Non-Taxpaying Entities	per Pipeline's parents' owners	0.5%	35.0%	0.18%
16	Weighted Average Rate		100.00%		35.00%
State and Local Income Tax Rates					
17	Subchapter C	per Pipeline's parents' owners	67.3%	0.2%	0.16%
18	Individuals	per Pipeline's parents' owners	28.2%	0.2%	0.07%
19	Mutual Funds	per Pipeline's parents' owners	0.0%	0.2%	0.00%
20	Pensions, IRAs, Keogh Plans	per Pipeline's parents' owners	4.0%	0.2%	0.01%
21	UBTI Entities	per Pipeline's parents' owners	0.0%	0.2%	0.00%
22	Non-Taxpaying Entities	per Pipeline's parents' owners	0.5%	0.2%	0.00%
23	Weighted Average Rate		100.00%		0.24%
24	Provide the date when the marginal tax rates were determined.			December 31, 2017	

*/ 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).