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March 1, 2018

The Honorable Kevin J. McIntyre, Chairman
The Honorable Cheryl A. LaFleur, Commissioner
The Honorable Neil Chatterjee, Commissioner
The Honorable Robert F. Powelson, Commissioner
The Honorable Richard Glick, Commissioner

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Reduction in Corporate Tax for Transmission and Natural Gas Rates

Dear Mr. Chairman and Commissioners:

On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act of 2017, Public Law No. 115-97. ("Tax Act"). This law reduces the federal corporate tax rate from 35 percent to 21 percent and makes additional tax changes.

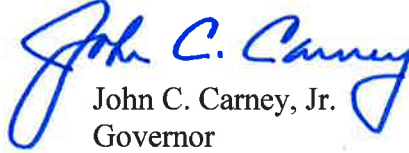
Since the last major tax bill in 1986, public utilities' rates have included a federal income tax allowance of 35 percent, and they have accrued deferred income tax at that 35 percent rate, among other tax incentives. Unless rates are reduced to reflect the new lower income tax rates, transmission and natural gas utilities and their shareholders will reap the entirety of this benefit, resulting in unjust and unreasonable rates for their customers, our Delaware residents.

The Federal Energy Regulatory Commission has previously ordered rate decreases after corporate tax reductions. *See* Order No. 475, 39 FERC ¶61,357 (June 26, 1987) (adopting voluntary abbreviated rate filing procedure to allow utilities to file for rate decreases to reflect decrease in federal income tax rate under Tax Reform Act of 1986). Similarly, our state commission, along with other state regulatory utility commissions, has begun to take action on the distribution rates of regulated public utilities in response to the Tax Act.

As you know, transmission and natural gas pipeline projects are expensive for my fellow Delawareans. To the extent that savings are available, they should be provided directly to

consumers to reduce the costs of these projects. I ask that you open a proceeding to investigate whether the corporate tax rate reduction has resulted in unjust and unreasonable rates for the wholesale natural gas and electric transmission providers that serve the State of Delaware.

Sincerely,



John C. Carney, Jr.
Governor

CC: Senator Thomas R. Carper
Senator Christopher A. Coons
Representative Lisa Blunt Rochester
Commissioner Dallas Winslow, Chair, Delaware Public Service Commission
Andrew Slater, Delaware Public Advocate