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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE) CASE NO. AVU-G-23-01
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC AND)
NATURAL GAS SERVICE TO ELECTRIC) EXHIBIT NO. 17
AND NATURAL GAS CUSTOMERS IN THE)
STATE OF IDAHO) JOEL ANDERSON
)

FOR AVISTA CORPORATION

(NATURAL GAS)

NATURAL GAS COST OF SERVICE STUDY

1
2 A cost of service study is an engineering-economic study, which apportions the revenue,
3 expenses, and rate base associated with providing natural gas service to designated groups of
4 customers. It indicates whether the revenue provided by customers recovers the cost to serve those
5 customers. The study results are used as a guide in determining the appropriate rate spread among
6 the groups of customers.

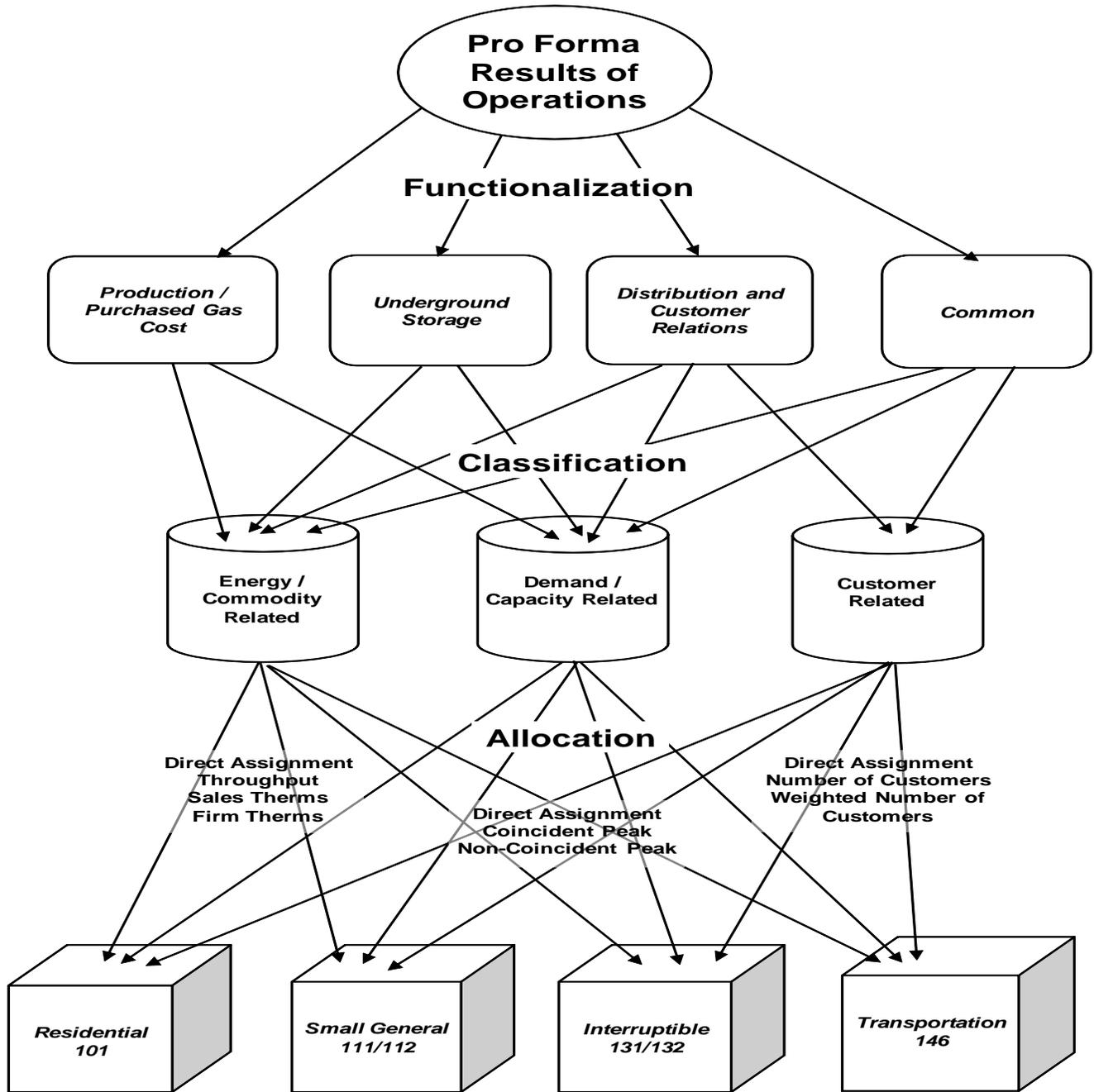
7 As shown in the flowchart below, there are three basic steps involved in a cost of service
8 study: functionalization, classification, and allocation.

9 First, the expenses and rate base associated with the natural gas system under study are
10 assigned to functional categories. The FERC uniform system of accounts provides the basic
11 segregation into production, underground storage, and distribution. Traditionally customer
12 accounting, customer information, and sales expenses are included in the distribution function and
13 administrative and general expenses and general plant rate base are allocated to all functions. This
14 study includes a separate functional category for common costs. Administrative and general costs
15 that cannot be directly assigned to the other functions have been placed in this category.

16 Second, the expenses and rate base items are classified into three primary cost components:
17 demand, commodity and customer related. Demand-related (capacity) costs are allocated to rate
18 schedules based on each schedule's contribution to system peak demand. Commodity-related
19 (energy) costs are allocated based on each rate schedule's share of commodity consumption.
20 Customer-related items are allocated to rate schedules based on the number of customers within
21 each schedule. The number of customers may be weighted by appropriate factors such as relative
22 cost of metering equipment. In addition to these three cost components, any revenue-related expense
23 is allocated based on the proportion of revenues by rate schedule.

1 The final step is allocation of the costs to the various rate schedules utilizing the allocation
 2 factors selected for each specific cost item. These factors are derived from usage and customer
 3 information associated with the test period results of operations.

4 **BASE CASE COST OF SERVICE STUDY FLOWCHART**



Pro Forma Results of Operations by Customer Group

5

1 **Production - Purchased Gas Costs**

2 The Company has no natural gas production facilities to serve its retail customers. In
3 addition, the revenue and expenses associated with the gas purchased to serve sales customers and
4 pipeline transportation to get it to our system have been removed from the Company’s filing. The
5 natural gas costs included in the production function include the expenses of the gas supply
6 department.

7 The expenses of the gas supply department recorded in account 813 are classified as
8 commodity related costs. The gas scheduling process includes transportation customers, so
9 estimated scheduling dispatch labor expenses are allocated by throughput. The remaining gas
10 supply department expenses are allocated 95% by sales volumes and 5% on total throughput.

11 **Underground Storage**

12 Underground storage rate base, operating and maintenance expenses are classified as
13 commodity-related and allocated to customer groups by winter throughput. This approach was
14 proposed by commission Staff and accepted by the Idaho Public Utilities Commission in Case No.
15 AVU-G-04-01.

16 **Distribution Facilities Classification (Peak and Average)**

17 Distribution mains and regulator station equipment (both general use and city gate stations)
18 are classified Demand and Commodity using the peak and average ratio for the distribution system.
19 Peak demand is defined as the average of the five-day sustained peaks from the most recent three
20 years. Average daily load is calculated by dividing annual throughput by 365 (days in the year).
21 The average daily load is divided by peak load to arrive at the system load factor of 44.55%. This
22 proportion is classified as commodity-related. The remaining 55.45% is classified as demand-
23 related. Meters, services and industrial measuring & regulating equipment are classified as

1 customer-related distribution plant. Distribution operating and maintenance expenses are classified
2 (and allocated) in relation to the plant accounts they are associated with.

3 **Customer Relations Distribution Cost Classification**

4 Customer service, customer information and sales expenses are the core of the customer
5 relations functional unit which is included with the distribution cost category. For the most part
6 these costs are classified as customer-related. Exceptions include uncollectible accounts expense,
7 which is considered separately as a revenue conversion item, and any Demand Side Management
8 amortization expense recorded in Account 908.¹

9 **Distribution Cost Allocation**

10 Demand-related distribution costs are allocated to customer groups (rate schedules) by each
11 groups' contribution to the three-year average five-day sustained peak. Commodity-related
12 distribution costs are allocated to customer groups by annual throughput. Distribution main
13 investment has been segregated into large and small mains. Small mains are defined as less than
14 four inches, with large mains being four inches or greater. The small main costs use the same
15 demand and commodity data, but large usage customers (Schedules 131, 132, and 146) that connect
16 to large system mains have been excluded from the allocations.

17 Most customer-related costs are allocated by the annualized number of customers billed
18 during the test period. Meter investment costs are allocated using the number of customers weighted
19 by the relative current cost of meters in service at December 31, 2019. Services investment costs
20 are allocated using the number of customers weighted by the relative current cost of typical service

¹ Any demand side management investment costs and amortization expense included in base rates would be included with the distribution function and classified to demand and commodity by the peak and average ratio. At this point in time, the Company's demand side management investments in base rates have been fully amortized. All current demand side management costs are managed through the Schedule 191 Energy Efficiency Rider Adjustment balancing account which is not included in this cost study.

1 installations. Industrial measuring and regulating equipment investment costs are allocated by
2 number of turbine meters which effectively excludes small usage customers.

3 **Administrative and General Costs**

4 General and intangible rate base items are allocated by the Company's four-factor allocator.
5 Administrative and general expenses are segregated into plant-related, labor-related, revenue-related
6 and other. The plant-related items are allocated based on total plant in service. Labor-related items
7 are allocated by operating and maintenance labor expense. Revenue-related items are allocated by
8 pro forma revenue. Other administrative and general expenses are allocated by the Company's four-
9 factor.

10 **Special Contract Customer Revenue**

11 Two special contract customers receive transportation service from the Company. Rates for
12 these customers were individually negotiated to cover any incremental costs together with some
13 contribution to margin. The rates for these customers are not being adjusted in this case. The
14 revenue from these special contract customers has been segregated from general rate revenue and
15 allocated back to all the other rate classes by relative rate base. In treating these revenues like other
16 operating revenues their system contribution reduces costs for all rate schedules.

17 **Revenue Conversion Items**

18 In this study uncollectible accounts and commission fees have been classified as revenue-
19 related and are allocated by pro forma revenue. These items vary with revenue and are included in
20 the calculation of the revenue conversion factor. Income tax expense items are allocated to
21 schedules by net income before income tax less interest expense.

22 For the functional summaries on pages 2 and 3 of the cost of service study, these items are
23 assigned to the component cost categories. The revenue-related expense items have been reduced

1 to a percent of all other costs and loaded onto each cost category by that ratio. Similarly, income
2 tax items have been assigned to cost categories by relative rate base (as is net income).

3 The following matrix outlines the methodology applied in the Company Base Case natural
4 gas cost of service study.

IPUC Case No. AVU-G-23-01 Methodology Matrix
 Avista Utilities Idaho Jurisdiction
 Natural Gas Cost of Service Methodology

| Line Account | Functional Category | Classification | Allocation |
|--------------------------------------|---------------------|---|--|
| Underground Storage Plant | | | |
| 1 350 - 357 Underground Storage | Underground Storage | Commodity | E08 Winter throughput |
| Distribution Plant | | | |
| 2 374 Land | Distribution | Demand/Commodity/Customer from Other Dist Plant | S05 Sum of accounts 376-385 |
| 3 375 Structures | Distribution | Demand/Commodity/Customer from Other Dist Plant | S05 Sum of accounts 376-385 |
| 4 376(S) Small Mains | Distribution | Demand/Commodity by Peak & Average | D02/E06 Coincident peak, annual therms (both excl lg use cust) |
| 5 376(L) Large Mains | Distribution | Demand/Commodity by Peak & Average | D01/E01 Coincident peak (all), annual throughput (all) |
| 6 378 M&R General | Distribution | Demand/Commodity by Peak & Average | D01/E01 Coincident peak (all), annual throughput (all) |
| 7 379 M&R City Gate | Distribution | Demand/Commodity by Peak & Average | D01/E01 Coincident peak (all), annual throughput (all) |
| 8 380 Services | Distribution | Customer | C02, Customers weighted by current typical service cost |
| 9 381 Meters | Distribution | Customer | C03, Customers weighted by average current meter cost |
| 10 385 Industrial M&R | Distribution | Customer | C06, Large use customers |
| 11 387 Other | Distribution | Demand/Commodity/Customer from Other Dist Plant | S05 Sum of accounts 376-385 |
| General Plant | | | |
| 12 389-399 All General Plant | Common | Demand/Commodity/Customer | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| Intangible Plant | | | |
| 13 303 Misc Intangible Plant | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| 14 303 Computer Software | Common | Demand/Commodity/Customer | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| Reserve for Depreciation | | | |
| 15 Underground Storage | Underground Storage | Commodity same as related plant | Allocations linked to related plant accounts |
| 16 Distribution | Distribution | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| 17 General | Common | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| 18 Intangible | Distribution/Common | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| Other Rate Base | | | |
| 19 Accumulated Deferred FIT | All | Demand/Commodity/Customer from Plant in Service | S17 Sum of Total Plant in Service |
| 20 Constuction Advances | Distribution | Customer | C10 Residential only |
| 21 Gas Inventory | Underground Storage | Commodity from Underground Storage Plant | S14 Sum of Underground Storage Plant in Service |
| 22 Gain on Sale of Office Bldg | Common | Demand/Commodity/Customer from UG & D Plant | S03 Sum of Underground Storage and Distribution Plant in Service |
| 23 DSM Investment | Distribution | Demand/Commodity by Peak & Average | D01/E01 Coincident peak (all), annual throughput (all) |
| Purchased Gas Expenses | | | |
| 24 804 Purchased Gas Cost | Production | Removed all Purchased Gas Costs from Filing | N/A |
| 25 813 Other Gas Expenses | Production | Commodity | E01/E04 Annual Throughput / Annual Sales Therms |
| Underground Storage O&M | | | |
| 26 814 - 837 Underground Storage Exp | Underground Storage | Commodity | E08 Winter throughput |

IPUC Case No. AVU-G-23-01 Methodology Matrix
 Avista Utilities Idaho Jurisdiction
 Natural Gas Cost of Service Methodology

| Line Account | Functional Category | Classification | Allocation |
|---|---------------------|--|---|
| Distribution O&M | | | |
| 1 870 OP Super & Engineering | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| 2 871 Load Dispatching | Distribution | Commodity | E01 Annual throughput |
| 3 874 Mains & Services | Distribution | Demand/Commodity/Customer from related plant | S06 Sum of Mains and Services Plant in Service |
| 4 875 M&R Station - General | Distribution | Demand/Commodity from related plant | S08 Sum of Meas & Reg Station - General Plant in Service |
| 5 876 M&R Station - Industrial | Distribution | Customer from related plant | S19 Sum of Meas & Reg Station - Industrial Plant in Service |
| 6 877 M&R Station - City Gate | Distribution | Demand/Commodity from related plant | S09 Sum of Meas & Reg Station - City Gate Plant in Service |
| 7 878 Meter & House Regulator | Distribution | Customer from related plant | S07 Sum of Meter and Installation Plant in Service |
| 8 879 Customer Installations | Distribution | Customer | C05, Customers weighted by average current meter cost |
| 9 880 Other OP Expenses | Distribution | Demand/Commodity/Customer from other dist expenses | S04 Sum of Accounts 870 - 879 and 881 - 894 |
| 10 881 Rents | Distribution | Demand/Commodity/Customer from other dist expenses | S04 Sum of Accounts 870 - 879 and 881 - 894 |
| 11 885 MT Super & Engineering | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| 12 886 MT of Structures | Distribution | Demand/Commodity/Customer from Other Dist Plant | S05 Sum of accounts 376-385 |
| 13 887 MT of Mains | Distribution | Demand/Commodity from related plant | S21 Sum of Distribution Mains Plant in Service |
| 14 889 MT of M&R General | Distribution | Demand/Commodity from related plant | S08 Sum of Meas & Reg Station - General Plant in Service |
| 15 890 MT of M&R Industrial | Distribution | Customer from related plant | S19 Sum of Meas & Reg Station - Industrial Plant in Service |
| 16 891 MT of M&R City Gate | Distribution | Demand/Commodity from related plant | S09 Sum of Meas & Reg Station - City Gate Plant in Service |
| 17 892 MT of Services | Distribution | Customer from related plant | S20 Sum of Services Plant in Services |
| 18 893 MT of Meters & Hs Reg | Distribution | Customer from related plant | S07 Sum of Meter and Installation Plant in Service |
| 19 894 MT of Other Equipment | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| Customer Accounting Expenses | | | |
| 20 901 Supervision | Customer Relations | Customer | C01 All customers (unweighted) |
| 21 902 Meter Reading | Customer Relations | Customer | C01 All customers (unweighted) |
| 22 903 Customer Records & Collections | Customer Relations | Customer | C01 All customers (unweighted) |
| 23 904 Uncollectible Accounts | Revenue Conversion | Revenue | R03 Retail Sales Revenue |
| 24 905 Misc Cust Accounts | Customer Relations | Customer | C01 All customers (unweighted) |
| Customer Service & Info Expenses | | | |
| 25 907 Supervision | Customer Relations | Customer | C01 All customers (unweighted) |
| 26 908 Customer Assistance | Customer Relations | Customer | C01 All customers (unweighted) |
| 27 908 DSM Amortization | Distribution | Demand/Commodity by Peak & Average | D01/E01 Coincident peak (all), annual throughput (all) |
| 28 909 Advertising | Customer Relations | Customer | C01 All customers (unweighted) |
| 29 910 Misc Cust Service & Info | Customer Relations | Customer | C01 All customers (unweighted) |
| Sales Expenses | | | |
| 30 911 - 916 Sales Expenses | Customer Relations | Customer | C01 All customers (unweighted) |

IPUC Case No. AVU-G-23-01 Methodology Matrix
 Avista Utilities Idaho Jurisdiction
 Natural Gas Cost of Service Methodology

| Line Account | Functional Category | Classification | Allocation |
|--|---------------------|---|--|
| Admin & General Expenses | | | |
| 1 920 Salaries | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 2 921 Office Supplies | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 3 922 Admin Expense Transferred - Credit | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 4 923 Outside Services | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 5 924 Property Insurance | Common | Demand/Commodity/Customer from Plant in Service | S17 Sum of Total Plant in Service |
| 6 925 Injuries & Damages | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 7 926 Pensions & Benefits | Common | Demand/Commodity/Customer from Labpr O&M | S13 O&M Labor Expense |
| 8 927 Franchise Requirements | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 9 928 Regulatory Commision | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 10 928 Commission Fees | Revenue Conversion | Revenue | R01 Retail Sales Revenue |
| 11 930 Miscellaneous General | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 12 931 Rents | Common | Demand/Commodity/Customer from Other O&M | 4-Factor (O&M less resource & labor, O&M labor, net direct plant, & customers) |
| 13 935 MT of General Plant | Common | Demand/Commodity/Customer from Plant in Service | S17 Sum of Total Plant in Service |
| Depreciation Expense | | | |
| 14 Underground Storage | Underground Storage | Commodity same as related plant | Allocations linked to related plant accounts |
| 15 Distribution | Distribution | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| 16 General | Common | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| 17 Intangible | Distribution/Common | Demand/Commodity/Customer same as related plant | Allocations linked to related plant accounts |
| Taxes | | | |
| 18 Property Tax | All | Demand/Commodity/Customer from related plant | S14/S15/S16 Sum of UG Plant/Sum of Dist Plant/Sum of Gen Plant |
| 19 Miscellaneous Dist Tax | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| 20 State Income Tax | Revenue Conversion | Revenue | R02 Net Income before Taxes less Interest Expense |
| 21 Federal Income Tax | Revenue Conversion | Revenue | R02 Net Income before Taxes less Interest Expense |
| 22 Deferred FIT | Revenue Conversion | Revenue | R02 Net Income before Taxes less Interest Expense |
| 23 ITC | Revenue Conversion | Revenue | R02 Net Income before Taxes less Interest Expense |
| Operating Revenues | | | |
| 24 Revenue from Rates | Revenue | Revenue | Pro Forma Revenue per Revenue Study |
| 25 Special Contract Revenue | All | Demand/Commodity/Customer from Rate Base | S01 Sum of Rate Base |
| 26 Off System Sales | Production | Commodity from PGA Tracker | E04 Sales Therms |
| 27 Miscellaneous Service Revenue | Distribution | Demand/Commodity/Customer from Dist Plant | S15 Sum of Distribution Plant in Service |
| 28 Rent From Gas Property | All | Demand/Commodity/Customer from Rate Base | S01 Sum of Rate Base |
| 29 Other Gas Revenue | Underground Storage | Commodity from Underground Storage Plant | S14 Sum of Underground Storage Plant in Service |

Company Base Case AVISTA UTILITIES Natural Gas Utility
 Cost of Service General Summary Idaho Jurisdiction
 For the Year Ended December 31, 2019

| Line | Description | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|------|--|-----|-----|-----|-----|-------------------|-------------------|------------------|--------------|----------------|
| | | | | | | System | Residential | Large Firm | Interrupt | Transport |
| | | | | | | Total | Service | Service | Service | Service |
| | | | | | | | Sch 101 | Sch 111 | Sch 131 | Sch 146 |
| | Plant In Service | | | | | | | | | |
| 1 | Underground Storage Plant | | | | | 15,183,000 | 11,126,187 | 3,677,433 | - | 379,380 |
| 2 | Distribution Plant | | | | | 271,226,000 | 226,189,091 | 42,458,886 | - | 2,578,024 |
| 3 | Intangible Plant | | | | | 14,883,000 | 13,115,672 | 1,663,400 | - | 103,928 |
| 4 | General Plant | | | | | 33,378,000 | 29,571,410 | 3,581,881 | - | 224,709 |
| 5 | Total Plant In Service | | | | | 334,670,000 | 280,002,360 | 51,381,598 | - | 3,286,041 |
| 6 | | | | | | - | - | - | - | - |
| | Accum Depreciation | | | | | | | | | |
| | Underground Storage Plant | | | | | (5,756,000) | (4,218,029) | (1,394,145) | - | (143,826) |
| 7 | Distribution Plant | | | | | (97,488,000) | (82,293,515) | (14,319,523) | - | (874,962) |
| 8 | Intangible Plant | | | | | (4,862,000) | (4,291,288) | (537,114) | - | (33,597) |
| 9 | General Plant | | | | | (15,540,000) | (13,767,743) | (1,667,638) | - | (104,619) |
| 10 | Total Accumulated Depreciation | | | | | (123,646,000) | (104,570,575) | (17,918,420) | - | (1,157,005) |
| 11 | | | | | | - | - | - | - | - |
| 12 | Net Plant | | | | | 211,024,000 | 175,431,785 | 33,463,178 | - | 2,129,036 |
| | Accumulated Deferred FIT | | | | | (43,651,000) | (36,520,701) | (6,701,701) | - | (428,598) |
| 13 | Miscellaneous Rate Base | | | | | 6,107,000 | 4,627,806 | 1,347,899 | - | 131,295 |
| 14 | Total Rate Base | | | | | 173,480,000 | 143,538,890 | 28,109,377 | - | 1,831,733 |
| 15 | | | | | | - | - | - | - | - |
| 16 | Revenue From Retail Rates | | | | | 43,659,000 | 35,786,655 | 7,394,494 | - | 477,851 |
| | Other Operating Revenues | | | | | 208,000 | 427,656 | (245,206) | - | 25,550 |
| 17 | Total Revenues | | | | | 43,867,000 | 36,214,312 | 7,149,288 | - | 503,400 |
| 18 | | | | | | - | - | - | - | - |
| 19 | Operating Expenses | | | | | | | | | |
| | Purchased Gas Costs | | | | | 419,000 | 296,621 | 118,513 | - | 3,866 |
| | Underground Storage Expenses | | | | | 859,000 | 629,480 | 208,056 | - | 21,464 |
| 20 | Distribution Expenses | | | | | 5,794,000 | 5,028,564 | 722,193 | - | 43,242 |
| 21 | Customer Accounting Expenses | | | | | 2,709,000 | 2,663,686 | 45,299 | - | 15 |
| 22 | Customer Information Expenses | | | | | 478,000 | 469,545 | 8,421 | - | 33 |
| 23 | Sales Expenses | | | | | (0) | (0) | (0) | - | (0) |
| 24 | Admin & General Expenses | | | | | 6,259,000 | 5,479,478 | 733,044 | - | 46,478 |
| 25 | Total O&M Expenses | | | | | 16,518,000 | 14,567,375 | 1,835,526 | - | 115,099 |
| 26 | | | | | | - | - | - | - | - |
| 27 | Taxes Other Than Income Taxes | | | | | 2,069,000 | 1,707,642 | 338,967 | - | 22,391 |
| | Depreciation Expense | | | | | | | | | |
| 28 | Underground Storage Plant Depreciation | | | | | 208,000 | 152,424 | 50,379 | - | 5,197 |
| 29 | Distribution Plant Depreciation | | | | | 6,346,000 | 5,312,051 | 975,728 | - | 58,221 |
| 30 | General Plant Depreciation | | | | | 2,633,000 | 2,332,720 | 282,554 | - | 17,726 |
| 31 | Amortization Expense | | | | | 2,037,000 | 1,703,718 | 313,269 | - | 20,014 |
| 32 | Total Depreciation Expense | | | | | 11,224,000 | 9,500,912 | 1,621,930 | - | 101,158 |
| 33 | Income Tax | | | | | 1,401,000 | 981,721 | 387,159 | - | 32,119 |
| 34 | Total Operating Expenses | | | | | 31,212,000 | 26,757,651 | 4,183,582 | - | 270,767 |
| 35 | | | | | | | | | | |
| 36 | Net Operating Income | | | | | 12,655,000 | 9,456,661 | 2,965,706 | - | 232,633 |
| | Rate of Return | | | | | 7.29% | 6.59% | 10.55% | 0.00% | 12.70% |
| 37 | Return Ratio | | | | | 1.00 | 0.90 | 1.45 | - | 1.74 |
| 38 | Interest Expense | | | | | 4,649,000 | 3,846,624 | 753,289 | - | 49,088 |
| 39 | Income Tax / Net Oper Income | | | | | 11.07% | | | | |
| 40 | | | | | | | | | | |
| | Proposed Rate Revenue Increase | | | | | 52,000 | 42,000 | 9,000 | - | 1,000 |
| | Proposed Misc Revenue Increase | | | | | - | - | - | - | - |
| | Total Revenue Increase | | | | | 52,000 | 42,000 | 9,000 | - | 1,000 |
| | allocated Misc Rev increase | | | | | - | - | - | - | - |
| | allocation basis - Dist Plant | | | | | - | 0.8340 | 0.1565 | - | 0.0095 |
| | Proposed Rate Revenue | | | | | 43,711,000 | 35,828,655 | 7,403,494 | - | 478,851 |

| | | | | | | |
|------|---|-------------------|------------------|------------------|--------------|----------------|
| Line | Present Return b4 conversion items | 14,157,000 | 10,521,171 | 3,369,971 | - | 265,858 |
| 1 | <u>present conversion items, new spread</u> | | | | | |
| 2 | Uncollectibles | (16,000) | (13,115) | (2,710) | - | (175) |
| 3 | Commission Fees | 117,000 | 95,902 | 19,817 | - | 1,282 |
| 4 | <u>incremental conversion items, new spread</u> | | | | | |
| 5 | Uncollectibles | - | - | - | - | - |
| 6 | Commission Fees | - | - | - | - | - |
| 7 | less: Interest Expense | 4,649,000 | 3,846,624 | 753,289 | - | 49,088 |
| | Proposed Return b4 Tax, new spread | 9,459,000 | 6,633,760 | 2,608,576 | - | 216,664 |
| | less: FIT--present | (748,000) | (524,585) | (206,281) | - | (17,133) |
| 8 | less: FIT--incremental | 10,000 | 7,013 | 2,758 | - | 229 |
| 9 | less: SIT--present | (310,000) | (217,408) | (85,491) | - | (7,101) |
| 10 | less: SIT--incremental | 2,000 | 1,403 | 552 | - | 46 |
| 11 | less: DFIT, ITC--present | 2,459,000 | 1,724,539 | 678,136 | - | 56,325 |
| 12 | addback: Interest Expense | 4,649,000 | 3,846,624 | 753,289 | - | 49,088 |
| | Proposed Return | 12,695,000 | 9,489,422 | 2,972,192 | - | 233,386 |
| | Proposed Rate of Return | 7.32% | 6.61% | 10.57% | 0.00% | 12.74% |
| 13 | Proposed Return Ratio | 1.00 | 0.90 | 1.44 | 0.00 | 1.74 |
| 14 | | | | | | |
| 15 | Rate Revenues at Uniform Present Rates | 43,659,000 | 36,981,095 | 6,316,663 | - | 361,242 |
| 16 | Rate Change to get to Uniform Present Rates | (0) | 1,194,440 | (1,077,832) | - | (116,608) |
| 17 | % Change to get to Uniform Rates | 0.0% | 3.2% | -17.1% | 0.0% | -32.3% |
| 18 | | | | | | |
| 19 | Revenue Related Op Exp., current | 101,000 | 82,788 | 17,106 | - | 1,105 |
| | Rate Rev. excl Rev. Conversion Items, current | 43,558,000 | 35,703,867 | 7,377,388 | - | 476,745 |
| 20 | Revenue Conversion Item Ratio, current | 0.2319% | 0.2319% | 0.2319% | 0.0000% | 0.2319% |
| 21 | | | | | | |
| 22 | Adj. Revenue Conversion Items | 101,000 | 82,787 | 17,107 | - | 1,106 |
| 23 | Adj. Rate Rev. excl Conversion Items | 43,610,000 | 35,745,869 | 7,386,387 | - | 477,744 |
| 24 | Adj. Revenue Conversion Ratio | 0.2316% | 0.2316% | 0.2316% | 0.0000% | 0.2316% |
| | Adj. Income Tax Items | 1,413,000 | 990,961 | 389,673 | - | 32,366 |
| 25 | Adj. Return | 12,695,000 | 9,489,422 | 2,972,192 | - | 233,386 |
| | Adj. Income Tax Ratio | 11.1304% | 10.4428% | 13.1106% | 0.0000% | 13.8678% |
| | Adj. Income Tax Items - Uniform | 1,413,000 | 1,056,207 | 330,816 | - | 25,977 |

26

27

28 **SUMMARY BY FUNCTION WITH MARGIN ANALYSIS**

29

30 **Total Sch 101 Sch 111 Sch 131 Sch 146**31 **Functional Cost Components at Current Rates**

| | | | | | | |
|----|---------------------------------------|------------|------------|-----------|---|---------|
| 32 | Production | 2,669,175 | 1,904,405 | 760,895 | - | 3,875 |
| | Underground Storage | 2,143,757 | 1,453,879 | 618,370 | - | 71,508 |
| | Distribution | 26,655,134 | 21,895,567 | 4,459,375 | - | 300,191 |
| 33 | Common | 12,190,934 | 10,532,804 | 1,555,853 | - | 102,277 |
| 34 | Total Current Rate Revenue | 43,659,000 | 35,786,655 | 7,394,494 | - | 477,851 |
| 35 | Exclude Cost of Gas w / Revenue Exp. | - | - | - | - | - |
| 36 | Total Margin Revenue at Current Rates | 43,659,000 | 35,786,655 | 7,394,494 | - | 477,851 |

37

Margin per Therm at Current Rates

| | | | | | | |
|----|--|-------------|-------------|-------------|------|-------------|
| | Production | \$ 0.028646 | \$ 0.029776 | \$ 0.029776 | \$ - | \$ 0.001057 |
| 38 | Underground Storage | \$ 0.023007 | \$ 0.022732 | \$ 0.024198 | \$ - | \$ 0.019506 |
| 39 | Distribution | \$ 0.286066 | \$ 0.342342 | \$ 0.174507 | \$ - | \$ 0.081887 |
| 40 | Common | \$ 0.130834 | \$ 0.164683 | \$ 0.060885 | \$ - | \$ 0.027899 |
| 41 | Total Curr. Margin Melded Rate per Therm | \$ 0.468553 | \$ 0.559532 | \$ 0.289365 | \$ - | \$ 0.130349 |

42

43 **Functional Cost Components at Uniform Current Return**

| | | | | | | |
|----|--------------------------------------|------------|------------|-----------|---|---------|
| 44 | Production | 2,669,175 | 1,904,405 | 760,895 | - | 3,875 |
| | Underground Storage | 2,085,467 | 1,528,242 | 505,115 | - | 52,110 |
| | Distribution | 26,653,744 | 22,854,655 | 3,586,534 | - | 212,554 |
| 45 | Common | 12,250,615 | 10,693,793 | 1,464,118 | - | 92,703 |
| 46 | Total Uniform Current Cost | 43,659,000 | 36,981,095 | 6,316,663 | - | 361,242 |
| 47 | Exclude Cost of Gas w / Revenue Exp. | - | - | - | - | - |
| 48 | Total Uniform Current Margin | 43,659,000 | 36,981,095 | 6,316,663 | - | 361,242 |

49

Margin per Therm at Uniform Current Return

| | | | | | | |
|----|---------------------|------------|------------|------------|------|------------|
| 50 | Production | \$ 0.02865 | \$ 0.02978 | \$ 0.02978 | \$ - | \$ 0.00106 |
| | Underground Storage | \$ 0.02238 | \$ 0.02389 | \$ 0.01977 | \$ - | \$ 0.01421 |
| 51 | Distribution | \$ 0.28605 | \$ 0.35734 | \$ 0.14035 | \$ - | \$ 0.05798 |

| | | | | | | | | | | | |
|----|---|----|-------------|----|-------------|----|-------------|----|----------|----|-------------|
| | Demand | \$ | 0.09200 | \$ | 0.10188 | \$ | 0.07628 | \$ | - | \$ | 0.02930 |
| | Customer | \$ | 0.23979 | \$ | 0.33436 | \$ | 0.03513 | \$ | - | \$ | 0.01653 |
| 43 | Total Cost per Therm at Current Return | \$ | 0.46855 | \$ | 0.57821 | \$ | 0.24719 | \$ | - | \$ | 0.09854 |
| 44 | | | | | | | | | | | |
| 45 | Cost per Unit at Uniform Current Return | | | | | | | | | | |
| | Commodity | \$ | 0.13676 | \$ | 0.14197 | \$ | 0.13578 | \$ | - | \$ | 0.05271 |
| 46 | Demand | \$ | 14.21 | \$ | 14.32 | \$ | 14.32 | \$ | - | \$ | 8.85 |
| | Customer | \$ | 21.68 | \$ | 21.12 | \$ | 49.44 | \$ | - | \$ | 841.68 |
| 47 | | | | | | | | | | | |
| | Revenue to Cost Ratio at Current Rates | | 1.00 | | 0.97 | | 1.17 | | - | | 1.32 |

Cost by Classification at Proposed Return by Schedule

| | | | | | | | | | | | |
|--|-----------------------------|-----|------------|-----|------------|------------|-----------|--|---|--|---------|
| | Commodity | | 13,048,115 | | 8,784,831 | | 4,009,559 | | - | | 253,725 |
| | Demand | | 8,737,387 | | 6,227,529 | | 2,364,846 | | - | | 145,012 |
| | Customer | (c) | (d) | (e) | 21,925,498 | 20,816,295 | 1,029,089 | | - | | 80,114 |
| | Total Proposed Rate Revenue | | 43,711,000 | | 35,828,655 | | 7,403,494 | | - | | 478,851 |

Line Revenue per Therm at Proposed Rates

| | | | | | | | | | | | |
|---|--|----|---------|----|---------|----|---------|----|---|----|---------|
| | Commodity | \$ | 0.14003 | \$ | 0.13735 | \$ | 0.15690 | \$ | - | \$ | 0.06921 |
| | Demand | \$ | 0.09377 | \$ | 0.09737 | \$ | 0.09254 | \$ | - | \$ | 0.03956 |
| | Customer | \$ | 0.23531 | \$ | 0.32547 | \$ | 0.04027 | \$ | - | \$ | 0.02185 |
| 1 | Total Revenue per Therm at Prop. Rates | \$ | 0.46911 | \$ | 0.56019 | \$ | 0.28972 | \$ | - | \$ | 0.13062 |
| 2 | | | | | | | | | | | |

Cost per Unit at Proposed Rates

| | | | | | | | | | | | |
|---|-----------|----|---------|----|---------|----|---------|----|---|----|----------|
| | Commodity | \$ | 0.14003 | \$ | 0.13735 | \$ | 0.15690 | \$ | - | \$ | 0.06921 |
| 4 | Demand | \$ | 14.48 | \$ | 13.69 | \$ | 17.37 | \$ | - | \$ | 11.94 |
| 5 | Customer | \$ | 21.28 | \$ | 20.56 | \$ | 56.68 | \$ | - | \$ | 1,112.69 |
| 6 | | | | | | | | | | | |

Cost by Classification at Uniform Proposed Return

| | | | | | | | | | | | |
|----|-----------------------------|--|------------|--|------------|--|-----------|--|---|--|---------|
| 7 | Commodity | | 12,758,342 | | 9,090,851 | | 3,473,993 | | - | | 193,498 |
| | Demand | | 8,586,855 | | 6,526,816 | | 1,952,438 | | - | | 107,601 |
| 8 | Customer | | 22,365,803 | | 21,406,451 | | 898,660 | | - | | 60,692 |
| 9 | Total Uniform Proposed Cost | | 43,711,000 | | 37,024,118 | | 6,325,090 | | - | | 361,791 |
| 10 | | | | | | | | | | | |

Cost per Therm at Proposed Return

| | | | | | | | | | | | |
|----|---|----|---------|----|---------|----|---------|----|---|----|---------|
| | Commodity | \$ | 0.13692 | \$ | 0.14214 | \$ | 0.13595 | \$ | - | \$ | 0.05278 |
| | Demand | \$ | 0.09216 | \$ | 0.10205 | \$ | 0.07640 | \$ | - | \$ | 0.02935 |
| 12 | Customer | \$ | 0.24003 | \$ | 0.33469 | \$ | 0.03517 | \$ | - | \$ | 0.01656 |
| 13 | Total Cost per Therm at Proposed Return | \$ | 0.46911 | \$ | 0.57888 | \$ | 0.24752 | \$ | - | \$ | 0.09869 |
| 14 | | | | | | | | | | | |

Cost per Unit at Uniform Proposed Return

| | | | | | | | | | | | |
|----|-----------|----|---------|----|---------|----|---------|----|---|----|---------|
| 16 | Commodity | \$ | 0.13692 | \$ | 0.14214 | \$ | 0.13595 | \$ | - | \$ | 0.05278 |
| 17 | Demand | \$ | 14.23 | \$ | 14.34 | \$ | 14.34 | \$ | - | \$ | 8.86 |
| | Customer | \$ | 21.70 | \$ | 21.15 | \$ | 49.50 | \$ | - | \$ | 842.95 |
| 18 | | | | | | | | | | | |

Revenue to Cost Ratio at Prop. Rates

| | | | | | | | | | |
|--|-------------|--|-------------|--|-------------|--|----------|--|-------------|
| | 1.00 | | 0.97 | | 1.17 | | - | | 1.32 |
|--|-------------|--|-------------|--|-------------|--|----------|--|-------------|

| | | | | | | | | | | | |
|----|---------------------------------------|--|-------------|--|-------------|--|------------|--|---|--|-----------|
| 25 | Underground Storage Related Rate Base | | 12,194,682 | | 8,936,331 | | 2,953,640 | | - | | 304,710 |
| | Distribution Related Rate Base | | 139,395,999 | | 115,256,043 | | 22,763,318 | | - | | 1,376,638 |
| 26 | Common Related Rate Base | | 21,889,319 | | 19,346,516 | | 2,392,418 | | - | | 150,385 |
| 27 | Total Rate Base | | 173,480,000 | | 143,538,890 | | 28,109,377 | | - | | 1,831,733 |

28 Functional Cost Components at Current Return by Schedule

Line 32

| | | | | | | | | | | | |
|--|--------------------------------|--|-----------|--|-----------|--|---------|--|---|--|-------|
| | Purchased Gas Cost - Commodity | | - | | - | | - | | - | | - |
| | Purchased Gas Cost - Capacity | | - | | - | | - | | - | | - |
| | Other Production Costs | | 2,663,000 | | 1,899,999 | | 759,135 | | - | | 3,866 |
| | Subtotal Production Cost | | 2,663,000 | | 1,899,999 | | 759,135 | | - | | 3,866 |
| | Rev. Related items | | 6,175 | | 4,406 | | 1,760 | | - | | 9 |
| | Net Production Cost | | 2,669,175 | | 1,904,405 | | 760,895 | | - | | 3,875 |

Line

| | | | | | | | | | | | |
|--|--------------------------|--|-----------|--|-----------|--|----------|--|---|--|---------|
| | UG Storage Exp | | 1,266,000 | | 927,732 | | 306,634 | | - | | 31,634 |
| | UG Storage Rev | | (173,416) | | (127,081) | | (42,003) | | - | | (4,333) |
| | Subtotal UG Storage Cost | | 1,092,584 | | 800,651 | | 264,632 | | - | | 27,301 |
| | Income Tax | | 107,144 | | 61,119 | | 40,681 | | - | | 5,343 |
| | Return on Rate Base | | 939,071 | | 588,745 | | 311,627 | | - | | 38,699 |
| | Rev. Related items | | 4,959 | | 3,363 | | 1,431 | | - | | 165 |
| | Net UG Storage Cost | | 2,143,757 | | 1,453,879 | | 618,370 | | - | | 71,508 |

| | | | | | |
|--------------------------------|-------------|-------------|-----------|---|----------|
| <u>Line</u> | | | | | |
| Distribution Exp | 14,077,000 | 11,955,978 | 2,001,147 | - | 119,875 |
| Cust Svc, Cust Info, Sales Exp | 3,203,000 | 3,146,346 | 56,430 | - | 224 |
| DSM Exp | - | - | - | - | - |
| Distribution Rev | (1,982,303) | (1,639,017) | (323,709) | - | (19,577) |
| Subtotal Distribution Cost | 15,297,697 | 13,463,307 | 1,733,868 | - | 100,522 |
| Income Tax | 1,125,949 | 788,283 | 313,526 | - | 24,139 |
| Return on Rate Base | 10,169,825 | 7,593,324 | 2,401,665 | - | 174,835 |
| Rev. Related items | 61,664 | 50,653 | 10,316 | - | 694 |
| Net Distribution Cost | 26,655,134 | 21,895,567 | 4,459,375 | - | 300,191 |

| | | | | | |
|----------------------|------------|------------|-----------|---|---------|
| <u>Line 33</u> | | | | | |
| Common Exp | 10,760,000 | 9,376,647 | 1,300,910 | - | 82,443 |
| Common Rev | (311,281) | (275,120) | (34,022) | - | (2,139) |
| Subtotal Common Cost | 10,448,719 | 9,101,527 | 1,266,888 | - | 80,304 |
| Income Tax | 167,907 | 132,319 | 32,952 | - | 2,637 |
| Return on Rate Base | 1,546,105 | 1,274,591 | 252,414 | - | 19,099 |
| Rev. Related items | 28,202 | 24,366 | 3,599 | - | 237 |
| Net Common Cost | 12,190,934 | 10,532,804 | 1,555,853 | - | 102,277 |

Functional Cost Components at Uniform Current Return

| | | | | | |
|-------------------------------------|-----------|-----------|---------|---|--------|
| <u>Line</u> | | | | | |
| Non-Revenue related UG Storage cost | 1,092,584 | 800,651 | 264,632 | - | 27,301 |
| Income Tax | 98,483 | 72,169 | 23,853 | - | 2,461 |
| Return on Rate Base | 889,576 | 651,886 | 215,462 | - | 22,228 |
| Rev. Related items | 4,824 | 3,535 | 1,169 | - | 121 |
| Net UG Storage Cost | 2,085,467 | 1,528,242 | 505,115 | - | 52,110 |

| | | | | | |
|----------------------------------|------------|------------|-----------|---|---------|
| <u>Line</u> | | | | | |
| Non-Revenue related Distrib cost | 15,297,697 | 13,463,307 | 1,733,868 | - | 100,522 |
| Income Tax | 1,125,742 | 930,792 | 183,833 | - | 11,118 |
| Return on Rate Base | 10,168,644 | 8,407,685 | 1,660,536 | - | 100,423 |
| Rev. Related items | 61,660 | 52,872 | 8,297 | - | 492 |
| Net Distribution Cost | 26,653,744 | 22,854,655 | 3,586,534 | - | 212,554 |

| | | | | | |
|---------------------|------------|------------|-----------|---|--------|
| <u>Line 45</u> | | | | | |
| Common Exp | 10,448,719 | 9,101,527 | 1,266,888 | - | 80,304 |
| Income Tax | 176,775 | 156,240 | 19,321 | - | 1,214 |
| Return on Rate Base | 1,596,780 | 1,411,288 | 174,522 | - | 10,970 |
| Rev. Related items | 28,340 | 24,739 | 3,387 | - | 214 |
| Net Common Cost | 12,250,615 | 10,693,793 | 1,464,118 | - | 92,703 |

Functional Cost Components at Proposed Return by Schedule

| | | | | | |
|--------------------------------|-----------|-----------|---------|---|-------|
| <u>Line Line</u> | | | | | |
| Purchased Gas Cost - Commodity | - | - | - | - | - |
| Purchased Gas Cost - Capacity | - | - | - | - | - |
| Other Production Costs | 2,663,000 | 1,899,999 | 759,135 | - | 3,866 |
| Rev. Related items | 6,167 | 4,400 | 1,758 | - | 9 |
| Net Production Cost | 2,669,167 | 1,904,400 | 760,893 | - | 3,875 |

| | | | | | |
|-------------------------------------|-----------|-----------|---------|---|--------|
| <u>Line</u> | | | | | |
| Non-Revenue related UG Storage cost | 1,092,584 | 800,651 | 264,632 | - | 27,301 |
| Income Tax | 108,024 | 61,694 | 40,946 | - | 5,384 |
| Return on Rate Base | 941,917 | 590,785 | 312,308 | - | 38,824 |
| Rev. Related items | 4,962 | 3,365 | 1,431 | - | 166 |
| Net UG Storage Cost | 2,147,487 | 1,456,496 | 619,316 | - | 71,674 |

| | | | | | |
|----------------------------------|------------|------------|-----------|---|---------|
| <u>Line</u> | | | | | |
| Non-Revenue related Distrib cost | 15,297,697 | 13,463,307 | 1,733,868 | - | 100,522 |
| Income Tax | 1,135,589 | 795,703 | 315,562 | - | 24,324 |
| Return on Rate Base | 10,201,949 | 7,619,630 | 2,406,917 | - | 175,401 |
| Rev. Related items | 61,687 | 50,671 | 10,321 | - | 695 |
| Net Distribution Cost | 26,696,921 | 21,929,311 | 4,466,668 | - | 300,943 |

| | | | | | |
|---------------------|------------|------------|-----------|---|---------|
| <u>Line 1</u> | | | | | |
| Common Exp | 10,448,719 | 9,101,527 | 1,266,888 | - | 80,304 |
| Income Tax | 169,387 | 133,564 | 33,165 | - | 2,657 |
| Return on Rate Base | 1,551,134 | 1,279,007 | 252,966 | - | 19,161 |
| Rev. Related items | 28,184 | 24,350 | 3,597 | - | 237 |
| Net Common Cost | 12,197,424 | 10,538,449 | 1,556,617 | - | 102,359 |

Functional Cost Components at Uniform Requested ReturnLine 10

| | | | | | |
|--------------------------------|-----------|-----------|---------|---|-------|
| Purchased Gas Cost - Commodity | - | - | - | - | - |
| Purchased Gas Cost - Capacity | - | - | - | - | - |
| Other Production Costs | 2,663,000 | 1,899,999 | 759,135 | - | 3,866 |
| Subtotal Production Cost | 2,663,000 | 1,899,999 | 759,135 | - | 3,866 |
| Rev. Related items | 6,167 | 4,400 | 1,758 | - | 9 |
| Net Production Cost | 2,669,167 | 1,904,400 | 760,893 | - | 3,875 |

Line 11

| | | | | | |
|-------------------------------------|-----------|-----------|---------|---|--------|
| Non-Revenue related UG Storage cost | 1,092,584 | 800,651 | 264,632 | - | 27,301 |
| Income Tax | 99,326 | 72,787 | 24,057 | - | 2,482 |
| Return on Rate Base | 892,388 | 653,947 | 216,143 | - | 22,298 |
| Rev. Related items | 4,827 | 3,537 | 1,169 | - | 121 |
| Net UG Storage Cost | 2,089,125 | 1,530,922 | 506,001 | - | 52,201 |

Line

| | | | | | |
|----------------------------------|------------|------------|-----------|---|---------|
| Non-Revenue related Distrib cost | 15,297,697 | 13,463,307 | 1,733,868 | - | 100,522 |
| Income Tax | 1,135,385 | 938,764 | 185,408 | - | 11,213 |
| Return on Rate Base | 10,200,785 | 8,434,260 | 1,665,785 | - | 100,740 |
| Rev. Related items | 61,684 | 52,889 | 8,303 | - | 492 |
| Net Distribution Cost | 26,695,550 | 22,889,220 | 3,593,363 | - | 212,967 |

Line

| | | | | | |
|---------------------|------------|------------|-----------|---|--------|
| Common Exp | 10,448,719 | 9,101,527 | 1,266,888 | - | 80,304 |
| Income Tax | 178,289 | 157,578 | 19,486 | - | 1,225 |
| Return on Rate Base | 1,601,827 | 1,415,748 | 175,074 | - | 11,005 |
| Rev. Related items | 28,322 | 24,723 | 3,385 | - | 214 |
| Net Common Cost | 12,257,157 | 10,699,576 | 1,464,833 | - | 92,748 |

| | | | | | |
|-----------------------------|------------|------------|------------|---|---------|
| Commodity Related Rate Base | 51,646,047 | 36,743,693 | 13,959,930 | - | 942,424 |
| Demand Related Rate Base | 47,270,427 | 35,935,304 | 10,749,719 | - | 585,404 |
| Customer Related Rate Base | 74,563,526 | 70,859,893 | 3,399,728 | - | 303,905 |

Cost Classifications at Current Return by ScheduleLine 27

| | | | | | |
|-------------------------|------------|-----------|-----------|---|----------|
| Commodity Exp | 6,998,152 | 4,985,333 | 1,883,552 | - | 129,267 |
| Commodity Rev | 1,530,673 | 1,096,387 | 447,143 | - | (12,857) |
| Subtotal Commodity Cost | 8,528,825 | 6,081,720 | 2,330,695 | - | 116,410 |
| Income Tax | 460,105 | 251,305 | 192,274 | - | 16,525 |
| Return on Rate Base | 4,013,301 | 2,420,756 | 1,472,855 | - | 119,690 |
| Rev. Related items | 30,149 | 20,298 | 9,265 | - | 586 |
| Net Commodity Cost | 13,032,380 | 8,774,079 | 4,005,090 | - | 253,211 |

Line

| | | | | | |
|----------------------|-----------|-----------|-----------|---|---------|
| Demand Exp | 5,397,455 | 4,102,215 | 1,227,140 | - | 68,100 |
| Demand Rev | (674,637) | (512,864) | (153,419) | - | (8,355) |
| Subtotal Demand Cost | 4,722,817 | 3,589,351 | 1,073,722 | - | 59,745 |
| Income Tax | 404,101 | 245,776 | 148,059 | - | 10,265 |
| Return on Rate Base | 3,576,004 | 2,367,498 | 1,134,159 | - | 74,347 |
| Rev. Related items | 20,180 | 14,382 | 5,463 | - | 335 |
| Net Demand Cost | 8,723,102 | 6,217,007 | 2,361,403 | - | 144,692 |

Line

| | | | | | |
|------------------------|-------------|-------------|-----------|---|---------|
| Customer Exp | 17,314,393 | 16,605,594 | 668,624 | - | 40,176 |
| Customer Rev | (1,064,036) | (1,011,179) | (48,518) | - | (4,338) |
| Subtotal Customer Cost | 16,250,358 | 15,594,414 | 620,106 | - | 35,837 |
| Income Tax | 536,794 | 484,640 | 46,826 | - | 5,329 |
| Return on Rate Base | 5,065,695 | 4,668,407 | 358,691 | - | 38,596 |
| Rev. Related items | 50,671 | 48,108 | 2,378 | - | 185 |
| Net Customer Cost | 21,903,518 | 20,795,570 | 1,028,001 | - | 79,948 |

| | | | | | |
|------------|------------|---|---|---|---|
| Total Cost | 43,659,000 | - | - | - | - |
|------------|------------|---|---|---|---|

Total

| | |
|---------|------------|
| Expense | 29,710,000 |
| Revenue | (208,000) |

| | |
|----------------------|-------------------|
| Subtotal Net Expense | 29,502,000 |
| Income Tax | 1,401,000 |
| Return on Rate Base | 12,655,000 |
| Rev. Related items | 101,000 |
| Net Cost | <u>43,659,000</u> |

Cost Classifications at Uniform Current Return

Line 38

| | | | | | |
|------------------------------------|-------------------|------------------|------------------|---|----------------|
| Non-Revenue related Commodity cost | 8,528,825 | 6,081,720 | 2,330,695 | - | 116,410 |
| Income Tax | 417,086 | 296,737 | 112,738 | - | 7,611 |
| Return on Rate Base | 3,767,470 | 2,680,375 | 1,018,347 | - | 68,748 |
| Rev. Related items | 29,479 | 21,005 | 8,027 | - | 447 |
| Net Commodity Cost | <u>12,742,860</u> | <u>9,079,836</u> | <u>3,469,808</u> | - | <u>193,216</u> |

Line

| | | | | | |
|---------------------------------|------------------|------------------|------------------|---|----------------|
| Non-Revenue related Demand cost | 4,722,817 | 3,589,351 | 1,073,722 | - | 59,745 |
| Income Tax | 381,749 | 290,208 | 86,813 | - | 4,728 |
| Return on Rate Base | 3,448,278 | 2,621,405 | 784,169 | - | 42,704 |
| Rev. Related items | 19,832 | 15,074 | 4,509 | - | 249 |
| Net Demand Cost | <u>8,572,677</u> | <u>6,516,038</u> | <u>1,949,214</u> | - | <u>107,425</u> |

Line

| | | | | | |
|-------------------------------|-------------------|-------------------|----------------|---|---------------|
| Non-Revenue related Cust cost | 16,250,358 | 15,594,414 | 620,106 | - | 35,837 |
| Income Tax | 602,165 | 572,254 | 27,456 | - | 2,454 |
| Return on Rate Base | 5,439,252 | 5,169,080 | 248,003 | - | 22,169 |
| Rev. Related items | 51,689 | 49,472 | 2,077 | - | 140 |
| Net Customer Cost | <u>22,343,463</u> | <u>21,385,221</u> | <u>897,641</u> | - | <u>60,601</u> |

Total

| | | | | | |
|--------------------------|-------------------|-------------------|------------------|---|----------------|
| Non-Revenue related cost | 29,502,000 | 25,265,485 | 4,024,523 | - | 211,992 |
| Income Tax | 1,401,000 | 1,159,200 | 227,007 | - | 14,793 |
| Return on Rate Base | 12,655,000 | 10,470,859 | 2,050,520 | - | 133,621 |
| Rev. Related items | 101,000 | 85,551 | 14,613 | - | 836 |
| Net Cost | <u>43,659,000</u> | <u>36,981,095</u> | <u>6,316,663</u> | - | <u>361,242</u> |

Cost Classifications at Proposed Return by Schedule

Line

| | | | | | |
|---------------------------------|-------------------|------------------|------------------|---|----------------|
| Non-Revenue related Energy cost | 8,528,825 | 6,081,720 | 2,330,695 | - | 116,410 |
| Income Tax | 463,845 | 253,670 | 193,523 | - | 16,652 |
| Return on Rate Base | 4,025,296 | 2,429,143 | 1,476,076 | - | 120,077 |
| Rev. Related items | 30,149 | 20,299 | 9,265 | - | 586 |
| Net Energy Cost | <u>13,048,115</u> | <u>8,784,831</u> | <u>4,009,559</u> | - | <u>253,725</u> |

Line

| | | | | | |
|---------------------------------|------------------|------------------|------------------|---|----------------|
| Non-Revenue related Demand cost | 4,722,817 | 3,589,351 | 1,073,722 | - | 59,745 |
| Income Tax | 407,454 | 248,090 | 149,021 | - | 10,344 |
| Return on Rate Base | 3,586,927 | 2,375,700 | 1,136,639 | - | 74,588 |
| Rev. Related items | 20,189 | 14,390 | 5,464 | - | 335 |
| Net Demand Cost | <u>8,737,387</u> | <u>6,227,529</u> | <u>2,364,846</u> | - | <u>145,012</u> |

Line

| | | | | | |
|-------------------------------|-------------------|-------------------|------------------|---|---------------|
| Non-Revenue related Cust cost | 16,250,358 | 15,594,414 | 620,106 | - | 35,837 |
| Income Tax | 541,701 | 489,201 | 47,130 | - | 5,370 |
| Return on Rate Base | 5,082,778 | 4,684,580 | 359,476 | - | 38,721 |
| Rev. Related items | 50,662 | 48,099 | 2,378 | - | 185 |
| Net Customer Cost | <u>21,925,498</u> | <u>20,816,295</u> | <u>1,029,089</u> | - | <u>80,114</u> |

Total

| | | | | | |
|--------------------------|-------------------|-------------------|------------------|---|----------------|
| Non-Revenue related cost | 29,502,000 | 25,265,485 | 4,024,523 | - | 211,992 |
| Income Tax | 1,413,000 | 990,961 | 389,673 | - | 32,366 |
| Return on Rate Base | 12,695,000 | 9,489,422 | 2,972,192 | - | 233,386 |
| Rev. Related items | 101,000 | 82,787 | 17,107 | - | 1,106 |
| Net Cost | <u>43,711,000</u> | <u>35,828,655</u> | <u>7,403,494</u> | - | <u>478,851</u> |

Cost Classifications at Uniform Requested Return

Line 7

| | | | | | |
|---------------------------------|-----------|-----------|-----------|---|---------|
| Non-Revenue related Energy cost | 8,528,825 | 6,081,720 | 2,330,695 | - | 116,410 |
| Income Tax | 420,659 | 299,279 | 113,704 | - | 7,676 |
| Return on Rate Base | 3,779,378 | 2,688,847 | 1,021,566 | - | 68,965 |

| | | | | | |
|---------------------------------|------------|------------|-----------|---|---------|
| Rev. Related items | 29,480 | 21,006 | 8,027 | - | 447 |
| Net Energy Cost | 12,758,342 | 9,090,851 | 3,473,993 | - | 193,498 |
| <u>Line</u> | | | | | |
| Non-Revenue related Demand cost | 4,722,817 | 3,589,351 | 1,073,722 | - | 59,745 |
| Income Tax | 385,019 | 292,694 | 87,557 | - | 4,768 |
| Return on Rate Base | 3,459,177 | 2,629,690 | 786,648 | - | 42,839 |
| Rev. Related items | 19,841 | 15,081 | 4,511 | - | 249 |
| Net Demand Cost | 8,586,855 | 6,526,816 | 1,952,438 | - | 107,601 |
| <u>Line 8</u> | | | | | |
| Non-Revenue related Cust cost | 16,250,358 | 15,594,414 | 620,106 | - | 35,837 |
| Income Tax | 607,322 | 577,156 | 27,691 | - | 2,475 |
| Return on Rate Base | 5,456,444 | 5,185,418 | 248,787 | - | 22,239 |
| Rev. Related items | 51,679 | 49,462 | 2,076 | - | 140 |
| Net Customer Cost | 22,365,803 | 21,406,451 | 898,660 | - | 60,692 |
| <u>Total</u> | | | | | |
| Non-Revenue related cost | 29,502,000 | 25,265,485 | 4,024,523 | - | 211,992 |
| Income Tax | 1,413,000 | 1,169,129 | 228,952 | - | 14,920 |
| Return on Rate Base | 12,695,000 | 10,503,956 | 2,057,001 | - | 134,043 |
| Rev. Related items | 101,000 | 85,549 | 14,615 | - | 836 |
| Net Cost | 43,711,000 | 37,024,118 | 6,325,090 | - | 361,791 |

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Meter, Services, Meter Reading & Billing Costs by Schedule at Proposed Rate of Return

| | Total | Sch 101 | Sch 111 | Sch 131 | Sch 146 |
|---------------------------------------|-----------------|-----------------|----------------|---------|-------------|
| Services | \$ 109,424,000 | \$ 106,138,420 | \$ 3,199,735 | \$ - | \$ 85,845 |
| Services Accum. Depr. | \$ (41,720,000) | \$ (40,467,310) | \$ (1,219,960) | \$ - | \$ (32,730) |
| Total Services | \$ 67,704,000 | \$ 65,671,110 | \$ 1,979,775 | \$ - | \$ 53,115 |
| Meters | \$ 35,021,000 | \$ 32,021,654 | \$ 2,880,700 | \$ - | \$ 118,646 |
| Meters Accum. Depr. | \$ (12,168,000) | \$ (11,125,881) | \$ (1,000,896) | \$ - | \$ (41,223) |
| Total Meters | \$ 22,853,000 | \$ 20,895,773 | \$ 1,879,805 | \$ - | \$ 77,422 |
| Total Rate Base | \$ 90,557,000 | \$ 86,566,883 | \$ 3,859,580 | \$ - | \$ 130,537 |
| Return on Rate Base @ 7.30% | \$ 6,873,276 | \$ 6,570,426 | \$ 292,942 | \$ - | \$ 9,908 |
| Tax Benefit of Interest Expense | \$ (779,696) | \$ (745,341) | \$ (33,231) | \$ - | \$ (1,124) |
| Revenue Conversion Factor | \$ 0.78701 | \$ 0.787006 | \$ 0.787006 | \$ - | \$ 0.787006 |
| Rate Base Revenue Requirement | \$ 7,742,737 | \$ 7,401,577 | \$ 329,999 | \$ - | \$ 11,161 |
| Services Depr Exp | \$ 2,572,000 | \$ 2,494,773 | \$ 75,209 | \$ - | \$ 2,018 |
| Meters Depr Exp | \$ 731,000 | \$ 668,394 | \$ 60,129 | \$ - | \$ 2,477 |
| Services Exp | \$ 355,000 | \$ 344,341 | \$ 10,381 | \$ - | \$ 279 |
| Meters Exp | \$ 833,000 | \$ 761,658 | \$ 68,520 | \$ - | \$ 2,822 |
| Meter Reading | \$ 154,000 | \$ 151,365 | \$ 2,625 | \$ - | \$ 10 |
| Billing Exp | \$ 2,019,000 | \$ 1,984,448 | \$ 34,420 | \$ - | \$ 132 |
| Total Expenses | \$ 6,664,000 | \$ 6,404,978 | \$ 251,284 | \$ - | \$ 7,737 |
| Revenue Conversion Factor | \$ 0.99621 | \$ 0.996210 | \$ 0.996210 | \$ - | \$ 0.996210 |
| Expense Revenue Requirement | \$ 6,689,353 | \$ 6,429,345 | \$ 252,240 | \$ - | \$ 7,767 |
| Total Customer Costs | \$ 14,432,090 | \$ 13,830,923 | \$ 582,239 | \$ - | \$ 18,928 |
| Total Customers Bills | 1,098,488 | 1,079,689 | 18,727 | 0 | 72 |
| Avg Unit Cost | \$ 13.14 | \$ 12.81 | \$ 31.09 | \$ 0 | \$ 262.89 |
| Customer Related Costs Per Customer | 24,894,945 | 23,705,333 | 1,107,367 | 0 | 82,244 |
| | \$ 22.66 | \$ 21.96 | \$ 59.13 | \$ - | \$ 1,142.28 |
| Demand Related Costs Per Customer | 11,060,514 | 8,158,632 | 2,712,085 | 0 | 189,797 |
| | \$ 10.07 | \$ 7.56 | \$ 144.82 | \$ - | \$ 2,636.07 |
| Total Customer & Demand Related Costs | \$ 32.73 | \$ 29.51 | \$ 203.95 | \$ - | \$ 3,778.35 |