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March 31, 2015

**RECEIVED  
March 31, 2015  
INDIANA UTILITY  
REGULATORY COMMISSION**

Brenda A. Howe  
Secretary to the Commission  
Indiana Utility Regulatory Commission  
101 W Washington St. Internal Operations  
Indianapolis, IN 46204

Re: Community Natural Gas Company, Inc. – 30 Day Filing

Dear Ms. Howe,

Pursuant to Indiana Code § 8-1-2-42(a) and the Commission's Rules as found at 170 IAC 1-6-1, et seq., Community Natural Gas Company, Inc. (hereinafter "Community Gas"), is by this letter requesting the processing of changes to its existing tariff through the Commission's 30 day filing process. Specifically Community Gas seeks to establish a new tariff rate schedule to be known as the "Large Volume High Load Factor Industrial Gas Sales Service" for purposes of establishing an appropriate rate for customers using a large volume of gas, at a relative constant rate, in an industrial process. Community Gas' request at this time is due to a request by an industrial entity that has acquired an existing grain pelletizing and milling facility located in Community Gas' service territory in Greene County, Indiana. Such new owner desires to obtain a more competitive rate for gas service. This industrial entity has the ability to shift its current and potential incremental production to alternate facilities because it currently operates alternate facilities in Illinois. Additionally, Community Gas does not currently have a tariff rate schedule competitive with the rates of the local gas distribution companies serving this industrial entity in Illinois.

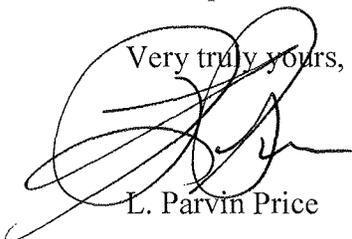
Community Gas has designed the proposed rates for the Large Volume High Load Factor Industrial Gas Sales Service considering the cost of service study performed in its last base rate proceeding Cause No. 44298. Community Gas believes that the approval of such new tariff rate schedule will allow Community Gas to maintain its gas sales to this customer and potentially expand such gas sales. Due to the significant usage utilized by such facility, both Community Gas and all of its other customers will be benefitted by the gas sales anticipated to occur through this new rate schedule and its associated fixed cost contribution. Further, Petitioner has designed the second block of this proposed rate schedule to provide incentive for increased sales.

Brenda A. Howe  
March 31, 2015  
Page Two

In support of such requested change in its current tariff, Community Gas has provided the following: a new Sheet No. 34 outlining the terms of service for the new Large Volume High Load Factor Industrial Gas Sales rate schedule; a revised Sheet No. 2 Table of Contents reflecting the addition of the new tariff rate schedule; a revised Sheet No. 50 providing the rates and charges to be collected under such new tariff rate schedule; the verified statement of Kerry Heid explaining the cost of service support for such new tariff rate schedule; the verified statement of Dean Kieffer explaining information about the initial customer to which this tariff would apply; a copy of the contents of a legal Notice to Customers published in the Spencer Evening World and the South Gibson Star-Times, newspapers of general circulation published within Community Gas' service territory. Further, Community Gas has provided a copy of this Notice and information on the proposed new tariff rate to the new owner of the grain pelletizing and milling facility located in Greene County, Indiana. A copy of this Notice has also been posted at Community Gas' offices located in Owensville, Indiana and Mt. Carmel, Illinois.

Counsel for Community Gas has also provided a copy of this letter and all attachments to the Office of Utility Consumer Counselor and individually to its Director of its Natural Gas Division; and to the Director of the Natural Gas Division of the IURC. To the extent that you have any questions or need additional information, please contact me at the number listed above.

Very truly yours,



L. Parvin Price

LPP/dwc  
Enclosures  
cc: Office of Utility Consumer Counselor  
Leja Courter  
Jane Steinhauer

2722145\_3

**LARGE VOLUME HIGH LOAD FACTOR INDUSTRIAL GAS SALES SERVICE****AVAILABILITY:**

Available for firm natural gas service to customers that have used or demonstrate the intent to use 75,000 Dth per year, at a load factor of 45%, primarily for manufacturing and/or processing a product. Such service is subject to the availability of adequate capacity on the company's system. Customer must be located on Company's gas mains suitable and adequate for supplying this service. Customer's use may not be weather sensitive.

**RATES AND CHARGES:**

The monthly Rates and Charges for Gas Service under this Rate Schedule shall be:

**Service Charge and Distribution Charge:**

The rates and charges shall be as set forth on Sheet No. 50, Base Rates and Charges.

**Gas Cost Charge:**

The Gas Cost Charge shall be as set forth on Appendix A, Gas Cost Adjustment, for each dekatherm of usage.

**Minimum Monthly Charge:**

The Minimum Monthly Charge shall be the Service Charge.

**Other Charges:**

The Other Charges set forth in this Tariff for Gas Service shall be charged to Customer, if applicable.

**Late Payment Charge:**

On the first \$3.00 or less of net billing	10%
On the amount in excess of \$3.00	3%

Pursuant to 170 IAC 5-1-13, bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill which includes the late payment charge is the amount to be paid.

**OTHER TERMS AND CONDITIONS:**

Service hereunder shall be subject to the Company's Rules and Regulations and to the Rules, Regulations and Standards of Service for Gas Public Utilities prescribed by the Indiana Utility Regulatory Commission from time to time.

A written contract with a minimum term of one year may be required for establishment of service under this rate schedule.

Issued: March 31, 2015

Effective: \_\_\_\_\_, 2015

Issued by: Dean J. Kieffer  
Base rates as approved, Cause No. 44298, July 31, 2013

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Issued: March 31, 2015

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**BASE RATES AND CHARGES**

RESIDENTIAL SERVICE*	
SERVICE CHARGE	\$12.00/meter/month
FIRST 10 DTH/MONTH	\$3.5889/Dth
ALL USE OVER 10 DTH/MONTH	\$2.4739/Dth
GENERAL SERVICE*	
SERVICE CHARGE	\$24.00/meter/month
FIRST 10 DTH/MONTH	\$2.2686/Dth
ALL USE OVER 10 DTH/MONTH	\$1.8662/Dth
INDUSTRIAL SERVICE*	
SERVICE CHARGE	\$75.00/meter/month
ALL DTH/ MONTH	\$1.6803/Dth
LARGE VOLUME SALES SERVICE*	
SERVICE CHARGE	\$900.00/meter/month
FIRST 5,000 DTH/MONTH	\$1.7495/Dth
ALL DTH OVER 5,000 DTH/MONTH	\$1.4306/Dth
LARGE VOLUME TRANSPORTATION SERVICE	
SERVICE CHARGE	\$900.00/meter/month
FIRST 5,000 DTH/MONTH	\$1.7495/Dth
OVER 5,000 DTH/MONTH	\$1.4306/Dth
LARGE VOLUME HIGH LOAD FACTOR INDUSTRIAL GAS SALES SERVICE*	
SERVICE CHARGE	\$900.00/meter/month
FIRST 9,000 DTH/MONTH	\$1.1800/Dth
OVER 9,000 DTH/MONTH	\$0.5000/Dth
SCHOOL TRANSPORTATION SERVICE	
SERVICE CHARGE	\$24.00/meter/month
ADMINISTRATIVE CHARGE	\$50.00/meter/month
FIRST 10 DTH/MONTH	\$2.2686/Dth
ALL USE OVER 10 DTH/MONTH	\$1.8662/Dth

(\*) Above rates are subject to a gas cost adjustment factor in accordance with the Indiana Utility Regulatory Commission, Cause No. 37091 approved April 27, 1983. This gas cost adjustment factor currently in effect and applicable hereto with effective dates is found on Sheet No. 51 of these tariffs.

Issued: March 31, 2015

Effective: \_\_\_\_\_, 2015

Issued by: Dean J. Kieffer  
 Base rates as approved, Cause No. 44298, July 31, 2013

**VERIFICATION OF KERRY A. HEID**

I affirm under the penalties of perjury that the following statements are true to the best of my knowledge, information and belief:

1. I was retained by Community Natural Gas Company, Inc. (“Community Gas”) to review its existing tariff rate schedules and thereafter advise Community Gas on the appropriateness of establishing a new rate schedule for large volume, high load factor industrial customers.
2. The current base rates for Community Gas were established by the Commission in Cause No. 44298. As part of the base rate proceedings, I performed a Cost of Service Study (“COSS”) for Community Gas. The COSS forms the basis for Community Gas’ present base rates and charges.
3. I have been advised by the management of Community Gas that a manufacturing entity (Bunge) recently acquired an existing grain pelletizing and milling facility located in Community Gas’ service territory. Moreover, I have been advised that such new owner desires to obtain a more competitive rate for gas service. Petitioner’s management is concerned that absent a more competitive rate, this manufacturing entity could shift production to alternate corporate facilities in other states served by local gas distribution companies having lower large volume industrial rates. Moreover, Bunge has stated that a more competitive Industrial Gas Service rate at Community Gas could result in the attraction of incremental load at the Community Gas Bunge facility instead of at Bunge’s alternate corporate facilities in other states. While retention and attraction of an existing

large gas user and incremental load is important, of equal importance for Community Gas, its customers, and the Commission is that the rate charged should be fair and equitable.

4. Based upon the above, I reviewed the treatment of this property (“customer”), previously owned by the former entity, in the COSS in Cause No. 44298. My conclusions are as follows:
  - a. Said customer was included as an Industrial Gas Service customer and the new owner, Bunge, presently is billed pursuant to that rate schedule.
  - b. The grain pelletizing and milling facilities customer utilizes more natural gas than all other Industrial Gas Service customers combined. Moreover, this customer’s annual volumes are approximately equal to the sum of the other industrial customers plus the Large Volume Gas Sales Service customer.<sup>1</sup>
  - c. The COSS revealed a significant interclass subsidy flowing from the Industrial Gas Service customer rate class to other customer rate classes. Moreover, the subsidy flowing from the Industrial Gas Service customer rate class is proportionately greater than that of any of the remaining customer rate classes.
  - d. This customer’s load factor is significantly higher than the overall average load factor for the Industrial Gas Service customer class. As such, this

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<sup>1</sup> Because the Large Volume Gas Sales Service is designed as a heat-sensitive large volume, low load factor rate, and is comprised of the large volume, heat-sensitive prison, that rate is not appropriate or suitable for a large volume, high load factor manufacturing facility, such as the large volume, high load factor grain pelletizing and milling facility customer.

customer is providing a significant intraclass subsidy to other Industrial Gas Service customers.

- e. The interclass subsidies being provided by the Industrial Gas Service rate class to other customer rate classes combined with the intraclass subsidy being provided by this customer to the remaining Industrial Gas Service customers contributes to the uncompetitiveness of the customer's rate.
- f. Because of such significant use, the high load factor of such usage including significant use during non-heating months, and the potential for increase in gas usage by this particular large volume, high load factor, manufacturing facility, I believe a separate rate schedule for this type of customer is appropriate.
- g. My analysis reflects that this customer's usage of gas and thus revenue to cover fixed costs has decreased since the base rate proceeding in which the current rate schedules were established. I note that during the test year on which I based the COSS, this customer produced approximately 13% of the margins authorized for Community Gas. Since that time this customer's gas usage has been reduced and it is now producing approximately 8% of Community Gas' margins. Based on that decline and my review of the COSS described above, I believe it is important that a new and fair rate schedule be established which will also provide an incentive to this customer to increase its gas usage over time. To that end, I prepared the rate schedule for the Large

Volume High Load Factor Industrial Gas Sales Service which appears on Sheet No. 50.

5. As a cost-based rate, it is my opinion that the rate schedule herein proposed will be more competitive as to encourage Bunge's continued production at its facilities served by Community Gas. Further, based upon discussions with management of Community Gas, confirmed by my discussions with the Energy Manager for Bunge, it is possible and even likely that the customer's production at Community Gas may be expanded in the future if a competitive and fair COSS based rate for this Large Volume High Load Factor customer is established now. Additionally I have examined the usage characteristics of the other large volume customers served by Community Gas and determined that no other existing customer would likely qualify for this new rate schedule.
6. In light of the prior subsidy flowing from this customer to other customers; the load characteristics of Bunge as the current property owner; and the desire by Community Gas to expand its gas sales to this customer, which is a net benefit to all customers because of its resulting fixed cost contribution; Community Gas proposes to add a new Large Volume High Load Factor Industrial Gas Sales Service as provided by the proposed tariff Sheet No. 34. Community Gas also proposes to make corresponding revisions to Sheet No. 2, the Table of Contents, and Sheet No. 50, the schedule of Base Rates and Charges. All of these tariff sheets are attached.

7. I believe all of the tariff sheets attached are consistent with the conclusions flowing from the COSS utilized in Cause No. 44298.
8. I have also prepared the attached revised COSS schedules that reflect the calculation of the new base rates and charges for this new tariff rate schedule.
9. I believe that this new tariff rate schedule will allow Community Gas to maintain its current revenue, and resulting fixed cost contributions from Bunge. I also believe that over time this new tariff will more likely cause increased gas usage and increased revenue from Bunge; though the immediate effect will be a reduction in revenue to Community Gas but not an increase to any other customer class. However any retention of and potential expansion of such revenue will result in an appropriate fixed cost recovery from this customer which will be incorporated into Community Gas' next base rate proceeding, thus benefitting all of Community Gas' other customers.

  
Kerry A. Heid

2734188\_2

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**SCHEDULE OF ALLOCATION FACTORS**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 1  
PAGE 1 OF 4

<u>NO. ALLOCATORS</u>	<u>Residential</u> <u>Sales Service</u>	<u>General Sales</u> <u>Service</u>	<u>Industrial Sales</u> <u>Service</u>	<u>Large Volume</u> <u>Sales Service</u>	<u>LV HLF</u> <u>Industrial Sales</u> <u>Service</u>	<u>TOTAL</u>	
<b><u>Input Allocators</u></b>							
1	Annual Throughput	2,663,084 39.9861%	1,943,853 29.1869%	516,148 7.7499%	632,606 9.4986%	904,334 13.5785%	6,660,025 100.0000%
2	Annual Sales	2,663,084 39.9861%	1,943,853 29.1869%	516,148 7.7499%	632,606 9.4986%	904,334 13.5785%	6,660,025 100.0000%
3	Number of Bills	70,425 88.6328%	8,900 11.2010%	108 0.1359%	12 0.0151%	12 0.0151%	79,457 100.0000%
4	Design Day Throughput	55,264 57.6222%	22,540 23.5019%	5,044 5.2596%	8,073 8.4177%	4,986 5.1985%	95,907 100.0000%
5	Design Day Sales	55,264 57.6222%	22,540 23.5019%	5,044 5.2596%	8,073 8.4177%	4,986 5.1985%	95,907 100.0000%
6	P/F A Normal Rev. w/o Misc. Rev.	\$1,538,703 64.4687%	\$523,316 21.9260%	\$85,179 3.5689%	\$102,026 4.2747%	\$137,519 5.7618%	\$2,386,743 100.0000%
7	Meters Study	\$1,170,710 72.8441%	\$598,940 25.1555%	\$24,932 1.0471%	\$11,348 0.4766%	\$11,348 0.4766%	\$2,380,948 100.0000%
8	Services Study	1.0 70,425.0 84.0159%	1.4 12,460.0 14.8646%	6.1 525.6 0.6270%	17.2 206.4 0.2462%	17.2 206.4 0.2462%	43 83,823 100.0000%
	Annual Throughput Component (20%)	8.00	5.84	1.55	1.90	2.72	20.00
	Design Day Throughput Component (80%)	<u>46.10</u>	<u>18.80</u>	<u>4.21</u>	<u>6.73</u>	<u>4.16</u>	<u>80.00</u>
	Total	54.10	24.64	5.76	8.63	6.87	100.00
9	Weighted Storage Allocator	54.0950%	24.6389%	5.7576%	8.6339%	6.8745%	100.0000%

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**SCHEDULE OF ALLOCATION FACTORS**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 1  
PAGE 2 OF 4

<u>NO. ALLOCATORS</u>	<u>Residential Sales Service</u>	<u>General Sales Service</u>	<u>Industrial Sales Service</u>	<u>Large Volume Sales Service</u>	<u>Industrial Sales Service</u>	<u>LV HLF Industrial Sales Service</u>	<u>TOTAL</u>
<b><u>Input Allocators (cont.)</u></b>							
10	90% 90.0000%	10% 10.0000%	0% 0.0000%	0% 0.0000%	0% 0.0000%	0% 0.0000%	100% 100.0000%
14	94% 94.0000%	6% 6.0000%	0% 0.0000%	0% 0.0000%	0% 0.0000%	0% 0.0000%	100% 100.0000%
<b><u>Internally-Generated Allocators</u></b>							
100	\$8,314,128 61.8980%	\$3,091,811 23.0183%	\$552,616 4.1142%	\$719,853 5.3592%	\$753,563 5.6102%	\$13,431,971 100.0000%	
102	\$4,464,365 60.9745%	\$1,699,934 23.2178%	\$312,973 4.2746%	\$405,143 5.5335%	\$439,281 5.9997%	\$7,321,697 100.0000%	
103	\$2,716,574 48.8042%	\$1,466,402 26.3444%	\$362,072 6.5047%	\$498,635 8.9582%	\$522,591 9.3885%	\$5,566,274 100.0000%	
104	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	
107	\$5,742,176 61.5428%	\$2,070,532 22.1913%	\$408,516 4.3783%	\$541,760 5.8064%	\$567,388 6.0811%	\$9,330,371 100.0000%	
108	\$1,267,645 72.8441%	\$437,761 25.1555%	\$18,223 1.0471%	\$8,294 0.4766%	\$8,294 0.4766%	\$1,740,217 100.0000%	

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**SCHEDULE OF ALLOCATION FACTORS**

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WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 1  
PAGE 3 OF 4

<u>NO. ALLOCATORS</u>	<u>Residential</u> <u>Sales Service</u>	<u>General Sales</u> <u>Service</u>	<u>Industrial Sales</u> <u>Service</u>	<u>Large Volume</u> <u>Sales Service</u>	<u>LV HLF</u> <u>Industrial Sales</u> <u>Service</u>	<u>TOTAL</u>	
<b><u>Internally-Generated Allocators (cont.)</u></b>							
109	Subtotal Distribution Plant	\$2,906,235 48.8042%	\$1,568,781 26.3444%	\$387,351 6.5047%	\$533,448 8.9582%	\$559,077 9.3885%	\$5,954,891 100.0000%
110	Subtotal Gross Plant	\$7,596,277 61.8980%	\$2,824,860 23.0183%	\$504,903 4.1142%	\$657,700 5.3592%	\$688,500 5.6102%	\$12,272,240 100.0000%
111	Storage Plant - Annual	\$0	\$0	\$0	\$0	\$0	\$0
	Storage Plant - Peak	\$0	\$0	\$0	\$0	\$0	\$0
	Storage Plant - Winter	\$0	\$0	\$0	\$0	\$0	\$0
	Total Storage Plant	\$0	\$0	\$0	\$0	\$0	\$0
111		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
115	O&M Without Gas Costs (P/F A)	\$539,871 76.6204%	\$114,373 16.2322%	\$13,932 1.9773%	\$17,796 2.5256%	\$18,633 2.6445%	\$704,604 100.0000%
117	O&M Without Gas Costs (P/F B)	\$542,751 76.6197%	\$114,949 16.2272%	\$14,016 1.9787%	\$17,906 2.5277%	\$18,748 2.6467%	\$708,371 100.0000%
119	Distribution O&M (P/F B)	\$172,930 59.3805%	\$68,603 23.5569%	\$13,384 4.5958%	\$17,735 6.0897%	\$18,572 6.3772%	\$291,225 0.0000%
120	Total Depreciation Expenses	\$225,486 61.9090%	\$83,828 23.0155%	\$14,977 4.1122%	\$19,509 5.3562%	\$20,422 5.6070%	\$364,222 100.0000%
121	P/F A Normal Rev. w/ Misc. Rev.	1,567,539 64.6005%	530,543 21.8644%	86,152 3.5504%	103,191 4.2526%	139,089 5.7320%	2,426,513 100.0000%
122	P/F A Equalized Rev. w/ Misc. Rev.	1,702,947 70.1808%	464,202 19.1304%	70,810 2.9182%	91,114 3.7549%	97,441 4.0157%	2,426,513 100.0000%

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**SCHEDULE OF ALLOCATION FACTORS**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
 SCHEDULE 1  
 PAGE 4 OF 4

<u>NO. ALLOCATORS</u>	<u>Residential Sales Service</u>	<u>General Sales Service</u>	<u>Industrial Sales Service</u>	<u>Large Volume Sales Service</u>	<u>LV HLF Industrial Sales Service</u>	<u>TOTAL</u>
<b><u>Internally-Generated Allocators (cont.)</u></b>						
124	P/F B Normal Rev. w/ Misc. Rev. 1,843,222 65.2472%	609,447 21.5735%	100,036 3.5411%	117,721 4.1672%	154,554 5.4710%	2,824,981 100.0000%
125	Labor Allocator \$435,190 78.0389%	\$87,733 15.7324%	\$9,702 1.7399%	\$12,229 2.1930%	\$12,803 2.2959%	\$557,658 100.0000%
131	Transmission Mains Plant \$561,513 48.8042%	\$303,104 26.3444%	\$74,840 6.5047%	\$103,067 8.9582%	\$108,019 9.3885%	\$1,150,544 100.0000%
132	Subtotal Transmission Plant \$586,456 48.8042%	\$316,568 26.3444%	\$78,164 6.5047%	\$107,646 8.9582%	\$112,817 9.3885%	\$1,201,652 100.0000%

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
ALLOCATION OF RATE BASE

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 2  
PAGE 1 OF 3

		No.	Allocation Method	Total	Residential Sales Service	General Sales Service	Industrial Sales Service	Large Volume Sales Service	LV HLF Industrial Sales Service
<b>GROSS PLANT</b>									
(1)	Total Manufactured Gas Production	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2)	Total Natural Gas Production Plant	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0
(3)	Total Underground Storage Plant								
(4)	Commodity	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(5)	Demand	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(6)	Winter	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(7)	Total Transmission Plant								
(8)	Mains								
(9)	Customer	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0
(10)	Commodity	1	Annual Throughput	\$575,272	\$230,029	\$167,904	\$44,583	\$54,643	\$78,113
(11)	Demand	4	Design Day Throughput	\$575,272	\$331,485	\$135,200	\$30,257	\$48,425	\$29,906
(12)	Land and Land Rights	131	Transmission Mains Plant	\$10,305	\$5,029	\$2,715	\$670	\$923	\$967
(13)	Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(14)	Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(15)	Measuring and Regulating Equipment	131	Transmission Mains Plant	\$40,803	\$19,914	\$10,749	\$2,654	\$3,655	\$3,831
(16)	Other Transmission Equipment	132	Subtotal Transmission Plant	\$0	\$0	\$0	\$0	\$0	\$0
(17)	Total Distribution Plant								
(18)	Mains								
(19)	Customer	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0
(20)	Commodity	1	Annual Throughput	\$2,783,137	\$1,112,868	\$812,311	\$215,691	\$264,358	\$377,909
(21)	Demand	4	Design Day Throughput	\$2,783,137	\$1,603,706	\$654,091	\$146,381	\$234,277	\$144,682
(22)	Land and Land Rights	103	Distribution Mains Plant	\$1,584	\$773	\$417	\$103	\$142	\$149
(23)	Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(24)	Structures and Improvements	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(25)	Measuring and Regulating Equipment	103	Distribution Mains Plant	\$387,033	\$188,888	\$101,962	\$25,176	\$34,671	\$36,337
(26)	Services	8	Services Study	\$3,375,480	\$2,835,941	\$501,751	\$21,165	\$8,312	\$8,312
(27)	Meters	7	Meters Study	\$1,207,198	\$879,372	\$303,677	\$12,641	\$5,754	\$5,754
(28)	Meter Installations	7	Meters Study	\$348,476	\$253,844	\$87,661	\$3,649	\$1,661	\$1,661
(29)	House Regulators	7	Meters Study	\$184,543	\$134,429	\$46,423	\$1,932	\$880	\$880
(30)	Industrial Measuring and Regulating Equipment	7	Meters Study	\$0	\$0	\$0	\$0	\$0	\$0
(31)	Other Distribution Equipment	109	Subtotal Distribution Plant	\$0	\$0	\$0	\$0	\$0	\$0
(32)	Total General and Intangible Plant	110	Subtotal Gross Plant	\$1,159,731	\$717,851	\$266,950	\$47,714	\$62,153	\$65,063
(33)	Total Gross Plant			\$13,431,971	\$8,314,128	\$3,091,811	\$552,616	\$719,853	\$753,563

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
ALLOCATION OF RATE BASE

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 2  
PAGE 2 OF 3

		No.	Allocation Method	Total	Residential Sales Service	General Sales Service	Industrial Sales Service	Large Volume Sales Service	LV HLF Industrial Sales Service
<b><u>DEPRECIATION RESERVE</u></b>									
(1)	Total Manufactured Gas Production Depr. Reserve	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(2)	Total Natural Gas Production Plant Depr. Reserve	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0
(3)	Total Underground Storage Plant Depr. Reserve	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0
(4)	Total Other Storage Plant Deprec. Reserve	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0
(5)	Total Transmission Plant Depreciation Reserve								
(6)	Mains	131	Transmission Mains Plant	\$562,241	\$274,397	\$148,119	\$36,572	\$50,366	\$52,786
(7)	Land and Land Rights	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(8)	Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(9)	Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(10)	Measuring and Regulating Equipment	131	Transmission Mains Plant	\$19,939	\$9,731	\$5,253	\$1,297	\$1,786	\$1,872
(11)	Other Transmission Equipment	132	Subtotal Transmission Plant	\$0	\$0	\$0	\$0	\$0	\$0
(12)	Total Distribution Plant Depreciation Reserve								
(13)	Mains	103	Distribution Mains Plant	\$2,720,094	\$1,327,519	\$716,593	\$176,935	\$243,670	\$255,377
(14)	Land and Land Rights	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(15)	Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0
(16)	Structures and Improvements	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0
(17)	Measuring and Regulating Equipment	103	Distribution Mains Plant	\$189,133	\$92,305	\$49,826	\$12,303	\$16,943	\$17,757
(18)	Services	8	Services Study	\$1,649,510	\$1,385,851	\$245,193	\$10,343	\$4,062	\$4,062
(19)	Meters	7	Meters Study	\$589,926	\$429,726	\$148,399	\$6,177	\$2,812	\$2,812
(20)	Meter Installations	7	Meters Study	\$170,291	\$124,047	\$42,838	\$1,783	\$812	\$812
(21)	House Regulators	7	Meters Study	\$90,181	\$65,692	\$22,686	\$944	\$430	\$430
(22)	Industrial Measuring and Regulating Equipment	7	Meters Study	\$0	\$0	\$0	\$0	\$0	\$0
(23)	Other Distribution Equipment	109	Subtotal Distribution Plant	\$0	\$0	\$0	\$0	\$0	\$0
(24)	General and Intangible Plant Depreciation Reserve	110	Subtotal Gross Plant	\$836,501	\$517,778	\$192,548	\$34,415	\$44,830	\$46,930
(25)	Total Depreciation Reserve			\$6,827,816	\$4,227,046	\$1,571,454	\$280,770	\$365,710	\$382,836

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
ALLOCATION OF RATE BASE

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 2  
PAGE 3 OF 3

	No.	Allocation Method	Total	Residential Sales Service	General Sales Service	Industrial Sales Service	Large Volume Sales Service	LV HLF Industrial Sales Service
<b><u>OTHER RATE BASE COMPONENTS</u></b>								
(1)	100	Gross Plant	\$133,713	\$82,766	\$30,778	\$5,501	\$7,166	\$7,502
(2)	117	O&M Without Gas Costs (P/F B)	\$166,695	\$127,721	\$27,050	\$3,298	\$4,214	\$4,412
(3)	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0
(4)	2	Annual Sales	\$417,134	\$166,796	\$121,748	\$32,328	\$39,622	\$56,641
(5)	111	Total Storage Plant	\$0	\$0	\$0	\$0	\$0	\$0
(6)	100	Unamortized Acquisition Adjustment (Net of Accum. Depr. Gross Plant)	\$0	\$0	\$0	\$0	\$0	\$0
(7)		Total Other Rate Base Components	<u>\$717,542</u>	<u>\$377,283</u>	<u>\$179,577</u>	<u>\$41,127</u>	<u>\$51,001</u>	<u>\$68,554</u>
(8)		Total Rate Base	<u>\$7,321,697</u>	<u>\$4,464,365</u>	<u>\$1,699,934</u>	<u>\$312,973</u>	<u>\$405,143</u>	<u>\$439,281</u>

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY

ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSE

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 3  
PAGE 1 OF 1

	No.	Allocation Method	Total	Residential		General	Industrial		LV HLF	
				Sales	Service	Sales	Service	Large Volume	Industrial	Sales
<u>DEPRECIATION AND AMORTIZATION EXPENSES</u>										
(1) Total Manufactured Gas Production	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Total Underground Storage Plant	111	Total Storage Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Total Local Storage	0	Not Applicable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Plant										
(5) Mains	131	Transmission Mains Plant	\$29,595	\$14,443	\$7,797	\$1,925	\$2,651	\$2,778		
(6) Land and Land Rights	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(7) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0		
(8) Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(9) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$1,050	\$512	\$276	\$68	\$94	\$99		
(10) Other Transmission Equipment	132	Subtotal Transmission Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(11) Total Distribution										
(12) Mains	103	Distribution Mains Plant	\$143,177	\$69,876	\$37,719	\$9,313	\$12,826	\$13,442		
(13) Land and Land Rights	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(14) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0		
(15) Structures and Improvements	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(16) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$9,955	\$4,859	\$2,623	\$648	\$892	\$935		
(17) Services	8	Services Study	\$86,825	\$72,947	\$12,906	\$544	\$214	\$214		
(18) Meters - Account 381	7	Meters Study	\$31,052	\$22,619	\$7,811	\$325	\$148	\$148		
(19) Meter Installations - Account 381	7	Meters Study	\$8,964	\$6,529	\$2,255	\$94	\$43	\$43		
(20) House Regulators - Account 381	7	Meters Study	\$4,747	\$3,458	\$1,194	\$50	\$23	\$23		
(21) Industrial Measuring and Regulating Equipment	7	Meters Study	\$0	\$0	\$0	\$0	\$0	\$0		
(22) Other Distribution Equipment	109	Subtotal Distribution Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(23) General and Intangible Plant	110	Subtotal Gross Plant	\$48,859	\$30,243	\$11,247	\$2,010	\$2,618	\$2,741		
(24) Amortization of Leasehold Improvements	110	Subtotal Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(25) Amortization of Acquisition Adjustment	100	Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0		
(26) Total Depreciation and Amortization Expense			\$364,222	\$225,486	\$83,828	\$14,977	\$19,509	\$20,422		

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE**  
**PROFORMA A (PRESENT REVENUE LEVELS)**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 4  
PAGE 1 OF 2

	No.	Allocation Method	Total	Residential		General	Industrial		LV HLF	
				Sales	Service	Sales Service	Sales Service	Large Volume	Sales Service	Sales Service
<b>PROFORMA COST OF GAS</b>										
(1) Commodity Cost of Purchased Gas	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Demand Cost of Purchased Gas	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Leased Storage	9	Weighted Storage Allocator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Unaccounted for Gas Costs (Sales Only)	2	Annual Sales	\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413		
(5) Total Proforma Cost of Gas			\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413		
<b>OPERATING EXPENSES</b>										
(6) Total Manufactured Gas Production Expenses	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Total Natural Gas Production Expenses	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8) Total Underground Storage Expense	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(9) Total Transmission Expenses										
(10) Mains	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(11) Compressor Station Equipment	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12) Structures and Improvements	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(13) Measuring and Regulating Equipment	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(14) Supervision and Engineering	104	Transmission O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(15) Other Transmission	104	Transmission O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16) Total Distribution Expenses										
(17) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$75,104	\$36,654	\$19,786	\$4,885	\$6,728	\$7,051		
(18) Mains and Services	107	Mains and Services Plant	\$187,187	\$115,200	\$41,539	\$8,196	\$10,869	\$11,383		
(19) Industrial Measuring and Regulating Equipment	7	Meters Study	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(20) Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and House	\$28,934	\$21,077	\$7,278	\$303	\$138	\$138		
(21) Customer Installation Expenses	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(22) Structures and Improvements Maintenance	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(23) Supervision and Engineering	119	Distribution O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(24) Other Distribution	119	Distribution O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(25) Total Customer Accounts Expense	3	Number of Bills	\$286,728	\$254,135	\$32,117	\$390	\$43	\$43		
(26) Uncollectibles	14	Uncollectibles Study	\$10,251	\$9,636	\$615	\$0	\$0	\$0		
(27) Total Customer Service Expenses	3	Number of Bills	\$116,401	\$103,169	\$13,038	\$158	\$18	\$18		
(28) Total Sales Expenses	115	O&M Without Gas Costs (P/F A)	\$14,558	\$11,154	\$2,363	\$288	\$368	\$385		
(29) Administrative and General										
(30) Plant-Related	100	Gross Plant	\$2,055	\$1,272	\$473	\$85	\$110	\$115		
(31) Salaries-Related	125	Labor Allocator	\$335,500	\$261,821	\$52,782	\$5,837	\$7,357	\$7,703		
(32) Other	115	O&M Without Gas Costs (P/F A)	\$276,846	\$212,121	\$44,938	\$5,474	\$6,992	\$7,321		
(33) Total Proforma A Operating Costs			\$1,333,564	\$1,026,239	\$214,930	\$25,616	\$32,623	\$34,157		

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE**  
**PROFORMA B (PROPOSED REVENUE LEVELS)**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 4  
PAGE 2 OF 2

	NO.	Allocation Method	Total	Residential		General	Industrial		LV HLF	
				Sales	Service	Sales Service	Service	Sales	Large Volume	Sales
<b>PROFORMA COST OF COST</b>										
(1)	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2)	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3)	9	Weighted Storage Allocator	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4)	2	Annual Sales	\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413		
(5)		Total Proforma Cost of Gas	\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413		
<b>OPERATING EXPENSES</b>										
(6)	5	Design Day Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7)	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8)	2	Annual Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(9)		Total Transmission Expenses								
(10)	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(11)	1	Annual Throughput	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12)	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(13)	131	Transmission Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(14)	104	Transmission O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(15)	104	Transmission O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16)		Total Distribution Expenses								
(17)	103	Distribution Mains Plant	\$75,104	\$36,654	\$19,786	\$4,885	\$6,728	\$7,051		
(18)	107	Mains and Services Plant	\$187,187	\$115,200	\$41,539	\$8,196	\$10,869	\$11,383		
(19)	7	Meters Study	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(20)	108	Meters, Meter Installations and Hou:	\$28,934	\$21,077	\$7,278	\$303	\$138	\$138		
(21)	3	Number of Bills	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(22)	103	Distribution Mains Plant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(23)	119	Distribution O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(24)	119	Distribution O&M (P/F B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(25)	3	Number of Bills	\$286,728	\$254,135	\$32,117	\$390	\$43	\$43		
(26)	14	Uncollectibles Study	\$11,962	\$11,244	\$718	\$0	\$0	\$0		
(27)	3	Number of Bills	\$116,401	\$103,169	\$13,038	\$158	\$18	\$18		
(28)	117	O&M Without Gas Costs (P/F B)	\$14,558	\$11,154	\$2,362	\$288	\$368	\$385		
(29)		Administrative and General								
(30)	100	Gross Plant	\$2,055	\$1,272	\$473	\$85	\$110	\$115		
(31)	125	Labor Allocator	\$335,500	\$261,821	\$52,782	\$5,837	\$7,357	\$7,703		
(32)	117	O&M Without Gas Costs (P/F B)	\$277,323	\$212,484	\$45,002	\$5,487	\$7,010	\$7,340		
(33)		Total Proforma B Operating Costs	\$1,335,752	\$1,028,210	\$215,095	\$25,629	\$32,641	\$34,176		

COMMUNITY NATURAL GAS CO., INC.  
 IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
 COST OF SERVICE STUDY  
 ALLOCATION OF MISCELLANEOUS REVENUES AND CREDITS

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
 SCHEDULE 5  
 PAGE 1 OF 1

	Allocation Method	Total	Residential		General	Industrial		LV HLF
			Sales	Service	Sales Service	Sales	Large Volume	Industrial
<b><u>MISCELLANEOUS REVENUES AND CREDITS</u></b>								
(1) Forfeited Discounts	6 P/F A Normal Rev. w/o Misc. Rev.	\$27,248	\$17,566	\$5,974	\$972	\$1,165	\$1,570	
(2) Miscellaneous Service Revenues	10 90% Residential / 10% General	\$12,522	\$11,270	\$1,252	\$0	\$0	\$0	
(3) Total Miscellaneous Revenues		\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570	

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA A NORMALIZED TAXES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
PAGE 1 OF 9

No.	ALLOCATION METHOD	Total	Residential		General	Industrial	Large	LV HLF
			Sales	Service	Sales	Sales	Volume	Industrial
					Service	Service	Sales	Sales
(1)	Proforma A Normalized Revenues. w/o Misc. Rev.	\$2,386,743	\$1,538,703		\$523,316	\$85,179	\$102,026	\$137,519
(2)	Proforma A Normalized Miscellaneous Revenues	\$39,770	\$28,836		\$7,227	\$972	\$1,165	\$1,570
(3)	Proforma A Normalized Rev. w/Misc. Revenues	\$2,426,513	\$1,567,539		\$530,543	\$86,152	\$103,191	\$139,089
<b>Indiana Utility Receipts Taxes</b>								
(4)	Total Proforma A Normalized Revenues w/ Misc. Rev.	\$2,426,513	\$1,567,539		\$530,543	\$86,152	\$103,191	\$139,089
(5)	Less: Uncollectible Expense		14 Uncollectibles Study	(\$10,251)	(\$9,636)	(\$615)	\$0	\$0
(6)	Less: Statutory Exemption		133 P/F A Normal Rev. w/ Misc. Rev. Excluding WC	(\$1,000)	(\$675)	(\$228)	(\$37)	\$0
(7)	Less: Exempt Revenues		0 Not Applicable	\$0	\$0	\$0	\$0	\$0
(8)	Income for Utility Receipts Tax	\$2,415,262	\$1,557,228		\$529,700	\$86,115	\$103,191	\$139,029
(9)	Utility Receipts Tax Rate	1.40%	1.40%		1.40%	1.40%	1.40%	1.40%
(10)	Utility Receipts Tax	\$33,814	\$21,801		\$7,416	\$1,206	\$1,445	\$1,946
<b>State Income Taxes</b>								
(11)	Total Proforma A Normalized Revenues	\$2,426,513	\$1,567,539		\$530,543	\$86,152	\$103,191	\$139,089
(12)	Less: Operation and Maintenance Expenses	(\$1,333,564)	(\$1,026,239)		(\$214,930)	(\$25,616)	(\$32,623)	(\$34,157)
(13)	Less: Gas Costs	(\$25,133)	(\$10,050)		(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)
(14)	Less: Depreciation	(\$364,222)	(\$225,486)		(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)
(15)	Less: Property Taxes		100 Gross Plant	(\$79,732)	(\$49,353)	(\$18,353)	(\$3,280)	(\$4,273)
(16)	Less: Other Taxes		115 O&M Without Gas Costs (P/F A)	(\$51,733)	(\$39,638)	(\$8,397)	(\$1,023)	(\$1,307)
(17)	Less: Utility Receipts Tax	\$0		\$0	\$0	\$0	\$0	\$0
(18)	Less: Interest Expense		102 Original Cost Rate Base	\$0	\$0	\$0	\$0	\$0
(19)	Plus: Non-Deductible Expenses		102 Original Cost Rate Base	\$0	\$0	\$0	\$0	\$0
(20)	Income for State Income Taxes	\$572,130	\$216,774		\$197,700	\$39,308	\$43,092	\$75,256
(21)	State Income Tax Rate	7.50%	7.50%		7.50%	7.50%	7.50%	7.50%
(22)	State Income Taxes	\$42,910	\$16,258		\$14,828	\$2,948	\$3,232	\$5,644
(23)	Less: Deferred State Tax Flowback		120 Total Depreciation Expenses	\$0	\$0	\$0	\$0	\$0
(24)	Total State Tax Liability	\$42,910	\$16,258		\$14,828	\$2,948	\$3,232	\$5,644

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA A NORMALIZED TAXES (Continued)

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
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	No.	ALLOCATION METHOD	Total	Residential		General	Industrial	Volume	Industrial
				Sales	Service	Sales Service	Sales Service	Sales Service	Sales Service
<b>Federal Income Taxes</b>									
(25)		Total Proforma A Normalized Revenues	\$2,426,513	\$1,567,539		\$530,543	\$86,152	\$103,191	\$139,089
(26)		Less: Operation and Maintenance Expenses	(\$1,333,564)	(\$1,026,239)		(\$214,930)	(\$25,616)	(\$32,623)	(\$34,157)
(27)		Less: Gas Costs	(\$25,133)	(\$10,050)		(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)
(28)		Less: Depreciation	(\$364,222)	(\$225,486)		(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)
(29)		Less: Property Taxes	(\$79,732)	(\$49,353)		(\$18,353)	(\$3,280)	(\$4,273)	(\$4,473)
(30)		Less: Other Taxes	(\$51,733)	(\$39,638)		(\$8,397)	(\$1,023)	(\$1,307)	(\$1,368)
(31)		Less: Utility Receipts Tax	(\$33,814)	(\$21,801)		(\$7,416)	(\$1,206)	(\$1,445)	(\$1,946)
(32)		Less: Interest Expense	\$0	\$0		\$0	\$0	\$0	\$0
(33)		Plus: Non-Deductible Expenses	\$0	\$0		\$0	\$0	\$0	\$0
(34)		Less: State Income taxes	(\$42,910)	(\$16,258)		(\$14,828)	(\$2,948)	(\$3,232)	(\$5,644)
(35)		Income for Federal Income Taxes	\$495,406	\$178,715		\$175,457	\$35,154	\$38,416	\$67,665
(36)		Federal Income Tax Rate	34.00%	34.00%		34.00%	34.00%	34.00%	34.00%
(37)		Federal Income Taxes	\$168,438	\$60,763		\$59,655	\$11,952	\$13,061	\$23,006
(38)	100	Less: Investment Tax Credit	\$0	\$0		\$0	\$0	\$0	\$0
(39)	120	Less: Deferred Federal Tax Flowback	\$0	\$0		\$0	\$0	\$0	\$0
(40)		Total Federal Tax Liability	\$168,438	\$60,763		\$59,655	\$11,952	\$13,061	\$23,006
<b>Net Operating Income</b>									
(41)		Total Proforma A Normalized Margins	\$2,426,513	\$1,567,539		\$530,543	\$86,152	\$103,191	\$139,089
(42)		Less: Operation and Maintenance Expenses	(\$1,333,564)	(\$1,026,239)		(\$214,930)	(\$25,616)	(\$32,623)	(\$34,157)
(43)		Less: Gas Costs	(\$25,133)	(\$10,050)		(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)
(44)		Less: Depreciation	(\$364,222)	(\$225,486)		(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)
(45)		Less: Other Taxes	(\$51,733)	(\$39,638)		(\$8,397)	(\$1,023)	(\$1,307)	(\$1,368)
(46)		Less: Utility Receipts Tax	(\$33,814)	(\$21,801)		(\$7,416)	(\$1,206)	(\$1,445)	(\$1,946)
(47)		Less: Property Taxes	(\$79,732)	(\$49,353)		(\$18,353)	(\$3,280)	(\$4,273)	(\$4,473)
(48)		Less: State Income Taxes	(\$42,910)	(\$16,258)		(\$14,828)	(\$2,948)	(\$3,232)	(\$5,644)
(49)		Less: Total Federal Income tax Liability	(\$168,438)	(\$60,763)		(\$59,655)	(\$11,952)	(\$13,061)	(\$23,006)
(50)		Net Operating Income	\$326,968	\$117,952		\$115,801	\$23,202	\$25,354	\$44,659
(51)		Total Rate Base	\$7,321,697	\$4,464,365		\$1,699,934	\$312,973	\$405,143	\$439,281
(52)		Rate of Return	4.47%	2.64%		6.81%	7.41%	6.26%	10.17%

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA A EQUALIZED TAXES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
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NO.	ALLOCATION METHOD	TOTAL	Residential	General	Industrial	Large	LV HLF
			Sales Service	Sales Service	Sales Service	Volume Sales Service	Industrial Sales Service
(1)	Rate Base	\$7,321,697	\$4,464,365	\$1,699,934	\$312,973	\$405,143	\$439,281
(2)	Allowed Rate of Return	4.4657%	4.4657%	4.4657%	4.4657%	4.4657%	4.4657%
(3)	Allowed Net Operating Income	\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
<b><u>Federal Income Taxes</u></b>							
(4)	Net Operating Income	\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
(5)	Less: Interest Expense	102	Original Cost Rate Base	\$0	\$0	\$0	\$0
(6)	Plus: Non-Deductible Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(7)	Plus: Investment Tax Credit	100	Gross Plant	\$0	\$0	\$0	\$0
(8)	Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(9)	Total Amount to Calculate Federal Taxes	\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
(10)	Federal Tax Factor (Tax Rate/(1-Tax Rate))	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
(11)	Federal Income Taxes Before Flowback	\$168,438	\$102,704	\$39,108	\$7,200	\$9,320	\$10,106
(12)	Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(13)	Less: Investment Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0
(14)	Federal Income taxes After Flowback	\$168,438	\$102,704	\$39,108	\$7,200	\$9,320	\$10,106
<b><u>State Income Taxes</u></b>							
(15)	Net Operating Income	\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
(16)	Less: Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0
(17)	Plus: Non-Deductible Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(18)	Plus: Utility Receipts Tax	\$33,814	\$23,697	\$6,487	\$991	\$1,275	\$1,363
(19)	Plus: Investment Tax Credit	\$0	\$0	\$0	\$0	\$0	\$0
(20)	Plus: Federal Income Taxes	\$168,438	\$102,704	\$39,108	\$7,200	\$9,320	\$10,106
(21)	Plus: Property taxes	100	Gross Plant	\$0	\$0	\$0	\$0
(22)	Less: Deferred State Tax Flowback	102	Original Cost Rate Base	\$0	\$0	\$0	\$0
(23)	Total Amount to Calculate State Taxes	\$529,220	\$325,769	\$121,509	\$22,167	\$28,688	\$31,086
(24)	State Tax Factor (Tax Rate/(1-Tax Rate))	8.1081%	8.1081%	8.1081%	8.1081%	8.1081%	8.1081%
(25)	State Income Taxes-Current and Deferred	\$42,910	\$26,414	\$9,852	\$1,797	\$2,326	\$2,521
(26)	Less: Deferred State Tax Flowback	102	Original Cost Rate Base	\$0	\$0	\$0	\$0
(27)	State Income Tax After Flowback	\$42,910	\$26,414	\$9,852	\$1,797	\$2,326	\$2,521

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA A EQUALIZED TAXES (Continued)

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
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	NO.	ALLOCATION METHOD	TOTAL	Residential Sales Service	General Sales Service	Industrial Sales Service	Large Volume Sales Service	LV HLF Industrial Sales Service
<b>Utility Receipts Taxes</b>								
(28)			\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
(29)			\$1,333,564	\$1,026,239	\$214,930	\$25,616	\$32,623	\$34,157
(30)			\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413
(31)			\$364,222	\$225,486	\$83,828	\$14,977	\$19,509	\$20,422
(32)			\$0	\$0	\$0	\$0	\$0	\$0
(33)			\$168,438	\$102,704	\$39,108	\$7,200	\$9,320	\$10,106
(34)			\$42,910	\$26,414	\$9,852	\$1,797	\$2,326	\$2,521
(35)			\$79,732	\$49,353	\$18,353	\$3,280	\$4,273	\$4,473
(36)			\$51,733	\$39,637	\$8,395	\$1,024	\$1,308	\$1,369
(37)		117 O&M Without Gas Costs (P/F B)	(\$10,251)	(\$9,636)	(\$615)	\$0	\$0	\$0
(38)		14 Uncollectibles Study	(\$1,000)	(\$646)	(\$219)	(\$36)	(\$43)	(\$57)
(39)		121 P/F A Normal Rev. w/ Misc. Rev.	\$0	\$0	\$0	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Taxes	\$2,381,448	\$1,668,968	\$456,881	\$69,783	\$89,796	\$96,020
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$33,814	\$23,697	\$6,487	\$991	\$1,275	\$1,363
<b>Derivation of Proforma A Equalized Revenues</b>								
(43)			\$326,968	\$199,367	\$75,915	\$13,977	\$18,093	\$19,617
(44)			\$1,333,564	\$1,026,239	\$214,930	\$25,616	\$32,623	\$34,157
(45)			\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413
(46)			\$364,222	\$225,486	\$83,828	\$14,977	\$19,509	\$20,422
(47)			\$168,438	\$102,704	\$39,108	\$7,200	\$9,320	\$10,106
(48)			\$42,910	\$26,414	\$9,852	\$1,797	\$2,326	\$2,521
(49)			\$33,814	\$23,697	\$6,487	\$991	\$1,275	\$1,363
(50)			\$79,732	\$49,353	\$18,353	\$3,280	\$4,273	\$4,473
(51)			\$51,733	\$39,637	\$8,395	\$1,024	\$1,308	\$1,369
(52)			\$0	\$0	\$0	\$0	\$0	\$0
(53)		Proforma A Equalized Revenues w/Misc. Rev.	\$2,426,513	\$1,702,947	\$464,202	\$70,810	\$91,114	\$97,441

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA B EQUALIZED TAXES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
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	NO.	ALLOCATION METHOD	TOTAL	Residential	General	Industrial	Large	LV HLF
				Sales Service	Sales Service	Sales Service	Volume Sales	Industrial Sales
(1) Rate Base			\$7,321,697	\$4,464,365	\$1,699,934	\$312,973	\$405,143	\$439,281
(2) Allowed Rate of Return			7.7199%	7.7199%	7.7199%	7.7199%	7.7199%	7.7199%
(3) Allowed Net Operating Income			\$565,231	\$344,647	\$131,234	\$24,161	\$31,277	\$33,912
<b><u>Federal Income Taxes</u></b>								
(4) Net Operating Income			\$565,231	\$344,647	\$131,234	\$24,161	\$31,277	\$33,912
(5) Less: Interest Expense	102	Original Cost Rate Base	\$0	\$0	\$0	\$0	\$0	\$0
(6) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0	\$0	\$0
(7) Plus: Investment Tax Credit	100	Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0
(8) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(9) Total Amount to Calculate Federal Taxes			\$565,231	\$344,647	\$131,234	\$24,161	\$31,277	\$33,912
(10) Federal Tax Factor (Tax Rate/(1-Tax Rate))			51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
(11) Federal Income Taxes Before Flowback and ITC			\$291,180	\$177,545	\$67,605	\$12,447	\$16,112	\$17,470
(12) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(13) Less: Investment Tax Credit			\$0	\$0	\$0	\$0	\$0	\$0
(14) Federal Income Tax Liability			\$291,180	\$177,545	\$67,605	\$12,447	\$16,112	\$17,470
<b><u>State Income Taxes</u></b>								
(15) Net Operating Income			\$565,231	\$344,647	\$131,234	\$24,161	\$31,277	\$33,912
(16) Less: Interest Expense			\$0	\$0	\$0	\$0	\$0	\$0
(17) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0	\$0	\$0
(18) Plus: Utility Receipts Tax			\$39,368	\$27,084	\$7,777	\$1,228	\$1,582	\$1,697
(19) Plus: Investment Tax Credit			\$0	\$0	\$0	\$0	\$0	\$0
(20) Plus: Federal Income Taxes			\$291,180	\$177,545	\$67,605	\$12,447	\$16,112	\$17,470
(21) Plus: Property Taxes	100	Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0
(22) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0	\$0	\$0
(23) Total Amount to Calculate State Taxes			\$895,779	\$549,276	\$206,616	\$37,836	\$48,971	\$53,079
(24) State Tax Factor (Tax Rate/(1-Tax Rate))			8.1081%	8.1081%	8.1081%	8.1081%	8.1081%	8.1081%
(25) State Income Taxes-Current and Deferred			\$72,631	\$44,536	\$16,753	\$3,068	\$3,971	\$4,304
(26) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0	\$0	\$0
(27) State Income Tax Liability			\$72,631	\$44,536	\$16,753	\$3,068	\$3,971	\$4,304

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA B EQUALIZED TAXES (Continued)

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
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	NO.	ALLOCATION METHOD	TOTAL	Residential		General	Industrial	Large	LV HLF
				Sales	Service	Sales Service	Sales Service	Volume Sales Service	Industrial Sales Service
<b>Utility Receipts Tax</b>									
(28)		Net Operating Income	\$565,231	\$344,647		\$131,234	\$24,161	\$31,277	\$33,912
(29)		Plus: Operating & Maintenance Expenses	\$1,335,752	\$1,028,210		\$215,095	\$25,629	\$32,641	\$34,176
(30)		Plus: Gas Costs (Rate 70 + UAFG)	\$25,133	\$10,050		\$7,336	\$1,948	\$2,387	\$3,413
(31)		Plus: Depreciation and Amortization Expenses	\$364,222	\$225,486		\$83,828	\$14,977	\$19,509	\$20,422
(32)	100	Plus: Investment Tax Credit Gross Plant	\$0	\$0		\$0	\$0	\$0	\$0
(33)		Plus: Federal Income Taxes	\$291,180	\$177,545		\$67,605	\$12,447	\$16,112	\$17,470
(34)		Plus: Property Taxes	\$79,732	\$49,353		\$18,353	\$3,280	\$4,273	\$4,473
(35)		Plus: State Income Taxes	\$72,631	\$44,536		\$16,753	\$3,068	\$3,971	\$4,304
(36)	117	Plus: Other Taxes O&M Without Gas Costs (P/F B)	\$51,733	\$39,637		\$8,395	\$1,024	\$1,308	\$1,369
(37)	14	Less: Uncollectible Expense Uncollectibles Study	(\$11,962)	(\$11,244)		(\$718)	\$0	\$0	\$0
(38)	122	Less: Statutory Exemption P/F A Equalized Rev. w/ Misc. Rev.	(\$1,000)	(\$702)		(\$191)	(\$29)	(\$38)	(\$40)
(39)		Less: Exempt Revenues	\$0	\$0		\$0	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Tax	\$2,772,651	\$1,907,518		\$547,689	\$86,505	\$111,440	\$119,499
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%		1.4199%	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$39,368	\$27,084		\$7,777	\$1,228	\$1,582	\$1,697
<b>DERIVATION OF PROFORMA B EQUALIZED REVENUES</b>									
(43)		Net Operating Income	\$565,231	\$344,647		\$131,234	\$24,161	\$31,277	\$33,912
(44)		Plus: Operating & Maintenance Expenses	\$1,335,752	\$1,028,210		\$215,095	\$25,629	\$32,641	\$34,176
(45)		Plus: Gas Costs	\$25,133	\$10,050		\$7,336	\$1,948	\$2,387	\$3,413
(46)		Plus: Depreciation and Amortization Expenses	\$364,222	\$225,486		\$83,828	\$14,977	\$19,509	\$20,422
(47)		Plus: Federal Income Taxes	\$291,180	\$177,545		\$67,605	\$12,447	\$16,112	\$17,470
(48)		Plus: State Income Taxes	\$72,631	\$44,536		\$16,753	\$3,068	\$3,971	\$4,304
(49)		Plus: Utility Receipts Taxes	\$39,368	\$27,084		\$7,777	\$1,228	\$1,582	\$1,697
(50)		Plus: Property Taxes	\$79,732	\$49,353		\$18,353	\$3,280	\$4,273	\$4,473
(51)		Plus Other Taxes	\$51,733	\$39,637		\$8,395	\$1,024	\$1,308	\$1,369
(52)		Plus: Investment Tax Credit	\$0	\$0		\$0	\$0	\$0	\$0
(53)		Proforma B Equalized Revenues w/Misc. Rev.	\$2,824,981	\$1,946,549		\$556,374	\$87,763	\$113,060	\$121,236

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA B NORMALIZED TAXES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
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NO.	ALLOCATION METHOD	TOTAL	Residential		General	Industrial	Large	LV HLF
			Sales	Service	Sales	Sales	Volume	Industrial
					Service	Service	Sales	Sales
<b><u>SUBSIDY REDUCTION</u></b>								
(1)	Proforma A Normalized Revenues w/Misc. Rev.	\$2,426,513	\$1,567,539	\$530,543	\$86,152	\$103,191	\$139,089	
(2)	Less: Proforma A Equalized Revenues w/Misc. Rev.	\$2,426,513	\$1,702,947	\$464,202	\$70,810	\$91,114	\$97,441	
(3)	Proforma A Subsidy	\$0	(\$135,408)	\$66,341	\$15,342	\$12,077	\$41,648	
(4)	Proposed Subsidy Reduction Percentage		23.69%	20.00%	20.00%	61.40%	20.00%	
(5)	Proforma B Subsidy	\$0	(\$103,326)	\$53,073	\$12,274	\$4,662	\$33,318	
(6)	Proforma B Equalized Revenues w/Misc. Rev.	\$2,824,981	\$1,946,549	\$556,374	\$87,763	\$113,060	\$121,236	
(7)	Proforma B Normalized Revenues w/Misc. Rev.	\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554	
<b><u>TAX CALCULATIONS</u></b>								
<b><u>Utility Receipts Taxes</u></b>								
(8)	Total Proforma B Normal Revenues	\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554	
(9)	Less: Uncollectible Expense		14 Uncollectibles Study	(\$11,962)	(\$11,244)	(\$718)	\$0	\$0
(10)	Less: Statutory Exemption		124 P/F B Normal Rev. w/ Misc. Rev.	(\$1,000)	(\$652)	(\$216)	(\$35)	(\$42)
(11)	Less: Exempt Revenues	\$0		\$0	\$0	\$0	\$0	\$0
(12)	Income for Utility Receipts Taxes	\$2,812,019	\$1,831,325	\$608,514	\$100,001	\$117,680	\$154,499	
(13)	Utility Receipts Tax Rate	1.40%		1.40%	1.40%	1.40%	1.40%	1.40%
(14)	Utility Receipts Taxes	\$39,368	\$25,639	\$8,519	\$1,400	\$1,648	\$2,163	
<b><u>State Income Taxes</u></b>								
(15)	Total Proforma B Normal Revenues	\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554	
(16)	Less: Operation and Maintenance Expenses	(\$1,335,752)	(\$1,028,210)	(\$215,095)	(\$25,629)	(\$32,641)	(\$34,176)	
(17)	Less: Gas Costs	(\$25,133)	(\$10,050)	(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)	
(18)	Less: Depreciation Expense	(\$364,222)	(\$225,486)	(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)	
(19)	Less: Property Taxes	(\$79,732)	(\$49,353)	(\$18,353)	(\$3,280)	(\$4,273)	(\$4,473)	
(20)	Less: Other Taxes	(\$51,733)	(\$39,637)	(\$8,395)	(\$1,024)	(\$1,308)	(\$1,369)	
(21)	Less: Utility Receipts Tax	\$0	\$0	\$0	\$0	\$0	\$0	
(22)	Less: Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	
(23)	Less: Non-Deductible Expenses	\$0	\$0	\$0	\$0	\$0	\$0	
(24)	Income for State Income Taxes	\$968,410	\$490,486	\$276,441	\$53,178	\$57,604	\$90,701	
(25)	State Income Tax Rate	7.50%		7.50%	7.50%	7.50%	7.50%	
(26)	State Income Taxes Before Flowback	\$72,631	\$36,786	\$20,733	\$3,988	\$4,320	\$6,803	
(27)	Less: Deferred State Tax Flowback	\$0	\$0	\$0	\$0	\$0	\$0	
(28)	Total State Income Tax Liability	\$72,631	\$36,786	\$20,733	\$3,988	\$4,320	\$6,803	

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES  
PROFORMA B NORMALIZED TAXES (Continued)

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
PAGE 8 OF 9

	NO.	ALLOCATION METHOD	TOTAL	Residential		General	Industrial	Large	LV HLF
				Sales	Service	Sales	Service	Volume	Industrial
<b>Federal Income taxes</b>									
(29)		Total Proforma B Normal Revenues	\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554	
(30)		Less: Operation and Maintenance Expenses	(\$1,335,752)	(\$1,028,210)	(\$215,095)	(\$25,629)	(\$32,641)	(\$34,176)	
(31)		Less: Gas Costs	(\$25,133)	(\$10,050)	(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)	
(32)		Less: Depreciation Expense	(\$364,222)	(\$225,486)	(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)	
(33)		Less: Other Taxes	(\$51,733)	(\$39,637)	(\$8,395)	(\$1,024)	(\$1,308)	(\$1,369)	
(34)	100	Less: Property Taxes Gross Plant	(\$79,732)	(\$49,353)	(\$18,353)	(\$3,280)	(\$4,273)	(\$4,473)	
(35)		Less: Utility Receipts Taxes	(\$39,368)	(\$25,639)	(\$8,519)	(\$1,400)	(\$1,648)	(\$2,163)	
(36)	102	Less: Interest Expense Original Cost Rate Base	\$0	\$0	\$0	\$0	\$0	\$0	
(37)		Less: Non-Deductible Expenses	\$0	\$0	\$0	\$0	\$0	\$0	
(38)		Less: State Income taxes	(\$72,631)	(\$36,786)	(\$20,733)	(\$3,988)	(\$4,320)	(\$6,803)	
(39)		Income for Federal Income Taxes	\$856,411	\$428,061	\$247,189	\$47,790	\$51,636	\$81,735	
(40)		Federal Income Tax Rate	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	
(41)		Federal Income Taxes	\$291,180	\$145,541	\$84,044	\$16,248	\$17,556	\$27,790	
(42)	100	Less: Investment Tax Credit Gross Plant	\$0	\$0	\$0	\$0	\$0	\$0	
(43)	120	Less: Deferred Federal Tax Flowback Total Depreciation Expenses	\$0	\$0	\$0	\$0	\$0	\$0	
(44)		Total Federal Income Tax Liability	\$291,180	\$145,541	\$84,044	\$16,248	\$17,556	\$27,790	
<b>Net Operating Income</b>									
(45)		Total Proforma B Normal Revenues w/Misc. Rev.	\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554	
(46)		Less: Operation and Maintenance Expenses	(\$1,335,752)	(\$1,028,210)	(\$215,095)	(\$25,629)	(\$32,641)	(\$34,176)	
(47)		Less: Gas Costs	(\$25,133)	(\$10,050)	(\$7,336)	(\$1,948)	(\$2,387)	(\$3,413)	
(48)		Less: Depreciation Expense	(\$364,222)	(\$225,486)	(\$83,828)	(\$14,977)	(\$19,509)	(\$20,422)	
(49)		Less: Other Taxes	(\$51,733)	(\$39,637)	(\$8,395)	(\$1,024)	(\$1,308)	(\$1,369)	
(50)		Less: Utility Receipts Taxes	(\$39,368)	(\$25,639)	(\$8,519)	(\$1,400)	(\$1,648)	(\$2,163)	
(51)		Less: Property Taxes	(\$79,732)	(\$49,353)	(\$18,353)	(\$3,280)	(\$4,273)	(\$4,473)	
(52)		Less: State Income Taxes	(\$72,631)	(\$36,786)	(\$20,733)	(\$3,988)	(\$4,320)	(\$6,803)	
(53)		Less: Total Federal Income Tax Liability	(\$291,180)	(\$145,541)	(\$84,044)	(\$16,248)	(\$17,556)	(\$27,790)	
(54)		Net Operating Income	\$565,231	\$282,520	\$163,145	\$31,541	\$34,080	\$53,945	
(55)		Total Rate Base	\$7,321,697	\$4,464,365	\$1,699,934	\$312,973	\$405,143	\$439,281	
(56)		Rate of Return	7.72%	6.33%	9.60%	10.08%	8.41%	12.28%	

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
SUMMARY OF PROFORMA REVENUES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 6  
PAGE 9 OF 9

		<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Residential</u> <u>Sales Service</u>	<u>General</u> <u>Sales</u> <u>Service</u>	<u>Industrial</u> <u>Sales</u> <u>Service</u>	<u>Large</u> <u>Volume</u> <u>Sales</u>	<u>LV HLF</u> <u>Industrial</u> <u>Sales</u>
		<b><u>Proforma A Normalized Revenues</u></b>							
(1)	Proforma A Normalized Revenues w/o Misc. Rev.			\$2,386,743	\$1,538,703	\$523,316	\$85,179	\$102,026	\$137,519
(2)	Proforma A Normalized Miscellaneous Revenues			\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570
(3)	Total Proforma A Normalized Revenues w/Misc. Rev.			\$2,426,513	\$1,567,539	\$530,543	\$86,152	\$103,191	\$139,089
		<b><u>Proforma A Equalized Revenues</u></b>							
(4)	Proforma A Equalized Revenues w/o Misc. Rev.			\$2,386,743	\$1,674,111	\$456,975	\$69,837	\$89,949	\$95,871
(5)	Proforma A Equalized Miscellaneous Revenues			\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570
(6)	Total Proforma A Equalized Revenues w/Misc. Rev.			\$2,426,513	\$1,702,947	\$464,202	\$70,810	\$91,114	\$97,441
		<b><u>Proforma B Equalized Revenues</u></b>							
(7)	Proforma B Equalized Revenues w/o Misc. Rev.			\$2,785,211	\$1,917,712	\$549,148	\$86,790	\$111,895	\$119,666
(8)	Proforma B Equalized Miscellaneous Revenues			\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570
(9)	Total Proforma B Equalized Revenues w/Misc. Rev.			\$2,824,981	\$1,946,549	\$556,374	\$87,763	\$113,060	\$121,236
		<b><u>Proforma B Normalized Revenues</u></b>							
(10)	Proforma B Normalized Revenues w/o Misc. Rev.			\$2,785,211	\$1,814,386	\$602,221	\$99,064	\$116,557	\$152,984
(11)	Proforma B Normalized Miscellaneous Revenues			\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570
(12)	Total Proforma B Normalized Revenues w/Misc. Rev.			\$2,824,981	\$1,843,222	\$609,447	\$100,036	\$117,721	\$154,554

COMMUNITY NATURAL GAS CO., INC.  
 IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
 COST OF SERVICE STUDY  
 NORMALIZED COST OF SERVICE AT PRESENT RATES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
 SCHEDULE 7  
 PAGE 1 OF 4

	<u>TOTAL</u>	<u>Residential</u> <u>Sales Service</u>	<u>General</u> <u>Sales Service</u>	<u>Industrial</u> <u>Sales</u> <u>Service</u>	<u>Large</u> <u>Volume</u> <u>Sales</u> <u>Service</u>	<u>LV HLF</u> <u>Industrial</u> <u>Sales</u> <u>Service</u>
<u>OPERATING REVENUES:</u>						
(1) Revenue from Gas Sales	\$2,386,743	\$1,538,703	\$523,316	\$85,179	\$102,026	\$137,519
(2) Miscellaneous Revenues	<u>\$39,770</u>	<u>\$28,836</u>	<u>\$7,227</u>	<u>\$972</u>	<u>\$1,165</u>	<u>\$1,570</u>
(3) Total Operating Revenues	<u>\$2,426,513</u>	<u>\$1,567,539</u>	<u>\$530,543</u>	<u>\$86,152</u>	<u>\$103,191</u>	<u>\$139,089</u>
<u>OPERATING EXPENSES</u>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413
(8) Total Manufactured Gas Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(9) Total Natural Gas Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(10) Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0
(11) Total Transmission Expenses						
(12) Mains	\$0	\$0	\$0	\$0	\$0	\$0
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(16) Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0
(17) Other Transmission	\$0	\$0	\$0	\$0	\$0	\$0
(18) Total Distribution Expenses						
(19) Measuring and Regulating Equipment	\$75,104	\$36,654	\$19,786	\$4,885	\$6,728	\$7,051
(20) Mains and Services	\$187,187	\$115,200	\$41,539	\$8,196	\$10,869	\$11,383
(21) Industrial Measuring and Regulating Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(22) Meter, Meter Installation and House Regulator	\$28,934	\$21,077	\$7,278	\$303	\$138	\$138
(23) Customer Installation Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(24) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
(25) Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0
(26) Other Distribution	\$0	\$0	\$0	\$0	\$0	\$0
(27) Total Customer Accounts Expense	\$286,728	\$254,135	\$32,117	\$390	\$43	\$43
(28) Uncollectibles	\$10,251	\$9,636	\$615	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$116,401	\$103,169	\$13,038	\$158	\$18	\$18
(30) Total Sales Expenses	\$14,558	\$11,154	\$2,363	\$288	\$368	\$385
(31) Administrative and General	\$614,401	\$475,213	\$98,194	\$11,396	\$14,460	\$15,139
(32) Total Depreciation and Amortization Expense	\$364,222	225,486	83,828	14,977	19,509	20,422
(33) Other Taxes	\$51,733	\$39,638	\$8,397	\$1,023	\$1,307	\$1,368
(34) Property Taxes	\$79,732	\$49,353	\$18,353	\$3,280	\$4,273	\$4,473
(35) Utility Receipts Taxes	\$33,814	\$21,801	\$7,416	\$1,206	\$1,445	\$1,946
(36) State Income Taxes	\$42,910	\$16,258	\$14,828	\$2,948	\$3,232	\$5,644
(37) Federal Income Taxes	<u>\$168,438</u>	<u>\$60,763</u>	<u>\$59,655</u>	<u>\$11,952</u>	<u>\$13,061</u>	<u>\$23,006</u>
(38) Total Operating Expenses	<u>\$2,099,545</u>	<u>\$1,449,587</u>	<u>\$414,742</u>	<u>\$62,950</u>	<u>\$77,836</u>	<u>\$94,430</u>
(39) Net Operating Income	<u>\$326,968</u>	<u>\$117,952</u>	<u>\$115,801</u>	<u>\$23,202</u>	<u>\$25,354</u>	<u>\$44,659</u>
(40) Total Rate Base	\$7,321,697	\$4,464,365	\$1,699,934	\$312,973	\$405,143	\$439,281
(41) Rate of Return	<u>4.47%</u>	<u>2.64%</u>	<u>6.81%</u>	<u>7.41%</u>	<u>6.26%</u>	<u>10.17%</u>





**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**NORMALIZED COST OF SERVICE AT PROPOSED RATES**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S2  
SCHEDULE 7  
PAGE 4 OF 4

	<u>TOTAL</u>	<u>Residential</u> <u>Sales</u>	<u>General</u> <u>Sales</u>	<u>Industrial</u> <u>Sales</u> <u>Service</u>	<u>Large</u> <u>Volume</u> <u>Sales</u> <u>Service</u>	<u>LV HLF</u> <u>Industrial</u> <u>Sales</u> <u>Service</u>
<u>OPERATING REVENUES:</u>						
(1) Revenue from Gas Sales	\$2,785,211	\$1,814,386	\$602,221	\$99,064	\$116,557	\$152,984
(2) Miscellaneous Revenues	<u>\$39,770</u>	<u>\$28,836</u>	<u>\$7,227</u>	<u>\$972</u>	<u>\$1,165</u>	<u>\$1,570</u>
(3) Total Operating Revenues	<u>\$2,824,981</u>	<u>\$1,843,222</u>	<u>\$609,447</u>	<u>\$100,036</u>	<u>\$117,721</u>	<u>\$154,554</u>
<u>OPERATING EXPENSES</u>						
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unaccounted for Gas Costs (Sales Only)	\$25,133	\$10,050	\$7,336	\$1,948	\$2,387	\$3,413
(8) Total Manufactured Gas Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(9) Total Natural Gas Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(10) Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0
(11) Total Transmission Expenses						
(12) Mains	\$0	\$0	\$0	\$0	\$0	\$0
(13) Compressor Station Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(16) Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0
(17) Other Transmission	\$0	\$0	\$0	\$0	\$0	\$0
(18) Total Distribution Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(19) Measuring and Regulating Equipment	\$75,104	\$36,654	\$19,786	\$4,885	\$6,728	\$7,051
(20) Mains and Services	\$187,187	\$115,200	\$41,539	\$8,196	\$10,869	\$11,383
(21) Industrial Measuring and Regulating Equipment	\$0	\$0	\$0	\$0	\$0	\$0
(22) Meter, Meter Installation and House Regulator	\$28,934	\$21,077	\$7,278	\$303	\$138	\$138
(23) Customer Installation Expenses	\$0	\$0	\$0	\$0	\$0	\$0
(24) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
(25) Supervision and Engineering	\$0	\$0	\$0	\$0	\$0	\$0
(26) Other Distribution	\$0	\$0	\$0	\$0	\$0	\$0
(27) Total Customer Accounts Expense	\$286,728	\$254,135	\$32,117	\$390	\$43	\$43
(28) Uncollectibles	\$11,962	\$11,244	\$718	\$0	\$0	\$0
(29) Total Customer Service Expenses	\$116,401	\$103,169	\$13,038	\$158	\$18	\$18
(30) Total Sales Expenses	\$14,558	\$11,154	\$2,362	\$288	\$368	\$385
(31) Administrative and General	\$614,878	\$475,577	\$98,257	\$11,409	\$14,478	\$15,158
(32) Total Depreciation and Amortization Expense	\$364,222	\$225,486	\$83,828	\$14,977	\$19,509	\$20,422
(33) Other Taxes	\$51,733	\$39,637	\$8,395	\$1,024	\$1,308	\$1,369
(34) Property Taxes	\$79,732	\$49,353	\$18,353	\$3,280	\$4,273	\$4,473
(35) Utility Receipts Taxes	\$39,368	\$25,639	\$8,519	\$1,400	\$1,648	\$2,163
(36) State Income Taxes	\$72,631	\$36,786	\$20,733	\$3,988	\$4,320	\$6,803
(37) Federal Income Taxes	<u>\$291,180</u>	<u>\$145,541</u>	<u>\$84,044</u>	<u>\$16,248</u>	<u>\$17,556</u>	<u>\$27,790</u>
(38) Total Operating Expenses	<u>\$2,259,750</u>	<u>\$1,560,702</u>	<u>\$446,302</u>	<u>\$68,495</u>	<u>\$83,642</u>	<u>\$100,609</u>
(39) Net Operating Income	<u>\$565,231</u>	<u>\$282,520</u>	<u>\$163,145</u>	<u>\$31,541</u>	<u>\$34,080</u>	<u>\$53,945</u>
(40) Total Rate Base	\$7,321,697	\$4,464,365	\$1,699,934	\$312,973	\$405,143	\$439,281
(41) Rate of Return	<u>7.72%</u>	<u>6.33%</u>	<u>9.60%</u>	<u>10.08%</u>	<u>8.41%</u>	<u>12.28%</u>

**COMMUNITY NATURAL GAS CO., INC**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES**  
**AT PRESENT RATES OF RETURN**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S3  
SCHEDULE 1

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Residential</u> <u>Sales Service</u> (C)	<u>General Sales</u> <u>Service</u> (D)	<u>Industrial Sales</u> <u>Service</u> (D)	<u>Large Volume</u> <u>Sales Service</u> (E)	<u>LV HLF</u> <u>Industrial Sales</u> <u>Service</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$2,386,743	\$1,538,703	\$523,316	\$85,179	\$102,026	\$137,519
2	Miscellaneous Revenues	\$39,770	\$28,836	\$7,227	\$972	\$1,165	\$1,570
3	Total	<u>\$2,426,513</u>	<u>\$1,567,539</u>	<u>\$530,543</u>	<u>\$86,152</u>	<u>\$103,191</u>	<u>\$139,089</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$1,358,697	\$1,036,288	\$222,265	\$27,563	\$35,010	\$37,570
5	Depreciation and Amortization	364,222	225,486	83,828	14,977	19,509	20,422
6	Federal Income Taxes	168,438	60,763	59,655	11,952	13,061	23,006
7	State Income Taxes	42,910	16,258	14,828	2,948	3,232	5,644
8	Taxes Other Than Income Taxes	165,278	110,791	34,166	5,509	7,024	7,788
9	Total	<u>\$2,099,545</u>	<u>\$1,449,587</u>	<u>\$414,742</u>	<u>\$62,950</u>	<u>\$77,836</u>	<u>\$94,430</u>
10	Net Operating Income	<u>\$326,968</u>	<u>\$117,952</u>	<u>\$115,801</u>	<u>\$23,202</u>	<u>\$25,354</u>	<u>\$44,659</u>
11	Original Cost Rate Base	<u>\$7,321,697</u>	<u>\$4,464,365</u>	<u>\$1,699,934</u>	<u>\$312,973</u>	<u>\$405,143</u>	<u>\$439,281</u>
12	Rate of Return on Rate Base	4.47%	2.64%	6.81%	7.41%	6.26%	10.17%
13	Earnings Index	100%	59%	153%	166%	140%	228%





**COMMUNITY NATURAL GAS CO., INC**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS**  
**COST OF SERVICE STUDY**  
**STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES**  
**AT PROPOSED RATES OF RETURN**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S3  
SCHEDULE 4

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Residential</u> <u>Sales Service</u> (C)	<u>General Sales</u> <u>Service</u> (D)	<u>Industrial Sales</u> <u>Service</u> (D)	<u>Large Volume</u> <u>Sales Service</u> (E)	<u>LV HLF</u> <u>Industrial Sales</u> <u>Service</u> (F)
<u>Operating Revenues</u>							
1	Revenues From Gas Sales	\$2,785,211	\$1,814,386	\$602,221	\$99,064	\$116,557	\$152,984
2	Miscellaneous Revenues	<u>\$39,770</u>	<u>\$28,836</u>	<u>\$7,227</u>	<u>\$972</u>	<u>\$1,165</u>	<u>\$1,570</u>
3	Total	<u>\$2,824,981</u>	<u>\$1,843,222</u>	<u>\$609,447</u>	<u>\$100,036</u>	<u>\$117,721</u>	<u>\$154,554</u>
<u>Operating Expenses</u>							
4	Operation and Maintenance	\$1,360,885	\$1,038,260	\$222,431	\$27,577	\$35,028	\$37,589
5	Depreciation and Amortization	364,222	225,486	83,828	14,977	19,509	20,422
6	Federal Income Taxes	291,180	145,541	84,044	16,248	17,556	27,790
7	State Income Taxes	72,631	36,786	20,733	3,988	4,320	6,803
8	Taxes Other Than Income Taxes	<u>170,833</u>	<u>114,628</u>	<u>35,267</u>	<u>5,704</u>	<u>7,228</u>	<u>8,005</u>
9	Total	<u>\$2,259,750</u>	<u>\$1,560,702</u>	<u>\$446,302</u>	<u>\$68,495</u>	<u>\$83,642</u>	<u>\$100,609</u>
10	Net Operating Income	<u>\$565,231</u>	<u>\$282,520</u>	<u>\$163,145</u>	<u>\$31,541</u>	<u>\$34,080</u>	<u>\$53,945</u>
11	Original Cost Rate Base	<u>\$7,321,697</u>	<u>\$4,464,365</u>	<u>\$1,699,934</u>	<u>\$312,973</u>	<u>\$405,143</u>	<u>\$439,281</u>
12	Rate of Return on Rate Base	7.72%	6.33%	9.60%	10.08%	8.41%	12.28%
13	Earnings Index	100%	82%	124%	131%	109%	159%

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**COMPARISON OF PROFORMA OPERATING REVENUES AND RESULTING DOLLAR SUBSIDY**  
**LEVELS AT PRESENT AND PROPOSED RATES**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S4

<u>Line No.</u>	<u>Rate Schedule</u> (A)	<u>PROFORMA REVENUES - PRESENT RATES</u>			<u>PROFORMA REVENUES - PROPOSED RATES</u>				
		<u>Revenues At Present Rates</u> (B)	<u>Revenues Required For Equalized Returns</u> (C)	<u>Present Subsidy</u> (D)	<u>Revenues Required For Equalized Returns</u> (E)	<u>Revenues At Proposed Rates</u> (F)	<u>Proposed Subsidy</u> (G)	<u>Subsidy Reduction</u>	
								<u>Amount</u> (H)	<u>Percentage</u> (I)
1	Residential Sales Service	\$1,567,539	\$1,702,947	(\$135,408)	\$1,946,549	\$1,843,222	(\$103,326)	(\$32,082)	23.69%
2	General Sales Service	\$530,543	\$464,202	\$66,341	\$556,374	\$609,447	\$53,073	\$13,268	20.00%
3	Industrial Sales Service	\$86,152	\$70,810	\$15,342	\$87,763	\$100,036	\$12,274	\$3,068	20.00%
4	Large Volume Sales Service	\$103,191	\$91,114	\$12,077	\$113,060	\$117,721	\$4,662	\$7,415	61.40%
5	LV HLF Industrial Sales Service	\$139,089	\$97,441	\$41,648	\$121,236	\$154,554	\$33,318	\$8,330	20.00%
6	Total	\$2,426,513	\$2,426,513	\$0	\$2,824,981	\$2,824,981	\$0	\$0	

**COMMUNITY NATURAL GAS CO., INC.**  
**IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)**  
**COST OF SERVICE STUDY**  
**COMPARISON OF GAS SALES REVENUES AT PRESENT AND PROPOSED RATES**

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S5

Line No.	Rate Schedule	Present Revenue Levels			Proposed Revenue Levels			Increase or (Decrease)		
		Margins At Present Rates	Gas Cost Revenues	Revenues At Present Rates	Margins At Proposed Rates	Gas Cost Revenues	Revenues At Proposed Rates	Increase or (Decrease)		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	Margin %
1	Residential Sales Service	\$1,538,703	\$2,010,775	\$3,549,478	\$1,814,386	\$2,010,775	\$3,825,161	\$275,683	7.77%	17.92%
2	General Sales Service	\$523,316	\$1,467,716	\$1,991,033	\$602,221	\$1,467,716	\$2,069,937	\$78,904	3.96%	15.08%
3	Industrial Sales Service	\$85,179	\$389,720	\$474,899	\$99,064	\$389,720	\$488,784	\$13,885	2.92%	16.30%
4	Large Volume Sales Service	\$102,026	\$477,653	\$579,678	\$116,557	\$477,653	\$594,209	\$14,531	2.51%	14.24%
5	LV HLF Industrial Sales Serv	\$137,519	\$682,822	\$820,340	\$152,984	\$682,822	\$835,806	\$15,465	1.89%	11.25%
6	Total	\$2,386,743	\$5,028,685	\$7,415,428	\$2,785,211	\$5,028,685	\$7,813,896	\$398,468	5.37%	16.70%

COMMUNITY NATURAL GAS CO., INC.  
 IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
 COST OF SERVICE STUDY  
 COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S6  
 PAGE 1 OF 2

DESCRIPTION	Number of Bills (1)	Billing Quantities (therms) (2)	Present Rates (\$/therm) (3)	Proforma GCA (\$/therm) (4)	UAFG Adj. (\$/therm) (5)	Effective Present Rates (\$/therm) (6)	Margin at Present Rates (7)	Proposed Rates (\$/therm) (8)	Proforma Base Cost of Gas (\$/therm) (9)	Proposed Effective Rates (\$/therm) (10)	Margin at Proposed Rates (11)	Increase in Margins	
												Amount (12)	Percent (13)
<b>Residential Sales Service</b>													
Service Charge	70,425		\$11.00			\$11.00	\$774,675	\$12.00		\$12.00	\$845,100	\$70,425	9.1%
First 100 therms		2,511,205	\$0.28222	\$0.00000	\$0.00000	\$0.28222	\$708,712	\$0.35889	\$0.00000	\$0.35889	\$901,247	\$192,535	27.2%
Over 100 therms		151,879	\$0.18874	\$0.00000	\$0.00000	\$0.18874	\$28,666	\$0.24739	\$0.00000	\$0.24739	\$37,573	\$8,907	31.1%
Total Therms and Margins	70,425	2,663,084					\$1,512,053				\$1,783,920	\$271,867	N/A
Reconciliation Factor							1,017625				1,017625		
Adjusted Margins							\$1,538,703				\$1,815,361	\$276,659	17.98%
<b>General Sales Service</b>													
Service Charge	8,900		\$20.00			\$20.00	\$178,000	\$24.00		\$24.00	\$213,600	\$35,600	20.0%
First 100 therms		383,430	\$0.19969	\$0.00000	\$0.00000	\$0.19969	\$76,567	\$0.22686	\$0.00000	\$0.22686	\$86,985	\$10,418	13.6%
Over 100 therms		1,560,423	\$0.16642	\$0.00000	\$0.00000	\$0.16642	\$259,686	\$0.18662	\$0.00000	\$0.18662	\$291,206	\$31,520	12.1%
Total Therms and Margins	8,900	1,943,853					\$514,253				\$591,791	\$77,538	15.08%
Reconciliation Factor							1,017625				1,017625		
Adjusted Margins							\$523,317				\$602,221	\$78,905	15.08%

COMMUNITY NATURAL GAS CO., INC.  
 IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
 COST OF SERVICE STUDY  
 COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S6  
 PAGE 2 OF 2

DESCRIPTION	Number of Bills	Billing Quantities (therms)	Present Rates (\$/therm)	Proforma GCA (\$/therm)	UAFG Adj. (\$/therm)	Effective Present Rates (\$/therm)	Margin at Present Rates	Proposed Rates (\$/therm)	Proforma Base Cost of Gas (\$/therm)	Proposed Effective Rates (\$/therm)	Margin at Proposed Rates	Increase in Margins	
												Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Industrial Sales Service</b>													
Service Charge	108		\$65.00			\$65.00	\$7,020	\$75.00		\$75.00	\$8,100	\$1,080	15.4%
All therms		516,148	\$0.14857	\$0.00000	\$0.00000	\$0.14857	\$76,684	\$0.16803	\$0.00000	\$0.16803	\$86,728	\$10,044	13.1%
Total Therms and Margins	108	516,148					\$83,704				\$94,828	\$11,124	13.29%
Reconciliation Factor							1.017625				1.017625		
Adjusted Margins							\$85,179				\$96,499	\$11,320	13.29%
<b>Large Volume Sales Service</b>													
Service Charge	12		\$850.00			\$850.00	\$10,200	\$900.00		\$900.00	\$10,800	\$600	5.9%
First 5,000 therms		415,082	\$0.15244	\$0.00000	\$0.00000	\$0.15244	\$63,275	\$0.17495	\$0.00000	\$0.17495	\$72,619	\$9,344	14.8%
Over 50,000 therms		217,524	\$0.12313	\$0.00000	\$0.00000	\$0.12313	\$26,784	\$0.14306	\$0.00000	\$0.14306	\$31,119	\$4,335	16.2%
Total Therms and Margins	12	632,606					\$100,259				\$114,538	\$14,279	14.24%
Reconciliation Factor							1.017625				1.017625		
Adjusted Margins							\$102,026				\$116,557	\$14,531	14.24%
<b>Large Volume High Load Factor Industrial</b>													
Service Charge	12		\$65.00			\$65.00	\$780	\$900.00		\$900.00	\$10,800	\$10,020	1284.6%
First 9000 therms		889,644	\$0.14857	\$0.00000	\$0.00000	\$0.14857	\$132,174	\$0.11800	\$0.00000	\$0.11800	\$104,978	(\$27,196)	-20.6%
Over 9000 therms		14,690	\$0.14857	\$0.00000	\$0.00000	\$0.14857	\$2,182	\$0.05000	\$0.00000	\$0.05000	\$734	(\$1,448)	-66.3%
Total Therms and Margins	12	904,334					\$135,136				\$116,512	(\$18,624)	-13.78%
Reconciliation Factor							1.017625				1.017625		
Adjusted Margins							\$137,518				\$118,566	(\$18,952)	-13.78%
<b>TOTAL THERMS AND MARGIN</b>	<b>79,457</b>	<b>5,755,691</b>					<b>\$2,386,742</b>				<b>\$2,749,204</b>	<b>\$362,462</b>	<b>15.19%</b>

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY  
CALCULATION OF REVENUES AT PROPOSED RATES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S7  
PAGE 1 OF 2

<u>Description</u>	<u>Number of Bills</u> (1)	<u>Billing Quantities (therms)</u> (2)	<u>Proposed Margin Rates (\$/therm)</u> (3)	<u>Proforma Cost of Gas (\$/therm)</u> (4)	<u>Proposed Effective Rates</u> (3)	<u>Revenues From Gas Sales at Proposed Rates</u> (4)	<u>Misc. Revenues</u> (5)	<u>Total Revenues (4) + (5)</u> (6)	<u>Cost-of-Service (Proforma B Revenues)</u> (7)	<u>(Over)/Under Recovery (7) - (6)</u> (8)	<u>(Over)/Under Recovery Percentage (8) / (7)</u> (9)
<b><u>Residential Sales Service</u></b>											
Service Charge	70,425		\$12.00		\$12.00	\$845,100					
First 100 therms		2,511,205	\$0.35889	\$0.00000	\$0.35889	\$901,247					
Over 100 therms		151,879	\$0.24739	\$0.00000	\$0.24739	\$37,573					
Total Therms and Margins	70,425	2,663,084				\$1,783,920					
Reconciliation Factor						<u>1.017625</u>					
Adjusted Margins						\$1,815,361	\$28,836	\$1,844,198	\$1,843,222	(\$975)	-0.0529%
<b><u>General Sales Service</u></b>											
Service Charge	8,900		\$24.00		\$24.00	\$213,600					
First 100 therms		383,430	\$0.22686	\$0.00000	\$0.22686	\$86,985					
Over 100 therms		1,560,423	\$0.18662	\$0.00000	\$0.18662	\$291,206					
Total Therms and Margins	8,900	1,943,853				\$591,791					
Reconciliation Factor						<u>1.017625</u>					
Adjusted Margins						\$602,221	\$7,227	\$609,448	\$609,447	(\$1)	-0.0001%
<b><u>Industrial Sales Service</u></b>											
Service Charge	108		\$75.00		\$75.00	\$8,100					
All therms		516,148	\$0.16803	\$0.00000	\$0.16803	\$86,728					
Total Therms and Margins	108	516,148				\$94,828					
Reconciliation Factor						<u>1.017625</u>					
Adjusted Margins						\$96,500	\$972	\$97,472	\$100,036	\$2,564	2.5633%

COMMUNITY NATURAL GAS CO., INC.  
IURC CAUSE NO. 44298 (REVISED INDUSTRIAL CLASS ANALYSIS)  
COST OF SERVICE STUDY

CALCULATION OF REVENUES AT PROPOSED RATES

TYPE OF FILING: REVISED COSS FOR 30-DAY FILING  
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-S7  
PAGE 2 OF 2

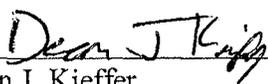
Description	Number of Bills (1)	Billing Quantities (therms) (2)	Proposed Margin Rates (\$/therm) (3)	Proforma Cost of Gas (\$/therm) (4)	Proposed Effective Rates (3)	Revenues From Gas Sales at Proposed Rates (4)	Misc. Revenues (5)	Total Revenues (4) + (5) (6)	Cost-of- Service (Proforma B Revenues) (7)	(Over)/Under Recovery (7) - (6) (8)	(Over)/Under Recovery Percentage (8) / (7) (9)
<b>Large Volume Sales Service</b>											
Service Charge	12		\$900.00		\$900.00	\$10,800					
First 5,000 therms		415,082	\$0.17495	\$0.0000	\$0.17495	\$72,619					
Over 50,000 therms		217,524	\$0.14306	\$0.0000	\$0.14306	\$31,119					
Total Therms and Margins	12	632,606				\$114,538					
Reconciliation Factor						<u>1.017625</u>					
Adjusted Margins						\$116,556	\$1,165	\$117,721	\$117,721	\$0	0.0003%
<b>Large Volume High Load Factor Industrial</b>											
Service Charge	12		\$900.00		\$900.00	\$10,800					
First 9000 therms		889,644	\$0.11800	\$0.00000	\$0.11800	\$104,978					
Over 9000 therms		14,690	\$0.05000	\$0.00000	\$0.05000	\$734					
Total Therms and Margins	12	904,334				\$116,512					
Reconciliation Factor						<u>1.017625</u>					
Adjusted Margins						\$118,566	\$1,570	\$120,136	\$154,554	\$34,418	22.2693%
Total Therms and Revenue	<u>79,457</u>	<u>6,660,025</u>				<u>\$2,749,204</u>	<u>39,770</u>	<u>\$2,788,974</u>	<u>\$2,824,981</u>	<u>36,007</u>	<u>1.2746%</u>

## VERIFICATION OF DEAN J. KIEFFER

I affirm under the penalties of perjury that the following statements are true to the best of my knowledge, information and belief:

1. I am familiar with the base rate proceedings filed by Community Natural Gas Company, Inc. (“Community Gas”) in Cause No. 44298.
2. Community Gas does not currently have a tariff rate schedule specifically designed for large industrial customers that use a consistent amount of gas. But Community Gas recognizes that such industrial customers provide significant benefits to Community Gas and all of its remaining customers throughout the year.
3. Community Gas has been approached by Bunge, a worldwide agricultural enterprise that has purchased the grain pelletizing and milling facilities currently served by Community Gas in Greene County, Indiana, seeking a rate more competitive to that incurred by Bunge at its other similar corporate facilities located in other states.
4. The management of Community Gas, based on discussions with Bunge representatives, believe that the current production at the Greene County, Indiana facilities can be moved to Bunge facilities in Kankakee, Illinois or Danville, Illinois. Community Gas asked Kerry Heid to review his cost of service study and advise Community Gas on the appropriateness of establishing a new rate schedule, and provide Community Gas his opinion as to the rates to be included in such new rate schedule. Community Gas has reviewed Mr. Heid’s conclusions and agrees with the proposed new rate schedule.

5. Community Gas recognizes that the natural gas usage of such a large, high load factor, industrial customer, provides significant benefits to Community Gas and all of its remaining customers throughout the year by increasing the system load factor and contributing to Community Gas' fixed costs.
6. As of the 12 months ending September 30, 2012, the grain pelletizing and milling facilities in Greene County, Indiana provided approximately 13% of Community Gas' annual margins. Since the conclusion of the rate case and the implementation of new rates, this pelletizing and milling facility has reduced its gas usage and is providing approximately 8% of Community Gas' margins as of September 30, 2014.
7. Community Gas believes that with an appropriate and competitive rate schedule, it is possible that Bunge will maintain its current production and thus gas usage; and in the future expand its production at its Greene County facility and thus increase its usage of gas.
8. Community Gas is unaware of any other existing customer whose usage characteristics are similar or who would currently qualify for this tariff rate schedule. But to the extent existing manufacturing enterprises increase gas usage and improve their load factors in order to qualify under the terms of this tariff rate schedule, additional fixed cost recovery benefits for Community Gas and its customers will occur.

  
\_\_\_\_\_  
Dean J. Kieffer

## NOTICE

To all customers of Community Natural Gas Company, Inc.: Please take note that the Company has initiated a 30 day filing process with the Indiana Utility Regulatory Commission to obtain authorization to add a new large volume high load factor industrial sales service rate schedule for those manufacturing entities intending to use 75,000 Dth per year.

If you have any questions about this filing, please contact the Company at 118 North Division Street, Mount Carmel, Illinois 62863 or (618) 262-5108. Alternatively, you may contact the Indiana Utility Regulatory Commission at 101 W. Washington Street, Suite 1500 East, Indianapolis, Indiana 46204 or (317) 232-2701.

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