

OFFICIAL
EXHIBITS

STATE OF INDIANA

FILED
November 30, 2018
INDIANA UTILITY
REGULATORY COMMISSION

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SWITZERLAND COUNTY NATURAL)
GAS COMPANY, INC. FOR AUTHORITY TO)
CHANGE ITS RATES, CHARGES, TARIFFS, RULES,) CAUSE NO. 45117
AND REGULATIONS)

IURC
PETITIONER'S
EXHIBIT NO. 12-21-18
DATE AT REPORTER

REBUTTAL EXHIBITS
OF
BONNIE J. MANN

ON BEHALF OF
SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.

EXHIBIT BJM-1R

EXHIBIT C

Switzerland County Natural Gas Co., Inc.
Vevay, IN

Pro-Forma Operating Income Statement
At Pro-Forma Present and Proposed Rates
For the Twelve Months Ended September 30, 2017

Increase Required: 9.39%

	<u>September</u>	<u>Adjustments</u>	<u>Ref</u>	<u>Pro-Forma</u>	<u>Adjustments</u>	<u>Ref</u>	<u>Pro-Forma</u>
	<u>2017</u>			<u>Present</u>			<u>Proposed</u>
				<u>Rates</u>			<u>Rates</u>
<u>Operating Revenues</u>							
Gas sales	\$ 1,041,615	\$ (498,083)	(1)	\$ 543,532	\$102,179	(A)	\$ 645,711
Other gas revenues	7,018			7,018			7,018
Total operating revenues	<u>1,048,633</u>	<u>(498,083)</u>		<u>550,550</u>	<u>102,179</u>		<u>652,729</u>
<u>Operating Expenses</u>							
Natural gas purchased	495,757	(487,285)	(2)	8,472			8,472
Other operation & maintenance	363,877	61,910	(3)	425,787	815	(B & C)	426,602
Depreciation	97,912	(5,518)	(4)	92,394			92,394
Taxes other than income taxes	35,471	(4,084)	(5)	31,387	1,421	(D)	32,808
Income taxes	18,467	(19,163)	(6)	(696)	25,592	(E)	24,896
Total operating expenses	<u>1,011,484</u>	<u>(454,138)</u>		<u>557,346</u>	<u>27,828</u>		<u>585,174</u>
Net operating income	<u>\$ 37,149</u>	<u>\$ (43,945)</u>		<u>\$ (6,796)</u>	<u>\$ 74,352</u>		<u>\$ 67,555</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(1) REVENUE ADJUSTMENTS

(a)	
To adjust operating revenues to eliminate GCA revenue included in the test year.	<u>\$ (476,626)</u>
(b)	
To adjust operating revenues to move to new NOAA averages for NTA.	<u>\$ (1,527)</u>
(c)	
To adjust operating revenues for decrease in tariff rate from settlement in Cause No. 44293	<u>\$ (19,930)</u>
Total adjustment to operating revenues - increase / (decrease)	<u>\$ (498,083)</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(2) NATURAL GAS PURCHASED ADJUSTMENT

To adjust natural gas purchased to eliminate the cost of natural gas purchased from base rates.

Sales - Dth	140,026	
Unaccounted for gas percentage	<u>1.58%</u>	
Pro-Forma purchased gas	2,212	
Estimated cost of purchased gas (Schedule C-3)	<u>\$ 3.83</u>	
Pro-Forma cost of gas		\$ 8,472
Less: test year purchased gas		<u>495,757</u>
Increase / (decrease) in natural gas purchased		<u>\$ (487,285)</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(3) OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS

(a)

To adjust other operation and maintenance expense for the annualization of payroll and wage increases

Pro-Forma payroll expense	\$ 191,916
Test year payroll expense	<u>164,455</u>
Payroll adjustment - increase / (decrease)	<u>\$ 27,461</u>

(b)

To adjust other operations and maintenance expense for retirement contribution made on behalf of employees.

Payroll adjustment from 3(a)	\$ 27,461
Test year contribution rate	<u>10.00%</u>
Retirement expense adjustment - increase / (decrease)	<u>\$ 2,746</u>

(c)

To adjust other operation and maintenance expense for the amortization of rate case expense.

Estimated cost of rate case filing	\$ 230,000
Estimated cost of mailing notice to customers	<u>500</u>
Total estimated cost	230,500
Amortization period - years	<u>5</u>
Annual amortization	46,100
Test year amortization	<u>10,156</u>
Adjustment - increase / (decrease)	<u>\$ 35,944</u>

(d)

To adjust other operation and maintenance expense to reflect current IURC fee.

Applicable revenues at present rates including GCA revenue	\$ 1,087,833
Current IURC rate	<u>0.00120204</u>
Pro-Forma IURC fee at present rates	1,308
Less: Test year IURC fee	<u>1,280</u>
Adjustment - increase	<u>\$ 28</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(3) OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS (continued)

(e)

To adjust other operations and maintenance expense for property, worker's compensation, casualty and general liability insurance.

Pro-Forma insurance expense	\$	19,743	
Less: Test year insurance expense		<u>17,869</u>	
Adjustment - increase / (decrease)			<u>\$ 1,874</u>

(f)

To adjust other operations and maintenance expense for the increase in the employer contribution toward employee health insurance

Pro-Forma contribution expense	\$	13,003	
Less: Test year contribution expense		<u>11,841</u>	
Adjustment - increase / (decrease)			<u>\$ 1,162</u>

(g)

To adjust other operations and maintenance expense for bad debts.

Annual bad debt write-offs for calendar years:

2016	\$	7,131	
2015		6,677	
2014		<u>7,355</u>	
3 year average	\$	7,054	
Test year		<u>4,813</u>	
Adjustment - increase / (decrease)			<u>\$ 2,241</u>

(h)

To adjust other operations and maintenance expense for the amortization of tariff changes required by settlement language in Cause No. 44293

Expenses incurred	\$	6,821	
Amortization period		<u>5</u>	
Annual amortization	\$	1,364	
Test year expense		<u>(6,821)</u>	
Adjustment - increase / (decrease)			<u>\$ (5,457)</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(3) OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS (continued)

(i)

To adjust other operations and maintenance expense to increase outside services for additional services related to decoupling.

\$ 714

(j)

Adjustment to miscellaneous expenses from OUCC witnesses with additional Petitioner adjustments.

Adjustment to miscellaneous expense proposed by OUCC witnesses

\$ (5,562)

Less: Outside services included in adjustment 3(h)

491

Safety related advertising expenses

269

Adjustment - increase / (decrease)

\$ (4,802)

Total adjustment to other operations and maintenance expense - increase / (decrease)

\$ 61,910

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(4) DEPRECIATION EXPENSE ADJUSTMENT

To adjust depreciation expense to reflect current plant in service.

Total Utility Plant in Service @ 9/30/17		\$ 3,394,460	
Less:			
Land	73,088		
Transportation equipment	79,609		
Office furniture & fixtures	40,701		
Miscellaneous equipment	98,569		
Structures equipment	193,692		
Less: Non-Distribution rate plant		(485,659)	
Distribution rate plant		2,908,801	
Depreciation rate		2.5%	
Pro-Forma depreciation expense @ 2.5%			\$ 72,720
Transportation equipment	79,609		
Less: Fully depreciated	(12,124)		
Depreciable transportation and computer equipment	67,485		
Depreciation rate	20%		
Pro-Forma depreciation expense @ 20%			13,497
Office furniture & fixtures	40,701		
Miscellaneous equipment	98,569		
Structures equipment	193,692		
Total 10% equipment	332,962		
Less: Fully depreciated	(271,194)		
Depreciable 10% equipment	61,768		
Depreciation rate	10%		
Pro-Forma depreciation expense @ 10%			6,177
Total pro-forma depreciation expense			92,394
Less: Test year depreciation expense			97,912
Adjustment - increase / (decrease) in depreciation expense			\$ (5,518)

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(5) TAXES OTHER THAN INCOME TAX ADJUSTMENTS

(a)

To adjust taxes other than income taxes for increase in FICA and SUTA taxes due to payroll increase

Payroll wage increase subject to FICA limits	\$ 27,461	
FICA tax rate	7.65%	
Adjustment - increase / (decrease) in FICA taxes		\$ 2,101

(b)

To adjust taxes other than income taxes for increased cost of property taxes based on current utility plant in service

Total taxes paid 2017 - 2016	\$ 9,306	
Utility plant in service for property taxes (December 31, 2016)	1,754,254	
Effective property tax rate	0.53%	
Current utility plant in service	1,735,162	
Pro Forma property tax payment	9,204	
Test year property tax expense	16,651	
Adjustment - increase / (decrease) in property tax expense		\$ (7,447)

(c)

To adjust taxes other than income taxes to reflect changes in applicable revenues for utility receipts tax

Utility Receipts	\$ 550,550	
Less: Exemptions	1,000	
Bad Debts	7,054	
Utility receipts subject to utility receipts tax	542,496	
Applicable utility receipts tax rate	1.40%	
Pro-Forma at present rates	7,595	
Less: test year expense	6,333	
Adjustment - increase / (decrease) in state utility receipt tax expense		\$ 1,262
Adjustment - increase / (decrease) in taxes other than income taxes		\$ (4,084)

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PRESENT RATE ADJUSTMENTS

(6) INCOME TAX ADJUSTMENTS

To adjust income taxes to reflect changes in revenues and expenses
(a)

State Income Tax:

Net operating income and state tax	\$ (7,491)	
Plus: utility receipts tax	7,595	
Less: synchronized interest	(12,200)	
	(12,096)	
Applicable state income tax rate	5.75%	
Pro-Forma at present rates		(696)
Less: test year expense		-
Adjustment - increase / (decrease) in state income tax expense		\$ (696)

(b)

Federal Income Tax:

Net operating income before federal and state income tax	\$ (7,491)	
Less:		
Synchronized interest	12,200	
Adjusted state income tax	(696)	
Federal taxable income	(18,995)	
Federal taxable rate	21%	
Adjusted federal income tax expense		-
Less: test year federal income tax		18,467
Adjustment - increase / (decrease) in federal income tax expense		\$ (18,467)
Adjustment - increase / (decrease) income taxes		\$ (19,163)

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PROPOSED RATE ADJUSTMENTS

(A)

To adjust operating Revenues to reflect proposed revenue increase.

Proforma sales of gas at present rates - schedule C-3	\$ 1,087,869	
Requested rate increase	<u>9.390%</u>	
Adjustment - increase / (decrease)		<u>\$ 102,179</u>

(B)

To adjust other operation and maintenance expense to reflect increase in IURC fee.

Proposed revenue increase	\$ 102,179	
Current effective IURC fee rate	<u>0.12020400%</u>	
Adjustment - increase / (decrease)		<u>123</u>

(C)

To adjust other operations and maintenance expense to reflect the increase in bad debts.

Proposed revenue increase	\$ 102,179	
Current effective rate	<u>0.006772</u>	
Adjustment - increase / (decrease)		<u>692</u>
Total adjustment - increase / (decrease)		<u>\$ 815</u>

Switzerland County Natural Gas Co., Inc.
Vevay, IN

DETAIL OF PRO-FORMA PROPOSED RATE ADJUSTMENTS

(D)

To adjust taxes other than income taxes to reflect pro-forma changes in revenues and expenses.

Utility Receipts Tax

Proposed revenue increase	\$ 102,179
Less: Increase in bad debts	692
	<hr/>
	101,487
Applicable utility receipts tax rate	1.40%
	<hr/>
Adjustment - increase / (decrease)	\$ 1,421

(E)

To adjust income taxes to reflect pro-forma changes in revenue and expenses.

State Income Tax:

Proposed revenue increase	\$ 102,179
Less: Increase in IURC fee	(123)
Increase in bad debts	(692)
	<hr/>
Taxable increase	101,364
Applicable income tax rate	5.75%
	<hr/>
Adjustment - increase	\$ 5,828

Federal Income Tax:

Proposed revenue increase	\$ 102,179
Less: Increase in IURC fee	(123)
Increase in utility receipts tax	(1,421)
Increase in bad debts	(692)
Increase in state income tax	(5,828)
	<hr/>
Federal taxable income increase	94,115
Applicable tax rate	21%
	<hr/>
Adjustment - increase	\$ 19,764
	<hr/>
Total increase / (decrease) to income taxes	\$ 25,592

SCHEDULE C-3

Switzerland County Natural Gas Co., Inc.
Vevay, IN

TOTAL BILLED REVENUE CALCULATION

Estimated volume of gas purchased - DTH	140,026
Estimated base cost of gas for GCA	<u>\$ 3.8874</u>
Estimated cost of gas to be included in revenues	\$ 544,337
Pro-Forma present rate gas sales revenue	<u>543,532</u>
Total revenue including gas costs	1,087,869
Requested percentage increase	<u>9.39%</u>
Revenue adjustment requested	<u><u>\$102,179</u></u>

EXHIBIT D

Switzerland County Natural Gas Co., Inc.
Vevay, IN

ORIGINAL COST RATE BASE

Utility plant in service as of September 30, 2017	\$ 3,394,460	
Less: Belterra Main	<u>\$ (1,700,592)</u>	\$ 1,693,868
Less: Accumulated depreciation	(1,659,298)	
Accumulated depreciation - Belterra Main	<u>822,659</u>	<u>(836,639)</u>
Net utility plant in service		857,229
Plus:		
Working capital	\$ 425,787 /8	<u>53,223</u>
Total original cost rate base		<u>\$ 910,453</u>
Net operating income authorized	<u>\$ 67,556</u>	

EXHIBIT E

Switzerland County Natural Gas Co., Inc.
Vevay, IN

CAPITAL STRUCTURE
As of December 31, 2017

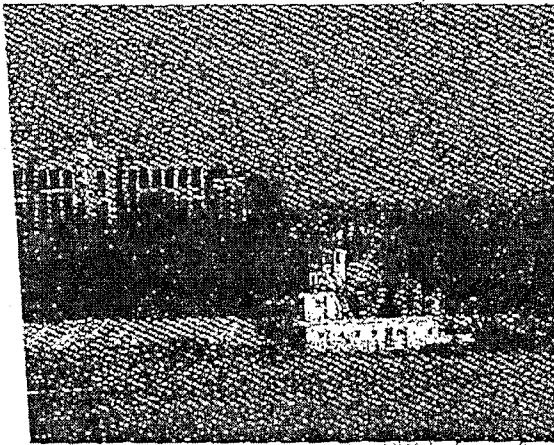
Description	Amount	Percent of Total	Cost	Weighted Cost
Common equity	\$ 510,189	67.47%	10.25%	6.92%
Long-term debt	75,133.05	9.94%	4.28%	0.42%
Customer deposits	10,645	1.41%	6.00%	0.08%
Deferred tax	<u>160,238</u>	<u>21.19%</u>	0.00%	<u>0.00%</u>
Total	<u>\$ 756,205</u>	<u>100.00%</u>		<u>7.42%</u>

CALCULATION OF SYNCHRONIZED INTEREST
As of December 31, 2017

Description	Amount	Percent of Total	Cost	Weighted Cost	Weighted Cost of Debt
Common Equity	\$510,189	70.78%	10.25%	7.25%	0.00%
Long-term debt	200,000	27.75%	4.50%	1.25%	1.25%
Customer Deposits	<u>10,645</u>	<u>1.48%</u>	6.00%	<u>0.09%</u>	<u>0.09%</u>
Total	<u>\$720,834</u>	<u>100.01%</u>		<u>8.59%</u>	<u>1.34%</u>

Rate Base	\$910,453
Weighted Cost of Debt	<u>1.34%</u>
Synchronized Interest	<u>\$12,200</u>

EXHIBIT BJM-2R



Heading south with a big load

A tow boat pushes barges of snow-covered coal move down the Ol River past Belterra Casino and Resort located in Switzerland County, Indiana. Thousands of tons of coal are transported on the river every day. Photo by Kiley Warnick

see Hoosiers
on a Big Screen at
the Hoosier Theater!

HOOSIERS

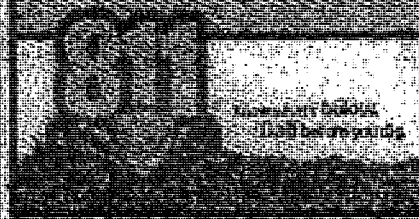


March 4 • 7 p.m.
new monthly film series!
Only, at the Box Office

Hoosier Theater

Ferry Street
Indiana 47043

Call 811 before
every dig!



SWITZERLAND COUNTY NATURAL GAS
COMPANY, INC.
912-427-4312

The perfect pets to give your wors

There are a number of animals that can be a great addition to your household, but plenty of others that should only be kept as pets under special circumstances, if at all.

There are plenty of other kinds of animals that would make much better pets and be far less dangerous to care for. Here's a list of ten bad pets.

1. Monkeys
Leopards, capuchins, chimpanzees, and baboons all fall into this primate category. They're cute and "child-like" but are not a substitute for human babies. If they get angry they scream and throw a tantrum. But the biggest problem with pet monkeys is they may go on a rampage without warning, since they have no moral conscience, or love their owners.

2. Big Cats
Cougars, lions, tigers, and leopards make up the majority of large cats kept as pets. They are strong and dangerous. **3. Venomous Snakes**
These snakes could kill you with a

single bite. Some cobras can also cause immense pain and blindness just by spitting their venom into your eyes! There are plenty of pet snakes available that do not produce venom but are still intriguing, so stick with the safer species.

4. Bears
Despite the fact bears can weigh more than 1,500 pounds full grown, people still feed them like cubs and cuddly looking home. Bears exist for many reasons, but they don't stay small for long. They will tower over you when they stand on their hind legs and can knock you over, or even kill you, with a swift blow of their paw. Are they trainable? Perhaps. That's why? Definitely not.

5. Coatis
This coati (pronounced ko-wee-see) is a member of the raccoon family. Originally from South America, these coatis require a very large enclosure to roam in. They're extremely active and difficult to train. They have 36-40 sharp teeth, forage for their food, and require

a lot of mental stimulation.

6. Bats
What carries Rabies and SARS, has sharp teeth, sleeps all day, and flies all night? Bats. The truth is, bats are extremely cute and intriguing, but a bad off approach is best. There's the possibility of disease, plus no realistic way to care for a bat in your home. They can live over 30 years, hibernate for months in colder climates, and eat insects, fruit or blood at night.

7. Wolves and Coyotes
There are reasons why domesticated dogs exist. Their ancestors were too wild to live alongside humans. Wolves and coyotes are still wild and they act on their instincts. They hunt when they are hungry, play when they want to, and sleep the rest of the day. If they feel threatened, they will attack. They can kill a full-grown man, pet King Charles.

8. Alligators and Crocodiles

11

over

large

snakes

and

infect

pests

of

and

of

want

test

9.

Pe

neve

stall

like

a

ma


terio

make

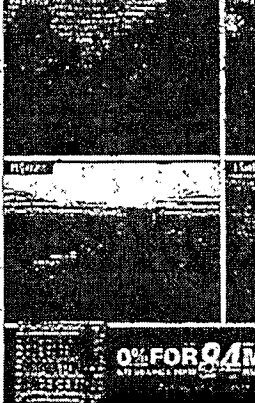
their

and

and



SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
812-427-3332



BROWN'S FARM IMPI
6800 STATE ROAD
VIRAY, INDIANA 47
812-427-3332 OR 812-427-3333

May 2017

Best Selling Albums

Best first-week album sales in the U.S. since 1991.

Watch (2000), NSYNC, 2,415,859
 01), NSYNC, 1,879,953

1 Mathbert LP (2000), Eminem, 1,760,049

s (2000), Backstreet Boys, 1,591,191

How (2002), Eminem, 1,321,799

id It Again (2,000), Britney Spears, 1,319,193

Taylor Swift, 1,208,000

re (2005), 50 Cent, 1,140,638

(1999), Backstreet Boys, 1,133,505

Way (2011), Lady Gaga, 1,108,000

From Nielsen SoundScan



WWS FARM IMPLEMENT, LLC

2000 FORTY EIGHT LBS
 YENNY, MICHIGAN, 47740
 517-427-3132

SWITZERLAND COUNTY NATURAL
 COMPANY, INC.
 517-427-3132

Fairview Place

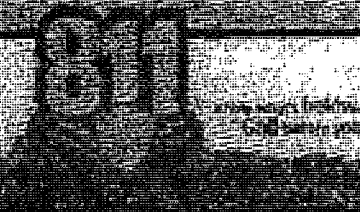
- Studio, One and Two Bedroom Apartments
- Emergency Call System, 24-hour Staff
- Social and Wellness Programs
- Pet Friendly

Call 502-732-7677 for a tour!



433 Floyd Drive • Carrollton, KY 41008

Call 811 before
 every dig!

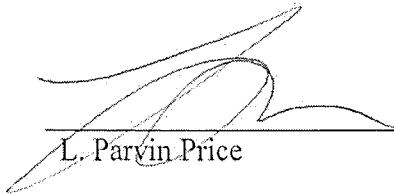


SWITZERLAND COUNTY NATURAL
 COMPANY, INC.
 517-427-3132

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by electronic mail this 30th day of November, 2018:

Indiana Office of Utility Consumer Counselor
Lorraine Hitz-Bradley
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
lhitzbradley@oucc.in.gov
infomgt@oucc.in.gov



L. Parvin Price