

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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

**EXHIBITS
OF
KERRY A. HEID**

**ON BEHALF OF
SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.**

EXHIBIT KAH-1

KERRY A. HEID, P.E.

Heid Rate and Regulatory Services

Mr. Heid is an independent rate consultant with more than 40 years of gas, electric, water, wastewater, and steam utility experience in the rate and regulatory areas. Mr. Heid was previously Director of Rates for Vectren Corporation, a combination gas and electric utility with one million customers, where he directed the rate activities for the Vectren utilities of Indiana Gas Company, Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio. Mr. Heid has testified on numerous occasions regarding cost of service studies, rate design and other regulatory and ratemaking matters.

After leaving Vectren in 2002 to start his own rate and regulatory consulting firm, Mr. Heid continued on retainer with Vectren through 2017. Mr. Heid has also assisted numerous other clients with respect to cost of service and rate design studies and other regulatory and ratemaking matters.

Prior to Mr. Heid's employment with Vectren, he was employed by Black & Veatch Consulting Engineers, where he prepared cost of service and rate design studies for utilities throughout the United States. Mr. Heid also held senior management and advisory positions with the Indiana Utility Regulatory Commission and its predecessor the Public Service Commission of Indiana. Mr. Heid was also employed in the Finance Department of Florida Power & Light Company.

Mr. Heid has been actively involved as a member of the following professional industry associations: (i) *American Gas Association ("AGA") Rate and Strategic Planning Committee, including former Chair of its Revenue Requirements Subcommittee*; (ii) *Edison Electric Institute ("EEI") Economic Regulation and Competition Committee*; (iii) *American Water Works Association ("AWWA") Rates and Charges Committee*; (iv) *Water Subcommittee of the National Association of Regulatory Utility Commissioners ("NARUC")*; and (v) *Water Environment Federation*;

At the Indiana Utility Regulatory Commission's invitation, Mr. Heid conducted separate two-day training for its staff on preparation of gas cost of service and rate design studies and water cost of service and rate design studies. Mr. Heid has served on the faculty of numerous utility rate training seminars and has given presentations to various utility organizations including the AGA Gas Rate Fundamentals Course, the AGA Rate and Strategic Planning Committee, the AWWA ACE Water Conference, and the Annual Eastern Utility Water Rate Seminar.

Mr. Heid has a B.S. degree in Civil Engineering from Purdue University and an MBA degree with a concentration in finance from Indiana University. Mr. Heid is a registered Professional Engineer in the State of Indiana.

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Vectren North (Indiana Gas Co.)	1990	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Vectren North (Indiana Gas Co.)	1992-1995	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Environmental Cost Recovery Tracker
Vectren North (Indiana Gas Co.)	1989-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Gas	2000-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Electric	2000-2002	Quarterly Electric Fuel Cost Adjustments Demand Side Management Cost Riders
Vectren Energy Delivery of Ohio	2000-2002	Quarterly Gas Cost Adjustments
Vectren Energy Delivery of Ohio	2001	Gas Cost Recovery Audit
Vectren Energy Delivery of Ohio	2001	Senate Bill 287 Implementation Gross Receipts Tax Rider
Vectren South (SIGECO)-Electric	2001	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	Review of Electric Cost of Service Study
Evansville Business Alliance	2002	Wastewater Cost of Service Study and Rate Design
Evansville Business Alliance	2002	Water Cost of Service Study and Rate Design
Mead Johnson (Bristol Myers)	2003	Wastewater Rate Projections
Vectren South (SIGECO)-Electric	2003	NOx Environmental Cost Recovery Mechanism
South Bend Industrial Intervenors	2003	Wastewater Cost of Service and Rate Design
Indiana Utilities Corporation	2003	Gas Cost of Service and Rate Design
Community Natural Gas Co.	2003	Gas Cost of Service Study and Rate Design
Indiana Natural Gas Corporation	2003	Gas Cost of Service Study and Rate Design
Indiana-American Water Company	2003	Water Cost of Service Study and Rate Design Single Tariff Pricing

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Purdue University	2004	Wastewater Cost of Service Study and Rate Design
City of Frankfort, IN	2004	Water Cost of Service Study and Rate Design Large Customer Bypass Negotiations
Evansville Business Alliance	2004	Wastewater Cost of Service Study and Rate Design
Switzerland County Natural Gas	2004	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2004	Gas Cost of Service Study and Rate Design
Vectren North (Indiana Gas Co.)	2004	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment
Clay Utilities Customers	2005-2007	Outside City Surcharge
City of East Chicago, IN	2005	Water Cost of Service Study and Rate Design
Indianapolis Department of Waterworks (formerly Indianapolis Water Company, Inc.)	2006	Water Cost of Service Study and Rate Design
Culver Academies	2005	Wastewater Cost of Service Study and Rate Design
City of Anderson, IN	2005-2006	Water Cost of Service Study and Rate Design
Vectren South (SIGECO)-Electric	2006-2007	Electric Cost of Service Study
Vectren South (SIGECO)-Gas	2006-2007	Gas Cost of Service Study and Rate Design
MasterGuard Corporation	2006	Electric Rate Billing Dispute Litigation
Lawrenceburg Gas Corporation	2006-2007	Gas Cost of Service Study and Rate Design Single Tariff Pricing School Transportation Tariff
Fountaintown Gas Company	2006	Transportation Balancing Provisions
Lawrenceburg Gas Company Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Chandler Natural Gas Corporation Indiana Natural Gas Corporation	2006	Normal Temperature Adjustment

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Missouri-American Water Company	2006-2007	CWIP Surcharge
Grandview Municipal Waterworks	2007	Sale for Resale Rate Litigation
Citizens Gas & Coke Utility	2007	Normal Temperature Adjustment
Southeastern Indiana REMC	2007	Electric Cost of Service Study and Rate Design
Ohio Valley Gas Company	2007	Gas Cost of Service Study and Rate Design Normal Temperature Adjustment Pipeline Safety Integrity Rider
Midwest Gas Corporation	2007	Gas Cost of Service Study and Rate Design Single Tariff Pricing School Transportation Tariff
Citizens Thermal Energy	2007	Steam Cost of Service Study and Rate Design
Rensselaer Municipal Electric Utility	2007	Rensselaer Municipal Electric Contract with IMPA
Vectren North (Indiana Gas Company)	2007	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2007-2008	Gas Cost of Service Study and Rate Design
Lawrenceburg Gas Corporation	2007-2008	Gas Cost Adjustment Review and Corrections
Indiana Natural Gas Corporation	2007-2008	School Transportation Tariff
Boonville Natural Gas Corp. & Chandler Natural Gas Corp.	2007-2008	Gas Cost of Service Study and Rate Design Single Tariff Pricing
Community Natural Gas Co., Inc.	2007-2008	Rate Design
Indiana Natural Gas Corporation	2008	Gas Cost of Service Study and Rate Design
Santa Claus Municipal Waterworks	2008	Water Cost of Service Study and Rate Design
Indiana Housing and Community Development Authority	2008	2008 Review of Utility Allowances for Low Income Housing
Evansville Business Alliance	2008	Wastewater Cost of Service Study and Rate Design
Citizens Thermal Energy	2008	Large Volume Customer Steam Contract Negotiations and Approval
Southeastern Indiana REMC	2008	Update to Electric Cost of Service Study and Rate Design

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Indiana Utilities Corporation	2008	Gas Rate Design
City of Ft. Wayne, Indiana	2008	Indiana Michigan Power Electric Cost of Service Study and Rate Design Intervention
Indiana Municipal Utilities Group	2008-2009	Northern Indiana Public Service Company ("NIPSCO") Cost of Service Study and Rate Design Intervention
Vectren South (SIGECO)-Gas	2008-2009	Analysis of and Assistance with Consolidation of Indiana Gas Company and Southern Indiana Gas & Electric Company Rates (Single Tariff Pricing)
City of East Chicago, Indiana	2009	Public Fire Protection Rates
Indianapolis Department of Waterworks (formerly Indianapolis Water Company, Inc.)	2009-2010	Water Cost of Service Study and Rate Design Weather Normalization Adjustment
Indiana-American Water Company	2009-2010	Water Cost of Service Study and Rate Design Single Tariff Pricing Weather Normalization Adjustment
Town of Montezuma, Indiana	2009-2010	Wholesale Power Analysis and Negotiations
Hendricks Power Cooperative	2009-2010	Electric Cost of Service Study and Rate Design
Vectren South (SIGECO)-Electric	2009-2010	Electric Cost of Service Study
Northern Indiana Public Service Company ("NIPSCO")	2009-2010	Audit of Gas Rate Case Filing Documents
Purdue University	2010-2011	Internal Gas, Electric, Water and Wastewater Cost of Service Studies
Fort Wayne Municipal Waterworks	2010-2011	Water Cost of Service Study, Rate Design and Outside City Rate Differential
Wabash County REMC	2010-2011	Electric Cost of Service Study and Rate Design
Indianapolis Power & Light Company	2010	Demand-Side Management Lost Revenue Recovery Tracker
City of Jasper, IN Municipal Gas Utility	2010-2011	Gas Cost of Service Study and Rate Design and Decoupling

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Indiana Municipal Utilities Group	2011	Northern Indiana Public Service Company ("NIPSCO") Cost of Service Study and Rate Design Intervention
Nucor Steel	2011	Intervention in Duke DSM Case Concerning Cost Allocation of Energy Efficiency Costs
Indiana American Water Company	2011	Water Cost of Service Study and Rate Design Single Tariff Pricing
Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Indiana Natural Gas Corporation Switzerland County Natural Gas	2011	Gas Energy Efficiency, Funding and Decoupling
Sycamore Gas Company	2011-2012	Assistance with Negotiating and Preparing a Large Volume Customer Special Contract
Indiana Utilities Corporation	2011-2012	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
Ohio Valley Gas Corporation	2011-2012	Gas Cost of Service Study and Rate Design Single Tariff Pricing
Northern Indiana Public Service Company (Kokomo Gas & Fuel Co.)	2011-2012	Court Litigation with Kokomo Opalescent Glass, Inc. Concerning Gas Rates
City of Fort Wayne, Indiana	2011-2012	Indiana Michigan Power Electric Cost of Service Study and Rate Design Intervention
Morgan Foods	2012	Stucker Fork Conservancy District Water Cost of Service Study and Rate Design Intervention
South Eastern Indiana Natural Gas Co.	2012	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
Boonville Natural Gas Corporation	2012	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
Midwest Gas Corporation	2012	Gas Cost of Service and Rate Design Gas Energy Efficiency, Funding and Decoupling

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Indianapolis Power & Light Company	2012	Assistance with Regulatory Matters
Illinois American Water Company	2012	Support Water Decoupling Mechanism Before the Illinois Commerce Commission
White River Citizens United	2012	Petition Objecting to Outside Rates for Bargersville Water
Town of Montezuma, Indiana	2012	Review of Wholesale Power Amendment and Negotiations with Duke Energy
Vectren Energy Delivery of Ohio	2012	Assistance with Implementation of HB95, Establishing Gas Cost of Service Study and Rates and Charges Excluding Equity Component
Fountaintown Natural Gas Company	2012	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
Switzerland County Natural Gas Company	2012	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
Community Natural Gas Co.	2012-2013	Gas Cost of Service Study and Rate Design. Gas Energy Efficiency, Funding and Decoupling.
Nucor Steel	2013	Expert Testimony on Electric Energy Efficiency Self-Direct Program in IURC Cause No. 44310
Citizens Thermal Energy	2013	Steam Cost of Service Study and Rate Design
Indiana Natural Gas Company	2013	Gas Rate Design Gas Energy Efficiency, Funding and Decoupling
City of Fort Wayne, Indiana	2012-2013	Water Cost of Service Study and Rate Design
Citizens Thermal Energy	2013	Research and Development Into Revenue Stabilization Rate Design
Delta Natural Gas	2014	Review of Unaccounted for Gas Calculations and Underlying Procedures
Community Natural Gas Co.	2014-2015	Assistance with Calculation of Cost of Service-Based Rate for Large Volume Customer and Assistance with Preparation of 30-Day Filing.
Vectren South Electric	2015	Assistance with LED Lighting Analysis

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Indiana Natural Gas Corporation Switzerland County Natural Gas	2015	Review and Analysis of First Year's Decoupling Rates
Morgan Foods	2015	Stucker Fork Conservancy District Water Cost of Service Study and Rate Design Intervention
Town of Whitestown, IN	2015	Citizens Water (Formerly Indianapolis Water Company and Indianapolis Department of Waterworks) Cost of Service Study and Rate Design Intervention
Vectren South Electric	2015-2016	Miscellaneous Regulatory and Ratemaking Projects
Vectren North and South Gas	2016	Intervention in ANR Pipeline Company Rate Case Docket No. RP16-440-000
Community Natural Gas Company	2016	Natural Gas Cost of Service Study and Rate Design
United House of Prayer (Class Action)	2016-2018	Water Rate Litigation Versus City of Detroit, MI
Leonard S. Bohn (Class Action)	2016-2017	Water Rate Litigation Versus City of Taylor, MI
City of Fort Wayne, Indiana	2016	Water Cost of Service Study and Rate Design Revision to Reflect Expiration of Contract
Davies County Rural Water System Inc.	2016	Wholesale Water Rate Litigation Versus City of Washington, IN
Midwest Natural Gas Company	2017	Natural Gas Cost of Service Study and Rate Design
Ohio Valley Gas Corporation	2017	Gas Cost of Service Study and Rate Design, Including Single Tariff Pricing
Jamila Youmans (Class Action)	2017-2018	Water Rate Litigation Versus Township of Bloomfield, MI
Hawaii Gas Company	2018	Natural Gas Cost of Service Study

Representative Engagements of Kerry A. Heid, P.E.¹

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Switzerland County Natural Gas Company	2018	Natural Gas Cost of Service Study and Rate Design
City of Jasper, IN Municipal Gas Utility	2018	Natural Gas Cost of Service Study and Rate Design
Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Indiana Natural Gas Corporation Switzerland County Natural Gas	2018	Compliance with Indiana Utility Regulatory Commission Cause No. 45032 Re: Reduction in Federal Income Tax Rate

Footnote 1: The aforementioned cases do not include in excess of one hundred water rate cases in which Mr. Heid participated as Principal Water and Sewer Engineer during his tenure with the Indiana Utility Regulatory Commission and its predecessor the Public Service Commission of Indiana through 1986.

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

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

<u>NO. ALLOCATORS</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>	<u>TOTAL</u>
<u>Input Allocators</u>			
1	Annual Throughput 478,905 32.2023%	1,008,271 67.7977%	1,487,176 100.0000%
2	Annual Sales 478,905 32.2023%	1,008,271 67.7977%	1,487,176 100.0000%
3	Number of Bills 8,325 98.1606%	156 1.8394%	8,481 100.0000%
4	Design Day Throughput 6,700 49.7906%	6,756 50.2094%	13,456 100.0000%
5	Design Day Sales 6,700 49.7906%	6,756 50.2094%	13,456 100.0000%
7	Number of Customers Meters and Services Weighting Factor Meters and Services Analysis 694 1.0 694 97.8008%	13 1.2 16 2.1992%	709 100.0000%
10	99% Rate 1 / 1% Rate 2 0.99 99.0000%	0.01 1.0000%	1.00 100.0000%
11	90% Rate 1 / 10% Rate 2 0.90 90.0000%	0.10 10.0000%	1.00 100.0000%
14	95% Rate 1 / 5% Rate 2 95% 95.0000%	5.0000% 5.0000%	100.0000% 100.0000%
100	Gross Plant \$1,301,950 76.8626%	\$391,918 23.1374%	\$1,693,868 100.0000%
<u>Internally-Generated Allocators</u>			
101	Gross Plant Excl. G&I Plant \$928,660 76.8626%	\$279,549 23.1374%	\$1,208,209 100.0000%
102	Original Cost Rate Base \$704,730 77.6050%	\$203,368 22.3950%	\$908,098 100.0000%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

**TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-2
SCHEDULE 1
PAGE 2 OF 2**

<u>NO. ALLOCATORS</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>	<u>TOTAL</u>
<u>Internally-Generated Allocators (cont.)</u>			
107	Mains and Services Plant \$589,620 68.4375%	\$271,925 31.5625%	\$861,545 100.0000%
108	Meters, Meter Installations and House Regulators \$339,040 97.8008%	\$7,624 2.1992%	\$346,664 100.0000%
109	Subtotal Distribution Plant \$354,104 57.0461%	\$266,629 42.9539%	\$620,733 100.0000%
110	Subtotal Gross Plant \$928,660 76.8626%	\$279,549 23.1374%	\$1,208,209 100.0000%
115	O&M Without Gas Costs (P/F A) \$12,991 82.0552%	\$2,841 17.9448%	\$15,832 100.0000%
117	O&M Without Gas Costs (P/F B) \$27,287 79.6278%	\$6,981 20.3722%	\$34,268 100.0000%
119	Distribution O&M (P/F B) \$6,007 68.4375%	\$2,770 31.5625%	\$8,778 0.0000%
120	Total Depreciation Expenses \$62,591 67.7441%	\$29,803 32.2559%	\$92,394 100.0000%
121	P/F A Normal Rev. w/ Misc. Rev. 282,921 51.5848%	265,537 48.4152%	548,458 100.0000%
122	P/F A Equalized Rev. w/ Misc. Rev. 460,237 84.1649%	86,591 15.8351%	546,828 100.0000%
123	P/F B Equalized Rev. w/ Misc. Rev. 521,149 82.6529%	109,378 17.3471%	630,528 100.0000%
125	Labor Allocator \$104,163 98.1606%	\$1,952 1.8394%	\$106,114 100.0000%

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.

COST OF SERVICE STUDY

ALLOCATION OF RATE BASE

TYPE OF FILING: CASE-IN-CHIEF

WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2

SCHEDULE 2

PAGE 1 OF 3

	<u>No.</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>GROSS PLANT</u>				
(1) Total Distribution Plant				
(2) Mains				
(3) Customer	3	\$79,347	\$77,887	\$1,460
(4) Demand	4	\$449,632	\$223,875	\$225,758
(5) Land and Land Rights	103	\$0	\$0	\$0
(6) Compressor Station Equipment	1	\$0	\$0	\$0
(7) Structures and Improvements	103	\$0	\$0	\$0
(8) Measuring and Regulating Equipment	103	\$91,754	\$52,342	\$39,412
(9) Services	7	\$240,812	\$235,516	\$5,296
(10) Meters	7	\$228,838	\$223,805	\$5,033
(11) Meter Installations	7	\$67,919	\$66,425	\$1,494
(12) House Regulators	7	\$49,907	\$48,810	\$1,098
(13) Other Distribution Equipment	109	\$0	\$0	\$0
(14) Total General and Intangible Plant	110	\$485,659	\$373,290	\$112,369
(15) Total Gross Plant		<u>\$1,693,868</u>	<u>\$1,301,950</u>	<u>\$391,918</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF RATE BASE**

**TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID**

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

	<u>No.</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>DEPRECIATION RESERVE</u>				
(1) Total Distribution Plant Depreciation Reserve				
(2) Mains	103	\$291,194	\$166,115	\$125,079
(3) Land and Land Rights	103	\$0	\$0	\$0
(4) Compressor Station Equipment	1	\$0	\$0	\$0
(5) Structures and Improvements	103	\$0	\$0	\$0
(6) Measuring and Regulating Equipment	103	\$45,839	\$26,149	\$19,689
(7) Services	7	\$120,305	\$117,660	\$2,646
(8) Meters	7	\$114,323	\$111,809	\$2,514
(9) Meter Installations	7	\$33,931	\$33,185	\$746
(10) House Regulators	7	\$24,933	\$24,384	\$548
(11) Other Distribution Equipment	109	\$0	\$0	\$0
(12) General and Intangible Plant Depreciation Reserve	110	\$206,113	\$158,424	\$47,689
(13) Total Depreciation Reserve		<u>\$836,639</u>	<u>\$637,726</u>	<u>\$198,913</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF RATE BASE**

**TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID**

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

	<u>No.</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OTHER RATE BASE COMPONENTS</u>				
(1) Materials and Supplies	100	\$0	\$0	\$0
(2) Cash Working Capital	117	\$50,868	\$40,505	\$10,363
(3) Total Other Rate Base Components		<u>\$50,868</u>	<u>\$40,505</u>	<u>\$10,363</u>
		0		
(4) Total Rate Base		<u>\$908,098</u>	<u>\$704,730</u>	<u>\$203,368</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSE**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

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

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>DEPRECIATION AND AMORTIZATION EXPENSES</u>					
(1) Total Distribution					
(2) Mains	103	Distribution Mains Plant	\$55,739	\$31,797	\$23,942
(3) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$2,294	\$1,309	\$985
(4) Services	7	Meters and Services Analysis	\$6,020	\$5,888	\$132
(5) Meters - Account 381	7	Meters and Services Analysis	\$5,721	\$5,595	\$126
(6) Meter Installations - Account 381	7	Meters and Services Analysis	\$1,698	\$1,661	\$37
(7) House Regulators - Account 381	7	Meters and Services Analysis	\$1,248	\$1,220	\$27
(8) Other Distribution Equipment	109	Subtotal Distribution Plant	\$0	\$0	\$0
(9) General and Intangible Plant	110	Subtotal Gross Plant	\$19,674	\$15,122	\$4,552
(10) Total Depreciation and Amortization Expense			<u>\$92,394</u>	<u>\$62,591</u>	<u>\$29,803</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
 PROFORMA A (PRESENT REVENUE LEVELS)**

**TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID**

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

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING EXPENSES</u>					
(1) Total Distribution Expenses					
(2) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$0	\$0	\$0
(3) Mains and Services	107	Mains and Services Plant	\$8,778	\$6,007	\$2,770
(4) Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and Hous	\$0	\$0	\$0
(5) Customer Installation Expenses	3	Number of Bills	\$0	\$0	\$0
(6) Supervision and Engineering	119	Distribution O&M (P/F B)	\$0	\$0	\$0
(7) Other Distribution	119	Distribution O&M (P/F B)	\$0	\$0	\$0
(8) Total Customer Accounts Expense	3	Number of Bills	\$0	\$0	\$0
(9) Uncollectibles	10	99% Rate 1 / 1% Rate 2	\$7,054	\$6,983	\$71
(10) Administrative and General					
(11) Plant-Related	100	Gross Plant	\$17,869	\$13,735	\$4,134
(12) Salaries-Related	125	Labor Allocator	\$204,321	\$200,563	\$3,758
(13) Other	115	O&M Without Gas Costs (P/F A)	\$168,923	\$138,610	\$30,313
(14) Total Proforma A Operating Costs			<u>\$406,945</u>	<u>\$365,898</u>	<u>\$41,047</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
 PROFORMA B (PROPOSED REVENUE LEVELS)**

**TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID**

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

	<u>NO.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING EXPENSES</u>					
(1) Total Distribution Expenses					
(2) Measuring and Regulating Equipment	103	Distribution Mains Plant	\$0	\$0	\$0
(3) Mains and Services	107	Mains and Services Plant	\$8,778	\$6,007	\$2,770
(4) Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and Hous	\$0	\$0	\$0
(5) Customer Installation Expenses	3	Number of Bills	\$0	\$0	\$0
(6) Supervision and Engineering	119	Distribution O&M (P/F B)	\$0	\$0	\$0
(7) Other Distribution	119	Distribution O&M (P/F B)	\$0	\$0	\$0
(8) Total Customer Accounts Expense	3	Number of Bills	\$0	\$0	\$0
(9) Uncollectibles	10	99% Rate 1 / 1% Rate 2	\$7,621	\$7,545	\$76
(10) Administrative and General					
(11) Plant-Related	100	Gross Plant	\$17,869	\$13,735	\$4,134
(12) Salaries-Related	125	Labor Allocator	\$204,321	\$200,563	\$3,758
(13) Other	117	O&M Without Gas Costs (P/F B)	\$169,034	\$134,598	\$34,436
(14) Total Proforma B Operating Costs			\$407,623	\$362,447	\$45,175

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 ALLOCATION OF MISCELLANEOUS REVENUES**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
 SCHEDULE 5
 PAGE 1 OF 1

		<u>Allocation Method</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>PROFORMA MISCELLANEOUS REVENUES</u>					
(1)	Forfeited Discounts	11 90% Rate 1 / 10% Rate 2	\$4,364	\$3,928	\$436
(2)	Connect fees	10 99% Rate 1 / 1% Rate 2	\$1,920	\$1,901	\$19
(3)	Reconnect fees	10 99% Rate 1 / 1% Rate 2	\$690	\$683	\$7
(4)	Return check fees	10 99% Rate 1 / 1% Rate 2	\$44	\$44	\$0
(4)	Total Miscellaneous Revenues		<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A NORMALIZED TAXES

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 1 OF 9

<u>No.</u>	<u>ALLOCATION METHOD</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
(1)	Proforma A Normalized Revenues. w/o Misc. Rev.	\$541,440	\$276,366	\$265,074
(2)	Proforma A Normalized Miscellaneous Revenues	\$7,018	\$6,555	\$463
(3)	Proforma A Normalized Rev. w/Misc. Revenues	\$548,458	\$282,921	\$265,537
<u>Indiana Utility Receipts Taxes</u>				
(4)	Total Proforma A Normalized Revenues w/ Misc. Rev.	\$548,458	\$282,921	\$265,537
(5)	Less: Uncollectible Expense	14 95% Rate 1 / 5% Rate 2 (\$7,054)	(\$6,701)	(\$353)
(6)	Less: Statutory Exemption	100 Gross Plant (\$1,000)	(\$769)	(\$231)
(7)	Less: Exempt Revenues	0 Not Applicable \$0	\$0	\$0
(8)	Income for Utility Receipts Tax	\$540,404	\$275,451	\$264,953
(9)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%
(10)	Utility Receipts Tax	\$7,566	\$3,856	\$3,709
<u>State Income Taxes</u>				
(11)	Total Proforma A Normalized Revenues	\$548,458	\$282,921	\$265,537
(12)	Less: Operation and Maintenance Expenses	(\$406,945)	(\$365,898)	(\$41,047)
(13)	Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(14)	Less: Depreciation	(\$92,394)	(\$62,591)	(\$29,803)
(15)	Less: Property Taxes	100 Gross Plant (\$9,204)	(\$7,075)	(\$2,130)
(16)	Less: Other Taxes	115 O&M Without Gas Costs (P/F A) (\$12,933)	(\$10,612)	(\$2,321)
(17)	Less: Utility Receipts Tax	\$0	\$0	\$0
(18)	Less: Interest Expense	102 Original Cost Rate Base (\$12,169)	(\$9,444)	(\$2,725)
(19)	Plus: Non-Deductible Expenses	102 Original Cost Rate Base \$0	\$0	\$0
(20)	Income for State Income Taxes	\$1,999	(\$176,826)	\$178,824
(21)	State Income Tax Rate	5.75%	5.75%	5.75%
(22)	State Income Taxes	\$115	(\$10,167)	\$10,282
(23)	Less: Deferred State Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0
(24)	Total State Tax Liability	\$115	(\$10,167)	\$10,282

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A NORMALIZED TAXES (Continued)

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 2 OF 9

<u>No.</u>	<u>ALLOCATION METHOD</u>	<u>Total</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>Federal Income Taxes</u>				
(25)	Total Proforma A Normalized Revenues	\$548,458	\$282,921	\$265,537
(26)	Less: Operation and Maintenance Expenses	(\$406,945)	(\$365,898)	(\$41,047)
(27)	Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(28)	Less: Depreciation	(\$92,394)	(\$62,591)	(\$29,803)
(29)	Less: Property Taxes	(\$9,204)	(\$7,075)	(\$2,130)
(30)	Less: Other Taxes	(\$12,933)	(\$10,612)	(\$2,321)
(31)	Less: Utility Receipts Tax	(\$7,566)	(\$3,856)	(\$3,709)
(32)	Less: Interest Expense	(\$12,169)	(\$9,444)	(\$2,725)
(33)	Plus: Non-Deductible Expenses	\$0	\$0	\$0
(34)	Less: State Income taxes	(\$115)	\$10,167	(\$10,282)
(35)	Income for Federal Income Taxes	(\$5,682)	(\$170,515)	\$164,832
(36)	Federal Income Tax Rate	21.00%	21.00%	21.00%
(37)	Federal Income Taxes	(\$1,193)	(\$35,808)	\$34,615
(38)	Less: Investment Tax Credit	\$0	\$0	\$0
(39)	Less: Deferred Federal Tax Flowback	\$0	\$0	\$0
(40)	Total Federal Tax Liability	(\$1,193)	(\$35,808)	\$34,615
<u>Net Operating Income</u>				
(41)	Total Proforma A Normalized Margins	\$548,458	\$282,921	\$265,537
(42)	Less: Operation and Maintenance Expenses	(\$406,945)	(\$365,898)	(\$41,047)
(43)	Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(44)	Less: Depreciation	(\$92,394)	(\$62,591)	(\$29,803)
(45)	Less: Other Taxes	(\$12,933)	(\$10,612)	(\$2,321)
(46)	Less: Utility Receipts Tax	(\$7,566)	(\$3,856)	(\$3,709)
(47)	Less: Property Taxes	(\$9,204)	(\$7,075)	(\$2,130)
(48)	Less: State Income Taxes	(\$115)	\$10,167	(\$10,282)
(49)	Less: Total Federal Income tax Liability	\$1,193	\$35,808	(\$34,615)
(50)	Net Operating Income	\$7,680	(\$125,263)	\$132,943
(51)	Total Rate Base	\$908,098	\$704,730	\$203,368
(52)	Rate of Return	0.85%	-17.77%	65.37%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
 PROFORMA A EQUALIZED TAXES**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
 SCHEDULE 6
 PAGE 3 OF 9

<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
(1)	Rate Base	\$908,098	\$704,730	\$203,368
(2)	Allowed Rate of Return	0.7141%	0.7141%	0.7141%
(3)	Allowed Net Operating Income	\$6,485	\$5,032	\$1,452
<u>Federal Income Taxes</u>				
(4)	Net Operating Income	\$6,485	\$5,032	\$1,452
(5)	Less: Interest Expense	102 Original Cost Rate Base (\$12,169)	(\$9,444)	(\$2,725)
(6)	Plus: Non-Deductible Expenses	\$0	\$0	\$0
(7)	Plus: Investment Tax Credit	100 Gross Plant \$0	\$0	\$0
(8)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0
(9)	Total Amount to Calculate Federal Taxes	(\$5,684)	(\$4,411)	(\$1,273)
(10)	Federal Tax Factor (Tax Rate/(1-Tax Rate))	26.5823%	26.5823%	26.5823%
(11)	Federal Income Taxes Before Flowback	(\$1,511)	(\$1,173)	(\$338)
(12)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0
(13)	Less: Investment Tax Credit	\$0	\$0	\$0
(14)	Federal Income taxes After Flowback	(\$1,511)	(\$1,173)	(\$338)
<u>State Income Taxes</u>				
(15)	Net Operating Income	\$6,485	\$5,032	\$1,452
(16)	Less: Interest Expense	(\$12,169)	(\$9,444)	(\$2,725)
(17)	Plus: Non-Deductible Expenses	\$0	\$0	\$0
(18)	Plus: Utility Receipts Tax	\$7,543	\$6,342	\$1,201
(19)	Plus: Investment Tax Credit	\$0	\$0	\$0
(20)	Plus: Federal Income Taxes	(\$1,511)	(\$1,173)	(\$338)
(21)	Plus: Property taxes	100 Gross Plant \$0	\$0	\$0
(22)	Less: Deferred State Tax Flowback	102 Original Cost Rate Base \$0	\$0	\$0
(23)	Total Amount to Calculate State Taxes	\$347	\$758	(\$411)
(24)	State Tax Factor (Tax Rate/(1-Tax Rate))	6.1008%	6.1008%	6.1008%
(25)	State Income Taxes-Current and Deferred	\$21	\$46	(\$25)
(26)	Less: Deferred State Tax Flowback	102 Original Cost Rate Base \$0	\$0	\$0
(27)	State Income Tax After Flowback	\$21	\$46	(\$25)

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A EQUALIZED TAXES (Continued)

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 4 OF 9

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>Utility Receipts Taxes</u>					
(28)		Net Operating Income	\$6,485	\$5,032	\$1,452
(29)		Plus: Operating & Maintenance Expenses	\$406,945	\$365,898	\$41,047
(30)		Plus: Gas Costs (Special Contract + UAFG)	\$12,815	\$4,127	\$8,688
(31)		Plus: Depreciation and Amortization Expenses	\$92,394	\$62,591	\$29,803
(32)		Plus: Investment Tax Credit	\$0	\$0	\$0
(33)		Plus: Federal Income Taxes	(\$1,511)	(\$1,173)	(\$338)
(34)		Plus: State Income Taxes	\$21	\$46	(\$25)
(35)		Plus: Property taxes	\$9,204	\$7,075	\$2,130
(36)		Plus: Other Taxes	\$12,933	\$10,298	\$2,635
(37)		Less: Uncollectible Expense	14 (\$7,054)	(\$6,701)	(\$353)
(38)		Less: Statutory Exemption	121 (\$1,000)	(\$516)	(\$484)
(39)		Less: Exempt Revenues	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Taxes	\$531,231	\$446,678	\$84,553
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$7,543	\$6,342	\$1,201
<u>Derivation of Proforma A Equalized Revenues</u>					
(43)		Net Operating Income	\$6,485	\$5,032	\$1,452
(44)		Plus: Operating & Maintenance Expenses	\$406,945	\$365,898	\$41,047
(45)		Plus: Gas Costs	\$12,815	\$4,127	\$8,688
(46)		Plus: Depreciation and Amortization Expenses	\$92,394	\$62,591	\$29,803
(47)		Plus: Federal Income Taxes	(\$1,511)	(\$1,173)	(\$338)
(48)		Plus: State Income taxes	\$21	\$46	(\$25)
(49)		Plus: Gross Income taxes	\$7,543	\$6,342	\$1,201
(50)		Plus: Property taxes	\$9,204	\$7,075	\$2,130
(51)		Plus: Other Taxes	\$12,933	\$10,298	\$2,635
(52)		Plus: Investment Tax Credit	\$0	\$0	\$0
(53)		Proforma A Equalized Revenues w/Misc. Rev.	\$546,828	\$460,237	\$86,591

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B EQUALIZED TAXES

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 5 OF 9

NO.	ALLOCATION METHOD	TOTAL	Rate 1 -Res. & Gen. Svc.	Rate 2 - Large C&I
(1)	Rate Base	\$908,098	\$704,730	\$203,368
(2)	Allowed Rate of Return	7.4200%	7.4200%	7.4200%
(3)	Allowed Net Operating Income	\$67,381	\$52,291	\$15,090
<u>Federal Income Taxes</u>				
(4)	Net Operating Income	\$67,381	\$52,291	\$15,090
(5)	Less: Interest Expense	102 Original Cost Rate Base (\$12,169)	(\$9,444)	(\$2,725)
(6)	Plus: Non-Deductible Expenses	\$0	\$0	\$0
(7)	Plus: Investment Tax Credit	100 Gross Plant \$0	\$0	\$0
(8)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0
(9)	Total Amount to Calculate Federal Taxes	\$55,212	\$42,847	\$12,365
(10)	Federal Tax Factor (Tax Rate/(1-Tax Rate))	26.5823%	26.5823%	26.5823%
(11)	Federal Income Taxes Before Flowback and ITC	\$14,677	\$11,390	\$3,287
(12)	Less: Deferred Federal Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0
(13)	Less: Investment Tax Credit	\$0	\$0	\$0
(14)	Federal Income Tax Liability	\$14,677	\$11,390	\$3,287
<u>State Income Taxes</u>				
(15)	Net Operating Income	\$67,381	\$52,291	\$15,090
(16)	Less: Interest Expense	(\$12,169)	(\$9,444)	(\$2,725)
(17)	Plus: Non-Deductible Expenses	\$0	\$0	\$0
(18)	Plus: Utility Receipts Tax	\$8,707	\$7,183	\$1,524
(19)	Plus: Investment Tax Credit	\$0	\$0	\$0
(20)	Plus: Federal Income Taxes	\$14,677	\$11,390	\$3,287
(21)	Plus: Property Taxes	100 Gross Plant \$0	\$0	\$0
(22)	Less: Deferred State Tax Flowback	\$0	\$0	\$0
(23)	Total Amount to Calculate State Taxes	\$78,595	\$61,420	\$17,175
(24)	State Tax Factor (Tax Rate/(1-Tax Rate))	6.1008%	6.1008%	6.1008%
(25)	State Income Taxes-Current and Deferred	\$4,795	\$3,747	\$1,048
(26)	Less: Deferred State Tax Flowback	\$0	\$0	\$0
(27)	State Income Tax Liability	\$4,795	\$3,747	\$1,048

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B EQUALIZED TAXES (Continued)

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 6 OF 9

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
Utility Receipts Tax					
(28)		Net Operating Income	\$67,381	\$52,291	\$15,090
(29)		Plus: Operating & Maintenance Expenses	\$407,623	\$362,447	\$45,175
(30)		Plus: Gas Costs (Rate 70 + UAFG)	\$12,815	\$4,127	\$8,688
(31)		Plus: Depreciation and Amortization Expenses	\$92,394	\$62,591	\$29,803
(32)	100	Gross Plant	\$0	\$0	\$0
(33)		Plus: Federal Income Taxes	\$14,677	\$11,390	\$3,287
(34)		Plus: Property Taxes	\$9,204	\$7,075	\$2,130
(35)		Plus: State Income Taxes	\$4,795	\$3,747	\$1,048
(36)	117	O&M Without Gas Costs (P/F B)	\$12,933	\$10,298	\$2,635
(37)	14	95% Rate 1 / 5% Rate 2	(\$7,621)	(\$7,240)	(\$381)
(38)	122	P/F A Equalized Rev. w/ Misc. Rev.	(\$1,000)	(\$842)	(\$158)
(39)		Less: Exempt Revenues	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Tax	\$613,200	\$505,885	\$107,315
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$8,707	\$7,183	\$1,524

DERIVATION OF PROFORMA B EQUALIZED REVENUES

(43)		Net Operating Income	\$67,381	\$52,291	\$15,090
(44)		Plus: Operating & Maintenance Expenses	\$407,623	\$362,447	\$45,175
(45)		Plus: Gas Costs	\$12,815	\$4,127	\$8,688
(46)		Plus: Depreciation and Amortization Expenses	\$92,394	\$62,591	\$29,803
(47)		Plus: Federal Income Taxes	\$14,677	\$11,390	\$3,287
(48)		Plus: State Income Taxes	\$4,795	\$3,747	\$1,048
(49)		Plus: Utility Receipts Taxes	\$8,707	\$7,183	\$1,524
(50)		Plus: Property Taxes	\$9,204	\$7,075	\$2,130
(51)		Plus Other Taxes	\$12,933	\$10,298	\$2,635
(52)		Plus: Investment Tax Credit	\$0	\$0	\$0
(53)		Proforma B Equalized Revenues w/Misc. Rev.	\$630,528	\$521,149	\$109,378

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 7 OF 9

<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>SUBSIDY REDUCTION</u>				
(1)	Proforma A Normalized Revenues w/Misc. Rev.	\$548,458	\$282,921	\$265,537
(2)	Less: Proforma A Equalized Revenues w/Misc. Rev.	\$546,828	\$460,237	\$86,591
(3)	Proforma A Subsidy	\$1,630	(\$177,316)	\$178,946
(4)	Proposed Subsidy Reduction Percentage		0.00%	0.00%
(5)	Proforma B Subsidy	\$1,630	(\$177,316)	\$178,946
(6)	Proforma B Equalized Revenues w/Misc. Rev.	\$630,528	\$521,149	\$109,378
(7)	Proforma B Normalized Revenues w/Misc. Rev.	\$632,158	\$343,833	\$288,325
<u>TAX CALCULATIONS</u>				
<u>Utility Receipts Taxes</u>				
(8)	Total Proforma B Normal Revenues	\$632,158	\$343,833	\$288,325
(9)	Less: Uncollectible Expense	14 95% Rate 1 / 5% Rate 2 (\$7,621)	(\$7,240)	(\$381)
(10)	Less: Statutory Exemption	124 P/F B Normal Rev. w/ Misc. Rev. (\$1,000)	(\$544)	(\$456)
(11)	Less: Exempt Revenues	\$0	\$0	\$0
(12)	Income for Utility Receipts Taxes	\$623,537	\$336,049	\$287,488
(13)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%
(14)	Utility Receipts Taxes	\$8,730	\$4,705	\$4,025
<u>State Income Taxes</u>				
(15)	Total Proforma B Normal Revenues	\$632,158	\$343,833	\$288,325
(16)	Less: Operation and Maintenance Expenses	(\$407,623)	(\$362,447)	(\$45,175)
(17)	Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(18)	Less: Depreciation Expense	(\$92,394)	(\$62,591)	(\$29,803)
(19)	Less: Property Taxes	(\$9,204)	(\$7,075)	(\$2,130)
(20)	Less: Other Taxes	117 O&M Without Gas Costs (P/F B) (\$12,933)	(\$10,298)	(\$2,635)
(21)	Less: Utility Receipts Tax	\$0	\$0	\$0
(22)	Less: Interest Expense	102 Original Cost Rate Base (\$12,169)	(\$9,444)	(\$2,725)
(23)	Less: Non-Deductible Expenses	\$0	\$0	\$0
(24)	Income for State Income Taxes	\$85,020	(\$112,149)	\$197,169
(25)	State Income Tax Rate	5.75%	5.75%	5.75%
(26)	State Income Taxes Before Flowback	\$4,889	(\$6,449)	\$11,337
(27)	Less: Deferred State Tax Flowback	\$0	\$0	\$0
(28)	Total State Income Tax Liability	\$4,889	(\$6,449)	\$11,337

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES (Continued)

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 8 OF 9

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>Federal Income taxes</u>					
(29)		Total Proforma B Normal Revenues	\$632,158	\$343,833	\$288,325
(30)		Less: Operation and Maintenance Expenses	(\$407,623)	(\$362,447)	(\$45,175)
(31)		Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(32)		Less: Depreciation Expense	(\$92,394)	(\$62,591)	(\$29,803)
(33)		Less: Other Taxes	(\$12,933)	(\$10,298)	(\$2,635)
(34)	100	Gross Plant	(\$9,204)	(\$7,075)	(\$2,130)
(35)		Less: Utility Receipts Taxes	(\$8,730)	(\$4,705)	(\$4,025)
(36)	102	Original Cost Rate Base	(\$12,169)	(\$9,444)	(\$2,725)
(37)		Less: Non-Deductible Expenses	\$0	\$0	\$0
(38)		Less: State Income taxes	(\$4,889)	\$6,449	(\$11,337)
(39)		Income for Federal Income Taxes	\$71,402	(\$110,405)	\$181,807
(40)		Federal Income Tax Rate	21.00%	21.00%	21.00%
(41)		Federal Income Taxes	\$14,994	(\$23,185)	\$38,180
(42)	100	Gross Plant	\$0	\$0	\$0
(43)	120	Total Depreciation Expenses	\$0	\$0	\$0
(44)		Total Federal Income Tax Liability	\$14,994	(\$23,185)	\$38,180
<u>Net Operating Income</u>					
(45)		Total Proforma B Normal Revenues w/Misc. Rev.	\$632,158	\$343,833	\$288,325
(46)		Less: Operation and Maintenance Expenses	(\$407,623)	(\$362,447)	(\$45,175)
(47)		Less: Gas Costs	(\$12,815)	(\$4,127)	(\$8,688)
(48)		Less: Depreciation Expense	(\$92,394)	(\$62,591)	(\$29,803)
(49)		Less: Other Taxes	(\$12,933)	(\$10,298)	(\$2,635)
(50)		Less: Utility Receipts Taxes	(\$8,730)	(\$4,705)	(\$4,025)
(51)		Less: Property Taxes	(\$9,204)	(\$7,075)	(\$2,130)
(52)		Less: State Income Taxes	(\$4,889)	\$6,449	(\$11,337)
(53)		Less: Total Federal Income Tax Liability	(\$14,994)	\$23,185	(\$38,180)
(54)		Net Operating Income	\$68,577	(\$77,776)	\$146,353
(55)		Total Rate Base	\$908,098	\$704,730	\$203,368
(56)		Rate of Return	7.55%	-11.04%	71.96%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
SUMMARY OF PROFORMA REVENUES**

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 6
PAGE 9 OF 9

		<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>Proforma A Normalized Revenues</u>						
(1)	Proforma A Normalized Revenues w/o Misc. Rev.			\$541,440	\$276,366	\$265,074
(2)	Proforma A Normalized Miscellaneous Revenues			\$7,018	\$6,555	\$463
(3)	Total Proforma A Normalized Revenues w/Misc. Rev.			\$548,458	\$282,921	\$265,537
 <u>Proforma A Equalized Revenues</u>						
(4)	Proforma A Equalized Revenues w/o Misc. Rev.			\$539,810	\$453,682	\$86,128
(5)	Proforma A Equalized Miscellaneous Revenues			\$7,018	\$6,555	\$463
(6)	Total Proforma A Equalized Revenues w/Misc. Rev.			\$546,828	\$460,237	\$86,591
 <u>Proforma B Equalized Revenues</u>						
(7)	Proforma B Equalized Revenues w/o Misc. Rev.			\$623,510	\$514,594	\$108,916
(8)	Proforma B Equalized Miscellaneous Revenues			\$7,018	\$6,555	\$463
(9)	Total Proforma B Equalized Revenues w/Misc. Rev.			\$630,528	\$521,149	\$109,378
 <u>Proforma B Normalized Revenues</u>						
(10)	Proforma B Normalized Revenues w/o Misc. Rev.			\$625,140	\$337,278	\$287,862
(11)	Proforma B Normalized Miscellaneous Revenues			\$7,018	\$6,555	\$463
(12)	Total Proforma B Normalized Revenues w/Misc. Rev.			\$632,158	\$343,833	\$288,325

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PRESENT RATES**

**TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-2
SCHEDULE 7
PAGE 1 OF 4**

	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING REVENUES:</u>			
(1) Revenue from Gas Sales	\$541,440	\$276,366	\$265,074
(2) Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
(3) Total Operating Revenues	<u>\$548,458</u>	<u>\$282,921</u>	<u>\$265,537</u>
<u>OPERATING EXPENSES</u>			
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0
(7) Unaccounted for Gas Costs	\$12,815	\$4,127	\$8,688
(8) Total Underground Storage Expense	\$0	\$0	\$0
(9) Total Distribution Expenses			
(10) Measuring and Regulating Equipment	\$0	\$0	\$0
(11) Mains and Services	\$8,778	\$6,007	\$2,770
(12) Total Customer Accounts Expense	\$0	\$0	\$0
(13) Uncollectibles	\$7,054	\$6,983	\$71
(14) Total Customer Service Expenses	\$0	\$0	\$0
(15) Total Sales Expenses	\$0	\$0	\$0
(16) Administrative and General	\$391,113	\$352,907	\$38,206
(17) Total Depreciation and Amortization Expense	\$92,394	62,591	29,803
(18) Other Taxes	\$12,933	\$10,612	\$2,321
(19) Property Taxes	\$9,204	\$7,075	\$2,130
(20) Utility Receipts Taxes	\$7,566	\$3,856	\$3,709
(21) State Income Taxes	\$115	(\$10,167)	\$10,282
(22) Federal Income Taxes	<u>(\$1,193)</u>	<u>(\$35,808)</u>	<u>\$34,615</u>
(23) Total Operating Expenses	<u>\$540,778</u>	<u>\$408,184</u>	<u>\$132,594</u>
(24) Net Operating Income	<u>\$7,680</u>	<u>(\$125,263)</u>	<u>\$132,943</u>
(25) Total Rate Base	\$908,098	\$704,730	\$203,368
(26) Rate of Return	<u>0.85%</u>	<u>-17.77%</u>	<u>65.37%</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PRESENT RATES**

**TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-2
SCHEDULE 7
PAGE 2 OF 4**

	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING REVENUES:</u>			
(1) Revenue from Gas Sales	\$539,810	\$453,682	\$86,128
(2) Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
(3) Total Operating Revenues	<u>\$546,828</u>	<u>\$460,237</u>	<u>\$86,591</u>
<u>OPERATING EXPENSES</u>			
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0
(7) Unaccounted for Gas Costs	\$12,815	\$4,127	\$8,688
(8) Total Underground Storage Expense	\$0	\$0	\$0
(9) Total Distribution Expenses			
(10) Measuring and Regulating Equipment	\$0	\$0	\$0
(11) Mains and Services	\$8,778	\$6,007	\$2,770
(12) Total Customer Accounts Expense	\$0	\$0	\$0
(13) Uncollectibles	\$7,054	\$6,983	\$71
(14) Total Customer Service Expenses	\$0	\$0	\$0
(15) Total Sales Expenses	\$0	\$0	\$0
(16) Administrative and General	\$391,113	\$352,907	\$38,206
(17) Total Depreciation and Amortization Expense	\$92,394	62,591	29,803
(18) Other Taxes	\$12,933	\$10,298	\$2,635
(19) Property Taxes	\$9,204	\$7,075	\$2,130
(20) Utility Receipts Taxes	\$7,543	\$6,342	\$1,201
(21) State Income Taxes	\$21	\$46	(\$25)
(22) Federal Income Taxes	(\$1,511)	(\$1,173)	(\$338)
(23) Total Operating Expenses	<u>\$540,343</u>	<u>\$455,205</u>	<u>\$85,139</u>
(24) Net Operating Income	<u>\$6,485</u>	<u>\$5,032</u>	<u>\$1,452</u>
(25) Total Rate Base	\$908,098	\$704,730	\$203,368
(26) Rate of Return	<u>0.71%</u>	<u>0.71%</u>	<u>0.71%</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PROPOSED RATES**

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-2
SCHEDULE 7
PAGE 3 OF 4

	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING REVENUES:</u>			
(1) Revenue from Gas Sales	\$623,510	\$514,594	\$108,916
(2) Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
(3) Total Operating Revenues	<u>\$630,528</u>	<u>\$521,149</u>	<u>\$109,378</u>
<u>OPERATING EXPENSES</u>			
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0
(7) Unaccounted for Gas Costs	\$12,815	\$4,127	\$8,688
(8) Total Underground Storage Expense	\$0	\$0	\$0
(9) Total Distribution Expenses			
(10) Measuring and Regulating Equipment	\$0	\$0	\$0
(11) Mains and Services	\$8,778	\$6,007	\$2,770
(12) Total Customer Accounts Expense	\$0	\$0	\$0
(13) Uncollectibles	\$7,621	\$7,545	\$76
(14) Total Customer Service Expenses	\$0	\$0	\$0
(15) Total Sales Expenses	\$0	\$0	\$0
(16) Administrative and General	\$391,224	\$348,895	\$42,329
(17) Total Depreciation and Amortization Expense	\$92,394	\$62,591	\$29,803
(18) Other Taxes	\$12,933	\$10,298	\$2,635
(19) Property Taxes	\$9,204	\$7,075	\$2,130
(20) Utility Receipts Taxes	\$8,707	\$7,183	\$1,524
(21) State Income Taxes	\$4,795	\$3,747	\$1,048
(22) Federal Income Taxes	<u>\$14,677</u>	<u>\$11,390</u>	<u>\$3,287</u>
(23) Total Operating Expenses	<u>\$563,147</u>	<u>\$468,858</u>	<u>\$94,289</u>
(24) Net Operating Income	<u>\$67,381</u>	<u>\$52,291</u>	<u>\$15,090</u>
(25) Total Rate Base	\$908,098	\$704,730	\$203,368
(26) Rate of Return	<u>7.42%</u>	<u>7.42%</u>	<u>7.42%</u>

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PROPOSED RATES**

**TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-2
SCHEDULE 7
PAGE 4 OF 4**

	<u>TOTAL</u>	<u>Rate 1 -Res. & Gen. Svc.</u>	<u>Rate 2 - Large C&I</u>
<u>OPERATING REVENUES:</u>			
(1) Revenue from Gas Sales	\$625,140	\$337,278	\$287,862
(2) Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
(3) Total Operating Revenues	<u>\$632,158</u>	<u>\$343,833</u>	<u>\$288,325</u>
<u>OPERATING EXPENSES</u>			
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0
(5) Demand Cost of Purchased Gas	\$0	\$0	\$0
(6) Leased Storage	\$0	\$0	\$0
(7) Unaccounted for Gas Costs	\$12,815	\$4,127	\$8,688
(8) Total Underground Storage Expense	\$0	\$0	\$0
(9) Total Distribution Expenses	\$0	\$0	\$0
(10) Measuring and Regulating Equipment	\$0	\$0	\$0
(11) Mains and Services	\$8,778	\$6,007	\$2,770
(12) Total Customer Accounts Expense	\$0	\$0	\$0
(13) Uncollectibles	\$7,621	\$7,545	\$76
(14) Total Customer Service Expenses	\$0	\$0	\$0
(15) Total Sales Expenses	\$0	\$0	\$0
(16) Administrative and General	\$391,224	\$348,895	\$42,329
(17) Total Depreciation and Amortization Expense	\$92,394	\$62,591	\$29,803
(18) Other Taxes	\$12,933	\$10,298	\$2,635
(19) Property Taxes	\$9,204	\$7,075	\$2,130
(20) Utility Receipts Taxes	\$8,730	\$4,705	\$4,025
(21) State Income Taxes	\$4,889	(\$6,449)	\$11,337
(22) Federal Income Taxes	<u>\$14,994</u>	<u>(\$23,185)</u>	<u>\$38,180</u>
(23) Total Operating Expenses	<u>\$563,581</u>	<u>\$421,609</u>	<u>\$141,972</u>
(24) Net Operating Income	<u>\$68,577</u>	<u>(\$77,776)</u>	<u>\$146,353</u>
(25) Total Rate Base	\$908,098	\$704,730	\$203,368
(26) Rate of Return	<u>7.55%</u>	<u>-11.04%</u>	<u>71.96%</u>

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT PRESENT RATES OF RETURN

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3
SCHEDULE 1

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1 -Res. & Gen. Svc.</u> (C)	<u>Rate 2 - Large C&I</u> (D)
<u>Operating Revenues</u>				
1	Revenues From Gas Sales	\$541,440	\$276,366	\$265,074
2	Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
3	Total	<u>\$548,458</u>	<u>\$282,921</u>	<u>\$265,537</u>
<u>Operating Expenses</u>				
4	Operation and Maintenance	\$419,759	\$370,025	\$49,735
5	Depreciation and Amortization	92,394	62,591	29,803
6	Federal Income Taxes	(1,193)	(35,808)	34,615
7	State Income Taxes	115	(10,167)	10,282
8	Taxes Other Than Income Taxes	<u>29,703</u>	<u>21,543</u>	<u>8,160</u>
9	Total	<u>\$540,778</u>	<u>\$408,184</u>	<u>\$132,594</u>
10	Net Operating Income	<u>\$7,680</u>	<u>(\$125,263)</u>	<u>\$132,943</u>
11	Original Cost Rate Base	<u>\$908,098</u>	<u>\$704,730</u>	<u>\$203,368</u>
12	Rate of Return on Rate Base	0.85%	-17.78%	65.37%
13	Earnings Index	100%	-2101%	7727%

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT EQUALIZED RATES OF RETURN

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3
SCHEDULE 2

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1 -Res. & Gen. Svc.</u> (C)	<u>Rate 2 - Large C&I</u> (D)
<u>Operating Revenues</u>				
1	Revenues From Gas Sales	\$539,810	\$453,682	\$86,128
2	Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
3	Total	<u>\$546,828</u>	<u>\$460,237</u>	<u>\$86,591</u>
<u>Operating Expenses</u>				
4	Operation and Maintenance	\$419,759	\$370,025	\$49,735
5	Depreciation and Amortization	92,394	62,591	29,803
6	Federal Income Taxes	(1,511)	(1,173)	(338)
7	State Income Taxes	21	46	(25)
8	Taxes Other Than Income Taxes	<u>29,680</u>	<u>23,715</u>	<u>5,965</u>
9	Total	<u>\$540,343</u>	<u>\$455,205</u>	<u>\$85,139</u>
10	Net Operating Income	<u>\$6,485</u>	<u>\$5,032</u>	<u>\$1,452</u>
11	Original Cost Rate Base	<u>\$908,098</u>	<u>\$704,730</u>	<u>\$203,368</u>
12	Rate of Return on Rate Base	0.71%	0.71%	0.71%
13	Earnings Index	100%	100%	100%

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT EQUALIZED RATES OF RETURN

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3
SCHEDULE 3

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1 -Res. & Gen. Svc.</u> (C)	<u>Rate 2 - Large C&I</u> (D)
<u>Operating Revenues</u>				
1	Revenues From Gas Sales	\$623,510	\$514,594	\$108,916
2	Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
3	Total	<u>\$630,528</u>	<u>\$521,149</u>	<u>\$109,378</u>
<u>Operating Expenses</u>				
4	Operation and Maintenance	\$420,437	\$366,574	\$53,863
5	Depreciation and Amortization	92,394	62,591	29,803
6	Federal Income Taxes	14,677	11,390	3,287
7	State Income Taxes	4,795	3,747	1,048
8	Taxes Other Than Income Taxes	<u>30,844</u>	<u>24,556</u>	<u>6,288</u>
9	Total	<u>\$563,147</u>	<u>\$468,858</u>	<u>\$94,289</u>
10	Net Operating Income	<u>\$67,381</u>	<u>\$52,291</u>	<u>\$15,090</u>
11	Original Cost Rate Base	<u>\$908,098</u>	<u>\$704,730</u>	<u>\$203,368</u>
12	Rate of Return on Rate Base	7.42%	7.42%	7.42%
13	Earnings Index	100%	100%	100%

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT PROPOSED RATES OF RETURN

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-3
SCHEDULE 4

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1 -Res. & Gen. Svc.</u> (C)	<u>Rate 2 - Large C&I</u> (D)
<u>Operating Revenues</u>				
1	Revenues From Gas Sales	\$625,140	\$337,278	\$287,862
2	Miscellaneous Revenues	<u>\$7,018</u>	<u>\$6,555</u>	<u>\$463</u>
3	Total	<u>\$632,158</u>	<u>\$343,833</u>	<u>\$288,325</u>
<u>Operating Expenses</u>				
4	Operation and Maintenance	\$420,437	\$366,574	\$53,863
5	Depreciation and Amortization	92,394	62,591	29,803
6	Federal Income Taxes	14,994	(23,185)	38,180
7	State Income Taxes	4,889	(6,449)	11,337
8	Taxes Other Than Income Taxes	<u>30,867</u>	<u>22,078</u>	<u>8,789</u>
9	Total	<u>\$563,581</u>	<u>\$421,609</u>	<u>\$141,972</u>
10	Net Operating Income	<u>\$68,577</u>	<u>(\$77,776)</u>	<u>\$146,353</u>
11	Original Cost Rate Base	<u>\$908,098</u>	<u>\$704,730</u>	<u>\$203,368</u>
12	Rate of Return on Rate Base	7.55%	-11.04%	71.97%
13	Earnings Index	100%	-146%	953%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 COMPARISON OF PROFORMA OPERATING REVENUES AND RESULTING DOLLAR SUBSIDY
 LEVELS AT PRESENT AND PROPOSED RATES**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-4

<u>Line No.</u>	<u>Rate Schedule</u> (A)	<u>PROFORMA REVENUES - PRESENT RATES</u>			<u>PROFORMA REVENUES - PROPOSED RATES</u>			<u>Subsidy Reduction</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>Amount</u> (H)	<u>Percentage</u> (I)
1	Rate 1 -Res. & Gen. Svc.	\$282,921	\$460,237	(\$177,316)	\$521,149	\$343,833	(\$177,316)	\$0	0.00%
2	Rate 2 - Large C&I	\$265,537	\$86,591	\$178,946	\$109,378	\$288,325	\$178,946	\$0	0.00%
3	Total	\$548,458	\$546,828	\$1,630	\$630,528	\$632,158	\$1,630	\$0	

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 COMPARISON OF GAS SALES REVENUES AT PRESENT AND PROPOSED RATES**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-5

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	<u>Increase or (Decrease)</u>		
		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	Margin %
1	Rate 1 -Res. & Gen. Svc.	\$276,366	\$186,169	\$462,535	\$337,278	\$186,169	\$523,447	\$60,912	13.17%	22.04%
2	Rate 2 - Large C&I	\$265,074	\$391,955	\$657,029	\$287,862	\$391,955	\$679,817	\$22,788	3.47%	8.60%
3	Total	\$541,440	\$578,125	\$1,119,565	\$625,140	\$578,125	\$1,203,264	\$83,700	7.48%	15.46%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
COST OF SERVICE STUDY
COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES**

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-6
PAGE 1 OF 1

DESCRIPTION	Number of Bills (1)	Billing Quantities (therms) (2)	Present Rates (\$/therm) (3)	Margin at Present Rates (4)	Proposed Rates (\$/therm) (5)	Margin at Proposed Rates (6)	Increase in Margins	
							Amount (7)	Percent (8)
<u>Rate 1 (Residential & General Service)</u>								
Customer Charge	8,325		\$10.86	\$90,410	\$13.00	\$108,225	\$17,815	19.7%
First 102.5 therms		391,992	\$0.33693	\$132,074	\$0.41953	\$164,452	\$32,378	24.5%
Over 102.5 therms		86,913	\$0.28451	\$24,728	\$0.33390	\$29,020	\$4,292	17.4%
Total Therms and Margins	8,325	478,905		\$247,212		\$301,697	\$54,485	22.0%
Reconciliation Factor				1.117936		1.117936		
Adjusted Margins				\$276,367		\$337,278	\$60,911	22.0%
<u>Rate 2 (Large Commercial & Industrial Service)</u>								
Customer Charge	156		\$90.52	\$14,121	\$100.00	\$15,600	\$1,479	10.5%
All therms		1,008,271	\$0.22116	\$222,989	\$0.23991	\$241,894	\$18,905	8.5%
Total Therms and Margins	156	1,008,271		\$237,110		\$257,494	\$20,384	N/A
Reconciliation Factor				1.117936		1.117936		
Adjusted Margins				\$265,074		\$287,862	\$22,788	8.6%
TOTAL THERMS AND MARGIN	8,481	1,487,176		\$541,441		\$625,140	\$83,699	15.5%

**SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.
 COST OF SERVICE STUDY
 REVENUE PROOF AT PROPOSED RATES**

TYPE OF FILING: CASE-IN-CHIEF
 WITNESS: HEID

PETITIONER'S EXHIBIT KAH-7
 PAGE 1 OF 1

<u>Description</u>	<u>Number of Bills</u> (1)	<u>Billing Quantities (therms)</u> (2)	<u>Proposed Margin Rates (\$/therm)</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)
<u>Rate 1 (Residential & General Service)</u>									
Customer Charge	8,325		\$13.00	\$108,225					
First 102.5 therms		391,992	\$0.41953	\$164,452					
Over 102.5 therms		86,913	\$0.33390	\$29,020					
Total Therms and Margins	8,325	478,905		\$301,698					
Reconciliation Factor				<u>1.117936</u>					
Adjusted Margins				\$337,278	\$6,555	\$343,834	\$343,833	(\$1)	-0.0002%
<u>Rate 2 (Large Commercial & Industrial Service)</u>									
Customer Charge	156		\$100.00	\$15,600					
All therms		1,008,271	\$0.23991	\$241,894					
Total Therms and Margins	156	1,008,271		\$257,494					
Reconciliation Factor				<u>1.117936</u>					
Adjusted Margins				\$287,862	\$463	\$288,325	\$288,325	(\$0)	-0.0001%
				0					
Total Therms and Revenue	8,481	1,487,176		\$625,141	\$7,018	\$632,159	\$632,158	(\$1)	-0.0002%

SWITZERLAND COUNTY NATURAL GAS COMPANY, INC.

CAUSE NO. _____

TYPICAL BILL COMPARISON

Rate 1 (Residential & General Service)

TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-8
SCHEDULE 1

LINE NO.	LEVEL OF USAGE	CURRENT BILL	PROPOSED BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)	GAS COST RECOVERY	TOTAL CURRENT BILL (B + F)	TOTAL PROPOSED BILL (C + F)	PERCENT INCREASE (H - G) / G
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	(therms)	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
1	0	\$10.86	\$13.00	\$2.14	19.71%	\$0.00	\$10.86	\$13.00	19.7%
2	10	\$14.23	\$17.20	\$2.97	20.84%	\$3.89	\$18.12	\$21.08	16.4%
3	20	\$17.60	\$21.39	\$3.79	21.55%	\$7.77	\$25.37	\$29.17	14.9%
4	30	\$20.97	\$25.59	\$4.62	22.02%	\$11.66	\$32.63	\$37.25	14.2%
5	40	\$24.34	\$29.78	\$5.44	22.37%	\$15.55	\$39.89	\$45.33	13.6%
6	50	\$27.71	\$33.98	\$6.27	22.63%	\$19.44	\$47.14	\$53.41	13.3%
7	60	\$30.60	\$37.40	\$6.80	22.21%	\$23.32	\$53.93	\$60.73	12.6%
8	70	\$33.45	\$40.74	\$7.29	21.80%	\$27.21	\$60.66	\$67.95	12.0%
9	80	\$36.29	\$44.08	\$7.78	21.45%	\$31.10	\$67.39	\$75.18	11.6%
10	90	\$39.14	\$47.42	\$8.28	21.15%	\$34.99	\$74.13	\$82.40	11.2%
11	100	\$41.98	\$50.76	\$8.77	20.90%	\$38.87	\$80.86	\$89.63	10.8%
12	125	\$49.10	\$59.10	\$10.01	20.38%	\$48.59	\$97.69	\$107.70	10.2%
13	150	\$56.21	\$67.45	\$11.24	20.00%	\$58.31	\$114.52	\$125.76	9.8%
14	175	\$63.32	\$75.80	\$12.48	19.70%	\$68.03	\$131.35	\$143.83	9.5%
15	200	\$70.44	\$84.15	\$13.71	19.47%	\$77.75	\$148.18	\$161.90	9.3%
16	225	\$77.55	\$92.49	\$14.95	19.27%	\$87.47	\$165.01	\$179.96	9.1%
17	250	\$84.66	\$100.84	\$16.18	19.11%	\$97.19	\$181.85	\$198.03	8.9%
18	275	\$91.77	\$109.19	\$17.42	18.98%	\$106.90	\$198.68	\$216.09	8.8%
19	300	\$98.89	\$117.54	\$18.65	18.86%	\$116.62	\$215.51	\$234.16	8.7%

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 26th day of June, 2018:

Indiana Office of Utility Consumer Counselor
115 West Washington Street, Suite 1500S
Indianapolis, IN 46204
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L. Parvin Price