

**FILED**  
February 7, 2024  
INDIANA UTILITY  
REGULATORY COMMISSION

**JOINT PETITIONERS' EXHIBIT NO. 6**

**OHIO VALLEY GAS CORPORATION AND**  
**OHIO VALLEY GAS, INC.**

**INDIANA UTILITY REGULATORY COMMISSION**

**DIRECT TESTIMONY**

**OF**

**GARY M. VERDOUW**

**SPONSORING ATTACHMENTS GMV-1 THROUGH GMV-12**

1                   **Ohio Valley Gas Corporation and Ohio Valley Gas, Inc.**

2                   **Direct Testimony of Gary M. VerDouw**

3  
4                   **I. WITNESS BACKGROUND**

5  
6   **Q. Please state your name and business address.**

7   A. My name is Gary M. VerDouw, and my business address is 1268 Emerald Gardens Drive,  
8       Saint Peters, Missouri 63376.

9  
10 **Q. By whom are you employed and in what capacity?**

11 A. I am the Owner/CEO of VerDouw Regulatory Services LLC. I am an independent rate and  
12 utility regulatory consultant. I have been hired in this Cause by Ohio Valley Gas  
13 Corporation (“Ohio Valley”, or “OVGC”) to prepare a cost of service study to support the  
14 requested revenue increase for OVGC and Ohio Valley Gas, Inc. (“OVGI”), (collectively,  
15 “Joint Petitioners” or “OVG”) included in this proceeding. In addition, I have prepared a  
16 rate design that supports the cost of service study results obtained and have reflected that  
17 in proposed rate schedules for all OVG rate classifications. Finally, I am recommending  
18 the inclusion of a decoupling mechanism to be included as part of the proposed rate  
19 schedules.

20  
21 **Q. Please summarize your educational and professional qualifications.**

22 A. I graduated from the University of Mary in Bismarck, North Dakota in 1981 with a  
23 Bachelor of Science degree in Business Administration. I returned to the University of  
24 Mary and completed a second major in Accounting in May of 1988. I have over 40 years

1 of utility experience, working with gas, electric, and water/wastewater utilities throughout  
2 my career. I have attended Utility Rate Seminars sponsored by the National Association of  
3 Regulatory Utility Commissioners (“NARUC”) Water Committee and the American Water  
4 Works Association (“AWWA”) and have participated in various continuing education  
5 programs sponsored by my former employers, the AWWA, and others. I am a member of  
6 the AWWA, the Indiana Section AWWA, and the Missouri Section AWWA.

7  
8 **Q. Please outline your business experience.**

9 A. I began my employment in February of 1981 when I was hired as Reconciliation and Funds  
10 Administrator for the North Dakota State Treasurer’s Office. In December 1981 I was  
11 hired as a Field Accountant for ANG Coal Gasification Company, which was constructing  
12 North America’s first commercial scale coal gasification project near Beulah, North  
13 Dakota. While employed with ANG, I was promoted and brought on as the project’s first  
14 permanent hire for its 80-person accounting team and promoted to Accounts Payable  
15 Supervisor in 1982. I was again promoted to Cash Manager in 1984, where I oversaw daily  
16 cash management of over \$1.5 billion in secured debt and over \$400 million in daily cash  
17 balances. In 1988 I was hired as Business Manager for Capital Electric Cooperative, Inc.,  
18 which is in Bismarck, North Dakota. My responsibilities there included the supervision  
19 and oversight of all accounting, finance, billing, budget, insurance, human resources, cash  
20 management, rate studies, and other functions for a growing electric distribution  
21 cooperative that currently serves approximately 22,000 consumers. In 2005 I accepted the  
22 position of Senior Financial Analyst – Rates and Regulations with American Water Service  
23 Company in their Saint Louis, Missouri office. In this role I assisted in the preparation of

1 utility filings in American Water Company's operations in the states of Indiana, Ohio,  
2 Illinois, and Missouri. I was promoted to Manager of Rates and Regulation in 2008, where  
3 I was responsible for all rate and regulatory issues for American Water operations in the  
4 states of Indiana, Ohio, and Michigan. I was promoted to Director of Rates – Eastern  
5 Division in 2011, where I was responsible for rates and rate issues for American Water  
6 operations located in the states of Indiana, Ohio, Michigan, Kentucky, Tennessee, Virginia,  
7 West Virginia, Maryland, and New York. In November of 2011, I was named Director of  
8 Rates for American Water's newly created Central Division, where I was responsible for  
9 rate and regulatory issues for American Water operations in the states of Indiana, Ohio,  
10 Michigan, Kentucky, Tennessee, Illinois, Iowa, and Missouri. In 2016, I was named  
11 Director of Rates and Regulatory for Indiana and Michigan American Water, where I was  
12 responsible for all rate and regulatory issues for American Water operations in the states  
13 of Indiana and Michigan. In 2018 I accepted the position of Director of Business Services  
14 for Greenville Water in Greenville, South Carolina, the largest water utility in South  
15 Carolina. In this role, I was responsible for leading fifty-eight employees serving in the  
16 Billing, Customer Service, and Field Services (metering) Departments, ensuring prompt  
17 billing and delivery of excellent water and customer service to Greenville Water's 185,000  
18 accounts serving over 500,000 residents of the South Carolina Upstate. I retired from my  
19 position at Greenville Water in April 2021, at which time I formed VerDouw Regulatory  
20 Services LLC, where I am Owner/CEO. In my current role, I provide utility and regulatory  
21 consulting services to various utility clients, including OVG.

22  
23 **Q. Have you testified before any regulatory agencies with respect to regulatory matters?**

1 A. Yes. I have testified in numerous regulatory proceedings before the Indiana Utility  
2 Regulatory Commission (“IURC”, or “Commission”), the Public Utilities Commission of  
3 Ohio, the Kentucky Public Service Commission, the Tennessee Public Utility Commission,  
4 the Iowa Utilities Board, the Missouri Public Service Commission, and the Illinois  
5 Commerce Commission. A list of my regulatory work is included in Attachment GMV-1.

6  
7 **II. PURPOSE OF TESTIMONY**

8  
9 **Q. What is the purpose of your testimony in this Cause?**

10 A. As discussed above, I have been engaged by Joint Petitioners OVG to prepare a cost of  
11 service study for this rate case. The cost of service study I have prepared and have included  
12 with this testimony will support the Joint Petitioners’ plan to continue to move toward  
13 single tariff pricing for all customers. The cost of service study supports revenue  
14 distribution across the various rate classifications and reflects revenue distribution in the  
15 proposed rate design included as part of my study. Finally, as part of the proposed rate  
16 design, I am recommending the inclusion of a revenue decoupling mechanism.

17  
18 **Q. Mr. VerDouw, can you briefly describe the business operations of OVGC and OVGI?**

19 A. OVGI is a wholly owned subsidiary of OVG. Both OVG and OVGI have their own  
20 distribution systems, but for many years they have been operated on a unified basis.  
21 Throughout my testimony, when I refer to OVG, I am referring to both OVG and OVGI  
22 combined. OVG provides natural gas service to over 29,000 customers in 16 counties in  
23 east central and southern Indiana and portions of one county in west central Ohio. OVG  
24 has multiple delivery points on both ANR Pipeline Company (“ANR”) and Texas Gas

1 Transmission Corporation ("Texas Gas") and operates numerous segregated distribution  
2 systems in its certificated service areas. OVG's operations in these three rate areas -  
3 OVGC/ANR, OVGC/Texas Gas, and OVGI - are included in a single Tariff for Gas  
4 Service. Finally, OVG operates the gas utility system that serves the Town of Grandview,  
5 Indiana, which was acquired by OVG as approved on July 14, 2021, by the Indiana Utility  
6 Regulatory Commission ("IURC", or "Commission") in Cause No. 45473. OVG  
7 customers in the Town of Grandview service area are represented on a separate set of  
8 tariffed rates.

9  
10 While not joint petitioners in this Cause, OVG acquired Fountaintown Gas Company, Inc.  
11 ("FTN") and South Eastern Indiana Natural Gas Company, Inc. ("SEI") through their  
12 owner/operator Hanover Group IV, L.L.C. ("HG4"). FTN provides natural gas service to  
13 approximately 3,700 customers in Decatur, Hancock, Henry, Rush, and Shelby County.  
14 SEI provides natural gas service to approximately 2,100 customers in Dearborn and Ripley  
15 County.

16

17 **Q. What attachments are you sponsoring in this proceeding?**

18 A. I am sponsoring the following attachments:

- |    |   |  |
|----|---|--|
| 19 | <b><u>Attachment GMV-1</u></b>                | Curriculum Vitae - Gary M. VerDouw     |
| 20 | <b><u>Attachment GMV-2 (Confidential)</u></b> | Cost of Service Study                  |
| 21 | <b><u>Attachment GMV-3</u></b>                | Statements of Operating Income by Rate |
| 22 |   | Class at Present and Proposed Rates    |

1	<b><u>Attachment GMV-4</u></b>	Rate Class Subsidy Levels at Present and
2		Proposed Rates
3	<b><u>Attachment GMV-5</u></b>	Rate Class Revenues from Gas Sales at
4		Present and Proposed Rates
5	<b><u>Attachment GMV-6</u></b>	Proposed Rate Schedules
6	<b><u>Attachment GMV-7 (Confidential)</u></b>	Summary of Rate Case Results under Present
7		and Proposed Rates
8	<b><u>Attachment GMV-8 (Confidential)</u></b>	Revenue Proof from Gas Sales at Proposed
9		Rates
10	<b><u>Attachment GMV-9</u></b>	Bill Impact Schedules – OVG/ANR
11		Customers
12	<b><u>Attachment GMV-10</u></b>	Bill Impact Schedules – OVG/Texas Gas
13		Customers
14	<b><u>Attachment GMV-11</u></b>	Bill Impact Schedules – OVG/OVG Inc.
15		Customers
16	<b><u>Attachment GMV-12</u></b>	Bill Impact Schedules – OVG/Grandview
17		Customers

18

19 I am filing four confidential workpapers, one of which is the cost of service study in native

20 format. I am also co-sponsoring Joint Petitioners' Exhibit No. 8 REVREQ which is the

21 revenue requirement model further described in the testimony of OVG witnesses Gregory

22 P. Roach and Emily M. Harlow. Specifically, I sponsor Schedule REVREQ7,1 and

23 Column H of Schedule REVREQ7.2

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**Q. Were all attachments and workpapers prepared by you or under your direction and supervision?**

A. Yes.

**III. COST OF SERVICE STUDY**

**Q. Mr. VerDouw, please provide an overview of your testimony as it relates to the cost of service study you have prepared on behalf of OVG.**

A. As part of this rate case filing, I have prepared and sponsor a fully allocated cost of service study based on the Joint Petitioners’ embedded cost of providing gas service to its customers. The cost of service study is included as **Attachment GMV-2 (Confidential)** in my testimony. The cost of service study begins by using historic income statement and balance sheet data that is based on the Joint Petitioners’ accounting books and records and reflects the data from the twelve months ended September 30, 2023 (the “base year”). From there, Joint Petitioners prepared forecasted information that adjusts the historic base year to reflect a future test year that represents the twelve months ended September 30, 2025 (the “future test year”). The cost of service study is based on this adjusted future test year ended September 30, 2025, and corresponds to the proforma financial information included in the Revenue Requirement attachment (referred to as “REVREQ”) and other attachments of Joint Petitioners’ witnesses Gregory Roach and Emily Harlow.

**Q. What else is included as part of the cost of service study?**



1 A. In addition to a cost of service study that reviews all assets and expenses to determine the  
2 proper allocation to the appropriate rate class, the cost of service study also includes a  
3 Derivation of Customer Class Peak Day Demands study, a Derivation of Meters Allocation  
4 Factor study, a Derivation of Services Allocation Factor study, and a Zero Intercept Mains  
5 study. All these studies were made a part of the appropriate allocation factor used in  
6 preparing the cost of service study for OVG. These studies are included in the workpapers  
7 supporting the cost of service study.

8

9 **Q. What was your objective in performing the cost of service study for OVG?**

10 A. My objective in performing the cost of service study was to determine the rate of return on  
11 rate base that the Joint Petitioners are earning from each customer rate class, which  
12 provides an indication as to whether the rates for each of those customer rate classes reflect  
13 the cost of providing service to the respective rate classes. From there, the rates for each of  
14 the respective rate classes were reviewed to determine what could be done to adjust the  
15 cost of service based rates with an end goal of either obtaining or bringing each of the rates  
16 in their respective customer rate classes closer towards cost of service and to single tariff  
17 rates. OVG has been gradually moving towards single tariff rates.

18

19 **Q. How was the cost of service study prepared?**

20 A. The cost of service study was prepared in two parts. First, the investment required to serve  
21 each rate schedule was determined by reviewing OVG's assets and how each category of  
22 assets should be allocated to the respective rate class that those assets serve. This was  
23 accomplished by reviewing total original cost rate base as of the end of the base year,

1 adjusted for a forecasted asset changes through the end of the future test year. Second, the  
2 operating expenses for the future test year incurred in providing service to each customer  
3 class were determined. This was done by allocating the proforma costs of providing gas  
4 service, as determined on a going level basis at present and proposed rates, among the  
5 customer rate classes based on various assignment and allocation methods.

6  
7 **Q. What did you use as the source of the information in preparing the cost of service**  
8 **study?**

9 A. All information used in the preparation of the cost of service study was obtained from  
10 detailed accounting information used to determine the revenue requirement for this Cause.  
11 The revenue requirement calculation for this Cause is summarized in REVREQ, Schedule  
12 **REVREQ12**, Page 55. Investment data for this Cause is summarized in **Schedule**  
13 **REVREQ9**, Page 52. The Proforma Net Operating Income at Present and Proposed Rates  
14 is **Schedule REVREQ 7.2**, Page 29. Data used to derive allocation factors used in the cost  
15 of service study were derived from various sources, including Joint Petitioners' books and  
16 records and studies.

17  
18 **Q. What is OVG's proposed revenue requirement?**

19 A. The proposed revenue requirement is summarized in REVREQ, **ScheduleREVREQ12**,  
20 Page 55. It reflects total Original Cost Rate Base ("OCRB") of \$68,108,569, and a total  
21 Weighted Average Cost of Capital ("WACC") of 9.44%. As shown on Line Number 3 of  
22 Page 55 of **Schedule REVREQ12**, total OCRB times the WACC provides a pro forma net  
23 operating income of \$6,429,245. OVG's pro forma net operating income at present rates is  
24 (\$2,590,783), leaving a difference in pro forma net operating income, as shown on Line

1 Number 5, of \$9,020,028. Applying the gross revenue conversion factor of 133.7252% (as  
2 shown on Line Number 6 of Schedule REVREQ12, Page 55) results in a revenue deficit  
3 of \$12,062,051. When that total is combined with the total operating revenues at pro forma  
4 present rates as of September 30, 2025 (as shown on Page 29, Line 6, Column G of  
5 Schedule REVREQ7.2, Page 29, of \$23,276,201, total revenues at pro forma proposed  
6 rates, as shown in Column J, is \$35,338,252. The rates I am recommending are calculated  
7 to generate \$35,338,252 pro forma revenue.

8  
9 **Q. Mr. VerDouw, please describe in general the assignment and allocation processes**  
10 **used in the cost of service study that you have prepared for this Cause.**

11 A. All assets and expenses were reviewed to determine assignment and allocation to the proper  
12 customer rate class. When possible, cost and/or investments were assigned directly to the  
13 customer rate classes. Direct assignments were based on specific details as recorded in the  
14 books and records of the Joint Petitioners or were based on special studies I prepared to  
15 determine Customer Class Peak Day Demands, Meter Allocation, Services Allocation, and  
16 Zero Intercept Mains. Where direct assignment was not possible, the investment or cost  
17 was allocated to the customer rate classes using the most appropriate method considering  
18 the type of investment or cost involved. Allocators for the cost of service study are shown  
19 on Attachment GMV-2 (Confidential), Schedule of Allocation Factors.

20  
21 **Q. Can you provide an example of how costs included were allocated in the cost of service**  
22 **study?**

1 A. Certainly. As an example, investment and cost items were identified as being related to  
2 commodity, demand, or customer type investment or costs. Commodity, or distribution  
3 costs, are those that vary with the volume of gas delivered to customers and are allocated  
4 based on annual volumes of gas sales. Demand costs are those incurred to deliver gas to  
5 customers at certain levels and are, therefore, dependent on customer demands. Demand  
6 costs are allocated based on peak day demands. Customer costs are those that vary with  
7 the number of customers served and are allocated based on the number of customers. Other  
8 costs are directly related to specific plant investments. These costs were allocated in the  
9 same manner as the plant to which they relate.

10  
11 **IV. TARIFF SCHEDULE OVERVIEW**

12  
13 **Q. Mr. VerDouw, please provide an overview of OVG’s current tariff schedules that**  
14 **form the basis for the cost of service study.**

15 A. OVG currently has six tariff groups for their approximately 30,000 total customers. Each  
16 tariff group has either three or four separate rate schedules within the tariff group. The rate  
17 schedules within each tariff group are broken out by the areas served by each of the pipeline  
18 gas suppliers for that group of customers (ANR, Texas Gas, and OVGI), as well as the  
19 customers in the Town of Grandview. The rate schedules for each of the Joint Petitioners’  
20 three rate areas served by each of the pipeline gas suppliers for that group of customers are  
21 structurally identical, except for the levels of rate and charges for each. Each rate schedule  
22 is identified by an alpha character followed by a two-digit Rate Schedule number. The  
23 alpha character either signifies System Sales (non-transportation gas) service (“S”) or gas  
24 transportation service (“T”). The first digit after the alpha character indicates which service

1 area the rate schedule is applicable to: “1” for customers in the ANR Service Area; “4” for  
2 customers in the Texas Gas Service Area; “9” for customers in the OVGI Service Area;  
3 and “8” for customers in the Town of Grandview. The second digit identifies which rate  
4 area the service falls under. For example, Rate Schedule S42 refers to Rate S2, Firm  
5 Medium Volume Sales Service, for customers served by the Texas Gas pipeline. Rate  
6 Schedule T18 refers to Rate T8, Public School Transportation Service, for customers  
7 served by the ANR pipeline. All rate schedules are similarly structured, with a Facilities  
8 Charge (fixed charge) and a Distribution Charge (volumetric rate) for each rate schedule  
9 except for Rate S81, Grandview, which currently has eight different Distribution Charges  
10 (volumetric rates), depending on the number of therms used each month.

11  
12 **Q. What are the tariff groups that are currently included in OVG’s tariffs?**

13 A. The six tariff groups within OVG’s tariff schedules include:

- 14 1) **Rate No. S1, S41, S91, and S81, Firm Small Volume Sales Service**, which is  
15 comprised of residential and small general service customers. This rate schedule is  
16 applicable to all gas sales customers whose volume of natural gas purchased on an  
17 annual basis will be less than 100,000 therms of gas. This is by far OVG’s biggest  
18 rate category, with approximately 29,000 customers included in these four rates in  
19 this category.
- 20 2) **Rate No. S12, S42, and S92, Firm Medium Volume Sales Service**, which is  
21 comprised of medium to large general service customers whose volume of natural  
22 gas purchased on an annual basis will be at least 100,000 therms, but not greater  
23 than 500,000 therms of gas. There are only two customers in this rate category –

1 one each in Rate S2 (ANR) and S42 (Texas Gas). Rate categories S2, Firm Medium  
2 Volume Sales Service, and T6, Medium Volume Transportation Service, track each  
3 other, as the only difference between customers in rate category S2 and T6 is the  
4 size of the customer. There are currently 20 total customers in these categories –  
5 two customers on Rate S2 and 18 customers on Rate T6.

6 3) **Rate No. S14, S44, and S94, Firm Grain Drying Sales Service**, which is  
7 comprised of customers whose primary requirement for natural gas is for grain  
8 drying. There are currently 38 customers in the Firm Grain Drying Sales Service  
9 rate category, with Rate No. S14 (ANR) having 15 customers, Rate No. S44 (Texas  
10 Gas) having 15 customers, and Rate No. S94 (OVGI) having eight (8) customers.

11 4) **Rate No. T15, T45, and T95, Large Volume Transportation Service**, is available  
12 to any “Off-System End-Users” (Customer) whose annual requirements for natural  
13 gas are anticipated to be greater than 500,000 Therms of gas, and who has executed  
14 a Transportation Services Agreement. There are currently ten (10) customers in the  
15 Large Transportation Service rate category, with Rate No. T15 (ANR) having five  
16 customers, Rate No. T45 (Texas Gas) having three customers, and Rate No. T95  
17 (OVGI) having two customers.

18 5) **Rate No. T16, T46, and T96, Medium Volume Transportation Service**, is  
19 available to any “Off-System End-Users” (Customer) whose annual requirements  
20 for natural gas will be greater than 100,000 Therms, but not greater than 500,000  
21 Therms of gas, and who has executed a Transportation Services Agreement. There  
22 are currently 18 customers in the Medium Volume Transportation Service rate  
23 category, with Rate No. T16 (ANR) having nine customers, Rate No. T46 (Texas

1 Gas) having seven customers, and Rate No. T96 (OVGI) having two customers.  
2 Rate categories T6, Medium Volume Transportation Service, and S2, Firm Medium  
3 Volume Sales Service, as the only difference between customers in rate category  
4 T6 and S2 is the size of the customer. There are currently 20 total customers in  
5 these categories – 18 customers on Rate T6 and two customers on Rate S2. And,  
6 6) **Rate No. T18, T48, and T98, Public Schools Transportation Service**, is  
7 available to public education institutions servicing student in grades K through 12  
8 throughout the OVG service area subject to the availability of adequate facilities,  
9 which determination shall be within OVG’s reasonable discretion. There are  
10 currently 37 customers in the Public Schools Transportation Service rate category,  
11 with Rate No. T18 (ANR) having 18 customers, Rate No. T48 (Texas Gas) having  
12 11 customers, and Rate No. T98 (OVGI) having eight (8) customers.

13  
14 **Q. Please provide a list of the four rate schedules.**

15 A. The four rate schedules that are a part of the six tariff groups detailed above are:

- 16 1) **ANR Pipeline Service Area**, encompassing Rates S11, S12, S13, S14, T15, T16,  
17 and T18.
- 18 2) **Texas Gas Service Area**, encompassing Rates S41, S42, S43, S44, T45, T46, and  
19 T48.
- 20 3) **Ohio Valley Gas, Inc. Service Area**, encompassing Rates S91, S92, S94, T95,  
21 T96, and T98. And,
- 22 4) **Town of Grandview (Grandview Legacy) Service Area**, encompassing Rate  
23 S81.

1 **Q. Is OVG proposing any rate class category additions as part of this proceeding?**

2 A. Yes. OVG currently has two customers that are on special contract rates that have been  
3 previously approved by the Commission. One of these contracts has expired and is no  
4 longer eligible for further renewal. The initial term for the other contract has expired, and  
5 its ongoing automatic renewals are terminable annually. Given the need to design rates for  
6 the first customer, OVG has determined to terminate the contract with the second customer  
7 upon the issuance of an Order in this Cause. As part of this proceeding, OVG is proposing  
8 to establish a new rate class designated as Rate 9T, Pipeline Direct Buy. Within this rate  
9 class will be three rates - Rate No. T19 (ANR), Rate No. T49 (Texas Gas), and Rate No.  
10 T99 (OVGI). The two special contract customers are currently purchasing gas directly  
11 from ANR and are using OVG's system to deliver that purchased gas to their location. As  
12 such, they would fall under the proposed rate for Rate No. T19 (ANR). The designation  
13 of a separate rate class to recognize that the customers in this rate class are of such a size  
14 that they have direct contracts to purchase gas from the pipeline suppliers is appropriate.

15

16 **V. SINGLE TARIFF PRICING**

17

18 **Q. Mr. VerDouw, you mentioned OVG has been gradually moving to single tariff**  
19 **pricing. Please discuss this concept.**

20 A. Single tariff pricing, in its simplest form, applies the same rate schedule to all customers in  
21 the same rate class regardless of their geographic location. In recent years, single tariff  
22 pricing has been increasingly recognized as a desirable pricing concept for functionally  
23 integrated utilities that serve multiple systems, communities, or areas, regardless of  
24 whether the various operations are physically interconnected. The acceptance of single



1 tariff pricing has primarily occurred due to the realization that a larger revenue base will  
2 provide better rate stability for all customers of the consolidated unit. Over time, each of a  
3 utility's operations will require significant capital additions or operating expenditures.  
4 Without single tariff pricing, these capital additions are operating expenditures that can  
5 lead to price spikes and rate shock within the individual geographic system. With single  
6 tariff pricing, the costs are spread over the company's entire customer base, and the effect  
7 on rates is much more gradual. In addition, many operational and financial activities are  
8 already in fact centralized. As a result, common costs must be allocated in some manner to  
9 individual systems. Thus, the concept that each system is a separate cost center is at least  
10 partially fictitious. Single tariff pricing has also been accepted because of the basic notion  
11 that within a single company, customers should pay the same amount for the same service.  
12

13 **Q. What progress has been made thus far by OVG in their planned move to single tariff**  
14 **pricing?**

15 A. OVG began their move toward single tariff pricing in Cause No. 43208 (OVGI) and Cause  
16 No. 43209 (OVGC) by adopting identical Facilities Charges for comparable rate schedules  
17 between each tariff group. In OVG's most recent rate case, Cause No. 44891, the move to  
18 consolidate both Facilities Charges and Distribution Charges where applicable was made.  
19 For instance, each of the six tariff groups have the same Facilities Charges for each  
20 individual tariff group, with the only exception being the Facilities Charge for Rate No.  
21 S91, Town of Grandview, and different Facilities Charges, depending on meter size, for  
22 Tariff Group S14/S44/S94, Firm Grain Drying Sales Service, and Tariff Group  
23 T18/T48/T98, Public Schools Transportation Service. Distribution Charges (volumetric

1 charge) have been consolidated where possible as well. In addition, OVG has adopted  
2 identical General Rules and Regulations Applicable to the Gas Service for its previous two  
3 Tariffs for Gas Service (OVGC and OVGI) applicable to their service areas.

4  
5 **Q. Has further progress in obtaining single tariff pricing for each OVG rate class been**  
6 **made in this Cause?**

7 A. Yes. It is OVG's intent to complete its move to single tariff pricing in this proceeding,  
8 except for the rates for the customers in the Town of Grandview since it was only recently  
9 acquired. For the Town of Grandview, which currently has eight different volumetric rates,  
10 depending on consumption, OVG is proposing to move the distribution charge from eight  
11 different volumetric rate blocks to three volumetric rate blocks. The total revenue to be  
12 generated through the proposed three rate blocks is identical to what would have been  
13 generated via eight rate blocks. With that exception, single tariff pricing by rate category  
14 has been achieved. OVG plans to continue to move the Town of Grandview towards single  
15 tariff pricing in subsequent cases.

16  
17 **VI. TARIFF RATE DESIGN**

18  
19 **Q. Were the results of the cost of service study you prepared in this Cause used in**  
20 **developing the proposed revenue allocation by rate schedule?**

21 A. Yes, they were. The cost of service study served as the foundation in determining the  
22 revenue distribution among the rate schedules I am proposing. The cost of service study  
23 was structured to provide revenue and operating income amounts and associated taxes to

1 compute the rate of return on rate base for each rate schedule at both present and proposed  
2 rates.

3

4 **Q. Please identify the rates of return by rate schedule under the Joint Petitioners’**  
5 **present rate structure at pro forma present revenue.**

6 A. **Attachment GMV-3**, Page 1 of 4, contains a Statement of Operating Income based upon  
7 Pro Forma “A” (Pro Forma Revenue at Present Rates) Revenues at Present Rates of Return.  
8 Line 14 of the schedule reflects the rate of return on net original cost rate base at present  
9 rates for each rate schedule under this scenario. Line 15 of the schedule reflects the  
10 earnings indices comparing the rates of return by rate class under this scenario to the overall  
11 rate of return earned by OVG at pro forma present rate revenue.

12

13 **Q. Please identify what operating revenues by rate schedule would be if equal rates of**  
14 **return at pro forma present rate revenues were to be applied.**

15 A. **Attachment GMV-3**, Page 2 of 4, contains a Statement of Operating Income based upon  
16 Pro Forma “A” (Pro Forma Revenue at Present Rates) Revenues at Equalized Rates of  
17 Return. Line 14 of the schedule reflects the current rate of return on net original cost rate  
18 base if pro forma present rate revenues were applied by rate class in a way that reflects  
19 equal rates of return for each rate schedule. Under this scenario, Line 15 of the schedule  
20 presents an Earnings Index for each rate class that reflects a 100% match with the overall  
21 rate of return earned by OVG under pro forma present rate revenues.

22

23 **Q. Please identify pro forma proposed rate operating revenues by rate schedule if equal**  
24 **rates of return at proposed rate revenues were to be applied.**

1 A. **Attachment GMV-3**, Page 3 of 4, contains a Statement of Operating Income based upon  
2 Pro Forma “B” (Pro Forma Revenue at Proposed Rates) Revenues at Equalized Rates of  
3 Return. Line 14 of the schedule reflects the rate of return on net original cost rate base if  
4 pro forma proposed rate revenues were applied to reflect equal rates of return for each rate  
5 schedule. Under this scenario, Line 15 of the schedule presents an earnings index for each  
6 rate class that reflects a 100% match with the overall rate of return earned by OVG under  
7 pro forma proposed rate revenues.

8

9 **Q. Finally, please identify the rates of return by rate schedule under the Joint**  
10 **Petitioners’ proposed rate structure at pro forma proposed revenue.**

11 A. **Attachment GMV-3**, Page 4 of 4, contains a Statement of Operating Income based upon  
12 Pro Forma “B” (Pro Forma Revenue at Proposed Rates) Revenues at Proposed Rates of  
13 Return. Line 14 of the schedule reflects the rate of return on net original cost rate base at  
14 proposed rates for each rate schedule under this scenario. Line 15 of the schedule reflects  
15 the earnings indices comparing the proposed rates of return by rate class to the proposed  
16 overall rate of return earned by OVG.

17

18 **Q. Can the information presented in the schedules included in Attachment GMV-3 be**  
19 **summarized to show the subsidy levels reflected in the proposed revenue allocations?**

20 A. Yes. **Attachment GMV-4** presents a comparison of proforma operating revenues and the  
21 resulting dollar subsidy levels at present and proposed rates. The schedule presents  
22 proforma revenue by rate schedule at present rates (as shown on **Attachment GMV-3**,  
23 Page 1 of 4) as compared to revenues required for equalized returns (as shown on

1            **Attachment GMV-3**, Page 2 of 4), with the differences showing present subsidy levels.  
2            From there, proforma revenue by rate schedule at proposed rates are compared, showing  
3            revenues required for equalized returns (as shown on **Attachment GMV-3**, Page 3 of 4)  
4            as compared to revenues at proposed rates (as shown on **Attachment GMV-3**, Page 4 of  
5            4), with the differences showing proposed subsidy levels. The final two columns of the  
6            Attachment show subsidy reductions, both dollar amounts and percentage, for each rate  
7            category.

8  
9            **Q. Mr. VerDouw, please describe the methodology applied in determining the proposed**  
10           **subsidy reduction levels included in the proposed rates by rate class.**

11           A. Another objective of OVG in its revenue allocation process was to reduce interclass  
12           subsidies to the extent practical, while at the same time mitigating any resulting rate shock.  
13           The approach followed in my cost of service study was to propose rates that moved towards  
14           equal rates of return and thereby reducing subsidies, while at the same time producing  
15           reasonable percentage increases for each rate class. In this case, after reviewing the data  
16           included in the cost of service study, I recommended, and OVG agreed, to move the subsidy  
17           amount currently being provided by Rate 6T, Medium Volume Transportation Service, to  
18           Rate 1S, Firm Small Volume Sales Service, which is the rate class that is currently  
19           receiving the largest subsidy. This move was done to reduce the rate increase for Rate 6T  
20           customers to the actual cost of service for that rate class. From there, it was decided to  
21           leave the remaining dollar value subsidies by rate class as-is and not adjust any of the  
22           subsidy levels between any of the other rate classes. Thus, Column G of **Attachment**

1           **GMV-4** reflects the subsidy adjustment made from Rate 6T to Rate 1S, and a zero dollar  
2           value subsidy reduction for each of the remaining rate classes for OVG.

3

4   **Q.**     **What effect will the proposed revenue distribution levels have on the annual revenues**  
5           **to be collected through each rate schedule?**

6   A.     **Attachment GMV-5** presents a comparison of gas sales revenues at present and proposed  
7           revenue levels by rate schedule. The information is shown for both present and proposed  
8           revenue levels with and without proforma gas costs.

9

10   **VII. PROPOSED RATES AND CHARGES**

11

12   **Q.**     **Have you developed rates and charges that produce the results described in the**  
13           **preceding section of your testimony?**

14   A.     Yes. The proposed rates and charges for all OVG service areas and rate classes are  
15           contained in the Tariff for Gas Service included as **Attachment GMV-6**. Both redline and  
16           clean copies of the proposed rates and charges for all OVG service areas and rate classes  
17           are included.

18

19   **Q.**     **Are there any other changes to OVG’s tariffs included in Attachment GMV-6?**

20   A.     In addition to the new rate class set added to move the current special contract customers  
21           to a tariffed rate class (Rate 9T, Pipeline Direct Buy Service) as explained in my testimony  
22           above, four additional changes are included with the proposed tariffs: The first change was  
23           made as a result of the updated Rules and Regulations approved in Thirty-Day Filing No.  
24           50687 as approved by the Commission on January 27, 2024. As a result of the updated

1 Rules and Regulations, the language relative to the Reconnection Charge was updated for  
2 all Rate Classes to reflect the actions approved in this Filing.

3  
4 The second change was a change to the language regarding monthly facilities charges for  
5 each rate category. OVG is proposing to clarify the tariff so that proration may be used.  
6 An example of where this would be helpful is in the case of a customer starting or stopping  
7 service resulting in a partial month's bill. Under OVG's current tariff these customers  
8 would be billed the full month's facilities charge. Proration would allow OVG to reduce  
9 the charge in these situations. In order to make the Tariff language clear, the language  
10 relative to facilities charges for each rate category has been changed to reflect: "*The*  
11 *Monthly Facilities Charge per meter is \$XX.XX (\$XX.XX to be replaced by amount of*  
12 *Facilities Charge for each rate class) and will be equally divided and applied on a daily*  
13 *basis.*"

14  
15 The third change reflected in the proposed tariffs is the addition of an additional tariff page  
16 listed as Original Sheet No. 15, Appendix G, Excess Deferred Federal Income Tax (EDIT)  
17 Rider. Currently, OVG is updating each individual Distribution Charge by Rate Class for  
18 the annual EDIT adjustment required in Cause No. 45032 S-12, which was approved by  
19 the Commission on December 27, 2018. This proposed change will break that EDIT  
20 adjustment out as a separate adjustment to OVG's current Distribution Charges by Rate  
21 Class, similar to what is currently being done for the other riders (Pipeline Safety  
22 Adjustment and TDSIC Rider) in place at OVG.

1 The final change reflected in the proposed tariffs is the addition of an additional tariff page  
2 listed as Original Sheet No. 16, Appendix H, Revenue Decoupling Mechanism, Sales  
3 Reconciliation Component (“SRC”) Rider. That addition is shown as the last two pages of  
4 **Attachment GMV-6** and is further explained later in my testimony.

5  
6 **Q. Have you developed rates and charges that produce the results described in the**  
7 **preceding section?**

8 A. Yes. The proposed rates and charges for all OVG service areas and rate classes are  
9 contained in the Tariff for Gas Service included as **Attachment GMV-6**.

10

11 **Q. Please explain how you developed the Joint Petitioner’s proposed rates for this**  
12 **proceeding.**

13 A. Based upon the desired revenue distribution to each rate class as previously described in  
14 my testimony, the primary objective was to design rates that recover the appropriate  
15 amount of revenue from each rate class. However, additional considerations also guided  
16 the rate design used in this Cause. OVG’s current Facilities Charges in each rate category  
17 are significantly below the fixed cost of providing service. These fixed costs should be  
18 recovered through the monthly Facilities Charge for each rate class. Similarly, variable  
19 costs should be recovered through volumetric charges. To the extent that the fixed costs  
20 are allowed to be recovered in the rate design as though they were commodity costs, the  
21 rate design will result in: (1) earning erosion for OVG due to declining average usage per  
22 customer; and (2) a misalignment in the pricing results with the costs incurred to serve  
23 customers. As has been instructed by the Commission, gas utilities are to move towards  
24 straight fixed-variable pricing (“SFV”). Because of this, I have concluded that a reasonable



1 rate design would provide for OVG to structure its rates to recover a greater portion of its  
2 cost through the monthly Facilities Charge by rate class. As such, I have applied this  
3 reasoning in developing the proposed rates. The Facilities Charge for each rate category  
4 was increased by the percentage of increase calculated for that rate category through the  
5 final results of the cost of service study, with the exception of the Facilities Charges for  
6 rate categories 2S and 6T, Firm Medium Volume Sales Service and Medium Volume  
7 Transportation Service. The results of the cost of service study showed that increasing the  
8 Facilities Charge for each of these categories by the overall percentage of increase shown  
9 in the results of the combined costs and revenue for the two categories would result in a  
10 very large increase in the Facilities Charge for each. As a result, the decision was made to  
11 increase the Facilities Charge for rate categories 2S and 6T by the overall percentage  
12 increase as shown in the revenue requirement for this Cause. My overall recommendation  
13 does not take OVG's rates to full SFV, but it does begin the movement to that objective.

14  
15 Distribution charges were adjusted for each rate category (except for the Distribution  
16 Charges for the customers in the Town of Grandview, as explained above) to move to a  
17 single tariff pricing rate for each rate category.

18  
19 **Q. Please describe Attachment GMV-7 (Confidential).**

20 A. **Attachment GMV-7 (Confidential)** provides detail by rate class and rate category,  
21 showing pro forma bill determinant and revenues at present rates, as well as pro forma  
22 proposed revenues by rate class. In addition, increases in rates by rate category are shown  
23 in total dollars as well as by percentage.

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**Q. Please describe Attachment GMV-8 (Confidential).**

A. Attachment GMV-8 (Confidential) is the revenue proof for this cost of service study, comparing proposed revenues by rate class to their allocated costs. This schedule demonstrates that the proposed rates generate the appropriate level of revenue. There are slight differences in the bottom line shown in columns I and J, with those differences attributable to rounding.

**Q. Mr. VerDouw, can you please describe the rate changes made in each rate schedule?**

A. Certainly. I will describe each rate schedule by category below.

**Q. Please describe the proposed revisions made to the rate category 1S, Firm Small Volume Sales Service, which includes Rate No. S11 (ANR), Rate No. S41 (Texas Gas), and Rate No. S91 (OVGI).**

A. The facilities charge for Rates S11, S41, and S91, Firm Small Volume Sales Service customers has been raised from \$14.54 to \$22.43. This increase is necessary to account for the rate increase requested in this Cause, as well as to increase the proportion of allocated fixed (i.e., non-gas) costs recovered by the facilities charge. The allocated fixed costs per bill for Rates S11, S41, and S91 are \$84.36. The proposed facilities charge represents recovery of only 27% of the allocated fixed costs.

The remaining allocated costs will be recovered through the single block Distribution Charge.

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**Q. Please describe the impact of Joint Petitioner’s proposed rates and charges upon Rate S11, Rate S41, and Rate S91 - Firm Small Volume Sales Service customers.**

A. Attachment GMV-9, Page 1 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S11 (ANR) customers. Attachment GMV-10, Page 1 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S41 (Texas Gas) customers. Attachment GMV-11, Page 1 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S91 (OVGI) customers. The dollar and percentage increase in monthly bill amounts is identified for each usage level.

**Q. Please describe the proposed revisions made to the rate category 1S, Firm Small Volume Sales Service, for Rate No. S81, which includes customers in the Town of Grandview.**

A. The facilities charge for Rates S81, Firm Small Volume Sales Service customers in the Town of Grandview has been raised from \$9.38 to \$14.47. This increase is necessary to account for the rate increase requested in this Cause, as well as to increase the proportion of allocated fixed (i.e., non-gas) costs recovered by the facilities charge.

The remaining allocated costs will be recovered through the multi-block distribution charge. Currently, the distribution charge for Town of Grandview customers consists of eight different rate blocks, with different rate blocks set up for different levels of usage. This is the only multiple rate block tariff as part of OVG’s tariffs. As part of the rate design

1 process in this case, one of the goals was to reduce the number of distribution charge rate  
2 blocks in place for customers located in the Town of Grandview. The proposed rates and  
3 tariffs for the Town of Grandview reflect three different distribution charge rate blocks  
4 rather than the eight rate blocks that are currently in place for Town of Grandview  
5 customers.

6  
7 **Q. Please describe the impact of Joint Petitioners' proposed rates and charges upon Rate**  
8 **S81 - Firm Small Volume Sales Service customers in the Town of Grandview.**

9 A. **Attachment GMV-12**, Page 1 of 1, contains tables of monthly bill amounts calculated at  
10 various usage levels for both present and proposed rates for the Rate S81 (Town of  
11 Grandview) customers. The dollar and percentage increase in monthly bill amounts is  
12 identified for each usage level.

13  
14 **Q. Please describe the proposed revisions made to the rate category 2S, Firm Medium**  
15 **Volume Sales Service, which includes Rate No. S12 (ANR), Rate No. S42 (Texas Gas),**  
16 **and Rate No. S92 (OVGI).**

17 A. The facilities charge for Rates S12, S42, and S92, Firm Small Volume Sales Service  
18 customers has been raised from \$591.60 to \$898.17. This is the same facilities charge  
19 increase proposed for customers under Rate 6T, Medium Volume Transportation Service.  
20 This increase is necessary to account for the rate increase requested in this Cause, as well  
21 as to increase the proportion of allocated fixed (i.e., non-gas) costs recovered by the  
22 facilities charge. The allocated fixed costs per bill for Rates S12, S42, and S92 are  
23 \$4,188.92. The proposed facilities charge represents recovery of only 21% of the allocated  
24 fixed costs.

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The remaining allocated costs will be recovered through the single block Distribution Charge.

**Q. Please describe the impact of OVG’s proposed rates and charges upon Rate S12, Rate S42, and Rate S92 - Firm Medium Volume Sales Service customers.**

A. Attachment GMV-9, Page 2 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S12 (ANR) customers. Attachment GMV-10, Page 2 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S42 (Texas Gas) customers. Attachment GMV-11, Page 2 of 9, contains tables of monthly bill amounts calculated at various usage levels for both present and proposed rates for the Rate S92 (OVGI) customers. The dollar and percentage increase in monthly bill amounts is identified for each usage level.

**Q. Please describe the proposed revisions made to the rate category 4S, Firm Grain Drying Sales Service, which includes Rate No. S14 (ANR), Rate No. S44 (Texas Gas), and Rate No. S94 (OVGI).**

A. The annual facilities charge for Group 1 – Metered (meter size 1,400 scfh or less) Rates S14, S44, and S94, Firm Grain Drying Sales Service customers has been raised from \$517.65 to \$736.96. The annual facilities charge for Group 2 – Metered (meter size greater than 1,400 scfh) Rates S14, S44, and S94, Firm Grain Drying Sales Service customers has been raised from \$902.19 to \$1,284.41. These increases are necessary to account for the rate increase requested in this Cause, as well as to increase the proportion of allocated fixed

1 (i.e., non-gas) costs recovered by the facilities charge. The proposed facilities charge  
2 represents recovery of 24% of the allocated fixed costs.

3  
4 The remaining allocated costs will be recovered through the single block distribution  
5 charge.

6  
7 **Q. Please describe the impact of OVG's proposed rates and charges upon Rate S14, Rate  
8 S44, and Rate S94 - Firm Small Volume Sales Service customers.**

9 A. **Attachment GMV-9**, Pages 4 and 5 of 9, contains tables of monthly bill amounts  
10 calculated at various usage levels for both present and proposed rates for the Rate S14  
11 (ANR) Group 1- and Group-2 customers, respectively. **Attachment GMV-10**, Pages 4  
12 and 5 of 9, contains tables of monthly bill amounts calculated at various usage levels for  
13 both present and proposed rates for the Rate S44 (Texas Gas) Group 1- and Group-2  
14 customers, respectively. **Attachment GMV-11**, Pages 4 and 5 of 9, contains tables of  
15 monthly bill amounts calculated at various usage levels for both present and proposed rates  
16 for the Rate S94 (OVGI) Group 1- and Group-2 customers, respectively. The dollar and  
17 percentage increase in monthly bill amounts is identified for each usage level.

18  
19 **Q. Please describe the proposed revisions made to the rate category 5T, Large Volume  
20 Transportation Service, which includes Rate No. T15 (ANR), Rate No. T45 (Texas  
21 Gas), and Rate No. T95 (OVGI).**

22 A. The facilities charge for Rates T15, T45, and T95, Large Volume Transportation Service  
23 customers has been raised from \$1,380.40 to \$1,602.90. This increase is necessary to  
24 account for the rate increase requested in this Cause, as well as to increase the proportion

1 of allocated fixed (i.e., non-gas) costs recovered by the facilities charge. The allocated  
2 fixed costs per bill for Rates T15, T45, and T95 are \$10,614.63. The proposed facilities  
3 charge represents recovery of only 15% of the allocated fixed costs.

4  
5 The remaining allocated costs will be recovered through the single block distribution  
6 charge.

7  
8 **Q. Please describe the impact of OVG's proposed rates and charges upon Rate T15, Rate  
9 T45, and Rate T95 – Large Volume Service customers.**

10 A. **Attachment GMV-9**, Page 6 of 9, contains tables of monthly bill amounts calculated at  
11 various usage levels for both present and proposed rates for the Rate T15 (ANR) customers.  
12 **Attachment GMV-10**, Page 6 of 9, contains tables of monthly bill amounts calculated at  
13 various usage levels for both present and proposed rates for the Rate T45 (Texas Gas)  
14 customers. **Attachment GMV-11**, Page 6 of 9, contains tables of monthly bill amounts  
15 calculated at various usage levels for both present and proposed rates for the Rate T95  
16 (OVGI) customers. The dollar and percentage increase in monthly bill amounts is  
17 identified for each usage level.

18  
19 **Q. Please describe the proposed revisions made to the rate category 6T, Medium Volume  
20 Transportation Service, which includes Rate No. T16 (ANR), Rate No. T46 (Texas  
21 Gas), and Rate No. T96 (OVGI).**

22 A. The facilities charge for Rates T16, T46, and T96, Medium Volume Transportation Service  
23 customers has been raised from \$591.60 to \$898.17. This is the same facilities charge  
24 increase proposed for customers under Rate 2S, Firm Medium Volume Sales Service. This

1 increase is necessary to account for the rate increase requested in this Cause, as well as to  
2 increase the proportion of allocated fixed (i.e., non-gas) costs recovered by the facilities  
3 charge. The allocated fixed costs per bill for Rates T16, T46, and T96 are \$7,165.75. The  
4 proposed facilities charge represents recovery of only 13% of the allocated fixed costs.

5  
6 The remaining allocated costs will be recovered through the single block distribution  
7 charge.

8

9 **Q. Please describe the impact of OVG’s proposed rates and charges upon Rate T16, Rate**  
10 **T46, and Rate T96 – Medium Volume Service customers.**

11 A. **Attachment GMV-9**, Page 7 of 9, contains tables of monthly bill amounts calculated at  
12 various usage levels for both present and proposed rates for the Rate T16 (ANR) customers.

13 **Attachment GMV-10**, Page 7 of 9, contains tables of monthly bill amounts calculated at  
14 various usage levels for both present and proposed rates for the Rate T46 (Texas Gas)

15 customers. **Attachment GMV-11**, Page 7 of 9, contains tables of monthly bill amounts  
16 calculated at various usage levels for both present and proposed rates for the Rate T96

17 (OVGI) customers. The dollar and percentage increase in monthly bill amounts is  
18 identified for each usage level.

19

20 **Q. Please describe the proposed revisions made to the rate category 8T, Public Schools**  
21 **Transportation Service, which includes Rate No. T18 (ANR), Rate No. T48 (Texas**  
22 **Gas), and Rate No. T98 (OVGI).**

23 A. The facilities charge for Group 1 – Metered (meter size 675 scfh or less) Rates T18, T48,  
24 and T98, Public Schools Transportation Service customers has been raised from \$35.50 to



1           \$52.68. The facilities charge for Group 2 – Metered (meter size greater than 675 scfh) Rates  
2           T18, T46, and T98, Public Schools Transportation Service customers has been raised from  
3           \$55.22 to \$81.94. These increases are necessary to account for the rate increase requested  
4           in this Cause, as well as to increase the proportion of allocated fixed (i.e., non-gas) costs  
5           recovered by the facilities charge. The allocated fixed costs per bill for Rates T18, T48,  
6           and T98 are \$1,703.25. The proposed facilities charge represents recovery of only 5% of  
7           the allocated fixed costs.

8  
9           The remaining allocated costs will be recovered through the single block distribution  
10          charge.

11  
12       **Q.    Please describe the impact of OVG’s proposed rates and charges upon Rate T18, Rate**  
13       **T48, and Rate T98 - Firm Small Volume Sales Service customers.**

14       A.    **Attachment GMV-9**, Pages 8 and 9, contains tables of monthly bill amounts calculated at  
15       various usage levels for both present and proposed rates for the Rate T18 (ANR) Group 1-  
16       and Group-2 customers, respectively. **Attachment GMV-10**, Pages 8 and 9 of 9, contains  
17       tables of monthly bill amounts calculated at various usage levels for both present and  
18       proposed rates for the Rate T48 (Texas Gas) Group 1- and Group-2 customers,  
19       respectively. **Attachment GMV-11**, Pages 8 and 9, contains tables of monthly bill amounts  
20       calculated at various usage levels for both present and proposed rates for the Rate T98  
21       (OVGI) Group 1- and Group-2 customers, respectively. The dollar and percentage increase  
22       in monthly bill amounts is identified for each usage level.

**VIII. DECOUPLING**

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**Q. Is OVG proposing to decouple as part of its rate structure in this Cause?**

A. Yes, it is. The proposed rate schedules that are included with my testimony as **Attachment GMV-6** include Original Sheet No. 16, Appendix H, Revenue Decoupling Mechanism, Sales Reconciliation Component (“SRC”) Rider, which is a decoupling mechanism modeled after the Sales Reconciliation Component portion of the Energy Efficiency Rider established by Indiana Gas Company, Inc. D/B/A CenterPoint Energy Indiana North (“CEI North”).

**Q. Mr. VerDouw, you state above that the SRC Rider proposed by OVG in this Cause is modeled after the energy efficiency program established by CEI North. When was this program established?**

A. CEI North’s Energy Efficiency program was initially approved by the IURC in Cause No. 42943, approved in December 2006, for Vectren Indiana Gas and Vectren Southern Indiana Gas, which are now a part of CenterPoint Energy. CEI North’s energy efficiency program has been in place for over 17 years.

**Q. Are there any other gas utilities in Indiana that have a similar decoupling mechanism as part of their current rate structure?**

A. Yes. Citizen’s Gas & Coke had a similar decoupling mechanism approved as part of their current rate structure by the IURC in Cause No. 42767, which was approved in April 2007.

1 **Q. CEI North’s Energy Efficiency Rider also includes an Energy Efficiency Funding**  
2 **Component to the Rider. Is OVG including this component as part of its proposed**  
3 **SRC Rider?**

4 A. No. It is not OVG’s intent to include any Energy Efficiency program funding component  
5 reimbursement rider as part of this Rider.

6

7 **Q. Why is OVG requesting approval of this mechanism?**

8 A. Traditional utility ratemaking, where most of the utility’s costs are recovered via a  
9 volumetric rate component, is dependent on the utility selling to its customers the pro forma  
10 test year level of gas volumes granted in that utility’s most recent base rate case order. This  
11 type of rate design ignores the fact that utilities are capital intensive businesses that have  
12 primarily fixed costs that do not vary with customer usage. Thus, basing cost recovery on  
13 customer gas consumption ignores the fact that a reduction in sales does not correlate to a  
14 reduction in a utility’s costs. OVG currently recovers most of its costs through the  
15 volumetric portion of its rate design, which means as volumes fall, so does the amount of  
16 OVG’s cost recovery. A rate design that relies on most of its costs to be recovered through  
17 the volumetric portion of its rate design is an obstacle to conservation and is contrary to  
18 good public policy. By proposing the SRC Rider at this time, OVG is looking to break the  
19 link between volumes sold and cost recovery. The SRC Rider will recover the differences  
20 between Actual Margins and Adjusted Order Granted Margins for all applicable rate  
21 schedules. Actual Margins are the monthly margins, prior to the SRC Rider adjustments,  
22 for customers served at the time of the calculation. Adjusted Order Granted Margins are  
23 the monthly margins as approved by the IURC in OVG’s most recent rate case proceeding

1 adjusted to reflect the change in number of customers since the like month during the test  
2 year, with the product being added to the Order granted margins for such month.

3  
4 **Q. How is the SRC Rider designed to work?**

5 A. Should the Commission approve the SRC Rider proposal, after the final Order in this  
6 Cause, OVG will begin to defer the calculated differences between Actual Margins and  
7 Adjusted Order Granted Margins for subsequent return or recovery via the SRC Rider.  
8 “Actual Margins” are OVG’s monthly margins for each Rate Schedule, prior to the SRC  
9 Rider adjustment. The “Adjusted Order Granted Margins” are the Order granted monthly  
10 margins for each Rate Schedule as approved in the most recent general rate case filed by  
11 OVG as adjusted to reflect the changes in number of customers from the Order granted  
12 levels. To reflect the change in number of customers, Order granted margin per customer  
13 is multiplied by the change in number of customers since the like month during the test  
14 year, with the product being added to the Order granted margins for such month. The  
15 calculated differences between the Actual Margins and the Adjusted Order Granted  
16 Margins would be recovered under the SRC Rider.

17  
18 OVG plans to update the SRC Rider annually for the accumulated monthly differences.  
19 OVG proposes that margin differences annually be capped at 5% of adjusted order granted  
20 margins applicable to the previous year. Any actual margin differences more than the 5%  
21 SRC Rider cap will be deferred for future recovery either in a future SRC Rider filing, or  
22 in a future rate case. The accumulated monthly margin differences to be included in the  
23 SRC Rider shall be divided by projected sales volumes for each Rate Schedule to determine

1 the applicable SRC. Projected and actual recoveries by Rate Schedule under the SRC will  
2 be reconciled, with any under or over recovery being recovered or returned over the next  
3 twelve-month period.

4

5 **Q. Will OVG reflect an initial rate for the SRC Rider rate in the proposed SRC Rider**  
6 **Tariff included with this Cause?**

7 A. No. The proposed SRC Rider tariff will not have any rates associated with it until twelve  
8 months have passed after receipt of the Final Order in this Cause. OVG will file a SRC  
9 Rider tariff update after that twelve-month period has passed, using data from that twelve-  
10 month period to prepare any under- or over- margin recovery under the terms of the SRC  
11 Rider. That SRC Rider tariff update will include new SRC rates for OVG customers.

12

13 **Q. Will the SRC Rider tariff result in a margin increase for OVG?**

14 A. No, it will not. The calculated SRC tariff amounts will be zero if OVG customers use the  
15 same amount of gas that was projected in Joint Petitioner's current rate case proceedings.  
16 If usage is lower than the rate case projections, the SRC will charge customers only the  
17 amount necessary to allow OVG to recover their rate case approved costs. Thus, customer  
18 bills will not increase from what was intended in that Order.

19

20 **Q. What happens if the average usage per customer increases in the future?**

21 A. The SRC Rider tariff is designed to work both ways, whether the average usage per  
22 customer decreases or increases. If average customer usage decreases, an SRC would be  
23 designed to allow OVG to recover the allowed amount of approved rate case costs via the

1 SRC. If average usage per customer increases, OVG would reduce the customer's bills via  
2 the SRC.

3

4 **Q. Please describe the benefits of the SRC Rider.**

5 A. Gas utilities such as OVG have very high fixed costs. These fixed costs include the cost of  
6 maintaining system safety and reliability throughout the year, providing customer service  
7 24 hours a day, 365 days a year, and doing what it takes to each day of the year to ensure  
8 the safe and reliable delivery of natural gas to homes, schools, medical facilities, retailers,  
9 commercial, and other customers. Recovering these ongoing fixed costs primarily through  
10 volumetric sales of gas means that in the time of declining sales per customer, utilities are  
11 not able to fully recover such costs. The SRC Rider as proposed helps to allow OVG the  
12 opportunity to fully recover the costs approved by the Commission in this Cause. The SRC  
13 Rider as proposed in this Cause benefits not only OVG but also the consumers it serves.  
14 As such, I recommend that the Commission approve this SRC Rider as part of this Cause.

15

16

17

**IX. CONCLUSION**

18

19 **Q. Does this conclude your testimony?**

20 A. Yes, it does.

21

**VERIFICATION**

I, Gary M. VerDouw, Owner/CEO of VerDouw Regulatory Services LLC, affirm under penalties for perjury that the foregoing is true to the best of my knowledge, information, and belief.

Dated this 3rd day of February 2024.

A handwritten signature in black ink, reading "Gary M. VerDouw", written over a horizontal line.

Gary M. VerDouw  
Owner/CEO  
VerDouw Regulatory Services LLC

**GARY M. VERDOUW**

---

**REGULATORY TESTIMONY PROVIDED****Indiana:**

- 2023 – Crossroads Utilities, LLC, approval and authorization of the acquisition of LMH Utilities Corporation’s wastewater utility assets, Cause No. 45833.
- 2022 – Fountaintown Gas Company, Inc., Rate Case – responsible for preparation of small utility rate case filing; no testimony provided. Cause No. 45802-U.
- 2022 – Aqua Indiana, Inc., Approval of Service Improvement Project, Post-In-Service AFUDC and Deferred Depreciation on Service Improvement Project Assets, Cause No. 45675.
- 2022 – Lakes of the Four Seasons Property Owner’s Association, testimony in opposition to rate increase proposed by Community Utilities of Indiana, Inc., Cause No. 45651.
- 2021 – Jackson County Regional Sewage District/Seymour Municipal Sanitation Services, Wholesale Cost of Service Review, Cause No. 45548.
- 2018 – Indiana American Water Company, Town of Sheridan, Indiana Acquisition, Cause Number 45050.
- 2018 – Indiana American Water Company, Customer Owned Lead Service Line Replacement Program Approval, Cause Number 45043.
- 2018 – Indiana American Water Company, Town of Lake Station, Indiana Acquisition, Cause Number 45041.
- 2018 – Indiana American Water Company, DSIC, Cause No. 42351-DSIC-11.
- 2017 – Indiana American Water Company, City of Seymour, Indiana Fire Protection Surcharge, Filing No. 3520.
- 2017 – Indiana American Water Company, Depreciation Rate Study, Cause Number 44992.
- 2017 – Indiana American Water Company, Town of Charlestown, Indiana Acquisition, Cause Number 44976.
- 2017 – Indiana American Water Company, Town of Georgetown, Indiana Acquisition, Cause Number 44915.
- 2017 – Indiana American Water Company, DSIC, Cause Number 42351-DSIC-10.
- 2016 – Indiana American Water Company, DSIC, Cause Number 42351-DSIC-9.
- 2015 – Indiana American Water Company, City of West Lafayette, Indiana Fire Protection Surcharge, Filing No. 3399.
- 2015 – Indiana American Water Company, Financing Case, Cause Number 44682.
- 2015 – Indiana American Water Company, American Suburban Acquisition, Cause Number 44592.
- 2015 – Indiana American Water Company, Russiaville, Indiana Acquisition, Cause Number 44584.
- 2014 – Indiana American Water Company, Rate Case, Cause Number 44450.
- 2011 – Indiana American Water Company, Rate Case, Cause Number 44022.
- 2011 – Indiana American Water Company, Approval of Post In-Service AFUDC and Deferred Depreciation, Cause No. 43991.
- 2010 – Indiana American Water Company, DSIC, Cause Number 42351-DSIC-6.
- 2010 – Indiana American Water Company, City of Muncie, Indiana Fire Protection Surcharge, Cause No. 43843.
- 2009 – Indiana American Water Company, Financing Case, Cause Number 43767.
- 2009 – Indiana American Water Company, Rate Case, Cause Number 43680.
- 2009 – Indiana American Water Company, DSIC, Cause Number 42351-DSIC-5.
- 2009 – Indiana American Water Company, Approval of Post In-Service AFUDC and Deferred Depreciation, Cause No. 43639.
- 2008 – Indiana American Water Company, City of Winchester, Indiana Fire Protection Surcharge, Cause No. 43605.



## GARY M. VERDOUW

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### REGULATORY TESTIMONY PROVIDED

#### Indiana (Continued):

- 2008 – Indiana American Water Company, City of Gary, Indiana Fire Protection Surcharge, Cause No. 43583.
- 2008 – Indiana American Water Company, DSIC, Cause Number 42351-DSIC-4.
- 2007 – Indiana American Water Company, City of Merrillville, Indiana Fire Protection Surcharge, Cause No. 43398.
- 2006 – Indiana American Water Company, Rate Case, Cause Number 43187.
- 2006 – Indiana American Water Company, Distribution System Infrastructure Charge (“DSIC”), Cause Number 42351-DSIC-3.

#### Illinois:

- 2006 – Illinois American Water Company, Purchased Water and Sewer Reconciliation.
- 2005 – Illinois American Water Company, Initial Qualified Infrastructure Plant (“QIP”) filing.
- 2005 – Illinois American Water Company, Purchased Water and Sewer Reconciliation.

#### Iowa:

- 2013 – Iowa American Water Company, Rate Case, Docket Number RPU-13-0002.

#### Kentucky:

- 2012 – Kentucky American Water Company, Rate Case, Docket Number 2012-00520.

#### Michigan:

- 2016 – Michigan American Water Company, Rate Increase (not regulated; no testimony provided).
- 2014 – Michigan American Water Company, Rate Increase (not regulated; no testimony provided).
- 2012 – Michigan American Water Company, Rate Increase (not regulated; no testimony provided).

#### Missouri:

- 2015 – Missouri American Water Company, Rate Case, Case Number WE-2015-0301.
- 2015 – Missouri American Water Company, Rate Case, Case Number WE-2015-0302.

#### Ohio:

- 2011 – Ohio American Water Company, Rate Case, Docket Number 11-4161-WS-AIR.
- 2011 – Ohio American Water Company, System Infrastructure Improvement Charge (“SIIC”), Docket Number 11-151-WW-SIC.
- 2009 – Ohio American Water Company, Rate Case, Docket Number 09-0391-WS-AIR.
- 2009 – Ohio American Water Company, System Infrastructure Improvement Charge (“SIIC”), Docket Number 09-92-WW-SIC.
- 2007 – Ohio American Water Company, Rate Case, Docket Number 07-1112-WS-AIR.
- 2006 – Ohio American Water Company, Rate Case, Docket Number 06-433-WS-AIR.

#### Tennessee:

- 2013 - Tennessee American Water Company, Alternative Regulatory Mechanism Filing, Docket Number 13-00130.
- 2012 - Tennessee American Water Company, Rate Case, Docket Number 12-00049.

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Schedule of Allocation Factors

Line Number	Allocator Number	Description of Allocators	Rate 1S Small Volume Sales Service	Rate 2S Medium Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service	Grand Total All Rates
			Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
1		<b>Input Allocators</b>								
2										
3	0	Not Applicable	-	-	-	-	-	-	-	-
4		Percentage of Allocator	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
5										
6	1	Annual Throughput (Therms)	30,746,727	258,957		348,272	17,701,948	4,438,822	1,413,620	
7		Percentage of Allocator	27.6862%	0.2332%		0.3136%	15.9399%	3.9970%	1.2729%	
8										
9	2	Annual Sales	30,746,727	258,957	-	348,272	-	-	-	31,353,956
10		Percentage of Allocator	98.0633%	0.8259%	0.0000%	1.1108%	0.0000%	0.0000%	0.0000%	100.0000%
11										
12	3	Number of Bills	356,198	24	24	40	120	216	444	357,066
13		Percentage of Allocator	99.7569%	0.0067%	0.0067%	0.0112%	0.0336%	0.0605%	0.1243%	100.0000%
14										
15	4	Design Day Demand	383,550	46,160	57,075	(299)	57,075	46,160	18,003	607,724
16		Percentage of Allocator	63.1125%	7.5956%	9.3916%	-0.0492%	9.3916%	7.5956%	2.9624%	100.0000%
17										
18	5	Design Day Sales	383,550	46,160	-	(299)	-	46,160	-	475,571
19		Percentage of Allocator	80.6504%	9.7062%	0.0000%	-0.0629%	0.0000%	9.7062%	0.0000%	100.0000%
20										
21	6	Pro Forma A Normal Margin without Misc. Revenue	\$ 19,435,776	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	\$ 22,998,235
22		Percentage of Allocator	84.5099%	0.2511%	3.9278%	0.5174%	4.7697%	3.8082%	2.2160%	100.0000%
23										
24	7	Meters Analysis Factor	1.0	16.4	39.0	16.4	39.0	16.4	16.4	
25		Adjusted Customers	29,683	33	78	656	390	295	607	31,742
26		Percentage of Allocator	93.5133%	0.1040%	0.2457%	2.0667%	1.2287%	0.9294%	1.9123%	100.0000%
27										
28	8	Services Analysis Factor	1.0	2.5	13.0	2.5	13.0	2.5	2.5	
29		Adjusted Customers	29,683	5	26	8	130	45	93	29,990
30		Percentage of Allocator	98.9763%	0.0167%	0.0867%	0.0267%	0.4335%	0.1501%	0.3101%	100.0000%
31										
32	9	Weighted Storage Allocator - 20% of Annual Throughput	5.5372%	0.0466%	10.1115%	0.0627%	3.1880%	0.7994%	0.2546%	20.0000%
33		Weighted Storage Allocator - 80% of Design Day Throughput	50.4900%	6.0765%	7.5133%	-0.0394%	7.5133%	6.0765%	2.3699%	80.0000%
34		Percentage of Allocator	56.0272%	6.1231%	17.6248%	0.0233%	10.7013%	6.8759%	2.6245%	100.0000%
35										
36	10	Numbers of Customers - Distribution	29,683	2	-	40	-	18	37	29,780
37		Percentage of Allocator	99.6743%	0.0067%	0.0000%	0.1343%	0.0000%	0.0604%	0.1242%	100.0000%
38										

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Schedule of Allocation Factors

Line Number	Allocator Number	Description of Allocators	Rate 1S Small Volume Sales Service	Rate 2S Medium Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service	Grand Total All Rates
			Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
39	<b>Input Allocators (Continued)</b>									
40										
41	11	Number of Customers	29,683	2	2	40	10	18	37	29,792
42		Percentage of Allocator	99.6341%	0.0067%	0.0067%	0.1343%	0.0336%	0.0604%	0.1242%	100.0000%
43										
44	12	Annual Throughput - Distribution	30,746,727	258,957	-	348,272	-	4,438,822	1,413,620	37,206,398
45		Percentage of Allocator	82.6383%	0.6960%	0.0000%	0.9361%	0.0000%	11.9303%	3.7994%	100.0000%
46										
47	13	Design Day Demand - Distribution	383,550	46,160	-	(299)	-	46,160	18,003	493,574
48		Percentage of Allocator	77.7087%	9.3522%	0.0000%	-0.0606%	0.0000%	9.3522%	3.6475%	100.0000%
49										
50	26	Direct to Rate 1	1	-	-	-	-	-	-	1
51		Percentage of Allocator	100.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	100.0000%
52										

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Schedule of Allocation Factors

Line Number	Allocator Number	Description of Allocators	Rate 1S Small Volume Sales Service	Rate 2S Medium Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service	Grand Total All Rates
			Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
53		<b>Internally Generated Allocators</b>								
54										
55	100	Gross Plant	\$ 116,424,166	\$ 3,596,349	\$ 5,461,544	\$ 577,609	\$ 2,556,554	\$ 7,298,966	\$ 2,865,105	\$ 138,780,293
56		Percentage of Allocator	83.8910%	2.5914%	3.9354%	0.4162%	1.8422%	5.2594%	2.0645%	100.0000%
57										
58	101	Gross Plant Excluding G&I Plant	\$ 95,598,016	\$ 2,953,027	\$ 4,484,571	\$ 474,286	\$ 2,099,223	\$ 5,993,307	\$ 2,352,588	\$ 113,955,018
59		Percentage of Allocator	83.8910%	2.5914%	3.9354%	0.4162%	1.8422%	5.2594%	2.0645%	100.0000%
60										
61	102	Original Cost Rate Base	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	\$ 68,108,624
62		Percentage of Allocator	85.6191%	2.6022%	2.6824%	0.4190%	1.4718%	5.1536%	2.0519%	100.0000%
63										
64	103	Total Component of Distribution Mains	\$ 48,174,814	\$ 2,143,734	\$ -	\$ 205,539	\$ -	\$ 4,546,997	\$ 1,605,484	\$ 56,676,568
65		Percentage of Allocator	84.9995%	3.7824%	0.0000%	0.3627%	0.0000%	8.0227%	2.8327%	100.0000%
66										
67	107	Mains and Services Plant	\$ 74,206,527	\$ 2,361,995	\$ 18,577	\$ 231,846	\$ 92,884	\$ 5,034,513	\$ 1,832,707	\$ 83,779,049
68		Percentage of Allocator	88.5741%	2.8193%	0.0222%	0.2767%	0.1109%	6.0093%	2.1875%	100.0000%
69										
70	108	Meters, Meter Installations and House Regulators	\$ 9,043,686	\$ 10,058	\$ 23,762	\$ 199,871	\$ 118,828	\$ 89,882	\$ 184,939	\$ 9,671,026
71		Percentage of Allocator	93.5132%	0.1040%	0.2457%	2.0667%	1.2287%	0.9294%	1.9123%	100.0000%
72										
73	109	Subtotal Distribution Plant	\$ 52,999,242	\$ 2,358,417	\$ -	\$ 226,125	\$ -	\$ 5,002,352	\$ 1,766,263	\$ 62,352,399
74		Percentage of Allocator	84.9995%	3.7824%	0.0000%	0.3627%	0.0000%	8.0227%	2.8327%	100.0000%
75										
76	110	Subtotal Gross Plant	\$ 95,598,016	\$ 2,953,027	\$ 4,484,571	\$ 474,286	\$ 2,099,223	\$ 5,993,307	\$ 2,352,588	\$ 113,955,018
77		Percentage of Allocator	83.8910%	2.5914%	3.9354%	0.4162%	1.8422%	5.2594%	2.0645%	100.0000%
78										
79	115	O&M Without Gas Costs (Proforma A)	\$ 19,405,926	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 20,993,326
80		Percentage of Allocator	92.4385%	1.5144%	0.8045%	0.6396%	0.5608%	2.5493%	1.4929%	100.0000%
81										
82	117	O&M Without Gas Costs (Proforma B)	\$ 19,444,224	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 21,031,624
83		Percentage of Allocator	92.4523%	1.5116%	0.8030%	0.6385%	0.5597%	2.5447%	1.4902%	100.0000%
84										
85	119	Distribution O&M (Proforma B)	\$ 3,388,837	\$ 69,379	\$ 2,943	\$ 27,517	\$ 14,718	\$ 155,069	\$ 72,427	\$ 3,730,890
86		Percentage of Allocator	90.8319%	1.8596%	0.0789%	0.7375%	0.3945%	4.1564%	1.9413%	100.0000%
87										
88	120	Total Depreciation Expenses	\$ 3,644,219	\$ 113,396	\$ 173,643	\$ 26,888	\$ 84,349	\$ 232,627	\$ 96,901	\$ 4,372,023
89		Percentage of Allocator	83.3532%	2.5937%	3.9717%	0.6150%	1.9293%	5.3208%	2.2164%	100.0000%
90										
91	121	Pro Forma A Normalized Revenue with Misc. Revenue	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	\$ 23,276,195
92		Percentage of Allocator	84.6948%	0.2481%	3.8809%	0.5113%	4.7127%	3.7627%	2.1895%	100.0000%
93										

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Schedule of Allocation Factors

Line Number	Allocator Number	Description of Allocators	Rate 1S Small Volume Sales Service	Rate 2S Medium Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service	Grand Total All Rates	
			Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G	
94	<b>Internally Generated Allocators (Continued)</b>										
95											
96	124	Pro Forma Normal Revenue with Misc. Revenue	\$ 30,265,000	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	\$ 35,338,256	
97		Percentage of Allocator	85.6437%	1.0483%	3.4679%	0.4794%	3.6044%	3.6162%	2.1400%	100.0000%	
98											
99	125	Labor Allocator	\$ 3,923,161	\$ 66,676	\$ 48,266	\$ 29,315	\$ 28,464	\$ 93,516	\$ 63,461	\$ 4,252,859	
100		Percentage of Allocator	92.2476%	1.5678%	1.1349%	0.6893%	0.6693%	2.1989%	1.4922%	100.0000%	
101											
102	131	Total Component of Transmission Mains	\$ 10,474,374	\$ 524,834	\$ 4,016,938	\$ 23,634	\$ 1,698,720	\$ 779,379	\$ 289,243	\$ 17,807,122	
103		Percentage of Allocator	58.8213%	2.9473%	22.5580%	0.1327%	9.5396%	4.3768%	1.6243%	100.0000%	
104											
105	132	Subtotal Transmission Plant	\$ 11,578,260	\$ 580,146	\$ 4,440,279	\$ 26,124	\$ 1,877,747	\$ 861,517	\$ 319,726	\$ 19,683,799	
106		Percentage of Allocator	58.8213%	2.9473%	22.5580%	0.1327%	9.5396%	4.3768%	1.6243%	100.0000%	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Allocation of Depreciation and Amortization Expense, Operations and Maintenance Expense, and Miscellaneous Revenues and Credits

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSES:</b>												
1	<b>DEPRECIATION AND AMORTIZATION EXPENSES:</b>											
2												
3	<b>Total Transmission Plant</b>											
4	Mains	131	Total Component of Transmission Mains	\$ 491,198	\$ 288,929	\$ 14,477	\$ 110,804	\$ 652	\$ 46,858	\$ 21,499	\$ 7,979	
5	Land and Land Rights	131	Total Component of Transmission Mains	28,769	16,922	848	6,490	38	2,744	1,259	467	
6	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-	
7	Structures and Improvements	131	Total Component of Transmission Mains	1,235	726	36	279	2	118	54	20	
8	Measuring and Regulating Equipment	131	Total Component of Transmission Mains	53,150	31,264	1,566	11,990	71	5,070	2,326	863	
9	Other Transmission Equipment	132	Subtotal Transmission Plant	-	-	-	-	-	-	-	-	
10												
11			<b>Total Transmission Plant:</b>	<b>\$ 574,352</b>	<b>\$ 337,841</b>	<b>\$ 16,927</b>	<b>\$ 129,563</b>	<b>\$ 763</b>	<b>\$ 54,790</b>	<b>\$ 25,138</b>	<b>\$ 9,329</b>	
12												
13	<b>Total Distribution Plant</b>											
14												
15	Mains	103	Total Component of Distribution Mains	\$ 1,654,956	\$ 1,406,704	\$ 62,597	\$ -	\$ 6,003	\$ -	\$ 132,772	\$ 46,880	
16	Land and Land Rights	103	Total Component of Distribution Mains	16,953	14,410	641	-	61	-	1,360	480	
17	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-	
18	Structures and Improvements	103	Total Component of Distribution Mains	5,123	4,355	194	-	19	-	411	145	
19	Measuring and Regulating Equipment	103	Total Component of Distribution Mains	119,359	101,455	4,515	-	433	-	9,576	3,381	
20	Services	8	Services Analysis Factor	200,505	198,452	33	174	54	869	301	622	
21	Meters - Account 381 and 385	7	Meters Analysis Factor	625,658	585,073	651	1,537	12,930	7,687	5,815	11,964	
22	Meter Installations - Account 381 and 385	7	Meters Analysis Factor	-	-	-	-	-	-	-	-	
23	House Regulators - Account 381 and 385	7	Meters Analysis Factor	81,889	76,577	85	201	1,692	1,006	761	1,566	
24	Measuring and Regulating Equipment - Industrial	7	Meters Analysis Factor	23,183	21,679	24	57	479	285	215	443	
25	Other Distribution Equipment	109	Subtotal Distribution Plant	-	-	-	-	-	-	-	-	
26												
27			<b>Total Distribution Plant:</b>	<b>\$ 2,727,626</b>	<b>\$ 2,408,705</b>	<b>\$ 68,740</b>	<b>\$ 1,969</b>	<b>\$ 21,671</b>	<b>\$ 9,847</b>	<b>\$ 151,211</b>	<b>\$ 65,481</b>	
28												
29	<b>Total General and Intangible Plant</b>											
30		110	Subtotal Gross Plant	\$ 1,070,047	\$ 897,673	\$ 27,729	\$ 42,111	\$ 4,454	\$ 19,712	\$ 56,278	\$ 22,091	
31	<b>Total Amortization of Leasehold Improvements</b>											
32		110	Subtotal Gross Plant	-	-	-	-	-	-	-	-	
33	<b>Total Amortization of Acquisition Adjustment</b>											
34		100	Gross Plant	-	-	-	-	-	-	-	-	
35	<b>Total Depreciation and Amortization Expense (Lines 11 + 27 + 29 + 31 + 33):</b>											
				<b>\$ 4,372,025</b>	<b>\$ 3,644,219</b>	<b>\$ 113,396</b>	<b>\$ 173,643</b>	<b>\$ 26,888</b>	<b>\$ 84,349</b>	<b>\$ 232,627</b>	<b>\$ 96,901</b>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study

Allocation of Depreciation and Amortization Expense, Operations and Maintenance Expense, and Miscellaneous Revenues and Credits

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE - PROFORMA "A" AT PRESENT REVENUE LEVELS</b>												
36	<b>OPERATION AND MAINTENANCE EXPENSE - PROFORMA "A" AT PRESENT REVENUE LEVELS</b>											
37												
38	<b>Proforma Cost of Gas:</b>											
39	Commodity Cost of Purchased Gas	2	Annual Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
40	Demand Cost of Purchased Gas	5	Design Day Sales	-	-	-	-	-	-	-		
41	Leased Storage	9	Weighted Storage Allocator	-	-	-	-	-	-	-		
42	Unaccounted for Gas Costs (Sales Only)	2	Annual Sales	-	-	-	-	-	-	-		
43												
44	<b>Total Proforma Cost of Gas:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
45												
46	<b>Proforma Operating Expenses:</b>											
47	<b>Production and Storage Expense</b>											
48	Total Manufactured Gas Production Expense	0	Not Applicable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
49	Total Natural Gas Production Expense	0	Not Applicable	-	-	-	-	-	-	-		
50	Total Underground Storage Expense	0	Not Applicable	-	-	-	-	-	-	-		
51	Total Other Storage Expense	0	Not Applicable	-	-	-	-	-	-	-		
52												
53	<b>Total Production and Storage Expense:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
54												
55	<b>Total Transmission Expenses</b>											
56	Mains	131	Total Component of Transmission Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613	\$ 599	
57	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-	
58	Structures and Improvements	131	Total Component of Transmission Mains	-	-	-	-	-	-	-	-	
59	Measuring and Regulating Equipment	131	Total Component of Transmission Mains	172	101	5	39	-	16	8	3	
60	Supervision and Engineering	132	Subtotal Transmission Plant	-	-	-	-	-	-	-	-	
61	Other Transmission	132	Subtotal Transmission Plant	-	-	-	-	-	-	-	-	
62												
63	<b>Total Transmission Expenses:</b>			<u>\$ 37,026</u>	<u>\$ 21,779</u>	<u>\$ 1,091</u>	<u>\$ 8,352</u>	<u>\$ 49</u>	<u>\$ 3,532</u>	<u>\$ 1,621</u>	<u>\$ 602</u>	
64												
65	<b>Total Distribution Expenses</b>											
66	Measuring and Regulating Equipment	103	Total Component of Distribution Mains	\$ 231,663	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586	\$ 6,562	
67	Mains and Services	107	Mains and Services Plant	1,998,935	1,770,539	56,356	444	5,531	2,217	120,122	43,727	
68	Industrial Measuring and Regulating Equipment	7	Meters Analysis Factor	89,857	84,028	93	221	1,857	1,104	835	1,718	
69	Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and House Regulators	916,315	856,876	953	2,251	18,937	11,259	8,516	17,523	
70	Customer Installation Expenses	3	Number of Bills	409,831	408,835	27	27	46	138	248	509	
71	Structures and Improvements Maintenance	103	Total Component of Distribution Mains	84,291	71,647	3,188	-	306	-	6,762	2,388	
72	Supervision and Engineering	119	Distribution O&M (Proforma B)	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222	33,265	
73	Other Distribution	119	Distribution O&M (Proforma B)	152,612	138,620	2,838	120	1,126	602	6,343	2,963	
74												
75	<b>Total Distribution Expenses:</b>			<u>\$ 5,597,062</u>	<u>\$ 5,083,913</u>	<u>\$ 104,082</u>	<u>\$ 4,415</u>	<u>\$ 41,280</u>	<u>\$ 22,080</u>	<u>\$ 232,634</u>	<u>\$ 108,655</u>	
76												
77	<b>Total Customer Accounts Expenses (Excluding Uncollectible)</b>	3	Number of Bills	\$ 1,764,855	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068	\$ 2,194	
78	<b>Uncollectible Expense</b>	26	Direct to Rate 1	99,521	99,521	-	-	-	-	-	-	
79	<b>Total Customer Service Expense</b>	3	Number of Bills	-	-	-	-	-	-	-	-	
80	<b>Total Sales Expense</b>	3	Percentage of Allocator	(918)	(916)	-	-	-	-	(1)	(1)	
81												
82	<b>Administrative and General</b>											
83	Plant Related	100	Gross Plant	\$ 101,381	\$ 85,050	\$ 2,627	\$ 3,990	\$ 422	\$ 1,868	\$ 5,332	\$ 2,093	
84	Salaries Related	125	Labor Allocator	10,856,057	10,014,452	170,201	123,205	74,831	72,660	238,714	161,994	
85	Other	125	Labor Allocator	2,538,344	2,341,562	39,796	28,808	17,497	16,989	55,816	37,877	
86												
87	<b>Total Administrative and General Expenses:</b>			<u>\$ 13,495,783</u>	<u>\$ 12,441,064</u>	<u>\$ 212,624</u>	<u>\$ 156,003</u>	<u>\$ 92,750</u>	<u>\$ 91,517</u>	<u>\$ 299,862</u>	<u>\$ 201,964</u>	
88												
89	<b>Total Proforma "A" Operation and Maintenance Expenses at Present Revenue Levels:</b>			<u>\$ 20,993,329</u>	<u>\$ 19,405,926</u>	<u>\$ 317,915</u>	<u>\$ 168,888</u>	<u>\$ 134,277</u>	<u>\$ 117,722</u>	<u>\$ 535,184</u>	<u>\$ 313,414</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study

Allocation of Depreciation and Amortization Expense, Operations and Maintenance Expense, and Miscellaneous Revenues and Credits

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE - PROFORMA "B" AT PROPOSED REVENUE LEVELS</b>												
90	<b>OPERATION AND MAINTENANCE EXPENSE - PROFORMA "B" AT PROPOSED REVENUE LEVELS</b>											
91												
92	<b>Proforma Cost of Gas</b>											
93	Commodity Cost of Purchased Gas	2	Annual Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
94	Demand Cost of Purchased Gas	5	Design Day Sales	-	-	-	-	-	-	-		
95	Leased Storage	9	Weighted Storage Allocator	-	-	-	-	-	-	-		
96	Unaccounted for Gas Costs (Sales Only)	2	Annual Sales	-	-	-	-	-	-	-		
97												
98	<b>Total Proforma Cost of Gas:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
99												
100	<b>Proforma Operating Expenses</b>											
101	<b>Production and Storage Expense</b>											
102	Total Manufactured Gas Production Expense	0	Not Applicable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
103	Total Natural Gas Production Expense	0	Not Applicable	-	-	-	-	-	-	-		
104	Total Underground Storage Expense	0	Not Applicable	-	-	-	-	-	-	-		
105	Total Other Storage Expense	0	Not Applicable	-	-	-	-	-	-	-		
106												
107	<b>Total Production and Storage Expense:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
108												
109	<b>Total Transmission Expenses</b>											
110	Mains	131	Total Component of Transmission Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613		
111	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-		
112	Structures and Improvements	131	Total Component of Transmission Mains	-	-	-	-	-	-	-		
113	Measuring and Regulating Equipment	131	Total Component of Transmission Mains	172	101	5	39	-	16	8		
114	Supervision and Engineering	132	Subtotal Transmission Plant	-	-	-	-	-	-	-		
115	Other Transmission	132	Subtotal Transmission Plant	-	-	-	-	-	-	-		
116												
117	<b>Total Transmission Expenses:</b>			<u>\$ 37,026</u>	<u>\$ 21,779</u>	<u>\$ 1,091</u>	<u>\$ 8,352</u>	<u>\$ 49</u>	<u>\$ 3,532</u>	<u>\$ 1,621</u>		
118												
119	<b>Total Distribution Expenses</b>											
120	Measuring and Regulating Equipment	103	Total Component of Distribution Mains	\$ 231,663	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586		
121	Mains and Services	107	Mains and Services Plant	1,998,935	1,770,539	56,356	444	5,531	2,217	120,122		
122	Industrial Measuring and Regulating Equipment	7	Meters Analysis Factor	89,857	84,028	93	221	1,857	1,104	835		
123	Meter, Meter Installation and House Regulator	108	Meters, Meter Installations and House Regulators	916,315	856,876	953	2,251	18,937	11,259	8,516		
124	Customer Installation Expenses	3	Number of Bills	409,831	408,835	27	27	46	138	248		
125	Structures and Improvements Maintenance	103	Total Component of Distribution Mains	84,291	71,647	3,188	-	306	-	6,762		
126	Supervision and Engineering	119	Distribution O&M (Proforma B)	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222		
127	Other Distribution	119	Distribution O&M (Proforma B)	152,612	138,620	2,838	120	1,126	602	6,343		
128												
129	<b>Total Distribution Expenses:</b>			<u>\$ 5,597,062</u>	<u>\$ 5,083,913</u>	<u>\$ 104,082</u>	<u>\$ 4,415</u>	<u>\$ 41,280</u>	<u>\$ 22,080</u>	<u>\$ 232,634</u>		
130												
131	<b>Total Customer Accounts Expenses (Excluding Uncollectible)</b>											
132	Uncollectible Expense	26	Direct to Rate 1	\$ 176,855	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068		
133	Total Customer Service Expense	3	Number of Bills	137,819	137,819	-	-	-	-	-		
134	Total Sales Expense	3	Percentage of Allocator	-	-	-	-	-	-	-		
135												
136	<b>Administrative and General</b>											
137	Plant Related	100	Gross Plant	\$ 101,381	\$ 85,050	\$ 2,627	\$ 3,990	\$ 422	\$ 1,868	\$ 5,332		
138	Salaries Related	125	Labor Allocator	10,856,057	10,014,452	170,201	123,205	74,831	72,660	238,714		
139	Other	125	Labor Allocator	2,538,344	2,341,562	39,796	28,808	17,497	16,989	55,816		
140												
141	<b>Total Administrative and General Expenses:</b>			<u>\$ 13,495,783</u>	<u>\$ 12,441,064</u>	<u>\$ 212,624</u>	<u>\$ 156,003</u>	<u>\$ 92,750</u>	<u>\$ 91,517</u>	<u>\$ 299,862</u>		
142												
143	<b>Total Proforma "B" Operation and Maintenance Expenses at Proposed Revenue Levels:</b>											
144				<u>\$ 21,031,627</u>	<u>\$ 19,444,224</u>	<u>\$ 317,915</u>	<u>\$ 168,888</u>	<u>\$ 134,277</u>	<u>\$ 117,722</u>	<u>\$ 535,184</u>		



Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Allocation of Depreciation and Amortization Expense, Operations and Maintenance Expense, and Miscellaneous Revenues and Credits

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>ALLOCATION OF MISCELLANEOUS REVENUES AND CREDITS</b>												
137	<b>PROFORMA MISCELLANEOUS REVENUES AND CREDITS</b>											
138												
139	<b>Miscellaneous Revenues and Credits</b>											
140	Special Contracts (Rate 9)	6	Pro Forma A Normal Margin without Misc. Revenue	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
141	Forfeited Discounts	26	Direct to Rate 1	144,089	144,089	-	-	-	-	-	-	
142	Miscellaneous Operating Revenues	26	Direct to Rate 1	133,871	133,871	-	-	-	-	-	-	
143												
144	<b>Total Miscellaneous Revenues and Credits:</b>			<b>\$ 277,960</b>	<b>\$ 277,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
145												
146												
147	<b>PROFORMA A EQUALIZED MISCELLANEOUS REVENUES</b>											
148												
149	<b>Miscellaneous Revenues and Credits</b>											
150	Special Contracts (Rate 9)	6	Pro Forma A Normal Margin without Misc. Revenue	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
151	Forfeited Discounts	26	Direct to Rate 1	144,089	144,089	-	-	-	-	-	-	
152	Miscellaneous Operating Revenues	26	Direct to Rate 1	133,871	133,871	-	-	-	-	-	-	
153												
154	<b>Total Proforma A Equalized Miscellaneous Revenues:</b>			<b>\$ 277,960</b>	<b>\$ 277,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
155												
156												
157	<b>PROFORMA B EQUALIZED MISCELLANEOUS REVENUES</b>											
158												
159	<b>Miscellaneous Revenues and Credits</b>											
160	Special Contracts (Rate 9)	6	Pro Forma A Normal Margin without Misc. Revenue	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
161	Forfeited Discounts	26	Direct to Rate 1	144,089	144,089	-	-	-	-	-	-	
162	Miscellaneous Operating Revenues	26	Direct to Rate 1	133,871	133,871	-	-	-	-	-	-	
163												
164	<b>Total Proforma B Equalized Miscellaneous Revenues:</b>			<b>\$ 277,960</b>	<b>\$ 277,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
165												
166												
167	<b>PROFORMA B NORMALIZED MISCELLANEOUS REVENUES</b>											
168												
169	<b>Miscellaneous Revenues and Credits</b>											
170	Special Contracts (Rate 9)	6	Pro Forma A Normal Margin without Misc. Revenue	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
171	Forfeited Discounts	26	Direct to Rate 1	144,089	144,089	-	-	-	-	-	-	
172	Miscellaneous Operating Revenues	26	Direct to Rate 1	133,871	133,871	-	-	-	-	-	-	
173												
174	<b>Total Proforma B Normalized Miscellaneous Revenues:</b>			<b>\$ 277,960</b>	<b>\$ 277,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Allocation of Rate Base

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category									
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G			
1	<b>UTILITY PLANT IN SERVICE:</b>													
2	<b>Total Intangible Plant</b>													
3	Organization	11	Number of Customers	\$ 9,503	\$ 9,468	\$ 1	\$ 1	\$ 13	\$ 3	\$ 6	\$ 12			
4	Franchises and consents	11	Number of Customers	2,232	2,224	-	-	3	1	1	3			
5	Miscellaneous intangible plant	11	Number of Customers	15,481	15,424	1	1	21	5	9	19			
6	<b>Total Intangible Plant:</b>			<u>\$ 27,215</u>	<u>\$ 27,116</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 37</u>	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 34</u>			
7														
8	<b>Total Production and Storage Plant</b>													
9	Total Manufactured Gas Production	0	Not Applicable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
10	Total Natural Gas Production Plant	0	Not Applicable	-	-	-	-	-	-	-	-			
11	Total Product Extraction Plant	0	Not Applicable	-	-	-	-	-	-	-	-			
12	Total Underground Storage Plant	0	Not Applicable	-	-	-	-	-	-	-	-			
13	Total Other Storage Plant	0	Not Applicable	-	-	-	-	-	-	-	-			
14														
15	<b>Total Production and Storage Plant:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
16														
17	<b>Total Transmission Plant</b>													
18	Mains													
19	Customer	11	Number of Customers	\$ 4,406,885	\$ 4,390,760	\$ 295	\$ 295	\$ 5,918	\$ 1,481	\$ 2,662	\$ 5,473			
20	Commodity	1	Annual Throughput (Therms)	6,700,111	1,855,006	15,625	3,387,395	21,012	1,067,991	267,803	85,286			
21	Demand	4	Design Day Demand	6,700,111	4,228,608	508,914	629,248	(3,296)	629,248	508,914	198,484			
22	Land and Land Rights	131	Total Component of Transmission Mains	14,176	8,339	418	3,198	19	1,352	620	230			
23	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-			
24	Structures and Improvements	131	Total Component of Transmission Mains	42,296	24,879	1,247	9,541	56	4,035	1,851	687			
25	Measuring and Regulating Equipment	131	Total Component of Transmission Mains	1,820,205	1,070,668	53,647	410,602	2,415	173,640	79,667	29,566			
26	Other Transmission Equipment	132	Subtotal Transmission Plant	-	-	-	-	-	-	-	-			
27														
28	<b>Total Transmission Plant:</b>			<u>\$ 19,683,784</u>	<u>\$ 11,578,260</u>	<u>\$ 580,146</u>	<u>\$ 4,440,279</u>	<u>\$ 26,124</u>	<u>\$ 1,877,747</u>	<u>\$ 861,517</u>	<u>\$ 319,726</u>			
29														
30	<b>Total Distribution Plant</b>													
31	Mains													
32	Customer	10	Numbers of Customers - Distribution	\$ 14,026,258	\$ 13,980,574	\$ 940	\$ -	\$ 18,837	\$ -	\$ 8,472	\$ 17,421			
33	Commodity	12	Annual Throughput - Distribution	21,325,151	17,622,742	148,423	-	199,625	-	2,544,154	810,228			
34	Demand	13	Design Day Demand - Distribution	21,325,151	16,571,498	1,994,371	-	(12,923)	-	1,994,371	777,835			
35	Land and Land Rights	103	Total Component of Distribution Mains	1,412,753	1,200,833	53,436	-	5,124	-	113,341	40,019			
36	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-			
37	Structures and Improvements	103	Total Component of Distribution Mains	175,443	149,126	6,636	-	636	-	14,075	4,970			
38	Measuring and Regulating Equipment	103	Total Component of Distribution Mains	4,087,634	3,474,469	154,611	-	14,826	-	327,939	115,790			
39	Services	8	Services Analysis Factor	21,426,630	21,207,285	3,578	18,577	5,721	92,884	32,161	66,444			
40	Meters	7	Meters Analysis Factor	9,671,016	9,043,686	10,058	23,762	199,871	118,828	89,882	184,939			
41	House Regulators	7	Meters Analysis Factor	-	-	-	-	-	-	-	-			
42	Measuring and Regulating Equipment - Industrial	7	Meters Analysis Factor	793,927	742,427	826	1,951	16,408	9,755	7,379	15,182			
43														
44	<b>Total Distribution Plant:</b>			<u>\$ 94,243,963</u>	<u>\$ 83,992,640</u>	<u>\$ 2,372,879</u>	<u>\$ 44,290</u>	<u>\$ 448,125</u>	<u>\$ 221,467</u>	<u>\$ 5,131,774</u>	<u>\$ 2,032,828</u>			
45														
46	<b>Total General and Intangible Plant</b>	110	Subtotal Gross Plant	\$ 24,825,249	\$ 20,826,150	\$ 643,322	\$ 976,973	\$ 103,323	\$ 457,331	\$ 1,305,659	\$ 512,517			
47	<b>Total Construction Work in Progress:</b>	110	Subtotal Gross Plant	0	-	-	-	-	-	-	-			
48														
49	<b>Total Gross Utility Plant in Service Including CWIP:</b>			<u>\$ 138,780,211</u>	<u>\$ 116,424,166</u>	<u>\$ 3,596,349</u>	<u>\$ 5,461,544</u>	<u>\$ 577,609</u>	<u>\$ 2,556,554</u>	<u>\$ 7,298,966</u>	<u>\$ 2,865,105</u>			

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Allocation of Rate Base

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
50	<b>UTILITY PLANT DEPRECIATION RESERVE:</b>											
51												
52	<b>Total Production and Storage Plant</b>											
53	Total Manufactured Gas Production	0	Not Applicable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54	Total Natural Gas Production Plant	0	Not Applicable	-	-	-	-	-	-	-	-	-
55	Total Product Extraction Plant	0	Not Applicable	-	-	-	-	-	-	-	-	-
56	Total Underground Storage Plant	0	Not Applicable	-	-	-	-	-	-	-	-	-
57	Total Other Storage Plant	0	Not Applicable	-	-	-	-	-	-	-	-	-
58												
59	<b>Total Production and Storage Plant:</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
60	<b>Total Transmission Plant Depreciation Reserve</b>											
61	Mains	131	Total Component of Transmission Mains	\$ 12,745,155	\$ 7,496,866	\$ 375,638	\$ 2,875,052	\$ 16,913	\$ 1,215,837	\$ 557,830	\$ 207,020	
62	Land and Land Rights	131	Total Component of Transmission Mains	691,654	406,840	20,385	156,023	918	65,981	30,272	11,235	
63	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-	
64	Structures and Improvements	131	Total Component of Transmission Mains	20,647	12,145	609	4,657	27	1,970	904	335	
65	Measuring and Regulating Equipment	131	Total Component of Transmission Mains	1,259,141	740,643	37,111	284,037	1,671	120,117	55,110	20,452	
66	Other Transmission Equipment	132	Subtotal Transmission Plant	-	-	-	-	-	-	-	-	
67												
68	<b>Total Transmission Plant Depreciation Reserve:</b>			<u>\$ 14,716,597</u>	<u>\$ 8,656,494</u>	<u>\$ 433,743</u>	<u>\$ 3,319,769</u>	<u>\$ 19,529</u>	<u>\$ 1,403,905</u>	<u>\$ 644,116</u>	<u>\$ 239,042</u>	
69												
70	<b>Total Distribution Plant Depreciation Reserve</b>											
71	Mains	103	Total Component of Distribution Mains	\$ 31,209,714	\$ 26,528,101	\$ 1,180,476	\$ -	\$ 113,198	\$ -	\$ 2,503,862	\$ 884,078	
72	Land and Land Rights	103	Total Component of Distribution Mains	174,319	148,170	6,593	-	632	-	13,985	4,938	
73	Compressor Station Equipment	1	Annual Throughput (Therms)	-	-	-	-	-	-	-	-	
74	Structures and Improvements	103	Total Component of Distribution Mains	84,087	71,473	3,180	-	305	-	6,746	2,382	
75	Measuring and Regulating Equipment	103	Total Component of Distribution Mains	540,732	459,620	20,453	-	1,961	-	43,381	15,317	
76	Services	8	Services Analysis Factor	9,621,965	9,523,465	1,607	8,342	2,569	41,711	14,443	29,838	
77	Meters	7	Meters Analysis Factor	3,497,681	3,270,797	3,638	8,594	72,287	42,976	32,507	66,886	
78	Meter Installations	7	Meters Analysis Factor	-	-	-	-	-	-	-	-	
79	House Regulators	7	Meters Analysis Factor	1,632,110	1,526,240	1,697	4,010	33,731	20,054	15,169	31,211	
80	Measuring and Regulating Equipment - Industrial	7	Meters Analysis Factor	452,717	423,351	471	1,112	9,356	5,563	4,208	8,657	
81	Other Distribution Equipment	109	Subtotal Distribution Plant	826,595	702,602	31,265	-	2,998	-	66,315	23,415	
82												
83	<b>Total Distribution Plant Depreciation Reserve:</b>			<u>\$ 48,039,921</u>	<u>\$ 42,653,819</u>	<u>\$ 1,249,380</u>	<u>\$ 22,058</u>	<u>\$ 237,037</u>	<u>\$ 110,304</u>	<u>\$ 2,700,616</u>	<u>\$ 1,066,722</u>	
84												
85	<b>Total General and Intangible Plant Depreciation Reserve</b>											
86		110	Subtotal Gross Plant	<u>\$ 15,339,648</u>	<u>\$ 12,868,584</u>	<u>\$ 397,512</u>	<u>\$ 603,677</u>	<u>\$ 63,844</u>	<u>\$ 282,587</u>	<u>\$ 806,773</u>	<u>\$ 316,687</u>	
87	<b>Total Utility Plant Depreciation Reserve:</b>			<u>\$ 78,096,166</u>	<u>\$ 64,178,897</u>	<u>\$ 2,080,635</u>	<u>\$ 3,945,504</u>	<u>\$ 320,410</u>	<u>\$ 1,796,796</u>	<u>\$ 4,151,505</u>	<u>\$ 1,622,451</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
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Cost of Service Study  
Allocation of Rate Base

Line Number	Description	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category								
					Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G		
88	<b>OTHER RATE BASE COMPONENTS:</b>												
89													
90	Materials and Supplies	100	Gross Plant	\$ 2,951,885	\$ 2,476,366	\$ 76,495	\$ 116,169	\$ 12,286	\$ 54,380	\$ 155,251	\$ 60,942		
91	Cash Working Capital	115	O&M Without Gas Costs (Proforma A)	2,624,166	2,425,740	39,740	21,111	16,784	14,716	66,898	39,176		
92	Gas Stored Underground/Current Recoverable	4	Design Day Demand	1,848,472	1,166,617	140,403	173,601	(909)	173,601	140,403	54,759		
93	Customer Advances for Construction	100	Gross Plant	-	-	-	-	-	-	-	-		
94													
95	<b>Total Other Rate Base Components:</b>			<u>\$ 7,424,524</u>	<u>\$ 6,068,723</u>	<u>\$ 256,638</u>	<u>\$ 310,881</u>	<u>\$ 28,161</u>	<u>\$ 242,697</u>	<u>\$ 362,552</u>	<u>\$ 154,877</u>		
96													
97													
98	<b>TOTAL RATE BASE (Lines 43 - 81 + 89):</b>			<u>\$ 68,108,569</u>	<u>\$ 58,313,992</u>	<u>\$ 1,772,352</u>	<u>\$ 1,826,921</u>	<u>\$ 285,360</u>	<u>\$ 1,002,455</u>	<u>\$ 3,510,013</u>	<u>\$ 1,397,531</u>		

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>PROFORMA "A" NORMALIZED TAXES</b>											
1		<b>Proforma "A" Normalized Revenue</b>									
2		Proforma "A" Normalized Revenue Without Miscellaneous Revenue	\$ 22,998,235	\$ 19,435,776	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
3		Proforma "A" Normalized Miscellaneous Revenue	277,960	277,960	-	-	-	-	-	-	
4		<b>Proforma "A" Normalized Revenue with Miscellaneous Revenue:</b>	<u>\$ 23,276,195</u>	<u>\$ 19,713,736</u>	<u>\$ 57,750</u>	<u>\$ 903,325</u>	<u>\$ 119,000</u>	<u>\$ 1,096,940</u>	<u>\$ 875,813</u>	<u>\$ 509,631</u>	
5											
6		<b>Indiana Utility Receipts Tax Calculation</b>									
7		Total Proforma A Normalized Revenue with Miscellaneous Revenue	\$ 23,276,195	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
8	26	Less: Uncollectible Expense Direct to Rate 1	137,819	137,819	-	-	-	-	-	-	
9	121	Less: Revenue Margin on Ohio Sales Pro Forma A Normalized Revenue with Misc. Revenue	891,967	755,450	2,213	34,616	4,561	42,036	33,562	19,530	
10	121	Less: Statutory Exemption Pro Forma A Normalized Revenue with Misc. Revenue	-	-	-	-	-	-	-	-	
11		<b>Income for Utility Receipts Tax Calculation:</b>	<u>\$ 22,246,409</u>	<u>\$ 18,820,467</u>	<u>\$ 55,537</u>	<u>\$ 868,709</u>	<u>\$ 114,439</u>	<u>\$ 1,054,904</u>	<u>\$ 842,251</u>	<u>\$ 490,101</u>	
12		Utility Receipts Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
13		<b>Total Utility Receipts Tax:</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
14											
15		<b>Indiana State Income Tax Calculation</b>									
16		Total Proforma A Normalized Revenue with Miscellaneous Revenue	\$ 23,276,195	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
17		Less: Operation and Maintenance Expense	20,993,326	19,405,926	317,915	168,888	134,277	117,722	535,184	313,414	
18		Less: Gas Costs	-	-	-	-	-	-	-	-	
19		Less: Depreciation	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
20	100	Less: Property Taxes Gross Plant	1,028,678	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
21	115	Less: Other Taxes O&M Without Gas Costs (Proforma A)	106,769	98,695	1,617	859	683	599	2,722	1,594	
22		Less: Utility Receipts Tax	-	-	-	-	-	-	-	-	
23	102	Less: Synchronized Interest Original Cost Rate Base	199,831	171,093	5,200	5,360	837	2,941	10,298	4,100	
24		<b>Income for State Income Tax Calculation:</b>	<u>\$ (3,424,431)</u>	<u>\$ (4,469,166)</u>	<u>\$ (407,035)</u>	<u>\$ 514,092</u>	<u>\$ (47,966)</u>	<u>\$ 872,379</u>	<u>\$ 40,880</u>	<u>\$ 72,385</u>	
25		Indiana State Income Tax Rate	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	
26		<b>Total State Income Tax:</b>	<u>\$ (167,797)</u>	<u>\$ (218,989)</u>	<u>\$ (19,945)</u>	<u>\$ 25,191</u>	<u>\$ (2,350)</u>	<u>\$ 42,747</u>	<u>\$ 2,003</u>	<u>\$ 3,547</u>	
27		Deferred State Tax Flowback	39,287	32,747	1,019	1,560	242	758	2,090	871	
28		<b>Total State Tax Liability:</b>	<u>\$ (128,510)</u>	<u>\$ (186,242)</u>	<u>\$ (18,926)</u>	<u>\$ 26,751</u>	<u>\$ (2,108)</u>	<u>\$ 43,505</u>	<u>\$ 4,093</u>	<u>\$ 4,418</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation	Allocation of Total by Rate Category							
				Rate 15	Rate 2S	Rate 9T	Rate 4S	Rate 5T	Rate 6T	Rate 8T	
				Small Volume Sales Service	Med. Volume Sales Service	Pipeline Direct Buy	Grain Drying Sales Service	Large Volume Transp. Service	Med. Volume Transp. Service	Public Schools Transp. Service	
Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G				
<b>PROFORMA "A" NORMALIZED TAXES (CONTINUED)</b>											
29	<b>Federal Income Tax Calculation</b>										
30			\$ 23,276,195	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
31			20,993,326	19,405,926	317,915	168,888	134,277	117,722	535,184	313,414	
32			-	-	-	-	-	-	-	-	
33			4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
34			1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
35			106,769	98,695	1,617	859	683	599	2,722	1,594	
36			-	-	-	-	-	-	-	-	
37			199,829	171,093	5,200	5,360	837	2,941	10,298	4,100	
38			(167,796)	(218,989)	(19,945)	25,191	(2,350)	42,747	2,003	3,547	
39			<b>Income for Federal Income Tax Calculation:</b>								
40			\$ (3,256,635)	\$ (4,250,177)	\$ (387,090)	\$ 488,901	\$ (45,616)	\$ 829,632	\$ 38,877	\$ 68,838	
41			21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	
42			<b>Total Federal Income Tax:</b>								
43			\$ (683,893)	\$ (892,537)	\$ (81,289)	\$ 102,669	\$ (9,579)	\$ 174,223	\$ 8,164	\$ 14,456	
44	100	Gross Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
45	120	Total Depreciation Expenses	178,587	149,818	4,628	7,028	743	3,290	9,393	3,687	
46			<b>Total Federal Income Tax Liability:</b>								
47			\$ (505,306)	\$ (742,719)	\$ (76,661)	\$ 109,697	\$ (8,836)	\$ 177,513	\$ 17,557	\$ 18,143	
48			<b>Net Operating Income</b>								
49			\$ 23,276,195	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
50			20,993,326	19,405,926	317,915	168,888	134,277	117,722	535,184	313,414	
51			-	-	-	-	-	-	-	-	
52			4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
53			1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
54			106,769	98,695	1,617	859	683	599	2,722	1,594	
55			-	-	-	-	-	-	-	-	
56			(128,509)	(186,242)	(18,926)	26,751	(2,108)	43,505	4,093	4,418	
57			(505,306)	(742,719)	(76,661)	109,697	(8,836)	177,513	17,557	18,143	
58			<b>Net Operating Income:</b>								
59			\$ (2,590,787)	\$ (3,369,112)	\$ (306,248)	\$ 383,004	\$ (36,185)	\$ 654,302	\$ 29,528	\$ 53,924	
			<b>Total Rate Base:</b>								
			\$ 68,108,624	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	
			<b>Rate of Return:</b>								
			-3.80%	-5.78%	-17.28%	20.96%	-12.68%	65.27%	0.84%	3.86%	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
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Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 25 Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>PROFORMA "A" EQUALIZED TAXES</b>											
60		<b>Allowed Net Operating Income:</b>									
61		Total Original Cost Rate Base	\$ 68,108,624	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	
62		Allowed Rate of Return	-3.8039%	-3.8039%	-3.8039%	-3.8039%	-3.8039%	-3.8039%	-3.8039%	-3.8039%	
63		<b>Allowed Net Operating Income:</b>	<u>\$ (2,590,785)</u>	<u>\$ (2,218,207)</u>	<u>\$ (67,419)</u>	<u>\$ (69,494)</u>	<u>\$ (10,855)</u>	<u>\$ (38,132)</u>	<u>\$ (133,517)</u>	<u>\$ (53,161)</u>	
64											
65		<b>Federal Income Tax Calculation</b>									
66		Total Proforma A Normalized Margins	\$ (2,590,785)	\$ (2,218,207)	\$ (67,419)	\$ (69,494)	\$ (10,855)	\$ (38,132)	\$ (133,517)	\$ (53,161)	
67		Less: Interest Expense	97,058	83,100	2,526	2,603	407	1,428	5,002	1,992	
68	102	Plus: Non-Deductible Expenses	89,834	76,915	2,338	2,410	376	1,322	4,630	1,843	
69	102	Plus: Capitalized Equity Funds During Construction	25,273	21,639	658	678	106	372	1,302	519	
70	100	Plus: Investment Tax Credit	-	-	-	-	-	-	-	-	
71	120	Less: Deferred Federal Tax Flowback	-	-	-	-	-	-	-	-	
72		<b>Total Amount to Calculate Federal Taxes:</b>	<u>\$ (2,572,736)</u>	<u>\$ (2,202,753)</u>	<u>\$ (66,949)</u>	<u>\$ (69,009)</u>	<u>\$ (10,780)</u>	<u>\$ (37,866)</u>	<u>\$ (132,587)</u>	<u>\$ (52,791)</u>	
73		Federal Income Tax Factor (Tax Rate / (1-Tax Rate))	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	
74		<b>Total Federal Income Tax:</b>	<u>\$ (683,892)</u>	<u>\$ (585,542)</u>	<u>\$ (17,797)</u>	<u>\$ (18,344)</u>	<u>\$ (2,866)</u>	<u>\$ (10,066)</u>	<u>\$ (35,245)</u>	<u>\$ (14,033)</u>	
75		Less: Deferred Federal Tax Flowback	-	-	-	-	-	-	-	-	
76	120	Plus: Excess ADIT	-	-	-	-	-	-	-	-	
77		<b>Total Federal Income Tax Liability:</b>	<u>\$ (683,892)</u>	<u>\$ (585,542)</u>	<u>\$ (17,797)</u>	<u>\$ (18,344)</u>	<u>\$ (2,866)</u>	<u>\$ (10,066)</u>	<u>\$ (35,245)</u>	<u>\$ (14,033)</u>	
78											
79		<b>Indiana State Income Tax Calculation</b>									
80		Net Operating Income	\$ (2,590,785)	\$ (2,218,207)	\$ (67,419)	\$ (69,494)	\$ (10,855)	\$ (38,132)	\$ (133,517)	\$ (53,161)	
81		Less: Interest Expense	97,058	83,100	2,526	2,603	407	1,428	5,002	1,992	
82	102	Plus: Non-Deductible Expenses	140,378	120,190	3,653	3,765	588	2,066	7,235	2,880	
83	102	Less: Capitalized Funds During Construction	25,273	21,639	658	678	106	372	1,302	519	
84		Plus: Federal Income Taxes	(683,893)	(585,542)	(17,797)	(18,344)	(2,866)	(10,066)	(35,245)	(14,033)	
85	102	Less: Deferred State Tax Flowback	-	-	-	-	-	-	-	-	
86		<b>Total Amount to Calculate State Income Taxes:</b>	<u>\$ (3,256,631)</u>	<u>\$ (2,788,298)</u>	<u>\$ (84,747)</u>	<u>\$ (87,354)</u>	<u>\$ (13,646)</u>	<u>\$ (47,932)</u>	<u>\$ (167,831)</u>	<u>\$ (66,825)</u>	
87		State Tax Factor (Tax Rate / (1-Tax Rate))	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	
88		<b>Total State Income Tax:</b>	<u>\$ (167,797)</u>	<u>\$ (143,666)</u>	<u>\$ (4,367)</u>	<u>\$ (4,501)</u>	<u>\$ (703)</u>	<u>\$ (2,470)</u>	<u>\$ (8,647)</u>	<u>\$ (3,443)</u>	
89	102	Less: Deferred State Tax Flowback	-	-	-	-	-	-	-	-	
90		<b>Total State Tax Income Tax Liability:</b>	<u>\$ (167,797)</u>	<u>\$ (143,666)</u>	<u>\$ (4,367)</u>	<u>\$ (4,501)</u>	<u>\$ (703)</u>	<u>\$ (2,470)</u>	<u>\$ (8,647)</u>	<u>\$ (3,443)</u>	

Ohio Valley Gas Corporation  
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Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation	Allocation of Total by Rate Category							
				Rate 15	Rate 2S	Rate 9T	Rate 4S	Rate 5T	Rate 6T	Rate 8T	
				Small Volume Sales Service	Med. Volume Sales Service	Pipeline Direct Buy	Grain Drying Sales Service	Large Volume Transp. Service	Med. Volume Transp. Service	Public Schools Transp. Service	
Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G				
<b>PROFORMA "A" EQUALIZED TAXES (CONTINUED)</b>											
91		<b>Utility Receipts Taxes</b>									
92		Net Operating Income	\$ (2,590,785)	\$ (2,218,207)	\$ (67,419)	\$ (69,494)	\$ (10,855)	\$ (38,132)	\$ (133,517)	\$ (53,161)	
93		Plus: Operating and Maintenance Expense	20,993,326	19,405,926	317,915	168,888	134,277	117,722	535,184	313,414	
94		Plus: Gas Costs (Rate 70 + UAFG)	-	-	-	-	-	-	-	-	
95		Plus: Depreciation and Amortization Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
96		Plus: Investment Tax Credit	25,274	21,639	658	678	106	372	1,302	519	
97		Plus: Federal Income Taxes	(683,893)	(585,542)	(17,797)	(18,344)	(2,866)	(10,066)	(35,245)	(14,033)	
98		Plus: State Income Taxes	(167,797)	(143,666)	(4,367)	(4,501)	(703)	(2,470)	(8,647)	(3,443)	
99		Plus: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
100		Plus: Other Taxes	106,769	98,695	1,617	859	683	599	2,722	1,594	
101	26	Less: Uncollectible Expense	137,819	137,819	-	-	-	-	-	-	
102	121	Less: Statutory Exemption	-	-	-	-	-	-	-	-	
103		Less: Revenue Margin on Ohio Sales	891,968	755,450	2,213	34,616	4,561	42,036	33,562	19,530	
104		<b>Total Amount to Calculate Utility Receipts Taxes:</b>	<b>\$ 22,053,809</b>	<b>\$ 20,192,764</b>	<b>\$ 368,447</b>	<b>\$ 257,596</b>	<b>\$ 147,250</b>	<b>\$ 129,288</b>	<b>\$ 614,966</b>	<b>\$ 343,498</b>	
105		Utility Receipts Tax Factor (Tax Rate / (1-Tax Rate))	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
106		<b>Utility Receipts Taxes:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
107											
108		<b>Derivation of Proforma A Equalized Revenues</b>									
109		Net Operating Income	\$ (2,590,785)	\$ (2,218,207)	\$ (67,419)	\$ (69,494)	\$ (10,855)	\$ (38,132)	\$ (133,517)	\$ (53,161)	
110		Plus: Operating and Maintenance Expense	20,993,326	19,405,926	317,915	168,888	134,277	117,722	535,184	313,414	
111		Plus: Gas Costs	-	-	-	-	-	-	-	-	
112		Plus: Depreciation and Amortization Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
113		Plus: Federal Income Taxes	(683,893)	(585,542)	(17,797)	(18,344)	(2,866)	(10,066)	(35,245)	(14,033)	
114		Plus: State Income Taxes	(167,797)	(143,666)	(4,367)	(4,501)	(703)	(2,470)	(8,647)	(3,443)	
115		Plus: Utility Receipts Taxes	-	-	-	-	-	-	-	-	
116		Plus: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
117		Plus: Other Taxes	106,769	98,695	1,617	859	683	599	2,722	1,594	
118		Plus: Deferred Income Tax	217,874	182,565	5,647	8,588	985	4,048	11,483	4,558	
119		<b>Proforma A Equalized Revenues With Miscellaneous Revenue:</b>	<b>\$ 23,276,196</b>	<b>\$ 21,246,959</b>	<b>\$ 375,649</b>	<b>\$ 300,122</b>	<b>\$ 152,690</b>	<b>\$ 175,000</b>	<b>\$ 658,709</b>	<b>\$ 367,067</b>	



Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 25 Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>PROFORMA "B" EQUALIZED TAXES</b>											
120		<b>Allowed Net Operating Income:</b>									
121		Total Original Cost Rate Base	\$ 68,108,624	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	
122		Allowed Rate of Return	9.4397%	9.4397%	9.4397%	9.4397%	9.4397%	9.4397%	9.4397%	9.4397%	
123		<b>Allowed Net Operating Income:</b>	<u>\$ 6,429,248</u>	<u>\$ 5,504,664</u>	<u>\$ 167,305</u>	<u>\$ 172,456</u>	<u>\$ 26,937</u>	<u>\$ 94,629</u>	<u>\$ 331,335</u>	<u>\$ 131,923</u>	
124											
125		<b>Federal Income Tax Calculation</b>									
126		Net Operating Income	\$ 6,429,249	\$ 5,504,664	\$ 167,305	\$ 172,456	\$ 26,937	\$ 94,629	\$ 331,335	\$ 131,923	
127	102	Less: Interest Expense Original Cost Rate Base	97,058	83,100	2,526	2,603	407	1,428	5,002	1,992	
128		Plus: Non-Deductible Expenses	89,834	76,915	2,338	2,410	376	1,322	4,630	1,843	
129		Plus: Capitalized Equity Funds During Construction	25,274	21,639	658	678	106	372	1,302	519	
130	100	Plus: Investment Tax Credit Gross Plant	-	-	-	-	-	-	-	-	
131	120	Less: Deferred Federal Tax Flowback Total Depreciation Expenses	-	-	-	-	-	-	-	-	
132		<b>Total Amount to Calculate Federal Taxes:</b>	<u>\$ 6,447,299</u>	<u>\$ 5,520,118</u>	<u>\$ 167,775</u>	<u>\$ 172,941</u>	<u>\$ 27,012</u>	<u>\$ 94,895</u>	<u>\$ 332,265</u>	<u>\$ 132,293</u>	
133		Federal Income Tax Factor (Tax Rate / (1-Tax Rate))	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	26.58%	
134		<b>Total Federal Income Tax:</b>	<u>\$ 1,713,839</u>	<u>\$ 1,467,373</u>	<u>\$ 44,598</u>	<u>\$ 45,972</u>	<u>\$ 7,180</u>	<u>\$ 25,225</u>	<u>\$ 88,324</u>	<u>\$ 35,166</u>	
135		Less: Deferred Federal Tax Flowback	-	-	-	-	-	-	-	-	
136	120	Plus: Excess ADIT Total Depreciation Expenses	-	-	-	-	-	-	-	-	
137		<b>Total Federal Income Tax Liability:</b>	<u>\$ 1,713,839</u>	<u>\$ 1,467,373</u>	<u>\$ 44,598</u>	<u>\$ 45,972</u>	<u>\$ 7,180</u>	<u>\$ 25,225</u>	<u>\$ 88,324</u>	<u>\$ 35,166</u>	
138											
139		<b>Indiana State Income Tax Calculation</b>									
140		Net Operating Income	\$ 6,429,249	\$ 5,504,664	\$ 167,305	\$ 172,456	\$ 26,937	\$ 94,629	\$ 331,335	\$ 131,923	
141		Less: Interest Expense	97,058	83,100	2,526	2,603	407	1,428	5,002	1,992	
142		Plus: Non-Deductible Expenses	140,377	120,190	3,653	3,765	588	2,066	7,235	2,880	
143		Less: Capitalized Funds During Construction	25,274	21,639	658	678	106	372	1,302	519	
144		Plus: Federal Income Taxes	1,713,838	1,467,373	44,598	45,972	7,180	25,225	88,324	35,166	
145		Less: Deferred State Tax Flowback	-	-	-	-	-	-	-	-	
146		<b>Total Amount to Calculate State Income Taxes:</b>	<u>\$ 8,161,132</u>	<u>\$ 6,987,488</u>	<u>\$ 212,372</u>	<u>\$ 218,912</u>	<u>\$ 34,192</u>	<u>\$ 120,120</u>	<u>\$ 420,590</u>	<u>\$ 167,458</u>	
147		State Tax Factor (Tax Rate / (1-Tax Rate))	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	5.1525%	
148		<b>Total State Income Tax:</b>	<u>\$ 420,499</u>	<u>\$ 360,028</u>	<u>\$ 10,942</u>	<u>\$ 11,279</u>	<u>\$ 1,762</u>	<u>\$ 6,189</u>	<u>\$ 21,671</u>	<u>\$ 8,628</u>	
149		Less: Deferred State Tax Flowback	-	-	-	-	-	-	-	-	
150		<b>Total State Tax Income Tax Liability:</b>	<u>\$ 420,499</u>	<u>\$ 360,028</u>	<u>\$ 10,942</u>	<u>\$ 11,279</u>	<u>\$ 1,762</u>	<u>\$ 6,189</u>	<u>\$ 21,671</u>	<u>\$ 8,628</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>PROFORMA "B" EQUALIZED TAXES (CONTINUED)</b>											
151		<b>Utility Receipts Taxes</b>									
152		Net Operating Income	\$ 6,429,249	\$ 5,504,664	\$ 167,305	\$ 172,456	\$ 26,937	\$ 94,629	\$ 331,335	\$ 131,923	
153		Plus: Operating and Maintenance Expense	21,031,624	19,444,224	317,915	168,888	134,277	117,722	535,184	313,414	
154		Plus: Gas Costs	-	-	-	-	-	-	-	-	
155		Plus: Depreciation and Amortization Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
156		Plus: Investment Tax Credit	-	-	-	-	-	-	-	-	
157	100	Plus: Federal Income Taxes	1,713,838	1,467,373	44,598	45,972	7,180	25,225	88,324	35,166	
158		Plus: State Income Taxes	420,499	360,028	10,942	11,279	1,762	6,189	21,671	8,628	
159		Plus: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
160		Plus: Other Taxes	124,471	115,076	1,881	999	795	697	3,167	1,855	
161	26	Less: Uncollectible Expense	137,819	137,819	-	-	-	-	-	-	
162		Less: Statutory Exemption	-	-	-	-	-	-	-	-	
163		Less: Revenue Margin on Ohio Sales	891,968	755,450	2,213	34,616	4,561	42,036	33,562	19,530	
164		Less: Capitalized Equity Funds During Construction	140,377	120,190	3,653	3,765	588	2,066	7,235	2,880	
165		<b>Total Amount to Calculate Utility Receipts Taxes:</b>	<b>\$ 33,950,219</b>	<b>\$ 30,385,094</b>	<b>\$ 676,828</b>	<b>\$ 575,339</b>	<b>\$ 196,971</b>	<b>\$ 303,659</b>	<b>\$ 1,225,613</b>	<b>\$ 586,714</b>	
166		Utility Receipts Tax Factor (Tax Rate / (1-Tax Rate))	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	
167		<b>Utility Receipts Taxes:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
168											
169		<b>Derivation of Proforma B Equalized Revenues</b>									
170		Net Operating Income	\$ 6,429,249	\$ 5,504,664	\$ 167,305	\$ 172,456	\$ 26,937	\$ 94,629	\$ 331,335	\$ 131,923	
171		Plus: Operating and Maintenance Expense	21,031,624	19,444,224	317,915	168,888	134,277	117,722	535,184	313,414	
172		Plus: Gas Costs	-	-	-	-	-	-	-	-	
173		Plus: Depreciation and Amortization Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
174		Plus: Federal Income Taxes	1,713,838	1,467,373	44,598	45,972	7,180	25,225	88,324	35,166	
175		Plus: State Income Taxes	420,499	360,028	10,942	11,279	1,762	6,189	21,671	8,628	
176		Plus: Utility Receipts Taxes	-	-	-	-	-	-	-	-	
177		Plus: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
178		Plus: Other Taxes	124,470	115,076	1,881	999	795	697	3,167	1,855	
179		Plus: Deferred Income Tax	217,874	182,565	5,647	8,588	985	4,048	11,483	4,558	
180		<b>Proforma B Equalized Revenues With Miscellaneous Revenue:</b>	<b>\$ 35,338,256</b>	<b>\$ 31,581,118</b>	<b>\$ 688,341</b>	<b>\$ 622,308</b>	<b>\$ 203,105</b>	<b>\$ 351,809</b>	<b>\$ 1,277,893</b>	<b>\$ 613,682</b>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 4600x  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 25 Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>PROFORMA "B" NORMALIZED TAXES</b>											
181	<b>SUBSIDY REDUCTION</b>										
182		Proforma A Normalized Revenues with Miscellaneous Revenue	\$ 23,276,195	\$ 19,713,736	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
183		Less: Proforma A Equalized Revenues with Miscellaneous Revenue	23,276,196	21,246,959	375,649	300,122	152,690	175,000	658,709	367,067	
184		<b>Proforma A Subsidy:</b>	\$ (1)	\$ (1,533,223)	\$ (317,899)	\$ 603,203	\$ (33,690)	\$ 921,940	\$ 217,104	\$ 142,564	
185		Proposed Subsidy Reduction Percentage		14.16%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	
186											
187		Proforma B Subsidy	\$ -	\$ (1,316,118)	\$ (317,899)	\$ 603,203	\$ (33,690)	\$ 921,940	\$ -	\$ 142,564	
188		Proforma B Equalized Revenues with Miscellaneous Revenue	35,338,256	31,581,118	688,341	622,308	203,105	351,809	1,277,893	613,682	
189		<b>Proforma B Normalized Revenues with Miscellaneous Revenue:</b>	\$ 35,338,256	\$ 30,265,000	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	
190											
191	<b>TAX CALCULATIONS</b>										
192	<b>Utility Receipts Taxes</b>										
193		Total Proforma B Normal Revenues	\$ 35,338,256	\$ 30,265,000	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	
194		Less: Uncollectible Expense	137,819	137,819	-	-	-	-	-	-	
195	26	Direct to Rate 1	891,968	755,450	2,213	34,616	4,561	42,036	33,562	19,530	
196		Less: Revenue Margin on Ohio Sales	1,000	856	10	35	5	36	36	21	
197		Less: Statutory Exemption									
198		<b>Income for Utility Receipts Tax:</b>	\$ 34,307,469	\$ 29,370,875	\$ 368,219	\$ 1,190,860	\$ 164,849	\$ 1,231,677	\$ 1,244,295	\$ 736,695	
199		Utility Receipts Tax Rate:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
200		<b>Utility Receipts Tax:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
201											
202	<b>State Income Taxes</b>										
203		Total Proforma B Normal Revenues	\$ 35,338,256	\$ 30,265,000	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	
204		Less: Operating and Maintenance Expense	21,031,624	19,444,224	317,915	168,888	134,277	117,722	535,184	313,414	
205		Less: Gas Costs	-	-	-	-	-	-	-	-	
206		Less: Depreciation Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
207		Less: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
208		Less: Other Taxes	124,471	115,076	1,881	999	795	697	3,167	1,855	
209		Less: Utility Receipts Tax	-	-	-	-	-	-	-	-	
210		Less: Synchronized Interest	199,831	171,093	5,200	5,360	837	2,941	10,298	4,100	
211		<b>Income for State Income Taxes:</b>	\$ 8,581,629	\$ 6,027,419	\$ (94,607)	\$ 836,138	\$ 2,337	\$ 1,049,090	\$ 442,515	\$ 318,739	
212		State Income Tax Rate	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%	4.9000%	
213		<b>State Income Taxes - Current and Deferred:</b>	\$ 420,500	\$ 295,344	\$ (4,636)	\$ 40,971	\$ 115	\$ 51,405	\$ 21,683	\$ 15,618	
214		Deferred State Tax Flowback	39,287	32,747	1,019	1,560	242	758	2,090	871	
215		<b>Total State Income Tax Liability:</b>	\$ 459,787	\$ 328,091	\$ (3,617)	\$ 42,531	\$ 357	\$ 52,163	\$ 23,773	\$ 16,489	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx  
  
Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation	Allocation of Total by Rate Category							
				Rate 15	Rate 2S	Rate 9T	Rate 4S	Rate 5T	Rate 6T	Rate 8T	
				Small Volume Sales Service	Med. Volume Sales Service	Pipeline Direct Buy	Grain Drying Sales Service	Large Volume Transp. Service	Med. Volume Transp. Service	Public Schools Transp. Service	
Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G				
<b>PROFORMA "B" NORMALIZED TAXES (CONTINUED)</b>											
216	<b>Federal Income Taxes</b>										
217		Total Proforma B Normal Revenues	\$ 35,338,256	\$ 30,265,000	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	
218		Less: Operating and Maintenance Expense	21,031,624	19,444,224	317,915	168,888	134,277	117,722	535,184	313,414	
219		Less: Gas Costs	-	-	-	-	-	-	-	-	
220		Less: Depreciation Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
221	100	Less: Property Taxes	1,028,678	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
222		Less: Other Taxes	124,470	115,076	1,881	999	795	697	3,167	1,855	
223		Less: Utility Receipts Tax	-	-	-	-	-	-	-	-	
224	102	Less: Synchronized Interest	199,829	171,092	5,200	5,360	837	2,941	10,298	4,100	
225		Less: State Income Taxes	420,500	295,344	(4,636)	40,971	115	51,405	21,683	15,618	
226		<b>Income for Federal Income Tax Calculation:</b>	<u>\$ 8,161,132</u>	<u>\$ 5,732,076</u>	<u>\$ (89,971)</u>	<u>\$ 795,167</u>	<u>\$ 2,222</u>	<u>\$ 997,685</u>	<u>\$ 420,832</u>	<u>\$ 303,121</u>	
227		Federal Income Tax Rate	21.0000%	21.0000%	21.0000%	21.0000%	21.0000%	21.0000%	21.0000%	21.0000%	
228		<b>Total Federal Income Tax:</b>	<u>\$ 1,713,838</u>	<u>\$ 1,203,736</u>	<u>\$ (18,894)</u>	<u>\$ 166,985</u>	<u>\$ 467</u>	<u>\$ 209,514</u>	<u>\$ 88,375</u>	<u>\$ 63,655</u>	
229		Less: Excess ADIT	-	-	-	-	-	-	-	-	
230	100	Plus: Deferred Federal Tax Flowback	178,587	148,858	4,632	7,093	1,098	3,445	9,502	3,958	
231	120	<b>Total Federal Income Tax Liability:</b>	<u>\$ 1,892,425</u>	<u>\$ 1,352,594</u>	<u>\$ (14,262)</u>	<u>\$ 174,078</u>	<u>\$ 1,565</u>	<u>\$ 212,959</u>	<u>\$ 97,877</u>	<u>\$ 67,613</u>	
232											
233	<b>Net Operating Income</b>										
234		Total Proforma B Normal Revenues with Miscellaneous Revenue	\$ 35,338,256	\$ 31,581,118	\$ 688,341	\$ 622,308	\$ 203,105	\$ 351,809	\$ 1,277,893	\$ 613,682	
235		Less: Operating and Maintenance Expense	21,031,624	19,444,224	317,915	168,888	134,277	117,722	535,184	313,414	
236		Less: Gas Costs	-	-	-	-	-	-	-	-	
237		Less: Depreciation Expense	4,372,023	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	
238		Less: Property Taxes	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237	
239		Less: Other Taxes	124,470	115,076	1,881	999	795	697	3,167	1,855	
240		Less: Utility Receipts Tax	-	-	-	-	-	-	-	-	
241		Less: State Income Taxes	459,787	328,091	(3,617)	42,531	357	52,163	23,773	16,489	
242		Less: Total Federal Income Tax Liability	1,892,424	1,352,594	(14,262)	174,078	1,565	212,959	97,877	67,613	
243		<b>Net Operating Income:</b>	<u>\$ 6,429,249</u>	<u>\$ 5,833,945</u>	<u>\$ 246,371</u>	<u>\$ 21,686</u>	<u>\$ 34,942</u>	<u>\$ (135,031)</u>	<u>\$ 331,163</u>	<u>\$ 96,173</u>	
244		<b>Total Rate Base:</b>	<u>\$ 68,108,624</u>	<u>\$ 58,313,992</u>	<u>\$ 1,772,352</u>	<u>\$ 1,826,921</u>	<u>\$ 285,360</u>	<u>\$ 1,002,455</u>	<u>\$ 3,510,013</u>	<u>\$ 1,397,531</u>	
245		<b>Rate of Return:</b>	<u>9.44%</u>	<u>10.00%</u>	<u>13.90%</u>	<u>1.19%</u>	<u>12.24%</u>	<u>-13.47%</u>	<u>9.43%</u>	<u>6.88%</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Calculation of Taxes, Net Operating Income, and Revenues

Line Number	Allocation Number	Allocation Method	Total Before Allocation Column A	Allocation of Total by Rate Category							
				Rate 15 Small Volume Sales Service Column B	Rate 25 Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G	
<b>SUMMARY OF PROFORMA REVENUES</b>											
246	<b>Proforma "A" Normalized Revenues</b>										
247		Proforma "A" Normalized Revenues Without Miscellaneous Revenue	\$ 22,998,235	\$ 19,435,776	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	
248		Proforma "A" Normalized Miscellaneous Revenue	277,960	277,960	-	-	-	-	-	-	
249		<b>Proforma "A" Normalized Revenues with Miscellaneous Revenue:</b>	<u>\$ 23,276,195</u>	<u>\$ 19,713,736</u>	<u>\$ 57,750</u>	<u>\$ 903,325</u>	<u>\$ 119,000</u>	<u>\$ 1,096,940</u>	<u>\$ 875,813</u>	<u>\$ 509,631</u>	
250											
251											
252	<b>Proforma "A" Equalized Revenues</b>										
253		Proforma "A" Equalized Revenues Without Miscellaneous Revenue	\$ 22,998,236	\$ 20,968,999	\$ 375,649	\$ 300,122	\$ 152,690	\$ 175,000	\$ 658,709	\$ 367,067	
254		Proforma "A" Equalized Miscellaneous Revenue	277,960	277,960	-	-	-	-	-	-	
255		<b>Proforma "A" Equalized Revenues with Miscellaneous Revenue:</b>	<u>\$ 23,276,196</u>	<u>\$ 21,246,959</u>	<u>\$ 375,649</u>	<u>\$ 300,122</u>	<u>\$ 152,690</u>	<u>\$ 175,000</u>	<u>\$ 658,709</u>	<u>\$ 367,067</u>	
256											
257											
258	<b>Proforma "B" Equalized Revenues</b>										
259		Proforma "B" Equalized Revenues Without Miscellaneous Revenue	\$ 35,060,296	\$ 31,303,158	\$ 688,341	\$ 622,308	\$ 203,105	\$ 351,809	\$ 1,277,893	\$ 613,682	
260		Proforma "B" Equalized Miscellaneous Revenue	277,960	277,960	-	-	-	-	-	-	
261		<b>Proforma "B" Equalized Revenues with Miscellaneous Revenue:</b>	<u>\$ 35,338,256</u>	<u>\$ 31,581,118</u>	<u>\$ 688,341</u>	<u>\$ 622,308</u>	<u>\$ 203,105</u>	<u>\$ 351,809</u>	<u>\$ 1,277,893</u>	<u>\$ 613,682</u>	
262											
263											
264	<b>Proforma "B" Normalized Revenues</b>										
265		Proforma "B" Normalized Revenues Without Miscellaneous Revenue	\$ 35,060,296	\$ 29,987,040	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	
266		Proforma "B" Normalized Miscellaneous Revenue	277,960	277,960	-	-	-	-	-	-	
267		<b>Proforma "B" Normalized Revenues with Miscellaneous Revenue:</b>	<u>\$ 35,338,256</u>	<u>\$ 30,265,000</u>	<u>\$ 370,442</u>	<u>\$ 1,225,511</u>	<u>\$ 169,415</u>	<u>\$ 1,273,749</u>	<u>\$ 1,277,893</u>	<u>\$ 756,246</u>	

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation Column A	Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G
<b><u>EQUALIZED COST OF SERVICE AT PRESENT RATES</u></b>									
1	<b><u>EQUALIZED COST OF SERVICE AT PRESENT RATES</u></b>								
2	<b><u>OPERATING REVENUES:</u></b>								
3	Revenue from Gas Sales	\$ 22,998,236	\$ 20,968,999	\$ 375,649	\$ 300,122	\$ 152,690	\$ 175,000	\$ 658,709	\$ 367,067
4	Miscellaneous Revenues	277,960	277,960	-	-	-	-	-	-
5	<b>Total Operating Revenues:</b>	<b>\$ 23,276,196</b>	<b>\$ 21,246,959</b>	<b>\$ 375,649</b>	<b>\$ 300,122</b>	<b>\$ 152,690</b>	<b>\$ 175,000</b>	<b>\$ 658,709</b>	<b>\$ 367,067</b>
6									
7	<b><u>OPERATING EXPENSES:</u></b>								
8	<b><u>Cost of Gas</u></b>								
9	Commodity Cost of Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Demand Cost of Purchased Gas	-	-	-	-	-	-	-	-
11	Leased Storage	-	-	-	-	-	-	-	-
12	Unaccounted for Gas Costs (Sales Only)	-	-	-	-	-	-	-	-
13	<b>Total Cost of Gas:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
14									
15	Total Manufactured Gas Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Total Natural Gas Production Expenses	-	-	-	-	-	-	-	-
17	Total Underground Storage Expense	-	-	-	-	-	-	-	-
18	Total Other Storage Expense	-	-	-	-	-	-	-	-
19	<b>Total Production and Storage Expense:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
20									
21	<b><u>Total Transmission Expenses</u></b>								
22	Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613	\$ 599
23	Compressor Station Equipment	-	-	-	-	-	-	-	-
24	Structures and Improvements	-	-	-	-	-	-	-	-
25	Measuring and Regulating Equipment	172	101	5	39	-	16	8	3
26	Supervision and Engineering	-	-	-	-	-	-	-	-
27	Other Transmission	-	-	-	-	-	-	-	-
28	<b>Total Transmission Expenses:</b>	<b>\$ 37,026</b>	<b>\$ 21,779</b>	<b>\$ 1,091</b>	<b>\$ 8,352</b>	<b>\$ 49</b>	<b>\$ 3,532</b>	<b>\$ 1,621</b>	<b>\$ 602</b>
29									
30	<b><u>Total Distribution Expenses</u></b>								
31	Measuring and Regulating Equipment	\$ 231,662	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586	\$ 6,562
32	Mains and Services	1,998,936	1,770,539	56,356	444	5,531	2,217	120,122	43,727
33	Industrial Measuring and Regulating Equipment	89,856	84,028	93	221	1,857	1,104	835	1,718
34	Meter, Meter Installation and House Regulator	916,315	856,876	953	2,251	18,937	11,259	8,516	17,523
35	Customer Installation Expenses	409,830	408,835	27	27	46	138	248	509
36	Structures and Improvements Maintenance	84,291	71,647	3,188	-	306	-	6,762	2,388
37	Supervision and Engineering	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222	33,265
38	Other Distribution	152,612	138,620	2,838	120	1,126	602	6,343	2,963
39	<b>Total Distribution Expenses:</b>	<b>\$ 5,597,059</b>	<b>\$ 5,083,913</b>	<b>\$ 104,082</b>	<b>\$ 4,415</b>	<b>\$ 41,280</b>	<b>\$ 22,080</b>	<b>\$ 232,634</b>	<b>\$ 108,655</b>

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation Column A	Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G
<b><u>EQUALIZED COST OF SERVICE AT PRESENT RATES (CONTINUED)</u></b>									
40	Total Customer Accounts Expenses (Excluding Uncollectible)	\$ 1,764,854	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068	\$ 2,194
41	Uncollectible Expense	99,521	99,521	-	-	-	-	-	-
42	Total Customer Service Expense	-	-	-	-	-	-	-	-
43	Total Sales Expenses	(918)	(916)	-	-	-	-	(1)	(1)
44	Administrative and General Expenses	13,495,784	12,441,064	212,624	156,003	92,750	91,517	299,862	201,964
45									
46	Total Depreciation and Amortization Expense	\$ 4,372,023	\$ 3,644,219	\$ 113,396	\$ 173,643	\$ 26,888	\$ 84,349	\$ 232,627	\$ 96,901
47									
48	Other Taxes	\$ 106,769	\$ 98,695	\$ 1,617	\$ 859	\$ 683	\$ 599	\$ 2,722	\$ 1,594
49	Property Tax	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237
50	Utility Receipts Tax	-	-	-	-	-	-	-	-
51	State Income Tax	(167,797)	(143,666)	(4,367)	(4,501)	(703)	(2,470)	(8,647)	(3,443)
52	Federal Income Tax	(683,893)	(585,542)	(17,797)	(18,344)	(2,866)	(10,066)	(35,245)	(14,033)
53	Deferred Income Tax	217,874	182,565	5,647	8,588	985	4,048	11,483	4,558
54	<b>Total Operating Expenses:</b>	<b>\$ 25,866,981</b>	<b>\$ 23,465,166</b>	<b>\$ 443,068</b>	<b>\$ 369,616</b>	<b>\$ 163,545</b>	<b>\$ 213,132</b>	<b>\$ 792,226</b>	<b>\$ 420,228</b>
55									
56	<b>Net Operating Income:</b>	<b>\$ (2,590,785)</b>	<b>\$ (2,218,207)</b>	<b>\$ (67,419)</b>	<b>\$ (69,494)</b>	<b>\$ (10,855)</b>	<b>\$ (38,132)</b>	<b>\$ (133,517)</b>	<b>\$ (53,161)</b>
57									
58	<b>Total Rate Base:</b>	<b>\$ 68,108,624</b>	<b>\$ 58,313,992</b>	<b>\$ 1,772,352</b>	<b>\$ 1,826,921</b>	<b>\$ 285,360</b>	<b>\$ 1,002,455</b>	<b>\$ 3,510,013</b>	<b>\$ 1,397,531</b>
59									
60	<b>Rate of Return:</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>	<b>-3.80%</b>

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation Column A	Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G
<b><u>NORMALIZED COST OF SERVICE AT PRESENT RATES</u></b>									
61	<b><u>NORMALIZED COST OF SERVICE AT PRESENT RATES</u></b>								
62	<b><u>OPERATING REVENUES:</u></b>								
63	Revenue from Gas Sales	\$ 22,998,235	\$ 19,435,776	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631
64	Miscellaneous Revenues	277,960	277,960	-	-	-	-	-	-
65	<b>Total Operating Revenues:</b>	<b>\$ 23,276,195</b>	<b>\$ 19,713,736</b>	<b>\$ 57,750</b>	<b>\$ 903,325</b>	<b>\$ 119,000</b>	<b>\$ 1,096,940</b>	<b>\$ 875,813</b>	<b>\$ 509,631</b>
66	<b><u>OPERATING EXPENSES:</u></b>								
68	<b><u>Cost of Gas</u></b>								
69	Commodity Cost of Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70	Demand Cost of Purchased Gas	-	-	-	-	-	-	-	-
71	Leased Storage	-	-	-	-	-	-	-	-
72	Unaccounted for Gas Costs (Sales Only)	-	-	-	-	-	-	-	-
73	<b>Total Cost of Gas:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
74	Total Manufactured Gas Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
76	Total Natural Gas Production Expenses	-	-	-	-	-	-	-	-
77	Total Underground Storage Expense	-	-	-	-	-	-	-	-
78	Total Other Storage Expense	-	-	-	-	-	-	-	-
79	<b>Total Production and Storage Expense:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
79	<b><u>Total Transmission Expenses</u></b>								
80	Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613	\$ 599
81	Compressor Station Equipment	-	-	-	-	-	-	-	-
82	Structures and Improvements	-	-	-	-	-	-	-	-
83	Measuring and Regulating Equipment	172	101	5	39	-	16	8	3
84	Supervision and Engineering	-	-	-	-	-	-	-	-
85	Other Transmission	-	-	-	-	-	-	-	-
86	<b>Total Transmission Expenses:</b>	<b>\$ 37,026</b>	<b>\$ 21,779</b>	<b>\$ 1,091</b>	<b>\$ 8,352</b>	<b>\$ 49</b>	<b>\$ 3,532</b>	<b>\$ 1,621</b>	<b>\$ 602</b>
88	<b><u>Total Distribution Expenses</u></b>								
89	Measuring and Regulating Equipment	\$ 231,662	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586	\$ 6,562
90	Mains and Services	1,998,936	1,770,539	56,356	444	5,531	2,217	120,122	43,727
91	Industrial Measuring and Regulating Equipment	89,856	84,028	93	221	1,857	1,104	835	1,718
92	Meter, Meter Installation and House Regulator	916,315	856,876	953	2,251	18,937	11,259	8,516	17,523
93	Customer Installation Expenses	409,830	408,835	27	27	46	138	248	509
94	Structures and Improvements Maintenance	84,291	71,647	3,188	-	306	-	6,762	2,388
95	Supervision and Engineering	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222	33,265
96	Other Distribution	152,612	138,620	2,838	120	1,126	602	6,343	2,963
97	<b>Total Distribution Expenses:</b>	<b>\$ 5,597,059</b>	<b>\$ 5,083,913</b>	<b>\$ 104,082</b>	<b>\$ 4,415</b>	<b>\$ 41,280</b>	<b>\$ 22,080</b>	<b>\$ 232,634</b>	<b>\$ 108,655</b>



Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation	Rate 1S Small Volume Sales Service	Rate 2S Med. Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service
		Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
<b><u>NORMALIZED COST OF SERVICE AT PRESENT RATES (CONTINUED)</u></b>									
98	Total Customer Accounts Expenses (Excluding Uncollectible)	\$ 1,764,854	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068	\$ 2,194
99	Uncollectible Expense	99,521	99,521	-	-	-	-	-	-
100	Total Customer Service Expense	-	-	-	-	-	-	-	-
101	Total Sales Expenses	(918)	(916)	-	-	-	-	(1)	(1)
102	Administrative and General Expenses	13,495,784	12,441,064	212,624	156,003	92,750	91,517	299,862	201,964
103									
104	Total Depreciation and Amortization Expense	\$ 4,372,023	\$ 3,644,219	\$ 113,396	\$ 173,643	\$ 26,888	\$ 84,349	\$ 232,627	\$ 96,901
105									
106	Other Taxes	\$ 106,769	\$ 98,695	\$ 1,617	\$ 859	\$ 683	\$ 599	\$ 2,722	\$ 1,594
107	Property Tax	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237
108	Utility Receipts Tax	-	-	-	-	-	-	-	-
109	State Income Tax	(128,509)	(186,242)	(18,926)	26,751	(2,108)	43,505	4,093	4,418
110	Federal Income Tax	(505,306)	(742,719)	(76,661)	109,697	(8,836)	177,513	17,557	18,143
111	<b>Total Operating Expenses:</b>	<b>\$ 25,866,982</b>	<b>\$ 23,082,848</b>	<b>\$ 363,998</b>	<b>\$ 520,321</b>	<b>\$ 155,185</b>	<b>\$ 442,638</b>	<b>\$ 846,285</b>	<b>\$ 455,707</b>
112									
113	<b>Net Operating Income:</b>	<b>\$ (2,590,787)</b>	<b>\$ (3,369,112)</b>	<b>\$ (306,248)</b>	<b>\$ 383,004</b>	<b>\$ (36,185)</b>	<b>\$ 654,302</b>	<b>\$ 29,528</b>	<b>\$ 53,924</b>
114									
115	<b>Total Rate Base:</b>	<b>\$ 68,108,624</b>	<b>\$ 58,313,992</b>	<b>\$ 1,772,352</b>	<b>\$ 1,826,921</b>	<b>\$ 285,360</b>	<b>\$ 1,002,455</b>	<b>\$ 3,510,013</b>	<b>\$ 1,397,531</b>
116									
117	<b>Rate of Return:</b>	<b>-3.80%</b>	<b>-5.78%</b>	<b>-17.28%</b>	<b>20.96%</b>	<b>-12.68%</b>	<b>65.27%</b>	<b>0.84%</b>	<b>3.86%</b>

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation Column A	Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G
<b><u>EQUALIZED COST OF SERVICE AT PROPOSED RATES</u></b>									
118	<b><u>EQUALIZED COST OF SERVICE AT NORMALIZED RATES</u></b>								
119	<b><u>OPERATING REVENUES:</u></b>								
120	Revenue from Gas Sales	\$ 35,060,296	\$ 31,303,158	\$ 688,341	\$ 622,308	\$ 203,105	\$ 351,809	\$ 1,277,893	\$ 613,682
121	Miscellaneous Revenues	277,960	277,960	-	-	-	-	-	-
122	<b>Total Operating Revenues:</b>	<b>\$ 35,338,256</b>	<b>\$ 31,581,118</b>	<b>\$ 688,341</b>	<b>\$ 622,308</b>	<b>\$ 203,105</b>	<b>\$ 351,809</b>	<b>\$ 1,277,893</b>	<b>\$ 613,682</b>
124	<b><u>OPERATING EXPENSES:</u></b>								
125	<b><u>Cost of Gas</u></b>								
126	Commodity Cost of Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127	Demand Cost of Purchased Gas	-	-	-	-	-	-	-	-
128	Leased Storage	-	-	-	-	-	-	-	-
129	Unaccounted for Gas Costs (Sales Only)	-	-	-	-	-	-	-	-
130	<b>Total Cost of Gas:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
132	Total Manufactured Gas Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
133	Total Natural Gas Production Expenses	-	-	-	-	-	-	-	-
134	Total Underground Storage Expense	-	-	-	-	-	-	-	-
135	Total Other Storage Expense	-	-	-	-	-	-	-	-
136	<b>Total Production and Storage Expense:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
136	<b><u>Total Transmission Expenses</u></b>								
137	Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613	\$ 599
138	Compressor Station Equipment	-	-	-	-	-	-	-	-
139	Structures and Improvements	-	-	-	-	-	-	-	-
140	Measuring and Regulating Equipment	172	101	5	39	-	16	8	3
141	Supervision and Engineering	-	-	-	-	-	-	-	-
142	Other Transmission	-	-	-	-	-	-	-	-
143	<b>Total Transmission Expenses:</b>	<b>\$ 37,026</b>	<b>\$ 21,779</b>	<b>\$ 1,091</b>	<b>\$ 8,352</b>	<b>\$ 49</b>	<b>\$ 3,532</b>	<b>\$ 1,621</b>	<b>\$ 602</b>
145	<b><u>Total Distribution Expenses</u></b>								
146	Measuring and Regulating Equipment	\$ 231,662	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586	\$ 6,562
147	Mains and Services	1,998,936	1,770,539	56,356	444	5,531	2,217	120,122	43,727
148	Industrial Measuring and Regulating Equipment	89,856	84,028	93	221	1,857	1,104	835	1,718
149	Meter, Meter Installation and House Regulator	916,315	856,876	953	2,251	18,937	11,259	8,516	17,523
150	Customer Installation Expenses	409,830	408,835	27	27	46	138	248	509
151	Structures and Improvements Maintenance	84,291	71,647	3,188	-	306	-	6,762	2,388
152	Supervision and Engineering	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222	33,265
153	Other Distribution	152,612	138,620	2,838	120	1,126	602	6,343	2,963
154	<b>Total Distribution Expenses:</b>	<b>\$ 5,597,059</b>	<b>\$ 5,083,913</b>	<b>\$ 104,082</b>	<b>\$ 4,415</b>	<b>\$ 41,280</b>	<b>\$ 22,080</b>	<b>\$ 232,634</b>	<b>\$ 108,655</b>

Equalized and Normalized Cost of Service at Present and Proposed Rates

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation	Rate 1S Small Volume Sales Service	Rate 2S Med. Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service
		Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
<b><u>EQUALIZED COST OF SERVICE AT PROPOSED RATES (CONTINUED)</u></b>									
155	Total Customer Accounts Expenses (Excluding Uncollectible)	\$ 1,764,854	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068	\$ 2,194
156	Uncollectible Expense	137,819	137,819	-	-	-	-	-	-
157	Total Customer Service Expense	-	-	-	-	-	-	-	-
158	Total Sales Expenses	(918)	(916)	-	-	-	-	(1)	(1)
159	Administrative and General Expenses	13,495,784	12,441,064	212,624	156,003	92,750	91,517	299,862	201,964
160									
161	Total Depreciation and Amortization Expense	\$ 4,372,023	\$ 3,644,219	\$ 113,396	\$ 173,643	\$ 26,888	\$ 84,349	\$ 232,627	\$ 96,901
162									
163	Other Taxes	\$ 124,470	\$ 115,076	\$ 1,881	\$ 999	\$ 795	\$ 697	\$ 3,167	\$ 1,855
164	Property Tax	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237
165	Utility Receipts Tax	-	-	-	-	-	-	-	-
166	State Income Tax	420,499	360,028	10,942	11,279	1,762	6,189	21,671	8,628
167	Federal Income Tax	1,713,838	1,467,373	44,598	45,972	7,180	25,225	88,324	35,166
168	Deferred Income Tax	217,874	182,565	5,647	8,588	985	4,048	11,483	4,558
169	<b>Total Operating Expenses:</b>	<b>\$ 28,909,007</b>	<b>\$ 26,076,454</b>	<b>\$ 521,036</b>	<b>\$ 449,852</b>	<b>\$ 176,168</b>	<b>\$ 257,180</b>	<b>\$ 946,558</b>	<b>\$ 481,759</b>
170									
171	<b>Net Operating Income:</b>	<b>\$ 6,429,249</b>	<b>\$ 5,504,664</b>	<b>\$ 167,305</b>	<b>\$ 172,456</b>	<b>\$ 26,937</b>	<b>\$ 94,629</b>	<b>\$ 331,335</b>	<b>\$ 131,923</b>
172									
173	<b>Total Rate Base:</b>	<b>\$ 68,108,624</b>	<b>\$ 58,313,992</b>	<b>\$ 1,772,352</b>	<b>\$ 1,826,921</b>	<b>\$ 285,360</b>	<b>\$ 1,002,455</b>	<b>\$ 3,510,013</b>	<b>\$ 1,397,531</b>
174									
175	<b>Rate of Return:</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>	<b>9.44%</b>

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation Column A	Rate 1S Small Volume Sales Service Column B	Rate 2S Med. Volume Sales Service Column C	Rate 9T Pipeline Direct Buy Column D	Rate 4S Grain Drying Sales Service Column E	Rate 5T Large Volume Transp. Service Column F	Rate 6T Med. Volume Transp. Service Column H	Rate 8T Public Schools Transp. Service Column G
<b><u>NORMALIZED COST OF SERVICE AT PROPOSED RATES</u></b>									
176	<b><u>NORMALIZED COST OF SERVICE AT PROPOSED RATES</u></b>								
177	<b><u>OPERATING REVENUES:</u></b>								
178	Revenue from Gas Sales	\$ 35,060,296	\$ 29,987,040	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246
179	Miscellaneous Revenues	277,960	277,960	-	-	-	-	-	-
180	<b>Total Operating Revenues:</b>	<b>\$ 35,338,256</b>	<b>\$ 30,265,000</b>	<b>\$ 370,442</b>	<b>\$ 1,225,511</b>	<b>\$ 169,415</b>	<b>\$ 1,273,749</b>	<b>\$ 1,277,893</b>	<b>\$ 756,246</b>
181									
182	<b><u>OPERATING EXPENSES:</u></b>								
183	<b><u>Cost of Gas</u></b>								
184	Commodity Cost of Purchased Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
185	Demand Cost of Purchased Gas	-	-	-	-	-	-	-	-
186	Leased Storage	-	-	-	-	-	-	-	-
187	Unaccounted for Gas Costs (Sales Only)	-	-	-	-	-	-	-	-
188	<b>Total Cost of Gas:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
189									
190	Total Manufactured Gas Production Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
191	Total Natural Gas Production Expenses	-	-	-	-	-	-	-	-
192	Total Underground Storage Expense	-	-	-	-	-	-	-	-
193	Total Other Storage Expense	-	-	-	-	-	-	-	-
194	<b>Total Production and Storage Expense:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
195									
196	<b><u>Total Transmission Expenses</u></b>								
197	Mains	\$ 36,854	\$ 21,678	\$ 1,086	\$ 8,313	\$ 49	\$ 3,516	\$ 1,613	\$ 599
198	Compressor Station Equipment	-	-	-	-	-	-	-	-
199	Structures and Improvements	-	-	-	-	-	-	-	-
200	Measuring and Regulating Equipment	172	101	5	39	-	16	8	3
201	Supervision and Engineering	-	-	-	-	-	-	-	-
202	Other Transmission	-	-	-	-	-	-	-	-
203	<b>Total Transmission Expenses:</b>	<b>\$ 37,026</b>	<b>\$ 21,779</b>	<b>\$ 1,091</b>	<b>\$ 8,352</b>	<b>\$ 49</b>	<b>\$ 3,532</b>	<b>\$ 1,621</b>	<b>\$ 602</b>
204									
205	<b><u>Total Distribution Expenses</u></b>								
206	Measuring and Regulating Equipment	\$ 231,662	\$ 196,912	\$ 8,762	\$ -	\$ 840	\$ -	\$ 18,586	\$ 6,562
207	Mains and Services	1,998,936	1,770,539	56,356	444	5,531	2,217	120,122	43,727
208	Industrial Measuring and Regulating Equipment	89,856	84,028	93	221	1,857	1,104	835	1,718
209	Meter, Meter Installation and House Regulator	916,315	856,876	953	2,251	18,937	11,259	8,516	17,523
210	Customer Installation Expenses	409,830	408,835	27	27	46	138	248	509
211	Structures and Improvements Maintenance	84,291	71,647	3,188	-	306	-	6,762	2,388
212	Supervision and Engineering	1,713,557	1,556,456	31,865	1,352	12,637	6,760	71,222	33,265
213	Other Distribution	152,612	138,620	2,838	120	1,126	602	6,343	2,963
214	<b>Total Distribution Expenses:</b>	<b>\$ 5,597,059</b>	<b>\$ 5,083,913</b>	<b>\$ 104,082</b>	<b>\$ 4,415</b>	<b>\$ 41,280</b>	<b>\$ 22,080</b>	<b>\$ 232,634</b>	<b>\$ 108,655</b>
215									

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

Cost of Service Study  
Equalized and Normalized Cost of Service at Present and Proposed Rates

Line Number	Description	Allocation of Total by Rate Category							
		Total Before Allocation	Rate 1S Small Volume Sales Service	Rate 2S Med. Volume Sales Service	Rate 9T Pipeline Direct Buy	Rate 4S Grain Drying Sales Service	Rate 5T Large Volume Transp. Service	Rate 6T Med. Volume Transp. Service	Rate 8T Public Schools Transp. Service
		Column A	Column B	Column C	Column D	Column E	Column F	Column H	Column G
<b><u>NORMALIZED COST OF SERVICE AT PROPOSED RATES (CONTINUED)</u></b>									
216	Total Customer Accounts Expenses (Excluding Uncollectible)	\$ 1,764,854	\$ 1,760,565	\$ 118	\$ 118	\$ 198	\$ 593	\$ 1,068	\$ 2,194
217	Uncollectible Expense	137,819	137,819	-	-	-	-	-	-
218	Total Customer Service Expense	-	-	-	-	-	-	-	-
219	Total Sales Expenses	(918)	(916)	-	-	-	-	(1)	(1)
220	Administrative and General Expenses	13,495,784	12,441,064	212,624	156,003	92,750	91,517	299,862	201,964
221									
222	Total Depreciation and Amortization Expense	\$ 4,372,023	\$ 3,644,219	\$ 113,396	\$ 173,643	\$ 26,888	\$ 84,349	\$ 232,627	\$ 96,901
223									
224	Other Taxes	\$ 124,470	\$ 115,076	\$ 1,881	\$ 999	\$ 795	\$ 697	\$ 3,167	\$ 1,855
225	Property Tax	1,028,679	862,969	26,657	40,483	4,281	18,950	54,102	21,237
226	Utility Receipts Tax	-	-	-	-	-	-	-	-
227	State Income Tax	459,787	328,091	(3,617)	42,531	357	52,163	23,773	16,489
228	Federal Income Tax	1,892,424	1,352,594	(14,262)	174,078	1,565	212,959	97,877	67,613
229	<b>Total Operating Expenses:</b>	<b>\$ 28,909,007</b>	<b>\$ 25,747,173</b>	<b>\$ 441,970</b>	<b>\$ 600,622</b>	<b>\$ 168,163</b>	<b>\$ 486,840</b>	<b>\$ 946,730</b>	<b>\$ 517,509</b>
230									
231	<b>Net Operating Income:</b>	<b>\$ 6,429,249</b>	<b>\$ 4,517,827</b>	<b>\$ (71,528)</b>	<b>\$ 624,889</b>	<b>\$ 1,252</b>	<b>\$ 786,909</b>	<b>\$ 331,163</b>	<b>\$ 238,737</b>
232									
233	<b>Total Rate Base:</b>	<b>\$ 68,108,624</b>	<b>\$ 58,313,992</b>	<b>\$ 1,772,352</b>	<b>\$ 1,826,921</b>	<b>\$ 285,360</b>	<b>\$ 1,002,455</b>	<b>\$ 3,510,013</b>	<b>\$ 1,397,531</b>
234									
235	<b>Rate of Return:</b>	<b>9.44%</b>	<b>7.75%</b>	<b>-4.04%</b>	<b>34.20%</b>	<b>0.44%</b>	<b>78.50%</b>	<b>9.43%</b>	<b>17.08%</b>

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Statement of Operating Income Based Presented Under Various Scenarios

Line Number	Description	Rate 1S Small Volume Sales Service Column A	Rate 2S Med. Volume Sales Service Column B	Rate 9T Pipeline Direct Buy Column C	Rate 4S Grain Drying Sales Service Column D	Rate 5T Large Volume Transp. Service Column E	Rate 6T Med. Volume Transp. Service Column F	Rate 8T Public Schools Transp. Service Column G	Grand Total All Rates Column H
<b>1: Statement of Operating Income Based Upon Pro Forma "A" Revenues at Present Rates of Return</b>									
1	<b>Operating Revenues:</b>								
2	Revenues from Gas Sales	\$ 19,435,776	\$ 57,750	\$ 903,325	\$ 119,000	\$ 1,096,940	\$ 875,813	\$ 509,631	\$ 22,998,235
3	Miscellaneous Revenues	277,960	-	-	-	-	-	-	277,960
4	<b>Total Revenues</b>	<b>\$ 19,713,736</b>	<b>\$ 57,750</b>	<b>\$ 903,325</b>	<b>\$ 119,000</b>	<b>\$ 1,096,940</b>	<b>\$ 875,813</b>	<b>\$ 509,631</b>	<b>\$ 23,276,195</b>
5	<b>Operating Expenses:</b>								
6	Operation and Maintenance	\$ 19,405,926	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 20,993,326
7	Depreciation and Amortization	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	4,372,023
8	Federal Income Taxes	(742,719)	(76,661)	109,697	(8,836)	177,513	17,557	18,143	(505,306)
9	State Income Taxes	(186,242)	(18,926)	26,751	(2,108)	43,505	4,093	4,418	(128,509)
10	Taxes Other Than Income Taxes	961,664	28,274	41,342	4,964	19,549	56,824	22,831	1,135,448
11	<b>Total Operating Expenses</b>	<b>\$ 23,082,848</b>	<b>\$ 363,998</b>	<b>\$ 520,321</b>	<b>\$ 155,185</b>	<b>\$ 442,638</b>	<b>\$ 846,285</b>	<b>\$ 455,707</b>	<b>\$ 25,866,982</b>
12	<b>Net Operating Income</b>	<b>\$ (3,369,112)</b>	<b>\$ (306,248)</b>	<b>\$ 383,004</b>	<b>\$ (36,185)</b>	<b>\$ 654,302</b>	<b>\$ 29,528</b>	<b>\$ 53,924</b>	<b>\$ (2,590,787)</b>
13	Net Original Cost Rate Base	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	\$ 68,108,624
14	Rate of Return on Net Original Cost Rate Base	-5.78%	-17.28%	20.96%	-12.68%	65.27%	0.84%	3.86%	-3.80%
15	Earnings Index	151.88%	454.25%	-551.13%	333.35%	-1715.87%	-22.12%	-101.44%	100.00%

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Statement of Operating Income Based Presented Under Various Scenarios

Line Number	Description	Rate 1S Small Volume Sales Service Column A	Rate 2S Med. Volume Sales Service Column B	Rate 9T Pipeline Direct Buy Column C	Rate 4S Grain Drying Sales Service Column D	Rate 5T Large Volume Transp. Service Column E	Rate 6T Med. Volume Transp. Service Column F	Rate 8T Public Schools Transp. Service Column G	Grand Total All Rates Column H
<b>2: Statement of Operating Income Based Upon Pro Forma "A" Revenues at Equalized Rates of Return</b>									
1	<b>Operating Revenues:</b>								
2	Revenues from Gas Sales	\$ 20,968,999	\$ 375,649	\$ 300,122	\$ 152,690	\$ 175,000	\$ 658,709	\$ 367,067	\$ 22,998,236
3	Miscellaneous Revenues	277,960	-	-	-	-	-	-	277,960
4	<b>Total Revenues</b>	<b>\$ 21,246,959</b>	<b>\$ 375,649</b>	<b>\$ 300,122</b>	<b>\$ 152,690</b>	<b>\$ 175,000</b>	<b>\$ 658,709</b>	<b>\$ 367,067</b>	<b>\$ 23,276,196</b>
5	<b>Operating Expenses:</b>								
6	Operation and Maintenance	\$ 19,405,926	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 20,993,326
7	Depreciation and Amortization	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	4,372,023
8	Federal Income Taxes	(585,542)	(17,797)	(18,344)	(2,866)	(10,066)	(35,245)	(14,033)	(683,893)
9	State Income Taxes	(143,666)	(4,367)	(4,501)	(703)	(2,470)	(8,647)	(3,443)	(167,797)
10	Taxes Other Than Income Taxes	1,144,229	33,921	49,930	5,949	23,597	68,307	27,389	1,353,322
11	<b>Total Operating Expenses</b>	<b>\$ 23,465,166</b>	<b>\$ 443,068</b>	<b>\$ 369,616</b>	<b>\$ 163,545</b>	<b>\$ 213,132</b>	<b>\$ 792,226</b>	<b>\$ 420,228</b>	<b>\$ 25,866,981</b>
12	<b>Net Operating Income</b>	<b>\$ (2,218,207)</b>	<b>\$ (67,419)</b>	<b>\$ (69,494)</b>	<b>\$ (10,855)</b>	<b>\$ (38,132)</b>	<b>\$ (133,517)</b>	<b>\$ (53,161)</b>	<b>\$ (2,590,785)</b>
13	Net Original Cost Rate Base	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	\$ 68,108,624
14	Rate of Return on Net Original Cost Rate Base	-3.80%	-3.80%	-3.80%	-3.80%	-3.80%	-3.80%	-3.80%	-3.80%
15	Earnings Index	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Statement of Operating Income Based Presented Under Various Scenarios

Line Number	Description	Rate 1S Small Volume Sales Service Column A	Rate 2S Med. Volume Sales Service Column B	Rate 9T Pipeline Direct Buy Column C	Rate 4S Grain Drying Sales Service Column D	Rate 5T Large Volume Transp. Service Column E	Rate 6T Med. Volume Transp. Service Column F	Rate 8T Public Schools Transp. Service Column G	Grand Total All Rates Column H
<b>3: Statement of Operating Income Based Upon Pro Forma "B" Revenues at Equalized Rates of Return</b>									
1	<b>Operating Revenues:</b>								
2	Revenues from Gas Sales	\$ 31,303,158	\$ 688,341	\$ 622,308	\$ 203,105	\$ 351,809	\$ 1,277,893	\$ 613,682	\$ 35,060,296
3	Miscellaneous Revenues	277,960	-	-	-	-	-	-	277,960
4	<b>Total Revenues</b>	<b>\$ 31,581,118</b>	<b>\$ 688,341</b>	<b>\$ 622,308</b>	<b>\$ 203,105</b>	<b>\$ 351,809</b>	<b>\$ 1,277,893</b>	<b>\$ 613,682</b>	<b>\$ 35,338,256</b>
5	<b>Operating Expenses:</b>								
6	Operation and Maintenance	\$ 19,444,224	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 21,031,624
7	Depreciation and Amortization	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	4,372,023
8	Federal Income Taxes	1,467,373	44,598	45,972	7,180	25,225	88,324	35,166	1,713,838
9	State Income Taxes	360,028	10,942	11,279	1,762	6,189	21,671	8,628	420,499
10	Taxes Other Than Income Taxes	1,160,610	34,185	50,070	6,061	23,695	68,752	27,650	1,371,023
11	<b>Total Operating Expenses</b>	<b>\$ 26,076,454</b>	<b>\$ 521,036</b>	<b>\$ 449,852</b>	<b>\$ 176,168</b>	<b>\$ 257,180</b>	<b>\$ 946,558</b>	<b>\$ 481,759</b>	<b>\$ 28,909,007</b>
12	<b>Net Operating Income</b>	<b>\$ 5,504,664</b>	<b>\$ 167,305</b>	<b>\$ 172,456</b>	<b>\$ 26,937</b>	<b>\$ 94,629</b>	<b>\$ 331,335</b>	<b>\$ 131,923</b>	<b>\$ 6,429,249</b>
13	Net Original Cost Rate Base	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	\$ 68,108,624
14	Rate of Return on Net Original Cost Rate Base	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%
15	Earnings Index	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Statement of Operating Income Based Presented Under Various Scenarios

Line Number	Description	Rate 1S Small Volume Sales Service Column A	Rate 2S Med. Volume Sales Service Column B	Rate 9T Pipeline Direct Buy Column C	Rate 4S Grain Drying Sales Service Column D	Rate 5T Large Volume Transp. Service Column E	Rate 6T Med. Volume Transp. Service Column F	Rate 8T Public Schools Transp. Service Column G	Grand Total All Rates Column H
<b>4: Statement of Operating Income Based Upon Pro Forma "B" Revenues at Proposed Rates of Return</b>									
1	<b>Operating Revenues:</b>								
2	Revenues from Gas Sales	\$ 29,987,040	\$ 370,442	\$ 1,225,511	\$ 169,415	\$ 1,273,749	\$ 1,277,893	\$ 756,246	\$ 35,060,296
3	Miscellaneous Revenues	277,960	-	-	-	-	-	-	277,960
4	<b>Total Revenues</b>	<b>\$ 30,265,000</b>	<b>\$ 370,442</b>	<b>\$ 1,225,511</b>	<b>\$ 169,415</b>	<b>\$ 1,273,749</b>	<b>\$ 1,277,893</b>	<b>\$ 756,246</b>	<b>\$ 35,338,256</b>
5	<b>Operating Expenses:</b>								
6	Operation and Maintenance	\$ 19,444,224	\$ 317,915	\$ 168,888	\$ 134,277	\$ 117,722	\$ 535,184	\$ 313,414	\$ 21,031,624
7	Depreciation and Amortization	3,644,219	113,396	173,643	26,888	84,349	232,627	96,901	4,372,023
8	Federal Income Taxes	1,352,594	(14,262)	174,078	1,565	212,959	97,877	67,613	1,892,424
9	State Income Taxes	328,091	(3,617)	42,531	357	52,163	23,773	16,489	459,787
10	Taxes Other Than Income Taxes	978,045	28,538	41,482	5,076	19,647	57,269	23,092	1,153,149
11	<b>Total Operating Expenses</b>	<b>\$ 25,747,173</b>	<b>\$ 441,970</b>	<b>\$ 600,622</b>	<b>\$ 168,163</b>	<b>\$ 486,840</b>	<b>\$ 946,730</b>	<b>\$ 517,509</b>	<b>\$ 28,909,007</b>
12	<b>Net Operating Income</b>	<b>\$ 4,517,827</b>	<b>\$ (71,528)</b>	<b>\$ 624,889</b>	<b>\$ 1,252</b>	<b>\$ 786,909</b>	<b>\$ 331,163</b>	<b>\$ 238,737</b>	<b>\$ 6,429,249</b>
13	Net Original Cost Rate Base	\$ 58,313,992	\$ 1,772,352	\$ 1,826,921	\$ 285,360	\$ 1,002,455	\$ 3,510,013	\$ 1,397,531	\$ 68,108,624
14	Rate of Return on Net Original Cost Rate Base	7.75%	-4.04%	34.20%	0.44%	78.50%	9.43%	17.08%	9.44%
15	Earnings Index	82.07%	-42.75%	362.35%	4.65%	831.58%	99.95%	180.97%	100.00%

## Comparison of Proforma Operating Revenues and Subsidy Levels at Present and Proposed Rates

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xx

## Cost of Service Study

## Comparison of Proforma Operating Revenues and Resulting Dollar Subsidy Levels at Present and Proposed Rates

Line Number	Rate Schedule	Proforma Revenue at Present Rates			Proforma Revenues at Proposed Rates				
		Revenues at Present Rates	Revenues Required for Equalized Returns	Present Subsidy	Revenues Required for Equalized Returns	Revenues at Proposed Rates	Proposed Subsidy	Subsidy Reduction	
								Column A	Column B
1	Rate 1S - Firm Small Volume Sales Service	\$ 19,713,736	\$ 21,246,959	\$ (1,533,223)	\$ 31,581,118	\$ 30,265,000	\$ (1,316,118)	\$ (217,105)	14.16%
2	Rate 2S - Firm Medium Volume Sales Service	57,750	375,649	(317,899)	688,341	370,442	(317,899)	-	0.00%
3	Rate 9T - Pipeline Direct Buy	903,325	300,122	603,203	622,308	1,225,511	603,203	-	0.00%
4	Rate 4S - Firm Grain Drying Sales Service	119,000	152,690	(33,690)	203,105	169,415	(33,690)	-	0.00%
5	Rate 5T - Large Volume Transportation Service	1,096,940	175,000	921,940	351,809	1,273,749	921,940	-	0.00%
6	Rate 6T - Medium Volume Transportation Service	875,813	658,709	217,104	1,277,893	1,277,893	-	217,104	100.00%
7	Rate 8T - Public Schools Transportation Service	509,631	367,067	142,564	613,682	756,246	142,564	-	0.00%
8	<b>Grand Total - All Rate Schedules:</b>	<u>\$ 23,276,195</u>	<u>\$ 23,276,196</u>	<u>\$ (1)</u>	<u>\$ 35,338,256</u>	<u>\$ 35,338,256</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>100.00%</u>

## Comparison of Gas Sales Revenues at Present and Proposed Rates

Ohio Valley Gas Corporation  
Ohio Valley Gas, Inc.  
IURC Cause No. 460xxCost of Service Study  
Comparison of Gas Sales Revenues at Present and Proposed Rates

Line Number	Rate Schedule	Present Revenue Levels			Proposed Revenue Levels			Increase / (Decrease)		
		Margins at Present Rates	Gas Cost Revenues	Revenues at Present Rates	Margins at Proposed Rates	Gas Cost Revenues	Revenues at Proposed Rates	Margin Rev. Difference	Difference Percentage	Margin Percentage
		Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I
1	Rate 1S - Firm Small Volume Sales Service	\$ 19,431,670	\$ 11,487,424	\$ 30,919,094	\$ 29,987,028	\$ 11,487,424	\$ 41,474,452	\$ 10,555,358	34.14%	54.32%
2	Rate 2S - Firm Medium Volume Sales Service	57,738	110,903	168,641	100,534	110,903	211,437	42,796	25.38%	74.12%
3	Rate 9T - Pipeline Direct Buy	903,134	-	903,134	1,225,516	-	1,225,516	322,382	35.70%	35.70%
4	Rate 4S - Firm Grain Drying Sales Service	118,975	149,783	268,758	169,417	149,783	319,200	50,442	18.77%	42.40%
5	Rate 5T - Large Volume Transportation Service	1,096,708	-	1,096,708	1,273,756	-	1,273,756	177,048	16.14%	16.14%
6	Rate 6T - Medium Volume Transportation Service	875,628	-	875,628	1,547,802	-	1,547,802	672,174	76.76%	76.76%
7	Rate 8T - Public Schools Transportation Service	509,523	-	509,523	756,245	-	756,245	246,722	48.42%	48.42%
8	<b>Grand Total - All Rate Schedules:</b>	<u>\$ 22,993,376</u>	<u>\$ 11,748,111</u>	<u>\$ 34,741,487</u>	<u>\$ 35,060,298</u>	<u>\$ 11,748,111</u>	<u>\$ 46,808,409</u>	<u>\$ 12,066,922</u>	<u>34.73%</u>	<u>52.48%</u>

Note: Does not include Miscellaneous Revenue.

**RATE NO. S11**  
**RATE NO. S41**  
**RATE NO. S91**  
**RATE NO. S81 (Grandview)**  
**Firm Small Volume Sales Service**

**AVAILABILITY**

This rate shall be available to Customers whose volume of natural gas purchased on an annual basis will be less than 100,000 Therms and who will take delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13).

**RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

The monthly Facilities Charge per meter is **\$22.43** and will be equally divided applied on a daily basis.

Distribution Charge per therm:	<b>S11</b>	<b>\$ 0.716303</b>
	<b>S41</b>	<b>\$ 0.716303</b>
	<b>S91</b>	<b>\$ 0.716303</b>

Grandview Customer Rates

Facilities Charge per meter per month: **\$14.47**

Distribution Charge per therm:	<b>S81</b>	First 10 Therms	<b>\$ 0.357969</b>
	<b>S81</b>	Next 90 Therms	<b>\$ 0.930719</b>
	<b>S81</b>	Over 100 Therms	<b>\$ 0.518906</b>

Gas Cost Adjustment (**GCA**) – As set forth in the latest approved Appendix B (See Sheet No. 10).

Normal Temperature Adjustment (**NTA**) – Dependent upon weather (temperature) conditions during specified billing cycles as described in the latest approved Appendix C (See Sheet No. 11).

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

### **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

### **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

### **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

### **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

### **RULES AND REGULATIONS**

This rate is subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

**RATE NO. S12  
RATE NO. S42  
RATE NO. S92  
Firm Medium Volume Sales Service**

**AVAILABILITY**

This rate shall be available to Customers whose volume of natural gas purchased on an annual basis will be at least 100,000 Therms, but not greater than 500,000 Therms, and who will take delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13).

**APPLICABILITY, ELIGIBILITY & CHARACTER OF SERVICE**

This rate provides a means whereby OVGC can, within the physical limitations of its existing distribution system(s), provide firm sales service to such Customer. Customer must enter into a Service Agreement with OVGC for an initial period of not less than one (1) year. Such agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGC of Customer's intent to change to this rate and execution of the Agreement with OVGC is required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this rate is to begin. OVGC reserves the right to waive the sixty (60) day requirement.

OVGC shall not be obligated to deliver (sell) to Customer in any one (1) hour period an aggregate amount at all points of delivery of more than one-sixteenth (1/16) of the maximum daily volume specified in the Service Agreement.

**RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

The monthly Facilities Charge per meter is **\$898.17** and will be equally divided and applied on a daily basis.

Distribution Charge per therm:	<b>S12 \$ 0.305064</b>
	<b>S42 \$ 0.305064</b>
	<b>S92 \$ 0.305064</b>

Gas Cost Adjustment (**GCA**) – As set forth in the latest approved Appendix B (See Sheet No. 10).

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

### **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

### **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

### **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

### **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

### **RULES AND REGULATIONS**

Sales service hereunder shall be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

**RESERVED FOR FUTURE USE**



**RESERVED FOR FUTURE USE**

**RESERVED FOR FUTURE USE**

**RATE NO. S14  
RATE NO. S44  
RATE NO. S94  
Firm Grain Drying Sales Service**

**AVAILABILITY**

This rate shall be available to Customers whose primary requirement for natural gas is for grain drying and who will take delivery of such natural gas in OVG's Service Area. See Appendix E (Sheet No. 13).

**APPLICABILITY, ELIGIBILITY & CHARACTER OF SERVICE**

This rate provides a means whereby OVG can, within the physical limitations of its existing distribution system(s), deliver natural gas for grain drying. Service provided hereunder shall be metered and billed separately from service provided under any other OVG rate.

**RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge as set forth below.

Distribution Charge per therm:	<b>S14 \$ 0.370469</b>
	<b>S44 \$ 0.370469</b>
	<b>S94 \$ 0.370469</b>

Gas Cost Adjustment (**GCA**) – As set forth in the latest approved Appendix B (See Sheet No. 10).

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

**FACILITIES CHARGE**

Meter size 1400 scfh or less:	<b>\$736.96</b> per meter billed annually (September billing cycle).
Meter size greater than 1400 scfh:	<b>\$1,284.41</b> per meter billed annually (September billing cycle).

### **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

### **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

### **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

### **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

### **RULES AND REGULATIONS**

Sales service hereunder shall be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

**RATE NO. T15  
RATE NO. T45  
RATE NO. T95  
Large Volume Transportation Service**

**AVAILABILITY**

This rate shall be available to any "Off-System End-Users" (Customer) whose annual requirements for natural gas are anticipated to be greater than 500,000 Therms; who has executed a Transportation Services Agreement; and who will take delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13).

**APPLICABILITY**

This rate provides a means whereby OVGC, within the physical limitations of its existing distribution systems can, under specific contract (OVGC's Transportation Services Agreement), provide a service for the transportation of Customer-owned natural gas to Customers who will accept delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13). Service provided hereunder shall be metered and billed separately from service provided under any other OVGC rate.

**"OFF-SYSTEM END-USER" DEFINED**

As used in this rate an "Off-System End-User" is a Customer for whom OVGC has no contractual obligation to provide natural gas from its OVGC system supply and for whose natural gas needs and requirements OVGC is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

**ELIGIBILITY**

A Customer whose need for service is consistent with the availability paragraph of this rate, and who meets the eligibility requirements set forth below, shall be eligible to receive service under this rate. Service hereunder is intended for any Customer which, after arranging for a supply of natural gas from or through a third party, desires OVGC to provide transportation of said natural gas between two mutually agreeable points on an existing OVGC gas distribution system, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering natural gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGC receipt point(s).
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said natural gas at the agreed upon OVGC delivery point(s).
- c. Has entered into a Transportation Services Agreement with OVGC for an initial period of not less than one (1) year. After the one (1) year period the agreement can be terminated by either party after providing ninety (90) days' notice to the other party. Such agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGC of Customer's intent to change from a sales rate to this rate and execution of the Agreement with OVGC is required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this rate is to begin. OVGC reserves the right to waive the sixty (60) day requirement.

- d. Has provided OVGC with sufficient documentation and other information to permit prior verification and acceptance of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply. OVGC may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGC's receipt point on a timely and uninterrupted basis.
- e. Agrees to provide OVGC with written Daily Nominations in a format acceptable to OVGC. All Daily Nominations are due in OVGC's gas supply department by the 25th day of each calendar month for the upcoming month's quantities (in Therms) and shall be detailed by calendar day. All written changes to the Daily Nominations, when received in OVGC's gas supply department by 12:00 p.m. Eastern time on a scheduled OVGC workday, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day as specified by the Customer. If not otherwise indicated, all written changes to a customer's Daily Nominations shall be applicable to the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGC gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, electronic (e-mail) or facsimile transmissions to OVGC's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing any end-user and determining applicable Daily Balancing and Cashout of Monthly Imbalance charges.
- f. Agrees that it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGC. OVGC assumes no responsibility or liability for the accuracy of nominations by Customers receiving service under this rate.
- g. Pays all existing arrearages for utility services prior to entering into a Transportation Service Agreement with OVGC.

## **CURTAILMENT**

OVGC will have the right to curtail or discontinue acceptance, transportation, or redelivery of natural gas under this rate when:

- a. After notification by OVGC to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGC;
- c. Accident, breakage, or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to OVGC; or,
- d. Accident, breakage, or other causes of disruption of natural gas delivery to Customer on OVGC's distribution system is beyond OVGC's control.

OVGC will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. OVGC's usage of EBB information shall be deemed reasonable by the parties hereto, and OVGC will not be liable for the accuracy of the information obtained from the EBB. Company will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into OVGC's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

## **RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

The monthly Facilities Charge per meter is **\$1,602.90** and will be equally divided and applied on a daily basis.

Distribution Charge per therm:	<b>T15 \$ 0.061105</b>
	<b>T45 \$ 0.061105</b>
	<b>T95 \$ 0.061105</b>

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

## **FUEL LOSS CHARGE**

OVGC shall retain 1% of the received transport gas to account for fuel loss within the OVGC Distribution System. OVGC will not charge any "Off-System End-User" the Distribution Charge on such retained gas.

## **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

## **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

## **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

## **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

## **UNAUTHORIZED USE CHARGE**

If Customer fails to completely curtail its use of natural gas within one (1) hour of OVGC's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGC shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGC's other Customers or its pipeline operations were not adversely affected by such use.

## **OVERRUN SERVICE AND DAILY BALANCING CHARGES**

### **a. Unauthorized Overrun**

- (1) If Customer has been informed by OVGC to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGC, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGC a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGC or any of OVGC's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGC shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGC's other customers or its pipeline operations were not adversely affected.
- (4) OVGC shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGC's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGC with satisfactory evidence that such accident or breakage was not due to negligence.



b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGC allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGC gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day, shall be ten (10) percent of the applicable Daily Nomination on file with OVGC.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

**CASHOUT OF MONTHLY IMBALANCE**

Customer shall be subject to net aggregate monthly imbalance cash out. At the end of each billing month, OVGC will determine the imbalance by comparing the net receipts at OVGC's city gate station from the applicable interstate pipeline to actual deliveries through OVGC's meter(s) located at Customer's location. The net aggregate imbalance percentage for each Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the billing month is LESS than the total quantity of gas delivered by OVGC to the Customer, OVGC shall bill the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Highest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the month is GREATER than the total quantity of gas delivered by OVGC to the Customer, OVGC shall credit the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Lowest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGC will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

#### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

#### **RULES AND REGULATIONS**

Transportation service hereunder shall, where applicable, be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

**RATE NO. T16  
RATE NO. T46  
RATE NO. T96**

**Medium Volume Transportation Service**

**AVAILABILITY**

This rate shall be available to any "Off-System End-Users" (Customer) whose annual requirements for natural gas will be at least 100,000 Therms, but not greater than 500,000 Therms; who has executed a Transportation Services Agreement; and who will take delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13).

**APPLICABILITY**

This rate provides a means whereby OVGC, within the physical limitations of its existing distribution systems can, under specific contract (OVGC's Transportation Services Agreement), provide a service for the transportation of Customer-owned natural gas to Customers who will accept delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13). Service provided hereunder shall be metered and billed separately from service provided under any other OVGC rate.

**"OFF-SYSTEM END-USER" DEFINED**

As used in this rate an "Off-System End-User" is a Customer for whom OVGC has no contractual obligation to provide natural gas from its OVGC system supply and for whose natural gas needs and requirements OVGC is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

**ELIGIBILITY**

A Customer whose need for service is consistent with the availability paragraph of this rate, and who meets the eligibility requirements set forth below, shall be eligible to receive service under this rate. Service hereunder is intended for any Customer which, after arranging for a supply of natural gas from or through a third party, desires OVGC to provide transportation of said natural gas between two mutually agreeable points on an existing OVGC gas distribution system, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering natural gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGC receipt point(s).
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said natural gas at the agreed upon OVGC delivery point(s).
- c. Has entered into a Transportation Services Agreement with OVGC for an initial period of not less than one (1) year. After the one (1) year period the agreement can be terminated by either party after providing ninety (90) days' notice to the other party. Such agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGC of Customer's intent to change from a sales rate to this rate and execution of the Agreement with OVGC is required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this rate is to begin. OVGC reserves the right to waive the sixty (60) day requirement.

- d. Has provided OVGC with sufficient documentation and other information to permit prior verification and acceptance of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply. OVGC may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGC's receipt point on a timely and uninterrupted basis.
- e. Agrees to provide OVGC with written Daily Nominations in a format acceptable to OVGC. All Daily Nominations are due in OVGC's gas supply department by the 25th day of each calendar month for the upcoming month's quantities (in Therms) and shall be detailed by calendar day. All written changes to the Daily Nominations, when received in OVGC's gas supply department by 12:00 p.m. Eastern time on a scheduled OVGC workday, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day as specified by the Customer. If not otherwise indicated, all written changes to a customer's Daily Nominations shall be applicable to the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGC gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, electronic (e-mail) or facsimile transmissions to OVGC's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing any end-user and determining applicable Daily Balancing and Cashout of Monthly Imbalance charges.
- f. Agrees that it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGC. OVGC assumes no responsibility or liability for the accuracy of nominations by Customers receiving service under this rate.
- g. Pays all existing arrearages for utility services prior to entering into a Transportation Service Agreement with OVGC.

## CURTAILMENT

OVGC will have the right to curtail or discontinue acceptance, transportation, or redelivery of natural gas under this rate when:

- a. After notification by OVGC to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGC;
- c. Accident, breakage, or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of OVGC's natural gas supply to Company; or,
- d. Accident, breakage, or other causes of disruption of natural gas delivery to Customer on OVGC's distribution system is beyond OVGC's control.

OVGC will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. Company's usage of EBB information shall be deemed reasonable by the parties hereto, and OVGC will not be liable for the accuracy of the information obtained from the EBB. OVGC will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into OVGC's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

## **RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

The monthly Facilities Charge per meter is **\$898.17** and will be equally divided and applied on a daily basis.

Distribution Charge per therm:	<b>T16</b>	<b>\$ 0.305064</b>
	<b>T46</b>	<b>\$ 0.305064</b>
	<b>T96</b>	<b>\$ 0.305064</b>

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

## **FUEL LOSS CHARGE**

OVGC shall retain 1% of the received transport gas to account for fuel loss within the OVGC Distribution System. OVGC will not charge any "Off-System End-User" the Distribution Charge on such retained gas.

## **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

## **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

## **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

## **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

## **UNAUTHORIZED USE CHARGE**

If Customer fails to completely curtail its use of natural gas within one (1) hour of OVGC's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGC shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGC's other Customers or its pipeline operations were not adversely affected by such use.

## **OVERRUN SERVICE AND DAILY BALANCING CHARGES**

### **a. Unauthorized Overrun**

- (1) If Customer has been informed by OVGC to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGC, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGC a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGC or any of OVGC's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGC shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGC's other customers or its pipeline operations were not adversely affected.
- (4) OVGC shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGC's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGC with satisfactory evidence that such accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGC allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGC gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day shall be ten (10) percent of the applicable Daily Nomination on file with OVGC.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

**CASHOUT OF MONTHLY IMBALANCE**

Customer shall be subject to net aggregate monthly imbalance cashout. At the end of each billing month, OVGC will determine the imbalance by comparing the net receipts at OVGC's city gate station from the applicable interstate pipeline to actual deliveries through OVGC's meter(s) located at Customer's location. The net aggregate imbalance percentage for each Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the billing month is LESS than the total quantity of gas delivered by OVGC to the Customer, OVGC shall bill the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Highest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the month is GREATER than the total quantity of gas delivered by OVGC to the Customer, OVGC shall credit the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Lowest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGC will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

#### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate, the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

#### **RULES AND REGULATIONS**

Transportation service hereunder shall, where applicable, be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.



**RESERVED FOR FUTURE USE**

**RATE NO. T18**  
**RATE NO. T48**  
**RATE NO. T98**  
**Public Schools Transportation Service**

**AVAILABILITY**

This rate shall be available throughout the Service Area subject to the availability of adequate facilities, which determination shall be within OVGC's reasonable discretion. See Appendix E (Sheet No. 13).

**APPLICABILITY**

This rate provides a means whereby OVGC, within the physical limitations of its existing distribution systems can, under specific contract (OVGC's Transportation Services Agreement), provide a service for the transportation of "Off-System" end-user owned natural gas. This rate shall be applicable to any public educational institution serving students in grades K through 12 that elects service hereunder.

A Customer is further defined for this rate to be a single public-school corporation, or multiple public-school corporations, that elect(s) to purchase gas supply and pipeline capacity for one or more of its school facilities from a supplier other than OVGC and meets all requirements of this rate. Each school facility served under this rate will have annual requirements for natural gas of less than 100,000 therms. A school facility is further defined as being any single structure owned by and utilized by the Customer to serve students as defined in the above paragraph.

OVGC will contract directly with the Customer for all transportation services under this rate. No separate pooling services agreement will be transacted with the Customer's supplier and/or gas marketer.

Any school facility of the Customer already on another OVGC transportation rate and continuing to qualify for same may remain on such rate after this rate becomes effective.

**"OFF-SYSTEM END-USER" DEFINED**

As used in this rate an "Off-System" Customer is a customer for whom OVGC has no contractual obligation to provide natural gas from its system supply and for whose natural gas needs and requirements OVGC is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

**ELIGIBILITY**

Any Customer who meets the requirements of the applicability paragraph is eligible for service under this rate, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering said gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGC receipt point.

- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said gas at the agreed upon OVGC delivery point. Has entered into a Transportation Service Agreement with OVGC for an initial period of not less than one (1) year. After the one (1) year period the agreement can be terminated by either party after providing ninety (90) days' notice to the other party. This Agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGC of Customer's intent to change from a sales rate to this rate and execution of the Agreement with OVGC is required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this rate is to begin. OVGC reserves the right to waive the sixty (60) day requirement.
- c. Has provided OVGC with sufficient documentation and other information to permit prior verification and approval of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply. OVGC may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGC's receipt point on a timely and non-interrupted basis.
- d. Agrees to provide OVGC with written Daily Nominations in a format acceptable to OVGC. All Daily Nominations are due in OVGC's gas supply department by the 25th day of each calendar month for the upcoming month's quantities in Therms and shall be detailed by calendar day. All written changes to the Daily Nominations, when received in OVGC's gas supply department by 12:00 p.m. on a scheduled OVGC working day, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day specified by the customer. All written changes to the Daily Nominations shall be reflected for the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGC gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, facsimile transmissions or emails to OVGC's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing and determining the Daily Balancing Charge and Cashout of Monthly Imbalance.
- e. Agrees it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGC. OVGC assumes no responsibility or liability for the accuracy of nominations. Nomination quantity is defined as the Customer's (a single or multiple public school corporations) supply requirements for the total of its school facilities for each Customer Group (each school corporation of the Customer) being served under this rate per OVGC's designated receipt point.
- f. Pays all existing arrearages for utility services prior to entering into a Transportation Service Agreement with OVGC.

## **CURTAILMENT**

OVGC will have the right to curtail or discontinue acceptance, transportation or redelivery of natural gas under this rate when:

- a. After notification by OVGC to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGC;
- c. Accident, breakage or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to OVGC; or,
- d. Accident, breakage or other causes of disruption of natural gas delivery to Customer on OVGC's distribution system is beyond OVGC's control.

OVGC will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. OVGC's usage of EBB information shall be deemed reasonable by the parties hereto, and OVGC will not be liable for the accuracy of the information obtained from the EBB. OVGC will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into OVGC's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

## **CUSTOMER BILLING**

Each school facility of the Customer electing this rate will be metered and levied a monthly Facilities Charge for each meter in service. Each meter and its metered volume will be listed on Customer's bill. Metered volumes of Customer will be aggregated on Customer's bill by OVGC receipt point for the purposes of calculating the Daily Balancing Charge and the Cash-Out of Monthly Imbalance. Where applicable, metered volumes will be grouped on Customer's bill by Customer Group (each school corporation) for purposes of calculating the Daily Balancing Charge and the Cash-Out of Monthly Imbalance, and further grouped by Meter Group for the appropriate application of charges per this rate.

Metered volumes of multiple meters will not be aggregated on Customer's bill to avoid monthly Facilities Charges. Metered volumes of school facilities will not be aggregated to meet minimum volume requirements for application of OVGC's other transportation tariffs.

## RATES AND CHARGES

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Distribution Charge per therm:	<b>T18 \$ 0.509348</b>
	<b>T48 \$ 0.509348</b>
	<b>T98 \$ 0.509348</b>

Normal Temperature Adjustment (**NTA**) – Dependent upon weather (temperature) conditions during specified billing cycles as described in the latest approved Appendix C (See Sheet No. 11).

Pipeline Safety Adjustment (**PSA**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 12).

Transmission, Distribution, and Storage System Improvement Charge (**TDSIC**) – Dependent upon actual costs incurred as set forth in the latest approved Appendix F (See Sheet No. 14).

Federal Income Tax (FIT) Adjustment Rider - As set forth in the latest approved Appendix G (See Sheet No. 15)

Revenue Decoupling Mechanism, Sales Reconciliation Component (SRC) Rider – As set forth in the latest approved Appendix H (See Sheet No. 16).

## FACILITIES CHARGE

The monthly Facilities Charge for Meter Size 675 scfh or less (Group 1) is **\$52.68** per meter and will be equally divided and applied on a daily basis.

The monthly Facilities Charge for Meter Size greater than 675 scfh (Group 2) is **\$81.94** per meter and will be equally divided and applied on a daily basis.

## FUEL LOSS CHARGE

OVGC shall retain 1% of the received transport gas to account for fuel loss within the OVGC Distribution System. OVGC will not charge any "Off-System End-User" the Distribution Charge on such retained gas.

## LATE PAYMENT CHARGE

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over 3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

## COLLECTION CHARGE

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

## **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

## **RECONNECTION CHARGE**

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGC may waive the reconnection fee, provided that disconnection was not for violation of OVGC's Rules and Regulations.

## **UNAUTHORIZED USE CHARGE**

If Customer fails to completely curtail its use of natural gas within one (1) hour of OVGC's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGC shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGC's other Customers or its pipeline operations were not adversely affected by such use.

## **OVERRUN SERVICE AND DAILY BALANCING CHARGES**

### **a. Unauthorized Overrun**

- (1) If Customer has been informed by OVGC to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGC, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGC a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGC or any of OVGC's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGC shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGC's other customers or its pipeline operations were not adversely affected.
- (4) OVGC shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGC's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGC with satisfactory evidence that such

accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGC allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGC gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day, shall be ten (10) percent of the applicable Daily Nomination on file with OVGC.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

**CASHOUT OF MONTHLY IMBALANCE**

Customer shall be subject to net aggregate monthly imbalance cashout. At the end of each billing month, OVGC will determine the imbalance by comparing the net receipts at OVGC's city gate station from the applicable interstate pipeline to actual deliveries through Customer's meter aggregated by OVGC receipt point or, if applicable, by each Customer Group of Customer. The net aggregate imbalance percentage for each Customer Group of Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the billing month is LESS than the total quantity of gas delivered by OVGC to the Customer, OVGC shall bill the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Highest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the month is GREATER than the total quantity of gas delivered by OVGC to the Customer, OVGC shall credit the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Lowest City Gate Station Price for the Month</b>
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGC will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

#### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

#### **RULES AND REGULATIONS**

Transportation service hereunder shall, where applicable, be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.



**RATE NO. T19**  
**RATE NO. T49**  
**RATE NO. T99**  
**Pipeline Direct Buy Service**

**AVAILABILITY**

This rate shall be available to any "Pipeline Direct Buy End-Users" (Customer) who purchase natural gas directly from a pipeline company and use OVGC's facilities to receive and redeliver that natural gas to Customer's location within OVGC's Service Area; whose annual requirements for natural gas are anticipated to be greater than 5,000,000 Therms; and who has executed a Transportation Services Agreement. See Appendix E (Sheet No. 13).

**APPLICABILITY**

This rate provides a means whereby OVGC, within the physical limitations of its existing distribution systems can, under specific contract (OVGC's Transportation Services Agreement), provide a service for the transportation of Customer-owned natural gas to Customers who will accept delivery of such natural gas in OVGC's Service Area. See Appendix E (Sheet No. 13). Service provided hereunder shall be metered and billed separately from service provided under any other OVGC rate.

**"PIPELINE DIRECT BUY END-USER" DEFINED**

As used in this rate a "Pipeline Direct Buy End-User" is a customer for whom OVGC has no contractual obligation to provide natural gas from its OVGC system supply and for whose natural gas needs and requirements OVGC is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.) related to Customer's natural gas supply.

**ELIGIBILITY**

A Customer whose need for service is consistent with the availability paragraph of this rate, and who meets the eligibility requirements set forth below, shall be eligible to receive service under this rate. Service hereunder is intended for any Customer which, after arranging for a supply of natural gas from or through a third party, desires OVGC to provide transportation of said natural gas between two mutually agreeable points on an existing OVGC gas distribution system, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering natural gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGC receipt point(s).
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said natural gas at the agreed upon OVGC delivery point(s).
- c. Has entered into a Transportation Services Agreement with OVGC for an initial period of not less than one (1) year. After the one (1) year period the agreement can be terminated by either party after providing ninety (90) days' notice to the other party. Such agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGC of Customer's intent to change from a sales rate to this rate and execution of the Agreement with OVGC is required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this rate is to begin. OVGC reserves the right to waive the sixty (60) day requirement.

- d. Has provided OVGC with sufficient documentation and other information to permit prior verification and acceptance of the means and arrangements for purchase and delivery of natural gas requirements to OVGC receipt point. This documentation will include both transportation arrangements and source of natural gas supply. OVGC may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGC's receipt point on a timely and uninterrupted basis.
- e. Agrees to provide OVGC with written Daily Nominations in a format acceptable to OVGC. All Daily Nominations are due in OVGC's gas supply department by the 25th day of each calendar month for the upcoming month's quantities (in Therms) and shall be detailed by calendar day. All written changes to the Daily Nominations, when received in OVGC's gas supply department by 12:00 p.m. Eastern time on a scheduled OVGC workday, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day as specified by the Customer. If not otherwise indicated, all written changes to a customer's Daily Nominations shall be applicable to the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGC gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, electronic (e-mail) or facsimile transmissions to OVGC's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing any end-user and determining applicable Daily Balancing and Cashout of Monthly Imbalance charges.
- f. Agrees that it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGC. OVGC assumes no responsibility or liability for the accuracy of nominations by Customers receiving service under this rate.
- g. Pays all existing arrearages for utility services prior to entering into a Transportation Service Agreement with OVGC.

## **CURTAILMENT**

OVGC will have the right to curtail or discontinue acceptance, transportation, or redelivery of natural gas under this rate when:

- a. After notification by OVGC to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGC;
- c. Accident, breakage, or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to OVGC; or,
- d. Accident, breakage, or other causes of disruption of natural gas delivery to Customer on OVGC's distribution system is beyond OVGC's control.

OVGC will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. OVGC's usage of EBB information shall be deemed reasonable by the parties hereto, and OVGC will not be liable for the accuracy of the information obtained from the EBB. Company will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into OVGC's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

## **RATES AND CHARGES**

Rates, charges, and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

The monthly Facilities Charge per meter is **\$1,199.83** and will be equally divided and applied on a daily basis.

Distribution Charge per therm:	<b>T15 \$ 0.021319</b>
	<b>T45 \$ 0.021319</b>
	<b>T95 \$ 0.021319</b>

## **FUEL LOSS CHARGE**

OVGC shall retain 0.7% of the gas received at Company's city gate to account for fuel loss within the OVGC Distribution System. OVGC will not charge any "Pipeline Direct Buy End-User" the Distribution Charge on such retained gas.

## **LATE PAYMENT CHARGE**

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGC after the due date will be subject to the Late Payment Charge.

## **COLLECTION CHARGE**

A Collection Charge of \$30.00 will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

## **RETURNED CHECK CHARGE**

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGC's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

## **RECONNECTION CHARGE**

A Reconnection Charge of \$80 will be made to cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address. When service is reactive less than twelve (12) months after it was disconnected the Customer will pay an amount equal to the applicable monthly minimum charge times the months service was discontinued, the reconnection charge and any deposits required prior to service being restored. If the disconnection period exceeds one (1) year, OVG may waive the reconnection fee, provided that disconnection was not for violation of OVG Rules and Regulations.

## **UNAUTHORIZED USE CHARGE**

If Customer fails to completely curtail its use of natural gas within one (1) hour of OVGC's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGC shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGC's other Customers or its pipeline operations were not adversely affected by such use.

## **OVERRUN SERVICE AND DAILY BALANCING CHARGES**

### **a. Unauthorized Overrun**

- (1) If Customer has been informed by OVGC to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGC, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGC a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGC or any of OVGC's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGC shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGC's other customers or its pipeline operations were not adversely affected.
- (4) OVGC shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGC's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGC with satisfactory evidence that such accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGC allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGC gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day, shall be ten (10) percent of the applicable Daily Nomination on file with OVGC.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

**CASHOUT OF MONTHLY IMBALANCE**

Customer shall be subject to net aggregate monthly imbalance cash out. At the end of each billing month, OVGC will determine the imbalance by comparing the net receipts at OVGC's city gate station from the applicable interstate pipeline to actual deliveries through OVGC's meter(s) located at Customer's location. The net aggregate imbalance percentage for each Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the billing month is LESS than the total quantity of gas delivered by OVGC to the Customer, OVGC shall bill the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Average City Gate Station Price for the Month</b>
> 0% not > 2-1/2%	100%
> 2-1/2% not > 5%	110%
> 5% not > 7-1/2%	120%
> 7-1/2% not > 10%	130%
> 10% not > 12-1/2%	140%
> 12-1/2%	150%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGC during the month is GREATER than the total quantity of gas redelivered by OVGC to the Customer, OVGC shall credit the Customer for the net aggregate monthly imbalance according to the following table:

<b>Net Aggregate Monthly Imbalance Percentage</b>	<b>Percentage of OVGC's Lowest City Gate Station Price for the Month</b>
> 0% not > 2-1/2%	100%
> 2-1/2% not > 5%	90%
> 5% not > 7-1/2%	80%
> 7-1/2% not > 10%	70%
> 10% not > 12-1/2%	60%
> 12-1/2%	50%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGC will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

#### **TWENTY-FOUR (24) HOUR PURCHASE GAS DAY**

For the purpose of this rate the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

#### **RULES AND REGULATIONS**

Transportation service hereunder shall, where applicable, be subject to OVGC's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

**APPENDIX B**  
**GAS COST ADJUSTMENT FACTOR FOR PURCHASED GAS**

The Gas Cost Adjustment (GCA) Factor is a rate tracking factor, representing the cost of purchased gas, in accordance with the order of the Indiana Utility Regulatory Commission, approved May 14, 1986, in Cause No. 37091, as follows:

**RATE NO.**

**APPLICABLE GCA FACTOR**

See "Gas Rates" on the OVGC.COM website under "Information – Rates & Regulatory Information  
"Gas Rates" are updated monthly.