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March 27, 2019
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF BOONVILLE NATURAL GAS)
CORPORATION FOR AUTHORITY TO CHANGE)
ITS RATES, CHARGES, TARIFFS, RULES, AND) CAUSE NO. 45215
REGULATIONS)**

**DIRECT TESTIMONY
OF
KERRY A. HEID**

**ON BEHALF OF
BOONVILLE NATURAL GAS CORPORATION**

1 **DIRECT TESTIMONY OF KERRY A. HEID**

2 **BOONVILLE NATURAL GAS CORPORATION**

3 **I. INTRODUCTION AND OVERVIEW**

4 **Q1 PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5 A. My name is Kerry A. Heid. My business address is 3212 Brookfield Drive,
6 Newburgh, IN 47630.

7 **Q2 ARE YOU AFFILIATED WITH THE PETITIONER?**

8 A. No. I am an independent utility rate consultant. I have been engaged by the
9 Petitioner, Boonville Natural Gas Corporation (“Boonville” or “Company” or
10 “Petitioner”), to prepare a cost of service study, recommend a rate design, and offer
11 other tariff changes in this proceeding.

12 **Q3 WHAT IS YOUR EDUCATIONAL BACKGROUND?**

13 A. In 1973, I graduated from Purdue University with a Bachelor of Science degree in
14 Civil Engineering. In 1985, I graduated from Indiana University with a Master of
15 Business Administration degree, majoring in Finance.

16 **Q4 PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE.**

17 A. My business experience and qualifications are set forth in Petitioner’s Exhibit KAH-1.

18 **Q5 DO YOU HOLD ANY PROFESSIONAL ACCREDITATIONS?**

19 A. Yes. I have been a licensed Professional Engineer in the State of Indiana since 1977.

20 **Q6 HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

21 A. Yes. I have testified on numerous occasions before this Commission on cost of
22 service, rate design and other regulatory and ratemaking matters. I prepared and
 testified to Boonville’s previous cost of service and rate design study in Cause No.

1 43342 in 2008. I also subsequently testified to Boonville Cause No. 44129 in 2012 in
2 which the Commission ordered Boonville to continue to move toward straight fixed
3 variable (“SFV”) rate design and to file a cost of service study in its next base rate
4 case.

5 **Q7 WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

6 A. The purpose of my testimony is to present evidence on:

- 7 (1) Petitioner's cost of service study;
8 (2) Petitioner’s subsidy reduction and revenue distribution among its rate schedules;
9 (3) The rate design and levels of rates and charges applicable to each rate schedule;

10 **Q8 HOW IS YOUR TESTIMONY ORGANIZED?**

11 A. My testimony is organized into the following sections:

- 12 I. Introduction and Overview
13 II. Overview of Rate Schedules
14 III. Cost of Service Study
15 IV. Revenue Distribution Among Rate Classes
16 V. Rates and Charges
17 VI. Tariff

18 **Q9 WHAT EXHIBITS ARE YOU SPONSORING IN THIS PROCEEDING?**

19 A. I am sponsoring the following exhibits:

- 20 KAH-1 Business Experience and Qualifications of Kerry A. Heid
21 KAH-2 Cost of Service Study
22 KAH-3 Operating Income at Present and Proposed Rates
23 KAH-4 Rate Class Subsidy Levels at Present and Proposed Rates
24 KAH-5 Revenues from Gas Sales at Present and Proposed Rates
25 KAH-6 Comparison of Present and Proposed Revenues and Rate Components
26 KAH-7 Revenue Proof

1 KAH-8 Bill Impact Tables
2 KAH-9 Tariff
3
4

5 **II. OVERVIEW OF RATE SCHEDULES**
6

7 **Q10 PLEASE PROVIDE AN OVERVIEW OF THE CURRENT BOONVILLE RATE**
8 **SCHEDULES THAT FORM THE BASIS FOR YOUR COST OF SERVICE STUDY.**

9 A. Petitioner's current rate schedules are summarized below. These rate schedules will
10 be discussed in further detail in later sections of my testimony.

11 Rate RS-Residential Service is a firm sales service available to all customers using
12 gas service for domestic purposes to residences and individual apartments.

13 Rate CS-Commercial Service is a firm sales service available to commercial
14 customers using gas service for cooking and/or water heating, and/or other
15 commercial use.

16 Rate ITS-Interruptible Transportation Service is an interruptible transportation
17 service available to any large volume customer with anticipated annual gas
18 consumption in excess of 100,000 dekatherms who agrees to have such gas
19 interrupted. This rate schedule is proposed to be eliminated in this rate case as will
20 be more fully described in a later section of my testimony.

21 Rate ATS-Asphalt Plant Transportation Service is a firm transportation service
22 available to any Asphalt Plant customer whose annual gas consumption is limited to
23 the service months of April through December of each year.

24 Rate STS-School Transportation Service is a transportation service available to
25 public school corporation customers serving students in grades K through 12 that
26 elect service hereunder.

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The current schedules are those approved on November 8, 2012 in Cause No. 44129, except as amended effective January 1, 2018 to remove the amortization of rate case expense and further amended effective May 1, 2018 to reflect the recent Tax Investigation Cause No. 45032 Phase 1.

III. COST OF SERVICE STUDY

Q11 PLEASE PROVIDE AN OVERVIEW OF YOUR TESTIMONY AS IT RELATES TO YOUR COST OF SERVICE STUDY?

A. The purpose of my testimony is to sponsor a fully allocated cost of service study based on Petitioner’s embedded cost of providing gas service for the test year, the twelve months ended June 30, 2018, and based on a rate base cut-off date of September 30, 2018. Working with Petitioner’s management and with their accounting consultant, LWG CPAs & Advisors (“LWG”), I prepared an embedded cost of service study based on Petitioner’s accounting costs per books, adjusted for fixed, known and measurable changes to test year operating results. The cost of service study corresponds to the proforma financial exhibits included in the exhibits of LWG. My objective in performing the cost of service study was to determine the rate of return on rate base that Petitioner is earning from each customer class, which provides an indication as to whether its rates reflect the cost of providing service to each customer class.

Q12 EXPLAIN THE COMPOSITION OF THE COST OF SERVICE STUDY.

A. The study consists of two parts. First, the investment required to serve each rate schedule was determined. This was done by allocating total original cost utility rate

1 base as of the specified cut-off date, as adjusted, among the customer rate classes
2 based on various assignment and allocation methods. The allocation of investment, or
3 rate base, was used to allocate capital costs. Second, the operating costs incurred
4 during the test year in providing service to each customer rate class were determined.
5 This was done by allocating the proforma operating costs of providing gas service, as
6 determined on a going level basis at present and proposed rates, among the customer
7 rate classes based on various assignment and allocation methods.

8 **Q13 WHERE DID YOU OBTAIN THE DATA USED TO PERFORM THE COST OF**
9 **SERVICE STUDY?**

10 A. Investment cost data was taken from detailed accounting information which formed
11 the basis of the utility rate base shown in Exhibit D sponsored by Petitioner's
12 accounting witness Ms. Bonnie Mann. The cost of service data was obtained from
13 accounting information which formed the basis of the Proforma Statements of
14 Operating Income shown in Exhibit C sponsored by Petitioner's accounting witness
15 Ms. Bonnie Mann. Data used to derive allocation factors in the allocation of rate base
16 and cost of service came from various sources, including Petitioner's books and
17 records, management's estimates and my professional experience. I applied my
18 professional judgment in applying such information and deriving such allocation
19 factors.

20 **Q14 PLEASE DESCRIBE IN GENERAL THE ASSIGNMENT AND ALLOCATION**
21 **PROCESSES USED IN THE COST OF SERVICE STUDY.**

22 A. The investment or cost was allocated to the customer rate classes using the most
23 appropriate method considering the type of investment or cost involved. For example,

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

9 **Q15 PLEASE DESCRIBE PETITIONER'S EXHIBIT KAH-2.**

10 A. Petitioner's Exhibit KAH-2, Schedules 1 through 7, present the cost of service study I
11 prepared in this proceeding. Schedule 1 presents a table of the rate schedule allocation
12 factors used in the cost allocation process. These cost allocation factors are cross-
13 referenced in the cost allocation schedules that will be subsequently discussed in this
14 section. Schedule 2 presents the results of the allocation of Petitioner's original cost
15 rate base among its various customer rate classes. Schedule 3 presents the results of
16 the allocation of depreciation and amortization expenses among the various customer
17 rate classes. Schedule 4 presents the results of the allocation of operation and
18 maintenance expenses ("O&M") among the various customer rate classes at proforma
19 A and Proforma B revenue levels, respectively. The designation "Proforma A"
20 represents results at present revenue levels. The designation "Proforma B" represents
21 results at proposed revenue levels. Schedule 5 presents the results of the allocation of
22 miscellaneous revenues among the various customer rate classes. Schedule 6 reflects

1 the class-by-class calculation of federal and state income and gross receipts taxes.

2 Schedule 7 reflects the summarized results of the preceding cost of service allocations.

3
4 **IV. REVENUE DISTRIBUTION AMONG RATE CLASSES**

5 **Q16 HAVE YOU USED THE RESULTS OF THE COST OF SERVICE STUDY IN**
6 **DEVELOPING YOUR PROPOSED REVENUE ALLOCATIONS BY RATE**
7 **SCHEDULE?**

8 A. Yes. My cost of service study served as the foundation for determining the revenue
9 allocations I am proposing. My cost of service study was structured to provide
10 revenue and operating income amounts and associated taxes to compute the rate of
11 return on rate base for each rate schedule at both present and proposed rates.

12 **Q17 PLEASE IDENTIFY THE RATES OF RETURN BY RATE BASE UNDER**
13 **PETITIONER'S PRESENT RATES.**

14 A. Petitioner's Exhibit KAH-3, Schedule 1, contains the Statement of Operating Income
15 at present rates by rate schedule. Line 12 of that schedule reflects the current rate of
16 return for each rate schedule. Line 13 reflects the Earnings Indices comparing the
17 current class rates of return to the current overall Company rate of return.

18 **Q18 DOES YOUR COST OF SERVICE STUDY SHOW THE TOTAL OPERATING**
19 **REVENUES BY RATE SCHEDULE THAT WOULD RESULT FROM EQUAL RATES**
20 **OF RETURN AT THE PRESENT REVENUE LEVEL?**

21 A. Yes, Petitioner's Exhibit KAH-3, Schedule 2, contains the Statement of Operating
22 Income at equal rates of return at the present revenue levels.

1 Q19 WHAT WOULD THE RESULT BE IF THE TOTAL OPERATING REVENUES
2 BY RATE SCHEDULE AT THE PROPOSED REVENUE REQUIREMENT
3 REFLECTED EQUAL RATES OF RETURN?

4 A. Petitioner's Exhibit KAH-3, Schedule 3, contains the Statement of Operating Income
5 at equal rates of return at the proposed revenue requirement.

6 Q20 WHAT IS PETITIONER PROPOSING RELATIVE TO RATES OF RETURN?

7 A. Petitioner's Exhibit KAH-3, Schedule 4, contains the Statement of Operating Income
8 at proposed rates by rate schedule.

9 Q21 CAN YOU IDENTIFY THE SUBSIDY LEVEL FOR EACH RATE SCHEDULE
10 AT PRESENT AND PROPOSED RATES AND THE CHANGE IN EACH SUBSIDY
11 LEVEL REFLECTED IN THE PROPOSED REVENUE ALLOCATIONS.

12 A. Yes, Petitioner's Exhibit KAH-4 reflects the current and proposed customer class
13 subsidy levels for each rate schedule at present and proposed rates. In this proceeding
14 Petitioner is proposing to retain the present subsidy levels.

15 Q22 WHAT EFFECT WILL THE PROPOSED REVENUE DISTRIBUTION AND
16 SUBSIDY REDUCTION LEVELS HAVE ON THE ANNUAL REVENUES FROM GAS
17 SALES TO BE COLLECTED FROM EACH RATE SCHEDULE?

18 A. Petitioner's Exhibit KAH-5 contains a summary of present and proposed margins and
19 revenues from gas sales by rate schedule.

20
21 **V. RATES AND CHARGES**

22 Q23 PLEASE EXPLAIN HOW YOU DEVELOPED BOONVILLE' PROPOSED
23 RATES FOR THIS PROCEEDING.

1 A. Based upon the desired revenue distribution to each rate class as previously described
2 in my testimony, the primary objective was to design rates that recover the appropriate
3 amount of revenue from each rate class. However, additional considerations also
4 guided my rate design. Petitioner's current Customer Charges are significantly below
5 the fixed costs of providing service. Petitioner's fixed costs should be recovered
6 through the fixed monthly Customer Chargers. Similarly, variable costs should be
7 recovered through volumetric distribution charges. To the extent that fixed costs are
8 allowed to be recovered in the rate design as though they were commodity costs, the
9 rate design will result in: (1) earnings erosion for Petitioner due to declining average
10 usage per customer, and (2) a misalignment in the pricing results with the costs
11 incurred to serve customers. In the instant case, I concluded that a reasonable rate
12 design would provide for Petitioner to structure its rates and charges to recover a
13 greater portion of its costs through the monthly Customer Charge, and I have applied
14 this reasoning in developing the proposed rates.

15 For those customers who could elect between sales and transportation alternatives, an
16 important objective was to make those corresponding sales and transportation rate
17 schedules margin neutral. It is important for the Petitioner to be margin neutral so that
18 it would not be harmed or advantaged by the customers' gas supply decisions.
19 Moreover, it is important to eliminate any margin rate disparities between sales and
20 transportation rates that would artificially encourage the customer to prefer one option
21 over the other.

22 Finally, we were guided by our objective to (1) have a reasonable relationship between
23 rate blocks in the subject rate schedule, (2) mitigate rate shock within the customer

1 class, and (3) have a reasonable relationship between rate blocks in adjacent rate
2 schedules.

3 **Q24 HAVE YOU DEVELOPED RATES AND CHARGES THAT PRODUCE THE**
4 **RESULTS DESCRIBED IN THE PRECEDING SECTION?**

5 A. Yes. Petitioner's Exhibit KAH-6 contains a comparison of present to proposed
6 revenues by rate schedule and by rate component. Petitioner's Exhibit KAH-7 contains
7 a revenue proof comparing proposed revenues by rate class to the allocated costs.
8 This schedule demonstrates that the proposed rates generate the appropriate level of
9 revenues. Column 3 highlights Petitioner's proposed rates and charges, and Column 4
10 shows the Revenues from Gas Sales at Proposed Rates. Column 5 shows the
11 Miscellaneous Revenues attributable to each rate class. Column 6 reflects total
12 calculated revenues and compares that total to allocated costs (Column 7) for each rate
13 schedule based on the proposed rates and charges. Columns 8 and 9 reflect the dollar
14 and percentage difference between calculated revenues and allocated costs, which are
15 extremely minor and result from rounding differences.

16 **Rate RS-Residential Service**

17 **Q25 PLEASE DESCRIBE THE PROPOSED REVISIONS TO RATE RS FOR**
18 **RESIDENTIAL SALES SERVICE.**

19 A. The customer charge for Rate RS-Residential Service has been raised to \$14.00 from
20 \$12.00 per meter. The remaining increased revenue requirement for this class will be
21 recovered through increases to the distribution charges. The allocated fixed cost per
22 bill for Rate RS is \$39.54. The proposed customer charge level represents
23 approximately 35% of the allocated fixed costs.

1 **Q26 PLEASE DESCRIBE THE IMPACT OF PETITIONER'S PROPOSED REVENUE**
2 **ALLOCATIONS REFERENCED ABOVE.**

3 A. Petitioner's Exhibit KAH-8, Schedule 1 contains a table of monthly bill amounts
4 calculated at various levels of usage for both present and proposed rates for
5 Petitioner's Rate RS-Residential Service customers. Schedule 2 presents the impacts
6 for an average Rate RS Residential customer. The dollar and percentage increase in
7 monthly bill amounts is identified for each average monthly usage level.

8 **Rate CS-Commercial Service**

9 **Q27 PLEASE DESCRIBE THE PROPOSED REVISIONS TO RATE CS FOR**
10 **COMMERCIAL SALES SERVICE?**

11 A. Rate CS currently has two customer charges, depending upon the size of the
12 customer's meter. The Group 1 Meters, which represent the smaller meter sizes in the
13 class, presently have a customer charge of \$18.00 per meter per month, which we are
14 proposing to change to \$20.00 per meter per month. The Group 2 Meters, which
15 represent the largest meter sizes in the class, presently have a customer charge of
16 \$36.00 per meter per month, which we are proposing to change to \$40.00 per meter
17 per month. As with Rate RS, we are proposing to recover the remaining allocated
18 revenue requirements through the distribution charges. The allocated average fixed
19 costs per bill for Rate CS are \$131.00. The proposed customer charge levels
20 represents approximately 24% of the allocated fixed costs.

21 **Q28 WHAT IS THE IMPACT ON THE RATES AND CHARGES FOR THIS LARGE**
22 **COMMERCIAL CUSTOMER CLASS UNDER THE PROPOSED REVENUE**
23 **ALLOCATION OF THE COST OF SERVICE STUDY?**

1 A. Petitioner’s Exhibit KAH-8, Schedule 3, shows this impact for this class.

2 **Rate ITS-Interruptible Transportation Service**

3 **Q29 WHAT REVISIONS ARE PROPOSED FOR RATE ITS-INTERRUPTIBLE**
4 **TRANSPORTATION SERVICE?**

5 A. Rate ITS-Interruptible Transportation Service is proposed to be eliminated from the
6 Tariff for Gas Service.

7 **Q30 PLEASE EXPLAIN WHY BOONVILLE IS PROPOSING TO ELIMINATE ITS**
8 **RATE ITS-INTERRUPTIBLE TRANSPORTATION SERVICE.**

9 A. There are numerous reasons I am recommending the elimination of Rate ITS-
10 Interruptible Transportation Service. First, there are no customers presently utilizing
11 this interruptible transportation rate service. Historically, there was only one
12 customer back in the 1980’s who was served on this rate schedule, and that customer
13 is no longer in business. Second, it is noteworthy that this is an “interruptible
14 transportation” rate schedule, not an “interruptible gas supply” rate schedule. This
15 means that the “interruptible” nature or character of the rate would apply only if there
16 was need for an operational curtailment or interruption on Petitioner’s distribution
17 system. Petitioner does not have operational or capacity constraints on its system that
18 would cause the need for an operational curtailment or interruption, so an interruptible
19 transportation service is unnecessary. In fact, it has never been necessary for
20 Petitioner to curtail or interrupt the distribution of gas on its system solely because of
21 a capacity constraint on its distribution system. Third, in periods of operational
22 curtailments or interruptions (assuming there was an actual need for such
23 curtailments or interruptions), the customers that would take service on this rate

1 schedule are not large enough nor sufficiently numerous to provide a sufficient
2 benefit during the interruption to warrant the administrative burden associated with
3 an interruption. Because customers do not have real-time metering, if an interruption
4 were called, it would be necessary for the Petitioners to have service personnel
5 periodically read the interruptible transportation customers' meters to ensure they are
6 not using unauthorized gas. The administrative responsibilities and disadvantages
7 simply outweigh the potential advantages of maintaining the Rate 3 interruptible rate
8 schedule.

9 **Rate ATS-ASPHALT PLANT TRANSPORTATION SERVICE**

10 **Q31 WHAT REVISIONS ARE PROPOSED FOR RATE ATS-ASPHALT PLANT**
11 **TRANSPORTATION SERVICE?**

12 A. Rate ATS has no customer charge because of the intermittent nature of their usage and
13 the need to maintain a competitiveness to this rate. For this same reason, no customer
14 charge is being proposed in this rate case. As with the previous rate schedules, we are
15 proposing the remaining revenue requirement be recovered through the distribution
16 charge.

17 **Q32 WHAT IS THE IMPACT ON THIS CLASS OF PETITIONER'S PROPOSED**
18 **REVENUE ALLOCATION?**

19 A. Petitioner's Exhibit KAH-8, Schedule 5, shows the impact on this class.

20 **Rate STS-School Transportation Service**

21 **Q33 WHAT REVISIONS ARE PROPOSED FOR RATE STS-SCHOOL**
22 **TRANSPORTATION SERVICE?**

1 A. Rate STS-School Transportation Service presently has customer charges and
2 distribution rates identical to those in Rate CS-Commercial Service. Boonville would
3 propose to continue this practice for several reasons. First, any existing Boonville
4 customer desiring to become a Rate STS-School Transportation customer would
5 migrate from Rate CS-Commercial Service. Thus it would be important to maintain
6 margin neutrality between Rate STS and Rate CS. Second, any new Boonville
7 customer desiring to become a Rate STS-School Transportation customer would have
8 the same usage characteristics as customers on Rate CS-Commercial Service.
9 Therefore, similar rates would again be appropriate. Finally, because there are no
10 customers on Rate STS and thus no cost of service conclusions for this service, it is
11 reasonable for Rate CS and Rate STS to have the same rates and charges.

12 **VI. TARIFF FOR GAS SERVICE**

13 **Q34 HAVE YOU PREPARED A TARIFF REFLECTING RATES AND CHARGES**
14 **THAT PRODUCE THE RESULTS DESCRIBED IN THE PRECEDING SECTION?**

15 A. Yes. In addition to updating the Tariff to reflect the proposed rates and charges, the
16 updated Tariff reflects the elimination of Rate ITS-Interruptible Transportation
17 Service. Finally, the labeling of the Tariff has been updated from “G-3” to “G-4” to
18 reflect the new rate proceeding base rates.

19 **Q35 DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

20 A. Yes, at the present time.

21

VERIFICATION

I affirm under the penalties for perjury that the foregoing is true to the best of my knowledge, information and belief as of the date here filed.

Kerry A. Heid
Kerry A. Heid

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record by electronic mail this 27th day of March, 2019:

Jason Haas
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L. Parvin Price

KERRY A. HEID, P.E.

Heid Rate and Regulatory Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Switzerland County Natural Gas Company	2018	Natural Gas Cost of Service Study and Rate Design
City of Jasper, IN Municipal Gas Utility	2018	Natural Gas Cost of Service Study and Rate Design
Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Indiana Natural Gas Corporation Switzerland County Natural Gas	2018	Compliance with Indiana Utility Regulatory Commission Cause No. 45032 Re: Reduction in Federal Income Tax Rate
Shelby Township, Michigan Kickham Hanley	2018	Municipal Water Ratemaking Litigation
Rochester Hills, Michigan Kickham Hanley	2018	Municipal Water Ratemaking Litigation
Midwest Natural Gas Company	2019	TDSIC Cost Allocation
Indiana American Water Company	2019	Assistance with Water Cost of Service Study, and Rate Design Rebuttal Testimony

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

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

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

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

<u>NO. ALLOCATORS</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>	<u>TOTAL</u>
<u>Input Allocators</u>				
1 Annual Throughput	2,909,636 60.1865%	1,698,963 35.1434%	225,770 4.6701%	4,834,369 100.0000%
2 Annual Sales	2,909,636 63.1349%	1,698,963 36.8651%	0 0.0000%	4,608,599 100.0000%
3 Number of Bills	53,459 91.6712%	4,848 8.3133%	9 0.0154%	58,316 100.0000%
4 Design Day Throughput	46,442 68.4340%	20,601 30.3562%	821 1.2097%	67,864 100.0000%
5 Design Day Sales	46,442 69.2721%	20,601 30.7279%	0 0.0000%	67,043 100.0000%
6 P/F A Normal Rev. w/o Misc. Rev.	\$1,828,603 75.4537%	\$568,857 23.4728%	\$26,016 1.0735%	2,423,476 100.0000%
7 Meters Weighting Factor Meters Study	1.0 53,459 70.6802%	4.5 21,816 28.8438%	40.0 360 0.4760%	75,635 100.0000%
8 Services Weighting Factor Services Study	1.0 53,459 85.2287%	1.9 9,211 14.6852%	6.0 54 0.0861%	62,724 100.0000%
14 95% Rate RS / 5% Rate CS	95% 95.0000%	5.0000% 5.0000%	0.0000% 0.0000%	100.0000% 100.0000%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

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

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

<u>NO. ALLOCATORS</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>	<u>TOTAL</u>
<u>Internally-Generated Allocators</u>				
100	Gross Plant \$9,458,149 71.7125%	\$3,499,667 26.5348%	\$231,170 1.7528%	\$13,188,985 100.0000%
101	Gross Plant Excl. G&I Plant \$6,938,345 71.7786%	\$2,559,993 26.4837%	\$167,976 1.7377%	\$9,666,314 100.0000%
102	Original Cost Rate Base \$4,238,917 72.6633%	\$1,496,870 25.6593%	\$97,858 1.6775%	\$5,833,645 100.0000%
103	Distribution Mains Plant \$3,025,242 68.4144%	\$1,286,092 29.0843%	\$110,604 2.5012%	\$4,421,938 100.0000%
107	Mains and Services Plant \$5,811,811 71.9955%	\$2,100,267 26.0177%	\$160,390 1.9869%	\$8,072,468 100.0000%
108	Meters, Meter Installations and House Regulators \$1,126,534 70.6802%	\$459,726 28.8438%	\$7,586 0.4760%	\$1,593,846 100.0000%
109	Subtotal Distribution Plant \$4,346,513 68.4144%	\$1,847,791 29.0843%	\$158,910 2.5012%	\$6,353,213 100.0000%
110	Subtotal Gross Plant \$7,070,928 71.7125%	\$2,616,357 26.5348%	\$172,823 1.7528%	\$9,860,108 100.0000%
115	O&M Without Gas Costs (P/F A) \$364,627 84.5762%	\$63,848 14.8096%	\$2,648 0.6142%	\$431,122 100.0000%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

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

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

<u>NO. ALLOCATORS</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>	<u>TOTAL</u>
<u>Internally-Generated Allocators (cont.)</u>				
117	O&M Without Gas Costs (P/F B) 84.5963%	\$365,416 14.7907%	\$63,889 0.6130%	\$431,953 100.0000%
119	Distribution O&M (P/F B) 71.7122%	\$50,650 26.6059%	\$1,188 1.6818%	\$70,630 0.0000%
120	Total Depreciation Expenses 71.7349%	\$330,671 26.5193%	\$8,048 1.7459%	\$460,962 100.0000%
121	P/F A Normal Rev. w/ Misc. Rev. 76.0632%	1,902,699 22.8968%	572,757 1.0400%	2,501,472 100.0000%
122	P/F A Equalized Rev. w/ Misc. Rev. 80.1041%	2,003,783 18.9291%	473,505 0.9668%	2,501,473 100.0000%
123	P/F B Equalized Rev. w/ Misc. Rev. 79.1913%	2,263,594 19.7543%	564,654 1.0545%	30,140 2,858,389 100.0000%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
ALLOCATION OF RATE BASE**

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

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

		<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>GROSS PLANT</u>							
(1)	Total Distribution Plant						
(2)	Mains						
(3)	Customer	3	Number of Bills	\$663,291	\$608,047	\$55,142	\$102
(4)	Commodity	1	Annual Throughput	\$1,879,324	\$1,131,098	\$660,459	\$87,766
(5)	Demand	4	Design Day Throughput	\$1,879,324	\$1,286,097	\$570,492	\$22,735
(6)	Land and Land Rights	103	Distribution Mains Plant	\$134,456	\$91,987	\$39,106	\$3,363
(7)	Structures and Improvements	103	Distribution Mains Plant	\$1,415,764	\$968,586	\$411,766	\$35,412
(8)	Measuring and Regulating Equipment	103	Distribution Mains Plant	\$381,055	\$260,697	\$110,827	\$9,531
(9)	Services	8	Services Study	\$1,719,255	\$1,465,298	\$252,477	\$1,480
(10)	Meters	7	Meters Study	\$1,217,495	\$860,528	\$351,172	\$5,795
(11)	Meter Installations	7	Meters Study	\$284,378	\$200,999	\$82,025	\$1,354
(12)	House Regulators	7	Meters Study	\$91,973	\$65,007	\$26,529	\$438
(13)	Other Distribution Equipment	109	Subtotal Distribution Plant	\$193,794	\$132,583	\$56,364	\$4,847
(14)	Total General and Intangible Plant	110	Subtotal Gross Plant	\$3,328,877	\$2,387,220	\$883,310	\$58,347
(15)	Total Gross Plant			\$13,188,985	\$9,458,149	\$3,499,667	\$231,170

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
ALLOCATION OF RATE BASE**

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

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

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>DEPRECIATION RESERVE</u>						
(1)		Total Distribution Plant Depreciation Reserve				
(2)		Mains				
(3)	103	Distribution Mains Plant	\$2,709,247	\$1,853,515	\$787,967	\$67,765
(4)	103	Land and Land Rights	\$0	\$0	\$0	\$0
(5)	103	Structures and Improvements	\$409,811	\$280,370	\$119,191	\$10,250
(6)	103	Measuring and Regulating Equipment	\$251,762	\$172,241	\$73,223	\$6,297
(7)	8	Services	\$687,180	\$585,674	\$100,914	\$592
(8)	7	Meters	\$699,599	\$494,479	\$201,791	\$3,330
(9)	7	Meter Installations	\$192,536	\$136,085	\$55,535	\$916
(10)	7	House Regulators	\$58,455	\$41,316	\$16,861	\$278
(11)	109	Other Distribution Equipment	\$72,287	\$49,455	\$21,024	\$1,808
(11)	110	General and Intangible Plant Depreciation Reserve	\$2,598,954	\$1,863,774	\$689,626	\$45,553
(12)		Total Depreciation Reserve	\$7,679,831	\$5,476,909	\$2,066,132	\$136,790

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 ALLOCATION OF RATE BASE**

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

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

		<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>OTHER RATE BASE COMPONENTS</u>							
(1)	Materials and Supplies	100	Gross Plant	\$130,627	\$93,676	\$34,661	\$2,290
(2)	Cash Working Capital	117	O&M Without Gas Costs (P/F B)	\$193,864	\$164,002	\$28,674	\$1,188
(3)	Total Other Rate Base Components			<u>\$324,491</u>	<u>\$257,677</u>	<u>\$63,335</u>	<u>\$3,478</u>
				0			
(4)	Total Rate Base			<u>\$5,833,645</u>	<u>\$4,238,917</u>	<u>\$1,496,870</u>	<u>\$97,858</u>

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSE**

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

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

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>DEPRECIATION AND AMORTIZATION EXPENSES</u>						
(1)	Total Distribution					
(2)	Mains	103 Distribution Mains Plant	\$138,971	\$95,076	\$40,419	\$3,476
(3)	Land and Land Rights	103 Distribution Mains Plant	\$0	\$0	\$0	\$0
(4)	Structures and Improvements	103 Distribution Mains Plant	\$42,473	\$29,058	\$12,353	\$1,062
(5)	Measuring and Regulating Equipment	103 Distribution Mains Plant	\$11,994	\$8,205	\$3,488	\$300
(6)	Services	8 Services Study	\$53,191	\$45,334	\$7,811	\$46
(7)	Meters - Account 381	7 Meters Study	\$37,848	\$26,751	\$10,917	\$180
(8)	Meter Installations - Account 381	7 Meters Study	\$9,255	\$6,542	\$2,670	\$44
(9)	House Regulators - Account 381	7 Meters Study	\$2,759	\$1,950	\$796	\$13
(10)	Other Distribution Equipment	109 Subtotal Distribution Plant	\$5,814	\$3,977	\$1,691	\$145
(11)	General and Intangible Plant	110 Subtotal Gross Plant	\$158,658	\$113,777	\$42,099	\$2,781
(12)	Total Depreciation and Amortization Expense		<u>\$460,962</u>	<u>\$330,671</u>	<u>\$122,244</u>	<u>\$8,048</u>

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
 PROFORMA A (PRESENT REVENUE LEVELS)**

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

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

	<u>No.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>PROFORMA COST OF GAS</u>						
(1)	2	Annual Sales	\$0	\$0	\$0	\$0
(2)	2	Annual Sales	\$42,375	\$26,753	\$15,622	\$0
(3)		Total Proforma Cost of Gas	\$42,375	\$26,753	\$15,622	\$0
<u>OPERATING EXPENSES</u>						
(4)		Total Distribution Expenses				
(5)	103	Distribution Mains Plant	\$1,007	\$689	\$293	\$25
(6)	107	Mains and Services Plant	\$55,061	\$39,641	\$14,325	\$1,094
(7)	7	Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(8)	108	Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(9)	3	Customer Installation Expenses	\$131	\$120	\$11	\$0
(10)	119	Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(11)	3	Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(12)	14	Uncollectibles	\$10,464	\$9,941	\$523	\$0
(13)	3	Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(14)	115	Administrative and General	\$1,119,788	\$947,074	\$165,836	\$6,877
(15)		Total Proforma A Operating Costs	\$1,550,910	\$1,311,701	\$229,684	\$9,525

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
 PROFORMA B (PROPOSED REVENUE LEVELS)**

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

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

	<u>NO.</u>	<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>PROFORMA COST OF COST</u>						
(1)	2	Annual Sales	\$0	\$0	\$0	\$0
(2)	2	Annual Sales	\$42,375	\$26,753	\$15,622	\$0
(3)		Total Proforma Cost of Gas	<u>\$42,375</u>	<u>\$26,753</u>	<u>\$15,622</u>	<u>\$0</u>
<u>OPERATING EXPENSES</u>						
(4)		Total Distribution Expenses				
(5)	103	Distribution Mains Plant	\$1,007	\$689	\$293	\$25
(6)	107	Mains and Services	\$55,061	\$39,641	\$14,325	\$1,094
(7)	7	Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(8)	108	Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(9)	3	Customer Installation Expenses	\$131	\$120	\$11	\$0
(10)	119	Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(11)	3	Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(12)	14	Uncollectibles	\$11,295	\$10,730	\$565	\$0
(13)	3	Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(14)	117	Administrative and General	<u>\$1,120,216</u>	<u>\$947,661</u>	<u>\$165,688</u>	<u>\$6,867</u>
(15)		Total Proforma B Operating Costs	\$1,552,169	\$1,313,077	\$229,577	\$9,515

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 ALLOCATION OF MISCELLANEOUS REVENUES**

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

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

		<u>Allocation Method</u>	<u>Total</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>MISCELLANEOUS REVENUES</u>						
(1)	Convenience Fee	14 95% Rate RS / 5% Rate CS	\$15,510	\$14,735	\$776	\$0
(2)	Forfeited Discount	14 95% Rate RS / 5% Rate CS	\$16,819	\$15,978	\$841	\$0
(3)	Miscellaneous Revenue	14 95% Rate RS / 5% Rate CS	\$12,497	\$11,872	\$625	\$0
(4)	Customer Turn-On Fee	14 95% Rate RS / 5% Rate CS	\$32,285	\$30,671	\$1,614	\$0
(5)	Return Check Fee	14 95% Rate RS / 5% Rate CS	\$885	\$841	\$44	\$0
(6)	Total Miscellaneous Revenues		<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A NORMALIZED TAXES**

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

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

<u>No.</u>	<u>ALLOCATION METHOD</u>	<u>Total</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
(1)	Proforma A Normalized Revenues. w/o Misc. Rev.	\$2,423,476	\$1,828,603	\$568,857	\$26,016
(2)	Proforma A Normalized Miscellaneous Revenues	\$77,996	\$74,096	\$3,900	\$0
(3)	Proforma A Normalized Rev. w/Misc. Revenues	<u>\$2,501,472</u>	<u>\$1,902,699</u>	<u>\$572,757</u>	<u>\$26,016</u>
<u>Indiana Utility Receipts Taxes</u>					
(4)	Total Proforma A Normalized Revenues w/ Misc. Rev.	\$2,501,472	\$1,902,699	\$572,757	\$26,016
(5)	Less: Uncollectible Expense	14 95% Rate RS / 5% Rate CS (\$10,464)	(\$9,941)	(\$523)	\$0
(6)	Less: Statutory Exemption	133 P/F A Normal Rev. w/ Misc. Rev. E (\$1,000)	(\$761)	(\$229)	(\$10)
(7)	Less: Exempt Revenues	0 Not Applicable \$0	\$0	\$0	\$0
(8)	Income for Utility Receipts Tax	<u>\$2,490,008</u>	<u>\$1,891,998</u>	<u>\$572,005</u>	<u>\$26,006</u>
(9)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%	1.40%
(10)	Utility Receipts Tax	<u>\$34,860</u>	<u>\$26,488</u>	<u>\$8,008</u>	<u>\$364</u>
<u>State Income Taxes</u>					
(11)	Total Proforma A Normalized Revenues	\$2,501,472	\$1,902,699	\$572,757	\$26,016
(12)	Less: Operation and Maintenance Expenses	(\$1,550,910)	(\$1,311,701)	(\$229,684)	(\$9,525)
(13)	Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(14)	Less: Depreciation	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(15)	Less: Property Taxes	100 Gross Plant (\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(16)	Less: Other Taxes	115 O&M Without Gas Costs (P/F A) (\$65,062)	(\$55,027)	(\$9,635)	(\$400)
(17)	Less: Utility Receipts Tax	\$0	\$0	\$0	\$0
(18)	Less: Interest Expense	102 Original Cost Rate Base (\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(19)	Plus: Non-Deductible Expenses	102 Original Cost Rate Base \$0	\$0	\$0	\$0
(20)	Income for State Income Taxes	<u>\$284,290</u>	<u>\$108,227</u>	<u>\$169,725</u>	<u>\$6,338</u>
(21)	State Income Tax Rate	5.50%	5.50%	5.50%	5.50%
(22)	State Income Taxes	<u>\$15,636</u>	<u>\$5,952</u>	<u>\$9,335</u>	<u>\$349</u>
(23)	Less: Deferred State Tax Flowback	120 Total Depreciation Expenses \$0	\$0	\$0	\$0
(24)	Total State Tax Liability	<u>\$15,636</u>	<u>\$5,953</u>	<u>\$9,335</u>	<u>\$349</u>

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
 PROFORMA A NORMALIZED TAXES (Continued)**

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

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

	<u>No.</u>	<u>ALLOCATION METHOD</u>	<u>Total</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>Federal Income Taxes</u>						
(25)		Total Proforma A Normalized Revenues	\$2,501,472	\$1,902,699	\$572,757	\$26,016
(26)		Less: Operation and Maintenance Expenses	(\$1,550,910)	(\$1,311,701)	(\$229,684)	(\$9,525)
(27)		Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(28)		Less: Depreciation	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(29)		Less: Property Taxes	(\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(30)		Less: Other Taxes	(\$65,062)	(\$55,027)	(\$9,635)	(\$400)
(31)		Less: Utility Receipts Tax	(\$34,860)	(\$26,488)	(\$8,008)	(\$364)
(32)		Less: Interest Expense	(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(33)		Plus: Non-Deductible Expenses	\$0	\$0	\$0	\$0
(34)		Less: State Income taxes	(\$15,636)	(\$5,953)	(\$9,335)	(\$349)
(35)		Income for Federal Income Taxes	\$233,794	\$75,786	\$152,382	\$5,626
(36)		Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%
(37)		Federal Income Taxes	\$49,097	\$15,915	\$32,000	\$1,181
(38)	100	Less: Investment Tax Credit Gross Plant	\$0	\$0	\$0	\$0
(39)	120	Less: Deferred Federal Tax Flowback Total Depreciation Expenses	\$0	\$0	\$0	\$0
(40)		Total Federal Tax Liability	\$49,097	\$15,915	\$32,000	\$1,181
<u>Net Operating Income</u>						
(41)		Total Proforma A Normalized Margins	\$2,501,472	\$1,902,699	\$572,757	\$26,016
(42)		Less: Operation and Maintenance Expenses	(\$1,550,910)	(\$1,311,701)	(\$229,684)	(\$9,525)
(43)		Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(44)		Less: Depreciation	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(45)		Less: Other Taxes	(\$65,062)	(\$55,027)	(\$9,635)	(\$400)
(46)		Less: Utility Receipts Tax	(\$34,860)	(\$26,488)	(\$8,008)	(\$364)
(47)		Less: Property Taxes	(\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(48)		Less: State Income Taxes	(\$15,636)	(\$5,953)	(\$9,335)	(\$349)
(49)		Less: Total Federal Income tax Liability	(\$49,097)	(\$15,915)	(\$32,000)	(\$1,181)
(50)		Net Operating Income	\$198,698	\$70,045	\$123,974	\$4,679
(51)		Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(52)		Rate of Return	3.41%	1.65%	8.28%	4.78%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A EQUALIZED TAXES**

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

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

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
(1) Rate Base			\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(2) Allowed Rate of Return			3.4061%	3.4061%	3.4061%	3.4061%
(3) Allowed Net Operating Income			\$198,699	\$144,381	\$50,985	\$3,333
<u>Federal Income Taxes</u>						
(4) Net Operating Income			\$198,699	\$144,381	\$50,985	\$3,333
(5) Less: Interest Expense	102	Original Cost Rate Base	(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(6) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0
(7) Plus: Investment Tax Credit	100	Gross Plant	\$0	\$0	\$0	\$0
(8) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(9) Total Amount to Calculate Federal Taxes			\$184,698	\$134,207	\$47,392	\$3,098
(10) Federal Tax Factor (Tax Rate/(1-Tax Rate))			26.5823%	26.5823%	26.5823%	26.5823%
(11) Federal Income Taxes Before Flowback			\$49,097	\$35,675	\$12,598	\$824
(12) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(13) Less: Investment Tax Credit			\$0	\$0	\$0	\$0
(14) Federal Income taxes After Flowback			\$49,097	\$35,675	\$12,598	\$824
<u>State Income Taxes</u>						
(15) Net Operating Income			\$198,699	\$144,381	\$50,985	\$3,333
(16) Less: Interest Expense			(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(17) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0
(18) Plus: Utility Receipts Tax			\$34,860	\$27,903	\$6,619	\$338
(19) Plus: Investment Tax Credit			\$0	\$0	\$0	\$0
(20) Plus: Federal Income Taxes			\$49,097	\$35,675	\$12,598	\$824
(21) Plus: Property taxes	100	Gross Plant	\$0	\$0	\$0	\$0
(22) Less: Deferred State Tax Flowback	102	Original Cost Rate Base	\$0	\$0	\$0	\$0
(23) Total Amount to Calculate State Taxes			\$268,655	\$197,786	\$66,608	\$4,260
(24) State Tax Factor (Tax Rate/(1-Tax Rate))			5.8201%	5.8201%	5.8201%	5.8201%
(25) State Income Taxes-Current and Deferred			\$15,636	\$11,511	\$3,877	\$248
(26) Less: Deferred State Tax Flowback	102	Original Cost Rate Base	\$0	\$0	\$0	\$0
(27) State Income Tax After Flowback			\$15,636	\$11,511	\$3,877	\$248

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
 PROFORMA A EQUALIZED TAXES (Continued)**

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

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

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>Utility Receipts Taxes</u>						
(28)		Net Operating Income	\$198,699	\$144,381	\$50,985	\$3,333
(29)		Plus: Operating & Maintenance Expenses	\$1,550,910	\$1,311,701	\$229,684	\$9,525
(30)		Plus: Gas Costs (Special Contract + UAFG)	\$42,375	\$26,753	\$15,622	\$0
(31)		Plus: Depreciation and Amortization Expenses	\$460,962	\$330,671	\$122,244	\$8,048
(32)		Plus: Investment Tax Credit	\$0	\$0	\$0	\$0
(33)		Plus: Federal Income Taxes	\$49,097	\$35,675	\$12,598	\$824
(34)		Plus: State Income Taxes	\$15,636	\$11,511	\$3,877	\$248
(35)		Plus: Property taxes	\$83,872	\$60,146	\$22,255	\$1,470
(36)	117	Plus: Other Taxes O&M Without Gas Costs (P/F B)	\$65,062	\$55,040	\$9,623	\$399
(37)	14	Less: Uncollectible Expense 95% Rate RS / 5% Rate CS	(\$10,464)	(\$9,941)	(\$523)	\$0
(38)	121	Less: Statutory Exemption P/F A Normal Rev. w/ Misc. Rev.	(\$1,000)	(\$761)	(\$229)	(\$10)
(39)		Less: Exempt Revenues	\$0	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Taxes	\$2,455,149	\$1,965,178	\$466,134	\$23,836
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$34,860	\$27,903	\$6,619	\$338
<u>Derivation of Proforma A Equalized Revenues</u>						
(43)		Net Operating Income	\$198,699	\$144,381	\$50,985	\$3,333
(44)		Plus: Operating & Maintenance Expenses	\$1,550,910	\$1,311,701	\$229,684	\$9,525
(45)		Plus: Gas Costs	\$42,375	\$26,753	\$15,622	\$0
(46)		Plus: Depreciation and Amortization Expenses	\$460,962	\$330,671	\$122,244	\$8,048
(47)		Plus: Federal Income Taxes	\$49,097	\$35,675	\$12,598	\$824
(48)		Plus: State Income taxes	\$15,636	\$11,511	\$3,877	\$248
(49)		Plus: Gross Income taxes	\$34,860	\$27,903	\$6,619	\$338
(50)		Plus: Property taxes	\$83,872	\$60,146	\$22,255	\$1,470
(51)		Plus: Other Taxes	\$65,062	\$55,040	\$9,623	\$399
(52)		Plus: Investment Tax Credit	\$0	\$0	\$0	\$0
(53)		Proforma A Equalized Revenues w/Misc. Rev.	\$2,501,473	\$2,003,783	\$473,505	\$24,185

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
 PROFORMA B EQUALIZED TAXES**

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

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

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
(1) Rate Base			\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(2) Allowed Rate of Return			7.8900%	7.8900%	7.8900%	7.8900%
(3) Allowed Net Operating Income			\$460,276	\$334,452	\$118,103	\$7,721
<u>Federal Income Taxes</u>						
(4) Net Operating Income			\$460,276	\$334,452	\$118,103	\$7,721
(5) Less: Interest Expense	102	Original Cost Rate Base	(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(6) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0
(7) Plus: Investment Tax Credit	100	Gross Plant	\$0	\$0	\$0	\$0
(8) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(9) Total Amount to Calculate Federal Taxes			\$446,275	\$324,278	\$114,511	\$7,486
(10) Federal Tax Factor (Tax Rate/(1-Tax Rate))			26.5823%	26.5823%	26.5823%	26.5823%
(11) Federal Income Taxes Before Flowback and ITC			\$118,630	\$86,200	\$30,440	\$1,990
(12) Less: Deferred Federal Tax Flowback	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(13) Less: Investment Tax Credit			\$0	\$0	\$0	\$0
(14) Federal Income Tax Liability			\$118,630	\$86,200	\$30,440	\$1,990
<u>State Income Taxes</u>						
(15) Net Operating Income			\$460,276	\$334,452	\$118,103	\$7,721
(16) Less: Interest Expense			(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(17) Plus: Non-Deductible Expenses			\$0	\$0	\$0	\$0
(18) Plus: Utility Receipts Tax			\$39,845	\$31,529	\$7,895	\$422
(19) Plus: Investment Tax Credit			\$0	\$0	\$0	\$0
(20) Plus: Federal Income Taxes			\$118,630	\$86,200	\$30,440	\$1,990
(21) Plus: Property Taxes	100	Gross Plant	\$0	\$0	\$0	\$0
(22) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0
(23) Total Amount to Calculate State Taxes			\$604,750	\$442,007	\$152,845	\$9,898
(24) State Tax Factor (Tax Rate/(1-Tax Rate))			5.8201%	5.8201%	5.8201%	5.8201%
(25) State Income Taxes-Current and Deferred			\$35,197	\$25,725	\$8,896	\$576
(26) Less: Deferred State Tax Flowback			\$0	\$0	\$0	\$0
(27) State Income Tax Liability			\$35,197	\$25,725	\$8,896	\$576

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
 PROFORMA B EQUALIZED TAXES (Continued)**

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

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

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>Utility Receipts Tax</u>						
(28)			\$460,276	\$334,452	\$118,103	\$7,721
(29)			\$1,552,169	\$1,313,077	\$229,577	\$9,515
(30)			\$42,375	\$26,753	\$15,622	\$0
(31)			\$460,962	\$330,671	\$122,244	\$8,048
(32)	100	Gross Plant	\$0	\$0	\$0	\$0
(33)			\$118,630	\$86,200	\$30,440	\$1,990
(34)			\$83,872	\$60,146	\$22,255	\$1,470
(35)			\$35,197	\$25,725	\$8,896	\$576
(36)	117	O&M Without Gas Costs (P/F B)	\$65,062	\$55,040	\$9,623	\$399
(37)	14	95% Rate RS / 5% Rate CS	(\$11,295)	(\$10,730)	(\$565)	\$0
(38)	122	P/F A Equalized Rev. w/ Misc. Rev.	(\$1,000)	(\$801)	(\$189)	(\$10)
(39)			\$0	\$0	\$0	\$0
(40)		Total Amount to Calculate Utility Receipts Tax	\$2,806,248	\$2,220,534	\$556,006	\$29,709
(41)		Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))	1.4199%	1.4199%	1.4199%	1.4199%
(42)		Utility Receipts Taxes	\$39,845	\$31,529	\$7,895	\$422
<u>DERIVATION OF PROFORMA B EQUALIZED REVENUES</u>						
(43)			\$460,276	\$334,452	\$118,103	\$7,721
(44)			\$1,552,169	\$1,313,077	\$229,577	\$9,515
(45)			\$42,375	\$26,753	\$15,622	\$0
(46)			\$460,962	\$330,671	\$122,244	\$8,048
(47)			\$118,630	\$86,200	\$30,440	\$1,990
(48)			\$35,197	\$25,725	\$8,896	\$576
(49)			\$39,845	\$31,529	\$7,895	\$422
(50)			\$83,872	\$60,146	\$22,255	\$1,470
(51)			\$65,062	\$55,040	\$9,623	\$399
(52)			\$0	\$0	\$0	\$0
(53)		Proforma B Equalized Revenues w/Misc. Rev.	\$2,858,389	\$2,263,594	\$564,654	\$30,140

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES**

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

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

<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>SUBSIDY REDUCTION</u>					
(1)	Proforma A Normalized Revenues w/Misc. Rev.	\$2,501,472	\$1,902,699	\$572,757	\$26,016
(2)	Less: Proforma A Equalized Revenues w/Misc. Rev.	\$2,501,473	\$2,003,783	\$473,505	\$24,185
(3)	Proforma A Subsidy	(\$1)	(\$101,083)	\$99,252	\$1,831
(4)	Proposed Subsidy Reduction Percentage		25.00%	25.00%	25.00%
(5)	Proforma B Subsidy	(\$1)	(\$75,812)	\$74,439	\$1,373
(6)	Proforma B Equalized Revenues w/Misc. Rev.	\$2,858,389	\$2,263,594	\$564,654	\$30,140
(7)	Proforma B Normalized Revenues w/Misc. Rev.	\$2,858,388	\$2,187,782	\$639,093	\$31,513
<u>TAX CALCULATIONS</u>					
<u>Utility Receipts Taxes</u>					
(8)	Total Proforma B Normal Revenues	\$2,858,388	\$2,187,782	\$639,093	\$31,513
(9)	Less: Uncollectible Expense	14 (\$11,295)	95% Rate RS / 5% Rate CS (\$10,730)	(\$565)	\$0
(10)	Less: Statutory Exemption	124 (\$1,000)	P/F B Normal Rev. w/ Misc. Rev. (\$765)	(\$224)	(\$11)
(11)	Less: Exempt Revenues	\$0	\$0	\$0	\$0
(12)	Income for Utility Receipts Taxes	\$2,846,093	\$2,176,286	\$638,305	\$31,502
(13)	Utility Receipts Tax Rate	1.40%	1.40%	1.40%	1.40%
(14)	Utility Receipts Taxes	\$39,845	\$30,468	\$8,936	\$441
<u>State Income Taxes</u>					
(15)	Total Proforma B Normal Revenues	\$2,858,388	\$2,187,782	\$639,093	\$31,513
(16)	Less: Operation and Maintenance Expenses	(\$1,552,169)	(\$1,313,077)	(\$229,577)	(\$9,515)
(17)	Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(18)	Less: Depreciation Expense	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(19)	Less: Property Taxes	(\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(20)	Less: Other Taxes	117 (\$65,062)	O&M Without Gas Costs (P/F B) (\$55,040)	(\$9,623)	(\$399)
(21)	Less: Utility Receipts Tax	\$0	\$0	\$0	\$0
(22)	Less: Interest Expense	102 (\$14,001)	Original Cost Rate Base (\$10,174)	(\$3,593)	(\$235)
(23)	Less: Non-Deductible Expenses	\$0	\$0	\$0	\$0
(24)	Income for State Income Taxes	\$639,947	\$391,920	\$236,180	\$11,847
(25)	State Income Tax Rate	5.50%	5.50%	5.50%	5.50%
(26)	State Income Taxes Before Flowback	\$35,197	\$21,556	\$12,990	\$652
(27)	Less: Deferred State Tax Flowback	\$0	\$0	\$0	\$0
(28)	Total State Income Tax Liability	\$35,197	\$21,556	\$12,990	\$652

BOONVILLE NATURAL GAS CORPORATION
IURC CAUSE NO. 4XXXX
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES (Continued)

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

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

	<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS</u> <u>(Res. Svc.)</u>	<u>Rate CS</u> <u>(Comm.)</u>	<u>Rate ATS</u> <u>(Transp.)</u>
<u>Federal Income taxes</u>						
(29)		Total Proforma B Normal Revenues	\$2,858,388	\$2,187,782	\$639,093	\$31,513
(30)		Less: Operation and Maintenance Expenses	(\$1,552,169)	(\$1,313,077)	(\$229,577)	(\$9,515)
(31)		Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(32)		Less: Depreciation Expense	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(33)		Less: Other Taxes	(\$65,062)	(\$55,040)	(\$9,623)	(\$399)
(34)	100	Gross Plant	(\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(35)		Less: Utility Receipts Taxes	(\$39,845)	(\$30,468)	(\$8,936)	(\$441)
(36)	102	Original Cost Rate Base	(\$14,001)	(\$10,174)	(\$3,593)	(\$235)
(37)		Less: Non-Deductible Expenses	\$0	\$0	\$0	\$0
(38)		Less: State Income taxes	(\$35,197)	(\$21,556)	(\$12,990)	(\$652)
(39)		Income for Federal Income Taxes	\$564,904	\$339,897	\$214,254	\$10,755
(40)		Federal Income Tax Rate	21.00%	21.00%	21.00%	21.00%
(41)		Federal Income Taxes	\$118,630	\$71,378	\$44,993	\$2,258
(42)	100	Gross Plant	\$0	\$0	\$0	\$0
(43)	120	Total Depreciation Expenses	\$0	\$0	\$0	\$0
(44)		Total Federal Income Tax Liability	\$118,630	\$71,378	\$44,993	\$2,258
<u>Net Operating Income</u>						
(45)		Total Proforma B Normal Revenues w/Misc. Rev.	\$2,858,388	\$2,187,782	\$639,093	\$31,513
(46)		Less: Operation and Maintenance Expenses	(\$1,552,169)	(\$1,313,077)	(\$229,577)	(\$9,515)
(47)		Less: Gas Costs	(\$42,375)	(\$26,753)	(\$15,622)	\$0
(48)		Less: Depreciation Expense	(\$460,962)	(\$330,671)	(\$122,244)	(\$8,048)
(49)		Less: Other Taxes	(\$65,062)	(\$55,040)	(\$9,623)	(\$399)
(50)		Less: Utility Receipts Taxes	(\$39,845)	(\$30,468)	(\$8,936)	(\$441)
(51)		Less: Property Taxes	(\$83,872)	(\$60,146)	(\$22,255)	(\$1,470)
(52)		Less: State Income Taxes	(\$35,197)	(\$21,556)	(\$12,990)	(\$652)
(53)		Less: Total Federal Income Tax Liability	(\$118,630)	(\$71,378)	(\$44,993)	(\$2,258)
(54)		Net Operating Income	\$460,276	\$278,692	\$172,853	\$8,731
(55)		Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(56)		Rate of Return	7.89%	6.57%	11.55%	8.92%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
SUMMARY OF PROFORMA REVENUES**

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

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

		<u>NO.</u>	<u>ALLOCATION METHOD</u>	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
		<u>Proforma A Normalized Revenues</u>					
(1)	Proforma A Normalized Revenues w/o Misc. Rev.			\$2,423,476	\$1,828,603	\$568,857	\$26,016
(2)	Proforma A Normalized Miscellaneous Revenues			\$77,996	\$74,096	\$3,900	\$0
(3)	Total Proforma A Normalized Revenues w/Misc. Rev.			<u>\$2,501,472</u>	<u>\$1,902,699</u>	<u>\$572,757</u>	<u>\$26,016</u>
		<u>Proforma A Equalized Revenues</u>					
(4)	Proforma A Equalized Revenues w/o Misc. Rev.			\$2,423,477	\$1,929,686	\$469,605	\$24,185
(5)	Proforma A Equalized Miscellaneous Revenues			\$77,996	\$74,096	\$3,900	\$0
(6)	Total Proforma A Equalized Revenues w/Misc. Rev.			<u>\$2,501,473</u>	<u>\$2,003,783</u>	<u>\$473,505</u>	<u>\$24,185</u>
		<u>Proforma B Equalized Revenues</u>					
(7)	Proforma B Equalized Revenues w/o Misc. Rev.			\$2,780,393	\$2,189,498	\$560,755	\$30,140
(8)	Proforma B Equalized Miscellaneous Revenues			\$77,996	\$74,096	\$3,900	\$0
(9)	Total Proforma B Equalized Revenues w/Misc. Rev.			<u>\$2,858,389</u>	<u>\$2,263,594</u>	<u>\$564,654</u>	<u>\$30,140</u>
		<u>Proforma B Normalized Revenues</u>					
(10)	Proforma B Normalized Revenues w/o Misc. Rev.			\$2,780,392	\$2,113,685	\$635,193	\$31,513
(11)	Proforma B Normalized Miscellaneous Revenues			\$77,996	\$74,096	\$3,900	\$0
(12)	Total Proforma B Normalized Revenues w/Misc. Rev.			<u>\$2,858,388</u>	<u>\$2,187,782</u>	<u>\$639,093</u>	<u>\$31,513</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PRESENT RATES**

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

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

	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>OPERATING REVENUES:</u>				
(1) Revenue from Gas Sales	\$2,423,476	\$1,828,603	\$568,857	\$26,016
(2) Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
(3) Total Operating Revenues	<u>\$2,501,472</u>	<u>\$1,902,699</u>	<u>\$572,757</u>	<u>\$26,016</u>
<u>OPERATING EXPENSES</u>				
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0
(5) Unaccounted for Gas Costs	\$42,375	\$26,753	\$15,622	\$0
(6) Total Distribution Expenses				
(7) Measuring and Regulating Equipment	\$1,007	\$689	\$293	\$25
(8) Mains and Services	\$55,061	\$39,641	\$14,325	\$1,094
(9) Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(10) Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(11) Customer Installation Expenses	\$131	\$120	\$11	\$0
(12) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0
(13) Supervision and Engineering	\$0	\$0	\$0	\$0
(14) Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(15) Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(16) Uncollectibles	\$10,464	\$9,941	\$523	\$0
(17) Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(18) Administrative and General	\$1,119,788	\$947,074	\$165,836	\$6,877
(19) Total Depreciation and Amortization Expense	\$460,962	330,671	122,244	8,048
(20) Other Taxes	\$65,062	\$55,027	\$9,635	\$400
(21) Property Taxes	\$83,872	\$60,146	\$22,255	\$1,470
(22) Utility Receipts Taxes	\$34,860	\$26,488	\$8,008	\$364
(23) State Income Taxes	\$15,636	\$5,953	\$9,335	\$349
(24) Federal Income Taxes	<u>\$49,097</u>	<u>\$15,915</u>	<u>\$32,000</u>	<u>\$1,181</u>
(25) Total Operating Expenses	<u>\$2,302,774</u>	<u>\$1,832,654</u>	<u>\$448,783</u>	<u>\$21,337</u>
(26) Net Operating Income	<u>\$198,698</u>	<u>\$70,045</u>	<u>\$123,974</u>	<u>\$4,679</u>
(27) Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(28) Rate of Return	<u>3.41%</u>	<u>1.65%</u>	<u>8.28%</u>	<u>4.78%</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PRESENT RATES**

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

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

	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>OPERATING REVENUES:</u>				
(1) Revenue from Gas Sales	\$2,423,477	\$1,929,686	\$469,605	\$24,185
(2) Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
(3) Total Operating Revenues	<u>\$2,501,473</u>	<u>\$2,003,783</u>	<u>\$473,505</u>	<u>\$24,185</u>
<u>OPERATING EXPENSES</u>				
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0
(5) Unaccounted for Gas Costs	\$42,375	\$26,753	\$15,622	\$0
(6) Total Distribution Expenses				
(7) Measuring and Regulating Equipment	\$1,007	\$689	\$293	\$25
(8) Mains and Services	\$55,061	\$39,641	\$14,325	\$1,094
(9) Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(10) Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(11) Customer Installation Expenses	\$131	\$120	\$11	\$0
(12) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0
(13) Supervision and Engineering	\$0	\$0	\$0	\$0
(14) Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(15) Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(16) Uncollectibles	\$10,464	\$9,941	\$523	\$0
(17) Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(18) Administrative and General	\$1,119,788	\$947,074	\$165,836	\$6,877
(19) Total Depreciation and Amortization Expense	\$460,962	330,671	122,244	8,048
(20) Other Taxes	\$65,062	\$55,040	\$9,623	\$399
(21) Property Taxes	\$83,872	\$60,146	\$22,255	\$1,470
(22) Utility Receipts Taxes	\$34,860	\$27,903	\$6,619	\$338
(23) State Income Taxes	\$15,636	\$11,511	\$3,877	\$248
(24) Federal Income Taxes	\$49,097	\$35,675	\$12,598	\$824
(25) Total Operating Expenses	<u>\$2,302,774</u>	<u>\$1,859,402</u>	<u>\$422,521</u>	<u>\$20,852</u>
(26) Net Operating Income	<u>\$198,699</u>	<u>\$144,381</u>	<u>\$50,985</u>	<u>\$3,333</u>
(27) Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(28) Rate of Return	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PROPOSED RATES**

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

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

	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>OPERATING REVENUES:</u>				
(1) Revenue from Gas Sales	\$2,780,393	\$2,189,498	\$560,755	\$30,140
(2) Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
(3) Total Operating Revenues	<u>\$2,858,389</u>	<u>\$2,263,594</u>	<u>\$564,654</u>	<u>\$30,140</u>
<u>OPERATING EXPENSES</u>				
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0
(5) Unaccounted for Gas Costs	\$42,375	\$26,753	\$15,622	\$0
(6) Total Distribution Expenses				
(7) Measuring and Regulating Equipment	\$1,007	\$689	\$293	\$25
(8) Mains and Services	\$55,061	\$39,641	\$14,325	\$1,094
(9) Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(10) Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(11) Customer Installation Expenses	\$131	\$120	\$11	\$0
(12) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0
(13) Supervision and Engineering	\$0	\$0	\$0	\$0
(14) Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(15) Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(16) Uncollectibles	\$11,295	\$10,730	\$565	\$0
(17) Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(18) Administrative and General	\$1,120,216	\$947,661	\$165,688	\$6,867
(19) Total Depreciation and Amortization Expense	\$460,962	\$330,671	\$122,244	\$8,048
(20) Other Taxes	\$65,062	\$55,040	\$9,623	\$399
(21) Property Taxes	\$83,872	\$60,146	\$22,255	\$1,470
(22) Utility Receipts Taxes	\$39,845	\$31,529	\$7,895	\$422
(23) State Income Taxes	\$35,197	\$25,725	\$8,896	\$576
(24) Federal Income Taxes	<u>\$118,630</u>	<u>\$86,200</u>	<u>\$30,440</u>	<u>\$1,990</u>
(25) Total Operating Expenses	<u>\$2,398,113</u>	<u>\$1,929,143</u>	<u>\$446,551</u>	<u>\$22,419</u>
(26) Net Operating Income	<u>\$460,276</u>	<u>\$334,452</u>	<u>\$118,103</u>	<u>\$7,721</u>
(27) Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(28) Rate of Return	<u>7.89%</u>	<u>7.89%</u>	<u>7.89%</u>	<u>7.89%</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PROPOSED RATES**

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

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

	<u>TOTAL</u>	<u>Rate RS (Res. Svc.)</u>	<u>Rate CS (Comm.)</u>	<u>Rate ATS (Transp.)</u>
<u>OPERATING REVENUES:</u>				
(1) Revenue from Gas Sales	\$2,780,392	\$2,113,685	\$635,193	\$31,513
(2) Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
(3) Total Operating Revenues	<u>\$2,858,388</u>	<u>\$2,187,782</u>	<u>\$639,093</u>	<u>\$31,513</u>
<u>OPERATING EXPENSES</u>				
(4) Commodity Cost of Purchased Gas	\$0	\$0	\$0	\$0
(5) Unaccounted for Gas Costs	\$42,375	\$26,753	\$15,622	\$0
(6) Total Distribution Expenses	\$0	\$0	\$0	\$0
(7) Measuring and Regulating Equipment	\$1,007	\$689	\$293	\$25
(8) Mains and Services	\$55,061	\$39,641	\$14,325	\$1,094
(9) Industrial Measuring and Regulating Equipment	\$4,634	\$3,275	\$1,337	\$22
(10) Meter, Meter Installation and House Regulator	\$9,798	\$6,925	\$2,826	\$47
(11) Customer Installation Expenses	\$131	\$120	\$11	\$0
(12) Structures and Improvements Maintenance	\$0	\$0	\$0	\$0
(13) Supervision and Engineering	\$0	\$0	\$0	\$0
(14) Other Distribution	\$84,371	\$60,504	\$22,448	\$1,419
(15) Total Customer Accounts Expense	\$147,279	\$135,013	\$12,244	\$23
(16) Uncollectibles	\$11,295	\$10,730	\$565	\$0
(17) Total Customer Service Expenses	\$118,379	\$108,519	\$9,841	\$18
(18) Administrative and General	\$1,120,216	\$947,661	\$165,688	\$6,867
(19) Total Depreciation and Amortization Expense	\$460,962	\$330,671	\$122,244	\$8,048
(20) Other Taxes	\$65,062	\$55,040	\$9,623	\$399
(21) Property Taxes	\$83,872	\$60,146	\$22,255	\$1,470
(22) Utility Receipts Taxes	\$39,845	\$30,468	\$8,936	\$441
(23) State Income Taxes	\$35,197	\$21,556	\$12,990	\$652
(24) Federal Income Taxes	<u>\$118,630</u>	<u>\$71,378</u>	<u>\$44,993</u>	<u>\$2,258</u>
(25) Total Operating Expenses	<u>\$2,398,113</u>	<u>\$1,909,090</u>	<u>\$466,240</u>	<u>\$22,782</u>
(26) Net Operating Income	<u>\$460,276</u>	<u>\$278,692</u>	<u>\$172,853</u>	<u>\$8,731</u>
(27) Total Rate Base	\$5,833,645	\$4,238,917	\$1,496,870	\$97,858
(28) Rate of Return	<u>7.89%</u>	<u>6.57%</u>	<u>11.55%</u>	<u>8.92%</u>

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT PRESENT RATES OF RETURN**

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

**PETITIONER'S EXHIBIT KAH-3
SCHEDULE 1**

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate RS (Res. Svc.)</u> (C)	<u>Rate CS (Comm.)</u> (D)	<u>Rate ATS (Transp.)</u> (E)
<u>Operating Revenues</u>					
1	Revenues From Gas Sales	\$2,423,476	\$1,828,603	\$568,857	\$26,016
2	Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	\$0
3	Total	<u>\$2,501,472</u>	<u>\$1,902,699</u>	<u>\$572,757</u>	<u>\$26,016</u>
<u>Operating Expenses</u>					
4	Operation and Maintenance	\$1,593,285	\$1,338,455	\$245,305	\$9,525
5	Depreciation and Amortization	460,962	330,671	122,244	8,048
6	Federal Income Taxes	49,097	15,915	32,000	1,181
7	State Income Taxes	15,636	5,953	9,335	349
8	Taxes Other Than Income Taxes	<u>183,794</u>	<u>141,662</u>	<u>39,899</u>	<u>2,234</u>
9	Total	<u>\$2,302,774</u>	<u>\$1,832,654</u>	<u>\$448,783</u>	<u>\$21,337</u>
10	Net Operating Income	<u>\$198,698</u>	<u>\$70,045</u>	<u>\$123,974</u>	<u>\$4,679</u>
11	Original Cost Rate Base	<u>\$5,833,645</u>	<u>\$4,238,917</u>	<u>\$1,496,870</u>	<u>\$97,858</u>
12	Rate of Return on Rate Base	3.41%	1.65%	8.28%	4.78%
13	Earnings Index	100%	49%	243%	140%

**BOONVILLE NATURAL GAS CORPORATION
IURC CAUSE NO. 4XXXX
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT EQUALIZED RATES OF RETURN**

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

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

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate RS (Res. Svc.)</u> (C)	<u>Rate CS (Comm.)</u> (D)	<u>Rate ATS (Transp.)</u> (F)
<u>Operating Revenues</u>					
1	Revenues From Gas Sales	\$2,423,477	\$1,929,686	\$469,605	\$24,185
2	Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
3	Total	<u>\$2,501,473</u>	<u>\$2,003,783</u>	<u>\$473,505</u>	<u>\$24,185</u>
<u>Operating Expenses</u>					
4	Operation and Maintenance	\$1,593,285	\$1,338,455	\$245,305	\$9,525
5	Depreciation and Amortization	460,962	330,671	122,244	8,048
6	Federal Income Taxes	49,097	35,675	12,598	824
7	State Income Taxes	15,636	11,511	3,877	248
8	Taxes Other Than Income Taxes	<u>183,794</u>	<u>143,090</u>	<u>38,497</u>	<u>2,207</u>
9	Total	<u>\$2,302,774</u>	<u>\$1,859,402</u>	<u>\$422,521</u>	<u>\$20,852</u>
10	Net Operating Income	<u>\$198,699</u>	<u>\$144,381</u>	<u>\$50,985</u>	<u>\$3,333</u>
11	Original Cost Rate Base	<u>\$5,833,645</u>	<u>\$4,238,917</u>	<u>\$1,496,870</u>	<u>\$97,858</u>
12	Rate of Return on Rate Base	3.41%	3.41%	3.41%	3.41%
13	Earnings Index	100%	100%	100%	100%

BOONVILLE NATURAL GAS CORPORATION
IURC CAUSE NO. 4XXXX
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT EQUALIZED RATES OF RETURN

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

PETITIONER'S EXHIBIT KAH-3
SCHEDULE 3

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate RS (Res. Svc.)</u> (C)	<u>Rate CS (Comm.)</u> (D)	<u>Rate ATS (Transp.)</u> (F)
<u>Operating Revenues</u>					
1	Revenues From Gas Sales	\$2,780,393	\$2,189,498	\$560,755	\$30,140
2	Miscellaneous Revenues	\$77,996	\$74,096	\$3,900	\$0
3	Total	<u>\$2,858,389</u>	<u>\$2,263,594</u>	<u>\$564,654</u>	<u>\$30,140</u>
<u>Operating Expenses</u>					
4	Operation and Maintenance	\$1,594,544	\$1,339,831	\$245,199	\$9,515
5	Depreciation and Amortization	460,962	330,671	122,244	8,048
6	Federal Income Taxes	118,630	86,200	30,440	1,990
7	State Income Taxes	35,197	25,725	8,896	576
8	Taxes Other Than Income Taxes	188,779	146,716	39,773	2,291
9	Total	<u>\$2,398,113</u>	<u>\$1,929,143</u>	<u>\$446,551</u>	<u>\$22,419</u>
10	Net Operating Income	<u>\$460,276</u>	<u>\$334,452</u>	<u>\$118,103</u>	<u>\$7,721</u>
11	Original Cost Rate Base	<u>\$5,833,645</u>	<u>\$4,238,917</u>	<u>\$1,496,870</u>	<u>\$97,858</u>
12	Rate of Return on Rate Base	7.89%	7.89%	7.89%	7.89%
13	Earnings Index	100%	100%	100%	100%

**BOONVILLE NATURAL GAS CORPORATION
IURC CAUSE NO. 4XXXX
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT PROPOSED RATES OF RETURN**

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

**PETITIONER'S EXHIBIT KAH-3
SCHEDULE 4**

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate RS (Res. Svc.)</u> (C)	<u>Rate CS (Comm.)</u> (D)	<u>Rate ATS (Transp.)</u> (F)
<u>Operating Revenues</u>					
1	Revenues From Gas Sales	\$2,780,392	\$2,113,685	\$635,193	\$31,513
2	Miscellaneous Revenues	<u>\$77,996</u>	<u>\$74,096</u>	<u>\$3,900</u>	<u>\$0</u>
3	Total	<u>\$2,858,388</u>	<u>\$2,187,782</u>	<u>\$639,093</u>	<u>\$31,513</u>
<u>Operating Expenses</u>					
4	Operation and Maintenance	\$1,594,544	\$1,339,831	\$245,199	\$9,515
5	Depreciation and Amortization	460,962	330,671	122,244	8,048
6	Federal Income Taxes	118,630	71,378	44,993	2,258
7	State Income Taxes	35,197	21,556	12,990	652
8	Taxes Other Than Income Taxes	188,779	145,655	40,815	2,310
9	Total	<u>\$2,398,113</u>	<u>\$1,909,090</u>	<u>\$466,240</u>	<u>\$22,782</u>
10	Net Operating Income	<u>\$460,276</u>	<u>\$278,692</u>	<u>\$172,853</u>	<u>\$8,731</u>
11	Original Cost Rate Base	<u>\$5,833,645</u>	<u>\$4,238,917</u>	<u>\$1,496,870</u>	<u>\$97,858</u>
12	Rate of Return on Rate Base	7.89%	6.58%	11.55%	8.92%
13	Earnings Index	100%	83%	146%	113%

**BOONVILLE NATURAL GAS CORPORATION
 COST OF SERVICE STUDY
 COMPARISON OF PROFORMA OPERATING REVENUES AND RESULTING DOLLAR SUBSIDY
 LEVELS AT PRESENT AND PROPOSED RATES**

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

PETITIONER'S EXHIBIT KAH-4

<u>Line No.</u>	<u>Rate Schedule</u> (A)	<u>PROFORMA REVENUES - PRESENT RATES</u>			<u>PROFORMA REVENUES - PROPOSED RATES</u>			<u>Subsidy Reduction</u>	
		<u>Revenues At Present Rates</u> (B)	<u>Revenues Required For Equalized Returns</u> (C)	<u>Present Subsidy</u> (D)	<u>Revenues Required For Equalized Returns</u> (E)	<u>Revenues At Proposed Rates</u> (F)	<u>Proposed Subsidy</u> (G)	<u>Amount</u> (H)	<u>Percentage</u> (I)
		1	Rate RS (Res. Svc.)	\$1,902,699	\$2,003,783	(\$101,083)	\$2,263,594	\$2,187,782	(\$75,812)
2	Rate CS (Comm.)	\$572,757	\$473,505	\$99,252	\$564,654	\$639,093	\$74,439	\$24,813	25.00%
3	Rate ATS (Transp.)	\$26,016	\$24,185	\$1,831	\$30,140	\$31,513	\$1,373	\$458	25.00%
4	Total	\$2,501,472	\$2,501,473	(\$1)	\$2,858,389	\$2,858,388	(\$0)	(\$0)	

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
COMPARISON OF GAS SALES REVENUES AT PRESENT AND PROPOSED RATES**

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

PETITIONER'S EXHIBIT KAH-5

Line No.	Rate Schedule	Present Revenue Levels			Proposed Revenue Levels			Increase or (Decrease)		
		Margins At Present Rates	Gas Cost Revenues	Revenues At Present Rates	Margins At Proposed Rates	Gas Cost Revenues	Revenues At Proposed Rates	Increase or (Decrease)		
		(B)	(C)	(D)	(E)	(F)	(G)	Amount	Rev. %	Margin %
1	Rate RS (Res. Svc.)	\$1,828,603	\$861,194	\$2,689,797	\$2,113,685	\$861,194	\$2,974,879	\$285,082	10.60%	15.59%
2	Rate CS (Comm.)	\$568,857	\$502,859	\$1,071,716	\$635,193	\$502,859	\$1,138,052	\$66,336	6.19%	11.66%
3	Rate ATS (Transp.)	\$26,016	\$0	\$26,016	\$31,513	\$0	\$31,513	\$5,497	21.13%	21.13%
4	Total	\$2,423,476	\$1,364,053	\$3,787,529	\$2,780,392	\$1,364,053	\$4,144,445	\$356,916	9.42%	14.73%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
COMPARISON OF MARGINS AT PRESENT AND PROPOSED RATES**

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

PETITIONER'S EXHIBIT KAH-6
PAGE 1 OF 1

DESCRIPTION	Number of Bills (1)	Billing Quantities (therms) (2)	Present Rates (\$/therm) (3)	Proforma GCA (\$/therm) (4)	Effective Present Rates (\$/therm) (5)	Margin at Present Rates (6)	Proposed Rates (\$/therm) (7)	Proforma Base Cost of Gas (\$/therm) (8)	Proposed Effective Rates (\$/therm) (9)	Margin at Proposed Rates (10)	Increase in Margins	
											Amount (11)	Percent (12)
Rate RS (Residential Service)												
Customer Charge	53,459		\$12.00		\$12.00	\$641,508	\$14.00		\$14.00	\$748,426	\$106,918	16.7%
First 100 therms		2,221,890	\$0.44750	\$0.00000	\$0.44750	\$994,296	\$0.50871	\$0.00000	\$0.50871	\$1,130,298	\$136,002	13.7%
Over 100 therms		687,746	\$0.37420	\$0.00000	\$0.37420	\$257,354	\$0.45014	\$0.00000	\$0.45014	\$309,582	\$52,228	20.3%
Total Therms and Margins	53,459	2,909,636				\$1,893,158				\$2,188,306	\$295,148	15.59%
Reconciliation Factor						0.965901				0.965901		
Adjusted Margins						\$1,828,603				\$2,113,687	\$285,084	15.59%
Rate CS (Commercial Service)												
Customer Charge - Group 1	2,846		\$18.00		\$18.00	\$51,228	\$20.00		\$20.00	\$56,920	\$5,692	11.1%
Customer Charge - Group 2	2,002		\$36.00		\$36.00	\$72,072	\$40.00		\$40.00	\$80,080	\$8,008	11.1%
First 100 therms		239,590	\$0.33360	\$0.00000	\$0.33360	\$79,927	\$0.38027	\$0.00000	\$0.38027	\$91,109	\$11,182	14.0%
Over 100 therms		1,459,373	\$0.26430	\$0.00000	\$0.26430	\$385,712	\$0.29431	\$0.00000	\$0.29431	\$429,508	\$43,796	11.4%
Total Therms and Margins	4,848	1,698,963				\$588,939				\$657,617	\$68,678	11.66%
Reconciliation Factor						0.965901				0.965901		
Adjusted Margins						\$568,857				\$635,193	\$66,336	11.66%
Rate ATS (Asphalt Transportation Service)												
Customer Charge	9		\$0.00		\$0.00	\$0	\$0.00		\$0.00	\$0	\$0	N/A
All therms		225,770	\$0.11930		\$0.11930	\$26,934	\$0.14451		\$0.14451	\$32,626	\$5,692	21.1%
Total Therms and Margins	9	225,770				\$26,934				\$32,626	\$5,692	21.13%
Reconciliation Factor						0.965901				0.965901		
Adjusted Margins						\$26,016				\$31,513	\$5,498	21.13%
TOTAL THERMS AND MARGIN FROM RATES	58,316	4,834,369				\$2,423,475				\$2,780,393	\$356,918	14.73%
MISCELLANEOUS REVENUE						\$77,996				\$77,996	\$0	
TOTAL MARGIN INCLUDING MISC. REVENUE						\$2,501,471				\$2,858,389	\$356,918	14.27%

**BOONVILLE NATURAL GAS CORPORATION
COST OF SERVICE STUDY
REVENUE PROOF AT PROPOSED RATES**

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

PETITIONER'S EXHIBIT KAH-7
PAGE 1 OF 1

<u>Description</u>	<u>Number of Bills</u> (1)	<u>Billing Quantities (therms)</u> (2)	<u>Proposed Margin Rates (\$/therm)</u> (3)	<u>Proforma Cost of Gas (\$/therm)</u> (4)	<u>Proposed Effective Rates</u> (5)	<u>Revenues From Gas Sales at Proposed Rates</u> (6)	<u>Misc. Revenues</u> (7)	<u>Total Revenues (6) + (7)</u> (8)	<u>Cost-of-Service (Proforma B Revenues)</u> (9)	<u>(Over)/Under Recovery (9) - (8)</u> (10)	<u>(Over)/Under Recovery Percentage (10) / (9)</u> (11)
<u>Rate RS (Residential Service)</u>											
Customer Charge	53,459		\$14.00		\$14.00	\$748,426					
First 100 therms		2,221,890	\$0.50871	\$0.00000	\$0.50871	\$1,130,298					
Over 100 therms		687,746	\$0.45014	\$0.00000	\$0.45014	\$309,582					
Total Therms and Margins	53,459	2,909,636				\$2,188,305					
Reconciliation Factor						0.965901					
Adjusted Margins						\$2,113,686	\$74,096	\$2,187,782	\$2,187,782	(\$1)	0.0000%
<u>Rate CS (Commercial Service)</u>											
Customer Charge-Group 1 Meters	2,846		\$20.00		\$20.00	\$56,920					
Customer Charge-Group 2 Meters	2,002		\$40.00		\$40.00	\$80,080					
First 100 therms		239,590	\$0.38027	\$0.00000	\$0.38027	\$91,109					
Over 100 therms		1,459,373	\$0.29431	\$0.00000	\$0.29431	\$429,508					
Total Therms and Margins	4,848	1,698,963				\$657,617					
Reconciliation Factor						0.965901					
Adjusted Margins						\$635,193	\$3,900	\$639,093	\$639,093	\$1	0.0001%
<u>Rate ATS (Asphalt Transportation Service)</u>											
Service Charge	9		\$0.00		\$0.00	\$0					
All therms		225,770	\$0.14451	\$0.00000	\$0.14451	\$32,626					
Total Therms and Margins	9	225,770				\$32,626					
Reconciliation Factor						0.965901					
Adjusted Margins						\$31,514	\$0	\$31,514	\$31,513	(\$0)	-0.0003%
Total Therms and Revenue	<u>58,316</u>	<u>4,834,369</u>				<u>\$2,780,392</u>	<u>\$77,996</u>	<u>\$2,858,388</u>	<u>\$2,858,388</u>	<u>(\$0)</u>	<u>0.0000%</u>

**BOONVILLE NATURAL GAS CORPORATION
TYPICAL BILL COMPARISON
Rate RS (Residential Service)**

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

**PETITIONER'S EXHIBIT KAH-8
SCHEDULE 1**

LINE NO.	LEVEL OF USAGE	CURRENT BILL	PROPOSED BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)	GAS COST RECOVERY	TOTAL CURRENT BILL (B + F)	TOTAL PROPOSED BILL (C + F)	PERCENT INCREASE (H - G) / G
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	(therms)	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
1	0	\$12.00	\$14.00	\$2.00	16.67%	\$0.00	\$12.00	\$14.00	16.7%
2	10	\$16.48	\$19.09	\$2.61	15.86%	\$2.96	\$19.43	\$22.05	13.4%
3	20	\$20.95	\$24.17	\$3.22	15.39%	\$5.92	\$26.87	\$30.09	12.0%
4	30	\$25.43	\$29.26	\$3.84	15.09%	\$8.88	\$34.30	\$38.14	11.2%
5	40	\$29.90	\$34.35	\$4.45	14.88%	\$11.84	\$41.74	\$46.19	10.7%
6	50	\$34.38	\$39.44	\$5.06	14.72%	\$14.80	\$49.17	\$54.23	10.3%
7	60	\$38.85	\$44.52	\$5.67	14.60%	\$17.76	\$56.61	\$62.28	10.0%
8	70	\$43.33	\$49.61	\$6.28	14.51%	\$20.72	\$64.04	\$70.33	9.8%
9	80	\$47.80	\$54.70	\$6.90	14.43%	\$23.68	\$71.48	\$78.38	9.6%
10	90	\$52.28	\$59.78	\$7.51	14.36%	\$26.64	\$78.91	\$86.42	9.5%
11	100	\$56.75	\$64.87	\$8.12	14.31%	\$29.60	\$86.35	\$94.47	9.4%
12	125	\$66.11	\$76.12	\$10.02	15.16%	\$37.00	\$103.10	\$113.12	9.7%
13	150	\$75.46	\$87.38	\$11.92	15.79%	\$44.40	\$119.86	\$131.78	9.9%
14	175	\$84.82	\$98.63	\$13.82	16.29%	\$51.80	\$136.61	\$150.43	10.1%
15	200	\$94.17	\$109.89	\$15.72	16.69%	\$59.20	\$153.37	\$169.08	10.2%
16	225	\$103.53	\$121.14	\$17.61	17.01%	\$66.60	\$170.12	\$187.73	10.4%
17	250	\$112.88	\$132.39	\$19.51	17.29%	\$74.00	\$186.88	\$206.39	10.4%
18	275	\$122.24	\$143.65	\$21.41	17.52%	\$81.39	\$203.63	\$225.04	10.5%
19	300	\$131.59	\$154.90	\$23.31	17.71%	\$88.79	\$220.38	\$243.69	10.6%

**BOONVILLE NATURAL GAS CORPORATION
TYPICAL BILL COMPARISON
BILL IMPACTS FOR AVERAGE RESIDENTIAL CUSTOMER
Rate RS - Residential Service**

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

**PETITIONER'S EXHIBIT KAH-8
SCHEDULE 2**

<u>Month</u>	<u>Usage (therms)</u>	<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Increase</u>	
				<u>Amount</u>	<u>Percent</u>
January	188.0	\$89.68	\$104.48	\$14.80	16.5%
February	102.0	\$57.51	\$65.79	\$8.28	14.4%
March	93.7	\$53.94	\$61.68	\$7.74	14.3%
April	58.2	\$38.04	\$43.60	\$5.56	14.6%
May	14.1	\$18.31	\$21.18	\$2.86	15.6%
June	8.6	\$15.87	\$18.40	\$2.53	15.9%
July	7.5	\$15.34	\$17.80	\$2.46	16.0%
August	8.5	\$15.80	\$18.32	\$2.52	15.9%
September	8.8	\$15.94	\$18.48	\$2.54	15.9%
October	11.2	\$17.03	\$19.72	\$2.69	15.8%
November	51.9	\$35.21	\$40.38	\$5.17	14.7%
December	98.0	<u>\$55.87</u>	<u>\$63.87</u>	<u>\$8.00</u>	<u>14.3%</u>
Total	650.6	\$428.54	\$493.69	\$65.15	15.2%

**BOONVILLE NATURAL GAS CORPORATION
TYPICAL BILL COMPARISON
Rate CS (Commercial Service) - Group 1 Meter**

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

PETITIONER'S EXHIBIT KAH-8
SCHEDULE 3

LINE NO.	LEVEL OF USAGE	CURRENT BILL	PROPOSED BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)	GAS COST RECOVERY	TOTAL CURRENT BILL (B + F)	TOTAL PROPOSED BILL (C + F)	PERCENT INCREASE (H - G) / G
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	(therms)	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
1	0	\$18.00	\$20.00	\$2.00	11.11%	\$0.00	\$18.00	\$20.00	11.1%
2	10	\$21.34	\$23.80	\$2.47	11.56%	\$2.96	\$24.30	\$26.76	10.2%
3	20	\$24.67	\$27.61	\$2.93	11.89%	\$5.92	\$30.59	\$33.53	9.6%
4	30	\$28.01	\$31.41	\$3.40	12.14%	\$8.88	\$36.89	\$40.29	9.2%
5	40	\$31.34	\$35.21	\$3.87	12.34%	\$11.84	\$43.18	\$47.05	9.0%
6	50	\$34.68	\$39.01	\$4.33	12.50%	\$14.80	\$49.48	\$53.81	8.8%
7	100	\$51.36	\$58.03	\$6.67	12.98%	\$29.60	\$80.96	\$87.63	8.2%
8	150	\$64.58	\$72.74	\$8.17	12.65%	\$44.40	\$108.97	\$117.14	7.5%
9	200	\$77.79	\$87.46	\$9.67	12.43%	\$59.20	\$136.99	\$146.65	7.1%
10	250	\$91.01	\$102.17	\$11.17	12.27%	\$74.00	\$165.00	\$176.17	6.8%
11	300	\$104.22	\$116.89	\$12.67	12.16%	\$88.79	\$193.01	\$205.68	6.6%
12	400	\$130.65	\$146.32	\$15.67	11.99%	\$118.39	\$249.04	\$264.71	6.3%
13	500	\$157.08	\$175.75	\$18.67	11.89%	\$147.99	\$305.07	\$323.74	6.1%
14	600	\$183.51	\$205.18	\$21.67	11.81%	\$177.59	\$361.10	\$382.77	6.0%
15	700	\$209.94	\$234.61	\$24.67	11.75%	\$207.19	\$417.13	\$441.80	5.9%
16	800	\$236.37	\$264.04	\$27.67	11.71%	\$236.78	\$473.15	\$500.83	5.8%
17	900	\$262.80	\$293.48	\$30.68	11.67%	\$266.38	\$529.18	\$559.86	5.8%
18	1,000	\$289.23	\$322.91	\$33.68	11.64%	\$295.98	\$585.21	\$618.89	5.8%
19	2,000	\$553.53	\$617.22	\$63.69	11.51%	\$591.96	\$1,145.49	\$1,209.18	5.6%
20	3,000	\$817.83	\$911.53	\$93.70	11.46%	\$887.94	\$1,705.77	\$1,799.47	5.5%
21	4,000	\$1,082.13	\$1,205.84	\$123.71	11.43%	\$1,183.92	\$2,266.05	\$2,389.76	5.5%

**BOONVILLE NATURAL GAS CORPORATION
TYPICAL BILL COMPARISON
Rate CS (Commercial Service) - Group 2 Meter**

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

**PETITIONER'S EXHIBIT KAH-8
SCHEDULE 4**

LINE NO.	LEVEL OF USAGE	CURRENT BILL	PROPOSED BILL	DOLLAR INCREASE (C - B)	PERCENT INCREASE (D / B)	GAS COST RECOVERY	TOTAL CURRENT BILL (B + F)	TOTAL PROPOSED BILL (C + F)	PERCENT INCREASE (H - G) / G
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	(therms)	(\$)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
1	0	\$36.00	\$40.00	\$4.00	11.11%	\$0.00	\$36.00	\$40.00	11.1%
2	100	\$69.36	\$78.03	\$8.67	12.50%	\$29.60	\$98.96	\$107.63	8.8%
3	200	\$95.79	\$107.46	\$11.67	12.18%	\$59.20	\$154.99	\$166.65	7.5%
4	300	\$122.22	\$136.89	\$14.67	12.00%	\$88.79	\$211.01	\$225.68	7.0%
5	400	\$148.65	\$166.32	\$17.67	11.89%	\$118.39	\$267.04	\$284.71	6.6%
6	500	\$175.08	\$195.75	\$20.67	11.81%	\$147.99	\$323.07	\$343.74	6.4%
7	1,000	\$307.23	\$342.91	\$35.68	11.61%	\$295.98	\$603.21	\$638.89	5.9%
8	1,500	\$439.38	\$490.06	\$50.68	11.54%	\$443.97	\$883.35	\$934.03	5.7%
9	2,000	\$571.53	\$637.22	\$65.69	11.49%	\$591.96	\$1,163.49	\$1,229.18	5.6%
10	3,000	\$835.83	\$931.53	\$95.70	11.45%	\$887.94	\$1,723.77	\$1,819.47	5.6%
11	4,000	\$1,100.13	\$1,225.84	\$125.71	11.43%	\$1,183.92	\$2,284.05	\$2,409.76	5.5%
12	5,000	\$1,364.43	\$1,520.15	\$155.72	11.41%	\$1,479.90	\$2,844.33	\$3,000.05	5.5%
13	6,000	\$1,628.73	\$1,814.46	\$185.73	11.40%	\$1,775.88	\$3,404.61	\$3,590.34	5.5%
14	7,000	\$1,893.03	\$2,108.77	\$215.74	11.40%	\$2,071.86	\$3,964.89	\$4,180.63	5.4%
15	8,000	\$2,157.33	\$2,403.08	\$245.75	11.39%	\$2,367.84	\$4,525.17	\$4,770.92	5.4%
16	9,000	\$2,421.63	\$2,697.39	\$275.76	11.39%	\$2,663.82	\$5,085.45	\$5,361.21	5.4%
17	10,000	\$2,685.93	\$2,991.70	\$305.77	11.38%	\$2,959.80	\$5,645.73	\$5,951.50	5.4%
18	11,000	\$2,950.23	\$3,286.01	\$335.78	11.38%	\$3,255.78	\$6,206.01	\$6,541.79	5.4%
19	12,000	\$3,214.53	\$3,580.32	\$365.79	11.38%	\$3,551.76	\$6,766.29	\$7,132.08	5.4%
20	13,000	\$3,478.83	\$3,874.63	\$395.80	11.38%	\$3,847.74	\$7,326.57	\$7,722.37	5.4%
21	14,000	\$3,743.13	\$4,168.94	\$425.81	11.38%	\$4,143.72	\$7,886.85	\$8,312.66	5.4%
22	15,000	\$4,007.43	\$4,463.25	\$455.82	11.37%	\$4,439.70	\$8,447.13	\$8,902.95	5.4%

**BOONVILLE NATURAL GAS CORPORATION
PROPOSED TARIFF FOR GAS SERVICE**

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

PETITIONER'S EXHIBIT KAH-9

**BOONVILLE NATURAL GAS CORPORATION
PROPOSED TARIFF FOR GAS SERVICE**

BOONVILLE NATURAL GAS CORPORATION

TARIFF FOR GAS SERVICE

I.U.R.C. No. G-4

ISSUED PURSUANT TO ORDER OF THE
INDIANA UTILITY REGULATORY COMMISSION
IN CAUSE NO. _____,
EFFECTIVE _____.

Communications concerning this tariff may be addressed to:

Mail: Boonville Natural Gas Corporation
1425 North Rockport Road
Boonville, Indiana 47601

TARIFF SHEET INDEX

Tariff Sheet No.	Description
1	Title Page
2-3	Index

	RATE	RATE SCHEDULES
10-11	RS	Residential Service
20-21	CS	Commercial Service
40-41	ATS	Asphalt Plant Transportation Service
50-54	STS	School Transportation Service
55	TCJA	Tax Cuts and Jobs Act Temporary Adjustment Mechanism

	APPENDIX	APPENDICES
80	A	Gas Cost Adjustment
81	B	Base Cost of Gas
82	C	Other Charges
83	D	Normal Temperature Adjustment
84	E	Nomination and Balancing Provisions
85	F	Energy Efficiency Rider

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____

TARIFF SHEET INDEX

Tariff Sheet No.	Rule	Description
<u>GENERAL RULES AND REGULATIONS APPLICABLE TO GAS SERVICE</u>		
100	1	Rates, Rules and Regulations on File
100	2	Written Application or Contract Required
101	3	Data on Customer's Installations to be Furnished
101	4	Company Owned Piping and Equipment
101	5	Location of Service Connections and Equipment
102	6	Access to Premises
103	7	Customer Furnished Piping and Equipment
104	8	Point of Delivery
104	9	Measurement of Gas Supplied
105	10	Failure of Meter
106	11	Building Containing Two or More Separate Living Quarters or Business Concerns
107	12	Warranty of Title to and Resale of Gas
107	13	Responsibility After Gas is Delivered by Company
107	14	Limitations of Liability
108	15	Deposit to Ensure Payment of Bills
108	16	Bills for Gas Service
110	17	Payment of Bills
111	18	Disconnection of Residential Service
114	19	Non-Residential Customer Security Requirements
116	20	Disconnection/Non-Connection of Non-Residential Service for Failure to Supply Cash Deposit
116	21	Late Payment Charge
116	22	Reconnection Charge
116	23	Collection Charge
117	24	Returned Check Charge
117	25	Theft or Unauthorized Use of Gas
117	26	Budget (Level) Payment Plan
119	27	Restrictions, Limitations, Curtailments and Priorities of Gas Service
123	28	Gas Service to Mobile Home Parks
125	29	Modification of Contract
125	30	Assignment
126	31	Delay Due to Strikes, Etc.
126	32	Effect
126	33	Violation of Rules
127	34	Credit and Debit Card Charge

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____

**RATE "RS"
RESIDENTIAL SERVICE**

AVAILABILITY:

Available at points on the Company's distribution lines for domestic purposes to residences and individual apartments.

CHARACTER OF SERVICE:

Natural gas with a heating value of approximately 1,000 BTU per therm.

RATES AND CHARGES

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

Customer Charge:

Customer Charge per Month \$14.00 per meter

Distribution Charge:

First 100 therms per month \$0.4771 per therm
Over 100 therms per month \$0.3989 per therm

Gas Cost Charge:

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

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Other Charges:

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

TERM OF SERVICE

One year.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, _____

RATE "RS"
RESIDENTIAL SERVICE
(continued)

OTHER TERMS AND CONDITIONS

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

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____

**RATE "CS"
COMMERCIAL SERVICE**

AVAILABILITY:

Available at points on the Company's distribution lines to commercial customers using gas service for cooking and/or water heating, and/or other commercial use.

CHARACTER OF SERVICE:

Natural gas with a heating value of approximately 1,000 BTU per therm.

RATES AND CHARGES

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

Customer Charge:

Customer Charge per Month:	\$22.00 per Group 1 Meter
	\$44.00 per Group 2 Meter

For purposes of applying the Customer Charges, the following definitions shall apply:

Group 1 Meter – Company's designation for Customer meter with rated capacity of 450 cubic feet per hour ("cfh") or less.

Group 2 Meter – Company's designation for Customer meter with rated capacity of greater than 450 cfh.

Distribution Charge:

First 100 therms per month	\$0.3556 per therm
Over 100 therms per month	\$0.2817 per therm

Gas Cost Charge:

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

Normal Temperature Adjustment:

The Normal Temperature Adjustment shall be as set forth on Appendix D, Normal Temperature Adjustment.

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Charge.

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____

**RATE "CS"
COMMERCIAL SERVICE
(continued)**

RATES AND CHARGES (cont.)

Other Charges:

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

TERM OF SERVICE

One year.

OTHER TERMS AND CONDITIONS

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

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**RATE "ATS"
ASPHALT PLANT TRANSPORTATION SERVICE**

APPLICABILITY

Throughout the service area of the Gas Corporation where adequate facilities are available, to gas acquired by the Customer transported by the Gas Corporation under a contract between the Gas Corporation and the Customer.

AVAILABILITY

Available to any Asphalt Plant who, by written contract of not less than a year with the Gas Corporation, agrees to acquire natural gas and arranges to have such gas delivered by the Gas Corporation's pipeline supplier to a delivery point on the Gas Corporation's system for transportation and delivery to the Customer's premises. An Asphalt Plant customer is any customer with annual gas consumption only during the service months of April through December of each year. Customer shall not use transport gas during the remaining months. Customer must notify Company six months in advance if it chooses to revert to an industrial customer.

RATES AND CHARGES

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

Distribution Charge:

All therms per month \$0.1272 per therm

Other Charges:

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

CONTRACT FOR TRANSPORTATION SERVICE

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

RATE "ATS"
ASPHALT PLANT TRANSPORTATION SERVICE
(continued)

CONTRACT FOR TRANSPORTATION SERVICE (cont.)

charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

OTHER CHARGES AND CONDITIONS OF SERVICE

1. Transportation Customers shall be subject to the Nomination and Balancing Provisions set forth in Appendix E.
2. To compensate for unaccounted for gas, the quantity of gas available to Customer shall be equal to the quantity of gas delivered to Company's distribution system at the point of receipt for the account of Customer, reduced by an Unaccounted For Gas Percentage of 2.47%.
3. The gas transported shall be of the same quality as the Gas Corporation's pipeline supplier is required to furnish to the Gas Corporation.
4. All transportation service rendered by the Gas Corporation shall be subject to curtailment or complete interruption whenever, in the sole judgment of the Gas Corporation, it is necessary or desirable, and as provided in contract hereinafter referred to.
5. The Gas Corporation, with the written consent of the Customer may execute an agreement with the Gas Corporation's pipeline supplier, as agent for the Customer for transportation of gas for the Customer.
6. To the extent that Customer actions cause the Gas Corporation to be assessed any penalties and/or charges by or related to interstate pipeline suppliers or other suppliers of gas or services, Customer shall reimburse Gas Corporation for such penalties and charges upon being provided written documentation summarizing the actions causing the penalties or charges.

OTHER TERMS AND CONDITIONS

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

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**RATE "STS"
SCHOOL TRANSPORTATION SERVICE**

AVAILABILITY

This Rate Schedule shall be available to Customers with a public School Corporation ("School Corporation Customer") serving students in grades K through 12.

Multiple School Corporation Customers may elect to act jointly to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. Notwithstanding the aggregation of natural gas commodity supply or the use of Summary Billing, each School Corporation Customer shall individually be subject to and pay the applicable rates and charges pursuant to this Rate Schedule.

Transportation Service shall be available after the Customer has made arrangements to pay all under-collections for prior service received from the Company, including, without limitation, any under-collection existing in the Gas Cost Adjustment. Transportation Service shall be initiated at the beginning of a Gas Cost Adjustment period.

CHARACTER OF SERVICE

This Rate Schedule applies to the provision of Transportation Service. Gas Service provided hereunder shall be metered and billed separately from Gas Service provided under any other Rate Schedule.

Transportation under this rate shall be considered firm once the Customer's gas is accepted by the Company from the point where the Company's lines interconnect with the Customer's upstream pipeline transporter (Receipt Point) to the delivery point at the Customer's place of utilization (Delivery Point), subject to the interruption or curtailment provisions of the General Terms and Conditions of the Company and the terms of this rate schedule. The Company's sole obligation hereunder shall be to deliver the Customer's gas from the Receipt Point to the Delivery Point. The Company shall have no obligation to provide volumes of gas greater than that received, nor quality of gas better than that received from the Customer at the Company's Receipt Point. No storage of gas by the Company shall be available through this Transportation Service.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**RATE "STS"
SCHOOL TRANSPORTATION SERVICE
(Continued)**

CONTRACT FOR TRANSPORTATION SERVICE

The customer requesting transportation service by the Utility shall enter into a written contract with the Utility, which said contract shall provide for quantities of gas to be transported, penalties, the term thereof and other conditions of service agreed upon between customer and the Utility. Each such contract shall provide further that Utility will be held harmless by the customer against any increases in its monthly demand charges and any overrun quantity charges or penalties by reason of any failure or refusal of customer to curtail quantities of transport gas after timely curtailment requests pursuant to the Company's General Terms and Conditions.

GAS TRANSPORTATION PROVISIONS

The following Gas Transportation Provisions are applicable to Customers entering into Transportation Service Contracts.

1. Transportation Customers shall be subject to the Nomination and Balancing Provisions set forth in Appendix E.
2. The Company shall meter the gas at the delivery point through a Company-owned meter. Company may require Customer to utilize a meter having the ability to measure gas usage on a daily basis for purposes of applying the Nomination and Balancing Provisions. Customer shall reimburse Company for the cost of such meters and appurtenances. Transportation Customer shall provide and maintain on the Premises at the Company's meter location electric and telephone service as required by Company for the operation of Company-owned electronic gas measurement devices and related communications equipment.
3. All volumes of natural gas transported hereunder shall be of the same quality and meet the same specifications as that delivered to the Company by the Company's own pipeline transporter.
4. Transportation Customer must have clear title and all required regulatory approvals to the gas that is to be transported and provided for gas delivery to a mutually agreeable point of receipt on the Company's system.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**RATE "STS"
SCHOOL TRANSPORTATION SERVICE
(Continued)**

GAS TRANSPORTATION PROVISIONS (cont.)

- 5. Transportation Customer may return to firm sales service upon thirty (30) days notice provided the Company can secure appropriate quantities of gas supply and capacity from the Company's pipeline transporter to supply said sales service. A Customer that has returned from transportation service to sales service must remain on sales service for not less than twelve months before returning to Transportation Service.
- 6. Customer shall reimburse Company for all charges incurred in connection with transportation of Customer's gas including any gas costs, penalty charges, or cashouts. In addition, the Customer shall indemnify the Company against all damages incurred as a result of Customer's actions.
- 7. Should Customer be unable to deliver sufficient volumes of transportation gas to the Company's system, Company will not be obligated hereunder to provide standby quantities for purposes of supplying such Customer's requirements.
- 8. Company shall not be required to render service under this rate schedule to any Customer that fails to comply with any and all of the terms and conditions of this rate schedule.
- 9. The gas transported shall be the same quality as the Company's pipeline supplier is required to furnish to the Company.
- 10. A customer's prior delinquencies must be cured prior to commencing participating in School Transportation Service, unless otherwise agreed to in advance by Company.
- 11. The School Corporation shall designate how partial bills, late payment charges, nomination and balancing charges, and other similar charges shall be prorated between each School Corporation Customer. If the School Corporation fails to so designate, Company shall prorate such charges between the School Corporation Customers using its reasonable discretion.

CURTAILMENT PROVISIONS

In the event of any actual or threatened shortage of natural gas, due to any cause whatsoever, (including curtailments of total gas deliveries required to comply with supply contract limitations), the Company shall have the right to require such

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**RATE "STS"
SCHOOL TRANSPORTATION SERVICE
(Continued)**

CURTAILMENT PROVISIONS (cont.)

curtailment or interruption of gas usage as it deems necessary to avoid impairment of its gas supply to Customers served under its firm sales service rate schedules. When a curtailment is in effect pursuant to this section, gas usage by the Customer in excess of the quantity permitted for such Customer shall constitute Unauthorized Gas Usage and shall be subject to the Unauthorized Gas Usage Charge set forth in the General Terms and Conditions of this Tariff for Gas Service.

SUMMARY BILLING

Upon request from a School Corporation, the rates and charges for providing service to each School Corporation Customer in the School Corporation shall be summarized on one summary bill for remitting payment to the Utility. Each School Corporation Customer shall remain responsible for the amount of its bill. A monthly charge of \$50.00 shall be added for each summary bill to cover the administrative costs of performing the summary billing. All School Corporation Customers utilizing Summary Billing will have their billing cycles adjusted to a calendar month basis.

TERMS AND CONDITIONS

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

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**TAX CUTS AND JOBS ACT OF 2017 (TCJA)
TEMPORARY ADJUSTMENT MECHANISM****APPLICABILITY**

The TCJA Credit factor listed below shall be applicable to all customers receiving service from the Company for the applicable months shown below. The TCJA Temporary Adjustment Mechanism will be subject to a reconciliation in May 2019.

<u>Month</u>	<u>Rate Classes</u>	<u>Applicable Credit</u>
January – April 2019	RS	\$0.0235 /Therm
January – April 2019	CS	\$0.0152 /Therm

Issued: January 16, 2019

Effective: February 2, 2019

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. 44129, November 7, 2012.

Pursuant to the January 16, 2019 Order in IURC Cause No. 45032 S6

APPENDIX A
GAS COST ADJUSTMENT

For the period November 1, 2018 through April 30, 2019
Cause No. 37369 – GCA 120
Gas Cost Adjustment Factor

The Rate Adjustment for the following Rate shall be on the basis of a Rate Tracking Factor, or GCA, occasioned solely by changes in the cost of purchased gas in accordance with the Order of the Indiana Utility Regulatory Commission in Cause No. 37091; approved May 14, 1986, as follows:

<u>Month</u>	<u>Rate Class</u>	<u>Applicable GCA Factor</u>
November 2018	All Classes of Customers	\$3.7322/Dth
December 2018	All Classes of Customers	\$3.7418/Dth
January 2019	All Classes of Customers	\$3.6826/Dth
February 2019	All Classes of Customers	\$3.7380/Dth
March 2019	All Classes of Customers	\$3.8401/Dth
April 2019	All Classes of Customers	\$3.8156/Dth

Issued: October 24, 2018

Effective: November 1, 2018

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. 44129, November 7, 2012.

APPENDIX B
BASE RATE COST OF GAS

The base rate cost of gas utilized in the calculation of the Gas Cost Adjustment rates specified on Sheet No. 80 and in accordance with the Order of the Indiana Utility Regulatory Commission in Cause No. 44129 is as follows:

<u>Rate Schedule</u>	<u>Base Rate Cost of Gas</u>
Rate RS	\$0.0000/therm
Rate CS	\$0.0000/therm

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX C
OTHER CHARGES

LATE PAYMENT CHARGE (Rule 21)

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

Bills shall be rendered and due monthly. If paid within 17 days from date thereof, as stated in the bill, the net amount shall be paid. If not paid within such 17 days, the gross bill, which includes the Late Payment Charge, is the amount to be paid.

RECONNECTION CHARGES (Rule 22)

The Reconnection Charge shall be forty dollars (\$40.00). In addition, a charge equal to the Customer Charge for each month of discontinued gas service will also be made for reestablishing gas service for the same Customer at the same premises where gas service has been discontinued at the Customer's request during the preceding twelve months. The minimum Customer Charge assessment under the provisions of this paragraph shall be one month's Customer Charge.

RETURNED CHECK CHARGE (Rule 24)

The Returned Check Charge shall be fifteen dollars (\$15.00).

COLLECTION CHARGE (Rule 23)

The Collection Charge shall be twenty dollars (\$20.00).

UNAUTHORIZED USE FEE (Rule 25)

The Unauthorized Use Fee shall be one hundred dollars (\$100.00).

OVERRUN CHARGE (Rule 27G)

The Overrun Charge shall be five dollars (\$5.00) per therm.

CREDIT AND DEBIT CARD CONVENIENCE FEE (Rule 34)

The Credit and Debit Card Convenience Fee shall be \$5.00 or three (3) percent of the amount, whichever is greater.

CUSTOMER PREMISE INSPECTION CHARGE

When Customer requests Company to inspect Customer's facilities or to perform a line location on Customer's facilities, Customer shall be charged a Customer Premise Inspection Charge based upon Company's time and materials in performing said inspection or location. This Charge shall not apply to safety inspections related to gas leaks or possible gas leaks.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX D
NORMAL TEMPERATURE ADJUSTMENT

The billed amount for each Residential Service (Rate RS), Commercial Service (Rate CS) or School Transportation Service (Rate STS) Customer shall be subject to a Normal Temperature Adjustment (NTA) for each bill rendered during the billing months of October through April inclusive.

The NTA adjusts each Customer's monthly billed amount to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

NTA COMPUTATION

The NTA for each Customer's monthly billing shall be computed as follows:

$$\text{NTA} = \text{NTA Therms} \times \text{NTA Margin}$$

NTA THERMS

The NTA Therms usage for each Customer to which the NTA Margin shall be applied is computed as follows:

$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}] \times [\text{Normal Degree Days} - \text{Actual Degree Days}]}{\text{Actual Degree Days}}$$

NTA MARGIN

The NTA Margin shall be the margin (non-gas cost) component of the tail block rate (Base Rate Less Base Rate Cost of Gas) for the applicable Rate Schedule.

BASE LOAD THERMS

Base Load Therms shall be Customer's average daily therms usage for the previous summer months (months of July and August) multiplied by the number of days in the billing period.

For Customers whose Base Load Usage cannot be accurately determined (e.g., new Customers without two months of summer usage history), an estimated Average Daily Therms shall be used.

NORMAL AND ACTUAL DEGREE DAYS

Normal Degree Days for each Customer's billing period shall be as set forth in the tables on the following pages.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service.

Normal Degree Days and Actual Degree Days are based on Heating Degree Days as reported for Evansville, Indiana.

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

NORMAL TEMPERATURE ADJUSTMENT
NORMAL DEGREE DAYS (NDD)

***NEW NOAA DATA WILL BE USED IN THE COMPLIANCE TARIFF FILING**

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX E
NOMINATION AND BALANCING PROVISIONS

The following Provisions shall apply to Customers being provided Transportation Service under the Rate ITS-Interruptible Transportation Service, Rate ATS-Asphalt Plant Transportation Service, or Rate STS-School Transportation Service. Where customers elect to act jointly to aggregate purchases of natural gas commodity supply, such Nomination and Balancing Provisions shall apply to the aggregated purchases.

NOMINATION PROVISIONS

The Customer shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Customer-owned gas to be delivered to Company at pipeline delivery points agreeable to Company (Daily Pipeline Nomination). Customer must provide the notice specified above prior to each change in Customer's Daily Pipeline Nomination by submitting to Company the nomination via facsimile or other acceptable means, by no later than 10:00 AM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination. Company may accept nominations submitted after the deadlines specified above within its reasonable discretion. Until Customer submits the required nomination, Customer's nominations of daily quantities shall be zero. Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one days.

The nomination form shall include the following information:

1. Start and end dates of nomination (Nomination Period);
2. Daily quantity, in dekatherms, of Customer's Daily Pipeline Nomination (Daily Transportation Nomination) along with;
 - a. Delivering pipeline;
 - b. Shipper on the delivering pipeline;
 - c. Transportation contract number;
 - d. The pipeline delivery points and quantities; and
 - e. Any other information reasonably required by company to properly identify and apply Customer's Daily Transportation Nomination.

When Customer is not the shipper on a pipeline, Customer shall cause the shipper to provide Company with a written statement detailing Customer's actual deliveries under Customer's Daily Pipeline Nomination during each Nomination Period by no later than one day following the end of the billing month.

Customer shall pay a **NOMINATION ERROR CHARGE** of \$0.50 per dekatherm on the quantity difference between Customer's Daily Transportation Nomination and the actual deliveries under Customer's Daily Pipeline Nomination for each day such difference occurs.

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX E
NOMINATION AND BALANCING PROVISIONS

(continued)

BALANCING PROVISIONS

Customer shall be obligated to balance its total usage with the total deliveries of Customer-Owned Gas. An Imbalance Quantity shall exist when the Customer's total usage is greater than or less than its total deliveries on a daily basis and/or a monthly basis. Amounts paid by Company to Customer in cashing out Imbalance Quantities shall be eligible for recovery in the Gas Cost Adjustment. Amounts received by Company from Customer in cashing out Imbalance Quantities shall be credited against gas costs in the Gas Cost Adjustment.

The following definitions shall apply:

Daily Index Price: The Daily Midpoint Prices per Dekatherm reported in Gas Daily, in the table "Daily Price Survey" for delivery to:

- (1) Texas Gas, Zone SL; or
- (1) Chicago City-Gates.

Monthly Index Price: The monthly index price per Dekatherm reported in Inside FERC's Gas Market Report, in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to:

- (1) Texas Gas Transmission Corp., Zone SL; or
- (2) Inside FERC's Gas Market Report, in the table "Market Center Spot Gas Prices", Upper Midwest, Chicago City-Gates.

Daily Under-Delivery Charge: The Daily Under-Delivery Charge shall be the highest of the sums of each Daily Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

Daily Over-Delivery Charge: The Daily Over-Delivery Charge shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be the greater of:

- (1) Company's average gas costs (demand and commodity), based on its gas purchases for the month; or
- (2) The highest of the sums of each Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be the lower of:

- (1) Company's average gas cost (demand and commodity), based on its gas purchases for the month; or
- (2) The lowest of the sums of each Monthly Index price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX E
NOMINATION AND BALANCING PROVISIONS

(continued)

DAILY BALANCING PROVISIONS

Customer shall be obligated to balance its total usage ("Total Daily Usage") with the aggregated total daily deliveries of Customer-Owned Gas by the pipeline, as adjusted to reflect Company's system line loss percentage as specified in the applicable rate schedule ("Total Daily Deliveries"). A Daily Imbalance Quantity shall exist when the Total Daily Usage is greater than or less than the Customer's Total Daily Deliveries.

Daily Under-Delivery Imbalance: If Customer's Total Daily Deliveries are less than its Total Daily Usage, the gas shortfall shall be considered Daily Under-Delivery Imbalance Quantities. Daily Under-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end; all quantities over 10% shall be Cashed out with the Company. Customer shall pay Company for Daily Under-Delivery Gas Quantities greater than 10% of Total Daily Usage pursuant to the following:

- (1) 1.1 times the Daily Under-Delivery Charge for each Dekatherm of Under-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage; plus
- (2) 1.2 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus
- (3) 1.4 times the Daily Under-Delivery Charge for each Dekatherm of Daily Under-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage; plus
- (4) Applicable taxes.

During a Cold Weather OFO, the aforementioned Daily Under-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, the Daily Under-Delivery Imbalance provisions shall not apply.

Daily Over-Delivery Imbalance: If Customer's Total Daily Deliveries are greater than its Total Daily Usage, the excess gas shall be considered Daily Over-Delivery Imbalance Quantities. Daily Over-Delivery Imbalance Quantities up to and including 10% of Total Daily Usage shall be carried over to month-end. If the Company or the pipeline would experience any operating difficulties as a result of Daily Over-Delivery Imbalance Quantity of Customer's gas exceeding 10% of Total Daily Usage, Company may decline to accept delivery of the excess quantities. If Company does receive the excess quantities, they shall be Cashed out with the Company. Company shall pay Customer for such Daily Over-Delivery Imbalance Quantities greater than 10% of Total Daily Usage pursuant to the following:

- 1) 0.9 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 10%, up to and including 20% of Total Daily Usage, plus
- 2) 0.8 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 20%, up to and including 30% of Total Daily Usage; plus.
- 3) 0.6 times the Daily Over-Delivery Charge for each Dekatherm of Daily Over-Delivery Imbalance Quantity that is greater than 30% of Total Daily Usage.

During a Warm Weather OFO, the aforementioned Daily Over-Delivery Imbalance provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Cold Weather OFO, the Daily Over-Delivery Imbalance provisions shall not apply.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

APPENDIX E
NOMINATION AND BALANCING PROVISIONS

(continued)

MONTHLY BALANCING PROVISIONS

Customer shall be obligated to balance its total monthly usage ("Total Monthly Usage") with the actual monthly deliveries of Customer-Owned Gas by the pipeline, as adjusted to reflect (1) Company's unaccounted for gas percentage as specified in applicable rate schedule, (2) the net effect of Daily Imbalance Quantities cashed out during the current month, and (3) prior month Monthly Over-Delivery Imbalance Quantities made available to Customer or Monthly Under-Delivery Imbalance Quantities made up by Customer, (collectively, "Total Monthly Deliveries"). A Monthly Imbalance Quantity shall exist when the Total Monthly Usage is greater than or less than the Customer's Total Monthly Deliveries.

Monthly Under-Delivery Imbalance: If the Total Monthly Deliveries for Customer's account at the end of the month are less than its Total Monthly Usage, the gas shortfall shall be considered Monthly Under-Delivery Imbalance Quantities. Monthly Under-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Customer shall pay Company for Monthly Under-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 1.1 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus
- (2) 1.2 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus,
- (3) 1.4 times the Monthly Under-Delivery Charge for each Dekatherm of Monthly Under-Delivery Imbalance Quantity that is greater than 25% of Total Monthly Usage; plus
- (4) Applicable taxes.

Monthly Over-Delivery Imbalance: If the Total Monthly Deliveries for Customer's account at the end of the month are greater than its Total Monthly Usage, the gas excess shall be considered Monthly Over-Delivery Imbalance Quantities. Monthly Over-Delivery Imbalance Quantities up to and including 5% of Total Monthly Usage shall be carried forward to the following month; quantities greater than 5% shall be Cashed out with the Company. Company shall pay Customer for Monthly Over-Delivery Imbalance Quantities greater than 5% of Total Monthly Usage pursuant to the following:

- (1) 0.9 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 5%, up to and including 15% of Total Monthly Usage; plus:
- (2) 0.8 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance Quantity that is greater than 15%, up to and including 25% of Total Monthly Usage; plus
- (3) 0.6 times the Monthly Over-Delivery Charge for each Dekatherm of Monthly Over-Delivery Imbalance that is greater than 25% of Total Monthly Usage.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX E
NOMINATION AND BALANCING PROVISIONS

(continued)

OPERATIONAL FLOW ORDERS

When requested by the Company through an Operational Flow Order ("OFO"), Customer is obligated to nominate and deliver gas supply to the Company's city gates in the manner instructed by the Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in the Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures in the General Terms and Conditions, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERC-approved tariffs.

Cold Weather OFO Day: During a Cold Weather OFO, the Customer shall be subject to the following Daily OFO Under-Delivery Imbalance provisions:

If Customer's Daily Under-Delivery Imbalance Quantity is greater than 3% of Total Daily Usage, the shortfall quantities shall be Cashed-out with the Company. Customer shall pay Company the following:

- (1) For each Dekatherm of Daily Under-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the greater of the highest incremental gas cost paid by Company on the date of noncompliance or the Daily Under-Delivery Charge; plus
- (2) The payment of all other charges incurred by Company and attributable to Customer's Daily Under-Delivery Imbalance Quantity, including pipeline penalty charges on the OFO shortfall quantities; plus
- (3) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (4) Applicable taxes.

Warm Weather OFO Day: During a Warm Weather OFO, the Customer shall be subject to the following Daily OFO Over-Delivery Imbalance provisions:

If Customer's Daily Over-Delivery Imbalance Quantity is greater than 3% of its Total Daily Usage, Company may refuse to receive such excess quantities from the pipeline(s). If Company receives such excess quantities, they shall be Cashed out with the Company. Company shall pay the Customer for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than three (3) percent of Total Daily Usage, the lesser of the lowest incremental gas cost paid by Company on the date of non-compliance or the Daily Over-Delivery Charge. Customer shall pay Company the following:

- (1) The payment of all charges incurred by Company and attributable to the Customer's Daily Over-Delivery Imbalance Quantity; including pipeline penalty charges on the OFO excess quantities; and
- (2) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Over-Delivery Imbalance Quantity that is greater than three (3) percent of Total Daily Usage; plus
- (3) Applicable taxes.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX F
ENERGY EFFICIENCY RIDER

APPLICABILITY

The Energy Efficiency Rider shall be applicable to residential Customers, Rate RS, subject to the provisions set forth below reflecting the expiration of the Pilot Program on March 31, 2015.

DESCRIPTION

The Energy Efficiency Rider will be the sum of the following two components, for each applicable Rate Schedule as described below:

- (1) Energy Efficiency Funding Component (EEFC)
- (2) Sales Reconciliation Component (SRC)

Energy Efficiency Funding Component (EEFC):

The EEFC shall recover the costs of funding energy efficiency efforts throughout Company's Service Area. These efforts may include, among others, energy efficiency programs, customer education programs and weatherization programs designed to benefit Customers under the applicable Rate Schedules.

The EEFC shall be \$10 per year, or \$0.83 per month, per customer through the expiration of the Pilot Program.

Sales Reconciliation Component (SRC):

The SRC shall recover the differences between Actual Margins and Adjusted Order Granted Margins for the applicable Rate Schedules.

Actual Margins are defined as margins for each Rate Schedule, prior to the SRC adjustment. Adjusted Order Granted Margins are defined as the order granted margins for each Rate Schedule as approved in Company's most recent general rate case as adjusted to reflect the change in number of customers from the order granted levels. To reflect the change in number of customers, order granted margin per customer is multiplied by the change in the number of customers since the test year, with the product being added to the order granted margins.

Company shall defer the calculated differences between Actual Margins and Adjusted Order Granted Margins for subsequent return or recovery via the SRC. Annually, Company shall reflect in a revised SRC the margin differences.

The accumulated margin differences for each Rate Schedule shall be divided by projected sales volumes for each Rate Schedule to determine the applicable SRC. Projected and actual recoveries by Rate Schedule under the SRC are reconciled, with any under or over recovery being recovered or returned over the next twelve month period. The expiration of the Pilot Program shall not eliminate the SRC calculation as necessary beyond March 31, 2015.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

APPENDIX F
ENERGY EFFICIENCY RIDER

(continued)

ENERGY EFFICIENCY RIDER RATE

The applicable Energy Efficiency Rider Rate shall be the sum of the EEFC and SRC each month.

<u>Rate Schedule</u>	<u>Sales Reconciliation</u> <u>Component</u> (\$/therm)
Rate RS	\$0.0000

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

**BOONVILLE NATURAL GAS CORPORATION
RULES AND REGULATIONS FOR GAS SERVICE**

1. RATES, RULES AND REGULATIONS ON FILE

A copy of all rates, rules and regulations, under which gas service will be supplied to customers in its territory of service ("Gas Service"), is posted or on file for the public's benefit in the office of Boonville Natural Gas Corporation ("the Company") and filed with the Indiana Utility Regulatory Commission ("IURC").

2. WRITTEN APPLICATION AND CONTRACT REQUIRED

A written application or contract, properly executed, in form acceptable to the Company, may be required from the Customer before the Company will be required to supply service; provided, however, that the Company shall have the right to reject, for any valid reason, any application. An application for service and acceptance thereof by the Company shall constitute an agreement of the applicant and the Company, subject to all lawful regulations. A separate application or contract shall be made for service at each location. Furthermore in supplying Gas Service the terms and conditions apply as follows:

- A. Company shall determine the availability of Gas Service and the conditions under which Gas Service shall be provided.
- B. In any case where unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract with reasonable guarantees for a period of time as specified by the Company.
- C. The benefits and obligations of any service agreement shall begin when the Company commences to supply gas service and shall inure to and be binding upon the heirs, successors, assigns, and executors or administrators of either the Company or the Customer.
- D. The Company may require up to two working days notice for all connections of existing natural gas service. The Customer is also responsible for payment of all natural gas usage at a service location for up to three working days following notice to the Company to disconnect the natural gas service.
- E. If a contract between the Company and the Customer contains any provision which is contrary to, or becomes contrary to, any definition, rate schedule, the Company's General Terms and Conditions, any lawful regulation or decision of the IURC, or is, or becomes, otherwise not in accordance with valid local,

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

State and/or Federal laws, then such provision shall be of no force or effect.

- F. The Company may refuse Gas Service or disconnect Gas Service on account of arrearages due for Gas Service furnished to persons formerly receiving service at the Premises as a Customer of the Company, if the former Customer continues to occupy such Premises.
- G. No promises, agreements or representations of any agent of the Company shall be binding upon the Company, unless the same shall have been incorporated in a written contract before such contract is signed and approved by an authorized agent of the Company.

3. DATA ON CUSTOMER’S INSTALLATIONS TO BE FURNISHED

The Customer shall, upon request of the Company, furnish in writing to the Company a list of the equipment and devices which are requested by the Customer to be attached to the Company’s lines, giving the location of the building and its established address, and the Company will then advise the Customer the form and the character of the gas service and gas supply available.

4. COMPANY OWNED PIPING AND EQUIPMENT

The Company shall furnish, install and maintain without charge to the Customer, as necessary and appropriate to provide Gas Service, the piping and equipment, as follows:

- A. Service Lines consisting of gas piping extending from the Company’s gas mains to the property line or to the gas meter for the Customer.
- B. Regulators as needed to meet metering and delivery pressure requirements.
- C. Meters as required for gas measurement and billing purposes.

5. LOCATION OF SERVICE CONNECTIONS AND EQUIPMENT

- A. Meter Location. When the form of Gas Service requires, the Customer shall provide free of expense to the Company, and at a location satisfactory to the Company, a suitable place for necessary regulators, meter, or other equipment which may be furnished by the Company. Whenever possible, the meter setting shall be located outside and in a location which is both readily accessible and reasonably protected from damage.
- B. Connection of Meter. The Company reserves the right to locate the point to

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

which service connections will be made to its meter, and the right to lay all underground pipe to the inlet of that meter. A charge, to be paid by the Customer, and based on current prices, may be made for all service runs in excess of 100 feet, measured from the Company's nearest main distribution pipeline, or the Customer's property line, whichever is closer to the location of the meter, and shall be paid prior to commencing gas service.

- C. Equipment Location Permit or Easement: If the Customer is not the owner of the premises being served, or of the intervening property between the served premises and the Company's main, the Customer shall obtain from the owner(s) certain permits or easements. These permits or easements shall be in a form satisfactory to the Company, and shall allow for the installation and maintenance of all piping and other gas equipment needed to supply gas to the Customer.
- D. Protection of the Company's Property: The Customer shall protect the Company's property on the Customer's premises from loss or damage and shall not permit anyone who is not an employee or agent of the Company to remove or tamper with the Company's property. If the Company's equipment is damaged or destroyed through the neglect of the Customer, the cost of repairs or replacement shall be paid by the Customer.

6. ACCESS TO PREMISES

- A. Authorized agents of the Company shall have access to the Customer's Premises at all reasonable times for the purpose of:
 - 1. Turning on or shutting off, reading, inspecting, testing, installing, repairing, or replacing the meter or meters or other equipment used in providing Gas Service and for removing the same upon the termination of the contract and/or discontinuance of Gas Service;
 - 2. Determining the compliance of the Customer with the applicable Rate Schedule and Appendices, the contract with the Company, these General Rules And Regulations Applicable To Gas Service, or the IURC's Regulations; and
 - 3. Accessing the Customer's gas appliances to re-light or turn off pilot lights.
- B. The Customer shall take all necessary steps to restrain animals from injuring the Company employees or agents entering the Customer's property. Any

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

injuries or other damages incurred by the Company, its employees or agents, while on the Customer's premises shall be paid by the Customer. The Company will subrogate any related claims to the Customer. This duty of the Customer shall not attach to injury, death or damage shown to have been occasioned solely by the negligence of the Company, its employees or agents.

7. CUSTOMER FURNISHED PIPING AND EQUIPMENT

The Customer shall furnish, install and maintain all piping beyond the outlet side of the Company's meter as follows:

- A. Inside Piping. Each Customer applicant-for Gas Service, at the Customer's own expense, shall equip the Customer's premises with all necessary piping and attachments, all of which shall be constructed and maintained by the Customer. The quality, specifications and installation of such piping and attachments shall be in compliance with all applicable Federal and state laws, rules and regulations, and local codes, regulations and/or requirements, and in accordance with the Company's Terms and Conditions. The Customer shall, at all times, maintain all piping and equipment beyond the outlet side of the Company's meter.

- B. Other Piping and Equipment. The Customer, at the Customer's own expense, shall also furnish, install and maintain, in full compliance with Company prescribed standards and, and local ordinances and codes the following:
 - 1. Yard Line consisting of gas piping from the Customer's property line to the Company's meter setting. The Yard Line shall not be run under or through any portion of any building, and all new, added and replacement Yard Line plastic gas piping shall include a locate wire.

 - 2. Pressure Regulating Equipment, if any such equipment is necessary to regulate the pressure of the gas after delivery to Customer.

 - 3. Check Measuring Equipment, if any, as may be desired by the Customer. Such equipment shall be installed so as not to interfere with the operation of the Company's measuring equipment. Responsibility for reading, calibrating, and adjusting any such check measuring equipment shall rest solely with the Customer.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

- C. Inspection of Customer Equipment. The Company shall be under no obligation to inspect the piping and equipment of the Customer. .
- D. Refusal of Service. Company reserves the right to refuse to provide Gas Service when conditions are believed to be dangerous, hazardous, or otherwise unacceptable in the judgment of Company, although Company is under no duty to make such a judgment.
- E. Exclusive Service. Except as authorized by Company, no Gas Service other than that being provided by Company shall be used on the same installation as is used for the Gas Service supplied by Company.

8. POINT OF DELIVERY

The point of delivery of gas supplied by the Company shall be at the outlet of the meter. The Company will make the necessary connection at the point of delivery. No one, other than the Company, may alter or interfere with this connection in any way.

9. MEASUREMENT OF GAS SUPPLIED

Unless otherwise specified in a contract between the Company and the Customer, the gas supplied shall be measured by a meter or meters of standard manufacture, furnished and installed by the Company on the premises of the Customer, in accordance with the definitions and Rules, Regulations and Standards of Service for Public Utilities in Indiana promulgated by the Indiana Utility Regulatory Commission as may be in effect from time to time, and as follows:

- A. Definitions:
 - 1. "Sales Unit" means the sales unit of the gas deliverable by the Company to Customer shall be the Therm (Th). By definition,
 - 2. "A therm" is the amount of thermal energy equal to 100,000 British Thermal Units (BTUs).
 - 3. "A Standard Cubic Foot (SCF)" of gas is that volume of gas that occupies one (1) cubic foot of space when measured at sixty (60) degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch. Where service is supplied at non-standard pressures and/or temperatures,

Issued: _____ Effective: _____

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Base rates approved, Cause No. _____, _____.

the Company may correct the volume of gas metered to correspond to gas at standard conditions.

4. "Assumed Atmospheric Pressure" is the average absolute atmospheric pressure, which shall be assumed to be fourteen and four tenths (14.4) pounds per square inch. This standard shall be irrespective of the actual elevation of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

5. "Flowing Temperature" means at points of delivery where the installation of a recording thermometer or other temperature correcting device is provided, the indicated temperature of the gas flowing through the meter(s) shall be used in computing gas volumes. When such a device is not provided, the temperature of the gas shall be assumed to be sixty (60) degrees Fahrenheit.

B. Company Meters. All Gas Service provided by Company shall be measured by a meter or meters installed and maintained by Company in accordance with the Commission's Regulations.

C. Cost of Meter Equipment. Customer may be required to contribute to part or all of the costs of such facilities including applicable taxes.

D. Standards. Except as otherwise provided in these rules, or by rule or regulation authorized by the IURC, all charges for gas service, other than a service charge authorized by such Commission, shall be calculated upon the registration of the meter or meters installed. Company meters will be tested periodically in accord with the Rules, Regulations and Standards for Public Utilities in Indiana promulgated by the IURC. If more than one meter is installed on the same premises, gas service to each meter shall be billed separately; however, if multiple meters were installed to serve the same rate classification strictly for the convenience of the Company, then only one monthly service charge for that rate class will be applied.

10. FAILURE OF METER

A. Correction and Estimated Volume of Usage. If any service meter is found to have a percentage of error greater than that allowed in the Rules, Regulations and Standards for Public Utilities in Indiana promulgated by the IURC, the Company will observe the provisions of said rules applicable to billing adjustments due to meter error, particularly 170 IAC 5-1-14 or such other applicable rules and standards of the IURC as may be in force and in effect at

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

the time. And the volume of gas delivered by the Company to the Customer may be estimated, if necessary:

1. by using the registration of any check meter or meters if installed and accurately registering, or,
2. by correcting the error if the percentage of error is ascertainable by calibration, test, or mathematical calculation, or,
3. by estimating the quantity of natural gas delivered based on deliveries made during periods under similar conditions when the meter was registering accurately.

B. Adjustment of Bills Due to Meter Error. If, upon test at thirty five (35) percent of rated capacity, any measuring equipment is found to be not more than two (2) percent fast or slow, previous recordings of such equipment shall be considered correct in computing deliveries of gas; but such equipment shall be adjusted at once to record accurately. If, upon test at thirty five (35) percent of rated capacity any measuring equipment is found to be inaccurate by any amount exceeding two (2) percent, then any previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon. Such correction shall be for a period extending over one-half of the time elapsed since the date of last test, or one (1) year, whichever period is shorter, and the Customer's account shall be either credited or debited, as appropriate.

11. BUILDING CONTAINING TWO OR MORE SEPARATE LIVING QUARTERS OR BUSINESS CONCERNS

Where a dwelling consists of more than one family unit, or is an apartment house consisting of more than one apartment, and service is taken and provided through a single meter, the steps of the "Rate", including the minimum or service charge, will be multiplied by the number of family units in the dwelling or apartment house.

When service furnished hereunder through a single meter to a commercial consumer is used by more than one consumer or business concern, even though of common ownership and management, the steps of the applicable rate for gas service, including the minimum or service charge, will be multiplied by the number of consumers or business concerns served. Central heating systems for that part of an office building devoted to rental or offices shall be considered as a single consumer.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

12. WARRANTY OF TITLE TO AND RESALE OF GAS

- A. Title to Gas Sold. The Company generally warrants title to all gas delivered by it to Customer and the right to sell the same and that such gas shall be free and clear from all liens and adverse claims. The Company makes no warranties as to title for any gas received by it on behalf of any "off-system" end-user.
- B. Resale of Gas. The gas furnished under these rules is for the sole use of the Customer on the Customer's premises. Gas Service is and shall not be provided to any Customer for resale in whole or in part, except to a public utility regulated by the Commission or for the express and limited purpose of providing Gas Service. And in any event the Company is and shall be under no obligation to provide Gas Service for resale to another public utility. Accordingly the Customer shall not pipe gas off Customer's premises or sell the same to any other Customer, person or entity.

13. RESPONSIBILITY AFTER GAS IS DELIVERED BY THE COMPANY

The Customer shall assume all responsibility for the gas service on Customer's premises; including, but not limited to, the point of delivery and all piping and equipment used in connection with the gas service. And the Customer shall protect and save the Company harmless from all demands, claims, suits, and judgments and execution for injury or death to persons or damage to property, both real and personal, which are alleged to occur on or about Customer's premises as occasioned by said gas service or said piping and equipment. This duty of the Customer shall not attach to injury, death or damage shown to have been occasioned solely by the negligence of the Company, its employees or agents.

14. LIMITATIONS OF LIABILITY

- A. Presence of Gas. The Company shall not be liable for any damage or injury resulting to Customer or to third persons from the presence or use of gas, or of the Company's piping or equipment, on the Customer's premises, unless and to the extent due to will fault or negligence on the part of the Company and without any contributory negligence on the part of the Customer or such third party in the breach of a duty and responsibility on their part, and the Customer and any involved third party shall remain liable for any such damage or injury to the extent of their respective negligence.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

- B. Continuous Service. The Company will endeavor to supply gas continuously and without interruption; however, the Company shall not be liable in damages or otherwise for failure to supply gas or for interruptions of the gas supply when such failure is without willful fault on the Company's part. The Company cannot and does not guarantee either a sufficient supply of gas or an adequate pressure for the gas supplied and shall not be liable for any damage or loss resulting from any variation in pressure or from a total interruption of the gas supply.
- C. Force Majure. Neither the Company nor the Customer shall be liable to the other for any act, omission or event caused by strikes, acts of God, or unavoidable accidents or contingencies beyond their respective control.

15. DEPOSIT TO ENSURE PAYMENT OF BILLS

- A. Residential Customers. As set forth in the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana, the Company may require a cash deposit from an applicant for service or an existing Customer whenever standards of credit worthiness are not satisfied.
- B. Non-Residential Customers. The Company shall require a cash deposit from an applicant for service or from an existing Customer as described in the Non-Residential Customer Security Requirements (See Rule 19 below).
- C. Interest. Cash deposits of residential Customers which are held more than twelve (12) months shall earn interest from the date of deposit at such rate of interest as the IURC may prescribe.

16. BILLS FOR GAS SERVICE

- A. Territory Served. The Tariff or tariffs for gas service shall apply to the parts of Warrick County, State of Indiana, comprising the territory which the Company is authorized by the IURC to serve.
- B. Monthly Billing. Bills for service will be rendered monthly unless otherwise specified by the Company. The term "month" for billing purposes shall mean the period between any two consecutive regularly scheduled readings of the meter(s) by the Company. Meter readings are to be taken as near as practicable every thirty (30) days. And the further terms apply

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

1. When the Company is unable to read a meter after reasonable effort, the Customer will be billed based on an estimated consumption.
2. Failure of the Customer to receive a bill shall not excuse the Customer from the application of these General Rules and Regulations Applicable to Gas Service.
3. A service charge in the amount shown on the applicable rate sheet on file with the IURC will be included with each monthly billing.
4. A Late Payment Charge as specified on Appendix C of this Tariff for Gas Service will be added if the bill is not paid on or before the due date shown on the bill.
5. The monthly billing for natural gas service will be considered paid when payment has been received by the Company at its designated address. Payments received after the due date printed on the monthly natural gas billings will be subject to the addition of a Late Payment Charge (See No. 21 below).
6. The Company may, at its sole discretion, require any Customer with monthly billings aggregating \$25,000.00 or more to make payment to the Company in the form of a wire transfer directed to a bank account designated by the Company. Wire transferred funds shall be available to the Company on or before the due date printed on the monthly natural gas billings. The Customer will also be required to make a facsimile transmission to the Company, at a designated telephone (fax) number, setting forth the pertinent details of the wire transfer.

C. Estimated Billing. In order to render monthly gas bills, for good cause the Company may estimate the monthly usage of gas service of any Customer, with appropriate adjustments to be made by the Company on the first bill rendered following the reading of the meter. Good cause includes, but is not limited to:

1. request of the Customer;
2. inclement weather;
3. labor or union disputes;
4. inaccessibility of the Customer's meter if the Company made a reasonable attempt but was unable to read the meter;

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

- 5. non-monthly meter reading schedule or no meter read on final bill; and
 - 6. other circumstances beyond the reasonable control of the Company, its agents, and employees.
- D. Customer Meter Reading. Any Customer who does not desire to receive an estimated bill may read the Customer’s meter and communicate the readings to the Company in an appropriate format that is provided by the Company, which reading shall in any event be subject to an actual meter reading by the Company.
- E. Budget Billing. The Company shall offer an optional alternative billing method for eligible Residential Customers that averages Customer’s estimated bill over an extended period ("Budget Bill"), as hereafter set forth in Paragraph 26 below.

17. PAYMENT OF BILLS

- A. Authorized Methods. Gas bills must be paid through a Company authorized method of payment, including mail-in payments, bank drafts (ACH), approved pay sites, electronic check and electronic funds transfer, as they may change from time to time.
- B. Delinquent Payment. If a gas bill payment is not received by Company through an authorized method of payment on or before the gross payment date stated on the Bill, Customer shall be considered delinquent in payment and a late payment charge shall be levied.
- C. Payment Due Date. The gross payment date shall be at least seventeen (17) days after the gas bill is mailed by the Company. When such date falls on, a Saturday, Sunday, and other legal holiday, or a day Company’s office is not open for business, the gross payment date shall be the first business day thereafter.
- D. Receipt of Gas Bill. Failure to receive a gas bill shall not entitle a Customer to pay the net gas bill, if the Customer fails to make payment on or before the gross payment date, nor shall it affect the right of Company to discontinue Gas Service for nonpayment of a gas bill as provided in the IURC’s Regulations.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

18. DISCONNECTION OF RESIDENTIAL SERVICE

A. Disconnection Without Notice. The Company reserves the right to and may disconnect a residential service without request by the Customer and without prior notice for any of the following reasons:

1. For emergency repairs; or
2. If Company's regulators, meters, or other appurtenances or connections thereto have been tampered -with and Company has reasonable grounds to believe that the affected Customer is responsible for such tampering; or
3. If fraudulent or unauthorized use of gas is-detected and Company has reasonable grounds to believe the affected Customer is responsible for such use; or
4. If there exists in Customer's piping or in connection with Customer's gas-using equipment, any condition which, in Company's judgment, is dangerous or hazardous to life, physical safety or property; or
5. If there exists any other condition which, in Company's judgment, is dangerous or hazardous to life, physical safety or property; or
6. For any violation of Company's rules pursuant to Rule 34: or
7. For any other lawful reason.

B. Necessary Line and Equipments Repair. The Company may temporarily shut off the supply of gas for the purpose of making necessary line or equipment repairs after due notice to the Customer.

C. Request of Customer.

1. Whenever a Customer desires to have Gas Service discontinued, the Customer shall notify the Company at least three working days in advance of the day discontinuance is desired. The Customer shall remain responsible for all Gas Service used and the billing rendered therefore, until Gas Service is discontinued pursuant to such notice. Otherwise, the Company will disconnect service upon request of the Customer, upon

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

proper notice in accordance with the General Rules and Regulations Applicable to Gas Service promulgated from time to time by the IURC.

2. When the Customer has entered into a contract with the Company to take Gas Service and the Customer orders discontinuance of Gas Service before the expiration dates as established in the contract, the Customer shall be liable for the payment of all applicable charges for the months remaining in the un-expired period of the contract term. The Customer's liability for those charges shall be in addition to any other rights which Company may have with respect to the contract.

D. Nonpayment and Other Reasons. In all other instances the Company, upon providing a residential Customer with fourteen (14) days prior written notice, may disconnect gas service, subject to the following:

1. The Company shall postpone the disconnection of service for ten (10) days if, prior to the disconnect date specified in the disconnect notice, the Customer provides the Company with a medical statement from a licensed physician or public health official. This statement must clearly assert that disconnection would be a serious and immediate threat to the health or safety of a designated person in the household of the Customer. The postponement of disconnection shall be continued for one additional ten (10) day period upon the providing of an additional medical statement

2. The Company will not disconnect a residential service if the Company deems that the Customer has shown cause for the Customer's inability to pay the full amount due (financial hardship may constitute cause), and that Customer:

a. pays a reasonable portion (not to exceed \$25 or one tenth (1/10) of the bill, whichever is less, or unless the Customer agrees to a greater portion) of the bill; and,

b. agrees to pay the remainder of the outstanding bill within three (3) months; and,

c. agrees to pay all undisputed future bills for service as they become due; and,

d. has not breached any similar agreement with the Company made pursuant to this rule within the past twelve (12) months.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

Provided, however, that the Company may add to the outstanding gas bill a Late Payment Charge not to exceed the amount set pursuant to Rule 21, below, and that the above terms of any such agreement shall be in writing and signed by the Customer and by a representative of the Company.

3. The Company will not disconnect a residential service if the Customer is unable to pay a bill which is unusually large due to prior incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection or functioning of the meter, prior estimates where no actual reading was taken for over two months, stopped or slow meters, or any human or mechanical error of the Company, provided that the Customer:

- a. pays a reasonable portion of the bill, not to exceed an amount equal to the Customer's average bill for the twelve (12) bills immediately preceding the bill in question; and,
- b. agrees to pay the remainder on a reasonable payment schedule; and,
- c. agrees to pay all undisputed future bills for service as they become due.

Provided however, that the Company may not add to the outstanding bill any late payment fee, and, that the above terms of agreement shall be in writing and signed by the Customer and a representative of the Company.

E. Time of Disconnection.

1. Normally, the Company will disconnect service only between the hours of 8:00 a.m. and 3:00 p.m., prevailing local time; however, any disconnection pursuant Paragraph A of to Rule 18, above, is not subject to this limitation.

2. The Company will not disconnect service for non-payment on any day on which the Company office is closed to the public, or after twelve (12:00) noon of the day immediately preceding any day on which the Company office is not open to the public.

19. NON-RESIDENTIAL CUSTOMER SECURITY REQUIREMENTS

A. Company Security Requirements.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

1. Cash Deposit. Except as provided in these requirements, for non-residential Customers, the Company shall require a cash deposit from an applicant for natural gas service or an existing Customer. The deposit shall be calculated based on the highest estimated monthly consumption multiplied by twice the rate in effect on the date of the application for service or upon a Customer's receipt of a notice requesting a deposit. The deposit calculation for a new Customer shall be based on reasonable estimated usage/consumption which shall include, but not be limited to, historical consumption on the property, any increased or decreased heating, processing load, etc., or an applicant's declared usage and load. The deposit calculation for an existing Customer shall be based on the highest monthly consumption during the previous five (5) years of usage, or if a Customer has less than five (5) years, then the highest monthly consumption recorded since becoming a Customer, with taking into consideration, without limitation, any changes in physical size of premises served, changes in usage or process application, removal or installation of different heating, or processing equipment.

2. Exception To The Cash Deposit Requirement. The Company shall have the discretion to waive the cash deposit requirement for both new applicants and existing Customers upon receipt of adequate assurance that the non-residential Customer is creditworthy. Adequate assurance of creditworthiness shall be demonstrated by the Customer presenting all of the following to the Company:

- a. Proof that the Customer is not currently delinquent.
- b. Their Dun & Bradstreet D-U-N-S No. and payment index which reflects a prompt payment history.
- c. An audited financial report that includes a balance sheet showing assets exceeding liabilities, an income statement, and a cash flow statement; or a verified or sworn financial report of the business entity that includes a balance sheet showing assets exceeding liabilities, an income statement, and a cash flow statement. Additionally, all the owners of the business entity must provide their personal guaranty with respect to payment of all natural gas bills for the business entity along with their personal financial statements showing their assets, liabilities, and income.
- d. Credit reference(s) from other public utilities stating that the entity has or had a prompt payment history with the public utility.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

3. Refunds. The Company will not refund any cash deposit from a non-residential Customer until service is disconnected at the premises served for which the deposit was collected.

4. Deferred Payment.

a. New Customer. The Company shall require non-residential Customers to have their cash deposit, if not waived, paid prior to the establishment of natural gas service.

b. Existing Customer. The Company will, on request, consider allowing the payment of an existing Customer's cash deposit on an installment basis conditioned on all of the following:

1. Terms mutually agreeable to both the Company and the Customer.
2. The planned usage pattern of the Customer.
3. Other factors which may affect the Customer's ability to pay.

c. Failure to Make Installment Payment. If the Customer fails to tender the initial installment or any installments thereafter, in a prompt and timely manner, the Company shall be entitled to terminate natural gas service until the Customer has tendered the total amount of the deposit and paid, in full, all consumption billed to the Customer prior to termination of the service. A reconnect charge, as provided in Rule 22 below, shall also apply to any Customer whose service is interrupted due to non-payment of a deposit installment.

5. Delinquent Existing Customers. The Company may request an existing Customer to make a cash deposit, if they are delinquent twice in a twelve (12) consecutive month period subsequent to the effective date of these General Rules And Regulations Applicable To Gas Service.

6. Public Authority Customers. All Customers properly classified as public authority users shall be exempt from the requirement to provide a cash deposit.

20. DISCONNECTION/NON-CONNECTION OF NON-RESIDENTIAL SERVICE FOR FAILURE TO SUPPLY CASH DEPOSIT

Issued: _____

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Base rates approved, Cause No. _____, _____.

- A. A new non-residential Customer shall not be entitled to natural gas service from the Company until an application for natural gas service is submitted, and accepted by the Company, and the required cash deposit is tendered to, or a waiver is granted by the Company as described in Rule No. 19, above.
- B. An existing non-residential Customer who fails, within ten (10) calendar days of receiving written notice from the Company, to tender a cash deposit, as described in Rule No. 19, may have their natural gas service disconnected until said Customer provides a cash deposit or obtains a waiver from the Company. A reconnection charge, as provided in Rule 22 below, shall also apply to any Customer whose service is disconnected due to non-payment of the required deposit.

21. LATE PAYMENT CHARGE:

A Late Payment Charge, provided for in any Company tariff filed with the IURC will be applied to all accounts not paid on or before the due date as printed on the monthly natural gas billing. A Customer enrolled in the Company's Budget (Level) Payment Plan may have a late payment charge applied to their monthly payment, if not paid on or before the due date printed on the Customer's monthly gas bill.

22. RECONNECTION CHARGE

To cover the cost of discontinuance and re-establishment of service for the same Customer at the same service address, a Reconnection Charge will be made as provided for in any Company tariff filed with the IURC. The Reconnection Charge shall be paid in full prior to the restoration of natural gas service. If the disconnection period exceeds one year, the Company may waive the Reconnection Charge, provided the disconnection was not for a violation of the Company's Rules and Regulations. In any event, if service is suspended because of nonpayment of bill by Customer, such service will not be reinstated without payment of Reconnection Charge provided for in the Company's rate filings with the IURC.

23. COLLECTION CHARGE

A Collection Charge, as specified on Appendix C of this Tariff for Gas Service, may be made when an employee or other authorized agent collects a past due account from Customer. If the employee or other authorized agent is unable to make physical contact with the Customer, the hanging of a door card requesting the Customer to contact the Company office shall constitute a basis for charging the Customer a Collection Charge. Customers enrolled in the Company's Budget (Level) Payment Plan will not be

Issued: _____ Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

exempted from a Collection Charge for a collection trip to the Customer's premises for the purpose of collecting a past due monthly Budget Payment Amount.

24. RETURNED CHECK CHARGE

A Returned Check Charge, as specified in Appendix C of this Tariff for Gas Service will be made on all checks received as payment of gas bills or authorized direct debits processed through the Automated Clearing House ("ACH") which are not honored by the Customer's bank. Additionally, any charges assessed by the Company's bank or the ACH processing system due to the returned check will be added to the Customer's account and will be in addition to the Company's Returned Check Charge.

25. THEFT OR UNAUTHORIZED USE OF GAS (A Class C infraction per IC 35-43-3-6)

When theft or unauthorized use of gas (actual or attempted) is discovered, the Customer will be charged an Unauthorized Use Fee as specified in Appendix C of this Tariff for Gas Service. Further, the Customer shall be charged for the estimated cost of natural gas, determined by the Company, to have been used. Also, the Customer shall pay any costs incurred by the Company to repair damaged or altered Company equipment due to Customer's theft or unauthorized use.

26. BUDGET (LEVEL) PAYMENT PLAN:

The Company will offer the Budget (Level) Payment Plan ("Plan") described below to eligible Customers, as follows.

- A. Plan Availability. An eligible Customer may enroll in the Plan, at any time without a down payment or additional deposit (a security deposit is unrelated to the Plan and will NOT be eliminated by enrollment in the Plan), by contacting the Company Office. The Company will provide an enrollment form at its Office showing the initial Monthly Payment, requesting its execution and return to the Office. The Customer will be enrolled in the Plan the next Billing Cycle after the Company's receipt of the completed enrollment form. It is not necessary for the Customer to visit the Company Office to apply for the Plan.
- B. Eligible Customer. An eligible Customer is defined to include currently paid accounts that are classified as residential.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

C. Monthly Payment. The Monthly Payment, under the Plan, will be determined as follows:

- 1. For existing accounts with a twelve-month usage history. The Monthly Payment will be determined by the past twelve months' usage for the account and pricing this usage level on the estimated rates believed to be in effect during the succeeding twelve months.
- 2. For new accounts or where there is not an existing twelve-month usage history. If there is a 12 month gas service usage history available for a gas service address, budget payment will be determined as above provided. If there is not a minimum of 12 months gas service usage history available for a gas service address, the customer may not enroll in the budget Plan until a consecutive 12 months history is established

D. Annual Review of Monthly Payment. Upon completion of the April Billing Cycle, which occurs at the end of the month, the Monthly Payment will be reviewed and adjusted, as needed, to reflect the proper Monthly Payment for the succeeding twelve months (May through April). The newly calculated Monthly Payment will become effective with the May Billing Cycle. If the review determines that no change is necessary, then the existing Monthly Payment will be used for the succeeding twelve months (May through April).

E. Annual "True-up". Upon completion of the April Billing Cycle, an analysis will be made of the Plan account balance with the assumption that the April and May Billing Cycle Monthly Payment will be paid.

- 1. If the Plan account balance is a debit (the Customer owes the Company money). The balance will be spread over the succeeding twelve months and will be reflected in the revised Monthly Payment.
- 2. If the account balance is a credit (the Company owes the Customer money). If the balance is equal to or less than the revised Monthly Payment, the balance will be divided by twelve and the next year's budget payment amount will be reduced by that amount.

F. Customer Notices. The Customer is notified, by mail, prior to the May Billing Cycle advising of the revised Monthly Payment for the succeeding twelve months. In addition, Customer is advised as to how balance was applied to their account or refunded.

G. Failure to Make Monthly Payment Prior to Due Date. If the Customer fails to make their Monthly Payment on or before the due date, as printed on the

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

natural gas bill, the Customer can be removed from the Plan immediately at the discretion of the Company. Any debit balance will be immediately due and payable in full. Any credit balance will be credited to the Customer's account and will be applied against their future natural gas bills. Any payment made after the due date is subject to the usual Late Payment Charge.

27. RESTRICTIONS, LIMITATIONS, CURTAILMENTS AND PRIORITIES OF GAS SERVICE

When sufficient capacity or volumes of gas are not available to the Company to meet all existing and reasonably anticipated demands, the Company shall have the right to restrict, limit, or curtail gas service within any of its systems so affected regardless of the class of service, and in accordance with any of the provisions of this Rule.

A. Definitions. For the purpose of this rule, certain terms shall have the following meanings:

1. Interruptible Customers. Interruptible Customers shall mean Customers purchasing and/or transporting gas on an interruptible service basis under any applicable tariff schedule or schedules of the Company.

2. Firm Customers. Firm Customers shall mean Customers purchasing and/or transporting gas on a firm service basis under any applicable tariff schedule or schedules of the Company.

3. Residential and Small Volume Commercial Customers. Residential and Small Volume Commercial Customers shall mean Firm Customers purchasing gas to provide service for one or more residential units or for one or more commercial units where the volume of gas required for each residential unit or for each commercial unit does not exceed 15,000 Therms in three of the twelve billing months each calendar year. Customers who sell services or commodities to the general public are considered commercial accounts. Commercial accounts would also include churches, public and private groups and organizations, as well as not-for-profit groups and organizations.

4. Large Volume Firm Customer. A Large Volume Firm Customer shall mean any Firm Customer whose usage exceeds 15,000 Therms in three or more of the twelve billing months each calendar year.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

5. Industrial Customer. An Industrial Customer shall mean any Customer whose primary use of gas is product processing, feed stock, or for plant protection. Industrial Customers shall also include any production entity that does not sell its products directly to the general public.

B. Restrictions on Service.

1. New and Additional Service. The Company shall have the right to refuse to provide natural gas service to new applicants for service and shall have the right to refuse to provide additional volumes of gas to existing Customers.

2. Extension Of Company's Facilities.

a. The obligation of Company to provide any extension of facilities also shall be subject to the Restrictions on New and Additional Gas Service and Curtailment Procedures made effective pursuant to other provisions of Company's General Terms and Conditions and as otherwise provided by law.

b. Upon request for Gas Service by a prospective Customer or a group of prospective Customers located in the same area, Company will extend without charge its facilities including distribution mains, underground service pipes, meters and other equipment necessary to provide the service provided:

1. that Company's estimate of its Non-Gas Cost Revenue from such Gas Services provided to the prospective Customer(s) for a period of six (6) years is equivalent to or in excess of Company's estimate of the cost of providing such facilities, and;

2. the prospective patronage or demand is of such permanency as to warrant the capital expenditure involved.

c. If the cost of the facilities necessary to provide the Gas Service requested exceeds the without-charge limit; Company may require either a deposit or adequate provision of the payment of a deposit equal to the cost of the facilities extension in excess of the without charge limit.

d. Any refundable extension deposit accepted by Company shall be subject to refund until the expiration of the six-year contract period.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

For each Customer connected to the extension, Company shall refund an amount by which six (6) times the estimated annual Non-Gas Cost Revenue for gas appliances actually installed exceeds the estimated cost of connecting such Customer. At no time shall the aggregate refund made to any depositor exceed the amount of extension deposit received from such depositor.

e. Upon request for Gas Service by a prospective Customer where, in Company's opinion, the facilities extension is of such length and the prospective Non-Gas Cost Revenue which may be developed by it is so meager as to make it doubtful whether the Non-Gas Cost Revenue from the extension would ever pay a fair return on the investment involved, or in the case of a real estate development with slight or no immediate demand for service, or in the case of Industrial installations requiring slight or irregular service and requiring extensive equipment, such facilities extension requests shall be submitted to the Commission for investigation and determination as to the convenience and necessity of such extension, and if so required, the conditions under which they shall be made.

C. Normal Daily Consumption of Large Volume Firm and Industrial Customers.

The Company shall have the right to establish a Normal Daily Consumption for Large Volume Firm Customers and all Industrial Customers in accordance with the following provisions:

1. Normal Daily Consumption. The Normal Daily Consumption of each Large Volume Firm Customer and all Industrial Customers shall be the volumes of gas consumed by such Large Volume Firm Customer or Industrial Customer during each billing month of the Base Period divided by the number of days in the billing month.

2. Base Period. The Base Period shall be the twelve consecutive billing months as specified by the Company.

3. Notice to Large Volume Firm and Industrial Customers. As soon as practicable after the provisions of this paragraph shall be invoked by the Company, the Company shall give written notice to each Large Volume Firm Customer and each Industrial Customer of its Normal Daily Consumption as determined under provision c.(1) above.

D. Interruptions, Limitations, and Curtailments of Service. Curtailments of gas service may be ordered by the Company at any time if, in the Company's opinion, it is necessary for the proper conduct of its business and so as to

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

prevent conditions dangerous or hazardous to life and physical safety of its customers. Curtailments of gas service due to gas supply deficiency may be ordered by the Company at any time when, in the opinion of the Company, the natural gas supply needed for authorized and contractual deliveries to its customers is not available without overrun, additional tax or other penalty from Company's pipe line supplier.

In event of such curtailment, Company shall give such notice of the proposed curtailment as is reasonable under the circumstances.

During any such curtailment period, the Company shall have the right to interrupt, limit, or curtail service to its Customers upon such notice as is reasonable under the circumstances and according to the following sequence, to the extent practicable: When necessary in the sole opinion of Company, Gas Service shall be maintained to Human Needs Customers or other Customers who would otherwise be curtailed, to the extent necessary and practicable under the circumstances.

1. First, Rate ITS customers shall be interrupted 100%.
2. Next, Rate ATS and STS customers shall be subject to the OFO in Appendix E.
3. Next, Rate ATS and STS customers shall be limited to their actual deliveries of transportation gas as confirmed by the pipeline.
4. Next, Rate ATS transportation gas quantities shall be interrupted 100% and diverted to use for company supply.
5. Next, as determined by Company, Large Volume Firm Customers' and Industrial Customers' purchases of Company-supplied gas shall be limited to their Normal Daily Consumption each day over any portion of the billing month.
6. Next, as determined by Company, Large Volume Firm Customers' and Industrial Customers' purchases of Company-supplied gas shall be curtailed prorata on a daily basis for any period specified by Company by application of a uniform percentage curtailment to each Firm Curtailment Customer's Average Daily Purchases.
7. In the event further Curtailment is required to maintain gas service, Company shall be entitled to curtail or interrupt gas service to any Customer.

Issued: _____

Effective: _____

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Base rates approved, Cause No. _____, _____.

- F. Penalty for Unauthorized Gas Use. If a non-residential Customer who is operating under a curtailment procedure takes volumes of gas in excess of the volume specified during any annual, seasonal, monthly or daily period, then this Customer shall pay the Company an Overrun Penalty, in addition to all other charges and penalties payable under the rate schedules. This Overrun Penalty shall be as provided for in Appendix C of this Tariff for Gas Service for all gas taken in excess of the specified volume. The Company shall have the right, without obligation, to waive the penalty for any unauthorized overrun if the Company's other Customers or its pipeline operations were not adversely affected by the unauthorized overrun. However, any Customer having an unauthorized overrun shall have its next allocation reduced by the amount of the unauthorized overrun. All volumes taken in violation of the Company's curtailment or interruption order shall constitute unauthorized excess takes

- G. Procedures in the event of noncompliance. Without regard to any other remedy provided by law or by the provisions hereof, Company shall be entitled to seek an order from the IURC or any other appropriate tribunal, requiring compliance with curtailment or interruption order by the Company in compliance with these rules or any directive from any governmental authority having jurisdiction in the premises.

- H. Superseding Applicability. The terms and provisions of this Rule shall be applicable notwithstanding any provisions contained in the tariff of the Company, or in any contract or agreement between the Company and any Customer.

28. GAS SERVICE TO MOBILE HOME PARKS

The obligation of the Company to provide any extension of facilities shall be subject to the restrictions on new and additional Gas Service and curtailment procedures made effective pursuant to other provisions of Company's General Terms and Conditions. Subject to the foregoing, the Company shall provide Gas Service to a Mobile Home Park ("Park") under the following conditions:

- A. Permanency. The Park shall be of a definite permanent nature and have improved streets, individual water and sewer connections to each lot, and each mobile home must rest on a concrete slab.

- B. Size. The Park shall have at least ten sites on which mobile homes may be located.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

B. Main Extensions. Main extensions shall be made in accordance with Rule 27, above, of the Company's General Terms and Conditions, but for purposes of Rule-27, each Park Operator shall be considered to be the Customer. Non-Gas-Cost Revenue estimates shall be determined by Company based on its knowledge of gas usage of mobile homes, taking in account the number and nature of gas appliances to be used and any other reasonable factors. Each Park Operator shall enter into an extension-of facilities contract for construction of gas mains, if the Park does not have enough existing mobile homes equipped with gas appliances to justify a gas main extension under Rule 27.

D. Easement. The Park Operator shall cause the Company to be granted an easement in a form and substance satisfactory to the Company for the construction, maintenance and operation of the Company's gas distribution system, together with the right of free access to read meters and repair or remove the Company's services, regulators, meters and any other facilities installed by the Company.

E. Extension and Metering. The Company shall upon execution of an extension of facilities contract or work order showing economic feasibility and receipt of a proper easement, construct and maintain the required distribution system to serve the Park. Company shall extend service to each mobile home site to be supplied. The gas riser and the meter for each mobile home site shall be located not less than eighteen (18) inches from the roadside wall of the mobile home, unless a different location is deemed necessary by the Company.

F. Gas Pipelines. The Park Operator or mobile home Customer shall furnish, install, and maintain all gas pipelines beyond the Company's meters to the point of connection with the mobile home gas piping. The fuel lines to individual mobile home sites shall be:

1. Adequately sized to provide minimum pressure-drop, but in no case less than 3/4" pipe, and if plastic shall include a locate wire.
2. Equipped with a terminal shutoff at a point adjacent to the mobile home, and
3. Connected to the mobile home piping with either a semi-rigid tube or all metallic flexible connector that shall be looped to prevent strain caused by settling or movement of the mobile home.

G. Meter Protection. The Park Operator shall provide substantial protection

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

satisfactory to the Company for the gas riser and meter so as to minimize the likelihood of damage by moving of the mobile home.

- H. Relocation of Facilities. The Park Operator shall keep the gas distribution system free and clear of any obstruction that will interfere with the maintenance of the system and shall not construct or maintain any structure over the Company’s distribution mains or services. When there is a change in the Park’s operation or construction which, in the judgment of Company, makes the relocation of the gas facilities necessary, or if relocation is requested by the Park, Company will move such facilities at the Park’s expense to a location acceptable to Company to be provided by the Park.
- I. Rate Schedule. Gas Service will be supplied and metered separately to each single occupancy dwelling unit and/or such Park facility under the applicable Rate Schedule.

29. MODIFICATION OF CONTRACT

No promises, agreements or representations of any agent of the Company shall be binding upon the Company unless the same shall have been incorporated in a written contract before the same is signed and approved by an agent of the Company authorized to sign such contract on behalf of the Company.

30. ASSIGNMENT

- A. Not Assignable. The benefits and obligations under any contract for the supply of gas by the Company shall begin when the Company commences to supply gas service hereunder, and shall inure to and be binding upon the successor, assigns, survivors, executors, or administrators, as the case may be, of the original party thereto for the full term thereof; provided that no assignment thereof shall be made by the Customer or any successor, assignee, survivor, executor or administrator, without first obtaining the Company’s written consent to any such assignment.
- B. Customer Notice to Discontinue Service. Each Customer must make application to the office of the Company before gas service will be established by the Company. A Customer moving from premises where that Customer is being supplied gas service will be held responsible for the payment of all bills rendered for service supplied on said premises unless and until that Customer gives proper notice at the office of the Company that service is to be discontinued at such premises.

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

31. DELAY DUE TO STRIKES, ETC.

Neither the Company nor the Customer shall be held liable for any failure or delay in performing any of the things undertaken by the Customer or the Company under any service contract in case such failure or delay is caused by strikes, acts of God, unavoidable accidents or other contingencies beyond the control of either of them and in no manner due to any fault, neglect or omission on the part of either of them. Such causes or contingencies affecting performance shall not relieve either Company or Customer of liability in the event of its concurring negligence or in the event of failure of either to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such cause or contingencies relieve either from its obligations to make payment or amounts then due hereunder.

32. EFFECT

These rules and regulations supersede the rules and regulations of the Company filed with the IURC on June 26, 1974, as amended March 8, 1990, and are made subject to rules and/or regulations of the IURC applicable to the Company whether now in effect or hereafter promulgated. The Company reserves the right to modify, alter, or amend these General Rules and Regulations Applicable to Gas Service or to file other and additional General Rules and Regulations Applicable to Gas Service, as experience and conditions may suggest or as the Company deems necessary in the conduct of its business, all subject to approval of the IURC.

33. VIOLATION OF RULES

The Company may discontinue Gas Service upon violation by any Customer of any of the Company's rules or regulations of which these General Rules and Regulations Applicable to Gas Service are a part, by giving seven (7) days' written notice mailed to such Customer at his, her or its address shown upon the Company's records, advising the Customer in what particular such rule or regulation has been violated, but where fraudulent use of gas is detected or where Company's' regulation or measuring equipment has been tampered with or where a dangerous condition is found to exist on Customer's' Premises, Gas Service may be shut off without notice in advance. The Company shall not be liable for damage of any character; caused by or resulting from a violation of these General Rules and Regulations Applicable to Gas Service

Issued: _____

Effective: _____

Issued by: John R. Lewellyn, President

Base rates approved, Cause No. _____, _____.

34. CREDIT OR DEBIT CARD CONVENIENCE FEE

The Customer may use a credit or debit card acceptable to Company when paying for utility service or deposit. Due to processing fees charged by credit and debit card companies for the use of credit and debit cards, the Customer will be charged an additional fee as set forth in Appendix C of this Tariff for Gas Service.

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