

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF COMMUNITY NATURAL GAS )  
CO. INC. FOR AUTHORITY TO CHANGE ITS ) CAUSE NO. 45690  
RATES, CHARGES, TARIFFS, RULES, AND )  
REGULATIONS )

PETITIONER'S SUBMISSION OF SETTLEMENT TESTIMONY OF  
BONNIE J. MANN

Community Natural Gas Company, Inc., ("Community", "Company", or "Petitioner"), by  
counsel, hereby submits the settlement testimony and attachment of Bonnie J. Mann.

Respectfully submitted,



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Counsel for Petitioner,  
Community Natural Gas Co., Inc.

**PRE-FILED SETTLEMENT TESTIMONY OF BONNIE J. MANN  
ON BEHALF OF COMMUNITY NATURAL GAS CO., INC.**

**Introduction and Background**

**Q1. Please state your name and business address.**

A1. My name is Bonnie J. Mann; my business address is 1776 N. Meridian, Suite 500, Indianapolis, Indiana 46202.

**Q2. Are you the same Bonnie J. Mann that submitted direct testimony in this Cause?**

A2. Yes.

**Q3. What is the purpose of your settlement testimony in this proceeding?**

A3. My settlement testimony presents the revised accounting schedules reflecting the terms of the Settlement Agreement, Settling Parties Joint Exhibit 1, between Community Natural Gas Company, Inc., (“Community”) and the Indiana Office of the Utility Consumer Counselor (“OUCC”).

**Q4. Are you sponsoring any attachments?**

A4. Yes. I am sponsoring Attachment BJM-1S. This attachment contains a revised set of accounting schedules based on the terms agreed to in the Settlement Agreement. Essentially, I have updated the original accounting schedules that were attached to my direct testimony as Exhibit BJM-1, to reflect the terms of the Settlement Agreement.

These schedules were forwarded to the OUCC for review as the Settlement Agreement was negotiated.

**Q5. Does the Settlement Agreement resolve all remaining issues in the Petitioner’s base Rate Case?**

1    A5.    Yes. Having worked with counsel of record in preparing the Settlement Agreement, and  
2           having considered both the testimony filed on behalf of the Petitioner, the testimony filed  
3           on behalf of the OUCC, and participated in negotiations with the OUCC, I believe the  
4           Settlement Agreement and the partial settlement agreement included as Petitioner's  
5           Attachment DJK-3 resolves all issues.

6    **Q6.    Is the Settlement Agreement a result of compromise on behalf of both the petitioner**  
7           **and the OUCC?**

8    A6.    Yes it is.

9    **Q7.    Do you believe the Settlement Agreement is reasonable?**

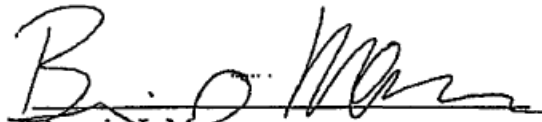
10   A7.    Yes I do. Further I would recommend that the Commission accept the Settlement  
11       Agreement as part of the Final Order in this case.

12   **Q8.    Does this conclude your prefiled settlement testimony?**

13   A8.    Yes, it does.

**Verification**

I affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.



Bonnie J. Mann

# **ATTACHMENT BJM-1S**

**EXHIBIT BJM-1S  
SCHEDULE A**

**COMMUNITY NATURAL GAS COMPANY, INC  
MT. CARMEL, IL**

**BALANCE SHEETS  
As of September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
UTILITY PLANT IN SERVICE		
Total utility plant in service	\$ 27,801,372	\$ 25,676,233
Construction work in progress	389,538	44,766
Accumulated depreciation	(11,941,590)	(11,145,334)
Net Utility Plant In Service	16,249,320	14,575,665
CURRENT ASSETS		
Cash	134,897	134,076
Accounts receivable	396,554	310,688
Materials & supplies	244,459	237,386
Storage gas	125,107	161,200
Prepaid expenses	26,450	27,777
Income taxes receivable	(65,000)	(89,371)
Miscellaneous deferred debits	170,425	269,850
	1,032,892	1,051,606
Total Assets	<u>\$ 17,282,212</u>	<u>\$ 15,627,271</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Common stock issued	\$ 3,389,865	\$ 390,120
Other paid-in capital	325,910	325,910
Retained earnings	8,437,821	7,993,365
Total Shareholders' Equity	12,153,596	8,709,395
OTHER LONG TERM DEBT	-	-
DEFERRED INCOME TAXES	1,908,037	1,804,004
REGULATORY LIABILITY	1,269,378	1,376,310
CURRENT LIABILITIES		
Short term debt	800,000	2,615,000
Accounts payable	756,639	441,456
Customer deposits	93,196	95,383
Accrued expenses	399,523	380,317
Refundable gas cost	(103,056)	200,507
Construction advance	4,900	4,900
Total Current Liabilities	1,951,202	3,737,563
Total Liabilities and Shareholders' Equity	<u>\$ 17,282,212</u>	<u>\$ 15,627,271</u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF UTILITY PLANT-IN-SERVICE**  
**As of September 30, 2021 and 2020**

Description	2021	2020
<b><u>Utility Plant in Service</u></b>		
<b><u>Intangible Plant</u></b>		
Organizational expenses	\$ 17,090	\$ 17,090
Franchise & consents	33,109	33,109
Total Intangible Plant	50,199	50,199
<b><u>Transmission Plant</u></b>		
Land & land rights	10,305	10,305
Mains	1,074,547	1,087,165
Meas/Reg equipment	40,803	40,803
Total Transmission Plant	1,125,655	1,138,273
<b><u>Distribution Plant</u></b>		
Mains	13,305,601	12,361,914
Meas/Reg equipment	1,199,770	1,094,469
Services	5,584,618	5,146,904
Meters	1,677,141	1,596,232
New meter installations	532,018	485,715
House regulator	347,503	324,291
Land & land rights	1,584	1,584
Total Distribution Plant	22,648,235	21,011,109
<b><u>General Plant</u></b>		
Land & land rights	93,361	93,361
Office furniture and equipment	182,774	148,498
Transportation equipment	1,029,554	804,179
Tools & shop equipment	352,030	293,870
Communication equipment	-	-
Power operated equipment	1,075,857	893,037
Buildings	1,243,707	1,243,707
Total General Plant	3,977,283	3,476,652
Total Utility Plant in Service	<u>\$27,801,372</u>	<u>\$ 25,676,233</u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**COMPARATIVE STATEMENTS OF NET INCOME**  
**For the Twelve Months Ended September 30, 2021 and 2020**

Description	2021	2020
<b><u>Operating Revenues</u></b>		
Gas sales	\$ 8,212,087	\$ 7,107,558
Other gas revenues	61,312	(483,094)
Total Operating Revenues	8,273,399	6,624,464
<b><u>Operating Expenses</u></b>		
Natural gas purchased	3,377,850	2,575,892
Distribution expense	472,581	343,887
Maintenance expense	78,550	84,603
Customer accounts expense	483,161	428,205
Administrative and general expense	1,340,349	1,353,115
Depreciation	902,662	905,898
Taxes other than income taxes	358,120	328,256
Income taxes	233,068	79,854
Total Operating Expenses	7,246,341	6,099,710
Net Operating Income	1,027,058	524,754
<b><u>Other Income and Expense - Net</u></b>		
Interest & dividend income	824	532
Interest expense	(45,511)	(90,426)
All other income, net	(10,448)	(3,437)
Total Other Income and Expense - Net	(55,135)	(93,331)
Net Income	\$ 971,923	\$ 431,423

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**COMPARATIVE DETAIL OF OPERATING REVENUES**  
**For the Twelve Months Ended September 30, 2021 and 2020**

<u>Description</u>	<u>2021</u>	<u>2020</u>
<b><u>Operating Revenues</u></b>		
<b><u>Gas Sales</u></b>		
Residential	\$ 4,515,681	\$ 4,159,733
Commercial	1,679,062	1,554,525
Large volume & public authority	758,223	695,328
Industrial sales	955,558	723,512
GCA variance refunds applied	303,563	(25,540)
Total gas sales	<u>8,212,087</u>	<u>7,107,558</u>
<b><u>Other Gas Revenues</u></b>		
Forfeited discounts	35,158	27,101
Other utility revenue	26,154	(510,195)
Total other gas revenue	<u>61,312</u>	<u>(483,094)</u>
Total operating revenues	<u><u>\$ 8,273,399</u></u>	<u><u>\$ 6,624,464</u></u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**  
**For the Twelve Months Ended September 30, 2021 and 2020**

<u>Description</u>	<u>2021</u>	<u>2020</u>
<b><u>Operating Expenses</u></b>		
<b><u>Natural Gas Purchased</u></b>		
Natural gas purchases	\$ 3,377,850	\$ 2,575,892
Total natural gas purchased	<u>3,377,850</u>	<u>2,575,892</u>
<b><u>Distribution Expense</u></b>		
Mains & service	375,681	257,656
Measuring & regulating city gate	76,345	65,458
Measuring & regulating expenses	<u>20,555</u>	<u>20,773</u>
Total distribution expense	<u>472,581</u>	<u>343,887</u>
<b><u>Maintenance Expense</u></b>		
Maintenance - mains	16,845	21,370
Maintenance - M/R city gate	16,245	10,015
Maintenance - services	17,885	18,689
Maintenance - meters & regulators	<u>27,575</u>	<u>34,529</u>
Total maintenance expense	<u>78,550</u>	<u>84,603</u>
<b><u>Customer Accounts Expenses</u></b>		
Supervision	79,599	91,968
Meter reading labor	29,888	28,903
Accounting/collection labor	191,949	211,521
Miscellaneous expense - customer service	140,594	94,426
Bad debts expense	<u>41,131</u>	<u>1,387</u>
Total customer accounts expenses	<u>\$ 483,161</u>	<u>\$ 428,205</u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**  
**For the Twelve Months Ended September 30, 2021 and 2020**

Description	2021	2020
<b>Operating Expenses (Con't)</b>		
<b><u>Administrative &amp; General Expenses</u></b>		
Administrative & general salaries	\$ 337,589	\$ 372,020
Office supplies & expense	168,302	157,959
Outside services	91,996	121,926
Injuries & damages	107,070	90,974
Employee benefits	159,469	160,527
Group insurance	183,238	165,995
Regulatory commission expense	83,603	110,614
Miscellaneous expense	17,658	8,077
Director fees	36,000	36,000
Utility fee	8,279	8,671
IGA dues	1,109	3,734
Public awareness expense	14,639	11,009
Rent expense	12,954	13,505
Sales promotion expense	16,506	14,523
Maintenance - transportation equipment	36,417	23,017
Maintenance - power equipment	22,549	21,139
Maintenance - buildings	42,971	33,425
Total administrative & general expenses	\$ 1,340,349	\$ 1,353,115
<b><u>Depreciation Expense</u></b>		
Depreciation - plant	\$ 596,046	\$ 573,912
Depreciation - general	306,616	331,986
Total depreciation expense	902,662	905,898

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**  
**For the Twelve Months Ended September 30, 2021 and 2020**

<u>Description</u>	<u>2021</u>	<u>2020</u>
<b>Operating Expenses (Con't)</b>		
<b>Taxes Other Than Income Taxes</b>		
Property taxes	150,000	138,000
Payroll taxes	93,058	90,050
Sales & use tax	24	2
Intangibles	-	33
Utility receipts tax	<u>115,038</u>	<u>100,171</u>
Total taxes other than income taxes	<u>358,120</u>	<u>328,256</u>
<b>Income Taxes</b>		
Federal income taxes	242,619	102,063
State income taxes	46,094	19,525
Federal Income Tax - EADIT	<u>(55,645)</u>	<u>(41,734)</u>
Total income taxes	<u>233,068</u>	<u>79,854</u>
Total Operating Expenses	<u><u>\$ 7,246,341</u></u>	<u><u>\$ 6,099,710</u></u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**Pro-Forma Operating Income Statement**

**For the 12 Months Ended September 30, 2021**

**Increase Required: 8.160%**

	<b>September 2021</b>	<b>Adjustments</b>	<b>Ref</b>	<b>Pro-Forma Present Rates</b>	<b>Adjustments</b>	<b>Ref</b>	<b>Pro-Forma Proposed Rates</b>
<b><u>Operating Revenues</u></b>							
Gas sales	\$ 8,212,087	\$ (3,372,665)	(1)	\$ 4,839,422	\$ 772,745	(A)	\$ 5,612,167
Other gas revenues	61,312			61,312			61,312
Total Operating Revenues	<u>8,273,399</u>	<u>(3,372,665)</u>		<u>4,900,734</u>	<u>772,745</u>		<u>5,673,479</u>
<b><u>Operating Expenses</u></b>							
Natural gas purchased	3,377,850	(3,345,662)	(2)	32,188			32,188
Other operation & maintenance	2,374,641	225,342	(3)	2,599,983	3,743	(B)	2,603,726
Depreciation	902,662	106,122	(4)	1,008,784			1,008,784
Taxes other than income taxes	358,120	(74,367)	(5)	283,753	-	(C)	283,753
Income taxes	233,068	(55,437)	(6)	177,631	191,262	(D)	368,892
Total Operating Expenses	<u>7,246,341</u>	<u>(3,144,002)</u>		<u>4,102,339</u>	<u>195,004</u>		<u>4,297,343</u>
Net Operating Income	<u>\$ 1,027,058</u>	<u>\$ (228,663)</u>		<u>\$ 798,395</u>	<u>\$ 577,744</u>		<u>\$ 1,376,136</u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(1) REVENUE ADJUSTMENTS**

(a)		
Decrease in gas sales for the elimination of GCA revenue included in the test year.		\$ (3,371,605)
(b)		
Decrease in operating revenue to set revenues for new heating degree day (HDD) normals.		
Weather normalization using 1991-2020 NOAA HDD 30-year average	\$ (2,191)	
Weather normalization using 1981-2010 NOAA HDD 30-year average	50,156	
		\$ (52,347)
(c)		
Increase in revenue to add back refunds made to customers as a result of tariff changes for Cause No. 43995-S1		
Revenue change for billings from January 2021 through September		\$ 51,287
Total Operating Revenue adjustment		\$ (3,372,665)

**(2) NATURAL GAS PURCHASED ADJUSTMENT**

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

	RATE	
Test year sales - Dth	967,943	
Unaccounted for gas percentage - (3 year average from GCA schedule 11a)	967,943 0.70%	
Estimated unaccounted for gas - Dth	6,776	
Estimated purchases of system gas	6,776	
Anticipated cost of system gas	\$ 4.7502	
Total pro-forma cost of purchased gas	\$ 32,188	
Less: test year purchased gas	3,377,850	
Total Adjustment Increase/(Decrease)		\$ (3,345,662)

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(4) OTHER OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS**

(a)

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

Estimated cost of rate filing	\$	200,000	
Unamortized portion of prior rate case		54,167	
Total rate case costs to be recovered	\$	254,167	
Amortization period - years		5	
Annual amortization amount	\$	50,833	
Less: test year expense		83,603	
Adjustment - Increase/(Decrease)			\$ (32,770)

(b)

To adjust other operation and maintenance expense to reflect the IURC fee requirement

Applicable revenues at present rates (schedule C-3)	\$	9,398,023	
Current IURC rate		0.001276080	
Pro-forma IURC fee at present rates	\$	11,993	
Less: Test year IURC fee		8,279	
Adjustment - Increase/(Decrease)			\$ 3,714

(c)

To adjust other operation and maintenance expense to remove energy efficiency contribution for NTA.

Adjustment-Increase/(Decrease)			\$ (14,650)
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(d)

To adjust other Operation and Maintenance Expense for the annualization of payroll and wage increases (net of amount capitalized)

Proforma payroll	\$	1,578,326	
Test year wages		1,282,830	
Total payroll increase	\$	295,496	
Percentage expensed per test year		88%	
Payroll Adjustment - Increase/(Decrease)			\$ 260,036

(e)

To increase operations and maintenance expense for pension contribution for employee

Proforma pension expense	\$	224,685	
Test year pension expense		169,910	
Pension Expense Adjustment - Increase/(Decrease)			\$ 54,776

(f)

To adjust other operation and maintenance expense to remove charitable contributions.

Adjustment-Increase/(Decrease)			\$ (350)
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(g)

To adjust other operation and maintenance expense to remove advertising expense.

Test year invoice for public awareness	\$	11,293	
3 year average for public awareness purchases		6,605	
	\$	4,688	
Other advertising expense removed		96	
Adjustment-Increase/(Decrease)			\$ (4,784)

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(4) OTHER OPERATION AND MAINTENANCE EXPENSE ADJUSTMENTS CONT**

(h)

To adjust other operation and maintenance expense to average bad debts

Twelve months ended September 30, 2021	\$ 41,131
Twelve months ended September 30, 2020	1,387
Twelve months ended September 30, 2019	8,331
Twelve months ended September 30, 2018	15,552
Twelve months ended September 30, 2017	<u>20,027</u>

Average	\$ 17,286
Less: Test Year	<u>41,131</u>

Bad Debt Adjustment - Increase/(Decrease) \$ (23,845)

(i)

To adjust other operations and maintenance expense for property insurance.

Proforma insurance expense	
Gas Utilities Alliance	\$ 35,442
All Other	<u>50,753</u>

Total proforma insurance expense	86,195
Test year property insurance	<u>81,193</u>

Property Insurance Adjustment - Increase/(Decrease) \$ 5,002

(j)

To adjust other operation and maintenance expense to increase health insurance

Proforma insurance expense	\$ 167,826
Test year health insurance	<u>159,736</u>

Health Insurance Adjustment - Increase/(Decrease) \$ 8,090

(k)

To adjust other operations and maintenance expense to remove employee gifts and events

Non-recurring expenses Adjustment - Increase/(Decrease) \$ (4,000)

(l)

To adjust other operations and maintenance expense to remove the cost of participating in Cause No. 43995-S1

\$ (23,902)

(m)

To adjust other operations and maintenance expense for lobbying fees.

\$ (608)

(n)

To adjust other operations and maintenance expense to remove 50% of meals expenses

\$ (1,367)

Total Adjustment to Other Operations and Maintenance Expense - Increase/(Decrease) \$ 225,342

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(5) DEPRECIATION EXPENSE ADJUSTMENT**

To adjust "Depreciation Expense" to reflect current plant in service

Distribution Plant @ 09/30/2021	\$ 22,648,235		
Plant additions as of 10/31/2021	769,501		
Less: Land and Land Rights	(1,584)		
Less: Fully Depreciated	(2,570,818)		
Sub Total	20,845,334		
Depreciation Rate	3%		
		\$ 625,360	
Transmission Plant @ 09/30/2021	1,125,655		
Additions through 10/31/2021	-		
Less: Land and Land Right	(10,305)		
Sub Total	1,115,350		
Depreciation Rate	3%		
		33,461	
Buildings @ 09/30/2021	1,243,707		
Additions through 02/31/2021	-		
Less: Fully Depreciated	(237,222)		
Sub Total	1,006,485		
Depreciation Rate	5%		
		50,324	
All Other General Plant @ 09/30/2021	2,733,576		
Additions through 10/31/2021	-		
Less: Land and Land Rights	(93,361)		
Less: Fully Depreciated	(1,142,013)		
Sub Total	1,498,202		
Depreciation Rate	20%		
		299,639	
Total Pro-Forma Depreciation Expense		1,008,784	
Less: Test Year Depreciation Expense		902,662	
Adjustment - Increase / (Decrease) in Depreciation Expense			\$ 106,122

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(6) TAXES OTHER THAN INCOME TAXES ADJUSTMENTS**

(a)

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

Utility receipts	\$	-	
Less: Exemption		-	
Bad debts		-	
Receipts subject to utility receipts tax	\$	-	
Applicable utility receipts tax rate		0.00%	
Pro-Forma at present rates	\$	-	
Less: Test year expense		115,038	
Adjustment-Increase/(Decrease) in Utility Receipts Tax Expense			\$ (115,038)

(b)

To adjust taxes other than income taxes to reflect changes in payroll taxes

**Payroll Taxes**

Payroll Wage Increase Subject To FICA Limits	\$	295,496	
FICA tax rate		7.65%	
Increase/(Decrease) in Payroll Tax Expense			\$ 22,605

**Property Taxes**

Property taxes paid 2021 for 2020	\$	148,057	
Net book value of Utility Plant in Service 2020		14,575,665	
Average weighted property tax rate	\$	0.010158	
Net book value of Utility Plant in Service 10/31/22		16,545,218	
Estimated proforma property taxes	\$	168,066	
Test Year		150,000	
Increase/(Decrease) in Property Taxes			\$ 18,066
Adjustment - Decrease Taxes other than Income			\$ (74,367)

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

**(7) INCOME TAXES**

To adjust "Income Tax" to reflect changes in Revenues and Expenses

(a)

**State Income Tax:**

Net Operating Income before State Tax	\$	976,026	
Less: Synchronized Interest	\$	(38,082)	
Plus: Utility Receipts Tax		-	
Taxable State Income	\$	937,944	
Applicable State Tax Rate		4.90%	
Pro-Forma at Present Rates			\$ 45,959
Less: Test Year Expense			46,094
Adjustment - Increase/(Decrease) in State Income Tax Expense			\$ (135)

(b)

**Federal Income Tax:**

Net Operating Income before Federal and State Income Tax	\$	937,944	
Less: Pro Forma State Income Tax		45,959	
Federal Taxable Income	\$	891,985	
Federal Tax Rate		21%	
Adjusted Federal Income Tax Expense			\$ 187,317
Less: Test Year Federal Income Tax			242,619
Adjustment - Increase/(Decrease) in Federal Income Tax Expense			\$ (55,302)
Adjustment - Decrease Income Taxes			\$ (55,437)

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

(A)

To adjust "Operating Revenues" to reflect proposed revenue increase.

Adjusted Sales of Gas at present rates	\$ 9,469,580	
Requested rate increase	<u>8.160%</u>	
Adjustment - Increase		<u><u>\$ 772,745</u></u>

(B)

To adjust Other "Operation and Maintenance" expense to reflect increase in IURC fee.

Proposed Revenue Increase	\$ 769,985	
Current effective IURC fee rate	<u>0.001276080</u>	
Adjustment - Increase		<u><u>\$ 983</u></u>

(C)

To adjust Other "Operation and Maintenance" expense to reflect increase in bad debts

Proposed Revenue Increase	\$ 772,745	
Bad Debt Rate	<u>0.35718%</u>	
Adjustment - Increase		<u><u>\$ 2,760</u></u>
Total "Operations and Maintenance" Adjustment		<u><u>\$ 3,743</u></u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**DETAIL OF ADJUSTMENTS**

(D)

To adjust "Taxes Other Than Income Tax"  
to reflect pro-forma changes in revenues and expenses.

**Utility Receipts Tax:**

Proposed Revenue Increase	\$ 772,745
Less: Increase in Bad Debts	(2,760)

Net Increase for URT	\$ 769,985
Applicable Tax Rate	0.00%

Adjustment - Increase	\$ -
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(E)

To adjust "Income Taxes" to reflect pro-forma  
changes in revenues and expenses.

**State Income Tax:**

Proposed Revenue Increase	\$ 772,745
Less: Increase in IURC Fee	(983)
Less: Increase in Bad Debts	(2,760)

Taxable Increase	769,002
Applicable Tax Rate	4.90%

Adjustment - Increase	\$ 37,681
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**Federal Income Tax:**

Proposed Revenue Increase	\$ 772,745
Less: Increase in IURC Fee	(983)
Increase in Bad Debts	(2,760)
Increase in Utility Receipts Tax	-
Increase in State Income Tax	(37,681)

Federal taxable income increase	731,321
Applicable tax rate	21%

Adjustment-Increase	\$ 153,580
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Total Increase to Income Tax	\$ 191,262
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COMMUNITY NATURAL GAS COMPANY, INC

TOTAL REVENUE CALCULATION

Estimated volume of gas purchased	974,719
Base Cost of Gas Estimated	<u>\$ 4.7502</u>
Base Cost of Gas Revenues	4,630,158
Pro-Forma Present Sales Revenues	<u>4,839,422</u>
Total Revenues	9,469,580
Requested Increase	<u>8.16%</u>
Revenue Adjustment - Overall	<u><u>\$ 772,745</u></u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**ORIGINAL COST RATE BASE**

Utility Plant In Service as of September 30, 2021		\$27,801,372
Increase in rate base through October 31, 2021		769,501
Less: Accumulated Depreciation as of September 30, 2021		(11,941,590)
Less: Additional Accumulated Deprecation through October 31, 2021		<u>(84,065)</u>
Net Utility Plant in Service		16,545,218
Plus:		
Working Capital	\$2,599,983 /8	324,998
Materials and Supplies		283,019
Gas in Storage		<u>156,685</u>
Total Original Cost Rate Base		<u><u>\$17,309,920</u></u>

**COMMUNITY NATURAL GAS COMPANY, INC**  
**MT. CARMEL, IL**

**CAPITAL STRUCTURE**  
**As of October 31, 2021**

Description	Amount	Percent of Total	Cost	Weighted Cost
Common Equity	\$12,097,695	76.43%	10.10%	7.72%
Regulatory Liability Associated with Cause No. 43995-S1	475,974	3.01%	0.00%	0.00%
Line of Credit	1,250,000	7.90%	2.35%	0.19%
Customer Deposits	96,035	0.61%	6.00%	0.04%
Deferred Tax	<u>1,908,037</u>	<u>12.06%</u>	0.00%	<u>0.00%</u>
Total	<u><u>\$15,827,741</u></u>	<u><u>100.00%</u></u>		<u><u>7.95%</u></u>

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing has been served upon the following  
counsel of record by electronic mail this 30th day of June, 2022:

Kelly Earls  
Indiana Office of Utility Consumer Counselor  
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