

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF BOONVILLE NATURAL GAS  
CORPORATION FOR AUTHORITY TO CHANGE  
ITS RATES, CHARGES, TARIFFS, RULES, AND  
REGULATIONS**

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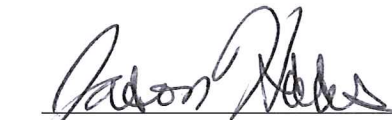
**CAUSE NO. 45215**

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S**

**PUBLIC'S EXHIBIT NO. 1 – TESTIMONY OF OUCC WITNESS  
FARHEEN AHMED**

**June 28, 2019**

Respectfully submitted,

  
\_\_\_\_\_  
T. Jason Haas  
Attorney No.34983-29  
Deputy Consumer Counselor

**TESTIMONY OF OUCC WITNESS FARHEEN AHMED**  
**CAUSE NO. 45215**  
**BOONVILLE NATURAL GAS CORPORATION**

**I. INTRODUCTION**

**Q: Please state your name and business address.**

A: My name is Farheen Ahmed and my business address is 115 West Washington Street, Suite 1500 South, Indianapolis, IN 46204.

**Q: By whom are you employed and in what capacity?**

A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a Utility Analyst II. I have worked as a member of the OUCC's Natural Gas Division since October of 2014. My educational and professional experience, as well as my preparation for this case, are detailed in Appendix FA-1 attached to my testimony.

**Q: What is the purpose of your testimony?**

A: I discuss Boonville Natural Gas Corporation's ("Boonville" or "Petitioner") overall request for a rate increase. I address certain elements of Boonville's request, including calculation of the IURC fee and Utility Receipts Tax ("URT"), and propose adjustments to its pro forma operating revenue and expenses.

I also sponsor accounting schedules that support pro forma operating revenue and expense adjustments described in my testimony and the testimony of OUCC witnesses Amy Larsen and Isabelle Gordon. My accounting schedules reflect adjustments to depreciation expense and rate base as described in the testimony of OUCC witness Leon Golden, and capital structure adjustments as described in the testimony of OUCC witnesses Amy Larsen and Heather Poole. My accounting schedules incorporate all

1 OUCC adjustments to calculate Boonville's total pro forma revenue requirements and the  
2 OUCC's resulting recommended rate increase.

## II. OUCC WITNESS INTRODUCTION

3 **Q: Please introduce the other OUCC witnesses who are testifying in this case.**

4 A: The following OUCC witnesses reviewed and analyzed Boonville's rate case testimony  
5 and the Partial Settlement Agreement on cost of equity, and are testifying on various  
6 elements related to those submissions:

7 Ms. Amy Larsen (Public's Exhibit No. 2) addresses and recommends adjustments to  
8 Petitioner's proposed operating revenue, including GCA revenue, revenue from the  
9 compliance filing in Cause No. 44129, NOAA averages for the normal temperature  
10 adjustment and the Impact of the EADIT refund. She also addresses and recommends  
11 adjustments to Petitioner's operating expenses, including natural gas purchased,  
12 employee gatherings, and the amortization of EADIT.

13 Ms. Isabelle Gordon (Public's Exhibit No. 3) addresses and recommends adjustments to  
14 Petitioner's proposed operating expenses, including rate case expense, health insurance,  
15 leased employees, amortization of tax investigation costs and property tax.

16 Mr. Leon Golden (Public's Exhibit No. 4) addresses and recommends adjustments to  
17 Petitioner's rate base calculations and its adjustment to depreciation expense.

18 Ms. Heather Poole (Public's Exhibit No. 5) addresses and recommends adjustments to  
19 Petitioner's Appendix F to incorporate a refund due to customers for the wrap up of the  
20 energy efficiency program that expired in March 2015. She also makes a  
21 recommendation to include the energy efficiency refunds in the capital structure.

22 Ms. Jennifer Reed (Public's Exhibit No. 6) provides settlement testimony on cost of  
23 equity consistent with the Partial Settlement Agreement. She recommends approval of the  
24 settled 10.10% cost of equity for use in Petitioner's capital structure in this Cause.

25 Mr. Brien Krieger (Public's Exhibit No. 7) discusses his review and analysis of  
26 Petitioner's cost of service study, proposed rate design, and monthly customer charge. He  
27 recommends a residential customer charge be set at the lower of \$14.00 or the percent by  
28 which the Commission increases Boonville's margin.

### **III. REVENUE REQUIREMENT SCHEDULES**

**Q: Does the OUCC agree with Boonville's proposed pro forma revenue increase?**

A: No. The OUCC's review supports an increase in annual revenue of \$63,258 representing a 2.46% increase over gross margin. In contrast, Boonville requests a rate increase of 14.27% over gross margin, to increase its annual revenue by \$356,915.

**Q: What attachments and schedules have you submitted that show pertinent calculations related to the OUCC's testimony?**

A: I sponsor the following attachments and schedules included in this filing:

- Attachment FA-1: OUCC Revenue Requirement Schedules

- Schedule 1: Comparison of Boonville's and the OUCC's Revenue Requirements, Income Statement Adjustments, and Revenue Conversion Factor.

- Schedule 2: Boonville's Balance Sheet as of June 30, 2018.

- Schedule 3: Boonville's Income Statement for the Twelve Months Ended June 30, 2018.

- Schedule 4: OUCC's Original Cost Rate Base at September 30, 2018.

- Schedule 5: OUCC's Pro Forma Net Operating Income Statement, reflecting all of the OUCC's pro forma revenue and expense adjustments.

- Schedule 6: OUCC's Pro Forma Present Rate Adjustments.

- Schedule 7: OUCC's Pro Forma Proposed Rate Adjustments.

- Schedule 8: OUCC's Capital Structure as of September 30, 2018.

**Q: Are you sponsoring all adjustments shown on Schedules 4, 5, 6 and 8 of Attachment FA-1?**

A: No. Schedule 4 reflects the rate base adjustments made by OUCC witness Golden. Schedules 5 and 6 reflect all of the OUCC's operating income and expense adjustments. I am sponsoring the IURC fee, the Indiana utility receipts tax ("URT"), and the state and federal income tax. Schedule 8 reflects all of the OUCC's adjustments to the capital

1 structure, including the adjustments sponsored by OUCC witnesses Larsen and Poole.

2 My proposed adjustments are shown in detail on Schedule 6, pp. 1-4. Other operating

3 income and expense adjustments on Schedules 5 and 6 reflect the result of adjustments

4 sponsored by OUCC witnesses Larsen, Gordon, and Golden.

5 **Q: If you do not address an issue raised by Boonville, does that mean you agree with**  
6 **Boonville's testimony or adjustment on that issue?**

7 A: No. Absence of an issue in the OUCC's testimony and exhibits should not be read as an  
8 endorsement of, or agreement with, Boonville's position on such issues.

#### IV. OPERATING EXPENSES

##### 9 A. IURC Fee Adjustment

10 **Q: What IURC fee adjustment did Petitioner propose?**

11 A: Petitioner calculated the IURC fee by multiplying the applicable revenues at present  
12 rates of \$3,814,246 by 0.120204% (the IURC fee in effect at the time the rate case was  
13 filed). Petitioner's adjustment is the pro forma IURC fee, less test year IURC fee,  
14 resulting in a decrease of (\$81).

15 **Q: Do you agree with Petitioner's adjustment?**

16 A: No. I noted three errors in Petitioner's calculation.

17 First, Petitioner calculated applicable revenues at present rates using the estimated  
18 volume of gas purchased of 473,422 dekatherms ("Dth"), as shown on Petitioner's  
19 Exhibit BJM-1, Schedule C-3. My calculation uses the estimated volume of gas  
20 purchased used by OUCC witness Larsen. (Attachment AEL-1, p. 2.) Other changes  
21 made by the OUCC to operating revenues also affect the pro forma present sales revenue.

1 I recalculated the applicable revenues at present rates, including GCA revenue on  
2 Attachment FA-1, Schedule 6, p. 2 as \$3,871,500.

3 Second, Petitioner failed to remove bad debt expense of \$10,464 from the IURC  
4 fee calculation. Bad debt expense accounts for revenues Petitioner will not actually  
5 receive and, therefore, should be excluded from the calculation of the IURC fee, which is  
6 based upon revenue received.

7 Third, Petitioner used the IURC rate of 0.120204% effective July 1, 2018 through  
8 June 30, 2019; however, the new IURC rate of 0.1296408% will be effective July 1,  
9 2019. This 2019 IURC rate should be applied to Petitioner's revenue requirement  
10 calculations.

11 **Q: Please explain your IURC adjustment.**

12 A: I corrected all of Petitioner's errors and updated the IURC rate noted above to arrive at an  
13 adjustment of \$339. (Attachment FA-1, Schedule 6, p. 2.)

14 **B. Indiana Utility Receipts Tax ("URT")**

15 **Q: Please discuss your adjustment to Petitioner's proposed Indiana URT.**

16 A: I do not dispute Petitioner's methodology in calculating the Indiana URT. I verified the  
17 general methodology is consistent with Indiana URT calculations previously approved by  
18 the Indiana Utility Regulatory Commission ("Commission"). Changes to Petitioner's  
19 Indiana URT calculation reflected in my schedules are a result of my changes to pro  
20 forma revenue.

**V. INCOME TAXES**

1   **Q:   What is your adjustment to state and federal income taxes?**

2   A:   I do not dispute Petitioner's methodology in calculating the pro forma federal and state  
3       income tax adjustments based on pro forma present rates. I verified the methodology is  
4       consistent with income tax calculations previously approved by the Commission. All  
5       changes to Boonville's federal and state income tax calculations are a result of changes to  
6       pro forma proposed revenue requirements.

7   **Q:   Did Petitioner use current income tax rates in its pro forma income tax calculation?**

8   A:   Yes. Petitioner used the current 21% federal income tax rate to calculate its pro forma  
9       federal income tax adjustment. Petitioner used the new 5.5% Indiana state income tax  
10      rate, which becomes effective on July 1, 2019, to calculate its pro forma state income tax  
11      adjustment.

**VI. OUCC RECOMMENDATIONS**

12   **Q:   Please summarize your recommendations to the Commission.**

13   A:   I recommend an overall revenue increase of \$63,258, and a non-gas cost revenue increase  
14      percentage of 2.46%, based on my review and analysis and that of other OUCC analysts.  
15      The revenue increase is calculated using an original cost rate base of \$5,836,659, a  
16      weighted average cost of capital of 6.89%, and return on original cost rate base of  
17      \$402,148. As discussed and supported in the foregoing testimony, I further recommend  
18      the Commission adopt the following adjustment: Adjust the increase for the IURC fee  
19      using the calculation shown on Attachment FA-1, Schedule 6, p. 2.

20   **Q:   Does this conclude your testimony?**

21   A:   Yes.

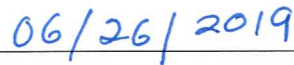
## AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



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Farheen Ahmed  
Utility Analyst II  
Indiana Office of  
Utility Consumer Counselor  
45215  
Boonville Natural Gas Corporation



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Date



**APPENDIX TO THE TESTIMONY OF**  
**OUCC WITNESS FARHEEN AHMED**

1   **Q:   Describe your educational background and experience.**

2   A:   I graduated from the Goodman School of Business at Brock University in St. Catharines,  
3       Ontario with a Bachelor of Accounting in October 2011 and a Master of Accountancy in  
4       June 2013. From March 2014 through October 2014, I worked for Medxcel, an  
5       Advancing Global Healthcare company in Indianapolis, Indiana, as an Accounting  
6       Analyst. I audited and analyzed existing core exchange policies within the procurement  
7       department. In October 2014, I began my employment with the OUCC as a Utility  
8       Analyst I. In May 2016, I was promoted to Utility Analyst II. My current responsibilities  
9       include reviewing and analyzing natural gas utilities' Gas Cost Adjustment ("GCA")  
10      petitions and flex filings. I also review rate cases, special contracts, tariff, financing,  
11      certificate of public convenience and necessity, gas demand side management, pipeline  
12      safety adjustment, 7-Year Plan, and TDSIC tracker cases for natural gas utilities.

13           In September 2017, I passed the Certified Public Accountant ("CPA") Exam and  
14      obtained my CPA license in October 2017. While employed at the OUCC, I completed  
15      NARUC's Utility Rate School hosted by the Institute of Public Utilities at Michigan State  
16      University and the Institute of Public Utilities Advanced Regulatory Studies Program at  
17      Michigan State University

18   **Q:   Have you previously testified before the Commission?**

19   A:   Yes. I have testified in GCAs, rate cases, TDSIC tracker cases, gas demand side  
20      management, special contract, certificate of public convenience and necessity, and  
21      pipeline safety adjustment cases.

- 1   **Q:    What review and analysis have you conducted to prepare your testimony?**
- 2    A:    I analyzed Petitioner's prefiled testimony, exhibits and supporting documentation.  I
- 3        reviewed Petitioner's responses to OUCC discovery requests.

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Comparison of Petitioner's and the OUCC's  
Revenue Requirement

Description	Per Petitioner	Per OUCC	Sch Ref
Rate Base	\$ 5,833,645	\$ 5,836,659	4
Times: Rate Of Return	7.89%	6.89%	8
Net Operating Income	460,275	402,148	
Less: Adjusted Net Operating Income	198,699	355,876	5
Increase In Net Operating Income	261,576	46,272	
Times: Revenue Conversion Factor	1.3645	1.3672	1
Recommended Revenue Increase	\$ 356,915	\$ 63,259	
Overall Percentage Increase (Decrease)	14.27%	2.46%	

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Comparison of Income Statement Adjustments  
Test Year Ending June 30, 2018

Adjustment	Per Petitioner	Per OUCC	OUCC More/Less
<u>Operating Revenues</u>			
Gas Sales			
GCA Revenue	\$ (1,898,387)	\$ (1,860,844)	\$ 37,543
Compliance filing Cause No. 44129	(14,497)	(13,906)	591
Operating revenue Filing No. 50157	(98,842)	(98,842)	0
Impact of EADIT Refund	(35,429)	0	35,429
NOAA Average for NTA Revenue	(25,833)	(25,512)	321
Other Operating Revenues	10,000	10,000	0
Total Operating Revenues	(2,062,988)	(1,989,104)	73,884
<u>Operating Expenses</u>			
Natural Gas Purchased	(1,821,714)	(1,854,470)	(32,756)
Operation & Maintenance:			
Annualized Payroll	23,300	23,300	0
Rate Case Expense	46,615	38,596	(8,019)
IURC Fee	(81)	339	420
Property & Casualty Insurance	(29,904)	(29,904)	0
Health Insurance	3,075	16,429	13,354
Bad Debts	9,708	9,708	0
Retirement Plan	8,104	8,104	0
Charitable Contributions	(1,602)	(1,602)	0
Energy Efficiency from NTA	(6,500)	(6,500)	0
Leased Employees	16,640	10,400	(6,240)
Employee Gatherings	(3,663)	(4,747)	(1,084)
Amortization of Cause No. 45032	(39,894)	(42,773)	(2,879)
Taxes - General			
FICA	2,889	2,889	0
Utility Receipts Tax	(27,452)	(26,418)	1,034
Property Tax	1,323	(1,480)	(2,803)
Other Tax	0	0	0
Amortization of EADIT	0	(49,985)	(49,985)
Taxes - Income - State	(5,245)	6,523	11,768
Taxes - Income - Federal	60,045	102,290	42,245
Provision for Deferred Inc. Tax	0	0	0
Depreciation Expense	106,145	57,796	(48,349)
CIAC Amortization	203,590	203,590	0
Total Operating Expenses	\$ (1,454,621)	\$ (1,537,914)	\$ (83,293)

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Revenue Conversion Factor

Description	Per Petitioner		Per OUCC
Gross Revenue Change	100.0000%	1	100.0000%
Less: Bad Debt (0.4189%)	0.2327%	2	0.4190%
Subtotal	100.0000%	3	100.0000%
Less: IURC Fee (0.1296%)	0.1202%	4	0.1296%
Subtotal	99.7673%	5	99.5810%
Less: Utility Receipts Tax (at 1.40%)	1.3967%	6	1.3941%
Subtotal	99.6471%	7	99.4514%
Less: State Income Tax (at 5.5%)	5.4806%	8	5.4698%
Subtotal	92.7697%	9	92.5874%
Less: Federal Income Tax (at 21%)	19.4816%	10	19.4434%
Change In Net Operating Income	73.2881%		73.1440%
Revenue Conversion Factor	1.3645		1.3672

Formula Notes:

Line 5 equals (100% minus Line 2)

Line 6 equals (Line 5 multiplied by 1.4%)

Line 7 equals (Line 1 minus Line 2 minus Line 4)

Line 8 equals (Line 7 multiplied by 5.5%)

Line 9 equals (Line 7 minus Line 6 minus Line 8)

Line 10 equals (Line 9 multiplied by 21%)

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Balance Sheet as of June 30, 2018

ASSETS

Utility Plant:

Utility Plant in Service	\$ 15,705,339
Less: Accumulated Depreciation	<u>(8,530,524)</u>
Net Utility Plant	<u>7,174,815</u>

Other Assets

Investments	3,145,927
Other Non-Current Assets	<u>0</u>
Total Other Assets	<u>3,145,927</u>

Current Assets:

Cash	1,946,836
Accounts Receivable	(17,390)
Inventory	146,442
Prepaid Expenses and Other Current Assets	0
Recoverable Gas Costs	<u>51,028</u>
Total Current Assets	<u>2,126,916</u>

Total Assets	<u><u>\$ 12,447,658</u></u>
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BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Balance Sheet as of June 30, 2018

LIABILITIES AND STOCKHOLDER'S EQUITY

Stockholder's Equity:	
Common Stock Issued	\$ 43,252
Other Comprehensive Income	106,951
Retained Earnings	<u>6,727,301</u>
Total Stockholder's Equity	<u>6,877,504</u>
Deferred Income Taxes	<u>1,765,198</u>
Other Liabilities	<u>2,944,126</u>
Current Liabilities:	
Accounts Payable	367,139
Customer Deposits and Advances	359,581
Accrued Liabilities	<u>134,108</u>
Total Current Liabilities	<u>860,828</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 12,447,656</u></u>

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Income Statement For The Twelve Months Ended June 30, 2018

Operating Revenues

Gas Sales	\$ 4,496,464
Other Operating Revenues	<u>67,996</u>
Total Operating Revenues	<u>4,564,460</u>

Operating Expenses

Natural Gas Purchased	1,864,089
Operations and Maintenance	155,000
Customer Accounts	266,413
Administrative and General	1,103,697
Depreciation	151,228
Taxes Other Than Income Taxes	207,034
Federal Income Taxes	<u>9,933</u>
Total Operating Expenses	<u>3,757,394</u>
Net Operating (Loss)	<u>807,066</u>

Other Income/Expense

Non-Utility Operation	436,825
Interest Expense	(10,382)
Interest and Dividend Income	34,333
Gain/(Loss) on Disposition of Property	<u>(20,809)</u>
Total Other Income/Expense - net	<u>439,967</u>
Net Income (Loss)	<u><u>\$ 1,247,033</u></u>



BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Original Cost Rate Base at September 30, 2018

Utility Plant In Service at June 30, 2018	\$ 15,705,339
Additions between June and September 2018	300,858
Less: Accumulated Depreciation at June 30, 2018	(8,530,524)
Less: Accumulated Depreciation between June and September 2018	(124,283)
Less: Contributions in aid of construction, net	<u>(1,830,149)</u>
Net Utility Plant in Service	5,521,241
Add:	
Working Capital	193,308
Materials and Supplies (13 month average)	<u>122,110</u>
Total Original Cost Rate Base	<u><u>\$ 5,836,659</u></u>

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Pro Forma Net Operating Income Statement

Description	Twelve Mos. Ending 6/30/2018	Adjustments	Sch. Ref.	Pro Forma Present Rates	Adjustments	Sch. Ref.	Pro Forma Proposed Rates
<u>Operating Revenues</u>							
Gas Sales	\$ 4,496,464			\$ 2,497,360	\$ 63,259	7-1	\$ 2,560,619
GCA Revenue		\$ (1,860,844)	6-1				
Compliance filing Cause No. 44129		(13,906)	6-2				
Operating revenue Filing No. 50157		(98,842)	Pet.				
Impact of EADIT Refund		0	6-3				
NOAA Average for NTA Revenue		(25,512)	6-4				
Other Operating Revenues	67,996	10,000	Pet.	77,996			77,996
Total Operating Revenues	4,564,460	(1,989,104)		2,575,356	63,259		2,638,615
<u>Operating Expenses</u>							
Natural Gas Purchased	1,864,089	(1,854,470)	6-5	9,619			9,619
Operation & Maintenance:	1,525,110			1,546,460			1,546,807
Annualized Payroll		23,300	Pet.				
Rate Case Expense		38,596	6-6				
IURC Fee		339	6-7		82	7-3	
Property & Casualty Insurance		(29,904)	Pet.				
Health Insurance		16,429	6-8				
Bad Debts		9,708	Pet.		265	7-2	
Retirement Plan		8,104	Pet.				
Charitable Contributions		(1,602)	Pet.				
Energy Efficiency from NTA		(6,500)	Pet.				
Leased Employees		10,400	6-9				
Employee Gatherings		(4,747)	6-10				
Amortization of Cause No. 45032		(42,773)	6-11				
Taxes - General							
FICA	60,731	2,889	Pet.	63,620			63,620
Utility Receipts Tax	62,312	(26,418)	6-13	35,894	882	7-4	36,776
Property Tax	82,549	(1,480)	6-14	81,069			81,069
Other Tax	1,442	0	Pet.	1,442			1,442
Amortization of EADIT	0	(49,985)	6-15	(49,985)			(49,985)
Taxes - Income - State	20,881	6,523	6-16	27,404	3,460	7-5	30,864
Taxes - Income - Federal	150,151	102,290	6-16	252,441	12,298	7-6	264,738
Provision for Deferred Inc. Tax	(161,099)	0	Pet.	(161,099)			(161,099)
Depreciation Expense	439,334	57,796	6-12	497,130			497,130
CIAC Amortization	(288,106)	203,590	Pet.	(84,516)			(84,516)
Total Operating Expenses	3,757,394	(1,537,914)		2,219,480	16,987		2,236,467
Net Operating Income	\$ 807,066	\$ (451,190)		\$ 355,876	\$ 46,272		\$ 402,148

Federal Tax Proof:

Net Operating Income	\$ 402,148	
Add: Federal Income Tax	264,738	
Add: Federal Income Tax Deferred	(161,099)	
Less: Synchronized Interest	<u>(12,257)</u>	
Federal Taxable Income	493,531	
Tax Rate	<u>21.00%</u>	
Gross Federal Income Tax	103,641	
Less: Investment Tax Credit	<u>0</u>	
Pro Forma Federal Income Tax	<u>\$ 103,641</u>	103,639
		2

State Tax Proof:

Federal Taxable Income	\$ 493,531	
Add: State Income Tax	30,864	
Add: Utility Receipts Tax	<u>36,776</u>	
State Taxable Income	561,172	
Tax Rate	<u>5.50%</u>	
Pro Forma State Income Tax	<u>\$ 30,864</u>	30,864
		0

Utility Receipts Tax Proof:

Total Operating Revenues	\$ 2,638,615	
Less: Exemption	(1,000)	
Less: Pro Forma Bad Debt	<u>(10,729)</u>	
Taxable Gross Receipts	2,626,886	
Tax Rate	<u>1.40%</u>	
Pro Forma Utility Receipts Tax	<u>\$ 36,776</u>	36,776
		0

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215  
Adjustments

(1)

GCA Revenue

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-1, p. 2 \$ (1,860,844)

(2)

Compliance Filing Cause No. 44129

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-2, p. 1 \$ (13,906)

(3)

Impact of EADIT Refund

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-5, p. 7 \$ 0

(4)

NOAA Averages for the NTA

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-3, p. 2 \$ (25,512)

(5)

Natrual Gas Purchased

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-4, p. 1 \$ (1,854,470)

(6)

Rate Case Expense

OUCC Adjustment - Increase/(Decrease) Public's Exhibit No. 3, Attachment ILG-1, p. 1 \$ 38,596

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215  
Adjustments

(7)

IURC Fee

Adjusted Test Year Sales - Dth	464,268
Base Cost of Gas Estimated	<u>\$ 2,9598</u>
Base Cost of Gas Revenues	\$ 1,374,140
Pro forma Present Sales Revenues	<u>2,497,360</u>
Applicable Revenues a Present Rates Including GCA Revenue	\$ 3,871,500
Less: Bad Debts	<u>10,464</u>
Revenues at Present Rates Less Bad Debts	\$ 3,861,036
Current IURC Fee	<u>0.1296408%</u>
Pro forma IURC Fee at Present Rates	\$ 5,005
Less: Test Year IURC Fee	<u>4,666</u>
OUCC Adjustment - Increase/(Decrease)	<u><u>\$ 339</u></u>

(8)

Health Insurance

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 3, Attachment ILG-2, p. 1	<u><u>\$ 16,429</u></u>
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(9)

Leased Employees

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 3, Attachment ILG-3, p. 1	<u><u>\$ 10,400</u></u>
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(10)

Employee Gatherings

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-6, p. 14	<u><u>\$ (4,747)</u></u>
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(11)

Amortization of Tax Investigation Costs Cause No. 45032

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 3, Attachment ILG-4, p. 1	<u><u>\$ (42,773)</u></u>
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BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215  
Adjustments

(12)

Depreciation Expense

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 4, Attachment LAG-1, p. 1 \$ 57,796

(13)

Indiana Utility Receipts Tax

Gross Receipts	\$ 2,575,356
Less: Exemption	(1,000)
Less: Pro Forma Bad Debts	<u>(10,464)</u>
Utility Receipts Subject to Utility Receipts Tax	2,563,892
Utility Receipts Tax Rate	<u>1.40%</u>
Pro Forma Utility Receipts Tax at Present Rates	35,894
Less: Utility Receipts Tax Per Books at 9/30/11	<u>(62,312)</u>
OUCC Adjustment - Increase/(Decrease)	<u>\$ (26,418)</u>

(14)

Property Tax

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 3, Attachment ILG-5, p. 1 \$ (1,480)

(15)

Amortization of EADIT

OUCC Adjustment - Increase/(Decrease) - Public's Exhibit No. 2, Attachment AEL-5, p. 1 \$ (49,985)

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215  
Adjustments

(16)

State and Federal Income Tax

	Federal <u>Income Tax</u>	State <u>Income Tax</u>
Pro Forma Present Rate Operating Revenue Increase	\$ 2,575,356	\$ 2,575,356
Less: Operations and Maintenance	(1,556,079)	(1,556,079)
Depreciation	(497,130)	(497,130)
CIAC Amortization	84,516	84,516
Taxes Other Than Income	(182,025)	(182,025)
Amortization of EADIT	49,985	49,985
State Income Tax	(27,404)	
Synchronized Interest	(12,257)	(12,257)
Add Back:		
Utility Receipts Tax		35,894
Taxable Income	434,961	498,260
Multiply by: Federal Income Tax Rate	21.00%	
Multiply by: State Income Tax Rate		5.50%
Pro Forma State Income Tax Expense		27,404
Pro Forma Federal Income Tax Expense	91,342	
Less: Test Year Expense	(10,948)	20,881
OUCC Adjustment - Increase/(Decrease)	\$ 102,290	\$ 6,523

BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Pro Forma Proposed Adjustments

(1)

Proposed Rate Increase

Pro Forma Present Rate Sales	\$ 2,575,356
Times: Rate Increase	2.46%
Adjustment - Increase	<u>\$ 63,259</u>

(2)

Proposed Bad Debt Adjustment

Proposed Rate Increase	\$ 63,259
Times: Current Effective Rate (from Revenue Conversion Factor - Sch. 1)	0.4190%
Adjustment - Increase	<u>\$ 265</u>

(3)

Proposed IURC Fee

Proposed Rate Increase	\$ 63,259
Times: Current Effective Rate (from Revenue Conversion Factor - Sch. 1)	0.1296%
Adjustment - Increase	<u>\$ 82</u>

(4)

Proposed Utility Receipts Tax

Proposed Rate Increase	\$ 63,259
Times: Current Effective Rate (from Revenue Conversion Factor - Sch. 1)	1.3941%
Adjustment - Increase	<u>\$ 882</u>

(5)

Proposed State Income Tax

Proposed Rate Increase	\$ 63,259
Times: Current Effective Rate (from Revenue Conversion Factor - Sch. 1)	5.4698%
Adjustment - Increase	<u>\$ 3,460</u>

(6)

Proposed Federal Income Tax

Proposed Rate Increase	\$ 63,259
Times: Current Effective Rate (from Revenue Conversion Factor - Sch. 1)	19.4434%
Adjustment - Increase	<u>\$ 12,298</u>



BOONVILLE NATURAL GAS CORPORATION  
CAUSE NO. 45215

Capital Structure  
as of September 30, 2018

Description	Amount	Percent of Total	Cost	Weighted Cost
Common Equity	\$ 6,637,615	66.11%	10.100%	6.68%
Customer Deposits	355,139	3.54%	6.000%	0.21%
Tax Refund	729,280	7.26%	0.000%	0.00%
SRC Refund	305,686	3.04%	0.000%	0.00%
EEFC Refund	16,414	0.16%	0.000%	0.00%
Deferred Taxes	1,995,649	19.88%	0.000%	0.00%
Total	<u>\$ 10,039,783</u>	<u>100.00%</u>		<u>6.89%</u>

Calculation of Synchronized Interest  
as of September 30, 2018

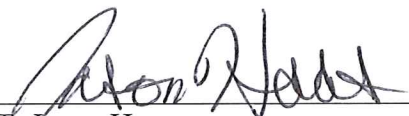
Description	Amount	Percent of Total	Cost	Weighted Cost	Weighted Cost of Debt
Common Equity	\$ 6,637,615	66.11%	10.10%	6.68%	
Customer Deposits	355,139	3.54%	6.00%	0.21%	0.21%
Tax Refund	729,280	7.26%	0.00%	0.00%	
SRC Refund	305,686	3.04%	0.00%	0.00%	
EEFC Refund	16,414	0.16%	0.00%	0.00%	
Deferred Taxes	1,995,649	19.88%	0.00%	0.00%	
Total	<u>\$ 10,039,783</u>	<u>100.00%</u>		<u>6.89%</u>	<u>0.21%</u>

Rate Base	\$ 5,836,659
Weighted Cost of Debt	<u>0.21%</u>
Synchronized Interest	<u>\$ 12,257</u>

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing ***OUCC'S TESTIMONY OF FARHEEN AHMED*** has been served upon the following counsel of record in the captioned proceeding by electronic service on June 28, 2019.

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Jeffrey M. Peabody  
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