

Direct Testimony and Schedules
Christopher J. Barthol

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of Northern States Power Company
For Authority to Increase Rates for Natural Gas Service in North Dakota

Case No. PU-26-____
Exhibit____(CJB-1)

Class Cost of Service Study

January 30, 2026

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1 **I. INTRODUCTION**

2

3 Q. PLEASE STATE YOUR NAME AND TITLE.

4 A. My name is Christopher J. Barthol. I am a Rate Consultant.

5

6 Q. FOR WHOM ARE YOU TESTIFYING?

7 A. I am testifying on behalf of Northern States Power Company, a Minnesota
8 corporation (NSP, Xcel Energy, or the Company). NSP is a wholly owned
9 subsidiary of Xcel Energy Inc.

10

11 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

12 A. My qualifications include 15 years of regulatory experience in the areas of rate
13 design and class cost of service. I have a Bachelor of Arts in Economics from
14 Saint Cloud State University and a Master of Science in Agricultural Economics
15 from Purdue University. A detailed statement of my qualifications and
16 experience is provided in Exhibit___(CJB-1), Schedule 1.

17

18 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

19 A. The purpose of my testimony is to present NSP's natural gas Class Cost of
20 Service Study (CCOSS).

21

22 Q. PLEASE SUMMARIZE NSP'S CCOSS PROPOSAL.

23 A. The CCOSS is done on a forecasted 2026 calendar year embedded cost basis
24 which functionalizes, classifies, and allocates budgeted plant and expenses in
25 the test year on cost-causation principles. The Company is not proposing any
26 changes to the CCOSS methodology last approved by the North Dakota
27 Public Service Commission.

1 Q. WHAT REVENUE INCREASE DOES THE CCOSS INDICATE FOR EACH CUSTOMER
2 CLASS?

3 A. The CCOSS indicates a revenue increase of 29.74 percent for Residential Firm
4 service and 3.17 percent for Commercial and Industrial (C&I) Firm customers.
5 The CCOSS indicates a decrease in the costs of service of 16.35 percent for
6 Small Interruptible customers and 13.41 percent for Large Interruptible
7 customers.

8

9

II. CCOSS OVERVIEW

10

11 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

12 A. In this section of my testimony, I describe the purpose of the CCOSS that was
13 conducted, and the Company's objectives in conducting the CCOSS. I also
14 summarize the results of the CCOSS.

15

16 **A. CCOSS Purpose**

17 Q. WHAT IS THE PURPOSE OF A CCOSS?

18 A. The CCOSS allocates the total cost of providing utility service (also referred to
19 as the Company's revenue requirement) to the various customer classes in a way
20 that reflects the engineering and operating characteristics of the natural gas
21 utility system, and hence each class's contribution to the costs of providing
22 service. Given the characteristics of gas utility costs, the primary objective of
23 the CCOSS is to determine the total cost of service for each customer class,
24 which includes the costs associated with investment in plant as well as operating
25 and maintenance expenses. Another key objective of the CCOSS is to develop
26 class cost allocation factors that accurately reflect cost causation. Results from
27 the CCOSS serve as a guide for evaluating and developing the Company's class

1 revenue apportionment and rate design, which will be discussed by Company
2 witness Martha E. Hoschmiller.

3
4 Q. WHAT ARE THE COMPANY'S OBJECTIVES WHEN DEVELOPING ITS CCOSS?

5 A. The Company's CCOSS objectives are:

- 6 1. Properly reflect all the costs and revenues that have been identified in the
7 Company's North Dakota Jurisdictional Cost of Service Study (JCOSS),
- 8 2. Develop allocators that can be accurately determined and calculated with
9 a reasonable amount of effort to properly assign those costs among the
10 various customer classes and the three main billing classifications –
11 customer, demand, and energy, and
- 12 3. Use allocators that are consistent across the Company's jurisdictions.

13
14 **B. CCOSS Results**

15 Q. PLEASE SUMMARIZE THE RESULTS OF THE PROPOSED CCOSS.

16 A. Table 1 below shows a summary of the CCOSS results at the major class level.
17 A more detailed summary is provided in Exhibit___(CJB-1), Schedule 2. These
18 results indicate the level of rate increase necessary for each class of service to
19 produce equal rates of return from each class.

20
21 **Table 1**
22 **Summary of Class Cost of Service Study (\$000)**

| Item | Res | Com Firm | Small Int | Large Int | Total |
|------------------------------|----------|----------|-----------|-----------|-----------|
| Equal Total Retail Revenue | \$57,167 | \$64,035 | \$1,957 | \$5,994 | \$129,154 |
| Present Total Retail Revenue | \$44,062 | \$62,068 | \$2,340 | \$6,922 | \$115,393 |
| Revenue Deficiency | \$13,105 | \$1,967 | -\$382 | -\$928 | \$13,761 |
| Deficiency % | 29.74% | 3.17% | -16.35% | -13.41% | 11.93% |

23
24 Q. PLEASE EXPLAIN THE CCOSS RESULTS.

1 A. The CCOSS indicates a revenue increase of 29.74 percent for Residential Firm
 2 service and 3.17 percent for Commercial and Industrial (C&I) Firm customers.
 3 The CCOSS indicates a decrease in the costs of service of 16.35 percent for
 4 Small Interruptible customers and 13.41 percent for Large Interruptible
 5 customers.

6
 7 Q. IS THE CCOSS INDICATED INCREASE FOR RESIDENTIAL CUSTOMERS
 8 UNEXPECTED?

9 A. No, for several reasons. Table 2 below compares the class revenue deficiencies,
 10 as a ratio of the total revenue deficiencies, between this case and the Company's
 11 last rate case. When compared to the last case, the Residential class's class/total
 12 ratio slightly decreased for two reasons. First, in the Settlement in our last gas
 13 rate case, the Residential class received a 9.0 percent increase, which was above
 14 the overall increase of 8.2 percent, essentially moving this class closer to cost.
 15 While progress was made for the Residential class, rates for this class were still
 16 set well below their full cost to serve. Second, the allocator percentages for the
 17 Residential class decreased, which I will illustrate later in Table 3 below. Thus,
 18 the CCOSS results shown in Table 1 above are not unexpected.

19
 20 **Table 2**
 21 **2024 vs 2026 Revenue Deficiencies**

| Item | Res | Com Firm | Small Int | Large Int | Total |
|---------------------------|--------|----------|-----------|-----------|--------|
| Revenue Deficiency - 2024 | 24.53% | 1.46% | -13.36% | -8.98% | 9.40% |
| Revenue Deficiency - 2026 | 29.74% | 3.17% | -16.35% | -13.41% | 11.93% |
| Class %/Total% - 2024 | 2.61 | 0.16 | -1.42 | -0.95 | 1.00 |
| Class %/Total% - 2026 | 2.49 | 0.27 | -1.37 | -1.12 | 1.00 |

22
 23 Q. HOW DO THE CURRENT PRIMARY ALLOCATORS IN THE CCOSS FOR THIS CASE
 24 COMPARE WITH THE PRIMARY ALLOCATORS FROM THE CCOSS USED IN THE

1 LAST NATURAL GAS RATE CASE?

2 A. The Company is using the same primary allocators as these allocators continue
3 to be the most appropriate class allocators for assigning costs that vary by
4 customer count, demand (design day, i.e., demand on the coldest winter day that
5 is reasonably possible), sales, or distribution investment. Table 3 provides a
6 comparison of the primary allocators evaluating their current percentages versus
7 those in the last natural gas rate case. These allocators are explained in further
8 detail below. While there are modest changes in these allocators as compared to
9 the prior rate case, there are no material changes to the percentages themselves.
10 I will explain later in my testimony how these allocators were developed for this
11 CCOSS.

12
13 **Table 3**
14 **Allocator Comparison (2026 TY vs. 2024 TY)**

| Allocator | Total | Res | C&I Firm | Sm Int | Lg Int |
|--------------------------|---------|--------|----------|--------|--------|
| Customers - 2026 | 100.00% | 84.65% | 15.25% | 0.06% | 0.03% |
| Customers - 2024 | 100.00% | 84.96% | 14.92% | 0.08% | 0.04% |
| Design Day - 2026 | 100.00% | 38.93% | 61.07% | 0.00% | 0.00% |
| Design Day - 2024 | 100.00% | 40.36% | 59.64% | 0.00% | 0.00% |
| Mains, Overall - 2026 | 100.00% | 60.52% | 37.68% | 0.43% | 1.37% |
| Mains, Overall - 2024 | 100.00% | 61.36% | 36.32% | 0.59% | 1.74% |
| Meter & Reg Study - 2026 | 100.00% | 65.85% | 32.20% | 0.70% | 1.24% |
| Meter & Reg Study - 2024 | 100.00% | 67.67% | 30.53% | 0.97% | 0.83% |
| Sales, w/o Transp - 2026 | 100.00% | 32.81% | 55.03% | 2.93% | 9.24% |
| Sales, w/o Transp - 2024 | 100.00% | 33.82% | 50.67% | 3.93% | 11.58% |
| Sales, w/ Transp - 2026 | 100.00% | 29.55% | 58.90% | 2.63% | 8.92% |
| Sales, w/ Transp - 2024 | 100.00% | 29.89% | 55.73% | 3.47% | 10.91% |
| Service Study - 2026 | 100.00% | 67.60% | 32.03% | 0.36% | 0.00% |
| Service Study - 2024 | 100.00% | 70.05% | 29.28% | 0.67% | 0.00% |

1 **C. CCOSS Compliance**

2 Q. ARE THERE ANY COMPLIANCE ITEMS YOU ARE ADDRESSING FOR THIS RATE
3 CASE?

4 A. Yes. As part of the settlement in the Company’s last rate case, the Company
5 agreed to file a CCOSS utilizing the “Basic Service Method.”

6
7 Q. WHAT IS THE BASIC SERVICE METHOD?

8 A. The Basic Service Method, as defined by the National Association of Regulatory
9 Utility Commissioners (NARUC) Gas Rate Design Manual, classifies meter,
10 regulator, and service pipe costs as customer-related while classifying the
11 remaining distribution costs, which are mostly comprised of distribution mains
12 costs, as demand related.

13
14 Q. DOES THE COMPANY FIND THE BASIC SERVICE METHOD TO BE REASONABLE?

15 A. No. The Basic Service Method classifies distribution mains as 100 percent
16 demand related. This ignores the well-established tenet that the simple addition
17 of customers is also a significant determinant of distribution mains costs, thus
18 at least a portion of these costs should be considered customer-related pursuant
19 to cost causation principles. A few examples of customer-related costs include
20 engineering and design costs based on the number of customers to be served
21 off the new main and trenching costs that do not fluctuate with various pipe
22 sizes.

23
24 Q. PLEASE EXPLAIN THE RESULTS OF THE BASIC SERVICE METHOD.

25 A. Table 4 below illustrates the CCOSS results utilizing the Basic Service Method.
26 The CCOSS indicates a revenue increase of 17.87 percent for Residential Firm
27 service and 11.00 percent for Commercial and Industrial (C&I) Firm customers.

1 The CCOSS indicates a decrease in the costs of service of 12.92 percent for
2 Small Interruptible customers and 9.21 percent for Large Interruptible
3 customers. A more detailed summary of the Basic Service Method CCOSS is
4 provided in Exhibit___(CJB-1), Schedule 3.

5
6 **Table 4**
7 **Summary of Basic Service Method CCOSS (\$000)**

| Item | Res | Com Firm | Small Int | Large Int | Total |
|------------------------------|----------|----------|-----------|-----------|-----------|
| Equal Total Retail Revenue | \$51,937 | \$68,895 | \$2,038 | \$6,285 | \$129,154 |
| Present Total Retail Revenue | \$44,062 | \$62,068 | \$2,340 | \$6,922 | \$115,393 |
| Revenue Deficiency | \$7,874 | \$6,827 | -\$302 | -\$637 | \$13,761 |
| Deficiency % | 17.87% | 11.00% | -12.92% | -9.21% | 11.93% |

8
9 **III. CCOSS PREPARATION**

10
11 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

12 A. In this section of my testimony, I provide an overview of the preparation of the
13 CCOSS and describe the allocators used in the CCOSS.

14
15 Q. WHAT TYPE OF CCOSS WAS PREPARED?

16 A. The CCOSS presented in this case is a fully distributed, embedded CCOSS. The
17 CCOSS is “fully distributed” in that it allocates plant and operating expenses
18 based on the manner in which they are incurred. The CCOSS is considered
19 “embedded” because it functionalizes, classifies, and allocates budgeted plant
20 and expenses in the test year on cost-causation principles.

21
22 Q. WHAT ARE THE STEPS FOR PREPARING A CCOSS?

23 A. In general, preparing a CCOSS involves five major steps:

1 First, costs are identified by function such as production, storage, transmission,
2 and distribution. Costs are then separated by state jurisdiction – in this case,
3 between the Minnesota and North Dakota retail gas jurisdictions. This step is
4 supported in the Direct Testimony and Schedules of Company witness Charles
5 R. Henckler.

6
7 Second, costs that can be directly attributed to a specific customer class are
8 directly assigned to their respective classes.

9
10 Third, the remaining unassigned costs are allocated among the customer classes
11 by an appropriate allocation method. An external allocator is an allocator that
12 takes information generated separate from the CCOSS, such as a class's sales or
13 its contribution to Design Day demand. Internal allocators are based on
14 combinations of costs already allocated to the classes using external allocators.
15 For example, the cost of distribution mains is allocated to class using an internal
16 allocator that performs calculations relying on a class's contribution to plant in
17 service associated with distribution mains.

18
19 Fourth, the costs for each class are then classified as capacity (demand),
20 customer, and commodity (gas) costs based on whether the costs are driven by
21 Design Day demand, number of customers or usage. This step guides rate
22 design within a class, as opposed to between classes. For instance, customer-
23 driven costs, like natural gas meters, are based on the number of customers and
24 not by variations in gas usage or contribution to overall demand on a Design
25 Day. The more customers the Company has, the more natural gas meters are
26 needed. Ideally, all customer costs would be collected through a class-specific
27 monthly customer charge.

1 Finally, the cost of serving each class is compared to the test year revenues
2 generated by each class at current rates to determine the adjustment in revenues
3 that is necessary for each class to recover its costs of service.

4
5 A guide to the CCOSS study is provided in Exhibit____(CJB-1), Schedule 4.
6

7 Q. IS THE COMPANY’S CCOSS CONSISTENT WITH ITS PAST PRACTICE IN NORTH
8 DAKOTA?

9 A. Yes. The CCOSS conducted for this rate application is very similar to that
10 performed by the Company in its last natural gas rate case (Case No. PU-23-
11 367). The various allocation percentages have been updated to reflect forecasted
12 2026 data on customers, sales, Design Day inputs, and other relevant items. The
13 detailed CCOSS is included as Schedule 2.
14

15 **IV. EXTERNAL ALLOCATORS**

16
17 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

18 A. In this section of my testimony I discuss the external allocators applied in the
19 CCOSS. I divide the external allocators into distribution plant cost studies, other
20 cost studies, and all other external allocators.
21

22 **A. Distribution Plant Studies within CCOSS**

23 Q. WHAT IS DISTRIBUTION PLANT?

24 A. Distribution plant includes the pipelines, meters, and other infrastructure
25 needed to deliver natural gas from the transmission system to customers’
26 premises.

1 Q. WHAT ARE THE CATEGORIES OF DISTRIBUTION PLANT?

2 A. The categories of distribution plant are: 1) distribution mains, 2) services (i.e.,
3 the pipe going to homes and businesses), 3) meters and regulators, and 4)
4 regulator stations.

5

6 Q. PLEASE DESCRIBE HOW DISTRIBUTION PLANT AND REGULATOR STATIONS WERE
7 CLASSIFIED.

8 A. Distribution plant was classified as either customer- or demand-related. The
9 NARUC Gas Distribution Rate Design manual defines customer-related
10 distribution plant as services, meters, and regulators. Therefore, I have classified
11 these plant items as customer related.

12

13 The NARUC manual further states that a portion of distribution mains may
14 also be classified as customer-related and that Minimum System Studies may be
15 utilized to derive the customer- and demand-related components of distribution
16 mains. Consistent with this guidance, I classified distribution mains utilizing a
17 Minimum System Study, which I describe below.

18

19 The NARUC manual defines demand costs as capital costs associated with
20 production, storage, and transmission plant and expenses; the demand cost of
21 gas; and most of the distribution plant and expenses not classified as customer-
22 related. Therefore, I have classified regulator stations as demand-related and
23 allocated these costs with an average and peak allocator which I will also explain
24 later in my testimony.

25

26 Q. WHAT WERE THE RESULTS OF THIS CLASSIFICATION?

1 A. Table 5 below shows the amount of distribution plant by category and how they
2 are classified:

3

4

5

Table 5
Distribution Plant by Category

| Distribution Plant Category | 2026 TY Plant in Service (\$000) | Demand Component | Customer Component |
|------------------------------------|---|-------------------------|---------------------------|
| Distribution Mains | \$170,209 | X | X |
| Services | \$80,292 | | X |
| Meters & Regulators | \$27,619 | | X |
| Regulator Stations | \$151 | X | |

6

7

1. Minimum System Study

8

Q. HOW DID YOU ALLOCATE COSTS FOR THE PORTION OF DISTRIBUTION MAINS
9 NEEDED FOR BASIC CUSTOMER CONNECTIVITY?

10

A. I determined the appropriate allocation of costs for basic customer connectivity
11 using a Minimum System Study.

12

13

Q. WHAT IS A MINIMUM SYSTEM STUDY?

14

A. A Minimum System Study identifies the portion of distribution plant associated
15 with basic connectivity between the utility and the customer. The Minimum
16 System Study determines the breakdown of costs that are customer-related (and
17 therefore allocated with a customer-related allocator), versus those costs
18 associated with capacity (and allocated with a demand-related allocator). As in
19 the last rate case, the Company conducted a Minimum-Sized Plant Study that
20 identifies the smallest and most common distribution mains in a utility's system,
21 identifies the cost per foot of the smallest and most common main, and applies
22 that cost per foot to every main in the distribution system to derive the cost of
23 a "minimum system." The cost of the minimum system is divided by the total

1 costs of actual distribution mains in the system to derive the portion of
2 distribution costs that are customer-related. The remaining costs are split into
3 average and excess capacity costs, which I discuss later in my testimony.
4

5 Q. WHAT METHODOLOGY ARE YOU PROPOSING FOR THE MINIMUM SYSTEM
6 STUDY?

7 A. I am proposing a Minimum-Sized Plant Study using the same methodology that
8 was used in the Company's last natural gas rate case. The Minimum System
9 Study is provided in Exhibit____(CJB-1), Schedule 5.
10

11 Q. WHAT ARE THE COMPONENTS OF THE MINIMUM SYSTEM STUDY ALLOCATION
12 OF MAINS?

13 A. The total cost of mains is split among Minimum System, Average Capacity, and
14 Excess Capacity components.
15

16 Q. PLEASE DESCRIBE THE MINIMUM SYSTEM COMPONENT OF THE MINIMUM
17 SYSTEM STUDY.

18 A. The Minimum System component identifies the cost to establish basic
19 connectivity between the utility and the customer, using pipes with a diameter
20 of two inches or less, which is the minimum-sized pipe for mains on our system.
21 If all the mains in the Company's entire distribution system in North Dakota
22 consisted of two-inch pipe, the initial plant investment would have been 64.3
23 percent of actual investment. These Minimum System costs are allocated to
24 class based on the number of customers in each class and are also assigned to
25 the Customer Charge billing component.

1 Q. PLEASE DESCRIBE THE DEMAND ADJUSTMENT BEING APPLIED IN THE MINIMUM
2 SYSTEM STUDY.

3 A. The Minimum System Study identifies distribution mains of two inches or less
4 as its theoretical minimum system. The ratio of the cost of this Minimum
5 System compared to the total cost of distribution mains is used to determine
6 the customer-related costs associated with distribution mains. However,
7 distribution mains of two inches or less have some capacity and there is a
8 difference in the extent to which that portion of the pipeline capacity is used by
9 different customer classes. The Company is proposing to apply a demand
10 adjustment that accounts for the carrying capacity of two-inch mains. Company
11 engineers calculated the capacity of a two-inch pipe, and I utilized this capacity
12 to calculate a demand adjustment in the Minimum System Study. Table 6
13 illustrates how the demand adjustment was calculated.

14
15 **Table 6**
16 **Demand Adjustment Calculation**

| Class | Demand (Dth) | Customers | Demand Adjustment (Dth/Day/Customer) | Minimum (Dth) |
|----------------------------------|--------------|-----------|--------------------------------------|---------------|
| Residential | 52,854 | 56,088 | 0.299 | 16,754 |
| Commercial Firm | 74,906 | 10,104 | 0.299 | 3,018 |
| Total | 127,760 | 66,192 | | 19,772 |
| 19,722 Dth / 127,760 Dth – 15.5% | | | | |

17
18 Q. PLEASE DESCRIBE THE AVERAGE CAPACITY COMPONENT OF THE MINIMUM
19 SYSTEM STUDY.

20 A. Average Capacity costs are determined by taking the remaining 51.2 percent of
21 the total cost of mains and multiplying by the test year 2026 system load factor.
22 The system load factor is the percentage of Dekatherms actually delivered
23 annually system-wide as compared to the total possible Dekatherms that could

1 be delivered annually system-wide. The total possible Dekatherms that could be
2 delivered annually system-wide is calculated by multiplying the peak Design Day
3 demand by 365 days. The annual system-wide sales is then divided by that total
4 possible deliveries. Here, the Minimum System Study calculated the total
5 possible annual deliveries as 49,552,400 Dth, which is the Company's peak
6 demand (2025-2026 Design Day Demand of 135,760 Dth – which is the most
7 recent data available when performing the study) multiplied by 365. The
8 Company's 2026 test year sales forecast of 14,723,466 Dth divided by the total
9 possible annual deliveries as 49,552,400 Dth yields a forecasted system load
10 factor of 29.7 percent for the 2026 test year. Multiplying the 51.2 percent of the
11 remaining total cost of mains by the system load factor of 29.7 leads to an
12 Average Capacity of 15.2 percent. These Average Capacity costs are allocated
13 to class based on sales (including transportation sales). Then the results are
14 credited to the Demand billing component and Base sub-component. The Base
15 sub-component is comprised of non-seasonal and non-peak demand.

16
17 Q. PLEASE DESCRIBE THE EXCESS CAPACITY COMPONENT OF THE MINIMUM
18 SYSTEM STUDY.

19 A. The Excess Capacity component is the remaining 36.0 percent of total cost of
20 mains not ascribed to the Minimum System and Average Capacity components.
21 The Excess Capacity costs are allocated to the specific classes using an Excess
22 Design Day allocator. The Excess Design Day allocator is calculated by taking
23 the difference between each class's Design Day demand and Average Daily
24 Sales. Then, each class amount is credited to the Demand cost component and
25 Seasonal sub-component.

1 2. *Meter and Regulator Study*

2 Q. WHAT IS A METER AND REGULATOR STUDY?

3 A. A Meter and Regulator Study assigns meter costs and costs for pressure-
4 regulating equipment to each class.

5
6 Q. PLEASE EXPLAIN THE METER AND REGULATOR STUDY YOU PERFORMED.

7 A. I gathered information on meter and regulator equipment and installation costs,
8 the premises identification numbers associated with different meters, and the
9 premises identification numbers associated with each rate code/class. From this
10 list, I was able to develop the total meter costs for each class and divide them
11 by the number of meters in each class to develop a cost per meter weighting.
12 Since the Residential class had the lowest cost per meter and regulator, they
13 received a customer weighting of 1.0. The weightings for the C&I, Small
14 Interruptible, and Large Interruptible Classes are 2.71, 14.77, and 50.46,
15 respectively. I applied the meter cost weighting for each class to the number of
16 customers in each respective class in order to calculate the allocator for Meters
17 and Regulators. This is the same approach that was used by the Company in the
18 last rate case.

19
20 3. *Services Study*

21 Q. WHAT IS A SERVICES STUDY?

22 A. A Services Study assigns gas services costs to each class.

23
24 Q. WHAT ARE SERVICES COSTS?

25 A. Services costs are the costs of service pipelines used to connect distribution
26 mains to customers' premises.

1 Q. HOW DID YOU PERFORM THE SERVICES STUDY?

2 A. I gathered information on premise identification numbers, service pipe type,
3 service pipe length, and class associated with each premise. I applied the cost
4 per foot of each service pipe type to each class based on the service pipe types
5 and footage used in each class. This calculation allowed me to determine the
6 total cost of service pipes for each class.

7

8 I then divided the total cost by the number of customers in each class. Since the
9 cost per customer for the Residential class was lowest, that class received a
10 weighting of 1.0. The weightings for the C&I, Small Interruptible, and Large
11 Interruptible Classes are 2.63, 4.97, and 4.81, respectively.

12

13 I then calculated the allocator for gas services by applying the weightings of
14 each class by the number of customers in each class. This is the same approach
15 that was used by the Company in the last rate case.

16

17 **B. Other Cost Studies within CCOSS**

18 Q. WHAT OTHER COST STUDIES DID YOU PERFORM?

19 A. I performed Customer Care, Uncollectibles, and Late Payment studies using the
20 same approach that was used by the Company in the last rate case.

21

22 *1. Customer Care Studies*

23 Q. WHAT CUSTOMER CARE STUDIES DID YOU PERFORM?

24 A. I performed two Customer Care studies within the CCOSS: 1) a Customer
25 Records and Collections Study and 2) a Customer Information Study. The
26 Customer Records and Collections Study, and the Customer Information Study

1 were developed to allocate costs associated with Federal Energy Regulatory
2 Commission (FERC) Accounts 903 and 908, respectively.

3
4 Q. WHAT ARE FERC ACCOUNTS 903 AND 908, AS DEFINED BY THE UNIFORM
5 SYSTEM OF ACCOUNTS?

6 A. FERC Account 903 costs include materials used and expenses incurred in work
7 on customer applications, contracts, orders, credit investigations, billing and
8 accounting, collections, and complaints.

9
10 FERC Account 908 costs include materials used, and expenses incurred in
11 providing instructions or assistance to customers, the object of which is to
12 promote safe, efficient, and economical use of the utility's service.

13
14 Q. WHAT IS THE CUSTOMER RECORDS AND COLLECTIONS STUDY AND HOW IS IT
15 UTILIZED IN THE CCOSS?

16 A. The Customer Records and Collections Study first determines the costs
17 associated with billing and call centers for each class on a cost per customer
18 basis. To make this determination, I first directly assign those FERC Account
19 903 costs that can be directly assigned to a specific class. Those FERC Account
20 903 costs that cannot be directly assigned are allocated based on the number of
21 customers in each class.

22
23 Since the cost per customer for the Residential class is lowest, that class receives
24 a weighting of 1.0. The weightings for the C&I, Small Interruptible, and Large
25 Interruptible Classes are 1.17, 61.08, and 61.08, respectively. The weightings are
26 derived for all other classes by dividing their cost per customer by that of the
27 Residential class. The weightings are then applied to the number of customers

1 in each class. The weighted customers are used to derive the allocator for
2 customer records and collections expenses.

3
4 Q. WHAT IS THE CUSTOMER INFORMATION STUDY AND HOW IS IT UTILIZED IN THE
5 CCOSS?

6 A. In the same manner as the Customer Records and Collections Study, the
7 Customer Information Study determines the costs associated with customer
8 account management, expenses associated with low-income customers, and
9 business development by directly assigning the FERC Account 908 costs that
10 can be directly assigned to a specific class. Costs that cannot be directly assigned
11 to a class are allocated based on the number of customers in each class.

12
13 Since the cost per customer for the Residential class is lowest, that class receives
14 a weighting of 1.0. The weightings for the C&I, Small Interruptible, and Large
15 Interruptible classes are 1.25, 63.71, and 29.86, respectively. The weightings are
16 derived for all other classes by dividing their cost per customer by that of the
17 Residential class. The weightings are then applied to the number of customers
18 in each class. The weighted customers are used to derive the allocator for costs
19 associated with customer account management, expenses associated with low-
20 income customers, and business development.

21
22 Q. WHY DO THE STUDIES WEIGHT THE CUSTOMERS DIFFERENTLY IN EACH CLASS
23 TO DERIVE THE COST ALLOCATOR?

24 A. Weighting customers recognizes that costs are incurred differently for each
25 class.

1 2. *Uncollectibles Study*

2 Q. HOW DID YOU DETERMINE THE APPROPRIATE ALLOCATION OF EXPENSES FOR
3 UNCOLLECTIBLES?

4 A. I performed an Uncollectibles Study to allocate expenses associated with FERC
5 Account 904.

6
7 Q. WHAT IS FERC ACCOUNT 904, AS DEFINED BY THE UNIFORM SYSTEM OF
8 ACCOUNTS?

9 A. FERC Account 904 is associated with the dollar amounts sufficient to provide
10 for losses from uncollectible utility revenues.

11
12 Q. HOW DO YOU PERFORM THE UNCOLLECTIBLES STUDY?

13 A. The Uncollectibles Study consists of gathering information on customer debtor
14 numbers, net uncollectibles (bad debt less recoveries), and classes associated
15 with each debtor number to determine the net uncollectibles for each class. The
16 net uncollectibles for each class are utilized to calculate the allocator.

17
18 3. *Late Payment Study*

19 Q. HOW DID YOU DETERMINE THE PROPER REVENUE ALLOCATOR FOR LATE FEES?

20 A. I determined the appropriate allocator for late fee revenue by using the Late
21 Payment Study.

22
23 Q. PLEASE EXPLAIN THE LATE PAYMENT STUDY.

24 A. The Late Payment Study follows the same process as the Uncollectibles Study
25 as it determines customer late fees by class. The late fees by class are used to
26 derive the late fee revenue allocator and assign late payment revenues to each
27 customer class.

1 **C. Other External Allocators**

2 Q. WHAT OTHER KEY EXTERNAL ALLOCATORS ARE INCLUDED IN THE CCOSS?

3 A. The remaining external allocators are the design day demand and sales
4 allocators.

5
6 Q. PLEASE EXPLAIN THE DESIGN DAY DEMAND ALLOCATOR.

7 A. The design day demand allocator was calculated with each class's design day
8 demand for the 2025-2026 heating season. This allocator is utilized to allocate
9 various costs that are driven by the design day demands of each class and
10 coincide with extreme weather conditions such as production and storage plant.
11 The Interruptible class does not have design day demand since they are curtailed
12 when the gas system is experiencing peak loads.

13
14 Q. PLEASE EXPLAIN THE SALES ALLOCATORS.

15 A. There are two sales allocators: the sales without transportation and the sales
16 with transportation allocators. Using the Company's 2026 test year sales forecast
17 as sponsored by Company witness John M. Goodenough, the allocators are
18 calculated using each class's share of sales. The sales without transportation
19 allocator allocates costs not associated with our transportation customers, such
20 as fuel associated with plant additions. The sales with transportation allocator is
21 utilized to allocate costs applicable to both sales and transportation customers,
22 including the average capacity costs associated with mains, gas in storage, sales
23 expenses, and sales expenses associated with labor.

24
25 **D. Internal Allocators**

26 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

1 A. In this section of my testimony, I discuss internal allocators used in the CCOSS.
2 Internal allocators are based on a combination of costs already allocated to the
3 classes with external allocators.

4

5 Q. WHAT ARE THE PRIMARY INTERNAL ALLOCATORS?

6 A. The primary internal allocators include a) average and peak, b) mains, overall,
7 and c) production-storage-transmission-distribution.

8

9 Q. PLEASE DESCRIBE THE AVERAGE AND PEAK ALLOCATOR.

10 A. The average and peak allocator is calculated from each class's portion of mains
11 costs not allocated based on customer counts. This allocator is utilized to
12 allocate demand-related costs such as transmission plant and regulator stations.

13

14 Q. PLEASE DESCRIBE THE MAINS, OVERALL ALLOCATOR.

15 A. The mains, overall allocator is calculated from each class's total mains costs that
16 are either allocated based on customer counts or demand. It is utilized to assign
17 specific mains-related plant (depreciation, deferred taxes, and additions) and
18 expenses (operations and maintenance, book depreciation, and taxes).

19

20 Q. PLEASE DESCRIBE THE PRODUCTION-STORAGE-TRANSMISSION-DISTRIBUTION
21 ALLOCATOR.

22 A. The production-storage-transmission-distribution allocator is calculated from
23 each class's allocated total production, storage, transmission, and distribution
24 plant that has already been assigned by external allocators. This allocator is
25 utilized to allocate general and common plant to each class.

1 **V. GENERAL RULES AND REGULATIONS**

2
3 Q. WHAT REVISIONS ARE BEING PROPOSED IN THE COMPANY’S GENERAL RULES
4 AND REGULATIONS TARIFFS?

5 A. The Company is proposing rate revisions to Section 6, Sheet No. 19, Winter
6 Construction, of the General Rules and Regulations. These costs were last
7 revised in the Company’s 2022 test year rate case (Case No. PU-21-381).

8
9 **A. Winter Construction Charges – Section 6, Sheet No. 19**

10 Q. WHAT ARE WINTER CONSTRUCTION CHARGES?

11 A. When a service or main is installed between October 1 and April 15, customers
12 are subject to a Winter Construction Charge if frost is at least six inches deep,
13 snow removal or plowing is required to install service, or thaw devices must be
14 set at the main or underground facilities to install service for the entire length
15 of service or gas main installed.

16
17 Q. WHEN INSTALLING A JOINT TRENCH FOR GAS AND ELECTRIC FACILITIES, DOES
18 THE COMPANY CHARGE A CUSTOMER WINTER CONSTRUCTION CHARGES FOR
19 BOTH ELECTRIC AND GAS?

20 A. No. If the Company’s gas and electric facilities are installed in a joint trench for
21 any portion, the Company will waive the lower of the gas and electric Winter
22 Construction Charges on the joint portion.

23
24 Q. WHAT REVISIONS ARE PROPOSED IN THE WINTER CONSTRUCTION CHARGES?

25 A. There are two components to the Winter Construction Charges, as indicated on
26 Tariff Sheet No. 6-19 of the General Rules and Regulations. The Company is
27 proposing an increase in each as shown in Table 7 below.

1
2
3
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21

Table 7
Winter Construction Charges

| Type | Present Rate | Proposed Rate |
|---|--------------|---------------|
| Excavation (Per Excavation Unit) | \$685 | \$870 |
| Main & Service Extensions (Per Trench Foot) | \$8.90 | \$18.00 |

The cost analysis supporting these proposed rate charges is based on current material, labor, and equipment costs, and is provided on page 2 of Exhibit___(CJB-1), Schedule 6.

VI. CONCLUSION

- Q. PLEASE BRIEFLY SUMMARIZE YOUR TESTIMONY.
- A. The purpose of a CCOSS is to provide a reasonable measure of the contribution each class makes to the Company’s overall cost of service, with the goal of generating a cost basis from which class revenues and rates can be evaluated and refined. The Company has prepared a fully embedded CCOSS, and other than some minor allocator updates, this version of the CCOSS adheres to the same fundamental methods employed by the Company in its previous rate cases. The Company’s CCOSS is an appropriate ratemaking tool in this case and was used to inform a moderated class revenue apportionment.
- Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- A. Yes, it does.

STATEMENT OF QUALIFICATIONS

CHRISTOPHER J. BARTHOL

OVERVIEW

My responsibilities at Xcel Energy include Class Cost of Service Studies conducted in support of the Company's rate cases and providing pricing function support and other related analyses for the utility operating subsidiaries of Xcel Energy.

PROFESSIONAL EXPERIENCE

| | |
|--|----------------|
| Rate Consultant; Xcel Energy, NSPM | 2022 – Present |
| Principal Pricing Analyst; Xcel Energy, NSPM | 2017 – 2022 |
| Senior Regulatory Analyst; Xcel Energy, Xcel Energy Services | 2015 – 2017 |
| Pricing and Cost-of-Service Analyst; PacifiCorp | 2013 – 2015 |
| Associate Pricing and Cost-of-Service Analyst; PacifiCorp | 2011 – 2013 |
| United States Marine Corps Machine Gunner | 2000 – 2004 |

EDUCATIONAL BACKGROUND

| | |
|--|------|
| Purdue University; MS Agricultural Economics | 2010 |
| Saint Cloud State University; BA Economics | 2008 |

SUMMARY

| Rate Base | | ND | Res | C&I | Sm Int | Lg Int |
|---------------------------------------|---|----------------|----------------|----------------|----------------|----------------|
| 1 | Production | 21,428 | 8,342 | 13,085 | 0 | 0 |
| 2 | Storage | 21,765 | 8,473 | 13,291 | 0 | 0 |
| 3 | Transmission | 6,555 | 2,460 | 3,870 | 51 | 174 |
| 4 | Distribution | 278,270 | 175,535 | 98,830 | 1,123 | 2,781 |
| 5 | General | 43,093 | 25,593 | 16,958 | 154 | 388 |
| 6 | <u>Common</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 7 | Total Plant In Service | 371,111 | 220,404 | 146,034 | 1,329 | 3,343 |
| 8 | Production | 5,020 | 1,954 | 3,066 | 0 | 0 |
| 9 | Storage | 9,875 | 3,845 | 6,031 | 0 | 0 |
| 10 | Transmission | 2,001 | 751 | 1,181 | 16 | 53 |
| 11 | Distribution | 75,597 | 48,536 | 26,188 | 277 | 596 |
| 12 | General | 18,554 | 11,019 | 7,301 | 66 | 167 |
| 13 | <u>Common</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 14 | Total Depreciation Reserve | 111,047 | 66,105 | 43,766 | 359 | 816 |
| 15 | Net Plant | 260,064 | 154,300 | 102,268 | 969 | 2,527 |
| 16 | Deductions (Accum Def Inc Tax) | 29,680 | 18,886 | 10,390 | 120 | 283 |
| 17 | <u>Additions</u> | <u>4,732</u> | <u>2,356</u> | <u>2,127</u> | <u>59</u> | <u>190</u> |
| 18 | Rate Base | 235,117 | 137,770 | 94,004 | 908 | 2,434 |
| Income Statement | | | | | | |
| 19 | Present Retail Revenue | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 |
| 20 | <u>Present Other Oper Rev</u> | <u>413</u> | <u>323</u> | <u>89</u> | <u>0</u> | <u>0</u> |
| 21 | Present Total Operating Rev | 115,806 | 44,386 | 62,157 | 2,340 | 6,923 |
| Operating & Maint Expenses | | | | | | |
| 22 | Purchased Gas Expense | 75,936 | 25,868 | 42,949 | 1,712 | 5,407 |
| 23 | Other Purch Gas Exp | 0 | 0 | 0 | 0 | 0 |
| 24 | Other Production | 1,098 | 409 | 667 | 5 | 17 |
| 25 | Transmission | 162 | 61 | 96 | 1 | 4 |
| 26 | Distribution | 6,809 | 4,621 | 2,103 | 23 | 62 |
| 27 | Customer Accounting | 1,681 | 1,337 | 295 | 32 | 16 |
| 28 | Customer Service and Information | 125 | 97 | 22 | 4 | 1 |
| 29 | Administrative and General | 4,269 | 2,412 | 1,728 | 33 | 96 |
| 30 | <u>Amortizations: Sales Expense</u> | <u>656</u> | <u>412</u> | <u>232</u> | <u>3</u> | <u>9</u> |
| 31 | Total Operating & Maint Exp | 90,736 | 35,217 | 48,092 | 1,813 | 5,613 |
| 32 | Book Depreciation | 12,341 | 7,169 | 5,041 | 39 | 93 |
| 33 | Taxes Other Than Income Taxes | 2,905 | 1,227 | 1,607 | 16 | 55 |
| 34 | Prov For Deferred Inc Taxes | 4,840 | 2,887 | 1,888 | 19 | 45 |
| 35 | <u>Net Investment Tax Credit</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 36 | Total Operating Expense | 110,822 | 46,501 | 56,628 | 1,887 | 5,806 |
| 37 | <u>State and Federal Income Taxes</u> | <u>-3,187</u> | <u>-3,175</u> | <u>-348</u> | <u>97</u> | <u>238</u> |
| 38 | Total Expense | 107,635 | 43,325 | 56,280 | 1,985 | 6,044 |
| 39 | <u>AFUDC (Rev Credit)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 40 | Total Operating Income | 8,171 | 1,060 | 5,877 | 355 | 879 |
| 41 | Rate Base | 235,117 | 137,770 | 94,004 | 908 | 2,434 |
| 42 | Present Return on Rate Base | 3.48% | 0.77% | 6.25% | 39.13% | 36.09% |
| 43 | Present Return on Common Equity | 2.43% | -2.72% | 7.72% | 70.35% | 64.56% |
| 44 | Required Return on Rate Base | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% |
| 45 | Required Operating Income | 18,574 | 10,884 | 7,426 | 72 | 192 |
| 46 | Income Deficiency | 10,403 | 9,823 | 1,549 | -284 | -686 |
| 47 | Revenue Deficiency | 13,761 | 13,105 | 1,967 | -382 | -928 |
| 48 | Deficiency / Pres Retail Revenue | 11.93% | 29.74% | 3.17% | -16.35% | -13.41% |

SUMMARY

Equal Return vs Present

| | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lq Int</u> |
|--|-------------------|------------------|------------------|----------------|------------------|
| Operating Revenue Requirement | | | | | |
| 1 Return On Rate Base | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% |
| 2 Equalized Total Retail Rev | 129,154 | 57,167 | 64,035 | 1,957 | 5,994 |
| 3 <u>Present Total Retail Revenue</u> | <u>115,393</u> | <u>44,062</u> | <u>62,068</u> | <u>2,340</u> | <u>6,922</u> |
| 4 Revenue Deficiency | 13,761 | 13,105 | 1,967 | -382 | -928 |
| 5 Deficiency / Pres Total Retail Rev | 11.93% | 29.74% | 3.17% | -16.35% | -13.41% |
| Internal Retail Revenue Reqt | | | | | |
| 6 Customer Retail Revenue Requirement | 29,277 | 22,349 | 6,753 | 96 | 79 |
| 7 <u>Average Monthly Customers</u> | <u>66,256</u> | <u>56,088</u> | <u>10,106</u> | <u>41</u> | <u>21</u> |
| 8 Revenue Requirement \$ / Mo / Cust | 36.82 | 33.21 | 55.68 | 196.54 | 315.15 |
| 9 Capacity Retail Revenue Requirement | 22,762 | 8,579 | 13,650 | 121 | 412 |
| 10 <u>Annual Dkt Sales</u> | <u>14,723,466</u> | <u>4,350,125</u> | <u>8,672,380</u> | <u>387,936</u> | <u>1,313,025</u> |
| 11 Revenue Requirement \$ / Dkt | 1.55 | 1.97 | 1.57 | 0.31 | 0.31 |
| Capacity - Sub Classification | | | | | |
| 12 Capacity - Base Revenue Requirement | 4,389 | 1,278 | 2,577 | 121 | 412 |
| 13 Capacity - Seasonal Revenue Requirement | 10,303 | 4,186 | 6,117 | 0 | 0 |
| 14 Peak Shaving Revenue Requirement | 8,070 | 3,115 | 4,955 | 0 | 0 |
| 15 Base Rev Requirement \$ / Dkt | 0.30 | 0.29 | 0.30 | 0.31 | 0.31 |
| 16 Seasonal Rev Requirement \$ / Dkt | 0.70 | 0.96 | 0.71 | 0.00 | 0.00 |
| 17 Peak Shave Rev Requirement \$ / Dkt | 0.55 | 0.72 | 0.57 | 0.00 | 0.00 |
| 18 Energy Retail Revenue Requirement | 1,125 | 323 | 677 | 29 | 96 |
| 19 Revenue Requirement \$ / Dkt | 0.08 | 0.07 | 0.08 | 0.07 | 0.07 |
| 20 Total Internal Retail Revenue Requirement | 53,165 | 31,252 | 21,080 | 246 | 588 |
| 21 Revenue Requirement \$ / Dkt | 3.61 | 7.18 | 2.43 | 0.63 | 0.45 |
| 22 Revenue Requirement \$ / Mo / Cust | 66.87 | 46.43 | 173.81 | 505.76 | 2,332.05 |
| External Retail Revenue Reqt | | | | | |
| 23 Capacity Revenue Requirement | 17,433 | 6,675 | 10,758 | 0 | 0 |
| 24 <u>Energy Revenue Requirement</u> | <u>58,503</u> | <u>19,193</u> | <u>32,191</u> | <u>1,712</u> | <u>5,407</u> |
| 25 Total External Revenue Requirement | 75,936 | 25,868 | 42,949 | 1,712 | 5,407 |
| 26 Cap Revenue Requirement \$ / Dkt | 1.18 | 1.53 | 1.24 | 0.00 | 0.00 |
| 27 <u>Ener Revenue Requirement \$ / Dkt</u> | <u>3.97</u> | <u>4.41</u> | <u>3.71</u> | <u>4.41</u> | <u>4.12</u> |
| 28 Tot Revenue Requirement \$ / Dkt | 5.16 | 5.95 | 4.95 | 4.41 | 4.12 |
| Total Retail Revenue Reqt | | | | | |
| 29 Customer Revenue Requirement | 29,277 | 22,349 | 6,753 | 96 | 79 |
| 30 Capacity Revenue Requirement | 40,195 | 15,254 | 24,408 | 121 | 412 |
| 31 <u>Energy Revenue Requirement</u> | <u>59,628</u> | <u>19,516</u> | <u>32,868</u> | <u>1,741</u> | <u>5,503</u> |
| 32 Total Revenue Requirement | 129,100 | 57,120 | 64,029 | 1,957 | 5,994 |
| 33 Customer Revenue Reqt \$ / Dkt | 1.99 | 5.14 | 0.78 | 0.25 | 0.06 |
| 34 Demand Revenue Reqt \$ / Dkt | 2.73 | 3.51 | 2.81 | 0.31 | 0.31 |
| 35 <u>Energy Revenue Reqt \$ / Dkt</u> | <u>4.05</u> | <u>4.49</u> | <u>3.79</u> | <u>4.49</u> | <u>4.19</u> |
| 36 Total Revenue Reqt \$ / Dkt | 8.77 | 13.13 | 7.38 | 5.05 | 4.57 |
| Proposed Return vs Present | | | | | |
| 37 <u>Proposed Total Retail Revenue</u> | <u>129,154</u> | <u>50,917</u> | <u>68,088</u> | <u>2,563</u> | <u>7,586</u> |
| 38 Revenue Deficiency | 13,761 | 6,855 | 6,020 | 223 | 663 |
| 39 Deficiency / Pres Total Oper Revenue | 11.93% | 15.56% | 9.70% | 9.54% | 9.58% |
| Proposed Return vs Equal | | | | | |
| 40 Revenue Difference | 0 | -6,250 | 4,053 | 606 | 1,591 |
| 41 Difference / Tot Equal Revenue" | 0.00% | -10.93% | 6.33% | 30.94% | 26.55% |

RATE BASE

| <u>Plant in Service</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lq Int</u> |
|---|-----------------------------------|---------------------|----------------|----------------|----------------|---------------|---------------|
| 1 Production Plant (LPG) | 304, 305, 311 | Design Day | 21,428 | 8,342 | 13,085 | 0 | 0 |
| 2 Storage Plant (LNG) | 360, 361, 362, 363 | Design Day | 21,765 | 8,473 | 13,291 | 0 | 0 |
| 3 Transmission Plant | 365, 366, 367, 368, 369, 370, 371 | Average and Peak | 6,555 | 2,460 | 3,870 | 51 | 174 |
| <u>Distribution Plant</u> | | | | | | | |
| 4 Regulator Stations | 374, 375, 378, 379 | Average and Peak | 151 | 57 | 89 | 1 | 4 |
| 5 Mains - Minimum System | 376 | Customers | 48.8% 83,043 | 70,299 | 12,667 | 51 | 26 |
| 6 Mains - Average Capacity | Split of 376 | Sales, W/ Transp | 15.2% 25,899 | 7,652 | 15,255 | 682 | 2,310 |
| 7 Mains - Excess Capacity | Split of 376 | Excess Design Day | 36.0% 61,266 | 25,059 | 36,207 | 0 | 0 |
| 8 Mains - Total | 376 | | 170,209 | 103,010 | 64,129 | 733 | 2,336 |
| 9 Services | 380 | Service Study | 80,292 | 54,280 | 25,719 | 195 | 98 |
| 10 Meters | 381 | Meter & Regul Study | 15,889 | 10,463 | 5,116 | 112 | 198 |
| 11 House Regulators | 383 | Meter & Regul Study | 11,730 | 7,725 | 3,777 | 82 | 146 |
| 12 Total Distribution Plant | Subtotal | | 278,270 | 175,535 | 98,830 | 1,123 | 2,781 |
| 13 General Plant | 390-399 | Prod-Stor-Tran-Dis | 43,093 | 25,593 | 16,958 | 154 | 388 |
| 14 Common Plant | 390-399 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 15 Gas Plant in Service | Total | | 371,111 | 220,404 | 146,034 | 1,329 | 3,343 |
| <u>Accum Depr Reserve</u> | | | | | | | |
| 16 Production Plant (LPG) | 108(1) | Design Day | 5,020 | 1,954 | 3,066 | 0 | 0 |
| 17 Storage Plant (LNG) | 108(5) | Design Day | 9,875 | 3,845 | 6,031 | 0 | 0 |
| 18 Transmission Plant | 108(7) | Average and Peak | 2,001 | 751 | 1,181 | 16 | 53 |
| <u>Distribution Plant</u> | | | | | | | |
| 19 Regulator Stations | 108(8) | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 20 Mains | 108(8) | Mains, Overall | 34,763 | 21,039 | 13,098 | 150 | 477 |
| 21 Services | 108(8) | Service Study | 34,656 | 23,429 | 11,101 | 84 | 42 |
| 22 Meters | 108(8) | Meter & Regul Study | 5,274 | 3,473 | 1,698 | 37 | 66 |
| 23 House Regulators | 108(8) | Meter & Regul Study | 903 | 594 | 291 | 6 | 11 |
| 24 Total Distribution Plant | Sub-total | | 75,597 | 48,536 | 26,188 | 277 | 596 |
| 25 General Plant | 108(9) | Prod-Stor-Tran-Dis | 18,554 | 11,019 | 7,301 | 66 | 167 |
| 26 Common Plant | 108(9) | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 27 Total Accum Depr | Sub-total | | 111,047 | 66,105 | 43,766 | 359 | 816 |
| 28 Net Plant | Total | | 260,064 | 154,300 | 102,268 | 969 | 2,527 |
| <u>Subtractions to Net Plant</u> | | | | | | | |
| <u>Accum Deferred Inc Tax</u> | | | | | | | |
| 29 Production Plant (LPG) | 190, 281, 282, 283 Net | Design Day | -330 | -128 | -201 | 0 | 0 |
| 30 Storage Plant (LNG) | 190, 281, 282, 283 Net | Design Day | 35 | 14 | 22 | 0 | 0 |
| 31 Transmission Plant | 190, 281, 282, 283 Net | Average and Peak | 736 | 276 | 435 | 6 | 20 |
| <u>Distribution Plant</u> | | | | | | | |
| 32 Regulator Stations | 190, 281, 282, 283 Net | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 33 Mains | 190, 281, 282, 283 Net | Mains, Overall | 17,327 | 10,486 | 6,528 | 75 | 238 |
| 34 Services | 190, 281, 282, 283 Net | Service Study | 11,301 | 7,640 | 3,620 | 27 | 14 |
| 35 Meters | 190, 281, 282, 283 Net | Meter & Regul Study | 2,609 | 1,718 | 840 | 18 | 32 |
| 36 House Regulators | 190, 281, 282, 283 Net | Meter & Regul Study | 683 | 449 | 220 | 5 | 8 |
| 37 Total Distribution Plant | Sub-total | | 31,919 | 20,293 | 11,208 | 125 | 293 |
| 38 General Plant | 190, 281, 282, 283 Net | Prod-Stor-Tran-Dis | 3,234 | 1,921 | 1,273 | 12 | 29 |
| 39 Common Plant | 190, 281, 282, 283 Net | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 40 Accumulated Deferred Tax | 283 | Net Plant | -6,248 | -3,707 | -2,457 | -23 | -61 |
| 41 Non-Plant Related | 190 & 282 Net | Labor | 333 | 217 | 112 | 1 | 3 |
| 42 Total Subtractions | Total | | 29,680 | 18,886 | 10,390 | 120 | 283 |

RATE BASE

Additions to Net Plant

| | <u>CWIP</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|----|------------------------------------|----------------------|---------------------------|----------------|----------------|----------------|---------------|---------------|
| 1 | Production Plant (LPG) | | Design Day | 8 | 3 | 5 | 0 | 0 |
| 2 | Storage Plant (LNG) | | Design Day | 119 | 46 | 73 | 0 | 0 |
| 3 | Transmission Plant | 107 | Average and Peak | 49 | 18 | 29 | 0 | 1 |
| 4 | Regulator Stations | 107 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 5 | Mains | 107 | Mains Overall | 242 | 147 | 91 | 1 | 3 |
| 6 | Services | | Service Study | 9 | 6 | 3 | 0 | 0 |
| 7 | Meters | | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 8 | House Regulators | 107 | Meter & Regul Study | 444 | 292 | 143 | 3 | 6 |
| 9 | <u>General & Common Plant</u> | <u>Sub-total</u> | <u>Prod-Stor-Tran-Dis</u> | <u>532</u> | <u>316</u> | <u>209</u> | <u>2</u> | <u>5</u> |
| 10 | Total CWIP | Sub-total | | 1,402 | 828 | 553 | 6 | 15 |
| 11 | Materials & Supplies | 154, 155, 156 | Tran & Distrib | 325 | 203 | 117 | 1 | 3 |
| | Gas In Storage | | | | | | | |
| 12 | Total Gas in Storage | Total | Sales, W/ Transp | 1,916 | 566 | 1,129 | 50 | 171 |
| 13 | Non-Plant Assets & Liab | Total | Labor | 1,612 | 1,049 | 543 | 5 | 15 |
| | Miscellaneous | <u>FERC Accounts</u> | | | | | | |
| 14 | Prepay: Insurance | 165 | Tran & Distrib | 0 | 0 | 0 | 0 | 0 |
| 15 | Prepay: Miscellaneous | 165 | Tran & Distrib | -371 | -232 | -134 | -2 | -4 |
| 16 | <u>Fuel</u> | <u>176</u> | <u>Sales, W/o Transp</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 17 | Total Miscellaneous | | | -371 | -232 | -134 | -2 | -4 |
| | Working Cash | | | | | | | |
| 18 | Total Working Cash | Total | Modified O&M Expense | -152 | -59 | -81 | -3 | -10 |
| 19 | Total Additions | Sub-total | | 4,732 | 2,356 | 2,127 | 59 | 190 |
| 20 | Total Rate Base | Sub-Total | | 235,117 | 137,770 | 94,004 | 908 | 2,434 |
| 21 | Common Rate Base (@ 52.50%) | | | 123,436 | 72,329 | 49,352 | 477 | 1,278 |
| 22 | Customer Component | | | 127,709 | 97,159 | 29,931 | 287 | 332 |
| 23 | Demand Component | | | 105,534 | 40,061 | 62,966 | 572 | 1,935 |
| 24 | Energy Component | | | 1,874 | 550 | 1,108 | 49 | 167 |

INCOME STATEMENT

Operating Revenue (Cal Month)

| | | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> | |
|--------------------------------|----------------------------------|--------------------|-------------------------------|----------------|----------------|---------------|---------------|--------------|
| Retail Revenue | | | | | | | | |
| 1a | Present Retail Rev | 480, 481, 482, 484 | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 | |
| 1b | Proposed Retail Rev | | 129,100 | 50,870 | 68,082 | 2,563 | 7,586 | |
| 2 | Retail Rev Increase | | 13,708 | 6,807 | 6,014 | 223 | 663 | |
| Other Operating Revenue | | | | | | | | |
| 3 | Late Pay Penalties | 488, 495 | Late Pay; Mod Pres Rev | 249 | 229 | 19 | 0 | 0 |
| 4 | Connection Charges | 488, 495 | Customers | 58 | 49 | 9 | 0 | 0 |
| 5 | Return Check Charges | 488, 495 | Customers | 8 | 7 | 1 | 0 | 0 |
| 6 | Connect Smart | 488, 495 | Customers | 0 | 0 | 0 | 0 | 0 |
| 7 | Interchange Gas | 488, 495 | Design Day | 70 | 27 | 43 | 0 | 0 |
| 8 | Other Gas Revenue | 488, 495 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 9 | Ltd Firm Sales - Rsrvs & Vols | 488, 495 | Design Day | 23 | 9 | 14 | 0 | 0 |
| 10 | Other Gas Revenue - Distr | 488, 495 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 11 | Contr In Aid Cons Tax Gr-Up | 488, 495 | CWIP | 0 | 0 | 0 | 0 | 0 |
| 12 | <u>Other - Miscellaneous</u> | 488, 495 | <u>1/2 Dsgn Day, 1/2 Ener</u> | <u>6</u> | <u>2</u> | <u>3</u> | <u>0</u> | <u>0</u> |
| 13 | Tot Other Oper Rev - Pres | Sub-total | | 413 | 323 | 89 | 0 | 0 |
| 14 | Incr Misc Serv | | Customers | 24 | 20 | 4 | 0 | 0 |
| 15 | <u>Incr Late Pay - Proposed</u> | | <u>Late Pay; Mod Pres Rev</u> | <u>30</u> | <u>27</u> | <u>2</u> | <u>0</u> | <u>0</u> |
| 16 | Tot Other Oper Rev - Prop | | | 467 | 371 | 95 | 0 | 0 |
| 16a | Total Oper Rev - Present | Total | | 115,806 | 44,386 | 62,157 | 2,340 | 6,923 |
| 16b | Total Oper Rev - Proposed | | | 129,567 | 51,241 | 68,177 | 2,563 | 7,586 |
| 17 | Operating Rev Increase | | | 13,761 | 6,855 | 6,020 | 223 | 663 |

Operation & Maintenance (Pg 1 of 2)

| | <u>Purchased Gas Expense</u> | <u>FERC Accounts</u> | <u>Alloc</u> | | | | | |
|---------------------------------|---------------------------------------|------------------------------|------------------------------------|---------------|---------------|---------------|--------------|--------------|
| 18 | Commodity | 728, 804, 805, 808, 858 | Direct Assign | 58,503 | 19,193 | 32,191 | 1,712 | 5,407 |
| 19 | Demand | 804, 808, 858 | Direct Assign | 17,433 | 6,675 | 10,758 | 0 | 0 |
| 20 | Propane | | Design Day | 0 | 0 | 0 | 0 | 0 |
| 21 | <u>Limited Firm</u> | 728 | <u>Design Day</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 22 | Total Purchases | Sub-total | | 75,936 | 25,868 | 42,949 | 1,712 | 5,407 |
| Other Production Expense | | | | | | | | |
| 23 | Other Purchased Gas | | Design Day | 132 | 51 | 81 | 0 | 0 |
| 24 | Misc. LPG Op Exp | 710, 733, 735, 736, 742, 759 | Design Day | 578 | 225 | 353 | 0 | 0 |
| 25 | MGP | 735 | Sales, W/o Transp | 0 | 0 | 0 | 0 | 0 |
| 26 | <u>Misc. LNG Op Exp</u> | 840, 841, 842, 843 | <u>1/2 Dsgn Day, 1/2 Ener</u> | <u>388</u> | <u>133</u> | <u>233</u> | <u>5</u> | <u>17</u> |
| 27 | Total Other Production Expense | | | 1,098 | 409 | 667 | 5 | 17 |
| 28 | Transmission Expense | 850-865 | Average and Peak | 162 | 61 | 96 | 1 | 4 |
| Distribution Expense | | | | | | | | |
| 29 | Regulator Stations | 875, 877, 889, 891 | Average and Peak | 57 | 21 | 34 | 0 | 2 |
| 30 | Mains | 874, 887 | Mains, Overall | 2,480 | 1,501 | 935 | 11 | 34 |
| 31 | Services | 892 | Service Study | 997 | 674 | 319 | 2 | 1 |
| 32 | Meters | 878, 893 | Meter & Regul Study | -912 | -601 | -294 | -6 | -11 |
| 33 | House Regulators | 878, 893 | Meter & Regul Study | 955 | 629 | 308 | 7 | 12 |
| 34 | Other Property & Equipment | 881 | Customers | 248 | 210 | 38 | 0 | 0 |
| 35 | Dispatching | 871 | 1/2 Dsgn Day, 1/2 Ener | 347 | 119 | 208 | 5 | 15 |
| 36 | Customer Installations | 879 | Customers | 396 | 335 | 60 | 0 | 0 |
| 37 | Other Distribution | 880 | Customers | 1,260 | 1,066 | 192 | 1 | 0 |
| 38 | <u>Supervision & Engineering</u> | 870, 885 | <u>Dist Exp. w/o Sup & Eng</u> | <u>981</u> | <u>666</u> | <u>303</u> | <u>3</u> | <u>9</u> |
| 39 | Total Distribution Expense | Sub-total | | 6,809 | 4,621 | 2,103 | 23 | 62 |

INCOME STATEMENT

Operation & Maintenance (Pg 2 of 2)

| | <u>Cust Acctg & Inform</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|--------------------------------|-------------------------------------|----------------------|-----------------------------------|---------------|---------------|----------------|---------------|---------------|
| 1 | Acct Superv | 901 | Customers | 4 | 3 | 1 | 0 | 0 |
| 2 | Acct Meter Read | 902 | Customers | 130 | 110 | 20 | 0 | 0 |
| 3 | Acct Recrds & Coll | 903 | Record & Coll Study | 917 | 718 | 151 | 32 | 16 |
| 4 | Acct Uncollect | 904 | Uncollectibles Study | 618 | 496 | 122 | 0 | 0 |
| 5 | Acct Misc | 905 | Customers | 11 | 9 | 2 | 0 | 0 |
| 6 | Asst Expense (w/o CIP) | 908 | Cust Inform Study | 125 | 97 | 22 | 4 | 1 |
| 7 | <u>Serv Instruct Adver</u> | 909 | <u>Customers</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 8 | Tot Cust Acctg & Inform | | | 1,806 | 1,434 | 317 | 36 | 18 |
| Admin & General | | | | | | | | |
| 9 | Property Insurance | 924 | Net Plant | 105 | 62 | 41 | 0 | 1 |
| 10 | Pension & Benefit-Direct | 926 | Labor | 1,215 | 791 | 409 | 4 | 11 |
| 11 | Salaries | 920 | Labor | 1,146 | 746 | 386 | 4 | 10 |
| 12 | Office & Supplies | 921 | Labor | 156 | 101 | 53 | 1 | 1 |
| 13 | Admin Transfer Credit | 922 | Labor | -756 | -492 | -255 | -2 | -7 |
| 14 | Outside Services | 923 | Labor | 285 | 185 | 96 | 1 | 3 |
| 15 | Incentive Compensation | 920 + other | Labor | 0 | 0 | 0 | 0 | 0 |
| 16 | Injuries and Claims | 925 | 1/2 Rt Base, 1/2 Pres Rev; | 395 | 191 | 185 | 5 | 14 |
| 17 | Regulatory Comm Exp | 928 | Present Retail Revenue | 66 | 25 | 36 | 1 | 4 |
| 18 | Duplicate Charge Credit | 929 | Present Retail Revenue | 0 | 0 | 0 | 0 | 0 |
| 19 | General Advertising | 930 | 1/2 Rt Base, 1/2 Pres Rev; | 5 | 2 | 2 | 0 | 0 |
| 20 | Misc General Exp | 930 | 1/2 Rt Base, 1/2 Pres Rev; | 32 | 16 | 15 | 0 | 1 |
| 21 | Rents | 931 | 1/2 Rt Base, 1/2 Pres Rev; | 108 | 52 | 50 | 1 | 4 |
| 22 | <u>Maint of Gen Plt</u> | 935 | <u>1/2 Rt Base, 1/2 Pres Rev;</u> | <u>1,514</u> | <u>733</u> | <u>710</u> | <u>18</u> | <u>53</u> |
| 23 | Total A & G Expense | | | 4,269 | 2,412 | 1,728 | 33 | 96 |
| Cust Service & Info | | | | | | | | |
| 24 | CIP/DSM & Amortizations | 407.3 + CIP | Sales, W/o CIP Exempt | 0 | 0 | 0 | 0 | 0 |
| 25 | MN Energy Policy Rider | 407 | Sales, W/ Transp | 0 | 0 | 0 | 0 | 0 |
| 26 | <u>Instructional Advertising</u> | <u>407</u> | <u>Present Retail Revenue</u> | <u>40</u> | <u>15</u> | <u>22</u> | <u>1</u> | <u>2</u> |
| 27 | Total Customer Service Info | Sub-total | | 40 | 15 | 22 | 1 | 2 |
| 28 | Amortizations | | Labor | 604 | 393 | 203 | 2 | 5 |
| Sales Expense | | | | | | | | |
| 29 | <u>Sales, Econ Dvlp & Other</u> | <u>912</u> | <u>Sales, W/ Transp</u> | <u>12</u> | <u>3</u> | <u>7</u> | <u>0</u> | <u>1</u> |
| 30 | Total Sales Expense | Sub-total | | 12 | 3 | 7 | 0 | 1 |
| 31 | Total O&M Expense | | | 90,736 | 35,217 | 48,092 | 1,813 | 5,613 |
| Book Depreciation | | | | | | | | |
| 32 | Production Plant (LPG) | 403 | Design Day | 1,262 | 491 | 770 | 0 | 0 |
| 33 | Storage Plant (LNG) | 403 | Design Day | 891 | 347 | 544 | 0 | 0 |
| 34 | Transmission Plant | 403 | Average and Peak | 87 | 33 | 52 | 1 | 2 |
| Distribution Plant | | | | | | | | |
| 35 | Regulator Stations | 403 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 36 | Mains | 403 | Mains, Overall | 3,886 | 2,352 | 1,464 | 17 | 53 |
| 37 | Services | 403 | Service Study | 2,629 | 1,777 | 842 | 6 | 3 |
| 38 | Meters | 403 | Meter & Regul Study | 399 | 263 | 128 | 3 | 5 |
| 39 | <u>House Regulators</u> | <u>403</u> | <u>Meter & Regul Study</u> | <u>200</u> | <u>132</u> | <u>64</u> | <u>1</u> | <u>2</u> |
| 40 | Total Distribution Plant | | | 7,114 | 4,524 | 2,499 | 27 | 64 |
| 41 | General Plant | 403 | Prod-Stor-Tran-Dis | 2,987 | 1,774 | 1,176 | 11 | 27 |
| 42 | Common Plant | <u>403, 404</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 43 | Total Book Deprec | Sub-total | | 12,341 | 7,169 | 5,041 | 39 | 93 |

INCOME STATEMENT

| <u>Real Estate & Prop Taxes</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|---------------------------------------|----------------------|--------------------------------|----------------|---------------|----------------|---------------|---------------|
| 1 Production Plant (LPG) | 408 | Design Day | 535 | 208 | 327 | 0 | 0 |
| 2 Storage Plant (LNG) | 408 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 3 Transmission Plant | 408 | Average and Peak | 29 | 11 | 17 | 0 | 1 |
| <u>Distribution Plant</u> | | | | | | | |
| 4 Regulator Stations | 408 | Average and Peak | 1,871 | 702 | 1,105 | 15 | 50 |
| 5 Mains | 408 | Mains, Overall | 0 | 0 | 0 | 0 | 0 |
| 6 Services | 408 | Service Study | 0 | 0 | 0 | 0 | 0 |
| 7 Meters | 408 | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 8 <u>House Regulators</u> | 408 | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 9 Total Distribution Plant | Sub-total | | 1,871 | 702 | 1,105 | 15 | 50 |
| 10 General Plant | 408 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 11 Common Plant | <u>408</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 12 Total RI Est & Prop Tax | Sub-total | | 2,435 | 921 | 1,448 | 15 | 50 |
| 13 <u>Payroll Taxes</u> | <u>408</u> | <u>Labor</u> | <u>470</u> | <u>306</u> | <u>158</u> | <u>2</u> | <u>4</u> |
| 14 Tot Non-Income Taxes | | | 2,905 | 1,227 | 1,607 | 16 | 55 |
| <u>Provision-Defer Inc Tax</u> | | | | | | | |
| 15 Production Plant (LPG) | 410.1, 411.1 | Design Day | 6 | 2 | 4 | 0 | 0 |
| 16 Storage Plant (LNG) | 410.1, 411.1 | Design Day | 253 | 99 | 155 | 0 | 0 |
| 17 Transmission Plant | 410.1, 411.1 | Average and Peak | 304 | 114 | 180 | 2 | 8 |
| <u>Distribution Plant</u> | | | | | | | |
| 18 Regulator Stations | 410.1, 411.1 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 19 Mains | 410.1, 411.1 | Mains, Overall | 933 | 564 | 351 | 4 | 13 |
| 20 Services | 410.1, 411.1 | Service Study | 1,105 | 747 | 354 | 3 | 1 |
| 21 Meters | 410.1, 411.1 | Meter & Regul Study | 447 | 294 | 144 | 3 | 6 |
| 22 <u>House Regulators</u> | 410.1, 411.1 | <u>Meter & Regul Study</u> | <u>56</u> | <u>37</u> | <u>18</u> | <u>0</u> | <u>1</u> |
| 23 Total Distribution Plant | Sub-total | | 2,540 | 1,642 | 867 | 10 | 20 |
| 24 General Plant | 410.1, 411.1 | Prod-Stor-Tran-Dis | 278 | 165 | 109 | 1 | 3 |
| 25 Common Plant | 410.1, 411.1 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 26 Tax Benefit Transfers | 410.1, 411.1 | Net Plant | 1,462 | 867 | 575 | 5 | 14 |
| 27 <u>Non-Plant Related</u> | <u>410.1, 411.1</u> | <u>Labor</u> | <u>-4</u> | <u>-3</u> | <u>-1</u> | <u>0</u> | <u>0</u> |
| 28 Tot Prov Defer Inc Tax | Total | | 4,840 | 2,887 | 1,888 | 19 | 45 |
| <u>Investment Tax Credit</u> | | | | | | | |
| 29 Production Plant (LPG) | 420 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 30 Storage Plant (LNG) | 420 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 31 Transmission Plant | 420 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| <u>Distribution Plant</u> | | | | | | | |
| 32 Regulator Stations | 420 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 33 Mains | 420 | Mains, Overall | 0 | 0 | 0 | 0 | 0 |
| 34 Services | 420 | Service Study | 0 | 0 | 0 | 0 | 0 |
| 35 Meters | 420 | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 36 <u>House Regulators</u> | 420 | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 37 Total Distribution Plant | Sub-total | | 0 | 0 | 0 | 0 | 0 |
| 38 General Plant | 420 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 39 Common Plant | <u>420</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 40 Net Invest Tax Credit | Sub-total | | 0 | 0 | 0 | 0 | 0 |
| 41 Total Operating Exp | Sub-total | | 110,822 | 46,501 | 56,628 | 1,887 | 5,806 |
| 42a Pres Op Inc Before Inc Tax | Total | | 4,984 | -2,115 | 5,529 | 453 | 1,117 |
| 42b Prop Op Inc Before Inc Tax | Total | | 18,745 | 4,740 | 11,549 | 676 | 1,780 |

INCOME STATEMENT

| <u>Tax Deprec & Removal</u> | | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|----------------------------------|--------------------------------|-----------------------------|--------------------------------|----------------|----------------|----------------|---------------|---------------|
| 1 | Production Plant (LPG) | Not Applicable | Design Day | 1,265 | 492 | 772 | 0 | 0 |
| 2 | Storage Plant (LNG) | Not Applicable | Design Day | 1,738 | 677 | 1,062 | 0 | 0 |
| 3 | Transmission Plant | Not Applicable | Average and Peak | 1,222 | 458 | 721 | 10 | 32 |
| <u>Distribution Plant</u> | | | | | | | | |
| 4 | Regulator Stations | Not Applicable | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 5 | Mains | Not Applicable | Mains, Overall | 8,401 | 5,084 | 3,165 | 36 | 115 |
| 6 | Services | Not Applicable | Service Study | 6,184 | 4,181 | 1,981 | 15 | 8 |
| 7 | Meters | Not Applicable | Meter & Regul Study | 2,110 | 1,389 | 679 | 15 | 26 |
| 8 | House Regulators | Not Applicable | <u>Meter & Regul Study</u> | <u>362</u> | <u>239</u> | <u>117</u> | <u>3</u> | <u>5</u> |
| 9 | Total Distribution Plant | Sub-total | | 17,057 | 10,893 | 5,942 | 69 | 154 |
| 10 | General Plant | Not Applicable | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 11 | Common Plant | Not Applicable | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 12 | <u>Tax Benefit Transfers</u> | <u>Not Applicable</u> | <u>Net Plant</u> | <u>9,413</u> | <u>5,585</u> | <u>3,702</u> | <u>35</u> | <u>91</u> |
| 13 | Total Tax Depreciation | Total | | 30,695 | 18,106 | 12,199 | 113 | 277 |
| <u>Present Return</u> | | | | | | | | |
| <u>Inc Tax Additions</u> | | <u>FERC Accounts</u> | | | | | | |
| 14 | Total Book Depr Exp | from another page | | 12,341 | 7,169 | 5,041 | 39 | 93 |
| 15 | Provision for Deferred | from another page | | 4,839.77 | 2,887 | 1,888 | 19 | 45 |
| 16 | Net Inv Tax Credit | from another page | | 0 | 0 | 0 | 0 | 0 |
| 17 | <u>Avoided Tax Interest</u> | Not Applicable | CWIP | <u>780</u> | <u>461</u> | <u>308</u> | <u>4</u> | <u>8</u> |
| 18 | Total Tax Additions | Sub-total | | 17,961 | 10,517 | 7,236 | 61 | 147 |
| <u>Inc Tax Deductions</u> | | | | | | | | |
| 19 | Tax Depr & Removal Exp | from another page | | 30,695 | 18,106 | 12,199 | 113 | 277 |
| 20 | Debt Interest Expense | Calculation | ; Mod Rate Base | 5,173 | 3,031 | 2,068 | 20 | 54 |
| 21 | Other Timing Differences | Not Applicable | Labor | -430 | -280 | -145 | -1 | -4 |
| 22 | <u>Meals</u> | | Labor | <u>26</u> | <u>17</u> | <u>9</u> | <u>0</u> | <u>0</u> |
| 23 | Total Tax Deductions | | | 35,464 | 20,873 | 14,131 | 132 | 327 |
| 23a | Pres Taxable Net Income | Calculation | | -12,518 | -12,471 | -1,365 | 382 | 936 |
| 23b | Prop Taxable Net Income | | | 1,243 | -5,617 | 4,655 | 605 | 1,600 |
| 24 | Pres State Tax Before Credits | | | -540 | -538 | -59 | 16 | 40 |
| 25 | Prop State Tax Before Credits | | | 54 | -242 | 201 | 26 | 69 |
| 26 | Equal State Tax Before Credits | | | 54 | 27 | 26 | 0 | 0 |
| 27 | Pres State Tax Credits | | | 26 | 26 | 3 | -1 | -2 |
| 28 | Prop State Tax Credits | | | 26 | -118 | 98 | 13 | 34 |
| 29 | Equal State Tax Credits | | | 26 | 13 | 13 | 0 | 0 |
| 30 | Pres State Tax After Credits | | | -565.63 | -564 | -62 | 17 | 42 |
| 31 | Prop State Tax After Credits | | | 27 | -124 | 103 | 13 | 35 |
| 32 | Equal State Tax After Credits | | | 27 | 14 | 13 | 0 | 0 |

INCOME STATEMENT

| | | | | | | | |
|-----|-----------------------------------|----------------|------------------|----------------|---------------|----------------|----------------|
| 1 | Pres Federal Taxable Income | | -11,953 | -11,908 | -1,304 | 365 | 894 |
| 2 | Prop Federal Taxable Income | | 1,216 | -5,492 | 4,552 | 592 | 1,564 |
| 3 | Equal Federal Taxable Income | | 1,216 | 619 | 589 | 0 | 8 |
| 4 | Pres Federal Tax Before Credits | | -2,510 | -2,501 | -274 | 77 | 188 |
| 5 | Prop Federal Tax Before Credits | | 255 | -1,153 | 956 | 124 | 328 |
| 6 | Equal Federal Tax Before Credits | | 255 | 130 | 124 | 0 | 2 |
| 7 | Pres Federal Tax Credits | | 112 | 111 | 12 | -3 | -8 |
| 8 | Prop Federal Tax Credits | | 112 | -505 | 418 | 54 | 144 |
| 9 | Equal Federal Tax Credits | | 112 | 57 | 54 | 0 | 1 |
| 10 | Pres Federal Tax After Credits | | -2,621.74 | -2,612 | -286 | 80 | 196 |
| 11 | Prop Federal Tax After Credits | | 144 | -649 | 538 | 70 | 185 |
| 12 | Equal Federal Tax After Credits | | 144 | 73 | 70 | 0 | 1 |
| 13a | Pres Inc Tax, @25.46% | Calculation | -3,187.37 | -3,175 | -348 | 97 | 238 |
| 13b | Prop Inc Tax, @13.76% | | 171 | -773 | 641 | 83 | 220 |
| 14a | Pres Preliminary Return | | 8,171 | 1,060 | 5,877 | 355 | 879 |
| 14b | Prop Preliminary Return | | 18,574 | 5,513 | 10,909 | 593 | 1,560 |
| 15 | Total AFUDC | Not Applicable | 0 | 0 | 0 | 0 | 0 |
| 16a | Pres Total Return | Total | 8,171 | 1,060 | 5,877 | 355 | 879 |
| 16b | Prop Total Return | | 18,574 | 5,513 | 10,909 | 593 | 1,560 |
| 17a | Pres % Return on Rate Base | Calculation | 3.48% | 0.77% | 6.25% | 39.13% | 36.09% |
| 17b | Prop % Return on Rate Base | | 7.90% | 4.00% | 11.60% | 65.25% | 64.10% |
| 18a | Pres Common Return | | 2,999 | (1,971) | 3,809 | 335 | 825 |
| 18b | Prop Common Return | | 13,402 | 2,482 | 8,841 | 573 | 1,507 |
| 19a | Pres % Ret on Common Rt Bs | | 2.43% | -2.72% | 7.72% | 70.35% | 64.56% |
| 19b | Prop % Ret on Common Rt Bs | | 10.86% | 3.43% | 17.91% | 120.10% | 117.90% |

AFUDC

| | | | | | | | |
|----------------------|-------------------------|--------------------------------|----------|----------|----------|----------|----------|
| 20 | Production Plant (LPG) | Design Day | 0 | 0 | 0 | 0 | 0 |
| 21 | Storage Plant (LNG) | Design Day | 0 | 0 | 0 | 0 | 0 |
| 22 | Transmission Plant | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| Distribution: | | | | | | | |
| 23 | Regulator Stations | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 24 | Mains | Mains Overall | 0 | 0 | 0 | 0 | 0 |
| 25 | Services | Service Study | 0 | 0 | 0 | 0 | 0 |
| 26 | Meters | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 27 | <u>House Regulators</u> | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | Total Distribution | | 0 | 0 | 0 | 0 | 0 |
| 28 | General & Common Plant | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| | Total AFUDC | | 0 | 0 | 0 | 0 | 0 |

Labor Allocator

FERC Accounts

| | | | | | | | | |
|----|---------------------|-------------------------------|-------------------------|-----------|-----------|-----------|----------|----------|
| 29 | Customer Accounting | Labor Portion of O&M Accounts | Customers | 531 | 450 | 81 | 0 | 0 |
| 30 | Cust Serv & Inform | Labor Portion of O&M Accounts | Customers | 21 | 18 | 3 | 0 | 0 |
| 31 | Distribution | Labor Portion of O&M Accounts | Dist Exp, w/o Sup & Eng | 3,892 | 2,642 | 1,202 | 13 | 36 |
| 32 | Admin & General | Labor Portion of O&M Accounts | Labor w/o A&G | 2,424 | 1,578 | 817 | 8 | 22 |
| 33 | Production | Labor Portion of O&M Accounts | Other Production Exp | 735 | 274 | 446 | 3 | 12 |
| 34 | Sales | Labor Portion of O&M Accounts | Sales, W/ Transp | 0 | 0 | 0 | 0 | 0 |
| 35 | <u>Transmission</u> | Labor Portion of O&M Accounts | Design Day | <u>46</u> | <u>18</u> | <u>28</u> | <u>0</u> | <u>0</u> |
| 36 | Total | | | 7,649 | 4,978 | 2,576 | 25 | 69 |

ALLOCATORS

| <u>Internal Allocators</u> | | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|-----------------------------|--|-----------|------------|----------------|---------------|---------------|
| 1 | 1/2 Dsgn Day, 1/2 Ener | 100.00% | 34.24% | 59.98% | 1.32% | 4.46% |
| 2 | 1/2 Rt Base, 1/2 Pres Rev; (Only for Class allocations) | 100.00% | 48.39% | 46.89% | 1.21% | 3.52% |
| 3 | Average and Peak (Mains) | 87,165 | 32,711 | 51,462 | 682 | 2,310 |
| 4 | Average and Peak | 100.00% | 37.53% | 59.04% | 0.78% | 2.65% |
| 5 | CWIP | 100.00% | 59.07% | 39.41% | 0.46% | 1.07% |
| 6 | Dist Exp, w/o Sup & Eng | 5,828 | 3,955 | 1,800 | 20 | 53 |
| 7 | Dist Exp, w/o Sup & Eng | 100.00% | 67.87% | 30.88% | 0.34% | 0.92% |
| 8 | Distribution Plant | 100.00% | 63.08% | 35.52% | 0.40% | 1.00% |
| 9 | Gas Plant In Service | 100.00% | 59.39% | 39.35% | 0.36% | 0.90% |
| 10 | Labor | 100.00% | 65.09% | 33.68% | 0.32% | 0.91% |
| 11 | Mains, Overall | 100.00% | 60.52% | 37.68% | 0.43% | 1.37% |
| 12 | Modified O&M Expense | 87,972 | 33,790 | 46,869 | 1,784 | 5,529 |
| 13 | Modified O&M Expense | 100.00% | 38.41% | 53.28% | 2.03% | 6.28% |
| 14 | Net Plant | 100.00% | 59.33% | 39.32% | 0.37% | 0.97% |
| 15 | Other Production Exp | 100.00% | 37.27% | 60.69% | 0.47% | 1.58% |
| 16 | Prod-Stor-Tran-Dis | 328,017 | 194,811 | 129,077 | 1,174 | 2,955 |
| 17 | Prod-Stor-Tran-Dis | 100.00% | 59.39% | 39.35% | 0.36% | 0.90% |
| 18 | Rate Base | 100.00% | 58.60% | 39.98% | 0.39% | 1.04% |
| 19 | Rt Base, w/o Work Cash | 235,269 | 137,829 | 94,085 | 911 | 2,444 |
| 20 | Rt Base, w/o Work Cash | 100.00% | 58.58% | 39.99% | 0.39% | 1.04% |
| 21 | Transmission & Distribution | 284,825 | 177,996 | 102,700 | 1,174 | 2,955 |
| 22 | Tran & Distrib | 100.00% | 62.49% | 36.06% | 0.41% | 1.04% |
| 23 | Labor w/o A&G | 5,225 | 3,401 | 1,760 | 17 | 47 |
| 24 | Labor w/o A&G | 100.00% | 65.09% | 33.68% | 0.32% | 0.91% |
| <u>Component Allocators</u> | | | | | | |
| 25 | Mod Present Rev | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 26 | Mod Rate Base | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 27 | 1/2 Mod Rt Bs, 1/2 Mod Pres Rv | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |

ALLOCATORS

External Allocators

| | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|--|------------|------------|----------------|---------------|---------------|
| <u>Customer-Related</u> | | | | | |
| 1 Bills | 795,068 | 673,053 | 121,277 | 486 | 252 |
| 2 Meter & Regul Weightings | | 1.00 | 2.71 | 14.77 | 50.46 |
| 3 Meter (Wtd Bills) | 1,022,034 | 673,053 | 329,088 | 7,177 | 12,716 |
| 4 Service Weightings | | 1.00 | 2.63 | 4.97 | 4.81 |
| 5 Service (Wtd Bills) | 995,582 | 673,053 | 318,900 | 2,416 | 1,213 |
| 6 Records & Collect Weightings | | 1.00 | 1.17 | 61.08 | 61.08 |
| 7 Records & Collect (Wtd Bills) | 859,749 | 673,053 | 141,616 | 29,687 | 15,393 |
| 8 Cust Information Weightings | | 1.00 | 1.25 | 63.71 | 29.86 |
| 9 Cust Information (Wtd Bills) | 863,227 | 673,053 | 151,688 | 30,961 | 7,525 |
| 10 Customers | 100.00% | 84.65% | 15.25% | 0.06% | 0.03% |
| 11 Meter & Regul Study | 100.00% | 65.85% | 32.20% | 0.70% | 1.24% |
| 12 Service Study | 100.00% | 67.60% | 32.03% | 0.24% | 0.12% |
| 13 Record & Coll Study | 100.00% | 78.28% | 16.47% | 3.45% | 1.79% |
| 14 Uncollectibles Study | 100.00% | 80.24% | 19.76% | 0.00% | 0.00% |
| 15 Cust Inform Study | 100.00% | 77.97% | 17.57% | 3.59% | 0.87% |
| <u>Energy-Related</u> | | | | | |
| 16 Cal Yr Sales Dkt, W/o Trans | 13,259,567 | 4,350,125 | 7,296,081 | 387,936 | 1,225,425 |
| 17 Transportation Dkt | 1,463,898 | 0 | 1,376,298 | 0 | 87,600 |
| 18 Cal Yr Sales Dkt, W/ Trans | 14,723,466 | 4,350,125 | 8,672,380 | 387,936 | 1,313,025 |
| 19 CIP Exempt Dkt | 0 | 0 | 0 | 0 | 0 |
| 20 Sales Dkt, W/o CIP Exempt | 14,723,466 | 4,350,125 | 8,672,380 | 387,936 | 1,313,025 |
| 21 Sales, W/o Transp | 100.00% | 32.81% | 55.03% | 2.93% | 9.24% |
| 22 Sales, W/ Transp | 100.00% | 29.55% | 58.90% | 2.63% | 8.92% |
| 23 Sales, W/o CIP Exempt | 100.00% | 29.55% | 58.90% | 2.63% | 8.92% |
| <u>Demand-Related</u> | | | | | |
| 24 Design Day Demand Dkt | 135,760 | 52,854 | 82,906 | 0 | 0 |
| 25 Avg Daily Firm Dkt, W/ Trans | 35,678 | 11,918 | 23,760 | 0 | 0 |
| 26 Excess Design Day | 100,082 | 40,936 | 59,146 | 0 | 0 |
| 27 Design Day | 100.00% | 38.93% | 61.07% | 0.00% | 0.00% |
| 28 Excess Design Day | 100.00% | 40.90% | 59.10% | 0.00% | 0.00% |
| <u>Miscellaneous</u> (only alloc to class, not component) | | | | | |
| 29 Present Retail Revenue | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 |
| 30 Gross Receipts Tax | 100.00% | 56.19% | 36.38% | 4.35% | 2.45% |
| 31 Present Retail Revenue | 100.00% | 38.18% | 53.79% | 2.03% | 6.00% |
| 32 Late Payment Penalty | 100.00% | 92.27% | 7.68% | 0.02% | 0.03% |

29.7%

Capital Structure

| | <u>Rate</u> | <u>Ratio</u> | <u>Wtd Cost</u> |
|------------------------------------|--------------------|---------------------|------------------------|
| 1 Long Term Debt | 4.64% | 47.08% | 2.18% |
| 2 <u>Short Term Debt</u> | <u>4.56%</u> | <u>0.42%</u> | <u>0.02%</u> |
| 3 Debt Total | 4.63% | 47.50% | 2.20% |
| 4 Preferred Stock | 0.00% | 0.00% | 0.00% |
| 5 <u>Common Equity</u> | <u>10.85%</u> | <u>52.50%</u> | <u>5.70%</u> |
| 6 Required Rate of Return | | 100.00% | 7.90% |
| 7 ND Combined State & Fed Tax Rate | 13.76% | | |
| 8 1 / (1 - Tax Rate) Factor | 115.96% | | |
| 9 Tax Rate / (1 - Tax Rate) Factor | 15.96% | | |

SUMMARY

| Rate Base | | ND | Res | C&I | Sm Int | Lg Int |
|------------------|---------------------------------------|----------------|----------------|----------------|---------------|---------------|
| 1 | Production | 21,428 | 8,342 | 13,085 | 0 | 0 |
| 2 | Storage | 21,765 | 8,473 | 13,291 | 0 | 0 |
| 3 | Transmission | 6,555 | 2,460 | 3,870 | 51 | 174 |
| 4 | Distribution | 278,270 | 136,401 | 135,191 | 1,722 | 4,956 |
| 5 | General | 43,093 | 20,452 | 21,734 | 233 | 674 |
| 6 | <u>Common</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 7 | Total Plant In Service | 371,111 | 176,128 | 187,172 | 2,007 | 5,803 |
| 8 | Production | 5,020 | 1,954 | 3,066 | 0 | 0 |
| 9 | Storage | 9,875 | 3,845 | 6,031 | 0 | 0 |
| 10 | Transmission | 2,001 | 751 | 1,181 | 16 | 53 |
| 11 | Distribution | 75,597 | 40,543 | 33,614 | 400 | 1,040 |
| 12 | General | 18,554 | 8,806 | 9,358 | 100 | 290 |
| 13 | <u>Common</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 14 | Total Depreciation Reserve | 111,047 | 55,898 | 53,249 | 516 | 1,383 |
| 15 | Net Plant | 260,064 | 120,230 | 133,923 | 1,491 | 4,420 |
| 16 | Deductions (Accum Def Inc Tax) | 29,680 | 15,310 | 13,712 | 175 | 482 |
| 17 | <u>Additions</u> | <u>4,732</u> | <u>2,128</u> | <u>2,339</u> | <u>62</u> | <u>203</u> |
| 18 | Rate Base | 235,117 | 107,047 | 122,550 | 1,379 | 4,141 |

| Income Statement | | ND | Res | C&I | Sm Int | Lg Int |
|-------------------------|------------------------------------|----------------|---------------|----------------|---------------|---------------|
| 19 | Present Retail Revenue | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 |
| 20 | <u>Present Other Oper Rev</u> | <u>413</u> | <u>323</u> | <u>89</u> | <u>0</u> | <u>0</u> |
| 21 | Present Total Operating Rev | 115,806 | 44,386 | 62,157 | 2,340 | 6,923 |

| Operating & Maint Expenses | | ND | Res | C&I | Sm Int | Lg Int |
|---------------------------------------|--|---------------|---------------|----------------|---------------|---------------|
| 22 | Purchased Gas Expense | 75,936 | 25,868 | 42,949 | 1,712 | 5,407 |
| 23 | Other Purch Gas Exp | 0 | 0 | 0 | 0 | 0 |
| 24 | Other Production | 1,098 | 409 | 667 | 5 | 17 |
| 25 | Transmission | 162 | 61 | 96 | 1 | 4 |
| 26 | Distribution | 6,809 | 3,955 | 2,722 | 33 | 99 |
| 27 | Customer Accounting | 1,681 | 1,337 | 295 | 32 | 16 |
| 28 | Customer Service and Information | 125 | 97 | 22 | 4 | 1 |
| 29 | Administrative and General | 4,269 | 2,115 | 2,004 | 38 | 112 |
| 30 | <u>Amortizations; Sales Expense</u> | <u>656</u> | <u>368</u> | <u>273</u> | <u>4</u> | <u>11</u> |
| 31 | Total Operating & Maint Exp | 90,736 | 34,210 | 49,028 | 1,829 | 5,669 |

| | | | | | | |
|----|----------------------------------|----------------|---------------|---------------|--------------|--------------|
| 32 | Book Depreciation | 12,341 | 5,919 | 6,202 | 58 | 163 |
| 33 | Taxes Other Than Income Taxes | 2,905 | 1,193 | 1,639 | 17 | 57 |
| 34 | Prov For Deferred Inc Taxes | 4,840 | 2,449 | 2,296 | 26 | 70 |
| 35 | <u>Net Investment Tax Credit</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 36 | Total Operating Expense | 110,822 | 43,771 | 59,164 | 1,929 | 5,958 |

| | | | | | | |
|----|---------------------------------------|----------------|---------------|---------------|--------------|--------------|
| 37 | <u>State and Federal Income Taxes</u> | <u>-3,187</u> | <u>-1,957</u> | <u>-1,480</u> | <u>79</u> | <u>171</u> |
| 38 | Total Expense | 107,635 | 41,814 | 57,684 | 2,008 | 6,128 |

| | | | | | | |
|----|-------------------------------|--------------|--------------|--------------|------------|------------|
| 39 | <u>AFUDC (Rev Credit)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 40 | Total Operating Income | 8,171 | 2,572 | 4,473 | 332 | 795 |

| | | | | | | |
|----|--|----------------|----------------|----------------|---------------|---------------|
| 41 | Rate Base | 235,117 | 107,047 | 122,550 | 1,379 | 4,141 |
| 42 | Present Return on Rate Base | 3.48% | 2.40% | 3.65% | 24.10% | 19.19% |
| 43 | Present Return on Common Equity | 2.43% | 0.39% | 2.76% | 41.71% | 32.36% |

| | | | | | | |
|----|-------------------------------------|---------------|--------------|--------------|--------------|--------------|
| 44 | Required Return on Rate Base | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% |
| 45 | Required Operating Income | 18,574 | 8,457 | 9,681 | 109 | 327 |
| 46 | Income Deficiency | 10,403 | 5,885 | 5,209 | -223 | -467 |

| | | | | | | |
|----|---|---------------|---------------|---------------|----------------|---------------|
| 47 | Revenue Deficiency | 13,761 | 7,874 | 6,827 | -302 | -637 |
| 48 | Deficiency / Pres Retail Revenue | 11.93% | 17.87% | 11.00% | -12.92% | -9.21% |

SUMMARY

Equal Return vs Present

| Operating Revenue Requirement | | ND | Res | C&I | Sm Int | Lq Int |
|--------------------------------------|-------------------------------------|----------------|---------------|----------------|---------------|---------------|
| 1 | Return On Rate Base | 7.90% | 7.90% | 7.90% | 7.90% | 7.90% |
| 2 | Equalized Total Retail Rev | 129,154 | 51,937 | 68,895 | 2,038 | 6,285 |
| 3 | <u>Present Total Retail Revenue</u> | <u>115,393</u> | <u>44,062</u> | <u>62,068</u> | <u>2,340</u> | <u>6,922</u> |
| 4 | Revenue Deficiency | 13,761 | 7,874 | 6,827 | -302 | -637 |
| 5 | Deficiency / Pres Total Retail Rev | 11.93% | 17.87% | 11.00% | -12.92% | -9.21% |

Internal Retail Revenue Reqt

| | | | | | | |
|----|-------------------------------------|-------------------|------------------|------------------|----------------|------------------|
| 6 | Customer Retail Revenue Requirement | 18,169 | 12,981 | 5,027 | 87 | 74 |
| 7 | <u>Average Monthly Customers</u> | <u>66,256</u> | <u>56,088</u> | <u>10,106</u> | <u>41</u> | <u>21</u> |
| 8 | Revenue Requirement \$ / Mo / Cust | 22.85 | 19.29 | 41.45 | 179.17 | 292.48 |
| 9 | Capacity Retail Revenue Requirement | 33,866 | 12,747 | 20,203 | 209 | 707 |
| 10 | <u>Annual Dkt Sales</u> | <u>14,723,466</u> | <u>4,350,125</u> | <u>8,672,380</u> | <u>387,936</u> | <u>1,313,025</u> |
| 11 | Revenue Requirement \$ / Dkt | 2.30 | 2.93 | 2.33 | 0.54 | 0.54 |

Capacity - Sub Classification

| | | | | | | |
|----|---|--------|--------|--------|--------|----------|
| 12 | Capacity - Base Revenue Requirement | 7,692 | 2,255 | 4,521 | 209 | 707 |
| 13 | Capacity - Seasonal Revenue Requirement | 18,115 | 7,385 | 10,730 | 0 | 0 |
| 14 | Peak Shaving Revenue Requirement | 8,059 | 3,108 | 4,951 | 0 | 0 |
| 15 | Base Rev Requirement \$ / Dkt | 0.52 | 0.52 | 0.52 | 0.54 | 0.54 |
| 16 | Seasonal Rev Requirement \$ / Dkt | 1.23 | 1.70 | 1.24 | 0.00 | 0.00 |
| 17 | Peak Shave Rev Requirement \$ / Dkt | 0.55 | 0.71 | 0.57 | 0.00 | 0.00 |
| 18 | Energy Retail Revenue Requirement | 1,130 | 293 | 710 | 30 | 98 |
| 19 | Revenue Requirement \$ / Dkt | 0.08 | 0.07 | 0.08 | 0.08 | 0.07 |
| 20 | Total Internal Retail Revenue Requirement | 53,165 | 26,021 | 25,939 | 326 | 878 |
| 21 | Revenue Requirement \$ / Dkt | 3.61 | 5.98 | 2.99 | 0.84 | 0.67 |
| 22 | Revenue Requirement \$ / Mo / Cust | 66.87 | 38.66 | 213.89 | 670.59 | 3,485.14 |

External Retail Revenue Reqt

| | | | | | | |
|----|--|---------------|---------------|---------------|--------------|--------------|
| 23 | Capacity Revenue Requirement | 17,433 | 6,675 | 10,758 | 0 | 0 |
| 24 | <u>Energy Revenue Requirement</u> | <u>58,503</u> | <u>19,193</u> | <u>32,191</u> | <u>1,712</u> | <u>5,407</u> |
| 25 | Total External Revenue Requirement | 75,936 | 25,868 | 42,949 | 1,712 | 5,407 |
| 26 | Cap Revenue Requirement \$ / Dkt | 1.18 | 1.53 | 1.24 | 0.00 | 0.00 |
| 27 | <u>Ener Revenue Requirement \$ / Dkt</u> | <u>3.97</u> | <u>4.41</u> | <u>3.71</u> | <u>4.41</u> | <u>4.12</u> |
| 28 | Tot Revenue Requirement \$ / Dkt | 5.16 | 5.95 | 4.95 | 4.41 | 4.12 |

Total Retail Revenue Reqt

| | | | | | | |
|----|-------------------------------------|---------------|---------------|---------------|--------------|--------------|
| 29 | Customer Revenue Requirement | 18,169 | 12,981 | 5,027 | 87 | 74 |
| 30 | Capacity Revenue Requirement | 51,299 | 19,422 | 30,961 | 209 | 707 |
| 31 | <u>Energy Revenue Requirement</u> | <u>59,633</u> | <u>19,486</u> | <u>32,901</u> | <u>1,741</u> | <u>5,505</u> |
| 32 | Total Revenue Requirement | 129,100 | 51,889 | 68,889 | 2,038 | 6,285 |
| 33 | Customer Revenue Reqt \$ / Dkt | 1.23 | 2.98 | 0.58 | 0.22 | 0.06 |
| 34 | Demand Revenue Reqt \$ / Dkt | 3.48 | 4.46 | 3.57 | 0.54 | 0.54 |
| 35 | <u>Energy Revenue Reqt \$ / Dkt</u> | <u>4.05</u> | <u>4.48</u> | <u>3.79</u> | <u>4.49</u> | <u>4.19</u> |
| 36 | Total Revenue Reqt \$ / Dkt | 8.77 | 11.93 | 7.94 | 5.25 | 4.79 |

Proposed Return vs Present

| | | | | | | |
|----|--------------------------------------|----------------|---------------|---------------|--------------|--------------|
| 37 | <u>Proposed Total Retail Revenue</u> | <u>129,154</u> | <u>50,917</u> | <u>68,088</u> | <u>2,563</u> | <u>7,586</u> |
| 38 | Revenue Deficiency | 13,761 | 6,855 | 6,020 | 223 | 663 |
| 39 | Deficiency / Pres Total Oper Revenue | 11.93% | 15.56% | 9.70% | 9.54% | 9.58% |

Proposed Return vs Equal

| | | | | | | |
|----|---------------------------------|-------|--------|--------|--------|--------|
| 40 | Revenue Difference | 0 | -1,020 | -807 | 526 | 1,301 |
| 41 | Difference / Tot Equal Revenue" | 0.00% | -1.96% | -1.17% | 25.79% | 20.70% |

RATE BASE

| <u>Plant in Service</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|---|-----------------------------------|---------------------|----------------|----------------|----------------|---------------|---------------|
| 1 Production Plant (LPG) | 304, 305, 311 | Design Day | 21,428 | 8,342 | 13,085 | 0 | 0 |
| 2 Storage Plant (LNG) | 360, 361, 362, 363 | Design Day | 21,765 | 8,473 | 13,291 | 0 | 0 |
| 3 Transmission Plant | 365, 366, 367, 368, 369, 370, 371 | Average and Peak | 6,555 | 2,460 | 3,870 | 51 | 174 |
| <u>Distribution Plant</u> | | | | | | | |
| 4 Regulator Stations | 374, 375, 378, 379 | Average and Peak | 151 | 57 | 89 | 1 | 4 |
| 5 Mains - Minimum System | 376 | Customers | 0 | 0 | 0 | 0 | 0 |
| 6 Mains - Average Capacity | Split of 376 | Sales, W/ Transp | 29.7% | 50,574 | 14,942 | 29,789 | 1,333 |
| 7 Mains - Excess Capacity | Split of 376 | Excess Design Day | 70.3% | 119,635 | 48,933 | 70,701 | 0 |
| 8 Mains - Total | 376 | | 170,209 | 63,876 | 100,490 | 1,333 | 4,510 |
| 9 Services | 380 | Service Study | 80,292 | 54,280 | 25,719 | 195 | 98 |
| 10 Meters | 381 | Meter & Regul Study | 15,889 | 10,463 | 5,116 | 112 | 198 |
| 11 House Regulators | 383 | Meter & Regul Study | 11,730 | 7,725 | 3,777 | 82 | 146 |
| 12 Total Distribution Plant | Subtotal | | 278,270 | 136,401 | 135,191 | 1,722 | 4,956 |
| 13 General Plant | 390-399 | Prod-Stor-Tran-Dis | 43,093 | 20,452 | 21,734 | 233 | 674 |
| 14 Common Plant | 390-399 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 15 Gas Plant in Service | Total | | 371,111 | 176,128 | 187,172 | 2,007 | 5,803 |
| <u>Accum Depr Reserve</u> | | | | | | | |
| 16 Production Plant (LPG) | 108(1) | Design Day | 5,020 | 1,954 | 3,066 | 0 | 0 |
| 17 Storage Plant (LNG) | 108(5) | Design Day | 9,875 | 3,845 | 6,031 | 0 | 0 |
| 18 Transmission Plant | 108(7) | Average and Peak | 2,001 | 751 | 1,181 | 16 | 53 |
| <u>Distribution Plant</u> | | | | | | | |
| 19 Regulator Stations | 108(8) | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 20 Mains | 108(8) | Mains, Overall | 34,763 | 13,046 | 20,524 | 272 | 921 |
| 21 Services | 108(8) | Service Study | 34,656 | 23,429 | 11,101 | 84 | 42 |
| 22 Meters | 108(8) | Meter & Regul Study | 5,274 | 3,473 | 1,698 | 37 | 66 |
| 23 House Regulators | 108(8) | Meter & Regul Study | 903 | 594 | 291 | 6 | 11 |
| 24 Total Distribution Plant | Sub-total | | 75,597 | 40,543 | 33,614 | 400 | 1,040 |
| 25 General Plant | 108(9) | Prod-Stor-Tran-Dis | 18,554 | 8,806 | 9,358 | 100 | 290 |
| 26 Common Plant | 108(9) | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 27 Total Accum Depr | Sub-total | | 111,047 | 55,898 | 53,249 | 516 | 1,383 |
| 28 Net Plant | Total | | 260,064 | 120,230 | 133,923 | 1,491 | 4,420 |
| <u>Subtractions to Net Plant</u> | | | | | | | |
| <u>Accum Deferred Inc Tax</u> | | | | | | | |
| 29 Production Plant (LPG) | 190, 281, 282, 283 Net | Design Day | -330 | -128 | -201 | 0 | 0 |
| 30 Storage Plant (LNG) | 190, 281, 282, 283 Net | Design Day | 35 | 14 | 22 | 0 | 0 |
| 31 Transmission Plant | 190, 281, 282, 283 Net | Average and Peak | 736 | 276 | 435 | 6 | 20 |
| <u>Distribution Plant</u> | | | | | | | |
| 32 Regulator Stations | 190, 281, 282, 283 Net | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 33 Mains | 190, 281, 282, 283 Net | Mains, Overall | 17,327 | 6,502 | 10,230 | 136 | 459 |
| 34 Services | 190, 281, 282, 283 Net | Service Study | 11,301 | 7,640 | 3,620 | 27 | 14 |
| 35 Meters | 190, 281, 282, 283 Net | Meter & Regul Study | 2,609 | 1,718 | 840 | 18 | 32 |
| 36 House Regulators | 190, 281, 282, 283 Net | Meter & Regul Study | 683 | 449 | 220 | 5 | 8 |
| 37 Total Distribution Plant | Sub-total | | 31,919 | 16,310 | 14,909 | 186 | 514 |
| 38 General Plant | 190, 281, 282, 283 Net | Prod-Stor-Tran-Dis | 3,234 | 1,535 | 1,631 | 17 | 51 |
| 39 Common Plant | 190, 281, 282, 283 Net | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 40 Accumulated Deferred Tax | 283 | Net Plant | -6,248 | -2,889 | -3,218 | -36 | -106 |
| 41 Non-Plant Related | 190 & 282 Net | Labor | 333 | 193 | 135 | 1 | 4 |
| 42 Total Subtractions | Total | | 29,680 | 15,310 | 13,712 | 175 | 482 |

RATE BASE

Additions to Net Plant

| | <u>CWIP</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|----|------------------------------------|-----------------------------|---------------------------|----------------|----------------|----------------|---------------|---------------|
| 1 | Production Plant (LPG) | | Design Day | 8 | 3 | 5 | 0 | 0 |
| 2 | Storage Plant (LNG) | | Design Day | 119 | 46 | 73 | 0 | 0 |
| 3 | Transmission Plant | 107 | Average and Peak | 49 | 18 | 29 | 0 | 1 |
| 4 | Regulator Stations | 107 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 5 | Mains | 107 | Mains Overall | 242 | 91 | 143 | 2 | 6 |
| 6 | Services | | Service Study | 9 | 6 | 3 | 0 | 0 |
| 7 | Meters | | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 8 | House Regulators | 107 | Meter & Regul Study | 444 | 292 | 143 | 3 | 6 |
| 9 | <u>General & Common Plant</u> | <u>Sub-total</u> | <u>Prod-Stor-Tran-Dis</u> | <u>532</u> | <u>252</u> | <u>268</u> | <u>3</u> | <u>8</u> |
| 10 | Total CWIP | Sub-total | | 1,402 | 709 | 663 | 8 | 22 |
| 11 | Materials & Supplies | 154, 155, 156 | Tran & Distrib | 325 | 159 | 159 | 2 | 6 |
| | <u>Gas In Storage</u> | | | | | | | |
| 12 | Total Gas in Storage | Total | Sales, W/ Transp | 1,916 | 566 | 1,129 | 50 | 171 |
| 13 | Non-Plant Assets & Liab | Total | Labor | 1,612 | 932 | 652 | 7 | 21 |
| | <u>Miscellaneous</u> | <u>FERC Accounts</u> | | | | | | |
| 14 | Prepay: Insurance | 165 | Tran & Distrib | 0 | 0 | 0 | 0 | 0 |
| 15 | Prepay: Miscellaneous | 165 | Tran & Distrib | -371 | -181 | -181 | -2 | -7 |
| 16 | <u>Fuel</u> | <u>176</u> | <u>Sales, W/o Transp</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 17 | Total Miscellaneous | | | -371 | -181 | -181 | -2 | -7 |
| | <u>Working Cash</u> | | | | | | | |
| 18 | Total Working Cash | Total | Modified O&M Expense | -152 | -57 | -83 | -3 | -10 |
| 19 | Total Additions | Sub-total | | 4,732 | 2,128 | 2,339 | 62 | 203 |
| 20 | Total Rate Base | Sub-Total | | 235,117 | 107,047 | 122,550 | 1,379 | 4,141 |
| 21 | Common Rate Base (@ 52.50%) | | | 123,436 | 56,200 | 64,339 | 724 | 2,174 |
| 22 | Customer Component | | | 62,515 | 41,970 | 19,986 | 247 | 311 |
| 23 | Demand Component | | | 170,727 | 64,527 | 101,456 | 1,082 | 3,663 |
| 24 | Energy Component | | | 1,874 | 550 | 1,108 | 49 | 167 |

INCOME STATEMENT

Operating Revenue (Cal Month)

| | | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|--------------------------------|----------------------------------|------------------------|----------------|---------------|----------------|---------------|---------------|
| 1a | Retail Revenue | | | | | | |
| | Present Retail Rev | | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 |
| 1b | Proposed Retail Rev | | 129,100 | 50,870 | 68,082 | 2,563 | 7,586 |
| 2 | Retail Rev Increase | | 13,708 | 6,807 | 6,014 | 223 | 663 |
| Other Operating Revenue | | | | | | | |
| 3 | Late Pay Penalties | Late Pay; Mod Pres Rev | 249 | 229 | 19 | 0 | 0 |
| 4 | Connection Charges | Customers | 58 | 49 | 9 | 0 | 0 |
| 5 | Return Check Charges | Customers | 8 | 7 | 1 | 0 | 0 |
| 6 | Connect Smart | Customers | 0 | 0 | 0 | 0 | 0 |
| 7 | Interchange Gas | Design Day | 70 | 27 | 43 | 0 | 0 |
| 8 | Other Gas Revenue | Design Day | 0 | 0 | 0 | 0 | 0 |
| 9 | Ltd Firm Sales - Rsrvs & Vols | Design Day | 23 | 9 | 14 | 0 | 0 |
| 10 | Other Gas Revenue - Distr | Design Day | 0 | 0 | 0 | 0 | 0 |
| 11 | Contr In Aid Cons Tax Gr-Up | CWIP | 0 | 0 | 0 | 0 | 0 |
| 12 | Other - Miscellaneous | 1/2 Dsgn Day, 1/2 Ener | 6 | 2 | 3 | 0 | 0 |
| 13 | Tot Other Oper Rev - Pres | Sub-total | 413 | 323 | 89 | 0 | 0 |
| 14 | Incr Misc Serv | Customers | 24 | 20 | 4 | 0 | 0 |
| 15 | Incr Late Pay - Proposed | Late Pay; Mod Pres Rev | 30 | 27 | 2 | 0 | 0 |
| 16 | Tot Other Oper Rev - Prop | | 467 | 371 | 95 | 0 | 0 |
| 16a | Total Oper Rev - Present | Total | 115,806 | 44,386 | 62,157 | 2,340 | 6,923 |
| 16b | Total Oper Rev - Proposed | | 129,567 | 51,241 | 68,177 | 2,563 | 7,586 |
| 17 | Operating Rev Increase | | 13,761 | 6,855 | 6,020 | 223 | 663 |

Operation & Maintenance (Pg 1 of 2)

| | <u>Purchased Gas Expense</u> | <u>FERC Accounts</u> | <u>Alloc</u> | | | | |
|---------------------------------|---------------------------------------|------------------------------|-------------------------|---------------|---------------|---------------|--------------|
| 18 | Commodity | 728, 804, 805, 808, 858 | Direct Assign | 58,503 | 19,193 | 32,191 | 1,712 |
| 19 | Demand | 804, 808, 858 | Direct Assign | 17,433 | 6,675 | 10,758 | 0 |
| 20 | Propane | | Design Day | 0 | 0 | 0 | 0 |
| 21 | Limited Firm | 728 | Design Day | 0 | 0 | 0 | 0 |
| 22 | Total Purchases | Sub-total | | 75,936 | 25,868 | 42,949 | 1,712 |
| Other Production Expense | | | | | | | |
| 23 | Other Purchased Gas | | Design Day | 132 | 51 | 81 | 0 |
| 24 | Misc. LPG Op Exp | 710, 733, 735, 736, 742, 759 | Design Day | 578 | 225 | 353 | 0 |
| 25 | MGP | 735 | Sales, W/o Transp | 0 | 0 | 0 | 0 |
| 26 | Misc. LNG Op Exp | 840, 841, 842, 843 | 1/2 Dsgn Day, 1/2 Ener | 388 | 133 | 233 | 5 |
| 27 | Total Other Production Expense | | | 1,098 | 409 | 667 | 5 |
| 28 | Transmission Expense | 850-865 | Average and Peak | 162 | 61 | 96 | 1 |
| Distribution Expense | | | | | | | |
| 29 | Regulator Stations | 875, 877, 889, 891 | Average and Peak | 57 | 21 | 34 | 0 |
| 30 | Mains | 874, 887 | Mains, Overall | 2,480 | 931 | 1,464 | 19 |
| 31 | Services | 892 | Service Study | 997 | 674 | 319 | 2 |
| 32 | Meters | 878, 893 | Meter & Regul Study | -912 | -601 | -294 | -6 |
| 33 | House Regulators | 878, 893 | Meter & Regul Study | 955 | 629 | 308 | 7 |
| 34 | Other Property & Equipment | 881 | Customers | 248 | 210 | 38 | 0 |
| 35 | Dispatching | 871 | 1/2 Dsgn Day, 1/2 Ener | 347 | 119 | 208 | 5 |
| 36 | Customer Installations | 879 | Customers | 396 | 335 | 60 | 0 |
| 37 | Other Distribution | 880 | Customers | 1,260 | 1,066 | 192 | 1 |
| 38 | Supervision & Engineering | 870, 885 | Dist Exp, w/o Sup & Eng | 981 | 570 | 392 | 5 |
| 39 | Total Distribution Expense | Sub-total | | 6,809 | 3,955 | 2,722 | 33 |

INCOME STATEMENT

Operation & Maintenance (Pg 2 of 2)

| | <u>Cust Acctg & Inform</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|--------------------------------|-------------------------------------|----------------------|-----------------------------------|---------------|---------------|----------------|---------------|---------------|
| 1 | Acct Superv | 901 | Customers | 4 | 3 | 1 | 0 | 0 |
| 2 | Acct Meter Read | 902 | Customers | 130 | 110 | 20 | 0 | 0 |
| 3 | Acct Recrds & Coll | 903 | Record & Coll Study | 917 | 718 | 151 | 32 | 16 |
| 4 | Acct Uncollect | 904 | Uncollectibles Study | 618 | 496 | 122 | 0 | 0 |
| 5 | Acct Misc | 905 | Customers | 11 | 9 | 2 | 0 | 0 |
| 6 | Asst Expense (w/o CIP) | 908 | Cust Inform Study | 125 | 97 | 22 | 4 | 1 |
| 7 | <u>Serv Instruct Adver</u> | 909 | <u>Customers</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 8 | Tot Cust Acctg & Inform | | | 1,806 | 1,434 | 317 | 36 | 18 |
| Admin & General | | | | | | | | |
| 9 | Property Insurance | 924 | Net Plant | 105 | 48 | 54 | 1 | 2 |
| 10 | Pension & Benefit-Direct | 926 | Labor | 1,215 | 702 | 491 | 5 | 16 |
| 11 | Salaries | 920 | Labor | 1,146 | 662 | 463 | 5 | 15 |
| 12 | Office & Supplies | 921 | Labor | 156 | 90 | 63 | 1 | 2 |
| 13 | Admin Transfer Credit | 922 | Labor | -756 | -437 | -306 | -3 | -10 |
| 14 | Outside Services | 923 | Labor | 285 | 165 | 115 | 1 | 4 |
| 15 | Incentive Compensation | 920 + other | Labor | 0 | 0 | 0 | 0 | 0 |
| 16 | Injuries and Claims | 925 | 1/2 Rt Base, 1/2 Pres Rev; | 395 | 165 | 209 | 5 | 15 |
| 17 | Regulatory Comm Exp | 928 | Present Retail Revenue | 66 | 25 | 36 | 1 | 4 |
| 18 | Duplicate Charge Credit | 929 | Present Retail Revenue | 0 | 0 | 0 | 0 | 0 |
| 19 | General Advertising | 930 | 1/2 Rt Base, 1/2 Pres Rev; | 5 | 2 | 3 | 0 | 0 |
| 20 | Misc General Exp | 930 | 1/2 Rt Base, 1/2 Pres Rev; | 32 | 13 | 17 | 0 | 1 |
| 21 | Rents | 931 | 1/2 Rt Base, 1/2 Pres Rev; | 108 | 45 | 57 | 1 | 4 |
| 22 | <u>Maint of Gen Plt</u> | 935 | <u>1/2 Rt Base, 1/2 Pres Rev;</u> | <u>1,514</u> | <u>634</u> | <u>802</u> | <u>20</u> | <u>59</u> |
| 23 | Total A & G Expense | | | 4,269 | 2,115 | 2,004 | 38 | 112 |
| Cust Service & Info | | | | | | | | |
| 24 | CIP/DSM & Amortizations | 407.3 + CIP | Sales, W/o CIP Exempt | 0 | 0 | 0 | 0 | 0 |
| 25 | MN Energy Policy Rider | 407 | Sales, W/ Transp | 0 | 0 | 0 | 0 | 0 |
| 26 | <u>Instructional Advertising</u> | <u>407</u> | <u>Present Retail Revenue</u> | <u>40</u> | <u>15</u> | <u>22</u> | <u>1</u> | <u>2</u> |
| 27 | Total Customer Service Info | Sub-total | | 40 | 15 | 22 | 1 | 2 |
| 28 | Amortizations | | Labor | 604 | 349 | 244 | 3 | 8 |
| Sales Expense | | | | | | | | |
| 29 | <u>Sales, Econ Dvlp & Other</u> | <u>912</u> | <u>Sales, W/ Transp</u> | <u>12</u> | <u>3</u> | <u>7</u> | <u>0</u> | <u>1</u> |
| 30 | Total Sales Expense | Sub-total | | 12 | 3 | 7 | 0 | 1 |
| 31 | Total O&M Expense | | | 90,736 | 34,210 | 49,028 | 1,829 | 5,669 |
| Book Depreciation | | | | | | | | |
| 32 | Production Plant (LPG) | 403 | Design Day | 1,262 | 491 | 770 | 0 | 0 |
| 33 | Storage Plant (LNG) | 403 | Design Day | 891 | 347 | 544 | 0 | 0 |
| 34 | Transmission Plant | 403 | Average and Peak | 87 | 33 | 52 | 1 | 2 |
| Distribution Plant | | | | | | | | |
| 35 | Regulator Stations | 403 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 36 | Mains | 403 | Mains, Overall | 3,886 | 1,458 | 2,294 | 30 | 103 |
| 37 | Services | 403 | Service Study | 2,629 | 1,777 | 842 | 6 | 3 |
| 38 | Meters | 403 | Meter & Regul Study | 399 | 263 | 128 | 3 | 5 |
| 39 | <u>House Regulators</u> | 403 | <u>Meter & Regul Study</u> | <u>200</u> | <u>132</u> | <u>64</u> | <u>1</u> | <u>2</u> |
| 40 | Total Distribution Plant | | | 7,114 | 3,630 | 3,329 | 41 | 114 |
| 41 | General Plant | 403 | Prod-Stor-Tran-Dis | 2,987 | 1,418 | 1,507 | 16 | 47 |
| 42 | <u>Common Plant</u> | <u>403, 404</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 43 | Total Book Deprec | Sub-total | | 12,341 | 5,919 | 6,202 | 58 | 163 |

INCOME STATEMENT

| <u>Real Estate & Prop Taxes</u> | <u>FERC Accounts</u> | <u>Allocator</u> | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|---------------------------------------|----------------------|--------------------------------|----------------|---------------|----------------|---------------|---------------|
| 1 Production Plant (LPG) | 408 | Design Day | 535 | 208 | 327 | 0 | 0 |
| 2 Storage Plant (LNG) | 408 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 3 Transmission Plant | 408 | Average and Peak | 29 | 11 | 17 | 0 | 1 |
| <u>Distribution Plant</u> | | | | | | | |
| 4 Regulator Stations | 408 | Average and Peak | 1,871 | 702 | 1,105 | 15 | 50 |
| 5 Mains | 408 | Mains, Overall | 0 | 0 | 0 | 0 | 0 |
| 6 Services | 408 | Service Study | 0 | 0 | 0 | 0 | 0 |
| 7 Meters | 408 | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 8 <u>House Regulators</u> | 408 | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 9 Total Distribution Plant | Sub-total | | 1,871 | 702 | 1,105 | 15 | 50 |
| 10 General Plant | 408 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 11 <u>Common Plant</u> | <u>408</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 12 Total RI Est & Prop Tax | Sub-total | | 2,435 | 921 | 1,448 | 15 | 50 |
| 13 <u>Payroll Taxes</u> | <u>408</u> | <u>Labor</u> | <u>470</u> | <u>272</u> | <u>190</u> | <u>2</u> | <u>6</u> |
| 14 Tot Non-Income Taxes | | | 2,905 | 1,193 | 1,639 | 17 | 57 |
| <u>Provision-Defer Inc Tax</u> | | | | | | | |
| 15 Production Plant (LPG) | 410.1, 411.1 | Design Day | 6 | 2 | 4 | 0 | 0 |
| 16 Storage Plant (LNG) | 410.1, 411.1 | Design Day | 253 | 99 | 155 | 0 | 0 |
| 17 Transmission Plant | 410.1, 411.1 | Average and Peak | 304 | 114 | 180 | 2 | 8 |
| <u>Distribution Plant</u> | | | | | | | |
| 18 Regulator Stations | 410.1, 411.1 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 19 Mains | 410.1, 411.1 | Mains, Overall | 933 | 350 | 551 | 7 | 25 |
| 20 Services | 410.1, 411.1 | Service Study | 1,105 | 747 | 354 | 3 | 1 |
| 21 Meters | 410.1, 411.1 | Meter & Regul Study | 447 | 294 | 144 | 3 | 6 |
| 22 <u>House Regulators</u> | 410.1, 411.1 | <u>Meter & Regul Study</u> | <u>56</u> | <u>37</u> | <u>18</u> | <u>0</u> | <u>1</u> |
| 23 Total Distribution Plant | Sub-total | | 2,540 | 1,428 | 1,066 | 14 | 32 |
| 24 General Plant | 410.1, 411.1 | Prod-Stor-Tran-Dis | 278 | 132 | 140 | 2 | 4 |
| 25 Common Plant | 410.1, 411.1 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 26 Tax Benefit Transfers | 410.1, 411.1 | Net Plant | 1,462 | 676 | 753 | 8 | 25 |
| 27 <u>Non-Plant Related</u> | <u>410.1, 411.1</u> | <u>Labor</u> | <u>-4</u> | <u>-2</u> | <u>-2</u> | <u>0</u> | <u>0</u> |
| 28 Tot Prov Defer Inc Tax | Total | | 4,840 | 2,449 | 2,296 | 26 | 70 |
| <u>Investment Tax Credit</u> | | | | | | | |
| 29 Production Plant (LPG) | 420 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 30 Storage Plant (LNG) | 420 | Design Day | 0 | 0 | 0 | 0 | 0 |
| 31 Transmission Plant | 420 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| <u>Distribution Plant</u> | | | | | | | |
| 32 Regulator Stations | 420 | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 33 Mains | 420 | Mains, Overall | 0 | 0 | 0 | 0 | 0 |
| 34 Services | 420 | Service Study | 0 | 0 | 0 | 0 | 0 |
| 35 Meters | 420 | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 36 <u>House Regulators</u> | 420 | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 37 Total Distribution Plant | Sub-total | | 0 | 0 | 0 | 0 | 0 |
| 38 General Plant | 420 | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 39 <u>Common Plant</u> | <u>420</u> | <u>Prod-Stor-Tran-Dis</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 40 Net Invest Tax Credit | Sub-total | | 0 | 0 | 0 | 0 | 0 |
| 41 Total Operating Exp | Sub-total | | 110,822 | 43,771 | 59,164 | 1,929 | 5,958 |
| 42a Pres Op Inc Before Inc Tax | Total | | 4,984 | 615 | 2,993 | 411 | 965 |
| 42b Prop Op Inc Before Inc Tax | Total | | 18,745 | 7,470 | 9,013 | 634 | 1,629 |

INCOME STATEMENT

| Tax Deprec & Removal | | FERC Accounts | Allocator | ND | Res | C&I | Sm Int | Lg Int |
|---------------------------------|--------------------------------|-----------------------|---------------------|----------------|---------------|----------------|---------------|---------------|
| 1 | Production Plant (LPG) | Not Applicable | Design Day | 1,265 | 492 | 772 | 0 | 0 |
| 2 | Storage Plant (LNG) | Not Applicable | Design Day | 1,738 | 677 | 1,062 | 0 | 0 |
| 3 | Transmission Plant | Not Applicable | Average and Peak | 1,222 | 458 | 721 | 10 | 32 |
| Distribution Plant | | | | | | | | |
| 4 | Regulator Stations | Not Applicable | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 5 | Mains | Not Applicable | Mains, Overall | 8,401 | 3,153 | 4,960 | 66 | 223 |
| 6 | Services | Not Applicable | Service Study | 6,184 | 4,181 | 1,981 | 15 | 8 |
| 7 | Meters | Not Applicable | Meter & Regul Study | 2,110 | 1,389 | 679 | 15 | 26 |
| 8 | House Regulators | Not Applicable | Meter & Regul Study | <u>362</u> | <u>239</u> | <u>117</u> | <u>3</u> | <u>5</u> |
| 9 | Total Distribution Plant | Sub-total | | 17,057 | 8,962 | 7,737 | 98 | 261 |
| 10 | General Plant | Not Applicable | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 11 | Common Plant | Not Applicable | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| 12 | Tax Benefit Transfers | <u>Not Applicable</u> | <u>Net Plant</u> | <u>9,413</u> | <u>4,352</u> | <u>4,847</u> | <u>54</u> | <u>160</u> |
| 13 | Total Tax Depreciation | Total | | 30,695 | 14,941 | 15,140 | 162 | 453 |
| Present Return | | | | | | | | |
| Inc Tax Additions | | FERC Accounts | | | | | | |
| 14 | Total Book Depr Exp | from another page | | 12,341 | 5,919 | 6,202 | 58 | 163 |
| 15 | Provision for Deferred | from another page | | 4,839.77 | 2,449 | 2,296 | 26 | 70 |
| 16 | Net Inv Tax Credit | from another page | | 0 | 0 | 0 | 0 | 0 |
| 17 | <u>Avoided Tax Interest</u> | Not Applicable | CWIP | <u>780</u> | <u>395</u> | <u>369</u> | <u>5</u> | <u>12</u> |
| 18 | Total Tax Additions | Sub-total | | 17,961 | 8,762 | 8,867 | 88 | 244 |
| Inc Tax Deductions | | | | | | | | |
| 19 | Tax Depr & Removal Exp | from another page | | 30,695 | 14,941 | 15,140 | 162 | 453 |
| 20 | Debt Interest Expense | Calculation | ; Mod Rate Base | 5,173 | 2,355 | 2,696 | 30 | 91 |
| 21 | Other Timing Differences | Not Applicable | Labor | -430 | -249 | -174 | -2 | -6 |
| 22 | <u>Meals</u> | | Labor | <u>26</u> | <u>15</u> | <u>10</u> | <u>0</u> | <u>0</u> |
| 23 | Total Tax Deductions | | | 35,464 | 17,062 | 17,672 | 190 | 539 |
| 23a | Pres Taxable Net Income | Calculation | | -12,518 | -7,685 | -5,812 | 309 | 670 |
| 23b | Prop Taxable Net Income | | | 1,243 | -830 | 208 | 532 | 1,334 |
| 24 | Pres State Tax Before Credits | | | -540 | -331 | -251 | 13 | 29 |
| 25 | Prop State Tax Before Credits | | | 54 | -36 | 9 | 23 | 57 |
| 26 | Equal State Tax Before Credits | | | 54 | 8 | 44 | 0 | 1 |
| 27 | Pres State Tax Credits | | | 26 | 16 | 12 | -1 | -1 |
| 28 | Prop State Tax Credits | | | 26 | -17 | 4 | 11 | 28 |
| 29 | Equal State Tax Credits | | | 26 | 4 | 21 | 0 | 1 |
| 30 | Pres State Tax After Credits | | | -565.63 | -347 | -263 | 14 | 30 |
| 31 | Prop State Tax After Credits | | | 27 | -18 | 5 | 12 | 29 |
| 32 | Equal State Tax After Credits | | | 27 | 4 | 22 | 0 | 1 |

INCOME STATEMENT

| | | | | | | | |
|------------------------|-----------------------------------|--------------------------------|------------------|---------------|---------------|---------------|---------------|
| 1 | Pres Federal Taxable Income | | -11,953 | -7,338 | -5,550 | 295 | 640 |
| 2 | Prop Federal Taxable Income | | 1,216 | -812 | 203 | 520 | 1,304 |
| 3 | Equal Federal Taxable Income | | 1,216 | 185 | 992 | 6 | 32 |
| 4 | Pres Federal Tax Before Credits | | -2,510 | -1,541 | -1,165 | 62 | 134 |
| 5 | Prop Federal Tax Before Credits | | 255 | -171 | 43 | 109 | 274 |
| 6 | Equal Federal Tax Before Credits | | 255 | 39 | 208 | 1 | 7 |
| 7 | Pres Federal Tax Credits | | 112 | 69 | 52 | -3 | -6 |
| 8 | Prop Federal Tax Credits | | 112 | -75 | 19 | 48 | 120 |
| 9 | Equal Federal Tax Credits | | 112 | 17 | 91 | 1 | 3 |
| 10 | Pres Federal Tax After Credits | | -2,621.74 | -1,610 | -1,217 | 65 | 140 |
| 11 | Prop Federal Tax After Credits | | 144 | -96 | 24 | 61 | 154 |
| 12 | Equal Federal Tax After Credits | | 144 | 22 | 117 | 1 | 4 |
| 13a | Pres Inc Tax, @25.46% | Calculation | -3,187.37 | -1,957 | -1,480 | 79 | 171 |
| 13b | Prop Inc Tax, @13.76% | | 171 | -114 | 29 | 73 | 184 |
| 14a | Pres Preliminary Return | | 8,171 | 2,572 | 4,473 | 332 | 795 |
| 14b | Prop Preliminary Return | | 18,574 | 7,584 | 8,984 | 561 | 1,445 |
| 15 | Total AFUDC | Not Applicable | 0 | 0 | 0 | 0 | 0 |
| 16a | Pres Total Return | Total | 8,171 | 2,572 | 4,473 | 332 | 795 |
| 16b | Prop Total Return | | 18,574 | 7,584 | 8,984 | 561 | 1,445 |
| 17a | Pres % Return on Rate Base | Calculation | 3.48% | 2.40% | 3.65% | 24.10% | 19.19% |
| 17b | Prop % Return on Rate Base | | 7.90% | 7.08% | 7.33% | 40.68% | 34.90% |
| 18a | Pres Common Return | | 2,999 | 217 | 1,776 | 302 | 703 |
| 18b | Prop Common Return | | 13,402 | 5,229 | 6,288 | 530 | 1,354 |
| 19a | Pres % Ret on Common Rt Bs | | 2.43% | 0.39% | 2.76% | 41.71% | 32.36% |
| 19b | Prop % Ret on Common Rt Bs | | 10.86% | 9.30% | 9.77% | 73.29% | 62.28% |
| AFUDC | | | | | | | |
| 20 | Production Plant (LPG) | Design Day | 0 | 0 | 0 | 0 | 0 |
| 21 | Storage Plant (LNG) | Design Day | 0 | 0 | 0 | 0 | 0 |
| 22 | Transmission Plant | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| Distribution: | | | | | | | |
| 23 | Regulator Stations | Average and Peak | 0 | 0 | 0 | 0 | 0 |
| 24 | Mains | Mains Overall | 0 | 0 | 0 | 0 | 0 |
| 25 | Services | Service Study | 0 | 0 | 0 | 0 | 0 |
| 26 | Meters | Meter & Regul Study | 0 | 0 | 0 | 0 | 0 |
| 27 | <u>House Regulators</u> | <u>Meter & Regul Study</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | Total Distribution | | 0 | 0 | 0 | 0 | 0 |
| 28 | General & Common Plant | Prod-Stor-Tran-Dis | 0 | 0 | 0 | 0 | 0 |
| | Total AFUDC | | 0 | 0 | 0 | 0 | 0 |
| Labor Allocator | | | | | | | |
| FERC Accounts | | | | | | | |
| 29 | Customer Accounting | Labor Portion of O&M Accounts | 531 | 450 | 81 | 0 | 0 |
| 30 | Cust Serv & Inform | Labor Portion of O&M Accounts | 21 | 18 | 3 | 0 | 0 |
| 31 | Distribution | Labor Portion of O&M Accounts | 3,892 | 2,261 | 1,556 | 19 | 57 |
| 32 | Admin & General | Labor Portion of O&M Accounts | 2,424 | 1,401 | 981 | 11 | 32 |
| 33 | Production | Labor Portion of O&M Accounts | 735 | 274 | 446 | 3 | 12 |
| 34 | Sales | Labor Portion of O&M Accounts | 0 | 0 | 0 | 0 | 0 |
| 35 | <u>Transmission</u> | Labor Portion of O&M Accounts | <u>46</u> | <u>18</u> | <u>28</u> | <u>0</u> | <u>0</u> |
| 36 | Total | Design Day | 7,649 | 4,421 | 3,095 | 33 | 100 |

ALLOCATORS

| <u>Internal Allocators</u> | | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|-----------------------------|--|-----------|------------|----------------|---------------|---------------|
| 1 | 1/2 Dsgn Day, 1/2 Ener | 100.00% | 34.24% | 59.98% | 1.32% | 4.46% |
| 2 | 1/2 Rt Base, 1/2 Pres Rev; (Only for Class allocations) | 100.00% | 41.86% | 52.96% | 1.31% | 3.88% |
| 3 | Average and Peak (Mains) | 170,209 | 63,876 | 100,490 | 1,333 | 4,510 |
| 4 | Average and Peak | 100.00% | 37.53% | 59.04% | 0.78% | 2.65% |
| 5 | CWIP | 100.00% | 50.57% | 47.30% | 0.59% | 1.54% |
| 6 | Dist Exp, w/o Sup & Eng | 5,828 | 3,385 | 2,330 | 28 | 85 |
| 7 | Dist Exp, w/o Sup & Eng | 100.00% | 58.08% | 39.97% | 0.49% | 1.46% |
| 8 | Distribution Plant | 100.00% | 49.02% | 48.58% | 0.62% | 1.78% |
| 9 | Gas Plant In Service | 100.00% | 47.46% | 50.44% | 0.54% | 1.56% |
| 10 | Labor | 100.00% | 57.80% | 40.46% | 0.43% | 1.31% |
| 11 | Mains, Overall | 100.00% | 37.53% | 59.04% | 0.78% | 2.65% |
| 12 | Modified O&M Expense | 87,972 | 32,961 | 47,639 | 1,797 | 5,575 |
| 13 | Modified O&M Expense | 100.00% | 37.47% | 54.15% | 2.04% | 6.34% |
| 14 | Net Plant | 100.00% | 46.23% | 51.50% | 0.57% | 1.70% |
| 15 | Other Production Exp | 100.00% | 37.27% | 60.69% | 0.47% | 1.58% |
| 16 | Prod-Stor-Tran-Dis | 328,017 | 155,676 | 165,438 | 1,774 | 5,129 |
| 17 | Prod-Stor-Tran-Dis | 100.00% | 47.46% | 50.44% | 0.54% | 1.56% |
| 18 | Rate Base | 100.00% | 45.53% | 52.12% | 0.59% | 1.76% |
| 19 | Rt Base, w/o Work Cash | 235,269 | 107,105 | 122,632 | 1,382 | 4,150 |
| 20 | Rt Base, w/o Work Cash | 100.00% | 45.52% | 52.12% | 0.59% | 1.76% |
| 21 | Transmission & Distribution | 284,825 | 138,861 | 139,061 | 1,774 | 5,129 |
| 22 | Tran & Distrib | 100.00% | 48.75% | 48.82% | 0.62% | 1.80% |
| 23 | Labor w/o A&G | 5,225 | 3,020 | 2,114 | 23 | 69 |
| 24 | Labor w/o A&G | 100.00% | 57.80% | 40.46% | 0.43% | 1.31% |
| <u>Component Allocators</u> | | | | | | |
| 25 | Mod Present Rev | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 26 | Mod Rate Base | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| 27 | 1/2 Mod Rt Bs, 1/2 Mod Pres Rv | 400.00% | 100.00% | 100.00% | 100.00% | 100.00% |

ALLOCATORS

External Allocators

Customer-Related

| | <u>ND</u> | <u>Res</u> | <u>C&I</u> | <u>Sm Int</u> | <u>Lg Int</u> |
|---------------------------------|-----------|------------|----------------|---------------|---------------|
| 1 Bills | 795,068 | 673,053 | 121,277 | 486 | 252 |
| 2 Meter & Regul Weightings | | 1.00 | 2.71 | 14.77 | 50.46 |
| 3 Meter (Wtd Bills) | 1,022,034 | 673,053 | 329,088 | 7,177 | 12,716 |
| 4 Service Weightings | | 1.00 | 2.63 | 4.97 | 4.81 |
| 5 Service (Wtd Bills) | 995,582 | 673,053 | 318,900 | 2,416 | 1,213 |
| 6 Records & Collect Weightings | | 1.00 | 1.17 | 61.08 | 61.08 |
| 7 Records & Collect (Wtd Bills) | 859,749 | 673,053 | 141,616 | 29,687 | 15,393 |
| 8 Cust Information Weightings | | 1.00 | 1.25 | 63.71 | 29.86 |
| 9 Cust Information (Wtd Bills) | 863,227 | 673,053 | 151,688 | 30,961 | 7,525 |
| 10 Customers | 100.00% | 84.65% | 15.25% | 0.06% | 0.03% |
| 11 Meter & Regul Study | 100.00% | 65.85% | 32.20% | 0.70% | 1.24% |
| 12 Service Study | 100.00% | 67.60% | 32.03% | 0.24% | 0.12% |
| 13 Record & Coll Study | 100.00% | 78.28% | 16.47% | 3.45% | 1.79% |
| 14 Uncollectibles Study | 100.00% | 80.24% | 19.76% | 0.00% | 0.00% |
| 15 Cust Inform Study | 100.00% | 77.97% | 17.57% | 3.59% | 0.87% |

Energy-Related

| | | | | | |
|--------------------------------|------------|-----------|-----------|---------|-----------|
| 16 Cal Yr Sales Dkt, W/o Trans | 13,259,567 | 4,350,125 | 7,296,081 | 387,936 | 1,225,425 |
| 17 Transportation Dkt | 1,463,898 | 0 | 1,376,298 | 0 | 87,600 |
| 18 Cal Yr Sales Dkt, W/ Trans | 14,723,466 | 4,350,125 | 8,672,380 | 387,936 | 1,313,025 |
| 19 CIP Exempt Dkt | 0 | 0 | 0 | 0 | 0 |
| 20 Sales Dkt, W/o CIP Exempt | 14,723,466 | 4,350,125 | 8,672,380 | 387,936 | 1,313,025 |
| 21 Sales, W/o Transp | 100.00% | 32.81% | 55.03% | 2.93% | 9.24% |
| 22 Sales, W/ Transp | 100.00% | 29.55% | 58.90% | 2.63% | 8.92% |
| 23 Sales, W/o CIP Exempt | 100.00% | 29.55% | 58.90% | 2.63% | 8.92% |

29.7%

Demand-Related

| | | | | | |
|---------------------------------|---------|--------|--------|-------|-------|
| 24 Design Day Demand Dkt | 135,760 | 52,854 | 82,906 | 0 | 0 |
| 25 Avg Daily Firm Dkt, W/ Trans | 35,678 | 11,918 | 23,760 | 0 | 0 |
| 26 Excess Design Day | 100,082 | 40,936 | 59,146 | 0 | 0 |
| 27 Design Day | 100.00% | 38.93% | 61.07% | 0.00% | 0.00% |
| 28 Excess Design Day | 100.00% | 40.90% | 59.10% | 0.00% | 0.00% |

Miscellaneous (only alloc to class, not component)

| | | | | | |
|---------------------------|---------|--------|--------|-------|-------|
| 29 Present Retail Revenue | 115,393 | 44,062 | 62,068 | 2,340 | 6,922 |
| 30 Gross Receipts Tax | 100.00% | 56.19% | 36.38% | 4.35% | 2.45% |
| 31 Present Retail Revenue | 100.00% | 38.18% | 53.79% | 2.03% | 6.00% |
| 32 Late Payment Penalty | 100.00% | 92.27% | 7.68% | 0.02% | 0.03% |

Capital Structure

| | <u>Rate</u> | <u>Ratio</u> | <u>Wtd Cost</u> |
|------------------------------------|---------------|---------------|-----------------|
| 1 Long Term Debt | 4.64% | 47.08% | 2.18% |
| 2 <u>Short Term Debt</u> | <u>4.56%</u> | <u>0.42%</u> | <u>0.02%</u> |
| 3 Debt Total | 4.63% | 47.50% | 2.20% |
| 4 Preferred Stock | 0.00% | 0.00% | 0.00% |
| 5 <u>Common Equity</u> | <u>10.85%</u> | <u>52.50%</u> | <u>5.70%</u> |
| 6 Required Rate of Return | | 100.00% | 7.90% |
| 7 ND Combined State & Fed Tax Rate | 13.76% | | |
| 8 1 / (1 - Tax Rate) Factor | 115.96% | | |
| 9 Tax Rate / (1 - Tax Rate) Factor | 15.96% | | |

*Guide to the Gas Class Cost of
Service Study (CCOSS)
Northern States Power Company*

I. Overview

The purpose of the Northern States Power Company (NSP) gas Class Cost of Service (CCOSS) is to allocate *joint* (e.g.) and *common* costs to the designated “classes” of service such as residential, commercial, interruptible, and transport. For example, distribution mains costs are “joint” between time periods and overhead costs such as management, are “common” to multiple functions, such as production, storage, transmission, and distribution. The CCOSS also assigns *direct* costs (e.g. purchased gas expenses), that may be associated with providing service to a particular customer from a specific class of service. The objective of the CCOSS is to make these cost *allocations* and *assignments* based on identifiable service requirements (e.g. Dth commodity usage and design day requirements), which are the drivers of the costs.

The two basic types of costs are; (1) capital costs associated with investment in production, storage, transmission and distribution facilities and (2) on-going expenses such as purchased gas, labor costs and numerous other operating expenses. The end result is an allocation of the total utility costs (i.e. the revenue requirements) to customer classes according to each class’ share of the capacity, commodity, and customer service requirements.

II. Major Steps of the Class Cost of Service Study

A class cost of service study begins with a detailed documentation of the numerous budgetary elements of the total revenue requirement for the jurisdiction in question. The detailed jurisdictional revenue requirements are the data inputs to the CCOSS. At a high level, the CCOSS process consists of the following three (3) basic steps:

1. Functionalization – The identification of each cost element as one of the six basic utility service “functions.” The four main categories are production, storage, transmission, and distribution. There are also two other categories for general and common plant/expenses.
2. Classification – The classification of the functionalized costs based on the billing component/determinant that each is associated with (e.g. Dths of demand, Dths of commodity usage or number of customers).
3. Allocation – The allocation of the functionalized and classified costs to customer classes, based on each class’ respective service requirements (e.g. Dths of demand, Dths of commodity usage and the number of customers, expressed in terms of a percentage of the total jurisdiction requirement).

III. Step 1: Functionalization

Functionalization is the process of associating each of the numerous detailed elements of the total revenue requirement with functions (and sometimes sub-functions) of the gas utility system. Costs must first be functionalized because each class’s service requirement tends to have different relative impacts on each service function. As such, it is necessary to develop separate sub-parts of the total revenue requirement for each function (and sometimes sub-function). The four main functions and the associated sub-functions are shown in the table below:

| Function | FERC Accounts | Sub-Function | Description |
|--------------|---|--|--|
| Production | 304, 305, 311, 108(1), 190, 281-283 Net, 710, 733, 735, 736, 742, 759, 840-843, 403, 408.1, 410.1, 411.1, 420 | None | Includes costs related to manufacturing, buying, or producing gas. These costs include pipeline or producer gas purchases and producing owned or peaking gas. Also includes operation and maintenance expenses. |
| Storage | 360-363, 108(5), 190, 281-283 Net, 403, 408, 410.1, 411.1, 420 | None | Includes costs related to storing off-peak gas for use during the winter-peaking months. Also includes operation and maintenance expenses. |
| Transmission | 365-371, 108(7), 190, 281-283 Net, 107, 850-865, 403, 408.1, 410.1, 411.1, 420 | None | Includes costs associated with transporting gas from interstate pipelines to the Company’s distribution system. These included capital costs associated with transmission mains as well as operations and maintenance expenses associated with town border stations. |
| Distribution | 374-376, 378-381, 383, 108(8), 281-283 Net, 107, 871, 874, 875, 877-881, 885, 887, 889, 891, 892, 403, 408, 410.1, 411.1, 420 | “Customer” portion of the Distribution Mains | Includes the customer-related capital and operating costs associated with delivering gas to customers (distribution mains and services, customer services, meters, regulators) |
| | | “Demand” portion of Distribution Mains | Includes the demand-related capital and operating costs associated with delivering gas to customers (distribution mains and services, customer services, meters, regulators) |

IV. Step 2: Cost Classification

The second step in the CCOSS process is to classify the functionalized costs as being associated with a measurable customer service requirement which gives rise to the costs. The three principle service requirements or billing components are:

1. Demand – Costs that are driven by customers’ maximum dekatherm (“Dth”) demand.
2. Commodity – Costs that are driven by customers’ energy or dekatherm (“Dth”) requirements.

3. Customer – Costs that are related to the number of customers served.

The table below shows how each of the functional and sub-functional costs was classified:

| Function/Sub-Function | Cost Classification | | |
|---------------------------------|---------------------|----------|-----------|
| | Demand | Customer | Commodity |
| Production | X | | X |
| Storage | X | | |
| Transmission | X | | |
| Distribution (Customer-Related) | | X | |
| Distribution (Demand-Related) | X | | |

As shown in the table above, distribution costs are classified as both “demand” and “customer” related. Costs of these sub-functions are driven by **both** the number of customers on the distribution system and the capacity requirements they place on the system. The Company utilizes a minimum system methodology for determining the portion of costs that are demand- and customer-related.

The Minimum Distribution System method involves comparing the cost of the minimum size of distribution mains used to the cost of the actual sized facilities installed. The cost of the minimum size facilities determines the “customer” component of total costs, and the “capacity” cost component is the difference between total installed cost and the minimum sized cost. The table below shows the classification of distribution main costs.

| Cost | Customer | Demand |
|---------------------------|--------------|--------------|
| Distribution Costs | 64.3% | 35.7% |

The Minimum Distribution System method identifies the cost to establish basic connectivity between the utility and the customer, using pipes with a diameter of two inches or less, which is the minimum-sized pipe for mains on our system. If all the mains in the Company’s entire distribution system in North Dakota consisted of two-inch pipe, the initial plant investment would have been 64.3 percent of actual investment. These Minimum System costs are allocated to class based on number of customers in each class and are also assigned to the Customer Charge billing component. However, it is reasonable to make a demand adjustment that accounts for capacity associated with the two-inch pipe that makes up the Minimum System. The Company calculated a demand adjustment of 15.5 percent. The following table illustrates the adjusted customer- and demand-related classification of distribution main costs.

| Cost | Customer | Demand |
|---------------------------|--------------|--------------|
| Distribution Costs | 48.8% | 51.2% |

V. Step 3: Cost Allocation to Customer Class (Assignment of Costs to Customer Classes)

The third step in the CCOSS process is allocation, which is the process of assigning (allocating or directly assigning) functionalized and classified costs to customer classes. Generally, cost assignment occurs in one of two ways:

- Direct Assignment - A small but sometimes important portion of costs can be directly assigned to a specific customer of a particular customer class, because these costs can be exclusively identified as providing service to a particular customer. An example of a directly assigned cost is purchased gas expenses.
- Allocation - Most gas utility costs are incurred common or jointly in providing service to all or most customers and classes. Therefore, allocation methods must be developed for each functionalized and classified cost component. The allocation method is based on the particular measures of service that is indicative of what drives the costs.
 - Class allocators (sometimes called allocation strings) are simply a “string” of class percentages that sum to 100%.
 - There are two types of allocators:
 - External Allocators –These are allocators that are based on data from outside the CCOSS model (e.g. design day demands, metering and customer service-related cost ratios). In general, there are three types of external allocators:
 - Capacity –related (sometimes referred to as Demand) allocators such as:
 - Design Day Demands – each firm class’s usage in extreme peaking conditions
 - Excess Design Day – the portion of design day demand in excess of average daily sales
 - Commodity-related allocators such as:
 - Sales w/Transp – Forecasted sales, including forecasted transportation
 - Sales w/o Transp – Forecasted sales without forecasted transportation
 - Customer-related allocators
 - Number of customers
 - Weighted number of customers, where the weights are based on cost of meters, services, billing, etc.

Details on the external allocators used in the CCOSS model are shown in Exhibit____(CJB-1), Schedule 2, Page 11.

- Internal Allocators – These are allocators based on combinations of costs already allocated to the classes using external allocators. These internal allocators are used to assign certain costs, which are most appropriately associated with and assigned to classes by some combination of other primary service requirements, such as Dths demand, Dths of energy or the number of customers. Examples of internal allocators include:
 - Average and Peak – portion of mains costs that are not allocated on customers
 - Mains, Overall – total effect of mains allocated on customers, sales with transport, and excess design day
 - Prod-Stor-Trans-Distr – Total production, storage, transmission, and distribution from original plant investment

Details on the development of the internal allocators used in the CCOSS model are shown in Exhibit____(CJB-1), Schedule 2, Page 10.

VI. Customer Class Definitions

Ideally, there would be no customer class groupings and cost allocation would reflect the unique costs of each individual customer. Because this is not possible, it is necessary to develop a cost study process that identifies costs of service for groups of customers (“classes”) where the customers of the class have similar cost/service characteristics. The basic classes of service employed in the Company’s CCOSS are the following:

1. Residential
2. Commercial Firm
3. Small Interruptible
4. Large Interruptible

VII. Organization of the CCOSS Model

The CCOSS model consists of numerous worksheets which show costs by customer class in Total (as shown on the worksheet tab labeled “Tot”) and at the following more detailed levels including Billing Unit, Function and Sub-function as shown below (the label of the worksheet tab in shown in parenthesis below):

1. Billing Unit:
 - a. Demand (Dem)
 - b. Customer (Cus)
 - c. Commodity (Com)

2. Function and Associated Sub-Function
 - a. Demand (Dem)
 - a) Base (Base)
 - b) Seasonal (Seas)
 - c) Peak Shaving (Peak)

In the CCOSS spreadsheet there is a separate worksheet tab for each of the above billing units, functions, and sub-functions. This multi-level breakdown of costs is useful for designing rates as well as for determining class revenue responsibilities.

VIII. CCOSS Calculations

Listed below are important calculations that are part of the CCOSS model. These calculations occur at the “TOT” layer of the CCOSS as well as each of the “sub-layers” for each billing component, function, and sub-function. Showing results at the more detailed billing component, function and sub-function levels is important for rate design purposes.

A. Rate Base Calculation

Rate Base = Original Plant in Service – Accumulated Depreciation Reserve – Accumulated Deferred Income Tax + Additions to Net Plant

The above rate base calculation occurs on “TOT” layer as well as each function/sub-function layer.

B. Revenue Requirements Calculation (Class Cost Responsibility)

The Revenue Requirements Calculation (sometimes referred to as the “Backwards Revenue Requirement Calculation) is used to calculate “cost” responsibility for each customer class. This has to be done within the CCOSS model because the JCOSS model does it only at the total jurisdiction level, not by class. The class “cost” responsibility is based on the same return on rate base for each class that is equal to the overall proposed rate of return. In other words, class revenues requirements are calculated to provide the same return on rate base for each customer class. This calculation occurs on the “TOT” layer as well as for each function, sub-function, and billing component after all expenses and rate base items have been allocated. As such, class cost responsibility is available for each function, sub-function, and billing component. This analysis serves a starting point for rate design. The formula is shown below:

$$\begin{aligned} \text{Retail Revenue Requirement} &= \text{Expenses (less off-setting credits from Other Operating} \\ &\text{Revenues)} \\ &+ \\ &(((\% \text{ Return on Invest} \times \text{Rate Base}) - \text{AFUDC} - \text{Fed Credits}) \times 1 / (1 - \text{Fed T}) - \text{Fed Section} \\ &199 \text{ Deduc} \times \text{Fed T} / (1 - \text{Fed T}) - \text{State Credits}) \times 1 / (1 - \text{State T}) \\ &+ \\ &(\text{Tax Additions} - \text{Tax Deductions}) \times \text{Tax Rate} / (1 - \text{Tax Rate}) \end{aligned}$$

Where:

$$\text{Tax Rate} = 1 - (1 - \text{State T}) \times (1 - \text{Fed T})$$

$$\begin{aligned} \text{Expenses} &= \text{O\&M} + \text{Book Depreciation} + \text{Real Estate \& Property Tax} + \text{Payroll Tax} \\ &+ \text{Net Investment Tax Credit} - \text{Other Retail Revenue} - \text{Other Oper. Revenue} \end{aligned}$$

$$\begin{aligned} \text{Tax Additions} &= \text{Book Depreciation} + \text{Deferred Inc Tax} + \text{Net Inv Tax Credit} \\ &+ \text{Other Misc Expenses.} \end{aligned}$$

$$\text{Tax Deductions} = \text{Tax Depreciation} + \text{Interest Expense} + \text{Other Tax Timing Diff}$$

C. Total Return and Return on Rate Base (Based on Class Revenue Responsibility)

After rates have been designed and each class’s “revenue” responsibility has been determined, the model calculates total return and return on rate base using the following formulas. These calculations are performed at both present and proposed rate levels.

$$\begin{aligned} \text{Total \$ Return} &= \text{Revenue} - \text{O\&M Expenses} - \text{Book Depr.} \\ &- \text{Real Estate \& Property Taxes} - \text{Provision for Deferred Inc Taxes} - \text{Inv. Tax Credits} \\ &- \text{State \& Federal Income Taxes} + \text{AFUDC} \end{aligned}$$

$$\text{Percent Return on Rate Base} = \text{Total \$ Return} / \$ \text{Rate Base}$$

After rates have been designed, the return on rate base is typically different for each customer class. In other words, the resulting class “revenue” responsibility differs from class “cost” responsibility.

IX. Allocator Descriptions

In the table below, the Name column briefly describes what the allocator is, and the Derivation column describes how the allocator was created. The E/I column tells whether an allocator is external or internal. (An external allocator is one that was prepared outside of the CCOSS. An internal allocator is created within the CCOSS by combining the results of external allocators and / or other internal allocators.) The Components column indicates to which billing component(s) the allocator applies, including possibly the two demand subcomponents. (C=Customer, D=Demand, E=Energy, B=Base Demand, S=Seasonal Demand and P=Peak Shaving Demand). Most lines of this table show normal allocators that first spread dollars to class and then spread each class amount to billing and subcomponents. But some allocators, such as Present Retail Revenue, only spread dollars to class. And a few other allocators, such as Mod Present Revenue, only spread dollars to billing component. (These latter allocators are only used after dollars have already been spread to class-by-class allocators.) Such two-stage allocations are indicated in the Alloc column of the CCOSS with a semi-colon (e.g., “Pres Rev; Mod Pres Rev”).

| Name | Derivation | E/I | Components |
|---|--|-----|------------|
| 1/2 Dsgn Day, 1/2 Ener | Average class percents from the Design Day and Sales, w/ Transp allocators | Int | DE-P |
| 1/2 Mod Rt Bs, 1/2 Mod Pres Rv (Component only) | Average class percents from Mod Pres Rev and Mod Rate Base column allocators | Int | CDE-BSP |
| 1/2 Rt Base, 1/2 Pres Rev; (Class only) | Average class percents from the Rate Base and Present Retail Revenue allocators | Int | --- |
| Average and Peak | Total effect of mains allocated on excess design day and average sales | Int | D-BS |
| Cust Inform Study | Forecasted customers, weighted by the typical cost to serve each class | Ext | C- |
| Customers | Forecasted customers | Ext | C- |
| CWIP | Construction Work In Process | Int | CD-BSP |
| Design Day | Each firm class’ participation in extreme peak conditions | Ext | D-P |
| Dist Exp, w/o Sup & Eng | Distribution O&M expenses, excluding Supervision & Engineering | Int | CDE-BSP |
| Distribution Plant | Total original investment in mains, services, meters and regulators | Int | CD-BS |
| Excess Design Day | The portion of Design Day in excess of average daily sales | Ext | D-P |
| Gas Plant In Service | Total original capital investments | Int | CD-BSP |
| Labor | Total of various labor-related expenses | Int | CDE-BSP |
| Late Pay Penalties (Class only) | Late pay penalties | Ext | --- |
| Mains, Overall | Total effect of mains allocated on customers, sales with transport & excess design day | Int | CD-BS |
| Meter & Regul Study | Customer count, weighted by relative cost of each class’ average meter and regulator | Ext | C- |
| Mod Present Reven (Component only) | Present Retail Revenue, w/o Gross Earnings, Late Pay, etc. | Int | CDE-BSP |

| Name | Derivation | E/I | Components |
|-----------------------------------|---|-----|------------|
| Mod Rate Base (Component only) | Column version of Rate Base excluding Working Cash | Int | CDE-BSP |
| Modified O&M Expense | Total O&M expense, less rate case expense and various Admin & General expenses | Int | CDE-BSP |
| Net Plant | Plant In Service, minus Accumulated Depreciation | Int | CD-BSP |
| Other Production Expense | Miscellaneous production expenses for LPG, LNG, etc. | Int | DE-P |
| Present Retail Rev (Class only) | Forecasted present revenue | Ext | --- |
| Prod-Stor-Tran-Dis | Total Production, Storage, Transmission and Distribution, from original plant investment | Int | CD-BSP |
| Rate Base | Rate Base (Plant in Svc, less Accumulated Deprec, plus and minus other adjustments) | Int | CDE-BSP |
| Record & Coll Study | Forecasted customers, weighted by typical cost to provide billing records and collections | Ext | C- |
| Rt Base, w/o Work Cash | Rate base, excluding working cash | Int | CDE-BSP |
| Sales, w/ Transp | Forecasted sales, including forecasted transportation | Ext | E- |
| Sales, w/o CIP Exempt | Forecasted sales, w/o forecasted CIP-exempt sales | Ext | E- |
| Sales, w/o Transp | Forecasted sales, w/o forecasted transportation | Ext | E- |
| Service Study | Customer count, weighted by relative cost of each class' average service | Ext | C- |
| Tran & Distrib | Transmission and Distribution plant (original investment) | Int | CD-BS |
| Uncollectibles Study | Forecasted customers, weighted by the typical cost of each class' uncollectibles | Ext | C- |

X. Allocator Index

The following table lists all the CCOSS allocators, in alphabetical order. If a given allocator is used multiple times within the CCOSS, those occurrences are further sorted by page and line number. Most allocators are used to spread dollars both to class and then billing component. But as indicated parenthetically, some allocators are used only for class allocations or only for billing component allocations.

| Allocator | Category | Item | Page | Line |
|--|----------------------|-----------------------|------|------|
| 1/2 Dsgn Day, 1/2 Ener | Pres Other Oper Rev | Other - Miscellaneous | 5 | 12 |
| | Other Production Exp | Misc. LNG Op Exp | 5 | 27 |
| | Distribution O&M Exp | Dispatching | 5 | 36 |
| 1/2 Rt Base, 1/2 Pres Rev (Class only) | Admin & General | Injuries and Claims | 6 | 16 |
| | | General Advertising | 6 | 19 |
| | | Misc General Exp | 6 | 20 |
| | | Rents | 6 | 21 |
| | | Maint of Gen Plt | 6 | 22 |
| Average and Peak | Plant in Service | Transmission Plant | 3 | 3 |
| | | Regulator Stations | 3 | 4 |
| | Accum Depr Rsv | Transmission Plant | 3 | 18 |
| | | Regulator Stations | 3 | 19 |

| Allocator | Category | Item | Page | Line |
|-----------------------------|-----------------------|-----------------------------|------|------|
| Average and Peak (cont.) | Accum Defer IT | Transmission Plant | 3 | 31 |
| | | Regulator Stations | 3 | 32 |
| | CWIP | Transmission Plant | 4 | 3 |
| | | Regulator Stations | 4 | 4 |
| | Transmiss O&M Exp | Transmission Expense | 5 | 29 |
| | Distribution O&M Exp | Regulator Stations | 5 | 30 |
| | Book Deprec | Transmission Plant | 6 | 34 |
| | | Regulator Stations | 6 | 35 |
| | RI Estate & Prop Tax | Transmission Plant | 7 | 3 |
| | | Regulator Stations | 7 | 4 |
| | Provis-Defer Inc Tax | Transmission Plant | 7 | 17 |
| | | Regulator Stations | 7 | 18 |
| | Investment Tax Credit | Transmission Plant | 7 | 31 |
| | | Regulator Stations | 7 | 32 |
| Tax Depr & Removal | Transmission Plant | 8 | 3 | |
| | Regulator Stations | 8 | 4 | |
| Cust Inform Study | Cust Acctg & Inform | Asst Expense (w/o CIP) | 6 | 6 |
| Customers | Plant in Service | Mains - Minimum System | 3 | 5 |
| | Pres Other Oper Rev | Connection Charges | 5 | 4 |
| | | Return Check Charges | 5 | 5 |
| | | Connect Smart | 5 | 6 |
| | | Incr Misc Serv | 5 | 14 |
| | Distribution O&M Exp | Other Property & Equipment | 5 | 35 |
| | | Customer Installations | 5 | 37 |
| | | Other Distribution | 5 | 38 |
| | Cust Acctg & Inform | Acct Superv | 6 | 1 |
| | | Acct Meter Read | 6 | 2 |
| | | Acct Misc | 6 | 5 |
| | | Serv Instruct Adver | 6 | 7 |
| | Labor Allocator | Customer Accounting | 9 | 29 |
| Cust Serv & Inform | | 9 | 30 | |
| CWIP | Pres Other Oper Rev | Contr In Aid Cons Tax Gr-Up | 5 | 11 |
| | Income Tax Additions | Avoided Tax Interest | 8 | 17 |
| | AFUDC | Total AFUDC | 9 | 29 |
| Design Day | Plant in Service | Production Plant (LPG) | 3 | 1 |
| | | Storage Plant (LNG) | 3 | 2 |
| | Accum Depr Rsv | Production Plant (LPG) | 3 | 16 |
| | | Storage Plant (LNG) | 3 | 17 |

| Allocator | Category | Item | Page | Line | |
|-------------------------------|------------------------|-------------------------------|------|------|----|
| Design Day (cont.) | Accum Defer IT | Production Plant (LPG) | 3 | 29 | |
| | | Storage Plant (LNG) | 3 | 30 | |
| | CWIP | Production Plant (LPG) | 4 | 1 | |
| | | Storage Plant (LNG) | 4 | 2 | |
| | Pres Other Oper Rev | Interchange Gas | 5 | 7 | |
| | | Other Gas Revenue | 5 | 8 | |
| | | Ltd Firm Sales - Rsrvs & Vols | 5 | 9 | |
| | | LP Sales to Others - MN | 5 | 10 | |
| | Purchased Gas Exp | Propane | 5 | 21 | |
| | | Limited Firm | 5 | 22 | |
| | Other Production Exp | Other Purchased Gas | 5 | 24 | |
| | | Misc. LPG Op Exp | 5 | 25 | |
| | Book Deprec | Production Plant (LPG) | 6 | 32 | |
| | | Storage Plant (LNG) | 6 | 33 | |
| | RI Estate & Prop Tax | Production Plant (LPG) | 7 | 1 | |
| | | Storage Plant (LNG) | 7 | 2 | |
| | Provis-Defer Inc Tax | Production Plant (LPG) | 7 | 15 | |
| | | Storage Plant (LNG) | 7 | 16 | |
| | Investment Tax Credit | Production Plant (LPG) | 7 | 29 | |
| | | Storage Plant (LNG) | 7 | 30 | |
| Tax Depr & Removal | Production Plant (LPG) | 8 | 1 | | |
| | Storage Plant (LNG) | 8 | 2 | | |
| Labor Allocator | Transmission | 9 | 35 | | |
| Direct Assign | Purchased Gas Exp | Commodity | 5 | 19 | |
| | | Demand | 5 | 20 | |
| Direct Assign (Class only) | Pres Retail Revenue | Present Retail Rev | 5 | 1a | |
| | Prop Retail Revenue | Proposed Retail Rev | 5 | 1b | |
| Dist Exp, w/o Sup & Eng | Distribution O&M Exp | Supervision & Engineering | 5 | 39 | |
| | Labor Allocator | Distribution | 9 | 31 | |
| Excess Design Day | Plant in Service | Mains - Excess Capacity | 3 | 7 | |
| Labor | Accum Defer IT | Non-Plant Related | 3 | 41 | |
| | Non-Plt Asset-Liab | Non-Plant Assets & Liab | 4 | 16 | |
| | Admin & General | Pension & Benefit-Direct | | 6 | 10 |
| | | Salaries | | 6 | 11 |
| | | Office & Supplies | | 6 | 12 |
| | | Admin Transfer Credit | | 6 | 13 |
| | | Outside Services | | 6 | 14 |
| | | Incentive Compensation | | 6 | 15 |
| | Cust Service & Info | Amortizations | 6 | 28 | |
| Tot RI Est & Prop Tax | Payroll Taxes | 7 | 13 | | |

| Allocator | Category | Item | Page | Line |
|-----------------------|-----------------------|--------------------------|------|------|
| Labor (cont.) | Provis-Defer Inc Tax | Non-Plant Related | 7 | 27 |
| | Inc Tax Deductions | Other Timing Differences | 8 | 21 |
| | | Meals | 8 | 22 |
| Late Pay (Class only) | Pres Other Oper Rev | Late Pay Penalties | 5 | 3 |
| | Prop Other Oper Rev | Incr Late Pay - Proposed | 5 | 15 |
| Mains, Overall | Accum Depr Rsv | Mains | 3 | 20 |
| | Accum Defer IT | | 3 | 33 |
| | CWIP | | 4 | 5 |
| | Distribution O&M Exp | | 5 | 31 |
| | Book Deprec | | 6 | 36 |
| | RI Estate & Prop Tax | | 7 | 5 |
| | Provis-Defer Inc Tax | | 7 | 19 |
| | Investment Tax Credit | | 7 | 33 |
| | Tax Depr & Removal | | 8 | 5 |
| Meter & Regul Study | Plant in Service | Meters | 3 | 10 |
| | | House Regulators | 3 | 11 |
| | Accum Depr Rsv | Meters | 3 | 22 |
| | | House Regulators | 3 | 23 |
| | Accum Defer IT | Meters | 3 | 35 |
| | | House Regulators | 3 | 36 |
| | CWIP | Meters | 4 | 7 |
| | | House Regulators | 4 | 8 |
| | Distribution O&M Exp | Meters | 5 | 33 |
| | | House Regulators | 5 | 34 |
| | Book Deprec | Meters | 6 | 38 |
| | | House Regulators | 6 | 39 |
| | RI Estate & Prop Tax | Meters | 7 | 7 |
| | | House Regulators | 7 | 8 |
| | Provis-Defer Inc Tax | Meters | 7 | 21 |
| | | House Regulators | 7 | 22 |
| | Investment Tax Credit | Meters | 7 | 35 |
| | | House Regulators | 7 | 36 |
| Tax Depr & Removal | Meters | 8 | 7 | |
| | House Regulators | 8 | 8 | |
| Modified O&M Expense | Working Cash | Total Working Cash | 4 | 18 |
| Net Plant | Accum Defer IT | Accumulated Deferred Tax | 3 | 40 |
| | Admin & General | Property Insurance | 6 | 9 |
| | Provis-Defer Inc Tax | Tax Benefit Transfers | 7 | 26 |
| | Tax Depr & Removal | Tax Benefit Transfers | 8 | 12 |
| Other Production Exp | Labor Allocator | Production | 9 | 33 |

| Allocator | Category | Item | Page | Line |
|--------------------------|-----------------------|--------------------------|--------------------|------|
| Present Rev (Class only) | Admin & General | Regulatory Comm Exp | 6 | 17 |
| | | Duplicate Charge Credit | 6 | 18 |
| | Amortizations | Rate Case Exp Amort | 6 | 26 |
| Prod-Stor-Tran-Dis | Plant in Service | General Plant | 3 | 13 |
| | | Common Plant | 3 | 14 |
| | Accum Depr Rsv | General Plant | 3 | 25 |
| | | Common Plant | 3 | 26 |
| | Accum Defer IT | General Plant | 3 | 38 |
| | | Common Plant | 3 | 39 |
| | CWIP | General & Common Plant | 4 | 9 |
| | Book Deprec | General Plant | 6 | 41 |
| | | Common Plant | 6 | 42 |
| | RI Estate & Prop Tax | General Plant | 7 | 10 |
| | | Common Plant | 7 | 11 |
| | Provis-Defer Inc Tax | General Plant | 7 | 24 |
| | | Common Plant | 7 | 25 |
| | Investment Tax Credit | General Plant | 7 | 38 |
| | | Common Plant | 7 | 39 |
| | Tax Depr & Removal | General Plant | 8 | 10 |
| | | Common Plant | 8 | 11 |
| | Record & Coll Study | Cust Acctg & Inform | Acct Recrds & Coll | 6 |
| Sales, w/ Transp | Plant in Service | Mains - Average Capacity | 3 | 6 |
| | Gas In Storage | Total Gas in Storage | 4 | 15 |
| | Amortizations | MN Energy Policy Rider | 6 | 25 |
| | Sales Expense | Total Sales Expense | 6 | 29 |
| Sales, w/o CIP Exempt | Amortizations | CIP / DSM Amortization | 6 | 24 |
| Sales, w/o Transp | Miscellaneous | Fuel | 4 | 19 |
| | Other Prod Expense | MGP | 5 | 26 |
| Service Study | Plant in Service | Services | 3 | 9 |
| | Accum Depr Rsv | | 3 | 21 |
| | Accum Defer IT | | 3 | 34 |
| | CWIP | | 4 | 6 |
| | Distribution O&M Exp | | 5 | 32 |
| | Book Deprec | | 6 | 37 |
| | RI Estate & Prop Tax | | 7 | 6 |
| | Provis-Defer Inc Tax | | 7 | 20 |
| | Investment Tax Credit | | 7 | 34 |
| | Tax Depr & Removal | | 8 | 6 |
| Tran & Distrib | Material & Supply | Materials & Supplies | 4 | 11 |

| Allocator | Category | Item | Page | Line |
|---------------------------|---------------------|-----------------------|------|------|
| Tran & Distrib (cont.) | Miscellaneous | Prepay: Insurance | 4 | 17 |
| | | Prepay: Miscellaneous | 4 | 18 |
| Uncollectibles Study | Cust Acctg & Inform | Acct Uncollect | 6 | 4 |

XI. Class Cost of Service Table of Contents

| | |
|-----------------|---|
| Page 1. | Summary of Rate Base and Income Statement |
| Page 2. | Equal vs Present Return |
| Page 3. | Plant in Service, Accumulated Depreciation Reserve, and Subtractions to Net Plant |
| Page 4. | Additions to Plant |
| Page 5. | Operating Revenue and Operations and Maintenance Expenses |
| Page 6. | Operations and Maintenance Expenses and Book Depreciation |
| Page 7. | Real Estate and Property Taxes, Provision – Deferred Income Tax, and Investment Tax Credit |
| Page 8. | Tax Depreciation and Removal and Present Return |
| Page 9. | AFUDC and Labor Allocator |
| Page 10. | Internal Allocators |
| Page 11. | External Allocators |
| Page 12. | Capital Structure and Tax Rates |

Page 1 contains a summary of the allocated rate base and income statement.

Page 2 contains the revenue deficiency/excess by class assuming each class has an equal return on rate base. It also shows the classification components (e.g., customer related, capacity related). This can be used to design cost-based intra-class rates for customers. For example, the CCOSS shows the total revenue deficiency for the residential customer class as \$13,104,790 and the cost-based customer charge for residential of \$33.21 per month. The cost classifications (e.g. customer related) are only shown as a total class revenue deficiency. However, the Company does have the same data as below for each cost classification category.

Pages 4 through 9 contain in more detail the components of the rate base and income statement along with the method used to allocate the various cost components. Each item contains a line number along with a description of the item. For those items that use an allocator to split the costs between classes, the next column (“Alloc”) shows the name of the allocation method. A value that is not allocated but directly assigned to each class will contain the designation “Direct.” Calculated lines such as subtotals do not have a designation in this column. The remaining columns contain the North Dakota jurisdictional total and the class cost allocations for each item.

Pages 10 and 11 contain external allocators and certain internal allocation percentages.

Page 12 contains certain cost of capital items and tax rates used in the CCOSS.

| Pipe Material | Diameter | Pipe Type | Footage | Total Cost Normalized 2025 | 2025 Normalized Cost per Foot | Total Cost Assuming Cost of 2 inch Plastic or Steel Pipe |
|---------------|-------------|------------------------------|------------------|----------------------------|-------------------------------|--|
| Plastic | <=2" | Main Gas Plastic <=2" | 4,932,912 | \$73,096,119 | \$14.82 | \$73,096,119 |
| | > 2" to 4" | Main Gas Plastic > 2" to 4" | 926,614 | \$28,627,925 | \$30.90 | \$13,730,609 |
| | > 4" to 8" | Main Gas Plastic > 4" to 8" | 681,569 | \$23,256,613 | \$34.12 | \$10,099,521 |
| | >10" to 12" | Main Gas Plastic >10" to 12" | 1,300 | \$187,996 | \$144.61 | \$19,263 |
| Steel | <=2" | Main Gas Steel <=2" | 410,481 | \$32,498,222 | \$79.17 | \$32,498,222 |
| | > 2" to 4" | Main Gas Steel > 2" to 4" | 237,702 | \$30,172,184 | \$126.93 | \$18,819,123 |
| | > 4" to 8" | Main Gas Steel > 4" to 8" | 284,867 | \$60,905,718 | \$213.80 | \$22,553,227 |
| | > 8" to 10" | Main Gas Steel > 8" to 10" | 3,640 | \$425,886 | \$117.00 | \$288,183 |
| | >10" to 12" | Main Gas Steel >10" to 12" | 94,157 | \$17,747,683 | \$188.49 | \$7,454,511 |
| | >12" to 20" | Main Gas Steel >12" to 20" | 28,471 | \$14,435,847 | \$507.04 | \$2,254,080 |
| Total | | | 7,601,713 | \$281,354,194 | \$37.01 | \$180,812,857 |

| Type | Footage | Share |
|--------------|------------------|-------------|
| Plastic | 6,542,395 | 86.06% |
| Steel | 1,059,318 | 13.94% |
| Total | 7,601,713 | 100% |

Minimum System % Assuming 2 Inch Plastic or Steel >>> 64.3%

Demand Adjustment >>> 15.5%

Adjusted Minimum System % Assuming 2 Inch Plastic or Steel >>> 48.8%

Other Revenue Impact

| Tariff | Type | Present Charge | Proposed Charge | Unit | Present Revenue | Proposed Revenue | Difference |
|-----------------------|---------------|-----------------------|------------------------|-------------|------------------------|-------------------------|-------------------|
| 5.3 | Thaw | \$685 | \$870 | 17 | \$11,645 | \$14,790 | \$3,145 |
| 5.3 | Thaw per Foot | \$8.90 | \$18.00 | 2,294 | \$20,417 | \$41,292 | \$20,875 |
| Revenue Impact | | | | | \$32,062 | \$56,082 | \$24,020 |

2026 Winter Construction Thaw Unit Costs

Before January 1st (typically burns for 2 days)
A thaw unit requires 3 - 20 lb propane tanks to run for 2 days (20 lb tank = 5 gallons)

| Process | Crew or Vehicles | Time to Do | Cost per Hour | Cost | Cost per Gallon | Gallons Used | Propane Cost | Totals |
|-------------------------------|---|------------|---------------|-----------------|-----------------|--------------|--------------|-----------------|
| Set thaw unit | Two man crew | 1 | \$100.00 | \$100.00 | | | | |
| Re-tank thaw unit | Two man crew | 0 | \$100.00 | \$0.00 | | | | |
| Remove thaw unit | Two man crew | 1 | \$100.00 | \$100.00 | | | | |
| Total Labor | | | | \$200.00 | | | | |
| Labor Loading @ 78.604% | | | | \$157.21 | | | | |
| Labor w/ Loading | | | | \$357.21 | | | | \$357.21 |
| Vehicle & Equipment | 2 Trucks (stafford truck and the leads truck) | 2 | 55 | \$110.00 | | | | \$110.00 |
| Propane Cost | | | | | | 2.72 | 15 | \$40.80 |
| Costs (before E&S) | | | | \$508.01 | | | | \$508.01 |
| E&S Cost @ 25.00% | | | | \$127.00 | | | | \$127.00 |
| Total Cost | | | | \$635.01 | | | | \$635.01 |

After January 1st (typically burns for 3 days)

| Process | Crew or Vehicles | Time to Do | Cost per Hour | Cost | Cost per Gallon | Gallons Used | Propane Cost | Totals |
|-------------------------------|---|------------|---------------|-----------------|-----------------|--------------|--------------|-----------------|
| Set thaw unit | Two man crew | 1 | \$100.00 | \$100.00 | | | | |
| Re-tank thaw unit | Two man crew | 1 | \$100.00 | \$100.00 | | | | |
| Remove thaw unit | Two man crew | 1 | \$100.00 | \$100.00 | | | | |
| Total Labor | | | | \$300.00 | | | | |
| Labor Loading @ 78.604% | | | | \$235.81 | | | | |
| Labor w/ Loading | | | | \$535.81 | | | | \$535.81 |
| Vehicle & Equipment | 2 Trucks (stafford truck and the leads truck) | 2 | 55 | \$110.00 | | | | \$110.00 |
| Propane Cost | | | | | | 2.72 | 22.5 | \$61.20 |
| Costs (before E&S) | | | | \$707.01 | | | | \$707.01 |
| E&S Cost @ 25.00% | | | | \$176.75 | | | | \$176.75 |
| Total Cost | | | | \$883.77 | | | | \$883.77 |

* Please note, 90% of all thaw units are set after January 1st.

| Before and after January Costs | Percentage | |
|--------------------------------|------------|----------|
| \$635.01 | 10% | \$63.50 |
| \$883.77 | 90% | \$795.39 |
| | | \$858.89 |

| | |
|----------------------------------|-----------------|
| Billing Labor | \$10.00 |
| Producing Bill | \$0.53 |
| Postage | \$0.73 |
| Total Cost of a Thaw Unit | \$870.15 |

2026 Winter Construction Per foot Charge

Winter Construction billed for in Winter of 2026

| | |
|--|----------------|
| Average Cost per Foot Winter 2026 Services = | \$48.78 |
| Average Cost per Foot Non-Winter Months Services = | \$30.61 |
| Difference for Winter Construction | \$18.17 |

2026 Updates to Charges

| | | Tariff | | | |
|---|-----------------------------|---------------|----------------------|---|------------------------|
| Current Electric Charges | | Updated Costs | | Proposed Tariff Charge | |
| | \$685.00 per thaw unit | \$870.15 | per thaw unit | Thawing | \$870.00 per thaw unit |
| Winter Construction Service primary or secondary distribution | \$8.90 plus per trench foot | \$18.17 | plus per trench foot | Service, Primary, or Secondary distribution extension | \$18.00 per foot |

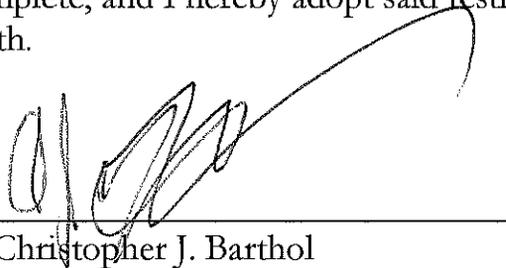
STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

NORTHERN STATES POWER COMPANY)
2026 NATURAL GAS RATE INCREASE)
APPLICATION)

Case No. PU-26-____

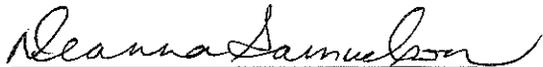
**AFFIDAVIT OF
Christopher J. Barthol**

I, the undersigned, being first duly sworn, depose and say that the foregoing is the Direct Testimony of the undersigned, and that such Direct Testimony and the exhibits or schedules sponsored by me to the best of my knowledge, information and belief, are true, correct, accurate and complete, and I hereby adopt said testimony as if given by me in formal hearing, under oath.



Christopher J. Barthol

Subscribed and sworn to before me, this 27 day of January, 2026.



Notary Public

My Commission Expires:

