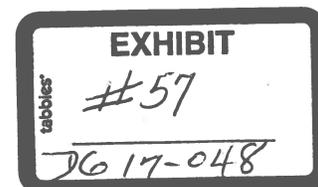


Staff - Updated for Agreed to ROE/WCOC
 Revenue Requirement for iNATGAS Investment
 Computation of Revenue Requirement Using Projected & Actual Capital Investment



1	Capital Investment		<u>Projected</u>		<u>Actual</u>
2	Year of Operation		1		1
3	Calendar Year		2017		2017
4					
5	<u>Investment</u>				
6	Compressors		1,000,000		1,100,000
7	Piping, meter set, survey, etc		865,000		3,080,084
8	Land (pro-rated)		200,000		200,000
9	Contingency (Projected)/AFUDC (Actual)		180,000		435,510
10	Estimated annual operating costs	see real estate taxes below	-		-
11	Total Amount		2,245,000		4,815,594
12					
13	<u>Deferred Tax Calculation</u>				
14	Annual Tax Depreciation (no bonus in 2014)	MACRS 15 year	102,250		230,780
15					
16	Annual Book Depreciation (30-yr prop)	3.33%	68,833		146,003
17					
18	Annual Book/Tax Timer		33,417		84,777
19	Book/Tax Timer		33,417		84,777
20	Effective Tax Rate		39.41%		39.41%
21					
22	Deferred Tax Reserve		13,121		33,362
23					
24	<u>Rate Base Calculation</u>				
25	Plant In Service		2,245,000		4,815,594
26	Accumulated Depreciation		(68,833)		(146,003)
27	Net Plant in Service		2,176,167		4,669,591
28	Deferred Tax Reserve		(13,121)		(33,362)
29	Year End Rate Base		2,163,046		4,636,230
30					
31	<u>Revenue Requirement Calculation</u>				
32	Year End Rate Base		2,163,046		4,636,230
33	Pre-Tax ROR		9.86%		9.86%
34	Return and Income Taxes		213,276		457,132
35	Book Depreciation - annual		68,833		146,003
36	Property Taxes *	3.03%	65,938		141,489
37					
38	Annual Revenue Requirement		348,047		744,623
39					
40	Revenue at Minimum Take-or-Pay		192,600		192,600
41					
42	Revenue Deficiency		155,447		552,023
43					
44	Staff Proforma Adjustment for iNATGAS Revenue Requirement (Projected minus Actual)			Settlement	(396,576)
45					
46				Testimony	-379264
47					
48					
49				Weighted	
50	Long Term Debt	Ratio	Rate	Rate	Tax Rate
51	Short Term Debt	49.85%	4.42%	2.20%	2.20%
52	Common Equity	0.95%	2.49%	0.02%	0.02%
53		49.21%	9.40%	4.63%	39.41%
54		100.01%		6.85%	7.63%
55					9.86%
56					
57	* Property tax rate reflects actual calendar year 2016 ratio of municipal tax expense to average net plant in service				