# BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DOCKET NO. UE-160228

DOCKET NO. UG-160229

EXHIBIT NO.\_\_\_(JSS-6)

JENNIFER S. SMITH

REPRESENTING AVISTA CORPORATION

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015

|             | OF DOLLARS)                               | WIT                             | H PRESENT RATES      | 2017                      | WITH 2017 PROPO                       | SED RATES                 |
|-------------|---|---------------------------------|----------------------|---------------------------|---------------------------------------|---------------------------|
| Line<br>No. | DESCRIPTION                               | Actual Per<br>Results<br>Report | Total<br>Adjustments | 2017<br>Adjusted<br>Total | Proposed<br>Revenues &<br>Related Exp | 2017<br>Proposed<br>Total |
|             | a   | b                               | с                    | d                         | e                                     | f                         |
|             | REVENUES                                  |                                 |                      |                           |                                       |                           |
| 1           | Total General Business                    | \$152,492                       | \$ (68,435)          | \$84,057                  | \$7,926                               | \$91,983                  |
| 2           | Total Transportation                      | 4,114                           | 302                  | \$4,416                   |                                       | 4,416                     |
| 3           | Other Revenues                            | 105,088                         | (104,805)            | \$283                     |                                       | 283                       |
| 4           | Total Gas Revenues                        | 261,694                         | (172,938)            | 88,756                    | 7,926                                 | 96,682                    |
|             | EXPENSES<br>Production Expenses           |                                 |                      |                           |                                       |                           |
| 5           | City Gate Purchases                       | 164,944                         | (164,944)            | -                         |                                       |                           |
| 6           | Purchased Gas Expense                     | 810                             | 63                   | 873                       |                                       | 873                       |
| 7           | Net Nat Gas Storage Trans                 | 8,665                           | (8,665)              | -                         |                                       |                           |
| 8           | Total Production                          | 174,419                         | (173,546)            | 873                       | -                                     | 873                       |
|             | Underground Storage                       |                                 |                      |                           |                                       |                           |
| 9           | Operating Expenses                        | 833                             | (0)                  | 833                       |                                       | 833                       |
| 10          | Depreciation                              | 429                             | 68<br>7              | 497<br>299                |                                       | 497                       |
| 11<br>12    | Taxes<br>Total Underground Storage        | <u> </u>                        | 75                   | 1,629                     |                                       | 299                       |
| 12          | • •                                       | 1,554                           | 15                   | 1,029                     | -                                     | 1,025                     |
| 13          | Distribution<br>Operating Expenses        | 11,531                          | 1,315                | 12,846                    |                                       | 12,846                    |
| 13          | Depreciation                              | 8,931                           | 1,309                | 10,240                    |                                       | 10,240                    |
| 15          | Taxes                                     | 14,014                          | (7,929)              | 6,085                     | 304                                   | 6,389                     |
| 16          | Total Distribution                        | 34,476                          | (5,305)              | 29,171                    | 304                                   | 29,475                    |
| 17          | Customer Accounting                       | 6,595                           | (134)                | 6,461                     | 46                                    | 6,507                     |
| 18          | Customer Service & Information            | 5,790                           | (4,897)              | 893                       |                                       | 893                       |
|             | Sales Expenses                            | -                               | 0                    | 0                         |                                       | (                         |
|             | Administrative & General                  |                                 |                      |                           |                                       |                           |
| 20          | Operating Expenses                        | 13,388                          | 2,060                | 15,448                    | 16                                    | 15,464                    |
| 21          | Depreciation/Amortization                 | 5,206                           | 3,450                | 8,656                     |                                       | 8,656                     |
| 22          | Regulatory Amortizations                  | · -                             | 1,079                | 1,079                     |                                       | 1,079                     |
| 23          | Taxes                                     |                                 | -                    | -                         |                                       |                           |
| 24          | Total Admin. & General                    | 18,594                          | 6,589                | 25,183                    | 16                                    | 25,199                    |
| 25          | Total Gas Expense                         | 241,428                         | (177,219)            | 64,209                    | 366                                   | 64,575                    |
| 26          | OPERATING INCOME BEFORE FIT               | 20,266                          | 4,281                | 24,547                    | 7,560                                 | 32,107                    |
|             | FEDERAL INCOME TAX                        |                                 |                      |                           |                                       |                           |
| 27          | Current Accrual                           | (6,651)                         | 1,152                | (5,499)                   | 2,646                                 | (2,853                    |
| 28<br>29    | Debt Interest<br>Deferred FIT             | -                               | (403)                | (403)                     | -                                     | (403                      |
| 29<br>30    | Amort ITC                                 | 12,388<br>(20)                  | -                    | 12,388<br>(20)            |                                       | 12,388                    |
|             |   |                                 |                      |                           |                                       |                           |
| 31          | NET OPERATING INCOME                      | 14,549                          | 3,532                | 18,081                    | 4,914                                 | 22,995                    |
|             | RATE BASE: PLANT IN SERVICE               |                                 |                      |                           |                                       |                           |
| 32          | Underground Storage                       | 25,622                          | 2,214                | 27,836                    |                                       | 27,836                    |
| 33          | Distribution Plant                        | 354,360                         | 50,006               | 404,366                   |                                       | 404,366                   |
| 34<br>35    | General Plant<br>Total Plant in Service   | <u>69,725</u><br>449,707        | 26,604<br>78,824     | 96,329<br>528,531         |                                       | 96,329                    |
| 55          | ACCUMULATED DEPREC/AMORT                  | 449,707                         | 70,024               | 526,551                   |                                       | 526,551                   |
| 36          | Underground Storage                       | (9,824)                         | (1,030)              | (10,854)                  |                                       | (10,854                   |
| 37          | Distribution Plant                        | (119,790)                       | (17,161)             | (136,951)                 |                                       | (136,951                  |
| 38          | General Plant                             | (19,460)                        | (8,141)              | (27,601)                  |                                       | (27,601                   |
|             | Total Accum. Depreciation/Amort.          | (149,074)                       | (26,332)             | (175,406)                 | -                                     | (175,406                  |
|             | NET PLANT                                 | 300,633                         | 52,492               | 353,125                   | -                                     | 353,125                   |
|             | DEFERRED FIT                              | (65,675)                        | (11,459)             | (77,134)                  |                                       | (77,134                   |
| 42          | Net Plant After DFIT<br>GAS INVENTORY     | 234,958                         | 41,033               | 275,991                   | -                                     | 275,991                   |
|             | GAS INVENTORY<br>GAIN ON SALE OF BUILDING | 15,143                          | -                    | 15,143                    |                                       | 15,143                    |
|             | OTHER                                     | (509)                           | (3,836)              | (4,345)                   |                                       | (4,345                    |
|             | WORKING CAPITAL                           | 9,797                           | 2,828                | 12,625                    |                                       | 12,625                    |
|             | TOTAL RATE BASE                           | 259,389                         | 43,861               | 299,414                   | 0                                     | 299,414                   |
| • •         | RATE OF RETURN                            | 5.61%                           | .5,001               | 6.04%                     | v                                     | 7.68%                     |

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015

2018 (6 Months) (000'S OF DOLLARS) WITH PRESENT RATES WITH 2018 PROPOSED RATES 2017 2018 2017 Proposed 2018 Proposed 2018 2018 (6 months) Line Pro Forma Total Adjusted Revenues & Revenues & Proposed DESCRIPTION Related Exp Related Exp No. Total Total Total Adjustments a h с d f ge REVENUES 1 Total General Business \$84.057 \$84.057 \$7,926 \$1,536 \$93 519 2 Total Transportation 4,416 \$4,416 4,416 3 Other Revenues 283 \$283 283 Total Gas Revenues 88,756 88,756 7,926 1,536 98,218 4 EXPENSES Production Expenses City Gate Purchases 5 Purchased Gas Expense 873 8 881 881 6 Net Nat Gas Storage Trans 7 Total Production 873 8 8 881 881 Underground Storage 9 Operating Expenses 833 833 833 10 Depreciation 497 5 502 502 11 299 299 299 Taxes 12 Total Underground Storage 1,629 5 1,634 1,634 \_ \_ Distribution 13 12.846 (185) 12.661 Operating Expenses 12.661 14 Depreciation 10,240 576 10.816 10,816 15 Taxes 6,085 6.085 304 59 6.448 16 Total Distribution 29,171 391 29.562 304 59 29,925 17 Customer Accounting 6,461 54 6,515 46 9 6,570 Customer Service & Information 18 893 4 897 897 Sales Expenses 0 0 0 19 Administrative & General 20 Operating Expenses 15.448 (686) 14,762 16 3 14,781 10,273 21 Depreciation/Amortization 8.656 1,617 10,273 22 1.079 540 Regulatory Amortizations (540)540 23 Taxes 24 Total Admin. & General 25.183 392 25,574 16 3 25,593 25 Total Gas Expense 64,209 854 65,063 366 71 65,500 26 OPERATING INCOME BEFORE FIT 24,547 (854) 23,693 7,560 1,465 32,718 FEDERAL INCOME TAX 27 Current Accrual (5,499) (299) (5,798) 2,646 513 (2,639) 28 Debt Interest (403) (463) (463) (60) -Deferred FIT 12,388 12,388 12,388 29 -Amort ITC 30 (20) (20)(20) 18,081 17 586 4 914 952 23,452 31 NET OPERATING INCOME (495) RATE BASE: PLANT IN SERVICE 32 Underground Storage \$ 27,836 344 28,180 \$28,180 Distribution Plant 404,366 14,859 419,225 419,225 33 General Plant 96,329 6,541 102,870 102,870 34 35 Total Plant in Service 528,531 21.744 550.275 550.275 ACCUMULATED DEPREC/AMORT 36 Underground Storage (10,854)(370) (11, 224)(11, 224)37 Distribution Plant (136,951) (6,376) (143,327) (143,327) 38 General Plant (27,601) (4,814) (32,415) (32,415) 39 Total Accum. Depreciation/Amort. (175,406) (11,560) (186,966) (186,966) 363,309 40 NET PLANT 363,309 353,125 10,184 41 DEFERRED FIT (77,134) (5,528) (82,662) (82,662) Net Plant After DFIT 42 275,991 280,647 280,647 4,656 GAS INVENTORY 43 15,143 15,143 15,143 44 GAIN ON SALE OF BUILDING OTHER (4,345)(3,044)(3,044) 45 1.301 WORKING CAPITAL 12,625 12,625 12,625 46 TOTAL RATE BASE 305,371 47 299.414 4.656 0 0 305.371 48 RATE OF RETURN 6.04% 5.76% 7.68%

#### AVISTA UTILITIES CALCULATION OF GENERAL REVENUE REQUIREMENT WASHINGTON NATURAL GAS TWELVE MONTHS ENDED SEPTEMBER 30, 2015 PRO FORMA & CROSS CHECK STUDY

|             | 09.2015 PF/CC UPDATE                          |           | 2017     | 20 | 18 (6 Months)         | Increi<br>Jan-Ju |          |
|-------------|---|-----------|----------|----|-----------------------|------------------|----------|
| Line<br>No. | Description                                   | (000's of | Dollars) |    | (000's of<br>Dollars) | (000's of        | Dollars) |
| 1           | Pro Forma Rate Base                           | \$        | 299,414  | \$ | 305,371               |                  |          |
| 2           | Proposed Rate of Return                       |           | 7.68%    |    | 7.68%                 |                  |          |
| 3           | Net Operating Income Requirement              |           | \$22,995 |    | \$23,452              |                  |          |
| 4           | Pro Forma Net Operating Income                | \$        | 18,081   | \$ | 17,586                |                  |          |
| 5           | Net Operating Income Deficiency               |           | \$4,914  |    | \$5,866               |                  | \$952    |
| 6           | Conversion Factor                             |           | 0.620003 |    | 0.620003              |                  | 0.620003 |
| 7           | Revenue Requirement - 2016                    | (1)       | \$7,926  |    | \$9,462               |                  | \$1,536  |
| 8           | Total Base Distribution Revenues*             | \$        | 88,474   |    |                       | \$               | 96,400   |
| 9           | Percentage Base Distribution Revenue Increase |           | 8.96%    |    |                       |                  | 1.80%    |
| 10          | Total Present Billed Revenue                  | \$        | 158,581  |    |                       | \$               | 166,507  |
| 11          | Percentage Billed Revenue Increase            |           | 5.00%    |    |                       |                  | 1.00%    |

\* Line 8 "Total General Business Revenues" includes special contract transportation revenues.

### Historical Pro Forma Study & Attrition Adjustments

| 12 | Pro Forma Study Rate Base                       |     | \$<br>285,074 |                                  |
|----|---|-----|---------------|----------------------------------|
| 13 | Pro Forma Study Net income                      |     | \$<br>21,851  | _                                |
| 14 | Pro Forma Study Revenue Requirement             |     | \$<br>69      | Pro Forma                        |
| 15 | Proposed Revenue Requirement 2017               | (1) | \$7,926       | 2017 Attrition                   |
| 16 | 2017 Attrition Allowance                        |     | \$7,857       | 2017 Attrition Allowance         |
| 17 | 2018 Incremental Attrition Allowance (6 months) | (1) | \$1,536       | Jun-Jul 2018 Attrition Allowance |

(1) The Company is not requesting a higher increase than its original filing of \$4.4 million for 2017 and \$941,000 for January to June 2018 (6 months).

### AVISTA UTILITIES PROPOSED COST OF CAPITAL WASHINGTON NATURAL GAS

| Proposed Capital St | tructure*            |       |                  |
|---------------------|----------------------|-------|------------------|
| Component           | Capital<br>Structure | Cost  | Weighted<br>Cost |
| Total Debt          | 51.5%                | 5.59% | 2.88%            |
| Common Equity       | 48.5%                | 9.90% | 4.80%            |
| Total               | 100.00%              | I     | 7.68%            |
|                     |                      |       |                  |

\* Based on 2017 estimated capital structure and cost of debt.

UPDATED 08/2016

## AVISTA UTILITIES REVENUE CONVERSION FACTOR WASHINGTON NATURAL GAS TWELVE MONTHS ENDED SEPTEMBER 30, 2015

| Line<br>No. | Description   | Factor   |
|-------------|---|----------|
| 1           | Revenues  | 1.000000 |
| 2           | Expense:<br>Uncollectibles  | 0.005855 |
| 3           | Commission Fees   | 0.002000 |
| 4           | Washington Excise Tax   | 0.038294 |
| 6           | Total Expense   | 0.046150 |
| 7           | Net Operating Income Before FIT   | 0.953850 |
| 8           | Federal Income Tax @ 35%  | 0.333848 |
| 9           | REVENUE CONVERSION FACTOR   | 0.620003 |
|             | (Per Order No. 6; UE-120437, dated 6/20/2012 - "hard" CF rounded to 6 digits) |          |

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

RESTATEMENT ADJUSTMENTS

| Line<br>No. | DESCRIPTION  | Per<br>Results<br>Report | Deferred<br>FIT<br>Rate Base | Deferred Debits<br>and<br>Credits | Working<br>Capital | Eliminate<br>B & O<br>Taxes | Restate<br>Property<br>Tax | Uncollectible<br>Expense |
|-------------|--|--------------------------|------------------------------|-----------------------------------|--------------------|-----------------------------|----------------------------|--------------------------|
| 110.        | Adjsutment Number  | 1.00                     | 1.01                         | 1.02                              | 1.03               | 2.01                        | 2.02                       | 2.03                     |
|             | Workpaper Reference<br>REVENUES                          | G-ROO                    | G-DFIT                       | G-DDC                             | G-WC               | G-EBO                       | G-RPT                      | G-UE                     |
| 1           | Total General Business                                   | \$ 152,492               | \$ -                         | \$ -                              | s -                | \$ (5,520)                  | s -                        | \$ -                     |
| 2           | Total Transportation                                     | 4,114                    | -                            | -                                 | -                  | (106)                       | -                          | -                        |
| 3           | Other Revenues   | 105,088                  | -                            | -                                 | -                  | -                           | -                          | -                        |
| 4           | Total Gas Revenues                                       | 261,694                  | -                            | -                                 | -                  | (5,626)                     | -                          | -                        |
|             | EXPENSES   |                          |                              |                                   |                    |                             |                            |                          |
| 5           | Production Expenses<br>City Gate Purchases               | 164.044                  |                              |                                   |                    |                             |                            |                          |
| 5<br>6      | Purchased Gas Expense                                    | 164,944<br>810           | -                            | -                                 | -                  | -                           | -                          | -                        |
| 7           | Net Nat Gas Storage Trans                                | 8,665                    | -                            | -                                 | -                  | -                           | -                          | -                        |
| 8           | Total Production   | 174,419                  | -                            | -                                 | -                  | -                           | -                          | -                        |
|             | Underground Storage                                      |                          |                              |                                   |                    |                             |                            |                          |
| 9           | Operating Expenses                                       | 833                      | -                            | -                                 | -                  | -                           | -                          | -                        |
| 10          | Depreciation/Amortization                                | 429                      | -                            | -                                 | -                  | -                           | -                          | -                        |
| 11          | Taxes  | 292                      | -                            | -                                 | -                  | -                           | (27)                       |                          |
| 12          | Total Underground Storage                                | 1,554                    | -                            | -                                 | -                  | -                           | (27)                       |                          |
|             | Distribution   |                          |                              |                                   |                    |                             |                            |                          |
| 13          | Operating Expenses                                       | 11,531                   | -                            | -                                 | -                  | -                           | -                          | -                        |
| 14          | Depreciation/Amortization                                | 8,931                    | -                            | -                                 | -                  | -                           | -                          | -                        |
| 15<br>16    | Taxes<br>Total Distribution                              | 14,014 34,476            | -                            | -                                 |                    | (5,612) (5,612)             | (324)                      |                          |
| 10          | Total Distribution                                       | 54,470                   | -                            | -                                 | -                  | (3,012)                     | (324)                      | -                        |
| 17          | Customer Accounting                                      | 6,595                    | -                            | 1                                 | -                  | -                           |                            | (313)                    |
| 18          | Customer Service & Information                           | 5,790                    | -                            | -                                 | -                  | -                           | -                          | -                        |
| 19          | Sales Expenses   | -                        | -                            | -                                 | -                  | -                           | -                          | -                        |
|             | Administrative & General                                 |                          |                              |                                   |                    |                             |                            |                          |
| 20          | Operating Expenses                                       | 13,388                   | -                            | -                                 | -                  | -                           | -                          | -                        |
| 21<br>22    | Depreciation/Amortization<br>Regulatory Amortizations    | 5,206                    | -                            | -                                 | -                  | -                           | -                          | -                        |
| 23          | Taxes  | -                        | -                            | -                                 | -                  | -                           | -                          | -                        |
| 24          | Total Admin. & General                                   | 18,594                   | -                            | -                                 | -                  | -                           | -                          | -                        |
| 25          | Total Gas Expense  | 241,428                  | -                            | 1                                 | -                  | (5,612)                     | (351)                      | (313)                    |
| 26          | OPERATING INCOME BEFORE FIT                              | 20,266                   | -                            | (1)                               | -                  | (14)                        | 351                        | 313                      |
|             | FEDERAL INCOME TAX                                       |                          |                              |                                   |                    |                             |                            |                          |
| 27          | Current Accrual  | (6,651)                  | -                            | (0)                               |                    | (5)                         | 123                        | 110                      |
| 28          | Debt Interest  | -                        | (1)                          |                                   | (29)               | -                           | -                          | -                        |
| 29<br>30    | Deferred FIT<br>Amort ITC                                | 12,388<br>(20)           | -                            | -                                 | -                  | -                           | -                          | -                        |
| 31          | NET OPERATING INCOME                                     | \$ 14,549                | \$ 1                         | \$ (1)                            | \$ 29              | \$ (9)                      | \$ 228                     | \$ 203                   |
|             | RATE BASE  |                          |                              |                                   |                    |                             |                            |                          |
|             | PLANT IN SERVICE   |                          |                              |                                   |                    |                             |                            |                          |
| 32          | Underground Storage                                      | \$ 25,622                | \$ -                         | \$ -                              | \$ -               | \$ -                        | \$ -                       | \$ -                     |
| 33<br>34    | Distribution Plant<br>General Plant                      | 354,360<br>69,725        | -                            | -                                 | -                  | -                           | -                          | -                        |
| 35          | Total Plant in Service                                   | 449,707                  | -                            |                                   | -                  | -                           | -                          |                          |
| 55          | ACCUMULATED DEPRECIATION/AMORT                           | 449,707                  | -                            | -                                 | -                  | -                           | -                          | -                        |
| 36          | Underground Storage                                      | (9,824)                  | -                            | -                                 | -                  | -                           | -                          | -                        |
| 37          | Distribution Plant                                       | (119,790)                | -                            | -                                 | -                  | -                           | -                          | -                        |
| 38          | General Plant  | (19,460)                 | -                            | -                                 | -                  | -                           | -                          |                          |
| 39<br>40    | Total Accumulated Depreciation/Amortization<br>NET PLANT | (149,074)<br>300,633     | -                            | -                                 | -                  | -                           | -                          |                          |
| 40          | DEFERRED TAXES   | (65,675)                 | 50                           | -                                 | -                  | -                           | -                          | -                        |
| 42          | Net Plant After DFIT                                     | 234,958                  | 50                           | _                                 | _                  |                             |                            |                          |
| 42          | GAS INVENTORY  | 234,958<br>15,143        | 50                           | -                                 | -                  | -                           | -                          | -                        |
| 43          | GAIN ON SALE OF BUILDING                                 |                          | -                            | -                                 | -                  | -                           | -                          | -                        |
| 45          | OTHER  | (509)                    |                              | -                                 |                    |                             |                            |                          |
| 46          | WORKING CAPITAL  | 9,797                    | -                            | -                                 | 2,828              | -                           | -                          |                          |
| 47          | TOTAL RATE BASE  | \$ 259,389               | \$ 50                        | \$-                               | \$ 2,828           | \$-                         | \$-                        | \$-                      |
| 48          | RATE OF RETURN   | 5.61%                    | -                            | 1                                 | 20.4               | 15                          | 200                        | 200                      |
| 50          | REVENUE REQUIREMENT                                      | 8,665                    | 5                            | 1                                 | 304                | 15                          | -368                       | -328                     |
|             | Pro Forma Rate of Return                                 | 7.68%                    |                              |                                   |                    |                             |                            |                          |
|             | Revenue Conversion Factor                                | 0.620003                 |                              |                                   |                    |                             |                            |                          |
|             |  |                          |                              |                                   |                    |                             |                            |                          |

AVISTA UTILITIES WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

| Line<br>No.     | DESCRIPTION                                     | Regulatory<br>Expense | Injuries<br>and<br>Damages | FIT /<br>DFIT<br>Expense | Office Space<br>Charges to<br>Subs | Restate<br>Excise<br>Taxes | Net<br>Gains/Losses |
|-----------------|---|-----------------------|----------------------------|--------------------------|------------------------------------|----------------------------|---------------------|
|                 | Adjsutment Number                               | 2.04                  | 2.05                       | 2.06                     | 2.07                               | 2.08                       | 2.09                |
|                 | Workpaper Reference                             | G-RE                  | G-ID                       | G-FIT                    | G-OSC                              | G-RET                      | G-NGL               |
|                 | REVENUES  |                       |                            |                          |                                    |                            |                     |
| 1               | Total General Business                          | \$ -                  | \$ -                       | \$ -                     | \$ -                               | \$ -                       | s -                 |
| 2               | Total Transportation                            | -                     | -                          | -                        | -                                  | -                          | -                   |
| 3<br>4          | Other Revenues<br>Total Gas Revenues            |                       | -                          | -                        | -                                  | -                          | -                   |
| 4               | Total Gas Revenues                              | -                     | -                          | -                        | -                                  | -                          | -                   |
|                 | EXPENSES<br>Production Expenses                 |                       |                            |                          |                                    |                            |                     |
| 5               | City Gate Purchases                             | _                     | -                          | -                        | -                                  | -                          | _                   |
| 6               | Purchased Gas Expense                           | -                     | -                          | -                        | -                                  | -                          | -                   |
| 7               | Net Nat Gas Storage Trans                       | -                     | -                          | -                        | -                                  | -                          | -                   |
| 8               | Total Production                                | -                     | -                          | -                        | -                                  | -                          | -                   |
|                 |   |                       |                            |                          |                                    |                            |                     |
| 0               | Underground Storage                             |                       |                            |                          |                                    |                            |                     |
| 9<br>10         | Operating Expenses<br>Depreciation/Amortization | -                     | -                          | -                        | -                                  | -                          | -                   |
| 10              | Taxes   | -                     | _                          | -                        | -                                  | -                          | -                   |
| 12              | Total Underground Storage                       | -                     | -                          | -                        | -                                  | -                          |                     |
|                 | Distribution                                    |                       |                            |                          |                                    |                            |                     |
| 13              | Operating Expenses                              | -                     | -                          | -                        | -                                  | -                          | -                   |
| 14              | Depreciation/Amortization                       | _                     | _                          | _                        | _                                  | _                          | (9)                 |
| 15              | Taxes   | -                     | -                          | -                        | -                                  | (5)                        |                     |
| 16              | Total Distribution                              | -                     | -                          | -                        | -                                  | (5)                        |                     |
|                 |   |                       |                            |                          |                                    |                            |                     |
| 17              | Customer Accounting                             | -                     | -                          | -                        | -                                  | -                          | -                   |
| 18              | Customer Service & Information                  | -                     | -                          | -                        | -                                  | -                          | -                   |
| 19              | Sales Expenses                                  | -                     | -                          | -                        | -                                  | -                          | -                   |
|                 | Administrative & General                        |                       |                            |                          |                                    |                            |                     |
| 20              | Operating Expenses                              | (12)                  | 231                        | -                        | (9)                                | -                          | -                   |
| 21              | Depreciation/Amortization                       | -                     | -                          | -                        | -                                  | -                          | -                   |
| 22              | Regulatory Amortizations                        |                       |                            |                          |                                    |                            |                     |
| 23              | Taxes   |                       | -                          | -                        | -                                  | -                          | -                   |
| 24              | Total Admin. & General                          | (12)                  | 231                        | -                        | (9)                                | -                          |                     |
| 25              | Total Gas Expense                               | (12)                  | 231                        | -                        | (9)                                | (5)                        | (9)                 |
| 26              | OPERATING INCOME BEFORE FIT                     | 12                    | (231)                      | -                        | 9                                  | 5                          | 9                   |
|                 | FEDERAL INCOME TAX                              |                       |                            |                          |                                    |                            |                     |
| 27              | Current Accrual                                 | 4                     | (81)                       | (223)                    | 3                                  | 2                          | 3                   |
| 28              | Debt Interest                                   | -                     | -                          |                          | -                                  | -                          | -                   |
| 29              | Deferred FIT                                    | -                     | -                          | -                        | -                                  | -                          | -                   |
| 30              | Amort ITC                                       |                       | -                          | -                        | -                                  | -                          |                     |
| 31              | NET OPERATING INCOME                            | \$ 8                  | \$ (150)                   | \$ 223                   | \$ 6                               | \$ 3                       | \$6                 |
|                 | RATE BASE                                       |                       |                            |                          |                                    |                            |                     |
| 22              | PLANT IN SERVICE                                | ¢                     | ¢                          | ¢                        | ¢                                  | ¢                          | ¢                   |
| 32<br>33        | Underground Storage<br>Distribution Plant       | \$ -                  | \$ -                       | \$ -                     | \$ -                               | \$ -                       | \$ -                |
| 34              | General Plant                                   | _                     | _                          | _                        | _                                  | _                          | _                   |
|                 |   |                       |                            |                          |                                    |                            |                     |
| 35              | Total Plant in Service                          | -                     | -                          | -                        | -                                  | -                          | -                   |
|                 | ACCUMULATED DEPRECIATION/AMORT                  |                       |                            |                          |                                    |                            |                     |
| 36              | Underground Storage                             | -                     | -                          | -                        | -                                  | -                          | -                   |
| 37<br>38        | Distribution Plant<br>General Plant             | -                     | -                          | -                        | -                                  | -                          | -                   |
| 39              | Total Accumulated Depreciation/Amortization     |                       | -                          |                          | -                                  |                            |                     |
| 40              | NET PLANT                                       |                       | -                          | -                        | -                                  |                            |                     |
| 41              | DEFERRED TAXES                                  | -                     | -                          | -                        | -                                  | -                          | -                   |
| 42              | Net Plant After DFIT                            |                       |                            |                          |                                    |                            |                     |
| 42<br>43        | GAS INVENTORY                                   | -                     | -                          | -                        | -                                  | -                          | -                   |
| 43<br>44        | GAIN ON SALE OF BUILDING                        | -                     | -                          | -                        | -                                  | -                          | -                   |
| 45              | OTHER   |                       |                            |                          |                                    |                            |                     |
| 46              | WORKING CAPITAL                                 |                       | -                          | -                        | -                                  | -                          | -                   |
|                 |   |                       |                            |                          |                                    |                            |                     |
|                 | TOTAL RATE BASE                                 | \$                    | \$                         | \$                       | \$                                 | \$                         | \$                  |
| <b>47</b><br>48 | TOTAL RATE BASE<br>RATE OF RETURN               | \$-                   | \$-                        | \$ -                     | \$-                                | \$-                        | \$ -                |

Pro Forma Rate of Return

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND

CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015

Revenue Conversion Factor

(000'S OF DOLLARS)

| Line<br>No.     | DESCRIPTION  | Weather<br>Normalization /<br>Gas Cost Adjust | Eliminate<br>Adder<br>Schedules | Misc<br>Restating<br>Adjustments | Restate<br>Debt<br>Interest | Restating<br>Incentive<br>Adjustment | Project<br>Compass<br>Deferral | Restated<br>TOTAL     |
|-----------------|--|---|---------------------------------|----------------------------------|-----------------------------|--------------------------------------|--------------------------------|-----------------------|
|                 | Adjsutment Number  | 2.10  | 2.11                            | 2.12                             | 2.13                        | 2.14                                 | 2.15                           |                       |
|                 | Workpaper Reference  | G-WNGC  | G-EAS                           | G-MR                             | G-DI                        | G-RI                                 | G-CD                           | R-Ttl                 |
| 1               | REVENUES<br>Total General Business                           | \$ 12,984                                     | \$ (3,325)                      | s -                              | s -                         | \$ -                                 | \$ -                           | \$ 156,631            |
| 2               | Total Transportation   | 5 12,984                                      | \$ (3,323)<br>-                 | ə -                              | з -<br>-                    | a -                                  | » -<br>-                       | \$ 150,031<br>4,008   |
| 3               | Other Revenues   |   | (99,392)                        | -                                | -                           | -                                    | -                              | 5,696                 |
| 4               | Total Gas Revenues   | 12,984  | (102,717)                       | -                                | -                           | -                                    | -                              | 166,335               |
|                 | EXPENSES   |   |                                 |                                  |                             |                                      |                                |                       |
| ~               | Production Expenses  | 10 500  | (00.005)                        |                                  |                             |                                      |                                | 04 550                |
| 5<br>6          | City Gate Purchases<br>Purchased Gas Expense                 | 10,600<br>9                                   | (88,985)                        | -                                | -                           | 3                                    | -                              | 86,559<br>822         |
| 7               | Net Nat Gas Storage Trans                                    | -   | (8,665)                         | _                                | _                           | -                                    | -                              |                       |
| 8               | Total Production   | 10,609  | (97,650)                        | -                                | -                           | 3                                    | -                              | 87,381                |
|                 | Underground Storage  |   |                                 |                                  |                             |                                      |                                |                       |
| 9               | Operating Expenses   | -   | -                               | -                                | -                           | -                                    | -                              | 833                   |
| 10              | Depreciation/Amortization                                    | -   | -                               | -                                | -                           | -                                    | -                              | 429                   |
| 11<br>12        | Taxes<br>Total Underground Storage                           |   | -                               |                                  | -                           | -                                    | -                              | 265                   |
| 12              | Total Underground Storage                                    | -   | -                               | -                                | -                           | -                                    | -                              | 1,527                 |
| 13              | Distribution<br>Operating Expenses                           |   | -                               | -                                |                             | 43                                   |                                | 11,574                |
| 15              |  | -   | =                               | -                                | -                           | 43                                   | -                              | 8,922                 |
| 14              | Depreciation/Amortization<br>Taxes                           | 497   | (127)                           | -                                | -                           | -                                    | -                              | 8,922<br>8,443        |
| 16              | Total Distribution   | 497   | (127)                           | -                                | -                           | 43                                   | -                              | 28,939                |
|                 |  |   |                                 |                                  |                             |                                      |                                |                       |
| 17<br>18        | Customer Accounting<br>Customer Service & Information        | 76  | (19)                            | -                                | -                           | 24<br>2                              | -                              | 6,364<br>878          |
| 18              | Sales Expenses   | -   | (4,914)                         | -                                | -                           | -                                    | -                              |                       |
|                 | Administrative & General                                     |   |                                 |                                  |                             |                                      |                                |                       |
| 20              | Operating Expenses   | 26  | (7)                             | (222)                            | -                           | 30                                   | -                              | 13,425                |
| 21              | Depreciation/Amortization                                    |   | (.)                             |                                  | -                           |                                      | -                              | 5,206                 |
| 22              | Regulatory Amortizations                                     | -   | -                               | -                                | -                           | -                                    | (1,505)                        | (1,505)               |
| 23<br>24        | Taxes<br>Total Admin. & General                              | 26  | - (7)                           | (222)                            | -                           | - 30                                 | (1,505)                        | 17,126                |
| 25              | Total Gas Expense  | 11,208  | (102,717)                       | (222)                            | _                           | 102                                  | (1,505)                        | 142,215               |
| 26              | OPERATING INCOME BEFORE FIT                                  | 1,776   | -                               | 222                              | -                           | (102)                                | 1,505                          | 24,120                |
|                 |  | ,   |                                 |                                  |                             |                                      | ,                              | , .                   |
| 27              | FEDERAL INCOME TAX<br>Current Accrual                        | 622   |                                 | 78                               | (123)                       | (36)                                 | 527                            | (5,648)               |
| 28              | Debt Interest  |   | -                               | - 18                             | (123)                       | (30)                                 | - 521                          | (3,048)               |
| 29              | Deferred FIT   | -   | -                               | -                                | -                           | -                                    | -                              | 12,388                |
| 30              | Amort ITC  |   | -                               | -                                | -                           | -                                    | -                              | (20)                  |
| 31              | NET OPERATING INCOME   | \$ 1,154                                      | \$ -                            | \$ 144                           | \$ 123                      | \$ (66)                              | \$ 978                         | \$ 17,429             |
|                 | RATE BASE  |   |                                 |                                  |                             |                                      |                                |                       |
|                 | PLANT IN SERVICE   |   |                                 | <u>.</u>                         | <u>^</u>                    |                                      | *                              |                       |
| 32<br>33        | Underground Storage<br>Distribution Plant                    | \$ -  | \$ -                            | \$ -                             | \$ -                        | \$ -                                 | \$-                            | \$ 25,622<br>354,360  |
| 34              | General Plant  | -   | -                               | _                                | -                           |                                      | -                              | 69,725                |
| 35              | Total Plant in Service                                       | -   | -                               | -                                | -                           | -                                    | -                              | 449,707               |
|                 | ACCUMULATED DEPRECIATION/AMORT                               |   |                                 |                                  |                             |                                      |                                | ,                     |
| 36              | Underground Storage  | -   | -                               | -                                | -                           | -                                    | -                              | (9,824)               |
| 37              | Distribution Plant   | -   | -                               | -                                | -                           | -                                    | -                              | (119,790)             |
| 38<br>39        | General Plant<br>Total Accumulated Depreciation/Amortization |   |                                 |                                  | -                           | -                                    |                                | (19,460)<br>(149,074) |
| 40              | NET PLANT  | -   | -                               | -                                | -                           | -                                    | -                              | 300,633               |
| 41              | DEFERRED TAXES   |   | -                               | -                                | -                           | -                                    | -                              | (65,625)              |
| 42              | Net Plant After DFIT   | -   | -                               | -                                | -                           | -                                    | -                              | 235,008               |
| 43              | GAS INVENTORY  | -   | -                               | -                                | -                           | -                                    | -                              | 15,143                |
| 44              | GAIN ON SALE OF BUILDING                                     | -   | -                               | -                                | -                           | -                                    | -                              |                       |
| 45<br>46        | OTHER<br>WORKING CAPITAL                                     | -   | -                               | -                                | -                           | -                                    | -                              | (509)<br>12,625       |
|                 |  |   | *                               |                                  | •                           | <u>^</u>                             |                                |                       |
| <b>47</b><br>48 | TOTAL RATE BASE<br>RATE OF RETURN                            | <u>\$</u> -                                   | \$-                             | \$-                              | \$-                         | \$ -                                 | \$-                            | \$ 262,267<br>(1)     |
| 48<br>50        | REVENUE REQUIREMENT  | -1,862  | 0                               | -233                             | -198                        | 107                                  | -1,578                         | (1) 4,376             |
|                 | Pro Forma Rate of Return                                     |   |                                 |                                  |                             | od results of opera                  |                                |                       |
|                 | 1 IO FOIIIIA KAIC OI KEUUIII                                 |   |                                 |                                  |                             | normalized comm                      |                                |                       |

(1) The Restated TOTAL column does not represent 9/30/2015 Test Period results of operation on a normalized basis, due to variances between certain restating adjustments included in the normalized commission basis reports (CBRs) versus those included here, such as inclusion of pro forma debt interest. Normalized CB results of operations at 09/30/2015 was 6.49% as shown on Exhibit No. \_\_(EMA-3) page 5. AVISTA UTILITIES PRO FORMA ADJUSTMENTS WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

| Line<br>No. | DESCRIPTION  | Pro Forma<br>Labor<br>Non-Exec | Pro Forma<br>Labor<br>Exec | Pro Forma<br>Employee<br>Benefits | Pro Forma<br>Pipeline<br>Safety Labor | Pro Forma<br>Property<br>Tax | Pro Forma<br>Revenue<br>Normalization | Pro Forma<br>Atmospheric<br>Testing |
|-------------|--|--------------------------------|----------------------------|-----------------------------------|---------------------------------------|------------------------------|---------------------------------------|-------------------------------------|
|             | Adjsutment Number  | 3.00                           | 3.01                       | 3.02                              | 3.03                                  | 3.04                         | 3.05                                  | 3.06                                |
|             | Workpaper Reference  | G-PLN                          | G-PLE                      | G-PEB                             | G-PPS                                 | G-PPT                        | G-PREV                                | G-PAT                               |
| 1           | REVENUES<br>Total General Business                           | \$ -                           | \$ -                       | s -                               | \$ -                                  | s -                          | \$ (72,574)                           | ¢                                   |
| 2           | Total Transportation   | ۍ دو.<br>-                     | ф -<br>-                   | ۍ دو.<br>-                        | ۍ چې<br>-                             | ф –<br>-                     | 408                                   | ф -<br>-                            |
| 3           | Other Revenues   | -                              | -                          | -                                 | -                                     | -                            | (5,413)                               | -                                   |
| 4           | Total Gas Revenues   | -                              | -                          | -                                 | -                                     | -                            | (77,579)                              | -                                   |
|             | EXPENSES   |                                |                            |                                   |                                       |                              |                                       |                                     |
|             | Production Expenses  |                                |                            |                                   |                                       |                              |                                       |                                     |
| 5           | City Gate Purchases  | -                              | -                          | -                                 | -                                     | -                            | (86,559)                              | -                                   |
| 6<br>7      | Purchased Gas Expense<br>Net Nat Gas Storage Trans           | 21                             | (25)                       | 40                                | -                                     | -                            | -                                     | -                                   |
| 8           | Total Production   | 21                             | (25)                       | 40                                | -                                     |                              | (86,559)                              | -                                   |
|             | The demonstrate Channel                                      |                                |                            |                                   |                                       |                              |                                       |                                     |
| 9           | Underground Storage<br>Operating Expenses                    | -                              | -                          | (0)                               | -                                     | -                            | -                                     | -                                   |
| 10          | Depreciation/Amortization                                    | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 11          | Taxes  | -                              | -                          | -                                 | -                                     | 18                           | -                                     | -                                   |
| 12          | Total Underground Storage                                    | -                              | -                          | (0)                               | -                                     | 18                           | -                                     | -                                   |
|             | Distribution   |                                |                            |                                   |                                       |                              |                                       |                                     |
| 13          | Operating Expenses   | 284                            |                            | 510                               | 59                                    | -                            | -                                     | 236                                 |
| 14          | Depreciation/Amortization                                    | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 15<br>16    | Taxes<br>Total Distribution                                  | 284                            | -                          | 510                               | - 59                                  | 213<br>213                   | (2,764)                               | 236                                 |
| 10          |  | 204                            |                            | 510                               | 57                                    | 215                          | (2,704)                               | 250                                 |
| 17          | Customer Accounting  | 151                            | -                          | 270                               |                                       |                              | (423)                                 | -                                   |
| 18          | Customer Service & Information                               | 12                             | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 19          | Sales Expenses   | 0                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
|             | Administrative & General                                     |                                |                            |                                   |                                       |                              |                                       |                                     |
| 20          | Operating Expenses   | 176                            | 12                         | 284                               | -                                     | -                            | (144)                                 | -                                   |
| 21<br>22    | Depreciation/Amortization<br>Regulatory Amortizations        | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 23          | Taxes  | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 24          | Total Admin. & General                                       | 176                            | 12                         | 284                               | -                                     | -                            | (144)                                 | -                                   |
| 25          | Total Gas Expense  | 644                            | (13)                       | 1,104                             | 59                                    | 231                          | (89,890)                              | 236                                 |
| 26          | OPERATING INCOME BEFORE FIT                                  | (644)                          | 13                         | (1,104)                           | (59)                                  | (231)                        | 12,311                                | (236)                               |
|             | FEDERAL INCOME TAX   |                                |                            |                                   |                                       |                              |                                       |                                     |
| 27          | Current Accrual  | (225)                          | ) 5                        | (386)                             | (21)                                  | (81)                         | 4,309                                 | (83)                                |
| 28          | Debt Interest  | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 29<br>30    | Deferred FIT<br>Amort ITC                                    | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 31          | NET OPERATING INCOME   | \$ (419)                       | )\$ 8                      | \$ (717)                          | \$ (38)                               | \$ (150)                     | \$ 8,002                              | \$ (153)                            |
| 51          |  | \$ (417)                       | 13 0                       | \$ (/1/)                          | \$ (38)                               | 3 (150)                      | \$ 8,002                              | \$ (155)                            |
|             | RATE BASE<br>PLANT IN SERVICE                                |                                |                            |                                   |                                       |                              |                                       |                                     |
| 32          | Underground Storage  | \$-                            | \$-                        | \$-                               | <b>\$</b> -                           | s -                          | \$ -                                  | s -                                 |
| 33          | Distribution Plant   | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 34          | General Plant  |                                | -                          | -                                 | -                                     | -                            | -                                     | _                                   |
| 35          | Total Plant in Service                                       | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
|             | ACCUMULATED DEPRECIATION/AMORT                               |                                |                            |                                   |                                       |                              |                                       |                                     |
| 36          | Underground Storage  | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 37          | Distribution Plant   | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 38<br>39    | General Plant<br>Total Accumulated Depreciation/Amortization |                                |                            |                                   | -                                     | -                            | -                                     |                                     |
| 40          | NET PLANT  |                                | -                          | -                                 | -                                     | -                            | -                                     |                                     |
| 41          | DEFERRED TAXES   |                                |                            |                                   | -                                     | -                            | -                                     |                                     |
| 42          | Net Plant After DFIT   | -                              | -                          | -                                 | -                                     | -                            | -                                     | -                                   |
| 43          | GAS INVENTORY  |                                |                            |                                   | -                                     | -                            | -                                     |                                     |
| 44          | GAIN ON SALE OF BUILDING                                     |                                |                            |                                   | -                                     | -                            | -                                     |                                     |
| 45<br>46    | OTHER<br>WORKING CAPITAL                                     |                                |                            |                                   | -                                     | -                            | -                                     |                                     |
|             |  |                                |                            |                                   |                                       |                              |                                       |                                     |
| <b>47</b>   | TOTAL RATE BASE  | \$ -                           | \$-                        | \$-                               | \$-                                   | \$-                          | \$ -                                  | \$-                                 |
| 48<br>50    | RATE OF RETURN<br>REVENUE REQUIREMENT                        | 675                            | -14                        | 1,157                             | 62                                    | 242                          | -12,907                               | 247                                 |
| 20          |  | 575                            | 14                         | 1,157                             | 02                                    | 2.2                          | 12,707                                | 2.77                                |

Pro Forma Rate of Return

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND

CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015

(000'S OF DOLLARS)

Pro Forma Pro Forma Pro Forma Pro Forma Pro Forma Pro Forma Line Capital Add Capital-Incremental 2016 Limited 0&M Sub-Total Regulatory Capital Adds No. DESCRIPTION Amortization -Dec 2015 AMA Dec 2015 AMA Offsets Adjsutment Number 3.08I 3.07 3.08 3.09 3.10 G-PRA G-PCAP15 G-PCAP16 PF-STtl Workpaper Reference G-PCAP15 G-POFF REVENUES Total General Business \$ 84,057 - \$ - \$ 1 \$ \$ \$ --Total Transportation 4,416 2 3 Other Revenues 283 88,756 Total Gas Revenues 4 EXPENSES Production Expenses 5 City Gate Purchases -Purchased Gas Expense 858 6 Net Nat Gas Storage Trans Total Production 858 8 Underground Storage 9 Operating Expenses 833 12 439 10 Depreciation/Amortization (2)-11 Taxes 283 Total Underground Storage (2) 12 1,555 12 Distribution 13 Operating Expenses 12,663 Depreciation/Amortization 37 139 9.224 14 126 5.892 15 Taxes Total Distribution 126 37 139 16 27.779 17 Customer Accounting 6.362 18 Customer Service & Information ---890 19 Sales Expenses . -0 Administrative & General 13,697 20 Operating Expenses (56) 21 Depreciation/Amortization 452 (9) 318 5,967 22 Regulatory Amortizations 2.584 1,079 23 Taxes Total Admin. & General 24 2.584 452 (9)318 (56)20,743 25 2,584 40 457 (56) 58,187 Total Gas Expense 576 OPERATING INCOME BEFORE FIT (2,584) (457) 26 (576) (40) 56 30,569 FEDERAL INCOME TAX 27 (904)(202)(14)(160)20 (3.391 Current Accrual 28 Debt Interest (62) (36) (133) (259) -Deferred FIT 12,388 29 -30 Amort ITC (20) NET OPERATING INCOME (1.680) \$ (313) \$ 10 \$ (164) \$ 36 31 21.851 ¢ RATE BASE PLANT IN SERVICE 32 Underground Storage - \$ 163 \$ (65) \$ 25,720 \$ - \$ \$ 11.746 33 Distribution Plant 5,261 991 372.358 34 General Plant 3.449 2 341 4 732 80,247 35 Total Plant in Service 8,873 3,267 16,478 478,325 ACCUMULATED DEPRECIATION/AMORT Underground Storage (103)36 21 (9.906 (1,320) (287) (121.911) 37 Distribution Plant (514)38 General Plant 612 (1,892) (698) (21,438) Total Accumulated Depreciation/Amortization 39 (2,385) (153,255) (811) (985) 40 NET PLANT 8,062 15,493 325,070 882 41 DEFERRED TAXES (1,956) 2,652 (2,326) (67,255) Net Plant After DFIT 42 6,106 3,534 13,167 257,815 43 GAS INVENTORY 15,143 GAIN ON SALE OF BUILDING 44 OTHER (509) 45 WORKING CAPITAL 46 12,625 TOTAL RATE BASE 6,106 3,534 13,167 285,074 47 \$ RATE OF RETURN 48 REVENUE REOUIREMENT 50 2,709 1,261 422 1,896 -59 69

Pro Forma Rate of Return

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND <u>2017 CROSS CHECK ADJUSTMENTS</u> CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

| Line<br>No. | DESCRIPTION   | Cross Check<br>Labor<br>Non-Exec | Cross Check<br>Capital Add<br>2016 AMA | Cross Check<br>Capital Add<br>2017 AMA | Cross Check<br>2017 AMI<br>Capital & Expense | Cross Check<br>Information<br>Tech/Serv Exp | Cross Check<br>Insurance<br>Expense | Cross Check<br>Property<br>Tax Exp |
|-------------|---|----------------------------------|--|--|--|---|-------------------------------------|------------------------------------|
|             | Adjsutment Number<br>Workpaper Reference              | 4.00<br>G-CLN                    | 4.01<br>G-CCAP16                       | 4.02<br>G-CCAP17                       | 4.03<br>G-CAMI                               | 4.04<br>G-CIS                               | 4.05<br>G-CI                        | 4.06<br>G-CPT                      |
|             | REVENUES  |                                  |  |  |  |   |                                     |                                    |
| 1           | Total General Business                                | \$ -                             | \$ -                                   | \$ -                                   | \$ -   | \$ -  | \$ -                                | \$ -                               |
| 2           | Total Transportation                                  | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 3           | Other Revenues  | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 4           | Total Gas Revenues                                    | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
|             | EXPENSES<br>Production Expenses                       |                                  |  |  |  |   |                                     |                                    |
| 5           | City Gate Purchases                                   | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 6           | Purchased Gas Expense                                 | 6                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 7<br>8      | Net Nat Gas Storage Trans                             | - 6                              | -                                      | =                                      | =  | -   | -                                   | -                                  |
| 8           | Total Production                                      | 0                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 9           | Underground Storage                                   |                                  |  |  |  |   |                                     |                                    |
| 10          | Operating Expenses<br>Depreciation/Amortization       | -                                | 46                                     | 12                                     | -  | -   | -                                   | -                                  |
| 11          | Taxes   | -                                |  |  | -  | -   | -                                   | 16                                 |
| 12          | Total Underground Storage                             | -                                | 46                                     | 12                                     | -  | -   | -                                   | 16                                 |
| 10          | Distribution  | 70                               |  |  |  |   |                                     |                                    |
| 13          | Operating Expenses                                    | 70                               | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 14          | Depreciation/Amortization                             | -                                | 481                                    | 455                                    | 80   | -   | -                                   | -                                  |
| 15<br>16    | Taxes<br>Total Distribution                           | 70                               | - 481                                  | 455                                    | 80   | -   | -                                   | 193<br>193                         |
| 17          | Customer Association                                  | 39                               |  |  |  |   |                                     |                                    |
| 17<br>18    | Customer Accounting<br>Customer Service & Information | 39                               | -                                      | -                                      | _  | -   | -                                   | _                                  |
| 19          | Sales Expenses  | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
|             | Administrative & General                              |                                  |  |  |  |   |                                     |                                    |
| 20          | Operating Expenses                                    | 48                               | -                                      | -                                      | -  | 459   | 22                                  | -                                  |
| 21<br>22    | Depreciation/Amortization<br>Regulatory Amortizations | -                                | 391                                    | 1,589                                  | 709  | -   | -                                   | -                                  |
| 22          | Taxes   | -                                | -                                      | -                                      | -  | -   | -                                   | -                                  |
| 24          | Total Admin. & General                                | 48                               | 391                                    | 1,589                                  | 709  | 459   | 22                                  | -                                  |
| 25          | Total Gas Expense                                     | 166                              | 918                                    | 2,056                                  | 789  | 459   | 22                                  | 209                                |
| 26          | OPERATING INCOME BEFORE FIT                           | (166)                            | (918)                                  | (2,056)                                | (789)  | (459)                                       | (22)                                | (209)                              |
|             | FEDERAL INCOME TAX                                    |                                  |  |  |  |   |                                     |                                    |
| 27          | Current Accrual                                       | (58)                             | (321)                                  | (720)                                  | (276)  | (161)                                       | (8)                                 | (73)                               |
| 28<br>29    | Debt Interest<br>Deferred FIT                         | -                                | (50)                                   | (103)                                  | (31)   | -   | -                                   | -                                  |
| 30          | Amort ITC   |                                  | -                                      | -                                      | -  | -   | -                                   |                                    |
| 31          | NET OPERATING INCOME                                  | \$ (108)                         | \$ (547)                               | \$ (1,234)                             | \$ (482)                                     | \$ (298)                                    | \$ (14)                             | \$ (136)                           |
|             | RATE BASE   |                                  |  |  |  |   |                                     |                                    |
| 32          | PLANT IN SERVICE<br>Underground Storage               | \$ -                             | \$ 1,352                               | \$ 764                                 | \$ -   | \$-   | \$-                                 | \$ -                               |
| 33          | Distribution Plant                                    | φ<br>-                           | 12,749                                 | 18,060                                 | 1,199  | φ -<br>-                                    | φ -<br>-                            | -                                  |
| 34          | General Plant   |                                  | 4,288                                  | 8,721                                  | 3,073  | -   | -                                   | -                                  |
| 35          | Total Plant in Service                                | -                                | 18,389                                 | 27,545                                 | 4,272  | -   | -                                   | -                                  |
|             | ACCUMULATED DEPRECIATION/AMORT                        |                                  |  |  |  |   |                                     |                                    |
| 36          | Underground Storage                                   | -                                | (463)                                  | (485)                                  | -  | -   | -                                   | -                                  |
| 37<br>38    | Distribution Plant<br>General Plant                   | -                                | (7,278)<br>(1,746)                     | (7,722)<br>(4,062)                     | (40)<br>(355)                                | -   | -                                   | -                                  |
| 39          | Total Accumulated Depreciation/Amortization           |                                  | (9,487)                                | (12,269)                               | (395)  | -   |                                     | -                                  |
| 40          | NET PLANT   | -                                | 8,902                                  | 15,276                                 | 3,877  | -   | -                                   | -                                  |
| 41          | DEFERRED TAXES  |                                  | (3,932)                                | (5,104)                                | (843)  | -   | -                                   | -                                  |
| 42          | Net Plant After DFIT                                  | -                                | 4,970                                  | 10,172                                 | 3,034  | -   | -                                   | -                                  |
| 43          | GAS INVENTORY   |                                  |  |  | -  | -   | -                                   | -                                  |
| 44<br>45    | GAIN ON SALE OF BUILDING<br>OTHER                     |                                  |  |  | -  | -   | -                                   | -                                  |
| 45<br>46    | WORKING CAPITAL                                       |                                  |  |  |  | -   | _                                   |                                    |
| 47          | TOTAL RATE BASE                                       | \$-                              | \$ 4,970                               | \$ 10,172                              | \$ 3,034                                     | \$ -  | \$-                                 | <b>\$</b> -                        |
| 48          | RATE OF RETURN  |                                  |  | ,                                      |  |   |                                     |                                    |
| 50          | REVENUE REQUIREMENT                                   | 174                              | 1,497                                  | 3,250                                  | 1,154  | 481   | 23                                  | 219                                |

Pro Forma Rate of Return

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

| -               | 1   |                         |                       |          | <b>n</b>                      |      | INAL                     |   |
|-----------------|---|-------------------------|-----------------------|----------|-------------------------------|------|--------------------------|---|
| Line            |   | Cross Check<br>Employee | 2017<br>Cross Check   |          | Reconcile 2017<br>Cross Check | / Cr | on Adjusted<br>oss Check |   |
| No.             | DESCRIPTION                                     | Benefits                | <br>Total             |          | to Attrition                  |      | otal (2)                 |   |
|                 | Adjsutment Number<br>Workpaper Reference        | 4.07<br>G-CEB           | 17CC-Ttl              |          | 4.08<br>G-CREC                | 17A  | A/CC-Ttl                 |   |
|                 | REVENUES  |                         |                       |          |                               |      |                          |   |
| 1<br>2          | Total General Business                          | \$ -                    | \$<br>84,057          | \$       | -                             | \$   | 84,057                   |   |
| 2               | Total Transportation<br>Other Revenues          | -                       | 4,416<br>283          |          | -                             |      | 4,416<br>283             |   |
| 4               | Total Gas Revenues                              |                         | 88,756                | -        | -                             |      | 88,756                   |   |
|                 |   |                         |                       |          |                               |      | ,                        |   |
|                 | EXPENSES  |                         |                       |          |                               |      |                          |   |
| -               | Production Expenses                             |                         |                       |          |                               |      |                          |   |
| 5<br>6          | City Gate Purchases<br>Purchased Gas Expense    | - 9                     | 873                   |          | -                             |      | 873                      |   |
| 7               | Net Nat Gas Storage Trans                       | -                       | -                     |          | -                             |      | -                        |   |
| 8               | Total Production                                | 9                       | 873                   |          | -                             |      | 873                      |   |
|                 |   |                         |                       |          |                               |      |                          |   |
| 9               | Underground Storage                             |                         | 833                   |          |                               |      | 833                      |   |
| 10              | Operating Expenses<br>Depreciation/Amortization | -                       | 497                   |          | -                             |      | 833<br>497               |   |
| 11              | Taxes   | -                       | 299                   |          | -                             |      | 299                      |   |
| 12              | Total Underground Storage                       | -                       | 1,629                 |          | -                             |      | 1,629                    |   |
|                 | Distinction                                     |                         |                       |          |                               |      |                          |   |
| 13              | Distribution<br>Operating Expenses              | 113                     | 12,846                |          | _                             |      | 12,846                   |   |
| 14              |   | 115                     | 10,240                |          |                               |      | 10,240                   |   |
| 14              | Depreciation/Amortization<br>Taxes              | -                       | 6,085                 |          | -                             |      | 6,085                    |   |
| 16              | Total Distribution                              | 113                     | 29,171                |          | -                             |      | 29,171                   |   |
|                 |   |                         |                       |          |                               |      |                          |   |
| 17              | Customer Accounting                             | 60                      | 6,461                 |          | -                             |      | 6,461                    |   |
| 18              | Customer Service & Information                  | -                       | 893                   |          | -                             |      | 893                      |   |
| 19              | Sales Expenses                                  | -                       | 0                     |          | -                             |      | 0                        |   |
|                 | Administrative & General                        |                         |                       |          |                               |      |                          |   |
| 20              | Operating Expenses                              | 63                      | 14,289                |          | 1,159                         |      | 15,448                   |   |
| 21              | Depreciation/Amortization                       | -                       | 8,656                 | hj       |                               |      | 8,656                    |   |
| 22<br>23        | Regulatory Amortizations<br>Taxes               |                         | 1,079                 |          |                               |      | 1,079                    |   |
| 23              | Total Admin. & General                          | 63                      | 24,024                |          | 1,159                         |      | 25,183                   |   |
| 25              | Total Gas Expense                               | 245                     | 63,051                |          | 1,159                         |      | 64,209                   |   |
| 25              | Total Gas Expense                               | 243                     | <br>03,031            |          | 1,139                         |      | 04,209                   |   |
| 26              | OPERATING INCOME BEFORE FIT                     | (245)                   | 25,705                |          | (1,159)                       |      | 24,547                   |   |
|                 | FEDERAL INCOME TAX                              |                         |                       |          |                               |      |                          |   |
| 27              | Current Accrual                                 | (86)                    | (5,093)               |          | (405)                         |      | (5,499)                  |   |
| 28<br>29        | Debt Interest<br>Deferred FIT                   | -                       | (442)<br>12,388       |          | 39                            |      | (403)<br>12,388          |   |
| 30              | Amort ITC                                       | -                       | (20)                  |          | -                             |      | (20)                     | Reconcile 2017  |
|                 |   |                         |                       |          |                               |      |                          | Cross Check   |
| 31              | NET OPERATING INCOME                            | \$ (159)                | \$<br>18,873          | \$       | (792)                         | \$   | 18,081                   | to Attrition  |
|                 | RATE BASE<br>PLANT IN SERVICE                   |                         |                       |          |                               |      |                          | Attrition Rev. Req.<br>PF/CC Rev Req (after RB adj below) |
| 32              | Underground Storage                             | \$ -                    | \$<br>27,836          |          |                               | \$   | 27,836                   | 1(  |
| 33              | Distribution Plant                              | -                       | 404,366               |          |                               |      | 404,366                  |   |
| 34              | General Plant                                   |                         | 96,329                | <u> </u> |                               |      | 96,329                   |   |
| 35              | Total Plant in Service                          | -                       | 528,531               |          | -                             |      | 528,531                  |   |
|                 | ACCUMULATED DEPRECIATION/AMORT                  |                         |                       |          |                               |      | Γ                        | Attrition Rate Base (grossed down)                        |
| 36              | Underground Storage                             | -                       | (10,854)              |          |                               |      | (10,854)                 | Pro Forma/Cross Check Rate base                           |
| 37<br>38        | Distribution Plant<br>General Plant             | -                       | (136,951)<br>(27,601) |          |                               |      | (136,951)<br>(27,601)    | Reduction to Rate base                                    |
| 38<br>39        | Total Accumulated Depreciation/Amortization     |                         | (175,406)             |          | -                             |      | (175,406)                |   |
| 40              | NET PLANT                                       | -                       | 353,125               |          | -                             |      | 353,125                  |   |
| 41              | DEFERRED TAXES                                  |                         | (77,134)              |          |                               |      | (77,134)                 |   |
| 42              | Net Plant After DFIT                            | -                       | 275,991               |          | -                             |      | 275,991                  |   |
| 43              | GAS INVENTORY                                   | -                       | 15,143                |          | -                             |      | 15,143                   |   |
| 44              | GAIN ON SALE OF BUILDING                        | -                       | -                     |          |                               |      | -                        |   |
| 45<br>46        | OTHER<br>WORKING CAPITAL                        |                         | (509)                 |          | (3,836)                       |      | (4,345)                  |   |
| 46              | WORKING CAFITAL                                 |                         | 12,625                | -        |                               |      | 12,625                   |   |
|                 |   |                         | 202 250               | \$       | (3,836)                       | ¢    | 299,414                  | 2017 Attrition Adjustment                                 |
| 47              | TOTAL RATE BASE                                 | s -                     | \$<br>303,250         | φ        | (5,050)                       | Φ    | 4//,717                  | 2017 Aurition Aujustment                                  |
| <b>47</b><br>48 | TOTAL RATE BASE<br>RATE OF RETURN               | <u>\$</u> -             | \$<br>303,250         | φ        | (3,850)                       | \$   | 6.04%                    | Above Pro Forma Study                                     |

Pro Forma Rate of Return

Revenue Conversion Factor

7,926 6,711 1,215 0.65 0.62000 1,159 303,250 299,414 3,836

CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015 (000'S OF DOLLARS)

 AVISTA UTILITIES
 Step 2 Increas
 (6 Months 2018: 1/1/2018-6/30/2018)

 WASHINGTON NATURAL GAS - PRO FORMA STUDY AND 1/1/2018
 2018 CROSS CHECK ADJUSTMENTS

| We           RE           1         To           2         3           3         Odd           4         To           5         Odd           6         1           7         1           8         To           9         Odd           111         7           12         To           13         Odd           14         1           16         To           16         To           17         Cu           18         Cu           19         Sala           20         O           21         1           23         -           7         Cu           23         -           24         To           25         To           26         OP           FE         -           27         Cu           28         De           29         De           21         1           33         1           33         1  | DESCRIPTION<br>djsutment Number<br>'orkpaper Reference<br>EVENUES<br>otal General Business<br>otal Transportation<br>ther Revenues<br>otal Gas Revenues<br>XPENSES<br>oduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage   | FIN<br>Attrition /<br>/ Cross<br>Tot<br>17AA/0<br>\$ | Adjusted<br>Check<br>tal   | Cross Check<br>Labor<br>Non-Exec<br>18.01<br>G-CLN18<br>\$<br>-<br>-<br>-<br>8<br>-<br>8<br>-<br>8                 | Cross Check<br>Regulatory<br>Amortizations<br>18.02<br>G-CRA18<br>\$<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | Cross Check<br>Insurance<br>Expense<br>18.03<br>G-C118<br>S<br>-<br>-<br>-<br>- | Cross Check<br>Information<br>Tech/Serv Exp<br>18.04<br>G-CIS18<br>\$<br>- | Cross Check<br>Planned Capitz<br>Add 2018 AM.<br>18.05<br>G-CCAP18<br>\$ |
|--|---|--|--|--|---|---|--|--|
| Add           We           RE           12           12           12           12           12           12           13           14           17           18           111           121           133           141           151           16           17           188           101           111           122           133           141           151           16           17           188           180           190           201           122           11           121           122           133           14           10           21           11           226           10           232           1331           14           12           1333           14   | djsutment Number<br>'orkpaper Reference<br>EVENUES<br>otal General Business<br>otal Transportation<br>ther Revenues<br>otal Gas Revenues<br>XPENSES<br>coduction Expenses<br>City Gate Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>total Underground Storage<br>total Underground Storage<br>total Underground Storage<br>Depreciation/Amortization<br>Taxes |  | 84,057<br>4,416<br>283<br>88,756<br>873<br>-<br>873<br>873<br>873<br>873 | 18.01<br>G-CLN18<br>\$ -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | 18.02<br>G-CRA18<br>\$  | 18.03<br>G-CI18   | 18.04<br>G-CIS18<br>\$-  | 18.05<br>G-CCAP18  |
| RE         RE           1         To           2         To           3         Otil           4         To           EXX         Prec           6         1           7         1           8         To           9         0           111         -           12         To           133         0           14         1           15         To           16         To           17         Cu           18         Cu           19         Sal           20         I           21         1           223         To           224         To           225         To           226         OP           227         Cu           28         De           299         De           200         An           31         NE           242         1           333         1           344         0   | VEENUES<br>total General Business<br>total Transportation<br>ther Revenues<br>ther Revenues<br>ther Revenues<br>XPENSES<br>roduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>total Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>taribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  | \$   | 4,416<br>283<br>88,756<br>873<br>-<br>873<br>-<br>873<br>833<br>497      | \$ -<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-                     | \$ -  |   | \$ -   |  |
| 1         To T   | otal General Business<br>otal Transportation<br>ther Revenues<br>otal Gas Revenues<br>XPENSES<br>Orduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   | \$   | 4,416<br>283<br>88,756<br>873<br>-<br>873<br>-<br>873<br>833<br>497      |  | -<br>-<br>-<br>-<br>-<br>-<br>-   | \$  |  | \$   |
| 1         To T   | otal General Business<br>otal Transportation<br>ther Revenues<br>otal Gas Revenues<br>XPENSES<br>Orduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   | \$   | 4,416<br>283<br>88,756<br>873<br>-<br>873<br>873<br>833<br>497           |  | -<br>-<br>-<br>-<br>-<br>-<br>-   | \$  |  | \$   |
| 3         Odl           4         To           EX         Prc           5         0           17         1           7         1           7         1           7         1           7         1           7         1           7         1           17         1           11         1           12         To           13         0           14         5           16         To           18         Cu           19         Sal           20         0           21         1           223         7           24         To           25         To           223         7           224         To           225         To           226         OP           FE         RA           831         NE           833         1           833         1  | ther Revenues<br>otal Gas Revenues<br>XPENSES<br>coluction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>tal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 283<br>88,756<br>873<br>873<br>873<br>873                                | =  |   | -   |  |  |
| 4         To           EX         Pre           Free         Pre   | otal Gas Revenues<br>XPENSES<br>coduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>Inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 88,756<br>873<br>873<br>833<br>497                                       | =  | -<br>-<br>-<br>-<br>-<br>-  | -   |  |  |
| EXX<br>5 (<br>6 1<br>7 1<br>8 To<br>(<br>10 1<br>11 7<br>12 To<br>(<br>11 7<br>12 To<br>(<br>11 7<br>12 To<br>(<br>11 7<br>13 (<br>11 7<br>15 To<br>(<br>12 1<br>15 To<br>(<br>14 1<br>15 To<br>(<br>16 To<br>(<br>17 Cu<br>(<br>18 Cu<br>(<br>19 Sal)<br>(<br>11 1<br>7<br>10 1<br>10 1<br>11 7<br>11 7<br>11 7<br>11 7<br>11   | XPENSES<br>roduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 873<br>873<br>833<br>497   | =  |   | -   | -  |  |
| Prc           6         1           6         1           7         1           8         To           9         0           11         7           12         To           13         0           14         1           16         To           16         To           16         To           17         Cu           18         Cu           10         1           133         1           14         To           155         To           122         1           133         1           14         To           155         To           16         OP           FE         FE           122         1           133         1           14         0  | oduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>Inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 873<br>833<br>497  | =  | -<br>-<br>-<br>-  | -   | -  |  |
| Prc           6         1           6         1           7         1           8         To           9         0           11         7           12         To           13         0           14         1           16         To           16         To           16         To           17         Cu           18         Cu           10         1           133         1           14         To           155         To           122         1           133         1           14         To           155         To           16         OP           FE         FE           122         1           133         1           14         0  | oduction Expenses<br>City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>Inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 873<br>833<br>497  | =  | -<br>-<br>-   | -   | -  |  |
| 5         4           6         1           8         To           9         0           9         0           11         -           -         122           13         0           14         1           15         -           16         To           10         1           12         1           13         0           14         1           12         1           123         -           124         To           200         Q           21         1           23         -           24         To           255         To           260         OP           FE         FE           27         Cu           28         De           290         De           81         NE           82         1           33         1           33         1           33         1  | City Gate Purchases<br>Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>Inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 873<br>833<br>497  | =  |   | -   | -  |  |
| 6      <br>7    <br>8 To<br>9   (<br>9   (<br>9   (<br>11   7<br>12 To<br>11   7<br>12 To<br>13   (<br>14   1<br>15   7<br>13   (<br>14   1<br>15   7<br>16   6 To<br>17 Cu (<br>18 Cu<br>9 Sal<br>10   (<br>19 Sal<br>10   (<br>10   10   10   10   10   10   10   10   | Purchased Gas Expense<br>Net Nat Gas Storage Trans<br>otal Production<br>Inderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 873<br>833<br>497  | =  |   | -   | -  |  |
| 8         To           9         0           11         7           2         To           0         1           7         Cu           6         To           6         To           7         Cu           9         Sal           20         Sal           21         1           23         To           24         To           25         To           26         OP           21         1           23         To           24         To           25         To           26         OP           FE         FE           27         Cu           28         De           29         De           20         Add           40         Add           41         NE           21         1           22         1           23         1           24         1           25         1           26         0           Add         0     <  | otal Production<br>nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 833<br>497   | - 8  | -   | -   |  |  |
| Un<br>9 4<br>10 1<br>11 7<br>12 To<br>12 To<br>15 7<br>16 To<br>15 7<br>17 Cu<br>18 Cu<br>9 Sal<br>16 To<br>17 Cu<br>18 Cu<br>9 Sal<br>10 1<br>12 1<br>12 1<br>12 1<br>12 1<br>12 1<br>12 1<br>12 1  | nderground Storage<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 833<br>497   | 8  | -   | -   | -  |  |
| 9         4           0         1           2         To           3         0           4         1           5         7           6         To           7         Cu           8         Cu           9         Sal           0         4           12         1           12         3           4         To           5         To           6         OP           FE         7           7         Cu           8         De           9         Add           0         6           0         FE           7         Cu           8         De           0         An           0         An           1         NE           8         De           0         An           1         NE           13         1  | Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>total Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 497  |  |   | -   | -  |  |
| )       4         0       1         1       2         2       To         3       0         4       1         5       7         6       To         7       Cu         8       Cu         9       Sali         0       0         1       1         2       3         4       To         5       To         6       OP         FE       7         7       Cu         8       De         9       Add         1       NE         RA       Po         1       NE         RA       0         4       0  | Operating Expenses<br>Depreciation/Amortization<br>Taxes<br>total Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 497  |  |   |   |  |  |
| 0  | Depreciation/Amortization<br>Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 497  |  |   |   |  |  |
| 1  | Taxes<br>otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  |  | -  | -   | -   | -  |  |
| 2 To<br>Dis<br>3 (<br>4 1)<br>5 7<br>6 To<br>7 Cu<br>8 Cu<br>9 Sal<br>0 (<br>1 1)<br>2 3)<br>4 To<br>5 To<br>6 OP<br>FE<br>7 Cu<br>8 De<br>9 Ad<br>0 0<br>1 1<br>1<br>2 3<br>1<br>4 To<br>5 To<br>6 No<br>9 Sal<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>2 3<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1<br>1  | otal Underground Storage<br>istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  |  | -  | -   | -   | -  |  |
| Dis<br>3 0<br>4 1<br>5 7<br>6 To<br>7 Cu<br>8 Cu<br>9 Sal<br>4 To<br>6 OP<br>7 Cu<br>8 De<br>9 FE<br>7 Cu<br>8 De<br>9 Ad<br>4 To<br>6 OP<br>7 Cu<br>8 De<br>9 A<br>1 1<br>2 1<br>1 1<br>2 3 7<br>4 To<br>6 OP<br>7 Cu<br>8 De<br>9 Sal<br>4 To<br>8 De<br>9 Sal<br>4 To<br>9 Sal<br>4 To<br>9 Sal<br>9 Sa   | istribution<br>Operating Expenses<br>Depreciation/Amortization<br>Taxes   |  | 1,629  |  |   |   |  |  |
| 3 (4)<br>4 1)<br>5 7<br>6 To<br>7 Cu<br>8 Cu<br>9 Sal<br>8 Cu<br>9 Sal<br>4 To<br>6 OP<br>FE<br>7 Cu<br>8 De<br>9 De<br>9 De<br>9 De<br>0 An<br>11 NE<br>RA<br>RA<br>21<br>13 1<br>14 0<br>15 To<br>10 0<br>10 0 | Operating Expenses<br>Depreciation/Amortization<br>Taxes  |  | 1,025  |  |   |   |  |  |
| 4 1<br>5 7<br>7 Cu 8<br>9 Sal<br>0 0<br>11 1<br>2 1<br>2 3<br>7 Cu<br>8 De<br>9 Cu<br>9 Sal<br>12<br>1<br>1<br>2 1<br>1<br>2 1<br>1<br>2 1<br>1<br>2 1<br>1<br>2 1<br>1<br>1<br>2 1<br>1<br>2 1<br>1<br>1<br>2 1<br>1<br>1<br>1  | Depreciation/Amortization<br>Taxes  |  |  |  |   |   |  |  |
| 5 7 Cu<br>8 Cu<br>9 Sal<br>0 0 0<br>1 1 1<br>2 3 7<br>4 To<br>5 To<br>6 OP<br>FE<br>7 Cu<br>8 De<br>9 Den<br>0 An<br>1 NE<br>RA<br>RA<br>RA<br>2 1<br>3 3 1<br>4 0   | Taxes   |  | 12,846   | 101  | -   | -   | -  |  |
| 5 7 Cu 0 7 Cu 8 De 0 Co 0 C   | Taxes   |  | 10,240   | -  | -   | -   | -  | 25   |
| 7 Cu<br>8 Cu<br>9 Sal<br>4 Ad<br>11 1<br>13 7<br>15 To<br>15 To<br>16 OP<br>7 FE<br>7 Cu<br>18 De<br>9 De<br>10 An<br>11 NE<br>8 RA<br>8 PA<br>10 An<br>11 NE<br>12 1<br>13 1<br>14 4  |   |  | 6,085  | -  | -   | -   | -  |  |
| 8 Cu<br>9 Sal<br>Ad<br>0 (<br>1 1)<br>2 1)<br>3 '<br>4 To<br>5 To<br>6 OP<br>FE<br>7 Cu<br>8 De<br>9 O An<br>1 NE<br>RA<br>RA<br>2 1<br>3 3 1<br>4 0   | otal Distribution   |  | 29,171   | 101  | -   | -   | -  | 25   |
| 8 Cu<br>Add<br>0 (<br>1 1<br>3 7<br>4 To<br>6 OP<br>FE<br>7 Cu<br>8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>8 PL<br>2 1<br>1 3<br>3 1<br>4 0   |   |  |  |  |   |   |  |  |
| 9         Sal           Add         Add           0         (           1         1           2         1           3         '           4         To           5         To           6         OP           7         FE           7         FE           8         De           9         De           0         An           1         NE           RA         P           2         1           3         1           4         0  | ustomer Accounting  |  | 6,461  | 54   | -   |   |  |  |
| Ad<br>(1)<br>(1)<br>(2)<br>(3)<br>(4)<br>(5)<br>(5)<br>(7)<br>(4)<br>(7)<br>(7)<br>(7)<br>(7)<br>(7)<br>(7)<br>(7)<br>(7   | ustomer Service & Information   |  | 893  | 4  | -   | -   | -  |  |
| 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0  | ales Expenses   |  | 0  | -  | -   | -   | -  |  |
| 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0  |   |  |  |  |   |   |  |  |
| 1     1       2     1       3     7       4     To       5     To       6     OP       FE     7       7     Cu       8     De       90     De       00     Ann       11     NE       RA     PL       2     1       3     1       4     0   | dministrative & General   |  | 15,448   | 61   |   | 19  | 102  |  |
| 2 1<br>3 7<br>4 To<br>5 To<br>6 OP<br>7 Cu<br>8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>4 0   | Operating Expenses<br>Depreciation/Amortization   |  | 8,656  | 64   | -   | 19  | 102  | 59   |
| 3  | Regulatory Amortizations  |  | 1,079  | -  | (540)   | -   | -  | 57   |
| <ul> <li>4 To</li> <li>5 To</li> <li>6 OP</li> <li>FE</li> <li>7 Cu</li> <li>8 De</li> <li>9 De</li> <li>0 An</li> <li>1 NE</li> <li>RA</li> <li>PL</li> <li>2 1</li> <li>3 1</li> <li>4 0</li> </ul>  | Taxes   |  | -,   | -  | -   | -   | -  |  |
| 6 OP<br>FE<br>7 Cu<br>8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | otal Admin. & General   |  | 25,183   | 64   | (540)   | 19  | 102  | 59   |
| 6 OP<br>FE<br>7 Cu<br>8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | otal Gas Expense  |  | 64,209   | 231  | (540)   | 19  | 102  | 84   |
| FE<br>27 Cu<br>28 De<br>29 De<br>30 An<br>31 NE<br>81 NE  | PERATING INCOME BEFORE FIT  |  | 24,547   | (231)  | 540   | (19)  | (102)  | (84  |
| 7 Cu<br>8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | EDERAL INCOME TAX   |  |  |  |   |   |  | ×-   |
| 8 De<br>9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | urrent Accrual  |  | (5,499)  | (81)   | 189   | (7)   | (36)   | (29  |
| 9 De<br>0 An<br>1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | ebt Interest  |  | (403)  | (01)   |   | (7)   | (50)   | (2)  |
| 1 NE<br>RA<br>PL<br>2 1<br>3 1<br>4 0  | eferred FIT   |  | 12,388   | -  | -   | -   | -  | -  |
| RA<br>PL<br>2 1<br>3 1<br>4 0  | mort ITC  |  | (20)   | -  | -   | -   | -  |  |
| RA<br>PL<br>2 1<br>3 1<br>4 0  | ET OPERATING INCOME   | \$   | 18,081   | \$ (150)   | \$ 351  | \$ (12)   | \$ (66)  | \$ (56   |
| 2 1<br>3 1<br>4 0  | ATE BASE  |  | .,   |  |   |   |  |  |
| 3 1<br>4 (   | LANT IN SERVICE   |  |  |  |   |   |  |  |
| 4  | Underground Storage   | \$   | 27,836   | \$ -   | \$ -  | \$-   | \$-  | \$ 34  |
|  | Distribution Plant  |  | 404,366  | =  | -   | -   | -  | 9,99   |
| 5 To   | General Plant   |  | 96,329   | -  | -   | -   | -  | 2,06   |
|  | otal Plant in Service   |  | 528,531  | -  | -   | -   | -  | 12,39  |
|  | CCUMULATED DEPRECIATION/AMORT<br>Underground Storage  |  | (10,854)   | -  | _   |   |  | (37  |
|  | Distribution Plant  |  | (136,951)  | -  |   | -   | -  | (6,05  |
|  |   |  | (130,531) (27,601)   | -  | -   | -   | -  | (3,29  |
|  | General Plant   |  | (175,406)  | -  | -   | -   | -  | (9,72  |
|  |   |  | 353,125  | -  | -   | =   | -  | 2,67   |
| I DE   | General Plant   |  | (77,134)   | -  | -   | -   |  | (4,07  |
| 2 Ne   | General Plant<br>otal Accumulated Depreciation/Amortization   |  | 275,991  |  |   |   |  | (1,39  |
|  | General Plant<br>otal Accumulated Depreciation/Amortization<br>ET PLANT<br>EFERRED TAXES  |  | 15,143   | -  | -   | -   | -  | (1,55  |
|  | General Plant<br>otal Accumulated Depreciation/Amortization<br>ET PLANT<br>EFERRED TAXES<br>et Plant After DFIT   |  |  |  |   | -   | -  |  |
|  | General Plant<br>otal Accumulated Depreciation/Amortization<br>ET PLANT<br>EFERRED TAXES  |  | (4,345)  |  |   |   |  |  |
| 6 W0   | General Plant<br>total Accumulated Depreciation/Amortization<br>ET PLANT<br>EFERRED TAXES<br>et Plant After DFIT<br>AS INVENTORY  |  | 12,625   |  |   | -   | -  |  |
| 7 тс   | General Plant<br>total Accumulated Depreciation/Amortization<br>ET PLANT<br>EFFERRED TAXES<br>et Plant After DFTT<br>AS INVENTORY<br>AIN ON SALE OF BUILDING  |  |  |  |   |   |  | ¢ (1.20  |
|  | General Plant<br>total Accumulated Depreciation/Amortization<br>ET PLANT<br>EFFERRED TAXES<br>et Plant After DFIT<br>AS INVENTORY<br>AIN ON SALE OF BUILDING<br>THER<br>'ORKING CAPITAL   | \$   | 299.414  | \$   | \$  | \$  | \$   |  |
| 0 RE   | General Plant<br>total Accumulated Depreciation/Amortization<br>ET PLANT<br>EFERRED TAXES<br>et Plant After DFIT<br>AS INVENTORY<br>AIN ON SALE OF BUILDING<br>THER   | \$   | 299,414  | \$-  | \$-   | \$-   | \$-  | \$ (1,39   |

Pro Forma Rate of Return

WASHINGTON NATURAL GAS - PRO FORMA STUDY AND CROSS CHECK STUDIES TWELVE MONTHS ENDED SEPTEMBER 30, 2015

Г

| Const Cash<br>Discrete         2010<br>(Const Clock<br>Field & Segme<br>Field Cash<br>Field & Segme<br>Field Cash<br>Field & Segme<br>Field Cash<br>Field Cas                   |      | VE MONTHS ENDED SEPTEMBER 30, 2015<br>DF DOLLARS) |             |                  |                | 2018                                  | INCREMENTAL |                         |
|---|------|---|-------------|------------------|----------------|---------------------------------------|-------------|-------------------------|
| Line<br>DISCUPTION         Juil ALM         Consultation         Consultation         Consultation         Consultation           Independent Number<br>(Consultation)         INSA         INSACCITI         INSACCITII         INSACCITII   |      |   | Cross Check | 2018             | Reconcile 2018 |                                       |             |                         |
| No.         DBC 000000000000000000000000000000000000  | Line |   |             |                  |                |                                       |             |                         |
| Advances         Nome   |      | DESCRIPTION                                       |             |                  |                |                                       |             |                         |
| No. Control         C-CAMUS         C-CARUS           REVENTS           |      |   |             |                  |                |                                       |             |                         |
| 1         Col Construction         S         S         Value         Value <thv< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></thv<>  |      |   |             |                  |                |                                       |             |                         |
| 1         Col Construction         S         S         Value         Value <thv< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></thv<>  |      |   |             |                  |                |                                       |             |                         |
| 1         1         4.446         4.416   | 1    |   | \$ -        | \$ 84.057        | \$             | \$ 84.057                             | \$          |                         |
| 1         0.002         2.85         2.85         3.87.56           1         Tad Line Kreemes         88.756         -         -           5         Ciry Gas Funchans         -         -         -         -           6         Production Express         -         -         -         -         -           7         Ve No Gas Storage         -         -         -         -         -         -           9         Openting Express         - <td></td> <td></td> <td>φ</td> <td></td> <td>÷ _</td> <td></td> <td>φ -</td> <td></td>  |      |   | φ           |                  | ÷ _            |                                       | φ -         |                         |
| 4       Total Gas Recreases       -       88,756       -       85,756       -         EXPLOSES       -       -       881       -       88,756       -       -         0       Purchaod Cas Respons       -       881       -       881       8         0       Purchaod Cas Respons       -       881       -       881       8         0       Operating Expanse       -       833       -       90       90       200       5         11       Tases       -       200       -       12,661       (165)         12       Total Chargeonal Storage       -       12,2661       112,661       (165)         13       Operating Expanse       -       200       -       10,816       556         13       Tases       -       20,825       -       20,952       391         14       Depreciation Amonization       38       29,562       -       29,562       391         15       Tases       -       6,615       6,615       6,615       6,616         10       Depreciation Amonization       -       6,6254       6,711       22,852       391         10   |      |   | -           |                  | -              |                                       | -           |                         |
| DEPENSIS<br>Production Expense<br>Production Expense<br>Production Expense<br>Production Expense<br>Production Expense<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Production<br>Productio<br>Productio<br>Production<br>Production<br>Production<br>Production<br>Product |      |   | -           |                  | -              |                                       | -           |                         |
| Policini Expense         -  |      |   |             |                  |                |                                       |             |                         |
| 5         Ciry Gas Purchases         -  |      | EXPENSES  |             |                  |                |                                       |             |                         |
| 6       Pachade Ga Espene       -       881       -       -       -         8       Total Production       -       881       -       -       -       -         9       Operating Expense       -       -       333       - </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>   |      |   |             |                  |                |                                       |             |                         |
| 7       No NN Gas Somge Trans       -       -       -       -         8       Todal Production       -       -       -       -       -         9       Deprocise Expanse       - <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td>   |      |   | -           | -                | -              | -                                     | -           |                         |
| 8         Total Production         -         881         -         881         8           0 Adergound Storage         -         303         -         303         5           1         Totas         -         303         -         303         5           12         Total Undergound Storage         -         1.644         -         1.644         -           13         Operating Expense         (280)         12.661         (185)         -         6.665         -         6.665         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.675         -         6.677         -         7.075         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.677         1.676         6.5798         0.297         -         1.678   |      |   | -           | 881              | -              | 881                                   | 8           |                         |
| Underground Storage   |      |   | -           | -                | -              | -                                     | -           |                         |
| 9       Operating Expenses       .       833       .       833       .       833       .         10       Depreciation/Amotinzation   | 8    | Total Production                                  | -           | 881              | -              | 881                                   | 8           |                         |
| 9       Operating Expenses       .       833       .       833       .       833       .         10       Depreciation/Amotinzation   |      | Underground Storage                               |             |                  |                |                                       |             |                         |
| 0         Dependition/Amontanian         -         502         -         502         5           11         Testa Underground Storage         -         1.634         -         1.634         -           12         Total Underground Storage         -         1.634         -         1.634         -           13         Operating Expones         (260         12.661         -         12.661         (185)           14         Depreciation/Amontazion         324         10.036         -         4.665         -         -         -         -         -         -         6.665         -         6.655         -         6.555         5.4         -         -         -         0         -         -         -         -         -         0         -  | 0    |   |             | 813              |                | 833                                   |             |                         |
| 11       Tails       -       299       -       299       -         12       Tail Minground Songe       -       1.844       -       1.844       5         Detribution       0       1.844       -       1.844       5         13       Operating Expenses       (36)       12.061       -       12.041       (188)         14       Depreciation/Autorization       324       0.036       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.065       -       6.067       -       0.067       -       0.067       -       0.067       -       0.067       -       0.067       0.067       -       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0.067       0  |      |   |             |                  |                |                                       | 5           |                         |
| 12       Total Underground Storage       .       1.634       .       1.634       .5         Distribution  |      |   | -           |                  | _              |                                       |             |                         |
| Distribution         Case         Case <thcase< th="">         Case         Case</thcase<>  |      |   | -           |                  | -              |                                       | 5           |                         |
| 13       Operating Expenses       (260)       12,661       -       12,661       (185)         14       Depresion (Amortization       32       10,816       -       10,816       57,6         15       Taxes       -       6,085       -       6,085       -       6,085       -         16       Total Distribution       38       27,562       .391       -       28,552       .391         17       Cutomor Accounting       -       6,615       .541       .       -       6,615       .541         18       Cutomer Service & Information       -       90       -       90       -       -       -       -       0       -       807       4         20       Operating Expenses       -       0       -       807       -   |      |   |             | -,               |                | -,                                    | _           |                         |
| 13       Operating Expenses       (260)       12,661       -       12,661       (185)         14       Depresion (Amortization       32       10,816       -       10,816       57,6         15       Taxes       -       6,085       -       6,085       -       6,085       -         16       Total Distribution       38       27,562       .391       -       28,552       .391         17       Cutomor Accounting       -       6,615       .541       .       -       6,615       .541         18       Cutomer Service & Information       -       90       -       90       -       -       -       -       0       -       807       4         20       Operating Expenses       -       0       -       807       -   |      | Distribution                                      |             |                  |                |                                       |             |                         |
| 15       Taxes       -       6.085       -         16       Total Distribution       38       29,562       -       29,562       3914         17       Cutationer Accounting       -       6,515       5,4         18       Cutationer Accounting       -       0       -       0       -         19       Sales Expenses       -       0       -       0       -       -         20       Operating Expenses       -       -       10,25       10,472       (686)         21       Deprecisition/Anonizations       1,025       10,273       -       10,470       (686)         23       Total Gas Expense       1,005       20,445       (671)       56,063       854         25       Total Gas Expense       1,016       22,382       871       23,093       (854)         20       OPERATING INCOME BEFORE FT       (1,064)       22,382       871       23,093       (854)         21       Total Gas Expense       (61)       (459)       (13)       (465)       (60)         20       OPERATING INCOME       5       (61)       (459)       (13)       (454)       (40)         20       Detrin d  | 13   | Operating Expenses                                | (286)       | 12,661           |                | 12,661                                | (185)       |                         |
| 15       Taxes       -       6.085       -         16       Total Distribution       38       29,562       -       29,562       3914         17       Cutationer Accounting       -       6,515       5,4         18       Cutationer Accounting       -       0       -       0       -         19       Sales Expenses       -       0       -       0       -       -         20       Operating Expenses       -       -       10,25       10,472       (686)         21       Deprecisition/Anonizations       1,025       10,273       -       10,470       (686)         23       Total Gas Expense       1,005       20,445       (671)       56,063       854         25       Total Gas Expense       1,016       22,382       871       23,093       (854)         20       OPERATING INCOME BEFORE FT       (1,064)       22,382       871       23,093       (854)         21       Total Gas Expense       (61)       (459)       (13)       (465)       (60)         20       OPERATING INCOME       5       (61)       (459)       (13)       (454)       (40)         20       Detrin d  | 14   | Depreciation/Amortization                         | 324         | 10.816           | _              | 10.816                                | 576         |                         |
| 16       Total Distribution       38       29,562   |      |   |             |                  | -              |                                       | -           |                         |
| 17       Customer Accounting       -       6,515       -       5,515       5,4         18       Customer Accounting       -       0       -       0       -       0         3       Sales Expenses       -       0       0       0       -       0       -         20       Operating Expenses       -       -       15,533       6(871)       14,762       (686)         21       Deprecision/Anontizations       -       <  |      |   | 38          |                  | -              |                                       | 391         |                         |
| 18       Customer Service & Information       .       987       .       1087  |      |   |             |                  |                |                                       |             |                         |
| 18       Customer Service & Information       .       987       .       1087  | 17   | Customer Accounting                               | -           | 6.515            | -              | 6.515                                 | 54          |                         |
| 19       Sales Expenses       -       0       -       0       -       0       -         Administrative & General       -       -       15,633       (871)       14,762       (686)         20       Depreciation/Anontization       1,026       20,453       -  |      |   | -           |                  | -              |                                       |             |                         |
| 20       Operating Espenses       -       15.63.3       (871)       14.762       (666)         21       Deprection/Amorizations       1.026       10.273       16.617         21       Tases       -       -       -       -         24       Total Admin. & General       1.026       26.445       (871)       25.574       392         25       Total Gas Expense       1.064       65.593       (871)       25.574       392         26       OPERATING INCOME BEFORE FIT       (1.064)       22.822       871       23.693       (884)         7       Current Accmal       (72)       (6.02)       305       (5798)       (299)         20       Debt Increst       (61)       (459)       (13)       (463)       (60)         20       Debt Increst       (61)       (459)       -       12.288       -       -         30       Anori ITC       -       (20)       -   | 19   |   | -           | 0                | -              | 0                                     | -           |                         |
| 20         Operating Espenses         -         15.33         (671)         14.762         (666)           21         Deprection/Amorizations         1.026         19.273         16.17           22         Regulatory Amorizations         -         -         -         -           24         Total Admin. & Ceneral         1.026         26.445         (871)         25.574         392           25         Total Gas Expense         1.064         65.593         (871)         25.574         392           26         OPERATING INCOME BEFORE FIT         (1.064)         22.822         871         23.603         (884)           FEDERAL INCOME TAX         -         -         -         12.288         -         -           20         Current Acemal         (772)         (6.102)         305         (5798)         (299)           28         Debt Increst         -         (200)         -         -         C208         -         -         Corrent Acemal         -         10.275         \$         17.586         \$         (495)         -         -         Corrent Acemal         -         -         -         -         -         -         -         -         -   |      |   |             |                  |                |                                       |             |                         |
| 1       Depreciation/Anontizations       1,026       10,273       1,017         28       Regulatory Anontizations       .       .       .       .         24       Total Admin. & General       1,026       26,445       (871)       25,574       392         24       Total Admin. & General       1,026       26,445       (871)       25,574       392         25       Total Gas Expense       1,064       65,934       (871)       65,063       884         26       OPERATING INCOME BEPORE FIT       (1,064)       22,822       871       23,693       (859)         27       Current Accrual       (372)       (6,102)       305       (5,793)       (299)         28       Debt Intrest       (61)       (459)       1       (463)       (66)         28       Anont ITC       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       (20)       -       Current Accrual       (61)       (459)       (1,017)       (5,79)       (1,017)       (1,017)       (1,017)       (1,017)  |      | Administrative & General                          |             |                  |                |                                       |             |                         |
| 22         Regulatory Anomizations         540         540         (540)           23         Taxes         -   | 20   | Operating Expenses                                | -           | 15,633           | (871)          | 14,762                                | (686)       |                         |
| 23       Taxe       . <td></td> <td></td> <td>1,026</td> <td></td> <td>-</td> <td></td> <td></td> <td></td>   |      |   | 1,026       |                  | -              |                                       |             |                         |
| 24       Total Admin. & General       1.026       26,445       (871)       25,574       392         25       Total Gas Expense       1.064       65,934       (871)       65,063       854         26       OPERATING INCOME BEFORE FIT       (1.064)       22,822       871       23,693       (854)         7       Current Accrual       (372)       (6.102)       305       (5,798)       (299)         27       Current Accrual       (372)       (6.102)       305       (5,798)       (299)         28       Detried FIT       -       12,388       -       12,388       -       12,388       -         29       Deterted FIT       -       12,388       -       12,388       -       -       00       -       Reconcile 2018       Cross Check       00       -       -       00       -       -       -       00       -       -       -       00       -       -       -       -       -       -       00       -   |      |   |             | 540              |                | 540                                   | (540)       |                         |
| 25       Total Gas Expense       1.064       65.934       (871)       65.063       854         26       OPERATING INCOME BEFORE FIT       (1.064)       22,822       871       23,693       (854)         26       OPERATING INCOME BEFORE FIT       (1.064)       22,822       871       23,693       (854)         27       Current Acrual       (372)       (6.102)       305       (5.798)       (299)         28       Debt Interest       (61)       (450)       (13)       (463)       (60)         30       Amort ITC       -       (20)       -       (20)       -       Reconcile 2018         31       NET OPERATING INCOME       \$ (631)       \$ 17,007       \$ 579       \$ 17,586       \$ (495)       Attrition Rev. Req.         PLANT IN SERVICE       -       -       (20)       -       (20)       -       -         32       Underground Storage       \$ -       \$ 28,180       \$ 24,180       \$ 344       -       -         33       Distribution Plant       4,478       102,270       -       -       -       -       -       -       -       -       -       -       -       -       -       -       -       <   |      |   | -           | -                | -              | -                                     | •           |                         |
| 26         OPERATING INCOME BEFORE FIT         (1,064)         22,822         871         23,693         (854)           FEDERAL INCOME TAX         (372)         (6,102)         305         (5,798)         (299)           20         Deht Interest         (61)         (450)         (13)         (463)         (60)           20         Deferdel FIT         -         12,388         -         12,388         -           30         Amort ITC         -         (20)         -         (20)         -           RATE BASE         FLANT IN SER VICE         -         (20)         -         Attrition Rev. Req.           PLANT IN SER VICE         -         28,180         \$         24,485         -         6,641           31         Distribution Plant         4,478         102,270         -         02,670         6,541           32         Underground Storage         \$         \$         28,180         \$         344           33         General Plant         4,478         102,870         -         102,470         6,541           34         General Plant         4,478         102,870         -         102,470         6,541           400 reground Storage   | 24   | Total Admin. & General                            | 1,026       | 26,445           | (871)          | 25,574                                | 392         |                         |
| 26         OPERATING INCOME BEFORE FIT         (1,064)         22,822         871         23,693         (854)           FEDERAL INCOME TAX         (372)         (6,102)         305         (5,798)         (299)           20         Deht Interest         (61)         (450)         (13)         (463)         (60)           20         Deferdel FIT         -         12,388         -         12,388         -           30         Amort ITC         -         (20)         -         (20)         -           RATE BASE         FLANT IN SER VICE         -         (20)         -         Attrition Rev. Req.           PLANT IN SER VICE         -         28,180         \$         24,485         -         6,641           31         Distribution Plant         4,478         102,270         -         02,670         6,541           32         Underground Storage         \$         \$         28,180         \$         344           33         General Plant         4,478         102,870         -         102,470         6,541           34         General Plant         4,478         102,870         -         102,470         6,541           400 reground Storage   | 25   | Total Gas Expense                                 | 1,064       | 65,934           | (871)          | 65,063                                | 854         |                         |
| FEDERAL INCOME TAX         Image: constraint of the state of the  |      | r · · ·   |             |                  |                | ,                                     |             |                         |
| 27       Current Accrual       (372)       (6,102)       305       (5,798)       (299)         28       Debt Interest       (61)       (460)       (13)       (463)       (60)         30       Amort ITC       -       (20)       -       (20)       -       (20)       -       (20)       -       Reconcile 2018         31       NET OPERATING INCOME       \$       (631)       \$       17,007       \$       579       \$       17,586       \$       (495)       Attrition         7       NET OPERATING INCOME       \$       (631)       \$       17,007       \$       579       \$       17,586       \$       (495)       Attrition Rev. Req.         PLANT IN SERVICE       -       \$       28,180       \$       344       4       4478       102,870       6,514       -       F/CC Re(after RB adj)       -       F/CC Re(after RB adj)       -  | 26   | OPERATING INCOME BEFORE FIT                       | (1,064)     | 22,822           | 871            | 23,693                                | (854)       |                         |
| 27       Current Accrual       (372)       (6,102)       305       (5,798)       (299)         28       Debt Interest       (61)       (450)       (13)       (463)       (60)         30       Amort ITC       -       (20)       -       (20)       -       Reconcile 2018         30       Amort ITC       -       (20)       -       (20)       -       Reconcile 2018         31       NET OPERATING INCOME       \$       (631)       \$       17,007       \$       579       \$       17,586       \$       (465)       to Attrition         32       Underground Storage       \$       -       \$       28,180       \$       344         33       Distribution Plant       4,869       419,225       419,225       14,859       444         34       General Plant       -       -       (11,224)       0370       6,541       - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>   |      |   |             |                  |                |                                       |             |                         |
| 28         Debi Interest         (61)         (450)         (13)         (463)         (60)           29         Deferred FIT         -         12,388         -         12,388         -           30         Amort ITC         -         (20)         -         (20)         -         (20)         -         Reconcile 2018           31         NET OPERATING INCOME         \$         (631)         \$         17,007         \$         579         \$         17,586         \$         (463)         (463)         (60)           31         NET OPERATING INCOME         \$         (631)         \$         17,007         \$         579         \$         17,586         \$         (463) <td< td=""><td></td><td>FEDERAL INCOME TAX</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>   |      | FEDERAL INCOME TAX                                |             |                  |                |                                       |             |                         |
| 29       Deferred FIT       12,388       14,317       Attrition Rev. Req. PF/CC R(after RB adj)       10,185       112,357       114,357       112,357       14,357       14,357       14,357       112,357       14,357       112,374       112,374       112,374       112,374       112,374       112,374       112,374       112,374       112,374       112,315       113,313       113,3  | 27   |   |             |                  | 305            |                                       |             |                         |
| 30       Amort ITC                  Record is 2018         Record is 2018             Record is 2018             Record is 2018             Record is 2018           Record is 2018           Record is 2018  |      |   | (61)        |                  | (13)           |                                       | (60)        |                         |
| 31       NET OPERATING INCOME       \$ (631)       \$ 17,007       \$ 579       \$ 17,586       \$ (495)       Cross Check to Attrition         RATE BASE       PLANT IN SERVICE       -       -       -       Attrition Rev. Req.         32       Underground Storage       \$       \$ 28,180       \$ 28,180       \$ 344         33       Distribution Plant       4,469       4102,275       419,225       14,859         34       General Plant       4,478       102,870       102,870       6,541       -         35       Total Plant in Service       9,347       550,275        550,275       21,744         ACCUMULATED DEPRECIATION/AMORT       -       -       (11,224)       (11,224)       (370)       PF/CC Rate base         36       General Plant       (1,522)       (32,415)       (6,370)       PF/CC Rate base         37       Distribution Plant       (1,522)       (32,415)       (4,814)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (4,814)       -         39       Total Accumulated Depreciation/Amortization       (1,839)       -       363,309       10,184         41       DEFERRED TAXES       (1,455) <t< td=""><td></td><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td><b>D N A</b>010</td></t<>   |      |   | -           |                  | -              |                                       | -           | <b>D N A</b> 010        |
| 31       NET OPERATING INCOME       §       (631)       §       17,007       §       579       §       17,586       §       (495)       to Attrition         RATE BASE       PLANT IN SERVICE   | 30   | Amort ITC   |             | (20)             | -              | (20)                                  | -           |                         |
| RATE BASE       PLANT IN SERVICE       Attrition Rev. Req.       PF/CC R(after RB adj)         32       Underground Storage       \$       28,180       \$       28,180       \$       344         33       Distribution Plant       4,869       419,225       \$       419,225       14,859         34       General Plant       4,478       102,870       102,870       6,541         35       Total Plant in Service       9,347       550,275       -       550,275       21,744         ACCUMULATED DEPRECIATION/AMORT       -       -       (11,224)       (370)       PF/CC Rate base         7       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         7       Distribution Plant       (11,224)       (370)       PF/CC Rate base       9         70       Distribution Plant       (11,329)       (186,966)       -       (186,966)       (11,560)         9       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       363,309       10,184         41       DEFERED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280  | 21   | NET ODED ATING INCOME                             | ¢ (621)     | \$ 17.007        | \$ 570         | ¢ 17.596                              | ¢ (405)     |                         |
| PLANT IN SERVICE       PF/CC R(after RB adj)         32       Underground Storage       \$       28,180       \$       28,180       \$       28,180       \$       344         33       Distribution Plant       4,869       419,225       44,920       102,870       6,541         34       General Plant       4,478       102,870       550,275       21,744       Attri RB (grossed down)         35       Total Plant in Service       9,347       550,275       550,275       21,744       Attri RB (grossed down)         36       Underground Storage       -       (11,224)       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,22)       (32,415)       (32,415)       (4,434)       (4,41)         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       1186,966)       (11,560)       Reduction to Rate base         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (55,28)       Reduction to Rate base         42       Net Plant After DFIT       6,053       280,647       15,143       1  | 51   | NET OPERATING INCOME                              | \$ (631)    | \$ 17,007        | \$ 5/9         | \$ 17,580                             | \$ (495)    | to Attrition            |
| 32       Underground Storage       \$       28,180       \$       28,180       \$       344         33       Distribution Plant       4,869       419,225       419,225       14,859         34       General Plant       4,478       102,870       6,541         35       Total Plant in Service       9,347       550,275       -       550,275       21,744         36       Underground Storage       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)         38       General Plant       (1,522)       (32,415)       (32,415)       (4,814)         39       Total Accumulated Depreciation/Amortization       (1,829)       (186,966)       -       (186,966)       (11,560)         41       DEFERRED TAXES       (1,455)       (82,662)       (63,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (5528)       (4,814)         42       Net Plant After DFIT       6,053       280,647       -       280,647       -       -         43       GAS INVENTORY       -       -       -       -       -       - <td< td=""><td></td><td>RATE BASE</td><td></td><td></td><td></td><td></td><td></td><td>Attrition Rev. Req.</td></td<>  |      | RATE BASE   |             |                  |                |                                       |             | Attrition Rev. Req.     |
| 33       Distribution Plant       4,869       419,225       419,225       14,859         34       General Plant       4,478       102,870       6,541       0         35       Total Plant in Service       9,347       550,275       -       550,275       21,744         ACCUMULATED DEPRECIATION/AMORT       -       -       111,224       (370)       PF/CC Rate base         36       Underground Storage       -       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (6,430)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (11,224)       (4,814)         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,500)         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       -         43       GAS INVENTORY       15,143       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       - <td></td> <td>PLANT IN SERVICE</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>PF/CC RR(after RB adj)</td>   |      | PLANT IN SERVICE                                  |             |                  |                |                                       |             | PF/CC RR(after RB adj)  |
| 34       General Plant       4,478       102,870       102,870       6,541         35       Total Plant in Service       9,347       550,275       -       550,275       21,744         ACCUMULATED DEPRECIATION/AMORT       -       (11,224)       (11,224)       (370)       PF/CC Rate base         36       Underground Storage       -       (11,224)       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,676)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (4,814)       Reduction to Rate base         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,560)         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       -         43       GASI INVENTORY       -       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301  | 32   | Underground Storage                               | \$ -        | \$ 28,180        |                | \$ 28,180                             | \$ 344      |                         |
| 35       Total Plant in Service       9,347       550,275       -       550,275       21,744         ACCUMULATED DEPRECIATION/AMORT       -       -       Attri RB (grossed down)         36       Underground Storage       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (4,814)       (4,814)         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,560)         40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       -       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -   |      |   |             |                  |                |                                       |             |                         |
| ACCUMULATED DEPRECIATION/AMORT       Attrt RB (grossed down)         36       Underground Storage       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (343,327)       (6,376)       Reduction to Rate base         40       NET PLANT       (1,839)       (186,966)       -       (186,966)       (11,560)         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       -       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       -       -       -       -       -       -  | 34   | General Plant                                     | 4,478       | 102,870          |                | 102,870                               | 6,541       |                         |
| ACCUMULATED DEPRECIATION/AMORT       Attrt RB (grossed down)         36       Underground Storage       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (4,814)       (4,814)         9       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,560)         40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFT       6,053       280,647       -       280,647         43       GAS INVENTORY       15,143       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301         46       WORKING CAPITAL       12,625       -       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301 <td< td=""><td>35</td><td>Total Plant in Service</td><td>9,347</td><td>550,275</td><td>-</td><td>550,275</td><td>21,744</td><td></td></td<>  | 35   | Total Plant in Service                            | 9,347       | 550,275          | -              | 550,275                               | 21,744      |                         |
| 36       Underground Storage       -       (11,224)       (370)       PF/CC Rate base         37       Distribution Plant       (317)       (143,327)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (32,415)       (43,327)         40       NET PLANT       (1,839)       (186,966)       -       (186,966)       (11,560)         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAN NON SALE OF BUILDING       -       -       -       -       -         44       GAN NON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       -       -       -       -       -         48       RATE OF RETURN       -       5,76%       -8,30%       Incremental 06,2018<   |      | ACCUMULATED DEPRECIATION/AMORT                    |             |                  |                | · · · · · · · · · · · · · · · · · · · |             | Attrt PB (grossed down) |
| 37       Distribution Plant       (317)       (143,327)       (6,376)       Reduction to Rate base         38       General Plant       (1,522)       (32,415)       (32,415)       (4,814)         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,560)         40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -       -         46       WORKING CAPITAL       12,625       -  | 36   |   | _           | (11.224)         |                | (11.224)                              |             |                         |
| 38       General Plant       (1,522)       (32,415)       (4,814)         39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,500)         40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -         46       WORKING CAPITAL       12,625       -       -       -       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%       -8.30%       Incremental 06.2018   |      |   | (317)       |                  |                |                                       | · · · ·     |                         |
| 39       Total Accumulated Depreciation/Amortization       (1,839)       (186,966)       -       (186,966)       (11,560)         40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       -       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301         46       WORKING CAPITAL       12,625       -       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%       -8.30%       Incremental 06.2018   |      |   |             |                  |                |                                       |             | Reduction to Rate base  |
| 40       NET PLANT       7,508       363,309       -       363,309       10,184         41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFIT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       15,143       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -         46       WORKING CAPITAL       12,625       -       -       -       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%       -8.30%       Incremental 06.2018  |      |   |             |                  | -              |                                       |             |                         |
| 41       DEFERRED TAXES       (1,455)       (82,662)       (82,662)       (5,528)         42       Net Plant After DFT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       15,143       -       -         44       GAIN ON SALE OF BUILDING       -       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301       -       -         46       WORKING CAPITAL       12,625       12,625       -   |      |   |             |                  |                |                                       |             |                         |
| 42       Net Plant After DFTT       6,053       280,647       -       280,647       4,656         43       GAS INVENTORY       15,143       -       15,143       -       -         44       GAIN ON SALE OF BUILDING       - </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>   |      |   |             |                  |                |                                       |             |                         |
| 43       GAS INVENTORY       15,143       -       15,143       -         44       GAIN ON SALE OF BUILDING       -       -       -       -         45       OTHER       (4,345)       1,301       (3,044)       1,301         46       WORKING CAPITAL       12,625       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%       -8.30%       Incremental 06.2018  |      |   |             |                  |                |                                       |             |                         |
| 44       GAIN ON SALE OF BUILDING       -<  |      |   | 6,053       |                  | -              |                                       | 4,656       |                         |
| 45       OTHER       (4,345)       1,301       (3,044)       1,301         46       WORKING CAPITAL       12,625       -       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%       -       -       -  |      |   |             | 15,143           | -              | 15,143                                | -           |                         |
| 46       WORKING CAPITAL       12,625       -         47       TOTAL RATE BASE       \$ 6,053       \$ 304,070       \$ 1,301       \$ 305,371       \$ 5,957         48       RATE OF RETURN       5.76%   |      |   |             | (4.245)          | 1 201          |                                       | 1 201       |                         |
| 47         TOTAL RATE BASE         \$ 6,053         \$ 304,070         \$ 1,301         \$ 305,371         \$ 5,957           48         RATE OF RETURN         5.76%         -8.30%         Incremental 06.2018  |      |   |             |                  | 1,301          |                                       | 1,301       |                         |
| 48 RATE OF RETURN 5.76% -8.30% Incremental 06.2018  | 40   | WORKING CAFILAL                                   |             | 12,025           |                | 12,025                                | •           |                         |
| 48 RATE OF RETURN 5.76% -8.30% Incremental 06.2018  | 17   | TOTAL PATE BASE                                   | \$ 6052     | \$ 204.070       | \$ 1.201       | \$ 205 271                            | \$ 5.057    |                         |
|   |      |   | φ 0,053     | φ <u>304,070</u> | φ 1,301        |                                       |             | Incremental 06 2010     |
| 50 KEVENUE KEQUIKEWENI 1,/0/ 10/255 (//5) 2,402 1,530 Attrition Adjustment  |      |   | 1 7 7 7     | 10.005           | (777)          |                                       |             |                         |
|   | 50   | REVENUE REQUIREMENT                               | 1,/6/       | 10,235           | (773)          | 9,462                                 | 1,536       | Autuon Aujusufient      |

(1) January to June 2018 Incremental Cross Check results in \$2,309 million prior to column (18.07) "Reconcile 2018 Cross Check to Attrition" (<math>\$1,536 + \$773 = \$2,309).

Pro Forma Rate of Return Revenue Conversion Factor

9,462 10,375 (913) 0.65 0.620003 (871) 305,371 304,070 1,301