

Exhibit ____ (GRS-7), Page 1 of 2

Recovery of the Return on Remaining Starting Rate Base Write-Up Over Five Years

Line	Item	Source	Year 1	Year 2	Year 3	Year 4	Year 5
1	Starting Rate Base Write-Up Recovery	See Note 1	\$636,561	\$636,561	\$636,561	\$636,561	\$636,561
2	Tax Rate	Input	35.00%	35.00%	35.00%	35.00%	35.00%
3	Tax Factor	Line 2 / (1-Line 2)	0.538	0.538	0.538	0.538	0.538
4	Tax Allowance	Line (1 * 3)	\$342,764	\$342,764	\$342,764	\$342,764	\$342,764
5	Starting Rate Base Write-Up Recovery Including Taxes	Line (1 + 4)	<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>
6	Barrels (in Millions)	Input	103,136,081	103,136,081	103,136,081	103,136,081	103,136,081
7	Recovery Cost of Starting Rate Base Write-Up per Barrel	Line (5 / 6)	\$0.0095	\$0.0095	\$0.0095	\$0.0095	\$0.0095

Notes:

- Starting rate base write-up recovery per year is based on fixed amount for each year.
For each year, it is assumed there is a 14.15% real equity return and 1.515% inflation which results in a 15.665% nominal equity return.
The starting rate base write-up is recovered over 5 years.
The amount to recover is based on the end of the base year amount of about \$7.4 million and an amortization period of between 4 and 5 years.
Only the return on the remaining starting rate base write-up is recovered which is \$2.1 million and not a return of the starting rate base write-up.

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Detailed Calculation of a Five Year Recovery of Starting Rate Base Write-Up

Line	Item	Source	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
1	Real Equity Return	Input		14.150%	14.150%	14.150%	14.150%	14.150%
2	Inflation	Input		1.515%	1.515%	1.515%	1.515%	1.515%
3	Nominal Equity Return	Line (1 + 2)		<u>15.665%</u>	<u>15.665%</u>	<u>15.665%</u>	<u>15.665%</u>	<u>15.665%</u>
4	Starting Rate Base Write-Up Balance - Start of Year	Prior Line 7		\$7,405,438	\$5,707,143	\$4,008,848	\$2,310,553	\$612,258
5	Time Left to Amortize (in Years)	Input		4.36	3.36	2.36	1.36	0.36
6	Amortization of Starting Rate Base Write-Up	Line (4 / 5)		\$1,698,295	\$1,698,295	\$1,698,295	\$1,698,295	\$612,258
7	End of Year Starting Rate Base Write-Up	Line 4 - Line 6	\$7,405,438	\$5,707,143	\$4,008,848	\$2,310,553	\$612,258	\$0
8	Real Return on Starting Rate Base Write-Up	Prior Line 7 * Line 1		\$1,047,869	\$807,561	\$567,252	\$326,943	\$86,635
9	Present Value Factor	(1 / (1+Line 3)) * Prior Line 9		0.865	0.747	0.646	0.559	0.483
10	Present Value of Starting Rate Base Write-Up	Line (8 * 9)		\$905,952	\$603,631	\$366,581	\$182,669	\$41,849
11	Total Present Value of Starting Rate Base Write-Up	Sum Line 10	\$2,100,681					
12	Starting Rate Base Write-Up Recovery	Computed so Line 11 = Line 15		\$636,561	\$636,561	\$636,561	\$636,561	\$636,561
13	Present Value Factor	Line 9		0.865	0.747	0.646	0.559	0.483
14	Present Value of Starting Rate Base Write-Up	Line (12 * 13)		\$550,349	\$475,813	\$411,372	\$355,658	\$307,490
15	Total Present Value of Starting Rate Base Write-Up	Sum Line 14	\$2,100,681					
16	Starting Rate Base Write-Up Recovery	Line 12		\$636,561	\$636,561	\$636,561	\$636,561	\$636,561
17	Tax Rate	Input		35.00%	35.00%	35.00%	35.00%	35.00%
18	Tax Factor	Line 17 / (1-Line 17)		0.538	0.538	0.538	0.538	0.538
19	Tax Allowance	Line (16 * 18)		\$342,764	\$342,764	\$342,764	\$342,764	\$342,764
20	Starting Rate Base Write-Up Recovery Including Taxes	Line (16 + 19)		<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>	<u>\$979,325</u>
21	Barrels (in Millions)	Input		103,136,081	103,136,081	103,136,081	103,136,081	103,136,081
22	Recovery Cost of Starting Rate Base Write-Up per Barrel	Line (20 / 21)		\$0.0095	\$0.0095	\$0.0095	\$0.0095	\$0.0095