

**Natural Gas Cost of Service Allocation Methodology Matrix**

Utility	Distribution of Mains Allocation	Transportation Main Allocation	Distribution Assets	Services	Meters	Customer Service/Billin	Meter Reading	A&G, General Plant, and Intangible Plant
Avista (Gas)	<p>Peak and average ratio to classify distribution main investment into both demand and commodity related costs. The portion of main investment classified as demand related is allocated to <u>all</u> rate schedules on the basis of each schedule's contribution to system peak demand. The portion of distribution main investment classified as commodity related has been separated into three groups (small, medium &amp; large). Large main (4 inches and greater) is allocated to all rate schedules based on annual weather normalized throughput. Small main (less than 2 inches) is allocated to all rate schedules with the exception of Schedules 131/132 &amp; 146 based on weather normalized throughput. Medium main (2 and 3 inches) is allocated 33 percent to all rate schedules and 67 percent to all rate schedules except Schedules 131/132 &amp; 146 based on weather normalized throughput.</p>	N/A	Coincident peak and throughput for accounts 378 and 379. Land, Structures and Improvements, and Other Equipment and allocated based on the sum of accounts 376-385	Customers weighted by current typical service cost	Customers weighted by average current meter cost	All Customers	All Customers	4-Factor equally weighted (O&M less resource & labor, O&M labor, net direct plant, & customers)
Cascade Natural Gas	<p>Distribution Main is assigned to the Distribution Function via the FERC Chart of Accounts and classified as 50% Demand-related and 50% Energy-related based on the system load factor of 49.9%. Demand-related costs are allocated to customer classes based on each class's contribution to the Design Day peak. Energy-related costs are allocated to customer classes based on each class's contribution to test year throughput. Where possible, Distribution Main is directly assigned to large customers (Special Contracts). Distribution Main were segmented into pipe diameter ranges: &gt;6", 4-6", 2-4", &lt;= 2". A special study was performed for Interruptible and Transportation classes to determine which size main served each individual customer. The peak demands and annual throughput for these customers were excluded from the allocation of smaller sized mains.</p>	<p>The same Peak and Average mains allocation method is used for transmission mains.</p> <p>Cascade would prefer to use an allocation method that better represents the cost causative factors for Transmission mains on the Cascade system, namely, a 100% Demand classification and Design Day Peak allocation method.</p>	<p>Mains, services, and meters plant are allocated as described in their respective columns.</p> <p>Meter Installations and Regulators are classified as Customer-related costs and allocated to customer classes based on current installation costs by class for meters and regulators, respectively. Large customer's installation and regulator costs are directly assigned based on a special study.</p> <p>Industrial Measuring and Regulator Station Equipment costs are classified as Customer-related costs and allocated to customer classes based on the review of Industrial M&amp;R Equipment plant investment by class in Account 385.</p> <p>Land &amp; Land Rights and Structures &amp; Improvements are classified based on classification of all other Distribution Plant, and allocated to customer classes based on the allocation of all other Distribution Plant.</p>	<p>Services are assigned to the Distribution Function and classified as Customer-related costs. Services are allocated to customer classes based on the class average service installation cost. Large customers' services investment is directly assigned based on a special study.</p>	<p>Meters are assigned to the Distribution Function and classified as Customer-related costs. Meters are allocated to customer classes based on the current meter inventory costs associated with the specific meter types that serve each customer in a particular class. Large customers' meters investment is directly assigned based on a special study.</p>	<p>Customer Records and Collections expenses are allocated to all classes using a composite allocation factor based on functions performed by the responsibility centers such as billing, revenue accounting, credit and collection activity. Uncollectible Accounts expenses are assigned to the classes on the basis of uncollectible account write-offs. All other customer service accounts are allocated on a customer basis.</p>	<p>Meter Reading expenses are assigned to core or non-core customer groups based on an analysis of labor costs of field personnel involved in meter reading activities related to the respective customer groups and then allocated on a weighted customer basis.</p>	<p>Administrative and General ("A&amp;G") expenses are allocated in relation to plant, O&amp;M or labor expenses. Specifically, A&amp;G expense Property Insurance – Account 924 is allocated on the basis of transmission and distribution plant, as are Rents – Account 931 and Maintenance of General Plant – Account 932. The following accounts are allocated on the basis of Cascade's labor expenses: A&amp;G Salaries – Account 920, Office Supplies and Expenses – Account 921, Outside Services – Account 923, Injuries and Damages – Account 925, and Pensions and Benefits – Account 926. Miscellaneous General Expense – Account 930 is allocated on the basis of transmission and distribution O&amp;M.</p> <p>General plant is allocated based on an internal allocator consisting of the summation of the allocation of total plant.</p> <p>Miscellaneous Intangible Plant – Account 303, is segregated into customer, plant, and throughput related categories; then classified and allocated accordingly based on the investment elements in the account.</p>
Northwest Natural Gas	<p>Peak and Average Allocated to customer classes using peak and average methodology. Recent GRC allocation was 67/33 Peak/Energy determined by test year load factor. Peak related costs allocated using each customer classes contribution to design day peak. Average related costs allocated to each customer class based on normalized class usage during test year. Large interruptible schedules are not allocated all of the average costs for pipe smaller than 4 inches.</p>	<p>Peak and Average N/A. PSE does not have any mains classified as transportation.</p>	<p>Plant costs Measuring and regulating station equipment is allocated the same as distribution mains (Peak and Average Methodology) except large industrial customers are allocated all average related costs, unlike the distribution main allocator which excludes small pipe.</p>	<p>Service cost Directly assigned to large industrial customers. All other customer classes costs are allocated using customer counts that are weighted based on the cost of the service line to serve those customers.</p>	<p>Meter cost Meters are allocated based on the current cost of gas meters serving each customer class relative to the current cost of all gas meters.</p>	<p>Number of customers For FERC account 903, direct assignment of some labor costs to non-residential classes. Remaining customer service/billing costs for FERC 903 are allocated to all classes using average customer counts.</p>	<p>Number of meters For FERC 902, direct assignment of meter reading costs to customer classes.</p>	<p>Small diameter plant The majority of administrative and general costs are allocated based on allocated O&amp;M costs. Property insurance allocations are based on allocated plant. Injuries and damages and employee benefits are allocated based on the allocation of salary and wages.</p>
Puget Sound Energy (Gas)	<p>Peak and Average Allocated to customer classes using peak and average methodology. Recent GRC allocation was 67/33 Peak/Energy determined by test year load factor. Peak related costs allocated using each customer classes contribution to design day peak. Average related costs allocated to each customer class based on normalized class usage during test year. Large interruptible schedules are not allocated all of the average costs for pipe smaller than 4 inches.</p>	<p>Peak and Average N/A. PSE does not have any mains classified as transportation.</p>	<p>Plant costs Measuring and regulating station equipment is allocated the same as distribution mains (Peak and Average Methodology) except large industrial customers are allocated all average related costs, unlike the distribution main allocator which excludes small pipe.</p>	<p>Service cost Directly assigned to large industrial customers. All other customer classes costs are allocated using customer counts that are weighted based on the cost of the service line to serve those customers.</p>	<p>Meter cost Meters are allocated based on the current cost of gas meters serving each customer class relative to the current cost of all gas meters.</p>	<p>Number of customers For FERC account 903, direct assignment of some labor costs to non-residential classes. Remaining customer service/billing costs for FERC 903 are allocated to all classes using average customer counts.</p>	<p>Number of meters For FERC 902, direct assignment of meter reading costs to customer classes.</p>	<p>Small diameter plant The majority of administrative and general costs are allocated based on allocated O&amp;M costs. Property insurance allocations are based on allocated plant. Injuries and damages and employee benefits are allocated based on the allocation of salary and wages.</p>