

REQUIRED INCREASE IN REVENUES

	<u>SourceGas Rebuttal</u>	<u>OCA Surrebuttal</u>	<u>Difference</u>
Rate Base	<i>\$101,712,230</i>	<i>\$100,351,216</i>	(\$1,361,014)
Recommended Return on Rate Base	<i><u>9.02%</u></i>	<i><u>7.98%</u></i>	<i><u>-1.04%</u></i>
Net Income Company Should have Opportunity to Earn	<i>\$9,174,443</i>	<i>\$8,008,027</i>	
Adjusted Test Year Earnings	<i>\$4,651,989</i>	<i>\$5,199,909</i>	\$547,921
Earnings Deficiency (Excess Earnings)	<i>\$4,522,454</i>	<i>\$2,808,118</i>	
Tax Gross-up Factor (1/(1-tax rate))	1.5385	1.5385	
Recommended Revenue Increase (Decrease)	<i>\$6,957,624</i>	<i>\$4,320,289</i>	<i>(\$2,637,335)</i>
Recommended Increase in Base Revenues (excluding Commodity Cost Recovery)	<i>\$6,957,624</i>	<i>\$4,320,289</i>	
Test Year Revenues (Excluding Commodity Cost Recovery) Prior to Recommended Increase	\$33,101,988	\$33,101,988	
Total Non-Commodity Revenues with Proposed Increase	<i>\$40,059,612</i>	<i>\$37,422,277</i>	
Recommended Increase in Base (Non-Commodity) Revenues	<i>21.02%</i>	<i>13.05%</i>	

SourceGas Rebuttal figures based on OCA recalculation using described adjustments. Minor differences from SourceGas rebuttal are due to rounding differences.

RATE BASE

	SourceGas As Adjusted <u>in Rebuttal</u>	OCA <u>Adjustments</u>	OCA <u>Surrebuttal</u>
Gross Adjusted Plant			
Storage	\$14,685,462	(\$125,000)	\$14,560,462
Gathering and Processing	0	0	0
Transmission	54,518,863	0	54,518,863
Distribution	112,329,366	0	112,329,366
General	22,207,984	0	22,207,984
General -- Billing	5,724,268	(2,017,802)	3,706,466
Intangible	<u>512,501</u>	<u>0</u>	<u>512,501</u>
Total Gross Plant	\$209,978,444	(\$2,142,802)	\$207,835,642
Accumulated Depreciation and Amortization			
Storage	(\$5,690,157)	\$3,250	(\$5,686,907)
Gathering and Processing	0	0	0
Transmission	(37,593,701)	<i>(47)</i>	<i>(37,593,748)</i>
Distribution	(61,592,113)	<i>(14,055)</i>	<i>(61,606,168)</i>
General	0	0	0
General -- Billing	0	403,560	403,560
Intangible	<u>0</u>	<u>0</u>	<u>0</u>
Total Accumulated Depreciation and Amortization	(\$104,875,971)	<i>\$392,708</i>	<i>(\$104,483,263)</i>
Less:			
Accumulated Deferred Income Taxes	<i>\$4,375,688</i>	<i>(\$389,080)</i>	<i>\$3,986,608</i>
Plus:			
Materials and Supplies	\$625,758	\$0	\$625,758
Prepayments	359,687	0	359,687
CashWorking Capital	<u>0</u>	<u>0</u>	<u>0</u>
Total Working Capital	\$985,445	\$0	\$985,445
TOTAL RATE BASE	<i>\$101,712,230</i>	<i>(\$1,361,014)</i>	<i>\$100,351,216</i>

PLANT IN SERVICE

	SourceGas As Adjusted in Rebuttal	OCA Adjustments	OCA Surrebuttal
Storage			
Directly Attributed Source Gas Distribution Plant	\$6,933,559		\$6,933,559
Shared Plant Allocated from Source Gas Distribution	0		0
Corporate Plant Allocated from Source Gas LLC	0		0
Cushion Gas	5,290,293		5,290,293
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	2,134,426	(125,000)	2,009,426
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>\$327,185</u>		<u>327,185</u>
Storage Gross Plant	\$14,685,463	(\$125,000)	\$14,560,463
Accumulated Depreciation	(5,673,501)	\$3,250	(\$5,670,251)
Accumulated Amortization	<u>(16,656)</u>		<u>(\$16,656)</u>
Storage Net Plant	\$8,995,306	(\$121,750)	\$8,873,556
Gathering and Processing			
Directly Attributed Source Gas Distribution Plant	\$411,427		\$411,427
Shared Plant Allocated from Source Gas Distribution	0		0
Corporate Plant Allocated from Source Gas LLC	0		0
Cushion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	0		0
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>(411,427)</u>		<u>(411,427)</u>
Gathering and Processing Gross Plant	\$0	\$0	\$0
Accumulated Depreciation	0		\$0
Accumulated Amortization	<u>0</u>		<u>\$0</u>
Gathering and Processing Net Plant	\$0	\$0	\$0
Transmission			
Directly Attributed Source Gas Distribution Plant	\$53,298,707		\$53,298,707
Shared Plant Allocated from Source Gas Distribution	0		0
Corporate Plant Allocated from Source Gas LLC	0		0
Cushion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	739,156		739,156
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>481,000</u>		<u>481,000</u>
Transmission Gross Plant	\$54,518,863		\$54,518,863
Accumulated Depreciation	(37,557,328)	(\$47)	(\$37,557,375)
Accumulated Amortization	<u>(36,373)</u>		<u>(\$36,373)</u>
Transmission Net Plant	\$16,925,162	\$47	\$16,925,115

PLANT IN SERVICE

	SourceGas As Adjusted in Rebuttal	OCA Adjustments	OCA Surrebuttal
Distribution			
Directly Attributed Source Gas Distribution Plant	\$113,749,156		\$113,749,156
Shared Plant Allocated from Source Gas Distribution	0		0
Corporate Plant Allocated from Source Gas LLC	0		0
Cusion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	1,577,493		1,577,493
Contributions in Aid of Construction	(2,997,283)		(2,997,283)
Other Pro Forma Adjustments	<u>0</u>		<u>0</u>
Distribution Gross Plant	\$112,329,366	\$0	\$112,329,366
Accumulated Depreciation	(61,397,939)	(\$14,055)	(\$61,411,994)
Accumulated Amortization	<u>(194,175)</u>		<u>(\$194,175)</u>
Distribution Net Plant	\$50,737,252	\$14,055	\$50,723,197
General			
Directly Attributed Source Gas Distribution Plant	\$16,432,914		\$16,432,914
Shared Plant Allocated from Source Gas Distribution	1,164,809		1,164,809
Corporate Plant Allocated from Source Gas LLC	3,355,516		3,355,516
Cushion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	1,212,255		1,212,255
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>42,489</u>		<u>42,489</u>
General Gross Plant	\$22,207,983	\$0	\$22,207,983
Accumulated Depreciation	0		\$0
Accumulated Amortization	<u>0</u>		<u>\$0</u>
General Net Plant	\$22,207,983	\$0	\$22,207,983
General -- Billing			
Directly Attributed Source Gas Distribution Plant	\$0		\$0
Shared Plant Allocated from Source Gas Distribution	2,017,802	(2,017,802)	0
Corporate Plant Allocated from Source Gas LLC	0		0
Cushion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	2,994,202		2,994,202
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>712,264</u>		<u>712,264</u>
General -- Billing Gross Plant	\$5,724,268	(\$2,017,802)	\$3,706,466
Accumulated Depreciation	0	\$403,560	\$403,560
Accumulated Amortization	<u>0</u>		<u>\$0</u>
General -- Billing Net Plant	\$5,724,268	(\$1,614,242)	\$4,110,026

PLANT IN SERVICE

	SourceGas As Adjusted in Rebuttal	OCA Adjustments	OCA Surrebuttal
Intangible Plant			
Directly Attributed Source Gas Distribution Plant	\$512,501		\$512,501
Shared Plant Allocated from Source Gas Distribution	0		0
Corporate Plant Allocated from Source Gas LLC	0		0
Cushion Gas	0		0
Gas Plant Purchased or Sold	0		0
Completed Construction Not Classified	0		0
Construction Work in Progress	0		0
Contributions in Aid of Construction	0		0
Other Pro Forma Adjustments	<u>0</u>		<u>0</u>
Intangible Gross Plant	\$512,501	\$0	\$512,501
Accumulated Depreciation	(247,204)		(\$247,204)
Accumulated Amortization	<u>247,204</u>		<u>\$247,204</u>
Intangible Net Plant	\$512,501	\$0	\$512,501
TOTAL PLANT IN SERVICE			
Directly Attributed Source Gas Distribution Plant	\$191,338,264	\$0	\$191,338,264
Shared Plant Allocated from Source Gas Distribution	3,182,611	(2,017,802)	1,164,809
Corporate Plant Allocated from Source Gas LLC	3,355,516	0	3,355,516
Cushion Gas	5,290,293	0	5,290,293
Gas Plant Purchased or Sold	0	0	0
Completed Construction Not Classified	0	0	0
Construction Work in Progress	8,657,532	(125,000)	8,532,532
Contributions in Aid of Construction	(2,997,283)	0	(2,997,283)
Other Pro Forma Adjustments	<u>1,151,511</u>	<u>0</u>	<u>1,151,511</u>
TOTAL GROSS PLANT IN SERVICE	\$209,978,444	(\$2,142,802)	\$207,835,642
Accumulated Depreciation	(104,875,972)	\$392,708	(\$104,483,264)
Accumulated Amortization	<u>0</u>	\$0	<u>\$0</u>
TOTAL NET PLANT IN SERVICE	\$105,102,472	(\$1,750,094)	\$103,352,378

INCOME STATEMENT

	SourceGas As Adjusted in Rebuttal <u>Prior to Increase</u>	OCA <u>Adjustments</u>	OCA Surrebuttal <u>Prior to Increase</u>
Operating Revenues			
Base Rate Revenue	\$31,574,790		\$31,574,790
Revermie Credits	890,521		890,521
Other Gas Revenues	<u>636,677</u>		<u>636,677</u>
Total Operating Revenues	\$33,101,988	\$0	\$33,101,988
Operating and Maintenance Expenses			
Storage Expense	\$817,602	(\$10,528)	\$807,074
Transmission Expense	1,768,641	(20,376)	1,748,265
Distribution Expense	5,343,229	(49,205)	5,294,024
Customer Account Expense	<u>4,646,063</u>	<u>(63,692)</u>	<u>4,582,371</u>
Total Operating and Maintenance Expenses	\$12,575,535	(\$143,801)	\$12,431,734
Administrative and General Expenses	<i>\$7,890,646</i>	<i>(\$515,978)</i>	<i>\$7,374,668</i>
Depreciation and Amortization Expense	<i>\$5,998,666</i>	<i>(\$205,030)</i>	<i>\$5,793,636</i>
Taxes Other than Income			
Ad Valorum Taxes	\$458,690	\$0	\$458,690
Payroll Taxes	593,475	0	593,475
Other Taxes	<u>61,301</u>	<u>0</u>	<u>61,301</u>
Total Taxes Other than Income	\$1,113,466	\$0	\$1,113,466
Federal Income Tax	<i>\$871,686</i>	<i>\$316,888</i>	<i>\$1,188,575</i>
Total Operating Expenses	<i>\$28,449,999</i>	<i>(\$547,921)</i>	<i>\$27,902,079</i>
OPERATING INCOME	<i>\$4,651,989</i>	<i>\$547,921</i>	<i>\$5,199,909</i>
Return on Rate Base	<i>4.57%</i>		<i>5.18%</i>
Return on Equity	<i>3.16%</i>		<i>4.37%</i>

OPERATING, MAINTENANCE, AND ADMINISTRATIVE EXPENSE DETAIL

	SourceGas As Adjusted in Rebuttal <u>Prior to Increase</u>	OCA <u>Adjustments</u>	OCA Surrebuttal <u>Prior to Increase</u>
Storage -- Operation Expense			
Direct Expenses -- Labor	\$156,953		\$156,953
Direct Expenses --Non Labor	495,292		495,292
Wyoming General Allocated Expense	0		0
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(75,425)</u>	<u>(7,424)</u>	<u>(82,849)</u>
Total Storage Operation Expense	\$576,820	<u>(\$7,424)</u>	<u>\$569,396</u>
Storage -- Maintenance Expense			
Direct Expenses -- Labor	\$64,748		\$64,748
Direct Expenses -- Non Labor	183,728		183,728
Wyoming General Allocated Expense	2,951		2,951
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(10,654)</u>	<u>(3,105)</u>	<u>(13,759)</u>
Total Storage Maintenance Expense	\$240,773	<u>(\$3,105)</u>	<u>\$237,668</u>
Transmission -- Operation Expense			
Direct Expenses -- Labor	\$532,461		\$532,461
Direct Expenses -- Non Labor	1,148,375		1,148,375
Wyoming General Allocated Expense	157,983		157,983
Shared Expense Allocated from Source Gas Distribution	1,786		1,786
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(297,895)</u>	<u>(18,438)</u>	<u>(316,333)</u>
Total Transmission Operation Expense	\$1,542,710	<u>(\$18,438)</u>	<u>\$1,524,272</u>
Transmission -- Maintenance Expense			
Direct Expenses -- Labor	\$182,696		\$182,696
Direct Expenses -- Non Labor	71,932		71,932
Wyoming General Allocated Expense	0		0
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(28,698)</u>	<u>(1,938)</u>	<u>(30,636)</u>
Total Transmission Maintenance Expense	\$225,930	<u>(\$1,938)</u>	<u>\$223,992</u>
Distribution -- Operation Expense			
Direct Expenses -- Labor	\$2,582,571		\$2,582,571
Direct Expenses --Non Labor	1,954,866		1,954,866
Wyoming General Allocated Expense	524,695		524,695
Shared Expense Allocated from Source Gas Distribution	51,645		51,645
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(582,557)</u>	<u>(43,371)</u>	<u>(625,928)</u>
Total Distribution Operation Expense	\$4,531,220	<u>(\$43,371)</u>	<u>\$4,487,849</u>
Distribution -- Maintenance Expense			
Direct Expenses -- Labor	\$677,912		\$677,912
Direct Expenses -- Non Labor	302,428		302,428
Wyoming General Allocated Expense	0		0
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(168,331)</u>	<u>(5,833)</u>	<u>(174,164)</u>
Total Distribution Maintenance Expense	\$812,009	<u>(\$5,833)</u>	<u>\$806,176</u>

OPERATING, MAINTENANCE, AND ADMINISTRATIVE EXPENSE DETAIL

	SourceGas As Adjusted in Rebuttal <u>Prior to Increase</u>	OCA <u>Adjustments</u>	OCA Surrebuttal <u>Prior to Increase</u>
Customer Accounts Operation Expense			
Direct Expenses -- Labor	\$347,698		\$347,698
Direct Expenses -- Non Labor	3,099,180		3,099,180
Wyoming General Allocated Expense	647,695		647,695
Shared Expense Allocated from Source Gas Distribution	47,642		47,642
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>6,209</u>	<u>(56,206)</u>	<u>(49,997)</u>
Total Customer Accounts Expense	\$4,148,424	<u>(\$56,206)</u>	<u>\$4,092,218</u>
Customer Service and Information Operation Expense			
Direct Expenses -- Labor	(\$77)		(\$77)
Direct Expenses -- Non Labor	0		0
Wyoming General Allocated Expense	0		0
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>(2)</u>	<u>1</u>	<u>(1)</u>
Total Customer Service and Information Expense	(\$79)	\$1	(\$78)
Sales Operation Expense			
Direct Expenses	\$0		\$0
Direct Expenses -- Non Labor	0		0
Wyoming General Allocated Expense	2,047		2,047
Shared Expense Allocated from Source Gas Distribution	0		0
Corporate Expense Allocated from Source Gas LLC	0		0
Pro Forma Adjustment	<u>495,669</u>	<u>(7,488)</u>	<u>488,181</u>
Total Sales Expense	\$497,716	<u>(\$7,488)</u>	<u>\$490,228</u>
Administrative and General Expense			
Direct Expenses -- Labor	\$31,372		\$31,372
Direct Expenses -- Non Labor	507,344		507,344
Wyoming General Allocated Expense	3,252,804		3,252,804
Shared Expense Allocated from Source Gas Distribution	226,263		226,263
Corporate Expense Allocated from Source Gas LLC	1,880,129		1,880,129
Pro Forma Adjustment	<u>1,992,735</u>	<u>(515,978)</u>	<u>1,476,757</u>
Total Sales Expense	<u>\$7,890,647</u>	<u>(\$515,978)</u>	<u>\$7,374,669</u>
Total Operating Expenses Before Depreciation and Taxes			
Direct Expenses -- Labor	\$4,576,334		\$4,576,334
Direct Expenses -- Non Labor	7,763,145		7,763,145
Wyoming General Allocated Expense	4,588,175		4,588,175
Shared Expense Allocated from Source Gas Distribution	327,336		327,336
Corporate Expense Allocated from Source Gas LLC	1,880,129		1,880,129
Pro Forma Adjustment	<u>1,331,051</u>	<u>(659,779)</u>	<u>671,272</u>
TOTAL OPERATING EXPENSE BEFORE DEPREC. AND TAXES	<u>\$20,466,170</u>	<u>(\$659,779)</u>	<u>\$19,806,391</u>

INFLATION ADJUSTMENT

According to Pages 23-24 of James Elliott Testimony

Inflation on Operations and Maintenance Expenses	\$69,403
Inflation on Customer Information Expenses	\$5,045
Inflation on Administration and General Expenses	<u>\$233,455</u>
TOTAL Inflation Adjustment of SourceGas	\$307,903
OCA Adjustment to Remove Increased Expenses for Inflation	<u>(\$307,903)</u>
ALLOWED INFLATION ADJUSTMENT	\$0

Due to difficulties in verifying to the exhibits or workpapers the initial SourceGas proposed inflation adjustment by functional category, I chose to simply accept the summaries of the adjustment provided by Mr. Elliott on pages 23 and 24 of his direct testimony. I then allocated it to the functional categorizations based on the expense levels in each of the account categories.

	SourceGas <u>Rebuttal</u>	Removal <u>of Inflation Adj.</u>	OCA <u>Surrebuttal</u>
Underground Storage Expense			
Operation	\$576,820	(\$8,678)	\$568,142
Maintenance	240,773	(\$3,622)	237,151
Transmission			
Operation	1,542,710	(\$23,209)	1,519,501
Maintenance	225,930	(\$3,399)	222,531
Distribution			
Operation	4,531,220	(\$68,170)	4,463,050
Maintenance	812,009	(\$12,216)	799,793
Customer Accounts			
Operation	4,148,424	(\$62,411)	4,086,013
Customer Service and Information			
Operation	(79)	\$1	(78)
Sales			
Operation	497,716	(\$7,488)	490,228
Administrative and General			
Operation	<u>7,890,647</u>	(\$118,711)	<u>7,771,936</u>
TOTAL	<u>\$20,466,170</u>	(\$307,903)	<u>\$20,158,267</u>

WAGE INCREASE

<u>CASPER</u>	Per Books <u>Labor</u>	SourceGas <u>Labor Increase (2.5%)</u>	OCA <u>Labor Increase (3.3%)</u>	OCA <u>Wage Adjustment</u>
Underground Storage Expense				
Operation	\$156,953	\$3,925	\$5,179	\$1,254
Maintenance	64,748	1,619	2,137	518
Transmission				
Operation	532,461	13,311	17,571	4,260
Maintenance	182,696	4,568	6,029	1,461
Distribution				
Operation	1,601,639	39,698	52,854	13,156
Maintenance	423,994	10,257	13,992	3,735
Customer Accounts				
Operation	242,129	6,053	7,990	1,937
Customer Service and Information				
Operation	0	0	0	0
Sales				
Operation	0	0	0	0
Administrative and General				
Operation	35,935	898	1,186	288
Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$3,240,555	\$80,329	\$106,938	\$26,609

GILLETTE

Underground Storage Expense				
Operation	\$0	\$0	\$0	\$0
Maintenance	0	0	0	0
Transmission				
Operation	0	0	0	0
Maintenance	0	0	0	0
Distribution				
Operation	526,195	12,800	17,364	4,564
Maintenance	137,359	3,080	4,533	1,453
Customer Accounts				
Operation	58,466	1,461	1,929	468
Customer Service and Information				
Operation	0	0	0	0
Sales				
Operation	0	0	0	0
Administrative and General				
Operation	(4,553)	(114)	(150)	(36)
Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$717,467	\$17,227	\$23,676	\$6,449

WAGE INCREASE

<u>TORRINGTON</u>	Per Books <u>Labor</u>	SourceGas <u>Labor Increase</u>	OCA <u>Labor Increase (3.3%)</u>	OCA <u>Wage Adjustment</u>
Underground Storage Expense				
Operation	\$0	\$0	\$0	\$0
Maintenance	0	0	0	0
Transmission				
Operation	0	0	0	0
Maintenance	0	0	0	0
Distribution				
Operation	454,738	11,106	15,006	3,900
Maintenance	116,558	2,651	3,846	1,195
Customer Accounts				
Operation	47,106	1,178	1,554	376
Customer Service and Information				
Operation	0	0	0	0
Sales				
Operation	0	0	0	0
Administrative and General				
Operation	(10)	0	(0)	(0)
Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$618,392	\$14,935	\$20,407	\$5,472
 <u>WYOMING GENERAL</u>				
Underground Storage Expense				
Operation	\$0	\$0	\$0	\$0
Maintenance	0	0	0	0
Transmission				
Operation	63,710	1,591	2,102	511
Maintenance	0	0	0	0
Distribution				
Operation	396,504	9,907	13,085	3,178
Maintenance	0	0	0	0
Customer Accounts				
Operation	103,730	0	3,423	3,423
Customer Service and Information				
Operation	0	0	0	0
Sales				
Operation	0	0	0	0
Administrative and General				
Operation	1,160,522	25,557	38,297	12,740
Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$1,724,466	\$37,055	\$56,907	\$19,852
GRAND TOTAL	\$6,300,880	\$149,546	\$207,929	\$58,383

RATE CASE EXPENSE

Rate Case Costs
Delineated in
Application
on Exhibit JME-5

Black and Vetch	\$325,000
Dr. Moyer	35,000
Mr. Lovinger	35,000
Depreciation Study	38,100
Outside Counsel	250,000
Customer Mailed Notice	50,000
Customer Public Notice	20,000
Copying and UPS	20,000
Public Hearings	20,000
Employee Travel to Cheyenne	25,000

Total	\$818,100
OCA Recommended Disallowance	\$483,100
OCA Recommended Allowed Current Rate Case Expense	\$335,000
OCA Recommended Amortization Period (number of years)	<u>5</u>
Annual Expense for Current Rate Case	\$67,000

OCA Recommendation for Current Rate Case Expense	\$67,000
OCA Recommendation for Amortization of Prior Rate Case Expense	<u>45,472</u>
Total OCA Recommended Annual Rate Case Expense	\$112,472
Source Gas Proposed Annual Rate Case Expense	<u>\$541,066</u>
Difference [OCA Adjustment]	(\$428,594)

RATE CASE EXPENSE

	Rate Case Costs Delineated in Application in <u>Docket 30022-73-GR-06</u>	Rate Case Costs Delineated in Settlement in <u>Docket 30022-73-GR-06</u>
Bill Lopez	\$60,000	
Hickey and Evans	175,000	
Black and Vetch	372,333	
Charles Moyer	20,000	
ADS Bills	28,312	
Len Mize Group	<u>25,376</u>	
Total	\$681,021	
Proposed Amortization (No. of Years)	<u>3</u>	
Annual Rate Case Expense	\$227,007	
Amount Requested in Application		\$681,021
Settlement Adjustment		<u>(161,859)</u>
Total Rate Case Amount Included in Settlement		\$519,162
Settlement Amount to be Amortized Over 3 Years		\$167,119
Settlement Amount to be Amortized Over 12 Years		\$352,043
Settlement Amount to be Amortized Over 12 Years		\$352,043
Months Over which to be Amortized		<u>144</u>
Monthly Amortization		\$2,445
Start of Amortization to Expected Start of New Rates		<u>51</u>
Amount Already Amortized		\$124,682
<i>From Commission Order and Settlement Agreement</i>		
Amount Yet to be Amortized		\$227,361
Remaining Amortization Months Based on 12 Years		<u>93</u>
Monthly Amortization Amount		\$2,445
Months in Each Year		<u>12</u>
Annual Amount of Prior Rate Case Expense (Based on Last Rate Case Order)		\$29,337

<i>Alternative and OCA Recommended</i>		
Amount Yet to be Amortized		\$227,361
Remaining Amortization Months Based on 5 Years		<u>60</u>
Monthly Amortization Amount		\$3,789
Months in Each Year		<u>12</u>
Annual Amount of Prior Rate Case Expense (Based on Last Rate Case Order)		\$45,472

DEPRECIATION AND AMORTIZATION EXPENSE DETAIL

	SourceGas As Adjusted in Rebuttal Prior to Increase	OCA Adjustments	OCA Surrebuttal Prior to Increase	OCA Adjustment to Depreciation Expense
Storage				
Adjusted End of Period Plant Balance	\$14,685,463	(\$125,000)	\$14,560,463	
Less: Non Depreciation Plant	<u>5,290,293</u>	<u>0</u>	<u>5,290,293</u>	
Adjusted Depreciable Plant Balance	\$9,395,170	(\$125,000)	\$9,270,170	
Proposed Depreciation Rate	<u>2.60%</u>	<u>2.60%</u>	<u>2.60%</u>	
Annualized Depreciation Expense	\$244,274	(\$3,250)	\$241,024	(\$3,250)
Gathering and Processing				
Adjusted End of Period Plant Balance	\$0	\$0	\$0	
Less: Non Depreciation Plant	<u>0</u>	<u>0</u>	<u>0</u>	
Adjusted Depreciable Plant Balance	\$0	\$0	\$0	
Proposed Depreciation Rate	<u>1.40%</u>	<u>1.40%</u>	<u>1.40%</u>	
Annualized Depreciation Expense	\$0	\$0	\$0	\$0
Transmission				
Adjusted End of Period Plant Balance	\$54,518,863	\$0	\$54,518,863	
Less: Non Depreciation Plant	<u>125</u>	<u>0</u>	<u>125</u>	
Adjusted Depreciable Plant Balance	\$54,518,738	\$0	\$54,518,738	
Proposed Depreciation Rate	<u>1.53%</u>	<u>1.53%</u>	<u>1.53%</u>	
Annualized Depreciation Expense	\$835,469	\$0	\$835,469	\$0
Distribution				
Adjusted End of Period Plant Balance	\$112,329,366	\$0	\$112,329,366	
Less: Non Depreciation Plant	<u>217,854</u>	<u>0</u>	<u>217,854</u>	
Adjusted Depreciable Plant Balance	\$112,111,512	\$0	\$112,111,512	
Proposed Depreciation Rate	<u>2.28%</u>	<u>2.28%</u>	<u>2.28%</u>	
Annualized Depreciation Expense	\$2,559,259	\$0	\$2,559,259	\$0
General				
Adjusted End of Period Plant Balance	\$22,207,983	\$0	\$22,207,983	
Less: Non Depreciation Plant	<u>280,760</u>	<u>0</u>	<u>280,760</u>	
Adjusted Depreciable Plant Balance	\$21,927,223	\$0	\$21,927,223	
Proposed Depreciation Rate	<u>8.09%</u>	<u>8.09%</u>	<u>8.09%</u>	
Annualized Depreciation Expense	\$1,773,912	\$0	\$1,773,912	\$0
General -- Billing				
Adjusted End of Period Plant Balance	\$5,724,268	(\$2,017,802)	\$3,706,466	
Less: Non Depreciation Plant	<u>0</u>	<u>0</u>	<u>0</u>	
Adjusted Depreciable Plant Balance	\$5,724,268	(\$2,017,802)	\$3,706,466	
Proposed Depreciation Rate	10.00%	10.00%	10.00%	
Annualized Depreciation Expense	\$572,427	(\$201,780)	\$370,647	(\$201,780)
Intangible				
Adjusted End of Period Plant Balance	\$512,501	\$0	\$512,501	
Less: Non Amortized Plant	<u>0</u>	<u>0</u>	<u>0</u>	
Adjusted Plant to be Amortized Balance	\$512,501	\$0	\$512,501	
Proposed Amortization Rate	<u>2.60%</u>	<u>2.60%</u>	<u>2.60%</u>	
Annualized Amortization Expense	\$13,325	\$0	\$13,325	\$0
TOTAL DEPREC. AND AMORTIZ. EXPENSE	\$5,998,666	(\$205,030)	\$5,793,636	(\$205,030)

TAXES OTHER THAN INCOME

	SourceGas As Adjusted in Application <u>Prior to Increase</u>	OCA <u>Adjustments</u>	OCA As Adjusted <u>Prior to Increase</u>
Payroll Taxes	\$593,475	\$0	\$593,475
Ad Valorem Taxes	458,690	0	458,690
Franchise Taxes ¹	0	0	0
Sales and Use Taxes ²	0	0	0
Other Taxes	<u>61,301</u>	<u>0</u>	<u>61,301</u>
TOTAL TAXES OTHER THAN INCOME	\$1,113,466	\$0	\$1,113,466

¹ Franchise Taxes are billed directly to customers pursuant to the current SourceGas tariff, 1st Revised Sheet No. 29, Section 10.

² Sales and Use Taxes are billed directly to customers pursuant to the current SourceGas tariff, 1st Revised Sheet No. 66, Section 35.2.

FEDERAL INCOME TAXES

	SourceGas As Adjusted in Rebuttal <u>Prior to Increase</u>	OCA <u>Adjustments</u>	OCA Surrebuttal <u>Prior to Increase</u>
Adjusted Operating Revenues	\$33,101,988	\$0	\$33,101,988
Adjusted Operating Expenses before Income Taxes and Interest	<i>\$27,578,313</i>	<i>(\$864,809)</i>	<i>\$26,713,504</i>
Interest Expense ¹	<i><u>\$3,033,143</u></i>	<i><u>(\$40,587)</u></i>	<i><u>\$2,992,557</u></i>
Taxable Operating Income	<i>\$2,490,532</i>	<i>\$905,396</i>	<i>\$3,395,927</i>
Income Tax Rate	<u>35%</u>	<u>35%</u>	<u>35%</u>
Income Taxes	<i>\$871,686</i>	<i>\$316,888</i>	<i>\$1,188,575</i>
¹ Computation of Interest Expense Used in the Income Tax Calculation			
Rate Base	<i>\$101,712,230</i>		<i>\$100,351,216</i>
Weighted Average Cost of Debt	<u>2.9821%</u>		<u>2.9821%</u>
Interest Expense Used for Income Tax Calculation	<i>\$3,033,143</i>		<i>\$2,992,557</i>

COMPARISON OF PRIOR RATE FILING TO CURRENT RATE FILING

	Docket No. 30022-73-GR-06 <u>As Filed</u>	Docket No. 30022-148-GR-10 <u>As Filed</u>	Increase (Decrease) from Prior Filing	Percent Change	Settlement and PSC Order <u>30022-73-GR-06</u>
TOTAL OPERATING REVENUES	\$26,162,461	\$33,101,988	\$6,939,527	26.52%	\$32,432,653
[Note: Revenue Increase of \$6,452,628 was granted as a result of the prior rate case as found in an Order dated December 4, 2006]					
Operation and Maintenance Expense					
Storage Expense	389,355	817,602			
Transmission Expense	1,609,367	1,768,641			
Distribution Expense	9,022,224	5,343,229			
Customer Account Expense	<u>0</u>	<u>4,646,063</u>			
TOTAL	\$11,020,946	\$12,575,535	\$1,554,589	14.11%	\$10,910,216
Administrative and General Expense	\$6,441,101	\$7,925,048	\$1,483,947	23.04%	\$6,131,651
Depreciation and Amortization Expense	\$5,085,910	\$6,007,103	\$921,193	18.11%	\$5,085,948
Taxes Other than Income	\$990,776	\$1,113,466	\$122,690	12.38%	\$996,902
Income Taxes	<u>(\$174,477)</u>	<u>\$837,776</u>	<u>\$1,012,253</u>		<u>\$2,194,608</u>
TOTAL OPERATING EXPENSES	\$23,364,256	\$28,458,928	\$5,094,672	21.81%	\$25,319,325
NET OPERATING EARNINGS	\$2,798,205	\$4,643,060	\$1,844,855	65.93%	\$7,113,328
Total Gas Plant Investment					
Storage	\$13,772,079	\$14,685,462			
Transmission	49,377,799	54,518,863			
Distribution	98,537,007	112,329,366			
General	20,359,570	27,932,252			
Intangible	<u>154,372</u>	<u>512,501</u>			
TOTAL	\$182,200,827	\$209,978,444	\$27,777,617	15.25%	\$181,498,612
Accumulated Reserve for Depreciation and Amortization	<u>(\$81,670,597)</u>	<u>(\$104,875,971)</u>	<u>(\$23,205,374)</u>	<u>28.41%</u>	<u>(\$81,670,597)</u>
NET GAS PLANT INVESTMENT	\$100,530,230	\$105,102,473	\$4,572,243	4.55%	\$99,828,015
Total Working Capital	\$2,094,512	\$985,446	(\$1,109,066)	-52.95%	\$2,094,512
Accumulated Deferred Income Taxes	(\$15,167,187)	(\$2,490,890)	\$12,676,297		(\$15,167,187)
Storage Working Gas Capital Adjustment	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		<u>(\$1,667,719)</u>
TOTAL RATE BASE	\$87,457,555	\$103,597,029	\$16,139,474	18.45%	\$85,087,621
Earned Return on Rate Base	3.20%	4.48%			8.36%