

SEMCO Energy Gas Company  
Computation of Revenue Deficiency  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-1  
Schedule A-1  
Page 1 of 1

| Line<br>No. | Description                      | Amount                  | Reference         |
|-------------|----------------------------------|-------------------------|-------------------|
| 1           | Rate Base                        | 328,126,925             | Ex. A-2, Sch. B-1 |
| 2           | Rate of Return                   | <u>8.36%</u>            | Ex. A-4, Sch. D-1 |
| 3           | Income Required                  | 27,431,411              | Line 1 x Line 2   |
| 4           | Adjusted Net Operating Income    | <u>21,381,631</u>       | Ex. A-3, Sch. C-1 |
| 5           | Income Deficiency                | 6,049,780               | Line 3 - Line 4   |
| 6           | Revenue Multiplier               | <u>1.5683</u>           | Ex. A-1, Sch. A-2 |
| 7           | Revenue Deficiency (Sufficiency) | <u><u>9,487,619</u></u> | Line 5 x Line 6   |

SEMCO Energy Gas Company  
Computation of Revenue Multiplier  
for Year Ended December 31, 2005

Section A

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| <u>Line<br/>No.</u> | <u>Description</u>           | <u>Amount</u>        | <u>Reference</u>      |
|---------------------|------------------------------|----------------------|-----------------------|
| 1                   | Base Prior to Income Tax     | 100,000              |                       |
| 2                   | Michigan Single Business Tax | <u>1.90%</u>         |                       |
| 3                   | Federal Income Tax Base      | 98,100               |                       |
| 4                   | Federal Income Tax @         | 35% <u>34,335</u>    | Line 3 x Fed Tax Rate |
| 5                   | Income Base - After Taxes    | 63,765               | Line 3 - Line 4       |
| 6                   | Revenue Multiplier           | <u><u>1.5683</u></u> | Line 1 / Line 5       |

SEMCO Energy Gas Company  
Comparative Earnings Schedule

Section A

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| Line<br>No. | Description                                | Calendar Year |               |               |               | 12 Months<br>Ended<br>December 31, 2005 |
|-------------|--------------------------------------------|---------------|---------------|---------------|---------------|-----------------------------------------|
|             |                                            | 2001          | 2002          | 2003          | 2004          |                                         |
| 1           | Operating Revenues                         | 181,899,135   | 215,164,107   | 299,978,790   | 319,949,480   | 387,767,451                             |
| 2           | Operating Expenses                         | (150,838,840) | (181,195,165) | (266,781,427) | (288,915,642) | (354,883,997)                           |
| 3           | Taxes                                      | (11,446,542)  | (12,918,734)  | (12,741,922)  | (12,408,325)  | (11,585,795)                            |
| 4           | Net Operating Income                       | 19,613,753    | 21,050,208    | 20,455,441    | 18,625,513    | 21,297,659                              |
| 5           | AFUDC                                      | 387,270       | -             | -             | -             | 124,626                                 |
| 6           | Other Income (Loss)                        | (999,675)     | 208,634       | (41,524)      | 1,317         | 34,513                                  |
| 7           | Interest Charges                           | (7,591,101)   | (7,190,539)   | (7,934,554)   | (8,809,885)   | (12,125,717)                            |
| 8           | Preferred Dividends                        | -             | -             | -             | -             | -                                       |
| 9           | Available for Common and JDITC             | 11,410,247    | 14,068,303    | 12,479,363    | 9,816,945     | 9,331,081                               |
| 10          | Return Assignable to JDITC                 | 132,640       | 109,884       | 81,550        | 60,251        | 36,287                                  |
| 11          | Income Available for Common<br>After JDITC | 11,277,607    | 13,958,419    | 12,397,813    | 9,756,694     | 9,294,794                               |
| 12          | Average Common Equity                      | 131,259,109   | 134,998,384   | 145,272,220   | 149,995,374   | 145,874,387                             |
| 13          | Earned Rate of Return<br>on Common Equity  | 8.59%         | 10.34%        | 8.53%         | 6.50%         | 6.37%                                   |
| 14          | Authorized Return on Common Equity         | 10.75%        | 10.75%        | 11.40%        | 11.40%        | 11.00%                                  |

SEMCO Energy Gas Company  
Average Rate Base and Capital  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-2  
Schedule B-1  
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| Line No. | Description                        | Amount                    | Reference         |
|----------|------------------------------------|---------------------------|-------------------|
| 1        | Average Gas Rate Base:             |                           |                   |
| 2        | Net Utility Plant                  | 244,216,755               | Ex. A-2, Sch. B-2 |
| 3        | Working Capital                    | <u>83,910,171</u>         | Ex. A-2, Sch. B-3 |
| 4        | Total Rate Base                    | 328,126,925               |                   |
| 5        | Average Capital:                   |                           |                   |
| 6        | Common Equity                      | 142,554,824               | Ex. A-4, Sch. D-1 |
| 7        | Long-term Debt                     | 126,897,513               | Ex. A-4, Sch. D-1 |
| 8        | Short-term Debt                    | 35,207,337                | Ex. A-4, Sch. D-1 |
| 9        | Customer Deposits                  | 2,809,460                 | Ex. A-4, Sch. D-1 |
| 10       | Other Interest Bearing Obligations | -                         | Ex. A-4, Sch. D-1 |
| 11       | Deferred Income Taxes              | 25,622,394                | Ex. A-4, Sch. D-1 |
| 12       | Unamortized ITC's                  | <u>484,476</u>            | Ex. A-4, Sch. D-1 |
| 13       | Total Capital                      | 333,576,003               |                   |
| 14       | Less: Non-Utility Investment       | <u>(5,386,192)</u>        | Ex. A-2, Sch. B-3 |
| 15       | Jurisdictional Capital             | <u><u>328,189,812</u></u> |                   |

SEMCO Energy Gas Company  
Rate Base - Average Net Plant  
for Year Ended December 31, 2005

Section A

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| <u>Line<br/>No.</u> | <u>Description</u>                 | <u>Amount</u>             |
|---------------------|------------------------------------|---------------------------|
| 1                   | Utility Plant:                     |                           |
| 2                   | Plant in Service                   | 406,754,524               |
| 3                   | Construction Work in Progress      | <u>9,248,933</u>          |
| 4                   | Total Utility Plant                | 416,003,457               |
| 5                   | Deduct:                            |                           |
| 6                   | Acc. Depreciation & Amortization   | (171,443,808)             |
| 7                   | Customer Advances for Construction | <u>(342,894)</u>          |
| 8                   | Net Utility Plant                  | <u><u>244,216,755</u></u> |

| Line No. | Description                    | Total         | Investor Supplied | Utility Plant | Total Non-Utility | Balance Sheet Working Capital |
|----------|--------------------------------|---------------|-------------------|---------------|-------------------|-------------------------------|
|          | (Col. 1)                       | (Col. 2)      | (Col. 3)          | (Col. 4)      | (Col. 5)          | (Col. 6)                      |
| 1        | <u>ASSETS:</u>                 |               |                   |               |                   |                               |
| 2        |                                |               |                   |               |                   |                               |
| 3        | Utility Plant:                 |               |                   |               |                   |                               |
| 4        | Plant in Service               | 406,754,524   | -                 | 406,754,524   | -                 | -                             |
| 5        | Acc. Depreciation              | (171,443,808) | -                 | (171,443,808) | -                 | -                             |
| 6        | Net Utility Plant              | 235,310,716   | -                 | 235,310,716   | -                 | -                             |
| 7        | CWIP                           | 9,248,933     | -                 | 9,248,933     | -                 | -                             |
| 8        | Non-Utility Plant (Net)        | 5,429,185     | -                 | -             | 5,429,185         | -                             |
| 9        | Total Plant                    | 249,988,834   | -                 | 244,559,649   | 5,429,185         | -                             |
| 10       |                                |               |                   |               |                   |                               |
| 11       | Current & Accrue Assets:       |               |                   |               |                   |                               |
| 12       | Other Investments              | -             | -                 | -             | -                 | -                             |
| 13       | Cash                           | 1,389,638     | -                 | -             | -                 | 1,389,638                     |
| 14       | Accounts Receivables (Net)     | (16,202,580)  | (35,202,721)      | -             | 27,766            | 18,972,375                    |
| 15       | Materials & Supplies           | 1,614,875     | -                 | -             | -                 | 1,614,875                     |
| 16       | Gas Stored Underground         | 52,876,901    | -                 | -             | -                 | 52,876,901                    |
| 17       | Prepayments                    | 8,182,488     | -                 | -             | -                 | 8,182,488                     |
| 18       | Unbilled Revenues              | 22,278,659    | -                 | -             | -                 | 22,278,659                    |
| 19       | Misc. Current Assets           | 8,079,459     | 296,289           | -             | -                 | 7,783,170                     |
| 20       | Total Current Assets           | 78,219,441    | (34,906,433)      | -             | 27,766            | 113,098,108                   |
| 21       |                                |               |                   |               |                   |                               |
| 22       | Deferred Debits:               |               |                   |               |                   |                               |
| 23       | Unamortized Debt Expense       | 1,267,546     | 1,267,546         | -             | -                 | -                             |
| 24       | Acc. Def. Income Taxes         | 20,007,972    | 20,007,972        | -             | -                 | -                             |
| 25       | Other Deferred Charges         | (243,748)     | -                 | -             | -                 | (243,748)                     |
| 26       | Total Deferred Charges         | 21,031,769    | 21,275,518        | -             | -                 | (243,748)                     |
| 27       |                                |               |                   |               |                   |                               |
| 28       | TOTAL ASSETS                   | 349,240,045   | (13,630,915)      | 244,559,649   | 5,456,951         | 112,854,359                   |
| 29       |                                |               |                   |               |                   |                               |
| 30       |                                |               |                   |               |                   |                               |
| 31       | <u>EQUITY AND LIABILITIES:</u> |               |                   |               |                   |                               |
| 32       |                                |               |                   |               |                   |                               |
| 33       | Capitalization:                |               |                   |               |                   |                               |
| 34       | Common Stock                   | 7,477,130     | 7,477,130         | -             | -                 | -                             |
| 35       | Premium on Capital Stock       | 51,252,806    | 51,252,806        | -             | -                 | -                             |
| 36       | Capital Stock Expense          | (268,951)     | (268,951)         | -             | -                 | -                             |
| 37       | Retained Earnings              | 84,093,839    | 84,093,839        | -             | -                 | -                             |
| 38       | Long-term Debt                 | 128,403,077   | 128,403,077       | -             | -                 | -                             |
| 39       | Total Capitalization           | 270,957,900   | 270,957,900       | -             | -                 | -                             |
| 40       |                                |               |                   |               |                   |                               |
| 41       | Current Liabilities:           |               |                   |               |                   |                               |
| 42       | Notes Payable                  | -             | -                 | -             | -                 | -                             |
| 43       | Injuries & Damages             | 299,963       | -                 | -             | -                 | 299,963                       |
| 44       | Accounts Payable               | 16,355,306    | -                 | -             | -                 | 16,355,306                    |
| 45       | Customer Deposits              | 2,809,460     | 2,809,460         | -             | -                 | -                             |
| 46       | General Taxes Accrued          | 9,885,976     | -                 | -             | -                 | 9,885,976                     |
| 47       | Other Current Liabilities      | 2,034,757     | -                 | -             | -                 | 2,034,757                     |
| 48       | Total Current Liabilities      | 31,385,462    | 2,809,460         | -             | -                 | 28,576,003                    |
| 49       |                                |               |                   |               |                   |                               |
| 50       | Deferred Credits:              |               |                   |               |                   |                               |
| 51       | Customer Advances              | 342,894       | -                 | 342,894       | -                 | -                             |
| 52       | Other Deferred Credits         | 438,946       | -                 | -             | 70,759            | 368,186                       |
| 53       | Deferred ITCs                  | 484,476       | 484,476           | -             | -                 | -                             |
| 54       | Acc. Def. Income Taxes         | 45,630,366    | 45,630,366        | -             | -                 | -                             |
| 55       | Total Deferred Credits         | 46,896,682    | 46,114,842        | 342,894       | 70,759            | 368,186                       |
| 56       |                                |               |                   |               |                   |                               |
| 57       | TOTAL CAPITAL & LIABILITIES    | 349,240,045   | 319,882,202       | 342,894       | 70,759            | 28,944,189                    |
| 58       |                                |               |                   |               |                   |                               |
| 59       | NET                            | (0)           | (333,513,117)     | 244,216,755   | 5,386,192         | 83,910,171                    |

SEMCO Energy Gas Company  
Adjusted Net Operating Income  
for Year Ended December 31, 2005

Section A

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Exhibit A-3  
Schedule C-1  
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| <u>Line<br/>No.</u> | <u>Description</u>                                             | <u>Amount</u>            | <u>Reference</u>         |
|---------------------|----------------------------------------------------------------|--------------------------|--------------------------|
| 1                   | Recorded Net Operating Income                                  | 21,297,658               | Ex. A-3, Sch. C-2        |
| 2                   | AFUDC                                                          | <u>124,626</u>           | Ex. A-3, Sch. C-2        |
| 3                   | Sub-total                                                      | 21,422,284               | Line 1 + Line 2          |
| 4                   | Adjust Income Taxes to Reflect<br>Rate Base and Rate of Return | (46,598)                 | Ex. A-3, Sch. C-3        |
| 5                   | Interest Synchronization                                       | <u>5,945</u>             | Ex. A-3, Sch. C-4        |
| 6                   | Adjusted Net Operating Income                                  | <u><u>21,381,631</u></u> | Line 3 + Line 4 + Line 5 |

SEMCO Energy Gas Company  
Recorded Net Income  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
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Exhibit A-3  
Schedule C-2  
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| Line<br>No. | Description                                 | Amount                  |
|-------------|---------------------------------------------|-------------------------|
| 1           | Operating Revenues                          | 387,767,450             |
| 2           | Operating Expenses:                         |                         |
| 3           | Cost of Gas Sold                            | (307,820,751)           |
| 4           | Other Operation and Maintenance Expenses    | (34,107,873)            |
| 5           | Depreciation, Depletion & Amortization      | (12,955,373)            |
| 6           | Property Taxes                              | (5,065,608)             |
| 7           | General Taxes                               | (1,245,340)             |
| 8           | Michigan Single Business Tax                | (1,123,022)             |
| 9           | Federal Income Taxes                        | <u>(4,151,825)</u>      |
| 10          | Total Operating Expenses                    | (366,469,792)           |
| 11          | Net Operating Income                        | 21,297,658              |
| 12          | Other Income:                               |                         |
| 13          | AFUDC                                       | 124,626                 |
| 14          | Other Income                                | 442,188                 |
| 15          | Other Income Deductions:                    |                         |
| 16          | Other Income Deductions                     | (230,530)               |
| 17          | Tax Applicable to Other Income & Deductions | (177,145)               |
| 18          | Interest Charges                            | <u>(12,125,717)</u>     |
| 19          | Income Available for Common Equity          | <u><u>9,331,080</u></u> |

SEMCO Energy Gas Company  
Adjusted Net Operating Income -  
Income Tax Savings  
for Year Ended December 31, 2005

Section A

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Exhibit A-3  
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| <u>Line<br/>No.</u> | <u>Description</u>             | <u>Amount</u>        | <u>Reference</u>  |
|---------------------|--------------------------------|----------------------|-------------------|
| 1                   | Rate Base                      | 328,126,925          | Ex. A-2, Sch. B-1 |
| 2                   | Weighted Cost of Debt          | <u>3.65%</u>         | Ex. A-4, Sch. D-1 |
| 3                   | Allowable Interest Expense     | 11,992,579           | Line 1 x Line 2   |
| 4                   | Less: Actual Interest Expense  | <u>(12,125,717)</u>  | Ex. A-3, Sch. C-2 |
| 5                   | Difference                     | (133,138)            | Line 3 - Line 4   |
| 6                   | FIT Rate                       | <u>35.00%</u>        |                   |
| 7                   | Change in Federal Income Taxes | <u><u>46,598</u></u> | Line 5 x Line 6   |

SEMCO Energy Gas Company  
Tax Effect of Interest  
Synchronization Adjustment  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-3  
Schedule C-4  
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| Line<br>No. | Description                          | Amount      | Reference         |
|-------------|--------------------------------------|-------------|-------------------|
| 1           | Rate Base                            | 328,126,925 | Ex. A-2, Sch. B-1 |
| 2           | JDITC Portion of Capital Structure   | 0.15%       | Ex. A-4, Sch. D-1 |
| 3           | Portion of Rate Base Funded by JDITC | 475,784     | Line 1 x Line 2   |
| 4           | Cost of JDITC                        | 3.57%       | Ex. A-4, Sch. D-1 |
| 5           | Interest Expense                     | 16,985      | Line 3 - Line 4   |
| 6           | FIT Rate                             | 35.00%      |                   |
| 7           | Change in Federal Income Taxes       | (5,945)     | Line 5 x Line 6   |

Advertising Classifications

For the Year Ended December 31, 2005

Section A

Case No.: U-14893

Witness: J.R. Alger

Exhibit: A-3

Schedule C-5

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| Line<br>No. | Description                                                                                       | MPSC<br>Account # (s)<br>Charged         | Gross<br>Amount | Net of<br>Tax Amount |
|-------------|---------------------------------------------------------------------------------------------------|------------------------------------------|-----------------|----------------------|
| 1           | Promotes Conservation of Energy                                                                   | 908, 909                                 | 0               | 0                    |
| 2           | Related to Explanation of Billing<br>Practices, Rates, etc.                                       | 930                                      | 0               | 0                    |
| 3           | Related to Energy Assistance Programs                                                             |                                          | 0               | 0                    |
| 4           | Related to Economic Development                                                                   | 912                                      | 0               | 0                    |
| 5           | Related to Employment Opportunities                                                               | 921                                      | 0               | 0                    |
| 6           | Related to Provision of Factual and<br>Objective Data for Programs in<br>Educational Institutions |                                          | 0               | 0                    |
| 7           | Related to Public Health and Safety<br>Service Interruptions, or<br>Emergency Conditions          | 921                                      | 0               | 0                    |
| 8           | Related to Promotion of Energy<br>Efficient Appliances                                            |                                          | 0               | 0                    |
| 9           | Other Allowable - List                                                                            | 928                                      | 0               | 0                    |
| 10          | Allowable Above the Line Advertising Expenses                                                     |                                          | 0               | 0                    |
| 11          | Other Advertising Programs Disallowed                                                             | 903, 908, 909, 912<br>916, 917, 921, 930 | 10,975          | 6,998                |
| 12          | Total                                                                                             |                                          | 10,975          | 6,998                |

| Line<br>No. | Corporate Memberships                  | Amount  | Disallowance<br>% | Gross<br>Disallowed<br>Amount | Net of Tax<br>Disallowed<br>Amount |
|-------------|----------------------------------------|---------|-------------------|-------------------------------|------------------------------------|
|             | American Gas Association               | 144,092 | 20%               | 28,818                        | 18,376                             |
|             | Midwest Gas Association                | 0       |                   | 0                             | 0                                  |
|             | National Regulatory Research Institute | 1,492   |                   | 0                             | 0                                  |
|             | Mich Gas & Electric Association        | 10,000  |                   | 0                             | 0                                  |
|             | Chambers of Commerce - Various         | 7,358   | 100%              | 7,358                         | 4,692                              |
|             | Total Corporate Memberships            | 162,942 |                   | 36,176                        | 23,068                             |

SEMCO Energy Gas Company  
Overall Rate of Return Summary  
for Year Ended December 31, 2005

Section A

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| Line<br>No. | Description<br>(Col. 1)            | Reference<br>(Col. 2)               | 13 Month<br>Average<br>(Col. 3) | % of<br>Permanent<br>Capital<br>(Col. 4) | % of<br>Total<br>Capital<br>(Col. 5) | Cost<br>Rate (1)<br>(Col. 6) | Weighted Cost                    |                              | Weighted<br>Cost of<br>Debt<br>(Col. 9) |
|-------------|------------------------------------|-------------------------------------|---------------------------------|------------------------------------------|--------------------------------------|------------------------------|----------------------------------|------------------------------|-----------------------------------------|
|             |                                    |                                     |                                 |                                          |                                      |                              | Permanent<br>Capital<br>(Col. 7) | Total<br>Capital<br>(Col. 8) |                                         |
| 1           | Long Term Debt                     | Ex. A-4, Sch. D-2                   | 126,897,513                     | 41.65%                                   | 38.04%                               | 8.04%                        | 3.35%                            | 3.06%                        | 3.06%                                   |
| 2           | Short Term Debt                    | Ex. A-4, Sch. D-3                   | 35,207,337                      | 11.56%                                   | 10.56%                               | 4.85%                        | 0.56%                            | 0.51%                        | 0.51%                                   |
| 3           | Common Equity                      | Ex. A-4, Sch. D-5                   | 142,554,824                     | 46.79%                                   | 42.74%                               | 11.00%                       | 5.15%                            | 4.70%                        |                                         |
| 4           | Subtotal                           |                                     | 304,659,673                     | 100.00%                                  |                                      |                              | 9.06%                            |                              | 3.57%                                   |
| 5           | Customer Deposits                  | Ex. A-2, Sch. B-3                   | 2,809,460                       |                                          | 0.84%                                | 9.00%                        |                                  | 0.08%                        | 0.08%                                   |
| 6           | Other Interest Bearing Obligations |                                     | -                               |                                          | 0.00%                                | 0.00%                        |                                  | 0.00%                        |                                         |
| 7           | Deferred FIT                       | Ex. A-2, Sch. B-3,<br>Lines 24 & 54 | 25,622,394                      |                                          | 7.68%                                | 0.00%                        |                                  | 0.00%                        |                                         |
| 8           | JDITC                              | Ex. A-2, Sch. B-3                   | 484,476                         |                                          | 0.15%                                | 9.06%                        |                                  | 0.01%                        | 0.00%                                   |
| 9           | Total                              |                                     | 333,576,003                     |                                          | 100.00%                              |                              |                                  | 8.36%                        | 3.65%                                   |

SEMCO Energy Gas Company  
Long-term Debt Cost  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-4  
Schedule D-2  
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| Line<br>No. | Description<br>(Col. 1)                 | Date<br>Sold<br>(Col. 2) | Amount of<br>Offering<br>(Col. 3) | Price to<br>Public<br>(Col. 4) | Under-<br>Writer<br>Comp.<br>(Col. 5) | Finance<br>Expenses<br>(Col. 6) | Net<br>Proceeds<br>Received<br>by Comp.<br>(Col. 7) | Cost<br>Based on<br>Net<br>Proceeds<br>(Col. 8) | Amount<br>Outstanding<br>(Col. 9) | Annual<br>Cost<br>(Col. 10) |
|-------------|-----------------------------------------|--------------------------|-----------------------------------|--------------------------------|---------------------------------------|---------------------------------|-----------------------------------------------------|-------------------------------------------------|-----------------------------------|-----------------------------|
| 1           | 8.10% Notes                             | 6/94                     | 54,000,000                        | 100.00%                        | 1.15%                                 | 0.22%                           | 98.63%                                              | 8.28%                                           | 54,000,000                        | 4,374,000                   |
|             | 7.46% Notes                             | 10/99                    | 16,000,000                        | N/A                            | N/A                                   | N/A                             | N/A                                                 | N/A                                             | 16,000,000                        | 1,193,600                   |
|             | 7.125% Notes                            |                          | 29,201,538                        |                                |                                       |                                 |                                                     |                                                 | 29,201,538                        | 2,080,610                   |
| 2           | 7.75% Notes                             |                          | <u>29,201,538</u>                 |                                |                                       |                                 |                                                     |                                                 | <u>29,201,538</u>                 | <u>2,263,119</u>            |
| 3           | Total Notes                             |                          | <u>128,403,077</u>                |                                |                                       |                                 |                                                     |                                                 | 128,403,077                       | 9,911,329                   |
| 4           | Call Premium & Debt Exp on Retired Debt |                          |                                   |                                |                                       |                                 |                                                     |                                                 | <u>(1,267,546)</u>                | <u>245,317</u>              |
| 5           | Sub-total                               |                          |                                   |                                |                                       |                                 |                                                     |                                                 | 127,135,531                       | 10,156,646                  |
| 6           | Unamortized Debt Expense                |                          |                                   |                                |                                       |                                 |                                                     |                                                 | <u>(238,018)</u>                  | <u>46,068</u>               |
| 7           | Total Long-term Debt                    |                          |                                   |                                |                                       |                                 |                                                     | <u>8.04%</u>                                    | <u>126,897,513</u>                | <u>10,202,714</u>           |

SEMCO Energy Gas Company  
Cost of Short-term Debt  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-4  
Schedule D-3  
Page 1 of 1

| <u>Line<br/>No.</u> | <u>Issue</u>            | <u>Amounts<br/>Outstanding</u> | <u>Interest<br/>Rate</u> | <u>Interest<br/>Requirement</u> |
|---------------------|-------------------------|--------------------------------|--------------------------|---------------------------------|
| 1                   | Notes Payable -- Parent | <u>35,207,337</u>              | 4.85%                    | <u>1,708,434</u>                |
| 2                   | Total Short-term Debt   | <u><u>35,207,337</u></u>       | <u><u>4.85%</u></u>      | <u><u>1,708,434</u></u>         |

SEMCO Energy Gas Company  
Preferred Stock Cost  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-4  
Schedule D-4  
Page 1 of 1

| Line<br>No. | Description | Annual<br>Dividend<br>Required | Par<br>Value | Discounts<br>or<br>(Premium) | Finance<br>Expenses | Net<br>Proceeds<br>Received<br>by Comp. | Number<br>of Shares<br>Outstanding | Total<br>Value of<br>Net<br>Proceeds | Cost<br>Rate | Annual<br>Dollar<br>Amount |
|-------------|-------------|--------------------------------|--------------|------------------------------|---------------------|-----------------------------------------|------------------------------------|--------------------------------------|--------------|----------------------------|
|             | (Col. 1)    | (Col. 2)                       | (Col. 3)     | (Col. 4)                     | (Col. 5)            | (Col. 6)                                | (Col. 7)                           | (Col. 8)                             | (Col. 9)     | (Col. 10)                  |

SEMCO ENERGY has no preferred stock issued.

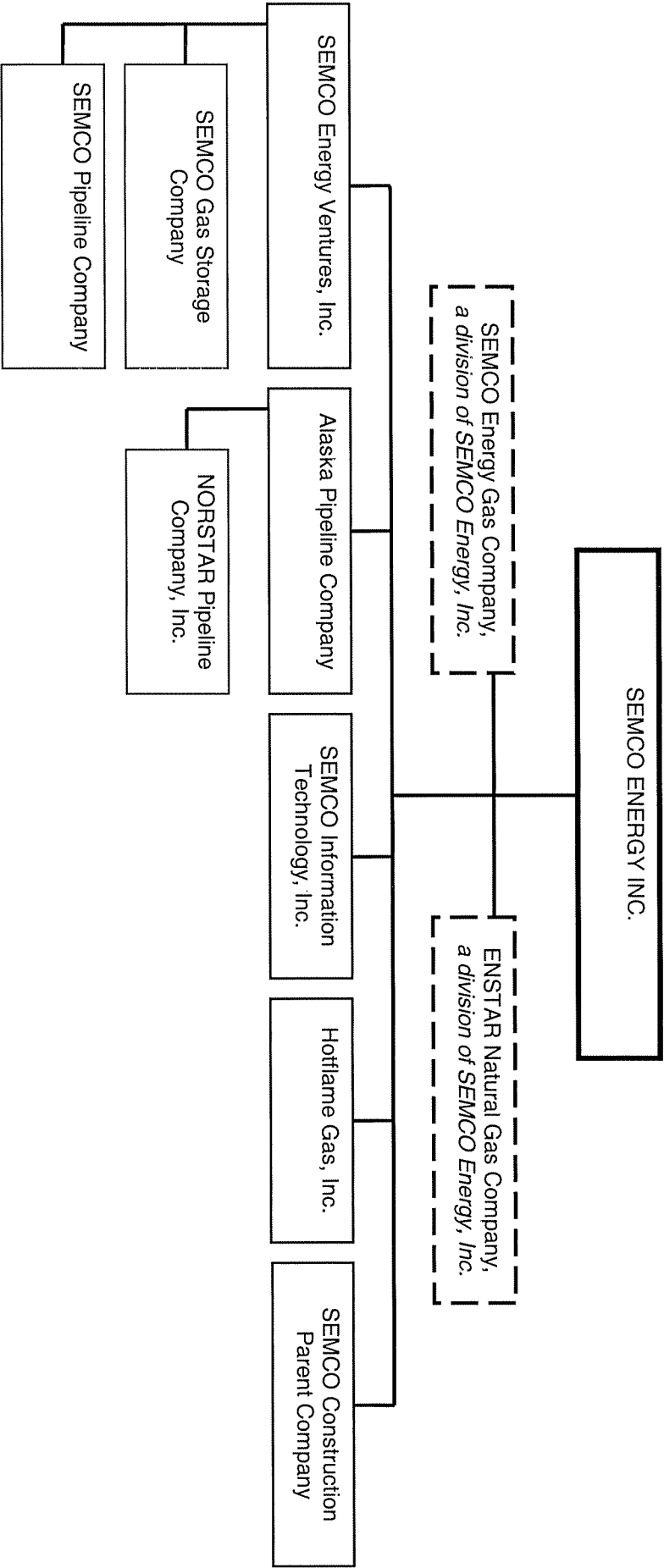
SEMCO Energy Gas Company  
Cost of Common Equity  
for Year Ended December 31, 2005

Section A

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-4  
Schedule D-5  
Page 1 of 1

The Cost of Common Equity utilized is 11.00%. This was authorized by the Michigan Public Service Commission in the Final Order in Case No. U-14338.

**SEMCO ENERGY GAS COMPANY**  
**CORPORATE STRUCTURE OF THE AFFILIATED GROUP**



1. For Alaska regulatory purposes, ENSTAR Natural Gas Company, Alaska Pipeline Company and NORSTAR Pipeline Company are consolidated.
2. Hottlame Gas is consolidated with the SEMCO Energy Ventures group.
3. SEMCO Construction Parent Company has no ongoing operating activities as the company's construction subsidiaries were sold in September 2004.

MICHIGAN PUBLIC SERVICE COMMISSION

Section A

SEMCO Energy Gas Company (MPSC Division)  
Summary of Costs Billed from Affiliated Companies  
For the Year Ended 12/31/2005

Case No. U-14893  
Witness: S W Warsinske  
Exhibit: A-5  
Schedule: E-2  
Page 1 of 2

| Line No. | Company                 | Affiliation                      | Description: Nature of Goods and Services | Account Number | Amount Classified to Operating Income | Account Number | Amount Classified to Non Operating Income | Account Number | Amount Classified to Balance Sheet | Total                | Pricing Method       | Line No. |
|----------|-------------------------|----------------------------------|-------------------------------------------|----------------|---------------------------------------|----------------|-------------------------------------------|----------------|------------------------------------|----------------------|----------------------|----------|
| 1        | SEMCO ENERGY, INC.      | Parent Company                   | Admin & General Operational               | 408-431 & VAR  | 8,704,663<br>195,084                  |                |                                           |                |                                    | 8,704,663<br>195,084 | Cost<br>Cost         | 1        |
| 2        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 2        |
| 3        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 3        |
| 4        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 4        |
| 5        | SEMCO ENERGY GAS CO     | Division of the Parent Company   | Inventory Payroll Operational             | VAR            | 137,062                               | 155<br>VAR     |                                           |                | 62,327<br>77,425                   | 62,327<br>77,425     | Cost<br>Cost<br>Cost | 5        |
| 6        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 6        |
| 7        | (Battle Creek Division) |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 7        |
| 8        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 8        |
| 9        |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 9        |
| 10       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 10       |
| 11       | SEMCO INFORMATION TECH  | Subsidiary of the Parent Company | Operational                               | VAR            | 4,126,407                             |                |                                           |                |                                    | 4,126,407            | Contract             | 11       |
| 12       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 12       |
| 13       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 13       |
| 14       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 14       |
| 15       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 15       |
| 16       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 16       |
| 17       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 17       |
| 18       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 18       |
| 19       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 19       |
| 20       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 20       |
| 21       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 21       |
| 22       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 22       |
| 23       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 23       |
| 24       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 24       |
| 25       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 25       |
| 26       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 26       |
| 27       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 27       |
| 28       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 28       |
| 29       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 29       |
| 30       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 30       |
| 31       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 31       |
| 32       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 32       |
| 33       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 33       |
| 34       |                         |                                  |                                           |                |                                       |                |                                           |                |                                    |                      |                      | 34       |
| Total    |                         |                                  |                                           |                | 13,163,216                            |                | 0                                         |                | 139,752                            | 13,302,968           |                      | Total    |

MICHIGAN PUBLIC SERVICE COMMISSION

Section A

SEMCO Energy Gas Company (MPSC Division)  
Summary of Costs Billed to Affiliated Companies  
For the Year Ended 12/31/2005

Case No. U-14893  
Witness: S W Warsinske  
Exhibit: A-5  
Schedule: E-2  
Page 2 of 2

| Line No. | Company                 | Affiliation     | Description: Nature of Goods and Services | Account Number | Amount Classified to Operating Income | Account Number | Amount Classified to Non Operating Income | Account Number | Amount Classified to Balance Sheet | Total           | Pricing Method | Line No. |
|----------|-------------------------|-----------------|-------------------------------------------|----------------|---------------------------------------|----------------|-------------------------------------------|----------------|------------------------------------|-----------------|----------------|----------|
| 1        | (a)                     | (b)             | ©                                         | (d)            | (e)                                   | (f)            | (g)                                       | (h)            | (i)                                | (j)             | (k)            | 1        |
| 2        | SEMCO ENERGY, INC.      | Parent Company  | Admin & General Payroll                   | 926, 921 VAR   | 503,457 610,354                       |                |                                           |                |                                    | 503,457 610,354 | Cost Cost      | 2        |
| 3        |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 3        |
| 4        |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 4        |
| 5        |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 5        |
| 6        | SEMCO ENERGY GAS CO.    | Division of the | Payroll                                   | VAR            | 431,788                               |                |                                           |                | 107,947                            | 539,735         | Cost           | 6        |
| 7        | (BATTLE CREEK DIVISION) | Parent Company  | Admin & General Operational               | VAR            | 84,868                                |                |                                           |                |                                    | 84,868          | Cost           | 7        |
| 8        |                         |                 |                                           | VAR            | 113,005                               |                |                                           |                |                                    | 113,005         | Cost           | 8        |
| 9        |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 9        |
| 10       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 10       |
| 11       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 11       |
| 12       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 12       |
| 13       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 13       |
| 14       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 14       |
| 15       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 15       |
| 16       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 16       |
| 17       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 17       |
| 18       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 18       |
| 19       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 19       |
| 20       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 20       |
| 21       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 21       |
| 22       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 22       |
| 23       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 23       |
| 24       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 24       |
| 25       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 25       |
| 26       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 26       |
| 27       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 27       |
| 28       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 28       |
| 29       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 29       |
| 30       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 30       |
| 31       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 31       |
| 32       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 32       |
| 33       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 33       |
| 34       |                         |                 |                                           |                |                                       |                |                                           |                |                                    |                 |                | 34       |
| Total    |                         |                 |                                           |                | 1,743,472                             |                | 0                                         |                | 107,947                            | 1,851,419       |                | Total    |

SEMCO Energy Gas Company  
 Affiliated Companies Rate of Return on Common Equity  
 for Year Ended December 31, 2005

Section A

Case No. U-14893  
 Witness: SWWarsinske  
 Exhibit: A-5  
 Schedule: E-3  
 Page 1 of 1

|    | Description                              | Net<br>Income | Average<br>Common Equity | Return on<br>Common Equity |
|----|------------------------------------------|---------------|--------------------------|----------------------------|
| 1  | SEMCO Energy Inc. (Consolidated)         | \$ 168,568    | \$ 180,042,778           | 0.09%                      |
| 2  |                                          |               |                          |                            |
| 3  | SEMCO Energy Gas Company (MPSC Division) | \$ 9,331,081  | \$ 145,874,387           | 6.40%                      |
| 4  |                                          |               |                          |                            |
| 5  | Battle Creek Gas Company                 | \$ 3,550,072  | \$ 35,152,991            | 10.10%                     |
| 6  |                                          |               |                          |                            |
| 7  | Enstar Natural Gas Company-Consolidated  | \$ 7,741,520  | \$ 146,974,680           | 5.27%                      |
| 8  |                                          |               |                          |                            |
| 9  | SEMCO Energy Ventures-Consolidated       | \$ 2,263,459  | \$ 32,276,159            | 7.01%                      |
| 10 |                                          |               |                          |                            |
| 11 | SEMCO Information Technology             | \$ 799,302    | \$ 3,030,374             | 26.38%                     |

**SEMCO ENERGY, INC.**  
**Consolidating Balance Sheets**  
**Assets**  
**December 2005**

Case No. U-14893  
Witness: SWWWarsinske  
Schedule A Exhibit: A-5  
Schedule: E-4  
Page: 1 of 2

|                                          | 2004                 | 2005                 | Eliminations           | Parent               | Gas<br>Distribution  | EnStructure          | Information<br>Technology | Ventures            |
|------------------------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|---------------------------|---------------------|
| <b>Utility Plant:</b>                    |                      |                      |                        |                      |                      |                      |                           |                     |
| Plant in Service, at Cost                | \$706,471,840        | \$744,230,311        | -                      | -                    | \$728,881,259        | -                    | -                         | \$15,349,052        |
| Construction Work in Process             | 5,738,470            | 6,005,431            | -                      | -                    | 6,005,431            | -                    | -                         | -                   |
|                                          | 712,210,310          | 750,235,742          | -                      | -                    | 734,886,690          | -                    | -                         | 15,349,052          |
| Less: Accumulated Depreciation           | (221,580,128)        | (243,721,537)        | -                      | -                    | (235,717,620)        | -                    | -                         | (8,003,917)         |
| <b>Net Utility Plant</b>                 | <b>\$490,630,182</b> | <b>\$506,514,205</b> | -                      | -                    | <b>\$499,169,070</b> | -                    | -                         | <b>\$7,345,135</b>  |
| <b>Other Property:</b>                   |                      |                      |                        |                      |                      |                      |                           |                     |
| Other Property, Gross                    | \$24,476,378         | \$24,695,497         | -                      | \$12,376,291         | \$165,637            | \$638,550            | \$3,783,566               | \$7,731,453         |
| Less: Accumulated Depreciation           | (9,526,599)          | (10,448,658)         | -                      | (5,421,526)          | (57,668)             | (328,979)            | (1,509,347)               | (3,131,138)         |
| <b>Net Other Property</b>                | <b>\$14,949,779</b>  | <b>\$14,246,839</b>  | -                      | <b>\$6,954,765</b>   | <b>\$107,969</b>     | <b>\$309,571</b>     | <b>\$2,274,219</b>        | <b>\$4,600,315</b>  |
| <b>Current Assets:</b>                   |                      |                      |                        |                      |                      |                      |                           |                     |
| Cash and Investments:                    |                      |                      |                        |                      |                      |                      |                           |                     |
| Cash and Equivalents                     | \$2,118,052          | \$4,123,859          | -                      | \$2,968,026          | \$1,200,915          | -                    | -                         | \$(45,082)          |
| Restricted Cash                          | 1,587,924            | 1,589,967            | -                      | 200,000              | 1,389,967            | -                    | -                         | -                   |
| <b>Total Cash and Investments</b>        | <b>3,705,976</b>     | <b>5,713,826</b>     | -                      | <b>3,168,026</b>     | <b>2,590,882</b>     | -                    | -                         | <b>(45,082)</b>     |
| Accounts Receivable:                     |                      |                      |                        |                      |                      |                      |                           |                     |
| Accounts Receivable                      | 38,573,878           | 66,341,393           | -                      | 17,522               | 65,911,536           | -                    | (7,408)                   | 419,743             |
| Less: Reserve for Uncollectables         | (2,247,358)          | (1,757,706)          | -                      | -                    | (1,678,550)          | -                    | -                         | (79,156)            |
| <b>Net Receivables</b>                   | <b>36,326,520</b>    | <b>64,583,687</b>    | -                      | <b>17,522</b>        | <b>64,232,986</b>    | -                    | <b>(7,408)</b>            | <b>340,587</b>      |
| Notes Receivable                         | 0                    | -                    | (297,315,000)          | 361,111,003          | (80,509,271)         | (4,176,273)          | 2,355,060                 | 18,534,481          |
| Accrued Revenue                          | 54,284,730           | 71,614,579           | -                      | -                    | 71,614,579           | -                    | -                         | -                   |
| Materials and Supplies                   | 4,875,927            | 4,970,484            | -                      | -                    | 4,883,658            | -                    | -                         | 86,826              |
| Gas in Storage                           | 63,980,387           | 93,065,449           | -                      | -                    | 92,840,558           | -                    | -                         | 224,891             |
| Gas Charges Recoverable                  | -                    | 971,323              | -                      | -                    | 971,323              | -                    | -                         | -                   |
| Prepaid Expenses                         | 15,609,244           | 13,403,984           | -                      | 507,463              | 12,690,518           | -                    | 41,976                    | 164,027             |
| Other Current Assets                     | 1,266,180            | 1,114,583            | -                      | 251,758              | 862,825              | 1                    | -                         | (1)                 |
| <b>Total Current Assets</b>              | <b>\$180,048,964</b> | <b>\$255,437,915</b> | <b>\$(297,315,000)</b> | <b>\$365,055,772</b> | <b>\$170,178,058</b> | <b>\$(4,176,272)</b> | <b>\$2,389,628</b>        | <b>\$19,305,729</b> |
| <b>Investment in Subsidiaries</b>        | <b>\$0</b>           | <b>\$(2)</b>         | <b>\$(358,664,209)</b> | <b>\$358,664,209</b> | <b>\$0</b>           | -                    | -                         | <b>\$(2)</b>        |
| <b>Deferred Charges:</b>                 |                      |                      |                        |                      |                      |                      |                           |                     |
| Goodwill, Net of Amortization            | \$143,283,375        | \$143,374,412        | -                      | -                    | \$140,318,238        | -                    | -                         | \$3,056,174         |
| Unamortized Debt Expense                 | 13,313,169           | 10,056,549           | -                      | 9,476,029            | 580,520              | -                    | -                         | -                   |
| Investments in Unconsolidated Affiliates | 7,621,264            | 6,870,406            | -                      | -                    | -                    | -                    | -                         | 6,870,406           |
| Regulatory Assets                        | 12,062,173           | 12,602,221           | -                      | -                    | 12,602,221           | -                    | -                         | -                   |
| Other Deferred Debits                    | 3,876,210            | 3,578,383            | -                      | 2,560,808            | 983,038              | -                    | 14,030                    | 20,507              |
| <b>Total Deferred Charges</b>            | <b>\$180,156,191</b> | <b>\$176,481,971</b> | -                      | <b>\$12,036,837</b>  | <b>\$154,484,017</b> | -                    | <b>\$14,030</b>           | <b>\$9,947,087</b>  |
| <b>Total Assets</b>                      | <b>\$865,785,116</b> | <b>\$952,680,928</b> | <b>\$(655,979,209)</b> | <b>\$742,711,583</b> | <b>\$823,939,114</b> | <b>\$(3,866,701)</b> | <b>\$4,677,877</b>        | <b>\$41,198,264</b> |

**SEMCO ENERGY, INC.**  
Consolidating Balance Sheets  
Liabilities  
December 2005

Case No. U-14893  
Witness: SWWarsinske  
Schedule A Exhibit: A-5  
Schedule: E-4  
Page 2 of 2

|                                               | 2004                 | 2005                 | Eliminations           | Parent                | Gas Distribution     | EnStructure          | Information Technology | Ventures            |
|-----------------------------------------------|----------------------|----------------------|------------------------|-----------------------|----------------------|----------------------|------------------------|---------------------|
| <b>Common Shareholders' Equity:</b>           |                      |                      |                        |                       |                      |                      |                        |                     |
| Common Stock                                  | \$28,396,538         | \$33,704,025         | \$(11,099,583)         | \$33,704,025          | \$9,377,630          | \$217,753            | \$100                  | \$1,504,100         |
| Restricted Stock - Unearned Comp              | -                    | (794,992)            | -                      | (794,992)             | -                    | -                    | -                      | -                   |
| Capital Surplus                               | 217,073,183          | 241,944,796          | (296,234,146)          | 241,944,796           | 239,002,472          | 30,799,316           | 1,099,900              | 25,332,458          |
| Accumulated Comprehensive Income              | (7,435,103)          | (9,073,299)          | 27,989                 | (9,073,299)           | -                    | -                    | -                      | (27,989)            |
| Retained Earnings                             | (71,949,080)         | (71,780,513)         | (51,358,469)           | (71,780,512)          | 77,128,859           | (34,787,784)         | 2,330,025              | 6,687,368           |
| <b>Total Equity</b>                           | <b>\$166,085,538</b> | <b>\$194,000,017</b> | <b>\$(358,664,209)</b> | <b>\$194,000,018</b>  | <b>\$325,508,961</b> | <b>\$(3,770,715)</b> | <b>\$3,430,025</b>     | <b>\$33,495,937</b> |
| <b>Convertible Cumulative Preferred Stock</b> | -                    | \$66,525,527         | -                      | \$66,525,527          | -                    | -                    | -                      | -                   |
| <b>Convertible Preference Stock</b>           | \$48,405,423         | -                    | -                      | -                     | -                    | -                    | -                      | -                   |
| <b>Long-Term Debt:</b>                        |                      |                      |                        |                       |                      |                      |                        |                     |
| Other Long-Term Debt                          | \$498,426,645        | \$441,658,801        | \$(297,315,000)        | \$441,658,801         | \$297,315,000        | -                    | -                      | -                   |
| <b>Total Long-Term Debt</b>                   | <b>\$498,426,645</b> | <b>\$441,658,801</b> | <b>\$(297,315,000)</b> | <b>\$441,658,801</b>  | <b>\$297,315,000</b> | -                    | -                      | -                   |
| <b>Total Capitalization</b>                   | <b>\$712,917,606</b> | <b>\$702,184,345</b> | <b>\$(655,979,209)</b> | <b>\$702,184,346</b>  | <b>\$622,823,961</b> | <b>\$(3,770,715)</b> | <b>\$3,430,025</b>     | <b>\$33,495,937</b> |
| <b>Current Liabilities:</b>                   |                      |                      |                        |                       |                      |                      |                        |                     |
| Current Maturities of Long-Term Debt          | -                    | -                    | -                      | -                     | -                    | -                    | -                      | -                   |
| Notes Payable                                 | 39,300,000           | 78,900,000           | -                      | 78,900,000            | -                    | -                    | -                      | -                   |
| Accounts Payable                              | 30,137,238           | 64,557,335           | -                      | 595,392               | 63,620,843           | 77,503               | 64,671                 | 198,926             |
| Customer Advance Payments                     | 19,818,463           | 22,042,672           | -                      | -                     | 21,148,817           | -                    | -                      | 893,855             |
| General Taxes                                 | (879,727)            | 560,425              | -                      | (580,464)             | 1,168,921            | -                    | 5,368                  | (33,400)            |
| Income Taxes Accrued                          | (4,724,172)          | (1,903,030)          | -                      | (17,717,961)          | 14,253,990           | (128,339)            | 451,599                | 1,237,681           |
| Accrued Interest                              | 4,508,202            | 4,615,951            | -                      | 4,533,316             | 82,635               | -                    | -                      | -                   |
| Amounts Payable to Customers                  | 5,486,614            | 12,280,579           | -                      | -                     | 12,280,579           | -                    | -                      | -                   |
| Deferred Taxes Current                        | (341,259)            | (5,344,624)          | -                      | (1,081,475)           | (5,760,440)          | (238,425)            | 41,284                 | 1,694,432           |
| Other Current Liabilities                     | 12,604,032           | 15,345,829           | -                      | 9,136,656             | 6,192,244            | 10,942               | 183                    | 5,804               |
| <b>Total Current Liabilities</b>              | <b>\$105,909,391</b> | <b>\$191,055,137</b> | -                      | <b>\$73,785,464</b>   | <b>\$112,987,589</b> | <b>\$(278,319)</b>   | <b>\$563,105</b>       | <b>\$3,997,298</b>  |
| <b>Deferred Credits:</b>                      |                      |                      |                        |                       |                      |                      |                        |                     |
| Deferred Income Taxes                         | \$20,757,552         | \$30,714,971         | -                      | \$(45,151,308)        | \$72,154,977         | \$(97,870)           | \$104,143              | \$3,705,029         |
| Regulatory Liabilities                        | 3,347,931            | 2,587,167            | -                      | -                     | 2,587,167            | -                    | -                      | -                   |
| Customer Advances for Construction            | 15,887,480           | 17,263,424           | -                      | -                     | 17,263,424           | -                    | -                      | -                   |
| Accrued Pension & Post Retirement Cos         | 5,571,386            | 3,489,770            | -                      | 9,930,795             | (7,021,629)          | -                    | 580,604                | -                   |
| Other Deferred Liabilities                    | 1,393,770            | 5,386,114            | -                      | 1,962,286             | 3,143,625            | 280,203              | -                      | -                   |
| <b>Total Deferred Credits</b>                 | <b>\$46,958,119</b>  | <b>\$59,441,446</b>  | -                      | <b>\$(33,258,227)</b> | <b>\$88,127,564</b>  | <b>\$182,333</b>     | <b>\$684,747</b>       | <b>\$3,705,029</b>  |
| <b>Total Capitalization and Liabilities</b>   | <b>\$865,785,116</b> | <b>\$952,680,928</b> | <b>\$(655,979,209)</b> | <b>\$742,711,583</b>  | <b>\$823,939,114</b> | <b>\$(3,866,701)</b> | <b>\$4,677,877</b>     | <b>\$41,198,264</b> |

## SEMCO ENERGY, INC.

Consolidating Income Statement  
For the Year Ending December 2005

Case No. U-14893

Witness:

SWWarsinske

Schedule A Exhibit:

A-5

Schedule:

E-5

Page

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## OPERATING REVENUE:

## Gas Sales Revenue:

|                         |               |               |               |   |               |   |   |             |             |   |
|-------------------------|---------------|---------------|---------------|---|---------------|---|---|-------------|-------------|---|
| Residential             | \$315,605,551 | \$385,977,595 | -             | - | \$385,977,595 | - | - | -           | -           | - |
| Commercial              | 132,470,211   | 161,713,811   | -             | - | 161,713,811   | - | - | -           | -           | - |
| Industrial              | 15,181,981    | 17,210,444    | -             | - | 17,210,444    | - | - | -           | -           | - |
| Other                   | 98,521        | 4,234,204     | -             | - | 4,234,204     | - | - | -           | -           | - |
| Total Gas Sales Revenue | \$463,356,264 | 569,136,054   | -             | - | 569,136,054   | - | - | -           | -           | - |
| Transportation          | 29,071,272    | 29,142,001    | -             | - | 29,142,001    | - | - | -           | -           | - |
| Norstar Revenue         | 468,482       | 831,668       | -             | - | 831,668       | - | - | -           | -           | - |
| Other Operations        | 15,440,463    | 15,992,553    | (7,591,806)   | - | 7,205,584     | - | - | 8,056,689   | 8,322,085   | - |
| Total Operating Revenue | \$508,336,481 | \$615,102,276 | \$(7,591,806) | - | \$606,315,307 | - | - | \$8,056,689 | \$8,322,085 | - |

## OPERATING EXPENSES:

|                                    |               |               |               |             |               |             |             |             |   |   |
|------------------------------------|---------------|---------------|---------------|-------------|---------------|-------------|-------------|-------------|---|---|
| Cost of Gas Sold                   | \$346,241,222 | \$443,859,612 | -             | -           | \$443,859,612 | -           | -           | -           | - | - |
| Operations and Maintenance         | 75,233,385    | 71,541,085    | (7,591,806)   | 593,551     | 66,190,833    | 209,941     | 6,216,055   | 5,922,511   | - | - |
| Norstar Operations and Maintenance | 383,820       | 642,655       | -             | -           | 642,655       | -           | -           | -           | - | - |
| Depreciation and Amortization      | 27,577,514    | 28,223,822    | -             | 6,534       | 26,824,826    | -           | 348,105     | 1,044,357   | - | - |
| Property and Other Taxes           | 13,148,860    | 11,601,086    | -             | 29,144      | 11,040,617    | 20,331      | 292,755     | 218,239     | - | - |
| Net (Gain) Loss, Property          | 115,000       | (269,895)     | -             | 3,226       | (207,545)     | -           | (57,671)    | (7,905)     | - | - |
| Goodwill Impairment                | 151,872       | -             | -             | -           | -             | -           | -           | -           | - | - |
| Total Operating Expenses           | \$462,851,672 | \$555,598,365 | \$(7,591,806) | \$632,455   | \$548,350,998 | \$230,272   | \$6,799,244 | \$7,177,202 | - | - |
| OPERATING INCOME                   | \$45,484,809  | \$59,503,911  | -             | \$(632,455) | \$57,964,309  | \$(230,272) | \$1,257,445 | \$1,144,883 | - | - |

## OTHER INCOME AND (DEDUCTIONS):

|                                 |                |                |                |              |                |             |          |             |   |   |
|---------------------------------|----------------|----------------|----------------|--------------|----------------|-------------|----------|-------------|---|---|
| Interest Income                 | \$612,204      | \$1,327,079    | \$(26,271,360) | \$25,422,628 | \$1,438,854    | \$358       | \$49,860 | \$686,737   | - | - |
| Non-Operating Income            | 464,333        | 213,544        | -              | 95,043       | 4,654          | 43          | -        | 113,804     | - | - |
| Non-Operating Expense           | (461,316)      | (473,732)      | -              | (3,877)      | (454,214)      | (911)       | (7,279)  | (7,450)     | - | - |
| Debt Extinguishment Costs       | -              | (1,455,564)    | -              | (1,455,564)  | -              | -           | -        | -           | - | - |
| Interest Expense                | (44,293,298)   | (43,057,742)   | 26,271,360     | (43,384,975) | (25,490,719)   | (409,115)   | -        | (44,292)    | - | - |
| Equity Earnings of Subsidiaries | 1,882,120      | 1,700,110      | (24,048,796)   | 24,126,377   | -              | -           | -        | 1,622,530   | - | - |
| Total Other Income & Deductions | \$(41,795,957) | \$(41,746,305) | \$(24,048,796) | \$4,799,632  | \$(24,501,425) | \$(409,625) | \$42,581 | \$2,371,329 | - | - |

## INCOME BEFORE INCOME TAXES

|                                   |             |              |                |              |              |             |             |             |   |   |
|-----------------------------------|-------------|--------------|----------------|--------------|--------------|-------------|-------------|-------------|---|---|
| Income Taxes                      | \$3,688,852 | \$17,757,606 | \$(24,048,796) | \$4,167,177  | \$33,462,884 | \$(639,897) | \$1,300,026 | \$3,516,212 | - | - |
|                                   | (467,567)   | 6,020,466    | -              | (8,122,462)  | 12,840,212   | (450,761)   | 500,724     | 1,252,753   | - | - |
| INCOME FROM CONTINUING OPERATIONS | \$4,156,419 | \$11,737,140 | \$(24,048,796) | \$12,289,639 | \$20,622,672 | \$(189,136) | \$799,302   | \$2,263,459 | - | - |
| Discontinued Operations           | (9,339,426) | 538,000      | -              | (14,500)     | -            | 552,500     | -           | -           | - | - |

## NET INCOME BEFORE DIVIDENDS

|                                                     |             |              |                |              |              |           |           |             |   |   |
|-----------------------------------------------------|-------------|--------------|----------------|--------------|--------------|-----------|-----------|-------------|---|---|
| Dividends and Repurchase Premium on                 | \$5,183,007 | \$12,275,140 | \$(24,048,796) | \$12,275,139 | \$20,622,672 | \$363,364 | \$799,302 | \$2,263,459 | - | - |
| Convertible Preference Stock                        | 3,203,100   | 9,112,017    | -              | 9,112,017    | -            | -         | -         | -           | - | - |
| Dividends on Convertible Cumulative Preferred Stock | -           | 2,994,555    | -              | 2,994,555    | -            | -         | -         | -           | - | - |

## NET INCOME FOR COMMON SHAREHOLDERS

|  |               |           |                |           |              |           |           |             |   |   |
|--|---------------|-----------|----------------|-----------|--------------|-----------|-----------|-------------|---|---|
|  | \$(8,366,107) | \$168,568 | \$(24,048,796) | \$168,567 | \$20,622,672 | \$363,364 | \$799,302 | \$2,263,459 | - | - |
|--|---------------|-----------|----------------|-----------|--------------|-----------|-----------|-------------|---|---|

SEMCO Energy Gas Company  
Summary of Historical Year Revenues  
For the 12 Months Ended December 31, 2005

Case No.: U-14893  
Witness: J.R. Alger  
Exhibit: A-6  
Schedule: F-1  
Page: 1 of 1

| Line | Rate Schedules                | Revenues      |
|------|-------------------------------|---------------|
|      | (A)                           | (B)           |
| 1    | Residential                   | \$246,504,214 |
| 2    | GS-1                          | 48,503,572    |
| 3    | GS-2                          | 32,622,964    |
| 4    | GS-3                          | 47,840,531    |
| 5    |                               |               |
| 6    | Total Sales & Customer Choice | \$375,471,281 |
| 7    |                               |               |
| 8    | GS-2                          | \$20,850      |
| 9    | GS-3                          | 141,220       |
| 10   | TR-1                          | 1,794,581     |
| 11   | TR-2                          | 3,749,206     |
| 12   | TR-3                          | 1,716,623     |
| 13   | Mead Johnson                  | 171,661       |
| 14   | Mich Tech                     | 167,440       |
| 15   | Coal Displacement             | 3,443         |
| 16   |                               |               |
| 17   | Total Large Transportation    | \$7,765,025   |
| 18   |                               |               |
| 19   | Total Revenues                | \$383,236,306 |

(1) Includes Peninsular Gas - June - December 2005

SEMCO Energy Gas Company  
Historical Year Customers and Volumes  
For the 12 Months Ended December 31, 2005

Case No.: U-14893  
Witness: J.R. Alger  
Exhibit: A-6  
Schedule: F-2  
Page: 1 of 1

| Line | Rate Schedules<br>(A)               | Number of Customers |                         | Mcf / Dth<br>(D) |
|------|-------------------------------------|---------------------|-------------------------|------------------|
|      |                                     | Average<br>(B)      | End of<br>Period<br>(C) |                  |
| 1    | Residential (Mcf)                   | 221,932             | 225,593                 | 23,037,567       |
| 2    | GS-1 (Mcf)                          | 18,633              | 19,012                  | 4,805,542        |
| 3    | GS-2 (Mcf)                          | 3,567               | 3,558                   | 3,265,094        |
| 4    | GS-3 (Mcf)                          | 832                 | 836                     | 4,845,778        |
| 5    |                                     |                     |                         |                  |
| 6    | Total Sales & Customer Choice (Mcf) | 244,964             | 248,999                 | 35,953,981       |
| 7    |                                     |                     |                         |                  |
| 8    | GS-2 (Dth)                          | 7                   | 7                       | 10,890           |
| 9    | GS-3 (Dth)                          | 16                  | 17                      | 132,640          |
| 10   | TR-1 (Dth)                          | 84                  | 84                      | 2,057,941        |
| 11   | TR-2 (Dth)                          | 60                  | 60                      | 6,055,598        |
| 12   | TR-3 (Dth)                          | 6                   | 6                       | 3,350,095        |
| 13   | Mead Johnson                        | 2                   | 2                       | 519,014          |
| 14   | Mich Tech                           | 1                   | 1                       | 297,822          |
| 15   | Coal Displacement                   | 0                   | 0                       | 17,384           |
| 16   |                                     |                     |                         |                  |
| 17   | Total Large Transportation (Dth)    | 176                 | 177                     | 12,441,384       |
| 18   |                                     |                     |                         |                  |
| 19   | Total                               | 245,140             | 249,176                 | 48,395,365       |

(1) Includes Peninsular Gas - June - December 2005

SEMCO Energy Gas Company  
Historical Year Operating Revenues  
For the 12 Months Ended December 2005

Case No.: U-14893  
Witness: J.R. Alger  
Exhibit: A-6  
Schedule: F-3  
Page: 1 of 1

| Line | Rate Schedules                      | Customer &<br>Remote<br>Meter Charge<br>Revenues | Volumetric<br>Charge<br>Revenues | GCR<br>Revenues | Misc<br>Charge<br>Revenues | Total<br>Revenues |
|------|-------------------------------------|--------------------------------------------------|----------------------------------|-----------------|----------------------------|-------------------|
|      | (A)                                 | (B)                                              | (C)                              | (D)             | (E)                        | (F)               |
| 1    | Residential (Mcf)                   | 25,326,069                                       | 25,642,168                       | 195,535,976     | 0                          | 246,504,214       |
| 2    | GS-1 (Mcf)                          | 2,080,193                                        | 6,206,956                        | 40,216,424      | 0                          | 48,503,572        |
| 3    | GS-2 (Mcf)                          | 1,162,830                                        | 3,491,985                        | 27,968,149      | 0                          | 32,622,964        |
| 4    | GS-3 (Mcf)                          | 748,414                                          | 4,198,152                        | 42,893,965      | 0                          | 47,840,531        |
| 5    |                                     |                                                  |                                  |                 |                            |                   |
| 6    | Total Sales & Customer Choice (Mcf) | 29,317,506                                       | 39,539,261                       | 306,614,514     | 0                          | 375,471,281       |
| 7    |                                     |                                                  |                                  |                 |                            |                   |
| 8    | GS-2 (Dth)                          | 8,610                                            | 11,475                           | 0               | 765                        | 20,850            |
| 9    | GS-3 (Dth)                          | 29,250                                           | 109,825                          | 0               | 2,145                      | 141,220           |
| 10   | TR-1 (Dth)                          | 453,525                                          | 1,292,987                        | 21,864          | 26,205                     | 1,794,581         |
| 11   | TR-2 (Dth)                          | 723,875                                          | 2,895,829                        | 56,871          | 72,631                     | 3,749,206         |
| 12   | TR-3 (Dth)                          | 255,650                                          | 1,428,941                        | 24,196          | 7,836                      | 1,716,623         |
| 13   | Mead Johnson                        | 22,600                                           | 145,324                          | 3,537           | 200                        | 171,661           |
| 14   | Mich Tech                           | 12,150                                           | 152,199                          | 3,530           | (439)                      | 167,440           |
| 15   | Coal Displacement                   | 0                                                | 3,388                            | 55              | 0                          | 3,443             |
| 16   |                                     |                                                  |                                  |                 |                            |                   |
| 17   | Total Large Transportation (Dth)    | 1,505,660                                        | 6,039,969                        | 110,053         | 109,343                    | 7,765,025         |
| 18   |                                     |                                                  |                                  |                 |                            |                   |
| 19   | Total                               | 30,823,166                                       | 45,579,230                       | 306,724,567     | 109,343                    | 383,236,306       |

(1) Includes Peninsular Gas - June - December 2005

Global Inputs

Rate Classes

| Rate Class | Description |
|------------|-------------|
| Res        | Residential |
| GS-1       | GS-1        |
| GS-2       | GS-2        |
| GS-3       | GS-3        |
| TR-1       | TR-1        |
| TR-2       | TR-2        |
| TR-3       | TR-3        |
| Mead       | Mead        |
| MTU        | MTU         |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |

Classifiers

| Name | Description |
|------|-------------|
| DEM  | Demand      |
| CUS  | Customer    |
| COM  | Commodity   |
| ~    | ~           |
| ~    | ~           |
| ~    | ~           |
| ~    | ~           |

Functions

| Name    | Description           |
|---------|-----------------------|
| F_PRODU | Production            |
| F_PURGS | Purchased Gas         |
| F_STORG | Storage               |
| F_DISTR | Distribution          |
| F_CBILL | Customer Acct/Billing |
| F_CSERV | Customer Services     |
| F_TRANS | Transmission          |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |

Unit Costs

|           | Factor Name |
|-----------|-------------|
| Commodity | TOTTHRU     |
| Customer  | CUSTS       |
| Demand    | TOTTHRU     |

Rate of Return

|                      | Percent |
|----------------------|---------|
| LT Debt              | 8.04%   |
| ST Debt              | 4.85%   |
| Equity               | 11.00%  |
| Cus Deposits         | 9.00%   |
| DFIT                 | 0.00%   |
| JDITC                | 9.06%   |
| Percent LT Debt      | 38.04%  |
| Percent ST Debt      | 10.56%  |
| Percent Equity       | 42.74%  |
| Percent Cus Deposits | 0.84%   |
| Percent DFIT         | 7.68%   |
| JDITC                | 0.15%   |
| Rate of Return       | 8.36%   |
| Factor               | ROR     |

Income Tax

|                    |        |
|--------------------|--------|
| Federal Income Tax | 35.00% |
| Effective Tax Rate | 35.00% |

**SEMCO Energy Gas Company**

Cost of Service Study

Case No.: U-14893

Witness: Malcolm R. Ketchum

Exhibit: A-6

Schedule: F-6

Page: 2 of 13

**Classifiers**

| Name | Description | Total | DEM     | CUS     | COM     |
|------|-------------|-------|---------|---------|---------|
| DEM  | Demand      | 100%  | 100.00% |         |         |
| CUS  | Customer    | 100%  |         | 100.00% |         |
| COM  | Commodity   | 100%  |         |         | 100.00% |
|      |             |       |         |         |         |

Account Inputs  
Test Year at Current Revenues

| Function                              | Classifier    | DEM     | CUS | COM          | ~       | ~ | Internal | Total         | Res          | GS-1         | GS-2        | GS-3        | TR-1        | TR-2        | TR-3        | Mead      | MTU       |
|---------------------------------------|---------------|---------|-----|--------------|---------|---|----------|---------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|
| RATE BASE                             |               |         |     |              |         |   |          |               |              |              |             |             |             |             |             |           |           |
| RATE BASE                             |               |         |     |              |         |   |          |               |              |              |             |             |             |             |             |           |           |
| Prod Plant                            | 97,107        | F_PRODU | DEM | FIRMSALES    |         |   |          | 97,107        | 61,976       | 12,928       | 8,817       | 13,386      | -           | -           | -           | -         | -         |
| System Balancing Storage @ 20%        | 4,058,743     | F_STORG | DEM | TOTTHRU      |         |   |          | 4,058,743     | 1,932,892    | 403,194      | 274,976     | 417,491     | 172,637     | 507,994     | 281,034     | 43,539    | 24,984    |
| Other Storage Plant                   | 16,234,974    | F_STORG | DEM | FIRMSALES    |         |   |          | 16,234,974    | 10,361,531   | 2,161,377    | 1,474,047   | 2,238,019   | -           | -           | -           | -         | -         |
| Trans Plant                           | 24,068,967    | F_TRANS | DEM | PK_AVG       |         |   |          | 24,068,967    | 12,220,479   | 2,574,621    | 1,716,466   | 2,453,923   | 962,912     | 2,560,212   | 1,302,775   | 203,500   | 74,079    |
| Distribution Plant                    | 4,886,940     | F_DISTR | DEM | PK_AVG       |         |   |          | 4,886,940     | 2,481,234    | 522,749      | 348,510     | 498,242     | 195,509     | 519,823     | 264,514     | 41,318    | 15,041    |
| Mains                                 | 163,938,476   | F_DISTR | DEM | PK_AVG       |         |   |          | 163,938,476   | 83,236,089   | 17,536,250   | 11,691,186  | 16,714,155  | 6,558,584   | 17,438,110  | 8,873,456   | 1,386,079 | 504,566   |
| Services                              | 104,129,332   | F_DISTR | CUS | SALESCUSTS   | SRVC_2D |   |          | 104,129,332   | 91,017,533   | 9,972,382    | 2,234,097   | 568,721     | 184,361     | 132,294     | 13,229      | 4,410     | 2,205     |
| Meters - Erts                         | 14,898,461    | F_DISTR | CUS |              |         |   |          | 14,898,461    | 13,496,356   | 1,133,129    | 217,346     | 51,569      | -           | 61          | -           | -         | -         |
| Meters                                | 21,598,375    | F_DISTR | CUS | WTD_METERS   |         |   |          | 21,598,375    | 13,502,527   | 2,500,259    | 3,614,112   | 1,321,942   | 359,219     | 261,144     | 26,114      | 8,705     | 4,352     |
| Meter Reg Inst                        | 3,161,914     | F_DISTR | CUS | WTD_REGS     |         |   |          | 3,161,914     | 2,790,332    | 279,947      | 65,808      | 22,172      | 2,556       | 1,826       | 183         | 61        | 30        |
| House Reg & Inst                      | 25,152,131    | F_DISTR | CUS | SRVC_H       |         |   |          | 25,152,131    | 18,968,883   | 4,025,277    | 1,304,319   | 617,036     | 128,990     | 93,588      | 9,359       | 3,120     | 1,560     |
| Industrial M & R Station Eq           | 2,358,690     | F_DISTR | CUS | SRVC_L       |         |   |          | 2,358,690     | -            | -            | 1,371,331   | 407,792     | 291,873     | 250,169     | 25,017      | 8,339     | 4,169     |
| General & Intan Plant                 | 22,170,412    |         |     |              |         |   | PLANT    | 22,170,412    | 14,415,971   | 2,370,540    | 1,402,052   | 1,459,898   | 510,565     | 1,254,716   | 622,347     | 97,948    | 36,375    |
| CWIP                                  | 9,248,933     |         |     |              |         |   | PLANT    | 9,248,933     | 6,013,977    | 988,929      | 584,901     | 609,032     | 212,995     | 523,436     | 259,627     | 40,861    | 15,175    |
| Accum Depr-Production                 | (63,096)      | F_PRODU | DEM | FIRMSALES    |         |   |          | (63,096)      | (40,269)     | (8,400)      | (5,729)     | (8,698)     | -           | -           | -           | -         | -         |
| Accum Depr - Sys Bal Storage @ 20%    | (1,855,534)   | F_STORG | DEM | TOTTHRU      |         |   |          | (1,855,534)   | (883,660)    | (184,328)    | (125,711)   | (199,864)   | (78,925)    | (232,240)   | (128,480)   | (19,905)  | (11,422)  |
| Accum Depr - Other Storage            | (7,422,134)   | F_STORG | DEM | FIRMSALES    |         |   |          | (7,422,134)   | (4,736,975)  | (988,115)    | (673,889)   | (1,023,154) | -           | -           | -           | -         | -         |
| Accum Depr - Transmission             | (8,689,709)   | F_TRANS | DEM | PK_AVG       |         |   |          | (8,689,709)   | (4,412,005)  | (929,525)    | (619,702)   | (885,949)   | (347,644)   | (924,323)   | (470,346)   | (73,470)  | (26,745)  |
| Accum Depr - Distribution             | (141,426,079) |         |     |              |         |   | DIST_PT  | (141,426,079) | (93,761,594) | (14,956,159) | (8,668,208) | (8,399,980) | (3,210,484) | (7,774,350) | (3,830,361) | (603,765) | (221,178) |
| Accum Depr - General                  | (11,987,256)  |         |     |              |         |   | PLANT    | (11,987,256)  | (7,794,530)  | (1,281,720)  | (758,071)   | (789,348)   | (276,056)   | (678,409)   | (336,495)   | (52,959)  | (19,667)  |
| W/C - Plant in Service                | (8,271,100)   |         |     |              |         |   | PLANT    | (8,271,100)   | (5,378,156)  | (884,376)    | (523,063)   | (544,643)   | (190,476)   | (468,096)   | (232,178)   | (36,541)  | (13,570)  |
| W/C - Revenue                         | 26,285,366    | F_DISTR | DEM | REV_INCL_COG |         |   | OMXGAS   | 26,285,366    | 16,918,470   | 3,328,941    | 2,237,225   | 3,284,104   | 121,924     | 253,489     | 117,816     | 11,822    | 11,575    |
| W/C - O&M less COG                    | 13,019,004    |         |     |              |         |   |          | 13,019,004    | 9,530,355    | 1,272,798    | 630,824     | 605,257     | 200,270     | 486,820     | 240,629     | 37,912    | 14,140    |
| W/C - Sys Bal Storage @ 20%           | 10,575,380    | F_STORG | DEM | TOTTHRU      |         |   |          | 10,575,380    | 5,036,306    | 1,050,554    | 716,473     | 1,087,807   | 449,821     | 1,323,620   | 732,257     | 113,445   | 65,897    |
| W/C - Other Storage                   | 42,301,521    | F_STORG | DEM | FIRMSALES    |         |   |          | 42,301,521    | 26,997,796   | 5,631,639    | 3,840,748   | 5,831,138   | -           | -           | -           | -         | -         |
| Customer Advances                     | (342,894)     | F_DISTR | CUS | PK_AVG_SALES |         |   |          | (342,894)     | (220,639)    | (46,304)     | (31,039)    | (44,313)    | -           | -           | -           | -         | -         |
| Total Rate Base                       | 328,126,924   | -       | -   | -            | -       | - | -        | 328,126,924   | 211,754,778  | 36,485,386   | 22,327,825  | 26,314,738  | 6,248,631   | 15,529,885  | 7,770,497   | 1,214,418 | 480,766   |
| TOTAL RATE BASE                       | 328,126,924   | -       | -   | -            | -       | - | -        | 328,126,924   | 211,754,778  | 36,485,386   | 22,327,825  | 26,314,738  | 6,248,631   | 15,529,885  | 7,770,497   | 1,214,418 | 480,766   |
| O & M Expenses                        |               |         |     |              |         |   |          |               |              |              |             |             |             |             |             |           |           |
| Production                            | 34,107,870    | F_PRODU | DEM | FIRMSALES    |         |   |          |               |              |              |             |             |             |             |             |           |           |
| Other Storage Plant                   | 75,469        | F_STORG | DEM | FIRMSALES    |         |   |          | 75,469        | 48,166       | 10,047       | 6,852       | 10,404      | -           | -           | -           | -         | -         |
| Storage Expense (balancing and other) | 449,062       | F_STORG | DEM | TOTTHRU      |         |   |          | 449,062       | 286,602      | 59,784       | 40,772      | 61,904      | -           | -           | -           | -         | -         |
| Distribution Expenses                 | 112,266       | F_STORG | DEM | TOTTHRU      |         |   |          | 112,266       | 53,464       | 11,152       | 7,606       | 11,548      | 4,775       | 14,051      | 7,773       | 1,204     | 691       |
| Transmission Expenses                 | 8,213,261     | F_TRANS | DEM | PK_AVG       |         |   | DIST_PT  | 8,213,261     | 5,445,166    | 868,573      | 503,403     | 487,825     | 186,448     | 451,492     | 222,447     | 35,063    | 12,845    |
| Meter Read Exp.                       | 176,381       | F_DISTR | CUS | CUSTS        |         |   |          | 176,381       | 89,554       | 18,867       | 12,579      | 17,983      | 7,056       | 18,762      | 9,547       | 1,491     | 543       |
| Customer Account- Supervisor          | 481,120       | F_DISTR | CUS | CUSTS        |         |   |          | 481,120       | 435,571      | 36,570       | 7,014       | 1,664       | 165         | 118         | 12          | 4         | 2         |
| Customer Records & Collection         | 314,776       | F_CSERV | CUS | CUSTS        |         |   |          | 314,776       | 284,975      | 23,926       | 4,589       | 1,089       | 108         | 77          | 8           | 3         | 1         |
| Customer Service and Information      | 3,081,440     | F_CSERV | CUS | CUSTS        |         |   |          | 3,081,440     | 2,789,713    | 234,219      | 44,526      | 10,659      | 1,056       | 754         | 75          | 25        | 13        |
|                                       | 73,822        | F_CSERV | CUS | CUSTS        |         |   |          | 73,822        | 66,833       | 5,611        | 1,076       | 255         | 25          | 18          | 2           | 1         | 0         |
| TOTAL O & M EXPENSES                  | 12,977,597    | -       | -   | -            | -       | - | -        | 12,977,597    | 9,500,844    | 1,268,750    | 628,817     | 603,332     | 199,633     | 485,272     | 239,864     | 37,791    | 14,095    |

Account Inputs  
Test Year at Current Revenues

| Function                      | Classifier   | DEM     | CUS | COM       | ~        | ~          | Internal | Total      | Res        | GS-1      | GS-2      | GS-3      | TR-1      | TR-2      | TR-3      | Mead    | MTU     |
|-------------------------------|--------------|---------|-----|-----------|----------|------------|----------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| Depreciation Expenses         |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| Distribution Plant            |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| Depr Production               | 3,334        | F_PRODU | DEM | FIRMSALES |          |            |          | 3,334      | 2,128      | 444       | 303       | 460       | -         | -         | -         | -       | -       |
| Depr Sys Bal Storage @ 20%    | 82,691       | F_STORG | DEM | TOTTHRU   |          |            |          | 82,691     | 39,380     | 8,214     | 5,602     | 8,506     | 3,517     | 10,350    | 5,726     | 887     | 509     |
| Depr Other Storage            | 330,762      | F_STORG | DEM | FIRMSALES |          |            |          | 330,762    | 211,100    | 44,035    | 30,031    | 45,596    | -         | -         | -         | -       | -       |
| Depr Transmission Plant       | 650,039      | F_TRANS | DEM | PK_AVG    |          |            |          | 650,039    | 330,043    | 69,534    | 46,357    | 66,274    | 26,006    | 69,145    | 35,184    | 5,496   | 2,001   |
| Depr Distribution Plant       | 9,004,783    |         |     |           |          |            | DIST_PT  | 9,004,783  | 5,969,923  | 952,278   | 551,916   | 534,838   | 204,416   | 495,003   | 243,884   | 38,443  | 14,083  |
| Depr General & Intan Plant    | 2,883,764    |         |     |           |          |            | GENPLANT | 2,883,764  | 1,875,123  | 308,342   | 182,369   | 189,893   | 66,411    | 163,204   | 80,950    | 12,740  | 4,731   |
| TOTAL DEPRECIATION EXPEN      | 12,955,373   | -       | -   | -         | -        | -          | -        | 12,955,373 | 8,427,697  | 1,382,847 | 816,578   | 845,566   | 300,349   | 737,701   | 365,745   | 57,566  | 21,324  |
| Other Expenses                |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| A&G O&M                       | 9,770,789    |         |     |           |          |            | OMXGAS   | 9,770,789  | 7,152,550  | 955,237   | 473,434   | 454,246   | 150,303   | 365,360   | 180,593   | 28,453  | 10,612  |
| A&G Plant in service          | 9,770,789    |         |     |           |          |            | PLANT    | 9,770,789  | 6,353,306  | 1,044,738 | 617,903   | 643,396   | 225,013   | 552,970   | 274,276   | 43,167  | 16,031  |
| A&G Company Use and LAUF      | 3,455,053    | F_DISTR | COM |           |          | FIRMSALES  |          | 3,455,053  | 2,205,094  | 459,974   | 313,700   | 476,285   | -         | -         | -         | -       | -       |
| Sales Promotion Exp           | 1,616        | F_DISTR | CUS |           | COSS     |            |          | 1,616      | 998        | 196       | 111       | 125       | 61        | 88        | 33        | (4)     | 8       |
| Uncollectible Expense         | 1,587,080    | F_DISTR | DEM |           | COSS_COG |            |          | 1,587,080  | 1,013,898  | 209,114   | 146,785   | 227,804   | (3,510)   | (4,933)   | (1,861)   | 243     | (459)   |
| TOTAL OTHER EXPENSES          | 24,585,326   | -       | -   | -         | -        | -          | -        | 24,585,326 | 16,725,846 | 2,669,249 | 1,551,933 | 1,801,856 | 371,866   | 913,484   | 453,041   | 71,859  | 26,192  |
| Timing Differences            |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| Interest Synchronization      |              |         |     |           |          |            | RATEBASE | -          | -          | -         | -         | -         | -         | -         | -         | -       | -       |
| Pro Forma Income Tax Savings  |              |         |     |           |          |            | RATEBASE | -          | -          | -         | -         | -         | -         | -         | -         | -       | -       |
| TOTAL TIMING DIFFERENCES      | -            |         |     |           |          |            |          | -          | -          | -         | -         | -         | -         | -         | -         | -       | -       |
| Taxes Other Than Income Taxes |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| MSBT                          | 1,123,022    | F_DISTR | DEM | COSS      |          |            |          | 1,123,022  | 693,328    | 136,386   | 77,144    | 86,947    | 42,159    | 60,935    | 23,161    | (2,597) | 5,559   |
| Payroll Tax                   | 1,245,340    |         |     |           |          |            | OMXGAS   | 1,245,340  | 911,631    | 121,750   | 60,342    | 57,896    | 19,157    | 46,567    | 23,018    | 3,626   | 1,353   |
| Property Tax                  | 5,065,608    |         |     |           |          |            | PLANT    | 5,065,608  | 3,293,834  | 541,633   | 320,348   | 333,565   | 116,657   | 286,684   | 142,197   | 22,380  | 8,311   |
| TOTAL TAXES OTHER THAN IN     | 7,433,970    | -       | -   | -         | -        | -          | -        | 7,433,970  | 4,898,794  | 799,769   | 457,833   | 478,408   | 177,972   | 394,186   | 188,376   | 23,409  | 15,222  |
| Revenue Credits               |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| Transport misc. Revenue       | 109,342      | F_DISTR | COM |           |          | TRANSSALES |          | 109,342    | -          | -         | 96        | 1,167     | 18,112    | 53,295    | 29,484    | 4,568   | 2,621   |
| Sales Misc. Revenue           | 3,510,550    | F_DISTR | COM |           |          | SALESREV   |          | 3,510,550  | 2,304,852  | 453,511   | 304,784   | 447,403   | -         | -         | -         | -       | -       |
| Other Revenues- COS           | 2,903,983    | F_DISTR | DEM | COSS      |          |            |          | 2,903,983  | 1,792,853  | 352,676   | 199,483   | 224,834   | 109,016   | 157,569   | 59,892    | (6,715) | 14,374  |
| Coal Displacement Revenue     | 3,423        | F_DISTR | COM |           |          | REVENUE    |          | 3,423      | 2,285      | 372       | 210       | 227       | 78        | 161       | 75        | 7       | 7       |
| TOTAL OTHER REVENUE CREI      | 6,527,298    |         |     |           |          |            |          | 6,527,298  | 4,099,990  | 806,560   | 504,573   | 673,632   | 127,206   | 211,025   | 89,450    | (2,139) | 17,003  |
| Operating Revenues            |              |         |     |           |          |            |          |            |            |           |           |           |           |           |           |         |         |
| Rate Revenue Received         | 76,875,873   | F_DISTR | COM |           |          | REVENUE    |          | 76,875,873 | 51,317,425 | 8,359,868 | 4,714,632 | 5,100,868 | 1,746,512 | 3,619,704 | 1,684,591 | 167,924 | 164,349 |
| TOTAL OPERATING REVENUE!      | (76,875,873) | -       | -   | -         | -        | -          | -        | 76,875,873 | 51,317,425 | 8,359,868 | 4,714,632 | 5,100,868 | 1,732,609 | 3,595,244 | 1,672,311 | 166,860 | 164,349 |

External & Internal Allocators

Test Year at Current Revenues

| Name                | Description                              | Classifier | Total       | Res         | GS-1       | GS-2       | GS-3       | TR-1      | TR-2      | TR-3      | Mead     | MTU      |
|---------------------|------------------------------------------|------------|-------------|-------------|------------|------------|------------|-----------|-----------|-----------|----------|----------|
| EXTERNAL ALLOCATORS |                                          |            |             |             |            |            |            |           |           |           |          |          |
| TOTTHRU             | Total Throughput Volumes                 | DEM        | 100.000%    | 47.623%     | 9.924%     | 6.775%     | 10.286%    | 4.253%    | 12.516%   | 6.924%    | 1.073%   | 0.616%   |
|                     | Allocation factor 2                      |            | 48,382,647  | 23,041,233  | 4,806,315  | 3,277,881  | 4,976,748  | 2,057,941 | 6,055,598 | 3,350,095 | 519,014  | 297,822  |
| FIRMSALES           | Annual Sales Volumes                     | DEM        | 100.000%    | 63.822%     | 13.313%    | 9.079%     | 13.785%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 1                      |            | 36,102,177  | 23,041,233  | 4,806,315  | 3,277,881  | 4,976,748  | -         | -         | -         | -        | -        |
| TRANSSALES          | Annual Transport Volumes                 | DEM        | 100.000%    | 0.000%      | 0.000%     | 0.088%     | 1.068%     | 16.564%   | 48.741%   | 36.965%   | 4.178%   | 2.397%   |
|                     | Allocation factor 0                      |            | 12,424,000  | -           | -          | 10,890     | 132,640    | 2,057,941 | 6,055,598 | 3,350,095 | 519,014  | 297,822  |
| PKDAY               | Peak Day Throughput Volumes [Peak Month] | DEM        | 100.000%    | 53.923%     | 11.460%    | 7.488%     | 10.105%    | 3.748%    | 8.758%    | 3.901%    | 0.618%   | 0.000%   |
|                     | Allocation factor                        |            | 309,707     | 167,002     | 35,492     | 23,191     | 31,294     | 11,607    | 27,124    | 12,082    | 1,915    | -        |
| PK_AVG_SALES        | Sales Only-%                             |            | 256,979     | 64.987%     | 13.811%    | 9.024%     | 12.178%    |           |           |           |          |          |
|                     | Peak and Average Sales Only Allocator    | DEM        | 100.000%    | 64.404%     | 13.562%    | 9.052%     | 12.982%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 7                      |            | 1           | 1           | 0          | 0          | 0          | -         |           |           |          |          |
| PK_AVG              | Peak and Average Allocator               | DEM        | 100.000%    | 50.773%     | 10.697%    | 7.131%     | 10.195%    | 4.001%    | 10.637%   | 5.413%    | 0.845%   | 0.308%   |
|                     | Allocation factor 3                      |            | 1           | 1           | 0          | 0          | 0          | 0         | 0         | 0         | 0        | -        |
| PK_AVGC             | Peak and Average Allocator               | COM        | 100.000%    | 50.773%     | 10.697%    | 7.131%     | 10.195%    | 4.001%    | 10.637%   | 5.413%    | 0.845%   | 0.308%   |
|                     | Allocation factor 3                      |            | 1           | 1           | 0          | 0          | 0          | 0         | 0         | 0         | 0        | -        |
| CUSTS               | Number of Customers                      | CUS        | 100.000%    | 90.533%     | 7.601%     | 1.458%     | 0.346%     | 0.034%    | 0.024%    | 0.002%    | 0.001%   | 0.000%   |
|                     | Allocation factor 4                      |            | 245,140     | 221,932     | 18,633     | 3,574      | 848        | 84        | 60        | 6         | 2        | 1        |
| REVENUE             | Non-Gas Revenue in Dollars               | COM        | 100.000%    | 66.754%     | 10.875%    | 6.133%     | 6.635%     | 2.272%    | 4.709%    | 2.191%    | 0.218%   | 0.214%   |
|                     | Allocation factor 14                     |            | 76,875,873  | 51,317,425  | 8,339,868  | 4,714,632  | 5,100,868  | 1,746,512 | 3,619,704 | 1,684,591 | 167,924  | 164,349  |
| SALESREV            | Sales Revenue                            | COM        | 100.000%    | 65.655%     | 12.919%    | 8.682%     | 12.745%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 21                     |            | 373,747,111 | 245,383,715 | 48,282,614 | 32,448,479 | 47,632,303 |           |           |           |          |          |
| ROR                 | Rate of Return- Do NOT DELETE            |            | 0.000%      | 0%          | 0%         | 0%         | 0%         | 0%        | 0%        | 0%        | 0%       | 0%       |
|                     |                                          |            | -           |             |            |            |            |           |           |           |          |          |
| REV_INCL_COG        | Revenue including COG                    | DEM        | 100.000%    | 64.365%     | 12.665%    | 8.511%     | 12.494%    | 0.464%    | 0.964%    | 0.448%    | 0.045%   | 0.044%   |
|                     | Allocation factor 13                     |            | 381,240,189 | 245,383,715 | 48,282,614 | 32,448,479 | 47,632,303 | 1,768,376 | 3,676,575 | 1,708,787 | 171,461  | 167,879  |
| WTD_METERS          | Meters Allocator                         | CUS        | 100.000%    | 62.516%     | 11.576%    | 16.733%    | 6.121%     | 1.663%    | 1.209%    | 0.121%    | 0.040%   | 0.020%   |
|                     | Allocation factor 9                      |            | 354,998     | 221,932     | 41,095     | 59,403     | 21,728     | 5,904     | 4,292     | 429       | 143      | 72       |
| WTD_REGS            | Meters & Regulators Allocator            | CUS        | 100.000%    | 88.248%     | 8.822%     | 2.081%     | 0.701%     | 0.081%    | 0.058%    | 0.006%    | 0.002%   | 0.001%   |
|                     | Allocation factor 10                     |            | 251,486     | 221,932     | 22,106     | 5,234      | 1,764      | 203       | 145       | 15        | 5        | 2        |
| TRANSCUSTS          | Transportation Customers                 | CUS        | 100.000%    | 0.000%      | 0.000%     | 0.000%     | 0.000%     | 54.902%   | 39.216%   | 3.922%    | 1.307%   | 0.654%   |
|                     | Allocation factor 5                      |            | 153         | -           | -          | -          | -          | 84        | 60        | 6         | 2        | 1        |
| SALESCUSTS          | Sales Customers                          | CUS        | 100.000%    | 90.589%     | 7.606%     | 1.459%     | 0.346%     | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 6                      |            | 244,988     | 221,932     | 18,633     | 3,574      | 848        | -         | 1         | -         | -        | -        |
| COG                 | Actual Cost of Gas by Class              | COM        | 100.000%    | 63.761%     | 13.117%    | 9.112%     | 13.974%    | 0.007%    | 0.019%    | 0.008%    | 0.001%   | 0.001%   |
|                     | Allocation factor                        |            | 304,364,260 | 194,066,255 | 39,922,738 | 27,733,842 | 42,531,427 | 21,864    | 56,871    | 24,196    | 3,537    | 3,530    |
| COG_D               | Actual Cost of Gas by Class              | DEM        | 100.000%    | 63.761%     | 13.117%    | 9.112%     | 13.974%    | 0.007%    | 0.019%    | 0.008%    | 0.001%   | 0.001%   |
|                     | Allocation factor                        |            | 304,364,260 | 194,066,255 | 39,922,738 | 27,733,842 | 42,531,427 | 21,864    | 56,871    | 24,196    | 3,537    | 3,530    |
| COSS                | COSS Allocation(see detail below)        | DEM        | 100.000%    | 61.738%     | 12.145%    | 6.869%     | 7.742%     | 3.754%    | 5.426%    | 2.062%    | -0.231%  | 0.495%   |
|                     |                                          |            | 17,483,500  | 10,793,914  | 2,123,295  | 1,200,994  | 1,353,619  | 656,336   | 948,649   | 360,578   | (40,425) | 86,541   |
| COSS_COG            | COSS Allocation + COG(see detail below)  | DEM        | 100.000%    | 63.885%     | 13.176%    | 9.249%     | 14.354%    | -0.221%   | -0.311%   | -0.117%   | 0.015%   | -0.029%  |
|                     |                                          |            | 286,880,760 | 183,272,341 | 37,799,443 | 26,532,848 | 41,177,808 | (634,472) | (891,778) | (336,382) | 43,962   | (83,011) |
| SRVC_2              | Service Allocator                        | CUS        | 100.000%    | 87.408%     | 9.577%     | 2.146%     | 0.546%     | 0.177%    | 0.127%    | 0.013%    | 0.004%   | 0.002%   |
|                     | Allocation factor 8                      |            | 253,903     | 221,932     | 24,316     | 5,447      | 1,387      | 450       | 323       | 32        | 11       | 5        |
| SRVC_2D             | Service Allocator                        | DEM        | 100.000%    | 87.408%     | 9.577%     | 2.146%     | 0.546%     | 0.177%    | 0.127%    | 0.013%    | 0.004%   | 0.002%   |
|                     | Allocation factor 8                      |            | 253,903     | 221,932     | 24,316     | 5,447      | 1,387      | 450       | 323       | 32        | 11       | 5        |
| SRVC_H              | House Regulators                         | CUS        | 100.000%    | 75.417%     | 16.004%    | 5.186%     | 2.453%     | 0.513%    | 0.372%    | 0.037%    | 0.012%   | 0.006%   |
|                     | Allocation factor 11                     |            | 294,275     | 221,932     | 47,095     | 15,260     | 7,219      | 1,509     | 1,095     | 109       | 36       | 18       |
| SRVC_L              | Industrial Meters                        | CUS        | 100.000%    | 0.000%      | 0.000%     | 58.140%    | 17.289%    | 12.374%   | 10.606%   | 1.061%    | 0.354%   | 0.177%   |
|                     | Allocation factor 12                     |            | 6,147       | -           | -          | 3,574      | 1,063      | 761       | 652       | 65        | 22       | 11       |
| FIRMSALESCOM        | Annual Sales Volumes                     | COM        | 100.000%    | 63.822%     | 13.313%    | 9.079%     | 13.785%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 1                      |            | 36,102,177  | 23,041,233  | 4,806,315  | 3,277,881  | 4,976,748  | -         | -         | -         | -        | -        |

External & Internal Allocators

Test Year at Current Revenues

| Name                | Description             | Classifier | Total       | Res         | GS-1       | GS-2       | GS-3       | TR-1      | TR-2       | TR-3       | Mead      | MTU     |
|---------------------|-------------------------|------------|-------------|-------------|------------|------------|------------|-----------|------------|------------|-----------|---------|
| INTERNAL ALLOCATORS |                         |            |             |             |            |            |            |           |            |            |           |         |
| GRSPSD2             | Gross Plant             |            | 100.000%    | 64.534%     | 11.119%    | 6.805%     | 8.020%     | 1.904%    | 4.733%     | 2.368%     | 0.370%    | 0.147%  |
|                     |                         |            | 328,126,924 | 211,754,778 | 36,485,386 | 22,327,825 | 26,314,738 | 6,248,631 | 15,529,885 | 7,770,497  | 1,214,418 | 480,766 |
| DIST_PT2            | Distribution Plant      |            | 100.000%    | 66.297%     | 10.575%    | 6.129%     | 5.939%     | 2.270%    | 5.497%     | 2.708%     | 0.427%    | 0.156%  |
|                     |                         |            | 340,124,319 | 225,493,054 | 35,968,992 | 20,846,709 | 20,201,630 | 7,721,091 | 18,697,014 | 9,211,872  | 1,452,032 | 531,924 |
| PLANT2              | Plant In Service        |            | 100.000%    | 65.023%     | 10.692%    | 6.324%     | 6.585%     | 2.303%    | 5.659%     | 2.807%     | 0.442%    | 0.164%  |
|                     |                         |            | 384,584,110 | 250,069,932 | 41,121,112 | 24,321,015 | 25,324,451 | 8,656,641 | 21,765,221 | 10,795,681 | 1,699,071 | 630,967 |
| OMXGAS2             | O&M Excluding Gas Costs |            | 100.000%    | 73.203%     | 9.776%     | 4.845%     | 4.649%     | 1.538%    | 3.739%     | 1.848%     | 0.291%    | 0.109%  |
|                     |                         |            | 12,977,597  | 9,500,044   | 1,268,750  | 628,817    | 603,332    | 199,633   | 485,272    | 239,864    | 37,791    | 14,095  |
| GENPLANT2           | General Plant           |            | 100.000%    | 65.023%     | 10.692%    | 6.324%     | 6.585%     | 2.303%    | 5.659%     | 2.807%     | 0.442%    | 0.164%  |
|                     |                         |            | 22,170,412  | 14,415,971  | 2,370,540  | 1,402,052  | 1,459,898  | 510,565   | 1,254,716  | 622,347    | 97,948    | 36,375  |
| RATEBASE2           | Rate Base               |            | 100.000%    | 64.534%     | 11.119%    | 6.805%     | 8.020%     | 1.904%    | 4.733%     | 2.368%     | 0.370%    | 0.147%  |
|                     |                         |            | 328,126,924 | 211,754,778 | 36,485,386 | 22,327,825 | 26,314,738 | 6,248,631 | 15,529,885 | 7,770,497  | 1,214,418 | 480,766 |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |

Development of "COSS" Factor:

|                                         |            |            |           |           |           |           |           |           |          |         |
|-----------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| Rate Revenues; less                     | 76,875,873 | 51,317,425 | 8,359,868 | 4,714,632 | 5,100,868 | 1,746,512 | 3,619,704 | 1,684,591 | 167,924  | 164,349 |
| Oper. Exp. (O+M, Depr.,Co.Use&LAUF, TO) | 55,240,548 | 37,844,156 | 5,774,920 | 3,231,122 | 3,414,286 | 1,011,112 | 2,474,554 | 1,225,692 | 192,983  | 71,725  |
| Coal Displacement- Spread               |            |            |           |           |           |           |           |           |          |         |
| Interest                                | - \$       | - \$       | - \$      | - \$      | - \$      | - \$      | - \$      | - \$      | - \$     | -       |
| FTT                                     | 4,151,825  | 2,679,356  | 461,653   | 282,516   | 332,963   | 79,065    | 196,501   | 98,321    | 15,366   | 6,083   |
| Net---"COSS"                            | 17,483,500 | 10,793,914 | 2,123,295 | 1,200,994 | 1,353,619 | 656,336   | 948,649   | 360,578   | (40,425) | 86,541  |

Development of "COSS+COG" factor

|                  |              |              |             |             |             |           |           |           |        |          |
|------------------|--------------|--------------|-------------|-------------|-------------|-----------|-----------|-----------|--------|----------|
| COSS (above)     | (17,483,500) | (10,793,914) | (2,123,295) | (1,200,994) | (1,353,619) | (656,336) | (948,649) | (360,578) | 40,425 | (86,541) |
| Cost of Gas      | 304,364,260  | 194,066,255  | 39,922,738  | 27,733,842  | 42,531,427  | 21,864    | 56,871    | 24,196    | 3,537  | 3,530    |
| Net---"COSS+COG" | 286,880,760  | 183,272,341  | 37,799,443  | 26,532,848  | 41,177,808  | (634,472) | (891,778) | (336,382) | 43,962 | (83,011) |
|                  |              | 63.885%      |             |             |             |           |           |           |        |          |

## Revenue Requirement Summary

### Test Year at Current Revenues

|                                                 | System Total         | Res                  | GS-1                 | GS-2                | GS-3                | TR-1                | TR-2                | TR-3                | Mead              | MTU                |
|-------------------------------------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|--------------------|
| <b>RATE BASE</b>                                | \$ 328,126,924       | \$ 211,754,778       | \$ 36,485,386        | \$ 22,327,825       | \$ 26,314,738       | \$ 6,248,631        | \$ 15,529,885       | \$ 7,770,497        | \$ 1,214,418      | \$ 480,766         |
| <b>RATE OF RETURN</b>                           | 8.36%                | 8.36%                | 8.36%                | 8.36%               | 8.36%               | 8.36%               | 8.36%               | 8.36%               | 8.36%             | 8.36%              |
| <b>RETURN ALLOWANCE</b>                         | \$ 27,431,411        | \$ 17,702,699        | \$ 3,050,178         | \$ 1,866,606        | \$ 2,199,912        | \$ 522,386          | \$ 1,298,298        | \$ 649,614          | \$ 101,525        | \$ 40,192          |
| <b>INCOME TAXES</b>                             |                      |                      |                      |                     |                     |                     |                     |                     |                   |                    |
| Interest Expense                                | \$ 12,125,717        | \$ 7,825,260         | \$ 1,348,294         | \$ 825,110          | \$ 972,444          | \$ 230,914          | \$ 573,897          | \$ 287,154          | \$ 44,878         | \$ 17,766          |
| Tax Adjustments                                 |                      |                      |                      |                     |                     |                     |                     |                     |                   |                    |
| Total Tax Adjustments                           | \$ 12,125,717        | \$ 7,825,260         | \$ 1,348,294         | \$ 825,110          | \$ 972,444          | \$ 230,914          | \$ 573,897          | \$ 287,154          | \$ 44,878         | \$ 17,766          |
| Composite Tax Rate                              | 35.00%               | 35.00%               | 35.00%               | 35.00%              | 35.00%              | 35.00%              | 35.00%              | 35.00%              | 35.00%            | 35.00%             |
| Income Taxes - Current (present rates)          | \$ 4,151,825         | \$ 2,679,356         | \$ 461,653           | \$ 282,516          | \$ 332,963          | \$ 79,065           | \$ 196,501          | \$ 98,321           | \$ 15,366         | \$ 6,083           |
| Income Taxes - Deferred                         | \$ -                 | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -              | \$ -               |
| Total Income Taxes                              | \$ 4,151,825         | \$ 2,679,356         | \$ 461,653           | \$ 282,516          | \$ 332,963          | \$ 79,065           | \$ 196,501          | \$ 98,321           | \$ 15,366         | \$ 6,083           |
| <b>EXPENSES</b>                                 |                      |                      |                      |                     |                     |                     |                     |                     |                   |                    |
| O & M Expense                                   | \$ 12,977,597        | \$ 9,500,044         | \$ 1,268,750         | \$ 628,817          | \$ 603,332          | \$ 199,633          | \$ 485,272          | \$ 239,864          | \$ 37,791         | \$ 14,095          |
| Depreciation Expense                            | \$ 12,955,373        | \$ 8,427,697         | \$ 1,382,847         | \$ 816,578          | \$ 845,566          | \$ 300,349          | \$ 737,701          | \$ 365,745          | \$ 57,566         | \$ 21,324          |
| Other Expense                                   | \$ 24,585,326        | \$ 16,725,846        | \$ 2,669,249         | \$ 1,551,933        | \$ 1,801,856        | \$ 371,866          | \$ 913,484          | \$ 453,041          | \$ 71,859         | \$ 26,192          |
| Taxes Other than Income                         | \$ 7,433,970         | \$ 4,898,794         | \$ 799,769           | \$ 457,833          | \$ 478,408          | \$ 177,972          | \$ 394,186          | \$ 188,376          | \$ 23,409         | \$ 15,222          |
| <b>REVENUE REQUIREMENT</b>                      |                      |                      |                      |                     |                     |                     |                     |                     |                   |                    |
| Total Expenses                                  | \$ 57,952,266        | \$ 39,552,380        | \$ 6,120,616         | \$ 3,455,162        | \$ 3,729,162        | \$ 1,049,821        | \$ 2,530,643        | \$ 1,247,025        | \$ 190,626        | \$ 76,833          |
| Total Income Taxes                              | \$ 4,151,825         | \$ 2,679,356         | \$ 461,653           | \$ 282,516          | \$ 332,963          | \$ 79,065           | \$ 196,501          | \$ 98,321           | \$ 15,366         | \$ 6,083           |
| Total Return on Rate Base                       | \$ 27,431,411        | \$ 17,702,699        | \$ 3,050,178         | \$ 1,866,606        | \$ 2,199,912        | \$ 522,386          | \$ 1,298,298        | \$ 649,614          | \$ 101,525        | \$ 40,192          |
| <b>Total Revenue Requirement (w/o inc. FIT)</b> | <b>\$ 89,535,502</b> | <b>\$ 59,934,435</b> | <b>\$ 9,632,448</b>  | <b>\$ 5,604,284</b> | <b>\$ 6,262,037</b> | <b>\$ 1,651,271</b> | <b>\$ 4,025,443</b> | <b>\$ 1,994,960</b> | <b>\$ 307,517</b> | <b>\$ 123,108</b>  |
| <b>Current Revenues</b>                         | <b>\$ 83,403,171</b> | <b>\$ 55,417,415</b> | <b>\$ 9,166,428</b>  | <b>\$ 5,219,205</b> | <b>\$ 5,774,500</b> | <b>\$ 1,873,718</b> | <b>\$ 3,830,729</b> | <b>\$ 1,774,041</b> | <b>\$ 165,785</b> | <b>\$ 181,352</b>  |
| <b>Revenue to Cost Ratio</b>                    | <b>0.93</b>          | <b>0.92</b>          | <b>0.95</b>          | <b>0.93</b>         | <b>0.92</b>         | <b>1.13</b>         | <b>0.95</b>         | <b>0.89</b>         | <b>0.54</b>       | <b>1.47</b>        |
| Revenue Deficiency                              | \$ 6,132,331         | \$ 4,517,020         | \$ 466,020           | \$ 385,080          | \$ 487,538          | \$ (222,447)        | \$ 194,714          | \$ 220,918          | \$ 141,732        | \$ (58,244)        |
| AFUDC-int.sync.                                 | \$ 83,973            | \$ 54,191            | \$ 9,337             | \$ 5,714            | \$ 6,734            | \$ 1,599            | \$ 3,974            | \$ 1,989            | \$ 311            | \$ 123             |
| Net Deficiency                                  | \$ 6,048,358         | \$ 4,462,828         | \$ 456,683           | \$ 379,365          | \$ 480,803          | \$ (224,046)        | \$ 190,739          | \$ 218,930          | \$ 141,422        | \$ (58,367)        |
| Revenue Multiplier                              | 1.5683               |                      |                      |                     |                     |                     |                     |                     |                   |                    |
| <b>Pre-Tax Revenue Deficiency</b>               | <b>\$ 9,485,640</b>  | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ -</b>        |
| Additional FIT for Def.                         | \$ 3,437,282         | \$ 2,218,230         | \$ 382,201           | \$ 233,894          | \$ 275,659          | \$ 65,457           | \$ 162,683          | \$ 81,400           | \$ 12,722         | \$ 5,036           |
| <b>Revenue Dificency @ 8.36 return</b>          | <b>\$ 9,485,640</b>  | <b>\$ 6,681,058</b>  | <b>\$ 838,884</b>    | <b>\$ 613,260</b>   | <b>\$ 756,462</b>   | <b>\$ (158,589)</b> | <b>\$ 353,422</b>   | <b>\$ 300,329</b>   | <b>\$ 154,143</b> | <b>\$ (53,331)</b> |
| <b>Total Revenue Requirement</b>                | <b>\$ 92,972,784</b> | <b>\$ 62,152,664</b> | <b>\$ 10,014,649</b> | <b>\$ 5,838,178</b> | <b>\$ 6,537,696</b> | <b>\$ 1,716,728</b> | <b>\$ 4,188,125</b> | <b>\$ 2,076,359</b> | <b>\$ 320,239</b> | <b>\$ 128,144</b>  |

Functional Rate Base

|                       | System Total |             | Residential |             | GS-1 |            | GS-2 |            | GS-3 |            | TR-1 |           | TR-2 |            | TR-3 |           | Mead |           | MTU |         |  |
|-----------------------|--------------|-------------|-------------|-------------|------|------------|------|------------|------|------------|------|-----------|------|------------|------|-----------|------|-----------|-----|---------|--|
| Production            |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | 112,539     | \$          | 71,825      | \$   | 14,982     | \$   | 10,218     | \$   | 15,514     | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Customer              | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | 112,539     | \$          | 71,825      | \$   | 14,982     | \$   | 10,218     | \$   | 15,514     | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Purchased Gas         |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Customer              | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Storage               |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | 65,045,012  | \$          | 39,405,836  | \$   | 8,219,910  | \$   | 5,605,934  | \$   | 8,511,390  | \$   | 553,334   | \$   | 1,628,214  | \$   | 900,765   | \$   | 139,551   | \$  | 80,078  |  |
| Customer              | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | 65,045,012  | \$          | 39,405,836  | \$   | 8,219,910  | \$   | 5,605,934  | \$   | 8,511,390  | \$   | 553,334   | \$   | 1,628,214  | \$   | 900,765   | \$   | 139,551   | \$  | 80,078  |  |
| Distribution          |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | 199,934,414 | \$          | 129,355,346 | \$   | 21,150,727 | \$   | 11,304,856 | \$   | 14,573,966 | \$   | 4,544,764 | \$   | 11,784,901 | \$   | 5,951,145 | \$   | 924,511   | \$  | 344,198 |  |
| Customer              | \$           | 43,299,145  | \$          | 31,517,263  | \$   | 5,096,428  | \$   | 4,196,869  | \$   | 1,544,598  | \$   | 499,049   | \$   | 386,908    | \$   | 38,687    | \$   | 12,896    | \$  | 6,448   |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | 243,233,558 | \$          | 160,872,609 | \$   | 26,247,155 | \$   | 15,501,724 | \$   | 16,118,563 | \$   | 5,043,813 | \$   | 12,171,809 | \$   | 5,989,832 | \$   | 937,407   | \$  | 350,646 |  |
| Customer Acct/Billing |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Customer              | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Customer Services     |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Customer              | \$           | 3,481,110   | \$          | 3,151,545   | \$   | 264,598    | \$   | 50,753     | \$   | 12,042     | \$   | 1,193     | \$   | 852        | \$   | 85        | \$   | 28        | \$  | 14      |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | 3,481,110   | \$          | 3,151,545   | \$   | 264,598    | \$   | 50,753     | \$   | 12,042     | \$   | 1,193     | \$   | 852        | \$   | 85        | \$   | 28        | \$  | 14      |  |
| Transmission          |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | 16,254,706  | \$          | 8,252,963   | \$   | 1,738,741  | \$   | 1,159,196  | \$   | 1,657,229  | \$   | 650,292   | \$   | 1,729,010  | \$   | 879,814   | \$   | 137,431   | \$  | 50,028  |  |
| Customer              | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| ~                     | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| Sub-total             | \$           | 16,254,706  | \$          | 8,252,963   | \$   | 1,738,741  | \$   | 1,159,196  | \$   | 1,657,229  | \$   | 650,292   | \$   | 1,729,010  | \$   | 879,814   | \$   | 137,431   | \$  | 50,028  |  |
| TOTAL                 |              |             |             |             |      |            |      |            |      |            |      |           |      |            |      |           |      |           |     |         |  |
| Demand                | \$           | 281,346,670 | \$          | 177,085,970 | \$   | 31,124,360 | \$   | 18,080,204 | \$   | 24,758,099 | \$   | 5,748,390 | \$   | 15,142,125 | \$   | 7,731,725 | \$   | 1,201,494 | \$  | 474,304 |  |
| Customer              | \$           | 46,780,254  | \$          | 34,668,808  | \$   | 5,361,026  | \$   | 4,247,621  | \$   | 1,556,640  | \$   | 500,242   | \$   | 387,760    | \$   | 38,772    | \$   | 12,924    | \$  | 6,462   |  |
| Commodity             | \$           | -           | \$          | -           | \$   | -          | \$   | -          | \$   | -          | \$   | -         | \$   | -          | \$   | -         | \$   | -         | \$  | -       |  |
| TOTAL RATE BASE       | \$           | 328,126,924 | \$          | 211,754,778 | \$   | 36,485,386 | \$   | 22,327,825 | \$   | 26,314,738 | \$   | 6,248,631 | \$   | 15,529,885 | \$   | 7,770,497 | \$   | 1,214,418 | \$  | 480,766 |  |

[illegible]

## Unit Costs- Per Mcf

|                          | System Total |            | Residential |        | GS-1       |        | GS-2 |           | GS-3 |        | TR-1      |        | TR-2 |           | TR-3 |        | Mead      |        | MTU |           |  |
|--------------------------|--------------|------------|-------------|--------|------------|--------|------|-----------|------|--------|-----------|--------|------|-----------|------|--------|-----------|--------|-----|-----------|--|
| Production               |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | 0.0033     | \$          | 0.0044 | \$         | 0.0044 | \$   | 0.0044    | \$   | 0.0044 | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Purchased Gas            |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Storage                  |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | 0.1928     | \$          | 0.2453 | \$         | 0.2453 | \$   | 0.2453    | \$   | 0.2453 | \$        | 0.0386 | \$   | 0.0386    | \$   | 0.0386 | \$        | 0.0386 | \$  | 0.0386    |  |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Distribution             |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | 1.1583     | \$          | 1.5723 | \$         | 1.2251 | \$   | 0.9468    | \$   | 0.7945 | \$        | 0.6496 | \$   | 0.5671    | \$   | 0.5161 | \$        | 0.5089 | \$  | 0.3458    |  |
| Customer                 | \$           | 0.2766     | \$          | 0.4289 | \$         | 0.3208 | \$   | 0.3756    | \$   | 0.0907 | \$        | 0.0706 | \$   | 0.0186    | \$   | 0.0034 | \$        | 0.0072 | \$  | 0.0063    |  |
| Commodity                | \$           | 0.07       | \$          | 0.10   | \$         | 0.10   | \$   | 0.10      | \$   | 0.10   | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Customer Acct/Billing    |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Sub-total                |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Customer Services        |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Customer                 | \$           | 0.1403     | \$          | 0.2667 | \$         | 0.1073 | \$   | 0.0302    | \$   | 0.0047 | \$        | 0.0011 | \$   | 0.0003    | \$   | 0.0000 | \$        | 0.0001 | \$  | 0.0001    |  |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Sub-total                |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| TOTAL                    |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Demand                   | \$           | 1.4333     | \$          | 1.9061 | \$         | 1.5598 | \$   | 1.2796    | \$   | 1.1225 | \$        | 0.7625 | \$   | 0.6727    | \$   | 0.6164 | \$        | 0.6097 | \$  | 0.4239    |  |
| Customer                 | \$           | 0.4169     | \$          | 0.6956 | \$         | 0.4281 | \$   | 0.4058    | \$   | 0.0955 | \$        | 0.0717 | \$   | 0.0189    | \$   | 0.0034 | \$        | 0.0073 | \$  | 0.0064    |  |
| Commodity                | \$           | 0.07       | \$          | 0.10   | \$         | 0.10   | \$   | 0.10      | \$   | 0.10   | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |  |
| Total Throughput Volumes |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 48,382,647 |             |        | 23,041,233 |        |      | 4,806,315 |      |        | 3,277,881 |        |      | 4,976,748 |      |        | 2,057,941 |        |     | 6,055,598 |  |
|                          |              | 3,350,095  |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 519,014    |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 297,822    |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Total Throughput Volumes |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 48,382,647 |             |        | 23,041,233 |        |      | 4,806,315 |      |        | 3,277,881 |        |      | 4,976,748 |      |        | 2,057,941 |        |     | 6,055,598 |  |
|                          |              | 3,350,095  |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 519,014    |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 297,822    |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
| Number of Customers      |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 245,140    |             |        | 221,932    |        |      | 18,633    |      |        | 3,574     |        |      | 848       |      |        | 84        |        |     | 60        |  |
|                          |              | 6          |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 2          |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |
|                          |              | 1          |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |  |

\* Demand per Throughput (Mcf); Commodity per Sales (Mcf);  
Customer per Customer per Month  
Revenue per Throughput (Mcf)

Unit Cost - Customer Basis

|                              | System Total |         | Residential |         | GS-1 |         | GS-2 |          | GS-3 |          | TR-1 |            | TR-2 |            | TR-3 |             | Mead |             | MTU |             |
|------------------------------|--------------|---------|-------------|---------|------|---------|------|----------|------|----------|------|------------|------|------------|------|-------------|------|-------------|-----|-------------|
| <b>Production</b>            |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | 0.0542  | \$          | 0.0382  | \$   | 0.0949  | \$   | 0.3373   | \$   | 2.1587   | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Customer                     | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Commodity                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | 0.0542  | \$          | 0.0382  | \$   | 0.0949  | \$   | 0.3373   | \$   | 2.1587   | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| <b>Purchased Gas</b>         |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Customer                     | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Commodity                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| <b>Storage</b>               |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | 3.1711  | \$          | 2.1221  | \$   | 5.2723  | \$   | 18.7460  | \$   | 119.9556 | \$   | 78.7271    | \$   | 324.3219   | \$   | 1,794.2226  | \$   | 833.9107    | \$  | 957.0337    |
| Customer                     | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Commodity                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | 3.1711  | \$          | 2.1221  | \$   | 5.2723  | \$   | 18.7460  | \$   | 119.9556 | \$   | 78.7271    | \$   | 324.3219   | \$   | 1,794.2226  | \$   | 833.9107    | \$  | 957.0337    |
| <b>Distribution</b>          |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | 19.0503 | \$          | 13.6029 | \$   | 26.3344 | \$   | 72.3614  | \$   | 388.5838 | \$   | 1,326.3209 | \$   | 4,769.4378 | \$   | 24,013.6675 | \$   | 11,004.9235 | \$  | 8,583.1750  |
| Customer                     | \$           | 4.5494  | \$          | 3.7111  | \$   | 6.8955  | \$   | 28.7078  | \$   | 44.3796  | \$   | 144.1373   | \$   | 156.4242   | \$   | 156.4086    | \$   | 156.4086    | \$  | 156.4086    |
| Commodity                    | \$           | 1.1745  | \$          | 0.8280  | \$   | 2.0572  | \$   | 7.3144   | \$   | 46.8047  | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | 24.7742 | \$          | 18.1420 | \$   | 35.2871 | \$   | 108.3836 | \$   | 479.7681 | \$   | 1,470.4581 | \$   | 4,925.8620 | \$   | 24,170.0761 | \$   | 11,161.3321 | \$  | 8,739.5836  |
| <b>Customer Acct/Billing</b> |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Customer                     | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Commodity                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| <b>Customer Services</b>     |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Customer                     | \$           | 2.3072  | \$          | 2.3072  | \$   | 2.3072  | \$   | 2.3072   | \$   | 2.3072   | \$   | 2.3072     | \$   | 2.3072     | \$   | 2.3072      | \$   | 2.3072      | \$  | 2.3072      |
| Commodity                    | \$           | -       | \$          | -       | \$   | -       | \$   | -        | \$   | -        | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| Sub-total                    | \$           | 2.3072  | \$          | 2.3072  | \$   | 2.3072  | \$   | 2.3072   | \$   | 2.3072   | \$   | 2.3072     | \$   | 2.3072     | \$   | 2.3072      | \$   | 2.3072      | \$  | 2.3072      |
| <b>TOTAL</b>                 |              |         |             |         |      |         |      |          |      |          |      |            |      |            |      |             |      |             |     |             |
| Demand                       | \$           | 23.5742 | \$          | 16.4914 | \$   | 33.5291 | \$   | 97.7967  | \$   | 548.9707 | \$   | 1,556.6590 | \$   | 5,658.1092 | \$   | 28,679.6068 | \$   | 13,184.5646 | \$  | 10,519.9650 |
| Customer                     | \$           | 6.8566  | \$          | 6.0184  | \$   | 9.2028  | \$   | 31.0150  | \$   | 46.6868  | \$   | 146.4445   | \$   | 158.7315   | \$   | 158.7158    | \$   | 158.7158    | \$  | 158.7158    |
| Commodity                    | \$           | 1.1745  | \$          | 0.8280  | \$   | 2.0572  | \$   | 7.3144   | \$   | 46.8047  | \$   | -          | \$   | -          | \$   | -           | \$   | -           | \$  | -           |
| <b>Total Unit Cost</b>       | \$           | 31.6053 | \$          | 23.3377 | \$   | 44.7890 | \$   | 136.1262 | \$   | 642.4623 | \$   | 1,703.1035 | \$   | 5,816.8407 | \$   | 28,838.3226 | \$   | 13,343.2804 | \$  | 10,678.6808 |

Unit Cost - Demand Basis-Per Mcf

|                              | System Total | Residential | GS-1      | GS-2      | GS-3      | TR-1      | TR-2      | TR-3      | Mead      | MTU       |
|------------------------------|--------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Production</b>            |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ 0.00      | \$ 0.00     | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Customer                     | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Commodity                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ 0.00      | \$ 0.00     | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| <b>Purchased Gas</b>         |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Customer                     | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Commodity                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| <b>Storage</b>               |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ 0.02      | \$ 0.0204   | \$ 0.02   | \$ 0.02   | \$ 0.02   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| Customer                     | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Commodity                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ 0.02      | \$ 0.02     | \$ 0.02   | \$ 0.02   | \$ 0.02   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| <b>Distribution</b>          |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ 0.0965    | \$ 0.1310   | \$ 0.10   | \$ 0.08   | \$ 0.07   | \$ 0.05   | \$ 0.05   | \$ 0.04   | \$ 0.04   | \$ 0.03   |
| Customer                     | \$ 0.0231    | \$ 0.0357   | \$ 0.03   | \$ 0.03   | \$ 0.01   | \$ 0.01   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| Commodity                    | \$ 0.0060    | \$ 0.0080   | \$ 0.01   | \$ 0.01   | \$ 0.01   | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ 0.13      | \$ 0.17     | \$ 0.14   | \$ 0.12   | \$ 0.08   | \$ 0.06   | \$ 0.05   | \$ 0.04   | \$ 0.04   | \$ 0.03   |
| <b>Customer Acct/Billing</b> |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Customer                     | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Commodity                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| <b>Customer Services</b>     |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Customer                     | \$ 0.01      | \$ 0.02     | \$ 0.01   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| Commodity                    | \$ -         | \$ -        | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Sub-total                    | \$ 0.01      | \$ 0.02     | \$ 0.01   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| <b>TOTAL</b>                 |              |             |           |           |           |           |           |           |           |           |
| Demand                       | \$ 0.12      | \$ 0.16     | \$ 0.13   | \$ 0.11   | \$ 0.09   | \$ 0.06   | \$ 0.06   | \$ 0.05   | \$ 0.05   | \$ 0.04   |
| Customer                     | \$ 0.03      | \$ 0.06     | \$ 0.04   | \$ 0.03   | \$ 0.01   | \$ 0.01   | \$ 0.00   | \$ 0.00   | \$ 0.00   | \$ 0.00   |
| Commodity                    | \$ 0.01      | \$ 0.01     | \$ 0.01   | \$ 0.01   | \$ 0.01   | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| <b>Total Unit Cost</b>       | \$ 0.1601    | \$ 0.2248   | \$ 0.1736 | \$ 0.1484 | \$ 0.1095 | \$ 0.0695 | \$ 0.0576 | \$ 0.0516 | \$ 0.0514 | \$ 0.0359 |

## Earned Return Summary

### Test Year at Current Revenues

| Test Year at Current Revenues                 |    | \$         | 79,948,118   |             |            |           |           |           |           |           |           |           |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
|-----------------------------------------------|----|------------|--------------|-------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|-------------|------------|------------|-----------|------------|-----------|------------|-----------|-----------|---------|------------|-----------|-----------|---------|-----------|----------|---------|---------|
|                                               |    |            | System Total | Residential | GS-1       | GS-2      | GS-3      | TR-1      | TR-2      | TR-3      | Mead      | MTU       |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| REVENUES                                      |    |            |              |             |            |           |           |           |           |           |           |           |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Rate Revenue Received                         | \$ | 76,875,873 | \$           | 51,317,425  | \$         | 8,359,868 | \$        | 4,714,632 | \$        | 5,100,868 | \$        | 1,746,512 | \$        | 3,619,704 | \$          | 1,684,591 | \$          | 167,924    | \$         | 164,349   |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Other Revenue Credits                         | \$ | 6,527,298  | \$           | 4,099,990   | \$         | 806,560   | \$        | 504,573   | \$        | 673,632   | \$        | 127,206   | \$        | 211,025   | \$          | 89,450    | \$          | (2,139)    | \$         | 17,003    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
|                                               | \$ | 83,403,171 | #            | \$          | 55,417,415 | \$        | 9,166,428 | \$        | 5,219,205 | \$        | 5,774,500 | \$        | 1,873,718 | \$        | 3,830,729   | \$        | 1,774,041   | \$         | 165,785    | \$        | 181,352    |           |            |           |           |         |            |           |           |         |           |          |         |         |
| EXPENSES                                      |    |            |              |             |            |           |           |           |           |           |           |           |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| O&M Expenses (excl. A&G)                      | \$ | 12,977,597 | \$           | 9,500,044   | \$         | 1,268,750 | \$        | 628,817   | \$        | 603,332   | \$        | 199,633   | \$        | 485,272   | \$          | 239,864   | \$          | 37,791     | \$         | 14,095    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Depreciation Expense                          | \$ | 12,955,373 | \$           | 8,427,697   | \$         | 1,382,847 | \$        | 816,578   | \$        | 845,566   | \$        | 300,349   | \$        | 737,701   | \$          | 365,745   | \$          | 57,566     | \$         | 21,324    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Other Expenses                                | \$ | 24,585,326 | \$           | 16,725,846  | \$         | 2,669,249 | \$        | 1,551,933 | \$        | 1,801,856 | \$        | 371,866   | \$        | 913,484   | \$          | 453,041   | \$          | 71,859     | \$         | 26,192    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Taxes Other Than Income (incl MSBT)           | \$ | 7,433,970  | \$           | 4,898,794   | \$         | 799,769   | \$        | 457,833   | \$        | 478,408   | \$        | 177,972   | \$        | 394,186   | \$          | 188,376   | \$          | 23,409     | \$         | 15,222    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Total Expenses                                | \$ | 57,952,266 | \$           | 39,552,380  | \$         | 6,120,616 | \$        | 3,455,162 | \$        | 3,729,162 | \$        | 1,049,821 | \$        | 2,530,643 | \$          | 1,247,025 | \$          | 190,626    | \$         | 76,833    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| OPERATING INC. BEFORE INTEREST & INCOME TAXES |    |            |              |             |            |           |           |           |           |           |           |           |           | \$        | 25,450,905  | #         | \$          | 15,865,035 | \$         | 3,045,812 | \$         | 1,764,043 | \$         | 2,045,338 | \$        | 823,897 | \$         | 1,300,086 | \$        | 527,016 | \$        | (24,841) | \$      | 104,519 |
| INCOME TAX ADJUSTMENTS                        |    |            |              |             |            |           |           |           |           |           |           |           |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Interest Expense                              | \$ | 12,125,717 | \$           | 7,825,260   | \$         | 1,348,294 | \$        | 825,110   | \$        | 972,444   | \$        | 230,914   | \$        | 573,897   | \$          | 287,154   | \$          | 44,878     | \$         | 17,766    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Tax Adjustments                               | \$ | -          | \$           | -           | \$         | -         | \$        | -         | \$        | -         | \$        | -         | \$        | -         | \$          | -         | \$          | -          | \$         | -         |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Net Adjustments                               | \$ | 12,125,717 | \$           | 7,825,260   | \$         | 1,348,294 | \$        | 825,110   | \$        | 972,444   | \$        | 230,914   | \$        | 573,897   | \$          | 287,154   | \$          | 44,878     | \$         | 17,766    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| OPERATING INCOME BEFORE INCOME TAXES          |    |            |              |             |            |           |           |           |           |           |           |           |           | \$        | 13,325,188  | \$        | 8,039,775   | \$         | 1,697,518  | \$        | 938,933    | \$        | 1,072,894  | \$        | 592,983   | \$      | 726,189    | \$        | 239,862   | \$      | (69,719)  | \$       | 86,753  |         |
| INCOME TAXES                                  |    |            |              |             |            |           |           |           |           |           |           |           |           |           |             |           |             |            |            |           |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Effective Tax Rate                            |    | 35.00%     |              | 35.00%      |            | 35.00%    |           | 35.00%    |           | 35.00%    |           | 35.00%    |           | 35.00%    |             | 35.00%    |             | 35.00%     |            | 35.00%    |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Current Income Taxes                          | \$ | 4,151,825  | \$           | 2,679,356   | \$         | 461,653   | \$        | 282,516   | \$        | 332,963   | \$        | 79,065    | \$        | 196,501   | \$          | 98,321    | \$          | 15,366     | \$         | 6,083     |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Interset Sync.+ROE tax adj'mt                 | \$ | 40,653     | \$           | 26,235      | \$         | 4,520     | \$        | 2,766     | \$        | 3,260     | \$        | 774       | \$        | 1,924     | \$          | 963       | \$          | 150        | \$         | 60        |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| Total Income Taxes                            | \$ | 4,192,478  | \$           | 2,705,591   | \$         | 466,174   | \$        | 285,283   | \$        | 336,223   | \$        | 79,839    | \$        | 198,425   | \$          | 99,284    | \$          | 15,517     | \$         | 6,143     |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| AFUDC                                         | \$ | 124,626    | \$           | 80,427      | \$         | 13,858    | \$        | 8,480     | \$        | 9,995     | \$        | 2,373     | \$        | 5,898     | \$          | 2,951     | \$          | 461        | \$         | 183       |            |           |            |           |           |         |            |           |           |         |           |          |         |         |
| OPERATING INCOME                              |    |            |              |             |            |           |           |           |           |           |           |           |           | \$        | 21,383,053  | #         | \$          | 13,239,871 | \$         | 2,593,496 | \$         | 1,487,241 | \$         | 1,719,109 | \$        | 746,432 | \$         | 1,107,559 | \$        | 430,684 | \$        | (39,896) | \$      | 98,559  |
| RATE BASE                                     |    |            |              |             |            |           |           |           |           |           |           |           |           | \$        | 328,126,924 | \$        | 211,754,778 | \$         | 36,485,386 | \$        | 22,327,825 | \$        | 26,314,738 | \$        | 6,248,631 | \$      | 15,529,885 | \$        | 7,770,497 | \$      | 1,214,418 | \$       | 480,766 |         |
| Earned Return                                 |    |            |              |             |            |           |           |           |           |           |           |           |           |           | 6.52%       |           | 6.25%       |            | 7.11%      |           | 6.66%      |           | 6.53%      |           | 11.95%    |         | 7.13%      |           | 5.54%     |         | -3.29%    |          | 20.50%  |         |

SEMCO Energy Gas Company  
Computation of Revenue Deficiency  
for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-7  
Schedule A-1  
Page 1 of 1

| <u>Line<br/>No.</u> | <u>Description</u>               | <u>Amount</u>            | <u>Reference</u>   |
|---------------------|----------------------------------|--------------------------|--------------------|
| 1                   | Rate Base                        | 346,005,355              | Ex. A-8, Sch. B-1  |
| 2                   | Rate of Return                   | <u>8.23%</u>             | Ex. A-10, Sch. D-1 |
| 3                   | Income Required                  | 28,476,241               | Line 1 x Line 2    |
| 4                   | Adjusted Net Operating Income    | <u>16,935,693</u>        | Ex. A-9, Sch. C-1  |
| 5                   | Income Deficiency                | 11,540,547               | Line 3 - Line 4    |
| 6                   | Revenue Multiplier               | <u>1.5683</u>            | Ex. A-7, Sch. A-4  |
| 7                   | Revenue Deficiency (Sufficiency) | <u><u>18,098,561</u></u> | Line 5 x Line 6    |

SEMCO Energy Gas Company  
Comparison of Revenue Deficiency between the  
Historical Period and 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-7  
Schedule A-2  
Page 1 of 1

| Line<br>No. | Description                      | Section<br>A | Changes     | Section<br>B |
|-------------|----------------------------------|--------------|-------------|--------------|
| 1           | Net Plant                        | 244,216,755  | 6,429,153   | 250,645,908  |
| 2           | Working Capital                  | 83,910,171   | 11,449,276  | 95,359,447   |
| 3           | Rate Base                        | 328,126,925  | 17,878,429  | 346,005,355  |
| 4           | Rate of Return                   | 8.36%        | -0.13%      | 8.23%        |
| 5           | Income Requirement               | 27,431,411   | 1,044,830   | 28,476,241   |
| 6           | Adjusted Net Operating Income    | 21,381,631   | (4,445,938) | 16,935,693   |
| 7           | Income Deficiency                | 6,049,780    | 5,490,767   | 11,540,547   |
| 8           | Revenue Multiplier               | 1.5683       | 0.0000      | 1.5683       |
| 9           | Revenue Deficiency (Sufficiency) | 9,487,619    | 8,610,942   | 18,098,561   |

SEMCO Energy Gas Company  
Reconciliation of Revenue Deficiency  
for the 2007 Test Year to the Historical Period

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-7  
Schedule A-3  
Page 1 of 1

| Line No. | Description                             | Amount                   | Effect on Revenue Requirement |
|----------|-----------------------------------------|--------------------------|-------------------------------|
| 1        | <u>Rate Base:</u>                       |                          |                               |
| 2        | Change in Net Utility Plant             | 6,429,153                | 829,796                       |
| 3        | Change in Working Capital               | <u>11,449,276</u>        | <u>1,477,731</u>              |
| 4        | Total Change in Rate Base               | <u><u>17,878,429</u></u> | <u><u>2,307,527</u></u>       |
| 5        | <u>Rate of Return:</u>                  |                          |                               |
| 6        | Change in Cost of Long-term Debt        | -0.53%                   | (2,727,315)                   |
| 7        | Change in Cost of Short-term Debt       | -0.17%                   | (874,799)                     |
| 8        | Change in Cost of Preferred Stock       | 0.01%                    | 51,459                        |
| 9        | Change in Cost of Common Equity         | 0.56%                    | 2,881,692                     |
| 10       | Change in Cost of Customer Deposits     | 0.00%                    | -                             |
| 11       | Change in Cost of Deferred Income Taxes | 0.00%                    | -                             |
| 12       | Change in Cost of JDITC                 | <u>0.00%</u>             | <u>-</u>                      |
| 13       | Total Change in Rate of Return          | <u><u>-0.13%</u></u>     | <u><u>(668,964)</u></u>       |
| 14       | <u>Net Operating Income:</u>            |                          |                               |
| 15       | Section B Adjustments to NOI            | 4,386,492                | 5,899,047                     |
| 16       | Income Tax Correction                   | (59,446)                 | 93,227                        |
| 17       | Proforma Income Tax Savings Adjustments | (624,059)                | 978,686                       |
| 18       | Interest Synchronization                | <u>(905)</u>             | <u>1,419</u>                  |
| 19       | Total Section B Adjustments to NOI      | <u><u>3,702,082</u></u>  | <u><u>6,972,379</u></u>       |
| 20       | Change in Revenue Multiplier            | 0.0000                   | <u><u>-</u></u>               |
| 20       | Total Change in Revenue Requirements    |                          | <u><u>8,610,942</u></u>       |

SEMCO Energy Gas Company  
Computation of Revenue Multiplier  
for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-7  
Schedule A-4  
Page 1 of 1

| Line<br>No. | Description                  | Amount               | Reference             |
|-------------|------------------------------|----------------------|-----------------------|
| 1           | Base Prior to Income Tax     | 100,000              |                       |
| 2           | Michigan Single Business Tax | <u>1.90%</u>         |                       |
| 3           | Federal Income Tax Base      | 98,100               |                       |
| 4           | Federal Income Tax @         | 35% <u>34,335</u>    | Line 3 x Fed Tax Rate |
| 5           | Income Base - After Taxes    | 63,765               | Line 3 - Line 4       |
| 6           | Revenue Multiplier           | <u><u>1.5683</u></u> | Line 1 / Line 5       |

| Line<br>No. | Description            | Amount                    | Reference         |
|-------------|------------------------|---------------------------|-------------------|
| 1           | <u>2007 Rate Base:</u> |                           |                   |
| 2           | Net Utility Plant      | 250,645,908               | Ex. A-8, Sch. B-2 |
| 3           | Working Capital        | <u>95,359,447</u>         | Ex. A-8, Sch. B-3 |
| 4           | Total Rate Base        | <u><u>346,005,355</u></u> |                   |

SEMCO Energy Gas Company  
Net Plant for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-8  
Schedule B-2  
Page 1 of 1

| Line No. | Description                               | Section A<br>Rate Base | Adjustments  | Section B<br>Rate Base | Reference               |
|----------|-------------------------------------------|------------------------|--------------|------------------------|-------------------------|
| 1        | Utility Plant:                            |                        |              |                        |                         |
| 2        | Plant in Service                          | 406,754,524            |              |                        | Ex. A-2, Sch. B-2       |
| 1        | Peninsular Gas Company -- 2005 (5 months) |                        | 1,949,189    |                        | Ex. A-8, Sch. B-4       |
| 3        | 2006-07 Non-revenue Producing Plant Add.  |                        | 21,107,826   |                        | Ex. A-8, Sch. B-5       |
| 4        | 2006 MGP Environmental Expenditures       |                        | 594,028      |                        | Ex. A-8, Sch. B-6       |
| 5        | 2007 MGP Environmental Expenditures       |                        | 486,095      |                        | Ex. A-8, Sch. B-6       |
| 6        | 2006 CIS System                           |                        | 3,627,619    |                        | Ex. A-8, Sch. B-7       |
| 7        | 2006 FOS System                           |                        | 1,124,543    |                        | Ex. A-8, Sch. B-8       |
| 8        | 2007 FOS System                           |                        | 902,462      |                        | Ex. A-8, Sch. B-8       |
| 9        | 2007 Pipe Replacement Program             |                        | 5,000,000    |                        | Ex. A-8, Sch. B-5-1     |
| 10       |                                           |                        |              | 441,546,287            |                         |
| 11       | Construction Work in Progress             | 9,248,933              |              | 9,248,933              | Ex. A-2, Sch. B-2       |
| 12       | Total Utility Plant                       | 416,003,457            |              | 450,795,220            |                         |
| 13       | Deduct:                                   |                        |              |                        |                         |
| 14       | Acc. Depreciation & Amortization          | (171,443,808)          |              |                        | Ex. A-2, Sch. B-2       |
| 15       | Plant in Service                          |                        | (25,910,746) |                        | Ex. A-8, Sch. B-9       |
| 16       | Peninsular Gas Company                    |                        | (1,346,117)  |                        | Ex. A-8, Sch. B-4 & B-9 |
| 17       | Non-revenue Producing Plant Add.          |                        | (336,148)    |                        | Ex. A-8, Sch. B-9       |
| 18       | Environmental Expenditures                |                        | (96,367)     |                        | Ex. A-8, Sch. B-9       |
| 19       | CIS System                                |                        | (241,841)    |                        | Ex. A-8, Sch. B-9       |
| 20       | FOS System                                |                        | (136,806)    |                        | Ex. A-8, Sch. B-9       |
| 21       | Construction Work in Progress             |                        | (294,584)    |                        | Ex. A-8, Sch. B-9       |
| 22       |                                           |                        |              | (199,806,417)          |                         |
| 23       | Customer Advances for Construction        | (342,894)              |              | (342,894)              | Ex. A-2, Sch. B-2       |
| 24       | Net Utility Plant                         | 244,216,755            |              | 250,645,908            |                         |

SEMCO Energy Gas Company  
Balance Sheet Working Capital  
For the Test Year 2007

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-8  
Schedule B-3  
Page 1 of 1

| Line No. | Description                | Section A<br>Balance Sheet<br>Working Capital | Adjustments | Section B<br>Balance Sheet<br>Working Capital | Reference          |
|----------|----------------------------|-----------------------------------------------|-------------|-----------------------------------------------|--------------------|
| 1        | <u>ASSETS:</u>             |                                               |             |                                               |                    |
| 2        |                            |                                               |             |                                               |                    |
| 3        | Current & Accrued Assets:  |                                               |             |                                               |                    |
| 4        | Other Investments          | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 5        | Cash                       | 1,389,638                                     |             | 1,389,638                                     | Ex. A-2, Sch. B-3  |
| 6        | Accounts Receivables (Net) | 18,972,375                                    |             | 18,972,375                                    | Ex. A-2, Sch. B-3  |
| 7        | Materials & Supplies       | 1,614,875                                     |             | 1,614,875                                     | Ex. A-2, Sch. B-3  |
| 8        | Gas Stored Underground     | 52,876,901                                    | 11,449,276  | 64,326,177                                    | Ex. A-8, Sch. B-11 |
| 9        | Prepayments                | 8,182,488                                     |             | 8,182,488                                     | Ex. A-2, Sch. B-3  |
| 10       | Unbilled Revenues          | 22,278,659                                    |             | 22,278,659                                    | Ex. A-2, Sch. B-3  |
| 11       | Misc. Current Assets       | 7,783,170                                     |             | 7,783,170                                     | Ex. A-2, Sch. B-3  |
| 12       | Total Current Assets       | 113,098,108                                   | 11,449,276  | 124,547,384                                   |                    |
| 13       | Deferred Debits:           |                                               |             |                                               |                    |
| 14       | Unamortized Debt Expense   | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 15       | Acc. Def. Income Taxes     | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 16       | Other Deferred Charges     | (243,748)                                     |             | (243,748)                                     | Ex. A-2, Sch. B-3  |
| 17       | Total Deferred Charges     | (243,748)                                     | -           | (243,748)                                     |                    |
| 18       | TOTAL ASSETS               | 112,854,359                                   | 11,449,276  | 124,303,635                                   |                    |
| 19       | <u>LIABILITIES:</u>        |                                               |             |                                               |                    |
| 20       | Current Liabilities:       |                                               |             |                                               |                    |
| 21       | Notes Payable              | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 22       | Injuries & Damages         | 299,963                                       |             | 299,963                                       | Ex. A-2, Sch. B-3  |
| 23       | Accounts Payable           | 16,355,306                                    |             | 16,355,306                                    | Ex. A-2, Sch. B-3  |
| 24       | Customer Deposits          | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 25       | General Taxes Accrued      | 9,885,976                                     |             | 9,885,976                                     | Ex. A-2, Sch. B-3  |
| 26       | Other Current Liabilities  | 2,034,757                                     |             | 2,034,757                                     | Ex. A-2, Sch. B-3  |
| 27       | Total Current Liabilities  | 28,576,003                                    | -           | 28,576,003                                    |                    |
| 28       | Deferred Credits:          |                                               |             |                                               |                    |
| 29       | Customer Advances          | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 30       | Other Deferred Credits     | 368,186                                       |             | 368,186                                       | Ex. A-2, Sch. B-3  |
| 31       | Deferred ITCs              | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 32       | Acc. Def. Income Taxes     | -                                             |             | -                                             | Ex. A-2, Sch. B-3  |
| 33       | Total Deferred Credits     | 368,186                                       | -           | 368,186                                       |                    |
| 34       | TOTAL LIABILITIES          | 28,944,189                                    | -           | 28,944,189                                    |                    |
| 35       | NET                        | 83,910,171                                    | 11,449,276  | 95,359,447                                    |                    |

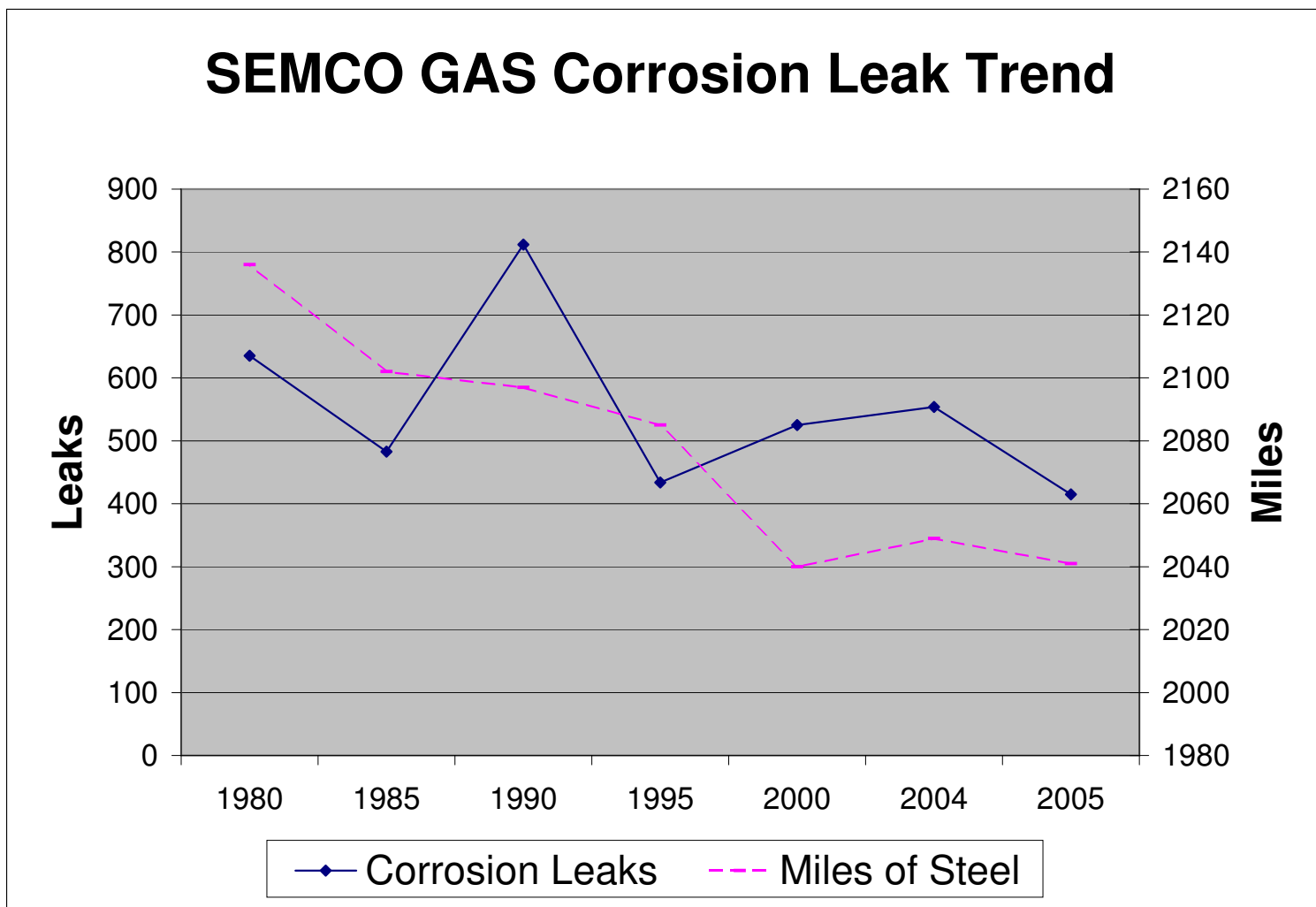
| Line No. | Description                              | Amount             | Reference           |
|----------|------------------------------------------|--------------------|---------------------|
| 1        | <u>Plant in Service:</u>                 |                    |                     |
| 2        | Original Cost -- May 31, 2005            | 4,678,054          | Fairchild Testimony |
| 3        | Months in Year                           | 12                 |                     |
| 4        | Average per Month                        | 389,838            | Line 2 / Line 3     |
| 5        | Number of Months -- January-May          | 5                  |                     |
| 6        | Additional Plant in Service              | <u>1,949,189</u>   | Line 4 x Line 5     |
| 7        | <u>Accumulated Depreciation:</u>         |                    |                     |
| 8        | Accumulated Depreciation -- May 31, 2005 | (2,783,685)        | Fairchild Testimony |
| 9        | Months in Year                           | 12                 |                     |
| 10       | Average per Month                        | (231,974)          | Line 8 / Line 9     |
| 11       | Number of Months -- January-May          | 5                  |                     |
| 12       | Additional Accumulated Depreciation      | <u>(1,159,869)</u> | Line 10 x Line 11   |

**Accelerated Replacement Program**

| Line | Unprotected Steel Replacement      |                                   |                |                          |                  |                      | 7<br>Compressor<br>Replacements<br>Costs | ARP Program Calculations             |                   |                           |                             |
|------|------------------------------------|-----------------------------------|----------------|--------------------------|------------------|----------------------|------------------------------------------|--------------------------------------|-------------------|---------------------------|-----------------------------|
|      | 1                                  | 2                                 | 3              | 4                        | 5                | 6                    |                                          | 8                                    | 9                 | 10                        | 11                          |
|      | Year                               | Remaining<br>Unprotected<br>Steel | Annual<br>Base | ARP<br>Eligible<br>Steel | Cost per<br>Mile | ARP<br>Steel<br>Cost |                                          | Incremental<br>Capital<br>Investment | Capital<br>Charge | Leak<br>Savings<br>Offset | Capital<br>Related<br>Costs |
| 5    | 2007                               | 237                               | 3.77           | 12.03                    | \$ 336,826       | \$ 4,052,019         | \$ 1,000,000                             | \$5,052,019                          | \$837,120         | \$28,379                  | \$808,741                   |
| 6    | 2008                               | 221                               | 3.77           | 12.03                    | \$ 346,931       | \$ 4,173,580         | \$ 1,060,900                             | \$5,234,480                          | \$867,353         | \$29,230                  | \$838,123                   |
| 7    | 2009                               | 205                               | 3.77           | 12.03                    | \$ 357,339       | \$ 4,298,787         | \$ 1,125,509                             | \$5,424,296                          | \$898,806         | \$30,107                  | \$868,698                   |
| 8    | 2010                               | 190                               | 3.77           | 12.03                    | \$ 368,059       | \$ 4,427,751         | \$ 1,194,052                             | \$5,621,803                          | \$931,533         | \$31,011                  | \$900,522                   |
| 9    | 2011                               | 174                               | 3.77           | 12.03                    | \$ 379,101       | \$ 4,560,583         | \$ 1,266,770                             | \$5,827,353                          | \$965,592         | \$31,941                  | \$933,652                   |
| 10   | 2012                               | 158                               | 3.77           | 12.03                    | \$ 390,474       | \$ 4,697,401         | \$ 1,343,916                             | \$6,041,317                          | \$1,001,046       | \$32,899                  | \$968,147                   |
| 11   | 2013                               | 142                               | 3.77           | 12.03                    | \$ 402,188       | \$ 4,838,323         | \$ 1,425,761                             | \$6,264,084                          | \$1,037,959       | \$33,886                  | \$1,004,073                 |
| 12   | 2014                               | 126                               | 3.77           | 12.03                    | \$ 414,254       | \$ 4,983,473         | \$ 1,512,590                             | \$6,496,062                          | \$1,076,398       | \$34,903                  | \$1,041,495                 |
| 13   | 2015                               | 111                               | 3.77           | 12.03                    | \$ 426,681       | \$ 5,132,977         | \$ 1,604,706                             | \$6,737,683                          | \$1,116,434       | \$35,950                  | \$1,080,484                 |
| 14   | 2016                               | 95                                | 3.77           | 12.03                    | \$ 439,482       | \$ 5,286,966         | \$ 1,702,433                             | \$6,989,399                          | \$1,158,143       | \$37,028                  | \$1,121,115                 |
| 15   | 2017                               | 79                                | 3.77           | 12.03                    | \$ 452,666       | \$ 5,445,575         | \$ -                                     | \$5,445,575                          | \$902,332         | \$38,139                  | \$864,193                   |
| 16   | 2018                               | 63                                | 3.77           | 12.03                    | \$ 466,246       | \$ 5,608,942         | \$ -                                     | \$5,608,942                          | \$929,402         | \$39,283                  | \$890,118                   |
| 17   | 2019                               | 47                                | 3.77           | 12.03                    | \$ 480,234       | \$ 5,777,211         | \$ -                                     | \$5,777,211                          | \$957,284         | \$40,462                  | \$916,822                   |
| 18   | 2020                               | 32                                | 3.77           | 12.03                    | \$ 494,641       | \$ 5,950,527         | \$ -                                     | \$5,950,527                          | \$986,002         | \$41,676                  | \$944,327                   |
| 19   | 2021                               | 16                                | 3.77           | 12.03                    | \$ 509,480       | \$ 6,129,043         | \$ -                                     | \$6,129,043                          | \$1,015,582       | \$42,926                  | \$972,656                   |
| 20   |                                    |                                   |                |                          |                  |                      |                                          |                                      |                   |                           |                             |
| 21   |                                    |                                   |                |                          |                  |                      |                                          |                                      |                   |                           |                             |
| 22   |                                    |                                   |                |                          |                  |                      |                                          |                                      |                   |                           |                             |
| 23   | <b><u>Assumptions</u></b>          |                                   |                |                          |                  |                      |                                          |                                      |                   |                           |                             |
| 24   | 2005 Cost per Mile                 |                                   |                |                          |                  | \$317,491            |                                          |                                      |                   |                           |                             |
| 25   | Inflation Rate                     |                                   |                |                          |                  | 3.0%                 |                                          |                                      |                   |                           |                             |
| 26   | ARP Program Length                 |                                   |                |                          |                  | 15                   |                                          |                                      |                   |                           |                             |
| 27   | 2005 Baseline Main Miles           |                                   |                |                          |                  | 3.77                 |                                          |                                      |                   |                           |                             |
| 28   | Capital Charge Rate                |                                   |                |                          |                  | 16.57%               |                                          |                                      |                   |                           |                             |
| 29   | 2005 Leak Repair Cost per 25 leaks |                                   |                |                          |                  | \$26,750             |                                          |                                      |                   |                           |                             |

Accelerated Replacement Program

Case No: U-14893  
Witness: James C. Larsen  
Exhibit: A-8  
Schedule: B-5-1  
Page: 2 of 2



**NON-REVENUE PRODUCING PLANT ADDITIONS**

*Non-Revenue Producing Plant Additions*

| <b><u>Line</u></b> |                    | <b><u>2001</u></b> | <b><u>2002</u></b> | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> | <b><u>Average</u></b> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|
| 1                  | Routine            | \$8,019,309        | \$6,945,668        | \$9,176,598        | \$9,600,891        | \$7,695,434        | \$8,287,580           |
| 2                  | Special Project    | \$3,719,560        | \$846,993          | \$1,453,279        | \$1,513,220        | \$3,798,612        | \$2,266,333           |
| 3                  | <b>Total Other</b> | \$11,738,870       | \$7,792,661        | \$10,629,877       | \$11,114,112       | \$11,494,046       | <b>\$10,553,913</b>   |
| 4                  |                    |                    |                    |                    |                    |                    |                       |
| 5                  |                    |                    |                    |                    |                    |                    |                       |
| 6                  |                    |                    |                    |                    |                    |                    |                       |
| 7                  |                    |                    |                    |                    |                    |                    |                       |
| 8                  |                    |                    |                    |                    |                    |                    |                       |
| 9                  |                    |                    |                    |                    |                    |                    |                       |
| 10                 |                    |                    |                    |                    |                    |                    |                       |

*Average Non-Revenue Producing Plant Additions*

|                          |                     |
|--------------------------|---------------------|
| Five Year Average        | \$10,553,913        |
| <b>Average X 2 Years</b> | <b>\$21,107,826</b> |

**NON-REVENUE PRODUCING PLANT ADDITIONS**

**Non-Revenue Producing Plant**

| <u>Line</u> | <u>Routine Work</u>                   | <u>2001</u>         | <u>2002</u>        | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         |
|-------------|---------------------------------------|---------------------|--------------------|---------------------|---------------------|---------------------|
| 1           | Franchises                            | \$2,025             |                    | \$3,153             | \$1,580             | \$1,670             |
| 2           | Storage Structures & Improvements     |                     | \$13,445           |                     | \$0                 | \$0                 |
| 3           | Storage Comp. Stn. Equip.             | \$13,717            |                    | \$19,294            | \$0                 | \$0                 |
| 4           | Storage - M&R                         |                     |                    | \$157,774           | \$0                 | \$66,654            |
| 5           | Transmission Lines                    | \$44,085            |                    |                     | \$0                 | \$95,992            |
| 6           | Transmission - M&R                    |                     |                    | \$3,273             | \$0                 | \$47,795            |
| 7           | Distribution Land & Rights            | \$103,156           | \$80,698           | \$119,091           | \$105,766           | \$107,934           |
| 8           | Distribution Structures               | \$30,686            |                    | \$40,440            | \$0                 | \$11,074            |
| 9           | Main Replacement                      | \$2,478,578         | \$2,257,118        | \$3,489,689         | \$2,659,007         | \$2,707,830         |
| 10          | Cathodic Protection                   | \$387,256           | \$312,844          | \$166,115           | \$406,740           | \$315,160           |
| 11          | Distrib. - M&R and City Gate          | \$45,111            | \$287,640          | \$309,136           | \$684,605           | \$187,421           |
| 12          | Replacement Services                  | \$2,738,812         | \$2,281,289        | \$2,338,122         | \$2,362,388         | \$1,819,135         |
| 13          | Meters                                | \$555,912           | \$610,025          | \$730,614           | \$579,407           | \$915,741           |
| 14          | Meter Installations                   | \$757,546           | \$572,982          | \$979,930           | \$1,169,964         | \$917,144           |
| 15          | Regulators                            | \$438,105           | \$189,084          | \$289,461           | \$198,745           | \$263,028           |
| 16          | General Buildings                     | \$86,010            | \$26,832           | \$66,222            | \$27,359            | \$27,110            |
| 17          | Office Furniture & Equip.             | \$28,401            | \$11,719           | \$20,571            | \$14,440            | \$9,267             |
| 18          | Computer Equip.                       | \$54,666            | \$147,827          | \$185,234           | \$1,185,028         | \$59,240            |
| 19          | Tools, Shop, & Garage Equip.          | \$192,965           | \$135,240          | \$188,655           | \$79,625            | \$33,168            |
| 20          | Power Operated Equip.                 | \$27,870            | \$13,035           | \$4,137             | \$5,382             | \$0                 |
| 21          | Communication Equip.                  | \$28,361            | \$5,248            | \$56,873            | \$109,022           | \$110,070           |
| 22          | Transportation Equip.                 |                     |                    | \$8,815             | \$0                 | \$0                 |
| 23          | Gen. Misc. Equip.                     | \$6,047             | \$640              |                     | \$11,832            | \$0                 |
| 24          | SUBTOTAL                              | \$8,019,309         | \$6,945,668        | \$9,176,598         | \$9,600,891         | \$7,695,434         |
| 25          |                                       |                     |                    |                     |                     |                     |
| 26          | <b><i>Special Projects</i></b>        |                     |                    |                     |                     |                     |
| 27          | Three Rivers/Niles Radio Upgrade      | \$276,384           |                    |                     |                     |                     |
| 28          | Cathodic Protection Software          | \$63,502            |                    |                     |                     |                     |
| 29          | ITRON Upgrade                         | \$203,354           |                    |                     |                     |                     |
| 30          | M&R Litchfield                        | \$233,009           |                    |                     |                     |                     |
| 31          | Collins Observation Well              | \$256,914           |                    |                     |                     |                     |
| 32          | Automated Miss Dig                    | \$100,674           | \$17,978           |                     |                     |                     |
| 33          | Network Infrastructure                | \$184,213           | \$18,310           |                     |                     |                     |
| 34          | Adair Stn. Reconstruction             | \$556               | (\$556)            |                     |                     |                     |
| 35          | Ray 17 M&R Station                    | \$239,082           | \$304,954          |                     |                     |                     |
| 36          | SCADA Software System                 | \$525,080           | \$167,471          |                     |                     |                     |
| 37          | Mapping Distribution Sys.             | \$56,276            | \$22,911           |                     |                     |                     |
| 38          | ERT Installations                     | \$391,488           | \$82,339           |                     |                     |                     |
| 39          | Online Codes & Standards Manual       | \$2,062             | \$21,044           |                     |                     |                     |
| 40          | Document Imaging                      | \$76,024            | \$4,176            |                     |                     |                     |
| 41          | ERTS                                  | \$1,022,631         | \$188,979          | \$305,064           |                     |                     |
| 42          | ERT Computer Equipment                | \$88,312            |                    | \$69,834            |                     |                     |
| 43          | Voice/Data Video Conferencing         |                     | \$19,388           |                     |                     |                     |
| 44          | Backup SCADA system                   |                     |                    | \$157,096           |                     |                     |
| 45          | Holland System Reinforcement          |                     |                    | \$694,458           |                     |                     |
| 46          | Smartnom Fixes                        |                     |                    | \$50,111            |                     |                     |
| 47          | CAS Dispatch SW                       |                     |                    | \$79,677            |                     |                     |
| 48          | Lapeer Radio Tower                    |                     |                    | \$97,038            | (\$2,832)           |                     |
| 49          | RTU / Tone Gear Replacement           |                     |                    |                     | \$41,003            |                     |
| 50          | Chesterfield Reinforcement            |                     |                    |                     | \$199,487           |                     |
| 51          | Building Communication Infrastructure |                     |                    |                     | \$99,497            | \$179,424           |
| 52          | Natural Nom Transport Software        |                     |                    |                     | \$177,247           | \$77,514            |
| 53          | Office Furniture - 3rd Street         |                     |                    |                     | \$998,819           | (\$102,409)         |
| 54          | Customer Information System Software  |                     |                    |                     |                     | \$1,746,501         |
| 55          | Mapping GIS Software                  |                     |                    |                     |                     | \$377,915           |
| 56          | Field Order System Software (FOS)     |                     |                    |                     |                     | \$312,219           |
| 57          | North Zeeland M&R Station             |                     |                    |                     |                     | \$1,066,913         |
| 58          | Office Furniture - 16 Street          |                     |                    |                     |                     | \$77,887            |
| 59          | Peninsular Gas - Meters               |                     |                    |                     |                     | \$28,829            |
| 60          | Peninsular Gas - ERTs                 |                     |                    |                     |                     | \$11,000            |
| 61          | Peninsular Gas - SCADA                |                     |                    |                     |                     | \$22,819            |
| 62          | SUBTOTAL                              | \$3,719,560         | \$846,993          | \$1,453,279         | \$1,513,220         | \$3,798,612         |
| 63          |                                       |                     |                    |                     |                     |                     |
| 64          | <b>NON-REVENUE PRODUCING TOTAL</b>    | <b>\$11,738,870</b> | <b>\$7,792,661</b> | <b>\$10,629,877</b> | <b>\$11,114,112</b> | <b>\$11,494,046</b> |

**NON-REVENUE PRODUCING PLANT ADDITIONS**

**New Customer Construction**

| <u>Line</u> | <u>Routine Work</u>                 | <u>2001</u>        | <u>2002</u>        | <u>2003</u>        | <u>2004</u>        | <u>2005</u>        |
|-------------|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1           | New Mains                           | \$3,985,774        | \$3,631,496        | \$2,842,144        | \$2,869,587        | \$3,530,589        |
| 2           | New Mains (CIAC)                    | (\$1,236,736)      | (\$1,396,878)      | (\$2,247,815)      | (\$3,079,009)      | (\$3,151,715)      |
| 3           | New Services                        | \$6,194,860        | \$6,567,055        | \$5,746,788        | \$5,502,090        | \$5,243,756        |
| 4           | New Services (CIAC)                 | (\$1,826,947)      | (\$1,705,908)      | (\$1,932,610)      | (\$1,860,335)      | (\$1,821,857)      |
| 5           | Meters                              | \$517,500          | \$409,690          | \$424,476          | \$393,052          | \$336,721          |
| 6           | Meter Installations                 | \$755,550          | \$475,819          | \$463,703          | \$429,374          | \$367,838          |
| 7           | Regulators                          | \$67,275           | \$61,693           | \$60,122           | \$55,671           | \$47,693           |
| 8           | Industrial M&R                      | \$34,304           | \$48,516           | \$34,565           | \$15,055           | \$150,631          |
| 9           | SUBTOTAL                            | \$8,491,579        | \$8,091,484        | \$5,391,374        | \$4,325,485        | \$4,703,655        |
| 10          |                                     |                    |                    |                    |                    |                    |
| 11          | <b><i>Special Projects</i></b>      |                    |                    |                    |                    |                    |
| 12          | Transmission Line - Southern Energy | \$756,467          | \$29,743           |                    |                    |                    |
| 13          | M&R Station Southern Energy         | \$463,221          | \$453,541          | \$4,203            |                    |                    |
| 14          | Transmission Line - DTE East China  | (\$134,258)        | (\$167,683)        | \$195              |                    |                    |
| 15          | M&R Station - DTE East China        | \$106,423          | \$1,446,178        | \$244              |                    |                    |
| 16          | SUBTOTAL                            | \$1,191,854        | \$1,761,779        | \$4,642            |                    |                    |
| 17          |                                     |                    |                    |                    |                    |                    |
| 18          | <b>NEW CUSTOMER TOTAL</b>           | <b>\$9,683,433</b> | <b>\$9,853,263</b> | <b>\$5,396,016</b> | <b>\$4,325,485</b> | <b>\$4,703,655</b> |
| 19          |                                     |                    |                    |                    |                    |                    |
| 20          |                                     |                    |                    |                    |                    |                    |
| 21          |                                     |                    |                    |                    |                    |                    |
| 22          |                                     |                    |                    |                    |                    |                    |
| 23          |                                     |                    |                    |                    |                    |                    |

**NON-REVENUE PRODUCING AND NEW CONSTRUCTION TOTALS**

|    |                             |                     |                     |                     |                     |                     |
|----|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 24 |                             |                     |                     |                     |                     |                     |
| 25 |                             |                     |                     |                     |                     |                     |
| 26 | NON-REVENUE PRODUCING TOTAL | \$11,738,870        | \$7,792,661         | \$10,629,877        | \$11,114,112        | \$11,494,046        |
| 27 | NEW CUSTOMER TOTAL          | \$9,683,433         | \$9,853,263         | \$5,396,016         | \$4,325,485         | \$4,703,655         |
| 28 | <b>GRAND TOTAL:</b>         | <b>\$21,422,303</b> | <b>\$17,645,924</b> | <b>\$16,025,893</b> | <b>\$15,439,596</b> | <b>\$16,197,701</b> |
| 29 |                             |                     |                     |                     |                     |                     |
| 30 |                             |                     |                     |                     |                     |                     |
| 31 |                             |                     |                     |                     |                     |                     |
| 32 |                             |                     |                     |                     |                     |                     |
| 33 |                             |                     |                     |                     |                     |                     |
| 34 |                             |                     |                     |                     |                     |                     |

**CALCULATION ASSUMPTIONS**

|    |                              |          |          |          |          |          |
|----|------------------------------|----------|----------|----------|----------|----------|
| 35 | Number of Services Installed |          |          |          |          |          |
| 36 | New Services                 | 5,175    | 4,477    | 4,363    | 4,040    | 3,461    |
| 37 | Replacement Services         | 2,307    | 1,635    | 2,005    | 1,089    | 855      |
| 38 | Total                        | 7,482    | 6,112    | 6,368    | 5,129    | 4,316    |
| 39 |                              | 0.69     | 0.73     | 0.69     | 0.79     | 0.80     |
| 40 |                              | 69% New  | 73% New  | 69% New  | 79% New  | 80% New  |
| 41 |                              | 31% Repl | 27% Repl | 31% Repl | 21% Repl | 20% Repl |
| 42 |                              |          |          |          |          |          |
| 43 | New Service Cost Assumptions |          |          |          |          |          |
| 44 | Meters                       | \$100.00 | \$91.51  | \$97.29  | \$97.29  | \$97.29  |
| 45 | Regulators                   | \$12.85  | \$13.78  | \$13.78  | \$13.78  | \$13.78  |
| 46 | Installations                | \$146.00 | \$106.28 | \$106.28 | \$106.28 | \$106.28 |

**ENVIRONMENTAL EXPENDITURES (including MGP's)**

SEMCO ENERGY GAS COMPANY - MPSC DIVISION August 2004 - 2007

|                                                                                            |
|--------------------------------------------------------------------------------------------|
| Case No.: U-14893<br>Witness: A. Gardiner<br>Exhibit: A-8<br>Schedule: B-6<br>Page: 1 of 1 |
|--------------------------------------------------------------------------------------------|

| MPSC District                               |           |                    |                               |                                     |                               |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    |              |
|---------------------------------------------|-----------|--------------------|-------------------------------|-------------------------------------|-------------------------------|-----------------------------|---------------------------------------|--------------------|-------------------------------|--------------------|---------------------------|--------------------------------|------------------------------------------|---------------------------------|--------------------|--------------|
| Year                                        | Account # | Retec <sup>1</sup> | Enviro Solutions <sup>1</sup> | West Michigan Drilling <sup>1</sup> | Barr Engineering <sup>2</sup> | TriMatrix Labs <sup>3</sup> | Envirologic Technologies <sup>4</sup> | FedEx <sup>5</sup> | Legal Consultant <sup>6</sup> | Terra <sup>7</sup> | KMZ Rosenman <sup>8</sup> | Hunton & Williams <sup>8</sup> | Environmental Data Resource <sup>9</sup> | Copper Range Title <sup>9</sup> | Misc <sup>10</sup> | Total Debits |
| 2004                                        | 2.33370   | \$386.94           |                               |                                     | \$15,050.37                   | \$6,290.00                  |                                       | \$28.53            | \$6,152.41                    |                    | \$81,455.38               |                                | \$132.50                                 | \$250.00                        |                    | \$109,746    |
| 2005                                        | 2.33372   |                    | \$35,150.00                   | \$5,371.53                          | \$73,795.90                   | \$6,985.00                  | \$5,500.00                            |                    | \$10,928.77                   | \$30,519.66        | \$192,220.75              | \$8,895.25                     |                                          |                                 | \$269.66           | \$369,637    |
| 2006                                        | 2.33374   |                    |                               |                                     | \$7,814.29                    | \$7,710.00                  |                                       |                    | \$2,242.57                    |                    | \$67,338.49               |                                |                                          |                                 |                    | \$85,105     |
| 2006                                        | 2.33374   |                    | \$105,250.00                  |                                     | \$403,673.00                  |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    | \$508,923    |
| 2007                                        | n/a       |                    | \$123,643.00                  |                                     | \$362,452.00                  |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    | \$486,095    |
| August - December 2004                      |           |                    |                               |                                     |                               |                             |                                       |                    |                               |                    |                           |                                |                                          | Account Total: \$1,559,506      |                    |              |
| January - March 2006 (actual)               |           |                    |                               |                                     |                               |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    |              |
| April-December 2006 (planned and projected) |           |                    |                               |                                     |                               |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    |              |
| 2007 - planned and projected                |           |                    |                               |                                     |                               |                             |                                       |                    |                               |                    |                           |                                |                                          |                                 |                    |              |

**Notes: Contractor Descriptions**

- 1 Field Investigations, Environmental Reports, Project Management
- 2 Environmental Due Care Reports, Project Management and Field Investigation Coordination
- 3 Field Sample Analyses
- 4 Field Investigations
- 5 Package and Report Shipping (Correspondence)
- 6 Legal Advice
- 7 Construction Contractor
- 8 Insurance Cost Recovery
- 9 Title Searches
- 10 Miscellaneous Charges

| Line No. | Description                         | Amount           | Reference         |
|----------|-------------------------------------|------------------|-------------------|
| 1        | <u>Plant in Service -- 2006:</u>    |                  |                   |
| 2        | enQuesta                            |                  |                   |
| 3        | Hardware                            | 399,770          | Ex. A-12, Sch. 2  |
| 4        | Third Party Software                | 177,215          | Ex. A-12, Sch. 2  |
| 5        | enQuesta Software                   |                  |                   |
| 6        | Implementation                      | 1,650,463        | Ex. A-12, Sch. 2  |
| 7        | Phone Touch/IVR                     | 269,137          | Ex. A-12, Sch. 2  |
| 8        | WebTouch                            | 170,137          | Ex. A-12, Sch. 2  |
| 9        | Reporting                           | 186,800          | Ex. A-12, Sch. 2  |
| 10       | Capitalized Interest                | 314,670          | Ex. A-12, Sch. 2  |
| 11       | Travel/Training                     | 72,786           | Ex. A-12, Sch. 2  |
| 12       | Implementation Labor -- SEMCO       | 40,123           | Ex. A-12, Sch. 2  |
| 13       | External IT Implementation Support  | 888,576          | Ex. A-12, Sch. 2  |
| 14       | Total Capitalized Costs -- 2006     | 4,169,677        |                   |
| 15       | MPSC Portion                        | 87.0%            | Ex. A-12, Sch. 2  |
| 16       | Additional Plant in Service -- 2006 | <u>3,627,619</u> | Line 14 x Line 15 |

| Line No. | Description                          | Amount           | Reference         |
|----------|--------------------------------------|------------------|-------------------|
| 1        | <u>Plant in Service -- 2006:</u>     |                  |                   |
| 2        | Advantex                             |                  |                   |
| 3        | License Fees                         | 153,233          | Ex. A-12, Sch. 3  |
| 4        | Software                             | 73,900           | Ex. A-12, Sch. 3  |
| 5        | Hardware                             | 512,700          | Ex. A-12, Sch. 3  |
| 6        | Professional/Implementation Services | 73,750           | Ex. A-12, Sch. 3  |
| 7        | Modifications and Interfaces         | 112,500          | Ex. A-12, Sch. 3  |
| 8        | Implementation Labor -- External IT  | 348,920          | Ex. A-12, Sch. 3  |
| 9        | Implementation Labor -- Internal     | 17,575           | Ex. A-12, Sch. 3  |
| 10       | Total Capitalized Costs -- 2006      | 1,292,578        |                   |
| 11       | MPSC Portion                         | 87.0%            | Ex. A-12, Sch. 3  |
| 12       | Additional Plant in Service -- 2006  | <u>1,124,543</u> | Line 10 x Line 11 |
| 13       | <u>Plant in Service -- 2007</u>      |                  |                   |
| 14       | Advantex                             |                  |                   |
| 15       | License Fees                         | 79,215           | Ex. A-12, Sch. 3  |
| 16       | Software                             | 7,790            | Ex. A-12, Sch. 3  |
| 17       | Hardware                             | 328,665          | Ex. A-12, Sch. 3  |
| 18       | Professional/Implementation Services | 154,920          | Ex. A-12, Sch. 3  |
| 19       | Modifications and Interfaces         | 100,000          | Ex. A-12, Sch. 3  |
| 20       | Implementation Labor -- External IT  | 303,800          | Ex. A-12, Sch. 3  |
| 21       | Implementation Labor -- Internal     | 62,923           | Ex. A-12, Sch. 3  |
| 22       | Total Capitalized Costs -- 2007      | 1,037,313        |                   |
| 23       | MPSC Portion                         | 87.0%            | Ex. A-12, Sch. 3  |
| 24       | Additional Plant in Service -- 2007  | <u>902,462</u>   | Line 22 x Line 23 |

SEMCO Energy Gas Company  
Accumulated Depreciation Adjustments

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-8  
Schedule B-9  
Page 1 of 1

| Line No. | Description                             | Amount            | Reference               |
|----------|-----------------------------------------|-------------------|-------------------------|
| 1        | <u>Plant in Service -- 2005 to 2007</u> |                   |                         |
| 2        | 2005 Depreciation Expense               | 12,955,373        | Ex. A-9, Sch. C-1       |
| 3        | Number of Years                         | <u>2</u>          |                         |
| 4        | Additional Accumulated Depreciation     | <u>25,910,746</u> | Line 2 x Line 3         |
| 5        | <u>Peninsular Gas Company</u>           |                   |                         |
| 6        | Plant in Service                        | 1,949,189         | Ex. A-8, Sch. B-4       |
| 7        | Average Depreciation Rate               | <u>3.19%</u>      | Ex. A-8, Sch. B-8 & B-2 |
| 8        | Additional Depreciation                 | 62,083            | Line 6 x Line 7         |
| 9        | Number of Years                         | <u>3</u>          |                         |
| 10       | Additional Accumulated Depreciation     | <u>186,248</u>    | Line 8 x Line 9         |
| 11       | <u>Non-Revenue Producing Plant</u>      |                   |                         |
| 12       | 2006 Non-Revenue Producing Plant        | 10,553,913        | Ex. A-8, Sch. B-5       |
| 13       | Average Depreciation Rate               | <u>3.19%</u>      | Ex. A-8, Sch. B-8 & B-2 |
| 14       | Additional Accumulated Depreciation     | <u>336,148</u>    | Line 12 x Line 13       |
| 15       | <u>MGP Environmental Expenditures</u>   |                   |                         |
| 16       | 2005 MGP Environmental Expenditures     | 369,637           | Ex. A-8, Sch. B-6       |
| 17       | 2006 MGP Environmental Expenditures     | <u>594,028</u>    | Ex. A-8, Sch. B-6       |
| 18       | 2005-06 MGP Environmental Expenditures  | 963,665           |                         |
| 19       | Amortization Rate -- 10 years           | <u>10.00%</u>     | U-11409                 |
| 20       | Additional Accumulated Amortization     | <u>96,367</u>     | Line 18 x Line 19       |
| 21       | <u>CIS System</u>                       |                   |                         |
| 22       | 2006 CIS System                         | 3,627,619         | Ex. A-8, Sch. B-7       |
| 23       | Amortization Rate -- 15 years           | <u>6.67%</u>      | U-14338                 |
| 24       | Additional Accumulated Amortization     | <u>241,841</u>    | Line 22 x Line 23       |
| 25       | <u>FOS System</u>                       |                   |                         |
| 26       | 2006 FOS System                         | 1,124,543         | Ex. A-8, Sch. B-8       |
| 27       | Amortization Rate -- 7.11 years         | <u>12.17%</u>     | Acct. 391-10            |
| 28       | Additional Accumulated Amortization     | <u>136,806</u>    | Line 26 x Line 27       |
| 29       | <u>Construction Work in Progress</u>    |                   |                         |
| 30       | Construction Work in Progress           | 9,248,933         | Ex. A-8, Sch. B-2       |
| 31       | Average Depreciation Rate               | <u>3.19%</u>      | Ex. A-8, Sch. B-8 & B-2 |
| 32       | Additional Accumulated Depreciation     | <u>294,584</u>    | Line 18 x Line 19       |

**SEMCO Energy Gas Company**  
2007 Cost of Gas

Case No: U-14893  
Section B

Witness John R. Alger  
Exhibit A-8  
Schedule B-10  
Page 1 of 1

|                                 | Jan<br>2006   | Feb<br>2006   | Mar<br>2006   | Apr<br>2006   | May<br>2006   | Jun<br>2006   | Jul<br>2006  | Aug<br>2006  | Sep<br>2006   | Oct<br>2006   | Nov<br>2006   | Dec<br>2006   | Total          |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|
| Delivered WACOG - Commodity (1) |               |               |               | \$ 7.2034     | \$ 7.8051     | \$ 8.1733     | \$ 8.4889    | \$ 8.5471    | \$ 8.6673     | \$ 8.5048     | \$ 9.4822     | \$ 9.7568     |                |
| Normalized 2005 Mcf             | 6,847,698     | 5,958,432     | 4,685,147     | 2,822,355     | 1,599,629     | 1,025,793     | 735,764      | 722,119      | 888,444       | 2,013,669     | 3,694,053     | 5,609,252     | 36,602,355     |
| Total Commodity Cost of Gas     | \$ 70,909,001 | \$ 52,556,090 | \$ 39,902,126 | \$ 20,330,549 | \$ 12,485,263 | \$ 8,384,118  | \$ 6,245,830 | \$ 6,172,026 | \$ 7,700,407  | \$ 17,125,852 | \$ 35,027,752 | \$ 54,728,350 | \$ 331,567,363 |
| Net Demand Costs                | \$ 2,529,184  | \$ 2,529,184  | \$ 2,529,184  | \$ 2,114,279  | \$ 1,327,000  | \$ 1,398,340  | \$ 1,398,340 | \$ 1,398,340 | \$ 1,398,340  | \$ 1,483,714  | \$ 2,529,184  | \$ 2,529,184  | \$ 23,164,273  |
| Total Cost of Gas               | \$ 73,438,185 | \$ 55,085,274 | \$ 42,431,310 | \$ 22,444,828 | \$ 13,812,263 | \$ 9,782,458  | \$ 7,644,170 | \$ 7,570,366 | \$ 9,098,747  | \$ 18,609,566 | \$ 37,556,936 | \$ 57,257,534 | \$ 354,731,636 |
| Total WACOG - 2006              | \$ 10.725     | \$ 9.245      | \$ 9.057      | \$ 7.953      | \$ 8.635      | \$ 9.536      | \$ 10.389    | \$ 10.484    | \$ 10.241     | \$ 9.242      | \$ 10.167     | \$ 10.208     | \$ 9.691       |
|                                 | Jan<br>2007   | Feb<br>2007   | Mar<br>2007   | Apr<br>2007   | May<br>2007   | Jun<br>2007   | Jul<br>2007  | Aug<br>2007  | Sep<br>2007   | Oct<br>2007   | Nov<br>2007   | Dec<br>2007   | Total          |
| Delivered WACOG - Commodity (1) | \$ 9.9092     | \$ 9.9212     | \$ 10.4436    | \$ 9.7662     | \$ 9.6813     | \$ 9.9661     | \$ 10.1415   | \$ 10.0433   | \$ 9.9905     | \$ 9.6992     | \$ 10.0253    | \$ 10.2212    |                |
| Normalized 2005 Mcf             | 6,847,698     | 5,958,432     | 4,685,147     | 2,822,355     | 1,599,629     | 1,025,793     | 735,764      | 722,119      | 888,444       | 2,013,669     | 3,694,053     | 5,609,252     | 36,602,355     |
| Total Commodity Cost of Gas     | \$ 67,855,213 | \$ 59,114,791 | \$ 48,929,801 | \$ 27,563,679 | \$ 15,486,487 | \$ 10,223,160 | \$ 7,461,754 | \$ 7,252,461 | \$ 8,875,996  | \$ 19,530,978 | \$ 37,033,993 | \$ 57,333,287 | \$ 366,661,599 |
| Net Demand Costs                | \$ 2,529,184  | \$ 2,529,184  | \$ 2,529,184  | \$ 1,403,824  | \$ 1,318,054  | \$ 1,389,394  | \$ 1,389,394 | \$ 1,389,394 | \$ 1,389,394  | \$ 1,475,164  | \$ 2,504,606  | \$ 2,504,606  | \$ 22,351,382  |
| Total Cost of Gas               | \$ 70,384,397 | \$ 61,643,975 | \$ 51,458,985 | \$ 28,967,503 | \$ 16,804,541 | \$ 11,612,554 | \$ 8,851,148 | \$ 8,641,855 | \$ 10,265,390 | \$ 21,006,142 | \$ 39,538,599 | \$ 59,837,893 | \$ 389,012,981 |
| Total WACOG - 2007              | \$ 10.279     | \$ 10.346     | \$ 10.983     | \$ 10.264     | \$ 10.505     | \$ 11.321     | \$ 12.030    | \$ 11.967    | \$ 11.554     | \$ 10.432     | \$ 10.703     | \$ 10.668     | \$ 10.628      |

(1) Based upon NYMEX five day average April 17-21

**SEMCO Energy Gas Company**

Working Capital Adjustment for Gas Stored Underground

Case No.: U-14893

Witness: JRA

Exhibit: A-8

Schedule B-11

Page 1 of 1

|    | Year of<br><b>2005</b> | Total<br>Storage<br>Dth | Average<br>Cost<br>In Storage | Total<br>Storage<br>\$                        | Year of<br><b>2007</b> | (1)<br>Total<br>Storage<br>Balance<br>Dth | Average<br>Cost<br>In Storage | (2)<br>Total<br>Storage<br>Balance<br>\$ |
|----|------------------------|-------------------------|-------------------------------|-----------------------------------------------|------------------------|-------------------------------------------|-------------------------------|------------------------------------------|
|    |                        | (A)                     | (B)                           | (C)                                           |                        | (D)                                       | (E)                           | (F)                                      |
| 1  | Dec-2004               | 9,275,601               | \$5.8347                      | 54,119,944                                    | Dec-2006               | 9,079,060                                 | \$7.8883                      | \$71,618,774                             |
| 2  | Jan-2005               | 6,560,923               | \$5.8102                      | 38,120,182                                    | Jan-2007               | 5,932,904                                 | \$7.8884                      | \$46,801,164                             |
| 3  | Feb-2005               | 4,535,400               | \$5.8358                      | 26,467,548                                    | Feb-2007               | 3,297,879                                 | \$7.8877                      | \$26,012,704                             |
| 4  | Mar-2005               | 2,684,683               | \$5.8767                      | 15,777,176                                    | Mar-2007               | 1,783,859                                 | \$7.8940                      | \$14,081,714                             |
| 5  | Apr-2005               | 3,530,436               | \$6.3581                      | 22,446,926                                    | Apr-2007               | 2,612,369                                 | \$8.4720                      | \$22,131,874                             |
| 6  | May-2005               | 4,625,571               | \$6.5341                      | 30,223,870                                    | May-2007               | 4,297,831                                 | \$8.8196                      | \$37,905,074                             |
| 7  | Jun-2005               | 6,555,977               | \$6.4666                      | 42,394,736                                    | Jun-2007               | 6,193,283                                 | \$8.9710                      | \$55,559,940                             |
| 8  | Jul-2005               | 8,155,316               | \$6.5571                      | 53,475,467                                    | Jul-2007               | 7,928,829                                 | \$9.0357                      | \$71,642,504                             |
| 9  | Aug-2005               | 9,641,981               | \$6.7121                      | 64,718,074                                    | Aug-2007               | 9,663,508                                 | \$9.1015                      | \$87,952,054                             |
| 10 | Sep-2005               | 11,158,846              | \$7.2018                      | 80,363,915                                    | Sep-2007               | 11,223,384                                | \$9.1400                      | \$102,582,040                            |
| 11 | Oct-2005               | 12,054,029              | \$7.6657                      | 92,402,645                                    | Oct-2007               | 12,175,104                                | \$9.1586                      | \$111,507,240                            |
| 12 | Nov-2005               | 11,710,253              | \$7.8717                      | 92,179,060                                    | Nov-2007               | 11,520,094                                | \$9.1543                      | \$105,458,440                            |
| 13 | Dec-2005               | 9,419,763               | \$7.9312                      | 74,710,163                                    | Dec-2007               | 9,079,060                                 | \$9.1405                      | \$82,986,784                             |
| 14 |                        |                         |                               |                                               |                        |                                           |                               |                                          |
| 15 | 13 Month Total         | 99,908,779              |                               | \$687,399,706                                 |                        | 94,787,164                                |                               | \$836,240,306                            |
| 16 |                        |                         |                               |                                               |                        |                                           |                               |                                          |
| 17 | 13 Month Average       | <u>7,685,291</u>        | \$6.8803                      | <u>\$52,876,900</u>                           |                        | <u>7,291,320</u>                          | \$8.8223                      | <u>\$64,326,177</u>                      |
|    |                        |                         |                               |                                               |                        |                                           |                               |                                          |
|    |                        |                         |                               | 13 Month Average - 2005                       |                        | <u>7,685,291</u>                          |                               | <u>\$52,876,900</u>                      |
|    |                        |                         |                               |                                               |                        |                                           |                               |                                          |
|    |                        |                         |                               | <b>Additional Working Capital Requirement</b> |                        |                                           |                               | <b><u>\$11,449,277</u></b>               |

(1) Storage Balance volumes per Case No. U-14718 GCR Plan filing

(2) Storage dollars per five day average April 17-21 NYMEX

| Line No. | Description                            | Gas Sales Revenues<br>(Col. 1) | Transportation Revenues<br>(Col. 2) | Other Revenues<br>(Col. 3) | Total Revenues<br>(Col. 4) | Cost of Gas<br>(Col. 5) | Company Use and Lost and Un-Accounted-for<br>(Col. 6) | Operation and Maintenance Expenses<br>(Col. 7) | Depreciation and Amortization Expense<br>(Col. 8) | Property and Other Taxes<br>(Col. 9) | 1.90% Michigan Single Business Tax<br>(Col. 10) | 35.00% Federal & Other Income Taxes<br>(Col. 11) | Net Operating Income<br>(Col. 12) | AFUDC<br>(Col. 13) | Other<br>(Col. 14) | Income<br>(Col. 16) |
|----------|----------------------------------------|--------------------------------|-------------------------------------|----------------------------|----------------------------|-------------------------|-------------------------------------------------------|------------------------------------------------|---------------------------------------------------|--------------------------------------|-------------------------------------------------|--------------------------------------------------|-----------------------------------|--------------------|--------------------|---------------------|
| 1        | Historical Test Year                   | (373,543,914)                  | (7,722,092)                         | (6,501,444)                | (387,767,450)              | 304,365,688             | 3,455,063                                             | 34,107,873                                     | 12,955,373                                        | 6,310,948                            | 1,123,022                                       | 4,151,825                                        | (21,297,658)                      | (124,626)          | -                  | (21,422,284)        |
| 2        | <u>Section A Adjustments:</u>          |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 |                                                  |                                   |                    |                    |                     |
| 3        | Proforma Income Tax Savings            |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 | 46,598                                           | 46,598                            |                    |                    | 46,598              |
| 4        | Interest Synchronization               |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 | (5,945)                                          | (5,945)                           |                    |                    | (5,945)             |
| 5        | Section A Adjustments                  | -                              | -                                   | -                          | -                          | -                       | -                                                     | -                                              | -                                                 | -                                    | -                                               | 40,653                                           | 40,653                            | -                  | -                  | 40,653              |
| 6        | Section A Income                       | (373,543,914)                  | (7,722,092)                         | (6,501,444)                | (387,767,450)              | 304,365,688             | 3,455,063                                             | 34,107,873                                     | 12,955,373                                        | 6,310,948                            | 1,123,022                                       | 4,192,478                                        | (21,257,005)                      | (124,626)          | -                  | (21,381,631)        |
| 7        | <u>Section B Adjustments:</u>          |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 |                                                  |                                   |                    |                    |                     |
| 8        | Income Tax Correction                  |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 | 59,446                                           | 59,446                            |                    |                    | 59,446              |
| 9        | Revenue-Related Adjustments:           |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 |                                                  |                                   |                    |                    |                     |
| 10       | Partial-year Rate Increase             | (3,519,818)                    | (4,721)                             |                            | (3,524,539)                |                         |                                                       |                                                |                                                   |                                      | 66,966                                          | 1,210,150                                        | (2,247,422)                       |                    |                    | (2,247,422)         |
| 11       | Peninsular Gas Company                 | (725,338)                      | (41,174)                            |                            | (766,512)                  |                         |                                                       |                                                |                                                   |                                      | 14,564                                          | 263,182                                          | (488,766)                         |                    |                    | (488,766)           |
| 12       | Reclassification of GS Customers       | 601,984                        |                                     |                            | 601,984                    |                         |                                                       |                                                |                                                   |                                      | (11,438)                                        | (206,691)                                        | 383,855                           |                    |                    | 383,855             |
| 13       | Weather Normalization                  | (179,501)                      | (34,376)                            |                            | (213,877)                  |                         |                                                       |                                                |                                                   |                                      | 4,064                                           | 73,435                                           | (136,379)                         |                    |                    | (136,379)           |
| 14       | Partial-year Other Charges Increase    |                                |                                     | (123,974)                  | (123,974)                  |                         |                                                       |                                                |                                                   |                                      | 2,356                                           | 42,566                                           | (79,052)                          |                    |                    | (79,052)            |
| 15       | Landlord Transfer Charges              |                                |                                     | (27,335)                   | (27,335)                   |                         |                                                       |                                                |                                                   |                                      | 519                                             | 9,385                                            | (17,430)                          |                    |                    | (17,430)            |
| 16       | Reclassification of Transport Revenues |                                | 219,395                             | (109,342)                  | 110,053                    | (110,053)               |                                                       |                                                |                                                   |                                      | -                                               | -                                                | -                                 |                    |                    | -                   |
| 17       | Mirant Payment                         |                                |                                     | 350,000                    | 350,000                    |                         |                                                       |                                                |                                                   |                                      | (6,650)                                         | (120,173)                                        | 223,178                           |                    |                    | 223,178             |
| 18       |                                        |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 |                                                  |                                   |                    |                    |                     |
| 19       | Expense-Related Adjustments:           |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 |                                                  |                                   |                    |                    |                     |
| 20       | Lost & Unaccounted-for Gas             |                                |                                     |                            |                            |                         | 1,079,092                                             |                                                |                                                   |                                      | (20,503)                                        | (370,506)                                        | 688,083                           |                    |                    | 688,083             |
| 21       | Disallowed Expenses                    |                                |                                     |                            |                            |                         |                                                       | (47,151)                                       |                                                   |                                      | 896                                             | 16,189                                           | (30,066)                          |                    |                    | (30,066)            |
| 22       | Peninsular Gas Company                 |                                |                                     |                            |                            |                         |                                                       | 292,555                                        |                                                   |                                      | (5,559)                                         | (100,449)                                        | 186,547                           |                    |                    | 186,547             |
| 23       | Lease Expense                          |                                |                                     |                            |                            |                         |                                                       | 182,625                                        |                                                   |                                      | (3,470)                                         | (62,704)                                         | 116,451                           |                    |                    | 116,451             |
| 24       | Long-term Incentive Program            |                                |                                     |                            |                            |                         |                                                       | 557,463                                        |                                                   |                                      | (10,592)                                        | (191,405)                                        | 355,466                           |                    |                    | 355,466             |
| 25       | Medical and Dental Expense             |                                |                                     |                            |                            |                         |                                                       | 443,173                                        |                                                   |                                      | (8,420)                                         | (152,163)                                        | 282,589                           |                    |                    | 282,589             |
| 26       | Pension/ Retiree Medical Costs         |                                |                                     |                            |                            |                         |                                                       | 451,263                                        |                                                   |                                      | (8,574)                                         | (154,941)                                        | 287,748                           |                    |                    | 287,748             |
| 27       | CIS System                             |                                |                                     |                            |                            |                         |                                                       | 488,350                                        |                                                   |                                      | (9,279)                                         | (167,675)                                        | 311,396                           |                    |                    | 311,396             |
| 28       | FOS System                             |                                |                                     |                            |                            |                         |                                                       | 63,618                                         |                                                   |                                      | (1,209)                                         | (21,843)                                         | 40,566                            |                    |                    | 40,566              |
| 29       | Billing Rule Changes                   |                                |                                     |                            |                            |                         |                                                       | 1,971,293                                      |                                                   |                                      | (37,455)                                        | (676,844)                                        | 1,256,995                         |                    |                    | 1,256,995           |
| 30       | Uncollectibles Expense                 |                                |                                     |                            |                            |                         |                                                       | 528,600                                        |                                                   |                                      | (10,043)                                        | (181,495)                                        | 337,062                           |                    |                    | 337,062             |
| 31       | Inflation                              |                                |                                     |                            |                            |                         |                                                       | 1,365,328                                      |                                                   |                                      | (31,398)                                        | (567,386)                                        | 1,053,717                         |                    |                    | 1,053,717           |
| 32       | Additional Depr. And Amort. Expense    |                                |                                     |                            |                            |                         |                                                       |                                                | 1,860,126                                         |                                      | (35,342)                                        | (638,674)                                        | 1,186,109                         |                    |                    | 1,186,109           |
| 33       | Rate Case Expense                      |                                |                                     |                            |                            |                         |                                                       |                                                | 79,793                                            |                                      | (1,516)                                         | (27,397)                                         | 50,880                            |                    |                    | 50,880              |
| 34       | Proforma Income Tax Savings            |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 | 624,059                                          | 624,059                           |                    |                    | 624,059             |
| 35       | Interest Synchronization               |                                |                                     |                            |                            |                         |                                                       |                                                |                                                   |                                      |                                                 | 905                                              | 905                               |                    |                    | 905                 |
| 36       | Section B Adjustments                  | (3,822,673)                    | 139,124                             | 89,349                     | (3,594,200)                | (110,053)               | 1,079,092                                             | 6,297,116                                      | 1,939,919                                         | 287,173                              | (112,082)                                       | (1,341,028)                                      | 4,445,938                         | -                  | -                  | 4,445,938           |
| 37       | 2007 Test Year                         | (377,366,587)                  | (7,582,968)                         | (6,412,095)                | (391,361,650)              | 304,255,635             | 4,534,155                                             | 40,404,989                                     | 14,895,292                                        | 6,598,121                            | 1,010,940                                       | 2,851,450                                        | (16,811,067)                      | (124,626)          | -                  | (16,935,693)        |

| Line No. | Description                             | Amount      | Net of Tax        | Reference            |
|----------|-----------------------------------------|-------------|-------------------|----------------------|
| 1        | Adjusted Net Operating Income-Section A |             | 21,381,631        | Ex. A-3, Sch. C-1    |
| 2        | <b>Section B Adjustments:</b>           |             |                   |                      |
| 3        | Income Tax Correction                   |             | (59,446)          |                      |
| 4        | Revenue-Related Adjustments:            |             |                   |                      |
| 5        | Partial-year Rate Increase              | 3,524,539   | 2,247,422         | Ex. A-11, Sch. F-2-3 |
| 6        | Peninsular Gas Company                  | 766,512     | 488,766           | Ex. A-11, Sch. F-2-1 |
| 7        | Reclassification of GS Customers        | (601,984)   | (383,855)         | Ex. A-11, Sch. F-2-2 |
| 8        | Weather Normalization                   | 213,877     | 136,379           | Ex. A-11, Sch. F-2-4 |
| 9        | Partial-year Other Charges Increase     | 123,974     | 79,052            | Ex. A-9, Sch. F-3-2  |
| 10       | Landlord Transfer Charges               | 27,335      | 17,430            | Ex. A-9, Sch. F-3-3  |
| 11       | Mirant Payment                          | (350,000)   | (223,178)         | Fairchild Testimony  |
| 12       | Expense-Related Adjustments             |             |                   |                      |
| 13       | Lost & Unaccounted-for Gas              | (1,079,092) | (688,083)         | Ex. A-9, Sch. C-5    |
| 14       | Disallowed Expenses                     | 47,151      | 30,066            | Ex. A-3, Sch. C-6    |
| 15       | Peninsular Gas Company                  | (292,555)   | (186,547)         | Ex. A-9, Sch. C-18   |
| 16       | Lease Expenses                          | (182,625)   | (116,451)         | Ex. A-9, Sch. C-6    |
| 17       | Long-term Incentive Program             | (557,463)   | (355,466)         | Ex. A-9, Sch. C-7    |
| 18       | Medical and Dental Expense              | (443,173)   | (282,589)         | Ex. A-9, Sch. C-8    |
| 19       | Pension/Retiree Medical                 | (451,263)   | (287,748)         | Ex. A-9, Sch. C-9    |
| 20       | CIS System                              | (488,350)   | (311,396)         | Ex. A-9, Sch. C-16   |
| 21       | FOS System                              | (63,618)    | (40,566)          | Ex. A-9, Sch. C-17   |
| 22       | Billing Rule Changes                    | (1,971,293) | (1,256,995)       | Ex. A-9, Sch. C-15   |
| 23       | Uncollectible Accounts                  | (528,600)   | (337,062)         | Ex. A-9, Sch. C-10   |
| 24       | Rate Case Expense                       | (79,793)    | (50,880)          | Ex. A-9, Sch. C-11   |
| 25       | Inflation                               | (1,652,501) | (1,053,717)       | Ex. A-9, Sch. C-12   |
| 26       | Additional Depr. and Amort. Expense     | (1,860,126) | (1,186,109)       | Ex. A-9, Sch. C-13   |
| 27       | Proforma Income Tax Savings             |             | (624,059)         | Ex. A-9, Sch. C-3    |
| 28       | Interest Synchronization                |             | (905)             | Ex. A-9, Sch. C-4    |
| 29       | Section B Adjustments                   | (5,899,047) | (4,445,938)       |                      |
| 30       | Adjusted Net Operating Income           |             | <u>16,935,693</u> |                      |

SEMCO Energy Gas Company  
Adjusted Net Operating Income -  
Income Tax Savings for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-9  
Schedule C-3  
Page 1 of 1

| Line<br>No. | Description                                | Amount                | Reference          |
|-------------|--------------------------------------------|-----------------------|--------------------|
| 1           | Rate Base                                  | 346,005,355           | Ex. A-8, Sch. B-1  |
| 2           | Weighted Cost of Debt                      | <u>2.95%</u>          | Ex. A-10, Sch. D-1 |
| 3           | Allowable Interest Expense                 | 10,209,552            | Line 1 x Line 2    |
| 4           | Less: Section A Allowable Interest Expense | <u>(11,992,579)</u>   | Ex. A-3, Sch. C-3  |
| 5           | Difference                                 | (1,783,027)           | Line 3 - Line 4    |
| 6           | FIT Rate                                   | <u>35.00%</u>         |                    |
| 7           | Change in Federal Income Taxes             | <u><u>624,059</u></u> | Line 5 x Line 6    |

SEMCO Energy Gas Company  
Interest Synchronization Adjustment  
for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-9  
Schedule C-4  
Page 1 of 1

| Line<br>No. | Description                          | Amount      | Reference          |
|-------------|--------------------------------------|-------------|--------------------|
| 1           | Rate Base                            | 346,005,355 | Ex. A-8, Sch. B-1  |
| 2           | JDITC Portion of Capital Structure   | 0.15%       | Ex. A-10, Sch. D-1 |
| 3           | Portion of Rate Base Funded by JDITC | 501,708     | Line 1 x Line 2    |
| 4           | Cost of JDITC                        | 2.87%       | Ex. A-10, Sch. D-1 |
| 5           | Interest Expense                     | 14,399      | Line 3 x Line 4    |
| 6           | Section A JDITC Interest Expense     | 16,985      | Exh. A-3, Sch. C-4 |
| 7           | Change in JDITC Interest Expense     | (2,586)     | Line 5 - Line 6    |
| 8           | FIT Rate                             | 35.00%      |                    |
| 9           | Change in Federal Income Taxes       | 905         | Line 7 x Line 8    |

**SEMCO Energy Gas Company**

Company Use and Lost and Unaccounted For Gas

## Section B

Case No.: U-14893

Witness: JRAIger

Exhibit: A-9

Schedule C-5

Page 1 of 2

|                        |                          |            |            |            |            | Five Year  | Five Year            |
|------------------------|--------------------------|------------|------------|------------|------------|------------|----------------------|
|                        | <b>LAUF - Mcf</b>        | 2000-2001  | 2001-2002  | 2002-2003  | 2003-2004  | Total      | Average              |
| SEP                    |                          | 43,230     | 60,038     | 19,761     | 34,675     | 24,429     | 36,427               |
| OCT                    |                          | (11,870)   | 82,500     | 53,405     | 56,678     | 44,376     | 45,018               |
| NOV                    |                          | 16,128     | 106,594    | 61,803     | 54,929     | 42,490     | 56,389               |
| DEC                    |                          | 121,102    | 97,060     | 48,232     | (153,095)  | 65,542     | 35,768               |
| JAN                    |                          | 92,478     | 78,475     | 91,216     | 110,819    | 75,011     | 89,600               |
| FEB                    |                          | 88,561     | 70,589     | 86,022     | 73,418     | 61,926     | 76,103               |
| MAR                    |                          | 77,607     | 73,733     | 70,209     | 64,285     | 57,141     | 68,595               |
| APR                    |                          | 45,556     | 37,604     | 46,959     | 41,485     | 31,053     | 40,531               |
| MAY                    |                          | 27,869     | 35,108     | 30,662     | 26,485     | 23,738     | 28,772               |
| JUN                    |                          | 22,667     | 20,403     | (33,894)   | 0          | 23,255     | 4,651                |
| JUL                    |                          | 25,997     | 17,292     | (35,307)   | (45,000)   | 12,986     | (4,806)              |
| AUG                    |                          | 30,000     | 19,541     | 60,123     | 28,980     | 13,754     | 30,480               |
|                        |                          | 579,325    | 698,937    | 499,191    | 293,659    | 466,525    | 507,527              |
| <b>% of Throughput</b> |                          | 1.124%     | 1.463%     | 0.934%     | 0.592%     | 0.965%     | 1.012%               |
|                        | <b>CO. USE GAS - Mcf</b> |            |            |            |            | 2005       |                      |
| JAN                    |                          |            |            |            |            | 19,479     |                      |
| FEB                    |                          |            |            |            |            | 12,000     |                      |
| MAR                    |                          |            |            |            |            | 11,420     |                      |
| APR                    |                          |            |            |            |            | 7,500      |                      |
| MAY                    |                          |            |            |            |            | 4,252      |                      |
| JUN                    |                          |            |            |            |            | 4,342      |                      |
| JUL                    |                          |            |            |            |            | 2,489      |                      |
| AUG                    |                          |            |            |            |            | 1,147      |                      |
| SEP                    |                          |            |            |            |            | 3,359      |                      |
| OCT                    |                          |            |            |            |            | 3,665      |                      |
| NOV                    |                          |            |            |            |            | 5,948      |                      |
| DEC                    |                          |            |            |            |            |            |                      |
|                        |                          |            |            |            |            | 75,601     |                      |
| <b>% of Throughput</b> |                          |            |            |            |            | 0.156%     |                      |
|                        | <b>Total Throughput</b>  | 2000       | 2001       | 2002       | 2003       | 2004       | Five Year<br>Average |
| Sales                  |                          | 38,084,024 | 34,635,124 | 40,285,549 | 36,824,328 | 36,057,202 | 37,177,245           |
| Customer Choice        |                          | 640,767    | 309,071    | -          | -          |            | 189,968              |
| Transporation          |                          | 12,828,623 | 12,831,303 | 13,143,956 | 12,786,980 | 12,309,255 | 12,780,023           |
| Total Throughput       |                          | 51,553,414 | 47,775,498 | 53,429,505 | 49,611,308 | 48,366,457 | 50,147,236           |

**SEMCO Energy Gas Company**

Company Use and Lost and Unaccounted For Gas

Section B

Case No.: U-14893

Witness: JRAIger

Exhibit: A-9

Schedule C-5

Page 2 of 2

|                                                   | Volume         | Gas<br>Costs | Amount                    | Source                      |
|---------------------------------------------------|----------------|--------------|---------------------------|-----------------------------|
| <u>Adjusted and Normalized 2007</u>               |                |              |                           |                             |
| 1 Total Throughput                                | 49,099,439     |              |                           | A-11, F-2                   |
| 2 Transportation Volume                           | 12,585,429     |              |                           | A-11, F-2 Incl GS-2&3 TR    |
| 3                                                 |                |              |                           |                             |
| 4 2005 Co Use %                                   | 0.156%         |              |                           | Page 1, Line 16, 2004-2005  |
| 5 5 Year Sept to Aug Avg LAUF %                   | 1.012%         |              |                           | Page 1, Line 35, 5 Year Avg |
| 6 <b>Gas in Kind Percentage</b>                   | <b>1.168%</b>  |              |                           |                             |
| 7                                                 |                |              |                           |                             |
| 8 2007 SEMCO Co Use                               | 76,747         |              | \$815,664                 | Line 8 * Line 12            |
| 9 Lost and Unaccounted For                        | 496,923        |              | \$5,281,297               | Line 9 * Line 12            |
| 10 Gas In Kind                                    | (147,046)      |              | (\$1,562,805)             | Line 10 * Line 12           |
| 11                                                |                |              |                           |                             |
| 12 Net Co Use & LAUF 2007                         | <u>426,624</u> | \$10.6280    | <u>\$4,534,155</u>        | Price per 2007 Total WACOG  |
| 13                                                |                |              |                           |                             |
| 14                                                |                |              |                           |                             |
| 15 <u>Co Use, LAUF &amp; GIK Included in 2005</u> |                |              |                           |                             |
| 16 2005 SEMCO Co Use                              | 80,591         |              | \$ 675,826                |                             |
| 17 2005 Lost and Unaccounted For                  | 457,589        |              | \$ 3,958,297              |                             |
| 18 Gas In Kind                                    | (131,075)      |              | (\$1,179,060)             |                             |
| 19                                                |                |              |                           |                             |
| 20 Net Co Use & LAUF 2005                         | <u>407,105</u> | \$8.4869     | <u>\$3,455,063</u>        | Price per 2005 books        |
| 21                                                |                |              |                           |                             |
| 22                                                |                |              |                           |                             |
| 23 <b>Adjustment for Co Use &amp; LAUF</b>        |                |              | <b><u>\$1,079,092</u></b> |                             |

**SEMCO ENERGY GAS COMPANY**

Changes in Lease Expenses  
From 2005 to 2007

Case No.U-14893  
Witness: J R Alger  
Exhibit: A-9  
Schedule: C-6  
Page: 1 of 2

| Line | Location                          | Notes                                                                                                        | 2005         | 2007         | Monthly Change | Annual Change           |
|------|-----------------------------------|--------------------------------------------------------------------------------------------------------------|--------------|--------------|----------------|-------------------------|
|      |                                   |                                                                                                              | Monthly Rate | Monthly Rate |                |                         |
| 1    | Three Rivers:                     | Space reduction at existing leased site.<br>New lease began Jan. 2006                                        | \$6,808      | \$2,594      | -\$4,214       | -\$50,568               |
| 2    | New Haven:                        | New facility to be built to suit and is<br>approx. 7 times larger. New lease to<br>begin approx. Oct. 2006   | \$2,900      | \$13,000     | \$10,100       | \$121,200               |
| 3    | Houghton/Dollar Bay:              | Dollar Bay will replace Houghton<br>location. New lease to begin approx. July<br>2006                        | \$1,200      | \$3,400      | \$2,200        | \$26,400                |
| 4    | Training Facility                 | Consolidate Training personel and<br>Disaster Recovery Equipment into the<br>Information Technology building |              | \$7,133      | \$7,133        | \$85,593                |
| 5    | Total Increase in Lease Payments: |                                                                                                              |              |              |                | <u><u>\$182,625</u></u> |

**SEMCO ENERGY GAS COMPANY**

Changes in Lease Expenses  
From 2005 to 2007

Relocation of Training and Disaster Recovery to  
the Information Technology Building

Case No.U-14893

Witness: J R Alger

Exhibit: A-9

Schedule: C-6

Page: 2 of 2

|   |                                               | Estimated<br>2006 & 2007 |
|---|-----------------------------------------------|--------------------------|
| 1 | Total Info Tech Facility Lease Expense        | \$ 382,660               |
| 2 |                                               |                          |
| 3 | Floorspace used by the Training Department    | 30.00%                   |
| 4 |                                               |                          |
| 5 | Total Facility Expense-For the Training Group | \$ 114,798               |
| 6 |                                               |                          |
| 7 | MPSC Massachusetts Allocation Factor          | 74.56%                   |
| 8 |                                               |                          |
| 9 | Total Training Facility Expense - MPSC        | \$ 85,593                |

|                                             | Actual<br>2005 | Estimated<br>2006 | Estimated<br>2007 |
|---------------------------------------------|----------------|-------------------|-------------------|
| 1 Stock Options                             | \$ -           | \$ 539,541        | \$ 509,407        |
| 2                                           |                |                   |                   |
| 3 Restricted Stock Units                    | \$ 154,786     | \$ 204,703        | \$ 71,595         |
| 4                                           |                |                   |                   |
| 5 Employee Performance Share Units          | \$ 328,488     | \$ 693,455        | \$ 1,058,422      |
| 6                                           |                |                   |                   |
| 7 Portion Attributable to MPSC Jurisdiction | 47.65%         | 48.05%            | 48.05%            |
| 8                                           |                |                   |                   |
| 9 Adjustment for Long-Term Incentives       | \$ 230,280     | \$ 690,814        | \$ 787,743        |

|                                   | Actual<br>2005 | Estimated<br>2006 | Estimated<br>2007 |
|-----------------------------------|----------------|-------------------|-------------------|
| 1 Active Employee Medical Expense | \$ 1,527,145   | \$ 1,861,986      | \$ 2,094,734      |
| 2                                 |                |                   |                   |
| 3 Active Employee Dental Expense  | \$ 164,046     | \$ 200,014        | \$ 210,015        |
| 4                                 |                |                   |                   |
| 5 Capitalization Rate             | 27.77%         | 27.77%            | 27.77%            |
| 6                                 |                |                   |                   |
| 7 Capitalized Costs               | \$ 469,644     | \$ 572,617        | \$ 640,029        |
| 8                                 |                |                   |                   |
| 9                                 |                |                   |                   |
| 10 Annual O & M Expenses          | \$ 1,221,547   | \$ 1,489,383      | \$ 1,664,720      |

|                                                    | Actual<br>2005 | Estimated<br>2006 |
|----------------------------------------------------|----------------|-------------------|
| 1 Pension Expense                                  | \$ 1,937,734   | \$ 2,328,975      |
| 2                                                  |                |                   |
| 3 Retiree Medical Expense                          | \$ (66,053)    | \$ 167,462        |
| 4                                                  |                |                   |
| 5 Amortization of Regulatory Asset-FAS 106 Expense | \$ 743,064     | \$ 743,064        |
| 6                                                  |                |                   |
| 7 Capitalization Rate                              | 27.77%         | 27.77%            |
| 8                                                  |                |                   |
| 9 Capitalized Costs                                | \$ 726,115     | \$ 899,609        |
| 10                                                 |                |                   |
| 11                                                 |                |                   |
| 12 Annual O & M Expenses                           | \$ 1,888,630   | \$ 2,339,892      |

SEMCO Energy Gas Company  
Uncollectible Accounts Expense Adjustment

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-9  
Schedule C-10  
Page 1 of 1

| No. | Description                                  | Amount             | Reference               |
|-----|----------------------------------------------|--------------------|-------------------------|
| 1   | <u>Base Revenues</u>                         |                    |                         |
| 2   | 2005 Total Revenues                          | 387,767,450        | Ex. A-9, Sch. C-1       |
| 3   | 2005 Cost of Gas                             | (304,365,688)      | Ex. A-9, Sch. C-1       |
| 4   | Revenue-Related Adjustments                  | <u>3,594,200</u>   | Ex. A-9, Sch. C-1       |
| 5   | 2007 Base Revenues                           | 86,995,962         | Line 2+Line 3+Line 4    |
| 6   | <u>2007 Cost of Gas</u>                      |                    |                         |
| 7   | 2007 Mcf Sales                               | 36,514,010         | Ex. A-11,F-2            |
| 8   | 2007 Average Cost of Gas                     | <u>\$10.628</u>    | Ex. A-8, Sch. B-10      |
| 9   |                                              | 388,070,898        | Line 5 x Line 6         |
| 10  | Rate Deficiency                              | <u>18,098,561</u>  | Ex. A-7, Sch. A-1       |
| 11  | 2007 Revenues                                | 493,165,421        | Line 5+ Line 9+ Line 10 |
| 12  | <u>Uncollectible Accounts Expense</u>        |                    |                         |
| 13  | 2001                                         | 0.381%             |                         |
| 14  | 2002                                         | 0.334%             |                         |
| 15  | 2003                                         | 0.582%             |                         |
| 16  | 2004                                         | 0.440%             |                         |
| 17  | 2005                                         | <u>0.409%</u>      |                         |
| 18  | 5-Year Average                               | <u>0.429%</u>      |                         |
| 19  | 2007 Uncollectible Accounts Expense          | 2,115,680          | Line 11 x Line 18       |
| 20  | 2005 Uncollectible Accounts Expense          | <u>(1,587,080)</u> |                         |
| 21  | Adjustment to Uncollectible Accounts Expense | <u>528,600</u>     | Line 18 + Line 19       |

SEMCO Energy Gas Company  
Rate Case Expense Adjustment

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-9  
Schedule C-11  
Page 1 of 1

| <u>No.</u> | <u>Description</u>                | <u>Amount</u>        |
|------------|-----------------------------------|----------------------|
| 1          | Estimated Rate Case Expenses      | 732,800              |
| 2          | Amortization Period (Years)       | <u>3</u>             |
| 3          | Annual Expense                    | 244,267              |
| 4          | 2005 Rate Case Expenses           | <u>(164,474)</u>     |
| 5          | Adjustment for Rate Case Expenses | <u><u>79,793</u></u> |

SEMCO Energy Gas Company

Inflation Adjustment

## Section B

Case No.: U-14893

Witness: B.H. Fairchild

Exhibit A-9

Schedule C-12

Page 1 of 1

| No. | Description                                    | Amount      |             | Reference          |
|-----|------------------------------------------------|-------------|-------------|--------------------|
| 1   | <u>Operation and Maintenance Expenses</u>      |             |             |                    |
| 2   | Year Ended December 31, 2005                   | 34,107,873  |             | Ex. A-9, Sch. C-1  |
| 3   | Section B Adjustments:                         |             |             |                    |
| 4   | Disallowed Expenses                            | (47,151)    |             | Ex. A-3, Sch. C-6  |
| 5   | Items Accounted-for Elsewhere:                 |             |             |                    |
| 6   | Medical and Dental Expenses                    | (1,221,547) |             | Ex. A-9, Sch. C-8  |
|     | Retiree Medical/Pension Expense                | (1,888,630) |             | Ex. A-9, Sch. C-9  |
| 7   | Lease Expense                                  | (130,896)   |             | Ex. A-9, Sch. C-6  |
| 8   | Uncollectibles                                 | (1,587,080) |             | Ex. A-9, Sch. C-10 |
| 9   | Adjusted 2005 O&M Expenses                     | 29,232,569  |             |                    |
| 10  | 2006 Inflation Rate                            | 2.40%       |             | Footnote (a)       |
| 11  | 2006 Inflation Adjustment                      |             | 701,582     | Line 10 x Line 11  |
| 12  | Inflation-adjusted 2005 O&M Expenses:          | 29,934,151  |             | Line 10 + Line 12  |
| 13  | 2006 Expenses:                                 |             |             |                    |
| 14  | Retiree Medical/Pension Expense                | 1,672,810   |             | Ex. A-9, Sch. C-9  |
| 15  | Adjusted 2007 O&M Expenses                     | 31,606,961  |             | Line 13 + Line 15  |
| 16  | 2007 Inflation Rate (a)                        | 2.10%       |             | Footnote (a)       |
| 17  | 2007 Inflation Adjustment                      |             | 663,746     | Line 16 x Line 17  |
| 18  | Operation and Maintenance Inflation Adjustment |             | 1,365,328   | Line 12 + Line 18  |
| 19  | <u>Property and Other Taxes</u>                |             |             |                    |
| 20  | Year Ended December 31, 2005                   | 6,310,948   |             | Ex. A-9, Sch. C-1  |
| 21  | 2006 Inflation Rate                            | 2.40%       |             | Footnote (a)       |
| 22  | 2007 Inflation Rate (a)                        | 2.10%       |             | Footnote (a)       |
| 23  | Two-year Inflation Rate                        | 4.55%       |             | Line 24 x Line 25  |
| 24  | Property and Other Taxes Inflation Adjustment  |             | 287,173     | Line 23 x Line 26  |
|     |                                                | 2006        | 2007        |                    |
| (a) | The Value Line Investment Survey (2/24/06)     | 2.4%        | 2.0%        |                    |
|     | GlobalInsight (Third Quarter 2005)             | 2.2%        | 1.7%        |                    |
|     | Blue Chip Financial Forecasts (4/1/06)         | 2.5%        | 2.4%        |                    |
|     | Federal Reserve Bank of Philadelphia (2/13/06) | 2.4%        | 2.3%        |                    |
|     | <b>Average</b>                                 | <b>2.4%</b> | <b>2.1%</b> |                    |

SEMCO Energy Gas Company

## Additional Depreciation and Amortization Expense Adjustment

## Section B

Case No.: U-14893

Witness: B.H. Fairchild

Exhibit A-9

Schedule C-13

Page 1 of 1

| No. | Description                                                      | Amount     | Reference               |
|-----|------------------------------------------------------------------|------------|-------------------------|
| 1   | <u>Peninsular Gas Company</u>                                    |            |                         |
| 2   | Peninsular Gas Company -- 2005 (5 months)                        | 1,949,189  | Ex. A-8, Sch. B-4       |
| 3   | Average Depreciation Rate                                        | 3.19%      | Ex. A-8, Sch. B-8 & B-2 |
| 4   | Additional Depreciation Expense                                  | 62,083     | Line 2 x Line 3         |
| 5   | <u>Non-Revenue Producing Plant</u>                               |            |                         |
| 6   | 2006 Non-Revenue Producing Plant                                 | 10,553,913 | Ex. A-8, Sch. B-5       |
| 7   | 2007 Non-Revenue Producing Plant                                 | 10,553,913 | Ex. A-8, Sch. B-5       |
| 8   | Additional Non-Revenue Producing Plant                           | 21,107,826 |                         |
| 9   | Average Depreciation Rate                                        | 3.19%      | Ex. A-8, Sch. B-8 & B-2 |
| 10  | Additional Depreciation Expense                                  | 672,297    | Line 8 x Line 9         |
| 11  | <u>MGP Environmental Expenditures</u>                            |            |                         |
| 12  | 2005 MGP Environmental Expenditures                              | 369,637    | Ex. A-8, Sch. B-6       |
| 13  | 2006 MGP Environmental Expenditures                              | 594,028    | Ex. A-8, Sch. B-6       |
| 14  | 2007 MGP Environmental Expenditures                              | 486,095    | Ex. A-8, Sch. B-6       |
| 15  | Additional Environmental Expenditures                            | 1,449,760  |                         |
| 16  | Amortization Rate -- 10 years                                    | 10.00%     | U-11409                 |
| 17  | Additional Amortization Expense                                  | 144,976    | Line 15 x Line 16       |
| 18  | <u>CIS System</u>                                                |            |                         |
| 19  | 2006 CIS System Expenditures                                     | 3,627,619  | Ex. A-8, Sch. B-7       |
| 20  | Amortization Rate -- 15 years                                    | 6.67%      | U-14338                 |
| 21  | Additional Amortization Expense                                  | 241,841    | Line 19 x Line 20       |
| 22  | <u>FOS System</u>                                                |            |                         |
| 23  | 2006 FOS System Expenditures                                     | 1,124,543  | Ex. A-8, Sch. B-2       |
| 24  | 2007 FOS System Expenditures                                     | 902,462    | Ex. A-8, Sch. B-2       |
| 25  | Additional FOS System Expenditures                               | 2,027,005  |                         |
| 26  | Amortization Rate -- 7.11 years                                  | 14.06%     | Acct. 391-10            |
| 27  | Additional Amortization Expense                                  | 285,092    | Line 25 x Line 26       |
| 28  | <u>Pipe Replacement Program</u>                                  |            |                         |
| 29  | 2007 Pipe Replacement Expenditures                               | 5,000,000  | Ex. A-8, Sch. B-2       |
| 30  | Average Depreciation Rate                                        | 3.19%      | Ex. A-8, Sch. B-8 & B-2 |
| 31  | Additional Amortization Expense                                  | 159,253    | Line 29 x Line 30       |
| 32  | <u>Construction Work in Progress</u>                             |            |                         |
| 33  | 2005 Construction Work in Progress                               | 9,248,933  | Ex. A-8, Sch. B-2       |
| 34  | Average Depreciation Rate                                        | 3.19%      | Ex. A-8, Sch. B-8 & B-2 |
| 35  | Additional Depreciation Expense                                  | 294,584    | Line 33 x Line 34       |
| 36  | Adjustment for Additional Depreciation and Amortization Expenses | 1,860,126  |                         |

Section B

|                                                        | Mcf    | Price Per Mcf | GCR Factor | Cost      | Revenue   |
|--------------------------------------------------------|--------|---------------|------------|-----------|-----------|
| <b>Example</b>                                         |        |               |            |           |           |
| Gas Supplied--(Purchases)                              | 100    | \$ 1.00       |            | \$ 100.00 |           |
| Gas Sold                                               | 98     |               | \$ 1.50    |           | \$ 147.00 |
| Lost and Unaccounted For Gas                           | 2      | \$ 1.00       |            | \$ 2.00   |           |
| <b>GCR Summary</b>                                     | \$'s   |               |            |           |           |
| Cost of Gas Sold                                       | 100    |               |            |           |           |
| Lost and Unaccounted For Gas                           | 2      |               |            |           |           |
| Cost of Gas Allowed to be Recovered in the GCR Process | 98     |               |            |           |           |
| GCR Revenues Billed                                    | 147    |               |            |           |           |
| Amount Over Recovered                                  | 49     |               |            |           |           |
| <b>Monthly Accounting Entries</b>                      | Dr.    | Cr.           |            |           |           |
| Cost of Gas Sold                                       | 100.00 |               |            |           |           |
| Accounts Payable                                       |        | 100.00        |            |           |           |
| Accounts Receivable                                    | 147.00 |               |            |           |           |
| Gas Revenues                                           |        | 147.00        |            |           |           |
| Gas Revenues                                           | 49.00  |               |            |           |           |
| GCR Over Recovery                                      |        | 49.00         |            |           |           |
| <b>Final Income Statement</b>                          | \$'s   |               |            |           |           |
| Gas Revenues                                           | 98     |               |            |           |           |
| Cost of Gas Sold                                       | 100    |               |            |           |           |
| Net Loss                                               | (2)    |               |            |           |           |

# MPSC Residential and Commercial Billing Rules Proposed Change Impact

Case No: U-14893  
 Witness: Daniel J. Forsyth  
 Exhibit: A-9  
 Schedule: C-15  
 Page 1 of 4

## Emergency Billing Rule Incorporation Impact Summary

| Item # | <u>SEMCO Tariff - MPSC Current Language</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>MPSC Proposed Language</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Annual On-Going Impact |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1a     | C2.16 R 460.2116 Payment of Bill. Rule 16. A utility shall permit each customer a period of not less than 17 days from the date the bill was transmitted to pay in full, unless the customer agrees in writing to a different period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Residential R. 120 Payment of Bill. Rule 20. (1) A utility shall permit each customer a period of not less than 22 days from the date the bill was transmitted to pay in full, unless the customer agrees in writing to a different period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ 321,659.97          |
| 1b     | D1.9 R 460.2079 Delivery and Payment of Bills. Rule 9. A bill shall be mailed or delivered to the customer not less than 21 days before the due date. Failure to receive a bill properly mailed or delivered by the utility does not extend the due date. If the day on which the bill is due falls on Saturday, Sunday, or a holiday, the bill shall be due on the next business day. Customers who mail remittances before midnight on the due date shall be considered to have timely paid. In the case of an illegible postmark, the date of mailing shall be considered to be 2 days before receipt by the utility.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Commercial Delivery and Payment of Bills Rule 14. A bill shall be mailed, transmitted or delivered to the customer not less than 22 days before the due date. Failure to receive a bill properly mailed, transmitted or delivered by the utility does not extend the due date. If the day on which the bill is due falls on Saturday, Sunday, or a holiday, the bill shall be due on the next business day. Customers who mail remittances before midnight on the due date shall be considered to have timely paid. In the case of an illegible postmark, the date of mailing shall be considered to be 2 days before receipt by the utility.<br><br>(This rule change will increase carrying costs due to receiving cash receipts five days later for residential accounts and one day later for commercial accounts as both due dates will change to 22 days from the transmittal date.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |
| 2      | C6.74 R 460.2174 Winter Protection Plan: Rule 74 (1) As used in this rule: (a) "Eligible customer" means either an eligible low-income customer or an eligible senior citizen customer. (b) "Eligible low-income customer" means a utility customer whose household income does not exceed 150% of the poverty level, as published by the United States department of health and human services, or who receives any of the following:....<br><br>C6.74 R 460.2174 Winter Protection Plan: Rule 74 (2) A utility shall not shut off service to an eligible customer during the space heating season for nonpayment of a delinquent account if the customer is an eligible senior citizen customer or if the customer pays to the utility a monthly amount equal to 7% of the estimated annual bill for the eligible customer and the eligible customer demonstrates, within 14 days of requesting shutoff protection, that he or she has made application for state or federal heating assistance. If an arrearage exists at the time an eligible customer applies for protection from shutoff of service during the space-heating season, the utility shall permit the customer to pay the arrearage in equal monthly installments between the date of application and the start of the subsequent space-heating season. | Residential R 102 Rule 2. Definitions (m) "Eligible low-income customer" means a utility customer whose household income does not exceed 200% of the federal poverty guidelines, as published by the United States department of health and human services, or who receives any of the following:....<br><br>Residential R 148 Winter Protection Plan for Low-income customers. Rule 48. (1) Except where unauthorized use of utility service has occurred, a utility shall not shut off service to an eligible low-income customer during the space heating season for nonpayment of a delinquent account if the customer pays to the utility a monthly amount equal to 6% of the estimated annual bill for the eligible customer and the eligible customer demonstrates, within 14 days of requesting shutoff protection, that he or she has made application for state or federal heating assistance. If an arrearage exists at the time an eligible low-income customer applies for protection from shutoff of service during the space-heating season, the utility shall permit the customer to pay the arrearage in equal monthly installments between the date of application and the start of the subsequent space-heating season.<br><br>(Changes to the Winter Protection rules will increase the amount of arrears carried throughout the year, which will result in an increase of uncollectables as well as carrying cost expenses.) | \$ 267,412.63          |
| 3      | On-going System Maintenance<br><br>C3.34 R460.2134 General Deposit Conditions<br><br>D1.13 R460.2083 Customer Deposit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | The following rules will have special programming and on-going maintenance.<br><br>R 111 Rule 11 (3a) - Residential Deposit Calculation (Heating Season) -New<br><br>R 111 Rule 11 (1a) - General Residential Deposit Calculation -Revised<br><br>R7 (11)- Commercial Deposit Calculation (Small Commercial) -New                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$ 27,648.00           |

**Total Impact** Emergency Billing Rule Changes

\$ 616,720.60

# MPSC Residential and Commercial Billing Rules Proposed Change Impact

Case No: U-14893  
 Witness: Daniel J. Forsyth  
 Exhibit: A-9  
 Schedule: C-15  
 Page 2 of 4

## General Customer Billing Rule Change Impact Summary

| Item # | SEMCO Tariff-MPSC Current Language                                                                                                                                                                                                                                                                                                                                                                                    | MPSC Proposed Language                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Impact Expense/(Gain) |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 4      | C1.2 R 460.2102 Definitions Rule 2.This is a newly proposed definition                                                                                                                                                                                                                                                                                                                                                | Residential R. 102 Definitions. Rule 2. (f) "Collection charge" means a commission approved charge assessed for the cost associated with sending an employee or agent to a residence to collect a past due payment in lieu of shutoff of service.<br><br>(This definition would eliminate the collection charge associated with C5.52 R 460.2152 Manner of Shutoff Rule 52 when an employee shall leave notice at least 24 hours prior to disconnection of service ...)                                                                                                                                                                                                                                                                          | \$ 983,767.50         |
| 5      | C.3.34 R 460.2134 General Deposit Conditions: Rule 34 (4) A utility shall pay interest at the rate of 9% per annum on all deposits. A utility shall credit interest semiannually to the service account of the customer or pay it upon the return of the deposit, whichever occurs first.                                                                                                                             | Residential R. 111 General Deposit Conditions. Rule 11 (6). A utility shall pay interest at the rate of 7% per annum on all deposits. A utility shall credit interest semiannually to the service account of the customer or pay it upon the return of the deposit, whichever occurs first.<br><br>(This rule change will reduce the expense paid out in interest that is currently applied semi-annually to deposits collected on customer accounts.)                                                                                                                                                                                                                                                                                           | \$ (54,345.54)        |
| 6      | C2.12 R460.2112 Estimated Billing: Rule 12. This is an additional proposed sub-section.                                                                                                                                                                                                                                                                                                                               | Residential R. 113 Meter Reading Interval. Rule 13. (6) An estimated bill generated because the actual read is outside the range for the premise usage shall not be issued in consecutive months. If the utility is actively engaged in resolving the problem, an additional 30 days is permitted to correct the problem and obtain an actual meter reading.<br><br>(This rule change will require dispatch of a Service Technician to investigate and/or fix the exception within a minimal time-frame, where currently, other means of investigation take place prior to dispatching a Service Technician resulting in more orders worked in the field.)                                                                                       | \$ 156,243.60         |
| 7      | C2.25 R 460.2125 Billing Error: Rule 25 (1) If a utility overcharges a customer due to a billing error, the utility shall refund or credit the amount of the overcharge. A utility is not required to adjust, refund, or credit an overcharge for more than the 3 years immediately preceding discovery of the billing error, unless the customer is able to establish an earlier date for commencement of the error. | Residential R. 126 Billing Error. Rule 26. (1) If a utility overcharges a customer due to a billing error, the utility shall refund or credit the amount of the overcharge plus 7% interest on the bill immediately following the discovery of the error. Upon customer request, overcharges greater than \$10 must be refunded within 30 days. A utility is not required to adjust, refund, or credit an overcharge plus 7% interest for more than the 3 years immediately preceding discovery of the billing error, unless the customer is able to establish an earlier date for commencement of the error.<br><br>(This rule change will require payment of interest at a rate of 7% on all overcharges. This is currently not a requirement) | \$ 281,894.21         |
| 8      | C2.25 R 460.2125 Billing Error: Rule 25 (2) If a utility undercharges a customer, the following provisions apply: (A) In cases that involve meter tampering or fraud, the utility may back bill the customer for the amount of the undercharge.                                                                                                                                                                       | Residential R. 126 Billing Error. Rule 26. (2) If a utility undercharges a customer, the following provisions apply: (a) In cases that involve, unauthorized use of utility service the utility may back bill the customer for the amount of the undercharge using the commission-approved process for estimating the bill. The utility may charge fees for unauthorized use of utility service in accordance with commission-approved tariffs.<br><br>(This change will allow the assessing of fees in addition to expenses incurred.                                                                                                                                                                                                           | \$ (29,000.00)        |
| 9      | On-going System Maintenance<br>C.2.21 R460.2121 Billing for Non-Tariff Services: Rule 21<br>C.2.12 R460.2112 Estimated Billing: Rule 12                                                                                                                                                                                                                                                                               | The following rules will have special programming and on-going maintenance.<br>R125 Billing for Non-Tariff Services. Rule 25<br>R113 Meter Reading Interval. Rule 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$ 16,012.80          |

**Total Impact General Customer Billing Rule Change** \$ 1,354,572.57

Total from Page 1 \$ 616,720.60

**Impact from All Proposed Billing Rate Changes** \$ 1,971,293.17

**Emergency Billing Rule Incorporation Impact Assumptions**

Item #

|    |                                                                                             |                |                       |
|----|---------------------------------------------------------------------------------------------|----------------|-----------------------|
| 1a | Residential R. 112 Payment of Bill. Rule 20                                                 |                |                       |
|    | Changing the residential due date from 17 days to 22 days.                                  |                |                       |
|    | Total residential revenue budgeted for YE 2006:                                             | \$             | 304,572,000.00        |
|    | Divided by: 365 days                                                                        | \$             | 834,443.84            |
|    | Multiplied 5 by five additional days                                                        | \$             | <u>4,172,219.18</u>   |
|    | Multiplied 0.07 interest rate                                                               | Sub Total Cost | \$ 292,055.34         |
| 1b | Commercial Rule 14                                                                          |                |                       |
|    | Changing the commercial due date from 21 days to 22 days.                                   |                |                       |
|    | Total commercial revenue budgeted for YE 2006:                                              | \$             | 154,367,000.00        |
|    | Divided by: 365 days                                                                        | \$             | 422,923.29            |
|    | Multiplied 1 by one additional day                                                          | \$             | <u>422,923.29</u>     |
|    | Multiplied 0.07 interest rate                                                               | Sub Total Cost | \$ 29,604.63          |
|    | Total Annual Cost                                                                           | \$             | 321,659.97            |
| 2  | Residential R 102 Rule 2. Definitions (m)                                                   |                |                       |
|    | Residential R 148 Winter Protection Plan for Low-income customers. Rule 48                  |                |                       |
|    | Winter Protection rule changes impact to uncollectables and carrying cost expenses          |                |                       |
|    | Assumptions                                                                                 |                |                       |
|    | Winter Protection Period (months)                                                           |                | 5                     |
|    | March 31, 2006 Incremental Arrears Balance                                                  | \$             | 1,447,330.29          |
|    | Assumed Uncollectible on Incremental Arrears (16.7%)                                        |                | 241,704.16            |
|    | Estimated Net Collected                                                                     | \$             | 1,205,626.13          |
|    | Months Before next heating season                                                           |                | 7                     |
|    | Estimated Monthly Collection                                                                | \$             | 172,200.00            |
|    | Interest rate (Company short term borrowing rate)                                           |                |                       |
|    | Total estimated Interest Expense on Incremental Arrears                                     | \$             | 25,708.47             |
|    | Total Annual Cost                                                                           | \$             | 267,412.63            |
| 3  | On-going System Maintenance at 18% Annually. Programming for new deposit rule requirements. |                |                       |
|    | R 111 Rule 11 (3a) - Residential Deposit Calculation (Heating Season)                       |                |                       |
|    | Changes in deposit routines estimated at:                                                   |                |                       |
|    |                                                                                             | \$             | 320 Programming hours |
|    |                                                                                             | <u>160</u>     | per/hour              |
|    | For this one program:                                                                       | \$             | 51,200 Est Cost       |
|    | Sub Total Cost                                                                              | \$             | 9,216                 |
|    | R 111 Rule 11 (1a) - General Residential Deposit Calculation                                |                |                       |
|    | Changes in deposit routines estimated at:                                                   |                |                       |
|    |                                                                                             | \$             | 320 Programming hours |
|    |                                                                                             | <u>160</u>     | per/hour              |
|    | For this one program:                                                                       | \$             | 51,200 Est Cost       |
|    | Sub Total Cost                                                                              | \$             | 9,216                 |
|    | R7 (11)- Commercial Deposit Calculation (Small Commercial)                                  |                |                       |
|    | Changes in deposit routines estimated at:                                                   |                |                       |
|    |                                                                                             | \$             | 320 Programming hours |
|    |                                                                                             | <u>160</u>     | per/hour              |
|    | For this one program:                                                                       | \$             | 51,200 Est Cost       |
|    | Sub Total Cost                                                                              | \$             | 9,216                 |
|    | Total Annual Cost                                                                           | \$             | 27,648                |

## General Customer Billing Rule Change Impact Assumptions

| Item # |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                              |  |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 4      | Residential R. 102 Definitions. Rule 2. (f)<br>Elimination of the collection charge associated with 24 hours hang notice.<br>Total number of hang notices in 2005                                                                                                                                                                                                                                                                                                                           | 85,545 Notices<br>\$ 11.50 Hang Fee                                                                                                                                                          |  |
|        | Total Annual Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 983,767.50                                                                                                                                                                                |  |
| 5      | Residential R. 111 General Deposit Conditions. Rule 11 (6)<br>Deposit interest rate reduction from 9 to 7 percent savings.<br>SMG 2005 Interest Paid \$123,607.45<br>MG 2005 Interest Paid \$120,947.49                                                                                                                                                                                                                                                                                     | \$ (244,554.94) Total Interest Paid<br>X 2% / 9%<br>Total Annual Savings \$ (54,345.54)                                                                                                      |  |
| 6      | Residential R. 113 Meter Reading Interval. Rule 13. (6)<br>Dispatching field technicians for meter read edit report.<br>Annual Meter Edit Report Accounts 281,520<br>Meter Edit Report Investigated (approx. 3%) 8,446<br>Number of Investigated Edits Dispatched (approx. 50%) 4,223<br>Technician Labor Rate (\$74/hour at 1/2 hour) \$ 37.00                                                                                                                                             |                                                                                                                                                                                              |  |
|        | Total Annual Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 156,243.60                                                                                                                                                                                |  |
| 7      | Residential R. 126 Billing Error. Rule 26. (1)<br>Requirement to pay 7% to overcharges.<br>Special Programming 320 hours @ \$160/hr<br>Total credit adjustments performed<br>SE 2005 Credit Adjustments \$2,441,909.98<br>MG 2005 Credit Adjustments \$1,453,493.01                                                                                                                                                                                                                         | \$ 3,895,402.99 Total Credit adjustments<br>0.07%<br>Total additional cost per year \$ 272,678.21<br>Programming Costs \$ 51,200.00<br>Annual Maintenance (18%) \$ 9,216.00                  |  |
|        | Total Annual Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 281,894.21                                                                                                                                                                                |  |
| 8      | Residential R. 126 Billing Error. Rule 26. (2a)<br>The ability to charge a fee for unauthorized usage<br>Total Unauthorized use identified and billed for 2005 was 290 accounts                                                                                                                                                                                                                                                                                                             | 290 Accounts<br>\$ (100.00) Fee<br>Total Annual Savings \$ (29,000.00)                                                                                                                       |  |
| 9      | On-going System Maintenance at 18% Annually. Programming for new rule requirements.<br>R125 Rule 25 - Billing for Non-Tariff Services<br>A special message for non-tariff items on the customer bills.<br>Ancor-IT Programming 40 hours @ \$85<br>CIS special programming 236 hours @ \$160<br>Total Cost<br>Sub Total Cost<br>R113 Rule 13 - Meter Reading Interval<br>Identify estimated reads on meter read edit report.<br>Changes in meter edit estimated at:<br>For this one program: | \$ 3,400.00<br>\$ 37,760.00<br>\$ 41,160.00<br>\$ 6,796.80<br>320 Programming hours<br>\$ 160 per/hour<br>\$ 51,200 Est Cost<br>\$ 9,216<br>Sub Total Cost<br>Total Annual Cost \$ 16,012.80 |  |

| Line No. | Description                              | Amount         | Reference        |
|----------|------------------------------------------|----------------|------------------|
| 1        | <u>Operating Expenses -- 2007:</u>       |                |                  |
| 2        | Third Party Software                     | 54,764         | Ex. A-12, Sch. 2 |
| 3        | Hardware                                 | 23,513         | Ex. A-12, Sch. 2 |
| 4        | Software                                 | 267,120        | Ex. A-12, Sch. 2 |
| 5        | Mods/Interfaces                          | 68,408         | Ex. A-12, Sch. 2 |
| 6        | Phone Touch/IVR                          | 72,038         | Ex. A-12, Sch. 2 |
| 7        | Webtouch                                 | 33,480         | Ex. A-12, Sch. 2 |
| 8        | Reporting -- Cognos                      | 41,999         | Ex. A-12, Sch. 2 |
| 9        | Total Ongoing Operating Expenses -- 2007 | 561,322        |                  |
| 10       | MPSC Portion                             | 87.0%          | Ex. A-12, Sch. 2 |
| 11       | Additional Operating Expense -- 2007     | <u>488,350</u> | Line 9 x Line 10 |

| Line<br>No. | Description                              | Amount | Reference        |
|-------------|------------------------------------------|--------|------------------|
| 1           | <u>Operating Expenses -- 2007:</u>       |        |                  |
| 2           | License Fees                             | 63,600 | Ex. A-12, Sch. 3 |
| 3           | Third Party Software                     | 9,524  | Ex. A-12, Sch. 3 |
| 4           | Total Ongoing Operating Expenses -- 2007 | 73,124 |                  |
| 5           | MPSC Portion                             | 87.0%  | Ex. A-12, Sch. 3 |
| 6           | Additional Operating Expense -- 2007     | 63,618 | Line 4 x Line 5  |

SEMCO Energy Gas Company  
 Peninsular Gas Company O&M Expense Adjustment

Section B

Case No. U-14893  
 Witness: S.W. Warsinske  
 Exhibit: A - 9  
 Schedule: C - 18  
 Page 1 of 1

|                                          | A<br>YTD 4/30/2005<br>Actual | B<br>Monthly<br>Average | C<br>YTD 05/31/05<br>Estimated |
|------------------------------------------|------------------------------|-------------------------|--------------------------------|
| 1 Operating Expense                      |                              |                         |                                |
| 2 Operating Supervisor & Engineer        | \$ 2,688.00                  | \$ 672.00               | \$ 3,360.00                    |
| 3 Product Expense - Other                | 8,051.69                     | 2,012.92                | 10,064.61                      |
| 4 District Ops Super & Engineer          | 2,688.00                     | 672.00                  | 3,360.00                       |
| 5 Meter & House Regulators               | 9,460.13                     | 2,365.03                | 11,825.16                      |
| 6 Customer Installation                  | 8,217.85                     | 2,054.46                | 10,272.31                      |
| 7 Rents                                  | 4,027.40                     | 1,006.85                | 5,034.25                       |
| 8 Maintenance - Mains                    | 5,089.53                     | 1,272.38                | 6,361.91                       |
| 9 Maintenance - Services                 | 1,575.31                     | 393.83                  | 1,969.14                       |
| 10 Maintenance - Meters & House          | 5,021.38                     | 1,255.35                | 6,276.73                       |
| 11 Meter Reading Expense                 | 12,104.19                    | 3,026.05                | 15,130.24                      |
| 12 Customer Record & Collection Expense  | 4,595.62                     | 1,148.91                | 5,744.53                       |
| 13 Customer Accounts Expense             | 2,018.17                     | 504.54                  | 2,522.71                       |
| 14 Advertising                           | 1,338.95                     | 334.74                  | 1,673.69                       |
| 15 General and Admin Salary              | 59,238.80                    | 14,809.70               | 74,048.50                      |
| 16 Office Supplies & Expense             | 1,344.00                     | 336.00                  | 1,680.00                       |
| 17 Insurance - Property                  | 67,320.00                    | 16,830.00               | 84,150.00                      |
| 18 Employee Benefits                     | 41,628.10                    | 10,407.03               | 52,035.13                      |
| 19 Regulatory Commission Expense         | 10,944.45                    | 2,736.11                | 13,680.56                      |
| 20 Miscellaneous General                 | 42,040.02                    | 10,510.01               | 52,550.03                      |
| 21 Rents                                 | 5,000.00                     | 1,250.00                | 6,250.00                       |
| 22 Maintenance - General Plant           | 2,640.17                     | 660.04                  | 3,300.21                       |
| 23 Depreciation                          | 44,456.00                    | 11,114.00               | 55,570.00                      |
| 24 Taxes - Other                         | 13,542.98                    | 3,385.75                | 16,928.73                      |
| 25 Taxes - Payroll                       | 12,851.35                    | 3,212.84                | 16,064.19                      |
| 26 Sales - Supplies                      | (725.74)                     | (181.44)                | (907.18)                       |
| 27 Labor Income                          | (704.12)                     | (176.03)                | (880.15)                       |
| 28 COS - Service Calls                   | 5,073.87                     | 1,268.47                | 6,342.34                       |
| 29 Total O&M Expense                     | <u>\$ 371,526.10</u>         | <u>\$ 92,881.53</u>     | <u>\$ 464,407.63</u>           |
| 30                                       |                              |                         |                                |
| 31 Less:                                 |                              |                         |                                |
| 32 Operating Supervisor & Engineer       | \$ (2,688.00)                | \$ (672.00)             | \$ (3,360.00)                  |
| 33 District Ops Super & Engineer         | (2,688.00)                   | (672.00)                | (3,360.00)                     |
| 34 Rents                                 | (4,027.40)                   | (1,006.85)              | (5,034.25)                     |
| 35 General and Admin Salary              | (59,238.80)                  | (14,809.70)             | (74,048.50)                    |
| 36 Depreciation                          | (44,456.00)                  | (11,114.00)             | (55,570.00)                    |
| 37 Employee Benefits (50%)               | (20,814.05)                  | (5,203.51)              | (26,017.56)                    |
| 38 Rents                                 | (5,000.00)                   | (1,250.00)              | (6,250.00)                     |
| 39 Sales - Supplies                      | 725.74                       | 181.44                  | 907.18                         |
| 40 Labor Income                          | 704.12                       | 176.03                  | 880.15                         |
| 41 Total Deductions                      | <u>\$ (137,482.39)</u>       | <u>\$ (34,370.60)</u>   | <u>\$ (171,852.99)</u>         |
| 42                                       |                              |                         |                                |
| 43                                       |                              |                         |                                |
| 44 Peninsular Gas Company O&M Adjustment |                              |                         | <u>\$ 292,554.64</u>           |

SEMCO Energy Gas Company  
Overall Rate of Return Summary  
for the 2007 Test Year

Section B

Case No.: U-14893  
Witness: B.H. Fairchild  
Exhibit A-10  
Schedule D-1  
Page 1 of 1

| Line<br>No. | Description<br>(Col. 1) | Reference<br>(Col. 2) | Amount<br>(Col. 3)        | % of<br>Permanent<br>Capital<br>(Col. 4) | % of<br>Total<br>Capital<br>(Col. 5) | Cost<br>Rate (1)<br>(Col. 6) | Weighted Cost                    |                              | Weighted<br>Cost of<br>Debt<br>(Col. 9) |
|-------------|-------------------------|-----------------------|---------------------------|------------------------------------------|--------------------------------------|------------------------------|----------------------------------|------------------------------|-----------------------------------------|
|             |                         |                       |                           |                                          |                                      |                              | Permanent<br>Capital<br>(Col. 7) | Total<br>Capital<br>(Col. 8) |                                         |
| 1           | Short Term Debt         | Ex. A-10, Sch. D-3    | 22,620,981                | 7.43%                                    | 6.78%                                | 5.00%                        | 0.37%                            | 0.34%                        | 0.34%                                   |
| 2           | Long Term Debt          | Ex. A-10, Sch. D-2    | 134,202,586               | 44.05%                                   | 40.23%                               | 6.30%                        | 2.78%                            | 2.53%                        | 2.53%                                   |
| 3           | Preferred Stock         | Ex. A-10, Sch. D-4    | 456,990                   | 0.15%                                    | 0.14%                                | 4.70%                        | 0.01%                            | 0.01%                        |                                         |
| 4           | Common Equity           | Ex. A-10, Sch. D-5    | <u>147,379,117</u>        | <u>48.38%</u>                            | 44.18%                               | 11.90%                       | <u>5.76%</u>                     | 5.26%                        | <u>          </u>                       |
| 5           | Subtotal                | Ex. A-4, Sch. D-1     | 304,659,673               | <u>100.00%</u>                           |                                      |                              | <u>8.92%</u>                     |                              | 2.87%                                   |
| 6           | Customer Deposits       | Ex. A-4, Sch. D-1     | 2,809,460                 |                                          | 0.84%                                | 9.00%                        |                                  | 0.08%                        | 0.08%                                   |
| 7           | Deferred FIT            | Ex. A-4, Sch. D-1     | 25,622,394                |                                          | 7.68%                                | 0.00%                        |                                  | 0.00%                        |                                         |
| 8           | JDITC                   | Ex. A-4, Sch. D-1     | <u>484,476</u>            |                                          | <u>0.15%</u>                         | 8.92%                        |                                  | <u>0.01%</u>                 | <u>0.00%</u>                            |
| 9           | <b>Total</b>            |                       | <u><u>333,576,003</u></u> |                                          | <u>100.00%</u>                       |                              |                                  | <u><u>8.23%</u></u>          | <u><u>2.95%</u></u>                     |

**GAS UTILITY GROUP COST OF LONG-TERM DEBT**

|                         | <b>Embedded</b> |
|-------------------------|-----------------|
|                         | <b>Cost of</b>  |
| <b>Company</b>          | <b>Debt (a)</b> |
| AGL Resources           | 6.45%           |
| Atmos Energy            | 5.32%           |
| Energen Corp.           | 6.43%           |
| Equitable Resources     | 5.90%           |
| KeySpan                 | 6.94%           |
| Laclede Group           | 6.50%           |
| National Fuel Gas       | 6.47%           |
| Nicor Inc.              | 6.07%           |
| Northwest Natural Gas   | 6.58%           |
| Peoples Energy          | 5.99%           |
| Piedmont Natural Gas    | 7.03%           |
| South Jersey Industries | 5.99%           |
| WGL Holdings            | 6.23%           |
| <b>Average</b>          | <b>6.30%</b>    |

(a) At fiscal year-end from Company Annual Reports and Form 10-Ks.

**GAS UTILITY GROUP COST OF SHORT-TERM DEBT**

|                         | <b>Cost of<br/>Short-term<br/>Debt (a)</b> |
|-------------------------|--------------------------------------------|
| <b>Company</b>          |                                            |
| AGL Resources           | 4.99%                                      |
| Atmos Energy            | --                                         |
| Energen Corp.           | 5.19%                                      |
| Equitable Resources     | 5.40%                                      |
| KeySpan                 | 4.87%                                      |
| Laclede Group           | 4.80%                                      |
| National Fuel Gas       | --                                         |
| Nicor Inc.              | 4.59%                                      |
| Northwest Natural Gas   | 4.79%                                      |
| Peoples Energy          | --                                         |
| Piedmont Natural Gas    | 5.16%                                      |
| South Jersey Industries | 5.35%                                      |
| WGL Holdings            | 4.87%                                      |
| <b>Average</b>          | <b>5.00%</b>                               |

(a) Fiscal year-end rate from Company Annual Reports and Form 10-Ks adjusted to March 2006.

**GAS UTILITY GROUP COST OF PREFERRED STOCK**

|                         | <b>Embedded<br/>Cost of<br/>Preferred (a)</b> |
|-------------------------|-----------------------------------------------|
| <b>Company</b>          |                                               |
| AGL Resources           | --                                            |
| Atmos Energy            | --                                            |
| Energen Corp.           | --                                            |
| Equitable Resources     | --                                            |
| KeySpan                 | --                                            |
| Laclede Group           | 4.93%                                         |
| National Fuel Gas       | --                                            |
| Nicor Inc.              | 4.48%                                         |
| Northwest Natural Gas   | --                                            |
| Peoples Energy          | --                                            |
| Piedmont Natural Gas    | --                                            |
| South Jersey Industries | --                                            |
| WGL Holdings            | 4.70%                                         |
| <b>Average</b>          | <b>4.70%</b>                                  |

18 (a) At fiscal year-end from Company Annual Reports and Form 10-Ks.

**COST OF COMMON EQUITY**

SEMCO Gas is requesting a rate of return on common equity of 11.90%, predicated on industry capital structure ratios and adoption of SEMCO Gas's proposed changes in rates design. If these are denied, then a higher rate of return on common equity would be required to compensate for the associated increased risk.

Section B

GAS UTILITY GROUP INVESTOR-SUPPLIED CAPITAL

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| Company                   | Average         |                |                 |               | March 31, 2005  |                |                 |               | June 30, 2005   |                |                 |               | September 30, 2005 |                |                 |               | December 31, 2005 |                |                 |               |
|---------------------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|--------------------|----------------|-----------------|---------------|-------------------|----------------|-----------------|---------------|
|                           | Short-term Debt | Long-term Debt | Preferred Stock | Common Equity | Short-term Debt | Long-term Debt | Preferred Stock | Common Equity | Short-term Debt | Long-term Debt | Preferred Stock | Common Equity | Short-term Debt    | Long-term Debt | Preferred Stock | Common Equity | Short-term Debt   | Long-term Debt | Preferred Stock | Common Equity |
| <b>Amounts (millions)</b> |                 |                |                 |               |                 |                |                 |               |                 |                |                 |               |                    |                |                 |               |                   |                |                 |               |
| AGL Resources             |                 |                |                 |               | 38.0            | 1,618.0        | 0.0             | 1,476.0       | 172.0           | 1,621.0        | 0.0             | 1,489.0       | 344.0              | 1,616.0        | 0.0             | 1,482.0       | 522.0             | 1,615.0        | 0.0             | 1,537.0       |
| Atmos Energy              |                 |                |                 |               | 0.0             | 2,260.7        | 0.0             | 1,632.3       | 0.0             | 2,186.9        | 0.0             | 1,616.0       | 144.8              | 2,186.4        | 0.0             | 1,602.4       | 474.1             | 2,184.8        | 0.0             | 1,637.6       |
| Energen Corp.             |                 |                |                 |               | 0.0             | 702.9          | 0.0             | 798.8         | 0.0             | 702.9          | 0.0             | 851.6         | 0.0                | 674.9          | 0.0             | 753.8         | 153.0             | 698.2          | 0.0             | 892.7         |
| Equitable Resources       |                 |                |                 |               | 392.0           | 628.2          | 0.0             | 749.0         | 156.5           | 618.1          | 0.0             | 673.2         | 437.5              | 767.9          | 0.0             | 266.7         | 365.3             | 766.4          | 0.0             | 354.5         |
| KeySpan Corp              |                 |                |                 |               | 470.9           | 3,915.7        | 75.0            | 4,080.7       | 284.0           | 3,916.9        | 0.0             | 4,496.2       | 320.0              | 3,916.0        | 0.0             | 4,402.8       | 657.6             | 3,933.8        | 0.0             | 4,479.4       |
| Laclede Gas               |                 |                |                 |               | 86.2            | 380.4          | 0.9             | 382.6         | 47.4            | 380.5          | 0.9             | 384.2         | 70.6               | 380.5          | 0.9             | 366.5         | 269.4             | 380.5          | 0.9             | 392.6         |
| National Fuel Gas         |                 |                |                 |               | 113.2           | 1,140.2        | 0.0             | 1,330.4       | 12.7            | 1,132.0        | 0.0             | 1,325.8       | 0.0                | 1,128.4        | 0.0             | 1,229.6       | 74.8              | 1,126.3        | 0.0             | 1,321.3       |
| Nicor, Inc.               |                 |                |                 |               | 34.6            | 495.4          | 1.6             | 776.4         | 0.0             | 495.5          | 1.4             | 789.9         | 144.0              | 495.7          | 0.6             | 780.9         | 586.0             | 535.8          | 0.6             | 811.3         |
| Northwest Natural         |                 |                |                 |               | 10.5            | 498.9          | 0.0             | 599.4         | 0.0             | 548.7          | 0.0             | 591.8         | 72.5               | 529.5          | 0.0             | 570.5         | 126.7             | 529.5          | 0.0             | 586.9         |
| Peoples Energy Corp.      |                 |                |                 |               | 0.0             | 895.6          | 0.0             | 877.8         | 15.2            | 897.1          | 0.0             | 879.7         | 8.1                | 895.6          | 0.0             | 800.2         | 177.3             | 895.2          | 0.0             | 802.1         |
| Piedmont Natural Gas      |                 |                |                 |               | 0.0             | 660.0          | 0.0             | 931.0         | 84.0            | 660.0          | 0.0             | 905.3         | 158.5              | 660.0          | 0.0             | 884.2         | 350.0             | 660.0          | 0.0             | 939.9         |
| South Jersey Industries   |                 |                |                 |               | 32.4            | 323.8          | 1.7             | 600.0         | 53.5            | 321.5          | 0.0             | 367.9         | 71.5               | 321.5          | 0.0             | 368.6         | 147.3             | 321.4          | 0.0             | 391.6         |
| WGL Holdings              |                 |                |                 |               | 82.9            | 614.3          | 28.2            | 945.5         | 26.7            | 573.8          | 28.2            | 922.5         | 40.9               | 634.3          | 28.2            | 894.0         | 310.7             | 635.5          | 28.2            | 921.8         |
| <b>Percent of Total</b>   |                 |                |                 |               |                 |                |                 |               |                 |                |                 |               |                    |                |                 |               |                   |                |                 |               |
| AGL Resources             | 7.7%            | 48.0%          | 0.0%            | 44.3%         | 1.2%            | 51.7%          | 0.0%            | 47.1%         | 5.2%            | 49.4%          | 0.0%            | 45.4%         | 10.0%              | 46.9%          | 0.0%            | 43.1%         | 14.2%             | 44.0%          | 0.0%            | 41.8%         |
| Atmos Energy              | 3.7%            | 55.5%          | 0.0%            | 40.8%         | 0.0%            | 58.1%          | 0.0%            | 41.9%         | 0.0%            | 57.5%          | 0.0%            | 42.5%         | 3.7%               | 55.6%          | 0.0%            | 40.7%         | 11.0%             | 50.9%          | 0.0%            | 38.1%         |
| Energen Corp.             | 2.2%            | 44.8%          | 0.0%            | 53.0%         | 0.0%            | 46.8%          | 0.0%            | 53.2%         | 0.0%            | 45.2%          | 0.0%            | 54.8%         | 0.0%               | 47.2%          | 0.0%            | 52.8%         | 8.8%              | 40.0%          | 0.0%            | 51.2%         |
| Equitable Resources       | 21.8%           | 45.5%          | 0.0%            | 32.7%         | 22.2%           | 35.5%          | 0.0%            | 42.3%         | 10.8%           | 42.7%          | 0.0%            | 46.5%         | 29.7%              | 52.2%          | 0.0%            | 18.1%         | 24.6%             | 51.6%          | 0.0%            | 23.9%         |
| KeySpan Corp              | 4.9%            | 44.9%          | 0.2%            | 50.0%         | 5.5%            | 45.8%          | 0.9%            | 47.8%         | 3.3%            | 45.0%          | 0.0%            | 51.7%         | 3.7%               | 45.3%          | 0.0%            | 51.0%         | 7.2%              | 43.4%          | 0.0%            | 49.4%         |
| Laclede Gas               | 12.6%           | 43.6%          | 0.1%            | 43.7%         | 10.1%           | 44.7%          | 0.1%            | 45.0%         | 5.8%            | 46.8%          | 0.1%            | 47.3%         | 8.6%               | 46.5%          | 0.1%            | 44.8%         | 25.8%             | 36.5%          | 0.1%            | 37.6%         |
| National Fuel Gas         | 2.0%            | 45.6%          | 0.0%            | 52.4%         | 4.4%            | 44.1%          | 0.0%            | 51.5%         | 0.5%            | 45.8%          | 0.0%            | 53.7%         | 0.0%               | 47.9%          | 0.0%            | 52.1%         | 3.0%              | 44.7%          | 0.0%            | 52.4%         |
| Nicor, Inc.               | 10.8%           | 34.7%          | 0.1%            | 54.4%         | 2.6%            | 37.9%          | 0.1%            | 59.4%         | 0.0%            | 38.5%          | 0.1%            | 61.4%         | 10.1%              | 34.9%          | 0.0%            | 54.9%         | 30.3%             | 27.7%          | 0.0%            | 42.0%         |
| Northwest Natural         | 4.3%            | 45.2%          | 0.0%            | 50.5%         | 0.9%            | 45.0%          | 0.0%            | 54.1%         | 0.0%            | 48.1%          | 0.0%            | 51.9%         | 6.2%               | 45.2%          | 0.0%            | 48.7%         | 10.2%             | 42.6%          | 0.0%            | 47.2%         |
| Peoples Energy Corp.      | 2.7%            | 50.2%          | 0.0%            | 47.1%         | 0.0%            | 50.5%          | 0.0%            | 49.5%         | 0.8%            | 50.1%          | 0.0%            | 49.1%         | 0.5%               | 52.6%          | 0.0%            | 47.0%         | 9.5%              | 47.8%          | 0.0%            | 42.8%         |
| Piedmont Natural Gas      | 8.1%            | 38.5%          | 0.0%            | 53.4%         | 0.0%            | 41.5%          | 0.0%            | 58.5%         | 5.1%            | 40.0%          | 0.0%            | 54.9%         | 9.3%               | 38.8%          | 0.0%            | 51.9%         | 17.9%             | 33.8%          | 0.0%            | 48.2%         |
| South Jersey Industries   | 9.3%            | 39.2%          | 0.0%            | 51.5%         | 3.4%            | 33.8%          | 0.2%            | 62.6%         | 7.2%            | 43.3%          | 0.0%            | 49.5%         | 9.4%               | 42.2%          | 0.0%            | 48.4%         | 17.1%             | 37.4%          | 0.0%            | 45.5%         |
| WGL Holdings              | 6.4%            | 36.7%          | 1.7%            | 55.2%         | 5.0%            | 36.8%          | 1.7%            | 56.6%         | 1.7%            | 37.0%          | 1.8%            | 59.5%         | 2.6%               | 39.7%          | 1.8%            | 56.0%         | 16.4%             | 33.5%          | 1.5%            | 48.6%         |
| <b>AVERAGE</b>            | <b>7.4%</b>     | <b>44.1%</b>   | <b>0.2%</b>     | <b>48.4%</b>  | <b>4.3%</b>     | <b>44.0%</b>   | <b>0.2%</b>     | <b>51.5%</b>  | <b>3.1%</b>     | <b>45.3%</b>   | <b>0.2%</b>     | <b>51.4%</b>  | <b>7.2%</b>        | <b>45.8%</b>   | <b>0.1%</b>     | <b>46.9%</b>  | <b>15.1%</b>      | <b>41.1%</b>   | <b>0.1%</b>     | <b>43.7%</b>  |

**GAS UTILITY GROUP DIVIDEND YIELD**

|                         | <b>Expected<br/>Dividend (a)</b> | <b>Price (b)</b> | <b>Dividend<br/>Yield (c)</b> |
|-------------------------|----------------------------------|------------------|-------------------------------|
| <b>Company</b>          |                                  |                  |                               |
| AGL Resources           | \$ 1.50                          | \$ 35.56         | 4.2%                          |
| Atmos Energy            | \$ 1.27                          | \$ 26.40         | 4.8%                          |
| Energen Corp.           | \$ 0.45                          | \$ 34.30         | 1.3%                          |
| Equitable Resources     | \$ 0.87                          | \$ 36.60         | 2.4%                          |
| Laclede Group           | \$ 1.42                          | \$ 33.85         | 4.2%                          |
| National Fuel Gas       | \$ 1.16                          | \$ 32.31         | 3.6%                          |
| Nicor Inc.              | \$ 1.87                          | \$ 41.07         | 4.6%                          |
| Northwest Natural Gas   | \$ 1.39                          | \$ 34.17         | 4.1%                          |
| Peoples Energy          | \$ 2.18                          | \$ 36.48         | 6.0%                          |
| Piedmont Natural Gas    | \$ 0.96                          | \$ 23.77         | 4.0%                          |
| South Jersey Industries | \$ 0.93                          | \$ 27.81         | 3.3%                          |
| WGL Holdings            | \$ 1.35                          | \$ 30.24         | 4.5%                          |
| <b>Average</b>          |                                  |                  | <b>3.9%</b>                   |

- 17 (a) The Value Line Investment Survey (March 17, 2006).  
18 (b) Average closing price during March 2006 from Yahoo Finance.  
19 (c) Expected Dividend / Price.

**GAS UTILITY GROUP EARNINGS GROWTH RATES**

|    |                         | Projected Growth  |             |             | Historical Growth |             |
|----|-------------------------|-------------------|-------------|-------------|-------------------|-------------|
|    |                         | Value<br>Line (a) | I/B/E/S (b) | Zacks (c)   | 10-Year (a)       | 5-Year (a)  |
| 1  | <b>Company</b>          |                   |             |             |                   |             |
| 2  | AGL Resources           | 4.0%              | 5.0%        | 4.7%        | 6.5%              | 13.5%       |
| 3  | Atmos Energy            | 7.0%              | 5.0%        | 5.4%        | 4.0%              | 6.5%        |
| 4  | Energen Corp.           | 12.5%             | 7.0%        | 7.7%        | 12.5%             | 18.5%       |
| 5  | Equitable Resources     | 9.5%              | 10.0%       | 9.8%        | 10.5%             | 29.0%       |
| 6  | Laclede Group           | 7.0%              | 5.0%        | --          | 2.5%              | 4.5%        |
| 7  | National Fuel Gas       | 1.5%              | 5.0%        | 6.0%        | 5.5%              | 4.0%        |
| 8  | Nicor Inc.              | 4.0%              | --          | 5.0%        | 2.0%              | -0.5%       |
| 9  | Northwest Natural Gas   | 7.0%              | 5.0%        | 5.3%        | 2.5%              | 3.0%        |
| 10 | Peoples Energy          | 0.5%              | 4.0%        | 4.0%        | 2.5%              | 1.0%        |
| 11 | Piedmont Natural Gas    | 6.0%              | 5.0%        | 5.4%        | 5.5%              | 5.0%        |
| 12 | South Jersey Industries | 7.0%              | 6.0%        | 5.5%        | 8.0%              | 11.5%       |
| 13 | WGL Holdings            | 2.0%              | 4.0%        | 4.0%        | 4.5%              | 6.0%        |
| 14 | <b>Average</b>          | <b>5.7%</b>       | <b>5.5%</b> | <b>5.7%</b> | <b>5.5%</b>       | <b>8.5%</b> |

14 (a) The Value Line Investment Survey (March 17, 2006).

15 (b) Standard & Poors Earnings Guide (March 2006).

16 (c) Zacks Quotes and Research (March 29 and April 16, 2006).

GAS UTILITY GROUP SUSTAINABLE GROWTH RATES (a)

| Company                 | 2009-2011 Projected |                     |                      |                 | Shares Outstanding |             | Earnings Retention Growth |                  |             | External Financing Growth      |                       |       |       |             | Sustainable Growth |
|-------------------------|---------------------|---------------------|----------------------|-----------------|--------------------|-------------|---------------------------|------------------|-------------|--------------------------------|-----------------------|-------|-------|-------------|--------------------|
|                         | Earnings per Share  | Dividends per Share | Book Value per Share | Price per Share | 2005               | Proj. 09-11 | Retention Ratio           | Return on Equity | "b x r"     | 2009-2011 Market-to-Book Ratio | Growth Rate in Shares | "s"   | "v"   | "s x v"     |                    |
| AGL Resources           | \$ 2.90             | \$ 1.75             | \$ 24.75             | \$ 42.50        | 77.70              | 78.00       | 39.7%                     | 11.7%            | 4.6%        | 1.72                           | 0.1%                  | 0.1%  | 41.8% | 0.1%        | 4.7%               |
| Atmos Energy            | \$ 2.50             | \$ 1.35             | \$ 24.10             | \$ 32.50        | 80.54              | 100.00      | 46.0%                     | 10.4%            | 4.8%        | 1.35                           | 4.4%                  | 6.0%  | 25.8% | 1.5%        | 6.3%               |
| Energen Corp.           | \$ 3.30             | \$ 0.60             | \$ 16.20             | \$ 42.50        | 73.50              | 90.00       | 81.8%                     | 20.4%            | 16.7%       | 2.62                           | 4.1%                  | 10.8% | 61.9% | 6.7%        | 23.4%              |
| Equitable Resources     | \$ 2.50             | \$ 1.03             | \$ 10.60             | \$ 35.00        | 119.91             | 117.50      | 58.8%                     | 23.6%            | 13.9%       | 3.30                           | -0.4%                 | -1.3% | 69.7% | -0.9%       | 12.9%              |
| Laclede Group           | \$ 2.80             | \$ 1.50             | \$ 22.30             | \$ 35.00        | 21.17              | 24.00       | 46.4%                     | 12.6%            | 5.8%        | 1.57                           | 2.5%                  | 4.0%  | 36.3% | 1.4%        | 7.3%               |
| National Fuel Gas       | \$ 2.05             | \$ 1.26             | \$ 19.65             | \$ 25.00        | 84.36              | 86.50       | 38.5%                     | 10.4%            | 4.0%        | 1.27                           | 0.5%                  | 0.6%  | 21.4% | 0.1%        | 4.2%               |
| Nicor Inc.              | \$ 2.80             | \$ 2.02             | \$ 21.40             | \$ 45.00        | 44.18              | 44.60       | 27.9%                     | 13.1%            | 3.6%        | 2.10                           | 0.2%                  | 0.4%  | 52.4% | 0.2%        | 3.9%               |
| Northwest Natural Gas   | \$ 2.85             | \$ 1.70             | \$ 25.55             | \$ 40.00        | 27.58              | 28.00       | 40.4%                     | 11.2%            | 4.5%        | 1.57                           | 0.3%                  | 0.5%  | 36.1% | 0.2%        | 4.7%               |
| Peoples Energy          | \$ 2.70             | \$ 2.24             | \$ 20.60             | \$ 47.50        | 38.16              | 42.00       | 17.0%                     | 13.1%            | 2.2%        | 2.31                           | 1.9%                  | 4.5%  | 56.6% | 2.5%        | 4.8%               |
| Piedmont Natural Gas    | \$ 1.75             | \$ 1.17             | \$ 13.30             | \$ 35.00        | 76.70              | 75.00       | 33.1%                     | 13.2%            | 4.4%        | 2.63                           | -0.4%                 | -1.2% | 62.0% | -0.7%       | 3.6%               |
| South Jersey Industries | \$ 2.30             | \$ 1.15             | \$ 17.50             | \$ 30.00        | 28.98              | 31.00       | 50.0%                     | 13.1%            | 6.6%        | 1.71                           | 1.4%                  | 2.3%  | 41.7% | 1.0%        | 7.5%               |
| WGL Holdings            | \$ 2.40             | \$ 1.45             | \$ 21.30             | \$ 32.50        | 48.65              | 48.80       | 39.6%                     | 11.3%            | 4.5%        | 1.53                           | 0.1%                  | 0.1%  | 34.5% | 0.0%        | 4.5%               |
| <b>Average</b>          |                     |                     |                      |                 |                    |             |                           |                  | <b>6.3%</b> |                                |                       |       |       | <b>1.0%</b> | <b>7.3%</b>        |

(a) The Value Line Investment Survey (March 17, 2006).

**GAS UTILITY GROUP OTHER PROJECTED AND HISTORICAL GROWTH RATES**

| Company                 | Net Book Value (a) |             |             | Dividends per Share (a) |             |             | Price per Share (b) |             |             |
|-------------------------|--------------------|-------------|-------------|-------------------------|-------------|-------------|---------------------|-------------|-------------|
|                         | Pro-<br>jected     | Historical  |             | Pro-<br>jected          | Historical  |             | Pro-<br>jected      | Historical  |             |
|                         |                    | 10-Year     | 5-Year      |                         | 10-Year     | 5-Year      |                     | 10-Year     | 5-Year      |
| AGL Resources           | 6.0%               | 5.5%        | 8.5%        | 6.5%                    | 1.5%        | 2.0%        | 4.3%                | 7.0%        | 11.2%       |
| Atmos Energy            | 5.0%               | 6.5%        | 8.5%        | 2.0%                    | 3.0%        | 2.0%        | 5.0%                | 1.8%        | 2.4%        |
| Energen Corp.           | 8.0%               | 11.0%       | 11.5%       | 7.0%                    | 3.5%        | 3.0%        | 5.2%                | 19.6%       | 18.0%       |
| Equitable Resources     | 9.5%               | 3.0%        | 6.5%        | 11.5%                   | 6.5%        | 11.5%       | -1.0%               | 17.6%       | 3.0%        |
| Laclede Group           | 5.0%               | 3.0%        | 2.5%        | 2.0%                    | 1.0%        | 0.5%        | 0.8%                | 4.4%        | 7.3%        |
| National Fuel Gas       | 4.0%               | 3.5%        | 3.0%        | 2.5%                    | 3.5%        | 3.5%        | -5.9%               | 6.6%        | 4.5%        |
| Nicor Inc.              | 3.5%               | 2.5%        | 1.0%        | 1.5%                    | 4.5%        | 4.5%        | 2.2%                | 3.9%        | 2.2%        |
| Northwest Natural Gas   | 3.5%               | 4.0%        | 3.5%        | 4.0%                    | 1.0%        | 1.0%        | 3.8%                | 1.0%        | 7.2%        |
| Peoples Energy          | -1.5%              | 2.5%        | 2.0%        | 1.0%                    | 1.5%        | 2.0%        | 6.4%                | 1.6%        | -1.6%       |
| Piedmont Natural Gas    | 3.5%               | 6.5%        | 6.5%        | 5.5%                    | 5.5%        | 5.0%        | 9.5%                | 7.5%        | 7.1%        |
| South Jersey Industries | 6.0%               | 5.5%        | 13.0%       | 6.0%                    | 1.5%        | 2.5%        | 1.8%                | 9.7%        | 12.1%       |
| WGL Holdings            | 4.0%               | 4.0%        | 3.0%        | 2.0%                    | 1.5%        | 1.5%        | 1.7%                | 3.2%        | 2.3%        |
| <b>Average</b>          | <b>4.7%</b>        | <b>4.8%</b> | <b>5.8%</b> | <b>4.3%</b>             | <b>2.9%</b> | <b>3.3%</b> | <b>2.8%</b>         | <b>7.0%</b> | <b>6.3%</b> |

(a) The Value Line Investment Survey (March 17, 2006).

(b) The Value Line Investment Survey (March 17, 2006, March 23, 2001, and March 29, 1996).

**CAPITAL ASSET PRICING MODEL**

|   |                                                      |               |
|---|------------------------------------------------------|---------------|
| 1 | Market Required Rate of Return (a)                   | 13.24%        |
| 2 | Risk-free Rate of Interest (b)                       | 4.72%         |
| 3 | Market Risk Premium                                  | 8.52%         |
| 4 | Industry Beta (c)                                    | 0.82          |
| 5 | Industry Risk Premium (d)                            | 6.99%         |
| 6 | Risk-free Rate of Interest (b)                       | 4.72%         |
| 7 | <b>Gas Utility Group Cost of Equity Estimate (e)</b> | <b>11.71%</b> |

- 8 (a) Calculated by applying DCF model applied to S&P 500 firms paying dividends:
- |    |                                 |        |
|----|---------------------------------|--------|
| 9  | Expected Dividend Yield         | 2.11%  |
| 10 | Projected Earnings Growth Rate: |        |
| 11 | Value Line                      | 11.41% |
| 12 | I/B/E/S                         | 11.01% |
| 13 | Zacks                           | 10.98% |
| 14 | Average                         | 11.13% |
| 15 | Market Required Rate of Return  | 13.24% |
- 16 (b) March 2006 yield on 30-year Treasury bond from
- 17 Moody's Credit Perspectives (April 10, 2006): 4.72%
- 18 (c) Exhibit A-10, Schedule D-13.
- 19 (d) Market risk premium times beta.
- 20 (e) Risk premium plus risk-free interest rate.

**GAS UTILITY GROUP DATA**

|                         |                 |                                 | <b>Standard<br/>&amp; Poor's<br/>Rating (b)</b> | <b>2009-11<br/>Projected<br/>Return on<br/>Equity (a)</b> |
|-------------------------|-----------------|---------------------------------|-------------------------------------------------|-----------------------------------------------------------|
|                         | <b>Beta (a)</b> | <b>Capital-<br/>ization (a)</b> |                                                 |                                                           |
| <b>Company</b>          |                 |                                 |                                                 |                                                           |
| AGL Resources           | 0.90            | \$ 2,700                        | A-                                              | 12.0%                                                     |
| Atmos Energy            | 0.70            | \$ 2,100                        | BBB                                             | 10.5%                                                     |
| Energen Corp.           | 0.80            | \$ 2,400                        | BBB+                                            | 20.5%                                                     |
| Equitable Resources     | 0.85            | \$ 4,300                        | A-                                              | 24.0%                                                     |
| Laclede Group           | 0.80            | \$ 700                          | A                                               | 13.0%                                                     |
| National Fuel Gas       | 0.85            | \$ 2,700                        | BBB+                                            | 10.5%                                                     |
| Nicor Inc.              | 1.15            | \$ 1,800                        | AA                                              | 13.0%                                                     |
| Northwest Natural Gas   | 0.70            | \$ 925                          | A+                                              | 10.5%                                                     |
| Peoples Energy          | 0.85            | \$ 1,400                        | A-                                              | 13.5%                                                     |
| Piedmont Natural Gas    | 0.75            | \$ 1,800                        | A                                               | 12.5%                                                     |
| South Jersey Industries | 0.65            | \$ 800                          | BBB+                                            | 13.0%                                                     |
| WGL Holdings            | 0.80            | \$ 1,500                        | AA-                                             | 11.0%                                                     |
| <b>Average</b>          | <b>0.82</b>     | <b>\$ 1,927</b>                 | <b>A</b>                                        | <b>13.7%</b>                                              |

17 (a) The Value Line Investment Survey (March 17, 2006).

18 (b) Standard & Poor's, "Industry Report Card: U.S. Electric/Water/Gas" (January 5, 2006).

AUTHORIZED RATE OF RETURN

|    | Year | Qtr. | Allowed<br>ROE (a) | Single-A<br>Utility Bond<br>Yield (b) | Risk<br>Premium | Year    | Qtr. | Allowed<br>ROE (a) | Single-A<br>Utility Bond<br>Yield (b) | Risk<br>Premium |
|----|------|------|--------------------|---------------------------------------|-----------------|---------|------|--------------------|---------------------------------------|-----------------|
| 1  |      |      |                    |                                       |                 |         |      |                    |                                       |                 |
| 2  |      |      |                    |                                       |                 |         |      |                    |                                       |                 |
| 3  |      |      |                    |                                       |                 |         |      |                    |                                       |                 |
| 4  |      |      |                    |                                       |                 |         |      |                    |                                       |                 |
| 5  | 1980 | 1    | 13.45%             | 13.49%                                | -0.04%          | 1993    | 1    | 11.75%             | 8.07%                                 | 3.68%           |
| 6  |      | 2    | 14.38%             | 12.87%                                | 1.51%           |         | 2    | 11.71%             | 7.81%                                 | 3.90%           |
| 7  |      | 3    | 13.87%             | 12.88%                                | 0.99%           |         | 3    | 11.39%             | 7.28%                                 | 4.11%           |
| 8  |      | 4    | 14.35%             | 14.11%                                | 0.24%           |         | 4    | 11.15%             | 7.22%                                 | 3.93%           |
| 9  | 1981 | 1    | 14.69%             | 14.77%                                | -0.08%          | 1994    | 1    | 11.12%             | 7.55%                                 | 3.57%           |
| 10 |      | 2    | 14.61%             | 15.82%                                | -1.21%          |         | 2    | 10.81%             | 8.29%                                 | 2.52%           |
| 11 |      | 3    | 14.86%             | 16.65%                                | -1.79%          |         | 3    | 10.95%             | 8.51%                                 | 2.44%           |
| 12 |      | 4    | 15.70%             | 16.57%                                | -0.87%          |         | 4    | (c) 11.64%         | 8.87%                                 | 2.77%           |
| 13 | 1982 | 1    | 15.55%             | 16.72%                                | -1.17%          | 1995    | 2    | 11.00%             | 7.93%                                 | 3.07%           |
| 14 |      | 2    | 15.62%             | 16.26%                                | -0.64%          |         | 3    | 11.07%             | 7.72%                                 | 3.35%           |
| 15 |      | 3    | 15.72%             | 15.88%                                | -0.16%          |         | 4    | 11.56%             | 7.37%                                 | 4.19%           |
| 16 |      | 4    | 15.62%             | 14.56%                                | 1.06%           | 1996    | 1    | 11.45%             | 7.44%                                 | 4.01%           |
| 17 | 1983 | 1    | 15.41%             | 14.15%                                | 1.26%           |         | 2    | 10.88%             | 7.98%                                 | 2.90%           |
| 18 |      | 2    | 14.84%             | 13.58%                                | 1.26%           |         | 3    | 11.25%             | 7.96%                                 | 3.29%           |
| 19 |      | 3    | 15.24%             | 13.52%                                | 1.72%           |         | 4    | 11.32%             | 7.62%                                 | 3.70%           |
| 20 |      | 4    | 15.41%             | 13.38%                                | 2.03%           | 1997    | 1    | 11.31%             | 7.76%                                 | 3.55%           |
| 21 | 1984 | 1    | 15.39%             | 13.56%                                | 1.83%           |         | 2    | 11.70%             | 7.88%                                 | 3.82%           |
| 22 |      | 2    | 15.07%             | 14.72%                                | 0.35%           |         | 3    | 12.00%             | 7.49%                                 | 4.51%           |
| 23 |      | 3    | 15.37%             | 14.47%                                | 0.90%           |         | 4    | (c) 11.01%         | 7.25%                                 | 3.76%           |
| 24 |      | 4    | 15.33%             | 13.38%                                | 1.95%           | 1998    | 2    | 11.37%             | 7.12%                                 | 4.25%           |
| 25 | 1985 | 1    | 15.03%             | 13.31%                                | 1.72%           |         | 3    | 11.41%             | 6.99%                                 | 4.42%           |
| 26 |      | 2    | 15.44%             | 12.95%                                | 2.49%           |         | 4    | 11.69%             | 6.97%                                 | 4.72%           |
| 27 |      | 3    | 14.64%             | 12.11%                                | 2.53%           | 1999    | 1    | 10.82%             | 7.11%                                 | 3.71%           |
| 28 |      | 4    | 14.44%             | 11.49%                                | 2.95%           |         | 2    | (c) 10.82%         | 7.48%                                 | 3.34%           |
| 29 | 1986 | 1    | 14.05%             | 10.18%                                | 3.87%           |         | 4    | 10.33%             | 8.05%                                 | 2.28%           |
| 30 |      | 2    | 13.28%             | 9.41%                                 | 3.87%           | 2000    | 1    | 10.71%             | 8.29%                                 | 2.42%           |
| 31 |      | 3    | 13.09%             | 9.39%                                 | 3.70%           |         | 2    | 11.08%             | 8.45%                                 | 2.63%           |
| 32 |      | 4    | 13.62%             | 9.31%                                 | 4.31%           |         | 3    | 11.33%             | 8.25%                                 | 3.08%           |
| 33 | 1987 | 1    | 12.61%             | 8.96%                                 | 3.65%           |         | 4    | 12.50%             | 8.03%                                 | 4.47%           |
| 34 |      | 2    | 13.13%             | 9.77%                                 | 3.36%           | 2001    | 1    | 11.16%             | 7.74%                                 | 3.42%           |
| 35 |      | 3    | 12.56%             | 10.61%                                | 1.95%           |         | 2    | (c) 10.75%         | 7.93%                                 | 2.82%           |
| 36 |      | 4    | 12.73%             | 11.05%                                | 1.68%           |         | 4    | 10.65%             | 7.68%                                 | 2.97%           |
| 37 | 1988 | 1    | 12.94%             | 10.32%                                | 2.62%           | 2002    | 1    | 10.67%             | 7.65%                                 | 3.02%           |
| 38 |      | 2    | 12.48%             | 10.71%                                | 1.77%           |         | 2    | 11.64%             | 7.50%                                 | 4.14%           |
| 39 |      | 3    | 12.79%             | 10.94%                                | 1.85%           |         | 3    | 11.50%             | 7.19%                                 | 4.31%           |
| 40 |      | 4    | 12.98%             | 9.98%                                 | 3.00%           |         | 4    | 10.78%             | 7.15%                                 | 3.63%           |
| 41 | 1989 | 1    | 12.99%             | 10.13%                                | 2.86%           | 2003    | 1    | 11.38%             | 6.93%                                 | 4.45%           |
| 42 |      | 2    | 13.25%             | 9.94%                                 | 3.31%           |         | 2    | 11.36%             | 6.40%                                 | 4.96%           |
| 43 |      | 3    | 12.56%             | 9.53%                                 | 3.03%           |         | 3    | 10.61%             | 6.64%                                 | 3.97%           |
| 44 |      | 4    | 12.94%             | 9.50%                                 | 3.44%           |         | 4    | 10.84%             | 6.35%                                 | 4.49%           |
| 45 | 1990 | 1    | 12.60%             | 9.72%                                 | 2.88%           | 2004    | 1    | 11.10%             | 6.09%                                 | 5.01%           |
| 46 |      | 2    | 12.81%             | 9.91%                                 | 2.90%           |         | 2    | 10.25%             | 6.48%                                 | 3.77%           |
| 47 |      | 3    | 12.34%             | 9.93%                                 | 2.41%           |         | 3    | 10.37%             | 6.13%                                 | 4.24%           |
| 48 |      | 4    | 12.77%             | 9.89%                                 | 2.88%           |         | 4    | 10.66%             | 5.94%                                 | 4.72%           |
| 49 | 1991 | 1    | 12.69%             | 9.58%                                 | 3.11%           | 2005    | 1    | 10.65%             | 5.74%                                 | 4.91%           |
| 50 |      | 2    | 12.53%             | 9.50%                                 | 3.03%           |         | 2    | 10.52%             | 5.52%                                 | 5.00%           |
| 51 |      | 3    | 12.43%             | 9.33%                                 | 3.10%           |         | 3    | 10.47%             | 5.51%                                 | 4.96%           |
| 52 |      | 4    | 12.38%             | 9.02%                                 | 3.36%           |         | 4    | 10.40%             | 5.82%                                 | 4.58%           |
| 53 | 1992 | 1    | 12.42%             | 8.91%                                 | 3.51%           |         |      |                    |                                       |                 |
| 54 |      | 2    | 11.98%             | 8.86%                                 | 3.12%           | Average |      |                    | 9.64%                                 | 2.86%           |
| 55 |      | 3    | 11.87%             | 8.47%                                 | 3.40%           |         |      |                    |                                       |                 |
| 56 |      | 4    | 11.94%             | 8.53%                                 | 3.41%           |         |      |                    |                                       |                 |

Current Equity Risk Premium:

|                                            |              |
|--------------------------------------------|--------------|
| Average Yield over Study Period            | 9.64%        |
| March 2006 Single-A Utility Bond Yield (d) | 5.98%        |
| Change in Bond Yield                       | -3.66%       |
| Risk Premium/Interest Rate Relationship    | -47.28%      |
| Adjustment to Average Risk Premium         | 1.73%        |
| Avg. Risk Premium over Study Period        | 2.86%        |
| <b>March 2006 Equity Risk Premium</b>      | <b>4.59%</b> |

- (a) Regulatory Research Associates, Inc., Major Rate Case Decisions, (January 2006, January 24, 2001, and January 16, 1990).  
 (b) Mergent Public Utility Manual (2003); Mergent Bond Record (September 2005); Moody's Credit Perspectives (November 7, 2005 and January 23, 2006).  
 (c) No decisions reported for following quarter.

REALIZED RATE OF RETURN

|         | Moody's Gas Distribution Stocks (a) |          |                                      | Moody's Single-A Utility Bonds (b) |          |                                      |
|---------|-------------------------------------|----------|--------------------------------------|------------------------------------|----------|--------------------------------------|
|         | December<br>Price                   | Dividend | Annual<br>Realized Rate<br>of Return | December<br>Yield                  | Price    | Annual<br>Realized Rate<br>of Return |
| 1952    | \$20.57                             |          |                                      | 3.22%                              |          |                                      |
| 1953    | \$21.23                             | \$1.09   | 8.51%                                | 3.38%                              | \$97.33  | 0.55%                                |
| 1954    | \$26.47                             | \$1.19   | 30.29%                               | 3.11%                              | \$104.64 | 8.02%                                |
| 1955    | \$28.10                             | \$1.32   | 11.14%                               | 3.35%                              | \$95.98  | -0.91%                               |
| 1956    | \$28.23                             | \$1.43   | 5.55%                                | 3.91%                              | \$91.17  | -5.48%                               |
| 1957    | \$25.78                             | \$1.49   | -3.40%                               | 4.36%                              | \$93.23  | -2.86%                               |
| 1958    | \$38.71                             | \$1.53   | 56.09%                               | 4.49%                              | \$98.07  | 2.43%                                |
| 1959    | \$39.59                             | \$1.63   | 6.48%                                | 4.96%                              | \$93.35  | -2.16%                               |
| 1960    | \$48.21                             | \$1.79   | 26.29%                               | 4.65%                              | \$104.53 | 9.49%                                |
| 1961    | \$64.96                             | \$1.91   | 38.71%                               | 4.65%                              | \$100.00 | 4.65%                                |
| 1962    | \$59.73                             | \$2.01   | -4.96%                               | 4.44%                              | \$103.13 | 7.78%                                |
| 1963    | \$64.62                             | \$2.13   | 11.75%                               | 4.46%                              | \$99.70  | 4.14%                                |
| 1964    | \$68.24                             | \$2.27   | 9.11%                                | 4.54%                              | \$98.82  | 3.28%                                |
| 1965    | \$64.31                             | \$2.40   | -2.24%                               | 4.83%                              | \$95.84  | 0.38%                                |
| 1966    | \$53.50                             | \$2.75   | -12.53%                              | 5.67%                              | \$88.92  | -6.25%                               |
| 1967    | \$50.49                             | \$2.67   | -0.64%                               | 6.67%                              | \$87.99  | -6.34%                               |
| 1968    | \$53.80                             | \$2.79   | 12.08%                               | 6.87%                              | \$97.64  | 4.31%                                |
| 1969    | \$43.88                             | \$2.88   | -13.09%                              | 8.59%                              | \$82.53  | -10.60%                              |
| 1970    | \$52.33                             | \$2.97   | 26.03%                               | 8.48%                              | \$101.13 | 9.72%                                |
| 1971    | \$47.86                             | \$3.06   | -2.69%                               | 7.90%                              | \$106.24 | 14.72%                               |
| 1972    | \$53.54                             | \$3.10   | 18.35%                               | 7.48%                              | \$104.69 | 12.59%                               |
| 1973    | \$43.43                             | \$3.21   | -12.89%                              | 8.24%                              | \$92.05  | -0.47%                               |
| 1974    | \$29.71                             | \$3.31   | -23.97%                              | 10.27%                             | \$81.95  | -9.81%                               |
| 1975    | \$38.29                             | \$3.43   | 40.42%                               | 10.11%                             | \$101.44 | 11.71%                               |
| 1976    | \$51.80                             | \$3.65   | 44.82%                               | 8.62%                              | \$115.10 | 25.21%                               |
| 1977    | \$50.88                             | \$3.85   | 5.66%                                | 8.64%                              | \$99.80  | 8.42%                                |
| 1978    | \$45.97                             | \$4.07   | -1.65%                               | 9.70%                              | \$90.15  | -1.21%                               |
| 1979    | \$53.50                             | \$4.33   | 25.80%                               | 11.79%                             | \$83.37  | -6.93%                               |
| 1980    | \$56.61                             | \$4.59   | 14.39%                               | 14.63%                             | \$81.23  | -6.98%                               |
| 1981    | \$53.50                             | \$4.95   | 3.25%                                | 16.29%                             | \$90.04  | 4.67%                                |
| 1982    | \$50.62                             | \$5.28   | 4.49%                                | 14.43%                             | \$112.45 | 28.74%                               |
| 1983    | \$55.79                             | \$5.45   | 20.98%                               | 13.52%                             | \$106.45 | 20.88%                               |
| 1984    | \$69.70                             | \$5.71   | 35.17%                               | 13.11%                             | \$102.98 | 16.50%                               |
| 1985    | \$76.58                             | \$6.06   | 18.57%                               | 10.97%                             | \$118.06 | 31.17%                               |
| 1986    | \$90.89                             | \$5.68   | 26.10%                               | 9.12%                              | \$118.00 | 28.97%                               |
| 1987    | \$77.25                             | \$5.86   | -8.56%                               | 10.98%                             | \$84.31  | -6.57%                               |
| 1988    | \$86.76                             | \$6.15   | 20.27%                               | 10.06%                             | \$108.31 | 19.29%                               |
| 1989    | \$117.05                            | \$6.45   | 42.35%                               | 9.44%                              | \$105.88 | 15.94%                               |
| 1990    | \$108.86                            | \$6.70   | -1.27%                               | 9.73%                              | \$97.31  | 6.75%                                |
| 1991    | \$124.32                            | \$6.94   | 20.58%                               | 8.88%                              | \$108.43 | 18.16%                               |
| 1992    | \$138.79                            | \$7.08   | 17.33%                               | 8.43%                              | \$104.63 | 13.51%                               |
| 1993    | \$154.06                            | \$7.23   | 16.21%                               | 7.34%                              | \$112.32 | 20.75%                               |
| 1994    | \$126.96                            | \$7.36   | -12.81%                              | 8.76%                              | \$85.78  | -6.88%                               |
| 1995    | \$155.94                            | \$7.48   | 28.72%                               | 7.23%                              | \$117.47 | 26.23%                               |
| 1996    | \$166.64                            | \$7.76   | 11.84%                               | 7.59%                              | \$96.02  | 3.25%                                |
| 1997    | \$191.04                            | \$7.99   | 19.44%                               | 7.16%                              | \$104.94 | 12.53%                               |
| 1998    | \$177.24                            | \$8.12   | -2.97%                               | 6.91%                              | \$102.94 | 10.10%                               |
| 1999    | \$166.84                            | \$8.18   | -1.25%                               | 8.14%                              | \$87.03  | -6.06%                               |
| 2000    | \$200.68                            | \$8.22   | 25.21%                               | 7.84%                              | \$103.25 | 11.39%                               |
| 2001    | \$203.07                            | \$8.22   | 5.29%                                | 7.83%                              | \$100.11 | 7.95%                                |
| Average |                                     |          | 12.29%                               | 7.03%                              |          |                                      |

|                                  |              |
|----------------------------------|--------------|
| Average Gas Utility Stock Return | 12.29%       |
| Average Utility Bond Return      | 7.03%        |
| <b>Risk Premium</b>              | <b>5.26%</b> |

(a) Mergent Public Utility Manual (2002) and Mergent Public Utility News Report (January 15, 2002)  
(b) Mergent Public Utility Manual (2002) and Mergent Bond Record (September 2005)

| Line No. | Description                       | Amount               |                    |                       | Reference               |
|----------|-----------------------------------|----------------------|--------------------|-----------------------|-------------------------|
|          |                                   | Weighted Cost        | Revenue Multiplier | Pre-tax Weighted Cost |                         |
| 1        | <u>Return on Investment Rate:</u> |                      |                    |                       |                         |
| 2        | Short-term Debt                   | 0.34%                | 1.0000             | 0.34%                 | Ex. A-10, Sch. D-1      |
| 3        | Long-term Debt                    | 2.53%                | 1.0000             | 2.53%                 | Ex. A-10, Sch. D-1      |
| 4        | Preferred Stock                   | 0.01%                | 1.5683             | 0.02%                 | Ex. A-10, Sch. D-1      |
| 5        | Common Equity                     | 5.26%                | 1.5683             | 8.25%                 | Ex. A-10, Sch. D-1      |
| 6        | Customer Deposits                 | 0.08%                | 1.0000             | 0.08%                 | Ex. A-10, Sch. D-1      |
| 7        | Deferred FIT                      | 0.00%                | 1.0000             | 0.00%                 | Ex. A-10, Sch. D-1      |
| 8        | JDITC                             | 0.01%                | 1.3643             | 0.01%                 | Ex. A-10, Sch. D-1      |
| 9        |                                   | 8.23%                |                    |                       |                         |
| 10       | Return on Investment Rate         |                      |                    | 11.23%                |                         |
| 11       | <u>Depreciation Rate:</u>         |                      |                    |                       |                         |
| 12       | Depreciation Expense              |                      | 12,955,373         |                       | Ex. A-8, Sch. B-8       |
| 13       | Plant in Service                  |                      | <u>406,754,524</u> |                       | Ex. A-8, Sch. B-2       |
| 14       | Depreciation Rate                 |                      |                    | 3.19%                 | Line 12 / Line 13       |
| 15       | <u>Property Tax Rate:</u>         |                      |                    |                       |                         |
| 16       | Property Taxes                    |                      | 5,065,608          |                       |                         |
| 17       | Plant in Service                  | 406,754,524          |                    |                       | Ex. A-8, Sch. B-2       |
| 18       | Accumulated Depreciation          | <u>(171,443,808)</u> |                    |                       | Ex. A-8, Sch. B-2       |
| 19       | Net Plant in Service              |                      | <u>235,310,716</u> |                       |                         |
| 20       | Property Tax Rate                 |                      |                    | 2.15%                 | Line 16 / Line 19       |
| 21       | <b>ARP Capital Charge Rate</b>    |                      |                    | <b><u>16.57%</u></b>  | Line 10+Line 14+Line 20 |

**SEMCO Energy Gas Company**  
Summary of Proposed Rate Increase

Case No. U-14893  
Witness: Malcolm R. Ketchum  
Exhibit: A-11  
Schedule: F-1  
Page: 1 of 1

| Line | Description                      | Current Revenue   | Proposed Revenue  | Increase (Decrease) | Percent Change | Cost Of Service Allocation |
|------|----------------------------------|-------------------|-------------------|---------------------|----------------|----------------------------|
|      |                                  | (A)               | (B)               | (C)                 | (D)            | (E)                        |
| 1    | Residential Service              | \$54,245,146      | \$67,494,533      | \$13,249,387        | 24.425%        | \$ 67,494,533              |
| 2    |                                  |                   |                   |                     |                |                            |
| 3    | General Service - GS-1           | \$8,032,763       | \$10,230,512      | \$2,197,749         | 27.360%        | \$ 10,230,512              |
| 4    | - GS-2                           | \$4,316,472       | \$5,227,404       | \$910,932           | 21.104%        | \$ 5,227,404               |
| 5    | - GS-3                           | \$5,971,150       | \$7,215,038       | \$1,243,888         | 20.832%        | \$ 7,215,038               |
| 6    | Subtotal - General Service Sales | \$18,320,386      | \$22,672,954      | \$4,352,568         | 23.758%        | \$22,672,954               |
| 7    |                                  |                   |                   |                     |                |                            |
| 8    | Total Sales Service              | \$72,565,532      | \$90,167,487      | \$17,601,955        | 24.257%        | \$90,167,487               |
| 9    |                                  |                   |                   |                     |                |                            |
| 10   | Transportation - Rate TR-1       | \$1,758,194       | \$2,014,422       | \$256,228           | 14.573%        | \$ 1,741,075               |
| 11   | - Rate TR-2                      | \$3,774,113       | \$4,549,351       | \$775,239           | 20.541%        | \$ 4,441,278               |
| 12   | - Rate TR-3                      | \$1,566,210       | \$1,979,882       | \$413,673           | 26.412%        | \$ 2,175,514               |
| 13   | Subtotal Transportation Service  | \$7,098,516       | \$8,543,656       | \$1,445,139         | 20.358%        | \$ 8,357,867               |
| 14   |                                  |                   |                   |                     |                |                            |
| 15   | Special Contracts                | \$332,627         | \$ 290,852        | (\$41,775)          | -12.56%        | \$ 476,642                 |
| 16   |                                  |                   |                   |                     |                |                            |
| 17   | Total Transportation Service     | \$7,431,143       | \$8,834,508       | \$1,403,365         | 18.88%         | \$8,834,509                |
| 18   |                                  |                   |                   |                     |                |                            |
| 19   | Total Sales & Transportation     | \$79,996,676      | \$99,001,995      | \$19,005,320        | 23.76%         | \$99,001,996               |
| 20   |                                  |                   |                   |                     |                |                            |
| 21   |                                  |                   |                   |                     |                |                            |
| 22   |                                  |                   |                   |                     |                |                            |
| 23   |                                  |                   |                   |                     |                |                            |
| 24   | Average Rate Comparison          | Current Average   | Proposed Average  | Current             | Proposed       | Percentage of              |
| 25   |                                  | Distribution Cost | Distribution Cost | Gas Cost            | Difference     | Total Unitized Cost        |
| 26   | Residential                      | \$2.3052          | \$2.8682          | 11.2684             | \$0.5630       | 4.15%                      |
| 27   | General Service - GS-1           | \$1.9499          | \$2.4834          | 11.2684             | \$0.5335       | 4.04%                      |
| 28   | - GS-2                           | \$1.3659          | \$1.6541          | 11.2684             | \$0.2882       | 2.28%                      |
| 29   | - GS-3                           | \$1.0252          | \$1.2387          | 11.2684             | \$0.2136       | 1.74%                      |
| 30   | Transportation - Rate TR-1       | \$0.8529          | \$0.9772          | 11.2684             | \$0.1243       | 1.03%                      |
| 31   | - Rate TR-2                      | \$0.6051          | \$0.7294          | 11.2684             | \$0.1243       | 1.05%                      |
| 32   | - Rate TR-3                      | \$0.4706          | \$0.5949          | 11.2684             | \$0.1243       | 1.06%                      |

**SEMCO Energy Gas Company**

Test Year Volumes, Customers and Adjustments

Case No.: U-14893

Witness: JRAIger

Section B

Exhibit: A-11

Schedule F-2

Page 1 of 1

|                                       | (1)<br>Booked<br>Mcf / Dth<br>2005 | Jan-May<br>Peninsular<br>Gas | GS<br>Rate<br>Reclass | Weather<br>Normalization | 2007<br>Normalized<br>& Adjusted<br>Mcf / Dth |
|---------------------------------------|------------------------------------|------------------------------|-----------------------|--------------------------|-----------------------------------------------|
| <u>Mixed Dth &amp; Mcf</u>            | (A)                                | (B)                          | (C)                   | (D)                      | (E)                                           |
| 1 Residential                         | 23,041,233                         | 264,542                      | 0                     | 226,101                  | 23,531,876                                    |
| 2 GS-1                                | 4,806,315                          | 66,728                       | (718,959)             | (34,448)                 | 4,119,636                                     |
| 3 GS-2                                | 3,266,991                          | 41,387                       | (153,259)             | (5,837)                  | 3,149,283                                     |
| 4 GS-3                                | 4,844,108                          | 20,652                       | 872,218               | (47,910)                 | 5,689,068                                     |
| 5 Total Sales & Customer Choice (Mcf) | 35,958,648                         | 393,309                      | 0                     | 137,906                  | 36,489,862                                    |
| 6                                     |                                    |                              |                       |                          |                                               |
| 7 GS-2                                | 10,890                             | 0                            | 0                     | 59                       | 10,949                                        |
| 8 GS-3                                | 132,640                            | 0                            | 0                     | 2,801                    | 135,441                                       |
| 9 TR-1                                | 2,057,941                          | 0                            | 0                     | 3,427                    | 2,061,368                                     |
| 10 TR-2                               | 6,055,598                          | 72,551                       | 0                     | 108,695                  | 6,236,844                                     |
| 11 TR-3                               | 3,350,095                          | 0                            | 0                     | (22,072)                 | 3,328,023                                     |
| 12 Mead Johnson SC                    | 519,014                            | 0                            | 0                     | (5,913)                  | 513,101                                       |
| 13 Mich Tech SC                       | 297,822                            | 0                            | 0                     | 1,880                    | 299,702                                       |
| 14 Coal Displacement                  | 17,384                             | 0                            | 0                     | 0                        | 0                                             |
| 15 Total Large Transportation         | 12,441,384                         | 72,551                       | 0                     | 88,878                   | 12,585,429                                    |
| 16                                    |                                    |                              |                       |                          |                                               |
| 17 Total (Mixed Mcf & Dth)            | 48,400,032                         | 465,860                      | 0                     | 226,783                  | 49,075,291                                    |

(1) Includes Peninsular Gas - June - December 2005

|                                  | (1)<br>Booked<br>Average<br>Customers<br>2005 | Jan-May<br>Peninsular<br>Gas | GS<br>Rate<br>Reclass | 2007<br>Adjusted<br>Customers |
|----------------------------------|-----------------------------------------------|------------------------------|-----------------------|-------------------------------|
| <u>Customers</u>                 |                                               |                              |                       |                               |
| 28 Residential                   | 221,932                                       | 1,451                        | 0                     | 223,383                       |
| 29 GS-1                          | 18,633                                        | 161                          | 1,178                 | 19,972                        |
| 30 GS-2                          | 3,567                                         | 14                           | (1,231)               | 2,350                         |
| 31 GS-3                          | 832                                           | 1                            | 53                    | 886                           |
| 32 Total Sales & Customer Choice | 244,964                                       | 1,627                        | 0                     | 246,591                       |
| 33                               |                                               |                              |                       |                               |
| 34 GS-2                          | 7                                             | 0                            | 0                     | 7                             |
| 35 GS-3                          | 16                                            | 0                            | 0                     | 16                            |
| 36 TR-1                          | 84                                            | 0                            | 0                     | 84                            |
| 37 TR-2                          | 60                                            | 0                            | 0                     | 60                            |
| 38 TR-3                          | 6                                             | 0                            | 0                     | 6                             |
| 39 Mead Johnson SC               | 2                                             | 0                            | 0                     | 2                             |
| 40 Mich Tech SC                  | 1                                             | 0                            | 0                     | 1                             |
| 41 Coal Displacement             | 0                                             | 0                            | 0                     | 0                             |
| 42 Total Large Transportation    | 176                                           | 0                            | 0                     | 177                           |
| 43                               |                                               |                              |                       |                               |
| 44 Total                         | 245,140                                       | 1,628                        | 0                     | 246,768                       |

(1) Includes Peninsular Gas - June - December 2005

1 **SEMCO Energy Gas Company**  
2 Incremental Peninsular Gas Revenues  
3 Customer Charge Revenue

Case No.: U-14893  
Witness: JRAlger  
Section B Exhibit: A-11  
Schedule F-2-1  
Page 1 of 2

6 **Pen Gas Reported Customers 2005**

|                    | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Avg   |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 8 Resid            | 3,488 | 3,486 | 3,475 | 3,481 | 3,481 | 3,494 | 3,485 | 3,463 | 3,447 | 3,466 | 3,476 | 3,460 | 3,475 |
| 9 GS-1             | 386   | 387   | 387   | 385   | 385   | 384   | 380   | 377   | 375   | 376   | 380   | 382   | 382   |
| 10 GS-2            | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    | 34    |
| 11 GS-3            | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| 12 Total           | 3,911 | 3,910 | 3,899 | 3,903 | 3,903 | 3,915 | 3,902 | 3,877 | 3,859 | 3,879 | 3,893 | 3,879 | 3,894 |
| 14 GS-2            | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 15 GS-3            | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 16 TR-1            | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 17 TR-2            | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| 18 TR-3            | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 19 Mead Johnson SC | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 20 Mich Tech SC    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 21 CD              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| 22 Total           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |

25 **Customer Charge Rates - Incremental Restating Pen Gas 2005 Rates to MPSC 2005 Post Ratecase Rates**

|                    | Jan       | Feb       | Mar       | Apr       | May       | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      |
|--------------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|
| 26 Resid           | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  |
| 27 GS-1            | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 9.50   | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  | \$ 2.75  |
| 28 GS-2            | \$ 29.00  | \$ 29.00  | \$ 29.00  | \$ 29.00  | \$ 29.00  | \$ 8.75  | \$ 8.75  | \$ 8.75  | \$ 8.75  | \$ 8.75  | \$ 8.75  | \$ 8.75  |
| 29 GS-3            | \$ 75.00  | \$ 75.00  | \$ 75.00  | \$ 75.00  | \$ 75.00  | \$ 17.50 | \$ 17.50 | \$ 17.50 | \$ 17.50 | \$ 17.50 | \$ 17.50 | \$ 17.50 |
| 30 Total Sales     |           |           |           |           |           |          |          |          |          |          |          |          |
| 32 GS-2            | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 33 GS-3            | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 34 TR-1            | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 35 TR-2            | \$ 950.00 | \$ 950.00 | \$ 950.00 | \$ 950.00 | \$ 950.00 | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 36 TR-3            | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 37 Mead Johnson SC | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 38 Mich Tech SC    | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 39 CD              | 0         | 0         | 0         | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0        | 0        |
| 40 Total TR        |           |           |           |           |           |          |          |          |          |          |          |          |

42 **Incremental 2005 Proforma Pen Gas Customer Charge Revenues**

|                                  | Jan      | Feb      | Mar      | Apr      | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      | Total     |
|----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 44 Resid                         | \$33,136 | \$33,117 | \$33,013 | \$33,070 | \$33,070 | \$9,609  | \$9,584  | \$9,523  | \$9,479  | \$9,532  | \$9,559  | \$9,515  | \$232,205 |
| 45 GS-1                          | \$3,667  | \$3,677  | \$3,677  | \$3,658  | \$3,658  | \$1,056  | \$1,045  | \$1,037  | \$1,031  | \$1,034  | \$1,045  | \$1,051  | \$25,634  |
| 46 GS-2                          | \$986    | \$986    | \$986    | \$986    | \$986    | \$298    | \$298    | \$298    | \$298    | \$298    | \$298    | \$298    | \$7,013   |
| 47 GS-3                          | \$225    | \$225    | \$225    | \$225    | \$225    | \$53     | \$53     | \$53     | \$53     | \$53     | \$53     | \$53     | \$1,493   |
| 48 Total Sales                   | \$38,014 | \$38,005 | \$37,900 | \$37,938 | \$37,938 | \$11,015 | \$10,979 | \$10,910 | \$10,861 | \$10,916 | \$10,954 | \$10,916 | \$266,343 |
| 50 GS-2                          | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 51 GS-3                          | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 52 TR-1                          | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 53 TR-2                          | \$950    | \$950    | \$950    | \$950    | \$950    | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$4,750   |
| 54 TR-3                          | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 55 Mead Johnson SC               | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 56 Mich Tech SC                  | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| 57 Coal Displacement             | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0        | 0         |
| 58 Total TR                      | \$950    | \$950    | \$950    | \$950    | \$950    | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$4,750   |
| 60 Incr Pen Gas Cust Chg Revenue | \$38,964 | \$38,955 | \$38,850 | \$38,888 | \$38,888 | \$11,015 | \$10,979 | \$10,910 | \$10,861 | \$10,916 | \$10,954 | \$10,916 | \$271,093 |

61 **SEMCO Energy Gas Company**  
62 Incremental Peninsular Gas Revenues  
63 Volumetric Revenue  
64  
65

Case No.: U-14893  
Witness: JRAIger  
Section B Exhibit: A-11  
Schedule F-2-1  
Page 2 of 2

66 **Full Year Pen Gas Actual Reported 2005 Mcf / Dth**

|                      | Jan     | Feb     | Mar     | Apr    | May    | Jun    | Jul    | Aug    | Sep     | Oct    | Nov     | Dec     | Total   |
|----------------------|---------|---------|---------|--------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| 67                   |         |         |         |        |        |        |        |        |         |        |         |         |         |
| 68 Resid             | 68,751  | 65,977  | 58,943  | 43,467 | 27,405 | 7,258  | 6,750  | 2,723  | 9,284   | 13,485 | 41,149  | 57,506  | 402,697 |
| 69 GS-1              | 17,056  | 16,878  | 14,750  | 11,132 | 6,913  | 1,980  | 2,232  | 760    | 2,119   | 3,808  | 10,667  | 19,659  | 107,953 |
| 70 GS-2              | 10,562  | 10,472  | 9,156   | 6,910  | 4,287  | 1,229  | 2,238  | 858    | 1,756   | 4,149  | 9,090   | 6,873   | 67,580  |
| 71 GS-3              | 5,270   | 5,225   | 4,569   | 3,448  | 2,139  | 733    | 2,935  | (733)  | (1,108) | 8,128  | (3,738) | 4,237   | 32,776  |
| 72 Total Sales       | 101,639 | 98,552  | 87,417  | 64,957 | 40,744 | 11,200 | 14,155 | 3,608  | 12,051  | 29,570 | 57,168  | 88,275  | 611,005 |
| 73                   |         |         |         |        |        |        |        |        |         |        |         |         |         |
| 74 GS-2              | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 75 GS-3              | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 76 TR-1              | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 77 TR-2              | 14,975  | 13,802  | 15,115  | 14,575 | 14,084 | 13,336 | 10,753 | 7,801  | 11,306  | 12,991 | 10,031  | 11,825  | 150,594 |
| 78 TR-3              | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 79 Mead Johnson SC   | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 80 Mich Tech SC      | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 81 Coal Displacement | 0       | 0       | 0       | 0      | 0      | 0      | 0      | 0      | 0       | 0      | 0       | 0       | 0       |
| 82 Total TR          | 14,975  | 13,802  | 15,115  | 14,575 | 14,084 | 13,336 | 10,753 | 7,801  | 11,306  | 12,991 | 10,031  | 11,825  | 150,594 |
| 83                   |         |         |         |        |        |        |        |        |         |        |         |         |         |
| 84 Total Pen Gas     | 116,614 | 112,354 | 102,532 | 79,532 | 54,828 | 24,536 | 24,908 | 11,409 | 23,357  | 42,561 | 67,199  | 100,100 | 761,599 |
| 85                   |         |         |         |        |        |        |        |        |         |        |         |         |         |

86 **Volumetric Charge Rates - Restating Pen Gas 2005 Rates to MPSC 2005 Post Ratecase Rates**

|                    | Jan      | Feb      | Mar      | Apr      | May      | Jun        | Jul        | Aug        | Sep        | Oct        | Nov        | Dec        |  |
|--------------------|----------|----------|----------|----------|----------|------------|------------|------------|------------|------------|------------|------------|--|
| 87                 |          |          |          |          |          |            |            |            |            |            |            |            |  |
| 88 Resid           | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | (\$0.1036) | (\$0.1036) | (\$0.1036) | (\$0.1036) | (\$0.1036) | (\$0.1036) | (\$0.1036) |  |
| 89 GS-1            | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$0.0706   | \$0.0706   | \$0.0706   | \$0.0706   | \$0.0706   | \$0.0706   | \$0.0706   |  |
| 90 GS-2            | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | (\$0.2215) | (\$0.2215) | (\$0.2215) | (\$0.2215) | (\$0.2215) | (\$0.2215) | (\$0.2215) |  |
| 91 GS-3            | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | (\$0.4408) | (\$0.4408) | (\$0.4408) | (\$0.4408) | (\$0.4408) | (\$0.4408) | (\$0.4408) |  |
| 92 Total Sales     |          |          |          |          |          |            |            |            |            |            |            |            |  |
| 93                 |          |          |          |          |          |            |            |            |            |            |            |            |  |
| 94 GS-2            | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 95 GS-3            | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 96 TR-1            | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 97 TR-2            | \$0.5613 | \$0.5613 | \$0.5613 | \$0.4113 | \$0.4113 | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 98 TR-3            | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 99 Mead Johnson SC | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 100 Mich Tech SC   | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 101 CD             | 0        | 0        | 0        | 0        | 0        | 0          | 0          | 0          | 0          | 0          | 0          | 0          |  |
| 102 Total TR       |          |          |          |          |          |            |            |            |            |            |            |            |  |
| 103                |          |          |          |          |          |            |            |            |            |            |            |            |  |

104 **Incremental 2005 Proforma Pen Gas Volumetric Charge Revenues**

|                                     | Jan       | Feb       | Mar       | Apr       | May      | Jun       | Jul       | Aug      | Sep      | Oct       | Nov       | Dec       | Total     |
|-------------------------------------|-----------|-----------|-----------|-----------|----------|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|
| 105                                 |           |           |           |           |          |           |           |          |          |           |           |           |           |
| 106                                 |           |           |           |           |          |           |           |          |          |           |           |           |           |
| 107                                 |           |           |           |           |          |           |           |          |          |           |           |           |           |
| 108 Resid                           | \$84,083  | \$80,689  | \$72,087  | \$53,160  | \$33,516 | (\$752)   | (\$699)   | (\$282)  | (\$962)  | (\$1,397) | (\$4,263) | (\$5,958) | \$309,222 |
| 109 GS-1                            | \$23,830  | \$23,582  | \$20,608  | \$15,553  | \$9,658  | \$140     | \$158     | \$54     | \$150    | \$269     | \$753     | \$1,388   | \$96,142  |
| 110 GS-2                            | \$11,672  | \$11,572  | \$10,118  | \$7,636   | \$4,738  | (\$272)   | (\$496)   | (\$190)  | (\$389)  | (\$919)   | (\$2,013) | (\$1,522) | \$39,935  |
| 111 GS-3                            | \$4,668   | \$4,629   | \$4,047   | \$3,054   | \$1,895  | (\$323)   | (\$1,294) | \$323    | \$488    | (\$3,583) | \$1,648   | (\$1,868) | \$13,686  |
| 112 Total Sales                     | \$124,253 | \$120,472 | \$106,860 | \$79,404  | \$49,807 | (\$1,207) | (\$2,331) | (\$95)   | (\$713)  | (\$5,630) | (\$3,876) | (\$7,960) | \$458,985 |
| 113                                 |           |           |           |           |          |           |           |          |          |           |           |           |           |
| 114 GS-2                            | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 115 GS-3                            | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 116 TR-1                            | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 117 TR-2                            | \$8,405   | \$7,747   | \$8,484   | \$5,995   | \$5,793  | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$36,424  |
| 118 TR-3                            | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 119 Mead Johnson SC                 | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 120 Mich Tech SC                    | \$0       | \$0       | \$0       | \$0       | \$0      | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       |
| 121 Coal Displacement               | 0         | 0         | 0         | 0         | 0        | 0         | 0         | 0        | 0        | 0         | 0         | 0         | 0         |
| 122 Total TR                        | \$8,405   | \$7,747   | \$8,484   | \$5,995   | \$5,793  | \$0       | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       | \$36,424  |
| 123                                 |           |           |           |           |          |           |           |          |          |           |           |           |           |
| 124 Incr Pen Gas Volumetric Revenue | \$132,659 | \$128,219 | \$115,344 | \$85,399  | \$55,600 | (\$1,207) | (\$2,331) | (\$95)   | (\$713)  | (\$5,630) | (\$3,876) | (\$7,960) | \$495,409 |
| Total Adjustment                    | \$171,623 | \$167,174 | \$154,194 | \$124,287 | \$94,488 | \$9,807   | \$8,648   | \$10,815 | \$10,148 | \$5,285   | \$7,078   | \$2,956   | \$766,502 |

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|    |       |        |        |        |        |        |        |        |        |        |        |        |        |        |
|----|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 7  |       | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Avg    |
| 8  | GS-1  | 18,429 | 18,480 | 18,480 | 18,480 | 18,434 | 18,350 | 18,324 | 18,277 | 18,263 | 18,330 | 18,470 | 18,630 | 18,412 |
| 9  | GS-2  | 3,589  | 3,569  | 3,570  | 3,565  | 3,553  | 3,546  | 3,541  | 3,527  | 3,526  | 3,521  | 3,529  | 3,524  | 3,547  |
| 10 | GS-3  | 838    | 838    | 835    | 832    | 828    | 826    | 829    | 825    | 822    | 827    | 830    | 833    | 830    |
| 11 | Total | 22,856 | 22,887 | 22,885 | 22,877 | 22,815 | 22,722 | 22,694 | 22,629 | 22,611 | 22,678 | 22,829 | 22,987 | 22,789 |

|    |       |        |        |        |        |        |        |        |        |        |        |        |        |        |
|----|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 14 |       | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Avg    |
| 15 | GS-1  | 19,607 | 19,658 | 19,658 | 19,658 | 19,612 | 19,528 | 19,502 | 19,455 | 19,441 | 19,508 | 19,648 | 19,808 | 19,590 |
| 16 | GS-2  | 2,358  | 2,338  | 2,339  | 2,334  | 2,322  | 2,315  | 2,310  | 2,296  | 2,295  | 2,290  | 2,298  | 2,293  | 2,316  |
| 17 | GS-3  | 891    | 891    | 888    | 885    | 881    | 879    | 882    | 878    | 875    | 880    | 883    | 886    | 883    |
| 18 | Total | 22,856 | 22,887 | 22,885 | 22,877 | 22,815 | 22,722 | 22,694 | 22,629 | 22,611 | 22,678 | 22,829 | 22,987 | 22,789 |

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39 **SEMCO Energy Gas Company**  
40 Rate Reclassification of GS Customers  
41 Volumetric Revenue

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44 **MPSC Reported 2005 GS Rates Mcf**

|                | Jan       | Feb       | Mar       | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov       | Dec       | Total      |
|----------------|-----------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|------------|
| 46 GS-1        | 940,453   | 783,880   | 700,941   | 303,241 | 189,650 | 79,613  | 90,451  | 86,359  | 102,344 | 220,521 | 433,024   | 834,614   | 4,765,090  |
| 47 GS-2        | 612,161   | 486,242   | 461,427   | 232,862 | 143,110 | 70,004  | 69,046  | 68,967  | 75,558  | 171,450 | 323,121   | 526,850   | 3,240,798  |
| 48 GS-3        | 802,132   | 663,909   | 679,723   | 368,396 | 235,016 | 122,167 | 153,734 | 148,883 | 139,097 | 369,071 | 496,167   | 655,362   | 4,833,654  |
| 49 Total Sales | 2,354,745 | 1,934,030 | 1,842,091 | 904,498 | 567,775 | 271,784 | 313,231 | 304,209 | 316,999 | 761,042 | 1,252,312 | 2,016,826 | 12,839,542 |

51 **MPSC Adjusted 2005 GS Mcf**

|                | Jan       | Feb       | Mar       | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov       | Dec       | Total      |
|----------------|-----------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|------------|
| 53 GS-1        | 851,942   | 671,904   | 591,250   | 202,282 | 133,608 | 49,583  | 65,791  | 65,529  | 78,863  | 196,236 | 394,326   | 744,817   | 4,046,131  |
| 54 GS-2        | 569,272   | 458,530   | 431,203   | 227,596 | 132,627 | 64,263  | 68,447  | 68,870  | 73,810  | 171,357 | 317,635   | 503,931   | 3,087,540  |
| 55 GS-3        | 933,532   | 803,596   | 819,638   | 474,621 | 301,540 | 157,937 | 178,993 | 169,810 | 164,327 | 393,449 | 540,351   | 768,078   | 5,705,872  |
| 56 Total Sales | 2,354,745 | 1,934,030 | 1,842,091 | 904,498 | 567,775 | 271,784 | 313,231 | 304,209 | 316,999 | 761,042 | 1,252,312 | 2,016,826 | 12,839,542 |

58 **GS Rate Reclassification - Net Change Mcf**

|             | Jan      | Feb       | Mar       | Apr       | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      | Total     |
|-------------|----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 60 GS-1     | (88,510) | (111,975) | (109,691) | (100,959) | (56,042) | (30,030) | (24,660) | (20,830) | (23,481) | (24,285) | (38,698) | (89,798) | (718,959) |
| 61 GS-2     | (42,889) | (27,712)  | (30,224)  | (5,266)   | (10,483) | (5,741)  | (599)    | (97)     | (1,748)  | (93)     | (5,487)  | (22,919) | (153,259) |
| 62 GS-3     | 131,399  | 139,688   | 139,915   | 106,225   | 66,525   | 35,771   | 25,259   | 20,927   | 25,230   | 24,378   | 44,185   | 112,716  | 872,218   |
| 63 Total GS | 0        | (0)       | 0         | 0         | 0        | (0)      | (0)      | 0        | (0)      | (0)      | (0)      | 0        | 0         |

65 **MPSC Proforma Billed 2005 Volumetric Rates**

|         | Jan      | Feb      | Mar      | Apr      | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      |
|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 67 GS-1 | \$1.2297 | \$1.2297 | \$1.2297 | \$1.3135 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 |
| 68 GS-2 | \$1.0282 | \$1.0282 | \$1.0282 | \$1.0667 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 |
| 69 GS-3 | \$0.7857 | \$0.7857 | \$0.7857 | \$0.8358 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 |

71 **MPSC Incremental 2005 GS Volumetric Rate Revenue Adjustment**

|                     | Jan         | Feb         | Mar         | Apr         | May        | Jun        | Jul        | Aug        | Sep        | Oct        | Nov        | Dec         | Total       |
|---------------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| 73 GS-1             | (\$108,841) | (\$137,696) | (\$134,887) | (\$132,604) | (\$78,302) | (\$41,958) | (\$34,454) | (\$29,104) | (\$32,808) | (\$33,931) | (\$54,069) | (\$125,465) | (\$944,120) |
| 74 GS-2             | (\$44,098)  | (\$28,494)  | (\$31,077)  | (\$5,617)   | (\$11,585) | (\$6,344)  | (\$662)    | (\$108)    | (\$1,932)  | (\$103)    | (\$6,064)  | (\$25,327)  | (\$161,410) |
| 75 GS-3             | \$103,241   | \$109,753   | \$109,931   | \$88,777    | \$58,928   | \$31,686   | \$22,374   | \$18,537   | \$22,348   | \$21,594   | \$39,139   | \$99,844    | \$726,152   |
| 76 Total            | (\$49,699)  | (\$56,437)  | (\$56,032)  | (\$49,444)  | (\$30,959) | (\$16,616) | (\$12,742) | (\$10,674) | (\$12,392) | (\$12,440) | (\$20,993) | (\$50,949)  | (\$379,377) |
| 78 Total Adjustment | (\$63,435)  | (\$70,173)  | (\$69,768)  | (\$66,578)  | (\$51,492) | (\$37,149) | (\$33,275) | (\$31,207) | (\$32,925) | (\$32,973) | (\$41,526) | (\$71,482)  | (\$601,984) |

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|    |       | Jan     | Feb     | Mar     | Apr     | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----|-------|---------|---------|---------|---------|-----|-----|-----|-----|-----|-----|-----|-----|
| 7  |       |         |         |         |         |     |     |     |     |     |     |     |     |
| 8  | Resid | 220,010 | 220,429 | 220,589 | 220,780 |     |     |     |     |     |     |     |     |
| 9  | GS-1  | 18,429  | 18,480  | 18,480  | 18,480  |     |     |     |     |     |     |     |     |
| 10 | GS-2  | 3,589   | 3,569   | 3,570   | 3,565   |     |     |     |     |     |     |     |     |
| 11 | GS-3  | 838     | 838     | 835     | 832     |     |     |     |     |     |     |     |     |
| 12 | Total | 242,866 | 243,316 | 243,474 | 243,657 |     |     |     |     |     |     |     |     |

24 **Customer Charge Rates - MPSC 2005 Incremental Post Ratecase Rates**

42 **Incremental 2005 Proforma Post Ratecase Customer Charge Revenue Adjustment**

[illegible]

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[illegible][illegible][illegible]

1 **SEMCO Energy Gas Company**

2 Weather Normalization

3 Incremental Revenue

4

5

6 **Full Year MPSC and Pen Gas, GS Reclass Adjusted Volumes - Before Weather Norm**

|                | Jan       | Feb       | Mar       | Apr       | May       | Jun     | Jul     | Aug     | Sep     | Oct       | Nov       | Dec       | Total      |
|----------------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|-----------|-----------|-----------|------------|
| 8 Resid        | 4,493,959 | 3,658,004 | 3,228,912 | 1,671,594 | 1,164,362 | 502,792 | 416,952 | 411,542 | 476,330 | 1,088,340 | 2,322,258 | 3,870,730 | 23,305,775 |
| 9 GS-1         | 868,998   | 688,782   | 606,000   | 213,413   | 140,520   | 51,563  | 68,023  | 66,289  | 80,982  | 200,044   | 404,993   | 764,476   | 4,154,084  |
| 10 GS-2        | 579,833   | 469,002   | 440,359   | 234,506   | 136,915   | 65,492  | 70,685  | 69,728  | 75,566  | 175,506   | 326,725   | 510,804   | 3,155,120  |
| 11 GS-3        | 938,802   | 808,822   | 824,207   | 478,069   | 303,680   | 158,670 | 181,928 | 169,077 | 163,219 | 401,577   | 536,613   | 772,315   | 5,736,978  |
| 12 Total Sales | 6,881,592 | 5,624,610 | 5,099,477 | 2,597,582 | 1,745,477 | 778,518 | 737,588 | 716,635 | 796,096 | 1,865,466 | 3,590,590 | 5,918,325 | 36,351,956 |

|                      |           |           |           |         |         |         |         |         |         |         |           |           |            |
|----------------------|-----------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|------------|
| 13                   |           |           |           |         |         |         |         |         |         |         |           |           |            |
| 14 GS-2              | 2,345     | 1,700     | 1,687     | 856     | 504     | 28      | 11      | 0       | 9       | 601     | 1,309     | 1,840     | 10,890     |
| 15 GS-3              | 27,106    | 19,423    | 18,773    | 7,897   | 5,065   | 1,173   | 1,066   | 1,557   | 3,510   | 11,533  | 13,661    | 21,876    | 132,640    |
| 16 TR-1              | 307,567   | 244,790   | 255,930   | 165,202 | 156,964 | 87,033  | 80,177  | 93,271  | 92,312  | 143,958 | 188,107   | 242,630   | 2,057,941  |
| 17 TR-2              | 733,701   | 608,593   | 657,540   | 455,275 | 446,882 | 371,610 | 342,956 | 405,683 | 476,124 | 467,298 | 518,930   | 643,557   | 6,128,149  |
| 18 TR-3              | 320,154   | 279,746   | 310,877   | 287,585 | 264,661 | 260,570 | 261,022 | 265,091 | 252,678 | 263,768 | 271,806   | 312,137   | 3,350,095  |
| 19 Mead Johnson SC   | 50,737    | 43,048    | 49,896    | 44,147  | 42,958  | 38,810  | 40,149  | 39,916  | 38,642  | 38,493  | 43,168    | 49,050    | 519,014    |
| 20 Mich Tech SC      | 45,724    | 38,083    | 38,726    | 24,733  | 13,438  | 10,341  | 10,762  | 10,987  | 12,727  | 21,005  | 31,210    | 40,086    | 297,822    |
| 21 Coal Displacement | 1,476     | 0         | 0         | 0       | 0       | 2,612   | 0       | 0       | 4,816   | 8,480   | 0         | 0         | 17,384     |
| 22 Total TR          | 1,488,810 | 1,235,383 | 1,333,429 | 985,695 | 930,472 | 772,177 | 736,143 | 816,505 | 880,818 | 955,136 | 1,068,191 | 1,311,176 | 12,513,935 |

|                            |         |         |         |         |         |         |         |         |         |         |         |         |           |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| 23                         |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 24 <b><u>Base Load</u></b> | Jan     | Feb     | Mar     | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Total     |
| 25 Resid                   | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 414,247 | 4,970,961 |
| 26 GS-1                    | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 67,156  | 805,874   |
| 27 GS-2                    | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 70,206  | 842,474   |
| 28 GS-3                    | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 175,502 | 2,106,030 |

|                      |         |         |         |         |         |         |         |         |         |         |         |         |           |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| 29                   |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 30                   |         |         |         |         |         |         |         |         |         |         |         |         |           |
| 31 GS-2              | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 6       | 66        |
| 32 GS-3              | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 1,312   | 15,738    |
| 33 TR-1              | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 86,724  | 1,040,688 |
| 34 TR-2              | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 374,320 | 4,491,834 |
| 35 TR-3              | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 263,057 | 3,156,678 |
| 36 Mead Johnson SC   | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 40,033  | 480,390   |
| 37 Mich Tech SC      | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 10,875  | 130,494   |
| 38 Coal Displacement |         |         |         |         |         |         |         |         |         |         |         |         |           |

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39 **SEMCO Energy Gas Company**

40 Weather Normalization

41 Incremental Revenue

42

43

44 **Weather Sensitive Load**

|                      | Jan       | Feb       | Mar       | Apr       | May     | Jun      | Jul      | Aug     | Sep      | Oct     | Nov       | Dec       | Total      |
|----------------------|-----------|-----------|-----------|-----------|---------|----------|----------|---------|----------|---------|-----------|-----------|------------|
| 46 Resid             | 4,079,712 | 3,243,758 | 2,814,665 | 1,257,347 | 750,115 | 88,545   | 2,705    | (2,705) | 62,083   | 674,093 | 1,908,012 | 3,456,483 | 18,334,813 |
| 47 GS-1              | 801,842   | 621,626   | 538,844   | 146,257   | 73,364  | (15,593) | 867      | (867)   | 13,826   | 132,888 | 337,837   | 697,320   | 3,348,209  |
| 48 GS-2              | 509,627   | 398,796   | 370,152   | 164,300   | 66,708  | (4,714)  | 479      | (479)   | 5,360    | 105,299 | 256,518   | 440,598   | 2,312,646  |
| 49 GS-3              | 763,299   | 633,319   | 648,705   | 302,566   | 128,177 | (16,832) | 6,425    | (6,425) | (12,284) | 226,074 | 361,111   | 596,812   | 3,630,948  |
| 50                   |           |           |           |           |         |          |          |         |          |         |           |           |            |
| 51                   |           |           |           |           |         |          |          |         |          |         |           |           |            |
| 52 GS-2              | 2,340     | 1,695     | 1,682     | 851       | 499     | 23       | 6        | (6)     | 4        | 596     | 1,304     | 1,835     | 10,824     |
| 53 GS-3              | 25,795    | 18,112    | 17,462    | 6,586     | 3,754   | (139)    | (246)    | 246     | 2,199    | 10,222  | 12,350    | 20,565    | 116,902    |
| 54 TR-1              | 220,843   | 158,066   | 169,206   | 78,478    | 70,240  | 309      | (6,547)  | 6,547   | 5,588    | 57,234  | 101,383   | 155,906   | 1,017,253  |
| 55 TR-2              | 359,382   | 234,274   | 283,221   | 80,956    | 72,563  | (2,710)  | (31,364) | 31,364  | 101,805  | 92,979  | 144,611   | 269,238   | 1,636,315  |
| 56 TR-3              | 57,098    | 16,690    | 47,821    | 24,529    | 1,605   | (2,487)  | (2,035)  | 2,035   | (10,379) | 712     | 8,750     | 49,081    | 193,417    |
| 57 Mead Johnson SC   | 10,705    | 3,016     | 9,864     | 4,115     | 2,926   | (1,223)  | 117      | (117)   | (1,391)  | (1,540) | 3,136     | 9,018     | 38,624     |
| 58 Mich Tech SC      | 34,850    | 27,209    | 27,852    | 13,859    | 2,564   | (534)    | (113)    | 113     | 1,853    | 10,131  | 20,336    | 29,212    | 167,328    |
| 59 Coal Displacement | 0         | 0         | 0         | 0         | 0       | 0        | 0        | 0       | 0        | 0       | 0         | 0         | 0          |

|                      | Jan      | Feb      | Mar      | Apr    | May    | Jun   | Jul  | Aug  | Sep    | Oct    | Nov    | Dec      | Total    |
|----------------------|----------|----------|----------|--------|--------|-------|------|------|--------|--------|--------|----------|----------|
| 61 Weighted 2005 DD  | 1,304.64 | 1,028.75 | 1,042.30 | 523.38 | 354.24 | 24.64 | 1.00 | 1.00 | 60.39  | 396.31 | 734.41 | 1,202.23 | 6,673.29 |
| 62 Weighted 30 Yr DD | 1,297.45 | 1,098.90 | 943.49   | 586.34 | 303.42 | 82.23 | 1.00 | 1.00 | 134.87 | 452.26 | 764.48 | 1,130.51 | 6,795.94 |

| <b><u>Incremental Change in Volume Due to Weather Normalization</u></b> |          |         |           |         |           |          |     |     |          |         |         |           |          |
|-------------------------------------------------------------------------|----------|---------|-----------|---------|-----------|----------|-----|-----|----------|---------|---------|-----------|----------|
|                                                                         | Jan      | Feb     | Mar       | Apr     | May       | Jun      | Jul | Aug | Sep      | Oct     | Nov     | Dec       | Total    |
| 67 Resid                                                                | (22,474) | 221,183 | (266,833) | 151,242 | (107,623) | 206,957  | 0   | 0   | 76,576   | 95,172  | 78,110  | (206,209) | 226,101  |
| 68 GS-1                                                                 | (4,417)  | 42,387  | (51,083)  | 17,593  | (10,526)  | (36,446) | 0   | 0   | 17,053   | 18,762  | 13,830  | (41,601)  | (34,448) |
| 69 GS-2                                                                 | (2,807)  | 27,193  | (35,091)  | 19,763  | (9,571)   | (11,017) | 0   | 0   | 6,611    | 14,867  | 10,501  | (26,285)  | (5,837)  |
| 70 GS-3                                                                 | (4,205)  | 43,184  | (61,498)  | 36,395  | (18,390)  | (39,342) | 0   | 0   | (15,152) | 31,919  | 14,783  | (35,605)  | (47,910) |
| 71 Total Sales                                                          | (33,904) | 333,946 | (414,504) | 224,993 | (146,110) | 120,152  | 0   | 0   | 85,089   | 160,720 | 117,225 | (309,701) | 137,906  |
| 72                                                                      |          |         |           |         |           |          |     |     |          |         |         |           |          |
| 73 GS-2                                                                 | (13)     | 116     | (159)     | 102     | (72)      | 53       | 0   | 0   | 4        | 84      | 53      | (109)     | 59       |
| 74 GS-3                                                                 | (142)    | 1,235   | (1,655)   | 792     | (539)     | (324)    | 0   | 0   | 2,712    | 1,443   | 506     | (1,227)   | 2,801    |
| 75 TR-1                                                                 | (1,217)  | 10,778  | (16,041)  | 9,440   | (10,078)  | 722      | 0   | 0   | 6,893    | 8,081   | 4,150   | (9,301)   | 3,427    |
| 76 TR-2                                                                 | (1,980)  | 15,974  | (26,850)  | 9,738   | (10,411)  | (6,333)  | 0   | 0   | 125,571  | 13,127  | 5,920   | (16,062)  | 108,695  |
| 77 TR-3                                                                 | (315)    | 1,138   | (4,533)   | 2,950   | (230)     | (5,812)  | 0   | 0   | (12,801) | 100     | 358     | (2,928)   | (22,072) |
| 78 Mead Johnson SC                                                      | (59)     | 206     | (935)     | 495     | (420)     | (2,857)  | 0   | 0   | (1,715)  | (217)   | 128     | (538)     | (5,913)  |
| 79 Mich Tech SC                                                         | (192)    | 1,855   | (2,640)   | 1,667   | (368)     | (1,247)  | 0   | 0   | 2,285    | 1,430   | 832     | (1,743)   | 1,880    |
| 80 Coal Displacement                                                    | 0        | 0       | 0         | 0       | 0         | 0        | 0   | 0   | 0        | 0       | 0       | 0         | 0        |
| 81 Total TR                                                             | (3,917)  | 31,302  | (52,814)  | 25,185  | (22,116)  | (15,798) | 0   | 0   | 122,948  | 24,048  | 11,948  | (31,909)  | 88,878   |
| 82                                                                      |          |         |           |         |           |          |     |     |          |         |         |           |          |
| 83 Total                                                                | (37,821) | 365,248 | (467,318) | 250,177 | (168,227) | 104,354  | 0   | 0   | 208,037  | 184,768 | 129,174 | (341,609) | 226,783  |

Case No.: U-14893  
 Witness: JRAIger  
 Section B  
 Exhibit: A-11  
 Schedule F-2-4  
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84 **SEMCO Energy Gas Company**

85 Weather Normalization

86 Incremental Revenue

87

88

89 **MPSC Post Ratecase Volumetric Rates**

Case No.: U-14893  
Witness: JRAIger  
Section B  
Exhibit: A-11  
Schedule F-2-4  
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|                   | Jan      | Feb      | Mar      | Apr      | May      | Jun      | Jul      | Aug      | Sep      | Oct      | Nov      | Dec      |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Resid             | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 | \$1.2230 |
| GS-1              | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 | \$1.3972 |
| GS-2              | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 |
| GS-3              | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 |
| Total Sales       |          |          |          |          |          |          |          |          |          |          |          |          |
| GS-2              | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 | \$1.1051 |
| GS-3              | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 | \$0.8858 |
| TR-1              | \$0.6936 | \$0.6936 | \$0.6936 | \$0.5436 | \$0.5436 | \$0.5436 | \$0.5436 | \$0.5436 | \$0.5436 | \$0.5436 | \$0.6936 | \$0.6936 |
| TR-2              | \$0.5613 | \$0.5613 | \$0.5613 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.5613 | \$0.5613 |
| TR-3              | \$0.4870 | \$0.4870 | \$0.4870 | \$0.3370 | \$0.3370 | \$0.3370 | \$0.3370 | \$0.3370 | \$0.3370 | \$0.3370 | \$0.4870 | \$0.4870 |
| Mead Johnson SC   | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 | \$0.2800 |
| Mich Tech SC      | \$0.5613 | \$0.5613 | \$0.5613 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.4113 | \$0.5613 | \$0.5613 |
| Coal Displacement | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| Total TR          |          |          |          |          |          |          |          |          |          |          |          |          |

83 **Incremental Change in Revenue Due to Weather Normalization**

|                      | Jan        | Feb       | Mar         | Apr       | May         | Jun        | Jul | Aug | Sep        | Oct       | Nov       | Dec         | Total      |
|----------------------|------------|-----------|-------------|-----------|-------------|------------|-----|-----|------------|-----------|-----------|-------------|------------|
| 85 Resid             | (\$27,486) | \$270,506 | (\$326,336) | \$184,969 | (\$131,623) | \$253,108  | \$0 | \$0 | \$93,653   | \$116,396 | \$95,529  | (\$252,194) | \$276,522  |
| 86 GS-1              | (\$6,172)  | \$59,223  | (\$71,373)  | \$24,581  | (\$14,707)  | (\$50,923) | \$0 | \$0 | \$23,827   | \$26,214  | \$19,324  | (\$58,125)  | (\$48,131) |
| 87 GS-2              | (\$3,103)  | \$30,051  | (\$38,779)  | \$21,840  | (\$10,577)  | (\$12,175) | \$0 | \$0 | \$7,306    | \$16,429  | \$11,605  | (\$29,048)  | (\$6,450)  |
| 88 GS-3              | (\$3,725)  | \$38,253  | (\$54,475)  | \$32,238  | (\$16,290)  | (\$34,849) | \$0 | \$0 | (\$13,421) | \$28,273  | \$13,095  | (\$31,539)  | (\$42,439) |
| 89 Total Sales       | (\$40,485) | \$398,033 | (\$490,963) | \$263,628 | (\$173,197) | \$155,161  | \$0 | \$0 | \$111,364  | \$187,313 | \$139,553 | (\$370,906) | \$179,501  |
| 90                   |            |           |             |           |             |            |     |     |            |           |           |             |            |
| 91 GS-2              | (\$14)     | \$128     | (\$176)     | \$113     | (\$79)      | \$58       | \$0 | \$0 | \$5        | \$93      | \$59      | (\$121)     | \$65       |
| 92 GS-3              | (\$126)    | \$1,094   | (\$1,466)   | \$702     | (\$477)     | (\$287)    | \$0 | \$0 | \$2,402    | \$1,278   | \$448     | (\$1,087)   | \$2,481    |
| 93 TR-1              | (\$844)    | \$7,476   | (\$11,126)  | \$5,132   | (\$5,478)   | \$393      | \$0 | \$0 | \$3,747    | \$4,393   | \$2,879   | (\$6,451)   | \$119      |
| 94 TR-2              | (\$1,111)  | \$8,966   | (\$15,071)  | \$4,005   | (\$4,282)   | (\$2,605)  | \$0 | \$0 | \$51,647   | \$5,399   | \$3,323   | (\$9,016)   | \$41,257   |
| 95 TR-3              | (\$153)    | \$554     | (\$2,208)   | \$994     | (\$78)      | (\$1,959)  | \$0 | \$0 | (\$4,314)  | \$34      | \$174     | (\$1,426)   | (\$8,380)  |
| 96 Mead Johnson SC   | (\$17)     | \$58      | (\$262)     | \$139     | (\$118)     | (\$800)    | \$0 | \$0 | (\$480)    | (\$61)    | \$36      | (\$151)     | (\$1,656)  |
| 97 Mich Tech SC      | (\$108)    | \$1,041   | (\$1,482)   | \$686     | (\$151)     | (\$513)    | \$0 | \$0 | \$940      | \$588     | \$467     | (\$978)     | \$490      |
| 98 Coal Displacement | \$0        | \$0       | \$0         | \$0       | \$0         | \$0        | \$0 | \$0 | \$0        | \$0       | \$0       | \$0         | \$0        |
| 99 Total TR          | (\$2,373)  | \$19,317  | (\$31,791)  | \$11,770  | (\$10,663)  | (\$5,712)  | \$0 | \$0 | \$53,946   | \$11,724  | \$7,386   | (\$19,230)  | \$34,376   |
| 100                  |            |           |             |           |             |            |     |     |            |           |           |             |            |
| 101 Total Adjustment | (\$42,858) | \$417,349 | (\$522,753) | \$275,398 | (\$183,859) | \$149,449  | \$0 | \$0 | \$165,311  | \$199,037 | \$146,939 | (\$390,135) | \$213,877  |

**SEMCO Energy Gas Company**  
**2005 Transportation Booked Revenues**  
Per Est-Act

Case No.: U-14893      Witness: JRAIger  
Section B                      Exhibit: A-11  
Schedule F-2-5  
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| <b>GCR Revenues</b>                                             |                       | Dec 2004   | Jan       | Feb       | Mar        | Apr         | May        | Jun        | Jul       | Aug       | Sep       | Oct      | Nov       | Dec 2005 | 2005       | Total Jan-Apr    |
|-----------------------------------------------------------------|-----------------------|------------|-----------|-----------|------------|-------------|------------|------------|-----------|-----------|-----------|----------|-----------|----------|------------|------------------|
| <b>GCR Revenues Booked to Separate Account After April 2005</b> |                       |            |           |           |            |             |            |            |           |           |           |          |           |          |            |                  |
| <b>Coal Displ</b>                                               | Est Month             | \$14       | \$51      | \$0       | \$0        | \$0         | \$0        | \$90       | \$0       | \$0       | \$166     | \$292    | \$0       | \$0      |            |                  |
|                                                                 | Actual Month          | \$14       | \$51      | \$0       | \$0        | \$0         | \$0        | \$90       | \$0       | \$0       | \$166     | \$292    | \$0       | \$0      |            |                  |
|                                                                 | Est-Actual            | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | (\$0)     | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Booked                |            | \$51      | \$0       | \$0        | \$0         | \$0        | \$90       | \$0       | \$0       | \$166     | \$292    | \$0       | (\$0)    | \$598      |                  |
|                                                                 | Spread From Marketers |            | \$4       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$23      | \$102    | \$0       | (\$0)    | \$129      |                  |
| <b>Total</b>                                                    |                       |            | \$55      | \$0       | \$0        | \$0         | \$0        | \$90       | \$0       | \$0       | \$189     | \$394    | \$0       | (\$0)    | \$727      | <b>\$55</b>      |
| <b>GS-2</b>                                                     | Est Month             | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Actual Month          | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Est-Actual            | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Booked                |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        |                  |
|                                                                 | Spread From Marketers |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        |                  |
| <b>Total</b>                                                    |                       |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        | <b>\$0</b>       |
| <b>GS-3</b>                                                     | Est Month             | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Actual Month          | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Act-Est               | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Booked                |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        |                  |
|                                                                 | Spread From Marketers |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        |                  |
| <b>Total</b>                                                    |                       |            | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      | \$0        | <b>\$0</b>       |
| <b>Mead Johnson</b>                                             | Est Month             | \$1,546    | \$1,745   | \$1,481   | \$1,716    | \$1,519     | \$1,378    | \$1,335    | \$1,381   | \$1,373   | \$1,329   | \$1,324  | \$1,485   | \$1,687  |            |                  |
|                                                                 | Actual Month          | \$1,546    | \$1,745   | \$1,481   | \$1,716    | \$1,519     | \$1,378    | \$1,335    | \$1,381   | \$1,373   | \$1,329   | \$1,324  | \$1,485   | \$1,687  |            |                  |
|                                                                 | Act-Est               | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Booked                |            | \$1,745   | \$1,481   | \$1,716    | \$1,519     | \$1,378    | \$1,335    | \$1,381   | \$1,373   | \$1,329   | \$1,324  | \$1,485   | \$1,687  | \$17,754   |                  |
|                                                                 | Spread From Marketers |            | \$131     | \$143     | \$53       | (\$3,252)   | (\$1,388)  | \$0        | \$815     | \$93      | \$184     | \$463    | \$281     | \$156    | (\$2,320)  |                  |
| <b>Total</b>                                                    |                       |            | \$1,876   | \$1,624   | \$1,769    | (\$1,733)   | (\$11)     | \$1,335    | \$2,196   | \$1,466   | \$1,513   | \$1,787  | \$1,766   | \$1,844  | \$15,434   | <b>\$3,537</b>   |
| <b>Mich Tech</b>                                                | Est Month             | \$1,430    | \$1,573   | \$1,310   | \$1,332    | \$851       | \$462      | \$356      | \$370     | \$378     | \$438     | \$723    | \$1,074   | \$1,379  |            |                  |
|                                                                 | Actual Month          | \$1,430    | \$1,573   | \$1,310   | \$1,332    | \$851       | \$462      | \$356      | \$370     | \$378     | \$438     | \$723    | \$1,074   | \$1,379  |            |                  |
|                                                                 | Act-Est               | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$0       | \$0      |            |                  |
|                                                                 | Booked                |            | \$1,573   | \$1,310   | \$1,332    | \$851       | \$462      | \$356      | \$370     | \$378     | \$438     | \$723    | \$1,074   | \$1,379  | \$10,245   |                  |
|                                                                 | Spread From Marketers |            | \$118     | \$127     | \$41       | (\$1,822)   | (\$466)    | \$0        | \$218     | \$26      | \$61      | \$253    | \$203     | \$128    | (\$1,113)  |                  |
| <b>Total</b>                                                    |                       |            | \$1,691   | \$1,437   | \$1,373    | (\$971)     | (\$4)      | \$356      | \$589     | \$404     | \$498     | \$975    | \$1,277   | \$1,507  | \$9,132    | <b>\$3,530</b>   |
| <b>TR-1</b>                                                     | Est Month             | \$8,755    | \$9,772   | \$8,103   | \$8,858    | \$5,830     | \$5,639    | \$3,160    | \$2,759   | \$3,223   | \$3,200   | \$4,983  | \$6,366   | \$8,346  |            |                  |
|                                                                 | Actual Month          | \$8,675    | \$9,774   | \$8,179   | \$8,858    | \$5,830     | \$5,639    | \$3,160    | \$2,759   | \$3,223   | \$3,200   | \$4,983  | \$6,543   | \$8,346  |            |                  |
|                                                                 | Act-Est               | \$80       | (\$2)     | (\$76)    | \$0        | \$0         | \$0        | \$0        | (\$0)     | \$0       | \$0       | \$0      | (\$177)   | (\$0)    |            |                  |
|                                                                 | Booked                |            | \$9,692   | \$8,104   | \$8,934    | \$5,830     | \$5,639    | \$3,160    | \$2,759   | \$3,223   | \$3,200   | \$4,983  | \$6,366   | \$8,524  | \$70,413   |                  |
|                                                                 | Spread From Marketers |            | \$728     | \$784     | \$276      | (\$12,483)  | (\$5,682)  | \$0        | \$1,628   | \$219     | \$443     | \$1,743  | \$1,203   | \$791    | (\$10,351) |                  |
| <b>Total</b>                                                    |                       |            | \$10,420  | \$8,888   | \$9,210    | (\$6,653)   | (\$43)     | \$3,160    | \$4,386   | \$3,442   | \$3,643   | \$6,726  | \$7,570   | \$9,314  | \$60,062   | <b>\$21,864</b>  |
| <b>TR-2</b>                                                     | Est Month             | \$22,105   | \$31,164  | \$26,876  | \$21,275   | \$25,535    | \$15,213   | \$12,195   | \$11,508  | \$11,882  | \$15,408  | \$14,921 | \$17,355  | \$21,225 |            |                  |
|                                                                 | Actual Month          | \$32,712   | \$34,643  | \$27,082  | \$33,830   | \$25,535    | \$14,935   | \$11,770   | \$9,766   | \$13,665  | \$18,202  | \$14,946 | \$17,559  | \$21,225 |            |                  |
|                                                                 | Act-Est               | (\$10,606) | (\$3,479) | (\$205)   | (\$12,555) | \$0         | \$278      | \$425      | \$1,742   | (\$1,783) | (\$2,794) | (\$25)   | (\$205)   | \$0      |            |                  |
|                                                                 | Booked                |            | \$41,771  | \$30,356  | \$21,480   | \$38,090    | \$15,213   | \$11,917   | \$11,083  | \$10,140  | \$17,191  | \$17,715 | \$17,380  | \$21,430 | \$253,765  |                  |
|                                                                 | Spread From Marketers |            | \$3,136   | \$2,937   | \$664      | (\$81,562)  | (\$15,330) | \$0        | \$6,539   | \$688     | \$2,381   | \$6,196  | \$3,285   | \$1,987  | (\$69,077) |                  |
| <b>Total</b>                                                    |                       |            | \$44,907  | \$33,292  | \$22,144   | (\$43,472)  | (\$117)    | \$11,917   | \$17,622  | \$10,828  | \$19,572  | \$23,911 | \$20,665  | \$23,417 | \$184,687  | <b>\$56,871</b>  |
| <b>TR-3</b>                                                     | Est Month             | \$11,138   | \$11,874  | \$10,415  | \$11,465   | \$10,349    | \$9,638    | \$9,458    | \$9,398   | \$9,667   | \$9,250   | \$9,596  | \$9,899   | \$10,738 |            |                  |
|                                                                 | Actual Month          | \$11,138   | \$11,874  | \$10,415  | \$11,465   | \$10,349    | \$9,638    | \$9,458    | \$9,398   | \$9,667   | \$9,250   | \$9,596  | \$9,585   | \$10,738 |            |                  |
|                                                                 | Act-Est               | \$0        | \$0       | \$0       | \$0        | \$0         | \$0        | \$0        | \$0       | \$0       | \$0       | \$0      | \$314     | \$0      |            |                  |
|                                                                 | Booked                |            | \$11,874  | \$10,415  | \$11,465   | \$10,349    | \$9,638    | \$9,458    | \$9,398   | \$9,667   | \$9,250   | \$9,596  | \$9,899   | \$10,423 | \$121,433  |                  |
|                                                                 | Spread From Marketers |            | \$891     | \$1,008   | \$354      | (\$22,161)  | (\$9,712)  | \$0        | \$5,545   | \$656     | \$1,281   | \$3,357  | \$1,871   | \$967    | (\$15,942) |                  |
| <b>Total</b>                                                    |                       |            | \$12,765  | \$11,423  | \$11,819   | (\$11,812)  | (\$74)     | \$9,459    | \$14,942  | \$10,323  | \$10,531  | \$12,953 | \$11,770  | \$11,390 | \$105,490  | <b>\$24,196</b>  |
| <b>Total Booked w/o Marketers</b>                               |                       |            | \$66,706  | \$51,666  | \$44,927   | \$56,638    | \$32,330   | \$26,316   | \$24,991  | \$24,781  | \$31,573  | \$34,633 | \$36,204  | \$43,443 | \$474,208  |                  |
| <b>Marketers</b>                                                | Est Month             | \$18,545   | \$0       | \$612     | \$0        | (\$44,083)  | (\$32,578) | \$0        | \$0       | \$0       | \$0       | \$9,593  | \$6,843   | \$2,051  |            |                  |
|                                                                 | Actual Month          | \$23,554   | \$4,386   | \$2,001   | (\$77,196) | (\$44,083)  | (\$32,578) | \$14,745   | \$1,682   | \$4,373   | \$2,521   | \$9,593  | \$8,822   | \$2,051  |            |                  |
|                                                                 | Act-Est               | (\$5,008)  | (\$4,386) | (\$1,388) | \$77,196   | \$0         | (\$1)      | (\$14,745) | (\$1,682) | (\$4,373) | (\$2,521) | \$0      | (\$1,978) | (\$0)    |            |                  |
|                                                                 | Booked                |            | \$5,008   | \$4,998   | \$1,388    | (\$121,279) | (\$32,578) | \$1        | \$14,745  | \$1,682   | \$4,373   | \$12,114 | \$6,843   | \$4,029  | (\$98,676) |                  |
| <b>Total GCR Revenues</b>                                       |                       |            | \$71,714  | \$56,665  | \$46,316   | (\$64,641)  | (\$248)    | \$26,317   | \$39,736  | \$26,463  | \$35,946  | \$46,747 | \$43,047  | \$47,472 | \$375,532  | <b>\$110,053</b> |

**SEMCO Energy Gas Company**  
**2005 Transportation Booked Revenues**  
Per Est-Act

Case No.: U-14893  
Section B  
Witness: JRAlger  
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| <b>Misc Revenues</b>           |                       | Dec 2004   | Jan       | Feb       | Mar       | Apr     | May     | Jun      | Jul      | Aug        | Sep        | Oct      | Nov      | Dec 2005  | Total 2005 |
|--------------------------------|-----------------------|------------|-----------|-----------|-----------|---------|---------|----------|----------|------------|------------|----------|----------|-----------|------------|
| <b>Coal Displ</b>              | Est Month             | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Actual Month          | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Est-Actual            | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       | \$0        |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.00    | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00     | \$0.00     | \$0.00   | \$0.00   | \$0.00    | \$0        |
|                                |                       | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       | \$0        |
| <b>GS-2</b>                    | Est Month             | \$600      | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$765     |            |
|                                | Actual Month          | \$600      | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$765     |            |
|                                | Est-Actual            | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$765     | \$765      |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.00    | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00     | \$0.00     | \$0.00   | \$0.00   | \$0.54    | \$1        |
|                                |                       | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$765     | \$765      |
| <b>GS-3</b>                    | Est Month             | \$1,500    | \$0       | \$0       | \$0       | \$39    | \$16    | \$0      | \$0      | \$0        | \$39       | (\$14)   | \$0      | \$1,922   |            |
|                                | Actual Month          | \$1,500    | \$52      | \$74      | \$0       | \$39    | \$16    | \$0      | \$0      | \$17       | \$39       | (\$14)   | \$0      | \$1,922   |            |
|                                | Act-Est               | \$0        | (\$52)    | (\$74)    | \$0       | \$0     | \$0     | \$0      | \$0      | (\$17)     | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | \$52      | \$74      | \$39    | \$16    | \$0      | \$0      | \$0        | \$56       | (\$14)   | \$0      | \$1,922   | \$2,144    |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.03    | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00     | \$0.05     | \$0.02   | \$0.00   | \$1.36    | \$1        |
|                                |                       | \$0        | \$52      | \$74      | \$39      | \$16    | \$0     | \$0      | \$0      | \$0        | \$56       | (\$14)   | \$0      | \$1,923   | \$2,146    |
| <b>Mead Johnson</b>            | Est Month             | \$200      | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$200     |            |
|                                | Actual Month          | \$200      | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$200     |            |
|                                | Act-Est               | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$200     | \$200      |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.00    | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00     | \$0.00     | \$0.00   | \$0.00   | \$0.14    | \$0        |
|                                |                       | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$200     | \$200      |
| <b>Mich Tech</b>               | Est Month             | \$639      | \$0       | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$100     |            |
|                                | Actual Month          | \$639      | (\$539)   | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$100     |            |
|                                | Act-Est               | \$0        | \$539     | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | (\$539)   | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$100     | (\$439)    |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.00    | \$0.00  | \$0.00  | \$0.00   | \$0.00   | \$0.00     | \$0.00     | \$0.00   | \$0.00   | \$0.07    | \$0        |
|                                |                       | \$0        | (\$539)   | \$0       | \$0       | \$0     | \$0     | \$0      | \$0      | \$0        | \$0        | \$0      | \$0      | \$100     | (\$439)    |
| <b>TR-1</b>                    | Est Month             | \$9,154    | \$0       | \$0       | \$0       | \$388   | \$248   | \$246    | \$10,703 | \$10,790   | \$439      | \$126    | \$947    | \$10,215  |            |
|                                | Actual Month          | \$8,970    | \$1,023   | \$1,202   | \$146     | \$388   | \$248   | \$261    | \$10,922 | \$346      | \$452      | \$154    | \$1,024  | \$9,929   |            |
|                                | Act-Est               | \$184      | (\$1,023) | (\$1,202) | (\$146)   | \$0     | \$0     | (\$15)   | (\$219)  | \$10,444   | (\$14)     | (\$27)   | (\$76)   | \$286     |            |
|                                | Booked                | \$0        | (\$184)   | \$1,023   | \$1,202   | \$535   | \$248   | \$246    | \$10,718 | \$11,009   | (\$10,005) | \$140    | \$975    | \$10,292  | \$26,198   |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.00    | \$0.44    | \$0.00  | \$0.00  | \$0.80   | \$0.00   | \$3.46     | (\$8.30)   | (\$0.18) | \$0.00   | \$7.28    | \$4        |
|                                |                       | (\$184)    | \$1,023   | \$1,203   | \$535     | \$248   | \$247   | \$10,718 | \$11,012 | (\$10,013) | \$140      | \$975    | \$10,299 | \$26,201  |            |
| <b>TR-2</b>                    | Est Month             | (\$26,501) | \$1,200   | \$1,200   | \$1,200   | \$2,190 | \$2,159 | \$2,793  | \$175    | \$175      | \$1,804    | \$2,672  | \$2,863  | \$8,814   |            |
|                                | Actual Month          | \$9,433    | \$5,410   | \$3,361   | \$1,483   | \$2,190 | \$2,159 | \$2,793  | \$573    | \$2,649    | \$1,804    | \$2,672  | \$2,769  | \$8,814   |            |
|                                | Act-Est               | (\$35,934) | (\$4,210) | (\$2,161) | (\$283)   | \$0     | \$0     | \$0      | (\$398)  | (\$2,474)  | \$0        | \$0      | \$94     | \$0       |            |
|                                | Booked                | \$37,134   | \$5,410   | \$3,361   | \$2,473   | \$2,159 | \$2,793 | \$175    | \$573    | \$4,278    | \$2,672    | \$2,863  | \$8,720  | \$72,612  |            |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$1.23    | \$0.00    | \$0.00  | \$0.00  | \$9.13   | \$0.00   | \$0.18     | \$3.55     | (\$3.48) | \$0.00   | \$6.17    | \$17       |
|                                |                       | \$37,134   | \$5,410   | \$3,363   | \$2,473   | \$2,159 | \$2,802 | \$175    | \$573    | \$4,282    | \$2,669    | \$2,863  | \$8,726  | \$72,629  |            |
| <b>TR-3</b>                    | Est Month             | \$1,669    | \$0       | \$0       | \$0       | \$0     | \$0     | \$1,009  | \$0      | \$0        | \$730      | \$0      | \$0      | \$1,470   |            |
|                                | Actual Month          | \$1,669    | \$563     | \$1,758   | \$1,601   | \$0     | \$0     | \$1,009  | \$0      | \$685      | \$730      | \$0      | \$18     | \$1,470   |            |
|                                | Act-Est               | \$0        | (\$563)   | (\$1,758) | (\$1,601) | \$0     | \$0     | \$0      | \$0      | (\$685)    | \$0        | \$0      | (\$18)   | \$0       |            |
|                                | Booked                | \$0        | \$563     | \$1,758   | \$1,601   | \$0     | \$0     | \$1,009  | \$0      | \$0        | \$1,415    | \$0      | \$0      | \$1,487   | \$7,834    |
|                                | Spread From Marketers | \$0.00     | \$0.00    | \$0.65    | \$0.00    | \$0.00  | \$0.00  | \$3.30   | \$0.00   | \$0.00     | \$1.17     | \$0.00   | \$0.00   | \$1.05    | \$6        |
|                                |                       | \$0        | \$563     | \$1,759   | \$1,601   | \$0     | \$0     | \$1,012  | \$0      | \$0        | \$1,416    | \$0      | \$0      | \$1,488   | \$7,840    |
| <b>Total without Marketers</b> |                       | \$36,950   | \$6,509   | \$6,396   | \$4,647   | \$2,422 | \$4,048 | \$10,893 | \$11,582 | (\$4,255)  | \$2,798    | \$3,838  | \$23,485 | \$109,313 |            |
| <b>Marketers</b>               | Est Month             | \$0        | \$0       | \$0       | \$0       | \$0     | \$0     | \$13     | \$0      | \$0        | \$0        | (\$4)    | \$0      | \$17      |            |
|                                | Actual Month          | \$0        | \$0       | \$2       | \$0       | \$0     | \$0     | \$13     | \$4      | (\$4)      | \$0        | (\$4)    | \$0      | \$17      |            |
|                                | Act-Est               | \$0        | \$0       | (\$2)     | \$0       | \$0     | \$0     | \$0      | (\$4)    | \$4        | \$0        | \$0      | \$0      | \$0       |            |
|                                | Booked                | \$0        | \$0       | \$0       | \$2       | \$0     | \$0     | \$13     | \$0      | \$4        | (\$4)      | (\$4)    | \$0      | \$17      | \$29       |
| <b>Total Misc Revenues</b>     |                       | \$36,950   | \$6,509   | \$6,399   | \$4,647   | \$2,422 | \$4,061 | \$10,893 | \$11,585 | (\$4,259)  | \$2,794    | \$3,838  | \$23,502 | \$109,342 |            |

**SEMCO Energy Gas Company**  
**2005 Transportation Booked Revenues**  
Per Est-Act

Case No.: U-14893  
Section B  
Witness: JRAlger  
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|                            |              | Dec 2004  | Jan              | Feb              | Mar              | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Total<br>Dec 2005 | Total<br>2005      |
|----------------------------|--------------|-----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------|
| <b>Rate Revenues</b>       |              |           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                    |
| <b>Coal Displ</b>          | Est Month    | \$83      | \$295            | \$0              | \$0              | \$0              | \$0              | \$522            | \$0              | \$0              | \$963            | \$1,607          | \$0              | \$0               |                    |
|                            | Actual Month | \$83      | \$295            | \$0              | \$0              | \$0              | \$0              | \$522            | \$0              | \$0              | \$963            | \$1,607          | \$0              | \$0               |                    |
|                            | Est-Actual   | \$0       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0               |                    |
|                            | Booked       |           | \$295            | \$0              | \$0              | \$0              | \$0              | \$522            | \$0              | \$0              | \$963            | \$1,607          | \$0              | \$0               | \$3,388            |
| <b>GS-2</b>                | Est Month    | \$2,838   | \$3,069          | \$2,415          | \$2,415          | \$1,664          | \$1,279          | \$759            | \$740            | \$728            | \$738            | \$1,385          | \$2,159          | \$2,739           |                    |
|                            | Actual Month | \$2,838   | \$3,071          | \$2,415          | \$2,409          | \$1,664          | \$1,279          | \$759            | \$740            | \$728            | \$738            | \$1,385          | \$2,159          | \$2,739           |                    |
|                            | Act-Est      | \$0       | (\$2)            | \$0              | \$6              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0               |                    |
|                            | Booked       |           | \$3,069          | \$2,417          | \$2,415          | \$1,658          | \$1,279          | \$759            | \$740            | \$728            | \$738            | \$1,385          | \$2,159          | \$2,739           | \$20,085           |
| <b>GS-3</b>                | Est Month    | \$20,166  | \$23,445         | \$19,210         | \$17,050         | \$9,319          | \$6,838          | \$3,278          | \$3,184          | \$3,764          | \$5,625          | \$12,655         | \$14,520         | \$21,718          |                    |
|                            | Actual Month | \$20,166  | \$23,467         | \$17,496         | \$17,062         | \$9,319          | \$6,838          | \$3,278          | \$3,334          | \$3,764          | \$5,625          | \$12,655         | \$14,520         | \$21,718          |                    |
|                            | Act-Est      | \$1       | (\$22)           | \$1,715          | (\$13)           | \$0              | \$0              | \$0              | (\$150)          | \$0              | \$0              | \$0              | \$0              | \$0               |                    |
|                            | Booked       |           | \$23,444         | \$19,232         | \$15,335         | \$9,332          | \$6,838          | \$3,278          | \$3,184          | \$3,914          | \$5,625          | \$12,655         | \$14,520         | \$21,718          | \$139,075          |
| <b>Mead Johnson</b>        | Est Month    | \$14,534  | \$16,156         | \$14,003         | \$15,921         | \$14,411         | \$13,978         | \$12,817         | \$13,192         | \$12,976         | \$12,620         | \$12,578         | \$13,887         | \$15,534          |                    |
|                            | Actual Month | \$14,534  | \$16,156         | \$14,003         | \$15,921         | \$14,411         | \$13,978         | \$12,817         | \$13,042         | \$12,976         | \$12,620         | \$12,578         | \$13,887         | \$15,534          |                    |
|                            | Act-Est      | \$0       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$150            | \$0              | \$0              | \$0              | \$0              | \$0               |                    |
|                            | Booked       |           | \$16,156         | \$14,003         | \$15,921         | \$14,411         | \$13,978         | \$12,817         | \$13,192         | \$12,826         | \$12,620         | \$12,578         | \$13,887         | \$15,534          | \$167,924          |
| <b>Mich Tech</b>           | Est Month    | \$24,522  | \$26,878         | \$22,549         | \$22,907         | \$11,198         | \$6,552          | \$5,278          | \$5,451          | \$5,544          | \$6,260          | \$9,664          | \$18,543         | \$23,525          |                    |
|                            | Actual Month | \$24,522  | \$26,878         | \$22,549         | \$22,907         | \$11,198         | \$6,552          | \$5,278          | \$5,451          | \$5,544          | \$6,260          | \$9,664          | \$18,543         | \$23,525          |                    |
|                            | Act-Est      | \$0       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0               |                    |
|                            | Booked       |           | \$26,878         | \$22,549         | \$22,907         | \$11,198         | \$6,552          | \$5,278          | \$5,451          | \$5,544          | \$6,260          | \$9,664          | \$18,543         | \$23,525          | \$164,349          |
| <b>TR-1</b>                | Est Month    | \$214,033 | \$234,539        | \$200,874        | \$216,111        | \$129,999        | \$126,326        | \$87,433         | \$81,094         | \$88,880         | \$88,512         | \$116,248        | \$165,518        | \$206,238         |                    |
|                            | Actual Month | \$212,411 | \$234,571        | \$202,404        | \$216,094        | \$129,999        | \$126,326        | \$87,433         | \$81,545         | \$88,880         | \$88,512         | \$116,248        | \$169,885        | \$205,788         |                    |
|                            | Act-Est      | \$1,622   | (\$33)           | (\$1,530)        | \$18             | \$0              | \$0              | \$0              | (\$451)          | \$0              | \$0              | \$0              | (\$4,367)        | \$450             |                    |
|                            | Booked       |           | \$232,917        | \$200,907        | \$217,641        | \$129,981        | \$126,326        | \$87,433         | \$81,094         | \$89,330         | \$88,512         | \$116,248        | \$165,518        | \$210,605         | \$1,746,513        |
| <b>TR-2</b>                | Est Month    | \$421,882 | \$464,150        | \$386,169        | \$408,632        | \$234,249        | \$229,865        | \$206,169        | \$201,630        | \$225,716        | \$250,100        | \$246,610        | \$344,003        | \$423,404         |                    |
|                            | Actual Month | \$421,882 | \$464,537        | \$386,169        | \$408,641        | \$234,249        | \$229,865        | \$206,169        | \$201,630        | \$221,358        | \$250,100        | \$246,652        | \$346,931        | \$423,404         |                    |
|                            | Act-Est      | \$0       | (\$387)          | \$0              | (\$8)            | \$0              | \$0              | \$0              | \$0              | \$4,359          | \$0              | (\$41)           | (\$2,929)        | \$0               |                    |
|                            | Booked       |           | \$464,150        | \$386,556        | \$408,632        | \$234,257        | \$229,865        | \$206,169        | \$201,630        | \$225,716        | \$245,741        | \$246,610        | \$344,044        | \$426,332         | \$3,619,704        |
| <b>TR-3</b>                | Est Month    | \$179,889 | \$190,370        | \$169,588        | \$184,522        | \$123,286        | \$116,316        | \$114,559        | \$113,964        | \$116,604        | \$112,515        | \$115,912        | \$162,035        | \$170,836         |                    |
|                            | Actual Month | \$179,889 | \$190,370        | \$169,588        | \$184,522        | \$123,286        | \$116,316        | \$114,559        | \$113,964        | \$116,604        | \$112,515        | \$115,912        | \$156,120        | \$170,836         |                    |
|                            | Act-Est      | \$0       | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$0              | \$5,914          | \$0               |                    |
|                            | Booked       |           | \$190,370        | \$169,588        | \$184,522        | \$123,286        | \$116,316        | \$114,559        | \$113,964        | \$116,604        | \$112,515        | \$115,912        | \$162,035        | \$164,921         | \$1,684,591        |
| <b>Total Rate Revenues</b> |              |           | <u>\$957,279</u> | <u>\$815,251</u> | <u>\$867,373</u> | <u>\$524,124</u> | <u>\$501,154</u> | <u>\$430,815</u> | <u>\$419,255</u> | <u>\$454,664</u> | <u>\$472,974</u> | <u>\$516,659</u> | <u>\$720,705</u> | <u>\$865,375</u>  | <u>\$7,545,629</u> |

**SEMCO Energy Gas Company**  
Test Year Revenues and Adjustments  
Excluding Gas Cost Revenues

Case No.: U-14893  
Witness: JRAIger  
Exhibit: A-11  
Schedule F-3  
Page 1 of 1

Section B

|                                        | (1)<br>Booked<br>Revenue<br>2005 | Jan-May<br>Peninsular<br>Gas | GS<br>Rate<br>Reclass | Partial Year<br>Rate Case<br>Normalization | Weather<br>Normalization | 2007<br>Normalized<br>Revenue |
|----------------------------------------|----------------------------------|------------------------------|-----------------------|--------------------------------------------|--------------------------|-------------------------------|
| <u>Customer &amp; Meter Charge</u>     | (A)                              | (B)                          | (C)                   | (D)                                        | (E)                      | (F)                           |
| 1 Residential                          | \$25,491,775                     | \$232,205                    | \$0                   | \$0                                        | \$0                      | \$25,723,980                  |
| 2 GS-1                                 | 2,098,195                        | 25,634                       | 132,231               | 32,315                                     | 0                        | 2,288,373                     |
| 3 GS-2                                 | 1,167,710                        | 7,013                        | (402,537)             | 75,063                                     | 0                        | 847,249                       |
| 4 GS-3                                 | 749,622                          | 1,493                        | 47,700                | 0                                          | 0                        | 798,814                       |
| 5 Total Sales & Customer Choice (Mcf)  | \$29,507,302                     | \$266,343                    | (\$222,607)           | \$107,378                                  | \$0                      | \$29,658,416                  |
| 6                                      |                                  |                              |                       |                                            |                          |                               |
| 7 GS-2                                 | \$8,610                          | \$0                          | \$0                   | \$147                                      | \$0                      | \$8,757                       |
| 8 GS-3                                 | 29,250                           | 0                            | 0                     | 0                                          | 0                        | 29,250                        |
| 9 TR-1                                 | 453,525                          | 0                            | 0                     | 0                                          | 0                        | 453,525                       |
| 10 TR-2                                | 723,875                          | 4,750                        | 0                     | 8,850                                      | 0                        | 737,475                       |
| 11 TR-3                                | 255,650                          | 0                            | 0                     | 1,800                                      | 0                        | 257,450                       |
| 12 Mead Johnson SC                     | 22,600                           | 0                            | 0                     | 0                                          | 0                        | 22,600                        |
| 13 Mich Tech SC                        | 12,150                           | 0                            | 0                     | 150                                        | 0                        | 12,300                        |
| 14 Coal Displacement                   | 0                                | 0                            | 0                     | 0                                          | 0                        | 0                             |
| 15 Total Large Transportation (Dth)    | \$1,505,660                      | \$4,750                      | \$0                   | \$10,947                                   | \$0                      | \$1,521,357                   |
| 16                                     |                                  |                              |                       |                                            |                          |                               |
| 17 Total Customer Charge Revenue       | \$31,012,962                     | \$271,093                    | (\$222,607)           | \$118,325                                  | \$0                      | \$31,179,773                  |
| 18                                     |                                  |                              |                       |                                            |                          |                               |
| <u>Volumetric Charge</u>               | Booked<br>Revenue<br>2005        | Jan-May<br>Pen<br>Gas        | GS<br>Rate<br>Reclass | Partial Year<br>Rate Case<br>Normalization | Weather<br>Normalization | 2007<br>Normalized<br>Revenue |
| 22 Residential                         | \$25,825,650                     | \$309,222                    | \$0                   | \$2,618,677                                | \$276,522                | \$29,030,070                  |
| 23 GS-1                                | 6,261,673                        | 96,142                       | (944,120)             | 431,630                                    | (48,131)                 | 5,797,195                     |
| 24 GS-2                                | 3,526,837                        | 39,935                       | (161,410)             | 128,904                                    | (6,450)                  | 3,527,816                     |
| 25 GS-3                                | 4,212,171                        | 13,686                       | 726,152               | 233,229                                    | (42,439)                 | 5,142,799                     |
| 26 Total Sales & Customer Choice (Mcf) | \$39,826,331                     | \$458,985                    | (\$379,377)           | \$3,412,440                                | \$179,501                | \$43,497,880                  |
| 27                                     |                                  |                              |                       |                                            |                          |                               |
| 28 GS-2                                | \$11,475                         | \$0                          | \$0                   | \$474                                      | \$65                     | \$12,014                      |
| 29 GS-3                                | 109,825                          | 0                            | 0                     | 6,932                                      | 2,481                    | 119,239                       |
| 30 TR-1                                | 1,292,987                        | 0                            | 0                     | 0                                          | 119                      | 1,293,106                     |
| 31 TR-2                                | 2,895,829                        | 36,424                       | 0                     | (10,171)                                   | 41,257                   | 2,963,338                     |
| 32 TR-3                                | 1,428,941                        | 0                            | 0                     | (2,823)                                    | (8,380)                  | 1,417,738                     |
| 33 Mead Johnson SC                     | 145,324                          | 0                            | 0                     | 0                                          | (1,656)                  | 143,668                       |
| 34 Mich Tech SC                        | 152,199                          | 0                            | 0                     | (637)                                      | 490                      | 152,053                       |
| 35 Coal Displacement                   | 3,388                            | 0                            | 0                     | 0                                          | 0                        | 3,388                         |
| 36 Total Large Transportation (Dth)    | \$6,039,969                      | \$36,424                     | \$0                   | (\$6,226)                                  | \$34,376                 | \$6,104,543                   |
| 37                                     |                                  |                              |                       |                                            |                          |                               |
| 38 Total Volumetric Revenue            | \$45,866,300                     | \$495,409                    | (\$379,377)           | \$3,406,214                                | \$213,877                | \$49,602,423                  |
| 39                                     |                                  |                              |                       |                                            |                          |                               |
| <u>Total Revenue</u>                   | Booked<br>Revenue<br>2005        | Jan-May<br>Pen<br>Gas        | GS<br>Rate<br>Reclass | Partial Year<br>Rate Case<br>Normalization | Weather<br>Normalization | 2007<br>Normalized<br>Revenue |
| 43 Residential                         | \$51,317,425                     | \$541,426                    | \$0                   | \$2,618,677                                | \$276,522                | \$54,754,050                  |
| 44 GS-1                                | 8,359,868                        | 121,776                      | (811,889)             | 463,944                                    | (48,131)                 | 8,085,568                     |
| 45 GS-2                                | 4,694,547                        | 46,948                       | (563,947)             | 203,967                                    | (6,450)                  | 4,375,065                     |
| 46 GS-3                                | 4,961,793                        | 15,178                       | 773,852               | 233,229                                    | (42,439)                 | 5,941,613                     |
| 47 Total Sales & Customer Choice (Mcf) | \$69,333,633                     | \$725,328                    | (\$601,984)           | \$3,519,818                                | \$179,501                | \$73,156,296                  |
| 48                                     |                                  |                              |                       |                                            |                          |                               |
| 49 GS-2                                | \$20,085                         | \$0                          | \$0                   | \$621                                      | \$65                     | \$20,771                      |
| 50 GS-3                                | 139,075                          | 0                            | 0                     | 6,932                                      | 2,481                    | 148,489                       |
| 51 TR-1                                | 1,746,512                        | 0                            | 0                     | 0                                          | 119                      | 1,746,631                     |
| 52 TR-2                                | 3,619,704                        | 41,174                       | 0                     | (1,321)                                    | 41,257                   | 3,700,813                     |
| 53 TR-3                                | 1,684,591                        | 0                            | 0                     | (1,023)                                    | (8,380)                  | 1,675,188                     |
| 54 Mead Johnson SC                     | 167,924                          | 0                            | 0                     | 0                                          | (1,656)                  | 166,268                       |
| 55 Mich Tech SC                        | 164,349                          | 0                            | 0                     | (487)                                      | 490                      | 164,353                       |
| 56 Coal Displacement                   | 3,388                            | 0                            | 0                     | 0                                          | 0                        | 3,388                         |
| 57 Total Large Transportation (Dth)    | \$7,545,629                      | \$41,174                     | \$0                   | \$4,721                                    | \$34,376                 | \$7,625,900                   |
| 58                                     |                                  |                              |                       |                                            |                          |                               |
| 59 Total Revenue                       | \$76,879,262                     | \$766,502                    | (\$601,984)           | \$3,524,539                                | \$213,877                | \$80,782,196                  |

(1) Includes Peninsular Gas - June - December 2005

# SEMCO Energy Gas Company

Miscellaneous Fees Normalization

Case No.: U-14893  
 Witness: J Van Sickle  
 Exhibit: A-11  
 Schedule: F-3-1  
 Page 1 of 1

|                         | A    | B     | C       | D       | E           | F                   |
|-------------------------|------|-------|---------|---------|-------------|---------------------|
|                         | 2005 | Count | Old Fee | New Fee | Increase    | Normalized          |
| <b>NSF</b>              |      |       |         |         |             |                     |
| 1                       | Jan  | 196   | \$15.00 | \$18.00 | \$588.00    |                     |
| 2                       | Feb  | 246   | \$15.00 | \$18.00 | \$738.00    |                     |
| 3                       | Mar  | 255   | \$15.00 | \$18.00 | \$765.00    | \$2,091.00          |
| <b>Collection</b>       |      |       |         |         |             |                     |
| 4                       | Jan  | 9323  | \$10.00 | \$11.50 | \$13,984.50 |                     |
| 5                       | Feb  | 10218 | \$10.00 | \$11.50 | \$15,327.00 |                     |
| 6                       | Mar  | 11701 | \$10.00 | \$11.50 | \$17,551.50 | \$46,863.00         |
| <b>Regular Turn On</b>  |      |       |         |         |             |                     |
| 7                       | Jan  | 1138  | \$25.00 | \$50.00 | \$28,450.00 |                     |
| 8                       | Feb  | 969   | \$25.00 | \$50.00 | \$24,225.00 |                     |
| 9                       | Mar  | 889   | \$25.00 | \$50.00 | \$22,225.00 | \$74,900.00         |
| <b>Seasonal Turn On</b> |      |       |         |         |             |                     |
| 10                      | Jan  | 2     | \$45.00 | \$75.00 | \$60.00     |                     |
| 11                      | Feb  | 1     | \$45.00 | \$75.00 | \$30.00     |                     |
| 12                      | Mar  | 1     | \$45.00 | \$75.00 | \$30.00     | \$120.00            |
| 13                      |      |       |         |         |             | <u>\$123,974.00</u> |

SEMCO Energy Gas Company  
Landlord Transfer Fee

Case No.:U-14893  
Witness: J Van Sickle  
Exhibit: A-11  
Schedule: F-3-2  
Page 1 of 1

|                                           |                |
|-------------------------------------------|----------------|
| Accounts transferred to landlords in 2005 | 5,467          |
| Transfer fee                              | <u>\$ 5.00</u> |
| Additional revenue                        | \$ 27,335.00   |

**SEMCO Energy Gas Company**

Calculation of Pro Forma and Proposed Revenue  
For Residential Service

Case No. U-14893

Witness: Malcolm R. Ketchum

Exhibit: A-11

Schedule: F-4

Page: 1 of 3

| Line | Description                                | Customers           | Current  | Pro Forma           | Proposed | Proposed            | Change                |         |
|------|--------------------------------------------|---------------------|----------|---------------------|----------|---------------------|-----------------------|---------|
|      |                                            | Mcf                 | Rate     | Revenue             | Rate     | Revenue             | Amount                | Percent |
|      |                                            | (A)                 | (B)      | (C)                 | (D)      | (E)                 | (F)                   | (G)     |
| 1    | <b>Residential Service:</b>                |                     |          |                     |          |                     |                       |         |
| 2    |                                            |                     |          |                     |          |                     |                       |         |
| 3    | Customer Charge                            | 223,383             | \$9.50   | \$25,465,662        | \$0.00   | \$0                 | (\$25,465,662)        |         |
| 4    |                                            |                     |          |                     |          |                     |                       |         |
| 5    | Distribution Charge                        | 23,531,876          | \$1.2230 | <u>\$28,779,484</u> | \$0.00   | <u>\$0</u>          | <u>(\$28,779,484)</u> |         |
| 6    |                                            |                     |          |                     |          |                     |                       |         |
| 7    | Service Charge                             | 223,383             |          |                     | \$24.09  | \$ 64,570,511       | <u>\$64,570,511</u>   |         |
| 8    |                                            |                     |          |                     |          |                     |                       |         |
| 9    | LAUF                                       | 23,531,876          |          |                     | \$0.124  | \$ 2,924,022        |                       |         |
| 10   |                                            |                     |          |                     |          |                     |                       |         |
| 11   | Total Residential                          |                     |          | <u>\$54,245,146</u> |          | <u>\$67,494,533</u> | <u>\$13,249,387</u>   | 24.4%   |
| 12   |                                            |                     |          |                     |          |                     |                       |         |
| 13   |                                            |                     |          |                     |          |                     |                       |         |
| 14   | <b>Calculation of Distribution Charge:</b> |                     |          |                     |          |                     |                       |         |
| 15   |                                            |                     |          |                     |          |                     |                       |         |
| 16   |                                            | <b>Residential</b>  |          |                     |          |                     |                       |         |
| 17   |                                            |                     |          |                     |          |                     |                       |         |
| 18   | Revenue Target                             | \$ 67,494,533       |          |                     |          |                     |                       |         |
| 19   | Less Annual Revenue From:                  |                     |          |                     |          |                     |                       |         |
| 20   | LAUF                                       | <u>\$ 2,924,022</u> |          |                     |          |                     |                       |         |
| 21   |                                            |                     |          |                     |          |                     |                       |         |
| 22   | Distribution Revenue                       | \$64,570,511        |          |                     |          |                     |                       |         |
| 23   | Divided by Customers                       | <u>2,680,596</u>    |          |                     |          |                     |                       |         |
| 24   |                                            |                     |          |                     |          |                     |                       |         |
| 25   | Service Charge                             | <u>\$24.09</u>      | per Mcf  |                     |          |                     |                       |         |
| 26   |                                            |                     |          |                     |          |                     |                       |         |
| 27   |                                            |                     |          |                     |          |                     |                       |         |
| 28   |                                            |                     |          |                     |          |                     |                       |         |

**SEMCO Energy Gas Company**

Calculation of Pro Forma and Proposed Revenue  
For Small & Large General Service

Case No. U-14893

Witness: Malcolm R. Ketchum

Exhibit: A-11

Schedule: F-4

Page: 2 of 3

| Line | Description                       | Customers            | Current      | Pro Forma            | Proposed      | Proposed     | Change      |         |
|------|-----------------------------------|----------------------|--------------|----------------------|---------------|--------------|-------------|---------|
|      |                                   | Mcf                  | Rate         | Revenue              | Rate          | Revenue      | Amount      | Percent |
|      |                                   | (A)                  | (B)          | (C)                  | (D)           | (E)          | (F)         | (G)     |
| 1    | <b>GS-1</b>                       |                      |              |                      |               |              |             |         |
| 2    | Customer Charge                   | 19,972               | \$9.50       | \$2,276,808          | \$ 12.00      | \$2,875,968  | \$599,160   |         |
| 3    | Distribution Charge               | 4,119,636            | \$1.3972     | \$5,755,955          | \$1.7852      | \$7,354,544  | \$1,598,589 |         |
| 4    | Subtotal GS-1                     |                      |              | \$8,032,763          |               | \$10,230,512 | \$2,197,749 | 27.36%  |
| 5    |                                   |                      |              |                      |               |              |             |         |
| 6    | <b>GS-2</b>                       |                      |              |                      |               |              |             |         |
| 7    | Customer Charge                   | 2,350                | \$ 29.00     | \$817,800            | \$ 50.00      | \$1,410,000  | \$592,200   |         |
| 8    | Remote meter charge               | 7                    | \$75.00      | \$6,300              | \$75.00       | \$6,300      | \$0         |         |
| 9    | Distribution Charge               | 3,160,232            | \$1.1051     | \$3,492,372          | \$1.2060      | \$3,811,104  | \$318,732   |         |
| 10   | Subtotal GS-2                     |                      |              | \$4,316,472          |               | \$5,227,404  | \$910,932   | 21.10%  |
| 11   |                                   |                      |              |                      |               |              |             |         |
| 12   | <b>GS-3</b>                       |                      |              |                      |               |              |             |         |
| 13   | Customer Charge                   | 886                  | \$75.00      | \$797,100            | \$ 100.00     | \$1,062,800  | \$265,700   |         |
| 14   | Remote meter charge               | 16                   | \$75.00      | \$14,700             | \$75.00       | \$14,700     | \$0         |         |
| 15   | Distribution Charge               | 5,824,509            | \$0.8858     | \$5,159,350          | \$1.0537      | \$6,137,538  | \$978,188   |         |
| 16   | Subtotal GS-3                     |                      |              | \$5,971,150          |               | \$7,215,038  | \$1,243,888 | 20.83%  |
| 17   |                                   |                      |              |                      |               |              |             |         |
| 18   | Total General Service             |                      |              | \$18,320,386         |               | \$22,672,954 | \$4,352,568 | 23.76%  |
| 19   |                                   |                      |              |                      |               |              |             |         |
| 20   |                                   |                      |              |                      |               |              |             |         |
| 21   |                                   |                      |              |                      |               |              |             |         |
| 22   |                                   |                      |              |                      |               |              |             |         |
| 23   |                                   |                      |              |                      |               |              |             |         |
| 24   |                                   | <b>GS-1</b>          | <b>GS-2</b>  | <b>GS-3</b>          | <b>Total</b>  |              |             |         |
| 25   | Remote Meter Charge               |                      |              | 16                   |               |              |             |         |
| 26   | Cust                              | 19,972               | 2,350        | 886                  |               |              |             |         |
| 27   | Mcf                               | 4,119,636            | 3,160,232    | 5,824,509            |               |              |             |         |
| 28   |                                   |                      |              |                      |               |              |             |         |
| 29   | Cost of Service Target Revenue    | \$ 10,230,512        | \$ 5,227,404 | \$ 7,215,038         | \$ 22,672,954 |              |             |         |
| 30   |                                   |                      |              |                      |               |              |             |         |
| 31   | Proposed Customer Charge          | \$ 12.00             | \$ 50.00     | \$ 100.00            |               |              |             |         |
| 32   | Proposed Distribution Charge      | \$ 1.7852            | \$ 1.2060    | \$ 1.0537            |               |              |             |         |
| 33   |                                   |                      |              |                      |               |              |             |         |
| 34   | Customer Charge Revenue           | \$ 2,875,968         | \$ 1,410,000 | \$ 1,062,800         |               |              |             |         |
| 35   | Remote Meter Charge               | \$ -                 | \$ 6,300     | \$ 14,700            |               |              |             |         |
| 36   | Distribution Charge Revenue       | \$ 7,354,544         | \$ 3,811,104 | \$ 6,137,538         |               |              |             |         |
| 37   | Total Designed Revenue            | \$ 10,230,512        | \$ 5,227,404 | \$ 7,215,038         | \$ 22,672,954 |              |             |         |
| 38   |                                   |                      |              |                      |               |              |             |         |
| 39   | Difference - Design less Target   | \$ (0)               | \$ (0)       | \$ 0                 | \$ (0)        |              |             |         |
| 40   |                                   |                      |              |                      |               |              |             |         |
| 41   | <b>Breakeven Analysis</b>         | <b>GS-1 vs. GS-2</b> |              | <b>GS-2 vs. GS-3</b> |               |              |             |         |
| 42   |                                   |                      |              |                      |               |              |             |         |
| 43   | Annual Fixed Charges: Small       | \$144                |              | \$600                |               |              |             |         |
| 44   | Annual Fixed Charges: Large       | \$600                |              | \$1,200              |               |              |             |         |
| 45   | Annual Fixed Cost Differential    | \$456                |              | \$600                |               |              |             |         |
| 46   | Variable Rate Differential        | \$0.5793             |              | \$0.1522             |               |              |             |         |
| 47   | <b>Annual Break Even (Mcf)</b>    | <b>787</b>           |              | <b>3,942</b>         |               |              |             |         |
|      |                                   |                      |              |                      |               |              |             |         |
|      | <b>Average Annual Usage (Mcf)</b> | <b>GS-1</b>          | <b>GS-2</b>  | <b>GS-3</b>          |               |              |             |         |
|      |                                   | 206                  | 1,345        | 6,576                |               |              |             |         |

**SEMCO Energy Gas Company**  
Calculation of Pro Forma and Proposed Revenue  
For Transportation Service

Case No. U-14893  
Witness: Malcolm R. Ketchum  
Exhibit: A-11  
Schedule: F-4  
Page: 3 of 3

| Line | Description                       | Customers<br>Mcf<br>(A) | Current<br>Rate        | Pro Forma<br>Revenue<br>(C) | Proposed<br>Rate<br>(D) | Proposed<br>Revenue<br>(E) | Change        |                |
|------|-----------------------------------|-------------------------|------------------------|-----------------------------|-------------------------|----------------------------|---------------|----------------|
|      |                                   |                         |                        |                             |                         |                            | Amount<br>(F) | Percent<br>(G) |
| 1    | <b>TR-1</b>                       |                         |                        |                             |                         |                            |               |                |
| 2    | Customer Charge                   | 84                      | \$ 375.00              | \$378,000                   | \$ 375.00               | \$378,000                  | \$0           |                |
| 3    | Remote Meter Charge               | 84                      | \$ 75.00               | \$75,525                    | \$ 75.00                | \$75,600                   | \$75          |                |
| 4    |                                   |                         |                        |                             |                         |                            |               |                |
| 5    | Distribution Charge - On-Peak     | 1,227,394               | \$0.6936               | \$851,320                   | \$0.8179                | \$1,003,841                | \$152,520     |                |
| 6    | Distribution Charge - Off-Peak    | 833,975                 | \$0.5436               | \$453,349                   | \$0.6679                | \$556,981                  | \$103,633     |                |
| 7    | Subtotal TR-1                     | 2,061,368               |                        | \$1,758,194                 |                         | \$2,014,422                | \$256,228     | 14.57%         |
| 8    |                                   |                         |                        |                             |                         |                            |               |                |
| 9    | <b>TR-2</b>                       |                         |                        |                             |                         |                            |               |                |
| 10   | Customer Charge                   | 60                      | \$ 950.00              | \$684,000                   | \$ 975.00               | \$702,000                  | \$18,000      |                |
| 11   | Remote Meter Charge               | 60                      | \$ 75.00               | \$54,000                    | \$ 75.00                | \$54,000                   | \$0           |                |
| 12   |                                   |                         |                        |                             |                         |                            |               |                |
| 13   | Distribution Charge - On-Peak     | 3,139,324               | \$0.5613               | \$1,762,102                 | \$0.6827                | \$2,143,260                | \$381,157     |                |
| 14   | Distribution Charge - Off-Peak    | 3,097,520               | \$0.4113               | \$1,274,010                 | \$0.5327                | \$1,650,091                | \$376,081     |                |
| 15   | Subtotal TR-2                     | 6,236,844               |                        | \$3,774,113                 |                         | \$4,549,351                | \$775,238     | 20.54%         |
| 16   |                                   |                         |                        |                             |                         |                            |               |                |
| 17   | <b>TR-3</b>                       |                         |                        |                             |                         |                            |               |                |
| 18   | Customer Charge                   | 6                       | \$ 3,000.00            | \$216,000                   | \$ 3,000.00             | \$216,000                  | \$0           |                |
| 19   | Remote Meter Charge               | 6                       | \$ 75.00               | \$5,400                     | \$ 75.00                | \$5,400                    | \$0           |                |
| 20   |                                   |                         |                        |                             |                         |                            |               |                |
| 21   | Distribution Charge - On-Peak     | 1,488,440               | \$0.4870               | \$724,870                   | \$0.6113                | \$909,883                  | \$185,013     |                |
| 22   | Distribution Charge - Off-Peak    | 1,839,583               | \$0.3370               | \$619,939                   | \$0.4613                | \$848,599                  | \$228,660     |                |
| 23   | Subtotal TR-3                     | 3,328,023               |                        | \$1,566,210                 |                         | \$1,979,882                | \$413,673     | 26.41%         |
| 24   |                                   |                         |                        |                             |                         |                            |               |                |
| 25   | <b>Mead Johnson</b>               |                         |                        |                             |                         |                            |               |                |
| 26   | Customer Charge                   | 2                       | \$ 950                 | \$22,800                    | \$ 950.00               | \$22,800                   | \$0           |                |
| 27   | Remote Meter Charge               | 2                       | \$ 75.00               | \$1,800                     | \$ 75.00                | \$1,800                    | \$0           |                |
| 28   |                                   |                         |                        |                             |                         |                            |               |                |
| 29   | Distribution Charge - On-Peak     | 234,701                 | \$0.2800               | \$65,716                    | \$0.2800                | \$65,716                   | \$0           |                |
| 30   | Distribution Charge - Off-Peak    | 278,400                 | \$0.2800               | \$77,952                    | \$0.2800                | \$77,952                   | \$0           |                |
| 31   | Subtotal                          | 513,101                 |                        | \$168,268                   |                         | \$168,268                  | \$0           | 0.00%          |
| 32   |                                   |                         |                        |                             |                         |                            |               |                |
| 33   | <b>Michigan Tech</b>              |                         |                        |                             |                         |                            |               |                |
| 34   | Customer Charge                   | 1                       | \$ 950.00              | \$11,400                    | \$ 3,000.00             | \$36,000                   | \$24,600      |                |
| 35   | Remote Meter Charge               | 1                       | \$ 75.00               | \$900                       | \$ 75.00                | \$900                      | \$0           |                |
| 36   |                                   |                         |                        |                             |                         |                            |               |                |
| 37   | Distribution Charge - On-Peak     | 191,942                 | \$0.5613               | \$107,737                   | \$0.3398                | \$65,228                   | (\$42,509)    |                |
| 38   | Distribution Charge - Off-Peak    | 107,760                 | \$0.4113               | \$44,322                    | \$0.1898                | \$20,456                   | (\$23,866)    |                |
| 39   | Subtotal                          | 299,702                 |                        | \$164,359                   |                         | \$122,584                  | (\$41,775)    | -25.42%        |
| 40   |                                   |                         |                        |                             |                         |                            |               |                |
| 41   |                                   |                         |                        |                             |                         |                            |               |                |
| 42   | Total Transportation Service      |                         |                        | \$7,431,143                 |                         | \$8,834,508                | \$1,403,365   | 18.88%         |
| 43   |                                   |                         |                        |                             |                         |                            |               |                |
| 44   |                                   |                         |                        |                             |                         |                            |               |                |
| 45   |                                   |                         |                        |                             |                         |                            |               |                |
| 46   |                                   | <b>TR-1</b>             | <b>TR-2</b>            | <b>TR-3</b>                 | <b>Mead Johnson</b>     | <b>Mich Tech</b>           | <b>Total</b>  |                |
| 47   | Remote Meter Charge               | 84                      | 60                     | 6                           | 2                       | 0                          |               |                |
| 48   | Customers                         | 84                      | 60                     | 6                           | 2                       | 0                          |               |                |
| 49   | On-Peak Dth                       | 1,227,394               | 3,139,324              | 1,488,440                   | 234,701                 | 191,942                    |               |                |
| 50   | Off-Peak Dth                      | 833,975                 | 3,097,520              | 1,839,583                   | 278,400                 | 107,760                    |               |                |
| 51   | % Dth On-Peak                     | 59.54%                  | 50.34%                 | 44.72%                      |                         |                            |               |                |
| 52   | % Dth Off-Peak                    | 40.46%                  | 49.66%                 | 55.28%                      |                         |                            |               |                |
| 53   | On-P/Off-P Rate Differential      | \$ 0.15                 | \$ 0.15                | \$ 0.15                     |                         |                            |               |                |
| 54   |                                   |                         |                        |                             |                         |                            |               |                |
| 55   | Cost of Service Target Revenue    | \$ 2,014,422            | \$ 4,549,351           | \$ 1,979,882                | \$ 168,268              | \$ 122,584                 | \$ 8,834,508  |                |
| 56   |                                   |                         |                        |                             |                         |                            |               |                |
| 57   | Proposed Customer Charge          | \$ 375.00               | \$ 975.00              | \$ 3,000.00                 | \$ 950.00               | \$ 3,000.00                |               |                |
| 58   | Proposed Remote Meter Charge      | \$ 75.00                | \$ 75.00               | \$ 75.00                    | \$ 75.00                | \$ 75.00                   |               |                |
| 59   | Proposed On-Peak Charge           | \$ 0.8179               | \$ 0.6827              | \$ 0.6113                   | \$ 0.2800               | \$ 0.3398                  |               |                |
| 60   | Proposed Off-Peak Charge          | \$ 0.6679               | \$ 0.5327              | \$ 0.4613                   | \$ 0.2800               | \$ 0.1898                  |               |                |
| 61   |                                   |                         |                        |                             |                         |                            |               |                |
| 62   | Cust & Mtr Charge Revenue         | \$ 453,600              | \$ 756,000             | \$ 221,400                  | \$ 24,600               | \$ 36,900                  |               |                |
| 63   | Distribution Charge Revenue       | \$ 1,560,822            | \$ 3,793,351           | \$ 1,758,482                | \$ 143,668              | \$ 85,684                  |               |                |
| 64   |                                   |                         |                        |                             |                         |                            |               |                |
| 65   | Total Designed Revenue            | \$ 2,014,422            | \$ 4,549,351           | \$ 1,979,882                | \$ 168,268              | \$ 122,584                 | \$ 8,834,508  |                |
| 66   |                                   |                         |                        |                             |                         |                            |               |                |
| 67   | Difference - Design less Target   | \$ 0                    | \$ (0)                 | \$ -                        | \$ -                    | \$ (0)                     | \$ (1)        |                |
| 68   |                                   |                         |                        |                             |                         |                            |               |                |
| 69   | <b>Breakeven Analysis</b>         | <b>TR-1 vs. TR-2</b>    | <b>TR-2 vs. TR-3</b>   |                             |                         |                            |               |                |
| 70   |                                   |                         |                        |                             |                         |                            |               |                |
| 71   | Annual Fixed Charges: Small       | \$5,400                 |                        | \$12,600                    |                         |                            |               |                |
| 72   | Annual Fixed Charges: Large       | \$12,600                |                        | \$36,900                    |                         |                            |               |                |
| 73   | Annual Fixed Cost Differential    | \$7,200                 |                        | \$24,300                    |                         |                            |               |                |
| 74   | Variable Rate Differential        | \$0.1490                |                        | \$0.0798                    |                         |                            |               |                |
| 75   | <b>Annual Break Even (Mcf)</b>    | <b>48,335</b>           |                        | <b>304,397</b>              |                         |                            |               |                |
|      |                                   |                         |                        |                             |                         |                            |               |                |
|      | <b>Average Annual Usage (Mcf)</b> | <b>TR-1</b><br>24,540   | <b>TR-2</b><br>103,947 | <b>TR-3</b><br>554,670      |                         |                            |               |                |

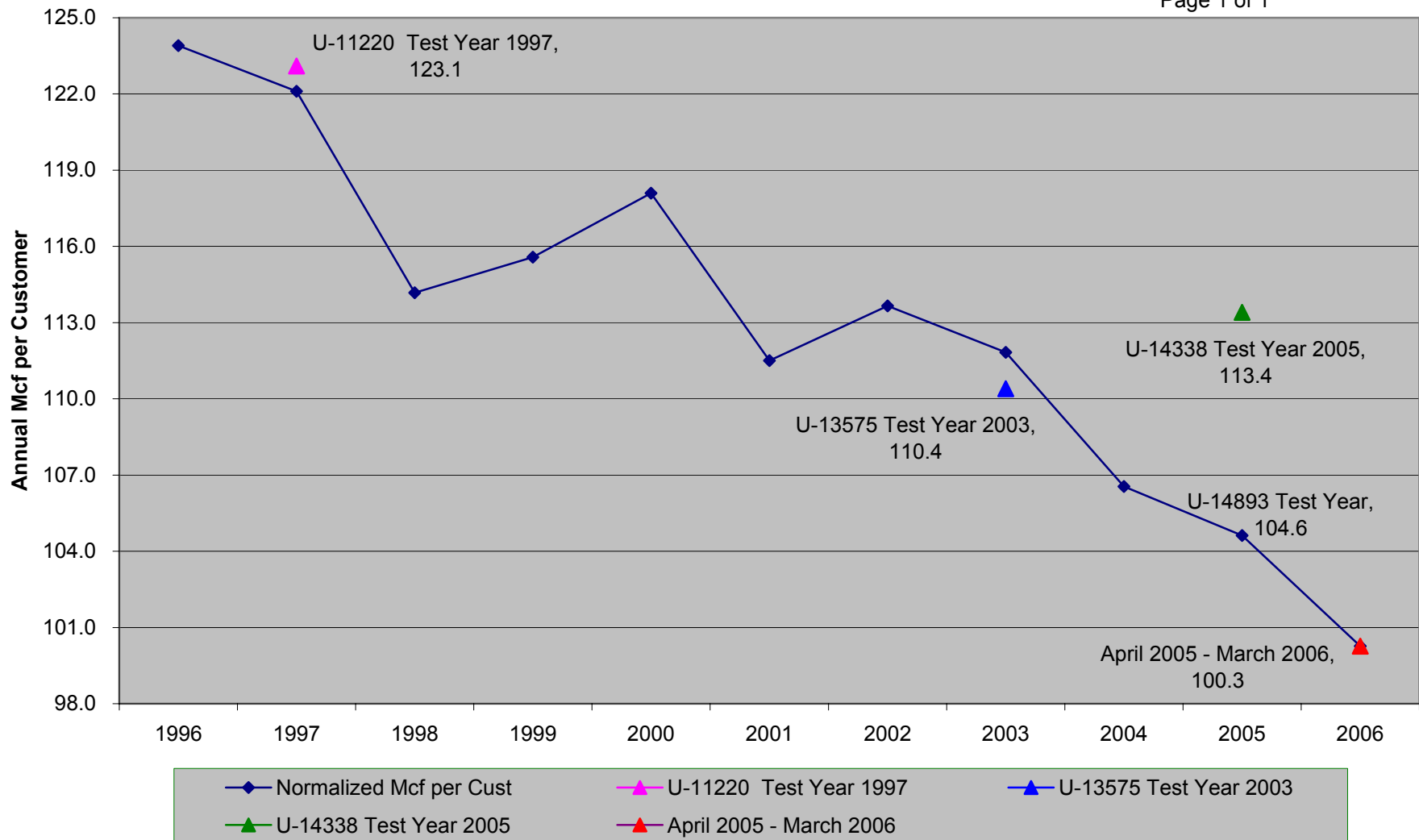
**SEMCO Energy Gas Company**  
Comparison of Current and Proposed Rates

Case No. U-14893  
Witness: Malcolm R. Ketchum  
Exhibit: A-11  
Schedule: F-5  
Page: 1 of 1

| Line | Description                        | Current Rates |           | Proposed Rates |           | Increase<br>(Decrease) |           |
|------|------------------------------------|---------------|-----------|----------------|-----------|------------------------|-----------|
|      |                                    | (A)           |           | (B)            |           | (C)                    |           |
| 1    | <b>SALES SERVICE:</b>              |               |           |                |           |                        |           |
| 2    | <b>Residential - Rate A</b>        |               |           |                |           |                        |           |
| 3    | Customer Charge                    | \$9.50        | per month | \$0.00         | per month | (\$9.50)               | per month |
| 4    | Distribution Charge                | \$1.2230      | per Mcf   | \$0.00         | per Mcf   | (\$1.2230)             | per Mcf   |
|      | Service Charge                     | \$0.0000      | per month | \$24.0881      | per month | \$24.0881              | per month |
|      | LAUF                               | \$0.0000      | per Mcf   | \$0.1243       | per Mcf   | \$0.1243               | per Mcf   |
| 5    |                                    |               |           |                |           |                        |           |
| 6    | <b>General Service - Rate GS-1</b> |               |           |                |           |                        |           |
| 7    | Customer Charge                    | \$9.50        | per month | \$12.00        | per month | \$2.50                 | per month |
| 8    | Distribution Charge                | \$1.3972      | per Mcf   | \$1.7852       | per Mcf   | \$0.3880               | per Mcf   |
| 9    |                                    |               |           |                |           |                        |           |
| 10   | <b>General Service - Rate GS-2</b> |               |           |                |           |                        |           |
| 11   | Customer Charge                    | \$29.00       | per month | \$50.00        | per month | \$21.00                | per month |
| 12   | Distribution Charge                | \$1.1051      | per Mcf   | \$1.2060       | per Mcf   | \$0.1009               | per Mcf   |
| 13   |                                    |               |           |                |           |                        |           |
| 14   | <b>General Service - Rate GS-3</b> |               |           |                |           |                        |           |
| 15   | Customer Charge                    | \$75.00       | per month | \$100.00       | per month | \$25.00                | per month |
| 16   | Distribution Charge                | \$0.8858      | per Mcf   | \$1.0537       | per Mcf   | \$0.1679               | per Mcf   |
| 17   |                                    |               |           |                |           |                        |           |
| 18   |                                    |               |           |                |           |                        |           |
| 19   |                                    |               |           |                |           |                        |           |
| 20   | <b>TRANSPORTATION SERVICE:</b>     |               |           |                |           |                        |           |
| 21   | <b>TR-1</b>                        |               |           |                |           |                        |           |
| 22   | Fixed Charges:                     |               |           |                |           |                        |           |
| 23   | Customer Charge per meter          | \$375.00      | per month | \$375.00       | per month | \$0.00                 | per month |
| 24   | Remote Meter Charge                | \$75.00       | per month | \$75.00        | per month | \$0.00                 | per month |
| 25   | Transportation Charges:            |               |           |                |           |                        |           |
| 26   | Peak (November - March)            | \$0.6936      | Per Dth   | \$0.8179       | Per Dth   | \$0.1243               | Per Dth   |
| 27   | Off-peak (April - October)         | \$0.5436      | Per Dth   | \$0.6679       | Per Dth   | \$0.1243               | Per Dth   |
| 28   |                                    |               |           |                |           |                        |           |
| 29   | <b>TR-2</b>                        |               |           |                |           |                        |           |
| 30   | Fixed Charges:                     |               |           |                |           |                        |           |
| 31   | Customer Charge per meter          | \$950.00      | per month | \$975.00       | per month | \$25.00                | per month |
| 32   | Remote Meter Charge                | \$75.00       | per month | \$75.00        | per month | \$0.00                 | per month |
| 33   | Transportation Charges:            |               |           |                |           |                        |           |
| 34   | Peak (November - March)            | \$0.5613      | Per Dth   | \$0.6827       | Per Dth   | \$0.1214               | Per Dth   |
| 35   | Off-peak (April - October)         | \$0.4113      | Per Dth   | \$0.5327       | Per Dth   | \$0.1214               | Per Dth   |
| 36   |                                    |               |           |                |           |                        |           |
| 37   | <b>TR-3</b>                        |               |           |                |           |                        |           |
| 38   | Fixed Charges:                     |               |           |                |           |                        |           |
| 39   | Customer Charge per meter          | \$3,000.00    | per month | \$3,000.00     | per month | \$0.00                 | per month |
| 40   | Remote Meter Charge                | \$75.00       | per month | \$75.00        | per month | \$0.00                 | per month |
| 41   | Transportation Charges:            |               |           |                |           |                        |           |
| 42   | Peak (November - March)            | \$0.4870      | Per Dth   | \$0.6113       | Per Dth   | \$0.1243               | Per Dth   |
| 43   | Off-peak (April - October)         | \$0.3370      | Per Dth   | \$0.4613       | Per Dth   | \$0.1243               | Per Dth   |

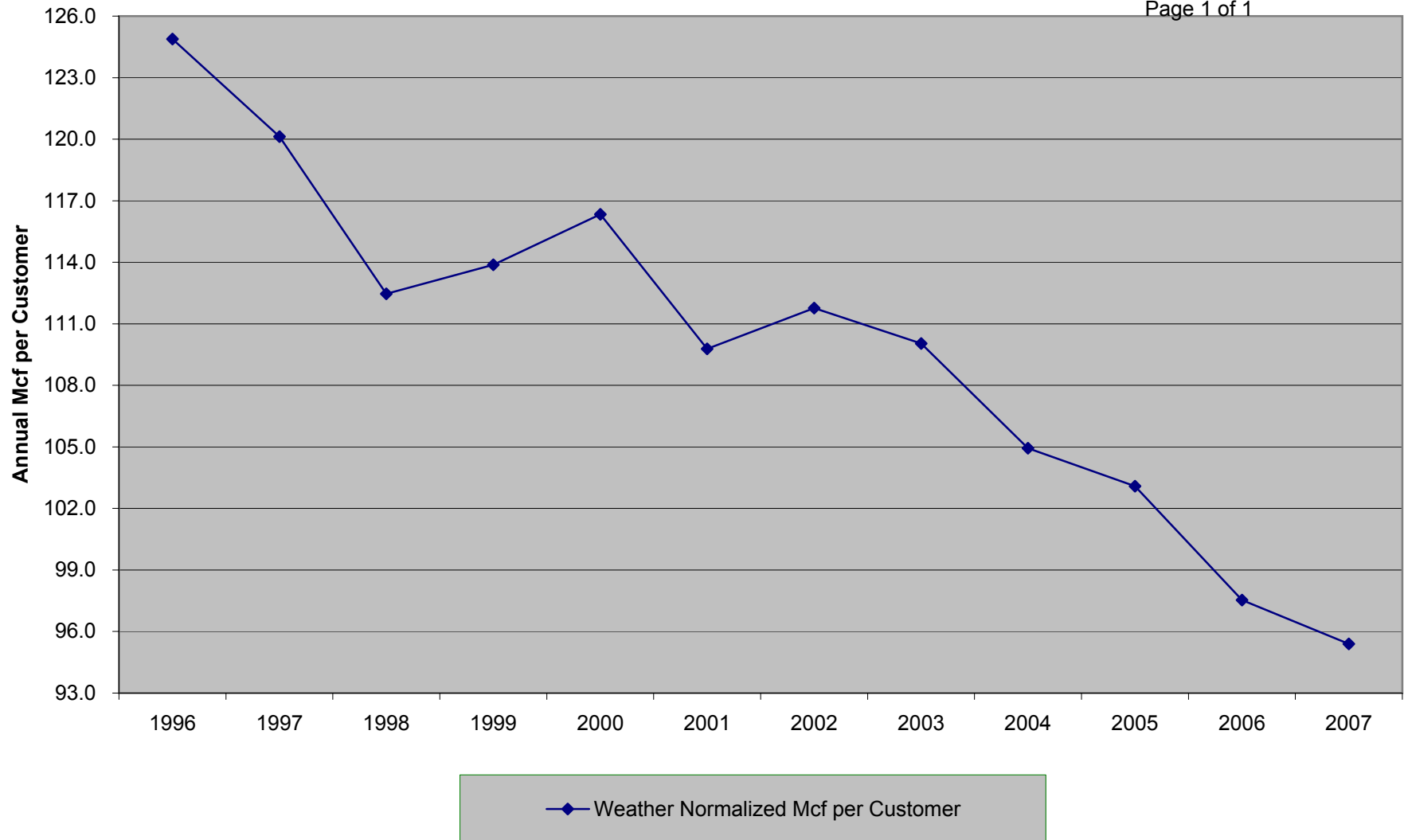
**Declining Use Per Customer**  
**30 Year Weather Normalized - MPSC Area Res Sp Heat (1996 - 2006)**

Case No.: U-14893  
Witness: JRALger  
Exhibit: A-11  
Schedule: F-5-1  
Page 1 of 1



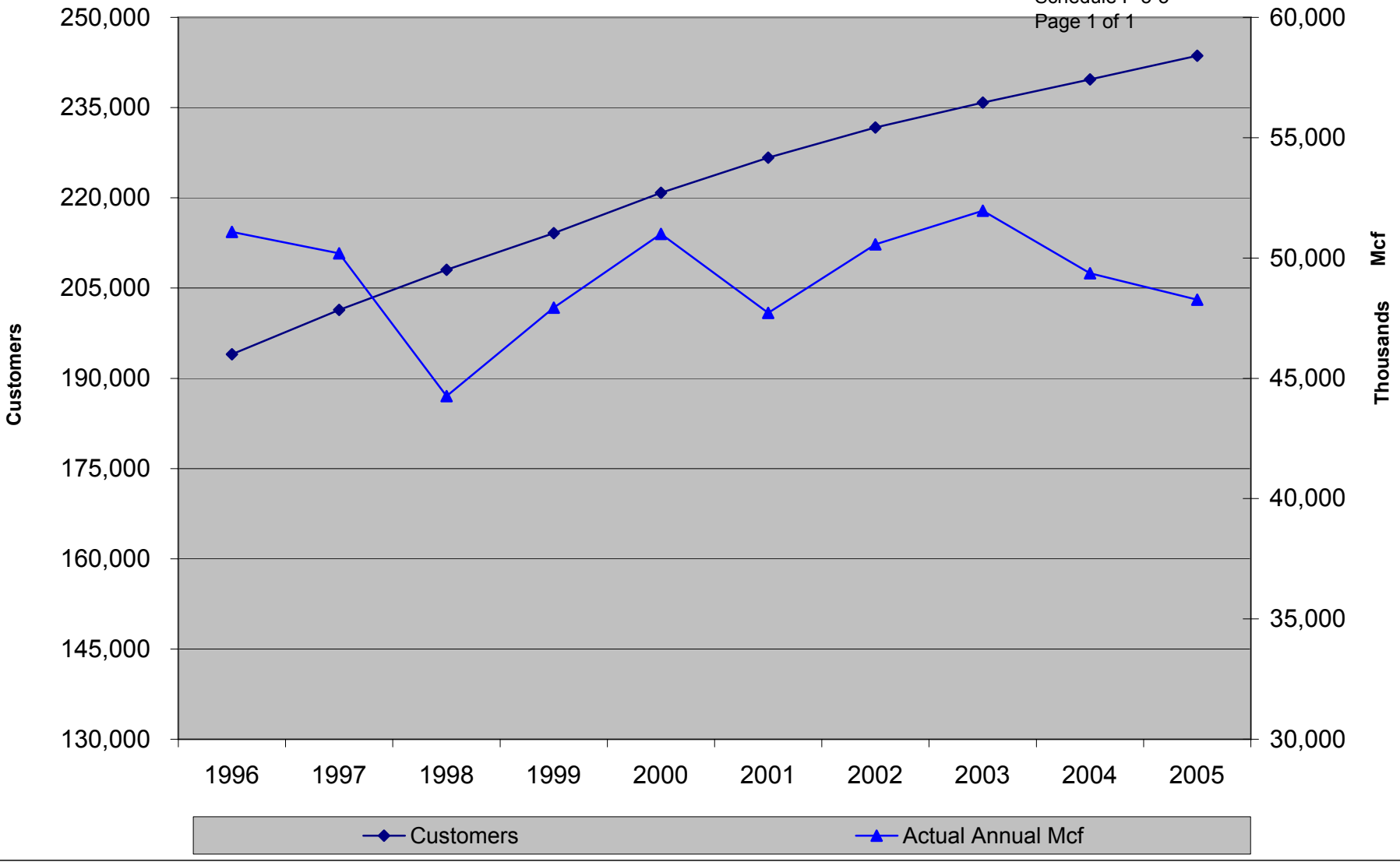
**Projected 2007 Use Per Customer**  
**15 Year Weather Normalized - MPSC Area Res Sp Heat (1996 - 2007)**

Case No.: U-14893  
Witness: JRAIger  
Exhibit: A-11  
Schedule: F-5-2  
Page 1 of 1



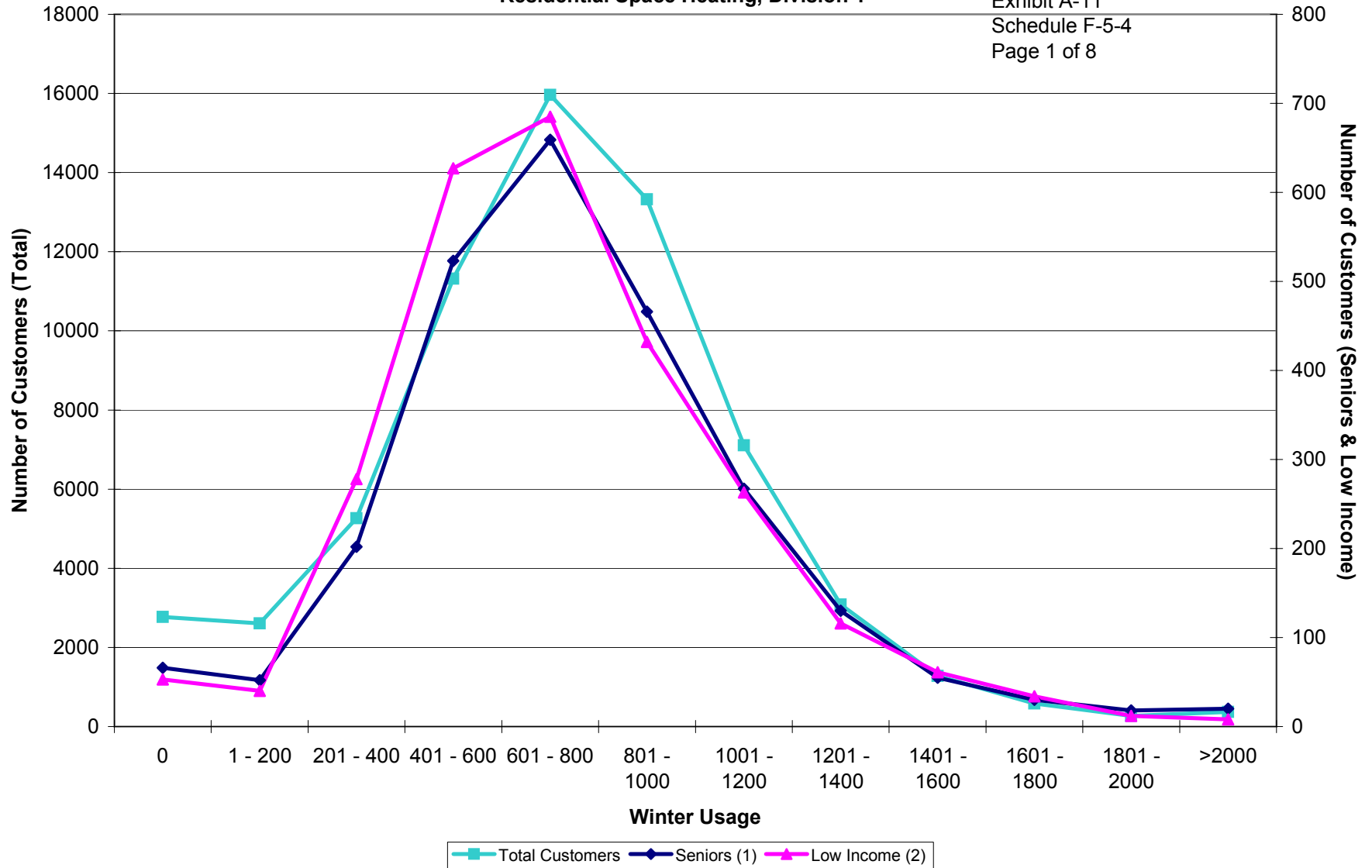
**Customer and Volume Changes  
All Classes of Customers - 1996 to 2005**

Case No. U-14893  
Witness JRAIger  
Exhibit A-11  
Schedule F-5-3  
Page 1 of 1



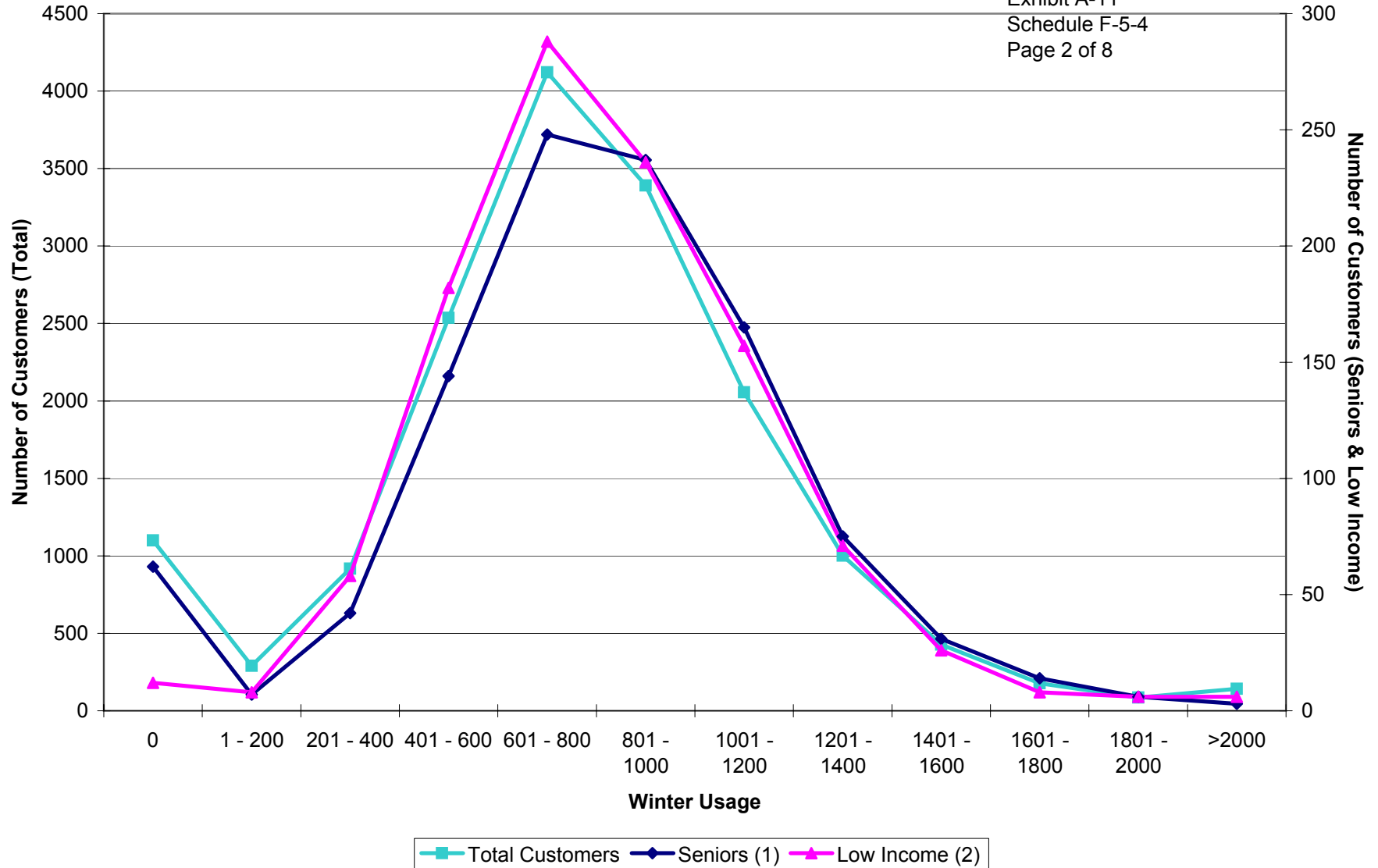
**Low Income & Senior Impact  
Residential Space Heating, Division 1**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 1 of 8



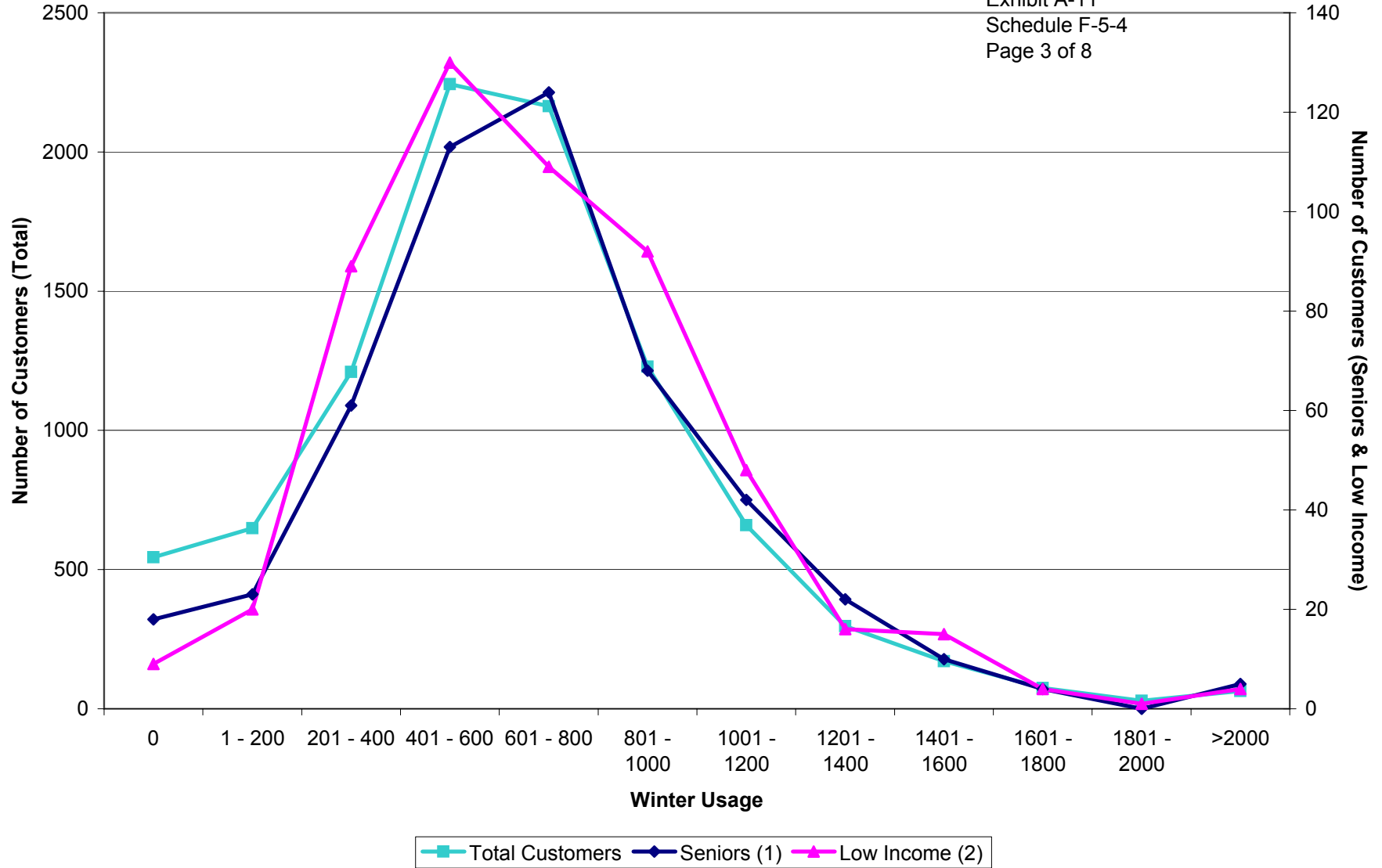
**Low Income & Senior Impact  
Residential Space Heating, Division 2**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 2 of 8



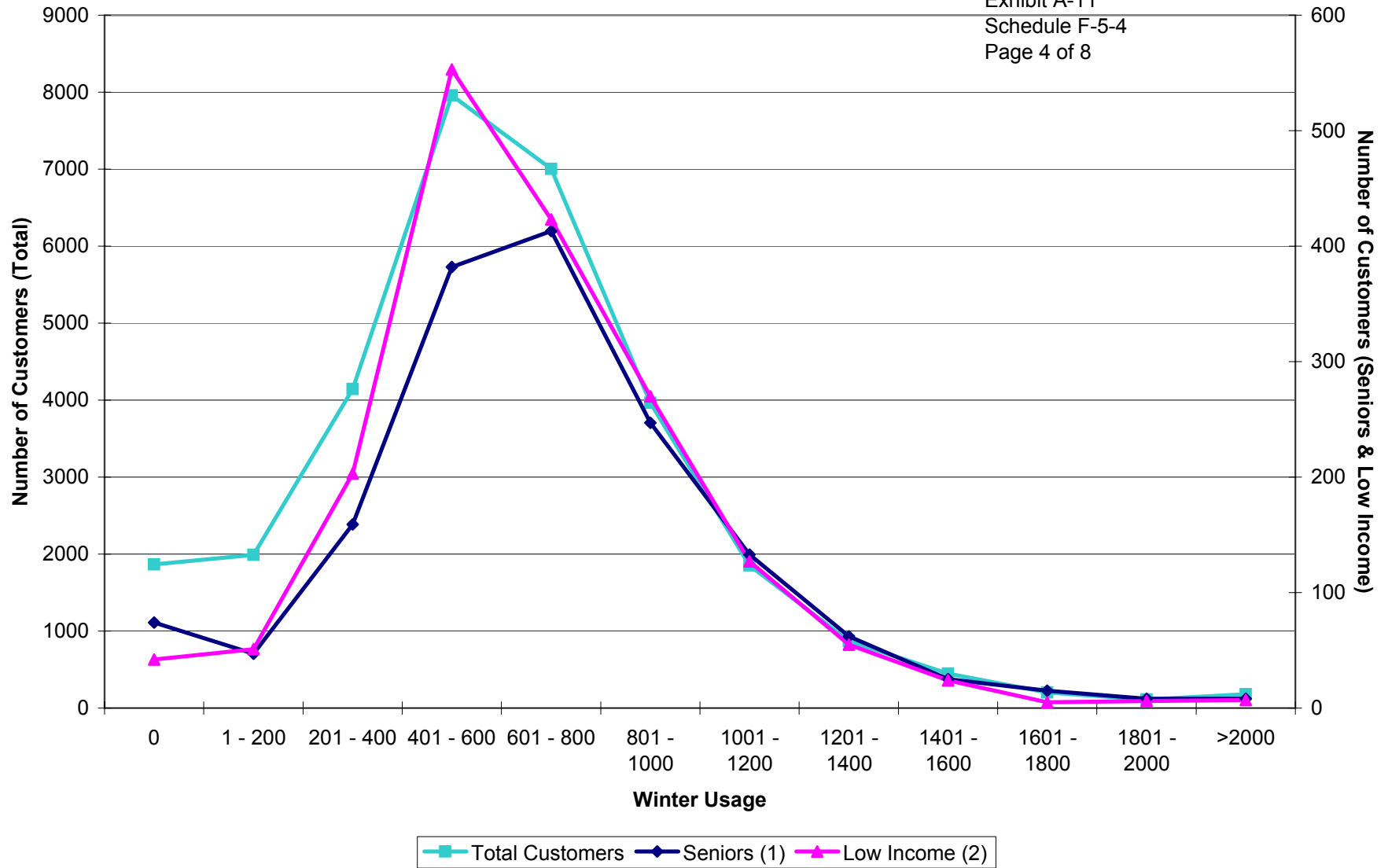
**Low Income & Senior Impact  
Residential Space Heating, Division 3**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 3 of 8



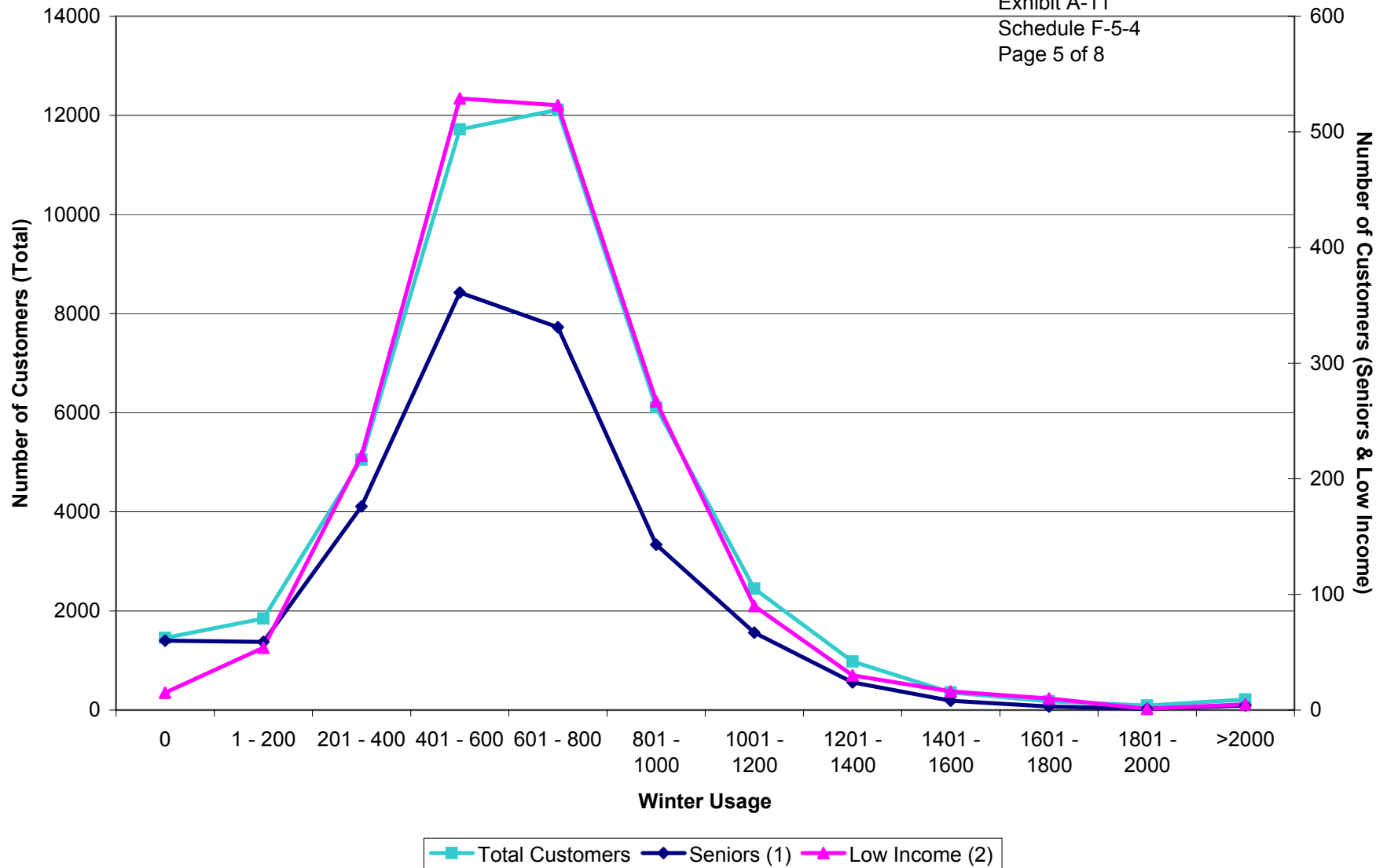
**Low Income & Senior Impact  
Residential Space Heating, Division 4**

Case No. U-14893  
Witness: JRAlger  
Exhibit A-11  
Schedule F-5-4  
Page 4 of 8



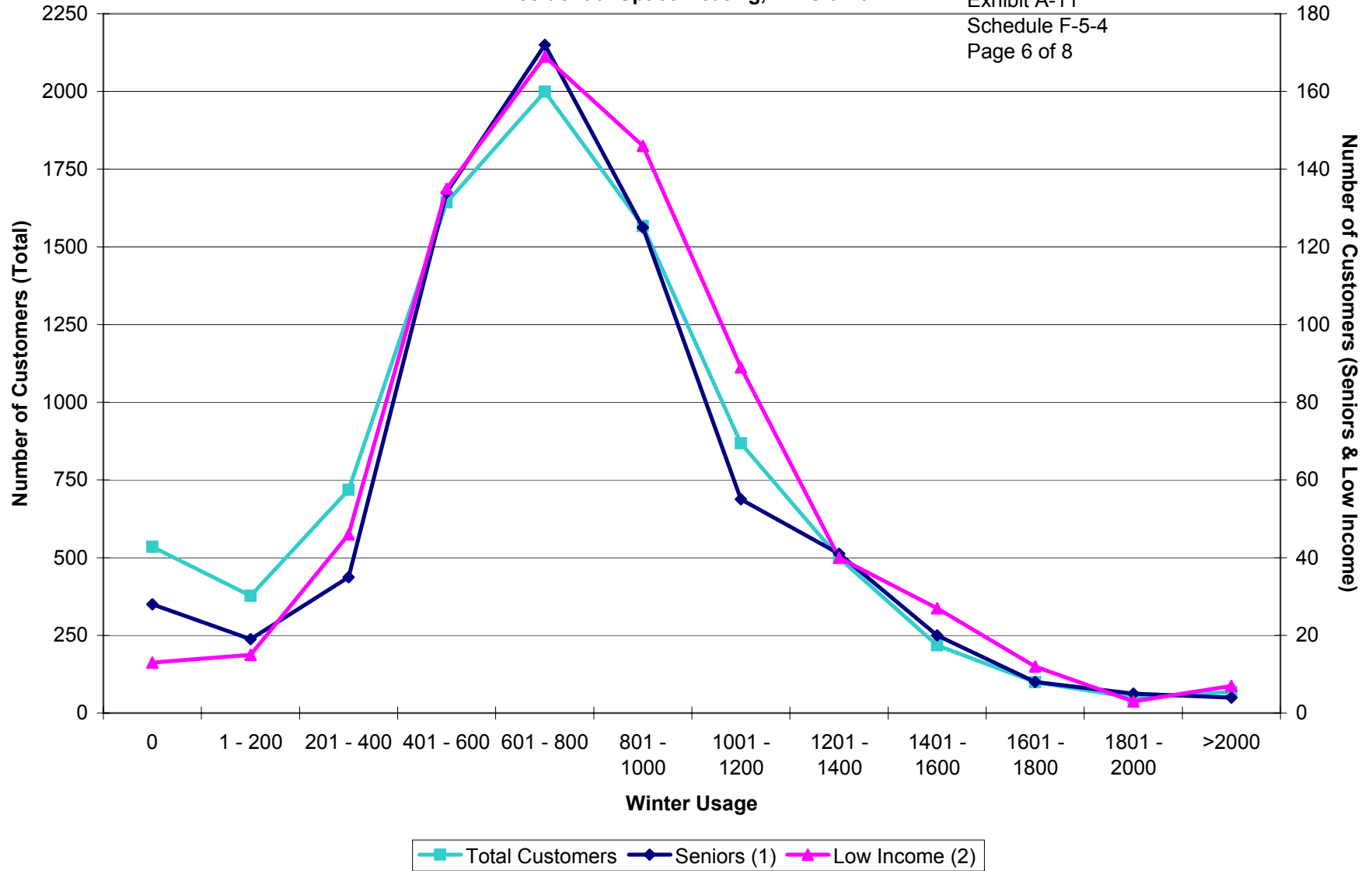
**Low Income & Senior Impact  
Residential Space Heating, Division 5**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 5 of 8



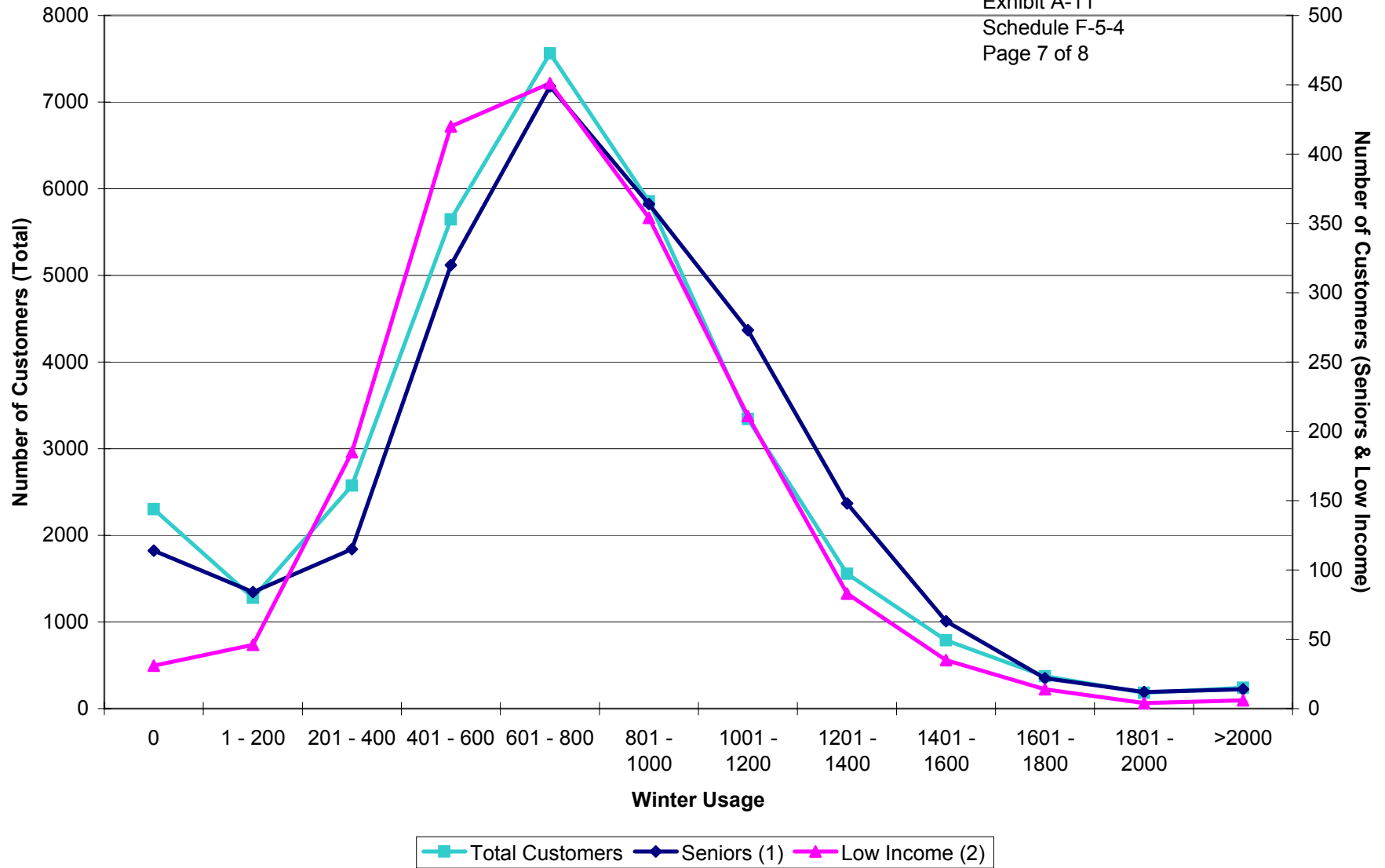
**Low Income & Senior Impact  
Residential Space Heating, Division 6**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 6 of 8



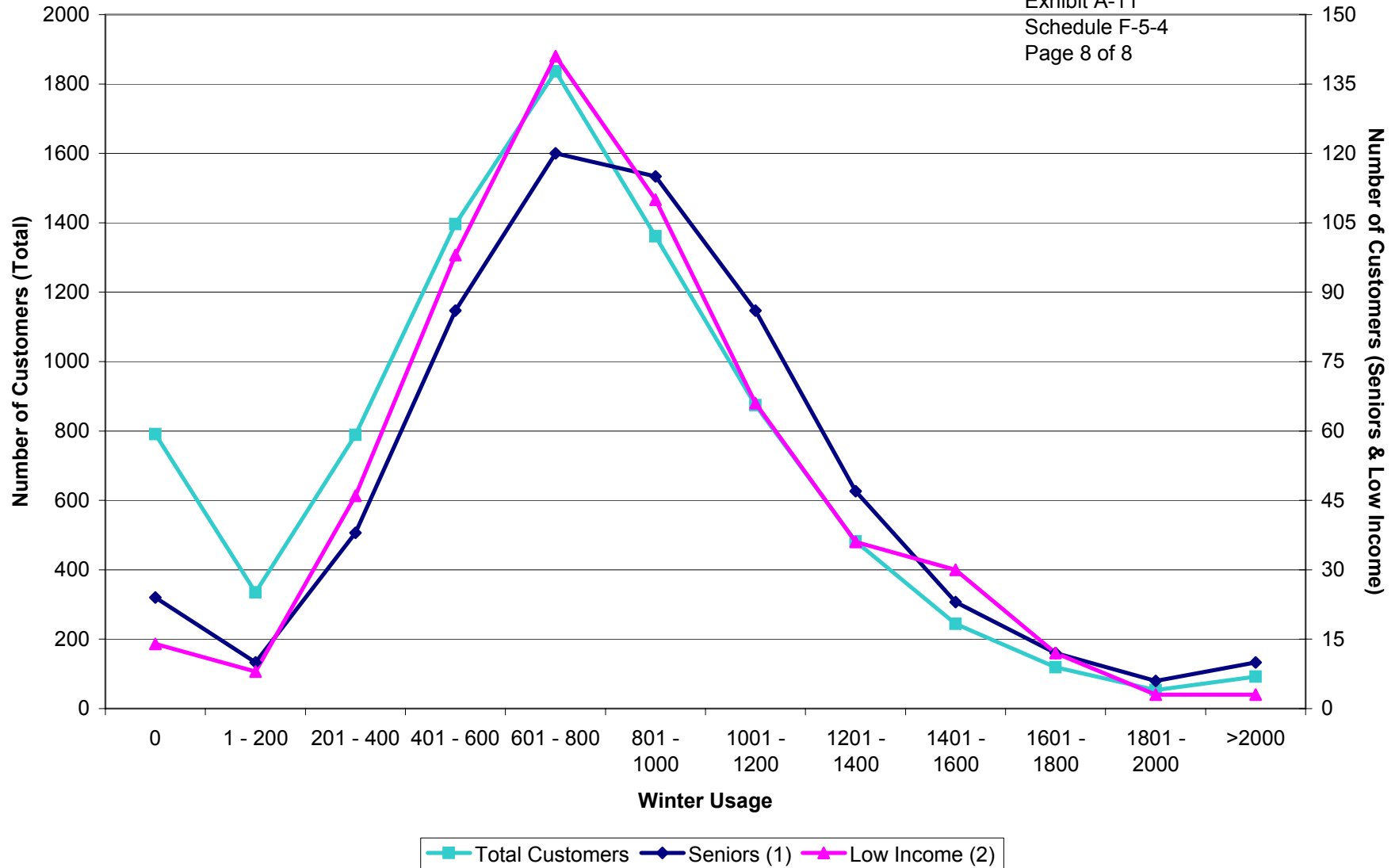
**Low Income & Senior Impact  
Residential Space Heating, Division 7**

Case No. U-14893  
Witness: JRAlger  
Exhibit A-11  
Schedule F-5-4  
Page 7 of 8



**Low Income & Senior Impact  
Residential Space Heating, Division 8**

Case No. U-14893  
Witness: JRAIger  
Exhibit A-11  
Schedule F-5-4  
Page 8 of 8



**SEMCO Energy Gas Company**

Implementation of a Fixed Residential Rate

Monthly, per Residential Customer, Refund or Surcharge

Case No.: U-14893

Witness: JRAlger

Exhibit: A-11

Schedule F-5-5

Page 1 of 1

| <u>Rate Order Implementation Month</u> | <u>Transition<br/>Calendar Year<br/>Monthly (Credit)<br/>or Surcharge<br/>Per Customer</u> |
|----------------------------------------|--------------------------------------------------------------------------------------------|
| January                                | \$0.00                                                                                     |
| February                               | (\$1.25)                                                                                   |
| March                                  | (\$2.42)                                                                                   |
| April                                  | (\$3.30)                                                                                   |
| May                                    | (\$3.61)                                                                                   |
| June                                   | (\$3.42)                                                                                   |
| July                                   | (\$2.85)                                                                                   |
| August                                 | (\$1.73)                                                                                   |
| September                              | (\$0.06)                                                                                   |
| October                                | \$2.45                                                                                     |
| November                               | \$5.76                                                                                     |
| December                               | \$9.13                                                                                     |

## Global Inputs

### Rate Classes

| Rate Class | Description |
|------------|-------------|
| Res        | Residential |
| GS-1       | GS-1        |
| GS-2       | GS-2        |
| GS-3       | GS-3        |
| TR-1       | TR-1        |
| TR-2       | TR-2        |
| TR-3       | TR-3        |
| Mead       | Mead        |
| MTU        | MTU         |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |
| ~          | ~           |

### Classifiers

| Name | Description |
|------|-------------|
| DEM  | Demand      |
| CUS  | Customer    |
| COM  | Commodity   |
| ~    | ~           |
| ~    | ~           |
| ~    | ~           |
| ~    | ~           |

### Functions

| Name    | Description           |
|---------|-----------------------|
| F_PRODU | Production            |
| F_PURGS | Purchased Gas         |
| F_STORG | Storage               |
| F_DISTR | Distribution          |
| F_CBILL | Customer Acct/Billing |
| F_CSERV | Customer Services     |
| F_TRANS | Transmission          |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |
| ~       | ~                     |

### Unit Costs

|           | Factor Name |
|-----------|-------------|
| Commodity | TOTTHRU     |
| Customer  | CUSTS       |
| Demand    | TOTTHRU     |

### Rate of Return

|                      | Percent |
|----------------------|---------|
| LT Debt              | 6.30%   |
| ST Debt              | 5.00%   |
| Equity               | 11.90%  |
| Cus Deposits         | 9.00%   |
| DFIT                 | 0.00%   |
| JDITC                | 8.92%   |
| Percent LT Debt      | 40.23%  |
| Percent ST Debt      | 6.78%   |
| Percent Equity       | 44.18%  |
| Percent Cus Deposits | 0.84%   |
| Percent DFIT         | 7.68%   |
| JDITC                | 0.15%   |
| Rate of Return       | 8.22%   |
| Factor               | ROR     |

### Income Tax

|                    |        |
|--------------------|--------|
| Federal Income Tax | 35.00% |
| Effective Tax Rate | 35.00% |

**SEMCO Energy Gas Company**

Cost of Service Study

Case No.: U-14893

Witness: Malcolm R. Ketchum

Exhibit: A-11

Schedule: F-6

Page: 2 of 13

**Classifiers**

| Name | Description | Total | DEM     | CUS     | COM     |
|------|-------------|-------|---------|---------|---------|
| DEM  | Demand      | 100%  | 100.00% |         |         |
| CUS  | Customer    | 100%  |         | 100.00% |         |
| COM  | Commodity   | 100%  |         |         | 100.00% |
|      |             |       |         |         |         |

**Revenue Requirement Summary**  
**Test Year at Current Revenues**

|                                                 | System Total   | Res            | GS-1          | GS-2          | GS-3          | TR-1         | TR-2          | TR-3         | Mead         | MTU         |
|-------------------------------------------------|----------------|----------------|---------------|---------------|---------------|--------------|---------------|--------------|--------------|-------------|
| <b>RATE BASE</b>                                | \$ 346,005,352 | \$ 224,462,627 | \$ 36,895,477 | \$ 21,230,413 | \$ 30,800,989 | \$ 6,481,272 | \$ 16,377,036 | \$ 8,007,684 | \$ 1,248,032 | \$ 501,823  |
| <b>TARGET RATE OF RETURN</b>                    | 8.23%          | 8.23%          | 8.23%         | 8.23%         | 8.23%         | 8.23%        | 8.23%         | 8.23%        | 8.23%        | 8.23%       |
| <b>RETURN ALLOWANCE</b>                         | \$ 28,476,240  | \$ 18,473,274  | \$ 3,036,498  | \$ 1,747,263  | \$ 2,534,921  | \$ 533,409   | \$ 1,347,830  | \$ 659,032   | \$ 102,713   | \$ 41,300   |
| <b>INCOME TAXES</b>                             |                |                |               |               |               |              |               |              |              |             |
| Interest Expense                                | \$ 11,992,579  | \$ 7,779,896   | \$ 1,278,801  | \$ 735,848    | \$ 1,067,565  | \$ 224,642   | \$ 567,630    | \$ 277,547   | \$ 43,257    | \$ 17,393   |
| Tax Adjustments                                 |                |                |               |               |               |              |               |              |              |             |
| Total Tax Adjustments                           | \$ 11,992,579  | \$ 7,779,896   | \$ 1,278,801  | \$ 735,848    | \$ 1,067,565  | \$ 224,642   | \$ 567,630    | \$ 277,547   | \$ 43,257    | \$ 17,393   |
| Composite Tax Rate                              | 35.00%         | 35.00%         | 35.00%        | 35.00%        | 35.00%        | 35.00%       | 35.00%        | 35.00%       | 35.00%       | 35.00%      |
| Income Taxes - Current (present rates)          | \$ 2,851,450   | \$ 1,849,809   | \$ 304,058    | \$ 174,961    | \$ 253,833    | \$ 53,413    | \$ 134,964    | \$ 65,992    | \$ 10,285    | \$ 4,136    |
| Income Taxes - Deferred                         | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -        |
| Total Income Taxes                              | \$ 2,851,450   | \$ 1,849,809   | \$ 304,058    | \$ 174,961    | \$ 253,833    | \$ 53,413    | \$ 134,964    | \$ 65,992    | \$ 10,285    | \$ 4,136    |
| <b>EXPENSES</b>                                 |                |                |               |               |               |              |               |              |              |             |
| O & M Expense                                   | \$ 15,682,644  | \$ 11,898,981  | \$ 1,498,188  | \$ 570,937    | \$ 688,976    | \$ 209,297   | \$ 514,344    | \$ 248,235   | \$ 39,018    | \$ 14,668   |
| Depreciation Expense                            | \$ 14,815,499  | \$ 9,674,265   | \$ 1,559,022  | \$ 815,586    | \$ 1,068,587  | \$ 342,669   | \$ 852,962    | \$ 413,295   | \$ 64,881    | \$ 24,233   |
| Other Expense                                   | \$ 29,336,291  | \$ 20,293,264  | \$ 3,070,173  | \$ 1,621,715  | \$ 2,318,641  | \$ 410,080   | \$ 1,020,655  | \$ 494,708   | \$ 78,386    | \$ 28,671   |
| Taxes Other than Income                         | \$ 7,609,069   | \$ 5,037,271   | \$ 774,703    | \$ 417,729    | \$ 558,216    | \$ 183,591   | \$ 409,323    | \$ 189,623   | \$ 22,609    | \$ 16,003   |
| <b>REVENUE REQUIREMENT</b>                      |                |                |               |               |               |              |               |              |              |             |
| Total Expenses                                  | \$ 67,443,503  | \$ 46,903,780  | \$ 6,902,086  | \$ 3,425,968  | \$ 4,634,420  | \$ 1,145,637 | \$ 2,797,284  | \$ 1,345,862 | \$ 204,893   | \$ 83,574   |
| Total Income Taxes                              | \$ 2,851,450   | \$ 1,849,809   | \$ 304,058    | \$ 174,961    | \$ 253,833    | \$ 53,413    | \$ 134,964    | \$ 65,992    | \$ 10,285    | \$ 4,136    |
| Total Return on Rate Base                       | \$ 28,476,240  | \$ 18,473,274  | \$ 3,036,498  | \$ 1,747,263  | \$ 2,534,921  | \$ 533,409   | \$ 1,347,830  | \$ 659,032   | \$ 102,713   | \$ 41,300   |
| <b>Total Revenue Requirement (w/o inc. FIT)</b> | \$ 98,771,193  | \$ 67,226,863  | \$ 10,242,641 | \$ 5,348,192  | \$ 7,423,174  | \$ 1,732,458 | \$ 4,280,078  | \$ 2,070,886 | \$ 317,891   | \$ 129,010  |
| <b>Current Revenues</b>                         | \$ 87,106,009  | \$ 58,746,727  | \$ 8,796,995  | \$ 4,919,013  | \$ 6,882,024  | \$ 1,860,857 | \$ 3,850,014  | \$ 1,722,333 | \$ 153,757   | \$ 180,290  |
| <b>Revenue to Cost Ratio</b>                    | 0.88           | 0.87           | 0.86          | 0.92          | 0.93          | 1.07         | 0.90          | 0.83         | 0.48         | 1.40        |
| Revenue Deficiency                              | \$ 11,665,184  | \$ 8,486,137   | \$ 1,445,647  | \$ 429,178    | \$ 541,150    | \$ (128,399) | \$ 430,064    | \$ 348,553   | \$ 164,135   | \$ (51,280) |
| AFUDC                                           | \$ 124,626     | \$ 80,848      | \$ 13,289     | \$ 7,647      | \$ 11,094     | \$ 2,334     | \$ 5,899      | \$ 2,884     | \$ 450       | \$ 181      |
| Net Deficiency                                  | \$ 11,540,558  | \$ 8,405,289   | \$ 1,432,357  | \$ 421,531    | \$ 530,056    | \$ (130,733) | \$ 424,165    | \$ 345,669   | \$ 163,685   | \$ (51,461) |
| Revenue Multiplier                              | 1.5683         |                |               |               |               |              |               |              |              |             |
| <b>Pre-Tax Revenue Deficiency</b>               | \$ 18,098,561  |                |               |               |               |              |               |              |              |             |
| Additional FIT for Def.                         | \$ 6,558,003   | \$ 4,254,346   | \$ 699,297    | \$ 402,390    | \$ 583,786    | \$ 122,843   | \$ 310,402    | \$ 151,773   | \$ 23,655    | \$ 9,511    |
| <b>Revenue Deficiency @ 8.23% return</b>        | \$ 18,098,561  | \$ 12,659,635  | \$ 2,131,655  | \$ 823,921    | \$ 1,113,842  | \$ (7,891)   | \$ 734,567    | \$ 497,442   | \$ 187,340   | \$ (41,949) |
| <b>Total Revenue Requirement@ 8.23% return</b>  | \$ 105,329,196 | \$ 71,481,210  | \$ 10,941,939 | \$ 5,750,582  | \$ 8,006,960  | \$ 1,855,301 | \$ 4,590,479  | \$ 2,222,659 | \$ 341,546   | \$ 138,521  |
| <b>Total Rate Revenue Deficiency</b>            | \$ 99,001,996  | \$ 67,494,533  | \$ 10,230,512 | \$ 5,227,404  | \$ 7,215,038  | \$ 1,741,075 | \$ 4,441,278  | \$ 2,175,514 | \$ 354,057   | \$ 122,584  |

Functional Rate Base

|                              | System Total   | Residential    | GS-1          | GS-2          | GS-3          | TR-1         | TR-2          | TR-3         | Mead         | MTU        |
|------------------------------|----------------|----------------|---------------|---------------|---------------|--------------|---------------|--------------|--------------|------------|
| <b>Production</b>            |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ 855,221     | \$ 551,521     | \$ 96,553     | \$ 73,810     | \$ 133,336    | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Customer                     | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ 855,221     | \$ 551,521     | \$ 96,553     | \$ 73,810     | \$ 133,336    | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| <b>Purchased Gas</b>         |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Customer                     | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| <b>Storage</b>               |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ 75,891,612  | \$ 46,431,364  | \$ 8,128,562  | \$ 6,217,320  | \$ 11,267,140 | \$ 637,553   | \$ 1,928,971  | \$ 1,029,312 | \$ 158,695   | \$ 92,694  |
| Customer                     | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ 75,891,612  | \$ 46,431,364  | \$ 8,128,562  | \$ 6,217,320  | \$ 11,267,140 | \$ 637,553   | \$ 1,928,971  | \$ 1,029,312 | \$ 158,695   | \$ 92,694  |
| <b>Distribution</b>          |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ 204,837,613 | \$ 132,191,768 | \$ 21,180,021 | \$ 10,925,952 | \$ 16,004,552 | \$ 4,703,168 | \$ 12,400,785 | \$ 6,126,349 | \$ 949,189   | \$ 355,829 |
| Customer                     | \$ 44,371,143  | \$ 33,142,103  | \$ 5,589,520  | \$ 2,910,537  | \$ 1,711,855  | \$ 536,161   | \$ 418,238    | \$ 41,820    | \$ 13,940    | \$ 6,970   |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ 249,208,756 | \$ 165,333,871 | \$ 26,769,542 | \$ 13,836,489 | \$ 17,716,407 | \$ 5,239,328 | \$ 12,819,023 | \$ 6,168,169 | \$ 963,129   | \$ 362,799 |
| <b>Customer Acct/Billing</b> |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Customer                     | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| <b>Customer Services</b>     |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Customer                     | \$ 4,883,404   | \$ 4,420,645   | \$ 395,237    | \$ 46,644     | \$ 17,850     | \$ 1,662     | \$ 1,187      | \$ 119       | \$ 40        | \$ 20      |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ 4,883,404   | \$ 4,420,645   | \$ 395,237    | \$ 46,644     | \$ 17,850     | \$ 1,662     | \$ 1,187      | \$ 119       | \$ 40        | \$ 20      |
| <b>Transmission</b>          |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ 15,166,360  | \$ 7,725,224   | \$ 1,505,584  | \$ 1,056,151  | \$ 1,666,256  | \$ 602,728   | \$ 1,627,854  | \$ 810,084   | \$ 126,168   | \$ 46,310  |
| Customer                     | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| ~                            | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| Sub-total                    | \$ 15,166,360  | \$ 7,725,224   | \$ 1,505,584  | \$ 1,056,151  | \$ 1,666,256  | \$ 602,728   | \$ 1,627,854  | \$ 810,084   | \$ 126,168   | \$ 46,310  |
| <b>TOTAL</b>                 |                |                |               |               |               |              |               |              |              |            |
| Demand                       | \$ 296,750,805 | \$ 186,899,878 | \$ 30,910,720 | \$ 18,273,232 | \$ 29,071,284 | \$ 5,943,449 | \$ 15,957,610 | \$ 7,965,746 | \$ 1,234,052 | \$ 494,833 |
| Customer                     | \$ 49,254,547  | \$ 37,562,749  | \$ 5,984,757  | \$ 2,957,181  | \$ 1,729,705  | \$ 537,823   | \$ 419,426    | \$ 41,938    | \$ 13,979    | \$ 6,990   |
| Commodity                    | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -         | \$ -         | \$ -       |
| <b>TOTAL RATE BASE</b>       | \$ 346,005,352 | \$ 224,462,627 | \$ 36,895,477 | \$ 21,230,413 | \$ 30,800,989 | \$ 6,481,272 | \$ 16,377,036 | \$ 8,007,684 | \$ 1,248,032 | \$ 501,823 |

Functional Revenue Requirement @ 8.23% return

|                                    | System Total  | Residential   | GS-1          | GS-2         | GS-3         | TR-1         | TR-2         | TR-3         | Mead       | MTU        |
|------------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| <b>Production</b>                  |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ 422,930    | \$ 273,033    | \$ 47,652     | \$ 36,032    | \$ 64,948    | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Customer                           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ 422,930    | \$ 273,033    | \$ 47,652     | \$ 36,032    | \$ 64,948    | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| <b>Purchased Gas</b>               |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Customer                           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| <b>Storage</b>                     |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ 9,399,592  | \$ 5,775,175  | \$ 998,672    | \$ 730,529   | \$ 1,311,844 | \$ 79,387    | \$ 256,614   | \$ 140,248   | \$ 24,148  | \$ 10,232  |
| Customer                           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ 9,399,592  | \$ 5,775,175  | \$ 998,672    | \$ 730,529   | \$ 1,311,844 | \$ 79,387    | \$ 256,614   | \$ 140,248   | \$ 24,148  | \$ 10,232  |
| <b>Distribution</b>                |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ 56,534,787 | \$ 36,476,554 | \$ 5,768,679  | \$ 2,901,415 | \$ 4,230,505 | \$ 1,361,304 | \$ 3,658,480 | \$ 1,820,798 | \$ 292,014 | \$ 100,076 |
| Customer                           | \$ 13,450,992 | \$ 10,189,656 | \$ 1,653,235  | \$ 819,462   | \$ 478,591   | \$ 153,596   | \$ 123,357   | \$ 12,469    | \$ 4,378   | \$ 1,898   |
| Commodity                          | \$ 4,534,155  | \$ 2,924,022  | \$ 511,897    | \$ 391,323   | \$ 706,912   | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ 74,519,934 | \$ 49,590,233 | \$ 7,933,811  | \$ 4,112,200 | \$ 5,416,008 | \$ 1,514,900 | \$ 3,781,837 | \$ 1,833,267 | \$ 296,392 | \$ 101,974 |
| <b>Customer Acct/Billing</b>       |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Customer                           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| <b>Customer Services</b>           |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Customer                           | \$ 11,070,837 | \$ 10,024,071 | \$ 895,621    | \$ 105,447   | \$ 40,334    | \$ 3,770     | \$ 2,703     | \$ 271       | \$ 91      | \$ 45      |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ 11,070,837 | \$ 10,024,071 | \$ 895,621    | \$ 105,447   | \$ 40,334    | \$ 3,770     | \$ 2,703     | \$ 271       | \$ 91      | \$ 45      |
| <b>Transmission</b>                |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ 3,588,703  | \$ 1,832,021  | \$ 354,756    | \$ 243,196   | \$ 381,903   | \$ 143,018   | \$ 400,124   | \$ 201,728   | \$ 33,426  | \$ 10,334  |
| Customer                           | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Commodity                          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| Sub-total                          | \$ 3,588,703  | \$ 1,832,021  | \$ 354,756    | \$ 243,196   | \$ 381,903   | \$ 143,018   | \$ 400,124   | \$ 201,728   | \$ 33,426  | \$ 10,334  |
| <b>TOTAL</b>                       |               |               |               |              |              |              |              |              |            |            |
| Demand                             | \$ 69,946,012 | \$ 44,356,783 | \$ 7,169,759  | \$ 3,911,172 | \$ 5,989,201 | \$ 1,583,709 | \$ 4,315,218 | \$ 2,162,774 | \$ 349,588 | \$ 120,642 |
| Customer                           | \$ 24,521,829 | \$ 20,213,727 | \$ 2,548,855  | \$ 924,909   | \$ 518,925   | \$ 157,366   | \$ 126,060   | \$ 12,740    | \$ 4,469   | \$ 1,942   |
| Commodity                          | \$ 4,534,155  | \$ 2,924,022  | \$ 511,897    | \$ 391,323   | \$ 706,912   | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| ~                                  | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       |
| <b>Total Rate Schedule Revenue</b> | \$ 99,001,996 | \$ 67,494,533 | \$ 10,230,512 | \$ 5,227,404 | \$ 7,215,038 | \$ 1,741,075 | \$ 4,441,278 | \$ 2,175,514 | \$ 354,057 | \$ 122,584 |

Unit Costs- Per Mcf

|                          | System Total |            | Residential |        | GS-1       |        | GS-2 |           | GS-3 |        | TR-1      |        | TR-2 |           | TR-3 |        | Mead      |        | MTU |           |
|--------------------------|--------------|------------|-------------|--------|------------|--------|------|-----------|------|--------|-----------|--------|------|-----------|------|--------|-----------|--------|-----|-----------|
| Production               |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | 0.0086     | \$          | 0.0116 | \$         | 0.0116 | \$   | 0.0114    | \$   | 0.0112 | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Purchased Gas            |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Storage                  |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | 0.1915     | \$          | 0.2454 | \$         | 0.2424 | \$   | 0.2312    | \$   | 0.2252 | \$        | 0.0385 | \$   | 0.0411    | \$   | 0.0421 | \$        | 0.0471 | \$  | 0.0341    |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Distribution             |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | 1.1520     | \$          | 1.5501 | \$         | 1.4003 | \$   | 0.9181    | \$   | 0.7263 | \$        | 0.6604 | \$   | 0.5866    | \$   | 0.5471 | \$        | 0.5691 | \$  | 0.3339    |
| Customer                 | \$           | 0.2741     | \$          | 0.4330 | \$         | 0.4013 | \$   | 0.2593    | \$   | 0.0822 | \$        | 0.0745 | \$   | 0.0198    | \$   | 0.0037 | \$        | 0.0085 | \$  | 0.0063    |
| Commodity                | \$           | 0.09       | \$          | 0.12   | \$         | 0.12   | \$   | 0.12      | \$   | 0.12   | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Customer Acct/Billing    |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Customer                 | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Sub-total                |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Customer Services        |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Customer                 | \$           | 0.2256     | \$          | 0.4260 | \$         | 0.2174 | \$   | 0.0334    | \$   | 0.0069 | \$        | 0.0018 | \$   | 0.0004    | \$   | 0.0001 | \$        | 0.0002 | \$  | 0.0001    |
| Commodity                | \$           | -          | \$          | -      | \$         | -      | \$   | -         | \$   | -      | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Sub-total                |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| TOTAL                    |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
| Demand                   | \$           | 1.4253     | \$          | 1.8850 | \$         | 1.7404 | \$   | 1.2376    | \$   | 1.0283 | \$        | 0.7683 | \$   | 0.6919    | \$   | 0.6499 | \$        | 0.6813 | \$  | 0.4025    |
| Customer                 | \$           | 0.4997     | \$          | 0.8590 | \$         | 0.6187 | \$   | 0.2927    | \$   | 0.0891 | \$        | 0.0763 | \$   | 0.0202    | \$   | 0.0038 | \$        | 0.0087 | \$  | 0.0065    |
| Commodity                | \$           | 0.09       | \$          | 0.12   | \$         | 0.12   | \$   | 0.12      | \$   | 0.12   | \$        | -      | \$   | -         | \$   | -      | \$        | -      | \$  | -         |
| Total Throughput Volumes |              |            |             |        |            |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23,531,876 |        |      | 4,119,636 |      |        | 3,160,232 |        |      | 5,824,509 |      |        | 2,061,368 |        |     | 6,236,844 |
|                          |              | 49,075,291 |             |        | 23         |        |      |           |      |        |           |        |      |           |      |        |           |        |     |           |

Unit Cost - Customer Basis

|                              | System Total | Residential | GS-1       | GS-2        | GS-3        | TR-1          | TR-2          | TR-3           | Mead           | MTU            |
|------------------------------|--------------|-------------|------------|-------------|-------------|---------------|---------------|----------------|----------------|----------------|
| <b>Production</b>            |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ 0.1428    | \$ 0.1019   | \$ 0.1988  | \$ 1.2739   | \$ 6.0004   | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Customer                     | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Commodity                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ 0.1428    | \$ 0.1019   | \$ 0.1988  | \$ 1.2739   | \$ 6.0004   | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| <b>Purchased Gas</b>         |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Customer                     | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Commodity                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| <b>Storage</b>               |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ 3.1742    | \$ 2.1544   | \$ 4.1670  | \$ 25.8284  | \$ 121.1977 | \$ 78.7568    | \$ 356.4084   | \$ 1,947.8949  | \$ 1,006.1722  | \$ 852.6635    |
| Customer                     | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Commodity                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ 3.1742    | \$ 2.1544   | \$ 4.1670  | \$ 25.8284  | \$ 121.1977 | \$ 78.7568    | \$ 356.4084   | \$ 1,947.8949  | \$ 1,006.1722  | \$ 852.6635    |
| <b>Distribution</b>          |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ 19.0918   | \$ 13.6076  | \$ 24.0699 | \$ 102.5815 | \$ 390.8449 | \$ 1,350.4999 | \$ 5,081.2222 | \$ 25,288.8545 | \$ 12,167.2414 | \$ 8,339.6491  |
| Customer                     | \$ 4.5424    | \$ 3.8013   | \$ 6.8981  | \$ 28.9726  | \$ 44.2157  | \$ 152.3770   | \$ 171.3296   | \$ 173.1845    | \$ 182.4268    | \$ 158.1585    |
| Commodity                    | \$ 1.5312    | \$ 1.0908   | \$ 2.1359  | \$ 13.8355  | \$ 65.3097  | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ 25.1654   | \$ 18.4997  | \$ 33.1039 | \$ 145.3896 | \$ 500.3703 | \$ 1,502.8769 | \$ 5,252.5519 | \$ 25,462.0390 | \$ 12,349.6682 | \$ 8,497.8076  |
| <b>Customer Acct/Billing</b> |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Customer                     | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Commodity                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| <b>Customer Services</b>     |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Customer                     | \$ 3.7386    | \$ 3.7395   | \$ 3.7370  | \$ 3.7281   | \$ 3.7264   | \$ 3.7397     | \$ 3.7538     | \$ 3.7591      | \$ 3.7853      | \$ 3.7164      |
| Commodity                    | \$ -         | \$ -        | \$ -       | \$ -        | \$ -        | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| Sub-total                    | \$ 3.7386    | \$ 3.7395   | \$ 3.7370  | \$ 3.7281   | \$ 3.7264   | \$ 3.7397     | \$ 3.7538     | \$ 3.7591      | \$ 3.7853      | \$ 3.7164      |
| <b>TOTAL</b>                 |              |             |            |             |             |               |               |                |                |                |
| Demand                       | \$ 23.6208   | \$ 16.5474  | \$ 29.9159 | \$ 138.2821 | \$ 553.3260 | \$ 1,571.1400 | \$ 5,993.3587 | \$ 30,038.5330 | \$ 14,566.1690 | \$ 10,053.4985 |
| Customer                     | \$ 8.2810    | \$ 7.5408   | \$ 10.6351 | \$ 32.7008  | \$ 47.9421  | \$ 156.1167   | \$ 175.0834   | \$ 176.9435    | \$ 186.2121    | \$ 161.8749    |
| Commodity                    | \$ 1.5312    | \$ 1.0908   | \$ 2.1359  | \$ 13.8355  | \$ 65.3097  | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           |
| <b>Total Unit Cost</b>       | \$ 33.4330   | \$ 25.1789  | \$ 42.6869 | \$ 184.8184 | \$ 666.5778 | \$ 1,727.2567 | \$ 6,168.4421 | \$ 30,215.4766 | \$ 14,752.3811 | \$ 10,215.3734 |

Unit Cost - Demand Basis-Per Mcf

|                              | System Total     | Residential      | GS-1             | GS-2             | GS-3             | TR-1             | TR-2             | TR-3             | Mead             | MTU              |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Production</b>            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Customer                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Commodity                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| <b>Purchased Gas</b>         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Customer                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Commodity                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| <b>Storage</b>               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ 0.02          | \$ 0.0205        | \$ 0.02          | \$ 0.02          | \$ 0.02          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| Customer                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Commodity                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ 0.02          | \$ 0.02          | \$ 0.02          | \$ 0.02          | \$ 0.02          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| <b>Distribution</b>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ 0.0960        | \$ 0.1292        | \$ 0.12          | \$ 0.08          | \$ 0.06          | \$ 0.06          | \$ 0.05          | \$ 0.05          | \$ 0.05          | \$ 0.03          |
| Customer                     | \$ 0.0228        | \$ 0.0361        | \$ 0.03          | \$ 0.02          | \$ 0.01          | \$ 0.01          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| Commodity                    | \$ 0.0077        | \$ 0.0104        | \$ 0.01          | \$ 0.01          | \$ 0.01          | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ 0.13          | \$ 0.18          | \$ 0.16          | \$ 0.11          | \$ 0.08          | \$ 0.06          | \$ 0.05          | \$ 0.05          | \$ 0.05          | \$ 0.03          |
| <b>Customer Acct/Billing</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Customer                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Commodity                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| <b>Customer Services</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Customer                     | \$ 0.02          | \$ 0.04          | \$ 0.02          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| Commodity                    | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Sub-total                    | \$ 0.02          | \$ 0.04          | \$ 0.02          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| <b>TOTAL</b>                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Demand                       | \$ 0.12          | \$ 0.16          | \$ 0.15          | \$ 0.10          | \$ 0.09          | \$ 0.06          | \$ 0.06          | \$ 0.05          | \$ 0.06          | \$ 0.03          |
| Customer                     | \$ 0.04          | \$ 0.07          | \$ 0.05          | \$ 0.02          | \$ 0.01          | \$ 0.01          | \$ 0.00          | \$ 0.00          | \$ 0.00          | \$ 0.00          |
| Commodity                    | \$ 0.01          | \$ 0.01          | \$ 0.01          | \$ 0.01          | \$ 0.01          | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| <b>Total Unit Cost</b>       | <b>\$ 0.1681</b> | <b>\$ 0.2390</b> | <b>\$ 0.2069</b> | <b>\$ 0.1378</b> | <b>\$ 0.1032</b> | <b>\$ 0.0704</b> | <b>\$ 0.0593</b> | <b>\$ 0.0545</b> | <b>\$ 0.0575</b> | <b>\$ 0.0341</b> |

## Earned Return Summary

### Test Year at Current Revenues

|                                                          | System Total   | Residential     | GS-1          | GS-2          | GS-3          | TR-1          | TR-2          | TR-3         | Mead          | MTU           |
|----------------------------------------------------------|----------------|-----------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| <b>REVENUES</b>                                          |                |                 |               |               |               |               |               |              |               |               |
| Rate Revenue Received                                    | \$ 80,778,809  | \$ 54,754,050   | \$ 8,085,568  | \$ 4,395,836  | \$ 6,090,102  | \$ 1,746,631  | \$ 3,700,813  | \$ 1,675,188 | \$ 166,268    | \$ 164,353    |
| Other Revenue Credits                                    | \$ 6,327,200   | 3,986,677       | 711,427       | 523,177       | 791,922       | 114,226       | 149,201       | 47,145       | (12,511)      | 15,937        |
|                                                          | \$ 87,106,009  | # \$ 58,740,727 | \$ 8,796,995  | \$ 4,919,013  | \$ 6,882,024  | \$ 1,860,857  | \$ 3,850,014  | \$ 1,722,333 | \$ 153,757    | \$ 180,290    |
| <b>EXPENSES</b>                                          |                |                 |               |               |               |               |               |              |               |               |
| O&M Expenses (excl. A&G)                                 | \$ 15,682,644  | \$ 11,898,981   | \$ 1,498,188  | \$ 570,937    | \$ 688,976    | \$ 209,297    | \$ 514,344    | \$ 248,235   | \$ 39,018     | \$ 14,668     |
| Depreciation Expense                                     | \$ 14,815,499  | \$ 9,674,265    | \$ 1,559,022  | \$ 815,586    | \$ 1,068,587  | \$ 342,669    | \$ 852,962    | \$ 413,295   | \$ 64,881     | \$ 24,233     |
| Other Expenses                                           | \$ 29,336,291  | \$ 20,293,264   | \$ 3,070,173  | \$ 1,621,715  | \$ 2,318,641  | \$ 410,080    | \$ 1,020,655  | \$ 494,708   | \$ 78,386     | \$ 28,671     |
| Taxes Other Than Income (incl MSBT)                      | \$ 7,609,069   | \$ 5,037,271    | \$ 774,703    | \$ 417,729    | \$ 558,216    | \$ 183,591    | \$ 409,323    | \$ 189,623   | \$ 22,609     | \$ 16,003     |
| Total Expenses                                           | \$ 67,443,503  | \$ 46,903,780   | \$ 6,902,086  | \$ 3,425,968  | \$ 4,634,420  | \$ 1,145,637  | \$ 2,797,284  | \$ 1,345,862 | \$ 204,893    | \$ 83,574     |
| <b>OPERATING INC. BEFORE INTEREST &amp; INCOME TAXES</b> | \$ 19,662,506  | # \$ 11,836,947 | \$ 1,894,909  | \$ 1,493,046  | \$ 2,247,604  | \$ 715,220    | \$ 1,052,731  | \$ 376,471   | \$ (51,137)   | \$ 96,715     |
| <b>INCOME TAX ADJUSTMENTS</b>                            |                |                 |               |               |               |               |               |              |               |               |
| Interest Expense                                         | \$ 11,992,579  | \$ 7,779,896    | \$ 1,278,801  | \$ 735,848    | \$ 1,067,565  | \$ 224,642    | \$ 567,630    | \$ 277,547   | \$ 43,257     | \$ 17,393     |
| Tax Adjustments                                          | \$ -           | \$ -            | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -          | \$ -          |
| Net Adjustments                                          | \$ 11,992,579  | \$ 7,779,896    | \$ 1,278,801  | \$ 735,848    | \$ 1,067,565  | \$ 224,642    | \$ 567,630    | \$ 277,547   | \$ 43,257     | \$ 17,393     |
| <b>OPERATING INCOME BEFORE INCOME TAXES</b>              | \$ 7,669,927   | \$ 4,057,050    | \$ 616,108    | \$ 757,198    | \$ 1,180,039  | \$ 490,579    | \$ 485,101    | \$ 98,924    | \$ (94,393)   | \$ 79,322     |
| <b>INCOME TAXES</b>                                      |                |                 |               |               |               |               |               |              |               |               |
| Effective Tax Rate                                       | 35.00%         | 35.00%          | 35.00%        | 35.00%        | 35.00%        | 35.00%        | 35.00%        | 35.00%       | 35.00%        | 35.00%        |
| Current Income Taxes                                     | \$ 2,810,797   | \$ 1,823,437    | \$ 299,723    | \$ 172,467    | \$ 250,214    | \$ 52,651     | \$ 133,040    | \$ 65,051    | \$ 10,138     | \$ 4,077      |
| Intersect Sync.+ROE tax adj'mt                           | \$ 40,653      | \$ 26,373       | \$ 4,335      | \$ 2,494      | \$ 3,619      | \$ 762        | \$ 1,924      | \$ 941       | \$ 147        | \$ 59         |
| Total Income Taxes                                       | \$ 2,851,450   | \$ 1,849,809    | \$ 304,058    | \$ 174,961    | \$ 253,833    | \$ 53,413     | \$ 134,964    | \$ 65,992    | \$ 10,285     | \$ 4,136      |
| <b>AFUDC</b>                                             | \$ 124,626     | \$ 80,848       | \$ 13,289     | \$ 7,647      | \$ 11,094     | \$ 2,334      | \$ 5,899      | \$ 2,884     | \$ 450        | \$ 181        |
| <b>OPERATING INCOME</b>                                  | \$ 16,935,682  | # \$ 10,067,986 | \$ 1,604,140  | \$ 1,325,732  | \$ 2,004,866  | \$ 664,142    | \$ 923,665    | \$ 313,364   | \$ (60,972)   | \$ 92,761     |
| <b>RATE BASE</b>                                         | \$ 346,005,352 | \$ 224,462,627  | \$ 36,895,477 | \$ 21,230,413 | \$ 30,800,989 | \$ 6,481,272  | \$ 16,377,036 | \$ 8,007,684 | \$ 1,248,032  | \$ 501,823    |
| <b>Earned Return</b>                                     | <b>4.89%</b>   | <b>4.49%</b>    | <b>4.35%</b>  | <b>6.24%</b>  | <b>6.51%</b>  | <b>10.25%</b> | <b>5.64%</b>  | <b>3.91%</b> | <b>-4.89%</b> | <b>18.48%</b> |

| RATE BASE                          |               | Function | Classifier | DEM        | CUS | COM | ~ ~ | Internal | Total         | Res           | GS-1         | GS-2        | GS-3         | TR-1        | TR-2        | TR-3      | Mead      | MTU      | ALLOCATOR  |
|------------------------------------|---------------|----------|------------|------------|-----|-----|-----|----------|---------------|---------------|--------------|-------------|--------------|-------------|-------------|-----------|-----------|----------|------------|
| <b>RATE BASE</b>                   |               |          |            |            |     |     |     |          |               |               |              |             |              |             |             |           |           |          |            |
| Profit Plant                       | 1,177,230     | F PRODU  | DEM        | FIRMSALES  |     |     |     |          | 1,177,230     | 759,182       | 132,907      | 101,602     | 183,540      | -           | -           | -         | -         | -        | FIRMSALES  |
| System Balancing Storage @ 20%     | 4,100,967     | F STORG  | DEM        | TOTTHRU    |     |     |     |          | 4,100,967     | 1,966,436     | 344,257      | 264,084     | 486,724      | 172,258     | 521,181     | 278,106   | 42,877    | 25,045   | TOTTHRU    |
| Other Storage Plant                | 16,403,869    | F STORG  | DEM        | FIRMSALES  |     |     |     |          | 16,403,869    | 10,578,659    | 1,851,966    | 1,415,747   | 2,557,497    | -           | -           | -         | -         | -        | FIRMSALES  |
| Trans Plant                        | 24,145,425    | F TRANS  | DEM        | PK AVG     |     |     |     |          | 24,145,425    | 12,298,853    | 2,396,947    | 1,681,432   | 2,652,744    | 959,566     | 2,591,606   | 1,289,685 | 200,864   | 73,728   | PK AVG     |
| Distribution Plant                 | 1,418,815     | F DISTR  | DEM        | PK AVG     |     |     |     |          | 1,418,815     | 4,288,256     | 835,746      | 386,267     | 934,836      | 303,573     | 340,676     | 149,678   | 30,036    | 25,707   | PK AVG     |
| Mains                              | 175,393,590   | F DISTR  | DEM        | PK AVG     |     |     |     |          | 175,393,590   | 89,339,488    | 17,411,544   | 12,214,008  | 19,269,667   | 6,970,339   | 18,825,556  | 9,368,339 | 1,459,087 | 535,563  | PK AVG     |
| Services                           | 108,745,231   | F DISTR  | CUS        | SRVC_2D    |     |     |     |          | 108,745,231   | 95,137,289    | 11,100,249   | 1,530,038   | 628,210      | 191,454     | 137,384     | 13,738    | 4,579     | 2,290    | SRVC_2D    |
| Meters - Ets                       | 16,899,963    | F DISTR  | CUS        | SALESCUSTS |     |     |     |          | 16,899,963    | 15,307,927    | 1,368,636    | 161,520     | 61,812       | -           | 69          | -         | -         | -        | SALESCUSTS |
| Meters - Meters                    | 22,026,451    | F DISTR  | CUS        | WTD_METERS |     |     |     |          | 22,026,451    | 14,447,349    | 2,848,929    | 2,533,755   | 1,494,793    | 381,872     | 277,612     | 27,761    | 9,254     | 4,627    | WTD_METERS |
| Meters Reg Inst                    | 4,320,941     | F DISTR  | CUS        | WTD_REGS   |     |     |     |          | 4,320,941     | 4,247,259     | 462,796      | 2,492,176   | 36,365       | 94          | -           | -         | -         | -        | WTD_REGS   |
| House Reg & Inst                   | 25,703,500    | F DISTR  | CUS        | SRVC_H     |     |     |     |          | 25,703,500    | 19,504,903    | 4,407,643    | 878,741     | 670,491      | 131,773     | 95,608      | 9,561     | 3,187     | 1,593    | SRVC_H     |
| Industrial M & R Station Eq        | 2,358,690     | F DISTR  | CUS        | SRVC_L     |     |     |     |          | 2,358,690     | -             | 1,112,340    | 533,507     | 358,992      | 307,697     | 30,770      | -         | -         | -        | SRVC_L     |
| General & Intan Plant              | 31,251,612    |          |            |            |     |     |     |          | 31,251,612    | 20,411,391    | 3,287,564    | 1,717,354   | 2,247,009    | 723,967     | 1,802,392   | 873,496   | 137,122   | 51,317   | PLANT2     |
| CWIP                               | 8,954,349     |          |            |            |     |     |     |          | 8,954,349     | 5,648,361     | 941,967      | 802,064     | 643,823      | 516,429     | 250,278     | -         | -         | -        | PLANT2     |
| Accum Depr-Production              | (418,842)     | F PRODU  | DEM        | FIRMSALES  |     |     |     |          | (418,842)     | (270,186)     | (47,286)     | (36,140)    | -            | -           | -           | -         | -         | -        | FIRMSALES  |
| Accum Depr - Sys Bal Storage @ 20% | (2,000,151)   | F STORG  | DEM        | TOTTHRU    |     |     |     |          | (2,000,151)   | (959,084)     | (167,903)    | (128,801)   | (237,389)    | (84,015)    | (254,194)   | (135,640) | (20,912)  | (12,215) | TOTTHRU    |
| Accum Depr - Other Storage         | (8,000,603)   | F STORG  | DEM        | FIRMSALES  |     |     |     |          | (8,000,603)   | (5,159,493)   | (903,253)    | (690,498)   | (1,247,359)  | -           | -           | -         | -         | -        | FIRMSALES  |
| Accum Depr - Transmission          | (9,826,559)   | F TRANS  | DEM        | PK AVG     |     |     |     |          | (9,826,559)   | (5,005,312)   | (975,495)    | (684,299)   | (1,079,598)  | (390,519)   | (1,054,716) | (524,868) | (81,746)  | (30,005) | PK AVG     |
| Accum Depr - Distribution          | (159,243,054) |          |            |            |     |     |     |          | (159,243,054) | (105,688,166) | (17,793,448) | (8,138,158) | (10,120,071) | (3,658,328) | (6,978,915  |           |           |          |            |

Account Inputs  
Test Year at Current Revenues

| Function                      | Classifier   | DEM     | CUS | COM       | ~ | ~    | Internal     | Total      | Res        | GS-1      | GS-2      | GS-3      | TR-1      | TR-2      | TR-3      | Meat     | MTU     | ALLOCATOR    |
|-------------------------------|--------------|---------|-----|-----------|---|------|--------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|--------------|
| Depreciation Expenses         |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| Distribution Plant            |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| Depr Production               | 148,310      | F_PRODU | DEM | FIRMSALES |   |      |              | 148,310    | 95,643     | 16,744    | 12,800    | 23,123    | -         | -         | -         | -        | -       | FIRMSALES    |
| Depr Sys Bal Storage @ 20%    | 82,691       | F_STORC | DEM | TOTTHRU   |   |      |              | 82,691     | 39,651     | 6,941     | 5,325     | 9,814     | 3,473     | 10,509    | 5,608     | 865      | 505     | TOTTHRU      |
| Depr Other Storage            | 330,762      | F_STORC | DEM | FIRMSALES |   |      |              | 330,762    | 213,305    | 37,342    | 28,547    | 51,569    | -         | -         | -         | -        | -       | FIRMSALES    |
| Depr Transmission Plant       | 650,039      | F_TRANS | DEM | PK_AVG    |   |      |              | 650,039    | 331,108    | 64,530    | 45,267    | 71,417    | 25,833    | 68,771    | 34,721    | 5,488    | 1,985   | PK_AVG       |
| Depr Distribution Plant       | 9,226,119    |         |     |           |   |      |              | 9,226,119  | 6,135,427  | 972,957   | 483,088   | 597,914   | 211,953   | 520,212   | 250,612   | 39,401   | 14,554  | DIST_PT2     |
| Depr General & Intan Plant    | 4,377,578    |         |     |           |   |      |              | 4,377,578  | 2,859,131  | 460,506   | 240,559   | 314,750   | 101,410   | 252,471   | 122,355   | 19,207   | 7,188   | GENPLANT2    |
| TOTAL DEPRECIATION EXPENS     | 14,815,499   |         |     |           |   |      |              | 14,815,499 | 9,674,265  | 1,559,022 | 815,586   | 1,068,587 | 342,669   | 852,962   | 413,295   | 64,881   | 24,233  | 14,791,266   |
| Other Expenses                |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| A&G O&M                       | 11,342,420   |         |     |           |   |      |              | 11,342,420 | 8,605,898  | 1,083,560 | 412,928   | 488,300   | 151,373   | 371,998   | 179,535   | 28,219   | 10,609  | OMXGAS2      |
| A&G Plant in service          | 11,342,420   |         |     |           |   |      |              | 11,342,420 | 7,408,084  | 1,193,184 | 623,294   | 815,527   | 262,756   | 654,158   | 317,026   | 49,767   | 18,625  | PLANT2       |
| A&G Company Use and LAUF      | 4,534,155    | F_DISTR | COM |           |   |      | FIRMSALESCOM | 4,534,155  | 2,924,022  | 511,897   | 391,323   | 706,912   | -         | -         | -         | -        | -       | FIRMSALESCOM |
| Sales Promotion Exp           | 1,616        | F_DISTR | CUS |           |   | COSS |              | 1,616      | 844        | 127       | 149       | 392       | 70        | 98        | 34        | (6)      | 10      | COSS         |
| Uncollectible Expense         | 2,115,680    | F_DISTR | DEM | COSS_COG  |   |      |              | 2,115,680  | 1,354,315  | 281,383   | 194,042   | 297,711   | (4,119)   | (5,599)   | (1,886)   | 489      | (373)   | COSS_COG     |
| TOTAL OTHER EXPENSES          | 29,336,291   |         |     |           |   |      |              | 29,336,291 | 20,293,264 | 3,070,173 | 1,621,715 | 2,318,641 | 410,080   | 1,020,655 | 494,708   | 78,386   | 28,671  |              |
| Timing Differences            |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| Interve Synchronization       |              |         |     |           |   |      |              |            | -          | -         | -         | -         | -         | -         | -         | -        | -       |              |
| Pro Forma Income Tax Savings  |              |         |     |           |   |      |              |            | -          | -         | -         | -         | -         | -         | -         | -        | -       |              |
| TOTAL TIMING DIFFERENCES      |              |         |     |           |   |      |              |            | -          | -         | -         | -         | -         | -         | -         | -        | -       |              |
| Taxes Other Than Income Taxes |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| MSBT                          | 1,010,940    | F_DISTR | DEM | COSS      |   |      |              | 1,010,940  | 590,331    | 93,186    | 79,294    | 120,222   | 43,526    | 61,175    | 20,985    | (3,868)  | 6,089   | COSS         |
| Payroll Tax                   | 1,302,007    |         |     |           |   |      |              | 1,302,007  | 987,879    | 124,383   | 47,400    | 57,200    | 17,376    | 42,702    | 20,699    | 3,239    | 1,218   | OMXGAS2      |
| Property Tax                  | 5,296,121    |         |     |           |   |      |              | 5,296,121  | 3,459,060  | 557,134   | 291,035   | 380,794   | 122,689   | 305,446   | 148,029   | 23,238   | 8,697   | PLANT2       |
| TOTAL TAXES OTHER THAN INI    | 7,609,069    |         |     |           |   |      |              | 7,609,069  | 5,037,271  | 774,703   | 417,729   | 558,216   | 183,591   | 409,323   | 189,623   | 22,689   | 16,003  |              |
| Revenue Credits               |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| Revenue misc. adjmts          | (42,931)     | F_DISTR | COM |           |   |      | TRANSSALES   | (42,931)   | -          | -         | (37)      | (462)     | (7,032)   | (21,275)  | (11,352)  | (1,750)  | (1,022) | TRANSSALES   |
| Sales Misc. Revenue           | 3,552,109    | F_DISTR | COM |           |   |      | SALESREV     | 3,552,109  | 2,340,795  | 451,642   | 302,262   | 457,411   | -         | -         | -         | -        | -       | SALESREV     |
| Other Revenues- CDS           | 2,814,634    | F_DISTR | DEM | COSS      |   |      |              | 2,814,634  | 1,643,585  | 259,446   | 220,768   | 334,718   | 121,184   | 170,321   | 58,427    | (10,768) | 16,952  | COSS         |
| Cost Displacement Revenue     | 3,308        | F_DISTR | COM |           |   |      | REVENUE      | 3,308      | 2,296      | 309       | 184       | 255       | 73        | 155       | 7         | 7        | -       | REVENUE      |
| TOTAL OTHER REVENUE CRED      | 6,327,200    |         |     |           |   |      |              | 6,327,200  | 3,986,677  | 711,427   | 523,177   | 791,922   | 114,226   | 149,201   | 47,145    | (12,511) | 15,937  |              |
| Operating Revenues            |              |         |     |           |   |      |              |            |            |           |           |           |           |           |           |          |         |              |
| Rate Revenue Received         | 80,778,809   | F_DISTR | COM |           |   |      | REVENUE      | 80,778,809 | 54,754,050 | 8,085,568 | 4,395,836 | 6,090,102 | 1,746,631 | 3,700,813 | 1,675,188 | 166,268  | 164,353 | REVENUE      |
| TOTAL OPERATING REVENUES      | (80,778,809) |         |     |           |   |      |              | 80,778,809 | 54,754,050 | 8,085,568 | 4,395,836 | 6,090,102 | 1,732,728 | 3,676,353 | 1,662,908 | 165,204  | 164,353 |              |

External & Internal Allocators  
Test Year at Current Revenues

| Name                | Description                              | Classifier | Total       | Res         | GS-1       | GS-2       | GS-3       | TR-1      | TR-2      | TR-3      | Mead     | MTU      |
|---------------------|------------------------------------------|------------|-------------|-------------|------------|------------|------------|-----------|-----------|-----------|----------|----------|
| EXTERNAL ALLOCATORS |                                          |            |             |             |            |            |            |           |           |           |          |          |
| TOTTHRU             | Total Throughput Volumes                 | DEM        | 100.000%    | 47.951%     | 8.395%     | 6.440%     | 11.869%    | 4.200%    | 12.709%   | 6.781%    | 1.046%   | 0.611%   |
|                     | Allocation factor 2                      |            | 49,075,291  | 23,531,876  | 4,119,636  | 3,160,232  | 5,824,509  | 2,061,368 | 6,236,844 | 3,328,023 | 513,101  | 299,702  |
| FIRMSALES           | Annual Sales Volumes                     | DEM        | 100.000%    | 64.489%     | 11.290%    | 8.631%     | 15.591%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 1                      |            | 36,489,863  | 23,531,876  | 4,119,636  | 3,149,283  | 5,689,068  | -         | -         | -         | -        | -        |
| TRANSSALES          | Annual Transport Volumes                 | DEM        | 100.000%    | 0.000%      | 0.000%     | 0.087%     | 1.076%     | 16.379%   | 49.556%   | 26.443%   | 4.077%   | 2.381%   |
|                     | Allocation factor 0                      |            | 12,585,428  | -           | -          | 10,949     | 135,441    | 2,061,368 | 6,236,844 | 3,328,023 | 513,101  | 299,702  |
| PKDAY               | Peak Day Throughput Volumes [Peak Month] | DEM        | 100.000%    | 53.922%     | 11.460%    | 7.488%     | 10.105%    | 3.748%    | 8.758%    | 3.901%    | 0.618%   | 0.000%   |
|                     | Allocation factor                        |            | 309,707     | 167,002     | 35,492     | 21,191     | 31,294     | 11,607    | 27,124    | 12,082    | 1,915    | -        |
|                     | Sales Only-%                             |            | 256,979     | 64,987%     | 13.811%    | 9.024%     | 12.178%    |           |           |           |          |          |
| PK_AVG_SALES        | Peak and Average Sales Only Allocator    | DEM        | 100.000%    | 64.738%     | 12.550%    | 8.827%     | 13.884%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 7                      |            | 1           | 1           | 0          | 0          | 0          | -         |           |           |          |          |
| PK_AVG              | Peak and Average Allocator               | DEM        | 100.000%    | 50.937%     | 9.927%     | 6.964%     | 10.987%    | 3.974%    | 10.733%   | 5.341%    | 0.832%   | 0.305%   |
|                     | Allocation factor 3                      |            | 1           | 1           | 0          | 0          | 0          | 0         | 0         | 0         | 0        |          |
| PK_AVGC             | Peak and Average Allocator               | COM        | 100.000%    | 50.937%     | 9.927%     | 6.964%     | 10.987%    | 3.974%    | 10.733%   | 5.341%    | 0.832%   | 0.305%   |
|                     | Allocation factor 3                      |            | 1           | 1           | 0          | 0          | 0          | 0         | 0         | 0         | 0        | -        |
| CUSTS               | Number of Customers                      | CUS        | 100.000%    | 90.524%     | 8.093%     | 0.955%     | 0.366%     | 0.034%    | 0.024%    | 0.002%    | 0.001%   | 0.000%   |
|                     | Allocation factor 4                      |            | 246,767     | 223,383     | 19,972     | 2,357      | 902        | 84        | 60        | 6         | 2        | 1        |
| REVENUE             | Non-Gas Revenue in Dollars               | COM        | 100.000%    | 67.783%     | 10.010%    | 5.442%     | 7.539%     | 2.162%    | 4.581%    | 2.074%    | 0.206%   | 0.203%   |
|                     | Allocation factor 14                     |            | 80,778,809  | 54,754,050  | 8,085,568  | 4,395,836  | 6,090,102  | 1,746,631 | 3,700,813 | 1,675,188 | 166,268  | 164,353  |
| SALESREV            | Sales Revenue                            | COM        | 100.000%    | 65.899%     | 12.715%    | 8.509%     | 12.877%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 21                     |            | 377,579,874 | 248,820,340 | 48,008,314 | 32,129,683 | 48,621,537 |           |           |           |          |          |
| ROR                 | Rate of Return- Do NOT DELETE            |            | 0.000%      | 0%          | 0%         | 0%         | 0%         | 0%        | 0%        | 0%        | 0%       | 0%       |
|                     |                                          |            | -           |             |            |            |            |           |           |           |          |          |
| REV_INCL_COG        | Revenue including COG                    | DEM        | 100.000%    | 64.623%     | 12.469%    | 8.345%     | 12.628%    | 0.454%    | 0.961%    | 0.435%    | 0.043%   | 0.043%   |
|                     | Allocation factor 13                     |            | 385,033,127 | 248,820,340 | 48,008,314 | 32,129,683 | 48,621,537 | 1,746,631 | 3,700,813 | 1,675,188 | 166,268  | 164,353  |
|                     | cog                                      |            | 304,254,318 |             |            |            |            |           |           |           |          |          |
| WTD_METERS          | Meters Allocator                         | CUS        | 100.000%    | 65.593%     | 12.934%    | 11.503%    | 6.786%     | 1.734%    | 1.260%    | 0.126%    | 0.042%   | 0.021%   |
|                     | Allocation factor 9                      |            | 340,558     | 223,383     | 44,048     | 39,175     | 23,111     | 5,904     | 4,292     | 429       | 143      | 72       |
| WTD_REGS            | Meters & Regulators Allocator            | CUS        | 100.000%    | 88.342%     | 9.405%     | 1.365%     | 0.742%     | 0.080%    | 0.057%    | 0.006%    | 0.002%   | 0.001%   |
|                     | Allocation factor 10                     |            | 252,862     | 223,383     | 23,781     | 3,452      | 1,876      | 203       | 145       | 15        | 5        | 2        |
| TRANSCUSTS          | Transportation Customers                 | CUS        | 100.000%    | 0.000%      | 0.000%     | 0.000%     | 0.000%     | 54.902%   | 39.216%   | 3.922%    | 1.307%   | 0.654%   |
|                     | Allocation factor 5                      |            | 153         | -           |            | -          | -          | 84        | 60        | 6         | 2        | 1        |
| SALESCUSTS          | Sales Customers                          | CUS        | 100.000%    | 90.580%     | 8.098%     | 0.956%     | 0.366%     | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 6                      |            | 246,615     | 223,383     | 19,972     | 2,357      | 902        | -         | 1         | -         | -        | -        |
| COG                 | Actual Cost of Gas by Class              | COM        | 100.000%    | 63.761%     | 13.117%    | 9.112%     | 13.974%    | 0.007%    | 0.019%    | 0.008%    | 0.001%   | 0.001%   |
|                     | Allocation factor                        |            | 304,364,260 | 194,066,255 | 39,922,738 | 27,733,842 | 42,531,427 | 21,864    | 56,871    | 24,196    | 3,537    | 3,530    |
| COG_D               | Actual Cost of Gas by Class              | DEM        | 100.000%    | 63.761%     | 13.117%    | 9.112%     | 13.974%    | 0.007%    | 0.019%    | 0.008%    | 0.001%   | 0.001%   |
|                     | Allocation factor                        |            | 304,364,260 | 194,066,255 | 39,922,738 | 27,733,842 | 42,531,427 | 21,864    | 56,871    | 24,196    | 3,537    | 3,530    |
| COSS                | COSS Allocation(see detail below)        | DEM        | 100.000%    | 58.394%     | 9.218%     | 7.844%     | 11.892%    | 4.306%    | 6.051%    | 2.076%    | -0.383%  | 0.602%   |
|                     |                                          |            | 13,652,745  | 7,972,423   | 1,258,477  | 1,070,865  | 1,623,593  | 587,820   | 826,163   | 283,408   | (52,232) | 82,228   |
| COSS_COG            | COSS Allocation + COG(see detail below)  | DEM        | 100.000%    | 64.013%     | 13.300%    | 9.172%     | 14.072%    | -0.195%   | -0.265%   | -0.089%   | 0.019%   | -0.027%  |
|                     |                                          |            | 290,711,515 | 186,093,832 | 38,664,261 | 26,662,977 | 40,907,834 | (565,956) | (769,292) | (259,212) | 55,769   | (78,698) |
| SRVC_2              | Service Allocator                        | CUS        | 100.000%    | 87.486%     | 10.208%    | 1.407%     | 0.578%     | 0.176%    | 0.126%    | 0.013%    | 0.004%   | 0.002%   |
|                     | Allocation factor 8                      |            | 255,335     | 223,383     | 26,063     | 3,593      | 1,475      | 450       | 323       | 32        | 11       | 5        |
| SRVC_2D             | Service Allocator                        | DEM        | 100.000%    | 87.486%     | 10.208%    | 1.407%     | 0.578%     | 0.176%    | 0.126%    | 0.013%    | 0.004%   | 0.002%   |
|                     | Allocation factor 8                      |            | 255,335     | 223,383     | 26,063     | 3,593      | 1,475      | 450       | 323       | 32        | 11       | 5        |
| SRVC_H              | House Regulators                         | CUS        | 100.000%    | 75.884%     | 17.148%    | 3.419%     | 2.609%     | 0.513%    | 0.372%    | 0.037%    | 0.012%   | 0.006%   |
|                     | Allocation factor 11                     |            | 294,373     | 223,383     | 50,479     | 10,064     | 7,679      | 1,509     | 1,095     | 109       | 36       | 18       |
| SRVC_L              | Industrial Meters                        | CUS        | 100.000%    | 0.000%      | 0.000%     | 47.159%    | 22.619%    | 15.220%   | 13.045%   | 1.305%    | 0.435%   | 0.217%   |
|                     | Allocation factor 12                     |            | 4,998       | -           | -          | 2,357      | 1,130      | 761       | 652       | 65        | 22       | 11       |
| FIRMSALESCOM        | Annual Sales Volumes                     | COM        | 100.000%    | 64.489%     | 11.290%    | 8.631%     | 15.591%    | 0.000%    | 0.000%    | 0.000%    | 0.000%   | 0.000%   |
|                     | Allocation factor 1                      |            | 36,489,863  | 23,531,876  | 4,119,636  | 3,149,283  | 5,689,068  | -         | -         | -         | -        | -        |

External & Internal Allocators  
Test Year at Current Revenues

| Name                | Description             | Classifier | Total       | Res         | GS-1       | GS-2       | GS-3       | TR-1      | TR-2       | TR-3       | Mead      | MTU     |
|---------------------|-------------------------|------------|-------------|-------------|------------|------------|------------|-----------|------------|------------|-----------|---------|
| INTERNAL ALLOCATORS |                         |            |             |             |            |            |            |           |            |            |           |         |
| GRSPSD2             | Gross Plant             |            | 100.000%    | 64.873%     | 10.663%    | 6.136%     | 8.902%     | 1.873%    | 4.733%     | 2.314%     | 0.361%    | 0.145%  |
|                     |                         |            | 346,005,352 | 224,462,627 | 36,895,477 | 21,230,413 | 30,800,989 | 6,481,272 | 16,377,036 | 8,007,684  | 1,248,032 | 501,823 |
| DIST_PT2            | Distribution Plant      |            | 100.000%    | 66.501%     | 10.546%    | 5.236%     | 6.481%     | 2.297%    | 5.638%     | 2.716%     | 0.427%    | 0.158%  |
|                     |                         |            | 364,467,181 | 242,372,971 | 38,435,543 | 19,083,845 | 23,619,920 | 8,372,958 | 20,550,368 | 9,900,127  | 1,556,493 | 574,955 |
| PLANT2              | Plant In Service        |            | 100.000%    | 65.313%     | 10.520%    | 5.495%     | 7.190%     | 2.317%    | 5.767%     | 2.795%     | 0.439%    | 0.164%  |
|                     |                         |            | 410,294,672 | 267,976,101 | 43,161,620 | 22,546,710 | 29,500,425 | 9,504,782 | 23,663,155 | 11,467,918 | 1,800,234 | 673,728 |
| OMXGAS2             | O&M Excluding Gas Costs |            | 100.000%    | 75.874%     | 9.553%     | 3.641%     | 4.393%     | 1.335%    | 3.280%     | 1.583%     | 0.249%    | 0.094%  |
|                     |                         |            | 15,682,644  | 11,898,361  | 1,498,188  | 570,937    | 688,976    | 209,297   | 514,344    | 248,235    | 39,018    | 14,668  |
| GENPLANT2           | General Plant           |            | 100.000%    | 65.313%     | 10.520%    | 5.495%     | 7.190%     | 2.317%    | 5.767%     | 2.795%     | 0.439%    | 0.164%  |
|                     |                         |            | 31,251,612  | 20,411,391  | 3,287,564  | 1,717,354  | 2,247,009  | 723,967   | 1,802,392  | 873,496    | 137,122   | 51,317  |
| RATEBASE2           | Rate Base               |            | 100.000%    | 64.873%     | 10.663%    | 6.136%     | 8.902%     | 1.873%    | 4.733%     | 2.314%     | 0.361%    | 0.145%  |
|                     |                         |            | 346,005,352 | 224,462,627 | 36,895,477 | 21,230,413 | 30,800,989 | 6,481,272 | 16,377,036 | 8,007,684  | 1,248,032 | 501,823 |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |
|                     |                         |            |             | 0%          | 0%         | 0%         | 0%         | 0%        | 0%         | 0%         | 0%        | 0%      |

Development of "COSS" Factor:

|                                          |            |            |           |           |           |           |           |           |          |         |
|------------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| Rate Revenues, less                      | 80,778,809 | 54,754,050 | 8,085,568 | 4,395,836 | 6,090,102 | 1,746,631 | 3,700,813 | 1,675,188 | 166,268  | 164,353 |
| Oper. Exp. (O+M, Depr., Co.Use&LAUF, TO) | 64,315,267 | 44,958,190 | 6,527,368 | 3,152,505 | 4,216,295 | 1,106,160 | 2,741,610 | 1,326,729 | 208,361  | 78,048  |
| Coal Displacement- Spread                |            |            |           |           |           |           |           |           |          |         |
| Interest                                 | - \$       | - \$       | - \$      | - \$      | - \$      | - \$      | - \$      | - \$      | - \$     | -       |
| FIT                                      | 2,810,797  | 1,823,437  | 299,723   | 172,467   | 250,214   | 52,651    | 133,040   | 65,051    | 10,138   | 4,077   |
| Net----"COSS"                            | 13,652,745 | 7,972,423  | 1,258,477 | 1,070,865 | 1,623,593 | 587,820   | 826,163   | 283,408   | (52,232) | 82,228  |

Development of "COSS+COG" factor

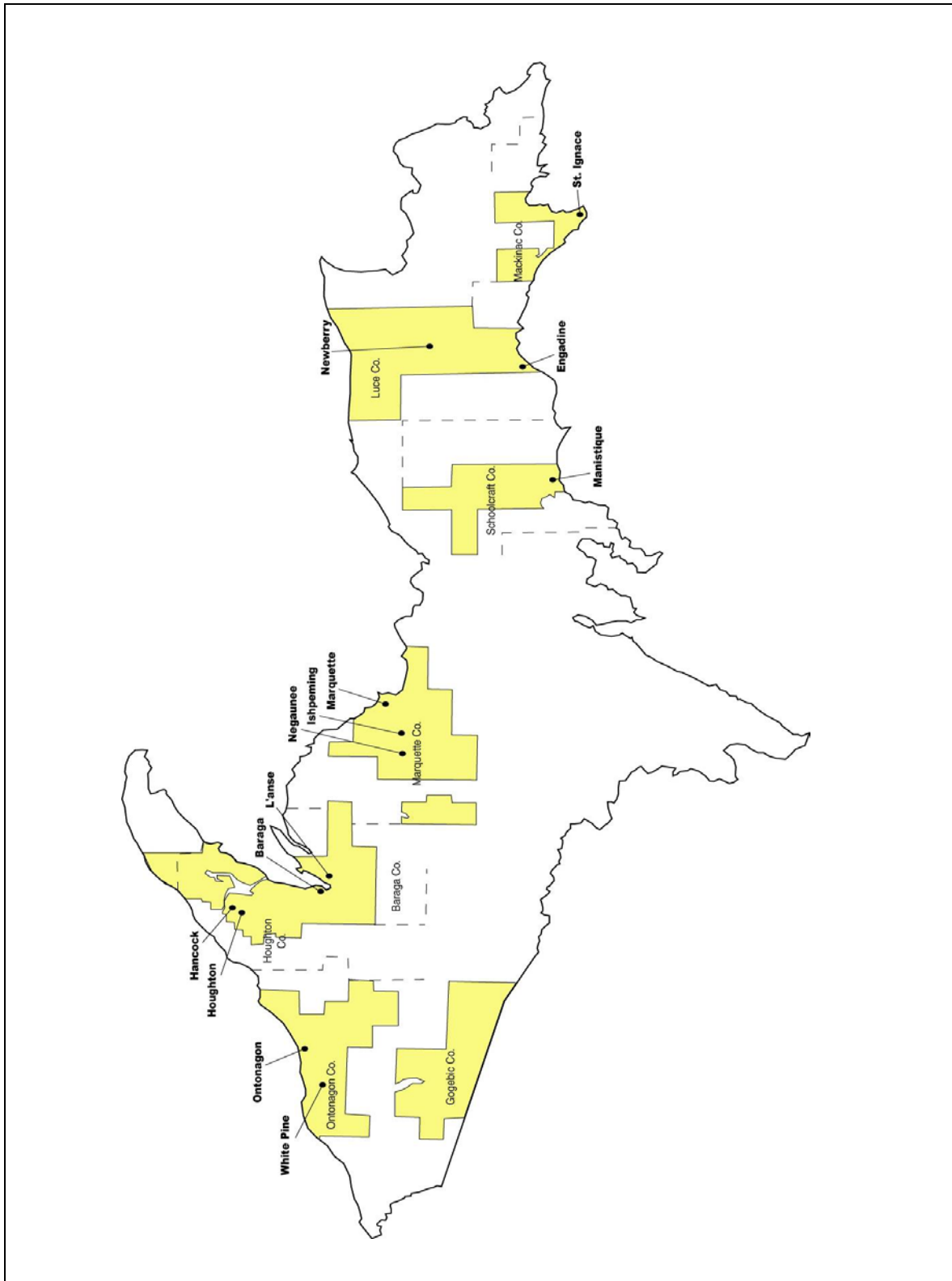
|                   |              |             |             |             |             |           |           |           |        |          |
|-------------------|--------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|--------|----------|
| COSS (above)      | (13,652,745) | (7,972,423) | (1,258,477) | (1,070,865) | (1,623,593) | (587,820) | (826,163) | (283,408) | 52,232 | (82,228) |
| Cost of Gas       | 304,364,260  | 194,066,255 | 39,922,738  | 27,733,842  | 42,531,427  | 21,864    | 56,871    | 24,196    | 3,537  | 3,530    |
| Net----"COSS+COG" | 290,711,515  | 186,093,832 | 38,664,261  | 26,662,977  | 40,907,834  | (565,956) | (769,292) | (259,212) | 55,769 | (78,698) |
|                   |              | 64.013%     |             |             |             |           |           |           |        |          |

SEMCO Energy Gas Company  
Summary of Proposed Tariff Sheet Changes

Case No.: 14893  
Witness: J VAN SICKLE  
Exhibit: A-11  
Schedule: F-7  
Page 1 of 1

| Exhibit | Schedule | Page | Tariff Sheet | Summary of Change                                                       | Sponsor of Change |
|---------|----------|------|--------------|-------------------------------------------------------------------------|-------------------|
| A-11    | F-8      | 1    | A-21         | Updated Map                                                             | Van Sickle        |
| A-11    | F-8      | 2    | B-44         | NSF wording changed to include each failed presentation of check        | Van Sickle        |
| A-11    | F-8      | 3    | B-45         | Landlord not exempt from Transfer Fee                                   | Van Sickle        |
| A-11    | F-8      | 4    | B-55         | LAUF added to Booked Cost of Gas                                        | Alger             |
| A-11    | F-8      | 5    | E-2          | Added LAUF, Uncollectibles, Conservation, and APR to Surcharges         | Van Sickle        |
| A-11    | F-8      | 6    | E-4          | Change Customer Charge to Service Charge, remove Distribution Rate      | Ketchum           |
| A-11    | F-8      | 7    | E-5          | Change in Customer Charge - General Service, change in break even point | Ketchum           |
| A-11    | F-8      | 8    | E-6          | Allowed Customer Charge for unmetered service                           | Van Sickle        |
| A-11    | F-8      | 9    | F-20         | Change in Customer Charge and Transportation Rates                      | Ketchum           |
| A-11    | F-8      | 10   | F-21         | Change in Gas In Kind percentage                                        | Alger             |
| A-11    | F-8      | 11   | F-27         | Interruptible Transportation Service                                    | Lubbers           |
| A-11    | F-8      | 12   | F-28         | Interruptible Transportation Service                                    | Lubbers           |
| A-11    | F-8      | 13   | F-34         | Change in Gas In Kind percentage                                        | Alger             |
| A-11    | F-8      | 14   | G-12         | Change Customer Charge to Service Charge and correct a misspelling      | Ketchum           |
| A-11    | F-8      | 15   | G-13         | Added the words 'or Service Charge' after customer charge               | Ketchum           |

Sheet No. A-21.00



Continued From Sheet No. B-43.00

In case the actual service used during any equal payment period exceeds the bills as rendered on the Equal Payment Plan, the amount of such excess shall be paid not later than the third billing month following such equal payment period, except that if the customer discontinues service with the Company under the Equal Payment Plan, any such excess not yet paid shall become payable immediately. In case the actual service used during the equal payment period is less than the amount paid under the Equal Payment Plan during such period, the amount of such overpayment shall, at the option of the Company, be either refunded or credited to the customer at the end of the period.

If a customer fails to pay bills as rendered on the Equal Payment Plan, the Company shall have the right to withdraw the plan with respect to such customer and to restore the customer to billing as provided for in the applicable tariffs, in addition to any other rights which the Company may have under such tariffs in case of arrearage in payment of bills.

**B6.9 Nonpayment of Bills:**

All bills are due and payable by the customer as specified in the tariff applicable to his service. The word "month" as used herein and in the tariffs is hereby defined to be the elapsed time between two successive meter readings approximately 30 days apart.

**B6.10 NSF Checks and on Premise Collections:****A Charge for Nonsufficient Funds (NSF) Check**

A charge of \$18.00 will be levied upon a customer for each ~~time a~~ check ~~that has been presented as the customer issues the Company in~~ payment for a gas bill ~~when the check~~ is returned to the Company marked NSF or closed account by the financial institution upon which the check is drawn. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto. If the check was written to avoid shutoff, the Company may shutoff after one final contact is attempted.

**B Charge for On-Premises Collection**

A charge of \$11.50 will be levied upon a customer whenever it is necessary for the Company to send an employee to the premises of the customer in order to collect that customer's bill. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.

**B6.11 Discontinuance of Service:**

The customer is responsible for the payment of bills until service is ordered discontinued and the Company has had reasonable time for securing a final reading. If any bill for gas service rendered by the Company to a customer remains unpaid for a period of five (5) days after the due date, the Company shall have the right to issue a notice in writing of its intent to discontinue service and to discontinue such service ten (10) days after such notice has been given. If the bill in question is paid under protest, in order to secure continuity of service, and it is later shown the bill was in error, the customer shall be entitled to a refund.

Sheet B-45.00

Continued From Sheet No. B-44.00

The Company may discontinue service without notice other than personal notice at the time of discontinuance, if the meter or piping on the customer's premises is tampered with in any manner to allow unmetered gas to be used.

The Company will discontinue service to any customer upon request by the customer. However, if reconnection is requested by the same customer on the same premises within one (1) year after discontinuance, the customer shall be charged a turn-on charge.

**B6.12 Turn-On Charges:**

Transfers of service, where service at a premise is transferred from one customer to a subsequent customer, and where the transfer does not require the dispatch of a Company employee to the premise, shall be made with a charge of \$5.00 to the customer moving in (transferee). A premise with a Landlord Agreements shall not be exempt from this charge. Where a service turn-on requires the dispatch of a Company employee to the premise, the following turn-on charges shall apply:

- A. In the case of the same customer requesting turn-off and turn-on on the same premise within one year, the customer shall be charged \$75.00.
- B. In all other circumstances where a service turn-on requires the dispatch of a Company employee, a single service turn-on charge of \$50.00 will be collected. This charge will become part of the customer's arrears and will be subject to the same requirements applicable thereto.
- C. If customer requests turn-on after normal business hours and the request can be accommodated, after hour charges may be applied.

Continued On Sheet No. B-46.00

Continued From Sheet No. B- 54.00

## B10. GAS COST RECOVERY CLAUSE:

## B10.1 Applicability of Clause:

All rates for gas service, unless otherwise provided in the applicable rate schedule, shall include a Gas Cost Recovery Factor to allow the Company to recover the booked cost of gas sold by the Company if incurred under reasonable and prudent policies and practices.

## B10.2 Booked Cost of Gas Sold:

- A. Booked cost of gas sold as used in this rule includes the following as expensed on the books of the Company:
1. Interstate Purchases: Cost of gas service.
  2. Intrastate Purchases: Cost of gas service incurred pursuant to all contracts on file with the Michigan Public Service Commission.
  3. Company Produced Natural Gas: Cost which vary with volume produced.
  4. Company Produced Substitute Natural Gas: Cost for feedstock used to produce substitute natural gas.
  5. Liquefied Petroleum Air Gas: Cost for propane used to produce a propane-air gas mixture.
  6. Storage Gas: Net costs of gas injected and withdrawn from underground storage facilities.
  7. Purchases From Other Michigan Utilities: Costs for gas service pursuant to contracts approved by the appropriate regulatory body.
  8. Supplier Refunds And Credits: Refunds and credits from suppliers in the period realized.
  9. Lost and unaccounted for gas, Company Use gas, and Gas in Kind at the annual average booked cost of gas sold.
- B. Booked cost of gas sold as used in this rule specifically excludes the following items:
1. ~~Gas used by the Company, at the annual average booked cost of gas sold.~~
  2. ~~Lost and unaccounted for gas, at the annual average booked cost of gas sold.~~
  3. ~~1.~~ Gas Sold at a price which does not include a gas cost recovery factor, at the incremental cost from the Company's supplier.
  4. ~~2.~~ Contract, tariff and other penalties, unless the customers of the Company benefit as a result of payment of such penalties.

Continued On Sheet No. B-56.00

Sheet E-2.00

**SECTION E**  
**GAS SALES SERVICE**  
**SURCHARGES**

Monthly per Customer Surcharge  
~~\$ / Mcf~~  
~~\$0.00~~

|             | <u>LAUF</u> | <u>Uncollectibles</u> | <u>Conservation</u> | <u>APR</u> | <u>Total</u> |
|-------------|-------------|-----------------------|---------------------|------------|--------------|
| Residential | \$0.00      | \$0.00                | \$0.00              | \$0.00     | \$0.00       |
| GS-1        | \$0.00      | \$0.00                |                     | \$0.00     | \$0.00       |
| GS-2        | \$0.00      | \$0.00                |                     | \$0.00     | \$0.00       |
| GS-3        | \$0.00      | \$0.00                |                     | \$0.00     | \$0.00       |

### RESIDENTIAL SERVICE RATE

**Availability:**

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any customer in the Company's Service Territory to meet residential gas requirements, as defined in Rule B3.7.

**Characteristics of Service:**

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

**Non-Gas Charges:**

~~Customer Service~~ Charge per meter: \$ ~~9.50~~24.09 per month

~~Distribution Charge:~~ ~~\$ 1.2230~~ per Mcf

**Gas Cost Recovery Charges:**

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. E-3.00.

**Surcharges and Credits:**

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. E-2.00.

**Terms of Payment:**

A late payment charge of two percent (2%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon. The late payment charge is not applicable to customers participating in the Winter Protection Plan set forth in Order U-4240.

Continued On Sheet No. E-5.00

**GENERAL SERVICE (GS) RATE****Availability:**

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any commercial or industrial customer in the Company's Service Territory, for any purpose, including multiple family dwellings.

**Characteristics of Service:**

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

**Non-Gas Charges:**

| <b>Service Category</b> | <b>Customer Charge Per Meter</b>         | <b>Distribution Charge</b>                |
|-------------------------|------------------------------------------|-------------------------------------------|
| GS-1                    | <del>\$9.50</del> <u>12.00</u> per month | <del>\$1.3972</del> <u>7852</u> per Mcf   |
| GS-2                    | <del>\$29</del> <u>50.00</u> per month   | <del>\$1.4054</del> <u>2060</u> per Mcf   |
| GS-3                    | <del>\$75</del> <u>100.00</u> per month  | <del>\$0.8858</del> <u>1.0537</u> per Mcf |

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule B5.1. When customers are selecting their initial service category, the Company must advise them that the economic break even point between GS-1 and GS-2 is ~~804~~787 Mcf per year, and the economic break even point between GS-2 and GS-3 is ~~2,5173,942~~ Mcf per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule B5.1.

**Gas Cost Recovery Charges**

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. E-3.00.

**Customer Charge Billing Option:**

At the customer's option, the customer may contract with the Company to be billed the annual sum of the 12 monthly Customer Charges, evenly divided, over whichever billing months during the year shall be mutually agreeable between the Company and the customer.

**Surcharges and Credits:**

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. E-2.00.

Continued on Sheet No. E-6.00

Continued from Sheet No. E-5.00

**Unmetered Service:**

When service is rendered under a contract with the Company, where the entire gas usage is a fixed hourly volume such that no meter is required, such service shall be treated as a GS-1 Service Category for billing purposes, ~~except that no Customer Charge shall be applied.~~

**Terms of Payment:**

A late payment charge of three percent (3%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon.

Sheet F-20.00

Continued From Sheet No. F-19.10

- C. The facility designated as the master account shall be subject to and billed the provisions of its transportation tariff. The FBT for the aggregation shall be based on fourteen percent (14%) of the master account normalized average daily usage. Facilities designated as subsidiary accounts shall be subject to all the terms and conditions of the master account tariff, including remote metering, except that the subsidiary accounts will pay the customer charge and distribution charge in effect for its designated sales rate rather than the customer charge and transportation charge in effect for the master account. Each year, for billing purposes, the designated per Mcf sales rate for the subsidiary account shall be converted to a per Dth rate by application of the system average BTU calculated for the prior year.

The 2005 system average BTU factor : 1,012 BTUs per cubic foot

The GS-1 rate for 2006 is: \$1.3806 per Dth

The GS-2 rate for 2006 is: \$1.0920 per Dth

The GS-3 rate for 2006 is: \$0.8753 per Dth

## Rates

Subject to such modifications as may be imposed and/or authorized by the Michigan Public Service Commission (MPSC), each Month Shipper shall, where applicable, pay the Company the following amounts:

| Monthly<br>Charges:            | <u>Service Category</u>                  |                                           |                                          |
|--------------------------------|------------------------------------------|-------------------------------------------|------------------------------------------|
|                                | <u>TR-1</u>                              | <u>TR-2</u>                               | <u>TR-3</u>                              |
| Customer Charge                | \$ 375.00 per meter                      | \$ <del>950</del> <u>75</u> .00 per meter | \$ 3,000.00 per meter                    |
| Remote Meter Charge            | \$ 75.00 per meter                       | \$ 75.00 per meter                        | \$ 75.00 per meter                       |
| Transportation Rates:          |                                          |                                           |                                          |
| Peak<br>(November to March)    | \$ <del>0.693</del> <u>68179</u> per Dth | \$ <del>0.561</del> <u>36827</u> per Dth  | \$ <del>0.487</del> <u>06113</u> per Dth |
| Off-Peak<br>(April to October) | \$ <del>0.543</del> <u>66679</u> per Dth | \$ <del>0.411</del> <u>35327</u> per Dth  | \$ <del>0.337</del> <u>04613</u> per Dth |

Continued On Sheet No. F-21.00

Continued From Sheet No. F-20.00

**Selection of Service Category**

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule B5.1. When Customers are selecting their initial Service Category, the Company must advise them that the economic break even point between TR-1 and TR-2 is ~~49,193~~48,335 Dth per year and the economic break even point between TR-2 and TR-3 is ~~313,090~~304,397 Dth per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule B5.1.

**Customer Charge and Remote Meter Charge**

Shipper shall pay the designated Customer Charge and Remote Meter Charge per Month for each meter through which Shipper's deliveries of Gas are designated as a Point(s) of Delivery on Shipper's Transportation Service Agreement, regardless of whether Gas was delivered through such meter during the Month, except as provided for in Rule B4.3 of the Company's Rules and Regulations.

**Transportation Rate**

Shipper shall pay the appropriate Transportation Rate multiplied by the quantity of Gas in Dth which the Company delivered to the Shipper at the Point(s) of Delivery during the Month. Peak Transportation Rates are applicable during the billing months of November through March and Off-Peak Transportation Rates are applicable during the billing months of April through October. For purposes of applying the Transportation Rates, the "billing month" shall correspond as close as practicable to the calendar month.

If the Gas to be transported is an incremental load which will be used to displace coal or coal derived fuels and will be delivered during a time when the Company has sufficient capacity, then the Transportation Rate for such incremental load shall be a rate, as negotiated between the Company and the Shipper, between a floor of \$0.05 per Dth and a ceiling price equal to the full rate shown on the applicable rate schedule. The Shipper shall also pay all applicable surcharges for all gas delivered and all applicable BRCs for all Dth of Daily Imbalance created by the shipper. The minimum charge for such coal displacement service shall be the monthly Customer Charge and Remote Meter Charge. All coal displacement volumes are interruptible by the Company. Coal displacement volumes are excluded for purposes of determining a Shipper's MDQ and FBT.

**Gas in Kind**

The Company shall retain 1.1~~27~~% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

Continued On Sheet No. F-22.00

Sheet F-27.00

**INTERRUPTIBLE TRANSPORTATION SERVICE - (ITS)****Availability**

This Rate Schedule is available, solely at the discretion of SEMCO Gas, to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper") for the transportation of gas within the Company's Service Territory, when:

- A. Shipper is located in an area of SEMCO Gas's service territory that has experienced or is likely to experience a system constraint.
- B. Shipper has met the conditions specified in Section F of the Company's Rules and Regulations for Transportation Service; and
- C. Shipper has agreed to provide a dedicated telephone line, a 110 volt electrical outlet at the meter site and such other facilities as may be required for the specialized metering equipment needed to be installed by the Company. Shipper has also agreed to provide 24 hour per day access to the specialized metering equipment located on the Shipper's premises. Upon request, the Company will make available to the Shipper the daily volumetric data collected from the specialized metering equipment within two hours following the end of the Gas Day. Upon request, and at Shipper's expense, the Company will permit the Shipper or an Authorized Agent to install such additional equipment as may be necessary to allow remote monitoring of gas flow by Shipper or the Authorized Agent.
- D. Shipper and Company have executed an Interruptible Transportation Service Agreement for service under this Rate Schedule.
- E. Shipper has demonstrated the ability to switch from natural gas to an alternative fuel source for an extended period of time, and Shipper's alternative fuel equipment must be in good operating condition with all required environmental and other permits.

Shipper must contract for a specific Point(s) of Receipt where Shipper will deliver Gas to the Company and a specific Point(s) of Delivery where the Gas will exit the Company's system.

**Definitions**

As used in this rate schedule:

"Interruptible" means all gas flowing under this rate schedule to the shipper may be interrupted for a period of time.

**Characteristics of Service**

Service is subject to interruption when, in the Company's sole discretion, the integrity of the natural gas distribution system in the area where the Shipper is served is experiencing, or is likely to experience a system constraint, which would impact the ability of the Company to deliver adequate supplies of natural gas to its customers.

Service under this Rate Schedule shall consist of:

- A. The Company shall receive Gas for the account of the Shipper at the Point(s) of Receipt and redeliver equivalent quantities, less Gas in Kind reimbursement retained by the Company, to the Shipper for the account of the Shipper at the Point(s) of Delivery;
- B. Any rates, terms and conditions not covered by this tariff shall be as contained in the Company's Interruptible Transportation Agreement.

Continued on Sheet F-28.00

Sheet F-28.00

Continued From Sheet No. F-27.00

All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper, subject to curtailment and/or interruption, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

**Maximum Daily Quantity (MDQ)**

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Interruptible Transportation Service Agreement between the Shipper and the Company as determined by the Company.

The Company may, at its discretion, deliver to Shipper volumes in excess of its MDQ, subject to restrictions under Rule B4.3 curtailment provisions.

**Nominations**

Nominations requirements shall be the same as listed on Sheet F-12.00.

**Balancing Requirements**

Balancing Requirements shall be those as listed on Sheets F-12.00 through F-18.00, with the following exceptions:

- Firm Balancing Tolerance is not available for this Rate Schedule.
- Supplemental Firm Balancing Tolerance is not available for this Rate Schedule.
- Shippers selecting this Rate Schedule are not eligible to join a balancing pool.

**Rates**

A Shipper shall pay to the Company a monthly fee comprised of the sum of:

- A. a Customer Charge equivalent to that of Service Category TR-3 as shown on Sheet F-20.00; and
- B. a Remote Meter Charge as shown on Sheet F-20.00, and
- C. a commodity charge, not to be less than:

|          |                  |
|----------|------------------|
| On peak  | \$0.3398 per Dth |
| Off peak | \$0.1898 per Dth |

**Gas in Kind**

This amount shall be the same as that found on Sheet F-21.00.

Except as noted above, service supplied under this rate schedule is subject to all of the provisions found in the Transportation Service section.

Sheet F-34.00

Continued From Sheet No. F-33.00

All gas received by the Company at its Point(s) of Receipt on behalf of Shipper, less Gas in Kind, shall be delivered to Shipper on a firm basis, subject to curtailment, up to Shipper's Maximum Daily Quantity (MDQ) on any Day.

**Maximum Daily Quantity (MDQ)**

An MDQ constitutes the maximum quantity of gas that the Company is obligated to deliver to a Shipper on a daily basis. The MDQ shall be specified in the Off System Transportation Service Agreement between the Shipper and the Company as determined by the Company.

The Company may, at its discretion, deliver to a Shipper volumes in excess of its MDQ, subject to restrictions under Rule B4.3 curtailment provisions.

**Nominations**

At the Company's discretion, the Company may require the daily nomination of all transported gas.

**Balancing Requirements**

The Company and Shipper shall work to keep the gas flow in balance at all times. If at any time the volumes of gas received by the Company at the Point(s) of Receipt are greater or lesser than the gas delivered at the Point(s) of Delivery, the Company may refuse, increase or decrease deliveries to correct the imbalances. If, upon termination of a contract between a Shipper and the Company, the Shipper has not delivered to the Company quantities of gas that are equal to those the Shipper has taken at the Point(s) of Delivery, the Shipper must deliver deficient volumes to the Company, within 60 days of the termination of the contract, at a mutually agreeable rate of delivery. If, then, the Shipper fails to correct the imbalance within the 60 days period, then the Shipper shall pay an unauthorized usage charge to the Company at a rate of \$10.00 per Mcf, plus the currently effective Gas Cost Recovery Factor at that time for all such deficient volumes.

**Rates**

A Shipper shall pay to the Company a monthly fee comprised of the sum of:

- A. a Monthly Administrative Fee of \$300; and
- B. a Remote Meter Charge of \$75 per meter per month, and
- C. a charge, not to exceed \$0.150 per Mcf, consisting of a demand portion and commodity portion.

The demand rate and the commodity rate shall be negotiated between the Shipper and the Company in the Off System Transportation Agreement entered into between the Shipper and the Company.

**Gas in Kind**

The Company shall retain 1.1~~27~~% of all gas received at the Point(s) of Receipt to compensate for Company use and lost and unaccounted for gas on the Company's system. This volume shall not be included in the quantity available for delivery to the Shipper.

**Nature of Service**

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, other authorized charges or surcharges, and penalties and taxes. The authorized Supplier's Gas Commodity Charges will be billed as part of the Company's bill. Service is subject to all of the Company's "Schedule of Rates Governing the Sale of Natural Gas Service" as approved by the Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customer's authorized Supplier pertinent customer sales or transportation data.

A Rate CC customer's return to sales service is subject to Rule B3, Controlled Service.

**Monthly Rate****Non-Gas Charges:****Customer Charge or Service Charge**

As shown on the customer's applicable sales rate schedule.

**~~Distribution Charge~~**

~~As shown on the customer's applicable sales rate schedule.~~

**Gas Charges:****Balancing Charge**

The customer shall pay a Balancing Charge of \$0.2500 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

**Capacity Demand Charge**

The customer shall pay a Capacity Demand Charge of \$0.3141 per Mcf delivered by the Company to the customer during the month. This charge is set by the M.P.S.C.

**Gas Commodity Charge**

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. This charge is determined by contract between the customer and Marketer.

If a participating customer wishes to obtain gas supply from the Company after 12 months or more on a choice tariff, the customer shall be subject to the GCR rate. If a participating customer obtains gas supply from the Company as a result of its chosen Supplier becoming disqualified, or the customer otherwise returns to Company sales supply prior to the end of the 12 months period, subject to Rule B3, Controlled Service, the customer shall become subject to the higher of a market-based rate or the GCR rate for a period of up to three months.

The market-based rate shall consist of either the average (most recent 30 days that are available) of the MichCon city gasgate price or the average (most recent 30 days that are available) of the Consumers Energy city gate price as published in the Platts Gas Daily.

**General Terms and Surcharges**

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00 and surcharges shown on Sheet No. E-2.00 and is also subject to charges, terms and conditions set forth in Section G.

**Minimum Charge**

The minimum charge shall be the customer charge or service charge included in the rate.

**Due Date and Late Payment Charge**

The due date of a residential customer's bill shall be 17 days from the date of transmittal. The due date of a nonresidential customer's bill shall be 21 days from the date of mailing. A 2% residential or 3% nonresidential late payment charge, not compounded, of the unpaid portion of the bill, net of taxes, shall be assessed to any bill that is delinquent.

**Term and Form of Contract**

Service under this rate shall require authorization in a manner specified by the Company.

# Monthly Statement

Current Bill

Case No: U-14893  
Witness: A. Gardiner  
Exhibit: A-11  
Schedule: F-9  
Page: 1 of 3

H

## Account Information

Account Name Tom Smith  
Account Number 1-08-J-42-05264-0011  
Voice Access Number 56231400  
Service Address 5264 Stone Street  
Account Type Residential



# SEMCOENERGY

GAS COMPANY

For Gas Leaks Call: 1-888-GAS-1-GAS(1-888-427-1427)  
Customer Assistance: 1-800-624-2019  
Pay Online: [www.semcoenergygas.com](http://www.semcoenergygas.com)  
GE/Sharp Service: 1-888-736-2661  
Pay By Phone: 1-800-722-0480

## Billing Summary

|                                        |                          |
|----------------------------------------|--------------------------|
| Previous Balance                       | \$55.23                  |
| Payment - Credit                       | \$55.23                  |
| Balance Forward                        | \$0.00                   |
| Customer Charge                        | \$9.50                   |
| Service Charges 0.12230                | \$27.40                  |
| Balance & Demand Charge 0.05641        | \$12.64                  |
| Energy Charge 1.07043                  | \$239.78                 |
| Sales Tax                              | \$11.57                  |
| <b>Total Energy Charge</b>             | <b>\$300.89</b>          |
| <b>Total Amount Due</b>                | <b>\$300.89</b>          |
| <b>Current Amount Due On or Before</b> | <b>February 15, 2006</b> |

## Usage Details

|                                      |       |
|--------------------------------------|-------|
| Meter Number                         | 39500 |
| Days Billed                          | 35    |
| Beginning Reading - 12/16/2005       | 5467  |
| Type of Reading: Actual              |       |
| Ending Reading - 1/20/2006           | 5691  |
| Type of Reading: Actual              |       |
| Meter Factor                         | 1.000 |
| Rate                                 | 1     |
| Units used in 100 Cubic Feet (CCF)   | 224   |
| Therm Factor                         |       |
| Units used this month (CCF)          | 224   |
| Units used this month last year(CCF) | 233   |

Detach and return bottom portion along with your check in the enclosed envelope.

Please see other side for important information



# SEMCOENERGY

GAS COMPANY

Tom Smith  
5264 Stone Street  
City, MI 48060

Due Date: February, 15, 2006  
Amount Due: \$300.89  
If Paid After :

Amount Paid:  
(If different than amount due)

\$

Please include your Account Number  
on your check.

Account Number:  
1-08-J-42-05264-0011

# Monthly Statement

Proposed Bill 1

Case No: U-14893  
Witness: A. Gardiner  
Exhibit: A-11  
Schedule: F-9  
Page: 2 of 3

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## Account Information

Account Name Tom Smith  
Account Number 1-08-J-42-05264-0011  
Voice Access Number 56231400  
Service Address 5264 Stone Street  
Account Type Residential



# SEMCOENERGY

## GAS COMPANY

For Gas Leaks Call: 1-888-GAS-1-GAS(1-888-427-1427)  
Customer Assistance: 1-800-624-2019  
Pay Online: [www.semcoenergygas.com](http://www.semcoenergygas.com)  
GE/Sharp Service: 1-888-736-2661  
Pay By Phone: 1-800-722-0480

## Billing Summary

|                                                        |                          |
|--------------------------------------------------------|--------------------------|
| Previous Balance                                       | \$55.23                  |
| Payment - Credit                                       | \$55.23                  |
| Balance Forward                                        | \$0.00                   |
| Service Charge (paid to SEMCO)                         | \$24.09                  |
| Balance & Demand Charge 0.05641<br>(paid to Suppliers) | \$12.64                  |
| Energy Charge 1.07043<br>(paid to Suppliers)           | \$239.78                 |
| Sales Tax                                              | \$11.06                  |
| Total Energy Charge                                    | \$287.57                 |
| True-Up Charge                                         | \$1.00                   |
| <b>Total Amount Due</b>                                | <b>\$288.57</b>          |
| <b>Current Amount Due On or Before</b>                 | <b>February 15, 2006</b> |

## Usage Details

|                                      |       |
|--------------------------------------|-------|
| Meter Number                         | 39500 |
| Days Billed                          | 35    |
| Beginning Reading - 12/16/2005       | 5467  |
| Type of Reading: Actual              |       |
| Ending Reading - 1/20/2006           | 5691  |
| Type of Reading: Actual              |       |
| Meter Factor                         | 1.000 |
| Rate                                 | 1     |
| Units used in 100 Cubic Feet (CCF)   | 224   |
| Therm Factor                         |       |
| Units used this month (CCF)          | 224   |
| Units used this month last year(CCF) | 233   |

Detach and return bottom portion along with your check in the enclosed envelope.

Please see other side for important information



# SEMCOENERGY

## GAS COMPANY

Tom Smith  
5264 Stone Street  
City, MI 48060

Due Date: February 15, 2006  
Amount Due: \$288.57  
If Paid After :

Amount Paid:  
(If different than amount due)

\$

Please include your Account Number  
on your check.

**Account Number:**  
1-08-J-42-05264-0011

# Monthly Statement

Proposed Bill 2

Case No: U-14893  
Witness: A. Gardiner  
Exhibit: A-11  
Schedule: F-9  
Page: 3 of 3

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## Account Information

Account Name Tom Smith  
Account Number 1-08-J-42-05264-0011  
Voice Access Number 56231400  
Service Address 5264 Stone Street  
Account Type Residential



# SEMCOENERGY

## GAS COMPANY

For Gas Leaks Call: 1-888-GAS-1-GAS (1-888-427-1427)  
Customer Assistance: 1-800-624-2019  
Pay Online: [www.semcoenergygas.com](http://www.semcoenergygas.com)  
GE/Sharp Service: 1-888-736-2661  
Pay By Phone: 1-800-722-0480

## Billing Summary

|                                                        |                          |
|--------------------------------------------------------|--------------------------|
| Previous Balance                                       | \$55.23                  |
| Payment - Credit                                       | \$55.23                  |
| Balance Forward                                        | \$0.00                   |
| Customer Charge (paid to SEMCO)                        | \$9.50                   |
| Service Charge (paid to SEMCO)                         | \$14.59                  |
| Balance & Demand Charge 0.05641<br>(paid to Suppliers) | \$12.64                  |
| Energy Charge 1.07043<br>(paid to Suppliers)           | \$239.78                 |
| Sales Tax                                              | \$11.06                  |
| Total Energy Charge                                    | \$287.57                 |
| True-Up Charge                                         | \$1.00                   |
| <b>Total Amount Due</b>                                | <b>\$288.57</b>          |
| <b>Current Amount Due On or Before</b>                 | <b>February 15, 2006</b> |

## Usage Details

|                                       |       |
|---------------------------------------|-------|
| Meter Number                          | 39500 |
| Days Billed                           | 35    |
| Beginning Reading - 12/16/2005        | 5467  |
| Type of Reading: Actual               |       |
| Ending Reading - 1/20/2006            | 5691  |
| Type of Reading: Actual               |       |
| Meter Factor                          | 1.000 |
| Rate                                  | 1     |
| Units used in 100 Cubic Feet (CCF)    | 224   |
| Therm Factor                          |       |
| Units used this month (CCF)           | 224   |
| Units used this month last year (CCF) | 233   |

Detach and return bottom portion along with your check in the enclosed envelope.

Please see other side for important information



# SEMCOENERGY

## GAS COMPANY

Tom Smith  
5264 Stone Street  
City, MI 48060

Due Date: February 15, 2006  
Amount Due: \$288.57  
If Paid After :

Amount Paid:  
(If different than amount due)

\$

Please include your Account Number  
on your check.

Account Number:  
1-08-J-42-05264-0011



**SEMCOENERGY**

# CUSTOMER EFFICIENCY AND CONSERVATION PLAN

---

*“THIS COLD HOUSE”*



1411 THIRD ST.  
PORT HURON, MI 48060

## INTRODUCTION

Over the past 20 years, the United States has enjoyed low and stable wholesale natural gas prices. As a result, utilities across the country have reduced their focus on conservation programs. The rising cost of natural gas over the past several years coupled with the extreme volatility from the 2005 hurricanes in the Gulf of Mexico have placed a burden on all customers and on our natural resources. Customer efficiency and conservation are again gaining popularity among SEMCO ENERGY customers and state and federal policy makers. Social resources are being stretched to meet low-income customer needs for heating assistance. Conservation can be an effective tool for most customers in dealing with these high and volatile energy prices.

This conservation and efficiency plan proposes a framework from which SEMCO ENERGY can provide its customers with information and tools to manage and reduce their energy consumption in their homes or businesses. After careful review of a variety of conservation plans offered by different utilities and discussions with residential conservation experts, this plan focuses on six key components that make up a comprehensive approach to energy conservation:

1. Education
2. Analysis
3. Measures
4. Tracking
5. Financing
6. LIEEF Funding

The plan is structured for flexibility and allows different customers with different needs to access different components. For example, some customers may choose to install measures as a “do-it-yourself” approach while others may desire professional installation. Some customers may choose to finance larger installations over time while others may choose to pay up front.

Potential savings estimates are presented in this plan, but should be treated as illustrations because particular savings at individual customer sites will vary widely depending on a variety of factors including comfort, age of facility, measures taken, etc. It is also important to note that most of the measures contemplated in this report will have long lasting impact on the energy savings of a particular facility, home or business. Appliance upgrades can last 10 to 30 years and caulking and weather stripping can last 10 to 20 years. These long lasting savings, coupled with seasonal improvements, will provide customers with significant long term savings.

## RESIDENTIAL

The residential segment represents approximately 90% of SEMCO ENERGY's customer base. This segment has created the most significant controversies as many low-income customers are struggling to keep up with rising heating costs and some customers who have not normally struggled to meet energy costs find themselves now accessing heating assistance programs. The components that are targeted toward the residential segment are designed to appeal to a broad cross-section of dwelling types and ages.

### EDUCATION

Customer education has the potential to be the single largest contributor to conservation across all customer segments, particularly the residential segment. We have seen, as energy prices rose dramatically in 2005, that customers will reduce consumption without any motivation other than price. However, these savings come at the cost of comfort, i.e. customers are dialing their thermostats down. Over the past several years, residential consumption has dropped from approximately 120 Mcf per year to 103 Mcf per year (weather normalized). Factors contributing to this decline include more energy efficient new housing, more efficient retrofit furnaces and a steady increase in energy costs. An aggressive customer education campaign detailing a variety of conservation measures can significantly impact customer consumption.

SEMCO ENERGY does not maintain extensive statistical information regarding the demographics of its customers, however, anecdotal evidence indicates that a disproportionate number of low-income customers live in older, less efficient housing. SEMCO ENERGY does have an encoding system for those low-income customers receiving some form of energy assistance and those eligible for winter protection, including customers who identify themselves as seniors. A recent SEMCO ENERGY study of these encoded customers shows that the average annual consumption of these customers exceeds the average annual consumption of all residential customers. This presents an opportunity for special focus on an area of particular need that will reduce energy consumption and also alleviate pressure on low-income assistance resources.

The scope and content of the customer education plan will include the following:

1. Information regarding simple, low barrier conservation measures including:
  - a. Thermostat set-back advantages and automatic set-back devices - how to install and program
  - b. Caulking and weather-stripping – how to install, what to use, etc.
  - c. Window sealing – different types, how to install
  - d. Method to conduct a Do-It-Yourself (DIY) home energy audit
2. Information on Company sponsored resources
  - a. Weatherization kits
  - b. Home energy audits

- c. Financing of energy efficient installations
- 3. Information on external Company resources
  - a. CAP agencies that offer weatherization
  - b. Contractors that offer:
    - i. Weatherization
    - ii. Efficient technologies
      - 1. Furnaces
      - 2. Water heaters
  - c. Government-sponsored programs
    - i. Weatherization
    - ii. Tax incentives

As mentioned before, an integrated multi-faceted communication plan will include a variety of media. Below is a preliminary breakdown of sample methods and costs:

- 1. Bill Inserts – SEMCO ENERGY currently produces six bill inserts per year to manage much of its customer communication. This communication is titled Connectivity. A new communication focused entirely on energy conservation and efficacy will be a relatively low-cost method to begin communicating programs to customers
  - a. Production cost - \$10,000 per issue – Suggest two to four issues per year.
  - b. Distribution cost – SEMCO ENERGY uses the existing customer bill to distribute. The only additional cost may be incremental postage if the weight of the document increases significantly. -\$2,000 to \$5,000 per issue.
- 2. Mass Media
  - a. Newspaper – Ad space twice per year in major and minor newspapers across SEMCO ENERGY's territory - \$28,000 - \$30,000
  - b. Radio – two- to three-week campaign to support conservation effort - \$35,000 to \$40,000 per year
- 3. Customer Forums
  - a. Host energy conservation forums targeted to residential customers. These forums will provide demonstrations of energy conservation measures, provide experts to discuss implementation and installation, offer guidance to get assistance, etc. Partnerships with local Community Action Agencies (CAAs), home improvement centers, civic organizations can spread the cost and allow for broader participation. Cost estimate - \$3,000 to \$5,000 per

event. One event per year in each of SEMCO ENERGY's major markets.  
Four to five events across Michigan. Total cost \$12,000 to \$25,000 per year

4. Information exhibit

- a. Information exhibits stationed in high traffic areas can provide casual passers by important information on energy conservation. Establishing one or two traveling exhibits that can be positioned in malls, grocery stores, etc., can be a relatively low cost method of communication. Cost estimate \$2,000 to \$5,000 to create the exhibit; \$1,000 to \$2,000 per month to place in a variety of locations. Total cost \$20,000 to \$30,000 per year.

5. Speakers bureau

- a. Many community groups are constantly looking for speakers on a variety of topics. SEMCO ENERGY can develop and maintain a list of internal and external experts on various energy issues and proactively seek out opportunities to discuss energy efficiency with community members. The cost for this type of program is relatively low and generally relies on educating and equipping employees and others with the tools and information to effectively present to the public.

6. Web-site

- a. SEMCO ENERGY's web site [www.semcoenergygas.com](http://www.semcoenergygas.com) currently includes conservation information and links to other web site conservation information. In addition, using relatively inexpensive video recording technology, the web site can provide specific "how-to" information and videos specifically tailored to the residential market. Information of how to caulk, install weather stripping, perform a home energy audit, etc. can be provided and updated periodically to meet changing needs and opportunities. Cost estimate to produce five two- to three-minute videos for on-line viewing \$18,000 to \$20,000.

| <b>Education Campaign Cost Summary</b> |                |                  |                  |
|----------------------------------------|----------------|------------------|------------------|
| Method                                 | Cost per event | Number of events | Total cost       |
| Bill Insert                            | \$15,000       | 4                | \$60,000         |
| Mass Media - Newspaper                 | \$15,000       | 2                | \$30,000         |
| Mass Media - Radio                     | \$40,000       | 1                | \$40,000         |
| Customer Forum                         | \$5,000        | 5                | \$25,000         |
| Information Exhibit                    | \$5,000        | 1                | \$5,000          |
| Speakers Bureau                        | \$0            |                  | \$0              |
| Web-site                               | \$20,000       | 1                | \$20,000         |
| <b>Total Education</b>                 |                |                  | <b>\$180,000</b> |

## ANALYSIS

In order to give customers good information regarding energy conservation measures, which measures will work best in their particular situation and how much savings can be expected, some level of analysis must be performed. Analysis can be performed by a reasonably handy do-it-yourself type of individual or can be performed by a trained professional.

The scope of the analysis plan includes:

1. Home Energy Audit
  - a. Do-It-Yourself
    - i. Develop a Do-It-Yourself home energy audit kit that will include a step-by-step approach to evaluating various energy opportunities in individual homes and determining the cost/benefit of individual analysis measures
    - ii. Estimated direct costs for developing this tool are minimal.  
Estimated costs to deliver this tool are approximately \$10 per audit kit. Estimate that we distribute approximately 5,000 kits per year.  
Total cost: \$50,000
  - b. Professional Energy Audit
    - i. Professional energy audits can be performed by trained energy specialists. Many local and state energy assistance agencies provide these audits for little or no costs to individuals depending on income status. It is reasonable to partner, where available, with assistance agencies to promote, manage and finance these energy audits.

Depending on customer interest, an increase in available qualified professionals may be required. The use of qualified contractors, rather than in-house personnel, is recommended. Management and oversight of the energy audit program is required.

1. Development – The development of a contractor network and framework to conduct audits will include:
  - a. Developing lists of potential vendors
  - b. Develop guidelines for a standard audit
  - c. Training and certification of each contractor
  - d. Develop method to market and secure audit opportunities
2. Management – Ongoing maintenance and improvement of the program
  - a. Audit of individual contractor work
  - b. Securing feedback from customers
  - c. Managing billing/payment for audit
  - d. Monitoring results of energy efficient measures
  - e. Managing customer concerns
3. Scope – The scope of a residential energy audit will include:
  - a. Weatherization opportunities
    - i. Air infiltration
      1. Caulking
      2. Vent dampers
      3. Weather stripping
    - ii. Insulation
  - b. Operational Improvements
    - i. Set-back thermostat
    - ii. Water heater thermostat
  - c. Hardware improvements
    - i. Appliance efficiency
    - ii. Duct work leakage
  - d. Infra-red/blower door test. One of the most effective tools for analyzing and measuring air infiltration in a home is a blower door test. This test can reveal air leakage and poor insulation in a home and can provide significant guidance on the best conservation measures to implement.

- ii. Cost – The cost to develop, implement and manage a comprehensive auditing program includes additional in-house staff to develop and manage the program as well as costs to assist customers in paying for the audit.
  1. In-house Staff – Program Manager level position - \$100,000 per year
  2. Program Development and Maintenance - Estimated \$20,000 to \$40,000 per year
  3. Audit Cost – Energy audits range in price from approximately \$100 to \$400 depending on the time and complexity of the audit and the final report.
- iii. Quantity – To most effectively implement a formal audit program, the implementation should begin slowly, with five to 10 audits per month and increase the penetration over time as the program develops. A first year target of 200 audits per year is a reasonable goal.

| <b>Analysis Cost Summary</b>        |                |                  |                  |
|-------------------------------------|----------------|------------------|------------------|
| Method                              | Cost per event | Number of events | Total cost       |
| D-I-Y Audit                         | \$10           | 5000             | \$50,000         |
| Program Manager`                    |                |                  | \$100,000        |
| Program Development and Maintenance |                |                  | \$40,000         |
| Professional Audit                  | \$300          | 200              | \$60,000         |
| Bill Analysis                       | \$0            | 500              | \$0              |
| <b>Total Analysis</b>               |                |                  | <b>\$250,000</b> |

## MEASURES

Individual customers will base their choice of conservation measures on either “common sense” or the results of an energy audit. In many cases, conservation measures are simple, are relatively low cost and provide considerable savings. Below is a discussion of the more likely conservation measures, their associated costs and the suggested utility support for each measure. The utility support is designed to provide access and encourage customers to install these conservation measures.

## 2. Appliances

- a. Furnaces – Energy savings alone typically will not justify the purchase of a new furnace. However, when a customer needs to replace or chooses to replace an old furnace, the selection of a high-efficiency furnace can make a difference. SEMCO ENERGY will promote the selection of a furnace with an Annual Fuel Utilization Efficiency (AFUE) rating of 90% or more. In addition, SEMCO ENERGY proposes a \$200 rebate to customers who select a 90%+ AFUE furnace. This rebate will likely not cover the entire cost of the furnace, however other utilities have offered similar programs with successful results.

- i. Cost - \$200 per installation

- b. Water Heater – Water heaters come in a variety of efficiency ratings. SEMCO ENERGY will encourage customers to install the most efficient version available. In addition to efficiency, water heater installation should include:

- i. A “wrap” or “blanket” to ensure the tank retains as much heat as possible
  - ii. Pipe insulation on the incoming and outgoing house piping
  - iii. The set-point should be approximately 120 degrees
  - iv. Cost: The cost for blanket and pipe insulation approximately \$30 to \$50 per installation (materials only).

3. Envelope – Measures to address air infiltration and insulation can vary widely in cost for materials and implementation. Below are some target measures and cost estimates that include typical installations.

### a. Simple Measures

#### i. Caulking

1. Cost - \$10

#### ii. Weather stripping

1. Cost - \$20

#### iii. Window covering

1. Cost - \$50

### b. Other Measures

#### i. Automatic setback thermostat

1. Cost \$50-\$80

#### ii. Back-draft damper – Bathroom fan, dryer, range, etc.

1. Cost - \$100

- iii. Vent damper – furnace, water heater
  - 1. Cost - \$250
- iv. Insulation – Ceiling is typically easiest to measure and increase
  - 1. Cost -\$600
- v. Windows – High-efficiency glass and newly installed windows can create significant savings, however costs vary widely from house to house
  - 1. Cost - \$5,000
- vi. Water Consumption – Water heating is the second largest consumer of natural gas behind the furnace. Reducing the consumption of hot water can contribute significantly to savings.
  - 1. Cost - \$30-\$50

It should be noted that SEMCO ENERGY does not propose that this conservation plan fund entirely all envelope measures, but rather may support in the form of rebates, education and other methods.

The State of Michigan is currently providing energy conservation kits to eligible low income customers at no cost. SEMCO ENERGY will develop an energy conservation kit with various standard conservation tools such as: set-back thermostats, weather-stripping, caulking and window covering. These kits provide a good first step for customers wanting to conserve and are generally composed of simple and universal conservation measures.

| <b>Measures Cost Summary</b> |                |                  |                  |
|------------------------------|----------------|------------------|------------------|
| Method                       | Cost per event | Number of events | Total cost       |
| Appliances                   | \$200          | 400              | \$80,000         |
| Water Heater                 | \$50           | 400              | \$20,000         |
| Envelope - Simple Measures   | \$80           | 3000             | \$240,000        |
| Envelope - Other Measures    | \$80           | 1000             | \$80,000         |
| Water Consumption            | \$50           | 1000             | \$50,000         |
| <b>Total Measures</b>        |                |                  | <b>\$470,000</b> |

## TRACKING

Analyzing and tracking individual customer consumption before and after energy conservation measures are implemented is a relatively simple and straightforward method to determine the effectiveness of conservation measures. SEMCO ENERGY currently maintains information regarding weather in its operating areas and can “weather normalize” consumption based on historical information. In addition to helping customers who have taken active measures to reduce consumption, this information can be useful to all customers in determining whether their energy use is more efficient than in previous years. This information will be presented in a user friendly format to ensure that all customers can effectively use and understand the information. In addition, this tool can be used in the ongoing promotion of the energy conservation program.

Cost for production and delivery of the annual customer efficiency reports is approximately \$2.50 per customer.

| Tracking Cost Summary |                   |         |            |
|-----------------------|-------------------|---------|------------|
| Method                | Cost per analysis | Number  | Total cost |
| Efficiency Report     | \$2.50            | 250,000 | \$625,000  |
| Total Tracking Cost   |                   |         | \$625,000  |

## **FINANCING**

SEMCO ENERGY currently provides a financing program for qualified dealers and customers who are purchasing furnace or related equipment. This financing program can be easily extended to provide the support for higher-cost energy conservation measures. In addition, many of the measures will benefit from rebates to defray the cost. Concerns about the financing program include management of bad debt, concern over efficiency measure selection and customer mobility. These issues will have to be addressed in developing an accurate cost estimate. In addition to internal financing of energy efficient measures, third-party financial institutions may be willing to participate in this type of endeavor.

## **SAVINGS**

The amount of savings that customers can expect from conservation measures varies significantly depending on a multitude of factors. Older homes tend to have less insulation, poor furnace efficiency and significant air infiltration from older windows, doors, and attics. Other factors include the lifestyle, comfort level and number of individuals occupying a home or business. Although savings for a particular measure or series of measures can be estimated, it is important that site-specific information is gathered and compared year-to-year to get quantitative information on how well conservation efforts are working.

In September of 2005, a report was prepared by Oak Ridge National Laboratory for the U.S. Department of Energy (DOE) titled “Estimating the National Effects of the U.S. Department of Energy’s Weatherization Assistance Program with State Level Data: A Metaevaluation Using Studies From 1993 to 2005.” This report evaluated the impact of weatherization programs and provided some statistical information from which we can draw general conclusions. The study indicated that the average savings per household as a percentage of pre-weatherization consumption of natural gas for all end uses was approximately 20% to 26%. DOE’s website indicates that average savings are approximately 30%. In either case, the savings can be significant.

Below is an estimate of annual savings using an average SEMCO ENERGY customer who consumes approximately 103 Mcf per year.

| Description      | Consumption<br>(Mcf/Yr.) | Annual Cost | Savings |
|------------------|--------------------------|-------------|---------|
| Average Customer | 103                      | \$1,156     |         |
| 15% Conservation | 87                       | \$1,000     | \$156   |
| 20% Conservation | 82                       | \$948       | \$209   |
| 25% Conservation | 77                       | \$896       | \$261   |
| 30% Conservation | 72                       | \$844       | \$313   |

The above illustration is based on SEMCO ENERGY's rates that were in effect in March 2006. The Gas Cost Recovery (GCR) for this period is \$8.90 per Mcf. This indicates that customers can expect to save approximately \$200 to \$300 per year by employing conservation measures. This is significant because these savings can be expected for 10 to 30 years depending on the measures implemented.

## **LIEEF Funding**

The Customer Choice and Electricity Reliability Act of 2000, 2000 PA 141, authorized the creation of a Low-Income Energy Efficiency Fund (LIEEF), administered by the Michigan Public Service Commission (MPSC). This fund was created to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes.

This fund was originally funded entirely by The Detroit Edison Company (DTE) from revenues received through “securitization.” Although DTE funded LIEEF, all Michigan residents were eligible for the benefits of LIEEF regardless of their energy provider. Recently the MPSC Staff indicated that Consumers Energy should also participate in the funding of LIEEF. The funding level for both companies was established at the equivalent 2% of commercial and industrial revenues.

LIEEF is a state-wide program focused not only on low-income assistance, but also on energy efficiency. In fact, the MPSC indicated in a recent Consumers Energy rate case, that, to the extent possible, funding should be shifted away from energy financial assistance and towards energy efficiency. SEMCO ENERGY believes that it is appropriate for its customers to participate in the funding of this state-wide program.

| <b>LIEEF Cost Summary</b> |                         |                |            |
|---------------------------|-------------------------|----------------|------------|
|                           | Total Comm/Ind Revenues | 2% of Revenues | Total cost |
|                           | \$26,028,146            | \$520,563      | \$520,563  |

## SUMMARY

This plan presents a framework that can provide SEMCO ENERGY customers with access to information, resources and products to evaluate and implement energy conservation measures. Below is a summary of the proposed costs:

| <b>Education Campaign Cost Summary</b> |                         |                  |                  |
|----------------------------------------|-------------------------|------------------|------------------|
| Method                                 | Cost per event          | Number of events | Total cost       |
| Bill Insert                            | \$15,000                | 4                | \$60,000         |
| Mass Media - Newspaper                 | \$15,000                | 2                | \$30,000         |
| Mass Media - Radio                     | \$40,000                | 1                | \$40,000         |
| Customer Forum                         | \$5,000                 | 5                | \$25,000         |
| Information Exhibit                    | \$5,000                 | 1                | \$5,000          |
| Speakers Bureau                        | \$0                     |                  | \$0              |
| Web-site                               | \$20,000                | 1                | \$20,000         |
| <b>Total Education</b>                 |                         |                  | <b>\$180,000</b> |
| <b>Analysis Cost Summary</b>           |                         |                  |                  |
| Method                                 | Cost per event          | Number of events | Total cost       |
| DIY Audit                              | \$10                    | 5000             | \$50,000         |
| Program Manager`                       |                         |                  | \$100,000        |
| Program development and maintenance    |                         |                  | \$40,000         |
| Professional Audit                     | \$300                   | 200              | \$60,000         |
| Bill Analysis                          | \$0                     | 500              | \$0              |
| <b>Total Analysis</b>                  |                         |                  | <b>\$250,000</b> |
| <b>Measures Cost Summary</b>           |                         |                  |                  |
| Method                                 | Cost per event          | Number of events | Total cost       |
| Appliances                             | \$200                   | 400              | \$80,000         |
| Water Heater                           | \$50                    | 400              | \$20,000         |
| Envelope - Simple Measures             | \$80                    | 3000             | \$240,000        |
| Envelope - Other Measures              | \$80                    | 1000             | \$80,000         |
| Water Consumption                      | \$50                    | 1000             | \$50,000         |
| <b>Total Measures</b>                  |                         |                  | <b>\$470,000</b> |
| <b>Tracking Cost Summary</b>           |                         |                  |                  |
| Method                                 | Cost per analysis       | Number           | Total cost       |
| Efficiency Report                      | \$2.50                  | 250,000          | \$625,000        |
| <b>Total Tracking Cost</b>             |                         |                  | <b>\$625,000</b> |
| <b>LIEEF Cost Summary</b>              |                         |                  |                  |
|                                        | Total Comm/Ind Revenues | 2% of Revenues   | Total cost       |
|                                        | \$26,028,146            | \$520,563        | \$520,563        |

| <b>Total Cost Summary</b> |  |  |             |
|---------------------------|--|--|-------------|
| Method                    |  |  | Total cost  |
| Education                 |  |  | \$180,000   |
| Analysis                  |  |  | \$250,000   |
| Measures                  |  |  | \$470,000   |
| Tracking                  |  |  | \$625,000   |
| LIEEF                     |  |  | \$520,563   |
| Total Measures            |  |  | \$2,045,563 |

Individual measures can be added and/or deleted to suit budgetary or regulatory concerns.

# CIS System Implementation

Case No: U-14893  
 Witness: Rick L. Ayers  
 Exhibit: A-12  
 Schedule: 2  
 Page 1 of 1

| Description                         | 2005 Amount         | 2006 Amount         | 2007 Amount       | 2008 Amount       | Total Amount        |
|-------------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| enQuesta                            |                     |                     |                   |                   |                     |
| Hardware                            | \$ 80,333           | \$ 399,770          |                   |                   | \$ 480,103          |
| Third Party Software                | \$ 19,691           | \$ 177,215          |                   |                   | \$ 196,906          |
| EnQuesta Software                   | \$ 38,690           |                     |                   |                   | \$ 38,690           |
| Implementation                      | \$ 895,196          | \$ 1,650,463        |                   |                   | \$ 2,545,659        |
| Phone Touch / IVR                   | \$ 172,057          | \$ 269,137          |                   |                   | \$ 441,194          |
| WebTouch                            | \$ 47,200           | \$ 170,137          |                   |                   | \$ 217,337          |
| Reporting                           |                     | \$ 186,800          |                   |                   | \$ 186,800          |
| <b>Subtotal</b>                     | <b>\$ 1,253,167</b> | <b>\$ 2,853,521</b> |                   |                   | <b>\$ 4,106,688</b> |
| Capitalized Interest on CIS Project | \$ 116,121          | \$ 314,670          |                   |                   | \$ 430,791          |
| Travel / Training                   | \$ 8,000            | \$ 72,786           |                   |                   | \$ 80,786           |
| Implementation Labor - SEMCO        | \$ 20,993           | \$ 40,123           |                   |                   | \$ 61,116           |
| On-Going Maintenance                |                     |                     |                   |                   |                     |
| Third Party Software                | \$ 48,200           | \$ 51,664           | \$ 54,764         | \$ 58,050         | \$ 212,679          |
| Hardware                            |                     | \$ 5,546            | \$ 23,513         | \$ 24,924         | \$ 53,983           |
| Software                            |                     | \$ 63,000           | \$ 267,120        | \$ 283,147        | \$ 613,267          |
| Mods/Interfaces                     |                     | \$ 16,134           | \$ 68,408         | \$ 72,513         | \$ 157,055          |
| Phone Touch / IVR                   |                     | \$ 16,990           | \$ 72,038         | \$ 76,360         | \$ 165,387          |
| WebTouch                            |                     | \$ 7,896            | \$ 33,480         | \$ 35,489         | \$ 76,865           |
| Reporting - Cognos                  |                     | \$ 9,906            | \$ 41,999         | \$ 44,519         | \$ 96,425           |
| Subtotal                            | \$ 48,200           | \$ 171,136          | \$ 561,322        | \$ 595,002        | \$ 1,375,660        |
| External IT Implementation Support  | \$ 352,869          | \$ 888,576          |                   |                   | \$ 1,241,445        |
| <b>Total Estimated Costs</b>        | <b>\$ 1,799,350</b> | <b>\$ 4,340,812</b> | <b>\$ 561,322</b> | <b>\$ 595,002</b> | <b>\$ 7,296,487</b> |
| <b>Cost Breakdown by Division</b>   |                     |                     |                   |                   |                     |
| <b>MPSC</b>                         | <b>\$ 1,565,435</b> | <b>\$ 3,776,507</b> | <b>\$ 488,350</b> | <b>\$ 517,651</b> | <b>\$ 6,347,943</b> |
| Battle Creek                        | \$ 233,916          | \$ 564,306          | \$ 72,972         | \$ 77,350         | \$ 948,543          |
| Total                               | \$ 1,799,350        | \$ 4,340,812        | \$ 561,322        | \$ 595,002        | \$ 7,296,487        |

# FOS System Implementation

Case No: U-14893  
 Witness: Rick L. Ayers  
 Exhibit: A-12  
 Schedule: 3  
 Page 1 of 1

| Description                            | 2005 Amount       | 2006 Amount         | 2007 Amount         | 2008 Amount         | Total Amount        |
|----------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Advantex                               |                   |                     |                     |                     |                     |
| License Fees                           | \$ 153,032        | \$ 171,755          | \$ 87,447           | \$ 55,000           | \$ 467,234          |
| Software                               | \$ 7,140          | \$ 73,900           | \$ 7,790            | \$ 3,821            | \$ 92,651           |
| Hardware                               | \$ -              | \$ 512,700          | \$ 328,665          | \$ 260,798          | \$ 1,102,163        |
| Professional / Implementation Services | \$ 26,110         | \$ 73,570           | \$ 154,920          | \$ 123,600          | \$ 378,200          |
| Modifications and Interfaces           | \$ 87,500         | \$ 112,500          | \$ 100,000          | \$ 100,000          | \$ 400,000          |
| <b>Subtotal</b>                        | <b>\$ 273,782</b> | <b>\$ 944,425</b>   | <b>\$ 678,822</b>   | <b>\$ 543,219</b>   | <b>\$ 2,440,248</b> |
| Capitalized Interest on CIS Project    | \$ 5,154          | \$ 74,605           | \$ 154,126          | \$ 230,743          | \$ 464,627          |
| Implementation Labor - External IT     | \$ 35,378         | \$ 348,920          | \$ 303,888          | \$ 313,005          | \$ 1,001,191        |
| Implementation Labor - Internal        | \$ -              | \$ 17,575           | \$ 62,923           | \$ 64,810           | \$ 145,308          |
| On-Going Maintenance                   |                   |                     |                     |                     |                     |
| License Fees                           | \$ -              | \$ 15,000           | \$ 63,600           | \$ 67,416           | \$ 146,016          |
| Hardware                               | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                |
| Third Party Software                   | \$ -              | \$ 2,246            | \$ 9,524            | \$ 10,096           | \$ 21,866           |
| <b>Total Estimated Costs</b>           | <b>\$ 314,314</b> | <b>\$ 1,402,771</b> | <b>\$ 1,272,882</b> | <b>\$ 1,229,289</b> | <b>\$ 4,219,256</b> |
| <b>Cost Breakdown by Division</b>      |                   |                     |                     |                     |                     |
| <b>MPSC</b>                            | <b>\$ 273,453</b> | <b>\$ 1,220,411</b> | <b>\$ 1,107,408</b> | <b>\$ 1,069,481</b> | <b>\$ 3,670,753</b> |
| Battle Creek                           | \$ 40,861         | \$ 182,360          | \$ 165,475          | \$ 159,808          | \$ 548,503          |
| Total                                  | \$ 314,314        | \$ 1,402,771        | \$ 1,272,882        | \$ 1,229,289        | \$ 4,219,256        |

# FOS System Implementation

Case No: U-14893  
 Witness: Rick L. Ayers  
 Exhibit: A-12  
 Schedule: 3  
 Page 1 of 1

| Description                            | 2005 Amount       | 2006 Amount         | 2007 Amount         | 2008 Amount         | Total Amount        |
|----------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Advantex                               |                   |                     |                     |                     |                     |
| License Fees                           | \$ 153,032        | \$ 171,755          | \$ 87,447           | \$ 55,000           | \$ 467,234          |
| Software                               | \$ 7,140          | \$ 73,900           | \$ 7,790            | \$ 3,821            | \$ 92,651           |
| Hardware                               | \$ -              | \$ 512,700          | \$ 328,665          | \$ 260,798          | \$ 1,102,163        |
| Professional / Implementation Services | \$ 26,110         | \$ 73,570           | \$ 154,920          | \$ 123,600          | \$ 378,200          |
| Modifications and Interfaces           | \$ 87,500         | \$ 112,500          | \$ 100,000          | \$ 100,000          | \$ 400,000          |
| <b>Subtotal</b>                        | <b>\$ 273,782</b> | <b>\$ 944,425</b>   | <b>\$ 678,822</b>   | <b>\$ 543,219</b>   | <b>\$ 2,440,248</b> |
| Capitalized Interest on CIS Project    | \$ 5,154          | \$ 74,605           | \$ 154,126          | \$ 230,743          | \$ 464,627          |
| Implementation Labor - External IT     | \$ 35,378         | \$ 348,920          | \$ 303,888          | \$ 313,005          | \$ 1,001,191        |
| Implementation Labor - Internal        | \$ -              | \$ 17,575           | \$ 62,923           | \$ 64,810           | \$ 145,308          |
| On-Going Maintenance                   |                   |                     |                     |                     |                     |
| License Fees                           | \$ -              | \$ 15,000           | \$ 63,600           | \$ 67,416           | \$ 146,016          |
| Hardware                               | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                |
| Third Party Software                   | \$ -              | \$ 2,246            | \$ 9,524            | \$ 10,096           | \$ 21,866           |
| <b>Total Estimated Costs</b>           | <b>\$ 314,314</b> | <b>\$ 1,402,771</b> | <b>\$ 1,272,882</b> | <b>\$ 1,229,289</b> | <b>\$ 4,219,256</b> |
| <b>Cost Breakdown by Division</b>      |                   |                     |                     |                     |                     |
| <b>MPSC</b>                            | <b>\$ 273,453</b> | <b>\$ 1,220,411</b> | <b>\$ 1,107,408</b> | <b>\$ 1,069,481</b> | <b>\$ 3,670,753</b> |
| Battle Creek                           | \$ 40,861         | \$ 182,360          | \$ 165,475          | \$ 159,808          | \$ 548,503          |
| Total                                  | \$ 314,314        | \$ 1,402,771        | \$ 1,272,882        | \$ 1,229,289        | \$ 4,219,256        |

SEMCO Energy Gas - MPSC Division  
2003 through 2005 Historical Return on Equity (ROE)  
Dollars in Thousands

Case U-14893  
Withness: Eugene N. Dubay  
Exhibit: A-12  
Schedule: 4  
Page: 1 of 1

|                                            | 2003         | 2004         | 2005         |
|--------------------------------------------|--------------|--------------|--------------|
| Net Income (Excludes Non-Operating Income) | \$ 12,520.9  | \$ 9,815.6   | \$ 9,171.9   |
| Common Equity (13 month average)           | \$ 147,269.8 | \$ 157,474.1 | \$ 142,554.8 |
| <b>ROE</b>                                 | <b>8.50%</b> | <b>6.23%</b> | <b>6.43%</b> |

# 2005 BEST PRACTICES BENCHMARKING

## Company Profile Computations

Case No.: U-14893  
 Witness: Eugene N DuBay  
 Exhibit: A-12  
 Schedule: 5  
 Page: 1 of 1

| 2004 Data<br>Description                               | SEMCO<br>MPSC | 1st Quartile | AGA Company  |              |              | Average  | AGA Company |            |         |
|--------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|----------|-------------|------------|---------|
|                                                        |               |              | 2nd Quartile | 3rd Quartile | 4th Quartile |          | Median      | Maximum    | Minimum |
| <i>Distribution O &amp; M cost per customer</i>        | \$31.58       | \$44.06      | \$53.08      | \$72.67      | \$224.63     | \$63.04  | \$53.08     | \$224.63   | \$23.41 |
| <i>Distribution O &amp; M cost per mile of main</i>    | \$1,518       | \$2,227      | \$2,974      | \$4,630      | \$14,268     | \$3,774  | \$2,974     | \$14,268   | \$1,115 |
| <i>Distribution O &amp; M cost per dollar of plant</i> | \$0.02        | \$0.03       | \$0.03       | \$0.05       | \$24.90      | \$0.43   | \$0.03      | \$24.90    | \$0.01  |
| <i>Distribution O &amp; M costs / MCF sales</i>        | \$0.21        | \$0.27       | \$0.45       | \$0.64       | \$1.42       | \$0.48   | \$0.45      | \$1.42     | \$0.02  |
| <i>Admin &amp; General expenses per customer</i>       | \$78.01       | \$53.28      | \$80.82      | \$119.57     | \$611.92     | \$94.48  | \$80.82     | \$611.92   | \$0.42  |
| <i>Customer Accounts expenses per customer</i>         | \$19.68       | \$31.81      | \$38.80      | \$51.54      | \$409.51     | \$50.63  | \$38.80     | \$409.51   | \$4.07  |
| <i>Meter Reading expenses per customer</i>             | \$1.72        | \$4.56       | \$5.79       | \$7.43       | \$22.13      | \$6.33   | \$5.79      | \$22.13    | \$0.61  |
| <i>Call Center expenses per customer</i>               | \$10.79       | \$11.50      | \$15.60      | \$23.02      | \$57.05      | \$17.97  | \$15.60     | \$57.05    | \$2.28  |
| <i>Uncollectible Accounts exp per customer</i>         | \$5.89        | \$4.81       | \$8.24       | \$19.78      | \$144.58     | \$15.20  | \$8.24      | \$144.58   | \$0.45  |
| <i>Customers per employee</i>                          | 797           | 494          | 672          | 841          | 2,292        | 757      | 672         | 2,292      | 119     |
| <i>Capital Expenditures per customer</i>               | \$64.55       | \$55.71      | \$80.26      | \$127.95     | \$2,258.18   | \$134.20 | \$80.26     | \$2,258.18 | \$31.37 |
| <i>Capital Expenditures/dollar of depreciation</i>     | \$1.78        | \$1.19       | \$1.50       | \$1.89       | \$5.34       | \$1.56   | \$1.50      | \$5.34     | -\$2.83 |
| <i>Number of Customers</i>                             | 239,183       | 194,166      | 431,431      | 816,292      | 4,016,550    | 661,341  | 431,431     | 4,016,550  | 8,732   |

## **Declining Use Per Customer Initiatives**

### **Price Elasticity and Conservation Adjustments**

Description: Compensation provided to the utility for load lost due to conservation programs.

#### Washington Gas Light

In Formal Case No. 1016, Order No. 12986, Washington Gas Light received approval from the District of Columbia Public Service Commission for a “Repression Adjustment” that reflects an adjustment to test-year revenue levels to reflect the price elasticity of demand that has resulted from improved energy efficiency and has contributed to a decline in use per customer.

The Commission noted that adjustments to rates can affect customer demand and thereby affect the ability of a regulated utility to earn its authorized rate of return.<sup>1</sup> Furthermore, the Commission acknowledged that as long as WGL’s natural gas distribution system remains a regulated monopoly with no competition, the potential for such repression (or expansion) of demand exists when the Commission periodically adjusts rates. Therefore, the Commission found it appropriate to adopt a repression adjustment. In addition, the Commission noted its expectation that the implementation of this adjustment would help to reduce the frequency of rate proceedings by partially decoupling WGL’s revenues from levels of throughput.<sup>2</sup>

### **Declining Block Rates**

Description: A declining block rate structure recovers a greater portion of fixed costs in the first block than the second and all subsequent blocks.

The first block is generally set at a number of units that a customer will consume regardless of the weather. Subsequent block usage is more weather sensitive.

As usage increases, the volumetric rate charged for the higher usage decreases. Therefore, the greater the consumption, the lower the average cost per unit consumed.

#### Central Illinois Public Service Company

In October 2003, through Order No. 02-0798(Cons.); 03-0008; 03-0009, the Illinois Commerce Commission required Central Illinois Public Service Company (“CIPS”) to replace the Company’s existing declining block rate structure with a flat residential usage charge. The commission ordered flat usage charge to reflect only demand and usage costs on a per therm basis because CIPS’ fixed customer costs are collected in the residential customer charge.

In addition, a number of gas utilities throughout the U.S. have declining block rate structures, including: Berkshire Gas, Central Illinois Light Company, Central Hudson Gas and Electric, Chatanooga Gas Company, Columbia Gas (Virginia), Keyspan, National Fuel, Nicor, and Questar.

<sup>1</sup> District Of Columbia Public Service Commission Order No. 12986, November 10, 2003, para. 82.

<sup>2</sup> District Of Columbia Public Service Commission Order No. 12986, November 10, 2003, para. 82.

### **Full Revenue Decoupling**

Description: Decoupling is a regulatory tool designed to break the link between a utility's earnings and the energy consumption of its customers. The basic approach consists of defining a target for revenues and placing over-and-under collections relative to that target in a deferred account for recovery in a later period. Under such mechanisms, a utility cannot increase its earnings by increasing its sales, because additional sales margins are returned to ratepayers.

#### Baltimore Gas & Electric

Since 1998 BG&E has had a monthly revenue adjustment. The Company's adjustment consists of two parts. The first part normalizes test year billing determinants for firm service customers to reflect normal weather conditions. Part two is a monthly adjustment to revenues designed to match actual sales and delivery service throughput with the test year volumes as adjusted in part one. The purpose of part two is to maintain revenues on a weather-adjusted basis. The adjustment is then added to test year revenue, resulting in a projected revenue level for the month. This amount then is compared to actual revenues collected for the month. Differences between actual and projected revenue levels are returned to (or collected from) from customers in a succeeding month.

#### Cascade Natural Gas (Washington)

In February 2006,<sup>3</sup> Cascade proposed a revenue decoupling program for its residential and commercial customer classes. Under this proposal, Cascade intends to retain its basic service Charge and rate structure and add a "Conservation Alliance Plan" (CAP). This program is a deferred accounting type decoupling mechanism that will capture changes in margin due to the conservation efforts of customers and changes in margin due to abnormal weather. Cascade will employ separate deferral accounts for conservation induced margin changes and weather induced changes. Under this mechanism, after the first year, the Company will annually calculate the per therm rate required to recover the authorized margin per customer on a weather normalized basis.

#### Cascade Natural Gas (Oregon)

In April 2006, the Oregon PUC approved the terms of a stipulation wherein Cascade will be able to implement the CAP mechanism to track revisions in rates due to changes in the weather-normalized use per customer associated with its rate schedules and to establish procedures for the deferral of differences experienced between actual average residential and commercial use per customer and the amount estimated at the time the margin rates were established. Cascade will maintain separate Conservation Variance and Weather Variance deferral accounts (i.e., the Decoupling Mechanism) as Regulatory Assets or Liabilities. Each month, Cascade will calculate the difference between the weather-normalized actual margin and the actual margin for each rate schedule. Expected margin shall be the baseline average commodity per customer multiplied by the current customer amount. The resulting dollar amount difference will be recorded in the Conservation Variance deferral account. Cascade will also calculate the difference between [\*4] non-weather normalized actual margin and the expected margin for its rate schedules, and the resulting dollar amount difference will be reduced by subtracting the dollar amount recorded in the

<sup>3</sup> Docket No. UG-06-0256, Direct Testimony of Jon Stoltz.

Conservation Variance deferral account with the remainder recorded in the Weather Variance deferral account. Temporary surcharges or refund increments will be applied to the Margin Commodity Rate over the following amortization period.

**Piedmont Natural Gas**

In November 2005, Piedmont implemented a Customer Utilization Tracker “CUT” program. The CUT program is a revenue decoupling program that is structured to address the issues of declining use per customer, uncollectible expense, and weather normalization.

**Puget Sound Energy**

In its 2006 rate case, Puget Sound Energy has proposed a Gas Revenue Normalization Adjustment (“GRNA”) which is designed to address the declining use per customer, energy conservation and the impact of weather on the Company’s ability to collect the revenue requirement established in the rate proceeding.

The Company proposed to establish a target margin revenue amount that is consistent with the Commission’s authorized margin revenue levels established in the rate proceeding. Each month, the Company will compute either a credit or a charge to a Decoupling Adjustment Account by comparing the actual margin revenues provided by the applicable classes to the target margin revenues and by either crediting the over-collection or charging (debiting) the undercollection to the account. The GRNA mechanism is designed to stabilize the level of revenues provided by these customers each month. The authorized margin revenues are adjusted for the margin impact from the month-to-month change in the number of customers in these classes.

**Questar**

In January 2006, Questar the Division of Public Utilities, and Utah Clean Energy submitted a joint application to request the implementation of a conservation enabling tariff. The proposed program would be a pilot program that would address declining use per customer and eliminate the barrier to conservation programs.

**South Jersey Gas**

South Jersey proposed a Conservation and Usage Adjustment (“CUA”) clause on a pilot basis to separate the Company’s margin recoveries from customer usage. South Jersey Gas indicated that this mechanism would facilitate conservation efforts and shift the Company from a “burner tip growth” mindset to a conservation mindset. To implement the mechanism, the Company would calculate baseline usage for each customer class based on historical data. On a yearly basis, the Company proposes to compare changes in customer usage to the baseline. The margin impact associated with these aggregate changes in usage are then reflected in the CUA clause.

**Southwest Gas- California**

In 2004, the California Public Service Commission approved a revenue decoupling mechanism for

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<sup>4</sup> Colorado Public Service Commission Docket No. 05S-264G, January 2006.

Southwest Gas. This mechanism is designed as a margin tracker that balances actual margin revenues with authorized levels.

#### Vectren Indiana Gas & Vectren Ohio

Vectren has proposed revenue decoupling programs for its Ohio and Northern Indiana distribution systems to address weather issues, declining use per customer problems and conservation issues.

#### Arkansas Public Service Commission

In January 2006, the Arkansas Public Service Commission issued a Notice of Inquiry into the appropriate mechanisms for developing and implementing energy efficiency programs. The financial incentives that the Commission referenced were: rate-base treatment, shared savings incentives, cost-of-service and rate-of-return adjustments and inducements, lost revenue adjustments, and revenue decoupling mechanisms.

#### Public Service of Colorado

In its recent rate proceeding<sup>4</sup>, the Colorado Commission ordered that Public Service of Colorado conduct workshops to address several rate design issues. It addresses the issue of using decoupling to remove temperature sensitivity from utility revenue recovery.

### **Partial Revenue Decoupling**

#### Northwest Natural Gas

Northwest Natural Gas was initially granted a partial revenue decoupling mechanism. In September 2002, through Order No. 02-634 in Docket No. UG 143, the Oregon Commission originally approved the partial decoupling mechanism for implementation through September 2005 to recover 90% of the margin differentials for residential and commercial customer segments. In August 2005, through Order No. 05-934 in Docket No. UG 163, the mechanism was extended through 2009 and the recovery was increased to 100%<sup>5</sup>.

### **Weather Normalization**

Description: Weather normalization mechanisms adjust for the revenue difference between actual and normal degree days. As weather becomes warmer over time, the normalization mechanism reduces the impact of the trend in weather.

Atmos Energy has implemented a weather normalization clause in its tariffs in Georgia, Mississippi, Kentucky, and Tennessee.

Other companies that have implemented weather normalization clauses include Vectren (Indiana), New Jersey Natural and Elizabethtown Gas, Keyspan Energy Services, Public Service of North Carolina, and Questar.

<sup>5</sup> Schedule 190 of the NWN tariff outlines the calculation of the mechanism.

**100% Fixed Rate**

Description: All distribution costs are recovered through fixed distribution costs.

Atlanta Gas Light

Atlanta Gas Light implemented 100% fixed rates for distribution costs. The distribution costs are recovered through two mechanisms; 1) customer charges and 2) Dedicated Design Day Capacity (“DDDC”) Charges.

Each customer’s share of the cost of the system capacity is calculated based on a heating load factor and the degree days on the peak day each year. The customer charge and the DDDC charge are fixed. The recalculation of the annual DDDC responsibility by customer means that the fixed charges cover the cost of capacity. The revenue that the Company collects is not impacted by the fluctuations in usage per customer throughout the year.

Northern States Power

In Case No. PU-04-578, the North Dakota Commission approved a settlement that granted Northern States Power authorization to replace the residential class monthly customer charge and volumetric delivery charge with a flat rate monthly delivery services charge. This charge, a flat rate, is independent of the volume of gas consumed by residential customers in the month. The Commercial and Industrial rate structures were not altered in this order. Therefore, NSP continues to recover distribution costs for these customers through volumetric distribution rates.

### LAUF and Gas Cost Recovery Mechanisms

| Company                                         | GCR                                                                                                                   | LAUF                                                                                                                              | Bad Debt Recovery                                                                            | Weather Normalization                                                                                                 | Customer Charges                                                                                                                        | Rate Design                                                                                                                                                                                       | DSM rider                                                        |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| AGL                                             | Commodity cost of gas at market rates for customers requiring emergency supply from the Company                       | Adjustment of 0.8% made to the quantity of gas delivered by customer to account for LAUF                                          | Addressed in decoupling                                                                      | Addressed in decoupling                                                                                               | Annual Residential customer charge \$108<br>Residential design day annual capacity charge \$64.08<br>Annual meter reading \$8.52        | Straight fixed<br>Variable rate design, with customer charge and estimated<br>Dedicated Design<br>Day Capacity charge                                                                             | Recovered through the Environmental Response Cost Recovery Rider |
| Ameren- Central Illinois Light                  | Gas commodity, storage, and transportation costs, risk management, supply management. Gas Charges exclude company use | No prohibition to recovery in PGA                                                                                                 | Set at test year levels in base rate proceedings. There are no tracking mechanisms in place. | Weather normalization rider not implemented                                                                           | Residential \$11.80 per month<br>General delivery \$22.55-\$47.50 per month based on meter class<br>Large Customers \$118-750 per month | Residential delivery charge is a declining block rate structure. Small commercial delivery charge is a flat volumetric charge. Large customer delivery charge is a declining block rate structure | Not addressed                                                    |
| Ameren- Central Illinois Public Service Company | Gas commodity, storage, and transportation costs, risk management, supply management. Gas Charges exclude company use | Tariff states that the GCR covers the cost of liquid or gas purchased for injection, which implies that LAUF is covered under GCR | Set at test year levels in base rate proceedings. There are no tracking mechanisms in place. | Weather normalization rider not implemented                                                                           | Residential \$10.50 per month<br>General delivery \$15.75-\$90.00 per month based on meter class<br>Large Customers \$245 per month     | Residential delivery charge is a flat volumetric charge. General service and large customer delivery charges vary depending on if gas is supplied by the company                                  | Not addressed                                                    |
| Atmos Energy & Kansas Gas Service               | Includes cost of gas, storage, pipeline costs, hedging costs and unaccounted for gas                                  | Included in PGA                                                                                                                   | Uncollectible expenses related to gas costs are recovered through the PGA                    | WNA applies to all temperature sensitive residential, commercial and public purpose customers between October and May | Kansas Division: Residential customers \$8 per month<br>Commercial and public use \$16 per month, Industrial \$30 per month             | Volumetric rate is a flat per unit rate                                                                                                                                                           | Not addressed                                                    |

### LAUF and Gas Cost Recovery Mechanisms

| Company                       | GCR                                                                                                                                                  | LAUF                                                                                                             | Bad Debt Recovery                                                        | Weather Normalization                                                                                   | Customer Charges                                                                                            | Rate Design                                                                                                                                    | DSM rider                                                                                             |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Baltimore Gas & Electric      | Gas cost rider applicable to sales service classes                                                                                                   | Unaccounted for factor is applied to all rate classes                                                            | Not addressed                                                            | Weather normalization rider not implemented                                                             | Residential - \$13 per month<br>General Sales Service \$35                                                  | Residential delivery charge is a flat volumetric charge. General Sales service delivery charge is a declining block rate                       | Conservation charge applied to Residential rate class                                                 |
| Bay State Gas                 | Includes commodity, storage, transportation, working capital adjustments, bad debt allowable for working capital, bad debt reconciliation adjustment | Included in the Gas Cost Recovery mechanism                                                                      | Included in Gas Cost Recovery mechanism                                  | GCR mechanism includes seasonal variation in cost of gas                                                | Residential - \$10.00 per month<br>General sales- \$16-\$45.00 per month<br>Large General \$213 per month   | Residential delivery charge is a flat volumetric charge. Commercial and Industrial rates are structured based on on-peak and off-peak delivery | Additional rider- "Residential and Commercial Energy Conservation Charge"                             |
| Berkshire Gas                 | Gas costs, pipeline costs, refunds, storage costs, bad debt expense, and working capital                                                             | Company gas allowance recovered in LAUF                                                                          | Portion of bad debt that is related to gas costs is recovered in the CGA | GCR mechanism includes a gas adjustment factor to account for seasonal variation in volume and gas cost | Residential - \$10.71 per month<br>C&I medium annual use \$30.61 per month<br>C&I Large HLF \$153 per month | Residential is a declining block structure, C&I rates are flat volumetric rates for summer/winter                                              | Conservation charge factor is applied through the LDAC to recover the costs of demand side management |
| Central Hudson Gas & Electric | Includes gas supply costs, transportation, and storage costs. Quantities of gas are weather normalized. Gas costs include bad debt for demand costs  | Adjustment is made to the cost of gas for lost and unaccounted for gas. Adjustment is set in each Company's case | Included in gas costs                                                    | Gas consumption is adjusted to normal weather                                                           | Residential - \$12.00 per month<br>Commercial and Industrial customer charge \$20.00 per month              | Rate structure is declining block rates for distribution charges                                                                               | Not addressed                                                                                         |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>         | <b>GCR</b>                                                                                                                                                                                                             | <b>LAUF</b>                                                       | <b>Bad Debt Recovery</b>                                                                                                                                                                                                                                              | <b>Weather Normalization</b>                  | <b>Customer Charges</b>                                                                 | <b>Rate Design</b>                                                                                                                  | <b>DSM rider</b>                 |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Chatanooga Gas Company | PGA includes all commodity costs, demand charges, peaking, surcharges, transportation, storage, service fees                                                                                                           | Included in the Gas Cost Recovery mechanism                       | Tennessee Regulatory Commission has granted recovery of uncollectible expenses through the PGC on an experimental basis through 9-2006. During this period, the PGC will be used to recover any uncollectible expenses that are not currently included in base rates. | Separate Weather Normalization Rider          | Residential \$7.50 per month<br>Commercial \$20 per month<br>Industrial \$300 per month | Rate structure is declining block rates for distribution charges                                                                    | Not addressed                    |
| Columbia of Maryland   | PGA includes projected normalized purchased gas costs and all carrying costs. In addition, the Company has an Actual Cost Adjustment that is determined based on the commodity cost of gas and the demand cost of gas. | Company has an explicit retainage policy for company use and LAUF | Uncollectible expense is recovered through base rates                                                                                                                                                                                                                 | Gas consumption is adjusted to normal weather | Residential \$9.25 per month<br>Commercial \$24 per month<br>Industrial \$233 per month | Residential throughput charge is a flat rate per CCf. Commercial and Industrial throughput rates are declining block rate structure | Separate energy efficiency rider |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>       | <b>GCR</b>                                                                                                                                                                                                        | <b>LAUF</b>                                                                                                                                                         | <b>Bad Debt Recovery</b>                                                                                                                                                                     | <b>Weather Normalization</b>                  | <b>Customer Charges</b>                                                            | <b>Rate Design</b>                                               | <b>DSM rider</b>                                                 |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| Columbia of Ohio     | Gas Cost recovery is specified in Ohio Administrative code Section 4901:1-14-need to review                                                                                                                       | Company will retain a percentage of all volumes delivered to it for the account of Customer to offset unaccounted-for gas as a result of transporting these volumes | In January 2006, the Ohio Commission granted all five gas companies the ability to recover uncollectible expenses through an uncollectible expense adjustment instead of through base rates. | Gas consumption is adjusted to normal weather | General sales rate \$3.25 per month for customers consuming less than 300 Mcf      | General sales gas rate is a flat rate per Mcf                    | Not addressed                                                    |
| Columbia of Virginia | PGA includes gas costs, transportation costs, storage costs and handling costs. In addition, there is an Actual Cost Adjustment that is determined based on the commodity cost of gas and the demand cost of gas. | LAUF is recovered through the PGA                                                                                                                                   | The gas cost component of uncollectible expense is recovered through the PGA. The distribution cost component of uncollectible expense is recovered in base rates.                           | Gas consumption is adjusted to normal weather | Base Gas for Residential -\$15.758<br>Base Gas for Large General Service \$14.5441 | Rate structure is declining block rates for distribution charges | Energy efficiency program costs are recovered through base rates |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>    | <b>GCR</b>                                                                                                                                         | <b>LAUF</b>                                                                                                                                                                                 | <b>Bad Debt Recovery</b>                                                                                                                                                                                                                                                                                            | <b>Weather Normalization</b>                                                              | <b>Customer Charges</b>                                                                             | <b>Rate Design</b>                                                                                                                                                                                                                                               | <b>DSM rider</b>                                                                                                                                                                                             |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DTE Energy        | Gas cost recovery clause includes gas supply, storage, transportation, LNG, penalties. LAUF is specifically excluded from gas cost recovery clause | Company retains 1.42% of the volume delivered by transportation customers (non-GCR customers) to account for LAUF gas, however there is no provision for recovery of LAUF for GCR customers | Company has an Uncollectibles Allowance Recovery Fund that is funded by the Company based on the difference between the uncollectibles reported on the company's 1999 financials and the current year estimate of uncollectibles. 25% of this fund goes to the utility and 75% goes to the Michigan Clean Air Fund. | Weather normalization rider not implemented                                               | Residential - \$8.50 per month<br>GS-1- \$20 per meter<br>GS-2 \$475.00 per meter                   | Distribution charges are flat volumetric charges that differ by rate class                                                                                                                                                                                       | Tariff revisions as of September 1, 2003 indicate that conservation efforts previously initiated by the company for customers have been cancelled                                                            |
| Elizabethtown Gas | Includes gas commodity, storage and transportation costs. Company also has a "Gas Cost Underrecovery" fund                                         | Included in Weather normalization clause.                                                                                                                                                   | Recovered through Rider D                                                                                                                                                                                                                                                                                           | Weather normalization calculation includes an adjustment for lost and unaccounted for gas | Residential - \$7.48 per month<br>General sales- \$16 per month<br>Large General \$470.72 per month | Residential distribution rate is declining block structure. Small general service distribution rate is flat volumetric charge. The distribution charges for the General Service Class include a demand charge per DCQ and a flat volumetric distribution charge. | Rider D - the "Societal Benefits Charge" provides the company the ability to recover the costs of clean air programs, energy education programs, universal service and lifeline programs and revenue erosion |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>            | <b>GCR</b>                                                                                                                               | <b>LAUF</b>                                            | <b>Bad Debt Recovery</b>     | <b>Weather Normalization</b>                                                                                                                                                                                  | <b>Customer Charges</b>                                                                                                                    | <b>Rate Design</b>                                                                    | <b>DSM rider</b>                                                                                                                                                                                                                                                                                                                        |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Florida City Gas          | PGA includes gas supply, storage, transportation, financial instruments to hedge, other charges resulting from gas purchasing, and taxes | No prohibition to recovery in PGA                      | Not addressed                | Weather normalization rider not implemented                                                                                                                                                                   | Residential - \$8.00 per month<br>General service customer charges range from \$9.50 to \$500 per month depending on the class of customer | Distribution charges are generally flat volumetric rates that vary by customer class. | Energy Conservation Cost Recovery Adjustment                                                                                                                                                                                                                                                                                            |
| Louisville Gas & Electric | Gas supply charge includes gas supply, storage and transportation costs, as well as PBR mechanism                                        | Up to a cap of 5% of volume is recoverable through PGA | Recovered through base rates | Weather normalized volumes shall be utilized during the November through April billing periods to calculate the non-gas portion of the bills of all heating Customers served under Rate Schedules RGS and CGS | Residential - \$8.50 per month<br>General service \$16.50 per month                                                                        | Distribution charges are flat volumetric charges that differ by rate class.           | Revenues from lost sales due to DSM programs are estimated based on reduction in customer usage multiplied by the non-variable revenue requirement per CCF. These revenues are then unitized and recovered from each rate class under a demand side management surcharge. In addition there is a shareholder incentive in this program. |

### LAUF and Gas Cost Recovery Mechanisms

| Company         | GCR                                                                                                                                                                                                                                                                                                                       | LAUF                                                                                                                        | Bad Debt Recovery                                                                                                                                                                                                                                                                                                                                                              | Weather Normalization                                | Customer Charges                                                                                                         | Rate Design                                                                                                                                                                                        | DSM rider                                                                 |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| MichCon         | Gas cost recovery charge includes all purchased gas and storage. GCRC specifically excludes LAUF                                                                                                                                                                                                                          | Recovered through revenue requirement and established in rate proceeding                                                    | In April 2005, MichCon received authorization to implement an Uncollectible Expense Tracking Mechanism which is designed to adjust the estimated uncollectible expenses from the \$37.3 million that was established as a base rate level to the actual expense levels. MichCon applied in March 2006 for an amount requested but has not yet been approved by the Commission. | Weather normalization rider not implemented          | Residential \$8.50 per month<br>General Service \$20 per month<br>Large General Service \$475                            | Distribution charges are flat volumetric rates that vary by rate class.                                                                                                                            | Not addressed                                                             |
| New England Gas | Includes all costs of firm gas including: commodity costs, demand charges, local production and storage costs and other gas supply expense incurred to procure and transport supplies, transportation fees, inventory costs, requirements for purchased gas working capital, all applicable taxes, and deferred gas costs | Fuel Allowance compensates the Company for gas loss, unaccounted for, and Company use. This is a quantity-based adjustment. | Company has an approved uncollectibles percentage which is applied to the gas cost recovery charge                                                                                                                                                                                                                                                                             | Recovered through the Distribution Adjustment Charge | Residential - \$7.50 to 9.00 per month<br>C&I - \$14 to \$90 per month based on size<br>Large Industrial \$300 per month | Residential heat and Small C&I distribution rates are declining block rate structure. Medium and Large C&I rates have a demand charge per therm of MADQ and a flat volumetric distribution charge. | Included in the Distribution Adjustment Clause, see Weather Normalization |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>     | <b>GCR</b>                                                                                                                                        | <b>LAUF</b>                                                                                  | <b>Bad Debt Recovery</b>                                                                                             | <b>Weather Normalization</b>                                                                                                                                        | <b>Customer Charges</b>                                                        | <b>Rate Design</b>                                                         | <b>DSM rider</b>                                                                                       |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| New Jersey Natural | Basic Gas Supply Service (BGSS) is set monthly based on the estimated cost of gas and is adjusted monthly by the Monthly Gas Cost Recovery Charge | Each of the service classes have an adjustment for fuel use and lost and unaccounted for gas | Uncollectible expenses are recovered through the revenue requirement and are established through the rate proceeding | The weather normalization rate applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period | Residential charge<br>\$6.54 per month<br>General Service<br>\$14.96 per month | Distribution charges are flat volumetric charges that differ by rate class | DSM program costs have been included in the NJ Clean Energy Program and the calculation of that factor |

### LAUF and Gas Cost Recovery Mechanisms

| Company                  | GCR                                                                                                                                     | LAUF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Bad Debt Recovery                                                                                                                                                                                                                                                 | Weather Normalization                                                                                                                                                                  | Customer Charges                                                                                                                    | Rate Design                                             | DSM rider                                                                                                                                                                                                                   |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New York State Utilities | Lost and unaccounted for is included in gas adjustment charge                                                                           | An allowed level of LAUF, expressed as a factor of adjustment, has been set by the Commission for each local distribution company. (Case 21656). The LAUF adjustment mechanism operates as an incentive mechanism for LDCs to control losses on their systems. For that reason, LDC shareholders retain as an incentive the benefit in the event the LDC's actual LAUF gas is below its allowed LAUF percentage. On the other hand, shareholders incur a loss if the actual LAUF gas exceeds the LDC's allowed LAUF factor. | The New York LDCs are in the process of separating uncollectible expenses associated with gas costs from uncollectible expenses associated with the distribution charge. Uncollectibles associated with gas costs are recovered through a surcharge on gas sales. | Most LDCs have weather normalization adjustment mechanisms. These mechanisms true up the normal vs. actual weather to a 2.2% dead band. The Company is at risk for the 2.2% dead band. | NA                                                                                                                                  | NA                                                      | There is no mechanism in place for gas utilities to recover the costs associated with demand destruction. However, the electric utilities have a system benefits surcharge which is being considered for the gas utilities. |
| North Shore Gas          | Gas cost recovery charge includes all gas commodity costs, LPG, LNG, transportation costs, storage costs and gas purchased as feedstock | Recovered through the gas cost recovery mechanism                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Recovered in base rates                                                                                                                                                                                                                                           | Weather normalization rider not implemented                                                                                                                                            | Residential - \$8.50 per month<br>General Service from \$15 to \$22.00 based on meter class<br>Large Volume demand \$1000 per month | Distribution charge is a declining block rate structure | Rider 15 recovered the cost of an Energy Conservation Plan. However, Rider 15 has been terminated.                                                                                                                          |

### LAUF and Gas Cost Recovery Mechanisms

| Company                   | GCR                                                                                                                                                                                                                                                                                                                                                                                                                                            | LAUF                                                                                                                                                      | Bad Debt Recovery                                                                                             | Weather Normalization                       | Customer Charges                                                                 | Rate Design                                                                                                                                                                  | DSM rider     |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Northern States Power -ND | Cost of Gas Surcharge includes supply, transportation and peak shaving costs. The factor is calculated based on two components: 1) a demand unit cost, comprised of two parts: a Base Demand charge and a Winter demand cost which includes the system demand costs allocable to the months of Nov-March firm sales volumes 2) Commodity unit cost including gas costs, losses, transactions and other costs related to financial instruments. | Lost and unaccounted for gas is recovered explicitly from transportation customers. The tariff is not specific on the recovery from firm sales customers. | Recovered through Cost of service Natural Gas component of uncollectible expense is not recovered through PGA | Weather normalization rider not implemented | Residential charge \$15.69 per month Commercial and Industrial \$20.00 per month | Residential distribution charge is a flat volumetric charge. Distribution charges are recovered from commercial and industrial customers through volumetric rate structures. | Not addressed |

### LAUF and Gas Cost Recovery Mechanisms

| Company                           | GCR                                                                                                                                                                                         | LAUF                          | Bad Debt Recovery                                                                                                                                                  | Weather Normalization                                                                                                                                                                                                                                                                                 | Customer Charges                                                                                                                                                                                                                          | Rate Design                                                                                                                                                   | DSM rider                                                                                                                                                 |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Northwest Natural Gas- Oregon     | PGC includes the company's commodity cost of gas, non-commodity costs of gas and the cost of financial instruments. Distribution system unaccounted for gas is included in the cost of gas. | Included in the PGC mechanism | The gas cost component of uncollectible expense is recovered through the PGA. The distribution cost component of uncollectible expense is recovered in base rates. | Under Schedule 190, the baseline usage by customer class is determined from actual weather normalized usage for the Company's most recent rate case, as adjusted for any price elasticity effects since that rate case. Schedule 195 provides the calculation of the weather adjusted rate mechanism. | Residential charge \$6.00 per month<br>Basic firm sales service nonresidential \$8.00 per month<br>Commercial and Industrial firm sales service \$325 per month                                                                           | Distribution charges are flat volumetric charges that differ by rate class                                                                                    | Included in Schedule 190 - partial decoupling tariff rider                                                                                                |
| Northwest Natural Gas- Washington | PGC includes the company's commodity cost of gas which takes into consideration unaccounted for gas                                                                                         | Included in the PGC mechanism | Recovered through the general revenue requirement                                                                                                                  | Weather normalization rider not implemented                                                                                                                                                                                                                                                           | Residential charge \$5.00 per month<br>Basic firm sales service nonresidential \$10.50 per month<br>Non residential sales and transport rate schedule 41 \$195 per month<br>Large volume nonresidential rate schedule 42 \$1300 per month | Residential customers' distribution charge is a flat volumetric rate. Larger customers on Schedule 10 and 21 are on block rate structures Schedule 41 and 42. | Currently, the Company can recover the costs of energy efficiency programs through a surcharge that is adjusted annually but cannot recover lost margins. |

### LAUF and Gas Cost Recovery Mechanisms

| Company              | GCR                                                                                                                                 | LAUF                                                                                                                                                                                                                                                                                         | Bad Debt Recovery                                 | Weather Normalization                       | Customer Charges                                                                                                                                                     | Rate Design                                                                                                                                                                      | DSM rider                                                                                                                                                                                |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSP- Minnesota Rates | Supply, transportation, peak shaving, and other costs as approved by the Commission. No detail provided in tariff on other charges. | The annual Gas Supply Cost True-up shall include an adjustment for net lost and unaccounted for (LAUF) gas volumes provided by Firm Transportation Service, Interruptible Transportation Service and negotiated Transportation Service customers pursuant to the monthly cash-out mechanism. | Recovered through the general revenue requirement | Weather normalization rider not implemented | Residential - \$8.00 per month<br>Small & Large Commercial ranges between \$20- 40 per month<br>Small & Large Commercial Demand billed customers \$150-275 per month | Customers are responsible for fixed monthly customer charge, a volumetric charge for distribution service that varies based on customer class and a gas cost recovery mechanism. | Conservation Improvement Program is an adjustment which shall be the applicable Conservation. Improvement Program Adjustment factor multiplied by the customer's monthly billing Therms. |

### LAUF and Gas Cost Recovery Mechanisms

| Company       | GCR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | LAUF                                                                                                                                                                                                                                                                                         | Bad Debt Recovery                                                                                | Weather Normalization                                                                                                                            | Customer Charges                                                                                                                       | Rate Design                                                                                                        | DSM rider     |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------|
| NSP- WI Rates | GCRM has several components:<br>1) Peak Day component includes all costs associated with peak pipeline capacity.<br>2) Supply Reservation costs include certain fixed reservation fees paid under gas supply contracts, storage capacity costs, Gas Cost Inventory (GIC) charges and certain miscellaneous fixed pipeline charges including no-notice service (SMS), GRIs and SBA surcharges.<br>3) Commodity costs include the commodity cost of gas purchased for system sales; monthly pipeline cashouts for imbalances; volumetric pipeline transportation costs including fuel used in transportation; gas withdrawn from storage including injection fees, withdrawal fees, and storage fuel used; LNG withdrawn; gains or losses on hedging instruments; miscellaneous charges such as daily balancing charges or scheduling charges. | The annual Gas Supply Cost True-up shall include an adjustment for net lost and unaccounted for (LAUF) gas volumes provided by Firm Transportation Service, Interruptible Transportation Service and negotiated Transportation Service customers pursuant to the monthly cash-out mechanism. | Uncollectible expenses are recovered through the base rates, not through the GCR or other riders | Sales are adjusted to a normal year in the rate case process. However, there is no separate rider to reconcile actual weather to normal weather. | Residential - \$7.60 per month<br>General Service \$15 for first meter per month (\$3 additional meters) Large Service \$100 per month | In addition to the customer charges, customers pay a volumetric distribution charge that varies by customer class. | Not addressed |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>       | <b>GCR</b>                                                                                                                                                                                                                                                                                                                                                                                                    | <b>LAUF</b>                                                                                                                                                                                                                             | <b>Bad Debt Recovery</b>                                                                                                     | <b>Weather Normalization</b>                         | <b>Customer Charges</b>                                                                                         | <b>Rate Design</b>                                                                                                                                                               | <b>DSM rider</b> |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| NSP-Michigan         | Gas Cost Recovery Charge includes all costs of gas, LPG, LNG and storage gas. GCRC specifically excludes LAUF. Company has a provision for Contingent Gas Cost Recovery Factors that is currently being used to recover the cost of gas that exceeds the ceiling price developed in the GCRC. This adjustment is based on a comparison of NYMEX futures prices to the ceiling price used in the GCRC formula. | Deductions for Company Use and Lost and Unaccounted For volumes shall be made from the non-GCR portion of the refund based upon the actual percentage for Company Use and Lost and Unaccounted For during the historical refund period. | Uncollectible expenses are included in the Company's revenue requirement                                                     | Weather normalization rider not implemented          | Residential - \$6.50 per month<br>Commercial & Industrial - \$14 per month<br>C&I Interruptible- \$40 per month | Customers are responsible for fixed monthly customer charge, a volumetric charge for distribution service that varies based on customer class and a gas cost recovery mechanism. | Not addressed    |
| Oklahoma Natural Gas | Purchased gas clause includes all gas costs, transportation and storage                                                                                                                                                                                                                                                                                                                                       | ONG has a "Line Loss" rider                                                                                                                                                                                                             | Per discussions with the PSC staff, uncollectible expense is recovered through the revenue requirement, not through the PGA. | Company has a separate temperature adjustment clause | Residential charge \$9.00 per month.<br>Small Commercial \$15-27 per month<br>Large customers \$35 per month    | Residential customer distribution charge is a flat volumetric rate.                                                                                                              | Not addressed    |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>                | <b>GCR</b>                                                                                                                                          | <b>LAUF</b>                                       | <b>Bad Debt Recovery</b>                                                                                                                                                                                                                                                | <b>Weather Normalization</b>                                                                                                  | <b>Customer Charges</b>                                                                                                                       | <b>Rate Design</b>                                                          | <b>DSM rider</b>                                                                                                                                                                                                               |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Orange and Rockland- New York | Purchase gas adjustment includes all gas commodity costs, transportation, storage, and balancing, as well as adjustments for weather normalization. | Included in the cost of gas                       | The New York LDCs are in the process of separating uncollectible expenses associated with gas costs from uncollectible expenses associated with the distribution charge. Uncollectibles associated with gas costs are being recovered through a surcharge on gas sales. | Weather normalization calculation is performed monthly by rate class and is applied through the monthly gas adjustment clause | Residential \$11.00 for first 3 CCf                                                                                                           | Customer distribution charges are based on a declining block rate structure | There is no mechanism in place for gas utilities to recover the costs associated with demand destruction. However, the electric utilities have a system benefits surcharge which is under consideration for the gas utilities. |
| Peoples Gas Light and Coke    | Commodity, storage and transportation costs as well as other direct non- commodity costs related to the sale of gas                                 | Recovered through the gas cost recovery mechanism | Recovered in base rates                                                                                                                                                                                                                                                 | Weather normalization rider not implemented                                                                                   | Residential - \$9.00 per month<br>General Sales \$15-22 per month<br>Large Volume Service \$300/month<br>Large volume demand \$1000 per month | Customer distribution charges are based on a declining block rate structure | Currently no recovery of costs associated with conservation related reductions in demand                                                                                                                                       |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>           | <b>GCR</b>                                                                                                          | <b>LAUF</b>                                                                                                                                                                                                                                                                                                                     | <b>Bad Debt Recovery</b>                                                                                                                                                                                                  | <b>Weather Normalization</b>                                                                                                     | <b>Customer Charges</b>                                                                                                       | <b>Rate Design</b>                                                                                                                                                                       | <b>DSM rider</b>                                                                                                                                                                       |
|--------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Piedmont Natural Gas -NC | Commodity, storage and transportation costs as well as other direct non- commodity costs related to the sale of gas | Gas cost component of LAUF is recovered through the PGA                                                                                                                                                                                                                                                                         | Piedmont has implemented a revenue decoupling program effective 11/1/05 called the Customer Utilization Tracker ("CUT"). Uncollectible expenses are recovered through this tracker. This is a 3-year experimental tariff. | Prior to 11/1/05, Piedmont had a WNA mechanism This has been replaced by the CUT which is now used to adjust for normal weather. | Residential - \$10.00 per month<br>General Sales Service \$22<br>Large Volume Transportation \$250 per month                  | Residential distribution charge is a flat volumetric charge. Other service classes have flat volumetric charges or the "value" service option which is a declining block rate structure. | 11/1/05 Piedmont implemented a revenue decoupling program which allows the Company full recovery of its revenue requirement regardless of customer conservation efforts. (CUT program) |
| Piedmont Natural Gas- SC | Commodity, storage and transportation costs as well as other direct non- commodity costs related to the sale of gas | All expenses recovered through a Rate Stabilization mechanism that allows the company to recover all costs to bring it back to its allowed ROE in its most recent rate case. This mechanism allows for the recovery of LAUF, uncollectible expenses, weather normalization, conservation and declining use per customer issues. | Piedmont recently received authorization to remove uncollectible expenses from the cost of service and recover these expenses through the Deferred Gas Cost Account                                                       | Included in Rate Stabilization mechanism                                                                                         | Residential - \$8.00 to \$10.00 per month<br>C&I Sm to Large \$22 per month based on size<br>Large Industrial \$250 per month | Residential distribution charge is a flat volumetric charge. Other service classes have flat volumetric charges or the "value" service option which is a declining block rate structure. | Included in Rate Stabilization mechanism                                                                                                                                               |

### LAUF and Gas Cost Recovery Mechanisms

| Company                              | GCR                                                                                                                                                                                                                                     | LAUF                                           | Bad Debt Recovery                                                                                                                                                                                                                                                                                                                      | Weather Normalization                                    | Customer Charges                                                                                   | Rate Design                                                                                                                                                                                                                                                                                                                                             | DSM rider                                                                                                              |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Public Service Electric and Gas (NJ) | Basic Gas Supply Service (BGSS) includes gas costs, transportation costs, and losses. The BGSS is set prior to the winter period for the season. The company has two defined opportunities to adjust the rate during the winter period. | Commodity charge is adjusted for losses        | Not addressed                                                                                                                                                                                                                                                                                                                          | Usage is weather normalized                              | Residential = 5.46 per month<br>General Service \$8.50 per month<br>Large volume \$78.66 per month | Residential and General Service distribution charges are flat volumetric charges. Customers also pay a flat volumetric balancing charge. Large volume customers pay monthly customer charge, distribution charge and balancing charges, similar to smaller customers. In addition, Large volume customers pay a flat demand charge per therm of demand. | Recovered through the Societal Benefits Charge                                                                         |
| Public Service of North Carolina     |                                                                                                                                                                                                                                         | LAUF is currently recovered through base rates | Company was recently granted the ability to use the gas cost recovery rider, Rider D, to recover any portion of uncollectible expense that is not already included in the base rates. Similarly, if the uncollectible estimate used in base rates overstates actual uncollectibles, the company will refund customers through Rider D. | Company has a weather normalization adjustment mechanism |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                         | DSM program costs are currently included in base rates. There is no separate recovery mechanism for energy efficiency. |

### LAUF and Gas Cost Recovery Mechanisms

| Company                    | GCR                                                                                                                                           | LAUF                                                                                                                               | Bad Debt Recovery                           | Weather Normalization                                                                                                                | Customer Charges                                                   | Rate Design                                                         | DSM rider                                                                                                                                                                                                                                                                                                                    |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Questar                    | Includes gas purchases, storage, transmission, exchange gas, other gas, carrying charges, gas revenues less an allowance for bad debt expense | LAUF not included in GCR and there is no separate rider to adjust LAUF.                                                            | Included in GCR mechanism                   | Company has WNA mechanism                                                                                                            | GS-1 rate schedule base charges range from \$5 to \$244 per month. | Distribution charges are seasonal with a declining block structure. | In January 2006, Questar, the Division of Public Utilities, and Utah Clean energy submitted a joint application to request the implementation of a conservation enabling tariff, on a pilot basis to address declining use per customer issues and to remove the barrier to DSM programs.                                    |
| San Diego Gas and Electric | Purchased gas cost includes all commodity costs, fuel costs, transportation, storage, trading costs, and franchise fees and uncollectibles.   | LAUF is included in the transportation revenue requirement. LAUF is defined as losses due to re-pressurizing gas, leaks and other. | Included in the core gas procurement charge | Undercollections of revenue requirement are handled through the Public Purpose Balancing accounts set up under the 2001 Legislation. |                                                                    |                                                                     | The purpose of the Public Purpose Balancing Accounts is to balance the actual cost incurred by the Company in providing public purpose programs such as low-income assistance, energy efficiency, and public interest research and development with PPP Surcharge Revenue collected to recover public purpose program costs. |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>           | <b>GCR</b>                                                                                                                                                                              | <b>LAUF</b>                                                                                                                                                               | <b>Bad Debt Recovery</b>                                                                                                                                                                                                                                                 | <b>Weather Normalization</b>                                                                                                         | <b>Customer Charges</b> | <b>Rate Design</b> | <b>DSM rider</b>                                                                                                                                                                                                                                                                                                             |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SoCal Gas                | Includes WACOG, franchise fees, uncollectible expenses, brokerage fees, etc                                                                                                             | Included in the core gas procurement charge                                                                                                                               | Uncollectible expenses are included in the "Core Purchased Gas Account"                                                                                                                                                                                                  | Undercollections of revenue requirement are handled through the Public Purpose Balancing accounts set up under the 2001 Legislation. |                         |                    | The purpose of the Public Purpose Balancing Accounts is to balance the actual cost incurred by the Company in providing public purpose programs such as low-income assistance, energy efficiency, and public interest research and development with PPP Surcharge Revenue collected to recover public purpose program costs. |
| Southwest Gas-California | GCIM includes gas commodity, storage, transportation, gas brokering credits, gains and losses from financial derivatives, and the costs of delivery through SoCal gas and PG&E systems. | Lost and unaccounted for gas is recovered on a volumetric basis from customers under the terms and conditions of Rule 22, Transportation of Customer-Secured Natural Gas. | Uncollectible expenses are recovered through a Facilities Surcharge. Uncollectible expense is calculated by multiplying an uncollectible rate times the adopted net operating revenues, less revenues from special contracts. Net operating revenues includes gas costs. | Undercollections of revenue requirement are handled through balancing accounts set up under the 2001 Legislation.                    |                         |                    | The purpose of the Public Purpose Balancing Accounts is to balance the actual cost incurred by the Company in providing public purpose programs such as low-income assistance, energy efficiency, and public interest research and development with PPP Surcharge Revenue collected to recover public purpose program costs. |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b>               | <b>GCR</b>                                                                                                                                                                             | <b>LAUF</b>                                                                                                                            | <b>Bad Debt Recovery</b>                                                                                                                                                                     | <b>Weather Normalization</b>                                                      | <b>Customer Charges</b>                                                                                                                                                                                      | <b>Rate Design</b>                                    | <b>DSM rider</b>                                                                                                                                                                                                                                                        |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Vectren Indiana Gas          | Company has a gas cost recovery rider to recover gas supply, transportation, storage, pipeline charges, and other charges approved by the Commission, but not specified in the tariff. | Company has a lost and unaccounted for retention percentage to recover, in volume, all LAUF. This percentage is currently set at 0.7%. | All uncollectible costs are recovered through the revenue requirement.                                                                                                                       | Normal temperature recovery adjustment that is applied to the seven winter months | Residential - \$11.00 per month<br>General Sales Service between \$15 and \$75 depending on the type of meter<br>Large General Transportation \$175 per month<br>Large Volume Transportation \$975 per month | Distribution rates are declining block rate structure | Currently does not have a revenue decoupling program for energy conservation but has proposed a decoupling program in Cause # 42943. Awaiting commission decision in this case. Also proposing DSM programs in Cause No. 42598 which is awaiting a Commission decision. |
| Vectren of Ohio              | Company has a gas cost recovery rider. The tariff provides only a unitized rate and does not specify what is included in the rider.                                                    | Company has a lost and unaccounted for retention percentage to recover, in volume, all LAUF.                                           | In January 2006, the Ohio Commission granted all five gas companies the ability to recover uncollectible expenses through an uncollectible expense adjustment instead of through base rates. | Weather normalization rider not implemented                                       | Residential - \$7 per meter<br>General Service:<br>Group 1 customers is \$10 per month.<br>Group 2 customers is \$20 per month.<br>Large General Sales Service \$100 per month                               | Distribution charge is a flat volumetric rate.        | Vectren Ohio has proposed a revenue decoupling program for weather and energy conservation. The Commission in Ohio has not issued an order in this case at this time.                                                                                                   |
| Vectren Southern Indiana Gas | Company has a gas cost recovery rider to recover gas supply, transportation, storage, pipeline charges, and other charges approved by the Commission, but not specified in the tariff. | Company has a lost and unaccounted for retention percentage to recover all LAUF. This percentage of volume is currently set at 1.6%.   | All uncollectible costs are recovered through the revenue requirement.                                                                                                                       | Normal temperature recovery adjustment that is applied to the seven winter months | Residential - \$10.75 per month<br>General Sales Service between \$20 and \$70 depending on the type of meter,<br>Large Volume Transportation \$200 per month<br>Contract transportation \$350 per month     | Distribution rates are declining block rate structure | Vectren has not applied for revenue decoupling for Southern Indiana.                                                                                                                                                                                                    |

**LAUF and Gas Cost Recovery Mechanisms**

| <b>Company</b>           | <b>GCR</b>                                                                                                                                                                                                                                                                           | <b>LAUF</b>                                                                                                                 | <b>Bad Debt Recovery</b> | <b>Weather Normalization</b>                             | <b>Customer Charges</b>                                                                                                  | <b>Rate Design</b>                                                                                                                                    | <b>DSM rider</b> |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Washington Gas Light- DC | The cost of purchased gas including purchased gas costs, LNG, LPG, the price hedging transactions under a pilot-hedging program. In addition, the Company has an actual cost adjustment (ACA) that acts as a true-up mechanism within the PGA and a Gas Administrative Charge (GAC). | The volumes of gas the customer has delivered to the Company shall be adjusted to reflect lost and unaccounted-for volumes. | Not addressed            | All consumption volumes are adjusted for normal weather. | Residential - \$7.85 per month<br>Firm Service other than residential \$10.50 to \$26.40 based on type of use and volume | Residential rates are a flat volumetric rate. Other firm (non-residential) distribution rates include a flat volumetric rate and a peak usage charge. | Not addressed    |

### LAUF and Gas Cost Recovery Mechanisms

| Company                        | GCR                                                                                                                                                                                                                                                                                                                | LAUF                                                                                                                                                                       | Bad Debt Recovery   | Weather Normalization                          | Customer Charges                                                                                       | Rate Design                                           | DSM rider                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Washington Gas Light- Maryland | PGC includes gas commodity costs, transportation, LNG, LPG, storage, and carrying costs on prepaid gas. In addition, the Company has an actual cost adjustment (ACA) that acts as a true-up mechanism within the PGA and a Gas Administrative Charge (GAC) which includes the recovery for uncollectible accounts. | The amount of gas retained by the Company is equal to the percentage of lost and unaccounted-for gas experienced in the Company's sales services during the billing month. | Included in the PGC | Customers' annual usage is weather normalized. | Residential - \$10.20 per month<br>Firm C&I Sales from \$15 to \$36.25 based on type of use and volume | Distribution rates are declining block rate structure | Demand side management surcharge is based on historic DSM expenditures from the prior annual period November through October and include utility expenditures, incentive payments to customers, lost margins from program savings and those expenses and costs not elsewhere recovered in rates including, but not limited-to, incremental Company labor, labor-related expenses, consultants' and other vendors' fees and expenses, office supply and expense and other costs and expenses incurred in the implementation and operation of DSM programs. Revenues from customers for DSM products or services shall be offset against projected program costs. Lost Margins are the monthly non-gas revenues not billed because of lost sales from approved conservation programs. Lost Margins are determined using current base rates by Rate Schedule. Lost Sales are from program impact evaluations and are not reflected in the test year level used in the Company's most recent base rate proceeding. |

**LAUF and Gas Cost Recovery Mechanisms**

| <b>Company</b>                 | <b>GCR</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>LAUF</b>                                                                                                                 | <b>Bad Debt Recovery</b>                                                                                              | <b>Weather Normalization</b>                             | <b>Customer Charges</b>                                                                                                                             | <b>Rate Design</b> | <b>DSM rider</b>                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------|
| Washington Gas Light- Virginia | The cost of purchased gas as used in the determination of the PGC shall include the costs of gas, LNG, LPG, substitute gas, including related transportation, storage, and handling costs required for delivery to the Company, and costs associated with price cap, price band and fixed price instruments for gas price hedging during the winter that do not exceed 75% of the MDT obligation. In addition, the PCG includes carrying costs on prepaid gas, return and taxes. Company also has a risk sharing mechanism designed to recover distribution costs that are not recovered due to shifts from firm sales to interruptible sales classes. | The volumes of gas the customer has delivered to the Company shall be adjusted to reflect lost and unaccounted-for volumes. | Uncollectible expenses are recovered through the revenue requirement and are established through the rate proceeding. | All consumption volumes are adjusted for normal weather. | Residential - \$8.80 per month<br>Firm C&I Sales from \$11 to \$16.35 based on type of use and volume<br>Metered apartment use from \$14.00-\$44.60 |                    | DSM program costs have been included in the NJ Clean Energy Program and the calculation of that factor. |

### LAUF and Gas Cost Recovery Mechanisms

| <b>Company</b> | <b>GCR</b>                                                                                                                                     | <b>LAUF</b>                                    | <b>Bad Debt Recovery</b>                                                                                       | <b>Weather Normalization</b>                                                                                                                     | <b>Customer Charges</b>                                                                                                                  | <b>Rate Design</b>                                                                                                                                                                                              | <b>DSM rider</b> |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| WPS-Wisconsin  | Gas Cost Recovery Charge includes all costs of gas, LPG, LNG, storage gas. Also includes a provision for the recovery of Company use and LAUF. | PGC includes recovery of Company use and LAUF. | Per the PSC, uncollectible expenses are recovered through the base rates, not through the GCR or other riders. | Sales are adjusted to a normal year in the rate case process. However, there is no separate rider to reconcile actual weather to normal weather. | Residential - \$9.50 per month<br>Commercial and Industrial Firm range from 9.50 to \$590<br>This is a fixed charge per meter per month. | In addition to the fixed customer charges per meter, customers pay a local distribution demand charge per therm of demand, a volumetric local distribution service charge, and a gas supply acquisition charge. | Not addressed    |

**SEMCO Energy Gas Company**  
Mains Replacement Programs

Case No.: U-14893  
Witness: Malcolm R. Ketchum  
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**Mains Replacement Programs**

| Company                   | Docket No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  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| Cincinnati Gas & Electric | 01-1228-GA-AIR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | The Company was granted approval to implement an Accelerated Main Replacement Program (AMRP). The objective of the program is to replace all cast iron and bare steel mains on the system over an accelerated 10-year period. The rider allows all annual costs to be recovered through this annual rider. Any savings that result from fewer leaks are also passed on to customers. The program cost is \$716 million over 10 years. In 2003, the rider was revised to reflect an annualized revenue requirement of \$12.3 million. The AMRP rates were set at \$1.84 for residential customers, \$9.84 per month for general service and \$0.02 per Mcf to a cap of \$500 per month for IT customers. |
| Union Light Heat & Power  | Case No. 2001-00092<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><b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**SEMCO Energy Gas Company**  
Mains Replacement Programs

Case No.: U-14893  
Witness: Malcolm R. Ketchum  
Exhibit:A-12  
Schedule:8  
Page: 2 of 3

**Mains Replacement Programs**

| <b>Company</b>                   | <b>Docket No</b>        | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mobile Gas Service Corp.         | Docket 24794            | The Company has established a cast iron replacement program under which cast iron mains in the gas distribution system will be replaced over a 30-year period. In order to recover the costs of the program, the company implemented a Cast Iron Main Replacement Factor which was approved by the Commission.                                                                                                                                                                                                                                                                                                       |
| Pacific Gas & Electric           | Decision No. 92-12-057  | The Gas Pipeline Replacement Program (GPRP) was established in 1984 to replace, according to a 20-year schedule, deteriorating gas piping systems, specifically all cast iron distribution mains and most pre-1931 steel distribution mains. In 1994, the Commission agreed that this program is an important element of seismic safety improvement and urge PG&E to exercise due diligence in not only keeping the program on its targeted time line, but where feasible speeding up the program. Therefore, the Commission authorized all dollars related to the GPRP which PG&E has requested in this proceeding. |
| Yankee Gas Services              | Docket No. 01-05-19PH01 | The Company proposed an accelerated replacement program essentially doubling, from \$10 million to \$20 million, the capital expenditures for replacement projects. The Department approved this program and affirmed that it is in the public interest for the Company to continue its accelerated cast iron/bare steel replacement program.                                                                                                                                                                                                                                                                        |
| Southern Connecticut Gas Company | Docket No. 99-04-18     | In January 2000, the Department approved a plan for the company to accelerate its bare steel and cast iron mains replacement programs for a four year period (2000-2004).                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## SEMCO Energy Gas Company Mains Replacement Programs

Case No.: U-14893

Witness: Malcolm R. Ketchum

Exhibit:A-12

Schedule:8

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## Mains Replacement Programs

| <b>Company</b> | <b>Docket No</b>                                                          | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Atmos Energy   | <p>Docket No. 12509-U</p><br><br><br><br><br><p>Case No. GO-2006-0253</p> | <p>In December of 1991, the Commission approved United Cities Gas Company's (now Atmos Energy Corporation) pipeline replacement program in Hannibal. The program required the company to replace all cast iron mains by 2020 and to replace or cathodically protect all unprotected steel mains by 2005.</p><br><br><br><p>In 2005, upon a complete review of its records, the company realized that an additional 6,053 feet of unprotected steel main remains to be replaced or protected. In January 2006, the Company requested and the Commission approved the extension of the unprotected steel mains program through 2010.</p> |
| Roanoke Gas    | Case No. PUE980626                                                        | Virginia Corporation Commission approved a three-year experimental Distribution Renewal Program Surcharge designed to recover the costs of cast iron and bare steel replacement programs.                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**SEMCO Energy Gas Company**

Listing of Utilities and Jurisdictions Using Less Than  
30 Years of Weather Normalization Data

Case No.:U-14893

Witness: Malcolm R. Ketchum

Exhibit: A-12

Schedule:9

Page: 1 of 1

**Listing of Utilities and Jurisdictions that have moved to the use of  
less than 30 years for the weather normalization data series.**

| 25-Year Normal                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Union Light Heat & Power                                                                                                                                                                              |
| 20-Year Normal                                                                                                                                                                                        |
| Bay State Gas<br>Boston Gas<br>Wisconsin Gas Utilities<br>South Jersey Gas<br>New Jersey Natural<br>Northwestern Utilities- Alberta<br>Reliant<br>Public Service of New Mexico<br>Xcel – North Dakota |
| 15-Year Normal                                                                                                                                                                                        |
| Centerpoint Energy<br>Enstar Gas<br>New England Gas Company-<br>ProvGas<br>Northwestern Energy- Montana                                                                                               |
| 10-Year Normal                                                                                                                                                                                        |
| Centra Gas- Manitoba<br>Cinergy<br>BC Gas- British Columbia<br>Nicor Gas Company<br>Northern States Power<br>Questar-Wyoming<br>Vermont Gas                                                           |

Sources: Rate filings and discussions with PSC staff in several jurisdictions.