

SOUTHWEST GAS CORPORATION

DOCKET NO. G-01551A-07-0504

SURREBUTTAL TESTIMONY

OF

RODNEY L. MOORE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

MAY 27, 2008

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SURREBUTTAL SCHEDULES

1 **INTRODUCTION**

2 Q. Please state your name for the record.

3 A. My name is Rodney Lane Moore.

4

5 Q. Have you previously filed testimony regarding this docket?

6 A. Yes, I have. I filed direct testimony in this docket on March 28, 2008 and
7 additional direct testimony regarding rate design on April 11, 2008.

8

9 Q. What is the purpose of your surrebuttal testimony?

10 A. My surrebuttal testimony will address the Company's rebuttal comments
11 pertaining to adjustments I sponsored in my direct testimony.

12

13 **SUMMARY OF ADJUSTMENTS**

14 Q. What areas will you address in your surrebuttal testimony?

15 A. My surrebuttal testimony will address the following RUCO proposed
16 adjustments:

17 Rate Base:

18 Adjustment No. 4 – Accumulated Deferred Income Taxes
19 Associated With the Management Incentive Plan and the
20 Supplemental Executive Retirement Plan;

21 Adjustment No. 5 – Allowance For Working Capital.

22

23 Operating Income:

24 Adjustment No. 1 – Annualized Labor and Labor Loading;

25 Adjustment No. 6 – Unnecessary Miscellaneous Expenses;

- 1 Adjustment No. 7 – Incentive Compensation;
2 Adjustment No. 8 – Supplemental executive Retirement Plan;
3 Adjustment No. 9 – Employee Recognition;
4 Adjustment No. 10 – Uncollectible Expense;
5 Adjustment No. 12 – Yuma Manors Pipe Replacement Expenses;
6 and
7 Adjustment No. 13 – Income Tax Calculation.
8

9 To support the adjustments in my surrebuttal testimony, I have revised
10 specific direct testimony Schedules and prepared Surrebuttal Schedules
11 numbered SURR RLM-1, SURR RLM-2, SURR RLM-6, SURR RLM-7,
12 SURR RLM-8, and SURR RLM-17 through SURR RLM-20, which are filed
13 concurrently in my surrebuttal testimony.
14

15 These Schedules quantify the adjustments recommended in RUCO's
16 surrebuttal testimonies and consist of revisions to:

- 17 1. Accumulated Deferred Income Tax ("ADIT") associated with
18 Management Incentive Plan ("MIP") and the Supplemental
19 Executive Retirement Plan ("SERP") accept the Company's
20 adjustment;
- 21 2. Lead/Lag Study used to calculate the Allowance For Working
22 Capital to accept the Company's adjustment;
- 23 3. Unnecessary Miscellaneous Expenses to remove double counted
24 expenditures;
- 25 4. Uncollectible Expenses to accept the Company's adjustment;
- 26 5. Yuma Manors Pipe Replacement Expenses as a conforming
27 adjustment to the Company's Revised Rebuttal position;

- 1 6. Income Tax Expense to reflect changes in the operating expenses
2 associated with the surrebuttal adjustments; and
3 7. Rate Design, Proof of Recommended Revenue and Typical Bill
4 Analysis to reflect changes in the operating expenses associated
5 with the surrebuttal adjustments.
6

7 **RATE BASE**

8 RUCO Rate Base Adjustment No. 4 – ADIT Associated With MIP and
9 SERP

10 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
11 adjustment to the test-year ADIT?

12 A. Yes. The Company's ADIT was recorded in an account that is not a
13 component of SWG's rate base.

14
15 Therefore, as shown on Surrebuttal Schedule SURR RLM-2, RUCO
16 adjusted the ADIT to reflect the Company's level of ADIT as filed.

17
18 RUCO Rate Base Adjustment No. 5 – Allowance For Working Capital

19 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
20 adjustment to the allowance for working capital?

21 A. Yes. The Company accepted two adjustments RUCO made to the lead-
22 lag study. First, the Company agrees with RUCO that the interest
23 expense on the preferred stock should be included in the lead/lag study,
24 albeit at 79.50 days as opposed to 82.73 days and disagreed with the

1 inclusion of interest on customer deposits. As shown on Surrebuttal
2 Schedule SURR RLM-6, page 2, RUCO removed \$1,915,314 of interest
3 on customer deposits, adjusted the interest expense lag from 82.73 days
4 to 79.50 days to include the impact of preferred securities. Second, the
5 Company agreed with RUCO's adjustment to include the lag associated
6 with revenue taxes. However, the Company has calculated a revenue tax
7 lag of 45.24 days versus the 51.75 days recommended by RUCO. The
8 Company's 45.24 days is based on the premise that the revenue taxes
9 payable monthly are paid on the same date as associated revenue is
10 received (see Company Rebuttal Exhibit RAM-3). However, through
11 discovery the Company provided information to the contrary and
12 inherently there is approximately an additional lag of 14 days between the
13 payment of the monthly revenue-based taxes and the date the revenue is
14 received. This 14-day lag computes to an overall revenue tax lag of 57.51
15 days versus the Company's rebuttal filing of 45.24 days. I have also made
16 this adjustment on Schedule SURR RLM-6, page 2.

1 **OPERATING INCOME**

2 Operating Income Adjustment No. 1 – Annualized Labor and Labor
3 Loading

4 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
5 adjustment to annualize the labor and labor loading expenses?

6 A. No. As stated in my direct testimony, the inclusion of the June 2008 wage
7 increase has the effect of triple-counting the increases in the salary and
8 wage accounts - once for annualization of the test-year salaries, a second
9 time for the post test-year 2007 three percent increase, and a third time for
10 the 2008 increase. The Company's annualization adjustment to reflect
11 estimated levels that will be in effect in June 2008 creates a mismatch
12 between rate base, revenues and expenses at the end of the test year. If
13 the Commission were to authorize rate recovery of the June 2008 payroll
14 increases, the Company would be creating biased rates by picking and
15 choosing which rate base, expense and revenue items it will reflect on an
16 actual, projected or annualized basis. RUCO has allowed the test-year
17 annualization as well as the post test-year 2007 wage increase, which is
18 consistent with previous RUCO filings when the wage increase falls within
19 a few months outside of the test year, but believes that a third proforma
20 increase in 2008 is unwarranted.

21
22
23

1 Operating Income Adjustment No. 6 – Unnecessary Miscellaneous
2 Expenses

3 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
4 adjustment of unnecessary miscellaneous expense?

5 A. Yes, the Company has provided information indicating RUCO's
6 adjustment double counted certain expenditures related to employee
7 recognition gift certificates.

8
9 Therefore, as shown on Schedule SURR RLM-8, column (G), I revised the
10 unnecessary miscellaneous expense adjustment to recognize the double
11 count, which increased test-year operating expenses by \$19,160.

12
13 However, as for the remainder of the adjustment, RUCO and the
14 Company have a philosophical difference as to the appropriateness of
15 certain expenditures. RUCO does not believe that gift certificates, office
16 refreshments, meals during meetings and extravagant off-site meetings
17 are necessary in the provisioning of natural gas service to its customers.

18
19 Operating Income Adjustment No. 7 – Incentive Compensation

20 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
21 adjustment on incentive compensation?

22 A. No, for the reasons outlined in my direct testimony. Consistent with the
23 Commission's Decisions on incentive compensation expense as set forth

1 in Decision No. 70011, dated November 27, 2007 (the recent UNS Gas
2 rate case); and the Decision (No. unavailable at filing) in the very recent
3 UNS Electric rate case, RUCO recommends a 50/50 sharing of the
4 incentive compensation expense.

5
6 A 50/50 sharing represents a reasonable balancing of the interests
7 between ratepayers and shareholders. The incentive program is
8 comprised of elements that relate to the Company's financial performance
9 and cost containment goals, matters that primarily benefit shareholders;
10 plus elements based on meeting customer service goals, which offers an
11 opportunity for the Company's customers to benefit from improved
12 performance.

13
14 Operating Income Adjustment No. 8 – SERP

15 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
16 adjustment to the SERP?

17 A. No, RUCO's position is unchanged – the ratepayers should not be
18 responsible for paying the cost of supplemental benefits to a small select
19 group of high-ranking officers of the Company.

20
21 However, RUCO does allow the full costs of the Company's stock option
22 compensation to be included in test-year expenses.

23

1 It seems disingenuous in the present climate of spiraling utility costs to
2 request that the ratepayers be burdened with the cost of this elite
3 retirement plan for an exclusive group of employees who are already
4 receiving lucrative salaries and benefits.

5
6 As stated in my direct testimony, the Commission agreed with RUCO that
7 SERP expenses should not be the burden of ratepayers. In Southwest
8 Gas' last rate case (Decision No. 68487, dated February 23, 2006) the
9 Commission agreed with RUCO that SERP should be excluded from
10 operating expenses. In Arizona Public Service's most recent rate case,
11 (Decision No. 69663, dated June 28, 2007), the Commission voted to
12 disallow SERP. The Commission voted to disallow SERP in the UNS Gas
13 rate case (Decision No. 70011, dated November 27,2007). Moreover, the
14 Decision (No. unavailable at filing) in the very recent UNS Electric rate
15 case also disallows SERP. I see no reason to depart from this precedent;
16 therefore, RUCO recommends the removal of the test-year cost of the
17 SERP from operating expenses.

18
19 RUCO has made no surrebuttal adjustment to the SERP as filed in direct
20 testimony.

21
22
23

1 Operating Income Adjustment No. 9 – Employee Recognition

2 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
3 adjustment to employee recognition expenses?

4 A. No. RUCO does not deny the importance for SWG to have proactive
5 programs and policies on safety, productivity and cost containment.
6 Where RUCO differs, is the necessity to burden ratepayers with the
7 expense incurred by the Company in offering additional compensation to
8 its employees to perform work functions, some of which are county
9 mandated, that should be considered a condition of employment.

10

11 Operating Income Adjustment No. 10 – Uncollectible Expense

12 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
13 adjustment to test-year uncollectible expenses?

14 A. Yes, the Company's rebuttal testimony, workpapers and 2008 data
15 illustrate that annual uncollectible expenses are trending upwards as a
16 percentage of annual revenues.

17

18 RUCO will accept the Company's adjustment as filed. Therefore, as
19 shown on Schedule SURR RLM-8, Column (K), I removed the adjustment.

20

21

22

23

1 Operating Income Adjustment No. 12 – Yuma Manors Pipe Replacement
2 Expenses

3 Q. After analyzing the Company's rebuttal testimony, is RUCO revising its
4 operating income adjustments?

5 A. Yes. RUCO is making a conforming adjustment to include the test-year
6 reduction in operating expenses proposed by the Company. SWG
7 identified costs related to the replacement of steel pipe to the Manors
8 subdivision in Yuma that SWG considered to be over and above those
9 that it would have experienced had the replacement took place over a
10 more routine time period.

11
12 RUCO accepts the expenses identified by the Company in its response to
13 Commission Staff's data request 13.21 as those costs that are over and
14 above what would have been experienced had the replacement been
15 done in a more routine manner. The adjustment reduces gross plant by
16 \$320,779 for capitalized overtime and shift premium. The adjustment also
17 reduces property tax expense by \$8,499 and \$15,175 in depreciation
18 expense related to the \$320,779 plant reduction.

19
20 Therefore, as shown on Schedules SURR RLM-2, Column (B), line 1 and
21 SURR RLM-8, Column (M), this adjustment decreased test-year rate base
22 by \$320,779 and operating expenses by \$23,674.

23

1 Operating Income Adjustment No. 13 – Income Tax Expense

2 Q. What adjustments have you made to the test-year Income Tax Expense
3 account?

4 A. As shown on Schedule SURR RLM-17, I recalculated total test-year
5 income taxes to reflect calculations based on my surrebuttal adjusted test-
6 year revenue and expenses.

7
8 As shown on Schedule SURR RLM-8, column (Q), this adjustment
9 increases the Company's adjusted test-year expenses by \$2,825,460.

10 This is an income tax decrease of \$292,784 from the \$3,118,244 increase
11 recommended in my direct testimony.

12

13 **RATE DESIGN**

14 Q. Please explain your contribution to RUCO's recommended rate designs.

15 A. As shown on Schedule SURR RLM-19, I maintained the same set of bill
16 determinants (i.e. test-year customer bill counts and therms consumed) as
17 recommended in my direct testimony. After reviewing the Company's
18 rebuttal testimony, I did not accept SWG's revised bill determinants as
19 adjusted for declines in average weather normalized consumption through
20 March 2008. The Company's proposed rebuttal post test-year bill count
21 adjustment will result in mismatches in test-year elements. Furthermore,
22 biased rates will result if the Commission were to recognize post test-year
23 declines in consumption due to conservation; yet ignore post test-year

1 increases in consumption due to customer growth. An in-depth discussion
2 of RUCO's proposed rate design is contained in the surrebuttal testimony
3 of RUCO witness, Ms Diaz Cortez. In summary, for residential customers,
4 RUCO proposes a monthly basic service charge of \$11.52 and a
5 commodity charge of \$0.55455 for all therms consumed.

6

7 **PROOF OF RECOMMENDED REVENUE**

8 Q. Have you revised your additional direct testimony Schedule to present
9 proof of your revised surrebuttal recommended revenue?

10 A. Yes, I have. Proof that RUCO's direct testimony recommended rate
11 designs would produce the revised surrebuttal recommended required
12 revenue as illustrated, is presented on Schedule SURR RLM-19.

13

14 **TYPICAL BILL ANALYSIS**

15 Q. Have you prepared a Schedule representing the financial impact of
16 RUCO's recommended rate design on the typical residential customer?

17 A. Yes, I have. A typical bill analysis for G-5 residential customers with
18 various levels of usage is presented on Schedule SURR RLM-20.

19

20

21

22

23

1 Q. Please provide an excerpt of RUCO's rate structure that illustrates
2 RUCO's rate design goals as set forth in the testimony of Ms. Diaz Cortez
3 that captures these fundamental changes in SWG's current rate design.

4 A. Schedule SURR RLM-20 provides an extensive breakdown of the effects
5 of RUCO's proposed rates on the G-5 Residential Customer.

6
7 Below is a chart gleaned from Schedule SURR RLM-19 comparing SWG's
8 proposed rates to RUCO's proposed annual rates:

9 SWG Proposed Rates and Charges

10 Basic Monthly Service Charge \$12.80

11 Non-Weather Sensitive Use –Charge Per Therm

12	Margin (Non-Gas Costs)	PGA (Gas Costs)	Total Gas Costs
13	\$0.88069	\$0.60996	\$1.49065

14 Weather Sensitive Use –Charge Per Therm

15	Margin (Non-Gas Costs)	PGA (Gas Costs)	Total Gas Costs
16	\$0.00	\$1.49065	\$1.49065

17

18

19 RUCO Proposed Rates and Charges

20 Basic Monthly Service Charge \$11.52

21 All Consumption –Charge Per Therm

22	Margin (Non-Gas Costs)	PGA (Gas Costs)	Total Gas Costs
23	\$0.55455	\$0.93689	\$1.49144

24

25

26

27

1 **COST OF CAPITAL**

2 Q. Is RUCO revising its adjustments to the Company proposed cost of
3 capital?

4 A. No. RUCO is not revising the adjustment to the weighted cost of capital.
5 This position is fully explained in the surrebuttal testimony of RUCO
6 witness Mr. Rigsby.

7

8 Q. Does this conclude your surrebuttal testimony?

9 A. Yes, it does.

Southwest Gas Corporation
Docket No. G-01551A-07-0504
Test Year Ended April 30, 2007

SURREBUTTAL
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9	SURR RLM-20	1	TYPICAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY RCND	(C) COMPANY FAIR VALUE	(D) RUCO ORIGINAL COST	(E) RUCO RCND	(F) RUCO FAIR VALUE
1	Adjusted Rate Base	\$ 1,094,790,046	\$ 1,843,481,069	\$ 1,469,135,558	\$ 1,089,082,745	\$ 1,837,726,032	\$ 1,463,404,389
2	Adjusted Operating Income (Loss)	\$ 73,180,098	\$ 73,180,098	\$ 73,180,098	\$ 76,939,110	\$ 76,939,110	\$ 76,939,110
3	Current Rate Of Return (Line 2 / Line 1)	6.68%	3.97%	4.98%	7.06%	4.19%	5.26%
4	Required Operating Income (Line 5 X Line 1)	\$ 103,457,659	\$ 103,457,659	\$ 103,457,659	\$ 96,205,213	\$ 96,205,213	\$ 96,205,213
5	Required Rate Of Return	9.45%	5.61%	7.04%	8.83%	5.24%	6.57%
6	Operating Income Deficiency (Line 4 - Line 2)	\$ 30,277,561	\$ 30,277,561	\$ 30,277,561	\$ 19,266,103	\$ 19,266,103	\$ 19,266,103
7	Gross Revenue Conversion Factor (Schedule RLM-1, Page 2)	1.6586	1.6586	1.6586	1.6634	1.6634	1.6634
8	Increase In Gross Revenue Requirement (Line 7 X Line 6)	\$ 50,219,828	\$ 50,219,828	\$ 50,219,828	\$ 32,046,846	\$ 32,046,846	\$ 32,046,846
9	Adjusted Test Year Revenue	\$ 399,234,678	\$ 399,234,678	\$ 399,234,678	\$ 399,234,678	\$ 399,234,678	\$ 399,234,678
10	Proposed Annual Revenue Requirement (Line 8 + Line 9)	\$ 449,454,506	\$ 449,454,506	\$ 449,454,506	\$ 431,281,524	\$ 431,281,524	\$ 431,281,524
11	Required Percentage Increase In Revenue (Line 8 / Line 9)	12.58%	12.58%	12.58%	8.03%	8.03%	8.03%
12	Rate Of Return On Common Equity	11.25%	11.25%	11.25%	9.88%	9.88%	9.88%

References:

Columns (A) Thru (C): Company Schedule A-1, C-1 And D-1
Columns (D) Thru (F): Schedules SURR RLM-2, RLM-5, SURR RLM-6 And SURR RLM-18

**SURREBUTTAL
RATE BASE - ORIGINAL COST**

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS OCRB	(B) RUCO OCRB ADJUSTMENTS	REF.	(C) RUCO ADJUSTED AS OCRB
1	Gas Plant In Service	\$ 2,053,847,890	\$ (677,012)	(1) & (4)	\$ 2,053,491,657
	Less:				
2	Accumulated Depreciation And Amortization	752,275,563	(276,996)	(1)	751,998,567
3	Net Gas Plant In Service (Line 1 - Line 2)	<u>\$ 1,301,572,327</u>	<u>\$ (400,016)</u>		<u>\$ 1,301,493,090</u>
	Additions:				
4	Allowance For Working Capital (SURR RLM-6, Page 1)	\$ 5,681,932	\$ (5,628,064)	(2)	\$ 53,868
5	Total Additions (Line 4)	<u>\$ 5,681,932</u>	<u>\$ (5,628,064)</u>		<u>\$ 53,868</u>
	Deductions:				
6	Customer Advances In Aid Of Construction	\$ (37,910,017)	\$ -		\$ (37,910,017)
7	Customer Deposits	(31,921,898)	-		(31,921,898)
8	Deferred Income Taxes	(142,632,297)	-	(3)	(142,632,297)
9	Total Deductions (Sum Of Lines 6, 7 & 8)	<u>\$ (212,464,212)</u>	<u>\$ -</u>		<u>\$ (212,464,212)</u>
10	TOTAL ORIGINAL COST RATE BASE (Sum Of Lines 3, 5 & 9)	<u>\$ 1,094,790,047</u>	<u>\$ (6,028,081)</u>		<u>\$ 1,089,082,745</u>

References:

Column (A): Company Schedule B-1

Column (B): References:

(1) Schedule RLM-4, Page 1 (Adjustment is -\$356,233)

(2) Schedule SURR RLM-6, Page 1

(3) Schedule RLM-3, Page 3

(4) See Surrebuttal Testimony - Adjustment No. 12 - Yuma Manors (Adjustment is -\$320,779)

Column (C): Column (A) + Column (B)

SURREBUTTAL
EXPLANATION OF TEST-YEAR RATE BASE ADJUSTMENT NO. 5
SUMMARY OF THE ALLOWANCE FOR WORKING CAPITAL

			(A)
LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
1	Cash Working Capital Per SWG	SWG SCH. B-5, Page 1	\$ (10,379,937)
2	Cash Working Capital Per RUCO	SURR RLM-6, Page 2, Line 14	(16,349,492)
3	Adjustment	Line 2 - Line 1	<u>\$ (5,969,555)</u>
4	Materials And Supplies Per SWG	SWG SCH. B-5, Page 1	\$ 12,389,898
5	Materials And Supplies Per RUCO	SWG SCH. B-5, Page 1	12,389,898
6	Adjustment	Line 5 - Line 4	<u>\$ -</u>
7	Prepayments Per SWG	SWG SCH. B-5, Page 1	\$ 3,671,971
8	Prepayments Per RUCO	SURR RLM-6, Page 5, Line 15	4,013,462
9	Adjustment	Line 8 - Line 7	<u>\$ 341,491</u>
10	Total Adjustment	Sum Lines 3, 6, & 9	<u><u>\$ (5,628,064)</u></u>

SURREBUTTAL
EXPLANATION OF TEST-YEAR RATE BASE ADJUSTMENT NO. 5 - CONT'D
ALLOWANCE FOR WORKING CAPITAL - LEAD/LAG DAY SUMMARY

LINE NO.	DESCRIPTION	(A) COMPANY EXPENSES AS FILED	(B) RUCO ADJUSTM'TS	(C) RUCO EXPENSES AS ADJUSTED	(D) (LEAD)/LAG DAYS	(E) DOLLAR DAYS
1	Cost Of Gas	\$ 540,064,385	\$ -	\$ 540,064,385	42.30	\$ 22,842,405,297
2	Labor Cost	117,038,570	(6,513,626)	110,524,944	12.33	1,363,305,727
3	Provision For Uncollectible Accts	2,977,729	-	2,977,729	120.00	357,327,523
4	Other O & M	54,826,860	11,033	54,837,893	17.72	971,476,853
	Total O & M Expenses	<u>\$ 714,907,544</u>	<u>\$ (6,502,593)</u>	<u>\$ 708,404,951</u>	<u>36.05</u>	<u>\$ 25,534,515,400</u>
5	Interest	\$ 48,035,008	(250,413)	\$ 47,784,595	79.50	\$ 3,798,875,265
6	Taxes Other Than Income Taxes	33,124,880	-	33,124,880	185.34	6,139,365,177
7	Income Taxes	21,699,571	9,998,850	31,698,421	37.00	1,172,841,556
8	Revenue Taxes	97,747,450	3,278,392	101,025,842	57.51	5,809,996,195
9	Total Operating Expenses	<u>\$ 915,514,453</u>	<u>\$ 3,245,844</u>	<u>\$ 922,038,689</u>	<u>46.05</u>	<u>\$ 42,455,593,594</u>
10	Revenue Lag				39.53	Co. Workpapers
11					<u>(6.52)</u>	Line 10 - Line 9
12	Number Of Days In Test Period	365	Test Year			
13	Average Daily Operating Expenses	\$ 2,508,259	Col. (A) Line 9 / Line 12			
14	Net Difference Rev - Exp Lag	(6.52)	Col. (D) Line 11			
15	Cash Working Capital	<u>\$ (16,349,492)</u>	Col. (A), Line 13 X Line 14			

SURREBUTTAL
EXPLANATION OF TEST-YEAR RATE BASE ADJUSTMENT NO. 5 - CONT'D
ALLOWANCE FOR WORKING CAPITAL - CALCULATION OF PREFERRED EQUITY LAG

LINE NO.	MID-POINT OF SERVICE PERIOD	(A) PAYMENT DATE	(B) PERCENT PAYMENT	(C) (LEAD)/LAG DAYS	(D) DOLLARS DAYS
1	7/1/2006	3/31/2006	25.00%	(92)	(23.00)
2	7/1/2006	6/30/2006	25.00%	(1)	(0.25)
3	7/1/2006	9/30/2006	25.00%	91	22.75
4	7/1/2006	12/31/2006	25.00%	183	45.75
5	Totals		<u>100.00%</u>		<u>45.25</u>
6	Preferred Equity Lag			<u>45.25</u>	

SURREBUTTAL
EXPLANATION OF TEST-YEAR RATE BASE ADJUSTMENT NO. 5 - CONT'D
ALLOWANCE FOR WORKING CAPITAL - CALCULATION OF OTHER O & M LAG

LINE NO.	MONTH	(A)	(B)	(C)
		COST	LAG DAYS	DOLLAR DAYS
1	May 2006	\$ 2,596,715	0.22	\$ 566,253
2	June	2,611,117	35.16	91,799,499
3	July	2,546,481	18.55	47,227,421
4	August	2,460,510	36.74	90,404,740
5	September	2,021,521	35.60	71,973,470
6	October	3,018,228	52.99	159,935,937
7	November	2,733,777	45.29	123,820,351
8	December	3,394,550	(6.46)	(21,943,520)
9	January 2007	5,019,712	(2.82)	(14,168,034)
10	February	5,258,382	9.77	51,397,591
11	March	4,466,924	29.44	131,524,579
12	April	2,608,462	(17.75)	(46,306,652)
13	Total	<u>\$ 38,736,380</u>	<u>17.72</u>	<u>\$ 686,231,635</u>

SURREBUTTAL
EXPLANATION OF TEST-YEAR RATE BASE ADJUSTMENT NO. 5 - CONT'D
ALLOWANCE FOR WORKING CAPITAL - CALCULATION OF ADJUSTED PREPAYMENTS

LINE NO.	MONTH	(A) BALANCE	(B) DEBITS	(C) CREDITS	(D) ADJUSTED BALANCE
1	April 2006	\$ 5,367,019	\$ -	\$ -	\$ 5,367,019
2	May	4,571,452	18,221	-	4,589,673
3	June	3,756,402	-	1,518	3,773,104
4	July	5,219,958	22,000	1,518	5,257,142
5	August	9,299,535	195,806	3,352	9,529,173
6	September	8,623,454	15,186	19,669	8,848,609
7	October	7,836,438	66,720	20,934	8,107,379
8	November	6,430,014	128,656	26,494	6,803,117
9	December	9,144,710	163,132	37,216	9,643,729
10	January 2007	8,343,687	112,506	50,810	8,904,402
11	February	7,723,320	126,085	60,186	8,349,935
12	March	6,044,664	76,149	70,693	6,676,735
13	April	<u>5,600,962</u>	13,396	77,038	<u>6,169,390</u>
14	Total	\$ 87,961,615			\$ 92,019,406
15	13 Month Average	\$ 6,766,278		56.70%	<u><u>\$ 4,013,462</u></u>

References:

- Column (A): Company Schedule B-5, Page 4
- Column (B): Company Schedule B-5, Workpaper Sheets 30 - 59
- Column (C): Column (B) Prior Months Accruals / 12 Months
- Column (D): Column (D) Prior Month + Column (B) Current Month - Column (C) Current Month + Column (A) Current Month - Column (A) Prior Month

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJ'TMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO AS RECOMMENDED
1	Revenues	\$ 399,234,678	\$ -	\$ 399,234,678	\$ 32,046,846	\$ 431,281,524
2	Gas Cost	-	-	-	-	-
3	TOTAL MARGIN	<u>\$ 399,234,678</u>	<u>\$ -</u>	<u>\$ 399,234,678</u>	<u>\$ 32,046,846</u>	<u>\$ 431,281,524</u>
EXPENSES:						
4	Other Gas Supply	\$ 701,601	\$ (25,254)	\$ 676,347	\$ -	\$ 676,347
5	Distribution	89,528,455	(2,448,330)	87,080,125	-	87,080,125
6	Customer Accounts	38,730,909	(1,058,858)	37,672,051	-	37,672,051
7	Customer Information	1,126,796	(20,117)	1,106,679	-	1,106,679
8	Sales	-	-	-	-	-
Administrative & General						
9	Direct	4,009,539	(290,519)	3,719,020	-	3,719,020
10	System Allocable	52,937,155	(2,659,515)	50,277,640	-	50,277,640
Depreciation & Amortization						
11	Direct	80,956,247	(26,796)	80,929,450	-	80,929,450
12	System Allocable	6,646,938	(46,583)	6,600,356	-	6,600,356
13	Regulatory Amortizations	284,528	-	284,528	-	284,528
14	Other Taxes	33,124,880	(8,499)	33,116,381	-	33,116,381
15	Interest On Cust. Deposits	1,915,314	-	1,915,314	-	1,915,314
16	Income Taxes	16,092,218	2,825,460	18,917,678	12,780,743	31,698,421
17	TOTAL EXPENSES	<u>\$ 326,054,578</u>	<u>\$ (3,759,011)</u>	<u>\$ 322,295,568</u>	<u>\$ 12,780,743</u>	<u>\$ 335,076,311</u>
		\$ (2)				
18	NET INCOME (LOSS)	<u>\$ 73,180,098</u>		<u>\$ 76,939,110</u>		<u>\$ 96,205,213</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule SURR RLM-8
- Column (C): Column (A) + Column (B)
- Column (D): Testimony, RLM And Schedule SURR RLM-1, RLM-1, Page 2
- Column (E): Column (C) + Column (D)

**SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Schedule SURR RLM-7, Column (C), Line 18 + Line 16	\$ 95,856,788
LESS:			
2	Arizona State Tax	Line 11	(3,349,670)
3	Interest Expense	Note (A) Line 21	(47,784,595)
4	Federal Taxable Income	Sum Of Lines 1, 2 & 3	<u>\$ 44,722,523</u>
5	Federal Tax Rate	Schedule RLM-1, Page 2, Column (A), Line 10	35.17%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 15,731,106</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 95,856,788
LESS:			
8	Interest Expense	Note (A) Line 21	(47,784,595)
9	State Taxable Income	Line 7 + Line 8	<u>\$ 48,072,193</u>
10	State Tax Rate	Tax Rate	6.9680%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 3,349,670</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 15,731,106
13	State Income Tax Expense	Line 11	3,349,670
14	South Georgia Amortization	Company Schedule C-1, Sheet 17, Column (C), Line 8 + Line 18	365,253
15	Investment Tax Credit	Company Schedule C-1, Sheet 17, Column (C), Line 19	(528,352)
16	Total Income Tax Expense Per RUCO	Sum Of Lines 12, 13, 14 & 15	<u>\$ 18,917,678</u>
17	Total Income Tax Expense Per Company Filing (Schedule C-1)		16,092,218
18	RUCO ADJUSTMENT TO INCOME TAX EXPENSE (See SURR RLM 7, Page 2, Column (Q))	Line 16 - Line 17	<u>\$ 2,825,460</u>
NOTE (A):			
Interest Synchronization:			
19	Adjusted Rate Base (Schedule SURR RLM-2, Column (C), Line 10)	\$ 1,089,082,745	
20	Weighted Cost Of Debt (Schedule RLM-18, Column (F), Line 1 + Line 2)	4.39%	
21	Interest Expense (Line 19 X Line 20)	<u>\$ 47,784,595</u>	

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) CAPITAL RATIO	(B) COST	(C) WEIGHTED COST
1	Long-term Debt	51.00%	7.96%	4.06%
2	Preferred Stock	4.00%	8.20%	0.33%
3	Common Equity	45.00%	9.88%	4.45%
4	TOTAL CAPITAL	100.00%		
5	WEIGHTED COST OF CAPITAL			8.83%

References:

- Column (A): Company Schedule D-1
- Column (B): Testimony, WAR
- Column (C): Column (A) X Column (B)
- Column (C) Line 5: Sum Of Column (C) Lines 1 Thru 3

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		PROPOSED SCHEDULE NO.	ADJUSTED BILLING NUMBER OF BILLS	DETERMINANTS SALES (THERMS)	PROPOSED MARGIN BASIC SERVICE CHARGE	RATES COMMODITY CHARGE	MARGIN AT PROPOSED BASIC SERVICE CHARGE	RATES COMMODITY CHARGE	TOTAL MARGIN	GAS COST	TOTAL REVENUE
<u>Single-Family Residential Gas Service</u>											
<u>Summer (May - October)</u>											
1	Basic Service Charge per Month	G-5	5,107,859		\$ 11.52		\$ 58,847,277		\$ 58,847,277		\$ 58,847,277
2	Commodity Charge per Therm			48,048,640		\$ 0.55455		\$ 26,645,248	26,645,248	\$ 45,016,291	71,661,539
3	First 15 Therms			16,007,105		0.55455		8,876,698	8,876,698	14,996,896	23,873,594
3	Over 15 Therms										
<u>Winter (November - April)</u>											
4	Basic Service Charge per Month		5,190,171		\$ 11.52		\$ 59,795,587		\$ 59,795,587		\$ 59,795,587
5	Commodity Charge per Therm			133,956,357		\$ 0.55455		74,285,147	74,285,147	125,502,371	199,787,518
6	First 35 Therms			91,044,013		0.55455		50,488,219	50,488,219	85,298,225	135,786,444
6	Over 35 Therms										
7	Total Single-Family Residential Gas Service		<u>10,298,030</u>	<u>289,056,115</u>			<u>\$ 118,642,864</u>	<u>\$ 160,295,312</u>	<u>\$ 278,938,176</u>	<u>\$ 270,813,783</u>	<u>\$ 549,751,959</u>
8	Ratio Of Fixed To Variable Revenues						42.53%	57.47%	64.68%		
<u>Low Income Single-Family Residential Gas Svc</u>											
<u>Summer (May - October)</u>											
9	Basic Service Charge	G-10	153,923		\$ 7.26		\$ 1,118,019		\$ 1,118,019		\$ 1,118,019
10	Commodity Charge per Therm			1,499,731		\$ 0.55455		\$ 831,672	831,672	\$ 1,226,000	2,057,672
11	First 15 Therms			343,792		0.55455		190,649	190,649	281,043	471,692
11	Over 15 Therms										
<u>Winter (November - April)</u>											
12	Basic Service Charge per Month		156,983		\$ 7.26		\$ 1,140,245		\$ 1,140,245		\$ 1,140,245
13	Commodity Charge per Therm			4,229,842		\$ 0.55455		2,345,648	2,345,648	3,457,811	5,803,459
14	First 35 Therms			2,532,839		0.55455		1,404,579	1,404,579	2,070,545	3,475,124
15	Next 115 Therms			52,769		0.55455		29,263	29,263	43,137	72,400
15	Over 150 Therms										
16	Total Low Income Single-Family Residential Gas Service		<u>310,906</u>	<u>8,658,972</u>			<u>\$ 2,258,264</u>	<u>\$ 4,801,811</u>	<u>\$ 7,060,075</u>	<u>\$ 7,078,536</u>	<u>\$ 14,138,611</u>
17	Ratio Of Fixed To Variable Revenues						31.99%	68.01%	1.64%		
<u>Special Residential Gas Service</u>											
<u>for Air Conditioning</u>											
<u>Summer (May - October)</u>											
18	Basic Service Charge per Month	G-15	648		\$ 11.52		\$ 7,466		\$ 7,466		\$ 7,466
19	Commodity Charge per Therm			7,899		\$ 0.55455		\$ 4,380	4,380	\$ 7,326	11,706
20	First 15 Therms			65,327		0.55455		36,227	36,227	60,589	96,816
20	Over 15 Therms										
<u>Winter (November - April)</u>											
21	Basic Service Charge per Month		648		\$ 11.52		\$ 7,466		\$ 7,466		\$ 7,466
22	Commodity Charge per Therm			19,309		\$ 0.55455		10,708	10,708	17,909	28,617
23	First 35 Therms			48,985		0.55455		27,165	27,165	45,433	72,598
23	Over 35 Therms										
24	Total Special Residential Gas Service		<u>1,296</u>	<u>141,520</u>			<u>\$ 14,932</u>	<u>\$ 78,480</u>	<u>\$ 93,412</u>	<u>\$ 131,257</u>	<u>\$ 224,669</u>
25	Ratio Of Fixed To Variable Revenues						15.99%	84.01%	0.02%		

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		PROPOSED SCHEDULE NO.	ADJUSTED BILLING NUMBER OF BILLS	DETERMINANTS SALES (THERMS)	PROPOSED MARGIN BASIC SERVICE CHARGE	COMMODITY CHARGE	MARGIN AT PROPOSED RATES BASIC SERVICE CHARGE	COMMODITY CHARGE	TOTAL MARGIN	GAS COST	TOTAL REVENUE
	<u>Multi-Family Residential Gas Service Summer (May - October)</u>	G-6									
26	Basic Service Charge per Month		182,409		\$ 9.02		\$ 1,644,737		\$ 1,644,737		\$ 1,644,737
	Commodity Charge per Therm										
27	First 7 Therms			1,044,432		\$ 0.55455		\$ 579,187	\$ 579,187	\$ 978,518	1,557,705
28	Over 7 Therms			950,005		0.55455		526,823	526,823	890,050	1,416,873
	<u>Winter (November - April)</u>										
29	Basic Service Charge per Month		188,153		\$ 9.02		\$ 1,696,529		\$ 1,696,529		\$ 1,696,529
	Commodity Charge per Therm										
30	First 18 Therms			2,633,090		\$ 0.55455		1,460,173	1,460,173	2,466,916	3,927,089
31	Over 18 Therms			1,880,532		0.55455		1,042,844	1,042,844	1,761,851	2,804,695
32	Total Multi-Family Residential Gas Service		<u>370,562</u>	<u>6,508,059</u>			<u>\$ 3,341,266</u>	<u>\$ 3,609,027</u>	<u>\$ 6,950,293</u>	<u>\$ 6,097,335</u>	<u>\$ 13,047,628</u>
33	Ratio Of Fixed To Variable Revenues						48.07%	51.93%	1.61%		
	<u>Low Income Multi-Family Residential Gas Svc Summer (May - October)</u>	G-11									
34	Basic Service Charge per Month		13,560		\$ 7.26		\$ 98,493		\$ 98,493		\$ 98,493
	Commodity Charge per Therm										
35	First 7 Therms			79,822		\$ 0.55455		\$ 44,265	44,265	\$ 65,253	109,518
36	Over 7 Therms			78,071		0.55455		43,294	43,294	63,822	107,116
	<u>Winter (November - April)</u>										
37	Basic Service Charge per Month		13,828		\$ 7.26		\$ 100,440		\$ 100,440		\$ 100,440
	Commodity Charge per Therm										
38	First 18 Therms			207,982		\$ 0.55455		115,336	115,336	170,021	285,357
39	Next 132 Therms			186,423		0.55455		103,380	103,380	152,397	255,777
40	Over 150 Therms			345		0.55455		191	191	282	473
41	Total Low Income Multi-Family Residential Gas Service		<u>27,388</u>	<u>552,643</u>			<u>\$ 198,933</u>	<u>\$ 306,466</u>	<u>\$ 505,399</u>	<u>\$ 451,775</u>	<u>\$ 957,174</u>
42	Ratio Of Fixed To Variable Revenues						39.36%	60.64%	0.12%		
43	Total Residential Gas Service		<u>11,008,182</u>	<u>304,917,309</u>			<u>124,456,259</u>	<u>169,091,096</u>	<u>293,547,355</u>	<u>284,572,686</u>	<u>578,120,041</u>
	Ratio Of Fixed To Variable Revenues						42.40%	57.60%	68.06%		
	<u>Master Metered Mobile Home Park Gas Service</u>	G-20									
44	Basic Service Charge per Month		1,968		\$ 60.11		\$ 118,300		\$ 118,300		\$ 118,300
	Commodity Charge per Therm All Usage										
45	All Usage			2,223,993		\$ 0.39550		\$ 879,584	879,584	\$ 2,083,637	2,963,221
46	Total MMMHP Gas Service		<u>1,968</u>	<u>2,223,993</u>			<u>\$ 118,300</u>	<u>\$ 879,584</u>	<u>\$ 997,884</u>	<u>\$ 2,083,637</u>	<u>\$ 3,081,521</u>
	Ratio Of Fixed To Variable Revenues						11.86%	88.14%	0.23%		
	<u>General Gas Service - Small</u>	G-25(S)									
47	Basic Service Charge Per Month		201,805		\$ 25.05		\$ 5,054,515		\$ 5,054,515		\$ 5,054,515
	Commodity Charge per Therm All Usage										
48	Transportation Customers			10,138		\$ 0.68244		\$ 6,919	6,919	\$ 8,288	15,207
49	Sales Customers			5,010,616		0.68244		3,419,421	3,419,421	4,647,246	8,066,667
50	Total Small General Gas Service		<u>201,805</u>	<u>5,020,754</u>			<u>\$ 5,054,515</u>	<u>\$ 3,426,340</u>	<u>\$ 8,480,855</u>	<u>\$ 4,655,534</u>	<u>\$ 13,136,389</u>
51	Ratio Of Fixed To Variable Revenues						59.60%	40.40%	1.97%		

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		PROPOSED SCHEDULE NO.	ADJUSTED BILLING DETERMINANTS NUMBER OF BILLS	SALES (THERMS)	PROPOSED MARGIN RATES BASIC SERVICE CHARGE	COMMODITY CHARGE	MARGIN AT PROPOSED RATES BASIC SERVICE CHARGE	COMMODITY CHARGE	TOTAL MARGIN	GAS COST	TOTAL REVENUE
<u>General Gas Service - Medium</u>											
52	Basic Service Charge	G-25(M)	193,790		\$ 41.67		\$ 8,075,079		\$ 8,075,079		\$ 8,075,079
	Commodity Charge per Therm All Usage										
53	Transportation Customers			172,365		\$ 0.39263		\$ 67,676	67,676	\$ 140,905.00	208,581
54	Sales Customers			45,357,904		\$ 0.39263		\$ 17,808,850	17,808,850	42,068,549	59,877,399
55	Total Medium General Gas Service		193,790	45,530,269			\$ 8,075,079	\$ 17,876,526	\$ 25,951,605	\$ 42,209,454	\$ 68,161,059
56	Ratio Of Fixed To Variable Revenues						31.12%	68.88%	6.02%		
<u>General Gas Service - Large</u>											
57	Basic Service Charge	G-25(L)	85,510		\$ 153.27		\$ 13,105,786		\$ 13,105,786		\$ 13,105,786
	Commodity Charge per Therm All Usage										
58	Transportation Customers			3,556,829		\$ 0.27629		\$ 982,720	982,720	\$ 2,907,637.00	3,890,357
59	Sales Customers			145,666,025		\$ 0.27629		\$ 40,246,200	40,246,200	135,102,325	175,348,525
60	Total Large General Gas Service		85,510	149,222,854			\$ 13,105,786	\$ 41,228,920	\$ 54,334,706	\$ 138,009,962	\$ 192,344,668
61	Ratio Of Fixed To Variable Revenues						24.12%	75.88%	12.60%		
<u>General Gas Service - Transportation Eligible</u>											
62	Basic Service Charge	G-25(TE)	2,222		\$ 910.02		\$ 2,022,059		\$ 2,022,059		\$ 2,022,059
63	Demand Charge per Month			12,803,712	0.061331			\$ 9,423,139	9,423,139		9,423,139
	Commodity Charge per Therm All Usage										
64	Transportation Customers			32,517,415		\$ 0.09485		\$ 3,084,360	3,084,360	\$ 26,582,336	29,666,696
65	Sales Customers			67,008,985		\$ 0.09485		\$ 6,355,974	6,355,974	62,149,493	68,505,467
66	Total Transportation Eligible General Gas Service		2,222	99,526,400			\$ 2,022,059	\$ 18,863,473	\$ 20,885,532	\$ 88,731,829	\$ 109,617,361
67	Ratio Of Fixed To Variable Revenues						9.68%	90.32%	4.84%		
68	Total General Gas Service		483,327	299,300,277			28,257,439	81,395,259	109,652,698	273,606,779	383,259,477
69	Ratio Of Fixed To Variable Revenues						25.77%	74.23%	25.42%		
<u>Air Conditioning Gas Service</u>											
Basic Service Charge											
70	With Other Service - No BSC	G-40	60		\$ 0.00		\$ -		\$ -		\$ -
71	General Service - Small		198		25.05		4,959		4,959		4,959
72	General Service - Medium		0		41.67		-		-		-
73	General Service - Large		48		153.27		7,357		7,357		7,357
74	Essential Agricultural		12		910.02		10,920		10,920		10,920
	Commodity Charge per Therm All Usage										
75	Transportation Customers			373,987		\$ 0.09093		\$ 34,007	34,007	\$ 305,727	339,734
76	Sales Customers			744,265		\$ 0.09093		\$ 67,677	67,677	690,291	757,968
77	Total Air Conditioning Gas Service		318	1,118,252			23,236	101,684	124,920	996,018	1,120,938
78	Ratio Of Fixed To Variable Revenues						18.60%	81.40%	0.03%		
<u>Street Lighting Gas Service</u>											
Commodity Charge per Therm of Rated Capacity											
79	All Usage	G-45	324	102,289		\$ 0.66957		\$ 68,490	\$ 68,490	\$ 94,871	\$ 163,361
80	Total Street Lighting Gas Service		324	102,289			\$ -	\$ 68,490	\$ 68,490	\$ 94,871	\$ 163,361
81	Ratio Of Fixed To Variable Revenues						0.00%	100.00%	0.02%		

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		PROPOSED SCHEDULE NO.	ADJUSTED BILLING NUMBER OF BILLS	DETERMINANTS SALES (THERMS)	PROPOSED MARGIN BASIC SERVICE CHARGE	COMMODITY CHARGE	MARGIN AT PROPOSED RATES BASIC SERVICE CHARGE	COMMODITY CHARGE	TOTAL MARGIN	GAS COST	TOTAL REVENUE
Gas Service for Compression on Customer's Premises											
		G-55									
	Basic Service Charge										
82	Small		252		\$ 25.05		\$ 6,312		\$ 6,312		\$ 6,312
83	Large		288		239.48		68,970		68,970		68,970
84	Residential		1,272		11.52		14,655		14,655		14,655
	Commodity Charge per Therm All Usage										
85	Transportation Customers			0		\$ 0.16824		\$ -	\$ -	\$ -	\$ -
	Sales Customers										
86	Small			177,495		\$ 0.16824		29,862	29,862	164,623	194,485
87	Large			2,060,152		\$ 0.16824		346,604	346,604	1,910,750	2,257,354
88	Residential			77,361		\$ 0.16824		13,015	13,015	71,751	84,766
89	Total CNG Gas Service		<u>1,812</u>	<u>2,315,008</u>			<u>89,937</u>	<u>389,481</u>	<u>479,418</u>	<u>2,147,124</u>	<u>2,626,542</u>
90	Ratio Of Fixed To Variable Revenues						18.76%	81.24%	0.11%		
Electric Generation Gas Service											
		G-60									
	Basic Service Charge										
91	General Service - Small		36		\$ 25.05		\$ 902		\$ 902		\$ 902
92	General Service - Medium		36		41.67		1,500		1,500		1,500
93	General Service - Large		84		153.27		12,874		12,874		12,874
94	General Service - Transportation Eligible		84		-		0		0		0
95	Essential Agricultural		12		114.95		1,379		1,379		1,379
	Commodity Charge per Therm All Usage										
96	Transportation Customers			0		\$ 0.11842		\$ -	\$ -	\$ -	\$ -
97	Sales Customers			21,521,946		\$ 0.11842		2,548,736	2,548,736	19,961,174	22,509,910
98	Total Electric Generation Gas Service		<u>252</u>	<u>21,521,946</u>			<u>16,655</u>	<u>2,548,736</u>	<u>2,565,391</u>	<u>19,961,174</u>	<u>22,526,565</u>
99	Ratio Of Fixed To Variable Revenues						0.65%	99.35%	0.59%		
Essential Agriculture User Gas Service											
		G-75									
	Basic Service Charge		1,216		\$ 114.95		\$ 139,779		\$ 139,779		\$ 139,779
	Commodity Charge per Therm All Usage										
101	Transportation Customers			6,217,976		\$ 0.22353		1,389,898	1,389,898	5,083,071.00	6,472,969
102	Sales Customers			7,214,684		\$ 0.22353		1,612,692	1,612,692	6,691,475	8,304,167
103	Total Essential Agricultural Gas Service		<u>1,216</u>	<u>13,432,660</u>			<u>139,779</u>	<u>3,002,590</u>	<u>3,142,369</u>	<u>11,774,546</u>	<u>14,916,915</u>
104	Ratio Of Fixed To Variable Revenues						4.45%	95.55%	0.73%		
Natural Gas Engine Gas Service											
		G-80									
	Basic Service Charge										
105	Off-Peak Season (Oct. - March)		2,516		\$ 0.00		\$ -		\$ -		\$ -
106	Peak Season (April - September)		2,589		119.74		310,005		310,005		310,005
	Commodity Charge per Therm All Usage										
107	Transportation Customers			0		\$ 0.17957		\$ -	\$ -	\$ -	\$ -
108	Sales Customers			13,070,981		\$ 0.17957		2,347,162	2,347,162	9,591,355	11,938,517
109	Total Natural Gas Engine Gas Service		<u>5,105</u>	<u>13,070,981</u>			<u>\$ 310,005</u>	<u>\$ 2,347,162</u>	<u>\$ 2,657,167</u>	<u>\$ 9,591,355</u>	<u>\$ 12,248,522</u>
110	Ratio Of Fixed To Variable Revenues						11.67%	88.33%	0.62%		
111	Total Tariff Sales		11,502,504	658,002,715			\$ 153,411,610	\$ 259,824,082	\$ 413,235,692	\$ 604,828,190	\$ 1,018,063,882
112	Optional Gas Service	G-30	84	49,447,344			120,540	3,135,458	3,255,998	40,422,215	43,678,213
113	Special Contract Service	B-1	244	35,660,859			449,274	2,078,755	2,528,029	2,528,029	2,528,029
114	Other Operating Revenues						12,261,805		12,261,805		12,261,805
115	Total		<u>11,502,832</u>	<u>743,110,918</u>			<u>\$ 166,243,229</u>	<u>\$ 265,038,296</u>	<u>\$ 431,281,524</u>	<u>\$ 645,250,405</u>	<u>\$ 1,076,531,930</u>
116	Ratio Of Fixed To Variable Revenues						38.55%	61.45%	100.00%		
117	Total Revenue Requirement							431,281,524	645,249,274	1,076,530,798	
118	Over/(Under)							\$ 1	\$ 1,131	\$ 1,132	

SURREBUTTAL
SINGLE - FAMILY RESIDENTIAL TYPICAL BILL ANALYSIS
COMPARISON OF PRESENT MONTHLY CHARGES TO COMPANY PROPOSED AND RUCO PROPOSED

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
		USAGE THERMS	TOTAL MONTHLY COST PRESENT RATES	TOTAL MONTHLY COST COMPANY PROPOSED	TOTAL MONTHLY COST RUCO PROPOSED	RUCO INCREASE OVER PRESENT CHANGE	PERCENTAGE
<u>Single-Family Residential Gas Service</u>							
<u>Summer (May - October)</u>							
1	50% Average Summer Usage per Month	6	\$ 18.97	\$ 22.15	\$ 20.87	\$ 1.90	10.01%
2	75% Average Summer Usage per Month	9	\$ 23.61	\$ 26.82	\$ 25.55	\$ 1.94	8.21%
3	100% Average Monthly Summer Use	13	\$ 28.25	\$ 31.49	\$ 30.22	\$ 1.98	7.00%
4	125% Average Summer Usage per Month	16	\$ 32.86	\$ 36.17	\$ 34.90	\$ 2.05	6.23%
5	150% Average Summer Usage per Month	19	\$ 37.36	\$ 40.84	\$ 39.58	\$ 2.21	5.92%
<u>Winter (November - April)</u>							
6	50% Average Winter Usage per Month	22	\$ 41.76	\$ 45.11	\$ 43.85	\$ 2.09	5.01%
7	75% Average Winter Usage per Month	33	\$ 57.78	\$ 61.27	\$ 60.01	\$ 2.23	3.86%
8	100% Average Monthly Winter Use	43	\$ 73.47	\$ 77.42	\$ 76.18	\$ 2.71	3.68%
9	125% Average Winter Usage per Month	54	\$ 89.05	\$ 93.58	\$ 92.34	\$ 3.29	3.69%
10	150% Average Winter Usage per Month	65	\$ 104.64	\$ 109.73	\$ 108.50	\$ 3.87	3.70%

RATE SCHEDULES

DESCRIPTION	BASIC SERVICE CHARGE	NON-GAS COSTS	GAS COST	TOTAL GAS COST
PRESENT RATES				
<u>Single-Family Residential Gas Service</u>				
<u>Summer (May - October)</u>				
11	Basic Service Charge per Month	\$ 9.70		
12	Commodity Charge per Therm		\$ 0.93689	\$ 1.47889
13	First 15 Therms	\$ 0.54200	\$ 0.93689	\$ 1.47889
	Over 15 Therms	\$ 0.50100	\$ 0.93689	\$ 1.43789
<u>Winter (November - April)</u>				
14	Basic Service Charge per Month	\$ 9.70		
15	Commodity Charge per Therm		\$ 0.93689	\$ 1.47889
16	First 35 Therms	\$ 0.54200	\$ 0.93689	\$ 1.47889
	Over 35 Therms	\$ 0.50100	\$ 0.93689	\$ 1.43789
COMPANY PROPOSED RATES				
<u>Single-Family Residential Gas Service</u>				
<u>All Year Around And All Usage</u>				
17	Basic Service Charge per Month	\$ 12.80		
18	Non-Weather Sensitive Use - Commodity Charge per Therm	\$ 0.88069	\$ 0.60996	\$ 1.49065
19	Weather Sensitive Use - Commodity Charge per Therm	\$ -	\$ 1.49065	\$ 1.49065
RUCO PROPOSED RATES				
<u>Single-Family Residential Gas Service</u>				
<u>All Year Around And All Usage</u>				
20	Basic Service Charge per Month	\$ 11.52		
21	Commodity Charge per Therm	\$ 0.554547	\$ 0.93689	\$ 1.49144