



MICHAEL J. AHERN Partner (612) 340-2881 FAX (612) 340-2643 ahern.michael@dorsey.com

August 1, 2014

Burl W. Haar Executive Secretary Minnesota Public Utilities Commission Metro Square – Suite 350 212 7th Place East St. Paul, MN 55101-2147

Re: In the Matter of the Petition of Minnesota Energy Resources Corporation for Approval of a Tariff Revision and a New Area Surcharge for the Ely Lake Project

Docket No. G-011/M-14-524

Dear Dr. Haar:

Enclosed for filing, please find a revised calculation of Minnesota Energy Resources Corporation's (MERC) proposed New Area Surcharge (NAS) for the Ely Lake Project in Revised Exhibit C and updated Exhibits A (clean and redline tariffs) and D (proposed customer notice) reflecting the revised proposed New Area Surcharge for the Ely Lake Project.

MERC is submitting a revised NAS model to reflect interim distribution and customer charges and incorporate discussions with Commission staff regarding the independence of the NAS model from MERC's general extension Contribution in Aid of Construction (CIAC) model. As a result of these changes, the CIAC is now \$702,850 and the NAS is \$33.50 for all rate classes. Although no customers are expected to take interruptible or transport service, a surcharge is proposed for these classes to comply with the Commission's requirements and to prevent a duplicate filing in the event customers request these services in the future.

Ely La	ke Project
Residential	\$33.50
Small Commercial	\$33.50
Large Commercial	\$33.50
Small Volume Interruptible	\$33.50
Large Volume Interruptible	\$33.50
Small Volume Joint	\$33.50
Large Volume Joint	\$33.50
Small Volume Transport	\$33.50
Large Volume Transport	\$33.50



August 1, 2014 Page 2

Please contact me at 612-340-2881 if you have any questions regarding this matter.

Sincerely yours,

/s/ Michael J. Ahern

Michael J. Ahern

Enclosures

cc: Service List

Revised Exhibit A

Clean and Redline Proposed Tariff Sheet Nos. 9.14-9.17

Clean Tariff Sheets

3. NEW AREA SURCHARGE RIDER

Availability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes. The new area surcharge calculation includes the full life of plant additions.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

The Net Present Value (NPV) of the yearly revenue deficiencies or excesses will be calculated using a discount rate equal to the overall rate of return authorized in the most recent general rate proceeding. Projected customer CIAC surcharge revenues are then introduced into the model and the resultant NPV calculation is made to decide if the project is self supporting. A total NPV of approximately zero (\$0) will show a project is self supporting.

The model will be run each year after the initial construction phase of a project wherein actual amounts for certain variables will be substituted for projected values to track recovery of expansion costs and the potential to end the customer surcharge before the full term. The variables, which will be updated in the model, each year will be:

- 1. The actual capital costs and projected remaining capital costs for the project,
- 2. Number of customers used to calculate the surcharge revenue and the retail margin revenue, and
- 3. The actual surcharge and retail revenue received to date and the projected surcharge and retail revenue for the remaining term of the surcharge.

Issued By: Jim Schott President, Regulatory Services Submittal Date: July 31, 2014

3. <u>NEW AREA SURCHARGE RIDER</u> (Continued)

Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed thirty (30) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of thirty (30) years, whichever occurs first.

Revenue Requirements Model

Definitions:

All terms describe contents and general operation of the Revenue Requirements Model used to determine a New Area Surcharge Rider for a project.

Column/Description

- 1) Time Period: Twelve (12) month calendar interval, which is one year of the project life. The year in which the project is constructed is designated as year 0.
- 2) Year.
- 3) Gross Plant Investment: Cumulative plant in service at the end of the year reduced by the net present value of surcharge revenues in year 0. The discount rate used for this present value calculation is the cost of long-term debt from the Company's most recent rate case. Plant in service shall be all capitalized costs incurred to provide or capable of providing utility service to the consuming public. Capitalized costs will include items such as pipeline interconnects, pressure regulating facilities, measurement and instrumentation, lateral delivery lines, distribution mains, mapping, customer service lines, meters and regulators.
- 4) Accumulated Depreciation Reserve: Book depreciation for the current year plus all previous years.
- 5) Net Plant In Service: The difference between Gross Plant Investment (Column 3) and Accumulated Depreciation Reserve (Column 4).
- 6) Average Net Plant: Average of Column 5.
- 7) Average Accumulated Deferred Income Taxes: The average of the beginning and the end of the year accumulated deferred income tax. Accumulated deferred income tax (ADIT) consists of two components: accumulated deferred income taxes on depreciation and accumulated deferred income taxes on contribution in aid of construction. At the end of the service life of the plant installed the balance of ADIT will be zero.

Issued By: Jim Schott

Vice President, Regulatory Services

Submittal Date: July 31, 2014

3. NEW AREA SURCHARGE RIDER (Continued)

- 8) Average Rate Base: Total of Average Net Plant (Column 6) plus Average Accumulated Deferred Income Taxes (Column 7).
- 9) Allowed Return: Derived from the Company's most recent general rate proceeding:

Equity Ratio	X	Return on Equity	X	(1+Tax Rate)	=	Weighted Cost
Long Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
Short Term Debt Ratio	X	Debt Cost	X		=	Weighted Cost
						Allowed Rate of Return

The Allowed Rate of Return multiplied by the Average Rate Base (Column 8) equals the Allowed Return.

- 10) Book Depreciation: The straight line cost recovery of the life of the assets for Gross Plant Investment defined in Column (3). The depreciation factor used is based on a weighted average of depreciation rates used in Company's most recent general rate proceeding.
- 11) O & M Expense: In any year shall be based on average incremental cost per customer. The cost per customer will include provisions for incremental distribution and customer accounting expenses. The calculation is average customers multiplied by incremental cost per customer.
- 12) Property Tax: In any year shall be a factor of the gross plant investment (after contribution-in-aid-of construction). The factor is based on historical experiences of actual taxes paid as a percentage of gross plant.
- 13) Total Revenue Requirement: Total of Allowed Return (Column 9), Book Depreciation (Column 10), O & M Expenses (Column 11), and Property Tax (Column 12).
- 14) Retail Revenue: This amount represents the retail revenue generated by multiplying the various retail billing rates (basic charge and delivery charge) approved in the Company's most recent general rate case proceeding by the expected average annual number of customers connected to the project each year.

Issued By: Jim Schott President, Regulatory Services Submittal Date: July 31, 2014

3. <u>NEW AREA SURCHARGE RIDER</u> (Continued)

- 15) Revenue Excess or (Deficiency): Revenue excess or deficiency is the difference between the Total Revenue Requirement (Column 13) and the amount of Retail Revenue (Column 14). Excess occurs when the Total Revenue Requirement in a given year is less than the total Retail Revenue generated. Deficiency occurs when the Total Revenue Requirement in a given year is more than the total Retail Revenue generated.
- 16) Present Value of Cash Flows: The cash flows that produce either revenue excesses or deficiencies (Column 15) are discounted to a present value using a discount rate equal to the overall rate of return established in the most recent general rate proceeding.

If the sum of the present value calculations over the life of the project is zero, or as close to zero as possible, the model demonstrates that the project is "self supporting". That is, the customer CIAC surcharge is the proper amount of customer contributed capital necessary to support the project at the projected (or actual) level of retail revenues.

Surcharge Rider Rates:

A surcharge as designated will be included in the monthly bills of the following Minnesota geographical areas:

F	Ely Lake Project
Residential	\$33.50
Small Commercial	\$33.50
Large Commercial	\$33.50
Small Volume Interruptible	\$33.50
Large Volume Interruptible	\$33.50
Small Volume Joint	\$33.50
Large Volume Joint	\$33.50
Small Volume Transport	\$33.50
Large Volume Transport	\$33.50

Issued By: Jim Schott

Vice President, Regulatory Services

Submittal Date: July 31, 2014

Redline Tariff Sheets

3. <u>NEW AREA SURCHARGE RIDER</u>

Availability:

Service under this rate schedule is available only to geographical areas that have not previously been served by the Company. This rate schedule will enable natural gas service to be extended to areas where the cost would otherwise have been prohibitive under the Company's present rate and service extension policy. Nothing in this rate schedule shall obligate the Company to extend natural gas service to any area. Rather, the New Area Surcharge will be used and implemented at the Company's discretion.

Applicability and Character of Service:

All customers on this rate shall receive service according to the terms and conditions of one of the Company's gas tariff services.

Rate:

As authorized by the MPUC, the total billing rate for any customer class will be the approved rate for that customer class plus a fixed monthly new area surcharge. All customers in the same rate class will be billed the same surcharge. The net present value of the new area surcharge will be treated as a Contribution-in-Aid-of-Construction for accounting and ratemaking purposes. The new area surcharge calculation includes the full life of plant additions.

Method:

A standard model will be used that is designated to calculate the total revenue requirement for each year of the average service life of the plant installed. The model will compare the total revenue requirements for each year with the retail revenues generated from customers served (actual and/or expected) by the project to determine if a revenue deficiency or revenue excess exists.

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Issued By: Jim Schott *Effective Date: Upon Commission Approval December 1, 2012

Vice President, Regulatory Services Proposed Effective Date: Upon Commission Approval December 1, 2012

^{*}Effective with bills issued on and after this date.

3. <u>NEW AREA SURCHARGE RIDER</u> (Continued)

Term:

The term of service under this rate schedule shall vary from area to area depending on the service extension project. However, under no circumstances shall the surcharge applicable to any project remain in effect for a term to exceed thirty fifteen (3015) years. The Company assumes the risk for under recovery of expansion costs, if any, which may remain at the end of the maximum surcharge term.

Expiration:

The surcharge for all customers in an area subject to the New Area Surcharge Rider shall end on the date specified for the project tariff, on the date the approved revenue deficiency is retired, or at the end of thirtyfifteen (3015) years, whichever occurs first.

Revenue Requirements Model

Definitions:

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Column/Description

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Issued By: Jim Schott *Effective Date:- Upon Commission Approval December 1, 2012

Vice President, Regulatory Services Proposed Effective Date: Upon Commission Approval December 1, 2012

Sublitual Date. July 51, 2014

3. <u>NEW AREA SURCHARGE RIDER</u> (Continued)

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Large Volume Joint	\$33.50					
Small Volume Transport	\$33.50					
Large Volume Transport	\$33.50					

Issued By: Jim Schott *Effective Date: Upon Commission Approval December 1, 2012

Vice President, Regulatory Services Proposed Effective Date: Upon Commission Approval December 1, 2012

^{*}Effective with bills issued on and after this date.

Revised Exhibit C

Proposed Surcharge Workpapers and Assumptions

Minnesota Energy Resources New Area Surcharge Analysis ELY LAKE EXPANSION

			Net Plan	nt		ADI	T	Traditional Re	veune Require	ements					
Time Period	Year	Gross Plant Investment	Accumulated Deprecreciation Reserve	Net Plant In Service	Average Net Plant	Average ADIT	Average Rate Base	Allowed Return	Book Deprec.	O&M Expense	Property Tax	Total Rev. Requir.	Retail Revenue	Revenue Excess (Deficy.)	PV of Cash Flows
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
0		87,049	1,845	85,204	42,602	139,866	182,468	17,986	1,845	4,500	3,047	27,378	15,450	(11,928)	(11,928)
1		132,149	4,647	127,502	106,353	268,144	374,497	36,914	2,802	9,000	4,625	53,341	30,900	(22,440)	(20,811)
2		168,229	8,213	160,016	143,759	245,410	389,168	38,360	3,566	12,600	5,888	60,415	43,260	(17,154)	(14,754)
3		177,249	11,971	165,278	162,647	223,696	386,342	38,082	3,758	13,500	6,204	61,543	46,350	(15,192)	(12,118)
4		181,759	15,824	165,935	165,606	203,328	368,934	36,366	3,853	13,950	6,362	60,530	47,895	(12,635)	(9,347)
5		195,289	19,965	175,324	170,630	184,440	355,069	34,999	4,140	15,300	6,835	61,274	52,531	(8,744)	(5,999)
6		195,289	24,105	171,184	173,254	166,907	340,162	33,530	4,140	15,300	6,835	59,805	52,531	(7,274)	(4,628)
7		195,289	28,245	167,044	169,114	150,713	319,827	31,525	4,140	15,300	6,835	57,800	52,531	(5,270)	(3,110)
8		195,289	32,385	162,904	164,974	135,404	300,379	29,608	4,140	15,300	6,835	55,883	52,531	(3,353)	(1,835)
9 10		195,289 195,289	36,525 40,665	158,764 154,624	160,834 156,694	120,343 105,367	281,177 262,060	27,715	4,140 4,140	15,300 15,300	6,835 6,835	53,991 52,106	52,531 52,531	(1,460) 424	(741) 200
11		195,289	44,805	150,484	152,554	90,433	242,986	25,831 23,951	4,140	15,300	6,835	50,226	52,531	2,304	1,006
12		195,289	48,945	146,344	148,414	75,525	223,939	22,074	4,140	15,300	6,835	48,349	52,531	4,182	1,693
13		195,289	53,086	142,203	144,274	60,630	204,904	20,197	4,140	15,300	6,835	46,472	52,531	6,058	2,274
14		195,289	57,226	138,063	140,133	45,737	185,871	18,321	4,140	15,300	6,835	44,596	52,531	7,934	2,762
15		195,289	61,366	133,923	135,993	30,844	166,837	16,445	4,140	15,300	6,835	42,720	52,531	9,810	3,168
16		195,289	65,506	129,783	131,853	15,951	147,804	14,569	4,140	15,300	6,835	40,844	52,531	11,686	3,499
17		195,289	69,646	125,643	127,713	1,058	128,771	12,693	4,140	15,300	6,835	38,968	52,531	13,562	3,766
18		195,289	73,786	121,503	123,573	(13,835)	109,738	10,817	4,140	15,300	6,835	37,092	52,531	15,438	3,976
19		195,289	77,926	117,363	119,433	(28,728)	90,704	8,941	4,140	15,300	6,835	35,216	52,531	17,315	4,136
20		195,289	82,066	113,223	115,293	(39,969)	75,324	7,425	4,140	15,300	6,835	33,700	52,531	18,831	4,171
21		195,289	86,207	109,082	111,152	(43,698)	67,454	6,649	4,140	15,300	6,835	32,924	52,531	19,606	4,028
22		195,289	90,347	104,942	107,012	(43,192)	63,821	6,291	4,140	15,300	6,835	32,566	52,531	19,965	3,804
23		195,289 195,289	94,487 98,627	100,802 96,662	102,872	(42,101)	60,771	5,990	4,140	15,300	6,835	32,265	52,531 52,531	20,265	3,581
24 25		195,289	102,767	90,662	98,732 94,592	(40,740) (39,232)	57,993 55,360	5,716 5,457	4,140 4,140	15,300 15,300	6,835 6,835	31,992 31,732	52,531	20,539 20,798	3,366 3,161
26		195,289	102,767	88,382	90,452	(37,578)	52,873	5,212	4,140	15,300	6,835	31,487	52,531	20,796	2,966
27		195,289	111,047	84,242	86,312	(35,862)	50,449	4,973	4,140	15,300	6,835	31,248	52,531	21,283	2,782
28		195,289	115,187	80,102	82,172	(34,146)	48,025	4,734	4,140	15,300	6,835	31,009	52,531	21,521	2,609
29		195,289	119,328	75,961	78,031	(32,430)	45,601	4,495	4,140	15,300	6,835	30,770	52,531	21,760	2,446
30		195,289	123,468	71.821	73,891	(30,714)	43,177	4,256	4,140	15,300	6.835	30,531	52,531	21,999	2.294
31		195,289	127,608	67,681	69,751	(28,998)	40,753	4,017	4,140	15,300	6,835	30,292	52,531	22,238	2,150
32		195,289	131,748	63,541	65,611	(27,282)	38,329	3,778	4,140	15,300	6,835	30,053	52,531	22,477	2,016
33		195,289	135,888	59,401	61,471	(25,566)	35,905	3,539	4,140	15,300	6,835	29,814	52,531	22,716	1,889
34		195,289	140,028	55,261	57,331	(23,850)	33,481	3,300	4,140	15,300	6,835	29,575	52,531	22,955	1,770
35		195,289	144,168	51,121	53,191	(22,134)	31,057	3,061	4,140	15,300	6,835	29,337	52,531	23,194	1,659
36		195,289	148,308	46,981	49,051	(20,418)	28,633	2,822	4,140	15,300	6,835	29,098	52,531	23,433	1,554
37		195,289	152,449	42,840	44,910	(18,702)	26,209	2,583	4,140	15,300	6,835	28,859	52,531	23,672	1,456
38 39		195,289	156,589	38,700	40,770	(16,985)	23,785	2,344	4,140	15,300	6,835 6,835	28,620	52,531	23,911	1,364 1,278
40		195,289 195,289	160,729 164,869	34,560 30,420	36,630 32,490	(15,269)	21,361 18,937	2,106 1,867	4,140 4,140	15,300 15,300	6,835	28,381 28,142	52,531 52,531	24,150 24,389	1,278
41		195,289	169,009	26,280	28,350	(13,553) (11,837)	16,513	1,628	4,140	15,300	6,835	27,903	52,531	24,369	1,197
42		195,289	173,149	22,140	24,210	(10,121)	14,089	1,389	4,140	15,300	6,835	27,664	52,531	24,867	1,049
43		195,289	177,289	18,000	20,070	(8,405)	11,665	1,150	4,140	15,300	6,835	27,425	52,531	25,105	983
44		195,289	181,429	13,860	15,930	(6,689)	9,241	911	4,140	15,300	6,835	27,186	52,531	25,344	920
45		195,289	185,570	9,719	11,789	(4,973)	6,817	672	4,140	15,300	6,835	26,947	52,531	25,583	861
46		195,289	189,710	5,579	7,649	(3,257)	4,393	433	4,140	15,300	6,835	26,708	52,531	25,822	806
47		195,289	193,850	1,439	3,509	(1,541)	1,968	194	4,140	15,300	6,835	26,469	52,531	26,061	755
48		195,289	195,497	(208)	616	(341)	274	27	1,647	15,300	6,835	23,809	52,531	28,721	771
								595,940	195,497	726,750	326,870	1,845,057	2,495,199	650,142	17
Reference		Page E-2	Page E-2	Page E-2	Page E-2	Page E-2	Calculation	Page E-10	Page E-2	Page E-9 x Rate per Customer	Page E-2	Calculation	Page E-9	Calculation	Calculation

Total Gross Plant Investment Total CIAC Total Net Investment 898,139 Deprec. Tax (702,850) 195,289 Deprec. Book

\$1,404,345.96

Book Depreciaton Rate 2.1200% Tax Rate 41.45%

				Net Plant				ADIT	Property				ADIT - S	urcharge Re	wonues		Total ADIT	
				Netriant				ADIT	гторену			Annual	ADIT - 0	urcharge ixe	venues		ADII	
												Surcharge						Property
		Gross Plant	Depreciation	Accum. Res.	Net Plant	Avg Net Plant	Tax Rates Tax Deprec.	Cum Tax Deprec.	Book-Tax Deprec.	Acc. Def. Tax	Ava. ADIT	Revenue	CIAC	Tax	Cum Tax	Ava ADIT		Taxes
0	2014	87.049	1.845	1.845	85,204	42.602	29.621	29.621	(27,776)	(11,513)	(5,757)	20,100	702,850	291,245	291,245	145,623	139.866	3,047
1	2015	132,149	2,802	4,647	127,502	106,353	58,714	88,335	(83,688)	(34,689)	(23,101)	40,200			291,245	291,245	268,144	4,625
2	2016	168,229	3,566	8,213	160,016	143,759	57,350	145,686	(137,472)	(56,982)	(45,835)	56,280			291,245	291,245	245,410	5,888
3	2017	177,249	3,758	11,971	165,278	162,647	54,746	200,432	(188,461)	(78,117)	(67,550)	60,300			291,245	291,245	223,696	6,204
4	2018	181,759	3,853	15,824	165,935	165,606	51,142	251,574	(235,750)	(97,718)	(87,918)	62,310			291,245	291,245	203,328	6,362
5	2019	195,289	4,140	19,965	175,324	170,630	47,987	299,561	(279,596)	(115,893)	(106,805)	68,340			291,245	291,245	184,440	6,835
6	2020	195,289	4,140	24.105	171,184	173,254	44,890	344,451	(320,346)	(132,783)	(124,338)	68,340			291,245	291,245	166,907	6,835
7	2021	195,289	4,140	28,245	167,044	169,114	41,528	385,978	(357,734)	(148,281)	(140,532)	68,340			291,245	291,245	150,713	6,835
8	2022	195,289	4,140	32,385	162,904	164,974	40,618	426,597	(394,212)	(163,401)	(155,841)	68,340			291,245	291,245	135,404	6,835
9	2023	195,289	4,140	36,525	158,764	160,834	40,334	466,930	(430,405)	(178,403)	(170,902)	68,340			291,245	291,245	120,343	6,835
10	2024	195,289	4.140	40.665	154,624	156.694	40,210	507,141	(466,476)	(193,354)	(185,879)	68.340			291,245	291,245	105,367	6.835
11	2025	195,289	4,140	44,805	150,484	152,554	40,127	547,268	(502,463)	(208,271)	(200,812)	68,340			291,245	291,245	90,433	6,835
12	2026	195,289	4,140	48,945	146,344	148,414	40,083	587,350	(538,405)	(223,169)	(215,720)	68,340			291,245	291,245	75,525	6,835
13	2027	195,289	4,140	53,086	142,203	144,274	40,067	627,417	(574,332)	(238,060)	(230,615)	68,340			291,245	291,245	60,630	6,835
14	2028	195,289	4,140	57,226	138,063	140,133	40,074	667,491	(610,266)	(252,955)	(245,508)	68,340			291,245	291,245	45,737	6,835
15	2029	195,289	4,140	61,366	133,923	135,993	40,067	707,558	(646,192)	(267,847)	(260,401)	68,340			291,245	291,245	30,844	6,835
16	2030	195,289	4,140	65,506	129,783	131,853	40,074	747,632	(682,126)	(282,741)	(275,294)	68,340			291,245	291,245	15,951	6,835
17	2031	195,289	4,140	69,646	125,643	127,713	40,067	787,699	(718,053)	(297,633)	(290,187)	68,340			291,245	291,245	1,058	6,835
18	2032	195,289	4,140	73,786	121,503	123,573	40,074	827,773	(753,987)	(312,528)	(305,080)	68,340			291,245	291,245	(13,835)	6,835
19	2033	195,289	4,140	77,926	117,363	119,433	40,067	867,840	(789,914)	(327,419)	(319,973)	68,340			291,245	291,245	(28,728)	6,835
20	2034	195,289	4,140	82,066	113,223	115,293	22,452	890,292	(808,225)	(335,009)	(331,214)	-			291,245	291,245	(39,969)	6,835
21	2035	195,289	4,140	86,207	109,082	111,152	3,823	894,115	(807,908)	(334,878)	(334,944)	-			291,245	291,245	(43,698)	6,835
22	2036	195,289	4,140	90,347	104,942	107,012	2,012	896,127	(805,780)	(333,996)	(334,437)	-			291,245	291,245	(43,192)	6,835
23	2037	195,289	4,140	94,487	100,802	102,872	1,006	897,133	(802,646)	(332,697)	(333,346)	-			291,245	291,245	(42,101)	6,835
24	2038	195,289	4,140	98,627	96,662	98,732	704	897,837	(799,210)	(331,273)	(331,985)	-			291,245	291,245	(40,740)	6,835
25	2039	195,289	4,140	102,767	92,522	94,592	302	898,139	(795,372)	(329,682)	(330,477)	-			291,245	291,245	(39,232)	6,835
26	2040	195,289	4,140	106,907	88,382	90,452	-	898,139	(791,232)	(327,966)	(328,824)	-			291,245	291,245	(37,578)	6,835
27	2041	195,289	4,140	111,047	84,242	86,312	-	898,139	(787,092)	(326,249)	(327,108)	-			291,245	291,245	(35,862)	6,835
28	2042	195,289	4,140	115,187	80,102	82,172	-	898,139	(782,952)	(324,533)	(325,391)	-			291,245	291,245	(34,146)	6,835
29	2043	195,289	4,140	119,328	75,961	78,031	-	898,139	(778,811)	(322,817)	(323,675)	-			291,245	291,245	(32,430)	6,835
30	2044	195,289	4,140	123,468	71,821	73,891	-	898,139	(774,671)	(321,101)	(321,959)	-			291,245	291,245	(30,714)	6,835
31	2045	195,289	4,140	127,608	67,681	69,751	-	898,139	(770,531)	(319,385)	(320,243)	-			291,245	291,245	(28,998)	6,835
32	2046	195,289	4,140	131,748	63,541	65,611	-	898,139	(766,391)	(317,669)	(318,527)	-			291,245	291,245	(27,282)	6,835
33	2047	195,289	4,140	135,888	59,401	61,471	-	898,139	(762,251)	(315,953)	(316,811)	-			291,245	291,245	(25,566)	6,835
34	2048	195,289	4,140	140,028	55,261	57,331	-	898,139	(758,111)	(314,237)	(315,095)	-			291,245	291,245	(23,850)	6,835
35	2049	195,289	4,140	144,168	51,121	53,191	-	898,139	(753,971)	(312,521)	(313,379)	-			291,245	291,245	(22,134)	6,835
36	2050	195,289	4,140	148,308	46,981	49,051	-	898,139	(749,831)	(310,805)	(311,663)	-			291,245	291,245	(20,418)	6,835
37	2051	195,289	4,140	152,449	42,840	44,910	-	898,139	(745,690)	(309,089)	(309,947)	-			291,245	291,245	(18,702)	6,835
38	2052	195,289	4,140	156,589	38,700	40,770	-	898,139	(741,550)	(307,373)	(308,231)	-			291,245	291,245	(16,985)	6,835
39	2053	195,289	4,140	160,729	34,560	36,630	-	898,139	(737,410)	(305,657)	(306,515)	-			291,245	291,245	(15,269)	6,835
40	2054	195,289	4,140	164,869	30,420	32,490	-	898,139	(733,270)	(303,940)	(304,798)	-			291,245	291,245	(13,553)	6,835
41	2055	195,289	4,140	169,009	26,280	28,350	-	898,139	(729,130)	(302,224)	(303,082)	-			291,245	291,245	(11,837)	6,835
42	2056	195,289	4,140	173,149	22,140	24,210	-	898,139	(724,990)	(300,508)	(301,366)	-			291,245	291,245	(10,121)	6,835
43	2057	195,289	4,140	177,289	18,000	20,070	-	898,139	(720,850)	(298,792)	(299,650)	-			291,245	291,245	(8,405)	6,835
44	2058	195,289	4,140	181,429	13,860	15,930	-	898,139	(716,710)	(297,076)	(297,934)	-			291,245	291,245	(6,689)	6,835
45	2059	195,289	4,140	185,570	9,719	11,789	-	898,139	(712,569)	(295,360)	(296,218)	-			291,245	291,245	(4,973)	6,835
46	2060	195,289	4,140	189,710	5,579	7,649		898,139	(708,429)	(293,644)	(294,502)	-			291,245	291,245	(3,257)	6,835
47	2061	195,289	4,140	193,850	1,439	3,509	-	898,139	(704,289)	(291,928)	(292,786)	-			291,245	291,245	(1,541)	6,835
48	2062	195,289	1,647	195,497	(208)	616	-	898,139	(702,642)	(291,245)	(291,587)	-			291,245	291,245	(341)	6,835
			195,497				898,139					1,264,290 (702,850)		arge Reveni	ne			

789,899 (702,850) 87,049 Yr. 1 Gross Plant Investment CIAC

Depreciable Book Basis

Book Depreciation Rate 2.1200%

Depreciable Tax Basis 789,899

Tax Rate 41.45%

Property Tax Rate 3.50% / Gross Plant

First Year of Analysis 2014

				Net Plant				ΑI	DIT - Property
		Gross			Net	Avg	Tax	Tax	Cum. Tax
	Year	Plant	Depreciation	Acum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.
0	2014	87,049					3.750%	29,621	29,621
1	2015	87,049					7.219%	57,023	86,644
2	2016	87,049					6.677%	52,742	139,386
3	2017	87,049					6.177%	48,792	188,178
4	2018	87,049					5.713%	45,127	233,305
5	2019	87,049					5.285%	41,746	275,051
6	2020	87,049					4.888%	38,610	313,661
7	2021	87,049					4.522%	35,719	349,380
8	2022	87,049					4.462%	35,245	384,626
9	2023	87,049					4.461%	35,237	419,863
10	2024	87,049					4.462%	35,245	455,108
11	2025	87,049					4.461%	35,237	490,346
12	2026	87,049					4.462%	35,245	525,591
13	2027	87,049					4.461%	35,237	560,828
14	2028	87,049					4.462%	35,245	596,074
15	2029	87,049					4.461%	35,237	631,311
16	2030	87,049					4.462%	35,245	666,556
17	2031	87,049					4.461%	35,237	701,794
18	2032	87,049					4.462%	35,245	737,039
19	2033	87,049					4.461%	35,237	772,276
20	2034	87,049					2.231%	17,623	789,899
21	2035	87,049					2.20170	-	789,899
22	2036	87,049						-	789,899
23	2037	87,049						-	789,899
24	2038	87,049							789,899
25	2039	87,049						-	789,899
26	2039	87,049						-	789,899
27	2040	87,049						-	789,899
28	2041	87,049						-	789,899
29								-	
	2043	87,049						-	789,899
30	2044	87,049						-	789,899
31	2045	87,049						-	789,899
32	2046	87,049						-	789,899
33	2047	87,049						-	789,899
34	2048	87,049						-	789,899
35	2049	87,049						-	789,899
36	2050	87,049						-	789,899
37	2051	87,049						-	789,899
38	2052	87,049						-	789,899
39	2053	87,049						-	789,899
40	2054	87,049						-	789,899
41	2055	87,049						-	789,899
42	2056	87,049						-	789,899
43	2057	87,049						-	789,899
44	2058	87,049						-	789,899
45	2059	87,049						-	789,899
46	2060	87,049						-	789,899
47	2061	87,049						-	789,899
48	2062	87,049						-	789,899
							100.000%	789,899	

Yr 2 Gross Plant Investment Yr 2 Surcharge Yr 2 Net Investment

45,100 Deprec Tax

45,100 Deprec. Book

Book Depreciation Rate

2.120% 41.45%

Tax Rate

				Net Plant					ADIT - Prop
	_	Gross			Net	Avg	Tax	Tax	Cum Tax
	Year	Plant	Depreciation	Accum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.
	2011								
0	2014	45 400					0.7500/	4 004	4 004
1	2015	45,100					3.750%	1,691	1,691
2	2016	45,100					7.219%	3,256	4,947
3	2017	45,100					6.677%	3,011	7,958
4	2018	45,100					6.177%	2,786	10,744
5	2019	45,100					5.713%	2,577	13,321
6	2020	45,100					5.285%	2,384	15,704
7	2021	45,100					4.888%	2,204	17,909
8	2022	45,100					4.522%	2,039	19,948
9	2023	45,100					4.462%	2,012	21,961
10	2024	45,100					4.461%	2,012	23,972
11	2025	45,100					4.462%	2,012	25,985
12	2026	45,100					4.461%	2,012	27,997
13	2027	45,100					4.462%	2,012	30,009
14	2028	45,100					4.461%	2,012	32,021
15	2029	45,100					4.462%	2,012	34,033
16	2030	45,100					4.461%	2,012	36,045
17	2031	45,100					4.462%	2,012	38,058
18	2032	45,100					4.461%	2,012	40,070
19	2033	45,100					4.462%	2,012	42,082
20	2034	45,100					4.461%	2,012	44,094
21	2035	45,100					2.231%	1,006	45,100
22	2036	45,100						-	45,100
23	2037	45,100						-	45,100
24	2038	45,100						-	45,100
25	2039	45,100						-	45,100
26	2040	45,100						_	45,100
27	2041	45,100						_	45,100
28	2042	45,100							45,100
29	2043	45,100						_	45,100
30	2044	45,100							45,100
31	2045	45,100							45,100
32	2046	45,100						_	45,100
33	2047	45,100						-	45,100
34	2047	45,100						-	45,100
35	2049	45,100						-	
35 36	2049							-	45,100 45,100
		45,100						-	
37	2051	45,100						-	45,100
38	2052	45,100						-	45,100
39	2053	45,100						-	45,100
40	2054	45,100						-	45,100
41	2055	45,100						-	45,100
42	2056	45,100						-	45,100
43	2057	45,100						-	45,100
44	2058	45,100						-	45,100
45	2059	45,100						-	45,100
46	2060	45,100						-	45,100
47	2061	45,100						-	45,100
48	2062	45,100						-	45,100
							100.000%	45,100	

Yr. 3 Gross Plant Investment Yr 3 Surcharge Yr 3 Net Investment

36,080 Deprec Tax

36,080 Deprec. Book

Book Depreciation Rate 2.120% Tax Rate 41.45%

	_			Net Plant					ADIT - Prop
		Gross			Net	Avg	Tax	Tax	Cum Tax
	Year	Plant	Depreciation	Accum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.
0	2014								
1	2015								
2	2016	36,080					3.750%	1,353	1,353
3	2017	36,080					7.219%	2,605	3,958
4	2018	36,080					6.677%	2,409	6,367
5	2019	36,080					6.177%	2,229	8,595
6	2020	36,080					5.713%	2,061	10,657
7	2021	36,080					5.285%	1,907	12,563
8	2022	36,080					4.888%	1,764	14,327
9	2023	36,080					4.522%	1,632	15,959
10	2024	36,080					4.462%	1,610	17,568
11	2025	36,080					4.461%	1,610	19,178
12	2026	36,080					4.462%	1,610	20,788
13	2027	36,080					4.461%	1,610	22,397
14	2028	36,080					4.462%	1,610	24,007
15	2029	36,080					4.461%	1,610	25,617
16	2030	36,080					4.462%	1,610	27,227
17	2031	36,080					4.461%	1,610	28,836
18	2032	36,080					4.462%	1,610	30,446
19	2033	36,080					4.461%	1,610	32,056
20	2034	36,080					4.462%	1,610	33,666
21	2035	36,080					4.461%	1,610	35,275
22	2036	36,080					2.231%	805	36,080
23	2037	36,080					2.23170	-	36,080
24	2038	36,080						_	36,080
25	2039	36,080							36,080
26	2040	36,080						-	36,080
27	2041	36,080							36,080
28	2042	36,080							36,080
29	2042	36,080							36,080
30	2044	36,080						-	36,080
31	2045	36,080							36,080
32	2046	36,080						-	36,080
33	2047	36,080							36,080
34	2048	36,080						-	36,080
35	2049	36,080						-	36,080
36	2050	36,080						-	36,080
37	2050	36,080						-	36,080
38	2052	36,080						-	36,080
39	2053	36,080						-	36,080
40	2053	36,080						-	36,080
41	2054	36,080						-	36,080
42	2056	36,080						-	36,080
42	2056	36,080							36,080
43 44	2057	36,080						-	
44 45	2058							-	36,080 36,080
		36,080						-	
46 47	2060	36,080						-	36,080
	2061	36,080						-	36,080
48	2062	36,080					100.0009/	26.090	36,080
							100.000%	36,080	

Yr. 4 Gross Plant Investment Yr 4 Surcharge Yr 4 Net Investment

9,020 Deprec. Tax

9,020 Deprec. Book

Book Depreciation Rate

2.120%

Tax Rate

41.45%

				Net Plant					ADIT - Prop
		Gross			Net	Avg	Tax	Tax	Cum Tax
	Year	Plant	Depreciation	Accum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.
0	2014								
1	2015								
2	2016								
3	2017	9,020					3.750%	338	338
4	2018	9,020					7.219%	651	989
5	2019	9,020					6.677%	602	1,592
6	2019	9,020					6.177%	557	2,149
7									
8	2021 2022	9,020 9,020					5.713% 5.285%	515 477	2,664 3,141
9									
	2023	9,020					4.888%	441	3,582
10	2024	9,020					4.522%	408	3,990
11	2025	9,020					4.462%	402	4,392
12	2026	9,020					4.461%	402	4,794
13	2027	9,020					4.462%	402	5,197
14	2028	9,020					4.461%	402	5,599
15	2029	9,020					4.462%	402	6,002
16	2030	9,020					4.461%	402	6,404
17	2031	9,020					4.462%	402	6,807
18	2032	9,020					4.461%	402	7,209
19	2033	9,020					4.462%	402	7,612
20	2034	9,020					4.461%	402	8,014
21	2035	9,020					4.462%	402	8,416
22	2036	9,020					4.461%	402	8,819
23	2037	9,020					2.231%	201	9,020
24	2038	9,020						-	9,020
25	2039	9,020						-	9,020
26	2040	9,020						-	9,020
27	2041	9,020						-	9,020
28	2042	9,020						-	9,020
29	2043	9,020						-	9,020
30	2044	9,020						-	9,020
31	2045	9,020						-	9,020
32	2046	9,020						-	9,020
33	2047	9,020						-	9,020
34	2048	9,020						_	9,020
35	2049	9,020						_	9,020
36	2050	9,020						_	9,020
37	2051	9,020							9,020
38	2052	9,020						_	9,020
39	2053	9,020						_	9,020
40	2054	9,020							9,020
41	2054	9,020							9,020
42	2056	9,020							9,020
42	2056	9,020							9,020
43								-	
	2058	9,020						-	9,020
45	2059	9,020						-	9,020
46	2060	9,020						-	9,020
47	2061	9,020						-	9,020
48	2062	9,020					100 00551	-	9,020
							100.000%	9,020	

4,510

Yr. 5 Gross Plant Investment Yr 5 Surcharge Yr 5 Net Investment 4,510 Deprec. Book

Book Depreciation Rate 2.1200% Tax Rate 41.45%

	_			Net Plant					ADIT - Prop
		Gross			Net	Avg	Tax	Tax	Cum Tax
	Year	Plant	Depreciation	Accum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.
0	2014								
1	2015								
2	2016								
3	2017								
4	2018	4,510					3.750%	169	169
5	2019	4,510					7.219%	326	495
6	2020	4,510					6.677%	301	796
7	2021	4,510					6.177%	279	1,074
8	2022	4,510					5.713%	258	1,332
9	2023	4,510					5.285%	238	1,570
10	2024	4,510					4.888%	220	1,791
11	2025	4,510					4.522%	204	1,995
12	2026	4,510					4.462%	201	2,196
13	2027	4,510					4.461%	201	2,397
14	2028	4,510					4.462%	201	2,598
15	2029	4,510					4.461%	201	2,800
16	2030	4,510					4.462%	201	3,001
17	2031	4,510					4.461%	201	3,202
18	2032	4,510					4.462%	201	3,403
19	2033	4,510					4.461%	201	3,605
20	2034	4,510					4.462%	201	3,806
21	2035	4,510					4.461%	201	4,007
22	2036	4,510					4.462%	201	4,208
23	2037	4,510					4.461%	201	4,409
24	2038	4,510					2.231%	101	4,510
25	2039	4,510							4,510
26	2040	4,510						_	4,510
27	2041	4,510						_	4,510
28	2042	4,510						_	4,510
29	2043	4,510						_	4,510
30	2044	4,510						_	4,510
31	2045	4,510						_	4,510
32	2046	4,510						_	4,510
33	2047	4,510						_	4,510
34	2048	4,510						_	4,510
35	2049	4,510						_	4,510
36	2050	4,510						_	4,510
37	2051	4,510							4,510
38	2052	4,510						_	4,510
39	2053	4,510							4,510
40	2054	4,510						_	4,510
41	2055	4,510						_	4,510
42	2056	4,510						_	4,510
43	2057	4,510						_	4,510
44	2058	4,510						_	4,510
45	2059	4,510						-	4,510
46	2060	4,510						_	4,510
47	2061	4,510						_	4,510
	2062	4,510							4,510
48									

Yr. 6-15 Gross Plant Investment Yr 6-15 Surcharge Yr 6-15 Net Investment

13,530 Deprec. Tax

13,530 Deprec. Book

Book Depreciation Rate

2.1200% 41.45%

Tax Rate

				Net Plant		ADIT - Pro				
	_	Gross		110t Flaire	Net	Avg	Tax	Tax	Cum Tax	
	Year	Plant	Depreciation	Accum. Res.	Plant	Net Plant	Rates	Deprec.	Deprec.	
0	2014									
1	2015									
2	2016									
3	2017									
4	2018									
5	2019	13,530					3.750%	507	507	
6	2020	13,530					7.219%	977	1,484	
7	2021	13,530					6.677%	903	2,388	
8	2022	13,530					6.177%	836	3,223	
9	2023	13,530					5.713%	773	3,996	
10	2024	13,530					5.285%	715	4,711	
11	2025	13,530					4.888%	661	5,373	
12	2026	13,530					4.522%	612	5,984	
13	2027	13,530					4.462%	604	6,588	
14	2028	13,530					4.461%	604	7,192	
15	2029	13,530					4.462%	604	7,795	
16	2030	13,530					4.461%	604	8,399	
17	2031	13,530					4.462%	604	9,003	
18	2032	13,530					4.461%	604	9,606	
19	2033	13,530					4.462%	604	10,210	
20	2034	13,530					4.461%	604	10,814	
21	2035	13,530					4.462%	604	11,417	
22	2036	13,530					4.461%	604	12,021	
23	2037	13,530					4.462%	604	12,625	
23	2038	13,530					4.461%	604	13,228	
25	2039	13,530					2.231%	302	13,530	
26	2040	13,530					2.231/0	-	13,530	
26 27	2040	13,530						-	13,530	
28	2041	13,530						-	13,530	
20 29	2042							-		
30	2043	13,530							13,530	
		13,530						-	13,530	
31	2045	13,530							13,530	
32	2046	13,530							13,530	
33	2047	13,530						-	13,530	
34	2048	13,530						-	13,530	
35	2049	13,530						-	13,530	
36	2050	13,530						-	13,530	
37	2051	13,530						-	13,530	
38	2052	13,530						-	13,530	
39	2053	13,530						-	13,530	
40	2054	13,530						-	13,530	
41	2055	13,530						-	13,530	
42	2056	13,530						-	13,530	
43	2057	13,530						-	13,530	
44	2058	13,530						-	13,530	
45	2059	13,530						-	13,530	
46	2060	13,530						-	13,530	
47	2061	13,530						-	13,530	
48	2062	13,530							13,530	
							100.000%	13,530		

Retail Sales and Surcharge

	_				Residentia	al						Comr	nercial						Surch	arge Info	
					Annual		Monthly					Annual		Monthly						Cumm.	
			Annual	Malana atala	Base	Annual	Surcharge	O		Annual		Base	Annual	Surcharge		T-4-1	T-1-1 D-1-1	Total	Tax G-Up		Avg Cur
ear			Throughput Customer			Revenue		Surcharge Recovery	Average		out Volumetric er Margin/Un			Per Customer	Surcharge Recovery	Total Customers	Total Retail	Surcharge Recover	Surcharge	Surcharge Recovery	Recover
	014	50	87	2.229			33.50	20.100	Customers				0.00 -	34.1		50 Sustainers			14,183		
	015	100	87	2.229		-,		40,200	(.,			0.00 -	34.1		10			28,366		
	016	140	87	2.229				56,280	(0.00 -	34.1		14			39,712		
	017	150	87	2.229					(0.00 -	34.1					42,548		
	018	155	87						(,			0.00 -	34.1		15					
	019	170	87	2.229			33.50	68,340	(0.00 -	34.1		170		68,340	48,221	307,530	
	020	170	87	2.229			33.50		(0.00 -	34.1				68,340		375,870	
	021	170	87				33.50		(0.00 -	34.1		170		68,340	48,221	444,210	
	022	170	87				33.50	68,340	(0.00 -	34.1		170		68,340	48,221	512,550	
	023	170	87				33.50		Č	,			0.00 -	34.1		170		68,340		580,890	
	024	170	87	2.229			33.50	68,340	Ċ				0.00 -	34.1		170		68,340	48,221	649,230	
	025	170	87	2.229			33.50	68,340	(0.00 -	34.1		170		68,340		717,570	
	026	170	87				33.50	68,340	Č	.,			0.00 -	34.1				68,340		785,910	
	027	170	87	2.229			33.50	68,340					0.00 -	34.1		170		68,340	48,221	854,250	
	028	170	87				33.50		Ċ				0.00 -	34.1		170		68,340		922,590	
2	029	170	87	2.229	115.08		33.50	68,340	Ċ	1,4			.0.00 -	34.1	0	170		68,340			
	030	170	87				33.50						0.00 -	34.1		170		68,340			
	031	170	87				33.50		Ċ				20.00 -	34.1		170		68,340			
	032	170	87	2.229			33.50	68.340	(.0.00 -	34.1		170		68,340	48,221		
	033	170	87				33.50		Ċ				0.00 -	34.1		170		68,340			
2	034	170	87	2.229	115.08			-	Ċ				.0.00 -			170		-	-	1,264,290	
	035	170	87						Ċ				.0.00 -			170		-	-	1,264,290	
2	036	170	87	2.229	115.08				Ċ				.0.00 -			170		-	-	1,264,290	
2	037	170	87	2.229	115.08	52,531			(1,4	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	038	170	87	2.229	115.08	52,531			(1,4	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	039	170	87	2.229	115.08	52,531			(1,4	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	040	170	87	2.229	115.08	52,531			(1,4	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	041	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
2	042	170	87	2.229	115.08	52,531			(1,4	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	
2	043	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
2	044	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
2	045	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,26
2	046	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
2	047	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	048	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
2	049	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,26
2	050	170	87	2.229					(1,40	00 1.686	8 42	- 0.00			170		-	-	1,264,290	1,264
2	051	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264
2	052	170	87	2.229					(,		8 42	- 0.00			170		-	-	1,264,290	
	053	170	87						(,			- 0.00			170		-	-	1,264,290	
2	054	170	87	2.229	115.08	52,531			(1,40	00 1.686	8 42	- 0.00			170	52,531	-	-	1,264,290	1,264
	055	170	87	2.229					(,			- 0.00			170		-	-	1,264,290	
	056	170	87						(- 0.00			170		-	-	1,264,290	
	057	170	87	2.229					(,			- 0.00			170		-	-	1,264,290	
	058	170	87						(,			.0.00 -			170		-	-	1,264,290	
2	059	170	87	2.229	115.08				(1,40	00 1.686	8 42	- 0.00			170		-	-	1,264,290	1,264
	060	170	87	2.229					(,			- 0.00			170		-	-	1,264,290	
	:061	170	87	2.229					(- 0.00			170		-	-	1,264,290	
2	062	170	87	2.229	115.08	52,531		1,264,290	(1,40	00 1.686	8 42	.0.00 -			170	52,531	-	-	1,264,290	1,264

Total Surcharge Rev 1,264,290 PV = equals CIAC 702,410 CIAC (702,850)

Income Tax Rate 41.45% MPUC Factor 1.414500

Capital Structure:

		Overall			
	Ratios	Cost	Cost	Tax Factor	Factor
Long Term Debt	44.60%	6.5526%	2.9223%		2.92%
STD	4.93%	0.1833%	0.0090%		0.01%
Common Equity	50.48%	9.7000%	4.8961%	1.4145	6.93%
Total	100.00%		7.8275%		9.86%
Income Tax Rate	41.45%				
ROR Actual Disct Rate	9.86% 7.83%				
Disc Rate per MPUC	6.55%				

	Surcharge	PV	Interest
1	20,100	20,100	-
2	40,200	37,729	2,471
3	56,280	49,571	6,709
4	60,300	49,845	10,455
5	62,310	48,339	13,971
6	68,340	49,757	18,583
7	68,340	46,697	21,643
8	68,340	43,825	24,515
9	68,340	41,130	27,210
10	68,340	38,601	29,739
11	68,340	36,227	32,113
12	68,340	33,999	34,341
13	68,340	31,908	36,432
14	68,340	29,946	38,394
15	68,340	28,105	40,235
16	68,340	26,376	41,964
17	68,340	24,754	43,586
18	68,340	23,232	45,108
19	68,340	21,803	46,537
20	68,340	20,462	47,878
	1,264,290	702,410	561,880

Assumptions				
Construction Costs	\$744,79	99		
CIAC	\$ 702,8	50		
Costs for Service Line	\$ 90)2		
Customer's Sign-Up	2	59	(total poss	sible)
Year 1 - 2014		50	\$	45,100
Year 2 - 2015		50	\$	45,100
Year 3 - 2016		40	\$	36,080
Year 4 - 2017		10	\$	9,020
Year 5 - 2019		5	\$	4,510
Year 6 - 15 - 2020 through 2029		15	\$	13,530
Total Customer Connects	1	70		
			\$	153,340
Percentage of Total Connects Available	66	5%		
Total Project	\$898,13	39		

Revised Exhibit D

Proposed Customer Notice

IMPORTANT INFORMATION

About your natural gas rates

NEW NATURAL GAS RATES BEGIN WITH THIS BILL

For Customers Served in the Ely Lake Project Area

An Explanation of Your Natural Gas Rates

On DATE, the Minnesota Public Utilities Commission (MPUC) approved a New Area Surcharge for Minnesota Energy Resources customers served in the Ely Lake Project Area.

Minnesota Energy Resources is required to recover the cost of extending new natural gas service from the new customers who will be served by the extension project. The New Area Surcharge for all customers has been approved by the Commission at \$33.50 per month, which is the surcharge amount needed to recover the cost of the extension within 20 years. The surcharge will appear as a line item on your monthly bill. The surcharge will be in effect until the cost to bring natural gas service to your area has been recovered or a maximum of 20 years, whichever occurs first. You will be notified of any change to the New Area Surcharge, including termination of the New Area Surcharge.

We thank you for your interest in becoming a natural gas customer. We look forward to providing you safe and reliable natural gas service. If you have questions, comments or would like more information, you may contact our 24-Hour Customer Service at 800-889-9508 or visit our website at www.minnesotaenergyresources.com.



AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

Kristin M. Stastny hereby certifies that on the 1st day of August, 2014, on behalf of Minnesota Energy Resources Corporation (MERC) she electronically filed a true and correct copy of the enclosed Revised Attachments to MERC's New Area Surcharge Petition on www.edockets.state.mn.us. Said documents were also served via U.S. mail and electronic service as designated on the attached service list.

/s/ Kristin M. Stastny
Kristin M. Stastny

Subscribed and sworn to before me This 1st day of August, 2014.

/s/ Alice Jaworski
Notary Public, State of Minnesota

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Michael	Ahern	ahern.michael@dorsey.co m	Dorsey & Whitney, LLP	50 S 6th St Ste 1500 Minneapolis, MN 554021498	Electronic Service	No	OFF_SL_14-524_M-14-524
Julia	Anderson	Julia.Anderson@ag.state.m n.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-524_M-14-524
Michael	Bradley	mike.bradley@lawmoss.co m	Moss & Barnett	Suite 4800 90 S 7th St Minneapolis, MN 55402-4129	Electronic Service	No	OFF_SL_14-524_M-14-524
Sharon	Ferguson	sharon.ferguson@state.mn .us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_14-524_M-14-524
Daryll	Fuentes	N/A	USG	550 W. Adams Street Chicago, IL 60661	Paper Service	No	OFF_SL_14-524_M-14-524
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_14-524_M-14-524
Amber	Lee	ASLee@minnesotaenergyr esources.com	Minnesota Energy Resources Corporation	2665 145th Street West Rosemount, MN 55068	Electronic Service	No	OFF_SL_14-524_M-14-524
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_14-524_M-14-524
Brian	Meloy	brian.meloy@stinsonleonar d.com	Stinson,Leonard, Street LLP	150 S 5th St Ste 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-524_M-14-524
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_14-524_M-14-524
Eric	Swanson	eswanson@winthrop.com	Winthrop Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_14-524_M-14-524

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Gregory		gjwalters@minnesotaenerg yresources.com	Minnesota Energy Resources Corporation	3460 Technology Dr. NW Rochester, MN 55901	Electronic Service	No	OFF_SL_14-524_M-14-524