

SourceGas Distribution LLC
600 12th Street
Suite 300
Golden, CO 80401
1 800 563 0012
303 243 3400
303 243 3683 Fax
www.SourceGas.com



May 1, 2014

Nebraska Public Service Commission
1200 N Street
Suite 300
Lincoln, Nebraska 68508

Attn: Mr. Steve Meradith
Executive Director

Re: Docket No. NG-0072.1 – SourceGas Distribution LLC
Revisions to Rate Schedules CGS (Choice Gas Service) and
ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service)
to Adjust Customer Charges to Reflect the Infrastructure System Replacement Cost
Recovery Charge

Dear Mr. Meradith:

Pursuant to Sections 66-1865 and 66-1866 of the State Natural Gas Regulation Act (the “Act”), SourceGas Distribution LLC (“SourceGas Distribution” or the “Company”) herewith submits for filing with the Nebraska Public Service Commission (the “Commission”) the original and one paper copy of the following tariff sheet:

Eighteenth Revised Sheet No. 7
Canceling Seventeenth Revised Sheet No. 7

By this Application, SourceGas Distribution is proposing to adjust the Customer Charges applicable to all customers served under Rate Schedule CGS (Choice Gas Service) and Rate Schedule ACGS-NSS (Agricultural Choice Gas Service – Non-Seasonal Service).

The change in the rates submitted with this Application reflects an increase in the overall Customer Charges applicable to the referenced rate schedules to cover the incremental annual revenue requirement impact of costs incurred and capitalized by SourceGas Distribution with respect to eligible infrastructure system replacement projects as defined in Section 66-1802(6) of the Act. These eligible projects were not included in the rate base calculation in SourceGas Distribution’s most recently completed rate case, Docket No. NG-0067, or in the calculation of its original Infrastructure System Replacement Cost Recovery Charge that became effective on July 1, 2013, and are all in service and used and useful. If approved by the Commission, the Infrastructure System Replacement Cost Recovery Charge shall increase monthly Customer

Charges as follows: for the Residential Customer class by \$0.34 per month; for the Small Commercial Customer class by \$0.73 per month; and for the Large Commercial Customer class by \$4.55 per month.

The proposed Infrastructure System Replacement Cost Recovery Charge has been calculated in accordance with Sections 66-1865 and 66-1866 of the Act, as more fully discussed herein. The tariff sheet included with this Application bears a proposed effective date of September 1, 2014.

This filing includes the following exhibits:

- Exhibit A – Clean version of Eighteenth Revised Sheet No. 7
- Exhibit B – Redlined version of Eighteenth Revised Sheet No. 7
- Exhibit C – Calculation of the Infrastructure System Replacement Cost Recovery Charge

I. Calculation of Infrastructure System Replacement Cost Recovery Charge

The calculation of the Infrastructure System Replacement Cost Recovery Charge is shown on the schedules in Exhibit C. A summary of the information shown on each schedule is as follows:

Schedule 1 – This schedule shows the derivation of the revenue deficiency resulting from the addition of \$4,087,731 to SourceGas Distribution’s Total State rate base (\$3,246,649 of additional total Jurisdictional rate base). The Total State revenue deficiency is \$564,631, while the Jurisdictional component is \$448,454. By this filing, SourceGas Distribution is seeking to recover the Jurisdictional revenue deficiency from its residential and small and large commercial customer classes.¹

The determination of the revenue deficiency requires calculation of the incremental earnings required to compensate SourceGas Distribution for the capital expenditures (additions to rate base) made with respect to eligible infrastructure system replacement projects. The incremental earnings are the product of the rate base additions and retirements (shown on Exhibit C, Schedule 3) and the overall return on rate base approved by the Commission in SourceGas Distribution’s most recent general rate case proceeding, Docket No. NG-0067 (shown on Exhibit C, Schedule 9, Line 12). To this sum then is added the impact of incremental depreciation expense on SourceGas Distribution’s net operating income, which impact is quantified on Exhibit C, Schedule 2. The sum of the incremental earnings required and the change in net operating income constitutes the overall pre-tax revenue deficiency resulting from completion of the eligible infrastructure system replacement projects. The final step is to gross-up that deficiency for the income taxes applicable to said revenue to

¹ Section 66-1810 of the Act exempts service provided to high volume ratepayers from the Commission’s regulatory oversight and allows for flexible regulation of service provided to agricultural and interruptible service customers that are not high-volume ratepayers. For ease of reference and understanding, SourceGas Distribution refers to these customers as “non-jurisdictional” because their rates are not set through the traditional ratemaking process. Under this nomenclature, “jurisdictional customers” are the members of the residential and commercial classes that do not meet the definition of high volume ratepayers.

produce the overall revenue deficiency underlying the rate change proposed through SourceGas Distribution's filing.

Schedule 2 – This schedule shows the derivation of, and the components of, the incremental jurisdictional revenue requirement resulting from the addition of \$3,246,649 to SourceGas Distribution's total Jurisdictional rate base. As required and permitted by Section 66-1866(5) of the Act, the components of the revenue requirement calculation are:

- (a) The net original cost of eligible infrastructure system replacements, determined by taking the original cost of eligible infrastructure system replacements minus associated retirements of existing infrastructure;
- (b) The accumulated deferred income taxes associated with the eligible infrastructure system replacements;
- (c) The accumulated depreciation associated with the eligible infrastructure system replacements;
- (d) The state, federal, and local income tax or excise tax rates at the time of such determination;
- (e) The jurisdictional utility's actual regulatory capital structure;
- (f) The actual cost rates for the jurisdictional utility's debt;
- (g) The jurisdictional utility's cost of common equity; and
- (h) The depreciation rates applicable to the eligible infrastructure system replacements.

The "jurisdictional" component of the revenue requirement, as shown on this schedule, was determined using the cost allocation principles adopted by the Commission in SourceGas Distribution's most recent general rate case, Docket No. NG-0067, as required by Section 66-1866(6)(a). SourceGas Distribution used the same cost allocation model and Class Allocation Basis (shown on Exhibit C, Schedule 11, Table 4) that was used to determine the Class Cost of Service in Docket No. NG-0067.

Schedule 3 – This schedule shows the derivation of Total State and Jurisdictional rate base underlying the Infrastructure System Replacement Cost Recovery Charge proposed by SourceGas Distribution's Application. The manner of determining the rate base impact of the eligible infrastructure system replacement projects reflected in the Application is identical to the approach used in developing the rate base approved by the Commission in SourceGas Distribution's most recent Nebraska general rate case, Docket No. NG-0067. Consistent with the requirements of Section 66-1866 of the Act, only projects that are completed and in service (and were not included in the rate base calculation in Docket No.

NG-0067 or Docket No. NG-0072) have been included in the determination of the rate base underlying the Infrastructure System Replacement Cost Recovery Charge.

Schedule 4.1 – This schedule shows the additions and retirements to plant in service (Total State and Jurisdictional) by FERC account.

Schedule 4.2 – This schedule provides the total cost of each eligible infrastructure system replacement project, and the FERC accounts in which project dollars were recorded. This schedule also shows associated plant retirements by FERC account.

Schedule 4.3 – This schedule provides project information required by Section 66-1866(2) of the Act. Specifically, this schedule lists eligible projects and, for each such project, lists the location of the project, the dates construction began and ended (the capitalization date), the total expenditures capitalized on the project, retirements associated with the project, and the net plant addition associated with each eligible project. This schedule also shows the months that the project has been in service as of April 30, 2014, the depreciation rate applicable to the facilities installed, and the accumulated reserve for depreciation and amortization associated with each project since the capitalization date. Finally, this schedule provides a description of the assets added and replaced through completion of the project.

Schedule 5 – This schedule shows the Accumulated Reserve for Depreciation, Depletion and Amortization (“ARDA”) as of April 30, 2014 (Total State and Jurisdictional) resulting from the application of the 3.0% depreciation rate approved by the Commission in SourceGas Distribution’s most recent Nebraska general rate case, Docket No. NG-0067, as shown on Schedule 4.3, to the net additions to distribution plant reflected in SourceGas Distribution’s Application. This Schedule also shows the impact on ARDA of the project retirements associated with this Application.

Schedule 6 – This schedule shows the derivation of accumulated deferred income taxes as of April 30, 2014 (Total State and Jurisdictional) associated with the additions and retirements of the distribution plant reflected in SourceGas Distribution’s Application.

Schedule 7 – This schedule shows the derivation of the annual depreciation expense (Total State and Jurisdictional) associated with the additions and retirement of the distribution plant reflected in SourceGas Distribution’s Application.

Schedule 8 – This schedule shows the derivation of federal and state income taxes (Total State and Jurisdictional) associated with the additions and retirements of the distribution plant reflected in SourceGas Distribution’s Application.

Schedule 9 – This schedule shows the derivation of the cost of capital used in determining the incremental revenue requirement underlying the Infrastructure System Replacement Cost Recovery Charge proposed through this Application. As required by Section 66-1866(5)(e), (f) and (g) of the Act, SourceGas Distribution has used the capital structure, cost of debt and cost of equity approved by the Commission in SourceGas Distribution’s most recent Nebraska general rate case, Docket No. NG-0067. These approved rates are shown on Lines 10 through 12.

Schedule 10 – This schedule, consisting of four tables, shows the functional classification of rate base and cost of service associated with the additions and retirements to distribution plant reflected in SourceGas Distribution’s Application. This schedule is in the same format and has the same allocation basis as the exhibit sponsored by Mr. Thomas J. Sullivan in Docket No. NG-0067 (Interlocutory Exhibit VI, Interlocutory Schedule A).

Schedule 11 – This schedule, consisting of five tables, shows the allocation of the cost of service among customer classes and shows the derivation of the Infrastructure System Replacement Cost Recovery Charge for each jurisdictional customer class resulting from the additions to distribution plant reflected in SourceGas Distribution’s Application. This schedule is in the same format (with the exception of Table 5) and has the same class allocation basis (Table 4) as the exhibit sponsored by Mr. Thomas J. Sullivan in Docket No. NG-0067 (Interlocutory Exhibit VI, Interlocutory Schedule B).

II. Description of Eligible Infrastructure System Replacement Projects

The projects underlying the Infrastructure System Replacement Cost Recovery Charge proposed through this Application briefly are described as follows:

1. **Hampton Lateral Top of Ground (TOG) Pipeline Change Out**

This project involved replacement of existing Top of Ground, or TOG, pipeline infrastructure, specifically, the Hampton lateral designated as pipe segment 390-3770. The lateral is approximately 8.8 miles in length and consisted of two- and three-inch bare steel pipe when originally installed in 1957. Natural gas pipelines installed today generally are below grade with a minimum cover of three feet. Burying pipelines reduces the overall risk of the pipeline from outside forces among other threats. Many pipeline segments operated by SourceGas Distribution in Nebraska, however, were installed by the Company’s predecessor during the 1950s and 1960s on top of the ground. During the time these lines were installed, the Company’s predecessor made a push to serve agricultural customers and small communities, and installing TOG lines expedited service to these areas and reduced installation costs. When originally installed, most line segments were laid along fence lines, section lines or other rights-of-way that did not pose a high level of risk because they were visible and known to farmers. Through time, however, property owners and lessees have changed, many fences have been removed, agricultural land has been developed and, in places, the TOG segments have become partially buried.

This segment, as with all TOG pipe, was susceptible to outside force damage as well as corrosion threats. This lateral serves approximately 160 customers. SourceGas Distribution identified this portion of the system as involving safety threats requiring remediation under the Integrity Management Program for Gas Distribution Pipelines Rule published by PHMSA as CFR Title 49, Part 192, Subpart O and commonly referred to as the “TIMP Rule.” In accordance with the requirements of the TIMP Rule and SourceGas Distribution’s transmission integrity management program (“TIMP”), SourceGas Distribution replaced the existing bare steel segment with like diameters of steel pipe with fusion bonded epoxy coating. The total capital cost of this project in 2013 was \$1,272,765. This project is identified on Exhibit C, Schedule 4.3, on line 2.

2. Ovid Top of Ground (TOG) Pipeline Change Out

This project involved replacement of existing Top of Ground, or TOG, pipeline infrastructure, specifically, the Ovid lateral designated as pipe segment 110-0150. The lateral is approximately 2.7 miles in length and consisted of six-inch bare steel pipe when originally installed in the 1950s. Natural gas pipelines installed today generally are below grade with a minimum cover of three feet. Burying pipelines reduces the overall risk of the pipeline from outside forces among other threats. Many pipeline segments operated by SourceGas Distribution in Nebraska, however, were installed by the Company's predecessor during the 1950s and 1960s on top of the ground. During the time these lines were installed, the Company's predecessor made a push to serve agricultural customers and small communities, and installing TOG lines expedited service to these areas and reduced installation costs. When originally installed, most line segments were laid along fence lines, section lines or other rights-of-way that did not pose a high level of risk because they were visible and known to farmers. Through time, however, property owners and lessees have changed, many fences have been removed, agricultural land has been developed and, in places, the TOG segments have become partially buried.

This segment, as with all TOG pipe, was susceptible to outside force damage as well as corrosion threats. SourceGas Distribution identified this portion of the system as involving safety threats requiring remediation under the TIMP Rule. In accordance with the requirements of the TIMP Rule and SourceGas Distribution's TIMP, SourceGas Distribution replaced the existing bare steel segment with three-inch steel pipe with fusion bonded epoxy coating. The total capital cost of this project in 2013 was \$404,681. This project is identified on Exhibit C, Schedule 4.3, on line 3.

3. Lodgepole Lateral Top of Ground (TOG) Pipeline Change Out

This project involved replacement of existing Top of Ground, or TOG, pipeline infrastructure, specifically, the Lodgepole lateral designated as pipe segment 110-0800. The lateral is approximately 2.3 miles in length and consisted of two-inch bare steel pipe when originally installed in the 1950s. Natural gas pipelines installed today generally are below grade with a minimum cover of three feet. Burying pipelines reduces the overall risk of the pipeline from outside forces among other threats. Many pipeline segments operated by SourceGas Distribution in Nebraska, however, were installed by the Company's predecessor during the 1950s and 1960s on top of the ground. During the time these lines were installed, the Company's predecessor made a push to serve agricultural customers and small communities, and installing TOG lines expedited service to these areas and reduced installation costs. When originally installed, most line segments were laid along fence lines, section lines or other rights-of-way that did not pose a high level of risk because they were visible and known to farmers. Through time, however, property owners and lessees have changed, many fences have been removed, agricultural land has been developed and, in places, the TOG segments have become partially buried.

This segment, as with all TOG pipe, was susceptible to outside force damage as well as corrosion threats. SourceGas Distribution identified this portion of the system as involving safety threats requiring remediation under the TIMP Rule. In accordance with the requirements of the TIMP Rule and SourceGas Distribution's TIMP, SourceGas Distribution replaced the existing bare steel

segment with two-inch steel pipe with fusion bonded epoxy coating. The total capital of this project in 2013 was \$264,905. This project is identified on Exhibit C, Schedule 4.3, on line 4.

4. Holdrege - Cargill Lateral Top of Ground (TOG) Pipeline Change Out

This project involved replacement of existing Top of Ground, or TOG, pipeline infrastructure designated as the Holdrege - Cargill lateral. The lateral is approximately 1.0 mile in length and consisted of two-inch bare steel pipe when originally installed in 1957. Natural gas pipelines installed today generally are below grade with a minimum cover of three feet. Burying pipelines reduces the overall risk of the pipeline from outside forces among other threats. Many pipeline segments operated by SourceGas Distribution in Nebraska, however, were installed by the Company's predecessor during the 1950s and 1960s on top of the ground. During the time these lines were installed, the Company's predecessor made a push to serve agricultural customers and small communities, and installing TOG lines expedited service to these areas and reduced installation costs. When originally installed, most line segments were laid along fence lines, section lines or other rights-of-way that did not pose a high level of risk because they were visible and known to farmers. Through time, however, property owners and lessees have changed, many fences have been removed, agricultural land has been developed and, in places, the TOG segments have become partially buried.

This segment, as with all TOG pipe, was susceptible to outside force damage as well as corrosion threats. SourceGas Distribution identified this portion of the system as involving safety threats requiring remediation under the TIMP Rule. In accordance with the requirements of the TIMP Rule and SourceGas Distribution's TIMP, SourceGas Distribution replaced the existing two-inch diameter bare steel segment with four inch steel pipe with fusion bonded epoxy coating. The total capital cost of this project in 2013 was \$196,991. SourceGas Distribution's engineering group determined that due to the projected future load in this area that it was prudent to increase the pipe segment's diameter to four-inch. The incremental (extra) cost incurred to upsize this pipeline is \$23,965; accordingly, SourceGas Distribution only is seeking to recover \$173,026 for this project through the Infrastructure System Replacement Cost Recovery Charge (\$196,991-\$23,965). This project is identified on Exhibit C, Schedule 4.3, on line 5.

5. Kenesaw Distribution System - Replace Leaking Main

This project involved the replacement of approximately 715 feet of four-inch transmission main designated as line segment 370-140 located near Kenesaw, Nebraska due to corrosion issues resulting in leakage. This segment was originally installed in 1959, and although coated when installed, investigation determined that the coating was degraded and had become dis-bonded at certain locations on the pipe. This dis-bonding will cause the pipe to exhibit similar characteristics to bare steel pipe. In certain cases, dis-bonded coating will cause concentrated corrosion resulting in extreme pitting in certain locations on the pipe. SourceGas Distribution identified this portion of the system as involving safety threats requiring remediation under the TIMP Rule. In accordance with the requirements of the TIMP Rule and SourceGas Distribution's TIMP, SourceGas Distribution replaced the existing four-inch steel segment with four-inch steel pipe with fusion bonded epoxy coating. The total capital cost of this project in 2013 was \$49,312. This project is identified on Exhibit C, Schedule 4.3, on line 9.

6. McCook – Replacement of Mains and Services Phase 3

This project involved the third and final phase of the low pressure distribution system replacement project in McCook. The original system was installed prior to 1940 and incorporated inadequately coated steel main assembled with threaded fittings. Although threaded fittings and taps were a proven method to join pipe at the time, history has proven they are a risk because they are prone to increased corrosion rates and leakage. A significant portion of this existing distribution system is located under pavement and within a business district. If a leak were to occur, gas could easily migrate under pavement towards a structure and create a danger to the general public. Because of the age and construction of the pipe and the population density, SourceGas Distribution determined that it was prudent to operate the system at no higher than 5 psig. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the Integrity Management Program for Gas Distribution Pipelines Rule published by PHMSA as CFR Title 49, Part 192, Subpart P and commonly referred to as the “DIMP Rule.” Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution’s distribution integrity management program (“DIMP”), SourceGas Distribution replaced the existing threaded steel system with polyethylene pipe. The total capital cost of Phase 3 of this project in 2013 was \$1,490,125. This project is identified on Exhibit C, Schedule 4.3, on line 1.

7. Orleans Bare Steel Replacement

This project involved the change out of the bare steel pipe comprising a portion of the distribution system serving the town of Orleans, Nebraska. The two-inch bare steel distribution system was believed to have been installed in the early to mid-1960s and consisted primarily of bare steel pipe with an unknown grade. As previously noted, bare steel pipe poses a higher safety risk due to the difficulty of maintaining effective cathodic protection at acceptable levels. Also, this bare steel system is known to contain threaded fittings which increase the corrosion potential. This existing main was the primary service for a nine block area of Orleans and portions were located under pavement which could lead to gas migration should leakage occur. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution’s DIMP, SourceGas Distribution replaced the existing threaded steel system with polyethylene pipe. The total capital cost of this project in 2013 was \$139,965. This project is identified on Exhibit C, Schedule 4.3, on line 6.

8. Sidney 13th Avenue Line Replacement Project

This project involved the relocation of a three-inch diameter distribution main segment as required by the City of Sidney, Nebraska due to a street improvement project. As part of the storm water improvements for 13th Avenue it was determined that a portion of SourceGas Distribution’s existing three-inch distribution line would have to be relocated to accommodate the proposed storm water catch boxes. SourceGas Distribution identified this portion of the

distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing threaded steel system with polyethylene pipe. In addition, the franchise with City of Sidney requires SourceGas Distribution to relocate portions of the natural gas distribution system located within city easements that are in conflict with planned city infrastructure. To provide and maintain public safety, consideration must be given to both the current location and proposed relocation of any utility facilities. In designing the proposed relocation and placement of the facility, care and expertise must be employed to ensure the facility is placed at sufficient depth and in a manner to provide adequate separation from other utilities, roadways, and drainage structures. The total capital cost of this project in 2013 was \$112,198. This project is identified on Exhibit C, Schedule 4.3, on line 7.

9. Span Replacement

These projects involved the replacement of existing spans in the SourceGas Distribution pipeline system. Spans were incorporated throughout the system in Nebraska over the years to reduce pipeline installation costs at a time when directional drilling practices were not as advanced as they are today. Spans typically cross highways, rivers, bridges and irrigation ditches. During 2008, SourceGas Distribution performed a manual study on the condition of the spans in Nebraska and found the need to implement a multi-year program to replace spans. This list is periodically updated based on information provided by corrosion, field operations, engineering, and integrity management departments. In accordance with the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution remediates the safety threats associated with higher priority spans by replacing spans, as appropriate. The total capital cost pertaining to span replacements in 2013 was \$81,365. These projects are identified on Exhibit C, Schedule 4.3, on Lines 10, 17, 19, 20, 24, 31, 33, and 34.

10. Cathodic Protection

Cathodic protection infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as Impressed Current Cathodic Protection. Cathodic protection is an electrochemical process used to protect steel structures in contact with soil. The soil is the electrolyte portion of the corrosion cell with the pipeline as the cathode of the electrical circuit. The intent in the application of cathodic protection is to convert the oxygen in the soil to a hydroxyl ion thus causing the environment surrounding the pipeline to become more alkaline. Steel tends to passivate in alkaline environments which result in very low corrosion rates. Magnesium anodes are installed in situations where a small amount of electrical current is needed to achieve adequate cathodic protection levels. Cathodic protection rectifiers with graphite anodes, as an Impressed Current Cathodic Protection system, are installed when a larger amount of electrical current is needed to achieve adequate cathodic protection levels. SourceGas Distribution's steel pipeline system varies from bare Top of Ground, or TOG, to buried lines with various types of coatings in a variety of conditions. The electrical current requirement for each type of installation, whether bare or coated, covers a wide range. The

cathodic protection levels are measured periodically as required along the pipeline. The periodic surveys will readily indicate deficiencies in the cathodic protection system. These deficiencies can be indicative of active corrosion, dis-bonded coating, anode degradation or shorted pipeline casings. Projects requiring cathodic protection remediation under CFR Title 49, Part 192, may be subject to either Subpart O (the TIMP Rule) or Subpart P (the DIMP Rule) depending on whether the pipe segment is classified as transmission or distribution pipe. For transmission segments, Section 192.917 requires a pipeline operator to evaluate and remediate pipeline segments where corrosion has been identified that could adversely affect the integrity of the line. Remediation of distribution segments is specified in Section 192.1007, which requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. The total capital cost pertaining to cathodic protection infrastructure in 2013 was \$66,210. These projects are identified on Exhibit C, Schedule 4.3, on Lines 13, 14, 23, and 26-30.

11. Idlewilde Top of Ground Pipeline Change Out

This project involved replacement of existing Top of Ground, or TOG, pipeline infrastructure designated as the Idlewilde lateral. The lateral is approximately 2,900 feet in length and consisted of 1¼ inch bare steel pipe when originally installed in 1968. As previously noted, natural gas pipelines installed today generally are below grade with a minimum cover of three feet. Burying pipelines reduces the overall risk of the pipeline from outside forces among other threats. Many pipeline segments operated by SourceGas Distribution in Nebraska, however, were installed by the Company's predecessor during the 1950s and 1960s on top of the ground. During the time these lines were installed, the Company's predecessor made a push to serve agricultural customers and small communities, and installing TOG lines expedited service to these areas and reduced installation costs. When originally installed, most line segments were laid along fence lines, section lines or other rights-of-way that did not pose a high level of risk because they were visible and known to farmers. Through time, however, property owners and lessees have changed, many fences have been removed, agricultural land has been developed and, in places, the TOG segments have become partially buried.

This segment, as with all TOG pipe, was susceptible to outside force damage as well as corrosion threats. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing 1¼ inch bare steel pipe with two-inch polyethylene pipe. The 1¼ inch bare steel main was replaced with two-inch polyethylene pipe because the natural gas distribution industry has sought to standardize pipe sizes to reduce inventory and tooling costs. The selection of the pipe size for this project was not driven by load growth considerations. The total capital cost of this project in 2013 was \$61,664. This project is identified on Exhibit C, Schedule 4.3, on line 8.

12. Bertrand Bare Main Change Out

This project involved the change out of a 320-foot segment of 1¼ inch distribution main and associated services in Bertrand, Nebraska. Although the original installation date was not certain, the bare steel main was believed to have been installed in the late 1950s. As previously noted, bare steel poses a higher safety risk due to the difficulty of maintaining effective cathodic protection at acceptable levels. Also, this bare steel system is known to contain threaded fittings which increase the corrosion potential. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing threaded steel system with two-inch polyethylene pipe. The 1¼ inch bare steel main was replaced with two-inch polyethylene pipe because the natural gas distribution industry has sought to standardize pipe sizes to reduce inventory and tooling costs. The selection of the pipe size for this project was not driven by load growth considerations. The total capital cost of this project in 2013 was \$26,087. This project is identified on Exhibit C, Schedule 4.3, on line 11.

13. Hebron - Leaking PVC Main Replacement

This project involved the replacement of two-inch polyvinyl chloride ("PVC") pipeline installed in 1967 near Hebron, Nebraska. Polyvinyl chloride pipe was deemed in the industry to be sound pipeline material when installed, but since has been determined to be of inferior quality for natural gas pipeline use. The leaks on this particular segment were detected by SourceGas Distribution leakage survey technicians while performing a standard leak survey. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing two-inch PVC pipe with 686 feet of two-inch polyethylene pipe. The total capital cost of this project in 2013 was \$25,053. This project is identified on Exhibit C, Schedule 4.3, on line 12.

14. Meter Barricades

This project involved the installation of barricades to protect meter, regulator and valve settings from outside force damage. This threat is largely caused by meter loops being at the customer's property line, in an alley or adjacent to the street. In addition, the widening of streets and highways, increased utilization of agricultural land, and increased traffic from both mechanized farm equipment and motor vehicles have rendered many meters more vulnerable to third-party damage. Often times, these meters are bumped by vehicles backing out of garages or hit alongside a street that result in a bent meter or leak to the meter loop. Alongside meter loops, regulator and valve sets also are susceptible to outside force damage both in city limits and rural areas. The occurrence of such damage has increased over the years, and Company records show that the greatest risk to its distribution system is third-party damage, much of which is a result of meters being hit by vehicles and farm equipment. Barricades are structures typically fabricated

from pipe material and resemble a fence or cage-like structure around the meter. For most meter applications, SourceGas Distribution installs prefabricated meter barricades manufactured with two-inch pipe. Larger meters, regulator stations or valve settings may require the custom fabrication to properly fit and protect the asset. The locations requiring the installation of a barricade were determined by field personnel working in conjunction with the Company's integrity management members to determine which facilities were at high risk. Factors in this determination include, but are not limited to, previous damage history, proximity to roadways, field observations and system operating pressures. SourceGas Distribution installed meter barriers in accordance with the DIMP Rule and SourceGas Distribution's DIMP. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. The total capital cost pertaining to barricades in 2013 was \$15,074. This project is identified on Exhibit C, Schedule 4.3, on line 15.

15. North Bayard Bare Main Replacement

This project involved the change out of the bare steel pipe comprising a portion of the distribution system serving the town of Bayard, Nebraska. The 1¼ bare steel distribution system was installed in the mid-1970s and consisted primarily of bare steel pipe with an unknown grade. The main segments being replaced specifically serve blocks 94-98 in the town area. As previously noted, bare steel poses a higher safety risk due to the difficulty of maintaining effective cathodic protection at acceptable levels. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing threaded steel system with 1,524 feet of two-inch polyethylene pipe. The 1¼ inch bare steel main was replaced with two-inch polyethylene pipe because the natural gas distribution industry has sought to standardize pipe sizes to reduce inventory and tooling costs. The selection of the pipe size for this project was not driven by load growth considerations. The total capital cost of this project in 2013 was \$13,643. This project is identified on Exhibit C, Schedule 4.3, on line 16.

16. Crawford - Replace Five Blocks of Two-Inch Steel

This project involved the change out of inadequately coated two-inch steel pipe comprising a portion of the distribution system serving the town of Crawford, Nebraska. This segment was originally installed in 1960, and although coated when installed, investigation determined that the coating was degraded and had become dis-bonded at certain locations on the pipe. This dis-bonding will cause the pipe to exhibit similar characteristics to bare steel pipe. In certain cases, dis-bonded coating will cause concentrated corrosion resulting in extreme pitting in certain locations on the pipe. This existing main was the primary service for a five block area of Crawford, and this project also eliminated two small spans and one cased crossing located in downtown Crawford near the city park. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing

steel system with 1,962 feet of two-inch polyethylene pipe. The total capital cost of this project in 2013 was \$12,141. This project is identified on Exhibit C, Schedule 4.3, on line 18.

17. Bayard - Bare Main Replacement

This project involved the change out of a segment of 1¼ inch steel pipe originally installed in 1976 to serve the town of Bayard, Nebraska. This existing main was the primary service for a two block area of Bayard. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing steel system with 484 feet of two-inch polyethylene pipe. The 1¼ inch bare steel main was replaced with two-inch polyethylene pipe because the natural gas distribution industry has sought to standardize pipe sizes to reduce inventory and tooling costs. The selection of the pipe size for this project was not driven by load growth considerations. The total capital cost of this project in 2013 was \$10,029. This project is identified on Exhibit C, Schedule 4.3, on line 21.

18. Red Cloud Pipeline Reroute

This project involved relocation of 360 feet of two-inch coated steel main that was originally installed in 1985 and that surveys determined had a structure built over the pipeline segment. Replacement of this segment with two-inch polyethylene pipe also eliminated the remaining steel distribution pipe in the immediate vicinity which involved cathodic protection issues. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures to address risks. In accordance with the requirements of the DIMP Rule and SourceGas Distribution's DIMP, SourceGas Distribution replaced the existing steel system with 360 feet of two-inch polyethylene pipe. The total capital cost of this project in 2013 was \$9,362. This project is identified on Exhibit C, Schedule 4.3, on line 22.

19. Eustis to Elwood Lateral - Elimination of Cased Crossings

This project involved the elimination of two "shorted" cased crossings on the Eustis to Elwood lateral that were originally installed in the late 1940s. The short of a cased crossing is caused by a metallic contact between the carrier pipe and the casing pipe, which has the potential to cause a leak in a pipeline. Metal loss causing the leak can occur as a result of the cathodic protection current flowing from the carrier pipe to the casing pipe. When this occurs, there can be actual metal loss from the carrier pipe. The longer the period of time a metallic contact short exists, the greater the potential of a leak in the carrier pipe. SourceGas Distribution's engineering department determined that, with the development of the pipeline system in the area, the carrier pipe segments and subsequently two cased crossings could be eliminated by installing a total of 119 feet of one-inch steel pipe with fusion bonded epoxy coating and making connections to a parallel pipe segment. SourceGas Distribution identified this portion of the distribution system as involving safety threats requiring remediation under the DIMP Rule. Section 192.1007 requires a pipeline operator to identify threats, evaluate and risk rank, and identify and implement measures

Mr. Steve Meradith, Executive Director
May 1, 2014
Page 14

to address risks. In addition, SourceGas Distribution analyzed this Project in accordance with the regulatory requirements in Section 192.463, which requires operators to maintain a level of effective cathodic protection and Section 192.467, which requires that each pipeline must be electrically isolated from metallic casings. The total capital cost of these projects in 2013 was \$7,943. These projects are identified on Exhibit C, Schedule 4.3, on Lines 25 and 32.

III. Proration of Rate Change

The State Natural Gas Regulation Act does not require changes in rates to be implemented on a proration basis. However, the Commission previously has indicated a preference that changes in rates should be implemented using a proration method, where applicable fixed and volumetric charges during the billing period are pro-rated to reflect the number of days and the amount of usage applicable to the new and superseded rates.

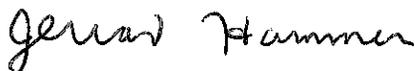
While reserving all rights, SourceGas Distribution intends to implement the September 1, 2014 changes in rates prospectively using a proration approach. This action will require a waiver of the relevant terms of SourceGas Distribution's Nebraska Gas Tariff; specifically, Section 6.2 of Rate Schedule CGS (Choice Gas Service), Section 6.2 of Rate Schedule ACGS - NSS (Agricultural Choice Gas Service – Non-Seasonal Service) and Section 10.1 of the General Terms and Conditions of Service. Accordingly, pursuant to the terms of Section 39, Waiver, of the General Terms and Conditions of Service of its Nebraska Gas Tariff, appearing on Eighteenth Revised Sheet No. 7, SourceGas Distribution will waive the referenced tariff provisions so as to implement the September 1, 2014 change in rates following a proration approach. As required by Section 39 of the Tariff, implementation of the rate change on a proration basis will be accomplished in a manner that is not unduly discriminatory to individual customers or classes of customers.

Notice of the proposed revisions contained in Eighteenth Revised Sheet No. 7 is being given to the Commission and the public by this tariff filing. Exhibits A through C and this transmittal letter are also being provided electronically on the enclosed compact disc.

Please contact me at (303) 243-3496 if you have any questions or need additional information.

Very truly yours,

SOURCEGAS DISTRIBUTION LLC



Jerrad S. Hammer
Director – Rates and Regulatory

Enclosures

cc: William F. Austin, Esq., Nebraska Public Advocate
Angela Melton, Esq., Director of Natural Gas Department, NPSC
Stephen M. Bruckner, Esq.
Eric W. Nelsen, Esq.
William M. Lopez, Esq.
Choice Gas Program Suppliers

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

Jerrad S. Hammer, being of lawful age and having been first duly sworn, states that he is the Director, Rates and Regulatory, for Applicant SourceGas Distribution LLC, and that he has read the Application, knows the contents thereof, and that the statements and allegations contained therein are true to the best of his information, knowledge and belief.

Jerrad S. Hammer
Jerrad S. Hammer

SUBSCRIBED AND SWORN to before me this 28th day of April, 2014.



Elaine D. Hegler
Notary Public

My Commission Expires: November 17, 2014

Exhibit A

SCHEDULE OF RATES AND OTHER CHARGES

Rate Schedules CGS and ACGS-NSS

<u>Type of Charge</u>	<u>Non-Gas Base Rate Component</u>	<u>Gas Cost</u>			<u>Total Gas Cost</u>	<u>Total Rate</u>
		<u>Base Rate Component</u>	<u>Surcharge Rate Component 3/</u>			
RESIDENTIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	14.70					15.23
Pipeline Replacement Charge	0.84					0.84
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 20	0.4675	0.0000	0.0121	0.0121		0.4796
Over 20	0.1338	0.0000	0.0121	0.0121		0.1459
SMALL COMMERCIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	22.75					23.28
Pipeline Replacement Charge	1.80					1.80
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 40	0.4675	0.0000	0.0121	0.0121		0.4796
Over 40	0.1338	0.0000	0.0121	0.0121		0.1459
LARGE COMMERCIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	56.15					56.68
Pipeline Replacement Charge	11.38					11.38
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 80	0.4675	0.0000	0.0121	0.0121		0.4796
Over 80	0.1338	0.0000	0.0121	0.0121		0.1459
1/	Total Customer Charge is \$/month and includes a charge for the HEAT program of \$0.53.					
2/	Distribution and Commodity Charges are \$/Per Therm.					
3/	Rate Component Includes:					
	1. Contract P-0802 Charge of \$0.0121 per Therm.					
4/	In addition to the Customer Charge, an Extra Construction Allowance Charge of \$20.00, \$30.00, \$40.00, or \$50.00 per month will be added to a Customer's bill for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period and will appear as a separate line item on the Customer's bill.					

Exhibit B

SCHEDULE OF RATES AND OTHER CHARGES

Rate Schedules CGS and ACGS-NSS

Type of Charge	Non-Gas Base Rate Component	Gas Cost			Total Gas Cost	Total Rate
		Base Rate Component	Surcharge Rate Component 3/			
RESIDENTIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	14.70					15.23
Pipeline Replacement Charge	0.84 0.50					0.84 0.50
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 20	0.4675	0.0000	0.0121	0.0121		0.4796
Over 20	0.1338	0.0000	0.0121	0.0121		0.1459
SMALL COMMERCIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	22.75					23.28
Pipeline Replacement Charge	1.80 1.07					1.80 1.07
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 40	0.4675	0.0000	0.0121	0.0121		0.4796
Over 40	0.1338	0.0000	0.0121	0.0121		0.1459
LARGE COMMERCIAL SERVICE - Minimum Monthly Charge is Equal to the Customer Charge						
Customer Charge 1/,4/	56.15					56.68
Pipeline Replacement Charge	11.38 6.83					11.38 6.83
<u>Distribution and Commodity Charges, Based on Usage 2/:</u>						
First 80	0.4675	0.0000	0.0121	0.0121		0.4796
Over 80	0.1338	0.0000	0.0121	0.0121		0.1459
1/	Total Customer Charge is \$/month and includes a charge for the HEAT program of \$0.53.					
2/	Distribution and Commodity Charges are \$/Per Therm.					
3/	Rate Component Includes:					
	1. Contract P-0802 Charge of \$0.0121 per Therm.					
4/	In addition to the Customer Charge, an Extra Construction Allowance Charge of \$20.00, \$30.00, \$40.00, or \$50.00 per month will be added to a Customer's bill for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period and will appear as a separate line item on the Customer's bill.					

Exhibit C

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Calculation of Revenue Deficiency
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 1
Page 1 of 1

Line No.	Description	Total State	Jurisdictional	Reference Schedule No.
	(A)	(B)	(C)	(D)
1	Rate Base	\$4,087,731	\$3,246,649	Exhibit C, Schedule 3, Line 10
2	Return on Rate Base	7.67%	7.67%	Exhibit C, Schedule 9
3	Earnings Required	\$313,410	\$248,923	(Line 1 x Line 2)
4	Net Operating Earnings	(\$30,142)	(\$23,940)	Exhibit C, Schedule 2, Line 21
5	Deficiency / (Excess)	\$343,552	\$272,863	(Line 3 - Line 4)
6	Gross Up	1.643510	1.643510	(Based on a Combined Federal and State Income Tax Rate)
7	Revenue Increase / (Decrease)	\$564,631	\$448,454	(Line 5 * Line 6)

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Revenue Requirement
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 2
Page 1 of 1

Line No.	Description	Total State	Jurisdictional	Indicated Revenue Adjustment	Jurisdictional Adjusted
	(A)	(B)	(C)	(D)	(E)
1	Operating Revenues				
2	Jurisdictional Base Rate Revenue	\$0	\$0	\$448,454 _{_2/}	\$448,454
3	Non-Jurisdictional Base Rate Revenue	\$0	\$0	\$0	\$0
4	Other Gas Revenues	\$0	\$0	\$0	\$0
5	Total Operating Revenues	\$0	\$0	\$448,454	\$448,454
6	Operation & Maintenance Expenses	\$0	\$0	\$0	\$0
7	Total O&M	\$0	\$0	\$0	\$0
8	Administrative & General Expenses	\$0	\$0	\$0	\$0
9	Total A&G	\$0	\$0	\$0	\$0
10	Depreciation and Amortization Expense	\$122,018	\$96,912	\$0	\$96,912
11	Total Depreciation Expense	\$122,018	\$96,912	\$0	\$96,912
12	Taxes Other Than Income				
13	Payroll Taxes	\$0	\$0	\$0	\$0
14	Ad Valorem and Other Taxes	\$0	\$0	\$0	\$0
15	Total Taxes Other Than Income	\$0	\$0	\$0	\$0
16	Total Operating Deductions	\$122,018	\$96,912	\$0	\$96,912
17	Operating Earnings	(\$122,018)	(\$96,912)	\$448,454	\$351,542
18	Income Taxes				
19	Federal and State Income Tax _{_1/}	(\$91,875)	(\$72,971)	\$175,590	\$102,619
20	Total Income Taxes	(\$91,875)	(\$72,971)	\$175,590	\$102,619
21	Net Operating Earnings	(\$30,142)	(\$23,940)	\$272,863	\$248,923
22	Total Rate Base	\$4,087,731	\$3,246,649		\$3,246,649
23	Rate of Return	-0.74%	-0.74%		7.67%
24	Return on Equity	-6.83%	-6.83%		9.60%

Notes **Interlocutory Order**
_{_1/} Income Tax (Federal and State) Calculated at the Following Rate-----> 39.15%
 Federal Tax Rate - 34.00%
 State Tax Rate - 7.81%
 Combined Rate = 34.00% + 7.81% - (34.00% x 7.81%) = 39.15%

_{_2/} Exhibit C, Schedule 1, Column C, Line 7

Total State

Line No.	Description	Project Additions	Project Retirements	Change in Rate Base	Jurisdictional	Reference
	(A)	(B)	(C)	(D)	(E)	(F)
1	Per Books Utility Plant in Service	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387	Exhibit C, Schedule 4.1
2	Construction Work in Progress	\$0	\$0	\$0	\$0	Not Applicable
3	Utility Plant in Service	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387	Line 1 + Line 2
4	Less Accumulated Depreciation, Depletion and Amortization	(\$71,229)	\$169,022	\$97,693	\$77,592	Exhibit C, Schedule 5
5	Less: Customer Advances	\$0	\$0	\$0	\$0	Not Applicable
6	Net Utility Plant in Service	\$4,164,949	\$100	\$4,164,949	\$3,307,979	Line 3 + Line 4 + Line 5
7	Less: Accumulated Deferred Income Taxes	(\$75,199)	(\$2,019)	(\$77,218)	(\$61,330)	Exhibit C, Schedule 6
8	Less: Customer Deposits	-	\$0	\$0	\$0	Not Applicable
9	Plus: Total Working Capital	\$0	\$0	\$0	\$0	Not Applicable
10	Total Rate Base	\$4,089,750	(\$1,919)	\$4,087,731	\$3,246,649	Line 6 + Line 7 + Line 8 + Line 9
11	Return on Rate Base	\$313,564	(\$147)	\$313,410	\$248,923	Line 10 x Requested Return

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Plant In Service
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 4.1
Page 1 of 1

Line No.	Account Number	Description	Total State			Jurisdictional
			Project Additions	Project Retirements	Change in Plant Balances	
	(A)	(B)	(C)	(D)	(E) [(C) + (D)]	(F)
1		Account No. 101 Plant:				
2		Intangible Plant				
3	30100	Organization	\$0	\$0	\$0	\$0
4	30200	Franchise and Consents	\$0	\$0	\$0	\$0
5	30300	Miscellaneous Intangible Plant	\$0	\$0	\$0	\$0
6		Total Intangible Plant	\$0	\$0	\$0	\$0
7		Distribution Plant				
8	37401	Land	\$0	\$0	\$0	\$0
9	37402	Land Rights	\$94,737	\$0	\$94,737	\$72,121
10	37501	Structure & Improvements - Offices	\$0	\$0	\$0	\$0
11	37600	Mains	\$3,533,356	(\$138,128)	\$3,395,228	\$2,585,395
12	37800	Measuring and Regulating Station Equip.	\$15,704	\$0	\$15,704	\$11,284
13	37900	City Gate Check Stations	\$0	\$0	\$0	\$0
14	38000	Services	\$592,381	(\$30,794)	\$561,587	\$561,587
15	38100	Meters	\$0	\$0	\$0	\$0
16	38110	AMR Equipment	\$0	\$0	\$0	\$0
17	38200	Meter Installations	\$0	\$0	\$0	\$0
18	38300	House Regulators	\$0	\$0	\$0	\$0
19	38400	House Regulator Installations	\$0	\$0	\$0	\$0
20	38500	Ind Meas & Reg Sta Equip	\$0	\$0	\$0	\$0
21	38600	Other Property on Customer Premises	\$0	\$0	\$0	\$0
22	38700	Other Equipment	\$0	\$0	\$0	\$0
23		Subtotal Distribution Plant	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387
24		Distribution Construction Work in Progress	\$0	\$0	\$0	\$0
25		Total Distribution Plant	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387
26		General Plant				
27	38901	Land	\$0	\$0	\$0	\$0
28	39001	Structures and Improvements	-	\$0	\$0	\$0
29	39101	Office Machines	\$0	\$0	\$0	\$0
30	39102	Office, Furniture and Fixtures	\$0	\$0	\$0	\$0
31	39103	Computer Equipment	\$0	\$0	\$0	\$0
32	39104	Computer Equipment 3yr	\$0	\$0	\$0	\$0
33	39105	Computer Equipment 5yr	\$0	\$0	\$0	\$0
34	39201	Automobiles	\$0	\$0	\$0	\$0
35	39202	Light Trucks	\$0	\$0	\$0	\$0
36	39203	Heavy Trucks	\$0	\$0	\$0	\$0
37	39205	Trailers	\$0	\$0	\$0	\$0
38	39300	Stores Equipment	\$0	\$0	\$0	\$0
39	39400	Tools, Shop, and Garage Equipment	\$0	\$0	\$0	\$0
40	39600	Power Operated Equipment	\$0	\$0	\$0	\$0
41	39700	Communication Equipment	\$0	\$0	\$0	\$0
42	39710	Communication Equipment	\$0	\$0	\$0	\$0
43	39800	Miscellaneous Equipment	\$0	\$0	\$0	\$0
44	39900	Other Tangible Property	\$0	\$0	\$0	\$0
45		Subtotal General Plant	\$0	\$0	\$0	\$0
46		General Plant Construction Work in Progress	\$0	\$0	\$0	\$0
47		Total General Plant	\$0	\$0	\$0	\$0
48		Total Utility Plant in Service	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387
49		Per Books Utility Plant in Service	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387
50		Construction Work in Progress	\$0	\$0	\$0	\$0
51		Total Utility Plant in Service	\$4,236,178	(\$168,922)	\$4,067,256	\$3,230,387

SourceGas Distribution, LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Spend By Internal Order Number By FERC Account
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 4.2
Page 1 of 1

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
	Internal Order Number	Land Rights	Mains	Measuring & Regulating Station Equip.	Services	Total
		37402	37600	37800	38000	
1	1008652		\$ 957,224		\$ 532,900	\$ 1,490,125
2	1008479	62,922	1,183,360		26,483	1,272,765
3	1008584		401,128		3,554	404,681
4	1008666	28,068	236,837			264,905
5	1008568_1/	10	173,016			173,026
6	1009015		123,255		16,710	139,965
7	1009522		112,198			112,198
8	1006678		61,664			61,664
9	1009066		49,312			49,312
10	1007034	2,461	30,374			32,835
11	1009710		26,087			26,087
12	1009925		25,053			25,053
13	1008653		20,103			20,103
14	1008746		17,391			17,391
15	1007131			15,704		15,704
16	1008671		12,764		879	13,643
17	1009453		13,572			13,572
18	1007054		11,286		855	12,141
19	1008888		11,501			11,501
20	1007326		10,136			10,136
21	1008670		8,423		1,605	10,029
22	1009503		7,911		1,451	9,362
23	1008564	627	7,440			8,067
24	1007006		5,228			5,228
25	1008627				4,861	4,861
26	1007115	649	3,936			4,584
27	1007116		4,243			4,243
28	1007118		4,113			4,113
29	1006938		3,854			3,854
30	1007117		3,854			3,854
31	1008668		3,475			3,475
32	1008626				3,082	3,082
33	1007186		2,721			2,721
34	1008648		1,898			1,898
35	Retirements		(138,128)		(30,794)	(168,922)
36	Total	\$ 94,737	\$ 3,395,228	\$ 15,704	\$ 561,587	\$ 4,067,256

_1/ The total cost of this project was \$196,991. However, this project replaced 5,302 feet of 2-inch pipe with 4-inch pipe. The installed cost of the 2-inch pipe for this project was \$32.63 per foot while the installed cost of 4-inch pipe was \$37.15 per foot.

Therefore, using the 4-inch pipe added \$23,965 to this project (($\$37.15 - \32.63) x 5,302). SourceGas is only seeking to recover \$173,026 ($\$196,991 - 23,965$) in this filing.

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Project Information
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 4.3

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	
Line No.	Internal Order Number	Division	Project Description	Start Date	Capitalization Date	Amount Capitalized	Retirements	Total Plant Additions	Months in Service as of 4/30/2014	Annual Depreciation Rate	ARDA at 4/30/2014 _1/	Asset Description
1	1008652	McCook	Phase 3 McCook 5#, replace mains and services	5/21/2013	11/22/2013	\$1,490,125	(\$105,463)	\$1,384,662	6	3.00%	(\$22,352)	Third and final phase of the low pressure distribution system replacement project.
2	1008479	Sutton	390-3770 TOG Hampton	6/15/2013	12/2/2013	\$1,272,765	(\$988)	\$1,271,777	5	3.00%	(\$15,910)	Replacement of existing TOG pipeline infrastructure, specifically, the Hampton lateral designated as pipe segment 390-3770.
3	1008584	McCook	NE - TOG Project-Seg#110-0150 - Ovid Lateral	7/13/2013	08/1/2013	\$404,681	(\$27,687)	\$376,995	9	3.00%	(\$9,105)	Replacement of existing TOG pipeline infrastructure, specifically, the Ovid lateral designated as pipe segment 110-0150.
4	1008666	Sidney	Replace TOG - Seg#110-0080_Lodgepole Lateral	5/20/2013	07/3/2013	\$264,905	(\$354)	\$264,551	10	3.00%	(\$6,623)	Replacement of existing TOG pipeline infrastructure, specifically, the Lodgepole lateral designated as pipe segment 110-0800.
5	1008568	Holdrege	TOG Replacement - Holdrege Cargill _2	10/24/2013	08/15/2013	\$173,026	(\$4,366)	\$168,660	9	3.00%	(\$3,893)	Replacement of existing TOG pipeline infrastructure designated as the Holdrege - Cargill lateral.
6	1009015	Holdrege	Orleans Bare Steel Replacement 2013	4/29/2013	03/14/2014	\$139,965	(\$10,063)	\$129,902	2	3.00%	(\$700)	Replacement of the bare steel pipe comprising a portion of the distribution system serving Orleans, Nebraska.
7	1009522	Sydney	Lower Main Blk218 - 233 - Sydney NE	7/26/2013	11/6/2013	\$112,198	(\$1,237)	\$110,961	6	3.00%	(\$1,683)	Relocation of a 3" diameter distribution main segment as required by the City of Sydney, Nebraska, due to a street improvement project.
8	1006678	Sutton	500-2795 Idlewild TOG Changeout	11/17/2011	12/15/2012	\$61,664	(\$3,877)	\$57,787	17	3.00%	(\$2,621)	Replacement of existing TOG pipeline infrastructure designated as the Idlewild lateral.
9	1009066	Sutton	370-0140 Replace Leaking Main	7/15/2013	07/30/2013	\$49,312	(\$348)	\$48,964	10	3.00%	(\$1,233)	Replacement of approx. 715 feet of 4" transmission main designated as line segment 370-140 located near Kenesaw, Nebraska, due to corrosion issues resulting in leakage.
10	1007034	Holdrege	Remove Bridge Span - Johnson Lake	3/1/2013	07/30/2013	\$32,835	(\$209)	\$32,626	10	3.00%	(\$821)	Replacement of existing spans in the SourceGas Distribution pipeline system.
11	1009710	Holdrege	Bertrand Bare Main Change Out 13	10/10/2013	10/15/2013	\$26,087	(\$152)	\$25,934	7	3.00%	(\$457)	Replacement of a 320 foot segment of 1-1/4" distribution main and associated services in Bertrand, Nebraska.
12	1009925	Sutton	460-2515 PVC Leak Replacement	10/21/2013	11/29/2013	\$25,053	(\$2,766)	\$22,288	6	3.00%	(\$376)	Replacement of 2" PVC pipeline installed in 1967 near Hebron, Nebraska.
13	1008653	Kearney	Surface Ground Beds - Kearney Division	4/1/2013	08/27/2013	\$20,103	\$0	\$20,103	9	3.00%	(\$452)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
14	1008746	Sutton	Sutton Corrosion 2013	4/1/2013	09/27/2013	\$17,391	\$0	\$17,391	8	3.00%	(\$348)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
15	1007131	Holdrege	Meter Baricades	2/1/2012	12/30/2012	\$15,704	\$0	\$15,704	17	3.00%	(\$667)	Installation of barricades to protect meter, regulator and valve settings from outside force damage.
16	1008671	Alliance	Replace Bare Main North Bayard, NE	7/10/2013	05/31/2013	\$13,643	(\$2,952)	\$10,691	12	3.00%	(\$409)	Replacement of the bare steel pipe comprising a portion of the distribution system serving the town of Bayard, Nebraska.
17	1009453	Albion	Belden Creek Span Replacements	8/19/2013	08/27/2013	\$13,572	(\$143)	\$13,429	9	3.00%	(\$305)	Replacement of existing spans in the SourceGas Distribution pipeline system.
18	1007054	Alliance	Install 5 blocks of 2 Inch Steel	5/13/2013	05/15/2013	\$12,141	(\$1,808)	\$10,333	12	3.00%	(\$364)	Replacement of the poorly coated steel pipe comprising a portion of the distribution system serving the town of Crawford, Nebraska.
19	1008888	Scotts Bluff	Lyman lateral span replacement	6/10/2013	06/21/2013	\$11,501	(\$173)	\$11,328	11	3.00%	(\$316)	Replacement of existing spans in the SourceGas Distribution pipeline system.
20	1007326	Holdrege	Span Rplacement 270-1769 Sec C Holdrege	3/6/2012	11/1/2012	\$10,136	(\$118)	\$10,018	18	3.00%	(\$456)	Replacement of existing spans in the SourceGas Distribution pipeline system.
21	1008670	Alliance	Replace Bare Main Blk 70 & 71 Bayard, NE	5/6/2013	05/10/2013	\$10,029	(\$1,126)	\$8,902	12	3.00%	(\$301)	Replacement of a segment of 1-1/4" steel pipe to serve the town of Bayard, Nebraska.
22	1009503	Kearney	Reroute Block 44 of Red Cloud NE	9/4/2013	09/6/2013	\$9,362	(\$1,039)	\$8,323	8	3.00%	(\$187)	Relocation of 360 feet of 2" coated steel main that surveys determined had a structure built over the pipeline segment. Replacement of this segment with 2" polyethylene pipe.
23	1008564	Holdrege	Surface Beds - Holdrege #2	6/13/2013	12/31/2013	\$8,067	\$0	\$8,067	5	3.00%	(\$101)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
24	1007006	Sutton	Replace 2 Spans , Kimball, NE	3/1/2012	11/16/2012	\$5,228	(\$104)	\$5,124	18	3.00%	(\$235)	Replacement of existing spans in the SourceGas Distribution pipeline system.
25	1008627	Holdrege	Cased Cross - Eustis to Elwood 605+77	12/2/2013	12/31/2013	\$4,861	(\$1,358)	\$3,502	5	3.00%	(\$61)	Elimination of two "shorted" cased crossings on the Eustis to Elwood lateral.

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Project Information
For the Period Ended April 30, 2014

Docket No. NG-0072.1 Exhibit C
Schedule 4.3

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	
Line No.	Internal Order Number	Division	Project Description	Start Date	Capitalization Date	Amount Capitalized	Retirements	Total Plant Additions	Months in Service as of 4/30/2014	Annual Depreciation Rate	ARDA at 4/30/2014 _1/	Asset Description
26	1007115	McCook	Install Anode Bed Birdwood Crossing #1	3/15/2012	11/30/2012	\$4,584	\$0	\$4,584	18	3.00%	(\$206)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
27	1007116	McCook	Install Anode bed Sleepy Hollow #1	3/15/2012	11/30/2012	\$4,243	\$0	\$4,243	18	3.00%	(\$191)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
28	1007118	McCook	Install Surface Anode Bed / Homestead Rd	3/15/2012	11/30/2012	\$4,113	\$0	\$4,113	18	3.00%	(\$185)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
29	1006938	McCook	Install Anode Bed Birdwood Crossing #2	3/15/2012	11/12/2012	\$3,854	\$0	\$3,854	18	3.00%	(\$173)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
30	1007117	McCook	Install Anode Bed Sleepy Hollow #2	3/15/2012	11/30/2012	\$3,854	\$0	\$3,854	18	3.00%	(\$173)	CP infrastructure is to be applied to all steel pipelines according to PHMSA regulations published in 49 CFR Section 192.451. SourceGas Distribution meets this requirement by utilizing galvanic anode applications as well as ICCP.
31	1008668	Alliance	Remove Span blk 29 Bayard NE	4/1/2013	04/2/2013	\$3,475	(\$175)	\$3,300	13	3.00%	(\$113)	Replacement of existing spans in the SourceGas Distribution pipeline system.
32	1008626	Holdrege	Cased Cross - Eustis to Elwood 150-49	12/2/2013	12/31/2013	\$3,082	(\$1,358)	\$1,724	5	3.00%	(\$39)	Elimination of two "shorted" cased crossings on the Eustis to Elwood lateral.
33	1007186	Scotts Bluff	Lyman lateral lowering - SPAN	3/1/2012	12/31/2012	\$2,721	(\$241)	\$2,480	17	3.00%	(\$116)	Replacement of existing spans in the SourceGas Distribution pipeline system.
34	1008648	Alliance	Replace Span blk 20 Bayard, NE	5/30/2013	05/30/2013	\$1,898	(\$817)	\$1,080	12	3.00%	(\$57)	Replacement of existing spans in the SourceGas Distribution pipeline system.
35	Total					\$4,236,178	(\$168,922)	\$4,067,256			(\$71,229)	

_1/ Column K = - (Column J/12 * Column I * Column F

_2/ The total cost of this project was \$196,991. However, this project replaced 5,302 feet of 2-inch pipe with 4-inch pipe. The installed cost of the 2-inch pipe for this project was \$32.63 per foot while the installed cost of 4-inch pipe was \$37.15 per foot. Therefore, using the 4-inch pipe added \$23,965 to this project ((\$37.15 - \$32.63) x 5,302). SourceGas is only seeking to recover \$173,026 (\$196,991 - 23,965) in this filing.

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Accumulated Reserve for Depreciation, Depletion and Amortization
For the Period Ended April 30, 2014

Total State

Line No.	Description	Project Additions	Project Retirements _1/	Change in ARDA Balance	Jurisdictional
	(A)	(B)	(C)	(D)	(E)
1	Distribution	(\$71,229)	\$169,022	\$97,693	\$77,592
2	General	\$0	\$0	\$0	\$0
3	Total	(\$71,229)	\$169,022	\$97,693	\$77,592

_1/ Project # 1008479 Hampton TOG salvaged \$100 of pipe.

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Accumulated Deferred Income Taxes
For the Period Ended April 30, 2014

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Total State

Line No.	Description	Project Additions	Project Retirements	Change in ADIT Balance	Jurisdictional
(A)	(B)	(C)	(D)	(E)	
1	Account 190	\$0	\$0	\$0	\$0
2	Account 282	(\$75,199)	(\$2,019)	(\$77,218)	(\$61,330)
3	Total	(\$75,199)	(\$2,019)	(\$77,218)	(\$61,330)

SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Depreciation & Amortization Expense
For the Period Ended April 30, 2014

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Line No.	Function	Total State				Current Depreciation Rate	Depreciation Expense at Current Rates	Jurisdictional Depreciation Expense at Current Rates
		Project Additions _1/	Less: Project Retirements_2/	Depreciable Plant				
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	
1	Distribution	\$4,236,178	(168,922)	\$4,067,256	3.00%	\$122,018	\$96,912	
2	Distribution - AMR	\$0	\$0	\$0	5.00%	\$0	\$0	
3	General	\$0	\$0	\$0	7.36%	\$0	\$0	
4	General - Billing	\$0	\$0	\$0	10.00%	\$0	\$0	
5	Intangible	\$0	\$0	\$0	3.00%	\$0	\$0	
6	Total	\$4,236,178	(\$168,922)	\$4,067,256		\$122,018	\$96,912	

Notes

- _1/ Refer to Exhibit C, Schedule 4.1, Column C
_2/ Refer to Exhibit C, Schedule 4.1, Column D

SourceGas Distribution LLC - Nebraska
 Infrastructure System Replacement Cost Recovery Charge
 Federal & State Income Taxes
 For the Period Ended April 30, 2014

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Line No.	Description	Total State	Jurisdictional
	(A)	(B)	(C)
1	Rate Base_1/	\$4,087,731	\$3,246,649
2	Return on Rate Base Percentage_2/	7.67%	7.67%
3	Return on Rate Base	\$313,410	\$248,923
4	Adjustments for Tax Purposes:		
5	Interest & Debt Expense Percentage_2/	2.76%	2.76%
6	Interest & Debt Expense	(\$112,630)	(\$89,456)
7	Taxable Rate Base Earnings	\$200,780	\$159,468
8	Income Tax (Factor 64.35096%)_3/	\$129,204	\$102,619
9	Total Income Taxes	\$129,204	\$102,619

Notes

- _1/ Refer to Exhibit C, Schedule 3
- _2/ Refer to Exhibit C, Schedule 9
- _3/ Using a combined income tax rate with the following gross-up factor:
 Tax rate/(1-tax rate)

Interlocutory Order

Combined (Federal and State) Income Tax Rate

Federal Tax Rate - 34.00%

State Tax Rate - 7.81%

Combined Rate = 34.00% + 7.81% - (34.00% x 7.81%) = 39.15%

**SourceGas Distribution LLC - Nebraska
Infrastructure System Replacement Cost Recovery Charge
Rate of Return & Cost of Capital
For the Period Ended April 30, 2014**

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Line No.	Actual Capital Categories	Capitalization	Percent of Total	Cost of Capital	Weighted Cost of Capital	Docket NG-0067 Reference Schedule No.
	(A)	(B)	(C)	(D)	(E)	(F)

Base Year Beginning Balances

1	Long Term Debt	\$450,000,000	48.97%	5.642%	2.76%	
2	Equity	\$468,890,065	51.03%	11.00%	5.61%	
3	Total Capital	\$918,890,065	100.00%		8.38%	

Base Year Ending Balances and Test Year

4	Long Term Debt	\$450,000,000	48.57%	5.642%	2.74%	Exhibit IV, Schedule B
5	Equity	\$476,474,206	51.43%	11.00%	5.66%	Exhibit IV, Schedule C
6	Total Capital	\$926,474,206	100.00%		8.40%	

Rebuttal Test Year

7	Long Term Debt	\$450,000,000	48.84%	5.642%	2.76%	Rebuttal Exhibit IV, Rebuttal Schedule B
8	Equity	\$471,454,332	51.16%	10.62%	5.43%	Rebuttal Exhibit IV, Rebuttal Schedule C
9	Total Capital	\$921,454,332	100.00%		8.19%	

Interlocutory Test Year

10	Long Term Debt	\$450,000,000	48.84%	5.642%	2.76%	Rebuttal Exhibit IV, Rebuttal Schedule B
11	Equity	\$471,454,332	51.16%	9.60%	4.91%	Interlocutory Order
12	Total Capital	\$921,454,332	100.00%		7.67%	

SourceGas Distribution, LLC - Nebraska
Functional Classification of Rate Base and Cost of Service
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1		<u>Summary</u>												
2		Rate Base	4,087,731	547,876	547,876	989,059	334,217	1,104,290	564,414	-	-	-	-	Table 2 Line 57
3		Rate of Return	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	
4		Total Cost of Service												
5		Operation & Maintenance Expenses	-	-	-	-	-	-	-	-	-	-	-	Table 3 Line 64
6		Depreciation Expenses	122,018	16,354	16,354	29,523	9,976	32,963	16,848	-	-	-	-	Table 4 Line 7
7		Taxes Other Than Income Taxes	-	-	-	-	-	-	-	-	-	-	-	Table 4 Line 11
8		Return	313,410	42,006	42,006	75,832	25,625	84,667	43,274	-	-	-	-	Line 2 x Line 3
9		Income Taxes	129,204	17,317	17,317	31,262	10,564	34,904	17,840	-	-	-	-	Rate Base
10		Other Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	Table 4 Line 17
11		Total Cost of Service	564,631	75,677	75,677	136,617	46,165	152,533	77,961	-	-	-	-	Sum of Lines 5 thru 10

SourceGas Distribution, LLC - Nebraska
Functional Classification of Rate Base
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	Commodity	\$	\$	\$	\$	\$	\$	
1		<u>Gas Plant in Service</u>												
2		Intangible Plant												
3	301	Organization	-											Supervised O&M
4	302	Franchises & Consents	-											Supervised O&M
5	303	Miscellaneous Intangible Plant	-											Supervised O&M
6		Total Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 3 thru 5
7		Distribution Plant												
8	374	Land & Land Rights	94,737	14,732	14,732	26,594	8,987	29,693	-	-	-	-	-	Accounts 375 - 379 - Excluding Direct Assigned
9	375	Structures & Improvements	-	-	-	-	-	-	-	-	-	-	-	31.1% Trans, 68.9% Dist; 50% Dem, 50% Comm
10	376	Mains	3,395,228	527,958	527,958	952,100	318,146	1,069,066	-	-	-	-	-	31.1% T, 50-50; 68.9% D, 40.7 Dem, 13.6 Comm, 45.7 Cusi
11	378	Meas. & Reg. Sta. Equip.	15,704	2,442	2,442	5,410	5,410	-	-	-	-	-	-	31.1% Trans, 68.9% Dist; 50% Dem, 50% Comm
12	379	City Gate Check Stations	-	-	-	-	-	-	-	-	-	-	-	31.1% Trans, 68.9% Dist; 50% Dem, 50% Comm
13	380	Services	561,587	-	-	-	-	-	561,587	-	-	-	-	Direct - Services
14	381	Meters	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
15	382	Meter Installations	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
16	383	House Regulators	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
17	384	House Reg. Installations	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
18	385	Indust. Meas. & Reg. Sta. Equip.	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
19	386	Other Property on Cust. Premises	-	-	-	-	-	-	-	-	-	-	-	Direct - Meters and Regulators
20	387	Other Equipment	-	-	-	-	-	-	-	-	-	-	-	31.1% T, 50-50; 68.9% D, 40.7 Dem, 13.6 Comm, 45.7 Cusi
21		Total Distribution Plant	4,067,256	545,132	545,132	984,105	332,543	1,098,758	561,587	-	-	-	-	Sum of Lines 8 thru 20
22		General Plant												
23	389	Land & Land Rights	-											Supervised O&M
24	390	Structures and Improvements	-											Supervised O&M
25	391	Office Furniture & Equipment	-											Supervised O&M
26	391.1	Computer Equip. - Billing System	-											Customer Accounts
27	392	Transportation Equipment	-											Supervised O&M
28	393	Stores Equipment	-											Supervised O&M
29	394	Tools & Work Equipment	-											Supervised O&M
30	396	Power Operated Equipment	-											Supervised O&M
31	397	Communication Equipment	-											Supervised O&M
32	398	Misc. Equipment	-											Supervised O&M
33	399	Other Tangible Property	-											Supervised O&M
34		Total General Plant	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 23 thru 33
35		Total Plant in Service	4,067,256	545,132	545,132	984,105	332,543	1,098,758	561,587	-	-	-	-	Line 6 + Line 21 + Line 34

SourceGas Distribution, LLC - Nebraska
 Functional Classification of Rate Base
 Infrastructure System Replacement Cost Recovery Charge

Docket No. NG-0072.1 Exhibit C, Schedule 10
 Table 2 of 4
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0.051222 0.051222 0.095177248 0.097775212 0.089934235 0.275190353 0.133854093 0.204372579 0 0.00125228

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
36		Construction Work In Progress												
37		Distribution Plant												Distribution Plant; Super High Vol - Direct Assign
38		General Plant												General Plant
39		Total CWIP	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 37 thru 38
40		Contributions In Aid of Construction												
41		Distribution Plant												Distribution and Services Plant
42		General Plant												Distribution and Services Plant
43		Total CIAC	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 41 thru 42
44		Total Plant in Service w/ CWIP & CIAC	4,067,256	545,132	545,132	984,105	332,543	1,098,758	561,587	-	-	-	-	Line 35 + Line 39 + Line 43
45		<u>Accumulated Depreciation and Amortization</u>												
46		Distribution Plant	(97,693)	(13,094)	(13,094)	(23,637)	(7,987)	(26,391)	(13,489)	-	-	-	-	Distribution Plant
47		General Plant												General Plant
48		Total Accumulated Depr. & Amort.	(97,693)	(13,094)	(13,094)	(23,637)	(7,987)	(26,391)	(13,489)	-	-	-	-	Sum of Lines 46 thru 47
49		Net Plant	4,164,949	558,225	558,225	1,007,742	340,531	1,125,150	575,076	-	-	-	-	Line 44 - Line 48
50		<u>Other Rate Base Items</u>												
51		Customer Deposits												Customer Accounts
52		Accum. Deferred Income Taxes	(77,218)	(10,349)	(10,349)	(18,683)	(6,313)	(20,860)	(10,662)	-	-	-	-	Net Plant
53		Materials & Supplies												Plant in Service
54		Prepayments												Net Plant
55		Regulatory Asset												Direct - Jurisdictional
56		Total Other Rate Base Items	(77,218)	(10,349)	(10,349)	(18,683)	(6,313)	(20,860)	(10,662)	-	-	-	-	Sum of Lines 51 thru 55
57		Total Rate Base	4,087,731	547,876	547,876	989,059	334,217	1,104,290	564,414	-	-	-	-	Line 49 + Line 56

SourceGas Distribution, LLC - Nebraska
Functional Classification of Operation and Maintenance Expenses
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1		<u>O & M Expenses</u>												
2		Transmission Expenses												
3		Operation												
4	850	Supervision & Engineering	-											50 % Demand, 50 % Commodity
5	851	Sys. Control & Load Dispatch.	-											50 % Demand, 50 % Commodity
6	856	Mains Expenses	-											50 % Demand, 50 % Commodity
7	857	Meas. & Reg. Sta. Expenses	-											50 % Demand, 50 % Commodity
8	858	Compression of Gas Expenses	-											50 % Demand, 50 % Commodity
9	859	Other Expenses	-											50 % Demand, 50 % Commodity
10		Total Operation	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 4 thru 9
11		Maintenance												
12	863	Mains	-											50 % Demand, 50 % Commodity
13	865	Meas. & Reg. Sta. Equip.	-											50 % Demand, 50 % Commodity
14		Total Maintenance	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 12 thru 13
15		Total Transmission Expenses	-	-	-	-	-	-	-	-	-	-	-	Line 10 + Line 14
16		Distribution Expenses												
17		Operation												
18	870	Supervision & Engineering	-											Accounts 871 - 880
19	871	Load Dispatching	-											Direct - Distribution Commodity
20	874	Mains & Services	-											Accounts 376 and 380
21	875	Meas. & Reg. Sta. Equip. - General	-											Account 378
22	876	Meas. & Reg. Sta. Equip. - Ind.	-											Account 385
23	877	Meas. & Reg. Sta. Equip. - CG	-											Account 379
24	878	Meters & House Regulators	-											Direct - Meters and Regulators
25	879	Customer Installation Expenses	-											Direct - Services
26	880	Other Expenses	-											Distribution Plant
27	881	Rents	-											Distribution Plant
28		Total Operation	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 18 thru 27
29		Maintenance												
30	885	Supervision & Engineering	-											Accounts 886 - 894
31	886	Structures & Improvements	-											Account 375
32	887	Mains	-											Account 376
33	892	Services	-											Direct - Services
34	893	Meters & House Regulators	-											Direct - Meters and Regulators
35	894	Other Equipment	-											Distribution Plant
36		Total Maintenance	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 30 thru 35
37		Total Distribution	-	-	-	-	-	-	-	-	-	-	-	Line 28 + Line 36

SourceGas Distribution, LLC - Nebraska
Functional Classification of Operation and Maintenance Expenses
Infrastructure System Replacement Cost Recovery Charge

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[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	Commodity	\$	\$	\$	\$	\$	\$	
38		Customer Accounts Expenses												
39	902	Meter Reading Expenses	-											Direct - Customer Accounts
40	903	Customer Records & Collection	-											Direct - Customer Accounts
41	904	Uncollectible Accounts	-											Direct - Customer Accounts
42	905	Miscellaneous	-											Direct - Customer Accounts
43		Total Customer Accounts Expenses	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 39 thru 42
44		Customer Service & Inform. Exp.												
45	909	Information & Instruction Exp.	-											1/3 Dist. Commodity, 2/3 Customer Accounts
46	910	Miscellaneous	-											1/3 Dist. Commodity, 2/3 Customer Accounts
47		Total Cust. Service & Inf. Exp.	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 45 thru 46
48		Sales Expenses												
49	912	Demonstrating & Selling Exp.	-											1/3 Dist. Commodity, 2/3 Customer Accounts
50	913	Advertising Expenses	-											1/3 Dist. Commodity, 2/3 Customer Accounts
51		Total Sales Expenses	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 49 thru 50
52		Administrative & General Expenses												
53		Operation												
54	920	A & G Salaries	-											Supervised O&M
55	921	Office Supplies & Expenses	-											Supervised O&M
56	923	Outside Services Employed	-											Supervised O&M
57	924	Property Insurance	-											Net Plant
58	926	Employee Pensions & Benefits	-											Supervised O&M
59	927	Franchise Requirements	-											Direct - Jurisdictional
60	928	Regulatory Commission Expense	-											Direct - Jurisdictional
61	930	Miscellaneous	-											Supervised O&M
62	931	Rents	-											Supervised O&M
63		Total A & G Expenses	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 54 thru 62
64		Total Operation & Maintenance	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 15, 37, 43, 47, 51 and 63
65		Supervised O & M before General	-											Sum of Lines 15, 37, 43, 47, 51, Less 27 & 41

SourceGas Distribution, LLC - Nebraska
Functional Classification of Other Cost of Service Components
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]
Line No.	Acct. No.	Description	Total Nebraska	Transmission		Distribution			Services	Meters and Regulators	Customer Accounts	Direct	Super High Vol. Direct	Allocation Basis or Reference
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1		<u>Depreciation Expense</u>												
2		Intangible	-											Intangible Plant
3		Distribution	122,018	16,354	16,354	29,523	9,976	32,963	16,848	-	-	-	-	Distribution Plant
4		Distribution - AMR	-											Account 381
5		General	-											General Plant
6		General - Billing	-											Account 391.1
7		Total Depreciation Expense	122,018	16,354	16,354	29,523	9,976	32,963	16,848	-	-	-	-	Sum of Lines 2 thru 6
8		<u>Taxes Other Than Income Taxes</u>												
9		Payroll Taxes	-											Supervised O&M
10		Ad Valorem Taxes	-											Net Plant
11		Total Taxes Other than Income Taxes	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 9 thru 10
12		<u>Other Operating Revenues</u>												
13	487	Forfeited Discounts	-											Direct
14	488	Misc. Service Revenues	-											Direct
15		Interdepartmental Rents	-											Supervised O&M
16		CWIP Revenue	-											Jurisdictional Direct
17		Total Other Operating Revenues	-	-	-	-	-	-	-	-	-	-	-	Sum of Lines 13 thru 16

SourceGas Distribution, LLC - Nebraska
Rate of Return Under Current and Proposed Rates
Infrastructure System Replacement Cost Recovery Charge

Docket No. NG-0072.1 Exhibit C, Schedule 11
Table 1 of 5
Page 1 of 1

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	
Line No.	Description	Total Nebraska	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional	Non-Jurisdictional Customer Classes					Total Non- Jurisdictional	Basis of Allocation or Reference	
							Agriculture	High Volume			Super HV			
								Full Tariff	Negotiated-D ⁽¹⁾	Negotiated-T ⁽²⁾				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
1	Return Under Existing Rates													
2	Rate Base	4,087,731	2,021,260	640,792	584,597	3,246,649	568,109	82,677	97,091	93,205	-	841,082		
3	Approved Base Rate Revenues - NG-0067	121,559,499	51,560,832	15,699,070	20,602,806	87,862,707	31,202,313	702,441	215,081	431,032	1,145,925	33,696,792		
4	Cost of Gas - NG-0067	77,404,670	28,661,428	9,722,096	15,691,768	54,075,293	23,329,378	-	-	-	-	23,329,378		
5	Approved Revenues Excluding Gas Cost	44,154,829	22,899,403	5,976,973	4,911,038	33,787,414	7,872,935	702,441	215,081	431,032	1,145,925	10,367,414		
6	Net Cost of Service	564,631	279,193	88,511	80,749	448,454	78,472	11,420	13,411	12,874	-	116,177		
7	Revenue Deficiency	564,631	279,193	88,511	80,749	448,454								
8	Percent		0.54%	0.56%	0.39%	0.51%								
9	Proposed Increase	445,516	276,158	88,628	80,731	445,516							Exhibit C, Schedule 11, Table 5, Line 5	
10	Percent of Base Rate Revenues	1.01%	1.21%	1.48%	1.64%	1.32%								
11	Incremental Taxes at	39.15%	108,129	34,702	31,610	174,440								
12	Incremental Return		168,029	53,926	49,121	271,076								
13	Return Under Proposed Rates		153,125	49,201	44,810	247,136								
14	Rate of Return Under Proposed Rates		7.58%	7.68%	7.67%	7.61%								
15	Return Under Current Rates	(30,142)	(14,904)	(4,725)	(4,311)	(23,940)								
16	Rate of Return Under Current Rates	-0.74%	-0.74%	-0.74%	-0.74%	-0.74%								

(1) Negotiated-D are negotiated tariff customers served off of the distribution system
(2) Negotiated-T are negotiated tariff customers served off of the transmission system only

SourceGas Distribution, LLC - Nebraska
 Allocation of Cost of Service
 Infrastructure System Replacement Cost Recovery Charge

Docket No. NG-0072.1 Exhibit C, Schedule 11
 Table 2 of 5
 Page 1 of 1

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
Line No.	Description	Total Nebraska	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional	Non-Jurisdictional Customer Classes				Total Non-Jurisdictional	Basis of Allocation or Reference	
							Agriculture	High Volume					
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
1	Total Cost of Service												
2	Transmission												
3	Demand	75,677	32,932	11,033	14,929	58,894	6,484	2,380	2,724	5,196	-	16,784	Winter Period Peak Demand
4	Commodity	75,677	23,047	7,818	12,618	43,482	18,759	2,564	3,194	7,678	-	32,195	Commodity
5	Total Transmission	151,354	55,979	18,850	27,547	102,376	25,243	4,944	5,918	12,874	-	48,979	Line 3 + Line 4
6	Distribution												
7	Demand	136,617	63,834	21,385	28,937	114,156	12,568	4,613	5,280	-	-	22,460	Winter Period Peak Demand
8	Commodity	46,165	15,647	5,307	8,566	29,520	12,736	1,741	2,168	-	-	16,645	Commodity
9	Customer	152,533	88,370	26,418	9,652	124,440	27,925	123	45	-	-	28,093	Distribution Customer Cost Allocator
10	Total Distribution	335,315	167,851	53,110	47,156	268,117	53,229	6,476	7,493	-	-	67,198	Sum of Line 7 through Line 9
11	Services	77,961	55,364	16,551	6,047	77,961	-	-	-	-	-	-	Services Cost Allocator
12	Meters and Regulators	-	-	-	-	-	-	-	-	-	-	-	Meters & Regulators
13	Customer Accounts	-	-	-	-	-	-	-	-	-	-	-	Customer Accounts
14	Direct												
15	Franchise Requirements	-	-	-	-	-	-	-	-	-	-	-	Jurisdictional Commodity
16	Regulatory Commission Expense	-	-	-	-	-	-	-	-	-	-	-	Jurisdictional Commodity
17	Regulatory Asset ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	Jurisdictional Commodity
18	Other Revenues												
19	Late Fees	-	-	-	-	-	-	-	-	-	-	-	Not Applicable
20	Service Fees	-	-	-	-	-	-	-	-	-	-	-	Not Applicable
21	Supplier Fees	-	-	-	-	-	-	-	-	-	-	-	Not Applicable
22	CWIP Revenue	-	-	-	-	-	-	-	-	-	-	-	Jurisdictional Rate Base
23	Total Direct	-	-	-	-	-	-	-	-	-	-	-	Sum of Line 15 through Line 22
24	Super High Volume Direct												
25	Direct	-	-	-	-	-	-	-	-	-	-	-	Direct
26	Total Super High Volume Direct	-	-	-	-	-	-	-	-	-	-	-	Line 25
27	Total Cost of Service	564,631	279,193	88,511	80,749	448,454	78,472	11,420	13,411	12,874	-	116,177	Sum of Lines 5, 10, 11, 12, 13, 23, and 26

(3) Regulatory Asset expense includes return and taxes on the Regulatory Asset rate base item shown on Table 3, Line 15

SourceGas Distribution, LLC - Nebraska
Allocation of Rate Base
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
Line No.	Description	Total Nebraska	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional	Non-Jurisdictional Customer Classes				Total Non-Jurisdictional	Basis of Allocation or Reference	
							Agriculture	High Volume					
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
1	Rate Base												
2	Transmission												
3	Demand	547,876	238,418	79,872	108,080	426,369	46,941	17,229	19,719	37,618	-	121,507	Winter Period Peak Demand
4	Commodity	547,876	166,850	56,596	91,348	314,795	135,810	18,560	23,124	55,587	-	233,081	Commodity
5	Total Transmission	1,095,752	405,268	136,468	199,428	741,164	182,751	35,790	42,843	93,205	-	354,588	Line 3 + Line 4
6	Distribution												
7	Demand	989,059	462,137	154,819	209,496	826,453	90,987	33,396	38,222	-	-	162,606	Winter Period Peak Demand
8	Commodity	334,217	113,275	38,424	62,017	213,716	92,202	12,601	15,699	-	-	120,502	Commodity
9	Customer	1,104,290	639,767	191,258	69,878	900,903	202,169	890	327	-	-	203,386	Distribution Customer / Services
10	Total Distribution	2,427,565	1,215,180	384,501	341,391	1,941,072	385,359	46,887	54,248	-	-	486,494	Sum of Line 7 through Line 9
11	Services	564,414	400,813	119,823	43,778	564,414	-	-	-	-	-	-	Distribution Customer / Services
12	Meters and Regulators	-	-	-	-	-	-	-	-	-	-	-	Meters & Regulators
13	Customer Accounts	-	-	-	-	-	-	-	-	-	-	-	Customer Accounts
14	Direct												
15	Regulatory Asset	-	-	-	-	-	-	-	-	-	-	-	Jurisdictional Commodity
16	Total Direct	-	-	-	-	-	-	-	-	-	-	-	Line 15
17	Super High Volume Direct												
18	Direct Customer Assignment	-	-	-	-	-	-	-	-	-	-	-	Direct
19	Total Super High Volume Direct	-	-	-	-	-	-	-	-	-	-	-	Line 18
20	Total Rate Base	4,087,731	2,021,260	640,792	584,597	3,246,649	568,109	82,677	97,091	93,205	-	841,082	Sum of Lines 5, 10, 11, 12, 13, 16, and 18

SourceGas Distribution, LLC - Nebraska
 Class Allocation Basis
 Infrastructure System Replacement Cost Recovery Charge

Docket No. NG-0072.1 Exhibit C, Schedule 11
 Table 4 of 5
 Page 1 of 1

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
Line No.	Description	Total Nebraska	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional	Non-Jurisdictional Customer Classes				Total Non-Jurisdictional	Basis of Allocation or Reference	
							Agriculture	High Volume					
							Full Tariff	Negotiated-D	Negotiated-T	Super HV			
1	<u>Allocation Bases</u>												
2	Winter Period Peak Demand		24.19%	24.49%	29.21%		100.00%						CCOSS Inputs Workpaper - NG-0067
3	Peak Day - therms/Day	1,243,346	541,064	181,260	245,275	967,599	106,527	39,100	44,750	85,370			275,747 Line 7 / 365 / Line 2, CCOSS Inputs Workpaper - NG-0067
4	Transmission Allocation Factor	100.0000%	43.5168%	14.5784%	19.7270%	77.8222%	8.5678%	3.1447%	3.5992%	6.8662%			22.1778% Line 3 / Column C, Line 3 excl. Super HV
5	Distribution Allocation Factor	100.0000%	46.7250%	15.6532%	21.1814%	83.5595%	9.1994%	3.3766%	3.8645%				16.4405% Line 3 / Column C, Line 3 excl. Super HV
6	Commodity												
7	Annual Throughput - therms	264,035,333	47,769,047	16,203,494	26,152,947	90,125,488	38,882,296	5,313,810	6,620,350	15,914,520	107,178,870		173,909,846 CCOSS Inputs Workpaper - NG-0067
8	Transmission Allocation Factor	100.0000%	30.4540%	10.3301%	16.6732%	57.4573%	24.7885%	3.3877%	4.2206%	10.1459%			42.5427% Line 7 / Column C, Line 7 excl. Super HV
9	Distribution Allocation Factor	100.0000%	33.8927%	11.4966%	18.5558%	63.9451%	27.5875%	3.7702%	4.6972%				36.0549% Line 7 / Column C, Line 7 excl. Super HV
10	Distribution Customer / Services												
11	Average Number of Customers	86,455	67,686	10,117	1,479	79,282	7,130	19	7	7	11		7,173 CCOSS Inputs Workpaper - NG-0067
12	Weighting Factor		1.00	2.00	5.00		3.00	5.00	5.00				Weighting Factor Study - NG-0067
13	Weighted Number of Customers	116,831	67,686	20,235	7,393	95,313	21,389	94	35				21,518 Line 11 x Line 12
14	Distribution Customer Cost Allocator	100.0000%	57.9347%	17.3196%	6.3279%	81.5822%	18.3076%	0.0806%	0.0296%				18.4178% Line 13 / Column C, Line 13 excl. Neg.-T and Super HV
15	Services Cost Allocator		71.0139%	21.2296%	7.7564%	100.0000%							Line 13 / Column C, Line 13 excl. Neg.-T and Super HV
16	Meters & Regulators												
17	Average Number of Customers	86,455	67,686	10,117	1,479	79,282	7,130	19	7	7	11		7,173 Line 11
18	Weighting Factor		1.00	1.48	5.45		3.77	15.15	32.57	25.16	33.38		Weighting Factor Study - NG-0067
19	Weighted Number of Customers	118,645	67,686	14,974	8,058	90,718	26,879	285	225	176	362		27,927 Line 17 x Line 18
20	Meters & Regulators Cost Allocator	100.0000%	57.0490%	12.6206%	6.7919%	76.4615%	22.6549%	0.2405%	0.1899%	0.1484%	0.3048%		23.5385% Line 19 / Column C, Line 19
21	Customer Accounts												
22	Average Number of Customers	86,455	67,686	10,117	1,479	79,282	7,130	19	7	7	11		7,173 Line 11
23	Weighting Factor		1.00	1.25	1.25		1.25	1.25	20.00	20.00	20.00		Weighting Factor Study - NG-0067
24	Weighted Number of Customers	91,611	67,686	12,647	1,848	82,181	8,912	24	138	140	217		9,431 Line 22 x Line 23
25	Customer Accounts Cost Allocator	100.0000%	73.8836%	13.8047%	2.0175%	89.7058%	9.7282%	0.0257%	0.1510%	0.1528%	0.2365%		10.2942% Line 24 / Column C, Line 24
26	Annual Use per Customer - therms		706	1,602	17,688		5,454	282,149	957,159	2,273,503	9,893,434		Line 7 / Line 11

SourceGas Distribution, LLC - Nebraska
Unit Cost of Service
Infrastructure System Replacement Cost Recovery Charge

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
Line No.	Description	Total Nebraska	Residential Service	Small Commercial Service	Large Commercial Service	Total Jurisdictional	Non-Jurisdictional Customer Classes				Total Non-Jurisdictional	Basis of Allocation or Reference	
							Agriculture	High Volume					
								Full Tariff	Negotiated-D	Negotiated-T			Super HV
1	Total Cost of Service - \$		279,193	88,511	80,749	448,454							Exhibit C, Schedule 11, Table 2, Line 27
2	Rate Case Average Number of Customers		67,686	10,117	1,479	79,282							Exhibit C, Schedule 11, Table 4, Line 22
3	Calculated Cost Recovery Surcharge - \$/bill		0.34	0.73	4.55								Line 1 / Line 2 / 12
4	Proposed Cost Recovery Surcharge - \$/bill		0.34	0.73	4.55								
5	Proposed Cost Recover Surcharge Revenues - \$		276,158	88,628	80,731	445,516							Line 4 * Line 2 * 12
6	Docket No. NG-0072 approved Surcharge- \$/bill		0.50	1.07	6.83								Docket NG-0072
7	Total Surcharge- \$/bill		0.84	1.80	11.38								Line 4 + Line 6