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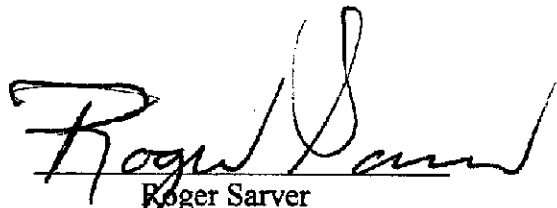
### **Certificate of Accountability**

The Staff has completed the required audits of the Eastern Natural Gas Company (Eastern), Pike Natural Gas Company (Pike) and Southeastern Natural Gas Company (Southeastern) (collectively "Companies"), as ordered by the Public Utilities Commission of Ohio (PUCO or Commission) for the Companies' Gas Cost Recovery (GCR) rates for the monthly filings from July 1, 2007 through June 30, 2009, for conformity in all material respects with the procedural aspects of the uniform purchase gas adjustment as set forth in Chapter 4901:1-14 and related appendices, Administrative Code, and the Commission Entries in Case Nos. 09-207-GA-GCR, 09-214-GA-GCR and 09-215-GA-GCR.

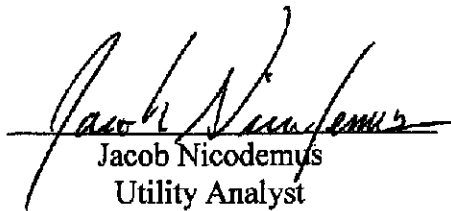
Our audits have revealed certain findings, as discussed in this combined audit report, which should be addressed in this proceeding. The Staff notes that the Companies have accurately calculated their Gas Cost Recovery rates for those periods under investigation in accordance with the uniform purchase gas adjustment as set forth in Chapter 4901:1-14, Administrative Code, and related appendices. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.



Steve Puican  
Division Chief



Roger Sarver  
Gas Specialist



Jacob Nicodemus  
Utility Analyst

## **Section I**

### **Executive Summary**

#### **Audit Work Program**

The audit investigations consisted of several components. Staff initially reviewed and evaluated relevant documents from within the Commission in preparation for the audit. Staff conducted investigative interviews with appropriate company personnel at the Companies' offices in Frazeyburg, Ohio. Additionally, Staff reviewed and evaluated relevant company documents as necessary to understand and evaluate the company's activities. For these audits, Staff focused its review of purchase gas costs on invoices from the Companies' marketing affiliate (M&B Marketing) and its supplier Atmos Energy.

#### **Recommendations**

Unless otherwise stated in this report, Staff's review has shown that Southeastern, Eastern and Pike accurately calculated its Gas Cost Recovery rates for the monthly periods that are discussed in this report. Following is a summary of the Staff's recommendations contained in Sections III through IX.

##### **All Companies**

Staff found all of the Companies had errors and/or omission in their calculation of purchase gas cost during the audit period. Staff recommends that the Companies cross check their monthly costs against their general ledger account(s) to ensure that the amounts reflected in their actual adjustment calculations represent the costs in their financial statements.

##### **Eastern**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$383,089 be added to Eastern's GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(2,645) be deducted from Eastern's GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

### **Pike – Hillsboro Division**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(205,609) be deducted from Pike - Hillsboro GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Staff found refunds from TCO for the months of November and December 2008 in the amounts of \$3,542.94 and \$1,880.00 that were not included in the Company's RA calculation. Staff recommends that Pike – Hillsboro deducted from its GCR rates the amount \$(5,422.94) to recognize the two refunds that were not included in the Company's RA.

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(81,861) be deducted from Pike - Hillsboro GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

### **Pike – Waverly Division**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$28,698 be added to Pike – Waverly GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(73,502) be deducted from Pike – Waverly GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

### **Southeastern**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(33,924) be deducted from Southeastern's GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Staff found that the Commission-ordered reconciliation adjustment of \$14,079 from Case No. 07-215-GA-GCR was included the Company's RA, however Southeastern did not apply the interest component to the amount. Applying the interest component to the reconciliation

adjustment amount results in an additional \$774.30 that the Company should have included for recovery from its customers. Staff recommends that \$774.30 be added to Southeastern's GCR rates.

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$548 be added to Southeastern's GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

## **Section II**

### **Introduction**

Eastern, Pike and Southeastern Natural Gas Companies (Companies) are headquartered in Frazeyburg, Ohio. The companies are wholly owned subsidiaries of Clearfield Ohio Holding, Inc. (COHI). COHI provides administrative and management services to its subsidiaries.

Eastern's service area is made up of three non-contiguous regions, located in the eastern portions of Ashtabula and Trumbull counties. These three regions were formerly part of National Fuel Gas Supply (National Fuel). Eastern still receives nearly all of its system requirements through National Fuel with approximately 7% of its supplies delivered directly into its system by local producers.

Currently, Eastern provides utility sales service to approximately 6,616 customers and transportation service to 4 industrial customers. The customer counts for sales customers has increased slightly by less than a hundred customers since the 2007 audit with the transportation count decreasing by 2 customers during the same period.

Pike's system is separated into two service areas, Waverly and Hillsboro. Different interstate pipelines serve each service area and their systems are not interconnected, therefore the Company files separate GCR rates.

The Hillsboro division currently serves approximately 3,653 residential, commercial, and industrial customers located in Highland and Clinton Counties and receives its gas supply through Columbia Gas Transmission Corporation (TCO). The Waverly division currently serves approximately 3,470 residential, commercial, and industrial customers located in Pike, Ross, and Jackson Counties and receives its gas supply through Tennessee Gas Pipeline (Tennessee). Combined, the two systems provide transportation service to 7 customers.

Southeastern's service area is located primarily in the southeastern portion of Ohio, along with the former Paramount system and a few customers in Delaware and Union counties. Southeastern serves the majority of its customers off the Southeastern pipeline, which is connected to TCO and Tennessee. The customers in Delaware and Union counties are served under a transportation agreement with Columbia Gas of Ohio. Southeastern serves approximately 1,460 customers in all, which is a slight increase from the 2007 figure. Southeastern also transports gas for 11 customers.

### **Section III**

#### **Expected Gas Cost**

Staff has reviewed the Companies' calculations of their Expected Gas Cost (EGC) for the audit periods. The EGC mechanism attempts to match future gas revenues for the upcoming quarter with the anticipated cost to procure gas supplies. Each Company calculates its EGC by extending twelve-month historical purchase volumes from each supplier by the rate that is expected to be in effect during the upcoming GCR quarter. The cost for each supplier is summed and the total is divided by twelve-month historical sales to develop an EGC rate to be applied to customer bills.

In reviewing the Companies' calculations of the EGC, the Staff makes the following observations concerning supply sources, purchase volumes, and sales volumes.

#### **Supply Sources**

Atmos Energy Marketing (Atmos) purchased and nominated almost all the Companies' gas supplies, except for a small amount of local production for Eastern. Atmos provided these services under agency agreements through October 2008. Effective June 2008, the Federal Energy Regulatory Commission (FERC) issued its Order 712 which amended certain provisions of FERC's interstate pipeline and capacity release rules and the requirements for qualified asset management arrangements (AMA). Effective November 2008, Atmos service agreements with the Companies were amended from agency agreements to AMA. Under the terms of the AMA, the Companies released their pipeline capacity (firm transportation and storage) to Atmos. As the AMA, Atmos was responsible for purchasing supplies and nominating the gas to the Companies' city gates. The Companies paid Atmos the NYNEX monthly closing price plus price add-ons that recovered their respective pipeline capacity costs (fixed and volumetric), Dth to MCF conversion factors and management fees.

The price add-ons for the Companies are similar to the Standard Service Offer (SSO) charge paid by suppliers under Dominion East Ohio and Vectren Energy Delivery of Ohio SSO programs.

#### **Sales Volumes**

##### **Eastern**

Staff has verified that all of the monthly sales volume figures reported in the Eastern quarterly GCR filings matched the monthly sales volume figures contained in the Company's customer billing register.



### **Pike**

Staff has verified that all of the monthly sales volume figures reported in Pike Hillsboro and Waverly quarterly GCR filings matched the monthly sales volume figures contained in the Company's customer billing register.

### **Southeastern**

Staff has verified that all of the monthly sales volume figures reported in Southeastern quarterly GCR filings matched the monthly sales volume figures contained in the Company's customer billing register.

## **Purchase Volumes**

### **Eastern**

Staff has reviewed the purchased volumes contained on the invoices Eastern receives from its supplier and has found that these volumes did not match those filed in the Company's periodic filings because of the missing invoices discussed in the Actual Adjustment section.

### **Pike**

Staff has reviewed the purchased volumes contained on the invoices Pike receives from its supplier for its Hillsboro and Waverly divisions and has found that these volumes match those filed in the Company's periodic filings.

### **Southeastern**

Staff has reviewed the purchased volumes contained on the invoices Southeastern receives from its supplier and has found that these volumes match those filed in the Company's periodic filings.

## **Recommendations**

Staff has no recommendations in this section.

## **Section IV**

### **Actual Adjustment**

The Actual Adjustment reconciles the monthly cost of purchased gas with the EGC billing rate. It is calculated by dividing the total cost of gas purchases for each month of the three-month reporting quarter by total sales for those respective months. The result is the unit book cost of gas, which is the cost incurred by the company for procuring each MCF it sold that month. That unit book cost for each month is compared with the EGC rate which was billed for that quarter. The difference between each monthly unit cost and the EGC, whether positive or negative, is multiplied by the respective monthly jurisdictional sales to identify the total under- or over-recoveries of gas costs. The monthly under- or over- recoveries are summed and divided by the twelve-month historic jurisdictional sales to develop an Actual Adjustment rate, to be included in the GCR for four quarters.

Errors in the Actual Adjustment calculation can result from incorrectly reported purchase gas costs, errors in the stated sales volumes and from the use of the wrong EGC rate.

#### **Eastern**

Staff examined the invoices from Eastern's supplier Atmos Energy (Atmos) and M&B and found the invoices matched the costs included for recovery through the Company's GCR except for a six month period of time from April 2008 through October 2008, when the Company omitted one or more invoices per month, and during months April 2007 and January 2008, when the Company filed incorrect purchase gas costs. The difference was a \$393,084 understatement of costs. This understatement of purchase gas cost resulted in an adjustment of \$393,093 in the Company's favor and is not self-correcting. Staff's AA calculations are as shown on Table I.

#### **Pike - Hillsboro Division**

Staff examined the invoices from Pike's supplier, Atmos Energy, and found four invoices that did not match the amount filed in the Company's GCR filings. Staff has incorporated into its AA calculation the Atmos invoice for February 2007 that did not match the Company's filings. Staff also found that three filed purchase gas costs amounts did not match the Atmos invoices because the Company filed the same purchase gas costs for two consecutive quarters. Staff finds that these errors totaled \$(205,609) and are not self-correcting. The negative adjustment represents a decrease to the Company's GCR rates. Staff's AA calculations are shown in Table II.

#### **Pike - Waverly Division**

Staff examined the invoices from Pike's supplier, Atmos Energy, and found five invoices that did not match the amounts filed in the Company's GCR filings. Staff found that the purchase gas costs filed for August 2007 and December 2008 were incorrect. Staff also found that three filed purchase gas costs amounts did not match the Atmos invoices because the Company filed the

same purchase gas costs for two consecutive quarters. Staff also found a credit of \$8,195.78 for October 2008 was not made to the Atmos invoice for that month. Staff finds that these errors totaled \$28,698 and are not self-correcting. The positive adjustment represents an increase to the Company's GCR rates. Staff's AA calculations are shown in Table III.

#### **Southeastern**

Staff has reviewed the applicable pipeline and supplier invoices and sales volumes for Southeastern and found that the Company properly calculated the AA for each quarter of the audit period with the exception of the second quarter. Purchase gas costs, sales volumes and EGC rates were incorrectly input into the calculation for this quarter. Staff also found that the Company filed the same purchase gas cost for two consecutive quarters. These errors totaled \$(33,924) which is not self-correcting, and should be subtracted from the Company's GCR rates. Staff's AA calculation is shown in Table IV.

### **Recommendations**

#### **Eastern**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$383,089 be added to Eastern's GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

#### **Pike - Hillsboro Division**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(205,609) be deducted from Pike - Hillsboro GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

#### **Pike - Waverly Division**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$28,698 be added to Pike - Waverly GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

**Southeastern**

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(33,924) be deducted from Southeastern's GCR rates. This represents the net difference Staff found in the Actual Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

As noted above, Staff found all of the Companies had errors and/or omission in their calculation of purchase gas cost during the audit period. Staff recommends that the Companies cross check their monthly costs against their general ledger account(s) to ensure that the amounts reflected in their actual adjustment calculations represent the costs in their financial statements.

**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Actual Adjustment Calculation**  
**Table I**

	<u>Per Staff</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$1,290,784	\$1,595,523	\$971,701		
<b>End:</b>	<b>Jur. Sales MCF</b>	101,103	158,769	132,857		
<b>Mar-07</b>	<b>Total Sales MCF</b>	101,103	158,769	132,857		
	<b>Book Cost \$/ MCF</b>	\$12.7670	\$10.0493	\$7.3139		
	<b>EGCS/MCF</b>	\$9.7068	\$9.9966	\$10.3978		
	<b>Diff. \$/MCF</b>	\$3.0602	\$0.0527	(\$3.0839)		
	<b>Cost Diff. \$</b>	\$309,395	\$8,367	(\$409,718)	(\$91,955)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$1,290,786	\$1,595,523	\$971,703		
	<b>Jur. Sales MCF</b>	101,103	158,769	132,857		
	<b>Total Sales MCF</b>	101,103	158,769	132,857		
	<b>Book Cost \$/ MCF</b>	\$12.7670	\$10.0493	\$7.3139		
	<b>EGCS/MCF</b>	\$9.7068	\$9.9966	\$10.3978		
	<b>Diff. \$/MCF</b>	\$3.0602	\$0.0527	(\$3.0839)		
	<b>Cost Diff. \$</b>	\$309,395	\$8,367	(\$409,718)	(\$91,956)	\$1
	<b><u>Per Staff</u></b>	<b><u>Apr-07</u></b>	<b><u>May-07</u></b>	<b><u>Jun-07</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$676,361	\$231,348	\$148,484		
<b>End:</b>	<b>Jur. Sales MCF</b>	74,388	43,781	18,471		
<b>Jun-07</b>	<b>Total Sales MCF</b>	74,388	43,781	18,471		
	<b>Book Cost \$/ MCF</b>	\$9.0923	\$5.2842	\$8.0388		
	<b>EGCS/MCF</b>	\$9.3805	\$10.3575	\$10.3359		
	<b>Diff. \$/MCF</b>	(\$0.2882)	(\$5.0733)	(\$2.2971)		
	<b>Cost Diff. \$</b>	(\$21,439)	(\$222,114)	(\$42,430)	(\$285,983)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$691,135	\$231,348	\$148,484		
	<b>Jur. Sales MCF</b>	74,388	43,781	18,471		
	<b>Total Sales MCF</b>	74,388	43,781	18,471		
	<b>Book Cost \$/ MCF</b>	\$9.2909	\$5.2842	\$8.0388		
	<b>EGCS/MCF</b>	\$9.3805	\$10.3575	\$10.3359		
	<b>Diff. \$/MCF</b>	(\$0.0896)	\$5.0733	\$2.2971		
	<b>Cost Diff. \$</b>	(\$6,665)	(\$222,114)	(\$42,430)	(\$271,209)	(\$14,774)

**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Actual Adjustment Calculation**  
**Table I**

	<u>Per Staff</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter End: Sep-07</b>	Supply Cost \$	\$123,251	\$109,067	\$111,293		
	Jur. Sales MCF	14,539	14,217	14,530		
	Total Sales MCF	14,539	14,217	14,530		
	Book Cost \$/ MCF	\$8.4773	\$7.6716	\$7.6595		
	EGCS/MCF	\$10.1622	\$9.6000	\$9.6500		
	Diff. \$/MCF	(\$1.6849)	(\$1.9284)	(\$1.9905)		
	Cost Diff. \$	(\$24,497)	(\$27,416)	(\$28,922)	(\$80,835)	
	<u>Per Company</u>					
	Supply Cost \$	\$123,251	\$109,067	\$111,293		
	Jur. Sales MCF	14,539	14,217	14,530		
	Total Sales MCF	14,539	14,217	14,530		
	Book Cost \$/ MCF	\$8.4773	\$7.6716	\$7.6595		
	EGCS/MCF	\$10.1622	\$9.6000	\$9.6500		
	Diff. \$/MCF	(\$1.6849)	(\$1.9284)	(\$1.9905)		
	Cost Diff. \$	(\$24,497)	(\$27,416)	(\$28,922)	(\$80,835)	\$1
	<u>Per Staff</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter End: Dec-07</b>	Supply Cost \$	\$217,878	\$890,043	\$1,333,489		
	Jur. Sales MCF	18,644	54,632	103,868		
	Total Sales MCF	18,644	54,632	103,868		
	Book Cost \$/ MCF	\$11.6863	\$16.2916	\$12.8383		
	EGCS/MCF	\$9.6000	\$9.7000	\$9.7700		
	Diff. \$/MCF	\$2.0863	\$6.5916	\$3.0683		
	Cost Diff. \$	\$38,897	\$360,112	\$318,698	\$717,707	
	<u>Per Company</u>					
	Supply Cost \$	\$218,083	\$890,043	\$1,333,489		
	Jur. Sales MCF	18,644	54,632	103,868		
	Total Sales MCF	18,644	54,632	103,868		
	Book Cost \$/ MCF	\$11.6972	\$16.2916	\$12.8383		
	EGCS/MCF	\$9.6000	\$9.7000	\$9.7700		
	Diff. \$/MCF	\$2.0972	\$6.5916	\$3.0683		
	Cost Diff. \$	\$39,100	\$360,112	\$318,698	\$717,910	(\$203)

**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Actual Adjustment Calculation**  
**Table I**

	<u>Per Staff</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$1,364,169	\$1,522,545	\$1,364,929		
<b>End:</b>	<b>Jur. Sales MCF</b>	120,242	139,092	132,766		
<b>Mar-08</b>	<b>Total Sales MCF</b>	120,242	139,092	132,766		
	<b>Book Cost \$/ MCF</b>	\$11.3452	\$10.9463	\$10.2807		
	<b>EGCS/MCF</b>	\$9.8100	\$10.4700	\$10.5600		
	<b>Diff. \$/MCF</b>	\$1.5352	\$0.4763	(\$0.2793)		
	<b>Cost Diff. \$</b>	\$184,596	\$66,250	(\$37,082)	\$213,763	
	<u>Per Company</u>					
	<b>Supply Cost \$</b>	\$1,387,209	\$1,522,545	\$1,364,929		
	<b>Jur. Sales MCF</b>	120,242	139,092	132,766		
	<b>Total Sales MCF</b>	120,242	139,092	132,766		
	<b>Book Cost \$/ MCF</b>	\$11.5368	\$10.9463	\$10.2807		
	<b>EGCS/MCF</b>	\$9.8100	\$10.4700	\$10.5600		
	<b>Diff. \$/MCF</b>	\$1.7268	\$0.4763	(\$0.2793)		
	<b>Cost Diff. \$</b>	\$207,634	\$66,250	(\$37,082)	\$236,802	(\$23,039)
	<u>Per Staff</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$631,743	\$499,946	\$200,153		
<b>End:</b>	<b>Jur. Sales MCF</b>	77,979	36,529	25,615		
<b>Jun-08</b>	<b>Total Sales MCF</b>	77,979	36,529	25,615		
	<b>Book Cost \$/ MCF</b>	\$8.1014	\$13.6863	\$7.8139		
	<b>EGCS/MCF</b>	\$10.9471	\$11.0015	\$12.3015		
	<b>Diff. \$/MCF</b>	(\$2.8457)	\$2.6848	(\$4.4876)		
	<b>Cost Diff. \$</b>	(\$221,905)	\$98,073	(\$114,950)	(\$238,782)	
	<u>Per Company</u>					
	<b>Supply Cost \$</b>	\$496,313	\$372,967	\$111,601		
	<b>Jur. Sales MCF</b>	77,979	36,529	25,615		
	<b>Total Sales MCF</b>	77,979	36,529	25,615		
	<b>Book Cost \$/ MCF</b>	\$6.3647	\$10.2102	\$4.3569		
	<b>EGCS/MCF</b>	\$10.9471	\$11.0015	\$12.3015		
	<b>Diff. \$/MCF</b>	(\$4.5824)	(\$0.7913)	(\$7.9446)		
	<b>Cost Diff. \$</b>	(\$357,331)	(\$28,905)	(\$203,501)	(\$589,737)	\$350,955

**Eastern Natural Gas Company  
Case No: 09-207-GA-GCR  
Actual Adjustment Calculation  
Table I**

	<u>Per Staff</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$200,802	\$136,830	\$145,260		
<b>End:</b>	<b>Jur. Sales MCF</b>	14,708	13,483	13,796		
<b>Sep-08</b>	<b>Total Sales MCF</b>	14,708	13,483	13,796		
	<b>Book Cost \$/ MCF</b>	\$13.6526	\$10.1483	\$10.5291		
	<b>EGCS/MCF</b>	\$13.1515	\$12.2015	\$9.7655		
	<b>Diff. \$/MCF</b>	\$0.5011	(\$2.0532)	\$0.7636		
	<b>Cost Diff. \$</b>	\$7,370	(\$27,683)	\$10,535	(\$9,778)	
	<u><b>Per Company</b></u>					
	<b>Supply Cost \$</b>	\$144,223	\$131,277	\$138,300		
	<b>Jur. Sales MCF</b>	14,708	13,483	13,796		
	<b>Total Sales MCF</b>	14,708	13,483	13,796		
	<b>Book Cost \$/ MCF</b>	\$9.8057	\$9.7366	\$10.0244		
	<b>EGCS/MCF</b>	\$13.1515	\$12.2015	\$9.7655		
	<b>Diff. \$/MCF</b>	(\$3.3458)	(\$2.4649)	\$0.2589		
	<b>Cost Diff. \$</b>	(\$49,210)	(\$33,234)	\$3,572	(\$78,872)	\$69,094
	<u><b>Per Staff</b></u>	<u><b>Oct-08</b></u>	<u><b>Nov-08</b></u>	<u><b>Dec-08</b></u>	<u><b>AA</b></u>	<u><b>Difference</b></u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$463,805	\$927,944	\$1,351,444		
<b>End:</b>	<b>Jur. Sales MCF</b>	24,464	63,052	110,657		
<b>Dec-08</b>	<b>Total Sales MCF</b>	24,464	63,052	110,657		
	<b>Book Cost \$/ MCF</b>	\$18.9587	\$14.7171	\$12.2129		
	<b>EGCS/MCF</b>	\$9.6200	\$10.6200	\$11.0500		
	<b>Diff. \$/MCF</b>	\$9.3387	\$4.0971	\$1.1629		
	<b>Cost Diff. \$</b>	\$228,462	\$258,336	\$128,683	\$615,481	
	<u><b>Per Company</b></u>					
	<b>Supply Cost \$</b>	\$462,751	\$927,944	\$1,351,444		
	<b>Jur. Sales MCF</b>	24,464	63,052	110,657		
	<b>Total Sales MCF</b>	24,464	63,052	110,657		
	<b>Book Cost \$/ MCF</b>	\$18.9156	\$14.7172	\$12.2129		
	<b>EGCS/MCF</b>	\$9.6200	\$10.6200	\$11.0500		
	<b>Diff. \$/MCF</b>	\$9.2956	\$4.0972	\$1.1629		
	<b>Cost Diff. \$</b>	\$227,408	\$258,336	\$128,683	\$614,427	\$1,054
					<b>TOTAL:</b>	<b>\$383,089</b>



**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table II**

	<u>Per Staff</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$652,969	\$952,961	\$432,166		
<b>End:</b>	<b>Jur. Sales MCF</b>	57,886	101,272	92,824		
<b>Mar-07</b>	<b>Total Sales MCF</b>	57,886	101,272	92,824		
	<b>Book Cost \$/ MCF</b>	\$11.2803	\$9.4099	\$4.6558		
	<b>EGCS/MCF</b>	\$9.4900	\$9.5500	\$9.6500		
	<b>Diff. \$/MCF</b>	\$1.7903	(\$0.1401)	(\$4.9942)		
	<b>Cost Diff. \$</b>	\$103,633	(\$14,188)	(\$463,582)	(\$374,137)	

**Per Company**

<b>Supply Cost \$</b>	\$652,969	\$952,631	\$432,166		
<b>Jur. Sales MCF</b>	57,886	101,272	92,824		
<b>Total Sales MCF</b>	57,886	101,272	92,824		
<b>Book Cost \$/ MCF</b>	\$11.2803	\$9.4067	\$4.6558		
<b>EGCS/MCF</b>	\$9.4900	\$9.5500	\$9.6500		
<b>Diff. \$/MCF</b>	\$1.7903	(\$0.1433)	(\$4.9942)		
<b>Cost Diff. \$</b>	\$103,633	(\$14,512)	(\$463,582)	(\$374,461)	\$324

	<u>Per Staff</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$357,107	\$116,598	\$65,811		
<b>End:</b>	<b>Jur. Sales MCF</b>	44,276	23,125	9,204		
<b>Jun-07</b>	<b>Total Sales MCF</b>	44,276	23,125	9,204		
	<b>Book Cost \$/ MCF</b>	\$8.0655	\$5.0421	\$7.1503		
	<b>EGCS/MCF</b>	\$9.2500	\$9.7500	\$9.9500		
	<b>Diff. \$/MCF</b>	(\$1.1845)	(\$4.7079)	(\$2.7997)		
	<b>Cost Diff. \$</b>	(\$52,445)	(\$108,870)	(\$25,768)	(\$187,084)	

**Per Company**

<b>Supply Cost \$</b>	\$357,107	\$116,598	\$65,811		
<b>Jur. Sales MCF</b>	44,276	23,125	9,204		
<b>Total Sales MCF</b>	44,276	23,125	9,204		
<b>Book Cost \$/ MCF</b>	\$8.0655	\$5.0421	\$7.1503		
<b>EGCS/MCF</b>	\$9.2500	\$9.7500	\$9.9500		
<b>Diff. \$/MCF</b>	(\$1.1845)	(\$4.7079)	(\$2.7997)		
<b>Cost Diff. \$</b>	(\$52,445)	(\$108,870)	(\$25,768)	(\$187,083)	(\$1)

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table II**

	<u>Per Staff</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$71,795	\$64,173	\$82,810		
<b>End:</b>	<b>Jur. Sales MCF</b>	6,736	6,883	7,320		
<b>Sep-07</b>	<b>Total Sales MCF</b>	6,736	6,883	7,320		
	<b>Book Cost \$/ MCF</b>	\$10.6585	\$9.3234	\$11.3129		
	<b>EGCS/MCF</b>	\$10.1900	\$9.8600	\$9.9000		
	<b>Diff. \$/MCF</b>	\$0.4685	(\$0.5366)	\$1.4129		
	<b>Cost Diff. \$</b>	\$3,156	(\$3,693)	\$10,342	\$9,805	
 <u>Per Company</u>						
	<b>Supply Cost \$</b>	\$71,795	\$64,173	\$82,810		
	<b>Jur. Sales MCF</b>	6,736	6,883	7,320		
	<b>Total Sales MCF</b>	6,736	6,883	7,320		
	<b>Book Cost \$/ MCF</b>	\$10.6585	\$9.3234	\$11.3129		
	<b>EGCS/MCF</b>	\$10.1900	\$9.8600	\$9.9000		
	<b>Diff. \$/MCF</b>	\$0.4685	(\$0.5366)	\$1.4129		
	<b>Cost Diff. \$</b>	\$3,156	(\$3,693)	\$10,342	\$9,805	\$1
 <u>Per Staff</u>						
	<b>Supply Cost \$</b>	\$179,613	\$403,524	\$639,517		
<b>End:</b>	<b>Jur. Sales MCF</b>	9,767	26,711	61,182		
<b>Dec-07</b>	<b>Total Sales MCF</b>	9,767	26,711	61,182		
	<b>Book Cost \$/ MCF</b>	\$18.3898	\$15.1070	\$10.4527		
	<b>EGCS/MCF</b>	\$9.5000	\$9.7000	\$9.7700		
	<b>Diff. \$/MCF</b>	\$8.8898	\$5.4070	\$0.6827		
	<b>Cost Diff. \$</b>	\$86,827	\$144,426	\$41,769	\$273,022	
 <u>Per Company</u>						
	<b>Supply Cost \$</b>	\$179,613	\$403,524	\$639,517		
	<b>Jur. Sales MCF</b>	9,767	26,711	61,182		
	<b>Total Sales MCF</b>	9,767	26,711	61,182		
	<b>Book Cost \$/ MCF</b>	\$18.3898	\$15.1070	\$10.4527		
	<b>EGCS/MCF</b>	\$9.5000	\$9.7000	\$9.7700		
	<b>Diff. \$/MCF</b>	\$8.8898	\$5.4070	\$0.6727		
	<b>Cost Diff. \$</b>	\$86,827	\$144,426	\$41,769	\$273,022	(\$1)

**Pike Natural Gas Company - Hillsboro**

**Case No: 09-214-GA-GCR**

**Actual Adjustment Calculation**

**Table II**

	<u>Per Staff</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$924,525	\$793,581	\$708,865		
<b>End:</b>	<b>Jur. Sales MCF</b>	72,250	91,096	87,360		
<b>Mar-08</b>	<b>Total Sales MCF</b>	72,250	91,096	87,360		
	<b>Book Cost \$/ MCF</b>	\$12.7962	\$8.7115	\$8.1143		
	<b>EGCS/MCF</b>	\$9.9500	\$10.6900	\$10.7800		
	<b>Diff. \$/MCF</b>	\$2.8462	(\$1.9785)	(\$2.6657)		
	<b>Cost Diff. \$</b>	\$205,638	(\$180,233)	(\$232,876)	(\$207,471)	
 <b><u>Per Company</u></b>						
	<b>Supply Cost \$</b>	\$924,525	\$793,581	\$708,865		
	<b>Jur. Sales MCF</b>	72,250	91,096	87,360		
	<b>Total Sales MCF</b>	72,250	91,096	87,360		
	<b>Book Cost \$/ MCF</b>	\$12.7962	\$8.7115	\$8.1143		
	<b>EGCS/MCF</b>	\$9.9500	\$10.6900	\$10.7800		
	<b>Diff. \$/MCF</b>	\$2.8462	(\$1.9785)	(\$2.6657)		
	<b>Cost Diff. \$</b>	\$205,638	(\$180,233)	(\$232,876)	(\$207,471)	(\$0)
	<u>Per Staff</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$278,889	\$227,368	\$130,361		
<b>End:</b>	<b>Jur. Sales MCF</b>	49,748	18,326	11,661		
<b>Jun-08</b>	<b>Total Sales MCF</b>	49,748	18,326	11,661		
	<b>Book Cost \$/ MCF</b>	\$5.6060	\$12.4068	\$11.1792		
	<b>EGCS/MCF</b>	\$11.6706	\$11.7250	\$13.0250		
	<b>Diff. \$/MCF</b>	(\$6.0646)	\$0.6818	(\$1.8458)		
	<b>Cost Diff. \$</b>	(\$301,702)	\$12,495	(\$21,524)	(\$310,731)	
 <b><u>Per Company</u></b>						
	<b>Supply Cost \$</b>	\$278,889	\$227,368	\$130,361		
	<b>Jur. Sales MCF</b>	49,748	18,326	11,661		
	<b>Total Sales MCF</b>	49,748	18,326	11,661		
	<b>Book Cost \$/ MCF</b>	\$5.6060	\$12.4068	\$11.1792		
	<b>EGCS/MCF</b>	\$11.6706	\$11.7250	\$13.0250		
	<b>Diff. \$/MCF</b>	(\$6.0646)	\$0.6818	(\$1.8458)		
	<b>Cost Diff. \$</b>	(\$301,702)	\$12,495	(\$21,524)	(\$310,731)	\$0

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table II**

	<u>Per Staff</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$186,620	\$95,506	\$91,639		
<b>End:</b>	<b>Jur. Sales MCF</b>	7,395	6,957	7,252		
<b>Sep-08</b>	<b>Total Sales MCF</b>	7,395	6,957	7,252		
	<b>Book Cost \$/ MCF</b>	\$25.2360	\$13.7280	\$12.6364		
	<b>EGCS/MCF</b>	\$14.2250	\$13.2750	\$10.8496		
	<b>Diff. \$/MCF</b>	\$11.0110	\$0.4530	\$1.7868		
	<b>Cost Diff. \$</b>	\$81,426	\$3,152	\$12,958	\$97,536	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$278,889	\$227,368	\$130,361		
	<b>Jur. Sales MCF</b>	7,395	6,957	7,252		
	<b>Total Sales MCF</b>	7,395	6,957	7,252		
	<b>Book Cost \$/ MCF</b>	\$37.7132	\$32.6819	\$17.9759		
	<b>EGCS/MCF</b>	\$14.2250	\$13.2750	\$10.8496		
	<b>Diff. \$/MCF</b>	\$23.4882	\$19.4069	\$7.1263		
	<b>Cost Diff. \$</b>	\$173,695	\$135,014	\$51,680	\$360,389	(\$262,853)
	<b><u>Per Staff</u></b>	<b><u>Oct-08</u></b>	<b><u>Nov-08</u></b>	<b><u>Dec-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$216,672	\$492,084	\$746,949		
<b>End:</b>	<b>Jur. Sales MCF</b>	9,152	30,426	68,396		
<b>Dec-08</b>	<b>Total Sales MCF</b>	9,152	30,426	68,396		
	<b>Book Cost \$/ MCF</b>	\$23.6748	\$16.1731	\$10.9209		
	<b>EGCS/MCF</b>	\$10.2500	\$11.2500	\$11.4500		
	<b>Diff. \$/MCF</b>	\$13.4248	\$4.9231	(\$0.5291)		
	<b>Cost Diff. \$</b>	\$122,864	\$149,790	(\$36,188)	\$236,466	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$216,672	\$492,084	\$746,949		
	<b>Jur. Sales MCF</b>	9,152	30,426	68,396		
	<b>Total Sales MCF</b>	9,152	30,426	68,396		
	<b>Book Cost \$/ MCF</b>	\$23.6753	\$16.1732	\$10.9209		
	<b>EGCS/MCF</b>	\$14.2250	\$13.2750	\$10.8496		
	<b>Diff. \$/MCF</b>	\$9.4503	\$2.8982	\$0.0713		
	<b>Cost Diff. \$</b>	\$86,487	\$88,180	\$4,877	\$179,544	\$56,922
					<b>TOTAL:</b>	<b>(\$205,609)</b>

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table III**

	<u>Per Staff</u>	<u>Jan-07</u>	<u>Feb-07</u>	<u>Mar-07</u>	<u>AA</u>	<u>Difference</u>
Quarter	Supply Cost \$	\$614,220	\$987,096	\$277,113		
End:	Jur. Sales MCF	50,748	78,174	78,556		
Mar-07	Total Sales MCF	50,748	78,174	78,556		
	Book Cost \$/ MCF	\$12.1033	\$12.6269	\$3.5276		
	EGCS/MCF	\$9.4200	\$9.6500	\$9.8500		
	Diff. \$/MCF	\$2.6833	\$2.9769	(\$6.3224)		
	Cost Diff. \$	\$136,172	\$232,716	(\$496,662)	(\$127,774)	

**Per Company**

	Supply Cost \$	\$614,220	\$987,096	\$277,113		
	Jur. Sales MCF	50,748	78,174	78,556		
	Total Sales MCF	50,748	78,174	78,556		
	Book Cost \$/ MCF	\$12.1033	\$12.6269	\$3.5276		
	EGCS/MCF	\$9.4200	\$9.6500	\$9.8500		
	Diff. \$/MCF	\$2.6833	\$2.9769	(\$6.3224)		
	Cost Diff. \$	\$136,172	\$232,716	(\$496,662)	(\$127,774)	(\$0)

	<u>Per Staff</u>	<u>Apr-07</u>	<u>May-07</u>	<u>Jun-07</u>	<u>AA</u>	<u>Difference</u>
Quarter	Supply Cost \$	\$366,653	\$104,402	\$8,709		
End:	Jur. Sales MCF	35,091	21,977	10,849		
Jun-07	Total Sales MCF	35,091	21,977	10,849		
	Book Cost \$/ MCF	\$10.4486	\$4.7505	\$0.8027		
	EGCS/MCF	\$9.2500	\$9.7500	\$9.7500		
	Diff. \$/MCF	\$1.1986	(\$4.9995)	(\$8.9473)		
	Cost Diff. \$	\$42,060	(\$109,874)	(\$97,069)	(\$164,883)	

**Per Company**

	Supply Cost \$	\$366,653	\$104,402	\$8,709		
	Jur. Sales MCF	35,091	21,977	10,849		
	Total Sales MCF	35,091	21,977	10,849		
	Book Cost \$/ MCF	\$10.4486	\$4.7505	\$0.8027		
	EGCS/MCF	\$9.2500	\$9.7500	\$9.7500		
	Diff. \$/MCF	\$1.1986	(\$4.9995)	(\$8.9473)		
	Cost Diff. \$	\$42,060	(\$109,874)	(\$97,069)	(\$164,883)	(\$1)

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table III**

	<u>Per Staff</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$19,026	\$35,177	\$68,498		
<b>End:</b>	<b>Jur. Sales MCF</b>	7,413	7,816	7,924		
<b>Sep-07</b>	<b>Total Sales MCF</b>	7,413	7,816	7,924		
	<b>Book Cost \$/ MCF</b>	\$2.5665	\$4.5006	\$8.6444		
	<b>EGCS/MCF</b>	\$10.1900	\$9.8600	\$9.6500		
	<b>Diff. \$/MCF</b>	(\$7.6235)	(\$5.3594)	(\$1.0056)		
	<b>Cost Diff. \$</b>	(\$56,513)	(\$41,889)	(\$7,968)	(\$106,370)	
 <u>Per Company</u>						
	<b>Supply Cost \$</b>	\$19,026	\$64,173	\$68,498		
	<b>Jur. Sales MCF</b>	7,413	7,816	7,924		
	<b>Total Sales MCF</b>	7,413	7,816	7,924		
	<b>Book Cost \$/ MCF</b>	\$2.5665	\$8.2105	\$8.8444		
	<b>EGCS/MCF</b>	\$10.1900	\$9.8600	\$9.6500		
	<b>Diff. \$/MCF</b>	(\$7.6235)	(\$1.6495)	(\$1.0056)		
	<b>Cost Diff. \$</b>	(\$56,513)	(\$12,892)	(\$7,968)	(\$77,373)	(\$28,997)
 <u>Per Staff</u>						
	<b>Supply Cost \$</b>	\$209,535	\$514,313	\$459,457		
<b>Quarter</b>	<b>Jur. Sales MCF</b>	9,257	23,458	47,114		
<b>End:</b>	<b>Total Sales MCF</b>	9,257	23,458	47,114		
<b>Dec-07</b>	<b>Book Cost \$/ MCF</b>	\$22.6353	\$21.9248	\$9.7520		
	<b>EGCS/MCF</b>	\$9.5000	\$9.7000	\$9.7000		
	<b>Diff. \$/MCF</b>	\$13.1353	\$12.2248	\$0.0520		
	<b>Cost Diff. \$</b>	\$121,593	\$286,769	\$2,450	\$410,813	
 <u>Per Company</u>						
	<b>Supply Cost \$</b>	\$209,535	\$514,313	\$459,457		
	<b>Jur. Sales MCF</b>	9,257	23,458	47,114		
	<b>Total Sales MCF</b>	9,257	23,458	47,114		
	<b>Book Cost \$/ MCF</b>	\$22.6353	\$21.9248	\$9.7520		
	<b>EGCS/MCF</b>	\$9.5000	\$9.7000	\$9.7000		
	<b>Diff. \$/MCF</b>	\$13.1353	\$12.2248	\$0.0520		
	<b>Cost Diff. \$</b>	\$121,593	\$286,769	\$2,450	\$410,812	(\$0)

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table III**

	<u>Per Staff</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$764,380	\$720,858	\$650,854		
<b>End:</b>	<b>Jur. Sales MCF</b>	57,314	74,197	69,298		
<b>Mar-08</b>	<b>Total Sales MCF</b>	57,314	74,197	69,298		
	<b>Book Cost \$/ MCF</b>	\$13.3367	\$9.7155	\$9.3921		
	<b>EGCS/MCF</b>	\$9.6000	\$9.9600	\$10.0500		
	<b>Diff. \$/MCF</b>	\$3.7367	(\$0.2445)	(\$0.6579)		
	<b>Cost Diff. \$</b>	\$214,165	(\$18,141)	(\$45,591)	\$150,433	

**Per Company**

	<b>Supply Cost \$</b>	\$764,380	\$720,858	\$650,854		
	<b>Jur. Sales MCF</b>	57,314	74,197	69,298		
	<b>Total Sales MCF</b>	57,314	74,197	69,298		
	<b>Book Cost \$/ MCF</b>	\$13.3367	\$9.7155	\$9.3921		
	<b>EGCS/MCF</b>	\$9.6000	\$9.9600	\$10.0500		
	<b>Diff. \$/MCF</b>	\$3.7367	(\$0.2445)	(\$0.6579)		
	<b>Cost Diff. \$</b>	\$214,165	(\$18,141)	(\$45,591)	\$150,433	(\$0)

	<u>Per Staff</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$171,285	\$29,655	\$0		
<b>End:</b>	<b>Jur. Sales MCF</b>	39,388	17,952	12,363		
<b>Jun-08</b>	<b>Total Sales MCF</b>	39,388	17,952	12,363		
	<b>Book Cost \$/ MCF</b>	\$4.3487	\$1.6519	\$0.0000		
	<b>EGCS/MCF</b>	\$11.4071	\$11.4615	\$12.7615		
	<b>Diff. \$/MCF</b>	(\$7.0584)	(\$9.8096)	(\$12.7615)		
	<b>Cost Diff. \$</b>	(\$278,016)	(\$176,102)	(\$157,770)	(\$611,889)	

**Per Company**

	<b>Supply Cost \$</b>	\$171,285	\$29,655	\$0		
	<b>Jur. Sales MCF</b>	39,388	17,952	12,363		
	<b>Total Sales MCF</b>	39,388	17,952	12,363		
	<b>Book Cost \$/ MCF</b>	\$4.3487	\$1.6519	\$0.0000		
	<b>EGCS/MCF</b>	\$11.4071	\$11.4615	\$12.7615		
	<b>Diff. \$/MCF</b>	(\$7.0584)	(\$9.8096)	(\$12.7615)		
	<b>Cost Diff. \$</b>	(\$278,016)	(\$176,102)	(\$157,770)	(\$611,888)	(\$1)

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Actual Adjustment Calculation**  
**Table III**

	<u>Per Staff</u>	<u>Jul-08</u>	<u>Aug-08</u>	<u>Sep-08</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$65,960	\$100,052	\$100,120		
<b>End:</b>	<b>Jur. Sales MCF</b>	8,002	8,391	9,182		
<b>Sep-08</b>	<b>Total Sales MCF</b>	8,002	8,391	9,182		
	<b>Book Cost \$/ MCF</b>	\$8.2430	\$11.9237	\$10.9040		
	<b>EGCS/MCF</b>	\$13.3115	\$12.3615	\$9.9382		
	<b>Diff. \$/MCF</b>	(\$5.0685)	(\$0.4378)	\$0.9658		
	<b>Cost Diff. \$</b>	(\$40,558)	(\$3,674)	\$8,868	(\$35,364)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$171,285	\$29,655	\$0		
	<b>Jur. Sales MCF</b>	8,002	8,391	9,182		
	<b>Total Sales MCF</b>	8,002	8,391	9,182		
	<b>Book Cost \$/ MCF</b>	\$21.4053	\$3.5341	\$0.0000		
	<b>EGCS/MCF</b>	\$13.3115	\$12.3615	\$9.9382		
	<b>Diff. \$/MCF</b>	\$8.0938	(\$8.8274)	(\$9.9382)		
	<b>Cost Diff. \$</b>	\$64,767	(\$74,071)	(\$91,253)	(\$100,557)	\$65,193
	<b><u>Per Staff</u></b>	<b><u>Oct-08</u></b>	<b><u>Nov-08</u></b>	<b><u>Dec-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$206,824	\$537,217	\$708,021		
<b>End:</b>	<b>Jur. Sales MCF</b>	10,512	28,080	54,055		
<b>Dec-08</b>	<b>Total Sales MCF</b>	10,512	28,080	54,055		
	<b>Book Cost \$/ MCF</b>	\$19.6751	\$19.1317	\$13.0982		
	<b>EGCS/MCF</b>	\$10.2500	\$11.2500	\$11.4829		
	<b>Diff. \$/MCF</b>	\$9.4251	\$7.8817	\$1.6153		
	<b>Cost Diff. \$</b>	\$99,077	\$221,318	\$87,315	\$407,710	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$215,020	\$537,217	\$707,330		
	<b>Jur. Sales MCF</b>	10,512	28,080	54,055		
	<b>Total Sales MCF</b>	10,512	28,080	54,055		
	<b>Book Cost \$/ MCF</b>	\$20.4547	\$19.1316	\$13.0853		
	<b>EGCS/MCF</b>	\$10.2500	\$11.2500	\$11.4829		
	<b>Diff. \$/MCF</b>	\$10.2047	\$7.8816	\$1.6024		
	<b>Cost Diff. \$</b>	\$107,272	\$221,316	\$86,618	\$415,206	(\$7,496)
					<b>TOTAL:</b>	<b>\$28,698</b>



**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Actual Adjustment Calculation**  
**Table IV**

<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Jan-07</u></b>	<b><u>Feb-07</u></b>	<b><u>Mar-07</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End:</b>	<b>Supply Cost \$</b>	\$188,754	\$237,589	\$156,609		
<b>Mar-07</b>	<b>Jur. Sales MCF</b>	22,867	27,238	15,614		
	<b>Total Sales MCF</b>	22,867	27,238	15,614		
	<b>Book Cost \$/ MCF</b>	\$8.2544	\$8.7227	\$10.0300		
	<b>EGCS/MCF</b>	\$9.4900	\$9.5500	\$9.6500		
	<b>Diff. \$/MCF</b>	(\$1.2356)	(\$0.8273)	\$0.3800		
	<b>Cost Diff. \$</b>	(\$28,254)	(\$22,534)	\$5,933	(\$44,855)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$188,754	\$237,586	\$156,609		
	<b>Jur. Sales MCF</b>	22,867	27,238	15,614		
	<b>Total Sales MCF</b>	22,867	27,238	15,614		
	<b>Book Cost \$/ MCF</b>	\$8.2544	\$8.7226	\$10.0300		
	<b>EGCS/MCF</b>	\$9.4900	\$9.5500	\$9.6500		
	<b>Diff. \$/MCF</b>	(\$1.2356)	(\$0.8274)	\$0.3800		
	<b>Cost Diff. \$</b>	(\$28,254)	(\$22,537)	\$5,933	(\$44,858)	\$3
<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Apr-07</u></b>	<b><u>May-07</u></b>	<b><u>Jun-07</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End:</b>	<b>Supply Cost \$</b>	\$83,875	\$23,284	\$14,733		
<b>Jun-07</b>	<b>Jur. Sales MCF</b>	8,873	2,479	1,514		
	<b>Total Sales MCF</b>	8,873	2,479	1,514		
	<b>Book Cost \$/ MCF</b>	\$9.4528	\$9.3925	\$9.7310		
	<b>EGCS/MCF</b>	\$9.2500	\$9.7500	\$9.7500		
	<b>Diff. \$/MCF</b>	\$0.2028	(\$0.3575)	(\$0.0190)		
	<b>Cost Diff. \$</b>	\$1,799	(\$886)	(\$29)	\$884	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$83,875	\$23,284	\$14,733		
	<b>Jur. Sales MCF</b>	8,873	2,479	1,514		
	<b>Total Sales MCF</b>	8,873	2,479	1,514		
	<b>Book Cost \$/ MCF</b>	\$9.4528	\$9.3925	\$9.7310		
	<b>EGCS/MCF</b>	\$9.2500	\$9.7500	\$9.7500		
	<b>Diff. \$/MCF</b>	\$0.2028	(\$0.3575)	(\$0.0190)		
	<b>Cost Diff. \$</b>	\$3,167	(\$3,172)	(\$47)	(\$52)	\$936

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Actual Adjustment Calculation**  
**Table IV**

	<u>Per Staff</u>	<u>Jul-07</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>AA</u>	<u>Difference</u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$11,335	\$10,400	\$12,204		
<b>End:</b>	<b>Jur. Sales MCF</b>	1,342	1,319	1,706		
<b>Sep-07</b>	<b>Total Sales MCF</b>	1,342	1,319	1,706		
	<b>Book Cost \$/ MCF</b>	\$8.4462	\$7.8849	\$7.1534		
	<b>EGCS/MCF</b>	\$10.1900	\$9.8600	\$9.9000		
	<b>Diff. \$/MCF</b>	(\$1.7438)	(\$1.9751)	(\$2.7466)		
	<b>Cost Diff. \$</b>	(\$2,340)	(\$2,605)	(\$4,686)	(\$9,631)	
	<u><b>Per Company</b></u>					
	<b>Supply Cost \$</b>	\$83,875	\$23,284	\$14,733		
	<b>Jur. Sales MCF</b>	8,873	2,479	1,514		
	<b>Total Sales MCF</b>	8,873	2,479	1,514		
	<b>Book Cost \$/ MCF</b>	\$9.4528	\$9.3925	\$9.7310		
	<b>EGCS/MCF</b>	\$9.2500	\$9.7500	\$9.7500		
	<b>Diff. \$/MCF</b>	\$0.2028	(\$0.3575)	(\$0.0190)		
	<b>Cost Diff. \$</b>	\$3,167	(\$3,172)	(\$47)	(\$52)	(\$9,578)
	<u><b>Per Staff</b></u>	<u><b>Oct-07</b></u>	<u><b>Nov-07</b></u>	<u><b>Dec-07</b></u>	<u><b>AA</b></u>	<u><b>Difference</b></u>
<b>Quarter</b>	<b>Supply Cost \$</b>	\$32,333	\$109,869	\$158,293		
<b>End:</b>	<b>Jur. Sales MCF</b>	3,947	12,030	17,467		
<b>Dec-07</b>	<b>Total Sales MCF</b>	3,947	12,030	17,467		
	<b>Book Cost \$/ MCF</b>	\$8.1917	\$9.1329	\$9.0624		
	<b>EGCS/MCF</b>	\$9.7500	\$9.9000	\$9.9000		
	<b>Diff. \$/MCF</b>	(\$1.5583)	(\$0.7671)	(\$0.8376)		
	<b>Cost Diff. \$</b>	(\$6,151)	(\$9,228)	(\$14,630)	(30,009)	
	<u><b>Per Company</b></u>					
	<b>Supply Cost \$</b>	\$32,333	\$109,869	\$158,293		
	<b>Jur. Sales MCF</b>	3,947	12,030	17,467		
	<b>Total Sales MCF</b>	3,947	12,030	17,467		
	<b>Book Cost \$/ MCF</b>	\$8.1917	\$9.1329	\$9.0624		
	<b>EGCS/MCF</b>	\$9.7500	\$9.9000	\$9.9000		
	<b>Diff. \$/MCF</b>	(\$1.5583)	(\$0.7671)	(\$0.8376)		
	<b>Cost Diff. \$</b>	(\$24,331)	(\$6,803)	(\$2,076)	(33,210)	\$3,200

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Actual Adjustment Calculation**  
**Table IV**

<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Jan-08</u></b>	<b><u>Feb-08</u></b>	<b><u>Mar-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End: Mar-08</b>	<b>Supply Cost \$</b>	\$236,966	\$232,111	\$217,312		
	<b>Jur. Sales MCF</b>	26,287	23,553	19,990		
	<b>Total Sales MCF</b>	26,287	23,553	19,990		
	<b>Book Cost \$/ MCF</b>	\$9.0146	\$9.8548	\$10.8710		
	<b>EGCS/MCF</b>	\$9.9000	\$10.9500	\$11.0400		
	<b>Diff. \$/MCF</b>	(\$0.8854)	(\$1.0952)	(\$0.1690)		
	<b>Cost Diff. \$</b>	(\$23,275)	(\$25,795)	(\$3,378)	(52,448)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$236,966	\$232,111	\$217,312		
	<b>Jur. Sales MCF</b>	26,287	23,553	19,990		
	<b>Total Sales MCF</b>	26,287	23,553	19,990		
	<b>Book Cost \$/ MCF</b>	\$9.0146	\$9.8548	\$10.8710		
	<b>EGCS/MCF</b>	\$9.9000	\$10.9500	\$11.0400		
	<b>Diff. \$/MCF</b>	(\$0.8854)	(\$1.0952)	(\$0.1690)		
	<b>Cost Diff. \$</b>	(\$13,825)	(\$9,718)	(\$419)	(23,962)	(\$28,486)
<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Apr-08</u></b>	<b><u>May-08</u></b>	<b><u>Jun-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End: Jun-08</b>	<b>Supply Cost \$</b>	\$64,308	\$50,199	\$18,944		
	<b>Jur. Sales MCF</b>	5,545	3,755	1,353		
	<b>Total Sales MCF</b>	5,545	3,755	1,353		
	<b>Book Cost \$/ MCF</b>	\$11.5975	\$13.3685	\$14.0015		
	<b>EGCS/MCF</b>	\$11.6200	\$11.6744	\$12.9744		
	<b>Diff. \$/MCF</b>	(\$0.0225)	\$1.6941	\$1.0271		
	<b>Cost Diff. \$</b>	(\$125)	\$6,361	\$1,390	\$7,626	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$64,308	\$50,199	\$18,944		
	<b>Jur. Sales MCF</b>	5,545	3,755	1,353		
	<b>Total Sales MCF</b>	5,545	3,755	1,353		
	<b>Book Cost \$/ MCF</b>	\$11.5975	\$13.3685	\$14.0015		
	<b>EGCS/MCF</b>	\$11.6200	\$11.6744	\$12.9744		
	<b>Diff. \$/MCF</b>	(\$0.0225)	\$1.6941	\$1.0271		
	<b>Cost Diff. \$</b>	(\$125)	\$6,361	\$1,390	\$7,626	\$0

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Actual Adjustment Calculation**  
**Table IV**

<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Jul-08</u></b>	<b><u>Aug-08</u></b>	<b><u>Sep-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End:</b>	<b>Supply Cost \$</b>	\$22,787	\$16,569	\$14,718		
<b>Sep-08</b>	<b>Jur. Sales MCF</b>	1,579	1,387	1,431		
	<b>Total Sales MCF</b>	1,579	1,387	1,431		
	<b>Book Cost \$/ MCF</b>	\$14.4310	\$11.9461	\$10.2852		
	<b>EGCS/MCF</b>	\$14.2244	\$13.6244	\$11.2227		
	<b>Diff. \$/MCF</b>	\$0.2066	(\$1.6783)	(\$0.9375)		
	<b>Cost Diff. \$</b>	\$326	(\$2,328)	(\$1,342)	(\$3,343)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$22,787	\$16,569	\$14,718		
	<b>Jur. Sales MCF</b>	1,579	1,387	1,431		
	<b>Total Sales MCF</b>	1,579	1,387	1,431		
	<b>Book Cost \$/ MCF</b>	\$14.4310	\$11.9461	\$10.2852		
	<b>EGCS/MCF</b>	\$14.2244	\$13.6244	\$11.2227		
	<b>Diff. \$/MCF</b>	\$0.2066	\$1.6783	\$0.9375		
	<b>Cost Diff. \$</b>	\$326	(\$2,328)	(\$1,342)	(\$3,344)	\$1
<b>Quarter</b>	<b><u>Per Staff</u></b>	<b><u>Oct-08</u></b>	<b><u>Nov-08</u></b>	<b><u>Dec-08</u></b>	<b><u>AA</u></b>	<b><u>Difference</u></b>
<b>End:</b>	<b>Supply Cost \$</b>	\$57,872	\$127,112	\$202,218		
<b>Dec-08</b>	<b>Jur. Sales MCF</b>	6,044	15,282	22,673		
	<b>Total Sales MCF</b>	6,044	15,282	22,673		
	<b>Book Cost \$/ MCF</b>	\$9.5751	\$8.3178	\$8.9189		
	<b>EGCS/MCF</b>	\$10.2500	\$11.2500	\$11.4500		
	<b>Diff. \$/MCF</b>	(\$0.6749)	(\$2.9322)	(\$2.5311)		
	<b>Cost Diff. \$</b>	(\$4,079)	(\$44,810)	(\$57,388)	(\$106,277)	
	<b><u>Per Company</u></b>					
	<b>Supply Cost \$</b>	\$57,872	\$127,112	\$202,218		
	<b>Jur. Sales MCF</b>	6,044	15,282	22,673		
	<b>Total Sales MCF</b>	6,044	15,282	22,673		
	<b>Book Cost \$/ MCF</b>	\$9.5751	\$8.3178	\$8.9189		
	<b>EGCS/MCF</b>	\$10.2500	\$11.2500	\$11.4500		
	<b>Diff. \$/MCF</b>	(\$0.6749)	(\$2.9322)	(\$2.5311)		
	<b>Cost Diff. \$</b>	(\$4,079)	(\$44,810)	(\$57,388)	(\$106,277)	\$0
					<b>TOTAL:</b>	<b>(\$33,924)</b>

## **Section V**

### **Refund and Reconciliation Adjustment**

The Refund and Reconciliation Adjustment (RA) is used to pass through the jurisdictional portion of refunds received from gas suppliers and adjustments ordered by the Commission. Annual interest of ten percent (10 %) is applied to the net jurisdictional amount of the RA, which is then divided by twelve months of historic sales volumes to develop a unit rate to be included in the GCR calculation for four quarters.

The Staff has reviewed the RA calculations contained in each GCR filing within the audit periods. Staff finds that the Commission-ordered reconciliation from Case No. 07-207-GA-GCR, 07-214-GA-GCR and 07-215-GA-GCR were included in each of the Companies RA and passed back or collected from customers over 12 consecutive months.

Staff found two refunds from Columbia Gas Transmission Corporation (TCO) that were not included in the Pike-Hillsboro RA calculations.

### **Recommendations**

#### **Pike - Hillsboro**

Staff found refunds from TCO for the months of November and December 2008 in the amounts of \$3,542.94 and \$1,880.00 that were not included in the Company's RA calculation. Staff recommends that Pike - Hillsboro deducted from its GCR rates the amount \$(5,422.94) to recognize the two refunds that were not included in the Company's RA.

#### **Southeastern**

Staff found that the Commission-ordered Refund and Reconciliation Adjustment of \$14,079 from Case No. 07-215-GA-GCR was included the Company's RA, however, Southeastern did not apply the interest component to the amount. Applying the interest component to the reconciliation adjustment amount results in an additional \$774.30 that the Company should have included for recovery from its customers. Staff recommends that \$774.30 be added to Southeastern's GCR rates.

## **Section VI**

### **Balance Adjustment**

The Balance Adjustment (BA) mechanism corrects for under- or over- recoveries of previously calculated AA's and RA's. The BA is calculated by subtracting the product of each respective AA and RA and the sales to which those rates were applied from the dollar amounts of the respective AA or RA previously included in the GCR and used to generate those adjustment rates. Since those adjustment rates, themselves, were derived by dividing the dollar amounts by historic sales, the BA calculation depicts the differences in revenues generated for each of these adjustment mechanisms using actual versus historical sales. The sum of the differences for the AA and RA calculations is the total BA which is placed into the AA calculation.

Errors detected in the BA were the result of calculated BA rates being applied for either nine or fifteen months rather than twelve, the amount of the adjustment and the rate calculated to reconcile the adjustment being incorrectly recorded, and errors in yearly sales figures. Differences were also discovered when the Company recalculated the AA within the same quarter resulting in one, two or three months where the AA rate fluctuated slightly based on the rolling 12 months of sales volumes. The results were that the different AA rates slightly altered the total recoveries or pass back that the Companies recognized in their respective BA calculations.

These were isolated incidents and not a consistent pattern of error. The sum of the differences due to these errors is listed on the last page of each Company's Balance Adjustment tables.

Staff's BA calculation for Eastern are shown on Table V. Staff's BA calculations for Pike – Hillsboro and Pike –Waverly are shown on Tables VI and VII and Staff's BA calculations for Southeastern are shown on Table VIII.

### **Recommendations**

#### **Eastern**

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(2,645) be deducted from Eastern's GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

#### **Pike - Hillsboro Division**

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(81,861) be deducted from Pike - Hillsboro GCR rates. This represents the net difference Staff found in the

Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

**Pike - Waverly Division**

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$(73,502) be deducted from Pike – Waverly GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

**Southeastern**

The differences between the Staff and Company calculations in the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of \$548 be added to Southeastern's GCR rates. This represents the net difference Staff found in the Balance Adjustment calculations. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

**Eastern Natural Gas Company  
Case No: 09-207-GA-GCR  
Balance Adjustment Calculation  
Table V**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$1,679,502	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$1.9635	\$0.0000	\$0.0000		
<b>Mar-07</b>	<b>Sales MCF</b>	757,270	757,270	757,270		
	<b>Recovery \$</b>	\$1,486,900	\$0	\$0		
	<b>Balance \$</b>	\$192,602	\$0	\$0	\$192,602	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$0	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0000	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	0	0	0		
	<b>Recovery \$</b>	\$0	\$0	\$0		
	<b>Balance \$</b>	\$0	\$0	\$0	\$0	\$192,602
	<u>Per Staff</u>	<u>AA</u>	<u>AA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$68,397)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0888)	\$0.0000	\$0.0000		
<b>Jun-07</b>	<b>Sales MCF</b>	759,258	0	0		
	<b>Recovery \$</b>	(\$67,422)	\$0	\$0		
	<b>Balance \$</b>	(\$975)	\$0	\$0	(\$975)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$1,679,502	\$54,036	\$0		
	<b>Rate \$/MCF</b>	\$1.9635	\$0.0721	\$0.0000		
	<b>Sales MCF</b>	757,270	759,258	759,258		
	<b>Recovery \$</b>	\$1,486,900	\$54,743	\$0		
	<b>Balance \$</b>	\$192,602	(\$707)	\$0	\$191,895	(\$192,870)



**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Balance Adjustment Calculation**  
**Table V**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$455,128)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.6189)	\$0.0000	\$0.0000		
<b>Sep-07</b>	<b>Sales MCF</b>	758,015	758,015	758,015		
	<b>Recovery \$</b>	(\$469,135)	\$0	\$0		
	<b>Balance \$</b>	\$14,007	\$0	\$0	\$14,007	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$455,128)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.6189)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	758,015	758,015	758,015		
	<b>Recovery \$</b>	(\$469,135)	\$0	\$0		
	<b>Balance \$</b>	\$14,007	\$0	\$0	\$14,007	\$0
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$54,036	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.0721	\$0.0000	\$0.0000		
<b>Dec-07</b>	<b>Sales MCF</b>	749,799	749,799	749,799		
	<b>Recovery \$</b>	\$54,061	\$0	\$0		
	<b>Balance \$</b>	(\$25)	\$0	\$0	(\$25)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$54,036	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0721	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	749,799	749,799	749,799		
	<b>Recovery \$</b>	\$54,061	\$0	\$0		
	<b>Balance \$</b>	(\$25)	\$0	\$0	(\$25)	\$0

**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Balance Adjustment Calculation**  
**Table V**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$597,897	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.8250	\$0.0000	\$0.0000		
<b>Mar-08</b>	<b>Sales MCF</b>	749,170	749,170	749,170		
	<b>Recovery \$</b>	\$595,625	\$0	\$0		
	<b>Balance \$</b>	\$2,272	\$0	\$0	\$2,272	
	<u>Per Company</u>					
	<b>Adjustment \$</b>	\$597,897	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.7919	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	749,169	749,169	749,169		
	<b>Recovery \$</b>	\$593,267	\$0	\$0		
	<b>Balance \$</b>	\$4,630	\$0	\$0	\$4,630	(\$2,358)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$91,956)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.1200)	\$0.0000	\$0.0000		
<b>Jun-08</b>	<b>Sales MCF</b>	752,653	752,653	752,653		
	<b>Recovery \$</b>	(\$91,352)	\$0	\$0		
	<b>Balance \$</b>	(\$604)	\$0	\$0	(\$604)	
	<u>Per Company</u>					
	<b>Adjustment \$</b>	(\$91,956)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.1214)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	752,653	752,653	752,653		
	<b>Recovery \$</b>	(\$91,372)	\$0	\$0		
	<b>Balance \$</b>	(\$584)	\$0	\$0	(\$584)	(\$20)

**Eastern Natural Gas Company**  
**Case No: 09-207-GA-GCR**  
**Balance Adjustment Calculation**  
**Table V**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$79,313)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.1045)	\$0.0000	\$0.0000		
<b>Sep-08</b>	<b>Sales MCF</b>	751,354	751,354	751,354		
	<b>Recovery \$</b>	(\$78,516)	\$0	\$0		
	<b>Balance \$</b>	(\$797)	\$0	\$0	(\$797)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$79,313)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.1045)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	751,354	751,354	751,354		
	<b>Recovery \$</b>	(\$78,516)	\$0	\$0		
	<b>Balance \$</b>	(\$797)	\$0	\$0	(\$797)	\$0
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$66,828)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0882)	\$0.0000	\$0.0000		
<b>Dec-08</b>	<b>Sales MCF</b>	772,383	772,383	772,383		
	<b>Recovery \$</b>	(\$68,124)	\$0	\$0		
	<b>Balance \$</b>	\$1,296	\$0	\$0	\$1,296	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$66,828)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.0882)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	772,383	772,383	772,383		
	<b>Recovery \$</b>	(\$68,124)	\$0	\$0		
	<b>Balance \$</b>	\$1,296	\$0	\$0	\$1,296	\$0
					<b>TOTAL:</b>	<b>(\$2,645)</b>

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VI**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$929,600	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$1.8244	\$0.0000	\$0.0000		
<b>Mar-07</b>	<b>Sales MCF</b>	464418	464418	464418		
	<b>Recovery \$</b>	\$847,284	\$0	\$0		
	<b>Balance \$</b>	\$82,316	\$0	\$0	\$82,316	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$0	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0000	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	0	0	0		
	<b>Recovery \$</b>	\$0	\$0	\$0		
	<b>Balance \$</b>	\$0	\$0	\$0	\$0	\$82,316
	<u>Per Staff</u>	<u>AA</u>	<u>AA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$395,096)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.8707)	\$0.0000	\$0.0000		
<b>Jun-07</b>	<b>Sales MCF</b>	461174	461174	461174		
	<b>Recovery \$</b>	(\$401,544)	\$0	\$0		
	<b>Balance \$</b>	\$6,448	\$0	\$0	\$6,448	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$929,600	(\$395,096)	\$0		
	<b>Rate \$/MCF</b>	\$1.8244	(\$0.8707)	\$0.0000		
	<b>Sales MCF</b>	464418	461174	461174		
	<b>Recovery \$</b>	\$847,284	(\$401,544)	\$0		
	<b>Balance \$</b>	\$82,316	\$6,448	\$0	\$88,764	(\$82,316)

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VI**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$263,775)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.6018)	\$0.0000	\$0.0000		
<b>Sep-07</b>	<b>Sales MCF</b>	459851	459851	459851		
	<b>Recovery \$</b>	(\$276,738)	\$0	\$0		
	<b>Balance \$</b>	\$12,963	\$0	\$0	\$12,963	

**Per Company**

<b>Adjustment \$</b>	(\$263,775)	\$0	\$0		
<b>Rate \$/MCF</b>	(\$0.6018)	\$0.0000	\$0.0000		
<b>Sales MCF</b>	459851	459851	459851		
<b>Recovery \$</b>	(\$273,738)	\$0	\$0		
<b>Balance \$</b>	\$12,963	\$0	\$0	\$12,963	\$0

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$47,209	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.1077	\$0.0000	\$0.0000		
<b>Dec-07</b>	<b>Sales MCF</b>	697892	697892	697892		
	<b>Recovery \$</b>	\$75,163	\$0	\$0		
	<b>Balance \$</b>	(\$27,954)	\$0	\$0	(\$27,954)	

**Per Company**

<b>Adjustment \$</b>	\$47,209	\$0	\$0		
<b>Rate \$/MCF</b>	\$0.1077	\$0.0000	\$0.0000		
<b>Sales MCF</b>	447186	447186	447186		
<b>Recovery \$</b>	\$48,162	\$0	\$0		
<b>Balance \$</b>	(\$953)	\$0	\$0	(\$953)	(\$27,001)

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VI**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$300,041	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.6890	\$0.0000	\$0.0000		
<b>Mar-08</b>	<b>Sales MCF</b>	445910	445910	445910		
	<b>Recovery \$</b>	\$292,803	\$0	\$0		
	<b>Balance \$</b>	\$7,238	\$0	\$0	\$7,238	
 <b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$300,041	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.6535	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	445910	445910	445910		
	<b>Recovery \$</b>	\$291,402	\$0	\$0		
	<b>Balance \$</b>	\$8,639	\$0	\$0	\$8,639	(\$1,401)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$374,461)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.8049)	\$0.0000	\$0.0000		
<b>Jun-08</b>	<b>Sales MCF</b>	449040	449040	449040		
	<b>Recovery \$</b>	(\$362,052)	\$0	\$0		
	<b>Balance \$</b>	(\$12,409)	\$0	\$0	(\$12,409)	
 <b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$374,461)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.8063)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	449040	449040	449040		
	<b>Recovery \$</b>	(\$362,061)	\$0	\$0		
	<b>Balance \$</b>	(\$12,400)	\$0	\$0	(\$12,400)	(\$9)

**Pike Natural Gas Company - Hillsboro**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VI**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$98,319)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.2132)	\$0.0000	\$0.0000		
<b>Sep-08</b>	<b>Sales MCF</b>	198999	198999	198999		
	<b>Recovery \$</b>	(\$42,427)	\$0	\$0		
	<b>Balance \$</b>	(\$55,892)	\$0	\$0	(\$55,892)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$98,319)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.2132)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	449705	449705	449705		
	<b>Recovery \$</b>	(\$95,877)	\$0	\$0		
	<b>Balance \$</b>	(\$2,442)	\$0	\$0	(\$2,442)	(\$53,450)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$22,768	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.0495	\$0.0000	\$0.0000		
<b>Dec-08</b>	<b>Sales MCF</b>	460019	460019	460019		
	<b>Recovery \$</b>	\$22,771	\$0	\$0		
	<b>Balance \$</b>	(\$3)	\$0	\$0	(\$3)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$22,768	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0495	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	460019	460019	460019		
	<b>Recovery \$</b>	\$22,771	\$0	\$0		
	<b>Balance \$</b>	(\$3)	\$0	\$0	(\$3)	\$0
					<b>TOTAL:</b>	<b>(\$81,861)</b>

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$1,103,028	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$2.6345	\$0.0000	\$0.0000		
<b>Mar-07</b>	<b>Sales MCF</b>	392,319	392,319	392,319		
	<b>Recovery \$</b>	\$1,033,564	\$0	\$0		
	<b>Balance \$</b>	\$69,464	\$0	\$0	\$69,464	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$0	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0000	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	0	0	0		
	<b>Recovery \$</b>	\$0	\$0	\$0		
	<b>Balance \$</b>	\$0	\$0	\$0	\$0	\$69,464
	<u>Per Staff</u>	<u>AA</u>	<u>AA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$398,742)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$1.0591)	\$0.0000	\$0.0000		
<b>Jun-07</b>	<b>Sales MCF</b>	391,240	0	0		
	<b>Recovery \$</b>	(\$414,362)	\$0	\$0		
	<b>Balance \$</b>	\$15,620	\$0	\$0	\$15,620	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$1,103,028	(\$398,742)	\$0		
	<b>Rate \$/MCF</b>	\$2.6345	\$1.0591	\$0.0000		
	<b>Sales MCF</b>	392,319	391,240	391,240		
	<b>Recovery \$</b>	\$1,033,564	(\$414,362)	\$0		
	<b>Balance \$</b>	\$69,464	\$15,620	\$0	\$85,084	(\$69,464)



**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$121,647)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.3343)	\$0.0000	\$0.0000		
<b>Sep-07</b>	<b>Sales MCF</b>	387,908	387,908	387,908		
	<b>Recovery \$</b>	(\$129,678)	\$0	\$0		
	<b>Balance \$</b>	\$8,031	\$0	\$0	\$8,031	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$121,647)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.3343)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	387,908	387,908	387,908		
	<b>Recovery \$</b>	(\$129,678)	\$0	\$0		
	<b>Balance \$</b>	\$8,031	\$0	\$0	\$8,031	(\$0)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$54,270	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.1490	\$0.0000	\$0.0000		
<b>Dec-07</b>	<b>Sales MCF</b>	579,186	579,186	579,186		
	<b>Recovery \$</b>	\$86,299	\$0	\$0		
	<b>Balance \$</b>	(\$32,029)	\$0	\$0	(\$32,029)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	\$54,270	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.1490	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	378,377	378,377	378,377		
	<b>Recovery \$</b>	\$56,378	\$0	\$0		
	<b>Balance \$</b>	(\$2,108)	\$0	\$0	(\$2,108)	(\$29,921)

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$501,139	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$1.3802	\$0.0000	\$0.0000		
<b>Mar-08</b>	<b>Sales MCF</b>	371,708	371,708	371,708		
	<b>Recovery \$</b>	\$483,933	\$0	\$0		
	<b>Balance \$</b>	\$17,206	\$0	\$0	\$17,206	
	<u>Per Company</u>					
	<b>Adjustment \$</b>	\$501,139	\$0	\$0		
	<b>Rate \$/MCF</b>	\$1.2949	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	371,709	371,709	371,709		
	<b>Recovery \$</b>	\$481,326	\$0	\$0		
	<b>Balance \$</b>	\$19,813	\$0	\$0	\$19,813	(\$2,607)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$127,774)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.3246)	\$0.0000	\$0.0000		
<b>Jun-08</b>	<b>Sales MCF</b>	373,494	373,494	373,494		
	<b>Recovery \$</b>	(\$121,639)	\$0	\$0		
	<b>Balance \$</b>	(\$6,135)	\$0	\$0	(\$6,135)	
	<u>Per Company</u>					
	<b>Adjustment \$</b>	(\$127,774)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.3257)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	373,494	373,494	373,494		
	<b>Recovery \$</b>	(\$121,647)	\$0	\$0		
	<b>Balance \$</b>	(\$6,127)	\$0	\$0	(\$6,127)	(\$8)

**Pike Natural Gas Company - Waverly**  
**Case No: 09-214-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$79,799)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.2040)	\$0.0000	\$0.0000		
<b>Sep-08</b>	<b>Sales MCF</b>	175,107	175,107	175,107		
	<b>Recovery \$</b>	(\$35,722)	\$0	\$0		
	<b>Balance \$</b>	(\$44,077)	\$0	\$0	(\$44,077)	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$79,799)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.2040)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	375,916	375,916	375,916		
	<b>Recovery \$</b>	(\$76,687)	\$0	\$0		
	<b>Balance \$</b>	(\$3,112)	\$0	\$0	(\$3,112)	(\$40,965)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$69,342)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.1788)	\$0.0000	\$0.0000		
<b>Dec-08</b>	<b>Sales MCF</b>	388,734	388,734	388,734		
	<b>Recovery \$</b>	(\$69,506)	\$0	\$0		
	<b>Balance \$</b>	\$164	\$0	\$0	\$164	
<b><u>Per Company</u></b>						
	<b>Adjustment \$</b>	(\$69,342)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.1788)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	388,734	388,734	388,734		
	<b>Recovery \$</b>	(\$69,506)	\$0	\$0		
	<b>Balance \$</b>	\$164	\$0	\$0	\$164	(\$0)
					<b>TOTAL:</b>	<b>(\$73,502)</b>

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VIII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$6,828)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0543)	\$0.0000	\$0.0000		
<b>Mar-07</b>	<b>Sales MCF</b>	115,393	115,393	115,393		
	<b>Recovery \$</b>	(\$6,266)	\$0	\$0		
	<b>Balance \$</b>	(\$562)	\$0	\$0	(\$562)	

**Per Company**

	<b>Adjustment \$</b>	\$0	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0000	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	0	0	0		
	<b>Recovery \$</b>	\$0	\$0	\$0		
	<b>Balance \$</b>	\$0	\$0	\$0	\$0	(\$562)

	<u>Per Staff</u>	<u>AA</u>	<u>AA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$10,619	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.0957	\$0.0000	\$0.0000		
<b>Jun-07</b>	<b>Sales MCF</b>	118,651	118,651	118,651		
	<b>Recovery \$</b>	\$11,355	\$0	\$0		
	<b>Balance \$</b>	(\$736)	\$0	\$0	(\$736)	

**Per Company**

	<b>Adjustment \$</b>	(\$6,828)	\$10,618	\$0		
	<b>Rate \$/MCF</b>	(\$0.0543)	\$0.0957	\$0.0000		
	<b>Sales MCF</b>	107,654	119,941	0		
	<b>Recovery \$</b>	(\$5,846)	\$11,478	\$0		
	<b>Balance \$</b>	(\$982)	(\$860)	\$0	(\$1,842)	\$1,106

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VIII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$3,267)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0306)	\$0.0000	\$0.0000		
<b>Sep-07</b>	<b>Sales MCF</b>	117,608	117,608	117,608		
	<b>Recovery \$</b>	(\$3,599)	\$0	\$0		
	<b>Balance \$</b>	\$332	\$0	\$0	\$332	
 <u><b>Per Company</b></u>						
	<b>Adjustment \$</b>	(\$3,267)	\$0	\$0		
	<b>Rate \$/MCF</b>	\$0.0306	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	118,442	118,442	118,442		
	<b>Recovery \$</b>	(\$3,624)	\$0	\$0		
	<b>Balance \$</b>	\$357	\$0	\$0	\$357	(\$25)
	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$2,531)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0236)	\$0.0000	\$0.0000		
<b>Dec-07</b>	<b>Sales MCF</b>	116,396	116,396	116,396		
	<b>Recovery \$</b>	(\$2,747)	\$0	\$0		
	<b>Balance \$</b>	\$216	\$0	\$0	\$216	
 <u><b>Per Company</b></u>						
	<b>Adjustment \$</b>	(\$2,531)	\$0	\$0		
	<b>Rate \$/MCF</b>	(\$0.0236)	\$0.0000	\$0.0000		
	<b>Sales MCF</b>	116,396	116,396	116,396		
	<b>Recovery \$</b>	(\$2,747)	\$0	\$0		
	<b>Balance \$</b>	\$216	\$0	\$0	\$216	(\$0)

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VIII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$10,014)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0928)	\$0.0000	\$0.0000		
<b>Mar-08</b>	<b>Sales MCF</b>	120,507	120,507	120,507		
	<b>Recovery \$</b>	(\$10,547)	\$0	\$0		
	<b>Balance \$</b>	\$533	\$0	\$0	\$533	

**Per Company**

<b>Adjustment \$</b>	(\$10,014)	\$0	\$0		
<b>Rate \$/MCF</b>	(\$0.0871)	\$0.0000	\$0.0000		
<b>Sales MCF</b>	120,507	120,507	120,507		
<b>Recovery \$</b>	(\$10,496)	\$0	\$0		
<b>Balance \$</b>	\$482	\$0	\$0	\$482	\$51

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$44,858)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.3740)	\$0.0000	\$0.0000		
<b>Jun-08</b>	<b>Sales MCF</b>	118,294	118,294	118,294		
	<b>Recovery \$</b>	(\$46,125)	\$0	\$0		
	<b>Balance \$</b>	\$1,267	\$0	\$0	\$1,267	

**Per Company**

<b>Adjustment \$</b>	(\$44,858)	\$0	\$0		
<b>Rate \$/MCF</b>	(\$0.3901)	\$0.0000	\$0.0000		
<b>Sales MCF</b>	118,294	118,294	118,294		
<b>Recovery \$</b>	(\$46,146)	\$0	\$0		
<b>Balance \$</b>	\$1,288	\$0	\$0	\$1,288	(\$21)

**Southeastern Natural Gas Company**  
**Case No: 09-215-GA-GCR**  
**Balance Adjustment Calculation**  
**Table VIII**

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	(\$1,895)	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	(\$0.0158)	\$0.0000	\$0.0000		
<b>Sep-08</b>	<b>Sales MCF</b>	118,324	118,324	118,324		
	<b>Recovery \$</b>	(\$1,870)	\$0	\$0		
	<b>Balance \$</b>	(\$25)	\$0	\$0	(\$25)	

**Per Company**

<b>Adjustment \$</b>	(\$1,895)	\$0	\$0		
<b>Rate \$/MCF</b>	(\$0.0158)	\$0.0000	\$0.0000		
<b>Sales MCF</b>	118,324	118,324	118,324		
<b>Recovery \$</b>	(\$1,870)	\$0	\$0		
<b>Balance \$</b>	(\$25)	\$0	\$0	(\$25)	(\$0)

	<u>Per Staff</u>	<u>AA</u>	<u>RA</u>	<u>BA</u>	<u>Total BA</u>	<u>Difference</u>
<b>Year</b>	<b>Adjustment \$</b>	\$305	\$0	\$0		
<b>End:</b>	<b>Rate \$/MCF</b>	\$0.0026	\$0.0000	\$0.0000		
<b>Dec-08</b>	<b>Sales MCF</b>	128,879	128,879	128,879		
	<b>Recovery \$</b>	\$335	\$0	\$0		
	<b>Balance \$</b>	(\$30)	\$0	\$0	(\$30)	

**Per Company**

<b>Adjustment \$</b>	\$305	\$0	\$0		
<b>Rate \$/MCF</b>	\$0.0026	\$0.0000	\$0.0000		
<b>Sales MCF</b>	128,878	128,878	128,878		
<b>Recovery \$</b>	\$335	\$0	\$0		
<b>Balance \$</b>	(\$30)	\$0	\$0	(\$30)	(\$0)

**TOTAL:      \$548**

## **Section VIII**

### **Customer Billing**

An important component in the GCR process is the proper application of GCR rates as filed monthly by Eastern, Pike, and Southeastern. Staff has recalculated the Companies' customers' bills to verify that the GCR rates as well as the customer service base rate charges and taxes were properly applied to jurisdictional customer bills during the audit period.

Staff randomly sampled customer bills for Eastern, Pike (Hillsboro and Waverly Divisions), and Southeastern.

#### **Eastern**

Eastern filed an application on 08/01/2008 in Case No. 08-944-GA-PIP to decrease their PIPP Rider rate. This change was to become effective upon approval of the company's Alternative Rate Plan application, Case No. 08-940-GA-ALT, filed 08/01/2008. Subsequently the Alternative Rate Plan was not approved by the Commission and Pike did not implement the PIPP Rider rate change. Staff found that the PIPP Rider rate filed in Case No. 06-1031-GA-PIP was billed by Eastern during the audit period.

#### **Pike**

Pike filed an application on 08/01/2008 in Case No. 08-945-GA-PIP to decrease their PIPP Rider rate. This change was to become effective upon approval of the company's Alternative Rate Plan application, Case No. 08-941-GA-ALT, filed 08/01/2008. Subsequently the Alternative Rate Plan was not approved by the Commission and Pike did not implement the PIPP Rider rate change. Staff found that the PIPP Rider rate filed in Case No. 06-1032-GA-PIP was billed by Pike during the audit period.

#### **Southeastern**

Southeastern filed an application on 08/01/2008 in Case No. 08-946-GA-PIP to decrease their PIPP Rider rate. However, Southeastern did not implement the PIPP Rider rate change. Staff found that the PIPP Rider rate filed in Case No. 06-1030-GA-PIP was billed by Southeastern during the audit period.

### **Conclusions**

With the exception of PIPP Rider rates applied as detailed above, Staff found no discrepancies in its comparison other than occasional rounding differences. Staff believes that Southeastern, Eastern, and Pike have billed the proper GCRs, customer charges, and base rates to their respective customers during the audit period.



## **Recommendations**

Staff has no recommendation in this section

## Section IX

### Unaccounted For Gas

Unaccounted-For Gas (UFG) is the difference between gas purchases and gas sales. It is calculated on a twelve-month basis, ending in one of the low usage summer months, so as to minimize the effects of unbilled volumes on the calculation. The GCR Rule, Chapter 4901:1-14 (FF)(3), Administrative Code, specifies that the Commission may adjust the Company's future GCR rates as a result of UFG above a reasonable level, presumed to be no more than 5% for the audit period.

Staff has performed an analysis of the UFG for each of the Companies based on the information that was available from the audit period. Staff used the difference between sales volumes and purchase volumes to calculate the amount of UFG. That difference was then divided by the purchase volumes to arrive at a system UFG percentage. Staff used the 12-months ending July 2008 in its calculations. The results of the Staff's calculations are shown in Tables IX through XII below.

#### Eastern

Table IX System Average UFG Rates				
Twelve Months Ended	Purchases (MCF)	Sales (MCF)	UFG (MCF)	UFG
July 2008	756,872	752,821	4,050	0.5%

#### Pike - Hillsboro

Table X System Average UFG Rates				
Twenty-two Month Period Ending	Purchases (MCF)	Sales (MCF)	UFG (MCF)	UFG
July 2008	458,617	449,699	8,918	1.94%

### Pike - Waverly

Table XI System Average UFG Rates				
<u>Twenty-two Month Period Ending</u>	<u>Purchases (MCF)</u>	<u>Sales (MCF)</u>	<u>UFG (MCF)</u>	<u>UFG</u>
July 2008	373,379	374,084	(705)	(0.19)%

### Southeastern

Table XII System Average UFG Rates				
<u>Twenty-one Month Periods Ended</u>	<u>Purchases (MCF)</u>	<u>Sales (MCF)</u>	<u>UFG (MCF)</u>	<u>UFG</u>
July 2008	118,467	118,531	(64)	(0.05)

### Conclusions

In the 2007 audits, Staff was concerned with the high UFG levels for Eastern and Pike. As a requirement of the 2007 audit, Pike was to provide a report addressing the higher level of UFG and what was believed to be the cause. Pike examined four possible areas in which gas could be lost or errors in the metering of gas as it enters and exits its system. Pike replaced some of its metering devices and inspected its gas lines, which resulted in some small leak detections. Pike did not discover a primary source of the higher UFG level but believes that all areas could have collectively contributed to it. Pike believes the changes that it has made resulted in a lower UFG level.

Staff concurs with Pike's assessment that the changes it has made has resulted in UFG levels that are much lower than in the prior audit.

### Recommendations

Staff has no recommendation in this section.