VEDO EXHIBIT NO. 11.1

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan	)))	Case No. 18-0049-GA-ALT
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc. for Approval of an Increase in Gas Rates	)))	Case No. 18-0298-GA-AIR
In the Matter of the Application of Vectren Energy Delivery of Ohio, Inc., for Approval of an Alternative Rate Plan	)))	Case No. 18-0299-GA-ALT

SUPPLEMENTAL DIRECT TESTIMONY OF
J. CAS SWIZ
ON BEHALF OF
VECTREN ENERGY DELIVERY OF OHIO, INC.

____	Management policies, practices, and organization
X	Operating income
X	Rate base
____	Allocations
____	Rate of return
____	Rates and tariffs
X	Other

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Supplemental Direct Testimony of
J. Cas Swiz

I. BACKGROUND AND QUALIFICATIONS

Q1. Please state your name and business address.

A. My name is J. Cas Swiz and my business address is One Vectren Square, Evansville, Indiana 47708.

Q2. Are you the same J. Cas Swiz who filed Direct Testimony on behalf of Vectren Energy Delivery of Ohio, Inc. (VEDO or the Company) in this proceeding on April 13, 2018?

A. Yes.

Q3. Did you also file Direct Testimony in Case No. 18-0049-GA-ALT?

A. Yes, in support of VEDO's proposed Capital Expenditure Program (CEP) Rider.

Q4. What is the purpose of your supplemental direct testimony?

A. This testimony is intended to support the Company's objections to the recommendations made by the Staff of the Public Utilities Commission of Ohio (Staff) in its Report of Investigation (Staff Report). In particular, I will address VEDO's objections related the overall revenue requirement and revenue increase (VEDO Objection 1); objections related to the treatment of certain rider revenues (VEDO Objection 2); the impact of objections related to various items included in rate base (VEDO Objections 3 through 5); objections related to Staff's recommendations on VEDO's Distribution Replacement Rider (DRR) (VEDO Objection 10); objections related to the Distribution Accelerated Risk Reduction (DARR) deferral balance update process (VEDO Objection 11); objections to Staff's recommendations on the proposed CEP Rider and amortization of the CEP deferred balance (VEDO Objection 12); and objections to Staff's recommendations on updates to the budget process (VEDO Objection 27).

Throughout my supplemental testimony, I will attempt to use specific dollar amounts to illustrate the ratemaking implications of individual objections. Because the ultimate dollar amount implicated by an objection may be dependent on how other issues or objections are resolved, the specific dollar amounts that I use throughout my supplemental testimony should be treated as indicated values and subject to further revision.

II. STAFF'S REVENUE REQUIREMENT (VEDO OBJECTION 1)

Q5. The Staff Report recommended a revenue requirement range and an overall revenue increase range based on various adjustments to VEDO's filed schedules. Is VEDO objecting to Staff's recommendation?

A. Yes. As explained within other objections and the supplemental testimony of various VEDO witnesses, Staff based this recommended range on unreasonable and unlawful adjustments and assumptions. These adjustments yield rates that are insufficient to provide VEDO just compensation and an opportunity to earn an adequate return and to provide safe and reliable natural gas service for its customers.

III. STAFF'S RIDER REVENUE ADJUSTMENTS

Q6. The Staff Report recommended removing certain rider revenues from VEDO's proposed, adjusted test year. Is VEDO objecting to that removal?

A. No. However, it is important to clarify that VEDO's presentation of the test year in this case matched how VEDO presented the test year in its prior two gas rate cases. The Commission also deemed VEDO's application compliant with the Standard Filing Requirements. The Staff Report states that these revenues "would typically be adjusted out of the test year," but to my knowledge, this is not required by the Standard Filing Requirements. I also believe that other gas utilities have presented test year revenue requirement calculations in this manner. VEDO is not objecting to the removal of the rider revenues, but it also believes that its original presentation was appropriate.

Q7. The Staff Report stated that the inclusion of this revenue "caused delays in Staff's investigation." Did VEDO cooperate with Staff in removing these revenues?

A. Yes. Once VEDO understood Staff's perspective, it promptly worked to recast various aspects of its filing (including the cost of service study, the revenue requirement, and all impacted adjustments) to reflect the removal of these revenues.

Q8. Staff also recommended that "the Company remove such riders from its test year revenue in its next base distribution rate case filing." Does VEDO agree to this recommendation?

A. VEDO is willing to consult with Staff prior to its next base rate case filing to determine how to present rider revenues. However, VEDO does not believe that it should be bound at this time to a particular presentation in the next case, given that it does not know what filing requirements will be in effect, nor what Staff's preferences will be at that time.

IV. STAFF'S RATE BASE RECOMMENDATIONS

Q9. Please summarize the objections to Staff's treatment of rate base that you are supporting.

A. Specifically, I am supporting VEDO Objection 6 related to the recommendation by Staff to require an update to VEDO's depreciation rates within five years. In support of the objections and recommendations from other VEDO witnesses (VEDO Objections 3 through 5), I am also presenting an adjusted Schedule B-1, Jurisdictional Rate Base Summary at date certain December 31, 2017, reflecting the impacts of the Staff Report's adjustments and VEDO's objections (*see* Attachment A).

Q10. Do these objections impact other adjustments recommended by Staff?

A. Yes. Any adjustment to gross plant will impact depreciation expense and ultimately income tax expense. Given that the revenue requirement inputs are not yet finalized at this stage of the case, VEDO is not quantifying these impacts, but it would note that any adjustments to the Company's proposed gross plant balance to be included in rate base as compared to Staff's proposed gross plant balance will impact the level of depreciation expense and income tax included within the revenue requirement.

Q11. What did the Staff Report recommend regarding the future updating of VEDO's depreciation accrual rates?

A. Staff "recommend[ed] that within five years after the Commission Order in this proceeding, the Applicant submit a depreciation study for all its gas plant accounts." (*Id*. at 12.)

Q12. Does VEDO object to this recommendation?

A. Not in principle, but VEDO believes that the timeline for action should also recognize that the Staff Report elsewhere recommends a base rate case filing in 2024. This is a similar time frame but could be later than five years from the Commission Order in this proceeding. VEDO generally believes that depreciation accrual rates should be updated in the context of a comprehensive base rate filing. For these reasons, VEDO should not be required to update its depreciation study until its next base rate case filing, even if this is somewhat later than five years after the Commission order in this proceeding.

Q13. What is the impact on rate base, as compared to Staff's proposal, of the objections described herein and in other testimony of VEDO witnesses?

A. Collectively in VEDO Objections 3 through 5, VEDO objects to $1,861,945 of the Staff's proposed $5,802,520 reduction to the rate base valuation demonstrated in VEDO's Application and supporting testimony. Attachment A reflects the adjusted rate base amounts. VEDO is not objecting to Staff's adjustments for the inclusion of Customer Deposits (reduction of $3,904,821), the removal of non-capital amounts (net reduction of $18,849), the reclassification of land held for future use (net reduction of $16,210), and various adjustments based on lack of historical invoice support (net reduction of $695). As noted in VEDO's formal Objections, any lack of objection should not necessarily be construed as support for a given adjustment or its rationale.

As explained further by VEDO witness Bowler, VEDO did not object to the removal of various assets which Staff stated were retired, but clarified in Objection 5 that the accounting associated with these retirements was not correctly reflected in the Staff Report proposed rate base. These retirements would have no impact on VEDO's overall net utility plant balance included within rate base.

Q14. VEDO Objection 4 states that "Staff incorrectly relied on a list of vehicles that was maintained for operational purposes by local field supervisors and was not maintained for the purpose of updating the official record of vehicle ownership." Was the list that Staff relied on initially provided through the normal channels for data requests?

A. No. One of my roles in this case was to supervise and oversee the discovery process, including responses to Staff's data requests. During Staff's onsite field audit, conducted in August, Staff received a file directly from local VEDO field personnel. The list was provided for the purpose of supporting which vehicles had computers and cradles. This list, as explained in greater detail by VEDO witnesses Redd and Bowler, was used for local operational purposes and was never intended to represent a listing of current active vehicles. Pertinent to my testimony, the list was provided directly to Staff by local field personnel, and was not initially requested as part of a data request. As explained by VEDO witness Bowler, the current active vehicle information is maintained within VEDO's fixed asset system, PowerPlant.

Q15. Was the list later requested in a data request?

A. Yes. After the onsite field audit, Staff issued Data Request No. 99, seeking the production of this list. Through telephone discussions with Staff, VEDO knew that this list had already been provided, and the data request clarified that Staff was seeking the same list that "Staff received . . . during field inspections." The title of the file ("Current Fleet Listing") and one of its tabs ("11.16.17") also matched the Staff data request (requesting "the current fleet listing as of November 16, 2017").

Q16. Was VEDO representing to Staff that this file represented the authoritative record of vehicles actively in service on the date certain?

A. No. Given the fact Staff already had the document in its possession, VEDO interpreted Staff's request as being to formally document Staff's request and VEDO's provision of the previously obtained list in discovery. VEDO did not understand Staff to be seeking the Company's "authoritative vehicle listing" as of the date certain. Unfortunately, Staff seems to have relied on it for that purpose. As explained by VEDO witness Redd, this resulted in Staff removing many vehicles from rate base that in fact are actively being used to provide service to VEDO's customers.

Q17. What is the net book value of these vehicles that were removed by Staff, yet are actively being used to provide service to VEDO's customers?

A. The net book value of these vehicles is $760,579. The impact on rate base of reversing Staff's exclusion of these vehicles Staff's adjustment is noted within Attachment A.

V. STAFF'S OPERATING INCOME RECOMMENDATIONS

Q18. Please summarize the objections to Staff's recommendations on adjustments to operating income that you are supporting.

A. I am supporting VEDO Objection 11, related to the updating of the DARR deferral balance, and VEDO Objection 14, related to the treatment of federal income taxes to account for the impact of the Tax Cuts and Jobs Act of 2017 (TCJA).

Q19. Please summarize Staff's recommendations regarding the DARR program.

A. According to the Staff Report, VEDO "propose[d] a three-year amortization period to recover deferrals from the DARR program for actual amounts accumulated through December 2017 and for estimated amounts accumulated through December 2018."

Staff adjusted the "proposed 2018 deferred DARR expenses to the latest known actual accumulated amount deferred" and recommended that VEDO "file a late-filed exhibit with final updated actual DARR expenses deferred in 2018 in order to compute the final DARR-deferral amount." Then, once "a final actual amount is determined, Staff proposes a five-year amortization period for recovery of the deferral." (*Id*. at 16.)

Q20. Is VEDO objecting to the proposal to update for the final balance through 2018?

A. Yes, specifically VEDO Objection 11, subpart (a). VEDO does not object to the general requirement to update the deferral balance, but any update should not merely cover expenses deferred in 2018, but *all* deferred expenses up to the point that the DARR deferral is terminated. As Staff recognizes, and as VEDO agrees, the termination should occur "contemporaneous with the date new rates adopted in this case go into effect." (*Id*. at 16.) This is likely to be sometime after 2018, and the final updating of DARR activities should account for that. This is consistent with the authorization of the deferral in Case No. 15-1741-GA-AAM.

Q21. Is VEDO objecting to the proposed increase of amortization from three to five years?

A. No.

Q22. What did Staff recommend with respect to the treatment of federal income taxes within operating income?

A. Staff recommended "remov[ing] the projected excess deferred income taxes associated with the Tax Cuts and Jobs Act of 2017 (TCJA)." (*Id*. at 19.) Staff also recommended "that all Excess Accumulated Deferred Income Taxes (EDIT) associated with the TCJA be recovered through a credit mechanism."

Q23. Staff also had other recommendations regarding the timing of annual updates, filing processes, as well as the appropriate amortization period for unprotected EDIT. What is VEDO's position regarding these recommendations?

A. VEDO does not object to these recommendations in principle, but, via VEDO Objection 14, preserves the right to address these specifics within the recommended alternate proposal set forth in my direct testimony. In accordance with this recommendation and the guidelines of the Commission's October 24, 2018 Order in Case No. 18-0047-AU-COI, VEDO intends to make a separate filing in the near future proposing the recommended EDIT credit mechanism. VEDO intends to address issues regarding timing, filing process, and other details (including the amortization of unprotected EDIT) in that separate filing. VEDO expects that it will propose consolidation of the credit mechanism filing with this case.

VI. STAFF'S DISTRIBUTION REPLACEMENT RIDER (DRR) RECOMMENDATIONS

Q24. Are you supporting any of VEDO's objections regarding the Distribution Replacement Rider (DRR)?

A. Yes, I am supporting VEDO Objection 10, specifically parts (a) and (b) addressing the extension period, rate case requirement, and recommended caps.

Q25. Please summarize Staff's recommendation regarding the extension of the DRR.

A. The Staff Report recommends "continuation of the DRR for a new five-year period, through 2023, contingent on the Company filing a base rate case in 2024." (*Id.* at 18.) As noted within the Application, there are at least six program years remaining (from 2018 through 2023), and VEDO requested an extension through 2023. It appears that Staff agrees with VEDO's proposal in principle, but is important to clarify specifically the periods covered by the extension, which is reflected in Objection 10(a).

VEDO disagrees with the requirement to file a base rate case in 2024 after completion of the program. Other utilities with currently effective distribution replacement programs have not been required to file *any* base rate case as a condition of continuing these programs. Under Staff's proposal, VEDO would ultimately have been required to file *two* such cases (the current case and the recommended case in 2024) as a condition of continuing and completing its program. As VEDO witness Vyvoda explains, setting a fixed end date to the program should be flexible such that modifications could be made to the program timeline if future developments in the gas industry dictate changes to the program. The same flexibility should apply to the base rate case requirement.

Even if this requirement were not objectionable in and of itself, VEDO does not agree with its timing. The Staff recommendation states that VEDO should be required to file a rate case in 2024. Any requirement to file a rate case, if adopted, should be a "not later than" requirement as opposed to a specific year, to provide more flexibility to file sooner than the end date target if that proves warranted.

Q26. Please explain VEDO Objection 10(b) regarding the Staff proposed caps on the DRR.

A. Staff recommended DRR rate caps that are generally consistent with VEDO's proposal in the Application; however, Staff neglected to include a cap representing recovery of investments made in 2022. VEDO believes this was simply a typographical error, but because one year is omitted, it is not clear from Staff's recommendation what caps would apply during each year. As noted earlier in my testimony, VEDO proposed extension of the DRR through 2023, with caps associated with these investments, and it appears Staff generally agrees with VEDO's proposal. This objection is to clarify the specifics of the recommendation.

VII. STAFF'S CAPITAL EXPENDITURE PROGRAM (CEP) RECOMMENDATIONS

Q27. Does VEDO object to Staff's recommendations regarding the amortization of deferred CEP balances?

A. Yes. Staff recommends "that the amortization of the deferral of HB95 CEP should be amortized over the average life of the plant (1.61%), which is consistent with the Applicant's DRR rider, and not the Applicant's average system depreciation rate of 3.10%." As stated within Objection 12(c), this recommendation will significantly lengthen the period during which the deferred assets are included in rate base (from approximately 32 years to approximately 62 years), and ultimately increase the return on those assets paid for by customers. This could also result in the deferral remaining on the books longer than the useful life of assets. It is not clear that Staff has considered this impact.

The Staff Report states that this is similar to the treatment of deferred balances within the DRR. That may be correct, but VEDO does not believe that this reasonably sets a precedent for the treatment of the CEP balance. Deferred balances were a very small component of the DRR mechanism, set back in 2009, and to my knowledge, there was no intent for this to serve as a precedent for the treatment of other deferred balances. Given the size of the deferred asset associated with the CEP, the issue of the amortization period should be dealt with on its own merits.

Q28. Does VEDO object to any of Staff's recommendations with respect to the proposed CEP rider?

A. Yes. Staff made several recommendations to which VEDO objects, captured within VEDO Objection 12. First, Staff recommended that approval of the CEP Rider is "contingent upon the Applicant filing a base rate application upon completion of it[s] Distribution Replacement Rider (DRR) program, but in no event later than in 2024." (*Id*. at 17.) As I explained earlier, VEDO objects to the requirement to file a base rate case upon completion of the DRR program, and it objects for the same reasons to this recommendation.

Second, Staff "recommends that VEDO work with Staff to identify reasonable and meaningful annual caps (spending, revenue requirement, rate, etc.) as well as other cost controls in order to ensure rate payers are not burdened with excessive investments." (*Id.* at 17). VEDO is certainly willing to work with Staff, but the Staff Report assumes that it is necessary to impose caps on the CEP Rider. My understanding is that Ohio law does not require the imposition of caps on CEPs or CEP riders. Assuming that understanding is correct, VEDO does not believe that it is appropriate to require them as a condition of approval (VEDO Objection 12(b)).

Q29. Please explain VEDO Objection 12(d).

A. Staff "recommends that the Company create an offset to reflect that tariffed rates being established in this rate case reflect the recovery of an amount of depreciation expense that will decline over time and therefore no longer reflect the rate base upon which that depreciation expense was established."

First, this is not necessary. VEDO already nets out retired assets in the calculation of deferred depreciation. In the case originally authorizing the CEP, Staff recognized "that, unlike proposals by other natural gas companies in CEP applications, VEDO's proposed depreciation expense calculation properly subtracts the plant retirements from each month's gross plant additions prior to applying the applicable depreciation rate." 12-530-GA-UNC Order at 7–8. Staff recommended that "VEDO's approach is correct and the depreciation expense calculation should be net of retirements." *Id*. Creating an additional "offset" to reflect the impact of retirements on depreciation expense would effectively double-count this impact. There is no basis for doing so, and the Staff Report does not explain why an *additional* offset is necessary.

Additionally, although I am not an attorney, I am not aware that the establishment of such an offset is required by law. Assuming that to be the case, I do not believe it is appropriate to require this as a condition of approving the CEP Rider.

Finally, this is also improper in conjunction with Staff's recommendation (to which VEDO objects) that VEDO be required to file an additional rate case. VEDO appreciates that Staff proposed this recommendation in another case involving Columbia Gas of Ohio. But that recommendation was made outside of a rate case, where rate base and depreciation reserves were not being updated. To contrast the Columbia proposal with VEDO, VEDO is in the midst of a rate case, and Staff recommends that VEDO file another one within a few years. Whether or not it is necessary to require an offset when a company has not updated rates over many years, that is not the case for VEDO, particularly when Staff is recommending that VEDO file another case within the next five years.

Q30. The Staff Report also recommended, as an alternative, that VEDO "initiate discussion with Staff regarding the potential creation of a single rider that would include all capital investments." How does VEDO view this proposal?

A. It is not clear to VEDO to what extent this proposal would be an "alternate" to other Staff proposals (*e.g.*, what other recommendations it would take the place of), and VEDO is not certain that it understands all of the facets of Staff's proposal. VEDO is willing to discuss this issue with Staff; it only objects (VEDO Objection 12(f)) to the extent this recommendation could be understood to impose definite conditions on VEDO, as opposed to inviting VEDO to discuss alternate proposals.

Q31. Staff also "recommends that the Commission deny VEDO's proposal to defer and capitalize with the CEP Rider [Shared Asset Charge] SAC expenses that exceed the amount in base rates." Does VEDO object to this recommendation?

A. Yes, as stated within VEDO Objection 12(e). The only reason given to reject the SAC is that "[t]he CEP only allows for recovery of capital expenditures; whereas, the SAC charges are recorded as O&M expenses and are therefore inappropriate for inclusion in the CEP." But regardless of how SAC charges have been *recorded* on VEDO's books, the charges themselves *result from* capital expenditures made for the purpose of providing service to VEDO's customers. And the components of the SAC are all permissible for recovery in a CEP: carrying costs, depreciation expense, and property tax expense. Likewise, as explained in my direct testimony in Case No. 18-0049-GA-ALT, the charge itself “mirrors the treatment that would exist if these assets, in full or in part, were included as plant in service on VEDO’s general ledger.” (18-49 Swiz Direct at 15.)

I am not an attorney, and cannot testify to conclusions of law. But I am not aware of any provision within R.C. 4929.111 that focuses on the *accounting* per se for a given cost, nor any provision that prohibits the recovery of an allocated share of such expenditures. Assuming that to be the case, I do not believe the SAC should be rejected, when its inclusion in the CEP would facilitate the recovery of capital expenditures made for the purpose of providing service to VEDO’s customers.

Q32. Finally, Staff also recommends modifying VEDO’s proposed CEP Rider schedule, recommending a minimum of four months instead of two months “between when the Company files its application and Staff issues a report.” How does VEDO view this recommendation?

A. VEDO is willing to discuss adjustments to the proposed schedule for reviewing the CEP Rider and objected to preserve the ability to resolve these issues with Staff going forward. I would note that under the current DRR review process, there is a roughly two-and-a-half month review process, and VEDO attempted to match that process in proposing CEP Rider processes.

VIII. OTHER ISSUES

Q33. What did Staff recommend regarding VEDO’s Energy Efficiency (EE) and conservation programs?

A. Pertinent to my testimony, Staff recommended eliminating the proposed $5.6 million from base rate funding, and to instead permit the Applicant to collect a maximum of $5.6 million through the Energy Efficiency Funding Rider (EEFR) for recovery of program costs and expenses. (*Id*. at 15–16.) VEDO witness Harris describes in greater detail VEDO’s other objections to Staff’s recommendations (*see* VEDO Objection 9).

Q34. Does VEDO object to the elimination of the proposed $5.6 million from base rate funding, with the funding to instead be permitted for recovery through the EEFR?

A. Yes. Specific to the EEFR mechanism, VEDO objects that the Staff Report fails to explain how VEDO should transition from the current funding of its EE programs to the recommended model. These programs are currently being funded through $4.0 million in base rates and the remainder through the EEFR. A transition to full EEFR funding needs to be carefully considered and must avoid any interruption or delay in the recovery of program costs.

Q35. Does VEDO have any proposal for addressing these transitions?

A. Yes. If the Commission approves Staff's recommended changes to the funding mechanisms for EE programs, all EE costs would be recovered solely through the EEFR. Following issuance of the order, VEDO proposes that it could adjust the EEFR to recover 100 percent of previously approved program costs. Then, during the subsequent reconciliation of the EEFR, VEDO would determine to what extent it had recovered program costs through base rates (prior to the issuance of the order), and these amounts will then be accounted for in the variance calculation. In future years, there will be no need to account for a period of base rate recovery.

Q36. Please explain VEDO Objection 15.

A. Each of the adjustments proposed by Staff, whether or not objected to, creates impacts to other items within operating income. For example, adjustments to operating expense items ultimately impact the Federal income tax expense included within the revenue requirement. VEDO Objection 15 broadly covers the impacts to other undefined items within operating income as a result of other adjustments, and acknowledges that all changes will need to be appropriately captured within the revenue requirement calculation.

Q37. Please explain VEDO Objection 27.

A. Staff recommended that, in the event that there is a material impact to the budgeted and forecasting processes reviewed by Staff within this proceeding as a result of the proposed merger between Vectren and CenterPoint Energy, Inc., "the Commission be notified prior to the implementation of the next two year budget." (*Id.* at 45) VEDO does not object in principle to following up with Staff and discussing potential budget process changes; however, VEDO does not believe that potential future modifications to the budgeting process, if such occur, are relevant to the issues under consideration in this proceeding. As noted within the Staff Report, "Staff believes the [budgeting] process appears adequate and found no evidence to suggest that any alterations are necessary at this time." (*Id.* at 45). VEDO witness Bowler discusses the budgeting process within his direct testimony, and the timing of this recommendation is impractical when considering that the budget and forecast process is a fluid and dynamic activity over time.

In addition, although VEDO objects specifically to these requirements, the Staff Report already recommends that VEDO be required to file a rate case in the near future. If Staff's recommendation is accepted, the timing of this future case would permit review of VEDO's budgeting process and be reflective of any changes resulting from the proposed merger. In view of these factors, this recommendation appears unnecessary.

IX. CONCLUSION

Q38. Does this conclude your supplemental direct testimony?

A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served by electronic mail to the following persons on this 7th day of November, 2018:

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/s/ Andrew J. Campbell
Andrew J. Campbell

One of the Attorneys for Vectren Energy Delivery of Ohio, Inc.

VECTREN ENERGY DELIVERY OF OHIO, INC.
CASE NO. 18-0298-GA-AIR; CASE NO. 18-0299-GA-ALT
JURISDICTIONAL RATE BASE SUMMARY
AS OF DECEMBER 31, 2017

DATA: "X" ACTUAL ___ ESTIMATED
TYPE OF FILING: ___ ORIGINAL "X" UPDATED ___ REVISED
WORK PAPER REFERENCE NO(S).:

SCHEDULE B-1
PAGE 1 OF 1
WITNESS RESPONSIBLE:
J.C. SWIZ

LINE NO.	RATE BASE COMPONENT	SUPPORTING SCHEDULE REFERENCE	COMPANY APPLICATION AMOUNT	STAFF REPORT AMOUNT	COMPANY SUPPLEMENTAL AMOUNT
1	Plant In Service	B-2	$ 1,128,330,555	$ 1,123,376,250	$ 1,126,527,669
2	Reserve for Accumulated Depreciation	B-3	$ (402,676,159)	$ (399,619,553)	$ (400,909,027)
3	Net Plant In Service (Line 1+ Line 2)		$ 725,654,396	$ 723,756,697	$ 725,618,642
4	Construction Work in Progress	B-4	$ -	$ -	$ -
5	Working Capital Allowance	B-5	$ -	$ -	$ -
6	Customer Deposits	B-6	$ -	$ (3,904,821)	$ (3,904,821)
7	Other Items:				
8	Customer Advances for Construction	B-6	$ (2,541,852)	$ (2,541,852)	$ (2,541,852)
9	PIPP Deferred Asset	B-6	$ (2,776,317)	$ (2,776,317)	$ (2,776,317)
10	DRR Deferred Asset	B-6	$ 31,237,732	$ 31,237,732	$ 31,237,732
11	HB95 Deferred Asset	B-6	$ 66,137,567	$ 66,137,567	$ 66,137,567
12	Deferred Income Taxes (Net of Goodwill Amort)	B-6	$ (190,120,084)	$ (190,120,084)	$ (190,120,084)
13	Jurisdictional Rate Base (Line 3 thru Line 12)		$ 627,591,444	$ 621,788,924	$ 623,650,869

NOTE: CIAC are already netted against gross plant.