

APPENDIX  
Gas Cost Recovery Rate  
Calculation

The Gas Cost Recovery Rate (GCR) is determined using the formulas set forth in this appendix and the following subscripts:

- (1) "q" means the quarter which contains the three monthly accounting periods immediately prior to the most recently ended monthly accounting period.
- (2) "m" means each monthly accounting period in q.
- (3) "y" means the period containing the twelve monthly accounting periods immediately prior to the most recently ended monthly accounting period.
- (4) "p" means the time period between the effective date of the current Gas Cost Recovery Rate and the effective date of the Gas Cost Recovery Rate in effect immediately prior to the current rate.
- (5) "z" means the time period between the effective date of the current Gas Cost Recovery Rate and the effective date of the Gas Cost Recovery Rate in effect approximately one year prior to the current rate.
- (6) "s" means each source of primary gas supplies.

Where the calculations involve the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the company expects the volumes to change substantially, the company may make appropriate adjustments in its calculations and describe any adjustments in the quarterly Gas Cost Recovery Report to be reviewed in a subsequent audit. All bulk supply volumes are corrected to standard temperature and pressure.

## (A) EXPECTED GAS COST

The Expected Gas Cost (EGC), expressed in dollars and cents per Mcf, is determined as follows ("V" denotes variable):

- (1)  $V_1$  = Commodity Rate for each source of Primary Gas Supplies.
- (2)  $V_2$  = Volumes Purchased from each source of Primary Gas Supplies

(3) V3 = Demand and Service Charges for each source of Primary Gas Supplies and each supplier of demand, capacity reservation or use, transportation, storage, balancing, gathering or other related services rendered prior to and including the physical delivery of the gas to the company's own system to the extent such charges are not included in the commodity rate as defined in paragraph (C) of rule 4901:1-14-01 of the Administrative Code.

(4) 
$$V4 = \sum_{s=1}^j [(V1_s \times V2_{sy}) + (V3_s)]$$
  
("j" equals the total number of primary gas suppliers)

(5) V5 = Production Unit Cost

(6) V6 = Utility Production Volumes from old wells

(7) V7 = V5 x V6y

(8) V8 = Book Cost of Includable Propane

(9) V9 = Gallons of Includable Propane

(10) V10 = V8 x V9y

(11) V11 = Total Sales

(12) EGC = (V4 + V7 + V10) ÷ V11y

#### (B) SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT

The Supplier Refund and Reconciliation Adjustment (RA), expressed in dollars and cents per Mcf, is determined as follows:

(13) V12 = Reconciliation Adjustments ordered by the commission during q

(14) V13 = Supplier Refunds received during q

(15) V14 = Jurisdictional Sales

$$(16) \quad V15 = 1.0550 [V12 + (V13 \times (V14y \div V11y))]$$

$$(17) \quad V16 = V15 \div V14y$$

$$(18) \quad V17 = V16 \text{ as used in computing the currently effective GCR}$$

$$(19) \quad V18 = V16 \text{ as used in computing the GCR in effect one quarter prior to the currently effective GCR}$$

$$(20) \quad V19 = V16 \text{ as used in computing the GCR in effect two quarters prior to the currently effective GCR.}$$

$$(21) \quad RA = V16 + V17 + V18 + V19$$

### (C) ACTUAL ADJUSTMENT

The Actual Adjustment (AA), expressed in dollars and cents per Mcf, is determined as follows:

$$(22) \quad V20 = \text{Unit Book Cost of Total Sales}$$

$$(23) \quad V21 = \text{EGC in effect during each period } m \text{ (if the EGC changed during any period } m, \text{ weighted average EGC shall be used for that period)}$$

$$(24) \quad V22 = \sum_{m=1}^3 [(V20_m - V21) \times V14_m] \pm V33$$

$$(25) \quad V23 = V22 \div V14y$$

$$(26) \quad V24 = V23 \text{ as used in computing the currently effective GCR}$$

$$(27) \quad V25 = V23 \text{ as used in computing the GCR in effect one quarter prior to the currently effective GCR}$$

$$(28) \quad V26 = V23 \text{ as used in computing the GCR in effect two quarters prior to the currently effective GCR}$$

$$(29) \quad AA = V23 + V24 + V25 + V26$$

(D) BALANCE ADJUSTMENT

The Balance Adjustment (BA), expressed in dollars and cents per Mcf, is determined as follows:

$$(30) \quad V27 = V22 \text{ as used to compute the GCR in effect four quarters prior to the currently effective GCR}$$

$$(31) \quad V28 = V23 \text{ as used to compute the GCR in effect four quarters prior to the currently effective GCR}$$

$$(32) \quad V29 = V27 - (V28 \times V14z)$$

$$(33) \quad V30 = V15 \text{ as used to compute the GCR in effect four quarters prior to the currently effective GCR}$$

$$(34) \quad V31 = V16 \text{ as used to compute the GCR in effect four quarters prior to the currently effective GCR}$$

$$(35) \quad V32 = V30 - (V31 \times V14z)$$

$$(36) \quad V33 = V29 + V32$$

(E) GAS COST RECOVERY RATE

The Gas Cost Recovery Rate (GCR) is determined as follows:

$$(37) \quad GCR = EGC + RA + AA$$