

4901:1-14-05

Appendix
Gas Cost Recovery Rate Calculation

The Gas Cost Recovery Rate (GCR) shall be determined in accordance with the formulas set forth in this appendix. For purposes of these calculations, the following subscripts shall be used:

- (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 require 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 shall fully describe any adjustments in the quarterly Gas Cost Recovery Report to be reviewed in a subsequent audit. All bulk supply volumes shall be corrected to standard temperature and pressure.

(A) EXPECTED GAS COST

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

- (1) V1 = Commodity Rate for each source of Primary Gas Supplies.
- (2) V2 = 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) $V7 = V5 \times V6_y$

(8) V8 = Book Cost of Includable Propane

(9) V9 = Gallons of Includable Propane

(10) $V10 = V8 \times V9_y$

(11) V11 = Total Sales

(12) $EGC = (V4 + V7 + V10) \div V11_y$

(B) SUPPLIER REFUND AND RECONCILIATION ADJUSTMENT

The Supplier Refund and Reconciliation Adjustment (RA), expressed in dollars and cents per Mcf, shall be 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) $V15 = 1.0550 [V12 + (V13 \times (V14_y \div V11_y))]$

$$(17) V16 = V15 \div V14_y$$

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

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

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

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

(C) ACTUAL ADJUSTMENT

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

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

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

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

$$(25) V23 = V22 \div V14_y$$

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

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

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

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

(D) BALANCE ADJUSTMENT

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

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

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

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

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

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

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

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

(E) GAS COST RECOVERY RATE

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

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