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October 26, 2020

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street – Second Floor North  
Harrisburg, PA 17120

**Re: Pike County Light & Power Company  
2020 General Base Rate Increase (Gas) Filing  
Docket No. R-2020-3022134**

Dear Secretary Chiavetta:

Pursuant to Section 1308(d) of the Pennsylvania Public Utility Code, (66 Pa C.S. §1308(d)) and the Commission's Regulations at 52 Pa Code §§ 1.37(a), 53.45 and 53.51, enclosed please find Pike County Light & Power Company's ("Pike") or the ("Company") filing which contains Supplement No. 110 to Tariff Gas - Pa. P.U.C. No. 6, issued October 26, 2020 to be effective December 28, 2020 which constitutes a general base rate increase. Supplement No. 110 consists of the tariff leaves set forth in Appendix A to this filing.

The increased rates and charges reflected in Supplement No. 110 are designed to produce additional revenues of \$262,200 per year, which represents an increase of approximately 16.0% in the Company's total gas revenues based upon an historic test year ending June 30, 2020. The total bill for a residential heating customer using 80 Ccf would increase from \$93.57 to \$111.97 per month, or by 19.7%.

I also enclosed the written pre-filed testimony of the Company's Accounting Panel, Steve Grandinali, and the Cost of Service and Rate Panel, and supporting schedules, including data required by the Commission's regulations.

Pike is engaged in the retail distribution and sale of natural gas for residential, commercial and industrial purposes within the State of Pennsylvania. Pike serves approximately 1,200 residential and commercial gas customers in Pike County, Pennsylvania.

Pike requests that Supplement No. 110 become effective on December 28, 2020. Pike's gas base rates were last increased in September 2014, more than 6 years ago. Pike's current gas rates do not produce an adequate return on the Company's invested capital that is dedicated to the service of the Company's gas customers. The proposed rates for gas service are necessary to provide sufficient operating revenues to meet operating expenses (including depreciation), taxes and fixed charges, and provide a reasonable rate of return on the Company's investment in gas property. The proposed rates should be approved to enable Pike to maintain its creditworthiness at a level sufficient to raise capital necessary to perform properly its obligations to provide safe, adequate and proper service to its gas customers.

As set forth in the testimony of the Gas Cost of Service and Rate Panel, the bills of all Pike's gas customers will be affected by this rate increase. Appendix B attached hereto sets forth, by service classification, the revenue increases associated with this filing.

Pike hereby advises the Commission that it has elected to use the method of customer notification set forth in Section 53.45 (b)(2) of the Commission's regulations, 52 Pa. Code § 53.45 (b)(2). I enclosed a copy of the Notice of Proposed Rate Changes sent to all Pike gas customers by first class mail on October 21 and 22, 2020. Also included is an affidavit stating that the required notice provisions have and will be complied with.

As indicated in the attached Certificate of Service, Pike has served copies of this filing and all supporting data on the Office of Consumer Advocate, as required by Section 53.51(d) of the Commission's regulations, 52 Pa. Code § 53.51 (d), on the Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement.

While the Commission's regulations do not require the submission of testimony with this filing, in order to explain more fully the details and basis of the rate relief requested, Pike is submitting testimony, as noted above and detailed here. The Accounting Panel will discuss the Company's various financial exhibits, the gas sales forecast, rate case costs, depreciation rates and will testify as to the fair and reasonable rate of return on the common equity capital invested by the Company in its gas delivery operations. Steven Grandinali will discuss the Company's capital expenditures and additions to plant. The Gas Cost of Service and Rate Panel will discuss the Company's Gas Embedded Cost of Service study, the Company's gas revenue forecasts, the Company's proposal for revenue allocation and rate design, and the impact of the proposed rate changes on customers' bills, and other tariff changes. Pike reserves the right to submit additional direct testimony in support of this filing.

Pike's legal counsel for this filing are as follows:

Thomas J. Sniscak, Esq. (PA ID No. 33891)  
Whitney E. Snyder, Esq. (PA ID No. 316625)  
Bryce R. Beard, Esq. (PA ID No. 325837)  
Hawke, McKeon & Sniscak LLP  
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Harrisburg, PA 17101  
Tel: (717) 236-1300  
tjsniscak@hmslegal.com  
wesnyder@hmslegal.com  
brbeard@hmslegal.com

If you have any questions regarding the enclosed filing or supporting data, please contact me at (717) 236-1300 or at the address listed above.

Respectfully submitted,

*/s/ Whitney E. Snyder*

Thomas J. Sniscak, Esq.  
Whitney E. Snyder, Esq.  
Bryce R. Beard, Esq.

*Counsel for Pike County Light and Power Company*

Enclosures

cc: Certificate of Service

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the forgoing document upon the parties, listed below, in accordance with the requirements of § 1.54 (relating to service by a party). This document has been filed electronically on the Commission's electronic filing system and served via electronic mail only on the following:

### **VIA ELECTRONIC MAIL ONLY**

Tanya McCloskey, Esquire  
Christine Maloni Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor Forum Place  
Harrisburg, PA 17101  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[choover@paoca.org](mailto:choover@paoca.org)

John R. Evans, Esquire  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor Forum Place  
Harrisburg, PA 17101  
[jorevan@pa.gov](mailto:jorevan@pa.gov)

Richard Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street 2<sup>nd</sup> Floor  
Harrisburg, PA 17120  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)

/s/ Whitney E. Snyder  
Thomas J. Sniscak, Esq.  
Whitney E. Snyder, Esq.  
Bryce R. Beard, Esq.

Dated: October 26, 2020



105 Schneider Lane, Milford, PA 18337  
1-855-855-2050 www.pclpeg.com

October 26, 2020

Rosemary Chiavetta, Secretary VIA HAND DELIVERY

Pennsylvania Public Utility Commission Commonwealth of Pennsylvania

Keystone Building 400 North Street, 2nd Floor Harrisburg, PA 17120

**Re: Pike County Light & Power Company  
2020 General Base Rate Increase (Gas) Filing  
Docket No. R-2020-3022134**

Dear Secretary Chiavetta:

On behalf of Pike County Light & Power Company, Inc. ("Pike"), please find attached for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the following supplemental documents in connection with Pike's gas rate case filing submitted on October 26, 2020, in the above referenced docket:

1. Notice to customers of the proposed increases that was mailed to all Pike County Light & Power Company gas customers on October 21 and 22, 2020;
2. Notice of a Rate Increase has been posted in the Company's offices at 105 Schneider Lane, Milford, Pa. 18337 on October 26, 2020. This notice is the same notice as the notice mailed to customers;
3. Notice of a Rate Increase for Pike County Light & Power Electric was delivered on behalf of the Company to two local newspapers, the Pike County Courier (Straus News) and the Pike County Dispatch, for publication in the October 29<sup>th</sup> editions; and
4. Notice of a Rate Increase that was posted on the Company's website [www.pclpeg.com](http://www.pclpeg.com) on October 26, 2020. This notice is the same notice that was mailed to customers.

I, Charles Lenns, Vice President and Chief Financial Officer, on behalf of Pike County Light & Power Company, hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S.s. § 4904 relating to unsworn falsification to authorities.

Please date stamp the extra copy of this transmittal letter, and kindly return it for our records. Please contact the undersigned if you have any questions.

Very truly yours,

Charles Lenns  
Vice President and Chief Financial Officer  
Pike County Light & Power Company



## NOTICE OF PROPOSED GAS RATE CHANGES

10/21/2020

### To Our Gas Customer

Pike County Light and Power Company, Inc. is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your Gas rates as of December 28, 2010. This notice describes the company's rate request, the PUC's role, and what actions you can take.

Pike County Light and Power Company, Inc. has requested an overall rate increase of \$262,200 per year, if the company's entire request is approved, customer bills would increase as follows:

- Residential heating customers using 80 CCF would increase from \$93.57 to \$111.97 per month, or by 19.7% including estimated gas costs.
- Residential non-heating customers using 50 CCF would increase from \$61.40 to \$74.09 per month, or by 20.7% including estimated gas costs.
- General Service Commercial customers using 623 CCF per month would increase from \$635.60 to \$644.31 per month or by 1.4% including estimated gas costs and sales tax.
- Commercial Space Heating customers using 250 CCF per month would increase from \$269.87 per month to 276.04 per month or by 2.3% including estimated gas costs and sales tax.

To find out your customer class or how the requested increase may affect your gas bill, contact Pike County Light & Power Company at (855) 855-2050 or (570) 832-2988. The rates requested by the company may be found in TARIFF SUPPLEMENT NO. 110 TO TARIFF-GAS PA PUC NO. 6. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at Pike County Light & Power's office. The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates. The PUC may change the amount of the rate increase or decrease requested.



by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the company and shown above. There are three ways to challenge a company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a PUC judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before December 1, 2020. If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a PUC judge.
2. You can send the PUC a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the company's service or management. This information can be helpful when the PUC investigates the rate request. Send your letter or formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg PA 17105-3265. For more information, call the PUC's Bureau of Consumer Services at 1-800-692-7380. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case. You may also contact the Pennsylvania Office of Consumer Advocate (OCA). The OCA represents the interests of consumers in cases before the PUC. You may contact the OCA with questions or requests for public input hearings at 1-800-684-6560 or by email at [consumercpaoca.org](mailto:consumercpaoca.org)
3. You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the company's rate request and if there is a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the company representatives. All testimony given "under oath\*" becomes part of the official rate case record. These hearings are held in the service area of the company.

Pike County Light & Power Company

## PUBLIC NOTICE ELECTRIC RATES

Pike County Light and Power Company, Inc. is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your Electric rates as of December 28, 2020. The Company has requested an overall rate increase of \$1,933,600 per year. If the company's entire request is approved, the total customer bill would increase as follows:

- Residential customers using 674 kWh per month would increase from \$103.90 to \$121.90 per month, or by 17.3% including estimated energy charges.
- SC2 primary customers using 105,514 kWh per month would Increase from \$9,958.27 to \$11,225.55 per month, or by 12.7% including estimated energy charges and sales tax.
- SC2 secondary demand customers using 3,308 kWh per month would Increase from \$450.61 to \$552.89 per month, or by 22.7% including estimated energy charges and sales tax.
- SC2 secondary non-demand customers using 532 kWh per month would Increase from \$70.46 to \$87.59 per month, or by 24.3% including estimated energy charges and sales tax.
- Municipal street lighting customer bills would increase on average from \$933.15 to \$1,250.09 per month, or by 34.0% including estimated energy charges.
- Private lighting customer bills would increase on average from \$39.29 to \$51.35 per month, or by 30.7% including estimated energy charges.

## PUBLIC NOTICE GAS RATES

Pike County Light and Power Company, Inc. is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your gas rates as of December 28, 2020. The Company has requested an overall rate increase of \$262,200 per year. If the company's entire request is approved, the total customer bill would increase as follows:

- Residential heating customers using 80 Ccf would increase from \$93.57 to \$111.97 per month, or by 19.7% including estimated gas costs.
- Residential non-heating customers using 50 Ccf would increase from \$61.40 to \$74.09 per month, or by 20.7% including estimated gas costs.
- General service commercial customers using 623 Ccf per month would Increase from \$635.60 to \$644.31 per month, or by 1.4% including estimated gas costs and sales tax.
- General service heating customers using 250 Ccf per month would Increase from \$269.87 to \$276.04 per month, or by 2.3% including estimated gas costs and sales tax.

The company has requested the rate increase because it has incurred and will realize increased operating expenses since its last rate change in 2016. These expenses include the financing of investments in new and replacement infrastructure, as well as increased operating costs due to normal operating conditions and other regulatory demands to meet customer service and reliability requirements. Customers can contact the company at (855) 855-2050 or (570) 832-2988 to get further information on the proposed increases, or to find out what action they may take.



Pike County Light & Power Company, Inc,

Gas Rate Case

Docket No. R-2020-3022134

Tab No.	Witnesses & Exhibits
1	Transmittal Letter
2	Tariff Leaves
3	Statement No. 1 - Cost of Service - Rate Design Panel
4	Statement No. 2 - Accounting Panel
5	Statement No. 3 - Steven Grandinali
6	Exhibit G-1 Historical Financial Statements
7	Exhibit G-2 Capital Structure & Rate of Return
8	Exhibit G-3 Electric Rate Base
9	Exhibit G-4 Electric Revenue Requirement
10	Exhibit G-5 Electric Sales & Revenues
11	Exhibit G-6 Cost of Service Study Embedded
12	Exhibit G-7 Cost of Service Study Proposed Rates
13	Exhibit G-8 Gas present and Proposed Rate Design
14	Data Responses to 52 Pa. Code Section 53.52

Pike County Light & Power Company, Inc,

Gas Cost of Service

Docket No. R-2020-3022134

Schedule	Title of Schedule
Transmittal Letter	Separately Attached
Appendix A	Proposed Tariff Leaves Effective December 28, 2020
Appendix B	Impact of the Proposed Rate Change on Total Billed Revenues for the Twelve Months Ended June 30, 2021

**PIKE COUNTY LIGHT & POWER COMPANY**  
**Gas Rate Case**  
**Proposed Tariff Leaves effective December 28, 2020**

**P.U.C. No. 6 Gas**

99th Revised Leaf No. 2  
92nd Revised Leaf No. 3  
92nd Revised Leaf No. 4A  
53rd Revised Leaf No. 45  
52nd Revised Leaf No. 46

**PIKE COUNTY LIGHT & POWER COMPANY**

**RATES AND RULES**

**GOVERNING THE**

**FURNISHING OF**

**GAS SERVICE**

**IN**

**THE BOROUGHS OF MATAMORAS AND MILFORD**

**AND VICINITY,**

**PIKE COUNTY, PENNSYLVANIA**

(See Leaf No. 5)

ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York

**NOTICE**

This supplement makes changes to existing rates, rules and regulations. (See Leaf No. 2).

PIKE COUNTY LIGHT & POWER COMPANY

99th REVISED LEAF NO. 2  
SUPERSEDING 98th REVISED LEAF NO. 2

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## 2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 110 makes the following changes:

- (1) Increased delivery (i.e., customer, per CCF) charges applicable to Service Classification Nos. 1 and 2.
- (2) Roll-in of the State Tax Adjustment Surcharge into delivery rates.

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ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

92nd REVISED LEAF NO. 3  
SUPERSEDING 91st REVISED LEAF NO. 3

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2. Changes Made by This Tariff	2 99th Revised (c)
3. Table of Contents	3 92nd Revised, 4 17th Revised (c) 4A 92nd Revised (c)
4. Territory to which Tariff Applies	5 4th Revised
5. Abbreviations and Definitions	
5.1 Abbreviations	5 4th Revised
5.2 Definitions	5 4th Revised, 6 4th Revised 7, 8 4th Revised

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6. How to Obtain Service	
6.1 Applications	9 4th Revised
6.2 Permits	9 4th Revised
6.3 Temporary Service	9A 2nd Revised
6.4 Main Extensions	9A 1st Revised, 9B Original
6.5 Cash Deposits for Non-Residential Customers	10 4th Revised
6.6 Credit and Deposit Procedures for Applicants and Residential Customers	10A 4th Revised 10B 3rd Revised 10C 1st Revised
6.7 Taxes on Contributions in Aid of Construction and Customer Advances	10C 1st Revised
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7. Service Connections	
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8.1 Piping, Apparatus and Inspection	12 1st Revised
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(Continued)

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ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York

**PIKE COUNTY LIGHT & POWER COMPANY**

92nd REVISED LEAF NO. 4A  
SUPERSEDING 91st REVISED LEAF NO. 4A

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**3. TABLE OF CONTENTS (Continued)**

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State Tax Adjustment Surcharge	44C 36th Revised
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(C) Indicates Change	

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ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York

PIKE COUNTY LIGHT & POWER COMPANY

53rd REVISED LEAF NO. 45  
SUPERSEDING 52nd REVISED LEAF NO. 45

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SERVICE CLASSIFICATION NO. 1

APPLICABLE TO USE OF SERVICE FOR:

Residential Service and Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

- (1) Service Charge . . . . . \$ 10.61 (I)
- (2) Delivery Charge (I)
- All Ccf . . . . . @ 65.79¢ per Ccf
- (3) Gas Cost Rate
- All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 69.646¢ per Ccf.
- (4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to charges under this rate except for charges made under the Gas Cost Rate.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than \$7.50 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

Bills are due and payable on or before twenty days from date bill is mailed to Customer. If bill is not paid within twenty days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

(I) Indicates Increase

(Continued)

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ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York



PIKE COUNTY LIGHT & POWER COMPANY

52nd REVISED LEAF NO. 46  
SUPERSEDING 51st REVISED LEAF NO. 46

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SERVICE CLASSIFICATION NO. 2

APPLICABLE TO USE OF SERVICE FOR:

General Service and Non-Residential Space Heating Service

RATE - FOUR PART - MONTHLY:

(1) Service Charge . . . . . \$ 13.31 (I)

(2) Delivery Charge

First 300 Ccf. . . . . @ 46.98¢ per Ccf (I)

All Over 300 Ccf. . . . . @ 31.14¢ per Ccf (I)

(3) Gas Cost Rate

All sales made hereunder shall be subject to the Gas Cost Rate as explained in Rider A of this tariff. At the effective date of this tariff the Gas Cost Rate ("GCR") shall be 69.646¢ per Ccf.

(4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this tariff is applied to charges under this rate except for charges made under the Gas Cost Rate.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

Not less than \$9.40 net per month during which service is furnished to a Customer at each location.

TERMS OF PAYMENT:

Bills are due and payable on or before fifteen days from date bill is mailed to Customer. If bill is not paid within fifteen days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

(I) Indicates Increase

(Continued)

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ISSUED: October 26, 2020

EFFECTIVE: December 28, 2020

ISSUED BY: Michael German  
President and CEO  
Corning, New York

**PIKE COUNTY LIGHT AND POWER COMPANY****Impact of Proposed Rate Change on Total Billed Revenue with Gas Costs  
For the 12 Months Ending June 30, 2021**

Service Class	Type of Service	Annual Bills	Total Sales (CCF)	Total Revenue at:		Increase:	
				Present Rates	Proposed Rates	Rev Change	Percent Change
1	Residential	14,016	1,098,097	\$1,288,691	\$1,544,180	\$255,490	19.8%
2	Commercial	<u>960</u>	<u>355,604</u>	<u>\$351,351</u>	<u>\$358,062</u>	<u>\$6,710</u>	1.9%
Total		14,976	1,453,701	\$1,640,042	\$1,902,242	\$262,200	15.9%

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:
Commission	:
	:
v.	: DOCKET NO. R-2020-3022134
	:
Pike County Light	:
& Power Company (gas)	:

**PIKE COUNTY LIGHT & POWER COMPANY**

**Statement No. 1**

**Direct Testimony of the Gas Rate Panel**

**Paul M. Normand and Debbie L. Gajewski**

**Exhibit G-6 – Gas Embedded Cost of Service**

**Exhibit G-7 - Gas Cost of Service Proposed Revenues**

**Exhibit G-8 - Gas Rate Design Recommendations**

Direct Testimony of the Gas Rate Panel  
Paul M. Normand and Debbie L. Gajewski

Page 2 of 17



MANAGEMENT APPLICATIONS CONSULTING, INC.

1103 Rocky Drive, Suite 201  
Reading, PA 19609-1157

(610) 670-9199  
fax (610) 670-9190  
**[www.manapp.com](http://www.manapp.com)**

**DIRECT TESTIMONY OF THE GAS RATE PANEL  
ON BEHALF OF  
PIKE COUNTY LIGHT & POWER COMPANY**

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**DIRECT TESTIMONY OF THE GAS RATE PANEL  
ON BEHALF OF  
PIKE COUNTY LIGHT & POWER COMPANY**

**LIST OF EXHIBITS**

**EXHIBIT G-6** Gas Embedded Cost of Service

<u>Exhibit G-6 Schedules</u>	<u>Description</u>
GRP-1-G	Qualifications of the Gas Rate Panel
GRP-2-G	Gas Embedded Cost of Service Summary Results – Existing Rate of Return, Based on 12 Months Ended 06/30/2020 (Exhibit G-6, Summary)
GRP-3-G	Summary of Gas Revenue Requirements at Existing Rate of Return, Equalized Rate of Return, and at Proposed Revenue Levels.
GRP-4-G	Gas Embedded Cost of Service Detailed Results Based on 12 Months Ended 06/30/2020 (Exhibit G-6, Detail)
GRP-5-G	Gas Embedded Class Cost of Service – Unbundled Summary of Results – Existing Rate of Return, Based on 12 Months Ended 06/30/2020 – Proposed Equalized ROR, Based on 12 Months Ended 6/30/2021
GRP-6-G	Description of Gas Allocation Factors

**EXHIBIT G-7** Gas Embedded Cost of Service Summary Results  
– Proposed at Equalized ROR, Based on 12 Months Ended 06/30/2021

**EXHIBIT G-8** Gas Rate Design and Bill Impact Analysis



**INTRODUCTION**

**Q. Would the members of the Gas Rate Panel (“Panel”) please state your names and business address?**

A. Paul M. Normand and Debbie L. Gajewski, 1103 Rocky Drive, Suite 201, Reading, PA 19609.

**Q. By whom are you employed and what position do you hold?**

A. We are both employed by Management Applications Consulting, Inc. Paul M. Normand’s position is management consultant and president of the firm. Debbie L Gajewski’s position is management consultant.

**Q. Please state your qualifications.**

A. Paul M. Normand and Debbie L. Gajewski’s qualifications are shown on Schedule GRP-1-G.

**SCOPE OF TESTIMONY**

**Q. What is your responsibility in connection with this filing?**

A. We are sponsoring the following three exhibits:

- Exhibit G-6, the Gas Embedded Cost of Service Study
- Exhibit G-7, the Gas Embedded Cost of Service Summary at Proposed Rates



- Exhibit G-8, the Gas Present and Proposed Rate Design.

**Q. What is the scope of the Panel's direct testimony in this proceeding?**

A. Our testimony will present:

1. The Pike County Light & Power Company ("Pike" or "Company") Gas Embedded Cost of Service ("COS") Study as of June 30, 2020;
2. The Company's Gas Embedded COS Study as of June 30, 2021;
3. The Company's proposal for revenue allocation and rate design; and
4. The impact of the proposed rate changes on customers' bills.

**Q. Please describe the general arrangement of Exhibit G-6.**

A. Exhibit G-6 consists of six schedules, Schedule GRP-1-G through GRP-6-G. Schedule GRP-1-G includes the Panel's qualifications. Schedule GRP-2-G contains the class embedded cost of service study summary results at the actual return using a test period ended June 30, 2020. Schedule GRP-3-G contains the class embedded cost of service study summary at existing, claimed (uniform) and proposed rate of return. Schedule GRP-4-G presents the complete detailed output of the test period class embedded cost of service study as summarized in Schedule GRP-2-G. Schedule GRP-5-G, pages 1 and 2 presents the Unbundled Costs Summary of Results of Schedule GRP-3-G by the major COS cost component categories based on the present revenue level test period ended June 30, 2020. Schedule GRP-5-G, pages 3 and 4 present the same information at the proposed equalized rate of return revenue levels using the future test period June 30,



2021. Schedule GRP-6-G provides a description of the allocation factors used in the embedded cost of service study (Schedule GRP-4-G). Exhibit G-7 includes the embedded cost of service summary of results at the proposed future test period ended June 30, 2021. Exhibit G-8 presents the gas rate design calculations for the proposed rates and associated revenue targets. Also included in Exhibit G-8 are the gas bill impacts at the present and proposed revenue target levels.

## **EMBEDDED COST OF SERVICE STUDY**

### **Embedded Cost of Service Study**

#### **Q. Would you briefly define an Embedded Cost of Service Study?**

A. The cost to serve the customers of any utility company generally consists of allowable investments, operating expenses, and a return. For a historical test period, these costs are on record and the overall cost to serve the collective customers of the utility may be readily established. On the other hand, the unique cost to provide services and energy to customers of the various service classifications is much less apparent. Costs can vary significantly between customer classes depending upon the nature of their demands upon the system and the facilities required to serve them. The purpose of an Embedded Cost of Service Study is to directly assign costs based on the utility records or to allocate each relevant and identifiable component of cost on an appropriate basis in order to determine the proper cost to serve the utility's respective customer classes. These analyses result in matrices which display the detailed total costs of serving each customer class of service

1 in the study. Additionally, these costs are further unbundled into more detailed cost  
2 component categories reflecting the various services provided by the Company to its  
3 customers for energy delivery.

4  
5 **Q. Please describe the procedure that you used in preparing your Embedded Cost of**  
6 **Service Study?**

7 A. Through the application of a computerized microcomputer cost model developed by  
8 Management Applications Consulting specifically for Pike's gas operations, it was  
9 possible to treat each element of Rate Base, Revenue and Operating Expense in detail  
10 and to classify and directly assign or allocate each item to the customer classes. This  
11 distribution cost of service classified all costs as being demand-related or customer-  
12 related since there are no commodity-related costs in this study.

13  
14 The demand-related costs are fixed costs created by the loads placed on the various  
15 components of the gas system. The customer-related costs are fixed costs created by the  
16 customers connected to the system regardless of their usage. The complete detailed line-  
17 by-line allocation process is presented in Schedule GRP-4-G for Pike's gas operations for  
18 the test period ended June 30, 2020. This schedule is the underlying support for all the  
19 cost of service results presented in Schedules GRP-2-G, GRP-3-G, and GRP-5-G.

20  
21 **Q. Please summarize your cost of service study.**

1     A.     Schedule GRP-3-G shows a summary of class revenue requirements at existing rates, at  
2           an overall uniform 7.09% targeted (claimed) rate of return identified by the Company,  
3           and at proposed revenue levels. A second analysis, Schedule GRP-5-G, summarizes the  
4           unbundled costs to serve each major cost component category at present rates and at an  
5           equalized target rate of return for each class of service to assist in the rate design process.  
6           The calculated monthly customer charge for each class of service is shown on at existing  
7           (page 2, line 24) and uniform (page 4, line 24) ROR schedules. The specific customer  
8           costs included in the total monthly customer costs are shown in detail on lines 24 through  
9           30.

10

**Description of Cost of Service (COS) Model**

**Q. How does the computerized cost of service model operate?**

A. The cost of service model is essentially a cost matrix. The vertical dimension of the study consists of the costs to serve as provided by the Company. The development of the cost of service study begins with rate base and continues with revenues, operating expenses, taxes, and the computation of a labor allocator. The cost model includes three additional pieces, a summary of costs to serve, a list of the allocation factors employed in the study and a revenue requirements section. The horizontal portion consists of the assignment of all costs to each of the Company's customer classes.

Each page, starting with page 1 has an important column immediately preceding the numerical data marked "ALLOC", an abbreviation for ALLOCATOR. The ALLOC column contains an acronym to indicate the allocation factor used to allocate the costs shown in the Total Gas Company column to each customer class. A tabulation of these allocators in absolute form, typically total dollars or volumes and as a percent of total has been provided at the end of the study beginning on page 15 in Schedule GRP-4-G and is repeated in the same sequence as a percent of the total value for each allocator at the end of the study beginning on page 21.

Using these allocation factors, costs shown in the Total Company column that were not directly assigned were allocated to each customer class. The cost of service information

provided in the "Total" vertical column is based on the testimony and exhibits for the test year provided by the Company.

**Q. What customer classes did you recognize in your Cost of Service Study?**

A. The cost of service study recognized and allocated the Company's cost to the rate classes as follows:

<u>Rate Designation</u>	<u>Description</u>
SC-1, 231	Residential Space Heating
SC-1, 631	Residential Domestic
SC-1, 531&731	Residential Other
SC-2, 162	General Service Commercial
SC-2, 331	Commercial Space Heating

**Cost of Service Model Allocation Methodology**

**Q. Would you please tell us how you chose allocation factors for your cost study?**

A. In the cost allocation process, we attempted to determine the intended use of specific plant investments and then examined the specific use of these assets in the test year. As part of the cost of service process, we then separately developed the required external allocators or selected internal allocators to assign the various costs appropriately to each customer class. A complete and detailed list of each allocation factor has been provided in Schedule GRP-4-G, pages 15 through 26. Pages 15 through 20 present the total actual Company values while the remaining pages 21 through 26 reformat and unitize these

1 same values with each factor totaling to unity or one. A description of these allocation  
2 factors has been provided in Exhibit G-6, Schedule GRP-6-G.

3

**Rate Base Allocation**

**Q. Please describe the allocation of rate base to customer classes.**

A. Rate base allocation is shown on pages 3 through 5 of Schedule GRP-4-G. The gas supply is set to zero in this study. Distribution plant represents investment in facilities to deliver gas to the customer meter.

**Q. Please describe the allocation of Distribution Mains Acct 376 to customer classes.**

A. The Distribution Mains account has been classified as demand (46.97%) and customer (53.93%) related based on the results of the minimum-size study developed for use in the 2013 General Base Rate Increase Filing. The demand-related Distribution Mains as well as other demand-related Distribution plant was allocated to customer classes using the Design Day factors shown on page 15 of Schedule GRP-4-G. The customer-related portion of Distribution Mains was allocated on the number of customers by rate class.

**Q. What are the other customer-related allocation factors included in your cost study?**

A. Customer-related plant items were allocated using various CUST-prefixed allocators for services, meters, and other such customer-related items. A complete list of these factors has been provided on page 16 of the cost of service study.

**Q. How was general plant allocated on page 3 of Schedule GRP-4-G?**

1 A. General plant was allocated on an internally generated labor allocation factor (**LABOR**)  
2 based on labor expensed in the test. Each Operations and Maintenance account was  
3 examined to determine the labor portion of expense included. The labor portions of these  
4 costs were allocated separately in the same manner as the total Operations and  
5 Maintenance accounts were allocated. The development of this allocator is shown on  
6 Schedule GRP-4-G, pages 13 and 14.

7  
8 **Q. How was each account of depreciation reserves assigned?**

9 A. The plant Depreciation Reserves by function and the distribution account detail were  
10 obtained from the Company's records and allocated to customer classes based on the  
11 allocation of the corresponding plant account.

12  
13 **Q. How was Construction Work in Progress assigned?**

14 A. The Construction Work in Progress was allocated to customer classes based on total  
15 plant.

16  
17 **Q. What other elements of rate base were included in your study?**

18 A. Each adjustment to rate base has been detailed on Schedule GRP-4-G, page 5. Additions  
19 to net plant included allowance for working capital which includes Cash Working  
20 Capital, Materials and Supplies and Prepayments. The deductions from net plant include  
21 customer deposits, deferred credits (net of tax), and accumulated deferred income taxes  
22 and credits.



Each adjustment to rate base was allocated on the most appropriate allocation factor. For example, allowance for working capital items materials and supplies and prepayments of property tax and insurance were allocated on **TOTPLT**, prepayments of PA PUC assessment were allocated on claimed revenues (**CLAIMREV**) and cash working capital was allocated on O&M expense excluding purchased gas (**OMXPP**).

**Operating Revenue Allocation**

**Q. How were operating revenues assigned?**

A. Operating revenues (Schedule GRP-4-G, page 6) are based on the Company's books and records by customer class allocated on the most appropriate allocation factor. Sales of Gas revenue were directly assigned to each class. Other operating revenue account 487, late payment charges, was allocated on the basis of the late payment charges incurred for each rate class. Miscellaneous service revenues and other gas revenues were allocated on total plant (**TOTPLT**).

**Operating Expense Allocation**

**Q. How were the Operation and Maintenance Expenses allocated?**

A. Distribution O&M expenses follow the allocation of distribution plant. Customer Accounts, Sales Expenses, and Administrative and General Expenses were allocated using a variety of methods based on direct assignments, revenues, plant, and labor costs. Whenever possible, specific information detailing class cost responsibilities or

1 weightings were utilized in order to develop the most accurate cost study possible.

2 Customer Service and Sales Expenses used a composite allocation factor that was

3 weighted 50% on customers and 50% on sales.

4  
5 A&G expenses were primarily allocated on the **LABOR** allocator. The regulatory

6 commission expense was allocated on the **CLAIMREV** allocator and the remaining

7 A&G expenses were allocated on **TOTPLT**, and General plant in service (**GENLPLT**).

8  
9 **Q. What are the remaining operating expenses?**

10 A. The remaining operating expenses consist of depreciation expenses, taxes other than

11 income taxes, state income taxes and a detailed federal income tax calculation.

12  
13 **Q. How were they allocated?**

14 A. Depreciation expenses were allocated on the basis of plant in service. Taxes Other Than

15 Income Taxes were allocated using the **TOTPLT**, **LABOR**, and **CLAIMREV** allocation

16 factors; PURTA taxes, capital stock, and real estate taxes were allocated on **TOTPLT**.

17 Payroll related taxes were allocated on the **LABOR** allocation factor and the PA and

18 local use tax was allocated on the **CLAIMREV** allocation factor. Federal income taxes

19 and state taxes were computed for each customer class based on the allocated expenses

20 previously discussed.

21  
22 **Cost of Service Study Results**

**Q. Could you summarize the results of your cost study at present rates?**

A. The results of the test year ended June 30, 2020 cost of service study show that the rates presently in effect generate somewhat different rates of return for each customer class. Schedules GRP-2-G and GRP-3-G show that the Company's current rates produce inequities between the customer classes as summarized in the following table:

Cost of Service Results – Present ROR

	<u>Schedule GRP-2-G</u>	
	<u>ROR (%)</u>	<u>ROR Index</u>
Total Company	5.06	1.00
Residential Space Heating	4.21	0.83
Residential Domestic	-0.28	-0.05
Residential Other	1.09	0.22
General Service Commercial	18.74	3.71
Commercial Space Heating	7.23	1.43

**Q. Has the Panel employed “tolerance bands” around the total system rate of return in developing class revenue responsibilities?**

A. Yes. The proposed class revenue target responsibility has been measured with respect to a ±10% tolerance band around the total system average rate of return. Classes would not be considered “surplus” or “deficient” if the class COS rate of return falls within this band.

**Q. Based on the application of a ±10% tolerance band around the calculated total system rate of return of 5.06%, which classes are considered to be deficient and which classes are surplus?**

1     A.     The customer class ROR inequities shown in Schedules GRP-2-G and GRP-3-G indicate  
2           that the Service Classification No. 2 General Service and Commercial customer classes  
3           are surplus and are subsidizing the Service Classification No.1 Residential customer  
4           classes which are deficient.

5

**RATE DESIGN**

**Q. How did you approach the task of rate design in this case?**

A. The class cost of service unbundled revenue requirement summary results at a proposed revenue levels presented in Exhibit G-6, Schedule GRP-5-G, pages 3 and 4 which use a future test period for the twelve months ended of June 30, 2021 provided the basis or starting point for all of the proposed rate designs presented in Exhibit G-8.

**Q. Was there a logical progression in your efforts to perform the rate design?**

A. Our rate design efforts were performed in three discrete steps. First, we determined the total costs incurred to serve each customer class using the June 30, 2021 future test year, Exhibit G-7. Next, we examined the embedded cost of service study at the Company's uniform ROR (equalized annual increase) and compared these results to the revenues currently produced by each customer class, Exhibit G-6, Schedule GRP-3-G. Finally, we developed the proposed (moderated) class revenue targets and rate designs utilizing these results and adjusted present rate charges to all rates.

**Q. Could you briefly list the factors that you considered in arriving at your proposed rate designs?**

A. The proposed rate year rate design and class revenue targets considered several very important factors which we will list in the order that they were considered in my decision process:

1. Existing Rate Structure
2. Present Rate of Returns & Index of Returns (Schedules GRP-2-G and GRP-3-G)
3. Cost of Service at a Uniform Target Rate of Return (Exhibit G-7 and GRP-3-G)
4. Use of unbundled costs results presented in Schedule GRP-5-G
5. Initial Target Class Revenue Increases using Rate Year Revenue Requirement

**Q. Have you prepared an unbundling cost study for Pike?**

A. Yes, we have. Exhibit G-6, Schedule GRP-5-G provides for the detailed results by major cost categories that are presented in the Panel's testimony. The most important aspect of these unbundled results is with respect to the customer-related costs presented on Schedule GRP-5-G, pages 3 and 4, at a uniform ROR level for each customer class. These results indicate the proper level of customer-related costs that should be recovered on a monthly basis and was used as a guide in establishing the proposed rate designs presented in Exhibit G-8, pages 1 through 4. While it is important to recognize that the delivery only revenue requirements are essentially fixed and invariant to throughput, the overall goal representing customer impacts prevents establishing the total delivery revenue requirement as a monthly fixed cost for each customer and requiring a continued dependence on volumetric charges.

**Bill Impact Analysis**

**Q. Have you prepared an analysis of the impact of your proposed rates?**

1 A. Yes. This analysis is shown on pages 5 through 13 of Exhibit G-8. For each rate class,  
2 we have shown the total charges under present and proposed rates for a variety of usage  
3 levels for the Service Classification No. 1 (SC-1) and Service Classification No. 2 (SC-2)  
4 as shown on page 6 of Exhibit G-8. This page shows that the total monthly bill,  
5 including gas costs, for a SC-1 Residential Heating customer using 100 Ccf would  
6 increase from \$115.29 to \$137.53, or an 19.3% increase. The proposed rates reflect an  
7 overall increase of 19.7% increase for the SC-1 class and an overall 1.8% increase for the  
8 SC-2 class as shown on Exhibit G-8, page 12.

9  
10 **Q. Does this conclude your testimony?**

11 A. Yes, it does. We reserve the right to update or amend this testimony.

# **Schedule GRP-1-G**

## **Qualifications of Paul M. Normand and Debbie L. Gajewski**



**Qualification of Paul M. Normand**

**Q. Mr. Normand, what is your present position?**

A. I am a principal in the consulting firm of Management Applications Consulting, Inc. (MAC). This Company provides consulting services to the utility industry in such fields as loss studies, econometric studies, cost analyses, rate design, expert testimony, and regulatory assistance. The Company is located in Reading, Pennsylvania.

**Q. What is your educational background?**

A. I graduated from Northeastern University in 1975, with a Bachelor of Science Degree and a Master of Science Degree in Electrical Engineering-Power System Analysis. I have attended various conferences and meetings concerning engineering and cost analysis.

**Q. What is your professional background?**

A. I was employed by the Massachusetts Electric Company in the Distribution Engineering Department while attending Northeastern University. My principal areas of assignment included new service, voltage conversions, and system planning. Upon graduation from Northeastern University, I joined Westinghouse Electric Corporation Nuclear Division in Pittsburgh, Pennsylvania. In that position, I assisted in the procurement and economic analysis of electrical/electronic control equipment for the nuclear reactor system.

In 1976, I joined Gilbert Associates as an Engineer providing consulting services in the rate and regulatory area to utility companies. I was promoted to Senior Engineer in 1977, Manager of the Austin office 1980, and Director of Rate Regulatory Service in 1981.

In June, 1983, I left Gilbert to form a separate consulting firm and I am now a principal and President of Management Applications Consulting, Inc. My principal areas of concentration have been in loss studies, economic analyses, and pricing.

1   **Q.    Have you testified in support of any cost studies that you participated in or**  
2       **performed?**

3    A.    Yes, I have testified about such studies before the following regulatory agencies: the  
4       Maine Public Utility Commission, the Public Utility Commission of Texas, Illinois  
5       Commerce Commission, New Hampshire Public Utilities Commission, New Jersey  
6       Board of Public Utilities, New York Public Service Commission, Pennsylvania Public  
7       Utility Commission, the Massachusetts Department of Public Utilities, the Kentucky  
8       Public Service Commission, the Arkansas Public Service Commission, the Public Service  
9       Commission of Louisiana, the Public Utilities Commission of Ohio, the Public Service  
10      Commission of Missouri, the Delaware Public Service Commission, the Maryland Public  
11      Service Commission, the Indiana Utility Regulatory Commission, the North Carolina  
12      Utilities Commission and the Federal Energy Regulatory Commission.

13   **Q.    Could you please briefly discuss your technical experience?**

14   A.    I have performed numerous embedded and marginal cost of service studies, time  
15      differentiated bundled and fully unbundled cost studies for both electric and gas utilities  
16      since 1980. I have also used such studies in the design and presentation of detailed rate  
17      proposals before regulatory agencies.

18      My additional experience has been in the area of unaccounted for loss evaluations for  
19      electric and gas utilities for over thirty years. These studies include a detailed review of  
20      each system and the calculation of appropriate recovery factors.

**Qualifications of Debbie L. Gajewski**

**Q. Ms. Gajewski, what is your present position?**

A. I am a Managing Consultant in the consulting firm of Management Applications Consulting, Inc. ("MAC"), 1103 Rocky Drive – Suite 201, Reading, Pennsylvania 19609. This Company provides consulting services to the utility industries provide services in the fields of utility rate and regulatory analysis.

**Q. What is your educational background?**

A. I received a Bachelor of Science degree in Business Administration from Albright College in 1983. I was enrolled in the Ashford University M.B.A. program in 2009 and completed one year.

**Q. What is your professional background?**

A. I began as a technical assistant in the Cost and Load Analysis Department of Gilbert Associates in 1980. I was promoted to the position of Management Consultant in 1982. I joined Management Applications Consulting in 1985 as a Consultant and I became a Managing Consultant in 1997. During this time I have been involved with the preparation and presentation of embedded and marginal cost of service studies for both gas and electric utilities.

I have reviewed cost of service and revenue requirement data for over 100 applications on behalf of both investor owned and municipal utilities. In addition to cost of service studies, I have performed rate tariff and pricing, econometric and forecasting analyses, allocation factor development, and other gas and energy related matters. My experience includes gathering, processing, and analyzing engineering, operating, and accounting data necessary for these studies as well as cost of service model development and training.

**Q. Have you presented testimony in support of any cost studies that you participated in or performed?**

- 1     A.     Yes, I have presented testimony about these studies before the following regulatory  
2           agencies: Massachusetts Department of Public Utilities, Maine Public Utilities  
3           Commission, Public Service Commission of Maryland, and the Railroad Commission of  
4           Texas.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission	:	
	:	
v.	:	DOCKET NO. R-2020-3022134
	:	
Pike County Light	:	
& Power Company (gas)	:	

**Pike County Light and Power Company  
Statement No. 2  
Direct Testimony of  
Accounting Panel  
Chuck Lenns and Richard A. Kane**

PIKE COUNTY LIGHT & POWER COMPANY  
GAS RATE CASE  
STATEMENT NO. 2  
DIRECT TESTIMONY OF ACCOUNTING PANEL  
CHUCK LENNS AND RICHARD A. KANE

1   **Q.    Would the members of the Accounting Panel please state**  
2       **your names and business addresses?**

3    A.   Chuck Lenns, 330 West William Street, Corning, New  
4       York 14830.

5       Richard A. Kane, 77 Leland Avenue, Pleasantville, New  
6       York 10570.

7   **Q.    By whom are you employed and in what capacity?**

8    A.   **(Lenns)**   I am employed by Corning Natural Gas  
9       Corporation ("CNG") where I hold the position of Vice  
10      President and Chief Financial Officer.

11      **(Kane)**   I am a Rate Case Consultant and have been  
12      retained by CNG to provide assistance in the  
13      development of the exhibits and testimony presented in  
14      this rate filing.

15   **Q.    Please explain your educational background, work**  
16       **experience, and current general responsibilities.**

17   A.   **(Lenns)**   I received my Accounting Degree from the  
18       University of Scranton, where I currently teach in the  
19       business school. I also hold a law degree from  
20       Duquesne University Law School, and am a certified  
21       public accountant. I began my professional career in  
22       the tax practice of Ernst & Young ("EY"), and have

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1       served clients in the firm's power and utilities tax  
2       and M&A practice. I was a tax partner from 1989 until  
3       retiring from EY in 2012. From 2012 until 2018 I  
4       served as Vice President - Tax for Consolidated Edison  
5       Inc. ("CEI") until I reached the mandatory retirement  
6       age for Officers with that Corporation. I joined  
7       Corning Natural Gas Holding Company ("CNGH") as Vice  
8       President and Chief Financial Officer in July of 2020  
9       for the parent and all of its subsidiaries, including  
10      Corning Natural Gas Corporation ("CNG") and Pike  
11      County Light and Power Company ("Pike" or "the  
12      Company").

13      **(Kane)** In May 1976, I received a Bachelor of Science  
14      degree in Accounting from Manhattan College. I worked  
15      for Consolidated Edison Company of New York, Inc.  
16      ("CECONY") from August 1976 until January 1978 as a  
17      staff accountant. I then joined Orange & Rockland  
18      Utilities, Inc. ("ORU") and became Supervisor -  
19      Facility Accounting. In 1980, I became Manager -  
20      Budgets. In 1989, I became Manager - General  
21      Accounting and in 1996, the Accounts Payable Section  
22      was added to my responsibilities. As a result of

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1        ORU's merger with CEI, the Accounting Departments for  
2        CECONY and ORU were combined. After the merger, I  
3        continued to be responsible for overseeing ORU's  
4        General Accounting Section and Financial Reporting  
5        area until March 2003. At that time, I assumed the  
6        position as Department Manager of the Regulatory  
7        Accounting & Filings Department until I retired in  
8        2014. The primary responsibility of that Department  
9        was to coordinate as well as participate in rate  
10       filings before regulatory agencies in New York, New  
11       Jersey, and Pennsylvania. Since that time, I have  
12       continued to provide assistance in several gas, gas,  
13       and steam rate case filings involving CECONY, ORU, and  
14       Rockland Gas Company ("RECO"). I am very familiar  
15       with Pike as it was a wholly owned subsidiary of ORU  
16       up until the time I retired. Pike was one of the  
17       companies I was responsible for handling in my  
18       different capacities at CECONY and ORU. One of the  
19       last assignments I had before retiring from CECONY  
20       involved overseeing the development of the financial  
21       exhibits in the prior Pike Electric & Gas rate filings  
22       (Dockets No. R-2013-2397237 - Electric and R-2013-



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1       2397353 - Gas) and participating in settlement  
2       negotiations.

3       **Q. Have you previously submitted testimony before the**  
4       **Pennsylvania Public Utility Commission ("PAPUC")?**

5       A.     **(Lenns)** No.

6       **(Kane)** No.

7       **Q. What is the purpose of the Accounting Panel's**  
8       **testimony in this proceeding?**

9       A.     The Accounting Panel will cover the following topics:

10           ▪ Provide an overview of the acquisition of Pike by  
11           Corning Natural Gas Holding Company, Inc. in  
12           2016;

13           ▪ Discuss the major costs driving the rate increase  
14           Pike is seeking.

15       **Q. Is the Accounting Panel sponsoring any exhibits in**  
16       **this filing?**

17       A.     Yes. The Accounting Panel is sponsoring Exhibits G-1  
18       through G-5, which explain and detail the following:

19           ▪ Historic financial data and Intercompany cost  
20           allocations between CNG and Pike (Exhibit G-1);

21           ▪ Actual and forecast capital structures and rate  
22       of return (Exhibit G-2);

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- 1           ▪ Historic and forecast gas rate base (Exhibit G-  
2           3);
- 3           ▪ Historic and forecast cost of service (Exhibit G-  
4           4); and
- 5           ▪ Historic and forecast gas sales and revenues  
6           (Exhibit G-5).

7

8           **PIKE ACQUISITION BY CORNING NATURAL GAS HOLDING COMPANY**

9   **Q.    Please discuss the acquisition of Pike County Light**  
10       **and Power Company, Inc. by Corning Natural Gas Holding**  
11       **Company.**

12   A.   CNGH completed its purchase of Pike from Orange and  
13       Rockland Utilities, Inc. in 2016 after receiving  
14       necessary approvals from the PAPUC and the New York  
15       Public Service Commission ("PSC"). The acquisition  
16       was financed by the issuance of long-term debt and an  
17       equity infusion by CNGH.

18       Pike's service territory is geographically separate  
19       from CNGH's other utility operations. In order to  
20       manage operations in Pike's service territory, full-  
21       time staff were hired to handle daily operations;  
22       emergency storm and gas leak response, customer needs,

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1 and manage utility investments. Administrative  
2 support was provided by CNGH's wholly owned subsidiary  
3 Corning Natural Gas Corporation. CNG's Information  
4 Technology financial and customer systems were  
5 upgraded to incorporate Pike's requirements.  
6

7 **COSTS DRIVING RATE INCREASE**

8 **Q. When were Pike's gas delivery rates last changed?**

9 A. Pike has been operating under gas rates that went into  
10 effect on September 1, 2014.

11 **Q. Please explain why Pike is seeking a gas base rate**  
12 **increase at this time.**

13 A. As indicated above, the Company has been operating  
14 under rates that have been in place since 2014.  
15 Since that time Pike has invested significant amounts  
16 of capital to improve its infrastructure in order to  
17 increase reliability and modernize its gas system in  
18 order to better serve its customers. Assuming new  
19 rates go into effect in the third quarter of 2021; it  
20 will be almost seven years since Pike has had any rate  
21 relief. Overall sales for the last several years have  
22 remained fairly constant from the levels upon which

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1 rates were based, requiring the Company to absorb  
2 increases in operating costs.

3 **Q. Was Pike's last base rate case fully litigated or**  
4 **settled?**

5 A. Pike negotiated a "black box" settlement in its last  
6 base rate case rate case with PAPUC Staff, the Bureau  
7 of Investigation and Enforcement, the Office of  
8 Consumer Advocate, and the Office of Small Business  
9 Advocate that was then approved by Commission.

10 **Q. Why has Pike waited until now to file for new base**  
11 **rates?**

12 A. There are two reasons; the settlement of the  
13 acquisition case had a stay-out provision that did not  
14 allow for a change in base rates until March 1, 2018.  
15 As a practical matter, it has taken CNGH time to  
16 properly staff and integrate Pike daily operations.

17 **Q. How large a rate increase is Pike seeking?**

18 A. Pike is seeking to increase its delivery rates by  
19 \$262,200; representing an increase of approximately  
20 15.9 percent in total forecast revenues. Delivery  
21 revenues would increase by 34.7 percent.

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1   **Q.   What is driving the rate increase the Company is**  
2       **seeking?**

3   A.   While the 2014 rate case was a black box settlement  
4       without an associated detailed revenue requirement  
5       calculation, the increase of \$262,200 can be  
6       attributed to the following:

7	• Carrying charges on net plant additions	-	\$164,900
8	• Depreciation on net plant additions	-	83,200
9	• Rate Base carrying charges(excl. plant)	-	22,100
10	• Higher Other O&M expenses	-	38,300
11	• Higher payroll and property taxes	-	7,500
12	• Lower overall Cost of Capital	-	(1,300)
13	• Lower FIT Rate	-	(16,100)
14	• Higher Delivery Revenues	-	<u>(36,400)</u>
15	Total Net Increase		<u>\$262,200</u>

16   **Q.   Please explain how you developed the amounts discussed**  
17       **above.**

18   A.   Net plant additions have increased by approximately  
19       \$1.8 million from levels included in the Pike's last  
20       rate filing. This balance multiplied by the requested  
21       cost of capital is equates to approximately \$164,900.

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1       Depreciation expense has increased by almost \$83,200.

2       The majority of this increase is attributable to

3       general plant investments in Pike for IT systems,

4       vehicles and tools. These items are amortized over

5       their relatively short useful lives of five to ten

6       years and driving most of the increase.

7       Carrying cost for other rate base items contributes

8       \$22,100 to the increase. This balance is made of

9       higher working capital requirements for Materials and

10      Supplies, prepayments, deferred charges and lower

11      deferred income tax balances.

12      Other O&M increases include the recovery of deferred

13      rate case costs, salaries for full-time staff at Pike,

14      and other inflationary items.

15      Higher taxes are attributable to higher payroll and

16      property taxes.

17      Partially offsetting these increases is the overall

18      cost of capital, which is lower due to lower debt

19      costs and a lower equity ratio, than reflected in

20      rates.

21      Higher delivery revenues also partially offset the

22      increases discussed above.

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EXHIBIT G-1 HISTORICAL FINANCIAL DATA

**Q. Please describe Exhibit G-1.**

A. Exhibit G-1 contains the historic financial data for Pike as required by PAPUC regulations. Schedule 1 shows the balance sheets of Pike at June 30, 2020 and June 30, 2019. Schedule 2 provides the account balances comprising the Company's net investment in electric, gas and common utility plant in service at June 30, 2020. Schedule 3 is an income statement that shows the derivation of net income for gas and gas operations for the year ended June 30, 2020. Schedule 4 is a comparative income statement for Pike's gas operations for the twelve months ended June 30, 2020 and June 30, 2019. Schedule 5 shows the intercompany charges billed to Pike under the terms of the intercompany agreement with CNG for the twelve months ended June 30, 2020. Schedule 6 shows the intercompany cost allocation factors currently in effect. Schedule 7 show the activity impacting the Intercompany Payable between Pike and CNG between June 30, 2019 and June 30, 2020. These charges and credits

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1       are in accordance with the terms of the intercompany  
2       agreement between Pike and CNG.

3

4

INTERCOMPANY COST ALLOCATIONS

5    Q.   Is the Accounting Panel familiar with Pike's books and  
6       records, as well as the intercompany cost allocations  
7       between Pike and Corning Natural Gas Corporation  
8       ("CNG"), pursuant to which certain Administrative and  
9       General costs, including but not limited to, wages,  
10      shared services and taxes, are allocated to Pike?

11   A.   Yes.

12   Q.   Are the accounts of the Company kept in accordance  
13      with the Uniform System of Accounts as prescribed by  
14      the PAPUC?

15   A.   Yes.

16   Q.   Please describe Exhibit G-1, Schedule 5 in more  
17      detail.

18   A.   Exhibit G-1, Schedule 5, "Statement of Charges Made by  
19      Corning Natural Gas Corporation to Pike County Light &  
20      Power Company's Gas Operations" is submitted in  
21      support of the charges for gas operations billed by  
22      CNG to Pike. The schedule sets forth by prime account



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1       each item for which a direct charge is made or which  
2       was the result of an allocation.

3   **Q.   What types of services are billed by CNG to Pike based**  
4       **on direct charges?**

5   A.   As part of the approval process for the acquisition of  
6       Pike by CNG, the New York State Public Service  
7       Commission (NYPSC) and PAPUC have required CNG to bill  
8       Pike on a direct charge basis for services rendered by  
9       CNG whenever it is practical, based on payroll  
10      records, direct payments to vendors and contractors,  
11      and usage studies supporting the distribution of  
12      clearing accounts.  Further CNG is required to develop  
13      and update Cost Allocation factors annually for shared  
14      expenses.  The factors that are currently in effect  
15      are shown on Schedule 6 of Exhibit G-1.  The direct and  
16      allocated charge billings are for activities and  
17      services rendered that are for the exclusive benefit  
18      of Pike's customers, and are primarily shared  
19      administrative costs such as customer billing and  
20      collection, processing of invoices, administration of  
21      benefit plans, Accounting, Tax and Financing

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1 functions, Information Technology and Computer  
2 Services.

3 **Q. Please describe the types of costs allocated by CNG to**  
4 **Pike and the methods of allocation used.**

5 A. The types of costs allocated and the basis for such  
6 allocations are shown on Schedule 6 of Exhibit G-1.  
7 Costs that are impractical to charge on a direct basis  
8 are allocated to Pike based on the relationship,  
9 during the preceding calendar year, for the type of  
10 expense of Pike to the total expenses incurred by CNG  
11 and its utility subsidiaries. For the twelve months  
12 ended February 28, 2021, the ratios are as follows:

13 "A" Allocation Factor - Invoice Processing  
14 Number of Pike Gas Invoices  $\frac{164}{6,065} = 2.70\%$   
15 Total Invoices Processed  
16

17 "B" Allocation Factor - Human Resource Administration  
18 Pike Gas Payroll  $\frac{\$104,526}{\$5,094,099} = 2.05\%$   
19 Total Payroll  
20

21 "C" Allocation Factor - Health Insurance, Pension, etc.  
22 Three part calculation that combines the payroll used  
23 in the B allocation with the number of active  
24 employees used in the D allocation and retired  
25 employees of which Pike has none.  $= 1.13\%$   
26

27 "D" Allocation Factor - Payroll Processing  
28 Pike Gas Employees  $\frac{1}{74} = 1.35\%$   
29 Total Employees  
30

31 "E" Allocation Factor - Billing & Receipts Processing

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1 Pike Gas Bills Rendered  $\frac{1,244}{252,576} = 5.91\%$   
2 Total Bills Rendered  
3  
4 "F" Allocation - Accounting Functions  
5 Three part calculation that combines plant in service  
6 balances with revenues used in H and payroll used in B  
7 allocation.  $= 2.69\%$   
8  
9 "G" Allocation - Plant Close-Outs  
10 Change in Pike Gas Plant  $\$ (199,329) = 0.00\%$   
11 Total change in Plant  $\$5,040,099$   
12  
13 "H" Allocation - Customer Service (Call Center)  
14 Pike Gas Revenues  $\frac{\$1,629,723}{\$35,504,844} = 4.59\%$   
15 Total Revenues  
16  
17 "I" Allocation - Fixed Asset Accounting  
18 Pike Gas Net Plant  $\frac{\$2,895,844}{\$104,939,822} = 2.76\%$   
19 Total Net Plant  
20  
21 "J" Allocation - Income Taxes  
22 Combines net income with permanent and temporary  
23 income tax timing differences  $= 4.31\%$   
24  
25 "K" Allocation - Operational Services  
26 Combines Capital expenditures with O&M expenses  
27 (excluding purchased power)  $= 2.15\%$   
28  
29 "L" Allocation - Purchasing Activities  
30 Pike Purchase Requisitions  $\frac{13}{397} = 3.29\%$   
31 Total Purchase Requisitions  
32  
33 With regard to Federal income taxes, CNG and its  
34 subsidiaries file a consolidated Federal Income tax  
35 return and any tax liability or benefit is allocated  
36 among CNG and its subsidiaries as provided for in  
37 Section 1152-1 (a) (2) of the Internal Revenue Code of

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1       1954. Tax liabilities or benefits are computed and  
2       allocated to each company on the separate return  
3       basis, with tax liabilities or benefits allocated to  
4       the company that generated the liability or benefit,  
5       and each company's tax liabilities never exceeds its  
6       separate return liability.

7   **Q. How does Pike allocate common costs between gas and**  
8       **gas operations?**

9   A. Pike allocates 85 percent of common costs to electric  
10       operations and 15 percent to gas operations. The  
11       allocation is based on the ratio that net plant for  
12       each service bears to total net gas and gas plant.

13

14                   **EXHIBIT G-2 CAPITALIZATION**

15   **Q. Please describe Exhibit G-2.**

16   A. Exhibit G-2 shows the actual and forecast capital  
17       structures.

18   **Q. What capital structure is Pike requesting in this**  
19       **proceeding?**

20   A. The Company is requesting a capital structure at June  
21       30, 2021 as shown below:

22                                   Ratio

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1	Long-Term Debt	46.54%
2	Short-Term Debt	5.14%
3	Common Equity	<u>48.32%</u>
4	Total	<u><u>100.00%</u></u>

5

6 **Q. Do you believe that this is a reasonable capital**  
7 **structure to be employed in this proceeding?**

8 A. Yes, we do.

9 **Q. Please explain why this capital structure is**  
10 **appropriate?**

11 A. It reflects the forecast ratios of capital being  
12 employed by Pike, as set forth on Exhibit G-2,  
13 Schedule 1 for the twelve months ending June 30, 2021.  
14 The capital structure reflects the proportions of the  
15 actual capital being used in the utility's business  
16 plus a projected debt financing. We would note that  
17 Exhibit G-2, Schedule 2, page 2 of 2 includes new  
18 long-term debt that Pike issued at the end of October  
19 2020, in the amount of \$1.315 million for 3.6%. The  
20 average daily short-term debt balance for the Twelve  
21 Months Ended June 30, 2020 of \$1,318,134 was reflected  
22 in the Capital Structure as of June 30, 2021 as a

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1 proxy for the average short-term debt balance at June  
2 30, 2021. The current cost of short-term debt of 3.1%  
3 was used in calculating the cost of this debt. This  
4 capital structure is reasonable when compared to the  
5 capital structure of other companies and weighted more  
6 towards debt when compared to capital structures filed  
7 by Pike in the prior cases.

8 **Q. What is your conclusion as to the reasonableness of**  
9 **Pike's requested common equity ratio in this**  
10 **proceeding?**

11 A. Based on the above discussion, we conclude that the  
12 48.32 percent common equity ratio requested by Pike in  
13 this proceeding is reasonable. The equity ratio  
14 reflects Pike's forecast of net earnings during the  
15 Twelve Months Ended June 30, 2021 and thus is  
16 appropriate to use in this proceeding.

17 **Q. What cost of equity return is the Company requesting**  
18 **in this proceeding?**

19 A. As shown on Exhibit G-2, Schedule 3, the cost of  
20 equity return is 9.75 percent.

21 **Q. What overall rate of return ("ROR") is the Company**  
22 **requesting in this proceeding?**

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1   A.   As shown on Exhibit G-2, Schedule 3, the overall ROR  
2       is 7.09 percent.

3

4                                   **Exhibit G-3 GAS RATE BASE**

5   **Q.   Please describe Exhibit G-3.**

6   A.   Exhibit G-3 consists of a summary and eleven schedules  
7       containing Pike's historic and future gas rate base.  
8       Schedules 10 and 11 are discussed by Company Witness  
9       Grandinali.

10  **Q.   Please describe the method used to calculate the**  
11       **historic gas rate base at June 30, 2020 as shown on**  
12       **the summary page.**

13  A.   We began with actual gas utility plant and plant  
14       reserves to arrive at net plant at June 30, 2020. To  
15       net plant, we added cash working capital, materials  
16       and supplies, prepayments, and deferred debits.  
17       Finally, we deducted deferred credits, accumulated  
18       deferred income taxes, and customer deposits to arrive  
19       at gas rate base.

20  **Q.   Please describe the method used to calculate the**  
21       **forecast gas plant balance at December 31, 2021.**

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1   A.   We began with the actual gas plant in service balance  
2       per books at June 30, 2020. The completed  
3       construction work in progress ("CWIP") projects were  
4       transferred to plant as shown on Exhibit G-3, Schedule  
5       1, pages 1 and 4. We would note that because of  
6       Pike's small size and the effort required to summarize  
7       the CWIP projects, they are normally transferred to  
8       plant-in service at the end of its fiscal year (i.e.,  
9       September 30<sup>th</sup>). Company Witness Grandinali provided  
10      us with the budgeted gas distribution expenditures and  
11      additions scheduled for July 1, 2020 through December  
12      31, 2021 shown on Exhibit G-3, Schedules 10 and 11.  
13      Retirements were projected through December 31, 2021.  
14      For distribution plant retirements were based on  
15      historic levels. Common general plant, other than  
16      computer software, is amortized over five years. As a  
17      result, assets placed in service during 2015 - 2016,  
18      will be retired in 2020 - 2021. The calculated  
19      adjustment for distribution plant of \$954,000 is shown  
20      on Exhibit G-3, Schedule 1, page 1 of 4. The  
21      adjustment for common general plant allocated to gas



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1        of \$60,900 is shown on Exhibit G-3, Schedule 1, page 2  
2        of 4.

3    **Q.    What is the purpose of Exhibit G-3, Schedule 1, page 3**  
4        **of 4?**

5    A.    Exhibit G-3, Schedule 1, page 3 of 4 is necessary to  
6        allocate shared net plant related to administrative  
7        offices, equipment, and computers used by CNG  
8        employees that provide services to Pike. Office space  
9        was allocated on the basis of square footage utilized  
10       by those employees (i.e., 0.35%). Furniture,  
11       equipment, and computers were allocated on the basis  
12       of CNG administrative wages charged to Pike (i.e.,  
13       0.96%).

14   **Q.    What is the purpose of Exhibit G-3, Schedule 1, page 4**  
15        **of 4?**

16   A.    As discussed above Exhibit G-3, Schedule 1, page 4 of  
17        4 is necessary to reclassify completed plant additions  
18        from construction work in progress to plant in  
19        service. The offset is shown in Exhibit G-3, Schedule  
20        1, page 1 of 4.

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1    **Q.    Please describe the calculation of the accumulated**  
2           **provision for depreciation of gas plant in service for**  
3           **the period ending December 31, 2021.**

4    A.   We began with the per books balance at June 30, 2020,  
5           added accruals projected for the 18 months ending  
6           December 31, 2021 and subtracted projected retirements  
7           for the same period to arrive at the ending balance at  
8           December 31, 2021.  Our calculated adjustment of  
9           \$24,200 for the gas plant reserve is shown on Exhibit  
10          G-3, Schedule 2, page 1 of 2.

11   **Q.    Please describe the calculation of the accumulated**  
12          **provision for depreciation of common plant in service**  
13          **for the period ending December 31, 2021.**

14   A.   We began with the per books balance at June 30, 2020  
15          and added accruals projected through December 31, 2021  
16          and subtracted projected retirements for the same  
17          period to arrive at the ending balance at December 31,  
18          2021.  The calculated adjustment of \$16,900 is shown  
19          on Exhibit G-3, Schedule 2, Page 2.

20   **Q.    How did you calculate the cash working capital for the**  
21          **twelve months ending June 30, 2020 and 2021?**

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1   A.   We prepared a lead/lag study.  The results of the  
2       study are shown on Exhibit G-3, Schedule 3 pages 1 and  
3       2.

4   **Q.   Please provide an overview of the lead/lag study and**  
5       **describe its results.**

6   A.   The lead/lag study utilizes accounting information and  
7       financial studies for the twelve months ended June 30,  
8       2020 to determine the net lag days.  The net lag days  
9       are applied to the cost of service inputs for the  
10      years ending June 30, 2021, in order to determine the  
11      cash working capital requirements reflected in rate  
12      base.  The study indicates a cash working capital  
13      requirement of \$72,505 for the twelve months ended  
14      June 30, 2021 as shown on Exhibit G-3, Schedule 3,  
15      pages 2 and 2.  We would note that the working capital  
16      requirement for the Twelve Months Ended June 30, 2020  
17      is shown on Exhibit G-3, Schedule 3, page 1 of 2.  
18      The purpose of the cash working capital component of  
19      rate base is to compensate the Company for funds it  
20      provides to pay operating expenses in advance of  
21      receipt of revenue.  It reflects the amount of capital  
22      over and above investment in plant and other

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1       separately identified rate base items provided by the  
2       Company to bridge the gap between the time the Company  
3       provides service and the time the Company collects  
4       revenue for that service. A lead or lag reflects the  
5       amount of time that elapses between when a party  
6       provides a product or service, and when that providing  
7       party is compensated for the product or service  
8       provided. For the purpose of this study, the amount  
9       of lead or lag times was calculated in days. We note  
10      that the while the study period was a leap year (i.e.,  
11      contained 366 days), we reflected 365 days in our  
12      calculations, since the twelve months ended June 30,  
13      2021 has 365 days.

14   **Q. Please describe the revenue component of the lead/lag**  
15   **study.**

16   A. The lag on revenue collection consists of three  
17   components:

- 18           • the time between rendering of service and meter
- 19           reading;
- 20           • the time between meter reading and billing of
- 21           services; and

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1           • The time between billing of services and  
2           collection of revenue.

3       Pike's customers are billed on a monthly cycle. The  
4       average time from the rendering of service to meter  
5       reading date is calculated to be 15.2 days. The 15.2  
6       days was calculated by dividing 365 days by twelve  
7       months and then dividing by two to achieve the mid-  
8       point for each monthly service period (365 days / 12  
9       months / 2 = 15.2 days). Based on an examination of  
10      the meter reading and billing data for the year ended  
11      June 30, 2020, on average, it took 1.9 days from the  
12      time meters were read to the time bills were generated  
13      and mailed out. Generally, billing occurs the same  
14      day the meter reading is completed for that particular  
15      cycle, with mailing occurring the following day. The  
16      billing to collection lag was determined by analyzing  
17      payments for the Twelve Months Ended June 30, 2020.  
18      Average lag days were generated for each revenue class  
19      of billing and weighted by their amounts. Based on  
20      this analysis, on average, bills were outstanding for  
21      17.1 days. Combined, the total lag in revenue recovery

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1       of energy bills and miscellaneous operating revenues  
2       is 34.2 days.

3   **Q.   Please describe the treatment of cost of service in**  
4       **the study.**

5   A.   The cost of service was broken down into the basic  
6       components of operating expense and operating income.  
7       Operating income, which represents a return on  
8       invested capital, is included as a component of the  
9       cost of service.

10   **Q.   Please describe the treatment of purchased power**  
11       **expenses in the study.**

12   A.   The cost of purchased gas and related expenses are  
13       billed monthly and are required to be paid within 10  
14       days of receiving the invoice. Invoices are normally  
15       received within the first few days following the  
16       service month. The lag measured from the mid-point of  
17       the month ( $365 \text{ days} / 12 \text{ months} / 2 = 15.2 \text{ days}$ ) to  
18       the date of payment for services, normally on or  
19       before 15 days after the end of the service month,  
20       totals 30.2 days.

21   **Q.   How was the System Benefit Charge ("SBC") expense**  
22       **reflected?**

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1 A. For purposes of the lead lag calculation both the SBC  
2 recoveries and offsetting expense have the same number  
3 of lag days (i.e., 34.2 days).

4 **Q. Please describe the treatment of salaries and wages.**

5 A. The lag for salaries and wages was calculated to be 11  
6 days. All employees are paid Bi-Weekly on the  
7 Thursday following the weeks worked resulting in an  
8 11-day lag (service period 14 days) / 2 = 7 day  
9 midpoint plus 4 days until payment is made.

10 **Q. Please describe the lag days associated with pensions.**

11 A. The Company sponsors a 401K plan that includes a  
12 partial match of employee contributions. The match is  
13 paid at the same time as payroll, so the 11 day lag  
14 was assigned to fund contributions.

15 **Q. Please describe the lags associated with employee**  
16 **welfare expenses.**

17 A. Employee welfare premiums for health, life and  
18 Workers' Compensation insurance are administered by  
19 CNG. Pike reimburses CNG on the 15<sup>th</sup> day of the month  
20 following the service month. The lag measured from  
21 the mid-point of the service month (365 days / 12

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1 months / 2 = 15.2 days) to the date of payment for  
2 services (15 days), totals 30.2 days.

3 **Q. How was the lag for intercompany payments calculated?**

4 A. As with employee welfare expenses discussed above, the  
5 lag is measured from the mid-point of the month (365  
6 days / 12 months / 2 = 15.2 days) to the date of  
7 payment for services (15 days), totaling 30.2 days.

8 **Q. Please describe the lag associated with uncollectible**  
9 **accounts expense.**

10 A. Uncollectible accounts expense was lagged at 34.2  
11 days, consistent with the revenue recovery lag, to  
12 reflect the portion of revenue that is uncollectible.

13 **Q. Please describe the lag associated with other**  
14 **Operation and Maintenance ("O&M") expenses.**

15 A. The lag on other O&M expenses was calculated to be  
16 22.1 days. This calculation is based on an analysis  
17 of accounts payable payments made to vendors for  
18 materials and services charged to O&M expense. Lag  
19 days were measured from the mid-point of the month  
20 (365 days / 12 / 2 = 15.2) to the date of payment for  
21 services (8.0 days), totals 23.2 days.



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1   **Q.   Please describe the lead or lag associated with taxes**  
2       **other than income taxes.**

3   A.   FICA payroll taxes are funded at the same time as  
4       payroll and assigned the same 11.0 day lag.  
5       Pennsylvania property taxes are amortizations of  
6       prepaid costs and were assigned zero lag days. The  
7       average unamortized prepaid balance for property taxes  
8       is shown and included in Rate Base on Exhibit G-3,  
9       Schedule 5. If the prepaid balances are eliminated  
10      from Rate Base it will be necessary to adjust the Lead  
11      Lag Study to include the (lead) / lag times for  
12      prepaid expenses.

13   **Q.   Please describe the lag days associated with Federal**  
14       **and state income taxes.**

15   A.   The Federal Income Tax ("FIT") and state income tax  
16       lag assumes four annual payments (i.e., September 15<sup>th</sup>,  
17       December 15<sup>th</sup>, April 15<sup>th</sup>, and June 15<sup>th</sup>). We  
18       determined that there was a lag of 38.5 days by the  
19       number of days that elapsed from the mid-point of the  
20       service period (i.e., December 30, 2019) and the four  
21       payments, respectively.

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1    **Q.    Please describe the lag days associated with the**  
2           **amortization of deferred expenses, deferred federal**  
3           **and state income taxes, depreciation, and return on**  
4           **invested capital.**

5    A.    These components were assigned zero lag days because  
6           they are non-cash items.

7    **Q.    How did you calculate the Plant Materials and Stores**  
8           **component of gas working capital?**

9    A.    We used the average balance for the twelve months  
10          ended August 31, 2020 as a proxy for the plant  
11          material balances for the twelve-month period ended  
12          June 30 2021.  The calculation is shown on Exhibit G-  
13          3, Schedule 4.

14   **Q.    How did you calculate the prepayments component of gas**  
15          **working capital?**

16   A.    We used the same method we used to calculate the plant  
17          material balances.  The components of prepayments and  
18          the balances used for the calculations are shown on  
19          Exhibit G-3, Schedule 5.

20   **Q.    Please describe Exhibit G-3, Schedule 6.**

21   A.    Schedule 6 contains the forecast deferred rate case  
22          cost that is included in rate base.  The Company

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1 estimates that it will incur \$150,000 of outside legal  
2 and consulting costs related to the gas and gas rate  
3 filings. \$22,500 of these costs was allocated to gas  
4 operations based on a net plant split. On Schedule 6,  
5 we calculated the after tax amount for this item to be  
6 approximately \$16,000.

7 **Q. Please describe Exhibit G-3, Schedule 7.**

8 A. At June 30, 2020, the Company had a negative deferred  
9 credit balance of \$28,569 related to timing  
10 differences created by the Federal Tax Cuts and Jobs  
11 Act (TCJA) that will turn around in the future. The  
12 net of Tax balance for this item is forecast to be  
13 \$20,300 at June 30, 2021 and is reflected as a rate  
14 base addition in Exhibit G-3, Summary.

15 **Q. Please describe the calculation of customer deposits**  
16 **as shown on G-3 Schedule 8.**

17 A. We used the average balance for the twelve months  
18 ending August 31, 2020 as a proxy for the twelve-month  
19 period ending June 30, 2021.

20 **Q. Did you calculate the deferred income taxes for the**  
21 **twelve months ending June 30, 2021?**

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1   A.   Yes. This calculation, shown on Exhibit G-3, Schedule  
2       9, presents the difference between the balances of  
3       accumulated deferred income taxes at June 30, 2020 and  
4       June 30, 2021, respectively.

5

6                   **EXHIBIT G-4 GAS COST OF SERVICE**

7   **Q.   Please describe Exhibit G-4.**

8   A.   Exhibit G-4 consists of a summary and ten schedules  
9       containing the historic and future gas cost of  
10      service. The Accounting Panel supports all schedules.  
11      Page 1 of the Summary shows the historic and forecast  
12      cost of service, page 2 of the Summary shows the  
13      calculation of the revenue requirement, and page 3 of  
14      the Summary lists all of the adjustments to the cost  
15      of service.

16   **Q.   How did you develop the historical and forecast cost**  
17      **of service?**

18   A.   We began with the actual per books information for the  
19      twelve months ended June 30, 2020. This information  
20      is shown in Column 1 of Exhibit G-4, Summary, Page 1  
21      of 3. Column 3 sets forth the adjustments necessary  
22      to bring historical revenues, expenses, and rate base

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1       in line with the levels of revenues, expenses and rate  
2       base projected for the twelve months ending June 30,  
3       2021.

4   **Q.   Please describe how the revenue requirement of**  
5       **\$262,200 shown on page 2 of the Summary was**  
6       **calculated?**

7   A.   We began with the projected June 30, 2021 rate base  
8       from Exhibit G-3, Summary. To this balance we applied  
9       the overall rate of return shown on Exhibit G-2,  
10      Schedule 3. This produced a return of \$288,698. We  
11      compared this number to the earned return projected on  
12      page 1, column 4 of the Summary, which was \$105,100.  
13      The difference between these two amounts is \$183,598,  
14      which we factored up for customer uncollectibles and  
15      income taxes to arrive at a revenue requirement of  
16      \$262,208 or \$262,200 rounded.

17   **Q.   Please describe Exhibit G-4, Schedule 1, Page 1 of 2.**

18   A.   Exhibit G-4, Schedule 1, Page 1 of 3 compares the  
19      forecast billed gas sales and revenues for the Twelve  
20      Months Ended June 30, 2021 to the actual gas sales and  
21      revenues for the Twelve Months Ended June 30, 2020.  
22      The calculation of the forecast delivery revenues and

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1 gas cost recoveries for the Twelve Months Ended June  
2 30, 2021 come from Exhibit G-5, Schedule 6.

3 **Q. Please continue with page 2 of Schedule 1.**

4 A Exhibit G-3 Schedule 1, page 2 of 2 shows Other  
5 Operating Revenues for the Twelve Months Ended June  
6 30, 2020 and 2021. The forecast of Late Payment Charge  
7 ("LPC") revenues was calculated by taking the ratio of  
8 actual LPC revenues to total billed gas revenues for  
9 the twenty-four months ended June 30, 2020. This  
10 resulted in a LPC factor of 0.17%, which was  
11 multiplied by the forecast of gas revenues shown on  
12 Page 1 of Schedule 1 to project LPC revenues of  
13 \$2,769.

14 **Q. Please describe Exhibit G-4, Schedule 2.**

15 A. Exhibit G-4, Schedule 2 reflects the change in  
16 purchased gas costs and matches projected gas cost  
17 recoveries through the GCR for the Twelve Months Ended  
18 June 30, 2021.

19 **Q. Please explain the increases in salaries shown in**  
20 **Exhibit G-4, Schedule 3.**

21 A. Page 1 of Exhibit G-4, Schedule 3 contains the  
22 calculation of the annual wage increases. We took

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1       both direct and allocated payroll that was charged to  
2       Pike's gas operations and first removed the October  
3       2019 increase in order to determine base wages before  
4       the increase that went into effect during the twelve  
5       months Ended June 30, 2020. We then annualized the  
6       October 2019 wage increase by multiplying the base  
7       salaries before the increase by 25% of 3.0% (i.e.,  
8       0.75 percent), representing the three months beyond  
9       the historic test year, representing the increase that  
10      will go into effect during July - September 2020. We  
11      next applied the estimated annual overall increase of  
12      3.0% that will go into effect in October 2020 to the  
13      actual payroll for the Twelve Months Ended June 30,  
14      2020 plus the annualized increase. This Schedule will  
15      be updated for the actual overall wage increase  
16      percentage when the Company files an update.

17   **Q.   What is the basis for the wage increase factor of 3.0**  
18   **percent?**

19   A.   The Company's overall general wage increase guidelines  
20       were set at 3.0 percent. While some employees may  
21       receive more than a 3.0 percent increase due to  
22       promotions and changes in responsibilities, others may

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1       receive less. There is always a small level of  
2       employee turnover in the mix of salaries, due to  
3       retirements and employees leaving for other reasons.  
4       In some cases the salary for the replacement is at a  
5       lower wage rate and sometimes they are at a higher one  
6       than the current incumbent. The Company tries to keep  
7       the overall level of increases in wages to be no more  
8       than 3.0 percent.

9   **Q. Please continue.**

10   A. Page 2 of Exhibit G-4, Schedule 3 reflects the cost of  
11       three new positions to be added during the Twelve  
12       Months Ended June 30, 2021. The first would be a full  
13       time Pike employee. It is anticipated that the person  
14       to be hired in this position will perform multi-  
15       functions; including materials management and  
16       procurement, customer service, and oversee maintenance  
17       of the office facilities for Pike. Twenty percent of  
18       the salary for this position was allocated to Pike's  
19       gas operations based on the current gas vs. electric  
20       customer split (i.e., 1,200 / 6,000). The two  
21       Accounting positions shown on the Schedule would be  
22       hired and work for Corning Natural Gas Corporation.



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1       It is anticipated that twenty percent of their time  
2       would be devoted to Pike. We assigned 3 percent of  
3       their estimated salaries to Pike's gas operations  
4       (i.e., 15 percent net plant split x 20 percent Pike  
5       allocation = 3 percent).

6   **Q. Please continue with a description of Adjustment No.**  
7       **(4), Changes in Operation and Maintenance Expense to**  
8       **Reflect the Estimated Increase in Payroll Ancillary**  
9       **Costs and Adjustment No. (9), Changes in Taxes Other**  
10       **Than Income Taxes to Reflect Increases in Payroll**  
11       **Taxes, as shown on Exhibit G-4, Summary, as well as on**  
12       **Exhibit G-4, Schedule 4 and Schedule 9, Page 1,**  
13       **respectively.**

14   **A.** The estimated increase in payroll ancillary costs,  
15       which amounts to \$10,800, was calculated by applying a  
16       fringe benefit rate of 46.05% to the forecasted wage  
17       increase amounts, shown on Exhibit G-4, Schedule 4,  
18       Pages 1 and 2, and which was described above. The  
19       46.05% fringe benefit rate includes the cost of health  
20       and life insurance at 38.27%, Workers' Compensation  
21       insurance at 2.26%, and Pike's 401K matching  
22       contribution of 5.52%. These rates were developed

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1 based on the historic cost of each benefit item in  
2 relation to the total historic labor costs for the  
3 twelve months ended June 30, 2020. The estimated  
4 Payroll Taxes of \$16,149 was calculated by applying  
5 the payroll tax rate of 7.65% to the forecasted wages  
6 shown on Exhibit G-4, Schedule 9, page 2 of 2. The  
7 \$16,149 represents an increase of \$9,015 from the  
8 historical level shown on Exhibit G-4, Schedule 9,  
9 page 1 of 2. The 7.65% payroll tax rate includes the  
10 cost of Federal Insurance Contribution Act Tax at  
11 6.20% and Medicare at 1.45%. These tax rates are  
12 based on the current statutory rates.

13 **Q. Please describe Adjustment No. (5), Changes in**  
14 **Operation and Maintenance Expense to reflect the**  
15 **amortization of estimated rate case expenses, as shown**  
16 **on Exhibit G-4, Schedule 5.**

17 A. Adjustment No. (5) Represents an increase in O&M  
18 expense of \$5,600 to reflect a four-year amortization  
19 of estimated incremental costs associated with this  
20 rate case. As shown on Schedule 5, Pike estimates  
21 that it will incur \$22,500 of costs in the preparation  
22 and filing of this case, which are primarily for

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1 consultant fees to prepare the exhibits and testimony  
2 in support of the revenue requirement, cost service  
3 study, rate design, and outside legal fees.

4 **Q. Please describe Adjustment No. (6), for intercompany**  
5 **administrative and operating charges, as shown on**  
6 **Exhibit G-4, Summary, as well as on Exhibit G-4,**  
7 **Schedule 6.**

8 A. This adjustment reflects the test year level of  
9 intercompany charges not reflected in other schedules  
10 of \$72,623, (e.g., payroll, taxes other, etc.). To  
11 this amount we applied the current Consumer Price  
12 Index of 1.0% to escalate these costs for the Twelve  
13 Months Ended June 30, 2021. This adjustment increases  
14 O&M expense by \$726 which was rounded to \$700.

15 **Q. Please address Adjustment No. (7), as shown in G-4,**  
16 **Schedule 7.**

17 A. Adjustment No. (7) adjusts the uncollectible expense  
18 recorded on the Company's books to reflect the actual  
19 net bad debt write-offs experienced during the twenty-  
20 four months ended June 30, 2020. We took the actual  
21 net write-offs (i.e., customer bills written off as  
22 uncollectible less recoveries), as a percentage of

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1       billed revenues during the same period of time. This  
2       produced a factor of 1.53 percent. This percentage  
3       was applied to the projected revenues for the twelve  
4       months ended June 30, 2021 to calculate the annual bad  
5       debt expense of \$25,087. This expense was compared to  
6       the uncollectible accruals recorded during the twelve  
7       months ended June 30, 2020, which was a negative  
8       expense of \$13,950 to arrive at the adjustment of  
9       \$39,037 or \$39,000 rounded.

10   **Q.   Why was uncollectible expense a negative amount of**  
11       **\$13,950 for the twelve months ended June 30, 2020?**

12   A.   During the twelve months ended June 30, 2020, the  
13       Company was able to collect some of the amounts that  
14       had been written off in the prior year as  
15       uncollectible. Since there is an inherent lag between  
16       the time customer bills are written off and the  
17       possible recovery of a portion of those write-off's we  
18       utilized a two-year period to normalize this time lag  
19       in developing the uncollectible factor of 1.53  
20       percent.

21   **Q.   Please explain Adjustment (8) to depreciation expense.**

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1   A.   Exhibit G-4, Schedule 8 consists of four pages.   The  
2       first page shows the calculation of depreciation  
3       expense for the rate year, the Twelve Months Ended  
4       June 30, 2021.   Page 2 shows the calculation of the  
5       composite book depreciation rate for gas distribution  
6       and general plant that was utilized on page 1 of this  
7       Exhibit.   Page 3 shows the calculation of the average  
8       amortization rate for common general plant that was  
9       reflected page 1 of this Exhibit.   Finally, page 4  
10      shows the current allowance for net salvage and the  
11      amortization of an unallocated reserve established in  
12      Case R-2008-2046518.

13   **Q.   Please explain how the adjustment to depreciation**  
14      **expense shown on page 1 of Schedule 8 was calculated.**

15   A.   We started with the gas distribution and common  
16       general plant balances allocated to gas at June 30,  
17       2020.   To these balances we eliminated non-depreciable  
18       plant.   We then reflected the plant additions and  
19       retirement as shown on Exhibit G-3, Schedule 1, pages  
20       1 and 2 to calculate the plant balance subject to  
21       depreciation at June 30, 2021.   The plant balances  
22       were then multiplied by the composite depreciation

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1 rates from pages 2 and 3 to calculate the rate year  
2 level of depreciation expense of \$125,030. This level  
3 was compared to the Test Year level of \$91,309 and  
4 resulted in the depreciation adjustment of \$33,722  
5 which was rounded to \$33,700.

6 **Q. What is the purpose of the depreciation reserve**  
7 **calculations shown at the bottom of page 1 of Exhibit**  
8 **G-4, Schedule 8?**

9 A. The calculated increases in the depreciation reserve  
10 are reflected in Rate Base Exhibit G-3, Schedule 2,  
11 pages 1 and 2.

12 **Q, Are the depreciation, amortization, net salvage rates**  
13 **shown on pages 2 through 4 the same as contained in**  
14 **the Settlement Agreement approved by the PAPUC in Case**  
15 **R-2013-2397353?**

16 A. Yes, with the exception of some general plant accounts  
17 that did not exist at the time of the Agreement. For  
18 computer equipment and software (recorded in Account  
19 391), the Company is amortizing this plant over its  
20 estimated useful life of ten years. Transportation  
21 equipment (FERC Account 392) along with small tools

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1       and equipment (FERC Account 392) are being amortized  
2       over five years.

3   **Q.   With regards to the current allowance for removal and**  
4       **net salvage shown Exhibit G-4, Schedule 8 on page 4,**  
5       **why hasn't the Company proposed any changes to the**  
6       **current allowances?**

7   A.   Pike has not proposed any changes to the current  
8       allowances for removal and net salvage because we do  
9       not have adequate historic data to recommend changes  
10      at this time.   The current allowance of \$5,882 is  
11      shown on Exhibit G-4, Schedule 8, Page 4.

12   **Q.   Please discuss the recovery of net salvage.**

13   A.   In lieu of recovering net salvage costs through the  
14      annual depreciation rate, the PAPUC establishes an  
15      annual allowance to be collected from, or returned to,  
16      customers through base rates which is computed by  
17      averaging the Company's annual actual expenditures for  
18      net salvage costs.   That amount is then added to or  
19      subtracted from annual depreciation expense.

20   **Q.   Please explain the amortization of the reserve**  
21       **deficiency of \$900, shown on the bottom of Exhibit G-**  
22       **4, Schedule 8, Page 4.**

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1   A.   As a result of a previous gas base rate case (Docket  
2       No. R-2008-2046520), the Company moved the deficiency  
3       in the depreciation reserve out of the allocated  
4       portion of the reserve, which maintains a reserve for  
5       each plant account to an unallocated account. The  
6       Company is in the process of collecting that  
7       deficiency from customers.

8   **Q.   Are you proposing any changes to the unallocated**  
9       **reserve and its associated amortization to collect**  
10      **that money to customers?**

11   A.   No, we are not.

12   **Q.   Please describe Adjustment No. (9), Changes in Taxes**  
13      **Other, as shown Exhibit G-4, Schedule 9, Page 1.**

14   A.   Adjustment No. (9), in addition to the change to  
15       payroll taxes discussed above, reflects the change in  
16       property taxes for the Twelve Months Ending June 30,  
17       2021. Property tax expense was based on the latest  
18       actual tax bills.

19   **Q.   Please describe Adjustment No. (10), Calculation of**  
20      **Income Tax Expense for the Twelve Months Ending June**  
21      **30, 2021, as shown Exhibit G-4, Schedule 10.**



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1 A. Adjustment No. (10) shows the necessary additions and  
2 subtractions that must be made to operating income  
3 before taxes in order to determine taxable income to  
4 which the statutory tax rates are applied.

5 **Q. Please explain page 3 of Schedule 10.**

6 A. Page 3 shows the calculation of the interest deduction  
7 included in page 1 of Schedule 10. The weighted cost  
8 of debt of 2.38 percent comes from Exhibit G-2,  
9 Schedule 3 after combining the weighted interest cost  
10 for both long and short term debt and is multiplied by  
11 Pike's rate base to determine the interest deduction  
12 reflected on pages 1 and 2 of this Exhibit.

13

14

15

16 **EXHIBIT G-5 GAS SALES AND REVENUES**

17 **Q. What were Pike's actual total delivery volumes for the**  
18 **12 months ended June 30, 2020?**

19 A. Pike's actual total delivery volumes for the 12 Months  
20 Ended June 30, 2020 were 1,372,711 CCFs as shown on  
21 Exhibit G-5, Schedules 1 and 5. The associated actual

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CHUCK LENNS AND RICHARD A. KANE

1       monthly billed revenues for the 12 Months Ended June  
2       30, 2020, are shown on Exhibit G-5, Schedule 3.

3   **Q.   Please summarize, in aggregate form, your delivery**  
4       **volume forecasts for the 12 months ending June 30,**  
5       **2021.**

6   A.   For the 12 months ending June 30, 2021, the total  
7       delivery volume forecast is 1,453,701 CCFs, which is  
8       an increase of 80,990 CCFs from the 12 months ended  
9       June 30, 2020 and reflects a 5.9 percent growth for  
10      the period.  The calculation of the forecast sales is  
11      shown on Exhibit G-5, Schedule 5.

12   **Q.   How did you project the Company's gas billed delivery**  
13      **volumes?**

14   A.   As shown on Exhibit G-5, Schedule 5, we started with  
15      the actual delivery volumes for the Twelve months  
16      ended June 30, 2020.  To this level we added 67,543  
17      CCFs in order to weather normalize the historic level  
18      of sales.  The weather normalization adjustment was  
19      provided to us by the Company's Cost of Service and  
20      Rate Panel.  This resulted in weather normalized sales  
21      for the historic period of 1,440,254 CCFs.  To this

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1       level of sales we made an adjustment to reflect the  
2       actual historic growth in sales for commercial  
3       customers. Residential usage has been declining over  
4       time, which may be attributable to conservation and  
5       the replacement of older heating units with more  
6       energy efficient furnaces. We did not assume any  
7       decrease or increase in sales for residential  
8       customers, other than to reflect usage for the  
9       projected growth in new customers. The projected  
10      growth in residential customers was based on the  
11      actual growth between the Twelve Months Ended June 30,  
12      2019 and June 30, 2020. Finally we made an adjustment  
13      to the residential and commercial customers to  
14      normalize the impact of leap year. The Twelve months  
15      ended June 30, 2020 had 366 days. This adjustment  
16      normalized the rate year to 365 days.

17   **Q.   Please explain how you estimated Pike's gas revenues**  
18       **for the forecast period.**

19   A.   The projected gas revenues are shown on Exhibit G-5,  
20       Schedule 6. We populated this Schedule with the  
21       projected delivery volumes from Schedule 5 in column 1

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1       and the forecast number of customers in column 2. We  
2       then priced out the monthly customer charge shown in  
3       Column 3 by multiplying the number of customers in  
4       Column 2 by the current tariff rates. Delivery  
5       revenues shown in column 4 were calculated by taking  
6       the sales volumes shown in column 1 and multiplying it  
7       by the current tariff rates for residential customers.  
8       For commercial customers we priced out the revenues by  
9       first factoring up the monthly historic weather  
10      normalized usage to reflect the rate year level of  
11      sales on a monthly basis. We then applied the current  
12      tariff rates for commercial customers to the forecast  
13      sales.

14   **Q.   Why was it necessary to reflect the monthly weather**  
15       **normalized historic usage of commercial customers in**  
16       **your calculation of delivery revenues?**

17   A.   Commercial customers currently pay 46.03 cents per CCF  
18       on their first 300 CCFs of monthly consumption and  
19       30.51 cents for usage over 300 CCFs. The monthly  
20       weather normalized historic sales we used had the  
21       historic usage patterns (i.e., deliveries up to 300

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1 CCF and deliveries over 300 CCF). This was needed in  
2 order to price out monthly consumption with the  
3 appropriate tariff rate.

4 **Q. Please continue.**

5 A. Gas Cost Rider ("GCR") revenues columns 5 were  
6 calculated by multiplying the sales volumes shown in  
7 column 1 by the current tariff rates in effect. Total  
8 gas revenues are shown in Column 6. The distributions  
9 of sales and revenues on a monthly basis, for the  
10 Twelve Months Ended June 30, 2021 are shown on  
11 Exhibits G-5, Schedule 2 and 4 respectively.

12 **Q. Does that conclude your testimony?**

13 A. Yes, it does. We reserve the right to update or amend  
14 this testimony.

**BEFORE THE**

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility	:	
Commission	:	
	:	
v.	:	DOCKET NO. R-2020-3022134
	:	
Pike County Light	:	
& Power Company (gas)	:	

**Pike County Light and Power Company**

**Statement No. 3**

**Direct Testimony of**

**Steven L. Grandinali**

Pike County Light and Power Company  
Statement No. 3  
Direct Testimony of  
Steven L. Grandinali

1   **Q.   Please state your name and business address.**

2   A.   My name is Steven L. Grandinali and my business address is One  
3       Hundred Five Schneider Lane, Milford, Pa 18337.

4   **Q.   By whom are you employed and in what capacity?**

5   A.   I am employed by Corning Natural Gas Corporation ("CNG"), the  
6       corporate parent of Pike County Light & Power Company ("Pike"  
7       or the "Company") as General Manager of Pike. In this position  
8       I am responsible for all operations at Pike.

9   **Q.   Please provide your educational background and professional  
10       experience.**

11   A.   In 1979, I graduated from Stevens Institute of Technology with  
12       a Bachelor's Degree in Engineering. Upon graduating, I joined  
13       Public Service Electric and Gas Company ("PSEG") as an  
14       Electrical Supervisor Engineer. While at PSEG I held several  
15       successive positions leading to a Senior Engineer Distribution  
16       Planner. In 1985, I earned my Master's Degree in Business  
17       Administration from the Iona College Hagan School of Business.  
18       In 1988, I joined Orange and Rockland Utilities ("ORU") as a  
19       Distribution Planner in the Electrical Engineering Department.  
20       During the next 28 years, I progressed through out ORU holding  
21       various positions within the Electrical Engineering, Contract  
22       Management, Electric Operations, Distribution Control Center,  
23       Special Projects and retiring as Section Manager of New  
24       Construction Services.

25       I joined Pike, October 2016 as the General Manager where I am  
26       responsible for overseeing the daily electric and gas  
27       operations of the system.

28   **Q.   Have you previously sponsored testimony before the  
29       Pennsylvania Public Utility Commission ("PAPUC")?**

30   A.   No, I have not.

31   **Q.   What is the purpose of your testimony in this proceeding?**

Pike County Light and Power Company  
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1 A. I will provide an overview of Pike's gas system that serves  
2 the Matamoras and Westfall areas in Pennsylvania and discuss  
3 Pike's gas main replacement program and planned system  
4 pressure upgrades as presented in the Company's Distribution  
5 Gas Long Term Infrastructure Improvement Plan ("LTIIP") that  
6 was submitted to the PAPUC in 2019 and approved by order  
7 entered June 13, 2019 at Docket No. P-2019-3007304.

8 **Q. Please provide an overview of Pike's gas system that serves**  
9 **the Matamoras, Pennsylvania area.**

10 A. The Pike natural gas distribution system was installed over a  
11 one-hundred-year time frame to where it is today. The system  
12 was expanded in spurts of construction and customer growth  
13 throughout Matamoras Borough and eventually into Westfall  
14 Township. The system operates primarily on low pressure which  
15 has advantages, but also has limitations on expansion and  
16 reliability.

17 **Q. Please continue with your description of the Pike gas system.**

18 A. Pike serves approximately 1,400 residential and commercial gas  
19 customers in the Matamoras and Westfall areas. The system  
20 consists of 19.6 miles of medium and low pressure distribution  
21 main ranging in size from 2" through 8". The gas system is  
22 supplied from Port Jervis, New York via a 6" cathodically  
23 protected 55 pounds per square inch gauge ("psig") main. The  
24 55 psig system continues through many parts of Matamoras and  
25 Westfall served by Pike. The low-pressure system in the older  
26 parts of Matamoras operates at a utilization pressure of from  
27 6 to 8 inches' water column, which is equivalent to  
28 approximately one quarter of a psig. This is the same pressure  
29 that is used by customers for normal household appliances so  
30 there are no service regulators, and the meters are generally  
31 indoors to prevent freezing problems. The Company's low-



1 pressure system is supplied by three distribution regulator  
2 stations supplied from the 55 psig system. The 55 psig system  
3 consists of approximately 5.84 miles of plastic main, 0.5  
4 miles of cathodically protected steel gas main, and about 0.2  
5 miles of bare steel main. The low-pressure system consists of  
6 6.9 miles of cast iron main, 3.4 miles of bare steel main, 2  
7 miles of cathodically protected steel main and approximately  
8 1 mile of plastic main.

9 There are a total of 1,028 gas services that serve the 1398  
10 customers, mostly residential and small commercial, ranging  
11 in size from ½" to 2". Of that total, 438 are bare steel, 145  
12 are cathodically protected steel, and the remaining services  
13 are newer plastic.

14 **Q. How does Pike manage its gas facility assets?**

15 A. The Company closely monitors the performance of its gas  
16 infrastructure that is in place. The Company focuses on  
17 recognizing signs of deterioration in the integrity of cast  
18 iron main and bare steel main through tracking leak performance  
19 by area, age and materials, and water infiltration into low-  
20 pressure systems. The Company's gas system has been operating  
21 without major incident with the exception of water  
22 infiltration into a cast iron main and service in low a lying  
23 area.

24 **Q. Was the water infiltration into a cast iron main and service**  
25 **in low a lying area a one-time occurrence or is this a**  
26 **recurring problem in the system?**

27 A. The water infiltration is a recurring condition in a specific  
28 area of the system installed prior to the Company's ownership.  
29 There are other sections that had flooded during Hurricane  
30 Irene but have not since.

31 **Q. What is Pike's approach to improve its aging infrastructure?**

Pike County Light and Power Company  
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Direct Testimony of  
Steven L. Grandinali

1 A. In 2019, Pike submitted its LTIIP to maintain reliability and  
2 improve the condition as those assets reach their expected  
3 useful life. Pike filed a significant, 11-year plan to provide  
4 the amount of time reasonably necessary to carry out the needed  
5 investment.

6 Pike selected and prioritized three programs over the 11 years  
7 to include a main replacement program, regulator station  
8 replacement/overhaul, and the metering upgrade program. These  
9 programs are all based on sound engineering and Northeast Gas  
10 Association ("NGA") practices, Federal Department of  
11 Transportation ("DOT") Codes and Standards, and Corning  
12 Natural Gas and Pike Operating and Maintenance Standards and  
13 Practices.

14 The three programs address Pike's areas of aging  
15 infrastructure, which is approaching useful life, improving  
16 system safety, and mitigating over time the risk of leaks and  
17 higher maintenance. Therefore, an accelerated, proactive  
18 replacement program is a prudent, reasonable, and necessary  
19 course of action. Such an accelerated program was listed as  
20 one of the "highest priority" in the Commission's last  
21 management audit of Pike. *Focused Management and Operations*  
22 *Audit of Pike County Light and Power Company and*  
23 *Leatherstocking Gas Company LLC*, Docket Nos. D-2017-2584891  
24 et al., Audit at 54-56 (issued Nov. 2017).

25 **Q. What capital projects did Pike construct in the last year?**

26 A. In 2019, Pike completed the regulator overhaul and implemented  
27 the long-term Gas Main Replacement ("GMR") program by  
28 replacing the first 1,400 feet of the low-pressure system in  
29 a high leak prone area with high density polyethylene plastic

1 pipe, transferring the customers on to the new main and  
2 operating on the 55 psig, medium pressure system.

3 **Q. What gas projects is Pike currently working on?**

4 A. The Company started its 2020 Gas Main Replacement project. The  
5 project entail replacing 3,000 feet flood prone main and 30  
6 services.

7 **Q. Are there other benefits to the system from replacing cast iron  
8 and bare steel main?**

9 A. Yes. The main replacement program includes service renewals,  
10 service regulator installations, and moving inside meters to  
11 the outside. Excess flow valves are installed on every service  
12 as well to automatically shut the gas flow if there is an  
13 accidental damage to the service line or in the event of a  
14 fire, thereby reducing the amount of gas going to a break in  
15 the gas piping at the building.

16 **Q. What is the annual cost of the replacement program?**

17 A. The annual cost of the replacement program is estimated to be  
18 \$345,000 for 2020 and \$355,000 for 2021 as set forth in Exhibit  
19 G-3, Schedule 10.

20 **Q. Please describe the major plant expenditures that Pike plans  
21 to complete over the next five years.**

22 A. In 2021 Pike plans to replace up to 7,000 feet of cast iron  
23 main and associated services. Most of the cast iron mains are  
24 of the oldest mains and are scheduled for replacement first.  
25 This will have an immediate impact on safety and reliability  
26 for customers near that location. The elimination of leak  
27 prone pipe on the system improves reliability, safety and

Pike County Light and Power Company  
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1 reduces maintenance costs associated with locating, repairing  
2 and restoring service. Beginning in year three through eleven,  
3 a systematic replacement of approximately 66,000 feet of main  
4 and associated services and meter work will be performed.  
5 Ultimately, over the course of the 11 years, the three  
6 regulator stations will be retired, again reducing the risk  
7 of potential malfunction of a regulator.

8 **Q. Did Pike recently receive a proposal from an Engineering Firm**  
9 **to perform a survey of the entire Matamoras Borough and**  
10 **Westfall Township area in order to generate drawings and**  
11 **specifications necessary to obtain all permits and**  
12 **construction requests for proposals ("RFPs") for items such**  
13 **as horizontal directional drilling, soil erosion plans and gas**  
14 **main installations?**

15 A. Yes, we received a lump sum bid of \$230,000 from JHA Companies  
16 ("JHA") to evaluate Pike's gas main routes. Under their  
17 proposal JHA would submit to Pike detailed engineering plans,  
18 applications and report material to assist in the preparation  
19 of environmental permitting applications. This work would  
20 facilitate Pike's ability to move forward with our planned gas  
21 main replacement program over the next several years.

22 **Q. Is the cost of this project reflected in the current filing?**

23 A. Yes. The expenditures are shown on Exhibit G-3, Schedules 10  
24 and 11.

25 **Q. Are you proposing any staffing changes in Pike?**

26 A. Yes, Pike has a relatively small staff in Pennsylvania, and  
27 we need an additional person to help support our workload. As  
28 shown on Exhibit G-4, Schedule 3, page 2 of 2, the Company has

Pike County Light and Power Company  
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Steven L. Grandinali

1 plans to hire a general service employee (i.e., Materials and  
2 Facilities Management - Customer Service Representative) to  
3 perform several tasks including inventory monitoring and  
4 control, meter reading and collections, building maintenance  
5 and other related functions. The estimated annual wages for  
6 this employee would be \$60,000, of which 20% or \$12,000 will  
7 be allocated to gas operations.

8 **Q. Does that conclude your testimony?**

9 A. Yes, it does. I reserve the right to update or amend my  
10 testimony.

Pike County Light And Power Company  
Index of Schedules  
Balance Sheet and Supporting Schedules, Income Statement,  
and Joint Operating Agreement Charges for the Test Year

Exhibit G-1

<u>Schedule</u>	<u>Title of Schedule</u>	<u>Witness</u>
(1)	Balance Sheet	Accounting Panel
(2)	Detail of Electric, Gas and Common Plant in Service and associated Depreciation Reserves	Accounting Panel
(3)	Income Statement for the Test Year, the Twelve Month Period Ended June 30, 2020	Accounting Panel
(4)	Income Statement-Gas for the Twelve Month Period Ended June 30, 2020 and June 30, 2019	Accounting Panel
(5)	Joint Operating Agreement Charges for the Test Year, the Twelve Month Period Ending June 30, 2020	Accounting Panel
(6)	Current Intercompany Common Expense Allocation Factors in effect from March 1, 2020 through February 28, 2021	Accounting Panel
(7)	Intercompany Accounts Payable to Corning Natural Gas Corporation the Twelve Month Period Ending June 30, 2020	Accounting Panel

Pike County Light and Power Company  
Balance Sheet  
As of June 30, 2020 and June 30, 2019

Exhibit G-1  
Schedule 1  
Page 1 of 2

	June 30, 2020	June 30, 2019
<u>ASSETS AND OTHER DEBITS</u>		
<u>Utility Plant</u>		
Electric Plant in Service	\$ 19,367,541	\$ 17,138,969
Gas Plant in Service	3,001,661	2,661,829
Common Plant in Service	1,957,164	1,887,664
Construction Work in Progress	1,593,654	1,951,345
Total Utility Plant	25,920,019	23,639,807
<u>Accumulated Provision for Depreciation</u>		
Electric	1,484,800	1,046,352
Gas	167,011	115,297
Common	707,443	457,214
Total Accumulated Provision for Depreciation	2,359,254	1,618,864
Net Utility Plant	23,560,766	22,020,943
<u>Other Property and Investments</u>		
Nonutility Property	-	-
Accumulated Provision for Depreciation	-	-
Net Other Plant	-	-
<u>Current and Accrued Assets</u>		
Cash	222,188	96,150
Customer Accounts Receivable	1,053,769	1,407,522
Other Accounts Receivable	27,559	27,101
Accumulated Provision for Uncollectible Accounts	(7,919)	(151,209)
Accounts Receivable from Associated Companies	332,608	0
Materials and Supplies	1,103,406	801,118
Prepayments	242,062	316,425
Total Current and Accrued Assets	2,973,672	2,497,106
<u>Deferred Debits</u>		
Unamortized Debt Expense	99,650	116,230
Other Regulatory Assets	2,399,685	2,004,157
Clearing Accounts	0	(1,549)
Miscellaneous Deferred Debits	121,539	300,989
Accumulated Deferred Federal Income Tax	28,456	28,456
Total Deferred Debits	2,649,330	2,448,282
Total Assets and Other Debits	\$ 29,183,768	\$ 26,966,332

Pike County Light and Power Company  
Balance Sheet  
As of September 30, 2013 and 2012

Exhibit G-1  
Schedule 1  
Page 2 of 2

	September 30, 2013	September 30, 2012
<u>LIABILITIES AND OTHER CREDITS</u>		
<u>Proprietary Capital</u>		
Common Stock Issued	\$ -	\$ -
Miscellaneous Paid-In Capital	8,500,000	7,500,000
Retained Earnings	2,733,874	2,371,432
Total Proprietary Capital	11,233,874	9,871,432
<u>Long-Term Debt</u>		
Bonds - Long-Term	12,051,978	10,851,073
Total Capitalization	23,285,852	20,722,506
<u>Noncurrent Liabilities</u>		
Long Term Obligations	-	-
Total Noncurrent Liabilities	-	-
<u>Current and Accrued Liabilities</u>		
Notes Payable	1,655,007	2,487,945
Accounts Payable	805,803	732,147
Accounts Payable to Associated Companies	817,271	818,647
Tax Collections Payable	23,003	6,992
Customer Deposits	153,263	127,623
Taxes Accrued - Federal	45,351	113,711
- Other	(71,954)	40,614
Interest Accrued	(157)	1,911
Other Current Liabilities	-	578
Total Current and Accrued Liabilities	3,427,585	4,330,170
<u>Deferred Credits</u>		
Other Deferred Credits	254,126	254,126
Other Regulatory Liabilities	(2,149)	24,840
Accumulated Deferred Income Taxes - Other Property	1,001,238	749,806
Accumulated Deferred Income Taxes - Other	1,217,115	884,884
Total Deferred Credits	2,470,330	1,913,657
Total Liabilities and Equity	\$ 29,183,768	\$ 26,966,332



Pike County Light and Power Company  
Net Book Value of Electric, Gas and Common Plant-in-Service  
**As of June 30, 2020**

Exhibit G-1  
Schedule 2

	Electric Plant-in-Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
<u>Intangible Plant</u>			
Franchise and Consents	\$ 2,675		\$ 2,675
Total Intangible Plant	2,675	-	2,675
<u>Distribution Plant</u>			
Land and Land Rights	1,110,207	60,020	1,050,187
Structures and Improvements	2,832	871	1,960
Station Equipment	1,513,672	114,393	1,399,279
Poles, Towers, and Fixtures	6,476,423	374,144	6,102,279
Overhead Conductors and Devices	5,254,582	355,672	4,898,910
Underground Conduit	362,124	6,606	355,519
Underground Conductors and Devices	945,120	32,984	912,136
Line Transformers	3,197,008	176,141	3,020,867
Services	2,628,640	67,489	2,561,151
Meters	771,400	99,588	671,812
Street Lighting & Signal Systems	214,426	7,030	207,396
Total Distribution Plant	22,476,435	1,294,938	21,181,496
<u>General Plant</u>			
Structures and Improvements	2,147,572	166,872	1,980,699
Small Tools	84,376	22,989	61,387
Total General Plant	2,231,947	189,861	2,042,086
Electric Acquisition Adjustment	(5,376,571)	-	(5,376,571)
Total Electric Plant-in-Service	\$ 19,334,486	\$ 1,484,800	\$ 17,849,686

	Gas Plant-in-Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
<u>Distribution Plant</u>			
Land and Land Rights	\$ 1,551	\$ 42	\$ 1,509
Mains	2,073,247	86,820	1,986,427
Meas. And Reg. Equip. - General	107,339	11,525	95,813
Services	856,735	45,214	811,521
Meters	133,876	9,923	123,952
Meter Installations	321,558	2,570	318,988
House Regulator Installations	19,418	781	18,637
Industrial Measuring and Regulating Equipment	50,766	3,531	47,235
Total Gas Plant	3,564,490	160,408	3,404,082
<u>General Plant</u>			
Small Tools	26,914	6,603	20,311
Total General Plant	26,914	6,603	20,311
Gas Acquisition Adjustment	(589,743)	-	(589,743)
Total Gas Plant-in-Service	\$ 3,001,661	\$ 167,011	\$ 2,834,650

	Common Plant-in-Service	Provision for Depreciation & Amortization	Net Book Value
<u>Intangible Plant</u>			
Franchise Trade Name	\$ 311,000	\$ 79,478	\$ 231,522
Total Intangible Plant	311,000	79,478	231,522
<u>General Equipment</u>			
Office Furniture & Equipment	1,200,826	335,229	865,596
Transportation Equipment	214,416	122,997	91,419
Communication Equipment	159,866	110,875	48,991
Misc Equipment	104,112	70,104	34,007
Total Common Plant	1,679,219	639,206	1,040,013
Retirement Work in Progress	-	(11,241)	11,241
Total Common Plant-in-Service	\$ 1,990,219	\$ 707,443	\$ 1,282,776

Pike County Light and Power Company  
Statement of Income  
Twelve Months Ended June 30, 2020

Exhibit G-1  
Schedule 3

	Company Total	Electric Department	Gas Department
<u>Operating Revenues:</u>			
Residential Sales	\$ 4,399,929	\$ 3,262,482	\$ 1,137,446
Commercial & Industrial Sales	3,535,884	3,225,162	310,722
Public Lighting Sales	121,890	121,890	-
Total Sales and Delivery of Electricity	<u>8,057,703</u>	<u>6,609,534</u>	<u>1,448,169</u>
<u>Other Operating Revenues</u>			
Miscellaneous Service Revenues (Late Payment Charges)	10,266	7,531	2,735
Rent from Electric Property	186,523	185,497	1,026
Other Electric Revenues	(41,788)	(40,524)	(1,263)
Total Other Operating Revenues	<u>155,002</u>	<u>152,504</u>	<u>2,498</u>
Total Operating Revenues	<u>8,212,704</u>	<u>6,762,038</u>	<u>1,450,666</u>
<u>Operating Expenses:</u>			
Purchased Electric Power Costs	1,430,316	1,430,316	-
Purchased Gas Costs	853,230	-	853,230
Other Power Supply Expenses	672,207	672,207	-
Distribution Expenses	822,032	706,934	115,098
Customer Accounts Expenses	94,514	58,323	36,191
Customer Service Expenses	38,562	32,774	5,788
Administrative And General Expenses	1,951,352	1,687,797	263,555
Depreciation Expense	707,981	616,672	91,309
Taxes, Other than Income Tax	479,716	469,489	10,227
State Income Taxes	26,542	21,357	5,185
Federal Income Taxes	43,583	26,887	16,697
Total Operating Expenses	<u>7,120,035</u>	<u>5,722,755</u>	<u>1,397,280</u>
Income from Utility Operations	<u>1,092,669</u>	<u>1,039,283</u>	<u>53,387</u>
<u>Taxes - Other Income Deductions:</u>			
Donations	(1,900)	(1,615)	(285)
Other Income Deductions	27,999	23,800	4,200
Total Taxes - Other Income Deductions	<u>26,099</u>	<u>22,184</u>	<u>3,915</u>
<u>Interest Charges:</u>			
Interest on Long Term Debt	659,952	559,728	100,224
Amortization of Debt Discount & Expense	20,264	17,224	3,039
Other Interest Expense	5,626	4,782	844
Total Interest Charges	<u>685,841</u>	<u>581,734</u>	<u>104,107</u>
Net Income	<u>\$ 380,729</u>	<u>\$ 435,365</u>	<u>\$ (54,636)</u>

Pike County Light and Power Company  
Statement of Income - Gas  
**Twelve Months Ending June 30, 2020 and 2019**

Exhibit G-1  
Schedule 4

	June 30, 2020	June 30, 2019
<u>Operating Revenues:</u>		
Residential Sales	\$ 1,137,446	\$ 1,410,938
Commercial Sales	310,722	378,020
Other Gas Revenue	2,498	(45,957)
Total Gas Operating Revenues	<u>1,450,666</u>	<u>1,743,002</u>
<u>Operating Expenses:</u>		
Gas Supply Expenses	853,230	759,841
Distribution Expenses	115,098	20,463
Customer Accounts Expenses	36,191	(1,732)
Customer Service Expenses	5,788	6,502
Admin. And General Expenses	263,555	268,384
Depreciation Expense	91,309	95,927
Taxes, Other than Income Tax	10,227	17,046
State Income Taxes	5,185	43,939
Federal Income Taxes	16,697	60,989
Total Operating Expense	<u>1,397,280</u>	<u>1,271,358</u>
Total Income from Gas Utility Operations	<u>53,387</u>	<u>471,644</u>
<u>Taxes - Other Deductions:</u>		
Donations	(285)	4,200
Other Income Deductions	4,200	3,105
Total Taxes - Other Income Deductions	<u>3,915</u>	<u>7,305</u>
<u>Interest Charges:</u>		
Interest on Long Term Debt	100,224	96,013
Amortization of Debt Discount & Expense	3,039	4,681
Other Interest Expense	844	1,805
Total Interest Charges	<u>104,107</u>	<u>102,500</u>
Net Income - Gas Operations	<u>\$ (54,636)</u>	<u>\$ 361,840</u>

**Pike County Light and Power Company**  
**Statement of Direct and Allocated Charges From Corning Natural Gas Corporation**  
**Twelve Months Ending June 30, 2020**

**Exhibit G-1**  
**Schedule 5**  
**Page 1 of 2**

	Direct Charges	Allocated Charges	Total Charges
<b><u>Operation and Maintenance Expenses</u></b>			
<u>Purchased Gas Expense</u>			
803 Deferred Gas Supply Expense	\$ 11,922		\$ 11,922
804 Gas Supply Expense-Purchases	738,347		738,347
813 Gas Supply-Utility Agreement	99,373	3,588	102,961
Total Purchased Gas Expenses	<u>\$ 849,642</u>	<u>\$ 3,588</u>	<u>\$ 853,230</u>
<u>Distribution Expenses - Operation</u>			
870 Operation Supervision and Engineering	\$ 1,199	\$ 3,500	\$ 4,699
874 Mains and Services Expenses	964	-	964
Total Operation	<u>2,163</u>	<u>3,500</u>	<u>5,663</u>
<u>Distribution Expenses - Maintenance</u>			
887 Maintenance of Mains	6,347	-	6,347
892 Maintenance of Services	103,032	56	103,088
Total Maintenance	<u>109,379</u>	<u>56</u>	<u>109,435</u>
Total Distribution Expenses	<u>111,542</u>	<u>3,556</u>	<u>115,098</u>
<u>Customer Accounts Expenses - Operation</u>			
902 Meter Reading Expense	44,200	-	44,200
903 Customer Records and Collection Expenses	5,800	-	5,800
904 Uncollectible Accounts	(13,950)	-	(13,950)
Total Customer Accounts Expenses	<u>36,050</u>	<u>-</u>	<u>36,050</u>
<u>Customer Service &amp; Information Expenses - Operation</u>			
908 Customer Service & Informational Expenses (Non-Major)	141	-	141
Total Customer Service & Informational Expenses	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ 141</u>
<u>Sales Promotion Expense - Operation</u>			
917 Promotional Advertising	5,755	\$ 33	\$ 5,788
Total Sales Promotion Expense	<u>5,755</u>	<u>33</u>	<u>5,788</u>
<u>Administrative and General Expenses - Operation</u>			
920 Administrative and General Salaries	27,145	41,905	69,049
921 Office Supplies and Expenses	29,753	23,318	53,070
922 Administrative Expenses Transferred - Credit	-	51	51
923 Outside Services Employed	17,273	37,863	55,136
924 Property Insurance	484	3,932	4,416
925 Injuries and Damages	(0)	3,309	3,309
926 Employee Pensions and Benefits	5,782	63,133	68,915
928 Regulatory Commission Expenses	5,480	-	5,480
930.2 Miscellaneous General Expenses	456	194	650
930.6 Miscellaneous General Expenses - Vehicles	13	-	13
Total Operation	<u>86,386</u>	<u>173,703</u>	<u>260,089</u>
<u>Administrative and General Expenses - Maintenance</u>			
932 Maintenance of General Plant	3,377	88	3,466
Total Maintenance	<u>3,377</u>	<u>88</u>	<u>3,466</u>
Total Administrative and General Expense	<u>89,763</u>	<u>173,792</u>	<u>263,555</u>
Total Operations and Maintenance	<u>\$ 1,092,893</u>	<u>\$ 180,969</u>	<u>\$ 1,273,862</u>

**Pike County Light and Power Company**  
**Statement of Direct and Allocated Charges From Corning Natural Gas Corporation**  
**Twelve Months Ending June 30, 2020**

**Exhibit G-1**  
**Schedule 5**  
**Page 2 of 2**

		<b>Direct Charges</b>	<b>Allocated Charges</b>	<b>Total Charges</b>
<b><u>Other Charges for Operations</u></b>				
<b><u>Other Income and Expense Accounts</u></b>				
408	Taxes Other Than Income Taxes	\$ 9,610	\$ 616	\$ 10,227
425	Miscellaneous Amortizations	3,110	-	3,110
426.1	Donations	(285)	-	(285)
426.5	Other Income Deductions	1,090	-	1,090
430	Other Interest Charges	-	-	-
<b><u>Balance Sheet Accounts</u></b>				
101	Gas Plant In Service	339,832	-	339,832
108	Accumulated Provision for Depreciation	51,714	-	51,714
131	Cash & TCI's	126,038	-	126,038
142	Customer Accounts Receivable	(353,753)	-	(353,753)
150	Materials and Supplies	287,444	14,844	302,288
165	Prepayments	(74,363)	-	(74,363)
190	Accumulated Deferred Income Tax	-	-	-
232	Accounts Payable	73,655	-	73,655
253	Other Deferred Credits	(26,989)	-	(26,989)
283	Accumulated Deferred Income Tax	583,662	-	583,662
	Total Other Charges for Operations	1,020,766	15,460	1,036,226
Total Charges for Operations & Maintenance		\$ 2,113,660	\$ 196,429	\$ 2,310,089

**Pike County Light and Power Company**  
Common Expense Allocation (Effective March 1, 2020 to February 28, 2021)

**Exhibit G-1**  
**Schedule 6**

Allocation Factor	Applicable Services	
<b>A Invoice Processing</b>		Accounts Payable Processing
CNG	74.82%	
Pike Electric	15.28%	
Pike Gas	2.70%	
Leatherstocking PA	7.21%	
<b>B Payroll Factor</b>		
CNG	83.21%	Management of Compensation,
Pike Electric	11.63%	Workers Compensation,
Pike Gas	2.05%	Labor relations, Training &
Leatherstocking PA	3.11%	Employment Services
<b>C Employee Benefit Factor</b>		
CNG	89.45%	Management of Benefit Programs
Pike Electric	6.58%	(e.g., health insurance, Pension,
Pike Gas	1.13%	and retiree benefits)
Leatherstocking PA	2.84%	
<b>D Number of Employees</b>		Payroll Processing
CNG	85.14%	
Pike Electric	8.11%	
Pike Gas	1.35%	
Leatherstocking PA	5.41%	
<b>E Number of Bills</b>		
CNG	71.09%	Billing Functions if not directly done by subsidiary Companies
Pike Electric	23.00%	Customer Payments
Pike Gas	5.91%	
Leatherstocking PA	**	
** Leatherstocking billing done by Marabito JV partner		
<b>F Gross Plant, Revenues and Payroll</b>		
CNG	72.17%	Accounting Function other than Income Tax and Fixed Asset
Pike Electric	16.78%	Auditing Services if not charged direct
Pike Gas	2.69%	Maintenance of operating facilities
Leatherstocking PA	8.37%	Rate Engineering, External Affairs, IT and Computer Services
<b>G Change in Fixed Assets</b>		
CNG	63.75%	Plant Close out
Pike Electric	36.25%	
Pike Gas	0.00%	
Leatherstocking PA	0.00%	
<b>H Revenues</b>		
CNG	70.86%	Customer Service call center policy and compliance
Pike Electric	20.97%	
Pike Gas	4.59%	
Leatherstocking PA	3.58%	
<b>I Total Fixed Assets</b>		
CNG	67.54%	Fixed Asset Accounting
Pike Electric	18.98%	
Pike Gas	2.76%	
Leatherstocking PA	10.71%	
<b>J Tax Allocation</b>		
CNG	71.27%	Income Tax Preparation and analysis
Pike Electric	24.42%	
Pike Gas	4.31%	
<b>K Operational Services</b>		
CNG	69.70%	Operations (includes the study, planning and performance of field work
Pike Electric	26.05%	for subsidiary companies,
Pike Gas	2.15%	Field work may include Construction of facilities, field customer service,
Leatherstocking PA	2.10%	safety, environmental, and compliance activities)
<b>L Purchasing Requisitions</b>		
CNG	77.83%	Purchasing Activity
Pike Electric	18.63%	
Pike Gas	3.29%	
Leatherstocking PA	0.25%	

**Pike County Light and Power Company**  
**Company Accounts - Receivable / Payable to Corning Natural Gas Corpor**  
**Accounts 146 / 234**  
**As of June 30, 2020**

**Exhibit G-1**  
**Schedule 7**

Net Payable to Corning Natural Gas Corporation at June 30, 2019	\$ 818,647
Common Expense Allocation	829,304
Administrative Payroll Allocation	279,376
Federal Income Taxes	(434,081)
Materials and Supplies	14,844
Payments Made During Year	<u>(1,023,427)</u>
Net Payable to Corning Natural Gas Corporation at June 30, 2020	<u><u>\$ 484,663</u></u>

Pike County Light And Power Company  
Index of Schedules  
Capitalization and Rate of Return

Exhibit G-2

<u>Schedule</u>	<u>Title of Schedule</u>	<u>Witness</u>
(1)	Capitalization of Pike County Light And Power Company	Accounting Panel
(2)	Long Term Debt Schedule Pike County Light & Power Company	Accounting Panel
(3)	Cost of Money for Pike County Light and Power Company	Accounting Panel



Pike County Light And Power Company  
Capitalization

	<u>As of June 30, 2020 (Actual)</u>		<u>As of June 30, 2021 (Forecast)</u>	
	Amount	Percent	Amount	Percent
	(000s)		(000s)	
<u>Long Term Debt:</u>	\$ 12,051,978	48.98%	\$ 11,924,718	46.54%
<u>Average Short Term Debt (a)</u>	1,318,134	5.36%	1,318,134	5.14%
<u>Proprietary Capital</u>				
Common Stock	-		-	
Paid In Capital	8,500,000		8,500,000	
Retained Earnings	2,733,841		3,879,437	
Total Proprietary Capital:	<u>11,233,841</u>	<u>45.66%</u>	<u>12,379,437</u>	<u>48.32%</u>
Total Capitalization	<u>\$ 24,603,953</u>	<u>100.00%</u>	<u>\$ 25,622,289</u>	<u>100.00%</u>

(a) Represents the daily average balance (July 1, 2019 - June 30, 2020). The balance at June 30, 2020 was \$1,655,007.

**Pike County Light And Power Company**

Long Term Debt  
At June 30, 2020 (Actual)

Pike County Light & Power Company	Company Accounts	Issue Date	Maturity Date	Original Issue Amount	Amount Outstanding	Unamortized Expense of Issue	Net Proceeds	x	Cost of Debt %	=	Effective Annual Cost (a)
<b>M&amp;T Bank Demand Loans</b>											
Loan 1 - 4.92%	224600	8/31/16	6/30/28	\$ 12,000,000	\$ 9,304,334	\$ 69,434	\$ 9,234,900		5.14%		\$ 474,462
Loan 2 - 4.89%	224620	12/5/18	12/31/29	510,000	442,894	10,313	432,581		5.29%		22,875.89
Loan 3 - 5.83%	224630	11/30/18	11/30/21	150,000	74,141	-	74,141		5.83%		4,322.42
Loan 4 - 1.00% (PPP) (b)	224640	4/22/20	6/18/22	137,200	137,200	-	137,200		-		-
Loan 5 - 3.86%	224660	10/31/19	11/30/22	150,000	93,820	5,566	88,254		4.80%		4,239.81
Loan 6 - 3.53%	224670	10/27/19	12/27/29	2,072,000	1,999,589	14,338	1,985,251		3.64%		72,323.45
<b>Total</b>				<b><u>\$ 15,019,200</u></b>	<b><u>\$ 12,051,978</u></b>	<b><u>\$ 99,650</u></b>	<b><u>\$ 11,952,328</u></b>		<b><u>4.84%</u></b>		<b><u>\$ 578,224</u></b>

(a) The effective annual cost of debt represents the annualized interest expense (June 30th debt balance x coupon interest rate) plus the annual amortization of debt issuance costs

(b) Loan 4 was received as part of the Payroll Protection Act under the Corona Virus Aid Relief and Economic Security Act (CARES). The proceeds were used to cover qualifying expenses and the Company anticipates that it will not be required to repay this debt under the guidelines established under the CARES Act. If a determination is made that all or a portion of the loan will not be forgiven, then the amount not forgiven would be paid back starting in October 2020, with interest accruing on the monthly outstanding balance at 1%.

**Pike County Light And Power Company**

Long Term Debt  
At June 30, 2021 (Forecast)

Pike County Light & Power Company	Company Accounts	Issue Date	Maturity Date	Original Issue Amount	Amount Outstanding	Unamortized Expense of Issue	Net Proceeds	x	Cost of Debt %	=	Effective Annual Cost (a)
M&T Bank Demand Loans											
Loan 1 - 4.92%	224600	8/31/16	6/30/28	\$ 12,000,000	\$ 8,314,841	\$ 36,056	\$ 8,278,785		5.14%		\$ 425,779
Loan 2 - 4.89%	224620	12/5/18	12/31/29	510,000	395,957	7,876	388,080		5.30%		20,580.64
Loan 3 - 5.83%	224630	11/30/18	11/30/21	150,000	22,435	-	22,435		5.83%		1,307.98
Loan 5 - 3.86%	224660	10/31/19	11/30/22	150,000	56,026	4,329	51,697		5.38%		2,780.96
Loan 6 - 3.53%	224670	10/27/19	12/27/29	2,072,000	1,820,459	10,862	1,809,597		3.65%		66,000.16
Loan 7 - 3.60%	224680	10/30/20	10/30/30	1,315,000	1,315,000	15,000	1,300,000		3.76%		48,840.00
<b>Total</b>				<b><u>\$ 16,197,000</u></b>	<b><u>\$ 11,924,718</u></b>	<b><u>\$ 74,123</u></b>	<b><u>\$ 11,850,595</u></b>		<b><u>4.77%</u></b>		<b><u>\$ 565,289</u></b>

(a) The effective annual cost of debt represents the annualized interest expense (June 30th debt balance x coupon interest rate) plus the annual amortization of debt issuance costs

Pike County Light And Power Company  
Consolidated Cost of Money

Forecast at June 30, 2021

	<u>Percent of Capital</u>	<u>Cost of Component</u>	<u>Weighted Cost</u>
Long Term Debt	46.54%	4.77%	2.22%
Short Term Debt	5.14%	3.10% (a)	0.16%
Common Stock Equity	48.32%	9.75%	4.71%
Total Capitalization	<u>100.00%</u>		<u>7.09%</u>

(a) Based on short-term line of Credit Rate currently in effect

Index of Schedules  
Gas Rate Base

Schedule	Title of Schedule	Witness
Summary	Gas Rate Base	Accounting Panel
(1)	Plant - Additions & Retirements	Accounting Panel
(2)	Depreciation Reserve	Accounting Panel
(3)	Gas Working Capital Requirements	Accounting Panel
(4)	Change in Material and Supplies	Accounting Panel
(5)	Change in Working Capital Prepayments	Accounting Panel
(6)	Changes to Rate Base for Deferred Debits	Accounting Panel
(7)	Changes to Rate Base for Deferred Debits	Accounting Panel
(8)	Changes in Customer Deposits	Accounting Panel
(9)	Changes in Deferred Income Taxes	Accounting Panel
(10)	Gas Capital Expenditures	Steven Grandineli
(11)	Gas Plant Additions	Steven Grandineli

Pike County Light And Power Company  
Gas Rate Base  
At June 30, 2020 And 2021

Exhibit G-3  
Summary  
Page 1 of 2

Description	Actual Per Books at 6/30/2020 (a)	Difference Between Historical and Future Years		Future Year at 6/30/2021 (d)=(a)+(c)	Schedule No.
		Reference (b)	Amount (c)		
<u>Utility Plant:</u>					
Gas Plant in Service	\$ 3,001,700	(1a)	\$ 954,000	\$ 3,955,700	1
Common Plant in Service (Allocated)	293,600	(1b)	60,900	354,500	1
Interco plant allocated from Corning Gas (Net)	-	(1c)	29,500	29,500	1
CWIP not taking interest	103,500	(1d)	(103,500)	-	1
Total Utility Plant	<u>3,398,800</u>		<u>940,900</u>	<u>4,339,700</u>	
<u>Utility Plant Reserves:</u>					
Accumulated Provision For Depreciation of Gas Plant in Service	167,000	(2a)	24,200	191,200	2
of Common Plant in Service (Allocated)	107,800	(2b)	16,900	124,700	2
Total Utility Plant Reserves	<u>274,800</u>		<u>41,100</u>	<u>315,900</u>	
Net Plant	<u>3,124,000</u>		<u>899,800</u>	<u>4,023,800</u>	
<u>Additions to Net Plant</u>					
Working Capital Requirements:					
Cash Working Capital	56,900	(3)	15,600	72,500	3
Materials and Supplies	147,200	(4)	6,700	153,900	4
Prepayments	4,200	(5)	-	4,200	5
Deferred Debits (Net of Tax)	-	(6)	16,000	16,000	6
Total Additions	<u>208,300</u>		<u>38,300</u>	<u>246,600</u>	
<u>Deductions to Net Plant:</u>					
Deferred Credits (Net of Tax)	(20,300)	(7)	-	(20,300)	7
Customer Deposits	21,700	(8)	700	22,400	8
Accumulated Deferred Income Taxes	147,400	(9)	49,000	196,400	9
Total Deductions	<u>148,800</u>		<u>49,700</u>	<u>198,500</u>	
Gas Rate Base	<u>\$ 3,183,500</u>		<u>\$ 888,400</u>	<u>\$ 4,071,900</u>	

Pike County Light And Power Company  
Changes in Gas Rate Base  
For the 12 Months Ended June 30, 2021

Exhibit G-3  
Summary  
Page 2 of 2

Adjustment Number	Description	Amount
(1a)	Changes in Plant in Service - Additions & Retirements	\$ 954,000
(1b)	Changes to Common Plant	60,900
(1c)	Changes to Intercompany Plant allocated to Pike Gas	29,500
(1d)	Changes to Construction Work in Progress	(103,500)
(2a)	Changes to Gas Depreciation Reserve - Existing Depreciation Rates	24,200
(2b)	Changes to Common Plant - Depreciation	16,900
(3)	Changes in Working Capital Requirements (O&M)	15,600
(4)	Change in Material and Supplies	6,700
(5)	Change in Working Capital Prepayments	-
(6)	Changes to Rate Base for Deferred Debits	16,000
(7)	Changes to Rate Base for Deferred Credits	-
(8)	Changes in Customer Deposits	700
(9)	Changes in Deferred Income Taxes	49,000

Pike County Light And Power Company  
Statement in Support of Change No. (1a)  
To Gas Plant in Service  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 1  
Page 1 of 4

<u>Gas Plant in Service</u>	<u>Amount</u>
<b>Balance at June 30, 2020</b>	<b>\$ 3,001,700</b>
<b>Additions - Completed CWIP at June 30, 2020 Change (1d) *</b>	<b>\$ 87,700</b>
Additions - July 1, 2020 thru June 30, 2021	700,000
Additions - July 1, 2021 thru December 31, 2021	<u>250,000</u>
Total Additions	1,037,700
Retirements - July 1, 2020 thru June 30, 2021	(55,800)
Retirements - July 1, 2021 thru December 31, 2021	<u>(27,900)</u>
Total Retirements	<u>(83,700)</u>
<b>Net Additions (Change No. 1b)</b>	<b><u>954,000</u></b>
Ending Balance at December 31, 2021	<b><u>\$ 3,955,700</u></b>

\* See G-3, Schedule 1, Page 4 of 4



Pike County Light And Power Company  
Statement in Support of Change No. (1b)  
To Gas Plant in Service  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 1  
Page 2 of 4

<u>Common Plant in Service</u>		<u>Total Amount</u>	<u>Gas Allocation (Rounded) 15%</u>
<b>Balance at June 30, 2020</b>		\$ 1,957,164	<b>\$ 293,600</b>
<b>Additions - Completed CWIP at June 30, 2020 Change (1d) *</b>	<b>\$ 15,800</b>		
Additions - July 1, 2020 thru June 30, 2021	400,000		
Additions - July 1, 2021 thru December 31, 2021	<u>300,000</u>		
Total Additions		715,800	107,400
Retirements - July 1, 2020 thru June 30, 2021	(10,000)		
Retirements - July 1, 2021 thru December 31, 2021	** <u>(300,000)</u>		
Total Retirements		<u>(310,000)</u>	<u>(46,500)</u>
<b>Net Additions (Change No. 1)</b>		<u>405,800</u>	<u><b>60,900</b></u>
<b>Ending Balance at December 31, 2021</b>		<u><u>\$2,362,964</u></u>	<u><u><b>\$ 354,400</b></u></u>

\* See G-3, Schedule 1, Page 4 of 4

\*\* General Plant, excluding structures, is amortized over 5 - 10 years. Plant of approximately \$300,000 will be fully amortized and retired in September 2021.

Pike County Light And Power Company  
Statement in Support of Change No. (1c)  
To Gas Plant in Service  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 1  
Page 3 of 4

<u>Intercompany Plant Allocated from Corning Gas (Net)</u>	At June 30, 2020			% Allocated To Pike Allocation		Gas Allocation
	Original Cost	Depreciation Reserve	Net Plant			
<u>Shared Corning Facilities</u>						
Land Williams Street	\$ 155,733	\$ -	\$ 155,733			
West William Street Office	2,126,398	(918,823)	1,207,576			
Land Riverside	233,732		233,732			
Riverside Operations Facility	2,894,082	(1,250,541)	1,643,541			
Total	<u>\$5,409,946</u>	<u>\$ (2,169,364)</u>	<u>\$3,240,581</u>	x	0.35%	= \$ 11,237
 <u>Shared Corning Office Furniture &amp; Equipment</u>						
Office Furniture & Equipment - Furniture	\$ 337,150	\$ (333,299)	\$ 3,851			
Office Furniture & Equipment - Machines	299,108	(356,557)	(57,449)			
Office Furniture & Equipment - Computers	2,428,272	(467,946)	1,960,326			
Total	<u>\$3,064,530</u>	<u>\$ (1,157,802)</u>	<u>\$1,906,728</u>	x	0.96%	= 18,305
 <b>(Change No. 1c)</b>						<b><u>\$ 29,542</u></b>
Rounded						<b><u>\$ 29,500</u></b>

Pike County Light And Power Company  
Statement in Support of Change No. (1d)  
To Gas Plant in Service  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 1  
Page 4 of 4.

<u>CWIP Projects Completed At June 30, 2020</u>		<u>Total Amount (A)</u>	<u>Gas Allocation (B)</u>	<u>Gas Plant In-Service (Rounded) (C) = (A) x (B)</u>
<b>Gas Distribution Plant Additions (Change No. 1d)</b>	*	\$ 87,668	100%	<b>\$ 87,700</b>
<b>General Plant Additions (Change No. 1d)</b>	**	105,084	15%	<b><u>15,800</u></b>
<b>Net Transfers to Plant In-Service (Change No. 1d)</b>				<b><u>\$ 103,500</u></b>

\* See G-3, Schedule 1, Page 1 of 4

\*\* See G-3, Schedule 1, Page 2 of 4

Pike County Light And Power Company  
Statement in Support of Change No. (2a)  
To Gas Depreciation Reserve  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 2  
Page 1 of 2

<u>Accumulated Provision for Depreciation of Gas Plant</u>		<u>Amount</u>
Balance at June 30, 2020		\$ 167,000
Additions - July 1, 2020 thru June 30, 2021	\$ 69,000	
Additions - July 1, 2021 thru December 31, 2021	<u>38,900</u>	
Total Additions		<u>107,900</u>
Retirements - July 1, 2020 thru June 30, 2021	(55,800)	
Retirements - July 1, 2021 thru December 31, 2021	<u>(27,900)</u>	
Total Retirements		<u>(83,700)</u>
<b>Net Additions (Change No. 2a)</b>		<u><b>24,200</b></u>
Ending Balance at December 31, 2021		<u><u>\$ 191,200</u></u>

Pike County Light And Power  
Statement in Support of Change No. (2b)  
To Common Depreciation Reserve  
For the Twelve Months Ended September 30, 2014

Exhibit G-3  
Schedule 2  
Page 2 of 2

<u>Accumulated Provision for Depreciation on Common Plant</u>	<u>Total Amount</u>	<u>Electric Allocation Rounded 15%</u>
<b>General Plant Reserve Balance at June 30, 2020</b>	\$ 718,684	<b>107,800</b>
Additions - July 1, 2020 thru June 30, 2021	272,700	
Additions - July 1, 2021 thru December 31, 2021	<u>150,000</u>	
Total Additions	422,700	63,400
Retirements - July 1, 2020 thru June 30, 2021	(10,000)	
Retirements - July 1, 2021 thru December 31, 2021	<u>(300,000)</u>	
Total Retirements	<u>(310,000)</u>	<u>(46,500)</u>
<b>Net Additions (Change No. 2b)</b>	<u>112,700</u>	<u><b>16,900</b></u>
<b>Ending Reserve Balance at December 31, 2021</b>	<u><u>\$ 831,384</u></u>	<u><u><b>\$ 124,700</b></u></u>

Pike County Light And Power Company  
Statement in Support of Change No. (3)  
For The Twelve Months Ended June 30, 2020

Exhibit G-3  
Schedule 3  
Page 1 of 2

	<u>Amount</u>	<u>(Lead) / Lag Days</u>	<u>Dollar Days</u>
Revenue Recovery	\$ 1,450,700	34.2	\$ 49,613,940
Gas Supply Expenses:	837,720	30.2	25,299,155
Deferred Purchased Gas	15,480	(107.5)	(1,664,060)
Pike Salaries & Wages	187,696	11.0	2,064,659
401K Pension Match	5,782	11.0	63,607
Employee Welfare Expenses	66,442	30.2	2,006,541
Intercompany Charges	72,623	30.2	2,193,202
Uncollectible Accounts Accrual	(13,950)	34.2	(477,093)
Other O&M	92,600	23.2	2,146,525
Amortizations:			-
Rate Case Costs	-	-	-
PUC Assessment	4,978	-	-
Insurance	4,416	-	-
Depreciation & Amortization	91,300	-	-
Taxes Other - Payroll	7,133	11.0	78,467
- Property Tax	3,067	-	-
Income Taxes:			-
Federal Income Tax	(50,403)	38.5	(1,940,504)
Deferred Federal Income Tax	50,303	-	-
Corporate Business Tax (State)	(23,930)	38.5	(921,294)
Deferred Corporate Business Tax	23,930	-	-
Return on Invested Capital	75,500	-	-
Total Requirement	<u>1,450,687</u>	<u>20.0</u>	<u>28,849,205</u>
	-		
Net Lag		<u>14.2</u>	<u>\$ 20,764,735</u>
Net Requirement (Net Lag / 365 )			<u>\$ 56,890</u>
Rounded			<u>\$ 56,900</u>

Pike County Light And Power Company  
Statement in Support of Change No. (3)  
For The Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 3  
Page 2 of 2

	<u>Amount</u>	<u>(Lead) / Lag Days</u>	<u>Dollar Days</u>
Revenue Recovery	<u>1,904,700</u>	<u>34.2</u>	<u>\$ 65,140,740</u>
Gas Supply Expenses:	889,800	30.2	26,871,960
Pike Salaries & Wages	211,096	11.0	2,322,059
401K Pension Match	7,072	11.0	77,797
Employee Welfare Expenses	75,906	30.2	2,292,346
Intercompany Charges	73,323	30.2	2,214,342
Uncollectible Accounts Accrual	29,087	34.2	994,789
Other O&M	92,622	23.2	2,147,031
Amortizations:			-
Rate Case Costs	5,600	-	-
PUC Assessment	4,978	-	-
Insurance	4,416	-	-
Depreciation & Amortization	125,000	-	-
Taxes Other - Payroll	16,100	11.0	177,100
- Property Tax	3,100	-	-
Income Taxes:			-
Federal Income Tax	25,905	38.5	997,335
Deferred Federal Income Tax	24,995	-	-
Corporate Business Tax (State)	15,109	38.5	581,713
Deferred Corporate Business Tax	11,891	-	-
Return on Invested Capital	<u>288,700</u>	<u>-</u>	<u>-</u>
 Total Requirement	 <u>1,904,700</u>	 <u>20.3</u>	 <u>38,676,474</u>
 Net Lag		 <u>13.9</u>	 <u>26,464,266</u>
 Net Requirement (Net Lag / 365 )			 \$ 72,505
 Historical Cash Working Capital			 <u>56,900</u>
 Net Change			 <u>\$ 15,605</u>
 Rounded			 <u>\$ 15,600</u>

Pike County Light And Power Company  
Statement in Support of Change No. (4)  
Materials and Supplies  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 4

Month		Materials & Supplies Inventory Acct 150020 (1)	Gas Allocation (2)
July 31, 2019	Actual	827,764	\$ 124,165
August 31, 2019	Actual	852,120	127,818
September 30, 2019	Actual	869,945	130,492
October 31, 2019	Actual	910,663	136,599
November 30, 2019	Actual	926,171	138,926
December 31, 2019	Actual	958,224	143,734
January 31, 2020	Actual	1,008,674	151,301
February 29, 2020	Actual	1,039,427	155,914
March 31, 2020	Actual	1,064,219	159,633
April 30, 2020	Actual	1,101,579	165,237
May 31, 2020	Actual	1,114,539	167,181
June 30, 2020	Actual	1,103,406	165,511
July 31, 2020	Actual	1,095,003	164,250
August 31, 2020	Actual	1,117,178	167,577
July 2019 - June 30, 2020 Total		<u>\$ 11,776,729</u>	<u>\$ 1,766,509</u>
June 30, 2020 - Twelve Month Average		<u>\$ 981,394</u>	<u>\$ 147,209</u>
Rounded			<u>\$ 147,200</u>
September 2019 - August 2020 Total		<u>\$ 12,309,026</u>	<u>\$ 1,846,354</u>
Twelve Month Average		<u>\$ 1,025,752</u>	<u>\$ 153,863</u>
Rounded			<u>\$ 153,900</u>
Net Changes (Change No. 4)			<u>6,700</u>
Twelve Month Average June 30, 2021			<u>\$ 153,900</u>



Pike County Light And Power Company  
Statement in Support of Change (5)  
Gas Working Capital Prepayments

Exhibit G-3  
Schedule 5

Month		Gas	Common		Total
		PaPUC Assessment Acct. 05 165202	Property Tax Acct. 05 165110	Property Insurance Acct. 05 165030	
July 31, 2019	Actual	\$ 1,015	\$ 4,016	\$ 3,225	\$ 8,255
August 31, 2019	Actual	507	14,486	2,867	17,860
September 30, 2019	Actual	4,978	13,127	2,508	20,613
October 31, 2019	Actual	4,563	11,767	2,150	18,480
November 30, 2019	Actual	4,148	10,407	1,792	16,347
December 31, 2019	Actual	3,734	9,047	1,433	14,214
January 31, 2019	Actual	3,319	7,687	1,075	12,081
February 29, 2020	Actual	2,904	6,327	1,075	10,306
March 31, 2020	Actual	2,489	9,417	717	12,622
April 30, 2020	Actual	2,074	8,052	358	10,485
May 31, 2020	Actual	1,659	6,688	358	8,706
June 30, 2020	Actual	1,245	5,324	358	6,927
July 31, 2020	Actual	830	3,960	-	4,789
August 31, 2020	Actual	415	14,517	-	14,932
July 2019 - June 30, 2020 Total		<u>\$ 32,450</u>	<u>\$ 106,288</u>	<u>\$ 14,692</u>	<u>\$ 153,430</u>
June 30, 2020 - Twelve Month Average		\$ 2,704	\$ 8,857	\$ 1,224	\$ 12,786
x Electric Allocation		100%	15%	15%	-
Electric Twelve Month Average		<u>\$ 2,704</u>	<u>\$ 1,329</u>	<u>\$ 184</u>	<u>\$ 4,216</u>
Rounded					<u>\$ 4,200</u>
September 2019 - August 2020 Total		<u>\$ 32,357</u>	<u>\$ 106,319</u>	<u>\$ 11,826</u>	<u>\$ 150,502</u>
Twelve Month Average		\$ 2,696	\$ 8,860	\$ 985	\$ 12,542
x Electric Allocation		100%	15%	15%	-
Electric Twelve Month Average		<u>\$ 2,696</u>	<u>\$ 1,329</u>	<u>\$ 148</u>	<u>\$ 4,173</u>
Rounded					<u>\$ 4,200</u>
Net Changes (Change No. 5)					<u>-</u>
Twelve Month Average June 30, 2021					<u>\$ 4,200</u>

Pike County Light And Power Company  
Statement in Support of Change (6)  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 6

Deferred Debit Items	Rate Case Acct 186035	After Tax (b)	Rounded
Deferred Debit Balance as of June 30, 2020	\$ -	\$ -	\$ -
Deferred Charges 7/1/2020 - 6/30/2021 (a)	22,500	15,999	16,000
Less: Amortization of Deferred Charges 7/1/20 - 6/30/21	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Debit Balance as of June 30, 2021	<u>22,500</u>	<u>\$ 15,999</u>	<u>\$ 16,000</u>
Net Change			<u>\$ 16,000</u>

(a) See Exhibit G-4, Schedule 5 for projected rate case expenditures

(b) Calculation of After Tax Factor:

SIT Rate =	9.9900%
+ FIT Rate =	21.0000%
+ SIT Rate Net of FIT Rate $[9.99\% \times (1-21\%)] =$	<u>7.8921%</u>
= Effective Net FIT / SIT Rate =	<u>28.8921%</u>
Net of SIT & FIT Multiplier $(1/1-28.8921\%)$	<u>71.1079%</u>

Pike County Light And Power Company  
Statement in Support of Change (7)  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 7

Deferred Credit Items	FIT Tax Rate Change Accts. 253912 & 253922	After Tax *	Rounded
Negative Deferred Credit Balance as of June 30, 2020	\$ (28,569)	\$ (20,315)	\$ (20,300)
Deferred Credits 7/1/2020 - 6/30/2021	-	-	-
Less: Amortization of Deferred Charges 7/1/20 - 6/30/21	-	-	-
Negative Deferred Credit Balance as of June 30, 2021	<u>\$ (28,569)</u>	<u>\$ (20,315)</u>	<u>\$ (20,300)</u>
Net Change			<u>\$ -</u>

* Calculation of After Tax Factor:	
SIT Rate =	9.9900%
+ FIT Rate =	21.0000%
+ SIT Rate Net of FIT Rate [9.99% x (1-21%)] =	<u>7.8921%</u>
= Effective Net FIT / SIT Rate =	<u>28.8921%</u>
Net of SIT & FIT Multiplier (1/1-28.8921%)	<u>71.1079%</u>

Pike County Light And Power Company  
Statement in Support of Change No. (8)  
Customer Deposits  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 8

Month		Customer Deposits Acct 235000 (1)	Gas Allocation (2)
July 31, 2019	Actual	\$ 129,886	\$ 19,483
August 31, 2019	Actual	133,719	20,058
September 30, 2019	Actual	135,553	20,333
October 31, 2019	Actual	141,354	21,203
November 30, 2019	Actual	144,120	21,618
December 31, 2019	Actual	146,706	22,006
January 31, 2020	Actual	148,127	22,219
February 29, 2020	Actual	150,164	22,525
March 31, 2020	Actual	150,984	22,648
April 30, 2020	Actual	151,976	22,796
May 31, 2020	Actual	151,863	22,779
June 30, 2020	Actual	153,263	22,989
July 31, 2020	Actual	157,599	23,640
August 31, 2020	Actual	161,017	24,153
July 2019 - June 30, 2020 Total		<u>\$ 1,737,715</u>	<u>\$ 260,657</u>
June 30, 2020 - Twelve Month Average		<u>\$ 144,810</u>	<u>\$ 21,721</u>
Rounded			<u>\$ 21,700</u>
September 2019 - August 2020 Total		<u>\$ 1,792,726</u>	<u>\$ 268,909</u>
Twelve Month Average		<u>\$ 149,394</u>	<u>\$ 22,409</u>
Rounded			<u>\$ 22,400</u>
Net Changes (Change No. 4)			<u>700</u>
Twelve Month Average June 30, 2021			<u>\$ 22,400</u>

Pike County Light And Power Company  
Statement in Support of Change No. (9)  
To Accumulated Deferred Income Taxes  
For the Twelve Months Ended June 30, 2021

Exhibit G-3  
Schedule 9

<u>Accumulated Deferred Income Taxes</u>	Balance <u>Accounts 282012 / 282082</u>
Balance at June 30, 2020	<u>\$ 147,400</u>
<u>Additions - July 1, 2020 thru June 30, 2021</u>	
Tax Depreciation - Normalized	227,214
Less: Book Depreciation	<u>109,905</u>
Net Schedule M Tax Deduction	117,309
x Effective SIT / FIT Tax Rate	<u>28.8921%</u>
Net Additions July 1, 2020 thru June 30, 2021	33,900
<u>Additions - July 1, 2021 thru December 31, 2021</u>	
Tax Depreciation - Normalized	113,607
Less: Book Depreciation	<u>61,400</u>
Net Schedule M Tax Deduction	52,207
x Effective SIT / FIT Tax Rate	<u>28.8921%</u>
Net Additions July 1, 2021 thru Dec. 31, 2021	<u>15,100</u>
<b>Net Additions (Change No. 7)</b>	<u><b>\$ 49,000</b></u>
Ending Balance at June 30, 2021	<u><u>\$ 196,400</u></u>

Pike County Light And Power Company  
Gas Capital Expenditures / Closed Outs to Plant  
For the Twelve Months Ended June 30, 2021  
\$000's

Exhibit G-3  
Schedule 10

<u>Gas Plant Account</u>	<u>FERC Account</u>	<u>Close Out To Plant In Service</u>	<u>Annual Spending</u>		<u>Total</u>
			<u>January 2020 - December 2020</u>	<u>January 2021 - December 2021</u>	
Pipe Replacement Program	376	Monthly	\$ 345	\$ 355	\$ 700
<b><u>Recurring Capital Budget Upgrades / Replacements</u></b>					
Mains	376	Monthly	\$ 50	\$ 53	\$ 103
JHA - Gas Main Engineering, Design, and Permitting Project	376	6/30/2021	30	200	230
Measuring and Regulating Station Equipment	378	Monthly	5	5	10
Services	380	Monthly	50	52	102
Meters	381	Monthly	30	30	60
House Regulators	383	Monthly	5	5	10
<b>Subtotal Recurring Upgrades / Replacements</b>			<b>\$ 170</b>	<b>\$ 145</b>	<b>\$ 160</b>
<b>Total Gas Distribution Plant</b>			<b>\$ 515</b>	<b>\$ 700</b>	<b>\$ 545</b>
<u>General Plant Account</u>					
Office Furniture	391	Monthly	\$ -	\$ -	\$ -
Computers / Printers	391	Monthly	53	55	108
Cayenta Work Management System	391	Monthly	100	103	203
Advanced Utility Systems Upgrade Version 4 with Mobile	391	Monthly	-	400	400
Meter Testing Software	391	12/31/2020	50	-	50
Tools, Shop and Garage Equipment	394	Monthly	12	12	24
<b>Total General Plant Construction Projects</b>			<b>\$ 215</b>	<b>\$ 570</b>	<b>\$ 785</b>

Pike County Light And Power Company  
Gas Plant Additions  
For the Twelve Months Ended June 30, 2021  
\$000's

Exhibit G-3  
Schedule 11

<u>Gas Plant Account</u>	<u>FERC Account</u>	<u>In Service Date</u>	<u>July 2020 through June 30, 2021</u>	<u>July 2021 through December 2021</u>	<u>Total</u>
<b><u>LTIP Program:</u></b>					
Pipe Replacement Program (LTIP)	376	Monthly	350	178	528
<b><u>Recurring Capital Budget Upgrades / Replacements</u></b>					
Mains	376	Monthly	52	27	\$ 78
JHA Gas Main Engineering, Design and Permitting Project	376	6/30/2021	230	-	230
Measuring and Regulating Station Equipment	378	Monthly	5	3	8
Services	380	Monthly	51	26	77
Meters	381	Monthly	30	15	45
House Regulators	383	Monthly	5	3	8
					-
Total Gas Plant Additions			<b>\$ 723</b>	<b>\$ 250</b>	<b>\$ 973</b>
Rounded			<b>\$ 700</b>	<b>\$ 250</b>	<b>\$ 950</b>
 <u>General Plant Account</u>					
Office Furniture	391	Monthly	\$ -	\$ -	\$ -
Computers / Printers	391	Monthly	54	27	81
Cayenta Work Management System	391	Monthly	102	52	153
Advanced Utility Systems Upgrade Version 4 with Mobile	391	Monthly	200	200	400
Meter Testing Software	391	12/31/2020	50	-	50
Tools, Shop and Garage Equipment	394	Monthly	12	6	18
Total General Plant Additions			<b>\$ 417</b>	<b>\$ 285</b>	<b>\$ 702</b>
Rounded			<b>\$ 400</b>	<b>\$ 300</b>	<b>\$ 700</b>

Pike County Light And Power Company  
Index of Schedules  
Gas Cost of Service

Exhibit G-4

<u>Schedule</u>	<u>Title of Schedule</u>	<u>Witness</u>
Summary	Gas Cost of Service	Accounting Panel
(1)	Changes in billed revenue to reflect forecast sales	Accounting Panel
(2)	Change to cost of purchased gas cost to match forecast recoveries	Accounting Panel
(3)	Changes in Operations and Maintenance Expenses to reflect increases in Wages and Salaries and Additional Employee Positions	Accounting Panel
(4)	Changes in Operations and Maintenance Expenses to reflect increases in Payroll Ancillary Costs	Accounting Panel
(5)	Changes in Operation and Maintenance Expenses to reflect amortization of rate case costs	Accounting Panel
(6)	Changes in Operation and Maintenance Expenses to reflect current Intercompany Rents	Accounting Panel
(7)	Change in Uncollectible Expense	Accounting Panel
(8)	Changes in Depreciation Expenses - Plant additions at existing & proposed rates, annual allowance for net salvage between the actual depreciation reserve	Accounting Panel
(9)	Changes in Taxes Other than income to reflect Changes in Payroll Tax, Gross Earnings Tax and STAS recoveries	Accounting Panel
(10)	Calculation of Income Tax Expense	Accounting Panel



Pike County Light And Power Company  
Gas Cost of Service  
For the Twelve Months Ended June 30, 2020  
and the Twelve Months Ended June 30, 2021

Exhibit G-4  
Summary  
Page 1 of 3

	12 mos. Ended June 30, 2020 (1)	Difference Between Historical and Future Years		Future Year		
		Reference (2)	Amount (3)	12 mos. Ended June 30, 2021 (4)=(1+3)	Proposed Rate Change (5)	As Adjusted for Add'l Revenue (6)
<b>Operating Revenues:</b>						
Sales of Gas - Base Rate Revenue	\$ 1,448,200	(1a)	191,500	\$ 1,639,700	\$ 262,200	\$ 1,901,900
Other Operating Revenues	2,500	(1b)	300	2,800	-	2,800
Total Operating Revenues	1,450,700		191,800	1,642,500	262,200	1,904,700
<b>Operating Expenses:</b>						
Purchased Gas Expense	853,200	(2)	36,600	889,800	-	889,800
Other Operation and Maintenance Expense	420,600	(3a)	7,000	500,100	4,000	504,100
		(3b)	16,400			
		(4)	10,800			
		(5)	5,600			
		(6)	700			
		(7)	39,000			
Depreciation & Amortization Expense	91,300	(8a)	33,700	125,000	-	125,000
		(8b)	-			
Taxes other than Income	10,200	(9)	9,000	19,200	-	19,200
Total Operating Expenses	1,375,300		158,800	1,534,100	4,000	1,538,100
Operating Income Before Income Taxes:	75,400		33,000	108,400	258,200	366,600
State Income Tax	-	(10)	1,200	1,200	25,800	27,000
Federal Income Tax	(100)	(10)	2,200	2,100	48,800	50,900
Operating Income after Taxes	\$ 75,500		\$ 29,600	\$ 105,100	\$ 183,600	\$ 288,700
Rate Base	\$ 3,183,500		\$ 888,400	\$ 4,071,900	\$ -	\$ 4,071,900
Rate of Return	2.37%			2.58%		7.09%

Pike County Light And Power Company  
Calculation of Gas Revenue Requirement  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Summary  
Page 2 of 3

	<u>Amount</u>
Rate Base at June 30, 2021	\$ 4,071,900
x Rate of Return at June 30, 2021	<u>7.09%</u>
Total Return Required	288,698
Total Earned Return (Per Exhibit G-4, Summary, Page 1 of 3)	<u>105,100</u>
Addition Return Required	183,598
Multiplied by Retention Factor*	<u>1.4282</u>
Total Revenue Requirement	<u><u>\$ 262,208</u></u>
 Rounded	 <u><u>\$ 262,200</u></u>

* <u>Retention Factor:</u>		
Additional Revenue	100.0000	\$ 262,200
Less: Revenue Taxes -- N/A	-	-
Less: Uncollectibles	<u>1.530</u>	<u>4,000</u>
	98.4700	258,200
Less: State Income Tax @ 9.99%	<u>9.8372</u>	<u>25,800</u>
	88.6328	232,400
Less: Federal Income Tax @ 21%	<u>18.6129</u>	<u>48,800</u>
Retention Factor	<u><u>70.020</u></u>	<u><u>\$ 183,600</u></u>
	 1.0000	
	<u>0.7002</u>	
	 <u><u>1.4282</u></u>	

Pike County Light And Power Company  
Changes in Gas Cost of Service  
For the Year Ended June 30, 2021

Exhibit G-4  
Summary  
Page 3 of 3

Adjustment Number	Description	Amount
(1a)	Changes In billed revenue to reflect forecast sales	\$ 191,500
(1b)	Change in Other Operating Revenues	300
(2)	Change to cost of purchased gas cost to match forecast recoveries	36,600
(3a)	Changes in Operations and Maintenance Expenses to reflect increases in Wages and Salaries	7,000
(3b)	Changes in Operations and Maintenance Expenses to reflect Additional Employee Positions	16,400
(4)	Changes in Operation and Maintenance Expense to Reflect Estimated Payroll Ancillary Costs -- Health Insurance, Workers Comp, 401K Match	10,800
(5)	Changes in Operation and Maintenance Expenses to reflect amortization of rate case costs	5,600
(6)	Changes in Operation and Maintenance Expense - Intercompany Administrative & Operating Charges	700
(7)	Change in Uncollectible Expense	39,000
(8a)	Changes in Depreciation Expense -- At Existing Rates	33,700
(8b)	Changes in Depreciation Expense - Annual allowance for Net Salvage / Amortization of Reserve Deficiency Case R-2008-2046520	-
(9)	Changes in Taxes Other than income to reflect Changes in Payroll Tax, Realty and Gross Earnings Tax	9,000
(10)	Calculation of Income Tax Expense - Per Books Test Year	
	Normalize Income tax for Out of Period Adjustments & Interest Synchronization	
	- State Income Tax Adjustments	1,200
	- Federal Income Tax Adjustments	2,200

Pike County Light And Power Company  
Statement in Support of Change No. (1a)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 1  
Page 1 of 2

Changes In billed and unbilled revenue to reflect forecast sales  
and revenues at current rates.

		<u>Rounded</u>
Revenues - Twelve Months Ended September 30, 2021 (a)		
Base Revenue	\$ 114,100	
Delivery Revenue	635,800	
Rider Revenue (GCR)	889,800	
Billed Revenues - Twelve Months Ended June 30, 2021 (a)	<u>\$ 1,639,700</u>	\$ 1,639,700
Base Revenue	\$ 112,818	
Delivery Revenue	601,342	
Rider Revenue (GCR)	734,008	
- Twelve Months Ended June 30, 2020 (b)	<u>\$ 1,448,169</u>	\$ 1,448,200
Net increase in Revenues	<u>\$ 191,531</u>	<u>\$ 191,500</u>
<u>Sales Volumes (CCF)</u>		
	<u>Customers</u>	<u>CCF's</u>
Forecast - 12 Months Ended 06/30/2021	1,248	1,453,701
Actual - 12 Months Ended 6/30/2020	1,237	1,372,711
Total Increase	<u>11</u>	<u>80,990</u>
% Increase	<u>0.9%</u>	<u>5.9%</u>

(a) See Exhibit G-5, Schedule 4

(b) See Exhibit G-4, Summary, Page 1 of 3

Pike County Light And Power Company  
Statement in Support of Change No. (1b)  
To Adjust For Other Operating Revenues  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 1  
Page 2 of 2

Other Operating Revenues	Twelve Months Ended		Net Change
	June 30, 2020	June 30, 2021	
Late Payment Charge-Electric	2,498	\$ 2,769	\$ 271
Total Other Electric Revenues	<u>2,498</u>	<u>2,769</u>	<u>271</u>
Change in Other Operating Revenues			<u>\$ 271</u>
<b>Rounded (Change 1b)</b>			<u><b>\$ 300</b></u>

Pike County Light And Power Company  
Statement in Support of Change No. (2)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2020 and June 30, 2021

Exhibit G-4  
Schedule 2

Change to cost of purchase gas to match cost of gas in revenues - Adjustment 1	Twelve Months Ended		Net Change
	6/30/2020	6/30/2021	
Purchased Gas Expense *	<u>\$ 853,230</u>	<u>\$ 889,800 *</u>	<u>\$ 36,570</u>
Net increase in Gas Costs			<u>\$ 36,570</u>
<b>Rounded - Change No. 2</b>			<b><u>\$ 36,600</u></b>

\* See G-4, Schedule 1 - Purchased Gas Costs match Gas Cost Recoveries

Pike County Light And Power Company  
Statement in Support of Change No. (3a)  
To Gas Operation and Maintenance Expense  
Wage and Salary Increases  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 3  
Page 1 of 2

Wage and Salary Increases		
- Pike Gas Payroll Expense for Twelve Months Ended June 30, 2020	\$ 145,792	
- Administrative Payroll allocated from Corning Gas Corporation	41,905	
- Total Electric Payroll Expense	<u>\$ 187,696</u>	
- Electric Payroll excluding October 2019 Wage Increase	<u>\$ 183,567</u>	
- Annualization of October 2019 Wage & Salary Increases (3% x 3 month / 12 months)		1,377
- Total Electric Payroll Expense (see above)	\$ 187,696	
- Plus annualization of October 2019 Wage Increases (3% x 3 month / 12 months)	<u>1,377</u>	
Annualized Test Year Wages	\$ 189,073	
- October 2020 Wage Increase (3%)		<u>5,672</u>
Wage & Salary Wage Increases		<u>\$ 7,049</u>
Rounded		<u>\$ 7,000</u>

Pike County Light And Power Company  
Statement in Support of Change No. (3b)

Exhibit G-4  
Schedule 3  
Page 2 of 2

Additional Employee Positions  
For the Twelve Months Ended June 30, 2021

<u>Material Management Position</u>	
Annual Salary for new position	\$ 205,000
Additional employee positions applicable to gas operation and maintenance expense	<u>8.0%</u>
Total Additional Employees Applicable to Pike Gas O&M Expense	<u>\$ 16,350</u>
Rounded Total	<u><u>\$ 16,400</u></u>

<u>Job Title Description</u>	<u>Estimated Hire Date</u>	<u>Estimated Salary</u>	<u>Cost Allocated To</u>	
			<u>Pike Gas O&amp;M</u>	<u>Gas Salary</u>
Pike - Materials & Facilities Management - Customer Service Rep.	Jan-21	\$ 60,000	20.0% (a)	\$ 12,000
CNG - Accounting Manager	Feb-21	95,000	3.0% (b)	2,850
CNG - Staff Accountant	Feb-21	<u>50,000</u>	<u>3.0% (b)</u>	<u>1,500</u>
		<u><u>\$ 205,000</u></u>	<u><u>8.0%</u></u>	<u><u>\$ 16,350</u></u>

(a) Allocated on ratio of electric customer / total customers (1,200 / 6,000)

(b) It is anticipated that 20% of the time for these employees would be allocated to Pike. Electric and gas split 85/15 (20% x 15% = 3%)



Pike County Light And Power Company  
Statement in Support of Change No. (4a)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 4

Change in Operation and Maintenance Expenses to Reflect the estimated  
increase in Payroll Ancillary Costs (Health Insurance & Workers Compensation)

Pike Wage Increase and Annualization	\$	7,000	
Salary and wages for additional employee(s)		<u>16,350</u>	
Total increase in wages	\$	<u>23,350</u>	
 x Test Year 401K Pension Match Rate	5.52%	\$	1,290
 x Test Year Health & Life Insurance Rate	38.27%		8,937
 s Test Year Workers Compensation Rate	2.26%		<u>527</u>
  Total Benefit Costs		\$	<u>10,754</u>
 Rounded Total		\$	<u><u>10,800</u></u>

Pike County Light And Power Company  
Statement in Support of Change No. (5)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 5

Amortization of Estimated Outside Rate Case Expense

Estimated New Rate Case Legal Fees & Expenses	\$ 150,000
2013 Percent Applicable to Gas	<u>15%</u>
Estimated New Rate Case Legal Fees & Expenses applicable to Gas	22,500
/ Amortization Period - Years	<u>4</u>
Annual Rate Case Expense	<u>\$ 5,625</u>
Rounded	<u>\$ 5,600</u>

Pike County Light And Power Company  
Statement in Support of Change No. (6)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 6

<u>Intercompany Administrative &amp; Operating Charges</u>	
Intercompany allocations (excl. Payroll, Benefits, & Workers' Comp.) charged to O&M Expense for the Twelve Months Ended June 30, 2020	\$ 72,623
x CPI General Inflation Factor	<u>1.00%</u>
Net Change in Intercompany Expense	<u>\$ 726</u>
Rounded Total	<u><u>\$ 700</u></u>

Pike County Light And Power Company  
Statement in Support of Change No. (7)  
To Gas Operation and Maintenance Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 7

Uncollectible Accounts Expense	
Operating Revenues Before Rate Change -- Twelve Months Ending June 30, 2021	\$ 1,639,700
Uncollectible write-offs / revenues -- Twelve Months Ending June 30, 2020	1.53%
	<u>\$ 25,087</u>
Less: Uncollectible Expense reflected in Operation And Maintenance Expense for the Twelve Months Ending June 30, 2020. FERC 9040	<u>(13,950)</u>
Net Change in Uncollectable Expense	<u>\$ 39,037</u>
Rounded Total	<u><u>\$ 39,000</u></u>

Pike County Light And Power Company  
Statement in Support of Change No. (8a)  
To Depreciation Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 8  
Page 1 of 4

	Amount			
	Gas Dist. Plant	Common Gen'l Plant Allocated	Total Gas	Adjustment
<u>Gas Plant in Service</u>				
June 30, 2020 Plant In Service Balance	3,001,661	293,575	3,295,236	
Less: Non-Depreciable Plant Per Exhibit G-4, Page 3 of 4	-	(46,650)	(46,650)	
Depreciable Plant at June 30, 2020	<u>3,001,661</u>	<u>246,925</u>	<u>3,248,586</u>	
<u>Additions - July 1, 2020 thru June 30, 2021</u>				
Distribution - Completed CWIP at 6/30/2020	87,668	15,763	103,431	
Distribution / General Additions Plant	700,000	60,000	760,000	
<u>Additions - July 1, 2021 thru December 31, 2021</u>				
Distribution / General Additions	250,000	45,000	295,000	
Total Additions	<u>1,037,668</u>	<u>120,763</u>	<u>1,158,431</u>	
<u>Retirements - July 1, 2020 thru June 30, 2021</u>				
Distribution / General Plant	(55,800)	(1,500)	(57,300)	
<u>Retirements - July 1, 2021 thru December 31, 2021</u>				
Distribution / General Plant	(27,900)	(45,000)	(72,900)	
Total Retirements	<u>(83,700)</u>	<u>(46,500)</u>	<u>(130,200)</u>	
<u>Gas Depreciable Plant at June 30, 2021</u>	3,955,629	321,187	4,276,817	
x Existing Composite Book Depreciation Rate	<u>2.023%</u>	<u>14.013%</u>	<u>2.923%</u>	
<u>Calculated Accruals to Depreciation Reserves</u>				
For The Twelve Months Ended June 30, 2021	<b>80,022</b>	<b>45,008</b>	<b>125,030</b>	
Less: 12 Months Ending June 30, 2203 (See G-4, Summary)	<u>56,286</u>	<u>35,023</u>	<u>91,309</u>	
Increase In Depreciation Expense	<u>23,737</u>	<u>9,985</u>		<b>\$ 33,722</b>
Rounded Change (8)				<b>\$ 33,700</b>

<u>Depreciation Reserve Calculation</u>			
	Gas	100% Common	Gas Common
June 30, 2020 Plant	\$ 3,089,329	\$ 1,751,248	\$ 262,687
Plus 50% of Additions / Retirements 7/20 - 6/21	322,100	195,000	29,250
Depreciable Plant	\$ 3,411,429	\$ 1,946,248	\$ 291,937
x Composite Depreciation Rate	2.023%	14.013%	14.013%
July 1 2020 - June 30, 2021 Depreciation Accrual	<u>\$ 69,013</u>	<u>\$ 272,728</u>	<u>\$ 40,909</u>
Rounded	<u>\$ 69,000</u>	<u>\$ 272,700</u>	<u>\$ 40,900</u>
June 30, 2020 Plant	\$ 3,089,329	\$ 1,751,248	\$ 262,687
Plus 100% of Additions / Retirements 7/20 - 6/21	644,200	390,000	58,500
50% of Additions / Retirements 7/21 - 12/21	111,050	-	-
Depreciable Plant	\$ 3,844,579	\$ 2,141,248	\$ 321,187
x Composite Depreciation Rate	2.023%	14.013%	14.013%
July 1 2021 - June 30, 2022 Depreciation Accrual	<u>\$ 77,776</u>	<u>\$ 300,053</u>	<u>\$ 45,008</u>
50%	50%	50%	50%
July 1 2021 - December 31, 2021 Depreciation Accrual	<u>\$ 38,888</u>	<u>\$ 150,027</u>	<u>\$ 22,504</u>
Rounded	<u>\$ 38,900</u>	<u>\$ 150,000</u>	<u>\$ 22,500</u>

Pike County Light And Power  
Statement in Support of Change No. (12a)  
To Depreciation Expense  
Calculation of Electric Composite Book Depreciation Rate  
For the Twelve Months Ended June 30, 2021

Gas- Distribution	June 30, 2020 Plant Balance	Average Service Life	Annual Rate	COR & Salvage Adj.	Annual Accrual with Salvage	COMPOSITE RATES	
						Annual	Monthly
PK - G- 374000 - LAND-EASEMENTS	715.00	60	1.67%	-	11.94	1.67%	0.139%
PK - G- 376000 - MAINS	1,794,703.04	70	1.43%	973.00	26,637.25	1.48%	0.124%
PK - G- 378000 - MEAS AND REGULA EQ	101,978.18	30	3.33%	-	3,395.87	3.33%	0.278%
PK - G- 380000 - SERVICES	753,793.70	65	1.54%	5,157.00	16,765.42	2.22%	0.185%
PK - G- 381000 - METERS	69,921.10	30	3.33%	(240.00)	2,088.37	2.99%	0.249%
PK - G- 382000 - METER INSTALLS	150,361.87	40	2.50%	(8.00)	3,751.05	2.49%	0.208%
PK - G- 382400 - METER BARS	61,884.13	40	2.50%	-	1,547.10	2.50%	0.208%
PK - G- 384000 - HOUSE REG INSTALLS	9,180.00	40	2.50%	-	229.50	2.50%	0.208%
PK - G- 385000 - INDUST MEAS/REG EQ	32,210.00	35	2.86%	-	921.21	2.86%	0.238%
<b>Gas distribution Total</b>	<b>2,974,747.02</b>			<b>5,882.00</b>	<b>55,347.72</b>		
<b>Depreciable Gas distribution Total</b>	<b>2,974,747.02</b>			<b>5,882.00</b>	<b>55,347.72</b>	<b>1.86%</b>	<b>0.155%</b>
<b>Gas- General Plant Total</b>							
PK - E- 394001 - TOOLS & EQUIPMENT	26,913.91	5	20.00%	-	5,382.78	20.00%	1.667%
<b>Gas- General Plant Total</b>	<b>26,913.91</b>			-	<b>5,382.78</b>		
<b>Depreciable Gas- General Plant Total</b>	<b>26,913.91</b>			-	<b>5,382.78</b>	<b>20.00%</b>	<b>1.667%</b>
<b>Total Gas</b>	<b>3,001,660.93</b>			<b>5,882.00</b>	<b>60,730.50</b>		
<b>Total Depreciable Gas</b>	<b>3,001,660.93</b>			<b>5,882.00</b>	<b>60,730.50</b>	<b>2.023%</b>	<b>0.169%</b>

Pike County Light And Power  
Statement in Support of Change No. (8a)  
To Depreciation Expense  
Calculation of Common Plant Composite Book Depreciation Rate  
For the Twelve Months Ended June 30, 2021

Account	Common General Plant	June 30, 2020 Plant Balance	Average Service Life	Annual Rate	COR & Salvage Adj.	Annual Accrual with Salvage	COMPOSITE RATES	
							Annual	Monthly
303000	Intangible Asset - Trade Name (a)	311,000.00		(a)		-	-	-
391101	Office Furniture & Equipment	15,846.20	5	20.00%	-	3,169.24	20.00%	1.667%
391115	Office Furniture & Equipment	115,250.07	5	20.00%	-	23,050.01	20.00%	1.667%
391215	Office Furniture & Equipment - Miscellaneous	78,998.46	5	20.00%	-	15,799.69	20.00%	1.667%
391315	Office Furniture & Equipment - Computers	985,593.50	10	10.00%	-	98,559.35	10.00%	0.833%
392015	Transportation	214,416.03	5	20.00%	-	42,883.21	20.00%	1.667%
397101	Communication Equipment - Telephone	144,620.00	5	20.00%	-	28,924.00	20.00%	1.667%
398901	Miscellaneous Equipment	91,439.96	5	20.00%	-	18,287.99	20.00%	1.667%
<b>Common General Total</b>		<b>1,957,164.22</b>				<b>230,673.49</b>		
<b>Common Depreciable General Total (excl 303000)</b>		<b>1,646,164.22</b>				<b>230,673.49</b>	<b>14.013%</b>	<b>1.168%</b>
<b>Total Electric Common</b>		<b>1,663,589.59</b>				<b>196,072.47</b>		
<b>Total Electric Depreciable Common</b>		<b>1,399,239.59</b>				<b>196,072.47</b>	<b>14.013%</b>	<b>1.168%</b>
<b>Total Gas Common</b>		<b>293,574.63</b>				<b>34,601.02</b>		
<b>Total Gas Depreciable Common</b>		<b>246,924.63</b>				<b>34,601.02</b>	<b>14.013%</b>	<b>1.168%</b>

(a) This asset is being amortized over 15 years. The annual depreciation expense of \$20,733 is charged below the line to FERC account 425.

Pike County Light And Power Company  
Statement in Support of Change No. (8b)  
To Depreciation Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 8  
Page 4 of 4

Gas Plant	Proposed Annual Net Salvage	Current Net Salvage Allowed	Net Change In Expense
376000 MAINS	\$ 973	\$ 973	\$ -
378000 MEASURING AND REGULATING EQUIPMENT	-	-	-
380000 SERVICES	5,157	5,157	-
381000 GAS METER PURCHASES	(240)	(240)	-
382000 GAS METER INSTALLS	(8)	(8)	-
382400 GAS METER BAR	-	-	-
384000 HOUSE REGULATOR INSTALLATIONS	-	-	-
385000 INDUSTRIAL MEAS & REG EQUIPMENT	-	-	-
Total	\$ 5,882	\$ 5,882	\$ -
40 Year Amortization of Reserve Deficiency - Case R-2008-2046520 through March 2049	(900)	(900)	-
Total Adjustment	<u>\$ 4,982</u>	<u>\$ 4,982</u>	<u>\$ -</u>
Rounded			<u><u>\$ -</u></u>



Pike County Light And Power Company  
Statement in Support of Change No. (9)  
To Other Tax Expense  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 9  
Page 1 of 2

<u>Changes in Taxes Other</u>	<u>Actual 6/30/2020 (1)</u>	<u>Future Year 6/30/2021 (2)</u>	<u>Changes (3)</u>
Payroll Taxes (FICA / Medicare)	\$ 7,133	\$ 16,149 *	\$ 9,015
Property Taxes	3,093	3,105	11
State and Local Taxes	-	-	-
	<u>\$ 10,227</u>	<u>\$ 19,253</u>	<u>\$ 9,027</u>
Rounded			<u><u>\$ 9,000</u></u>

\* See Exhibit G-4, Schedule 9, page 2

Pike County Light And Power Company  
Statement in Support of Change No. (9)  
To Taxes Other than Income  
For the Twelve Months Ended September 30, 2014

Exhibit G-4  
Schedule 9  
Page 2 of 2

Change in Taxes Other Than Income to reflect the estimated increase  
in Payroll Taxes (FICA, Medicare, and Unemployment):

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Pike Payroll	\$ 145,792
A&G Payroll allocated from Corning	41,905
Wage Increase and Annualization	7,049
Salary and wages for additional employees	16,350
Total increase in wages	<u>\$ 211,095</u>
 FICA / Medicare Rate	 <u>7.65%</u>
 Total Payroll Taxes	 <u><u>\$ 16,149</u></u>
 Rounded Total	 <u><u>\$ 16,100</u></u>

Pike County Light And Power Company  
Adjustment No. (10)  
Calculation of Gas State Income Taxes  
For The Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 10  
Page 1 of 3

	Per Books 12 Months Ended 6/30/2020	Income Tax Normalizing Adjustments	12 Months Ended 6/30/2020 (1)	Income Adjustments (2)	12 Months Ended 6/30/2021 (3) = (1) + (2)	Proposed Rate Change (4)	As Adjusted For Additional Revenue (5) = (3) + (4)
Operating Income Before Income Taxes	75,400	-	\$ 75,400	\$ 33,000	\$ 108,400	\$ 262,200	\$ 370,600
Less Interest Expense (incl amort of debt exp)	104,107	(28,340)	75,767	21,144	96,911	-	96,911
Other Income & Deductions (incl Donations)	3,915	(3,915)	-	-	-	-	-
Book Income Before FIT	<u>(32,622)</u>	<u>32,255</u>	<u>(367)</u>	<u>11,856</u>	<u>11,489</u>	<u>262,200</u>	<u>273,689</u>
<b>Section I - Permanent Items:</b>							
Add: Negative Provision for Uncollectibles	13,950	(13,950)	-	-	-	-	-
Less: Uncollectable Write-Offs (not in O&M)	-	-	-	-	-	4,000	4,000
Total	<u>13,950</u>	<u>(13,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Pretax Income	(46,572)	46,205	(367)	11,856	11,489	258,200	269,689
<b>Section II - Normalized Items:</b>							
Add: Additional Taxable Income and Unallowable Deductions:							
Book Depreciation	91,300	-	91,300	33,700	125,000	-	125,000
Amortization of Rate Case Expenditures	-	-	-	5,600	5,600	-	5,600
Recovery of Prior Deferred Purchased Gas Cost	208,807	-	208,807	(208,807)	-	-	-
Total	<u>300,107</u>	<u>-</u>	<u>300,107</u>	<u>(169,507)</u>	<u>130,600</u>	<u>-</u>	<u>130,600</u>
Deduct: Non-Taxable Income and Allowable Deductions							
Tax Depreciation	227,125	-	227,125	-	227,125	-	227,125
Rate Case Expenditures	-	-	-	22,500	22,500	-	22,500
Deferral of Def. Purchased Gas Costs	312,519	-	312,519	(312,519)	-	-	-
Total	<u>539,643</u>	<u>-</u>	<u>539,643</u>	<u>(290,019)</u>	<u>249,625</u>	<u>-</u>	<u>249,625</u>
Federal NOL	-	-	-	-	-	-	-
Taxable Income	(286,109)	46,205	(239,904)	132,368	(107,536)	258,200	150,664
State Tax Adjustments	98,608	(98,608)	-	-	-	-	-
Adjusted Taxable Income	<u>(187,501)</u>	<u>(52,403)</u>	<u>(239,904)</u>	<u>132,368</u>	<u>(107,536)</u>	<u>258,200</u>	<u>150,664</u>
x State Income Tax @ 9.99%	9.99%	9.99%	9.99%	9.99%	9.99%	9.99%	9.99%
Current Tax Provision	(18,731)	(5,235)	(23,966)	13,224	(10,743)	25,800	15,057
Deferred Income Tax Dr.- Account 410	53,910	-	53,910	(28,973)	24,938	-	24,938
Deferred Income Tax Cr.- Account 411	<u>(29,981)</u>	<u>-</u>	<u>(29,981)</u>	<u>16,934</u>	<u>(13,047)</u>	<u>-</u>	<u>(13,047)</u>
	<u>5,198</u>	<u>(5,235)</u>	<u>(37)</u>	<u>1,184</u>	<u>1,148</u>	<u>25,800</u>	<u>26,948</u>
Rounded	<u>\$ 5,200</u>	<u>\$ (5,200)</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 1,100</u>	<u>\$ 25,800</u>	<u>\$ 26,900</u>

Pike County Light And Power Company  
Adjustment No. (10)  
Calculation of Gas Income Taxes  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 10  
Page 2 of 3

	Per Books 12 Months Ended 6/30/2020	Adjustments	12 Months Ended 6/30/2020 (1)	Proposed Rate Change (2)	12 Months Ended 6/30/2021 (3) = (1) + (2)	Proposed Rate Change (4)	As Adjusted For Additional Revenue (5) = (3) + (4)
State Taxable Income (G-4, Sched 10, Pg 1)	\$ (187,501)	\$ (52,403)	\$ (239,904)	\$ 132,368	\$ (107,536)	\$ 258,200	\$ 150,664
Less: State Income Tax	(5,198)	5,235	37	(1,184)	(1,148)	(25,800)	(26,948)
Federal Tax Adjustments	32,789	(32,789)	-	-	-	-	-
Adjusted Taxable Income	(159,910)	(79,957)	(239,867)	131,184	(108,684)	232,400	123,716
* Federal Income Tax Rate	21%	21%	21%	21%	21%	21%	21%
Current Federal Income Tax	\$ (33,581)	\$ (16,791)	\$ (50,372)	\$ 27,549	\$ (22,824)	\$ 48,800	\$ 25,980
<u>Deferred Federal Income Tax Applicable To:</u>							
Book Depreciation	(19,173)	-	(19,173)	(7,077)	(26,250)	-	(26,250)
Amortization of Rate Case Expenditures	-	-	-	(1,176)	(1,176)	-	(1,176)
Recovery of Prior Deferred Purchased Gas Cost	(43,849)	-	(43,849)	43,849	(0)	-	(0)
Tax Depreciation	47,696	-	47,696	-	47,696	-	47,696
Rate Case Expenditures	-	-	-	4,725	4,725	-	4,725
Deferral of Def. Purchased Gas Costs	65,629	-	65,629	(65,629)	(0)	-	(0)
Total	69,476	-	69,476	(17,055)	52,421	-	52,421
<u>Summary of Federal Income Taxes:</u>							
Current Federal Income Tax - 409	(33,581)	(16,791)	(50,372)	27,549	(22,824)	48,800	25,976
Deferred Federal Income Tax Dr - 410	113,325	-	113,325	(60,904)	52,421	-	52,421
Deferred Federal Income Tax Dr - 411	(63,022)	-	(63,022)	35,596	(27,426)	-	(27,426)
Deferred FIT Adjustments	-	-	-	-	-	-	-
Total	\$ 16,722	\$ (16,791)	\$ (69)	\$ 2,241	\$ 2,172	\$ 48,800	\$ 50,972
Rounded	\$ 16,700	\$ (16,800)	\$ (100)	\$ 2,200	\$ 2,200	\$ 48,800	\$ 51,000

Pike County Light And Power Company  
Adjustment No. (10)  
Calculation of Gas Income Taxes  
For the Twelve Months Ended June 30, 2021

Exhibit G-4  
Schedule 10  
Page 3 of 3

	Per Books 12 Months Ended 6/30/2020	Adjustments	12 Months Ended 6/30/2020 (1)	Proposed Rate Change (2)	As Adjusted For Additional Revenue (3) = (1) + (2)
Rate Base	\$ 3,183,500	\$ -	\$ 3,183,500	\$ 888,400	\$ 4,071,900
Interest Component of Capitalization	3.27%	-0.89%	2.38%	2.38%	2.38%
Interest Expense	<u>\$ 104,107</u>	<u>\$ (28,340)</u>	<u>\$ 75,767</u>	<u>\$ 21,144</u>	<u>\$ 96,911</u>
Rounded	<u>\$ 104,100</u>	<u>\$ (28,300)</u>	<u>\$ 75,800</u>	<u>\$ 21,100</u>	<u>\$ 96,900</u>

This adjustment is related to State and Federal Income Taxes

Pike County Light And Power Company  
Index of Schedules  
Gas Sales and Revenues

Exhibit G-5

<u>Schedule</u>	<u>Title of Schedule</u>	<u>Witness</u>
(1)	Historic Gas Sales by Service Classification	Accounting Panel
(2)	Future Gas Sales by Service Classification	Accounting Panel
(3)	Historic Gas Revenue by Service Classification	Accounting Panel
(4)	Future Gas Revenue by Service Classification	Accounting Panel
(5)	Forecasted Delivery Volumes (CCF)	Accounting Panel
(6)	Forecasted Gas Total Sales Revenues	Accounting Panel

**PIKE COUNTY LIGHT AND POWER COMPANY**

**Gas Sales (CCF)  
For the 12 Months Ended June 30, 2020**

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b><u>Billed Sales</u></b>													
SC1	18,919	18,198	19,850	48,798	104,915	188,578	179,850	154,516	123,015	97,201	59,993	22,470	1,036,303
SC2	<u>14,999</u>	<u>16,563</u>	<u>14,867</u>	<u>18,702</u>	<u>29,609</u>	<u>53,017</u>	<u>54,192</u>	<u>42,047</u>	<u>35,863</u>	<u>26,405</u>	<u>18,877</u>	<u>11,267</u>	<u>336,408</u>
Total	33,918	34,761	34,717	67,500	134,524	241,595	234,042	196,563	158,878	123,606	78,870	33,737	1,372,711

**PIKE COUNTY LIGHT AND POWER COMPANY**

**Gas Sales (CCF)  
For the Future Test Year Ended June 30, 2021**

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b><u>Billed Sales</u></b>													
SC1	20,047	19,283	21,034	51,708	111,171	199,823	190,574	163,730	130,350	102,997	63,570	23,810	1,098,097
SC2	<u>15,855</u>	<u>17,508</u>	<u>15,715</u>	<u>19,769</u>	<u>31,299</u>	<u>56,042</u>	<u>57,284</u>	<u>44,446</u>	<u>37,909</u>	<u>27,912</u>	<u>19,954</u>	<u>11,910</u>	<u>355,604</u>
Total	35,902	36,791	36,749	71,477	142,470	255,865	247,859	208,176	168,260	130,909	83,524	35,720	1,453,701



**PIKE COUNTY LIGHT AND POWER COMPANY**

**Gas Revenues (\$)  
For the 12 Months Ended June 30, 2020**

		<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b><u>Billed Revenue</u></b>														
SC1	\$	29,806	\$ 28,994	\$ 30,817	\$ 63,548	\$ 107,889	\$ 188,366	\$ 179,999	\$ 159,384	\$ 128,704	\$ 113,529	\$ 73,512	\$ 32,898	\$ 1,137,446
SC2		<u>15,763</u>	<u>17,260</u>	<u>15,659</u>	<u>19,537</u>	<u>25,653</u>	<u>44,908</u>	<u>45,744</u>	<u>37,267</u>	<u>31,700</u>	<u>26,361</u>	<u>19,178</u>	<u>11,691</u>	<u>310,722</u>
Total	\$	<u>45,569</u>	<u>46,254</u>	<u>46,476</u>	<u>83,085</u>	<u>133,543</u>	<u>233,274</u>	<u>225,743</u>	<u>196,651</u>	<u>160,405</u>	<u>139,889</u>	<u>92,690</u>	<u>44,589</u>	<u>1,448,169</u>

**PIKE COUNTY LIGHT AND POWER COMPANY**

**Gas Revenues (\$)  
For the Future Test Year Ended June 30, 2021**

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
<b><u>Rate Revenue</u></b>													
SC1	\$ 16,171	\$ 15,730	\$ 16,719	\$ 34,477	\$ 58,533	\$ 102,194	\$ 97,655	\$ 86,471	\$ 69,826	\$ 61,593	\$ 39,883	\$ 17,848	\$ 617,100
SC2	<u>6,737</u>	<u>7,377</u>	<u>6,693</u>	<u>8,350</u>	<u>10,964</u>	<u>19,193</u>	<u>19,551</u>	<u>15,928</u>	<u>13,548</u>	<u>11,266</u>	<u>8,197</u>	<u>4,996</u>	<u>132,800</u>
Subtotal	22,908	23,107	23,412	42,827	69,497	121,388	117,206	102,399	83,375	72,859	48,079	22,845	749,900
<b><u>STAS Revenue</u></b>													
SC1	-	-	-	-	-	-	-	-	-	-	-	-	-
SC2	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
<b><u>GCR Revenue</u></b>													
SC1	17,612	17,132	18,209	37,549	63,750	111,303	106,359	94,178	76,049	67,082	43,437	19,439	672,100
SC2	<u>11,044</u>	<u>12,093</u>	<u>10,971</u>	<u>13,688</u>	<u>17,973</u>	<u>31,464</u>	<u>32,049</u>	<u>26,111</u>	<u>22,210</u>	<u>18,469</u>	<u>13,437</u>	<u>8,191</u>	<u>217,700</u>
Subtotal	28,656	29,225	29,180	51,238	81,724	142,767	138,408	120,288	98,260	85,551	56,874	27,630	889,800
<b><u>Total Billed Revenue</u></b>													
SC1	33,783	32,862	34,928	72,026	122,284	213,497	204,014	180,648	145,876	128,675	83,320	37,287	1,289,200
SC2	<u>17,781</u>	<u>19,470</u>	<u>17,664</u>	<u>22,038</u>	<u>28,937</u>	<u>50,657</u>	<u>51,600</u>	<u>42,038</u>	<u>35,759</u>	<u>29,735</u>	<u>21,633</u>	<u>13,187</u>	<u>350,500</u>
Total	<u>\$ 51,564</u>	<u>\$ 52,332</u>	<u>\$ 52,592</u>	<u>\$ 94,064</u>	<u>\$ 151,221</u>	<u>\$ 264,154</u>	<u>\$ 255,614</u>	<u>\$ 222,687</u>	<u>\$ 181,634</u>	<u>\$ 158,411</u>	<u>\$ 104,953</u>	<u>\$ 50,475</u>	<u>\$ 1,639,700</u>

**PIKE COUNTY LIGHT & POWER COMPANY**  
**Gas Sales (CCF)**  
**For the Twelve Months Ended June 30, 2021**

EXHIBIT G-5  
Schedule 5

Column No.		1	2	3
Line No.	Description	SC 1 Residential	SC 2 Commercial	Total Billed
1	Actual billed delivery volumes 12 months ended June 30, 2020	1,036,303	336,408	1,372,711
2	Weather Normalizatoin Adjustment	54,305	13,238	67,543
3	Weather Normalized delivery volumes 12 months ended June 30, 2020	1,090,608	349,646	1,440,254
2	Sales Growth	-	6,914	6,914
3	Forecast Increase in Customers	10,468	-	10,468
4	Leap Year Adjustment (Row 1 / 366)	(2,980)	(955)	(3,935)
5	<b>Forecasted Delivery Volumes 12 months ended June 30, 2021</b>	<b>1,098,097</b>	<b>355,604</b>	<b>1,453,701</b>

**PIKE COUNTY LIGHT & POWER COMPANY**  
**Forecasted Gas Total Sales Revenue**  
**For the Twelve Months Ending June 30, 2021**

**EXHIBIT G-5**  
**Schedule 6**

Column No.		1	2	3	4	5	6
Line No.	Service Classification	Gas Delivery Volumes CCF	Gas Customers	Base Revenue (\$000)	Delivery Revenue (\$000)	Rider Revenue (\$000)	Total Sales Revenue (\$000)
<b><u>Billed Delivery</u></b>							
1	SC 1 - Residential	1,098,097	1,168	\$ 105,100	\$ 512,000	\$ 672,100	\$ 1,289,200
2	SC 2 - Commercial	355,604	80	9,000	123,800	217,700	350,500
<b>Total Billed Delivery</b>		<b>1,453,701</b>	<b>1,248</b>	<b>\$ 114,100</b>	<b>\$ 635,800</b>	<b>\$ 889,800</b>	<b>\$ 1,639,700</b>

# PIKE COUNTY LIGHT & POWER COMPANY

## LIST OF EXHIBITS

### **EXHIBIT G-6** Gas Embedded Cost of Service

<u>Exhibit G-6 Schedules</u>	<u>Description</u>
GRP-1-G	Qualifications of the Gas Rate Panel
GRP-2-G	Gas Embedded Cost of Service Summary Results – Existing Rate of Return, Based on 12 Months Ended 06/30/2020 (Exhibit G-6, Summary)
GRP-3-G	Summary of Gas Revenue Requirements at Existing Rate of Return, Equalized Rate of Return, and at Proposed Revenue Levels.
GRP-4-G	Gas Embedded Cost of Service Detailed Results Based on 12 Months Ended 06/30/2020 (Exhibit G-6, Detail)
GRP-5-G	Gas Embedded Class Cost of Service – Unbundled Summary of Results – Existing Rate of Return, Based on 12 Months Ended 06/30/2020 – Proposed Equalized ROR, Based on 12 Months Ended 6/30/2021
GRP-6-G	Description of Gas Allocation Factors

### **EXHIBIT G-7** Gas Embedded Cost of Service Summary Results – Proposed at Equalized ROR, Based on 12 Months Ended 06/30/2021

### **EXHIBIT G-8** Gas Rate Design and Bill Impact Analysis



# **Schedule GRP-1-G**

## **Qualifications of Paul M. Normand and Debbie L. Gajewski**



**Qualification of Paul M. Normand**

**Q. Mr. Normand, what is your present position?**

A. I am a principal in the consulting firm of Management Applications Consulting, Inc. (MAC). This Company provides consulting services to the utility industry in such fields as loss studies, econometric studies, cost analyses, rate design, expert testimony, and regulatory assistance. The Company is located in Reading, Pennsylvania.

**Q. What is your educational background?**

A. I graduated from Northeastern University in 1975, with a Bachelor of Science Degree and a Master of Science Degree in Electrical Engineering-Power System Analysis. I have attended various conferences and meetings concerning engineering and cost analysis.

**Q. What is your professional background?**

A. I was employed by the Massachusetts Electric Company in the Distribution Engineering Department while attending Northeastern University. My principal areas of assignment included new service, voltage conversions, and system planning. Upon graduation from Northeastern University, I joined Westinghouse Electric Corporation Nuclear Division in Pittsburgh, Pennsylvania. In that position, I assisted in the procurement and economic analysis of electrical/electronic control equipment for the nuclear reactor system.

In 1976, I joined Gilbert Associates as an Engineer providing consulting services in the rate and regulatory area to utility companies. I was promoted to Senior Engineer in 1977, Manager of the Austin office 1980, and Director of Rate Regulatory Service in 1981.

In June, 1983, I left Gilbert to form a separate consulting firm and I am now a principal and President of Management Applications Consulting, Inc. My principal areas of concentration have been in loss studies, economic analyses, and pricing.



1 **Q. Have you testified in support of any cost studies that you participated in or**  
2 **performed?**

3 A. Yes, I have testified about such studies before the following regulatory agencies: the  
4 Maine Public Utility Commission, the Public Utility Commission of Texas, Illinois  
5 Commerce Commission, New Hampshire Public Utilities Commission, New Jersey  
6 Board of Public Utilities, New York Public Service Commission, Pennsylvania Public  
7 Utility Commission, the Massachusetts Department of Public Utilities, the Kentucky  
8 Public Service Commission, the Arkansas Public Service Commission, the Public Service  
9 Commission of Louisiana, the Public Utilities Commission of Ohio, the Public Service  
10 Commission of Missouri, the Delaware Public Service Commission, the Maryland Public  
11 Service Commission, the Indiana Utility Regulatory Commission, the North Carolina  
12 Utilities Commission and the Federal Energy Regulatory Commission.

13 **Q. Could you please briefly discuss your technical experience?**

14 A. I have performed numerous embedded and marginal cost of service studies, time  
15 differentiated bundled and fully unbundled cost studies for both electric and gas utilities  
16 since 1980. I have also used such studies in the design and presentation of detailed rate  
17 proposals before regulatory agencies.

18 My additional experience has been in the area of unaccounted for loss evaluations for  
19 electric and gas utilities for over thirty years. These studies include a detailed review of  
20 each system and the calculation of appropriate recovery factors.





**Qualifications of Debbie L. Gajewski**

**Q. Ms. Gajewski, what is your present position?**

A. I am a Managing Consultant in the consulting firm of Management Applications Consulting, Inc. ("MAC"), 1103 Rocky Drive – Suite 201, Reading, Pennsylvania 19609. This Company provides consulting services to the utility industries provide services in the fields of utility rate and regulatory analysis.

**Q. What is your educational background?**

A. I received a Bachelor of Science degree in Business Administration from Albright College in 1983. I was enrolled in the Ashford University M.B.A. program in 2009 and completed one year.

**Q. What is your professional background?**

A. I began as a technical assistant in the Cost and Load Analysis Department of Gilbert Associates in 1980. I was promoted to the position of Management Consultant in 1982. I joined Management Applications Consulting in 1985 as a Consultant and I became a Managing Consultant in 1997. During this time I have been involved with the preparation and presentation of embedded and marginal cost of service studies for both gas and electric utilities.

I have reviewed cost of service and revenue requirement data for over 100 applications on behalf of both investor owned and municipal utilities. In addition to cost of service studies, I have performed rate tariff and pricing, econometric and forecasting analyses, allocation factor development, and other gas and energy related matters. My experience includes gathering, processing, and analyzing engineering, operating, and accounting data necessary for these studies as well as cost of service model development and training.

**Q. Have you presented testimony in support of any cost studies that you participated in or performed?**



- 1     A.     Yes, I have presented testimony about these studies before the following regulatory agencies:
- 2             Massachusetts Department of Public Utilities, Maine Public Utilities Commission, Public
- 3             Service Commission of Maryland, and the Railroad Commission of Texas.



Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
SUM	1	<b>SUMMARY AT PRESENT RATES</b>									
SUM	2										
SUM	3	<b>DEVELOPMENT OF RETURN</b>									
SUM	4										
SUM	5	<b>OPERATING REVENUE</b>									
SUM	6	Sales of Gas Revenue - Base	SCH REV, LN 4	714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
SUM	7	Other Operating Revenue	SCH REV, LN 12	2,500	1,987	513	1,951	27	9	123	390
SUM	8	<b>TOTAL OPERATING REVENUE</b>		717,251	589,382	127,868	569,077	17,776	2,529	64,834	63,035
SUM	9										
SUM	10	<b>OPERATING EXPENSES</b>									
SUM	11	Operation and Maintenance Expense	SCH EOM, LN 85	420,632	372,559	48,073	354,859	15,744	1,956	16,701	31,372
SUM	12	Depreciation and Amortization Expense	SCH EDA, LN 22	91,309	78,850	12,458	75,300	3,114	436	4,782	7,676
SUM	13	Taxes Other Than Income Taxes	SCH TXO, LN 10	10,227	9,002	1,225	8,577	372	52	436	789
SUM	14	State and Federal Income Taxes	SCH TXI, LN 44	34,526	18,320	16,206	19,558	(1,159)	(79)	11,236	4,969
SUM	15	<b>TOTAL OPERATING EXPENSES</b>		556,693	478,731	77,962	458,294	18,072	2,366	33,155	44,806
SUM	16										
SUM	17	<b>OPERATING INCOME (RETURN)</b>		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
SUM	18										
SUM	19	<b>DEVELOPMENT OF RATE BASE</b>									
SUM	20	Gas Utility Plant in Service	SCH RBP, LN 40	3,398,667	2,948,816	449,850	2,818,653	114,207	15,956	179,825	270,026
SUM	21	Less: Utility Accumulated Depreciation	SCH RBD, LN 23	274,814	238,408	36,406	227,526	9,545	1,337	13,698	22,709
SUM	22	Plus: Rate Base Additions	SCH RBO, LN 11	200,616	174,960	25,656	167,040	6,946	974	9,877	15,779
SUM	23	Less: Rate Base Deductions	SCH RBO, LN 21	148,815	130,771	18,044	125,972	4,211	588	6,948	11,096
SUM	24	<b>TOTAL RATE BASE</b>	SCH RBO, LN 23	3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
SUM	25										
SUM	26	<b>RATE OF RETURN EXCL PURCHASED GAS (PRESENT)</b>		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
SUM	27	<b>INDEX RATE OF RETURN EXCL PURCHASED GAS (PRESENT)</b>		1.00	0.79	2.34	0.83	-0.05	0.22	3.71	1.43
SUM	28										
SUM	29										
SUM	30										
SUM	31										
SUM	32										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
RRW	1	<b>DISTRIBUTION REVENUE REQUIREMENTS</b>									
RRW	2										
RRW	3	PRESENT RATE OF RETURN (EXISTING RATES)									
RRW	4	-----									
RRW	5	Rate Base		3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
RRW	6	Net Operating Income (Present Rates)		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
RRW	7	Rate of Return @ Present Rates		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
RRW	8	Relative Rate of Return		1.00	0.79	2.34	0.83	-0.05	0.22	3.71	1.43
RRW	9	Sales Revenue at Present Rates		714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
RRW	10	Revenue Present Rates \$/Ccf		\$491.6764	\$534.9214	\$358.1368	\$533.1397	\$590.4222	\$587.8409	\$334.6940	\$386.0701
RRW	11	Revenue Required - \$/Month/Customer		\$47,615.12	\$41,914.91	\$127,738.14	\$42,577.05	\$29,096.50	\$30,004.53	\$200,964.96	\$92,806.24
RRW	12										
RRW	13										
RRW	14	<b>CLAIMED RATE OF RETURN</b>									
RRW	15	-----									
RRW	16	Claimed Rate of Return		7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%
RRW	17	Return Required for Claimed Rate of Return		287,990	249,832	38,157	238,741	9,731	1,360	15,299	22,858
RRW	18	Sales Revenue Required @ Claimed ROR		1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
RRW	19	Sales Revenue Deficiency		296,571	299,355	(2,784)	277,158	18,851	3,346	(20,755)	17,971
RRW	20	Percent Increase Required		41.49%	50.96%	-2.19%	48.87%	106.21%	132.75%	-32.07%	28.69%
RRW	21	Annual Booked Throughput Sales (Ccf)		1,453,701	1,098,097	355,604	1,063,748	30,061	4,288	193,343	162,261
RRW	22	Sales Revenue Required \$/Ccf		\$695.6871	\$807.5338	\$350.3073	\$793.6879	\$1,217.5164	\$1,368.1994	\$227.3441	\$496.8245
RRW	23	Sales Revenue Deficiency \$/Ccf		\$204.0107	\$272.6124	(\$7.8295)	\$260.5483	\$627.0943	\$780.3585	(\$107.3499)	\$110.7544
RRW	24										
RRW	25										
RRW	26	<b>PROPOSED RATE OF RETURN</b>									
RRW	27	-----									
RRW	28	Rate Base at Future Test Year 06/30/2021		4,061,954	3,523,764	538,190	3,367,327	137,258	19,179	215,792	322,398
RRW	29	Proposed Base Gas Sales Revenues		1,011,297	871,148	140,150	841,258	26,169	3,720	70,288	69,862
RRW	30	Base Sales Revenue Deficiency		296,547	283,752	12,795	274,132	8,421	1,200	5,577	7,217
RRW	31	Return Required for Proposed Revenue		287,976	240,911	47,066	237,011	3,767	133	30,357	16,709
RRW	32	Percent Increase Required at Proposed Rates		41.49%	48.31%	10.05%	48.34%	47.44%	47.60%	8.62%	11.52%
RRW	33	Proposed Rate of Return		7.09%	6.84%	8.75%	7.04%	2.74%	0.69%	14.07%	5.18%
RRW	34	Relative Rate of Return		1.00	0.96	1.23	0.99	0.39	0.10	1.98	0.73
RRW	35										
RRW	36										
RRW	37										
RRW	38										
RRW	39										
RRW	40										
RRW	41										
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RRW	49										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
SUM	1	<b>SUMMARY AT PRESENT RATES</b>									
SUM	2										
SUM	3	<b>DEVELOPMENT OF RETURN</b>									
SUM	4										
SUM	5	<b>OPERATING REVENUE</b>									
SUM	6	Sales of Gas Revenue - Base	SCH REV, LN 4	714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
SUM	7	Other Operating Revenue	SCH REV, LN 12	2,500	1,987	513	1,951	27	9	123	390
SUM	8	<b>TOTAL OPERATING REVENUE</b>		717,251	589,382	127,868	569,077	17,776	2,529	64,834	63,035
SUM	9										
SUM	10	<b>OPERATING EXPENSES</b>									
SUM	11	Operation and Maintenance Expense	SCH EOM, LN 85	420,632	372,559	48,073	354,859	15,744	1,956	16,701	31,372
SUM	12	Depreciation and Amortization Expense	SCH EDA, LN 22	91,309	78,850	12,458	75,300	3,114	436	4,782	7,676
SUM	13	Taxes Other Than Income Taxes	SCH TXO, LN 10	10,227	9,002	1,225	8,577	372	52	436	789
SUM	14	State and Federal Income Taxes	SCH TXI, LN 44	34,526	18,320	16,206	19,558	(1,159)	(79)	11,236	4,969
SUM	15	<b>TOTAL OPERATING EXPENSES</b>		556,693	478,731	77,962	458,294	18,072	2,366	33,155	44,806
SUM	16										
SUM	17	<b>OPERATING INCOME (RETURN)</b>		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
SUM	18										
SUM	19	<b>DEVELOPMENT OF RATE BASE</b>									
SUM	20	Gas Utility Plant in Service	SCH RBP, LN 40	3,398,667	2,948,816	449,850	2,818,653	114,207	15,956	179,825	270,026
SUM	21	Less: Utility Accumulated Depreciation	SCH RBD, LN 23	274,814	238,408	36,406	227,526	9,545	1,337	13,698	22,709
SUM	22	Plus: Rate Base Additions	SCH RBO, LN 11	200,616	174,960	25,656	167,040	6,946	974	9,877	15,779
SUM	23	Less: Rate Base Deductions	SCH RBO, LN 21	148,815	130,771	18,044	125,972	4,211	588	6,948	11,096
SUM	24	<b>TOTAL RATE BASE</b>	SCH RBO, LN 23	3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
SUM	25										
SUM	26	<b>RATE OF RETURN EXCL PURCHASED GAS (PRESENT)</b>		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
SUM	27	<b>INDEX RATE OF RETURN EXCL PURCHASED GAS (PRESENT)</b>		1.00	0.79	2.34	0.83	-0.05	0.22	3.71	1.43
SUM	28										
SUM	29										
SUM	30										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
SUM	1	<b>HISTORICAL AND FUTURE YEAR DIFFERENCE ADJUSTMENTS:</b>									
SUM	2	<b>(For Future Test Year 12 Months Ended June 30 2021)</b>									
SUM	3										
SUM	4	<b>OPERATING INCOME (RETURN) @ PRESENT RATES</b>		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
SUM	5	<b>LESS Historical and Future Year Differences:</b>									
SUM	6	Retail Sales Revenue	CLAIMREV	35,700	31,303	4,397	29,804	1,292	207	1,552	2,846
SUM	7	487-Late Payment Charges	REV_487	300	238	62	234	3	1	15	47
SUM	8	<b>PLUS Historical and Future Year Differences:</b>									
SUM	9	O&M Expense - Labor Related	LABOR	34,900	30,940	3,960	29,434	1,320	186	1,308	2,652
SUM	10	O&M Expense - 904-Uncollectible Accounts	EXP_904	39,000	34,137	4,863	31,483	1,688	965	0	4,863
SUM	11	O&M Expense - 928-Regulatory Commission	CLAIMREV	5,600	4,910	690	4,675	203	32	243	446
SUM	12	Depreciation Expense	TOTPLT	33,700	29,239	4,461	27,949	1,132	158	1,783	2,677
SUM	13	TOIT - Base Payroll Taxes	LABOR	9,015	7,992	1,023	7,604	341	48	338	685
SUM	14	TOIT - PA Property Tax	TOTPLT	11	10	1	9	0	0	1	1
SUM	15	State and Federal Income Taxes	CLAIMREV	(31,000)	(27,182)	(3,818)	(25,880)	(1,122)	(180)	(1,347)	(2,471)
SUM	16	<b>OPERATING INCOME @ PRESENT RATES WITH DIFFERENCES</b>		105,331	62,145	43,186	65,546	(2,563)	(838)	30,919	12,267
SUM	17										
SUM	18	<b>RATE BASE</b>	SCH SUM, LN 24	3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
SUM	19	<b>Historical and Future Year Difference Adjustments:</b>									
SUM	20	Gas Utility Plant & Reserves Adjustments	TOTPLT	899,800	780,702	119,098	746,241	30,237	4,224	47,609	71,490
SUM	21	Additions:									
SUM	22	Cash Working Capital	OMXPP	13,500	11,953	1,547	11,373	508	71	519	1,029
SUM	23	Materials and Supplies	TOTPLT	6,700	5,813	887	5,557	225	31	354	532
SUM	24	Deferred Debits (Net of Tax)	TOTPLT	16,000	13,882	2,118	13,269	538	75	847	1,271
SUM	25	Deductions:									
SUM	26	Customer Deposits	CUSTDEP	700	669	31	669	0	0	0	31
SUM	27	Deferred Income Taxes and Credits	TOTPLT	49,000	42,514	6,486	40,638	1,647	230	2,593	3,893
SUM	28	<b>RATE BASE WITH ADJUSTMENTS</b>		4,061,954	3,523,764	538,190	3,367,327	137,258	19,179	215,792	322,398
SUM	29										
SUM	30	<b>EQUALIZED RETURN AT PROPOSED ROR OF 7.09%</b>									
SUM	31	<b>DEVELOPMENT OF RETURN (RATE BASE * 7.09% ROR)</b>		287,990	249,832	38,157	238,741	9,731	1,360	15,299	22,858
SUM	32	<b>PLUS OPERATING EXPENSES</b>									
SUM	33	Operation and Maintenance Expense		504,123	446,647	57,477	424,236	19,223	3,188	17,911	39,565
SUM	34	Depreciation and Amortization Expense		125,009	108,090	16,919	103,249	4,247	594	6,566	10,353
SUM	35	Taxes Other Than Income Taxes		19,253	17,004	2,249	16,190	714	100	774	1,475
SUM	36	State and Federal Income Taxes		77,746	67,402	10,344	64,053	2,715	635	3,542	6,802
SUM	37	<b>TOTAL OPERATING EXPENSES</b>		726,131	639,143	86,988	607,728	26,899	4,516	28,794	58,195
SUM	38										
SUM	39	<b>EQUALS TOTAL COST OF SERVICE</b>		1,014,121	888,975	125,146	846,469	36,630	5,876	44,093	81,053
SUM	40										
SUM	41	<b>LESS: Other Operating Revenues</b>		2,800	2,225	575	2,185	30	10	138	437
SUM	42	<b>BASE RATE SALES @ EQUALIZED ROR 7.09%</b>		1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
SUM	43	<b>BASE RATE SALES REVENUE INCREASE</b>		296,571	299,355	(2,784)	277,158	18,851	3,346	(20,755)	17,971
SUM	44										
SUM	45										
SUM	46										
SUM	47										
SUM	48										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
RBP	1	DEVELOPMENT OF RATE BASE									
RBP	2										
RBP	3	GAS PLANT IN SERVICE									
RBP	4	INTANGIBLE PLANT									
RBP	5	301-Organization	TOTPLT	0	0	0	0	0	0	0	0
RBP	6	303-Miscellaneous Intangible Plant	TOTPLT	0	0	0	0	0	0	0	0
RBP	7	TOTAL INTANGIBLE PLANT		0	0	0	0	0	0	0	0
RBP	8										
RBP	9	DISTRIBUTION PLANT									
RBP	10	374-Land & Land Rights	DDIST	715	566	149	549	15	2	73	75
RBP	11	375-Structures & Improvements	DDIST	0	0	0	0	0	0	0	0
RBP	12	376-Mains									
RBP	13	Demand	DDIST	826,796	654,969	171,827	635,198	17,417	2,354	84,987	86,840
RBP	14	Customer	CUSTDIST	967,907	903,323	64,583	859,032	38,828	5,463	20,877	43,706
RBP	15	Total Account 376		1,794,703	1,558,292	236,411	1,494,230	56,245	7,818	105,864	130,546
RBP	16	378-Measuring & Regulating Station Equip-Gen	DDIST	101,978	80,785	21,193	78,346	2,148	290	10,482	10,711
RBP	17	380-Services	CUSTSERV	753,794	658,312	95,482	626,034	28,297	3,981	30,866	64,616
RBP	18	381-Meters	CUSTMET	69,921	49,649	20,273	47,214	2,134	300	6,553	13,719
RBP	19	382-Meter Installations	CUSTMETIN	212,246	189,084	23,162	179,813	8,128	1,144	7,487	15,675
RBP	20	384-House Regulator Installations	CUSTREGUL	9,180	8,487	693	8,071	365	51	224	469
RBP	21	385-Industrial Regulators	CUSTREGUL	32,210	29,778	2,432	28,318	1,280	180	786	1,646
RBP	22	TOTAL DISTRIBUTION PLANT		2,974,747	2,574,953	399,794	2,462,575	98,611	13,767	162,337	237,457
RBP	23										
RBP	24	GENERAL PLANT									
RBP	25	389-Land and Land Rights	LABOR	0	0	0	0	0	0	0	0
RBP	26	390-Structures and Improvements	LABOR	0	0	0	0	0	0	0	0
RBP	27	391-Office Furniture & Equipment	LABOR	0	0	0	0	0	0	0	0
RBP	28	393-Store Equipment	LABOR	0	0	0	0	0	0	0	0
RBP	29	394-Tools, Shop & Garage Equip.	LABOR	26,914	23,860	3,054	22,699	1,018	143	1,009	2,045
RBP	30	395-Laboratory Equipment	LABOR	0	0	0	0	0	0	0	0
RBP	31	397-Communication Equipment	LABOR	0	0	0	0	0	0	0	0
RBP	32	398-Miscellaneous Equipment	LABOR	0	0	0	0	0	0	0	0
RBP	33	TOTAL GENERAL PLANT		26,914	23,860	3,054	22,699	1,018	143	1,009	2,045
RBP	34										
RBP	35	TOTAL GAS PLANT IN SERVICE		3,001,661	2,598,813	402,848	2,485,274	99,629	13,910	163,346	239,502
RBP	36										
RBP	37	COMMON PLANT IN SERVICE (Allocated)	LABOR	293,575	260,263	33,312	247,599	11,103	1,561	11,006	22,306
RBP	38	CWIP not taking interest	TOTPLT	103,431	89,741	13,690	85,780	3,476	486	5,473	8,218
RBP	39										
RBP	40	TOTAL GAS UTILITY PLANT		3,398,667	2,948,816	449,850	2,818,653	114,207	15,956	179,825	270,026
RBP	41										
RBP	42										
RBP	43										
RBP	44										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
RBD	1	<b>LESS: ACCUMULATED DEPRECIATION</b>									
RBD	2										
RBD	3	INTANGIBLE PLANT ACCUM DEPRECIATION	INTPLT	0	0	0	0	0	0	0	0
RBD	4										
RBD	5	<b>DISTRIBUTION PLANT ACCUMULATED DEPRECIATION</b>									
RBD	6	374-Land Rights	PLT_374	42	34	9	33	1	0	4	4
RBD	7	375-Structures & Improvements	PLT_375	0	0	0	0	0	0	0	0
RBD	8	376-Mains	PLT_376	86,820	75,384	11,437	72,285	2,721	378	5,121	6,315
RBD	9	378-Measuring & Regulating Station Equip-Gen	PLT_378	11,525	9,130	2,395	8,855	243	33	1,185	1,211
RBD	10	380-Services	PLT_380	40,015	34,947	5,069	33,233	1,502	211	1,639	3,430
RBD	11	381-Meters	PLT_381	12,494	8,871	3,622	8,436	381	54	1,171	2,451
RBD	12	382-Meter Installations	PLT_382	5,199	4,631	567	4,404	199	28	183	384
RBD	13	384-House Regulator Installations	PLT_384	781	722	59	687	31	4	19	40
RBD	14	385-Industrial Regulators	PLT_385	3,531	3,264	267	3,104	140	20	86	180
RBD	15	TOTAL DISTRIBUTION PLANT ACCUMULATED DEPRECIATION		160,408	136,983	23,424	131,037	5,218	728	9,408	14,016
RBD	16										
RBD	17	GENERAL PLANT ACCUMULATED DEPREC	GENLPLT	6,603	5,854	749	5,569	250	35	248	502
RBD	18										
RBD	19	TOTAL ACCUMULATED DEPRECIATION OF GAS PLANT		167,011	142,837	24,174	136,606	5,468	763	9,656	14,518
RBD	20										
RBD	21	COMMON PLANT ACCUM DEPRECIATION	COMPLT	107,803	95,570	12,232	90,920	4,077	573	4,042	8,191
RBD	22										
RBD	23	TOTAL UTILITY PLANT RESERVES		274,814	238,408	36,406	227,526	9,545	1,337	13,698	22,709
RBD	24										
RBD	25										
RBD	26	NET GAS PLANT IN SERVICE		3,123,853	2,710,409	413,444	2,591,127	104,662	14,620	166,127	247,317
RBD	27										
RBD	28										
RBD	29										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
RBO	1	<b>ADDITIONS AND DEDUCTIONS TO RATE BASE</b>									
RBO	2										
RBO	3	<b>PLUS: ADDITIONS TO RATE BASE</b>									
RBO	4										
RBO	5	<b>WORKING CAPITAL</b>									
RBO	6	Cash Working Capital	OMXPP	49,200	43,561	5,639	41,449	1,851	261	1,891	3,749
RBO	7	Materials and Supplies	TOTPLT	147,200	127,716	19,484	122,079	4,946	691	7,788	11,695
RBO	8	Prepayments - PA PUC Assessment	CLAIMREV	2,704	2,371	333	2,257	98	16	118	216
RBO	9	Prepayments - Property Tax and Insurance	TOTPLT	1,512	1,312	200	1,254	51	7	80	120
RBO	10	TOTAL WORKING CAPITAL		200,616	174,960	25,656	167,040	6,946	974	9,877	15,779
RBO	11	TOTAL ADDITIONS TO RATE BASE		200,616	174,960	25,656	167,040	6,946	974	9,877	15,779
RBO	12										
RBO	13										
RBO	14	<b>LESS: DEDUCTIONS TO RATE BASE</b>									
RBO	15	Customer Deposits	CUSTDEP	21,700	20,753	947	20,753	0	0	0	947
RBO	16	Deferred Credits (Net of Tax)	TOTPLT	(20,300)	(17,613)	(2,687)	(16,836)	(682)	(95)	(1,074)	(1,613)
RBO	17	Deferred Income Taxes and Credits									
RBO	18	Plant	DGPLT	147,415	127,631	19,784	122,055	4,893	683	8,022	11,762
RBO	19	Common Plant	COMPLT	0	0	0	0	0	0	0	0
RBO	20	Total Deferred Income Taxes and Credits		147,415	127,631	19,784	122,055	4,893	683	8,022	11,762
RBO	21	TOTAL DEDUCTIONS TO RATE BASE		148,815	130,771	18,044	125,972	4,211	588	6,948	11,096
RBO	22										
RBO	23	<b>TOTAL RATE BASE</b>		3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
RBO	24										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
REV	1	<b>OPERATING REVENUES</b>									
REV	2										
REV	3	<b>SALES REVENUES</b>									
REV	4	Sales of Gas Revenues - Base		714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
REV	5	Sales Revenues - Purchased Gas-PGC	EGAS	0	0	0	0	0	0	0	0
REV	6	TOTAL SALES OF GAS		714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
REV	7										
REV	8	<b>OTHER OPERATING REVENUES</b>									
REV	9	487-Late Payments Charges	REV_487	2,500	1,987	513	1,951	27	9	123	390
REV	10	488-Miscellaneous Service Revenues	TOTPLT	0	0	0	0	0	0	0	0
REV	11	494-Other Gas Revenue (Adjustment)	TOTPLT	0	0	0	0	0	0	0	0
REV	12	TOTAL OTHER OPERATING REV		2,500	1,987	513	1,951	27	9	123	390
REV	13										
REV	14	<b>TOTAL OPERATING REVENUES</b>		717,251	589,382	127,868	569,077	17,776	2,529	64,834	63,035
REV	15										
REV	16										
REV	17										
REV	18										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
EOM	1	OPERATION & MAINTENANCE EXPENSE									
EOM	2	PRODUCTION EXPENSE									
EOM	3	Other Gas Supply Expense									
EOM	4	Operation									
EOM	5	804-Natural Gas Purchases-PGC	EGAS	0	0	0	0	0	0	0	0
EOM	6	805-Other Natural Gas Purchases	ETHRUPUT	0	0	0	0	0	0	0	0
EOM	7	807-Purchased Gas Expenses	ETHRUPUT	0	0	0	0	0	0	0	0
EOM	8	808.1 Gas withdrawn from storage—Debt.	ETHRUPUT	0	0	0	0	0	0	0	0
EOM	9	Total Other Gas Supply Expense		0	0	0	0	0	0	0	0
EOM	10	TOTAL PRODUCTION EXPENSE		0	0	0	0	0	0	0	0
EOM	11										
EOM	12	DISTRIBUTION EXPENSES									
EOM	13	Operation									
EOM	14	870-Operation Supervision and Engineering	LABORDO	4,699	4,087	612	3,909	156	22	252	360
EOM	15	874-Mains and Services Expenses	PLT_376380	964	839	126	802	32	4	52	74
EOM	16	875-Measuring & Reg. Station Exp.	PLT_378	0	0	0	0	0	0	0	0
EOM	17	878-Meter & House Regulator Expenses	PLT_3815	0	0	0	0	0	0	0	0
EOM	18	880-Other Expenses	DISTPLT	0	0	0	0	0	0	0	0
EOM	19	Total Distribution Operation		5,663	4,925	737	4,711	188	26	304	434
EOM	20	Maintenance									
EOM	21	887-Maintenance of Mains	PLT_376	6,347	5,511	836	5,284	199	28	374	462
EOM	22	889-Maint. of Measuring & Reg. Station Equip.-Ger	PLT_378	0	0	0	0	0	0	0	0
EOM	23	892-Maintenance of Services	PLT_380	103,088	90,030	13,058	85,616	3,870	544	4,221	8,837
EOM	24	893-Maint. of Meters & House Regulators	PLT_3815	0	0	0	0	0	0	0	0
EOM	25	894-Maintenance of Other Equipment	DISTPLT	0	0	0	0	0	0	0	0
EOM	26	Total Distribution Maintenance		109,435	95,541	13,894	90,900	4,069	572	4,596	9,299
EOM	27	TOTAL DISTRIBUTION PLANT O&M EXPENSES		115,098	100,466	14,632	95,611	4,257	598	4,899	9,732
EOM	28										
EOM	29										
EOM	30										
EOM	31										
EOM	32										
EOM	33										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
EOM	51	OPERATION & MAINTENANCE EXPENSE	EXP_904								
EOM	52										
EOM	53	CUSTOMER ACCOUNTS EXPENSES									
EOM	54	902-Meter Reading	CUSTMTRDG	44,200	40,364	3,836	38,385	1,735	244	1,240	2,596
EOM	55	903-Customer Records and Collection Expense	CUSTREC	5,800	5,415	385	5,146	236	32	124	261
EOM	56	904-Uncollectible Accounts	EXP_904	(13,950)	(12,211)	(1,740)	(11,261)	(604)	(345)	0	(1,740)
EOM	57	TOTAL CUSTOMER ACCTS EXPENSE		36,050	33,568	2,482	32,270	1,367	(69)	1,365	1,117
EOM	58										
EOM	59	CUSTOMER SERVICE & SALES EXPENSES									
EOM	60	908-Customer Assistance	CUSTASST	141	119	22	114	4	1	11	11
EOM	61	909-Advertisement	CUSTADVT	0	0	0	0	0	0	0	0
EOM	62	910-Miscellaneous CS	CUSTCSM	0	0	0	0	0	0	0	0
EOM	63	912-Demonstrating and Selling Expenses	CUSTSALES	0	0	0	0	0	0	0	0
EOM	64	916 Miscellaneous Sales Expenses	CUSTSALES	5,788	4,892	896	4,691	176	25	444	451
EOM	65	TOTAL CUSTOMER SERVICE & SALES EXP		5,929	5,012	917	4,806	180	25	455	462
EOM	66										
EOM	67	TOTAL OPER & MAINT EXCL A&G		157,077	139,046	18,031	132,687	5,804	555	6,719	11,312
EOM	68										
EOM	69										
EOM	70	ADMINISTRATIVE & GENERAL EXPENSE									
EOM	71	920-Administrative Salaries	LABOR	69,049	61,214	7,835	58,236	2,611	367	2,589	5,246
EOM	72	921-Office Supplies & Expense	LABOR	53,070	47,048	6,022	44,759	2,007	282	1,990	4,032
EOM	73	922-Administrative Expenses Transferred - Credit	LABOR	51	45	6	43	2	0	2	4
EOM	74	923-Outside Service Employed	LABOR	55,136	48,879	6,256	46,501	2,085	293	2,067	4,189
EOM	75	924-Property Insurance	TOTPLT	4,416	3,831	584	3,662	148	21	234	351
EOM	76	925-Injuries and Damages	LABOR	3,309	2,934	376	2,791	125	18	124	251
EOM	77	926-Employee Pensions & Benefits	LABOR	68,915	61,095	7,820	58,122	2,606	366	2,584	5,236
EOM	78	928-Regulatory Commission	CLAIMREV	5,480	4,805	675	4,575	198	32	238	437
EOM	79	930.2-Miscellaneous General	LABOR	663	588	75	559	25	4	25	50
EOM	80	932-Maintenance of General Plant	GENLPLT	3,466	3,073	393	2,923	131	18	130	263
EOM	81	TOTAL A&G EXPENSE		263,555	233,513	30,042	222,171	9,940	1,401	9,982	20,061
EOM	82										
EOM	83	TOTAL OPERATION & MAINTENANCE EXPENSES		420,632	372,559	48,073	354,859	15,744	1,956	16,701	31,372
EOM	84										
EOM	85	TOTAL O&M EXPENSES		420,632	372,559	48,073	354,859	15,744	1,956	16,701	31,372
EOM	86										
EOM	87										
EOM	88										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
EDA	1	DEPRECIATION & AMORTIZATION EXPENSE									
EDA	2										
EDA	3	INTANGIBLE PLANT EXPENSE	INTPLT	0	0	0	0	0	0	0	0
EDA	4										
EDA	5	DISTRIBUTION PLANT EXPENSE									
EDA	6	374-Land Rights	PLT_374	4,580	3,628	952	3,519	96	13	471	481
EDA	7	375-Structures & Improvements	PLT_375	0	0	0	0	0	0	0	0
EDA	8	376-Mains	PLT_376	23,305	20,235	3,070	19,403	730	102	1,375	1,695
EDA	9	378-Measuring & Regulating Station Equip-Gen	PLT_378	4,804	3,806	998	3,691	101	14	494	505
EDA	10	380-Services	PLT_380	9,403	8,212	1,191	7,810	353	50	385	806
EDA	11	381-Meters	CUSTMET	3,969	2,818	1,151	2,680	121	17	372	779
EDA	12	382-Meter Installations	CUSTMETIN	4,590	4,089	501	3,889	176	25	162	339
EDA	13	387-Other Equipment	PLT_378387	204	164	40	158	5	1	20	20
EDA	14	388-Asset Retirement Costs for Distribution Plant	PLT_388	921	852	70	810	37	5	22	47
EDA	15	TOTAL DISTRIBUTION PLANT EXPENSE		51,776	43,804	7,972	41,959	1,619	225	3,300	4,672
EDA	16										
EDA	17	GENERAL PLANT DEPREE & AMORT EXPENSE	GENLPLT	4,510	3,998	512	3,804	171	24	169	343
EDA	18										
EDA	19	COMMON PLANT DEPREE & AMORT EXPENSE	COMPLT	35,023	31,049	3,974	29,538	1,325	186	1,313	2,661
EDA	20										
EDA	21										
EDA	22	TOTAL DEPRECIATION & AMORTIZATION EXPENSE		91,309	78,850	12,458	75,300	3,114	436	4,782	7,676
EDA	23										
EDA	24										
EDA	25										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
TXO	1	OTHER OPERATING EXPENSES									
TXO	2										
TXO	3	TAXES OTHER THAN INCOME TAXES									
TXO	4	General Taxes									
TXO	5	PURTA Taxes	TOTPLT	0	0	0	0	0	0	0	0
TXO	6	Capital Stock	TOTPLT	0	0	0	0	0	0	0	0
TXO	7	Payroll Related	LABOR	7,133	6,324	809	6,016	270	38	267	542
TXO	8	Real Estate Tax	DGPLT	3,093	2,678	415	2,561	103	14	168	247
TXO	9	PA and Local Use Tax	CLAIMREV	0	0	0	0	0	0	0	0
TXO	10	Total General Taxes		10,227	9,002	1,225	8,577	372	52	436	789
TXO	11										
TXO	12										
TXO	13	Franchise and Revenue Taxes	CLAIMREV	0	0	0	0	0	0	0	0
TXO	14										
TXO	15	TOTAL TAXES OTHER THAN INCOME		10,227	9,002	1,225	8,577	372	52	436	789
TXO	16										
TXO	17										
TXO	18										
TXO	19										
TXO	20										
TXO	21										
TXO	22										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
TXI	1	DEVELOPMENT OF INCOME TAXES									
TXI	2										
TXI	3	TOTAL OPERATING REVENUES		717,251	589,382	127,868	569,077	17,776	2,529	64,834	63,035
TXI	4	LESS:									
TXI	5	OPERATION & MAINTENANCE EXPENSE	SCH EOM, LN 85	420,632	372,559	48,073	354,859	15,744	1,956	16,701	31,372
TXI	6	DEPRECIATION & AMORTIZATION EXPENSE	SCH EDA, LN 22	91,309	78,850	12,458	75,300	3,114	436	4,782	7,676
TXI	7	TAXES OTHER THAN INCOME TAXES	SCH TXO, LN 15	10,227	9,002	1,225	8,577	372	52	436	789
TXI	8	NET OPERATING INCOME BEFORE TAXES		195,083	128,971	66,112	130,341	(1,455)	85	42,915	23,197
TXI	9	LESS:									
TXI	10	Interest Expense (incl amort of debt exp)	RATEBASE	75,584	65,562	10,022	62,649	2,556	357	4,024	5,998
TXI	11										
TXI	12	BASE TAXABLE DISTRIBUTION INCOME		119,499	63,409	56,091	67,692	(4,011)	(272)	38,891	17,200
TXI	13										
TXI	14										
TXI	15	CALCULATION OF PA STATE INCOME TAXES									
TXI	16	BASE STATE TAXABLE INCOME (pretax)	SCH TXI, LN 12	119,499	63,409	56,091	67,692	(4,011)	(272)	38,891	17,200
TXI	17	PLUS:									
TXI	18	Book Depreciation	TOTPLT	91,300	79,215	12,085	75,719	3,068	429	4,831	7,254
TXI	19	LESS:									
TXI	20	State Tax Depreciation (Over) Under Book	TOTPLT	227,125	197,062	30,062	188,364	7,632	1,066	12,017	18,045
TXI	21	PA STATE TAXABLE INCOME		(16,326)	(54,438)	38,113	(44,953)	(8,575)	(910)	31,704	6,408
TXI	22	PA STATE INCOME TAXES @ Tax Rate 9.99%		(1,631)	(5,438)	3,807	(4,491)	(857)	(91)	3,167	640
TXI	23	PLUS:									
TXI	24	Deferred Income Tax Dr.- Account 410	TOTPLT	22,690	19,687	3,003	18,818	762	107	1,201	1,803
TXI	25	Deferred Income Tax Cr.- Account 411	TOTPLT	(9,121)	(7,914)	(1,207)	(7,564)	(306)	(43)	(483)	(725)
TXI	26	TOTAL STATE INCOME TAX EXPENSE		11,938	6,335	5,603	6,762	(401)	(27)	3,885	1,718
TXI	27										
TXI	28										
TXI	29	CALCULATION OF FEDERAL INCOME TAXES									
TXI	30	PA STATE TAXABLE INCOME	SCH TXI, LN 21	(16,326)	(54,438)	38,113	(44,953)	(8,575)	(910)	31,704	6,408
TXI	31	LESS:									
TXI	32	PA State Income Taxes	SCH TXI, LN 26	11,938	6,335	5,603	6,762	(401)	(27)	3,885	1,718
TXI	33	Federal Tax Adjustments	TOTPLT	0	0	0	0	0	0	0	0
TXI	34	FEDERAL ADJUSTED TAXABLE INCOME		(28,264)	(60,773)	32,509	(51,716)	(8,174)	(883)	27,819	4,690
TXI	35	FEDERAL INCOME TAXES @ Tax Rate 21.00%		(5,935)	(12,762)	6,827	(10,860)	(1,717)	(185)	5,842	985
TXI	36	PLUS:									
TXI	37	Deferred Income Tax Dr.- Account 410	TOTPLT	47,696	41,383	6,313	39,556	1,603	224	2,524	3,789
TXI	38	Deferred Income Tax Cr.- Account 411	TOTPLT	(19,173)	(16,635)	(2,538)	(15,901)	(644)	(90)	(1,014)	(1,523)
TXI	39	TOTAL FEDERAL INCOME TAX EXPENSE		22,588	11,986	10,602	12,795	(758)	(51)	7,351	3,251
TXI	40										
TXI	41										
TXI	42	TOTAL PA INCOME TAX EXPENSE		11,938	6,335	5,603	6,762	(401)	(27)	3,885	1,718
TXI	43	TOTAL FEDERAL INCOME TAX EXPENSE		22,588	11,986	10,602	12,795	(758)	(51)	7,351	3,251
TXI	44	TOTAL INCOME TAX EXPENSE		34,526	18,320	16,206	19,558	(1,159)	(79)	11,236	4,969
TXI	45										
TXI	46	TOTAL OPERATING EXPENSES		556,693	478,731	77,962	458,294	18,072	2,366	33,155	44,806
TXI	47										
TXI	48										
TXI	49										
TXI	50										

Pike County Light & Power Company  
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12 Months Ended June 30, 2020

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		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
TXI	51	DEVELOPMENT OF INCOME TAXES CONTINUED									
TXI	52										
TXI	53										
TXI	54										
TXI	55										
TXI	56	<b>TAX RATES &amp; FACTORS</b>									
TXI	57	GROSS RECEIPTS TAX RATE	0.00000								
TXI	58	STATE TAX RATE	0.09990								
TXI	59	EFFECTIVE STATE TAX RATE	0.09841								
TXI	60	FEDERAL TAX RATE - CURRENT	0.21000								
TXI	61	1 - EFFECTIVE TAX RATE	0.00000								
TXI	62	EFFECTIVE TAX RATE	0.28892								
TXI	63	EFFECTIVE FEDERAL RATE	0.18610								
TXI	64	RETENTION FACTOR	1.42816								
TXI	65	UNCOLLECTIBLES EXPENSE FACTOR	0.01530								
TXI	66										
TXI	67										
TXI	68										
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
LAB	1	<b>DEVELOPMENT OF LABOR ALLOCATION FACTOR</b>									
LAB	2										
LAB	3	<b>PRODUCTION LABOR EXPENSE</b>									
LAB	4	Other Gas Supply Expense									
LAB	5	Operation - Accounts 804-808	OX_PRODO	0	0	0	0	0	0	0	0
LAB	6	Total Other Gas Supply		0	0	0	0	0	0	0	0
LAB	7	TOTAL PRODUCTION LABOR EXP		0	0	0	0	0	0	0	0
LAB	8										
LAB	9	<b>DISTRIBUTION LABOR EXPENSE</b>									
LAB	10	Operation									
LAB	11	874-Mains and Services Expenses	OX_874	964	839	126	802	32	4	52	74
LAB	12	875-Measuring & Reg. Station Exp.	OX_875	0	0	0	0	0	0	0	0
LAB	13	878-Meter & House Regulator Expenses	OX_878	0	0	0	0	0	0	0	0
LAB	14	880-Other Expenses	OX_880	0	0	0	0	0	0	0	0
LAB	15	Total Operation		964	839	126	802	32	4	52	74
LAB	16	Maintenance									
LAB	17	887-Maintenance of Mains	MX_887	5,207	4,521	686	4,335	163	23	307	379
LAB	18	889-Maint. of Measuring & Reg. Station Equip.	MX_889	0	0	0	0	0	0	0	0
LAB	19	892-Maintenance of Services	MX_892	73,900	64,539	9,361	61,375	2,774	390	3,026	6,335
LAB	20	893-Maint. of Meters & House Regulators	MX_893	0	0	0	0	0	0	0	0
LAB	21	894-Maintenance of Other Equipment	MX_894	0	0	0	0	0	0	0	0
LAB	22	Total Distribution Maintenance		79,107	69,060	10,047	65,710	2,937	413	3,333	6,714
LAB	23	TOTAL DISTRIBUTION LABOR EXP		80,071	69,899	10,172	66,512	2,969	417	3,385	6,787
LAB	24										
LAB	25	TOTAL OPER & MAINT LABOR EXP (PROD & DIST)		80,071	69,899	10,172	66,512	2,969	417	3,385	6,787
LAB	26										
LAB	27										
LAB	28										
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Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
LAB	51	DEVELOPMENT OF LABOR ALLOCATION FACTOR CONTINUED									
LAB	52										
LAB	53	CUSTOMER ACCOUNTS EXPENSES									
LAB	54	902-Meter Reading	CUSTMTRDG	37,041	33,826	3,215	32,168	1,454	205	1,039	2,176
LAB	55	903-Customer Records and Collection Expense	CUSTREC	2,092	1,953	139	1,856	85	12	45	94
LAB	56	904-Uncollectible Accounts	EXP_904	0	0	0	0	0	0	0	0
LAB	57	TOTAL CUSTOMER ACCTS LABOR EXPENSE		39,133	35,779	3,354	34,024	1,539	216	1,084	2,270
LAB	58										
LAB	59	CUSTOMER SERVICE & SALES EXPENSES									
LAB	60	908-Customer Assistance	CUSTASST	0	0	0	0	0	0	0	0
LAB	61	909-Advertisement	CUSTADVT	0	0	0	0	0	0	0	0
LAB	62	910-Miscellaneous CS	CUSTCSM	0	0	0	0	0	0	0	0
LAB	63	912-Demonstrating and Selling Expenses	CUSTSALES	0	0	0	0	0	0	0	0
LAB	64	916 Miscellaneous Sales Expenses	CUSTSALES	0	0	0	0	0	0	0	0
LAB	65	TOTAL CUST SERVICE & SALES LABOR EXP		0	0	0	0	0	0	0	0
LAB	66										
LAB	67	TOTAL OPER & MAINT LABOR EXP EXCL A&G		119,204	105,678	13,526	100,536	4,508	634	4,469	9,057
LAB	68										
LAB	69	ADMINISTRATIVE & GENERAL EXPENSE									
LAB	70	920-Administrative Salaries	LABORXAG	66,400	58,866	7,534	56,002	2,511	353	2,489	5,045
LAB	71	921-Office Supplies & Expense	LABORXAG	2,092	1,854	237	1,764	79	11	78	159
LAB	72	923-Outside Service Employed	LABORXAG	0	0	0	0	0	0	0	0
LAB	73	924-Property Insurance	TOTPLT	0	0	0	0	0	0	0	0
LAB	74	925-Injuries and Damages	LABORXAG	0	0	0	0	0	0	0	0
LAB	75	926-Employee Pensions & Benefits	LABORXAG	0	0	0	0	0	0	0	0
LAB	76	928-Regulatory Commission	CLAIMREV	0	0	0	0	0	0	0	0
LAB	77	930.2-Miscellaneous General	LABORXAG	0	0	0	0	0	0	0	0
LAB	78	935-Maintenance of General Plant	GENLPLT	0	0	0	0	0	0	0	0
LAB	79	TOTAL A&G LABOR EXPENSE		68,492	60,720	7,772	57,766	2,590	364	2,568	5,204
LAB	80										
LAB	81	TOTAL OPER & MAINTENANCE LABOR EXP		187,696	166,398	21,298	158,302	7,099	998	7,037	14,261
LAB	82										
LAB	83										
LAB	84										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	1	ALLOCATION FACTOR TABLE									
AF	2	<u>EXTERNALLY DEVELOPED ALLOCATION FACTORS</u>									
AF	3										
AF	4	<u>CAPACITY</u>									
AF	5										
AF	6										
AF	7										
AF	8										
AF	9										
AF	10										
AF	11	<u>CAPACITY - DISTRIBUTION RELATED (Design Day)</u>									
AF	12	Capacity Distribution	DDIST	15,953	12,638	3,315	12,256	336	45	1,640	1,676
AF	13										
AF	14										
AF	15										
AF	16										
AF	17										
AF	18										
AF	19										
AF	20	<u>COMMODITY</u>									
AF	21	Annual Gas Cost (PGC)	EGAS	0	0	0	0	0	0	0	0
AF	22										
AF	23	Annual Gas Deliveries - Thruput (CCF)	ETHRUPUT	1,482,150	1,122,333	359,817	1,087,226	30,725	4,382	195,633	164,183
AF	24										
AF	25										
AF	26										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	51	ALLOCATION FACTOR TABLE CONTINUED									
AF	52	EXTERNALLY DEVELOPED ALLOCATION FACTORS									
AF	53										
AF	54	CUSTOMER									
AF	55	Distribution Mains	CUSTDIST	14,882	13,889	993	13,208	597	84	321	672
AF	56										
AF	57	Service Investment	CUSTSERV	856,735	748,214	108,521	711,528	32,161	4,525	35,081	73,441
AF	58	Meter Investment	CUSTMET	133,876	95,060	38,815	90,399	4,086	575	12,547	26,268
AF	59	Meter Installations	CUSTMETIN	321,558	286,467	35,091	272,421	12,313	1,733	11,344	23,747
AF	60	Regulators Investment	CUSTREGUL	19,418	17,952	1,466	17,072	772	109	474	992
AF	61										
AF	62										
AF	63	Customer Deposits	CUSTDEP	6,920	6,618	302	6,618	0	0	0	302
AF	64										
AF	65										
AF	66										
AF	67	902-Meter Reading Expense	CUSTMTRDG	2,450	2,237	213	2,127	96	14	69	144
AF	68	903-Customer Records and Collections	CUSTREC	15,011	14,014	997	13,320	610	84	322	675
AF	69										
AF	70	908-Customer Assistance	CUSTASST	1.0000	0.8453	0.1547	0.8105	0.0304	0.0043	0.0768	0.0780
AF	71	909-Informational and Instructional Advertising	CUSTADVT	1.0000	0.8453	0.1547	0.8105	0.0304	0.0043	0.0768	0.0780
AF	72	910-Miscellaneous Customer Service	CUSTCSM	1.0000	0.8453	0.1547	0.8105	0.0304	0.0043	0.0768	0.0780
AF	73	916-Miscellaneous Sales Expense	CUSTSALES	1.0000	0.8453	0.1547	0.8105	0.0304	0.0043	0.0768	0.0780
AF	74										
AF	75	Number of Bills	CUSTBILLS	15,011	14,014	997	13,320	610	84	322	675
AF	76	Number of Customers (Average Annual)	CUST	14,882	13,889	993	13,208	597	84	321	672
AF	77										
AF	78										
AF	79										
AF	80										
AF	81										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	101	<b>ALLOCATION FACTOR TABLE CONTINUED</b>									
AF	102	<b>INTERNALLY DEVELOPED ALLOCATION FACTORS</b>									
AF	103	<u>Plant Related</u>									
AF	104	Intangible Plant	INTPLT	0	0	0	0	0	0	0	0
AF	105	Distribution Plant in Service	DISTPLT	2,974,747	2,574,953	399,794	2,462,575	98,611	13,767	162,337	237,457
AF	106	Distribution Plant in Service - Capacity Related	DDISTPLT	1,069,885	984,108	85,777	937,378	40,976	5,754	31,360	54,417
AF	107	General Plant in Service	GENLPLT	26,914	23,860	3,054	22,699	1,018	143	1,009	2,045
AF	108	Common Plant in Service	COMPLT	293,575	260,263	33,312	247,599	11,103	1,561	11,006	22,306
AF	109	Total Gas Utility Plant In Service	TOTPLT	3,398,667	2,948,816	449,850	2,818,653	114,207	15,956	179,825	270,026
AF	110	Distribution Plant Excl Asset Retirement	DISTPLTXAR	2,974,747	2,574,953	399,794	2,462,575	98,611	13,767	162,337	237,457
AF	111	Total Distribution and General Plant	DGPLT	3,001,661	2,598,813	402,848	2,485,274	99,629	13,910	163,346	239,502
AF	112	Rate Base	RATEBASE	3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
AF	113										
AF	114	Account 374 - Land & Land Rights	PLT_374	715	566	149	549	15	2	73	75
AF	115	Account 375 - Structures & Improvements	PLT_375	0	0	0	0	0	0	0	0
AF	116	Account 376 - Mains	PLT_376	1,794,703	1,558,292	236,411	1,494,230	56,245	7,818	105,864	130,546
AF	117	Account 378 - Meas & Reg Station Equip-General	PLT_378	101,978	80,785	21,193	78,346	2,148	290	10,482	10,711
AF	118	Account 380 - Services	PLT_380	753,794	658,312	95,482	626,034	28,297	3,981	30,866	64,616
AF	119	Account 381 - Meters	PLT_381	69,921	49,649	20,273	47,214	2,134	300	6,553	13,719
AF	120	Account 382 - Meter Installations	PLT_382	212,246	189,084	23,162	179,813	8,128	1,144	7,487	15,675
AF	121	Account 384-House Regulator Installations	PLT_384	9,180	8,487	693	8,071	365	51	224	469
AF	122	Account 385-Industrial Regulators	PLT_385	32,210	29,778	2,432	28,318	1,280	180	786	1,646
AF	123	Account 387 - Other Equipment	PLT_387	9,180	8,487	693	8,071	365	51	224	469
AF	124	Account 388-Asset Retirement Costs for Distribution	PLT_388	32,210	29,778	2,432	28,318	1,280	180	786	1,646
AF	125	Accounts 376 & 378 - Mains & M&R	PLT_376379	1,896,681	1,639,077	257,604	1,572,576	58,393	8,108	116,347	141,257
AF	126	Accounts 376 & 380 - Mains & Services	PLT_376380	2,548,497	2,216,604	331,893	2,120,264	84,541	11,799	136,730	195,163
AF	127	Accounts 380 & 381 - Services & Meters	PLT_380381	753,794	658,312	95,482	626,034	28,297	3,981	30,866	64,616
AF	128	Accounts 381 through 385	PLT_3815	323,557	276,998	46,559	263,416	11,906	1,675	15,051	31,509
AF	129	Accounts 378 & 387	PLT_378387	111,158	89,272	21,886	86,417	2,513	342	10,706	11,180
AF	130										
AF	131	Distribution Plant in Service - Capacity Related									
AF	132	Residential Space Heating	DPLTRESSH	937,378	937,378	0	937,378	0	0	0	0
AF	133	Residential Domestic	DPLTRESO	40,976	40,976	0	0	40,976	0	0	0
AF	134	Residential Other	DPLTRESO	5,754	5,754	0	0	0	5,754	0	0
AF	135	General Service Commercial	DPLTGSC	31,360	0	31,360	0	0	0	31,360	0
AF	136	Commercial Space Heating	DPLTCSH	54,417	0	54,417	0	0	0	0	54,417
AF	137										
AF	138										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	151	<b>ALLOCATION FACTOR TABLE CONTINUED</b>									
AF	152	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>									
AF	153										
AF	154	<b><u>Production Expense Related</u></b>									
AF	155	Other Production Operation Expense	OX_PRODO	0	0	0	0	0	0	0	0
AF	156										
AF	157										
AF	158										
AF	159										
AF	160										
AF	161										
AF	162										
AF	163	<b><u>Distribution Expense Related</u></b>									
AF	164	Account 874 - Mains & Services Exp	OX_874	964	839	126	802	32	4	52	74
AF	165	Account 875 - Meas & Reg Station Exp - Gen	OX_875	0	0	0	0	0	0	0	0
AF	166	Account 878-Meter & House Regulator Expenses	OX_878	0	0	0	0	0	0	0	0
AF	167	Account 880 - Other Dist Oper Exp	OX_880	0	0	0	0	0	0	0	0
AF	168	Account 887 - Maint of Mains Exp	MX_887	6,347	5,511	836	5,284	199	28	374	462
AF	169	Account 889 - Maint of Meas & Reg Station Exp - Gen	MX_889	0	0	0	0	0	0	0	0
AF	170	Account 892 - Maint of Services Exp	MX_892	103,088	90,030	13,058	85,616	3,870	544	4,221	8,837
AF	171	Account 893 - Maint of Meter & House Reg Exp	MX_893	0	0	0	0	0	0	0	0
AF	172	Account 894 - Maint of Other Equipment Exp	MX_894	0	0	0	0	0	0	0	0
AF	173	O&M Accounts 874-880	OX_DIST	964	839	126	802	32	4	52	74
AF	174	O&M Accounts 887-894	MX_DIST	103,088	90,030	13,058	85,616	3,870	544	4,221	8,837
AF	175										
AF	176										
AF	177	<b><u>Customer Distribution Expense Related</u></b>									
AF	178	Account 902	OX_902	44,200	40,364	3,836	38,385	1,735	244	1,240	2,596
AF	179	Account 903	OX_903	5,800	5,415	385	5,146	236	32	124	261
AF	180	Account 904	OX_904	(13,950)	(12,211)	(1,740)	(11,261)	(604)	(345)	0	(1,740)
AF	181	O&M Accounts 902-905	OX_CA	36,050	33,568	2,482	32,270	1,367	(69)	1,365	1,117
AF	182										
AF	183	Account 908	OX_908	141	119	22	114	4	1	11	11
AF	184	Account 909	OX_909	0	0	0	0	0	0	0	0
AF	185	Account 910	OX_910	0	0	0	0	0	0	0	0
AF	186	O&M Accounts 908-910	OX_CS	141	119	22	114	4	1	11	11
AF	187	Accounts 901-910	X_CACS	41,979	38,580	3,399	37,076	1,547	(43)	1,820	1,580
AF	188										
AF	189	Total O&M less Purchased Gas and Uncollectibles	OMXPP	434,582	384,769	49,813	366,120	16,348	2,302	16,701	33,112
AF	190										
AF	191										
AF	192										
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AF	198										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	201	<b>ALLOCATION FACTOR TABLE CONTINUED</b>									
AF	202	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>									
AF	203										
AF	204	<b><u>Labor Expense Related</u></b>									
AF	205	Labor Distribution Accounts 870-880	LABORDO	964	839	126	802	32	4	52	74
AF	206	Labor Distribution Accounts 887-894	LABORDM	79,107	69,060	10,047	65,710	2,937	413	3,333	6,714
AF	207	Labor Customer Accounts 902-905	LABORCA	39,133	35,779	3,354	34,024	1,539	216	1,084	2,270
AF	208	Labor Customer Accounts 908-910	LABORCS	0	0	0	0	0	0	0	0
AF	209	Labor Excluding Admin & Gen	LABORXAG	119,204	105,678	13,526	100,536	4,508	634	4,469	9,057
AF	210	Total Labor Expense	LABOR	187,696	166,398	21,298	158,302	7,099	998	7,037	14,261
AF	211										
AF	212										
AF	213	Base Rate Sales Revenue	SALESREV	714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
AF	214										
AF	215	Claimed Rate Sales Revenue	CLAIMREV	1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
AF	216										
AF	217	Residential Space Heating	SREVRESSH	844,284	844,284	0	844,284	0	0	0	0
AF	218	Residential Domestic	SREVRESH	36,600	36,600	0	0	36,600	0	0	0
AF	219	Residential Other	SREVRESO	5,866	5,866	0	0	0	5,866	0	0
AF	220	General Service Commercial	SREVGSC	43,955	0	43,955	0	0	0	43,955	0
AF	221	Commercial Space Heating	SREVCSSH	80,615	0	80,615	0	0	0	0	80,615
AF	222			1,011,321							
AF	223										
AF	224										
AF	225										
AF	226										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AF	251	<b>REVENUES AND BILLING DETERMINANTS</b>									
AF	252										
AF	253										
AF	254	<b>PRESENT REVENUES FROM SALES INPUT</b>									
AF	255										
AF	256	Total Sales of Gas Revenues		743,782	612,718	131,064	591,703	18,399	2,616	66,567	64,497
AF	257	Total Delivery Revenues - Actual		714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
AF	258	Total Delivery Revenues - Weather Adjustment		29,032	25,323	3,709	24,577	651	95	1,856	1,853
AF	259										
AF	260										
AF	261										
AF	262										
AF	263										
AF	264	<b>12 Months Ended June 30, 2020</b>									
AF	265	<b>BILLING DETERMINATE INPUTS</b>									
AF	266	Annual Booked Throughput Sales (Ccf)	SCH AF, LN 23	1,482,150	1,122,333	359,817	1,087,226	30,725	4,382	195,633	164,183
AF	267	Number of Customer Bills	SCH AF, LN 75	15,011	14,014	997	13,320	610	84	322	675
AF	268	Average Use Per Customer		99	80	361	82	50	52	608	243
AF	269										
AF	270										
AF	271	<b>RATE OF RETURN</b>									
AF	272	Rate of Return (Equalized)	SCH AF, LN 272	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%
AF	273										
AF	274										
AF	275										
AF	276										
AF	277										
AF	278										
AF	279										
AF	280	<b>12 Months Ended June 30, 2021</b>									
AF	281	<b>BILLING DETERMINATE INPUTS</b>									
AF	282	Annual Booked Throughput Sales (Ccf)		1,453,701	1,098,097	355,604	1,063,748	30,061	4,288	193,343	162,261
AF	283	Number of Customer Bills		14,976	14,016	960	13,329	602	85	310	650
AF	284	Average Use Per Customer		97	78	370	80	50	51	623	250
AF	285										
AF	286										
AF	287										
AF	288										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	1	ALLOCATION PROPORTIONS TABLE									
AP	2	EXTERNALLY DEVELOPED ALLOCATION FACTO									
AP	3										
AP	4	CAPACITY									
AP	5										
AP	6										
AP	7										
AP	8										
AP	9										
AP	10										
AP	11	CAPACITY - DISTRIBUTION RELATED (Design Day									
AP	12	Capacity Distribution	DDIST	1.00000	0.79218	0.20782	0.76826	0.02107	0.00285	0.10279	0.10503
AP	13										
AP	14										
AP	15										
AP	16										
AP	17										
AP	18										
AP	19										
AP	20	COMMODITY									
AP	21	Annual Gas Cost (PGC)	EGAS	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	22										
AP	23	Annual Gas Deliveries - Thruput (CCF)	ETHRUPUT	1.00000	0.75723	0.24277	0.73355	0.02073	0.00296	0.13199	0.11077
AP	24										
AP	25										
AP	26										
AP	27										
AP	28										
AP	29										
AP	30										
AP	31										
AP	32										
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Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	51	ALLOCATION PROPORTIONS TABLE CONTINUED									
AP	52	EXTERNALLY DEVELOPED ALLOCATION FACTORS									
AP	53										
AP	54	CUSTOMER									
AP	55	Distribution Mains	CUSTDIST	1.00000	0.93328	0.06672	0.88752	0.04012	0.00564	0.02157	0.04516
AP	56										
AP	57	Service Investment	CUSTSERV	1.00000	0.87333	0.12667	0.83051	0.03754	0.00528	0.04095	0.08572
AP	58	Meter Investment	CUSTMET	1.00000	0.71007	0.28993	0.67525	0.03052	0.00429	0.09373	0.19621
AP	59	Meter Installations	CUSTMETIN	1.00000	0.89087	0.10913	0.84719	0.03829	0.00539	0.03528	0.07385
AP	60	Regulators Investment	CUSTREGUL	1.00000	0.92450	0.07550	0.87917	0.03974	0.00559	0.02441	0.05109
AP	61										
AP	62										
AP	63	Customer Deposits	CUSTDEP	1.00000	0.95636	0.04364	0.95636	0.00000	0.00000	0.00000	0.04364
AP	64										
AP	65										
AP	66										
AP	67	902-Meter Reading Expense	CUSTMTRDG	1.00000	0.91321	0.08679	0.86843	0.03925	0.00552	0.02806	0.05874
AP	68	903-Customer Records and Collections	CUSTREC	1.00000	0.93358	0.06642	0.88735	0.04064	0.00560	0.02145	0.04497
AP	69										
AP	70	908-Customer Assistance	CUSTASST	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	71	909-Informational and Instructional Advertising	CUSTADVT	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	72	910-Miscellaneous Customer Service	CUSTCSM	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	73	916-Miscellaneous Sales Expense	CUSTSALES	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	74										
AP	75	Number of Bills	CUSTBILLS	1.00000	0.93358	0.06642	0.88735	0.04064	0.00560	0.02145	0.04497
AP	76	Number of Customers (Average Annual)	CUST	1.00000	0.93328	0.06672	0.88752	0.04012	0.00564	0.02157	0.04516
AP	77										
AP	78										
AP	79										
AP	80										
AP	81										
AP	82										
AP	83										
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AP	100										

Pike County Light & Power Company  
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	101	ALLOCATION PROPORTIONS TABLE CONTINUED									
AP	102	INTERNALLY DEVELOPED ALLOCATION FACTORS									
AP	103	<u>Plant Related</u>									
AP	104	Intangible Plant	INTPLT	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	105	Distribution Plant in Service	DISTPLT	1.00000	0.86560	0.13440	0.82783	0.03315	0.00463	0.05457	0.07982
AP	106	Distribution Plant in Service - Capacity Related	DDISTPLT	1.00000	0.91983	0.08017	0.87615	0.03830	0.00538	0.02931	0.05086
AP	107	General Plant in Service	GENLPLT	1.00000	0.88653	0.11347	0.84339	0.03782	0.00532	0.03749	0.07598
AP	108	Common Plant in Service	COMPLT	1.00000	0.88653	0.11347	0.84339	0.03782	0.00532	0.03749	0.07598
AP	109	Total Gas Utility Plant In Service	TOTPLT	1.00000	0.86764	0.13236	0.82934	0.03360	0.00469	0.05291	0.07945
AP	110	Distribution Plant Excl Asset Retirement	DISTPLTXAR	1.00000	0.86560	0.13440	0.82783	0.03315	0.00463	0.05457	0.07982
AP	111	Total Distribution and General Plant	DGPLT	1.00000	0.86579	0.13421	0.82797	0.03319	0.00463	0.05442	0.07979
AP	112	Rate Base	RATEBASE	1.00000	0.86741	0.13259	0.82887	0.03382	0.00473	0.05323	0.07935
AP	113										
AP	114	Account 374 - Land & Land Rights	PLT_374	1.00000	0.79218	0.20782	0.76826	0.02107	0.00285	0.10279	0.10503
AP	115	Account 375 - Structures & Improvements	PLT_375	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	116	Account 376 - Mains	PLT_376	1.00000	0.86827	0.13173	0.83258	0.03134	0.00436	0.05899	0.07274
AP	117	Account 378 - Meas & Reg Station Equip-General	PLT_378	1.00000	0.79218	0.20782	0.76826	0.02107	0.00285	0.10279	0.10503
AP	118	Account 380 - Services	PLT_380	1.00000	0.87333	0.12667	0.83051	0.03754	0.00528	0.04095	0.08572
AP	119	Account 381 - Meters	PLT_381	1.00000	0.71007	0.28993	0.67525	0.03052	0.00429	0.09373	0.19621
AP	120	Account 382 - Meter Installations	PLT_382	1.00000	0.89087	0.10913	0.84719	0.03829	0.00539	0.03528	0.07385
AP	121	Account 384-House Regulator Installations	PLT_384	1.00000	0.92450	0.07550	0.87917	0.03974	0.00559	0.02441	0.05109
AP	122	Account 385-Industrial Regulators	PLT_385	1.00000	0.92450	0.07550	0.87917	0.03974	0.00559	0.02441	0.05109
AP	123	Account 387 - Other Equipment	PLT_387	1.00000	0.92450	0.07550	0.87917	0.03974	0.00559	0.02441	0.05109
AP	124	Account 388-Asset Retirement Costs for Distribution	PLT_388	1.00000	0.92450	0.07550	0.87917	0.03974	0.00559	0.02441	0.05109
AP	125	Accounts 376 & 378 - Mains & M&R	PLT_376379	1.00000	0.86418	0.13582	0.82912	0.03079	0.00427	0.06134	0.07448
AP	126	Accounts 376 & 380 - Mains & Services	PLT_376380	1.00000	0.86977	0.13023	0.83197	0.03317	0.00463	0.05365	0.07658
AP	127	Accounts 380 & 381 - Services & Meters	PLT_380381	1.00000	0.87333	0.12667	0.83051	0.03754	0.00528	0.04095	0.08572
AP	128	Accounts 381 through 385	PLT_3815	1.00000	0.85610	0.14390	0.81413	0.03680	0.00518	0.04652	0.09738
AP	129	Accounts 378 & 387	PLT_378387	1.00000	0.80311	0.19689	0.77742	0.02261	0.00307	0.09632	0.10058
AP	130										
AP	131	Distribution Plant in Service - Capacity Related									
AP	132	Residential Space Heating	DPLTRESSH	1.00000	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
AP	133	Residential Domestic	DPLTRESO	1.00000	1.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000
AP	134	Residential Other	DPLTRESO	1.00000	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000
AP	135	General Service Commercial	DPLTGSC	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000
AP	136	Commercial Space Heating	DPLTCSH	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000	1.00000
AP	137										
AP	138										
AP	139										
AP	140										
AP	141										
AP	142										
AP	143										
AP	144										
AP	145										
AP	146										
AP	147										
AP	148										
AP	149										
AP	150										

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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	151	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>									
AP	152	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>									
AP	153										
AP	154	<b><u>Production Expense Related</u></b>									
AP	155	Other Production Operation Expense	OX_PRODO	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	156										
AP	157										
AP	158										
AP	159			0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	160			0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	161										
AP	162										
AP	163	<b><u>Distribution Expense Related</u></b>									
AP	164	Account 874 - Mains & Services Exp	OX_874	1.00000	0.86977	0.13023	0.83197	0.03317	0.00463	0.05365	0.07658
AP	165	Account 875 - Meas & Reg Station Exp - Gen	OX_875	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	166	Account 878-Meter & House Regulator Expenses	OX_878	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	167	Account 880 - Other Dist Oper Exp	OX_880	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	168	Account 887 - Maint of Mains Exp	MX_887	1.00000	0.86827	0.13173	0.83258	0.03134	0.00436	0.05899	0.07274
AP	169	Account 889 - Maint of Meas & Reg Station Exp - Gen	MX_889	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	170	Account 892 - Maint of Services Exp	MX_892	1.00000	0.87333	0.12667	0.83051	0.03754	0.00528	0.04095	0.08572
AP	171	Account 893 - Maint of Meter & House Reg Exp	MX_893	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	172	Account 894 - Maint of Other Equipment Exp	MX_894	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	173	O&M Accounts 874-880	OX_DIST	1.00000	0.86977	0.13023	0.83197	0.03317	0.00463	0.05365	0.07658
AP	174	O&M Accounts 887-894	MX_DIST	1.00000	0.87333	0.12667	0.83051	0.03754	0.00528	0.04095	0.08572
AP	175										
AP	176										
AP	177	<b><u>Customer Distribution Expense Related</u></b>									
AP	178	Account 902	OX_902	1.00000	0.91321	0.08679	0.86843	0.03925	0.00552	0.02806	0.05874
AP	179	Account 903	OX_903	1.00000	0.93358	0.06642	0.88735	0.04064	0.00560	0.02145	0.04497
AP	180	Account 904	OX_904	1.00000	0.87530	0.12470	0.80726	0.04329	0.02475	0.00000	0.12470
AP	181	O&M Accounts 902-905	OX_CA	1.00000	0.93115	0.06885	0.89514	0.03791	-0.00191	0.03785	0.03100
AP	182										
AP	183	Account 908	OX_908	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	184	Account 909	OX_909	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	185	Account 910	OX_910	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	186	O&M Accounts 908-910	OX_CS	1.00000	0.84525	0.15475	0.81053	0.03042	0.00430	0.07678	0.07796
AP	187	Accounts 901-910	X_CACS	1.00000	0.91902	0.08098	0.88319	0.03686	-0.00103	0.04335	0.03763
AP	188										
AP	189	Total O&M less Purchased Gas and Uncollectibles	OMXPP	1.00000	0.88538	0.11462	0.84246	0.03762	0.00530	0.03843	0.07619
AP	190										
AP	191										
AP	192										
AP	193										
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		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	201	<b>ALLOCATION PROPORTIONS TABLE CONTINUED</b>									
AP	202	<b><u>INTERNALLY DEVELOPED ALLOCATION FACTORS</u></b>									
AP	203										
AP	204	<b><u>Labor Expense Related</u></b>									
AP	205	Labor Distribution Accounts 870-880	LABORDO	1.00000	0.86977	0.13023	0.83197	0.03317	0.00463	0.05365	0.07658
AP	206	Labor Distribution Accounts 887-894	LABORDM	1.00000	0.87300	0.12700	0.83065	0.03713	0.00522	0.04213	0.08487
AP	207	Labor Customer Accounts 902-905	LABORCA	1.00000	0.91430	0.08570	0.86944	0.03933	0.00553	0.02770	0.05800
AP	208	Labor Customer Accounts 908-910	LABORCS	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
AP	209	Labor Excluding Admin & Gen	LABORXAG	1.00000	0.88653	0.11347	0.84339	0.03782	0.00532	0.03749	0.07598
AP	210	Total Labor Expense	LABOR	1.00000	0.88653	0.11347	0.84339	0.03782	0.00532	0.03749	0.07598
AP	211										
AP	212										
AP	213	Base Rate Sales Revenue	SALESREV	1.00000	0.82182	0.17818	0.79346	0.02483	0.00353	0.09054	0.08764
AP	214										
AP	215	Claimed Rate Sales Revenue	CLAIMREV	1.00000	0.87682	0.12318	0.83483	0.03619	0.00580	0.04346	0.07971
AP	216										
AP	217	Residential Space Heating	SREVRESSH	1.00000	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000
AP	218	Residential Domestic	SREVRESH	1.00000	1.00000	0.00000	0.00000	1.00000	0.00000	0.00000	0.00000
AP	219	Residential Other	SREVRESO	1.00000	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000	0.00000
AP	220	General Service Commercial	SREVGSC	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	1.00000	0.00000
AP	221	Commercial Space Heating	SREVCCH	1.00000	0.00000	1.00000	0.00000	0.00000	0.00000	0.00000	1.00000
AP	222										
AP	223										
AP	224										
AP	225										
AP	226										
AP	227										
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		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
AP	251	REVENUES AND BILLING DETERMINANTS									
AP	252										
AP	253										
AP	254	<u>PRESENT REVENUES FROM SALES INPUT</u>									
AP	255										
AP	256	Total Sales of Gas Revenues		1.00000	0.82379	0.17621	0.79553	0.02474	0.00352	0.08950	0.08671
AP	257	Total Delivery Revenues - Actual		1.00000	0.82182	0.17818	0.79346	0.02483	0.00353	0.09054	0.08764
AP	258	Total Delivery Revenues - Weather Adjustment									
AP	259										
AP	260										
AP	261										
AP	262										
AP	263										
AP	264	12 Months Ended June 30, 2020									
AP	265										
AP	267										
AP	266										
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SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
ADA	1	<b>ALLOCATED DIRECT ASSIGNMENTS</b>									
ADA	2	<b>DIRECT ASSIGN TO CLASSES W/SALES REV FUNCTIONS</b>									
ADA	3										
ADA	4	<b>Net Write-Offs</b>									
ADA	5	Residential Space Heating	SREVRESSH	18,589	18,589	0	18,589	0	0	0	0
ADA	6	Residential Domestic	SREVRESH	997	997	0	0	997	0	0	0
ADA	7	Residential Other	SREVRESO	570	570	0	0	0	570	0	0
ADA	8	General Service Commercial	SREVGSC	0	0	0	0	0	0	0	0
ADA	9	Commercial Space Heating	SREVCCH	2,871	0	2,871	0	0	0	0	2,871
ADA	10										
ADA	11										
ADA	12	Total Write-Offs	EXP_904	23,027	20,156	2,871	18,589	997	570	0	2,871
ADA	13										
ADA	14	Total Write-Offs	EXP_904	1.00000	0.87530	0.12470	0.80726	0.04329	0.02475	0.00000	0.12470
ADA	15										
ADA	16										
ADA	17										
ADA	18										
ADA	19	<b>Forfeited Discounts - Account 487</b>									
ADA	20	Residential Space Heating	SREVRESSH	2,142	2,142	0	2,142	0	0	0	0
ADA	21	Residential Domestic	SREVRESH	30	30	0	0	30	0	0	0
ADA	22	Residential Other	SREVRESO	10	10	0	0	0	10	0	0
ADA	23	General Service Commercial	SREVGSC	135	0	135	0	0	0	135	0
ADA	24	Commercial Space Heating	SREVCCH	429	0	429	0	0	0	0	429
ADA	25										
ADA	26										
ADA	27	Total Forfeited Discounts	REV_487	2,745	2,182	564	2,142	30	10	135	429
ADA	28										
ADA	29	Total Forfeited Discounts	REV_487	1.00000	0.79464	0.20536	0.78034	0.01078	0.00353	0.04919	0.15617
ADA	30										
ADA	31										
ADA	32										
ADA	33										
ADA	34										
ADA	35										
ADA	36										
ADA	37										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
RRW	1	<b>DISTRIBUTION REVENUE REQUIREMENTS</b>									
RRW	2										
RRW	3	PRESENT RATE OF RETURN (EXISTING RATES)									
RRW	4	-----									
RRW	5	Rate Base		3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
RRW	6	Net Operating Income (Present Rates)		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
RRW	7	Rate of Return @ Present Rates		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
RRW	8	Relative Rate of Return		1.00	0.79	2.34	0.83	-0.05	0.22	3.71	1.43
RRW	9	Sales Revenue at Present Rates		714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
RRW	10	Revenue Present Rates \$/Ccf		\$491.6764	\$534.9214	\$358.1368	\$533.1397	\$590.4222	\$587.8409	\$334.6940	\$386.0701
RRW	11	Revenue Required - \$/Month/Customer		\$47,615.12	\$41,914.91	\$127,738.14	\$42,577.05	\$29,096.50	\$30,004.53	\$200,964.96	\$92,806.24
RRW	12										
RRW	13										
RRW	14	<b>CLAIMED RATE OF RETURN</b>									
RRW	15	-----									
RRW	16	Claimed Rate of Return		7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%
RRW	17	Return Required for Claimed Rate of Return		287,990	249,832	38,157	238,741	9,731	1,360	15,299	22,858
RRW	18	Sales Revenue Required @ Claimed ROR		1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
RRW	19	Sales Revenue Deficiency		296,571	299,355	(2,784)	277,158	18,851	3,346	(20,755)	17,971
RRW	20	Percent Increase Required		41.49%	50.96%	-2.19%	48.87%	106.21%	132.75%	-32.07%	28.69%
RRW	21	Annual Booked Throughput Sales (Ccf)		1,453,701	1,098,097	355,604	1,063,748	30,061	4,288	193,343	162,261
RRW	22	Sales Revenue Required \$/Ccf		\$695.6871	\$807.5338	\$350.3073	\$793.6879	\$1,217.5164	\$1,368.1994	\$227.3441	\$496.8245
RRW	23	Sales Revenue Deficiency \$/Ccf		\$204.0107	\$272.6124	(\$7.8295)	\$260.5483	\$627.0943	\$780.3585	(\$107.3499)	\$110.7544
RRW	24										
RRW	25										
RRW	26	<b>PROPOSED RATE OF RETURN</b>									
RRW	27	-----									
RRW	28	Rate Base at Future Test Year 06/30/2021		4,061,954	3,523,764	538,190	3,367,327	137,258	19,179	215,792	322,398
RRW	29	Proposed Base Gas Sales Revenues		1,011,297	871,148	140,150	841,258	26,169	3,720	70,288	69,862
RRW	30	Base Sales Revenue Deficiency		296,547	283,752	12,795	274,132	8,421	1,200	5,577	7,217
RRW	31	Return Required for Proposed Revenue		287,976	240,911	47,066	237,011	3,767	133	30,357	16,709
RRW	32	Percent Increase Required at Proposed Rates		41.49%	48.31%	10.05%	48.34%	47.44%	47.60%	8.62%	11.52%
RRW	33	Proposed Rate of Return		7.09%	6.84%	8.75%	7.04%	2.74%	0.69%	14.07%	5.18%
RRW	34	Relative Rate of Return		1.00	0.96	1.23	0.99	0.39	0.10	1.98	0.73
RRW	35										
RRW	36										
RRW	37										
RRW	38										
RRW	39										
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RRW	49										
RRW	50										



Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

LINE NO.	DESCRIPTION	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331	
	(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
1	PRESENT RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS									
2										
3	RATE OF RETURN		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
4										
5	REVENUES REQUIRED									
6	CAPACITY COMPONENT	99,883	99,883	60,339	39,544	59,837	418	84	27,453	12,091
7	CAPACITY PRODUCTION COMPONENT		0	0	0	0	0	0	0	0
8	CAPACITY TRANSMISSION COMPONENT		0	0	0	0	0	0	0	0
9	CAPACITY DISTRIBUTION MAINS		99,883	60,339	39,544	59,837	418	84	27,453	12,091
10	COMMODITY COMPONENT	0	0	0	0	0	0	0	0	0
11	COMMODITY PURCHASED GAS		0	0	0	0	0	0	0	0
12	COMMODITY OTHER COMMODITY		0	0	0	0	0	0	0	0
13	CUSTOMER COMPONENT	614,868	614,868	527,057	87,811	507,289	17,331	2,437	37,258	50,553
14	CUSTOMER DISTRIBUTION MAINS		77,791	66,772	11,019	66,094	543	135	5,888	5,131
15	CUSTOMER SERVICES INVESTMENT		351,942	297,625	54,317	285,445	10,707	1,473	21,964	32,353
16	CUSTOMER METERS & INSTALL INVESTMENT		25,466	17,930	7,536	17,726	166	38	3,915	3,621
17	CUSTOMER REGULATORS		3,045	2,553	491	2,531	17	5	264	227
18	CUSTOMER SERVICE & SALES EXPENSE		5,913	4,986	927	4,784	178	24	470	457
19	CUSTOMER ACCOUNTS EXPENSE		150,710	137,191	13,519	130,709	5,720	762	4,756	8,763
20										
21										
22	TOTAL COMPANY	714,751	714,751	587,396	127,355	567,126	17,749	2,520	64,711	62,644
23										
24										
25										
26										
27	Annual Booked Throughput Sales (Ccf)		1,482,150	1,122,333	359,817	1,087,226	30,725	4,382	195,633	164,183
28	Average Use Per Customer		99	80	361	82	50	52	608	243
29	Number of Customer Bills		15,011	14,014	997	13,320	610	84	322	675
30										
31	Use per Month per Customer		98.74	80.09	360.90	81.62	50.37	52.17	607.56	243.23
32										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

LINE NO.	DESCRIPTION	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331	
	(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
1	PRESENT RATE OF RETURN SUMMARY SCHEDULE - UNIT COST									
2										
3	RATE OF RETURN		5.06%	4.02%	11.85%	4.21%	-0.28%	1.09%	18.74%	7.23%
4										
5	<u>\$/Ccf</u>									
6	CAPACITY COMPONENT	\$68.7094	\$68.7094	\$54.9484	\$111.2031	\$56.2515	\$13.8933	\$19.4830	\$141.9919	\$74.5165
7	CAPACITY PRODUCTION COMPONENT		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8	CAPACITY DISTRIBUTION MAINS		\$68.7094	\$54.9484	\$111.2031	\$56.2515	\$13.8933	\$19.4830	\$141.9919	\$74.5165
9	COMMODITY COMPONENT	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10	COMMODITY PURCHASED GAS		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11	COMMODITY OTHER COMMODITY		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
12	CUSTOMER COMPONENT	\$422.9670	\$422.9670	\$479.9730	\$246.9337	\$476.8881	\$576.5288	\$568.3579	\$192.7021	\$311.5536
13	CUSTOMER DISTRIBUTION MAINS		\$53.5126	\$60.8070	\$30.9876	\$62.1332	\$18.0645	\$31.4633	\$30.4537	\$31.6238
14	CUSTOMER SERVICES INVESTMENT		\$242.1009	\$271.0372	\$152.7462	\$268.3386	\$356.1780	\$343.6162	\$113.6015	\$199.3894
15	CUSTOMER METERS & INSTALL INVESTMENT		\$17.5181	\$16.3282	\$21.1928	\$16.6636	\$5.5080	\$8.9646	\$20.2510	\$22.3150
16	CUSTOMER REGULATORS		\$2.0944	\$2.3252	\$1.3818	\$2.3793	\$0.5819	\$1.1200	\$1.3662	\$1.4003
17	CUSTOMER SERVICE & SALES EXPENSE		\$4.0674	\$4.5404	\$2.6070	\$4.4972	\$5.9187	\$5.5706	\$2.4301	\$2.8179
18	CUSTOMER ACCOUNTS EXPENSE		\$103.6735	\$124.9351	\$38.0183	\$122.8762	\$190.2777	\$177.6231	\$24.5998	\$54.0073
19										
20										
21	TOTAL COMPANY	\$491.6764	\$491.6764	\$534.9214	\$358.1368	\$533.1397	\$590.4222	\$587.8409	\$334.6940	\$386.0701
22										
23	<u>\$/MONTH/CUSTOMER</u>									
24	CUSTOMER COMPONENTS	\$40.96	\$40.96	\$37.61	\$88.07	\$38.08	\$28.41	\$29.01	\$115.71	\$74.89
25	CUSTOMER DISTRIBUTION MAINS		\$5.18	\$4.76	\$11.05	\$4.96	\$0.89	\$1.61	\$18.29	\$7.60
26	CUSTOMER SERVICES INVESTMENT		\$23.45	\$21.24	\$54.48	\$21.43	\$17.55	\$17.54	\$68.21	\$47.93
27	CUSTOMER METERS & INSTALL INVESTMENT		\$1.70	\$1.28	\$7.56	\$1.33	\$0.27	\$0.46	\$12.16	\$5.36
28	CUSTOMER REGULATORS		\$0.20	\$0.18	\$0.49	\$0.19	\$0.03	\$0.06	\$0.82	\$0.34
29	CUSTOMER SERVICE & SALES EXPENSE		\$0.39	\$0.36	\$0.93	\$0.36	\$0.29	\$0.28	\$1.46	\$0.68
30	CUSTOMER ACCOUNTS EXPENSE		\$10.04	\$9.79	\$13.56	\$9.81	\$9.38	\$9.07	\$14.77	\$12.98
31										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

LINE NO.	DESCRIPTION	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331	
	(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
1	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - REVENUE REQUIREMENTS									
2	(For Future Test Year 12 Months Ended June 30 2021)									
3	RATE OF RETURN		7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%
4										
5	REVENUES REQUIRED									
6	CAPACITY COMPONENT	155,698	155,698	123,850	31,848	119,987	3,346	517	15,148	16,700
7	CAPACITY PRODUCTION COMPONENT		0	0	0	0	0	0	0	0
8	CAPACITY DISTRIBUTION MAINS		155,698	123,850	31,848	119,987	3,346	517	15,148	16,700
9	COMMODITY COMPONENT	0	0	0	0	0	0	0	0	0
10	COMMODITY PURCHASED GAS		0	0	0	0	0	0	0	0
11	COMMODITY OTHER COMMODITY		0	0	0	0	0	0	0	0
12	CUSTOMER COMPONENT	855,623	855,623	762,901	92,722	724,298	33,254	5,349	28,807	63,915
13	CUSTOMER DISTRIBUTION MAINS		156,717	146,340	10,378	138,924	6,389	1,027	3,183	7,195
14	CUSTOMER SERVICES INVESTMENT		462,166	403,725	58,441	383,342	17,557	2,826	18,057	40,384
15	CUSTOMER METERS & INSTALL INVESTMENT		45,427	38,279	7,147	36,340	1,671	269	2,194	4,953
16	CUSTOMER REGULATORS		6,197	5,733	464	5,442	250	40	142	322
17	CUSTOMER SERVICE & SALES EXPENSE		5,959	5,044	915	4,831	183	30	440	475
18	CUSTOMER ACCOUNTS EXPENSE		179,157	163,780	15,377	155,418	7,203	1,158	4,791	10,586
19										
20										
21	TOTAL COMPANY	1,011,321	1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
22										
23										
24										
25	12 Months Ended June 30, 2021									
26	Annual Booked Throughput Sales (Ccf)		1,453,701	1,098,097	355,604	1,063,748	30,061	4,288	193,343	162,261
28	Number of Customer Bills		14,976	14,016	960	13,329	602	85	310	650
27	Average Use Per Customer		99	80	361	82	50	52	608	243
29										
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Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

LINE NO.	DESCRIPTION	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331	
	(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
1	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - UNIT COSTS									
2	(For Future Test Year 12 Months Ended June 30 2021)									
3	RATE OF RETURN		7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%	7.09%
4										
5	\$/Ccf									
6	CAPACITY COMPONENT	\$107.1045	\$107.1045	\$112.7857	\$89.5613	\$112.7960	\$111.3136	\$120.5478	\$78.3495	\$102.9209
7	CAPACITY PRODUCTION COMPONENT		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8	CAPACITY DISTRIBUTION MAINS		\$107.1045	\$112.7857	\$89.5613	\$112.7960	\$111.3136	\$120.5478	\$78.3495	\$102.9209
9	COMMODITY COMPONENT	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10	COMMODITY PURCHASED GAS		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11	COMMODITY OTHER COMMODITY		\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
12	CUSTOMER COMPONENT	\$588.5826	\$588.5826	\$694.7481	\$260.7460	\$680.8920	\$1,106.2029	\$1,247.6517	\$148.9946	\$393.9037
13	CUSTOMER DISTRIBUTION MAINS		\$107.8057	\$133.2666	\$29.1831	\$130.5988	\$212.5167	\$239.5220	\$16.4634	\$44.3393
14	CUSTOMER SERVICES INVESTMENT		\$317.9239	\$367.6588	\$164.3437	\$360.3691	\$584.0490	\$659.0736	\$93.3930	\$248.8852
15	CUSTOMER METERS & INSTALL INVESTMENT		\$31.2489	\$34.8597	\$20.0988	\$34.1619	\$55.5879	\$62.6524	\$11.3481	\$30.5256
16	CUSTOMER REGULATORS		\$4.2631	\$5.2208	\$1.3057	\$5.1163	\$8.3261	\$9.3839	\$0.7365	\$1.9840
17	CUSTOMER SERVICE & SALES EXPENSE		\$4.0992	\$4.5937	\$2.5723	\$4.5417	\$6.1013	\$6.9210	\$2.2749	\$2.9268
18	CUSTOMER ACCOUNTS EXPENSE		\$123.2418	\$149.1485	\$43.2424	\$146.1043	\$239.6218	\$270.0989	\$24.7787	\$65.2428
19										
20										
21	TOTAL COMPANY	\$695.6871	\$695.6871	\$807.5338	\$350.3073	\$793.6879	\$1,217.5164	\$1,368.1994	\$227.3441	\$496.8245
22										
23	\$/MONTH/CUSTOMER									
24	CUSTOMER COMPONENTS	\$57.13	\$57.13	\$54.43	\$96.59	\$54.34	\$55.20	\$63.11	\$92.83	\$98.38
25	CUSTOMER DISTRIBUTION MAINS		\$10.46	\$10.44	\$10.81	\$10.42	\$10.60	\$12.11	\$10.26	\$11.07
26	CUSTOMER SERVICES INVESTMENT		\$30.86	\$28.80	\$60.88	\$28.76	\$29.14	\$33.34	\$58.19	\$62.16
27	CUSTOMER METERS & INSTALL INVESTMENT		\$3.03	\$2.73	\$7.44	\$2.73	\$2.77	\$3.17	\$7.07	\$7.62
28	CUSTOMER REGULATORS		\$0.41	\$0.41	\$0.48	\$0.41	\$0.42	\$0.47	\$0.46	\$0.50
29	CUSTOMER SERVICE & SALES EXPENSE		\$0.40	\$0.36	\$0.95	\$0.36	\$0.30	\$0.35	\$1.42	\$0.73
30	CUSTOMER ACCOUNTS EXPENSE		\$11.96	\$11.69	\$16.02	\$11.66	\$11.96	\$13.66	\$15.44	\$16.30
31										
32										
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The listing of all external allocation factors shown are in pages 15 to 16 of the Allocation Factor Table and pages 20 to 21 of the Ratio Table of Exhibit G-6, Schedule GRP-4-G of the Pike County Light & Power Company embedded gas cost of service study.

## DESCRIPTION OF ALLOCATION FACTORS

### Reference for Internal Allocators Not Shown in Allocation Factor Table

#### **External Allocators – Capacity Related, Page 21**

1. DDIST – Demand Distribution Allocator.  
Based on the daily sendout at 74 design degree day for all firm rate classes. Allocator Ratio is on Page 21, line 12.

#### **External Allocators – Commodity Related, Page 21**

2. EGAS – Commodity Allocator  
Annual Gas Costs (PGC) – not currently used in this study.  
Allocator Ratio is on Page 21, line 21.
3. ETHRUPUT – Commodity Allocator  
Annual Gas Deliveries – Throughput (Ccf). Allocator Ratio is on Page 21, line 23.

#### **External Allocators – Customer Related, Page 22**

4. CUSTDIST - Acct 376 – Customer Distribution Function.  
This allocator represents the average annual number of customers.  
Allocation Ratio is on Page 22, line 55.
5. CUSTSERV – Acct 380 Service Investment – Customer Services Function.  
This allocator represents the direct assignment of service plant account to the customer classes. See Workpapers for details. Allocation Ratio is on Page 22, line 57.
6. CUSTMET – Acct 381 Meter Investments – Customer Meters Function.  
This allocator represents the direct assignment of meter plant account to the customer classes. See Workpapers for detail. Allocation Ratio is on Page 22, line 58.
7. CUSTMETIN - Acct 382 – Meter Installations – Customer Meters Function.  
This allocator represents the assignment of plant to classes. Allocation Ratio is on Page 22, line 59
8. CUSTREGUL - Acct 384 & 385 – Regulators Investment – Customer Regulators Function.  
This allocator represents the assignment of plant to classes. Allocation Ratio is on Page 22, line 60

## DESCRIPTION OF ALLOCATION FACTORS

### Reference for Internal Allocators Not Shown in Allocation Factor Table

#### External Allocators – Customer Related, Page 21, continued

9. CUSTDEP - Customer Deposits – Customer Other Function  
This allocator represents the assignment of customer deposits to the Residential Space Heating and Commercial Space Heating customer classes based on the number of customers. See Workpapers for detail. Allocation Ratio is on Page 22, line 63.
10. CUSTMTRDG – Acct 902 Meter Reading Expense – Customer Accounts Expense Function  
This allocator was based on the number of meters by rate class with a weighting factor applied to daily read meters. Allocation Ratio is on Page 22, line 67.
11. CUSTREC – Acct 903 Customer Records & Collection Expenses – Customer Accounts Expense Function  
This allocator was based on the number of bills by rate class. Allocation Ratio is on Page 22, line 68.
12. CUSTASST - Customer Assistance Expense – Customer Services Expense Function.  
This allocator was developed internally in the cost of service model. Since these costs are not totally related to the total number of customers or the amount of sales, a weighted allocation factor was developed. The allocator is based on a 50% weighting on the annual number of customers (Page 22, line 76) and a 50% weighting on the total annual throughput Ccf sales at the meter (Page 21, line 23). Allocation Ratio is on Page 22, line 70.
13. CUSTADVT – Customer Informational Advertising Expenses – Customer Service Expense Function  
This allocator was developed in the same manner as the CUSTASST allocator. Allocation Ratio is on Page 21, line 71.
14. CUSTCSM – Miscellaneous Customer Assistance Expenses – Customer Service Expense Function  
This allocator was developed in the same manner as the CUSTASST allocator. Allocation Ratio is on Page 21, line 72.
15. CUSTSALES – Demonstrating and Selling Expenses – Sales Expense Function  
This allocator was developed in the same manner as the CUSTASST allocator. Allocation Ratio is on Page 21, line 73.

#### External Allocators – Revenue Related, Page 27

## DESCRIPTION OF ALLOCATION FACTORS

### Reference for Internal Allocators Not Shown in Allocation Factor Table

16. EXP\_904 – Account 904 – Uncollectible Accounts  
This allocator is a direct assignment allocator that was developed using write-offs by class. Allocation Ratio is on Page 27, line 14.
17. REV\_487 – Account 487 – Late Payment Charges  
This allocator is a direct assignment allocator that was developed using the forfeited discounts by class. Allocation Ratio is on Page 27, line 29.



Pike County Light & Power Company  
Gas Class Cost of Service Study  
12 Months Ended June 30, 2020

SCH	LINE NO.	DESCRIPTION	ALLOCATION BASIS	TOTAL GAS COMPANY	Total Residential SC1	Total Commercial SC2	Residential Space Heating Rate 231	Residential Domestic Rate 631	Residential Other Rate 531 & 731	General Service Commercial Rate 162	Commercial Space Heating Rate 331
		(a)	(b)	(c)	(a)	(e)	(f)	(g)	(h)	(i)	(j)
SUM	1	<b>HISTORICAL AND FUTURE YEAR DIFFERENCE ADJUSTMENTS:</b>									
SUM	2	<b>(For Future Test Year 12 Months Ended June 30 2021)</b>									
SUM	3										
SUM	4	<b>OPERATING INCOME (RETURN) @ PRESENT RATES</b>		160,557	110,651	49,906	110,783	(296)	164	31,678	18,228
SUM	5	<b>LESS Historical and Future Year Differences:</b>									
SUM	6	Retail Sales Revenue	CLAIMREV	35,700	31,303	4,397	29,804	1,292	207	1,552	2,846
SUM	7	487-Late Payment Charges	REV_487	300	238	62	234	3	1	15	47
SUM	8	<b>PLUS Historical and Future Year Differences:</b>									
SUM	9	O&M Expense - Labor Related	LABOR	34,900	30,940	3,960	29,434	1,320	186	1,308	2,652
SUM	10	O&M Expense - 904-Uncollectible Accounts	EXP_904	39,000	34,137	4,863	31,483	1,688	965	0	4,863
SUM	11	O&M Expense - 928-Regulatory Commission	CLAIMREV	5,600	4,910	690	4,675	203	32	243	446
SUM	12	Depreciation Expense	TOTPLT	33,700	29,239	4,461	27,949	1,132	158	1,783	2,677
SUM	13	TOIT - Base Payroll Taxes	LABOR	9,015	7,992	1,023	7,604	341	48	338	685
SUM	14	TOIT - PA Property Tax	TOTPLT	11	10	1	9	0	0	1	1
SUM	15	State and Federal Income Taxes	CLAIMREV	(31,000)	(27,182)	(3,818)	(25,880)	(1,122)	(180)	(1,347)	(2,471)
SUM	16	<b>OPERATING INCOME @ PRESENT RATES WITH DIFFERENCES</b>		105,331	62,145	43,186	65,546	(2,563)	(838)	30,919	12,267
SUM	17										
SUM	18	<b>RATE BASE</b>	SCH SUM, LN 24	3,175,654	2,754,598	421,056	2,632,194	107,397	15,006	169,056	252,000
SUM	19	<b>Historical and Future Year Difference Adjustments:</b>									
SUM	20	Gas Utility Plant & Reserves Adjustments	TOTPLT	899,800	780,702	119,098	746,241	30,237	4,224	47,609	71,490
SUM	21	Additions:									
SUM	22	Cash Working Capital	OMXPP	13,500	11,953	1,547	11,373	508	71	519	1,029
SUM	23	Materials and Supplies	TOTPLT	6,700	5,813	887	5,557	225	31	354	532
SUM	24	Deferred Debits (Net of Tax)	TOTPLT	16,000	13,882	2,118	13,269	538	75	847	1,271
SUM	25	Deductions:									
SUM	26	Customer Deposits	CUSTDEP	700	669	31	669	0	0	0	31
SUM	27	Deferred Income Taxes and Credits	TOTPLT	49,000	42,514	6,486	40,638	1,647	230	2,593	3,893
SUM	28	<b>RATE BASE WITH ADJUSTMENTS</b>		4,061,954	3,523,764	538,190	3,367,327	137,258	19,179	215,792	322,398
SUM	29										
SUM	30	<b>EQUALIZED RETURN AT PROPOSED ROR OF 7.09%</b>									
SUM	31	<b>DEVELOPMENT OF RETURN (RATE BASE * 7.09% ROR)</b>		287,990	249,832	38,157	238,741	9,731	1,360	15,299	22,858
SUM	32	<b>PLUS OPERATING EXPENSES</b>									
SUM	33	Operation and Maintenance Expense		504,123	446,647	57,477	424,236	19,223	3,188	17,911	39,565
SUM	34	Depreciation and Amortization Expense		125,009	108,090	16,919	103,249	4,247	594	6,566	10,353
SUM	35	Taxes Other Than Income Taxes		19,253	17,004	2,249	16,190	714	100	774	1,475
SUM	36	State and Federal Income Taxes		77,746	67,402	10,344	64,053	2,715	635	3,542	6,802
SUM	37	<b>TOTAL OPERATING EXPENSES</b>		726,131	639,143	86,988	607,728	26,899	4,516	28,794	58,195
SUM	38										
SUM	39	<b>EQUALS TOTAL COST OF SERVICE</b>		1,014,121	888,975	125,146	846,469	36,630	5,876	44,093	81,053
SUM	40										
SUM	41	<b>LESS: Other Operating Revenues</b>		2,800	2,225	575	2,185	30	10	138	437
SUM	42	<b>BASE RATE SALES @ EQUALIZED ROR 7.09%</b>		1,011,321	886,750	124,571	844,284	36,600	5,866	43,955	80,615
SUM	43	<b>BASE RATE SALES REVENUE INCREASE</b>		296,571	299,355	(2,784)	277,158	18,851	3,346	(20,755)	17,971
SUM	44										
SUM	45										
SUM	46										
SUM	47										
SUM	48										
SUM	49										

Pike County Light & Power Company  
Gas Rate Design  
Test Year 12 Months Ended June 30, 2021

Allocation of Proposed Revenue Adjustments to Base Rates

Line No.	Description	Current Base Sales Revenue (B)	Future GCR Rider Revenue (C)	Total Sales Revenue (D)	Increase Target Base Revenue Increase @ Uniform ROR 7.09% (E)	Revenue Increase Capped at 1.41% of Uniform ROR 7.09% 10.03% (F)	Capped Revenue (G)	Total To Redistribute (H)	Redistributed Capped Revenue (I)
	(A)	(1)	(C)	(col B + col C)	(2)	(F)	(G)	(total col E - total col G)	(I)
1	Rate Schedule:								
2	SC-1 Residential Space Heating 231	\$567,126	\$651,076	\$1,218,203	\$277,158	\$56,883			262,753
3	SC-1 Residential Domestic 631	\$17,749	\$18,399	\$36,148	\$18,851	\$1,780			17,872
4	SC-1 Residential Other 531 & 731	\$2,520	\$2,624	\$5,145	\$3,346	\$253			3,172
5	SC-2 General Service Commercial 162	\$64,711	\$118,364	\$183,075	(\$20,755)	\$6,490	\$6,490		
6	SC-2 Commercial Space Heating 331	\$62,644	\$99,336	\$161,980	\$17,971	\$6,283	\$6,283		
11	Total	\$714,751	\$889,800	\$1,604,551	\$296,571		\$12,774	\$283,797	\$283,797
12									
13									
14	Notes					41.5% Base Increase			
15	(1) Source for columns B and C is file								
16	Pike Gas Revenue Proof 6-30-20 Test Year Rev 9-15-20.xlsx								
17	(2) Source for column E is Exhibit G-6, Sch GRP-3-G, line 19.								
18	(3) Overall Increase is based on col D base sales revenue								
19	calculated using historical volumes and col L proposed base								
20	revenues are calculated using test year volumes.								

Pike County Light & Power Company  
Gas Rate Design  
Test Year 12 Months Ended June 30, 2021

Allocation of Proposed Revenue Adjustments to Base Rates

Line No.	Description	Target Base Revenue Proposed Increase (J) (col G + col I)	Target Proposed Base Revenue (K) (col B + col J)	Proposed Total Base Sales Revenue (L)	Base Sales Percent Increase (M)	Overall Increase (N) (3)
1	<b>Rate Schedule:</b>					
2	SC-1 Residential Space Heating 231	\$262,753	\$829,880	\$841,258	48.3%	22.5%
3	SC-1 Residential Domestic 631	\$17,872	\$35,620	\$26,169	47.4%	23.3%
4	SC-1 Residential Other 531 & 731	\$3,172	\$5,692	\$3,720	47.6%	23.3%
5	SC-2 General Service Commercial 162	\$6,490	\$71,201	\$70,288	8.6%	3.0%
6	SC-2 Commercial Space Heating 331	\$6,283	\$68,927	\$69,862	11.5%	4.5%
11	<b>Total</b>	<b>\$296,571</b>	<b>\$1,011,321</b>	<b>\$1,011,297</b>	<b>41.5%</b>	<b>18.5%</b>
12				-\$24 diff		
13						
14	<b>Notes</b>					
15	(1) Source for columns B and C is file					
16	Pike Gas Revenue Proof 6-30-20 Test Year Rev 9-15-20.xlsx					
17	(2) Source for column E is Exhibit G-6, Sch GRP-3-G, line 19.					
18	(3) Overall Increase is based on col D base sales revenue					
19	calculated using historical volumes and col L proposed base					
20	revenues are calculated using test year volumes.					

Pike County Light & Power Company  
Gas Rate Design  
Test Year 12 Months Ended June 30, 2021

Base Revenues at Present and Proposed Rates

WITHOUT GAS COSTS

Present Rates							Proposed Rates						
Schedule & Cost Component	Quantity	Units	Base Margin Rate	COG Commodity Rate	Total Rate	Revenue	Quantity	Units	Base Margin Rate	COG Commodity Rate	Total Rate	Revenue	Change
SC-1 Residential Space Heating 231							SC-1 Residential Space Heating 231						
1													
2	SC-1 Residential Space Heating 231												
3	Customer Charge	13,208	Cust		\$7.50	\$ 99,060	13,329	Cust	\$10.61		\$10.61	\$ 141,418	
4													
5	Delivery Charge All CCF	1,003,788	CCF	\$ 0.4663	\$ 0.4663	\$ 468,066	1,063,748	CCF	\$ 0.6579		\$ 0.6579	\$ 699,840	
6													
7	Total Revenues					\$ 567,126						\$ 841,258	48.3%
8													
9	Monthly Use Per Customer (1)								0			\$ 829,880	Target
10	Monthly \$ per Customers @ Proposed Equalized ROR (2)								\$54.34				
11													
12													
13													
14													
15	SC-1 Residential Domestic 631						SC-1 Residential Domestic 631						
16	SC-1 Residential Domestic 631												
17	Customer Charge	597	Cust		\$7.50	\$ 4,478	602	Cust	\$10.61		\$10.61	\$ 6,392	
18													
19	Delivery Charge All CCF	28,461	CCF	\$ 0.4663	\$ 0.4663	13,271	30,061	CCF	\$ 0.6579		\$ 0.6579	\$ 19,777	
20													
21	Total Revenues					\$ 17,749						\$ 26,169	47.4%
22													
23	Monthly Use Per Customer (1)								0			\$ 35,620	Target
24	Monthly \$ per Customers @ Proposed Equalized ROR (2)								\$55.20				
25													
26													
27													
28													
29	SC-1 Residential Other 531 & 731						SC-1 Residential Other 531 & 731						
30	SC-1 Residential Other 531 & 731												
31	Customer Charge	84	Cust		\$7.50	\$ 630	85	Cust	\$10.61		\$10.61	\$ 899	
32													
33	Delivery Charge - Winter	4,054	CCF	\$ 0.4663	\$ 0.4663	1,890	4,288	CCF	\$ 0.6579		\$ 0.6579	\$ 2,821	
34													
35	Total Revenues					\$ 2,520						\$ 3,720	47.6%
36													
37	Monthly Use Per Customer (1)								0			\$ 5,692	Target
38	Monthly \$ per Customers @ Proposed Equalized ROR (2)								\$63.11				

Pike County Light & Power Company  
Gas Rate Design  
Test Year 12 Months Ended June 30, 2021

Base Revenues at Present and Proposed Rates

WITHOUT GAS COSTS

Present Rates							Proposed Rates							
Schedule & Cost Component	Quantity	Units	Base Margin Rate	COG Commodity Rate	Total Rate	Revenue	Quantity	Units	Base Margin Rate	COG Commodity Rate	Total Rate	Revenue	Change	
SC-2 General Service Commercial 162							SC-2 General Service Commercial 162							
Customer Charge	321	Cust	\$9.40		\$9.40	\$ 3,017	310	Cust	\$13.31		\$13.31	\$ 4,131		
Delivery Charge - First 300 CCF	35,755	CCF	\$ 0.4603		\$ 0.4603	16,458	37,566	CCF	\$ 0.4698		\$ 0.4698	\$ 17,649		
Delivery Charge - All Over 300 CCF	148,264	CCF	\$ 0.3051		\$ 0.3051	45,235	155,777	CCF	\$ 0.3114		\$ 0.3114	\$ 48,509		
Subtotal Delivery Charges	184,019					\$ 61,693	193,343					\$ 66,157		
Total Revenues						\$ 64,711						\$ 70,288	8.6%	
Monthly Use Per Customer (1)									0			\$ 71,201	Target	
Monthly \$ per Customers @ Proposed Equalized ROR (2)									\$92.83					
SC-2 Commercial Space Heating 331							SC-2 Commercial Space Heating 331							
Customer Charge	672	Cust	\$9.40		\$9.40	\$ 6,317	650	Cust	\$13.31		\$13.31	\$ 8,647		
Delivery Charge - First 300 CCF	63,360	CCF	\$ 0.4603		\$ 0.4603	29,165	67,465	CCF	\$ 0.4698		\$ 0.4698	\$ 31,695		
Delivery Charge - All Over 300 CCF	89,029	CCF	\$ 0.3051		\$ 0.3051	27,163	94,796	CCF	\$ 0.3114		\$ 0.3114	\$ 29,520		
Subtotal Delivery Charges	152,389					\$ 56,327	162,261					\$ 61,215		
Total Revenues						\$ 62,644						\$ 69,862	11.5%	
Monthly Use Per Customer (1)									0			\$ 68,927	Target	
Monthly \$ per Customers @ Proposed Equalized ROR (2)									\$98.38					
TOTAL SYSTEM REVENUES						\$ 714,751	TOTAL SYSTEM REVENUES						\$ 1,011,297	41.5%
													\$ 1,011,321	Target

Notes:

(1) Source for Use per Customer is Schedule GRP-5-G, page 3, line 23.

(2) Source for \$/Month/Customer is Schedule GRP-5-G, page 4, line 27.

**Exhibit G-8 - Impact of the Proposed Rate Change on Total Bill Revenues  
for the Twelve Months Ended June 30, 2021**

Exhibit G-8  
Page 5 of 13

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates

Present SC1		Proposed SC1	
<b>Customer Charge</b>	<b>\$7.50</b>	<b>Customer Charge</b>	<b>\$10.61</b>
Delivery Rate	\$0.46630 / CCF	Delivery Rate	\$0.65790 / CCF
Cost of Gas	\$0.61210 / CCF	Cost of Gas	\$0.61210 / CCF
<b>All CCF @</b>	<b>\$1.07840 / CCF</b>	<b>All CCF @</b>	<b>\$1.27000 / CCF</b>
Plus: State Tax Adjustment	-0.1000%	Plus: State Tax Adjustment	-0.1000%
Plus: GCR	\$0.00000 / CCF	Plus: GCR	\$0.00000 / CCF
Minimum Charge:	\$7.50 / Month	Minimum Charge:	\$10.61 / Month

  

Present SC2		Proposed SC2	
<b>Customer Charge</b>	<b>\$9.40</b>	<b>Customer Charge</b>	<b>\$13.31</b>
<b>First 300 CCF</b>		<b>First 300 CCF</b>	
Delivery Rate	\$0.46030 / CCF	Delivery Rate	\$0.46980 / CCF
Cost of Gas	\$0.61210 / CCF	Cost of Gas	\$0.61210 / CCF
<b>First 300 CCF @</b>	<b>\$1.07240 / CCF</b>	<b>First 300 CCF @</b>	<b>\$1.08190 / CCF</b>
<b>Over 300 CCF</b>		<b>Over 300 CCF</b>	
Delivery Rate	\$0.30510 / CCF	Delivery Rate	\$0.31140 / CCF
Cost of Gas	\$0.61210 / CCF	Cost of Gas	\$0.61210 / CCF
<b>Over 300 CCF @</b>	<b>\$0.91720 / CCF</b>	<b>Over 300 CCF @</b>	<b>\$0.92350 / CCF</b>
Plus: State Tax Adjustment	-0.1000%	Plus: STAS	-0.1000%
Plus: GCR	\$0.00000 / CCF	Plus: GCR	\$0.00000 / CCF
Minimum Charge:	\$9.40 / Month	Minimum Charge:	\$13.31 / Month

**PIKE COUNTY LIGHT AND POWER COMPANY**

Monthly Bill Comparison  
Reflecting Proposed Rate Increase With & Without Gas Costs

	Monthly <u>Usage (CCF)</u>	Total Bill Monthly Bill @ <u>Present Rate</u>	Total Bill Monthly Bill @ <u>Proposed Rate</u>	Total Bill <u>Change</u>	Total Bill Percent <u>Change</u>	Delivery Only Monthly Bill @ <u>Present Rate</u>	Delivery Only Monthly Bill @ <u>Proposed Rate</u>	Delivery Only <u>Change</u>	Delivery Percent <u>Change</u>
Service Classification No. 1									
	0	\$7.49	\$10.60	\$3.11	41.5%	\$7.49	\$10.60	\$3.11	41.5%
	3	10.73	14.41	3.68	34.3%	\$8.89	\$12.57	3.68	41.4%
	10	18.27	23.29	5.02	27.5%	\$12.15	\$17.17	5.02	41.3%
	30	39.83	48.68	8.85	22.2%	\$21.47	\$30.32	8.85	41.2%
	50	61.39	74.07	12.68	20.7%	\$30.78	\$43.46	12.68	41.2%
	100	115.29	137.53	22.25	19.3%	\$54.08	\$76.32	22.25	41.1%
	200	223.08	264.47	41.39	18.6%	\$100.66	\$142.05	41.39	41.1%
	300	330.87	391.40	60.53	18.3%	\$147.24	\$207.77	60.53	41.1%
	400	438.67	518.34	79.67	18.2%	\$193.83	\$273.50	79.67	41.1%

Service Classification No. 2

	0	\$9.39	\$13.30	\$3.91	41.6%	\$9.39	\$13.30	\$3.91	41.6%
	3	12.61	16.54	3.93	31.2%	\$10.77	\$14.70	3.93	36.5%
	10	20.11	24.11	4.00	19.9%	\$13.99	\$17.99	4.00	28.6%
	50	62.99	67.37	4.38	7.0%	\$32.38	\$36.76	4.38	13.5%
	100	116.58	121.44	4.86	4.2%	\$55.37	\$60.23	4.86	8.8%
	200	223.78	229.58	5.80	2.6%	\$101.36	\$107.16	5.80	5.7%
	250	277.38	283.65	6.28	2.3%	\$124.35	\$130.63	6.28	5.0%
	300	330.97	337.73	6.75	2.0%	\$147.34	\$154.10	6.75	4.6%
	400	422.66	430.04	7.38	1.7%	\$177.82	\$185.20	7.38	4.2%
	500	514.35	522.36	8.01	1.6%	\$208.30	\$216.31	8.01	3.8%
	750	743.58	753.16	9.59	1.3%	\$284.50	\$294.09	9.59	3.4%
	1,000	972.80	983.96	11.16	1.1%	\$360.70	\$371.86	11.16	3.1%
	2,000	1,889.69	1,907.15	17.45	0.9%	\$665.49	\$682.95	17.45	2.6%
	3,000	2,806.59	2,830.33	23.75	0.8%	\$970.29	\$994.03	23.75	2.4%
	4,000	3,723.48	3,753.52	30.04	0.8%	\$1,275.08	\$1,305.12	30.04	2.4%

Included in the above bill calculations are:

	<u>Present</u>	<u>Proposed</u>
State Tax Adj	-0.1000%	-0.1000%
GCR (\$/Ccf)	\$0.00000	\$0.00000

**PIKE COUNTY LIGHT AND POWER COMPANY**

Statement of Revenues for the  
Twelve Months Ending June 30, 2021  
(At Current Rates)

<u>Customer Classification</u>	<u>Delivery Revenue (\$)</u>	<u>Gas Cost &amp; STAS Revenue (\$)</u>	<u>Total Revenue (\$)</u>
SC1	617,163	671,528	1,288,691
SC2	<u>133,820</u>	<u>217,531</u>	<u>351,351</u>
Total	750,982	889,059	1,640,042

Note: Pike has other operating revenues of 2,769

Statement of Total Number of Customers  
Served at June 30, 2021

SC1 Residential	1,168
SC2 Commercial	<u>80</u>
Total	<u>1,248</u>



**PIKE COUNTY LIGHT AND POWER COMPANY**

Tariff Regulations 52 Pa. Code § 53.52(b)(3) to (6)

53.52(b)(3) to (4) -- Statement of the number of gas customers whose bills will be increased and the annual increase in dollars (without gas costs).

<u>Customer Classification</u>	<u>Customers @ 06/30/21</u>	<u>Annual Increase (\$)</u>
SC1 Residential	1,168	253,731
SC2 Commercial	<u>80</u>	<u>6,303</u>
Total	<u>1,248</u>	<u>260,034</u>

53.52(b)(5) to (6) -- Statement of the number of gas customers whose bills will be decreased and the annual decrease in dollars (without gas costs).

<u>Customer Classification</u>	<u>Customers @ 06/30/21</u>	<u>Annual Decrease (\$)</u>
SC1 Residential	0	0
SC2 Commercial	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

**PIKE COUNTY LIGHT & POWER COMPANY**

Rate Design Workpapers

Exhibit G-8  
Page 9 of 13

***Summary of Proposed Increases on Base Rates***

	<u>Sales</u>	<u>Delivery Charges</u>	<u>GCR</u>	<u>STAS</u>	<u>Total</u>
<u>Revenue:</u>					
Service Classification No. 1	1,098,097	\$253,985	\$0	(\$254)	\$253,731
Service Classification No. 2	355,604	\$6,309	\$0	(\$6)	\$6,303
Total	1,453,701	<u>\$260,294</u>	<u>\$0</u>	<u>(\$260)</u>	<u>\$260,034</u>

Average Price per Ccf (cents per Ccf):

Service Classification No. 1	23.130	0.000	-0.023	23.106
Service Classification No. 2	1.774	0.000	-0.002	1.772
Total	17.906	0.000	-0.018	17.888

Percentage Increases

Service Classification No. 1	19.7%
Service Classification No. 2	1.8%
Total	15.9%

**PIKE COUNTY LIGHT & POWER COMPANY**

Rate Design Workpapers

Exhibit G-8  
Page 10 of 13

***Revenue Summary at Current Rates***

	<u>Sales</u>	<u>Delivery Charges</u>	<u>GCR</u>	<u>STAS</u>	<u>Base Cost of Gas</u>	<u>Total</u>
<u>Revenue:</u>						
Service Classification No. 1	1,098,097	\$617,163	\$0	(617)	672,145	\$1,288,691
Service Classification No. 2	355,604	\$133,820	\$0	(134)	217,665	\$351,351
Total	1,453,701	750,982	0	(751)	889,810	1,640,042

Average Price per Ccf (cents per Ccf):

Service Classification No. 1	56.203	0.000	-0.056	61.210	117.357
Service Classification No. 2	37.632	0.000	-0.038	61.210	98.804

**PIKE COUNTY LIGHT & POWER COMPANY**

Rate Design Workpapers

Exhibit G-8  
Page 11 of 13

***Revenue Summary at Proposed Rates with Gas Costs***

	<u>Sales</u>	<u>Delivery Charges</u>	<u>GCR</u>	<u>STAS</u>	<u>Base Cost of Gas</u>	<u>Total</u>
<u>Revenue:</u>						
Service Classification No. 1	1,098,097	\$871,148	\$0	(\$871)	\$672,145	\$1,542,422
Service Classification No. 2	355,604	\$140,129	\$0	(\$140)	\$217,665	\$357,654
Total	1,453,701	\$1,011,276	\$0	(\$1,011)	\$889,810	\$1,900,076

Average Price per Ccf (cents per Ccf):

Service Classification No. 1	79.332	0.000	-0.079	61.210	140.463
Service Classification No. 2	39.406	0.000	-0.039	61.210	100.576

**PIKE COUNTY LIGHT AND POWER COMPANY**

**Impact of Proposed Rate Change on Total Billed Revenue with Gas Costs  
For the 12 Months Ending June 30, 2021**

<u>Service Class</u>	<u>Type of Service</u>	<u>Annual Bills</u>	<u>Total Sales (CCF)</u>	<u>Total Revenue at:</u>		<u>Increase:</u>	
				<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Rev Change</u>	<u>Percent Change</u>
1	Residential	14,016	1,098,097	\$1,288,691	\$1,542,422	\$253,731	19.7%
2	Commercial	<u>960</u>	<u>355,604</u>	<u>\$351,351</u>	<u>\$357,654</u>	<u>\$6,303</u>	1.8%
Total		<u>14,976</u>	<u>1,453,701</u>	<u>\$1,640,042</u>	<u>\$1,900,076</u>	<u>\$260,034</u>	15.9%

**PIKE COUNTY LIGHT AND POWER COMPANY**

**Impact of Proposed Rate Change on Delivery Billed Revenue without Gas Costs  
For the 12 Months Ending June 30, 2021**

Service <u>Class</u>	Type of <u>Service</u>	Annual <u>Bills</u>	Total Sales <u>(CCF)</u>	<u>Del Revenue at:</u>		<u>Increase:</u>	
				<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Rev Change</u>	<u>Percent Change</u>
1	Residential	14,016	1,098,097	\$616,545	\$870,277	\$253,731	41.2%
2	Commercial	<u>960</u>	<u>355,604</u>	<u>\$133,686</u>	<u>\$139,988</u>	<u>\$6,303</u>	4.7%
Total		<u>14,976</u>	<u>1,453,701</u>	<u>\$750,231</u>	<u>\$1,010,265</u>	<u>\$260,034</u>	34.7%

Note: Delivery Revenues include Delivery State Tax Adjustment

**Pike County Light and Power Company, Inc.**

Gas Rate Case Filing Docket No. R-2020-3011324

**Data Responses to 52 Pa. Code Sections 53.52**

(1) The specific reasons for each change.

**Response:** Pike is not earning an adequate return on equity to finance its construction budget

(2) The total number of customers served by the utility.

**Response:** Pike serves approximately 1,248 gas customers

(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

**Response:** All SC1, and SC3 customers will be impacted by the rate change

(4) The effect of the change on the utility's customers.

**Response:** See Exhibit G-8

(5) The direct or indirect effect of the proposed change on the utility's revenue and expenses.

**Response:** See Exhibit G-4, Summary

(6) The effect of the change on the service rendered by the utility.

**Response:** Service levels will not change, but Pike's ability to raise capital at a lower cost will improve.

(7) A list of factors considered by the utility in its determination to make the change.

**Response:** N/A

(8) Studies undertaken by the utility in order to draft its proposed change.

**Response:** N/A

(10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

**Response:** General rate increase utilizing the Cost of Service Study included as Exhibit G-6.

(11) Commission orders or rulings applicable to the filing.

**Response:** N/A

**Pike County Light and Power Company, Inc.**

Gas Rate Case Filing Docket No. R-2020-3011324

**Data Responses to 52 Pa. Code Sections 53.52**

**Part (b)** Whenever a public utility files a tariff, revision or supplement which will increase or decrease the bills to its customers, it shall submit in addition to the requirements of subsection (a), to the Commission, with the tariff, revision or supplement, statements showing the following:

(1) The specific reasons for each increase or decrease.

**Response:** A delivery rate Increase is necessary to provide a reasonable rate of return to the Company's investors.

(2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing.

**Response:** Please refer to Exhibit G-1, Schedules 3 and 4

(3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.

**Response:** Please refer to Exhibit G-5, Schedule 6

(4) A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.

**Response:** Please refer to Exhibit G-8.

(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

**Response:** None

(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

**Response:** N/A

**Part (c)** If a public utility files a tariff, revision or supplement which it is calculated will increase the bills of a customer or a group of customers by an amount, when projected to an annual basis, exceeding 3% of the operating revenues of the utility—subsection (b)(4) divided by the operating revenues of the utility for a 12-month period as defined in subsection (b)(2)—or which it is calculated will increase the bills of 5% or more of the number of customers served by the utility—subsection (b)(3) divided by subsection (a)(2)—it shall submit to the Commission with the tariff, revision or supplement, in addition to the statements required by subsections (a) and (b), all of the following information:

(1) A statement showing the utility's calculation of the rate of return earned in the 12-month period referred to in subsection (b)(2), and the anticipated rate of return or operating ratio to be earned when the tariff, revision or supplement becomes effective. The rate base used in this calculation shall be supported by summaries of original cost for the rate of return calculation. When an



**Pike County Light and Power Company, Inc.**

Gas Rate Case Filing Docket No. R-2020-3011324

**Data Responses to 52 Pa. Code Sections 53.52**

operating ratio is used in this calculation, it shall be supported by studies of margin above operation and maintenance expense plus depreciation as referred to in § 53.54(b)(2)(B).

**Response:** See Exhibit G-4 and G-3

- (2) A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).

**Response:** See Exhibit G-1, Schedule 1

- (3) A summary, by detailed plant accounts, of the book value of the property of the utility at the date of the balance sheet required by paragraph (2).

**Response:** See Exhibit G-1, Schedule 2

- (4) A statement showing the amount of the depreciation reserve, at the date of the balance sheet required by paragraph (2), applicable to the property, summarized as required by paragraph (3).

**Response:** See Exhibit G-1, Schedule 2

- (5) A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the date of the balance sheet required by paragraph (2).

**Response:** See Exhibit G-1, Schedule 3

- (6) A brief description of a major change in the operating or financial condition of the utility occurring between the date of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1)—(5).

**Response:** There were no significant changes.

- (d) If a utility renders more than one type of public service, such as electric and gas, information required by §§ 53.51—53.53 (relating to information furnished with the filing of rate changes), except subsection (c)(2), relates solely to the kind of service to which the tariff or tariff supplement is applicable. In subsection (c)(2), the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.

**Response:** Exhibit G-1, Schedules 2 and 4 show Pike's gas and electric information separately.

## VERIFICATION

I, Charles Lenns, Vice President and Chief Financial Officer of Pike County Light & Power Company, hereby state that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing in this matter. This verification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

A handwritten signature in black ink, appearing to read 'Charles Lenns', written over a horizontal line.

Charles Lenns

Vice President and Chief Financial Officer  
Pike County Light & Power Company

Dated: October 26, 2020