ALTERNATIVE REGULATION PLAN

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ALTERNATIVE REGULATION PLAN

This Alternative Regulation Plan (the "Plan") is established pursuant to 30 V.S.A. § 218d. The Plan establishes the method by which the Public Utility Commission (the "PUC" or the "Commission") will regulate the rates charged for certain jurisdictional products and services offered by Vermont Gas Systems, Inc. ("VGS" or the "Company") during the term of the Plan.

1. <u>Term of the Plan.</u>

a. The Plan shall be effective on October 1, 2023, to be implemented with bills rendered November 1, 2023, and have an initial term of three years that will expire on September 30, 2026. The Plan shall be divided for reference herein into the following rate periods:

FY2024	October 1, 2023–September 30, 2024
FY2025	October 1, 2024–September 30, 2025
FY2026	October 1, 2025–September 30, 2026

This Plan shall continue beyond the termination date if extended pursuant to Paragraph 1(b) of this Plan, provided, however, that amounts due from or owed to customers related to the PGA, Weather Variance, or over or under earnings adjustments relating to periods prior to termination shall continue beyond the end of the Plan's term, and any remaining balances after the Plan is terminated shall be deferred and recovered from or returned to customers in a subsequent rate proceeding.

b. VGS shall have the option, after consultation with the Department of Public Service (the "Department" or "PSD"), to request that the Plan be extended for a one-year term beginning on October 1, 2026 and expiring on September 30, 2027.

If VGS seeks to extend the Plan, it shall make such request no later than June 1, 2025, and the request will be accompanied by a one-year rate base plan and an assessment of the Plan's effectiveness, specifically addressing the criteria contained in 30 V.S.A. § 218d as well as any other criteria required by the PUC. Such request will also include any proposed amendments to the Plan and the overall effect on Base Rates during the extended Rate Year. The PUC will approve or reject the amendment by

October 31, 2025.

c. VGS will file a traditional cost of service prior to the commencement of the Plan on February 15, 2023. This proceeding will establish just and reasonable rates for the FY2024 rate year (the 12-month period starting October 1, 2023), subject to the Rate Smoothing Adjuster described in Paragraph 3 below.

d. VGS will file a traditional cost of service on February 15, 2026, prior to the termination of the Plan, for the Rate Year beginning October 1, 2026, or, if an extension of the Plan is permitted, on February 15, 2028, for the Rate Year beginning October 1, 2028.

2. **<u>Regulatory Framework.</u>**

a. Title 30, including Sections 218, 225, 226, 227, and 229, will continue to apply except as specified herein.

b. The goal of this Plan is to regulate VGS's rates as provided herein and to fulfill the objectives of Section 218d(a), including to provide smooth and transparent rates for customers, to support VGS's provision of safe and reliable service, to decrease the link between VGS's financial outcomes and its retail sales, and to encourage innovation by VGS to meet Vermont's energy goals, including on carbon reduction. To accomplish these goals, the Plan sets out in Paragraph 3 the terms for recovery in rates of VGS's operations and expenses other than the purchase of natural gas (hereinafter "Base Rates"), and separately sets the method by which the Company shall be entitled to recover its gas costs in accordance with the Purchased Gas Adjustment (the "PGA"), as established by Paragraph 8 of this Plan.

3. **<u>Base Rates.</u>**

a. Except as provided for in Paragraph 3(c), below, the Plan is intended to establish Base Rates that (1) smooth rate impacts expected in FY2024, (2) keep changes to rates in future years consistent with inflation, and (3) maintain rates in accordance with a 3-Year Rate Base Plan.

b. For purposes of this Plan, the following terms are defined as set forth below:

   i. **2024 Base Rate Change:** Pursuant to Paragraph 1(c) above, VGS shall file a traditional non-gas Cost of Service in February 2023. The 2024 Base Rate Change shall be the non-gas rate change approved by the Commission for FY2024.

ii. **Rate Smoothing Adjuster:** The Rate Smoothing Adjuster shall be established to smooth the 2024 Base Rate Change by reducing FY2024 rates and creating a regulatory asset that will amortize over the term of the Plan and will be zero at the end of the Plan.

iii. **Operating Costs:** Operating Costs shall mean all costs categorized as operating costs under VGS's non-gas Cost of Service for FY2024, which includes Production, Transmission, Distribution, Customer Accounts, Sales, Admin & General, and Other Income.

iv. **Indexed Market Adjustment:** The Indexed Market Adjustment limits changes to Operating Costs to inflation, with 69% of the change tied to indexed inflation in the labor market and 31% tied to indexed inflation in the consumer price index.[1] Accordingly, the Indexed Market Adjustment = (69% x the most recently published 12-month percent change in the U.S. Bureau of Labor & Statistics Employment Cost Index[2]) + (31% x 12-month change in U.S. Bureau of Labor & Statistics Consumer Price Index for Northeast[3]). Notwithstanding the foregoing, the Indexed Market Adjustment shall be no higher than 4% and no lower than 2%.

v. **Non-Operating Costs:** Non-Operating Cost shall mean depreciation,[4] taxes, and cost to finance rate base. Total rate base, for purposes of establishing Non-Operating Costs during each year of the Plan, shall be based on VGS's 3-Year Rate Base Plan, which shall be filed in February 2023, and shall fix VGS's total plant in service for the 3-year term. The costs to finance rate base in each year shall be based on a 50%/50% debt/equity ratio, Return on Equity as established in Paragraph 6 of this Plan, and short- and long-term debt rates

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[1] This ratio approximates VGS's typical labor and benefits ratio.

[2] https://data.bls.gov/timeseries/CIU1010000000000A

[3] https://data.bls.gov/pdq/SurveyOutputServlet?series_id=CUUR0100SA0,CUUS0100SA0

[4] Depreciation expense shall be based on the total plant in service as set forth in the 3-Year Rate Base Plan. FY2026 depreciation expense will be updated in accordance with VGS's updated depreciation study to be completed for FY2026.

approved by the Commission. Non-Operating Costs in each year of the Plan are only subject to adjustment for (1) changes in short- or long-term debt rates as approved by the Commission in other cases, (2) changes to ROE pursuant to Paragraph 6 of this Plan, (3) adjustments to depreciation rates based on updates to the depreciation study, (4) Additional Innovation Capital, if applicable, (5) and updates to taxes.[5]

vi. **Additional Innovation Capital:** Additional Innovation Capital shall mean any capital investments in innovation that are previously approved by the Commission, as discussed in Paragraph 9 of this Plan, and will be in-service in the rate year as demonstrated by known and measurable documentation.

vii. **Additional Innovation Expense:** Additional Innovation Expense shall mean any innovation expense spending that is previously approved by the Commission, as discussed in Paragraph 9 of this Plan.

c. Base Rates shall be set during the term of this Plan as follows:

i. **FY2024:** FY2024 rates shall be set based on the 2024 Base Rate Change as adjusted by the Rate Smoothing Adjuster.

ii. **FY2025:** FY2025 rates shall be set based on (1) the Rate Smoothing Adjuster, (2) 2024 Operating Costs as adjusted by the Indexed Market Adjustment and any Additional Innovation Expense, if applicable, and (3) Non-Operating Costs, as adjusted by Additional Innovation Capital, if applicable.

iii. **FY2026:** FY2026 rates shall be set based on (1) the Rate Smoothing Adjuster, (2) 2025 Operating Costs as adjusted by the Indexed Market Adjustment and any Additional Innovation Expense, if applicable, and (3) Non-Operating Costs, as adjusted by Additional Innovation Capital, if applicable.

iv. **FY2027:** If the Plan is extended pursuant to Paragraph 1 of this Plan, rates shall be set based on (1) Operating Costs as adjusted by the Indexed Market Adjustment and any Additional Innovation Expense, if applicable, and (2) Non-Operating Costs pursuant to a fixed 1-year Rate Base Plan for the

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[5] Gross receipts and weatherization taxes shall be based on forecasted revenue, however property tax, street fees, and other taxes shall be set based on the 12-month average change in U.S. Bureau of Labor & Statistics Consumer Price Index for Northeast. Income taxes shall be based on VGS's effective tax rate as applied to the cost to finance rate base adjusted for amortization. *See* Attachment 4.

extension period, filed in accordance with Paragraph 1, as adjusted by Additional Innovation Capital, if applicable.

d. In February 2023, VGS shall file a 3-Year Rate Base Plan and a summary of the Rate Smoothing Adjuster and associated rate path during the term of the Plan, subject to indexed adjustments set forth above. An example of this filing is initially provided as Attachment 4, however, the actual values are subject to adjustment based on VGS's approved Cost of Service for FY2024. No later than June 30 of each year covered by the Plan, VGS shall file compliance tariffs reflecting the Base Rate change for the next Rate Year along with supporting documentation and an updated Attachment 4 reflecting adjustments contemplated by this Paragraph 3 of the Plan.

e. The PSD shall file comments on VGS's June 30 filing within 15 days, including any objection to Base Rate changes that result from Additional Innovation Capital. VGS shall provide additional information to the Department to address any objections. Thereafter, the parties shall file comments with the PUC with a recommendation about how to resolve any objection, but in no case later than August 1st. The Commission shall resolve any disputed issues by August 15 in order to allow VGS to provide customers notice of the proposed November rate change approximately 60 days in advance on a bills-rendered basis and approximately 30 days in advance of service.

f. The Base Rate changes pursuant to Paragraphs 3(a) and 3(b) may only be modified in the following circumstances:

    i. The occurrence of an Exogenous Event as defined in Paragraph 4 below.
    ii. The earnings calculation described in Paragraph 5 yields an earning variance of more than 200 basis points.
    iii. Commission-approved changes in rate design.

g. Nothing in this Plan shall be interpreted as preventing the PUC from investigating any such Base Rate adjustment, and, unless otherwise ordered by the Commission, any such Base Rate adjustment shall take effect subject to change by any final Commission order in any docket initiated to investigate VGS's Base Rates.

4. Exogenous Events.

An Exogenous Event is defined as:

a. An event outside of the Company's control exceeding $200,000 in cost or benefit during a 12-month period, such as but not limited to: changes in state or federal tax law; unforeseen operational costs or capital investments; changes in Generally Accepted Accounting Principles; an ROE adjustment under Paragraph 6 of this Plan that exceeds 150 basis points; other regulatory, judicial, or legislative changes affecting the Company, including rules or orders issued or promulgated by the Commission pursuant to the Affordable Heat Act;[6] or changes to state or federal pipeline safety, operation, or maintenance requirements.

b. If an Exogenous Event occurs, the Company may seek approval from the Commission to account for it in rates, either separate from or as part of the annual Base Rate change. If the Exogenous Event benefits customers, unless otherwise ordered by the Commission, the Company will confer with the Department and propose a mechanism to return the benefit to customers expeditiously.

c. If an Exogenous Event occurs that results in the Company seeking an adjustment in rates separate from the annual Base Rate change, the Company will provide the Commission, the Department, and customers 60 days advance notice of the proposed rate change, which shall be filed no later than 30 days after VGS becomes aware that an event qualifies an "Exogenous Event" under this Paragraph. Unless otherwise ordered by the Commission, the rate change will go into effect thereafter on a bills-rendered basis.

5. Earning Sharing.

a. To ensure that the Base Rate Changes provided in Paragraph 3(a) yield just and reasonable rates, annually, no later than November 30, the Company will calculate an earning sharing mechanism ("ESM") based upon the prior Fiscal Year.

b. The ESM will be calculated by comparing the actual return to the authorized return using the following formula:

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6 Affordable Heat Act, S-5 (2023-2024 Session).

OE or $UE = E - E_A$

Where:

OE or UE	=	Over-Earnings or Under-Earnings
E	=	Actual earnings, normalized for 10-year

normal weather, and excluding lobbying, donations, long-term incentive compensation, and 50% of short-term incentive compensation

E_A	=	Allowed earnings based on authorized return

on equity and 50% equity ratio applied to rate base for the applicable rate year pursuant to the method describe in Paragraph 3

No Earning Sharing shall occur if OE or UE is equal to or less than +/- 50 basis points of VGS's authorized return on equity (the so-called "dead-band").

Where OE or UE yields a positive number above the 50 basis point dead-band, 50% of the over-earnings will be returned to customers and 50% will be retained by the Company, up to 200 basis points. Where OE or UE yields a negative number, the Company will absorb 50% of the shortfall and recover the other 50% from customers, up to 200 basis points.

If the ESM results in an earning shortfall or excess earnings in excess of 200 basis points, the amount in excess of 200 basis points will be fully recoverable from or returned to customers.

Unless otherwise agreed to by VGS and the Department, and approved by the PUC, over or under earnings shall be returned to or collected from firm customers via a bill credit or charge per Ccf, effective with bills rendered on and after February 1, except that in the event that earning shortfalls or excess earnings are in excess of 200 basis points, VGS may elect to recover earning shortfalls or return excess earnings through an adjustment to Base Rates in the following year or collect from firm customers through a bill credit or charge per Ccf.

6. Return on Equity.

a. For purposes of establishing rates under Paragraph 3 of this Plan and calculating Authorized Earnings pursuant to Paragraph 5 of this Plan, the ROE shall be established as follows:

FY2024	ROE approved by the Commission in a traditional rate case for FY2024 rates (the "FY2024 ROE")
FY2025	FY2024 ROE adjusted at one-half the change in the composite 10-Year Treasury Note Rate as provided below ("FY2025 ROE")
FY2026	FY2025 ROE adjusted at one-half the change in the composite 10-Year Treasury Note Rate as provided below ("FY2026 ROE")

b. Adjustments to ROE under this Section shall be based on the composite 10-Year Treasury Note Rate as published by the U.S. Department of the Treasury for each date between March 1 and June 1 as compared to the same time period during the prior year.

c. For greater clarity, the data source for U.S. Treasury Note rates is currently located at: http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield.

d. If the U.S. Department of the Treasury ceases to publish this rate during the life of this Plan, VGS and the PSD will work cooperatively to identify a replacement index rate.

e. In the event that the ROE adjustment under this Paragraph exceeds 150 basis points, it shall be considered an Exogenous Event under Paragraph 4 of this Plan.

7. 3-Year Fixed Rate Base.

a. The Company shall file a fixed three-year rate base plan in February 2023, to be reviewed as part of this Plan, that shall establish the basis for recovery of Non-Operating Costs during the term of this Plan ("3-Year Rate Base Plan").

   i. Not later than June 30 of any Plan year, VGS shall provide the PSD and the PUC with an estimate of actual capital expenditures for the current fiscal year and its forecasted capital expenditures for the upcoming fiscal year. VGS shall also provide: (1) A summary of the major variances in capital expenditures between its initial or annual capital expenditure forecast and expected actual capital expenditures assessment; and (2) a summary of the major changes in the annual capital expenditure forecast from the capital expenditures provided in the 3-Year Rate Base Plan.

b. Deviations in the Company's capital spending will not result in a modification to the rate changes, which shall be based on VGS's 3-Year Fixed Rate Base Plan as set forth Paragraph 3 of this Plan.

8. <u>Purchased Gas Adjustment.</u>

The Purchased Gas Adjustment ("PGA") during the Plan is designed to separate the cost of gas incurred by the Company for its customers from the Company's other costs as reflected in its Base Rates, as follows:

a. The PGA shall consist of an average cost per Ccf based on forecasted costs and volumes for the rate year and to correct for any under- or over-collection of gas costs and weather normalization during the previous quarter, as follows:

   i. Costs to be recovered through the PGA are costs related to the purchasing, storing, production, and transporting of natural gas to serve sales customers. As further described in **Attachment 1**, they include: a) Firm commodity costs (including Renewable Natural Gas ("RNG")); b) Interruptible commodity costs (including spot purchases and RNG); c) Storage withdrawals, including variable injection and withdrawal costs; d) Peaking commodity costs; e) Commodity costs for off-system sales; f) Propane air commodity (propane only) costs; g) TC Energy, Enbridge, or other pipeline tolls and charges; h) Storage-related demand charges; i) Peaking demand charges; j) Hedging positions (natural gas and foreign exchange); k) Hedging instrument premiums; l) Capacity or asset management revenues; m) Canadian federal or provincial taxes imposed on gas purchases or pipeline tolls, including any gains or losses due to changes in exchange rate on tax payments and reimbursements; n) System losses and Company use; and o) Other gas costs that may occur and are appropriately charged to FERC Accounts 800 through

805.

ii. The definition and determination of these components is shown in Attachment 1. In its annual supply filing pursuant to Paragraph 11 of this Plan, VGS will highlight any changes to its supply portfolio or to the definitions and determinations shown in Attachment 1.

iii. Schedule for PGA filings: Quarterly, no later than the third-to-last business day of November, February, May, and August, VGS shall notify the PUC and the PSD of the PGA that will be billed to firm customers commencing on the first day of the third subsequent month (e.g., adjustment filed on November 25 is effective on bills rendered on and after February 1).

iv. The rate year reflected in the PGA shall be the twelve-month period beginning with the second subsequent month (e.g., adjustment filed on November 25 reflects upcoming January to December rate year).

v. VGS shall give individual notice to customers of each PGA not less than 55 days before bills are rendered and not less than 25 days before service is rendered.

vi. Content of PGA filings: The quarterly PGA filing shall include:

   a) Forecasted Gas Costs for the 12 months beginning two months forward. Forecasted Gas Costs will be calculated based on then current pipeline tolls, fixed-price contracts, and market forecasts for unhedged indexed supplies, minus projected interruptible and off-system sales revenue;

   b) Forecasted Gas Sales Volumes for the 12 months beginning two months forward, based on projected numbers of customers and 10- year normal weather;

   c) Actual Gas Costs for the previous quarter, net of interruptible and off-system revenue;

   d) Actual Firm Gas Sales Volumes for the previous quarter;

   e) Actual Firm Gas Charge Revenues for the previous quarter;

   f) The proposed new Gas Charge, which will be calculated to recover on a 12-month basis Forecasted Gas Costs and to discharge any Adjustment required by over- or under- collection of Gas Costs and weather variance from the previous quarters; and

g) The amount of alternative supply added to VGS's general supply portfolio along with an explanation of the considerations identified in Paragraph 4(d) below.

b. The PGA will be calculated using the following formula:

GAS CHARGE= (12-MONTH COST FORECAST +/- PGA ADJUSTMENT +/- WEATHER VARIANCE)/12-MONTH VOLUME FORECAST

Where:

Gas Charge	Price per ccf for gas sold to firm customers
12-Month Cost Forecast	Forecast of Gas Costs identified above
PGA Adjustment	The difference between previous quarters' Actual Gas Costs (net of interruptible and off-system revenue) and Actual Firm Gas Charge Revenues
Weather Variance	The difference between previous quarters' actual firm distribution revenue and weather-normalized distribution revenue
12-Month Volume Forecast	Forecast of firm Gas Sales Volumes for the 12 months beginning 2 months forward, based on projected numbers of customers and 10-year normal weather

c. For purposes of determining weather-normalized variance, the use per degree day, per customer, by firm rate class in the most recent August PGA filing will be applied to the difference between actual degree days and degree days in the most recent August PGA filing multiplied by the actual number of customers. The resulting Mcf adjustment, by rate class, will be multiplied by the distribution charge, by rate class, to determine the weather adjustment. The calculation, by firm rate class, by month will be as follows:

$$WV = (Customers * UDD * (DD_a – DD_n)) *DR$$

Where:

WV	=	Weather Variance
Customers	=	Actual number of customers
UDD	=	Use per degree day from August PGA filing
DD_a	=	Actual Degree Days
DD_n	=	Degree Days per August PGA filing
DR	=	Distribution Rate

The resulting WV will be returned to or collected from customers in the subsequent PGA filing.

d. PGA Alternative Supply Feature: Over the term of this Plan, VGS may include alternative supply (such as RNG, hydrogen, district heat, or other alternative fuels) as a component of its overall supply. VGS may incrementally increase the amount of alternative supply under the PGA by up to 6% of VGS's overall retail gas sales over the term of the Plan, and up to 4% over the term of the two-year extension, if applicable. The amount of alternative supply included in each PGA filing will be based on considerations regarding the overall impact on rates, VGS's competitive position, the extent to which VGS is increasing alternative supply under its Voluntary RNG Program, and the environmental benefits of adding alternative supply compared to the Vermont Climate Action Plan's established value of the social cost of carbon, when considered in aggregate on a portfolio-wide basis. This PGA Alternative Supply Feature is designed to advance the State's energy goals and lower carbon emissions at least cost. Nothing in this paragraph mandates an increase in alternative supply during any given year of the Plan.

e. In the event that a rule or order of the Commission issued or promulgated pursuant to the Affordable Heat Act[7] establishes requirements that conflict or are inconsistent with those set forth in this Paragraph, VGS may file a request for an amendment to this Plan pursuant to the provisions of Paragraph 13 herein.

f. Nothing in this Plan will be interpreted as preventing the PSD from asking the PUC

[7] Affordable Heat Act, S-5 (2023-2024 Session).

to investigate or the PUC from investigating the prudence of the gas costs charged to VGS customers under the PGA.

9. <u>Climate Action and Innovation Programs.</u>

a. Climate Action Initiatives: During the Term of this Plan, VGS shall pursue and consider projects, programs, and services that support Vermont's statewide energy goals by advancing promising technologies to facilitate efficient, lower carbon energy choices for Vermont customers (e.g., researching and seeking to pursue district energy, RNG, and other alternative supply resources; uses of waste heat to lower usage of natural gas; power-to-gas projects; more efficient or less carbon-intensive equipment for heating and industrial processes; etc.).

b. Climate Action and Innovation Budget: VGS's Base Rates under this Plan shall include $2 Million in spending, per year, for Climate Action and Innovation ($1.5 Million in capital and $500,000 in expense). Spending greater than the Climate Action and Innovation Budget shall be treated in accordance with Paragraphs 3 and 9(c) of this Plan.

c. In the event that VGS's innovation spending on a given project, program, or service is expected to exceed VGS's Climate Action and Innovation Budget, VGS will seek advance approval of such spending from the Commission in a filing that includes the elements set forth in Paragraph 5(e) or such spending shall otherwise be subject to review in a traditional rate case.

d. Additional Innovation Capital or Expense: Climate Action and Innovation spending approved by the Commission pursuant to the requirements of Paragraph 9(c) above shall be included in rates pursuant to Paragraph 3(b) of the Plan.

e. VGS shall provide 30 days' advance notice to the Department and the Commission before commencing any spending on a project, program, or service under the Climate Action and Innovation Budget that exceeds $25,000. Such notice shall include the elements set forth in Paragraph 9(f). If there is no objection nor request for formal process from the Department or the Commission, VGS may proceed with the expenditure without any further delay.

f. Innovative projects, programs, or services that trigger the requirements of Paragraph 9(b) or 9(c) shall require a filing that contains the following:
    i. A description of the program, project, or service VGS will pursue, including, where applicable, information on the type, number, and eligibility of customers to which such offering will be made.
    ii. How it supports Vermont's energy goals, including, where possible, quantification of expected carbon savings or other benefits that help advance Vermont's 2022 Comprehensive Energy Plan's goal in the Thermal Sector of meeting 30% of energy needs from renewable energy by 2025, and 70% by 2042, and promote achievement of Vermont's Global Warming Solutions Act requirements.
    iii. How such a program will enhance and complement the efficiency work undertaken by VGS as a part of its Energy Efficiency Utility ("EEU") appointment.
    iv. The cost of the program, project, or service to VGS's participating and non-participating customers, including capital expenditures (if any), expected Base Rate impacts, along with all relevant assumptions utilized for such analysis.
    v. The timeline for the program, project, or service offering.
    vi. A description of any variances from tariffed terms and conditions that are required to pursue such program, project, or service, and the customer terms under which VGS will implement it.
    vii. A description of customer outreach and education that will be utilized by the Company in conjunction with the offering.

g. For any projects, programs, or services triggering the notice requirements in Paragraph 9(e) above, VGS will provide a consolidated annual report regarding the status of those projects, programs, or services to the Department and the Commission on or before November 30.

h. Climate Action and Innovation Performance Metrics: The Company will track the data and trends for each applicable category shown on the Climate Action and Innovation Performance Metrics sheet included as Attachment 3 to the Plan. The

Company will report on its innovative performance metrics under this Paragraph by November 30, 2023, and annually by November 30 thereafter. For innovative services provided, VGS will include a report regarding the manner in which such services advance Vermont's energy and climate goals, including quantification of carbon savings where applicable and estimated level of investments and expense.

i. In the event that a rule or order of the Commission issued or promulgated pursuant to the Affordable Heat Act[8] establishes requirements that conflict or are inconsistent with those set forth in this Paragraph, VGS may file a request for an amendment to this Plan pursuant to the provisions of Paragraph 13 herein.

10. <u>Performance, Safety and Service Quality and Reliability Plan Reporting.</u>

a. VGS shall continue to comply with its existing Service Quality and Reliability Plan (the "SQRP").

11. <u>Management of Gas Supply.</u>

a. Annually, no later than July 1 during the term of this Plan, the Company shall file with PSD and the PUC its gas supply plan for the gas year commencing on October 1 of that year (the "Gas Supply Plan"), which Gas Supply Plan shall also provide an overview of the Company's progress in advancing the amount of alternative supply available to its customers.

12. <u>Dispute Resolution.</u>

a. VGS and PSD will resolve any disputes about regulation of VGS under this Plan in accordance with the provisions of this Paragraph 12.

b. VGS or PSD, as the case may be, will provide notice in writing of any such dispute.

    i. For PSD, notice shall be provided to the PSD Commissioner.

    ii. For VGS, notice shall be provided to its Chief Executive Officer ("CEO").

c. Within 30 days of such notice, representatives of VGS and PSD will meet to attempt to resolve the dispute.

d. If the representatives of VGS and PSD are unable to resolve the dispute within 60

8 Affordable Heat Act, S-5 (2023-2024 Session).

days of such notice, the dispute will be referred to the PSD's Commissioner and VGS's CEO, who will meet at least once to attempt to resolve the dispute.

e. If the dispute is not resolved within 90 days of such notice, either VGS or PSD may petition the PUC to resolve the dispute, which, if appropriate, may be treated by the PUC as a petition to amend the Plan under Paragraph 13 of this Plan.

13. Amendment of Plan.

a. Subject to the requirements of 30 V.S.A. § 218d, VGS or PSD, jointly or separately, may request that this Plan be amended to modify its existing provisions or to add provisions.

b. If the request to amend is not made jointly by the parties, then the procedures of Paragraph 12 will apply to any request to amend the Plan.

ATTACHMENT 1

DEFINITION AND COMPONENTS OF PURCHASED GAS ADJUSTMENTS

A. Firm commodity costs, including spot purchases, are non-storage, non-peaking supplies, including RNG, incurred for resale to the firm market and will be based on the contractual pricing and volumes associated with VGS's supply contracts in effect for the twelve-month forecast period.

1. If VGS's supply contracts expire during the twelve-month forecast period and no replacement contracts have been executed, the remaining months of the forecast period will reflect current market pricing.
2. Current pricing for natural gas that has not been pre-purchased or is not under contract will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period, adjusted for the then-current basis differential for the forecast period to the spot market purchase point.
3. NYMEX-based contracts will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period.
4. AECO or Empress-based contracts will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period, adjusted for the then-current NYMEX (Henry Hub) to AECO or Empress basis differential for the forecast period.
5. RNG purchased for inclusion in VGS's supply portfolio will be priced at the projected RNG Adder which incorporates the terms of the RNG contracts then in effect.
6. The then-current NYMEX (Henry Hub) strip and basis differential will be based on the average of the last five trading days ending between two and five trading days before filing.
7. Pre-purchased natural gas purchases will be reflected at the volumes and price agreed to in a confirmation transaction.
8. Contracts stated in Canadian dollars will be expressed in U.S. dollars based on the Canadian Exchange Rate for the same five trading days as used for the NYMEX and basis differential and any Canadian Exchange Hedges that have been executed for the period.

9. Capacity or asset management revenues will be reflected to the extent they are reasonably expected during the forecast period. Otherwise such revenues will be credited to gascosts as they are incurred and reflected in the deferral balance.
10. RNG balances consistent with the framework of the RNG plan approved in Docket No. 8667 or as subsequently modified.

B. Interruptible commodity costs (including spot purchases and RNG) will be determined as follows:

1. Interruptible commodity costs are all commodity costs incurred for resale to the interruptible market and will be based on the contractual pricing and volumes associated with VGS's supply contracts in effect for the twelve-month forecast period, including any pre-purchase of spot gas.
2. If VGS's supply contracts expire during the twelve-month forecast period and no replacement contracts have been executed, the remaining months of the forecast period will reflect current market pricing.
3. Current pricing for natural gas that has not been pre-purchased or is not under contract will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period, adjusted for the then-current basis differential for the forecast period to the spot market purchase point.
4. NYMEX-based contracts will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period.
5. AECO or Empress-based contracts will be priced at the then-current NYMEX (Henry Hub) strip for the forecast period, adjusted for the then-current basis differential for the forecast period.
6. The then-current NYMEX (Henry Hub) strip and basis differential will be based on the average of the last five trading days ending between two and five trading days before filing.
7. Pre-purchased natural gas purchases will be reflected at the volumes and price agreed to in a confirmation transaction.
8. Contracts stated in Canadian dollars will be expressed in U.S. dollars based on the Canadian Exchange Rate for the same five trading days as used for NYMEX and basis differential and any Canadian Exchange Hedges that have been executed for the period.

C. Storage withdrawals, including variable injection and withdrawal costs, will be determined as follows:
   1. Variable storage injection and withdrawal costs will be reflected at the rates in place at the time of the PGA filing.
   2. Storage withdrawals are volumes of gas withdrawn from storage, including fuel, and will be priced using the projected storage Weighted Average Cost of Gas ("WACOG"). The projected WACOG will reflect projected injection and withdrawal volumes, current market prices for injected volumes, including the impact of any hedge positions in effect for storage injections, and then-current TC Energy fuel ratio for storage withdrawals.

D. Peaking commodity costs will be determined as follows:
   1. Peaking commodity costs will be based on the contractual pricing and volumes associated with VGS's peaking supply contracts in effect for the twelve-month forecast period.
   2. Market-based pricing such as an "Iroquois price" will be determined from then-current NYMEX (Henry Hub) strip for the forecast period plus a basis differential using the same 5 trading days previously described.

E. Off-system commodity costs will be priced at the point of sale and priced at the then-current NYMEX (Henry Hub) strip for the forecast period adjusted for the then-current basis differential.

F. Propane commodity costs will be based on the then-current actual propane WACOG and will only include the cost of propane consumed, not any other costs of operating the propane air plant.

G. TC Energy and other pipeline tolls and charges will be established using the TC Energy or other pipeline tolls to be in effect during the contract period applied to the contractual contract demand for the forecast period. Projected increases or decreases in such pipeline tolls will not be included until approved by the applicable regulatory agency, i.e., Canada Energy Regulator. Tolls stated in Canadian dollars will be expressed in U.S. dollars based on the then-current rate or hedged Canadian dollars as defined above.

H. Storage-related fixed charges will be based on the fixed charges pursuant to the pricing provisions contained in any storage contract in effect during the twelve-month forecast period.

I. Peaking demand charges will be set based on the contractual demand charges, if any, established in the peaking supply contracts in effect for the twelve-month forecast period.

J. Hedging positions for natural gas, oil, and foreign exchange will reflect all hedges executed at the time of the PGA filing and in effect during the twelve-month forecast period, whether for firm or interruptible customers.

K. Hedging instrument premiums will reflect any premiums actually incurred by VGS for the twelve-month forecast period.

L. System losses and Company Use will be based on VGS's historical actual system losses, including company use for the most recent 12-month period.

M. Fuel Rates will be based on the most recent 12-month period available from the applicable pipeline.

N. Other gas costs include costs that may occur and are appropriately charged to FERC accounts800 through 805, for example, the purchase of LNG or RNG. To the extent that VGS includes any other gas costs in its quarterly PGA filing, such costs will be identified in the supporting information and will be described in the annual reports described in Paragraph 11 of the Alternative Regulation Plan.

ATTACHMENT 2

*Placeholder

VGS's Forecast of Capital Spending during the term of the Proposed Plan will be filed in February 2023 when VGS's FY2024 Cost of Service is filed.

**UPDATED MARCH 10, 2023

This Attachment was initially filed as a placeholder for VGS's forecast of capital spending. That information is included in Attachment 4 (Corrected Mar. 10, 2023).

VGS Alternative Regulation Plan:
Climate Action and Innovation Performance Metrics

ATTACHMENT 3

Category 1: Alternative Supply in the PGA						
No.	Description	Metric	Metric Unit/Type	Rate Year 2024	Rate Year 2025	Rate Year 2026
1	Cost	Total cost of alternative supply by year	Dollars			
2	Volume	Total volume of alternative supply by year	MMBTU			
3	Cost per MMBTU	Blended overall cost per MMBTU (on annual basis)	$/MMBTU			
4	Volume in portfolio	Total percentage of alternative supply in retail sales by year	%			
5	GHG emissions	Total reduction in GHG emissions year over year	%			
6	Fossil gas displacement	Total MMBTU/Mcf of fossil gas displacement by year	MMBTU/Mcf			
7	Rate impact: overall	Comprehensive rate impact by year (percent change)	%			
8	Rate impact: gas cost	Impact on gas cost by year (percent change)	%			

Category 2: Investment in Alternative Supply						
No.	Description	Metric	Metric Unit/Type	Rate Year 2024	Rate Year 2025	Rate Year 2026
1	Capital spending	Total amount of capital spending by year	$			
2	O&M spending	Total amount of O&M spending by year	$			
3	Carbon reduction	Cost per tonne of carbon reduction	$			
4	GHG emissions	Total reduction in GHG emissions by year	%			
5	Fossil gas displacement	Total MMBTU/Mcf of fossil gas displacement by year	MMBTU/Mcf			
6	Cost benefit	Description of cost-benefit analysis	Written Report			
7	EEU assessment	Description of analysis of EEU cost sharing	Written Report			
8	Cost of alternative supply	Impact of investment on cost of alternative supply by year	$			

9	Significance of VGS involvement	Analysis of likelihood of project going forward without VGS	Written Report			

Category 3: R&D/Electrification						
No.	Description	Metric	Metric Unit/Type	Rate Year 2024	Rate Year 2025	Rate Year 2026
1	Capital spending	Total amount of capital spending by year, as applicable	$			
2	O&M spending	Total amount of O&M spending by year	$			
3	Carbon reduction	Cost per tonne of carbon reduction	$			
4	GHG emissions	Total reduction in GHG emissions by year	%			
5	Fossil gas displacement	Total MMBTU/Mcf of fossil gas displacement by year	MMBTU/Mcf			
6	Cost benefit	Description of cost-benefit analysis	Written report			
7	EEU assessment	Description of analysis of EEU cost sharing	Written report			
8	Cost of alternative supply	Impact of investment on cost of alternative supply by year	$/Written Report			
9	Storage support for beneficial electrification	Total MW of storage	MW			
10	Support of Tier 3	Total MW supported	MW			
11	Additional revenue from other sources	Total dollars by year	$			

ATTACHMENT 4
(10/26/23)

Vermont Gas Systems
Determination of Firm Rates Change

Required Revenue	FY2024*	FY2025**	FY2026**	
Operating Costs				
Production	32,131	32,774	33,429	
Transmission	1,979,631	2,019,224	2,059,608	
Distribution	5,005,220	5,105,324	5,207,430	
Customer Accounts	2,166,391	2,209,719	2,253,913	
Sales	(405,571)	(413,682)	(421,956)	
Admin & General	13,733,203	14,007,867	14,288,025	
Other Income	(2,170,155)	(2,213,558)	(2,257,829)	
SERF	(670,163)	-	-	
Total Operating Costs	19,670,687	20,747,667	21,162,620	
Non-Operating Costs (Depreciation, Taxes, cost of rate base)	46,512,944	$48,022,384	$48,793,464	
Reg Asset	(2,295,000)	(1,090,000)		
Reg Asset Amort		688,500	2,696,500	-
Total Required Non-Gas Revenue	**63,888,631**	**68,368,551**	**72,652,585**	
Current Non-Gas Revenue	60,101,869	64,349,658	68,368,551	
Non-Gas Rate Change Supported	6.30%	6.25%	6.27%	
Indexed Market Adjustment	n/a	2%	2%	
Forecasted Gas Revenue from latest PGA	69,704,745	72,232,009	76,231,396	

* This is based on the approved Cost of Service in Case No. 23-0561-TF.
** This will be adjusted per the Alternative Regulation Plan approved in Case No. 22-5085-PET.

Total Operating Costs	20,340,850
Labor	14,317,040
Benefits	4,295,034
Overhead	(4,601,688)
Other	6,330,464
Labor, Benefits & Overhead as a % of Operating Costs	69%

ATTACHMENT 4
(10/26/23)

RateBase

* Set by the Cost of Service approved in Case No. 23-0561-TF.

** Subject to adjustment per the Alternative Regulation Plan approved in Case No. 22-5085-PET.

Line No.	Description	Account Number	**FY2024***	**FY2025****	**FY2026****
	Plant In Service				
1	Gross Utility Plant	1010	$475,411,400	$494,832,545	$508,538,806
2	Capital Lease Property	1011	$0	$0	$0
3	Construction Work In Progress	1070	$1,912,260	$1,912,260	$1,912,260
4	Total Plant In Service		$477,323,660	$496,744,804	$510,451,066
	Inventories				
5	Materials & Supplies	1500	$613,159	$613,159	$613,159
6	Propane Fuel Stock	1511	$162,390	$162,390	$162,390
7	Gas in Storage	1641	$3,785,743	$3,219,821	$3,220,989
8	Total Inventories		$4,561,293	$3,995,370	$3,996,538
	Deferred Charges and Liabilities				
13	SERP Adj.	1250-2531	($3,413)	($3,413)	($3,413)
14	Unamortized Debt Expense	1810	$407,811	$368,811	$329,811
15	DSM	1861	$178,606	$29,606	$0
16	Pension Settlement	1823	$2,506,296	$2,506,296	$2,506,296
17	Pension, Net	1823/2530	$4,995,698	$4,995,698	$4,995,698
18	Gas Cost Deferral	1867	($151,210)	$0	$0
19	Barge Canal	1866	$0	$0	$0

20	Total Deferred Charges		$7,933,788	$7,896,998	$7,828,392
21	Working Capital		$2,785,720	$2,785,720	$2,785,720
22	Subtotal		$492,604,460	$511,422,893	$525,061,715
	Deduct:				
23	Accumulated Depreciation		($146,063,310)	($159,430,669)	($173,345,988)
24	Asset Retirement Obligation	2300/2301	($3,199,436)	($3,374,436)	($3,549,436)
25	Accumulated Cost of Removal	2541	($15,722,003)	($17,622,003)	($19,522,003)
26	Deferred Income Taxes	1900/2821	($37,966,471)	($39,784,737)	($41,860,986)
27	Regulatory Liability - Deferred Taxes		($18,390,015)	($17,856,946)	($17,323,877)
27	Customer Deposits		($575,932)	($575,932)	($575,932)
28	Total Deductions		($221,917,167)	($238,644,724)	($256,178,223)
29	TOTAL RATE BASE		$270,687,293	$272,778,169	$268,883,493
	Capitalization Ratio		50%	50%	50%
	Long Term Debt Rate(1)		4.77%	4.77%	4.77%
	Short Term Debt Rate (1)		4.58%	4.58%	4.58%
	ROE (1)		9.24%	9.24%	9.24%
	Net Income		$12,505,752.93	$12,602,351.41	$12,422,417.36
	Interest Expense		$6,415,288.84	$6,464,842.61	$6,372,538.77
	Income Taxe Amort		($384,337.00)	($384,337.00)	($384,337.00)
	Total Income Tax		$4,647,506.99	$4,684,544.09	$4,615,555.05
	Other				
	Gross Receipts Tax		720,479	738,153	781,641
	Property Tax		7,832,147	8,276,611	8,733,220
	Street Fees		106,777	108,912	111,091
	Weatherization / Fuel Tax		1,022,369	1,054,504	1,116,630

Other Taxes	(2,554)	(2,605)	(2,657)
Other Interest	248,824	248,824	248,824
	9,928,042	10,424,401	10,988,749
		10,424,401	10,988,749
Non-Operating Costs (Depreciation, Taxes, cost of rate base)	46,512,943	48,022,384	48,793,464

(1) Refer to language included in the Plan. Rates are subject to change annually

ATTACHMENT 4
(10/26/23)

Line No.	Column (1) Description	(2) Account Number	9/30/2024 13-Month Avg 13-Month Avg	9/30/2025 13-Month Avg 13-Month Avg	9/30/2026 13-Month Avg 13-Month Avg		Depreciation 2024	Depreciation 2025	Depreciation 2026
1	LPG Structures and Improvements	305	$394,990	$394,990	$394,990	1.76%	$6,952	$6,952	$6,952
2	LPG Equipment	311	$3,797,132	$3,855,138	$4,025,267	2.51%	$95,308	$96,764	$101,034
3	ROW-Transmission	365-2	$13,952,675	$13,962,675	$13,972,675	1.44%	$200,919	$201,063	$201,207
4	Innovation	TBD	$1,615,385	$3,115,385	$4,615,385	4.00%	$64,615	$124,615	$184,615
5	M&R Station Struc & Improvements	366-2	$612,377	$612,377	$612,377	2.29%	$14,023	$14,023	$14,023
6	Mains-Transmission	367	$170,257,843	$170,372,725	$171,420,893	1.69%	$2,877,358	$2,879,299	$2,897,013
7	Gate Stations	369	$14,386,329	$16,067,756	$16,180,143	2.17%	$312,183	$348,670	$351,109
8	Gate Stations - Bellevue		$119,640	$1,555,321	$1,555,321	5.00%	$5,982	$77,766	$77,766
9	Compressor Equipment - CNG	363	$18,662	$18,662	$18,662	2.46%	$459	$459	$459
10	Commun. Equipment	370	$717,410	$742,194	$767,722	2.77%	$19,872	$20,559	$21,266
11	Asset Retirement Costs	372	$1,769,204	$1,769,204	$1,769,204	1.85%	$32,730	$32,730	$32,730
12	Land Rights - Distribution	374-2	$209,323	$209,323	$209,323	1.57%	$3,286	$3,286	$3,286
13	Mains - Distribution	376-1	$107,470,176	$112,163,924	$115,409,298	2.23%	$2,396,585	$2,501,256	$2,573,627
14	Mains - Distribution Bellevue		$216,092	$2,809,201	$2,809,201	5.00%	$10,805	$140,460	$140,460
15	Regulators	378	$109,204	$109,204	$109,204	2.59%	$2,828	$2,828	$2,828
16	Services	380-2	$70,895,706	$75,258,010	$79,782,494	3.63%	$2,573,514	$2,731,866	$2,896,105
17	Meters	381	$13,058,573	$13,616,687	$14,303,256	4.25%	$554,989	$578,709	$607,888
18	Meter Installation	382	$13,929,496	$14,418,623	$14,923,119	3.77%	$525,142	$543,582	$562,602
19	House Regulators	383	$3,254,798	$3,254,798	$3,254,798	2.59%	$84,299	$84,299	$84,299
20	Indus. M&R Stations	385	$1,040,823	$1,172,597	$1,308,325	2.53%	$26,333	$29,667	$33,101
21	Rental Property Water Heaters	386	$23,567,676	$23,567,676	$23,567,676	3.46%	$815,442	$815,442	$815,442
22	Rental Property Conversion Burners	386-1	$7,101,024	$7,101,024	$7,101,024	3.87%	$274,810	$274,810	$274,810
23	Rental Property Space Heaters	386-5	$216,515	$216,515	$216,515	9.23%	$19,984	$19,984	$19,984
24	Electric Appliances	386-2	$27,587	$27,587	$27,587	3.46%	$955	$955	$955
25	Office Equipment	391	$972,403	$982,403	$992,403	3.02%	$29,367	$29,669	$29,971
26	Stores Equipment	393	$45,688	$45,688	$45,688	1.35%	$617	$617	$617
27	Stores	394	$2,476,221	$2,642,218	$2,825,895	5.00%	$123,811	$132,111	$141,295
28	Power Operated Equipment	396	$408,946	$408,946	$454,869	4.14%	$16,930	$16,930	$18,832
29	Communication Equipment	397	$426,837	$426,837	$426,837	6.67%	$28,470	$28,470	$28,470
30	Miscellaneous Equipment	398	$30,063	$30,063	$30,063	0.00%	$0	$0	$0
31	Buildings	390	$5,113,925	$5,217,618	$5,312,618	1.67%	$85,403	$87,134	$88,721
32	SubTotal		$458,212,726	$476,145,372	$488,442,833				
33	Computer Hardware	391-1	$450,270	$450,270	$450,270	5.27%	$23,729	$23,729	$23,729
34	Computer Software	391-2	$1,524,039	$1,524,039	$1,524,039	0.81%	$12,345	$12,345	$12,345
35	Computer Software Network	391-3	$1,219,422	$1,235,526	$1,274,026	9.99%	$121,820	$123,429	$127,275
36	Telephone Equipment	391-4	$222,645	$222,645	$222,645	0.00%	$0	$0	$0
37	ERT Meter Reading Equipment	391-5	$5,725,370	$5,882,832	$6,041,784	6.32%	$361,843	$371,795	$381,841

38	Desk Top Software	391-6	$843,788	$1,137,673	$1,319,673	9.15%	$77,207	$104,097	$120,750
39	Desk Top Hardware	391-7	$2,478,845	$2,691,038	$2,828,538	11.87%	$294,239	$319,426	$335,747
40	Transportation Equipment	392	$3,763,620	$4,572,476	$5,464,323	12.85%	$483,625	$587,563	$702,166
41	CNG Fueling Station	392-1	$263,716	$263,716	$263,716	0.00%	$0	$0	$0
42	Amortized Debt Expense *		$407,811	$368,433	$329,055		$39,768	$39,768	$39,768
43	Reg Asset - Segment 1 & Phase II & Pension		$6,658,366	$5,885,427	$5,185,427		$772,939	$772,939	$772,939
44	Amortized Barge Canal		$1,010,300	$959,785	$909,270		$50,515	$50,515	$50,515
							(41,313)	(41,313)	0
45	SubTotal								
			$24,568,192	$25,193,860	$25,812,766		$13,400,689	$14,230,582	$14,778,541
	Non-Depreciable Plant								
46	LPG-Land								
47	Transmission-Land	311-1							
48	Distribution-Land	365-1	$630,634	$630,634	$630,634				
49	Building-Land	374-1	$549	$549	$549				
		389	$75,775	$75,775	$75,775				
50	SubTotal		$706,958	$706,958	$706,958				
51	TOTAL		$483,487,877	$502,046,190	$514,962,558				
52	TOTAL - PLANT IN SERVICE		$475,411,400	$494,832,545	$508,538,806		$12,537,466	$13,367,359	$13,915,319

FERC #	NET ADDITIONS (DELETIONS)	Full Year Additions FY24	FY25	FY26
FERC #	**PRODUCTION PLANT**			
3110	LPG EQUIPMENT *	57,400	59,122	470,896
	TOTAL PRODUCTION PLANT	**57,400**	**59,122**	**470,896**
FERC #	**TRANSMISSION PLANT**			
3651	LAND	-	-	-
3652	LAND RIGHTS	10,000	10,000	10,000
	TOTAL 3652	**10,000**	**10,000**	**10,000**
3662	GATE STATION BLDG	-	-	-
3662	**M&R Station Structures & Improvements***	**-**	**-**	**-**
3670	MAINS - OTHER *	32,500	33,475	34,479
3670	MLV Replacements	-	1,000,000	1,000,000
3670	MAINS - CP Upgrades	-	20,000	-
	TOTAL 3670 *	**32,500**	**1,053,475**	**1,034,479**
3690	M & R STATION EQUIP*	107,900	111,137	114,471
3690	Bellevue Gate Station	1,555,321	-	-
3690	GATE STATION* - Catamount	2,083,203	-	-
3700	COMMUNICATION EQUIP.	24,400	25,132	25,886
	TOTAL TRANSMISSION PLANT	**3,813,324**	**1,199,744**	**1,184,836**
FERC #	**DISTRIBUTION PLANT**			
3633	COMPRESSOR EQUIP. *	-	-	-
3720	ASSET RETIREMENT OBLIGATION	-	-	-
3742	LAND RIGHTS	-	-	-
3760	CP Ground Beds	20,000	-	20,000
3760	Bellevue Extension (Feasible)	1,667,683	-	-

3760	Bellevue Extension (20-Year)	2,809,201	-	-
3760	Mains: Style 90 Replacements	1,679,020	1,712,600	1,746,852
3760	MAINS* - OTHER	1,380,310	1,516,326	1,512,220
	TOTAL 3760*	**7,556,214**	**3,228,926**	**3,279,073**
	Innovation Spending	1,500,000	1,500,000	1,500,000
3800	Services: Steel Replacements	623,480	635,950	648,669
3800	Services: Support Marketing's Projected Growth	3,631,689	3,859,439	3,910,463
	TOTAL 3800*	**5,755,169**	**5,995,389**	**6,059,132**
3810	METERS *	527,890	681,011	693,981
3820	METER INSTALLATION *	482,362	497,523	513,152
3830	REGULATORS *	-	-	-
3850	INDUSTRIAL M & R STATION EQUIP. *	129,860	133,756	137,769
3850	INDUSTRIAL M & R STATION * - RNG	-	-	-
3860	RENTAL PROPERTY WH/OTR *	-	-	-
3861	RENTAL PROPERTY CB *	-	-	-
3862	RENTAL PROPERTY ELECTRIC APPLIANCE	-	-	-
3865	RENTAL SPACE HEATERS *	-	-	-
3815	ERTS *	189,773	157,105	160,000
	TOTAL DISTRIBUTION PLANT	**14,641,268**	**10,693,710**	**10,843,106**
FERC #	**GENERAL PLANT**			
)0 / 3902	STRUCTURES & IMPROVEMENTS	174,800	95,000	95,000
3910	OFFICE EQUIPMENT	10,000	10,000	10,000
3911	COMPUTER HARDWARE - MID RANGE	-	-	-
3912	COMPUTER SOFTWARE - MID RANGE	-	-	-
3913	NETWORK	10,984	17,000	60,000
3914	TELEPHONE EQUIPMENT	-	-	-
3916	COMPUTER SOFTWARE - DESKTOP	275,000	107,000	257,000
3917	COMPUTER HARDWARE - DESKTOP	153,501	145,000	130,000
3920	TRANSPORTATION EQUIP.	751,944	805,314	527,540
3921	CNG STATIONS	-	-	-

3940	SMALL TOOLS	207,645	181,793	183,174
3960	Power Equipment	-	-	259,000
3970	COMMUNICATION EQUIPMENT	-	-	-
	TOTAL GENERAL PLANT	**1,583,874**	**1,361,107**	**1,521,715**
	Net Additions to UPIS	**20,095,866**	**13,313,683**	**14,020,552**

			EXAMPLE 2025
			Earnings Sharing Calc
Actual 13 Month Rate Base			272,778,169
Allowed Equity Ratio			50%
Actual Earnings			12,450,000
Acual ROE			9.13%
Allowed ROE			9.24%
Authorized Earnings			12,602,351
Over/(Under) Earnings			(152,351)
Basis Points			-0.1%
Basis Points Deadband =/-			-0.5%
	Earnings at	9.7%	13,284,297
	Earnings at	9.2%	12,602,351
	Earnings at	8.7%	11,920,406
Net Authorized Earnings			12,602,351
Over Earnings +200BP			-
Over Earnings 50BP - 200BP			-
Over EarningsCustomer Share			-
Under Earnings -200BP			-
Under Earnings 50BP - 200BP			-
Under Earnings Customer Share			-
customer share before taxes			-
Total Earnings Sharing (revenue) expense pre-tax			**-**
Approximate additonal rate impact			0.0%

To calculate Actual Earnings used in ES Calc	
Net income before ES	11,700,000
Add back items excluded from rates	750,000
Net Income for ES Calc	12,450,000