

RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT FILED BY	§	
ONALASKA WATER & GAS SUPPLY	§	GAS UTILITIES DOCKET NO. 10238
TO CHANGE RATES IN THE	§	
ENVIRONS OF THE CITY OF	§	
ONALASKA	§	

FINAL ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551 et. seq. (Vernon 2008 & Supp. 2012). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Onalaska Water and Gas Supply ("Onalaska") owns and operates a natural gas distribution system in the incorporated community of Onalaska, Texas and its environs.
2. On January 28, 2013, Onalaska filed with the Railroad Commission of Texas ("Commission") a Statement of Intent to increase its rates in the environs of Onalaska, Texas.
3. Onalaska requested an effective date of March 24, 2013.
4. On February 26, 2013, the Commission suspended the implementation of Onalaska's proposed rates for 150 days beyond the proposed effective date, or until September 11, 2013.
5. Staff of the Railroad Commission intervened on March 22, 2013. No other interventions were filed.
6. Onalaska provided adequate notice to customers by publishing notice four consecutive times in the Polk County Enterprise prior to March 28, 2013.
7. Onalaska initially requested a cost of service of \$316,476.
8. The proposed Settlement Agreement contemplates a cost of service of \$314,133.
9. The data submitted to the Commission in this docket encompasses a full test-year, i.e., the twelve-month period ending September 30, 2012.
10. The new base rates will consist of a customer charge and a volumetric charge designed to

recover Onalaska's cost of service and provide a reasonable return on its investment. The proposed rate changes are set forth on the following table.

<u>Customer Class</u>	<u>Customer Charge</u> <u>\$/Month</u>	<u>Commodity Charge</u> <u>\$/MCF</u>
Residential	\$12.00	\$9.210
Commercial	\$15.00	\$9.210

11. Onalaska also proposed to change several miscellaneous service fee items for an additional revenue increase of \$2,965. The miscellaneous service fee changes are associated with the service tap fees, the relocate meter fees, and the excess flow valve fees. In addition, Onalaska proposed two new fees related to meter tampering and labor fees.
12. For purposes of calculating an interim rate adjustment the beginning invested capital, accumulated depreciation amounts, service lives, depreciation rates, and applicable tax rates reflected on Exhibit C in the attached Settlement Agreement are just and reasonable.
13. The total actual and estimated rate case expenses of Onalaska were \$29,200.
14. Onalaska provided billings, invoices and evidence in support of its rate case expense request.
15. The billings, invoices and evidence provided in support of its rate cases expenses do not evidence double-billing, excess charges, inappropriate documentation of work, excessive entertainment and dining expenses.
16. All of the expenses incurred were reasonably necessary to the underlying proceeding and this rate-case expense docket.
17. Onalaska has agreed to limit its rate case expenses to \$25,000 over approximately 36 months and it is reasonable to allow Onalaska to recover the expenses with a recovery rate of \$0.95 per customer per month.
18. Paragraph 16 of the Settlement Agreement provided that since recovery of the exact \$25,000 may not be achieved in the final month, the utility shall seek authority to include

any over or under collected amount remaining in the Purchase Gas Adjustment clause.

19. It is not reasonable to include the unrecovered balance, or refund, of the rate case expenses in the purchase gas adjustment clause as rate case expenses are not related to gas expenses.
20. It is reasonable to allow Onalaska to adjust its rate case expense surcharge in the final month of recovery to an amount necessary to recover amounts under \$500 or refund amounts over collected.
21. It is reasonable pursuant to Paragraph 15 of the Settlement Agreement that Onalaska file a report annually on or before March 1st of each year showing the beginning balance of the unrecovered rate case expense at January 1st, the amount recovered by customer class by month during the previous calendar year and the ending balance as of December 31st, and a final report within 60 days after the last billing cycle recovery from the customer.
22. The rates proposed by above Findings of Fact are just and reasonable and allow the utility to earn the cost of service approved herein.

CONCLUSIONS OF LAW

1. Onalaska is a gas utility as defined in TEX. UTIL. CODE ANN. § 101.003(7) and TEX. UTIL. CODE ANN. § 121.001 (Vernon 2007 and Supp. 2012) and is subject to the Commission's jurisdiction under TEX. UTIL. CODE ANN. §§ 104.002 and 121.051 (Vernon 2007 and Supp. 2012).
2. The Commission has exclusive original jurisdiction over Onalaska and Onalaska's statement of intent under TEX. UTIL. CODE ANN. § 102.001 (Vernon 2007 and Supp. 2012).
3. The revenue, rates, and rate design recommended in the findings of fact are reasonable and fix an overall level of revenues for Onalaska that will permit Onalaska a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses under TEX. UTIL. CODE ANN. §104.051 (Vernon 2007 and Supp. 2012), and otherwise comply with Chapter 104 of the Texas Utilities Code.
4. It is reasonable for the Commission to allow Onalaska to include a cost of gas clause in

its tariffs that allows the recovery of Onalaska' gas costs, under 16 TEX. ADMIN. CODE § 7.5519 (2012).

5. The overall revenue requirement established in this Order will permit Onalaska a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses under TEX. UTIL. CODE ANN. § 104.051 (Vernon 2007 and Supp. 2012).
6. Onalaska failed to meet its burden of proof on the elements of its requested rate design pursuant to TEX. UTIL. CODE ANN. § 104.008 (Vernon 2007 and Supp. 2012).
7. The rates established in this Order will not yield more than a fair return on the adjusted value of the invested capital used and useful in providing service to the public, under TEX. UTIL. CODE ANN. § 104.052 (Vernon 2007 and Supp. 2012).
8. The rates and rate design reflected in the findings of fact are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, but are sufficient, equitable, and consistent in application to each class of customer, under TEX. UTIL. CODE ANN. § 104.003 (Vernon 2007 and Supp. 2012).

IT IS THEREFORE ORDERED that Onalaska's requested rates are **DENIED**.

IT IS FURTHER ORDERED that the rates and rate design reflected in the findings of fact, in the attached Settlement Agreement, as amended by Finding of Fact Nos. 18 & 19, and conclusions of law are **APPROVED**.

IT IS FURTHER ORDERED that Onalaska shall file tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.

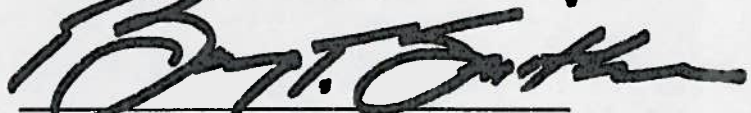
IT IS FURTHER ORDERED that Onalaska **SHALL** include in its purchase gas adjustment only its reasonable and necessary gas purchase expenditures and that the reasonableness and prudence of Onalaska's gas purchases pursuant to its Cost of Gas clause may be subject to an adjustment and potential refund in a subsequent proceeding.

IT IS FURTHER ORDERED that any proposed findings of fact and conclusions of law not specifically adopted herein are **DENIED**. **IT IS ALSO ORDERED** that each exception to the Examiners' Proposal for Decision not expressly granted herein is overruled and all pending motions and requests for relief not previously granted herein are hereby **DENIED**.

IT IS FURTHER ORDERED that this order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

SIGNED this 6th day of August, 2013.

RAILROAD COMMISSION OF TEXAS



BARRY T. SMITHERMAN
CHAIRMAN



DAVID PORTER
COMMISSIONER

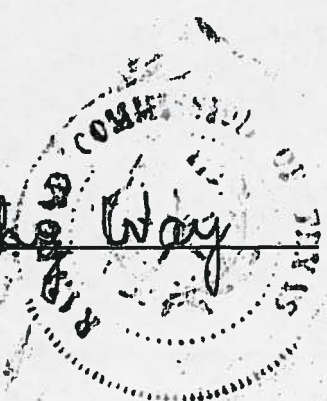


CHRISTI CRADDICK
COMMISSIONER

ATTEST:



Kathi Way
SECRETARY



SETTLEMENT AGREEMENT
BETWEEN ONALASKA WATER & GAS SUPPLY CORPORATION
AND STAFF OF THE RAILROAD COMMISSION OF TEXAS
IN GAS UTILITIES DOCKET NO. 10238

Onalaska Water & Gas Supply Corporation serves approximately 730 residential and commercial customers inside and outside the City of Onalaska near Lake Livingston, about 70 miles north of Houston. The Company was created when Onalaska Water Corporation purchased the gas utility from the City of Onalaska in 2000. OW&GS' last rate change was approved by the Railroad Commission of Texas in 2005. The Company filed its current rate change request in January 2013, because existing rates do not allow the Company to recover its current cost of service. A significant portion of the requested rate increase is payroll-related. Current rates do not reflect Gas department employees' pay raises incurred over the 8 years since the prior rate case and the prior filing did not include the cost of shared services associated with overall company management, accounting, billing, and customer service personnel. FURTHER,

WHEREAS, this settlement agreement (the "Settlement Agreement") is entered into by Onalaska Water & Gas Supply Corporation ("OW&GS") and the Staff of the Railroad Commission of Texas ("Staff"); and

WHEREAS, on January 28, 2013, OW&GS filed with the Commission an application, hereafter referred to as the 2013 Rate Filing, to adjust rates under the provisions of Subchapter C of Section 104 of the Texas Utilities Code and the rules of the Gas Services Division of the Commission, and such filing was docketed as Gas Utilities Docket ("GUD") 10238; and

WHEREAS, a concurrent rate filing was made with the City of Onalaska, which denied the proposed rate adjustments; and

WHEREAS, OW&GS timely filed an appeal of the City's actions under the provisions of Subchapter C of Section 103 of the Texas Utilities Code and the rules of the Gas Services Division of the Commission, and such filing was docketed as GUD 10249 and consolidated with the 2013 Rate Filing; and

WHEREAS, Staff sought intervention and were granted party status in GUD 10238 on March 22, 2013; and

WHEREAS, OW&GS filed direct testimony and a cost of service model in support of the requested rate increase; and

WHEREAS, OW&GS' last rate change was approved by the Railroad Commission of Texas ("Commission") in GUD No. 9518, effective January 25, 2005, or 8 years ago;

WHEREAS, proper notice has been made to all affected customers by direct mail on March 28, 2013, which is supported a duly notarized Affidavit; and

WHEREAS, Staff have engaged in discovery regarding the issues in dispute; and

WHEREAS, Staff has analyzed and proposed adjustments to the rates proposed by OW&GS in its 2013 Rate Filing; and

WHEREAS, this Settlement Agreement resolves all issues between OW&GS and Staff ("the Signatories") regarding the 2013 Rate Filing, which is currently pending before the Commission, in a manner that the Signatories believe is consistent with the public interest; and

WHEREAS, the Signatories agree that resolution of this docket by settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket; and

WHEREAS, the Signatories believe that the resolution of the issues raised in this 2013 Rate Filing can best be accomplished by the Commission approving this Settlement Agreement and the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to the following Settlement Terms as a means of fully resolving all issues between the Staff and OW&GS involving the 2013 Rate Filing:

Settlement Terms

1. Upon the execution of this Settlement Agreement, Signatories will recommend that an Order be issued to approve this Settlement Agreement and implement the rates, terms and conditions reflected in the tariffs attached to this Settlement Agreement as Exhibit A. Said tariffs should allow OW&GS an additional, prospective \$83,757 in annual base revenue and \$2,965 in miscellaneous service charge revenue by implementation of rates shown in the proof of revenues attached as Exhibit B and specified on the tariffs in Exhibit A.
2. Signatories agree that the revenue increase is a "black box" figure and is not tied to any specific expense in OW&GS' underlying cost of service. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code. The gas rates, terms and conditions established by this Settlement Agreement shall, subject to the Commission's approval, be effective for bills rendered on and after the effective date of the Final Order in this docket.

3. Signatories agree that the increase in revenues is reasonable considering the period of time since the last rate change, and the recognition of certain allocated labor costs not included in the prior rate filing.
4. Signatories agree that OW&GS will follow the appropriate allocation methodology for Water Company and office employees as required by the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA).
5. Signatories agree that OW&GS will follow the appropriate capitalization and expense procedures as required in the FERC USOA General Instructions for Plant Accounting.
6. Signatories agree that OW&GS will utilize the suitable Gas Distribution and General Plant Account when replacing, repairing, or completing new construction.
7. Signatories agree that OW&GS will evaluate its revenue requirement no less than every four years to mitigate the amount of any future rate change.
8. Signatories agree to the following customer charges and consumption charges for customers served by OW&GS. These rates are reflected in the rate schedules attached as Exhibit A.

Customer Class	Customer Charge	Consumption Charge
Residential	\$12.00	\$9.210 per Mcf
Commercial	\$15.00	\$9.210 per Mcf

9. Signatories agree that for the purpose of calculating an interim rate adjustment under TEX. UTIL. CODE § 104.301, the beginning invested capital, accumulated depreciation amounts, service lives, depreciation rates, and applicable tax rates are reflected on Exhibit C attached to this Agreement.
10. Signatories agree that the terms of this Settlement Agreement provide OW&GS a reasonable opportunity to earn a reasonable return on the utility's invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses, TEX. UTIL. CODE § 104.051.
11. Signatories agree that the terms of this Settlement Agreement establish a rate that does not yield more than a fair return on the adjusted value of the invested capital used and useful in providing service to the public as shown below:

Capital Structure	
Owner's Equity:	55.00%
Debt:	45.00%
Return on Equity:	10.50%
Cost of Debt:	7.00%
Rate of Return:	8.93%

12. Signatories agree that the Settlement Agreement does not include expenses for business gifts, entertainment, charitable donations, legislative advocacy, advertising expense that exceeds one-half of one percent of the gross receipts of the utility, funds for support or membership in social, recreational, fraternal, or religious organizations pursuant to TEX. UTIL. CODE § 104.057 and TEX. ADMIN. CODE § 7.5414.
13. Signatories agree that the Purchased Gas Adjustment Tariff does not allow for recovery of more than 5% unaccounted for gas loss and does not allow for recovery of more than actual gas cost pursuant to TEX. ADMIN. CODE § 7.5519.
14. Signatories agree that it is reasonable to allow OW&GS to implement a rate surcharge to recover rate case expenses of \$25,000, which is \$4,200 less than total rate case expenses incurred to date of approximately \$29,200. Interest will not be added to the unrecovered rate case expense balance. The surcharge will be \$0.95 per customer per month until the entire rate case expense amount is collected, or approximately 36 months, but in no event shall the amount collected exceed \$25,000.
15. Signatories agree that OW&GS shall file an annual report with the Gas Services Division on or before March 1st of each year showing the beginning balance of the unrecovered Rate Case Expense at January 1st, the amount recovered by customer class by month during the previous calendar year and the ending balance as of December 31st. Upon completion of the recovery, OW&GS shall file a final report within 60 days after the last billing cycle recovery from the customer. Since recovery of the exact \$25,000 cannot be achieved in the final month, the utility shall seek the Commission's authority to include any over or under collected amount remaining in the Purchase Gas Adjustment.
16. Signatories agree that the terms of the Settlement Agreement are interdependent and indivisible, and that if the Commission issues an Order that is inconsistent with this Settlement Agreement, then either Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Settlement Agreement or its subsequent withdrawal.
17. Signatories agree that neither this Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an Order implementing this Settlement Agreement.
18. Signatories agree that this Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes, and, except to the extent the Settlement Agreement governs a Signatory's rights and obligations for future periods, this Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding.

19. Signatories agree to support and seek Commission approval of this Settlement Agreement.

20. Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 26 day of April, 2013.

ONALASKA WATER & GAS SUPPLY CORPORATION

By: Gairee Brown
Gairee Brown
Gas Superintendant

Agreed to this ____ day of April, 2013.

ATTORNEY FOR RAILROAD COMMISSION STAFF

By: _____
John Pierce Griffin

19. Signatories agree to support and seek Commission approval of this Settlement Agreement.

20. Signatories agree that this Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this _____ day of April, 2013.

ONALASKA WATER & GAS SUPPLY CORPORATION

By: _____

Gairee Brown
Gas Superintendant

Agreed to this 7th ^{MAY} day of ~~April~~, 2013. *JPG*

ATTORNEY FOR RAILROAD COMMISSION STAFF

By: _____

John Pierce Griffin
John Pierce Griffin

Exhibit A

**Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Residential Service - Incorporated Areas**

APPLICATION OF SCHEDULE

This schedule is applicable to general use by Residential customers for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas. This tariff is applicable to the incorporated municipality of Onalaska. Service under this tariff is subject to the original jurisdiction of the municipality of Onalaska. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

MONTHLY RATE

MONTHLY CUSTOMER CHARGE: \$12.00

Multiple metered customers will be assessed a single customer charge per month.

MONTHLY COMMODITY RATE:

The price payable by each residential customer for all consumption each month shall be \$9.210 per Mcf (Commodity Rate), subject to the Cost of Gas Adjustment and other adjustments set forth below.

COST OF GAS ADJUSTMENT:

The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.

TAXES:

The Company shall collect from customers on each monthly bill an amount equal to the taxes, fees and other charges imposed by regulatory or governmental authorities.

PIPELINE SAFETY AND REGULATORY PROGRAM FEE:

The Company shall pass on the Pipeline Safety and Regulatory Program Fee in an amount determined by the Commission for each service line reported to be in service at the end each calendar year, pursuant to Texas Utilities Code 121.211 and 16 Texas Admin. Code §8.201.

RATE CASE EXPENSE SURCHARGE:

The Company shall recover approved rate case expenses through a surcharge on each customer's bill. The surcharge will be collected on a per customer basis on each monthly bill.

OTHER SURCHARGES:

The Company shall collect from customers on each monthly bill other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

PAYMENT:

All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.

**Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Residential Service - Environs**

APPLICATION OF SCHEDULE

This schedule is applicable to general use by Residential customers for heating, cooking, refrigeration, water heating and other similar type uses. This tariff is applicable to the unincorporated environs of Onalaska. Service under this tariff is subject to the original jurisdiction of the Railroad Commission of Texas. This schedule is not available for service to premises with an alternative supply of natural gas. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

MONTHLY RATE

MONTHLY CUSTOMER CHARGE: \$12.00

Multiple metered customers will be assessed a single customer charge per month.

MONTHLY COMMODITY RATE:

The price payable by each residential customer for all consumption each month shall be \$9.210 per Mcf (Commodity Rate), subject to the Cost of Gas Adjustment and other adjustments set forth below.

COST OF GAS ADJUSTMENT:

The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.

TAXES:

The Company shall collect from customers on each monthly bill an amount equal to the taxes, fees and other charges imposed by regulatory or governmental authorities.

PIPELINE SAFETY AND REGULATORY PROGRAM FEE:

The Company shall pass on the Pipeline Safety and Regulatory Program Fee in an amount determined by the Commission for each service line reported to be in service at the end each calendar year, pursuant to Texas Utilities Code 121.211 and 16 Texas Admin. Code §8.201.

RATE CASE EXPENSE SURCHARGE:

The Company shall recover approved rate case expenses through a surcharge on each customer's bill. The surcharge will be collected on a per customer basis on each monthly bill.

OTHER SURCHARGES:

The Company shall collect from customers on each monthly bill other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

PAYMENT:

All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.

**Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Commercial Service - Incorporated Areas**

APPLICATION OF SCHEDULE

This schedule is applicable to Commercial type customers, including hospitals and churches, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. This tariff is applicable to the incorporated municipality of Onalaska. Service under this tariff is subject to the original jurisdiction of the municipality of Onalaska. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

MONTHLY RATE

MONTHLY CUSTOMER CHARGE: \$15.00

Multiple metered customers will be assessed a single customer charge per month.

MONTHLY COMMODITY RATE:

The price payable by each commercial customer for all consumption each month shall be \$9.210 per Mcf (Commodity Rate), subject to the Gas Cost Adjustment and other adjustments set forth below.

COST OF GAS ADJUSTMENT:

The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.

TAXES:

The Company shall collect from customers on each monthly bill an amount equal to the taxes, fees and other charges imposed by regulatory or governmental authorities.

PIPELINE SAFETY AND REGULATORY PROGRAM FEE:

The Company shall pass on the Pipeline Safety and Regulatory Program Fee in an amount determined by the Commission for each service line reported to be in service at the end each calendar year, pursuant to Texas Utilities Code 121.211 and 16 Texas Admin. Code §8.201.

RATE CASE EXPENSE SURCHARGE:

The Company shall recover approved rate case expenses through a surcharge on each customer's bill. The surcharge will be collected on a per customer basis on each monthly bill.

OTHER SURCHARGES:

The Company shall collect from customers on each monthly bill other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

PAYMENT:

All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.

**Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Commercial Service - Environs**

APPLICATION OF SCHEDULE

This schedule is applicable to Commercial type customers, including hospitals and churches, for heating, cooking, refrigeration, water heating and other similar type uses. This schedule is not available for service to premises with an alternative supply of natural gas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. This tariff is applicable to the unincorporated environs of Onalaska. Service under this tariff is subject to the original jurisdiction of the Railroad Commission of Texas. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

MONTHLY RATE

MONTHLY CUSTOMER CHARGE: \$15.00

Multiple metered customers will be assessed a single customer charge per month.

MONTHLY COMMODITY RATE:

The price payable by each commercial customer for all consumption each month shall be \$9.210 per Mcf (Commodity Rate), subject to the Gas Cost Adjustment and other adjustments set forth below.

COST OF GAS ADJUSTMENT:

The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.

TAXES:

The Company shall collect from customers on each monthly bill an amount equal to the taxes, fees and other charges imposed by regulatory or governmental authorities.

PIPELINE SAFETY AND REGULATORY PROGRAM FEE:

The Company shall pass on the Pipeline Safety and Regulatory Program Fee in an amount determined by the Commission for each service line reported to be in service at the end each calendar year, pursuant to Texas Utilities Code 121.211 and 16 Texas Admin. Code §8.201.

RATE CASE EXPENSE SURCHARGE:

The Company shall recover approved rate case expenses through a surcharge on each customer's bill. The surcharge will be collected on a per customer basis on each monthly bill.

OTHER SURCHARGES:

The Company shall collect from customers on each monthly bill other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

PAYMENT:

All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.

**Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Cost of Gas Adjustment Clause**

A. APPLICABILITY

Gas bills issued under rate schedules to which this Rider applies will include adjustments to reflect decreases or increases in purchased gas costs. Any such adjustments shall be filed with the appropriate regulatory authority before the beginning of the month in which the adjustment will be applied to bills.

B. DEFINITIONS

1. **Cost of Gas** - The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.
2. **Commodity Cost** - The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.
3. **Cost of Purchased Gas** - The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase commodity cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery point(s), and associated taxes.
4. **Reconciliation Component** - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. **Reconciliation Audit** - An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine:
(a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, and (d) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.
6. **Purchase/Sales Ratio** - A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of

this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.

7. **Reconciliation Account** - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause. Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3)), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.
8. **General Service Customers** - those customers served under the Residential, Commercial, Industrial and Public Authority rate schedules.

C. COST OF GAS

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E. PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined.

E. PAYMENT FOR FUNDS

If, on the average, the Company had over-collected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Over/Under Charges. If on the average, the Company had under-collected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Over/Under Charges.

Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Rate Case Expense (RCE)

APPLICATION OF SCHEDULE

This schedule is applicable to any customer served under residential or commercial rate schedules in the city and environs served by Onalaska Water & Gas Supply Corporation. This schedule is for the recovery of rate case expenses and shall be in effect beginning with the effective date of the Final Order in GUD No. 10238, for an approximate thirty-six (36) month period or until all approved expenses are collected.

MONTHLY RATE RECOVERY FACTOR

The rate payable shall be \$0.95 per customer per month.

RULES AND REGULATIONS

Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations; as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from the Company's office located at 647 Highway 356 South, Onalaska, TX 77360.

COMPLIANCE

The Company shall file an annual report with the Gas Services Division on or before March 1st of each year showing the beginning balance of the unrecovered rate case expense at January 1st, the amount recovered by customer class by month during the previous calendar year and the ending balance as of December 31st. Upon completion of the recovery, OW&GS shall file a final report within 60 days after the last billing cycle recovery from the customer. No interest will accumulate on the outstanding balance.

Onalaska Water & Gas Supply Corporation
Gas Rate Sheet
Schedule of Miscellaneous Service Charges

APPLICATION

The service charges listed below are in addition to any other charges made under the Company's Tariff for Gas Service and will be applied for the condition described. Other services not covered by these standard conditions will be charged on the basis of an estimate for the job or the Company's cost plus appropriate adders.

Number	Service Charge ID	Description	Detail	Proposed Fee
1	ID-1A	Membership Fee	Non-refundable - Retained by Onalaska Water and Gas - Membership fee not to be netted with any outstanding bills, either for terminated or past due accounts (not to be used as guarantee payment of the account)	\$100
2	ID-2A	Deposit Fee	None Collected	\$0
3	ID-3	Service Tap Fee - Short Side	Cost for extending or installing a gas line under normal conditions where the main is on the customer's side of the street.	\$300
4	ID-4	Service Tap Fee - Long Side	Cost for extending or installing a gas line under normal conditions where the line requires a street bore.	\$350
5	ID-5	Service Reconnect	Restore Service after termination for non-payment.	\$25
6	ID-6	Restore Service	Restore Service - After cut-off by owner. Light or re-light pilots	\$25
7	ID-7	Relocate Meter	Change residential meter location at customer request, normal conditions. Normal conditions are those normally found in extending or installing gas lines without encountering obstacles, or difficult conditions. Examples of other than normal conditions include, but are not limited to, street and road crossings, railroad track crossings, lines under concrete, rocky areas and ponds, lakes or chronically wet areas.	\$150
8	ID-8	Returned Check Charge	Returned Check fee is charged for each check (or other form of payment) returned unpaid by a financial institution to the Company.	\$25
9	ID-9	Excess Flow Valve	Installation of Bypass and Excess Flow Valve	\$180
10	ID-10	Meter Tampering	Meter Tampering - No Company Meters, equipment, or other property, whether on Customer's premises or elsewhere, are to be tampered with or interfered with for any reason. A Tampering Charge is made for unauthorized reconnection or other tampering with Company metering facilities or a theft of gas service by a person on the customer's premises or evidence by whomsoever at customer's premises. An additional cost for the cost of repairs and/or replacement of damaged facilities and the installation of protective facilities or relocation of meter are made at cost.	\$125
11	ID-11	Labor - Other Normal Business Hours	Service Call Charge for all other service work on Customer's installation (no charge for leak check or bill inquiry) during normal business hours (one hour minimum).	\$38/hr
12	ID-12	Labor - Other WE & Holidays	Service Call Charge for all other service work on Customer's installation (no charge for leak check or bill inquiry) (one hour minimum) Saturdays, Sundays, holidays, after hour call-outs.	\$52/hr

Definitions:

Short Side – Cost for extending or installing a gas line under normal conditions without encountering obstacles where the main is on the customer's side of the street.

Long Side - Cost for extending or installing a gas line under normal conditions where the line requires a bore under a street or road crossing, railroad track crossing, lines under concrete, rocky areas or ponds, lakes or chronically wet areas.

Normal Business Hours – Monday through Friday 8:00 AM to 5:00 PM.

After Business Hours – Monday through Friday 5:00 PM to 8:00 AM and all day on weekends and holidays.

Exhibit B

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

REVENUE BY CUSTOMER CLASSIFICATION
For the Pro Forma Test Year Ended September 30, 2012

Line No.	Customer Classification	REVENUE PER BOOKS		PRO FORMA ADJUSTED		PROPOSED REVENUE	
		Commodity Sales - MCF	Billing Revenue - \$	Commodity Sales - MCF	Billing Revenue - \$	Billing Revenue - \$	Increase %
1	Sales of Gas - Total						
2	Residential	3,681	\$59,693	3,969	\$62,388	\$79,397	\$17,009 27.26%
3	Incorporated	8,161	\$135,473	8,947	\$143,103	\$181,952	\$38,850 27.15%
4	Enviroms	11,842	\$195,166	12,915	\$205,490	\$261,349	\$55,859 27.18%
5	Total Residential						
6	Commercial	7,156	\$72,935	8,142	\$82,098	\$109,526	\$27,428 33.41%
7	Incorporated	33	\$1,045	36	\$1,069	\$1,540	\$471 44.06%
8	Enviroms	7,189	\$73,980	8,178	\$83,167	\$111,066	\$27,898 33.55%
9	Total Commercial						
10						\$372,415	\$83,757 29.02%
11	Total Res & Com	19,031	\$269,145	21,093	\$288,658		
12						\$0	\$0 0.00%
13	AG Farm		\$0		\$0	\$0	\$0 0.00%
14	Contract Sales Revenue		\$9,439		\$9,439	\$12,404	\$2,965 31.41%
15	Other Revenue						
16						\$384,819	\$86,722 29.09%
17	Total Sales of Gas	19,031	\$278,586	21,093	\$298,097		
18							
19							
20	Sales of Gas - Base Rates						
21	Residential	3,681	\$46,986	3,969	\$48,920	\$65,929	\$17,009 34.77%
22	Incorporated	8,161	\$107,334	8,947	\$112,813	\$151,663	\$38,850 34.44%
23	Enviroms	11,842	\$154,320	12,915	\$161,733	\$217,592	\$55,859 34.54%
24	Total Residential						
25	Commercial	7,156	\$49,018	8,142	\$55,295	\$82,723	\$27,428 49.60%
26	Incorporated	33	\$925	36	\$943	\$1,414	\$471 49.94%
27	Enviroms	7,189	\$49,943	8,178	\$56,239	\$84,137	\$27,898 49.61%
28	Total Commercial						
29						\$301,729	\$83,757 38.43%
30	Total Res & Com	19,031	\$204,263	21,093	\$217,972		
31						\$301,729	\$83,757 38.43%
32							
33	Total Base Rate Sales of Gas	19,031	\$204,263	21,093	\$217,972		
34							

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)
REVENUE BY CUSTOMER CLASSIFICATION
For the Pro Forma Test Year Ended September 30, 2012

		AVERAGE COST PER MCF		
Line No.	Customer Classification	PER BOOKS	PRO FORMA ADJUSTED	PROPOSED
1				
2	Sales of Gas - Total			
3	Residential	\$16.22	\$15.72	\$20.01
4	Incorporated	\$16.60	\$16.00	\$20.34
5	Enviroms	\$16.48	\$15.91	\$20.24
6	Total Residential			
7				
8	Commercial	\$10.19	\$10.08	\$13.45
9	Incorporated	\$31.39	\$29.51	\$42.51
10	Enviroms	\$10.29	\$10.17	\$13.58
11	Total Commercial			
12				
13	Total Sales of Gas	\$14.64	\$14.13	\$18.24
14				
15				
16	Sales of Gas - Base Rates			
17	Residential	\$12.77	\$12.33	\$16.61
18	Incorporated	\$13.15	\$12.61	\$16.95
19	Enviroms	\$13.03	\$12.52	\$16.85
20	Total Residential			
21				
22	Commercial	\$6.85	\$6.79	\$10.16
23	Incorporated	\$27.79	\$26.03	\$39.04
24	Enviroms	\$6.95	\$6.88	\$10.29
25	Total Commercial			
26			\$10.33	\$14.30
27	Total Sales of Gas	\$10.73		

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

TYPICAL BILL COMPARISONS

For the Pro Forma Test Year Ended September 30, 2012

Residential Service - (Incorporated)					# of Cust. 204
Charge	Present	Proposed	Change		
			(\$)	(%)	
Customer Charge \$/Month	\$10.00	\$12.00	\$5.05	25.90%	
Commodity \$/MCF	\$6.1580	\$9.2100	8.10	27.93%	
System Average Gas Cost Adjustment \$/MCF	\$3.3511	\$3.3511	14.21	29.58%	
TYPICAL MONTHLY BILL COMPARISON					
MCF	Present	Proposed			
1	\$19.51	\$24.56	\$37.12	20.31	
2	\$29.02	\$62.24	\$87.37	26.42	
4	\$48.04	\$87.05	\$112.49	32.52	
6	\$86.07	\$105.09			
8					
10					
Avg MCF Use	\$25.40	\$32.35	6.94	27.33%	
1.62					

Residential Service - (Environ)					# of Cust. 481
Charge	Present	Proposed	Change		
			(\$)	(%)	
Customer Charge \$/Month	\$10.00	\$12.00	\$5.05	25.90%	
Commodity \$/MCF	\$6.1580	\$9.2100	8.10	27.93%	
System Average Gas Cost Adjustment \$/MCF	\$3.3511	\$3.3511	14.21	29.58%	
TYPICAL MONTHLY BILL COMPARISON					
MCF	Present	Proposed			
1	\$18.51	\$24.56	\$37.12	20.31	
2	\$28.02	\$62.24	\$87.37	26.42	
4	\$48.04	\$67.05	\$112.49	32.52	
6	\$67.05	\$86.07			
8	\$86.07	\$105.09			
10	\$105.09				
Avg MCF Use	\$24.74	\$31.47	6.73	27.21%	
1.55					

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

TYPICAL BILL COMPARISONS
For the Pro Forma Test Year Ended September 30, 2012

Commercial Service - (Incorporated)					
Charge	Present	Proposed		# of Cust.	
Customer Charge \$/Month	\$10.00	\$15.00		43	
Commodity \$/MCF	\$6.1580	\$9.2100			
System Average Gas Cost Adjustment \$/MCF	\$3.3511	\$3.3511			
TYPICAL MONTHLY BILL COMPARISON					
MCF	Present	Proposed	Change (\$)	Change (%)	
5	\$57.55	\$77.81	\$20.26	35.21%	
10	\$105.09	\$140.61	35.52	33.80%	
15	\$152.64	\$203.42	50.78	33.27%	
20	\$200.18	\$266.22	66.04	32.98%	
25	\$247.73	\$329.03	81.30	32.82%	
30	\$295.27	\$391.83	96.56	32.70%	
Avg MCF Use	\$160.05	\$213.21	53.16	33.21%	
15.78					
Commercial Service - (Environ)					
Charge	Present	Proposed		# of Cust.	
Customer Charge \$/Month	\$10.00	\$15.00		6	
Commodity \$/MCF	\$6.1580	\$9.2100			
System Average Gas Cost Adjustment \$/MCF	\$3.3511	\$3.3511			
TYPICAL MONTHLY BILL COMPARISON					
MCF	Present	Proposed	Change (\$)	Change (%)	
5	\$57.55	\$77.81	\$20.26	35.21%	
10	\$105.09	\$140.61	35.52	33.80%	
15	\$152.64	\$203.42	50.78	33.27%	
20	\$200.18	\$266.22	66.04	32.98%	
25	\$247.73	\$329.03	81.30	32.82%	
30	\$295.27	\$391.83	96.56	32.70%	
Avg MCF Use	\$14.75	\$21.28	6.53	44.23%	
0.50					

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

DEVELOPMENT OF PROPOSED RATES

For the Pro Forma Test Year Ended September 30, 2012

LINE NO.	RATE CLASS	BILLING UNITS	PROPOSED RATES	PROPOSED REVENUE	Base Rate Change	
					\$	%
1	Residential	8,220 Bills	\$12.00 / Month	\$98,640		
2	Customer Charge			118,951	\$55,858	34.5%
3	Commodity Charge	12,915 MCF	\$9.2100 / MCF	\$217,591		
4	Total Residential					
5	Commercial	588 Bills	\$15.00 / Month	\$8,820		
6	Customer Charge			75,317	\$27,899	49.6%
7	Commodity Charge	8,178 MCF	\$9.2100 / MCF	\$84,137		
8	Total Commercial				\$83,757	38.4%
9				\$301,728		
10	Total Base Rate Revenue					
11						
12						
13	<u>Residential Service - (Incorporated)</u>					
14	Base Rate	2,448 Bills	12.00 / Month	\$29,376		
15	Customer Charge	3,969 MCF	9.21000 / MCF	36,553	\$17,009	34.8%
16	Commodity			\$65,929		
17	Total					
18						
19	<u>Residential Service - (Enviorns)</u>					
20	Base Rate	5,772 Bills	12.00 / Month	\$69,264		
21	Customer Charge	8,947 MCF	9.21000 / MCF	82,399	\$38,850	34.4%
22	Commodity			\$151,663		
23	Total					
24						
25	<u>Commercial Service - (Incorporated)</u>					
26	Base Rate	516 Bills	15.00 / Month	\$7,740		
27	Customer Charge	8,142 MCF	9.21000 / MCF	74,983	\$27,428	49.6%
28	Commodity			\$82,723		
29	Total					
30						
31	<u>Commercial Service - (Enviorns)</u>					
32	Base Rate	72 Bills	15.00 / Month	\$1,080		
33	Customer Charge	36 MCF	9.21000 / MCF	334	\$471	49.9%
34	Commodity			\$1,414		
35	Total					
36				\$301,729		
37						
38						
39	Total					

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

DEVELOPMENT OF PROPOSED RATES
For the Pro Forma Test Year Ended September 30, 2012

LINE NO.	RATE CLASS	BILLING UNITS	PROPOSED RATES	PROPOSED REVENUE	Base Rate Change	
					\$	%
40	Number of Bills Summary					
41	Residential	2,448				
42	Incorporated	5,772				
43	Environs	8,220				
44	Total Residential Bills					
45						
46	Commercial	516				
47	Incorporated	72				
48	Environs	588				
49	Total Commercial Bills					
50						
51	Total Bills	8,808				
52						
53	MCF Summary					
54	Residential	3,969				
55	Incorporated	8,947				
56	Environs	12,915				
57	Total Residential MCF					
58						
59	Commercial	8,142				
60	Incorporated	36				
61	Environs	8,178				
62	Total Commercial MCF					
63						
64	Total MCF	21,093				
65						
66	Base Rate Revenue Summary			\$65,929	\$17,009	34.8%
67	Residential			\$151,663	\$38,850	34.4%
68	Incorporated			\$217,592	\$55,859	34.5%
69	Environs					
70	Total Residential Base Rate Revenue			\$82,723	\$27,428	49.6%
71				\$1,414	\$471	49.9%
72	Commercial			\$84,137	\$27,898	49.6%
73	Incorporated					
74	Environs			\$301,729	\$83,758	38.4%
75	Total Commercial Base Rate Revenue					
76						
77	Total Base Rate Revenue					
78						

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS

For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
1001	Atlantic Seaboard	1	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1002	Design Day Volumes	2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1003	Sales Volumes	3	21,083	3,969	8,947	8,142	36	8,983
1004	Customers-Billing	4	8,808	2,448	5,772	516	72	5,844
1005	Customers	5	8,808	2,448	5,772	516	72	5,844
1006	Customers - Weighted Meters	6	120,775	25,500	60,125	34,400	750	60,875
1007	Customers - ERT Meters	7	0	0	0	0	0	0
1008	Customers - Weighted Regulators	8	0	0	0	0	0	0
1009	Customers - Weighted Services	9	8,808	2,448	5,772	516	72	5,844
1010	Mains & Regulators	10	478,163	89,969	202,812	184,560	821	203,633
1011	Meters	11	45,857	9,884	22,834	13,064	285	23,119
1012	House Regulators	12	0	0	0	0	0	0
1013	Services	13	6,226	1,730	4,080	365	51	4,131
1014	Total Intangible Plant	14	0	0	0	0	0	0
1015	Total Distribution Plant	15	530,256	101,384	229,726	197,989	1,157	230,882
1016	Total General Plant	16	80,164	17,658	40,685	21,476	336	41,031
1017	Total Plant in Service	17	610,419	119,041	270,421	219,465	1,492	271,813
1018	Total Rate Base	18	290,584	56,142	127,410	106,352	678	128,089
1019	Meters & House Regulators	19	45,857	9,884	22,834	177,091	837	23,119
1020	Mains & Services	20	464,080	87,880	198,282	0.0000	0.0000	189,119
1021	M & R Industrial	21	0.0000	0.0000	0.0000	0.0000	0.0000	0
1022	M & R General	22	0.0000	0.0000	0.0000	0.0000	0.0000	0
1023	Net Plant in Service	23	305,646	59,606	135,403	109,889	747	136,151
1024	Open	24	0	0	0	0	0	0
1025	Open	25	0	0	0	0	0	0
1026	Open	26	0	0	0	0	0	0
1027	Total Operation & Maintenance	27	234,729	49,685	113,992	70,209	843	114,836
1028	Supervised O & M Expense-No Labor	28	88,269	17,865	40,769	29,375	260	41,029
1029	Wages - Gas Department	29	70,528	14,203	32,393	23,728	203	32,596
1030	Wages - Shared	30	51,302	12,632	29,454	8,910	307	29,760
1031	Distribution Operation Subtotal	31	17,030	3,256	7,378	6,359	37	7,415
1032	Distribution Maintenance Subtotal	32	35,649	6,816	15,445	13,311	78	15,522
1033	Total Distribution O&M	33	62,872	12,021	27,238	23,475	137	27,376
1034	Distribution Operation & Maintenance Subtotal	34	52,679	10,072	22,823	19,670	115	22,937
1035	Distribution O&M Excluding Labor	35	52,679	10,072	22,823	19,670	115	22,937
1036	Distribution and Customer Related Expenses	36	94,550	20,825	47,987	25,331	396	48,393
1037	Wages - Total	37	121,830	26,835	61,847	32,638	510	62,357
1038	Open	38	0	0	0	0	0	0
1039	YEC and Weather Adjusted Sales Revenue	39	217,971	48,920	112,813	55,295	943	113,756
1040	Late Payment Revenue	40	0	0	0	0	0	0
1041	Miscellaneous Service Revenues	41	0	0	0	0	0	0

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)
CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	2	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
1042	Atlantic Seaboard	1	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1043	Design Day Volumes	2	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1044	Sales Volumes	3	100%	18.82%	42.41%	38.60%	5.86%	0.17%	42.59%
1045	Customers-Billing	4	100%	27.79%	65.53%	5.86%	5.86%	0.82%	66.35%
1046	Customers	5	100%	27.79%	65.53%	5.86%	5.86%	0.82%	66.35%
1047	Customers - Weighted Meters	6	100%	21.11%	49.78%	0.00%	28.48%	0.62%	50.40%
1048	Customers - ERT Meters	7	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1049	Customers - Weighted Regulators	8	100%	27.79%	65.53%	5.86%	5.86%	0.82%	66.35%
1050	Customers - Weighted Services	9	100%	18.82%	42.41%	38.60%	5.86%	0.17%	42.59%
1051	Mains & Regulators	10	100%	21.11%	49.78%	0.00%	28.48%	0.62%	50.40%
1052	Meters	11	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1053	House Regulators	12	100%	27.79%	65.53%	5.86%	5.86%	0.82%	66.35%
1054	Services	13	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1055	Total Intangible Plant	14	100%	18.12%	43.32%	37.34%	37.34%	0.22%	43.54%
1056	Total Distribution Plant	15	100%	22.03%	50.76%	26.79%	35.85%	0.24%	44.55%
1057	Total General Plant	16	100%	19.50%	44.30%	35.85%	36.60%	0.23%	44.08%
1058	Total Plant in Service	17	100%	19.32%	43.86%	28.48%	36.60%	0.62%	50.40%
1059	Total Rate Base	18	100%	21.11%	49.78%	38.16%	38.16%	0.18%	42.91%
1060	Meters & House Regulators	19	100%	18.94%	42.72%	0.00%	0.00%	0.00%	0.00%
1061	Mains & Services	20	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1062	M & R Industrial	21	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1063	M & R General	22	100%	19.50%	44.30%	35.85%	35.85%	0.24%	44.55%
1064	Net Plant in Service	23	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1065	Open	24	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1066	Open	25	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1067	Open	26	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1068	Total Operation & Maintenance	27	100%	21.17%	48.56%	29.91%	29.91%	0.36%	48.92%
1069	Supervised O & M Expense-No Labor	28	100%	20.24%	46.18%	33.28%	33.28%	0.29%	46.22%
1070	Wages - Gas Department	29	100%	20.14%	45.93%	33.64%	33.64%	0.29%	46.22%
1071	Wages - Shared	30	100%	24.62%	57.41%	17.37%	17.37%	0.60%	58.01%
1072	Distribution Operation Subtotal	31	100%	18.12%	43.32%	37.34%	37.34%	0.22%	43.54%
1073	Distribution Maintenance Subtotal	32	100%	18.12%	43.32%	37.34%	37.34%	0.22%	43.54%
1074	Total Distribution O&M	33	100%	18.12%	43.32%	37.34%	37.34%	0.22%	43.54%
1075	Distribution Operation & Maintenance Subtotal	34	100%	19.12%	43.32%	37.34%	37.34%	0.22%	43.54%
1076	Distribution O&M Excluding Labor	35	100%	22.03%	50.76%	26.79%	26.79%	0.42%	51.18%
1077	Distribution and Customer Related Expenses	36	100%	22.03%	50.76%	26.79%	26.79%	0.42%	51.18%
1078	Wages - Total	37	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1079	Open	38	100%	22.44%	51.76%	25.37%	25.37%	0.43%	52.19%
1080	YEC and Weather Adjusted Sales Revenue	39	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1081	Late Payment Revenue	40	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1082	Miscellaneous Service Revenues	41	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
2001	Plant in Service							
		3	0	0	0	0	0	0
2002	Intangible Plant							
2002	Distribution Plant							
2003	374-Land and Land Rights	3	12,750	2,388	5,408	4,921	22	5,430
2004	375-Structures and Improvements	3	0	0	0	0	0	0
2005	376-Mains	3	457,854	86,150	194,202	176,726	786	194,889
2006	378-Meas. & Reg. Station Equipment	3	7,548	1,420	3,202	2,913	13	3,214
2007	Subtotal - Mains & Regulators		478,163	89,868	202,812	184,560	821	203,633
2008	380-Services							
2009	381-Meters	9	6,226	1,730	4,080	365	51	4,131
2010	383-House Regulators	6	45,867	9,684	22,834	13,064	285	23,119
		8	0	0	0	0	0	0
2011	Subtotal - Equipment		52,093	11,415	25,914	13,429	336	27,249
2012	Total Distribution Plant		530,256	101,384	228,726	197,989	1,157	230,882
2013	General Plant							
2014	391-Office Furniture & Equipment	37	1,129	249	573	303	5	578
2015	392-Transportation Equipment	37	28,802	6,344	14,621	7,716	121	14,742
2016	394-396 Stores, Tools, Lab & power Equipment	37	50,232	11,065	25,500	13,457	210	25,711
2017	398-399 Miscellaneous & Other Equipment	37	0	0	0	0	0	0
2018	Total General Plant		80,164	17,658	40,595	21,476	336	41,031
2019	Total Plant in Service		610,419	119,041	270,421	219,465	1,492	271,913
2020	Total Accumulated Depreciation	17	(304,774)	(59,436)	(136,017)	(109,576)	(745)	(135,762)
2021	Net Plant		305,645	59,606	135,403	109,889	747	136,151
2022	Working Capital							
2023	Cash Working Capital Allowance (1/8 O&M)							
2024	Material Inventory	17	28,341	6,211	14,249	8,776	105	14,354
2025	Gain on Sale of Asset	17	0	0	0	0	0	0
2026	Prepaid Postage	27	0	0	0	0	0	0
2027	Membership Fee	39	(34,494)	(7,742)	(17,852)	(8,750)	(148)	(18,002)
2028	Prepaid Insurance	17	0	0	0	0	0	0
2029	Customer Deposits	39	0	0	0	0	0	0
2030	Contributions in Aid of Construction	17	(9,909)	(1,932)	(4,390)	(3,563)	(24)	(4,414)
2031	Total Working Capital		(15,061)	(3,463)	(7,993)	(3,537)	(68)	(8,061)
2032	Total Rate Base		290,584	56,142	127,410	106,352	679	128,089

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
3001	Operation and Maintenance Expense							
3002	Distribution Expense							
3003	Operation							
3004	874-Mains and Services	15	86	16	37	32	0	37
3005	877-Measuring & Regulation Station Exp. - City Gate	15	3,231	618	1,400	1,208	7	1,407
3006	878-Meter and House Regulator Expenses	15	13,594	2,597	5,885	5,072	30	5,914
3007	879-Customer Installations Expenses	15	130	25	58	49	0	57
3008	882-Maintenance of Services	15	32,082	6,134	13,899	11,979	70	13,989
3009	884-Maintenance of Other Equipment	15	3,567	682	1,545	1,332	8	1,553
3010	Distribution Payroll (Adjustment A)	15	6,338	1,212	2,746	2,367	14	2,760
3011	Shared Field Labor (Adjustment B)	35	3,854	737	1,570	1,439	8	1,678
		35						
			62,872	12,021	27,238	23,475	137	27,376
3012	Total Distribution O&M							
			30,340	8,432	19,882	1,777	248	20,130
3013	903- Cust Acct & Col. (Shared Labor Adjustment B)	4	372	877		78	11	888
3014	904- Uncollectable Accounts	4	0	0	0	0	0	0
3015	6160-Sales Promotion	4						
			53,011.62	10,729	24,485	17,641	156	24,641
3016	Administrative and General Exp.	28						
3017	920-Administrative and General Salaries	28	11,177.55	2,262	5,163	3,720	33	5,196
3018	920-A&G Payroll (Adjustment A)	28	17,107.97	3,463	7,902	5,693	50	7,952
3019	920-A&G Shared Office Labor (Adjustment B)	28	17,550.36	3,866	8,908	4,702	74	8,983
3020	921-Office Supplies and Expenses	36	5,176.50	1,140	2,628	1,387	22	2,649
3021	923-Outside Services Employed	36	5,465.00	1,066	2,421	1,965	13	2,434
3022	924-Property Insurance	23	16,578.72	3,355	7,657	5,517	49	7,706
3023	926-Employee Pensions & Benefits	28	3,774.18	764	1,743	1,256	11	1,754
3024	926-Employee Benefits (Adjustment C)	28	4,276.95	866	1,975	1,423	13	1,988
3025	926-Employee Benefits (Shared Labor Adjustment B)	28	3,557.51	798	1,841	902	15	1,857
3026	926-Regulatory Commission Expenses	39	2,502.81	561	1,271	670	10	1,281
3027	928-Maintenance of General Plant	16	140,179	28,860	65,985	44,878	447	66,441
3028	Total A&G Expenses							
			234,729	49,685	113,992	70,209	843	114,835
3029	Total O&M Expenses							

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS

For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environs	Commercial Incorporated	Commercial Environs	Total Environs
3030	Total Depreciation Expense	17	28,343	5,527	12,556	10,190	68	12,625
3031	Taxes Other Than Income							
3032	Payroll Taxes	37	6,703	1,477	3,403	1,796	28	3,431
3033	Payroll Taxes (Adjustment D)	29	1,526	307	701	513	4	705
3034	Payroll Taxes (Shared Labor Taxes Adjustment B)	30	3,316	816	1,904	576	20	1,923
3035	Property Taxes	17	13,092	2,553	5,800	4,707	32	5,832
3036	Other Taxes	39	489	110	253	124	2	255
3037	Total Taxes Other Than Income		25,125	5,263	12,050	7,716	86	12,147
3038	431-Interest on Customer Deposits	39	0	0	0	0	0	0
3039	Total Oper. Exp. Before Inc. Tax		288,197	60,476	138,508	88,115	999	139,607
4001	Other Operating Revenue	39	0	0	0	0	0	0
4002	Contract Sales Revenue	39	0	0	0	0	0	0
4003	Agricultural Sales Revenue	39	0	0	0	0	0	0
4004	Acct. 487 - Forfeited Discounts	39	9,439	2,119	4,885	2,395	41	4,926
4005	Acct. 488 - Misc. Service Revenues	39	9,439	2,119	4,885	2,395	41	4,926
4006	Total Other Operating Revenue		9,439	2,119	4,885	2,395	41	4,926

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS

For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
5001	Return Under Existing Regulated Base Rates							
5002	Revenue from Sales		217,971	48,920	112,813	55,295	943	113,756
5003	Contract Sales Revenue		0	0	0	0	0	0
5004	Agricultural Sales Revenue		0	0	0	0	0	0
5005	Acct. 487 - Forfeited Discounts		0	0	0	0	0	0
5006	Acct. 488 - Misc. Service Revenues		9,439	2,119	4,885	2,395	41	4,926
5007	Total Operating Revenue		227,410	51,039	117,698	57,690	984	118,682
5008	Oper. Expense Before Income Tax		288,197	60,476	138,608	88,115	999	139,607
5009	Oper. Income Before Income Tax		(60,787)	(9,437)	(20,909)	(30,425)	(15)	(20,924)
5010	Federal Income Tax Calculation							
5011	Tax Adjustments	18	0	0	0	0	0	0
5012	Interest Expense	39	0	0	0	0	0	0
5013	State Income Tax	18	0	0	0	0	0	0
5014	Other Tax Adjustments		0	0	0	0	0	0
5015	Total Tax Adjustments		(60,787)	(9,437)	(20,909)	(30,425)	(15)	(20,924)
5016	Taxable Income		0	0	0	0	0	0
5017	Federal Income Tax	17	0	0	0	0	0	0
5018	Less Inv. Tax Credit Amort.		0	0	0	0	0	0
5019	Total Federal Income Tax		0	0	0	0	0	0
5020	State Income Tax	39	0	0	0	0	0	0
5021	State Income Tax		0	0	0	0	0	0
5022	Total Operating Expense		288,197	60,476	138,608	88,115	999	139,607
5023	Return to equity pretax		(60,787)	(9,437)	(20,909)	(30,425)	(15)	(20,924)
5024	Rate Base		290,584	55,142	127,410	106,352	678	128,089

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
6001	Return Under Current Regulated Base Rates							
6002	Revenue from Sales		217,971	48,920	112,813	55,285	943	113,756
6003	Other Operating Revenue		9,439	2,119	4,885	2,385	41	4,826
6004	Total Operating Revenue		227,410	51,039	117,698	57,680	984	118,682
6005	Operation and Maintenance Expense							
6006	Depreciation and Amortization Expense		234,729	49,685	113,982	70,208	843	114,835
6007	Taxes Other than Income Tax		28,343	5,527	12,555	10,190	69	12,625
6008	Interest on Customer Deposits		25,125	5,253	12,060	7,716	86	12,147
6009	Federal Income Tax - Existing Rates		0	0	0	0	0	0
6010	State Income Tax		0	0	0	0	0	0
6011	Total Operating Expenses		288,197	60,476	138,608	88,115	989	139,607
6012	Return							
6013	Rate Base		(50,787)	(9,437)	(20,909)	(30,425)	(15)	(20,924)
7001	Cost of Service and Revenue Deficiency		290,584	56,142	127,410	106,352	679	128,089
7002	Rate Base		8,93%	8,93%	8,93%	8,93%	8,93%	8,93%
7003	Rate of Return		25,949	5,014	11,378	9,497	61	11,438
7004	Return		234,729	49,685	113,982	70,208	843	114,835
7005	Operation and Maintenance Expenses		28,343	5,527	12,555	10,190	69	12,625
7006	Depreciation and Amortization Expense		25,125	5,253	12,060	7,716	86	12,147
7007	Taxes Other than Income Tax		0	0	0	0	0	0
7008	Interest on Customer Deposits		0	0	0	0	0	0
7009	Federal Income Tax - Existing Rates		0	0	0	0	0	0
7010	State Income Tax		0	0	0	0	0	0
7011	Total Cost of Service		314,146	65,489	149,986	97,612	1,059	151,045
7012	Less: Other Operating Revenue		9,439	2,119	4,885	2,385	41	4,826
7013	Net Cost of Service		304,707	63,371	145,100	95,218	1,018	146,119
7014	Sales Revenue Under Existing Rates		217,871	48,920	112,813	55,285	943	113,756
7015	Revenue Deficiency							
7016	Amount before tax adjustment		86,736	14,451	32,287	39,923	75	32,363
7017	Tax Adjusted Amount Needed		86,736	14,451	32,287	39,923	75	32,363
7018	Percent Increase/(Decrease)		39.79%	29.54%	28.62%	72.20%	8.00%	28.45%

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)
CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
8001	Proposed Revenue Increase At Claimed ROR							
8002	Sales Revenue Increase		217,971	48,920	112,813	55,295	943	113,756
8003	Sales Revenue Under Existing Rates		304,707	63,371	145,100	95,218	1,018	146,119
8004	Sales Revenue Under Equalized Claimed ROR							
8005	Required Revenue Increase		86,736	14,451	32,287	38,923	75	32,363
8006	Additional Revenue with Federal Income Tax		86,736	14,451	32,287	39,923	75	32,363
8007	Return at Claimed ROR							
8008	Revenue from Sales		304,707	63,371	145,100	95,218	1,018	146,119
8009	Present Other Operating Revenue		9,439	2,119	4,885	2,395	41	4,926
8010	Total Operating Revenue		314,146	65,489	149,985	97,612	1,059	151,045
8011	Operation and Maintenance Expense							
8012	Depreciation and Amortization Expense		234,729	49,685	113,992	70,209	843	114,835
8013	Taxes Other than Income Tax		28,343	5,527	12,556	10,190	69	12,625
8014	Interest on Customer Deposits		25,125	5,283	12,060	7,716	86	12,147
8015	Federal Income Tax - Existing Rates		0	0	0	0	0	0
8016	Federal Income Tax - Additional		0	0	0	0	0	0
8017	Total Federal Income Tax		0	0	0	0	0	0
8018	State Income Tax							
8019	Total Operating Expenses		288,197	60,476	138,608	88,115	999	139,607
8020	Return							
8021	Rate Base		25,949	5,014	11,378	9,487	61	11,438
			290,584	56,142	127,410	106,352	679	128,089

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

CLASS COST OF SERVICE ANALYSIS
For the Pro Forma Test Year Ended September 30, 2012

Ref. #	Description	Allocation Factor	Total	Residential Incorporated	Residential Environments	Commercial Incorporated	Commercial Environments	Total Environments
9001	Revenue at Proposed Rates							
9002	Revenue Increase		217,971	48,920	112,813	55,295	943	113,756
9003	Sales Revenue Under Existing Rates		304,694	66,594	153,198	83,475	1,427	154,624
9004	Sales Revenue Under Proposed Rates		86,723	17,674	40,385	28,180	484	40,868
9005	Proposed Sales Revenue Increase							
9006	Return at Proposed Rates		301,729	55,929	151,663	82,723	1,414	153,077
9007	Revenue from Sales		9,439	2,119	4,885	2,395	41	4,926
9008	Present Other Operating Revenue		2,965	665	1,535	752	13	1,547
9009	Proposed Increase in Other Operating Revenue	39						
			314,133	68,713	158,083	85,870	1,468	159,551
9010	Total Operating Revenue		234,729	49,885	113,992	70,209	843	114,835
9011	Operation and Maintenance Expense		28,343	5,527	12,556	10,190	69	12,825
9012	Depreciation and Amortization Expense		25,125	5,263	12,060	7,716	86	12,147
9013	Taxes Other than Income Tax		0	0	0	0	0	0
9014	Interest on Customer Deposits		0	0	0	0	0	0
9015	Federal Income Tax - Existing Rates		0	0	0	0	0	0
9016	Federal Income Tax - Additional		0	0	0	0	0	0
9017	Total Federal Income Tax		0	0	0	0	0	0
9018	State Income Tax		288,197	60,476	138,608	88,115	999	139,607
9019	Total Operating Expenses		25,936	8,237	19,475	(2,245)	469	19,944
9020	Return		290,584	56,142	127,410	106,352	679	128,089
9021	Rate Base							

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

Year End Customer and Weather Adjusted Proof of Revenue
For the Pro Forma Test Year Ended September 30, 2012

Line No.	Rate Schedule	Adjusted Billing Units	Present Rate	Adjusted Revenue
1	<u>Residential Service - (Incorporated)</u>			
2	Base Rate	2,448 Bills	10.00 / Month	\$24,480
3	Customer Charge	3,968.8 MCF	6.15800 / MCF	24,440
4	Commodity			\$48,920
5	Total			
6				
7	<u>Residential Service - (Enviroms)</u>			
8	Base Rate	5,772 Bills	10.00 / Month	\$57,720
9	Customer Charge	8,946.5 MCF	6.15800 / MCF	55,093
10	Commodity			\$112,813
11	Total			
12				
13				
14	<u>Commercial Service - (Incorporated)</u>			
15	Base Rate	516 Bills	10.00 / Month	\$5,160
16	Customer Charge	8,141.5 MCF	6.15800 / MCF	50,135
17	Commodity			\$55,295
18	Total			
19				
20	<u>Commercial Service - (Enviroms)</u>			
21	Base Rate	72 Bills	10.00 / Month	\$720
22	Customer Charge	36.2 MCF	6.15800 / MCF	223
23	Commodity			\$943
24	Total			
25				
26				
27				

ONALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)
Year End Customer and Weather Adjusted Proof of Revenue
For the Pro Forma Test Year Ended September 30, 2012

Line No.	Rate Schedule	Adjusted Billing Units	Present Rate	Adjusted Revenue
28	Number of Bills Summary			
29	Residential			2,448
30	Incorporated			5,772
31	Environ			8,220
32	Total Residential Bills			
33				516
34	Commercial			72
35	Incorporated			588
36	Environ			
37	Total Commercial Bills			8,808
38				
39	Total Bills			
40				
41	MCF Summary			3,969
42	Residential			8,947
43	Incorporated			12,915
44	Environ			
45	Total Residential MCF			
46				8,142
47	Commercial			36
48	Incorporated			8,178
49	Environ			
50	Total Commercial MCF			21,093
51				
52	Total MCF			
53				
54	Present Base Rate Revenue Summary			\$48,820
55	Residential			\$112,813
56	Incorporated			\$161,733
57	Environ			
58	Total Residential Base Rate Revenue			
59				\$55,285
60	Commercial			\$943
61	Incorporated			\$56,238
62	Environ			
63	Total Commercial Base Rate Revenue			\$217,971
64				
65	Total Base Rate Revenue			

TOTAL
12 mo Ended
Sept 2012

EXHIBIT NO. 1 (FINAL SETTLEMENT)

Customer Data
For the Pro Forma Test Year Ended September 30, 2012

[illegible]

ALASKA WATER AND GAS CORPORATION - EXHIBIT NO. 1 (FINAL SETTLEMENT)

Customer Data
For the Pro Forma Test Year Ended September 30, 2012

[illegible]

Exhibit C

Onalaska Water & Gas Supply Corporation
Interim Rate Adjustment Factors

Depreciation Rates

<u>Distribution Plant</u>	<u>Plant Balance</u>	<u>Life</u>	<u>Rate</u>
376-Mains			
6/19/2005 Additions	431,347.64	30	0.03333
6/22/2005 Additions	4,795.51	25	0.04000
12/31/2002 200 L/F 2" Line	400.00	20	0.05000
12/31/2002 600 L/F 2" Line	1,200.00	20	0.05000
12/31/2002 600 L/F 2" Line	1,200.00	20	0.05000
2003 Gas Lines 2005	7,634.00	25	0.04000
2004 Improvements 2004	5,242.00	25	0.04000
2005 Improvements 2005	2,033.00	25	0.04000
2006 Electric Fusion Proc	3,248.00	5	0.20000
2006 315' of 2" Line	677.00	25	0.04000
2/27/2008 Line Extension	6,312.92	20	0.05000
GRIP Total 376-Mains	464,090.07	28.48	0.03512
378-Meas. & Reg. Station Equipment			
6/14/2005 Taps & Equip	5,392.53	5	0.20000
6/15/2005 Taps & Equip	126.04	5	0.20000
6/12/2002 Equipment	1,500.00	5	0.20000
6/12/2002 Equipment	123.75	5	0.20000
6/12/2002 Equipment	405.79	5	0.20000
GRIP Total 378-Meas/Reg Station	7,548.11	5	0.20000
381-Meters			
12/12/2002 13 RE Gas Meter	3,900.00	20	0.05000
12/12/2002 2-2" Gas Meter	1,600.00	20	0.05000
2004 Gas Meters	3,000.00	10	0.10000
2005 Gas Meters	5,700.00	10	0.10000
2003 Gas Meters	8,200.00	10	0.10000
2006 18 New Meters @\$300	5,400.00	10	0.10000
2006 2007 Gas Meters	18,067.37	10	0.10000
GRIP Total 381-Meters	45,867.37	10.64	0.09400
GRIP Total Distribution Plant	517,505.55	23.40	0.04274

Onalaska Water & Gas Supply Corporation
Interim Rate Adjustment Factors

<u>General Plant</u>	<u>Plant Balance</u>	<u>Life</u>	<u>Rate</u>
391-Office Furniture & Equipment	1,129.30	5	0.20000
GRIP Total 391-Office Furn	1,129.30	5	0.20000
392-Transportation Equipment			
6/25/2005 Truck	24,000.00	10	0.10000
5/9/2008 2005 Ford Truck	4,802.03	5	0.20000
GRIP Total 392-Trans Equipment	28,802.03	8.57	0.11667
394-396 Stores, Tools, Lab & Power Equipment			
6/16/2005 Tractor	1,850.87	5	0.20000
6/16/2005 Trailer	1,417.93	5	0.20000
6/27/2005 Utility Trailer	500.00	5	0.20000
6/27/2005 20' Trailer	3,927.00	5	0.20000
6/16/2005 Homemade Tractor	157.55	5	0.20000
6/16/2005 Tools & Parts	113.91	5	0.20000
6/16/2005 New Equip Parts	1,668.58	5	0.20000
6/26/2005 Honda 350	3,542.00	5	0.20000
Tools	115.43	5	0.20000
3/20/2008 Kubota Tractor	12,000.00	10	0.10000
3/17/2010 Trailer	800.00	5	0.20000
6/23/2010 Pipe Cutter	749.06	5	0.20000
9/2/2011 Kubota KX41	23,390.00	5	0.20000
GRIP Total 394-396 Stores, Tools	50,232.33	5.68	0.17611
GRIP Total General Plant	80,163.66	6.45	0.15509
374- Land and Land Rights	12,750		
GRIP Land and Land Rights	12,750		
Total Plant			
GRIP Gross Plant	610,419		
GRIP Accumulated Depreciation	(304,774)		
GRIP Net Plant	305,646		

Tax Rates/Base Amounts

Federal Income Tax Rate:	0.00%
Property Tax:	\$13,092
Total Taxes Other Than Income:	\$13,004