

LEAD/LAG STUDY: SUMMARY

The lead/lag study described in this report incorporates data obtained directly from various business units throughout the Company. Results of the study are summarized for the total company and the Utah jurisdiction on page 2.1. This summary sheet uses lag days calculated from the data received from the business units along with actual results from the December 2007 Results of Operations Report (Tab 5.) The net revenue lag minus the net expense lag equals the net revenue lag days. This represents the time from when goods and services are provided by the Company to the time when payment for the goods and services are received. By combining the net revenue lag days with the daily cost of service, the cash working capital balance required by the Company is determined.

Revenue and Expense Detail

The materials in Tabs 3 and 4 of this report describe the calculation of the revenue and expense lag days used to determine the cash working capital requirement. Examples of calculation worksheets are provided, starting with summary level documents and tracing the calculations backward through successive levels of detail, to identify the source materials. The Company anticipates that this approach will be informative and will prove to be a useful method of identifying and explaining the vast scope of the source documents necessary to support the study.

Accounts Payable Summary

As documented in the expense lag section (Tab 4), expense lag calculations are performed for each of the operational groups. The lag for each state is then calculated using the jurisdictional operating expenses associated with each of these groups.

December 2007 Actual Results

The backup pages provided under Tab 5 reflect the unadjusted results as reported in the Company's December 2007 Results of Operations Report and are the basis for the calculations in this study.

Other Working Capital

This lead/lag study does not include other working capital. Other working capital is included in the miscellaneous rate base section of the Results of Operations Report. It is separate from cash working capital, and since the related balances change on a continual basis, other working capital was excluded from the lead/lag study. The omission of the other working capital does not have an impact on the outcome of the lead/lag study related to cash working capital.

Dollar Days

In this study dollar days are used as a method of computing lag days for each lag section of the report. By using this approach each of the lead/lag categories are appropriately weighted in developing the total lag days. This method is consistent with the Company's previous lead/lag filings.