

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 by total company and 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 2012 Results of Operations Report (Tab 5), based on the 2010 Protocol/Rolled-In allocation methodology. Net revenue lag days are shown as a result of net revenue lag less net expense lag, which represents the time between when the Company provides goods and services to when payment is received. The Company's required cash working capital balance is derived by multiplying the daily cost of service by the net revenue lag days.

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. Calculation exhibits are provided beginning with summary level documentation, tracing calculations backward through successive levels of detail. The Company anticipates this informative approach will prove a useful method for identifying and explaining the vast array of source documents required to support the study.

December 2012 Actual Results

The pages provided under Tab 5 reflect the unadjusted results as reported in the Company's December 2012 Results of Operations Report, based on 2010 Protocol/Rolled-In allocation method¹, 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 because the balances change continually, other working capital was excluded from the lead/lag study. The omission of other working capital does not impact the outcome of the lead/lag study with regard to cash working capital.

¹ The December 2012 Results of Operations was filed with the Utah Commission prior to the Commission's approval of the 2010 Protocol. Consistent with the approved 2010 Protocol, Utah results under the Rolled-In method are equivalent to the 2010 Protocol. For the lead/lag study, state taxes in the December 2012 results have been calculated using the blended statutory rate consistent with the 2010 Protocol, rather than being allocated on the IBT factor.