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DESCRIPTION OF COST-OF-SERVICE ALLOCATION FACTORS

The allocation factors described below are used in the cost-of-service study in this case.

Direct Assignment Factors

Direct assignment factors are used to allocate items that are directly identifiable to the various rate classes:

#	Factor Name	Description
100	No Allocation	Used when no allocation is appropriate for a particular variable.
110	GSR	Direct allocation to the firm sales General Service Residential rate
		class.
115	GSC	Direct allocation to the firm sales General Service Commercial rate
		class.
120	FS	Direct allocation to the firm sales FS rate class.
150	IS	Direct allocation to the interruptible sales IS and ISE rate classes.
160	TS	Direct allocation to the interruptible transportation TS rate class.
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Volumetric Factors

Volumetric factors are used to allocate items that are related to the amount of volumes sold or transported during peak times or on an annual basis:

#	Factor Name	Description
210	Peak Day	The total peak-day demand is determined in the IRP process and is
		allocated to each firm rate class based on load research and contract
		amounts. The interruptible rate classes are excluded when
		calculating this factor since they would be interrupted during a peak
		day episode.
220	Throughput	The throughput factor is based on the total of all Dth sold or
		transported to each rate class for the identified test period.
230	60% Peak Day 40%	This factor is a 60/40 weighted average of the allocation percentages
	Throughput	of the peak-day and throughput factors. This combination of peak-
		day and throughput allocation factors is used to allocate compressor
		station and feeder system costs and is similar to the allocations used
		in previous cost of service studies. The current, proposed cost of
		service has also allocated the measurement and regulation station
		equipment costs and plant using this factor.

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#	Factor Name	Description
240	Firm Sales	The firm sales factor is based on the total of all Dth sold to each
		firm sales rate class. It is calculated with the same data as the
		throughput factor but removes the transportation and interruptible
		sales volumes from the data.
250	Distribution	The distribution throughput factor accounts for customers, by class,
	Throughput	that are served off the distribution system. To calculate this factor
		the volumes of gas delivered to customers directly from transmission
		and feeder lines are excluded from the total throughput data.
260	Residential	This residential commercial allocation factor is based on the sum of
	Commercial Dth	Dth throughput for the residential and commercial sectors of the
		GS-1 rate schedule for the identified test period and is used to
		allocate the GSS Dth sales to the GSR and GSC rate schedules.

Revenue Factors

Revenue factors are used to allocate items that are related to the Distribution Non-Gas (DNG) revenue amount billed to each rate class:

#	Factor Name	Description
310	DNG Revenue	The DNG revenue factor is based on the sum of all DNG revenue by
		class.
320	Residential	The residential commercial DNG revenue factor is based on the sum
	Commercial DNG	of DNG revenue for the residential and commercial sectors of the
		GS-1 rate schedule and is used to allocate the GSS DNG revenue
		sales to the GSR and GSC rate schedules.

Customer Factors

Customer factors are used to allocate items that are related to the number of customers in each rate class:

#	Factor Name	Description
410	Customers	The customer factor is based on the number of customers in
		each class.
420	75% Customers 25%	This factor is a 75/25 weighted average of the allocation percentages
	DNG Revenue	of the customer and DNG revenue factors and is used to allocate
		some customer accounts and records expenses that are influenced
		both by the number of customers and by the size of the customers.
430	Deposits	This factor is based on the customer deposits collected by rate
		schedule.

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Expense Factors

The expense factors are used to allocate items that have been specifically studied to estimate the percentage of each category of expense that should be allocated to each rate class:

#	Factor Name	Description
510	Customer Assistance	The customer assistance expense factor is based on an analysis
	Expense	identifying the percentage of time spent by account representatives
		in providing service for each rate class.
530	TS Value of Gas	The TS value of gas purchase factor is used to allocate the imputed
	Purchase	benefit to firm sales customers of having a supply of gas available
		during interruptions from the interruptible transportation customers.
		This factor reduces costs to the TS rate class and increases costs to
		the firm rate classes based on the firm sales allocation factor.
540	IS Value of Gas	The IS value of gas purchase factor is used to allocate the imputed
	Purchase	benefit to firm sales customers of having a supply of gas available
		during interruptions from the interruptible sales customers. This
		factor reduces costs to the IS and ISE rate classes and increases
		costs to the firm rate classes based on the firm sales allocation
		factor.
550	Distribution O&M	This allocation factor is based on the expenses directly related to
	Expense	operating and maintaining the distribution system.

Plant Factors

The plant factors are used to allocate items that that are related to the amount of plant that has been allocated to each rate class. Plant is generally accounted for by the Company by function: Production, Utah Distribution, Wyoming Distribution and General. The allocation of the various portions of plant is accomplished using a variety of allocation factors. For example, production plant is generally allocated to the firm sales customers, those that receive the benefit of Company production, based on the Dth sold during the identified test period. Distribution plant is allocated at a more detailed level. Various items of distribution plant are allocated differently. Much of the distribution plant is allocated based on an analysis of plant derived from a random sample. This analysis is explained further below. General plant is allocated to the rate classes based on the amount of gross plant in production and distribution that have been allocated to the rate classes.

The distribution plant factors are based on an analysis that includes a random sample of small customers and a total population sample of the large customers. For each identified customer in the sample, the amount of plant at the premises and the average cost of that plant is determined. Additionally, the average cost of main within 1,000 feet of the customer's premises is determined. All costs are then categorized according to the meter size at the customer's premises. The average cost per meter is then utilized to determine distribution costs per customer class based on the number of meters of each size in a particular class.

#	Factor Name	Description
610	Rate Base	This factor is calculated using the total allocated rate base to each rate class.

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#	Factor Name	Description
620	Gross Plant	The gross plant factor is based on the sum of all production and
		distribution plant, on a gross, or undepreciated basis, that has been
		allocated to rate classes.
630	Distribution Gross	The distribution gross plant factor is based on the sum of all
	Plant	distribution plant in service in accounts 101, 105 and 106 that have
		been allocated to rate classes.
640	Direct Distribution	The direct distribution gross plant factor is based on the sum of sub
	Gross Plant	accounts 376 to 383 that have been allocated to rate classes. These
		sub accounts include the direct distribution plant of mains, service
		lines, meters and regulators, compressor stations and measuring and
		regulating equipment.
645	SD Mains	This factor includes the investment in small diameter mains by class
		as determined by the plant sample analysis.
650	Mains	This factor includes the investment in small diameter mains, large
		diameter mains and feeder lines by class as determined by the plant
		sample analysis.
660	Service Lines	This factor includes the investment in service lines by class as
		determined by the plant sample analysis.
670	Meters & Regulators	This factor includes the investment in meters and regulators by class
		as determined by the plant sample analysis.
680	Mains & Service Lines	This factor is based on the combination of the mains and service line
		factors as described above.