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	GS	Direct allocation to the firm sales General Service Residential rate class.
120	FS	Direct allocation to the firm sales FS rate class.
145	IS	Direct allocation to the interruptible sales IS and ISE rate classes.
150	TS	Direct allocation to the interruptible transportation TS rate class.
160	FT-1	Direct allocation to the FT-1 rate case.
170	NGV	Direct allocation to the NGV rate case.

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. In compliance with the Commission order in Docket 07-057-13 the interruptible rate classes has been assigned a portion of peak day volumes.
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% Throughput	This factor is a 60/40 weighted average of the allocation percentages 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.

#	Factor Name	Description
235	60% Peak Day 40% Throughput excluding NGV and FT-1	This factor is used to reallocate the FT-1 COS Adjustment.
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 Throughput	The distribution throughput factor accounts for customers, by class, 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.

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.
315	DNG Revenue excluding NGV	This allocation factor is used to reallocate the NGV COS adjustment.

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% DNG Revenue	This factor is a 75/25 weighted average of the allocation percentages 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.

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 Expense	The customer assistance expense is suballocated based on two factors. First the percentage attributed to the account representatives is derived by the percentage of time spent by account representatives to each respective rate class. Second, the remaining portion of the account is allocated based off of the customer allocation factor.
530	TS Value of Gas Purchase	The TS value of gas purchase factor is used to allocate the imputed 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 Purchase	The IS value of gas purchase factor is used to allocate the imputed 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.
545	Contributions	This factor is calculated using contributions received from each class.
550	Distribution O&M Expense	This allocation factor is based on the expenses directly related to operating and maintaining the distribution system.

Plant Factors

The plant factors are used to allocate items 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 meters and a high proportion of large meters. 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
605	NGV Plant	This factor is calculated based off the total allocation to NGV Plant.
610	Rate Base	This factor is calculated using the total allocated rate base to each rate class.
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 Plant	The distribution gross plant factor is based on the sum of all distribution plant in service in accounts 101, 105 and 106 that have been allocated to rate classes.
640	Direct Distribution Gross Plant	The direct distribution gross plant factor is based on the sum of sub 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.

Tax Factors: State and Federal Income Taxes

#	Factor Name	Description
	Taxes	Taxes by rate class.

Net Income Factors

#	Factor Name	Description
	Net Income	Net income by rate class.