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### **BAD DEBT EXPENSE REMOVAL**

In Docket No. 01-057-14, the Company proposed to account for bad-debt expense related to SNG and Commodity revenues in the 191 Account. This was adopted by the Commission in the final order in that docket; therefore, only the DNG portion of bad debt has been included in the calculations of the Results of Operations. The bad debt expense recorded in Account 904 includes all components of bad debt. This adjustment annualizes the DNG portion of bad debt experienced during 2013 to the 3-year average rate of bad debt. This methodology was agreed to and used in Docket No. 02-057-02, Docket No. 07-057-13, Docket No. 09-057-16, and 13-057-05. Bad debt is properly recognized as a reduction to revenues. A bad debt ratio of 0.19% (net write-offs to total revenue) is used in this Results of Operations.

Average Bad Debt Removal  
 Utah - JUN 2014 Adjusted Avg Results  
 12 Months Ended : Jun-2014

Capital Structure : AVG CAP STR

	Bad Debt	HOT Bad Debt	
	Bad Debt Ratio Adjustment	Bad Debt Ratio Adjustment	
Utah	378,761	378,761	1
Wyoming	3,574	3,574	2
Total	<u>382,335</u>	<u>382,335</u>	3
			4
			5
			6
			7
			8
			9
			10
			11
			12
	Bad Debt %	0.19% 1/	13
		0.19% 1/	14

SNG and Commodity of acc 904 Removal

	SNG	SNG	
	Commodity	Commodity	
904.1			17
Uncollectible Accounts			18
Utah	(29,880)	(29,880)	19
Wyoming	0	0	20
Total	(29,880)	(29,880)	21
			22
			23
904.2			24
Uncollectible Accounts			25
Utah	(199,834)	(199,834)	26
Wyoming	0	0	27
Total	(199,834)	(199,834)	28
			29
Total 904	152,621	152,621	30
			31
			32

1/ See Page 2, Column E, line 25

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Average Bad Debt Removal  
 Utah - JUN 2014 Adjusted Avg Results  
 12 Months Ended : Jun-2014

Capital Structure : AVG CAP STR

	A	B	C	D	E
	Jun-14	Adjustment			
	3 Year Average				
	Bad Debt				
	Ratio				
	Adjustment				
7 904	Uncollectible Accounts				
8	Utah	378,761	378,761		
9	Wyoming	3,574	3,574		
10	Total	382,335	382,335		

13	Revenues are lagging the Charge Offs by 6 Months.	12 MONTHS	12 MONTHS	12 MONTHS	
14	6 Months of aging is required from time of billing to Charge Off.	2011	2012	2013	3 YR AVERAGE
18	CHARGE OFFS (ACC 144004) Dec of Each Year	4,785,982	3,440,114.14	3,691,373.66	3,972,490
19	COLLECTED (ACC 144005) Dec of Each Year	(2,477,381)	(2,218,828)	(2,206,756)	(2,300,988)
20	NET CHARGE OFFS	2,308,601	1,221,286	1,484,618	1,671,502
22	HISTORICAL BOOKED-SYSTEM REVENUES (GREY BACK) June of Each Year	941,725,725	850,945,840	890,040,282	894,237,282
23	NET CHARGE OFFS	2,308,601	1,221,286	1,484,618	1,671,502
25	% of Uncollectible Accounts to Total Revenues	0.25%	0.14%	0.17%	0.19%
26	Adjustment to Reflect change in Security Deposits				
27	Adjusted % of Uncollectible Accounts to Total Revenues				0.19%

29					
30				294,722,056	
31				11,156,830	
32				0.19%	
33				550,892	
34				20,854	
35					
36				172,131	
37				17,280	
38				189,412	
39					
40				378,761	
				3,574	
				382,335	