

WORKPAPER TITLE

Overhead Loaders

WITNESS

Reginald M. Austria

<u>Overhead Category</u>	<u>Overhead Rate</u>	<u>Loading Base</u>
Payroll Taxes	7.88%	Direct Labor
Vacation and Sick Time	16.47%	Direct Labor
Benefits (non-balanced only)	21.77%	Direct Labor
Workers' Compensation	2.31%	Direct Labor
Public Liability / Property Damage	2.24%	Direct Labor
Incentive Compensation Plan	17.96%	Management and Associate Direct Labor
Purchased Services and Materials	0.58%	Contract Labor, Services and Purchased Materials
Administrative and General	1.39%	Direct Capital Costs
Insurance	2.75%	Contract Labor, Services and Purchased Materials

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Overhead Factor Application

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Reginald M. Austria

		Capital Management & Associate Labor	Capital Non-Labor (Non- Warehoused) (e.g. Contract Labor & all Non-Labor)	O&M Management & Associate Labor	O&M Non-Labor (Non-Warehoused) (e.g. Contract Labor & all Non-Labor)
Overhead Category	Overhead Rate				
Payroll Taxes	7.88%	X		x	
Vacation and Sick Time	16.47%	X		x	
Benefits (non-balanced only)	21.77%	X		x	
Workers' Compensation	2.31%	X		x	
Public Liability / Property Damage	2.24%	X		x	
Incentive Compensation Plan	17.96%	X		x	
Purchased Services and Materials	0.58%		X		X
Administrative and General	1.39%	X	X		
Insurance	2.75%		X		X
	Factor %	70.02%	4.72%	68.62%	3.33%

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Annual Escalation Rates and Factors

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% Change		2015	2016	2017
<u>Cost Category</u>	<u>Escalation Factor</u>			
Gas Transmission - Capital	Gas Transmission Plant	-1.22%	1.48%	2.93%
Gas Distribution - Capital	Gas Distribution Plant	0.42%	1.59%	2.98%
O&M (CompanyLabor)	Gas Utility O&M Labor	2.01%	3.03%	3.08%
O&M (Non-Labor)	Gas Utility O&M Non-Labor	0.37%	1.89%	2.65%
Factor (2015 Base)		2015	2016	2017
<u>Cost Category</u>	<u>Escalation Factor</u>			
Gas Transmission - Capital	Gas Transmission Plant	1.0000	1.0148	1.0446
Gas Distribution - Capital	Gas Distribution Plant	1.0000	1.0159	1.0462
O&M (CompanyLabor)	Gas Utility O&M Labor	1.0000	1.0303	1.0620
O&M (Non-Labor)	Gas Utility O&M Non-Labor	1.0000	1.0189	1.0459

Factors shown above are from escalation indices published in the IHS Global Insight 1st Quarter 2015 Utility Cost Forecast.

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Fully Loaded and Escalated Capital and O&M Costs, Including AFUDC and Capitalized Property Tax

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(\$ millions)

	Total	2015	2016	2017
Capital & O&M Expenditures (Direct)				
Distribution - Capital	6.15	1.37	2.74	2.05
Transmission - Capital	1.54	0.34	0.68	0.51
O&M	11.54	2.56	5.13	3.85
Subtotal	19.23	4.27	8.55	6.41
Overhead Loaders & Escalation				
Distribution - Capital	0.72	0.14	0.31	0.27
Transmission - Capital	0.15	0.03	0.06	0.06
O&M	1.29	0.24	0.55	0.50
Subtotal	2.17	0.42	0.92	0.83
Total Costs (with Loaders, Escalation, AFUDC, and Property Tax)				
Distribution - Capital	6.88	1.51	3.04	2.33
Transmission - Capital	1.69	0.37	0.75	0.57
Capitalized Property Tax	0.09	0.00	0.04	0.05
AFUDC	0.76	0.04	0.32	0.40
O&M	12.83	2.81	5.68	4.34
Total Capital	9.41	1.92	4.14	3.34
Total O&M	12.83	2.81	5.68	4.34
Total Capital and O&M	22.24	4.73	9.82	7.69

*Numbers may not add due to rounding.