



July 15, 2015

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Gas Transmission Northwest LLC**  
700 Louisiana Street, Suite 700  
Houston, TX 77002-2700

John A. Roscher  
Director, Rates & Tariffs

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Re: Gas Transmission Northwest LLC  
Compliance Filing, Docket No, CP12-494-000  
Docket No. RP15-\_\_\_

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,<sup>1</sup> Gas Transmission Northwest LLC (“GTN”) hereby submits for filing certain tariff sections<sup>2</sup> to be part of its FERC Gas Tariff, Fourth Revised Volume No. 1-A (“Tariff”). These revised tariff sections are being submitted to comply with the Commission’s March 14, 2013, Order Issuing Certificate in Docket No. CP12-494-000.<sup>3</sup> GTN requests that the Commission accept the proposed tariff sections to become effective on the date the facilities are placed into service, which is anticipated to occur on or about October 1, 2015.

### **Correspondence**

The names, titles and mailing address of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

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<sup>1</sup> 18 C.F.R. Part 154 (2015).

<sup>2</sup> Specifically, Section 4.1 – Statement of Rates, FTS-1 and LFS-1 Rates (“Section 4.1”); Section 4.2 – Statement of Rates, ITS-1 Rates (“Section 4.2”) and Section 4.3 – Statement of Rates, Footnotes to Statement of Effective Rates and Charges (“Section 4.3”).

<sup>3</sup> *Gas Transmission Northwest LLC*, 142 FERC ¶ 61,186 (2013) (“Order Issuing Certificate” or “Order”).

\* Eva N. Neufeld  
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\* Joan F. Collins  
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\* Persons designated for official service pursuant to Rule 2010.

### **Statement of Nature, Reasons and Basis for Filing**

On July 31, 2012, GTN filed an abbreviated application pursuant to section 7(c) of the Natural Gas Act (“NGA”)<sup>4</sup> and Part 157 of the Commission’s Regulations<sup>5</sup> (“Application”) for authorization to construct, own and operate the Carty Lateral in Morrow County, Oregon (“Carty Lateral”) in order to provide up to 175,000 dekatherms (“Dth”) per day of firm transportation service to Portland General Electric Company’s Carty Generating Station. In its Application, GTN submitted *pro forma* tariff sections with recourse rates applicable to service on the Carty Lateral, which were derived using a return on equity (“ROE”) of 13 percent. On March 14, 2013, the Commission issued the Order Issuing Certificate, wherein it denied GTN’s proposed ROE of 13 percent and instructed GTN to make a filing no later than 60 days before the in-service date of the Carty Lateral to revise the recourse rates to reflect GTN’s currently authorized ROE.<sup>6</sup>

In compliance with the Commission’s Order, GTN is submitting a revised Exhibit P for the Carty Lateral that reflects a cost-of-service and recourse rates based upon an ROE of 12.20 percent, GTN’s last approved ROE.<sup>7</sup> As a result of the change in ROE, the proposed recourse rate has decreased from \$0.172430 per dekatherm to \$0.166475 per dekatherm. As further required by the Order, GTN is

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<sup>4</sup> 15 U.S.C. § 717f (2012).

<sup>5</sup> 18 C.F.R. Part 157 (2014).

<sup>6</sup> Order Issuing Certificate at P 18.

<sup>7</sup> GTN’s last approved ROE is pursuant to the Section 4 proceeding in Docket No. RP94-149-000. See *Pacific Gas Transmission Company*, 76 FERC ¶ 61,246 (1996), *reh’g sub nom, PG&E Gas Transmission, Northwest Corp.*, 82 FERC ¶ 61,289 (1998).

submitting, as Appendix A, live tariff sections to place into effect the revised recourse rates applicable to service on the Carty Lateral.<sup>8</sup>

### **Effective Date**

Regarding the proposed effective date for the tariff sections included in the instant filing, pursuant to the FERC's *Implementation Guide for Electronic Tariff Filing*,<sup>9</sup> and for administrative ease, GTN is reflecting an effective date of December 31, 9998, as a placeholder until the actual in-service date is known. Upon the Carty Lateral's in-service, GTN will submit a notification to the Commission of the actual date to reflect in the tariff sections, anticipated to occur on or about October 1, 2015. GTN respectfully requests that the Commission grant all waivers of its regulations and GTN's Tariff necessary to accept this filing and approve the tariff sections included at Appendix A to become effective as requested herein.

### **Other Filings Which May Affect This Proceeding**

There are no other filings before the Commission that may significantly affect the changes proposed herein.

### **Contents of Filing**

In accordance with Section 154.7 of the Commission's Regulations, GTN is submitting the following via its electronic tariff filing:

1. This transmittal letter;
2. A clean version of the tariff sections (Appendix A);
3. A marked version of the tariff sections (Appendix B);
4. Revised Exhibit P (Appendix C).

### **Certificate of Service**

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served upon all parties in this proceeding, all of GTN's existing customers and interested state regulatory agencies. A copy of this letter, together with the other attachments, is available during regular business hours for public inspection at GTN's principal place of business.

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<sup>8</sup> Order Issuing Certificate at ordering paragraph (F). As GTN anticipates an in-service date of October 1, 2015, the instant filing meets the requirement set forth in the Order that GTN make a filing no later than 60 days before the in-service date of the Carty Lateral.

<sup>9</sup> Office of the Secretary of the Commission, *Implementation Guide for Electronic Filing of Parts 35, 154,284 300 and 341 Tariff Filings* (2014).

Pursuant to Section 385.2005 and Section 385.2011, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,

GAS TRANSMISSION NORTHWEST LLC

A handwritten signature in black ink that reads "John A. Roscher". The signature is written in a cursive style with a long horizontal flourish extending to the right.

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John A. Roscher  
Director, Rates & Tariffs

Enclosures

# **Appendix A**

## ***Gas Transmission Northwest LLC - FERC Gas Tariff, Fourth Revised Volume No. 1-A***

### **Clean Tariff**

<b><u>Tariff Section</u></b>	<b><u>Version</u></b>
4.1 – Statement of Rates, FTS-1 and LFS-1 Rates	v.13.0.0
4.2 – Statement of Rates, ITS-1 Rates	v.5.0.0
4.3 – Statement of Rates, Footnotes to Statement of Effective Rates and Charges	v.10.0.0

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR  
 TRANSPORTATION OF NATURAL GAS

Rate Schedules FTS-1 and LFS-1

	RESERVATION							
	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	0.000483	0.000000	0.038402	0.000000	0.000016	0.000016	0.0050%	0.0000%
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
E-2 (h)(l) (Diamond 1)	0.002972	0.000000	---	---	0.000000	0.000000	---	---
E-2 (h)(l) (Diamond 2)	0.001166	0.000000	---	---	0.000000	0.000000	---	---
COYOTE SPRINGS								
E-3 (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
CARTY LATERAL								
E-4 (p)	---	---	0.166475	0.000000	0.000000	0.000000	---	---
OVERRUN CHARGE (j)								
	---	---	---	---	---	---	---	---
SURCHARGES								
ACA (k)	---	---	---	---	(k)	(k)	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR  
 TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (Medford) (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
COYOTE SPRINGS								
E-3 (Coyote Springs) (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
CARTY LATERAL								
E-4 (Carty Lateral) (p)	---	---	0.166475	0.000000	0.000000	0.000000	---	---
SURCHARGES								
ACA (k)	---	---	(k)	(k)	---	---	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES  
 FOR TRANSPORTATION OF NATURAL GAS

Notes:

- (a) The mileage component shall be applied per pipeline mile to gas transported by GTN for delivery to shipper based on the primary receipt and delivery points in Shipper's contract. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (b) The non-mileage component is applied per Shipper's MDQ at Primary Point(s) of Delivery on Mainline Facilities.
- (c) The delivery rates are applied per pipeline mile to gas transported by GTN for delivery to shipper based on distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (d) Fuel Use: Shipper shall furnish gas used for compressor station fuel, line loss, and other utility purposes, plus other unaccounted-for gas used in the operation of GTN's combined pipeline system in an amount equal to the sum of the current fuel and line loss percentage and the fuel and line loss percentage surcharge in accordance with Section 6.38 of this tariff, multiplied by the distance in pipeline miles transported from the receipt point to the delivery point multiplied by the transportation quantities of gas received from Shipper under these rate schedules. The current fuel and line loss percentage shall be adjusted each month between the maximum rate of 0.0050% per Dth per pipeline mile and the minimum rate of 0.0000% per Dth per mile. The fuel and line loss percentage surcharge is 0.0000% per Dth per pipeline mile. No fuel use charges will be assessed for backhaul service. Currently effective fuel charges may be found on GTN's Internet website under "Informational Postings."
- (e) Seasonal recourse rates apply to short-term firm (STF) service under Rate Schedule FTS-1 (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) and IT Service under Rate Schedule ITS-1. By March 1 of each year GTN may designate up to four (4) months as peak months during a twelve-month period beginning on June 1 of the same year through May 31 of the following year. All other months will be considered off-peak months. Reservation rate components that apply to STF service and per-unit-rate IT service are as follows (delivery charges and applicable surcharges continue to apply):

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.053763	\$0.053763	\$0.053763	\$0.053763	\$0.038402
Peak Mi. Res.	\$0.000676	\$0.000676	\$0.000676	\$0.000676	\$0.000483



Off-Pk NM Res.	\$0.030722	\$0.033282	\$0.035330	\$0.037006	\$0.038402
Off-Pk Mi. Res.	\$0.000387	\$0.000419	\$0.000444	\$0.000465	\$0.000483

Months currently designated as "Peak Months" may be found on GTN's Internet website under "Informational Postings." By March 1 of each year, GTN will post the Peak Months for the upcoming twelve-month period beginning June 1 of the same year.

- (f) Applicable to firm service on GTN's Medford Extension.
- (g) Reserved for Future Use.
- (h) Applies to Diamond Energy service, which commences 1998. Rate is negotiated reservation charge of \$0.002972 per Dth per day for first 45,000 Dth/d and \$0.001166 per Dth per day for the second 45,000 Dth/d. Revenues will be applied to annual revenue requirement on the Medford Extension.
- (i) Applicable to firm service on GTN's Coyote Springs Extension.
- (j) The Overrun Charge shall be equal to the rates and charges set forth for interruptible service under Rate Schedule ITS-1.
- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment. The currently effective ACA unit adjustment as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
- (l) Daily reservation charges will be reset for leap years.
- (m) Reserved.
- (n) The Rate Schedule ITS-1 Mileage Component shall be applied per pipeline mile to gas transported by GTN based on the distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.
- (p) Applicable to firm service on GTN's Carty Lateral Extension.

# **Appendix B**

## ***Gas Transmission Northwest LLC - FERC Gas Tariff, Fourth Revised Volume No. 1-A***

### **Marked Tariff**

<b><u>Tariff Section</u></b>	<b><u>Version</u></b>
4.1 – Statement of Rates, FTS-1 and LFS-1 Rates	v.13.0.0
4.2 – Statement of Rates, ITS-1 Rates	v.5.0.0
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	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
BASE	0.000483	0.000000	0.038402	0.000000	0.000016	0.000016	0.0050%	0.0000%
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
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E-2 (h)(l) (Diamond 2)	0.001166	0.000000	---	---	0.000000	0.000000	---	---
COYOTE SPRINGS								
E-3 (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
<u>CARTY LATERAL</u>								
E-4 (p)	---	---	0.166475	0.000000	0.000000	0.000000	---	---
OVERRUN CHARGE (j)								
	---	---	---	---	---	---	---	---
SURCHARGES								
ACA (k)	---	---	---	---	(k)	(k)	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR  
 TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
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<u>CARTY LATERAL</u>								
<u>E-4 (Carty Lateral) (p)</u>								
	---	---	0.166475	0.000000	0.000000	0.000000	---	---
SURCHARGES								
ACA (k)	---	---	(k)	(k)	---	---	---	---

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- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment. The currently effective ACA unit adjustment as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
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- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.
- (p) Applicable to firm service on GTN's Carty Lateral Extension.

# **Appendix C**

***Gas Transmission Northwest LLC***

**Docket No. CP12-494-000**

**Carty Lateral Project**

**Revised Exhibit P**

**Cost of Service and Rates**

## **RATE DERIVATION AND COST OF SERVICE**

### **Carty Lateral Project**

#### **Rate Derivation**

As shown on Page 2 herein, the rate for firm transportation service on the Carty Lateral Project is an incremental reservation rate, based on the incremental cost of service developed on Pages 2-8 of this Exhibit. The rate for interruptible transportation service is a non-mileage rate equal to the 100% load factor equivalent for firm transportation service.

Carty Lateral's design capacity of 175,000 Dth/d has been used as the volume determinant to develop the incremental rate.

A portion of the existing system costs have been assigned to the Carty Lateral using the Kansas-Nebraska Method to allocate the indirect system costs.

#### **Cost of Service**

Per the FERC's Order Issuing Certificate in Docket No. CP12-494-000 (142 FERC ¶ 61,186, March 14, 2013) for the Carty Lateral project, GTN changed the rate of return on equity used to calculate the cost of service and AFUDC from 13.00% to 12.20%, which is GTN's last approved return on equity (Docket No. RP94-149-000).

GTN proposes to depreciate the Carty Lateral Project facilities over a period of 30 years.

The capital cost used to calculate the cost-of-service is \$54.206 million.



Carty Lateral Project  
 Calculation of Maximum Recourse Rates  
 (\$000's)

Line No.	Description (a)	Source Exh P-Page Ref (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
1	Operation and Maintenance Expense /1	Page 3	\$ 1,042	\$ 1,065	\$ 1,089
2	Depreciation Expense	Page 4	1,807	1,807	1,807
3	Taxes Other than Income	Page 6	777	748	720
4	Income Taxes	Page 5	2,144	2,043	1,926
5	Return	Page 7	4,863	4,627	4,358
6	Total Cost of Service		<u>\$ 10,633</u>	<u>\$ 10,290</u>	<u>\$ 9,900</u>
7	Annual Design Determinants See Exhibit N Page 1, (Line 2 (d) * 365)		63,875,000		
8	Rate Schedule FTS-1 Reservation Rate (\$/Dth/day) /2		\$ 0.166475		
9	Rate Schedule FTS-1 Delivery Rate (\$/Dth)		\$ -		
10	Rate Schedule ITS-1 Rate (\$/Dth)		\$ 0.166475		

/1 - Includes Administrative and General Expenses  
 /2 - Any differences are a result of rounding

Carty Lateral Project  
 Operations and Maintenance Expense  
 (\$000's)

Line No.	Description (a)	Year 1 (b)	Year 2 (c)	Year 3 (d)
1	Operation and Maintenance Expense /1	\$ 1,042	\$ 1,065	\$ 1,089
2	Total Operation and Maintenance Expense	<u>\$ 1,042</u>	<u>\$ 1,065</u>	<u>\$ 1,089</u>

/1 - Includes Administrative and General Expenses

Carty Lateral Project  
 Calculation of Depreciation and Deferred Income Taxes  
 (\$000's)

Line No.	Description (a)	Year 1 (b)	Year 2 (c)	Year 3 (d)
1	Depreciable Plant	\$ 54,206	\$ 54,206	\$ 54,206
2	Depreciation Rate	<u>3.333%</u>	<u>3.333%</u>	<u>3.333%</u>
3	Book Depreciation Expense	<u>\$ 1,807</u>	<u>\$ 1,807</u>	<u>\$ 1,807</u>
4	Accumulated Depreciation	<u>\$ 1,807</u>	<u>\$ 3,614</u>	<u>\$ 5,421</u>
<u>Calculation of Tax Depreciation and Accumulated Deferred Taxes</u>				
5	Depreciable Plant	\$ 52,065	\$ 52,065	\$ 52,065
6	Tax Depreciation Rate	<u>5.00%</u>	<u>9.50%</u>	<u>8.55%</u>
7	Tax Depreciation	\$ 2,603	\$ 4,946	\$ 4,452
8	Difference between Book and Tax Depreciation (Line 7 - Line 3)	\$ 796	\$ 3,139	\$ 2,645
9	Multiplied by Income Tax Rate	<u>39.29%</u>	<u>39.29%</u>	<u>39.29%</u>
10	Deferred Income Taxes	<u>\$ 313</u>	<u>\$ 1,233</u>	<u>\$ 1,039</u>
11	Accumulated Deferred Income Taxes	<u>\$ 313</u>	<u>\$ 1,546</u>	<u>\$ 2,585</u>

Note: Any differences are a result of rounding

Carty Lateral Project  
 Calculation of Income Taxes  
 (\$000's)

Line No.	Description (a)	Source Exh P-Page Ref (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
1	Return	Page 7	\$ 4,863	\$ 4,627	\$ 4,358
2	Less: Interest	Page 7	<u>1,621</u>	<u>1,542</u>	<u>1,453</u>
3	Return After Tax (Line 1 - Line 2)		\$ 3,242	\$ 3,085	\$ 2,905
4	Add: Equity Portion of AFUDC		<u>71</u>	<u>71</u>	<u>71</u>
5	Return After Tax Adjusted (Line 3 + 4)		\$ 3,313	\$ 3,156	\$ 2,976
6	Tax Gross Up (=1/(1-Effective Tax Rate))		<u>164.72%</u>	<u>164.72%</u>	<u>164.72%</u>
7	Income Before Tax (Line 5 * Line 6)		\$ 5,457	\$ 5,199	\$ 4,902
8	Effective Income Tax Rate		<u>39.29%</u>	<u>39.29%</u>	<u>39.29%</u>
9	Income Taxes (Line 7 * Line 8)		<u>\$ 2,144</u>	<u>\$ 2,043</u>	<u>\$ 1,926</u>

Note: Any differences are a result of rounding

Carty Lateral Project  
 Calculation of Taxes Other Than Income  
 (\$000's)

Line No.	Description (a)	Year 1 (b)	Year 2 (c)	Year 3 (d)
1	Taxable Property	\$ 52,086	\$ 49,046	\$ 46,200
2	Property Tax Rate	<u>1.46%</u>	<u>1.46%</u>	<u>1.46%</u>
3	Taxes Other Than Income	<u>\$ 760</u>	<u>\$ 716</u>	<u>\$ 675</u>
4	Taxes Other Than Income Adjusted /1	<u><u>\$ 777</u></u>	<u><u>\$ 748</u></u>	<u><u>\$ 720</u></u>

Notes:

/1 Adjusted for inflation

Carty Lateral Project  
 Calculation of Rate Base, Return and Interest  
 (\$000's)

Line No.	Description (a)	Source Exh P-Page Ref (b)	Year 1 (c)	Year 2 (d)	Year 3 (e)
1	Gross Plant		\$ 54,206	\$ 54,206	\$ 54,206
2	Less: Accumulated depreciation	Page 4	<u>1,807</u>	<u>3,614</u>	<u>5,421</u>
3	Net Plant		\$ 52,399	\$ 50,592	\$ 48,785
4	Less: Accumulated Deferred Income Taxes	Page 4	<u>313</u>	<u>1,546</u>	<u>2,585</u>
5	Rate Base		\$ 52,086	\$ 49,046	\$ 46,200
6	Rate Base Adjusted /1		\$ 53,146	\$ 50,566	\$ 47,623
7	Rate of Return %	Page 8	<u>9.15%</u>	<u>9.15%</u>	<u>9.15%</u>
8	Return (Line 6 * Line 7)		\$ 4,863	\$ 4,627	\$ 4,358
9	Weighted Average Cost of Debt	Page 8	<u>3.05%</u>	<u>3.05%</u>	<u>3.05%</u>
10	Interest (Line 6 * Line 9) /2		<u>\$ 1,621</u>	<u>\$ 1,542</u>	<u>\$ 1,453</u>

Notes:

- /1 Rate Base adjusted to capture average between open and close annual balances
- /2 - Any differences are a result of rounding

Carty Lateral Project  
 Calculation of Rate of Return  
 (\$000's)

Line No.	Description	Capitalization Ratio	Cost of Capital	Weighted Average Cost of Capital
	(a)	(b)	(c)	(d)
1	Long Term Debt	50.00%	6.10%	3.05%
2	Equity	<u>50.00%</u>	12.20% /1	<u>6.10%</u>
3	Total Capitalization	<u><u>100.00%</u></u>		
4	Rate of Return			<u><u>9.15%</u></u>

/1 Equity cost of capital changed per the Order Issuing Certificate in Docket No. CP12-494-000 (142 FERC ¶ 61,186, March 14, 2013).