

**GENERAL RATE CASE
MINIMUM FILING REQUIREMENTS
FOR NATURAL GAS UTILITIES
Revised October 10, 2002**

1. **Comparative Financial Statements.** Provide in comparative form, a total company income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

2. **Trial Balance.** Provide a trial balance as of the last day of the test year. All income statement accounts should present activity for twelve (12) months showing account number, account title, and amount. Accounts maintained on a total company basis and accounts maintained on a jurisdictional basis (indicate jurisdiction) should be clearly identified and the balances in each control account and all underlying subaccounts per the applicant's books should be presented. Any differences between the amounts contained in this item and Item 1 should be reconciled and explained in sufficient detail.

3. **Cost of Service Studies and Rate Design.** Provide the following information:
 - a. A complete copy of the pro forma end-of-period cost-of-service study under present rates utilized by the applicant for rate design purposes, including all supporting schedules used to determine revenues, expenses, and rate base for each customer class.

 - b. A complete copy of the proforma cost-of-service study under proposed rates utilized by the applicant for rate design purposes, including all supporting schedules used to determine revenues, expenses, and rate base for each customer class.

 - c. Workpapers setting forth the per books amount and adjustment to book amount components for each line item reflected in the cost-of-service studies provided in response to b. and c. above.

 - d. All other workpapers, assumptions, and calculations used in the preparation of the cost-of-service studies provided in a. and b. above. These workpapers should include, but not be limited to, 1) calculations of peak day demand and three-day sustained peak for the test period; 2) all customer and demand cost component calculations for Account Nos. 376 and 380 (mains and services) used in the Utility Plant Expense schedules; and 3) a complete derivation of each allocation factor utilized in the cost-of-service studies.

 - e. A detailed analysis of how the proposed unit fixed gas cost recovery rates were developed for each customer class and declining rate block, if applicable.

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f. The “R_i” factors that are to be used in conjunction with the Weather Normalization Adjustment mechanism formula.

g. All workpapers assumptions and calculations used to determine the number of customer bills, amount of facility charges, volumetric structuring (i.e. declining block determination, if any) amount of demand charges, and amount of revenues for new rate schedules or rate schedule reclassifications related to the rate design changes proposed by the Company. This section should include a reconciliation of how customer bills and volumes transition from the existing proforma end of period rate design into any new proposed rate design.

4. Adjustments to Book Amounts. Provide the following information related to the applicant’s adjustments to its North Carolina per books amounts:

a. The detailed workpapers showing the calculations supporting all accounting, pro forma, end-of-period and proposed rate adjustments in the rate case application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain all components used in each calculation. Index each calculation to the accounting, pro forma, end-of-period, or proposed rate adjustment which it supports.

b. The derivation for end-of-period rates by rate class showing any temporary increments and/or decrements which have been removed for purposes of calculating end-of-period rates. Indicate the effective date of the end-of-period rates and a description of any temporary increments and/or decrements.

c. The detailed information supporting the calculation of the purchased gas costs and the volumes related to all of its services. The information should include, but is not limited to, a description of each service, monthly demand quantities, annual quantities, unit costs, seasonal characteristics, availability in number of days, and the percentage allocated to North Carolina operations, if applicable. If allocation percentages apply, workpapers should be included presenting the calculations for all jurisdictional allocation factors used to allocate amounts to North Carolina.

d. All the necessary data from which growth factors were derived. Describe the growth factor method(s) utilized and how the data was utilized in calculating growth factors.

e. The backup data from which annual volumes were derived for purposes of generating end-of-period revenues.

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5. **Jurisdictional Allocation Study.** (Required only for utilities that do not maintain account balances specific to North Carolina operations.) Provide a study with supporting calculations and workpapers which shows how the amounts presented in the Trial Balance (Item 2) were allocated or assigned to determine the North Carolina per books amounts reflected in the applicant's accounting exhibits. Workpapers should include the calculations of all jurisdictional allocation factors used in the study.
6. **Weather Normalization.** Provide the following information:
- a. The weather normalization program from which the normalized volumes were derived.
 - b. The weather normalization statistics for the test year in the computer record layout format described in Format 6. The data should reflect the consumption that varies with weather, but air conditioning consumption should be omitted from these records, if possible. The records should be categorized by rate class or rate schedule within district, within billing cycle, within month, and within year. "District" is any numerical designation of the district offices within a weather bureau sub-area. The month field should correspond to the month of the majority of the billing cycle read dates. The data should be on a high density 3.5" diskette and should not be packed or signed.
 - c. A list identifying the district offices by weather bureau, and a table showing the read dates for each month of the test year consumption by cycle, including the month prior to and the month after the test year.
7. **Operation and Maintenance Expenses.** Provide the following analyses of O&M expenses:
- a. A schedule showing a comparison of the balance in the North Carolina operation and maintenance expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 7.
 - b. A schedule in comparative form showing the North Carolina operation and maintenance expense account balances for the test year and each of the five years preceding the test year.
8. **Payroll.** Provide the payroll and employee information specified in Format 8.

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9. **Employee Benefits.** Provide the information specified in Format 9. Employee benefits for purposes of this response includes all forms of employee compensation, except wages and salaries.

10. **Uncollectibles.** Provide the following information related to uncollectible accounts for the test year and the five preceding calendar years (taxable year acceptable) for gas operations only:

- a. Reserve account balance at the beginning of year.
- b. Charge to reserve account (accounts charged off).
- c. Credits to reserve account.
- d. Current year provision.
- e. Reserve account balance at the end of the year.
- f. Percent of provision to total revenue.
- g. An explanation of the method used to calculate the annual uncollectibles provision.

11. **Miscellaneous General Expenses.** Provide an analysis of Account 930 - Miscellaneous General Expenses, for the test year. This data should be presented in Format 11. Workpapers provided in support of the analysis should be organized by type of expense and should show, at a minimum, the date, vendor, reference (i.e., voucher no., etc.) dollar amount, and brief description of each expenditure. (Detailed analysis is not required for amounts of less than \$10,000 provided the items are grouped by classes as shown in Format 11).

12. **Advertising Expenses.** Provide an analysis of advertising expenses for the test year. This data should be presented in Format 12. Workpapers provided in support of the analysis should be organized by type of media and, at a minimum, should show the date, vendor, reference (i.e., voucher no., etc.) total company amount, North Carolina operations amount, brief description of each expenditure, and the purpose of each expenditure. (Detailed analysis is not required for amounts of less than \$10,000 provided the items are grouped by classes as shown in Format 12).

13. **Industry Association Dues.** Provide the following information pertaining to industry association dues:

- a. A schedule of the amount and account charged for all industry association dues accrued during the test year.
- b. Justification for inclusion of the dues in the company's cost of service.

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- c. Explanation of the use of the dues by the Association receiving the dues.
 - d. Explanation of purpose and objectives of the association receiving dues from the Company.
14. **Lobbying.** Provide a statement describing the applicant's lobbying activities and a schedule showing the name of the individual, the individual's salary, and all company-paid or reimbursed expenses or allowances, and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.
15. **Other Income Deductions.** Provide an analysis of Account 426 - Other Income Deductions for the test year in Format 15.
16. **General Taxes.** Provide the following information pertaining to general taxes:
- a. The quarterly North Carolina gross receipts tax returns for each quarter during the test year.
 - b. An analysis of general taxes in Format 16.
17. **Income Taxes.** Provide the following income tax information:
- a. A calculation of Federal and state income tax expense per books for the test year as shown in Format 17.
 - b. A copy of the applicant's Federal and state income tax returns for the taxable year ended during the test year, including supporting schedules.
 - c. Analyses of accumulated deferred income taxes by tax difference item as of the end of the test year, the end of the most recently concluded fiscal year, and projected through the end of the current fiscal year.
 - d. A narrative description of each deferred tax item reflected in 17c.
18. **Gas Plant in Service.** Provide a statement of North Carolina gas plant in service for the test year. This data should be presented in Format 18.
19. **AFUDC.** Provide the following information pertaining to the calculation of the Allowance for Funds Used During Construction (AFUDC):

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a. A calculation of the rate or rates used to capitalize the AFUDC for the test year and the three preceding calendar years and a brief description of each item entering into the calculation of the rate or rates.

b. An explanation of the mechanics of the AFUDC accrual procedures, including the items to which the rate is applied.

20. Acquisition Adjustments. Provide the following information related to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise:

a. The journal entries relating to any such transactions entered into since the end of the test year in the last rate case, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of gas plant, the amortization period, and the unamortized balance at the end of the test year.

b. A brief explanation of the plant acquisition adjustments currently being amortized.

21. Property Held for Future Use. Provide the following information for each item of gas property held for future use at the end of the test year with a cost of \$1,000 or more:

- a. Description of property.
- b. Location.
- c. Date purchased.
- d. Cost.
- e. Estimated date to be placed in service.
- f. Brief description of its intended use.

22. Accumulated Depreciation. Provide a statement of North Carolina accumulated depreciation related to gas plant in service for the test year. This data should be presented in Format 22.

23. Gas in Storage. Provide the following information pertaining to gas in storage:

a. A calculation of the amount of gas in storage reflected in the applicant's rate base. Workpapers should include the calculations for all jurisdictional allocation factors used to allocate amounts to North Carolina.

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b. A calculation of the thirteen-month average of the dekatherms of gas stored for each of the applicant's gas inventories during the test year.

24. **Materials and Supplies.** Provide the following information pertaining to materials and supplies:

a. A calculation of the materials and supplies component of the applicant's rate base. Workpapers should include the calculations for all jurisdictional allocation factors used to allocate amounts to North Carolina.

b. A calculation of the test year thirteen-month average for each materials and supplies account.

25. **Accounts Payable.** Provide a schedule calculating the thirteen-month averages of North Carolina accounts payable related to O&M expenses, plant, construction work in progress, and materials and supplies for the test year in Format 25.

26. **Lead/Lag Study.** Provide the following:

a. A fully documented lead/lag study.

b. Workpapers supporting the North Carolina per books amounts reflected in the calculation of lead/lag study cash working capital.

c. Workpapers supporting the calculation of each lead or lag day used in the lead/lag study.

27. **Customer Deposits.** Provide the following information pertaining to customer deposits:

a. A summary of customer deposits as specified in Format 27.

b. A description of the method and frequency of computing and recording interest on customer deposits and the method and frequency of refunding customer deposits.

28. **Miscellaneous Rate Base Items.** Provide the test year North Carolina (allocate if necessary) thirteen-month average calculation for each account included in the applicant's rate base, except for gas plant in service, accumulated depreciation, gas in storage, materials and supplies, customer deposits, and accumulated deferred income taxes. For amounts allocated to North Carolina, explain how the amounts were

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allocated. Workpapers should include the calculations of all jurisdictional allocation factors used to allocate amounts to North Carolina.

29. **Affiliates.** Provide the following information regarding the applicant's affiliates (parent, associates, subsidiaries, joint ventures and non-utility divisions):

a. The name of each affiliate and the identity of each business unit operating within that affiliate.

b. For each subsidiary, joint venture, and non-utility division, the date of the initial investment in the affiliate by the applicant, the amount(s) by type(s) of investment(s) (common stock, preferred stock, long-term debt, etc.) in the affiliate during the test year and the prior year, a description of how the income from the affiliate is reflected in the reports filed with the Commission and the stockholders, and a schedule of all dividends or income of any type received by the applicant from each subsidiary and joint venture during the test year and preceding year.

c. The corporate officer information specified in Format 29c for each subsidiary, joint venture and non-utility division.

d. A comparative balance sheet and a comparative income statement for the test year and the preceding year for each affiliate.

e. The information related to the per books allocation of joint property and joint expenses between utility and non-utility operations specified in Format 29e. Workpapers in support of the analysis should be included.

f. The information on intercompany billings and transfers from the utility to each affiliate specified in Format 29f.

g. The information on intercompany billings and transfers to the utility from each affiliate specified in Format 29g.

30. **Stockholder Reports.** Provide the three (3) most recent annual reports to stockholders, the three (3) most recent statistical supplements if not included in the annual reports, and subsequent quarterly reports to stockholders.

31. **Financial Forecasts.** Provide the following financial statements and information comparing forecasted amounts for the current fiscal year with actual amounts for the most recently concluded fiscal year:

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- a. Pro Forma Income Statement.
- b. Pro Forma Balance Sheet.
- c. Pro Forma Statement of Cash Flows.

32. **Capital Budgeting Forecast.** Provide a forecast of the applicant's capital (construction) budget by year for the current fiscal year and the next three (3) years. This forecast should include projections by major plant category for the current fiscal year and by major plant category, as available, for the three (3) subsequent years.

33. **Subsequent Events.** Provide any information, as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.

34. **Capital Structure.** Provide the capital structure information as indicated below. The capital structure information should include the amount of each class of capital, the total amount of capitalization, and the percentage that each class of capital represents of total capitalization. All data and assumptions necessary to develop the forecast must be provided.

- a. The capital structure at the end of each fiscal year since the last rate case, if not included in the statistical supplement in Item 30.
- b. The capital structure at the end of latest available quarter.
- c. The capital structure at end of the test period.
- d. The balances of long-term debt, preferred stock and common stock capital for each month of the test year.
- e. A forecast of the capital structure as of the end of the current fiscal year and for the end of both the first and second quarters of the next fiscal year.
- f. A statement of the Company's capital structure objectives for two and three beyond the most recently concluded fiscal year.

35. **Long-Term Debt.** Provide the following information pertaining to long-term debt:

- a. The (1) date of maturity, (2) date of issue, (3) amount outstanding, (4) coupon interest rate, (5) cost rate at issue, (6) cost rate of debt in Format 35, (7) issuance costs, (8) bond rating at the time of issue (Standard & Poor's, Moody's, etc.),

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and (9) the type of obligation for all outstanding issues of long-term debt as of end of the latest fiscal year and at the end of the test period.

b. The calculations of the embedded cost of long-term debt at the end of the two (2) most recently concluded fiscal years and at the end of the test period. The methodology used here should be the same as that used to derive the embedded cost of debt component of the applicant's cost of capital in this proceeding.

c. The projected amounts of outstanding long-term debt for existing issuances as of the end of the current fiscal year and the following fiscal year.

d. The projected debt maturities, sinking fund funds and other requirements for the 24 months after the most recently concluded fiscal year.

e. The date, amount, and approximate yield for each new issue of long-term debt anticipated by the Company during the 24 months after the most recently concluded fiscal year.

36. **Short-Term Debt.** Provide the following information pertaining to short-term debt:

a. A calculation of the average and end-of-period short-term composite interest cost rates. Supply supporting calculations.

b. The amount of short-term borrowing by month for the test year.

c. The amount of interest on short-term borrowing by month for the test year.

d. A forecast of the amount of short-term borrowing and related interest by month for the current fiscal year, which should include available actual data and projections for the remaining months.

e. A forecast of the amount of short-term borrowing and related interest at the end of the first quarter and second quarter of the next fiscal year (beyond the current fiscal year).

37. **Interest Coverage Ratios.** Provide the following interest coverage ratio information:

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a. The computation of fixed charge coverage ratios (SEC Method, PRETAX, including Short-Term Debt payments) at the end of each of the five most recent prior years.

b. Calculations of the proforma coverage ratios for the next 12-and 24-month periods assuming current rates remain in effect.

c. Calculations of the proforma coverage ratios for the next 12-and 24-month periods assuming proposed rates are put into effect at the end of the six-month waiting period and are allowed to stand.

38. Preferred Stock. Provide the following information pertaining to issuances of preferred stock:

a. The (1) date of issue, (2) amount sold, (3) amount outstanding, (4) dividend rate, (4) convertibility features, and (5) cost rate at issue for all outstanding issues of preferred stock as of end of the latest fiscal year and at the end of the test period.

b. The calculations of the embedded cost of preferred stock at the end of each of the two (2) most recently concluded fiscal years and at the end of the test period. The methodology used here should be the same as that used to derive the embedded cost of preferred stock component of the applicant's cost of capital in this proceeding

c. A description of each new issues of preferred stock anticipated by the Company for the 24 months after the most recently concluded fiscal year. This description should include approximate (1) dates, (2) amounts, and (3) dividend rates for new issues.

39. Common Stock. Provide the following information pertaining to issuances of common stock:

a. The (1) date of issue, (2) number of shares issued, (3) date of announcement and registration, (3) price per share (net to company), (4) price per share to the public, (5) book value per share at the time of issue, (6) the selling expenses as percent of gross issue amount, and (7) the net proceeds to the company for all issues of common stock in the primary market during the most recent five (5) year period.

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b. A description of each major common stock issuance anticipated by the Company for the 24 months after the most recently concluded fiscal year. This description should include the approximate (1) date of issue, (2) net proceeds to the Company, and (3) total number of shares.

c. For the most recent five (5) year period available, through the latest available quarter, the (1) average number of shares of common outstanding for each quarter, (2) book value at the end of quarter, (3) quarterly and annual earnings per share, (4) declared quarterly and annual dividend rates per share, (5) annual rate of return on average common equity, (6) annual rate of return on year-end common equity, and (7) annual rate of return on North Carolina retail operations (for years available).

40. **Retained Earnings.** Provide a detailed analysis of the retained earnings account for the test period and 12-month period immediately preceding the test period.