BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 5, 2011

IN RE:	)	
	)	
ANNUAL ACA FILING FOR GASCO DISTRIBUTION SYSTEMS, INC. FOR THE JELLICO DIVISION AND THE BYRDSTOWN/FENTRESS DIVISIONS FOR THE PERIOD OF JULY 1, 2010 THROUGH DECEMBER 31, 2010	)	**DOCKET NO. 11-00121**

ORDER ADOPTING ACA AUDIT REPORT OF TENNESSEE REGULATORY AUTHORITY'S UTILITIES DIVISION

This matter came before Chairman Eddie Roberson, Director Kenneth C. Hill, and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 12, 2011 for consideration of the report of the Authority's Utilities Division (the "Staff") resulting from the Staff's audit of Gasco Distribution Systems, Inc.'s ("Gasco") annual deferred gas cost account filing for the six months ended December 31, 2010. The Actual Cost Adjustment ("ACA") Audit Report (the "Report") is attached hereto as Exhibit A and incorporated by reference.

Navitas TN NG, LLC ("Navitas") acquired Gasco from bankruptcy during the audit period. Gasco's Certificate of Public Convenience and Necessity ("CCN") was transferred to Navitas effective January 1, 2011 upon the Authority's approval of the purchase of Gasco by Navitas.[1]

On August 25, 2011, the Staff issued its Report, which revealed one finding. The finding addressed the inadvertent double application of the ACA factor to customers' bills for two (2) months. The Company agreed with the finding. During the September 12, 2011 Authority Conference, the voting panel unanimously approved and adopted the Staff's Report. The panel

[1] The first ACA filing for Navitas will be for the period January 1, 2011 through December 31, 2011.

further voted to direct the Company to file a tariff reflecting the new ACA factors set out in the Report. Additionally, the panel stated that (1) Navitas should begin to bill its first ACA factors with its October 2011 billing and these factors should be in effect until new factors are calculated and approved in Navitas's next ACA filing covering the period January 1, 2011 through December 31, 2011; (2) Navitas should file its first ACA filing with the Authority no later than March 1, 2012, and the beginning balances for the Jellico and Byrdstown/Fentress filings will be the balances noted therein; (3) Navitas should seek assistance from the Authority Staff prior to its first filing if it has any questions regarding how to file or about required documentation; and (4) Navitas should file tariffs to incorporate the new ACA factors within thirty (30) days, with an effective date of October 1, 2011.

IT IS THEREFORE ORDERED THAT:

1. The Actual Cost Adjustment Audit Report of Gasco Distribution Systems, Inc.'s annual deferred gas cost account filing for the year ended December 31, 2010, a copy of which is attached to this Order as Exhibit A, is approved and adopted.

2. Navitas shall file a tariff to incorporate the new ACA factors within thirty (30) days, with an effective date of October 1, 2011.

3. Navitas shall file its first ACA filing no later than March 1, 2012.

Eddie Roberson, Chairman

Kenneth C. Hill, Director

Sara Kyle, Director

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BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 25, 2011

IN RE:	)
	)
GASCO DISTRIBUTION SYSTEMS, INC.	) **Docket No. 11-00121**
ACTUAL COST ADJUSTMENT (ACA) AUDIT	)

NOTICE OF FILING BY THE UTILITIES DIVISION OF THE TENNESSEE REGULATORY AUTHORITY

Pursuant to Tenn. Code Ann. §§ 65-4-104, 65-4-111 and 65-3-108, the Utilities Division of the Tennessee Regulatory Authority gives notice of its filing of the Gasco Distribution Systems, Inc.'s ACA Audit Report in this docket and would respectfully state as follows:

1. The present docket was opened by the Authority to hear matters arising out of the audit of Gasco Distribution Systems, Inc.'s (the "Company") ACA filing covering the period July 1, 2010 to December 31, 2010.

2. The Company's ACA filing was received on July 29, 2011, and the Staff completed its audit of same on August 16, 2011.

3. The Staff's audit revealed one (1) finding. The Report is attached hereto as Exhibit A and is fully incorporated herein by this reference.

Exhibit A

4. The Utilities Division hereby files its Report with the Tennessee Regulatory Authority for deposit as a public record and approval of the Report and the recommendations contained therein.

Respectfully Submitted:

Tiffany Underwood

Tiffany Underwood
Utilities Consultant
Utilities Division of the
Tennessee Regulatory Authority

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of August 2011, a true and exact copy of the foregoing has been either hand-delivered or delivered via U.S. Mail, postage pre-paid, to the following persons:

Eddie Roberson
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Trina King
Gasco Distribution Systems, Inc.
4445 East Pike
Zanesville, OH 43701

Terry Buckner
Office of the Attorney General
Consumer Advocate and Protection Division
P. O. Box 20207
Nashville, TN 37202

Thomas Hartline, President
Navitas Utilities Corp.
18218 East McDurmott, Suite I
Irvine, CA 92614

Tiffany Underwood

Tiffany Underwood

EXHIBIT A

COMPLIANCE AUDIT REPORT

OF

GASCO DISTRIBUTIONS SYSTEMS, INC.

ACTUAL COST ADJUSTMENT

Docket # 11-00121

PREPARED BY

TENNESSEE REGULATORY AUTHORITY

UTILITIES DIVISION

August 2011

COMPLIANCE AUDIT

GASCO DISTRIBUTIONS SYSTEMS, INC.

ACTUAL COST ADJUSTMENT

Docket # 11-00121

TABLE OF CONTENTS

I. INTRODUCTION

The subject of this audit is Gasco Distribution Systems Inc.'s ("Gasco" or "Company") compliance with the Actual Cost Adjustment ("ACA") and Refund Adjustment ("RA") of the Purchased Gas Adjustment Rule ("PGA Rule") of the Tennessee Regulatory Authority ("TRA" or "Authority").[1] The objective of the audit was to determine whether the purchased gas adjustments, which are encompassed by the ACA, and approved by the TRA for the six (6) months ended December 31, 2010, were calculated correctly and were supported by appropriate source documentation. Normally, the ACA Audit is completed on an annual basis in compliance with Section 1220-4-7-.03(2) of the TRA Rules (See Section VI). This six month audit period was the result of the sale of Gasco to Navitas TN NG, LLC ("Navitas") during the audit period.[2] The six month audit covered Gasco's remaining purchased gas adjustments since the last audit. The next ACA Audit will be for Navitas for the year ending December 31, 2011.

II. AUDIT OPINION

The Audit Staff's ("Staff") audit resulted in one finding (See Section VIII). The finding resulted in a net over-recovery of $1.23. Except for the finding mentioned above, Staff concludes that the Purchased Gas Adjustment mechanism as calculated in the Actual Cost Adjustment appears to be working properly and in accordance with the TRA rules for Gasco Distribution Systems, Inc.

III. SUMMARY OF COMPANY FILING

The Company submitted its ACA filings on July 29, 2011, covering the period July 1, 2010 to December 31, 2010.[3] There were separate filings for the Jellico Division and the Byrdstown/Fentress Division. The Jellico Division filing reflected a net balance in its ACA account at December 31, 2010, of **negative $51,630.28**, which represents an **over-collection** of gas costs from customers. The Brydstown/Fentress Division filing reflected a net balance in its ACA account at December 31, 2010, of **positive $5,132.09**, which represents an **under-collection** of gas costs from its customers. The tables below provide a summary of each ACA account as submitted by the Company.[4]

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[1] See TRA Rule 1220-4-7. The ACA is more fully described in Section VI.

[2] See Section IV for a more detailed discussion of the transfer of the Certificate of Convenience and Necessity ("CCN") from Gasco to Navitas.

[3] The previous audit period for Gasco was July 1, 2009 to June 30, 2010.

[4] The negative ending balance of Gasco's Jellico ACA accounts indicate that the Company has over-collected these amounts from its customers as of December 31, 2010. The positive ending balance of Gasco's Byrdstown/Fentress ACA account indicates that the Company has under-collected these amounts from its customers as of December 31, 2010. The ACA factors are derived for each division by dividing these amounts by the projected sales volumes for the next twelve (12) months in an attempt to refund these amounts over a twelve month period. See Attachment 1 and Attachment 2. However, there are timing differences between the close of the audit period and the effective date of a new factor. There is always regulatory lag inherent in the true-up process. Larger companies are capable of calculating ACA factors and implementing them immediately,

SUMMARY OF THE ACA ACCOUNTS[5]

Jellico Division

Line No.		Company (as filed)
1	Beginning Balance at 7/1/10	($62,169.39)
2	**Activity During Current Period:**	
3	Purchased Gas Costs	106,384.26
4	Gas Costs recovered through rates	118,461.50
5	ACA Surcharges (Refunds)	(23,592.73)
6	Ending Balance before Interest (line 1 + line 3 – line 4 – line 5)	(50,653.90)
7	Plus Interest	(976.38)
8	**Ending Balance Including Interest at 12/31/10 (line 6 + line 7)**	**($51,630.28)**

Byrdstown/Fentress Division

Line No.		Company (as filed)
1	Beginning Balance at 7/1/10	$7,507.28
2	**Activity During Current Period:**	
3	Purchased Gas Costs	17,600.96
4	Gas Costs recovered through rates	17,896.60
5	ACA Surcharges (Refunds)	2,203.96
6	Ending Balance before Interest (line 1 + line 3 – line 4 – line 5)	5,007.68
7	Plus Interest	124.41
8	**Ending Balance Including Interest at 12/31/10 (line 6 + line 7)**	**$5,132.09**

prior to audit. However, the smaller companies are encouraged to await the results of the Staff's audit before implementing an ACA factor.

[5] A negative number represents an over-recovery (or over-collection) of gas costs, a positive number represents an under-recovery (or under-collection) of gas costs.

IV. BACKGROUND INFORMATION ON COMPANY

Gasco Distribution Systems, Inc., with its office located in Jellico, Tennessee, is a subsidiary of The Titan Energy Group, Inc., which has its headquarters at 4445 East Pike, Zanesville, Ohio. The Company is a gas distributor, which provides service to the City of Jellico (Campbell County), City of Byrdstown (Pickett County) and a few customers in Fentress County, all of which are located in northeast Tennessee. It has approximately 550 customers and an annual sales volume of approximately 50,000 MCF. In addition to Tennessee, the parent company also operates in Kentucky and Ohio. Gasco purchases the natural gas used to serve these areas from Spectra Energy, Inc., Titan Energy Group, Inc., and East Tennessee Natural Gas.

On December 20, 2010, the Authority voted unanimously to approve the transfer of control and authority from Gasco to Navitas, including its authority to provide utility services deriving from its Certificate of Public Convenience and Necessity in Jellico, Campbell County, Byrdstown, Pickett County and Fentress County, Tennessee and Whitley County, Kentucky.[6] Navitas also acquired franchise agreements between Gasco and the City of Byrdstown, Gasco and Pickett County and Gasco and the City of Jellico. Navitas acquired Gasco out of Bankruptcy Court on October 21, 2010. Gasco had been operating as a Debtor in Possession since filing for Chapter 11 bankruptcy protection on June 1, 2009 – Case No. 09-056171- in the United States Bankruptcy Court for the Southern Distric of Ohio, Eastern Division.

V. <u>JURISDICTION AND POWER OF THE TENNESSEE REGULATORY AUTHORITY</u>

Tennessee Code Annotated (T.C.A.) §65-4-104 gave jurisdiction and control over public utilities to the Tennessee Public Service Commission. By virtue of Chapter 305 of the Public Acts of 1995, jurisdiction and control over public utilities was transferred from the Tennessee Public Service Commission to the Tennessee Regulatory Authority (the "TRA" or "Authority") on July 01, 1996. T.C.A. §65-4-104 states that:

> The Authority shall have general supervision and regulation of, jurisdiction, and control over, all public utilities...

T.C.A. states further in §65-4-111 that the public utilities are to maintain a Uniform System of Accounts:

> The Authority shall have the power after hearing, upon notice, by order in writing to require every public utility... to keep its books, records, and accounts so as to afford an intelligent

[6] In Re: *Joint Petition of Navitas TN NG LLC and Gasco Distribution Systems, Inc. for Approval of Transfer of Control and Authority of Gasco Distribution Systems, Inc.*, Docket No. 10-00220 (December 30, 2010).

> understanding of the conduct of its business, and to that end to require every public utility of the same class to adopt a uniform system of accounting. Such system shall conform, where applicable to any system adopted or approved by the Interstate Commerce Commission of the United States. And to furnish annually, or at other times as the Authority may require, a detailed report of finances and operations as shown by said system of accounts.

The TRA responded to T.C.A. §65-4-111 by establishing its own rule 1220-4-1-.11 regarding the uniform system of accounts which public utilities should maintain. The TRA's rule provides:

> The following uniform system of accounting will be followed by utilities and other companies making periodic reports to the Authority:
>
> 1. For Classes A and B gas companies - Uniform System of Accounts as adopted by the National Association of Regulatory Utility Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.

The TRA received its authority to examine the books and records of public utilities from T.C.A. §65-4-105 which states that the TRA would possess all the other powers conferred on the TRA. T.C.A. §65-3-108 gives the TRA:

> full power to examine the books and papers of the said companies, and to examine, under oath, the officers, agents, and employees of said companies...to procure the necessary information to intelligently and justly discharge their duties and carry out the provisions of this chapter and chapter 5 of this title.

The Utilities Division of the TRA is responsible for auditing those companies under the Authority's jurisdiction to ensure that each company is abiding by Tennessee statutes as well as the Rules and Regulations of the Authority. Tiffany Underwood of the Utilities Division conducted this audit.

VI. DESCRIPTION OF PURCHASED GAS ADJUSTMENT (PGA) RULE

Actual Cost Adjustment Audits:

The PGA Rule can be found in Chapter 1220-4-7 of the Rules of the Tennessee Regulatory Authority. The PGA Rule permits the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its customers and to assure that the Company does not over-collect or under-collect gas costs from its customers.

The PGA consists of three major components:

1) **The Actual Cost Adjustment (ACA)**
2) **The Gas Charge Adjustment (GCA)**
3) **The Refund Adjustment (RA)**

The ACA is the difference between the revenues billed to customers by means of the GCA and the cost of gas invoiced to the Company by suppliers plus margin loss (if allowed by order of the TRA in another docket) as reflected in the Deferred Gas Cost account. The ACA then "trues-up" the difference between the actual gas costs and the gas costs recovered from the customer through a surcharge or a refund. The RA refunds the "true-up" along with other supplier refunds. For a more complete definition of the GCA and RA, please see the PGA Formula in Appendix A.

Section 1220-4-7-.03(2) of the PGA Rule requires:

> Each year, the Company shall file with the [Authority] an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the [Authority] provides written notification to the Company within one hundred eighty (180) days from the date of filing the report, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of these Rules. This 180-day notification period may be extended by mutual consent of the Company and the [Authority] Staff or by order of the [Authority].

VII. SCOPE OF AUDIT

To accomplish the audit objective, the Staff conducted in-house audit work, during which the Company's calculations of gas costs incurred and gas costs recovered were examined. The Staff also audited a sample of customer bills to determine if the proper PGA rates and ACA rates were being applied in the Company's calculation of the customers' bills. These bills were selected to be representative of the residential, commercial and industrial customers in each of the Company's service areas. The sample was selected from all six months of the audit period.

VIII. ACA FINDINGS

Staff's audit finding totaled a **net over-recovery of $1.23**. This is the result of one (1) finding and represents an increase to the Company's reported over-recovered balance amount of $46,498.19, which when added to the Company's calculated balance, results in a net ending balance in the ACA account of **$46,499.42 in over-recovered gas costs.**[7] A summary of the ACA account as filed by the Company and as adjusted by the Staff is shown below, followed by a description of the finding.

SUMMARY OF THE ACA ACCOUNT:**

Line		Gasco Combined Filing	Staff Audit Results	Difference (Findings)
1	Adj. Beginning Balance (July 2010)	($54,662.11)	($54,662.11)	$0.00
2	Purchased Gas Costs	$123,985.22	$123,985.22	$0.00
3	Gas Costs recovered through rates	$136,358.10	$152,510.72	$16,152.62
4	ACA Surcharges (Refunds)	($21,388.77)	($37,540.16)	($16,151.39)
5	Interest on monthly balances	($851.97)	($851.97)	($0.00)
6	Ending Balance (December 2010) (Line 1 + Line 2 – Line 3- Line 4+Line5)	($46,498.19)	($46,499.42)	($1.23)

**A number in ( ) is a negative or credit balance which represents an over-collection of gas costs.

[7] The ending balance is made up of ($51,631.36) for the Jellico filing and $5,131.94 for the Byrdstown/Fentress filing.

FINDING #1:

Exception

Gasco applied the ACA factor twice to customer bills in November and December 2010.

Discussion

The Company inadvertently applied the ACA factor twice to customer bills for two (2) months. This resulted in an ACA factor of ($2.7236) for Jellico and $2.6130 for Byrdstown/Fentress for those months.

While this was a material error in the billing process, the factors were applied uniformly to all customers. Jellico customers received an increased refund during the winter months, resulting in a reduction of the over-recovered balance in the ACA account for Jellico by approximately $18,000. The increased surcharge to Byrdstown/Fentress customers resulted in a quicker collection of the under-recovered costs, reducing the balance in the ACA account by approximately $2,000. The gas cost balances in the ACA account are the obligation of the customers. They are surcharged or refunded during the year, based on estimated gas costs that are trued up once a year. Staff avers that since all customers were treated equally, no customers were harmed.

In an attempt to correct Company perceived rounding differences in the calculation of the ACA account balance, the Company subtracted immaterial amounts from its monthly calculations. These "corrections" were not necessary; therefore, Staff increased the net over-recovered balance by $1.23

Company Response

The company agrees with the above finding.

IX. CONCLUSIONS AND RECOMMENDATIONS

Staff reviewed the gas costs and recoveries of Gasco Distribution Systems, Inc. for the six (6) month period ended December 31, 2010. Based on the filing as shown in Section VIII, the **net balance** in the refund due customers account (ACA Account) as of December 31, 2010 should be a **negative $51,631.36 for the Jellico Division and positive $5,131.94 for the Byrdstown/Fentress Division.** This means that as of December 31, 2010 the Company had over-collected from its Jellico customers and under-collected from its Byrdstown/Fentress customers. In order to refund the Jellico balance and surcharge the Byrdstown/Fentress balance, the correct ACA adjustment factor to be applied to customer bills in the **Jellico Division** is a **negative $1.0491 per MCF** (see Attachment 1), and the correct ACA adjustment factor to be applied to customer bills in the **Byrdstown/Fentress Division** is a **positive $0.8063 per MCF** (see Attachment 2).

As explained in Section IV, Gasco's CCN was transferred to Navitas effective January 1, 2011 upon the approval of the purchase of the Gasco System by Navitas. The Authority ordered Navitas to adopt Gasco's current tariff rates. This included the ACA factors established by Audit Staff's report in Docket No. 10-00181 and approved by the Authority on October 25, 2010. These factors were based on the balance in the ACA Account at June 30, 2010. This audit addresses Gasco's gas costs and recoveries experienced during the final six months prior to the transfer. The balances at December 31, 2010 established by this audit will become the beginning balances for Navitas' first ACA filing covering the period January 1, 2011 through December 31, 2011.

ACA factors are implemented with the next month's billing following approval of Staff's audit report and remain in effect until the next ACA filing, at which time Staff calculates new factors. ACA filings are generally filed within sixty (60) days of the end of the audit period. Due to the dissolution of Gasco and the time it took for them to obtain final gas invoices from their suppliers, this ACA filing has been delayed approximately five (5) months.

Staff Recommendations:

1. Navitas should begin billing the revised ACA factors with their October 2011 billing. These factors will stay in effect until new factors are calculated and approved in Navitas' next ACA filing covering the period January 1, 2011 through December 31, 2011;
2. Navitas should file its first ACA filing with the Authority no later than March 1, 2012. The beginning balances for the Jellico and Byrdstown/Fentress filings will be the balances noted above;
3. Navitas should seek assistance from the Authority Staff prior to its first filing if it has any questions regarding how to file and/or documentation required; and
4. Navitas should file tariffs to incorporate the new ACA factors within thirty (30) days of the approval of Staff's audit report, with an effective date of October 1, 2011.

APPENDIX A

PGA FORMULA

The computation of the GCA can be broken down into the following formulas:

$$\text{Firm GCA} = \frac{D + DACA}{SF} - DB + \frac{P + T + SR + CACA}{ST} - CB$$

$$\text{Non-Firm GCA} = \frac{P + T + SR\ CACA}{ST} - CB$$

where

GCA = The Gas Charge Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.

D = The sum of all fixed Gas Costs.

DACA = The demand portion of the ACA.

P = The sum of all commodity/gas charges.

T = The sum of all transportation charges.

SR = The sum of all FERC approved surcharges.

CACA = The commodity portion of the ACA.

DB = The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).

CB = The per unit rate of variable gas costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).

SF = Firm Sales.

ST = Total Sales.

The computation of the RA can be computed using the following formulas:

$$\text{Firm RA} = \frac{DR1 - DR2}{SFR} + \frac{CR1 - CR2 + CR3 + i}{STR}$$

$$\text{Non-Firm RA} = \frac{CR1 - CR2 + CR3 + i}{STR}$$

where

RA	=	The Refund Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.
DR1	=	Demand refund not included in a currently effective Refund Adjustment, and received from suppliers by check, wire transfer, or credit memo.
DR2	=	A demand surcharge from a supplier not includable in the GCA, and not included in a currently effective Refund Adjustment.
CR1	=	Commodity refund not included in a currently effective Refund Adjustment, and received from suppliers by check, wire transfer, or credit memo.
CR2	=	A commodity surcharge from a supplier not includable in the GCA, and not included in a currently effective Refund Adjustment.
CR3	=	The residual balance of an expired Refund Adjustment.

i = Interest on the "Refund Due Customers" account, using the average monthly balances based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter.

SFR = Firm sales as defined in the GCA computation, less sales under a transportation or negotiated rate schedule.

STR = Total sales as defined in the GCA computation, less sales under a transportation or negotiated rate schedule.

Gasco Distribution Systems, Inc.

Calculation of the ACA Factor
(for Jellico customers)

Line No.	**Factor to be applied to residential, commercial and industrial customers:**			
1	Cost of Gas purchased (7/1/10 - 12/31/10)	$	106,384.26	
2	Cost of Gas recovered from customers through PGA rates		136,805.05	
3	Under/(Over) Collection (Line 1 - Line 2)	$	(30,420.79)	
4	ACA surcharges/(refunds) (7/1/10 - 12/31/10)		(41,935.20)	
5	Interest calculated on average monthly balance in account		(976.39)	
6	Beginning balance at 6/30/10		(62,169.39)	
7	**Balance in ACA account at 12/31/10** (Line 3 - Line 4 + Line 5 + Line 6)	$	**(51,631.36)**	
8	Sales Volumes **		49,217	MCF
9	**ACA Factor - surcharge/(refund)** (Line 7 divided by Line 8)	$	**(1.0491)**	**Per MCF**

** Historical sales volumes for 12 months ending 12/31/10.

ATTACHMENT 1

Gasco Distribution Systems, Inc.

Calculation of the ACA Factor
(for Byrdstown/Fentress customers)

Line No.	**Factor to be applied to residential, commercial and industrial customers:**		
1	Cost of Gas purchased (7/1/10 - 12/31/10)	$ 17,600.97	
2	Cost of Gas recovered from customers through PGA rates	15,705.67	
3	Under/(Over) Collection (Line 1 - Line 2)	$ 1,895.30	
4	ACA surcharges/(refunds) (7/1/10 - 12/31/10)	4,395.04	
5	Interest calculated on average monthly balance in account	124.40	
6	Beginning balance at 6/30/10	7,507.28	
7	**Balance in ACA account at 12/31/10** (Line 3 - Line 4 + Line 5 + Line 6)	**$ 5,131.94**	
8	Sales Volumes **	6,365	MCF
9	**ACA Factor - surcharge/(refund)** (Line 7 divided by Line 8)	**$ 0.8063**	**Per MCF**

** Historical sales volumes for 12 months ending 12/31/10.

ATTACHMENT 2