BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

Petition of B&W Pipeline, LLC	)	
For an Increase in Rates	)	DOCKET NO. 15-00042

SUPPLEMENTAL DIRECT TESTIMONY OF

RALPH C. SMITH

ON BEHALF OF THE TENNESSEE ATTORNEY GENERAL
CONSUMER ADVOCATE AND PROTECTION DIVISION

August 24, 2015

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:	)	
PETITION OF B&W PIPELINE, LLC	)	
FOR AN INCREASE IN RATES	)	**DOCKET NO. 15-00042**

AFFIDAVIT

I, Ralph Smith, CPA, on behalf of the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Supplemental Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate Division.

Ralph Smith

Ralph Smith

Sworn to and subscribed before me
this 24 day of August, 2015.

Hugh Larkin, Jr

NOTARY PUBLIC

My commission expires: HUGH LARKIN JR
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Sep 13, 2019
ACTING IN COUNTY OF Wayne

ATTACHMENTS

Attachment RCS Supplemental Direct-1 TN Regulatory Authority, Utilities Division, March 7, 2010, Gasco Distribution Systems, Inc. Annual Report for Reporting Year 2009

Attachment RCS Supplemental Direct-2 Reproduces the Net Present Value Calculations in B&W Pipeline Attachment WHN Rebuttal-2.

Attachment RCS Supplemental Direct-3 Reproduces Net Present Value Calculations in B&W Pipeline Rebuttal and Adjusts the Discount Rate to CAPD Recommended Cost of Capital

Attachment RCS Supplemental Direct-4 Reproduces the Net Present Value Calculations in B&W Pipeline Rebuttal and Adjusts the Discount Rate to B&W's Requested Cost of Capital

Attachment RCS Supplemental Direct-5 Reproduces the Present Value Calculations in B&W Pipeline Rebuttal with Adjustments to Remove Over-Statement By Applying Over-Statement Factor; Remove Section Constructed in 2013 After Acquisition in 2010; Adjust Useful Life Assumption to Conform With B&W's Depreciation Rate, and Adjust Discount Rate to CAPD Recommended Cost of Capital

Attachment RCS Supplemental Direct-6 Gasco Distribution Systems, Inc. 2010 Tennessee Ad Valorem Assessment

Attachment RCS Supplemental Direct-7 Navitas TN NG, LLC State of Tennessee 2011 Ad Valorem Tax Report

Attachment RCS Supplemental Direct-8 State of Tennessee 2010 Ad Valorem Tax Assessments for all Gas Companies in the State

Attachment RCS Supplemental Direct-9 State of Tennessee 2011 Ad Valorem Tax Assessments for all Gas Companies in the State

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 24, 2015

DOCKET NO. 15-00042

PRE-FILED SUPPLEMENTAL DIRECT TESTIMONY OF RALPH C. SMITH

Q.1 What are your name, occupation and business address?

A.1 My name is Ralph C. Smith. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant in the firm Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan 48154.

Q.2 Are you the same Ralph C. Smith who previously filed direct testimony in this case on behalf of Consumer Advocate and Protection Division ("CAPD") in response to the request by for B&W Pipeline, LLC ("B&W," "B&W Pipeline" or "the Company") to increase their gas transportation service rates?

A.2 Yes, I am.

Q.3 What is the purpose of your supplemental direct testimony in this proceeding?

A.3 The purpose of my supplemental direct testimony is to respond to the rebuttal testimony of William H. Novak that was filed on August 17, 2015 on behalf of B&W which included some new Company exhibits, such as a net present value presentation on Attachment WHN Rebuttal-2 and new Company recommendations, such as a drastically different rate design proposal from the Company, that were presented for the first time in the Company's rebuttal filing. My supplemental testimony also is necessary to clarify certain points in my direct testimony, which was filed under a good-faith assumption by the CAPD that this matter would be settled.

Q.4 Have you prepared any attachments to your supplemental direct testimony?

A.4 Yes, the following attachments present information that is discussed in my supplemental direct testimony:

- Attachment RCS Supplemental Direct-1 presents the TN Regulatory Authority, Utilities Division, March 7, 2010, Gasco Distribution Systems, Inc. Annual Report for Reporting Year 2009.

- Attachment RCS Supplemental Direct-2 Reproduces the Net Present Value Calculations in B&W Pipeline Rebuttal Testimony, Attachment WHN Rebuttal-2.

- Attachment RCS Supplemental Direct-3 Reproduced the Net Present Value Calculations in B&W Pipeline Rebuttal and Adjusts the Discount Rate to the CAPD Recommended Cost of Capital.

- Attachment RCS Supplemental Direct-4 Reproduced the Net Present Value Calculations in B&W Pipeline Rebuttal and Adjusts the Discount Rate to B&W's Requested Cost of Capital.

- Attachment RCS Supplemental Direct-5 Reproduced the Present Value Calculations in B&W Pipeline Rebuttal with Adjustments to Remove Over-Statement By Applying Over-Statement Factor; Remove Section Constructed in 2013 After Acquisition in 2010; Adjust Useful Life Assumption to Conform

With B&W's Depreciation Rate, and Adjust Discount Rate to CAPD Recommended Cost of Capital.

- Attachment RCS Supplemental Direct-6 shows the Gasco Distribution Systems, Inc. 2010 Tennessee Ad Valorem Assessment.

- Attachment RCS Supplemental Direct-7 presents the Navitas TN NG, LLC State of Tennessee 2011 Ad Valorem Tax Report.

- Attachment RCS Supplemental Direct-8 shows the State of Tennessee 2010 Ad Valorem Tax Assessments for all Gas Companies in the State.

- Attachment RCS Supplemental Direct-9 shows the State of Tennessee 2011 Ad Valorem Tax Assessments for all Gas Companies in the State.

I. ORIGINAL COST OF THE UTILITY PLANT

Q.5 What is B&W's position concerning the original cost of the utility plant?

A.5 B&W concedes that it does not have original cost or continuing property records information from the previous owner.[1] However, B&W seeks to use the price it paid to acquire the pipeline along with 96 oil and gas wells, with a zero cost assigned to the oil and gas wells, as it amount of original cost for the pipeline, which the Company seeks to include in rate base and earn a 10.12 percent return on.

Q.6 When was the pipeline acquired by B&W?

A.6 B&W acquired the pipeline in September 2010.

[1] See, e.g., Novak rebuttal page 2.

Q.7 Was there information on file at the Tennessee Regulatory Authority ("TRA") from the pipeline's owner at that time?

A.7 Yes. However, the information that is available may not be complete. No annual reports filed with the TRA by Titan Energy Group could be located. The lack of any annual reports by Titan Energy Group to the TRA suggests that either Titan never reported the original cost or depreciation over the years to the TRA and its predecessor, or that the use of the pipeline in providing public utility service was included in the reports to the TRA filed by the entity that was providing public utility service, Gasco Distribution Systems, Inc. ("Gasco"). For example, Gasco filed on March 7, 2010, its Annual Report for Reporting Year 2009 with the TRA, which is presented in Attachment RCS Supplemental Direct-1. That annual report is accompanied with a notarized affidavit from Gasco's Chief Officer and its Officer in charge of accounts dated April 30, 2010.

Q.8 What does the Gasco 2009 annual report to the TRA show for Total Utility Plant, Accumulated Depreciation and Net Utility Plant?

A.8 Pages F-4 and F-6 of Gasco 2009 annual report to the TRA show Total Utility Plant of $1,845,924, Accumulated Depreciation of $896,375 and Net Utility Plant of $949,549 as of December 31, 2009. Pages G-4 and G-5 contain a detailed listing of Utility Plant by FERC account. Gasco reported to the TRA only $273 of Transmission plant, as shown on page G-5, which was for measuring and regulation station equipment in account 369. Gasco did not report any balances in account 367 for transmission mains. Gasco's largest asset and the largest component of Utility Plant is the $1,236,621 in distribution mains, account 376. Gasco's distribution utility plant and operations were acquired by Navitas.

Q.9 Does the information in the previous owner's annual report to the TRA support assigning a depreciated original cost to the pipeline of over $2.6 million, as B&W is seeking in the current rate case, which is B&W's first rate case since acquiring the pipeline and other assets from the previous owner?

A.9 No. As noted above, no annual reports from Titan Energy Group to the TRA could be located. The lack of annual reports to the TRA and the lack of accounting information from Titan Energy Group would support a finding in the current rate case that B&W has failed to meet is burden of proof for the depreciated original cost to the previous owner, thus, the acquisition price paid by B&W represents an acquisition premium, and should not be included in rate base. Moreover, none of the information in the Gasco annual report to TRA would support assigning an original cost the pipeline that Gasco was using at the time for the provision of gas utility service of any amount even close to the approximately $2.6 million that is being sought by B&W in the current case.

Q.10 When Gasco was providing the gas utility and pipeline transmission service, was the pipeline a separate component of the utility service?

A.10 No, the cost of gas, the transmission and the distribution of the gas to customers was all part of the combined utility service that Gasco was providing to customers.

Q.11 Now that the distribution system and transmission pipeline that had previously been used by the former owner, Gasco, have been split as to ownership, with the distribution system being now owned and operated by Navitas TN NG, LLC

("Navitas"), and the pipeline now being owned and operated by B&W, should this split of ownership be resulting in shockingly large rate increases from B&W, or to the end use customers?

A.11 No. A mere change in ownership of utility assets should not be resulting in such large rate increases. The rate increases, which, if approved as originally requested by B&W, would increase the current rate of $0.60 per Mcf to $3.69 per Mcf, an increase of $3.09 per Mcf or 516%, which could be considered rate shock.[2] B&W's attempt to use its acquisition price as the depreciated original cost of the utility plant is without reliable support and is one of the critical factors in the current case that is contributing to the huge size of the rate increase being sought by B&W.

Q.12 Mr. Novak attempts to rely upon a report prepared for B&W by Bell Engineering concerning a Gas Pipeline Replacement Cost Evaluation, which he is presenting with his rebuttal testimony as Attachment WHN Rebuttal-1. Can that report be relied upon to reliably derive the depreciated original cost of the pipeline under the previous owner?

A.12 No, it cannot. There are several fatal flaws with using that report as an estimate of the previous owner's depreciated original cost of the utility plant that was acquired by B&W. One is that B&W acquired the pipeline in September 2010. The Gas Pipeline

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[2] In Mr. Novak's rebuttal testimony, B&W has updated its throughput estimate from the 169,861 Mcf in its original filing to a new estimated level of 210,235 Mcf, which results in spreading B&W's requested revenue requirement of $627,565 over a larger quantity of units; however, as discussed later in my testimony, this continues to be a shockingly high rate increase over the current rates of $0.60 per Mcf. In its original filing the Company proposed rates of $3.69 per Mcf by dividing its claimed revenue requirement of $627,565 by an attrition period sales volume of 169,861. See, e.g., Novak direct testimony at page 9. Dividing the Company's requested revenue requirement of $627,565 over B&W's new estimated level of 210,235 Mcf would produce a volumetric rate of $2.98 per Mcf, which is $2.38 or 397% above the current rate of $0.60 per Mcf. I address B&W's radical shift in proposed rate design later in my rebuttal testimony.

Replacement Cost Evaluation report from Bell Engineering is dated November 2013, and the cover letter transmitting it to Mr. Rafael Ramon, the Controller of B&W's affiliate, ENREMA, is dated December 12, 2013. Page 1 of 5 of the report states that: "On October 30, 2013, Bell Engineering was authorized by B&W Pipeline, LLC, to conduct a study to determine the replacement cost of their gas pipeline known as the B&W Gas Pipeline." Thus, that report did not exist and could not have been relied upon by B&W in 2010 when B&W at that time determined how much to pay for the pipeline and the 96 oil and gas wells that B&W acquired in September 2010.

Second, the report attempts to evaluate replacement cost, not original cost. There is no information about the previous owner's depreciated original cost contained in that report.

Third, the report makes assumptions about depreciation lives which are questionable and which are contradicted by and inconsistent with the depreciation rates that are being used by B&W. The report at page 4 states that: "For this report, the expected life of steel pipe will be 50 years; the expected life of the polyethylene pipe will be 75 years." The cash values stated in the report are thus dependent upon those expected useful life assumptions, which are questionable and are questionably applied. The longer the assumed lives were in the report, the depreciation the report calculates through 2013, and the "cash values" in the report are higher than if shorter depreciable life assumptions for the pipeline had been used. At page 7, lines 7-8, of his direct testimony, Mr. Novak states that "the Company's currently approved depreciation rates are 3.33% on its utility plant." A 3.33% depreciation rate is approximately equivalent to a 30-year expected plant life.[3] A 30-year useful life for the pipeline is contradictory to the assumption made in the study about the useful life, including the study's assumption that all of the pipeline segments that have polyethylene pipe have an expected life of 75 years. Using a useful life that is shorter than 75 years would result in lower net cash values than shown in the report.

Fourth, the report appears to significantly overstate estimated costs to construct and place into service segments of the pipeline, versus comparable information on actual costs, such as costs recorded on B&W's books for plant additions that were made by B&W after September 2010. As one illustrative example, page 3 of the report estimates the replacement cost of section 3 to be $413,280, including a cost of $287,000 for polyethylene pipe with a six-inch diameter. To derive the estimated replacement cost for that pipeline addition in 2013, the report increased that cost by applying two compounded 20% gross-ups (i.e., additional costs) on top of it, one for "miscellaneous construction items" which were added to the cost of the pipe, and another one for "miscellaneous project development costs" which was applied to the combined total of the $287,000 and the 20% increase for "miscellaneous construction items." Mr. Novak 's rebuttal testimony states that the pipeline and oil and gas wells were acquired by B&W from the previous owner in September 2010. Mr. Novak indicates that pipeline section 3 was constructed in 2013, which is after B&W's acquisition date of the pipeline and other assets. The year 2013 was a period when the pipeline was owned by B&W. It is therefore instructive to review B&W's actual recorded costs for pipeline main construction in 2013 and to compare those costs with

[3] 1 / 3.33% depreciation rate = 30 year useful life.

the estimates contained in the report that B&W is now relying upon in its attempt to justify using its purchase price as the amount of original cost. B&W's general ledger for 2013 was provided in Minimum Filing Requirement ("MFR") item 8-1 as an Excel file, and shows the following expenditures in 2013 for account 125121, Construction Expenditures - Pipelines:

Date	Num	Αδφ	Name	Memo	Debit
06/06/2013	1354		Martin Contracting, Inc.	1354 PIPELINE REPAIR 300' SECTION	27,494.00
06/26/2013	1370		Martin Contracting, Inc.	1370	3,405.86
07/01/2013	8669		Hull Brothers, Inc	8669	10,000.00
09/09/2013	8866		Hull Brothers, Inc	8866	8,251.15
10/09/2013	1211416001		McJunkin-Red Man Corporation	1211416001 Materials 4" Line	26,120.50
10/16/2013	1211416002		McJunkin-Red Man Corporation	1211416002 Materials 4" Line	23,176.22
10/26/2013	8969		Hull Brothers, Inc	8669	25,300.00
11/01/2013	8971		Hull Brothers, Inc	8971	28,060.00
11/04/2013	1559092001		McJunkin-Red Man Corporation	1559092001 Materials 4" Line	6,946.24
11/06/2013	8976		Hull Brothers, Inc	8976	28,620.00
11/12/2013	8977		Hull Brothers, Inc	8977	34,020.00
11/14/2013	8980		Hull Brothers, Inc	8980	7,000.00
12/07/2013	9008		Hull Brothers, Inc	9008	12,881.25
				Total 125121 · Pipelines	241,275.22

From the descriptions contained in the B&W general ledger, some of the actual spending on pipeline construction in 2013 which totaled $241,275 may have been for repair of existing sections of the pipeline, rather than for adding a new section in 2013. Also, from the descriptions, it appears that B&W in 2013 installed 4-inch pipe, rather than the 6-inch pipe assumed in the report. Typically, the material cost of smaller diameter pipe is lower than for larger diameter pipe. Comparing the $241,275 actual 2013 pipeline spending with the estimated amount of $413,280 suggests an overstatement factor of at least 58.4% as shown below:

Line	Description	Amount	Source
1	Actual 2013 pipeline spending	$ 241,275	B&W 2013 General Ledger, account 125121, Construction-Pipelines
2	Estimate "probable replacement costs" for Section 3 which was constructed in 2013	$ 413,280	B&W Rebuttal
3	Replacement Cost Study Over-statement Factor	58.4%	Line 1 / Line 2

Q.13 If a 58.4% Replacement Cost Study Over-Statement Factor were applied to the present value analysis presented on Mr. Novak's Attachment WHN Rebuttal-2, what would be the result?

A.13 If a 58.4% Replacement Cost Study Over-Statement Factor were applied to the present value analysis presented on Mr. Novak's Attachment WHN Rebuttal-2, his claimed discounted replacement cost would be reduced from $2.853 million to $1.671 million, which is about $962,000 below B&W's acquisition price for the pipeline and oil and gas wells of $2,633,085. However, there are other flaws with Mr. Novak's Attachment WHN Rebuttal-2, which I will address below that, if addressed, would further reduce the results of the discounted net present value analysis that Mr. Novak has presented for the first time in his rebuttal testimony.

Q.14 What other flaws in Mr. Novak's calculation have you identified?

A.14 Mr. Novak's calculation of the net present value on his Attachment WHN Rebuttal-2 is heavily influenced by his discount rate assumption of 3%, but he offers no explanation or support for that assumption. Using a higher discount rate for the net present value analysis will result in lower results. To calculate the impact of adjustments to Mr. Novak's net present value analysis, I first reproduced the calculations presented on his Attachment WHN Rebuttal-2, in Excel, as shown on Attachment RCS Supplemental

Direct-2. I then made calculations using alternative, higher discount rates, as explained below.

Q.15 Can you provide an illustration of how the assumed discount rate can affect the results of Mr. Novak's present value analysis?

A.15 Yes. As an illustration, using an 8.5% discount rate, which is the CAPD's recommended cost of capital for B&W, and without attempting to correct for the other flaws in Mr. Novak's analysis, would produce an original cost estimate of $595,666, which is $2,037,419 below B&W's acquisition cost of $2,633,085 that B&W is attempting to use as original cost and include in rate base to earn a 10.12% return for B&W's owners. This illustrative calculation is shown on Attachment RCS Supplemental Direct-3.

Using B&W's requested cost of capital of 10.12% as the discount rate, and without attempting to correct for the other flaws in Mr. Novak's analysis, would produce an original cost estimate of $370,093, which is $2,262,992 below B&W's acquisition cost of $2,633,085. This illustrative calculation is shown on Attachment RCS Supplemental Direct-4.

Attachments RCS Supplemental Direct-3 and 4 present those comparative calculations in a similar format to Mr. Novak's Attachment WHN Rebuttal-2.

Q.16 What is the rationale for using a company's cost of capital as the discount rate in a net present value analysis?

A.16 An estimate of a company's cost of capital is typically considered in making investment decisions. Net present value calculations using a company's estimated cost of capital are thus frequently encountered in investment decision analysis and in valuations of acquisitions.

Q.17 Have you also made a calculation that adjusts for the apparent over-statements, adjusts the pipeline's useful life assumption to be consistent with B&W's depreciation rates, and uses the CAPD recommended cost of capital of 8.5% as the discount rate?

A.17 Yes. My calculation is shown on Attachment RCS Supplemental Direct-5, page 1. The presentation there is in a similar format to Mr. Novak's Attachment WHN Rebuttal-2. As shown on Attachment RCS Supplemental Direct-5, page 1, with those adjustments, the derived net present value of the pipeline is $327,860, which is $2,305,225 below B&W's acquisition price of $2,633,085.

Q.18 Are you recommending that the original cost be estimated at $327,860 based on the presentation shown on Attachment RCS Supplemental Direct-5?

A.18 No. It continues to be my recommendation that the TRA find that B&W has failed to meet its burden of proof in establishing the previous owner's depreciated original cost of plant devoted to utility service, and therefore the amount paid by B&W of $2,633,085 to acquire the 96 oil and gas wells and the pipeline should not be included in rate base.

Q.19 Mr. Novak states at page 3 of his rebuttal testimony that none of the $2,633,085 cost paid by B&W for the 96 oil and gas wells and the pipeline was assigned to the oil and gas wells. Is that credible?

A.19 No. That appears to be a rather self-serving assumption that B&W is using to justify its attempt to allocate all of its $2,633,085 acquisition cost to regulated utility operations (i.e., the pipeline) and zero of such acquisition cost to the oil and gas wells, which are being treated as non-utility assets (and which subsequently were transferred by B&W to a non-utility affiliate, Rugby Energy, LLC). B&W has attempted to maximize its claim for utility rate base and to minimize the acquisition cost assigned to the oil and gas wells which B&W has treated as non-regulated assets and which B&W has recently transferred to an affiliate. B&W has indicated that the liability associated with the existing oil and gas wells exceeded their value. B&W, therefore, made an assumption that the oil and gas wells had no value. However, this is not supported by other information on B&W's general ledgers which show that the oil and gas wells are producing revenue and net margins that, until the wells were transferred to an affiliate, far outweighed the revenues that B&W was recording for transporting gas through its pipeline for Navitas. The net revenues produced by the oil and gas wells indicate positive value, indeed, a value that at the time of the acquisition, far exceeded the revenue that was being produced by the pipeline. For example, B&W's 2012 information shows that its gross profit[4] of $182,582 includes $19,729 for the provision of gas transportation services to Navitas and $162,853 of gross profit from oil and gas sales and royalties. Thus, approximately 11% of B&W's gross profit for 2012 was from gas transportation service and 89% was from oil and gas sales and royalties. Assigning 100% of the acquisition cost to an asset that was producing only 11% of the gross profit, and assigning none of the acquisition cost to the assets that were producing 89% of the gross profit is simply not credible.

[4] Gross Profit on the B&W trial balance for 2012 is revenue after subtracting the cost of the oil and gas sold, and before operating expenses.

Q.20 Although B&W has claimed that it had a liability for the existing oil and gas wells, did B&W actually record such a liability on its books?

A.20 No. If B&W had a legal liability to retire or remediate some of the acquired oil and gas wells, generally accepted accounting would require that B&W should have recorded the value of those wells on its books and should have recorded the related liability, such as for capping inactive wells, as an asset retirement obligation. However, a review of B&W's accounting records, including its general ledgers for 2013 and 2014, reveals that B&W has not recorded a liability for asset retirement obligations. This suggests that either B&W did not actually have such an asset retirement obligation or that B&W is not following generally accepted accounting principles.

Q.21 Please briefly explain the accounting for asset retirement obligations.

A.21 Basically, if a company has a current legal obligation to retire or remediate a property or facility, it is supposed to recognize that as an asset retirement obligation.

In June 2001, the Financial Accounting Standards Board ("FASB") promulgated Statement of Financial Accounting Standards No. 143 ("SFAS 143"). This pronouncement addresses the appropriate accounting for long-lived assets. It was effective for all fiscal years beginning after June 15, 2002. However, earlier application was encouraged. Pursuant to SFAS 143, all companies, both unregulated and regulated must review all of their long-lived assets to determine whether or not they have actual legal obligations to remove retired assets. For some plant and equipment, companies have a legal obligation to remove the asset at the end of the service life. These legal obligations for future removal are called asset retirement obligations ("AROs"). For other assets, no such obligation exists.

If a company does have an ARO, the fair value of the future retirement cost, which is determined using net present value techniques, is considered to be part of the original cost of the asset. That ARO is therefore capitalized (included in the original cost) and depreciated over the life of the asset. In essence, if a company incurs a legal liability to spend money to remove an asset at the end of its life, that liability is part of the cost of the asset.

In contrast, if a company does not have such legal obligations, the future cost of removal will not be capitalized as part of the asset cost and will not be included in depreciation expense. Only the initial cost of the asset (which does not include estimated inflated future cost of removal for which no current liability exists), will be depreciated.

At the end of the asset's life, for assets without AROs, the accumulated depreciation account will equal the plant balance. In other words, under SFAS 143, there is symmetry between assets with and without AROs. In both cases, the accumulated depreciation will equal the original cost of the asset at the end of its life.

Q.22 Did B&W follow that accounting?

A.22 No. B&W has stated that it did not record any value of the 96 oil and gas wells that were acquired with the pipeline in September 2010. Moreover, a review of B&W's accounting records, including its general ledgers for 2013 and 2014, revealed that B&W has not recorded an allocation of the initial purchase price to the 96 oil and gas wells and that B&W has not recorded a liability for asset retirement obligations on its books in either of those years for estimated costs to cap inactive oil and gas wells.

Q.23 At pages 6-7 of his testimony, Mr. Novak claims that your analysis is inconsistent with the State of Tennessee's own assessment of the pipeline for taxing purposes, and he includes a property tax appraisal that was submitted to the State by B&W in his Attachment WHN Rebuttal-3. Please respond.

A.23 What Mr. Novak fails to mention is that the State of Tennessee property tax appraisal form that he attached to his rebuttal testimony was submitted to the State by B&W and is based on B&W's accounting records, which currently reflect B&W's claim that its entire acquisition price for the 96 oil and gas wells and pipeline that were acquired in September 2010 was entirely for pipeline utility plant in service, and none of it was for an acquisition adjustment (i.e., for amounts paid in excess of the previous owner's depreciated original cost of the public utility property), and none of it was for the oil and gas wells that were producing most of the revenue and gross margin. While B&W currently reports its entire acquisition cost as utility plant, that has not yet been reviewed in a rate case, and is being challenged in the current rate case, which is B&W's first since acquiring the pipeline and the 96 oil and gas wells in September 2010.

As I have explained in my direct testimony and herein, B&W should not have recorded its entire acquisition price as pipeline plant in service, but rather should have recorded it as an acquisition adjustment, which would not be included in rate base. B&W should have also fairly allocated a portion of the acquisition price to the oil and gas wells that produced approximately 89% of B&W's gross margins in 2012.

A review of the property tax submission from B&W also reveals other questionable aspects, such as the cost of the pipeline that B&W reports is assumed by B&W to be located exactly equally in each of the three counties. This further suggests that B&W's ad valorem submission to the State may not be totally accurate. B&W's property tax submission report presented in Mr. Novak's Attachment WHN-3 shows that B&W has reported to the State that B&W has an exactly equal amount of pipeline gross investment is in each of the three counties, Fentress, Morgan and Pickett. The amounts reported on the form are apparently based on B&W's assumptions that there was no amount paid in excess of the previous owner's depreciated original cost plant, and B&W's assumption that no amount of the purchase price was assigned or allocated to acquisition adjustments, goodwill, or to the oil and gas wells that were, at the time of the acquisition, producing the vast majority of the revenue and gross margin.

I also note that question 29 on the tax form presented in Mr. Novak's Attachment WHN-3 asks: "What was the date of your last rate case?" and "Was the case heard by a state PSC or federal entity?" and "What was the return on equity granted?"

The fact that these questions are asked suggests that the answers may be important to the State in reviewing a utility's ad valorem tax report, and that a state regulatory authority decision in the utility's rate case could have an impact on the property tax assessment. Since B&W has not previously had a rate case, the assessment reported by B&W to the State, which is based on B&W's questionable recorded values that reflect no purchase price was assigned or allocated to acquisition adjustments, goodwill, or to the oil and gas wells that were, at the time of the acquisition, producing the vast majority of the revenue and gross margin, should not be controlling for ratemaking purposes.

Q.24 You mentioned that B&W reported an exactly equal amount of pipeline plant in each of the three counties, Fentress, Morgan and Pickett, as shown on page PL-3 of Attachment WHN Rebuttal-3. Is that consistent with how the previous owner reported plant and was assessed ad valorem taxes by the State of Tennessee?

A.24 No. The previous owner, which also owned Gasco Distribution Systems, Inc., the gas distribution utility to which the pipeline had previously been providing utility service, had a total assessment in 2010 of $756,000, of which $976 was in Fentress county and $227,660 was in Pickett County, and the remainder was in Campbell County, including an area in Jellico and in areas that are outside of cities. This is shown in Attachment RCS Supplemental Direct-6.

Q.25 Has B&W demonstrated that it has an exactly equal amount of pipeline plant located in Fentress, Morgan and Pickett counties, as shown on page PL-3 of Attachment WHN Rebuttal-3?

A.25 No. It appears that B&W has merely divided its total claimed pipeline asset amount by three, and allocated one-third to each of those counties. However, it seems highly unlikely that, with the different components of the pipeline which were placed into utility service at different points in time and which use different materials, e.g., some segments use steel pipe and others are polyethylene, that there could really be an exactly equal amount of pipeline assets located in each of those three counties.

Q.26 Mr. Novak in his rebuttal testimony attempts to use State of Tennessee property tax assessment information to justify B&W claim for pipeline plant in service

amounts. Did you review other State of Tennessee property tax assessment information, and please explain what inferences can be drawn from that?

A.26 Yes. During the investigation of B&W's current rate case, the CAPD obtained the Navitas TN NG, LLC State of Tennessee 2011 Ad Valorem Tax Report (see Attachment RCS Supplemental Direct-7), as well as listings of 2010 and 2011 Ad Valorem Assessments for all gas companies operating in the State (see Attachment RCS Supplemental Direct-8 and 9, respectively. The Navitas TN NG, LLC State of Tennessee 2011 Ad Valorem Tax Report reports net fixed assets for Navitas of $610,500 as of December 31, 2010, with $40,500 of that in Fentress county and $570,000 in Campbell county. See Attachment RCS Supplemental Direct-7. The 2010 and 2011 Ad Valorem Assessment summaries presented in Attachment RCS Supplemental Direct-8 and 9, respectively, show $873,000 and $330,000 for Gasco Distribution Systems, Inc. and no separate amounts for Titan Energy.

Interestingly, the 2011 ad valorem assessments for all of the other gas companies in the State of Tennessee, including Atmos Energy Corp., Chattanooga Gas Company, Counce Natural Gas Corp., and Piedmont Natural Gas Company, Inc., all show an increase in the assessment from 2010 to 2011, and only Gasco Distribution Systems, Inc., shows a decrease in assessment from 2010 to 2011. The decrease in Gasco's ad valorem tax assessment from 2010 to 2011 is $543,000 (2010 assessment of $873,000 less 2011 assessment of $330,000).

The fact that there is no property tax assessment for Titan Energy suggests that either the pipeline was not being reported by Titan Energy to the State for ad valorem tax purposes or that Titan was carrying the net depreciated original cost of the pipeline at a zero value on its books for the 2010 and 2011 assessments and thus had nothing to report.

Finally, to the extent that some of the pipeline may have been reported by Gasco in Gasco's ad valorem assessment reports, the decrease in the Gasco ad valorem assessment from $873,000 in 2010 to $330,000 in 2011 suggests that the net depreciated original cost of the pipeline in 2010 could not have been the $2,633,085 amount that is being claimed by B&W as pipeline plant in service and which is based on B&W's acquisition price, not on the previous owners depreciated original cost of the public utility property.

Q.27 At pages 7-9 of his rebuttal testimony, B&W witness Novak attempts to explain the transfer of oil and gas wells to an unregulated affiliated entity, Rugby Energy, LLC, that is under the same ownership as B&W. Please comment.

A.27 I would urge the TRA to exercise strong skepticism regarding B&W's attempt to assign no value to the oil and gas wells initially, and to B&W's subsequent transfer of those oil and gas wells to the unregulated affiliated entity under the same ownership as B&W.

Treating B&W's initial purchase price as an acquisition adjustment that is not includable in rate base because B&W has failed to meet its burden of proof as to the previous owner's depreciated original cost of the utility plant will largely mitigate this issue for purposes of the current B&W rate case and will help limit the shockingly high rate increase that B&W has requested.

In terms of affiliated transactions, however, B&W is deserving of heightened regulatory scrutiny because the level of affiliated transactions impacting this particular company has been very high. B&W transferred assets to an affiliate (Rugby) under common ownership, B&W buys gas from affiliates (Rubgy and/or Enrema), B&W transports gas its use in oil and gas production (under B&W during the test year, now apparently this will be for an affiliate), B&W accounting and tax reporting are prepared and overseen by an affiliate (Enrema), and B&W is managed by an affiliate (Enrema). Affiliated transactions thus affect virtually every aspect of B&W's operations.

Q.28 Please summarize your recommendation concerning the amount of pipeline plant that should be included in rate base.

A.28 As shown on Exhibit RCS-1, Schedule B, filed with my direct testimony, the rate base for pipeline plant in service should only reflect the cost of additions made after B&W obtained ownership. B&W's acquisition price should be treated as an acquisition adjustment because B&W has failed to meet its burden of proof in establishing the previous owner's depreciated original cost at the time of the ownership transfer. Available information, such as the apparent complete lack of annual reports filed by the previous owner, Titan Energy, with the TRA, and scrutiny of information filed by the TRA from Gasco, as well as the available State of Tennessee property tax information from the previous owner, all supports using a zero amount as the net depreciated original cost of the pipeline plant at the time it was acquired by B&W.

II. AFFILIATE OPERATOR FEE

Q.29 Mr. Novak, at pages 9-12, addresses the Operator Fee that is charged to B&W by an affiliate. He claims that an allocated Operator Fee of $11,375 should be used, and that your recommendation of a 20% allocation is arbitrary. Please respond.

A.29 The total Operator Fee which is charged to B&W by an affiliate, Enrema, is $273,000 per year. B&W proposes to allocate 50% of it to utility operations and the other 50% to non-utility operations ($11,375 per month x 12 months is $136,500, which is 50% of the total Operator Fee is $273,000 per year). The information provided by B&W through the discovery process was reviewed, and the Company's proposed allocation of this affiliated charge to utility operations is being challenged. A review of B&W's general ledgers for 2013 and 2014 indicates significant activity for non-regulated activity, such as most of the $486,216 of well improvements since B&W acquired the oil and gas wells form the previous owner. Additionally, since B&W's acquisition of the oil and gas wells and pipeline, most of B&W's revenue and net margins have been from oil and gas sales and royalties. Those revenues and net margins from oil and gas operations have far outweighed B&W's historical revenue from Navitas for gas transportation services. Thus, a one-fifth allocation (i.e., 20%) for this affiliated charge is being recommended instead of the Company's proposed 50%.

III. COSTS FOR OBTAINING CERTIFICATE

Q.30 At pages 12-13 of his rebuttal testimony, B&W witness Novak indicates that the Company does not object to capitalizing and deferring test period costs to obtain its CCN, but proposes an amortization period of 60 months. Mr. Novak also

claims that you provided no basis for proposing to amortize the CCN costs over a longer period. Please respond.

A.30 The costs to obtain the CCN are similar to organizational costs because B&W could not provide utility service in the state without a CCN. The costs to obtain the CCN that were recorded by B&W during the test year will not be incurred annually by B&W and thus should be removed from the test year and amortized over an appropriate period, such as the period benefitted by the CCN or the useful life of the CCN. While I used a 20 year life for that amortization in my direct testimony, the useful life of the CCN could thus be viewed as the entire period during which B&W would be providing gas pipeline transportation service as a public utility in Tennessee. As described earlier in my Supplemental Direct testimony, B&W is using a depreciation rate for the pipeline of 3.33%, which suggests a 30 year useful life for the pipeline. A case could be made for amortizing B&W's costs to obtain the CCN over the same period as the pipeline's useful life since both would be used in providing the public utility service during that period.

Q.31 At page 13 of his rebuttal testimony, Mr. Novak suggests that the legal and regulatory costs to obtain the CCN are the same type of legal and regulatory costs as a rate case, and thus should be amortized over the same period as rate case costs. Do you agree with Mr. Novak's proposed amortization period for the CCN costs?

A.31 No. The CCN has benefit to B&W beyond a single rate case filing cycle. A longer amortization period approximating the anticipated useful life of the CCN, which is similar to an organizational cost, should be used. While my direct testimony used a period of 20 years for that amortization, a case could be made for using the same period that is being used for the depreciation of the pipeline, which is the primary utility asset that B&W has will be using to provide the public utility service.

IV. THROUGHPUT

Q.32 How far apart are the CAPD and the B&W throughput estimates?

A.32 Mr. Novak's rebuttal testimony, at page 15, shows 212,628 Mcf in the CAPD attrition period (i.e., 2016) throughput forecast and 210,235 Mcf in B&W's Updated forecast. B&W's update is 2,393 Mcf below the CAPD amount presented in my direct testimony. In percentage terms, the 2,393 Mcf difference is approximately a 1.1% variance based on either the CAPD or B&W updated throughput forecasts.

Q.33 At pages 13-16, of his rebuttal testimony, Mr. Novak addresses the estimates of throughput. At page 15, he claims that you provided no discussion of the rationale or basis for using specific throughput levels in your direct testimony. Please explain why you used the throughput levels reflected in your direct testimony.

A.33 Concerning the throughput estimates for Navitas, as the TRA is aware, Navitas' responded to a discovery request from the TRA with Navitas' best estimates of Navitas' gas sales in 2016 to be supplied through the B&W pipeline. That response contained the estimates of 45,178 Mcf to existing Navitas customers, and estimates for new Navitas business customers located in Kentucky of 108,000 Mcf for customer 1 and 12,000 for customer 2. The estimates of throughput were further discussed with Navitas (and with B&W) prior to B&W's rebuttal filing. The estimates provided by

Navitas in response to the TRA information request were believed to represent the best information available at the time my direct testimony was prepared, so I used them.

During discussions with B&W and Navitas, it became clear that Navitas is not B&W's only customer for gas transportation service. B&W also has a significant quantity of "intercompany" transport related to transporting gas through the B&W pipeline to for use by B&W's "intercompany" operations in oil production. B&W provided a specific estimate of that "intercompany" transportation volume, 47,450 Mcf. This is shown in Mr. Novak's rebuttal testimony at pages 14-15, and that specific quantity of 47,450 Mcf for "B&W Pipeline Intercompany Transport" appears at the top of page 14 of Mr. Novak's rebuttal testimony. Mr. Novak's Table 2 on pages 14-15 of his rebuttal testimony shows that same quantity of 47,450 in both the "B&W Pipeline" and "CAPD" columns, suggesting that there had been agreement between B&W and CAPD concerning that level through the filing of CAPD's testimony. However, B&W has now attempted to lower that quantity in its rebuttal testimony to 29,824 Mcf. This lowered estimate of its own intercompany throughput by B&W was not to my knowledge previously disclosed by B&W prior to its filing of rebuttal testimony.

Q.34 What reservations and concerns do you have regarding the B&W updated throughput level for B&W affiliated intercompany transportation volumes?

A.34 In footnote 20 on page 14 of his rebuttal testimony, Mr. Novak states that the Company's new intercompany throughput amount of 29,824 is based on an annualization of 14,912 Mcf for the first six months of 2015. However, Mr. Novak's rebuttal provides no monthly details for that six month period. Nor does he provide monthly details for intercompany throughput for the 12 months ending June 2015. The lack of monthly information in Mr. Novak's rebuttal makes it difficult to analyze whether his new proposed annualization of 14,912 Mcf for the first six months of 2015 that is presented in his rebuttal, and which reflects a downward adjustment from B&W's previous estimate of intercompany throughput of 47,450 is appropriate and/or how and whether the 14,912 Mcf six month amount he used reflected any seasonal impacts.

V. RATE DESIGN

Q.35 What did Mr. Novak propose for rate design in B&W's application and his direct testimony.

A.35 He proposed a volumetric, per-Mcf charge of $3.69 per Mcf. That represented an increase of $3.09 per Mcf over the current rate of $0.60 per Mcf, or an increase of over 500%.

Q.36 What does Mr. Novak now propose for rate design in his rebuttal?

A.36 In his rebuttal, Mr. Novak has done a complete 180 turn on the Company's proposed rate design. While in his direct testimony he proposed an entirely volumetric rate, the $3.69 per Mcf; in his rebuttal, he now proposes a fixed charge of $1,719 per day, of which he proposed to charge $1,479 to Navitas per day and $240 to B&W's affiliates for "intercompany" transportation. In his rebuttal, he now also proposes a Sales Adjustment Mechanism ("SAM") which would adjust B&W's rates for differences between annual sales volumes and the sales volumes adopted in the current rate case.

Q.37 What would Mr. Novak's proposal charge to Navitas and to the B&W affiliates per year for gas transportation service?

A.37 His proposal would charge $539,835 to Navitas and $87,600 to the B&W affiliates, for a total of $627,435.

Q.38 How does that compare with current rates?

A.38 Using the per-Mcf equivalent, based on his use of the 180,411 Mcf and 29,824 Mcf throughput estimates for Navitas and the B&W affiliates stated on page 21 of his testimony, dividing the $539,835 to Navitas by the 180,411 Mcf of Navitas throughput equates to an equivalent rate of $2.99 per Mcf. Similarly, dividing the $87,600 to Navitas by the 29,824 Mcf of B&W affiliate throughput equates to an equivalent rate of $2.94 per Mcf. Compared with the current rate of $0.60 per Mcf, this is an increase of $2.39 or 399% for Navitas and $2.34 or 390% for the B&W affiliates.

Q.39 Do you agree with Mr. Novak's rate design proposal?

A.39 No. Mr. Novak has failed to justify a drastic rate design change from a 100% volumetric rate to a fixed charge per day.

Q.40 Do you oppose a movement toward a mixture of fixed and variable charges?

A.40 No. In fact, in fact the rate design proposed in my direct testimony moves to the use of a combination of fixed and variable charges. However, unlike B&W's proposal, my recommendation reflects sensitivity to the costs and size of the rate increase, and applies the rate design principle of gradualism, and thus avoids implementing drastic changes all at once and in a manner that avoids the rate shock impact inherent in B&W's proposals.

Q.41 Do you agree with Mr. Novak's proposed SAM?

A.41 No. The difference between B&W's updated throughput forecast of 210,235 Mcf and the forecast used in my direct testimony for the CAPD of 212,628 Mcf is only 2,393

Mcf, a variance of approximately 1.1%. A one percent variance in sales forecasts is insufficient to justify needing a new sales tracker and adjustment mechanism. I therefore recommend that Mr. Novak's proposed SAM be rejected.

Q.42 Are there additional reasons by Mr. Novak's proposed rate design of fixed charge per-day amounts and a SAM should be rejected?

A.42 Yes. The Company's new rate design proposals are being presented for the first time in the Company's rebuttal filing and thus entail an element or procedural unfairness. Had such recommendations been presented by B&W's original application, two rounds of discovery and additional discussions could have been undertaken; however, with the first presentation of drastically different rate design proposals in rebuttal, that level of discovery is not available.

Second, these new rate design proposals appear to be a thinly veiled attempt by B&W to shift all risks related to fluctuations in pipeline throughput away from B&W and to place those risks on customers. Currently, B&W's rates are exclusively based on the volume of gas that is transported by B&W through the pipeline. Shifting to completely fixed charge rates, and especially if coupled with a sales tracking adjustor mechanism, would shift virtually all risks from fluctuating gas throughput onto B&W's customers. B&W's authorized rate of return may need to be reduced to below the 8.5% used in the CAPD direct testimony filing in order to reflect a reduction in risk to B&W from these new B&W rate design proposals, which were not presented in B&W's direct filing and were not known to the CAPD prior to B&W's rebuttal filing.

Third, B&W's proposal to use only a fixed charge rate appears to be inconsistent with the use of the B&W pipeline. When a utility gas transmission system is utilized both to provide access to gas supplies, as B&W's pipeline is, as well as to provide gas throughput on days of maximum demand, the industry has generally recognized that the exclusive use of a demand-based cost allocation system and rate design is disfavored and that a combination of usage and demand-based factors should be applied instead. A demand only cost of service allocation and rate design would not be appropriate for B&W because it does not properly assign costs to cost causers. B&W's gas transmission system is designed both to meet customer demand for gas and to provide access to gas supplies. B&W's gas transmission pipeline system provides a commodity function by providing access to gas supplies located near or adjacent to the northeastern Tennessee area where B&W's pipeline is located. The appropriate allocation and cost assignment that is used for cost of service allocation and rate design should thus recognize that the B&W Pipeline functions to serve both an annual gas supply need and a peak gas demand need. This applies to B&W's gas transmission pipeline and thus appropriately assigns costs to the cost causers on a combination of usage (Mcf-based charges) and demand (fixed charges).

In summary, the Company's new proposal in rebuttal to use exclusively fixed charges for its entire revenue requirement is not appropriate and should be rejected in favor of the combination of usage (per Mcf-based) charges and demand-related or fixed charges. The recommended rate design presented with my direct testimony on Exhibit RCS-1, Schedule E, page 1, should be used to allow B&W a reasonable opportunity to recover the revenue requirement shown on that page.

Q.43 In preparing your recommended rate design on Exhibit RCS-1, Schedule E, that was filed with your direct testimony, were you aware of certain minimum amounts which were obtained informally from Navitas?

A.43 Yes. The recommended rate design presented on Exhibit RCS-1, Schedule E, that was filed with my direct testimony made use of information that had been obtained informally from Navitas concerning minimum quantities under Navitas' agreement to supply gas to a large industrial customer that was stated to have dual fuel capability.

Q.44 Does this complete your supplemental direct testimony?

A.44 Yes.

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-1

TN Regulatory Authority, Utilities Division, March 7, 2010, Gasco Distribution Systems, Inc. Annual Report for Reporting Year 2009

RECEIVED

MAR 0 7 2010

TN REGULATORY AUTHORITY
UTILITIES DIVISION

STATE OF Ohio

COUNTY OF Muskingum

We the undersigned............................Fred A. Steele, President and Treasurer..
and................Trina L. King, Secretary..
of the.................Gasco Distribution Systems, Inc..
on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers and records of said utility; that we have carefully examined the same, and declare the same to be a correct statement of the business and affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.

Fred A Steele
(Chief Officer)

Trina L King
(Officer in charge of accounts)

Subscribed and sworn to before me this 30th
day of April, ~~19~~ 2010
Notary Public, Twila D Wright County, Muskingum
My commission will expire May 15 2010

(Seal)

TWILA D. WRIGHT
Notary Public, State of Ohio
My Commission Expires May 15, 2010

Name of Respondent: Gasco Distribution Systems, Inc.	This report is : (1) _X_ An Original (2) __ A Resubmission	Date of Report 12/31/2009	Reporting Year 2009

Report of: Gasco Distribution Systems, Inc.
Legal Name of Utility

Mailing Address: 4445 East Pike, Zanesville, Ohio 43701

Physical Address: Campbell & Pickett Counties

Location of where records are kept: 4445 East Pike, Zanesville, Ohio 43701

List name, title, and mailing address of contact person for this utility:

Trina L. King, Secretary

4445 East Pike, Zanesville, Ohio 43701

Phone Number of contact person:
(740) 454-8871 Extension 113

Fax number of contact person:
(740) 454-7780

OFFICERS & MANAGERS

NAME	TITLE	Company responsibilities
Fred A. Steele	President	
Trina L. King	Secretary	

OWNERSHIP

Report every corporation or individual owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility.

Owner name	Address	Percent Ownership In Utility	Salary Charged Utility	Meetings Attended During Year
Fred A. Steele	240 Barrington Ridge Road New Concord, Ohio 43762	53.06	$59,942.88	1
Kenneth D. Magyar	1750 Gerard Circle Zanesville, Ohio 43701	20.41	$0.00	1
Charles D. Hercher	13 Bay Colony Terrace Fairfield Glade, TN 38558	20.41	$0.00	1

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) _X_ An Original (2) __ A Resubmission	12/31/09	2009

INCOME STATEMENT	Reference Page #	Col. "C" This Year	Col. "D" Last Year	Col. "E" Increase or (Decrease)
UTILITY OPERATING INCOME				
Operating Revenues (400)	G-1	609,602.83	816,682.10	(207,079.27)
Operation Expense (401)	G-1	792,694.93	978,253.15	(185,558.22)
Maintenance Expense (402)	G-1	-	-	-
Depreciation Expense (403)	G-1	65,135.72	66,645.37	(1,509.65)
Amortization Expense (404-406)	G-1	58.48	58.48	-
Amortization of Property Losses & Conversion Expenses (407)	G-1	-	-	-
Taxes Other than Income Taxes, Operating Income (408.1)	G-1	14,132.13	41,027.96	(26,895.83)
Income Taxes, Utility Operating Income (409.1)	G-1	-	-	-
Provision for Deferred Inc. Taxes, Oper. Inc. (410.1)	G-1	-	-	-
Income Taxes Deferred In Prior Years-Cr. (411.1)	G-1	-	-	-
Investment Tax Credits, Deferred to Future Periods (412.1)	G-1	-	-	-
Investment Tax Credits, Restored to Operating Income (412.2)	G-1	-	-	-
Total Operating Expenses		872,021.26	1,085,984.96	(213,963.70)
Operating Income		(262,418.43)	(269,302.86)	6,884.43
Income from Utility Plant Leased to Others (413)		-	-	-
Gains (losses) from Disposition of Utility Property (414)		-	-	-
Total Operating Income		(262,418.43)	(269,302.86)	6,884.43
OTHER INCOME AND DEDUCTIONS				
Other Income:				
Income from Merchandising and Jobbing (415-416)		-	-	-
Income from Nonutility Operations (417)		-	-	-
Nonoperating Rental Income (418)		-	-	-
Interest and Dividend Income (419)		-	-	-
Allowance for Funds Used During Construction (420)		-	-	-
Miscellaneous Nonoperating Income (421)		-	-	-
Gains (losses) from Disposition of Property (422)		-	-	-
Total Other Income		-	-	-
Other Income Deductions:				-
Miscellaneous Amortization (425)		-	-	-
Miscellaneous Income Deductions (426)		7,993.59	21,824.18	(13,830.59)
Total Other Income Deductions		7,993.59	21,824.18	(13,830.59)
Taxes Applicable to Other Income and Deductions:				-
Taxes Other than Income Taxes, Other Inc. and Ded. (408.2)		-	-	-
Income Taxes, Other Income and Deductions (409.2)		-	-	-
Provisions for Deferred Inc. Taxes, Nonoperating Inc. (410.2)		-	-	-
Income taxes Deferred in Prior Years-Cr. (411.2)		-	-	-
Investment Tax Credits, Nonutility Operations, Net (412.4)		-	-	-
Investment Tax Credits, Restored to Nonoperating Income (412.3)		-	-	-
Total Taxes on Other Income and Deductions		-	-	-
Net Other Income and Deductions		7,993.59	21,824.18	(13,830.59)
INTEREST CHARGES				-
Interest on Long-Term Debt (427)		-	-	-
Amortization of Debt Discount and Expense (428)		-	-	-
Amortization of Premium on Debt-Cr. (429)		-	-	-
Interest on Debt to Associated Companies (430)		-	-	-
Other Interest Expense (431)		12,827.59	47,519.05	(34,691.46)
Total Interest Charges		12,827.59	47,519.05	(34,691.46)
Income Before Extraordinary Items		(283,239.61)	(338,646.09)	55,406.48
EXTRAORDINARY ITEMS				-
Extraordinary Income (433)		-	-	-
Extraordinary Deductions (434)		-	-	-
Income Taxes, Extraordinary Items (409.3)		-	-	-
Total Extraodinary Items		-	-	-
NET INCOME		(283,239.61)	(338,646.09)	55,406.48

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) X An Original (2) __ A Resubmission	12/31/09	2009

BALANCE SHEET ASSETS AND OTHER DEBITS	Reference Page #	Col. "C" Balance First of Year	Col. "D" Balance End of Year	Col. "E" Increase or (Decrease)
UTILITY PLANT				
Utility Plant (100)	F-6	1,847,200.75	1,845,923.80	1,276.95
Less: Accum Prov. for Deprec. and Amort. (110)	F-6	(831,180.81)	(896,375.01)	65,194.20
Net Utility Plant		1,016,019.94	949,548.79	66,471.15
OTHER PROPERTY AND INVESTMENTS				
Nonutility Property (121)	F-6	-	-	-
Less: Accum. Prov. for Deprec. and Amort. (122)	F-6	-	-	-
Net Nonutility Property		-	-	-
Other Investments (124)	F-7	-	-	-
Special Funds (125)	F-7	-	-	-
Other (Please Specify)		15,848.00	22,070.00	(6,222.00)
Total Other Property and Investments		15,848.00	22,070.00	(6,222.00)
CURRENT AND ACCRUED ASSETS				
Cash and Working Funds (131)		-	-	-
Temporary Cash Investments (132)		-	-	-
Notes Receivable (141)	F-7	-	-	-
Customer Accounts Receivable (142)	F-7	132,081.58	87,461.64	44,619.94
Other Accounts Receivable (143)	F-7	-	-	-
Accumulated Provisions for Uncollectible Accounts-Cr (144)	F-7	-	-	-
Notes Receivable from Associated Companies (145)	F-7	-	-	-
Accounts Receivable from Associated Companies (146)	F-7	71,116.80	117,191.43	(46,074.63)
Materials & Supplies (150)	F-8	15,252.08	15,491.13	(239.05)
Gas Stored Underground (164)		-	-	-
Liquefied Natural Gas Stored (165)		-	-	-
Prepayments (166)	F-8	4,611.99	5,704.05	(1,092.06)
Other Current and Accrued Assets (170)		50,776.22	-	50,776.22
Over Payment of Taxes		-	-	-
Other (Please Specify)		-	-	-
Total Current and Accrued Assets		273,838.67	225,848.25	47,990.42
DEFERRED DEBITS				
Unamortized Debt Discount and Expense (181)	F-8	-	-	-
Extraordinary Property Losses (182)	F-8	-	-	-
Other Deferred Debits (183)	F-8	-	-	-
Other (Please Specify)		-	-	-
Other (Please Specify)		-	-	-
Total Deferred Debits		-	-	-
TOTAL ASSETS & OTHER DEBITS		1,289,858.61	1,175,397.04	114,461.57

NOTES TO BALANCE SHEET:

Name of Respondent Gasco Distribution Systems. Inc.	This Report is: (1) _X_ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2009	Year of Report 2009

BALANCE SHEET LIABILITIES & OTHER CREDITS	Page #	Col. "C" Balance First of Year	Col. "D" Balance End of Year	Col. "E" Increase or (Decrease)
PROPRIETARY CAPITAL				
Common Capital Stock (201)	F-9	-	-	-
Preferred Capital Stock (204)	F-9	-	-	-
Other Paid-In Capital (207)		-	-	-
Installments Received on Capital Stock (212)		-	-	-
Discount on Capital Stock (213)		-	-	-
Capital Stock Expense (214)		-	-	-
Retained Earnings (215-216)	F-9	(2,389,325.58)	(2,672,565.19)	(283,239.61)
Reacquired Capital Stock (217)		-	-	-
Noncorporate Proprietorship (218)		-	-	-
Other (Please Specify)		-	-	-
Other (Please Specify)		-	-	-
Total Proprietary Capital		(2,389,325.58)	(2,672,565.19)	(283,239.61)
LONG-TERM DEBT				
Bonds (221)	F-9	-	-	-
Advances from Associated Companies (223)	F-9	-	-	-
Other Long-term Debt (224)	F-9	372,607.18	366,086.74	(6,520.44)
Total Long-Term Debt		372,607.18	366,086.74	(6,520.44)
CURRENT & ACCRUED LIABILITIES				
Notes Payable (231)	F-10	236,936.03	231,288.86	(5,647.17)
Accounts Payable (232)		140,643.53	78,936.22	(61,707.31)
Notes Payable to Associated Companies (233)	F-10	-	-	-
Accounts Payable to Associated Companies (234)	F-10	2,666,050.58	2,855,250.29	189,199.71
Customer Deposits (235)		12,700.00	6,175.00	(6,525.00)
Taxes Accrued (236)	F-10	128,698.84	134,042.99	5,344.15
Interest Accrued (237)	F-11	105.31	102.63	(2.68)
Other Current and Accrued Liabilities (238)		-	54,636.78	54,636.78
Total Current & Accrued Liabilities		3,185,134.29	3,360,432.77	175,298.48
DEFERRED CREDITS				
Unamortized Premium on Debt (251)	F-8	-	-	-
Customer Advances for Construction (252)		-	-	-
Other Deferred Credits (253)		-	-	-
Accumulated Deferred Investment Tax Credits (255)	F-11	-	-	-
Total Deferred Credits		-	-	-
OPERATING RESERVES				
Property Insurance Reserve (261)		-	-	-
Injuries & Damages Reserve (262)		-	-	-
Pensions & Benefits Reserve (263)		-	-	-
Miscellaneous Operating Reserves (265)		-	-	-
Total Operating Reserves		-	-	-
CONTRIBUTIONS IN AID OF CONSTRUCTION				
Contributions In Aid of Construction	F-10	6,250.00	6,250.00	-
ACCUMULATED DEFERRED INCOME TAXES				
Accumulated Deferred Income Taxes-Accelerated Amortization (281)		-	-	-
Accumulated Deferred Income Taxes-Liberalized Depreciation (282)		-	-	-
Accumulated Deferred Income Taxes-Other (283)		115,192.72	115,192.72	-
Total Accumulated Deferred Income Taxes		115,192.72	115,192.72	-
TOTAL LIABILITIES AND OTHER CREDITS		1,289,858.61	1,175,397.04	(114,461.57)

Name of Respondent	This Report is:	Date of Report	Year of Report
Gasco Distribution Systems, Inc.	(1) _X_ An Original (2) __ A Resubmission	12/31/2009	2009

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after any allocation of common plant accounts and related provisions for depreciation and amortization.

	Column "B" Amount
Plant Accounts:	
Utility Plant in Service (101)	$ 1,845,923.80
Utility Plant Purchased or Sold (102)	$ -
Utility Plant In Process of Reclassification (103)	$ -
Utility Plant Leased to Others (104)	$ -
Property Held for Future Use (105)	$ -
Construction Work in Progress (107)	$ -
Utility Plant Acquisition Adjustments (108)	$ -
Other Utility Plant Adjustments (109)	$ -
Total Utility Plant	$ 1,845,923.80
Accumulated Provision for Depreciation, Depletion, and Amortization of Utility Plant	$ (896,375.01)
Net Utility Plant	$ 949,548.79

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

	Amount
Balance first of Year	$ (831,180.81)
Credits During Year:	
Accruals charged depreciation account	$ (65,135.72)
Accruals charged other accounts-Amortization	$ (58.48)
Accruals charged other accounts (Please Specify)	$ -
Salvage	$ -
Other Credits -To adjust books	$ -
Total Credits During Year	$ (65,194.20)
Debits During Year:	
Book Cost of Plant Retired	$ -
Cost of Removal	$ -
Other Debits (Please Specify)	$ -
Other Debits (Please Specify)	$ -
Other Debits (Please Specify)	$ -
Total Debits During Year	$ -
Balance End of Year	$ (896,375.01)

NET NONUTILITY PROPERTY (Accounts 121 and 122)

Report separately each item of property with a book cost of $5,000 or more included in Account 121. Other items may be grouped by classes of property.

Description	Balance First of Year	Additions During Year	Deductions During Year	Balance end of Year
Item 1	-	-	-	$ -
Item 2	-	-	-	$ -
Item 3	-	-	-	$ -
Item 4	-	-	-	$ -
Item 5	-	-	-	$ -
Item 6	-	-	-	$ -
Item 7	-	-	-	$ -
Total Nonutility Property (121)	-	-	-	$ -
Less Accum. Depr. and Amort. (122)	-	-	-	-
Net Nonutility Plant	-	-	-	-

Name of Respondent	This Report is:	Date of Report	Year of Report
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OTHER INVESTMENTS AND SPECIAL FUNDS

Report all Investments carried in Account 124, Other Investments, and Account 125, Special Funds. Show totals by accounts.

Description of Security or Special Fund	Face or Par Value	Col. "C" Book Cost End of Year
Total		$ -

NOTES AND ACCOUNTS RECEIVABLE

Report notes and accounts receivable included in Accounts 141, 142, 143, 145, and 146.

Account	Col. "C" Amount
Notes Receivable (141)	$ -
Customer Accounts Receivable - Utility (142)	$ 87,461.64
Customer Accounts Receivable - Merchandise & Jobbing (142)	$ -
Other Accounts Receivable (143)	$ -
Notes Receivable from Associated Companies (145)	$ -
Accounts Receivable from Associated Companies (146)	$ 117,191.43
Total	$ 204,653.07

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Account 144)

	Amount
Balance First of Year	$ -
Additions:	
Provision for Uncollectibles During Year	$ -
Collection of Utility Accounts Previously Written Off	$ -
Collection of Other Accounts Previously Written Off	$ -
Total Additions	$ -
Deductions:	
Utility Accounts Written Off During Year	$ -
Other Accounts Written Off During Year	$ -
Total Deductions	$ -
Balance End of Year	$ -

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MATERIALS AND SUPPLIES (Account 150)

	Column "A" Balance End of Year
Fuel	$ -
Gas Plant Materials & Operating Supplies	$ 15,491.13
Merchandise	$ -
Other Materials & Supplies	$ -
Total Materials and Supplies	$ 15,491.13

PREPAYMENTS (Account 166)

	Balance End of Year
Prepaid Insurance	$ 5,077.08
Prepaid Rents	$ 250.00
Other Prepayments-Office Machine Maintenance	$ 376.97
Other Prepayments (Please Specify)	$ -
Other Prepayments (Please Specify)	$ -
Total Prepayments	$ 5,704.05

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM OF DEBT

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related	Column "B" Amount written off during year	Column "C" Balance End of Year
Unamortized Debt Discount and Expense (181):		
Issue #1	$ -	$ -
Issue #2	$ -	$ -
Issue #3	$ -	$ -
Issue #4	$ -	$ -
Issue #5	$ -	$ -
Total Unamortized Debt Discount and Expense	$ -	$ -
Unamortized Premium on Debt (251):		
Issue #1	$ -	$ -
Issue #2	$ -	$ -
Issue #3	$ -	$ -
Issue #4	$ -	$ -
Issue #5	$ -	$ -
Total Unamortized Premium on Debt	$ -	$ -

MISCELLANEOUS DEFERRED DEBITS

Name of Account and Description of Item	Balance End of Year
Extraordinary Property Losses (182)	$ -
Other Deferred Debits (183)	$ -
Other (Please Specify)	$ -
Other (Please Specify)	$ -
Total Miscellaneous Deferred Debits	$ -

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
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CAPITAL STOCK (Accounts 201 and 204)

	Column "B" Common Stock	Column "C" Preferred Stock
Par or Stated Value per Share	$ -	$ -
Total Par Value Provided In Articles of Incorporation	$ -	$ -
Total Par Value Issued	$ -	$ -
Dividends Declared per Share for Year	$ -	$ -

RETAINED EARNINGS (Accounts 215 and 216)

	Appropriated Account 215	Unappropriated Account 216
Balance First of Year	$ -	$(2,389,325.58)
Balance Transferred From Income (435)	$ -	$ (283,239.61)
Appropriations of Retained Earnings (436)	$ -	$ -
Dividends Declared - Preferred Stock (437)	$ -	$ -
Dividends Declared - Common Stock (438)	$ -	$ -
Adjustments to Retained Earnings (439)	$ -	$ -
Balance End of Year	$ -	$(2,672,565.19)

Please detail entries in Account 439 below:

LONG-TERM DEBT (Accounts 221, 223, and 224)

Report information for each separate issue of debt and total for each account. Show principal amount to which each interest rate applies.

Description of Obligation	Nominal Date of Issue	Date of Maturity	Column "D" Interest Rate	Column "E" Balance End of Year
Pickett County, Tennessee	9/1/1997	9/7/2037	$ -	$ 365,000.00
Ford Motor Credit	3/1/2005	2/28/2010	$ -	$ 1,086.74
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
			$ -	$ -
Total				$ 366,086.74

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
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NOTES AND ACCOUNTS PAYABLE (Accounts 231, 233, and 234)

Description	Date of Issue	Interest Rate	Amount Column "D"
Notes Payable (Account 231):			
NOTE PAYABLE-Campbell County, Tennessee			$ 231,288.86
NOTE PAYABLE-			$ -
NOTE PAYABLE-			$ -
NOTE PAYABLE-			$ -
Issue #5			$ -
Total Notes Payable			$ 231,288.86
Notes Payable to Associated Companies (233):			
Issue #1			0
Issue #2			0
Issue #3			0
Issue #4			0
Issue #5			0
Total Notes Payable to Associated Companies			0
Accounts Payable to Associated Companies (234):			
A/P-The Titan Energy Group, Inc.			$ 262,775.75
A/P-GDSI Subsidiaries			$2,592,474.54
			$ -
Payable #4			$ -
Payable #5			$ -
Total Accounts Payable to Associated Companies			$2,855,250.29

TAXES ACCRUED (Account 236)

	Balance First of Year	Accruals	Payments	Balance End of Year
Tennessee Franchise Tax	$ 45,850.00	$ -	$ -	$ 45,850.00
Tennessee Excise Tax	$ -	$ -	$ -	$ -
Tennessee Ad Valorem Tax	$ -	$ -	$ -	$ -
Tennessee Gross Receipts Tax	$ -	$ -	$ -	$ -
Tennessee Sales Tax	$ 6,885.06	$ 8,634.27	$ 9,155.00	$ 6,364.33
Social Security Tax	$ -	$ -	$ -	$ -
Federal Income Tax	$ -	$ -	$ -	$ -
Tennessee Income Tax	$ -	$ -	$ -	$ -
Accrued City Tax	$ 28,880.05	$ 5,864.88	$ -	$ 34,744.93
Property Taxes	$ 47,083.73	$ -	$ -	$ 47,083.73
Total	$ 128,698.84	$ 14,499.15	$ 9,155.00	$ 134,042.99

CONTRIBUTIONS IN AID OF CONSTRUCTION (Account 271)

Description	Amount Column "B"
Balance First of Year	$ 6,250.00
Add Credits During Year	$ -
Deduct Charges During Year	$ -
Balance End of Year	$ 6,250.00

Provide Details of any Credits to Contributions in Aid of Construction in the space below.

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INTEREST ACCRUED (Account 237)

Description of Obligation	Col. "B" Balance First of Year	Col. "C" Interest Accrued	Col. "D" Interest Paid	Col. "E" Balance End of Year
Customer Deposits	$ 105.31	$ 102.13	$ 104.81	$ 102.63
Obligation #2	$ -	$ -	$ -	$ -
Obligation #3	$ -	$ -	$ -	$ -
Obligation #4	$ -	$ -	$ -	$ -
Obligation #5	$ -	$ -	$ -	$ -
Obligation #6	$ -	$ -	$ -	$ -
Obligation #7	$ -	$ -	$ -	$ -
Obligation #8	$ -	$ -	$ -	$ -
Obligation #9	$ -	$ -	$ -	$ -
Obligation #10	$ -	$ -	$ -	$ -
Total	$ 105.31	$ 102.13	$ 104.81	$ 102.63

INCOME FROM MERCHANDISING, JOBBING AND CONTRACT WORK (Accounts 415-416)

Particulars	Amount
Gross Sales	$ -
Less Deductions:	
Discounts and Allowances	$ -
Merchandise Returns	$ -
Other (Please Specify)	$ -
Other (Please Specify)	$ -
Total Deductions	$ -
Net Sales	$ -
Cost of Merchandise Sold	$ -
Gross Profit from Sales	$ -
Less Expenses (List by Major Classes)	
Expense #1	$ -
Expense #2	$ -
Expense #3	$ -
Expense #4	$ -
Expense #5	$ -
Total Expenses	$ -
Net Income (Loss) Before Taxes	$ -

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Description	Balance Beg of Year	Charges During Year	Credits During Year	Balance End of Year
Utility	$ -	$ -	$ -	$ -
Non Utility	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

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OTHER INCOME

Report revenues and expenses relating to accounts 413, 414, 417, 418, 419, 421, & 422 before taxes.

Description of Income or Expense	Revenues	Expenses	Net Income
Income from Utility Plant Leased to Others (413)	$ -	$ -	$ -
Gains (Losses) from Disposition of Utility Property (414)	$ -	$ -	$ -
Income from Nonutility Operations (417)	$ -	$ -	$ -
Nonoperating Rental Income (418)	$ -	$ -	$ -
Interest and Dividend Income (419)	$ -	$ -	$ -
Miscellaneous Nonoperating Income (421)	$ -	$ -	$ -
Gains (Losses) from Disposition of Property (422)	$ -	$ -	$ -
Total Other Income	$ -	$ -	$ -

MISCELLANEOUS INCOME DEDUCTIONS

Report items included in accounts 425 and 426 and totals for each account.

Description of Item	Amount
Miscellaneous Amortization (425):	
Amortization of Utility Plant Acquisition Adjustments	$ -
Amortization of Unauthorized Extraordinary Property Losses	$ -
Amortization of Capital Stock Discount or Expenses	$ -
Other (Please Specify)	$ -
Other (Please Specify)	$ -
Total Miscellaneous Amortization	$ -
Miscellaneous Income Deductions (426):	
Charitable, Social, and Community Welfare Donations	$ -
Utility Benificiary Life Insurance Premiums on Employees (Net)	$ -
Regulation Penalties and Fines	$ -
Lobbying Expenses	$ -
Write-off's and Write-down's of investments in securities	$ -
Loss on sale of Investments	$ -
Loss on reacquisition, resale or retirement of utility's debt securities	$ -
Preliminary Survey & Investigation expenses relating to abandoned projects	$ -
Officers Life Insurance	$ 7,993.59
Penalties	$ -
Total Miscellaneous Income Deductions	$ 7,993.59

SALARIES AND WAGES

Report total compensation paid each employee earning over $30,000 annually either directly or indirectly through allocations to the utility.

Name	Title	Total Wages	Locally Allocated Wages
Jerry L. Walker	Manager	$ 38,942.75	$ 38,942.75
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
Total		$ 38,942.75	$ 38,942.75

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GAS OPERATING REVENUES AND EXPENSES

	Column "B" MCF/DKT Sold	Column "C" Average No. of Customers	Column "D" Revenues
OPERATING REVENUES - SALES OF GAS			
Residential Sales (480)	17,869.00	428.00	$ 220,282.74
Commercial Sales (481.1)	16,401.00	120.00	$ 205,127.57
Industrial Sales (481.2)	14,720.00	8.00	$ 169,290.15
Sales for Resale (483)	-	-	$ -
Interdepartmental Sales (484)	-	-	$ -
Total Sales of Gas	48,990.00	556.00	$ 594,700.46
OTHER GAS REVENUES			
Forfeited Discounts (487)			$ 10,404.83
Miscellaneous Service Revenues (488)			$ 4,497.54
Revenues from Transportation of Gas of Others (489)			$ -
Rent from Gas Property (493)			$ -
Interdepartmental Rents (494)			$ -
Other Gas Revenues (490, 491, 492, 495)			$ -
Total Other Operating Revenues			$ 14,902.37
Total Operating Revenues			$ 609,602.83
OPERATING EXPENSES			
Total Operation and Maintenance Expenses			$ 792,694.93
Depreciation Expenses (403)			$ 65,135.72
Amortization of Limited-term Utility Plant (404)			$ -
Amortization of Other Utility Plant (405)			$ 58.48
Amortization of Utility Plant Acquisition Adjustment (406)			$ -
Amortization of Property Losses (407.1)			$ -
Taxes Other Than Income (408.1)			$ 14,132.13
Income Taxes (409.1)			$ -
Provision for Deferred Income Taxes, Utility Operating Income (410.1)			$ -
Income Taxes Deferred in Prior Years - Credit, Utility Operating Income (411.1)			$ -
Investment Tax Credits, Deferred to Future Periods (412.1)			$ -
Investment Tax Credits, Restored to Operating Income (412.2)			$ -
Total Operating Expenses			$ 872,021.26
Operating Income			$ (262,418.43)

COMMUNITIES SERVED

Cities, Towns & Villages	Customers End of Year
Jellico, Tennessee	505
Byrdstown, Tennessee	49
Fentress County, Tennessee	6
Location #4	-
Location #5	-
Location #6	-
Location #7	-
Location #8	-
Location #9	-
Location #10	-
Total Customers	560

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OPERATION AND MAINTENANCE EXPENSES	Amount
MANUFACTURED GAS PRODUCTION	
Operation Supervision and Labor (700)	$ -
Fuel (701)	$ -
Raw Materials (702)	$ -
Operation Supplies and Expenses (703)	$ -
Residuals Produced - Credit (704)	$ -
Rents (705)	$ -
Maintenance of Production Plant (706)	$ -
Total Manufactured Gas Production	$ -
NATURAL GAS PRODUCTION GATHERING	
Operation Supervision and Labor (710)	$ -
Compressor Station Fuel and Power (711)	$ -
Extracted Products Supplies and Expenses (712)	$ -
Other Supplies and Expenses (713)	$ -
Gas Well Royalties (714)	$ -
Rents (715)	$ -
Maintenance of Gas Wells (716)	$ -
Maintenance of Field Lines (717)	$ -
Maintenance of Products Extraction Plant (718)	$ -
Maintenance of Other Plant (719)	$ -
Total Natural Gas Production Gathering	$ -
EXPLORATION AND DEVELOPMENT	
Delay Rentals (720)	$ -
Nonproductive Well Drilling (721)	$ -
Abandoned Leases (722)	$ -
Other Exploration (723)	$ -
Total Exploration and Development	$ -
OTHER SUPPLY EXPENSES	
Natural Gas Purchases (730)	$ 432,542.52
Purchased Gas Expenses (732)	$ -
Gas Used in Utility Operations - Credit (735)	$ -
Other Gas Supply Expenses (736)	
Total Other Supply Expenses	$ 432,542.52
STORAGE EXPENSES	
Operation Supervision and Labor (740)	$ -
Gas Losses (741)	$ -
Operation Supplies and Expenses (742)	$ -
Storage Well Royalties (743)	$ -
Rents (744)	$ -
Maintenance of Reservoirs and Wells (745)	$ -
Maintenance of Other Underground Storage Plant (746)	$ -
Maintenance of Local Storage Plant (747)	$ -
Total Storage Expenses	$ -
TRANSMISSION EXPENSES	
Operation Supervision and Labor (750)	$ -
Compressor Station Fuel and Power (751)	$ -
Operation Supplies and Expenses (752)	$ -
Transmission and Compression of Gas by Others (753)	$ -
Rents (754)	$ -
Maintenance of Mains (755)	$ -
Maintenance of Compressor Station Equipment (756)	$ -
Maintenance of Other Plant (757)	$ -
Total Transmission Expenses	$ -
Total operational expenses this page	$ 432,542.52

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Gasco Distribution Systems, Inc.	(1) X An Original (2) __ A Resubmission	12/31/2009	2009

OPERATION AND MAINTENANCE EXPENSES (Continued)

	Amount
DISTRIBUTION EXPENSES	
Supervision (760)	$ 45,054.54
Mains and Service Labor (761)	$ -
Mains and Services Supplies and Expenses (762)	$ 7,327.19
Meter and House Regulator Expenses (763)	$ 1,708.28
Customer Installations Expenses (764)	$ -
Miscellaneous Distribution Expenses (765)	$ 2,605.81
Rents (766)	$ -
Maintenance of Lines (767)	$ 13,133.47
Maintenance of Meters and House Regulators (768)	$ 9,040.34
Maintenance of Other Plant (769)	$ 185.93
Total Distribution Expenses	$ 79,055.56
CUSTOMER ACCOUNTS EXPENSES	
Meter Reading Labor (901)	$ 9,847.17
Accounting and Collecting Labor (902)	$ 52,112.27
Supplies and Expenses (903)	$ -
Uncollectible Accounts (904)	$ -
Total Customer Accounts Expenses	$ 61,959.44
CUSTOMER SERVICE EXPENSES	
Customer Service and Information Expenses (907)	$ 5,822.54
Total Customer Service Expenses	$ 5,822.54
SALES EXPENSES	
Sales Expenses (910)	$ -
Total Sales Expenses	$ -
ADMINISTRATIVE AND GENERAL EXPENSES	
Administrative and General Salaries (920)	$ 59,752.99
Office Supplies and Other Expenses (921)	$ 14,079.98
Administrative Expenses Transferred - Credit (922)	$ -
Outside Services Employed (923)	$ 97,664.28
Property Insurance (924)	$ 8,576.99
Injuries and Damages (925)	$ 3,183.28
Employee Pensions and Benefits (926)	$ 5,745.18
Franchise Requirements (927)	$ -
Regulatory Commission Expenses (928)	$ 2,429.39
Duplicate Charges - Credit (929)	$ -
Miscellaneous General Expenses (930)	$ 2,734.95
Rents (931)	$ 7,380.01
Transportation Expenses (933)	$ 10,960.32
Maintenance of General Plant (935)	$ 807.50
Total Administrative and General Expenses	$ 213,314.87
Total from Schedule "G-2"	$ 432,542.52
Total Operation and Maintenance Expenses	$ 792,694.93

Name of Respondent Gasco Distribution Systems, Inc.	This Report is: (1) _X_ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2009	Year of Report 2009	G-4

GAS UTILITY PLANT IN SERVICE (Account 101)

Include in column (e) entries reclassifying property from one account to another. Corrections for entries of the immediately preceding year should be recorded in col. (C) or col. (D) accordingly, as they are corrections of additions or retirements.

Account (A)	Balance First of Year (B)	Additions During Year (C)	Retirements During Year (D)	Adjustments Increase or (Decrease) (E)	Balance End of Year (F)
INTANGIBLE PLANT					
Organization (301)	$ 30,774.60	$ -	$ -	$ -	$ 30,774.60
Franchises and Consents (302)	$ -	$ -	$ -	$ -	$ -
Miscellaneous Intangible Plant (303)	$ 9,527.48	$ -	$ -	$ -	$ 9,527.48
Total Intangible Plant	$ 40,302.08	$ -	$ -	$ -	$ 40,302.08
MANUFACTURED GAS PRODUCTION PLANT					
Land and Land Rights (304)	$ -	$ -	$ -	$ -	$ -
Structures and Improvements (305)	$ -	$ -	$ -	$ -	$ -
Boiler plant equipment (306)	$ -	$ -	$ -	$ -	$ -
Other plant equipment (307)	$ -	$ -	$ -	$ -	$ -
Coke ovens (308)	$ -	$ -	$ -	$ -	$ -
Producer gas equipment (309)	$ -	$ -	$ -	$ -	$ -
Water gas generating equipment (310)	$ -	$ -	$ -	$ -	$ -
Liquefied Petroleum Gas Equipment (311)	$ -	$ -	$ -	$ -	$ -
Oil gas generating equipment (312)	$ -	$ -	$ -	$ -	$ -
Generating equipment & other processes (313)	$ -	$ -	$ -	$ -	$ -
Coal, coke & ash handling equipment (314)	$ -	$ -	$ -	$ -	$ -
Catalytic cracking equipment (315)	$ -	$ -	$ -	$ -	$ -
Other reforming equipment (316)	$ -	$ -	$ -	$ -	$ -
Purification equipment (317)	$ -	$ -	$ -	$ -	$ -
Residual refining equipment (318)	$ -	$ -	$ -	$ -	$ -
Gas mixing equipment (319)	$ -	$ -	$ -	$ -	$ -
Other equipment (320)	$ -	$ -	$ -	$ -	$ -
Total Manufactured Gas Production Plant	$ -	$ -	$ -	$ -	$ -
NATURAL GAS PRODUCTION PLANT					
Producing lands (325.1)	$ -	$ -	$ -	$ -	$ -
Producing leaseholds (325.2)	$ -	$ -	$ -	$ -	$ -
Gas rights (325.3)	$ -	$ -	$ -	$ -	$ -
Rights of way (325.4)	$ -	$ -	$ -	$ -	$ -
Other land and land rights (325.5)	$ -	$ -	$ -	$ -	$ -
Gas well structures (326)	$ -	$ -	$ -	$ -	$ -
Field compressor station structures (327)	$ -	$ -	$ -	$ -	$ -
Field measuring & regulating station structures (328)	$ -	$ -	$ -	$ -	$ -
Other Structures (329)	$ -	$ -	$ -	$ -	$ -
Producing gas wells - Well construction (330)	$ -	$ -	$ -	$ -	$ -
Producing gas wells - Well equipment (331)	$ -	$ -	$ -	$ -	$ -
Field lines (332)	$ -	$ -	$ -	$ -	$ -
Field compressor station equipment (333)	$ -	$ -	$ -	$ -	$ -
Field measuring & regulating station equipment (334)	$ -	$ -	$ -	$ -	$ -
Drilling & cleaning equipment (335)	$ -	$ -	$ -	$ -	$ -
Purification equipment (336)	$ -	$ -	$ -	$ -	$ -
Other Equipment (337)	$ -	$ -	$ -	$ -	$ -
Unsuccessful exploration & development costs (338)	$ -	$ -	$ -	$ -	$ -
Land and land rights (340)	$ -	$ -	$ -	$ -	$ -
Structures & Improvements (341)	$ -	$ -	$ -	$ -	$ -
Extraction & refining equipment (342)	$ -	$ -	$ -	$ -	$ -
Pipe lines (343)	$ -	$ -	$ -	$ -	$ -
Extracted Products Storage Equipment (344)	$ -	$ -	$ -	$ -	$ -
Compressor equipment (345)	$ -	$ -	$ -	$ -	$ -
Gas measuring & regulating equipment (346)	$ -	$ -	$ -	$ -	$ -
Other equipment (347)	$ -	$ -	$ -	$ -	$ -
Total Natural Gas Production Plant	$ -	$ -	$ -	$ -	$ -
Total Production Plant	$ 40,302.08	$ -	$ -	$ -	$ 40,302.08

Name of Respondent Gasco Distribution Systems, Inc.	This Report is: (1) X An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) 12/31/09	Year of Report 2009

G-5

GAS UTILITY PLANT IN SERVICE (Account 101) (Continued)

Include in column (e) entries reclassifying property from one account to another. Corrections for entries of the immediately preceding year should be recorded in col. (C) or col. (D) accordingly, as they are corrections of additions or retirements.

Account (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments (Decrease) (e)	End of Year (f)
STORAGE PLANT					
Land and Land Rights (350)	$ -	$ -	$ -	$ -	$ -
Structures & Improvements (351)	$ -	$ -	$ -	$ -	$ -
Wells, Storage, Reservoirs & Nonrecoverables (352)	$ -	$ -	$ -	$ -	$ -
Lines (353)	$ -	$ -	$ -	$ -	$ -
Compressor Station Equipment (354)	$ -	$ -	$ -	$ -	$ -
Measuring & Regulating Equipment (355)	$ -	$ -	$ -	$ -	$ -
Purification Equipment (356)	$ -	$ -	$ -	$ -	$ -
Other Equipment (357)	$ -	$ -	$ -	$ -	$ -
Land and Land Rights (360)	$ -	$ -	$ -	$ -	$ -
Structures and Improvements (361)	$ -	$ -	$ -	$ -	$ -
Gas Holders (362)	$ -	$ -	$ -	$ -	$ -
Other Equipment (363)	$ -	$ -	$ -	$ -	$ -
Total Storage Plant	$ -	$ -	$ -	$ -	$ -
TRANSMISSION PLANT					
Land and Land Rights (365.1)	$ -	$ -	$ -	$ -	$ -
Rights-of-Way (365.2)	$ -	$ -	$ -	$ -	$ -
Structures and Improvements (366)	$ -	$ -	$ -	$ -	$ -
Mains (367)	$ -	$ -	$ -	$ -	$ -
Compressor Station Equipment (368)	$ -	$ -	$ -	$ -	$ -
Measuring and Reg. Station Equipment (369)	$ 272.65	$ -	$ -	$ -	$ 272.65
Communication Equipment (370)	$ -	$ -	$ -	$ -	$ -
Other Equipment (371)	$ -	$ -	$ -	$ -	$ -
Total Transmission Plant	$ 272.65	$ -	$ -	$ -	$ 272.65
DISTRIBUTION PLANT					
Land and Land Rights (374)	$ 90,869.04	$ -	$ -	$ -	$ 90,869.04
Structures and Improvements (375)	$ -	$ -	$ -	$ -	$ -
Mains (376)	$ 1,236,621.41		$ -	$ -	$ 1,236,621.41
Compressor Station Equipment (377)	$ -	$ -	$ -	$ -	$ -
Meas. and Reg. Sta. Equip.-General (378)	$ 70,150.21	$ -	$ -	$ -	$ 70,150.21
Meas. and Reg. Sta. Equip.-City Gate (379)	$ -	$ -	$ -	$ -	$ -
Services (380)	$ 176,428.21	$ -	$ 1,912.37	$ -	$ 174,515.84
Meters (381)	$ 71,634.54	$ 320.59	$ -	$ -	$ 71,955.13
Meter Installations (382)	$ 21,073.31	$ 9.21	$ -	$ -	$ 21,082.52
House Regulators (383)	$ 23,251.78	$ 305.62	$ -	$ -	$ 23,557.40
Industrial Meas. and Reg. Sta. Equip. (385)	$ 31,213.76	$ -	$ -	$ -	$ 31,213.76
Other Prop. on Customers' Premises (386)	$ -	$ -	$ -	$ -	$ -
Other Equipment (387)	$ -	$ -	$ -	$ -	$ -
Total Distribution Plant	$ 1,721,242.26	$ 635.42	$ 1,912.37	$ -	$ 1,719,965.31
GENERAL PLANT					
Land and Land Rights (389)	$ -	$ -	$ -	$ -	$ -
Structures and Improvements (390)	$ -	$ -	$ -	$ -	$ -
Office Furniture and Equipment (391)	$ 2,406.02	$ -	$ -	$ -	$ 2,406.02
Transportation Equipment (392)	$ 58,477.73	$ -	$ -	$ -	$ 58,477.73
Stores Equipment (393)	$ -	$ -	$ -	$ -	$ -
Tools, Shop and Garage Equipment (394)	$ 11,189.07	$ -	$ -	$ -	$ 11,189.07
Laboratory Equipment (395)	$ -	$ -	$ -	$ -	$ -
Power Operated Equipment (396)	$ 12,500.00	$ -	$ -	$ -	$ 12,500.00
Communication equipment (397)	$ -	$ -	$ -	$ -	$ -
Miscellaneous Equipment (398)	$ -	$ -	$ -	$ -	$ -
Other Tangible Property (399)	$ 810.94	$ -	$ -	$ -	$ 810.94
Total General Plant	$ 85,383.76	$ -	$ -	$ -	$ 85,383.76
Total from Schedule "G-4"	$ 40,302.08	$ -	$ -	$ -	$ 40,302.08
Total Gas Utility Plant	$ 1,847,200.75	$ 635.42	$ 1,912.37	$ -	$ 1,845,923.80

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) _X_ An Original (2) __ A Resubmission	12/31/2009	2009

REVENUES FROM SALES OF GAS

Report separately data requested for each rate schedule, classified between space heating and non-space heating customers and show totals for each revenue account, 480-484 included. Report average number of customers on basis of number of meters. Where meters are added for billing purposes, count one customer for each group of meters so added. Compute averages on basis of 12 figures at the end of each month. For Industrial interruptible sales, report data by priority of interruption if not provided by separate rate schedules.

	Tennessee			Out-of-State		
Rate Schedule (a)	Revenues (b)	MCF/DKT (c)	Customers (d)	Revenues (e)	MCF/DKT (f)	Customers (g)
Residential	$ 220,282.74	17,869.00	428.00	$ -	-	-
Commercial-Firm	$ -	-		$ -	-	-
Commercial-Interruptible	$ 205,127.57	16,401.00	120.00	$ -	-	-
Commercial-Transportation-Firm	$ -	-	-	$ -	-	-
Commercial-Transportation-Interruptible	$ -	-	-	$ -	-	-
Commercial-Total	$ 205,127.57	16,401.00	120.00	$ -	-	-
Industrial-Firm	$ -	-	-	$ -	-	-
Industrial-Interruptible	$ 169,290.15	14,720.00	8.00	$ -	-	-
Industrial-Transportation-Firm	$ -	-	-	$ -	-	-
Industrial-Transportation-Interruptible	$ -	-	-	$ -	-	-
Industrial-Total	$ 169,290.15	14,720.00	8.00	$ -	-	-
Other-Firm	$ -	-	-	-	-	-
Other-Interruptible	$ -	-	-	-	-	-
Other-Transportation-Firm	$ -	-	-	-	-	-
Other-Transportation-Interruptible	$ -	-	-	-	-	-
Other-Total	$ -	-	-	$ -	-	-
Total Firm Sales	$ -	-	-	$ -	-	-
Total Interruptible Sales	$ 594,700.46	48,990.00	556.00	$ -	-	-
Total Firm Transportation	$ -	-	-	$ -	-	-
Total Interruptible Transportation	$ -	-	-	$ -	-	-
Total Throughput	$ 594,700.46	48,990.00	556.00	$ -	-	-

Please describe any unusual or special contract sales below.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) _X_ An Original (2) __ A Resubmission	12/31/2009	2,009

G-7

SUMMARY OF GAS ACCOUNT

Under the word "System", use MCF or DKT to report quantities of gas.

	Total MCF/DKT
Gas Produced (Gross):	
Liquefied Petroleum Gas	
Other Gas (Specify kind):	
Other Gas (Specify kind):	
Other Gas (Specify kind):	
Other Gas (Specify kind):	
Total Gas Produced	-
Gas Withdrawn from Storage	
Gas Purchased (Specify kind):	47,425
Gas Purchased (Specify kind):	
Gas Purchased (Specify kind):	
Less: Gas Delivered to Storage	
Net Gas Purchased	47,425
Total Gas Delivered to Mains	47,425
Gas Sold (Including Interdepartmental Sales)	48,990
Gas Used by Utility:	
Production	
Transmission	
Other	
Total Gas Used by Utility	-
Total Gas Sold and Used	48,990

SYSTEM LOAD STATISTICS

	Total MCF/DKT
Maximum Send-Out in Any One Day	
Date of Such Maximum	
Maximum Daily Capacity:	
Total Manufactured-Gas Production Capacity	
Liquefied Natural Gas Storage Capacity	
Maximum Daily Purchase Capacity	
Total Maximum Daily Capacity	
Monthly Send-Out:	
January	9,013
February	9,085
March	6,430
April	4,208
May	1,837
June	1,636
July	1,126
August	1,240
September	1,457
October	2,279
November	3,878
December	6,801
Total Send-Out	48,990

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) X An Original (2) A Resubmission	12/31/2009	2009

GAS MAINS CLASSIFIED BY TYPES AND SIZES

Classification	No. of Feet Beg. of Year	No. of Feet End of Year
Cast Iron:		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Total Cast Iron	-	-
Steel or Wrought Iron:		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Total Steel or Wrought Iron	-	-
Plastic:		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Please Specify Size In Inches		
Total Plastic	-	-
Grand Total	-	-

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems, Inc.	(1) X An Original (2) A Resubmission	12/31/2009	2009

GAS SERVICES

Number of services should include only those owned by utility.

	Number Added During Year		Number Retired During Year		Total Services End of Year	
Size	Total	On Customers' Premises	Main to Curb	On Customers' Premises	Total	On Customers' Premises
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Size (Inches)						
Total	0	0	0	0	0	0

Have inactive services been retired in accordance with requirements of paragraph C of Account 380 of Uniform System of Accounts?	YES OF NO
Have inactive services been disconnected from the gas supply?	YES OR NO

GAS METERS

Number of meters should include only those carried in Utility Plant Account 381.

	Number End of Year
Diaphragmed Meters (Capacity at 1/2-inch water column pressure drop):	
2,400 cu. ft. per Hour or Less	
Over 2,400 cu. ft. per Hour	
Rotary Meters	
Orifice Meters	
Total End of Year	0
In Stock	
Locked Meters on Customers' Premises	
Regular Meters in Customers' Use	
Prepayment Meters in Customers' Use	
Meters in Company Use, Included in Acct. 381	
Total End of Year (As above)	0
Number of Diaphragmed Meters at End of Year Which Compensate for Temperature	Enter #
Number of House Regulators Installed at End of Year	Enter #

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Systems	(1) _X_ An Original (2) __ A Resubmission	12/31/2009	2009

SYSTEM MAP

Attach to this sheet a map or maps of the territory served, showing location and company designation of points of purchase, production plants, large compressor stations and transmission lines. Show also the names of larger communities served and the boundaries of the utility's operating divisions.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Gasco Distribution Sy	(1) _X_ An Original (2) __ A Resubmission	12/31/2009	2009

SU-1

SUPPLEMENTAL FINANCIAL DATA TO THE ANNUAL REPORT

		Line
		1
Rate Base		2
Additions:		3
Plant In Service	$ 1,845,924	4
Construction Work in Progress	$ -	5
Property Held For Future Use	$ -	6
Materials & Supplies	$ 15,491	7
Working Capital Allowance	$ -	8
Other Additions (Please Specify)	$ -	9
Other Additions (Please Specify)	$ -	10
Total Additions to Rate Base	$ 1,861,415	11
		12
		13
Deductions:		14
Accumulated Depreciation	$ 896,375	15
Accumulated Deferred Income Taxes	$ 115,193	16
Pre 1971 Unamortized Investment Tax Credit	$ -	17
Customer Deposits	$ 6,175	18
Contributions in Aid of Construction	$ 6,250	19
Other Deductions (Please Specify)	$ -	20
Other Deductions (Please Specify)	$ -	21
Total Deductions to Rate Base	$ 1,023,993	22
		23
		24
Rate Base	$ 837,422	25
		26
Adjusted Net Operating Income		27
Operating Revenues:		28
Residential	$ 220,283	29
Commercial	$ 205,128	30
Industrial	$ 169,290	31
Public Authorities	$ -	32
Multiple Family	$ -	33
Fire Protection	$ -	34
All Other	$ 14,902	35
Total Operating Revenues	$ 609,603	36
		37
Operating Expenses:		38
Operation	$ 872,021	39
Depreciation	$ 65,136	40
Amortization	$ 58	41
Taxes Other Than Income Taxes	$ 14,132	42
Income Taxes	$ -	43
Total Operating Expense	$ 951,348	44
		45
Net Operating Income	$ (341,745)	46
Adjustment to NOI (Please Specify)	$ -	47
Adjustment to NOI (Please Specify)	$ -	48
Adjusted Net Operating Income	$ (341,745)	49
		50
Rate of Return (Line 25 / Line 49)	-0.408091355	51

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Commission for

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-2

Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal

B&W Pipeline, LLC
Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal

Discount Rate: 3.00%

Year	Section: / Year Installed:	1 / 1982	2 / 1982	4 / 1988	5 / 1988	6 / 1987	7 / 1987	Total
2013		$ 523,033	$ 1,851,725	$ 1,962,653	$ 1,170,132	$ 413,857	$ 637,908	$ 6,559,308
2012		$ 507,342	$ 1,796,173	$ 1,903,773	$ 1,135,028	$ 401,441	$ 618,771	$ 6,362,529
2011		$ 492,122	$ 1,742,288	$ 1,846,660	$ 1,100,977	$ 389,398	$ 600,208	$ 6,171,653
2010		$ 477,358	$ 1,690,019	$ 1,791,260	$ 1,067,948	$ 377,716	$ 582,201	$ 5,986,503
2009		$ 463,037	$ 1,639,319	$ 1,737,523	$ 1,035,909	$ 366,385	$ 564,735	$ 5,806,908
2008		$ 449,146	$ 1,590,139	$ 1,685,397	$ 1,004,832	$ 355,393	$ 547,793	$ 5,632,701
2007		$ 435,672	$ 1,542,435	$ 1,634,835	$ 974,687	$ 344,731	$ 531,360	$ 5,463,720
2006		$ 422,602	$ 1,496,162	$ 1,585,790	$ 945,447	$ 334,389	$ 515,419	$ 5,299,808
2005		$ 409,924	$ 1,451,277	$ 1,538,216	$ 917,083	$ 324,358	$ 499,956	$ 5,140,814
2004		$ 397,626	$ 1,407,739	$ 1,492,070	$ 889,571	$ 314,627	$ 484,957	$ 4,986,590
2003		$ 385,697	$ 1,365,507	$ 1,447,308	$ 862,884	$ 305,188	$ 470,409	$ 4,836,992
2002		$ 374,126	$ 1,324,541	$ 1,403,888	$ 836,997	$ 296,032	$ 456,296	$ 4,691,882
2001		$ 362,902	$ 1,284,805	$ 1,361,772	$ 811,887	$ 287,152	$ 442,608	$ 4,551,126
2000		$ 352,015	$ 1,246,261	$ 1,320,919	$ 787,531	$ 278,537	$ 429,329	$ 4,414,592
1999		$ 341,455	$ 1,208,873	$ 1,281,291	$ 763,905	$ 270,181	$ 416,449	$ 4,282,154
1998		$ 331,211	$ 1,172,607	$ 1,242,852	$ 740,987	$ 262,075	$ 403,956	$ 4,153,690
1997		$ 321,275	$ 1,137,429	$ 1,205,567	$ 718,758	$ 254,213	$ 391,837	$ 4,029,079
1996		$ 311,637	$ 1,103,306	$ 1,169,400	$ 697,195	$ 246,587	$ 380,082	$ 3,908,207
1995		$ 302,288	$ 1,070,207	$ 1,134,318	$ 676,279	$ 239,189	$ 368,680	$ 3,790,960
1994		$ 293,219	$ 1,038,101	$ 1,100,288	$ 655,991	$ 232,014	$ 357,619	$ 3,677,232
1993		$ 284,422	$ 1,006,958	$ 1,067,280	$ 636,311	$ 225,053	$ 346,891	$ 3,566,915
1992		$ 275,890	$ 976,749	$ 1,035,261	$ 617,222	$ 218,302	$ 336,484	$ 3,459,907
1991		$ 267,613	$ 947,446	$ 1,004,203	$ 598,705	$ 211,752	$ 326,390	$ 3,356,110
1990		$ 259,585	$ 919,023	$ 974,077	$ 580,744	$ 205,400	$ 316,598	$ 3,255,427
1989		$ 251,797	$ 891,452	$ 944,855	$ 563,322	$ 199,238	$ 307,100	$ 3,157,764
1988		$ 244,243	$ 864,709	$ 916,509	$ 546,422	$ 193,261	$ 297,887	$ 3,063,031
1987		$ 236,916	$ 838,767	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 3,015,028
1986		$ 229,808	$ 813,604	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 2,982,757
1985		$ 222,914	$ 789,196	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 2,951,455
1984		$ 216,227	$ 765,520	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 2,921,092
1983		$ 209,740	$ 742,555	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 2,891,639
1982		$ 203,448	$ 720,278	$ 916,509	$ 546,422	$ 187,463	$ 288,950	$ 2,863,070

Acqusition cost in 2010	$ 2,633,085
Difference amount below (above) discounted replacement cost value	$ 229,985

Source: B&W rebuttal witness Novak Attachments WHN Rebuttal-2

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-3

Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal and Adjust Discount Rate to CAPD Recommended Cost of Capital

B&W Pipeline, LLC

Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal
Adjust Discount Rate to CAPD Recommended Cost of Capital

Discount Rate: 8.50%

	Section:	1	2	4	5	6	7	
Year	Year Installed:	1982	1982	1988	1988	1987	1987	Total
2013		$ 523,033	$ 1,851,725	$ 1,962,653	$ 1,170,132	$ 413,857	$ 637,908	$ 6,559,308
2012		$ 478,575	$ 1,694,328	$ 1,795,827	$ 1,070,671	$ 378,679	$ 583,686	$ 6,001,767
2011		$ 437,896	$ 1,550,310	$ 1,643,182	$ 979,664	$ 346,491	$ 534,073	$ 5,491,617
2010		$ 400,675	$ 1,418,534	$ 1,503,512	$ 896,392	$ 317,040	$ 488,676	$ 5,024,829
2009		$ 366,618	$ 1,297,959	$ 1,375,713	$ 820,199	$ 290,091	$ 447,139	$ 4,597,719
2008		$ 335,455	$ 1,187,632	$ 1,258,778	$ 750,482	$ 265,434	$ 409,132	$ 4,206,913
2007		$ 306,942	$ 1,086,683	$ 1,151,781	$ 686,691	$ 242,872	$ 374,356	$ 3,849,325
2006		$ 280,852	$ 994,315	$ 1,053,880	$ 628,322	$ 222,228	$ 342,536	$ 3,522,132
2005		$ 256,979	$ 909,799	$ 964,300	$ 574,915	$ 203,338	$ 313,420	$ 3,222,751
2004		$ 235,136	$ 832,466	$ 882,335	$ 526,047	$ 186,054	$ 286,779	$ 2,948,817
2003		$ 215,149	$ 761,706	$ 807,336	$ 481,333	$ 170,240	$ 262,403	$ 2,698,168
2002		$ 196,862	$ 696,961	$ 738,713	$ 440,420	$ 155,769	$ 240,099	$ 2,468,824
2001		$ 180,128	$ 637,719	$ 675,922	$ 402,984	$ 142,529	$ 219,690	$ 2,258,974
2000		$ 164,817	$ 583,513	$ 618,469	$ 368,731	$ 130,414	$ 201,017	$ 2,066,961
1999		$ 150,808	$ 533,915	$ 565,899	$ 337,388	$ 119,329	$ 183,930	$ 1,891,269
1998		$ 137,989	$ 488,532	$ 517,797	$ 308,710	$ 109,186	$ 168,296	$ 1,730,511
1997		$ 126,260	$ 447,007	$ 473,785	$ 282,470	$ 99,905	$ 153,991	$ 1,583,418
1996		$ 115,528	$ 409,011	$ 433,513	$ 258,460	$ 91,413	$ 140,902	$ 1,448,827
1995		$ 105,708	$ 374,245	$ 396,664	$ 236,491	$ 83,643	$ 128,925	$ 1,325,677
1994		$ 96,723	$ 342,434	$ 362,948	$ 216,389	$ 76,533	$ 117,967	$ 1,212,994
1993		$ 88,502	$ 313,327	$ 332,097	$ 197,996	$ 70,028	$ 107,939	$ 1,109,890
1992		$ 80,979	$ 286,695	$ 303,869	$ 181,166	$ 64,076	$ 98,765	$ 1,015,549
1991		$ 74,096	$ 262,326	$ 278,040	$ 165,767	$ 58,629	$ 90,370	$ 929,228
1990		$ 67,798	$ 240,028	$ 254,407	$ 151,677	$ 53,646	$ 82,688	$ 850,243
1989		$ 62,035	$ 219,625	$ 232,782	$ 138,785	$ 49,086	$ 75,660	$ 777,973
1988		$ 56,762	$ 200,957	$ 212,996	$ 126,988	$ 44,914	$ 69,229	$ 711,845
1987		$ 51,937	$ 183,876	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 680,237
1986		$ 47,522	$ 168,246	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 660,193
1985		$ 43,483	$ 153,946	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 641,852
1984		$ 39,787	$ 140,860	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 625,071
1983		$ 36,405	$ 128,887	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 609,716
1982		$ 33,311	$ 117,932	$ 212,996	$ 126,988	$ 41,096	$ 63,344	$ 595,666

Acqusition cost in 2010	$ 2,633,085
Difference amount below (above) discounted replacement cost value	$ (2,037,419)

Source: B&W rebuttal witness Novak Attachments WHN Rebuttal-2
Discount rate is based on CAPD's recommended cost of capital

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-4

Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal and Adjust Discount Rate to B&W's Requested Cost of Capital

B&W Pipeline, LLC

Reproduce Net Present Value Calculations in B&W Pipeline Rebuttal
Adjust Discount Rate to B&W's Requested Cost of Capital

Discount Rate: 10.12%

	Section:	1	2	4	5	6	7	
Year	Year Installed:	1982	1982	1988	1988	1987	1987	Total
2013		$ 523,033	$ 1,851,725	$ 1,962,653	$ 1,170,132	$ 413,857	$ 637,908	$ 6,559,308
2012		$ 470,102	$ 1,664,330	$ 1,764,033	$ 1,051,715	$ 371,975	$ 573,352	$ 5,895,506
2011		$ 422,528	$ 1,495,900	$ 1,585,512	$ 945,281	$ 334,331	$ 515,329	$ 5,298,881
2010		$ 379,768	$ 1,344,515	$ 1,425,059	$ 849,619	$ 300,497	$ 463,177	$ 4,762,634
2009		$ 341,335	$ 1,208,450	$ 1,280,843	$ 763,637	$ 270,086	$ 416,304	$ 4,280,656
2008		$ 306,792	$ 1,086,155	$ 1,151,221	$ 686,357	$ 242,754	$ 374,174	$ 3,847,453
2007		$ 275,745	$ 976,236	$ 1,034,718	$ 616,898	$ 218,187	$ 336,307	$ 3,458,091
2006		$ 247,840	$ 877,441	$ 930,004	$ 554,468	$ 196,106	$ 302,273	$ 3,108,132
2005		$ 222,758	$ 788,644	$ 835,888	$ 498,356	$ 176,260	$ 271,683	$ 2,793,589
2004		$ 200,215	$ 708,833	$ 751,296	$ 447,922	$ 158,423	$ 244,189	$ 2,510,878
2003		$ 179,953	$ 637,099	$ 675,265	$ 402,592	$ 142,390	$ 219,477	$ 2,256,777
2002		$ 161,742	$ 572,625	$ 606,928	$ 361,850	$ 127,981	$ 197,266	$ 2,028,391
2001		$ 145,374	$ 514,675	$ 545,507	$ 325,231	$ 115,029	$ 177,302	$ 1,823,118
2000		$ 130,662	$ 462,590	$ 490,302	$ 292,317	$ 103,388	$ 159,359	$ 1,638,618
1999		$ 117,439	$ 415,776	$ 440,683	$ 262,735	$ 92,925	$ 143,232	$ 1,472,790
1998		$ 105,554	$ 373,699	$ 396,086	$ 236,146	$ 83,521	$ 128,737	$ 1,323,744
1997		$ 94,872	$ 335,881	$ 356,002	$ 212,248	$ 75,069	$ 115,709	$ 1,189,781
1996		$ 85,271	$ 301,890	$ 319,975	$ 190,769	$ 67,472	$ 103,999	$ 1,069,375
1995		$ 76,642	$ 271,339	$ 287,593	$ 171,463	$ 60,644	$ 93,475	$ 961,154
1994		$ 68,885	$ 243,879	$ 258,489	$ 154,111	$ 54,507	$ 84,015	$ 863,886
1993		$ 61,914	$ 219,199	$ 232,330	$ 138,515	$ 48,990	$ 75,513	$ 776,460
1992		$ 55,648	$ 197,016	$ 208,818	$ 124,497	$ 44,033	$ 67,871	$ 697,883
1991		$ 50,017	$ 177,078	$ 187,686	$ 111,898	$ 39,577	$ 61,002	$ 627,257
1990		$ 44,955	$ 159,157	$ 168,692	$ 100,574	$ 35,571	$ 54,829	$ 563,778
1989		$ 40,406	$ 143,051	$ 151,620	$ 90,396	$ 31,972	$ 49,280	$ 506,724
1988		$ 36,317	$ 128,574	$ 136,276	$ 81,248	$ 28,736	$ 44,293	$ 455,444
1987		$ 32,641	$ 115,562	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 431,366
1986		$ 29,338	$ 103,867	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 416,368
1985		$ 26,369	$ 93,356	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 402,888
1984		$ 23,701	$ 83,908	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 390,771
1983		$ 21,302	$ 75,417	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 379,881
1982		$ 19,146	$ 67,785	$ 136,276	$ 81,248	$ 25,828	$ 39,811	$ 370,093

Acqusition cost in 2010	$ 2,633,085
Difference amount below (above) discounted replacement cost value	$ (2,262,992)

Source: B&W rebuttal witness Novak Attachments WHN Rebuttal-2
Discount rate is based on B&W's requested cost of capital

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-5

Reproduce Present Value Calculations in B&W Pipeline Rebuttal with Adjustments to Remove Over-Statement by Applying Over-Statement Factor; Remove Section Constructed in 2013 After Acquisition in 2010; Adjust Useful Life Assumption to Conform with B&W's Depreciation Rate; and Adjust Discount Rate to CAPD Recommended Cost of Capital

B&W Pipeline, LLC
Reproduce Present Value Calculations in B&W Pipeline Rebuttal

Adjustments:
Remove Over-Statement By Applying Over-Statement Factor
Remove Section Constructed in 2013 After Acquistion in 2010
Adjust Useful Life Assumption to Conform With B&W's Depreciation Rate
Adjust Discount Rate to CAPD Recommended Cost of Capital

Discount Rate: 8.50%

Year	Section: / Year Installed:	1 / 1982	2 / 1982	4 / 1988	5 / 1988	6 / 1987	7 / 1987	Total
2013	Adjusted (see page 2):	$ 242,293	$ 1,324,331	$ 891,961	$ 709,404	$ 256,428	$ 290,388	$ 3,714,805
2012		$ 221,698	$ 1,211,763	$ 816,145	$ 649,104	$ 234,631	$ 265,705	$ 3,399,047
2011		$ 202,854	$ 1,108,763	$ 746,772	$ 593,930	$ 214,688	$ 243,120	$ 3,110,128
2010		$ 185,611	$ 1,014,518	$ 683,297	$ 543,446	$ 196,439	$ 222,455	$ 2,845,767
2009		$ 169,834	$ 928,284	$ 625,216	$ 497,253	$ 179,742	$ 203,546	$ 2,603,877
2008		$ 155,398	$ 849,380	$ 572,073	$ 454,987	$ 164,464	$ 186,245	$ 2,382,547
2007		$ 142,190	$ 777,183	$ 523,447	$ 416,313	$ 150,484	$ 170,414	$ 2,180,031
2006		$ 130,103	$ 711,122	$ 478,954	$ 380,926	$ 137,693	$ 155,929	$ 1,994,728
2005		$ 119,045	$ 650,677	$ 438,243	$ 348,548	$ 125,989	$ 142,675	$ 1,825,176
2004		$ 108,926	$ 595,369	$ 400,992	$ 318,921	$ 115,280	$ 130,548	$ 1,670,036
2003		$ 99,667	$ 544,763	$ 366,908	$ 291,813	$ 105,481	$ 119,451	$ 1,528,083
2002		$ 91,195	$ 498,458	$ 335,721	$ 267,009	$ 96,515	$ 109,298	$ 1,398,196
2001		$ 83,444	$ 456,089	$ 307,184	$ 244,313	$ 88,312	$ 100,007	$ 1,279,349
2000		$ 76,351	$ 417,322	$ 281,074	$ 223,546	$ 80,805	$ 91,507	$ 1,170,605
1999		$ 69,861	$ 381,849	$ 257,182	$ 204,545	$ 73,937	$ 83,729	$ 1,071,103
1998		$ 63,923	$ 349,392	$ 235,322	$ 187,159	$ 67,652	$ 76,612	$ 980,059
1997		$ 58,490	$ 319,694	$ 215,320	$ 171,250	$ 61,902	$ 70,100	$ 896,754
1996		$ 53,518	$ 292,520	$ 197,017	$ 156,694	$ 56,640	$ 64,141	$ 820,530
1995		$ 48,969	$ 267,656	$ 180,271	$ 143,375	$ 51,826	$ 58,689	$ 750,785
1994		$ 44,807	$ 244,905	$ 164,948	$ 131,188	$ 47,420	$ 53,701	$ 686,968
1993		$ 40,998	$ 224,088	$ 150,927	$ 120,037	$ 43,390	$ 49,136	$ 628,576
1992		$ 37,513	$ 205,040	$ 138,099	$ 109,834	$ 39,702	$ 44,960	$ 575,147
1991		$ 34,325	$ 187,612	$ 126,360	$ 100,498	$ 36,327	$ 41,138	$ 526,260
1990		$ 31,407	$ 171,665	$ 115,620	$ 91,956	$ 33,239	$ 37,641	$ 481,528
1989		$ 28,737	$ 157,073	$ 105,792	$ 84,139	$ 30,414	$ 34,442	$ 440,598
1988		$ 26,295	$ 143,722	$ 96,800	$ 76,988	$ 27,829	$ 31,514	$ 403,147
1987		$ 24,060	$ 131,506	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 383,651
1986		$ 22,015	$ 120,328	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 370,428
1985		$ 20,143	$ 110,100	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 358,329
1984		$ 18,431	$ 100,741	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 347,259
1983		$ 16,865	$ 92,178	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 337,129
1982		$ 15,431	$ 84,343	$ 96,800	$ 76,988	$ 25,463	$ 28,836	$ 327,860

Acqusition cost in 2010	$ 2,633,085
Difference amount below (above) discounted replacement cost value	$ (2,305,225)

Source: B&W rebuttal witness Novak Attachments WHN Rebuttal-2
Discount rate is based on CAPD's recommended cost of capital
Adjusted amounts are from page 2, section III.

B&W Pipeline, LLC
Reproduce B&W Report Estimated Cash Value Amounts
Adjust to Remove Over-Stated Costs based on Applying Over-Statement Factor
Adjust Useful Life Assumption to Conform with B&W's Useful Life in B&W's Depreciation Rate

I. Reproduce B&W's Reconstruction Cost New Report Results

Pipeline Section	installed	Age	Depreciation Assumption Useful Life in Years	Report Estimated Replacement Cost	Report Assumed Depreciation Percent	Report Estimated Cash Value Before Present Value Analysis
1	1982	31	75	$ 891,533	41.3%	$ 523,033
2	1982	31	50	$ 4,872,960	62.0%	$ 1,851,725
3	2013	0		$ 413,280	0.0%	$ 413,280
4	1988	25	75	$ 2,942,508	33.3%	$ 1,961,672
5	1988	25	50	$ 2,340,265	50.0%	$ 1,170,133
6	1987	26	50	$ 862,202	52.0%	$ 413,857
7	1987	26	75	$ 976,390	34.7%	$ 637,908
Totals				$ 13,299,138		$ 6,971,607

Source: B&W rebuttal witness Novak Attachments WHN Rebuttal-1 and Rebuttal-2

II. Adjustments:
Remove Over-Statement Factor
Remove Section Constructed in 2013 After Acquistion
Adjust Useful Life Assumption to 50 Years

Pipeline Section	installed	Age in 2013	Depreciation Estimated Total Useful Life in Years	Percent Depreciated	Report Estimated Replacement Cost	Over-Statement Adjustment Factor	Adjusted Estimated Cash Value Before Present Value Analysis
						58.38%	
1	1982	31	50	62.0%	$ 891,533	$ 520,482	$ 197,783
2	1982	31	50	62.0%	$ 4,872,960	$ 2,844,859	$ 1,081,047
3	2013	0	50				
4	1988	25	50	50.0%	$ 2,942,508	$ 1,717,851	$ 858,926
5	1988	25	50	50.0%	$ 2,340,265	$ 1,366,259	$ 683,129
6	1987	26	50	52.0%	$ 862,202	$ 503,358	$ 241,612
7	1987	26	50	52.0%	$ 976,390	$ 570,022	$ 273,610
Totals					$ 12,885,858	$ 7,522,830	$ 3,336,107

III. Adjustments:
Remove Over-Statement By Applying Over-Statement Factor
Remove Section Constructed in 2013 After Acquistion in 2010
Adjust Useful Life Assumption to Conform With B&W's Depreciation Rate

Pipeline Section	installed	Age in 2010	Estimated Total Useful Life in Years (Age in 2010 Plus 30 Years)	Age in 2013	Percent Depreciated in 2013	Report Estimated Replacement Cost in 2013	Over-Statement Adjustment Factor	Adjusted Estimated Cash Value in 2013 Before Present Value Analysis
							58.38%	
1	1982	28	58	31	53.4%	$ 891,533	$ 520,482	$ 242,293
2	1982	28	58	31	53.4%	$ 4,872,960	$ 2,844,859	$ 1,324,331
3	2013							
4	1988	22	52	25	48.1%	$ 2,942,508	$ 1,717,851	$ 891,961
5	1988	22	52	25	48.1%	$ 2,340,265	$ 1,366,259	$ 709,404
6	1987	23	53	26	49.1%	$ 862,202	$ 503,358	$ 256,428
7	1987	23	53	26	49.1%	$ 976,390	$ 570,022	$ 290,388
Totals						$ 12,885,858	$ 7,522,830	$ 3,714,805

Notes	
Depreciation Rate	3.33%
Useful Life in years	30.0

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-6

Gasco Distribution Systems, Inc. 2010 Tennessee Ad Valorem Assessment

GASCO DISTRIBUTION SYSTEMS, INC.
4445 EAST PIKE
ZANESVILLE OH 43701

DISTRIBUTION OF 2010 TENNESSEE AD VALOREM ASSESSMENT

CODE **GA000150**
PAGE 1
DATE 07/08/15

Distribution Factor:	**1,530,520**
Localized:	**138,663**
Localized Percent:	**18.34%**
Distributable:	**0**
Total Assessment:	**756,000**
Total Gross Investment in TN:	**0**
Total Gross Investment in L/B:	**0**

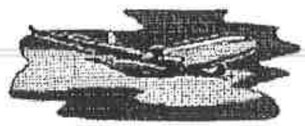
COUNTY/CITY	CODE	DISTRIBUTION ASMT DOLLARS	LAND/ BLDG	PERSONAL/ OTHER	COMM/ IND	FARM/ RES	OTHER	PCT	TOTAL ASSESSMENT	REDUCED ASSESSMENT	EQUALIZED ASSESSMENT
CAMPBELL COUNTY											
O/S CITIES	07000		90,869				0		238,043	238,043	238,043
JELLICO	07368			34,125			0		289,321	289,321	289,321
CAMPBELL COUNTY TOTAL		**0**							**527,364**	**527,364**	**527,364**
FENTRESS COUNTY											
O/S CITIES	25000						0		976	976	976
FENTRESS COUNTY TOTAL		**0**							**976**	**976**	**976**
PICKETT COUNTY											
O/S CITIES	69000			13,669			0		227,660	227,660	227,660
PICKETT COUNTY TOTAL		**0**							**227,660**	**227,660**	**227,660**
GRAND TOTAL		**0**							**756,000**	**756,000**	**756,000**

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-7

Navitas TN NG, LLC State of Tennessee 2011 Ad Valorem Tax Report

GA000150

STATE OF TENNESSEE
2011
AD VALOREM TAX REPORT



COMPANY NAME Navitas TN NG, LLC

STREET 18218 E.McDurmott, I CITY Irvine STATE CA ZIP CODE 92614
(PRINCIPLE OFFICE INFORMATION)

STREET 605 Sunset Trail CITY Jellico STATE TN ZIP CODE 37762
(PRINCIPLE OFFICE INFORMATION IN TENNESSEE)

PHONE NUMBER (949) 955-2887 FAX NUMBER (949) 261-5661

COMPANY WEB SITE www.navitasutility.com

Visit our website at:
www.tn.gov/comptroller/sap

MAIL REPORT TO:

COMPTROLLER OF THE TREASURY
OFFICE OF STATE ASSESSED PROPERTIES
414 Union Street, Suite 1120
Nashville, Tennessee 37243-1402
(615) 741-0140 FAX (615) 741-0142

RECEIVED
MAR 31 2011
COMPTROLLER OF THE TREASURY
OFFICE OF STATE ASSESSED PROPERTIES

OFFICE OF STATE ASSESSED PROPERTIES
DESK AUDIT CONVERSATION FORM

VOK made changes 2/13/12

DATE: 4-18-11

Agency/ or Company Name: Gasco Distribution Systems, INC

Company Code: GA000150

Person Talked To: —

Telephone Number: —

Matter Discussed: Company has transfered control over to Navitas TN NG.

Actions Taken: Change name to Navitas TN NG, LLC
18218 E. McDurmott, I
Irvine, Ca 92614

Internal Office Recommendations: (CHECK ALL THAT APPLY)

Delete: ___ Add: ___ Transfer: ___ File: ___ Name/Address Change: X

Return Incomplete AVR: ___ Change Appraisal Card: ___ Send to Audit: ___

Signed: [illegible signature]

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

December30, 2010

JOINT PETITION OF NAVITAS TN NG, LLC AND GASCO DISTRIBUTION SYSTEMS, INC. FOR APPROVAL OF A TRANSFER OF CONTROL AND AUTHORITY OF GAS UTILITY SYSTEMS OF GASCO DISTRIBUTION SYSTEMS, INC., CHAPTER 11 DEBTOR IN POSSESSION	))))))	**DOCKET NO. 10-00220**

ORDER APPROVING TRANSFER OF CONTROL AND APPROVING TRANSFER OF FRANCHISE AGREEMENTS AND FINANCING TRANSACTIONS

This matter came before Chairman Mary W. Freeman, Director Eddie Roberson and Director Sara Kyle of the Tennessee Regulatory Authority ("Authority" or "TRA"), the voting panel assigned to this docket, at a specially scheduled Authority Conference held on December 20, 2010 for consideration of the *Joint Petition* and the *Amendment to the Joint Petition ("Amendment")* filed on November 17, 2010 and December 10, 2010, respectively, of Navitas TN NG, LLC ("Navitas") and Gasco Distribution Systems, Inc. ("Gasco") (collectively, the "Petitioners"). The Petitioners seek Authority approval of: (1) the transfer of control of gas utility systems of Gasco to provide retail gas utility services in Jellico, Campbell County, Byrdstown, Pickett County and Fentress County, Tennessee and Whitley County, Kentucky[1] deriving from the Certificate of Public Convenience and Necessity issued by the Authority's predecessor, the Tennessee Public Service Commission and related orders, approvals, and actions of the Authority of its predecessor; (2) the transfer of franchise agreements including the agreements between Gasco and the City of Byrdstown, Gasco and Pickett

[1] By Order of the Public Service Commission Commonwealth of Kentucky, dated August 13, 1990, Gasco Distribution Systems, Inc.'s service to Kentucky residents in Kentucky Hill and Black Oak in Whitley County, Kentucky is effective under the jurisdiction of the Authority, as part of the Jellico Distribution System.

County and Gasco and the City of Jellico, to provide utility services in Jellico, Byrdstown, and Pickett County, Tennessee and (3) the financing arrangements of Navitas.

THE *JOINT PETITION*

According to the *Joint Petition*, Gasco owns and operates the natural gas distribution systems known as 1) the Jellico System located in Campbell County, Tennessee and Whitley County, Kentucky; 2) the Byrdstown System located in Pickett County, Tennessee; 3) the Fentress System located in Fentress County, Tennessee, and 4) the Albany System located in Clinton County, Kentucky. On June 1, 2009, Gasco filed for Chapter 11 bankruptcy protection – Case No. 09-056171 - in the United States Bankruptcy Court ("Bankruptcy Court") for the Southern District of Ohio, Eastern Division. Gasco has been operating as a Debtor in Possession since that time.

By Agreement dated July 9, 2010 and amended on October 14, 2010, Gasco agreed to sell, and Navitas Assets, LLC ("NALLC") agreed to purchase the assets in Gasco's gas utility system subject to the approval of the Authority and to the Bankruptcy Court's approval. On October 21, 2010, the Bankruptcy Court entered an Order authorizing and approving NALLC's bid to acquire the Jellico System, the Byrdstown System, the Fentress System, and the Albany, Kentucky System. A Corporate Resolution of NALLC assigned all rights and privileges under the Asset Purchase Agreement to Navitas.

According to the *Joint Petition*, NALLC and Navitas Utility Corporation ("NUC") are sister entities. NALLC is a holding company created to retain certain energy assets. Navitas is a Tennessee Limited Liability Company. NALLC is the parent company of Navitas and the Fort Cobb Fuel Authority, LLC ("FCFA"), a regulated natural gas utility in Oklahoma. NUC is an operating entity primarily engaged in providing necessary support services for the operations of NALLC. According to the *Joint Petition*, the Navitas companies have the requisite managerial and technical expertise to own and operate the existing Gasco Utility Systems.[2] The Petitioners state that (1) NALLC, the parent company of Navitas, owns and operates Fort Cobb Fuel Authority, a regulated natural gas utility in Oklahoma serving over 4,000 customers; (2) NALLC is familiar with federal and state utility regulations and has worked with the Oklahoma Corporation Commission and the Federal Energy Regulatory Commission (FERC); and (3) Navitas expects to retain the current employees of Gasco to continue servicing the system.[3]

The *Joint Petition* states that NALLC has the requisite financial stability to operate the purchased Gasco system.[4] To support this statement, NALLC submitted copies of its 2009 Federal and State Income Tax Returns and Independent Auditor's Report.[5]

As stated in the *Joint Petition*, Navitas initially intends to adopt the current tariffs on file for Gasco and will abide by all TRA Rules.[6] Navitas, however, recognizes that the current tariff rates may not be adequate to produce a fair and reasonable return and has indicated that it intends to file a rate case to increase rates in the future.

THE *AMENDMENT TO THE JOINT PETITION*

In December 2009, the owners of NALLC secured a USDA B&I Rural Development loan for the purpose of acquiring natural gas properties, such as the Gasco properties located in Tennessee. When the loan was approved, a $1.5 million acquisition line was put in place for future use. Navitas intends to draw down $610,500 to pay for the Gasco properties located in Tennessee. A requirement of the loan documents is that all properties, including the Gasco properties, purchased with loan funds are pledged as security for the loan. Additionally, the owners, Mr. Richard Varner and Mr. Thomas Hartline, are guarantors for the loan.

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[2] *Joint Petition*, p. 4.
[3] *Id.* at 7.
[4] *Id.* at 6.
[5] *Id.* at Confidential Exhibit I.
[6] *Id.* at 7-8.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides:

> No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, which in pertinent part, states as follows:

> Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Regarding the proposed financing transaction, Tenn. Code Ann. § 65-4-109 (2004) provides:

> No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

Based on the assertions in the *Joint Petition*, the panel found that Navitas has the necessary technical, financial and managerial resources to own and operate Gasco. Navitas' parent company owns another gas company and is familiar with federal and state utility regulations, and Navitas intends to keep Gasco's current employees to continue to service the system. In addition, the record indicates that Navitas has the financial stability to successfully operate the Gasco system. This transaction furthers the public interest because it will allow continuity of service for the Gasco customers. Based on the record and these findings, the panel voted unanimously to approve the transfer of Gasco to Navitas pursuant to Tenn. Code Ann. § 65-4-113. As a part of its approval of the transfer of Gasco to Navitas, the panel approved the Petitioners' request for the assignment or transfer of Gasco's franchise agreements.[7]

In addition, the panel voted unanimously to approve the financing transaction described in the *Amendment* pursuant to Tennessee Code Annotated § 65-4-109 based on the following findings:

(1) this financing transaction is subject to Authority approval pursuant to Tennessee Code Annotated § 65-4-109;

(2) the transaction is being made in accordance with the laws enforceable by this agency; and

(3) the transaction is in the public interest because it will facilitate the purchase of the Gasco properties.

The panel also voted unanimously to approve the existing Gasco base rates as requested by Navitas. Further, the panel found that the approval of the *Joint Petition* does not prejudge the regulatory accounting treatment resulting from Navitas' acquisition of Gasco as described in the *Joint Petition*.

IT IS THEREFORE ORDERED THAT:

1. The *Joint Petition* of Navitas TN NG, LLC and Gasco Distribution Systems, Inc. for approval of the transfer of control and authority from Gasco Distribution Systems, Inc. to Navitas TN NG, LLC, 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, and related orders, approvals and actions of the Authority or its predecessor, as required by Tenn. Code Ann. § 65-4-113, through the acquisition of

---

[7] In support of the request in the *Joint Petition* for TRA approval of the assignment or transfer of franchise agreements from Gasco to Navitas, Navitas secured documentation from the respective political subdivisions expressing their approval or nonobjection to the assignments or transfers of these franchises. On December 8, 2010, the Authority received a joint letter from The Town of Byrdstown and Pickett County stating that those entities consent to the request of Navitas for the assignment of the franchise agreements. On December 9, 2010, the Mayor of City of Jellico filed a letter confirming Jellico's consent to the request for transfer of the franchise agreement from Gasco to Navitas.

ownership and control of the Gasco Utility Systems of Gasco Distribution Systems, Inc. by Navitas TN NG, LLC is approved.

2. The assignments of certain franchise agreements to Navitas TN NG, LLC, including the agreements between Gasco Distribution Systems, Inc. and the City of Byrdstown, Gasco and Pickett County and Gasco and the City of Jellico, to provide utility services in Jellico, Byrdstown, and Pickett County, Tennessee pursuant to Tenn. Code Ann. § 65-4-107 and the Byrdstown Natural Gas Franchise Ordinance of 2000, are approved pursuant to Tenn. Code Ann. § 65-4-113.

3. The financing arrangements as described in the *Amendment to the Joint Petition* and discussed herein are approved. Navitas TN NG, LLC is authorized to draw down $610,500 on its existing USDA B&I Rural Development loan to pay for the Gasco Distribution Systems, Inc. properties located in Tennessee, and Navitas TN NG, LLC is further authorized to pledge those properties as security on that loan as required by the terms of that loan.

4. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party for the purpose of inferring an analysis or assessment of the risks involved.

5. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.

6. The existing Gasco Distribution Systems, Inc. base rates are approved as requested by Navitas TN NG, LLC.

7. The Tennessee Regulatory Authority's approval of the *Joint Petition* does not prejudge the regulatory accounting treatment resulting from Navitas TN NG, LLC's acquisition of Gasco Distribution Systems, Inc. as described in the *Joint Petition*.

8. Navitas TN NG, LLC shall file with the Tennessee Regulatory Authority a copy of any future orders of the Kentucky Public Service Commission that are entered regarding the Whitley County, Kentucky customers.

Mary W. Freeman

Mary W. Freeman, Chairman

Eddie Roberson

Eddie Roberson, Director

Sara Kyle

Sara Kyle, Director

OFFICE OF STATE ASSESSED PROPERTIES
DESK AUDIT CONVERSATION FORM

DATE: 7-6-2011

Agency/ or Company Name: Formerly - Gasco Distribution Systems Inc

Company Code: GA 000150

Person Talked To:

Telephone Number:

Matter Discussed:
Name changed from Gasco Distribution Systems Inc. to Navitas TN NG, LLC

Actions Taken:

Internal Office Recommendations: (CHECK ALL THAT APPLY)

Delete: ___ **Add:** ___ **Transfer:** ___ **File:** ___ **Name/Address Change:** X

Return Incomplete AVR: ___ **Change Appraisal Card:** ___ **Send to Audit:** ___

Signed:

GAS – 1

1. Company Name Navitas TN NG, LLC

2. Principal Office Location 18218 E. McDurmott, Suite I
Number & Street

Irvine — CA — 92614
City — State — Zip

3. Is Company ____ **INDIVIDUAL?** ____ **PARTNERSHIP?** X **CORPORATION?**
____ **COOPERATIVE?** ____ **OTHER?**

4. If a **CORPORATION** or **OTHER** similar enterprise, supply the following information:

Under laws of what state organized ____ Date organized ____
Add charter of incorporation or similar enterprise. ____ Date dissolved ____

Under laws of what state organized TN Date organized 12/31/10

5. Name & address of **PRESIDENT, OWNER, OR PARTNER** Thomas Hartline
Name

President — 18218 E. McDurmott, I — Irvine — CA — 92614
Position/Title — Number & Street — City — State — Zip

6. Name & address of **GENERAL MANAGER** Thomas Hartline
Name

18218 E. McDurmott, I — IRVINE — CA — 92614
Number & Street — City — State — Zip

7. **GROSS** Investment in SYSTEM plant and property December 31, 2010 $ 610,500

8. **NET** Investment in SYSTEM plant and property December 31, 2010 $ 610,500

9. SYSTEM GROSS Revenue (Income) for year ended December 31, 2010 $ UNKNOWN

10. SYSTEM NET OPERATING Revenue (Income) for year ended December 31, 2010 $ UNKNOWN

11. Amount of LOANS FROM FEDERAL AGENCIES, if any $ 610,500

12. Indicate stock & debt of company:

	Amount Authorized	No. of Shares or Amount Issued	Book or Per Value	Market or Cash Value
Preferred Stock				
Common Stock				
Bonds				
Other Long-Term Debts				
MEMBER INTEREST	100%	100%		

13. State surplus at beginning of 2010 $ 0 End of 2010 $ 0

14. State amount of dividends paid for the year 2010: Preferred $ 0 Common $ 0

15. State exact dollar amount of FEDERAL INCOME TAX ACTUALLY PAID OR OWED FOR 2010 as reported on your Federal Income Tax Return $ 0

16. State ACTUAL CASH or MARKET VALUE of all Tennessee plant and property as of January 1, 2011 $ 610,500

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17. State NET additions (additions less retirements) to Tennessee plant and property for:
2009 $ UNKNOWN 2010 $ UNKNOWN

18. Total number of subscribers in Tennessee 550

19. Does your company operate solely (100%) in Tennessee? ______ YES ✓ NO

If you checked "YES" it will not be necessary to complete questions 20-27.
If you checked "NO" **you must** complete questions 20-27.

20. GROSS Investment in Tennessee plant and property December 31, 2010 $ 610,500

21. NET Investment in Tennessee plant and property December 31, 2010 $ 610,500

22. TENNESSEE GROSS Revenue (Income) for year ended December 31, 2010 $ UNKNOWN

23. TENNESSEE NET OPERATING Revenue (Income) for year ended December 31, 2010 $ UNKNOWN

24. Percent of TENNESSEE GROSS Investment as compared to SYSTEM GROSS Investment in plant and property December 31, 2010 0 %

25. Percent of TENNESSEE NET Investment as compared to SYSTEM NET Investment in plant and property December 31, 2010 0 %

26. Percent of TENNESSEE GROSS Revenue (Income) as compared to SYSTEM GROSS Revenue (Income) for year ended December 31, 2010 0 %

27. OPERATING Revenue (Income) for year ended December 31, 2010 N/A %

28. Does your company or its parent holding company file the following? **Check all that apply:**

______ a. SEC Form 10-K

______ b. Annual report to stockholders

✓ c. FERC Form 2 (WITH OK CORP COMMISSION, NOT FERC)

File one copy of each of the Items checked in Item 28 with the Comptroller of the Treasury, Office of State Assessed Properties.

29. What was the date of your last rate case? ______ Was the case heard by a state PSC or a federal entity? STATE What was the return on equity granted? UNKNOWN %

30. Special questions regarding this report should be directed to:

NAME: THOMAS HARTLINE

TITLE: PRESIDENT

ADDRESS: 18218 E. McDURMOTT, I, IRVI.
Number & Street

IRVINE CA 92614
City State Zip

PHONE NUMBER: 949 955-2887

FAX NUMBER: 949 261-5661

E-MAIL ADDRESS THARTLINE@NAVITASUTILITY.COM

BALANCE SHEET
ASSETS

Item		AS OF DECEMBER 31 2010	2009
	Fixed Assets		UNKNOWN
1.	Utility Plant in Service	$	$
2.	Plant Under Construction		
3.	Property Held for Future Use		
4.	Plant Acquisition Adjustment		
5.	Total Fixed Assets		
6.	**LESS** Depreciation & Amortization Reserve		
7.	**Net Fixed Assets**	$610,500	$
	Other Property & Investments		
*8.	Non-Utility Property	$	$
9.	**LESS** Accumulated Depreciation		
10.	Net Non-Utility Property		
*11.	**INVESTMENT IN AFFILIATED COMPANIES**		
*12.	**OTHER INVESTMENTS**		
13.	Miscellaneous Physical Property		
14.	Sinking Funds		
15.	Other Fund Accounts		
16.	**Total Other Property & Investments**	$	$
	Current Assets		
17.	Cash	$	$
18.	Special Cash Deposits		
19.	Working Funds		
20.	Temporary Cash Investments		
21.	Notes Receivable from Affiliated Companies		
22.	Other Notes Receivable		
23.	Due from related parties – Net		
24.	Accounts Receivable from Affiliated Companies Net		
25.	Other Accounts Receivable – Net		
26.	Interest & Dividends Receivable		
27.	Pre-Payments		
28.	**MATERIALS & SUPPLIES**		
29.	Liquefied Natural Gas Stored		
30.	Subscriptions to Security Issues		
31.	Other Current Assets		
32.	**Total Current Assets**	$	$
	Deferred Charges		
33.	Discount on Long-Term Debt	$	$
34.	Extraordinary Maintenance & Retirements		
35.	Clearing Accounts		
36.	Other Deferred Charges		
37.	**Total Deferred Charges**	$	$
38.	**TOTAL ASSETS**	$610,500	$

***GIVE A DETAILED BREAKDOWN AND DESCRIPTION OF THIS TYPE OF PROPERTY INVESTMENT.**

GAS – 3

BALANCE SHEET
LIABILITIES & OTHER CREDITS

Item	Capital Stock & Retained Earnings	AS OF DECEMBER 31 2010	2009 UNKNOWN
1.	Common Capital Stock Outstanding	$	$
2.	Preferred Capital Stock Outstanding		
3.	Premiums on Capital Stock		
4.	Other Capital Liability Accounts		
5.	Proprietor's Capital		
6.	Other Capital		
7.	Retained Earnings Reserved		
8.	Unappropriated Retained Earnings		
9.	**LESS** Discount on Capital Stock		
10.	**LESS** Capital Stock Expense		
11.	**Total Capital Stock & Retained Earnings**	$	$
	Long-Term Debt		
12.	Funded Debt Outstanding	$ 610,500	$
13.	Receivers Certificates		
14.	Advances from Affiliated Companies		
15.	Other Long-Term Debt(s)		
16.	**Total Long-Term Debt(s)**	$ 610,500	$
	Current & Accrued Liabilities		
17.	Current portion of Notes Payable	$	$
18.	Other Notes Payable (Current)		
19.	Accounts Payable to Affiliated Companies		
20.	Other Accounts Payable		
21.	Customers Deposits		
22.	Matured Interest & Dividends		
23.	Current portion of Long-Term Debt(s)		
24.	Advance Billing & Payments		
25.	Taxes Accrued		
26.	Unmatured Interest, Dividends, & Rents Accrued		
27.	Refunds Due Customers		
28.	Other Current Liabilities		
29.	**Total Current & Accrued Liabilities**	$	$
	Deferred Credits & Reserves		
30.	Premium on Long-Term Debt	$	$
31.	Insurance Reserve		
32.	Provident Reserve		
33.	Amortization Reserve		
34.	Employment Stabilization Reserve		
35.	Other Deferred Credits & Reserves		
36.	Accumulated Deferred Income Taxes		
37.	**Total Deferred Credits & Reserves**	$	$
	Contributions in Aid of Construction		
38.	Contributions in Aid of Construction	$	$
39.	**TOTAL LIABILITIES & OTHER CREDITS**	$610,500	$

LONG-TERM DEBT

Mortgages, Bonds, Promissory Notes, & Miscellaneous Long-Term Debt

Date of Issue	Date of Maturity	Description: (Bonds, Notes, or Other Instrument)	Beginning of Year Balance	Principal Paid During Year	*End of Year Balance	Interest for Year Rate (%)	Interest for Year Amount	Leave This Column Blank
12/21/10		BANK Z USDA B&I ACQUISITION LOC	$ 0	$ 0	$610,500		$ 0	
		TOTALS	$	$	$ 610.500	———	$	

INCOME STATEMENT

Item		AS OF DECEMBER 31 2010	2009
	Operating Revenue	$ UNKNOWN	$ UNKNOWN
1.	Residential Sales		
2.	Commercial Sales		
3.	Industrial Sales		
4.	Municipal Sales		
5.	Other Miscellaneous Revenue & Sales		
6.	**Total Operating Revenue**	$	$
	Operating Expense		
7.	Production Expense	$	$
8.	Purchased Gas		
9.	Transmission Expense		
10.	Distribution Expense		
11.	Storage Expense		
12.	Customer Accounting & Collection Expense		
13.	Sales Expense		
14.	Administrative & General Expense		
15.	Operating Taxes: State, County, & Municipal		
16.	Operating Taxes: Federal Income Taxes		
17.	Operating Taxes: Federal Other Taxes		
18.	Depreciation Expense		
19.	Amortization Expense		
20.	Other Operating Expense		
21.	**Total Operating Expense**	$	$
22.	**NET OPERATING INCOME**	$	$
	Other Income		
23.	Dividend Income	$	$
24.	Allowance for Funds Used During Construction (AFUDC)		
25.	**LESS:** Federal Income Taxes on AFUDC		
26.	Other Interest Income		
27.	Total Interest Income		
28.	Income from Non-Operating Property		
29.	Miscellaneous Income		
30.	**Total Other Income**	$	$
	Miscellaneous Deductions from Income		
31.	Miscellaneous Income Charges	$	$
32.	Federal Income Taxes-Non-Operating		
33.	Other Non-Operating Taxes		
34.	Total Miscellaneous Deductions		
35.	Net Other Income		
36.	**Gross Income**	$	$
	Interest & Other Deductions		
37.	Interest on Funded Debt	$	$
38.	Other Interest Deductions		
39.	Amortization of Discount on Long-Term Debt		
40.	Release of Premium on Long-Term Debt-Credit		
41.	Other Fixed Charges		
42.	Total Interest & Other Deductions		
43.	**Net Income Before Extraordinary Items**	$	$
	Extraordinary & Delayed Items		
44.	Extraordinary & Delayed Items	$	$
45.	**Net Income to Retained Earnings**	$	$

LEASED EQUIPMENT

This schedule should include all operating equipment located in Tennessee that is leased or used by your company. NONE

Type of Equipment	No. Of Units	Total Annual Amount of Rent	Age Of Units	Annual Depreciation Rate	Lease Expiration Date	Owner	Tax Liability Lessor or Lessee	Original Cost	Accumulated Depreciation	Depreciated Cost	Location (County & City)
		$						$	$	$	

GAS – 7

TENNESSEE PROPERTY
December 31, 2010

GAS DISTRIBUTION SYSTEM

	Gross Investment Within Corporate Limits	Gross Investment Outside Corporate Limits	Gross Investment Total	Cash Value Jan. 1, 2011
Meters	$	$	$	$
Service Lines				
Mains by Size & Kind:				
House Regulators				
Measuring & Regulating Equipment				
Meter Installations				
Other Distribution Equipment				
Total Investment	$	$	$	XXXXXXXXXX
Total Cash Value 1/1/2011	$	$	XXXXXXXXXX	$ 610,500
GAS PLANT EQUIPMENT				
Retorts	$	$	$	$
Benches				
Generators				
Holders				
Other Gas Plant Equipment				
Total Investment	$	$	$	XXXXXXXXXX
Total Cash Value 1/1/2011	$	$	XXXXXXXXXX	$ 0
Total gross investment in furniture, fixtures, equipment, automobiles, materials & supplies, & other general equipment.	$	$	$	$ 0
Total cash value 1/1/2011 of above furniture, etc.	$	$	XXXXXXXXXX	$ 0
CONSTRUCTION WORK IN PROGRESS				
Personal @ 15%	$	$	$	$ 0
Real @ 100%	$	$	$	$ 0

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GAS – 7A

TENNESSEE PROPERTY
(Continued)

Real Estate

A. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	Cash Value Jan. 1, 2011
						$	$
					Total Land	$	$ 0

B. Structures:

Kind & Type of Structure	Location	Year Constructed/ Acquired	Gross Investment	Cash Value Jan. 1, 2011
			$	$
		Total Structures	$	$ 0
		Total Real Estate/Tennessee	$	$ 0
		Total All Property/Tennessee	$	$

	Within Corporate Limits	Outside Corporate Limits	Total
No. Meters	533	12	545
No. Miles of Service Lines			
No. Miles of Main by Size & Kind			
Size: 1" - 4"	34		34
No. Customers	533	12	545

GAS – 8

PROPERTY SHEET

Note: **One sheet to be completed for each county, city, and special school district where property is located.**

Name of county, city, or special school district **County** CAMPBELL

GAS DISTRIBUTION SYSTEM

	Gross Investment Within Corporate Limits	Gross Investment Outside Corporate Limits	Gross Investment Total	Cash Value Jan. 1, 2011
Meters	$	$	$	$
Service Lines				
Mains by Size & Kind:				
1" - 4"	570,000	0	570,000	570,000
House Regulators				
Measuring & Regulating Equipment				
Meter Installations				
Other Distribution Equipment				
Total Investment	$ 570,000	$ 0	$ 570,000	XXXXXXXXXX
Total Cash Value 1/1/2011	$ 570,000	$ 0	XXXXXXXXXX	$ 570,000

GAS PLANT EQUIPMENT

Retorts	$	$	$	$
Benches				
Generators				
Holders				
Other Gas Plant Equipment				
Total Investment	$	$	$	XXXXXXXXXX
Total Cash Value 1/1/2011	$	$	XXXXXXXXXX	$ 0
Total gross investment in *furniture, fixtures,* equipment, automobiles, <u>materials & supplies</u>, & other general equipment.	$	$	$	XXXXXXXXXX
Total cash value 1/1/2011 of above furniture, etc.	$	$	XXXXXXXXXX	$ 0

CONSTRUCTION WORK IN PROGRESS (GROSS COST)

Personal @ 15%	$	$	$	$ 0
Real @ 100%	$	$	$	$ 0

GAS – 8A

REAL ESTATE

Campbell

A. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	Cash Value Jan. 1, 2011
						$	$
					Total Land	$	$ 0

B. Structures:

Kind & Type of Structure	Location	Year Constructed/Acquired	Gross Investment	Cash Value Jan. 1, 2011
			$	$
		Total Structures	$	$
		Total Real Estate/Tennessee	$	$
		Total All Property/Tennessee	$	$ 0

	Within Corporate Limits	Outside Corporate Limits	Total
No. Meters	500	0	500
No. Miles of Service Lines			
No. Miles of Main by Size & Kind			
Size: 1-4"	29		
No. Customers	500	0	500

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GAS – 8

PROPERTY SHEET

Note: ***One sheet to be completed for each county, city, and special school district where property is located.***

Name of county, city, or special school district **County** FENTRESS

GAS DISTRIBUTION SYSTEM

	Gross Investment Within Corporate Limits	Gross Investment Outside Corporate Limits	Gross Investment Total	Cash Value Jan. 1, 2011
Meters	$	$	$	$
Service Lines				
Mains by Size & Kind:				
1 - 4"	37,500	3000	40,500	40500
House Regulators				
Measuring & Regulating Equipment				
Meter Installations				
Other Distribution Equipment				
Total Investment	$ 37,500	$ 3000	$ 40,500	XXXXXXXXXX
Total Cash Value 1/1/2011	$ 37,500	$ 3000	XXXXXXXXXX	$ 40500

GAS PLANT EQUIPMENT

Retorts	$	$	$	$
Benches				
Generators				
Holders				
Other Gas Plant Equipment				
Total Investment	$	$	$	XXXXXXXXXX
Total Cash Value 1/1/2011	$	$	XXXXXXXXXX	$ 0
Total gross investment in furniture, fixtures, equipment, automobiles, materials & supplies, & other general equipment.	$	$	$	XXXXXXXXXX
Total cash value 1/1/2011 of above furniture, etc.	$	$	XXXXXXXXXX	$ 0

CONSTRUCTION WORK IN PROGRESS (GROSS COST)

Personal @ 15%	$	$	$	$ 0
Real @ 100%	$	$	$	$ 0

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REAL ESTATE

A. Land:

Acres	Location	Year Acquired	Purchased From	Deed Book	Page No.	Gross Investment	Cash Value Jan. 1, 2011
						$	$
					Total Land	$	$ 0

B. Structures:

Kind & Type of Structure	Location	Year Constructed/Acquired	Gross Investment	Cash Value Jan. 1, 2011
			$	$
		Total Structures	$	$
		Total Real Estate/Tennessee	$	$
		Total All Property/Tennessee	$	$ 0

	Within Corporate Limits	Outside Corporate Limits	Total
No. Meters	33	12	45
No. Miles of Service Lines			
No. Miles of Main by Size & Kind			
Size: 1"-4"	5		5
No. Customers	33	12	45

PURCHASES AND SALES OF TENNESSEE PROPERTY

List all purchases and sales of **Tennessee real property** (including Telecommunications Towers) that occurred during the year 2010. Give all applicable information for each transaction separately. (You may copy pages as needed) **Please attach a copy of the warranty deed or sales contract.**

NONE

PURCHASES

Date of Purchase: ____________________

County/City: ____________________

Assessor's Tax Map & Parcel Number: ____________________

Purchase Price: ____________________

Physical Address: ____________________
Number & Street

____________________ City ____________________ State ____________________ Zip

Description of Property: ____________________

Grantor (seller): ____________________

Type of Improvement: ____________________

SALES

Date of Sale: ____________________

County/City: ____________________

Assessor's Tax Map & Parcel Number: ____________________

Sale Price: ____________________

Physical Address: ____________________
Number & Street

____________________ City ____________________ State ____________________ Zip

Description of Property: ____________________

Grantee (buyer): ____________________

Type of Improvement: ____________________

REAL PROPERTY UNDER CONSTRUCTION

NONE

Tennessee Code Annotated 67-5-503 provides that, "If after January 1 and before September 1 of any year, an improvement or new building is completed and ready for use or occupancy…the assessor of property shall make or correct the assessment of such property, on the basis of the value of the improvement at the time of its completion…"

List all real properties under construction or properties that **will be** completed by September 1, 2011.

County and City	Property Owner and Map Reference	Description of Improvement	Construction Cost
			$

DATE: 3-29-11

I, Thomas Hartline, being the OWNER, PRESIDENT, SECRETARY, AND /OR PARTNER OF Navitas TN NG, do hereby swear and affirm that the foregoing Ad Valorem Tax Report for the year two thousand eleven has been prepared from only the original books, papers, and records of said respondent under my direction in accordance with Tennessee Code Annotated, §67-5-1316, and is true and correct to the best of my knowledge and belief.

NAME

President

OFFICIAL CAPACITY

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-8

State of Tennessee 2010 Ad Valorem Tax Assessments for all Gas Companies in the State

ELECTRIC COOPERATIVE COMPANIES

PICKWICK ELECTRIC COOPERATIVE		28,173,094
PLATEAU ELECTRIC COOPERATIVE		20,787,423
POWELL VALLEY ELECTRIC COOPERATIVE		20,570,953
SEQUACHEE VALLEY ELECTRIC COOPERATIVE		36,238,365
SO. KENTUCKY RURAL ELECTRIC COOP. CORP.		79,114
SOUTHWEST TENNESSEE ELECTRIC MEMB. CORP.		55,955,846
TENNESSEE VALLEY ELECTRIC COOPERATIVE		15,910,150
TIPPAH ELECTRIC POWER ASSOCIATION		446,181
TRI-COUNTY ELECTRIC MEMBERSHIP CORP.		24,960,977
TRI-STATE ELECTRIC MEMBERSHIP CORP.		2,236,677
UPPER CUMBERLAND ELECTRIC MEMB. CORP.		50,642,730
VOLUNTEER ENERGY COOPERATIVE		106,180,175
ELECTRIC COOPERATIVE COMPANIES	TOTAL	$ 964,516,836

ELECTRIC COMPANIES

ENTERGY ARKANSAS, INC.		19,178
KENTUCKY UTILITIES COMPANY		98,268
KINGSPORT POWER COMPANY		30,825,574
ELECTRIC COMPANIES	TOTAL	$ 30,943,020

GAS COMPANIES

ATMOS ENERGY CORP		83,208,866
CHATTANOOGA GAS COMPANY		30,945,353
COUNCE NATURAL GAS CORP.		68,777
GASCO DISTRIBUTION SYSTEMS, INC.		873,000
PIEDMONT NATURAL GAS COMPANY, INC.		119,111,679
GAS COMPANIES	TOTAL	$ 234,207,675

MOTOR BUS COMPANIES

ALDMOR MANAGEMENT, INC.	23,120
ALL POINTS USA, INC.	250,000
ALL-STATE TOURS OF TENNESSEE	75,000
AMERICAN JOURNEYS LIMITED	1,955
ANCHOR TOURS, INC.	108,885
APPALACHIAN CHARTERS	7,565
B & C TRANSPORTATION, INC.	73,185
BLUES CITY TOURS, INC.	31,791
BRANTLEY CHARTER, INC.	119,818
C & A CHARTERS	22,355
CROWN COACH CORPORATION	293,759
CUSA, LLC	332,800
DELO DAY TOURS, INC.	4,845
FELLOWSHIP TOURS	8,840
GENTRY COACH CO., INC.	86,360
GRAHAM'S SOUTHERN TOURS	3,910
GRAY LINE NASHVILLE	832,405

ATTACHMENT
RCS SUPPLEMENTAL DIRECT-9

State of Tennessee 2011 Ad Valorem Tax Assessments for all Gas Companies in the State

2011 AD VALOREM ASSESSMENTS

October 31, 2011

GAS COMPANIES

COMPANY NAME	ASSESSMENT
ATMOS ENERGY CORP	$95,500,000
CHATTANOOGA GAS COMPANY	$36,700,000
COUNCE NATURAL GAS CORP.	$75,000
GASCO DISTRIBUTION SYSTEMS, INC.	$330,000
PIEDMONT NATURAL GAS COMPANY, INC.	$125,600,000

Companies By Type: 5

Company Type Total: $258,205,000