

FILED  
June 19, 2018  
INDIANA UTILITY  
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA UTILITY )  
REGULATORY COMMISSION'S INVESTIGATION )  
INTO THE IMPACTS OF THE TAX CUTS AND ) CAUSE NO. 45032 S9  
JOBS ACT OF 2017 AND POSSIBLE RATE )  
IMPLICATIONS )

OFFICIAL  
EXHIBITS

IURC  
RESPONDENT'S  
EXHIBIT NO. \_\_\_\_\_  
DATE 11-1-18 REPORTER *[Signature]* PREFILED DIRECT TESTIMONY

OF

BONNIE J. MANN

ON BEHALF OF

INDIANA NATURAL GAS CORPORATION

INDIANA NATURAL GAS CORPORATION  
PREFILED DIRECT TESTIMONY OF BONNIE J. MANN

1. **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**
  - A. My name is Bonnie J. Mann. My business address is LWG CPAs & Advisors, 1776 North Meridian Street, Indianapolis, Indiana 46202.
  
2. **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND, PROFESSIONAL QUALIFICATION, AND ANY EXPERIENCES THAT YOU BELIEVE ARE RELEVANT TO THE CONCLUSIONS YOU HAVE REACHED IN THIS TESTIMONY.**
  - A. I hold a BS degree in Business with a concentration in Accounting. I am licensed as a Certified Public Accountant in the State of Indiana. LWG CPAs & Advisors (LWG) is a firm that specializes in various financial matters including those specifically related to utilities. I and other colleagues in LWG regularly testify before the Commission on revenue requirements and other matters. Such testimony typically includes the calculation federal income taxes and depreciation. Finally, I and my colleagues have worked with a number of utilities in Cause No. 45032, have reviewed the Commission's Docket Entries in Cause No. 45032, and have attended the conferences that have been held by the Commission under Cause No. 45032.

3. Q. DO YOU BELIEVE YOU UNDERSTAND THE COMMISSION'S INVESTIGATION INTO THE TAX CUTS AND JOBS ACT OF 2017 UNDER CAUSE NO. 45032.

A. Yes.

4. Q. ARE YOU WORKING WITH ANY SPECIFIC PUBLIC UTILITIES IN THE SUB DOCKETS CREATED UNDER CAUSE NO. 45032?

A. Yes, I and my colleagues are working with the Respondents: Midwest Natural Gas Corporation; Indiana Utilities Corporation; South Eastern Indiana Natural Gas Company, Inc.; Fountaintown Gas Company, Inc.; Community Natural Gas Co., Inc.; Boonville Natural Gas Corporation; and Indiana Natural Gas Corporation. I and my colleagues have also worked with a number of other utilities in 45032, such as Switzerland County Natural Gas Company, Inc., where sub dockets have not been created.

5. Q. HAVE YOU PREVIOUSLY WORKED WITH THESE COMPANIES?

A. Yes, I assisted all of these companies in establishing their current base rates.

6. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY HERE?

A. We have been asked to assist the above public utilities in responding to the Commission's Docket Entry in Cause No. 45032 dated May 14, 2018 creating sub dockets.

7. Q. **WHAT IS YOUR UNDERSTANDING OF THE REQUIREMENTS OF THAT DOCKET ENTRY?**

A. It is our understanding that these sub dockets are meant to cover all the issues related to the Tax Cuts and Jobs Act that were not addressed in Phase I. We believe the docket entry requires that each of our Respondents file a Case-in-Chief by June 19, 2018. Such Case-in-Chief should consider the material filed by the Consumer Parties on May 2, 2018 and any other matters the Respondents believe are relevant.

8. Q. **IS THE PROCESS OF DETERMINING THE AMOUNT OF EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX A SIMPLE MATH CALCULATION FOR THESE SUB DOCKETS?**

A. No. An over simplification of the process would describe the calculation of excess accumulated deferred federal income taxes as the difference between deferred income taxes calculated at the prior tax rate and the current tax rate. But deferred federal income taxes are created by a series of individual numbers each requiring a different measurement and some of those measurements even differ by jurisdiction such as federal versus state. Some of those deferred income taxes are related to long term assets and will be paid by the utility over a number of years in the future. Some deferred taxes relate to short term assets and will be paid back by

the utility in the year after they are incurred. Additionally for non-December tax filers there is the added complication that measurements are not being made at a calendar year end date and the tax rate on their next tax return will not be 21%. While the calculation of the excess accumulated deferred federal income taxes was not different for each group, the calculation of the accumulated deferred federal income taxes were.

**9. Q. WHO ARE THE NON-DECEMBER YEAR END FILERS IN THE GROUP OF UTILITIES YOU ARE REPRESENTING?**

A. Midwest Natural Gas, Indiana Natural Gas, Indiana Utilities and Community Natural Gas do not have tax year ends as of December 31. The remaining utilities Boonville Natural Gas, Fountaintown Natural Gas, and South Eastern Natural Gas do file tax returns based on the calendar year.

**10. Q. PLEASE DESCRIBE THE DIFFERENCE IN CALCULATING THE ACCUMULATED DEFERRED FEDERAL INCOME TAXES FOR YEAR END TAX FILERS VERSUS FISCAL YEAR TAX FILERS?**

A. First I would note that these utilities are small with limited administrative personnel. As a result, they do not recalculate the accumulated deferred federal income tax liability each month. For those utilities with a tax year ending in December 31, 2017 the accumulated deferred federal income tax liability was calculated at

the end of the calendar year at 21%, and an excess accumulated deferred federal income tax regulatory liability account was created. For utilities without a tax year ending in December, an estimate was calculated for the excess deferred federal income tax liability and a regulatory liability account was created based on that estimate. The calculation of the final excess deferred income taxes has now been made as part of this Phase II proceeding. As a result some of the utilities have had to make adjustments to the previously recorded estimates.

**11. Q. WHAT ARE THE UNDERLYING DEFERRED TAX ELEMENTS FOR THE SMALL NATURAL GAS UTILITIES YOU ARE REPRESENTING IN THE SUB DOCKETS?**

A. The exact combination varies by utility. The one that they all have in common, and is the largest deferred tax item, is the difference between book and tax depreciation. Other components of deferred taxes include other comprehensive income components for retirement benefits; unrealized gains and losses on investments; tax carryforwards including capital loss carryforwards, and charitable contribution carryforwards; rate case cost deducted for federal tax purposes but amortized for regulatory purposes; unbilled revenue; and other small miscellaneous differences. In most cases the numbers used here are updated to December 31 for the non-

calendar year end filers, but there are some that use the underlying item value at the end of the prior fiscal year as a basis.

**12. Q. HAVE YOU PROVIDED THE CALCULATION OF THE EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX FOR EACH UTILITY?**

A. Yes. Exhibit 1 for each utility includes the calculation of the excess accumulated deferred federal income tax showing the individual components of the calculation including both protected and unprotected portions of the excess accumulated deferred federal income tax liability

**13. Q. WHY ARE THERE ESTIMATES OF NUMBERS BASED ON THE PRIOR YEAR END?**

A. The deferred taxes related to the retirement component would require a new retirement study to be performed to be updated. The utilities involved did not believe that it was cost effective to update the study for this one calculation. As a result the numbers included for that component match those from the study performed for the tax year end of the utilities involved.

**14. Q. IS THE EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX CALCULATION PRESENTED IN EXHIBIT 1 THE AMOUNT THE UTILITY IS PROPOSING TO REFUND?**

A. No. I believe the amount to be refunded to customers is the amount that was actually collected from customers in excess of the tax that will be paid.

15. **Q. WHAT IS THE PROPER METHOD TO CALCULATE THE AMOUNT OF DEFERRED TAXES COLLECTED FROM CUSTOMERS?**

A. You should begin by looking at the income tax calculation from the prior base rate proceeding. The calculation of income tax expense included in the prior revenue requirements is not based on actual taxable income or the actual marginal tax rate of the utility. It is instead calculated on total net operating income from existing customers at the stated rate for that level of income. I would note that this can be an issue itself if permanent tax differences are ignored during the process, or there are components of deferred taxes that don't run through income like those associated with other comprehensive income. As a result the tax expense calculation for revenue requirements is both a current and deferred income tax calculation. The amount of deferred income taxes being collected from customers is the amount embedded in that income tax calculation.

16. **Q. HAVE YOU DETERMINED THE AMOUNT OF EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAXES TO BE REFUNDED?**



A. If the income tax expense calculation includes the revenue for the deferred income taxes then the accumulated deferred income taxes at that point will match up to the income tax calculation. Therefore, I have recalculated the deferred income taxes from each utility's last base rate case assuming a federal tax rate of 21%. The difference between those accumulated deferred federal income tax calculations is the amount of excess accumulated deferred federal income taxes I am proposing be returned to customers. Those calculations can be found on Exhibit 3 for each utility.

17. **Q. THE EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX ON EXHIBIT THREE (3) SHOWS THE REMOVAL OF SOME ITEMS ORIGINALLY INCLUDED IN THE DEFERRED TAX AMOUNTS INCLUDED IN THE AMOUNT USED FOR THE LAST BASE RATE CASE, WHY WERE THESE ITEMS REMOVED?**

A. The items removed fall into two categories. Short term items and non-income statement items. Short term items are items that are deferred for only one year. As a result those taxes have been incurred and paid at the utility's prior tax rate and therefore do not need to be refunded. Non-income statement items have been removed because they are not included in the tax calculation for the rates and therefore were not collected from customers. Going back to the discussion above that it is the income tax calculation that creates the amount of deferred tax included in rates, any deferred

tax items not related to the operating income statement are not going to be included in that calculation and should not be included in the refund calculation.

**18. Q. WHY DID YOU INCLUDE LESS DOCUMENTATION FOR THE CALCULATIONS IN EXHIBIT 3 THAN INCLUDED FOR EXHIBIT 1?**

A. The accumulated deferred federal income tax calculation referenced in exhibit 3 was included in each utilities last rate case and has therefore been previously vetted by both the OUC and the IURC.

**19. Q. WHAT IS EXHIBIT 2?**

A. Once the amount of the refund to customers has been established, the time frame of the refund must be determined for each utility. Exhibit 2 addresses the time frame. Because the majority of the underlying components are long term, the return of the excess should also extend over multiple years. Based upon the level of detail held by the utilities, it was determined that the alternative weighted average life method should be used. For the protected portion of the excess accumulated deferred federal income taxes each utility has calculated the estimated average remaining useful life of its utility plant in service. The calculations were made based

on classes of UPIS and then a weighted average approach was used to determine the final amortization numbers.

20. Q. IF THE EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAX REFUND IS BEING CALCULATED BASED ON THE LAST RATE CASE, WHY IS IT APPROPRIATE TO USE THE CURRENT REMAINING LIVES OF THE ASSETS TO RETURN THAT EXCESS?

A. The remaining useful lives of the underlying assets are shorter now than they were at the time of each utility's last rate case. To use the older remaining life to amortize the amounts would extend the refund to the customer beyond the remaining useful life of the assets involved. It would inappropriate to extend the amortization period beyond the lives of the assets involved

21. Q. WHAT IS YOUR PROPOSAL FOR THE AMORTIZATION OF THE UNPROTECTED EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAXES?

A. Due to the smaller amount involved with these numbers, the utilities have proposed to use the same amortization period for the entire excess accumulated deferred federal income tax. This also has the advantage of making the tracking of the amortization easier for both the small gas utilities and the regulators.

22. Q. OTHER THAN THE CALCULATION OF THE REFUND FOR THE EXCESS ACCUMULATED DEFERRED FEDERAL INCOME TAXES, WHAT ELSE WAS REQUIRED BY THE IURC DOCKET ENTRY?

A. The remaining requirement was focused on the disposition of the over collected revenue from January 1, 2018 through April 30, 2018. For this portion of the requirement we are again providing a calculation and recommending a method for returning the over collection over an appropriate period of time.

23. Q. PLEASE EXPLAIN YOUR CALCULATION OF THE OVER COLLECTION FOR EACH UTILITY?

A. My calculation is reflected in my Exhibit 4 for each utility, except for Midwest Natural Gas and Indiana Natural Gas. The information for those two utilities is being presented by witness David Osmon. During Phase I of this proceeding the IURC approved for each utility a new set of tariffs. These tariffs were approved on April 30, 2018 for use starting May 1, 2018. Thus these utilities collected the higher revenue for the first four months of 2018. The calculation shown on the first page of Exhibit 4 is a calculation of the difference in revenue between the pre-April 2018 tariff and the post-April 2018 tariff based on the actual volumes sold by the utility. For customer classes whose bills include an NTA adjustment, the change in tariff was calculated for that adjustment and then either added to or

removed from the total depending the nature of the NTA in that billing cycle. The net over collection column reflects the amount due to each class of customers based on the difference in the tariff.

**24. Q. WHAT IS YOUR PROPOSAL FOR RETURNING THE OVER COLLECTED REVENUE?**

A. The OUCC has suggested that any over collection should be returned to customers over the same time period in which such over collection was created. For the utilities I am representing in this sub docket, the over collection occurred during the four months of January through April. As the Commission is aware, natural gas sales can vary over any given four month period. However, since the over collection occurred during a heating period, these utilities believed, and I agreed, that the refund should also occur over a heating period. Since the Commission has indicated it anticipates concluding these sub dockets with an Order near the end of the calendar year, we are proposing to return the over-collection over the months of January through April 2019.

**25. Q. WHAT IS THE METHOD OF REFUND THAT THE UTILITIES ARE PROPOSING FOR THIS OVER COLLECTION?**

A. We are proposing a temporary tracker mechanism with a reconciliation feature. We believe this is the best way to return the over collection to the actual customers who generated the excess

revenue for these seven small gas utilities. With that as the goal each utility has calculated a tracker based on the expected revenue for the first four months of 2019. However, even with NTA, there can be changes in consumption that will mean that the revenue is not properly returned to customers during that period. As a result, these utilities are proposing that a reconciliation be completed at the end of that period. The reconciliation for the four month period would be included with the work papers in the GCA filing that includes a reconciliation of April 2019. The difference between the total revenue over collected by the utilities and the amount of revenue returned by the utilities would be included in the schedule 12 variances for the GCA.

**26. Q. IS THERE ANY OTHER INFORMATION THAT YOU BELIEVE IS RELEVANT TO THIS CAUSE?**

A. Yes. There are a number of issues that I don't believe this sub docket has adequately addressed. Those include blended tax rates, the cost of these proceedings, the impact of the change in deferred taxes on the equity structure, and the impact of this proceeding on risk for these utilities.

**27. Q. WHAT ARE YOUR CONCERNS RELATED TO BLENDED TAX RATES?**

A. Cause No. 45032 was started based on the tax rate change on January 1, 2018. There is an embedded assumption that every utility will only pay 21% on the revenue reflected in the tax return for tax year 2018. While I understand that assumption, it does not take into account non calendar year taxpayers. For any tax paying entity that has a non-calendar year end, their tax rate in 2018 will not be 21%. It will be a blended rate based on the number of months at each tax rate during their tax year. In calculating the refund on the over collection of revenue for the first four months of 2018 and in calculating the change in deferred taxes, all of the utilities have used a 21% tax rate. However that means that the utilities not using a calendar tax year end will be returning to customers more than they should due to the requirement to pay taxes at a rate higher than 21% during their current tax year.

**28. Q. WHAT ARE YOUR CONCERNS RELATED TO THE COSTS OF THIS PROCEEDING?**

A. This proceeding was created by the Commission and all of the small gas utilities were required to be Respondents in this proceeding. These regulatory proceedings come with a cost. The small natural gas utilities I am representing are requesting that the Commission allow them to defer the cost of this proceeding as a regulatory asset that can be reviewed and eventually recovered in their next full base rate case.

**29. Q. WHAT ARE YOUR CONCERNS ABOUT THE IMPACT OF DEFERRED TAXES ON THE CAPITAL STRUCTURE?**

A. The IURC has asked these utilities to recalculate those deferred taxes, and to the extent that they are lower, return the excess to customers. Deferred taxes are included in the base rate capital structure at a 0% cost. A high deferred tax value with a 0% cost within the capital structure will result in a lower overall weighted average cost of capital. If the deferred tax number is lowered the weighted average cost of capital goes up and the authorized earnings on the utility should be increased.

**30. Q. WHAT ARE YOUR CONCERNS RELATED TO RISK TO THESE UTILITIES AS A RESULT OF THIS PROCEEDING?**

A. I believe risk for utility investors is created by uncertainty. Historically, this Commission has indicated that it would not use single issue ratemaking to change base rates. Further, after requiring the small gas utilities to appear as Respondents in this cause, and instructing each to file a Phase 1 tariff to implement the effect of the Tax Cuts and Jobs Act, Switzerland County Natural Gas' Phase 1 tariff was denied, apparently because it reflected an increase. Since filings under Indiana Code 8-1-2-42 often reflect increases, this denial underscores the uncertainty now created by this proceeding.



**31. Q. ARE YOU PRESENTING NEW TARIFFS IN THIS SUB DOCKET CHANGES?**

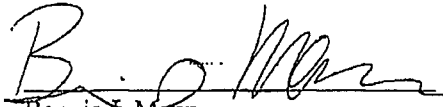
A. No. The tariffs have already been adjusted for the change in the tax rate. Therefore the only change will be to add the adjustment for the refunding of the excess accumulated deferred federal income taxes. The utilities anticipate making a compliance filing once an Order in these sub dockets have been received.

**32. Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

A. Yes, it does.

VERIFICATION

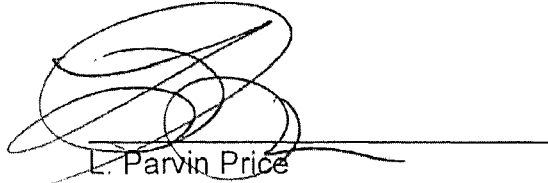
I affirm under the penalties of perjury that the foregoing is true to the best of my knowledge, information and belief as of the date here filed.

  
Bonnie J. Mann

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing has been served upon the following counsel of record electronically this 19th day of June, 2018:

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L. Parvin Price

**Indiana Natural Gas**

**EXHIBITS**

**CAUSE NO. 45032-S9**

Indiana Natural Gas

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Indiana Natural Gas  
 Deferred Tax Asset/Liability

<u>Line</u>		<u>After Tax Act</u>	<u>Prior to Tax Act</u>
1	Net Book Value, Exhibit 1 Page 2	4,478,564	4,478,564
2	Plant Costs per Federal Depr Report, Exhibit 1 Page 4	3,618,434	3,618,434
3	Other Adjustments (Exhibit 1 Page 10):		
4	Unbilled Revenue	101,598	101,598
5	Unrealized (Gain)Loss on Investments	88,478	88,478
6	Unamortized Rate Case	(65,843)	(65,843)
7	Difference in NBV ((Sum Line 2 - 7) - Line 1)	(735,897)	(735,897)
8	State Deferred Tax Estimate, Exhibit 1 Page 9	(40,232)	(40,232)
9	NBV less State Deferred Tax Estimate (Line 8 - Line 9)	(695,665)	(695,665)
10	Tax Rate	21.0%	34.0%
11	Current Period Deferred (Line 10 * Line 11)	(146,090)	(236,526)
12	Deferred Tax under old rate (acc 282)	(236,526)	
13	Deferred Tax under new rate (Line 12)	(146,090)	
14	Reg Liability (acc 253.050) (Line 12 + Line 13)	90,436	
	Unprotected Accumulated Deferred Income Tax ("ADIT")		
		<u>After Tax Act</u>	<u>Prior to Tax Act</u>
15	Unbilled Revenue	101,598	101,598
16	Unrealized (Gain)Loss on Investments	88,478	88,478
17	Unamortized Rate Case	(65,843)	(65,843)
18		124,233	124,233
19	Tax Rate	21.0%	34.0%
20	Unprotected ADIT	26,089	42,239
21	Unprotected ADIT After Tax Act	26,089	
22	Unprotected ADIT Prior to Tax Act	42,239	
23		(16,150)	
24	State Deferred Tax Estimate, Exhibit 1 Page 5	(40,232)	
25	Change in tax rates (34% - 21%)	13.0%	
26		(5,230)	
27	Total Unprotected excess ADIT (Line 23 + Line 26)	(21,380)	

Indiana Natural Gas  
 Trial Balance  
 December 31, 2017

<u>Line</u>	<u>Account</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
1	108-000 Ace Prov for Depr/Amort	(12,596,341.28)	(12,748,757.03)
2	301-000 Organization	18,052.00	18,052.00
3	302-000 Franchises & Consents	76,854.00	76,854.00
4	367-000 Intermediate Mains 12/31/91	609,355.00	609,355.00
5	367-021 Intermediate 2" Main TG	5,351.71	5,351.71
6	367-023 Intermediate 2" Main ANR	8,578.13	8,578.13
7	367-033 Intermediate 3" Main ANR	51.31	51.31
8	367-041 Intermediate 4" Main TG	177,245.08	177,245.08
9	369-000 Intermediate Meas & Reg all 12/91	62,552.02	62,552.02
10	369-001 Intermediate Meas & Reg Stat HP-TG	229,753.41	230,094.99
11	369-002 Intermediate Meas & Reg Stat HP-TE	78,608.68	78,608.68
12	369-003 Intermediate Meas & Reg Stat HP-ANR	7,794.92	8,249.51
13	370-000 Communication Equip	23,250.70	23,250.70
14	371-000 Other Equipment	6,758.79	6,758.79
15	374-000 Dist-Land & Land Rights	133,680.65	133,680.65
16	375-000 Dist-Structures & Improvements	365,476.62	365,476.62
17	376-000 Dist Main all 12/3191	1,833,864.39	1,833,864.39
18	376-011 Dist 1 1/4" Main TG	78,949.42	78,949.42
19	376-012 Dist 1 1/4" Main TE	86,446.84	86,446.84
20	376-013 Dist 1 1/4" Main-ANR	10,199.74	10,199.74
21	376-021 Dist 2" Main-TG	1,043,697.71	1,046,124.55
22	376-022 Dist 2" Main -TE	235,822.99	235,822.99
23	376-023 Dist 2" Main ANR	192,046.53	192,046.53
24	376-031 Dist 3" Main-TG	649,139.17	664,203.41
25	376-032 Dist 3" Main-TE	91,322.63	91,322.63
26	376-033 Dist 3" Main-ANR	44,476.09	44,476.09
27	376-041 Dist 4" Main TG	681,878.37	689,145.07
28	376-042 Dist 4" Main-TE	649,096.04	649,096.04
29	376-043 Dist 4" Main-ANR	(778.32)	(778.32)
30	376-061 Dist 6" Main-TG	42,574.64	42,574.64
31	376-070 Dist-Misc Main	639,725.04	656,394.33
32	379-000 Dist Meas & Reg All 12/31/91	70,202.29	70,202.29
33	379-001 Dist-Meas & Reg Sta TB-TG	147,408.59	147,408.59
34	379-002 Dist-Meas & Reg Sta TB-TE	29,893.64	39,710.33
35	379-003 Dist-Meas & Reg Sta TB-ANR	64,915.42	90,986.64
36	380-000 Dist Services all 12./31/91	1,334,399.03	1,334,399.03
37	380-001 Dist-Services-TG	1,575,112.82	1,615,409.82
38	380-002 Dist-Services-TE	449,920.10	453,224.67
39	380-003 Dist-Services-ANR	178,291.43	195,305.40
40	381-000 Meters & Meter Installation	1,709,840.51	1,715,760.34
41	381-001 Meters - AMR Equipment	618,177.13	618,177.13
42	383-000 Regulators	271,994.86	272,939.65
43	385-000 Dist Ind Meas & Reg 12/3191	46,839.95	48,127.95
44	385-001 Dist-Indust Meas & Reg TG	65,376.81	65,376.81
45	385-002 Dist-Indust Meas & Reg TE	5,620.40	5,620.40
46	387-000 Other Equipment	20,789.97	20,789.97
47	390-000 Gen Plant-Struct & Improvement	440,955.75	440,955.75
48	391-000 Gen Plant-Office Furn & Supplies	254,527.68	254,737.40
49	391-001 Computer Equipment	44,212.04	44,212.04
50	391-002 Computer Equipment-Trucks	8,981.07	8,981.07
51	392-000 Gen Plant-Transportation Equip	748,564.61	770,760.90
52	394-000 Gen Plant-Tools.Shop & Gar Equip	275,775.51	280,333.71
53	395-000 Gen Plant-Laboratory Equip	698.00	698.00
54	396-000 Gen Plant-Power Oper Equip	325,115.52	336,157.92
55	397-000 Gen Plant-Communication Equip	86,147.80	86,147.80
56	398-000 Gen Plant-Misc Equip	180,914.55	180,914.55
57	399-200 Overhead to Plant Accounts	0.00	5,935.00
58		<u>4,440,158.50</u>	<u>4,478,563.67</u>

Indiana Natural Gas  
 Accumulated Depreciation Federal Tax Balance @ 12/31/17

08-1047380  
 09/01/2017 - 09/31/2018  
 Sorted: General - Group

Indiana Natural Gas Corporation (0609.001)  
**Depreciation Expense**

Federal  
 09/01/2017 - 12/31/2017

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus / Inv. %	Sec. 179/ Bonus	Salvage/ Basis Adj.	Reg. Accum. Depreciation	Current Depreciation	Total Depreciation
Subtotal:						17,067,870.81		63,635.39	0.00	19,257,142.63	161,333.48	19,418,486.41
Less dispositions and exchanges:						60,740.64			0.00	514.43	0.00	514.43
Grand Totals:						17,007,130.17		63,635.39	0.00	19,256,628.50	161,333.48	19,417,961.98

Exhibit 1 Page 1



Indiana Utilities Corporation  
State Deferred Tax Estimate

<u>Line</u>		<u>State</u>
1	Net Book Value, Exhibit 1 Page 1	4,478,564
2	State Net Book Value, Exhibit 1 Page 5	3,683,801
3	Other Adjustments:	
4	Unbilled Revenue	101,598
5	Unrealized (Gain)Loss on Investments	88,478
6	Unamortized Rate Case	<u>(65,843)</u>
7	Difference in NBV ((Sum Line 2 - 7) - Line 1))	(670,530)
8	Tax rate	<u>6.0%</u>
9	State Deferred Tax Estimate (Line 9 * Line 8)	<u><u>(40,232)</u></u>

Indiana Natural Gas  
 Accumulated Depreciation State Tax Balance @ 12/31/17

35-1047380  
 09/01/2017 - 08/31/2018  
 Sorted: General - Group

Indiana Natural Gas Corporation [9609.001]  
**Depreciation Expense**  
 State

09/01/2017 - 12/31/2017

System No.	8	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus. Inv. %	Sec. 179 Bonus	Salvage/ Basis Adj.	Dep. Accum. Depreciation	Current Depreciation	Total Depreciation
<b>Subtotal:</b>						17,007,870.61		0.00	0.00	12,213,278.09	200,282.14	12,413,560.23
<b>Less dispositions and exchanges:</b>						60,740.04		0.00	0.00	60,740.04	0.00	60,740.04
<b>Grand Totals:</b>						17,036,990.57		0.00	0.00	12,152,538.05	200,282.14	12,352,820.19

Exhibit 1 Page 4

Indiana Natural Gas  
 Deferred Income Tax

Line	DEFERRED STATE TAX ASSET/(LIABILITY) PER BALANCE SHEET					
			ST LIABILITY	LT LIABILITY	ST ASSET	LT ASSET
	DEPRECIATION					
1	NET BOOK VALUE - BOOKS	12/31/17			4,454,577	
2	NET BOOK VALUE - TAX	12/31/17			<u>3,618,949</u>	
3		DIFFERENCE			(835,628)	
4		UNBILLED REVENUE			101,598	
5		UNREALIZED (GAIN) LOSS ON INVESTMENTS				88,478
6		UNAMORTIZED RATE CASE			(65,843)	
7						
8		TOTAL DEFERRALS	-	(901,471)	101,598	88,478
9	STATE TAX AT 6.00%	38,792.44	-	50,197	(6,096)	(5,309)
10	FEDERAL TAX (NET OF STATE) AT 34%	228,684.87	-	289,433	(32,471)	(28,278)
11	FEDERAL TAX (NET OF STATE) AT 21%	141,246.54	-	178,768	(20,055)	(17,466)
12		Difference			<u>110,666</u>	<u>(10,812)</u>

Indiana Natural Gas  
Average Rate Assumption Method ("ARAM")  
December 31, 2017

Line	Account	Book NBV	Federal NAV	Diff	34%	21%	Difference	Ave. Life	Amortization
1	Organization Costs	4,693	-	4,693	1,596	986	610	-	-
2	Franchises & Consents	19,980	-	19,980	6,793	4,196	2,597	-	-
3	Trans-Mains	208,126	15,115	193,011	65,624	40,532	25,091	20	1,281.13
4	Trans-Meas & Reg	98,659	117,764	(19,105)	(6,496)	(4,012)	(2,484)	27	(93.68)
5	Trans Comm Equip	6,044	22	6,022	2,048	1,265	783	23	-
6	Trans Other Equip	1,757	425	1,332	453	280	173	15	-
7	Land	34,753	133,681	(98,928)	(33,635)	(20,775)	(12,861)	-	-
8	Dist-Structures/IMP	95,012	106,045	(11,033)	(3,751)	(2,317)	(1,434)	22	(66.71)
9	Dist-Mains	1,642,973	1,381,363	261,610	88,947	54,938	34,009	30	1,136.60
10	Dist-Meas & Reg	90,549	115,254	(24,705)	(8,400)	(5,188)	(3,212)	25	(128.01)
11	Dist-Services	935,455	741,261	194,195	66,026	40,781	25,245	27	929.25
12	Meters & Meter Inst	606,751	526,072	80,678	27,431	16,942	10,488	27	384.48
13	Regulators	70,956	79,836	(8,880)	(3,019)	(1,865)	(1,154)	24	(48.82)
14	Dist-Indust Meas	30,969	6,444	24,525	8,338	5,150	3,188	25	125.55
15	Other Equipment	5,405	4,701	703	239	148	91	6	16.14
16	Gen Plant-Struct/IM	114,635	95,440	19,195	6,526	4,031	2,495	24	106.14
17	Office Furn & Supp	80,052	12,288	67,765	23,040	14,231	8,809	5	1,771.04
18	Transportation Equip	200,374	205,613	(5,239)	(1,781)	(1,100)	(681)	3	(198.50)
19	Tools, Shop, Garage	72,878	49,851	23,027	7,829	4,836	2,994	6	528.29
20	Lab Equipment	181	1	181	61	38	23	-	-
21	Power Oper Equip	87,391	24,548	62,843	21,367	13,197	8,170	7	1,147.95
22	Communication Equip	22,396	931	21,465	7,298	4,508	2,790	3	823.41
23	Misc Equip	47,032	1,778	45,254	15,386	9,503	5,883	6	962.67
24	Overhead	1,543	-	1,543	525	324	201	-	-
25		4,478,564	3,618,434	860,130	292,444	180,627	111,817		8,677
26		(Exhibit 2 Page 2)	(Exhibit 2 Page 3)						12.89

Indiana Natural Gas  
 Breakout of Net Book Value  
 December 31, 2017

Line	Cost Basis	Accumulated Depreciation	Net Book Value
1	\$ 18,052	\$ 13,359	\$ 4,693
2	\$ 76,854	\$ 56,874	\$ 19,980
3	\$ 800,581	\$ 592,455	\$ 208,126
4	\$ 379,505	\$ 280,846	\$ 98,659
5	\$ 23,251	\$ 17,206	\$ 6,044
6	\$ 6,759	\$ 5,002	\$ 1,757
7	\$ 133,681	\$ 98,928	\$ 34,753
8	\$ 365,477	\$ 270,464	\$ 95,012
9	\$ 6,319,888	\$ 4,676,915	\$ 1,642,973
10	\$ 348,308	\$ 257,759	\$ 90,549
11	\$ 3,598,339	\$ 2,662,884	\$ 935,455
12	\$ 2,333,937	\$ 1,727,187	\$ 606,751
13	\$ 272,940	\$ 201,984	\$ 70,956
14	\$ 119,125	\$ 88,156	\$ 30,969
15	\$ 20,790	\$ 15,385	\$ 5,405
16	\$ 440,956	\$ 326,321	\$ 114,635
17	\$ 307,931	\$ 227,878	\$ 80,052
18	\$ 770,761	\$ 570,387	\$ 200,374
19	\$ 280,334	\$ 207,456	\$ 72,878
20	\$ 698	\$ 517	\$ 181
21	\$ 336,158	\$ 248,767	\$ 87,391
22	\$ 86,148	\$ 63,752	\$ 22,396
23	\$ 180,915	\$ 133,882	\$ 47,032
24	\$ 5,935	\$ 4,392	\$ 1,543
25	<u>\$ 17,227,321</u>	<u>\$ 12,748,757</u>	<u>\$ 4,478,564</u>

Cost and accumulated depreciation amounts match book depreciation reports at 12/31/17.

Indiana Natural Gas  
 Breakout of Net Asset Value  
 December 31, 2017

<u>Line</u>		<u>Federal Cost Basis</u>	<u>Federal Accumulated Depreciation</u>	<u>Net Asset Value</u>
1	Trans-Mains	\$ 917,146	\$ 902,030	\$ 15,115
2	Trans-Meas & Reg	\$ 379,505	\$ 261,741	\$ 117,764
3	Trans Comm Equip	\$ 23,251	\$ 23,228	\$ 22
4	Trans Other Equip	\$ 6,759	\$ 6,333	\$ 425
5	Land	\$ 133,681	\$ -	\$ 133,681
6	Dist-Structures/IMP	\$ 365,477	\$ 259,431	\$ 106,045
7	Dist-Mains	\$ 6,153,485	\$ 4,772,122	\$ 1,381,363
8	Dist-Meas & Reg	\$ 308,598	\$ 193,343	\$ 115,254
9	Dist-Services	\$ 3,598,339	\$ 2,857,078	\$ 741,261
10	Meters & Meter Inst	\$ 2,333,937	\$ 1,807,865	\$ 526,072
11	Regulators	\$ 272,940	\$ 193,103	\$ 79,836
12	Dist-Indust Meas	\$ 119,125	\$ 112,681	\$ 6,444
13	Other Equipment	\$ 20,790	\$ 16,089	\$ 4,701
14	Gen Plant-Struct/IM	\$ 440,956	\$ 345,516	\$ 95,440
15	Office Furn & Supp	\$ 307,931	\$ 295,643	\$ 12,288
16	Transportation Equip	\$ 770,761	\$ 565,148	\$ 205,613
17	Tools, Shop, Garage	\$ 280,334	\$ 230,483	\$ 49,851
18	Lab Equipment	\$ 698	\$ 697	\$ 1
19	Power Oper Equip	\$ 336,158	\$ 311,610	\$ 24,548
20	Communication Equip	\$ 86,148	\$ 85,217	\$ 931
21	Misc Equip	\$ 180,915	\$ 179,136	\$ 1,778
22	Utility Plant	\$ -	\$ -	\$ -
23		<u>\$ 17,036,931</u>	<u>\$ 13,418,496</u>	<u>\$ 3,618,434</u>

Cost and accumulated depreciation amounts match federal depreciation reports at 12/31/17.













36	MISC	3.1.1995	M	HY	10/0000	1,504.00	100.0000	0.00	1,504.00	0.00	1,504.00	2/26/2005	23	0
42	VEHICLE	3.15.1996	M	HY	10/0000	5,591.00	100.0000	0.00	5,591.00	0.00	5,591.00	3/13/2006	22	0
182	OTHER EQUIPMENT	1-15-1991	M	HY	10/0000	1,035.40	100.0000	0.00	1,035.40	0.00	1,035.40	1/12/2001	27	0
183	NON-UTILITY PROP	9.1.1990	M	HY	10/0000	110,269.20	100.0000	0.00	110,269.20	0.00	110,269.20	8/29/2000	27	0
206	TRANS EQUIP	3.1.1997	M	HY	10/0000	1,259.00	100.0000	0.00	1,259.00	0.00	1,259.00	2/27/2007	21	0
209	TRUCK MOTOR	10.15.1997	M	HY	10/0000	5,698.35	100.0000	0.00	5,698.35	0.00	5,698.35	10/13/2007	20	0
261	MISC EQUIPMENT	3.1.2002	M	HY	10/0000	65,394.39	100.0000	0.00	65,394.39	0.00	65,394.39	2/27/2012	16	0
280	MISC EQUIPMENT	3.1.2003	M	HY	10/0000	5,525.00	100.0000	0.00	5,525.00	0.00	5,525.00	2/26/2013	15	0
297	MISC EQUIP	3.1.2004	M	HY	10/0000	15,418.00	100.0000	0.00	15,418.00	0.00	15,418.00	2/27/2014	14	0
310	MISC EQUIP	3.1.2005	M	HY	10/0000	50,768.00	100.0000	0.00	50,768.00	0.00	50,768.00	2/27/2015	13	0
324	Misc Equipment	3.1.2008	DBI	N A	10/0000	16,404.88	100.0000	0.00	15,411.02	0.00	15,411.02	3/27/2016	12	0
354	Misc Equipment	3.1.2007	DBI	N A	10/0000	930.66	100.0000	0.00	853.47	0.00	853.47	2/26/2017	11	0
376	Misc Equipment	3.1.2008	M	HY	10/0000	5,614.34	100.0000	0.00	5,614.34	0.00	5,614.34	2/27/2018	10	0
439	Misc Equipment	3.1.2012	M	HY	10/0000	13,197.99	100.0000	0.00	13,197.99	0.00	13,197.99	2/27/2022	6	4
497	Miscellaneous Equipment	3.1.2015	M	HY	10/0000	1,231.46	100.0000	0.00	876.80	47.28	924.08	2/26/2025	3	7

Utility Plant Allocation											79,438.88	1.43	79,434.04	7	7				
Subtotal: 398 - MISC EQUIPMENT											306,751.67	0.00	304,925.96	47.28	304,973.24	Average Life Remaining		1	6
Less dispositions and exchanges:											0.00	0.00	0.00	0.00	0.00				
Net for: 398 - MISC EQUIPMENT											306,751.67	0.00	304,925.96	47.28	304,973.24				

Unassigned											Fully Disposed				12/31/2017 Remaining Years	Without On			
445					0.0000	0.00	100.0000	0.00	0.00	0.00	0.00	1.0/1900	118	0	0				
464					0.0000	0.00	100.0000	0.00	0.00	0.00	0.00	1.0/1900	118	0	0				
468					0.0000	0.00	100.0000	0.00	0.00	0.00	0.00	1.0/1900	118	0	0				
Subtotal: Unassigned											0.00	0.00	0.00	0.00	0.00	Average Life Remaining		0	0
Less dispositions and exchanges:											0.00	0.00	0.00	0.00	0.00				
Net for: Unassigned											0.00	0.00	0.00	0.00	0.00				

UTILITY PLANT											Fully Disposed				12/31/2017 Remaining Years	Without On
81	20-YR UTILITY PROP	10.15.1988	ADRS	HY	40.0000	26,536.00	100.0000	0.00	26,536.00	0.00	26,536.00	10.5/2028	29	11	11	
82	20-YR UTILITY PROP	4.15.1989	ADRS	HY	40.0000	6,421.00	100.0000	0.00	6,421.00	0.00	6,421.00	4.5/2029	29	11	11	
83	20-YR UTILITY PROP	7.15.1989	ADRS	HY	40.0000	115,371.00	100.0000	0.00	115,371.00	0.00	115,371.00	7.5/2029	28	12	12	
84	7-YR UTILITY PROP	10.15.1988	M	HY	40.0000	436.00	100.0000	0.00	436.00	0.00	436.00	10.5/2028	29	11	11	
85	7-YR UTILITY PROP	1.15.1989	M	HY	40.0000	47.00	100.0000	0.00	47.00	0.00	47.00	1.5/2029	29	11	11	
86	7-YR UTILITY PROP	4.15.1989	M	HY	40.0000	1,787.00	100.0000	0.00	1,787.00	0.00	1,787.00	4.5/2029	29	11	11	
87	7-YR UTILITY PROP	7.15.1989	M	HY	40.0000	4,481.00	100.0000	0.00	4,481.00	0.00	4,481.00	7.5/2029	28	12	12	
101	PRE 1984 5-YR ACNS	9.1.1982	R		40.0000	21,796.00	100.0000	0.00	21,796.00	0.00	21,796.00	8/22/2022	35	5	5	
102	PRE 1984 5-YR ACNS	9.1.1983	R		40.0000	18,405.00	100.0000	0.00	18,405.00	0.00	18,405.00	8/22/2023	34	6	6	
103	5-YR UTILITY PLANT	8.31.1982	R		40.0000	1,139.00	100.0000	0.00	1,139.00	0.00	1,139.00	8.21/2022	35	5	5	
104	5-YR UTILITY PLANT	8.31.1984	R		40.0000	1,154.00	100.0000	0.00	1,154.00	0.00	1,154.00	8.21/2024	33	7	7	
105	5-YR UTILITY PLANT	8.31.1985	R		40.0000	7,535.00	100.0000	0.00	7,535.00	0.00	7,535.00	8.21/2025	32	8	8	
106	5-YR UTILITY PLANT	8.31.1986	R		40.0000	85,119.00	100.0000	0.00	85,119.00	0.00	85,119.00	8.21/2026	31	9	9	
107	5-YR UTILITY PLANT	12.1.1986	R		40.0000	3,049.00	100.0000	0.00	3,049.00	0.00	3,049.00	11.21/2026	31	9	9	
108	S 15-YR UTILITY PROP	8.31.1981	R		40.0000	151,363.52	100.0000	0.00	151,363.52	0.00	151,363.52	8/21/2021	36	4	4	
109	15-YR UTILITY PROP	8.31.1982	R		40.0000	193,996.00	100.0000	0.00	193,996.00	0.00	193,996.00	8/21/2022	35	5	5	
111	15-YR UTILITY PROP	8.31.1984	R		40.0000	102,247.00	100.0000	0.00	102,247.00	0.00	102,247.00	8/21/2024	33	7	7	
112	15-YR UTILITY PROP	8.31.1985	R		40.0000	77,107.00	100.0000	0.00	77,107.00	0.00	77,107.00	8/21/2025	32	8	8	
113	15-YR UTILITY PROP	8.31.1986	R		40.0000	89,478.00	100.0000	0.00	89,478.00	0.00	89,478.00	8/21/2026	31	9	9	
114	15-YR UTILITY PROP	12.31.1986	R		40.0000	82,022.00	100.0000	0.00	78,535.28	0.00	78,535.28	12.21/2026	31	9	9	
115	18-YR UTILITY PROP	9.1.1985	R		40.0000	1,863.00	100.0000	0.00	1,863.00	0.00	1,863.00	8/22/2025	32	8	8	
116	18-YR UTILITY PROP	2.1.1986	R		40.0000	3,900.00	100.0000	0.00	3,900.00	0.00	3,900.00	1/22/2026	32	8	8	
117	18-YR UTILITY PROP	3.1.1986	R		40.0000	21,263.00	100.0000	0.00	21,263.00	0.00	21,263.00	2/19/2026	32	8	8	
118	18-YR UTILITY PROP	3.1.1986	R		40.0000	922.00	100.0000	0.00	922.00	0.00	922.00	2/19/2026	32	8	8	
119	18-YR UTILITY PROP	8.1.1986	R		40.0000	1,595.00	100.0000	0.00	1,595.00	0.00	1,595.00	7/22/2026	31	9	9	
120	S NON-ACNS PROPERTY	9.1.1980	DBI	N A	40.0000	15,080.40	100.0000	0.00	15,080.40	0.00	15,080.40	8/22/2020	37	3	3	
210	UTILITY PLANT	1.1.1970	DBI	N A	40.0000	2,137,629.04	100.0000	0.00	2,137,629.04	0.00	2,137,629.04	12/22/2009	48	0	0	
240	UTILITY PLANT	1.1.1970	DBI	N A	40.0000	918.38	100.0000	0.00	918.38	0.00	918.38	12/22/2009	48	0	0	
241	UTILITY PLANT	1.1.1970	DBI	N A	40.0000	1,481.53	100.0000	0.00	1,481.53	0.00	1,481.53	12/22/2009	48	0	0	
370	Other Equipment	3.1.2018	M	HY	40.0000	955.26	100.0000	0.00	800.57	9.40	809.97	2/20/2048	10	30	30	
390	Other Equipment	3.1.2019	M	HY	40.0000	5,162.54	100.0000	0.00	4,406.15	53.68	4,459.83	2/19/2049	9	31	31	
410	S	8.31.1987	M	HY	40.0000	1,004.16	100.0000	0.00	1,004.16	0.00	1,004.16	8/21/2027	30	10	10	
411	S	3.1.1988	ADRS	HY	40.0000	203,981.00	100.0000	0.00	203,981.00	0.00	203,981.00	2/20/2028	30	10	10	
412	S	8.31.1987	ADRS	HY	40.0000	51,961.19	100.0000	0.00	51,961.19	0.00	51,961.19	8/21/2027	30	10	10	
415	S	8.31.1983	R		40.0000	20,663.00	100.0000	0.00	20,663.00	0.00	20,663.00	8/21/2023	34	6	6	
441	S	8.31.1981	R		40.0000	44,605.48	100.0000	0.00	44,605.48	0.00	44,605.48	8/21/2021	36	4	4	
442	S	8.31.1983	R		40.0000	1,709.00	100.0000	0.00	1,709.00	0.00	1,709.00	8/21/2023	34	6	6	

Backout Utility Plant (to be allocated over assets above)											-3,504,474.00	-3,499,785.70	-63.08	-3,499,848.78	-315	-315			
Subtotal: UTILITY PLANT											3,504,474.00	0.00	3,499,785.70	63.08	3,499,848.78	Average Life Remaining		0	0
Less dispositions and exchanges:											0.00	0.00	0.00	0.00	0.00				
Net for: UTILITY PLANT											3,504,474.00	0.00	3,499,785.70	63.08	3,499,848.78				
Subtotal:											17,097,670.61	65,635.36	13,267,142.93	161,353.48	13,418,496.41				
Less dispositions and exchanges:											60,710.04	60,225.61	514.43	0.00	514.43				
Grand Totals:											17,036,930.57	5,409.75	13,266,628.50	161,353.48	13,417,981.98				

Indiana Natural Gas  
Refundable Excess Deferred Income Taxes Calculation  
As of August 31, 2013

<u>Line</u>		
1	Accumulated Federal Deferred Income Taxes at 34% (Exhibit 3 Page 2)	(452,835)
2	Accumulated Federal Deferred Income Taxes at 21% (Exhibit 3 Page 3)	<u>(279,692)</u>
3	Excess Accumulated Federal Deferred Income Taxes as of 8/31/2013	<u>(173,143)</u>

Indiana Natural Gas  
Deferred Tax at 34%  
August 31, 2013

<u>Line</u>	TOTALS	ST LIABILITY	LT LIABILITY	ST ASSET	LT ASSET
1	NET BOOK VALUE - BOOKS 08/31/13	-	3,887,439	-	-
2	NET BOOK VALUE - TAX 08/31/13	-	2,432,378	-	-
3	DIFFERENCE	-	(1,455,061)	-	-
4	UNBILLED REVENUE	-	-	71,661	-
5	UNREALIZED (GAIN) LOSS ON INVESTMENTS	-	-	-	260,878
6	UNAMORTIZED RATE CASE	-	(530)	-	-
7	TOTAL DEFERRALS	-	(1,455,591)	71,661	260,878
8	STATE TAX AT 8.5%	46,046	-	72,384	(5,676)
9	FEDERAL TAX (NET OF STATE) AT 34%	366,182	-	470,290	(22,435)
10	TOTAL DEFERRED TAXES 8/31/13	412,228	-	542,674	(28,111)
11	Protected items		(1,455,061)		
12	State deferred taxes		(123,680)		
13	Federal deferred taxes net of state taxes		(452,670)		
	Unprotected items			State Tax	Federal Tax
14	Unbilled revenue (short term item)		-	-	-
15	Unrealized gain loss on investments (not included in income)		-	-	-
16	Unamortized rate case expense		(530)	(45)	(165)
17	Total		(530)	(45)	(165)
18	Accumulated Federal Deferred Income Taxes (Line 13 + Line 17)		(452,835)		

Indiana Natural Gas  
 Deferred Tax at 21%  
 August 31, 2013

Line	TOTALS	ST LIABILITY	LT LIABILITY	ST ASSET	LT ASSET
1	NET BOOK VALUE - BOOKS 08/31/13	-	3,887,439	-	-
2	NET BOOK VALUE - TAX 08/31/13	-	2,432,378	-	-
3	DIFFERENCE	-	(1,455,061)	-	-
4	UNBILLED REVENUE	-	-	71,661	-
5	UNREALIZED (GAIN) LOSS ON INVESTMENTS	-	-	-	260,878
6	UNAMORTIZED RATE CASE	-	(530)	-	-
7	TOTAL DEFERRALS	-	(1,455,591)	71,661	260,878
8	STATE TAX AT 8.5%	46,046	-	72,384	(20,662)
9	FEDERAL TAX (NET OF STATE) AT 21%	226,171	-	290,473	(50,445)
10	TOTAL DEFERRED TAXES 8/31/13	272,217	-	362,857	(71,107)
11	Protected items		(1,455,061)		
12	State deferred taxes		(123,680)		
13	Federal deferred taxes net of state taxes		(279,590)		
	Unprotected items			State Tax	Federal Tax
14	Unbilled revenue (short term item)		-	-	-
15	Unrealized gain loss on investments (not included in income)		-	-	-
16	Unamortized rate case expense		(530)	(45)	(102)
17	Total		(530)	(45)	(102)
18	Accumulated Federal Deferred Income Taxes (Line 13 + Line 17)		(279,692)		