

**Universal Natural Gas, LLC Rate Increase Request
Test Year Ended June 30, 2020
Railroad Commission of Texas
Docket No. OS-20-00004865**

Comparison of Requested Rates vs. Settlement Rates

Universal Natural Gas, LLC
Summary of Adjusted Revenues and Expenses
Test Year Ended June 30, 2020

Line No.	Description	Requested	Settlement Adjustments	Final Allowed
	<u>Normalized Operating Revenues</u>			
1	Base Rate Revenues*	\$6,258,597	\$995,000	\$7,253,597
2	Misc. Service Revenues	374,773		374,773
3	Total Revenue	\$6,633,369	\$995,000	\$7,628,369
	<u>Normalized Operating Expenses</u>			
4	Distribution Operations	\$741,427		
5	Distribution Maintenance	24,436		
6	Customer Accounts	276,262		
7	Customer Service and Informational	6,250		
8	Administrative and General	3,718,382		
9	Taxes Other than Income Taxes	169,776		
10	Depreciation and Amortization	925,942		
11	Black Box Implied Reduction		(179,724)	(\$179,724)
12	Total Operating Expenses	\$5,862,474	(\$179,724)	\$5,682,750
13	Federal Income Taxes	420,004	(\$96,386)	\$323,618
14	Total Expenses	\$6,282,478	(\$276,110)	\$6,006,368
15	Return on Rate Base (\$)	\$1,994,525	(\$372,523)	\$1,622,002
16	Total Revenue Requirement	\$8,277,003	(\$648,633)	\$7,628,369
17	Less: Misc. Service Revenues	(374,773)		(374,773)
18	Base Rate Revenue Requirement	\$7,902,230	(\$648,633)	\$7,253,597
19	Requested/Allowed Increase	1,643,634	(648,634)	995,000

* This amount represents UniGas's actual test year base rate revenues after applying normalizing adjustments. Unigas's original requested, and final allowed, annual revenue requirement is shown in row 18.

Universal Natural Gas, LLC
Calculation of Rate Base
Test Year Ended June 30, 2020

Line No.	Description	Requested	Settlement Adjustments	Final Allowed
1	Intangible Plant	\$300,273	(\$18,647)	\$281,626
2	Distribution Plant	28,296,925	(583,136)	27,713,789
3	General Plant	1,742,528	(4,292)	1,738,236
4	Gross Plant in Service	<u>\$30,339,726</u>	<u>(\$606,075)</u>	<u>\$29,733,651</u>
5	Net Depreciation and Amortization Reserves	(6,839,215)	61,389	(6,777,826)
6	Net Plant in Service	<u>\$23,500,511</u>	<u>(\$544,686)</u>	<u>\$22,955,825</u>
8	Materials and Supplies Inventory	\$348,285	\$0	\$348,285
9	Prepayments	99,275	0	99,275
10	Cash Working Capital	0	0	0
11	Customer Deposits	(512,154)	0	(512,154)
12	Customer Advances for Construction	(2,462,998)	0	(2,462,998)
13	Deferred Income Taxes	0	0	0
14	Total Rate Base	<u>\$20,972,919</u>	<u>(\$544,686)</u>	<u>\$20,428,233</u>
15	Rate of Return	9.51%	-1.57%	7.94%
16	Return on Investment	<u>\$1,994,525</u>	<u>(\$372,523)</u>	<u>\$1,622,002</u>

Universal Natural Gas, LLC
Calculation of Rate of Return
Test Year Ended June 30, 2020

Line No.	Capital Component	Percent of Total	Component Cost	Weighted Cost
REQUESTED				
1	Debt	37.24%	5.31%	1.98%
2	Preferred			0.00%
3	Common Equity	62.76%	12.00%	7.53%
4	Total	100.00%		<u>9.51%</u>
FINAL ALLOWED				
5	Debt	37.24%	5.31%	1.98%
6	Preferred			0.00%
7	Common Equity	62.76%	9.50%	5.96%
8	Total	100.00%		<u>7.94%</u>

Universal Natural Gas, LLC
Calculation of Federal Income Taxes
Test Year Ended June 30, 2020

Line No.	Description	Requested	Settlement Adjustments	Final Allowed
1	Rate Base	\$20,972,919	(\$544,686)	\$20,428,233
2	Rate of Return	9.51%		7.94%
3	Return on Investment	<u>1,994,525</u>	<u>(372,523)</u>	<u>1,622,002</u>
4	Rate Base	\$20,972,919	(\$544,686)	\$20,428,233
5	Weighted Average Cost of Debt	1.98%		1.98%
6	Interest Expense	<u>\$415,264</u>	<u>(\$10,785)</u>	<u>\$404,479</u>
7	After-Tax Income (Return less Interest Expense)	\$1,579,261	(\$361,738)	\$1,217,523
8	Tax Factor (21% / (1 - 21%))	26.58%		26.58%
9	Requested Federal Income Taxes	419,815	(\$96,197)	323,618
10	Filing Adjustment	189	(189)	0
11	Federal Income Taxes	<u>\$420,004</u>	<u>(\$96,386)</u>	<u>\$323,618</u>

Universal Natural Gas, LLC
Comparison of Existing, Proposed and Allowed Rates & Bill Impacts
Test Year Ended June 30, 2020

Line No.	Customer Class	Average Monthly Usage in Mcf	Current Average Monthly Bill with Gas Cost	Settlement Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Change with Gas Cost	Percentage Change without Gas Cost
1	UniGas - Residential	4.20	\$34.43	\$42.97	\$8.54	25%	41%
2	UniGas - Small Commercial ≤ 150 Mcf	22.00	\$142.51	\$170.75	\$28.24	20%	39%
3	UniGas - Large Commercial > 150 Mcf	186.30	\$1,020.08	\$1,239.87	\$219.79	22%	51%
4	UniGas - School*	n/a	n/a	n/a	n/a	n/a	n/a

Note: Current cost of gas based on approximately \$2.92/Mcf average during test year. Settlement cost of gas based on approximately \$2.81/Mcf, reflecting the \$2.92/Mcf test year average less the Janix Energy Services, Inc. fee recovery reduction as reflected in Settlement Term No. 20.

* Existing UniGas School customers are being moved to the applicable Commercial customer subclass (either Small or Large) based on consumption. Based on average school consumption, UniGas's school customers are classified in the Large Commercial class for purposes of this bill impact exhibit.