

**BEFORE THE STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION) BPU Docket No. GR09030195
OF PIVOTAL UTILITY HOLDINGS, INC.) OAL Docket No. PUC-03655-2009N
D/B/A ELIZABETHTOWN GAS FOR)
APPROVAL OF INCREASED BASE TARIFF)
RATES AND CHARGES FOR GAS SERVICE)
AND OTHER TARIFF REVISIONS)**

**DIRECT TESTIMONY OF DAVID E. PETERSON
ON BEHALF OF THE
NEW JERSEY DEPARTMENT OF THE PUBLIC ADVOCATE
DIVISION OF RATE COUNSEL**

**RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY**

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Filed: AUGUST 21, 2009

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS**
3 **ADDRESS.**

4 A. My name is David E. Peterson. I am a Senior Consultant employed by
5 Chesapeake Regulatory Consultants, Inc. ("CRC"). Our business address is 1698
6 Saefern Way, Annapolis, Maryland 21401-6529. I maintain an office in Dunkirk,
7 Maryland.

8
9 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE**
10 **IN THE PUBLIC UTILITY FIELD?**

11 A. I graduated with a Bachelor of Science degree in Economics from South Dakota
12 State University in May of 1977. In 1983, I received a Master's degree in
13 Business Administration from the University of South Dakota. My graduate
14 program included accounting and public utility courses at the University of
15 Maryland.

16
17 In September 1977, I joined the Staff of the Fixed Utilities Division of the South
18 Dakota Public Utilities Commission as a rate analyst. My responsibilities at the
19 South Dakota Commission included analyzing and testifying on ratemaking
20 matters arising in rate proceedings involving electric, gas and telephone utilities.

21
22 Since leaving the South Dakota Commission in 1980, I have continued
23 performing cost of service and revenue requirement analyses as a consultant. In
24 December 1980, I joined the public utility consulting firm of Hess & Lim, Inc. I
25 remained with that firm until August 1991, when I joined CRC. Over the years, I
26 have analyzed filings by electric, natural gas, propane, telephone, water,
27 wastewater, and steam utilities in connection with utility rate and certificate
28 proceedings before federal and state regulatory commissions.

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Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY IN PUBLIC UTILITY RATE PROCEEDINGS?

A. Yes. I have presented testimony in 116 other proceedings before the state regulatory commissions in Alabama, Arkansas, Colorado, Connecticut, Delaware, Indiana, Kansas, Maine, Maryland, Montana, Nevada, New Jersey, New Mexico, New York, Pennsylvania, South Dakota, West Virginia, and Wyoming, and before the Federal Energy Regulatory Commission. In addition, I have twice testified before the Energy Subcommittee of the Delaware House of Representatives on the issues of consolidated tax savings and tax normalization.

Collectively, my testimonies have addressed the following topics: the appropriate test year, rate base, revenues, expenses, depreciation, taxes, capital structure, capital costs, rate of return, cost allocation, rate design, life-cycle analyses, affiliate transactions, mergers, acquisitions, and cost-tracking procedures.

II. SUMMARY

Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A. My appearance in this proceeding is on behalf of the New Jersey Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”).

Q. HAVE YOU TESTIFIED IN OTHER PROCEEDINGS BEFORE THE NEW JERSEY BOARD OF PUBLIC UTILITIES (“BOARD”)?

A. Yes, I have. I have submitted testimony in the following proceedings before the Board:

<u>Utility</u>	<u>Docket No.</u>
South Jersey Gas Company	GR8704329

1		GR03050413
2		GR03080683
3		
4	New Jersey-American Water Company	WR88070639
5		WR91081399J
6		WR92090906J
7		WR94030059
8		WR95040165
9		WR98010015
10		WR03070511
11		WR06030257
12		
13	ACE/Delmarva Merger	EM97020103
14	Atlantic City Electric Company	ER03020110
15		
16	FirstEnergy/GPU Merger (JCP&L)	EM00110870
17	Jersey Central Power & Light	ER02080506
18		ER05121018
19		
20	Rockland Electric Company	ER02100724
21		ER06060483
22		
23	Public Service Electric and Gas	EM00040253
24	Exelon/PSE&G Merger	EM05020106
25		
26	Conectiv/Pepeco Merger (ACE)	EM01050308
27		
28	Elizabethtown Gas Company	GR02040245
29		
30	United Water New Jersey, Inc.	WR07020135
31		
32	New Jersey Natural Gas Company	GR07110889
33		
34		

35 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
36 **PROCEEDING?**

37 A. I was asked to assist Rate Counsel in analyzing Pivotal Utility Holdings, Inc.
38 d/b/a Elizabethtown Gas' ("ETG" or "the Company") request for a rate base
39 allowance for cash working capital. ETG's request for a cash working capital

1 allowance is based on a lead-lag study conducted by Robert L. DePriest. ETG
2 witness Mr. Michael Morley then uses Mr. DePriest's lead and lag day
3 determinations to calculate a rate base allowance for cash working capital. The
4 purpose of my testimony is to present the results of my analysis of Mr. DePriest's
5 lead-lag study to Your Honor and the Board and to recommend alternative
6 ratemaking treatments for several items included in Mr. DePriest's study. Based
7 on my calculation of ETG's cash working capital requirement I recommend the
8 inclusion of a \$12,380,004 allowance for cash working capital in his rate base
9 determination, rather than the \$16,715,246 allowance that is included in ETG's
10 proposed rate base.¹

11
12 **III. CASH WORKING CAPITAL**

13 **Q. FOR WHAT PURPOSE SHOULD A CASH WORKING CAPITAL**
14 **ALLOWANCE BE INCLUDED IN RATE BASE?**

15 A. A cash working capital allowance should be included in rate base to compensate
16 investors for investor-supplied funds, if any, used to provide the day-to-day cash
17 needs of the utility. These cash needs, as Mr. DePriest states in his Direct
18 Testimony (page 3), can be measured in a lead-lag study. A lead-lag study
19 measures the time between (1) the provision of service to utility customers and
20 the receipt of revenue for that service by the utility, and (2) the provision of
21 service by the utility and its disbursements to employees and suppliers in payment
22 for the associated costs. The difference between the revenue "lag" and the
23 expense "lead" is expressed in days. The difference, which can be either a net lag
24 or a net lead, multiplied by the average daily cash operating expenses, quantifies
25 the cash working capital required for, or available from utility operations.

26

¹ See ETG's Schedule MJM-5.1A, page 2.

1 In this proceeding, Mr. DePriest sponsors a lead-lag study based on recently
2 experienced lead and lag days. Mr. Morley then uses Mr. DePriest's lead and lag
3 day determinations to calculate a rate base allowance for cash working capital.
4 Mr. Morley's calculation, however, goes far beyond the measurement of ETG's
5 cash working capital requirement.
6

7 **Q. HOW DO MR. MORLEY'S CASH WORKING CAPITAL**
8 **CALCULATIONS OVERSTATE ETG'S WORKING CASH**
9 **REQUIREMENT?**

10 A. The overstatement of ETG's working cash requirement results primarily from Mr.
11 Morley's improper inclusion of non-cash transactions in the working capital
12 calculation. Non-cash transactions do not create a requirement for cash working
13 capital. The non-cash transactions that Mr. Morley included in his working
14 capital calculation are: uncollectible accounts, deferred taxes, depreciation,
15 pension, other post-retirement benefits ("OPEB") expenses and other net income.
16 Combined, inclusion of these non-cash transactions in the lead-lag calculation
17 significantly overstates the Company's actual working cash requirement. Also, I
18 take issue with the lead days that Mr. DePriest assigned to ETG's payments to
19 AGL Services, payroll expenses, and other O&M expenses, which, together,
20 further overstate ETG's actual working cash requirement.
21

22 **Q. DOES MR. DePRIEST'S DEFINITION OF CASH WORKING CAPITAL**
23 **ALLOW NON-CASH EXPENSES TO BE INCLUDED IN THE LEAD-LAG**
24 **STUDY?**

25 A. No. Including non-cash expenses in the cash working capital allowance in this
26 case is clearly inconsistent with Mr. DePriest's definition of the cash working
27 capital allowance. On page 3 of his Direct Testimony, Mr. DePriest states:
28 "CWC is an allowance that is granted by regulators to cover the day-to-day *cash*

1 needs of a utility” (emphasis added). Nowhere within this definition does Mr.
2 DePriest attempt to define a working capital requirement for the Company’s non-
3 cash expenses. Moreover, on page 7 of his Direct Testimony, Mr. DePriest
4 clearly states that he excluded depreciation expense, deferred income tax expense
5 and cost of capital in his cash working capital study. Yet, without explanation or
6 justification, Mr. Morley’s cash working capital calculation includes a 48.5-day
7 net lag cash working capital requirement for the Company’s non-cash expenses
8 including uncollectible accounts, deferred taxes, depreciation, pension, other post-
9 retirement benefits (“OPEB”) expenses and other net income.² This result is
10 inconsistent with Mr. DePriest’s lead-lag analysis and is inconsistent with Mr.
11 DePriest’s definition of a proper ratemaking allowance for cash working capital.
12

13 **Q. DO YOU AGREE WITH MR. DePRIEST THAT IT IS IMPROPER TO**
14 **INCLUDE NON-CASH EXPENSES IN CASH WORKING CAPITAL?**

15 A. Yes, I do. As I stated earlier in my testimony, a rate base allowance for cash
16 working capital allowance compensates the utility for investor funds used to
17 finance the day-to-day cash operating needs of the utility. Cash flows arising
18 from non-cash expenses do not serve this purpose and, therefore, should not be
19 included in the working cash allowance.
20

21 **Q. WHAT IS YOUR SPECIFIC OBJECTION TO INCLUDING THE**
22 **UNCOLLECTIBLE ACCOUNTS EXPENSE IN THE LEAD-LAG STUDY?**

23 A. Despite the fact that including uncollectible expenses in the lead-lag study
24 decreases the Company’s cash working capital and revenue requirements in this
25 case, it is simply illogical and improper to do so. In fact, doing so is contrary to
26 the definition of cash working capital that I provided earlier.
27

² Ibid.

1 ETG typically writes off an account 90 days after service has been rendered if the
2 account has been determined to be uncollectible. Thus, Mr. DePriest measured
3 the time interval between the provision of service and the date at which an
4 uncollectible account is written off – 107.41 days on average.³ He then reasoned
5 that since revenues from paying customers are received, on average, 48.5 days
6 after service is rendered, the Company enjoys a 58.91 day net cash working
7 capital benefit arising from the uncollectible accounts.⁴

8
9 I do not dispute that uncollectible accounts represent a legitimate expense in an
10 accounting sense given that the expense reduces net income and that uncollectible
11 accounts represent a legitimate ratemaking expense as well. But, the
12 administrative decision to declare an account uncollectible after 90 days does not
13 create a source of working cash for the Company. To see the obvious fallacy of
14 including the uncollectible accounts expense in the lead-lag study one need only
15 answer the question: How does a customer who does not pay his utility bill
16 become a source of cash working capital for the utility? If that were the case,
17 utilities would be encouraging all customers to not pay their utility bills.
18 Obviously, this is an absurd result. A lead-lag study is intended to measure actual
19 cash flows, not accounting accruals. The average lag in customer payments,
20 including late paying customers, is measured in the revenue lag portion of the
21 study. All that is necessary and appropriate to complete the lead-lag study is to
22 measure the timing of ETG's payment of cash expenses. Accounting accruals
23 and amortizations, however, are not cash expenses. Therefore, uncollectible
24 accounts expenses should not be included in the lead-lag study. On my
25 Schedule___(DEP-1), I recalculated ETG's cash working capital requirement
26 after excluding uncollectible accounts expenses.

³ See ETG's response to Data Request RCR-CWC-7.

⁴ Ibid.

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Q. WHY SHOULD DEFERRED TAXED NOT BE INCLUDED IN THE LEAD/LAG ANALYSIS?

A. It is appropriate to exclude deferred taxes from the working capital calculation because there is no continuing cash payment required from either the Company or investors for tax deferrals. Because no periodic cash outlay is required, no investment in working capital is required either. Deferred taxes have been collected from ratepayers, without being paid to the US Treasury by the utility. It is ludicrous to believe that deferred tax expenses create a cash working capital requirement, since no investor funds were expended for them.

Q. DOESN'T THE FACT THAT BECAUSE INVESTOR CAPITAL WAS EXPENDED WHEN PLANT ASSETS WERE ACQUIRED THIS JUSTIFIES INCLUDING DEFERRED TAXES IN THE LEAD-LAG STUDY?

A. No. This is *non sequitur* reasoning. No one can dispute that investors expended funds at the time the Company acquired plant assets. This undisputed fact, however, actually supports my position deferred taxes should not be recognized in the cash working capital calculation. The cash transaction with investors associated with plant in service giving rise to deferred taxes already occurred in the past. There is no further cash outlay from either investors or the Company that is in any way connected with the deferred taxes from that point on. No working capital is needed by the utility for this item. Thus, there is no justification for a cash working capital allowance for deferred income taxes.

Q. WHAT IS YOUR OBJECTION TO INCLUDING THE DEPRECIATION EXPENSE IN THE LEAD-LAG STUDY?

1 A. Like deferred income taxes, depreciation is a non-cash expense. Once again, the
2 cash transaction associated with a plant asset occurred when the asset was first
3 acquired. No additional investor-supplied funds for working capital purposes are
4 required following the initial investment.

5
6 Rather, the depreciation expense is an accounting accrual established to provide a
7 systematic means for the utility to recover the cost of a plant asset over its useful
8 service life. The utility, however, does not write out a check at the end of each
9 month for “depreciation expense” to investors. For that reason, depreciation
10 expense represents a significant source of cash flow for the utility even though it
11 is a non-cash expense as far as ETG’s cash working capital requirement is
12 concerned. Therefore, it is not appropriate to include depreciation expense in the
13 lead-lag study.

14
15 **Q. WHY IS IT APPROPRIATE TO EXCLUDE PENSION AND OPEB**
16 **EXPENSES FROM THE WORKING CASH CALCULATION?**

17 A. Mr. Morley included pension and OPEB expenses in his working capital
18 calculation using a zero-day expense lead, thereby creating a 48.5 day cash
19 requirement for each expense.⁵ This treatment, however, does not accurately
20 portray the actual transaction associated with these two particular expenses. In
21 both cases, the periodic accounting accrual that ETG records for pension and
22 OPEB expenses recognizes a charge against income during employees’ active
23 service periods with the Company. The actual payment of these benefits to
24 employees does not occur until after retirement, which may be several years or
25 even decades later. The zero-day expense lead that Mr. Morley included for these
26 two accruals does not accurately reflect the lead experienced, which may be years
27 or even decades. Since pension and OPEB expenses are periodic accounting

⁵ See ETG’s Schedule MJM-5.1A, page 2.

1 accruals rather than out-of-pocket cash disbursements, it is appropriate to
2 exclude them from consideration in the lead-lag calculation.
3

4 **Q. WHY IS IT APPROPRIATE TO EXCLUDE “OTHER NET INCOME”**
5 **FROM THE CASH WORKING CAPITAL CALCULATION?**

6 A. Other net income is the remaining net profit or loss from non-service related
7 activities after expenses have been recognized. It is a result from operations and
8 not a cash transaction that should be recognized in a working cash study.
9 Therefore, I excluded other net income in my working cash determination on
10 Schedule___(DEP-1).
11

12 **Q. ARE YOU RECOMMENDING ANY CHANGES IN THE EXPENSE LEAD**
13 **DAYS THAT ARE CALCULATED IN MR. DePRIEST’S LEAD-LAG**
14 **STUDY?**

15 A. Yes. I am recommending three changes to Mr. Mr. DePriest’s lead day
16 determinations. My changes relate to (1) payroll, (2) ALG Services, and (3) other
17 operating expenses.
18

19 **Q. WHAT ADJUSTMENT TO PAYROLL-RELATED LEAD DAYS ARE**
20 **YOU RECOMMENDING AND WHY?**

21 A. Mr. DePriest’s 13.12-day lead for payroll expenses is the weighted average of
22 expense lead days for straight payroll costs (9.93 days) and incentive
23 compensation-related expenses (241.5 days).⁶ In this proceeding, Mr. Henkes is
24 recommending that incentive compensation not be included as a recoverable
25 expense for ETG. Therefore, it is appropriate for me to eliminate from the lead-
26 lag calculation the extended payment lag associated with incentive compensation.
27

⁶ See ETG’s response to Data Request RCR-CWC-7.

1 **Q. HOW DID MR. DePRIEST CALCULATE EXPENSE LEAD DAYS FOR**
2 **ETG'S PAYMENTS TO ITS AFFILIATE SERVICE COMPANY, AGL**
3 **SERVICES CO.?**

4 A. Mr. DePriest calculated the expense lead day by breaking down AGL Services'
5 annual billings into its component parts, i.e., labor, employee benefits,
6 depreciation, etc., and associating ETG's expense lead days with the
7 corresponding AGL Services cost categories. For example, Mr. DePriest assigned
8 ETG's 13.12-day expense lead to payroll costs charged by AGL Services.⁷

9
10 **Q. IS MR. DePRIEST'S METHOD REASONABLE?**

11 A. No, it is not. The expense lead day for payments made by ETG to AGL Services
12 should reflect the billing procedures specified in the "AGL Services Agreement"
13 between ETG and AGL Services dated July 9, 2008.⁸ That is, it does not matter
14 how quickly or slowly AGL Services pays its employees and vendors. What
15 matters for ETG's cash working capital purposes is how quickly ETG reimburses
16 AGL Services. The Service Agreement specifies ETG's payment requirement.
17 The AGL Service Agreement states:

18 V. Billing. Bills will be rendered on or about the 15th of each month
19 covering amounts due for the month calculated using the actual expenses
20 incurred to the extent possible during the previous month. Any amount
21 remaining unpaid after thirty days following receipt of the bill shall bear
22 interest thereon from the date of the bill at an annual rate of 2% above the
23 interest rate on 30 day commercial paper as listed on the last working day
24 of the month in the Wall Street Journal.⁹

25
26 Thus, under the billing procedure specified in the AGL Service Agreement,
27 service company charges incurred during January will be billed by February 15,

⁷ Ibid.

⁸ A copy of the AGL Services Agreement, dated July 9, 2008, was provided as an attachment to Board Staff Request S-RREV-24.

⁹ See ETG's response to S-RREV-24.4, AGL Services Agreement, page 2.

1 and ETG's payment will become delinquent thirty days after February 15. On
2 average, ETG has a 60.21-day payment lead for AGL Services expenses¹⁰ rather
3 than the 54.73 days that is reflected in Mr. DePriest's lead-lag study.¹¹
4

5 **Q. HOW DID MR. DePRIEST DETERMINE EXPENSE LEAD DAYS FOR**
6 **"OTHER O&M" EXPENSES?**

7 A. Other O&M expenses represent a catch-all category for miscellaneous vouchers
8 that were not specifically examined as a group elsewhere in Mr. DePriest's lead-
9 lag analysis. Mr. DePriest explained in his Direct Testimony (page 14) that he
10 employed a two-step process to measure expense lead days for this cost category.
11 First, he examined the payment lag for a sample size of 70 vouchers within this
12 category. This group resulted in a 33.15-day expense lead.¹² Mr. DePriest then
13 analyzed ETG's payment lag for the 100 largest (in dollars) vouchers in this cost
14 category. This group produced a 10.27-day expense lead.¹³ Mr. DePriest then
15 averaged the expense lead days for the two groups to produce a composite 21.71-
16 day expense lead for the entire cost category.¹⁴
17

18 **Q. DO YOU AGREE WITH MR. DePRIEST'S LEAD DAY**
19 **DETERMINATION FOR OTHER O&M EXPENSES?**

20 A. No, I do not. I agree that it is not practical to examine every single voucher and
21 that a sampling technique is reasonable. My problem with Mr. DePriest's
22 procedure, however, is in how he averaged together the lead days for the two
23 groups he created. Mr. DePriest used a simple, unweighted average. The 70

¹⁰ The 60.21-day expense lead is determined as follows: service period + billing lag + payment lag. Service period = 365 days / 12 months / 2. Billing lag = 15 days (billed by 15th of following month). Payment lag = 30 days (interest is assessed after 30 days). 15.21 + 15 + 30 = 60.21 days.

¹¹ See ETG's response to RCR-CWC-7.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

1 vouchers were examined to estimate the average payment lag for the smaller
2 miscellaneous vouchers within the group. The pool of vouchers from which the
3 sample of 70 was drawn represented approximately 72 percent of the total
4 vouchers for the entire expense category (in dollars). Yet, Mr. DePriest assigned
5 only a 50 percent weight to that group.¹⁵ In so doing, Mr. DePriest overstated the
6 significance of the relatively short payment lead days for the 100 largest vouchers
7 in that they represented only 28 percent of the total dollar value of all vouchers in
8 the cost category. The appropriate treatment is to calculate a weighted average
9 expense lead for this cost category. That is, the 33.15-day payment lag for
10 miscellaneous vouchers should represent approximately 72 percent of the
11 composite lag for other O&M expenses. The 10.27-day expense lead for the 100
12 largest vouchers should account for approximately 28 percent of the composite
13 lag. Using a weighted average measure, as I recommend, results in a 26.79-day
14 expense lead for other O&M expenses.¹⁶

15
16 **Q. PLEASE SUMMARIZE THE EFFECT OF YOUR RECOMMENDED**
17 **ADJUSTMENTS TO ETG'S CASH WORKING CAPITAL**
18 **CALCULATION.**

19 **A.** My summary cash working capital calculation is shown on Schedule___(DEP-1)
20 using ETG's filed 6+6 expenses. On this schedule, I eliminated all non-cash
21 expenses, eliminated "other income" and I adjusted the expense lead days for
22 payroll, AGL Services, and "other O&M expenses", as previously described in
23 my testimony. After making these changes I calculated a cash working capital
24 requirement for ETG of \$12,380,044 rather than the \$16,715,246 amount that was
25 calculated in Mr. Morley's exhibit.¹⁷ Therefore, I recommend that ETG's claimed
26 6+6 rate base be reduced by \$4,335,242. My cash working capital adjustment at
27 this time does not incorporate Mr. Henkes' recommended expense adjustments.
28 My schedule will be updated later in the proceeding to properly synchronize the

¹⁵ Ibid.

¹⁶ Ibid.

1 cash operating expenses included in the lead-lag study with those that are
2 approved for ratemaking purposes in the Board's final order.

3

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**

5 A. Yes, it does.

¹⁷ See ETG's Schedule MJM-5.1A, page 2.

PIVOTAL UTILITY HOLDINGS INC.
d/b/a ELIZABETHTOWN GAS
Cash Working Capital Requirement
Test Period Ending September 30, 2009 (6+6 Filing)

	Expenses As Filed (A)	Rate Counsel		Payment Lag (Days) (E)	Dollar Days (F)
		Adjustments (C)	As Adjusted (D)		
1. Cost of fuel	\$388,292,253		\$388,292,253	42.97	\$16,684,918,111
2. OPEB expense	556,766	(556,766)	0		0
3. Pension expense	3,813,424	(3,813,424)	0		0
4. Payroll expense	20,354,795		20,354,795	9.93	202,123,114
5. Employee benefits expense	3,764,861		3,764,861	21.96	82,676,348
6. Uncollectible expense	9,274,404	(9,274,404)	0		0
7. Retirement Savings Plus Plan	816,895		816,895	29.62	24,196,430
8. Allocations from AGL Services Co.	18,245,714		18,245,714	60.21	1,098,574,440
9. Other O&M expense	13,971,011		13,971,011	26.79	374,283,385
10. Depreciation and amortization	23,141,924	(23,141,924)	0		0
11. Federal income taxes - current	(1,038,475)		(1,038,475)	38.25	(39,721,669)
12. Federal income taxes - deferred	8,850,166	(8,850,166)	0		0
13. State income taxes - current	1,046,453		1,046,453	15.50	16,220,022
14. State income taxes - deferred	1,258,177	(1,258,177)	0		0
15. Taxes other than income	3,249,965		3,249,965	(9.55)	(31,037,166)
16. Other (income)/expense	(303,084)	303,084	0		0
17. Interest on customer deposits	220,661		220,661	242.73	53,561,045
18. Interest on short-term debt	976,995		976,995	(4.03)	(3,937,290)
19. Interest on long-term debt	11,546,306		11,546,306	80.18	925,782,815
20. AFUDC	0		0		0
21. Total	\$508,039,211	(\$46,591,777)	\$461,447,434	42.01	\$19,387,639,585
22. Revenue lag days				48.50	
23. Expense lead days				42.01	
24. Net lag days				6.49	
25. Expense per day				\$1,264,240	
26. Working cash required				\$8,204,918	
27. Other collections - additions				5,104,914	
28. Other collections - subtractions				929,828	
29. Cash working capital - per Rate Counsel				\$12,380,004	
30. Cash working capital as filed				16,715,246	
31. Rate base adjustment				(\$4,335,242)	

Sources:

Column B: ETG 6+6 Schedule MJM-5.1A, Page 2
Column C: Peterson Direct Testimony
Column E: ETG Schedule RLD-1 (adjusted by Peterson)