

Project Name

PNGTS

DATA INPUT

Remianing Life for Depreciation 50

Ad Valorem 6,200  
O & M 7,013

**Capital Structure:**

Equity 39.91%  
Debt 60.09%  
Equity Rate 12.50%  
Debt Rate 6.54%  
Overall Return 8.92%

State Income Tax Rate (%) 8.17%  
Federal Income Tax Rate (%) 35.00%

Composite Tax Rate 40.59%  
Pretax Return 12.33%

Debt Outstanding - 2002 256,100

**Beginning Balances End of 2001:**

Accumulated DD&A 63,479  
Accumulated ADIT, Including ADIT on Reg Asset (end of Yr. 3) 39,450  
Regulatory Asset 68,339

**Plant Investment**

Organization 433  
Transmission Plant 489,812  
General Plant 1,633  
Land Rights 60  
Working Capital 1,280  
Equity AFUDC 23,929

## DETERMINATION OF COST OF SERVICE TARIFF RATE

Model Reflects PNGTS as Filed Position

### LEVELIZED COST OF SERVICE

Year	Cost of Service	NPV for Rev Stream over 17 Years	Levelized Cost of Service Over 17 Years	NPV for Levelized Rev Stream
		\$511,236		\$511,236

2002	75,261	63,733
2003	73,048	63,733
2004	70,937	63,733
2005	68,855	63,733
2006	66,775	63,733
2007	64,701	63,733
2008	62,634	63,733
2009	60,573	63,733
2010	58,519	63,733
2011	56,473	63,733
2012	54,433	63,733
2013	52,829	63,733
2014	51,902	63,733
2015	51,205	63,733
2016	50,498	63,733
2017	49,797	63,733
2018	49,495	63,733

63,740

PORTLAND NATURAL GAS TRANSMISSION SYSTEM  
OVERALL COST OF SERVICE

COST OF SERVICE

All figures in thousands

Line No.	Description	Year 1st 1999	Year 2nd 2000	Year 3rd 2001	Fouth Year 4th 2002	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
						5th 2003	6th 2004	7th 2005	8th 2006	9th 2007	10th 2008	11th 2009	12th 2010	13th 2011	14th 2012	15th 2013	16th 2014	17th 2015	18th 2016	19th 2017	20th 2018	
1	Operation & Maintenance Expense				7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013	7,013
2	Depreciation and Amortization Expense				10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132
3	Other Taxes				6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
4	Pretax Return				52,162	49,874	47,692	45,539	43,386	41,232	39,079	36,926	34,773	32,620	30,465	28,740	27,698	26,912	26,126	25,340	24,947	
5	Income Tax Allowance for Equity AFUDC				(246)	(171)	(100)	(29)	45	125	211	303	402	509	623	745	860	949	1,028	1,113	1,204	
7	Other Adjustments				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Total Cost of Service				75,261	73,048	70,937	68,855	66,775	64,701	62,634	60,573	58,519	56,473	54,433	52,829	51,902	51,205	50,498	49,797	49,495	