



**NORTH CAROLINA  
PUBLIC STAFF  
UTILITIES  
COMMISSION**

August 25, 2022

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

Re: Docket No. G-39, Subs 46 and 47- Public Staff Late-Filed Exhibit 1

Dear Ms. Dunston:

On July 5, 2022, the Public Staff, Cardinal Pipeline Company, LLC, and Piedmont filed with the North Carolina Utilities Commission (Commission) a Settlement and Stipulation Agreement (Stipulation) that included terms and settlement schedules, which reflected a regulatory fee of 0.13 percent. After the Stipulation was filed, the Commission on July 30, 2022, issued an order in Docket No. M-100, Sub 142, which raised the regulatory fee to 0.14 percent effective July 1, 2022.

During the evidentiary hearing, Presiding Commissioner Karen Kemerait requested that Public Staff witness Ms. Sonja R. Johnson provide as a late-filed exhibit a settlement exhibit and schedules that reflect a 0.14 percent regulatory fee. Pursuant to the Commission's request, I transmit herewith for filing on behalf of the Public Staff, Johnson Late-Filed Exhibit 1, which revises Settlement Exhibit A filed with witness Johnson's settlement testimony on July 5, 2022.

<b>Executive Director</b> (919) 733-2435	<b>Communications</b> (919) 733-2810	<b>Economic Research</b> (919) 733-2902	<b>Legal</b> (919) 733-6110	<b>Transportation</b> (919) 733-7766
<b>Accounting</b> (919) 733-4279	<b>Consumer Services</b> (919) 733-9277	<b>Electric</b> (919) 733-2267	<b>Natural Gas</b> (919) 733-4326	<b>Water</b> (919) 733-5610

Ms. A. Shonta Dunston, Chief Clerk  
August 25, 2022  
Page 2 of 2

By copy of this letter, I am forwarding a copy of the above to all parties of record.

Sincerely yours,

Electronically submitted  
/s/ Gina C. Holt  
Manager, Legal Division, Natural Gas,  
Water, Sewer, Telephone and  
Transportation Sections  
[gina.holt@psncuc.nc.gov](mailto:gina.holt@psncuc.nc.gov)

Enclosure

<b>Executive Director</b> (919) 733-2435	<b>Communications</b> (919) 733-2810	<b>Economic Research</b> (919) 733-2902	<b>Legal</b> (919) 733-6110	<b>Transportation</b> (919) 733-7766
<b>Accounting</b> (919) 733-4279	<b>Consumer Services</b> (919) 733-9277	<b>Electric</b> (919) 733-2267	<b>Natural Gas</b> (919) 733-4326	<b>Water</b> (919) 733-5610

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**RECONCILIATION OF GROSS REVENUE INCREASE REQUESTED BY  
THE COMPANY TO THE SETTLEMENT AGREEMENT AMOUNT**  
For The Test Year Ended December 31, 2021

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	<b>Increase in revenue requirement filed by the Company</b>	<b>\$919,530</b>
2	Additonal revenue requirement decrease per rounding and NCUC method	0
3	<b>Adjusted revenue requirement filed by the Company</b>	<b>\$919,530</b>
<b>Gross revenue impact of Settlement adjustments:</b>		
4	Change in return on equity from 11.04% to 9.55%	(574,625)
5	Change in equity ratio from 59.23% to 51.96%	(417,489)
6	Change in debt cost from 5.25% to 4.96%	(79,646)
7	Adjustment to regulatory fee under present rates	(24)
8	Plant in service updates and related items @ March 31, 2022	(52,622)
9	Adjustment to amortize EDIT (reverse south georgia adjustment)	(3,989)
10	Adjustment for updated working capital	1,020
11	Adjustment for updated ADIT	13,352
12	Rounding errors	(9,096)
13	<b>Total Settlement adjustments (Sum of L4 thru L14)</b>	<b>(1,123,120)</b>
14	<b>Settlement Recommended decrease (L3 + L15)</b>	<b>(\$203,590)</b>

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**COMPUTATION OF COST OF SERVICE**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 1a

Line No.	Item	After Settlement Adjustments (a)	Rate Increase (Decrease) (b)	After Rate Adjustment (c)
<b><u>Operating Revenues</u></b>				
1	Transportation of gas	\$11,719,365	(\$203,590)	\$11,515,775
2	Other operating revenues	0		0
3	Total operating revenues (L1 + L2)	<u>11,719,365</u>	<u>(203,590)</u>	<u>11,515,775</u>
<b><u>Operating Expenses</u></b>				
4	Operating and maintenance	2,377,586		2,377,586
5	Depreciation	4,060,108		4,060,108
6	Pipeline integrity deferral	82,411		82,411
7	General taxes	540,276	(285)	539,991
8	Income taxes	880,990	(46,709)	834,281
8	EDIT Amortization	(518,652)		(518,652)
9	Total operating expenses (Sum of L4 thru L8)	<u>7,422,718</u>	<u>(46,994)</u>	<u>7,375,724</u>
10	Net operating income for a return (L3 - L9)	<u>\$4,296,647</u>	<u>(\$156,596)</u>	<u>\$4,140,051</u>
<b><u>Rate Base</u></b>				
11	Plant in service	\$156,592,986		\$156,592,986
12	Accumulated depreciation	(74,320,708)		(74,320,708)
13	Net plant in service (L11 + L12)	<u>82,272,278</u>	0	<u>82,272,278</u>
14	Working capital	357,899		357,899
15	Accumulated deferred income taxes	(26,264,333)		(26,264,333)
16	Original cost rate base (Sum of L13 thru L15)	<u>\$56,365,844</u>	<u>\$0</u>	<u>\$56,365,844</u>

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**CALCULATION OF GROSS REVENUE EFFECT FACTORS**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 1b

Line No.	Item	Capital Structure [1] (a)	Cost Rates [2] (b)	Retention Factors (c)	Gross Revenue Effect (d)
<b>Rate Base Factor:</b>					
1	Long-term debt	48.04%	4.96%	0.9986000 [3]	0.023861 [5]
2	Short-term debt	0.00%	0.00%	0.9986000 [3]	0.000000 [5]
3	Common equity	51.96%	9.55%	0.7691716 [4]	0.064513 [5]
4	Total (Sum of L1 thru L3)	100.00%			0.088374
 <b>Net Income Factor:</b>					
				Per Company	Per Settlement
5	Total revenue			1.0000000	1.0000000
6	Uncollectibles			0.0000000 [6]	0.0000000 [6]
7	Balance (L5 - L6)			1.0000000	1.0000000
8	Regulatory fee (L7 x .0014%)			0.0000000	0.0014000
9	Balance (L7 - L8)			1.0000000	0.9986000
10	State income tax (L9 x 2.5%)			0.0250000	0.0249650
11	Balance (L9 - L10)			0.9750000	0.9736350
12	Federal income tax (L11 x 21%)			0.2047500	0.2044634
13	Retention (Gross up) factor (L11 - L12)			0.7702500	0.7691716

[1] Settlement Exhibit A, Schedule 4, Column (a).  
 [2] Settlement Exhibit A, Schedule 4, Column (f).  
 [3] Line 9.  
 [4] Line 13.  
 [5] Column (a) x column (b).  
 [6] Cardinal does not have uncollectibles.

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 2

Under Present Rates							
Line No.	Item	Per Company After Pro Forma Adjustment [1] (a)	Correct Company Misclassification (b)	Plant Update @ March 31, 2022 (b)	Working Capital Update [4] (c)	ADIT Update [4] (c)	After Settlement Adjustments [5] (d)
1	Plant in service	\$156,513,852	\$0	\$79,134 [2]			\$156,592,986
2	Accumulated depreciation	(72,552,544)	(\$803,313)	(\$964,851) [3]			(74,320,708)
3	Net plant in service (Sum of L1 thru L3)	83,961,308	(803,313)	(885,717)	0	0	\$82,272,278
4	Allowance for working capital	346,360	0	0	11,539		357,899
5	Accumulated deferred income taxes	(26,746,459)	331,039	0		151,087	(26,264,333)
6	Original cost rate base (Sum of L3 thru L5)	<u>\$57,561,209</u>	<u>(\$472,274)</u>	<u>(\$885,717)</u>	<u>\$11,539</u>	<u>\$151,087</u>	<u>\$56,365,844</u>
	Revenue requirement effect			(\$78,274)	\$1,020	\$13,352	

- [1] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (d), Line 13 thru Line 17.  
[2] Settlement Exhibit A, Schedule 2-1, column (a), line 3.  
[3] Settlement Exhibit A, Schedule 2-1, column (a), line 8.  
[4] Per Company Update @ March 31, 2022.  
[5] Sum of columns (a) through (c).

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Aug 25 2022

**Cardinal Pipeline Company, LLC**  
Docket No. G-39, Sub 47  
**SUPPORT FOR UPDATED PLANT IN SERVICE AND RATE BASE**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 2-1

Line No.	Item	Amount	
		(a)	
<b><u>Plant in Service:</u></b>			
1	Plant in service update @ March 31, 2022	\$156,592,986	[1]
2	Less plant in service per Company application as of December 31, 2021	156,513,852	[2]
3	Public Staff's adjustment to plant in service (L1 - L2)	\$79,134	
<b><u>Accumulated Depreciation:</u></b>			
4	Accumulated depreciation per books March 31, 2022	(\$74,375,310)	[1]
5	Less accumulated reserve removal of ARO	54,602	[1]
6	Accumulated Depreciation per Public Staff (SUM L4 thru L7)	(\$74,320,708)	
7	Accumulated depreciation per Company filing	(73,355,857)	[3]
8	Public Staff's adjustment to accumulated depreciation (L8 -L9)	(\$964,851)	
<b><u>Depreciation Expense:</u></b>			
9	Per Public Staff at March 31, 2022	4,060,108	[1]
10	Per Company application	4,048,466	[4]
11	Adjustment to depreciation expense (L11 - L12)	\$11,642	
<b><u>Property Taxes:</u></b>			
12	Net Plant in Service adjustment @ March 31, 2022	79,134	[5]
13	2022 average North Carolina property tax rate	0.008095	[6]
14	Property taxes (L14 x L15)	\$641	

- [1] Per Company update @ March 31, 2022, with correction of misclassifications..
- [2] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (d), Line 13 + Column (e), Line 13..
- [3] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (d), Line 14.
- [4] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (d), Line 4 + Column (e), Line 4.
- [5] Line 3.
- [6] Company's actual property tax rate per DR 18-2.

CARDINAL PIPELINE COMPANY, LLC  
Docket No. G-39, Sub 47  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2021

Johnson Lat

Line No.	Item	Settlement Adjustments					Settlement Adjustments		
		After Company Pro Forma Adjustments [1] (a)	Correct Misclassification of Company Adjustments (b)	Plant Update @ March 31 2022 (c)	Amortize EDIT (d)	Reg Fee Adjustment (e)	Interest Synchronization (f)	After Public Staff Adjustments [7] (g)	Rate Decrease (h)
<b>Operating Revenues</b>									
1	Transportation of gas	\$11,719,365	\$0					\$11,719,365	(\$203,590) [8]
2	Other operating revenues	\$0	0						
3	Total operating revenues (L1 + L2)	<u>11 719 365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11 719 365</u>	<u>(203 590)</u>
<b>Operating Expenses</b>									
4	Operating and maintenance	\$2,360,976	16,610					2,377,586	
5	Depreciation	\$3,856,754	191,712	11,642 [2]				4,060,108	
6	Regulatory debit (credit)	\$0	0					-	
7	General taxes	\$523,228	16,431	641 [3]		(24)		540,276	(285)
8	Income taxes	989,760	(73,738)	(2,822) [4]	915	6 [4]	(33,132) [6]	880,990	(46,709)
9	EDIT Amortization	(528,451)	13,783		(3,984)			(518,652)	
10	Pipeline Integrity Deferral	0	82,411					82,411	
11	Accretion Expense	0	0						
12	Total operating expenses (Sum of L4 thru L8)	<u>7 202 267</u>	<u>247 209</u>	<u>9 461</u>	<u>(3 069)</u>	<u>(18)</u>	<u>(33 132)</u>	<u>7 422 718</u>	<u>(46 994)</u>
13	Net operating income for a return (L3 - L9)	<u>\$4 517 098</u>	<u>(\$247 209)</u>	<u>(\$9 461)</u>	<u>\$3 069</u>	<u>\$18</u>	<u>\$33 132</u>	<u>\$4 296 647</u>	<u>(\$156 596)</u>
	Revenue requirement effect		(\$321,397)	(\$12,300)	\$3,989	(\$24)	\$43,075		

[1] Miller Exhibit (KM-002), Schedule 8, p. 1, column (d).  
[2] Settlement Exhibit A, Schedule 2-2, column (a), line 11.  
[3] Settlement Exhibit A, Schedule 2-2, column (a), line 14.  
[4] Sum of lines 3 thru 8, times composite tax rate.  
[5] Settlement Exhibit A, Schedule 3-1, line 13.  
[6] Settlement Exhibit A, Schedule 3-4, line 6.  
[7] Company's proforma adjusted operating revenues X 0.14%  
[8] Settlement Exhibit A, Schedule 5, line 7.



CARDINAL PIPELINE COMPANY, LLC  
Docket No. G-39, Sub 47  
**NET OPERATING INCOME FOR A RETURN**  
For The Test Year Ended December 31, 2021

e-Filed Exhibit 1  
[Schedule 3](#)

<u>Line No.</u>	<u>Item</u>	<u>After Rate Decrease (h)</u>
	<b><u>Operating Revenues</u></b>	
1	Transportation of gas	\$11,515,775
2	Other operating revenues	
3	Total operating revenues (L1 + L2)	<u>11 515 775</u>
	<b><u>Operating Expenses</u></b>	
4	Operating and maintenance	2,377,586
5	Depreciation	4,060,108
6	Regulatory debit (credit)	-
7	General taxes	539,991
8	Income taxes	834,281
9	EDIT Amortization	(518,652)
10	Pipeline Integrity Deferral	82,411
11	Accretion Expense	
12	Total operating expenses (Sum of L4 thru L8)	<u>7 375 724</u>
13	Net operating income for a return (L3 - L9)	<u>\$4 140 051</u>

Revenue requirement effect

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**NET OPERATING INCOME FOR A RETURN PER COMPANY**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 3a

<b>COMPANY PRO FORMA ADJUSTMENTS</b>											
Line No.	Item	Per Company Books [1]	Include Decreased Normalized Revenues (b)	Decreased O&M Expenses (c)	ARO Depreciation Expense (d)	Removal of Regulatory Debit/Credit (e)	EDIT Amortization (f)	Removal of Accretion Expense (g)	Company Interest Synchronization (h)	Total Company Pro Forma Adjustments [10]	After Company Pro Forma Adjustments [11]
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
<b>Operating Revenues</b>											
1	Transportation of gas	\$11,786,686	(\$67,321) [2]							(\$67,321)	\$11,719,365
2	Other operating revenues									\$0	-
3	Total operating revenues (L1 + L2)	<u>11,786,686</u>	<u>(67,321)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(67,321)</u>	<u>11,719,365</u>
<b>Operating Expenses</b>											
4	Operating and maintenance	2,391,583		(30,607) [4]						(\$30,607)	2,360,976
5	Depreciation	3,846,736			10,018 [5]					\$10,018	3,856,754
6	Regulatory debit (credit)	40,565				(40,565) [6]				(\$40,565)	-
7	General taxes	523,228								\$0	523,228
8	EDIT Amortization	(713,556)					185,105 [7]			\$185,105	(528,451)
9	Pipeline Integrity Deferral	0								\$0	-
10	Accretion expense (ARO)	37,546						(37,546) [8]		(\$37,546)	-
11	Income taxes	971,861	(15,467) [3]	7,032 [3]	(2,302) [3]	9,320	(42,528) [3]	8,626 [3]	53,218 [9]	\$17,899	989,760
12	Total operating expenses (Sum of L4 thru L9)	<u>7,097,963</u>	<u>(15,467)</u>	<u>(23,575)</u>	<u>7,716</u>	<u>(31,245)</u>	<u>142,577</u>	<u>(28,920)</u>	<u>53,218</u>	<u>104,304</u>	<u>7,202,267</u>
13	Net operating income for a return (L3 - L10)	<u>\$4,688,723</u>	<u>(\$51,854)</u>	<u>\$23,575</u>	<u>(\$7,716)</u>	<u>\$31,245</u>	<u>(\$142,577)</u>	<u>\$28,920</u>	<u>(\$53,218)</u>	<u>(\$171,625)</u>	<u>\$4,517,098</u>

[1] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (B), Line 1 thru Line 10.  
[2] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (C), Line 1.  
[3] Sum of lines 3 thru 9, times composite tax rate.  
[4] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (C), Line 3.  
[5] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (C), Line 4.  
[6] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (C), Line 5.  
[7] Miller Exhibit (KM-002), Schedule 8, Page 1 of 3, Column (C), Line 8.  
[9] Settlement Exhibit A, Schedule 3b, line 6.  
[10] Sum of columns (b) thru (h).  
[11] Sum of columns (a) thru (j).

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**COMPANY INTEREST SYNCHRONIZATION ADJUSTMENT**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 3b

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Interest expense assigned per book tax computation	\$1,430,503 [1]
2	Interest expense assigned to rate base per Miller Exhibit, Statement H-3	<u>1,198,868</u> [2]
3	Difference in interest expense tax deduction (L2 - L1)	<u>(231,635)</u>
4	Adjustment to state income taxes (L3 x 2.5%)	<u>5,791</u>
5	Adjustment to federal income taxes (L3 - L4 x 21%)	<u>47,427</u>
6	Total adjustment to income taxes (L4 + L5)	<u>\$53,218</u>

[1] Miller Exhibit (KM-002), Statement H-3 of Item 4, column (B), line 3.

[2] Miller Exhibit (KM-002), Schedule 8, Page 2 of 3, Column (G), Line 1

**Cardinal Pipeline Company**  
**Docket No. G-39, Sub 47**  
**Computation of Income Taxes Per Company Filing**  
**For The Test Year Ended December 31, 2021**

Line No.	Line No.	Item	Per Books	[1] Company Adjustments	Before Rate Increase	Proposed Increase	After Proposed Increase
1	1	Revenue	\$11,786,686	(\$67,321)	\$11,719,365	\$919,530	\$12,638,895
2	2	Operating and maintenance	2,391,583	(\$13,997)	2,377,586		2,377,586
3	3	Depreciation	3,846,736	201,730	4,048,466		4,048,466
4	4	Regulatory debit	40,565	(40,565)	-		-
		EDIT Amortization	(713,556)	198,888	(514,668)		(514,668)
		Pipeline Integrity Deferral	-	82,411	82,411		82,411
5	5	Accretion expense	37,546	(37,546)	-		-
6	6	General taxes	523,228	16,431	539,659		539,659
7	7	Income before interest & taxes	5,660,584	(474,673)	5,185,911	919,530	6,105,441
8	8	Other income/expense	-	0	-	0	-
9	9	Interest expense	(1,430,503)	231,635	(1,198,868)		(1,198,868)
10	10	Book state taxable income	4,230,081	(243,038)	3,987,043	919,530	4,906,573
11	11	State taxes @ 2.5%	105,752	(6,076)	99,676	22,988	122,664
12	12	Book federal taxable income	4,124,329	(236,962)	3,887,367	896,542	4,783,909
13	13	Federal taxes @ 21%	866,109	(49,762)	816,347	188,274	1,004,621
14	14	Total income taxes	971,861	(\$55,838)	916,023	\$211,262	\$1,127,285
15	15	Other income tax adjustment (L7)		-			
16	16	Composite income tax rate		22.975%			
17	17	Other adjustment to income taxes		\$0			

[1] Miller Exhibit (KM-002), Schedule 8.

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**AMORTIZE EDIT - REVERSE SOUTH GEORGIA**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exh bit 1  
Schedule 3-1

Line No.	Item	Amount
1	Regulatory Liability - Principle Balance	10,527,845 [1]
2	Tax Gross Up	3,209,172
3	Total Regulatory Liability - Income Tax Rate Reduction 1/	13,737,017 [2]
	<u>Average Remaining Life (ARL)</u>	
4	Depreciable Plant	154,928,374 [3]
5	Less Accumulated Depreciation Reserve	(71,831,208) [4]
6	Total Net Depreciable Plant	83,097,166 [5]
7	Depreciation Expense	3,137,399 [6]
8	Total ARL (Years)	26.49 [7]
9	PrincipAL Amortization	(397,487) [8]
10	Gross Up Amount	(121,165) [9]
11	Total RSG Amortization per Public Staff	(518,652) [10]
12	Total RSG Amortization per Company	514,668 [1]
13	Settlement adjustment	(3,984) [12]

- [1] Exhibit (KM-002), Statement H-3(a) Column (B).
- [2] Sum of L1 + L2
- [3] Exhibit (KM-002), Statement C, Column (B), the sum of depreciable intangible plant and transmission plant.
- [4] Company March 31, 2022 updated Statement D.
- [5] Sum of L4 + L5
- [6] Settlement Exhibit A, Schedule 2-2, column (a), line 11.
- [7] Sum of L6/L7
- [8] Sum of L1/L8
- [9] Sum of L2/L8
- [10] Sum of L3/L8
- [11] Sum of L11 + L12

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**PUBLIC STAFF INTEREST SYNCHRONIZATION ADJUSTMENT**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 3-2

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Interest expense assigned to rate base per Company	\$1,198,868 [1]
2	Interest expense assigned to rate base per Public Staff	<u>1,343,076</u> [2]
3	Difference in interest expense tax deduction (L2 - L1)	<u>144,208</u>
4	Adjustment to state income taxes (L3 x 2.5%)	<u>(3,605)</u>
5	Adjustment to federal income taxes (L3 - L4 x 21%)	<u>(29,527)</u>
6	Total adjustment to income taxes (L4 + L5)	<u><u>(\$33,132)</u></u>

[1] Miller Exhibit (KM-002), Schedule 8, Page 2 of 3, Column G, Line 1  
[2] Settlement Exhibit A, Schedule 4, Column (h), Line 1 + Line 2.

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**RETURN ON EQUITY AND ORIGINAL COST RATE BASE**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 4

Line No.	Item	Before Settlement Increase					After Settlement Increase			
		Capitalization Ratios [1] (a)	Original Cost Rate Base (b)	Embedded Cost/Return % (c)	Weighted Cost/Return % (d)	Net Operating Income (e)	Embedded Cost/Return % [1] (f)	Weighted Cost/Return % (g)	Net Operating Income (h)	
1	Long-term debt	48.04%	\$27,078,151 [2]	4.96% [1]	2.38% [5]	\$1,343,076 [7]	4.96%	2.38% [10]	\$1,343,076 [12]	
2	Short-term debt	0.00%	0 [2]	0.00% [1]	0.00% [5]	0 [7]	0.00%	0.00% [10]	\$0 [12]	
3	Common equity	<u>51.96%</u>	<u>29,287,693</u> [2]	10.08% [4]	<u>5.24%</u> [5]	<u>2,953,570</u> [8]	9.55%	<u>4.96%</u> [10]	<u>\$2,796,975</u> [12]	
4	Totals (Sum of L1 thru L3)	<u>100.00%</u>	<u>\$56,365,844</u> [3]		<u>7.62%</u> [6]	<u>\$4,296,647</u> [9]		<u>7.34%</u> [11]	<u>\$4,140,051</u> [13]	

[1] Per Public Staff Witness [Hinton](#).  
[2] Column (a) x Column (b), Line 4.  
[3] Settlement Exhibit A, Schedule 2, Column (c), Line 9.  
[4] Column (e) / Column (b).  
[5] Column (a) x Column (c).  
[6] Column (e), Line 4 / Column (b), Line 4.  
[7] Column (b) x Column (c).

[8] Column (e), Line 4 - Line 1 - Line 2.  
[9] Settlement Exhibit A, Schedule 3, Column (d), Line 11.  
[10] Column (a) x Column (f).  
[11] Column (h), Line 4 / Column (b), Line 4.  
[12] Column (b) x Column (f).  
[13] Sum of Line 1 thru L3.

**CARDINAL PIPELINE COMPANY, LLC**  
Docket No. G-39, Sub 47  
**CALCULATION OF INCREASE (DECREASE) IN  
REVENUE REQUIREMENT**  
For The Test Year Ended December 31, 2021

Johnson Late-Filed Exhibit 1  
Schedule 5

Line No.	Item	Amount
1	Common equity portion of rate base	\$29,287,693 [1]
2	Rate of return required on common equity	<u>9.55%</u> [2]
3	Income required for return on common equity (L1 x L2)	2,796,975
4	Less: income available	<u>2,953,570</u> [3]
5	Income increase (decrease) (L3 - L4)	(156,596)
6	Retention factor	<u>0.7691716</u> [4]
7	Gross revenue increase (decrease) (L5 / L6)	<u><u>(\$203,590)</u></u>

[1] Settlement Exhibit A, Schedule 4, Column (b), Line 3.  
[2] Provided by Public Staff Witness Hinton.  
[3] Settlement Exhibit A, Schedule 4, Column (e), Line 3.  
[4] Settlement Exhibit A, Schedule 1b, Column (d), Line 13.