

McGuireWoods LLP
501 Fayetteville Street
Suite 500
PO Box 27507 (27611)
Raleigh, NC 27601
Phone: 919.755.6600
Fax: 919.755.6699
www.mcguirewoods.com

Mary Lynne Grigg
Direct: 919.755.6573

McGUIREWOODS

mgrigg@mcguirewoods.com

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Mar 31 2020

March 31, 2020

VIA Electronic Filing

Ms. Kimberley A. Campbell, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: Docket No. M-1, Sub 12PSNC

Dear Ms. Campbell:

Pursuant to the North Carolina Utilities Commission's ("Commission") January 30, 2020 *Order Requiring Electronic Filing of Quarterly Financial and Operational Data* in Docket No. M-100, Sub 157, enclosed is the quarterly surveillance report, on Commission Form G.S.-1 for Public Service Company of North Carolina, Inc. ("PSNC") for the period ending December 31, 2019.

Due to methodological and timing differences between the data presented in this report and the manner in which PSNC would otherwise calculate pro forma rate base and income for ratemaking purposes for the relevant period, PSNC respectfully submits that the information reflected on the attached report should be used for informational purposes only. The report is not an accurate reflection of the Company's reporting for ratemaking purposes.

Thank you for your assistance with this matter. Please do not hesitate to contact me if you have any questions regarding this submittal.

Very truly yours,

/s/Mary Lynne Grigg

MLG:kjg

Enclosures

cc: Gina C. Holt
Byron W. Hinson
B. Craig Collins

NCUC Form G.S.-1
Public Service Company of North Carolina, Inc.

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Pursuant to the North Carolina Utilities Commission's ("Commission") January 30, 2020 Order Requiring Electronic Filing of Quarterly Financial and Operational Data in Docket No. M-100, Sub 157, enclosed in the quarterly surveillance report, on Commission Form G.S.-1, for Public Service Company of North Carolina, Inc. for the period ending December 31, 2019

Due to methodological and timing differences between the data presented in this report and the manner in which PSNC would otherwise calculate pro forma rate base and income for ratemaking purposes for the relevant period, PSNC respectfully submits that the information reflected on the attached report should be used for informational purposes only. The report is not an accurate reflection of the Company's reporting for ratemaking purposes.

NCUC Form G.S.-1

Rate of Return Calculations

Public Service Company of North Carolina, Inc.

Twelve Months Ended December 31, 2019

NC Rate Base Method

Schedule 1

(\$000s)

Line No.	Item	13-Mo Avg Total Capitalization [a]	Capitalization Ratio [b]	13-Mo Avg Capital/ Rate Base [c]	Embedded Cost [d]	Overall Cost/ Rate % [e]	Net Operating Income [f]
Total Company							
1	Long-Term Debt	\$699,621	39.64%	\$699,621	5.09%	2.02%	\$35,604
2	Short-Term Debt	125,049	7.08%	125,049	1.19%	0.08%	1,488
3	Common Equity	940,370	53.28%	940,370	7.96%	4.24%	74,887
4	Total Capitalization [1]	<u>\$1,765,040</u>	<u>100.00%</u>	<u>\$1,765,040</u>		<u>6.34%</u>	<u>\$111,979</u>
North Carolina Retail							
5	Long-Term Debt	\$699,621	45.30%	\$658,002	5.09%	2.31%	\$33,492
6	Short-Term Debt	114,109	7.39%	107,343	1.19%	0.09%	1,277
7	Common Equity	730,546	47.31%	687,199	10.13%	4.79%	69,601
8	Total Capitalization [2]	<u>\$1,544,276</u>	<u>100.00%</u>	<u>\$1,452,544</u>		<u>7.19%</u>	<u>\$104,370</u>
Residual [3]							
9	Long-Term Debt	\$0	0.00%	\$41,619	5.09%	0.00%	\$2,112
10	Short-Term Debt	10,940	4.96%	17,706	1.19%	0.06%	211
11	Common Equity	209,824	95.04%	253,171	2.09%	1.99%	5,286
12	Total Capitalization	<u>\$220,764</u>	<u>100.00%</u>	<u>\$312,496</u>		<u>2.05%</u>	<u>\$7,609</u>

[1] Schedule 2, Page 1 of 3

[2] Schedule 2, Page 2 of 3

[3] Total Company less North Carolina Retail

NCUC Form G.S.-1

Ratio of Earnings to Fixed Charges

Compliance with Financial Covenants (6.54%, 4.59%)

Public Service Company of North Carolina, Inc.

Twelve Months Ended December 31, 2019

Financial Method

Schedule 1a

(\$000s)

Line No.	Item	Total Company/ North Carolina
	Ratio of Earnings to Fixed Charges	
1	Consolidated Net Income	\$73,487 [1]
	Fixed Charges	
2	Interest on Debt	\$39,626
3	Amortization of debt discount and expense	135
4	Fixed Charges (L2+L3)	\$39,761
	Taxes	
5	Federal Income Tax	\$13,943
6	State Income Tax	1,818
7	Income Tax on Other Income (including subsidiaries)	(1,042)
8	Property Taxes	11,678
9	Total Taxes	\$26,397
10	Earnings Available for Fixed Charges (L1+L4+L9)	\$139,645
11	Ratio of Earnings to Fixed Charges (L4/L10)	351.21%
	<i>No four quarters ending shall be less than 175%</i>	

[1] Consolidated net income less after tax earnings of subsidiaries plus cash distributions

NCUC Form G.S.-1
Capital Structure
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 2
Page 1 of 3
(\$000s)

		Total Company Capital Structure			
Line No.		Long-term Debt [1]	Short-term Debt	Common Equity [2]	Total Capital [a] + [b] + [c]
		[a]	[b]	[c]	[d]
	Balance at end of:				
1	Dec-18	700,000	178,448	860,689	1,739,137
2	Jan-19	698,488	177,081	879,028	1,754,597
3	Feb-19	699,775	157,865	897,656	1,755,297
4	Mar-19	699,765	122,386	911,114	1,733,265
5	Apr-19	699,756	113,616	914,318	1,727,689
6	May-19	699,744	108,649	914,478	1,722,871
7	Jun-19	699,733	53,361	974,241	1,727,335
8	Jul-19	699,720	77,273	970,863	1,747,856
9	Aug-19	699,708	93,493	968,758	1,761,959
10	Sep-19	699,695	113,046	967,621	1,780,362
11	Oct-19	699,682	125,673	972,367	1,797,722
12	Nov-19	699,490	141,833	985,485	1,826,809
13	Dec-19	699,522	162,913	1,008,195	1,870,630
14	Total	\$9,095,077	\$1,625,637	\$12,224,813	\$22,945,527
15	13 Month Average (L14/L13)	\$699,621	\$125,049	\$940,370	\$1,765,041
16	Capitalization Ratio	39.64%	7.08%	53.28%	100%
17	Actual Interest Accrued	\$35,604			
18	Average Embedded Cost (L17/L15)	5.09%			

[1] Long Term Debt reflects gross current maturities, less unamortized debt expense and includes operating leases as of January 2019

[2] PSNC received a \$70 million equity infusion from Dominion Energy in June 2019

NCUC Form G.S.-1
Capital Structure
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 2
Page 2 of 3
(\$000s)

		NC Retail Capital Structure			
Line		Long-term	Short-term	Common	Total Capital
No.		Debt	Debt [1]	Equity [2]	[a] + [b] + [c]
		[a]	[b]	[c]	[d]
	Balance at end of:				
1	Dec-18	700,000	36,226	650,865	1,387,091
2	Jan-19	698,488	177,081	669,204	1,544,773
3	Feb-19	699,775	157,865	687,832	1,545,473
4	Mar-19	699,765	122,386	701,290	1,523,441
5	Apr-19	699,756	113,616	704,494	1,517,865
6	May-19	699,744	108,649	704,654	1,513,047
7	Jun-19	699,733	53,361	764,417	1,517,511
8	Jul-19	699,720	77,273	761,039	1,538,032
9	Aug-19	699,708	93,493	758,934	1,552,135
10	Sep-19	699,695	113,046	757,797	1,570,538
11	Oct-19	699,682	125,673	762,543	1,587,898
12	Nov-19	699,490	141,833	775,661	1,616,985
13	Dec-19	699,522	162,913	798,371	1,660,806
14	Total	<u>\$9,095,077</u>	<u>\$1,483,415</u>	<u>\$9,497,101</u>	<u>\$20,075,593</u>
15	13 Month Average	\$699,621	\$114,109	\$730,546	\$1,544,276
16	Capitalization Ratio	45.30%	7.39%	47.31%	100%

[1] Short-term debt reflects actual short term debt as of January 2019

[2] Schedule 2, Page 3 of 3

Common Equity excludes Acquisition Adjustment

NCUC Form G.S.-1
Capital Structure
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 2
Page 3 of 3
(\$000s)

North Carolina Retail Common Equity				
Line No.	Month	Consolidated Common Equity	Exclude Acquisition Adjustment	Net Common Equity [1]
		[a]	[c]	[e]
	Balance at end of:			
1	Dec-18	860,689	(209,824)	650,865
2	Jan-19	879,028	(209,824)	669,204
3	Feb-19	897,656	(209,824)	687,832
4	Mar-19	911,114	(209,824)	701,290
5	Apr-19	914,318	(209,824)	704,494
6	May-19	914,478	(209,824)	704,654
7	Jun-19	974,241	(209,824)	764,417
8	Jul-19	970,863	(209,824)	761,039
9	Aug-19	968,758	(209,824)	758,934
10	Sep-19	967,621	(209,824)	757,797
11	Oct-19	972,367	(209,824)	762,543
12	Nov-19	985,485	(209,824)	775,661
13	Dec-19	1,008,195	(209,824)	798,371
14	Total	<u>\$12,224,813</u>	<u>(\$2,727,712)</u>	<u>\$9,497,101</u>
15	13 Month Average			\$730,546

[1] Net Common Equity does not reflect common equity adjustments from last rate case

NCUC Form G.S.-1

Rate Base

Public Service Company of North Carolina, Inc.

Twelve Months Ended December 31, 2019

NC Rate Base Method

Schedule 3

(\$000s)

Line No.	Item	Plant in Service [1] [a]	Accumulated Provision for Depreciation [1] [b]	Deferred Income Taxes [1] [c]	Misc Working Capital [d]	Lead/Lag CWC [2] [e]	Net Regulatory Assets [f]	Rate Base Sum [a] - [f] [g]
<u>Total Company/NC Retail</u>								
Balance at:								
1	Dec-18	2,340,508	(756,139)	(336,096)	(19,056)	13,946	67,630	1,310,793
2	Jan-19	2,358,937	(763,924)	(338,353)	(16,847)	27,364	67,689	1,334,865
3	Feb-19	2,368,386	(768,511)	(339,050)	(24,942)	27,473	69,152	1,332,507
4	Mar-19	2,377,603	(773,319)	(338,721)	(29,212)	27,580	71,449	1,335,379
5	Apr-19	2,391,486	(778,055)	(338,721)	(29,203)	27,741	72,599	1,345,847
6	May-19	2,536,982	(783,040)	(338,721)	(26,365)	29,429	75,042	1,493,326
7	Jun-19	2,545,481	(786,779)	(337,445)	(21,652)	29,528	77,652	1,506,784
8	Jul-19	2,554,505	(791,557)	(340,494)	(18,875)	29,632	79,303	1,512,515
9	Aug-19	2,560,509	(796,013)	(340,494)	(16,607)	29,702	80,893	1,517,990
10	Sep-19	2,569,571	(800,962)	(344,315)	(15,807)	29,807	82,731	1,521,026
11	Oct-19	2,580,148	(806,003)	(344,315)	(14,137)	29,930	84,467	1,530,089
12	Nov-19	2,591,054	(811,301)	(344,315)	(15,721)	30,056	86,250	1,536,024
13	Dec-19	2,659,086	(813,520)	(339,344)	(19,767)	30,845	88,620	1,605,920
14	Total	<u>\$32,434,254</u>	<u>(\$10,229,124)</u>	<u>(\$4,420,385)</u>	<u>(\$268,191)</u>	<u>\$363,033</u>	<u>\$1,003,477</u>	<u>\$18,883,066</u>
15	13 Month Average	\$2,494,943	(\$786,856)	(\$340,030)	(\$20,630)	\$27,926	\$77,191	\$1,452,544

[1] Rate Base does not reflect adjustments from last rate case as of January 2019

[2] Lead/Lag CWC calculated as .0116, determined at 2016 Rate Case times monthly net plant as of January 2019

NCUC Form G.S.-1
Income Statement
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 4
Page 1 of 2
(\$000s)

Line No.	Item	Total Company/ North Carolina [a]
1	<u>Operating Revenues</u>	
2	Residential Sales	\$334,854
3	Commercial Sales [2]	131,386
4	Industrial Sales [2]	18,740
5	Public Authority Sales	0
6	Sales for Resale	0
7	Other Gas Sales	0
8	Total Sales of Gas (Sum L2 - L7)	<u>\$484,980</u>
9	<u>Other Operating Revenues</u>	
10	Gas Transportation for Others	\$59,601
11	Other Operating Revenues [3]	<u>(\$5,326)</u>
12	Total Gas Operating Revenues (L8 + L10 + L11)	<u><u>\$539,255</u></u>
13	<u>Operating Expenses</u>	
14	Purchased Gas	\$219,606
15	Maintenance Expense	15,330
16	Other Operating Expense [1]	92,938
17	Taxes Other Than Income Taxes	16,795
18	Total Operating Expenses (Sum L14 - L17)	<u>\$344,669</u>
19	Depreciation and Amortization	\$69,455
20	Total Expenses and Depreciation	<u>\$414,124</u>
21	<u>Operating Taxes</u>	
22	Federal Income Tax Liability	\$28,889
23	Federal Income Tax - Deferred	(10,387)
24	Investment Tax Credit (ITC) Normalization	0
25	Amortization of ITC	0
26	Total Federal Income Taxes (Sum L22 - L25)	<u>\$18,502</u>
27	State Income Tax Liability	(\$557)
28	State Income Tax - Deferred	2,816
29	Total State Income Taxes	<u>\$2,259</u>
30	Total Operating Taxes (Sum L26 - L28)	<u>\$20,761</u>
31	Total Operating Expenses, Depreciation and Taxes (L30 + L20)	<u>\$434,885</u>
32	Net Operating Income (L12-L31) (Net of Interest on Customer Deposits)	<u><u>\$104,370</u></u>

[1] Includes interest on customer deposits of \$523,099 see MFR Page 4.8

[2] Revenues are categorized as commercial or industrial based on categories in Rule R6-19.2

[3] Other Operating Revenues, includes the \$3,750,000 customer refund
provided for in Docket No. G-5, Sub 585

NCUC Form G.S.-1
Income Statement
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

Financial Method
Schedule 4
Page 2 of 2
(\$000s)

Line No.	Item	Total Company/ North Carolina (a)
31	<u>Other Income</u>	
32	Allow for Equity Funds Used During Construction	\$5,940
33	Equity and Earnings of Subsidiary Companies	2,774
34	Interest and Dividend Income	1,664
35	Miscellaneous Income	10,291
36	Total Other Income (Sum L32 - L35)	<u>\$20,669</u>
37	<u>Other Deductions</u>	
38	Miscellaneous Income Deductions [2]	\$15,948
39	Taxes Applicable to Other Income & Deductions	(5,146)
40	Total Other Income Deductions (L38 + L39)	<u>\$10,802</u>
41	<u>Interest Charges</u>	
42	Interest on Long-term Debt	\$35,470
43	Amortization of Debt Discount and Expense	135
44	Interest on Advances from Affiliated Companies	0
45	Other Interest Expense [1]	6,023
46	Allowance for Borrowed Funds Used During Construction	(2,276)
47	Total Interest Charges (Sum L42 - L46)	<u>\$39,352</u>
48	Net Income Before Extraordinary and Delayed Items	\$74,887
49	Extraordinary & Delayed Items	0
50	Net Income (Loss)	<u>\$74,887</u>

[1] Excludes interest on customer deposits of \$521,386 see MFR Page 4.8

[2] Includes \$717,201 of charitable contributions as provided for in Docket No. G-5, Sub 585

NCUC Form G.S.-1
Condensed Balance Sheet
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

Financial Method
Schedule 5
(\$000s)

Line No.	Item	Total Company Booked (a)
1	<u>Assets</u>	
2	Gas Utility Plant in Service (excluding CWIP)	\$2,728,120
3	Less: Accum Depreciation & Amortization	<u>\$816,584</u>
4	Net Plant in Service	\$1,911,536
5	Plus: Materials and Supplies	<u>45,506</u>
6	Net Plant in Service and Materials and Supplies	\$1,957,042
7	CWIP	64,686
8	Other Assets	<u>551,315</u>
9	Total Assets	<u><u>\$2,573,043</u></u>
10	<u>Liabilities And Member's Equity</u>	
11	Common Equity	1,008,195
12	Long-term Debt	<u>700,911</u>
13	Total Capitalization (L11+L12)	\$1,709,106
14	Short-term Debt	162,913
15	Advances from Parent or Affiliate	0
16	Accumulated Deferred Income Taxes	227,323
17	Other Liabilities & Deferred Credits	473,701
18	Total Liabilities	<u><u>\$2,573,043</u></u>

NCUC Form G.S.-1
Comparative Data
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 6
Page 1 of 2
(\$000s)

Line No.	Item	Total Company/North Carolina					
		Test Year 12 Months Ended December 31, 2015			Actual Operations		
		End of Period After Increase NCUC Docket G-5, Sub 565			Twelve Months Ended December 31, 2019		
		Revenue	Expenses as % of:		Revenue	Expenses as % of:	
		[a]	Revenue [b]	Expenses [c]	[d]	Revenue [e]	Expenses [f]
1	<u>Operating Revenues</u>						
2	Gross Operating Revenues	\$434,446	100.00%		\$539,255	100.00%	
3	<u>Operating Revenue Deductions</u>						
4	Cost of Gas	\$180,388	41.52%	48.18%	\$219,606	40.72%	50.56%
5	Operating and Maintenance Expenses	101,034	23.26%	26.98%	107,742	19.98%	24.80%
6	Depreciation and Amortization	56,055	12.90%	14.97%	69,455	12.88%	15.99%
7	Taxes Other than Income Taxes	15,288	3.52%	4.08%	16,795	3.11%	3.87%
8	Taxes - State Income	2,304	0.53%	0.62%	2,259	0.42%	0.52%
9	Taxes - Federal Income	19,351	4.45%	5.17%	18,502	3.43%	4.26%
10	Total Operating Expenses	<u>\$374,420</u>	<u>86.18%</u>	<u>100.00%</u>	<u>\$434,359</u>	<u>80.55%</u>	<u>100.00%</u>
11	Interest on Customer Deposits	570	0.13%		526	0.10%	
12	Net Operating Income for Return (L2-L10-L11)	<u>\$59,456</u>	<u>13.69%</u>		<u>\$104,370</u>	<u>19.35%</u>	

NCUC Form G.S.-1
Comparative Data
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method
Schedule 6
Page 2 of 2
(\$000s)

Line No.	Item	Rate Base	
		Test Year 12-Months Ended December 31, 2015 End of Period After Increase NCUC Docket G-5, Sub 565	13-Month Average Actual Operations 12-Months Ended December 31, 2019
		Total Company	Total Company
		[a]	[b]
13	Gas Utility Plant in Service	\$1,839,643	\$2,494,943
14	Less: Accumulated Provision for Depreciation	(657,141)	(786,856)
15	Net Plant in Service (Sum of L13 & L14)	1,182,502	1,708,087
16	Working Capital - Other	(7,817)	(20,630)
17	Working Capital - Lead Lag [1]	13,714	27,926
18	Deferred Regulatory Assets	0	77,191
19	Less: Deferred Income Taxes	(241,677)	(340,030)
20	Original Cost Rate Base (L15 thru L19)	\$946,722	\$1,452,544

[1] O&M Expenses x 0.1349 in Rate Case

NCUC Form G.S.-1
Long-Term Debt and Interest Charges
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Rate Base Method/Financial Method
Schedule 7
(\$000s)

Line No.	Type of Obligation (Bonds, Debentures, Notes, etc.)	Issue Date [a]	Maturity Date [b]	Face Amount [c]	Amount Outstanding [d]	Interest Rate [e]	Interest Booked for 12 Months Ended This Report [f]	Interest Annualized on O/S Long-Term Debt [e] x [d] [g]
1	6.99% Due 2026	01/01/96	01/15/26	50,000	50,000	6.99%	3,495	3,495
2	7.45% Due 2026	12/15/96	12/15/26	50,000	50,000	7.45%	3,725	3,725
3	6.54% Due 2020	03/30/10	03/30/20	100,000	100,000	6.54%	6,540	6,540
4	4.59% Due 2021	02/14/11	02/14/21	150,000	150,000	4.59%	6,885	6,885
5	4.13% Due 2046	06/22/16	06/22/46	100,000	100,000	4.13%	4,130	4,130
6	4.18% Due 2047	06/30/17	06/30/47	150,000	150,000	4.18%	6,270	6,270
7	4.33% Due 2028	06/15/18	06/15/28	100,000	100,000	4.33%	4,330	4,330
8	Total Senior Debt			<u>\$700,000</u>	<u>\$700,000</u>		<u>35,375</u>	<u>35,375</u>
8	Operating Leases	Various	Various	0	911			
9	Other LTD	Various	Various				94	
10	Unamortized Debt Expense, Discount, & Premium				(1,389)		135	135
11	Current Portion of Long-Term Debt							
12	Total Long Term Debt			<u>\$700,000</u>	<u>\$699,522</u>		<u>\$35,604</u>	<u>\$35,510</u>

NCUC Form G.S.-1
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

Statistical Data
Schedule 8

Total Company/North Carolina

Line No.	Sales Classification	Operating Revenues [a]	DT's Sold [b]	Revenue per DT Sold [c]	Number of Customers		Informational Only
					End of Period [d]	Average [e]	Avg DT Usage per Customer [f]
1	Residential	\$334,853,808	58,888,251	\$5.69	546,847	536,525	109.76
2	Commercial [1]	124,387,314	31,577,037	3.94	45,616	45,135	699.62
3	Industrial [1]	25,738,762	10,615,858	2.42	265	256	41,495.21
4	Total	<u>\$484,979,884</u>	<u>101,081,146</u>	<u>\$4.80</u>	<u>592,728</u>	<u>581,916</u>	<u>173.70</u>
5	Gas Transported for Others	\$59,600,721	127,571,941	\$0.47	418	417	306,050.24

[1] Revenues are categorized as commercial or industrial based on Rate Schedule

NCUC Form G.S.-1
NCUC Form G.S.-1 vs. NCUC Fee
Public Service Company of North Carolina, Inc.
Twelve Months Ended December 31, 2019

NC Jurisdictional Revenue
Schedule 9
(\$000s)

Line No.	Item	Total Co [a]
1	Total Revenues per Schedule 4	\$539,255
2	Exclude CIAC Gross-Up	(222)
3	Miscellaneous	1,280 [1]
4	Adjust for Recoveries in Excess of Write-Off	309
5	Uncollectibles	(1,089)
6	Revenues Subject to Fee	<u>539,534</u>
7	Regulatory Fee Rate	<u>0.135% [2]</u>
8	Regulatory Fee	<u><u>\$728 [3]</u></u>

[1] *exclude refund liability* 1,280
Total \$1,280

[2] *Blended rate of 0.135% utilized due to 1/2 of the reporting period being at 0.14% and 1/2 of the reporting period being at 0.13%*

[3] *Calculated Regulatory Fee differs from actual submitted fee of \$737 due to change in rate during the twelve month period from .14% to .13%.*