

COST OF SERVICE
2018 UPDATED FORECAST (INCLUDING CIS & CUSTOMER CARE)

Line No.	Col. 1 EB-2012-0459 2018 Utility Placeholder Costs and Expenses (\$Millions)	Col. 2 2018 CIR Update Adjustments (\$Millions)	Col. 3 2018 Updated Forecast Utility Costs and Expenses (\$Millions)
1. Gas costs	1,632.5	122.4	1,754.9
2. Operation and maintenance	442.8	24.7	467.5
3. Depreciation and amortization expense	305.5	-	305.5
4. Fixed financing costs	1.9	-	1.9
5. Municipal and other taxes	50.4	-	50.4
6. Interest and financing amortization expense	-	-	-
7. Other interest expense	-	-	-
8. Total costs and expenses	<u>2,433.1</u>	<u>147.1</u>	<u>2,580.2</u>

Witness: R. Small

EXPLANATION OF ADJUSTMENTS TO UTILITY COSTS AND EXPENSES
2018 UPDATED FORECAST (INCLUDING CIS & CUSTOMER CARE)

Line No.	Adj'd Adjustments (\$Millions)	Explanation			
1.	122.4	Gas costs			
		Adjustment to 2018 placeholder gas costs to reflect the updated 2018 volume forecast (inclusive of the allocation of LUF to Unregulated Storage), gas supply plan, and July 1, 2017 QRAM prices.			
2.	24.7	Operation and maintenance			
			2018 Update	2018 Placeholder	Change
		Pension and OPEB accrual cost update	20.8	26.2	(5.4)
		DSM cost update	67.6	34.9	32.7
		Customer Care/CIS cost update	105.9	108.5	(2.6)
					<u>24.7</u>

Witness: R. Small