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Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
INTERMOUNTAIN GAS COMPANY FOR)
THE AUTHORITY TO CHANGE ITS RATES) Case No. INT-G-16-02
AND CHARGES FOR NATURAL GAS)
SERVICE TO NATURAL GAS CUSTOMERS)
IN THE STATE OF IDAHO)
_____)

EXHIBIT 16

Intermountain Gas Company
 Deficiency in Operating Revenue
 For the Test Year Ending December 31, 2016^[1]

Line No.	Description (a)	Amount (b)
1	Rate Base ^[2]	\$ 236,926,497
2	Operating Income at Present Rates ^[3]	11,494,687
3	Earned Rate of Return ^[4]	4.852%
4	Cost of Capital ^[5]	7.420%
5	Operating Income at Proposed Rates ^[6]	17,579,946
6	Operating Income Deficiency ^[7]	6,085,259
7	Gross Revenue Conversion Factor ^[8]	1.67055
8	Deficiency in Operating Revenue^[9]	\$ 10,165,700

NOTES

[1] Test Year ending December 31, 2016 is composed of actual financial data from January 1 - June 30, 2016 and forecasted financial data from July 1, 2016 - December 31, 2016.

[2] See Exhibit No. 12, Page 1, Column (d), Line 10.

[3] See Exhibit No. 14, Page 1, Column (d), Line 25.

[4] Line 2 / Line 1.

[5] See Table 7 - Proposed Return on Rate Base sponsored by Company Witness Chiles.

[6] Line 1 x Line 4.

[7] See Line 5 - Line 2.

[8] See Exhibit No. 16, Page 2, Column (c), Line 9.

[9] Line 6 x Line 7.

Intermountain Gas Company
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2016^[1]

Line No.	Description (a)	Rate (b)	Gross Revenue Conversion Factor (c)
1	Operating Revenues (without add-on taxes)		1.00000
2	Commission Fees ^[2]	0.1877%	0.00188
3	Uncollectibles Expense	0.3594%	0.00359
4	State Taxable Income ^[3]		0.99453
5	State Income Tax ^[4]	7.40%	0.07360
6	Income Before Federal Income Tax ^[5]		0.92093
7	Federal Income Tax ^[6]	35.00%	0.32233
8	Operating Income After Taxes ^[7]		0.59861
9	Gross Revenue Conversion Factor ^[8]		1.67055

NOTES

[1] Test Year ending December 31, 2016 is composed of actual financial data from January 1 - June 30, 2016 and forecasted financial data from July 1, 2016 - December 31, 2016.

[2] Per Commission Order 33498.

[3] Line 1 - Line 2 - Line 3.

[4] Line 4 x Column (b), Line 5.

[5] Line 4 - Line 5.

[6] Line 6 x Column (b), Line 7.

[7] Line 6 - Line 7.

[8] 1 / Line 8.