

ROVER PIPELINE LLC

Docket No. CP15-____-000

Exhibit N
Cost of Service - Total
Summary

ROVER PIPELINE LLC

Cost of Service - Total
Summary

Line No.	Description	YEAR 1 (a)	YEAR 2 (b)	YEAR 3 (c)	YEAR 4 (d)	YEAR 5 (e)	YEAR 6 (f)	YEAR 7 (g)	YEAR 8 (h)	YEAR 9 (i)	YEAR 10 (j)
1	Operating Expenses	\$ 150,515,440	\$ 150,818,440	\$ 151,127,540	\$ 151,442,940	\$ 151,764,440	\$ 152,092,340	\$ 152,426,940	\$ 152,768,240	\$ 153,116,540	\$ 153,471,540
2	Depreciation Expense	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312	105,264,312
3	Taxes - Other Than Income	210,013,252	203,643,466	197,469,544	191,485,443	185,685,316	180,063,493	174,614,486	169,332,979	164,213,813	159,251,981
4	Return	396,794,107	375,352,082	355,427,174	336,859,686	319,521,862	303,301,912	287,608,961	271,916,010	256,207,090	240,514,139
5	Federal Income Taxes	144,067,358	135,080,364	128,200,136	121,778,523	115,775,398	110,153,497	104,614,718	98,981,351	93,339,386	87,708,886
6	State Income Taxes	26,273,683	24,634,717	23,379,964	22,208,849	21,114,054	20,088,783	19,078,672	18,051,310	17,022,380	15,995,541
7	Revenue Credits	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
8	Total	<u>\$ 1,030,928,152</u>	<u>\$ 992,793,381</u>	<u>\$ 958,868,670</u>	<u>\$ 927,039,753</u>	<u>\$ 897,125,382</u>	<u>\$ 868,964,337</u>	<u>\$ 841,608,089</u>	<u>\$ 814,314,202</u>	<u>\$ 787,163,521</u>	<u>\$ 760,206,399</u>

ROVER PIPELINE LLC

Cost of Service
Operation and Maintenance Expenses

Line No.	Description	YEAR 1 (a)	YEAR 2 (b)	YEAR 3 (c)	YEAR 4 (d)	YEAR 5 (e)	YEAR 6 (f)	YEAR 7 (g)	YEAR 8 (h)	YEAR 9 (i)	YEAR 10 (j)
	Operations										
1	Labor	\$ 4,000,000	\$ 4,080,000	\$ 4,161,600	\$ 4,244,800	\$ 4,329,700	\$ 4,416,300	\$ 4,504,600	\$ 4,594,700	\$ 4,686,600	\$ 4,780,300
2	Supplies & Expenses	3,921,000	3,999,400	4,079,400	4,161,000	4,244,200	4,329,100	4,415,700	4,504,000	4,594,100	4,686,000
3	T&C Expenses	<u>\$135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>	<u>135,362,440</u>
4	Total	143,283,440	143,441,840	143,603,440	143,768,240	143,936,340	144,107,840	144,282,740	144,461,140	144,643,140	144,828,740
	Maintenance										
5	Labor	1,000,000	1,020,000	1,040,400	1,061,200	1,082,400	1,104,000	1,126,100	1,148,600	1,171,600	1,195,000
6	Supplies & Expenses	<u>3,232,000</u>	<u>3,296,600</u>	<u>3,362,500</u>	<u>3,429,800</u>	<u>3,498,400</u>	<u>3,568,400</u>	<u>3,639,800</u>	<u>3,712,600</u>	<u>3,786,900</u>	<u>3,862,600</u>
7	Total	4,232,000	4,316,600	4,402,900	4,491,000	4,580,800	4,672,400	4,765,900	4,861,200	4,958,500	5,057,600
8	Sub-Total	147,515,440	147,758,440	148,006,340	148,259,240	148,517,140	148,780,240	149,048,640	149,322,340	149,601,640	149,886,340
	Administrative & General										
9	Labor	500,000	510,000	520,200	530,600	541,200	552,000	563,000	574,300	585,800	597,500
10	Supplies & Expenses	200,000	204,000	208,100	212,300	216,500	220,800	225,200	229,700	234,300	239,000
11	Outside Services	-	-	-	-	-	-	-	-	-	-
12	Insurance	1,000,000	1,020,000	1,040,400	1,061,200	1,082,400	1,104,000	1,126,100	1,148,600	1,171,600	1,195,000
13	Employee Benefits	<u>1,300,000</u>	<u>1,326,000</u>	<u>1,352,500</u>	<u>1,379,600</u>	<u>1,407,200</u>	<u>1,435,300</u>	<u>1,464,000</u>	<u>1,493,300</u>	<u>1,523,200</u>	<u>1,553,700</u>
14	Total	<u>3,000,000</u>	<u>3,060,000</u>	<u>3,121,200</u>	<u>3,183,700</u>	<u>3,247,300</u>	<u>3,312,100</u>	<u>3,378,300</u>	<u>3,445,900</u>	<u>3,514,900</u>	<u>3,585,200</u>
15	Total O&M Expense	<u>\$ 150,515,440</u>	<u>\$ 150,818,440</u>	<u>\$ 151,127,540</u>	<u>\$ 151,442,940</u>	<u>\$ 151,764,440</u>	<u>\$ 152,092,340</u>	<u>\$ 152,426,940</u>	<u>\$ 152,768,240</u>	<u>\$ 153,116,540</u>	<u>\$ 153,471,540</u>

ROVER PIPELINE LLC

Cost of Service
Other Taxes

Line No.	Description	Detail	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
<u>Ad Valorem Taxes-Michigan</u>												
1	Gross Plant	\$ 457,045,703	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	Taxable Costs	457,045,703										
3	Assessment Ratio	50.00%										
4	Taxable Value	228,522,852										
5	Average Rate	4.71%	10,763,426	10,332,889	9,919,573	9,522,790	9,141,878	8,776,203	8,425,155	8,088,149	7,764,623	7,454,038
<u>Ad Valorem Taxes-Ohio</u>												
6	Gross Plant	\$ 3,408,824,088										
7	Taxable Costs	3,408,824,088										
8	Assessment Ratio	88.00%										
9	Taxable Value	2,999,765,197										
10	Average Rate	6.46%	193,784,834	187,971,289	182,332,150	176,862,186	171,556,320	166,409,630	161,417,341	156,574,821	151,877,576	147,321,249
<u>Ad Valorem Taxes-Pennsylvania</u>												
11	Gross Plant	\$ 50,027,932										
12	Taxable Costs	50,027,932										
13	Assessment Ratio	100.00%										
14	Taxable Value	50,027,932										
15	Average Rate	1.00%	500,279	500,279	500,279	500,279	500,279	500,279	500,279	500,279	500,279	500,279
<u>Ad Valorem Taxes-West Virginia</u>												
16	Gross Plant	\$ 299,997,552										
17	Taxable Costs	299,997,552										
18	Assessment Ratio	75.00%										
19	Taxable Value	224,998,164										
20	Average Rate	2.00%	4,499,963	4,364,964	4,234,015	4,106,995	3,983,785	3,864,271	3,748,343	3,635,893	3,526,816	3,421,012
26	Total Ad Valorem Taxes	\$ 4,215,895,275	\$ 209,548,502	\$ 203,169,421	\$ 196,986,017	\$ 190,992,250	\$ 185,182,262	\$ 179,550,383	\$ 174,091,118	\$ 168,799,142	\$ 163,669,294	\$ 158,696,578
<u>Payroll Taxes</u>												
27	Labor		\$ 5,500,000	\$ 5,610,000	\$ 5,722,200	\$ 5,836,600	\$ 5,953,300	\$ 6,072,300	\$ 6,193,700	\$ 6,317,600	\$ 6,444,000	\$ 6,572,800
28	FICA @ 6.200%		341,000	347,820	354,776	361,869	369,105	376,483	384,009	391,691	399,528	407,514
29	FUTA @ 0.80%		44,000	44,880	45,778	46,693	47,626	48,578	49,550	50,541	51,552	52,582
30	Medicare @ 1.450%		79,750	81,345	82,972	84,631	86,323	88,048	89,809	91,605	93,438	95,306
31	Total Payroll Taxes		464,750	474,045	483,527	493,193	503,054	513,110	523,368	533,837	544,519	555,403
32	Total Other Taxes		\$ 210,013,252	\$ 203,643,466	\$ 197,469,544	\$ 191,485,443	\$ 185,685,316	\$ 180,063,493	\$ 174,614,486	\$ 169,332,979	\$ 164,213,813	\$ 159,251,981

ROVER PIPELINE LLC

Cost of Service
 Rate Base and Return

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Line No.	Description	YEAR 1 (a)	YEAR 2 (b)	YEAR 3 (c)	YEAR 4 (d)	YEAR 5 (e)	YEAR 6 (f)	YEAR 7 (g)	YEAR 8 (h)	YEAR 9 (i)	YEAR 10 (j)
	<u>Rate Base</u>										
1	Plant	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275	\$ 4,215,895,275
2	Accumulated Provision for Depreciation	<u>(105,264,312)</u>	<u>(210,528,624)</u>	<u>(315,792,936)</u>	<u>(421,057,248)</u>	<u>(526,321,560)</u>	<u>(631,585,872)</u>	<u>(736,850,184)</u>	<u>(842,114,496)</u>	<u>(947,378,808)</u>	<u>(1,052,643,120)</u>
3	Net Plant	4,110,630,963	4,005,366,651	3,900,102,339	3,794,838,027	3,689,573,715	3,584,309,403	3,479,045,091	3,373,780,779	3,268,516,467	3,163,252,155
4	Accumulated Deferred Income Taxes	(40,947,818)	(155,601,706)	(254,695,424)	(339,866,884)	(412,426,416)	(473,520,559)	(529,209,591)	(584,898,623)	(640,751,446)	(696,440,478)
5	Working Capital	-	-	-	-	-	-	-	-	-	-
6	Rate Base	<u>\$ 4,069,683,145</u>	<u>\$ 3,849,764,945</u>	<u>\$ 3,645,406,915</u>	<u>\$ 3,454,971,143</u>	<u>\$ 3,277,147,299</u>	<u>\$ 3,110,788,844</u>	<u>\$ 2,949,835,500</u>	<u>\$ 2,788,882,156</u>	<u>\$ 2,627,765,021</u>	<u>\$ 2,466,811,677</u>
	<u>Return</u>										
7	Return on Rate Base	<u>\$ 396,794,107</u>	<u>\$ 375,352,082</u>	<u>\$ 355,427,174</u>	<u>\$ 336,859,686</u>	<u>\$ 319,521,862</u>	<u>\$ 303,301,912</u>	<u>\$ 287,608,961</u>	<u>\$ 271,916,010</u>	<u>\$ 256,207,090</u>	<u>\$ 240,514,139</u>
8	Rate of Return	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%	9.75%
9	Interest Expense	<u>\$ 137,016,596</u>	<u>\$ 132,264,702</u>	<u>\$ 125,117,361</u>	<u>\$ 118,475,725</u>	<u>\$ 112,286,562</u>	<u>\$ 106,507,287</u>	<u>\$ 101,100,637</u>	<u>\$ 95,869,654</u>	<u>\$ 90,638,670</u>	<u>\$ 85,402,363</u>

ROVER PIPELINE LLC

Cost of Service
Income Taxes

Line No.	Description	YEAR 1 (a)	YEAR 2 (b)	YEAR 3 (c)	YEAR 4 (d)	YEAR 5 (e)	YEAR 6 (f)	YEAR 7 (g)	YEAR 8 (h)	YEAR 9 (i)	YEAR 10 (j)
	<u>Federal Income Tax</u>										
1	Return on Rate Base	\$ 396,794,107	\$ 375,352,082	\$ 355,427,174	\$ 336,859,686	\$ 319,521,862	\$ 303,301,912	\$ 287,608,961	\$ 271,916,010	\$ 256,207,090	\$ 240,514,139
	<u>Federal Income Tax Adjustments</u>										
2	Interest Expense	(137,016,596)	(132,264,702)	(125,117,361)	(118,475,725)	(112,286,562)	(106,507,287)	(101,100,637)	(95,869,654)	(90,638,670)	(85,402,363)
3	Amortization of Equity AFUDC	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153	7,776,153
4	Net FIT Adjustments	(129,240,443)	(124,488,549)	(117,341,208)	(110,699,572)	(104,510,409)	(98,731,134)	(93,324,484)	(88,093,501)	(82,862,517)	(77,626,210)
5	Return after FIT Adjustments	267,553,664	250,863,533	238,085,966	226,160,114	215,011,453	204,570,778	194,284,477	183,822,509	173,344,573	162,887,929
6	Federal Income Taxes @ 35% (Line 5 x 53.846154%)	\$ 144,067,358	\$ 135,080,364	\$ 128,200,136	\$ 121,778,523	\$ 115,775,398	\$ 110,153,497	\$ 104,614,718	\$ 98,981,351	\$ 93,339,386	\$ 87,708,886
	<u>State Income Tax</u>										
7	Return Before Federal Income Tax	\$ 411,621,022	\$ 385,943,897	\$ 366,286,102	\$ 347,938,637	\$ 330,786,851	\$ 314,724,275	\$ 298,899,195	\$ 282,803,860	\$ 266,683,959	\$ 250,596,815
8	Composite State Tax @ 6.00% (Line 7 x 6.383%)	\$ 26,273,683	\$ 24,634,717	\$ 23,379,964	\$ 22,208,849	\$ 21,114,054	\$ 20,088,783	\$ 19,078,672	\$ 18,051,310	\$ 17,022,380	\$ 15,995,541

ROVER PIPELINE LLC

Cost of Service *Estimate of Deferred Income Tax Liability Balance*

Description								
Property basis	\$4,210,572,471							
Book depreciation rate	2.50%							
FDPS	2017							
Tax depreciation MACRS 15 year, half year convention								
Depreciation	Depreciation		Difference	DSIT - 282 at 6.00%	DFIT - 282 at 35%	Total		
	Book	Tax				Annual	Cumulative	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Year 1	105,264,312	210,528,624	(105,264,312)	6,315,859	34,631,959	40,947,818	40,947,818	
Year 2	105,264,312	400,004,385	(294,740,073)	17,684,404	96,969,484	114,653,888	155,601,706	
Year 3	105,264,312	360,003,946	(254,739,634)	15,284,378	83,809,340	99,093,718	254,695,424	
Year 4	105,264,312	324,214,080	(218,949,768)	13,136,986	72,034,474	85,171,460	339,866,884	
Year 5	105,264,312	291,792,672	(186,528,360)	11,191,702	61,367,830	72,559,532	412,426,416	
Year 6	105,264,312	262,318,665	(157,054,353)	9,423,261	51,670,882	61,094,143	473,520,559	
Year 7	105,264,312	248,423,776	(143,159,464)	8,589,568	47,099,464	55,689,032	529,209,591	
Year 8	105,264,312	248,423,776	(143,159,464)	8,589,568	47,099,464	55,689,032	584,898,623	
Year 9	105,264,312	248,844,833	(143,580,521)	8,614,831	47,237,992	55,852,823	640,751,446	
Year 10	105,264,312	248,423,776	(143,159,464)	8,589,568	47,099,464	55,689,032	696,440,478	
Total				<u>\$ 107,420,125</u>	<u>\$ 589,020,353</u>	<u>\$ 696,440,478</u>		