

**Roll-In Analysis**  
*Battle Creek Lateral*  
*Exhibit No. ANR-098*

<b>Cost of Service Calculation <sup>1</sup></b>	<u>Amount</u>
1) Return <sup>2</sup>	\$ 505,206
2) O M & A	\$ 499,564
3) Depreciation <sup>3</sup>	\$ 742,296
4) Income Taxes <sup>4</sup>	\$ 236,714
5) Other Taxes	\$ 103,296
<b>Project Rate (Before Discount Adjustments)</b>	
6) Cost of Service	\$ 2,087,076
7) Billing Determinants (Dth)	41,418,132
8) Initial Rate	<u>\$ 0.0439</u>
<b>Project Rate (After Discount Adjustment) <sup>5</sup></b>	
9) Discounted Billing Determinants (Dth)	-
10) Max Rate Equivalent Determinants (Dth) <sup>6</sup>	41,418,132
11) Discount-Adjusted Rate	<u>\$ 0.0439</u>
<b>Roll-In Comparison</b>	
12) Project Rate	\$ 0.0439
13) Applicable Mainline Rate (Zn7)	\$ 0.2742
14) Difference in Rates (Line 12 - Line 13)	<u>\$ (0.2303)</u>

<sup>1</sup> Uses Battle Creek Lateral gross plant balances from schedule C-1.  
<sup>2</sup> Derived using ANR's proposed WACC from schedule F-2.  
<sup>3</sup> Derived using ANR's proposed depreciation and negative salvage rates from schedule D-1.  
<sup>4</sup> Derived using ANR's state and federal tax rates from schedule H-3.  
<sup>5</sup> Uses the iterative discount adjustment method.  
<sup>6</sup> The lone discounted contract was at a rate above the calculated project rate. Therefore, there was no applicable discount adjustment that applied, leaving the billing determinants unchanged.

**Workpapers**  
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	<b><u>Fixed Costs</u></b>	<b><u>Variable Costs</u></b>	<b><u>Total Costs</u></b>
<b>Battle Creek COS</b>	\$ 2,087,076	\$ -	\$ 2,087,076

	<b><u>Firm Volumes</u></b>	<b><u>Comm Volumes</u></b>
<i>Max</i>	41,418,132	36,250,607
<i>Disc</i>	-	-
<i>Neg</i>	-	-
<b>Total</b>	41,418,132	36,250,607

	<b><u>Reservation</u></b>	<b><u>Commodity</u></b>	<b><u>100% LF</u></b>
<b>Rate</b>	\$ 0.0439	\$ -	\$ 0.0439

M/D/N	Contract	Rate	Volumes
DISC	122006	\$ 0.1500	6,122,115
MAX	109920	\$ 0.1597	2,985,548
MAX	110020	\$ 0.1597	121,667
MAX	122003	\$ 0.1597	6,570,000
MAX	122005	\$ 0.3241	8,483,665
MAX	123256	\$ 0.2830	8,483,665
MAX	125045	\$ 0.1597	6,083,333
MAX	125465	\$ 0.1597	8,690,255