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SCHEDULE I**HOPE NATURAL GAS COMPANY****Annual Gas Sales—M.c.f.**

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940*</u>
Total Local Sales of Gas in West Virginia	11,428,353	8,632,673	9,732,983	11,320,325
Export Gas Sales:				
To East Ohio	35,074,416	30,316,773	33,907,672	40,376,091
To Peoples	3,506,013	2,870,545	3,864,104	9,738,612
To River	330,644	222,615	237,640	391,859
To Fayette	849,305	837,986	840,398	859,106
To Manufacturers	4,523,967	3,995,563	2,500,755	2,241,684
Total Export Gas Sales	44,284,345	38,243,482	41,350,569	53,607,352
Total Gas Sales	55,712,698	46,876,155	51,083,552	64,927,677

* Excluding per stipulation (Ex. 77) sales from former Reserve Gas Company properties merged with Hope on December 30, 1939.

(From Hope Brief, p. 4)

SCHEDULE II

HOPE NATURAL GAS COMPANY

Comparison of Net Returns from Interstate Business, 1937-1940, Based on Hope's and Commission Staff's Claims as to Operating Expenses

	Hope	Commission Staff
1937	\$2,587,901	\$3,244,904
1938	730,529	1,186,435
1939	2,174,361	3,020,246
1940	4,574,804	5,576,982
3-Year Average—1937 to 1939.....	1,830,930	2,483,862
4-Year Average—1937 to 1940.....	2,516,899	3,257,142

(From Hope Brief, p. 116; Hope figures from Ex. 133, p. 1)

Net Returns from Interstate Business on Commission Basis if Rates Fixed by It for the Future Had Been in Effect in the Years 1937 to 1939

	Net Interstate Operating Income
1937	\$ 708,653
1938	(1,394,164) Loss
1939	333,502
3-Year Average	\$ (117,336) Loss

(From Hope Brief, p. 123)

SCHEDULE III**HOPE NATURAL GAS COMPANY**
Rate Bases Found by the Commission

	December 31, 1938	December 31, 1940
	(1)	(2)
“Gross Investment in Gas Plant in Service” (including all leaseholds)	\$51,792,000	\$52,523,000
Less: “Actual Existing Depletion and Depreciation”	21,188,000	22,328,000
“Net Investment”	\$30,604,000	\$30,195,000
Add: “Working Capital”	2,100,000	2,125,000
“Interstate Rate Base”	\$32,704,000	\$32,320,000
Add: “Net Capital Additions, 1941, 1942, 1943”...		1,392,000
Total Future Rate Base		\$33,712,000

*(From Hope Brief, p. 28;
also Opinion, E. I., p. 50)*

SCHEDULE IV

HOPE NATURAL GAS COMPANY
Original Cost—Difference Between Hope's Evidence
and Commission's Findings as of December 31, 1938

Hope's Evidence as to Original Cost	\$69,735,000
Commission's Adjusted Book Cost	51,792,000
	<hr/>
Difference	\$17,943,000

This difference is due to the omission from the Commission's Adjusted Book Cost of the following principal classes of items:

Drilling and other direct well construction costs for 2633 wells	\$12,643,641
Other direct material and labor costs of buildings, pipe lines and other miscellaneous property	1,380,154
Field and general overheads, including interest during construction	3,825,126
	<hr/>
	\$17,848,921

(From Hope Brief, pp. 28-29, 33)

SCHEDULE V

HOPE NATURAL GAS COMPANY

“The Leasehold Costs of Natural Gas Produced

	Method of Handling The Exploration And Development Costs	
	Industry Practice Of Charging To Expense	Capitalization Method Used in This Exhibit
	(1)	(2)
“Depreciated Costs as of December 31, 1938 for Inclusion in Rate Base		
Operated acreage—acquisition cost	\$ 482,311	\$ 482,311
Net remainder of accumulated exploration and development costs	—	5,331,236
Unoperated acreage—acquisition cost	681,882	—
Total for rate base	\$1,164,193	\$5,813,547
“Average 1937, 1938 and 1939 Exploration and Development Costs		
Delay rentals	\$ 450,981	\$ —
Loss on unoperated leases cancelled	49,543	—
Non-productive drilling costs	53,037	—
Depletion of operated acreage @ 4.77 per cent	23,006	23,006
Depletion of exploration and development costs @ 4.77 per cent	—	254,300
Return on rate base at 8 per cent	93,135	465,084
Total	\$ 669,702	\$ 742,390”
With return on rate base at 6½ per cent the total figures become	\$ 652,240	\$ 655,187

*(Copy of Table on p. 11 of Rhodes’
Ex. 26, “The Leasehold Costs of
Natural Gas Produced,” with last
line from Hope Brief, footnote p. 45)*

SCHEDULE VI

HOPE NATURAL GAS COMPANY

**Original Cost and Original Cost Trended to 1938 Prices of
Hope's Production, Transmission and General Properties
Existing at December 31, 1938**

Year First Placed in Public Service	Original Cost	Original Cost Trended To 1938 Prices
(1)	(2)	(3)
1891	\$ 9,732	\$ 30,400
1892	203,822	487,857
1893	52,126	135,566
1894	74,419	192,547
1895	68,264	194,183
1896	26,292	81,773
1897	41,064	129,073
1898	40,043	100,865
1899	239,067	477,298
1900	177,521	424,916
1901	118,241	274,326
1902	1,229,574	2,223,121
1903	1,823,260	3,363,441
1904	2,088,446	4,252,002
1905	1,008,070	2,569,486
1906	440,829	977,413
1907	1,588,829	2,990,262
1908	796,342	1,578,711
1909	1,146,626	2,522,741
1910	2,150,919	4,532,162
1911	2,632,698	5,291,264
1912	1,429,618	3,213,789
1913	2,640,408	5,729,962
1914	1,691,034	3,787,696
1915	1,285,027	2,838,853
1916	2,247,279	4,046,968
Total 1891-1916	\$25,249,550	\$52,451,675
1917	3,090,157	4,634,837
1918	2,732,017	3,554,480
1919	3,103,006	3,851,272
1920	2,507,985	2,759,541
1921	3,195,259	3,887,959
1922	1,031,019	1,458,934
1923	2,334,062	2,967,252
1924	3,065,508	3,559,552
1925	7,231,827	8,306,766
1926	2,484,197	2,752,025
1927	2,040,911	2,274,092
1928	1,155,524	1,325,453
1929	1,734,331	1,897,881
1930	1,395,355	1,641,396
1931	471,244	553,393
1932	226,955	274,415
1933	186,770	225,114
1934	2,390,535	2,629,544
1935	338,156	363,565
1936	2,591,508	2,847,117
1937	1,136,838	1,163,238
1938	860,725	860,725
Total 1917-1938	\$45,303,889	\$ 53,788,551
Total 1891-1938	\$70,553,439	\$106,240,226
Less: Coke Oven Gas Property	817,801	1,138,314
Total	\$69,735,638	\$105,101,912

(From Ex. 20, R. I, p. 207, with sub-totals added, and property used to transport coke oven gas deducted per Ex. 20, R. I, p. 193)

SCHEDULE VII

HOPE NATURAL GAS COMPANY

**Summary of Evidence of Interstate Rate Base—Before Depreciation
As of December 31, 1938**

(Exclusive of Working Capital and Capital Additions)

Hope Evidence

1. Book Cost	\$ 52,730,000
2. Original Cost	69,735,000
3. Original Cost at 1917-1938 prices	90,000,000
4. Original Cost Trended to 1938 prices	105,101,000
5. Reproduction Cost New:	
(a) Ohio Commission—6/30/37	100,257,000
(b) Hope—12/31/38	97,340,000

Commission Staff Evidence

Staff's Adjusted Book Cost	\$ 51,792,000
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(From Hope Brief, p. 29)

SCHEDULE VIII**HOPE NATURAL GAS COMPANY****Investors' Appraisal of Capital Risk in Various Divisions
of the Utility Business**

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>Four Year Average 1937-1940</u>
	(1)	(2)	(3)	(4)	(5)
Electric Utility Operating Companies	5.47%	5.50%	5.41%	5.34%	5.45%
Water Companies	5.52	5.39	5.66	5.23	5.45
Manufactured and Mixed Gas Companies	6.17	6.61	6.61	6.88	6.57
Natural Gas Companies ..	7.91	7.79	7.53	7.97	7.80
Natural Gas Companies excluding Pacific Light- ing Corporation	8.32	8.05	8.32	9.34	8.51

(From Hope Brief, footnote, p. 107)

SCHEDULE IX

HOPE NATURAL GAS COMPANY

**Hope's Interstate Rate Base for Future Rates Using California
Method of an Undepreciated Rate Base**

(a) **Using Commission's Adjusted Book Cost as Original Cost:**

Physical Properties and Operated Leaseholds	\$51,957,416
Useful Unoperated Leaseholds	566,105
Working Capital	2,125,000
Net Capital Additions	1,392,021
	<hr/>
Total	\$56,040,542

(b) **Using Hope's Determination of Original Cost:**

Original Cost*	\$70,593,000
Working Capital	2,125,000
Net Capital Additions	1,392,000
	<hr/>
Total	\$74,110,000

Commission's Allowances in Future Rates:

For Return	\$ 2,191,314
For Depreciation and Depletion	\$ 1,460,037
	<hr/>
Total	\$ 3,651,351

* Hope's original cost of physical properties and leaseholds as of December 31, 1938 plus 1939 and 1940 net additions as found by the Commission (R. I, 36).

(From Hope Brief, pp. 114, 113)

SCHEDULE X

HOPE NATURAL GAS COMPANY

**“Direct Costs of Production of Gas (Exclusive of Return) and
Increment of Direct Costs Year 1940 Over 1939.”**

[Copy of Table 12 of Cleveland Reply Brief before the Commission (p. 104)]

	Exhibit 67, 1939	Exhibit 78, 1940	Increment Costs—1940 over 1939
“Direct Expenses of Producing Gas, Excl. of Depreciation and Depletion (Ex. 67, pp. 17, 39; Ex. 78, pp. 17, 23)			
734.1 Gas Well Labor	\$ 330,338.52	\$ 347,147.21	
735.1 Gas Well Supplies and Expenses..	130,999.56	164,662.01	
741 Maint. of Prod. Gas Well Equip...	53,457.92	83,242.02	
745 Gas Well Royalties	828,851.62	885,841.27	
Total Direct Gas Well Expenses	1,343,647.62	1,480,892.51	
Gross Production Tax	144,633.15	221,908.58	
Total, Incl. Production Tax	1,488,280.77	1,702,801.09	
“Depreciation and Depletion (Ex. 78, p. 54)			
Operated Acreage	\$ 36,772.47	\$ 57,084.00	
Gas Well Construction	182,755.43	286,492.00	
Cost of Abandoning	69,813.58	105,860.00	
Total Depletion	289,341.48	449,436.00	
Depreciation of Gas Well Equipment (Ex. 61, p. 21; Ex. 78, p. 26)	188,482.85	186,702.97	
Total Depreciation and Depletion	\$ 477,824.33	\$ 636,138.97	
Volume of Gas Produced—M.c.f. (Ex. 78, p. 54)	16,546,230	26,800,000	10,253,770
“Direct Expenses per M.c.f. Produced			
734.1 Gas Well Labor	2.00¢	1.29¢	
735.1 Gas Well Supplies and Expenses ..	.79	.61	
741 Maint. of Prod. Gas Well Equip...	.32	.31	
745 Gas Well Royalties	5.01	3.31	
Total Direct Gas Well Expenses	8.12	5.52	
Gross Production Tax87	.83	
Total, Incl. Production Tax	8.99¢	6.35¢	
“Depreciation and Depletion per M.c.f. Pro- duced:			
Depletion	1.75¢	1.68¢	
Depreciation of Gas Well Equipment ...	1.14	.70	
Total Depreciation and Depletion	2.89¢	2.38¢	
“Total Direct Costs of Producing Gas, Incl. Depreciation and Depletion:			
Amount	\$1,966,105.10	\$2,338,940.06	\$372,834.96
Per M.c.f. Produced	11.88¢	8.73¢	3.64¢”

(Copy of Appendix D, Hope Brief, p. 183)

SCHEDULE XI

HOPE NATURAL GAS COMPANY
Subnormality of Hope's Costs in 1940 as Shown by the
Commission's Findings

	1939	1940	Increase 1940 over 1939
	(1)	(2)	(3)
1. "Revenues from Interstate Sales ..	\$14,866,894	\$19,296,755"	\$4,429,861
2. "Operating Deductions [Expenses]	11,845,649	12,997,845"	1,152,196
3. "Net Operating Income from Inter- state Sales	\$ 3,021,245	\$ 6,298,910"	\$3,277,665
4. "Interstate Sales in M.c.f.	41,350,569	53,604,243"	12,253,674
5. Increase in operating expenses, \$1,152,196 ÷ Increase in M.c.f. sales, 12,253,674 = 9¢ per M.c.f.			

(From Hope Brief, p. 119; also lines 1, 2 and 3 quoted from Commission's "Findings as to Lawfulness of Past Rates," R. I, p. 12, and line 4 from its Opinion, R. I, p. 40)

SCHEDULE XII

HOPE NATURAL GAS COMPANY
Fixed Assets, Total Sales and Revenue, Depreciation and
Net Operating Gas Income per Books
1926-1940

Fixed Assets Per Books*	Hope's Total Sales Per Books		Depreciation and Depletion Per Books	Hope Net Operating Gas Income Per Books	Total Col. (5) + (6)
	M.c.f.	Revenue			
(2)	(3)	(4)	(5)	(6)	(7)
(Thousands Omitted)					
\$ 47,164	57,156	\$ 20,662	\$ 2,872	\$ 3,479	\$ 6,351
48,762	52,433	19,363	2,809	1,535	4,344
48,548	55,081	20,635	2,651	2,393	5,044
52,193	57,444	22,048	2,660	3,234	5,894
53,009	52,649	19,931	2,677	1,188	3,865
52,779	47,725	17,993	2,560	699	3,259
52,412	37,702	14,206	2,329	(805) Loss	1,524
52,191	37,080	14,121	1,998	366	2,364
54,454	43,535	15,986	1,693	1,041	2,734
54,312	47,133	16,976	1,846	2,279	4,125
56,106	55,679	20,139	2,013	3,555	5,568
56,536	58,911	20,366	1,982	2,368	4,350
56,650	47,921	16,942	1,663	872	2,535
64,251	51,344	18,119	1,218	2,283	3,501
65,193	69,056	24,362	1,464	5,337	6,801
<u>\$814,560</u>	<u>770,849</u>	<u>\$281,849</u>	<u>\$32,435</u>	<u>\$29,824</u>	<u>\$62,259</u>
ge \$ 54,304	51,390	\$ 18,790	\$ 2,162	\$ 1,988	\$ 4,150

Fixed Assets for 1939 and 1940 include former Reserve Gas Company properties merged with on December 30, 1939. Other columns include operations of former Reserve Gas Company for only.

(From Hope Brief, p. 12)