

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

**IN THE MATTER OF THE APPLICATION OF)
OKLAHOMA NATURAL GAS COMPANY, A)
DIVISION OF ONEOK, INC., FOR A REVIEW) CAUSE NO. PUD 200900110
AND CHANGE OR MODIFICATION IN ITS)
RATES, CHARGES, TARIFFS, AND TERMS)
AND CONDITIONS OF SERVICE)**

FILED
OCT 14 2009

**COURT CLERK'S OFFICE - OKC
CORPORATION COMMISSION
OF OKLAHOMA**

ACCOUNTING EXHIBITS

**ON BEHALF OF
OKLAHOMA ATTORNEY GENERAL**

October 14, 2009

OKLAHOMA NATURAL GAS
Index to AG's Revenue Requirement Exhibit
Test Year Ended December 31, 2008
Cause No. PUD 200900110

Schedule

A - 1	AG Revenue Requirement
B - 1	AG Pro Forma Rate Base
B - 2	AG Adjustments to Rate Base
B - 3	Explanation of AG Adjustments to Rate Base
F - 1	Capital Structure
H - 1	AG Adjusted Operating Income Statement
H - 2	AG Operating Income Statement Adjustments
H - 3	Explanation of AG Adjustments to the Operating Income Statement
J - 1	AG Pro Forma Calculation of Taxable Income
J - 2	Interest Calculation
J - 3	Adjustments to Current Income Tax Expense

**OKLAHOMA NATURAL GAS
REVENUE REQUIREMENT
Test Year Ended December 31, 2008
Cause No. PUD 200900110**

**SECTION A
SCHEDULE 1**

LINE NO.	DESCRIPTION	(A) ONG PRO FORMA AMOUNT	REFERENCE	(A) AG ADJUSTED AMOUNT
1	PRO FORMA RATE BASE	\$764,199,501	B-1	\$752,694,443
2	RATE OF RETURN	<u>8.8110%</u>	F-1	<u>8.2580%</u>
3	OPERATING INCOME REQUIRED	67,335,987		62,157,507
4	PRO FORMA OPERATING INCOME	<u>26,813,550</u>	H-1	<u>32,793,341</u>
5	DIFFERENCE	40,522,437		29,364,166
6	INCOME TAX GROSS-UP FACTOR	<u>1.6307627</u>		<u>1.63076</u>
7	BASE RATE REVENUE DEFICIENCY	<u>\$66,082,479</u>		<u>\$47,885,907</u>

REVENUE REQUIREMENT:

8	RETURN REQUIREMENT (Line 3)	\$67,335,987		\$62,157,507
9	EXPENSES (including Income Taxes)	<u>262,253,044</u>		<u>249,051,016</u>
10	REVENUE REQUIREMENT	<u>\$329,589,031</u>		<u>\$311,208,523</u>

SECTION B
SCHEDULE 1OKLAHOMA NATURAL GAS
AG PRO FORMA RATE BASE
Test Year Ended December 31, 2008

LINE NO.	DESCRIPTION	(A) TOTAL ONG PRO FORMA RATE BASE	(B) AG TEST YEAR ADJUSTMENTS	(C) AG PRO FORMA RATE BASE
1	<u>PLANT IN SERVICE:</u>			
2	PLANT IN SERVICE	\$1,410,725,021	33,033,694.00	\$1,443,758,715
3	CONSTRUCTION WORK IN PROGRESS	6,562,504	(6,562,504)	-
4	LESS: ACCUMULATED DEPRECIATION	<u>(523,925,639)</u>	<u>(14,981,464)</u>	<u>(538,907,103)</u>
5	NET PLANT	893,361,886	11,489,726	904,851,612
6	<u>OTHER RATE BASE INVESTMENT:</u>			
7	CASH WORKING CAPITAL	8,205,498	-	8,205,498
8	PREPAYMENTS - MISC.	332,999	-	332,999
9	PREPAYMENTS	12,041,966	(10,448,424)	1,593,542
10	MATERIAL & SUPPLIES	3,674,360	-	3,674,360
11	CURRENT GAS IN STORAGE	70,799,071	-	70,799,071
12	OTHER REGULATORY ASSETS	<u>7,799,311</u>	<u>(4,490,866)</u>	<u>3,308,445</u>
13	TOTAL INVESTMENT	996,215,091	(3,449,564)	992,765,527
14	<u>DEDUCTIONS:</u>			
15	ACC. DEFERRED INCOME TAX	(188,665,136)	(5,034,920)	(193,700,056)
16	INVESTMENT TAX CREDIT ADJUSTMENT	(38,708)	7,494	(31,214)
17	CUSTOMER DEPOSITS	(19,366,881)	(2,102,691)	(21,469,572)
18	CIAC - REIMBURSABLES	(16,337,099)	(471,040)	(16,808,139)
19	CUSTOMER ADVANCES FOR CONSTRUCTION	(7,607,766)	(454,337)	(8,062,103)
20	TOTAL RATE BASE	<u>764,199,501</u>	<u>(11,505,058)</u>	<u>752,694,443</u>

OKLAHOMA NATURAL GAS
AG ADJUSTMENTS TO RATE BASE
Test Year Ended December 31, 2008
Cause No. PUD 200900110

LINE NO.	DESCRIPTION	(A) TOTAL ONG PRO FORMA RATE BASE	(B) AG ADJUSTMENT NO. 1	(C) AG ADJUSTMENT NO. 2	(D) AG ADJUSTMENT NO. 3	(E) AG ADJUSTMENT NO. 4	(F) AG ADJUSTMENT NO.5	(G) AG ADJUSTMENT NO.6
1	PLANT IN SERVICE:							
2	PLANT IN SERVICE	\$1,410,725,021	\$33,033,694					
3	CONSTRUCTION WORK IN PROGRESS	6,562,504	(\$6,562,504)					
4	LESS: ACCUMULATED DEPRECIATION	<u>(523,925,639)</u>		<u>(14,981,464)</u>				
5	NET PLANT	893,361,886	26,471,190	(14,981,464)	-	-	-	-
6	OTHER RATE BASE INVESTMENT:							
7	CASH WORKING CAPITAL	8,205,498						
8	PREPAYMENTS - MISC.	332,999						
9	PREPAYMENTS	12,041,966			(10,448,424)			
10	MATERIAL & SUPPLIES	3,674,360						
11	CURRENT GAS IN STORAGE	70,799,071						
12	OTHER REGULATORY ASSETS	<u>7,799,311</u>				<u>(4,490,866)</u>		
13	TOTAL INVESTMENT	996,215,091	26,471,190	(14,981,464)	(10,448,424)	(4,490,866)	-	-
14	DEDUCTIONS:							
15	ACC. DEFERRED INCOME TAX	(188,665,136)					(5,034,920)	
16	INVESTMENT TAX CREDIT ADJUSTMENT	(38,708)						7,494
17	CUSTOMER DEPOSITS	(19,366,881)						
18	CIAC - REIMBURSABLES	(16,337,099)						
19	CUSTOMER ADVANCES FOR CONSTRUCTI	<u>(7,607,766)</u>						
20	TOTAL RATE BASE	<u>\$764,199,501</u>	<u>26,471,190</u>	<u>(14,981,464)</u>	<u>(10,448,424)</u>	<u>(4,490,866)</u>	<u>(5,034,920)</u>	<u>7,494</u>

OKLAHOMA NATURAL GAS
AG ADJUSTMENTS TO RATE BASE
Test Year Ended December 31, 2008
Cause No. PUD 200900110

LINE NO.	DESCRIPTION	(H) AG ADJUSTMENT NO.7	(I) AG ADJUSTMENT NO.8	(J) AG ADJUSTMENT NO.9	(K) TOTAL AG ADJUSTMENTS	(L) AG PRO FORMA RATE BASE
1	PLANT IN SERVICE:					
2	PLANT IN SERVICE				33,033,694	\$1,443,758,715
3	CONSTRUCTION WORK IN PROGRESS				(6,562,504)	-
4	LESS: ACCUMULATED DEPRECIATION				(14,981,464)	(538,907,103)
5	NET PLANT	-	-	-	11,489,726	904,851,612
6	OTHER RATE BASE INVESTMENT:					
7	CASH WORKING CAPITAL				-	8,205,498
8	PREPAYMENTS - MISC.				-	332,999
9	PREPAYMENTS				(10,448,424)	1,593,542
10	MATERIAL & SUPPLIES				-	3,674,360
11	CURRENT GAS IN STORAGE				-	70,799,071
12	OTHER REGULATORY ASSETS				(4,490,866)	3,308,445
13	TOTAL INVESTMENT	-	-	-	(3,449,564)	992,765,527
14	DEDUCTIONS:					
15	ACC. DEFERRED INCOME TAX				(5,034,920)	(193,700,056)
16	INVESTMENT TAX CREDIT ADJUSTMENT				7,494	(31,214)
17	CUSTOMER DEPOSITS	(2,102,691)			(2,102,691)	(21,469,572)
18	CIAC - REIMBURSABLES		(471,040)		(471,040)	(16,808,139)
19	CUSTOMER ADVANCES FOR CONSTRUCTI			(454,337)	(454,337)	(8,062,103)
20	TOTAL RATE BASE	<u>(2,102,691)</u>	<u>(471,040)</u>	<u>(454,337)</u>	<u>(11,505,058)</u>	<u>\$752,694,443</u>

OKLAHOMA NATURAL GAS
 EXPLANATION OF AG ADJUSTMENTS TO RATE BASE
 Test Year Ended December 31, 2008
 Cause No. PUD 200900110

AG ADJ. NO.	ADJUSTMENT DESCRIPTION	(A)	(B)
		IMPACT ON RATE BASE	
		INCREASE	DECREASE
1	To update ONG's Plant in Service balance to the actual balance at 6/30/2009.	\$26,471,190	
2	To update ONG's Accumulated Depreciation balance to the actual balance at 6/30/2009.		(\$14,981,464)
3	To reflect the proper level of Prepayments.		(10,448,424)
4	To reflect Other Regulatory Assets at 6/30/2009.		(4,490,866)
5	To reflect the proper level of ADIT to be removed from the rate base.		(5,034,920)
6	To reflect Investment Tax Credit Adjustment at 6/30/2009.	7,494	
7	To reflect the proper level of Customer Deposits at 6-30-2009.		(2,102,691)
8	To reflect the proper level of CIAC at 6-30-2009.		(471,040)
9	To reflect the proper level of Line Extension's Deposits at 6-30-2009.		(454,337)

**OKLAHOMA NATURAL GAS
CAPITAL STRUCTURE
Test Year Ended December 31, 2008
Cause No. PUD 200900110**

LINE NO.	DESCRIPTION	(A) CAPITALIZATION RATIOS	(B) COST OF CAPITAL	(C) WEIGHTED COST OF CAPITAL	(D) INCOME TAX GROSS UP FACTOR	(E) WEIGHTED COST OF CAPITAL WITH INCOME TAXES
	DEBT:					
1	LONG TERM DEBT	44.50%	6.11%	2.719%	1.000000	2.719%
	EQUITY:					
2	PREFERRED STOCK	0.20%	4.68%	0.009%	1.000000	0.009%
3	COMMON STOCK	<u>55.30%</u>	10.00%	<u>5.530%</u>	1.63076	<u>9.018%</u>
4	TOTAL	100%		8.258%		11.746%

OKLAHOMA NATURAL GAS
AG ADJUSTED OPERATING INCOME STATEMENT
 Test Year Ended December 31, 2008
 Cause No. PUD 200900110

LINE NO.	DESCRIPTION	(A) ONG PRO FORMA INCOME STATEMENT	(B) TOTAL AG ADJUSTMENTS	(C) TOTAL AG PRO FORMA INCOME STATEMENT	(D) AG RECOMMENDED INCREASE	(E) AG PRO FORMA RESULTS
<u>OPERATING REVENUES:</u>						
1	Utility Gas Sales	205,908,833	(183,936)	205,724,897	47,885,907	253,610,804
2	Gas Purchased	-	-	-	-	-
3	Utility Gas Sales Margin	205,908,833	(183,936)	205,724,897	47,885,907	253,610,804
4	Other Utility Revenues	14,401,338	-	14,401,338	-	14,401,338
5	Transportation Revenues	36,504,877	-	36,504,877	-	36,504,877
6	Other Operations	6,691,504	-	6,691,504	-	6,691,504
7	TOTAL OPERATING REVENUES	263,506,552	(183,936)	263,322,616	47,885,907	311,208,523
<u>OPERATING EXPENSES:</u>						
8	Transportation Charges	5,197,490	-	5,197,490	-	5,197,490
9	Operation and Maintenance	150,663,923	(10,127,883)	140,536,040	-	140,536,040
10	Depreciation & Amortization	42,405,806	-	42,405,806	-	42,405,806
10	Regulatory Debits	15,012,520	-	15,012,520	-	15,012,520
11	Taxes Other Than Income Taxes	19,083,467	-	19,083,467	-	19,083,467
12	Income Taxes	4,329,796	3,964,156	8,293,952	18,521,741	26,815,693
13	TOTAL OPERATING EXPENSES	236,693,002	(6,163,727)	230,529,275	-	249,051,016
14	OPERATING INCOME	26,813,550	(6,347,663)	32,793,341	29,364,166	62,157,507

OKLAHOMA NATURAL GAS
AG OPERATING INCOME STATEMENT ADJUSTMENTS
Test Year Ended december 31, 2008
Cause No. PUD 200800110

LINE NO.	DESCRIPTION	(A) ONG PRO FORMA INCOME STATEMENT	(B) AG ADJUSTMENT NO. 1	(C) AG ADJUSTMENT NO. 2	(D) AG ADJUSTMENT NO. 3	(E) AG ADJUSTMENT NO. 4	(F) AG ADJUSTMENT NO. 5
<u>OPERATING REVENUES:</u>							
1	Utility Gas Sales	\$205,908,833	(183,936)				
2	Gas Purchased	-					
3	Utility Gas Sales Margin	205,908,833	(183,936)	-	-	-	-
4	Other Utility Revenues	14,401,338					
5	Transportation Revenues	36,504,877					
6	Other Operations	6,691,504					
7	TOTAL OPERATING REVENUES	263,506,552	(183,936)	-	-	-	-
<u>OPERATING EXPENSES:</u>							
8	Transportation Charges	5,197,490					
9	Operation and Maintenance	150,663,923		(318,288)	(123,433)	(1,172,301)	(2,025,510)
10	Depreciation & Amortization	42,405,806					
10	Regulatory Debits	15,012,520					
11	Taxes Other Than Income Taxes	19,083,467					
12	Income Taxes	4,329,796					
13	TOTAL OPERATING EXPENSES	236,693,002	-	(318,288)	(123,433)	(1,172,301)	(2,025,510)
14	OPERATING INCOME	\$ 26,813,550	\$ (183,936)	\$ 318,288	\$ 123,433	\$ 1,172,301	\$ 2,025,510

OKLAHOMA NATURAL GAS
AG OPERATING INCOME STATEMENT ADJUSTMENTS
Test Year Ended december 31, 2008
Cause No. PUD 200800110

LINE NO.	DESCRIPTION	(G) AG ADJUSTMENT NO. 6	(H) AG ADJUSTMENT NO. 7	(I) AG ADJUSTMENT NO. 8	(J) AG ADJUSTMENT NO. 9	(K) AG ADJUSTMENT NO. 10	(L) AG ADJUSTMENT NO. 11
<u>OPERATING REVENUES:</u>							
1	Utility Gas Sales						
2	Gas Purchased						
3	Utility Gas Sales Margin	-	-	-	-	-	-
4	Other Utility Revenues						
5	Transportation Revenues						
6	Other Operations						
7	TOTAL OPERATING REVENUES	-	-	-	-	-	-
<u>OPERATING EXPENSES:</u>							
8	Transportation Charges						
9	Operation and Maintenance	(2,548,908)	(303,012)	(135,878)	(309,085)	(303,169)	(2,695,989)
10	Depreciation & Amortization						
10	Regulatory Debits						
11	Taxes Other Than Income Taxes						
12	Income Taxes						
13	TOTAL OPERATING EXPENSES	(2,548,908)	(303,012)	(135,878)	(309,085)	(303,169)	(2,695,989)
14	OPERATING INCOME	\$ 2,548,908	\$ 303,012	\$ 135,878	\$ 309,085	\$ 303,169	\$ 2,695,989

OKLAHOMA NATURAL GAS
AG OPERATING INCOME STATEMENT ADJUSTMENTS
Test Year Ended december 31, 2008
Cause No. PUD 200800110

LINE NO.	DESCRIPTION	(M) AG ADJUSTMENT NO. 12	(N) AG ADJUSTMENT NO. 13	(R) AG ADJUSTMENT NO. 14	(S) AG TOTAL ADJUSTMENTS	(T) AG PRO FORMA INCOME STATEMENT
<u>OPERATING REVENUES:</u>						
1	Utility Gas Sales				(183,936)	\$205,724,897
2	Gas Purchased				-	-
3	Utility Gas Sales Margin	-	-	-	(183,936)	205,724,897
4	Other Utility Revenues				-	14,401,338
5	Transportation Revenues				-	36,504,877
6	Other Operations				-	6,691,504
7	TOTAL OPERATING REVENUES	-	-	-	(183,936)	263,322,616
<u>OPERATING EXPENSES:</u>						
8	Transportation Charges				-	5,197,490
9	Operation and Maintenance	(247,266)	54,956		(10,127,883)	140,536,040
10	Depreciation & Amortization				-	42,405,806
10	Regulatory Debits				-	15,012,520
11	Taxes Other Than Income Taxes				-	19,083,467
12	Income Taxes			3,964,156	3,964,156	8,293,952
13	TOTAL OPERATING EXPENSES	(247,266)	54,956	3,964,156	(6,163,727)	230,529,275
14	OPERATING INCOME	\$ 247,266	\$ (54,956)	\$ (3,964,156)	\$ 5,979,791	\$ 32,793,341

OKLAHOMA NATURAL GAS
EXPLANATION OF AG ADJUSTMENTS TO THE OPERATING INCOME STATEMENT
Test Year Ended December 31, 2008
Cause No. PUD 200600379

AG ADJ. NO.	ADJUSTMENT DESCRIPTION	(A)	(B)
		IMPACT ON NET OPERATING INCOME	
		INCREASE	DECREASE
1	Removal of Non-utility Revenues.	(183,936)	
2	Adjust Payroll Expense.		318,288
3	Adjust Labor Attendant Cost.		123,433
4	Remove SERP.		1,172,301
5	Reflect equal sharing of the incentive compensation between the company and the ratepayers.		2,025,510
6	Remove Long Term Incentives.		2,548,908
7	Remove Active Employee Other Benefits.		303,012
8	Remove Legislative advocacy Cost.		135,878
9	Remove Sales and Marketing Expense.		309,085
10	Remove Dues, Memberships, Sponsorships and Contributions.		303,169
11	Adjust Lease Expense.		2,695,989
12	Reflect proper level of Current Rate Case Expense.		247,266
13	Adjust Interest on Customer Deposits.	(54,956)	
14	Adjust Income Tax.	(3,964,156)	

OKLAHOMA NATURAL GAS
AG PRO FORMA CALCULATION OF TAXABLE INCOME
Test Year Ended December 31, 2008
Cause No. PUD 200900110

LINE NO.	DESCRIPTION	(A) ONG RESULTS	(B) AG TEST YEAR ADJUSTMENTS	(C) AG ADJUSTED RESULTS
1	OPERATING INCOME BEFORE INCOME TAXES	\$31,143,346	9,943,947	\$41,087,293
	INCREASE (DECREASE) TO TAXABLE INCOME:			
2	INTEREST ON LONG-TERM DEBT	(20,778,202)	304,913	(\$20,473,289)
	DISALLOWED MEALS & ENTERTAINMENT	<u>267,024</u>	<u>-</u>	<u>267,024</u>
3	SUBTOTAL	<u>10,632,168</u>	<u>10,248,860</u>	<u>20,881,028</u>
4	TAXABLE INCOME	10,632,168	10,248,860	20,881,028
5	STATE EFFECTIVE TAX RATE	<u>5.660%</u>	<u>5.660%</u>	<u>5.660%</u>
6	STATE INCOME TAX	<u>\$601,781</u>	<u>\$580,085</u>	<u>\$1,181,866</u>
7	FEDERAL TAXABLE INCOME	10,030,387	9,668,775	19,699,162
8	FEDERAL TAX RATE	<u>35.000%</u>	<u>35.000%</u>	<u>35.000%</u>
9	FEDERAL INCOME TAX	<u>\$3,510,635</u>	<u>\$3,384,071</u>	<u>\$6,894,707</u>
10	TOTAL STATE AND FEDERAL TAXES	<u>\$4,112,416</u>	<u>\$3,964,156</u>	<u>\$8,076,573</u>
	AMORTIZATION	217,380		217,380
	TOTAL INCOME TAXES	<u>\$4,329,796</u>	<u>3,964,156</u>	<u>8,293,953</u>

SECTION J
SCHEDULE 2

OKLAHOMA NATURAL GAS
INTEREST CALCULATION
Test Year Ended December 31, 2008
Cause No. PUD 200900110

LINE NO.	DESCRIPTION	(A) STAFF PRO FORMA
1	RATE BASE (Sec B, Schedule 2)	\$752,694,443
2	WEIGHTED COST OF DEBT (Sec F, Schedule 1)	<u>2.72%</u>
3	INTEREST ON DEBT	<u>\$20,473,289</u>

**OKLAHOMA NATURAL GAS
ADJUSTMENTS TO CURRENT INCOME TAX EXPENSE
Test Year Ended December 31, 2008
Cause No. PUD 200900110**

LINE NO.	ADJUSTMENT DESCRIPTION	(A) INCREASE	(B) DECREASE
-------------	------------------------	-----------------	-----------------

AG ADJUSTMENT NO. 1

1	TO SYNCHRONIZE INTEREST EXPENSE WITH AG'S PRO FORMA RATE BASE INTEREST EXPENSE.		\$304,913
---	--	--	-----------