

Summit Natural Gas of Missouri, Inc.
MPSC Case No GR-2014 - 0086
Cost of Capital at September 30, 2013

Schedule TDP-3
Exhibit 1

Line No.	Description (a)	Amount (1) (b)	Capital Ratio (c)	Cost of Capital (d)	Weighted Cost of Capital (c) * (d) (e)
1	Total Long Term Debt	\$ 100,182,767	43.04%	3.21%	1.38%
2	Common Equity (note 3)	132,563,149	56.96%	12.00%	6.83%
3	Total	\$ 232,745,916	100.00%		8.22%
4	Income tax effect: 0.62306 * Weighted average cost of common equity (note 2)				4.26%
5			Pretax return on rate base		12.47%

- Notes: (1) Amounts taken from September 30, 2013 trial balance
(2) Missouri state income tax rate at 6.25%; Federal income tax rate at 35.00% - effective rate
(3) common equity adjusted to reflect activity to 9-30-13:

Common stock issued	\$ 1,028,308
Premium on capital stock	124,986,686
Retained earnings at 10-1-12	<u>\$ 1,773,564</u>
Net income for 12 months ended 9/30/13	4,283,574
Adjustment to eliminate Income taxes from Classified TB	<u>3,465,874</u>
Net Income before Tax	7,749,448
less: income tax	<u>(2,974,858)</u>
Adjusted retained earnings at 9-30-13	<u>6,548,154</u>