Commonwealth of Pennsylvania

Pennsylvania Public Utility Commission

Pike County Light & Power Company

Docket No. ________

ELECTRIC

TESTIMONY AND EXHIBITS

Pike County Light & Power Co.
Electric Case

Pike County Light & Power Co.
4 Irving Place
New York NY 10003-0987
www.oru.com

July 17, 2008

**VIA EXPRESS MAIL**
Honorable James J. McNulty
Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, Pennsylvania 17105-3265

Re: Pike County Light & Power Company
Supplement No. 46 to Tariff
Electric - Pa. P.U.C. No. 8

Dear Secretary McNulty:

I enclose for filing on behalf of Pike County Light & Power Company ("Pike" or the "Company") an original and eight copies of Supplement No. 46 to its tariff for electric service, Electric - Pa. P.U.C. No. 8, issued July 18, 2008 to be effective September 16, 2008. Pursuant to the Commission's normal procedures, the Company expects that any rate increase will not become effective until April 2009.

Supplement No. 46 consists of the following tariff leaves:

| | | | | | |
|---|---|---|---|---|---|
| Supplement No. 46 – Notice | | | 15th | Revised Leaf No. | 84 |
| 44th | Revised Leaf No. | 2 | 21st | Revised Leaf No. | 85 |
| 44th | Revised Leaf No. | 3 | 19th | Revised Leaf No. | 86 |
| 5th | Revised Leaf No. | 4 | 1st | Revised Leaf No. | 87 |
| 8th | Revised Leaf No. | 5 | 14th | Revised Leaf No. | 88 |
| 39th | Revised Leaf No. | 6 | 15th | Revised Leaf No. | 89 |
| 1st | Revised Leaf No. | 33 | 19th | Revised Leaf No. | 91 |
| 2nd | Revised Leaf No. | 34 | 2nd | Revised Leaf No. | 92 |
| 2nd | Revised Leaf No. | 35 | 14th | Revised Leaf No. | 93 |
| 2nd | Revised Leaf No. | 36 | 13th | Revised Leaf No. | 94 |
| 2nd | Revised Leaf No. | 57 | 17th | Revised Leaf No. | 99 |
| 2nd | Revised Leaf No. | 58 | 1st | Revised Leaf No. | 101 |
| | Original Leaf No. | 58A | | | |

I also enclose the written pre-filed testimony of the Company's Accounting Panel, Forecasting Panel, Rate Panel and Mr. Hutcheson, Dr. Morin, Mr. Regan and Ms. Quin, and supporting schedules, including data required by the Commission's regulations.

Pike is engaged in the retail distribution and sale of electricity for residential, commercial and industrial purposes within the State of Pennsylvania. Pike serves approximately 4,600 residential and commercial electric customers in Pike County, Pennsylvania.

The increased rates and charges reflected in Supplement No. 46 are designed to produce additional revenues of $1.2 million per year, which represents an increase of approximately 9.6% in the Company's electric revenues (including an estimate of electric supply costs for full service and retail access customers) based on the twelve months ending March 31, 2009. In addition, the Company is proposing an alternative three-year rate plan for its electric operations, which, if adopted, would establish rates for the three-year period ending March 31, 2012. Under the three-year levelized rate proposal advanced by the Company, the levelized annual increase would amount to $614,400 per year. While the percentage and dollar impacts for the Company's three-year proposal currently are not available, the monthly bill impacts for customers would certainly be much lower under a three-year rate plan than a one year rate plan. The Company expects that the percentage and dollar impacts associated with the Company's three-year proposal will be fully developed through the Commission's rate case process.

Pike requests that Supplement No. 46 become effective on September 16, 2008. Pike's electric base rates were last increased in June 1993, over 15 years ago. Pike's current electric rates do not produce an adequate return on the Company's invested capital that is dedicated to the service of the Company's electric customers. The proposed rates for electric service are necessary to provide sufficient operating revenues to meet operating expenses (including depreciation), taxes and fixed charges, and provide a reasonable rate of return on the Company's investment in electric property. The proposed rates should be approved to enable Pike to maintain its creditworthiness at a level sufficient to raise capital necessary to perform properly its obligations to provide safe, adequate and proper service to its electric customers.

As set forth in the testimony of the Electric Rate Panel, the bills of all Pike's electric customers will be affected by this rate increase. Appendix A attached hereto sets forth, by service classification, the revenue increases associated with this filing.

As set forth in the testimony of Mr. Hutcheson, Pike also is requesting the Commission's approval to adjust its depreciation rates.

Pike hereby advises the Commission that it has elected to use the method of customer notification set forth in Section 53.45 (b)(2) of the Commission's regulations, 52 Pa. Code § 53.45 (b)(2). I enclose a copy of the Notice of Proposed Rate Changes sent to all Pike electric customers by first class mail on July 17, 2008. Also included is an affidavit stating that the required notice provisions have and will be complied with.

As indicated in the attached Certificate of Service, Pike has served copies of this filing and all supporting data on the Office of Consumer Advocate, as required by Section 53.51(d) of the Commission's regulations, 52 Pa. Code § 53.51 (d), on the Office of Small Business Advocate, and on the Commission's Office of Trial Staff.

The Company is presenting the direct testimony of seven witnesses. The Accounting Panel will discuss the Company's various financial exhibits, capital structure, cost of service, and its proposed three-year rate plan. The Forecasting Panel will discuss the Company's electric sales and revenue forecasts. Angelo Regan will discuss the Company's capital expenditures, additions to plant and system reliability programs. Charles Hutcheson will discuss his recommendations regarding the Company's depreciation rates. Dr. Roger Morin will testify as to the fair and reasonable rate of return on the common equity capital invested by the Company in its electric delivery operations. The Electric Rate Panel will discuss the Company's Electric Embedded Cost of Service study, the Company's proposal for revenue allocation and rate design, the impact of the proposed rate changes on customers' bills, and other tariff changes. Jane Quin will discuss the Company's energy efficiency proposal. Pike specifically reserves the right to submit additional direct testimony in support of this filing.

Pike's legal counsel for this filing are as follows:

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Consolidated Edison Company of New York, Inc.
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Please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided. If you have any questions regarding the enclosed filing or supporting data, please contact me at (212) 460-3308 or at the address listed above.

Very truly yours,

William A. Atzl, Jr.
Director – O&R Rates

Enclosures

c: Certificate of Service

# PIKE COUNTY LIGHT AND POWER COMPANY

Impact of Proposed Rate Change on Total Billed Revenue
For the 12 Months Ending March 31, 2009

| | | | | Total Revenue* at: | | Increase: | |
|---|---|---|---|---|---|---|---|
| Service Class | Type of Service | Annual Bills | Total Sales (kWh) | Present Rates ($000) | Proposed Rates ($000) | Rev Change ($000) | Percent Change |
| 1 | Residential Service | 43,268 | 28,783,000 | 4,738 | 5,412 | 674 | 14.2% |
| 2 | General Secondary Service | 10,887 | 31,889,000 | 5,129 | 5,506 | 377 | 7.3% |
| 2 | General Primary Service | 84 | 14,995,000 | 2,269 | 2,357 | 88 | 3.9% |
| 3 | Municipal Street Lighting | 60 | 208,000 | 63 | 83 | 20 | 31.6% |
| 4 | Private Area Lighting | 1,248 | 214,000 | 51 | 64 | 13 | 25.2% |
| Total | | 55,547 | 76,089,000 | 12,251 | 13,422 | 1,172 | 9.6% |

* For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues.

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**VIA FIRST CLASS MAIL**

Irwin A. Popowsky
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

William R. Lloyd, Jr.
Small Business Advocate
Office of Small Business Advocate
Commerce Building Suite 1102
300 North Second Street
Harrisburg, PA 17101

Robert V. Eckenrod, Esquire
Office of Trial Staff
PA Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Date: July 18, 2008

John L. Carley

John L. Carley

July 17, 2008

NOTICE OF PROPOSED RATE CHANGES

To Our Customers:

Pike County Light & Power Company (Company) is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your electric rates as of September 16, 2008. However, the Company anticipates the PUC will follow its normal procedure and suspend rates for nine months, therefore new rates will not become effective until April 2009. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

## THE LEVEL OF THE PROPOSED RATE INCREASE

The Company has requested an overall rate increase of $1.2 million per year. If the Company's entire request is approved, the total bill for a residential customer using 660 kWh would increase from $109.47 to $125.37 per month or by 14.5%.

The total bill for a commercial customer using 3,600 kWh would increase from $579.32 to $621.20 per month or by 7.2%.

In addition, the Company is proposing an alternative three-year rate plan for its electric operations, which, if adopted, would establish rates for the three-year period ending March 2012. Under the three-year levelized rate proposal advanced by the Company, the levelized annual increase would amount to $614,400 per year. While the percentage and dollar impacts for the Company’s three-year proposal currently are not available, the monthly bill impacts for customers would certainly be much lower under a three-year rate plan than a one year rate plan.

To find out your customer class or how the requested increase may affect your electric bill, please contact the Company at 1-877-434-4100. The rates requested by the Company may be found in Supplement No. 46 to the Company’s electric tariff, Electric – Pa. P.U.C. No. 8. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at the Company’s office located at 311 Broad Street, Milford, Pennsylvania.

## THE PROCESS FOR APPROVING THE REQUESTED RATE INCREASE

The state agency which approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or decrease requested by the Company for each customer class. As a result, the rate charged to you may be different than the rate requested by the Company and shown above.

**HOW TO CHALLENGE THE RATE INCREASE**

There are three ways to challenge the Company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before September 16, 2008. If no formal complaints are filed, the PUC may grant all, some or none of the request without holding a hearing before a judge.

2. You can send the PUC a letter telling why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the company's service or management. This information can be helpful when the PUC investigates the rate request.

   Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.

3. You can be a witness at a public input hearing. Public input hearings are held if the PUC opens an investigation of the Company's rate increase request and if there are a large number of customers interested in the case. At these hearings you have the opportunity to present your views in person to the PUC judge hearing the case and the Company's representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Company.

Pike County Light & Power Company

**AFFIDAVIT**

In accordance with 52 Pa. Code § 53.45 (h), William A. Atzl, Jr., being duly sworn according to law, deposes and says that he is Director, O&R Rates for Pike County Light & Power Company ("Pike"); and that, regarding the electric base rate filing that Pike has requested be effective September 16, 2008, the notice requirements pursuant to 52 Pa. Code § 53.45 et seq. have been met to the best of his knowledge, information and belief.

William A. Atzl, Jr.
Director, O&R Rates

Sworn and subscribed before me
The 17th day of July 2008.

Notary Public

JOHN L. CARLEY
Notary Public, State of New York
No. 4906281
Qualified in Rockland County
Commission Expires August 31, 2009

**PIKE COUNTY LIGHT & POWER COMPANY**

**RATES AND RULES**

**GOVERNING THE**

**FURNISHING OF**

**ELECTRIC SERVICE**

**IN**

**THE BOROUGHS OF MATAMORAS AND MILFORD**

**AND VICINITY,**

**PIKE COUNTY, PENNSYLVANIA**

(See Leaf No. 7)

ISSUED: July 18, 2008 EFFECTIVE: September 16, 2008

ISSUED BY: John D. McMahon, President
Milford, Pennsylvania

**NOTICE**

This Supplement increases existing rates. (See Leaf No. 2)

## 2. CHANGES MADE BY THIS SUPPLEMENT

Supplement No. 46 has been filed to reflect:

(1) increased delivery charges applicable to Service Classification Nos. 1, 2, 3, and 4;

(2) a roll in of the State Tax Adjustment Surcharge, Part 1, into delivery rates;

(3) a revised reconnection charge; and

(4) the implementation of a late payment charge.

## 3. TABLE OF CONTENTS



(Continued)

**3. TABLE OF CONTENTS** (Continued)



(Continued)

**3. TABLE OF CONTENTS** (Continued)



(Continued)

## 3. TABLE OF CONTENTS (Continued)

**RULES AND REGULATIONS**

10. METERING AND BILLING (Continued)

10.5 RENDERING OF BILLS: (Continued)

Bills for service are normally rendered monthly. When the Company is unable to obtain meter readings on regular reading dates, bills are rendered (1) on readings by customers if said readings are received on or before the date shown on the meter indexing card, or (2) on estimated readings. Amounts billed on the basis of such estimates are subject to adjustment in accordance with the next meter readings obtained by the Company.

In case any meter for any reason fails to register the full usage of service by the customer for any period of time, the usage of service by the customer may be estimated by the Company on the basis of available data, and the customer billed accordingly.

10.6 LATE PAYMENT CHARGE: (C)

The Company may impose late payment charges on any bill not paid within five days of the due date at the rate of one and one-half percent (1.5%) per month on the overdue balance of the bill. The interest rate, when annualized, will not exceed 18% simple interest per annum.

10.7 CHANGE OF RATE: (C)

Service Classifications and Rules and Regulations under which customers are served are subject to such changes as may be lawfully made.

Customers taking service under a rate schedule so revised shall thereafter take and pay for service in accordance with the provisions of the revised, superseding or substituted schedule so established.

10.8 BILLING OPTIONS: (C)

The Company will bill the customer for all applicable charges unless the customer has chosen to have an Electric Generation Supplier bill the customer for the energy and capacity services provided by the Electric Generation Supplier.

(C) Indicates Change

(Continued)

**RULES AND REGULATIONS**

10. METERING AND BILLING (Continued)

10.9 BUDGET BILLING: (C)

Residential customers, customers who are a condominium association or a cooperative housing corporation, master metered electrically heated multifamily dwelling units during the time that such unit is either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency, any customer taking service under Special Provision B of Service Classification No. 2, and any non-residential customer taking secondary service, unless otherwise prohibited, may elect to pay for service taken in accordance with the following provisions:

A. The customer will make equal monthly payments during the Budget Year based on the Company's estimate of the customer's total cost for the Budget Year; and

B. If at the end of the Budget Year, the amount paid by the customer is less than the amount due for actual service rendered:

(1) the balance due for residential customers, customers who are a condominium association, cooperative housing corporation, and master metered electrically heated multifamily dwelling units during the time that such units are either owned by the Federal Department of Housing and Urban Development or subject to a first mortgage held or guaranteed by that agency shall be billed and payable by the customer during the next six monthly billing periods; or

(2) the balance due for all other customers will be billed in the month ending the budget year and shall be payable by the customer in full at that time.

C. If at the end of the Budget Year, the amount paid by the customer is greater than the amount due for actual service rendered, the Company shall apply a credit to the customer's account equal to the amount overpaid or, at the customer's request, shall refund an amount equal to the overpayment.

The Budget Year will be the twelve-month period beginning with the billing month the customer initially enrolls in budget billing.

(C) Indicates Change

(Continued)

## RULES AND REGULATIONS

10. METERING AND BILLING (Continued)

10.9 BUDGET BILLING: (Continued) (C)

An Electric Generation Supplier's charges will be included in the customer's budget billing plan if the customer and Electric Generation Supplier so indicate.

The monthly budget payment will normally be adjusted at the end of the Budget Year to reflect any changes in the Company's charges or the customer's usage during the Budget Year. The Company may also adjust the monthly budget payment during the Budget Year should conditions warrant a change.

When a customer elects budget billing for both gas and electric service, the monthly budget payment will be based on the combined cost of providing gas and electric service.

Should a customer fail to make a monthly budget payment when due, the Company shall have the right to cancel the budget billing plan. Upon cancellation any overpayment will be credited to the customer's account and any deficiency shall be due and payable.

10.10 PAYMENT PROCESSING: (C)

The Company must receive and process all payments for amounts reflected on the Company's bill.

If a customer remits a partial payment to the Company, that payment will be posted to the customer's account in the following order:

(C) Indicates Change

(Continued)

**RULES AND REGULATIONS**

10. METERING AND BILLING (Continued)

10.10 PAYMENT PROCESSING: (Continued) (C)

1. Outstanding balance before Direct Access or the installment amount for a payment agreement on this balance;

2. Balance due or the installment amount for a payment agreement for the Competitive Transition Charge;

3. Balance due or the installment amount for a payment agreement for Delivery Service and Customer Charges;

4. Current Delivery Service and Customer Charges;

5. Balance due for prior charges for Default Service (if the Company is providing Default Service) or Competitive Energy Supply (if the Company is billing for Electric Generation Supplier charges);

6. Current charges for Default Service (if the Company is providing Default Service) or Competitive Energy Supply (if the Company is billing for Electric Generation Supplier charges);

7. Non-basic service charges.

(C) Indicates Change

## RULES AND REGULATIONS

15. INTERRUPTION AND DISCONTINUANCE OF SERVICE TO RESIDENTIAL CUSTOMERS (Continued)

15.2 DISCONTINUANCE OF SERVICE (Continued)

(B) Other Premises or Dwellings:

(1) When a residential customer requests discontinuance: at a dwelling other than his or her residence; or at a single meter multi-family residence, whether or not his or her residence but in either case, only under the following conditions:

(a) The residential customer states in writing that the premises are unoccupied and such statement shall be on a form conspicuously bearing notice that information provided by the residential customer will be relied upon by the Pennsylvania Public Utility Commission in administering a system of uniform service standards for public utilities, and that any false statements are punishable criminally; or

(b) The occupant(s) affected by proposed cessation inform the Company orally or in writing of their consent to the discontinuation.

(2) Where the conditions set forth in subsection (1) of this paragraph have not been met, the residential customer will continue to be responsible for payment of bills until the Company terminates service in accordance with Section 13.6(A) of this tariff (relating to general rule).

## 16. RESTORATION OF SERVICE (C)

16.1 General Provisions

(A) Requirements for Residential Reconnection (C)

When service to a dwelling has been terminated, the Company shall inform the applicant or residential customer where payment can be made to restore service and shall reconnect service after receiving:

(1) Full payment of any outstanding charges plus a reconnection fee of $27.00 if the residential customer or applicant has a household income exceeding 300 percent of the Federal Poverty Level or has defaulted on two or more payment agreements. If an applicant or residential customer with household income exceeding 300 percent of the Federal Poverty Level experiences a life event the residential customer or applicant shall be permitted a period of not more than three months to pay the outstanding balance required for reconnection. For purposes of this paragraph, a life event is a job loss that extended beyond nine months, a serious illness that extended beyond nine months, or death of the primary wage earner; or

(C) Indicates Change

(Continued)

## RULES AND REGULATIONS

### 16. RESTORATION OF SERVICE (C)

16.1 General Provisions (Continued)

(A) Requirements for Residential Reconnection (Continued) (C)

(2) Full payment of a reconnection charge of $27.00 and a payment over 12 months of any outstanding charges if the residential customer or applicant has a household income exceeding 150 percent of the Federal Poverty Level but not greater than 300 percent of the Federal Poverty Level; or

(3) Full payment of a reconnection charge of $27.00 and a payment over 24 months of any outstanding charges if the residential customer or applicant has a household income not exceeding 150 percent of the Federal Poverty Level; or

(4) Payment of any outstanding balance or payment of a portion of the outstanding balance if the applicant resided at the premises for which service is being requested during the time that the outstanding balance accrued. The Company may establish that the applicant resided at the premises for which service is requested through the use of mortgage, deed, or lease information or a commercially available credit reporting service or by other methods approved by the Commission.

(B) Requirements for Non-Residential Connection (C)

When service to a non-residential building has been terminated, the Company shall inform the applicant where payment can be made to restore service and shall reconnect service after receiving full payment of any outstanding charges plus a reconnection fee of $27.00.

(C) Timing of Reconnection (C)

The Company shall restore service, provided that the applicant has met all conditions for the restoration of service, as follows:

(1) Within 24 hours for erroneous terminations or upon receipt by the Company of a valid medical certification,

(2) Within 24 hours for termination occurring after November 30 and before April 1,

(3) Within three days for erroneous terminations requiring street or sidewalk digging,

(4) Within three days from April 1 to November 30 for proper terminations,

(5) Within seven days for proper terminations requiring street or sidewalk digging.

(C) Indicates Change

**RULES AND REGULATIONS**

16. RESTORATION OF SERVICE (C)

16.2 PERSONNEL AVAILABLE TO RESTORE SERVICE (C)

The Company shall have adequate personnel available between 9 a.m. and 5 p.m. on each working day, or for a commensurate period of eight consecutive hours, to restore service when required under this Section.

(C) Indicates Change

**STATE TAX ADJUSTMENT SURCHARGE**

In addition to the charges provided in this tariff, except for charges or credits applied under the Income Tax Adjustment, a two part surcharge will be assessed for all service rendered on and after the effective date of this leaf.

Part 1 will include Capital Stock Tax, Corporate Income Tax, Public Utility Realty Tax, Gross Receipts Tax and the STAS Reconciliation, which will be applied to all charges except Default Service Charges. Part 1 is 0.0%. Part 2 (D) will include Gross Receipts Tax, which will be applied to Default Service Charges. Part 2 is a surcharge of 0.29%.

Each part of the State Tax Adjustment Surcharge will be recomputed using the elements prescribed by the Commission whenever the Company experiences a material change in any of the taxes used in calculation of the surcharge. Such recalculation will be submitted to the Commission within 10 days after the occurrence of the event which occasions such recomputation. If the recomputed surcharge is less than the one in effect the utility will, or if the recomputed surcharge is more than the one in effect the utility may, submit with such recomputation a tariff or supplement to reflect such recomputed surcharge. The effective date of such tariff or supplement shall be ten days after filing. Any charges or credits in the surcharge shall be rolled into base rates in the Company’s next base rate proceeding.

**TAX INDEMNIFICATION**

If the Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 Pa. C.S. Section 2806(g) or 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify the Company for the amount of additional state tax liability imposed upon the Company by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.

(D) Indicates Decrease

**SERVICE CLASSIFICATION NO. 1**

**APPLICABLE TO USE OF SERVICE FOR:**

Residential service, including Space Heating.

**CHARACTER OF SERVICE:**

Continuous, 60 cycles, A.C., from any one of the following systems as designated by the Company:

(a) Single phase approximately 120, 120/208 or 120/240 Volts,
(b) Three phase four wire at approximately 208 Volts in limited areas.

**RATE - FOUR PART - MONTHLY:**

(1) Customer Charge ... ... $8.00 per month (I)

(2) Energy Charge (¢ per kWh)

| | Delivery Charge (I) | System Benefits Charge |
|---|---|---|
| First 1,000 kWh ...... | 5.8232 | 0.0251 |
| Over 1,000 kWh ...... | 5.0319 | 0.0251 |

(3) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

(4) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of The State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to Default Service Charges.

(I) Indicates Increase

(Continued)

**SERVICE CLASSIFICATION NO. 1** (Continued)

**MINIMUM CHARGE EACH CONTRACT EACH LOCATION:**

$8.00 monthly, not less than $48.00 per contract. (I)

**TERMS OF PAYMENT:**

Bills are due and payable on or before twenty days from date bill is mailed to customer. If bill is not paid within twenty days, service may be discontinued after suitable written notice as outlined in the Rules and Regulations.

**TERM:**

Terminable at any time unless a specified period is required under a line extension agreement.

**EXTENSION OF FACILITIES:**

Where service is supplied from an extension the minimum monthly charges thereon shall be determined as provided in the Rules and Regulations.

**SPECIAL PROVISIONS:**

**A. WATER HEATING:**

Where an approved electric storage heater is used for the customer's entire water heating requirement, the Energy Charge for monthly use in excess of 300 kWh up to and including 700 kWh will be as follows:

| | | |
|---|---|---|
| Delivery Charge | 5.0319 ¢ per kWh | (I) |
| System Benefits Charge | 0.0251 ¢ per kWh | |

Except for usage as stated above, the provisions of RATE - FOUR PART - MONTHLY shall apply.

(I) Indicates Increase

(Continued)

## SERVICE CLASSIFICATION NO. 1 (Continued)

**SPECIAL PROVISIONS:** (Continued)

**A. WATER HEATING:** (Continued)

An approved electric water heater is one that has a minimum storage capacity of 40 gallons and two heating elements with the upper and lower elements so interlocked that they may not operate simultaneously. The size of the elements shall not exceed those listed in the tabulation below:

| Gallons | 40 | 50 | 66 | 82 | 110 |
|---|---|---|---|---|---|
| Upper element, Maximum Watts | 4500 | 1500 | 2500 | 3000 | 4000 |
| Lower element, Maximum Watts | 4500 | 1000 | 1500 | 1500 | 2500 |

The 40 gallon heater is restricted to use in mobile homes and individual apartments.

**B. SHORT TERM SERVICE:**

Customers desiring service under this Schedule on a short term basis, where service is already installed, shall pay in advance the contract minimum as specified under "Minimum Charge Each Contract Each Location" or under an applicable line extension agreement, or, if the estimated bill for two months or such shorter period as service may be desired exceeds the contract minimum, the Company reserves the right to request a deposit equal to this estimated bill. A part of a month shall be considered a full month for computing all charges hereunder.

**C. BUDGET BILLING (OPTIONAL):** (C)

Any customer taking service hereunder may, upon request, be billed monthly in accordance with the budget billing plan provided for in Section 10.9 of the Rules and Regulations.

(C) Indicates Change

**SERVICE CLASSIFICATION NO. 2**

**APPLICABLE TO USE OF SERVICE FOR:**

General Service, secondary or primary. All service at each location shall be taken through one meter.

**CHARACTER OF SERVICE:**

Continuous, 60 cycles, A.C., single or three phase secondary at approximately 120/208, 120/240 Volts, and 277/480 Volts where available; or single or three phase primary at approximately 2400 Volts Delta where available.

**RATE - FIVE PART - MONTHLY:**

(1) Customer Charge ($/month)

| Secondary (I) | Primary (C)(I) |
|---|---|
| $10.00 | $105.00 |

| | Secondary Delivery Charge (I) | Primary Delivery Charge(C)(I) | System Benefits Charge* |
|---|---|---|---|
| (2) Demand Charge ($/kW) | | | |
| First 5 kW ...... | No Charge | No Charge | No Charge |
| Over 5 kW ....... | 3.37 | 3.13 | No Charge |
| (3) Energy Charge (¢ per kWh) | | | |
| First 100 Hours Use of Billing Demand .......... | | | |
| First 300 kWh ..... | 6.1166 | 5.6820 | 0.0251 |
| Next 700 kWh ..... | 5.6423 | 5.2414 | 0.0251 |
| Over 1,000 kWh..... | 4.3760 | 4.0651 | 0.0251 |
| Next 100 Hours Use of Billing Demand .......... | 3.8246 | 3.5528 | 0.0251 |
| Over 200 Hours Use of Billing Demand .......... | 3.7145 | 2.3400 | 0.0251 |

* Applies to both secondary and primary service.

(I) Indicates Increase
(C) Indicates Change

(Continued)

**SERVICE CLASSIFICATION NO. 2** (Continued)

**RATE - FIVE PART - MONTHLY:** (Continued)

(4) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

(5) State Tax Adjustment Surcharge

The State Tax Adjustment Surcharge included in this Tariff is applied to all charges under this Service Classification. Part 1 of the State Tax Adjustment Surcharge applies to all charges except Default Service Charges. Part 2 of the State Tax Adjustment Surcharge applies to the Default Service Charges.

**MINIMUM MONTHLY CHARGE:**

For secondary service, $10.00 plus the demand charge. For primary service, $105.00 plus the demand charge.

(I) Indicates Increase

(Continued)

**SERVICE CLASSIFICATION NO. 2** (Continued)

**TERM:**

Secondary service is terminable at any time after six months unless a longer period is required under a line extension agreement.

Primary service is terminable at any time after one year upon ninety days written notice. The Company reserves the right to require a longer initial term where special construction is required to furnish the service.

**SPECIAL PROVISIONS:**

**A. SHORT TERM SECONDARY SERVICE:**

When short term service is requested, the Company reserves the right to require a deposit of the estimated bill for the period service is desired. The minimum charge for such short term service shall be an amount equal to six times the minimum monthly charge, payable in advance. When construction is necessary, the cost of installation and removal of all equipment, less salvage value, shall be borne by the customer, and a sufficient amount to cover these charges shall be paid in advance. A part of a month shall be considered a full month for computing all charges hereunder.

**B. SPACE HEATING:**

Customers who take service under this Service Classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use will be billed at the following rates:

| | | |
|---|---|---|
| Delivery Charge | 4.0999¢ per kWh | (I) |
| System Benefits Charge | 0.0251¢ per kWh | |

When this option is requested, it shall apply for at least 12 months and shall be subject to a minimum charge of $31.32 per year per kW of space heating capacity. This rule applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (4) and (5) of RATE – FIVE PART – MONTHLY.

(I) Indicates Increase

(Continued)

**SERVICE CLASSIFICATION NO. 2** (Continued)

**SPECIAL PROVISIONS**: (Continued)

**C. BUDGET BILLING** (OPTIONAL)

Any HUD financed housing project, condominium association or cooperative housing corporation who takes service hereunder and any customer who takes service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in Section 10.9 of the Rules and Regulations. (C)

**D. OPTIONAL RATE FOR VOLUNTEER FIRE COMPANIES AND NON-PROFIT SENIOR CITIZEN CENTERS**

Pursuant to Act 103 of 1985 and Act 203 of 2002, Volunteer Fire Companies and Non-Profit Senior Citizen Centers, and Non-Profit Ambulance Services and Non-Profit Rescue Squads, respectively, may elect to have electric service rendered at the rates and charges included in Service Classification No. 1 of this Tariff under the title "RATE - FOUR - PART MONTHLY". This provision is available upon application and execution of a contract by the Customer for a minimum term of one year.

(C) Indicates Change

## SERVICE CLASSIFICATION NO. 3

**APPLICABLE TO USE OF SERVICE FOR:**

Municipal Street Lighting, where the Company furnishes all equipment, except as provided for below, and maintains and operates the system.

**CHARACTER OF SERVICE - MULTIPLE:**

Continuous, alternating current, 60 cycles, 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year, and mounted on wood poles for Overhead Services.

**RATE - THREE PART - MONTHLY:**

(1) Luminaire Charge ($/month)

| Nominal Lumens | Luminaire Type | Nominal Wattage | Total Wattage | Delivery Charge (I) | System Benefits Charge |
|---|---|---|---|---|---|
| Street Lighting Luminaries | | | | | |
| 5,800 | Sodium Vapor | 70 | 108 | $ 14.25 | $0.01 |
| 9,500 | Sodium Vapor | 100 | 142 | 15.60 | 0.01 |
| 16,000 | Sodium Vapor | 150 | 199 | 17.72 | 0.02 |
| 27,500 | Sodium Vapor | 250 | 311 | 22.72 | 0.03 |
| 46,000 | Sodium Vapor | 400 | 488 | 29.93 | 0.04 |
| Flood Lighting Luminaires | | | | | |
| 27,500 | Sodium Vapor | 250 | 311 | 24.11 | 0.03 |
| 46,000 | Sodium Vapor | 400 | 488 | 30.63 | 0.04 |

The following luminaires will no longer be installed. Charges are for existing installations only:

| | | | | | |
|---|---|---|---|---|---|
| 4,000 | Mercury Vapor | 100 | 127 | 10.16 | 0.01 |
| 7,900 | Mercury Vapor | 175 | 211 | 12.71 | 0.02 |
| 12,000 | Mercury Vapor | 250 | 296 | 17.02 | 0.03 |
| 22,500 | Mercury Vapor | 400 | 459 | 22.72 | 0.04 |
| 1,000* | Incandescent | 92 | 92 | 7.38 | 0.01 |
| 2,500* | Incandescent | 189 | 189 | 10.76 | 0.02 |

* Indicates those luminaires that no longer will be repaired. See Special Provision B.

(I) Indicates Increase

(Continued)

**SERVICE CLASSIFICATION NO. 3**

**RATE - THREE PART - MONTHLY:** (Continued)

(1) Luminaire Charge ($/month) (Continued)

**Types of Service and Additional Charges:**

1. Overhead Service - Pole Mounted, 8' Upsweep 1-1/4" and 2" Aluminum Brackets for side mounted Units. For 15' Upsweep Brackets add $5.28 per year. (I)

2. Underground Service - Aluminum Standards, where the Company owns and maintains the underground duct system, with a 120' maximum distance between light centers installed on one side of street, the above prices are increased by $203.16 per year. Where a customer owns and maintains an underground duct system, including the cable, which is adequate in the opinion of the Company's engineers, the above prices are increased by $49.20 per year. (I)

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the following manner:

kWh = (Total Wattage ÷ 1,000) Times Monthly Burn Hours*

* See Monthly Burn Hours Table.

(I) Indicates Increase

(Continued)

## SERVICE CLASSIFICATION NO. 4

**APPLICABLE TO USE OF SERVICE FOR:**

Private overhead street, yard or flood Mercury Vapor and Sodium Vapor lighting.

**CHARACTER OF SERVICE - MULTIPLE:**

Continuous, 60 cycles, A. C., 120 Volts, single phase. Units will be photoelectrically controlled and operate approximately 4100 hours per year.

**RATE - THREE PART - MONTHLY**

(1) Luminaire Charge ($/month)

| Lumens | Nominal Wattage | Total Wattage | Delivery Charge (I) | System Benefits Charge |
|---|---|---|---|---|
| Mercury Vapor | | | | |
| Open Bottom Luminaires | | | | |
| 4,000 | 100 | 127 | $ 8.97 | $0.01 |
| 7,900 | 175 | 215 | 11.06 | 0.02 |
| Closed Bottom Luminaires | | | | |
| 4,000 | 100 | 127 | 10.00 | 0.01 |
| 7,900 | 175 | 211 | 12.11 | 0.02 |
| Closed Bottom Luminaires and Floodlighting | | | | |
| 12,000 | 250 | 296 | 15.78 | 0.03 |
| 22,500 | 400 | 459 | 20.51 | 0.04 |
| 59,000 | 1,000 | 1,105 | 40.74 | 0.09 |
| Sodium Vapor | | | | |
| 46,000 | 400 | 488 | 24.86 | 0.04 |

(2) Default Service Charge

A Default Service Charge, determined in accordance with Section No. 18 of the Rules and Regulations, shall apply to customers taking Default Service from the Company. This charge is not applicable to customers obtaining Competitive Energy Supply.

The Default Service Charge shall apply to the kWh estimated in the following manner:

kWh = (Total Wattage ÷ 1,000) Times Monthly Burn Hours*

* See Monthly Burn Hours Table.

(I) Indicates Increase

(Continued)

**SERVICE CLASSIFICATION NO. 4** (Continued)

**TERM:**

Contracts are made for an initial period of one year and continue in force thereafter, until terminated by seven days' written notice.

**SPECIAL PROVISIONS:**

A. Complete lighting units, installed according to Company standards, will be pole mounted for private road, yard or flood lighting service at the monthly charge per lamp hereinabove set forth. The Company will construct any required extension of service on private property and the customer shall reimburse the Company for the actual cost of such construction. The Company will furnish and install the complete lighting unit, make the necessary lamp renewals, and maintain the installation.

B. Short Term Service will be furnished only upon prepayment of the cost of installation and removal of equipment, less salvage value. For Recurring Seasonal Service the charges for the 12 months' period are due and payable in advance each year on the anniversary date of the contract.

C. Service for existing incandescent 92 Watt units will be billed at a monthly charge of $7.24 until the contract is terminated by mutual agreement. (I)

D. Fifteen foot brackets are available at an additional cost of $5.28 per year. (I)

(I) Indicates Increase

**PIKE COUNTY LIGHT & POWER COMPANY**
**ELECTRIC RATE CASE**
**DIRECT TESTIMONY OF**
**ACCOUNTING PANEL**

Q. Would the members of the Accounting Panel please state your names and business addresses.

A. Kenneth A. Kosior, One Blue Hill Plaza, Pearl River, New York 10965.

Richard A. Kane, 4 Irving Place, New York, New York 10003.

Stephen D. Prager, 4 Irving Place, New York, New York 10003.

Q. By whom are you employed and in what capacity?

A. **(Kosior)** I am employed by Orange and Rockland Utilities, Inc. ("Orange and Rockland" or "O&R") where I hold the position of Director – Financial Services.

**(Kane)** I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison"), where I hold the position of Department Manager of Regulatory Filings.

**(Prager)** I am employed by Con Edison where I hold the position of Senior Accountant in Regulatory Filings.

Q. Please explain your educational background, work experience, and current general responsibilities.

A. **(Kosior)** I graduated from Pace University in 1976 with a Bachelor of Business Administration degree, having majored in Accounting. In June 1980, I received a Masters of Business Administration degree from

Fairleigh Dickinson University, having majored in Accounting and Finance. After graduation from Pace, I was employed by Homa Company as a staff accountant. I joined Orange and Rockland in July 1979 as an Associate Accountant advancing to Supervisor-Payroll, Supervisor & Manager-General Accounting where I had the responsibility of administering and supervising all employee related payroll records and subsequently the books and records of Orange and Rockland and its subsidiaries, including Pike County Light & Power Company ("Pike" or the "Company"). In June 1989, I was promoted to Manager-Budgets and was responsible for the development and management of the operating and capital budgets. My additional duties included forecasting and analyzing the corporate financial statements. I was named Strategic Analysis Principal in October 1994 and became responsible for developing, analyzing and evaluating corporate direction and business opportunities. In June 1995, I was promoted to Director of Accounting, where I was responsible for the accounting functions of Orange and Rockland and its subsidiaries, including the consolidated financial statements. In July 1999, as a result of the merger involving Con Edison and Orange and Rockland, I was appointed Director-Financial Planning and

Administration, now called Financial Services, responsible for providing the coordination for administration, financial, budget and regulatory activities between Con Edison and Orange and Rockland. I have been a member of various accounting and finance committees of the Edison Electric Institute and Pennsylvania Electric Association. In addition, I am a past Chairperson of the New Jersey Utilities Association Accounting and Finance Committee.

**(Kane)** I received a Bachelor of Science degree in Accounting from Manhattan College in May 1976. I worked for Con Edison from August 1976 until January 1978, as a staff accountant. I then joined Orange and Rockland and became Supervisor - Facility Accounting. In 1980, I became Manager - Budgets. In 1989, I became Manager - General Accounting, and in 1996, the Accounts Payable Section was added to my responsibilities. As a result of the merger involving Orange and Rockland and Con Edison, Orange and Rockland’s Accounting Department was combined with Con Edison’s and relocated to Con Edison’s headquarters in New York City. Since the merger, I continued to be responsible for overseeing Orange and Rockland’s General Accounting Section and Financial Reporting area until March 2003. At that time, I assumed my current position as Manager of the

Regulatory Filing Section within Con Edison's Corporate Accounting Department where I oversee rate case revenue requirement calculations and supporting documentation as well as Accounting Petitions filed in New York, New Jersey and Pennsylvania.

**(Prager)** I received a Bachelor of Science degree in Accounting from Yeshiva University in 1988. I started my career at Con Edison in July 1988 as a management intern. From July 1989 through September 1998, I worked in Accounting Research and Procedures. From October 1998 through March 2000, I worked in General Accounts. Since April 2000, I have been working in Regulatory Filings, coordinating the rate cases of Con Edison and Orange and Rockland and its subsidiaries.

Q. Have you previously submitted testimony before the Pennsylvania Public Utility Commission ("PAPUC")?

A. **(Kosior)** Yes. I submitted testimony in Docket No. R-00049884.

**(Kane)** Yes. I submitted testified in Docket No. R-00049884.

**(Prager)** No.

Q. What is the purpose of the Accounting Panel's testimony in this proceeding?

A. The Accounting Panel is sponsoring Exhibits E-1 through E-5, which explain and detail the following:

- Historic financial data (Exhibit E-1);
- Actual and forecast capital structures and rate of return (Exhibit E-2);
- Historic and forecast electric rate base (Exhibit E-3);
- Historic and forecast cost of service (Exhibit E-4); and
- The Company’s three-year rate proposal (Exhibit E-5)

Q. Is the Accounting Panel familiar with Pike’s books and records, as well as the Power Supply Agreement (“PSA”) and Joint Operating Agreement (“JOA”) between Pike and Orange and Rockland, pursuant to which certain costs, including but not limited to, wage, salary and payroll taxes, are allocated to Pike?

A. Yes.

Q. Are the accounts of the Company kept in accordance with the Uniform System of Accounts as prescribed by the PAPUC?

A. Yes.

**EXHIBIT E-1 HISTORICAL FINANCIAL DATA**

Q. Please describe Exhibit E-1.

A. Exhibit E-1 contains the historic financial data for Pike as required by PAPUC regulations. Schedule 1 shows the balance sheets of Pike at March 31, 2007 and

March 31, 2008. Schedule 2 provides the account balances comprising the Company's net investment in electric and gas utility plant in service at March 31, 2008. Schedule 3 is an income statement that shows the derivation of net income for electric and gas operations for the year ended March 31, 2008. Schedule 4 is a comparative income statement for Pike's electric operations for the twelve months ended March 31, 2007 and March 31, 2008. Schedule 5 shows the intercompany charges billed to Pike under the terms of the JOA for the twelve months ended March 31, 2008. Schedule 6 shows the detail of Pike Accounts Payable to Orange and Rockland for the twelve months ended March 31, 2008. These charges are in accordance with the terms of the PSA (FERC Schedule No. 60, currently effective).

**Joint Operating Agreement**

Q. Please describe Exhibit E-1, Schedule 5 in more detail.

A. Exhibit E-1, Schedule 5, "Statement of Charges Made by Orange and Rockland Utilities, Inc. to Pike County Light & Power Company Electric Operations under the Terms of the Joint Operating Agreement", is submitted in support of the charges for electric operations billed by Orange and Rockland to Pike in accordance with the terms of the JOA. The schedule sets forth by prime account each item for which a direct charge is made or which was the result of an allocation.

Q. What types of services are billed by Orange and Rockland to Pike based on direct charges?

A. Pursuant to the JOA, billings are made on a direct charge basis for services rendered by O&R to Pike whenever it is practical, based on payroll records, direct payments to vendors and contractors, and usage studies supporting the distribution of clearing accounts. The direct charge billings are for activities and services rendered that are for the exclusive benefit of Pike's customers, such as the operation and maintenance ("O&M") of Pike's electric distribution facilities, construction or purchase of utility plant, and other services required for operation.

**COST ALLOCATION METHODS**

Q. Please describe the types of costs allocated by O&R to Pike and the methods of allocation used.

A. The types of costs allocated and the basis for such allocations are defined in Article 2 of the JOA. Costs that are impractical to charge on a direct basis, such as administrative and general, collection of customer billings, meter reading, customer accounting and customer services charges are allocated to Pike based on the relationship, during the preceding calendar year, of the revenues of Pike to the total revenues of O&R and its utility subsidiaries. For purposes of these calculations, revenue is defined as revenue from ultimate customers, net of fuel cost recoveries. For 2008, the ratios are as follows:

AO Ratio

$$\frac{\text{Pike Electric Revenue}}{\text{Total Consolidated Net Revenue}} \quad \frac{\$3{,}063{,}000}{\$403{,}085{,}000} = 0.76\%$$

The AO ratio is used to distribute costs that are common to the electric and gas operations of O&R and all its utility subsidiaries.

DO Ratio

$$\frac{\text{Pike Electric Revenue}}{\text{Total Net Revenue of O\&R and Pike}} \quad \frac{\$3{,}063{,}000}{\$310{,}816{,}000} = 0.99\%$$

The DO ratio is used to distribute costs that are common to the electric and gas operations of O&R and Pike.

EO Ratio

$$\frac{\text{Pike Electric Revenue}}{\text{Total Consolidated Electric Revenue}} \quad \frac{\$3{,}063{,}000}{\$298{,}548{,}000} = 1.02\%$$

The EO ratio is used to distribute costs that are common to the electric operations of O&R and all its utility subsidiaries.

LO Ratio

$$\frac{\text{Pike Electric Revenue}}{\text{Total Electric Revenue O\&R \& Pike}} \quad \frac{\$3{,}063{,}000}{\$206{,}279{,}000} = 1.48\%$$

The LO ratio is used to distribute costs that are common to the electric operations of O&R and Pike.

In addition, Pike owns its proportionate share of the general materials and supplies inventory, the allocation of which is determined as follows:

(1) General electric stock items are allocated on the ratio of the number of Pike electric customers to the total number of electric customers of O&R and its utility subsidiaries at the end of the preceding year. For the year 2008, this ratio allocates 1.5442% to Pike electric operations.

(2) Common stock items usable in both electric and gas operations such as gasoline, small tools, and undistributed storeroom expenses are allocated on the ratio of the number of Pike customers to the total number of electric and gas customers of O&R and its utility subsidiaries at the end of the preceding calendar year. For the year 2008, this ratio allocates 1.3575% to Pike electric operations.

With regard to Federal income taxes, O&R and its subsidiaries file a consolidated Federal Income tax return and any tax liability or benefit is allocated among O&R and its subsidiaries as provided for in Section 1152-1 (a)(2) of the Internal Revenue Code of 1954. Tax liabilities or benefits are computed and allocated to each company on the separate return basis, with tax liabilities or benefits allocated to the company that generated the liability or benefit, and each company's tax liabilities never exceeds its separate return liability.

**EXHIBIT E-2 CAPITALIZATION**

Q. Please describe Exhibit E-2.

A. Exhibit E-2 shows the actual and forecast capital structures.

Q. What capital structure is Pike requesting in this proceeding?

A. The Company is requesting an average capital structure for March 31, 2009 as shown below:

| | Ratio |
|---|---|
| Long-Term Debt | 48.03% |
| Common Equity | 51.97% |
| Total | 100.00% |

Q. Do you believe that this is a reasonable capital structure to be employed in this proceeding?

A. Yes, we do.

Q. Please explain why this capital structure is appropriate?

A. It reflects the forecast ratios of capital being employed by O&R, Pike's parent company, as set forth on Exhibit E-2, Schedule 1 for the twelve months ending

March 31, 2009. The capital structure reflects the proportions of the actual capital being used in the utility's business plus projected financings. We would note that Exhibit E-2, Schedule 2, which sets forth the long-term debt of O&R and its subsidiaries, assumes that O&R will be issuing $50 million of long-term debt at 6.10% in August 2008 and $50 million of long-term debt at 6.74% in September 2008. Given the timing of the planned financings, we will update the capital structure for actual amount and cost of the new debt issues during the course of this proceeding. This capital structure is reasonable when compared to the capital structure of the proxy companies used in Dr. Morin's cost of equity analysis. The actual Value Line capital structure for these companies for 2007 and projected 2013 median capital structure ratios for the proxy group are summarized below:

| | 2007 | 2013 |
|---|---|---|
| Long-Term Debt | 54.0% | 49.5% |
| Preferred Stock | 0.5 | 0.5 |
| Common Equity | 45.7 | 50.0 |
| Total | 100% | 100% |

Q. What is your conclusion as to the reasonableness of Pike's requested common equity ratio in this proceeding?

A. Based on the above analysis and discussion, we conclude that the 51.97 percent common equity ratio requested by Pike in this proceeding is reasonable. The requested equity ratio reflects the parent company's forecast common equity ratio and that equity ratio is in line with proxy group and subsidiary utility companies and thus is appropriate to use in this proceeding.

Q. Does the capital structure reflect the cost of equity return recommended by Company witness Morin of 10.9 percent?

A. No, in order to mitigate the size of the rate increase the Company is seeking for its electric operations we are requesting a return on equity of 10.0 percent. Lowering the requested return on equity by 90 basis points decreased the requested rate increase by approximately $90,000.

Q. What is the overall rate of return ("ROR")the Company is requesting?

A. As shown on Exhibit E-2, Schedule 3, the overall ROR is 8.21 percent.

## Exhibit E-3 ELECTRIC RATE BASE

Q. Please describe Exhibit E-3.

A. Exhibit E-3 consists of a summary and eight schedules containing Pike's historic and future electric rate base.

Q. Please describe the method used to calculate the historic electric rate base at March 31, 2008 as shown on the summary page.

A. We began with actual electric utility plant and plant reserves to arrive at net plant at March 31, 2008. To net plant, we added cash working capital, materials and supplies, and prepayments. Finally, we deducted accumulated deferred income taxes to arrive at electric rate base.

Q. Please describe the method used to calculate the forecast electric plant balance at September 30, 2009.

A. We began with the actual electric plant in service balance per books at March 31, 2008. Mr. Regan provided us with the budgeted electric distribution additions scheduled for April 1, 2008 through September 30, 2009. Retirements were projected through September 30, 2009 and are based on a five-year historical average. The calculated adjustment of $2,058,500 is shown on Exhibit E-3, Schedule 1, Page 1.

Q. Please describe the method used to calculate the forecast common plant balance at March 31, 2009.

A. The Company did not have any common plant in service balance on its books at March 31, 2008. In April, the Company rented and occupied a new office in Milford, Pennsylvania to provide customer service. The Company spent $50,000 on furniture and equipment. The allocation to electric of $39,900 is shown on Exhibit E-3, Schedule 1, Page 2.

Q. Please describe the calculation of the accumulated provision for depreciation of electric plant in service for the period ending September 30, 2009.

A. We began with the per books balance at March 31, 2008, added accruals projected for the 18 months ending September 30, 2009 and subtracted retirements for the same period to arrive at the ending balance at September 30, 2009. Our calculated adjustment of $421,500 is shown on Exhibit E-3, Schedule 2, Page 1.

Q. Please describe the $13,200 decrease to the reserve balance as shown on Exhibit E-3, Schedule 2, Page 1.

A. We began with the forecasted electric plant in service balance at September 30, 2009. We then multiplied that amount by the proposed composite book depreciation rate of 2.56% to arrive at our proposed accrual to the depreciation reserve of $371,400. This represents a $2,800 increase to the reserve as the projected accrual for the period April 1, 2008 – March 31, 2009, as shown at the top of Exhibit E-3, Schedule 2, Page 1.

Q. Please continue.

A. We made a second adjustment to the reserve balance for the difference between the book and theoretical reserve. This adjustment is also shown on Exhibit E-3, Schedule 2, Page 1. The depreciation reserve based on proposed rates would be $2,534,133, which is $416,318 less than the actual book reserve balance. Electric Plant has an average age of 13 years compared to a composite book life for this plant of 39 years. We therefore amortized the excess depreciation reserve over the remaining life of the plant, i.e., 26 years. This results in a $16,000 increase to the reserve. The net of the two adjustments is a $13,200 decrease to the reserve.

Q. Please describe the calculation of the accumulated provision for depreciation of common plant in service for the period ending March 31, 2009.

A. The Company did not have any accumulated provision for depreciation of common plant in service balance on its books at March 31, 2008. As stated above, the Company projects to spend $50,000 on furniture and equipment at its office in Milford. The allocation to Electric of the related accumulated depreciation of $8,000 is shown on Exhibit E-3, Schedule 2, Page 2

Q. How did you calculate the cash working capital for the twelve months ending March 31, 2009?

A. We prepared a lead/lag study, which is shown on Exhibit E-3, Schedule 3, Page 1 of 3.

Q. Please provide an overview of the lead/lag study and describe its results.

A. The lead/lag study utilizes accounting information and financial studies for the twelve months ended December 31, 2007 to determine the net lag days. The net lag days are applied to the cost of service inputs for the rate year ending March 31, 2009, in order to determine the cash working capital requirements reflected in rate base. The study indicates a cash working capital requirement of $346,670, as shown on Exhibit E-3, Schedule 3, Page 1. The purpose of the cash working capital component of rate base is to compensate the Company for funds it provides to pay operating expenses in advance of receipt of revenue. It reflects the amount of capital over and above investment in plant and other separately identified rate base items provided by the Company to bridge the gap between the time the Company provides service and the time the Company collects revenue for that service. A lead or lag reflects the amount of time that elapses between when a party provides a product or service, and when that providing party is compensated for the product or service provided. For the purpose of this study, the amount of lead or lag times was calculated in days.

Q. Please describe the revenue component of the lead/lag study.

A. The lag on revenue collection consists of three components:

- the time between rendering of service and meter reading;
- the time between meter reading and billing of services; and
- the time between billing of services and collection of revenue.

Pike's customers are billed on a monthly cycle. The average time from the rendering of service to meter reading date is calculated to be 15.2 days. The 15.2 days was calculated by dividing 365 days by twelve months and then dividing by two to achieve the mid-point for each monthly service period (365 / 12 = 30.4 / 2 = 15.2). Based on an examination of the meter reading and billing data for the year ended December 31, 2007, on average, it took 1.5 days from the time meters were read to the time bills were generated and mailed out. Generally, billing occurs the same day the meter reading is completed for that particular cycle, with mailing occurring the following day. The billing to collection lag was determined by analyzing one month's payments for each quarter of 2007 (i.e., January, April, July and October). Average lag days were generated for each revenue class of billing and weighted by their amounts. Based on this analysis, on average, bills were outstanding for 26.9 days. Combined, the total lag in revenue recovery of energy bills and miscellaneous operating revenues is 43.6 days.

Q. Please describe the treatment of cost of service in the study.

A. The cost of service was broken down into the basic components of operating expense and operating income. Operating income, which represents a return on invested capital, is included as a component of the cost of service.

Q. Please describe the treatment of purchased power expenses in the study.

A. The cost of purchased power and related expenses allocated to Pike by O&R in accordance with the terms of the PSA, are the basis for the lead/lag on purchased power costs. Under the PSA, there is a 45-day lag based on the payment terms included in the agreement. The PSA states that payments are due 30 days after the month in which services were rendered. The lag is measured from the mid-point of the month (30 days / 2 = 15) to the date of payment for services (30 days), totaling 45 days.

Q. Please describe the treatment of salaries and wages.

A. The lag for salaries and wages, reflecting both weekly and semi-monthly employees, was calculated to be 8.1 days. Weekly employees are paid on the Thursday following the week worked resulting in an 8.5-day lag (service period 7 days / 2 = 3.5 day midpoint + 5 days until checks are received). Semi-monthly employees are paid the 15th and 30th of every month for their prior two weeks worked resulting in a 7.6-day lag. The two payroll schedules weighted by dollars charged to O&M expense for the twelve months ended December 31, 2007 produce an 8.1-day lag.

Q. Please describe the lag days associated with pensions.

A. A zero lag is assigned to fund contributions and supplemental expenses. The lag on 401K matching contributions is 8.1 days based on the salary and wages lag since it is paid on the same days checks are distributed to weekly and semi-monthly employees. The net lag is 0.4 days.

Q. Please describe the lags associated with other post employment benefits (“OPEBs”) and employee welfare expenses.

A. The lag on OPEBs is a result of the weighted average lags on pay-as-you-go health insurance expense and OPEBs. Pay-as-you-go health insurance expense has a zero lag, as it is a non-cash item. The lag for OPEBs expense was calculated to be 79.5 days. The Company makes three payments annually to the OPEB trust, a 50% contribution on or about August 15th, 25% on or about October 15th, and the remaining 25% on or about December 15th. A mid-point was determined for each of the respective pay periods and then weighted against their payment allocation for total lag of 79.5 days. The lag on employee welfare expenses is a result of the weighted average lags on health and life insurance premiums and miscellaneous employee welfare expenses. An analysis of payments to health and life insurance carriers was conducted for 2007 by analyzing premiums paid and calculating a lag from each service period (mid-point) to the pay date resulting in a lag of 12.1 days. Miscellaneous employee welfare expense utilized the same 12.6-day lag as accounts payable.

Q. How was the lag for the JOA calculated?

A. The JOA expenditures were lagged at 45 days, consistent with the terms of the JOA. Under the JOA, there is a 45-day lag based on the payment terms included in the agreement. The JOA states that payments are due 30 days after the month in which services were rendered. The lag is measured from the mid-point of the month (30 days / 2 = 15) to the date of payment for services (30 days), totaling 45 days.

Q. Please describe the lag associated with uncollectible accounts expense.

A. Uncollectible accounts expense was lagged at 43.6 days, consistent with the revenue recovery lag, to reflect the portion of revenue that is uncollectible.

Q. Please describe the lag associated with other O&M.

A. The lag on other O&M expenses was calculated to be 12.6 days. This calculation is based on an analysis of accounts payable payments made to vendors for materials and services charged to O&M expense, excluding pension and employee welfare expenses. Lag days were measured from the invoice date to the payment date.

Q. Please describe the lead or lag associated with taxes other than income taxes.

A. Individual studies were prepared to measure the lag period for each type of tax paid by the Company for the year 2007. The taxes related to corporate loans, capital stock, and gross premium insurance are paid in conjunction with the Company’s federal tax return. The lag assumes four annual payments (i.e., April 15, June 15, September 15 and December 15). We determined that there was a lag of 36.5 days by calculating the number of days that elapsed from the mid-point of the service period (i.e., July 2) and the four payments, respectively. Unemployment taxes have quarterly payments on April 20, July 16, October 12 and January 31. There was an average of a 64-day lag that elapsed from July 1, the mid-point of 2007, to each of the four payment dates, respectively.

Q. Please describe the lag days associated with Pennsylvania’s gross receipts tax.

A. We determined that there was a lead of 109 days by calculating the number of days that elapsed from the March 15, 2007 payment date until the mid-point of the service period (i.e., July 2).

Q. Please describe the lag days associated with Federal and state income taxes.

A. The Federal Income Tax (“FIT”) and state income tax lag assumes four annual payments (i.e., April 15th, June 15th, September 15th and December 15th). We determined that there was a lag of 36.5 days by the number of days that elapsed from the mid-point of the service period (i.e., July 2) and the four payments, respectively.

Q. Please describe the lag days associated with deferred purchased power expense, materials and supplies, amortization expense, deferred federal income taxes, depreciation, and return on invested capital.

A. These components are assigned a zero lag to the amounts included in the cost of service because they are non-cash items.

Q. How did you calculate the Plant Materials and Stores component of electric working capital?

A. We used the average balance for the historic year as a proxy for the plant material and stores balances for the ensuing twelve month period. The calculation is shown on Exhibit E-3, Schedule 3, Page 2 of 3.

Q. How did you calculate the prepayments component of electric working capital?

A. We used the same method we used to calculate the plant material and stores balances. The components of prepayments and the balances used for the calculations are shown on Exhibit E-3, Schedule 3, Page 3 of 3.

Q. Please describe Exhibit E-3, Schedule 4.

A. The Company estimates that it will incur $500,000 of outside legal and consulting costs related to the electric and gas rate filings. $400,000 of these costs were allocated to electric operations based on a net revenue split. On Schedule 4, we calculated the after tax amount to be $234,000. The Company has a deferred OPEB balance of $295,408 and an OPEB reserve balance of $341,070 at March 31, 2008 for a net deferred credit of $45,662. We calculated the after tax amount to be $26,700. The Company has a deferred SBC balance of $10,604 at March 31, 2008. We calculated the after tax amount to be $6,200. We added the after tax deferred amounts for rate case and SBC costs offset by OPEB accruals totaling $240,200 to the electric rate base for the twelve months ending March 31, 2009.

Q. Please describe Exhibit E-3, Schedule 5.

A. At March 31, 2008, the Company had a deferred credit of $26,566 related to a tax refund and a deferred credit of $30,400 related to depreciation benefits. We calculated the after tax amount of these two items to be $33,300. We deducted this amount from the electric rate base for the twelve months ending March 31, 2009.

Q. Please describe Exhibit E-3, Schedule 6.

A. Schedule 6 shows the effects of the gain on the sale of the Milford office on electric rate base. The office was contained within a private house located at 219 ½ Broad Street in Milford, Pennsylvania. When Pike purchased this building, 50% percent of the cost was placed into common utility plant and the other half was placed in non-utility plant. The after tax gain on the sale of the 50% interest in the Milford Office property designated as utility plant is $80,208. To this amount, we subtracted one year’s amortization amount based on a five-year amortization period for a net rate base deduction of $64,200. $51,100 of this amount is applicable to electric.

Q. Did you calculate the deferred income taxes for the twelve months ending March 31, 2009?

A. Yes. This calculation, shown on Exhibit E-3, Schedule 7, presents the difference between the balances of accumulated deferred income taxes at March 31, 2008 and March 31, 2009, respectively. The computation of this change is shown on Exhibit E-4, Schedule 16, page 2 of 3.

**EXHIBIT E-4 ELECTRIC COST OF SERVICE**

Q. Please describe Exhibit E-4

A. Exhibit E-4 consists of a summary and sixteen schedules containing the historic and future electric cost of service. The Accounting Panel supports all schedules with the exception of Schedules 1, 12 and 13, which are supported by the Forecasting Panel, Mr. Regan and Mr. Hutcheson, respectively. Page 1 of the Summary shows the historic and forecast cost of service, page 2 of the Summary shows the calculation of the revenue requirement, and page 3 of the Summary lists all of the adjustments to the cost of service.

Q. How did you develop the historical and forecast cost of service?

A. We began with the actual per books information for the twelve months ended March 31, 2008. This information is shown in Column 1 of Exhibit E-4, Summary, Page 1 of 3. Column 3 of the same exhibit sets forth the adjustments necessary to bring historical revenues, expenses, and rate base in line with the levels of revenues, expenses and rate base projected for the twelve months ending March 31, 2009.

Q. Please describe how the revenue requirement of $1,172,100 shown on page 2 of the Summary was calculated?

A. We began with the projected March 31, 2009 rate base from Exhibit E-3, Summary. To this balance we applied the overall rate of return shown on Exhibit E-2, Schedule 3. This produced a return of $878,314. We compared this number to the earned return projected on page 1, column 4 of the Summary, which was $238,600. The difference between these two amounts was $639,714, which we factored up for the Pennsylvania gross earnings tax, customer uncollectibles, and income taxes to arrive at a revenue requirement of $1,172,100.

Q. Please describe Exhibit E-4, Schedule 1.

A. The Forecasting Panel will discuss Exhibit E-4, Schedule 1, Page 1 and Exhibit E-4, Schedule 1, Page 3. On Exhibit E-4, Schedule 1, Page 2, the Company has eliminated the non-recurring hedging gains from sales revenues.

Q. Please describe Exhibit E-4, Schedule 2.

A. Exhibit E-4, Schedule 2 reflects the pass back of revenues related to the 1993-1994 investigation over a five-year period.

Q. Please describe Exhibit E-4, Schedule 3.

A. Exhibit E-4, Schedule 3 reflects the decrease in purchased power expenses.

Q. Please describe how you calculated Adjustment No. 4 (b), Changes in Operation and Maintenance Expenses to Reflect Increases In Wages and Salaries, and Adjustment No. 4 (c), Changes in Operation and Maintenance Expense to reflect Increase in Additional Employee Positions, which are shown on Exhibit E-4, Summary, as well as on Exhibit E-4, Schedule 4, Pages 2 and 3.

A. In developing the increase in wages and salaries that is applicable to Pike electric operations, which amounts to $55,400 ($32,000 of which is detailed on

Exhibit E-4, Schedule 4, Page 2 of 3 and $23,400 of which is detailed on Exhibit E-4, Schedule 4, Page 3 of 3), we first analyzed the actual, historic labor cost of the consolidated O&R system for the twelve months ended March 31, 2008. We then made an adjustment to the actual, per-books consolidated labor expense of a reduction of $523,000 to correct an erroneous accounting entry that was discovered during the analysis.

The actual, per books consolidated labor data was further adjusted for certain normalizing entries. The purpose of the normalizing entries was to annualize the labor expense for certain new employee positions that were added during the test year and, therefore, the historic test year labor expense did not reflect a full year of cost for such employees. The normalizing adjustments amounted to $288,966 of additional expense for new union positions and $29,167 of additional expense for new management positions. Details regarding those positions are as follows:

<u>Weekly (i.e., Union) Positions</u> – Electric Overhead Linemen, ten new positions added during September 2007, normalized to add five months of labor costs to the historic test year; Electric Underground Linemen, six

new positions added during June 2007, normalized to add two months of labor costs to the historic test year.

Semi-Monthly (i.e., Management) Positions – Electric Underground Line Supervisor, one new position added during June 2007, normalized to add two months of labor costs to the historic test year; Emergency Preparedness Specialist, one new position, added during June 2007, normalized to add two months of labor cost to the historic test year.

Q. Did you include any other adjustments for additional employee positions in your analysis?

A. Yes. The analysis includes a total of twenty-one additional employee positions, six of which are union positions and fifteen of which are management positions. Twenty of these positions were included in a new rate plan (NYPSC Case No. 07-E-0949) that went into effect July 1, 2008 for Orange and Rockland's New York electric operations subject to final approval by the New York State Public Service Commission ("NYPSC"). The final Rate Order by the NYPSC is expected during July 2008. Also, one union position was included in this Case that was not part of the above-referenced O&R proceeding, the addition of a Customer Service Representative as a result of the establishment of new customer service center in the Pike service territory.

Details regarding the additional employee positions, including the assumed date filled and whether the cost of the position is allocated to Pike electric and/or gas operation and maintenance expense, are shown in Schedule 4 of Exhibit E-4. As indicated on Schedule 4, all twenty-one positions have costs allocated to Pike electric operations.

The analysis then separately identified the adjusted and normalized consolidated labor costs as to total wages applicable to union employees and total wages applicable to management employees. It also identified the amount of adjusted wages that was charged to Pike electric O&M expense, which amounted to 0.41% of the adjusted (as described above) total consolidated wages of O&R for the twelve months ended March 31, 2008.

Then, using the actual and budgeted wage increase percentages applicable to union and management employees, we calculated the amount of total wages that represent base pay versus wage increase amounts for the period from April 1, 2008 through March 31, 2010. The wage increase percentages for union employees are pursuant to the negotiated labor agreement with Local 503 of the International Brotherhood of Electrical Workers, which became effective on June 1, 2004 and extends through June 1, 2009. The agreement provides, among other things, for a wage increase of 3.25%, which became effective on June 1, 2007, and 3.50%, which became effective on June 1, 2008. The 3.50% negotiated wage increase was then applied to the period through March 31, 2010 in the calculations. The wage increase applicable to management employees was 3.25% effective April 1, 2007 and 3.50% effective April 1, 2008 and April 1, 2009, respectively. We then calculated the forecasted increase in wages using these percentages. Once the total wage increase amount was calculated for union and management employees, the portion of such wage increase that is applicable to Pike electric operations was calculated. For those employees who were part of the historic test period in this case (excluding the additional employees) the amount allocated to Pike electric operations was 0.41%, which, as described above, is the historic percent of consolidated O&R wages that was allocated to Pike electric operations for the twelve months ended March 31, 2008. For the twenty-one additional employees the actual projected amounts of wages to be charged to Pike electric operations, based on each particular position and salary level, was calculated individually.

Q. Please continue with an explanation of Adjustment 4(a), Changes to Power Supply Expense to Reflect Increases in Wages and Salaries.

A. Adjustments 4(b) and 4(c) as described above detailed the increase in salaries and wages that are applicable to Pike electric operation and maintenance expense. However, additional salary and wage expense is allocated to Pike electric operations pursuant to the terms of the PSA between O&R and Pike. Adjustment 4(a) begins with the amount of total consolidated increase in salary and wages as calculated in Adjustment 4(b) and 4(c) and, based on the allocation procedures in the PSA, calculates the increased labor costs applicable to Pike. This is partially offset by costs that are billable back to O&R from Pike pursuant to the terms of the PSA.

Q. Please continue with a description of Adjustment No. (5), Changes in Operation and Maintenance Expense to Reflect the Estimated Increase in Payroll Ancillary Costs and Adjustment No. (14a), Changes in Taxes Other Than Income Taxes to Reflect Increases in Payroll Taxes, as shown on Exhibit E-4, Summary, as well as on Exhibit E-4, Schedule 5 and Schedule 14, Page 1 respectively.

A. The estimated increase in payroll ancillary costs, which amounts to $9,800, was calculated by applying the fringe benefit rate of 16.36% to the forecasted wage increase amount for management and union employees (including wage increases through the PSA), which was developed on Exhibit E-4, Schedule 4, Pages 1 through 3 and which was described earlier in this testimony. The 16.36% fringe benefit rate includes the cost of employee health and life insurance at 11.95%, Workers' Compensation insurance at 2.38%, and the cost of O&R's 401K matching contribution of 2.03%. These rates were developed based on the forecasted cost of each benefit item in relation to the total forecasted labor costs of the O&R system for the year 2008. The estimated increase in Payroll Taxes, which amounts to $4,600, was calculated by applying the payroll tax rate of 7.74% to the forecasted wage increase amount for management and union employees. The 7.74% payroll tax rate includes the cost of Federal Insurance Contribution Act ("FICA") Tax at 6.20%, Medicare at 1.45%, Federal Unemployment Tax at 0.07%, and State Unemployment Taxes at 0.02%. These tax rates were developed based on the estimated O&R consolidated costs for the year 2008 in the same manner as described above for the payroll ancillary costs.

Q. Please describe Adjustment No. (6a), Changes in Operation and Maintenance Expenses to Reflect Estimated Employee OPEB and Pension Expense, as shown in Exhibit E-4, Schedule 6, Page 1.

A. Adjustment No. (6a) for $38,800 reflects the $900 increase in SFAS 87 pension expense net of capitalization and recoveries as compared to the actual pension expense for the twelve months ended March 31, 2008 and the $37,900 increase in SFAS 106 OPEB expense net of capitalization and recoveries and VEBA health insurance reimbursements as compared to the actual OPEB expense for the twelve months ended March 31, 2008. The Company’s actuary, Buck Consultants, calculated the SFAS 87 pension expense.

Q. Please describe Adjustment No. (6b), Changes in Operation and Maintenance Expenses to Reflect Recovery of Deferred OPEB Expense, as shown in Exhibit E-4, Schedule 6, Page 2.

A. Adjustment No. (6b) for $64,400 reflects a five year amortization of the $321,921 estimated deferred OPEB balance at December 31, 2008.

Q. Please describe Adjustment No. (7), Changes in Operation and Maintenance Expenses to Reflect Rent of the Milford Office, as shown in Exhibit E-4, Schedule 7.

A. Adjustment No. (7) for $30,600 reflects the 87.41% allocation to electric of the $35,000 annual rent of the Milford Office.

Q. Please describe Adjustment No. (8), Changes in Operation and Maintenance Expense to Normalize Outside Legal Fees, as shown on Exhibit E-4, Summary, as well as on Exhibit E-4, Schedule 8.

A. Adjustment No. (8) reflects a decrease in O&M expense of $306,400 for the normalization of outside legal fees. In the test year, the Company had outside legal fees of $403,300, which was $306,400 more than the ten-year average of $96,900.

Q. Please describe Adjustment No. (9), Changes in Operation and Maintenance Expense to Reflect Amortization of Estimated Outside Rate Expenses, as shown on Exhibit E-4, Summary, as well as on Exhibit E-4, Schedule 9.

A. Adjustment No.(9) results in an increase in O&M expense of $80,000 for the effect of the forecasted annual amortization of costs incurred in the preparation and filing of this electric base rate case. As shown on Schedule 9, Pike estimates that it will incur $400,000 of costs in the preparation and filing of this case, which are primarily outside legal fees. Assuming a five-year amortization period results in an annual amortization allowance of $80,000.

Q. Please describe Adjustment No. (10), True-up of Joint Use Operating Expense, as shown on Exhibit E-4, Summary, as well as on Exhibit E-4, Schedule 10.

A. The adjustment to reflect current Joint Use Rents increases operation and maintenance expense by $28,185 (rounded up on the Exhibit to $28,200). The adjustment was calculated by comparing the amount of JOA expense that was actually charged to Pike electric operations during the twelve months ended March 31, 2008, which amounted to $180,963, to the revised and updated annual billing amount of $209,148. The billing amount under the JOA is updated annually based on the actual charges experienced by O&R during the preceding year. In this case, the new billing amount reflects an update to the year 2006 data, and the new monthly billing rate will remain in effect until mid-2008, at which time it will be updated to reflect actual charges experienced by O&R during 2007.

Q. Please address Adjustment No. (11).

A. Adjustment No. (11) represents actual customer uncollectible write-off experience. It was calculated as the average of bad debt write-offs as a percentage of revenues. The resultant factor of 0.8133 is then applied to the forecasted revenues for the rate year.

The result of $93,700 is compared to the bad debt expense for the test year of $117,800, for a decrease of $24,100.

Q. Mr. Hutcheson states on page 10 of his direct testimony that the Accounting Panel will set forth a proposal to amortize the $416,000 by which the actual reserve exceeds the computed reserve based on proposed rates. What is your proposal?

A. We propose to pass back the excess depreciation reserve over the average remaining life for electric plant assets of 26 years. This amounts to $16,000 a year as shown on Exhibit E-4, Schedule 13, Page 3.

Q. Please describe Adjustment No. (14a), Changes in Taxes Other, as shown Exhibit E-4, Schedule 14, Page 1.

A. Adjustment No. (14a), in addition to the change to payroll taxes discussed above, reflects the change in the Pennsylvania Gross Earnings Tax for the Twelve Months Ending March 31, 2009. We reduced the Gross Earnings Tax to reflect the 5.9% tax rate on the rate year revenues.

Q. Please describe Adjustment No. (14b), Changes in Taxes Other, Property Tax Refund as shown Exhibit E-4, Schedule 14, Page 2.

A. Adjustment No. (14b) reflects the five-year amortization of the electric property tax refund discussed above.

Q. Please describe Adjustment No. (15), Changes in Gain on Sale of Utility Plant to reflect the amortization of the net gain from the sale of the Milford Office, as shown in Exhibit E-4, Schedule 15.

A. The electric allocation of the gain on the sale for the 50% of the Milford Office property designated as utility plant is $108,592. The annual amortization based on a five-year amortization period is $21,700.

Q. Please describe Adjustment No. (16), Calculation of Income Tax Expense for the Twelve Months Ending March 31, 2009, as shown Exhibit E-4, Schedule 16.

A. Adjustment No. (16) shows the necessary additions and subtractions that must be made to operating income before taxes in order to determine taxable income to which the statutory tax rates are applied.

Q. Please explain page 3 of Schedule 16.

A. Page 3 of Schedule 16 shows the calculation of the interest deduction included in page 1 of Schedule 16. The majority of long term debt has been issued by Orange and Rockland for itself and its subsidiary utility affiliates, Pike and Rockland Electric Company. This adjustment is necessary in order to allocate the proper level of interest expense to each jurisdiction, based on Orange and Rockland's overall consolidated interest expense.

**Exhibit E-5, THREE-YEAR RATE PLAN**

Q. Is the Company sponsoring a three-year rate plan proposal as an alternative to a one-year case?

A. Yes.

Q. Please explain how a rate plan of this length would benefit the Company's customers.

A. Multi-year rate plans provide the Company with greater flexibility to schedule and execute critical programs in the most cost-effective manner. They also place a greater responsibility on the Company to manage its resources over several years when there may be larger swings in economic conditions and permit greater focus on operating efficiencies as opposed to the alternative of a relatively constant focus on rate litigation. When the Company manages its resources in a cost-effective manner, both the Company and its customers benefit. That is, the Company could receive a benefit during a portion of the current rate period, and its customers during all successive rate periods, retaining the more significant value of the improvements in the business.

A three-year rate plan balances the impact of future uncertainties on customers and the Company.

Q. Please explain how your multi-year proposal would work.

A. The Company proposes that the rates set for the first rate year become the base from which projections are made for the second and third years of the rate plan. The Company further proposes that the Commission adopt a series of staged rate changes for the second and third years. We would like to emphasize that, by proposing a three-year plan in the alternative, the Company does not waive its rights to file for new rates immediately following the conclusion of this case, if the Company views (1) the rate change granted by the Commission for the first year to be inadequate, or (2) the terms for an additional rate year(s) under a multi-year rate plan to be unreasonable. We would also note that the various five-year amortizations proposed throughout the Company's filing are proposed for both the one-year rate request and the three-year rate proposal.

Q. Does Exhibit E-5 show the calculation of the Company's revenue requirement for the second and third years?

A. Yes, it does.

Q. Please describe Exhibit E-5.

A. Exhibit E-5 consists of a summary and fifteen schedules containing Pike’s proposal for a multi-year rate plan. The proposal, if adopted by the Commission, would establish rate increases for three years and offer the Commission the option to phase-in the rate increases on a levelized and earnings neutral basis, through the use of deferred accounting. The phasing-in of the requested rate increase would reduce the customer bill impact in the first year rate year and allow customers certainty as to their base rates for the next three years.

Q. What are the annual and levelized rate increases the Company is proposing in the rate plan?

A. As indicated previously, the rate increase for the first rate period would be $1,172,100. For the second and third periods the corresponding rate increases would be $56,400 and $23,200, respectively. Exhibit E-5, Summary, Page 4 of 7, shows the calculation of a levelized annual increase amounting to $614,400 per year.

Q. Please explain how you derived the rate increases for the second and third rate years.

A. As shown on Exhibit E-5, Schedules 1 through 8, the Company assumed and reflected an increase in its estimate of electric sales revenues by 0.9 percent or

$26,500 and 1.6 percent or $47,500 respectively for the second and third years (Schedule 1), salary and wage increases of 3.5 percent per year or $37,600 and $38,900, respectively for the second and third years (Schedule 2), increases in the cost of employee benefits of $25,900 and $26,800, respectively for the second and third years (Schedule 3), general inflationary increases on other operating expense of 2.3 percent per annum or $11,500 and $11,800, respectively for the second and third years (Schedule 4), uncollectible costs related to the higher revenues of $200 and $400, respectively for the second and third years (Schedule 5),  depreciation associated with new plant additions of $6,000 and $5,600, respectively for the second and third years (Schedule 6) and net increases in payroll taxes related to higher salaries and wages and revenue taxes of $3,400 and $4,700, respectively for the second and third years (Schedule 7).  The associated computation of Federal and state income taxes is shown on Schedule 8.

Page 5 of Schedule 8 shows the calculation of the interest deduction included in pages 1 and 3 of Schedule 8.  The majority of long term debt has been issued by Orange and Rockland for itself and its subsidiary utility affiliates, Pike and Rockland

Electric Company. This adjustment is necessary in order to allocate the proper level of interest expense to each jurisdiction.

Q. Please discuss how rate base was projected for the second and third years of the proposed rate plan.

A. Rate base is shown on Exhibit E-5, Summary, Page 6 and reflects the Company's forecast of plant additions, depreciation accruals, working capital, and changes in deferred income tax balances. In addition, deferred balances have been adjusted to reflect the impact of amounts amortized each year. The details supporting the adjustments to rate base are shown on Schedules 9 through 15.

Q. Does that conclude your testimony?

A. Yes, it does.

PIKE COUNTY LIGHT & POWER COMPANY
ELECTRIC RATE CASE
DIRECT TESTIMONY OF
FORECASTING PANEL

Q. Would the members of the Forecasting Panel please state their names and business address.

A. Patrick F. Hourihane, and Charles K. Akabay, 4 Irving Place, New York, New York 10003.

Q. By whom are you employed, in what capacity, and what are your professional backgrounds and qualifications?

A. (Hourihane). We are employed by Consolidated Edison Company of New York, Inc. ("Con Edison").

(Hourihane). I am Section Manager of Electric Revenue and Volume Forecasting in Corporate Accounting. My background is as follows: I received a Bachelor of Arts Degree in History from Saint Meinrad in 1974 and a Masters Degree in Energy Management from New York Institute of Technology in 2000. In 1975, I began my employment with Con Edison in the Customer Service Department. Between 1978 and 2005, I worked in positions of increasing responsibility in Customer Service and Energy Management Departments working on such projects as the electric governmental forecast and gas sales forecast. In 2005, I transferred to the Rate Engineering Department. In December 2006, I was promoted to my present position.

(Akabay). I am a Senior Analyst in the Revenue and

Volume Forecasting Department in Corporate Accounting. My background is as follows: I received a Bachelor's degree in Economics and Finance from the University of Ankara, Turkey, in 1969. I also received an MBA degree in Economics and Econometrics from New York University in 1976. In 1986, I joined Con Edison in the capacity of Analyst as an experienced economic modeler and forecaster. I have developed econometric time series models and forecasts for Orange and Rockland Utilities, Inc. ("Orange and Rockland") and Con Edison, as well as at my previous employers, General Motors Corporation and New York Telephone Company. Prior to joining Con Edison, I taught economics and econometrics at the State University of New York.

Q. Please generally describe your current responsibilities.

A. (Hourihane). My responsibilities include the preparation of electric sales forecasts, and electric transmission and distribution ("T&D") revenue forecasts.

(Akabay). My current responsibilities include the development, maintenance and updating of the Company's electric energy forecasting models, and presentation of energy forecasts.

Q. Have you published any literature which is relevant to modeling and forecasting?

A. (Akabay). Yes, I co-authored two articles dealing with problems in econometric time series modeling and forecasting that have been published in the Journal of Business Forecasting – Methods & Systems.

Q. Have you previously testified before the Pennsylvania Public Utility Commission ("PAPUC")?

A. (Hourihane). No.

(Akabay). No.

Q. What is the responsibility of the Forecasting Panel in this proceeding?

A. We present the forecast of Pike County Light & Power Company's ("Pike" or the "Company") electric sales volumes and revenues from April 1, 2008 to March 31, 2009, and discuss the methodologies used to develop these forecasts.

Q. What are the actual and normalized total sales volumes for the 12 months ended March 31, 2008?

A. The actual total sales volume for the 12 months ended March 31, 2008 is 75,394 MWHs. The total normalized sales volume for this period is 75,449 MWHs.

Q. Please summarize, in aggregate form, your sales volume forecasts for the 12 months ending March 31, 2009.

A. For the 12 months ending March 31, 2009, the total sales volume forecast is 75,651, which is an increase of 202 MWHs from the 12 months ended March 31, 2008 and reflects a 0.3% growth for the period.

Q. The Accounting Panel is proposing a three-year agreement. Do you have a sales volume forecast for the additional two years?

A. Yes we do. For the 12 months ending March 31, 2010, the total sales volume forecast is 76,303 MWHs, which is an increase of 652 MWHs and reflects a 0.9% growth over the forecast for the 12 months ending March 31, 2009. For the 12 months ending March 31, 2011, the total sales volume forecast is 77,555, which is an increase of 1,252 MWHs and reflects a 1.6% growth over the forecast for the 12 months ending March 31, 2010.

SALES VOLUMES

Q. What forecasting methodologies did you use to project the Company's electric sales volumes?

A. The billed sales volume forecasts are based on various econometric and time series models. Models for forecasting billed sales volumes are done on the major classifications defined as residential, secondary, primary, and lighting.

Econometric Models

Q. Please describe the econometric models you used, including their modeling periods, the independent variables included in them, and the model structures.

A. Econometric models have been used to forecast billed sales volumes for residential, secondary and primary. The modeling periods, the independent variables, and the model structure are described below.

Modeling Period

The econometric models are developed on a quarterly basis. For the residential and secondary models, the modeling period starts with the first quarter of 1990 and ends with the first quarter of 2008. For the primary model, however, the modeling period starts in the first quarter of 1994 and ends with the first quarter of 2008.

Independent Variables

The models basically include three types of independent variables – weather, economic and others.

Weather variables in terms of heating and cooling degree days are included in the models to account for delivery volume variations due to differences in weather conditions. The key economic variables in the various models are private non-manufacturing employment, real electric price, and the number of customers.

The residential and primary models include real electric price for their respective classes, private non-manufacturing employment and number of customers for the respective class. The secondary model includes real electric price and number of customers.

The lighting model is a pure time series an integrated autoregressive and moving average ("ARIMA") model that does not include any economic variables. For the lighting model, the modeling period starts with the first quarter of 1990 and ends with the first quarter of 2008.

In addition, the secondary model includes a combination of a dummy variable and a deterministic trend variable to account for a level-shift during the period between the fourth quarter of 1996 and the second quarter of 2005. The primary model includes a dummy variable for an atypical observation that can not be accounted for by the included variables. It also includes a binary level-shift variable to account for the expansion of a customer beginning in the first quarter of 2006.

Model Structure

Each of the econometric models consists of two parts: the first part is a regression model, which relates the sales volume with the set of independent variables included in the model; the second part is an ARIMA model. The ARIMA model can take many different forms, and each model has its own ARIMA structure statistically determined according to the data pattern of each major classification.

Q. What is the purpose of including an ARIMA part in the econometric model?

A. In forecast modeling, the model can include only a few key economic variables, such as real electric price, number of customers and employment. All other economic variables, which may have an effect on electric sales but either are not quantifiable or for which no data is available, are excluded from the model. The ARIMA mechanism captures the collective effect of those excluded variables. In addition, ARIMA also smoothes out autocorrelations in the data; the presence of autocorrelations would increase forecast error.

Model Assumptions

Q. You listed the key economic variables used in forecasting models as private non-manufacturing employment, real electric price, and the number of customers in each major classification. Please explain how the forecast of private non-manufacturing employment was developed.

A. The private non-manufacturing employment forecast is prepared by the economic consulting firm, Moody's Economy.com. Moody's Economy.com prepares a "Newburgh" forecast that consists of Pike County, Pennsylvania and Orange County, New York. The Newburgh employment forecasts show that private non-manufacturing employment is projected to increase by 0.2% in 2008, and 0.7% in 2009.

Q. What assumption do the models use for the real price variable for forecasting purposes?

A. For forecasting purposes, we assumed that the real electric price remains at the same level as for the 12 months ended March 2008 level.

Q. Please explain the development of the number of customers for Pike's various service classifications.

A. The forecasts for the number of residential and secondary customers are based on the input of the Company's new business group. The number of residential customers is projected to grow by nine customers a year for 2008 and 2009. The number of secondary customers is assumed to remain stationary for 2008 and expected to grow by two in year 2009. The number of primary customers is not expected to change from the current level of seven. The number of lighting customers is also not expected to change after the average number of customers for the last two years has declined by 4 in 2006 and 3 in 2007.

Q. Are the foregoing projections of employment, real electric price and numbers of customers used as inputs in the forecasting models to generate the Pike County sales volume forecasts?

A. Yes.

Q. Are there any adjustments to the volume forecasts generated by these models?

A. Yes. The primary volume forecast generated from the model assumes that there are six customers. The forecasted load for a new primary customer that came on line in March 2008 was developed independently from the model. This new customer's load is smaller than the historical average size for primary load so the model's projected load would overstate the sales for this seventh customer. Therefore, we manually added sales to the model forecast.

Q. How were the quarterly volume forecasts disaggregated into monthly sales volumes?

A. Quarterly sales volumes were divided into monthly sales volumes by reflecting the patterns of weather-normalized historical monthly sales volumes over the past two years. Monthly sales volumes also were adjusted for the appropriate billing-days.

Q. How do you account for unbilled sales in calculating Pike's total sales volumes?

A. The total sales volumes are derived by estimating the unbilled sales volumes and adding those volumes to the billed volume forecast.

Q. Please explain unbilled sales volumes.

A. Billed sales volumes are recorded on a billing cycle basis, which does not represent the calendar month. The unbilled sales volumes translate the billed sales volumes from a billing cycle basis to sales on a calendar month basis.

Q. How are the unbilled sales estimated?

A. The unbilled sales volumes are estimated by subtracting the monthly cycle billed volume forecast from the monthly calendar volume forecast.

Q. How are the monthly calendar volumes forecasted?

A. The monthly calendar volumes are forecasted by taking the monthly cycle billed sales volumes and adjusting for the difference between cycle degree days and calendar degree days. The billing cycle sales volumes are also adjusted for the difference in the number of days between the monthly billing cycle and calendar days.

REVENUE FORECAST

Q. Please explain the method of estimating Pike’s T&D revenues for the forecast periods.

A. The T&D revenues from the forecasted billed sales volumes to Pike’s customers were estimated by month and by service classification. For residential, secondary and primary service classes a customer charge is calculated based on the number of customers forecasted for each service class. For energy, a pricing equation is developed by correlating historical average T&D revenue of the class to historical monthly billed volumes of the class. For the secondary and primary service classes, where energy and demand charges apply, a demand pricing equation is developed by correlating historical billed average T&D revenue of the class to historical billed demand of the class. The pricing equations are based upon the historical data from 2007. Service Classes 3 & 4 (Lighting) were priced at the tariff rate. For the unbilled sales volumes, the T&D revenue was derived by applying the resulting forecasted average T&D rate for each month and for each service class to the unbilled volumes for that month and service class.

Q. Please explain the projection of billable demand for Pike's secondary and primary customers.

A. Billable demand is the ratio of the forecasts for billed energy volumes and the average hours use.

Q. How are the average hours use forecasted?

A. An analysis of the relationship between historical billed sales volumes and billable demand is used to project the average hours use.

Q. I show you a one-page document, which is entitled "ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION" and ask if it was prepared under your supervision and direction?

A. Yes, it was.

MARK FOR IDENTIFICATION EXHIBIT___(E-6),

Q. Please describe what is shown on this Exhibit?

A. This Exhibit shows electric sales volumes and revenues by service classification for the twelve months ending March 31, 2009. Kilowatt hour sales volumes are shown in Column 1, the annual sum of the monthly billable demand is shown in column 2, T&D revenues at the currently effective rates in Column 3.

Q. Does this conclude your testimony?

A. Yes, it does.

PIKE COUNTY LIGHT & POWER COMPANY

DIRECT TESTIMONY OF

CHARLES D. HUTCHESON - ELECTRIC

Q. Please state your name and business address.

A. My name is Charles D. Hutcheson. My business address is 4 Irving Place, New York, New York.

Q. By whom are you employed and in what capacity?

A. I am an employee of Consolidated Edison Company of New York, Inc. ("CECONY") and hold the position of Manager of the Property Tax and Depreciation group. My duties include responsibility for the property tax and depreciation functions for the regulated subsidiaries of Consolidated Edison, Inc., which includes Pike County Light & Power Company ("the Company").

Q. Please briefly outline your educational background and business experience.

A. I graduated from Hofstra University in May 1978 with the degree of Bachelor of Business Administration in Accounting. I have been employed by CECONY since January 2, 1979 and have held various positions of increasing responsibility within the Finance Department. My first assignment with CECONY was in the Depreciation Section. I spent my first 15 years of employment in that area rising to the position of Senior Accountant. In 1993, I moved to the Rates and

Budget Section. In 1996, I transferred to the Financial Restructuring Team, where my duties were to assist on the development of CECONY's rate plan in the New York Public Service Commission's Competitive Opportunities Proceeding. I moved to the Tax Department in 1997 after the Restructuring Team disbanded to work as a Senior Tax Accountant in the Federal Tax Section. In September 1999, I was promoted to Manager, Property Taxes. In December 2001, I once again began working on depreciation matters when the Tax Department assumed responsibility for the book depreciation function for our regulated subsidiaries, including the Company. My duties include responsibility for gathering the statistical data for and preparing plant mortality and net salvage studies and for analyzing and interpreting the results of these studies.

Q. Are you a member of any professional societies?

A. Yes. I am a member of the Society of Depreciation Professionals. The group was formed to recognize the field of depreciation and those individuals contributing to the field. It also promotes the professional development of those practicing in the field of depreciation and serves as a forum to collect and exchange information and ideas related to depreciation. Membership is not restricted to the utility industry as the Society is represented by those in the fields of government, education, and industry.

Q. Have you previously testified before any regulatory commission?

A. I have submitted testimony and testified on the subject of depreciation and/or property taxes for CECONY and Orange and Rockland Utilities, Inc. before the New York State Public Service Commission and before the New Jersey Board of Public Utilities (on behalf of Rockland Electric Company) in numerous cases.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present recommendations with respect to the annual book depreciation rates for the Company's Electric Utility Plant. In addition, I will identify the Accumulated Provision for Depreciation per Books at December 31, 2007, the computed reserve based on existing rates, and the computed reserve based on proposed rates for Electric Plant. Lastly, my testimony will detail the variations between the book and theoretical reserve.

Q. Have you reviewed the adequacy of the Accumulated

Provision for Depreciation per books and the factors that determine annual depreciation expense?

A. Yes, I have. The Company prepares annual studies of depreciation that test the Accumulated Provision for Depreciation per Books. In addition, the Company prepares plant mortality studies to determine average service lives and life tables that are appropriate for each depreciable asset account or sub-account. The most recent studies are based on plant mortality experience through December 31, 2006.

Q. Based on these studies, are you recommending any changes to depreciation related to the Company's Electric Utility Plant?

A. Yes, after a thorough review of the aforementioned annual studies of depreciation, I have concluded that various changes to the Company's depreciation parameters are required.

Q. Have you prepared an exhibit for this proceeding that summarizes your proposals?

A. Yes. I have prepared an exhibit entitled "PIKE COUNTY LIGHT AND POWER COMPANY, PROPOSED DEPRECIATION RATE CHANGES FOR ELECTRIC PLANT AT DECEMBER 31, 2007."

Q. Was this exhibit prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT ___ (E-10, Schedule 1)

Q. Please describe this exhibit.

A. The exhibit compares the Annual Provision for Depreciation on a “BOOK BASIS” and on a “PROPOSED BASIS”. This exhibit also includes a comparison of the Accumulated Provision for Depreciation per books at December 31, 2007 to a computed, or theoretical reserve based on depreciation parameters currently in effect, and on the average service lives and life tables that I am proposing in this case.

Q. What is the basis for the changes you have proposed?

A. The proposed changes are based primarily on my review and analysis of the historical data comprising the Company’s plant mortality studies. The studies are my primary means of determining an appropriate average service life and h-curve by employing actuarial methods based on past experience. The data within those studies are organized into various groupings, referred to as rolling or shrinking bands, which aid in the analysis of the extensive historical information available. In those instances where an account does not have sufficient retirement results to produce statistically reliable mortality data, I relied on existing depreciation parameters.

Q. What part does the average service life play in the determination of depreciation rates?

A. The estimated average service life is used to provide for the recovery of the original cost of plant over its useful life.

Q. Please describe the changes you propose to the average service lives as a result of the aforementioned depreciation studies.

A. As set forth in Exhibit ___ (E-10, Schedule 1), I propose to implement 12 changes to average service lives that will result in a decrease in annual depreciation expense of $2,230 based on the book cost of plant at December 31, 2007.

Q. What is the effect on annual depreciation expense of a change to an average service life?

A. The depreciation expense accrual varies inversely with its underlying average service life - the longer the service life, the lower the annual depreciation rate, and therefore, the lower annual depreciation expense. Conversely, a shorter service life results in a higher annual depreciation rate, and therefore, a higher annual depreciation expense. My proposals result in changes that both increase and decrease lives that result in a relatively minor change in the overall level of depreciation expense. In addition, as I discuss below in my testimony, the Company is experiencing a depreciation reserve variation. In their direct testimony, the Company's Accounting Panel proposes how to address this situation.

Q. Please describe the changes you propose to the life tables as a result of your study?

A. Life tables, or "h-curves" are survivor curves that represent typical patterns of retirement dispersion. An h-curve, along with an average service life is used to compute a theoretical reserve for depreciation. Changes to h-curves do not impact annual depreciation expense but do affect computed reserves, which are used to help determine whether the Company's actual book depreciation reserve is adequate.

Q. Do you have an exhibit containing the data you relied on to select appropriate depreciation rates?

A. Yes, I do. For accounts where I have performed studies, I have an exhibit entitled "PIKE COUNTY LIGHT AND POWER COMPANY, ELECTRIC UTILITY PLANT, SUMMARY OF AVERAGE SERVICE LIVES, EQUIVALENT "h" CURVES AND OTHER STATISTICAL DATA INDICATED BY PLANT MORTALITY STUDIES

BASED ON EXPERIENCE THROUGH DECEMBER 31, 2006.”

Q. Was this exhibit prepared under your direction and supervision?

A. Yes, it was.

MARK FOR IDENTIFICATION AS EXHIBIT ___ (E-10, Schedule 2)

Q. Please describe this exhibit.

A. The exhibit includes computer generated average service lives, equivalent h-curves, and other statistical data indicated by the rolling and shrinking band analysis of the Company’s mortality experience with respect to Electric Utility Plant from 1952 (or the earliest available date), through 2006.

Q. From what source was the data for this exhibit obtained?

A. The Company utilizes a program adopted from the New York State Public Service Commission’s computer programs that employ actuarial methods for the development of life tables and average service lives based on utility plant mortality experience.

Q. What is the source of the data for the aforementioned programs?

A. The source data comes from the Company’s books and records.

Q. What part does salvage play in the determination of depreciation rates?

A. In lieu of recovering net salvage costs through the annual depreciation rate, the Pennsylvania Public Utility Commission establishes an annual allowance to be collected through base rates which is computed by averaging the Company’s annual actual expenditures for net salvage costs. That amount is then added to or subtracted from annual depreciation expense. The Company’s Accounting Panel addresses the adjustment for net salvage in their testimony.

Q. Please review your findings on the difference between the book and computed reserve for depreciation.

A. Exhibit ___ (E-10, Schedule 1) shows that for the total Electric Utility Plant at December 31, 2007, the Accumulated Provision for Depreciation per books amounted to approximately $3.0 million. The computed reserve summarized under the heading “BOOK BASIS” was calculated on the basis of the average service lives and life tables currently in use by the Company and in total amounted to approximately $2.6 million. The computed reserve shown under the heading “PROPOSED BASIS” was calculated based on the average service lives and life tables proposed by me and in total amounted to approximately $2.6 million. The exhibit indicates that for the total Electric Utility Plant the Accumulated Provision for Depreciation per books is approximately $383,000 greater than the computed reserve based upon the "BOOK BASIS" and approximately $416,000 greater than the computed reserve based upon the "PROPOSED BASIS."

Q. What does the Company propose to do with this variation?

A. In their direct testimony, the Company's Accounting Panel sets forth a proposal to amortize this variation.

Q. What effect will your proposed changes have on annual depreciation expense?

A. As I indicated earlier, the impact on annual depreciation expense resulting from my proposals to change average service lives amounts to a decrease of $2,230 annually. That amount is based on the book cost as of December 31, 2007 and is not reflective of plant changes in the future. Therefore, the Accounting Panel has computed the total changes to depreciation expense (see Exhibit ___ (E-4, Schedule 13)) based on the rates I have proposed, adjusted for a new level for the net salvage allowance, as well as an adjustment to amortize the reserve variation.

Q. Are there any other issues that you would like to address at this time?

A. Yes. In accordance with PUC Docket C-20065942, the Company has established a presence in Pennsylvania by opening a new Customer Service Center in Milford, Pennsylvania. Therefore, it is likely that various common utility plant accounts will be opened to record the related capital costs that will need to be depreciated. In order to recover these costs, I propose to amortize the costs related to the office renovation over five years. For all other common utility plant, I also propose to recover the costs by amortizing them over five years. The all other common utility plant is expected to consist of routine office equipment like personal computers, telephones, desks, and chairs. Any future equipment that may need to be added, or equipment that will replace retired equipment, will be amortized over a new five year amortization period beginning with their in-service date.

Q. Does that conclude your testimony?

A. Yes, it does.

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In the matter of:

| | | |
|---|---|---|
| APPLICATION OF PIKE COUNTY | ) | |
| LIGHT & POWER COMPANY FOR AN | ) | CASE NO. __________ |
| INCREASE IN ELECTRIC AND GAS RATES | ) | |

TESTIMONY

OF

ROGER A. MORIN, PhD

July 2008

**PIKE COUNTY LIGHT & POWER COMPANY**

**TESTIMONY OF DR. ROGER A. MORIN**

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## I. INTRODUCTION

Q. Please state your name, address, and occupation.

A. My name is Dr. Roger A. Morin. My business address is Georgia State University, Robinson College of Business, University Plaza, Atlanta, Georgia, 30303. I am Emeritus Professor of Finance at the Robinson College of Business, Georgia State University and Professor of Finance for Regulated Industry at the Center for the Study of Regulated Industry at Georgia State University. I am also a principal in Utility Research International, an enterprise engaged in regulatory finance and economics consulting to business and government.

Q. Please describe your educational background.

A. I hold a Bachelor of Engineering degree and an MBA in Finance from McGill University, Montreal, Canada. I received my Ph.D. in Finance and Econometrics at the Wharton School of Finance, University of Pennsylvania.

Q. Please summarize your academic and business career.

A. I have taught at the Wharton School of Finance, University of Pennsylvania, Amos Tuck School of Business at Dartmouth College, Drexel University, University of Montreal, McGill University, and Georgia State University. I was a faculty member of Advanced Management Research International, and I am currently a faculty member of The Management Exchange Inc. and Exnet, where I continue to conduct frequent national executive-level education seminars throughout the United States and Canada. In the last thirty years, I have conducted numerous national seminars on “Utility Finance,” "Utility Cost of Capital," "Alternative Regulatory Frameworks," and on "Utility Capital Allocation," which I have developed on behalf of The Management Exchange Inc.

in conjunction with Public Utilities Reports, Inc.

I have authored or co-authored several books, monographs, and articles in academic scientific journals on the subject of finance. They have appeared in a variety of journals, including The Journal of Finance, The Journal of Business Administration, International Management Review, and Public Utility Fortnightly. I published a widely-used treatise on regulatory finance, Utilities' Cost of Capital, Public Utilities Reports, Inc., Arlington, Va. 1984. My second book on regulatory matters, Regulatory Finance, is a voluminous treatise on the application of finance to regulated utilities and was released by the same publisher in late 1994. A revised and expanded edition, The New Regulatory Finance, was published in 2006. I have engaged in extensive consulting activities on behalf of numerous corporations, legal firms, and regulatory bodies in matters of financial management and corporate litigation. Exhibit RAM-1 describes my professional credentials in more detail.

Q. Have you previously testified on cost of capital before regulatory bodies?

A. Yes, I have been a cost of capital witness before nearly fifty (50) regulatory bodies in North America, including the Pennsylvania Public Utility Commission ("PPUC"), the Federal Energy Regulatory Commission and the Federal Communications Commission. I have testified before regulatory bodies in the following states:

| | | | |
|---|---|---|---|
| Alabama | Hawaii | Montana | Ontario |
| Alaska | Illinois | Nevada | Oregon |
| Alberta | Indiana | New Brunswick | Pennsylvania |
| Arizona | Iowa | New Hampshire | Quebec |
| Arkansas | Kentucky | New Jersey | South Carolina |
| British Columbia | Louisiana | New York | South Dakota |
| California | Maine | Newfoundland | Tennessee |
| Colorado | Manitoba | North Carolina | Texas |
| Delaware | Michigan | North Dakota | Utah |
| District of Columbia | Minnesota | Nova Scotia | Vermont |
| Florida | Mississippi | Ohio | Washington |
| Georgia | Missouri | Oklahoma | West Virginia |

The details of my participation in regulatory proceedings are provided in Exhibit RAM-1.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony in this proceeding is to present an independent appraisal of the fair and reasonable rate of return on the common equity capital ("ROE") invested in Pike County Power & Light Company's ("PCPL" or the "Company") energy delivery operations in the State of Pennsylvania. Based upon this appraisal, I have formed my professional judgment as to a return on such capital that would: (1) be fair to customers, (2) allow the Company to attract equity capital on reasonable terms, (3) maintain the Company's financial integrity, and (4) be comparable to returns offered on comparable risk investments. I will testify in this proceeding as to the basis for that opinion.

This testimony and accompanying schedules were prepared by me or under my direct supervision and control. The source documents for my testimony are Company records, public documents, and my personal knowledge and experience.

Q. Please briefly identify the schedules and appendices accompanying your testimony.

A. I have attached to my testimony Exhibit RAM-1 through Exhibit RAM-8 and Appendices A and B. These Exhibits and Appendices relate directly to points in my testimony, and are described in further detail in connection with the discussion of those points in my testimony.

Q. Please summarize your findings and recommendation.

A. I recommend the adoption of a ROE of 10.9% on PCPL's electric and gas delivery operations. My recommendation is derived from studies that I performed using the Capital Asset Pricing Model ("CAPM"), Risk Premium, and Discounted Cash Flow ("DCF") methodologies. I performed two CAPM analyses, one using the plain vanilla CAPM and another using an empirical approximation of the CAPM ("ECAPM"). I performed two risk premium analyses: (1) a historical risk premium analysis on the electric utility industry, and (2) a study of the risk premiums allowed in the electric utility industry. I also performed DCF analyses on two surrogates for the Company's electricity delivery business. They are: a group of investment-grade electricity delivery utilities and a group consisting of the companies that make up Moody's Electric Utility Index.

My recommended rate of return reflects the application of my professional judgment to the indicated returns from my CAPM, Risk Premium, and DCF analyses.

Q. Dr. Morin, please describe how your testimony is organized.

A. The remainder of my testimony is divided into three (3) sections:

I. Regulatory Framework and Rate of Return;

II. Cost of Equity Estimates; and

III. Summary and Cost of Equity Recommendation.

The first section discusses the rudiments of rate of return regulation and the basic notions underlying rate of return. The second section contains the application of CAPM, Risk Premium, and DCF tests. The third section summarizes the results from the various approaches used in determining a fair return.

## A. REGULATORY FRAMEWORK AND RATE OF RETURN

Q. What economic and financial concepts have guided your assessment of PCPL's cost of common equity?

A. Two fundamental economic principles underlie the appraisal of the Company's cost of equity, one relating to the supply side of capital markets, the other to the demand side. According to the first principle, a rational investor maximizes the performance of his or her portfolio only if he or she expects the returns earned on investments of comparable risk to be the same. If not, the rational investor will switch out of those investments yielding lower returns at a given risk level in favor of those investment activities offering higher returns for the same degree of risk. This principle implies that a company will be unable to attract the capital funds it needs to meet its service demands and to maintain financial integrity unless it can offer returns to capital suppliers that are comparable to those achieved on competing investments of similar risk. On the demand side, the second principle asserts that a company will continue to invest in real physical assets if the return on these investments exceeds or equals the company's marginal cost of capital. This concept suggests that a regulatory commission should set rates at a level sufficient to create at least equality between the return on physical asset investments and the company's cost of capital.

Q. How does PCPL's cost of capital relate to that of its parent company, Orange and Rockland Utilities, Inc. ("O&R")?

A. I am treating PCPL's electric/gas delivery operations as a separate stand-alone entity, distinct from its holding company, O&R, because it is the cost of capital for PCPL's electric and gas utility business that we are attempting to measure and not the cost of capital for O&R's consolidated activities. Financial theory establishes that the true cost of capital depends on the use to which the capital is put, in this case PCPL's electric and gas delivery operations in the State of Pennsylvania. The specific source of funding an investment and the cost of funds to the investor are irrelevant considerations.

For example, if an individual investor borrows money at the bank at an after-tax cost of 8% and invests the funds in a speculative oil extraction venture, the required return on the investment is not the 8% cost but, rather, the return foregone in speculative projects of similar risk, say 20%. Similarly, the required return on PCPL is the return foregone in comparable risk electric delivery operations, and is unrelated to the parent's cost of capital. The cost of capital is governed by the risk to which the capital is exposed and not by the source of funds. The identity of the shareholders has no bearing on the cost of equity, be it either individual investors or a parent holding company.

Just as individual investors require different returns from different assets in managing their personal affairs, corporations behave in the same manner. A parent company normally invests money in many operating companies of varying sizes and varying risks. These operating subsidiaries pay different rates for the use of investor capital, such as for long-term debt capital, because investors recognize the differences in capital structure, risk, and prospects between subsidiaries. Thus, the cost of investing funds in an operating utility company such as PCPL is the return foregone on investments of similar risk and is unrelated to the investor's identity.

Q. Under traditional cost of service regulation, please explain how a regulated company's rates should be set.

A. Under the traditional regulatory process, a regulated company's rates should be set so that the company recovers its costs, including taxes and depreciation, plus a fair and reasonable return on its invested capital. The allowed rate of return must necessarily reflect the cost of the funds obtained, that is, investors' return requirements. In determining a company's rate of return, the starting point is investors' return requirements in financial markets. A rate of return can then be set at a level sufficient to enable the company to earn a return commensurate with the cost of those funds.

Funds can be obtained in two general forms, debt capital and equity capital. The cost of debt funds can be easily ascertained from an examination of the contractual interest payments. The cost of common equity funds, that is, investors' required rate of return, is more difficult to estimate. It is the purpose of the next section of my testimony to estimate PCPL's cost of common equity capital.

Q. Dr. Morin, what must be considered in estimating a fair ROE?

A. The legal requirement is that the allowable ROE should be commensurate with returns on investments in other firms having corresponding risks. The allowed return should be sufficient to assure confidence in the financial integrity of the firm, in order to maintain creditworthiness, and ability to attract capital on reasonable terms. The attraction of capital standard focuses on investors' return requirements that are generally determined using market value methods, such as the Risk Premium, CAPM, or DCF methods. These market value tests define fair return as the return that investors anticipate when they purchase equity shares of comparable risk in the financial marketplace. This return is a market rate of return, defined in terms of anticipated dividends and capital gains as determined by expected changes in stock prices, and reflects the opportunity cost of capital. The economic basis for market value tests is that new capital will be attracted to a firm only if the return expected by the suppliers of funds is commensurate with that available from alternative investments of comparable risk.

Q. What fundamental principles underlie the determination of a fair and reasonable ROE?

A. The heart of utility regulation is the setting of just and reasonable rates by way of a fair and reasonable return. There are two landmark United States Supreme Court cases that define the legal principles underlying the regulation of a public utility's rate of return and provide the foundations for the notion of a fair return:

1. Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923).

2. Federal Power Commission v. Hope Natural Gas Company, 320 U.S. 591 (1944).

The Bluefield case set the standard against which just and reasonable rates of return are measured:

> *A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties ... The return should be reasonable, sufficient to assure confidence in the financial soundness of the utility, and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public duties. (Emphasis added)*

The Hope case expanded on the guidelines to be used to assess the reasonableness of the allowed return. The Court reemphasized its statements in the Bluefield case and recognized that revenues must cover "capital costs." The Court stated:

> *From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock ... By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and attract capital. (Emphasis added)*

The United States Supreme Court reiterated the criteria set forth in Hope in Federal Power Commission v. Memphis Light, Gas & Water Division, 411 U.S. 458 (1973), in Permian Basin Rate Cases, 390 U.S. 747 (1968), and most recently in Duquesne Light Co. vs. Barasch, 488 U.S. 299 (1989). In the Permian cases, the Supreme Court stressed that a regulatory agency's rate of return order should:

> *...reasonably be expected to maintain financial integrity, attract necessary capital, and fairly compensate investors for the risks they have assumed...*

Therefore, the "end result" of the Commission's decision should be to allow PCPL the opportunity to earn a return on equity that is: (1) commensurate with returns on investments in other firms having corresponding risks, (2) sufficient to assure confidence in the Company's financial integrity, and (3) sufficient to maintain the Company's creditworthiness and ability to attract capital on reasonable terms.

Q. How is the fair rate of return determined?

A. The aggregate return required by investors is called the "cost of capital." The cost of capital is the opportunity cost, expressed in percentage terms, of the total pool of capital employed by the utility. It is the composite weighted cost of the various classes of capital (i.e., bonds, preferred stock, common stock) used by the utility, with the weights reflecting the proportions of the total capital that each class of capital represents. The fair return in dollars is obtained by multiplying the rate of return set by the regulator by the utility's "rate base." The rate base is essentially the net book value of the utility's plant and other assets used to provide utility service in a particular jurisdiction.

While utilities like PCPL enjoy varying degrees of monopoly in the sale of public utility services, they must compete with everyone else in the free, open market for the input factors of production, whether they be labor, materials, machines, or capital. The prices of these inputs are set in the competitive marketplace by supply and demand, and it is these input prices that are incorporated in the cost of service computation. This item is just as true for capital as for any other factor of production. Since utilities and other investor-owned businesses must go to the open capital markets and sell their securities in competition with every other issuer, there is obviously a market price to pay for the capital they require, for example, the interest on debt capital, or the expected market return on common and/or preferred equity.

Q. How does the concept of a fair return relate to the concept of opportunity cost?

A. The concept of a fair return is intimately related to the economic concept of "opportunity cost." When investors supply funds to a utility by buying its stocks or bonds, they are not only postponing consumption, giving up the alternative of spending their dollars in some other way, they also are exposing their funds to risk and forgoing returns from investing their money in alternative comparable-risk investments. The compensation that they require is the price of capital. If there are differences in the risk of the investments, competition among firms for a limited supply of capital will bring different prices. These differences in risk are translated by the capital markets into price differences in much the same way that differences in the characteristics of commodities are reflected in different prices.

The important point is that market prices of debt capital and equity capital are set by supply and demand, and both are influenced by the relationship between the risk and return expected for the respective securities and the risks expected from the overall menu of available securities.

Q. How does the Company obtain its capital and how is its overall cost of capital determined?

A. The funds employed by the Company are obtained in two general forms, debt capital and equity capital. The latter consists of preferred equity capital and common equity capital. The cost of debt funds and preferred stock funds can be ascertained easily from an examination of the contractual terms for the interest payments and preferred dividends. The cost of common equity funds, that is, equity investors' required rate of return, is more difficult to estimate because the dividend payments received from common stock are not contractual or guaranteed in nature. They are uneven and risky, unlike interest payments. Once a cost of common equity estimate has been developed, it can then easily be combined with the embedded cost of debt and preferred stock, based on the utility's capital structure, in order to arrive at the overall cost of capital.

Q. What is the market required rate of return on equity capital?

A. The market required rate of return on common equity, or cost of equity, is the return demanded by the equity investor. Investors establish the price for equity capital through their buying and selling decisions. Investors set return requirements according to their perception of the risks inherent in the investment, recognizing the opportunity cost of forgone investments, and the returns available from other investments of comparable risk.

## II. COST OF EQUITY ESTIMATES

Q. Dr. Morin, how did you estimate the fair ROE for PCPL?

A. I employed three methodologies: (1) the CAPM, (2) the Risk Premium, and (3) the DCF. All three items are market-based methodologies and are designed to estimate the return required by investors on the common equity capital committed to PCPL.

Q. Why did you use more than one approach for estimating the cost of equity?

A. No one individual method provides the necessary level of precision for determining a fair return, but each method provides useful evidence to facilitate the exercise of an informed judgment. Reliance on any single method or preset formula is inappropriate when dealing with investor expectations because of possible measurement difficulties and vagaries in individual companies' market data. Examples of such vagaries include dividend suspension, insufficient or unrepresentative historical data due to a recent merger, impending merger or acquisition, and a new corporate identity due to restructuring activities. The advantage of using several different approaches is that the results of each one can be used to check the others.

As a general proposition, it is extremely dangerous to rely on only one generic methodology to estimate equity costs. The difficulty is compounded when only one variant of that methodology is employed. It is compounded even further when that one methodology is applied to a single company. Hence, several methodologies applied to several comparable risk companies should be employed to estimate the cost of common equity.

Q. Dr. Morin, are you aware that some regulatory commissions and some analysts have placed principal reliance on DCF-based analyses to determine the cost of equity for public utilities?

A. Yes, I am.

Q. Do you agree with this approach?

A. While I agree that it is certainly appropriate to use the DCF methodology to estimate the cost of equity, and I myself do rely on such evidence, there is no proof that the DCF produces a more accurate estimate of the cost of equity than other methodologies. As I have stated, there are three broad generic methodologies available to measure the cost of equity: DCF, Risk Premium, and

CAPM. All three of these methodologies are accepted and used by the financial community and firmly supported in the financial literature.

When measuring the cost of common equity, which essentially deals with the measurement of investor expectations, no one single methodology provides a foolproof panacea. Each methodology requires the exercise of considerable judgment on the reasonableness of the assumptions underlying the methodology and on the reasonableness of the proxies used to validate the theory and apply the methodology. The failure of the traditional infinite growth DCF model to account for changes in relative market valuation, and the practical difficulties of specifying the expected growth component, are vivid examples of the potential shortcomings of the DCF model. It follows that more than one methodology should be employed in arriving at a judgment on the cost of equity and that all of these methodologies should be applied to multiple groups of comparable risk companies.

There is no single model that conclusively determines or estimates the expected return for an individual firm. Each methodology has its own way of examining investor behavior, its own premises, and its own set of simplifications of reality. Investors do not necessarily subscribe to any one method, nor does the market price of a share reflect the application of any one single method by the price-setting investor. Absent any hard evidence as to which method outperforms the other, all relevant evidence should be used, without discounting the value of any results, in order to minimize judgmental error, measurement error, and conceptual infirmities. I submit that a regulatory body should rely on the results of a variety of methods applied to a variety of comparable groups. There is no guarantee that a single DCF result is necessarily the ideal predictor of the market price of a share and of the market cost of equity reflected in that price, just as there is no guarantee that a single CAPM or Risk Premium result constitutes the perfect explanation of a stock's price or the cost of equity.

Q. Does the financial literature support the use of more than a single method?

A. Yes. Authoritative financial literature strongly supports the use of multiple methods. For example, Professor Eugene F. Brigham, a widely respected scholar and finance academician, discusses the various methods used in estimating the cost of common equity capital, and states (see E. F. Brigham and M. C. Ehrhardt, Financial Management Theory and Practice, p. 311 (11th ed., Thomson South-Western, 2005):

*Three methods typically are used: (1) the Capital Asset Pricing Model (CAPM), (2) the discounted cash flow (DCF) model, and (3) the bond-yield-plus-risk-premium approach. These methods are not mutually exclusive - no method dominates the others, and all are subject to error when used in practice. Therefore, when faced with the task of estimating a company' cost of equity, we generally use all three methods....*

Another prominent finance scholar, Professor Stewart Myers, points out (see S. C. Myers, "On the Use of Modern Portfolio Theory in Public Utility Rate Cases: Comment," Financial Management, p. 67, Autumn 1978):

*Use more than one model when you can. Because estimating the opportunity cost of capital is difficult, only a fool throws away useful information. That means you should not use any one model or measure mechanically and exclusively. Beta is helpful as one tool in a kit, to be used in parallel with DCF models or other techniques for interpreting capital market data.*

Q. Does the broad use of the DCF methodology in past regulatory proceedings indicate that it is superior to other methods?

A. No, it does not. Uncritical acceptance of the standard DCF equation vests the model with a degree of reliability that is simply not justified. One of the leading experts on regulation, Dr. Charles F. Phillips discusses the dangers of relying solely on the DCF model:

*[U]se of the DCF model for regulatory purposes involves both theoretical and practical difficulties. The theoretical issues include the assumption of a constant retention ratio (i.e. a fixed payout ratio) and the assumption that dividends will continue to grow at a rate 'g' in perpetuity. Neither of these assumptions has any validity, particularly in recent years. Further, the investors' capitalization rate and the cost of equity capital to a utility for application to book value (i.e. an original cost rate base) are identical only when market price is equal to book value. Indeed, DCF advocates assume that if the market price of a utility's common stock exceeds its book value, the allowable rate of return on common equity is too high and should be lowered; and vice versa. Many question the assumption that market price should equal book value, believing that the earnings of utilities should be sufficiently high to achieve market-to-book ratios which are consistent with those prevailing for stocks of unregulated companies.*

*...[T]here remains the circularity problem: Since regulation establishes a level of authorized earnings which, in turn, implicitly influences dividends per share, estimation of the growth rate from such data is an inherently circular process. For all of these reasons, the DCF model suggests a degree of precision which is in fact not present and leaves wide room for controversy about the level of k [cost of equity].*[1]

Sole reliance on any one model, whether it is DCF, CAPM, or Risk Premium, simply ignores the capital market evidence and investors' use of the other theoretical frameworks. The DCF model is only one of many tools to be employed in conjunction with other methods to estimate the cost of equity. It is not a superior methodology that should supplant other financial theory and market evidence. The same is true of the CAPM.

Q. Does the manner in which the regulator applies the DCF model understate the cost of equity?

[1] C.F. Phillips, The Regulation of Public Utilities Theory and Practice (Public Utilities Reports, Inc., 1988) pp. 376-77 [Footnotes omitted]

A. Applying the market rate of return to the book value of equity understates the required return on book equity under current capital market conditions. Application of the DCF model produces estimates of common equity cost that are consistent with investors' expected return only when stock price and book value are reasonably similar, that is, when the Market-to-Book ("M/B") ratio is close to unity. As shown below, application of the standard DCF model does not account for the investor's expected return when the M/B ratio of a given stock deviates from unity. This item is particularly relevant in the current capital market environment where stocks in general and utility stocks in particular are trading at M/B ratios well above unity and have been for two decades. The converse is also true, that is, the DCF model overstates the investor's return when the stock's M/B ratio is less than unity. The reason for the distortion is that the DCF market return is applied to a book value rate base by the regulator, that is, a utility's earnings are limited to earnings on a book value rate base.

Q. What are the results of this distortion?

A. The return given to equity investors is lower than what they actually require when M/B ratios exceed unity. This is neither equitable for the existing stockholders nor efficient from the point of view of attracting capital to cover the significant capital expenditures that need to be undertaken.

Q. Can you illustrate the effect of the M/B ratio on the applicability of the DCF model by means of a simple example?

A. Yes. The simple numerical illustration shown in the table below demonstrates the result of applying a market value cost rate to book value rate base under three different M/B scenarios. The three columns correspond to three M/B situations:

the stock trades below, equal to, and above book value, respectively. The last situation (third column of numbers) is noteworthy and representative of the current capital market environment. The DCF cost rate of 10%, made up of a 5% dividend yield and a 5% growth rate, is applied to the book value rate base of $50 to produce $5.00 of earnings. Of the $5.00 of earnings, the full $5.00 are required for dividends to produce a dividend yield of 5% on a stock price of $100.00, and no dollars are available for growth. The investor's return is therefore only 5% versus his required return of 10%. A DCF cost rate of 10%, which implies $10.00 of earnings, translates to only $5.00 of earnings on book value, a 5% return.

The situation is reversed in the first column when the stock trades below book value. The $5.00 of earnings is more than enough to satisfy the investor's dividend requirements of $1.25, leaving $3.75 for growth, for a total return of 20%. This item occurs when the DCF cost rate is applied to a book value rate base well above the market price.

Therefore, the DCF cost rate significantly understates the investor's required return when stock prices are well above book, as is the case presently.

EFFECT OF MARKET-TO-BOOK RATIO ON MARKET RETURN

| | Situation | 1 | 2 | 3 |
|---|---|---|---|---|
| 1 | Initial purchase price | $25 | $50 | $100 |
| 2 | Initial book value | $50 | $50 | $50 |
| 3 | Initial M/B | 0.50 | 1.00 | 2.00 |
| 4 | DCF Return 10% = 5% + 5% | 10% | 10% | 10% |
| 5 | Dollar Return | $5.00 | $5.00 | $5.00 |
| 6 | Dollar Dividends 5% Yield | $1.25 | $2.50 | $5.00 |
| 7 | Dollar Growth 5% Growth | $3.75 | $2.50 | $0.00 |
| 8 | Market Return | 20% | 10% | 5% |

Q. Does the annual version of the DCF model understate the cost of equity?

A. Yes, it does. Another reason why the DCF methodology understates the cost of equity is that the annual DCF model usually employed in regulatory settings assumes that dividend payments are made annually at the end of the year, while most utilities in fact pay dividends on a quarterly basis. Failure to recognize the quarterly nature of dividend payments understates the cost of equity capital by about 30 basis points. By analogy, a bank rate on deposit that does not take into consideration the timing of the interest payments understates the true yield of your investment if you receive the interest payments more than once a year. Since the stock price employed in the DCF model already reflects the quarterly stream of dividends to be received, consistency therefore requires explicit recognition of the quarterly nature of dividend payments. One only has to think of what would happen to a company's stock price if the company was to suddenly announce that it is, from now on, paying dividends once a year at the end of the year instead of four times a year each quarter. Clearly, the stock price would decline by an amount reflecting the lost time value of money.

Q. Do regulators rely primarily on the DCF model?

A. A majority of regulatory commissions do not, as a matter of practice, rely solely on the DCF model results in setting the allowed rate of return on common equity. According to the survey results posted in the Utility Regulatory Policy in the United States and Canada – 1994-1995 Compilation which was conducted by the National Association of Regulatory Utility Commissioners ("NARUC"), regulators employ a variety of methods and rely on all the evidence submitted.

Q. Do regulators share your reservations on the reliability of the DCF model?

A. Yes, I believe they do. While a majority of regulatory commissions do not, as a matter of practice, rely solely on the DCF model results in setting the allowed ROE, some regulatory commissions have explicitly recognized the need to avoid exclusive reliance upon the DCF model and have acknowledged the need to adjust the DCF result when M/B ratios exceed one[2]. In a recent case involving Pacific Bell Telephone Company, the California Commission (Application No. 01-02-024, Joint Application of ATT Communications, Opinion Establishing Revised Unbundled Network Element Rates at VI.N, October 2004) declined to place any reliance on the DCF method, finding that it was "too dependent on one forecasted input."

My sentiments on the DCF model were echoed in a decision by the Indiana Utility Regulatory Commission ("IURC"). The IURC recognized its concerns with the DCF model and that the model understates the cost of equity. In Cause No. 39871 Final Order, the IURC states on page 24:

*....the DCF model, heavily relied upon by the Public, understates the cost of common equity. The Commission has recognized this fact before. In Indiana Mich. Power Co. (IURC 8/24/90), Cause No. 38728, 116 PUR4th 1, 17-18, we found*:

*The unadjusted DCF result is almost always well below what any informed financial analyst would regard as defensible, and therefore requires an upward adjustment based largely on the expert witness's judgment.*

The Commission also expressed its concern with a witness relying solely on one methodology:

[2] See the Indiana Utility Regulatory Commission decision in Indiana Mich. Power Co. (IURC 8/24/90), Cause No. 38728, 116 PUR4th 1, 17-18. See also the Iowa Utilities Board decision in U.S. West Communications, Inc. Docket No. RPR-93-9, 152 PUR4th 446, 459 (Iowa 1994). See also the Hawaii Public Utilities Commission decision in Hawaiian Electric Company, Inc., 134 PUR4th 418, 479

*......the Commission has had concerns in our past orders with a witness relying solely on one methodology in reaching an opinion on a proper return on equity figure. (page 25)*

Even more convincing evidence that regulators have in fact not relied on the DCF model exclusively is the fact that M/B ratios have exceeded unity for over two decades. Had regulators relied exclusively on the DCF model, utility stocks would have traded at or near book value. Regulators have "corrected" for this M/B problem by considering other methods for estimating capital cost.

Q. Is the usage of the DCF model prevalent in corporate practices?

A. No, not really. The CAPM continues to be widely used by analysts, investors, and corporations. Bruner, Eades, Harris, and Higgins (1998) in a comprehensive survey[3] of current practices for estimating the cost of capital found that 81% of companies used the CAPM to estimate the cost of equity, 4% used a modified CAPM, and 15% were uncertain. In another comprehensive survey conducted by Graham and Harvey (2001), the managers surveyed reported using more than one methodology to estimate the cost of equity, and 73% used the CAPM.[4] Since its introduction by Professor William F. Sharpe in 1964, the CAPM has gained immense popularity as the practitioner's method of choice when estimating cost of capital under conditions of risk.[5] The intuitive simplicity of its basic concept (that investors must get compensated for the risk they assume), and the relatively easy

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(1992). More recently, see the Pennsylvania Public Utility Commission decision in Pennsylvania-American Water Co., Docket R-00016339.

[3] Bruner, R. F., Eades, K. M., Harris, R. S., and Higgins, R. C., "Best Practices in Estimating the Cost of Capital: Survey and Synthesis," *Financial Practice and Education,* Vol. 8, Number 1, Spring/Summer 1998, page 18.

[4] Graham, J. R. and Harvey, C. R., "The Theory and Practice of Corporate Finance: Evidence from the Field," *Journal of Financial Economics*, Vol. 61, 2001, pp. 187-243.

[5] See practitioner surveys by Graham & Harvey (2001) and Bruner, et. al. (1988)

application of the CAPM are the main reasons behind its popularity.

Q. Do the assumptions underlying the DCF model require that the model be treated with caution?

A. Yes, particularly in today's rapidly changing electric utility industry. Even ignoring the fundamental thesis that several methods and/or variants of such methods should be used in measuring equity costs, the DCF methodology, as those familiar with the industry and the accepted norms for estimating the cost of equity are aware, is problematic for use in estimating cost of equity at this time.

Several fundamental structural changes have transformed the energy utility industry since the standard DCF model and its assumptions were developed. For example, deregulation, accounting rule changes, changes in customer attitudes regarding utility services, the evolution of alternative energy sources, highly volatile fuel prices, and mergers-acquisitions have all influenced stock prices in ways that have deviated substantially from the assumptions of the DCF model, which was first formulated in the mid-1970s. These changes suggest that (1) some of the fundamental assumptions underlying the standard DCF model, particularly that of constant growth and constant relative market valuation, for example price/earnings ("P/E") ratios and M/B ratios, are problematic at this point in time for utility stocks, and (2) therefore, alternate methodologies to estimate the cost of common equity should be accorded at least as much weight as the DCF method.

Q. Is the constant relative market valuation assumption inherent in the DCF model always reasonable?

A. No, not always. Caution must be exercised when implementing the standard DCF model in a mechanistic fashion, for it may fail to recognize changes in relative market valuations over time. The traditional DCF model is not equipped to deal with surges in P/E ratios and M/B multiples. The standard DCF model assumes a constant market valuation multiple, that is, a constant P/E ratio and a M/B ratio. Stated another way, the model assumes that investors expect the ratio of market price to dividends (or earnings) in any given year to be the same as the current ratio of market price to dividend (or earnings). This item is a necessary result of the infinite growth assumption. This assumption is unrealistic under current conditions.

Q. What is your recommendation given such market conditions?

A. In short, caution and judgment are required in interpreting the results of the standard DCF model because of (1) the effect of changes in risk and growth on electric utilities, (2) the fragile applicability of the DCF model to electric utilities stocks in the current capital market environment, and (3) the practical difficulties associated with the growth component of the standard DCF model. Hence, there is a clear need to go beyond the standard DCF results and take into account the results produced by alternate methodologies in arriving at a common equity recommendation.

Q. What weight would you give the DCF model in determining a utility company's cost of common equity capital?

A. As stated earlier, there is no single model that conclusively determines or estimates the expected return for an individual firm. Absent any hard evidence as to which method outperforms the other, all relevant evidence should be used, without discounting the value of any results, in order to minimize judgmental error, measurement error, and conceptual infirmities. I submit that a regulatory body should rely on the results of a variety of methods applied to a variety of comparable groups. I would therefore ascribe equal weight to the various methodologies. I do note that the DCF model has more questionable underlying assumptions than do other models at this time.

Q. Do the assumptions underlying the CAPM require that the model be treated with caution?

A. Yes, as was the case with the DCF model, the assumptions underlying any model in the social sciences, including the CAPM, are stringent. Moreover, the empirical validity of the CAPM has been the subject of intense research in recent years. Although the CAPM provides useful evidence, it must be complemented by other methodologies as well.

Q. As a theoretical matter, why should the CAPM be used as a tool to estimate utility capital costs in regulatory proceedings?

A. As a tool in the regulatory arena, the CAPM is a rigorous conceptual framework, and is logical insofar as it is not subject to circularity problems, since its inputs are objective, market-based quantities, largely immune to regulatory decisions. The data requirements of the model are not prohibitive. The CAPM is one of several tools in the arsenal of techniques to determine the cost of equity capital. Caution, appropriate training in finance and econometrics, and judgment are required for its successful execution, as is the case with the DCF and Risk Premium methodologies.

## A.RISK PREMIUM ANALYSES

Q. Dr. Morin, please provide an overview of your risk premium analyses.

A. In order to quantify the risk premium for PCPL, I have performed four risk premium studies. The first two studies deal with aggregate stock market risk premium evidence using two versions of the CAPM methodology and the other two studies deal directly with the electric utility industry.

### 1. CAPM ESTIMATES

Q. Please describe your application of the CAPM risk premium approach.

A. My first two risk premium estimates are based on the CAPM and on an empirical approximation to the CAPM ("ECAPM"). The CAPM is a fundamental paradigm of finance. Simply put, the fundamental idea underlying the CAPM is that risk-averse investors demand higher returns for assuming additional risk, and higher-risk securities are priced to yield higher expected returns than lower-risk securities. The CAPM quantifies the additional return, or risk premium, required for bearing incremental risk. It provides a formal risk-return relationship anchored on the basic idea that only market risk matters, as measured by beta. According to the CAPM, securities are priced such that their:

EXPECTED RETURN = RISK-FREE RATE + RISK PREMIUM

Denoting the risk-free rate by $R_F$ and the return on the market as a whole by $R_M$, the CAPM is:

$$K = R_F + \beta\ (R_M - R_F)$$

This is the seminal CAPM expression, which states that the return required by investors is made up of a risk-free component, $R_F$, plus a risk premium determined by $\beta(R_M - R_F)$. To derive the CAPM risk premium estimate, three quantities are required: the risk-free rate ($R_F$), beta ($\beta$), and the market risk premium, $(R_M - R_F)$. For the risk-free rate, I used 4.6% based on the current level of long-term Treasury interest rates. For beta, I used 0.82 and for the market risk premium ("MRP"), I used 7.3%. These inputs to the CAPM are explained below.

Q. What risk-free rate did you use in your CAPM and risk premium analyses?

A. To implement the CAPM and Risk Premium methods, an estimate of the risk-free return is required as a benchmark. As a proxy for the risk-free rate, I have relied on the current level of 30-year Treasury bond yields.

The appropriate proxy for the risk-free rate in the CAPM is the return on the longest term Treasury bond possible. This is because common stocks are very long-term instruments more akin to very long-term bonds rather than to short-term or intermediate-term Treasury notes. In a risk premium model, the ideal estimate for the risk-free rate has a term to maturity equal to the security being analyzed. Since common stock is a very long-term investment because the cash flows to investors in the form of dividends last indefinitely, the yield on the longest-term possible government bonds, that is the yield on 30-year Treasury bonds, is the best measure of the risk-free rate for use in the CAPM. The expected common stock return is based on very long-term cash flows, regardless of an individual's holding time period. Moreover, utility asset investments generally have very long-term useful lives and should correspondingly be matched with very long-term maturity financing instruments.

While long-term Treasury bonds are potentially subject to interest rate risk, this is only true if the bonds are sold prior to maturity. A substantial fraction of bond market participants, usually institutional investors with long-term liabilities (pension funds, insurance companies), in fact hold bonds until they mature, and therefore are not subject to interest rate risk. Moreover, institutional bondholders neutralize the impact of interest rate changes by matching the maturity of a bond portfolio with the investment planning period, or by engaging in hedging transactions in the financial futures markets. The merits and mechanics of such immunization strategies are well documented by both academicians and practitioners.

Another reason for using the longest maturity Treasury bond possible is that common equity has an infinite life span, and the inflation expectations embodied in its market-required rate of return will therefore be equal to the inflation rate anticipated to prevail over the very long-term. The same expectation should be embodied in the risk-free rate used in applying the CAPM model. It stands to reason that the yields on 30-year Treasury bonds will more closely incorporate within their yield the inflation expectations that influence the prices of common stocks than do short-term or intermediate-term U.S. Treasury notes.

Among U.S. Treasury securities, 30-year Treasury bonds have the longest term to maturity and the yield on such securities should be used as proxies for the risk-free rate in applying the CAPM, provided there are no anomalous conditions existing in the 30-year Treasury market. In the absence of such conditions, I have relied on the yield on 30-year Treasury bonds in implementing the CAPM and risk premium methods.

Q. Dr. Morin, why did you reject short-term interest rates as proxies for the risk-free rate in implementing the CAPM?

A. Short-term rates are volatile, fluctuate widely, and are subject to more random disturbances than are long-term rates. Short-term rates are largely administered rates. For example, Treasury bills are used by the Federal Reserve as a policy vehicle to stimulate the economy and to control the money supply, and are used by foreign governments, companies, and individuals as a temporary safe-house for money.

As a practical matter, it makes no sense to match the return on common stock to the yield on 90-day Treasury Bills. This is because short-term rates, such as the yield on 90-day Treasury Bills, fluctuate widely, leading to volatile and unreliable equity return estimates. Moreover, yields on 90-day Treasury Bills typically do not match the equity investor's planning horizon. Equity investors generally have an investment horizon far in excess of 90 days.

As a conceptual matter, short-term Treasury bill yields reflect the impact of factors different from those influencing the yields on long-term securities such as common stock. For example, the premium for expected inflation embedded into 90-day Treasury Bills is likely to be far different than the inflationary premium embedded into long-term securities yields. On grounds of stability and consistency, the yields on long-term Treasury bonds match more closely with common stock returns.

Q. What is the current level of U.S. Treasury 30-year bonds?

A. The yield on U.S. Treasury 30-year bonds prevailing in July 2008, as reported in Value Line and the Federal Reserve Bank Web site, was 4.6%. Accordingly, I use 4.6% as my estimate of the risk-free rate component of the CAPM.

Q. How did you select the beta for your CAPM analysis?

A. A major thrust of modern financial theory as embodied in the CAPM is that perfectly diversified investors can eliminate the company-specific component of risk, and that only market risk remains. The latter is technically known as "beta", or "systematic risk". The beta coefficient measures the change in a security's return relative to that of the market. The beta coefficient states the extent and direction of movement in the rate of return on a stock relative to the movement in the rate of return on the market as a whole. The beta coefficient indicates the change in the rate of return on a stock associated with a one percentage point change in the rate of return on the market, and, thus, measures the degree to which a particular stock shares the risk of the market as a whole. Modern financial theory has established that beta incorporates several economic characteristics of a corporation which are reflected in investors' return requirements.

Technically, the beta of a stock is a measure of the covariance of the returns of a stock with the returns of the market as a whole. Accordingly, it measures dispersion in a stock's return that cannot be reduced through diversification. For a large diversified portfolio, dispersion in the market rate of return on the entire portfolio is the weighted sum of the beta coefficients of its constituent stocks.

PCPL is not publicly-traded and, therefore, proxies must be used for PCPL. As a first proxy for the Company's beta, I have examined the betas of a sample of widely-traded investment-grade dividend-paying electric utilities designated as distribution utilities by S&P covered by Value Line and with at least 50% of their revenues from electric utility operations. This group is examined in more detail later in my testimony, in connection with the DCF estimates of the cost of common equity. As displayed on page 1 of Exhibit RAM-2, the average beta for the group is currently 0.82.

I also examined the average beta of the companies that make up Moody's Electric Utility Index as a second proxy for the Company. As shown on page 2 of Exhibit RAM-2, the average beta of the Moody's group is 0.84. If those companies with less than 50% of their revenues from electric utility operations are removed from the group, the average beta of the remaining companies is 0.83, as shown on page 3 of Exhibit RAM-2. Based on these results, I shall use 0.82 as a beta estimate for PCPL's electric and gas delivery operations.

Q. Did you consider analyzing a group of natural gas distributors as a proxy for PCPL's energy distribution business?

A. Yes, I did but chose not to analyze a separate group of natural gas distribution utilities for two reasons. First, PCPL's energy distribution business consists primarily of electricity distribution which makes up the majority of its operating income. Second, the sample of pure-play natural gas distribution utilities has dwindled considerably in recent years. Several former natural gas distributors are no longer publicly traded as a result of merger and acquisitions (e.g. Cascade, Keyspan), and several others now possess significant unregulated energy trading operations (e.g. New Jersey Resources, AGL Resources, Atmos Energy). Therefore, I have relied on two samples of electric utilities, as proxies for PCPL.

Q. What MRP estimate did you use in your CAPM analysis?

A. For the MRP, I used 7.3%. This estimate was based on the results of both forward-looking and historical studies of long-term risk premiums. First, the Ibbotson Associates (now Morningstar) study, <u>Stocks, Bonds, Bills, and Inflation, 2008 Yearbook</u>, compiling historical returns from 1926 to 2007, shows that a broad market sample of common stocks outperformed long-term U. S. Treasury bonds by 6.5%. The historical MRP over the income component of long-term Treasury bonds rather than over the total return is 7.1%. The Morningstar study recommends the use of the latter as a more reliable estimate of the historical MRP, and I concur with this viewpoint. The historical MRP should be computed using the income component of bond returns because the intent, even using historical data, is to identify an expected MRP. The more accurate way to estimate the MRP from historic data is to use the <u>income</u> return, not <u>total</u> returns on government bonds, as explained at pages 75-77 of Morningstar's <u>Stocks, Bonds, Bills, and Inflation: Valuation Edition, 2007 Yearbook</u>. This is because the income component of total bond return (i.e., the coupon rate) is a far better estimate of expected market return than the total return (i.e., the coupon rate + capital gain), as realized capital gains/losses are largely unanticipated by bond investors. The long-horizon (1926-2007) MRP (based on income returns, as required) is specifically calculated to be 7.1% rather than 6.5%.

Second, a DCF analysis applied to the aggregate equity market using the S&P 500 Index and Value Line growth forecasts indicates a prospective MRP of 7.5%. Therefore, I shall employ the average of the two estimates, 7.3%, as a reasonable estimate of the MRP.

**Historical Market Risk Premium**

Q. On what maturity bond does the Morningstar historical risk premium data rely upon?

A. Because 30-year bonds were not always traded or even available throughout the entire 1926-2007 period covered in the Morningstar Study of historical returns, the latter study relied on bond return data based on 20-year Treasury bonds. To the extent that the normal yield curve is virtually flat above maturities of 20 years over most of the period covered in the Ibbotson study, the difference in yield is not material. In fact, the difference in yield between 30-year and 20-year bonds is actually negative. The average difference in yield over the 1977-2007 period is approximately 13 basis points, that is, the yield on 20-year bonds is slightly higher than the yield on 30-year bonds.

Q. Why did you use long time periods in arriving at your historical MRP estimate?

A. Because realized returns can be substantially different from prospective returns anticipated by investors when measured over short time periods, it is important to employ returns realized over long time periods rather than returns realized over more recent time periods when estimating the MRP with historical returns. Therefore, a risk premium study should consider the longest possible period for which data are available. Short-run periods during which investors earned a lower risk premium than they expected are offset by short-run periods during which investors earned a higher risk premium than they expected. Only over long time periods will investor return expectations and realizations converge.

I have therefore ignored realized risk premiums measured over short time periods, since they are heavily dependent on short-term market movements. Instead, I relied on results over periods of enough length to smooth out short-term aberrations, and to encompass several business and interest rate cycles. The use of the entire study period in estimating the appropriate MRP minimizes subjective judgment and encompasses many diverse regimes of inflation, interest rate cycles, and economic cycles.

To the extent that the estimated historical equity risk premium follows what is known in statistics as a "random walk," the best estimate of the future risk premium is the historical mean. Since I found no evidence that the MRP in common stocks has changed over time, that is, no significant serial correlation in the Ibbotson study, it is reasonable to assume that these quantities will remain stable in the future.

**Prospective Market Risk Premium**

Q. Please describe your prospective approach in deriving the MRP in the CAPM analysis.

A. For my prospective estimate of the MRP, I applied a DCF analysis to the aggregate equity market using Value Line's VLIA software. The dividend yield on the stocks that make up the S&P 500 Index is currently 1.78% (VLIA 06/2008 edition), and the average projected long-term growth rate in dividends is 10.21%. Adding the dividend yield to the growth component produces an expected return on the aggregate equity market of 11.99%. Following the tenets of the DCF model, the spot dividend yield must be converted into an expected dividend yield by multiplying it by one plus the growth rate. This brings the expected return on the aggregate equity market to 12.17%. Recognition of the quarterly timing of dividend payments rather than the annual timing of dividends assumed in the annual DCF model brings the MRP estimate to approximately 12.37%. Subtracting the risk-free rate of 4.6% from the latter, the implied risk premium is 7.77% over long-term U.S. Treasury bonds.

Q. Did you check your MRP estimate of 7.3% from any other source?

A. Yes, I did. As a check on the MRP estimate, I examined a 2003 comprehensive article published in Financial Management (see Harris, R. S., Marston, F. C., Mishra, D. R., and O'Brien, T. J., "*Ex Ante* Cost of Equity Estimates of S&P 500 Firms: The Choice Between Global and Domestic CAPM," Financial Management, Autumn 2003, pp. 51-66).

These authors provide estimates of the prospective expected market returns for S&P 500 companies over the period 1983-1998. They measure the expected market rate of return of each dividend-paying stock in the S&P 500 for each month from January 1983 to August 1998 by using the constant growth DCF model. The prevailing risk-free rate for each year was then subtracted from the expected rate of return for the overall market to arrive at the market risk premium for that year. The table below, drawn from Table 2 of the aforementioned study, displays the average prospective MRP estimate (Column 2) for each year from 1983 to 1998. The average MRP estimate for the overall period is 7.2%, which is very close to my own estimate of 7.3%.

| Year | DCF Market Risk Premium |
|---|---|
| 1983 | 6.6% |
| 1984 | 5.3% |
| 1985 | 5.7% |
| 1986 | 7.4% |
| 1987 | 6.1% |
| 1988 | 6.4% |
| 1989 | 6.6% |
| 1990 | 7.1% |
| 1991 | 7.5% |
| 1992 | 7.8% |
| 1993 | 8.2% |
| 1994 | 7.3% |
| 1995 | 7.7% |
| 1996 | 7.8% |
| 1997 | 8.2% |
| 1998 | 9.2% |
| **MEAN** | **7.2%** |

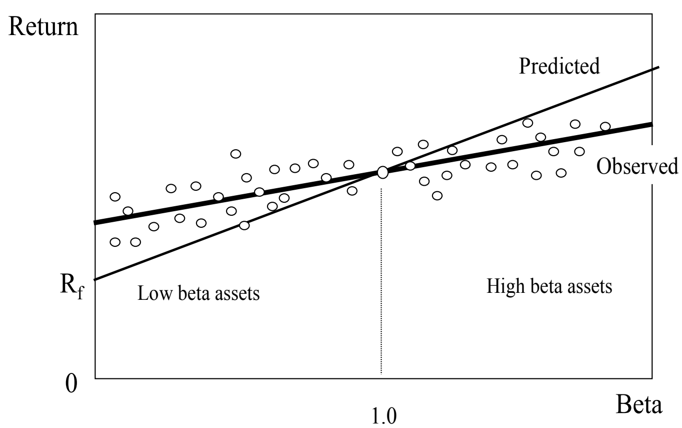
Q. What is your estimate of PCPL's cost of equity using the CAPM approach?

A. Inserting those input values in the CAPM equation, namely a risk-free rate of 4.6%, a beta of 0.82, and a MRP of 7.3%, the CAPM estimate of the cost of common equity for PCPL is: 4.6% + 0.82 x 7.3% = 10.6%. This estimate becomes 10.9% with flotation costs. The need for a flotation cost allowance is discussed later in my testimony.

Q. What is your estimate of PCPL's cost of equity using the ECAPM?

A. There have been countless empirical tests of the CAPM in the finance literature in order to determine to what extent security returns and betas are related in the manner predicted by the CAPM. This literature is summarized in Chapter 13 of my 1994 book, <u>Regulatory Finance</u>, and Chapter 6 of my most recent book, <u>The New Regulatory Finance</u>, both published by Public Utilities Report Inc. The results of the tests support the idea that beta is related to security returns, that the risk-return tradeoff is positive, and that the relationship is linear. The contradictory finding is that the risk-return tradeoff is not as steeply sloped as the predicted CAPM. That is, empirical research has long shown that low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted. A CAPM-based estimate of cost of capital underestimates the return required from low-beta securities and overstates the return required from high-beta securities, based on the empirical evidence. This is one of the most well-known results in finance, and it is displayed graphically below.

CAPM: Predicted vs Observed Returns




A number of variations on the original CAPM theory have been proposed to explain this finding. The ECAPM makes use of these empirical findings. The ECAPM estimates the cost of capital with the equation:

$$K = R_F + \acute{\alpha} + \beta \times (MRP - \acute{\alpha})$$

where $\acute{\alpha}$ is the "alpha" of the risk-return line, a constant, MRP is the market risk premium ($R_M - R_F$), and the other symbols are defined as usual. Inserting the long-term risk-free rate as a proxy for the risk-free rate, an alpha in the range of 1% - 2%, and reasonable values of beta and the MRP in the above equation produces results that are indistinguishable from the following more tractable ECAPM expression:

$$K = R_F + 0.25\ (R_M - R_F) + 0.75\ \beta(R_M - R_F)$$

An alpha range of 1% - 2% is somewhat lower than that estimated empirically. The use of a lower value for alpha leads to a lower estimate of the cost of capital for low-beta stocks such as regulated utilities. This is because the use of a long-term risk-free rate rather than a short-term risk-free rate already incorporates some of the desired effect of using the ECAPM. That is, the long-term risk-free rate version of the CAPM has a higher intercept and a flatter slope than the short-term risk-free version which has been tested. This is also because the use of adjusted betas rather than the use of raw betas also incorporates some of the desired effect of using the ECAPM. Thus, it is reasonable to apply a conservative alpha adjustment.

Q. Is the use of the ECAPM consistent with the use of adjusted betas?

A. Yes, it is. Some have argued that the use of the ECAPM is inconsistent with the use of adjusted betas, such as those supplied by Value Line. This is because the reason for using the ECAPM is to allow for the tendency of betas to regress toward the mean value of 1.00 over time, and, since Value Line betas are already adjusted for such trend, an ECAPM analysis results in double-counting. This argument is erroneous. Fundamentally, the ECAPM is not an adjustment, increase or decrease, in beta. This is obvious from the fact that the observed return on high beta securities is actually lower than that produced by the CAPM estimate. The ECAPM is a formal recognition that the observed risk-return tradeoff is flatter than predicted by the CAPM based on myriad empirical evidence. The ECAPM and the use of adjusted betas comprised two separate features of asset pricing. Even if a company's beta is estimated accurately, the CAPM still understates the return for low-beta stocks. Even if the ECAPM is used, the return for low-beta securities is understated if the betas are understated. Referring back to the previous graph, the ECAPM is a return (vertical axis) adjustment and not a beta (horizontal axis) adjustment. Both adjustments are necessary. Moreover, the use of adjusted betas compensates for interest rate sensitivity of utility stocks not captured by unadjusted betas, as explained in Appendix A.

Appendix A contains a full discussion of the ECAPM, including its theoretical and empirical underpinnings. In short, the following equation provides a viable approximation to the observed relationship between risk and return, and provides the following cost of equity capital estimate:

$$K = R_F + 0.25\,(R_M - R_F) + 0.75\,\beta\,(R_M - R_F)$$

Inserting 4.6% for the risk-free rate $R_F$, a MRP of 7.3% for ($R_M$ - $R_F$) and a beta of 0.82 in the above equation, the ROE is 10.9% without flotation costs and 11.2% with flotation costs.

Q. Dr. Morin, please summarize your CAPM estimates.

A. The table below summarizes the common equity estimates obtained from my CAPM studies. The average CAPM result is a rounded 11.1%.

| **CAPM** | **% ROE** |
|---|---|
| CAPM plain | 10.9% |
| Empirical CAPM | 11.2% |
| AVERAGE | 11.1% |

## 2. HISTORICAL RISK PREMIUM

Q. Please describe your historical risk premium analysis of the electric utility industry.

A. As a proxy for the risk premium applicable to the Company, I estimated the historical risk premium for the electric utility industry with an annual time series analysis applied to the industry as a whole, using *Moody's Electric Utility Index* as an industry proxy. The analysis is depicted on Exhibit RAM-3. The risk premium was estimated by computing the actual realized return on equity capital for Moody's Index for each year, using the actual stock prices and dividends of the index, and then subtracting the long-term government bond return for that year.

As shown on Exhibit RAM-3, the average risk premium over the period was 5.7% over historical long-term Treasury bond returns and 5.8% over long-term Treasury bond yields. Given that the risk-free rate is 4.6%, and using the historical estimate of 5.7%, the implied cost of equity for the average electric utility from this particular method is 4.6% + 5.7% = 10.3% without flotation costs and 10.6% with flotation costs.

Q. Dr. Morin, are risk premium studies widely used?

A. Yes, they are. Risk Premium analyses are widely used by analysts, investors, and expert witnesses. Most college-level corporate finance and/or investment management texts including Investments by Bodie, Kane, and Marcus, McGraw-Hill Irwin, 2002, which is a recommended textbook for CFA (Chartered Financial Analyst) certification and examination, contain detailed conceptual and empirical discussion of the risk premium approach. The latter is typically recommended as one of the three leading methods of estimating the cost of capital. Professor Brigham's best-selling corporate finance textbook (Financial Management: Theory and Practice, 11th ed., South-Western, 2005), recommends the use of risk premium studies, among others. Techniques of risk premium analysis are widespread in investment community reports. Professional certified financial analysts are certainly well versed in the use of this method.

Q. Are you concerned about the realism of the assumptions that underlie the historical risk premium method?

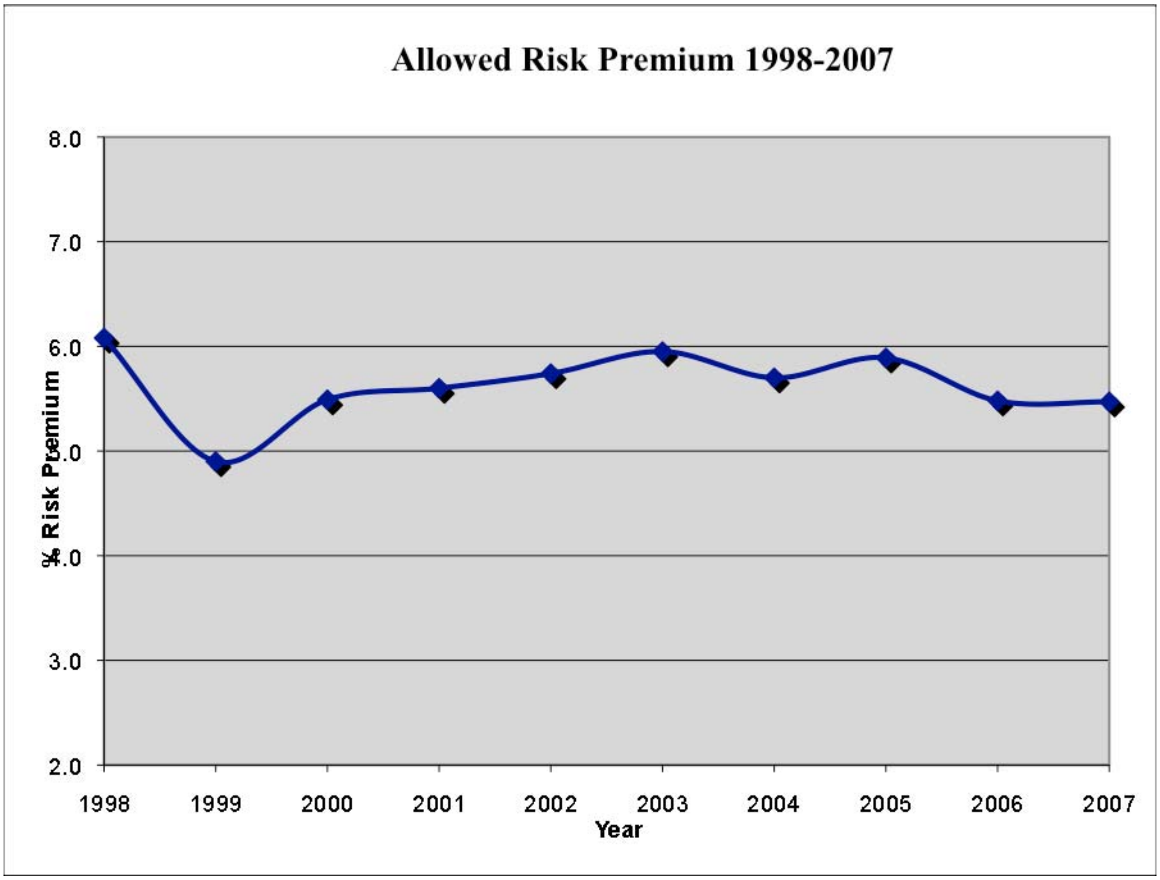
A. No, I am not, for they are no more restrictive than the assumptions that underlie the DCF model or the CAPM. While it is true that the method looks backward in time and assumes that the risk premium is constant over time, these assumptions are not necessarily restrictive. By employing returns realized over long time periods rather than returns realized over more recent time periods, investor return expectations and realizations converge. Realized returns can be substantially different from prospective returns anticipated by investors, especially when measured over short time periods. By ensuring that the risk premium study encompasses the longest possible period for which data are available, short-run periods during which investors earned a lower risk premium than they expected are offset by short-run periods during which investors earned a higher risk premium than they expected. Only over long time periods will investor return expectations and realizations converge, or else, investors would never invest any money.

### 3. ALLOWED RISK PREMIUMS

Q. Please describe your analysis of allowed risk premiums in the electric utility industry.

A. To estimate the Company's cost of common equity, I also examined the historical risk premiums implied in the ROEs allowed by regulatory commissions for electric utilities over the last decade relative to the contemporaneous level of the long-term Treasury bond yield. This variation of the risk premium approach is reasonable because allowed risk premiums are presumably based on the results of market-based methodologies (DCF, Risk Premium, CAPM, *etc.*) presented to regulators in rate hearings and on the actions of objective unbiased investors in a competitive marketplace. Historical allowed ROE data are readily available over long periods on a quarterly basis from SNL [formerly Regulatory Research Associates ("RRA")] and easily verifiable from RRA publications and past commission decision archives. The average ROE spread over long-term Treasury yields was 5.6% for the 1999-2008 time period, as shown in the graph below. I note that this estimate is nearly identical to the one obtained from the historical risk premium study of the electric utility industry.

Given the current long-term Treasury bond yield of 4.6% and a risk premium of 5.6%, the implied allowed ROE for the average risk electric utility is 10.2%. No flotation cost adjustment is required here since the return figures are allowed book returns on common equity capital.




Q. Why did you rely on the last decade to conduct your allowed risk premium analysis?

A. Because allowed returns already reflect investor expectations, that is, are forward-looking in nature, the need for relying on long historical periods is minimized. The last decade is a reasonable period of analysis in the case of allowed returns in view of the stability of the inflation rate experienced over the last decade.

Q. Do investors take into account allowed returns in formulating their return expectations?

A. Yes, they do. Investors do take into account returns granted by various regulators in formulating their risk and return expectations, as evidenced by the availability of commercial publications disseminating such data, including Value Line and RRA. Allowed returns, while certainly not a precise indication of a particular company's cost of equity capital, are an important determinant of investor growth perceptions and investor expected returns.

Q. Please summarize your risk premium estimates.

A. The table below summarizes the ROE estimates obtained from the three risk premium studies. The average risk premium result is 10.4%.

| **Risk Premium Method** | **ROE** |
|---|---|
| Historical Risk Premium Electric | 10.6% |
| Allowed Risk Premium | 10.2% |

## B. DCF ESTIMATES

Q. Please describe the DCF approach to estimating the cost of equity capital.

A. According to DCF theory, the value of any security to an investor is the expected discounted value of the future stream of dividends or other benefits. One widely used method to measure these anticipated benefits in the case of a non-static company is to examine the current dividend plus the increases in future dividend payments expected by investors. This valuation process can be represented by the following formula, which is the standard DCF model:

$$K_e = D_1/P_o + g$$

where: $K_e$ = investors' expected return on equity

$D_1$ = expected dividend at the end of the coming year

$P_o$ = current stock price

$g$ = expected growth rate of dividends, earnings, stock price, book value

The standard DCF formula states that under certain assumptions, which are described in the next paragraph, the equity investor's expected return, $K_e$, can be viewed as the sum of an expected dividend yield, $D_1/P$, plus the expected growth rate of future dividends, earnings, and book value, g. The returns anticipated at a given stock price are not directly observable and must be estimated from statistical information. The idea of the market value approach is to infer '$K_e$' from the observed stock price, the observed dividend, and an estimate of investors' expectations of future growth.

The assumptions underlying this valuation formulation are well known, and are discussed in detail in Chapter 4 of my reference book, Regulatory Finance, and Chapter 8 of my latest textbook, New Regulatory Finance. The standard DCF model requires the following main assumptions: a constant average growth trend for both dividends and earnings, a stable dividend payout policy, a discount rate in excess of the expected growth rate, and a constant price-earnings multiple, which implies that growth in price is synonymous with growth in earnings and dividends. The standard DCF model also assumes that dividends are paid at the end of each year when, in fact, dividend payments are normally made on a quarterly basis.

Q. How did you estimate PCPL's cost of equity with the DCF model?

A. I applied the DCF model to two proxies for PCPL's energy delivery operations: a group consisting of investment-grade dividend-paying electric distribution utilities and a group consisting of those electric utilities that make up Moody's Electric Utility Index. In addition, both groups were restricted to those companies with at least 50% of their revenues from regulated operations.

In order to apply the DCF model, two components are required: the expected dividend yield ($D_1/P_o$) and the expected long-term growth (g). The expected dividend $D_1$ in the annual DCF model can be obtained by multiplying the current indicated annual dividend rate by the growth factor (1 + g).

From a conceptual viewpoint, the stock price to employ in calculating the dividend yield is the current price of the security at the time of estimating the cost of equity. The reason is that current stock price provides a better indication of expected future prices than any other price in an efficient market. An efficient market implies that prices adjust rapidly to the arrival of new information. Therefore, the current price reflects the fundamental economic value of a security. A considerable body of empirical evidence indicates that capital markets are efficient with respect to a broad set of information. This evidence implies that observed current prices represent the fundamental value of a security, and that a cost of capital estimate should be based on current prices.

In implementing the DCF model, I have used the current dividend yields reported in the latest edition of Value Line's VLIA software. Basing dividend yields on average results from a large group of companies reduces the concern that idiosyncrasies of individual company stock prices will result in an unrepresentative dividend yield.

Q. How did you estimate the growth component of the DCF model?

A. The principal difficulty in calculating the required return by the DCF approach is in ascertaining the growth rate that investors currently expect. Since no explicit estimate of expected growth is observable, proxies must be employed.

As proxies for expected growth, I examined growth estimates developed by professional analysts employed by large investment brokerage institutions. Projected long-term growth rates actually used by institutional investors to determine the desirability of investing in different securities influence investors' growth anticipations. These forecasts are made by large reputable organizations, and the data are readily available to investors and are representative of the consensus view of investors. Because of the dominance of institutional investors in investment management and security selection, and their influence on individual investment decisions, analysts' growth forecasts influence investor growth expectations and provide a sound basis for estimating the cost of equity with the DCF model. Growth rate forecasts of analysts are available from published investment newsletters and from systematic compilations of analysts' forecasts, such as those tabulated by Zacks Investment Research Inc. ("Zacks"). I used analysts' long-term earnings growth forecasts contained in Zacks as proxies for investors' growth expectations in applying the DCF model. I also used Value Line's earnings and dividend growth forecasts as an additional proxy. Unlike earnings, there are no formal compilations of analysts' dividend growth forecasts, owing to the scarcity of such forecasts.

Q. Why did you reject the use of historical growth rates in applying the DCF model to utilities?

A. I have rejected historical growth rates as proxies for expected growth in the DCF calculation because historical growth patterns are already incorporated in analysts' growth forecasts that should be used in the DCF model, and are therefore somewhat redundant.

Q. Did you consider any other method of estimating expected growth in the DCF model?

A. Yes, I did. I considered using the so-called "sustainable growth" method, also referred to as the "retention growth" method. According to this method, future growth is estimated by multiplying the fraction of earnings expected to be retained by the company, 'b', by the expected return on book equity, 'ROE'. That is,

$$g = b \times ROE$$

where: g = expected growth rate in earnings/dividends

b = expected retention ratio

ROE = expected return on book equity

However, I do not generally subscribe to the growth results produced by this particular method for several reasons. First, the sustainable method of predicting growth is only accurate under the assumptions that the ROE is constant over time and that no new common stock is issued by the company, or if so, it is sold at book value. Second, and more importantly, the sustainable growth method contains a logic trap: the method requires an estimate of ROE to be implemented. But if the ROE input required by the model differs from the recommended return on equity, a fundamental contradiction in logic follows. Third, the empirical finance literature demonstrates that the sustainable growth method of determining growth is not as significantly correlated to measures of value, such as stock prices and price/earnings ratios, as analysts' growth forecasts[6]. I therefore placed no

[6] *See* Vander Weide & Carleton, "*Investor Growth Expectations: Analysts vs. History*," Jrnl. of Portfolio Mgt., Spring 1988. Timme & Eiseman, "*On the Use of Consensus Forecasts of Growth in the Constant Growth Model: The Case of Electric Utilities*," Financial Mgt, Winter 1989.

reliance on this method.

Q. Please describe your first proxy group for the Company's electric distribution business?

A. As a first proxy for the Company's energy distribution business, I examined a group of investment-grade publicly-traded utilities designated as electricity distribution utilities by S&P in its analysis of utility business risks. The original group is shown on Pages 1 - 2 of Exhibit RAM-4, and includes electricity distribution and natural gas distribution companies engaged in predominantly monopolistic distribution activities. Foreign companies and companies below investment-grade, that is, companies with a bond rating below BBB-, were eliminated as well as those companies without Value Line coverage. Page 3 of Exhibit RAM-4 narrows the group down to only include electricity distribution operating utilities. The final sample of 11 companies is made up of the parent company of these investment-grade operating electricity distribution companies with at least 50% of their revenues from regulated operations, as shown on Page 4 of Exhibit RAM-4. The initial group was utilized earlier in connection with beta estimates. The same group was retained for the DCF analysis.

Q. What DCF results did you obtain for the electricity distribution utilities group using the Value Line growth forecasts?

A. As shown on Column 2 of Exhibit RAM-5 page 1, the average long-term earnings growth forecast obtained from Value Line is 8.1% for this group. Combining this growth rate with the average expected dividend yield of 4.1% shown in Column 3, produces an estimate of equity costs of 12.2% for the group, unadjusted for flotation costs. Adding an allowance for flotation costs to the results of Column 4 brings the cost of equity estimate to 12.5%, shown in Column 5.

Page 2 of Exhibit RAM-5 displays the same analysis only this time using Value Line's dividend growth forecasts instead of earnings growth forecasts. The average long-term dividend growth forecast obtained from Value Line is 6.9% for this group. Combining this growth rate with the average expected dividend yield of 4.1% shown in Column 3, produces an estimate of equity costs of 10.3% for the group, unadjusted for flotation costs. Adding an allowance for flotation costs to the results of Column 4 brings the cost of equity estimate to 10.5%, shown in Column 5. Removing Ameren from the group because of the unavailability of a dividend growth forecast, the average cost of equity estimate for the group is 11.0%. The average of the two estimates derived from earnings growth, 12.5%, and dividend growth, 11.0%, is 11.7%.

Q. What DCF results did you obtain for the electricity distribution utilities group using the analyst's consensus growth forecast?

A. From the original sample of eleven companies shown on page 1 of Exhibit RAM-6, Energy East was eliminated as no analysts' growth forecasts was available from Zacks. The DCF analysis for the remaining ten companies is shown on page 2 of Exhibit RAM-6. Using the consensus analysts' earnings growth forecast published by Zacks of 8.8% instead of the Value Line forecast, the cost of equity for the group is 12.9%. Allowance for flotation costs brings the cost of equity estimate to 13.1%. Eliminating the outlying PPL Corp. estimate of 19.6% and in order to palliate the influence of the two companies with high growth estimates (Exelon and Public Service Enterprise), the median estimate of 11.2% is a more reasonable estimate.

Q. What DCF results did you obtain for Moody's electric utilities group using the Value Line growth forecasts?

A. Page 1 of Exhibit RAM-7 displays the electric utilities that make up Moody's Electric Utility Index. No growth forecast was available for Duke Energy, and that company was therefore eliminated from the group. The DCF analysis is shown on page 2 of Exhibit RAM-7. As shown on Column 2 of page 2 of Exhibit RAM-7, the average long-term growth forecast obtained from Value Line is 6.8% for this group. Coupling this growth rate with the average expected dividend yield of 4.4% shown in Column 3 produces an estimate of equity costs of 11.1% for the group. Allowance for flotation costs brings the cost of equity estimate to 11.4%.

Eliminating the companies with less than 50% of their revenues from regulated electricity operations, the average DCF result for the remaining fourteen companies is 11.1%, as shown on page 3 of Exhibit RAM-7.

Page 4 of Exhibit RAM-7 displays the same analysis only this time using Value Line's dividend growth forecasts instead of earnings growth forecasts. The average long-term dividend growth forecast obtained from Value Line is 5.0% for this group. Combining this growth rate with the average expected dividend yield of 4.3% shown in Column 3, produces an estimate of equity costs of 9.2% for the group, unadjusted for flotation costs. Adding an allowance for flotation costs to the results of Column 4 brings the cost of equity estimate to 9.4%, shown in Column 5. The average of the two estimates derived from earnings growth, 11.1%, and dividend growth, 9.4%, is 10.3%.

Q. What DCF results did you obtain for the Moody's electric utilities group using analysts' growth forecasts?

A. The DCF analysis is displayed on Pages 1 and 2 of Exhibit RAM-8. Page 1 shows the Moody's companies sample, along with the dividend yield and growth data. No growth projections were available for CH Energy and Energy East, and these two companies were therefore eliminated from the group. Page 2 displays the actual DCF analysis for the remaining 18 companies. Using the analysts' earnings growth forecast of 8.0% from Zacks instead of the Value Line growth forecast, the cost of equity for the Moody's group is 12.4%. Allowance for flotation costs brings the cost of equity estimate to 12.6%.

As shown on page 3 of Exhibit RAM-8, eliminating utility companies with less than 50% of their revenues from utility operations from the Moody's group, the average estimate for the group is 12.4%. In order to palliate the influence of the companies with high growth estimates, the median estimate of 11.3% is a more reasonable estimate.

Q. Please summarize your DCF estimates.

A. The table below summarizes the DCF estimates. The mean DCF result is 11.1%.

| DCF STUDY | ROE |
|---|---|
| Electricity Distribution Utilities Value Line Growth | 11.7% |
| Electricity Distribution Utilities Zacks Growth | 11.2% |
| Moody's Electric Utilities Value Line Growth | 10.3% |
| Moody's Electric Utilities Zacks Growth | 11.3% |

Q. Dr. Morin, please now turn to the need for a flotation cost allowance.

A. All the market-based estimates reported above include an adjustment for flotation costs. The simple fact of the matter is that common equity capital is not free.

Flotation costs associated with stock issues are exactly like the flotation costs associated with bonds and preferred stocks. Flotation costs are incurred; they are not expensed at the time of issue and, therefore, must be recovered via a rate of return adjustment. This treatment is done routinely for bond and preferred stock issues by most regulatory commissions. Clearly, the common equity capital accumulated by the Company is not cost-free. The flotation cost allowance to the cost of common equity capital is discussed and applied in most corporate finance textbooks; it is unreasonable to ignore the need for such an adjustment.

Flotation costs are very similar to the closing costs on a home mortgage. In the case of issues of new equity, flotation costs represent the discounts that must be provided to place the new securities. Flotation costs have a direct and an indirect component. The direct component is the compensation to the security underwriter for his marketing/consulting services, for the risks involved in distributing the issue, and for any operating expenses associated with the issue (printing, legal, prospectus, etc.). The indirect component represents the downward pressure on the stock price as a result of the increased supply of stock from the new issue. The latter component is frequently referred to as "market pressure."

Investors must be compensated for flotation costs on an ongoing basis to the extent that such costs have not been expensed in the past, and therefore the adjustment must continue for the entire time that these initial funds are retained in the firm. Appendix B to my testimony discusses flotation costs in detail, and shows: (1) why it is necessary to apply an allowance of 5% to the dividend yield component of equity cost by dividing that yield by 0.95 (100% - 5%) to obtain the fair return on equity capital; (2) why the flotation adjustment is permanently required to avoid confiscation even if no further stock issues are contemplated; and (3) that flotation costs are only recovered if the rate of return is applied to total equity, including retained earnings, in all future years.

By analogy, in the case of a bond issue, flotation costs are not expensed but are amortized over the life of the bond, and the annual amortization charge is embedded in the cost of service. The flotation adjustment is also analogous to the process of depreciation, which allows the recovery of funds invested in utility plant. The recovery of bond flotation expense continues year after year, irrespective of whether the Company issues new debt capital in the future, until recovery is complete, in the same way that the recovery of past investments in plant and equipment through depreciation allowances continues in the future even if no new construction is contemplated. In the case of common stock that has no finite life, flotation costs are not amortized. Thus, the recovery of flotation cost requires an upward adjustment to the allowed return on equity.

A simple example will illustrate the concept. A stock is sold for $100, and investors require a 10% return, that is, $10 of earnings. But if flotation costs are 5%, the Company nets $95 from the issue, and its common equity account is credited by $95. In order to generate the same $10 of earnings to the shareholders, from a reduced equity base, it is clear that a return in excess of 10% must be allowed on this reduced equity base, here 10.52%.

According to the empirical finance literature discussed in Appendix B, total flotation costs amount to 4% for the direct component and 1% for the market pressure component, for a total of 5% of gross proceeds. This in turn amounts to approximately 30 basis points, depending on the magnitude of the dividend yield component. To illustrate, dividing the average expected dividend yield of approximately 5.0% for utility stocks by 0.95 yields 5.3%, which is 30 basis points higher.

Sometimes, the argument is made that flotation costs are real and should be recognized in calculating the fair return on equity, but only at the time when the expenses are incurred. In other words, the flotation cost allowance should not continue indefinitely, but should be made in the year in which the sale of securities occurs, with no need for continuing compensation in future years. This argument is valid only if the Company has already been compensated for these costs. If not, the argument is without merit. My own recommendation is that investors be compensated for flotation costs on an on-going basis rather than through expensing and that the flotation cost adjustment continue for the entire time that these initial funds are retained in the firm.

There are several sources of equity capital available to a firm including: common equity issues, conversions of convertible preferred stock, dividend reinvestment plan, employees' savings plan, warrants, and stock dividend programs. Each item carries its own set of administrative costs and flotation cost components, including discounts, commissions, corporate expenses, offering spread, and market pressure. The flotation cost allowance is a composite factor that reflects the historical mix of sources of equity. The allowance factor is a build-up of historical flotation cost adjustments associated and traceable to each component of equity at its source. It is impractical and prohibitively costly to start from the inception of a company and determine the source of all present equity. A practical solution is to identify general categories and assign one factor to each category. My recommended flotation cost allowance is a weighted average cost factor designed to capture the average cost of various equity vintages and types of equity capital raised by the Company.

Q. Is a flotation cost adjustment required for an operating subsidiary like PCPL that does not trade publicly?

A. Yes, it is. It is sometimes alleged that a flotation cost allowance is inappropriate if the utility is a subsidiary whose equity capital is obtained from its parent, in this case, PCPL Group. This objection is unfounded since the parent-subsidiary relationship does not eliminate the costs of a new issue, but merely transfers them to the parent. It would be unfair and discriminatory to subject parent shareholders to dilution while individual shareholders are absolved from such dilution. Fair treatment must consider that, if the utility-subsidiary had gone to the capital markets directly, flotation costs would have been incurred.

## III. SUMMARY OF COST OF EQUITY RECOMMENDATION

Q. Please summarize your results and recommendation.

A. To arrive at my final recommendation, I performed four risk premium analyses. For the first two risk premium studies, I applied the CAPM and an empirical approximation of the CAPM using current market data. The other two risk premium analyses were performed on historical and allowed risk premium data from electric utility industry aggregate data. I also performed DCF analyses on two surrogates for PCPL: a group of investment-grade electricity distribution utilities and a group representative of the electric utility industry, namely, Moody's Electric Utility Index. The results from all the various tests are summarized in the table below

| METHODOLOGY | ROE |
|---|---|
| CAPM | 10.9% |
| Empirical CAPM | 11.2% |
| Historical Risk Premium Elec Utility Industry | 10.6% |
| Allowed Risk Premium | 10.2% |
| DCF S&P Elec Distribution Utilities Value Line Growth | 11.7% |
| DCF S&P Elec Distribution Utilities Zacks Growth | 11.2% |
| DCF Moody's Elec Utilities Value Line Growth | 10.3% |
| DCF Moody's Elec Utilities Zacks Growth | 11.3% |

The average result from the table is 10.9%. From a broader methodological standpoint, the average result from the three principal methodologies is also 10.9%, as shown below:

| | |
|---|---|
| CAPM | 11.1% |
| Risk Premium | 10.4% |
| DCF | 11.1% |
| AVERAGE | 10.9% |

The overall average result is 10.9% for the average electricity distribution utility. I note that all three methods, including DCF are equally weighted, and that the DCF results are based on four different tests.

Q. Did you adjust these results to account for the fact that PCPL's risk profile differs from the average electric utility?

A. No, I did not. In my view, PCPL's lower business risk on account of its status as a pure "wires" utility unencumbered with the riskier power production function and its stronger than average common equity ratio offset its higher investment risk on account of its very small size.

Q. Please comment on PCPL's size related risks.

A. Because of its very small, PCPL's investment risks are higher than those of the industry. PCPL possesses small revenue and asset bases, both in absolute terms and relative to other utilities. Investment risk increases as company size diminishes, all else remaining constant.

As the empirical finance literature has clearly demonstrated, small companies have very different returns than large ones and on average those returns have been higher. The greater risk of small stocks does not fully account for their higher returns over many historical periods. The average small stock premium is very significant over the average stock, more than could be expected by risk differences alone, suggesting that the cost of equity for small stocks is considerably larger than for large capitalization stocks. In addition to earning the highest average rates of return, small stocks also have the highest volatility, as measured by the standard deviation of returns.

Q. Dr. Morin, what is your final conclusion regarding PCPL's cost of common equity capital?

A. Based on the results of all my analyses, the application of my professional judgment, and the risk circumstances of PCPL, it is my opinion that a just and reasonable return on the market value of the common equity capital of PCPL's energy distribution operations in the state of Pennsylvania is 10.9%.

Q. Dr. Morin, what capital structure assumption underlies your recommended return on PCPL's common equity capital?

A. My recommended ROE for PCPL is predicated on the adoption of a test year capital structure consisting of approximately 52% common equity capital.

Q. Is there a relationship between financial risk and the authorized ROE?

A. There certainly is. A low authorized ROE increases the likelihood the utility will have to rely increasingly on debt financing for its capital needs. This creates the specter of a spiraling cycle that further increases risks to both equity and debt investors; the resulting increase in financing costs is ultimately borne by the utility's customers through higher capital costs and rates of returns.

Q. Is PCPL's financial risk impacted by the authorized ROE?

A. Yes, it is. A low ROE increases the likelihood that PCPL will have to rely on debt financing for its capital needs. As the Company relies more on debt financing, its capital structure becomes more leveraged. Since debt payments are a fixed financial obligation to the utility, this decreases net income. If, instead, the Company attempts to maintain its capitalization ratios by issuing more stock, lower operating income and more shares outstanding mean less income per share available for dividend growth. In either case, equity investors face greater uncertainty about the future dividend potential of the firm. As a result, the Company's equity becomes a riskier investment. The risk of default on the Company's bonds also increases, making the utility's debt a riskier investment. This increases the cost to the utility from both debt and equity financing and] increases the possibility the Company will not have access to the capital markets for its outside financing needs, or if so, at prohibitive costs.

Q. Finally, Dr. Morin, if capital market conditions change significantly between the date of filing your prepared testimony and the date your oral testimony is presented, would this cause you to revise your estimated cost of equity?

A. Yes. Interest rates and security prices do change over time, and risk premiums change also, although much more sluggishly.  If substantial changes were to occur between the filing date and the time my oral testimony is presented, I will update my testimony accordingly.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Q. Would the members of the Electric Rate Panel ("Panel") please state their names and business address?

A. William Atzl, Lucy Villeta and Ricky Joe, 4 Irving Place, New York, New York 10003.

Q. By whom are you employed, in what capacity, and what are your professional backgrounds and qualifications?

A. **(Atzl).** I will act as chairman of the Panel. We are all employed by Consolidated Edison Company of New York, Inc. ("Con Edison"). I am Director – O&R Rates in the Con Edison Rate Engineering Department. In this position, I manage the rate related activities for Orange and Rockland Utilities, Inc. ("Orange and Rockland") and its subsidiaries Pike County Light & Power Company ("Pike" or "the Company") and Rockland Electric Company. My background is as follows: In 1983, I graduated from the State University of New York at Stony Brook with a Bachelor of Engineering degree in Mechanical Engineering. In 1989, I graduated from Pace University, White Plains, New York with a Master of Business Administration degree in Management Information Systems. I am a Licensed Professional Engineer in the State of New York. My first employment was with Long Island Lighting Company in 1983 where I held the position of Assistant Engineer in the New

Business Department. In 1984, I joined Orange and Rockland as a Commercial and Industrial Representative in the Commercial Operations Department. At Orange and Rockland, I also held the positions of Commercial and Industrial Engineer, Program Administrator - Demand-Side Management, Manager - Demand-Side Management Operations, Manager - Energy Services and Pricing, and Manager – Regulatory Affairs. In October 1999, I joined Con Edison and held the position Department Manager – Electric and Gas Rate Design – O&R prior to my present position. I have testified in numerous regulatory proceedings before the Pennsylvania Public Utility Commission (“Commission”), New York Public Service Commission (“NYPSC”) and New Jersey Board of Public Utilities.

A. **(Villeta)**. I am Section Manager of the Cost Analysis section of the Rate Engineering Department. I received a Bachelor of Business Administration Degree in Finance with a minor in Management Information Systems from Pace University in September 1989. In October 1989, I began my employment with Con Edison as a Management Intern with rotational assignments in Forecasting and Economic Analysis, Accounting Research and Procedures (“ARP”) and Power Generation Services. In June 1990, I accepted my permanent assignment as an Associate Accountant in ARP. In 1995, I was promoted to Budget Analyst in Central Customer Service. In 1998, I was promoted to Senior Analyst in Customer Operations responsible for managing the Call Center and Service Center budget. In 2001, I was promoted to Financial Manager of Staten Island and Electric Services. I have been in my current position since November 2005 and have since testified before the New Jersey Board of Public Utilities.

A. **(Joe).** I am a Senior Rate Analyst in the Rate Engineering Department. In 1993, I graduated from Rutgers College, New Brunswick, New Jersey with a Bachelor of Arts degree in Economics. In 2001, I graduated from the Rutgers Graduate School of Management with a Master in Business Administration degree in Finance. I joined Con Edison in 2004 as a Senior Analyst in the Rate Engineering Department and was promoted to my current position in 2006. Prior to joining Con Edison, I was employed by: the New Jersey Board of Public Utilities from 1993 to 2000, PricewaterhouseCoopers from 2000 to 2003, and Amerada Hess Corporation from 2003 to 2004.

Q. What is the purpose of the Panel’s testimony?

A. Our testimony:

(1) presents the Company's Electric Embedded Cost-of-Service ("ECOS") study;

(2) presents the Company's proposal for revenue allocation and rate design;

(3) presents the impact of the proposed rate changes on customers' bills; and

(4) discusses proposed tariff changes.

Q. Please summarize your testimony.

A. The Panel's testimony covers five sections:

First, the Panel presents the Company's ECOS study for calendar year 2007 which:

- functionalizes and classifies various electric system costs to their operating functions;
- allocates these functionalized costs to the customer classes;
- demonstrates each ECOS study class's surplus or deficiency based on the application of a ± 10% tolerance band around the calculated total system rate-of-return; and
- shows a total system rate-of-return of 2.33 percent and rates-of-return for all service classifications ("SC"). For example, the overall SC No. 1, Residential return is (1.48%), the SC

No. 2, General Service return is 3.56%, and the SC No. 3, Municipal Street Lighting return is (1.07%).

Second, the Revenue Allocation section of this testimony explains the process of: (1) adjusting the incremental revenue requirement to reflect the transfer of State Tax Adjustment Surcharge ("STAS") revenues to base rates, (2) realigning revenues to address class surpluses and deficiencies identified in the ECOS study, (3) allocating the revenue increase among customer classes, (4) mitigating certain class-specific delivery revenue increases, and (5) determining final class-specific delivery revenue increases and percentage increases.

Third, the Rate Design section of the testimony describes the application of class-specific delivery revenue increases to delivery rates of each class, including the separation of SC No. 2 General Secondary and Primary subclasses into two distinct groups, and setting of Customer Charges for the SC No. 1 and SC No. 2 General Secondary and Primary classes.

Fourth, the Customer Bill Impacts section describes exhibits that show customer bill impacts at various consumption levels.

Fifth, the Tariff Changes section describes our proposals to implement reconnection and late payment charges.

Q. Is the Panel sponsoring any exhibits?

A. Yes, we are sponsoring the following two exhibits:

- Exhibit (E-7) – Embedded Cost-of-Service Study.
- Exhibit (E-8) –Electric Present and Proposed Rate Design.

Q. How is the Panel's testimony organized?

A. The testimony is divided into the following five sections: (1) ECOS Study, (2) Revenue Allocation, (3) Rate Design, (4) Customer Bill Impacts, and (5) Tariff Changes.

**ECOS STUDY**

Q. Please describe the ECOS study.

A. The ECOS study, which is contained in a document entitled "PIKE COUNTY LIGHT AND POWER COMPANY – COST-OF-SERVICE STUDY – ELECTRIC DEPARTMENT - YEAR 2007", begins with explanatory notes detailing sources of data and methods used in the preparation of the ECOS study followed by seven tables of cost data.

Q. Please provide a general description of the ECOS study.

A. The ECOS study analyzes, on a class basis and for a past period, revenues and book (accounting) costs for specific cost categories. The results of the study are expressed as class and total system rates-of-return.

Q. What cost categories are analyzed in the ECOS study?

A. The ECOS study analyzes costs and revenues associated with the Company's delivery system, i.e., transmission, distribution, and customer-related cost categories or functions. The major supply function costs, e.g., purchased power and generation costs are not included in the ECOS study. Also, revenues and expenses associated with the System Benefits Charge ("SBC") have been excluded from the study.

Q. What time period does the ECOS study cover?

A. It covers the calendar year 2007.

Q. What electric revenues are reflected in the ECOS study?

A. The study uses the Company's actual 2007 electric delivery revenues.

Q. What customer classes are analyzed in the ECOS study?

A. The study analyzes classes of customers corresponding to SCs contained in our electric rate schedules, including retail access customers. A description of the type of customers served under each SC is set forth in the ECOS study, beginning on page 9 of the ECOS explanatory notes.

Q. How are the results of the ECOS study expressed?

A. The results of the ECOS study are expressed as total Company (“total system”) and class rates of return.

Q. What is the total system rate of return as determined by the ECOS study?

A. The total system rate-of-return is 2.33 percent as shown on Table 1, Page 1, Column (1), Line 15 of the ECOS study. In addition, Table 1 shows rates-of-return for all classes shown in the ECOS study. For example, the overall SC No. 1, Residential return is (1.48%), the SC No. 2, General Service return is 3.56%, and the SC No. 3, Municipal Street Lighting return is (1.07%).

Q. Has the Company employed “tolerance bands” around the system rate-of-return in developing class revenue responsibilities?

A. Yes. Class revenue responsibility has been measured with respect to a ±10% tolerance band around the total system rate-of-return. Classes would not be considered “surplus” or “deficient” if the class ECOS rate-of-return falls within this tolerance band. Classes that fall outside this range would be either surplus or deficient by the revenue amount, including appropriate income taxes, necessary to bring the realized return to the upper or lower level of the tolerance band.

Q. Based on the application of the ±10% tolerance band around the calculated total system rate of return of 2.33%, what are the ECOS study class surpluses and deficiencies?

A. The revenue surpluses are shown on Table 1, Line 24 and the revenue deficiencies are shown on Table 1, Line 25. For example, the Residential SC No. 1 with Space Heating and the C&I Secondary Non Demand Metered have revenue deficiencies of $239,597 and $11,781 respectively. The C&I SC No. 2 General Service and the C&I SC No. 2 Separately Metered Space Heating have revenue surpluses of $54,681 and $1,876 respectively.

Q. What is the significance, for example, of the SC No. 1 class deficiency?

A. The deficiency is the amount of revenue increase, at current rates, required to bring SC No. 1’s return to the lower level of the tolerance band around the system rate-of-return.

Q. Please describe what is shown on Table 1A of Exhibit E-7.

A. Due to the application of class tolerance bands, the total of the ECOS surpluses and deficiencies is a net deficiency. In order that ECOS study indications are revenue neutral to the Company, and so that no class rate-of-return is below the lower level of the tolerance band, Table 1A adjusts deficient classes on an across-the-board percentage basis so that the sum of surpluses matches the sum of deficiencies. These adjusted surpluses and deficiencies are used in revenue allocation, as described later in our testimony.

Q. Does the ECOS study develop customer costs by service class?

A. Yes.

Q. Please indicate what the customer costs are.

A. Please refer to Table 6, Page 1, Line 14 of the ECOS study. For example, the monthly customer cost for the overall Residential SC No. 1 class is $19.15, the overall C&I SC No. 2, Secondary class is $36.88, and the C&I SC No. 2 Primary class is $669.84.

Q. What do customer costs include?

A. Customer costs include a distribution customer component (overhead and underground lines and overhead and underground transformers), services, meters and installations, installations on customer premises, street lighting, customer accounting, uncollectibles and customer service.

Q. Let us now turn to the methodology used in developing the ECOS study. Please describe the procedures followed in the preparation of this study.

A. There are two main steps in the preparation of the ECOS study: (1) functionalization and classification of costs to operating functions, such as production, transmission, distribution, customer accounting and customer service with further division into sub-functions, such as distribution demand, distribution customer, services, overhead and underground etc.; and (2) allocation of these functionalized costs to customer classes.

Q. Please describe the functionalization and classification step.

A. The functionalization and classification step assigns the broad accounting-based cost categories to the more detailed categories employed in the ECOS study. This level of detail is required to differentiate, for example, distribution demand related costs from distribution customer related costs.

Q. Why is this necessary?

A. These data allow the proper allocation to the classes of the fixed and variable costs, i.e., operation and maintenance expense, based on cost causation.

Q. Please continue.

A. During the process of functionalization, all costs are classified as being demand-related, energy-related or customer-related. Demand-related costs are fixed costs created by the loads placed on the various components of the electric system. Energy-related costs are variable costs resulting from the total kilowatthours delivered during the year. Customer-related costs are fixed costs, which are caused by the presence of customers connected to the system, regardless of the amounts of their demand or energy usage.

Q. Please describe the allocation step in the study.

A. The allocation step allocates the functionalized and classified costs to the customer classes based on the appropriate demand, energy or customer allocation factors, which are shown on Table 7 of the ECOS study.

**REVENUE ALLOCATION**

Q. Did the Accounting Panel provide you with the total incremental revenue requirement for the rate year, i.e., the 12 months ending March 31, 2009 ("Rate Year")?

A. Yes. We were informed that the total incremental revenue requirement for the Rate Year amounts to $1,171,900.

Q. Please describe how you allocated the increased delivery revenue requirement among Pike's service classifications.

A. First, we added $7,172 to the incremental revenue requirement to reflect the transfer to base rates of the amount Pike is currently recovering in its STAS Part 1 Rate. Pursuant to the Commission's March 10, 1970 Order establishing STAS, the Company is required to zero out its STAS in a base rate proceeding and transfer STAS recovery to base rates. This results in an adjusted incremental delivery revenue increase of $1,179,072.

Q. Please describe the next step in the revenue allocation process.

A. Rate Year delivery revenues at the current rate level for each SC were realigned to reflect the deficiency and surplus indications from the ECOS study.

Q. Did you attempt to eliminate fully the deficiencies and surpluses indicated by the ECOS study?

A. Before making final decisions on the elimination of deficiencies and surpluses, we allocated the net delivery revenue increase among the SCs in proportion to the relative contribution made by each class to the realigned total Rate Year delivery revenues. We then reviewed, by class, the combined impact of eliminating a deficiency or surplus and the impact of the delivery revenue increase. We found that fully eliminating the deficiencies associated with certain customer classes, coupled with the delivery revenue increase, would result in very large bill impacts for those classes. Therefore, a mitigation adjustment was made, on an overall revenue neutral basis, to limit the delivery increase percentage to any customer class to no more than 1.5 times the delivery increase percentage for all classes. Classes having significant deficiencies which were mitigated in this manner are SC No. 1, Residential Service, SC No. 3 Municipal Street Lighting, and SC No. 4, Private Outdoor Lighting. Our mitigation adjustments also limited the delivery increase percentage to any customer class to no less than 0.5 times the delivery increase percentage for all classes. The SC No. 2 Primary class was mitigated in this manner. The realignment of revenues, with the mitigation adjustments described above, will move these classes in the direction of more closely matching costs and revenues while limiting the customer bill impacts associated with the changes. In the event the multi-year rate plan proposed by the Accounting Panel is approved, we intend to further reduce any deficiencies in the additional rate years.

## RATE DESIGN

Q. Did you restate the Rate Year delivery revenue increases, as determined above, on a historical period basis?

A. Yes. We restated the Rate Year delivery revenue increases by service classification on the basis of the twelve months ended March 31, 2008, i.e., the historical period for which detailed billing data are available.

Q. Please describe how you developed the delivery revenue increases for the historical period.

A. Revenue ratios were developed for each class by dividing the historical period delivery revenues for each class by the Rate Year delivery revenues for each class at current rate levels. These revenue ratios for each class were applied to the Rate Year delivery revenue increase for each class to determine each class's delivery revenue increase for the historical period.

Q. Please explain how you designed the proposed delivery rates shown in Exhibit E-8, Schedule 1.

A. The first step in the rate design process is a decision to designate separate rates for the SC No. 2 Secondary and Primary Classes. These classes currently share a common rate structure with the exception of the energy charge for usage in excess of 200 hours use of billing demand. The ECOS study results demonstrate significantly different class rates of return for the SC No. 2 Secondary and Primary classes, therefore we are proposing to separate their rate structures so these different rates of return can be addressed in the rate design process. The second step is to increase the Customer Charges for SC No. 1, SC No. 2 General Secondary and Primary to a level that better reflects the Company's cost to provide service. The current Customer Charge for SC No. 1 is $5.29, which is significantly less than the customer cost of $19.15. Based on the SC No. 1 delivery revenue increase percentage resulting from the revenue allocation process described previously, this charge would increase to $8.06. We have rounded the charge to $8.00. We believe this increase makes progress in moving toward a Customer Charge that more closely reflects customer cost, while recognizing the customer bill impact of the change. We then reviewed the Customer Charge for SC No. 2 which is currently $5.30 per month and applicable to both secondary and primary service customers. The ECOS study shows an embedded customer cost of $36.88 per month for SC No. 2 Secondary and $669.84 for SC No. 2 Primary customers. Given the disparity between these customer costs and current Customer Charges, we propose to increase the Customer Charge for SC No. 2 Secondary from $5.30 to $10.00 per month. The proposed $10.00 Customer Charge for SC No. 2 Secondary represents an increase of three times the delivery revenue increase percentage resulting from the revenue allocation process and a gradual approach to moving Customer Charges closer to customer costs. The change in the SC No. 2 Secondary Customer Charge eliminates approximately 15% of the difference between the current Customer Charge and customer cost. Similarly, for SC No. 2 Primary, we propose to eliminate approximately 15% of the difference between the current Customer Charge of $5.30 and the customer cost of $669.84. The result is a proposed Customer Charge of $105.00.

Q. What is the third step in the rate design process?

A. For each class, the delivery revenue increase, determined in the revenue allocation process, and adjusted for increased revenue resulting from Customer Charge increases, was divided by total delivery revenue, excluding Customer Charge revenue, to establish a percentage by which delivery rates, other than Customer Charges, would be increased. Delivery rates within each class, other than Customer Charges were then increased by these percentages. Exhibit E-8, Schedule 1 is a summary of the present and proposed rates for Pike’s electric service classifications.

**CUSTOMER BILL IMPACTS**

Q. Please describe Schedules 2 and 3 of Exhibit E-8.

A. Schedule 2 provides a comparison of monthly customer bills under the present and proposed rates at various consumption levels for SC Nos. 1 and 2 customers. Schedule 3, Page 1 of 2, contains information on the number of customers served and the distribution of base rate and total revenues by tariff subdivision at currently effective rates. Schedule 3, Page 2 of 2, sets forth certain information required of Pike by Section 53.52 of the Commission’s regulations, 52 Pa. Code § 53.52. Specifically, it shows:

a) a calculation of the number of customers, by tariff subdivision, whose bills will be increased;

b) a calculation of the total increases, in dollars, by tariff subdivision, projected on an annual basis;

c) a calculation of the number of customers, by tariff subdivision, whose bills will be decreased; and

d) a calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

We would note that the Company's rate design methodology will cause the bills of all of Pike's electric customers to increase.

**TARIFF CHANGES**

Q. Have you proposed any changes in the Company's service fees?

A. Yes. We have proposed a change to the Company's reconnection charge and the establishment of a late payment charge.

Q. Please describe the reconnection charge.

A. The Company's tariff in the Rules and Regulations Section 16, Restoration of Service for Residential Customers, includes the provision for a reconnection charge. When notified that a previously disconnected electric service is ready for reconnection, the Company sends a Meter Technician to the premises to reconnect the service. Currently, the Company's tariff allows the assessment of a "reasonable reconnection fee". In the interest of consistency, the Company proposes to set a specific reconnection charge.

Q. How was the new reconnection charge determined?

A. The charge was determined by applying applicable man-hour rates to the time associated with completing a reconnection of electric service. The average time required for a reconnection of electric service is 20 minutes: 5 minutes of travel time and 15 minutes spent at the customer's premises. This required time is multiplied by the applicable hourly rate for a 3rd Class Meter Technician. The hourly rate during normal work hours is $82.35 per hour. The cost for 20 minutes of a 3rd Class Meter Technician's time is $27.45. To establish the fee, we rounded this number. Therefore, our proposed reconnection fee is $27.00.

Q. Please describe the late payment charge.

A. In accordance with Sections 56.21 and 56.22 of the Commission's regulations, 52 Pa. Code § 56.21 and § 56.22, the majority of Pennsylvania utilities collect a late payment charge for payments received more than five days after the due date of the customer bill. The regulations also state that the maximum interest rate should be set to no more than 1.5% per month on the overdue balance of the bill. The Company proposes to establish a late payment charge of 1.5% to be applied in accordance with these regulations.

Q. Does this conclude your testimony?
A. Yes, it does.

Q. Please state your name and business address.

A. Angelo M. Regan, 390 West Route 59, Spring Valley, New York 10977.

Q. By whom are you employed and in what capacity?

A. I am employed by Orange and Rockland Utilities, Inc. ("Orange and Rockland"), the corporate parent of Pike County Light and Power ("Pike" or the "Company"), as Director of Electrical Engineering.

Q. Please briefly describe your educational and business experience.

A. I received a Bachelor of Science degree in Electrical Engineering in 1985, and a Masters of Science degree in Industrial Engineering Management Science in 1987, both from Fairleigh Dickinson University, in Teaneck, New Jersey. I am a registered professional engineer in the State of New York. I was employed by Central Hudson Gas and Electric Corporation as an overhead distribution systems engineer from 1985 to 1987. Since then, I have worked for Orange and Rockland as an overhead and underground Systems Engineer, as Manager of the Distribution Engineering Department, and then as Chief Distribution Engineer, prior to assuming my present position as Director of Electrical Engineering.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to present and support Pike's electric capital budget and plant additions, the electric operating and maintenance ("O&M") budgets, and several system reliability plans and initiatives that the Company is currently undertaking and proposing for the near future.

**Plant Additions and Capital Budget**

Q. Are you familiar with planned plant additions and the construction budget for Pike?

A. Yes.

Q. Was Exhibit E-3, Schedule 8 prepared by you or under your direction?

A. Yes. Exhibit E-3, Schedule 8 shows the major plant additions that Pike proposes for inclusion in rate base in this proceeding, along with their in-service dates and the quantified expenditures for each project (including Allowance for Funds Used During Construction ("AFUDC") and excluding the Cost of Removal). These plant additions fall into the following categories: (1) those already underway that have been completed or are scheduled to be completed during the forecast year ending March 31, 2009 ("Future Test Year"), and (2) various blanket programs.

Q. Please describe the major capital projects that are scheduled to be completed during the Future Test Year, including their scheduled in-service dates and capital costs that Pike proposes for inclusion in rate base.

A. A description of these projects follows. The in-service dates are based on existing construction and installation schedules. Where projects have been completed, the costs provided are the final actual costs accrued. Where a project is currently underway or has not yet been initiated, the forecasted costs have been quantified through an analysis of current spending and/or anticipated costs to completion, and will be updated to show actual costs as appropriate.

**Line 7 – Double Circuit Route 209**

Line 7 serves the majority of Pike's customers in Pennsylvania (approximately 65%), and is the sole feed for the Company's customers in Milford. The head end of the existing Line 7 circuit past the Matamoras Substation traverses a marshy section of tree lined right-of-way ("ROW"). While this ROW has been trimmed and maintained by the Company utilizing good utility practices, trees from outside of the ROW have caused outages to customers served from Line 7. This section of the line has difficult access that does not allow for quick repairs to damaged facilities and, thus, hinders the restoration of service for all customers served from this circuit when incidents occur in this area. In order to address this issue and provide improved reliability and redundancy for the head end of Line 7, the Company has installed new 34.5kV circuitry that provides a geographically separate and redundant path for the head end of Line 7 past the Matamoras Substation. This project was completed in June 2008, and placed into service at a final cost of $388,000.

**Property Purchase for Future Milford Substation**

The Company will purchase property for a future Milford area substation. This property will be chosen to be relatively near the Borough of Milford so that adequate local distribution circuitry can be constructed and utilized to improve local area reliability and redundancy for the existing customers, as well as enhance load serving capability for future area growth. The Company currently projects closing on this property by late 2008 or early 2009, for an estimated cost of between $500,000 and $800,000. At this time, the Company anticipates construction of this substation in the 2011-12 timeframe.

**Distribution Automation Improvements**

The Company will install two new pole-mounted reclosers on Line 7 with communications capability to allow remote monitoring and control, and retrofit another existing recloser on Line 7 with that same communications capability. These new distribution automation device improvements will provide the Company with more real-time operating information and knowledge of how the system is performing. These devices will also facilitate remote switching from the Company's energy control center to allow for isolation of incidents and quicker service restoration following incidents. This project is scheduled to be completed by the end of 2008, at an anticipated cost of $150,000.

**Program Blankets**

Q. What is included in the category of Blankets set forth in Exhibit E-3, Schedule 8?

A. Blankets include a variety of work, including all materials and labor, which must be performed regularly so that the Company may continue to provide reliable service. Blankets are an accounting convention, long employed by the Company whereby, for the sake of convenience, the costs of certain recurring labor and equipment are grouped together. Included in the overall blankets category on Exhibit E-3, Schedule 8 are the Electric Overhead and Underground Distribution Blankets. The Company uses these blankets to support its electric distribution business, and they break down to the following sub-categories: New Business, Streetlights, Road Widening, Telephone Interference Work, Voltage Complaints, System Integrity, and Customer Complaint Investigations. These are relatively self-explanatory, and cover routine expenditures on the Electric Distribution

Overhead and Underground systems to connect new customers, address municipal requirements, and provide necessary funds for daily requirements and upkeep of the distribution system. Also included in the overall blankets category are the costs of transformers, tools, meters, and test equipment.

**<u>Service Reliability Programs</u>**

Q. Does Pike satisfy its obligations regarding the provision of reliable service?

A. Yes. The Company fully meets the statutory requirement to provide safe, adequate and proper service to its customers. Even so, Pike continues to explore ways to further enhance service reliability in its peninsula-like service area.

Q. Has the Company augmented any existing programs and/or is it proposing to undertake any new programs to enhance service reliability in its service territory?

A. Yes. The Company has augmented its existing vegetation management program, and is proposing to initiate a number of new circuit reliability programs that will provide our customers with an even higher level of service reliability.

Q. Why is Pike proposing these enhanced and new service reliability programs?

A. Customers continue to place a greater reliance than ever before on electricity for highly specialized uses (such as computers, security systems, automatic garage door openers, timers for outdoor and indoor lighting, clock thermostats, automatic sprinkler systems, and other programmable devices). Greater dependence on these technological applications has made the Company's customers less tolerant of service interruptions. To continue to meet our customers' evolving needs, the Company has evaluated measures that can be taken to minimize service interruptions.

In addition, the PAPUC recently issued a final rulemaking order in Docket No. L-00040167, establishing inspection, maintenance, repair and replacement standards ("I&M Order"). The Order establishes inspection and maintenance ("I&M") standards for a variety of activities including vegetation management, pole inspections, overhead line inspections, distribution transformer inspections, recloser inspections and substation inspections. Pursuant to the I&M Order, Pike may be required to file its initial biennial plan by as early as October 1, 2009, for implementation of this I&M program to be in full compliance with the I&M Order commencing on January 1, 2011. Currently, Pike's I&M programs and practices comply with some, but not all, requirements contained in the I&M Order. Pike may need to take steps prior to January 1, 2011, and certainly by January 1, 2012, to be in full compliance with the I&M Order. In order to continue improving service reliability and to reduce the fiscal impact of introducing all of the requirements at once, Pike will introduce some of the compliance initiatives within this rate proceeding. Exhibits E-3, Schedule 8 and E-4, Schedule 12 provide the capital and O&M components, respectively, for these programs.

Q. Please describe these enhanced and new service reliability programs.

A. **<u>Vegetation Management and Ground-to-Sky Tree-Trimming</u>**

The peninsula-like geography and design of the majority of Pike's electric delivery system, being radially fed at the end of the Company's service territory, have a significant impact on customer hours of interruption when outages occur. As tree density within Pike's service territory is substantial, particularly along certain portions of the Line 7 mainline circuit that extends from Matamoras to Milford, keeping tree growth in check offers the best opportunity to minimize outages. As such, in 2006, Pike adopted a three-year tree-trimming cycle to address the leading cause of outages within its service territory -- tree caused contacts/interruptions. This tree-trimming cycle meets the PAPUC I&M standards. The Company's total O&M cost to complete the full tree-trimming cycle is $350,000. Even though this trimming cycle is typically completed within a nine to twelve-month timeframe, the Company will levelize this cost across the three year cycle period, so that the annual O&M expense is $116,700.

In addition to the Company's recent vegetation management ("VM") program improvements that reduce the tree-trimming cycle to three years, the Company will implement a ground-to-sky clearing and danger tree removal project in key areas of its service territory, particularly in the radial portions of Line 7, as were described above. Once complete, its maintenance will become a routine part of the tree trimming cycle program. The Company currently envisions completing this work in the Route 209 area of Westfall, in the Cummins Hill Road area, and in the Borough of Milford. The total capital cost of this project is $500,000.

**Phase Identification Project**

A project is currently underway throughout the Company's service territory to correctly phase identify and label key electrical facilities, both in the field and within the Company's geographic asset information system. This process will improve the accuracy of the Company's information with respect to identifying how customers and their respective service transformers are connected to the exact phase of the distribution system. This will improve identifying the number of customers affected by specific outage incidents for the Outage Management System and reliability reporting. This project will also improve the accuracy of the Company's electrical system models to improve electric system planning and forecasting. This more accurate information with respect to the system loading will assist in improving the phase balancing of the distribution circuits as well, providing more efficient system operation and possible capacity gains, especially in the high load periods. The O&M cost to complete this project within the Pike service territory is $5,200.

**Infra-Red Inspection**

The Company inspects its overhead electric distribution lines annually utilizing infra-red thermography. This technology allows the Company to detect electrical lines, equipment and connections that are operating at elevated temperatures; thus indicating that a problem exists that will probably lead to imminent failure and, likely, an outage if it is not addressed. The annual maintenance cost to complete this infra-red inspection program within the Pike service territory is $3,200. The repair work for any deficiencies found will be treated as routine maintenance expenses.

**Comprehensive Pole Inspection and Treatment Program**

The Company will commence a proactive and comprehensive pole inspection and treatment program. There are approximately 4,300 poles in the Pike service territory. The Company will implement a ten-year cycle program that not only will inspect and field evaluate every pole in the system on a targeted and proactive basis, but also is anticipated to extend the field life of those existing poles that are starting to experience a degradation of structural integrity due to a variety of causes, including rot, decay and insect damage. This program will identify those poles that are in need of reinforcement or replacement so as to prevent catastrophic pole failure and avoid interruptions due to undetected defective poles existing on the system. The Company believes that if the defective poles are identified early enough, they will be able to be C-trussed instead of requiring a complete replacement, thus delaying future replacement for a small earlier investment. The Company will initiate this program in the fall of 2008, and estimates annual capital and O&M costs of $16,200 and $17,300, respectively. This is one of the programs mandated by the new PAPUC I&M standards and is not included in Pike's current maintenance practices.

**Circuit Reliability Program**

Pike will implement a ten-year circuit reliability program that will provide enhancements to the existing electric distribution system. This program will address lightning protection and grounding improvements, switch maintenance, fused cutout inspections and replacements, fault indicator installations and other measures such as improved animal protection. These enhancements will improve overall system performance and reliability for the Pike electric delivery system throughout this ten-year timeframe. The Company estimates annual capital and O&M costs of $10,000 and $53,000, respectively.

**Substation Inspection and Maintenance**

The Company currently performs inspections and maintenance at the Matamoras Substation. The Company's class #1 inspections, which are performed on a monthly basis, include visual inspection of transformers, breakers and all other major and minor electrical equipment within the substation. Also included in this monthly site visit are visual inspection of all structures, fences and yard surfaces. On an annual basis, the Company performs station battery tests, checks for proper operation of all fans, pumps, heaters and compressors, and conducts a transformer gas-in-oil analysis. Pike incurs annual O&M costs of $11,500 to perform these inspections and maintenance at the Matamoras Substation. These substation inspection and maintenance cycles meet the PAPUC I&M standards.

Q. What additional future measures will the Company need to take in order to be fully compliant with the I&M Order?

A. The Company will be required to implement a Distribution Overhead Line Inspection program and a Distribution Transformer Inspection program. The Distribution Overhead Line Inspection program will require ground patrols of all distribution facilities to check for conditions that may adversely affect the operation of the overhead electric delivery infrastructure. The Distribution Transformer Inspection program will require checks for visual degradation and leaks, as well as other local factors that could affect local access and proper operation of the transformers. The Company estimates future annual O&M expenses of $60,000 for the Distribution Overhead Line Inspection program and $28,300 for the Distribution Transformer Inspection program. These programs that are mandated by the new PAPUC I&M standards are not included in Pike's current maintenance practices.

Q. Does this conclude your testimony?

A. Yes, it does.

PIKE COUNTY LIGHT & POWER COMPANY
DIRECT TESTIMONY OF
JANE J. QUIN
PAPUC CASE NO. ______________

Q. Please state your name and business address.

A. Jane J. Quin, 390 W. Route 59, Spring Valley, New York 10977.

Q. By whom and in what capacity are you employed?

A. I am Director – Customer Energy Services for Orange and Rockland Utilities, Inc. ("Orange and Rockland"), the corporate parent of Pike County Light & Power Company ("PCL&P" or the "Company").

Q. Please briefly outline your educational and business experience.

A. I received a Bachelor of Arts degree from the University of Michigan in 1977 and a Juris Doctorate degree from the University of Tulsa, College of Law, in 1985. My first employment was as an associate with the energy group of the Hall, Estill law firm in Tulsa, Oklahoma in 1985. I was subsequently employed as a senior associate with the energy group of the Baker & Botts law firm in Washington, D.C. from 1989 to 1993. I joined Orange and Rockland in 1994 as an attorney responsible for Orange and Rockland's gas regulatory matters. In 1999, I accepted a position with the law department at Consolidated Edison Company of New York, Inc. ("Con Edison") after the merger of Orange and Rockland and Con Edison, Inc. I represented both Orange and Rockland and Con Edison in various gas and electric regulatory matters, including retail access issues. In May 2005, I accepted the position of Director – Retail Access and Energy Services for Orange and Rockland.

My title recently changed to Director – Customer Energy Services. I have participated in the preparation of testimony and exhibits in rate cases and regulatory proceedings in New York and Pennsylvania and at the Federal Regulatory Energy Commission. I previously testified before the New York State Public Service Commission ("NYPSC") in Case No. 05-G-1494, Case No. 06-E-1433, and Case No. 07-E-0949 and before the Pennsylvania Public Utility Commission ("PAPUC") in Docket No. P-00062205.

**SUMMARY OF TESTIMONY**

Q. What is the purpose of your testimony?

A. In my testimony, I will be discussing PCL&P's proposal to initiate a new low-income energy efficiency program.

Q. Does the Company have experience in providing low-income programs?

A. Yes. The Company currently offers the New Start Arrears Forgiveness Program, which provides assistance to Low-Income Home Energy Assistance Program ("LIHEAP") qualified customers who are experiencing difficulty paying their energy bills. This program provides up to $250 in arrears forgiveness per customer from a total annual budget of $7,500. The Company also offers the Neighbor Fund, for one-time emergency assistance to customers who are suffering from a particular hardship. Under this program, PCL&P's customers have an opportunity to voluntarily contribute $1 to the Neighbor Fund when they pay their PCL&P bill each month. The Company then matches these customer contributions dollar for dollar. Neighbor Fund contributions are used to assist low-income customers with their energy needs during exigent circumstances. This program currently has approximately $25,000 in available funds. The Company seeks to broaden its low-income assistance efforts by offering a new direct install energy efficiency program that will provide weatherization and other measures to conserve energy and provide educational information regarding practicing energy efficiency to its electric customers. These measures will be designed to help participating customers in permanently decreasing their energy usage and, therefore, their energy bill and thus mitigate the impact caused to low-income customers by increased energy costs.

Q. Does the Company have experience offering low-income direct install weatherization programs?

A. Yes. Although the Company has not operated direct install weatherization assistance programs in Pennsylvania, Pike's parent company, Orange and Rockland, has operated such programs. At present, Orange and Rockland is operating a Low-Income Energy Efficiency Program ("LEEP") in Rockland County, New York, which provides weatherization and other measures for low-income customers. To date, Orange and Rockland has provided energy efficiency measures to nearly 400 low-income customers under this program. Orange and Rockland has also installed weatherization measures for 25 low-income housing units in Middletown, New York operated by the Regional Economic Community Action Program ("RECAP"). Additionally, Orange and Rockland provides marketing and outreach and education assistance to the New York State Energy Research and Development Authority for its

EmPower New York Program, which provides energy efficiency and weatherization measures to low-income customers in New York.

Q. What types of measures are provided to customers in the LEEP and RECAP programs?

A. In both of these programs, the first step is to have an energy audit professional evaluate the energy efficiency needs of each home. After completion of the audit, improvements are implemented according to the identified needs. Participants qualify for assistance under the Home Energy Assistance Program ("HEAP") in New York. This program is equivalent to the LIHEAP program in Pennsylvania. Measures available for direct installation include free compact fluorescent light bulbs, weather stripping, insulation for pipe, furnace or water tank wrapping, limited insulation improvements and low flow water devices. In selected cases, the RECAP program provided new heating units and refrigerators.

Q. What forms of assistance does the Company propose to offer to qualified LIHEAP customers in its service territory under its proposed low-income energy efficiency program?

A. The Company proposes to offer a low-income Direct Install Weatherization Program ("DIW") for a three-year period to qualifying electric customers. This program will provide qualified LIHEAP recipients with several types of energy efficiency and conservation measures that include compact fluorescent light bulbs; weather stripping; low-flow water control devices; insulated wrapping for water pipes, water heaters and furnaces; window and door replacement; appliance replacement, including refrigerators and air conditioning units; and other industry standard measures needed to practice effective energy efficiency in homes. An appointment will be made in advance for each participant to be provided with an energy audit by the Company's contractor to evaluate home needs. After the contractor has reviewed the findings with the customer, they will schedule a return visit to install the most appropriate and cost effective energy efficiency measures.

Q. What level of funding and cost recovery mechanism does the Company propose for the DIW Program?

A. The Company was recently ordered by the PAPUC in its Order entered June 11, 2008 in Docket No. M-00061973 to add $35,000 to its Neighbor Fund program as a result of the settlement of a billing dispute. At present, the Neighbor Fund, which has a current balance of approximately $25,000, is seriously undersubscribed. Despite the Company's various efforts to promote the Neighbor Fund over the past three years, by such means as mailings, bill inserts, outbound telephone calls, and advertisements on local cable television stations and radio, participation remains low and the fund balance has not decreased. In the Company's opinion, its customers will receive a greater benefit if this $35,000 is not allocated to the Neighbor Fund. Rather, the Company proposes to re-direct these funds to its proposed DIW Program, as a more effective means of immediately addressing the needs of its low-income customers. This $35,000 would serve as initial funding to establish the DIW Program in Year One (i.e., twelve months ending March 31, 2010). The

Company also proposes spending an additional $70,000, collected from customers through the System Benefits Charge ("SBC"), for a total of $105,000 over the three-year period from April 1, 2009 through March 31, 2012. For Year One, the Company proposes a total funding level of approximately $58,300 consisting of the $35,000 re-directed from the Neighbor Fund and $23,300 from the SBC. Years Two (i.e., twelve months ending March 31, 2011) and Three (i.e., twelve months ending March 31, 2012) would be funded at $23,300 annually from the SBC. PCL&P proposes to front-load the DIW Program funding so as to aggressively launch the program and expedite completion of the direct install measures. The Company also seeks the flexibility to move funds between years as necessary. The Company estimates that of the total funding level of $105,000, approximately $15,000 would be required for marketing and internal program administration, leaving approximately $90,000 for the direct installation of energy efficiency and conservation measures. At approximately $1000 per home, including contractor costs, approximately 90 LIHEAP qualified customers would receive service from the DIW Program. If customer participation is lower or higher than anticipated, PCL&P proposes that it have the flexibility to increase or decrease the per household measures over the course of the three-year program, provided, however, that total measure costs per household would be capped at $2,000.

Q. How does the Company propose to implement the DIW Program?

A. Consistent with the administration and implementation of Orange and Rockland's LEEP and RECAP programs, PCL&P would utilize contractors to conduct energy audits and install cost effective energy savings measures. The Company would issue an RFP to solicit professional energy efficiency contractors to perform the work required in the program. A full program description is attached as Exhibit ___ (E-11).

Q. How does the Company propose to recover the costs associated with its DIW Program?

A. As noted above, the Company proposes to re-direct the $35,000 required by the PAPUC's Order entered June 11, 2008 in Docket No. M-00061973 to its proposed DIW Program. The remaining $70,000 would be recovered through additional SBC charges. The Company proposes that the DIW Program would have an initial term of three-years. In the third year, depending on the Company's experience, the Company would make a filing with the PAPUC to continue, modify, or terminate the DIW Program.

Q. What is the Company's estimated rate impact on all PCL&P's electric customers of increasing the SBC by $70,000 to offer the proposed DIW program?

A. The rate impacts of the Company's DIW Program proposal are addressed in the testimony of Company's Electric Rate Panel.

Q. Will the Company undertake an evaluation of the DIW Program?

A. Participant satisfaction will be measured by means of a customer survey form that will be provided to customers upon completion of all direct install measures in their homes. The results of the survey will be reported to the PAPUC annually.

Q. Does this conclude your testimony?

A. Yes.

Pike County Light And Power Company
Index of Schedules
Balance Sheet and Supporting Schedules, Income Statement,
and Joint Operating Agreement Charges for the Test Year

Exhibit E-1

| Schedule | Title of Schedule | Witness |
|---|---|---|
| (1) | Balance Sheet | Accounting Panel |
| (2) | Detail of Electric and Gas Plant in Service and associated Depreciation Reserves | Accounting Panel |
| (3) | Income Statement for the Test Year, the Twelve Month Period Ending March 31, 2008 | Accounting Panel |
| (4) | Income Statement-Electric for the Twelve Month Period Ended March 31, 2007 and March 31, 2008 | Accounting Panel |
| (5) | Joint Operating Agreement Charges for the Test Year, the Twelve Month Period Ending March 31, 2008 | Accounting Panel |
| (6) | Intercompany Accounts Payable to Orange and Rockland Utilities Inc. | Accounting Panel |

Pike County Light And Power Company
Balance Sheet
As of March 31, 2008 And 2007



| ASSETS AND OTHER DEBITS | March 31, 2008 | March 31, 2007 |
|---|---|---|
| **Utility Plant** | | |
| Electric Plant in Service | $ 12,465,625 | $ 11,952,027 |
| Gas Plant in Service | 1,725,933 | 1,565,084 |
| Construction Work in Progress | 394,942 | 42,626 |
| Total Utility Plant | 14,586,500 | 13,559,737 |
| **Accumulated Provision for Depreciation** | | |
| Electric | 3,030,208 | 2,769,423 |
| Gas | 360,520 | 345,726 |
| Total Accumulated Provision for Depreciation | 3,390,728 | 3,115,149 |
| Net Utility Plant | 11,195,772 | 10,444,588 |
| **Current and Accrued Assets** | | |
| Cash | 148,135 | 1,918,883 |
| Working Funds | 377 | 44 |
| Temporary Cash Investments | 682,269 | 117,578 |
| Customer Accounts Receivable | 148,446 | 209,906 |
| Other Accounts Receivable | 724,432 | 611,434 |
| Accumulated Provision for Uncollectible Accounts | (124,100) | (107,322) |
| Accounts Receivable from Associated Companies | 2,555,305 | 1,060,337 |
| Materials and Supplies | 118,677 | 98,621 |
| Prepayments | 412,639 | 663,538 |
| Accrued Utility Revenue | 139,438 | 208,437 |
| Derivative Instrument Asset Hedges | - | 76,570 |
| Total Current and Accrued Assets | 4,805,617 | 4,858,026 |
| **Deferred Debits** | | |
| Deferred Fuel Costs | 225,282 | 20,982 |
| Unamortized Debt Expense | 139,754 | 154,232 |
| Regulatory Assets | 1,188,855 | 1,223,853 |
| Miscellaneous Deferred Debits | 6,241 | 53,538 |
| Accumulated Deferred Federal Income Tax | 519,248 | 487,212 |
| Total Deferred Debits | 2,079,380 | 1,939,817 |
| Total Assets and Other Debits | $ 18,080,769 | $ 17,242,431 |

Pike County Light And Power Company
Balance Sheet
Liabilities and Stockholder's Equity
As of: March 2008 And 2007



Liabilities and Other Credits

| | March 31, 2008 | March 31, 2007 |
|---|---|---|
| **Proprietary Capital** | | |
| Common Stock Issued | $ 137,000 | $ 137,000 |
| Miscellaneous Paid-In Capital | 500,000 | 500,000 |
| Retained Earnings | 3,828,428 | 3,493,285 |
| Other Comprehensive Income | - | 11,255 |
| Total Proprietary Capital | 4,465,428 | 4,141,540 |
| **Long-Term Debt** | | |
| Bonds-LT | 3,200,000 | 3,200,000 |
| Total Capitalization | 7,665,428 | 7,341,540 |
| **Noncurrent Liabilities** | | |
| Provision for Rate Refunds | 28,000 | 28,000 |
| Pension and Benefits Reserve | 390,196 | 417,378 |
| Total Noncurrent Liabilities | 418,196 | 445,378 |
| **Current and Accrued Liabilities** | | |
| Accounts Payable | 2,230,782 | 5,875,563 |
| Accounts Payable to Associated Companies | 3,947,068 | 89,761 |
| Customer Deposits | 158,702 | 133,951 |
| Taxes Accrued | (49,740) | 203,960 |
| Interest Accrued | 158,097 | 152,624 |
| Other Current Liabilities | 20,848 | 77,502 |
| Total Current and Accrued Liabilities | 6,465,756 | 6,533,360 |
| **Deferred Credits** | | |
| Customer Advances for Construction | 61,404 | 66,220 |
| Other Deferred Credits | 604,239 | 236,880 |
| Regulatory Liabilities | 197,593 | 178,290 |
| Future Deferred Income Taxes | 58,410 | 58,658 |
| Accumulated Deferred Investment Tax Credits | 25,601 | 31,687 |
| Accumulated Deferred Income Taxes | 2,584,142 | 2,350,418 |
| Total Deferred Credits | 3,531,388 | 2,922,153 |
| Total Liabilities and Equity | $ 18,080,769 | $ 17,242,431 |

Pike County Light And Power Company
Net Book Value of Electric and Gas Plant in Service
March 31, 2008

Exhibit E-1
Schedule 2

| Intangible Plant | Electric Plant in Service | Accumulated Provision for Depreciation & Amortization | Net Book Value |
|---|---|---|---|
| Franchise and Consents | $ 2,675 | $ - | $ 2,675 |
| Total Intangible Plant | 2,675 | - | 2,675 |
| **Distribution Plant** | | | |
| Land and Land Rights | 46,091 | 19,826 | 26,266 |
| Structures and Improvements | 150,918 | 9,268 | 141,650 |
| Station Equipment | 1,517,825 | 124,986 | 1,392,839 |
| Poles, Towers, and Fixtures | 2,827,647 | 957,272 | 1,870,375 |
| Overhead Conductors and Devices | 3,074,508 | 511,049 | 2,563,459 |
| Underground Conduit | 346,078 | 55,591 | 290,487 |
| Underground Conductors and Devices | 877,125 | 144,311 | 732,814 |
| Line Transformers | 2,025,659 | 744,682 | 1,280,977 |
| Services | 949,000 | 330,618 | 618,382 |
| Meters | 458,969 | 56,813 | 402,156 |
| Elec Demand Rec & Meters - Purchases | 56,170 | 19,154 | 37,016 |
| Street Lighting & Signal Systems | 132,959 | 81,648 | 51,312 |
| Total Distribution Plant | 12,462,950 | 3,055,218 | 9,407,732 |
| Retirement Work in Progress | - | | - |
| Total | $ 12,465,625 | $ 3,055,218 | $ 9,410,407 |

| Distribution Plant | Gas Plant in Service | Accumulated Provision for Depreciation & Amortization | Net Book Value |
|---|---|---|---|
| Land and Land Rights | $ 1,551 | $ 631 | $ 920 |
| Mains | 884,061 | 176,271 | 707,790 |
| Meas. And Reg. Equip. - General | 77,776 | 42,579 | 35,197 |
| Services | 511,868 | 97,562 | 414,306 |
| Meter Installations | 217,018 | 40,099 | 176,919 |
| House Regulator Installations | 16,514 | 1,926 | 14,588 |
| Industrial Measuring and Regulating Equipment | 17,146 | 1,452 | 15,694 |
| Total Gas Plant | $ 1,725,933 | $ 360,520 | 1,365,413 |
| Retirement Work in Progress | - | - | - |
| Total | $ 1,725,933 | $ 360,520 | $ 1,365,413 |

Pike County Light And Power Company
Statement of Income for Twelve Months Ending March 31, 2008

| | Company Total | Electric Department | Gas Department |
|---|---|---|---|
| Operating Revenues: | | | |
| Residential Sales | $ 3,240,310 | $ 1,840,378 | $ 1,399,933 |
| Small C&I Sales | 3,600,136 | 3,286,424 | 313,712 |
| Large Commerical Sales | 268,214 | 268,214 | - |
| Public Lighting Sales | 43,769 | 43,769 | - |
| Total Sales and Delivery of Electricity | 7,152,430 | 5,438,785 | 1,713,644 |
| Other Operating Revenues | | | |
| Miscellaneous Service Revenues | (15,607) | (21,214) | 5,607 |
| Rent from Electric Property | 35,557 | 35,557 | - |
| Other Electric Revenues | (11,520) | (11,520) | - |
| Total Other Operating Revenues | 8,431 | 2,823 | 5,607 |
| Total Operating Revenues | 7,160,860 | 5,441,609 | 1,719,252 |
| Operating Expenses: | | | |
| Other Power Supply Expenses | 1,869,724 | 1,869,724 | - |
| Other Gas Supply Expenses | 1,397,678 | - | 1,397,678 |
| Transmission Expenses | 4,607 | 4,607 | - |
| Distribution Expenses | 696,801 | 450,498 | 246,303 |
| Customer Accounts Expenses | 378,960 | 337,730 | 41,230 |
| Customer Service Expenses | 30,564 | 28,217 | 2,347 |
| Sales Expenses | 6 | 6 | - |
| Administrative And General Expenses | 1,193,813 | 1,090,497 | 103,316 |
| Depreciation Expense | 364,149 | 334,520 | 29,629 |
| Taxes other than Income | 386,601 | 379,888 | 6,713 |
| State Income Taxes | 6,509 | 12,060 | (5,551) |
| Federal Income Taxes | 155,574 | 207,388 | (51,814) |
| Total Operating Expenses | 6,484,985 | 4,715,136 | 1,769,849 |
| Income from Utility Operations | 675,875 | 726,473 | (50,598) |
| Other Income | | | |
| Non-Operating Rental Income | - | - | - |
| Interest and Dividend Income | 3,628 | 3,115 | 513 |
| Miscellaneous Non-Operating Income | - | - | - |
| Total Other Income | 3,628 | 3,115 | 513 |
| Taxes - Other Income Deductions: | | | |
| Federal Income Taxes | (3,385) | (3,092) | (293) |
| Other Income Deductions | 7,492 | 6,635 | 857 |
| Total Taxes - Other Income Deductions | 4,107 | 3,543 | 564 |
| Interest Charges: | | | |
| Interest on Long Term Debt | 226,240 | 199,355 | 26,885 |
| Amortization of Debt Discount & Expense | 14,478 | 12,758 | 1,720 |
| Other Interest Expense | 103,364 | 92,146 | 11,217 |
| Allowance for Borrowed Funds Used During Construction | (3,830) | (3,830) | - |
| Total Interest Charges | 340,252 | 300,429 | 39,823 |
| Net Income | $ 335,145 | $ 425,616 | $ (90,472) |

Pike County Light And Power Company
Statement of Income - Electric
Twelve Months Ended March 31, 2008 and 2007

Exhibit E-1
Schedule 4

| | March 31, 2008 | March 31, 2007 |
|---|---|---|
| Operating Revenues: | | |
| Residential Sales | $ 1,840,378 | $ 2,099,766 |
| Small C&I Sales | 3,286,424 | 3,860,560 |
| Large Commercial Sales | 268,214 | 154,617 |
| Public Lighting Sales | 43,769 | 48,576 |
| Total Sales and Delivery of Electricity | 5,438,785 | 6,163,519 |
| Other Operating Revenues: | | |
| Revenues Subject to Rate Refund | - | - |
| Miscellaneous Service Revenues | (21,214) | (6,367) |
| Rent from Electric Property | 35,557 | 28,921 |
| Other Electric Revenues | (11,520) | (1,257) |
| Total Other Electric Revenues | 2,823 | 21,298 |
| Total Electric Operating Revenues | 5,441,609 | 6,184,817 |
| Operating Expenses: | | |
| Other Power Supply Expenses | 1,869,724 | 2,313,684 |
| Transmission Expenses | 4,607 | 5,990 |
| Distribution Expenses | 450,498 | 398,806 |
| Customer Accounts Expenses | 337,730 | 417,116 |
| Customer Service Expenses | 28,217 | 26,176 |
| Sales Expenses | 6 | 27 |
| Admin. And General Expenses | 1,090,497 | 1,307,679 |
| Depreciation Expense | 334,520 | 323,450 |
| Taxes other than Income | 379,888 | 389,599 |
| State Income Taxes | 12,060 | 27,418 |
| Federal Income Taxes | 207,388 | 221,016 |
| Total Operating Expense | 4,715,136 | 5,430,961 |
| Total Income from Electric Utility Operations | 726,473 | 753,856 |
| Other Income | | |
| Non-Operating Rental Income | - | - |
| Interest and Dividend Income | 3,115 | 35,053 |
| Miscellaneous Non-Operating Income | - | - |
| Total Other Income | 3,115 | 35,053 |
| Taxes - Other Deductions: | | |
| Federal Income Taxes | (3,092) | 8,316 |
| Other Income Deductions | 6,635 | 4,737 |
| Total Taxes - Other Income Deductions | 3,543 | 13,053 |
| Interest Charges: | | |
| Interest on Long Term Debt | 199,355 | 199,870 |
| Amortization of Debt Discount & Expense | 12,758 | 12,792 |
| Other Interest Expense | 92,146 | 101,528 |
| Allowance for Borrowed Funds Used During Construction | (3,830) | (1,985) |
| Total Interest Charges | 300,429 | 312,205 |
| Net Income - Electric Operations | $ 425,616 | $ 463,650 |

**PIKE COUNTY LIGHT & POWER COMPANY**
**Statement of Charges Made by Orange and Rockland Utilities, Inc. to**
**Pike County Light & Power Company Electric Operations Under the Terms of the**
**Joint Operating Agreement**
**Twelve Months Ended March 31, 2008**

| | Direct Charges | Allocated Charges | Total Charges |
|---|---|---|---|
| ARTICLE 2. | | | |
| Charges for Operations | | | |
| Operation and Maintenance Expenses | $583,233 | $679,628 | $1,262,861 |
| Other Charges for Operations | (915,555) | (13,652) | (929,207) |
| Total | (332,322) | 665,976 | 333,654 |
| ARTICLE 3. | | | |
| Charges for Jointly Used Property | | | |
| Investment Costs | 55,083 | - | 55,083 |
| Federal Income Taxes | 8,406 | - | 8,406 |
| Depreciation Expenses | 76,509 | - | 76,509 |
| Property Taxes | 41,606 | - | 41,606 |
| Insurance | (639) | - | (639) |
| Total | 180,965 | - | 180,965 |
| Total Charges During Year | ($151,357) | $665,976 | $514,619 |

**PIKE COUNTY LIGHT & POWER COMPANY**
**Joint Operating Agreement**
**Billings Under Article 2 - Charges for Operations**
**Twelve Months Ended March 31, 2008**

| | Direct Charges | Allocated Charges | Total Charges |
|---|---|---|---|
| Operation and Maintenance Expenses | | | |
| Other Power Supply Expense | | | |
| 555 Purchased Power | ($898) | - | ($898) |
| Transmission Expenses - Operation | | | |
| 560 Operation Supervision and Engineering | 2,937 | - | 2,937 |
| 562 Station Expenses | 1,670 | - | 1,670 |
| Total Operation | 4,607 | - | 4,607 |
| Total Transmission Expenses | 4,607 | - | 4,607 |
| Distribution Expenses - Operation | | | |
| 580 Operation Supervision and Engineering | 77,803 | - | 77,803 |
| 581 Load Dispatching | 4,133 | - | 4,133 |
| 582 Station Expenses | 14,950 | - | 14,950 |
| 583 Overhead Line Expenses | 43,768 | - | 43,768 |
| 584 Underground Line Expenses | 3,487 | - | 3,487 |
| 586 Meter Expenses | 31,229 | - | 31,229 |
| 587 Customer Installations Expenses | 638 | - | 638 |
| 588 Miscellaneous Distribution Expenses | 42,292 | - | 42,292 |
| 589 Rents | 320 | - | 320 |
| Total Operation | 218,620 | - | 218,620 |
| Distribution Expenses - Maintenance | | | |
| 592 Maintenance of Station Equipment | 1,014 | - | 1,014 |
| 593 Maintenance of Overhead Lines | 155,226 | - | 155,226 |
| 594 Maintenance of Underground Lines | 14,883 | - | 14,883 |
| 596 Maintenance of Street Lighting & Sig. Sys. | 3,406 | - | 3,406 |
| 597 Maintenance of Meters | 7,061 | - | 7,061 |
| Total Maintenance | 181,590 | - | 181,590 |
| Total Distribution Expenses | $400,210 | - | $400,210 |

**PIKE COUNTY LIGHT & POWER COMPANY**
**Joint Operating Agreement**
**Billings Under Article 2 - Charges for Operations**
**Twelve Months Ended March 31, 2008**

| | Direct Charges | Allocated Charges | Total Charges |
|---|---|---|---|
| Customer Accounts Expenses - Operation | | | |
| 901 Supervision | | $10 | $10 |
| 902 Meter Reading Expenses | | 34,603 | 34,603 |
| 903 Customer Records & Collection Expenses | 47,054 | 110,696 | 157,750 |
| Total Customer Accounts Expenses | 47,054 | 145,309 | 192,363 |
| Customer Service & Information Expenses - Operation | | | |
| 909 Supervision | 4,434 | 5,813 | 10,247 |
| 910 Customer Assistance Expense | | 9,529 | 9,529 |
| 911 Informational Advertising Expenses | 238 | 27 | 265 |
| 912 Miscellaneous Customer Service Expenses | | 6 | 6 |
| 913 Rents | | 7 | 7 |
| Total Customer Service & Inform. Expenses | 4,672 | 15,382 | 20,054 |
| Sales Expense | | | |
| 917 Promotional Advertising Expense | | 6 | 6 |
| Total Customer Service & Inform. Expenses | - | 6 | 6 |
| Administrative and General Expenses - Operation | | | |
| 920 Administrative and General Salaries | 8,592 | 52,196 | 60,788 |
| 921 Office Supplies and Expenses | 1,851 | 35,723 | 37,574 |
| 922 Administrative Expenses Transferred - Cr. | 1,386 | 107,028 | 108,414 |
| 923 Outside Services Employed | 10,060 | 7,071 | 17,131 |
| 924 Property Insurance | | 2,876 | 2,876 |
| 925 Injuries and Damages | 12,723 | 6,428 | 19,151 |
| 926 Employee Pensions and Benefits | 93,087 | 294,925 | 388,012 |
| 930.1 General Advertising Expenses | 891 | 38 | 929 |
| 930.2 Miscellaneous General Expenses | (1,109) | 4,074 | 2,965 |
| 930.4 Corporate and Fiscal Expenses | | 1,748 | 1,748 |
| 931.1 Rents | | 576 | 576 |
| 931.2 Expense of Data Processing Equipment | 107 | 4,398 | 4,505 |
| Total Operation | 127,588 | 517,081 | 644,669 |
| Administrative and General Expenses - Maintenance | | | |
| 932 Maintenance of General Plant | | 1,850 | 1,850 |
| Total Maintenance | - | 1,850 | 1,850 |
| Total Administrative and General Exp. | 127,588 | 518,931 | 646,519 |
| Total Operations and Maintenance | $583,233 | $679,628 | $1,262,861 |

**PIKE COUNTY LIGHT & POWER COMPANY**
**Joint Operating Agreement**
**Billings Under Article 2 - Charges for Operations**
**Twelve Months Ended March 31, 2008**

| | Direct Charges | Allocated Charges | Total Charges |
|---|---|---|---|
| Other Charges for Operations | | | |
| Income Statement Accounts | | | |
| 408 Taxes Other than Income | $51,928 | ($19,255) | $32,673 |
| 421 Miscellaneous Non-Operating Income/Exp | - | 3,777 | 3,777 |
| 426 Miscellaneous Income Deductions | 4,623 | 1,826 | 6,449 |
| 430 Interest on Debt to Associated Companies | 81,204 | - | 81,204 |
| 451 Miscellaneous Service Revenues | 21,223 | - | 21,223 |
| Balance Sheet Accounts | | | |
| 101 Electric Plant In Service | 8,080 | - | 8,080 |
| 108 Accumulated Provision for Depreciation | (16,004) | - | (16,004) |
| 131 Cash & TCI's | (760,903) | - | (760,903) |
| 142 Customer Accounts Receivable | (278,351) | - | (278,351) |
| 150 Materials and Supplies | 8,549 | - | 8,549 |
| 165 Prepayments | 11,000 | - | 11,000 |
| 182 Extraordinary Property Losses | (72,853) | - | (72,853) |
| 190 Accumulated Deferred Income Tax | (12,000) | - | (12,000) |
| 228 Accumulated Provision for Pension, Benefits | 27,185 | - | 27,185 |
| 232 Accounts Payable | (2,198) | - | (2,198) |
| 253 Other Deferred Credits | 962 | - | 962 |
| 283 Accumulated Deferred Income Tax | 12,000 | - | 12,000 |
| Total Other Charges for Operations | (915,555) | (13,652) | (929,207) |
| Total Charges for Operations | ($332,322) | $665,976 | $333,654 |

**Exhibit E-1**
**Schedule 6**

**PIKE COUNTY LIGHT & POWER COMPANY**
**Intercompany Account - Payable to Orange & Rockland Utilities, Inc.**
**Account 234**
**March 31, 2008**

| | | |
|---|---|---|
| Payable to Orange and Rockland Utilities, Inc. at March 31, 2007 | | 4,377 |
| Power Supply Agreement FERC Rate Schedule No.61 | | |
| Cost of Electricity Purchased. | | |
| Summary of Charges - Article 3 (A): | | |
| Expense: | | |
| Sec. 3.11 - Power Production Expense | 1,490,189 | |
| Sec. 3.12 - Transmission Expense | 88,875 | |
| Sec. 3.13 - Distribution Expense | 243 | |
| Sec. 3.14 - Workmen's Compensation, Public Liability Insurance & FICA | 5,679 | |
| Total | 1,584,986 | |
| Fixed Costs: | | |
| Sec. 3.21 - Return on Investment | 103,569 | |
| Sec. 3.22 - Federal Income Tax | 31,073 | |
| Sec. 3.23 - Property Insurance | 831 | |
| Sec. 3.24 - Depreciation | 39,708 | |
| Sec. 3.25 - Amortization Expense | 336 | |
| Sec. 3.26 - Property Taxes | 38,780 | |
| Total | 214,297 | |
| Sec. 3.3 - Credit for Sales to Other Utilities | (38,891) | |
| Total Charges Under Power Supply Agreement | | 1,760,392 |
| Purchased Gas Costs | | 1,281,380 |
| Joint Operating Agreement (BPU Docket No. 769-937 dated February 5, 1976) Cost of Shared Operations and Jointly Used Property Per Detail on Schedule 5 | | 562,925 |
| Direct Energy Power Supplier | | 3,890,413 |
| Payments Made During Year | | (3,604,342) |
| Payable to Orange and Rockland Utilities, Inc. at March 31, 2008 | | 3,895,145 |

(A) Net of Reimbursements to Pike County Light And Power Company in Accordance with Article 8 of Power Supply Agreement

Pike County Light And Power Company
Index of Schedules
Rate of Return

Exhibit E-2

| Schedule | Title of Schedule | Witness |
|---|---|---|
| (1) | Consolidated Capitalization of Orange and Rockland Utilities | Accounting Panel |
| (2) | Long Term Debt Schedule of Orange and Rockland Utilities | Accounting Panel |
| (3) | Consolidated Cost of Money for Pike County Light and Power Company | Accounting Panel |

Pike County Light And Power Company
Consolidated Capitalization of Orange and Rockland Utilities, Inc.

| | March 31, 2008 (Actual) | | March 31, 2009 (Forecast) | |
|---|---|---|---|---|
| | Amount (000s) | Percent | Amount (000s) | Percent |
| Long Term Debt: | | | | |
| Orange and Rockland | $ 347,659 | | $ 438,277 | |
| Rockland Electric | 0 | | 0 | |
| Pike County | 3,200 | | 3,200 | |
| Total Long Term Debt | 350,859 | 44.72% | 441,477 | 48.03% |
| Common Stock Equity: | | | | |
| Common Stock | 5 | | 5 | |
| Premium on Capital Stock | 234,657 | | 264,057 | |
| Capital Stock Expense | (150) | | (150) | |
| Retained Earnings | 199,223 | | 213,826 | |
| Total Common Stock Equity | 433,735 | 55.28% | 477,738 | 51.97% |
| Total Capitalization | $ 784,594 | 100.00% | $ 919,215 | 100.00% |

Exhibit E-2

Schedule 2

**PIKE COUNTY LIGHT AND POWER COMPANY**

ORANGE AND ROCKLAND UTILITIES, INC. AND SUBSIDIARIES
LONG TERM DEBT
Forecast at March 31, 2009

| Orange and Rockland Utilities, Inc. | Issue Date | Maturity Date | Amount Outstanding | Original Issue Amount | Premium or Discount | Expense of Issuance | Net Proceeds | Actual Cost of Money | Effective Annual Cost |
|---|---|---|---|---|---|---|---|---|---|
| Debentures: | | | | | | | | | |
| Series F, 6.50% | 12/18/97 | 12/1/27 | 80,000,000 | 80,000,000 | 0 | 901,750 | 79,098,250 | 6.59% | 5,272,000 |
| Series G, 7.00% | 3/9/99 | 3/1/29 | 45,000,000 | 45,000,000 | (693,900) | 1,338,234 | 42,967,866 | 7.38% | 3,321,000 |
| Series A, 2000, 7.50% | 6/12/00 | 6/15/10 | 55,000,000 | 55,000,000 | (925,700) | 204,220 | 53,870,080 | 7.80% | 4,290,000 |
| Series A, 2005, 5.30% | 4/1/05 | 4/1/15 | 40,000,000 | 40,000,000 | (80,000) | 495,000 | 39,425,000 | 5.49% | 2,196,000 |
| Series A, 2006, 5.45% | 10/4/06 | 10/1/16 | 75,000,000 | 75,000,000 | (136,500) | 562,500 | 74,301,000 | 5.57% | 4,177,500 |
| Series A, 2008, 6.10% | 8/1/08 | 8/1/18 | 50,000,000 | 50,000,000 | 0 | 625,000 | 49,375,000 | 6.27% | 3,135,000 |
| Series B, 2008, 6.74% | 9/1/08 | 9/1/38 | 50,000,000 | 50,000,000 | 0 | 737,500 | 49,262,500 | 6.86% | 3,430,000 |
| | | | 395,000,000 | | | | | 6.54% | 25,821,500 |
| Pollution Control Debt: | | | | | | | | | |
| 1995, Variable Rate | 8/1/95 | 8/1/15 | 44,000,000 | 44,000,000 | 0 | 3,571,683 | 40,428,317 | 3.71% * | 1,632,400 |
| | | | 44,000,000 | | | | | 3.71% | 1,632,400 |
| Sub Total ORU Debt | | | 439,000,000 | | | | | 6.25% | 27,453,900 |
| Unamortized Debt Discount | | | (723,260) | | | | | | |
| **Total ORU** | | | 438,276,740 | | | | | | |
| Pike County Light & Power Company | | | | | | | | | |
| First Mortgage Bonds: | | | | | | | | | |
| Series C, 7.07% | 11/10/98 | 10/1/18 | 3,200,000 | 3,200,000 | 0 | 284,129 | 2,915,871 | 7.97% | 255,040 |
| **Total Pike** | | | 3,200,000 | | | | | 7.97% | 255,040 |
| Consolidated Total | | | | | | | | | |
| Long Term Debt | | | 442,200,000 | | | | | 6.27% | 27,708,940 |
| Unamortized Debt Discount | | | (723,260) | | | | | | |
| **Total Consolidated** | | | 441,476,740 | | | | | | |

* Updated Annually

Exhibit E-2
Schedule 3

Pike County Light And Power Company
Consolidated Cost of Money

Forecast at March 31, 2009

| | Percent of Capital | Cost of Component | Weighted Cost |
|---|---|---|---|
| Long Term Debt | 48.03% | 6.27% | 3.01% |
| Common Stock Equity | 51.97% | 10.00% | 5.20% |
| Total Capitalization | 100.00% | | 8.21% |

Pike County Light And Power Company
Index of Schedules
Electric Rate Base

Exhibit E-3

| Schedule | Title of Schedule | Witness |
|---|---|---|
| Summary | Electric Rate Base | Accounting Panel |
| (1) | Electric Plant - Additions & Retirements | Accounting Panel |
| (2) | Electric Depreciation Reserve - Existing & Proposed Depreciation Rates | Accounting Panel |
| (3) | Electric Working Capital Requirements | Accounting Panel |
| (4) | Changes to Rate Base for Deferred Debits | Accounting Panel |
| (5) | Changes to Rate Base for Deferred Credits | Accounting Panel |
| (6) | Changes to Rate Base for deferred gain from sale of Milford Office | Accounting Panel |
| (7) | Accumulated Deferred Income Taxes | Accounting Panel |
| (8) | Electric Capital Expenditures | Angelo M. Regan |

Pike County Light And Power Company
Electric Rate Base
At March 31, 2008 And 2009

| Description | Actual Per Books at 3/31/08 | Difference Between Historical and Future Years: Reference | Difference Between Historical and Future Years: Amount | Future Year at 3/31/09 | Schedule No. |
|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d)=(a)+(c) | |
| Utility Plant: | | | | | |
| Electric Plant in Service | $ 12,465,600 | (1a) | $ 2,058,500 | $ 14,524,100 | 1 |
| Common Plant in Service (Allocated) | - | (1b) | 39,900 | 39,900 | 1 |
| CWIP not taking interest | 63,600 | | - | 63,600 | |
| Total Utility Plant | 12,529,200 | | 2,098,400 | 14,627,600 | |
| Utility Plant Reserves: | | | | | |
| Accumulated Provision For Depreciation | | | | | |
| of Electric Plant in Service - Existing Rates | 3,030,200 | (2a) | 421,500 | 3,451,700 | 2 |
| - Proposed Rates | - | (2b) | (13,200) | (13,200) | 2 |
| Accumulated Provision For Depreciation | | | | | |
| of Common Plant in Service (Allocated) | - | (2c) | 8,000 | 8,000 | 2 |
| Total Utility Plant Reserves | 3,030,200 | | 416,300 | 3,446,500 | |
| Net Plant | 9,499,000 | | 1,682,100 | 11,181,100 | |
| Additions to Net Plant | | | | | |
| Working Capital Requirements: | | | | | |
| Cash Working Capital | 201,600 | (3) | 146,000 | 347,600 | 3 |
| Materials and Supplies | 92,600 | | - | 92,600 | |
| Prepayments | 394,100 | | - | 394,100 | |
| Deferred Debits (Net of Tax) | (20,500) | (4) | 234,000 | 213,500 | 4 |
| Total Additions | 667,800 | | 380,000 | 1,047,800 | |
| Deductions to Net Plant: | | | | | |
| Deferred Credits (Net of Tax) | (33,300) | (5) | - | (33,300) | 5 |
| Deferred Gain - Sale of Milford Office | - | (6) | (51,100) | (51,100) | 6 |
| Accumulated Deferred Income Taxes | (1,266,100) | (7) | (180,300) | (1,446,400) | 7 |
| Total Deductions | (1,299,400) | | (231,400) | (1,530,800) | |
| Electric Rate Base | $ 8,867,400 | | $ 1,830,700 | $ 10,698,100 | |

Pike County Light And Power Company
Changes in Electric Rate Base
For the 12 Months Ended March 31, 2009

| Adjustment Number | Description | Amount |
|---|---|---|
| (1a) | Changes in Plant in Service - Additions & Retirements | $ 2,058,500 |
| (1b) | Changes to Common Plant | 39,900 |
| (2a) | Changes to Depreciation Reserve - Existing Depreciation Rates | 421,500 |
| (2b) | Changes to Depreciation Reserve - Proposed Depreciation Rates | (13,200) |
| (2c) | Changes to Common Plant - Depreciation | 8,000 |
| (3) | Changes in Working Capital Requirements (O&M) | 146,000 |
| (4) | Changes to Rate Base for Deferred Debits | 234,000 |
| (5) | Changes to Rate Base for Deferred Credits | - |
| (6) | Changes to Rate Base for Unamortized Gain from sale of Milford Office | (51,100) |
| (7) | Changes in Deferred Income Taxes | (180,300) |

Pike County Light And Power Company
Statement in Support of Change No. (1a)
To Electric Plant in Service
For the Twelve Months Ended March 31, 2009

| Electric Plant in Service | | Amount |
|---|---|---|
| Balance at March 31, 2008 | | $ 12,465,600 |
| Additions - April 1, 2008 thru March 31, 2009 | $ 2,029,100 | |
| Additions - April 1, 2009 thru September 30, 2009 | 177,000 | |
| Total Additions | | 2,206,100 |
| Retirements - April 1, 2008 thru March 31, 2009 | 98,400 | |
| Retirements - April 1, 2009 thru September 30, 2009 | 49,200 | |
| Total Retirements | | 147,600 |
| **Net Additions (Change No. 1a)** | | 2,058,500 |
| Ending Balance at September 30, 2009 | | $ 14,524,100 |

Pike County Light And Power Company
Statement in Support of Change No. (1b)
To Common Plant in Service
For the Twelve Months Ended March 31, 2009

| Common Plant in Service (Allocated) | Amount |
|---|---|
| Balance at March 31, 2008 | $ - |
| | |
| Additions - April 1, 2008 thru March 31, 2009 | |
| Structures & Improvements | - |
| Milford Office Furniture & Equipment | 39,900 |
| Total Additions | 39,900 |
| | |
| Retirements - April 1, 2008 thru March 31, 2009 | |
| | - |
| Total Retirements | - |
| | |
| **Net Additions (Change No. 1b)** | 39,900 |
| | |
| Ending Balance at March 31,2009 | $ 39,900 |

Pike County Light And Power Company
Statement in Support of Change No. (2a and 2b)
To Electric Depreciation Reserve
For the Twelve Months Ended March 31, 2009

| Accumulated Provision for Depreciation of Electric Plant in Service At Existing Rates | | Amount | |
|---|---|---|---|
| Balance at March 31, 2008 | | $ 3,030,200 | |
| Additions - April 1, 2008 thru March 31, 2009 | $ 368,600 | | |
| Additions - April 1, 2009 thru September 30, 2009 | 200,500 | | |
| Total Additions | | 569,100 | |
| Retirements - April 1, 2008 thru March 31, 2009 | 98,400 | | |
| Retirements - April 1, 2009 thru September 30, 2009 | 49,200 | | |
| Total Retirements | | 147,600 | |
| **Net Additions (Change No. 2a)** | | **421,500** | |
| Ending Balance at September 30, 2009 | | $ 3,451,700 | |
| Accumulated Provision for Depreciation of Electric Plant in Service At Proposed Rates | | | |
| Electric Plant at September 30, 2009 | | 14,524,100 | |
| Less: Non-Depreciable Plant | | 26,205 | |
| Depreciable Plant at September 30, 2009 | | 14,497,895 | |
| x Proposed Composite Book Depreciation Rate | | 2.56% | |
| Calculated Accruals to Depreciation Expense | | | |
| For The Twelve Months Ended March 31, 2009 | | 371,400 | |
| Less: Accruals to Depreciation Expense | | 368,600 | |
| Adjustment to Reserve Balance | | | $ 2,800 |
| Theoretical Depreciation Reserve | | | |
| Based On Proposed Rates | | 2,564,133 | |
| Based On Existing Rates | | 2,980,451 | |
| Theoretical Excess Reserve | | (416,318) | |
| (Composite Book Life of 39 years - Average Age of 13 years) | | 26 | |
| Adjustment to Reserve to Reflect first year Amortization of difference between book and theoretical reserve | | | (16,000) |
| **Total Increase/(Decrease) to Reserve Balance (Change No. 2b)** | | | **$(13,200)** |

Pike County Light Power
Statement in Support of Change No. (2c)
To Common Depreciation Reserve
For the Twelve Months Ended March 31, 2009

| | Amount |
|---|---|
| Accumulated Provision for Depreciation of Common Plant in Service At Existing Rates | |
| Balance at March 31, 2008 | $ - |
| Additions - April 1, 2008 thru March 31, 2009 | - |
| Structures & Improvements | - |
| Office Furniture & Equipment | 8,000 |
| Total Additions | 8,000 |
| Retirements - April 1, 2008 thru March 31, 2009 | |
| Milford Office | - |
| Total Retirements | - |
| **Net Additions (Change No. 2c)** | 8,000 |
| Ending Balance at March 31,2009 | $ 8,000 |

| | Reference | Amount | (Lead) / Lag Days | T&D Dollar Days |
|---|---|---|---|---|
| Revenue Recovery | I | $ 4,435,900 | 43.6 | $ 193,513,926 |
| Sales tax | I | 261,500 | 43.6 | 11,407,807 |
| | | 4,697,400 | | 204,921,733 |
| Purchased Power Expenses: | | | | |
| O&R | II | 1,756,400 | 45.0 | 79,038,000 |
| Deferred Purchased Power Expense | | - | - | - |
| Salaries & Wages | III | 481,731 | 8.1 | 3,921,488 |
| Pensions | XII | 197,489 | 0.4 | 88,247 |
| OPEBs | IV | 77,444 | 94.1 | 7,285,001 |
| Employee Welfare Expenses | IV | 105,871 | 12.2 | 1,287,423 |
| Joint Operating Expense | II | 209,148 | 45.0 | 9,411,660 |
| Uncollectible Accounts Accrual | V | 93,746 | 43.6 | 4,089,623 |
| Material & Supplies issues | XI | - | - | - |
| Other O&M | VI | 762,840 | 12.6 | 9,649,420 |
| Amortizations: | XI | | | |
| Rate Case Costs | | 80,000 | - | - |
| PUC Assessment | | 12,932 | - | - |
| OPEBs | | 64,400 | - | - |
| Depreciation & Amortization | XI | 392,300 | - | - |
| Taxes Other Than Income Taxes | VII | 52,800 | 14.0 | 740,296 |
| Pennsylvania Sales & Use Tax | VII-A | - | 35.4 | - |
| Pennsylvania GRT | VIII | 261,500 | (109.0) | (28,503,500) |
| Gain on Disposition of Utility Plant | | (21,700) | - | - |
| Income Taxes: | | | | |
| Federal Income Tax | IX | (186,300) | 36.5 | (6,799,950) |
| Deferred Federal Income Tax | XI | 180,300 | - | - |
| Investment Tax Credit | XI | (3,000) | - | - |
| Corporate Business Tax (State) | X | (59,100) | 36.5 | (2,157,150) |
| Return on Invested Capital | XI | 238,600 | - | - |
| Total Requirement | | $ 4,697,400 | 16.6 | 78,050,558 |
| Net Lag | | | 27.0 | $ 126,871,175 |
| **Net Requirement (Net Lag / 365 )** | | | | **$ 347,592** |
| Historical Cash Working Capital | | | | 201,600 |
| Net Change | | | | $ 145,992 |
| Rounded | | | | $ 146,000 |

Pike County Light Power Company
Statement in Support of Change No. (3)
Electric Working Capital Materials and Supplies



| Month | Electric Plant Material and Stores Exp | Common Plant Material and Stores Exp | Total |
|---|---|---|---|
| | (1) | (2) | (3)=(1)+(2) |
| APR '07 | $ 73,309 | $ 14,391 | $ 87,700 |
| MAY '07 | 73,721 | 15,264 | 88,985 |
| JUN '07 | 71,798 | 14,727 | 86,526 |
| JULY '07 | 71,538 | 14,039 | 85,577 |
| AUG '07 | 72,730 | 14,914 | 87,644 |
| SEP '07 | 71,058 | 14,367 | 85,424 |
| OCT '07 | 71,408 | 15,203 | 86,611 |
| NOV '07 | 85,799 | 14,659 | 100,458 |
| DEC '07 | 81,732 | 14,584 | 96,315 |
| JAN '08 | 82,896 | 15,999 | 98,894 |
| FEB '08 | 84,230 | 16,107 | 100,337 |
| MAR '08 | 91,447 | 14,808 | 106,254 |
| Twelve Month Total | $ 931,665 | $ 179,061 | $ 1,110,726 |
| Twelve Month Average | $ 77,639 | $ 14,922 | $ 92,560 |
| Rounded | | | $ 92,600 |

Pike County Light And Power Company
Statement in Support of Change (3)
Electric Working Capital Prepayments



| Month | Capital Stock | Gross Earnings | Penn Corp. Net Income | PUC Assessment | Property Insurance | Total |
|---|---|---|---|---|---|---|
| APR '07 | $ 21,376 | $ 491,609 | $ 59,236 | $ 2,491 | $ 770 | $ 574,712 |
| MAY '07 | 19,609 | 468,265 | 43,628 | 1,246 | 616 | 532,748 |
| JUN '07 | 24,469 | 442,661 | 51,634 | - | 462 | 518,764 |
| JULY '07 | 22,702 | 416,502 | 36,747 | - | 308 | 475,951 |
| AUG '07 | 20,934 | 391,443 | 52,322 | - | 154 | 464,699 |
| SEP '07 | 21,023 | 369,719 | 72,643 | 12,146 | - | 475,531 |
| OCT '07 | 19,255 | 348,551 | 81,477 | 10,797 | - | 460,080 |
| NOV '07 | 17,488 | 325,856 | 78,182 | 9,447 | - | 430,973 |
| DEC '07 | 15,721 | 171,674 | 67,279 | 8,097 | - | 262,771 |
| JAN '08 | 14,340 | - | 65,973 | 6,722 | - | 87,035 |
| FEB '08 | 13,019 | (42) | 64,131 | 5,377 | - | 82,485 |
| MAR '08 | 15,308 | 273,263 | 70,620 | 4,033 | - | 363,224 |
| Twelve Month Total | $ 225,244 | $ 3,699,501 | $ 743,872 | $ 60,356 | $ 2,308 | $ 4,728,974 |
| Twelve Month Average | $ 18,770 | $ 308,292 | $ 61,989 | $ 5,030 | $ 192 | $ 394,081 |
| Rounded | | | | | | $ 394,100 |

Pike County Light And Power Company
Statement in Support of Change (4)
For the Twelve Months Ended March 31, 2009

Exhibit E-3
Schedule 4

| Deferred Debit Items | Before Tax | After Tax * | Rounded |
|---|---|---|---|
| OPEB Deferral Balance | $ 295,408 | | |
| Less: Accrued OPEB Reserve (87.41%) | (341,070) | | |
| | $ (45,662) | $ (26,715) | $ (26,700) |
| System Benefit Charge | $ 10,604 | $ 6,204 | $ 6,200 |
| Balance at March 31, 2008 | | | $ (20,500) |
| Estimated Rate Case Costs (Change No. 6) | $ 400,000 | $ 234,026 | $ 234,000 |
| Ending Balance at March 31, 2009 | | | $ 213,500 |

* Net of SIT & FIT (1/1-41.4935%)

Pike County Light And Power Company
Statement in Support of Change (5)
For the Twelve Months Ended March 31, 2009

| Deferred Credit Items | Before Tax | After Tax * | Rounded |
|---|---|---|---|
| Electric Tax Refund | $ (26,566) | $ (15,543) | $ (15,500) |
| Depreciation Benefits - PSA | $ (30,400) | $ (17,786) | $ (17,800) |
| Balance at March 31, 2008 | | | $ (33,300) |
| Net Changes (Change No. 5) | | | $ - |
| Ending Balance at March 31, 2009 | | | $ (33,300) |

* Net of SIT & FIT (1/1-41.4935%)

Pike County Light And Power Company
Statement in Support of Change No. (6)
For The Twelve Months Ended March 31, 2009

Exhibit E-3
Schedule 6

Gain From Sale of Property
219 1/2 Broad Street, Milford, Pennsylvania

| | Allocation: Utility Plant 50% | Allocation: Non-Utility Plant 50% | Total |
|---|---|---|---|
| **Contract Selling Price** | $ 180,500 | $ 180,500 | $ 361,000 |
| **Selling Expenses:** | | | |
| - Legal & Other | 1,934 | 1,934 | 3,868 |
| Net Proceeds from Sale | 178,566 | 178,566 | 357,132 |
| **Cost of Land & Structures:** | | | |
| - Land | 3,770 | 3,770 | 7,540 |
| - Building | 5,670 | 5,670 | 11,340 |
| Original Purchase Price | 9,440 | 9,440 | 18,880 |
| - Building Improvements | 30,613 | 27,897 | 58,510 |
| - Less Depreciation 6/30/04 | (23,040) | (20,803) | (43,843) |
| Book Value 6/30/04 | 17,013 | 16,534 | 33,547 |
| **Site Cleanup Costs:** | | | |
| - BSB Construction | 6,376 | 6,376 | 12,752 |
| - Clayton Environmental | 2,525 | 2,525 | 5,050 |
| - Miller Environmental | 4,157 | 4,157 | 8,314 |
| Site Remediation Costs | 13,058 | 13,058 | 26,116 |
| Other Retirement WIP Charges | 11,402 | 11,402 | 22,804 |
| Retirement WIP at 6/30/04 | 24,460 | 24,460 | 48,920 |
| Gain on Sale Before Tax | 137,093 | 137,572 | 274,665 |
| **Income Taxes:** | | | |
| PA Corporate Tax (9.99%) | 13,696 | 13,743 | 27,439 |
| Federal income Tax (35%) | 43,189 | 43,340 | 86,529 |
| Income Taxes | 56,885 | 57,083 | 113,968 |
| **Gain on Sale After Tax** | 80,208 | $ 80,489 | $ 160,697 |
| Less Amortization (1/5) | (16,042) | | |
| Net Rate Base Deduction | $ 64,166 | | |
| Rounded | $ 64,200 | | |
| **Allocation To:** | | | |
| - Electric (79.55%) | $ 51,100 | | |
| - Gas (20.45%) | $ 13,100 | | |

Pike County Light And Power Company
Statement in Support of Change No. (7)
To Accumulated Deferred Income Taxes
For the Twelve Months Ended March 31, 2009

| Accumulated Deferred Income Taxes | | Amount |
|---|---|---|
| Balance at March 31, 2008 | $ | 1,266,100 |
| Additions - April 1, 2008 thru March 31, 2009 | | |
| Tax Depreciation - Normalized | | 51,400 |
| Tax Depreciation - CIAC | | 7,200 |
| Capitalized Overhead Section 263A | | 121,700 |
| Net Additions (Change No. 7) | | 180,300 |
| Ending Balance at March 31, 2009 | $ | 1,446,400 |

Pike County Light And Power Company
Electrical Capital Expenditures
For the Twelve Months Ended March 31, 2009

Exhibit E-3
Schedule 8

| Project Description | In Service Date | at 3/31/08 | April 1, 2008 through September 2009 | Total |
|---|---|---|---|---|
| Line 7 - Double Circuit Route 209 | May-08 | $ 342.2 | $ 45.8 | $ 388.0 |
| Distribution Automation Improvements | Oct-08 | - | 150.0 | 150.0 |
| Property Purchase - Future Milford Substation | Dec-08 | - | 650.0 | 650.0 |
| Electric Distribution Blankets - Overhead | Monthly | - | 232.1 | 232.1 |
| Electric Distribution Blankets - Underground | Monthly | - | 106.5 | 106.5 |
| Electric Meter Purchases - | Monthly | - | 84.0 | 84.0 |
| Electric Meter 1st Install Blanket | Monthly | - | 69.3 | 69.3 |
| Ground to Sky Tree Trimming | Monthly | - | 500.0 | 500.0 |
| Circuit Reliability Blanket | Monthly | - | 10.0 | 10.0 |
| Pole Inspection Blanket | Monthly | - | 16.2 | 16.2 |

Pike County Light And Power Company
Index of Schedules
Electric Cost of Service

Exhibit E-4

| Schedule | Title of Schedule | Witness |
|---|---|---|
| Summary | Electric Cost of Service | Accounting Panel |
| (1) | Changes to Adjust for Sales Growth, eliminate hedging gains and SBC charges | Accounting Panel / Forecasting Panel |
| (2) | Passback of 1993-94 Investigation Proceeds | Accounting Panel |
| (3) | Changes in Purchased Power Supply Expense | Accounting Panel |
| (4) | Changes to Reflect Increase in Wages & Salaries and for additional employees | Accounting Panel |
| (5) | Changes to reflect increases in Payroll Ancillary Costs | Accounting Panel |
| (6) | Changes in Operation and Maintenance Expenses to reflect increases in Post Retiree Expense other than Pension Costs (OPEB) | Accounting Panel |
| (7) | Changes in Operation and Maintenance Expense to Reflect Rents for Milford Office | Accounting Panel |
| (8) | Changes in Operation and Maintenance Expense to Reflect a five year average of Outside Legal Fees | Accounting Panel |
| (9) | Changes in Operation and Maintenance Expense to Reflect Recovery of Rate Case Expense | Accounting Panel |
| (10) | Changes in Operation and Maintenance Expenses to reflect true-up of Joint Use Operating Expense | Accounting Panel |
| (11) | Changes in Operation and Maintenance Expense to Reflect uncollectible expenses | Accounting Panel |
| (12) | System Reliability Programs | Angelo Regan |
| (13) | Changes in Depreciation Expenses - Plant additions at existing and proposed rates, common plant depreciation, for net salvage, for reserve excess, and passback of PSA depreciation. | Charles D. Hutcheson / Accounting Panel |
| (14) | Changes in Taxes Other than income to reflect Changes in Payroll Tax, Gross Earnings Tax and STAS recoveries | Accounting Panel |
| (15) | Changes in Gain on Sale of Utility Plant to Reflect the amortization of the net gain from the sale of the Milford Office | Accounting Panel |
| (16) | Calculation of Income Tax Expense | Accounting Panel |

Pike County Light And Power Company
Electric Cost of Service
For the Twelve Months Ended March 31, 2008
and the Twelve Months Ended March 31, 2009

| | 12 mos. Ended March 31, 2008 | Difference Between Historical and Future Years | | Future Year | | |
|---|---|---|---|---|---|---|
| | | Reference | Amount | 12 mos. Ended March 31, 2009 | Proposed Rate Change | As Adjusted for Add'l Revenue |
| | (1) | (2) | (3) | (4)=(1+3) | (5) | (6) |
| Operating Revenues: | | | | | | |
| Sales of Electricity - Retail Sales | $ 5,438,800 | (1a) | $ (178,100) | $ 4,689,000 | $ 1,172,100 | $ 5,861,100 |
| - Hedging Gains | | (1b) | (571,700) | | | |
| Other Operating Revenues | 2,800 | (2) | 5,600 | 8,400 | - | 8,400 |
| Total Operating Revenues | 5,441,600 | | (744,200) | 4,697,400 | 1,172,100 | 5,869,500 |
| Operating Expenses: | | | | | | |
| Power Supply Expense - Energy & Capacity | 1,869,700 | (3) | (117,600) | 1,756,400 | - | 1,756,400 |
| - Fixed & Variable | | (4a) | 4,300 | | | |
| Deferred Purchased Power Expense | | | | | | |
| Other Operation and | | | | | | |
| Maintenance Expenses | 1,911,600 | (1c) | (9,900) | 2,085,600 | 9,500 | 2,095,100 |
| | | (4b) | 32,000 | | | |
| | | (4c) | 23,400 | | | |
| | | (5) | 9,800 | | | |
| | | (6a) | 38,800 | | | |
| | | (6b) | 64,400 | | | |
| | | (7) | 30,600 | | | |
| | | (8) | (306,400) | | | |
| | | (9) | 80,000 | | | |
| | | (10) | 28,200 | | | |
| | | (11) | (24,100) | | | |
| | | (12) | 207,200 | | | |
| Depreciation Expense | 334,500 | (13a) | 33,700 | 392,300 | - | 392,300 |
| | | (13b) | 8,000 | | | |
| | | (13c) | (16,000) | | | |
| | | (13d) | 38,200 | | | |
| | | (13e) | (6,100) | | | |
| Taxes other than Income | 379,900 | (14a) | (60,300) | 314,300 | 69,200 | 383,500 |
| | | (14b) | (5,300) | | | |
| Gain on disposition of Utility Plant | - | (15) | (21,700) | (21,700) | - | (21,700) |
| Total Operating Expenses | 4,495,700 | | 31,200 | 4,526,900 | 78,700 | 4,605,600 |
| Operating Income Before Income Taxes: | 945,900 | | (775,400) | 170,500 | 1,093,400 | 1,263,900 |
| State Income Tax | 22,400 | (16) | (81,500) | (59,100) | 109,200 | 50,100 |
| Federal Income Tax | 238,400 | (16) | (247,400) | (9,000) | 344,500 | 335,500 |
| Operating Income after Taxes | $ 685,100 | | $ (446,500) | $ 238,600 | $ 639,700 | $ 878,300 |
| Rate Base | $ 8,867,400 | | $ 1,830,700 | $ 10,698,100 | $ - | $ 10,698,100 |
| Rate of Return | 7.73% | | | 2.23% | | 8.21% |

Pike County Light And Power Company
Calculation of Electric Revenue Requirement
For the Twelve Months Ended March 31, 2009

| | Amount |
|---|---|
| Rate base at 3/31/09 | $ 10,698,100 |
| Rate of Return at 3/31/09 | 8.21% |
| Total Return Required | 878,314 |
| Total Earned Return (Per Exhibit E-4, Summary, Page 1 of 3) | 238,600 |
| Addition Return Required | 639,714 |
| Multiplied by Retention Factor* | 1.8322 |
| Total Revenue Requirement | $ 1,172,093 |
| Rounded | $ 1,172,100 |

* Retention Factor:

| | | |
|---|---|---|
| Additional Revenue | 100.0000 | 1,172,100 |
| Less: Revenue Taxes @5.9% | 5.9000 | 69,200 |
| Less: Uncollectibles | 0.8133 | 9,500 |
| | 93.2867 | 1,093,400 |
| Less: State Income Tax @ 9.99% | 9.3193 | 109,200 |
| | 83.9674 | 984,200 |
| Less: Federal Income Tax @ 35% | 29.3886 | 344,500 |
| Retention Factor | 54.5788 | 639,700 |
| | 1.0000 | |
| | 0.5458 | |
| | 1.8322 | |

| Adjustment Number | Description | Amount |
|---|---|---|
| (1a) | Change in forecast revenues | $ (178,100) |
| (1b) | Elimination of Non recurring Hedging Gains | (571,700) |
| (1c) | Adjustment of SBC Recoveries | $ (9,900) |
| (2) | Passback of 1993-94 Investigation Proceeds | 5,600 |
| (3) | Change in Purchased Power Supply Expense | (117,600) |
| (4a) | Changes in Power Supply Expense to Reflect Increase in Wages and Salaries | 4,300 |
| (4b) | Changes in Operations and Maintenance Expenses to Reflect Increase in Wages and Salaries | 32,000 |
| (4c) | Changes in Operations and Maintenance Expenses to Reflect Additional Employee Positions | 23,400 |
| (5) | Changes in Operation and Maintenance Expense to Reflect Estimated Payroll Ancillary Costs -- Health Insurance, Workers Comp, 401K Match | 9,800 |
| (6a) | Changes in Operation and Maintenance Expense to Reflect Estimated Employee OPEB and Pension Expense | 38,800 |
| (6b) | Changes in Operation and Maintenance Expense to Reflect Estimated Recovery of Deferred OPEB Expense | 64,400 |
| (7) | Changes in Operation and Maintenance Expense to Reflect Rents for Milford Office | 30,600 |
| (8) | Changes in Operation and Maintenance Expense to Reflect a five year average of Outside Legal Fees | (306,400) |
| (9) | Changes in Operation and Maintenance Expense to Reflect Recovery of Rate Case Expense | 80,000 |
| (10) | Changes in Operation and Maintenance Expense - True-up of Joint Use Operating Expense | 28,200 |
| (11) | Change in Uncollectible Expense | (24,100) |
| (12) | Additional Reliability Programs | 207,200 |
| (13a) | Changes in Depreciation Expense -- At Existing & Proposed Rates | 33,700 |
| (13b) | Changes in Depreciation Expense -- Common Plant Depreciation | 8,000 |
| (13c) | Changes in Depreciation Expense - Annual allowance for Net Salvage | (16,000) |
| (13d) | Changes in Depreciation Expense -- Amortization of Reserve Excess | 38,200 |
| (13e) | Changes in Depreciation Expense -- Pass back of PSA Depreciation | (6,100) |
| (14a) | Changes in Taxes Other than income to reflect Changes in Payroll Tax, Gross Earnings Tax and STAS recoveries | (60,300) |
| (14b) | Changes in Taxes Other than income to reflect passback of deferred property tax refunds | (5,300) |
| (15) | Changes in Gain on Sale of Utility Plant to Reflect the amortization of the net gain from the sale of the Milford Office | (21,700) |
| (16) | Calculation of Income Tax Expense for the Twelve Months Ended March 31, 2009 | |
| | State Income Tax Adjustment | (81,500) |
| | Federal Income Tax Adjustment | (247,400) |

Pike County Light And Power Company

Statement in Support of Change No. (1a)
To Adjust For Sales Growth
For the Twelve Months Ended March 31, 2009

| 12 Months Ending March 31, 2009 | Revenues | Kwhr Sales | Average cents / per kwhr |
|---|---|---|---|
| Delivery Revenue -- Retail Customers | $ 689,000 | 18,192,000 | $ 0.0379 |
| -- POLR Customers | 2,252,000 | 57,459,000 | 0.0392 |
| Subtotal -- Firm Revenue | 2,941,000 | 75,651,000 | 0.0389 |
| Recovery of Purchased Power Costs | 1,481,900 | | |
| SBC Recoveries | 4,600 | | |
| Gross Receipts Tax | 261,500 | | |
| Total | $ 4,689,000 | 75,651,000 | |
| | | | |
| 12 Months Ending March 31, 2008 | | | |
| Delivery Revenue | 744,300 | 19,295,400 | $ 0.0386 |
| POLR | 2,197,800 | 56,100,900 | 0.0392 |
| Subtotal -- Firm Revenue | 2,942,100 | 75,396,300 | 0.0390 |
| Recovery of Purchased Power Costs | 1,585,800 | | |
| SBC Recoveries | 14,500 | | |
| Gross Receipts Tax (incl grt on hedging gains) | 324,700 | | |
| Total (excl. Hedging Gains) | $ 4,867,100 | 75,396,300 | |
| | | | |
| Increase / (Decrease) in Revenues / Sales | $ (178,100) | 254,700 | |
| | | | |
| Rounded | $ (178,100) | | |

Pike County Light And Power Company

Statement in Support of Change No. (1b)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| Total Revenues -- 12 Months Ending March 31, 2008 (excl. Hedging Gains) | $ | 4,867,100 |
| Total Revenues -- 12 Months Ending March 31, 2008 | | 5,438,800 |
| Net Adjustment | $ | (571,700) |
| Rounded | $ | (571,700) |

Pike County Light And Power Company

Statement in Support of Change No. (1c)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| SBC Recoveries -- 12 Months Ending March 31, 2009 | $ | 4,600 |
| SBC Recoveries -- 12 Months Ending March 31, 2008 | | 14,500 |
| Net Adjustment | $ | (9,900) |
| Rounded | $ | (9,900) |

Pike County Light And Power Company

Statement in Support of Change No. (2)
To Adjust For Sales Growth
For the Twelve Months Ended March 31, 2009

Adjustment To Pass Back Deferred Revenues -- 1993-94 Investigation

| | | |
|---|---|---|
| Deferred Balance 3/31/08 | 28,000 | |
| Amortization Period for Deferred Balance (Years) | 5 | |
| Annual Amortization | | $ 5,600 |
| Rounded | | $ 5,600 |

Pike County Light And Power Company

Exhibit E-4
Schedule 3

Statement in Support of Change No. (3)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | March 31, 2009 | March 31, 2008 | Net Change |
|---|---|---|---|
| Power Supply Expense - Energy & Capacity | | | |
| -- Purchased Power | $ 1,481,900 | 1,585,800 | $ (103,900) |
| -- O&R Hedging Costs | - | 13,700 | (13,700) |
| -- Fixed Charges (Return on Net Plant) | 181,100 | 181,100 | - |
| -- Variable Charges (T&D -- O&M) | 89,100 | 89,100 | - |
| Power Supply Expense - Energy & Capacity | $ 1,752,100 | 1,869,700 | $ (117,600) |
| | | | |
| Rounded | | | $ (117,600) |

Pike County Light And Power Company

Statement in Support of Change No. (4a)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| **Monthly Wage and Salary Increases** | | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | $ 29,167 | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 1,531,195 | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 1,613,533 | |
| Additional Employee Positions 4/1/08 through 3/31/09 | 623,488 | |
| Additional Employee Positions 4/1/09 through 3/31/10 | 520,334 | |
| Total Monthly Wage and Annualization Increases | 4,317,717 | |
| Transmission Expenses | | |
| 4,317,717 x (.012) x (.9340) x (.0421) | | $ 2,037 |
| Distribution Expense | | |
| 4,317,717 x (.012) x (.0077) x (.0164) | | 7 |
| Total Monthly Wage and Annualization Increases | | 2,044 |
| **Weekly Wage and Salary Increases** | | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | 288,966 | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 2,036,633 | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 2,149,547 | |
| Additional Employee Positions 4/1/08 through 3/31/09 | 447,132 | |
| Additional Employee Positions 4/1/09 through 3/31/10 | 257,307 | |
| Total Weekly Wage and Annualization Increases | 5,179,585 | |
| Transmission Expenses | | |
| 5,179,585 x (.0120) x (.9934) x (.0421) | | 2,444 |
| Distribution Expense | | |
| 5,179,585 x (.0120) x (.0077) x (.0164) | | 8 |
| Total Weekly Wage and Annualization Increases | | 2,452 |
| Total Monthly & Weekly Wage and Annualization Increases | | 4,496 |
| **Charges from Pike to ORU** | | |
| Monthly Wage and Salary Increase | 4,317,717 | |
| Weekly Wage and Salary Increase | 5,179,585 | |
| Total Monthly and Weekly Wage and Annualization Increase | 9,497,302 | |
| Distribution Expense | | |
| 4,317,717 x (.6711) x (.0380) x (.0007) | | (77) |
| 5,179,585 x (.6711) x (.0380) x (.0007) | | (92) |
| Total Charges From Pike to ORU | | (170) |
| Net Adjustment | | $ 4,326 |
| Rounded | | $ 4,300 |

Pike County Light And Power Company

Statement in Support of Change No. (4b)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | |
|---|---|
| **Monthly Wage and Salary Increases** | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | $ 29,167 |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 1,531,195 |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 1,613,533 |
| Total Monthly Wage and Annualization Increases | 3,173,895 |
| Wage increase applicable to electric operation and maintenance expense | 13,154 |
| **Weekly Wage and Salary Increases** | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | 288,966 |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 2,036,633 |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 2,149,547 |
| Total Weekly Wage and Annualization Increases | 4,475,146 |
| Wage increase applicable to electric operation and maintenance expense | 18,843 |
| Total Wage Increase Applicable to Pike Electric O&M Expense | $ 31,998 |
| Rounded | $ 32,000 |

Pike County Light And Power Company

Statement in Support of Change No. (4c)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| **Additional Monthly Employee Positions** | | |
| Additional Employee Positions 4/1/08 through 3/31/09 | $ | 623,488 |
| Additional Employee Positions 4/1/09 through 3/31/10 | | 520,334 |
| Total Additional Monthly Employee Positions | | 1,143,822 |
| Additional employee positions applicable to electric operation and maintenance expense | | 7,606 |
| **Additional Weekly Employee Positions** | | |
| Additional Employee Positions 4/1/08 through 3/31/09 | | 447,132 |
| Additional Employee Positions 4/1/09 through 3/31/10 | | 257,307 |
| Total Additional Weekly Employee Positions | | 704,439 |
| Additional employee positions applicable to electric operation and maintenance expense | | 15,770 |
| Total Additional Employees Applicable to Pike Electric O&M Expense | $ | 23,376 |
| Rounded Total | $ | 23,400 |

Pike County Light And Power Company

Statement in Support of
Additional Employee Positions
For the Twelve Months Ended March 31, 2009

| | Number | Date Added | Consolidated Cost Allocated To Pike Elect O&M | Pike Gas O&M |
|---|---|---|---|---|
| **Weekly Paid Positions** | | | | |
| Overhead Linemen, 3rd Class | 2 | Jul-08 | Yes | No |
| Drafting Technician | 1 | Jul-08 | Yes | No |
| Drafting Technician | 1 | Jul-09 | Yes | No |
| Service Layout Estimator (LTS) | 1 | Jul-09 | Yes | Yes |
| Customer Service Representative | 1 | Jun-08 | Yes | Yes |
| | 6 | | | |
| **Monthly Paid Positions** | | | | |
| Reliability Engineer | 1 | Apr-08 | Yes | No |
| WMS Support Specialist | 1 | Sep-08 | Yes | No |
| Compliance Specialist | 1 | Jul-08 | Yes | No |
| Community Relations Manager | 1 | Jul-08 | Yes | Yes |
| Systems Specialist | 1 | Jul-08 | Yes | Yes |
| Engineer (Career Development Rotation Program) | 1 | Jul-08 | Yes | No |
| Engineer (Career Development Rotation Program) | 1 | Jul-10 | Yes | No |
| Customer Programs Analyst | 1 | Jul-08 | Yes | Yes |
| Labor Relations Administrator | 1 | Jul-09 | Yes | Yes |
| Training Position | 1 | Jul-10 | Yes | Yes |
| Mobil Workforce Administrator | 1 | Jul-09 | Yes | No |
| Mobil Workforce Systems Analyst | 1 | Jul-10 | Yes | No |
| Systems Specialist (ECC) - Operations Support | 2 | Jul-09 | Yes | No |
| Supervisor (LTS) | 1 | Jul-09 | Yes | No |
| | 15 | | | |
| Total | 21 | | | |

Pike County Light And Power Company

Exhibit E-4
Schedule 5

Statement in Support of Change No. (5)
To Power Supply Expense
For the Twelve Months Ended March 31, 2009

Change in Payroll Ancillary Costs
(Health Insurance & Workers Compensation)

| | | |
|---|---|---|
| Wage Increase and Annualization -- PSA Payroll | $ | 4,326 |
| -- JOA Payroll | | 31,998 |
| Additional Staffing | | 23,376 |
| Total Increases in Wage and Salaries | $ | 59,700 |
| Fringe Benefit Rate (Health Insurance, Workers Compensation, 401K) | | 16.36% |
| Total Benefit Costs | $ | 9,764 |
| Rounded Total | $ | 9,800 |

[1] Per Exhibit E-4, Schedule 4, page 1

Pike County Light And Power Company



Statement in Support of Change No. (6a)
To Other Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

Adjustment to Other Operations & Maintenance Expense to Reflect
Increases in Pension and Employee Post Retirement (OPEB) Costs:

| | | |
|---|---|---|
| Forecast - SFAS 87 Pension Expense (12 Months Ended 12/31/08)* | 263,976 | |
| Less: Capitalized / Recovered Pension Costs (25%) | (66,488) | |
| Pension Expense - 12 Months Ending 12/31/08 | | 197,489 |
| Actual - SFAS 87 Pension Expense (12 Months Ending 3/31/08) | 262,728 | |
| Less: Capitalized / Recovered Pension Costs (25%) | (66,173) | |
| Pension Expense - 12 Months Ending 3/31/08 | | 196,555 |
| Adjustment for SFAS 87 Pension Cost | | $ 934 |
| Forecast - SFAS 106 OPEB Expense (12 Months Ended 12/31/08) | 138,046 | |
| Less: VEBA Health Insurance Reimbursements (18.4%) | (25,400) | |
| Capitalized / Recovered OPEB Costs (25.5%) | (35,202) | |
| OPEB Expense - 12 Months Ending 12/31/08 | | 77,444 |
| Actual - SFAS 106 OPEB Expense (12 Months Ended 3/31/08) | 126,434 | |
| Less: VEBA Health Insurance Reimbursements (18.4%) | (21,053) | |
| Capitalized / Recovered OPEB Costs (25.5%) | (39,328) | |
| | 66,053 | |
| Less: Amounts Deferred | (26,453) | |
| OPEB Expense - 12 Months Ending 3/31/08 | | 39,600 |
| Adjustment for SFAS 106 OPEB Cost | | $ 37,844 |
| Total Pension and OPEB Costs | | $ 38,778 |
| Rounded Total | | $ 38,800 |

* Source: Actuarial Study by Buck Consultants, dated March 28, 2008

Pike County Light And Power Company

Statement in Support of Change No. (6b)
To Other Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

Adjustment to Other Operations & Maintenance Expense to Reflect
Recovery of Deferred OPEB Costs

| | | |
|---|---|---|
| Balance as of March 31, 2008 | 295,468 | |
| Plus: 9 Months of Deferred Pension and OPEB Amounts | | |
| OPEB Deferral: April - December 2008 [1] | 26,453 | |
| Subtotal Deferred OPEB Costs | | 321,921 |
| / Recovery Period = 5 years | | 5 |
| Total Expense Recovery for Deferred Pension and OPEB Costs | | $ 64,384 |
| Rounded Total | | $ 64,400 |

[1] Per Exhibit E-6, Schedule 6, page 1

Pike County Light And Power Company

Statement in Support of Change No. (7)
To Other Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

Adjustment to Other Operations & Maintenance Expense to Reflect
Rent of Millford Office

| | | |
|---|---|---|
| Annual Rent -- Effective April 1, 2008 | $ | 35,000 |
| Percentage allocable to electric | | 87.41% |
| Annual Expense Recovery | | 30,594 |
| Rounded Total | $ | 30,600 |

Pike County Light And Power Company

Exhibit E-4
Schedule 8

Statement in Support of Change No. (8)
To Other Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

Adjustment to Other Operations & Maintenance Expense to normalize outside legal fees

| | | |
|---|---|---|
| Ten Year average of outside legal fees | $ | 96,878 |
| Less: Level In Test Year | | 403,294 |
| Annual Expense Recovery | | (306,416) |
| Rounded Total | $ | (306,400) |

Pike County Light And Power Company

Statement in Support of Change No. (9)
Rate Case Costs
For the Twelve Months Ended March 31, 2009

| Adjustment to Other Operations & Maintenance Expense to Reflect Rate Case Costs | | |
|---|---|---|
| Estimated Rate Case Costs | $ | 400,000 |
| / Amortization Period - Years | | 5 |
| Annual Rate Case Expense | $ | 80,000 |
| Rounded | $ | 80,000 |

Pike County Light And Power Company

Exhibit E-4
Schedule 10

Statement in Support of Change No. (10)
To Electric Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| True-up of Joint Use Operating Expense | | |
| Annualized Joint Use Operating Expense based on billing rate in effect at March 31, 2008 | $ | 209,148 |
| Less: Joint Operating Expense billings reflected in Operation And Maintenance Expense for the Twelve Months Ending March 31, 2008. | | 180,963 |
| Net Change in Joint Operating Expense | $ | 28,185 |
| Rounded Total | $ | 28,200 |

Pike County Light And Power Company

Exhibit E-4
Schedule 11

Statement in Support of Change No. (11)
To Gas Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

| Uncollectible Accounts Expense | Kwh's | |
|---|---|---|
| Operating Revenues Before Rate Change -- Twelve Months Ending March 31, 2009 | | $ 4,689,000 |
| Retail supply revenues billed on behalf of Marketers @ $0.119 per kwh | 57,459,000 | 6,837,621 |
| Total Revenues Billed | | $ 11,526,621 |
| Uncollectible writeoffs / revenues -- Twelve Months Ending March 31, 2008 | | 0.008133 |
| | | $ 93,746 |
| Less: Uncollectible Expense reflected in Operation And Maintenance Expense for the Twelve Months Ending March 31, 2008. | | |
| Account 904000 07 | 100,729 | |
| 904011 07 | 17,086 | 117,814 |
| Net Change in Joint Operating Expense | | $ (24,068) |
| Rounded Total | | $ (24,100) |

Pike County Light And Power Company

Exhibit E-4
Schedule 12

Statement in Support of Change No. (12)
To Electric Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2009

| | | |
|---|---|---|
| Additional Reliability Programs | | |
| Tree Trimming | $ 116,700 | |
| Phase ID | 5,200 | |
| Infra Red Inspection | 3,500 | |
| Pole Inspection and Treatment | 17,300 | |
| Circuit Reliability | 53,000 | |
| Maintenance / Inspection Matamoras Substation | 11,500 | |
| Total Reliability Programs | | $ 207,200 |

Pike County Light And Power
Statement in Support of Change No. (13a)
To Depreciation Expense
For the Twelve Months Ended March 31, 2009

| | Amount | |
|---|---|---|
| | Electric Plant | Adjustment |
| Electric Plant in Service | | |
| At March 31, 2008 Per Exhibit E-3, Schedule 1 | $ 12,465,625 | |
| Less: Non-Depreciable Plant | 26,205 | |
| Depreciable Plant at March 31, 2008 | 12,439,420 | |
| Additions - April 1, 2008 thru March 31, 2009 | | |
| Distribution | 2,029,100 | |
| Additions - April 1, 2009 thru September 30, 2009 | | |
| Distribution | 177,000 | |
| Total Additions | 2,206,100 | |
| Retirements - April 1, 2008 thru March 31, 2009 | | |
| Distribution | 98,400 | |
| Retirements - April 1, 2009 thru September 30, 2009 | | |
| Distribution | 49,200 | |
| Total Retirements | 147,600 | |
| Electric Depreciable Plant at March 31, 2009 | 14,497,920 | |
| x Book Basis Average Composite Depreciation Rate | 2.56% | |
| Calculated Accruals to Depreciation Expense | | |
| For The Twelve Months Ended March 31, 2009 | 371,400 | |
| Less: Depreciation Expense as of March 31, 2008 | 334,500 | |
| Increase In Depreciation Expense | | $ 36,900 |
| Proposed Depreciation Rate Change | | |
| Depreciable Plant at March 31, 2009 | 14,497,920 | |
| x Proposed Basis Depreciation Rate | 2.54% | |
| Depreciation Expense at Proposed Rates (See E-4, Summary) | 368,247 | |
| Existing Rates | 371,400 | |
| Variation between Current and Proposed Rates | | (3,153) |
| Total Increase/(Decrease) in Depreciation Expense | | $ 33,747 |
| Rounded Total | | $ 33,700 |

Pike County Light Power
Statement in Support of Change No. (13b)
To Common Depreciation Reserve
For the Twelve Months Ended March 31, 2009

| | Amount |
|---|---|
| Accumulated Provision for Depreciation of Common Plant in Service At Existing Rates | |
| Balance at March 31, 2008 | $ - |
| Additions - April 1, 2008 thru March 31, 2009 | |
| Structures & Improvements | - |
| Office Furniture & Equipment | 39,900 |
| Total Additions | 39,900 |
| Retirements - April 1, 2008 thru March 31, 2009 | |
| Milford Office | - |
| Total Retirements | - |
| Net Additions | 39,900 |
| Amortization Period (Years) | 5 |
| Annual Amortization Expense | $ 7,980 |
| Ending Balance at March 31,2009 | $ 8,000 |

Pike County Light Power Company

Statement in Support of Change No. (13c)
To Depreciation Expense
For the Twelve Months Ended March 31, 2009

| Changes in Depreciation Expense - Amortization of the difference between the Actual and Theoretical Depreciation Reserve. | $ Amount |
|---|---|
| Electric Depreciation Reserve Measured At December 31, 2007 | |
| Computed Reserve For Depreciation Based on Proposed Rates | 2,564,133 |
| Actual Reserve For Depreciation Based on Existing Rates | 2,980,451 |
| Excess of Book over Theoretical Reserve | $ (416,318) |
| Amortization Period - Remaining Life - Years (Composite Book Life of 39 years - Average Age of 13 years) | 26 |
| Annual Amortization | $ (16,012) |
| Rounded | $ (16,000) |

Pike County Light Power Company

Statement in Support of Change No. (13d)
To Depreciation Expense
For the Twelve Months Ended March 31, 2009

| Account Number | Electric Plant | Five Year Cumulative Net Salvage | Average Per Year | Current Salvage Allowance | (Reduction) or Additional Amount Required |
|---|---|---|---|---|---|
| 361 | Structures & Improvements | $ - | $ - | $ 103 | $ (103) |
| 362 | Station Equipment | 7,600 | 1,520 | 2,605 | (1,085) |
| 364 | Poles, Towers and Fixtures | 110,655 | 22,131 | 16,560 | 5,571 |
| 365 | O/H Conductors & Devices | 110,188 | 22,038 | 424 | 21,613 |
| 3651 | Capacitors | 12,536 | 2,507 | 413 | 2,094 |
| 366 | U/G Conduit | 1,772 | 354 | (129) | 484 |
| 367 | U/G Conductors | 3,373 | 675 | - | 675 |
| 368 | Line Transformers | 26,282 | 5,256 | 2,037 | 3,220 |
| 3691 | O/H Services | 30,834 | 6,167 | 1,016 | 5,151 |
| 3692 | U/G Services | 1,204 | 241 | 9 | 231 |
| 370 | Meters | (1,434) | (287) | 73 | (360) |
| 3731 | Street Lights | 4,826 | 965 | 284 | 681 |
| | Total | $ 307,837 | $ 61,567 | $ 23,395 | $ 38,172 |
| | Rounded | | | | $ 38,200 |

Pike County Light Power Company

Statement in Support of Change No. (13e)
To Depreciation Expense
For the Twelve Months Ended March 31, 2009

Adjustment To Purchase Power Expense to amortize depreciation & property tax refunds allocated to Pike through the PSA

| | | |
|---|---|---|
| Deferred Depreciation Benefits | (30,400) | |
| Amortization Period for Deferred Balance (Years) | 5 | |
| Adjustment for Depreciation | | $ (6,080) |
| Rounded | | $ (6,100) |

Pike County Light Power Company

Statement in Support of Change No. (14a)
To Other Tax Expense
For the Twelve Months Ended March 31, 2009

| Changes in Taxes Other | Actual 3/31/2009 | Changes | Future Year 3/31/2009 |
|---|---|---|---|
| | (1) | (2) | (3) |
| Payroll Taxes | $ 51,500 | $ 56,100 | $ 4,600 |
| Payroll Taxes Capitalized | (19,300) | (21,000) | $ (1,700) |
| Pa. Gross Earnings | 324,700 | 261,500 | (63,200) |
| Pa. Capital Stock | 19,900 | 19,900 | - |
| PA. Realty | 1,900 | 1,900 | - |
| Misc. Other Taxes | 1,200 | 1,200 | - |
| Total | $ 379,900 | $ 319,600 | $ (60,300) |
| Rounded | | | $ (60,300) |

Pike County Light Power Company

Statement in Support of Change No. (14b)
To Depreciation and Property Tax Expense
For the Twelve Months Ended March 31, 2009

Adjustment To Purchase Power Expense to amortize depreciation & property tax refunds allocated to Pike through the PSA

| | | |
|---|---|---|
| Deferred Property Tax Refunds | $ (26,566) | |
| Amortization Period for Deferred Balance (Years) | 5 | |
| Adjustment for Depreciation | | $ (5,313) |
| Rounded | | $ (5,300) |

Pike County Light And Power Company
Statement in Support of Change No. (15)
For The Twelve Months Ended March 31, 2009

Exhibit E-4
Schedule 15

Gain From Sale of Property
219 1/2 Broad Street, Milford, Pennsylvania

| | Allocation | | |
|---|---|---|---|
| | Utility Plant 50% | Non-Utility Plant 50% | Total |
| **Contract Selling Price** | $ 180,500 | $ 180,500 | $361,000 |
| **Selling Expenses:** | | | |
| - Legal & Other | 1,934 | 1,934 | 3,868 |
| Net Proceeds from Sale | 178,566 | 178,566 | 357,132 |
| **Cost of Land & Structures:** | | | |
| - Land | 3,770 | 3,770 | 7,540 |
| - Building | 5,670 | 5,670 | 11,340 |
| Original Purchase Price | 9,440 | 9,440 | 18,880 |
| - Building Improvements | 30,613 | 27,897 | 58,510 |
| - Less Depreciation 12/31/07 | (23,040) | (20,803) | (43,843) |
| Book Value 12/31/07 | 17,013 | 16,534 | 33,547 |
| **Site Cleanup Costs:** | | | |
| - BSB Construction | 6,376 | 6,376 | 12,752 |
| - Clayton Environmental | 2,525 | 2,525 | 5,050 |
| - Miller Environmental | 4,157 | 4,157 | 8,314 |
| Site Remediation Costs | 13,058 | 13,058 | 26,116 |
| Other Retirement WIP Charges | 12,278 | 12,278 | 24,556 |
| Retirement WIP at 12/31/07 | 25,336 | 25,336 | 33,017 |
| Gain on Sale Before Tax | 136,217 | 136,696 | 290,568 |
| Annual Amortization (5 Years) | 27,243 | | |
| Allocation To Electric | 79.72% | | |
| Net Amortization | $ 21,718 | | |
| Rounded | $ 21,700 | | |

Pike County Light And Power Company



Calculation of Electric Income Taxes
For The Twelve Months Ended March 31, 2009

| | 12 Months Ended 3/31/2009 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Operating Income Before Income Taxes | $ 170,500 | $ 1,093,400 | $ 1,263,900 |
| Interest Expense (E-4 Sch 15, Page 3) | 322,000 | - | 322,000 |
| Book Income Before FIT | (151,500) | 1,093,400 | 941,900 |
| Section I - Flow Thru Items: | | | |
| Add: Additional Taxable Income and Unallowable Deductions: | | | |
| Excess Book Prov Over Write Off / COR | 53,200 | - | 53,200 |
| Book Depreciation | 354,100 | - | 354,100 |
| Total | 407,300 | - | 407,300 |
| Deduct: Non-Taxable Income and Additional Allowable Deductions | | | |
| AFUDC | - | - | - |
| Loss on Disp of Sect. 1231 Property | - | - | - |
| Cost of Removal | 25,300 | - | 25,300 |
| Tax Depreciation | 278,700 | - | 278,700 |
| Medicare Reimbursement | 27,500 | - | 27,500 |
| Total | 331,500 | - | 331,500 |
| Pretax Income | (75,700) | 1,093,400 | 1,017,700 |
| Section II - Normalized Items: | | | |
| Deduct: Non-Taxable Income and Allowable Deductions | | | |
| Tax Depreciation - Normalized | 147,000 | - | 147,000 |
| Tax Depreciation CIAC | 20,600 | - | 20,600 |
| Capitalized Overhead Section 263A | 347,700 | - | 347,700 |
| Total | 515,300 | - | 515,300 |
| Taxable Income | (591,000) | 1,093,400 | 502,400 |
| Less: Current State Income Tax @ 9.99% | (59,000) | 109,200 | 50,200 |
| Ordinary Income or (loss) | (532,000) | 984,200 | 452,200 |

Pike County Light And Power Company

Calculation of Electric Income Taxes
For the Twelve Months Ended December 31, 2009

| | 12 Months Ended 3/31/2009 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Current Federal Income Tax Expense: | | | |
| Ordinary Income @ 35% | $ (186,300) | $ 310,100 | $ 123,800 |
| Deferred Federal Income Tax Applicable To: | | | |
| Tax Depreciation - Normalized | 51,400 | - | 51,400 |
| Tax Depreciation - CIAC | 7,200 | - | 7,200 |
| Capitalized Overhead Section 263A | 121,700 | - | 121700 |
| Total | 180,300 | - | 180,300 |
| Amortization of Deferred ITC | (3,000) | - | (3,000) |
| Summary of Federal Income Taxes: | | | |
| Current Federal Income Tax | (186,300) | 310,100 | 123,800 |
| Deferred Federal Income Tax | 180,300 | - | 180,300 |
| Amortization of Deferred ITC | (3,000) | - | (3,000) |
| Total | $ (9,000) | $ 310,100 | $ 301,100 |

Pike County Light And Power Company



Calculation of Electric Income Taxes
Interest Synchronization
For The Twelve Months Ended March 31, 2009

| | 12 Months Ended 3/31/2008 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Rate Base | $ 8,867,400 | $ 1,830,700 | $ 10,698,100 |
| Interest Component of Capitalization | 3.01% | 3.01% | 3.01% |
| Interest Expense | $ 266,909 | $ 55,104 | $ 322,013 |

Pike County Light Power Company
Index of Schedules
Electric Cost of Service



| Schedule | Title of Schedule | Witness |
|---|---|---|
| Summary | Electric Cost of Service and Rate Base | Accounting Panel |
| (1) | Changes to Adjust for Sales Growth, eliminate hedging gains and SBC charges | Accounting Panel |
| (2) | Changes in Power Supply and Operation and Maintenance Expenses to Reflect Increase in Wages & Salaries | Accounting Panel |
| (3) | Changes in Operation and Maintenance Expense to Reflect Estimated Payroll Ancillary Costs -- Health Insurance, Workers Comp, 401K Match, Pension and OPEB | Accounting Panel |
| (4) | Inflation Increase in other O&M Expense | Accounting Panel |
| (5) | Change in Uncollectible Expense | Accounting Panel |
| (6) | Changes in Depreciation Expense | Accounting Panel |
| (7) | Changes in Taxes Other than income to reflect Changes in Payroll Tax & GRT | Accounting Panel |
| (8) | Calculation of Income Tax Expense | Accounting Panel |
| (9) | Electric Plant - Additions & Retirements | Accounting Panel |
| (10) | Depreciation Reserve | Accounting Panel |
| (11) | Electric Working Capital Requirements | Accounting Panel |
| (12) | Changes to Rate Base for Deferred Debits | Accounting Panel |
| (13) | Changes to Rate Base for Deferred Credits | Accounting Panel |
| (14) | Changes to Rate Base for deferred gain from sale of Milford Office | Accounting Panel |
| (15) | Accumulated Deferred Income Taxes | Accounting Panel |

Pike County Light And Power Company
Electric Cost of Service
For the Twelve Months Ended March 31, 2009, March 31, 2010 and March 31, 2011

| | Rate Year 1 Exhibit E-4 Summary Pg. 1 | Ref. | Rate Year 2 Adjustments | 12 mos. Ended March 31, 2010 (4)=(1+3) | Proposed Rate Change (5) | Rate Year 2 Adjusted for Proposed Increase | Amount (7) | 12 mos. Ended March 31, 2011 (8)=(6+7) | Proposed Rate Change (9) | Rate Year 3 Adjusted for Proposed Increase |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues: | | | | | | | | | | |
| Sales of Electricity - Retail Sales | $ 5,861,100 | (1) | $ 26,500 | $ 5,887,600 | $ 56,400 | $ 5,944,000 | $ 47,500 | $ 5,991,500 | $ 23,200 | $ 6,014,700 |
| Other Operating Revenues | 8,400 | | | 8,400 | | 8,400 | | 8,400 | | 8,400 |
| Total Operating Revenues | 5,869,500 | | 26,500 | 5,896,000 | 56,400 | 5,952,400 | 47,500 | 5,999,900 | 23,200 | 6,023,100 |
| Operating Expenses: | | | | | | | | | | |
| Power Supply Expense - Energy & Capacity | 1,756,400 | (2a) | 4,500 | 1,760,900 | | 1,760,900 | 4,600 | 1,765,500 | | 1,765,500 |
| - Fixed & Variable | | | | | | | | | | |
| Deferred Purchased Power Expense | | | | | | | | | | |
| Other Operation and | | | | | | | | | | |
| Maintenance Expenses | 2,095,100 | (2b) | 33,100 | 2,165,800 | 500 | 2,166,300 | 34,300 | 2,239,600 | 200 | 2,239,800 |
| | | (3) | 25,900 | | | | 26,800 | | | |
| | | (4) | 11,500 | | | | 11,800 | | | |
| | | (5) | 200 | | | | 400 | | | |
| Depreciation Expense | 392,300 | (6) | 6,000 | 398,300 | | 398,300 | 5,600 | 403,900 | | 403,900 |
| Taxes other than Income | 383,500 | (7) | 3,400 | 386,900 | 3,300 | 390,200 | 4,700 | 394,900 | 1,400 | 396,300 |
| Gain on disposition of Utility Plant | (21,700) | | | (21,700) | | (21,700) | | (21,700) | | (21,700) |
| Total Operating Expenses | 4,605,600 | | 84,600 | 4,690,200 | 3,800 | 4,694,000 | 88,200 | 4,782,200 | 1,600 | 4,783,800 |
| Operating Income Before Income Taxes: | 1,263,900 | | (58,100) | 1,205,800 | 52,600 | 1,258,400 | (40,700) | 1,217,700 | 21,600 | 1,239,300 |
| State Income Tax | 50,100 | (15) | (5,700) | 44,400 | 5,300 | 49,700 | (3,500) | 46,200 | 2,200 | 48,400 |
| Federal Income Tax | 335,500 | (15) | (17,400) | 318,100 | 16,600 | 334,700 | (10,500) | 324,200 | 6,800 | 331,000 |
| Operating Income after Taxes | $ 878,300 | | $ (35,000) | $ 843,300 | $ 30,700 | $ 874,000 | $ (26,700) | $ 847,300 | $ 12,600 | $ 859,900 |
| Rate Base | $ 10,698,100 | | $ (25,400) | $ 10,672,700 | $ - | $ 10,672,700 | $ (172,500) | $ 10,500,200 | $ - | $ 10,500,200 |
| Rate of Return | 8.21% | | | 7.90% | | 8.19% | | 8.07% | | 8.19% |

Pike County Light And Power Company
Electric Cost of Service
For the Twelve Months Ended
March 31, 2010 and March 31, 2011

| | Rate Year 2 | Rate Year 3 |
|---|---|---|
| Rate base at | $ 10,672,700 | $ 10,500,200 |
| Rate of Return at | 8.19% | 8.19% |
| Total Return Required | 874,094 | 859,966 |
| Total Earned Return (Per Exhibit E-5, Summary, Page 1 of 3) | 843,300 | 847,300 |
| Addition Return Required | 30,794 | 12,666 |
| Multiplied by Retention Factor* | 1.8322 | 1.8322 |
| Total Revenue Requirement | $ 56,421 | $ 23,208 |
| Rounded | $ 56,400 | $ 23,200 |

| * Retention Factor: | | | |
|---|---|---|---|
| Additional Revenue | 100.0000 | $ 56,400 | $ 23,200 |
| Less: Revenue Taxes @ 5.9% | 5.9000 | 3,300 | 1,400 |
| Less: Uncollectibles @ .08133% | 0.8133 | 500 | 200 |
| | 93.2867 | 52,600 | 21,600 |
| Less: State Income Tax @ 9.99% | 9.3193 | 5,300 | 2,200 |
| | 83.9674 | 47,300 | 19,400 |
| Less: Federal Income Tax @ 35% | 29.3886 | 16,600 | 6,800 |
| Retention Factor | 54.5788 | $ 30,700 | $ 12,600 |
| | 1.0000 | | |
| | 0.5458 | | |

| Adjustment Number | Description | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| (1) | Sales Growth in Electric Base Revenues | 26,500 | 47,500 |
| (2a) | Changes in Power Supply Expense to Reflect Increase in Wages and Salaries | 4,500 | 4,600 |
| (2b) | Changes in Operations and Maintenance Expenses to Reflect Increase in Wages and Salaries | 33,100 | 34,300 |
| (3) | Changes in Operation and Maintenance Expense to Reflect Estimated Payroll Ancillary Costs -- Health Insurance, Workers Comp, 401K Match, Pension and OPEB | 25,900 | 26,800 |
| (4) | Inflation Increase in other O&M Expense | 11,500 | 11,800 |
| (5) | Change in Uncollectible Expense | 200 | 400 |
| (6) | Changes in Depreciation Expense | 6,000 | 5,600 |
| (7) | Changes in Taxes Other than income to reflect Changes in Payroll Tax & GRT | 3,400 | 4,700 |
| (8) | Calculation of Income Tax Expense for the Twelve Months Ended March 31, 2009 | | |
| | State Income Tax Adjustment | (5,700) | (3,500) |
| | Federal Income Tax Adjustment | (17,400) | (10,500) |

Pike County Light And Power Company
Levelized Rate Increase
For the Twelve Months Ended
March 31, 2009, March 31, 2010 and March 31, 2011



ShortTerm Interest Rate 5.0%

| Rate Increase | Twelve Months Ending March 31, 2009 | March 31, 2010 | March 31, 2011 | Cumulative Total |
|---|---|---|---|---|
| RY - 1 | $1,172,100 | $1,172,100 | $1,172,100 | $3,516,300 |
| RY - 2 | | 56,400 | 56,400 | 112,800 |
| RY - 3 | | | 23,200 | 23,200 |
| Total | $ 1,172,100 | $ 1,228,500 | $ 1,251,700 | $ 3,652,300 |
| | | | | |
| **Annual rate increase w/o interest** | | | | |
| RY - 1 | $ 608,717 | $ 608,717 | $ 608,717 | $ 1,826,150 |
| RY - 2 | | 608,717 | 608,717 | 1,217,433 |
| RY - 3 | | | 608,717 | 608,717 |
| Total | $ 608,717 | $ 1,217,433 | $ 1,826,150 | $ 3,652,300 |
| | | | | |
| Interest | $ 8,505 | $ 17,177 | $ 8,672 | $ 34,354 |
| | | | | |
| **Annual rate increase w/ interest** | | | | |
| RY - 1 | $ 614,442 | $ 614,442 | $ 614,442 | $ 1,843,327 |
| RY - 2 | | 614,442 | 614,442 | 1,228,885 |
| RY - 3 | | | 614,442 | 614,442 |
| Total | $ 614,442 | $ 1,228,885 | $ 1,843,327 | $ 3,686,654 |
| | | | | |
| Rounded | $ 614,400 | $ 1,228,900 | $ 1,843,300 | $ 3,686,700 |

Pike County Light And Power Company
Impact of Rate Increase
For the Twelve Months Ended
March 31, 2009, March 31, 2010 and March 31, 2011

Total Revenue Before Rate Increases: $12,148,677

**Impacts of Rate Increases:**

| | Rate Increase | % Impact - Total Bill |
|---|---|---|
| RY1 Base Rate Increase: | $1,172,100 | 9.6% |
| RY2 Base Rate Increase: | 56,400 | 0.5% |
| RY3 Base Rate Increase: | 23,200 | 0.2% |
| Levelized Annual Rate Increase | $614,400 | 5.1% |

Pike County Light And Power Company
Electric Rate Base
At March 31, 2009, 2010 And 2011

| Description | Actual Per Books at 3/31/09 | Reference | Rate Year 2 Adjustments | Rate Year 2 As Adjusted | Rate Year 3 Adjustments | Rate Year 3 As Adjusted | Schedule No. |
|---|---|---|---|---|---|---|---|
| | (a) | (b) | (c) | (d)=(a)+(c) | | | |
| Utility Plant: | | | | | | | |
| Electric Plant in Service | $ 14,524,100 | (9) | $ 234,500 | $ 14,758,600 | $ 220,400 | $ 14,979,000 | 9 |
| Common Plant in Service (Allocated) | 39,900 | | - | 39,900 | | 39,900 | |
| CWIP not taking interest | 63,600 | | - | 63,600 | - | 63,600 | |
| Total Utility Plant | 14,627,600 | | 234,500 | 14,862,100 | 220,400 | 15,082,500 | |
| Utility Plant Reserves: | | | | | | | |
| Accumulated Provision For Depreciation | | | | | | | |
| of Electric Plant in Service - Existing Rates | 3,451,700 | (10a) | 305,400 | 3,757,100 | 331,000 | 4,088,100 | 10 |
| - Proposed Rates | (13,200) | | - | (13,200) | - | (13,200) | |
| Accumulated Provision For Depreciation | - | | | | | | |
| of Common Plant in Service (Allocated) | 8,000 | (10b) | 8,000 | 16,000 | 8,000 | 24,000 | 10 |
| Total Utility Plant Reserves | 3,446,500 | | 313,400 | 3,759,900 | 339,000 | 4,098,900 | |
| Net Plant | 11,181,100 | | (78,900) | 11,102,200 | (118,600) | 10,983,600 | |
| Additions to Net Plant | | | | | | | |
| Working Capital Requirements: | | | | | | | |
| Cash Working Capital | 347,600 | (11 a & b) | 116,000 | 463,600 | 8,600 | 472,200 | 11 |
| Materials and Supplies | 92,600 | | - | 92,600 | - | 92,600 | |
| Prepayments | 394,100 | | - | 394,100 | - | 394,100 | |
| Deferred Debits (Net of Tax) | 213,500 | (12) | (84,500) | 129,000 | (84,500) | 44,500 | 12 |
| Total Additions | 1,047,800 | | 31,500 | 1,079,300 | (75,900) | 1,003,400 | |
| Deductions to Net Plant: | | | | | | | |
| Deferred Credits (Net of Tax) | (33,300) | (13) | 9,900 | (23,400) | 9,900 | (13,500) | 13 |
| Deferred Gain - Sale of Milford Office | (51,100) | (14) | 12,800 | (38,300) | 12,800 | (25,500) | 14 |
| Accumulated Deferred Income Taxes | (1,446,400) | (15) | (700) | (1,447,100) | (700) | (1,447,800) | 15 |
| Total Deductions | (1,530,800) | | 22,000 | (1,508,800) | 22,000 | (1,486,800) | |
| Electric Rate Base | $ 10,698,100 | | $ (25,400) | $ 10,672,700 | $ (172,500) | $ 10,500,200 | |

| Adjustment Number | Description | RY2 Amount | RY3 Amount |
|---|---|---|---|
| (9) | Changes in Plant in Service - Additions & Retirements | $ 234,500 | $ 220,400 |
| (10a) | Changes to Depreciation Reserve - Existing Depreciation Rates | 305,400 | 331,000 |
| (10b) | Changes to Common Plant - Depreciation | 8,000 | 8,000 |
| (11 a & b) | Changes in Working Capital Requirements (O&M) | 116,000 | 8,600 |
| (12) | Changes to Rate Base for Deferred Debits | (84,500) | (84,500) |
| (13) | Changes to Rate Base for Deferred Credits | 9,900 | 9,900 |
| (14) | Changes to Rate Base for Unamortized Gain from sale of Milford Office | 12,800 | 12,800 |
| (15) | Changes in Deferred Income Taxes | (700) | (700) |

Pike County Light And Power Company

Exhibit E-5
Schedule 1

Statement in Support of Change No. (1)
To Adjust Electric Sales
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| 12 Months Ending March 31, 2009 | | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| Delivery Revenue -- Retail Customers | $ 689,000 | | |
| -- POLR Customers | 2,252,000 | | |
| Total | $ 2,941,000 | | |
| Growth Rate Adjustment | | 0.9% | 1.6% |
| Delivery Revenue -- Retail Customers | | 6,201 | 11,123 |
| -- POLR Customers | | 20,268 | 36,356 |
| | | $ 26,469 | $ 47,480 |
| Rounded | | $ 26,500 | $ 47,500 |

| | | Year 2 Forecast | Year 3 Forecast |
|---|---|---|---|
| Kwhr Sales | 75,651,000 | 76,303,000 | 77,555,000 |
| Kwhr Increase | | 652,000 | 1,252,000 |
| Kwhr % Growth Rate | | 0.9% | 1.6% |

Pike County Light And Power

Statement in Support of Change No. (2a)
To Electric Power Supply Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| Monthly Wage and Salary Increases [1] | | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | $ 29,167 | | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 1,531,195 | | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 1,613,533 | | |
| Additional Employee Positions 4/1/08 through 3/31/09 | 623,488 | | |
| Additional Employee Positions 4/1/09 through 3/31/10 | 520,334 | | |
| Total Monthly Wage and Annualization Increases | 4,317,717 | | |
| Monthly Wage and Annualization with 3.5% Increase | | 151,120 | 156,409 |
| Transmission Expenses | | | |
| 4,317,717 x (.012) x (.9340) x (.0421) | | 2,109 | 2,182 |
| Distribution Expense | | | |
| 4,317,717 x (.012) x (.0077) x (.0164) | | 7 | 7 |
| Total Monthly Wage and Annualization Increases | | 2,115 | 2,189 |
| **Monthly Wage and Salary Increases [1]** | | | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | 288,966 | | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 2,036,633 | | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 2,149,547 | | |
| Additional Employee Positions 4/1/08 through 3/31/09 | 447,132 | | |
| Additional Employee Positions 4/1/09 through 3/31/10 | 257,307 | | |
| Total Weekly Wage and Annualization Increases | 5,179,585 | | |
| Monthly Wage and Annualization with 3.5% Increase | | 181,285 | 187,630 |
| Transmission Expenses | | | |
| Monthly Wage and Annualization x (.0120) x (.9934) x (.0421) | | 2,530 | 2,618 |
| Distribution Expense | | | |
| Monthly Wage and Annualization x (.0120) x (.0077) x (.0164) | | 8 | 8 |
| Total Weekly Wage and Annualization Increases | | 2,538 | 2,627 |
| Total Monthly & Weekly Wage and Annualization Increases | | 4,653 | 4,816 |
| **Charges from Pike to ORU** | | | |
| Monthly Wage and Salary Increase | 4,317,717 | | |
| Weekly Wage and Salary Increase | 5,179,585 | | |
| Total Monthly and Weekly Wage and Annualization Increase | 9,497,302 | | |
| Monthly Wage and Annualization with 3.5% Increase | | 151,120 | 156,409 |
| Weekly Wage and Annualization with 3.5% Increase | | 181,285 | 187,630 |
| Distribution Expense | | | |
| Monthly Wage x (.6711) x (.0380) x (.0007) | | (80) | (83) |
| Weekly Wage x (.6711) x (.0380) x (.0007) | | (96) | (99) |
| Total Charges From Pike to ORU | | (175) | (182) |
| Net Adjustment | | $ 4,478 | $ 4,634 |
| Rounded | | $ 4,500 | $ 4,600 |

Pike County Light And Power

Statement in Support of Change No. (2b)
To Electric Operation and Maintenance Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| | | Increase 3.5% per yr. | |
|---|---|---|---|
| Monthly Wage and Salary Increases [1] | | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | $ 29,167 | | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 1,531,195 | | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 1,613,533 | | |
| Total Monthly Wage and Annualization Increases | 3,173,895 | | |
| Wage increase applicable to electric operation and maintenance expense | 13,154 | | |
| Monthly Wage and Annualization with 3.5% Increase | | $ 13,615 | $ 14,091 |
| Weekly Wage and Salary Increases | | | |
| Normalizing Adjustment applicable to the 12 Months Ended March 31, 2008 | 288,966 | | |
| Wage Increase and Annualization 4/1/08 through 3/31/09 | 2,036,633 | | |
| Wage Increase and Annualization 4/1/09 through 3/31/10 | 2,149,547 | | |
| Total Weekly Wage and Annualization Increases | 4,475,146 | | |
| Wage increase applicable to electric operation and maintenance expense | 18,843 | | |
| Monthly Wage and Annualization with 3.5% Increase | | 19,503 | 20,186 |
| Total Wage Increase Applicable to Electric O&M Expense with 3.5% Increase | $ 31,998 | $ 33,118 | $ 34,277 |
| Rounded | $ 32,000 | $ 33,100 | $ 34,300 |

Statement in Support of Change No. (3)
To Electric Operations and Maintenance Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| Change in Payroll Ancillary Costs (Health Insurance & Workers Compensation) [1] | | Increase 3.5% per yr. Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| Wage Increase and Annualization -- PSA Payroll | $ 4,326 | $ 4,478 | $ 4,634 |
| -- JOA Payroll | 31,998 | 33,118 | 34,277 |
| Additional Staffing | 23,376 | - | - |
| Total Increases in Wage and Salaries | $ 59,700 | $ 37,595 | $ 38,911 |
| Fringe Benefit Rate | 16.36% | 16.36% | 16.36% |
| Total Benefit Costs | $ 9,764 | $ 6,149 | $ 6,364 |
| Pensions | (a) | 34.18% | 34.2% |
| Total Pensions | | $ 12,850 | $ 13,300 |
| OPEB's | (a) | 18.42% | 18.42% |
| Total OPEB's | | $ 6,925 | $ 7,167 |
| Total Benefits, Pensions and OPEBs | $ 9,764 | $ 25,924 | $ 26,831 |
| Rounded Total | $ 9,800 | $ 25,900 | $ 26,800 |

[1] Per Exhibit E-4, Schedule 5

Statement in Support of Change No. (4)
To Electric Operations and Maintenance Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| Adjustment to All Other Operations & Maintenance Expenses: | | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| As Adjusted Rate Year 2009 Total O&M Expenses[1] | $ 2,095,100 | | |
| Less: | | | |
| Salaries & Wages | (481,731) | | |
| Pensions & OPEBs | (274,933) | | |
| Employee Welfare Expenses | (105,871) | | |
| Joint Operating Expense | (209,148) | | |
| Uncollectible Accounts Accrual | (93,746) | | |
| Amortizations | (157,332) | | |
| PA GRT | (261,500) | | |
| Uncollectible on Additional Revenue | (9,600) | | |
| Total Other O&M Costs | $ 501,240 | | |
| x 2.3% Inflation Rate per year | 2.3% | | |
| | | $ 11,529 | $ 11,794 |
| Rounded Total | | $ 11,500 | $ 11,800 |

1 Per Exhibit E-4, Summary, Page 1

Pike County Light And Power

Exhibit E-5
Schedule 5

Statement in Support of Change No. (5)
To Electric Operations and Maintenance Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| Uncollectible Accounts Expense | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|
| Revenue Adjustment due to increase in Sales [1] | $ 26,500 | $ 47,500 |
| x Uncollectible writeoffs / revenues -- Twelve Months Ending March 31, 2008 | 0.008133 | 0.008133 |
| Net Change in Uncollectible Accounts Expense | $ 216 | $ 386 |
| Rounded Total | $ 200 | $ 400 |

[1] Per Exhibit E-5, Schedule 1

Pike County Light And Power

Exhibit E-5
Schedule 6

Statement in Support of Change No. (6)
For Proposed Changes in Depreciation Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| | Amount | |
|---|---|---|
| | Electric Plant | Adjustment |
| Proposed Depreciation Rate Change [1] | | |
| Depreciable Plant at March 31, 2009 | 14,497,920 | |
| x Proposed Basis Depreciation Rate | 2.54% | |
| Depreciation Expense at Proposed Rates | 368,247 | |
| Total Increase/(Decrease) in Depreciation Expense | | $ 33,747 |
| Additions - Rate Year 2 | | |
| Distribution | 332,900 | |
| Retirements - Rate Year 2 | | |
| Distribution | (98,400) | |
| Net Activity - Additions/Retirements | 234,500 | |
| Depreciable Plant at Rate Year 2 | 14,732,420 | |
| x Proposed Basis Depreciation Rate | 2.54% | |
| Depreciation Expense at Rate Year 2 | 374,203 | |
| Total Increase in Depreciation Expense - Rate Year 2 | | $ 5,956 |
| Rounded Total | | $ 6,000 |
| Additions - Rate Year 3 | | |
| Distribution | 318,800 | |
| Retirements - Rate Year 3 | | |
| Distribution | (98,400) | |
| Net Activity - Additions/Retirements | 220,400 | |
| Gas Depreciable Plant at Rate Year 3 | 14,952,820 | |
| x Proposed Composite Book Depreciation Rate | 2.54% | |
| Depreciation Expense at Rate Year 3 | 379,802 | |
| Total Increase in Depreciation Expense - Rate Year 3 | | $ 5,598 |
| Rounded Total | | $ 5,600 |

1 Per Exhibit E-4, Schedule 13, Page 1 of 5

Pike County Light And Power Company

Exhibit E-5
Schedule 7

Statement in Support of Change No. (7)
To Other Tax Expense
For the Twelve Months Ended March 31, 2010 and March 31, 2011

| Changes in Taxes Other | Future Year 3/31/2009 | Rate Year 2 Adjustment | Rate Year 3 Adjustment |
|---|---|---|---|
| Payroll Taxes | $ 4,600 | $ 2,900 | $ 3,000 |
| Payroll Taxes Capitalized | (1,700) | (1,100) | (1,100) |
| Pa. Gross Earnings | (63,200) | 1,600 | 2,800 |
| | $ (60,300) | $ 3,400 | $ 4,700 |
| Rounded | $ (60,300) | $ 3,400 | $ 4,700 |

| | Rate Year 2 | Rate Year 3 |
|---|---|---|
| Payroll Taxes (See Exhibit E-5, Schedule 2) | $ 37,595 | $ 38,911 |
| Payroll Tax Rate | 7.74% | 7.74% |
| | $ 2,910 | $ 3,012 |
| | $ 2,900 | $ 3,000 |

Pike County Light And Power Company

Adjustment No. (8)
Calculation of Electric State Income Taxes
For The Twelve Months Ended March 31, 2010

| | 12 Months Ended 3/31/2009 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Operating Income Before Income Taxes | $ (58,100) | $ 21,600 | $ (36,500) |
| Interest Expense (E-4 Sch 15, Page 3) | (800) | - | $ (800) |
| Book Income Before FIT | (57,300) | 21,600 | (35,700) |
| **Section I - Flow Thru Items:** | | | |
| Add: Additional Taxable Income and Unallowable Deductions: | | | |
| Excess Book Prov Over Write Off / COR | - | - | - |
| Book Depreciation | 6,000 | - | 6,000 |
| Total | 6,000 | - | 6,000 |
| Deduct: Non-Taxable Income and Additional Allowable Deductions | | | |
| Cost of Removal | - | - | - |
| Tax Depreciation | 4,000 | - | 4,000 |
| Medicare Reimbursement | - | - | - |
| Total | 4,000 | - | 4,000 |
| Pretax Income | (55,300) | 21,600 | (33,700) |
| **Section II - Normalized Items:** | | | |
| Deduct: Non-Taxable Income and Allowable Deductions | | | |
| Tax Depreciation - Normalized | 2,000 | - | 2,000 |
| Tax Depreciation CIAC | - | - | - |
| Capitalized Overhead Section 263A | - | - | - |
| Total | 2,000 | - | 2,000 |
| Taxable Income | (57,300) | 21,600 | (35,700) |
| Less: Current State Income Tax @ 9.99% | (5,700) | 2,200 | (3,600) |
| Ordinary Income or (loss) | (51,600) | 19,400 | (32,100) |

Pike County Light And Power Company

Adjustment No. (8)
Calculation of Electric Income Taxes
For the Twelve Months Ended December 31, 2010

| | 12 Months Ended 3/31/2009 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Current Federal Income Tax Expense: | | | |
| Ordinary Income @ 35% | $ (18,100) | $ 6,800 | $ (11,300) |
| Deferred Federal Income Tax Applicable To: | | | |
| Tax Depreciation - Normalized | 700 | - | 700 |
| Tax Depreciation - CIAC | - | - | - |
| Capitalized Overhead Section 263A | - | - | - |
| Total | 700 | - | 700 |
| Amortization of Deferred ITC | - | - | - |
| Summary of Federal Income Taxes: | | | |
| Current Federal Income Tax | (18,100) | $ 6,800 | (11,300) |
| Deferred Federal Income Tax | 700 | - | 700 |
| Amortization of Deferred ITC | - | - | - |
| Total | $ (17,400) | $ 6,800 | $ (10,600) |

Pike County Light And Power Company

Adjustment No. (8)
Calculation of Electric State Income Taxes
For The Twelve Months Ended March 31, 2011

| | 12 Months Ended 3/31/2010 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Operating Income Before Income Taxes | $ (40,700) | $ 21,600 | $ (19,100) |
| Interest Expense (E-4 Sch 15, Page 3) | (5,200) | - | $ (5,200) |
| Book Income Before FIT | (35,500) | 21,600 | (13,900) |
| **Section I - Flow Thru Items:** | | | |
| Add: Additional Taxable Income and Unallowable Deductions: | | | |
| Excess Book Prov Over Write Off / COR | - | - | - |
| Book Depreciation | 5,600 | - | 5,600 |
| Total | 5,600 | - | 5,600 |
| Deduct: Non-Taxable Income and Additional Allowable Deductions | | | |
| Cost of Removal | - | - | - |
| Tax Depreciation | 3,700 | - | 3,700 |
| Medicare Reimbursement | - | - | - |
| Total | 3,700 | - | 3,700 |
| Pretax Income | (33,600) | 21,600 | (12,000) |
| **Section II - Normalized Items:** | | | |
| Deduct: Non-Taxable Income and Allowable Deductions | | | |
| Tax Depreciation - Normalized | 1,900 | - | 1,900 |
| Tax Depreciation CIAC | - | - | - |
| Capitalized Overhead Section 263A | - | - | - |
| Total | 1,900 | - | 1,900 |
| Taxable Income | (35,500) | 21,600 | (13,900) |
| Less: Current State Income Tax @ 9.99% | (3,500) | 2,200 | (1,400) |
| Ordinary Income or (loss) | (32,000) | 19,400 | (12,500) |

Pike County Light And Power Company

Adjustment No. (8)
Calculation of Electric Income Taxes
For the Twelve Months Ended December 31, 2011

| | 12 Months Ended 3/31/2010 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Current Federal Income Tax Expense: | | | |
| Ordinary Income @ 35% | $ (11,200) | $ 6,800 | $ (4,400) |
| Deferred Federal Income Tax Applicable To: | | | |
| Tax Depreciation - Normalized | 700 | - | 700 |
| Tax Depreciation - CIAC | - | - | - |
| Capitalized Overhead Section 263A | - | - | - |
| Total | 700 | - | 700 |
| Amortization of Deferred ITC | - | - | - |
| Summary of Federal Income Taxes: | | | |
| Current Federal Income Tax | (11,200) | $ 6,800 | (4,400) |
| Deferred Federal Income Tax | 700 | - | 700 |
| Amortization of Deferred ITC | - | - | - |
| Total | $ (10,500) | $ 6,800 | $ (3,700) |

Pike County Light And Power Company

Adjustment No. (8)
Calculation of Electric Interest Expense
For The Twelve Months Ended March 31, 2010 and March 31, 2011

| | 12 Months Ended 3/31/2009 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Rate Base | $ 10,698,100 | $ (25,400) | $ 10,672,700 |
| Interest Component of Capitalization | 3.01% | 3.01% | 3.01% |
| Interest Expense | $ 322,013 | $ (765) | $ 321,248 |
| Rounded | $ 322,000 | $ (800) | $ 321,200 |

| | 12 Months Ended 3/31/2010 (1) | Proposed Rate Change (2) | As Adjusted For Additional Revenue (3) = (1) + (2) |
|---|---|---|---|
| Rate Base | $ 10,672,700 | $ (172,500) | $ 10,500,200 |
| Interest Component of Capitalization | 3.01% | 3.01% | 3.01% |
| Interest Expense | $ 321,248 | $ (5,192) | $ 316,056 |
| Rounded | $ 321,200 | $ (5,200) | $ 316,100 |

Pike County Light And Power Company
Statement in Support of Change No. (9)
To Electric Plant in Service
For the Twelve Months Ending March 31, 2010 and March 31 2011

Exhibit E-5
Schedule 9

Electric Plant in Service

| Rate Year 1 Balance | Rate Year 2 Additions | Rate Year 2 Retirements | Rate Year 2 As Adjusted | Rate Year 3 Additions | Rate Year 3 Retirements | Rate Year 3 As Adjusted |
|---|---|---|---|---|---|---|
| $ 14,524,100 | $ 332,900 | $ (98,400) | $ 14,758,600 | $ 318,800 | $ (98,400) | $ 14,979,000 |

Pike County Light And Power Company
Statement in Support of Change No. (10a)
To Electric Depreciation Reserve
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Accumulated Provision for Depreciation of Electric Plant in Service

| Rate Year 1 | Rate Year 2 | | Rate Year 2 | Rate Year 3 | | Rate Year 3 |
|---|---|---|---|---|---|---|
| Balance | Additions | Retirements | As Adjusted | Additions | Retirements | As Adjusted |
| $ 3,438,500 | $ 403,800 | $ (98,400) | $ 3,743,900 | $ 429,400 | $ (98,400) | $ 4,074,900 |

Pike County Light And Power Company
Statement in Support of Change No. (10b)
To Common Depreciation Reserve
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Accumulated Provision for Depreciation of Common Plant in Service

| Rate Year 1 Balance | Rate Year 2 Additions | Rate Year 2 Retirements | Rate Year 2 As Adjusted | Rate Year 3 Additions | Rate Year 3 Retirements | Rate Year 3 As Adjusted |
|---|---|---|---|---|---|---|
| $ 8,000 | $ 8,000 | $ - | $ 16,000 | $ 8,000 | $ - | $ 24,000 |

Pike County Light And Power Company
Statement in Support of Change No. (11a)
For the Twelve Months Ending March 31, 2010



| | Reference | Amount | (Lead) / Lag Days | T&D Dollar Days |
|---|---|---|---|---|
| Revenue Recovery | I | $ 5,565,300 | 43.6 | $ 242,783,438 |
| Sales tax | I | 330,700 | 43.6 | 14,426,623 |
| | | 5,896,000 | | 257,210,061 |
| Purchased Power Expenses: | | | | |
| O&R | II | 1,760,900 | 45.0 | 79,240,500 |
| Deferred Purchased Power Expense | | - | - | - |
| Salaries & Wages | III | 514,831 | 8.1 | 4,190,936 |
| Pensions | XII | 210,489 | 0.4 | 94,056 |
| OPEBs | IV | 84,344 | 94.1 | 7,934,071 |
| Employee Welfare Expenses | IV | 111,971 | 12.2 | 1,361,602 |
| Joint Operating Expense | II | 209,148 | 45.0 | 9,411,660 |
| Uncollectible Accounts Accrual | V | 103,446 | 43.6 | 4,512,781 |
| Other O&M | VI | 774,240 | 12.6 | 9,793,622 |
| Amortizations: | XI | | | |
| Rate Case Costs | | 80,000 | - | - |
| PUC Assessment | | 12,932 | - | - |
| OPEBs | | 64,400 | - | - |
| Depreciation & Amortization | XI | 398,300 | - | - |
| Taxes Other Than Income Taxes | VII | 56,200 | 14.0 | 787,967 |
| Pennsylvania GRT | VIII | 330,700 | (109.0) | (36,046,300) |
| Gain on Disposition of Utility Plant | | (21,700) | - | - |
| Income Taxes: | | | | |
| Federal Income Tax | IX | 140,100 | 36.5 | 5,113,650 |
| Deferred Federal Income Tax | XI | 181,000 | - | - |
| Investment Tax Credit | XI | (3,000) | - | - |
| Corporate Business Tax (State) | X | 44,400 | 36.5 | 1,620,600 |
| Return on Invested Capital | XI | 843,300 | - | - |
| Total Requirement | | $ 5,896,000 | 14.9 | 88,015,145 |
| | | $ - | | |
| Net Lag | | | 28.7 | $ 169,194,916 |
| **Net Requirement (Net Lag / 365 )** | | | | **$ 463,548** |
| Rate Year Cash Working Capital | | | | 347,592 |
| Net Change | | | | $ 115,955 |
| Rounded (11a) | | | | $ 116,000 |

Pike County Light And Power Company
Statement in Support of Change No. (11b)
For the Twelve Months Ending March 31, 2011

| | Reference | Amount | (Lead) / Lag Days | T&D Dollar Days |
|---|---|---|---|---|
| Revenue Recovery | I | $ 5,665,900 | 43.6 | $ 247,172,063 |
| Sales tax | I | 334,000 | 43.6 | 14,570,583 |
| | | 5,999,900 | | 261,742,646 |
| Purchased Power Expenses: | | | | |
| O&R | II | 1,765,500 | 45.0 | 79,447,500 |
| Deferred Purchased Power Expense | | - | - | - |
| Salaries & Wages | III | 549,131 | 8.1 | 4,470,152 |
| Pensions | XII | 223,789 | 0.4 | 99,999 |
| OPEBs | IV | 91,544 | 94.1 | 8,611,362 |
| Employee Welfare Expenses | IV | 118,271 | 12.2 | 1,438,212 |
| Joint Operating Expense | II | 209,148 | 45.0 | 9,411,660 |
| Uncollectible Accounts Accrual | V | 104,346 | 43.6 | 4,552,043 |
| Material & Supplies issues | XI | - | - | - |
| Other O&M | VI | 786,040 | 12.6 | 9,942,886 |
| Amortizations: | XI | | | |
| Rate Case Costs | | 80,000 | - | - |
| PUC Assessment | | 12,932 | - | - |
| OPEBs | | 64,400 | - | - |
| Depreciation & Amortization | XI | 403,900 | - | - |
| Taxes Other Than Income Taxes | VII | 60,900 | 14.0 | 853,864 |
| Pennsylvania GRT | VIII | 334,000 | (109.0) | (36,406,000) |
| Gain on Disposition of Utility Plant | | (21,700) | - | - |
| Income Taxes: | | | | |
| Federal Income Tax | IX | 145,500 | 36.5 | 5,310,750 |
| Deferred Federal Income Tax | XI | 181,700 | - | - |
| Investment Tax Credit | XI | (3,000) | - | - |
| Corporate Business Tax (State) | X | 46,200 | 36.5 | 1,686,300 |
| Return on Invested Capital | XI | 847,300 | - | - |
| Total Requirement | | $ 5,999,900 | 14.9 | 89,418,729 |
| | | $ - | | |
| Net Lag | | | 28.7 | $ 172,323,918 |
| **Net Requirement (Net Lag / 365 )** | | | | **$ 472,120** |
| RY2 Working Capital | | | | 463,548 |
| Net Change | | | | $ 8,573 |
| Rounded (11b) | | | | $ 8,600 |

Pike County Light And Power Company
Statement in Support of Change No. (12)
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Exhibit E-5
Schedule 12

Deferred Debits

| | Actual Per Books at 3/31/09 | Rate Year 2 Adjustments | Rate Year 2 As Adjusted | Rate Year 3 Adjustments | Rate Year 3 As Adjusted |
|---|---|---|---|---|---|
| Before Tax | | | | | |
| Estimated Rate Case Costs | $ 400,000 | $ (80,000) | $ 320,000 | $ (80,000) | $ 240,000 |
| OPEBs | 321,921 | (64,384) | 257,537 | (64,384) | 193,153 |
| | $ 721,921 | $ (144,384) | $ 577,537 | $ (144,384) | $ 433,153 |
| After Tax | $ 422,371 | $ (84,474) | $ 337,897 | $ (84,474) | $ 253,423 |
| Rounded | $ 422,400 | $ (84,500) | $ 337,900 | $ (84,500) | $ 253,400 |

Pike County Light And Power Company
Statement in Support of Change No. (13)
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Exhibit E-5
Schedule 13

Deferred Credits

| | Actual Per Books at 3/31/09 | Rate Year 2 Adjustments | Rate Year 2 As Adjusted | Rate Year 3 Adjustments | Rate Year 3 As Adjusted |
|---|---|---|---|---|---|
| Before Tax | | | | | |
| Investigation Proceeds | $ (28,000) | $ 5,600 | $ (22,400) | $ 5,600 | $ (16,800) |
| Electric Tax Refund | (26,566) | 5,313 | (21,253) | 5,313 | (15,940) |
| Depreciation Benefits - PSA | (30,400) | 6,080 | (24,320) | 6,080 | (18,240) |
| | $ (84,966) | $ 16,993 | $ (67,973) | $ 16,993 | $ (50,980) |
| After Tax | $ (49,711) | $ 9,942 | $ (39,769) | $ 9,942 | $ (29,826) |
| Rounded | $ (49,700) | $ 9,900 | $ (39,800) | $ 9,900 | $ (29,900) |

Pike County Light And Power Company
Statement in Support of Change No. (14)
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Exhibit E-5
Schedule 14

Deferred Gain From Sale of Property

| | Actual Per Books at 3/31/09 | Rate Year 2 Adjustments | Rate Year 2 As Adjusted | Rate Year 3 Adjustments | Rate Year 3 As Adjusted |
|---|---|---|---|---|---|
| Before Tax | $ (109,057) | $ 21,811 | $ (87,246) | $ 21,811 | $ (65,434) |
| After Tax | $ (63,806) | $ 12,761 | $ (51,045) | $ 12,761 | $ (38,283) |
| Rounded | $ (63,800) | $ 12,800 | $ (51,000) | $ 12,800 | $ (38,200) |

Pike County Light And Power Company
Statement in Support of Change No. (15)
To Accumulated Deferred Income Taxes
For the Twelve Months Ending March 31, 2010 and March 31, 2011

Exhibit E-5
Schedule 15

| | Rate Year 1 | Rate Year 2 | Rate Year 3 |
|---|---|---|---|
| Beginning Balance | | $ 1,446,400 | $ 1,447,100 |
| Tax Depreciation - Normalized | | 700 | 700 |
| Tax Depreciation - CIAC | | - | - |
| Capitalized Overhead Section 263A | | - | - |
| Net Additions (Change No. 15) | | 700 | 700 |
| Ending Balance | $ 1,446,400 | $ 1,447,100 | $ 1,447,800 |

Pike County Light & Power Co.
Exhibit E-6 Electric Sales and Revenue

**PIKE COUNTY LIGHT & POWER COMPANY - ELECTRIC**
**ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION**
**FORECASTED 12 MONTHS ENDING MARCH 31, 2009**

| Service Classification | Volumes (Thousands KWHR) (Column 1) | Sum of Monthly Billable Demand (MW) (Column 2) | REVENUES ($000s) T&D Revenues at Current Rates (Column 3) |
|---|---|---|---|
| 1 Residential | 28,783 | | $1,216 |
| 2 Secondary | 31,889 | 108 | $1,235 |
| 2 Primary | 14,995 | 33 | $447 |
| 03 | 208 | | $36 |
| 04 | 214 | | $24 |
| Total Lighting | 422 | | $60 |
| Total Billed | 76,089 | 141 | $2,958 |
| Total Unbilled | (438) | | ($17) |
| Grand Total | 75,651 | 141 | $2,941 |

*Note: Excludes Company Use Revenues and Sales*

EXHIBIT__(E-6)

EXHIBIT ______ (E-7)

# PIKE COUNTY LIGHT AND POWER COMPANY

## COST OF SERVICE STUDY - ELECTRIC DEPARTMENT
## YEAR 2007

# EXPLANATION OF DATA SOURCES AND COSTING METHODS

## TABLE OF CONTENTS

**PIKE COUNTY LIGHT AND POWER COMPANY**
**EMBEDDED COST OF SERVICE STUDY**
**ELECTRIC DEPARTMENT**
**YEAR 2007**

## I - SUMMARY

The Embedded Cost of Service (ECOS) study allocates PIKE County Light and Power Company's costs among their respective service classes based on an analysis of the rate base, including book cost of plant, and the operating expenses, including operation and maintenance for the Electric Department for the calendar year 2007. The ECOS study methodology is based on a two-step procedure. First, the costs are functionalized and classified to **Operating Functions**, as shown in the ECOS study on **Tables 2** through **5**. The costs within each function are then allocated to **Customer Classes** based on appropriate physical quantities, such as coincident peak kW, or other appropriate bases of allocation, such as book cost of meters. The bases of cost allocation are shown in detail on **Table 7** as **Allocation Factors** and are further described below. The details of allocations by customer class are shown on **Tables 2** through **5**. The results of the cost allocation study are combined with class revenues to yield the rate of return statement by class shown on **Table 1**. The monthly average **Customer Costs by Class** is shown on **Table 6**. Revenues and costs allocated in this ECOS study are based on booked 2007 data. The revenues comprise the annual sales revenues for PIKE service classes. They exclude commodity related revenues, the System Benefits Charge (SBC) and gross receipts tax (GRT) revenues and represent a delivery revenue requirement.

## II - DESCRIPTION OF OPERATING FUNCTIONS – Tables 2, 3 and 5

The operating functions shown on **Table 2, Rate Base, Table 3, Operating Expenses,** and **Table 5, Federal Income Taxes** are described below. Where applicable, these functions include fixed costs including an allocation of associated operating expenses, administrative & general (a & g) expenses, and federal income taxes (FIT).

**Line 1, Production**

The Production function is zero for this study.

**Line 2, Transmission**

The Transmission function represents Pike's share of transmission expenses as allocated according to the Power Supply Agreement (PSA) with O & R.

**Line 3, High Tension**

The (High Tension) function includes the fixed costs for the substations and feeders that provide the source of supply from the generating stations to the lower voltage substations and to the primary voltage high tension customers.

**Low Tension Distribution System-Demand Component:**
**Line 4, O.H. Transformers – Demand**
**Line 5, U.G. Transformers – Demand**
**Line 6, O.H. Lines – Demand**
**Line 7, U.G. Lines – Demand**

The fixed costs for the above functions are subdivided to show separately the functions associated with overhead (OH) and underground (UG) line transformers and the overhead and underground lines. The demand component includes the transformers and the evaluated costs of that portion of the secondary system for OH and UG Lines required to supply the connected load, above a base of zero load. The remainder is the customer component shown below on **Lines 8, 9, 10** and **11**.

**Low Tension Distribution System-Customer Component:**

**Line 8, O.H. Transformers – Customer**
**Line 9, U.G. Transformers – Customer**
**Line 10, O.H. Lines – Customer**
**Line 11, U.G. Lines – Customer**

The fixed costs for these functions are considered to be joint customer costs as distinguished from direct customer costs, since they represent the estimated costs of the minimum-size jointly-used network of distribution lines needed to serve customers under the existing conditions of customer density and geographical dispersion, on the assumption of little or no use of the service by any customer. Expressed in another manner, the customer component is the cost of the smallest secondary system theoretically needed to physically connect all of the existing service points to line transformers, if the system was not required to supply any load.

**Line 12, Service Costs – O.H.**
**Line 13, Service Costs – U.G.**

These fixed costs represent overhead and underground service connections. The costs for these functions are considered to be direct customer costs since their service connections are attaching the customer to the distribution system.

**Line 14, Meter & Meter Installations**

The Meter and Meter Installations function includes the fixed costs for metering equipment on customers' premises. The costs for these functions are considered to be direct customer costs.

**Line 15, Install. on Custr. Premises**

The Installations on Customers' Premises function consists of O & M expenses for the services rendered principally for the inspection of new or altered customer installations, investigating and adjusting service complaints and performing emergency repairs. These costs are considered to be direct customer costs.

**Line 16, Street Lighting**

The Street Lighting function includes the fixed costs for street lighting and signal systems for the municipal class and residential and commercial lighting classes.

**Line 17, Customer Accounting**

The Customer Accounting function consists of meter reading expenses, customer records and collection expenses and billing and accounting expenses.

**Line 18, Uncollectibles**

The Uncollectibles function includes the operation and maintenance expenses for uncollectibles accounts.

**Line 19, Customer Service**

Customer Service expenses were reduced for SBC expenses. The remainder of the account includes expenses related to customer service and informational expenses and informational and instructional advertising expenses.

**Line 20, Revenue Items**

The Revenue function is used in Working Capital, Table 2, Page 13 and Payroll & Miscellaneous Taxes Table 3, Page 7.

## III - DESCRIPTION OF ALLOCATION FACTORS - Table 7, Pages 1 through 3

| Factor | Line No. | Description and Source |
|---|---|---|
| **D01** | **2** | **Transmission**<br>The D01, Transmission, allocation factor, summer system peak responsibility demand, is based on the highest five day, four–hour averages. |
| **D02** | **5** | **High Tension**<br>The D02, High Tension allocation factor is based on the Non-coincident maximum high tension class demand at generating stations. |
| **D03** | **8** | **Low Tension – Overhead and Underground**<br>The D03, Low Tension – Overhead and Underground, allocation factor was based on the associated book costs using the average of non-coincident maximum 60 cycle class demands and individual customer billing demands for summer and winter seasons. |
| **E01** | **11** | **Annual kWh Sales**<br>E01, Annual kWh Sales, is the total annual kilowatt-hour sales for Pike's service classes. |

| | | |
|---|---|---|
| **C01** | **14** | **O.H. Lines and U.G. Lines & Transformers - Customer Component** |
| | | C01, Overhead and Underground Lines & Transformers – Customer is allocated to service classes based on the number of customers excluding the primary commercial and industrial class. Number of luminaires was used to allocate these costs to the Street Lighting classes. |
| **C02** | **17** | **Services – Overhead and Underground** |
| | | The C02 allocation factor is based on the Non-coincident maximum high tension class demand at generating stations. These costs were not allocated to the Municipal Street Lighting and Residential & Commercial Private Lighting classes. |
| **C03** | **20** | **Install. on Customers' Premises** |
| | | The C03, Installations on Customers' Premises, allocation factor is based on the direct allocation of expenses related to installations on customers' premises. |
| **C04** | **23** | **Street Lighting** |
| | | The C04, Street Lighting, allocation factor is based on individual customer maximum demands of the lighting classes. |
| **S01** | **26** | **Meter & Meter Installations** |
| | | The S01, Meter & Meter Installations, allocation factor is the year-end book cost of meters and meter installations and was based on a detailed study of customers' meters for each service classification. |

| | | |
|---|---|---|
| **S02** | **29** | **<u>Customer Account Expense</u>** |

The S02, Customer Account Expense, allocation factor was developed by allocating the accounts that comprise the total customer accounting expenses. The allocation factor consists of Account 902, Meter Reading allocated to the service classes based on the number of meters, Account 903, Customer Records allocated based on the number of customers, Account 901, Supervision and Account 905, Miscellaneous allocated based on the sum of allocations of Account 902 and Account 903.

**S03** **32** **<u>Uncollectibles</u>**

The S03, Uncollectibles Expense, allocation factor is based on class revenues.

**S04** **35** **<u>Customer Service</u>**

The S04, Customer Service Expenses, are allocated based on number of customers.

**S05** **38** **<u>Payroll & Miscellaneous Taxes</u>**

The S05 allocator was used to allocate State Income Tax - Pike Corporate Business Tax to the classes on the basis of revenues.

**S06** **41** **<u>Working Capital</u>**

The S06 allocator was used to allocate PA Corporate Net Income Taxes to the classes on the basis of revenues.

**R01** **44** **<u>Revenues from Sales</u>**

The R01, Revenues from Sales, allocation factor is based on annual delivery revenues.

| | | |
|---|---|---|
| **R02** | **47** | **Other Revenues** |
| | | The R02, Other Electric Revenues, is comprised of miscellaneous revenue items allocated to the classes based on revenues. |
| **R99** | **50** | **Null Revenue Factor** |
| **K01** | **52** | **Number of Customers** |
| | | K01, Number of Customers, is the annual number of customers for Pike's service classes. |

## IV - DESCRIPTION OF CUSTOMER CLASSES

The customer classes consist of:

| | |
|---|---|
| **Total Company** | **Total Company** - The sum of Pike's service classes, (Powerpick customers priced as full service). |
| **Total Residential** | **Total Residential** - The sum of Pike's residential service classes. |
| **Total C&I Secondary** | **Total C&I Secondary** - The sum of Pike's commercial & industrial secondary classes. |
| **Total C&I Primary** | **Total C&I Primary** - The sum of Pike's commercial & industrial primary classes. |
| **Total Muni Str. Ltg** | **Total Muni Str. Ltg** - Pike's municipal street lighting class. |
| **Total Pvt. Ltg.** | **Total Com Pvt. Ltg** - The sum of Pike's private lighting classes. |
| **S.C. No. 1 w Sp Htg.** | **Residential w Space Heating** - Applicable to residential customers with permanently installed electric space heating as the sole source of space heating on the premises. |
| **S.C. No. 1 w Sp & Wtr. Htg.** | **Residential w Space & Water Heating** - Applicable to residential customers with both space and water heating. |
| **S.C. No. 2 General Service** | **General Service** - Applicable to general non-residential customers. |
| **S.C. No. 2 Sep Met Sp Htg** | **Separately Metered Space Heating** - Separately metered service applicable to non-residential customers with 10 kW or more of permanently installed space heating equipment. |

| | |
|---|---|
| **S.C. No. 2 Sec Non Met** | __**Secondary Non Metered**__ - Applicable to non-residential customers with equipment having a total rated capacity of less than 2 kW at any one location that is operated on a fixed schedule and has a definitely determinable demand. |
| **S.C. No. 2 Sec Non Dem Met** | __**Secondary Non Demand Metered**__ - Applicable to non-residential customers with demands below 5 kW. |
| **S.C. No. 2 Primary** | __**Primary**__ - Applicable to non-residential primary metered customers. |
| **S.C. No. 3 Muni Str. Ltg .** | __**Municipal Street Lighting**__ - Applicable to lighting of streets, highways, roadways and ways open to the public use. |
| **S.C. No. 4 Res Pvt. Ltg.** | __**Residential Private Lighting**__ - Applicable to residential outdoor lighting areas, beyond the limits of public streets, highways or roadways. |
| **S.C. No. 4 Com Pvt. Ltg.** | __**Commercial Private Lighting**__ - Applicable to commercial outdoor lighting areas, beyond the limits of public streets, highways or roadways. |

## V – RATE OF RETURN STATEMENT – Table 1, Pages 1 through 3

The class allocations of the functional elements shown on **Table 2, Pages 19** through **21, Total Rate Base; Operating Expenses**, **Table 3, Pages 1** through **12; Operating Revenues, Table 4, Pages 1** through **3;** and **Federal Income Taxes**, **Table 5, Pages 1** through **6,** were consolidated and tabulated in summary form on the **Rate of Return Statement, Table 1, Pages 1** through **3** detailed below:

**Line 1, Total Operating Revenues**

Total Operating Revenues are from **Table 4, Pages 1** through **3, Line 4.**

**Line 4, Operation & Maintenance**

Total Operation & Maintenance Expenses are from **Table 3, Pages 1** through **3, Line 27.**

**Line 5, Depreciation & Amortization**

Total Depreciation & Amortization are from **Table 3, Pages 4** through **6, Line 27.**

**Line 6, Payroll & Misc. Taxes**

Total Payroll & Misc. Taxes are from **Table 3, Pages 7** through **9, Line 27.**

**Line 7, Federal Income Tax**

Total Federal Income Tax Computation is from **Table 5, Pages 4** through **6, Line 27.**

**Line 9, Total Operating Expenses**

Total Operating Expenses including Income Taxes is the sum of **Lines 4** through **7.**

**Line 11, Utility Operating Income**

Total Utility Operating Income (return) is Total Operating Revenues on **Line 1** less Total Operating Expenses on **Line 9.**

**Line 13, Utility Rate Base**

Total Utility Rate Base (Total Rate Base) is from **Table 2, Pages 19** through **21, Line 27.**

**Line 15, Rate of Return (%)**

The Rate of Return on Utility Rate Base (system rate of return) shown on **Line 15** is calculated by dividing Utility Operating Income on **Line 11** by Utility Rate Base on **Line 13.**

**Line 17, Index**

The Index (Relative Rate of Return), **Line 17**, is the ratio of the class rate of return to the system rate of return of 2.33%.

**Line 19, Deviation**

The Deviation is the extent (in percentage points) by which the actual rate of return for each customer class deviates from the total system rate of return.

**Line 21 and 22, ± 10% Tolerance Bands**

A ±10 tolerance band has been computed around the system rate of return and is shown on **Lines 21** and **22,** respectively.

**Lines 24 and 25, Revenue Surplus and Deficiency**

The Revenue Surplus or Deficiency for returns that fall outside the tolerance band are shown on **Lines 24** and **25**, respectively.

**VI - RATE BASE - Table 2, Pages 1 through 21**

The Rate Base is shown on **Table 2, Pages 1** through **21.** The Total Rate Base shown on **Table 2, Pages 19** through **21** is the sum of book costs for **Plant in Service**, **Table 2, Pages 1** through **3,** for distribution plant, less the corresponding **Reserve for Depreciation**, **Table 2, Pages 4** through **6** plus **Non-Interest Bearing CWIP**, **Table 2, Pages 7** through **9** (resulting in **Net Plant, Table 2, Pages 10** through **12**) plus **Working Capital**, **Table 2, Pages 13** through **15** plus **Rate Base Adjustments, Table 2, Pages 16** through **18**.

**Plant in Service - Table 2, Pages 1 through 3**

The total book costs for electric plant in service shown on **Table 2, Pages 1** through **3** are costs comprised of the distribution plant in service book costs from the Company's accounting data organized by Account shown functionalized on work paper **Book Cost of Plant Summary 2007.**

**Description of Plant in Service – Table 2, Pages 1 through 3**

**Account 301 through Account 303 – Intangible Plant**

This cost was functionalized on Distribution Plant.

**Account 310 through Account 346 - Production**

The book cost for production plant is zero.

**Account 350 through Account 359 – Transmission**

The book cost for transmission plant is zero.

**Distribution Plant in Service Book Costs:**

**Account 360, Land and Land Rights**

The cost is for land occupied by substations and distribution facilities and was functionalized to the High Tension function.

**Accounts 361 and Account 362, Structures and Improvement and Station Equipment**

The costs represent the substation structures and equipment plant. These costs were functionalized to the High Tension function.

**Account 364, Poles, Towers and Fixtures**

These costs represent the book costs for Poles, Towers and Fixtures used for High Tension conductors and Low Tension conductors. The property record data for Account 365 - provided the footage for Overhead Conductors broken down between primary and secondary voltages or High and Low Tension respectively. The Poles, Towers and Fixtures book cost were then multiplied by the primary and secondary percentages of the overhead conductors. The primary costs were directly assigned to the High Tension function. The secondary costs were subdivided into demand and customer components utilizing the Overhead Conductors percentages from the minimum system as described in Accounts 364-367, Low Tension Demand and Customer Component below.

**Account 365, Overhead Conductors**

These costs were obtained from book cost data. The property record data for Account 365 provided the breakdown of primary and secondary voltages. The cost associated with primary voltage was directly assigned to the High Tension 60 Cycle function. The secondary voltage cost was subdivided into demand and customer components utilizing the Overhead Conductor percentages from the minimum system as described in Accounts 364-367, Low Tension Demand and Customer Component below.

**Account 366, Underground Conduit**

These costs were functionalized on the same basis as Account 367, Underground Conductors as described in PSC Accounts 364-367, Low Tension Demand and Customer Component below.

**Account 367, Underground Conductors**

The costs for Account 367 are obtained from book cost data. The property record data for Account 367 provided the breakdown between primary and secondary voltages. The primary voltage costs associated with high tension were directly assigned to the High Tension function. The low-tension (secondary voltage) costs were subdivided into demand and customer components utilizing the Underground Conductor percentages from the minimum system as described in Accounts 364-367, Low Tension Demand and Customer Component below.

**Accounts 364-367, Low Tension Demand and Customer Component**

The total low-tension cost was further subdivided into demand and customer components using a minimum system methodology. This methodology employs the "Minimum Size" method to classify low-tension distribution plant as either demand-related or customer-related.

**Account 368, Line Transformers**

The total book cost of transformers and rectifiers was subdivided into demand and customer components using a minimum system methodology. This methodology employs the "Minimum Size" method to classify low-tension distribution plant as either demand-related or customer-related.

**Account 369, Services**

The total book cost of services was directly assigned to the overhead and underground services functions based on the Company's property records data.

**Account 370, Meter and Meter Installations**

The total book cost of Meter and Meter Installations was functionalized direct to the Meter and Meter Installation function.

**Account 373, Street Lighting and Signal Systems**

The total book cost for street lighting and signal systems was assigned directly to the Street Lighting function.

**Total Plant**

Total plant is the sum of Accounts 301 - 373.

**Reserve for Depreciation - Table 2, Pages 4 through 6**

The **Reserve for Depreciation** is shown by function on **Table 2, Pages 4** through **6.** The total costs were functionalized based on the corresponding book cost of plant. The **Retirement Work in Progress** was functionalized on total distribution book cost of plant.

**Non-Interest Bearing CWIP (Construction Work In Progress) -Table 2, Pages 7 through 9**

The year end balance of Non-Interest Bearing Construction Work in Progress on which interest is not capitalized, is shown in total on **Line 27** of **Table 2, Pages 7** through **9.** This amount was functionalized based on total distribution book cost of plant shown on **Table 2, Pages 1** through **3.**

**Net Plant-Table 2, Pages 10 through 12**

**Net Plant** shown on **Table 2, Pages 10** through **12** by function by class is the sum of **Table 2, Pages 1** through **3, Book Cost of Plant (Plant in Service)**, less **Table 2, Pages 4** through **6, Reserve for Depreciation,** plus **Table 2, Pages 7** through **9, Non-Interest Bearing CWIP.**

**Working Capital – Table 2, Pages 13 through 15**

Working Capital appears on **Table 2, Pages 13** through **15** and is composed of the cost of materials and supplies on hand, prepayments of operating taxes, insurance, and a cash allowance for operation and maintenance expenses representing a lag of revenue collection over payments for costs incurred.

**Rate Base Adjustments – Table 2, Pages 16 through 18**

The year end balance of Rate Base Adjustments is shown in total on Line 27 of **Table 2, Pages 16** through **18**.

**Total Rate Base – Table 2, Pages 19 through 21**

The sum of **Net Plant, Pages 10** through **12**, **Working Capital, Pages 13** through **15** and **Rate Base Adjustments, Pages 16** through **18** comprises the **Total Rate Base**, shown on **Table 2, Pages 19** through **21**.

## VII – OPERATING EXPENSES – Table 3, Pages 1 through 12

Total Operating Expenses are shown on **Table 3, Pages 1** through **12. Table 3, Pages 10** through **12, Total Operating Expenses** represents the sum of expenses by function, by class of **Table 3, Pages 1** through **3, Operation & Maintenance** Expenses and Total Other Expenses (**Table 3, Pages 4** through **6, Depreciation & Amortization, and Table 3, Pages 7** through **9, Payroll & Misc. Taxes).** The major types of operation and maintenance expenses are for Transmission, Distribution, Customer Accounting, Uncollectibles and Customer Service including Miscellaneous Revenue Credits and Administrative and General Expenses.

**Operation & Maintenance Expenses – Table 3, Pages 1 through 3**

The total operation and maintenance expenses shown in **Table 3, Pages 1** through **3, Operation & Maintenance** are comprised of the transmission, distribution, customer accounting and customer service expenses as reflected in the Company's accounting data organized by account including allocations for miscellaneous revenue credits and administrative and general expenses shown functionalized on **work paper, Operation and Maintenance Expenses Summary** described below:

**Production Operation and Maintenance Expenses:**

**Accounts 500 through 557, Production Expenses**

Production expenses are not reflected in this study.

**Accounts 560 through 572, Transmission Expenses**

These costs represent transmission expenses for the transmission portion of the PSA, functionalized directly to the Transmission function.

**Account 580, Supervision and Engineering**

The Supervision and Engineering expense related to Operation was reallocated (based on the column titled "Reallocation") to PSC Accounts 581 through 588.

**Account 581, Load Distribution**

These costs were assigned directly to the High Tension function.

**Account 582, Station Equipment**

These costs were functionalized to the High Tension function based on their related book cost.

**Account 583, Overhead Lines**

These costs were functionalized based on the functionalization of the book costs of Account 364 Poles, Towers and Fixtures, Account 365 Overhead Conductors and Account 368 Line Transformers - Overhead.

**Account 584, Underground Lines**

These costs were functionalized based on the book costs of PSC Account 366 Underground Conduit, Account 367, Underground Conductors and Account 368 Line Transformers - Underground.

**Account 585, Street Lighting**

The costs were zero for this account.

**Account 586, Meters**

The costs were functionalized directly to the Meter & Meter Installation function.

**Account 587, Customer Installations Expenses**

The costs were functionalized directly to the Installation on Customers' Premises function.

**Account 588, Miscellaneous Distribution Expenses**

The costs were functionalized based on the book costs of the total distribution plant.

**Total Distribution Operation Expense**

Total of Accounts 580 through 588.

**Account 590, Supervision and Engineering**

The costs were zero for this account.

**Account 591, Structures**

The costs were zero for this account.

**Account 592, Station Equipment**

The costs were functionalized to the High Tension function based on Account 362, Station Equipment.

**Account 593, Overhead Lines**

The costs were functionalized based on Account 364 Poles, Towers and Fixtures, Account 365 Overhead Conductors and Account 369 Services.

**Account 594, Underground Lines**

The costs were functionalized based on Account 366 Underground Conduit, Account 367 Underground Conductors and Account 369 Services.

**Account 595, Line Transformers**

The costs were zero for this account.

**Account 596, Street Lighting**

The costs were functionalized directly to the Street Lighting function.

**Account 597, Meters**

The costs were functionalized directly to the Meter & Meter Installation function.

**Account 598, Miscellaneous Distribution Plant**

The costs were functionalized on total Distribution plant.

**Total Distribution Maintenance Expenses**

Total of PSC Accounts 590 through 598.

**Total Distribution Excluding Rents**

The sum of Total Distribution Operation and Maintenance Expenses.

**Account 589, Distribution Rents**

The costs were functionalized based on book costs of total distribution plant and adjusted to reflect a portion of the PSA adjustment.

**Account 599, Joint Expenses**

The costs were functionalized on total Distribution plant.

**Total Rents**

The sum of Account 589 and 599.

**Total Distribution Expenses**

The sum of Total Distribution Expenses and Total Rent Expenses.

**Total Customer Accounting**

The total customer accounting expenses of PSC Accounts 901 through 906 were functionalized directly to the Customer Accounting function.

**Uncollectibles**

Account 904, Uncollectible expenses were functionalized directly to the Uncollectibles function.

**Accounts 907 through 916, Customer Service**

Customer Service expenses, excluding costs related to the system benefit charge were functionalized directly to the Customer Service function.

**Accounts 920 through 931, Administrative and General Expenses**

Administrative and General Expenses consist of Accounts 920 through 931. Labor was used as the basis of functionalization for Accounts 920, 921, 922, 923, 926, 929, 930.2, 930.4, 931.2 and 932. PSC Accounts 924, 925, 928 and 930.1, 931.1 and 933.1 were functionalized based on distribution operation and maintenance expenses excluding rents.

**Unadjusted Total O & M**

The sum of total O & M and A&G expenses.

**Miscellaneous Revenue Credits**

The functionalized Miscellaneous Revenue Credits on **Line 62** represent the adjusted sum of PSC Accounts 449, 451, 454 and 456. (Excluding normalizations, revenues included in priced-out revenues, and other electric revenues.)

**Total Adjusted O & M**

The sum of Total Adjusted O & M and Miscellaneous Revenue Credits.

**Other Expenses:**

**Payroll & Misc. Taxes**

The Payroll & Miscellaneous Taxes shown on **Table 3, Pages 7** through **9** were functionalized on a labor basis.

**Depreciation & Amortization**

The Depreciation & Amortization Expenses shown on **Table 3, Pages 4** through **6**, were identified with each plant account or group of accounts and functionalized in proportion to the corresponding depreciation reserve costs shown on **Table 2, Pages 4** through **6**.

**Total Other Expenses**

The Total Other Expenses is the sum of Payroll & Miscellaneous Taxes, and Depreciation & Amortization.

**Total Operating Expenses**

The Grand Total tabulated on **Table 3, Pages 10** through **12**, **Total Operating Expenses**, is the sum of Total Adjusted O & M and Total Other Expenses.

## VIII - OPERATING REVENUES – Table 4, Pages 1 through 3

Operating Revenues are tabulated on **Table 4, Pages 1** through **3.** The **Total Operating Revenues** are shown on **Line 4** calculated by the sum of **Lines 1** through **2** as shown below:

**Line 1, Revenue from Sales**

Revenues from Sales are the annual T&D revenues.

**Line 2, Other Revenues**

Other Revenues are the annual miscellaneous electric revenues.

**Line 4, Total Operating Revenues**

Total Operating Revenues are the sum of **Line 1** and **Line 2**.

## IX - FEDERAL INCOME TAXES – Table 5, Pages 1 through 6

**Federal Income Taxes are shown on Table 5, Pages 1-6. Total Federal Income Taxes appearing on Table 5, Pages 4-6** are calculated at 35% of taxable income plus **Table 5, Pages 1-3, FIT Adjustments** from work paper, Functionalization of Total FIT Adjustments. These FIT amounts by function are not the final FIT amounts because they do not include the revenue functional amounts that are determined in subsequent calculations. Results are presented on a functional basis to maintain a consistent report format. The results shown on a total basis on **Line 27** of **Table 5, Pages 4-6**, represent the total federal income tax by class.

**Federal Income Tax Adjustments - Pages 1-3**

FIT Adjustments including Interest Synchronization are the sum of FIT Deductions and FIT Additions. The adjustments are calculated in three steps:

First - FIT Deductions are listed and each individual cost causation (for functionalization purposes) are identified. Each individual deduction item is multiplied by 35% and the resulting sign is reversed.

Second - FIT Additions are listed and matched to their corresponding tax deduction. Individual deductions from above are added to the corresponding tax additions resulting in a net tax adjustment for each individual tax item. Any net tax adjustment of an individual item resulting in less than $1000 is then adjusted to zero for simplification.

Third - The resulting net tax adjustment of all individual tax items with the same cost causation are aggregated and then functionalized on the applicable bases. This results in a total FIT Adjustment by function, as shown in **Table 5, Pages 1-3**.

**Federal Income Tax Computation - Pages 4-6**

To determine total Federal Income Taxes, the following procedure is utilized:

1) Operating expenses are subtracted from Total Revenues, to yield Operating Income before FIT (transmission expenses from the PSA adjustment are excluded from this calculation as they represent fully loaded revenue requirement dollars).
2) The Operating Income before FIT is multiplied by the Federal tax rate of 35%, producing the FIT.
3) FIT Adjustments are added to the FIT calculation, to produce the Total Federal Income Tax by class, appearing on the last line of **Table 5, Pages 4-6**.

## X – CUSTOMER COST BY CLASS - Table 6, Pages 1 through 3

These are electric system costs considered to be customer-related and are shown, by class, on **Table 6, Pages 1** through **3.**

### Line 1, Number of Customers

The number of customers in each class from the allocation factor **K01**.

### Line 3, Rate Base

The customer-related rate base shown for each class from **Table 2, Pages 19** through **21, Line 24**.

**Line 5, Total Customer Operating Exps.**

The customer-related operating expenses shown from **Table 3, Pages 10** through **12, Line 24.**

**Line 6, Monthly Op. Exps Cost/Cust**

The monthly amount for operating expenses per customer shown on **Line 6** is calculated starting with **Line 5** divided by **Line 1,** then the results are divided by 12.

**Line 8, Return @ 2.33% (Customer)**

The applied rate of return on rate base of 2.33% is the Total System Rate of Return developed in this study, shown on **Table 1, Page 1, Column 1, Line 15**.

**Line 9, F.I.T. Percent on Return**

The F.I.T. Percent on Return, **Line 9** developed by dividing the sum of the Total Company Federal Income Taxes as shown on **Table 1, Page 1, Column 1, Line 7** by the Total System Utility Operating Income (return) shown on **Table 1, Column 1, Line 11**.

**Line 10, Income Tax On Return**

The Return of **Line 8** multiplied by the F.I.T. Percent on Return **Line 9,** results in the Income Taxes on Return on a class-by-class basis.

**Line 11, Total Return & F.I.T.**

The Total Return & F.I.T. shown on **Line 11** is the sum of **Line 8**, Return and **Line 10**, Income Tax on Return.

**Line 12, Monthly Ret. FIT Cost/Cust.**

The monthly amount for Return and Income Taxes per customer is calculated starting with **Line 11** divided by **Line 1**, then the results are divided by 12.

**Line 14, Monthly Customer Costs**

The Monthly Customer Costs are the sum of **Line 6** and **Line 12**.

| | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|
| | **RATE OF RETURN STATEMENT** | | | | | | |
| 1 | TOTAL OPERATING REVENUES | 2,933,742 | 1,196,154 | 1,233,261 | 451,861 | 32,335 | 20,131 |
| 2 | | | | | | | |
| 3 | OPERATING EXPENSES | | | | | | |
| 4 | OPERATION & MAINTENANCE | 2,250,191 | 1,120,171 | 882,374 | 194,866 | 25,683 | 27,096 |
| 5 | DEPRECIATION | 330,457 | 148,336 | 135,743 | 31,661 | 8,516 | 6,200 |
| 6 | PAYROLL & MISC. TAXES | 63,159 | 29,470 | 25,817 | 6,389 | 802 | 680 |
| 7 | FEDERAL INCOME TAX | 86,303 | (45,263) | 60,711 | 76,970 | (1,187) | (4,929) |
| 8 | | | | | | | |
| 9 | TOTAL OPERATING EXPENSES | 2,730,111 | 1,252,715 | 1,104,646 | 309,886 | 33,815 | 29,048 |
| 10 | | | | | | | |
| 11 | UTILITY OPERATING INCOME | 203,631 | (56,561) | 128,615 | 141,975 | (1,480) | (8,917) |
| 12 | | | | | | | |
| 13 | UTILITY RATE BASE | 8,725,589 | 3,833,857 | 3,723,801 | 940,670 | 137,756 | 89,505 |
| 14 | | | | | | | |
| 15 | RATE OF RETURN (%) | 2.33% | -1.48% | 3.45% | 15.09% | -1.07% | -9.96% |
| 16 | | | | | | | |
| 17 | INDEX | 1.00 | -0.63 | 1.48 | 6.47 | -0.46 | -4.27 |
| 18 | | | | | | | |
| 19 | DEVIATION | 0.00 | -3.81 | 1.12 | 12.76 | -3.41 | -12.30 |
| 20 | | | | | | | |
| 21 | TOLERANCE BAND +10% | 2.57% | | | | | |
| 22 | TOLERANCE BAND -10% | 2.10% | | | | | |
| 23 | | | | | | | |
| 24 | REVENUE SURPLUS | 269,222 | 24,894 | 63,056 | 181,272 | 0 | 0 |
| 25 | REVENUE DEFICIENCY | 274,716 | 239,597 | 11,781 | 0 | 6,728 | 16,611 |

| | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|
| | **RATE OF RETURN STATEMENT** | | | | | |
| 1 | TOTAL OPERATING REVENUES | 967,586 | 228,568 | 1,177,796 | 13,604 | 23,933 |
| 2 | | | | | | |
| 3 | OPERATING EXPENSES | | | | | |
| 4 | OPERATION & MAINTENANCE | 959,927 | 160,244 | 835,177 | 8,809 | 13,739 |
| 5 | DEPRECIATION | 127,702 | 20,635 | 129,892 | 1,332 | 1,772 |
| 6 | PAYROLL & MISC. TAXES | 25,125 | 4,346 | 24,599 | 260 | 375 |
| 7 | FEDERAL INCOME TAX | (58,836) | 13,573 | 60,731 | 1,057 | 2,699 |
| 8 | | | | | | |
| 9 | TOTAL OPERATING EXPENSES | 1,053,918 | 198,797 | 1,050,400 | 11,458 | 18,586 |
| 10 | | | | | | |
| 11 | UTILITY OPERATING INCOME | (86,332) | 29,771 | 127,396 | 2,147 | 5,347 |
| 12 | | | | | | |
| 13 | UTILITY RATE BASE | 3,304,470 | 529,387 | 3,578,108 | 36,115 | 43,741 |
| 14 | | | | | | |
| 15 | RATE OF RETURN (%) | -2.61% | 5.62% | 3.56% | 5.94% | 12.22% |
| 16 | | | | | | |
| 17 | INDEX | -1.12 | 2.41 | 1.53 | 2.55 | 5.24 |
| 18 | | | | | | |
| 19 | DEVIATION | -4.95 | 3.29 | 1.23 | 3.61 | 9.89 |
| 20 | | | | | | |
| 21 | TOLERANCE BAND +10% | | | | | |
| 22 | TOLERANCE BAND -10% | | | | | |
| 23 | | | | | | |
| 24 | REVENUE SURPLUS | 0 | 24,894 | 54,681 | 1,876 | 6,499 |
| 25 | REVENUE DEFICIENCY | 239,597 | 0 | 0 | 0 | 0 |

| | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|
| | **RATE OF RETURN STATEMENT** | | | | | |
| 1 | TOTAL OPERATING REVENUES | 17,928 | 451,861 | 32,335 | 4,873 | 15,258 |
| 2 | | | | | | |
| 3 | OPERATING EXPENSES | | | | | |
| 4 | OPERATION & MAINTENANCE | 24,650 | 194,866 | 25,683 | 8,233 | 18,863 |
| 5 | DEPRECIATION | 2,747 | 31,661 | 8,516 | 1,698 | 4,503 |
| 6 | PAYROLL & MISC. TAXES | 583 | 6,389 | 802 | 201 | 479 |
| 7 | FEDERAL INCOME TAX | (3,776) | 76,970 | (1,187) | (1,892) | (3,037) |
| 8 | | | | | | |
| 9 | TOTAL OPERATING EXPENSES | 24,203 | 309,886 | 33,815 | 8,240 | 20,808 |
| 10 | | | | | | |
| 11 | UTILITY OPERATING INCOME | (6,275) | 141,975 | (1,480) | (3,367) | (5,550) |
| 12 | | | | | | |
| 13 | UTILITY RATE BASE | 65,837 | 940,670 | 137,756 | 26,839 | 62,666 |
| 14 | | | | | | |
| 15 | RATE OF RETURN (%) | -9.53% | 15.09% | -1.07% | -12.55% | -8.86% |
| 16 | | | | | | |
| 17 | INDEX | -4.08 | 6.47 | -0.46 | -5.38 | -3.79 |
| 18 | | | | | | |
| 19 | DEVIATION | -11.86 | 12.76 | -3.41 | -14.88 | -11.19 |
| 20 | | | | | | |
| 21 | TOLERANCE BAND +10% | | | | | |
| 22 | TOLERANCE BAND -10% | | | | | |
| 23 | | | | | | |
| 24 | REVENUE SURPLUS | 0 | 181,272 | 0 | 0 | 0 |
| 25 | REVENUE DEFICIENCY | 11,781 | 0 | 6,728 | 6,048 | 10,563 |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **PLANT IN SERVICE** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 6,340,373 | 2,253,986 | 2,929,200 | 1,117,935 | 19,626 | 19,626 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 362,855 | 166,621 | 194,047 | 0 | 1,088 | 1,099 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 193,909 | 89,042 | 103,698 | 0 | 581 | 587 |
| 6 | OH LINES DEMAND | D | D03 | 1,630,448 | 748,694 | 871,927 | 0 | 4,888 | 4,938 |
| 7 | UG LINES DEMAND | D | D03 | 13,498 | 6,198 | 7,218 | 0 | 40 | 41 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 1,124,537 | 810,026 | 205,886 | 0 | 74,083 | 34,542 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 336,574 | 242,441 | 61,621 | 0 | 22,173 | 10,338 |
| 10 | OH LINES CUSTOMER | C | C01 | 767,172 | 552,609 | 140,457 | 0 | 50,541 | 23,565 |
| 11 | UG LINES CUSTOMER | C | C01 | 37,636 | 27,110 | 6,891 | 0 | 2,479 | 1,156 |
| 12 | SERVICES - OH | C | C02 | 592,793 | 212,049 | 275,572 | 105,172 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 342,369 | 122,469 | 159,157 | 60,743 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 516,930 | 252,341 | 260,359 | 4,230 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 132,181 | 0 | 0 | 0 | 65,423 | 66,758 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 8,541,083 | 3,264,542 | 4,106,091 | 1,117,935 | 26,224 | 26,292 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 3,850,192 | 2,219,045 | 1,109,943 | 170,145 | 214,700 | 136,359 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 12,391,275 | 5,483,587 | 5,216,034 | 1,288,080 | 240,923 | 162,651 |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **PLANT IN SERVICE** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 1,961,858 | 292,127 | 2,863,151 | 26,042 | 20,758 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 143,766 | 22,855 | 188,742 | 2,164 | 1,155 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 76,828 | 12,214 | 100,864 | 1,157 | 617 |
| 6 | OH LINES DEMAND | D | D03 | 645,996 | 102,698 | 848,092 | 9,726 | 5,190 |
| 7 | UG LINES DEMAND | D | D03 | 5,348 | 850 | 7,021 | 81 | 43 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 685,721 | 124,306 | 160,190 | 2,480 | 16,475 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 205,236 | 37,205 | 47,945 | 742 | 4,931 |
| 10 | OH LINES CUSTOMER | C | C01 | 467,806 | 84,803 | 109,284 | 1,692 | 11,240 |
| 11 | UG LINES CUSTOMER | C | C01 | 22,950 | 4,160 | 5,361 | 83 | 551 |
| 12 | SERVICES - OH | C | C02 | 184,566 | 27,482 | 269,358 | 2,450 | 1,953 |
| 13 | SERVICES - UG | C | C02 | 106,597 | 15,873 | 155,568 | 1,415 | 1,128 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 218,600 | 33,740 | 249,566 | 2,725 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ------------ | ------------ | ------------ | ------------ | ------------ |
| 22 | TOTAL DEMAND | D | | 2,833,797 | 430,745 | 4,007,870 | 39,170 | 27,764 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 1,891,476 | 327,569 | 997,273 | 11,587 | 36,278 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ------------ | ------------ | ------------ | ------------ | ------------ |
| 27 | TOTAL | | | 4,725,273 | 758,314 | 5,005,142 | 50,757 | 64,042 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **PLANT IN SERVICE** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 19,249 | 1,117,935 | 19,626 | 4,529 | 15,097 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 1,985 | 0 | 1,088 | 247 | 852 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 1,061 | 0 | 581 | 132 | 455 |
| 6 | OH LINES DEMAND | D | D03 | 8,919 | 0 | 4,888 | 1,109 | 3,830 |
| 7 | UG LINES DEMAND | D | D03 | 74 | 0 | 40 | 9 | 32 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 26,740 | 0 | 74,083 | 13,027 | 21,515 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 8,003 | 0 | 22,173 | 3,899 | 6,440 |
| 10 | OH LINES CUSTOMER | C | C01 | 18,242 | 0 | 50,541 | 8,887 | 14,678 |
| 11 | UG LINES CUSTOMER | C | C01 | 895 | 0 | 2,479 | 436 | 720 |
| 12 | SERVICES - OH | C | C02 | 1,811 | 105,172 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 1,046 | 60,743 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 8,069 | 4,230 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 65,423 | 14,687 | 52,071 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 31,288 | 1,117,935 | 26,224 | 6,025 | 20,266 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 64,806 | 170,145 | 214,700 | 40,936 | 95,424 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 96,093 | 1,288,080 | 240,923 | 46,961 | 115,690 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **ACCUM. PROV. FOR DEPRECIATION** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 1,187,848 | 422,277 | 548,776 | 209,441 | 3,677 | 3,677 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 131,538 | 60,402 | 70,344 | 0 | 394 | 398 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 70,294 | 32,279 | 37,592 | 0 | 211 | 213 |
| 6 | OH LINES DEMAND | D | D03 | 388,360 | 178,333 | 207,686 | 0 | 1,164 | 1,176 |
| 7 | UG LINES DEMAND | D | D03 | 2,131 | 979 | 1,140 | 0 | 6 | 6 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 407,656 | 293,643 | 74,636 | 0 | 26,856 | 12,522 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 122,011 | 87,887 | 22,338 | 0 | 8,038 | 3,748 |
| 10 | OH LINES CUSTOMER | C | C01 | 182,735 | 131,628 | 33,456 | 0 | 12,038 | 5,613 |
| 11 | UG LINES CUSTOMER | C | C01 | 5,943 | 4,281 | 1,088 | 0 | 392 | 183 |
| 12 | SERVICES - OH | C | C02 | 201,610 | 72,118 | 93,722 | 35,769 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 116,440 | 41,652 | 54,129 | 20,659 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 76,410 | 37,300 | 38,485 | 625 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 78,424 | 0 | 0 | 0 | 38,816 | 39,608 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | | | | | | |
| 22 | TOTAL DEMAND | D | | 1,780,171 | 694,269 | 865,537 | 209,441 | 5,453 | 5,471 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 1,191,229 | 668,508 | 317,855 | 57,053 | 86,140 | 61,673 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | | | | | | |
| 27 | TOTAL | | | 2,971,400 | 1,362,777 | 1,183,392 | 266,495 | 91,593 | 67,144 |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **ACCUM. PROV. FOR DEPRECIATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 367,548 | 54,729 | 536,402 | 4,879 | 3,889 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 52,116 | 8,285 | 68,421 | 785 | 419 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 27,851 | 4,428 | 36,564 | 419 | 224 |
| 6 | OH LINES DEMAND | D | D03 | 153,871 | 24,462 | 202,009 | 2,317 | 1,236 |
| 7 | UG LINES DEMAND | D | D03 | 844 | 134 | 1,108 | 13 | 7 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 248,581 | 45,062 | 58,071 | 899 | 5,972 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 74,400 | 13,487 | 17,380 | 269 | 1,788 |
| 10 | OH LINES CUSTOMER | C | C01 | 111,428 | 20,199 | 26,031 | 403 | 2,677 |
| 11 | UG LINES CUSTOMER | C | C01 | 3,624 | 657 | 847 | 13 | 87 |
| 12 | SERVICES - OH | C | C02 | 62,771 | 9,347 | 91,609 | 833 | 664 |
| 13 | SERVICES - UG | C | C02 | 36,254 | 5,398 | 52,909 | 481 | 384 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 32,312 | 4,987 | 36,890 | 403 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 602,231 | 92,038 | 844,504 | 8,412 | 5,775 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 569,370 | 99,138 | 283,736 | 3,302 | 11,572 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 1,171,601 | 191,176 | 1,128,240 | 11,714 | 17,347 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **ACCUM. PROV. FOR DEPRECIATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 3,606 | 209,441 | 3,677 | 849 | 2,828 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 720 | 0 | 394 | 89 | 309 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 385 | 0 | 211 | 48 | 165 |
| 6 | OH LINES DEMAND | D | D03 | 2,125 | 0 | 1,164 | 264 | 912 |
| 7 | UG LINES DEMAND | D | D03 | 12 | 0 | 6 | 1 | 5 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 9,693 | 0 | 26,856 | 4,722 | 7,799 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 2,901 | 0 | 8,038 | 1,413 | 2,334 |
| 10 | OH LINES CUSTOMER | C | C01 | 4,345 | 0 | 12,038 | 2,117 | 3,496 |
| 11 | UG LINES CUSTOMER | C | C01 | 141 | 0 | 392 | 69 | 114 |
| 12 | SERVICES - OH | C | C02 | 616 | 35,769 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 356 | 20,659 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 1,193 | 625 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 38,816 | 8,714 | 30,894 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ------------------- | ------------------- | ------------------- | ------------------- | ------------------- |
| 22 | TOTAL DEMAND | D | | 6,846 | 209,441 | 5,453 | 1,251 | 4,220 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 19,245 | 57,053 | 86,140 | 17,035 | 44,638 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ------------------- | ------------------- | ------------------- | ------------------- | ------------------- |
| 27 | TOTAL | | | 26,092 | 266,495 | 91,593 | 18,287 | 48,858 |
| | | | | =========== | =========== | =========== | =========== | =========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **NON-INTEREST BEARING CWIP** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 78,030 | 27,739 | 36,049 | 13,758 | 242 | 242 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 4,466 | 2,051 | 2,388 | 0 | 13 | 14 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 2,386 | 1,096 | 1,276 | 0 | 7 | 7 |
| 6 | OH LINES DEMAND | D | D03 | 20,066 | 9,214 | 10,731 | 0 | 60 | 61 |
| 7 | UG LINES DEMAND | D | D03 | 166 | 76 | 89 | 0 | 0 | 1 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 13,840 | 9,969 | 2,534 | 0 | 912 | 425 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 4,142 | 2,984 | 758 | 0 | 273 | 127 |
| 10 | OH LINES CUSTOMER | C | C01 | 9,442 | 6,801 | 1,729 | 0 | 622 | 290 |
| 11 | UG LINES CUSTOMER | C | C01 | 463 | 334 | 85 | 0 | 31 | 14 |
| 12 | SERVICES - OH | C | C02 | 7,296 | 2,610 | 3,392 | 1,294 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 4,214 | 1,507 | 1,959 | 748 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 6,362 | 3,106 | 3,204 | 52 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 1,627 | 0 | 0 | 0 | 805 | 822 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 105,114 | 40,176 | 50,533 | 13,758 | 323 | 324 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 47,386 | 27,310 | 13,661 | 2,094 | 2,642 | 1,678 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 152,500 | 67,487 | 64,194 | 15,852 | 2,965 | 2,002 |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **NON-INTEREST BEARING CWIP** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 24,144 | 3,595 | 35,236 | 320 | 255 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 1,769 | 281 | 2,323 | 27 | 14 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 945 | 150 | 1,241 | 14 | 8 |
| 6 | OH LINES DEMAND | D | D03 | 7,950 | 1,264 | 10,438 | 120 | 64 |
| 7 | UG LINES DEMAND | D | D03 | 66 | 10 | 86 | 1 | 1 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 8,439 | 1,530 | 1,972 | 31 | 203 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 2,526 | 458 | 590 | 9 | 61 |
| 10 | OH LINES CUSTOMER | C | C01 | 5,758 | 1,044 | 1,345 | 21 | 138 |
| 11 | UG LINES CUSTOMER | C | C01 | 282 | 51 | 66 | 1 | 7 |
| 12 | SERVICES - OH | C | C02 | 2,272 | 338 | 3,315 | 30 | 24 |
| 13 | SERVICES - UG | C | C02 | 1,312 | 195 | 1,915 | 17 | 14 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 2,690 | 415 | 3,071 | 34 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | | | | | |
| 22 | TOTAL DEMAND | D | | 34,875 | 5,301 | 49,324 | 482 | 342 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 23,279 | 4,031 | 12,274 | 143 | 446 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | | | | | |
| 27 | TOTAL | | | 58,154 | 9,333 | 61,598 | 625 | 788 |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **NON-INTEREST BEARING CWIP** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 237 | 13,758 | 242 | 56 | 186 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 24 | 0 | 13 | 3 | 10 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 13 | 0 | 7 | 2 | 6 |
| 6 | OH LINES DEMAND | D | D03 | 110 | 0 | 60 | 14 | 47 |
| 7 | UG LINES DEMAND | D | D03 | 1 | 0 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 329 | 0 | 912 | 160 | 265 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 98 | 0 | 273 | 48 | 79 |
| 10 | OH LINES CUSTOMER | C | C01 | 225 | 0 | 622 | 109 | 181 |
| 11 | UG LINES CUSTOMER | C | C01 | 11 | 0 | 31 | 5 | 9 |
| 12 | SERVICES - OH | C | C02 | 22 | 1,294 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 13 | 748 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 99 | 52 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 805 | 181 | 641 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 385 | 13,758 | 323 | 74 | 249 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 798 | 2,094 | 2,642 | 504 | 1,174 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 1,183 | 15,852 | 2,965 | 578 | 1,424 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|
| | **NET PLANT** | | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 5,230,555 | 1,859,449 | 2,416,474 | 922,252 | 16,191 | 16,191 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 235,783 | 108,270 | 126,091 | 0 | 707 | 714 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 126,001 | 57,859 | 67,383 | 0 | 378 | 382 |
| 6 | OH LINES DEMAND | D | 1,262,154 | 579,575 | 674,972 | 0 | 3,784 | 3,823 |
| 7 | UG LINES DEMAND | D | 11,533 | 5,296 | 6,168 | 0 | 35 | 35 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 730,721 | 526,353 | 133,784 | 0 | 48,139 | 22,445 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 218,705 | 157,537 | 40,041 | 0 | 14,408 | 6,718 |
| 10 | OH LINES CUSTOMER | C | 593,879 | 427,783 | 108,730 | 0 | 39,124 | 18,242 |
| 11 | UG LINES CUSTOMER | C | 32,156 | 23,163 | 5,887 | 0 | 2,118 | 988 |
| 12 | SERVICES - OH | C | 398,479 | 142,540 | 185,241 | 70,698 | 0 | 0 |
| 13 | SERVICES - UG | C | 230,143 | 82,325 | 106,987 | 40,832 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 446,882 | 218,147 | 225,079 | 3,657 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 55,384 | 0 | 0 | 0 | 27,412 | 27,972 |
| 17 | CUSTOMER ACCOUNTING | C | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | | | | | |
| 22 | TOTAL DEMAND | D | 6,866,026 | 2,610,449 | 3,291,087 | 922,252 | 21,094 | 21,144 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 2,706,349 | 1,577,847 | 805,749 | 115,186 | 131,202 | 76,365 |
| 25 | TOTAL REVENUE | R | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | | | | | |
| 27 | TOTAL | | 9,572,375 | 4,188,297 | 4,096,836 | 1,037,438 | 152,296 | 97,509 |

| | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|
| | **NET PLANT** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 1,618,455 | 240,994 | 2,361,985 | 21,484 | 17,125 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 93,419 | 14,851 | 122,644 | 1,406 | 751 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 49,923 | 7,937 | 65,541 | 752 | 401 |
| 6 | OH LINES DEMAND | D | 500,075 | 79,500 | 656,521 | 7,529 | 4,018 |
| 7 | UG LINES DEMAND | D | 4,569 | 726 | 5,999 | 69 | 37 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 445,579 | 80,774 | 104,091 | 1,612 | 10,706 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 133,362 | 24,175 | 31,155 | 482 | 3,204 |
| 10 | OH LINES CUSTOMER | C | 362,136 | 65,647 | 84,598 | 1,310 | 8,701 |
| 11 | UG LINES CUSTOMER | C | 19,608 | 3,555 | 4,581 | 71 | 471 |
| 12 | SERVICES - OH | C | 124,067 | 18,474 | 181,064 | 1,647 | 1,313 |
| 13 | SERVICES - UG | C | 71,655 | 10,670 | 104,574 | 951 | 758 |
| 14 | METER & METER INSTALLATIONS | C | 188,978 | 29,168 | 215,748 | 2,355 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | | | | |
| 22 | TOTAL DEMAND | D | 2,266,441 | 344,008 | 3,212,690 | 31,239 | 22,331 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 1,345,385 | 232,462 | 725,811 | 8,428 | 25,153 |
| 25 | TOTAL REVENUE | R | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | | | | |
| 27 | TOTAL | | 3,611,826 | 576,470 | 3,938,501 | 39,668 | 47,484 |

| | | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|
| | **NET PLANT** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 15,879 | 922,252 | 16,191 | 3,736 | 12,454 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 1,290 | 0 | 707 | 160 | 554 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 689 | 0 | 378 | 86 | 296 |
| 6 | OH LINES DEMAND | D | 6,905 | 0 | 3,784 | 858 | 2,965 |
| 7 | UG LINES DEMAND | D | 63 | 0 | 35 | 8 | 27 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 17,375 | 0 | 48,139 | 8,465 | 13,981 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 5,200 | 0 | 14,408 | 2,534 | 4,184 |
| 10 | OH LINES CUSTOMER | C | 14,121 | 0 | 39,124 | 6,880 | 11,362 |
| 11 | UG LINES CUSTOMER | C | 765 | 0 | 2,118 | 372 | 615 |
| 12 | SERVICES - OH | C | 1,217 | 70,698 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | 703 | 40,832 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 6,975 | 3,657 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 27,412 | 6,154 | 21,818 |
| 17 | CUSTOMER ACCOUNTING | C | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | 0 | 0 | 0 | 0 | 0 |
| 21 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | 24,826 | 922,252 | 21,094 | 4,848 | 16,296 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 46,358 | 115,186 | 131,202 | 24,404 | 51,960 |
| 25 | TOTAL REVENUE | R | 0 | 0 | 0 | 0 | 0 |
| 26 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | 71,184 | 1,037,438 | 152,296 | 29,253 | 68,256 |
| | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **WORKING CAPITAL** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 136,663 | 48,583 | 63,137 | 24,096 | 423 | 423 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 5,382 | 2,471 | 2,878 | 0 | 16 | 16 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (16) | (7) | (9) | 0 | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 39,680 | 18,221 | 21,220 | 0 | 119 | 120 |
| 7 | UG LINES DEMAND | D | D03 | 56 | 26 | 30 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 16,681 | 12,016 | 3,054 | 0 | 1,099 | 512 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (27) | (19) | (5) | 0 | (2) | (1) |
| 10 | OH LINES CUSTOMER | C | C01 | 18,672 | 13,450 | 3,419 | 0 | 1,230 | 574 |
| 11 | UG LINES CUSTOMER | C | C01 | 159 | 115 | 29 | 0 | 10 | 5 |
| 12 | SERVICES - OH | C | C02 | 12,267 | 4,388 | 5,703 | 2,176 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 5,253 | 1,879 | 2,442 | 932 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 29,385 | 14,344 | 14,800 | 240 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 557 | 557 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 2,828 | 0 | 0 | 0 | 1,400 | 1,428 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 52,552 | 40,656 | 10,829 | 73 | 46 | 948 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 3,195 | 2,484 | 632 | 4 | 4 | 72 |
| 20 | REVENUES | R | S06 | 55,226 | 22,516 | 23,217 | 8,506 | 609 | 379 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 181,765 | 69,294 | 87,257 | 24,096 | 558 | 560 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 141,522 | 89,869 | 40,902 | 3,426 | 3,787 | 3,538 |
| 25 | TOTAL REVENUE | R | | 55,226 | 22,516 | 23,217 | 8,506 | 609 | 379 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 378,513 | 181,678 | 151,375 | 36,029 | 4,954 | 4,477 |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **WORKING CAPITAL** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 42,287 | 6,297 | 61,714 | 561 | 447 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 2,132 | 339 | 2,799 | 32 | 17 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (6) | (1) | (8) | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 15,722 | 2,499 | 20,640 | 237 | 126 |
| 7 | UG LINES DEMAND | D | D03 | 22 | 4 | 29 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 10,172 | 1,844 | 2,376 | 37 | 244 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (16) | (3) | (4) | (0) | (0) |
| 10 | OH LINES CUSTOMER | C | C01 | 11,386 | 2,064 | 2,660 | 41 | 274 |
| 11 | UG LINES CUSTOMER | C | C01 | 97 | 18 | 23 | 0 | 2 |
| 12 | SERVICES - OH | C | C02 | 3,819 | 569 | 5,574 | 51 | 40 |
| 13 | SERVICES - UG | C | C02 | 1,636 | 244 | 2,387 | 22 | 17 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 12,426 | 1,918 | 14,187 | 155 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 557 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 34,423 | 6,233 | 8,711 | 125 | 665 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 2,103 | 381 | 491 | 8 | 51 |
| 20 | REVENUES | R | S06 | 18,213 | 4,302 | 22,173 | 256 | 451 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 60,156 | 9,138 | 85,174 | 830 | 591 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 76,601 | 13,267 | 36,404 | 439 | 1,293 |
| 25 | TOTAL REVENUE | R | | 18,213 | 4,302 | 22,173 | 256 | 451 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 154,971 | 26,707 | 143,751 | 1,525 | 2,335 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **WORKING CAPITAL** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 415 | 24,096 | 423 | 98 | 325 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 29 | 0 | 16 | 4 | 13 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (0) | 0 | (0) | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 217 | 0 | 119 | 27 | 93 |
| 7 | UG LINES DEMAND | D | D03 | 0 | 0 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 397 | 0 | 1,099 | 193 | 319 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (1) | 0 | (2) | (0) | (1) |
| 10 | OH LINES CUSTOMER | C | C01 | 444 | 0 | 1,230 | 216 | 357 |
| 11 | UG LINES CUSTOMER | C | C01 | 4 | 0 | 10 | 2 | 3 |
| 12 | SERVICES - OH | C | C02 | 37 | 2,176 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 16 | 932 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 459 | 240 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 1,400 | 314 | 1,114 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 1,328 | 73 | 46 | 358 | 590 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 82 | 4 | 4 | 27 | 45 |
| 20 | REVENUES | R | S06 | 337 | 8,506 | 609 | 92 | 287 |
| 21 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 22 | TOTAL DEMAND | D | | 662 | 24,096 | 558 | 128 | 431 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 2,766 | 3,426 | 3,787 | 1,110 | 2,428 |
| 25 | TOTAL REVENUE | R | | 337 | 8,506 | 609 | 92 | 287 |
| 26 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 27 | TOTAL | | | 3,765 | 36,029 | 4,954 | 1,330 | 3,147 |
| | | | | =========== | =========== | =========== | =========== | =========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **RATE BASE ADJUSTMENTS** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (669,531) | (238,016) | (309,318) | (118,052) | (2,072) | (2,072) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (30,181) | (13,859) | (16,140) | 0 | (90) | (91) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (16,129) | (7,406) | (8,625) | 0 | (48) | (49) |
| 6 | OH LINES DEMAND | D | D03 | (161,560) | (74,188) | (86,399) | 0 | (484) | (489) |
| 7 | UG LINES DEMAND | D | D03 | (1,476) | (678) | (789) | 0 | (4) | (4) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (93,535) | (67,375) | (17,125) | 0 | (6,162) | (2,873) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (27,995) | (20,165) | (5,125) | 0 | (1,844) | (860) |
| 10 | OH LINES CUSTOMER | C | C01 | (76,019) | (54,758) | (13,918) | 0 | (5,008) | (2,335) |
| 11 | UG LINES CUSTOMER | C | C01 | (4,116) | (2,965) | (754) | 0 | (271) | (126) |
| 12 | SERVICES - OH | C | C02 | (51,007) | (18,246) | (23,712) | (9,050) | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (29,459) | (10,538) | (13,695) | (5,227) | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (57,203) | (27,924) | (28,811) | (468) | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | (7,089) | 0 | 0 | 0 | (3,509) | (3,580) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (878,877) | (334,147) | (421,271) | (118,052) | (2,700) | (2,707) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (346,423) | (201,971) | (103,139) | (14,744) | (16,794) | (9,775) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (1,225,300) | (536,118) | (524,411) | (132,796) | (19,494) | (12,481) |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **RATE BASE ADJUSTMENTS** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (207,168) | (30,848) | (302,343) | (2,750) | (2,192) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (11,958) | (1,901) | (15,699) | (180) | (96) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (6,390) | (1,016) | (8,390) | (96) | (51) |
| 6 | OH LINES DEMAND | D | D03 | (64,011) | (10,176) | (84,037) | (964) | (514) |
| 7 | UG LINES DEMAND | D | D03 | (585) | (93) | (768) | (9) | (5) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (57,036) | (10,339) | (13,324) | (206) | (1,370) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (17,071) | (3,095) | (3,988) | (62) | (410) |
| 10 | OH LINES CUSTOMER | C | C01 | (46,355) | (8,403) | (10,829) | (168) | (1,114) |
| 11 | UG LINES CUSTOMER | C | C01 | (2,510) | (455) | (586) | (9) | (60) |
| 12 | SERVICES - OH | C | C02 | (15,881) | (2,365) | (23,177) | (211) | (168) |
| 13 | SERVICES - UG | C | C02 | (9,172) | (1,366) | (13,386) | (122) | (97) |
| 14 | METER & METER INSTALLATIONS | C | S01 | (24,190) | (3,734) | (27,617) | (302) | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | | | | | |
| 22 | TOTAL DEMAND | D | | (290,113) | (44,034) | (411,236) | (3,999) | (2,858) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (172,215) | (29,756) | (92,907) | (1,079) | (3,220) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | | | | | |
| 27 | TOTAL | | | (462,327) | (73,790) | (504,143) | (5,078) | (6,078) |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **RATE BASE ADJUSTMENTS** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (2,033) | (118,052) | (2,072) | (478) | (1,594) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (165) | 0 | (90) | (21) | (71) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (88) | 0 | (48) | (11) | (38) |
| 6 | OH LINES DEMAND | D | D03 | (884) | 0 | (484) | (110) | (379) |
| 7 | UG LINES DEMAND | D | D03 | (8) | 0 | (4) | (1) | (3) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (2,224) | 0 | (6,162) | (1,084) | (1,790) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (666) | 0 | (1,844) | (324) | (536) |
| 10 | OH LINES CUSTOMER | C | C01 | (1,808) | 0 | (5,008) | (881) | (1,454) |
| 11 | UG LINES CUSTOMER | C | C01 | (98) | 0 | (271) | (48) | (79) |
| 12 | SERVICES - OH | C | C02 | (156) | (9,050) | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (90) | (5,227) | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (893) | (468) | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | (3,509) | (788) | (2,793) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (3,178) | (118,052) | (2,700) | (621) | (2,086) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (5,934) | (14,744) | (16,794) | (3,124) | (6,651) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (9,112) | (132,796) | (19,494) | (3,744) | (8,737) |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|
| | **TOTAL RATE BASE** | | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 4,697,687 | 1,670,015 | 2,170,293 | 828,296 | 14,541 | 14,541 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 210,984 | 96,883 | 112,829 | 0 | 633 | 639 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 109,856 | 50,445 | 58,749 | 0 | 329 | 333 |
| 6 | OH LINES DEMAND | D | 1,140,274 | 523,609 | 609,793 | 0 | 3,418 | 3,454 |
| 7 | UG LINES DEMAND | D | 10,113 | 4,644 | 5,408 | 0 | 30 | 31 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 653,867 | 470,993 | 119,713 | 0 | 43,076 | 20,085 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 190,683 | 137,353 | 34,911 | 0 | 12,562 | 5,857 |
| 10 | OH LINES CUSTOMER | C | 536,532 | 386,475 | 98,231 | 0 | 35,346 | 16,480 |
| 11 | UG LINES CUSTOMER | C | 28,199 | 20,312 | 5,163 | 0 | 1,858 | 866 |
| 12 | SERVICES - OH | C | 359,739 | 128,683 | 167,232 | 63,824 | 0 | 0 |
| 13 | SERVICES - UG | C | 205,937 | 73,666 | 95,734 | 36,537 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 419,064 | 204,567 | 211,068 | 3,429 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 557 | 557 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 51,123 | 0 | 0 | 0 | 25,303 | 25,820 |
| 17 | CUSTOMER ACCOUNTING | C | 52,552 | 40,656 | 10,829 | 73 | 46 | 948 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 3,195 | 2,484 | 632 | 4 | 4 | 72 |
| 20 | REVENUES | R | 55,226 | 22,516 | 23,217 | 8,506 | 609 | 379 |
| 21 | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | 6,168,914 | 2,345,596 | 2,957,072 | 828,296 | 18,952 | 18,997 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 2,501,448 | 1,465,745 | 743,512 | 103,868 | 118,195 | 70,128 |
| 25 | TOTAL REVENUE | R | 55,226 | 22,516 | 23,217 | 8,506 | 609 | 379 |
| 26 | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | 8,725,589 | 3,833,857 | 3,723,801 | 940,670 | 137,756 | 89,505 |
| | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|
| | **TOTAL RATE BASE** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 1,453,573 | 216,442 | 2,121,356 | 19,295 | 15,380 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 83,593 | 13,289 | 109,745 | 1,259 | 672 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 43,526 | 6,920 | 57,143 | 655 | 350 |
| 6 | OH LINES DEMAND | D | 451,785 | 71,823 | 593,124 | 6,802 | 3,630 |
| 7 | UG LINES DEMAND | D | 4,007 | 637 | 5,260 | 60 | 32 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 398,715 | 72,278 | 93,143 | 1,442 | 9,580 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 116,275 | 21,078 | 27,163 | 421 | 2,794 |
| 10 | OH LINES CUSTOMER | C | 327,167 | 59,308 | 76,429 | 1,183 | 7,861 |
| 11 | UG LINES CUSTOMER | C | 17,195 | 3,117 | 4,017 | 62 | 413 |
| 12 | SERVICES - OH | C | 112,005 | 16,678 | 163,461 | 1,487 | 1,185 |
| 13 | SERVICES - UG | C | 64,119 | 9,547 | 93,575 | 851 | 678 |
| 14 | METER & METER INSTALLATIONS | C | 177,215 | 27,353 | 202,318 | 2,209 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 557 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | 34,423 | 6,233 | 8,711 | 125 | 665 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 2,103 | 381 | 491 | 8 | 51 |
| 20 | REVENUES | R | 18,213 | 4,302 | 22,173 | 256 | 451 |
| 21 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | 2,036,485 | 309,111 | 2,886,628 | 28,071 | 20,064 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 1,249,772 | 215,973 | 669,308 | 7,788 | 23,226 |
| 25 | TOTAL REVENUE | R | 18,213 | 4,302 | 22,173 | 256 | 451 |
| 26 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | 3,304,470 | 529,387 | 3,578,108 | 36,115 | 43,741 |
| | | | ========== | ========== | ========== | ========== | ========== |

| | | | C&I SC2 ;EC NON DM ME' (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|
| | **TOTAL RATE BASE** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 14,262 | 828,296 | 14,541 | 3,356 | 11,186 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 1,154 | 0 | 633 | 143 | 496 |
| 5 | TRANSFORMERS - UG - DEMAND | D | 601 | 0 | 329 | 75 | 258 |
| 6 | OH LINES DEMAND | D | 6,238 | 0 | 3,418 | 775 | 2,678 |
| 7 | UG LINES DEMAND | D | 55 | 0 | 30 | 7 | 24 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 15,548 | 0 | 43,076 | 7,574 | 12,510 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | 4,534 | 0 | 12,562 | 2,209 | 3,648 |
| 10 | OH LINES CUSTOMER | C | 12,758 | 0 | 35,346 | 6,215 | 10,265 |
| 11 | UG LINES CUSTOMER | C | 671 | 0 | 1,858 | 327 | 540 |
| 12 | SERVICES - OH | C | 1,099 | 63,824 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | 629 | 36,537 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 6,541 | 3,429 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 25,303 | 5,680 | 20,139 |
| 17 | CUSTOMER ACCOUNTING | C | 1,328 | 73 | 46 | 358 | 590 |
| 18 | UNCOLLECTIBLES | C | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | 82 | 4 | 4 | 27 | 45 |
| 20 | REVENUES | R | 337 | 8,506 | 609 | 92 | 287 |
| 21 | | | ------------------- | ------------------- | ------------------- | ------------------- | ------------------- |
| 22 | TOTAL DEMAND | D | 22,310 | 828,296 | 18,952 | 4,356 | 14,641 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 43,190 | 103,868 | 118,195 | 22,391 | 47,738 |
| 25 | TOTAL REVENUE | R | 337 | 8,506 | 609 | 92 | 287 |
| 26 | | | ------------------- | ------------------- | ------------------- | ------------------- | ------------------- |
| 27 | TOTAL | | 65,837 | 940,670 | 137,756 | 26,839 | 62,666 |
| | | | =========== | =========== | =========== | =========== | =========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **OPERATION & MAINTENANCE** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 86,298 | 30,244 | 40,687 | 15,367 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 793,769 | 282,183 | 366,715 | 139,957 | 2,457 | 2,457 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 27,244 | 12,510 | 14,569 | 0 | 82 | 83 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (8,974) | (4,121) | (4,799) | 0 | (27) | (27) |
| 6 | OH LINES DEMAND | D | D03 | 240,986 | 110,660 | 128,874 | 0 | 722 | 730 |
| 7 | UG LINES DEMAND | D | D03 | (203) | (93) | (109) | 0 | (1) | (1) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 84,434 | 60,819 | 15,459 | 0 | 5,562 | 2,594 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (15,574) | (11,218) | (2,851) | 0 | (1,026) | (478) |
| 10 | OH LINES CUSTOMER | C | C01 | 113,393 | 81,679 | 20,761 | 0 | 7,470 | 3,483 |
| 11 | UG LINES CUSTOMER | C | C01 | (558) | (402) | (102) | 0 | (37) | (17) |
| 12 | SERVICES - OH | C | C02 | 72,544 | 25,950 | 33,724 | 12,871 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 26,997 | 9,657 | 12,550 | 4,790 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 213,568 | 104,254 | 107,567 | 1,748 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 4,534 | 4,534 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 17,518 | 0 | 0 | 0 | 8,671 | 8,847 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 440,904 | 341,098 | 90,852 | 615 | 386 | 7,953 |
| 18 | UNCOLLECTIBLES | C | S03 | 126,504 | 51,579 | 53,180 | 19,484 | 1,394 | 868 |
| 19 | CUSTOMER SERVICE | C | S04 | 26,807 | 20,840 | 5,299 | 35 | 30 | 605 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 1,139,120 | 431,383 | 545,938 | 155,324 | 3,234 | 3,242 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 1,111,071 | 688,788 | 336,437 | 39,542 | 22,450 | 23,855 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 2,250,191 | 1,120,171 | 882,374 | 194,866 | 25,683 | 27,096 |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **OPERATION & MAINTENANCE** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 26,880 | 3,364 | 39,772 | 362 | 293 |
| 3 | HIGH TENSION | D | D02 | 245,610 | 36,572 | 358,446 | 3,260 | 2,599 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 10,794 | 1,716 | 14,171 | 163 | 87 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (3,556) | (565) | (4,668) | (54) | (29) |
| 6 | OH LINES DEMAND | D | D03 | 95,481 | 15,179 | 125,351 | 1,437 | 767 |
| 7 | UG LINES DEMAND | D | D03 | (80) | (13) | (106) | (1) | (1) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 51,486 | 9,333 | 12,028 | 186 | 1,237 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (9,497) | (1,722) | (2,219) | (34) | (228) |
| 10 | OH LINES CUSTOMER | C | C01 | 69,145 | 12,534 | 16,153 | 250 | 1,661 |
| 11 | UG LINES CUSTOMER | C | C01 | (340) | (62) | (79) | (1) | (8) |
| 12 | SERVICES - OH | C | C02 | 22,587 | 3,363 | 32,963 | 300 | 239 |
| 13 | SERVICES - UG | C | C02 | 8,406 | 1,252 | 12,267 | 112 | 89 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 90,314 | 13,940 | 103,107 | 1,126 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 4,534 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 288,800 | 52,297 | 73,081 | 1,052 | 5,576 |
| 18 | UNCOLLECTIBLES | C | S03 | 41,722 | 9,856 | 50,788 | 587 | 1,032 |
| 19 | CUSTOMER SERVICE | C | S04 | 17,641 | 3,198 | 4,122 | 64 | 424 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 375,129 | 56,253 | 532,966 | 5,168 | 3,716 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 584,798 | 103,991 | 302,211 | 3,641 | 10,022 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 959,927 | 160,244 | 835,177 | 8,809 | 13,739 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **OPERATION & MAINTENANCE** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 261 | 15,367 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 2,410 | 139,957 | 2,457 | 567 | 1,890 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 149 | 0 | 82 | 19 | 64 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (49) | 0 | (27) | (6) | (21) |
| 6 | OH LINES DEMAND | D | D03 | 1,318 | 0 | 722 | 164 | 566 |
| 7 | UG LINES DEMAND | D | D03 | (1) | 0 | (1) | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 2,008 | 0 | 5,562 | 978 | 1,615 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (370) | 0 | (1,026) | (180) | (298) |
| 10 | OH LINES CUSTOMER | C | C01 | 2,696 | 0 | 7,470 | 1,314 | 2,169 |
| 11 | UG LINES CUSTOMER | C | C01 | (13) | 0 | (37) | (6) | (11) |
| 12 | SERVICES - OH | C | C02 | 222 | 12,871 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 82 | 4,790 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 3,334 | 1,748 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 8,671 | 1,946 | 6,901 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 11,142 | 615 | 386 | 3,000 | 4,953 |
| 18 | UNCOLLECTIBLES | C | S03 | 773 | 19,484 | 1,394 | 210 | 658 |
| 19 | CUSTOMER SERVICE | C | S04 | 689 | 35 | 30 | 228 | 376 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 4,088 | 155,324 | 3,234 | 743 | 2,499 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 20,562 | 39,542 | 22,450 | 7,490 | 16,364 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 24,650 | 194,866 | 25,683 | 8,233 | 18,863 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **DEPRECIATION & AMORTIZATION** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 154,985 | 55,097 | 71,602 | 27,327 | 480 | 480 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 11,725 | 5,384 | 6,270 | 0 | 35 | 36 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 6,266 | 2,877 | 3,351 | 0 | 19 | 19 |
| 6 | OH LINES DEMAND | D | D03 | 42,241 | 19,397 | 22,590 | 0 | 127 | 128 |
| 7 | UG LINES DEMAND | D | D03 | 281 | 129 | 150 | 0 | 1 | 1 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 36,339 | 26,176 | 6,653 | 0 | 2,394 | 1,116 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 10,876 | 7,834 | 1,991 | 0 | 717 | 334 |
| 10 | OH LINES CUSTOMER | C | C01 | 19,876 | 14,317 | 3,639 | 0 | 1,309 | 611 |
| 11 | UG LINES CUSTOMER | C | C01 | 784 | 565 | 144 | 0 | 52 | 24 |
| 12 | SERVICES - OH | C | C02 | 14,999 | 5,365 | 6,973 | 2,661 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 8,663 | 3,099 | 4,027 | 1,537 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 16,586 | 8,096 | 8,354 | 136 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 6,836 | 0 | 0 | 0 | 3,383 | 3,453 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | --------------- | --------------- | --------------- | --------------- | --------------- | --------------- |
| 22 | TOTAL DEMAND | D | | 215,498 | 82,884 | 103,963 | 27,327 | 661 | 663 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 114,959 | 65,452 | 31,780 | 4,334 | 7,855 | 5,537 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | --------------- | --------------- | --------------- | --------------- | --------------- | --------------- |
| 27 | TOTAL | | | 330,457 | 148,336 | 135,743 | 31,661 | 8,516 | 6,200 |
| | | | | =========== | =========== | =========== | =========== | =========== | =========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **DEPRECIATION & AMORTIZATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 47,956 | 7,141 | 69,987 | 637 | 507 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 4,646 | 739 | 6,099 | 70 | 37 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 2,483 | 395 | 3,259 | 37 | 20 |
| 6 | OH LINES DEMAND | D | D03 | 16,736 | 2,661 | 21,972 | 252 | 134 |
| 7 | UG LINES DEMAND | D | D03 | 111 | 18 | 146 | 2 | 1 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 22,159 | 4,017 | 5,176 | 80 | 532 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 6,632 | 1,202 | 1,549 | 24 | 159 |
| 10 | OH LINES CUSTOMER | C | C01 | 12,120 | 2,197 | 2,831 | 44 | 291 |
| 11 | UG LINES CUSTOMER | C | C01 | 478 | 87 | 112 | 2 | 11 |
| 12 | SERVICES - OH | C | C02 | 4,670 | 695 | 6,815 | 62 | 49 |
| 13 | SERVICES - UG | C | C02 | 2,697 | 402 | 3,936 | 36 | 29 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 7,014 | 1,083 | 8,007 | 87 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 71,932 | 10,952 | 101,464 | 998 | 700 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 55,770 | 9,682 | 28,428 | 335 | 1,072 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 127,702 | 20,635 | 129,892 | 1,332 | 1,772 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM MET (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **DEPRECIATION & AMORTIZATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 471 | 27,327 | 480 | 111 | 369 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 64 | 0 | 35 | 8 | 28 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 34 | 0 | 19 | 4 | 15 |
| 6 | OH LINES DEMAND | D | D03 | 231 | 0 | 127 | 29 | 99 |
| 7 | UG LINES DEMAND | D | D03 | 2 | 0 | 1 | 0 | 1 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 864 | 0 | 2,394 | 421 | 695 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 259 | 0 | 717 | 126 | 208 |
| 10 | OH LINES CUSTOMER | C | C01 | 473 | 0 | 1,309 | 230 | 380 |
| 11 | UG LINES CUSTOMER | C | C01 | 19 | 0 | 52 | 9 | 15 |
| 12 | SERVICES - OH | C | C02 | 46 | 2,661 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 26 | 1,537 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 259 | 136 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 3,383 | 760 | 2,693 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 0 | 0 | 0 | 0 | 0 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 0 | 0 | 0 | 0 | 0 |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 22 | TOTAL DEMAND | D | | 802 | 27,327 | 661 | 152 | 511 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 1,945 | 4,334 | 7,855 | 1,546 | 3,992 |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 27 | TOTAL | | | 2,747 | 31,661 | 8,516 | 1,698 | 4,503 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **PAYROLL & MISC. TAXES** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 23,709 | 8,428 | 10,953 | 4,180 | 73 | 73 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 856 | 393 | 458 | 0 | 3 | 3 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (5) | (2) | (3) | 0 | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 6,678 | 3,067 | 3,571 | 0 | 20 | 20 |
| 7 | UG LINES DEMAND | D | D03 | 15 | 7 | 8 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 2,654 | 1,912 | 486 | 0 | 175 | 82 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (8) | (6) | (1) | 0 | (1) | (0) |
| 10 | OH LINES CUSTOMER | C | C01 | 3,142 | 2,263 | 575 | 0 | 207 | 97 |
| 11 | UG LINES CUSTOMER | C | C01 | 40 | 29 | 7 | 0 | 3 | 1 |
| 12 | SERVICES - OH | C | C02 | 1,978 | 708 | 920 | 351 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 850 | 304 | 395 | 151 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 4,883 | 2,384 | 2,459 | 40 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 88 | 88 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 398 | 0 | 0 | 0 | 197 | 201 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 6,819 | 5,275 | 1,405 | 10 | 6 | 123 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 303 | 236 | 60 | 0 | 0 | 7 |
| 20 | REVENUES | R | S05 | 10,759 | 4,386 | 4,524 | 1,657 | 119 | 74 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 31,253 | 11,893 | 14,988 | 4,180 | 96 | 96 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 21,147 | 13,192 | 6,306 | 552 | 587 | 510 |
| 25 | TOTAL REVENUE | R | | 10,759 | 4,386 | 4,524 | 1,657 | 119 | 74 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 63,159 | 29,470 | 25,817 | 6,389 | 802 | 680 |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **PAYROLL & MISC. TAXES** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 7,336 | 1,092 | 10,706 | 97 | 78 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 339 | 54 | 445 | 5 | 3 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (2) | (0) | (3) | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 2,646 | 421 | 3,474 | 40 | 21 |
| 7 | UG LINES DEMAND | D | D03 | 6 | 1 | 8 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 1,618 | 293 | 378 | 6 | 39 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (5) | (1) | (1) | (0) | (0) |
| 10 | OH LINES CUSTOMER | C | C01 | 1,916 | 347 | 448 | 7 | 46 |
| 11 | UG LINES CUSTOMER | C | C01 | 24 | 4 | 6 | 0 | 1 |
| 12 | SERVICES - OH | C | C02 | 616 | 92 | 899 | 8 | 7 |
| 13 | SERVICES - UG | C | C02 | 265 | 39 | 386 | 4 | 3 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 2,065 | 319 | 2,357 | 26 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 88 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 4,467 | 809 | 1,130 | 16 | 86 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 199 | 36 | 47 | 1 | 5 |
| 20 | REVENUES | R | S05 | 3,546 | 839 | 4,320 | 50 | 88 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | 10,325 | 1,568 | 14,630 | 142 | 102 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 11,253 | 1,939 | 5,650 | 67 | 186 |
| 25 | TOTAL REVENUE | R | | 3,546 | 839 | 4,320 | 50 | 88 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | 25,125 | 4,346 | 24,599 | 260 | 375 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2<br>SEC NON DM ME<br>(12) | C&I SC2<br>PRIMARY<br>(13) | SC3<br>MUNI STR LTG<br>(14) | SC4<br>RES PVT LTG<br>(15) | SC4<br>COM PVT LTG<br>(16) |
|---|---|---|---|---|---|---|---|---|
| | **PAYROLL & MISC. TAXES** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | 72 | 4,180 | 73 | 17 | 56 |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | 5 | 0 | 3 | 1 | 2 |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (0) | 0 | (0) | (0) | (0) |
| 6 | OH LINES DEMAND | D | D03 | 37 | 0 | 20 | 5 | 16 |
| 7 | UG LINES DEMAND | D | D03 | 0 | 0 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | 63 | 0 | 175 | 31 | 51 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (0) | 0 | (1) | (0) | (0) |
| 10 | OH LINES CUSTOMER | C | C01 | 75 | 0 | 207 | 36 | 60 |
| 11 | UG LINES CUSTOMER | C | C01 | 1 | 0 | 3 | 0 | 1 |
| 12 | SERVICES - OH | C | C02 | 6 | 351 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | 3 | 151 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | 76 | 40 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 197 | 44 | 157 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | 172 | 10 | 6 | 46 | 77 |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | 8 | 0 | 0 | 3 | 4 |
| 20 | REVENUES | R | S05 | 66 | 1,657 | 119 | 18 | 56 |
| 21 | | | | | | | | |
| 22 | TOTAL DEMAND | D | | 113 | 4,180 | 96 | 22 | 74 |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | 404 | 552 | 587 | 161 | 349 |
| 25 | TOTAL REVENUE | R | | 66 | 1,657 | 119 | 18 | 56 |
| 26 | | | | | | | | |
| 27 | TOTAL | | | 583 | 6,389 | 802 | 201 | 479 |

| | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|
| | **TOTAL OPERATING EXPENSES** | | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 86,298 | 30,244 | 40,687 | 15,367 | 0 | 0 |
| 3 | HIGH TENSION | D | 972,463 | 345,708 | 449,270 | 171,465 | 3,010 | 3,010 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 39,825 | 18,287 | 21,298 | 0 | 119 | 121 |
| 5 | TRANSFORMERS - UG - DEMAND | D | (2,713) | (1,246) | (1,451) | 0 | (8) | (8) |
| 6 | OH LINES DEMAND | D | 289,905 | 133,123 | 155,035 | 0 | 869 | 878 |
| 7 | UG LINES DEMAND | D | 93 | 43 | 50 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 123,427 | 88,907 | 22,598 | 0 | 8,131 | 3,791 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | (4,706) | (3,390) | (862) | 0 | (310) | (145) |
| 10 | OH LINES CUSTOMER | C | 136,411 | 98,260 | 24,975 | 0 | 8,987 | 4,190 |
| 11 | UG LINES CUSTOMER | C | 266 | 192 | 49 | 0 | 18 | 8 |
| 12 | SERVICES - OH | C | 89,521 | 32,023 | 41,616 | 15,883 | 0 | 0 |
| 13 | SERVICES - UG | C | 36,510 | 13,060 | 16,972 | 6,478 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 235,037 | 114,734 | 118,380 | 1,923 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 4,622 | 4,622 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 24,752 | 0 | 0 | 0 | 12,251 | 12,501 |
| 17 | CUSTOMER ACCOUNTING | C | 447,723 | 346,373 | 92,258 | 625 | 392 | 8,076 |
| 18 | UNCOLLECTIBLES | C | 126,504 | 51,579 | 53,180 | 19,484 | 1,394 | 868 |
| 19 | CUSTOMER SERVICE | C | 27,110 | 21,075 | 5,359 | 35 | 30 | 612 |
| 20 | REVENUES | R | 10,759 | 4,386 | 4,524 | 1,657 | 119 | 74 |
| 21 | | | ------------ | ------------ | ------------ | ------------ | ------------ | ------------ |
| 22 | TOTAL DEMAND | D | 1,385,871 | 526,159 | 664,888 | 186,832 | 3,991 | 4,001 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 1,247,177 | 767,433 | 374,523 | 44,427 | 30,892 | 29,902 |
| 25 | TOTAL REVENUE | R | 10,759 | 4,386 | 4,524 | 1,657 | 119 | 74 |
| 26 | | | ------------ | ------------ | ------------ | ------------ | ------------ | ------------ |
| 27 | TOTAL | | 2,643,808 | 1,297,978 | 1,043,935 | 232,916 | 35,002 | 33,977 |
| | | | =========== | =========== | =========== | =========== | =========== | =========== |

| | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|
| | **TOTAL OPERATING EXPENSES** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 26,880 | 3,364 | 39,772 | 362 | 293 |
| 3 | HIGH TENSION | D | 300,902 | 44,805 | 439,139 | 3,994 | 3,184 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 15,779 | 2,508 | 20,715 | 238 | 127 |
| 5 | TRANSFORMERS - UG - DEMAND | D | (1,075) | (171) | (1,411) | (16) | (9) |
| 6 | OH LINES DEMAND | D | 114,863 | 18,260 | 150,797 | 1,729 | 923 |
| 7 | UG LINES DEMAND | D | 37 | 6 | 48 | 1 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 75,263 | 13,644 | 17,582 | 272 | 1,808 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | (2,870) | (520) | (670) | (10) | (69) |
| 10 | OH LINES CUSTOMER | C | 83,181 | 15,079 | 19,432 | 301 | 1,999 |
| 11 | UG LINES CUSTOMER | C | 162 | 29 | 38 | 1 | 4 |
| 12 | SERVICES - OH | C | 27,872 | 4,150 | 40,677 | 370 | 295 |
| 13 | SERVICES - UG | C | 11,367 | 1,693 | 16,590 | 151 | 120 |
| 14 | METER & METER INSTALLATIONS | C | 99,393 | 15,341 | 113,472 | 1,239 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 4,622 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | 293,267 | 53,106 | 74,212 | 1,069 | 5,663 |
| 18 | UNCOLLECTIBLES | C | 41,722 | 9,856 | 50,788 | 587 | 1,032 |
| 19 | CUSTOMER SERVICE | C | 17,841 | 3,234 | 4,168 | 65 | 429 |
| 20 | REVENUES | R | 3,546 | 839 | 4,320 | 50 | 88 |
| 21 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | 457,386 | 68,773 | 649,060 | 6,307 | 4,518 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 651,821 | 115,612 | 336,289 | 4,043 | 11,281 |
| 25 | TOTAL REVENUE | R | 3,546 | 839 | 4,320 | 50 | 88 |
| 26 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | 1,112,754 | 185,224 | 989,668 | 10,401 | 15,886 |
| | | | ========== | ========== | ========== | ========== | ========== |

| | | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|
| | **TOTAL OPERATING EXPENSES** | | | | | | |
| 1 | PRODUCTION | E | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | 261 | 15,367 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | 2,952 | 171,465 | 3,010 | 695 | 2,316 |
| 4 | TRANSFORMERS - OH - DEMAND | D | 218 | 0 | 119 | 27 | 94 |
| 5 | TRANSFORMERS - UG - DEMAND | D | (15) | 0 | (8) | (2) | (6) |
| 6 | OH LINES DEMAND | D | 1,586 | 0 | 869 | 197 | 681 |
| 7 | UG LINES DEMAND | D | 1 | 0 | 0 | 0 | 0 |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | 2,935 | 0 | 8,131 | 1,430 | 2,361 |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | (112) | 0 | (310) | (55) | (90) |
| 10 | OH LINES CUSTOMER | C | 3,244 | 0 | 8,987 | 1,580 | 2,610 |
| 11 | UG LINES CUSTOMER | C | 6 | 0 | 18 | 3 | 5 |
| 12 | SERVICES - OH | C | 273 | 15,883 | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | 112 | 6,478 | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | 3,669 | 1,923 | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | 0 | 0 | 12,251 | 2,750 | 9,751 |
| 17 | CUSTOMER ACCOUNTING | C | 11,315 | 625 | 392 | 3,047 | 5,029 |
| 18 | UNCOLLECTIBLES | C | 773 | 19,484 | 1,394 | 210 | 658 |
| 19 | CUSTOMER SERVICE | C | 696 | 35 | 30 | 231 | 381 |
| 20 | REVENUES | R | 66 | 1,657 | 119 | 18 | 56 |
| 21 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | 5,003 | 186,832 | 3,991 | 917 | 3,084 |
| 23 | TOTAL ENERGY | E | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | 22,911 | 44,427 | 30,892 | 9,197 | 20,705 |
| 25 | TOTAL REVENUE | R | 66 | 1,657 | 119 | 18 | 56 |
| 26 | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | 27,979 | 232,916 | 35,002 | 10,132 | 23,845 |
| | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING REVENUES** | | | | | | | | |
| 1 | REVENUES FROM SALES | R | R01 | 2,934,404 | 1,196,425 | 1,233,539 | 451,963 | 32,342 | 20,135 |
| 2 | OTHER ELECTRIC REVENUES | R | R02 | (662) | (271) | (278) | (102) | (7) | (4) |
| 3 | | | | | | | | | |
| 4 | TOTAL OPERATING REVENUES | | | 2,933,742 | 1,196,154 | 1,233,261 | 451,861 | 32,335 | 20,131 |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **OPERATING REVENUES** | | | | | | | |
| 1 | REVENUES FROM SALES | R | R01 | 967,806 | 228,619 | 1,178,062 | 13,607 | 23,938 |
| 2 | OTHER ELECTRIC REVENUES | R | R02 | (220) | (51) | (266) | (3) | (5) |
| 3 | | | | | | | | |
| 4 | TOTAL OPERATING REVENUES | | | 967,586 | 228,568 | 1,177,796 | 13,604 | 23,933 |

| | | | | C&I SC2<br>SEC NON DM ME<br>(12) | C&I SC2<br>PRIMARY<br>(13) | SC3<br>MUNI STR LTG<br>(14) | SC4<br>RES PVT LTG<br>(15) | SC4<br>COM PVT LTG<br>(16) |
|---|---|---|---|---|---|---|---|---|
| | **OPERATING REVENUES** | | | | | | | |
| 1 | REVENUES FROM SALES | R | R01 | 17,932 | 451,963 | 32,342 | 4,874 | 15,261 |
| 2 | OTHER ELECTRIC REVENUES | R | R02 | (4) | (102) | (7) | (1) | (3) |
| 3 | | | | | | | | |
| 4 | TOTAL OPERATING REVENUES | | | 17,928 | 451,861 | 32,335 | 4,873 | 15,258 |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **FIT ADJUSTMENTS** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (57,060) | (20,285) | (26,361) | (10,061) | (177) | (177) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (2,512) | (1,153) | (1,343) | 0 | (8) | (8) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (1,229) | (564) | (657) | 0 | (4) | (4) |
| 6 | OH LINES DEMAND | D | D03 | (14,021) | (6,438) | (7,498) | 0 | (42) | (42) |
| 7 | UG LINES DEMAND | D | D03 | (111) | (51) | (59) | 0 | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (7,785) | (5,608) | (1,425) | 0 | (513) | (239) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (2,133) | (1,536) | (391) | 0 | (141) | (66) |
| 10 | OH LINES CUSTOMER | C | C01 | (6,598) | (4,753) | (1,208) | 0 | (435) | (203) |
| 11 | UG LINES CUSTOMER | C | C01 | (309) | (223) | (57) | 0 | (20) | (9) |
| 12 | SERVICES - OH | C | C02 | (4,754) | (1,701) | (2,210) | (843) | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (2,674) | (957) | (1,243) | (474) | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (5,661) | (2,763) | (2,851) | (46) | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | (22) | (22) | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | (218) | 0 | 0 | 0 | (108) | (110) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (1,673) | (1,294) | (345) | (2) | (1) | (30) |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | (75) | (58) | (15) | (0) | (0) | (2) |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (74,933) | (28,492) | (35,919) | (10,061) | (230) | (231) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (31,902) | (18,914) | (9,744) | (1,367) | (1,218) | (659) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (106,835) | (47,406) | (45,664) | (11,427) | (1,448) | (890) |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **FIT ADJUSTMENTS** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (17,656) | (2,629) | (25,767) | (234) | (187) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (995) | (158) | (1,307) | (15) | (8) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (487) | (77) | (639) | (7) | (4) |
| 6 | OH LINES DEMAND | D | D03 | (5,555) | (883) | (7,293) | (84) | (45) |
| 7 | UG LINES DEMAND | D | D03 | (44) | (7) | (58) | (1) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (4,747) | (861) | (1,109) | (17) | (114) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (1,301) | (236) | (304) | (5) | (31) |
| 10 | OH LINES CUSTOMER | C | C01 | (4,023) | (729) | (940) | (15) | (97) |
| 11 | UG LINES CUSTOMER | C | C01 | (188) | (34) | (44) | (1) | (5) |
| 12 | SERVICES - OH | C | C02 | (1,480) | (220) | (2,160) | (20) | (16) |
| 13 | SERVICES - UG | C | C02 | (833) | (124) | (1,215) | (11) | (9) |
| 14 | METER & METER INSTALLATIONS | C | S01 | (2,394) | (369) | (2,733) | (30) | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | (22) | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (1,096) | (198) | (277) | (4) | (21) |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | (49) | (9) | (12) | (0) | (1) |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 22 | TOTAL DEMAND | D | | (24,737) | (3,755) | (35,064) | (341) | (244) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (16,133) | (2,781) | (8,794) | (102) | (293) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 27 | TOTAL | | | (40,871) | (6,536) | (43,857) | (443) | (537) |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **FIT ADJUSTMENTS** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (173) | (10,061) | (177) | (41) | (136) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (14) | 0 | (8) | (2) | (6) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | (7) | 0 | (4) | (1) | (3) |
| 6 | OH LINES DEMAND | D | D03 | (77) | 0 | (42) | (10) | (33) |
| 7 | UG LINES DEMAND | D | D03 | (1) | 0 | (0) | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (185) | 0 | (513) | (90) | (149) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | (51) | 0 | (141) | (25) | (41) |
| 10 | OH LINES CUSTOMER | C | C01 | (157) | 0 | (435) | (76) | (126) |
| 11 | UG LINES CUSTOMER | C | C01 | (7) | 0 | (20) | (4) | (6) |
| 12 | SERVICES - OH | C | C02 | (15) | (843) | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (8) | (474) | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (88) | (46) | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | (108) | (24) | (86) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (42) | (2) | (1) | (11) | (19) |
| 18 | UNCOLLECTIBLES | C | S03 | 0 | 0 | 0 | 0 | 0 |
| 19 | CUSTOMER SERVICE | C | S04 | (2) | (0) | (0) | (1) | (1) |
| 20 | REVENUES | R | R99 | 0 | 0 | 0 | 0 | 0 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (271) | (10,061) | (230) | (53) | (178) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (555) | (1,367) | (1,218) | (231) | (428) |
| 25 | TOTAL REVENUE | R | | 0 | 0 | 0 | 0 | 0 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (826) | (11,427) | (1,448) | (284) | (605) |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|---|---|
| | **FEDERAL INCOME TAX COMPUTATION** | | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (365,975) | (130,103) | (169,078) | (64,529) | (1,133) | (1,133) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (14,651) | (6,728) | (7,835) | 0 | (44) | (44) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 682 | 313 | 365 | 0 | 2 | 2 |
| 6 | OH LINES DEMAND | D | D03 | (107,401) | (49,318) | (57,436) | 0 | (322) | (325) |
| 7 | UG LINES DEMAND | D | D03 | (77) | (35) | (41) | 0 | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (45,407) | (32,708) | (8,313) | 0 | (2,991) | (1,395) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 1,183 | 852 | 217 | 0 | 78 | 36 |
| 10 | OH LINES CUSTOMER | C | C01 | (50,537) | (36,403) | (9,253) | 0 | (3,329) | (1,552) |
| 11 | UG LINES CUSTOMER | C | C01 | (216) | (155) | (39) | 0 | (14) | (7) |
| 12 | SERVICES - OH | C | C02 | (33,146) | (11,857) | (15,409) | (5,881) | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (13,754) | (4,920) | (6,394) | (2,440) | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (85,360) | (41,669) | (42,993) | (698) | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | (1,640) | (1,640) | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | (8,226) | 0 | 0 | 0 | (4,071) | (4,154) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (158,376) | (122,525) | (32,635) | (221) | (139) | (2,857) |
| 18 | UNCOLLECTIBLES | C | S03 | (44,277) | (18,052) | (18,613) | (6,819) | (488) | (304) |
| 19 | CUSTOMER SERVICE | C | S04 | (9,564) | (7,435) | (1,890) | (12) | (11) | (216) |
| 20 | REVENUES | R | R99 | 1,023,044 | 417,119 | 430,058 | 157,571 | 11,276 | 7,020 |
| 21 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 22 | TOTAL DEMAND | D | | (487,422) | (185,871) | (234,025) | (64,529) | (1,497) | (1,501) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (449,319) | (276,511) | (135,322) | (16,072) | (10,965) | (10,448) |
| 25 | TOTAL REVENUE | R | | 1,023,044 | 417,119 | 430,058 | 157,571 | 11,276 | 7,020 |
| 26 | | | | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ | ------------------ |
| 27 | TOTAL | | | 86,303 | (45,263) | 60,711 | 76,970 | (1,187) | (4,929) |
| | | | | ========== | ========== | ========== | ========== | ========== | ========== |

| | | | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|---|---|
| | **FEDERAL INCOME TAX COMPUTATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (113,241) | (16,862) | (165,265) | (1,503) | (1,198) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (5,805) | (923) | (7,621) | (87) | (47) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 270 | 43 | 355 | 4 | 2 |
| 6 | OH LINES DEMAND | D | D03 | (42,553) | (6,765) | (55,866) | (641) | (342) |
| 7 | UG LINES DEMAND | D | D03 | (30) | (5) | (40) | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (27,688) | (5,019) | (6,468) | (100) | (665) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 722 | 131 | 169 | 3 | 17 |
| 10 | OH LINES CUSTOMER | C | C01 | (30,816) | (5,586) | (7,199) | (111) | (740) |
| 11 | UG LINES CUSTOMER | C | C01 | (131) | (24) | (31) | (0) | (3) |
| 12 | SERVICES - OH | C | C02 | (10,320) | (1,537) | (15,061) | (137) | (109) |
| 13 | SERVICES - UG | C | C02 | (4,282) | (638) | (6,250) | (57) | (45) |
| 14 | METER & METER INSTALLATIONS | C | S01 | (36,097) | (5,572) | (41,211) | (450) | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | (1,640) | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | 0 | 0 | 0 |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (103,739) | (18,786) | (26,251) | (378) | (2,003) |
| 18 | UNCOLLECTIBLES | C | S03 | (14,603) | (3,450) | (17,776) | (205) | (361) |
| 19 | CUSTOMER SERVICE | C | S04 | (6,294) | (1,141) | (1,471) | (23) | (151) |
| 20 | REVENUES | R | R99 | 337,414 | 79,705 | 410,717 | 4,744 | 8,346 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (161,359) | (24,512) | (228,437) | (2,228) | (1,585) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (234,890) | (41,621) | (121,549) | (1,460) | (4,062) |
| 25 | TOTAL REVENUE | R | | 337,414 | 79,705 | 410,717 | 4,744 | 8,346 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (58,836) | 13,573 | 60,731 | 1,057 | 2,699 |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | | | C&I SC2 ;EC NON DM ME' (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|---|
| | **FEDERAL INCOME TAX COMPUTATION** | | | | | | | |
| 1 | PRODUCTION | E | E01 | 0 | 0 | 0 | 0 | 0 |
| 2 | TRANSMISSION | D | D01 | 0 | 0 | 0 | 0 | 0 |
| 3 | HIGH TENSION | D | D02 | (1,111) | (64,529) | (1,133) | (261) | (871) |
| 4 | TRANSFORMERS - OH - DEMAND | D | D03 | (80) | 0 | (44) | (10) | (34) |
| 5 | TRANSFORMERS - UG - DEMAND | D | D03 | 4 | 0 | 2 | 0 | 2 |
| 6 | OH LINES DEMAND | D | D03 | (588) | 0 | (322) | (73) | (252) |
| 7 | UG LINES DEMAND | D | D03 | (0) | 0 | (0) | (0) | (0) |
| 8 | TRANSFORMERS - OH - CUSTOMER | C | C01 | (1,080) | 0 | (2,991) | (526) | (869) |
| 9 | TRANSFORMERS - UG - CUSTOMER | C | C01 | 28 | 0 | 78 | 14 | 23 |
| 10 | OH LINES CUSTOMER | C | C01 | (1,202) | 0 | (3,329) | (585) | (967) |
| 11 | UG LINES CUSTOMER | C | C01 | (5) | 0 | (14) | (2) | (4) |
| 12 | SERVICES - OH | C | C02 | (101) | (5,881) | 0 | 0 | 0 |
| 13 | SERVICES - UG | C | C02 | (42) | (2,440) | 0 | 0 | 0 |
| 14 | METER & METER INSTALLATIONS | C | S01 | (1,332) | (698) | 0 | 0 | 0 |
| 15 | INSTALL. ON CUSTR PREMISES | C | C03 | 0 | 0 | 0 | 0 | 0 |
| 16 | STREET LIGHTING | C | C04 | 0 | 0 | (4,071) | (914) | (3,240) |
| 17 | CUSTOMER ACCOUNTING | C | S02 | (4,002) | (221) | (139) | (1,078) | (1,779) |
| 18 | UNCOLLECTIBLES | C | S03 | (271) | (6,819) | (488) | (74) | (230) |
| 19 | CUSTOMER SERVICE | C | S04 | (246) | (12) | (11) | (81) | (134) |
| 20 | REVENUES | R | R99 | 6,252 | 157,571 | 11,276 | 1,699 | 5,321 |
| 21 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 22 | TOTAL DEMAND | D | | (1,775) | (64,529) | (1,497) | (344) | (1,157) |
| 23 | TOTAL ENERGY | E | | 0 | 0 | 0 | 0 | 0 |
| 24 | TOTAL CUSTOMER | C | | (8,253) | (16,072) | (10,965) | (3,247) | (7,201) |
| 25 | TOTAL REVENUE | R | | 6,252 | 157,571 | 11,276 | 1,699 | 5,321 |
| 26 | | | | ---------- | ---------- | ---------- | ---------- | ---------- |
| 27 | TOTAL | | | (3,776) | 76,970 | (1,187) | (1,892) | (3,037) |
| | | | | ========== | ========== | ========== | ========== | ========== |

| | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|
| | **CUSTOMER COST BY CLASS** | | | | | | |
| 1 | NUMBER OF CUSTOMERS | 4,585 | 3,565 | 906 | 6 | 5 | 103 |
| 2 | | | | | | | |
| 3 | RATE BASE | 2,516,607 | 1,474,441 | 748,205 | 104,816 | 118,720 | 70,425 |
| 4 | | | | | | | |
| 5 | TOTAL CUSTOMER OPERATING EXPS. | 1,251,887 | 770,043 | 376,134 | 44,746 | 30,997 | 29,967 |
| 6 | MONTHLY OP. EXPS. COST/CUST | 22.75 | 18.00 | 34.60 | 621.47 | 516.62 | 24.15 |
| 7 | | | | | | | |
| 8 | RETURN @ 2.33% (CUSTOMER) | 58,730 | 34,409 | 17,461 | 2,446 | 2,771 | 1,644 |
| 9 | F.I.T. PERCENT ON RETURN | 42.38% | | | | | |
| 10 | INCOME TAX ON RETURN | 24,891 | 14,583 | 7,400 | 1,037 | 1,174 | 697 |
| 11 | TOTAL RETURN & F.I.T. | 83,621 | 48,992 | 24,861 | 3,483 | 3,945 | 2,340 |
| 12 | MONTHLY RET. & F.I.T. COST/CUST | 1.52 | 1.15 | 2.29 | 48.37 | 65.75 | 1.89 |
| 13 | | | | | | | |
| 14 | MONTHLY CUSTOMER COSTS | 24.27 | 19.15 | 36.88 | 669.84 | 582.37 | 26.03 |

| | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|
| | **CUSTOMER COST BY CLASS** | | | | | |
| 1 | NUMBER OF CUSTOMERS | 3,018 | 547 | 705 | 11 | 73 |
| 2 | | | | | | |
| 3 | RATE BASE | 1,256,699 | 217,743 | 673,482 | 7,844 | 23,468 |
| 4 | | | | | | |
| 5 | TOTAL CUSTOMER OPERATING EXPS. | 653,905 | 116,138 | 337,763 | 4,063 | 11,343 |
| 6 | MONTHLY OP. EXPS. COST/CUST | 18.06 | 17.69 | 39.93 | 31.01 | 13.04 |
| 7 | | | | | | |
| 8 | RETURN @ 2.33% (CUSTOMER) | 29,328 | 5,081 | 15,717 | 183 | 548 |
| 9 | F.I.T. PERCENT ON RETURN | | | | | |
| 10 | INCOME TAX ON RETURN | 12,430 | 2,154 | 6,661 | 78 | 232 |
| 11 | TOTAL RETURN & F.I.T. | 41,757 | 7,235 | 22,378 | 261 | 780 |
| 12 | MONTHLY RET. & F.I.T. COST/CUST | 1.15 | 1.10 | 2.65 | 1.99 | 0.90 |
| 13 | | | | | | |
| 14 | MONTHLY CUSTOMER COSTS | 19.21 | 18.80 | 42.57 | 33.00 | 13.93 |
| | | =========== | =========== | =========== | =========== | =========== |

| | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|
| | **CUSTOMER COST BY CLASS** | | | | | |
| 1 | NUMBER OF CUSTOMERS | 118 | 6 | 5 | 39 | 64 |
| 2 | | | | | | |
| 3 | RATE BASE | 43,412 | 104,816 | 118,720 | 22,468 | 47,957 |
| 4 | | | | | | |
| 5 | TOTAL CUSTOMER OPERATING EXPS. | 22,965 | 44,746 | 30,997 | 9,213 | 20,754 |
| 6 | MONTHLY OP. EXPS. COST/CUST | 16.26 | 621.47 | 516.62 | 19.69 | 26.85 |
| 7 | | | | | | |
| 8 | RETURN @ 2.33% (CUSTOMER) | 1,013 | 2,446 | 2,771 | 524 | 1,119 |
| 9 | F.I.T. PERCENT ON RETURN | | | | | |
| 10 | INCOME TAX ON RETURN | 429 | 1,037 | 1,174 | 222 | 474 |
| 11 | TOTAL RETURN & F.I.T. | 1,442 | 3,483 | 3,945 | 747 | 1,594 |
| 12 | MONTHLY RET. & F.I.T. COST/CUST | 1.02 | 48.37 | 65.75 | 1.60 | 2.06 |
| 13 | | | | | | |
| 14 | MONTHLY CUSTOMER COSTS | 17.29 | 669.84 | 582.37 | 21.28 | 28.91 |
| | | =========== | =========== | =========== | =========== | =========== |

| | | TOTAL COMPANY (1) | TOTAL RESIDENTIAL (2) | TOTAL C&I SECONDARY (3) | TOTAL C&I PRIMARY (4) | TOTAL MUNI STR LTG (5) | TOTAL PVT LTG (6) |
|---|---|---|---|---|---|---|---|
| **ALLOCATION FACTORS** | | | | | | | |
| TRANSMISSION | | 16,213 | 5,682 | 7,644 | 2,887 | 0 | 0 |
| PERCENT | D01 | 100.000000% | 35.045951% | 47.147351% | 17.806698% | 0.000000% | 0.000000% |
| HIGH TENSION | | 16,799 | 5,972 | 7,761 | 2,962 | 52 | 52 |
| PERCENT | D02 | 100.000000% | 35.549735% | 46.199179% | 17.632002% | 0.309542% | 0.309542% |
| LOW TENSION - OH & UG | | 16,178 | 7,429 | 8,652 | 0 | 49 | 49 |
| PERCENT | D03 | 100.000000% | 45.919550% | 53.477770% | 0.000000% | 0.299794% | 0.302885% |
| KWH SALES | | 75,433,633 | 28,279,484 | 31,555,811 | 15,174,435 | 207,590 | 216,313 |
| PERCENT | E01 | 100.000000% | 37.489224% | 41.832548% | 20.116272% | 0.275196% | 0.286759% |
| OH & UG LINES & TRANSF. CUST. COMP. | | 804,808 | 579,719 | 147,348 | 0 | 53,020 | 24,721 |
| PERCENT | C01 | 100.000000% | 72.031963% | 18.308466% | 0.000000% | 6.587907% | 3.071664% |
| BOOK COST - SERVICES OH & UG | | 935,162 | 334,518 | 434,729 | 165,915 | 0 | 0 |
| PERCENT | C02 | 100.000000% | 35.771128% | 46.487026% | 17.741846% | 0.000000% | 0.000000% |
| BOOK COST-INSTALL. ON CUST. PREM. | | 1,127 | 1,127 | 0 | 0 | 0 | 0 |
| PERCENT | C03 | 100.000000% | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| BOOK COST-STREET LIGHTING | | 132,181 | 0 | 0 | 0 | 65,423 | 66,758 |
| PERCENT | C04 | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 49.495011% | 50.504989% |
| BOOK COST-METERS & METER INSTALL | | 516,818 | 252,286 | 260,303 | 4,229 | 0 | 0 |
| PERCENT | S01 | 100.000000% | 48.815250% | 50.366473% | 0.818276% | 0.000000% | 0.000000% |
| CUSTOMER ACCOUNTS EXPENSE | | 205,727 | 159,157 | 42,392 | 287 | 180 | 3,711 |
| PERCENT | S02 | 100.000000% | 77.363205% | 20.605949% | 0.139505% | 0.087495% | 1.803847% |
| UNCOLLECTIBLES ACCOUNTS | | 126,503 | 51,578 | 53,179 | 19,484 | 1,394 | 868 |
| PERCENT | S03 | 100.000000% | 40.772156% | 42.037738% | 15.402006% | 1.101950% | 0.686150% |
| CUSTOMER SERVICE EXPENSES | | 16,311 | 12,680 | 3,224 | 21 | 18 | 368 |
| PERCENT | S04 | 100.000000% | 77.738949% | 19.765802% | 0.128747% | 0.110355% | 2.256146% |
| REVENUES-PAYROLL & MISC. | | 10,758 | 4,385 | 4,523 | 1,657 | 119 | 74 |
| PERCENT | S05 | 100.000000% | 40.760364% | 42.043131% | 15.402491% | 1.106154% | 0.687860% |
| REVENUES-WORKING CAPITAL | | 55,225 | 22,515 | 23,216 | 8,506 | 609 | 379 |
| PERCENT | S06 | 100.000000% | 40.769579% | 42.038932% | 15.402445% | 1.102761% | 0.686283% |
| REVENUES FROM SALES | | 2,934,404 | 1,196,425 | 1,233,539 | 451,963 | 32,342 | 20,135 |
| PERCENT | R01 | 100.000000% | 40.772334% | 42.037121% | 15.402205% | 1.102176% | 0.686164% |
| OTHER ELECTRIC REVENUES | | (662) | (271) | (278) | (102) | (7) | (4) |
| PERCENT | R02 | 100.000000% | 40.936556% | 41.993958% | 15.407855% | 1.057402% | 0.604230% |
| NULL REVENUE FACTOR | | 0 | 0 | 0 | 0 | 0 | 0 |
| PERCENT | R99 | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| NUMBER OF CUSTOMERS | K01 | 4,585 | 3,565 | 906 | 6 | 5 | 103 |

| | | RESID SC1 W/ SP HTG (7) | RESID SC1 W/SP & WTR HTG (8) | C&I SC2 GENERAL SERVICE (9) | C&I SC2 SEP MET SP HTG (10) | C&I SC2 SEC NON MET (11) |
|---|---|---|---|---|---|---|
| **ALLOCATION FACTORS** | | | | | | |
| TRANSMISSION | | 5,050 | 632 | 7,472 | 68 | 55 |
| PERCENT | D01 | 31.147844% | 3.898106% | 46.086474% | 0.419417% | 0.339234% |
| HIGH TENSION | | 5,198 | 774 | 7,586 | 69 | 55 |
| PERCENT | D02 | 30.942318% | 4.607417% | 45.157450% | 0.410739% | 0.327400% |
| LOW TENSION - OH & UG | | 6,410 | 1,019 | 8,415 | 97 | 52 |
| PERCENT | D03 | 39.620775% | 6.298775% | 52.015886% | 0.596498% | 0.318338% |
| KWH SALES | | 22,362,951 | 5,916,533 | 30,415,883 | 445,792 | 450,979 |
| PERCENT | E01 | 29.645862% | 7.843362% | 40.321382% | 0.590972% | 0.597849% |
| OH & UG LINES & TRANSF. CUST. COMP. | | 490,756 | 88,963 | 114,645 | 1,775 | 11,791 |
| PERCENT | C01 | 60.978022% | 11.053941% | 14.245012% | 0.220549% | 1.465070% |
| BOOK COST - SERVICES OH & UG | | 291,163 | 43,355 | 424,926 | 3,865 | 3,081 |
| PERCENT | C02 | 31.135033% | 4.636095% | 45.438758% | 0.413297% | 0.329462% |
| BOOK COST-INSTALL. ON CUST. PREM. | | 1,127 | 0 | 0 | 0 | 0 |
| PERCENT | C03 | 100.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| BOOK COST-STREET LIGHTING | | 0 | 0 | 0 | 0 | 0 |
| PERCENT | C04 | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| BOOK COST-METERS & METER INSTALL | | 218,553 | 33,733 | 249,512 | 2,724 | 0 |
| PERCENT | S01 | 42.288194% | 6.527056% | 48.278504% | 0.527071% | 0.000000% |
| CUSTOMER ACCOUNTS EXPENSE | | 134,755 | 24,402 | 34,100 | 491 | 2,602 |
| PERCENT | S02 | 65.501854% | 11.861350% | 16.575364% | 0.238666% | 1.264783% |
| UNCOLLECTIBLES ACCOUNTS | | 41,722 | 9,856 | 50,787 | 587 | 1,032 |
| PERCENT | S03 | 32.981036% | 7.791120% | 40.146874% | 0.464021% | 0.815791% |
| CUSTOMER SERVICE EXPENSES | | 10,734 | 1,946 | 2,508 | 39 | 258 |
| PERCENT | S04 | 65.808350% | 11.930599% | 15.376127% | 0.239102% | 1.581755% |
| REVENUES-PAYROLL & MISC. | | 3,546 | 839 | 4,319 | 50 | 88 |
| PERCENT | S05 | 32.961517% | 7.798847% | 40.146867% | 0.464770% | 0.817996% |
| REVENUES-WORKING CAPITAL | | 18,213 | 4,302 | 22,172 | 256 | 451 |
| PERCENT | S06 | 32.979629% | 7.789950% | 40.148483% | 0.463558% | 0.816659% |
| REVENUES FROM SALES | | 967,806 | 228,619 | 1,178,062 | 13,607 | 23,938 |
| PERCENT | R01 | 32.981341% | 7.790993% | 40.146541% | 0.463712% | 0.815767% |
| OTHER ELECTRIC REVENUES | | (220) | (51) | (266) | (3) | (5) |
| PERCENT | R02 | 33.232628% | 7.703927% | 40.181269% | 0.453172% | 0.755287% |
| NULL REVENUE FACTOR | | 0 | 0 | 0 | 0 | 0 |
| PERCENT | R99 | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| NUMBER OF CUSTOMERS | K01 | 3,018 | 547 | 705 | 11 | 73 |

| | | | C&I SC2 SEC NON DM ME (12) | C&I SC2 PRIMARY (13) | SC3 MUNI STR LTG (14) | SC4 RES PVT LTG (15) | SC4 COM PVT LTG (16) |
|---|---|---|---|---|---|---|---|
| | **ALLOCATION FACTORS** | | | | | | |
| 1 | TRANSMISSION | | 49 | 2,887 | 0 | 0 | 0 |
| 2 | PERCENT | D01 | 0.302227% | 17.806698% | 0.000000% | 0.000000% | 0.000000% |
| 3 | | | | | | | |
| 4 | HIGH TENSION | | 51 | 2,962 | 52 | 12 | 40 |
| 5 | PERCENT | D02 | 0.303589% | 17.632002% | 0.309542% | 0.071433% | 0.238109% |
| 6 | | | | | | | |
| 7 | LOW TENSION - OH & UG | | 89 | 0 | 49 | 11 | 38 |
| 8 | PERCENT | D03 | 0.547048% | 0.000000% | 0.299794% | 0.067995% | 0.234891% |
| 9 | | | | | | | |
| 10 | KWH SALES | | 243,157 | 15,174,435 | 207,590 | 47,483 | 168,830 |
| 11 | PERCENT | E01 | 0.322346% | 20.116272% | 0.275196% | 0.062947% | 0.223813% |
| 12 | | | | | | | |
| 13 | OH & UG LINES & TRANSF. CUST. COMP. | | 19,137 | 0 | 53,020 | 9,323 | 15,398 |
| 14 | PERCENT | C01 | 2.377834% | 0.000000% | 6.587907% | 1.158413% | 1.913251% |
| 15 | | | | | | | |
| 16 | BOOK COST - SERVICES OH & UG | | 2,857 | 165,915 | 0 | 0 | 0 |
| 17 | PERCENT | C02 | 0.305509% | 17.741846% | 0.000000% | 0.000000% | 0.000000% |
| 18 | | | | | | | |
| 19 | BOOK COST-INSTALL. ON CUST. PREM. | | 0 | 0 | 0 | 0 | 0 |
| 20 | PERCENT | C03 | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 21 | | | | | | | |
| 22 | BOOK COST-STREET LIGHTING | | 0 | 0 | 65,423 | 14,687 | 52,071 |
| 23 | PERCENT | C04 | 0.000000% | 0.000000% | 49.495011% | 11.111279% | 39.393710% |
| 24 | | | | | | | |
| 25 | BOOK COST-METERS & METER INSTALL | | 8,067 | 4,229 | 0 | 0 | 0 |
| 26 | PERCENT | S01 | 1.560898% | 0.818276% | 0.000000% | 0.000000% | 0.000000% |
| 27 | | | | | | | |
| 28 | CUSTOMER ACCOUNTS EXPENSE | | 5,199 | 287 | 180 | 1,400 | 2,311 |
| 29 | PERCENT | S02 | 2.527135% | 0.139505% | 0.087495% | 0.680513% | 1.123333% |
| 30 | | | | | | | |
| 31 | UNCOLLECTIBLES ACCOUNTS | | 773 | 19,484 | 1,394 | 210 | 658 |
| 32 | PERCENT | S03 | 0.611053% | 15.402006% | 1.101950% | 0.166004% | 0.520146% |
| 33 | | | | | | | |
| 34 | CUSTOMER SERVICE EXPENSES | | 419 | 21 | 18 | 139 | 229 |
| 35 | PERCENT | S04 | 2.568819% | 0.128747% | 0.110355% | 0.852186% | 1.403961% |
| 36 | | | | | | | |
| 37 | REVENUES-PAYROLL & MISC. | | 66 | 1,657 | 119 | 18 | 56 |
| 38 | PERCENT | S05 | 0.613497% | 15.402491% | 1.106154% | 0.167317% | 0.520543% |
| 39 | | | | | | | |
| 40 | REVENUES-WORKING CAPITAL | | 337 | 8,506 | 609 | 92 | 287 |
| 41 | PERCENT | S06 | 0.610231% | 15.402445% | 1.102761% | 0.166591% | 0.519692% |
| 42 | | | | | | | |
| 43 | REVENUES FROM SALES | | 17,932 | 451,963 | 32,342 | 4,874 | 15,261 |
| 44 | PERCENT | R01 | 0.611101% | 15.402205% | 1.102176% | 0.166089% | 0.520074% |
| 45 | | | | | | | |
| 46 | OTHER ELECTRIC REVENUES | | (4) | (102) | (7) | (1) | (3) |
| 47 | PERCENT | R02 | 0.604230% | 15.407855% | 1.057402% | 0.151057% | 0.453172% |
| 48 | | | | | | | |
| 49 | NULL REVENUE FACTOR | | 0 | 0 | 0 | 0 | 0 |
| 50 | PERCENT | R99 | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| 51 | | | | | | | |
| 52 | NUMBER OF CUSTOMERS | K01 | 118 | 6 | 5 | 39 | 64 |

EXHIBIT ___ (E-7)
TABLE 1A

**Pike County Light And Power Company**
**Electric Embedded Cost-of-Service Study Results**
**For the Year 2007**

| Service Classification | Rate of Return | Initial Surplus/Deficiency* | Adjustment** | Adjusted Surplus/Deficiency* |
|---|---|---|---|---|
| Total System | 2.33% | | | |
| SC 1 Residential-W/SP HTG | -2.61% | (239,597) | 4,792 | (234,805) |
| SC 1 Residential-W/SP & WTR HTG | 5.62% | 24,894 | | 24,894 |
| SC 2 C&I - General Service | 3.56% | 54,681 | | 54,681 |
| SC 2 C&I - Sep Met Sep Htg | 5.94% | 1,876 | | 1,876 |
| SC 2 C&I - Secondary Non Metered | 12.22% | 6,499 | | 6,499 |
| SC 2 C&I - Secondary Non DM Metered | -9.53% | (11,781) | 236 | (11,545) |
| SC 2 C&I - Primary | 15.09% | 181,272 | | 181,272 |
| SC 3 Municipal Street Lighting | -1.07% | (6,728) | 135 | (6,593) |
| SC 4 Residential Private Lighting | -12.55% | (6,048) | 121 | (5,927) |
| SC 4 Commercial Private Lighting | -8.86% | (10,563) | 211 | (10,352) |
| Total System | | (5,495) | 5,495<br>5,495 | 0 |

* Deficiencies shown as negative
** Applied to deficiency only

Exhibit E-8

**Pike County Light And Power Company**

Index of Schedules

ELECTRIC RATE DESIGN

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates (In Brief)

| Present SC1 | | | Proposed SC1 | | |
|---|---|---|---|---|---|
| Customer Charge | $5.29 | | Customer Charge | $8.00 | |
| First 1,000 kWh | 3.8143 | ¢/kWh | First 1,000 kWh | 5.8232 | ¢/kWh |
| Over 1,000 kWh | 3.2960 | ¢/kWh | Over 1,000 kWh | 5.0319 | ¢/kWh |
| Plus: SBC | 0.0251 | ¢/kWh | Plus: SBC | 0.0251 | ¢/kWh |
| Plus: STAS - Part 1 | 0.23% | | Plus: STAS - Part 1 | 0.00% | |
| Plus: Default Service | Variable * | ¢/kWh | Plus: Default Service | Variable * | ¢/kWh |
| Plus: STAS - Part 2 | 0.29% | | Plus: STAS - Part 2 | 0.29% | |
| Minimum Charge: | | | Minimum Charge: | | |
| $ 5.29 per month | | | $ 8.00 per month | | |

| Present SC1 - Water Heating | | | Proposed SC1 - Water Heating | | |
|---|---|---|---|---|---|
| Customer Charge | $5.29 | | Customer Charge | $8.00 | |
| First 300 kWh | 3.8143 | ¢/kWh | First 300 kWh | 5.8232 | ¢/kWh |
| Next 400 kWh | 3.2960 | ¢/kWh | Next 400 kWh | 5.0319 | ¢/kWh |
| Next 300 kWh | 3.8143 | ¢/kWh | Next 300 kWh | 5.8232 | ¢/kWh |
| Over 1,000 kWh | 3.2960 | ¢/kWh | Over 1,000 kWh | 5.0319 | ¢/kWh |
| Plus: SBC | 0.0251 | ¢/kWh | Plus: SBC | 0.0251 | ¢/kWh |
| Plus: STAS - Part 1 | 0.23% | | Plus: STAS - Part 1 | 0.00% | |
| Plus: Default Service | Variable * | | Plus: Default Service | Variable * | |
| Plus: STAS - Part 2 | 0.29% | | Plus: STAS - Part 2 | 0.29% | |
| Minimum Charge: | | | Minimum Charge: | | |
| $ 5.29 per month | | | $ 8.00 per month | | |

* Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates (In Brief)

| Present SC2 - Secondary | | | Proposed SC2 - Secondary | | |
|---|---|---|---|---|---|
| Customer Charge | $5.30 | | Customer Charge | $10.00 | |
| First 5 kW | $0.00 | /kW | First 5 kW | $0.00 | /kW |
| Over 5 kW | $2.67 | /kW | Over 5 kW | $3.37 | /kW |
| First 100 HU | | | First 100 HU | | |
| First 300 kWh | 4.8460 | ¢/kWh | First 300 kWh | 6.1166 | ¢/kWh |
| Next 700 kWh | 4.4702 | ¢/kWh | Next 700 kWh | 5.6423 | ¢/kWh |
| Over 1,000 kWh | 3.4670 | ¢/kWh | Over 1,000 kWh | 4.3760 | ¢/kWh |
| Next 100 HU | 3.0301 | ¢/kWh | Next 100 HU | 3.8246 | ¢/kWh |
| Over 200 HU | 2.9429 | ¢/kWh | Over 200 HU | 3.7145 | ¢/kWh |
| Separately Metered Space Heating: | | | Separately Metered Space Heating: | | |
| All kWh | 3.2482 | ¢/kWh | All kWh | 4.0999 | ¢/kWh |
| Plus: SBC | 0.0251 | ¢/kWh | Plus: SBC | 0.0251 | ¢/kWh |
| Plus: STAS - Part 1 | 0.23% | | Plus: STAS - Part 1 | 0.00% | |
| Plus: Default Service | Variable * | | Plus: Default Service | Variable * | |
| Plus: STAS - Part 2 | 0.29% | | Plus: STAS - Part 2 | 0.29% | |
| Minimum Charge: | | | Minimum Charge: | | |
| $ 5.30 per month | | | $ 10.00 per month | | |

* Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates (In Brief)

| Present SC2 - Primary | | | Proposed SC2 - Primary | | |
|---|---|---|---|---|---|
| Customer Charge | $5.30 | | Customer Charge | $105.00 | |
| First 5 kW | $0.00 | /kW | First 5 kW | $0.00 | /kW |
| Over 5 kW | $2.67 | /kW | Over 5 kW | $3.13 | /kW |
| First 100 HU | | | First 100 HU | | |
| First 300 kWh | 4.8460 | ¢/kWh | First 300 kWh | 5.6820 | ¢/kWh |
| Next 700 kWh | 4.4702 | ¢/kWh | Next 700 kWh | 5.2414 | ¢/kWh |
| Over 1,000 kWh | 3.4670 | ¢/kWh | Over 1,000 kWh | 4.0651 | ¢/kWh |
| Next 100 HU | 3.0301 | ¢/kWh | Next 100 HU | 3.5528 | ¢/kWh |
| Over 200 HU | 1.9957 | ¢/kWh | Over 200 HU | 2.3400 | ¢/kWh |
| Plus: SBC | 0.0251 | ¢/kWh | Plus: SBC | 0.0251 | ¢/kWh |
| Plus: STAS - Part 1 | 0.23% | | Plus: STAS - Part 1 | 0.00% | |
| Plus: Default Service | Variable * | | Plus: Default Service | Variable * | |
| Plus: STAS - Part 2 | 0.29% | | Plus: STAS - Part 2 | 0.29% | |
| Minimum Charge: | | | Minimum Charge: | | |
| $ 5.30 per month | | | $ 105.00 per month | | |

* Applies to customers, who do not procure their electric supply requirements from an Electric Generation Supplier.

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates (In Brief)

| Present SC3 (Municipal Street Lighting - Monthly) | | | Proposed SC3 (Municipal Street Lighting - Monthly) | | |
|---|---|---|---|---|---|
| Lumens | Luminaire Type | Charge | Lumens | Luminaire Type | Charge |
| Street Lighting Luminaries: | | | Street Lighting Luminaries: | | |
| 5,800 | Sodium Vapor | $9.35 | 5800 | Sodium Vapor | $14.25 |
| 9,500 | Sodium Vapor | 10.24 | 9500 | Sodium Vapor | 15.60 |
| 16,000 | Sodium Vapor | 11.63 | 16000 | Sodium Vapor | 17.72 |
| 27,500 | Sodium Vapor | 14.91 | 27500 | Sodium Vapor | 22.72 |
| 46,000 | Sodium Vapor | 19.64 | 46000 | Sodium Vapor | 29.93 |
| Flood Lighting Luminaries: | | | Flood Lighting Luminaries: | | |
| 27,500 | Sodium Vapor | 15.82 | 27500 | Sodium Vapor | 24.11 |
| 46,000 | Sodium Vapor | 20.10 | 46000 | Sodium Vapor | 30.63 |
| Obsolete Luminaries*: | | | Obsolete Luminaries*: | | |
| 4,000 | Mercury Vapor | 6.67 | 4000 | Mercury Vapor | 10.16 |
| 7,900 | Mercury Vapor | 8.34 | 7900 | Mercury Vapor | 12.71 |
| 12,000 | Mercury Vapor | 11.17 | 12000 | Mercury Vapor | 17.02 |
| 22,500 | Mercury Vapor | 14.91 | 22500 | Mercury Vapor | 22.72 |
| 1,000 | Incandescent | 4.84 | 1000 | Incandescent | 7.38 |
| 2,500 | Incandescent | 7.06 | 2500 | Incandescent | 10.76 |
| Fifteen Foot Brackets | | 0.29 | Fifteen Foot Brackets | | 0.44 |
| Underground Service: | | | Underground Service: | | |
| Company Owned | | 11.11 | Company Owned | | 16.93 |
| Company Owned | | 2.69 | Company Owned | | 4.10 |

* These luminaries will no longer be replaced. | * These luminaries will no longer be replaced.

**PIKE COUNTY LIGHT AND POWER COMPANY**

Present and Proposed Rates (In Brief)

Present SC4
(Private Area Lighting - Monthly)

| Lumens | Luminaire Type | Charge |
|---|---|---|
| Open Bottom Luminaries: | | |
| 4,000 M.V. | Mercury Vapor | $5.95 |
| 7,900 M.V. | Mercury Vapor | 7.33 |
| Closed Bottom Luminaries: | | |
| 4,000 M.V. | Mercury Vapor | 6.63 |
| 7,900 M.V. | Mercury Vapor | 8.03 |
| Closed Bottom and Floodlighting: | | |
| 12,000 M.V. | Mercury Vapor | 10.46 |
| 22,500 M.V. | Mercury Vapor | 13.60 |
| 59,000 M.V. | Mercury Vapor | 27.01 |
| 46,000 S.V. | Sodium Vapor | 16.48 |
| Fifteen Foot Brackets | | 0.29 |
| 92 Watt Incandescent | | 4.80 |

Present SC4
(Private Area Lighting - Monthly)

| Lumens | Luminaire Type | Charge |
|---|---|---|
| Open Bottom Luminaries: | | |
| 4,000 M.V. | Mercury Vapor | $8.97 |
| 7,900 M.V. | Mercury Vapor | 11.06 |
| Closed Bottom Luminaries: | | |
| 4,000 M.V. | Mercury Vapor | 10.00 |
| 7,900 M.V. | Mercury Vapor | 12.11 |
| Closed Bottom and Floodlighting: | | |
| 12,000 M.V. | Mercury Vapor | 15.78 |
| 22,500 M.V. | Mercury Vapor | 20.51 |
| 59,000 M.V. | Mercury Vapor | 40.74 |
| 46,000 S.V. | Sodium Vapor | 24.86 |
| Fifteen Foot Brackets | | 0.44 |
| 92 Watt Incandescent | | 7.24 |

# PIKE COUNTY LIGHT & POWER COMPANY

Monthly Billing Comparison
Reflecting Proposed Delivery Rate Changes

***SC1 Residential***

| Monthly Usage (kWh) | Bill at Present Rates | Bill at Proposed Rates | Change Amount | Change Percent |
|---|---|---|---|---|
| 0 | $5.30 | $8.00 | $2.70 | 50.9 |
| 50 | 13.19 | 16.89 | 3.70 | 28.1 |
| 100 | 21.08 | 25.78 | 4.70 | 22.3 |
| 200 | $36.87 | $43.57 | $6.70 | 18.2 |
| 250 | 44.76 | 52.46 | 7.70 | 17.2 |
| 300 | 52.65 | 61.35 | 8.70 | 16.5 |
| 400 | $68.43 | $79.13 | $10.70 | 15.6 |
| 500 | 84.22 | 96.91 | 12.69 | 15.1 |
| 750 | 123.67 | 141.37 | 17.70 | 14.3 |
| 1,000 | $163.13 | $185.83 | $22.70 | 13.9 |
| 1,500 | 239.45 | 270.79 | 31.34 | 13.1 |
| 2,000 | 315.76 | 355.74 | 39.98 | 12.7 |

# PIKE COUNTY LIGHT & POWER COMPANY

Monthly Billing Comparison
Reflecting Proposed Default Svc Rate Change

***SC1 Residential with Water Heating***

| Monthly Usage (kWh) | Bill at Present Rates | Bill at Proposed Rates | Change Amount | Change Percent |
|---|---|---|---|---|
| 0 | $5.30 | $8.00 | $2.70 | 50.9 |
| 50 | 13.19 | 16.89 | 3.70 | 28.1 |
| 100 | 21.08 | 25.78 | 4.70 | 22.3 |
| 200 | $36.87 | $43.57 | $6.70 | 18.2 |
| 250 | 44.76 | 52.46 | 7.70 | 17.2 |
| 300 | 52.65 | 61.35 | 8.70 | 16.5 |
| 400 | $67.91 | $78.34 | $10.43 | 15.4 |
| 500 | 83.18 | 95.33 | 12.15 | 14.6 |
| 750 | 121.59 | 138.21 | 16.62 | 13.7 |
| 1,000 | $161.05 | $182.66 | $21.61 | 13.4 |
| 1,500 | 237.37 | 267.62 | 30.25 | 12.7 |
| 2,000 | 313.68 | 352.58 | 38.90 | 12.4 |

# PIKE COUNTY LIGHT & POWER COMPANY

Monthly Billing Comparison
Reflecting Proposed Delivery Rate Changes

***SC2 General Service - Non-Demand Metered***

| Demand (kW) | Monthly Usage (kWh) | Bill at Present Rates | Bill at Proposed Rates | Change Amount | Change Percent |
|---|---|---|---|---|---|
| 0 | 0 | $5.31 | $10.00 | $4.69 | 88.2 |
| 0 | 100 | 22.13 | 28.08 | 5.95 | 26.9 |
| 0 | 200 | 38.95 | 46.15 | 7.21 | 18.5 |
| 0 | 300 | $55.76 | $64.23 | $8.47 | 15.2 |
| 0 | 400 | 72.20 | 81.83 | 9.63 | 13.3 |
| 0 | 500 | 88.64 | 99.43 | 10.79 | 12.2 |
| 0 | 750 | $129.74 | $143.44 | $13.69 | 10.6 |
| 0 | 1,000 | 170.84 | 187.44 | 16.60 | 9.7 |
| 0 | 1,250 | 209.43 | 228.28 | 18.85 | 9.0 |
| 0 | 1,500 | $248.02 | $269.12 | $21.10 | 8.5 |
| 0 | 1,750 | 286.60 | 309.96 | 23.36 | 8.1 |
| 0 | 2,000 | 325.19 | 350.80 | 25.61 | 7.9 |

# PIKE COUNTY LIGHT & POWER COMPANY

Monthly Billing Comparison
Reflecting Proposed Delivery Rate Changes

***SC2 General Service Secondary***

| Demand (kW) | Monthly Usage (kWh) | Bill at Present Rates | Bill at Proposed Rates | Change Amount | Change Percent |
|---|---|---|---|---|---|
| 7 | 700 | $126.88 | $141.38 | $14.50 | 11.4 |
| 7 | 1,400 | 231.85 | 251.87 | 20.01 | 8.6 |
| 7 | 2,100 | 336.22 | 361.58 | 25.37 | 7.5 |
| 7 | 2,800 | 440.58 | 471.30 | 30.72 | 7.0 |
| 10 | 1,000 | $184.22 | $204.29 | $20.07 | 10.9 |
| 10 | 2,000 | 334.19 | 362.13 | 27.94 | 8.4 |
| 10 | 3,000 | 483.29 | 518.88 | 35.59 | 7.4 |
| 10 | 4,000 | 632.38 | 675.62 | 43.24 | 6.8 |
| 25 | 2,500 | $455.89 | $499.88 | $43.99 | 9.6 |
| 25 | 5,000 | 830.80 | 894.48 | 63.68 | 7.7 |
| 25 | 7,500 | 1,203.54 | 1,286.34 | 82.80 | 6.9 |
| 25 | 10,000 | 1,576.27 | 1,678.19 | 101.92 | 6.5 |
| 50 | 5,000 | $908.66 | $992.52 | $83.87 | 9.2 |
| 50 | 10,000 | 1,658.49 | 1,781.73 | 123.24 | 7.4 |
| 50 | 15,000 | 2,403.96 | 2,565.44 | 161.48 | 6.7 |
| 50 | 20,000 | 3,149.43 | 3,349.14 | 199.72 | 6.3 |
| 100 | 10,000 | $1,814.19 | $1,977.81 | $163.61 | 9.0 |
| 100 | 20,000 | 3,313.87 | 3,556.23 | 242.36 | 7.3 |
| 100 | 30,000 | 4,804.80 | 5,123.64 | 318.84 | 6.6 |
| 100 | 40,000 | 6,295.74 | 6,691.05 | 395.32 | 6.3 |
| 150 | 15,000 | $2,719.73 | $2,963.09 | $243.36 | 8.9 |
| 150 | 30,000 | 4,969.24 | 5,330.72 | 361.48 | 7.3 |
| 150 | 45,000 | 7,205.65 | 7,681.84 | 476.20 | 6.6 |
| 150 | 60,000 | 9,442.05 | 10,032.96 | 590.92 | 6.3 |

# PIKE COUNTY LIGHT & POWER COMPANY

Monthly Billing Comparison
Reflecting Proposed Delivery Rate Changes

***SC2 General Service Primary***

| Demand (kW) | Monthly Usage (kWh) | Bill at Present Rates | Bill at Proposed Rates | Change Amount | Change Percent |
|---|---|---|---|---|---|
| 100 | 20,000 | $3,313.87 | $3,569.21 | $255.34 | 7.7 |
| 100 | 30,000 | 4,709.86 | 4,999.17 | 289.31 | 6.1 |
| 100 | 40,000 | 6,105.86 | 6,429.13 | 323.27 | 5.3 |
| 100 | 50,000 | 7,501.86 | 7,859.09 | 357.24 | 4.8 |
| | | | | | |
| 150 | 30,000 | $4,969.24 | $5,302.60 | $333.36 | 6.7 |
| 150 | 45,000 | 7,063.24 | 7,447.54 | 384.31 | 5.4 |
| 150 | 60,000 | 9,157.23 | 9,592.49 | 435.25 | 4.8 |
| 150 | 75,000 | 11,251.23 | 11,737.43 | 486.20 | 4.3 |
| | | | | | |
| 200 | 40,000 | $6,624.62 | $7,035.99 | $411.37 | 6.2 |
| 200 | 60,000 | 9,416.61 | 9,895.92 | 479.30 | 5.1 |
| 200 | 80,000 | 12,208.60 | 12,755.84 | 547.23 | 4.5 |
| 200 | 100,000 | 15,000.60 | 15,615.76 | 615.16 | 4.1 |
| | | | | | |
| 500 | 100,000 | $16,556.88 | $17,436.34 | $879.46 | 5.3 |
| 500 | 150,000 | 23,536.86 | 24,586.14 | 1,049.29 | 4.5 |
| 500 | 200,000 | 30,516.83 | 31,735.94 | 1,219.11 | 4.0 |
| 500 | 250,000 | 37,496.81 | 38,885.75 | 1,388.93 | 3.7 |
| | | | | | |
| 750 | 150,000 | $24,833.76 | $26,103.29 | $1,269.54 | 5.1 |
| 750 | 225,000 | 35,303.72 | 36,828.00 | 1,524.27 | 4.3 |
| 750 | 300,000 | 45,773.69 | 47,552.70 | 1,779.01 | 3.9 |
| 750 | 375,000 | 56,243.66 | 58,277.40 | 2,033.74 | 3.6 |
| | | | | | |
| 1,000 | 200,000 | $33,110.64 | $34,770.25 | $1,659.61 | 5.0 |
| 1,000 | 300,000 | 47,070.59 | 49,069.85 | 1,999.25 | 4.2 |
| 1,000 | 400,000 | 61,030.55 | 63,369.45 | 2,338.90 | 3.8 |
| 1,000 | 500,000 | 74,990.51 | 77,669.06 | 2,678.55 | 3.6 |

# PIKE COUNTY LIGHT AND POWER COMPANY

Statement of Revenues for the
Twelve Months Ending March 31, 2009
(At Current Rates)

| Customer Classification | Base Rate Revenue ($) | Total Revenue ($) |
|---|---|---|
| SC 1 - Residential | $1,292,242 | $4,737,565 |
| SC 2 Secondary - Commercial | 1,312,434 | 5,129,271 |
| SC 2 Primary - Commercial | 475,027 | 2,269,472 |
| SC 3 - Municipal Street Lighting | 38,257 | 63,221 |
| SC 4 - Private Area Lighting | 25,505 | 51,157 |
| Total | $3,143,465 | $12,250,687 |

Note: Pike has other operating revenues of $8,400

Statement of Total Number of Customers
Served at March 31, 2009

| | |
|---|---|
| SC 1 - Residential | 3,606 |
| SC 2 Secondary - Commercial | 907 |
| SC 2 Primary - Commercial | 7 |
| SC 3 - Municipal Street Lighting | 5 |
| SC 4 - Private Area Lighting | 104 |
| Total | 4,629 |

**PIKE COUNTY LIGHT AND POWER COMPANY**

Tariff Regulations 52 Pa. Code § 53.52(b)(3) to (6)

53.52(b)(3) to (4) -- Statement of the number of gas customers whose bills will be increased and the annual increase in dollars.

| Customer Classification | Customers @ March 31, 2009 | Annual Increase ($) |
|---|---|---|
| SC 1 - Residential | 3,606 | $674,311 |
| SC 2 Secondary - Commercial | 907 | 376,645 |
| SC 2 Primary - Commercial | 7 | 87,987 |
| SC 3 - Municipal Street Lighting | 5 | 19,947 |
| SC 4 - Private Area Lighting | 104 | 12,907 |
| Total | 4,629 | $1,171,797 |

53.52(b)(5) to (6) -- Statement of the number of gas customers whose bills will be decreased and the annual decrease in dollars.

| Customer Classification | Customers @ March 31, 2009 | Annual Decrease ($) |
|---|---|---|
| SC 1 - Residential | 0 | $0 |
| SC 2 Secondary - Commercial | 0 | 0 |
| SC 2 Primary - Commercial | 0 | 0 |
| SC 3 - Municipal Street Lighting | 0 | 0 |
| SC 4 - Private Area Lighting | 0 | 0 |
| Total | 0 | $0 |

Pike County Light & Power Co.
Exhibit E-9 Cost of Equity

# RESUME OF ROGER A. MORIN

**(Spring 2008)**

**NAME**: Roger A. Morin

**ADDRESS**: 9 King Ave.
Jekyll Island, GA 31527, USA

87 Paddys Head Rd
Peggy's Cove Hway
Nova Scotia, Canada B3A 3N6

**TELEPHONE**: (912) 635-3233 business office
(912) 635-3233 business fax
(404) 229-2857 cellular
(902) 823-0000 summer office

**E-MAIL ADDRESS**: profmorin@mac.com

**DATE OF BIRTH**: 3/5/1945

**PRESENT EMPLOYER**: Georgia State University
Robinson College of Business
Atlanta, GA 30303

**RANK**: Emeritus Professor of Finance

**HONORS**: Professor of Finance for Regulated Industry
Director Center for the Study of Regulated Industry,
Robinson College of Business, Georgia State University.

## EDUCATIONAL HISTORY

- Bachelor of Electrical Engineering, McGill University, Montreal, Canada, 1967.

- Master of Business Administration, McGill University, Montreal, Canada, 1969.

- PhD in Finance & Econometrics, Wharton School of Finance, University of Pennsylvania, 1976.

## EMPLOYMENT HISTORY

- Lecturer, Wharton School of Finance, Univ. of Pennsylvania, 1972-3
- Assistant Professor, University of Montreal School of Business, 1973-1976.
- Associate Professor, University of Montreal School of Business, 1976-1979.
- Professor of Finance, Georgia State University, 1979-2008
- Professor of Finance for Regulated Industry and Director, Center for the Study of Regulated Industry, Robinson College of Business, Georgia State University, 1985-2008
- Visiting Professor of Finance, Amos Tuck School of Business, Dartmouth College, Hanover, N.H., 1986
- Emeritus Professor of Finance, Georgia State University, 2007-8

## OTHER BUSINESS ASSOCIATIONS

- Communications Engineer, Bell Canada, 1962-1967.
- Member of the Board of Directors, Financial Research Institute of Canada, 1974-1980.
- Co-founder and Director, Canadian Finance Research Foundation, 1977.
- Vice-President of Research, Garmaise-Thomson & Associates, Investment Management Consultants, 1980-1981.
- Executive Visions Inc., Board of Directors, Member.
- Board of External Advisors, College of Business, Georgia State University, Member 1987-1991.

**PROFESSIONAL CLIENTS**

AGL Resources

AT & T Communications

Alagasco - Energen

Alaska Anchorage Municipal Light & Power

Alberta Power Ltd.

Allete

Ameren

American Water Works Company

Ameritech

Arkansas Western Gas

Baltimore Gas & Electric – Constellation Energy

Bangor Hydro-Electric

B.C. Telephone

B C GAS

Bell Canada

Bellcore

Bell South Corp.

Bruncor (New Brunswick Telephone)

Burlington-Northern

C & S Bank

Cajun Electric

Canadian Radio-Television & Telecomm. Commission

Canadian Utilities

Canadian Western Natural Gas

Cascade Natural Gas

Centel

Centra Gas

Central Illinois Light & Power Co

Central Telephone

Central & South West Corp.

Chattanoogee Gas Company

Cincinnatti Gas & Electric

Cinergy Corp.

Citizens Utilities

City Gas of Florida

CN-CP Telecommunications

Commonwealth Telephone Co.

Columbia Gas System

Consolidated Natural Gas

Constellation Energy

Delmarva Power & Light Co

Deerpath Group

DTE Energy

Edison International

Edmonton Power Company

Elizabethtown Gas Co.

Emera

Energen

Engraph Corporation

Entergy Corp.

Entergy Arkansas Inc.

Entergy Gulf States, Inc.

Entergy Louisiana, Inc.

Entergy Mississippi Power

Entergy New Orleans, Inc.

First Energy

Florida Water Association

Fortis

Garmaise-Thomson & Assoc., Investment Consultants

Gaz Metropolitain

General Public Utilities

Georgia Broadcasting Corp.

Georgia Power Company

GTE California - Verizon

GTE Northwest Inc. - Verizon

GTE Service Corp. - Verizon

GTE Southwest Incorporated - Verizon

Gulf Power Company

Havasu Water Inc.

Hawaiian Electric Company

Hawaii Electric Light Company

Heater Utilities – Aqua - America

Hope Gas Inc.

Hydro-Quebec

ICG Utilities

Illinois Commerce Commission

Island Telephone

Jersey Central Power & Light

Kansas Power & Light

KeySpan Energy

Manitoba Hydro

Maritime Telephone

Maui Electric Company

Metropolitan Edison Co.

Minister of Natural Resources Province of Quebec

Minnesota Power & Light

Mississippi Power Company

Missouri Gas Energy

Mountain Bell

National Grid

Nevada Power Company

New Brunswick Power

Newfoundland Power Inc. - Fortis Inc.

New Market Hydro

New Tel Enterprises Ltd.

New York Telephone Co.

Niagara Mohawk Power Corp

Norfolk-Southern

Northeast Utilities

Northern Telephone Ltd.

Northwestern Bell

Northwestern Utilities Ltd.

Nova Scotia Power

Nova Scotia Utility and Review Board

NUI Corp.

NYNEX

Oklahoma G & E

Ontario Telephone Service Commission

Orange & Rockland

PNM Resources

Pacific Northwest Bell

People's Gas System Inc.

People's Natural Gas

Pennsylvania Electric Co.

Pepco Holdings

Potomac Electric Power Co.

Price Waterhouse

PSI Energy

Public Service Electric & Gas

Public Service of New Hampshire

Public Service of New Mexico

Puget Sound Electric Co.

Quebec Telephone

Regie de l'Energie du Quebec

Rochester Telephone

San Diego Gas & Electric

SaskPower

Sierra Pacific Power Company

Southern Bell

Southern States Utilities

Southern Union Gas

South Central Bell

Sun City Water Company

TECO Energy

The Southern Company

Touche Ross and Company

TransEnergie

Trans-Quebec & Maritimes Pipeline

TXU Corp

US WEST Communications

Union Heat Light & Power

Utah Power & Light

Vermont Gas Systems Inc.

**MANAGEMENT DEVELOPMENT AND PROFESSIONAL EXECUTIVE EDUCATION**

- Canadian Institute of Marketing, Corporate Finance, 1971-73
- Hydro-Quebec, "Capital Budgeting Under Uncertainty," 1974-75
- Institute of Certified Public Accountants, Mergers & Acquisitions, 1975-78

- Investment Dealers Association of Canada, 1977-78

- Financial Research Foundation, bi-annual seminar, 1975-79

- Advanced Management Research (AMR), faculty member, 1977-80

- Financial Analysts Federation, Educational chapter: "Financial Futures Contracts" seminar
- Exnet Inc. a.k.a. The Management Exchange Inc., faculty member 1981-2008.
  National Seminars:

  *Risk and Return on Capital Projects*
  *Cost of Capital for Regulated Utilities*
  *Capital Allocation for Utilities*
  *Alternative Regulatory Frameworks*
  *Utility Directors' Workshop*
  *Shareholder Value Creation for Utilities*
  *Fundamentals of Utility Finance in a Restructured Environment*
  *Contemporary Issues in Utility Finance*

- Georgia State University College of Business, Management Development Program, faculty member, 1981-1994.

**<u>EXPERT TESTIMONY & UTILITY CONSULTING AREAS OF EXPERTISE</u>**

Corporate Finance

Rate of Return

Capital Structure

Generic Cost of Capital

Costing Methodology

Depreciation

Flow-Through vs Normalization

Revenue Requirements Methodology

Utility Capital Expenditures Analysis

Risk Analysis

Capital Allocation

Divisional Cost of Capital, Unbundling

Incentive Regulation & Alternative Regulatory Plans

Shareholder Value Creation

Value-Based Management

**REGULATORY BODIES**

Alabama Public Service Commission

Alaska Public Utility Commission

Alberta Public Service Board

Arizona Corporation Commission

Arkansas Public Service Commission

British Columbia Board of Public Utilities

California Public Service Commission

Canadian Radio-Television & Telecommunications Comm.

Colorado Public Utilities Board

Delaware Public Utility Commission

District of Columbia Public Service Commission

Federal Communications Commission

Federal Energy Regulatory Commission

Florida Public Service Commission

Georgia Public Service Commission

Georgia Senate Committee on Regulated Industries

Hawaii Public Utilities Commission

Illinois Commerce Commission

Indiana Utility Regulatory Commission

Iowa Board of Public Utilities

Louisiana Public Service Commission

Maine Public Service Commission

Manitoba Board of Public Utilities

Michigan Public Service Commission

Minnesota Public Utilities Commission

Mississippi Public Service Commission

Missouri Public Service Commission

Montana Public Service Commission

National Energy Board of Canada

Nevada Public Service Commission

New Brunswick Board of Public Commissioners

New Hampshire Public Utility Commission

New Jersey Board of Public Utilities

New Mexico Public Regulatory Commission

New York Public Service Commission

Newfoundland Board of Commissioners of Public Utilities

North Carolina Utilities Commission

Ohio Public Utilities Commission

Oklahoma State Board of Equalization

Ontario Telephone Service Commission

Ontario Energy Board

Pennsylvania Public Service Commission

Quebec Natural Gas Board

Quebec Regie de l'Energie

Quebec Telephone Service Commission

South Carolina Public Service Commission

Tennessee Regulatory Authority

Texas Public Utility Commission

Utah Public Service Commission

Virginia Public Service Commission

Washington Utilities & Transportation Commission

West Virginia Public Service Commission

## SERVICE AS EXPERT WITNESS

Southern Bell, So. Carolina PSC, Docket #81-201C

Southern Bell, So. Carolina PSC, Docket #82-294C

Southern Bell, North Carolina PSC, Docket #P-55-816

Metropolitan Edison, Pennsylvania PUC, Docket #R-822249

Pennsylvania Electric, Pennsylvania PUC, Docket #R-822250

Georgia Power, Georgia PSC, Docket # 3270-U, 1981

Georgia Power, Georgia PSC, Docket # 3397-U, 1983

Georgia Power, Georgia PSC, Docket # 3673-U, 1987

Georgia Power, F.E.R.C., Docket # ER 80-326, 80-327

Georgia Power, F.E.R.C., Docket # ER 81-730, 80-731

Georgia Power, F.E.R.C., Docket # ER 85-730, 85-731

Bell Canada, CRTC 1987

Northern Telephone, Ontario PSC

GTE-Quebec Telephone, Quebec PSC, Docket 84-052B

Newtel., Nfld. Brd of Public Commission PU 11-87

CN-CP Telecommunications, CRTC

Quebec Northern Telephone, Quebec PSC

Edmonton Power Company, Alberta Public Service Board

Kansas Power & Light, F.E.R.C., Docket # ER 83-418

NYNEX, FCC generic cost of capital Docket #84-800

Bell South, FCC generic cost of capital Docket #84-800

American Water Works - Tennessee, Docket #7226

Burlington-Northern - Oklahoma State Board of Taxes

Georgia Power, Georgia PSC, Docket # 3549-U

GTE Service Corp., FCC Docket #84-200

Mississippi Power Co., Miss. PSC, Docket U-4761

Citizens Utilities, Ariz. Corp. Comm., D # U2334-86020

Quebec Telephone, Quebec PSC, 1986, 1987, 1992

Newfoundland L & P, Nfld. Brd. Publ Comm. 1987, 1991

Northwestern Bell, Minnesota PSC, #P-421/CI-86-354

GTE Service Corp., FCC Docket #87-463

Anchorage Municipal Power & Light, Alaska PUC, 1988

New Brunswick Telephone, N.B. PUC, 1988

Trans-Quebec Maritime, Nat'l Energy Brd. of Cda, '88-92

Gulf Power Co., Florida PSC, Docket #88-1167-EI

Mountain States Bell, Montana PSC, #88-1.2

Mountain States Bell, Arizona CC, #E-1051-88-146

Georgia Power, Georgia PSC, Docket # 3840-U, l989

Rochester Telephone, New York PSC, Docket # 89-C-022

Noverco - Gaz Metro, Quebec Natural Gas PSC, #R-3164-89

GTE Northwest, Washington UTC, #U-89-3031

Orange & Rockland, New York PSC, Case 89-E-175

Central Illinois Light Company, ICC, Case 90-0127

Peoples Natural Gas, Pennsylvania PSC, Case

Gulf Power, Florida PSC, Case # 891345-EI

ICG Utilities, Manitoba BPU, Case 1989

New Tel Enterprises, CRTC, Docket #90-15

Peoples Gas Systems, Florida PSC

Jersey Central Pwr & Light, N.J. PUB, Case ER 89110912J

Alabama Gas Co., Alabama PSC, Case 890001

Trans-Quebec Maritime Pipeline, Cdn. Nat'l Energy Board

Mountain Bell, Utah PSC,

Mountain Bell, Colorado PUB

South Central Bell, Louisiana PS

Hope Gas, West Virginia PSC

Vermont Gas Systems, Vermont PSC

Alberta Power Ltd., Alberta PUB

Ohio Utilities Company, Ohio PSC

Georgia Power Company, Georgia PSC

Sun City Water Company

Havasu Water Inc.

Centra Gas (Manitoba) Co.

Central Telephone Co. Nevada

AGT Ltd., CRTC 1992

BC GAS, BCPUB 1992

California Water Association, California PUC 1992

Maritime Telephone 1993

BCE Enterprises, Bell Canada, 1993

Citizens Utilities Arizona gas division 1993

PSI Resources 1993-5

CILCORP gas division 1994

GTE Northwest Oregon 1993

Stentor Group 1994-5

Bell Canada 1994-1995

PSI Energy 1993, 1994, 1995, 1999

Cincinnati Gas & Electric 1994, 1996, 1999, 2004

Southern States Utilities, 1995

CILCO 1995, 1999, 2001

Commonwealth Telephone 1996

Edison International 1996, 1998

Citizens Utilities 1997

Stentor Companies 1997

Hydro-Quebec 1998

Entergy Gulf States Louisiana 1998, 1999, 2001, 2002, 2003

Detroit Edison, 1999, 2003

Entergy Gulf States, Texas, 2000, 2004

Hydro Quebec TransEnergie, 2001, 2004

Sierra Pacific Company, 2000, 2001, 2002, 2007

Nevada Power Company, 2001

Mid American Energy, 2001, 2002

Entergy Louisiana Inc. 2001, 2002, 2004

Mississippi Power Company, 2001, 2002, 2007

Oklahoma Gas & Electric Company, 2002 -2003

Public Service Electric & Gas, 2001, 2002

NUI Corp (Elizabethtown Gas Company), 2002

Jersey Central Power & Light, 2002

San Diego Gas & Electric, 2002

New Brunswick Power, 2002

Entergy New Orleans, 2002

Hydro-Quebec Distribution 2002

PSI Energy 2003

Fortis – Newfoundland Power & Light 2002

Emera – Nova Scotia Power 2004

Hydro-Quebec TransEnergie 2004

Hawaiian Electric 2004

Missouri Gas Energy 2004

AGL Resources 2004

Arkansas Western Gas 2004

Public Service of New Hampshire 2005

Hawaiian Electric Company 2005

Delmarva Power & Light Company 2005

Union Heat Power & Light 2005

Puget Sound Electric Co 2006

Cascade Natural Gas 2006

Entergy Arkansas 2006-7

Bangor Hydro 2006-7

Delmarva 2006-7

Potomac Electric Power Co. 2006, 2007

Detroit Edison Co. 2007

Nevada Power Co. 2007

Hawaiian Electric Co. 2006-7

Hawaii Electric Light Co. 2007

Maui Electric Co. 2007

Ameren Union Electric 2008

Consolidated Edison of New York 2007-2008

Orange & Rockland 2007

Niagara Mohawk Power Corp 2008

Allete (Minnesota Power) 2007-2008

Sierra Pacific Power 2007-2008

## PROFESSIONAL AND LEARNED SOCIETIES

- Engineering Institute of Canada, 1967-1972
- Canada Council Award, recipient 1971 and 1972
- Canadian Association Administrative Sciences, 1973-80
- American Association of Decision Sciences, 1974-1978
- American Finance Association, 1975-2002
- Financial Management Association, 1978-2002

## ACTIVITIES IN PROFESSIONAL ASSOCIATIONS AND MEETINGS

- Chairman of meeting on "New Developments in Utility Cost of Capital", Southern Finance Association, Atlanta, Nov. 1982
- Chairman of meeting on "Public Utility Rate of Return", Southeastern Public Utility Conference, Atlanta, Oct. 1982
- Chairman of meeting on "Current Issues in Regulatory Finance", Financial Management Association, Atlanta, Oct. 1983
- Chairman of meeting on "Utility Cost of Capital", Financial Management Association, Toronto, Canada, Oct. 1984.
- Committee on New Product Development, FMA, 1985
- Discussant, "Tobin's Q Ratio", paper presented at Financial Management Association, New York, N.Y., Oct. 1986
- Guest speaker, "Utility Capital Structure: New Developments", National Society of Rate of Return Analysts 18th Financial Forum, Wash., D.C. Oct. 1986
- Opening address, "Capital Expenditures Analysis: Methodology vs Mythology," Bellcore Economic Analysis Conference, Naples Fla., 1988.

- Guest speaker, "Mythodology in Regulatory Finance", Society of Utility Rate of Return Analysts (SURFA), Annual Conference, Wash., D.C. February 2007.

**PAPERS PRESENTED:**

"An Empirical Study of Multi-Period Asset Pricing," annual meeting of Financial Management Assoc., Las Vegas Nevada, 1987.

"Utility Capital Expenditures Analysis: Net Present Value vs Revenue Requirements", annual meeting of Financial Management Assoc., Denver, Colorado, October 1985.

"Intervention Analysis and the Dynamics of Market Efficiency", annual meeting of Financial Management Assoc., San Francisco, Oct. 1982

"Intertemporal Market-Line Theory: An Empirical Study," annual meeting of Eastern Finance Assoc., Newport, R.I. 1981

"Option Writing for Financial Institutions: A Cost-Benefit Analysis", 1979 annual meeting Financial Research Foundation

"Free-lunch on the Toronto Stock Exchange", annual meeting of Financial Research Foundation of Canada, l978.

"Simulation System Computer Software SIMFIN", HP International Business Computer Users Group, London, 1975.

"Inflation Accounting: Implications for Financial Analysis." Institute of Certified Public Accountants Symposium, 1979.

**OFFICES IN PROFESSIONAL ASSOCIATIONS**

- President, International Hewlett-Packard Business Computers Users Group, 1977

- Chairman Program Committee, International HP Business Computers Users Group, London, England, 1975

- Program Coordinator, Canadian Assoc. of Administrative Sciences, 1976

- Member, New Product Development Committee, Financial Management Association, 1985-1986

- Reviewer: Journal of Financial Research

  Financial Management

  Financial Review

  Journal of Finance

**PUBLICATIONS**

"Risk Aversion Revisited", Journal of Finance, Sept. 1983

"Hedging Regulatory Lag with Financial Futures," Journal of Finance, May 1983. (with G. Gay, R. Kolb)

"The Effect of CWIP on Cost of Capital," Public Utilities Fortnightly, July 1986.

"The Effect of CWIP on Revenue Requirements" Public Utilities Fortnightly, August 1986.

"Intervention Analysis and the Dynamics of Market Efficiency," Time-Series Applications, New York: North Holland, 1983. (with K. El-Sheshai)

"Market-Line Theory and the Canadian Equity Market," Journal of Business Administration, Jan. l982, M. Brennan, editor

"Efficiency of Canadian Equity Markets," International Management Review, Feb. 1978.

"Intertemporal Market-Line Theory: An Empirical Test," Financial Review, Proceedings of the Eastern Finance Association, 1981.

**BOOKS**

Utilities' Cost of Capital, Public Utilities Reports Inc., Arlington, Va., 1984.

Regulatory Finance, Public Utilities Reports Inc., Arlington, Va., 2004

Driving Shareholder Value, McGraw-Hill, January 2001.

The New Regulatory Finance, Public Utilities Reports Inc., Arlington, Va., 2006.

**MONOGRAPHS**

Determining Cost of Capital for Regulated Industries, Public Utilities Reports, Inc., and The Management Exchange Inc., 1982 - 1993. (with V.L. Andrews)

Alternative Regulatory Frameworks, Public Utilities Reports, Inc., and The Management Exchange Inc., 1993. (with V.L. Andrews)

Risk and Return in Capital Projects, The Management Exchange Inc., 1980. (with B. Deschamps)

Utility Capital Expenditure Analysis, The Management Exchange Inc., 1983.

Regulation of Cable Television: An Econometric Planning Model, Quebec Department of Communications, 1978.

“An Economic & Financial Profile of the Canadian Cablevision Industry,” Canadian Radio-Television & Telecommunication Commission (CRTC), 1978.

Computer Users' Manual: Finance and Investment Programs, University of Montreal Press, 1974, revised 1978.

Fiber Optics Communications: Economic Characteristics, Quebec Department of Communications, 1978.

"Canadian Equity Market Inefficiencies", Capital Market Research Memorandum, Garmaise & Thomson Investment Consultants, 1979.

## MISCELLANEOUS CONSULTING REPORTS

“Operational Risk Analysis: California Water Utilities,” Calif. Water Association, 1993.

"Cost of Capital Methodologies for Independent Telephone Systems", Ontario Telephone Service Commission, March 1989.

"The Effect of CWIP on Cost of Capital and Revenue Requirements", Georgia Power Company, 1985.

"Costing Methodology and the Effect of Alternate Depreciation and Costing Methods on Revenue Requirements and Utility Finances", Gaz Metropolitan Inc., 1985.

"Simulated Capital Structure of CN-CP Telecommunications: A Critique", CRTC, 1977.

"Telecommunications Cost Inquiry: Critique," CRTC,1977.

"Social Rate of Discount in the Public Sector", CRTC Policy Statement, 1974.

"Technical Problems in Capital Projects Analysis", CRTC Policy Statement, 1974.

**RESEARCH GRANTS**

"Econometric Planning Model of the Cablevision Industry", International Institute of Quantitative Economics, CRTC.

"Application of the Averch-Johnson Model to Telecommunications Utilities", Canadian Radio-Television Commission. (CRTC)

"Economics of the Fiber Optics Industry", Quebec Dept. of Communications.

"Intervention Analysis and the Dynamics of Market Efficiency", Georgia State Univ. College of Business, 1981.

"Firm Size and Beta Stability", Georgia State University College of Business, 1982.

"Risk Aversion and the Demand for Risky Assets", Georgia State University College of Business, 1981.

Chase Econometrics, Interactive Data Corp., Research Grant, $50,000 per annum, 1986-1989.

**S&P ELECTRIC DISTRIBUTION UTILITIES**
**BETA ESTIMATES**

| | Company Name | Beta |
|---|---|---|
| 1 | Amer. Elec. Power | 0.85 |
| 2 | Ameren Corp. | 0.80 |
| 3 | Consol. Edison | 0.75 |
| 4 | Energy East Corp. | 0.75 |
| 5 | Exelon Corp. | 0.85 |
| 6 | FirstEnergy Corp. | 0.80 |
| 7 | Northeast Utilities | 0.75 |
| 8 | NSTAR | 0.80 |
| 9 | Pepco Holdings | 0.90 |
| 10 | PPL Corp. | 0.90 |
| 11 | Public Serv. Enterprise | 0.90 |
| | **AVERAGE** | **0.82** |

Source: VLIA 06/2008

# MOODY'S ELECTRIC UTILITIES
# BETA ESTIMATES

| | Company Name | Beta |
|---|---|---|
| 1 | Amer. Elec. Power | 0.85 |
| 2 | CH Energy Group | 0.90 |
| 3 | Consol. Edison | 0.75 |
| 4 | Constellation Energy | 0.90 |
| 5 | Dominion Resources | 0.80 |
| 6 | DPL Inc. | 0.80 |
| 7 | DTE Energy | 0.80 |
| 8 | Duke Energy | N/A |
| 9 | Energy East Corp. | 0.75 |
| 10 | Exelon Corp. | 0.85 |
| 11 | FirstEnergy Corp. | 0.80 |
| 12 | IDACORP Inc. | 0.90 |
| 13 | NiSource Inc. | 0.90 |
| 14 | OGE Energy | 0.90 |
| 15 | PPL Corp. | 0.90 |
| 16 | Progress Energy | 0.80 |
| 17 | Public Serv. Enterprise | 0.90 |
| 18 | Southern Co. | 0.70 |
| 19 | TECO Energy | 0.95 |
| 20 | Xcel Energy Inc. | 0.80 |
| | **AVERAGE** | **0.84** |

Source: VLIA 06/2008

# MOODY'S ELECTRIC UTILITIES
# BETA ESTIMATES

| | Company Name | Beta |
|---|---|---|
| 1 | Amer. Elec. Power | 0.85 |
| 2 | Consol. Edison | 0.75 |
| 3 | DPL Inc. | 0.80 |
| 4 | DTE Energy | 0.80 |
| 5 | Duke Energy | N/A |
| 6 | Energy East Corp. | 0.75 |
| 7 | Exelon Corp. | 0.85 |
| 8 | FirstEnergy Corp. | 0.80 |
| 9 | IDACORP Inc. | 0.90 |
| 10 | PPL Corp. | 0.90 |
| 11 | Progress Energy | 0.80 |
| 12 | Public Serv. Enterprise | 0.90 |
| 13 | Southern Co. | 0.70 |
| 14 | TECO Energy | 0.95 |
| 15 | Xcel Energy Inc. | 0.80 |
| | **AVERAGE** | 0.83 |

Source: VLIA 06/2008

**Electric Industry Historical Risk Premium**

| Line No. | Year | (1) Long-Term Government Bond Yield | (2) 20 year Maturity Bond Value | (3) Gain/Loss | (4) Interest | (5) Bond Total Return | (6) Moody's Electric Utility Stock Index | (7) Dividend | (8) Capital Gain/(Loss) % Growth | (9) Yield | (10) Stock Total Return | 11) Equity Risk Premium Over Bond Returns | (12) Equity Risk Premium Over Bond Yields |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1931 | 4.07% | 1,000.00 | | | | 43.23 | | | | | | |
| 2 | 1932 | 3.15% | 1,135.75 | 135.75 | 40.70 | 17.64% | 39.42 | 2.22 | -8.81% | 5.14% | -3.68% | -21.32% | -6.83% |
| 3 | 1933 | 3.36% | 969.60 | -30.40 | 31.50 | 0.11% | 28.73 | 1.75 | -27.12% | 4.44% | -22.68% | -22.79% | -26.04% |
| 4 | 1934 | 2.93% | 1,064.73 | 64.73 | 33.60 | 9.83% | 21.06 | 1.42 | -26.70% | 4.94% | -21.75% | -31.59% | -24.68% |
| 5 | 1935 | 2.76% | 1,025.99 | 25.99 | 29.30 | 5.53% | 36.06 | 1.33 | 71.23% | 6.32% | 77.54% | 72.01% | 74.78% |
| 6 | 1936 | 2.55% | 1,032.74 | 32.74 | 27.60 | 6.03% | 41.60 | 1.78 | 15.36% | 4.94% | 20.30% | 14.27% | 17.75% |
| 7 | 1937 | 2.73% | 972.40 | -27.60 | 25.50 | -0.21% | 24.24 | 1.68 | -41.73% | 4.04% | -37.69% | -37.48% | -40.42% |
| 8 | 1938 | 2.52% | 1,032.83 | 32.83 | 27.30 | 6.01% | 27.55 | 1.45 | 13.66% | 5.98% | 19.64% | 13.62% | 17.12% |
| 9 | 1939 | 2.26% | 1,041.65 | 41.65 | 25.20 | 6.68% | 28.85 | 1.51 | 4.72% | 5.48% | 10.20% | 3.51% | 7.94% |
| 10 | 1940 | 1.94% | 1,052.84 | 52.84 | 22.60 | 7.54% | 22.22 | 1.57 | -22.98% | 5.44% | -17.54% | -25.08% | -19.48% |
| 11 | 1941 | 2.04% | 983.64 | -16.36 | 19.40 | 0.30% | 13.45 | 1.27 | -39.47% | 5.72% | -33.75% | -34.06% | -35.79% |
| 12 | 1942 | 2.46% | 933.97 | -66.03 | 20.40 | -4.56% | 14.29 | 1.28 | 6.25% | 9.52% | 15.76% | 20.33% | 13.30% |
| 13 | 1943 | 2.48% | 996.86 | -3.14 | 24.60 | 2.15% | 21.01 | 1.46 | 47.03% | 10.22% | 57.24% | 55.10% | 54.76% |
| 14 | 1944 | 2.46% | 1,003.14 | 3.14 | 24.80 | 2.79% | 21.09 | 1.35 | 0.38% | 6.43% | 6.81% | 4.01% | 4.35% |
| 15 | 1945 | 1.99% | 1,077.23 | 77.23 | 24.60 | 10.18% | 31.14 | 1.37 | 47.65% | 6.50% | 54.15% | 43.97% | 52.16% |
| 16 | 1946 | 2.12% | 978.90 | -21.10 | 19.90 | -0.12% | 32.71 | 1.48 | 5.04% | 4.75% | 9.79% | 9.91% | 7.67% |
| 17 | 1947 | 2.43% | 951.13 | -48.87 | 21.20 | -2.77% | 25.60 | 1.58 | -21.74% | 4.83% | -16.91% | -14.14% | -19.34% |
| 18 | 1948 | 2.37% | 1,009.51 | 9.51 | 24.30 | 3.38% | 26.20 | 1.63 | 2.34% | 6.37% | 8.71% | 5.33% | 6.34% |
| 19 | 1949 | 2.09% | 1,045.58 | 45.58 | 23.70 | 6.93% | 30.57 | 1.68 | 16.68% | 6.41% | 23.09% | 16.16% | 21.00% |
| 20 | 1950 | 2.24% | 975.93 | -24.07 | 20.90 | -0.32% | 30.81 | 1.85 | 0.79% | 6.05% | 6.84% | 7.15% | 4.60% |
| 21 | 1951 | 2.69% | 930.75 | -69.25 | 22.40 | -4.69% | 33.85 | 1.90 | 9.87% | 6.17% | 16.03% | 20.72% | 13.34% |
| 22 | 1952 | 2.79% | 984.75 | -15.25 | 26.90 | 1.17% | 37.85 | 1.92 | 11.82% | 5.67% | 17.49% | 16.32% | 14.70% |
| 23 | 1953 | 2.74% | 1,007.66 | 7.66 | 27.90 | 3.56% | 39.61 | 2.09 | 4.65% | 5.52% | 10.17% | 6.62% | 7.43% |
| 24 | 1954 | 2.72% | 1,003.07 | 3.07 | 27.40 | 3.05% | 47.56 | 2.14 | 20.07% | 5.40% | 25.47% | 22.43% | 22.75% |
| 25 | 1955 | 2.95% | 965.44 | -34.56 | 27.20 | -0.74% | 49.35 | 2.27 | 3.76% | 4.77% | 8.54% | 9.27% | 5.59% |
| 26 | 1956 | 3.45% | 928.19 | -71.81 | 29.50 | -4.23% | 48.96 | 2.37 | -0.79% | 4.80% | 4.01% | 8.24% | 0.56% |
| 27 | 1957 | 3.23% | 1,032.23 | 32.23 | 34.50 | 6.67% | 50.30 | 2.46 | 2.74% | 5.02% | 7.76% | 1.09% | 4.53% |
| 28 | 1958 | 3.82% | 918.01 | -81.99 | 32.30 | -4.97% | 66.37 | 2.57 | 31.95% | 5.11% | 37.06% | 42.03% | 33.24% |
| 29 | 1959 | 4.47% | 914.65 | -85.35 | 38.20 | -4.71% | 65.77 | 2.64 | -0.90% | 3.98% | 3.07% | 7.79% | -1.40% |
| 30 | 1960 | 3.80% | 1,093.27 | 93.27 | 44.70 | 13.80% | 76.82 | 2.74 | 16.80% | 4.17% | 20.97% | 7.17% | 17.17% |
| 31 | 1961 | 4.15% | 952.75 | -47.25 | 38.00 | -0.92% | 99.32 | 2.86 | 29.29% | 3.72% | 33.01% | 33.94% | 28.86% |
| 32 | 1962 | 3.95% | 1,027.48 | 27.48 | 41.50 | 6.90% | 96.49 | 3.07 | -2.85% | 3.09% | 0.24% | -6.66% | -3.71% |
| 33 | 1963 | 4.17% | 970.35 | -29.65 | 39.50 | 0.99% | 102.31 | 3.33 | 6.03% | 3.45% | 9.48% | 8.50% | 5.31% |
| 34 | 1964 | 4.23% | 991.96 | -8.04 | 41.70 | 3.37% | 115.54 | 3.68 | 12.93% | 3.60% | 16.53% | 13.16% | 12.30% |
| 35 | 1965 | 4.50% | 964.64 | -35.36 | 42.30 | 0.69% | 114.86 | 4.02 | -0.59% | 3.48% | 2.89% | 2.20% | -1.61% |
| 36 | 1966 | 4.55% | 993.48 | -6.52 | 45.00 | 3.85% | 105.99 | 4.18 | -7.72% | 3.64% | -4.08% | -7.93% | -8.63% |
| 37 | 1967 | 5.56% | 879.01 | -120.99 | 45.50 | -7.55% | 98.19 | 4.44 | -7.36% | 4.19% | -3.17% | 4.38% | -8.73% |
| 38 | 1968 | 5.98% | 951.38 | -48.62 | 55.60 | 0.70% | 104.04 | 4.58 | 5.96% | 4.66% | 10.62% | 9.92% | 4.64% |
| 39 | 1969 | 6.87% | 904.00 | -96.00 | 59.80 | -3.62% | 84.62 | 4.63 | -18.67% | 4.45% | -14.22% | -10.60% | -21.09% |
| 40 | 1970 | 6.48% | 1,043.38 | 43.38 | 68.70 | 11.21% | 88.59 | 4.73 | 4.69% | 5.59% | 10.28% | -0.93% | 3.80% |
| 41 | 1971 | 5.97% | 1,059.09 | 59.09 | 64.80 | 12.39% | 85.56 | 4.81 | -3.42% | 5.43% | 2.01% | -10.38% | -3.96% |
| 42 | 1972 | 5.99% | 997.69 | -2.31 | 59.70 | 5.74% | 83.61 | 4.92 | -2.28% | 5.75% | 3.47% | -2.27% | -2.52% |
| 43 | 1973 | 7.26% | 867.09 | -132.91 | 59.90 | -7.30% | 60.87 | 5.04 | -27.20% | 6.03% | -21.17% | -13.87% | -28.43% |
| 44 | 1974 | 7.60% | 965.33 | -34.67 | 72.60 | 3.79% | 41.17 | 4.83 | -32.36% | 7.93% | -24.43% | -28.22% | -32.03% |
| 45 | 1975 | 8.05% | 955.63 | -44.37 | 76.00 | 3.16% | 55.66 | 4.99 | 35.20% | 12.12% | 47.32% | 44.15% | 39.27% |
| 46 | 1976 | 7.21% | 1,088.25 | 88.25 | 80.50 | 16.87% | 66.29 | 5.25 | 19.10% | 9.43% | 28.53% | 11.66% | 21.32% |
| 47 | 1977 | 8.03% | 919.03 | -80.97 | 72.10 | -0.89% | 68.19 | 5.68 | 2.87% | 8.57% | 11.43% | 12.32% | 3.40% |
| 48 | 1978 | 8.98% | 912.47 | -87.53 | 80.30 | -0.72% | 59.75 | 5.98 | -12.38% | 8.77% | -3.61% | -2.88% | -12.59% |
| 49 | 1979 | 10.12% | 902.99 | -97.01 | 89.80 | -0.72% | 56.41 | 6.34 | -5.59% | 10.61% | 5.02% | 5.74% | -5.10% |
| 50 | 1980 | 11.99% | 859.23 | -140.77 | 101.20 | -3.96% | 54.42 | 6.67 | -3.53% | 11.82% | 8.30% | 12.25% | -3.69% |

**Electric Industry Historical Risk Premium**

| | | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | 11) | (12) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Line No. | Year | Long-Term Government Bond Yield | 20 year Maturity Bond Value | Gain/Loss | Interest | Bond Total Return | Moody's Electric Utility Stock Index | Dividend | Capital Gain/(Loss) % Growth | Yield | Stock Total Return | Equity Risk Premium Over Bond Returns | Equity Risk Premium Over Bond Yields |
| 51 | 1981 | 13.34% | 906.45 | -93.55 | 119.90 | 2.63% | 57.20 | 7.16 | 5.11% | 13.16% | 18.27% | 15.63% | 4.93% |
| 52 | 1982 | 10.95% | 1,192.38 | 192.38 | 133.40 | 32.58% | 70.26 | 7.64 | 22.83% | 13.36% | 36.19% | 3.61% | 25.24% |
| 53 | 1983 | 11.97% | 923.12 | -76.88 | 109.50 | 3.26% | 72.03 | 8.00 | 2.52% | 11.39% | 13.91% | 10.64% | 1.94% |
| 54 | 1984 | 11.70% | 1,020.70 | 20.70 | 119.70 | 14.04% | 80.16 | 8.37 | 11.29% | 11.62% | 22.91% | 8.87% | 11.21% |
| 55 | 1985 | 9.56% | 1,189.27 | 189.27 | 117.00 | 30.63% | 94.98 | 8.71 | 18.49% | 10.87% | 29.35% | -1.27% | 19.79% |
| 56 | 1986 | 7.89% | 1,166.63 | 166.63 | 95.60 | 26.22% | 113.66 | 8.97 | 19.67% | 9.44% | 29.11% | 2.89% | 21.22% |
| 57 | 1987 | 9.20% | 881.17 | -118.83 | 78.90 | -3.99% | 94.24 | 9.12 | -17.09% | 8.02% | -9.06% | -5.07% | -18.26% |
| 58 | 1988 | 9.18% | 1,001.82 | 1.82 | 92.00 | 9.38% | 100.94 | 8.71 | 7.11% | 9.24% | 16.35% | 6.97% | 7.17% |
| 59 | 1989 | 8.16% | 1,099.75 | 99.75 | 91.80 | 19.16% | 122.52 | 8.85 | 21.38% | 8.77% | 30.15% | 10.99% | 21.99% |
| 60 | 1990 | 8.44% | 973.17 | -26.83 | 81.60 | 5.48% | 117.77 | 8.76 | -3.88% | 7.15% | 3.27% | -2.20% | -5.17% |
| 61 | 1991 | 7.30% | 1,118.94 | 118.94 | 84.40 | 20.33% | 144.02 | 9.02 | 22.29% | 7.66% | 29.95% | 9.61% | 22.65% |
| 62 | 1992 | 7.26% | 1,004.19 | 4.19 | 73.00 | 7.72% | 141.06 | 8.82 | -2.06% | 6.12% | 4.07% | -3.65% | -3.19% |
| 63 | 1993 | 6.54% | 1,079.70 | 79.70 | 72.60 | 15.23% | 146.70 | 9.04 | 4.00% | 6.41% | 10.41% | -4.82% | 3.87% |
| 64 | 1994 | 7.99% | 856.40 | -143.60 | 65.40 | -7.82% | 115.50 | 9.01 | -21.27% | 6.14% | -15.13% | -7.31% | -23.12% |
| 65 | 1995 | 6.03% | 1,225.98 | 225.98 | 79.90 | 30.59% | 142.90 | 9.06 | 23.72% | 7.84% | 31.57% | 0.98% | 25.54% |
| 66 | 1996 | 6.73% | 923.67 | -76.33 | 60.30 | -1.60% | 136.00 | 9.06 | -4.83% | 6.34% | 1.51% | 3.11% | -5.22% |
| 67 | 1997 | 6.02% | 1,081.92 | 81.92 | 67.30 | 14.92% | 155.73 | 9.06 | 14.51% | 6.66% | 21.17% | 6.25% | 15.15% |
| 68 | 1998 | 5.42% | 1,072.71 | 72.71 | 60.20 | 13.29% | 181.84 | 8.01 | 16.77% | 5.14% | 21.91% | 8.62% | 16.49% |
| 69 | 1999 | 6.82% | 848.41 | -151.59 | 54.20 | -9.74% | 137.30 | 8.06 | -24.49% | 4.43% | -20.06% | -10.32% | -26.88% |
| 70 | 2000 | 5.58% | 1,148.30 | 148.30 | 68.20 | 21.65% | 227.09 | 8.71 | 65.40% | 6.34% | 71.74% | 50.09% | 66.16% |
| 71 | 2001 | 5.75% | 979.95 | -20.05 | 55.80 | 3.57% | 200.50 | 8.95 | -11.71% | 3.94% | -7.77% | -11.34% | -13.52% |
| 72 | 2002 | 4.84% | 1,115.77 | 115.77 | 57.50 | 17.33% | 169.50 | 8.83 | -15.46% | 4.40% | -11.06% | -28.38% | -15.90% |
| 73 | 2003 | 5.11% | 966.42 | -33.58 | 48.40 | 1.48% | 201.21 | 8.52 | 18.71% | 5.03% | 23.73% | 22.25% | 18.62% |
| 74 | 2004 | 4.84% | 1,034.35 | 34.35 | 51.10 | 8.54% | 249.70 | 9.98 | 24.10% | 4.96% | 29.06% | 20.51% | 24.22% |
| 75 | 2005 | 4.61% | 1,029.84 | 29.84 | 48.40 | 7.82% | 285.86 | 10.72 | 14.48% | 4.29% | 18.77% | 10.95% | 14.16% |
| 76 | 2006 | 4.91% | 962.06 | -37.94 | 46.10 | 0.82% | 326.19 | 11.31 | 14.11% | 3.96% | 18.06% | 17.25% | 13.15% |
| 78 | **Mean** | | | | | | | | | | | **5.7%** | **5.8%** |

Source: Mergent Public Utility Manual December stock prices and dividends

Dec. Bond yields from Morningstar (formerly Ibbotson Associates) 2008 Valuation Yearbook Table B-9 Long-Term Government Bonds Yields

| | Distribution Utility Companies | Parent |
|---|---|---|
| 1 | Atlanta Gas Light Co | AGL Resources Inc |
| 2 | Central Illinois Public Service Co. | Ameren |
| 3 | AEP Texas North Co | American Electric Power |
| 4 | AEP Texas Central Co. | American Electric Power |
| 5 | Ohio Power Co | American Electric Power |
| 6 | Columbus Southem Power Co. | American Electric Power |
| 7 | American States Water Co. | American Satates Water Company |
| 8 | Southern California Water Co. | American Satates Water Company |
| 9 | American Water Capital Corp | American Water Works Company Inc |
| 10 | Aqua Pennsylvania | Aqua America Inc |
| 11 | Aquarion Water Co. of Connecticut | Aquarion |
| 12 | California Water Service Co | California Water Service Group |
| 13 | Cascade Natural Gas Corp | Cascade Natural Gas Corp |
| 14 | CenterPoint Energy Houston Electric LLc | CenterPoint Energy |
| 15 | CenterPoint Energy Resources Corp.LLC | CenterPoint Energy |
| 16 | Central Hudson Gas & Electric Co. | CH Energy Group |
| 17 | Atlantic City Sewerage Co. | City of Atlantic City |
| 18 | Connecticut Water Co. | Connecticut Water Service Inc. |
| 19 | Connecticut Water Service Inc. | Connecticut Water Service Inc. |
| 20 | Consolidated Edison Inc. | Consolidated Edison |
| 21 | Orange and Rockland Utilities Inc. | Consolidated Edison |
| 22 | Consolidated Edison Co. of New York Inc. | Consolidated Edison |
| 23 | Baltimore Gas & Electric Co | Constellation Energy |
| 24 | Duquesne Light Holdings Inc. | Duquesne Light Holdings Inc. |
| 25 | Duquesne Light Co | Duquesne Light Holdings Inc. |
| 26 | Alabama Gas Corp. | Energen |
| 27 | Central Maine Power Co. | Energy East Corporation |
| 28 | Connecticut Natural Gas Corp. | Energy East Corporation |
| 29 | Southern Connecticut Gas Co. | Energy East Corporation |
| 30 | Commonwealth Edison Co. | Exelon |
| 31 | PECO Energy Co. | Exelon |
| 32 | Jersey Central Power & Light Co. | FirstEnergy |
| 33 | Metropolitan Edison Co. | FirstEnergy |
| 34 | Pennsylvania Electric Co. | FirstEnergy |
| 35 | Aquarion Co. | Kelda Group Plc |
| 36 | KeySpan Energy Delivery Long Island | KeySpan |
| 37 | KeySpan Energy Delivery New York | KeySpan |
| 38 | Boston Gas CO | KeySpan |
| 39 | Colonial Gas Co. | KeySpan |
| 40 | Laclede Group Inc. | Laclede |
| 41 | Laclede Gas Co. | Laclede |
| 42 | Middlesex Water Co | Middlesex Water Co |
| 43 | Niagara Mohawk Power Corp. | National Grid |
| 44 | Narragansett Electric Co. | National Grid |
| 45 | National Grid USA | National Grid USA |

| | **Distribution Utility Companies** | **Parent** |
|---|---|---|
| 46 | Massachusetts Electric Co. | New England Electric Systems |
| 47 | New Jersey Natural Gas Co | New Jersey Resources |
| 48 | Nicor Gas Co. | Nicor Inc |
| 49 | Nicor Inc | Nicor Inc |
| 50 | Bay State Gas Co. | NiSource |
| 51 | Yankee Gas Services Co. | Northeast Utilities |
| 52 | Western Massachusetts Electric Co | Northeast Utilities System |
| 53 | Connecticut Light & Power Co. | Northeast Utilities System |
| 54 | Northwest Natural Gas Co. | Northwest Natural Gas Co. |
| 55 | NSTAR | NSTAR |
| 56 | Boston Edison Co. | NSTAR |
| 57 | Commonwealth Electric Co | NSTAR |
| 58 | NSTAR Gas Co. | NSTAR |
| 59 | Cambridge Electric Light Co. | NSTAR |
| 60 | ONEOK Inc. | ONEOK Inc. |
| 61 | Rockland Electric Co | Orange and Rockland Utilities Inc. |
| 62 | Peoples Gas Light & Coke Co. | Peoples Energy |
| 63 | North Shore Gas Co. | Peoples Energy |
| 64 | Delmarva Power & Light Co | PEPCO Holdings |
| 65 | Atlantic City Electric Co. | PEPCO Holdings |
| 66 | Potomac Electric Power Co. | PEPCO Holdings |
| 67 | Piedmont Natural Gas Co. Inc. | Piedmont Natural Gas |
| 68 | PPL Electric Utilities Corp. | PPL Corp |
| 69 | Baton Rouge Water Works Co. (The) | Private |
| 70 | Public Service Electric & Gas Co | Public Service Enterprise Group |
| 71 | Questar Gas Co | Questar |
| 72 | Public Service Co. of North Carolina Inc. | SCANA Corp. |
| 73 | Southern California Gas Co | Sempra Energy |
| 74 | South Jersey Gas Co | South Jersey Industries |
| 75 | Southern Union Co | Southern Union |
| 76 | Southwest Gas Corp. | Southwest Gas |
| 77 | Elizabethtown Water Co | Thames Water Co |
| 78 | TXU Gas Co. | TXU |
| 79 | Oncor Electric Delivery Co. | TXU |
| 80 | UGI Utilities Inc | UGI |
| 81 | United Water New Jersey | United Water Resources |
| 82 | United Waterworks | United Water Resources |
| 83 | Indiana Gas Co. Inc. | Vectren |
| 84 | WGL Holdings Inc. | WGL Holdings |
| 85 | Washington Gas Light Co. | WGL Holdings |
| 86 | Wisconsin Gas Co. | Wisconsin Energy Corp |
| 87 | York Water Co. (The) | York Water Co. (The) |

Source: Standard & Poor's "New Business Profile Scores Assigned for U.S. Utility
and Power Companies; Financial Guidelines Revised," June 2004

| | **Electricity Distribution Companies** | **Parent** |
|---|---|---|
| 1 | Central Illinois Public Service Co. | Ameren |
| 2 | AEP Texas North Co | American Electric Power |
| 3 | AEP Texas Central Co. | American Electric Power |
| 4 | Ohio Power Co | American Electric Power |
| 5 | Columbus Southem Power Co. | American Electric Power |
| 6 | CenterPoint Energy Houston Electric | CenterPoint Energy |
| 7 | CenterPoint Energy Resources Corp | CenterPoint Energy |
| 8 | Central Hudson Gas & Electric Co. | CH Energy Group |
| 9 | Consolidated Edison Inc. | Consolidated Edison |
| 10 | Orange and Rockland Utilities Inc. | Consolidated Edison |
| 11 | Consolidated Edison Co. of New York | Consolidated Edison |
| 12 | Baltimore Gas & Electric Co | Constellation Energy |
| 13 | Duquesne Light Holdings Inc. | Duquesne Light Holdings Inc. |
| 14 | Duquesne Light Co | Duquesne Light Holdings Inc. |
| 15 | Central Maine Power Co. | Energy East Corporation |
| 16 | Connecticut Natural Gas Corp. | Energy East Corporation |
| 17 | Southern Connecticut Gas Co. | Energy East Corporation |
| 18 | Commonwealth Edison Co. | Exelon |
| 19 | PECO Energy Co. | Exelon |
| 20 | Jersey Central Power & Light Co. | FirstEnergy |
| 21 | Metropolitan Edison Co | FirstEnergy |
| 22 | Pennsylvania Electric Co. | FirstEnergy |
| 23 | Western Massachusetts Electric Co | Northeast Utilities |
| 24 | Connecticut Light & Power Co. | Northeast Utilities |
| 25 | NSTAR | NSTAR |
| 26 | Boston Edison Co. | NSTAR |
| 27 | Commonwealth Electric Co | NSTAR |
| 28 | NSTAR Gas Co. | NSTAR |
| 29 | Cambridge Electric Light Co. | NSTAR |
| 30 | Delmarva Power & Light Co | PEPCO Holdings |
| 31 | Atlantic City Electric Co. | PEPCO Holdings |
| 32 | Potomac Electric Power Co. | PEPCO Holdings |
| 33 | PPL Electric Utilities Corp. | PPL Corp |
| 34 | Public Service Electric & Gas Co | Public Service Enterprise Group |
| 35 | Public Service Co. of North Carolina Inc. | SCANA Corp. |
| 36 | Oncor Electric Delivery Co. | TXU |

Source: Standard & Poor's "New Business Profile Scores Assigned for U.S. Utility and Power Companies; Financial Guidelines Revised," June 2004

| | Parent of Electricity Distribution Companies | % Elec Reg Rev |
|---|---|---|
| 1 | Ameren | 83 |
| 2 | American Electric Power | 89 |
| 3 | CenterPoint Energy | 17 |
| 4 | CH Energy Group | 48 |
| 5 | Consolidated Edison | 62 |
| 6 | Constellation Energy | 13 |
| 7 | Duquesne Light Holdings Inc. | na |
| 8 | Energy East Corporation | 56 |
| 9 | Exelon | 56 |
| 10 | FirstEnergy | 88 |
| 11 | Northeast Utilities | 84 |
| 12 | NSTAR | 78 |
| 13 | PEPCO Holdings | 56 |
| 14 | PPL Corp | 62 |
| 15 | Public Service Enterprise Group | 66 |
| 16 | SCANA Corp. | 42 |
| 17 | TXU | na |

Source: AUS Utility Reports June 2008

**Parent of Electricity Distribution Companies**

| | | % Elec Reg Rev |
|---|---|---|
| 1 | Ameren | 83 |
| 2 | American Electric Power | 89 |
| 3 | Consolidated Edison | 62 |
| 4 | Energy East Corporation | 56 |
| 5 | Exelon | 56 |
| 6 | FirstEnergy | 88 |
| 7 | Northeast Utilities | 84 |
| 8 | NSTAR | 78 |
| 9 | PEPCO Holdings | 56 |
| 10 | PPL Corp | 62 |
| 11 | Public Service Enterprise Group | 66 |
| | AVERAGE | 71 |

Companies < 50% Regul Rev:
Centerpoint, CH Energy, Constellation, SCANA.
TXU, Duquesne n.a.

**S&P 's DISTRIBUTION ELECTRIC UTILITIES**
**DCF ANALYSIS: VALUE LINE GROWTH PROJECTIONS**

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 6.0 | 4.2 | 10.2 | 10.4 |
| 2 | Ameren Corp. | 5.5 | 3.5 | 5.7 | 9.2 | 9.5 |
| 3 | Consol. Edison | 5.7 | 2.0 | 5.8 | 7.8 | 8.1 |
| 4 | Energy East Corp. | 5.0 | -0.5 | 4.9 | 4.4 | 4.7 |
| 5 | Exelon Corp. | 2.3 | 9.0 | 2.5 | 11.5 | 11.6 |
| 6 | FirstEnergy Corp. | 2.9 | 11.0 | 3.2 | 14.2 | 14.4 |
| 7 | Northeast Utilities | 3.3 | 13.5 | 3.7 | 17.2 | 17.4 |
| 8 | NSTAR | 4.3 | 7.5 | 4.6 | 12.1 | 12.4 |
| 9 | Pepco Holdings | 4.0 | 13.0 | 4.5 | 17.5 | 17.7 |
| 10 | PPL Corp. | 2.8 | 14.0 | 3.2 | 17.2 | 17.3 |
| 11 | Public Serv. Enterprise | 3.0 | 10.0 | 3.3 | 13.3 | 13.5 |
| | **AVERAGE** | **3.9** | **8.1** | **4.1** | **12.2** | **12.5** |
| | **MEDIAN** | | | | | **12.4** |

Notes:
Column 1, 2: Value Line Investment Analyzer, 06/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

**S&P 's DISTRIBUTION ELECTRIC UTILITIES**
**DCF ANALYSIS: VALUE LINE GROWTH PROJECTIONS**

| | Company | % Current Divid Yield (1) | Proj DPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 7.5 | 4.2 | 11.7 | 12.0 |
| 2 | Ameren Corp. | 5.5 | - | 5.5 | 5.5 | 5.8 |
| 3 | Consol. Edison | 5.7 | 1.0 | 5.7 | 6.7 | 7.0 |
| 4 | Energy East Corp. | 5.0 | 2.0 | 5.0 | 7.0 | 7.3 |
| 5 | Exelon Corp. | 2.3 | 6.0 | 2.4 | 8.4 | 8.5 |
| 6 | FirstEnergy Corp. | 2.9 | 8.5 | 3.1 | 11.6 | 11.8 |
| 7 | Northeast Utilities | 3.3 | 6.0 | 3.4 | 9.4 | 9.6 |
| 8 | NSTAR | 4.3 | 7.0 | 4.6 | 11.6 | 11.9 |
| 9 | Pepco Holdings | 4.0 | 10.0 | 4.4 | 14.4 | 14.6 |
| 10 | PPL Corp. | 2.8 | 14.0 | 3.2 | 17.2 | 17.3 |
| 11 | Public Serv. Enterprise | 3.0 | 6.5 | 3.2 | 9.7 | 9.9 |
| | **AVERAGE** | **3.9** | **6.2** | **4.1** | **10.3** | **10.5** |
| | **AVERAGE w/o Ameren** | | | | | **11.0** |

Notes:
Column 1, 2: Value Line Investment Analyzer, 06/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

# DCF ANALYSIS
## ANALYSTS' GROWTH PROJECTIONS

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) |
|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 5.4 |
| 2 | Ameren Corp. | 5.5 | 5.0 |
| 3 | Consol. Edison | 5.7 | 3.2 |
| 4 | Energy East Corp. | 5.0 | N/A |
| 5 | Exelon Corp. | 2.3 | 11.5 |
| 6 | FirstEnergy Corp. | 2.9 | 6.5 |
| 7 | Northeast Utilities | 3.3 | 10.0 |
| 8 | NSTAR | 4.3 | 6.4 |
| 9 | Pepco Holdings | 4.0 | 9.6 |
| 10 | PPL Corp. | 2.8 | 16.3 |
| 11 | Public Serv. Enterprise | 3.0 | 14.3 |

Notes:
Column 1: Value Line Investment Analyzer, 06
Column 2: Zacks 06/2008
No growth projection available for Energy East

**S&P'S DISTRIBUTION ELECTRIC UTILITIES**
**DCF ANALYSIS: ANALYSTS' GROWTH FORECASTS**

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 5.4 | 4.2 | 9.6 | 9.8 |
| 2 | Ameren Corp. | 5.5 | 5.0 | 5.8 | 10.8 | 11.1 |
| 3 | Consol. Edison | 5.7 | 3.2 | 5.9 | 9.0 | 9.3 |
| 4 | Exelon Corp. | 2.3 | 11.5 | 2.5 | 14.0 | 14.2 |
| 5 | FirstEnergy Corp. | 2.9 | 6.5 | 3.1 | 9.6 | 9.7 |
| 6 | Northeast Utilities | 3.3 | 10.0 | 3.6 | 13.6 | 13.8 |
| 7 | NSTAR | 4.3 | 6.4 | 4.6 | 11.0 | 11.2 |
| 8 | Pepco Holdings | 4.0 | 9.6 | 4.4 | 14.0 | 14.2 |
| 9 | PPL Corp. | 2.8 | 16.3 | 3.2 | 19.5 | 19.6 |
| 10 | Public Serv. Enterprise | 3.0 | 14.3 | 3.4 | 17.8 | 17.9 |
| | **AVERAGE** | **3.8** | **8.8** | **4.1** | **12.9** | **13.1** |
| | **MEDIAN w/o PPL** | | | | | **11.2** |

Notes:
Column 1: Value Line Investment Analyzer, 06/2008
Column 2: Zacks long-term earnings growth forecast, 06/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

# MOODY'S ELECTRIC UTILITIES
## DCF ANALYSIS: VALUE LINE GROWTH PROJECTION

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) |
|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 6.0 |
| 2 | CH Energy Group | 5.7 | 2.0 |
| 3 | Consol. Edison | 5.7 | 2.0 |
| 4 | Constellation Energy | 2.3 | 13.0 |
| 5 | Dominion Resources | 3.7 | 12.0 |
| 6 | DPL Inc. | 3.9 | 11.0 |
| 7 | DTE Energy | 4.8 | 4.5 |
| 8 | Duke Energy | 5.0 | N/A |
| 9 | Energy East Corp. | 5.0 | -0.5 |
| 10 | Exelon Corp. | 2.3 | 9.0 |
| 11 | FirstEnergy Corp. | 2.9 | 11.0 |
| 12 | IDACORP Inc. | 3.9 | 3.0 |
| 13 | NiSource Inc. | 5.1 | 5.0 |
| 14 | OGE Energy | 4.2 | 4.5 |
| 15 | PPL Corp. | 2.8 | 14.0 |
| 16 | Progress Energy | 5.8 | 5.0 |
| 17 | Public Serv. Enterprise | 3.0 | 10.0 |
| 18 | Southern Co. | 4.7 | 5.5 |
| 19 | TECO Energy | 3.9 | 4.5 |
| 20 | Xcel Energy Inc. | 4.5 | 7.5 |

Notes:
Column 1, 2: Value Line Investment Analyzer, 6/2008
No growth forecast available for Duke Energy

## MOODY'S ELECTRIC UTILITIES
## DCF ANALYSIS: VALUE LINE GROWTH PROJECTIONS

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 6.0 | 4.2 | 10.2 | 10.4 |
| 2 | CH Energy Group | 5.7 | 2.0 | 5.8 | 7.8 | 8.1 |
| 3 | Consol. Edison | 5.7 | 2.0 | 5.8 | 7.8 | 8.1 |
| 4 | Constellation Energy | 2.3 | 13.0 | 2.6 | 15.6 | 15.7 |
| 5 | Dominion Resources | 3.7 | 12.0 | 4.2 | 16.2 | 16.4 |
| 6 | DPL Inc. | 3.9 | 11.0 | 4.4 | 15.4 | 15.6 |
| 7 | DTE Energy | 4.8 | 4.5 | 5.0 | 9.5 | 9.7 |
| 8 | Energy East Corp. | 5.0 | -0.5 | 4.9 | 4.4 | 4.7 |
| 9 | Exelon Corp. | 2.3 | 9.0 | 2.5 | 11.5 | 11.6 |
| 10 | FirstEnergy Corp. | 2.9 | 11.0 | 3.2 | 14.2 | 14.4 |
| 11 | IDACORP Inc. | 3.9 | 3.0 | 4.0 | 7.0 | 7.2 |
| 12 | NiSource Inc. | 5.1 | 5.0 | 5.3 | 10.3 | 10.6 |
| 13 | OGE Energy | 4.2 | 4.5 | 4.4 | 8.9 | 9.1 |
| 14 | PPL Corp. | 2.8 | 14.0 | 3.2 | 17.2 | 17.3 |
| 15 | Progress Energy | 5.8 | 5.0 | 6.1 | 11.1 | 11.4 |
| 16 | Public Serv. Enterprise | 3.0 | 10.0 | 3.3 | 13.3 | 13.5 |
| 17 | Southern Co. | 4.7 | 5.5 | 4.9 | 10.4 | 10.7 |
| 18 | TECO Energy | 3.9 | 4.5 | 4.1 | 8.6 | 8.8 |
| 19 | Xcel Energy Inc. | 4.5 | 7.5 | 4.8 | 12.3 | 12.6 |
| | **AVERAGE** | **4.1** | **6.8** | **4.4** | **11.1** | **11.4** |

Notes:
Column 1, 2: Value Line Investment Analyzer, 6/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

**MOODY'S ELECTRIC UTILITIES**
**DCF ANALYSIS: VALUE LINE GROWTH PROJECTIONS**

| | Company | % Current Divid Yield (1) | Proj EPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 6.0 | 4.2 | 10.2 | 10.4 |
| 2 | Consol. Edison | 5.7 | 2.0 | 5.8 | 7.8 | 8.1 |
| 3 | DPL Inc. | 3.9 | 11.0 | 4.4 | 15.4 | 15.6 |
| 4 | DTE Energy | 4.8 | 4.5 | 5.0 | 9.5 | 9.7 |
| 5 | Energy East Corp. | 5.0 | -0.5 | 4.9 | 4.4 | 4.7 |
| 6 | Exelon Corp. | 2.3 | 9.0 | 2.5 | 11.5 | 11.6 |
| 7 | FirstEnergy Corp. | 2.9 | 11.0 | 3.2 | 14.2 | 14.4 |
| 8 | IDACORP Inc. | 3.9 | 3.0 | 4.0 | 7.0 | 7.2 |
| 9 | PPL Corp. | 2.8 | 14.0 | 3.2 | 17.2 | 17.3 |
| 10 | Progress Energy | 5.8 | 5.0 | 6.1 | 11.1 | 11.4 |
| 11 | Public Serv. Enterprise | 3.0 | 10.0 | 3.3 | 13.3 | 13.5 |
| 12 | Southern Co. | 4.7 | 5.5 | 4.9 | 10.4 | 10.7 |
| 13 | TECO Energy | 3.9 | 4.5 | 4.1 | 8.6 | 8.8 |
| 14 | Xcel Energy Inc. | 4.5 | 7.5 | 4.8 | 12.3 | 12.6 |
| | **AVERAGE** | **4.1** | **6.6** | **4.3** | **10.9** | **11.1** |

Notes:
Column 1, 2: Value Line Investment Analyzer, 6/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

No earnings growth forecast for Duke Energy.

**MOODY'S ELECTRIC UTILITIES**
**DCF ANALYSIS: VALUE LINE GROWTH PROJECTIONS**

| | Company | % Current Divid Yield (1) | Proj DPS Growth (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 7.5 | 4.2 | 11.7 | 12.0 |
| 2 | Consol. Edison | 5.7 | 1.0 | 5.7 | 6.7 | 7.0 |
| 3 | DPL Inc. | 3.9 | 5.0 | 4.1 | 9.1 | 9.3 |
| 4 | DTE Energy | 4.8 | 1.5 | 4.8 | 6.3 | 6.6 |
| 5 | Energy East Corp. | 5.0 | 2.0 | 5.0 | 7.0 | 7.3 |
| 6 | Exelon Corp. | 2.3 | 6.0 | 2.4 | 8.4 | 8.5 |
| 7 | FirstEnergy Corp. | 2.9 | 8.5 | 3.1 | 11.6 | 11.8 |
| 8 | PPL Corp. | 2.8 | 14.0 | 3.2 | 17.2 | 17.3 |
| 9 | Progress Energy | 5.8 | 1.0 | 5.9 | 6.9 | 7.2 |
| 10 | Public Serv. Enterprise | 3.0 | 6.5 | 3.2 | 9.7 | 9.9 |
| 11 | Southern Co. | 4.7 | 4.5 | 4.9 | 9.4 | 9.6 |
| 12 | TECO Energy | 3.9 | 2.5 | 4.0 | 6.5 | 6.7 |
| 13 | Xcel Energy Inc. | 4.5 | 4.5 | 4.7 | 9.2 | 9.5 |
| | **AVERAGE** | **4.1** | **5.0** | **4.3** | **9.2** | **9.4** |

Notes:
Column 1, 2: Value Line Investment Analyzer, 6/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

No dividend growth forecast available for Duke Energy and IDACORP

# MOODY'S ELECTRIC UTILITIES
# DCF ANALYSIS: ANALYSTS' GROWTH FORECASTS

| | Company | % Current Divid Yield (1) | Analysts' Growth Forecast (2) |
|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 5.4 |
| 2 | CH Energy Group | 5.7 | N/A |
| 3 | Consol. Edison | 5.7 | 3.2 |
| 4 | Constellation Energy | 2.3 | 18.0 |
| 5 | Dominion Resources | 3.7 | 10.3 |
| 6 | DPL Inc. | 3.9 | 10.7 |
| 7 | DTE Energy | 4.8 | 6.3 |
| 8 | Duke Energy | 5.0 | 5.8 |
| 9 | Energy East Corp. | 5.0 | N/A |
| 10 | Exelon Corp. | 2.3 | 11.5 |
| 11 | FirstEnergy Corp. | 2.9 | 6.5 |
| 12 | IDACORP Inc. | 3.9 | 6.0 |
| 13 | NiSource Inc. | 5.1 | 3.0 |
| 14 | OGE Energy | 4.2 | 4.0 |
| 15 | PPL Corp. | 2.8 | 16.3 |
| 16 | Progress Energy | 5.8 | 4.7 |
| 17 | Public Serv. Enterprise | 3.0 | 14.3 |
| 18 | Southern Co. | 4.7 | 4.7 |
| 19 | TECO Energy | 3.9 | 8.8 |
| 20 | Xcel Energy Inc. | 4.5 | 5.4 |

Notes:
Column 1: Value Line Investment Analyzer, 6/2008
Column 2: Zacks long-term earnings growth forecast, 06/2008
No growth forecast available for CH Energy Group, Energy East.

# MOODY'S ELECTRIC UTILITIES
## DCF ANALYSIS: ANALYSTS' GROWTH FORECASTS

| | Company | % Current Divid Yield (1) | Analysts' Growth Forecast (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 5.4 | 4.2 | 9.6 | 9.8 |
| 2 | Consol. Edison | 5.7 | 3.2 | 5.9 | 9.0 | 9.3 |
| 3 | Constellation Energy | 2.3 | 18.0 | 2.7 | 20.7 | 20.9 |
| 4 | Dominion Resources | 3.7 | 10.3 | 4.1 | 14.5 | 14.7 |
| 5 | DPL Inc. | 3.9 | 10.7 | 4.3 | 15.0 | 15.2 |
| 6 | DTE Energy | 4.8 | 6.3 | 5.1 | 11.4 | 11.7 |
| 7 | Duke Energy | 5.0 | 5.8 | 5.3 | 11.1 | 11.4 |
| 8 | Exelon Corp. | 2.3 | 11.5 | 2.5 | 14.0 | 14.2 |
| 9 | FirstEnergy Corp. | 2.9 | 6.5 | 3.1 | 9.6 | 9.7 |
| 10 | IDACORP Inc. | 3.9 | 6.0 | 4.1 | 10.1 | 10.3 |
| 11 | NiSource Inc. | 5.1 | 3.0 | 5.2 | 8.2 | 8.5 |
| 12 | OGE Energy | 4.2 | 4.0 | 4.4 | 8.4 | 8.6 |
| 13 | PPL Corp. | 2.8 | 16.3 | 3.2 | 19.5 | 19.6 |
| 14 | Progress Energy | 5.8 | 4.7 | 6.1 | 10.8 | 11.1 |
| 15 | Public Serv. Enterprise | 3.0 | 14.3 | 3.4 | 17.8 | 17.9 |
| 16 | Southern Co. | 4.7 | 4.7 | 4.9 | 9.6 | 9.9 |
| 17 | TECO Energy | 3.9 | 8.8 | 4.3 | 13.0 | 13.2 |
| 18 | Xcel Energy Inc. | 4.5 | 5.4 | 4.8 | 10.2 | 10.4 |
| | **AVERAGE** | **4.0** | **8.0** | **4.3** | **12.4** | **12.6** |

Notes:
Column 1: Value Line Investment Analyzer, 6/2008
Column 2: Zacks long-term earnings growth forecast, 06/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

# MOODY'S ELECTRIC UTILITIES
## DCF ANALYSIS: ANALYSTS' GROWTH FORECASTS

| | Company | % Current Divid Yield (1) | Analysts' Growth Forecast (2) | % Expected Divid Yield (3) | Cost of Equity (4) | ROE (5) |
|---|---|---|---|---|---|---|
| 1 | Amer. Elec. Power | 3.9 | 5.4 | 4.2 | 9.6 | 9.8 |
| 2 | Consol. Edison | 5.7 | 3.2 | 5.9 | 9.0 | 9.3 |
| 3 | DPL Inc. | 3.9 | 10.7 | 4.3 | 15.0 | 15.2 |
| 4 | DTE Energy | 4.8 | 6.3 | 5.1 | 11.4 | 11.7 |
| 5 | Duke Energy | 5.0 | 5.8 | 5.3 | 11.1 | 11.4 |
| 7 | Exelon Corp. | 2.3 | 11.5 | 2.5 | 14.0 | 14.2 |
| 8 | FirstEnergy Corp. | 2.9 | 6.5 | 3.1 | 9.6 | 9.7 |
| 9 | IDACORP Inc. | 3.9 | 6.0 | 4.1 | 10.1 | 10.3 |
| 10 | PPL Corp. | 2.8 | 16.3 | 3.2 | 19.5 | 19.6 |
| 11 | Progress Energy | 5.8 | 4.7 | 6.1 | 10.8 | 11.1 |
| 12 | Public Serv. Enterprise | 3.0 | 14.3 | 3.4 | 17.8 | 17.9 |
| 13 | Southern Co. | 4.7 | 4.7 | 4.9 | 9.6 | 9.9 |
| 14 | TECO Energy | 3.9 | 8.8 | 4.3 | 13.0 | 13.2 |
| 15 | Xcel Energy Inc. | 4.5 | 5.4 | 4.8 | 10.2 | 10.4 |
| | **AVERAGE** | **4.1** | **7.8** | **4.4** | **12.2** | **12.4** |
| | **MEDIAN** | | | | | **11.3** |

Notes:
Column 1: Value Line Investment Analyzer, 6/2008
Column 2: Zacks long-term earnings growth forecast, 6/2008
Column 3 = Column 1 times (1 + Column 2/100)
Column 4 = Column 3 + Column 2
Column 5 = (Column 3 /0.95) + Column 2

No growth forecast available for Energy East

## APPENDIX A
## CAPM, EMPIRICAL CAPM

The Capital Asset Pricing Model (CAPM) is a fundamental paradigm of finance. Simply put, the fundamental idea underlying the CAPM is that risk-averse investors demand higher returns for assuming additional risk, and higher-risk securities are priced to yield higher expected returns than lower-risk securities. The CAPM quantifies the additional return, or risk premium, required for bearing incremental risk. It provides a formal risk-return relationship anchored on the basic idea that only market risk matters, as measured by beta. According to the CAPM, securities are priced such that their:

EXPECTED RETURN = RISK-FREE RATE + RISK PREMIUM

Denoting the risk-free rate by $R_F$ and the return on the market as a whole by $R_M$, the CAPM is:

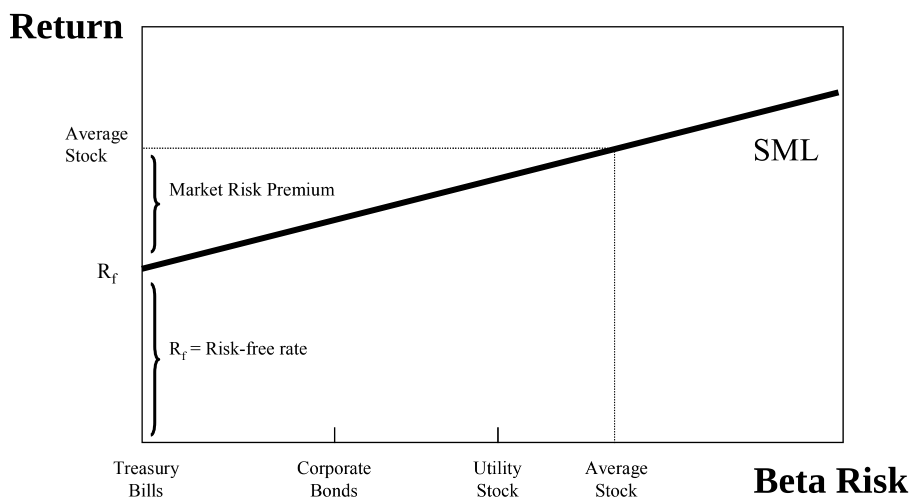
$$K = R_F + \beta(R_M - R_F) \tag{1}$$

Equation 1 is the CAPM expression which asserts that an investor expects to earn a return, K, that could be gained on a risk-free investment, $R_F$, plus a risk premium for assuming risk, proportional to the security's market risk, also known as beta, $\beta$**,** and the market risk premium, $(R_M - R_F)$, where $R_M$ is the market return . The market risk premium $(R_M - R_F)$ can be abbreviated MRP so that the CAPM becomes:

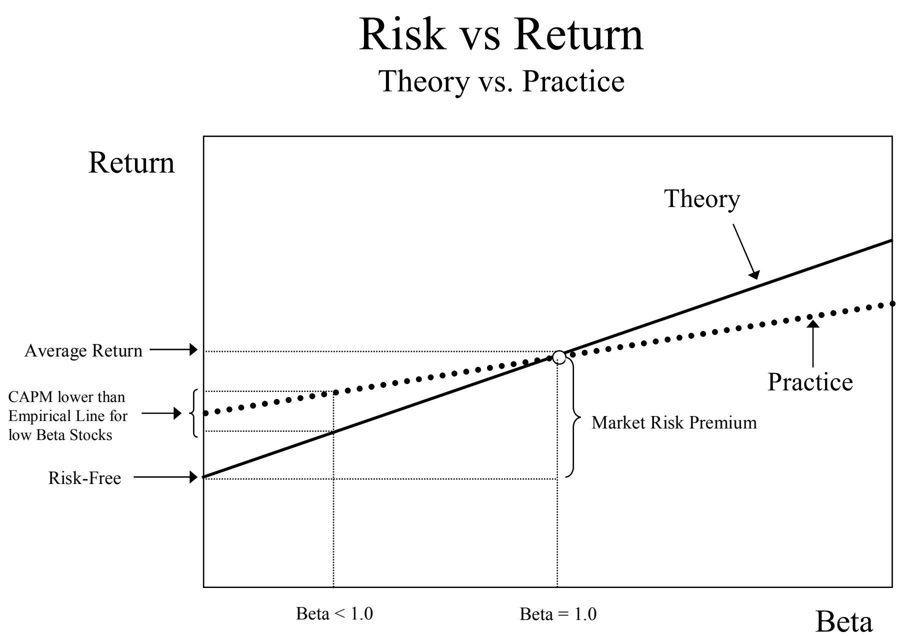
$$K = R_F + \beta \times MRP \tag{2}$$

The CAPM risk-return relationship is depicted in the figure below and is typically labeled as the Security Market Line (SML) by the investment community.

## CAPM and Risk - Return in Capital Markets




A myriad empirical tests of the CAPM have shown that the risk-return tradeoff is not as steeply sloped as that predicted by the CAPM, however. That is, low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted. In other words, the CAPM tends to overstate the actual sensitivity of the cost of capital to beta: low-beta stocks tend to have higher returns and high-beta stocks tend to have lower risk returns than predicted by the CAPM. The difference between the CAPM and the type of relationship observed in the empirical studies is depicted in the figure below. This is one of the most widely known empirical findings of the finance literature. This extensive literature is summarized in Chapter 13 of Dr. Morin's book [Regulatory Finance, Public Utilities Report Inc., Arlington, VA, 1994].




A number of refinements and expanded versions of the original CAPM theory have been proposed to explain the empirical findings. These revised CAPMs typically produce a risk-return relationship that is flatter than the standard CAPM prediction. The following equation makes use of these empirical findings by flattening the slope of the risk-return relationship and increasing the intercept:

$$K = R_F + \alpha + \beta \; (MRP - \alpha) \tag{3}$$

where $\alpha$ is the "alpha" of the risk-return line, a constant determined empirically, and the other symbols are defined as before. Alternatively, Equation 3 can be written as follows:

$$K = R_F + a\,MRP + (1-a)\,\beta\,MRP \tag{4}$$

where a is a fraction to be determined empirically. Comparing Equations 3 and 4, it is easy to see that alpha equals 'a' times MRP, that is, $\alpha = a \times MRP$

**Theoretical Underpinnings**

The obvious question becomes what would produce a risk return relationship which is flatter than the CAPM prediction, or in other words, how do you explain the presence of "alpha" in the above equation. The exclusion of variables aside from beta would produce this result. Three such variables are noteworthy: dividend yield, skewness, and hedging potential.

The dividend yield effects stem from the differential taxation on corporate dividends and capital gains. The standard CAPM does not consider the regularity of dividends received by investors. Utilities generally maintain high dividend payout ratios relative to the market, and by ignoring dividend yield, the CAPM provides biased cost of capital estimates. To the extent that dividend income is taxed at a higher rate than capital gains, investors will require higher pre-tax returns in order to equalize the after-tax returns provided by high-yielding stocks (e.g. utility stocks) with those of low-yielding stocks. In other words, high-yielding stocks must offer investors higher pre-tax returns. Even if dividends and capital gains are undifferentiated for tax purposes, there is still a tax bias in favor of earnings retention (lower dividend payout), as capital gains taxes are paid only when gains are realized.

Empirical studies by Litzenberger and Ramaswamy (1979) and Litzenberger et al. (1980) find that security returns are positively related to dividend yield as well as to beta. These results are consistent with after-tax extensions of the CAPM developed by Breenan (1973) and Litzenberger and Ramaswamy (1979) and suggest that the relationship between return, beta, and dividend yield should be estimated and employed to calculate the cost of equity capital.

As far as skewness is concerned, investors are more concerned with losing money than with total variability of return. If risk is defined as the probability of loss, it appears more logical to measure risk as the probability of achieving a return which is below the expected return. The traditional CAPM provides downward-biased estimates of cost of capital to the extent that these skewness effects are significant. As shown by Kraus and Litzenberger (1976), expected return depends on both on a stock's systematic risk (beta) and the systematic skewness. Empirical studies by Kraus and Litzenberger (1976), Friend, Westerfield, and Granito (1978), and Morin (1981) found that, in addition to beta, skewness of returns has a significant negative relationship with security returns. This result is consistent with the skewness version of the CAPM developed by Rubinstein (1973) and Kraus and Litzenberger (1976).

This is particularly relevant for public utilities whose future profitability is constrained by the regulatory process on the upside and relatively unconstrained on the downside in the face of socio-political realities of public utility regulation. The process of regulation, by restricting the upward potential for returns and responding sluggishly on the downward side, may impart some asymmetry to the distribution of returns, and is more likely to result in utilities earning less, rather than more, than their cost of capital. The traditional CAPM provides downward-biased estimates of cost of capital to the extent that these skewness effects are significant.

As far as hedging potential is concerned, investors are exposed to another kind of risk, namely, the risk of unfavorable shifts in the investment opportunity set. Merton (1973) shows that investors will hold portfolios consisting of three funds: the risk-free asset, the market portfolio, and a portfolio whose returns are perfectly negatively correlated with the riskless asset so as to hedge against unforeseen changes in the future risk-free rate. The higher the degree of protection offered by an asset against unforeseen changes in interest rates, the lower the required return, and conversely. Merton argues that low beta assets, like utility stocks, offer little protection against changes in interest rates, and require higher returns than suggested by the standard CAPM.

Another explanation for the CAPM's inability to fully explain the process determining security returns involves the use of an inadequate or incomplete market index. Empirical studies to validate the CAPM invariably rely on some stock market index as a proxy for the true market portfolio. The exclusion of several asset categories from the definition of market index mis-specifies the CAPM and biases the results found using only stock market data. Kolbe and Read (1983) illustrate the biases in beta estimates which result from applying the CAPM to public utilities. Unfortunately, no comprehensive and easily accessible data exist for several classes of assets, such as mortgages and business investments, so that the exact relation between return and stock betas predicted by the CAPM does not exist. This suggests that the empirical relationship between returns and stock betas is best estimated empirically (ECAPM) rather than by relying on theoretical and elegant CAPM models expanded to include missing assets effects. In any event, stock betas may be highly correlated with the true beta measured with the true market index.

Yet another explanation for the CAPM's inability to fully explain the observed risk-return tradeoff involves the possibility of constraints on investor borrowing that run counter to the assumptions of the CAPM. In response to this inadequacy, several versions of the CAPM have been developed by researchers. One of these versions is the so-called zero-beta, or two-factor, CAPM which provides for a risk-free return in a market where borrowing and lending rates are divergent. If borrowing rates and lending rates differ, or there is no risk-free borrowing or lending, or there is risk-free lending but no risk-free borrowing, then the CAPM has the following form:

$$K = R_Z + \beta(R_m - R_F)$$

The model, christened the zero-beta model, is analogous to the standard CAPM, but with the return on a minimum risk portfolio which is unrelated to market returns, $R_Z$, replacing the risk-free rate, $R_F$. The model has been empirically tested by Black, Jensen, and Scholes (1972), who found a flatter than predicted CAPM, consistent with the model and other researchers' findings.

The zero-beta CAPM cannot be literally employed in cost of capital projections, since the zero-beta portfolio is a statistical construct difficult to replicate.

**Empirical Evidence**

A summary of the empirical evidence on the magnitude of alpha is provided in the table below.

| Empirical Evidence on the Alpha Factor | | |
|---|---|---|
| **Author** | **Range of alpha** | **Period relied** |
| Black (1993) | -3.6% to 3.6% | 1931-1991 |
| Black, Jensen and Scholes (1972) | -9.61% to 12.24% | 1931-1965 |
| Fama and McBeth (1972) | 4.08% to 9.36% | 1935-1968 |
| Fama and French (1992) | 10.08% to 13.56% | 1941-1990 |
| Litzenberger and Ramaswamy (1979) | 5.32% to 8.17% | |
| Litzenberger, Ramaswamy and Sosin (1980) | 1.63% to 5.04% | 1926-1978 |
| Pettengill, Sundaram and Mathur (1995) | 4.6% | |
| Morin (1994) | 2.0% | 1926-1984 |
| Harris, Marston, Mishra, and O'Brien (2003) | 2.0% | 1983-1998 |

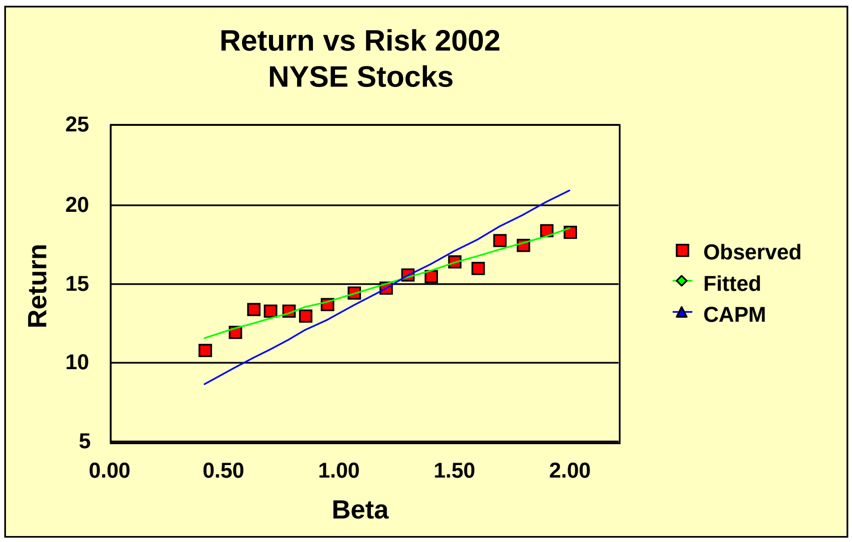
Given the observed magnitude of alpha, the empirical evidence indicates that the risk-return relationship is flatter than that predicted by the CAPM. Typical of the empirical evidence is the findings cited in Morin (1989) over the period 1926-1984 indicating that the observed expected return on a security is related to its risk by the following equation:

$$K = .0829 + .0520\,\beta$$

Given that the risk-free rate over the estimation period was approximately 6 percent, this relationship implies that the intercept of the risk-return relationship is higher than the 6 percent risk-free rate, contrary to the CAPM's prediction. Given that the average return on an average risk stock exceeded the risk-free rate by about 8.0 percent in that period, that is, the market risk premium ($R_M$ - $R_F$) = 8 percent, the intercept of the observed relationship between return and beta exceeds the risk-free rate by about 2 percent, suggesting an alpha factor of 2 percent.

Most of the empirical studies cited in the above table utilize raw betas rather than Value Line adjusted betas because the latter were not available over most of the time periods covered in these studies. A study of the relationship between return and adjusted beta is reported on Table 6-7 in Ibbotson Associates Valuation Yearbook 2001. If we exclude the portfolio of very small cap stocks from the relationship due to significant size effects, the relationship between the arithmetic mean return and beta for the remaining portfolios is flatter than predicted and the intercept slightly higher than predicted by the CAPM, as shown on the graph below. It is noteworthy that the Ibbotson study relies on adjusted betas as stated on page 95 of the aforementioned study.

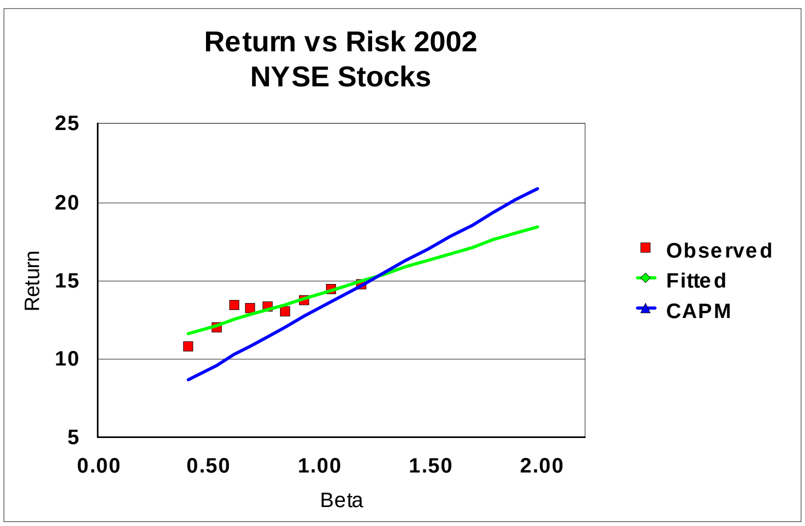
# CAPM vs ECAPM




Another study by Morin in May 2002 provides empirical support for the ECAPM. All the stocks covered in the Value Line Investment Survey for Windows for which betas and returns data were available were retained for analysis. There were nearly 2000 such stocks. The expected return was measured as the total shareholder return ("TSR") reported by Value Line over the past ten years. The Value Line adjusted beta was also retrieved from the same data base. The nearly 2000 companies for which all data were available were ranked in ascending order of beta, from lowest to highest. In order to palliate measurement error, the nearly 2000 securities were grouped into ten portfolios of approximately 180 securities for each portfolio. The average returns and betas for each portfolio were as follows:

| Portfolio # | Beta | Return |
|---|---|---|
| portfolio 1 | 0.41 | 10.87 |
| portfolio 2 | 0.54 | 12.02 |
| portfolio 3 | 0.62 | 13.50 |
| portfolio 4 | 0.69 | 13.30 |
| portfolio 5 | 0.77 | 13.39 |
| portfolio 6 | 0.85 | 13.07 |
| portfolio 7 | 0.94 | 13.75 |
| portfolio 8 | 1.06 | 14.53 |
| portfolio 9 | 1.19 | 14.78 |
| portfolio 10 | 1.48 | 20.78 |

It is clear from the graph below that the observed relationship between DCF returns and Value Line adjusted betas is flatter than that predicted by the plain vanilla CAPM. The observed intercept is higher than the prevailing risk-free rate of 5.7 percent while the slope is less than equal to the market risk premium of 7.7 percent predicted by the plain vanilla CAPM for that period.




In an article published in Financial Management, Harris, Marston, Mishra, and O'Brien ("HMMO") estimate ex ante expected returns for S&P 500 companies over the period 1983-1998[1]. HMMO measure the expected rate of return (cost of equity) of each dividend-paying stock in the S&P 500 for each month from January 1983 to August 1998 by using the constant growth DCF model. They then investigate the relation between the risk premium (expected return over the 20-year U.S. Treasury Bond yield) estimates for each month to equity betas as of that same month (5-year raw betas).

The table below, drawn from HMMO Table 4, displays the average estimate prospective risk premium (Column 2) by industry and the corresponding beta estimate for that industry, both in raw form (Column 3) and adjusted form (Column 4). The latter were calculated with the traditional Value Line – Merrill Lynch – Bloomberg adjustment methodology by giving 1/3 weight of to a beta estimate of 1.00 and 2/3 weight to the raw beta estimate.

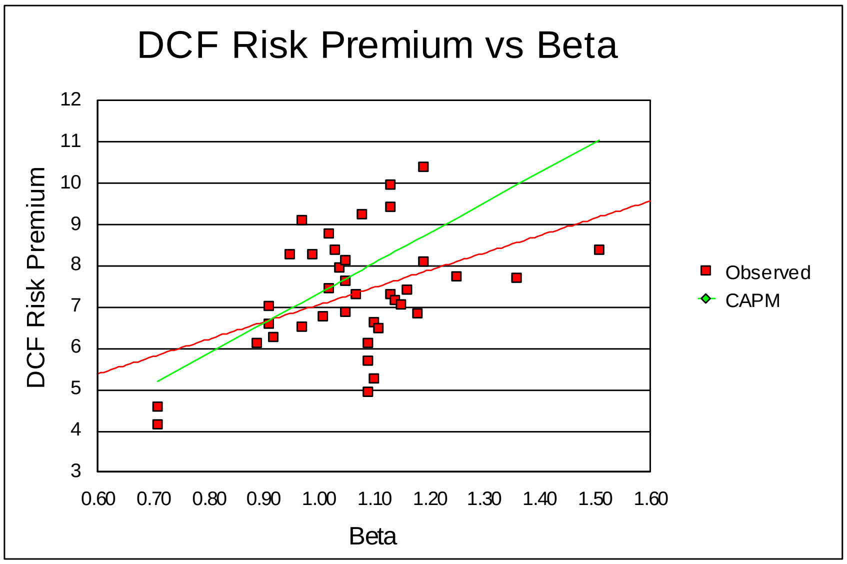
**Table A-1 Risk Premium and Beta Estimates by Industry**

| | Industry **(1)** | **DCF Risk Premium (2)** | Raw Industry Beta **(3)** | Adjusted Industry Beta **(4)** |
|---|---|---|---|---|
| 1 | Aero | 6.63 | 1.15 | 1.10 |
| 2 | Autos | 5.29 | 1.15 | 1.10 |
| 3 | Banks | 7.16 | 1.21 | 1.14 |
| 4 | Beer | 6.60 | 0.87 | 0.91 |
| 5 | BldMat | 6.84 | 1.27 | 1.18 |
| 6 | Books | 7.64 | 1.07 | 1.05 |
| 7 | Boxes | 8.39 | 1.04 | 1.03 |
| 8 | BusSv | 8.15 | 1.07 | 1.05 |
| 9 | Chems | 6.49 | 1.16 | 1.11 |
| 10 | Chips | 8.11 | 1.28 | 1.19 |
| 11 | Clths | 7.74 | 1.37 | 1.25 |
| 12 | Cnstr | 7.70 | 1.54 | 1.36 |
| 13 | Comps | 9.42 | 1.19 | 1.13 |
| 14 | Drugs | 8.29 | 0.99 | 0.99 |
| 15 | ElcEq | 6.89 | 1.08 | 1.05 |
| 16 | Energy | 6.29 | 0.88 | 0.92 |
| 17 | Fin | 8.38 | 1.76 | 1.51 |
| 18 | Food | 7.02 | 0.86 | 0.91 |
| 19 | Fun | 9.98 | 1.19 | 1.13 |
| 20 | Gold | 4.59 | 0.57 | 0.71 |
| 21 | Hlth | 10.40 | 1.29 | 1.19 |
| 22 | Hsld | 6.77 | 1.02 | 1.01 |
| 23 | Insur | 7.46 | 1.03 | 1.02 |
| 24 | LabEq | 7.31 | 1.10 | 1.07 |
| 25 | Mach | 7.32 | 1.20 | 1.13 |
| 26 | Meals | 7.98 | 1.06 | 1.04 |
| 27 | MedEq | 8.80 | 1.03 | 1.02 |
| 28 | Pap | 6.14 | 1.13 | 1.09 |
| 29 | PerSv | 9.12 | 0.95 | 0.97 |
| 30 | Retail | 9.27 | 1.12 | 1.08 |
| 31 | Rubber | 7.06 | 1.22 | 1.15 |

[1] Harris, R. S., Marston, F. C., Mishra, D. R., and O'Brien, T. J., "*Ex Ante* Cost of Equity Estimates of S&P 500 Firms: The Choice Between Global and Domestic CAPM," Financial Management, Autumn 2003, pp. 51-66.

| | | | | |
|---|---|---|---|---|
| 32 | Ships | 1.95 | 0.95 | 0.97 |
| 33 | Stee | 4.96 | 1.13 | 1.09 |
| 34 | Telc | 6.12 | 0.83 | 0.89 |
| 35 | Toys | 7.42 | 1.24 | 1.16 |
| 36 | Trans | 5.70 | 1.14 | 1.09 |
| 37 | Txtls | 6.52 | 0.95 | 0.97 |
| 38 | Util | 4.15 | 0.57 | 0.71 |
| 39 | Whlsl | 8.29 | 0.92 | 0.95 |
| | **MEAN** | **7.19** | | |

The observed statistical relationship between expected return and **adjusted beta** is shown in the graph below along with the CAPM prediction:




If the plain vanilla version of the CAPM is correct, then the intercept of the graph should be zero, recalling that the vertical axis represents returns in excess of the risk-free rate. Instead, the observed intercept is approximately 2 percent, that is approximately equal to 25 percent of the expected market risk premium of 7.2 percent shown at the bottom of Column 2 over the 1983-1998 period, as predicted by the ECAPM. The same is true for the slope of the graph. If the plain vanilla version of the CAPM is correct, then the slope of the relationship should equal the market risk premium of 7.2 percent. Instead, the observed slope of close to 5 percent is approximately equal to 75 percent of the expected market risk premium of 7.2 percent, as predicted by the ECAPM.

In short, the HMMO empirical findings are quite consistent with the predictions of the ECAPM.

**Practical Implementation of the ECAPM**

The empirical evidence reviewed above suggests that the expected return on a security is related to its risk by the following relationship:

$$K = R_F + \alpha + \beta (MRP - \alpha) \qquad (5)$$

or, alternatively by the following equivalent relationship:

$$K = R_F + a\,MRP + (1\text{-}a)\,\beta\,MRP \qquad (6)$$

The empirical findings support values of $\alpha$ from approximately 2 percent to 7 percent. If one is using the short-term U.S. Treasury Bills yield as a proxy for the risk-free rate, and given that utility stocks have lower than average betas, an alpha in the lower range of the empirical findings, 2 percent - 3 percent is reasonable, albeit conservative.

Using the long-term U.S. Treasury yield as a proxy for the risk-free rate, a lower alpha adjustment is indicated. This is because the use of the long-term U.S. Treasury yield as a proxy for the risk-free rate partially incorporates the desired effect of using the ECAPM[2]. An alpha in the range of 1 percent - 2 percent is therefore reasonable.

To illustrate, consider a utility with a beta of 0.80. The risk-free rate is 5 percent, the MRP is 7 percent, and the alpha factor is 2 percent. The cost of capital is determined as follows:

$$K = R_F + \alpha + \beta (MRP - \alpha)$$
$$K = 5\% + 2\% + 0.80(7\% - 2\%)$$
$$= 11\%$$

[2] The Security Market Line (SML) using the long-term risk-free rate has a higher intercept and a flatter slope than the SML using the short-term risk-free rate

A practical alternative is to rely on the second variation of the ECAPM:

$$K = R_F + a\ MRP + (1\text{-}a)\ \beta\ MRP$$

With an alpha of 2 percent, a MRP in the 6 percent - 8 percent range, the ‘a” coefficient is 0.25, and the ECAPM becomes[3]:

$$K = R_F + 0.25\ MRP + 0.75\ \beta\ MRP$$

Returning to the numerical example, the utility’s cost of capital is:

$$K = 5\% + 0.25 \times 7\% + 0.75 \times 0.80 \times 7\%$$
$$= 11\%$$

For reasonable values of beta and the MRP, both renditions of the ECAPM produce results that are virtually identical[4].

---

[3] Recall that alpha equals ‘a’ times MRP, that is, alpha = a MRP, and therefore a = alpha/MRP. If alpha is 2 percent, then a = 0.25

[4] In the Morin (1994) study, the value of “a” was actually derived by systematically varying the constant "a" in equation 6 from 0 to 1 in steps of 0.05 and choosing that value of 'a' that minimized the mean square error between the observed relationship between return and beta:

$$K = 0.0829 + .0520\ \beta$$

The value of a that best explained the observed relationship was 0.25.

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## APPENDIX B

## FLOTATION COST ALLOWANCE

To obtain the final cost of equity financing from the investors' expected rate of return, it is necessary to make allowance for underpricing, which is the sum of market pressure, costs of flotation, and underwriting fees associated with new issues. Allowance for market pressure should be made because large blocks of new stock may cause significant pressure on market prices even in stable markets. Allowance must also be made for company costs of flotation (including such items as printing, legal and accounting expenses) and for underwriting fees.

### 1. MAGNITUDE OF FLOTATION COSTS

According to empirical studies, underwriting costs and expenses average at least 4% of gross proceeds for utility stock offerings in the U.S. (See Logue & Jarrow: "Negotiations vs. Competitive Bidding in the Sale of Securities by Public Utilities", Financial Management, Fall 1978.) A study of 641 common stock issues by 95 electric utilities identified a flotation cost allowance of 5.0%. (See Borum & Malley: "Total Flotation Cost for Electric Company Equity Issues", Public Utilities Fortnightly, Feb. 20, 1986.)

Empirical studies suggest an allowance of 1% for market pressure in U.S. studies. Logue and Jarrow found that the absolute magnitude of the relative price decline due to market pressure was less than 1.5%. Bowyer and Yawitz examined 278 public utility stock issues and found an average market pressure of 0.72%. (See Bowyer & Yawitz, "The Effect of New Equity Issues on Utility Stock Prices", Public Utilities Fortnightly, May 22, 1980.)

Eckbo & Masulis ("Rights vs. Underwritten Stock Offerings: An Empirical Analysis", University of British Columbia, Working Paper No. 1208, Sept., 1987) found an average flotation cost of 4.175% for utility common stock offerings. Moreover, flotation costs increased progressively for smaller size issues. They also found that the relative price decline due to market pressure in the days surrounding the announcement amounted to slightly more than 1.5%. In a classic and monumental study published in the prestigious Journal of Financial Economics by a prominent scholar, a market pressure effect of 3.14% for industrial stock issues and 0.75% for utility common stock issues was found (see Smith, C.W., "Investment Banking and the Capital Acquisition Process," Journal of Financial Economics 15, 1986). Other studies of market pressure are reported in Logue ("On the Pricing of Unseasoned Equity Offerings, Journal of Financial and Quantitative Analysis, Jan. 1973), Pettway ("The Effects of New Equity Sales Upon Utility Share Prices," Public Utilities Fortnightly, May 10 1984), and Reilly and Hatfield ("Investor Experience with New Stock Issues," Financial Analysts' Journal, Sept.- Oct. 1969). In the Pettway study, the market pressure effect for a sample of 368 public utility equity sales was in the range of 2% to 3%. Adding the direct and indirect effects of utility common stock issues, the indicated total flotation cost allowance is above 5.0%, corroborating the results of earlier studies.

As shown in the table below, a comprehensive empirical study by Lee, Lochhead, Ritter, and Zhao, “The Costs of Raising Capital,” Journal of Financial Research, Vol. XIX, NO. 1, Spring 1996, shows average direct flotation costs for equity offerings of 3.5% - 5% for stock issues between $60 and $500 million. Allowing for market pressure costs raises the flotation cost allowance to well above 5%.

FLOTATION COSTS: RAISING EXTERNAL CAPITAL

(Percent of Total Capital Raised)

| Amount Raised in $ Millions | Average Flotation Cost: Common Stock | Average Flotation Cost: New Debt |
|---|---|---|
| $ 2 - 9. 99 | 13.28% | 4.39% |
| 10 - 19. 99 | 8.72 | 2.76 |
| 20 - 39. 99 | 6.93 | 2.42 |
| 40 - 59. 99 | 5.87 | 1.32 |
| 60 - 79. 99 | 5.18 | 2.34 |
| 80 - 99. 99 | 4.73 | 2.16 |
| 100 - 199. 99 | 4.22 | 2.31 |
| 200 - 499. 99 | 3.47 | 2.19 |
| 500 and Up | 3.15 | 1.64 |

Note: Flotation costs for IPOs are about 17 percent of the value of common stock issued if the amount raised is less than $10 million and about 6 percent if more than $500 million is raised. Flotation costs are somewhat lower for utilities than others.

Source: Lee, Inmoo, Scott Lochhead, Jay Ritter, and Quanshui Zhao, "The Costs of Raising Capital," *The Journal of Financial Research,* Spring 1996.

Therefore, based on empirical studies, total flotation costs including market pressure amount to approximately 5% of gross proceeds. I have therefore assumed a 5% gross total flotation cost allowance in my cost of capital analyses.

## 2. APPLICATION OF THE FLOTATION COST ADJUSTMENT

The section below shows: 1) why it is necessary to apply an allowance of 5% to the dividend yield component of equity cost by dividing that yield by 0.95 (100% - 5%) to obtain the fair return on equity capital, and 2) why the flotation adjustment is permanently required to avoid confiscation even if no further stock issues are contemplated. Flotation costs are only recovered if the rate of return is applied to total equity, including retained earnings, in all future years.

Flotation costs are just as real as costs incurred to build utility plant. Fair regulatory treatment absolutely must permit the recovery of these costs. An analogy with bond issues is useful to understand the treatment of flotation costs in the case of common stocks.

In the case of a bond issue, flotation costs are not expensed but are rather amortized over the life of the bond, and the annual amortization charge is embedded in the cost of service. This is analogous to the process of depreciation, which allows the recovery of funds invested in utility plant. The recovery of bond flotation expense continues year after year, irrespective of whether the company issues new debt capital in the future, until recovery is complete. In the case of common stock that has no finite life, flotation costs are not amortized. Therefore, the recovery of flotation cost requires an upward adjustment to the allowed return on equity. Roger A. Morin, Regulatory Finance, Public Utilities Reports Inc., Arlington, Va., 1994, provides numerical illustrations that show that even if a utility does not contemplate any additional common stock issues, a flotation cost adjustment is still permanently required. Examples there also demonstrate that the allowance applies to retained earnings as well as to the original capital.

From the standard DCF model, the investor's required return on equity capital is expressed as:

$$K = D_1/P_o + g$$

If $P_o$ is regarded as the proceeds per share actually received by the company from which dividends and earnings will be generated, that is, $P_o$ equals $B_o$, the book value per share, then the company's required return is:

$$r = D_1/B_o + g$$

Denoting the percentage flotation costs 'f', proceeds per share $B_o$ are related to market price $P_o$ as follows:

$$P - fP = B_o$$

$$P(1 - f) = B_o$$

Substituting the latter equation into the above expression for return on equity, we obtain:

$$r = D_1/P(1\text{-}f) + g$$

that is, the utility's required return adjusted for underpricing. For flotation costs of 5%, dividing the expected dividend yield by 0.95 will produce the adjusted cost of equity capital. For a dividend yield of 6% for example, the magnitude of the adjustment is 32 basis points: .06/.95 = .0632.

In deriving DCF estimates of fair return on equity, it is therefore necessary to apply a conservative after-tax allowance of 5% to the dividend yield component of equity cost.

Even if no further stock issues are contemplated, the flotation adjustment is still permanently required to keep shareholders whole. Flotation costs are only recovered if the rate of return is applied to total equity, including retained earnings, in all future years, even if no future financing is contemplated. This is demonstrated by the numerical example contained in pages 7-9 of this Appendix. Moreover, even if the stock price, hence the DCF estimate of equity return, fully reflected the lack of permanent allowance, the company always nets less than the market price. Only the net proceeds from an equity issue are used to add to the rate base on which the investor earns. A permanent allowance for flotation costs must be authorized in order to insure that in each year the investor earns the required return on the total amount of capital actually supplied.

The example shown on pages 7-9 shows the flotation cost adjustment process using illustrative, yet realistic, market data. The assumptions used in the computation are shown on page 7. The stock is selling in the market for $25, investors expect the firm to pay a dividend of $2.25 that will grow at a rate of 5% thereafter. The traditional DCF cost of equity is thus k = D/P + g = 2.25/25 + .05 = 14%. The firm sells one share stock, incurring a flotation cost of 5%. The traditional DCF cost of equity adjusted for flotation cost is thus ROE = D/P(1-f) + g = .09/.95 + .05 = 14.47%.

The initial book value (rate base) is the net proceeds from the stock issue, which are $23.75, that is, the market price less the 5% flotation costs. The example demonstrates that only if the company is allowed to earn 14.47% on rate base will investors earn their cost of equity of 14%. On page 8, Column

1 shows the initial common stock account, Column 2 the cumulative retained earnings balance, starting at zero, and steadily increasing from the retention of earnings. Total equity in Column 3 is the sum of common stock capital and retained earnings. The stock price in Column 4 is obtained from the seminal DCF formula: $D_1/(k - g)$. Earnings per share in Column 6 are simply the allowed return of 14.47% times the total common equity base. Dividends start at \$2.25 and grow at 5% thereafter, which they must do if investors are to earn a 14% return. The dividend payout ratio remains constant, as per the assumption of the DCF model. All quantities, stock price, book value, earnings, and dividends grow at a 5% rate, as shown at the bottom of the relevant columns. Only if the company is allowed to earn 14.47% on equity do investors earn 14%. For example, if the company is allowed only 14%, the stock price drops from \$26.25 to \$26.13 in the second year, inflicting a loss on shareholders. This is shown on page 9. The growth rate drops from 5% to 4.53%. Thus, investors only earn 9% + 4.53% = 13.53% on their investment. It is noteworthy that the adjustment is always required each and every year, whether or not new stock issues are sold in the future, and that the allowed return on equity must be earned on total equity, including retained earnings, for investors to earn the cost of equity.

**ASSUMPTIONS:**

| | |
|---|---|
| ISSUE PRICE = | $25.00 |
| FLOTATION COST = | 5.00% |
| DIVIDEND YIELD = | 9.00% |
| GROWTH = | 5.00% |

| | |
|---|---|
| EQUITY RETURN = (D/P + g) | **14.00%** |
| ALLOWED RETURN ON EQUITY = (D/P(1-f) + g) | **14.47%** |

| Yr | COMMON STOCK (1) | RETAINED EARNINGS (2) | TOTAL EQUITY (3) | STOCK PRICE (4) | MARKET/ BOOK RATIO (5) | EPS (6) | DPS (7) | PAYOUT (8) |
|---|---|---|---|---|---|---|---|---|
| -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- | -------- |
| 1 | $23.75 | $0.000 | $23.750 | $25.000 | 1.0526 | $3.438 | $2.250 | 65.45% |
| 2 | $23.75 | $1.188 | $24.938 | $26.250 | 1.0526 | $3.609 | $2.363 | 65.45% |
| 3 | $23.75 | $2.434 | $26.184 | $27.563 | 1.0526 | $3.790 | $2.481 | 65.45% |
| 4 | $23.75 | $3.744 | $27.494 | $28.941 | 1.0526 | $3.979 | $2.605 | 65.45% |
| 5 | $23.75 | $5.118 | $28.868 | $30.388 | 1.0526 | $4.178 | $2.735 | 65.45% |
| 6 | $23.75 | $6.562 | $30.312 | $31.907 | 1.0526 | $4.387 | $2.872 | 65.45% |
| 7 | $23.75 | $8.077 | $31.827 | $33.502 | 1.0526 | $4.607 | $3.015 | 65.45% |
| 8 | $23.75 | $9.669 | $33.419 | $35.178 | 1.0526 | $4.837 | $3.166 | 65.45% |
| 9 | $23.75 | $11.340 | $35.090 | $36.936 | 1.0526 | $5.079 | $3.324 | 65.45% |
| 10 | $23.75 | $13.094 | $36.844 | $38.783 | 1.0526 | $5.333 | $3.490 | 65.45% |
| | | | **5.00%** | **5.00%** | | **5.00%** | **5.00%** | |

| Yr | COMMON STOCK (1) | RETAINED EARNINGS (2) | TOTAL EQUITY (3) | STOCK PRICE (4) | MARKET/ BOOK RATIO (5) | EPS (6) | DPS (7) | PAYOUT (8) |
|---|---|---|---|---|---|---|---|---|
| 1 | $23.75 | $0.000 | $23.750 | $25.000 | 1.0526 | $3.325 | $2.250 | 67.67% |
| 2 | $23.75 | $1.075 | $24.825 | $26.132 | 1.0526 | $3.476 | $2.352 | 67.67% |
| 3 | $23.75 | $2.199 | $25.949 | $27.314 | 1.0526 | $3.633 | $2.458 | 67.67% |
| 4 | $23.75 | $3.373 | $27.123 | $28.551 | 1.0526 | $3.797 | $2.570 | 67.67% |
| 5 | $23.75 | $4.601 | $28.351 | $29.843 | 1.0526 | $3.969 | $2.686 | 67.67% |
| 6 | $23.75 | $5.884 | $29.634 | $31.194 | 1.0526 | $4.149 | $2.807 | 67.67% |
| 7 | $23.75 | $7.225 | $30.975 | $32.606 | 1.0526 | $4.337 | $2.935 | 67.67% |
| 8 | $23.75 | $8.627 | $32.377 | $34.082 | 1.0526 | $4.533 | $3.067 | 67.67% |
| 9 | $23.75 | $10.093 | $33.843 | $35.624 | 1.0526 | $4.738 | $3.206 | 67.67% |
| 10 | $23.75 | $11.625 | $35.375 | $37.237 | 1.0526 | $4.952 | $3.351 | 67.67% |
| | | | **4.53%** | **4.53%** | | **4.53%** | **4.53%** | |

Pike County Light & Power Co.
Exhibit E-10 Depreciation

# PIKE COUNTY LIGHT AND POWER COMPANY

## PROPOSED DEPRECIATION RATE CHANGES
## FOR ELECTRIC PLANT
## AT DECEMBER 31, 2007

JULY 2008

Exhibit __ (E-10)
Schedule 1


**PIKE COUNTY LIGHT AND POWER COMPANY**
**PROPOSED DEPRECIATION RATE CHANGES FOR ELECTRIC PLANT**
**AT DECEMBER 31, 2007**

| | | | | BOOK BASIS | | | | | | PROPOSED BASIS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ACCOUNT | ACCOUNT TITLE | BOOK COST | ACCUM PROVISION FOR DEPREC | LIFE TABLE | AVG. SERVICE LIFE | ANNUAL DEPREC EXPENSE | COMPUTED RESERVE FOR DEPREC | RESERVE VARIATION | | LIFE TABLE | AVG. SERVICE LIFE | ANNUAL DEPREC EXPENSE | COMPUTED RESERVE FOR DEPREC | RESERVE VARIATION |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | | (10) | (11) | (12) | (13) | (14) |
| | **ELECTRIC PLANT** | | | | | | | | | | | | | |
| | INTANGIBLE PLANT | | | | | | | | | | | | | |
| 301000 | ORGANIZATION | 2,675 | - | - | - | - | - | - | | - | - | - | - | - |
| | DISTRIBUTION PLANT | | | | | | | | | | | | | |
| 360000 | LAND AND LAND RIGHTS - EASEMENTS | 22,561 | 19,713 | h 3.0 | 50 | 451 | 16,082 | 3,631 | | h3.0 | 50 | 451 | 16,082 | 3,631 |
| 360100 | LAND AND LAND RIGHTS - FEE | 23,530 | - | | | - | - | - | | - | - | - | - | - |
| 361000 | STRUCTURES AND IMPROVEMENTS | 150,918 | 8,612 | h 3.0 | 60 | 2,520 | 8,405 | 208 | | h 3.0 | 50 | 3,018 | 10,080 | (1,467) |
| 362000 | STATION EQUIPMENT | 1,517,825 | 115,911 | h 1.5 | 45 | 33,696 | 85,939 | 29,972 | | h 1.5 | 40 | 37,946 | 96,365 | 19,546 |
| 364000 | POLES, TOWERS AND FIXTURES | 2,816,162 | 939,804 | h 1.0 | 40 | 70,404 | 584,209 | 355,594 | | h 1.5 | 40 | 70,404 | 708,251 | 231,552 |
| 365000 | OH CONDUCTOR AND DEVICES | 2,999,410 | 503,100 | h 1.5 | 45 | 66,587 | 640,563 | (137,464) | | h 1.5 | 45 | 66,587 | 640,563 | (137,464) |
| 365100 | OH CONDUCTOR AND DEVICES - CAPACITORS | 39,665 | (6,811) | h 1.5 | 30 | 1,321 | 8,863 | (15,674) | | h 1.5 | 30 | 1,321 | 8,863 | (15,674) |
| 366000 | UNDERGROUND CONDUIT | 345,427 | 54,179 | h 2.5 | 60 | 5,769 | 56,202 | (2,023) | | h 2.5 | 60 | 5,769 | 56,202 | (2,023) |
| 367000 | UG CONDUCTOR AND DEVICES | 871,733 | 138,928 | h 2.0 | 40 | 21,793 | 137,062 | 1,866 | | h 2.0 | 40 | 21,793 | 137,062 | 1,866 |
| 368100 | LINE TRANSFORMERS - OVERHEAD | 993,948 | 435,918 | h 1.5 | 30 | 33,098 | 389,882 | 46,036 | | h 1.0 | 35 | 28,427 | 291,395 | 144,523 |
| 368200 | LINE TRANSFORMERS - O/H INSTALLS | 493,123 | 160,435 | h 1.5 | 30 | 16,421 | 135,852 | 24,583 | | h 1.0 | 35 | 14,103 | 99,954 | 60,480 |
| 368300 | LINE TRANSFORMERS - UNDERGROUND | 440,728 | 125,455 | h 1.5 | 30 | 14,676 | 111,203 | 14,252 | | h 1.0 | 35 | 12,605 | 81,819 | 43,635 |
| 368400 | LINE TRANSFORMERS - U/G INSTALLS | 89,640 | 11,166 | h 1.5 | 30 | 2,985 | 13,799 | (2,633) | | h 1.0 | 35 | 2,564 | 9,967 | 1,199 |
| 369100 | SERVICES - OVERHEAD | 592,665 | 259,085 | h 2.0 | 40 | 14,817 | 224,148 | 34,937 | | h 2.0 | 50 | 11,853 | 188,847 | 70,237 |
| 369200 | SERVICES - UNDERGROUND | 342,295 | 59,648 | h 1.5 | 40 | 8,557 | 44,330 | 15,318 | | h 2.0 | 45 | 7,599 | 46,364 | 13,284 |
| 370100 | METERS | 303,630 | 58,287 | h 1.5 | 30 | 10,111 | 61,586 | (3,299) | | h 1.5 | 20 | 15,182 | 82,362 | (24,074) |
| 370200 | METER INSTALLATIONS | 157,018 | (185) | h 1.5 | 30 | 5,229 | 21,604 | (21,789) | | h 1.5 | 20 | 7,851 | 29,970 | (30,155) |
| 370300 | DEMAND RECORDERS AND METERS | 56,170 | 18,687 | h 1.5 | 30 | 1,870 | 14,078 | 4,608 | | h 1.5 | 20 | 2,809 | 19,514 | (828) |
| 373100 | STREETLIGHTS-OVERHEAD | 132,152 | 78,521 | h 0.5 | 20 | 6,608 | 43,280 | 35,241 | | h 1.0 | 30 | 4,401 | 40,472 | 38,049 |
| | TOTAL DISTRIBUTION PLANT | 12,388,599 | 2,980,451 | | | 316,913 | 2,597,087 | 383,364 | | | | 314,683 | 2,564,133 | 416,318 |
| | TOTAL ELECTRIC | 12,391,274 | 2,980,451 | | | 316,913 | 2,597,087 | 383,364 | | | | 314,683 | 2,564,133 | 416,318 |
| | RESERVE VARIATION PERCENTAGE | | | | | | | 14.76% | | | | | | 16.24% |

# PIKE COUNTY LIGHT AND POWER COMPANY

## ELECTRIC UTILITY PLANT

## SUMMARY OF AVERAGE SERVICE LIVES, EQUIVALENT "h" CURVES AND OTHER STATISTICAL DATA INDICATED BY PLANT MORTALITY STUDIES BASED ON EXPERIENCE THROUGH DECEMBER 31, 2006

JULY 2008

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1361000 STRUCTURES AND IMPROVEMENTS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIRST DEGREE FIT INDEX | FIRST DEGREE TERMINAL A/L RATIO (PERCENT) | FIRST DEGREE EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | SECOND DEGREE FIT INDEX | SECOND DEGREE TERMINAL A/L RATIO (PERCENT) | SECOND DEGREE EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | THIRD DEGREE FIT INDEX | THIRD DEGREE TERMINAL A/L RATIO (PERCENT) | THIRD DEGREE EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1952 TO 1961 | 58.50 | 0.004307 | 363.27 | 1.47 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 58.68 | 0.003052 | 360.42 | 1.50 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 60.26 | 0.002860 | 359.27 | 1.51 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 62.61 | 0.002439 | 358.58 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 59.03 | 0.002316 | 354.91 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 61.20 | 0.002347 | 353.76 | 1.58 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 72.05 | 0.001697 | 342.12 | 1.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 108.46 | 0.000927 | 348.98 | 1.65 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 115.28 | 0.001060 | 345.69 | 1.65 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 138.67 | 0.000839 | 287.37 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 143.06 | 0.000964 | 278.56 | 1.62 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 85.35 | 0.001697 | 348.57 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 87.99 | 0.001865 | 348.35 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 60.76 | 0.004336 | 325.05 | 1.96 | 59.86 | 0.004324 | 207.99 | 3.37 | 60.41 | 0.004287 | 163.05 | 3.66 |
| 1966 TO 1975 | 63.59 | 0.003843 | 337.33 | 1.79 | 60.67 | 0.003815 | 205.21 | 3.23 | 61.46 | 0.003756 | 158.64 | 3.66 |
| 1967 TO 1976 | 65.02 | 0.003668 | 337.57 | 1.79 | 61.31 | 0.003644 | 206.34 | 3.22 | 62.05 | 0.003586 | 158.74 | 3.73 |
| 1968 TO 1977 | 57.14 | 0.003559 | 340.40 | 1.76 | 55.78 | 0.003555 | 232.17 | 2.58 | 56.85 | 0.003513 | 175.01 | 2.88 |
| 1969 TO 1978 | 58.58 | 0.003472 | 338.86 | 1.77 | 56.71 | 0.003469 | 231.88 | 2.62 | 57.87 | 0.003435 | 171.94 | 2.99 |
| 1970 TO 1979 | 60.03 | 0.002814 | 339.02 | 1.78 | 57.61 | 0.002803 | 229.99 | 2.65 | 58.82 | 0.002759 | 170.85 | 3.08 |
| 1971 TO 1980 | 61.59 | 0.002743 | 336.93 | 1.79 | 58.55 | 0.002732 | 229.71 | 2.68 | 59.78 | 0.002696 | 169.79 | 3.17 |
| 1972 TO 1981 | 50.63 | 0.003688 | 320.96 | 2.01 | 51.76 | 0.003651 | 219.28 | 2.94 | 52.90 | 0.003664 | 191.86 | 3.08 |
| 1973 TO 1982 | 55.49 | 0.003123 | 321.70 | 2.00 | 55.19 | 0.003069 | 211.09 | 3.20 | 57.09 | 0.003064 | 176.02 | 3.54 |
| 1974 TO 1983 | 56.66 | 0.002814 | 322.08 | 2.01 | 55.68 | 0.002754 | 211.02 | 3.21 | 57.45 | 0.002751 | 176.68 | 3.55 |
| 1975 TO 1984 | 69.00 | 0.002026 | 331.15 | 1.87 | 63.71 | 0.002025 | 236.23 | 2.67 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 71.01 | 0.001979 | 324.60 | 1.97 | 65.97 | 0.001984 | 235.70 | 2.77 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 71.23 | 0.001886 | 325.01 | 1.96 | 66.73 | 0.001894 | 246.52 | 2.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 83.22 | 0.001727 | 322.65 | 2.00 | 73.88 | 0.001732 | 229.44 | 2.93 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 75.54 | 0.001849 | 322.36 | 2.00 | 68.81 | 0.001852 | 231.79 | 2.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 68.35 | 0.001857 | 319.66 | 2.04 | 64.23 | 0.001857 | 235.88 | 2.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 52.84 | 0.003051 | 315.10 | 2.09 | 50.70 | 0.002828 | 208.09 | 2.64 | 52.44 | 0.002834 | 191.64 | 2.78 |
| 1982 TO 1991 | 61.26 | 0.002576 | 330.55 | 1.90 | 54.30 | 0.002370 | 205.35 | 2.70 | 58.43 | 0.002326 | 172.00 | 3.09 |
| 1983 TO 1992 | 59.56 | 0.002476 | 328.24 | 1.91 | 53.34 | 0.002280 | 209.03 | 2.77 | 56.45 | 0.002242 | 178.04 | 2.99 |
| 1984 TO 1993 | 59.91 | 0.002304 | 329.65 | 1.91 | 53.42 | 0.002104 | 206.86 | 2.88 | 56.03 | 0.002061 | 177.58 | 3.03 |
| 1985 TO 1994 | 60.21 | 0.002122 | 328.00 | 1.91 | 53.43 | 0.001899 | 204.95 | 3.01 | 55.75 | 0.001844 | 176.69 | 3.09 |
| 1986 TO 1995 | 60.98 | 0.001959 | 328.80 | 1.91 | 53.61 | 0.001712 | 204.25 | 3.14 | 55.70 | 0.001646 | 175.04 | 3.18 |
| 1987 TO 1996 | 58.14 | 0.002271 | 329.37 | 1.91 | 51.98 | 0.002041 | 204.88 | 3.12 | 53.19 | 0.002014 | 183.32 | 3.08 |
| 1988 TO 1997 | 57.86 | 0.002075 | 327.51 | 1.92 | 51.72 | 0.001815 | 202.07 | 3.21 | 52.71 | 0.001786 | 183.06 | 3.15 |
| 1989 TO 1998 | 61.73 | 0.001940 | 329.66 | 1.91 | 53.20 | 0.001697 | 200.17 | 3.33 | 54.42 | 0.001656 | 177.33 | 3.35 |
| 1990 TO 1999 | 65.32 | 0.002021 | 331.46 | 1.88 | 54.34 | 0.001820 | 199.67 | 3.38 | 55.53 | 0.001784 | 175.58 | 3.48 |
| 1991 TO 2000 | 89.23 | 0.000844 | 335.66 | 1.83 | 73.47 | 0.000838 | 236.14 | 2.77 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 86.03 | 0.000863 | 333.01 | 1.87 | 69.87 | 0.000843 | 225.41 | 2.99 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 85.44 | 0.001006 | 329.47 | 1.90 | 68.20 | 0.000975 | 216.27 | 3.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 80.58 | 0.001101 | 328.26 | 1.92 | 65.97 | 0.001065 | 216.00 | 3.18 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 68.18 | 0.001275 | 326.33 | 1.95 | 61.32 | 0.001260 | 232.38 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 50.51 | 0.002347 | 317.75 | 2.07 | 49.37 | 0.002321 | 233.92 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 46.56 | 0.002697 | 314.65 | 2.09 | 46.45 | 0.002646 | 229.29 | 2.86 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1361000 STRUCTURES AND IMPROVEMENTS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 32.18 | 0.007038 | 315.46 | 2.08 | 36.12 | 0.006884 | 220.08 | 2.89 | 36.00 | 0.006926 | 218.04 | 2.84 |
| 2005 TO 2006 | 29.34 | 0.006799 | 308.41 | 2.18 | 33.09 | 0.006647 | 228.14 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2004 TO 2006 | 32.08 | 0.004861 | 310.16 | 2.15 | 34.73 | 0.004771 | 237.52 | 2.68 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2003 TO 2006 | 35.15 | 0.004142 | 311.53 | 2.13 | 37.34 | 0.004065 | 236.98 | 2.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2002 TO 2006 | 37.73 | 0.003699 | 311.41 | 2.13 | 39.59 | 0.003619 | 233.62 | 2.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2001 TO 2006 | 39.99 | 0.003395 | 311.34 | 2.13 | 41.50 | 0.003314 | 230.12 | 2.82 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2000 TO 2006 | 42.23 | 0.003131 | 313.77 | 2.11 | 43.22 | 0.003062 | 230.21 | 2.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 43.83 | 0.002964 | 313.73 | 2.10 | 44.41 | 0.002903 | 230.82 | 2.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 45.51 | 0.002810 | 315.32 | 2.09 | 45.66 | 0.002756 | 228.86 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 46.56 | 0.002697 | 314.65 | 2.09 | 46.45 | 0.002646 | 229.29 | 2.86 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 46.77 | 0.002645 | 317.53 | 2.07 | 46.49 | 0.002592 | 229.08 | 2.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 47.78 | 0.002567 | 317.07 | 2.06 | 47.22 | 0.002516 | 229.76 | 2.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 48.60 | 0.002499 | 317.89 | 2.06 | 47.80 | 0.002448 | 226.98 | 2.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 49.33 | 0.002433 | 319.27 | 2.05 | 48.30 | 0.002383 | 226.69 | 2.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 49.66 | 0.002367 | 319.18 | 2.04 | 48.51 | 0.002319 | 227.78 | 2.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 50.38 | 0.002322 | 318.56 | 2.04 | 48.99 | 0.002274 | 227.61 | 2.90 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 48.68 | 0.002388 | 319.46 | 2.04 | 47.59 | 0.002249 | 215.38 | 3.04 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 48.79 | 0.002351 | 318.70 | 2.04 | 47.69 | 0.002219 | 217.04 | 3.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 48.98 | 0.002327 | 319.50 | 2.04 | 47.81 | 0.002200 | 218.59 | 2.97 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 49.57 | 0.002296 | 319.76 | 2.04 | 48.23 | 0.002180 | 218.76 | 2.95 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 49.99 | 0.002262 | 319.09 | 2.03 | 48.52 | 0.002157 | 221.57 | 2.92 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 50.46 | 0.002236 | 320.06 | 2.03 | 48.86 | 0.002138 | 222.06 | 2.90 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 50.89 | 0.002213 | 319.29 | 2.03 | 49.19 | 0.002122 | 222.62 | 2.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 51.29 | 0.002185 | 320.72 | 2.03 | 49.49 | 0.002099 | 223.29 | 2.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 51.64 | 0.002117 | 320.46 | 2.02 | 49.76 | 0.002034 | 224.08 | 2.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 50.90 | 0.002162 | 319.23 | 2.05 | 49.36 | 0.002069 | 221.83 | 2.93 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 51.23 | 0.002096 | 319.15 | 2.05 | 49.62 | 0.002005 | 222.71 | 2.92 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 51.53 | 0.002034 | 319.24 | 2.04 | 49.85 | 0.001944 | 221.66 | 2.91 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 51.80 | 0.001997 | 319.48 | 2.04 | 50.07 | 0.001909 | 222.70 | 2.91 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 51.59 | 0.001892 | 318.86 | 2.03 | 49.92 | 0.001802 | 223.35 | 2.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 51.83 | 0.001862 | 319.34 | 2.03 | 50.10 | 0.001774 | 224.54 | 2.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 51.99 | 0.001840 | 320.24 | 2.01 | 50.17 | 0.001752 | 224.25 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 51.51 | 0.001851 | 319.36 | 2.03 | 49.89 | 0.001743 | 221.47 | 2.90 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 51.73 | 0.001833 | 319.94 | 2.02 | 50.07 | 0.001729 | 222.67 | 2.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 51.53 | 0.001835 | 321.16 | 2.02 | 49.96 | 0.001734 | 223.16 | 2.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 51.72 | 0.001824 | 320.01 | 2.02 | 50.11 | 0.001726 | 224.50 | 2.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 51.90 | 0.001812 | 320.82 | 2.02 | 50.26 | 0.001716 | 223.85 | 2.86 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 52.07 | 0.001804 | 321.70 | 2.01 | 50.39 | 0.001710 | 225.23 | 2.86 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 52.22 | 0.001794 | 320.75 | 2.01 | 50.51 | 0.001703 | 224.69 | 2.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 52.37 | 0.001787 | 321.77 | 2.01 | 50.63 | 0.001697 | 224.18 | 2.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 52.50 | 0.001780 | 320.96 | 2.01 | 50.73 | 0.001691 | 225.69 | 2.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 52.51 | 0.001774 | 320.90 | 2.00 | 50.75 | 0.001687 | 225.60 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 52.63 | 0.001770 | 322.08 | 2.00 | 50.84 | 0.001684 | 225.21 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 52.74 | 0.001765 | 321.40 | 2.00 | 50.92 | 0.001680 | 224.84 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 52.80 | 0.001754 | 321.02 | 2.00 | 50.97 | 0.001670 | 224.63 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 52.90 | 0.001749 | 322.33 | 2.00 | 51.04 | 0.001666 | 226.28 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 52.92 | 0.001744 | 322.18 | 2.00 | 51.06 | 0.001661 | 226.19 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 52.99 | 0.001738 | 321.74 | 2.00 | 51.11 | 0.001656 | 225.97 | 2.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 52.78 | 0.001730 | 321.17 | 2.00 | 50.98 | 0.001649 | 226.56 | 2.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 52.69 | 0.001717 | 321.72 | 1.99 | 50.89 | 0.001637 | 226.94 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 52.75 | 0.001714 | 323.23 | 1.99 | 50.93 | 0.001634 | 226.76 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 2006 | 52.82 | 0.001713 | 322.79 | 1.99 | 50.98 | 0.001633 | 226.56 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 2006 | 52.87 | 0.001712 | 322.47 | 1.99 | 51.01 | 0.001632 | 226.43 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1361000 STRUCTURES AND IMPROVEMENTS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 52.94 | 0.001691 | 322.09 | 1.99 | 51.05 | 0.001609 | 226.26 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 52.98 | 0.001690 | 321.80 | 1.99 | 51.07 | 0.001609 | 226.15 | 2.81 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1362000 STATION EQUIPMENT PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1952 TO 1961 | 32.52 | 0.001905 | 367.49 | 1.40 | 31.90 | 0.001853 | 261.78 | 1.95 | 31.35 | 0.001865 | 231.24 | 2.06 |
| 1953 TO 1962 | 33.21 | 0.001540 | 362.84 | 1.46 | 32.57 | 0.001490 | 268.68 | 1.94 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 34.53 | 0.001380 | 360.60 | 1.49 | 33.67 | 0.001315 | 262.81 | 2.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 35.80 | 0.001215 | 356.16 | 1.54 | 34.81 | 0.001169 | 268.56 | 1.99 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 39.77 | 0.001076 | 358.28 | 1.52 | 37.96 | 0.001042 | 267.38 | 2.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 43.75 | 0.000994 | 355.39 | 1.55 | 41.29 | 0.000978 | 270.07 | 2.02 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 46.55 | 0.001104 | 372.73 | 1.36 | 43.33 | 0.001099 | 278.12 | 1.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 50.97 | 0.001025 | 373.75 | 1.34 | 45.33 | 0.000999 | 257.01 | 2.02 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 57.68 | 0.001001 | 389.19 | 1.18 | 52.86 | 0.001007 | 299.86 | 1.63 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 62.73 | 0.000928 | 386.60 | 1.21 | 56.53 | 0.000933 | 292.75 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 60.72 | 0.001269 | 381.26 | 1.26 | 53.81 | 0.001275 | 277.84 | 1.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 60.98 | 0.001198 | 386.17 | 1.21 | 52.69 | 0.001197 | 270.48 | 1.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 56.93 | 0.001327 | 387.32 | 1.20 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 46.51 | 0.001619 | 398.87 | 1.08 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 45.25 | 0.001641 | 409.93 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 47.42 | 0.001414 | 412.29 | 0.95 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 49.54 | 0.001527 | 430.97 | 0.77 | 0.00 | 0.000000 | 0.00 | 0.00 | 46.36 | 0.001508 | 225.41 | 1.44 |
| 1969 TO 1978 | 50.20 | 0.001413 | 425.33 | 0.82 | 0.00 | 0.000000 | 0.00 | 0.00 | 47.97 | 0.001368 | 222.00 | 1.43 |
| 1970 TO 1979 | 55.23 | 0.001350 | 433.65 | 0.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 50.10 | 0.001312 | 208.58 | 1.62 |
| 1971 TO 1980 | 56.14 | 0.001243 | 426.58 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 53.07 | 0.001216 | 217.64 | 1.52 |
| 1972 TO 1981 | 59.13 | 0.001198 | 433.82 | 0.75 | 0.00 | 0.000000 | 0.00 | 0.00 | 53.30 | 0.001152 | 203.58 | 1.70 |
| 1973 TO 1982 | 53.50 | 0.001517 | 414.00 | 0.92 | 0.00 | 0.000000 | 0.00 | 0.00 | 48.86 | 0.001480 | 201.61 | 1.78 |
| 1974 TO 1983 | 55.21 | 0.001468 | 404.83 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.61 | 0.001447 | 200.56 | 1.91 |
| 1975 TO 1984 | 54.39 | 0.001248 | 388.84 | 1.18 | 0.00 | 0.000000 | 0.00 | 0.00 | 50.05 | 0.001256 | 222.77 | 1.85 |
| 1976 TO 1985 | 51.20 | 0.001365 | 368.15 | 1.41 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 48.66 | 0.001668 | 356.53 | 1.54 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 50.97 | 0.001464 | 342.37 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 43.11 | 0.001494 | 339.85 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 42.13 | 0.001425 | 343.01 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 41.64 | 0.001490 | 344.58 | 1.69 | 41.49 | 0.001500 | 333.85 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 41.83 | 0.001555 | 340.68 | 1.75 | 41.62 | 0.001566 | 325.56 | 1.80 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 38.96 | 0.001693 | 327.24 | 1.90 | 38.80 | 0.001705 | 308.02 | 1.98 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 39.20 | 0.001730 | 327.85 | 1.93 | 38.83 | 0.001734 | 284.54 | 2.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 40.23 | 0.001501 | 326.84 | 1.91 | 39.79 | 0.001503 | 287.74 | 2.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 42.53 | 0.001355 | 332.74 | 1.86 | 41.72 | 0.001351 | 284.05 | 2.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 41.16 | 0.001753 | 346.20 | 1.66 | 39.86 | 0.001734 | 279.74 | 1.94 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 41.84 | 0.001653 | 345.33 | 1.67 | 40.44 | 0.001632 | 278.18 | 1.97 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 46.17 | 0.001553 | 345.44 | 1.69 | 44.01 | 0.001537 | 271.52 | 2.07 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 47.11 | 0.001426 | 340.67 | 1.76 | 44.87 | 0.001408 | 266.32 | 2.16 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 50.02 | 0.001408 | 340.89 | 1.74 | 47.47 | 0.001402 | 270.70 | 2.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 50.96 | 0.001534 | 352.21 | 1.61 | 49.17 | 0.001540 | 299.99 | 1.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 49.74 | 0.001662 | 346.80 | 1.68 | 46.33 | 0.001638 | 257.91 | 2.16 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 48.44 | 0.001556 | 362.29 | 1.48 | 45.63 | 0.001547 | 279.43 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 44.55 | 0.001473 | 360.25 | 1.49 | 42.98 | 0.001469 | 296.63 | 1.74 | 43.01 | 0.001477 | 275.52 | 1.77 |
| 1996 TO 2005 | 41.27 | 0.001662 | 364.66 | 1.44 | 40.12 | 0.001659 | 302.83 | 1.66 | 40.17 | 0.001666 | 280.04 | 1.68 |
| 1997 TO 2006 | 40.53 | 0.001557 | 361.42 | 1.47 | 39.76 | 0.001558 | 313.16 | 1.64 | 39.85 | 0.001553 | 267.26 | 1.68 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1362000 STATION EQUIPMENT PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 32.46 | 0.003810 | 380.50 | 1.25 | 32.36 | 0.003830 | 350.73 | 1.33 | 32.13 | 0.003823 | 294.12 | 1.26 |
| 2005 TO 2006 | 32.36 | 0.003447 | 381.62 | 1.23 | 32.23 | 0.003463 | 342.89 | 1.34 | 32.04 | 0.003459 | 294.94 | 1.29 |
| 2004 TO 2006 | 31.94 | 0.003017 | 374.15 | 1.32 | 0.00 | 0.000000 | 0.00 | 0.00 | 31.77 | 0.003019 | 303.73 | 1.27 |
| 2003 TO 2006 | 33.11 | 0.002463 | 385.07 | 1.21 | 0.00 | 0.000000 | 0.00 | 0.00 | 33.01 | 0.002458 | 301.42 | 1.20 |
| 2002 TO 2006 | 33.21 | 0.002545 | 365.87 | 1.42 | 32.89 | 0.002533 | 305.56 | 1.58 | 32.94 | 0.002522 | 280.85 | 1.53 |
| 2001 TO 2006 | 34.85 | 0.002114 | 371.59 | 1.35 | 34.45 | 0.002115 | 323.63 | 1.48 | 34.58 | 0.002090 | 276.18 | 1.46 |
| 2000 TO 2006 | 37.08 | 0.001827 | 370.81 | 1.37 | 36.53 | 0.001828 | 321.66 | 1.51 | 36.67 | 0.001809 | 271.34 | 1.52 |
| 1999 TO 2006 | 38.20 | 0.001719 | 367.83 | 1.41 | 37.56 | 0.001720 | 318.12 | 1.56 | 37.73 | 0.001702 | 266.39 | 1.58 |
| 1998 TO 2006 | 39.29 | 0.001635 | 365.20 | 1.44 | 38.65 | 0.001638 | 316.94 | 1.59 | 38.77 | 0.001627 | 266.95 | 1.63 |
| 1997 TO 2006 | 40.53 | 0.001557 | 361.42 | 1.47 | 39.76 | 0.001558 | 313.16 | 1.64 | 39.85 | 0.001553 | 267.26 | 1.68 |
| 1996 TO 2006 | 39.93 | 0.001549 | 366.91 | 1.40 | 38.99 | 0.001545 | 306.51 | 1.61 | 39.05 | 0.001549 | 277.88 | 1.63 |
| 1995 TO 2006 | 41.01 | 0.001457 | 367.02 | 1.41 | 39.93 | 0.001453 | 306.78 | 1.63 | 39.98 | 0.001456 | 276.41 | 1.66 |
| 1994 TO 2006 | 41.32 | 0.001382 | 366.65 | 1.43 | 40.29 | 0.001378 | 308.98 | 1.64 | 40.32 | 0.001383 | 279.02 | 1.67 |
| 1993 TO 2006 | 41.64 | 0.001377 | 361.47 | 1.47 | 40.45 | 0.001368 | 297.87 | 1.72 | 40.49 | 0.001373 | 275.39 | 1.74 |
| 1992 TO 2006 | 40.60 | 0.001374 | 355.87 | 1.54 | 39.62 | 0.001363 | 296.60 | 1.76 | 39.62 | 0.001371 | 296.60 | 1.76 |
| 1991 TO 2006 | 40.95 | 0.001318 | 355.34 | 1.55 | 39.94 | 0.001308 | 296.71 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 41.10 | 0.001284 | 353.98 | 1.56 | 40.03 | 0.001270 | 293.56 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 41.14 | 0.001250 | 356.11 | 1.54 | 40.06 | 0.001238 | 295.79 | 1.77 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 40.26 | 0.001223 | 356.39 | 1.54 | 39.34 | 0.001212 | 298.65 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 40.78 | 0.001197 | 356.79 | 1.54 | 39.80 | 0.001185 | 297.76 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 40.85 | 0.001156 | 353.69 | 1.56 | 39.90 | 0.001146 | 299.51 | 1.77 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 40.87 | 0.001132 | 353.54 | 1.58 | 39.95 | 0.001122 | 299.12 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 40.77 | 0.001122 | 354.41 | 1.58 | 39.89 | 0.001113 | 302.09 | 1.77 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 40.96 | 0.001106 | 352.78 | 1.59 | 40.06 | 0.001097 | 300.77 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 40.92 | 0.001092 | 353.12 | 1.59 | 40.02 | 0.001083 | 301.09 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 41.12 | 0.001071 | 353.88 | 1.58 | 40.20 | 0.001062 | 299.73 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 41.33 | 0.001048 | 352.07 | 1.59 | 40.40 | 0.001040 | 300.71 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 41.53 | 0.001020 | 352.77 | 1.58 | 40.58 | 0.001011 | 299.44 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 41.63 | 0.000994 | 351.93 | 1.59 | 40.69 | 0.000986 | 301.06 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 41.70 | 0.000978 | 356.15 | 1.56 | 40.71 | 0.000969 | 300.88 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 41.81 | 0.000970 | 355.14 | 1.56 | 40.83 | 0.000961 | 302.48 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 41.81 | 0.000960 | 357.53 | 1.54 | 40.82 | 0.000952 | 302.53 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 41.59 | 0.000952 | 357.04 | 1.53 | 40.67 | 0.000945 | 306.10 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 41.58 | 0.000943 | 357.13 | 1.52 | 40.69 | 0.000937 | 308.45 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 41.62 | 0.000937 | 356.84 | 1.52 | 40.71 | 0.000931 | 305.85 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 41.67 | 0.000932 | 358.75 | 1.52 | 40.75 | 0.000926 | 305.52 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 41.77 | 0.000926 | 357.87 | 1.53 | 40.84 | 0.000919 | 307.30 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 41.79 | 0.000921 | 357.72 | 1.52 | 40.86 | 0.000915 | 307.15 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 41.83 | 0.000923 | 357.39 | 1.53 | 40.89 | 0.000916 | 306.95 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 41.86 | 0.000918 | 359.57 | 1.52 | 40.89 | 0.000911 | 306.93 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 41.88 | 0.000913 | 359.33 | 1.52 | 40.91 | 0.000906 | 306.73 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 41.94 | 0.000909 | 358.87 | 1.52 | 40.96 | 0.000901 | 306.39 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 41.96 | 0.000904 | 358.65 | 1.52 | 40.99 | 0.000897 | 306.20 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 41.98 | 0.000902 | 358.54 | 1.52 | 41.00 | 0.000895 | 306.12 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 41.98 | 0.000898 | 358.53 | 1.52 | 41.00 | 0.000890 | 306.11 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 42.01 | 0.000896 | 358.24 | 1.52 | 41.03 | 0.000889 | 305.89 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 42.03 | 0.000894 | 358.12 | 1.52 | 41.04 | 0.000887 | 305.80 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 41.96 | 0.000893 | 358.70 | 1.52 | 40.98 | 0.000886 | 306.28 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 41.91 | 0.000894 | 359.07 | 1.52 | 40.94 | 0.000886 | 306.54 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 41.90 | 0.000893 | 359.21 | 1.52 | 40.92 | 0.000885 | 306.70 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 41.84 | 0.000891 | 357.34 | 1.52 | 40.87 | 0.000883 | 304.66 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 2006 | 41.79 | 0.000889 | 357.72 | 1.52 | 40.83 | 0.000882 | 304.95 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 2006 | 41.79 | 0.000888 | 357.73 | 1.51 | 40.82 | 0.000880 | 304.97 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1362000 STATION EQUIPMENT PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 41.78 | 0.000887 | 357.85 | 1.52 | 40.81 | 0.000879 | 305.04 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 41.77 | 0.000886 | 357.88 | 1.51 | 40.81 | 0.000878 | 305.09 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1364000 POLES,TOWERS AND FIXTURES PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 TO 1961 | 33.77 | 0.000585 | 413.14 | 0.94 | 32.38 | 0.000566 | 328.89 | 1.26 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 34.66 | 0.000514 | 411.14 | 0.94 | 33.52 | 0.000506 | 344.58 | 1.20 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 35.80 | 0.000511 | 412.01 | 0.95 | 34.42 | 0.000500 | 335.51 | 1.25 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 35.87 | 0.000495 | 408.47 | 0.98 | 34.65 | 0.000487 | 339.08 | 1.24 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 35.68 | 0.000508 | 402.17 | 1.04 | 34.57 | 0.000499 | 336.99 | 1.28 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 35.41 | 0.000627 | 393.92 | 1.13 | 33.87 | 0.000590 | 305.61 | 1.49 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 35.37 | 0.000626 | 391.55 | 1.15 | 33.84 | 0.000581 | 302.92 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 35.62 | 0.000594 | 388.81 | 1.16 | 34.14 | 0.000552 | 303.20 | 1.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 36.50 | 0.000581 | 387.64 | 1.19 | 34.90 | 0.000539 | 302.25 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 37.06 | 0.000557 | 389.94 | 1.16 | 35.43 | 0.000521 | 306.28 | 1.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 35.47 | 0.000511 | 396.08 | 1.10 | 34.50 | 0.000497 | 331.93 | 1.34 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 33.29 | 0.000458 | 406.98 | 0.99 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 30.01 | 0.000478 | 404.83 | 0.99 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 27.39 | 0.000532 | 432.71 | 0.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 27.92 | 0.000510 | 428.06 | 0.78 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 29.11 | 0.000468 | 424.26 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 27.96 | 0.000547 | 405.97 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 28.94 | 0.000528 | 405.99 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 29.92 | 0.000511 | 402.80 | 1.03 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 31.44 | 0.000492 | 402.31 | 1.05 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 33.48 | 0.000470 | 398.75 | 1.06 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 36.01 | 0.000460 | 404.11 | 1.01 | 35.61 | 0.000461 | 374.91 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 40.82 | 0.000427 | 407.92 | 0.98 | 39.04 | 0.000414 | 329.18 | 1.29 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 47.20 | 0.000380 | 388.79 | 1.17 | 43.96 | 0.000360 | 301.40 | 1.58 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 50.96 | 0.000359 | 391.52 | 1.15 | 46.29 | 0.000333 | 290.54 | 1.65 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 55.51 | 0.000339 | 397.25 | 1.10 | 49.07 | 0.000312 | 284.30 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 70.56 | 0.000253 | 424.45 | 0.84 | 56.59 | 0.000226 | 276.57 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.33 | 0.000478 | 244.29 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.15 | 0.000484 | 245.15 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 0.00 | 0.000000 | 0.00 | 0.00 | 47.02 | 0.000512 | 252.01 | 1.50 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 0.00 | 0.000000 | 0.00 | 0.00 | 47.95 | 0.000474 | 253.37 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 0.00 | 0.000000 | 0.00 | 0.00 | 48.72 | 0.000438 | 253.52 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.19 | 0.000408 | 253.13 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.39 | 0.000370 | 254.11 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 0.00 | 0.000000 | 0.00 | 0.00 | 50.09 | 0.000331 | 254.55 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 90.85 | 0.000452 | 438.65 | -1.81 | 50.06 | 0.000311 | 258.70 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 96.65 | 0.000424 | 412.31 | -2.30 | 51.21 | 0.000291 | 258.72 | 1.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 67.69 | 0.000256 | 409.96 | 0.97 | 56.45 | 0.000218 | 275.45 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 68.20 | 0.000244 | 409.80 | 0.98 | 56.92 | 0.000205 | 274.94 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 71.71 | 0.000232 | 413.46 | 0.94 | 58.82 | 0.000194 | 274.57 | 1.74 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 71.08 | 0.000263 | 410.13 | 0.97 | 58.90 | 0.000232 | 274.17 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 70.79 | 0.000266 | 404.70 | 1.03 | 59.84 | 0.000243 | 278.25 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 72.13 | 0.000255 | 405.54 | 1.01 | 61.18 | 0.000235 | 280.33 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 71.11 | 0.000249 | 405.70 | 1.02 | 61.34 | 0.000233 | 286.13 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 70.63 | 0.000268 | 404.23 | 1.03 | 60.24 | 0.000245 | 278.07 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 68.55 | 0.000623 | 512.78 | 0.07 | 50.94 | 0.000552 | 267.96 | 1.47 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1364000 POLES,TOWERS AND FIXTURES PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIRST DEGREE FIT INDEX | FIRST DEGREE TERMINAL A/L RATIO (PERCENT) | FIRST DEGREE EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | SECOND DEGREE FIT INDEX | SECOND DEGREE TERMINAL A/L RATIO (PERCENT) | SECOND DEGREE EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | THIRD DEGREE FIT INDEX | THIRD DEGREE TERMINAL A/L RATIO (PERCENT) | THIRD DEGREE EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 24.57 | 0.003198 | 392.81 | -2.60 | 24.66 | 0.003167 | 362.96 | -2.60 |
| 2005 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 35.32 | 0.001801 | 304.38 | 0.20 | 35.29 | 0.001793 | 281.93 | 0.25 |
| 2004 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 40.29 | 0.001269 | 286.69 | 0.73 | 40.18 | 0.001269 | 270.06 | 0.77 |
| 2003 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.04 | 0.000983 | 275.91 | 1.03 | 43.89 | 0.000986 | 263.14 | 1.06 |
| 2002 TO 2006 | 69.00 | 0.000940 | 577.50 | -1.83 | 46.31 | 0.000837 | 273.16 | 1.19 | 46.18 | 0.000840 | 263.12 | 1.22 |
| 2001 TO 2006 | 66.93 | 0.000841 | 592.43 | -0.60 | 47.79 | 0.000750 | 271.00 | 1.30 | 47.73 | 0.000753 | 267.11 | 1.31 |
| 2000 TO 2006 | 66.96 | 0.000768 | 554.80 | -0.27 | 48.83 | 0.000684 | 269.28 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 66.82 | 0.000708 | 529.05 | -0.06 | 49.48 | 0.000627 | 267.80 | 1.42 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 67.43 | 0.000665 | 527.18 | -0.04 | 49.94 | 0.000587 | 269.34 | 1.43 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 68.55 | 0.000623 | 512.78 | 0.07 | 50.94 | 0.000552 | 267.96 | 1.47 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 68.56 | 0.000592 | 503.91 | 0.14 | 51.34 | 0.000524 | 269.76 | 1.49 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 68.73 | 0.000567 | 492.54 | 0.24 | 51.87 | 0.000502 | 268.97 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 68.68 | 0.000547 | 482.71 | 0.33 | 52.19 | 0.000483 | 267.27 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 68.31 | 0.000532 | 472.14 | 0.41 | 52.42 | 0.000469 | 266.14 | 1.58 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 68.34 | 0.000516 | 468.96 | 0.43 | 52.55 | 0.000453 | 267.39 | 1.59 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 68.19 | 0.000503 | 464.13 | 0.48 | 52.76 | 0.000442 | 266.30 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 66.65 | 0.000492 | 458.39 | 0.54 | 52.41 | 0.000433 | 268.09 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 66.45 | 0.000482 | 456.70 | 0.55 | 52.36 | 0.000422 | 268.33 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 73.01 | 0.000523 | 545.79 | -0.29 | 50.42 | 0.000422 | 264.77 | 1.49 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 72.73 | 0.000513 | 545.17 | -0.19 | 50.68 | 0.000414 | 265.41 | 1.50 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 73.09 | 0.000503 | 538.39 | -0.14 | 50.95 | 0.000405 | 263.98 | 1.53 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 72.89 | 0.000496 | 530.22 | -0.07 | 51.11 | 0.000399 | 263.15 | 1.54 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 72.93 | 0.000489 | 523.08 | -0.01 | 51.30 | 0.000393 | 262.16 | 1.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 72.54 | 0.000481 | 517.61 | 0.03 | 51.36 | 0.000386 | 261.88 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 72.91 | 0.000476 | 523.23 | -0.02 | 51.30 | 0.000380 | 262.21 | 1.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 72.49 | 0.000469 | 519.41 | 0.02 | 51.32 | 0.000374 | 264.05 | 1.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 72.15 | 0.000460 | 513.53 | 0.07 | 51.43 | 0.000368 | 263.46 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 71.56 | 0.000454 | 507.93 | 0.11 | 51.45 | 0.000364 | 263.37 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 71.14 | 0.000448 | 505.33 | 0.13 | 51.45 | 0.000359 | 263.34 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 68.47 | 0.000441 | 494.39 | 0.23 | 51.04 | 0.000357 | 267.46 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 67.99 | 0.000436 | 490.51 | 0.25 | 51.02 | 0.000354 | 267.53 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 67.40 | 0.000432 | 488.86 | 0.27 | 50.94 | 0.000352 | 267.94 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 67.21 | 0.000433 | 506.63 | 0.12 | 50.35 | 0.000352 | 271.10 | 1.49 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 65.90 | 0.000426 | 509.11 | 0.11 | 50.00 | 0.000350 | 274.97 | 1.44 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 65.43 | 0.000421 | 512.80 | 0.07 | 49.83 | 0.000347 | 277.95 | 1.41 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 64.97 | 0.000418 | 513.28 | 0.06 | 49.69 | 0.000346 | 278.74 | 1.40 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 64.74 | 0.000415 | 513.59 | 0.07 | 49.63 | 0.000344 | 279.04 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 64.54 | 0.000413 | 512.11 | 0.08 | 49.61 | 0.000343 | 279.15 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 64.30 | 0.000412 | 510.87 | 0.09 | 49.57 | 0.000342 | 279.39 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 64.00 | 0.000410 | 508.56 | 0.10 | 49.50 | 0.000341 | 279.79 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 63.58 | 0.000410 | 507.23 | 0.12 | 49.40 | 0.000341 | 280.37 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 63.31 | 0.000408 | 506.23 | 0.13 | 49.35 | 0.000340 | 280.63 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 63.15 | 0.000407 | 504.32 | 0.14 | 49.33 | 0.000340 | 280.78 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 63.03 | 0.000406 | 503.76 | 0.14 | 49.30 | 0.000339 | 280.91 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 62.94 | 0.000404 | 504.44 | 0.15 | 49.30 | 0.000338 | 280.95 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 62.84 | 0.000403 | 503.63 | 0.15 | 49.28 | 0.000337 | 283.10 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 62.68 | 0.000402 | 503.33 | 0.15 | 49.24 | 0.000336 | 283.30 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 62.61 | 0.000401 | 503.95 | 0.15 | 49.21 | 0.000335 | 283.46 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 62.52 | 0.000400 | 503.00 | 0.15 | 49.20 | 0.000335 | 283.56 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 62.43 | 0.000399 | 503.74 | 0.15 | 49.17 | 0.000334 | 283.72 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 62.29 | 0.000398 | 503.26 | 0.15 | 49.13 | 0.000333 | 283.95 | 1.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 2006 | 62.22 | 0.000397 | 502.26 | 0.15 | 49.11 | 0.000333 | 284.08 | 1.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 2006 | 62.18 | 0.000396 | 502.61 | 0.16 | 49.10 | 0.000332 | 284.10 | 1.36 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1364000 POLES,TOWERS AND FIXTURES PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 62.07 | 0.000395 | 503.45 | 0.16 | 49.08 | 0.000332 | 284.25 | 1.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 62.02 | 0.000394 | 502.30 | 0.16 | 49.07 | 0.000331 | 284.31 | 1.36 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1365000 OVERHEAD CONDUCTORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 TO 1961 | 36.45 | 0.000608 | 407.35 | 0.98 | 34.61 | 0.000478 | 290.34 | 1.53 | 34.33 | 0.000476 | 269.41 | 1.57 |
| 1953 TO 1962 | 37.65 | 0.000546 | 407.71 | 0.98 | 35.69 | 0.000448 | 292.80 | 1.51 | 35.50 | 0.000451 | 280.26 | 1.54 |
| 1954 TO 1963 | 41.37 | 0.000435 | 414.55 | 0.91 | 38.57 | 0.000366 | 296.90 | 1.48 | 38.18 | 0.000366 | 273.67 | 1.54 |
| 1955 TO 1964 | 43.09 | 0.000442 | 421.22 | 0.86 | 39.92 | 0.000393 | 299.32 | 1.43 | 39.74 | 0.000397 | 288.14 | 1.46 |
| 1956 TO 1965 | 43.00 | 0.000501 | 422.10 | 0.85 | 40.29 | 0.000478 | 311.51 | 1.34 | 39.60 | 0.000479 | 276.53 | 1.46 |
| 1957 TO 1966 | 43.54 | 0.000498 | 419.18 | 0.87 | 40.81 | 0.000476 | 312.42 | 1.35 | 39.85 | 0.000473 | 264.72 | 1.52 |
| 1958 TO 1967 | 44.20 | 0.000497 | 421.94 | 0.86 | 42.17 | 0.000492 | 335.52 | 1.20 | 40.71 | 0.000489 | 266.50 | 1.45 |
| 1959 TO 1968 | 45.73 | 0.000499 | 434.09 | 0.75 | 43.80 | 0.000499 | 352.77 | 1.06 | 41.72 | 0.000495 | 264.84 | 1.40 |
| 1960 TO 1969 | 47.06 | 0.000532 | 432.42 | 0.76 | 45.09 | 0.000533 | 355.96 | 1.06 | 42.02 | 0.000515 | 243.93 | 1.54 |
| 1961 TO 1970 | 45.70 | 0.000653 | 434.35 | 0.73 | 0.00 | 0.000000 | 0.00 | 0.00 | 41.28 | 0.000625 | 241.02 | 1.49 |
| 1962 TO 1971 | 43.17 | 0.000610 | 427.37 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 40.31 | 0.000567 | 246.84 | 1.40 |
| 1963 TO 1972 | 40.29 | 0.000626 | 423.16 | 0.85 | 0.00 | 0.000000 | 0.00 | 0.00 | 38.75 | 0.000547 | 254.21 | 1.28 |
| 1964 TO 1973 | 34.82 | 0.000903 | 406.40 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 35.15 | 0.000806 | 294.45 | 1.02 |
| 1965 TO 1974 | 32.94 | 0.000906 | 396.13 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 33.62 | 0.000768 | 316.79 | 0.95 |
| 1966 TO 1975 | 32.94 | 0.000837 | 387.08 | 1.20 | 0.00 | 0.000000 | 0.00 | 0.00 | 33.86 | 0.000695 | 332.26 | 0.93 |
| 1967 TO 1976 | 34.22 | 0.000751 | 381.30 | 1.26 | 0.00 | 0.000000 | 0.00 | 0.00 | 35.75 | 0.000606 | 348.21 | 0.85 |
| 1968 TO 1977 | 35.10 | 0.000670 | 374.61 | 1.32 | 0.00 | 0.000000 | 0.00 | 0.00 | 37.52 | 0.000538 | 387.82 | 0.66 |
| 1969 TO 1978 | 36.67 | 0.000629 | 369.48 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.81 | 0.000512 | 483.18 | -1.76 |
| 1970 TO 1979 | 38.16 | 0.000588 | 368.15 | 1.41 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 40.63 | 0.000520 | 363.06 | 1.46 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 42.80 | 0.000483 | 360.96 | 1.48 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 46.12 | 0.000414 | 358.88 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 52.99 | 0.000277 | 357.58 | 1.54 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 61.95 | 0.000232 | 357.53 | 1.54 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 69.70 | 0.000182 | 357.99 | 1.53 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 77.67 | 0.000167 | 362.45 | 1.47 | 76.03 | 0.000168 | 339.99 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 85.47 | 0.000157 | 364.44 | 1.46 | 80.84 | 0.000157 | 316.06 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 85.45 | 0.000198 | 364.54 | 1.46 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 85.03 | 0.000204 | 366.34 | 1.44 | 77.62 | 0.000203 | 298.25 | 1.80 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 81.66 | 0.000199 | 363.10 | 1.47 | 71.15 | 0.000192 | 274.77 | 2.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 85.51 | 0.000186 | 364.29 | 1.45 | 73.00 | 0.000177 | 270.56 | 2.05 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 85.85 | 0.000184 | 364.01 | 1.46 | 71.14 | 0.000165 | 260.77 | 2.16 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 90.06 | 0.000182 | 369.19 | 1.41 | 71.49 | 0.000154 | 253.88 | 2.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 91.85 | 0.000210 | 380.52 | 1.28 | 69.93 | 0.000174 | 249.55 | 2.20 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 88.60 | 0.000240 | 385.43 | 1.22 | 66.96 | 0.000191 | 248.65 | 2.19 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 86.66 | 0.000253 | 394.06 | 1.14 | 65.33 | 0.000198 | 250.26 | 2.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 89.96 | 0.000258 | 401.82 | 1.06 | 66.05 | 0.000204 | 249.04 | 2.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 96.76 | 0.000275 | 411.84 | 0.87 | 65.78 | 0.000204 | 243.98 | 2.15 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 99.71 | 0.000282 | 399.68 | 0.72 | 65.47 | 0.000206 | 243.63 | 2.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 108.63 | 0.000265 | 366.84 | 0.54 | 67.52 | 0.000197 | 243.64 | 2.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 99.36 | 0.000320 | 401.07 | 0.67 | 67.11 | 0.000276 | 249.59 | 2.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 101.74 | 0.000311 | 391.68 | 0.56 | 68.27 | 0.000275 | 252.66 | 1.93 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 104.89 | 0.000290 | 379.93 | 0.48 | 69.84 | 0.000258 | 255.59 | 1.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 104.08 | 0.000277 | 382.86 | 0.40 | 71.29 | 0.000255 | 264.43 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 118.32 | 0.000240 | 336.81 | 0.06 | 74.42 | 0.000219 | 265.38 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 80.51 | 0.000469 | 477.59 | 0.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 64.64 | 0.000456 | 220.46 | 1.64 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1365000 OVERHEAD CONDUCTORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| YEAR YEAR | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 34.41 | 0.003166 | 510.01 | 0.09 | 0.00 | 0.000000 | 0.00 | 0.00 | 36.94 | 0.002823 | 291.04 | -0.17 |
| 2005 TO 2006 | 50.20 | 0.001672 | 522.89 | -0.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.86 | 0.001523 | 235.64 | 0.75 |
| 2004 TO 2006 | 58.69 | 0.001187 | 525.64 | -0.04 | 0.00 | 0.000000 | 0.00 | 0.00 | 54.75 | 0.001085 | 225.59 | 1.05 |
| 2003 TO 2006 | 66.02 | 0.000912 | 508.14 | 0.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 58.80 | 0.000834 | 216.83 | 1.30 |
| 2002 TO 2006 | 70.04 | 0.000748 | 499.01 | 0.19 | 0.00 | 0.000000 | 0.00 | 0.00 | 60.88 | 0.000688 | 214.36 | 1.41 |
| 2001 TO 2006 | 69.90 | 0.000660 | 471.40 | 0.42 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.06 | 0.000611 | 216.72 | 1.46 |
| 2000 TO 2006 | 72.98 | 0.000598 | 466.57 | 0.46 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.29 | 0.000559 | 215.69 | 1.55 |
| 1999 TO 2006 | 74.72 | 0.000539 | 471.79 | 0.42 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.07 | 0.000514 | 219.59 | 1.56 |
| 1998 TO 2006 | 78.07 | 0.000505 | 482.25 | 0.33 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.71 | 0.000489 | 220.52 | 1.58 |
| 1997 TO 2006 | 80.51 | 0.000469 | 477.59 | 0.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 64.64 | 0.000456 | 220.46 | 1.64 |
| 1996 TO 2006 | 81.30 | 0.000449 | 476.61 | 0.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 64.81 | 0.000440 | 222.95 | 1.64 |
| 1995 TO 2006 | 80.62 | 0.000425 | 470.75 | 0.43 | 80.03 | 0.000427 | 455.44 | 0.48 | 64.62 | 0.000419 | 226.72 | 1.63 |
| 1994 TO 2006 | 81.75 | 0.000405 | 469.11 | 0.44 | 76.48 | 0.000407 | 378.54 | 0.82 | 64.95 | 0.000401 | 228.64 | 1.65 |
| 1993 TO 2006 | 82.32 | 0.000383 | 463.44 | 0.49 | 75.39 | 0.000385 | 358.81 | 0.96 | 65.48 | 0.000380 | 229.84 | 1.67 |
| 1992 TO 2006 | 82.17 | 0.000368 | 456.95 | 0.55 | 74.10 | 0.000369 | 343.46 | 1.07 | 65.55 | 0.000364 | 231.12 | 1.69 |
| 1991 TO 2006 | 82.43 | 0.000347 | 451.90 | 0.59 | 74.11 | 0.000348 | 339.36 | 1.12 | 65.95 | 0.000344 | 231.24 | 1.71 |
| 1990 TO 2006 | 81.53 | 0.000328 | 444.60 | 0.65 | 72.69 | 0.000328 | 329.50 | 1.20 | 65.98 | 0.000325 | 235.67 | 1.70 |
| 1989 TO 2006 | 81.28 | 0.000309 | 442.29 | 0.68 | 71.55 | 0.000308 | 320.77 | 1.27 | 66.03 | 0.000306 | 238.53 | 1.70 |
| 1988 TO 2006 | 81.35 | 0.000296 | 440.67 | 0.69 | 72.14 | 0.000296 | 325.05 | 1.25 | 66.25 | 0.000293 | 237.72 | 1.70 |
| 1987 TO 2006 | 81.89 | 0.000282 | 437.81 | 0.72 | 72.37 | 0.000281 | 321.27 | 1.29 | 66.82 | 0.000279 | 240.19 | 1.71 |
| 1986 TO 2006 | 82.85 | 0.000269 | 436.35 | 0.72 | 72.53 | 0.000268 | 316.41 | 1.32 | 67.43 | 0.000267 | 241.01 | 1.71 |
| 1985 TO 2006 | 82.96 | 0.000262 | 434.55 | 0.75 | 72.62 | 0.000260 | 314.65 | 1.34 | 67.82 | 0.000260 | 244.02 | 1.71 |
| 1984 TO 2006 | 83.25 | 0.000254 | 431.85 | 0.77 | 72.72 | 0.000252 | 312.83 | 1.37 | 68.30 | 0.000252 | 245.24 | 1.71 |
| 1983 TO 2006 | 82.69 | 0.000249 | 427.49 | 0.80 | 72.73 | 0.000247 | 314.19 | 1.38 | 68.58 | 0.000247 | 248.62 | 1.70 |
| 1982 TO 2006 | 82.47 | 0.000241 | 426.21 | 0.82 | 72.82 | 0.000239 | 315.17 | 1.38 | 68.65 | 0.000239 | 248.37 | 1.70 |
| 1981 TO 2006 | 81.93 | 0.000236 | 424.15 | 0.84 | 72.73 | 0.000234 | 315.54 | 1.37 | 68.74 | 0.000234 | 250.93 | 1.68 |
| 1980 TO 2006 | 81.70 | 0.000232 | 421.64 | 0.86 | 72.85 | 0.000230 | 316.42 | 1.38 | 68.90 | 0.000230 | 251.81 | 1.69 |
| 1979 TO 2006 | 81.32 | 0.000229 | 419.97 | 0.88 | 72.79 | 0.000227 | 318.06 | 1.38 | 68.92 | 0.000228 | 253.21 | 1.69 |
| 1978 TO 2006 | 81.14 | 0.000225 | 418.40 | 0.89 | 73.00 | 0.000224 | 319.87 | 1.37 | 68.96 | 0.000224 | 253.03 | 1.69 |
| 1977 TO 2006 | 80.56 | 0.000222 | 417.72 | 0.90 | 73.14 | 0.000221 | 323.34 | 1.35 | 68.81 | 0.000221 | 252.13 | 1.69 |
| 1976 TO 2006 | 80.13 | 0.000218 | 416.21 | 0.92 | 73.35 | 0.000218 | 327.87 | 1.33 | 68.71 | 0.000217 | 251.06 | 1.69 |
| 1975 TO 2006 | 79.06 | 0.000218 | 415.49 | 0.92 | 73.35 | 0.000218 | 336.07 | 1.28 | 68.28 | 0.000217 | 249.69 | 1.69 |
| 1974 TO 2006 | 77.69 | 0.000218 | 415.12 | 0.92 | 73.57 | 0.000219 | 350.01 | 1.19 | 67.51 | 0.000218 | 248.11 | 1.68 |
| 1973 TO 2006 | 75.93 | 0.000228 | 415.53 | 0.91 | 74.10 | 0.000229 | 379.89 | 1.05 | 66.57 | 0.000227 | 245.62 | 1.67 |
| 1972 TO 2006 | 75.35 | 0.000230 | 417.37 | 0.90 | 74.40 | 0.000231 | 397.19 | 0.97 | 66.07 | 0.000228 | 242.91 | 1.66 |
| 1971 TO 2006 | 74.86 | 0.000232 | 417.44 | 0.89 | 74.53 | 0.000233 | 409.90 | 0.92 | 65.74 | 0.000230 | 242.61 | 1.66 |
| 1970 TO 2006 | 74.58 | 0.000237 | 418.99 | 0.88 | 0.00 | 0.000000 | 0.00 | 0.00 | 65.42 | 0.000235 | 242.27 | 1.66 |
| 1969 TO 2006 | 74.46 | 0.000236 | 419.71 | 0.88 | 0.00 | 0.000000 | 0.00 | 0.00 | 65.25 | 0.000234 | 241.38 | 1.66 |
| 1968 TO 2006 | 74.44 | 0.000236 | 421.12 | 0.87 | 74.22 | 0.000237 | 415.66 | 0.88 | 65.15 | 0.000234 | 241.77 | 1.65 |
| 1967 TO 2006 | 74.36 | 0.000237 | 421.61 | 0.86 | 74.29 | 0.000238 | 419.31 | 0.87 | 65.04 | 0.000234 | 242.15 | 1.65 |
| 1966 TO 2006 | 74.19 | 0.000236 | 422.58 | 0.86 | 73.94 | 0.000237 | 415.86 | 0.87 | 64.91 | 0.000233 | 242.64 | 1.64 |
| 1965 TO 2006 | 74.03 | 0.000235 | 423.50 | 0.85 | 73.73 | 0.000236 | 415.73 | 0.87 | 64.80 | 0.000233 | 243.07 | 1.63 |
| 1964 TO 2006 | 73.99 | 0.000234 | 423.70 | 0.84 | 73.58 | 0.000235 | 413.83 | 0.88 | 64.77 | 0.000231 | 243.18 | 1.63 |
| 1963 TO 2006 | 73.94 | 0.000233 | 423.98 | 0.84 | 73.45 | 0.000234 | 411.87 | 0.88 | 64.73 | 0.000231 | 243.33 | 1.63 |
| 1962 TO 2006 | 73.93 | 0.000232 | 424.07 | 0.84 | 73.31 | 0.000233 | 408.56 | 0.89 | 64.72 | 0.000230 | 243.37 | 1.62 |
| 1961 TO 2006 | 73.86 | 0.000231 | 424.44 | 0.84 | 73.11 | 0.000233 | 406.93 | 0.90 | 64.68 | 0.000229 | 245.04 | 1.62 |
| 1960 TO 2006 | 73.75 | 0.000231 | 423.72 | 0.84 | 72.95 | 0.000232 | 405.05 | 0.90 | 64.65 | 0.000229 | 245.15 | 1.61 |
| 1959 TO 2006 | 73.64 | 0.000230 | 424.37 | 0.83 | 72.71 | 0.000231 | 402.30 | 0.91 | 64.61 | 0.000228 | 246.86 | 1.60 |
| 1958 TO 2006 | 73.51 | 0.000229 | 425.10 | 0.83 | 72.50 | 0.000230 | 402.07 | 0.91 | 64.58 | 0.000228 | 246.97 | 1.60 |
| 1957 TO 2006 | 73.45 | 0.000229 | 425.47 | 0.83 | 72.37 | 0.000230 | 400.00 | 0.92 | 64.56 | 0.000227 | 247.04 | 1.59 |
| 1956 TO 2006 | 73.34 | 0.000228 | 426.07 | 0.82 | 72.16 | 0.000229 | 398.45 | 0.92 | 64.52 | 0.000226 | 248.78 | 1.58 |
| 1955 TO 2006 | 73.24 | 0.000227 | 425.32 | 0.82 | 72.01 | 0.000228 | 397.86 | 0.92 | 64.51 | 0.000225 | 248.81 | 1.57 |
| 1954 TO 2006 | 73.12 | 0.000226 | 426.02 | 0.82 | 71.94 | 0.000227 | 398.22 | 0.92 | 64.48 | 0.000225 | 250.45 | 1.57 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1365000 OVERHEAD CONDUCTORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 TO 2006 | 72.81 | 0.000225 | 425.07 | 0.83 | 71.75 | 0.000226 | 400.72 | 0.91 | 64.43 | 0.000224 | 250.66 | 1.56 |
| 1952 TO 2006 | 72.76 | 0.000225 | 425.38 | 0.83 | 71.68 | 0.000226 | 399.72 | 0.91 | 64.42 | 0.000223 | 252.25 | 1.55 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1365100 O/H COND - CAPACITORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1988 | TO 1997 | 22.58 | 0.005489 | 405.21 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 22.56 | 0.006214 | 259.32 | 1.39 |
| 1989 | TO 1998 | 24.24 | 0.004360 | 426.97 | 0.81 | 21.51 | 0.004593 | 323.07 | 1.31 | 15.74 | 0.004804 | 187.48 | 2.44 |
| 1990 | TO 1999 | 27.24 | 0.004109 | 464.32 | 0.47 | 0.00 | 0.000000 | 0.00 | 0.00 | 16.74 | 0.004472 | 188.12 | 2.32 |
| 1991 | TO 2000 | 34.66 | 0.003795 | 538.13 | -0.14 | 0.00 | 0.000000 | 0.00 | 0.00 | 19.25 | 0.004038 | 184.42 | 2.29 |
| 1992 | TO 2001 | 42.27 | 0.003095 | 576.00 | -0.44 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 | TO 2002 | 36.14 | 0.002677 | 449.67 | 0.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 24.61 | 0.002855 | 197.10 | 2.25 |
| 1994 | TO 2003 | 38.09 | 0.002534 | 473.94 | 0.40 | 0.00 | 0.000000 | 0.00 | 0.00 | 22.35 | 0.002665 | 185.70 | 2.46 |
| 1995 | TO 2004 | 53.54 | 0.002541 | 706.95 | -1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 24.03 | 0.002597 | 181.03 | 2.45 |
| 1996 | TO 2005 | 36.92 | 0.003571 | 496.99 | 0.19 | 28.17 | 0.003671 | 296.42 | 1.29 | 21.42 | 0.003663 | 184.43 | 2.34 |
| 1997 | TO 2006 | 28.37 | 0.004034 | 329.62 | 1.86 | 24.36 | 0.004069 | 240.12 | 2.30 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1365100 O/H COND - CAPACITORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 16.45 | 0.024279 | 410.21 | 0.93 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2005 TO 2006 | 20.15 | 0.012236 | 369.76 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2004 TO 2006 | 24.36 | 0.008172 | 342.79 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2003 TO 2006 | 25.74 | 0.006508 | 339.90 | 1.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2002 TO 2006 | 26.57 | 0.005419 | 333.05 | 1.81 | 26.29 | 0.005577 | 317.64 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2001 TO 2006 | 27.49 | 0.005094 | 340.07 | 1.74 | 24.63 | 0.005205 | 257.85 | 2.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2000 TO 2006 | 28.32 | 0.004774 | 326.57 | 1.93 | 24.57 | 0.004834 | 238.14 | 2.42 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 28.36 | 0.004476 | 329.75 | 1.88 | 24.51 | 0.004528 | 238.64 | 2.35 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 28.15 | 0.004304 | 335.70 | 1.79 | 24.30 | 0.004358 | 244.81 | 2.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 28.37 | 0.004034 | 329.62 | 1.86 | 24.36 | 0.004069 | 240.12 | 2.30 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 27.39 | 0.004166 | 385.24 | 1.22 | 24.17 | 0.004263 | 283.38 | 1.65 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 27.52 | 0.003966 | 365.17 | 1.41 | 24.58 | 0.004059 | 278.72 | 1.80 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 27.62 | 0.003810 | 367.50 | 1.40 | 24.31 | 0.003887 | 269.47 | 1.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 27.57 | 0.003660 | 368.22 | 1.39 | 24.63 | 0.003741 | 278.12 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 27.71 | 0.003647 | 391.51 | 1.13 | 23.92 | 0.003712 | 273.84 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 27.85 | 0.003737 | 421.96 | 0.84 | 23.82 | 0.003813 | 287.60 | 1.49 | 22.67 | 0.003928 | 240.41 | 1.73 |
| 1990 TO 2006 | 28.09 | 0.003637 | 436.14 | 0.73 | 23.42 | 0.003695 | 283.97 | 1.49 | 22.93 | 0.003809 | 259.45 | 1.59 |
| 1989 TO 2006 | 27.98 | 0.003577 | 427.16 | 0.78 | 23.69 | 0.003642 | 284.96 | 1.50 | 23.02 | 0.003754 | 254.10 | 1.64 |
| 1988 TO 2006 | 27.83 | 0.003547 | 422.17 | 0.85 | 24.07 | 0.003622 | 288.77 | 1.49 | 22.90 | 0.003732 | 242.35 | 1.73 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1366000 UNDERGROUND CONDUIT PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1975 TO 1984 | 126.58 | 0.000229 | 314.82 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 148.73 | 0.000183 | 267.93 | 1.63 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 91.16 | 0.000408 | 341.72 | 1.75 | 65.59 | 0.000409 | 244.71 | 2.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 101.82 | 0.000376 | 343.25 | 1.73 | 68.86 | 0.000376 | 241.80 | 2.66 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 114.07 | 0.000306 | 344.08 | 1.72 | 72.52 | 0.000306 | 237.87 | 2.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 127.77 | 0.000282 | 311.89 | 1.70 | 76.32 | 0.000281 | 236.51 | 2.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 145.20 | 0.000255 | 274.46 | 1.67 | 80.97 | 0.000254 | 235.27 | 2.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 196.85 | 0.000232 | 202.44 | 1.74 | 81.16 | 0.000229 | 227.32 | 2.95 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 113.54 | 0.000339 | 344.80 | 1.71 | 73.03 | 0.000339 | 238.95 | 2.69 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 44.13 | 0.003181 | 318.41 | 2.05 | 38.29 | 0.003197 | 238.97 | 2.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 47.61 | 0.002364 | 322.43 | 2.00 | 40.98 | 0.002375 | 242.83 | 2.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 51.15 | 0.002049 | 325.50 | 1.95 | 44.10 | 0.002060 | 248.31 | 2.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 55.11 | 0.001944 | 331.17 | 1.88 | 49.13 | 0.001956 | 265.59 | 2.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 59.01 | 0.001403 | 333.00 | 1.84 | 55.10 | 0.001412 | 287.67 | 2.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 62.90 | 0.001317 | 336.27 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 62.54 | 0.001255 | 339.76 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 66.86 | 0.001178 | 343.26 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 69.41 | 0.001110 | 343.63 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 76.43 | 0.001042 | 346.07 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 101.09 | 0.000186 | 195.38 | 3.09 |
| 1994 TO 2003 | 209.15 | 0.000184 | 190.54 | 1.56 | 132.01 | 0.000185 | 257.17 | 2.25 | 104.05 | 0.000167 | 185.96 | 3.30 |
| 1995 TO 2004 | 233.47 | 0.000166 | 170.68 | 1.69 | 217.15 | 0.000167 | 183.51 | 1.71 | 114.42 | 0.000715 | 161.24 | 3.51 |
| 1996 TO 2005 | 122.39 | 0.000710 | 325.61 | 1.42 | 0.00 | 0.000000 | 0.00 | 0.00 | 161.77 | 0.001669 | 162.27 | 1.46 |
| 1997 TO 2006 | 62.43 | 0.001663 | 346.80 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | | | | |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1366000 UNDERGROUND CONDUIT PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 | TO 2006 | 27.88 | 0.011496 | 367.60 | 1.42 | 0.00 | 0.000000 | 0.00 | 0.00 | 58.66 | 0.011494 | 353.75 | -2.60 |
| 2005 | TO 2006 | 35.28 | 0.006462 | 364.22 | 1.45 | 0.00 | 0.000000 | 0.00 | 0.00 | 86.71 | 0.006429 | 239.31 | -2.60 |
| 2004 | TO 2006 | 42.60 | 0.004528 | 357.98 | 1.51 | 0.00 | 0.000000 | 0.00 | 0.00 | 121.73 | 0.004515 | 194.29 | -0.23 |
| 2003 | TO 2006 | 48.22 | 0.003581 | 355.66 | 1.56 | 0.00 | 0.000000 | 0.00 | 0.00 | 133.39 | 0.003574 | 175.80 | 0.62 |
| 2002 | TO 2006 | 52.62 | 0.003010 | 352.53 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 141.73 | 0.003009 | 166.16 | 1.05 |
| 2001 | TO 2006 | 55.55 | 0.002576 | 348.33 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 159.97 | 0.002576 | 160.35 | 1.21 |
| 2000 | TO 2006 | 58.36 | 0.002185 | 346.97 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 174.01 | 0.002185 | 156.60 | 1.36 |
| 1999 | TO 2006 | 59.07 | 0.001976 | 349.61 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 148.46 | 0.001980 | 164.69 | 1.37 |
| 1998 | TO 2006 | 60.88 | 0.001811 | 347.42 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 150.52 | 0.001815 | 163.77 | 1.45 |
| 1997 | TO 2006 | 62.43 | 0.001663 | 346.80 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 161.77 | 0.001669 | 162.27 | 1.46 |
| 1996 | TO 2006 | 63.58 | 0.001585 | 348.40 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 168.39 | 0.001592 | 162.42 | 1.44 |
| 1995 | TO 2006 | 64.67 | 0.001309 | 347.15 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 206.38 | 0.001314 | 158.69 | 1.32 |
| 1994 | TO 2006 | 65.58 | 0.001257 | 345.38 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 285.42 | 0.001263 | 139.62 | 1.13 |
| 1993 | TO 2006 | 58.38 | 0.001332 | 341.72 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 | TO 2006 | 58.49 | 0.001302 | 342.81 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 | TO 2006 | 59.11 | 0.001221 | 342.61 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 | TO 2006 | 59.54 | 0.001190 | 341.78 | 1.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 | TO 2006 | 59.88 | 0.001167 | 341.50 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 | TO 2006 | 60.15 | 0.001148 | 340.00 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 | TO 2006 | 60.36 | 0.001134 | 340.45 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 | TO 2006 | 60.21 | 0.001125 | 339.63 | 1.77 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 | TO 2006 | 60.33 | 0.001113 | 338.99 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 | TO 2006 | 60.41 | 0.001102 | 338.55 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 | TO 2006 | 60.46 | 0.001092 | 338.23 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 | TO 2006 | 60.51 | 0.001083 | 337.98 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 | TO 2006 | 60.54 | 0.001074 | 337.82 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 | TO 2006 | 60.56 | 0.001067 | 337.70 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 | TO 2006 | 60.58 | 0.001060 | 337.55 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 | TO 2006 | 60.61 | 0.001053 | 337.41 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 | TO 2006 | 60.65 | 0.001047 | 338.85 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 | TO 2006 | 60.63 | 0.001042 | 338.97 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 | TO 2006 | 60.65 | 0.001038 | 338.83 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1367000 UNDERGROUND CONDUCTORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1956 TO 1965 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 47.49 | 0.000875 | 156.87 | 3.21 |
| 1957 TO 1966 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.19 | 0.000785 | 155.52 | 3.48 |
| 1958 TO 1967 | 35.51 | 0.002814 | 409.69 | 0.96 | 0.00 | 0.000000 | 0.00 | 0.00 | 38.70 | 0.002467 | 179.61 | 1.71 |
| 1959 TO 1968 | 27.89 | 0.003168 | 381.80 | 1.24 | 0.00 | 0.000000 | 0.00 | 0.00 | 34.54 | 0.002588 | 201.19 | 1.11 |
| 1960 TO 1969 | 27.69 | 0.003060 | 359.34 | 1.48 | 0.00 | 0.000000 | 0.00 | 0.00 | 34.81 | 0.002726 | 216.88 | 0.96 |
| 1961 TO 1970 | 28.21 | 0.002839 | 352.72 | 1.58 | 0.00 | 0.000000 | 0.00 | 0.00 | 38.49 | 0.002626 | 237.71 | 0.56 |
| 1962 TO 1971 | 29.57 | 0.002424 | 353.43 | 1.58 | 0.00 | 0.000000 | 0.00 | 0.00 | 40.94 | 0.002268 | 223.51 | 0.87 |
| 1963 TO 1972 | 31.16 | 0.001957 | 351.40 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 53.26 | 0.001856 | 222.49 | 0.40 |
| 1964 TO 1973 | 34.84 | 0.001571 | 348.72 | 1.63 | 0.00 | 0.000000 | 0.00 | 0.00 | 98.52 | 0.001522 | 199.45 | -0.08 |
| 1965 TO 1974 | 29.18 | 0.001633 | 341.04 | 1.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 29.13 | 0.001349 | 338.19 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 31.48 | 0.001104 | 338.27 | 1.77 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 38.06 | 0.000915 | 340.22 | 1.75 | 37.60 | 0.000924 | 328.45 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 43.19 | 0.000899 | 339.22 | 1.76 | 36.92 | 0.000902 | 261.37 | 2.35 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 42.32 | 0.000911 | 339.08 | 1.77 | 37.80 | 0.000919 | 273.80 | 2.20 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 45.87 | 0.000736 | 339.01 | 1.77 | 39.69 | 0.000742 | 268.35 | 2.27 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 45.97 | 0.000808 | 336.12 | 1.80 | 37.21 | 0.000809 | 251.30 | 2.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 48.30 | 0.000701 | 338.53 | 1.79 | 39.06 | 0.000702 | 252.20 | 2.47 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 54.59 | 0.000811 | 343.48 | 1.71 | 37.40 | 0.000796 | 233.94 | 2.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 63.54 | 0.000660 | 347.01 | 1.67 | 42.96 | 0.000656 | 238.58 | 2.66 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 67.75 | 0.000522 | 346.12 | 1.69 | 44.15 | 0.000515 | 234.43 | 2.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 60.92 | 0.000573 | 345.53 | 1.69 | 45.14 | 0.000573 | 247.00 | 2.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 70.27 | 0.000506 | 352.21 | 1.61 | 50.01 | 0.000506 | 246.96 | 2.48 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 55.05 | 0.000813 | 342.44 | 1.73 | 47.27 | 0.000820 | 269.73 | 2.23 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 44.00 | 0.001014 | 330.69 | 1.88 | 37.20 | 0.001022 | 248.63 | 2.54 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 48.40 | 0.000873 | 335.75 | 1.81 | 41.55 | 0.000881 | 258.73 | 2.38 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 53.96 | 0.000777 | 341.90 | 1.74 | 49.68 | 0.000784 | 290.88 | 2.05 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 59.15 | 0.000672 | 345.74 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 55.32 | 0.000636 | 340.74 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 61.30 | 0.000560 | 346.64 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 66.83 | 0.000502 | 352.41 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 75.98 | 0.000476 | 361.28 | 1.49 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 81.70 | 0.000438 | 365.37 | 1.45 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 99.13 | 0.000380 | 376.76 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 146.64 | 0.000314 | 271.75 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 207.53 | 0.000310 | 131.79 | 3.93 |
| 1991 TO 2000 | 175.99 | 0.000282 | 226.43 | 1.13 | 0.00 | 0.000000 | 0.00 | 0.00 | 373.60 | 0.000278 | 106.66 | 4.14 |
| 1992 TO 2001 | 196.16 | 0.000262 | 203.15 | 1.17 | 0.00 | 0.000000 | 0.00 | 0.00 | 376.00 | 0.000259 | 105.99 | 4.13 |
| 1993 TO 2002 | 166.97 | 0.000248 | 238.66 | 1.14 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 143.14 | 0.000176 | 169.41 | 3.50 |
| 1995 TO 2004 | 284.99 | 0.000165 | 139.83 | 1.85 | 0.00 | 0.000000 | 0.00 | 0.00 | 105.06 | 0.000164 | 169.91 | 3.58 |
| 1996 TO 2005 | 90.91 | 0.000480 | 361.33 | 1.50 | 63.64 | 0.000476 | 239.61 | 2.52 | 58.37 | 0.000479 | 203.01 | 2.92 |
| 1997 TO 2006 | 50.03 | 0.001297 | 346.81 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1367000 UNDERGROUND CONDUCTORS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIRST DEGREE FIT INDEX | FIRST DEGREE TERMINAL A/L RATIO (PERCENT) | FIRST DEGREE EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | SECOND DEGREE FIT INDEX | SECOND DEGREE TERMINAL A/L RATIO (PERCENT) | SECOND DEGREE EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | THIRD DEGREE FIT INDEX | THIRD DEGREE TERMINAL A/L RATIO (PERCENT) | THIRD DEGREE EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 TO 2006 | 22.25 | 0.011523 | 370.84 | 1.33 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2005 TO 2006 | 28.68 | 0.005058 | 350.38 | 1.59 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2004 TO 2006 | 34.10 | 0.003521 | 350.48 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2003 TO 2006 | 38.29 | 0.002750 | 351.27 | 1.62 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2002 TO 2006 | 41.29 | 0.002332 | 347.50 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2001 TO 2006 | 43.85 | 0.001974 | 345.52 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2000 TO 2006 | 46.07 | 0.001705 | 344.03 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 47.49 | 0.001538 | 344.27 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 48.82 | 0.001392 | 347.16 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 50.03 | 0.001297 | 346.81 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 51.13 | 0.001209 | 349.11 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 51.99 | 0.001128 | 349.10 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 52.84 | 0.001068 | 349.17 | 1.64 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 52.65 | 0.001007 | 348.53 | 1.65 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 53.13 | 0.000953 | 347.27 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 53.55 | 0.000911 | 348.28 | 1.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 53.86 | 0.000876 | 346.28 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 53.06 | 0.000856 | 347.75 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 52.76 | 0.000842 | 345.90 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 52.97 | 0.000829 | 346.43 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 52.95 | 0.000822 | 346.56 | 1.67 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 53.01 | 0.000813 | 346.16 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 53.07 | 0.000804 | 345.78 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 53.17 | 0.000796 | 347.03 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 53.18 | 0.000790 | 346.96 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 53.14 | 0.000784 | 345.30 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 53.14 | 0.000781 | 345.34 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 53.11 | 0.000776 | 345.48 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 53.10 | 0.000773 | 345.59 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 53.10 | 0.000770 | 345.58 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 53.09 | 0.000768 | 345.64 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 53.09 | 0.000766 | 345.63 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 53.06 | 0.000766 | 345.83 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 53.06 | 0.000765 | 345.82 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 53.07 | 0.000764 | 345.78 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 53.08 | 0.000763 | 345.73 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 53.07 | 0.000763 | 345.75 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 53.07 | 0.000762 | 345.78 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 53.06 | 0.000762 | 345.82 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 53.06 | 0.000762 | 345.85 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 53.06 | 0.000762 | 345.85 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 53.06 | 0.000762 | 345.84 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 53.06 | 0.000761 | 345.83 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 53.06 | 0.000761 | 345.83 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 53.06 | 0.000761 | 345.82 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 53.06 | 0.000761 | 345.81 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 53.07 | 0.000761 | 345.80 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 53.07 | 0.000761 | 345.78 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 53.07 | 0.000761 | 345.78 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 53.07 | 0.000761 | 345.77 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 53.07 | 0.000761 | 345.77 | 1.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1368100 LINE TRANSFORMERS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 TO 1961 | 33.66 | 0.000911 | 334.18 | 1.84 | 33.32 | 0.000676 | 241.58 | 2.43 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 32.82 | 0.000890 | 330.64 | 1.88 | 32.76 | 0.000700 | 245.74 | 2.41 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 33.25 | 0.000885 | 329.36 | 1.90 | 33.20 | 0.000679 | 242.49 | 2.48 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 33.14 | 0.000869 | 324.38 | 1.93 | 33.19 | 0.000646 | 239.52 | 2.52 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 32.45 | 0.001054 | 325.12 | 1.92 | 32.62 | 0.000705 | 234.49 | 2.54 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 32.09 | 0.001104 | 325.61 | 1.94 | 32.32 | 0.000708 | 233.62 | 2.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 31.82 | 0.001155 | 334.75 | 1.82 | 31.71 | 0.000711 | 238.08 | 2.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 30.41 | 0.001200 | 333.78 | 1.81 | 30.51 | 0.000707 | 240.89 | 2.33 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 29.52 | 0.001090 | 333.66 | 1.81 | 29.60 | 0.000702 | 251.72 | 2.24 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 31.29 | 0.001004 | 337.19 | 1.79 | 30.92 | 0.000648 | 247.39 | 2.30 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 33.96 | 0.000849 | 337.16 | 1.79 | 32.92 | 0.000581 | 244.57 | 2.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 32.87 | 0.000691 | 348.38 | 1.65 | 31.87 | 0.000509 | 265.18 | 2.07 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 33.22 | 0.000602 | 350.72 | 1.62 | 32.19 | 0.000494 | 278.02 | 1.99 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 33.68 | 0.000533 | 351.81 | 1.59 | 32.69 | 0.000477 | 289.08 | 1.90 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 31.36 | 0.000428 | 352.41 | 1.60 | 31.34 | 0.000431 | 349.44 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 33.61 | 0.000379 | 352.62 | 1.59 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 34.64 | 0.000338 | 350.79 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 37.10 | 0.000308 | 354.43 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 32.58 | 0.000511 | 342.18 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 29.94 | 0.000689 | 338.98 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 30.47 | 0.001091 | 408.53 | 0.88 |
| 1972 TO 1981 | 28.52 | 0.001130 | 369.96 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 | 32.88 | 0.001077 | 409.06 | 0.83 |
| 1973 TO 1982 | 30.56 | 0.001096 | 374.70 | 1.34 | 0.00 | 0.000000 | 0.00 | 0.00 | 35.08 | 0.001095 | 437.55 | 0.75 |
| 1974 TO 1983 | 32.56 | 0.001097 | 379.35 | 1.27 | 0.00 | 0.000000 | 0.00 | 0.00 | 37.16 | 0.001117 | 407.65 | 0.84 |
| 1975 TO 1984 | 35.19 | 0.001108 | 390.73 | 1.15 | 0.00 | 0.000000 | 0.00 | 0.00 | 40.73 | 0.001112 | 344.97 | 0.95 |
| 1976 TO 1985 | 40.04 | 0.001099 | 413.39 | 0.92 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 36.95 | 0.001159 | 420.81 | 0.87 | 35.63 | 0.001164 | 357.82 | 1.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 39.06 | 0.001134 | 444.17 | 0.65 | 36.55 | 0.001137 | 346.06 | 1.03 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 40.22 | 0.001148 | 471.10 | 0.41 | 35.88 | 0.001142 | 327.47 | 1.03 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 43.09 | 0.001183 | 490.82 | 0.26 | 36.53 | 0.001167 | 310.66 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 41.25 | 0.001360 | 478.81 | 0.35 | 34.20 | 0.001307 | 290.93 | 1.25 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 40.48 | 0.000818 | 408.89 | 0.99 | 35.43 | 0.000732 | 280.80 | 1.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 40.26 | 0.000803 | 413.61 | 0.93 | 35.60 | 0.000736 | 287.93 | 1.50 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 40.02 | 0.000799 | 418.53 | 0.89 | 35.58 | 0.000737 | 290.91 | 1.46 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 39.21 | 0.000756 | 419.55 | 0.88 | 35.32 | 0.000700 | 295.89 | 1.41 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 39.70 | 0.000722 | 419.39 | 0.88 | 36.04 | 0.000679 | 301.09 | 1.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 44.44 | 0.000565 | 417.44 | 0.90 | 39.82 | 0.000534 | 300.11 | 1.44 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 48.05 | 0.000538 | 417.28 | 0.89 | 42.87 | 0.000520 | 302.05 | 1.44 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 50.41 | 0.000473 | 409.61 | 0.98 | 45.64 | 0.000463 | 305.68 | 1.46 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 57.61 | 0.000394 | 420.95 | 0.87 | 52.30 | 0.000392 | 322.17 | 1.32 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 55.92 | 0.000292 | 410.41 | 0.97 | 53.25 | 0.000292 | 348.35 | 1.22 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 55.53 | 0.000277 | 398.92 | 1.07 | 54.53 | 0.000279 | 371.37 | 1.17 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 54.18 | 0.000257 | 394.09 | 1.12 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 53.88 | 0.000242 | 394.38 | 1.13 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 47.32 | 0.000692 | 398.36 | 1.08 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 46.95 | 0.000665 | 405.72 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 103.30 | 0.000660 | 385.76 | -2.60 |
| 1997 TO 2006 | 44.90 | 0.000659 | 408.70 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 46.28 | 0.000652 | 316.54 | 0.98 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1368100 LINE TRANSFORMERS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 | TO 2006 | 43.45 | 0.000825 | 385.47 | 1.22 | 42.94 | 0.000828 | 357.44 | 1.30 | 41.09 | 0.000732 | 242.18 | 1.65 |
| 2005 | TO 2006 | 44.60 | 0.000497 | 413.72 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.10 | 0.000453 | 268.00 | 1.30 |
| 2004 | TO 2006 | 35.20 | 0.002622 | 455.93 | 0.55 | 0.00 | 0.000000 | 0.00 | 0.00 | 36.35 | 0.002605 | 314.97 | 0.62 |
| 2003 | TO 2006 | 37.56 | 0.001606 | 443.26 | 0.65 | 0.00 | 0.000000 | 0.00 | 0.00 | 38.76 | 0.001577 | 308.28 | 0.72 |
| 2002 | TO 2006 | 38.48 | 0.001201 | 443.11 | 0.66 | 0.00 | 0.000000 | 0.00 | 0.00 | 39.83 | 0.001167 | 310.07 | 0.71 |
| 2001 | TO 2006 | 39.50 | 0.001002 | 436.66 | 0.71 | 0.00 | 0.000000 | 0.00 | 0.00 | 41.15 | 0.000967 | 312.27 | 0.72 |
| 2000 | TO 2006 | 38.78 | 0.000871 | 437.09 | 0.71 | 0.00 | 0.000000 | 0.00 | 0.00 | 40.44 | 0.000837 | 322.68 | 0.68 |
| 1999 | TO 2006 | 41.32 | 0.000757 | 427.11 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 42.89 | 0.000733 | 315.89 | 0.82 |
| 1998 | TO 2006 | 42.92 | 0.000702 | 415.91 | 0.90 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.43 | 0.000687 | 316.25 | 0.90 |
| 1997 | TO 2006 | 44.90 | 0.000659 | 408.70 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 46.28 | 0.000652 | 316.54 | 0.98 |
| 1996 | TO 2006 | 46.43 | 0.000598 | 403.85 | 1.04 | 0.00 | 0.000000 | 0.00 | 0.00 | 47.77 | 0.000595 | 319.26 | 1.03 |
| 1995 | TO 2006 | 46.73 | 0.000556 | 401.20 | 1.06 | 0.00 | 0.000000 | 0.00 | 0.00 | 48.34 | 0.000554 | 332.01 | 1.00 |
| 1994 | TO 2006 | 46.48 | 0.000531 | 401.25 | 1.05 | 0.00 | 0.000000 | 0.00 | 0.00 | 48.43 | 0.000530 | 364.41 | 0.88 |
| 1993 | TO 2006 | 46.42 | 0.000510 | 401.74 | 1.05 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.85 | 0.000511 | 610.78 | 0.43 |
| 1992 | TO 2006 | 46.32 | 0.000500 | 404.81 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 | 51.66 | 0.000502 | 771.35 | -1.61 |
| 1991 | TO 2006 | 46.02 | 0.000487 | 409.61 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 | TO 2006 | 44.94 | 0.000482 | 412.74 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 | TO 2006 | 44.50 | 0.000465 | 410.08 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 | TO 2006 | 44.54 | 0.000459 | 411.95 | 0.95 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 | TO 2006 | 44.71 | 0.000452 | 412.65 | 0.93 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 | TO 2006 | 44.16 | 0.000473 | 417.77 | 0.89 | 44.16 | 0.000475 | 417.82 | 0.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 | TO 2006 | 44.40 | 0.000466 | 415.58 | 0.90 | 44.18 | 0.000468 | 404.04 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 | TO 2006 | 44.70 | 0.000465 | 415.01 | 0.92 | 44.16 | 0.000467 | 388.37 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 | TO 2006 | 44.90 | 0.000457 | 413.15 | 0.94 | 44.25 | 0.000459 | 383.08 | 1.03 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 | TO 2006 | 45.05 | 0.000451 | 411.79 | 0.94 | 44.26 | 0.000453 | 376.22 | 1.06 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 | TO 2006 | 44.92 | 0.000529 | 435.22 | 0.74 | 43.52 | 0.000530 | 375.67 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 | TO 2006 | 44.37 | 0.000503 | 433.89 | 0.74 | 43.68 | 0.000506 | 399.47 | 0.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 | TO 2006 | 43.66 | 0.000494 | 429.50 | 0.78 | 43.46 | 0.000496 | 419.93 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 | TO 2006 | 43.70 | 0.000488 | 426.76 | 0.80 | 43.67 | 0.000490 | 424.82 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 | TO 2006 | 43.68 | 0.000483 | 424.64 | 0.82 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 | TO 2006 | 43.75 | 0.000477 | 421.72 | 0.86 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 | TO 2006 | 43.43 | 0.000468 | 420.24 | 0.87 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 | TO 2006 | 43.40 | 0.000460 | 418.25 | 0.89 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 | TO 2006 | 43.37 | 0.000454 | 416.16 | 0.90 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 | TO 2006 | 43.28 | 0.000448 | 417.05 | 0.89 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 | TO 2006 | 43.34 | 0.000446 | 416.45 | 0.90 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 | TO 2006 | 43.39 | 0.000443 | 415.98 | 0.92 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 | TO 2006 | 43.27 | 0.000442 | 414.87 | 0.92 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 | TO 2006 | 43.17 | 0.000441 | 413.47 | 0.93 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 | TO 2006 | 43.14 | 0.000440 | 413.79 | 0.93 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 | TO 2006 | 43.10 | 0.000440 | 414.17 | 0.93 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 | TO 2006 | 43.02 | 0.000439 | 412.63 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 | TO 2006 | 43.00 | 0.000437 | 412.77 | 0.94 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 | TO 2006 | 43.00 | 0.000437 | 410.51 | 0.95 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 | TO 2006 | 42.97 | 0.000436 | 410.78 | 0.95 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 | TO 2006 | 42.93 | 0.000435 | 411.16 | 0.96 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 | TO 2006 | 42.91 | 0.000435 | 411.36 | 0.96 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 | TO 2006 | 42.87 | 0.000435 | 409.42 | 0.96 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 | TO 2006 | 42.86 | 0.000434 | 409.45 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 | TO 2006 | 42.85 | 0.000434 | 409.62 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 | TO 2006 | 42.84 | 0.000433 | 409.69 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 | TO 2006 | 42.79 | 0.000433 | 410.10 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 | TO 2006 | 42.80 | 0.000432 | 410.07 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1368100 LINE TRANSFORMERS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 42.79 | 0.000432 | 410.11 | 0.97 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 42.80 | 0.000432 | 410.03 | 0.98 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369100 SERVICES OVERHEAD PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1952 TO 1961 | 29.00 | 0.000944 | 384.47 | 1.22 | 28.69 | 0.000549 | 266.62 | 1.73 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 28.66 | 0.000916 | 382.02 | 1.24 | 28.43 | 0.000547 | 272.60 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 28.91 | 0.000873 | 382.17 | 1.25 | 28.60 | 0.000539 | 274.52 | 1.69 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 29.80 | 0.000769 | 384.24 | 1.23 | 29.24 | 0.000501 | 278.76 | 1.65 | 29.22 | 0.000504 | 272.08 | 1.67 |
| 1956 TO 1965 | 29.83 | 0.000723 | 380.44 | 1.24 | 29.23 | 0.000490 | 285.65 | 1.62 | 29.22 | 0.000492 | 275.53 | 1.64 |
| 1957 TO 1966 | 27.45 | 0.001263 | 362.54 | 1.46 | 27.31 | 0.001130 | 287.43 | 1.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 27.73 | 0.001206 | 358.88 | 1.50 | 27.51 | 0.001108 | 292.64 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 28.11 | 0.001149 | 357.52 | 1.52 | 27.82 | 0.001083 | 296.51 | 1.71 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 28.96 | 0.001084 | 353.95 | 1.57 | 28.58 | 0.001031 | 295.68 | 1.75 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 29.47 | 0.001030 | 351.15 | 1.60 | 29.07 | 0.000995 | 301.05 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 30.14 | 0.000989 | 350.08 | 1.62 | 29.68 | 0.000962 | 301.59 | 1.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 29.61 | 0.000988 | 346.22 | 1.66 | 29.30 | 0.000979 | 312.31 | 1.76 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 28.42 | 0.001126 | 339.60 | 1.74 | 28.27 | 0.001128 | 316.64 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 28.58 | 0.001152 | 337.68 | 1.77 | 28.42 | 0.001158 | 311.41 | 1.85 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 29.03 | 0.001232 | 335.86 | 1.78 | 28.80 | 0.001234 | 307.25 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 30.97 | 0.000952 | 343.93 | 1.70 | 30.63 | 0.000951 | 315.04 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 32.08 | 0.000912 | 341.30 | 1.71 | 31.55 | 0.000903 | 305.89 | 1.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 33.52 | 0.000837 | 344.62 | 1.70 | 32.72 | 0.000820 | 298.00 | 1.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 34.92 | 0.000769 | 345.11 | 1.69 | 33.82 | 0.000743 | 291.28 | 1.90 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 36.63 | 0.000709 | 345.38 | 1.68 | 35.07 | 0.000669 | 283.69 | 1.95 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 38.39 | 0.000639 | 347.75 | 1.66 | 36.37 | 0.000589 | 279.10 | 1.97 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 41.65 | 0.000591 | 349.37 | 1.64 | 38.49 | 0.000518 | 268.92 | 2.06 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 47.24 | 0.000534 | 354.54 | 1.58 | 41.73 | 0.000437 | 255.21 | 2.16 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 52.92 | 0.000465 | 359.98 | 1.52 | 44.86 | 0.000365 | 250.75 | 2.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 57.64 | 0.000415 | 359.96 | 1.51 | 47.42 | 0.000313 | 245.70 | 2.29 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 65.62 | 0.000343 | 361.93 | 1.48 | 51.51 | 0.000251 | 241.69 | 2.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 70.51 | 0.000327 | 363.79 | 1.47 | 53.68 | 0.000238 | 237.52 | 2.42 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 75.72 | 0.000343 | 371.76 | 1.37 | 54.41 | 0.000237 | 234.33 | 2.45 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 80.02 | 0.000340 | 375.54 | 1.33 | 55.85 | 0.000239 | 231.88 | 2.48 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 84.58 | 0.000345 | 378.92 | 1.30 | 57.04 | 0.000245 | 228.81 | 2.52 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 92.02 | 0.000316 | 381.98 | 1.27 | 59.52 | 0.000222 | 227.66 | 2.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 97.84 | 0.000305 | 388.90 | 1.18 | 60.71 | 0.000212 | 226.49 | 2.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 1993 | 104.08 | 0.000285 | 382.87 | 1.12 | 62.58 | 0.000200 | 227.69 | 2.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 105.96 | 0.000277 | 376.10 | 1.14 | 63.50 | 0.000191 | 226.00 | 2.59 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 113.40 | 0.000252 | 351.40 | 1.12 | 65.65 | 0.000168 | 224.67 | 2.62 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 114.19 | 0.000240 | 348.97 | 1.08 | 66.30 | 0.000157 | 225.50 | 2.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 126.79 | 0.000211 | 314.31 | 0.99 | 69.28 | 0.000135 | 225.88 | 2.56 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 134.86 | 0.000174 | 295.50 | 1.02 | 73.84 | 0.000118 | 228.21 | 2.53 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 147.91 | 0.000153 | 269.41 | 0.97 | 77.37 | 0.000105 | 229.41 | 2.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 157.67 | 0.000133 | 252.74 | 0.95 | 81.08 | 0.000093 | 231.26 | 2.46 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2001 | 173.70 | 0.000120 | 229.42 | 0.86 | 84.33 | 0.000087 | 234.20 | 2.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2002 | 176.12 | 0.000106 | 226.27 | 0.90 | 89.98 | 0.000085 | 239.49 | 2.29 | 86.26 | 0.000085 | 218.52 | 2.46 |
| 1994 TO 2003 | 182.90 | 0.000091 | 217.88 | 0.95 | 95.21 | 0.000076 | 242.09 | 2.25 | 90.12 | 0.000076 | 216.94 | 2.46 |
| 1995 TO 2004 | 178.89 | 0.000113 | 222.76 | 0.94 | 89.04 | 0.000085 | 234.15 | 2.36 | 80.68 | 0.000079 | 196.45 | 2.76 |
| 1996 TO 2005 | 163.29 | 0.000538 | 244.05 | 0.54 | 88.37 | 0.000537 | 249.53 | 2.00 | 73.27 | 0.000531 | 186.30 | 2.70 |
| 1997 TO 2006 | 135.92 | 0.000540 | 293.20 | 0.67 | 81.54 | 0.000535 | 245.88 | 2.05 | 70.46 | 0.000525 | 186.64 | 2.70 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369100 SERVICES OVERHEAD PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 83.82 | 0.001395 | 357.33 | 1.54 | 65.79 | 0.001386 | 236.36 | 2.27 | 62.46 | 0.001378 | 189.71 | 2.77 |
| 2005 TO 2006 | 90.90 | 0.001965 | 438.41 | -0.31 | 65.03 | 0.001972 | 289.86 | 1.23 | 56.76 | 0.001945 | 194.66 | 2.04 |
| 2004 TO 2006 | 96.70 | 0.001357 | 412.11 | 0.47 | 66.71 | 0.001356 | 258.60 | 1.69 | 60.21 | 0.001326 | 188.49 | 2.37 |
| 2003 TO 2006 | 107.03 | 0.001058 | 372.32 | 0.57 | 71.74 | 0.001056 | 254.39 | 1.82 | 63.60 | 0.001033 | 186.33 | 2.51 |
| 2002 TO 2006 | 113.59 | 0.000886 | 350.82 | 0.60 | 74.67 | 0.000884 | 252.45 | 1.87 | 65.50 | 0.000865 | 187.02 | 2.57 |
| 2001 TO 2006 | 125.23 | 0.000774 | 318.21 | 0.43 | 76.33 | 0.000770 | 250.90 | 1.88 | 66.60 | 0.000754 | 186.95 | 2.55 |
| 2000 TO 2006 | 127.04 | 0.000694 | 313.69 | 0.52 | 77.70 | 0.000691 | 249.03 | 1.93 | 67.71 | 0.000676 | 186.82 | 2.59 |
| 1999 TO 2006 | 130.59 | 0.000632 | 305.14 | 0.57 | 79.14 | 0.000628 | 248.29 | 1.97 | 68.72 | 0.000615 | 186.99 | 2.63 |
| 1998 TO 2006 | 134.45 | 0.000583 | 296.39 | 0.61 | 80.40 | 0.000579 | 246.88 | 2.01 | 69.68 | 0.000568 | 187.28 | 2.66 |
| 1997 TO 2006 | 135.92 | 0.000540 | 293.20 | 0.67 | 81.54 | 0.000535 | 245.88 | 2.05 | 70.46 | 0.000525 | 186.64 | 2.70 |
| 1996 TO 2006 | 134.98 | 0.000504 | 295.22 | 0.72 | 81.56 | 0.000499 | 245.82 | 2.08 | 70.71 | 0.000490 | 187.39 | 2.71 |
| 1995 TO 2006 | 131.60 | 0.000476 | 302.81 | 0.83 | 82.26 | 0.000471 | 246.17 | 2.11 | 71.14 | 0.000461 | 187.67 | 2.76 |
| 1994 TO 2006 | 128.61 | 0.000450 | 309.84 | 0.91 | 82.05 | 0.000445 | 245.57 | 2.15 | 71.32 | 0.000436 | 187.18 | 2.78 |
| 1993 TO 2006 | 129.00 | 0.000428 | 308.91 | 0.89 | 81.49 | 0.000422 | 244.83 | 2.16 | 71.25 | 0.000414 | 188.78 | 2.76 |
| 1992 TO 2006 | 129.48 | 0.000409 | 307.76 | 0.86 | 80.23 | 0.000401 | 243.67 | 2.17 | 71.09 | 0.000394 | 192.02 | 2.70 |
| 1991 TO 2006 | 128.73 | 0.000392 | 309.57 | 0.89 | 80.33 | 0.000383 | 243.36 | 2.19 | 71.20 | 0.000376 | 191.71 | 2.72 |
| 1990 TO 2006 | 126.81 | 0.000375 | 314.24 | 0.91 | 79.49 | 0.000365 | 242.17 | 2.20 | 71.07 | 0.000359 | 193.48 | 2.69 |
| 1989 TO 2006 | 125.31 | 0.000360 | 318.01 | 0.92 | 79.03 | 0.000349 | 242.33 | 2.20 | 71.03 | 0.000344 | 194.99 | 2.67 |
| 1988 TO 2006 | 126.57 | 0.000351 | 314.84 | 0.87 | 77.68 | 0.000337 | 241.38 | 2.22 | 70.85 | 0.000333 | 198.30 | 2.62 |
| 1987 TO 2006 | 124.41 | 0.000340 | 320.30 | 0.90 | 77.42 | 0.000326 | 240.88 | 2.22 | 70.82 | 0.000322 | 198.38 | 2.61 |
| 1986 TO 2006 | 124.29 | 0.000332 | 320.63 | 0.93 | 77.68 | 0.000317 | 241.36 | 2.23 | 71.04 | 0.000314 | 197.78 | 2.64 |
| 1985 TO 2006 | 122.31 | 0.000324 | 325.81 | 0.95 | 77.47 | 0.000309 | 242.02 | 2.23 | 70.95 | 0.000306 | 199.43 | 2.63 |
| 1984 TO 2006 | 121.78 | 0.000317 | 327.22 | 0.96 | 77.39 | 0.000302 | 242.29 | 2.23 | 71.05 | 0.000299 | 199.15 | 2.62 |
| 1983 TO 2006 | 120.43 | 0.000310 | 330.90 | 0.96 | 76.97 | 0.000295 | 242.30 | 2.23 | 71.05 | 0.000292 | 201.97 | 2.59 |
| 1982 TO 2006 | 118.76 | 0.000303 | 335.54 | 0.97 | 76.60 | 0.000287 | 242.18 | 2.22 | 70.98 | 0.000285 | 203.58 | 2.57 |
| 1981 TO 2006 | 117.31 | 0.000297 | 339.69 | 0.97 | 76.35 | 0.000281 | 242.97 | 2.20 | 70.92 | 0.000279 | 205.15 | 2.54 |
| 1980 TO 2006 | 115.56 | 0.000291 | 344.83 | 0.97 | 76.08 | 0.000275 | 245.13 | 2.19 | 70.82 | 0.000273 | 205.44 | 2.51 |
| 1979 TO 2006 | 114.11 | 0.000285 | 349.24 | 0.97 | 75.91 | 0.000269 | 245.69 | 2.17 | 70.76 | 0.000268 | 207.03 | 2.49 |
| 1978 TO 2006 | 112.92 | 0.000280 | 352.89 | 0.97 | 75.77 | 0.000265 | 247.47 | 2.15 | 70.68 | 0.000263 | 208.69 | 2.47 |
| 1977 TO 2006 | 111.20 | 0.000275 | 358.36 | 0.96 | 75.54 | 0.000260 | 248.20 | 2.12 | 70.51 | 0.000259 | 209.20 | 2.44 |
| 1976 TO 2006 | 109.25 | 0.000271 | 364.77 | 0.95 | 75.39 | 0.000257 | 251.36 | 2.08 | 70.31 | 0.000256 | 211.20 | 2.40 |
| 1975 TO 2006 | 107.51 | 0.000267 | 370.66 | 0.93 | 75.17 | 0.000254 | 253.43 | 2.04 | 70.03 | 0.000253 | 212.04 | 2.36 |
| 1974 TO 2006 | 105.04 | 0.000264 | 379.36 | 0.92 | 75.23 | 0.000253 | 258.54 | 1.98 | 69.59 | 0.000251 | 213.38 | 2.33 |
| 1973 TO 2006 | 101.56 | 0.000265 | 392.39 | 0.90 | 75.59 | 0.000257 | 266.57 | 1.88 | 68.82 | 0.000254 | 212.86 | 2.28 |
| 1972 TO 2006 | 99.71 | 0.000271 | 399.67 | 0.87 | 75.96 | 0.000266 | 271.85 | 1.80 | 68.23 | 0.000263 | 211.78 | 2.25 |
| 1971 TO 2006 | 98.94 | 0.000274 | 402.78 | 0.86 | 76.00 | 0.000270 | 274.33 | 1.77 | 67.95 | 0.000266 | 211.20 | 2.24 |
| 1970 TO 2006 | 98.10 | 0.000276 | 406.23 | 0.84 | 76.15 | 0.000273 | 277.75 | 1.73 | 67.63 | 0.000268 | 210.70 | 2.23 |
| 1969 TO 2006 | 97.43 | 0.000274 | 409.00 | 0.84 | 76.21 | 0.000271 | 280.13 | 1.71 | 67.42 | 0.000266 | 211.35 | 2.22 |
| 1968 TO 2006 | 96.96 | 0.000273 | 411.00 | 0.82 | 76.26 | 0.000270 | 281.28 | 1.68 | 67.15 | 0.000265 | 210.72 | 2.21 |
| 1967 TO 2006 | 96.49 | 0.000272 | 413.00 | 0.80 | 76.16 | 0.000269 | 284.27 | 1.65 | 66.89 | 0.000264 | 211.55 | 2.19 |
| 1966 TO 2006 | 93.47 | 0.000265 | 426.32 | 0.81 | 75.75 | 0.000263 | 289.76 | 1.60 | 66.81 | 0.000259 | 214.80 | 2.13 |
| 1965 TO 2006 | 93.02 | 0.000264 | 428.38 | 0.80 | 75.43 | 0.000262 | 289.66 | 1.59 | 66.56 | 0.000257 | 215.58 | 2.11 |
| 1964 TO 2006 | 92.63 | 0.000262 | 430.23 | 0.79 | 75.14 | 0.000260 | 290.78 | 1.58 | 66.38 | 0.000256 | 216.17 | 2.10 |
| 1963 TO 2006 | 92.34 | 0.000261 | 431.53 | 0.77 | 74.75 | 0.000259 | 290.99 | 1.57 | 66.23 | 0.000255 | 218.19 | 2.08 |
| 1962 TO 2006 | 92.07 | 0.000260 | 432.83 | 0.76 | 74.34 | 0.000257 | 289.87 | 1.57 | 66.12 | 0.000253 | 218.56 | 2.07 |
| 1961 TO 2006 | 91.90 | 0.000259 | 433.62 | 0.74 | 73.94 | 0.000256 | 290.12 | 1.57 | 66.03 | 0.000252 | 220.37 | 2.05 |
| 1960 TO 2006 | 91.66 | 0.000258 | 434.74 | 0.73 | 73.52 | 0.000254 | 289.05 | 1.57 | 65.92 | 0.000251 | 220.72 | 2.03 |
| 1959 TO 2006 | 91.56 | 0.000257 | 435.22 | 0.71 | 73.10 | 0.000253 | 289.33 | 1.57 | 65.86 | 0.000250 | 222.46 | 2.01 |
| 1958 TO 2006 | 91.40 | 0.000256 | 436.01 | 0.70 | 72.75 | 0.000252 | 287.99 | 1.57 | 65.84 | 0.000249 | 224.04 | 2.00 |
| 1957 TO 2006 | 91.27 | 0.000255 | 436.60 | 0.69 | 72.38 | 0.000251 | 288.07 | 1.57 | 65.83 | 0.000249 | 225.57 | 1.98 |
| 1956 TO 2006 | 90.98 | 0.000255 | 438.00 | 0.68 | 72.06 | 0.000250 | 287.94 | 1.57 | 65.84 | 0.000248 | 227.06 | 1.96 |
| 1955 TO 2006 | 90.61 | 0.000254 | 439.79 | 0.68 | 71.91 | 0.000249 | 288.54 | 1.57 | 65.86 | 0.000247 | 228.51 | 1.95 |
| 1954 TO 2006 | 89.93 | 0.000252 | 440.91 | 0.69 | 71.68 | 0.000248 | 288.09 | 1.56 | 65.92 | 0.000247 | 229.84 | 1.93 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369100 SERVICES OVERHEAD PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 TO | 2006 | 89.56 | 0.000251 | 440.46 | 0.69 | 71.61 | 0.000247 | 289.75 | 1.56 | 65.94 | 0.000246 | 231.27 | 1.92 |
| 1952 TO | 2006 | 89.45 | 0.000251 | 439.92 | 0.69 | 71.60 | 0.000246 | 289.80 | 1.55 | 65.95 | 0.000245 | 231.22 | 1.91 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369200 SERVICES UNDERGROUND PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 TO 1961 | 37.13 | 0.001294 | 370.30 | 1.39 | 36.25 | 0.001304 | 318.61 | 1.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 36.38 | 0.001320 | 369.74 | 1.39 | 35.79 | 0.001332 | 331.06 | 1.55 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 37.01 | 0.000998 | 366.08 | 1.42 | 35.70 | 0.000988 | 289.95 | 1.80 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 36.21 | 0.000859 | 363.18 | 1.47 | 35.16 | 0.000846 | 291.53 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 35.41 | 0.000696 | 360.09 | 1.50 | 34.53 | 0.000675 | 293.95 | 1.82 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 36.31 | 0.000716 | 359.41 | 1.50 | 35.25 | 0.000694 | 287.96 | 1.86 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 37.87 | 0.000592 | 357.77 | 1.51 | 36.85 | 0.000584 | 299.86 | 1.79 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 40.52 | 0.000527 | 356.65 | 1.55 | 39.01 | 0.000517 | 293.51 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 43.98 | 0.000444 | 353.60 | 1.57 | 42.16 | 0.000440 | 297.71 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 46.67 | 0.000428 | 354.60 | 1.58 | 44.04 | 0.000422 | 287.22 | 1.95 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 50.60 | 0.000375 | 350.82 | 1.61 | 47.50 | 0.000373 | 289.48 | 1.97 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 55.75 | 0.000326 | 348.87 | 1.64 | 50.70 | 0.000322 | 277.11 | 2.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 64.54 | 0.000213 | 349.39 | 1.65 | 56.81 | 0.000209 | 271.97 | 2.18 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 78.72 | 0.000171 | 353.78 | 1.59 | 63.65 | 0.000165 | 260.01 | 2.30 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 92.99 | 0.000127 | 354.34 | 1.59 | 71.18 | 0.000123 | 256.39 | 2.36 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 111.38 | 0.000098 | 354.20 | 1.59 | 78.89 | 0.000095 | 250.34 | 2.46 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 138.32 | 0.000079 | 288.11 | 1.58 | 87.09 | 0.000076 | 244.01 | 2.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 133.15 | 0.000078 | 299.28 | 1.60 | 83.77 | 0.000074 | 242.93 | 2.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 145.79 | 0.000069 | 273.34 | 1.61 | 84.09 | 0.000064 | 238.42 | 2.69 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 142.65 | 0.000068 | 279.36 | 1.62 | 88.31 | 0.000065 | 244.03 | 2.59 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 129.26 | 0.000076 | 308.29 | 1.60 | 84.91 | 0.000074 | 247.90 | 2.51 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 120.99 | 0.000073 | 329.36 | 1.57 | 92.04 | 0.000072 | 266.73 | 2.22 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 126.41 | 0.000068 | 315.24 | 1.56 | 90.62 | 0.000067 | 259.87 | 2.31 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 140.90 | 0.000054 | 282.83 | 1.57 | 97.26 | 0.000054 | 257.56 | 2.35 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 140.94 | 0.000069 | 282.75 | 1.58 | 99.45 | 0.000068 | 258.92 | 2.33 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 145.95 | 0.000070 | 273.03 | 1.59 | 100.34 | 0.000070 | 256.63 | 2.37 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 163.71 | 0.000059 | 243.42 | 1.60 | 108.54 | 0.000059 | 254.75 | 2.39 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 217.31 | 0.000062 | 183.38 | 1.69 | 135.85 | 0.000062 | 258.01 | 2.28 | 135.64 | 0.000063 | 256.93 | 2.29 |
| 1980 TO 1989 | 259.45 | 0.000055 | 153.59 | 2.01 | 154.07 | 0.000055 | 254.75 | 2.32 | 120.56 | 0.000055 | 202.80 | 3.02 |
| 1981 TO 1990 | 315.24 | 0.000044 | 126.41 | 2.72 | 163.34 | 0.000044 | 243.98 | 2.47 | 128.53 | 0.000045 | 200.34 | 3.12 |
| 1982 TO 1991 | 347.75 | 0.000036 | 114.59 | 3.45 | 189.36 | 0.000037 | 210.44 | 2.50 | 117.09 | 0.000037 | 186.61 | 3.60 |
| 1983 TO 1992 | 364.26 | 0.000036 | 109.40 | 4.20 | 149.51 | 0.000036 | 234.43 | 2.74 | 111.67 | 0.000036 | 189.40 | 3.61 |
| 1984 TO 1993 | 0.00 | 0.000000 | 0.00 | 0.00 | 149.10 | 0.000030 | 229.04 | 2.85 | 112.56 | 0.000030 | 187.91 | 3.67 |
| 1985 TO 1994 | 0.00 | 0.000000 | 0.00 | 0.00 | 147.38 | 0.000028 | 231.03 | 2.81 | 103.48 | 0.000028 | 183.12 | 3.84 |
| 1986 TO 1995 | 0.00 | 0.000000 | 0.00 | 0.00 | 152.20 | 0.000027 | 227.66 | 2.89 | 102.13 | 0.000026 | 180.66 | 4.00 |
| 1987 TO 1996 | 0.00 | 0.000000 | 0.00 | 0.00 | 134.97 | 0.000025 | 223.38 | 2.98 | 104.86 | 0.000024 | 186.45 | 3.78 |
| 1988 TO 1997 | 0.00 | 0.000000 | 0.00 | 0.00 | 138.98 | 0.000022 | 222.69 | 3.00 | 107.92 | 0.000022 | 186.71 | 3.78 |
| 1989 TO 1998 | 0.00 | 0.000000 | 0.00 | 0.00 | 142.70 | 0.000023 | 225.30 | 2.96 | 121.06 | 0.000023 | 196.19 | 3.48 |
| 1990 TO 1999 | 0.00 | 0.000000 | 0.00 | 0.00 | 140.07 | 0.000022 | 224.52 | 2.97 | 118.39 | 0.000022 | 194.70 | 3.52 |
| 1991 TO 2000 | 0.00 | 0.000000 | 0.00 | 0.00 | 132.69 | 0.000029 | 226.47 | 2.93 | 107.10 | 0.000028 | 190.01 | 3.63 |
| 1992 TO 2001 | 340.78 | 0.000046 | 116.94 | 3.36 | 116.44 | 0.000043 | 226.29 | 2.94 | 106.37 | 0.000043 | 202.59 | 3.29 |
| 1993 TO 2002 | 267.34 | 0.000097 | 149.06 | 2.19 | 99.11 | 0.000093 | 224.50 | 2.99 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 202.79 | 0.000135 | 196.51 | 1.76 | 88.96 | 0.000129 | 223.14 | 3.03 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 155.48 | 0.000237 | 256.31 | 1.69 | 75.77 | 0.000225 | 218.41 | 3.17 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 115.33 | 0.000263 | 342.05 | 1.74 | 68.27 | 0.000244 | 218.99 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 94.38 | 0.000347 | 336.40 | 1.81 | 62.90 | 0.000324 | 220.19 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369200 SERVICES UNDERGROUND PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| YEAR YEAR | FIRST DEGREE AVERAGE SERVICE LIFE (YEARS) | FIRST DEGREE FIT INDEX | FIRST DEGREE TERMINAL A/L RATIO (PERCENT) | FIRST DEGREE EQUIV. H CURVE | SECOND DEGREE AVERAGE SERVICE LIFE (YEARS) | SECOND DEGREE FIT INDEX | SECOND DEGREE TERMINAL A/L RATIO (PERCENT) | SECOND DEGREE EQUIV. H CURVE | THIRD DEGREE AVERAGE SERVICE LIFE (YEARS) | THIRD DEGREE FIT INDEX | THIRD DEGREE TERMINAL A/L RATIO (PERCENT) | THIRD DEGREE EQUIV. H CURVE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2006 TO 2006 | 61.19 | 0.001359 | 324.41 | 1.97 | 52.00 | 0.001353 | 227.87 | 2.93 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2005 TO 2006 | 63.71 | 0.001148 | 327.26 | 1.93 | 53.29 | 0.001143 | 229.86 | 2.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2004 TO 2006 | 69.07 | 0.000798 | 327.94 | 1.92 | 54.62 | 0.000780 | 222.46 | 3.05 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2003 TO 2006 | 74.19 | 0.000583 | 329.54 | 1.90 | 56.59 | 0.000560 | 221.76 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2002 TO 2006 | 78.51 | 0.000495 | 331.80 | 1.88 | 58.02 | 0.000470 | 219.75 | 3.10 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2001 TO 2006 | 82.45 | 0.000441 | 332.93 | 1.86 | 59.39 | 0.000416 | 219.75 | 3.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2000 TO 2006 | 85.91 | 0.000407 | 334.64 | 1.85 | 60.56 | 0.000383 | 220.43 | 3.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 89.14 | 0.000380 | 334.85 | 1.83 | 61.52 | 0.000356 | 220.26 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 92.10 | 0.000362 | 336.06 | 1.82 | 62.24 | 0.000339 | 219.31 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 94.38 | 0.000347 | 336.40 | 1.81 | 62.90 | 0.000324 | 220.19 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 96.57 | 0.000335 | 337.06 | 1.80 | 63.27 | 0.000313 | 218.90 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 98.22 | 0.000324 | 337.50 | 1.80 | 63.69 | 0.000301 | 219.04 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 99.48 | 0.000314 | 338.24 | 1.79 | 64.01 | 0.000293 | 219.50 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 101.01 | 0.000307 | 339.07 | 1.78 | 64.20 | 0.000285 | 218.85 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 101.92 | 0.000300 | 338.98 | 1.78 | 64.39 | 0.000278 | 219.75 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 102.75 | 0.000294 | 339.18 | 1.78 | 64.58 | 0.000272 | 219.11 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 103.47 | 0.000289 | 339.70 | 1.78 | 64.73 | 0.000267 | 220.14 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 104.15 | 0.000284 | 339.43 | 1.78 | 64.87 | 0.000263 | 219.67 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 105.50 | 0.000281 | 340.77 | 1.76 | 64.91 | 0.000258 | 219.54 | 3.13 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 105.93 | 0.000277 | 341.28 | 1.76 | 65.04 | 0.000255 | 219.09 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 106.17 | 0.000273 | 341.42 | 1.76 | 65.16 | 0.000251 | 220.22 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 106.28 | 0.000270 | 341.07 | 1.76 | 65.27 | 0.000249 | 219.84 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 106.52 | 0.000268 | 341.26 | 1.76 | 65.35 | 0.000246 | 219.59 | 3.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 106.70 | 0.000266 | 341.62 | 1.75 | 65.41 | 0.000245 | 219.40 | 3.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 107.02 | 0.000264 | 341.54 | 1.75 | 65.46 | 0.000243 | 220.75 | 3.10 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 107.19 | 0.000263 | 341.93 | 1.74 | 65.49 | 0.000242 | 220.64 | 3.10 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 107.29 | 0.000261 | 342.54 | 1.74 | 65.54 | 0.000241 | 220.48 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 107.35 | 0.000260 | 342.33 | 1.74 | 65.58 | 0.000239 | 220.34 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 107.40 | 0.000259 | 342.17 | 1.74 | 65.61 | 0.000238 | 220.25 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 107.47 | 0.000258 | 341.97 | 1.74 | 65.64 | 0.000238 | 220.12 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 107.53 | 0.000257 | 342.71 | 1.74 | 65.67 | 0.000237 | 220.03 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 107.58 | 0.000257 | 342.54 | 1.74 | 65.69 | 0.000236 | 221.49 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 107.76 | 0.000257 | 342.89 | 1.74 | 65.69 | 0.000236 | 221.50 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 107.80 | 0.000256 | 342.77 | 1.74 | 65.71 | 0.000236 | 221.41 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 107.81 | 0.000256 | 342.73 | 1.74 | 65.72 | 0.000235 | 221.39 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 107.84 | 0.000256 | 342.63 | 1.74 | 65.74 | 0.000235 | 221.33 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 107.88 | 0.000255 | 342.51 | 1.74 | 65.73 | 0.000235 | 221.35 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 107.89 | 0.000255 | 342.49 | 1.74 | 65.75 | 0.000235 | 221.31 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 107.92 | 0.000255 | 342.40 | 1.73 | 65.75 | 0.000235 | 221.30 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 107.89 | 0.000255 | 342.48 | 1.73 | 65.74 | 0.000235 | 221.31 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 107.88 | 0.000255 | 342.51 | 1.73 | 65.73 | 0.000235 | 221.37 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 107.83 | 0.000255 | 342.66 | 1.73 | 65.70 | 0.000235 | 221.47 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 107.79 | 0.000255 | 342.80 | 1.73 | 65.68 | 0.000235 | 221.54 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 107.74 | 0.000255 | 342.95 | 1.73 | 65.65 | 0.000235 | 221.62 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 107.72 | 0.000256 | 343.01 | 1.73 | 65.64 | 0.000235 | 220.16 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 107.71 | 0.000256 | 343.04 | 1.73 | 65.62 | 0.000235 | 220.19 | 3.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 107.72 | 0.000256 | 343.03 | 1.73 | 65.61 | 0.000235 | 220.23 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 107.68 | 0.000256 | 343.15 | 1.73 | 65.60 | 0.000235 | 220.26 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 107.68 | 0.000256 | 343.14 | 1.73 | 65.60 | 0.000235 | 220.28 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 107.63 | 0.000256 | 343.31 | 1.73 | 65.58 | 0.000235 | 220.34 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 107.60 | 0.000256 | 343.40 | 1.73 | 65.57 | 0.000235 | 220.36 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 2006 | 107.58 | 0.000256 | 343.47 | 1.73 | 65.57 | 0.000235 | 220.38 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 2006 | 107.57 | 0.000255 | 343.51 | 1.73 | 65.57 | 0.000234 | 220.38 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1369200 SERVICES UNDERGROUND PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 107.52 | 0.000255 | 342.73 | 1.73 | 65.56 | 0.000234 | 220.40 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 107.52 | 0.000255 | 342.74 | 1.73 | 65.56 | 0.000234 | 220.41 | 3.08 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1370100 METERS PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 TO 1961 | 26.74 | 0.002458 | 312.29 | 2.13 | 28.35 | 0.002102 | 234.53 | 2.60 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1953 TO 1962 | 26.64 | 0.002499 | 305.95 | 2.17 | 28.50 | 0.002124 | 229.81 | 2.70 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 1963 | 26.17 | 0.002457 | 307.57 | 2.20 | 28.06 | 0.002120 | 233.46 | 2.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 1964 | 26.24 | 0.002487 | 302.96 | 2.24 | 28.27 | 0.002154 | 228.16 | 2.82 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 1965 | 26.57 | 0.002355 | 302.93 | 2.24 | 28.34 | 0.002114 | 234.62 | 2.78 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 1966 | 26.48 | 0.002308 | 300.27 | 2.25 | 27.98 | 0.002144 | 237.71 | 2.72 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 1967 | 26.97 | 0.002280 | 302.23 | 2.26 | 28.18 | 0.002186 | 243.12 | 2.67 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 1968 | 27.54 | 0.002232 | 303.24 | 2.24 | 28.36 | 0.002205 | 252.10 | 2.57 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 1969 | 28.62 | 0.002103 | 305.78 | 2.19 | 29.02 | 0.002119 | 267.06 | 2.42 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 1970 | 30.36 | 0.002038 | 311.23 | 2.14 | 30.50 | 0.002062 | 277.03 | 2.32 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 1971 | 32.58 | 0.001849 | 314.64 | 2.10 | 32.54 | 0.001870 | 290.44 | 2.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 1972 | 34.44 | 0.001719 | 320.82 | 2.02 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 1973 | 36.18 | 0.001498 | 327.56 | 1.92 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 1974 | 38.24 | 0.001273 | 330.84 | 1.87 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 1975 | 40.59 | 0.001052 | 336.32 | 1.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 1976 | 43.92 | 0.000813 | 344.91 | 1.70 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 1977 | 47.68 | 0.000650 | 351.30 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 1978 | 52.01 | 0.000512 | 358.61 | 1.52 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 1979 | 56.91 | 0.000428 | 362.85 | 1.47 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 1980 | 59.38 | 0.000375 | 359.53 | 1.51 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 1981 | 64.48 | 0.000323 | 363.66 | 1.47 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 1982 | 72.64 | 0.000254 | 364.12 | 1.46 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 1983 | 86.88 | 0.000192 | 366.61 | 1.43 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 1984 | 100.36 | 0.000147 | 372.14 | 1.37 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 1985 | 88.00 | 0.000210 | 368.73 | 1.40 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 1986 | 85.75 | 0.000270 | 363.25 | 1.48 | 78.23 | 0.000271 | 297.19 | 1.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 1987 | 86.03 | 0.000270 | 367.90 | 1.42 | 76.81 | 0.000270 | 290.98 | 1.86 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 1988 | 88.29 | 0.000248 | 369.80 | 1.40 | 77.46 | 0.000247 | 285.96 | 1.89 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 1989 | 42.92 | 0.002566 | 422.88 | 0.84 | 39.37 | 0.002556 | 290.84 | 1.43 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 1990 | 43.71 | 0.002374 | 422.14 | 0.85 | 40.07 | 0.002365 | 290.72 | 1.45 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 1991 | 43.55 | 0.002082 | 425.94 | 0.81 | 39.99 | 0.002069 | 293.81 | 1.40 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 1992 | 38.03 | 0.002458 | 429.89 | 0.77 | 0.00 | 0.000000 | 0.00 | 0.00 | 37.98 | 0.002485 | 396.27 | 0.80 |
| 1984 TO 1993 | 38.42 | 0.002358 | 430.78 | 0.76 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 1994 | 38.92 | 0.002200 | 435.50 | 0.74 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 1995 | 39.86 | 0.002001 | 455.32 | 0.56 | 39.36 | 0.002011 | 415.41 | 0.68 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 1996 | 40.44 | 0.001904 | 466.16 | 0.45 | 39.69 | 0.001914 | 411.94 | 0.63 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 1997 | 40.70 | 0.001748 | 470.46 | 0.43 | 40.04 | 0.001757 | 418.35 | 0.58 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 1998 | 41.01 | 0.001689 | 474.23 | 0.39 | 40.12 | 0.001697 | 410.05 | 0.59 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 1999 | 54.18 | 0.001125 | 473.43 | 0.40 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2000 | 55.42 | 0.000999 | 484.47 | 0.31 | 0.00 | 0.000000 | 0.00 | 0.00 | 117.56 | 0.001004 | 315.16 | -2.60 |
| 1992 TO 2001 | 57.01 | 0.000986 | 502.57 | 0.15 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.40 | 0.000987 | 300.46 | 0.24 |
| 1993 TO 2002 | 51.54 | 0.000539 | 497.68 | 0.20 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2003 | 48.92 | 0.000512 | 505.93 | 0.12 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2004 | 24.47 | 0.002292 | 361.67 | 1.47 | 24.45 | 0.002303 | 353.76 | 1.45 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2005 | 23.44 | 0.002268 | 369.05 | 1.38 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 21.53 | 0.002303 | 392.49 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1370100 METERS

PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 15.27 | 0.004853 | 684.51 | -1.40 | 0.00 | 0.000000 | 0.00 | 0.00 | 16.11 | 0.004224 | 561.78 | -2.60 |
| 2005 TO 2006 | 17.49 | 0.003384 | 597.51 | -0.65 | 0.00 | 0.000000 | 0.00 | 0.00 | 18.25 | 0.002941 | 512.31 | -2.00 |
| 2004 TO 2006 | 13.83 | 0.006453 | 343.36 | 1.67 | 13.62 | 0.006412 | 348.85 | 1.44 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2003 TO 2006 | 15.33 | 0.004941 | 361.97 | 1.39 | 15.29 | 0.004962 | 363.00 | 1.34 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2002 TO 2006 | 16.06 | 0.004048 | 382.94 | 1.19 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2001 TO 2006 | 17.42 | 0.003537 | 393.21 | 1.13 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 2000 TO 2006 | 18.75 | 0.003099 | 391.97 | 1.13 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1999 TO 2006 | 19.63 | 0.002845 | 394.86 | 1.08 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1998 TO 2006 | 20.65 | 0.002537 | 394.59 | 1.10 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 TO 2006 | 21.53 | 0.002303 | 392.49 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 TO 2006 | 22.25 | 0.002098 | 393.24 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 TO 2006 | 22.81 | 0.001937 | 396.76 | 1.08 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1994 TO 2006 | 23.47 | 0.001822 | 394.09 | 1.10 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1993 TO 2006 | 24.07 | 0.001738 | 392.64 | 1.12 | 24.07 | 0.001746 | 392.66 | 1.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1992 TO 2006 | 24.08 | 0.001705 | 396.56 | 1.09 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1991 TO 2006 | 24.53 | 0.001638 | 393.37 | 1.10 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1990 TO 2006 | 25.01 | 0.001573 | 393.86 | 1.12 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1989 TO 2006 | 24.15 | 0.001586 | 403.66 | 1.03 | 24.15 | 0.001594 | 399.57 | 1.03 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1988 TO 2006 | 24.61 | 0.001536 | 400.29 | 1.04 | 24.60 | 0.001544 | 396.30 | 1.04 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1987 TO 2006 | 24.99 | 0.001494 | 398.13 | 1.06 | 24.99 | 0.001501 | 394.23 | 1.06 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1986 TO 2006 | 25.34 | 0.001459 | 396.67 | 1.07 | 25.33 | 0.001466 | 392.84 | 1.07 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1985 TO 2006 | 25.61 | 0.001433 | 396.31 | 1.08 | 25.60 | 0.001439 | 388.65 | 1.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1984 TO 2006 | 25.92 | 0.001408 | 395.46 | 1.10 | 25.91 | 0.001414 | 387.92 | 1.10 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1983 TO 2006 | 26.21 | 0.001384 | 394.83 | 1.11 | 26.20 | 0.001390 | 383.61 | 1.11 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1982 TO 2006 | 26.48 | 0.001355 | 394.62 | 1.12 | 26.46 | 0.001360 | 379.80 | 1.12 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1981 TO 2006 | 26.73 | 0.001334 | 390.96 | 1.12 | 26.70 | 0.001338 | 380.09 | 1.14 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1980 TO 2006 | 26.94 | 0.001318 | 391.67 | 1.13 | 26.91 | 0.001322 | 377.23 | 1.15 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1979 TO 2006 | 27.13 | 0.001295 | 392.57 | 1.14 | 27.10 | 0.001298 | 374.60 | 1.16 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1978 TO 2006 | 27.30 | 0.001280 | 390.15 | 1.15 | 27.26 | 0.001283 | 372.34 | 1.17 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 TO 2006 | 27.46 | 0.001267 | 387.90 | 1.16 | 27.42 | 0.001270 | 370.23 | 1.18 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 TO 2006 | 27.56 | 0.001255 | 390.03 | 1.17 | 27.52 | 0.001257 | 368.82 | 1.19 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 TO 2006 | 27.67 | 0.001242 | 388.48 | 1.17 | 27.63 | 0.001245 | 367.37 | 1.19 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 TO 2006 | 27.76 | 0.001229 | 387.27 | 1.18 | 27.71 | 0.001232 | 369.84 | 1.20 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 TO 2006 | 27.82 | 0.001221 | 386.45 | 1.19 | 27.77 | 0.001224 | 369.05 | 1.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 TO 2006 | 27.88 | 0.001211 | 385.53 | 1.19 | 27.84 | 0.001214 | 368.18 | 1.21 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 TO 2006 | 27.97 | 0.001202 | 384.32 | 1.20 | 27.93 | 0.001204 | 367.03 | 1.22 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 TO 2006 | 28.04 | 0.001194 | 383.45 | 1.21 | 27.99 | 0.001196 | 366.21 | 1.23 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 TO 2006 | 28.09 | 0.001187 | 382.75 | 1.21 | 28.04 | 0.001189 | 365.54 | 1.23 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 TO 2006 | 28.13 | 0.001180 | 382.18 | 1.22 | 28.08 | 0.001182 | 364.98 | 1.24 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 TO 2006 | 28.17 | 0.001174 | 381.60 | 1.23 | 28.13 | 0.001177 | 364.42 | 1.25 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 TO 2006 | 28.18 | 0.001167 | 381.50 | 1.23 | 28.14 | 0.001170 | 364.30 | 1.25 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 TO 2006 | 28.20 | 0.001162 | 381.20 | 1.24 | 28.16 | 0.001165 | 364.00 | 1.26 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 TO 2006 | 28.21 | 0.001156 | 381.13 | 1.25 | 28.17 | 0.001159 | 363.91 | 1.27 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 TO 2006 | 28.21 | 0.001151 | 381.06 | 1.26 | 28.17 | 0.001154 | 363.84 | 1.27 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1962 TO 2006 | 28.22 | 0.001146 | 380.99 | 1.26 | 28.18 | 0.001149 | 363.76 | 1.28 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1961 TO 2006 | 28.22 | 0.001144 | 377.45 | 1.27 | 28.18 | 0.001147 | 363.76 | 1.29 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1960 TO 2006 | 28.20 | 0.001143 | 377.62 | 1.27 | 28.17 | 0.001146 | 363.92 | 1.29 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1959 TO 2006 | 28.20 | 0.001142 | 377.66 | 1.28 | 28.16 | 0.001145 | 363.95 | 1.29 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1958 TO 2006 | 28.20 | 0.001140 | 377.61 | 1.28 | 28.17 | 0.001142 | 360.35 | 1.30 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1957 TO 2006 | 28.21 | 0.001137 | 377.54 | 1.29 | 28.17 | 0.001140 | 360.29 | 1.30 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1956 TO 2006 | 28.21 | 0.001134 | 377.59 | 1.29 | 28.17 | 0.001136 | 360.33 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1955 TO 2006 | 28.20 | 0.001133 | 377.66 | 1.29 | 28.16 | 0.001135 | 360.39 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1954 TO 2006 | 28.19 | 0.001130 | 377.84 | 1.29 | 28.15 | 0.001133 | 360.56 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

ACCOUNT 1370100 METERS

SUMMARY OF SHRINKING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 | TO 2006 | 28.20 | 0.001128 | 377.70 | 1.29 | 28.16 | 0.001131 | 360.42 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1952 | TO 2006 | 28.19 | 0.001126 | 377.74 | 1.29 | 28.16 | 0.001129 | 360.46 | 1.31 | 0.00 | 0.000000 | 0.00 | 0.00 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1373000 STREET LIGHTING PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO. 2006

SUMMARY OF ROLLING BANDS

| | | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1952 | TO 1961 | 18.64 | 0.003380 | 474.71 | 0.38 | 0.00 | 0.000000 | 0.00 | 0.00 | 16.71 | 0.002806 | 457.91 | 0.26 |
| 1953 | TO 1962 | 17.36 | 0.003663 | 452.21 | 0.55 | 0.00 | 0.000000 | 0.00 | 0.00 | 15.54 | 0.003050 | 472.94 | 0.59 |
| 1954 | TO 1963 | 16.68 | 0.003855 | 440.75 | 0.68 | 0.00 | 0.000000 | 0.00 | 0.00 | 15.12 | 0.003375 | 479.64 | 0.80 |
| 1955 | TO 1964 | 16.02 | 0.003680 | 421.46 | 0.81 | 0.00 | 0.000000 | 0.00 | 0.00 | 14.81 | 0.003284 | 516.63 | 1.00 |
| 1956 | TO 1965 | 12.73 | 0.004289 | 498.76 | 0.14 | 0.00 | 0.000000 | 0.00 | 0.00 | 11.84 | 0.003604 | 586.95 | 0.64 |
| 1957 | TO 1966 | 11.44 | 0.003477 | 572.48 | -0.40 | 0.00 | 0.000000 | 0.00 | 0.00 | 10.83 | 0.002779 | 632.24 | 0.15 |
| 1958 | TO 1967 | 10.87 | 0.003856 | 547.21 | -0.26 | 0.00 | 0.000000 | 0.00 | 0.00 | 10.34 | 0.002976 | 633.31 | 0.37 |
| 1959 | TO 1968 | 11.26 | 0.003720 | 528.23 | -0.04 | 0.00 | 0.000000 | 0.00 | 0.00 | 10.75 | 0.003055 | 618.57 | 0.46 |
| 1960 | TO 1969 | 11.78 | 0.003446 | 504.90 | 0.15 | 0.00 | 0.000000 | 0.00 | 0.00 | 11.33 | 0.003033 | 604.60 | 0.51 |
| 1961 | TO 1970 | 11.97 | 0.003447 | 480.25 | 0.31 | 0.00 | 0.000000 | 0.00 | 0.00 | 11.62 | 0.003187 | 555.29 | 0.59 |
| 1962 | TO 1971 | 12.62 | 0.003086 | 463.49 | 0.43 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1963 | TO 1972 | 12.59 | 0.004534 | 448.69 | 0.60 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1964 | TO 1973 | 13.36 | 0.004161 | 445.49 | 0.62 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1965 | TO 1974 | 13.69 | 0.003241 | 449.34 | 0.58 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1966 | TO 1975 | 15.76 | 0.002583 | 428.20 | 0.80 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1967 | TO 1976 | 17.68 | 0.002360 | 398.80 | 1.03 | 17.69 | 0.002375 | 387.20 | 1.04 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1968 | TO 1977 | 19.80 | 0.002330 | 411.58 | 0.93 | 19.71 | 0.002328 | 372.83 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1969 | TO 1978 | 20.76 | 0.002191 | 421.39 | 0.84 | 20.38 | 0.002130 | 345.94 | 1.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1970 | TO 1979 | 21.50 | 0.002173 | 434.79 | 0.73 | 20.71 | 0.002072 | 335.59 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1971 | TO 1980 | 23.88 | 0.001978 | 475.22 | 0.37 | 22.14 | 0.001887 | 331.96 | 0.88 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1972 | TO 1981 | 25.36 | 0.001765 | 506.62 | 0.10 | 22.64 | 0.001645 | 324.69 | 0.84 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1973 | TO 1982 | 31.89 | 0.001107 | 782.37 | -2.60 | 24.04 | 0.000890 | 322.37 | 0.65 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1974 | TO 1983 | 0.00 | 0.000000 | 0.00 | 0.00 | 24.16 | 0.000816 | 333.18 | 0.48 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1975 | TO 1984 | 0.00 | 0.000000 | 0.00 | 0.00 | 27.50 | 0.000690 | 365.41 | 0.09 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1976 | TO 1985 | 0.00 | 0.000000 | 0.00 | 0.00 | 28.54 | 0.000644 | 369.68 | -0.01 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1977 | TO 1986 | 0.00 | 0.000000 | 0.00 | 0.00 | 34.69 | 0.000619 | 399.25 | -0.51 | 33.50 | 0.000623 | 347.79 | -0.16 |
| 1978 | TO 1987 | 0.00 | 0.000000 | 0.00 | 0.00 | 35.28 | 0.000636 | 409.64 | -0.81 | 33.42 | 0.000640 | 339.60 | -0.26 |
| 1979 | TO 1988 | 0.00 | 0.000000 | 0.00 | 0.00 | 45.42 | 0.000614 | 456.87 | -2.60 | 35.79 | 0.000617 | 325.54 | -0.56 |
| 1980 | TO 1989 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 38.43 | 0.000547 | 282.31 | -0.41 |
| 1981 | TO 1990 | 0.00 | 0.000000 | 0.00 | 0.00 | 171.88 | 0.000505 | 231.85 | -2.60 | 38.00 | 0.000499 | 296.09 | -0.62 |
| 1982 | TO 1991 | 0.00 | 0.000000 | 0.00 | 0.00 | 178.57 | 0.000504 | 223.16 | -2.60 | 38.06 | 0.000492 | 285.10 | -0.43 |
| 1983 | TO 1992 | 0.00 | 0.000000 | 0.00 | 0.00 | 185.72 | 0.000506 | 214.58 | -2.60 | 39.96 | 0.000497 | 281.52 | -0.24 |
| 1984 | TO 1993 | 0.00 | 0.000000 | 0.00 | 0.00 | 186.49 | 0.000500 | 213.69 | -2.60 | 39.88 | 0.000489 | 277.08 | -0.10 |
| 1985 | TO 1994 | 0.00 | 0.000000 | 0.00 | 0.00 | 115.20 | 0.000456 | 309.47 | -2.60 | 40.10 | 0.000447 | 285.56 | -0.14 |
| 1986 | TO 1995 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 42.84 | 0.000391 | 269.59 | 0.05 |
| 1987 | TO 1996 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.98 | 0.000352 | 262.62 | 0.08 |
| 1988 | TO 1997 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.04 | 0.000273 | 245.70 | 0.45 |
| 1989 | TO 1998 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 55.36 | 0.000220 | 232.11 | 0.69 |
| 1990 | TO 1999 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 66.71 | 0.000167 | 225.59 | 0.84 |
| 1991 | TO 2000 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 72.64 | 0.000145 | 209.94 | 1.22 |
| 1992 | TO 2001 | 0.00 | 0.000000 | 0.00 | 0.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 81.01 | 0.000155 | 204.30 | 1.41 |
| 1993 | TO 2002 | 0.00 | 0.000000 | 0.00 | 0.00 | 294.20 | 0.000156 | 135.45 | 1.36 | 146.90 | 0.000157 | 198.43 | 1.42 |
| 1994 | TO 2003 | 0.00 | 0.000000 | 0.00 | 0.00 | 163.99 | 0.000116 | 218.01 | 1.61 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1995 | TO 2004 | 0.00 | 0.000000 | 0.00 | 0.00 | 113.28 | 0.000087 | 233.49 | 1.83 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1996 | TO 2005 | 0.00 | 0.000000 | 0.00 | 0.00 | 101.40 | 0.000104 | 233.23 | 1.98 | 0.00 | 0.000000 | 0.00 | 0.00 |
| 1997 | TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 79.65 | 0.000648 | 256.76 | 1.83 | 63.17 | 0.000642 | 190.76 | 2.52 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1373000 STREET LIGHTING PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 2006 TO 2006 | 47.28 | 0.005851 | 392.35 | 1.14 | 0.00 | 0.000000 | 0.00 | 0.00 | 41.30 | 0.005797 | 202.20 | 1.96 |
| 2005 TO 2006 | 63.83 | 0.002962 | 406.56 | 1.00 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.58 | 0.002945 | 190.59 | 2.30 |
| 2004 TO 2006 | 79.31 | 0.002029 | 444.45 | 0.65 | 68.58 | 0.002041 | 315.68 | 1.29 | 53.41 | 0.002025 | 190.05 | 2.36 |
| 2003 TO 2006 | 90.57 | 0.001539 | 439.99 | 0.60 | 77.00 | 0.001549 | 317.52 | 1.29 | 56.35 | 0.001534 | 187.23 | 2.46 |
| 2002 TO 2006 | 98.67 | 0.001249 | 403.87 | 0.49 | 79.18 | 0.001256 | 304.98 | 1.36 | 58.08 | 0.001245 | 190.27 | 2.44 |
| 2001 TO 2006 | 114.87 | 0.001062 | 346.91 | 0.17 | 79.72 | 0.001068 | 286.62 | 1.49 | 59.34 | 0.001058 | 189.59 | 2.44 |
| 2000 TO 2006 | 124.90 | 0.000896 | 319.05 | 0.16 | 81.37 | 0.000900 | 278.36 | 1.59 | 60.72 | 0.000890 | 188.56 | 2.50 |
| 1999 TO 2006 | 142.83 | 0.000792 | 279.00 | 0.00 | 79.55 | 0.000794 | 265.87 | 1.72 | 61.78 | 0.000787 | 190.19 | 2.50 |
| 1998 TO 2006 | 169.73 | 0.000714 | 234.78 | -0.12 | 78.86 | 0.000715 | 259.33 | 1.78 | 62.42 | 0.000709 | 191.45 | 2.48 |
| 1997 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 79.65 | 0.000648 | 256.76 | 1.83 | 63.17 | 0.000642 | 190.76 | 2.52 |
| 1996 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 77.98 | 0.000600 | 255.84 | 1.78 | 62.87 | 0.000595 | 193.27 | 2.39 |
| 1995 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 78.78 | 0.000557 | 259.58 | 1.68 | 62.54 | 0.000551 | 195.87 | 2.29 |
| 1994 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 77.51 | 0.000528 | 267.70 | 1.44 | 61.00 | 0.000523 | 202.47 | 2.04 |
| 1993 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 77.88 | 0.000513 | 275.43 | 1.24 | 59.65 | 0.000507 | 207.04 | 1.87 |
| 1992 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 77.76 | 0.000497 | 278.43 | 1.10 | 58.46 | 0.000489 | 209.56 | 1.75 |
| 1991 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 77.92 | 0.000480 | 281.69 | 0.99 | 57.72 | 0.000472 | 212.24 | 1.65 |
| 1990 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 72.70 | 0.000461 | 279.92 | 0.93 | 56.86 | 0.000456 | 218.97 | 1.49 |
| 1989 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 70.19 | 0.000452 | 279.96 | 0.88 | 55.77 | 0.000446 | 221.46 | 1.40 |
| 1988 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 67.64 | 0.000445 | 280.16 | 0.82 | 54.93 | 0.000441 | 226.67 | 1.29 |
| 1987 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 66.08 | 0.000438 | 283.74 | 0.70 | 54.22 | 0.000434 | 231.45 | 1.16 |
| 1986 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 66.58 | 0.000428 | 283.11 | 0.72 | 54.67 | 0.000425 | 231.40 | 1.17 |
| 1985 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 65.28 | 0.000420 | 284.16 | 0.67 | 54.28 | 0.000417 | 234.90 | 1.11 |
| 1984 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 66.49 | 0.000419 | 286.51 | 0.58 | 53.44 | 0.000415 | 234.82 | 1.08 |
| 1983 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 66.83 | 0.000421 | 289.53 | 0.48 | 52.25 | 0.000415 | 234.43 | 1.04 |
| 1982 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 69.48 | 0.000413 | 292.88 | 0.30 | 50.99 | 0.000403 | 234.38 | 0.97 |
| 1981 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 70.66 | 0.000408 | 293.67 | 0.23 | 50.74 | 0.000396 | 233.56 | 0.95 |
| 1980 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 71.20 | 0.000408 | 292.85 | 0.19 | 50.33 | 0.000395 | 233.47 | 0.93 |
| 1979 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 70.45 | 0.000405 | 295.94 | 0.16 | 49.99 | 0.000392 | 235.06 | 0.91 |
| 1978 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 67.95 | 0.000405 | 296.52 | 0.18 | 49.69 | 0.000392 | 236.45 | 0.89 |
| 1977 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 67.40 | 0.000404 | 297.46 | 0.15 | 49.56 | 0.000392 | 237.06 | 0.86 |
| 1976 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.97 | 0.000400 | 297.78 | 0.18 | 49.21 | 0.000390 | 240.80 | 0.82 |
| 1975 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.95 | 0.000395 | 297.84 | 0.18 | 49.04 | 0.000386 | 241.62 | 0.80 |
| 1974 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 57.05 | 0.000414 | 298.84 | 0.26 | 46.60 | 0.000398 | 241.39 | 0.82 |
| 1973 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 57.80 | 0.000411 | 300.18 | 0.23 | 46.51 | 0.000393 | 239.72 | 0.83 |
| 1972 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.53 | 0.000456 | 311.05 | -0.05 | 45.76 | 0.000431 | 239.28 | 0.80 |
| 1971 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.50 | 0.000453 | 312.60 | -0.11 | 45.49 | 0.000424 | 238.50 | 0.81 |
| 1970 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.35 | 0.000463 | 316.74 | -0.15 | 44.61 | 0.000427 | 236.47 | 0.81 |
| 1969 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 62.14 | 0.000460 | 317.82 | -0.17 | 44.44 | 0.000422 | 237.37 | 0.81 |
| 1968 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 63.60 | 0.000461 | 319.96 | -0.23 | 44.39 | 0.000420 | 237.68 | 0.81 |
| 1967 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 61.53 | 0.000473 | 324.26 | -0.33 | 43.15 | 0.000421 | 237.52 | 0.78 |
| 1966 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 54.99 | 0.000483 | 322.78 | -0.23 | 42.13 | 0.000436 | 243.28 | 0.66 |
| 1965 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 51.52 | 0.000499 | 323.16 | -0.28 | 40.98 | 0.000453 | 247.67 | 0.54 |
| 1964 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 49.83 | 0.000496 | 324.09 | -0.24 | 40.51 | 0.000449 | 248.12 | 0.53 |
| 1963 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 48.25 | 0.000504 | 326.44 | -0.21 | 39.96 | 0.000453 | 249.02 | 0.54 |
| 1962 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 46.60 | 0.000519 | 327.26 | -0.16 | 39.34 | 0.000466 | 250.36 | 0.54 |
| 1961 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 45.76 | 0.000530 | 328.87 | -0.16 | 38.90 | 0.000472 | 250.66 | 0.54 |
| 1960 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 45.24 | 0.000527 | 330.44 | -0.15 | 38.69 | 0.000469 | 251.99 | 0.54 |
| 1959 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.76 | 0.000527 | 331.77 | -0.15 | 38.49 | 0.000469 | 253.30 | 0.53 |
| 1958 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.55 | 0.000531 | 333.34 | -0.14 | 38.39 | 0.000472 | 253.95 | 0.53 |
| 1957 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 44.31 | 0.000530 | 335.13 | -0.15 | 38.24 | 0.000470 | 254.96 | 0.53 |
| 1956 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.61 | 0.000531 | 338.26 | -0.16 | 37.90 | 0.000473 | 257.26 | 0.51 |
| 1955 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.42 | 0.000530 | 339.73 | -0.17 | 37.80 | 0.000473 | 257.96 | 0.50 |
| 1954 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.49 | 0.000530 | 339.13 | -0.18 | 37.81 | 0.000473 | 257.86 | 0.50 |

ORANGE AND ROCKLAND UTILITIES INC. MORTALITY STUDY BY LEAST SQUARE FITTING OF WEIGHTED RETIREMENT RATIOS

ACCOUNT 1373000 STREET LIGHTING PSC CASE 1 ORANGE AND ROCKLAND UTILITIES INC STUDY NO 2006

SUMMARY OF SHRINKING BANDS

| | FIRST DEGREE | | | | SECOND DEGREE | | | | THIRD DEGREE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR YEAR | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE | AVERAGE SERVICE LIFE (YEARS) | FIT INDEX | TERMINAL A/L RATIO (PERCENT) | EQUIV. H CURVE |
| 1953 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.53 | 0.000530 | 341.15 | -0.19 | 37.80 | 0.000473 | 257.91 | 0.50 |
| 1952 TO 2006 | 0.00 | 0.000000 | 0.00 | 0.00 | 43.52 | 0.000530 | 341.22 | -0.18 | 37.81 | 0.000473 | 257.87 | 0.50 |

# PCL&P DIRECT INSTALL WEATHERIZATION PROGRAM

**PROGRAM TYPE: ENERGY AUDIT/DIRECT INSTALL**

**ELIGIBLE CUSTOMERS: LIHEAP CUSTOMERS**

**ELIGIBLE MEASURES:** CFLS, WEATHERIZATION MEASURES, APPLIANCES

## PROGRAM DESCRIPTION

The PCL&P Direct Install Weatherization Program ("Program") is designed to provide customers eligible for the Low-Income Home Energy Assistance Program ("LIHEAP") with energy efficiency measures at no cost to such customers. Participants will be provided with an energy assessment of their home and direct installation of cost effective energy savings measures. Over a three-year period, PCL&P will provide approximately $1,000 per household to install the recommended measures that may include: CFLs, weather stripping, caulking, low flow water control devices, insulated wrapping for water pipes, water heaters and furnaces, window and door replacement, appliance replacement including refrigerators and air conditioning units, and other reasonable and industry standard measures needed to practice energy efficiency in the home. Eligible homes will be evaluated on an individual basis to determine which measures are most suitable for their needs. In addition, PCL&P will provide energy education information to help participants manage their home energy use more effectively.

## PROGRAM OBJECTIVE

The Program will assist low-income customers to manage their energy needs by installing recommended cost effective energy efficiency measures and educating them about energy efficient behaviors they can adopt. By installing these measures free of charge, PCL&P will remove an apparent market barrier for low-income customers and enable them to participate in energy savings' actions.

## IMPLEMENTATION PLAN

Upon approval by the Pennsylvania Public Utility Commission, PCL&P will initiate an aggressive marketing program to the targeted low-income customers. Letters describing the benefits of participating in the Program will be sent to all LIHEAP eligible customers. In addition, PCL&P's new customer publication, @Your Service, will feature articles about the Program. The Program will be funded at $105,000 and operate for three years on a first-come, first-served basis. PCL&P will hire a contractor to perform home evaluations and provide the direct install measures.

## EVALUATION PLAN

Customer satisfaction will be measured by means of a customer survey form that will be circulated after completion of direct install measures at each home. Results may be used to modify and improve the Program. A minimum of 10% of randomly selected participants will be subject to verification and inspection by PCL&P.

## PARTICIPATION AND BUDGET

| | |
|---|---|
| **PARTICIPANT GOAL** | **90** |
| | |
| **BUDGET:** | |
| **ADMINISTRATION**<br>**MARKETING**<br>**IMPLEMENTATION**<br>**EVALUATION** | 9,000<br>5,000<br>90,000<br>1,000 |
| *TOTAL BUDGET:* | **$105,000** |
| | |