

## Staff Review of Projected Revenue Requirements

	Company Proposed Total		Intrastate	Adjustments	Staff Adjusted Revenue Req Intrastate
<b>Expenses:</b>					
Plant Specific	\$118,333	45%	\$53,531		\$53,531
Plant Non-Specific	226,354	55%	124,883		\$124,883
Customer Operations	6,423	60%	3,822		\$3,822
Corporate Operations	194,245	49%	95,546	(23,000)	72,546
Property Taxes	225	65%	146		\$146
Adjustment(s)	0				
<b>Total Operating Expenses</b>	<b>545,580</b>	51%	<b>277,928</b>	<b>(23,000)</b>	<b>254,928</b>
<b>Federal Income Taxes</b>	<b>73,601</b>	54%	<b>39,468</b>	<b>(17,366)</b>	<b>22,102</b>
<b>Return on Investment</b>	<b>233,480</b>	55%	<b>128,363</b>	<b>(56,480)</b>	<b>71,883</b>
<i>average rate of return</i>	<i>10.82%</i>		<i>10.50%</i>		<i>5.88%</i>
<b>Revenue Requirement</b>	<b>852,661</b>	52%	<b>445,759</b>	<b>(96,846)</b>	<b>348,913</b>
<b>Rate Base:</b>					
General Support	\$95,227	57%	\$54,094		\$54,094
Central Office	485,920	29%	138,936		138,936
Cable and Wire	1,458,262	66%	965,449		965,449
Accumulated Depreciation	(62,769)	54%	(33,808)		(33,808)
Accum. Def. Fed. Inc. Tax	0		0		0
Adjustment(s)	180,237	54%	97,835		97,835
<b>Net Rate Base</b>	<b>\$2,156,877</b>	57%	<b>\$1,222,506</b>		<b>\$1,222,506</b>

### REVENUE OBJECTIVE (R.O.)

Total WCAP R.O.		\$157,526	(96,846)	<b>\$60,680</b>
Local Revenue		\$9,251		
WCAP R.O. = % of Rev Req	<b>18%</b>			

### NOTES \*

Company responses to corporate operation inquiries -

Adj 1: GVNW going forward will be approximately \$29,000 - adjustment calculated as follows:

Reported for July 06 - June 07 = \$55,000

Going forward will be approx = \$29,000

Difference of \$26,000 x percentage attributable to intrastate = \$13,000

Adj 2: Change in director fees - reduced by \$35,100 (6 month estimate)

Director fees = \$30,000 year misc. charges will be \$9,000 year = \$39,000

Difference of \$20,200 x percentage attributable to intrastate = \$10,000

**Adjustment** \$23,000