# DEPARTMENT OF THE NAVY OFFICE OF THE GENERAL COUNSEL NAVAL FACILITIES ENGINEERING COMMAND SOUTHWEST 1455 MARKET STREET, STE 1744 SAN FRANCISCO, CA 94103-1399

IN REPLY REFER TO:

11300 L2759F July 3, 2008

### BY E-MAIL AND FEDERAL EXPRESS OVERNIGHT DELIVERY

Ms. Carole Washburn, Executive Secretary Washington Utilities and Transportation Commission Richard Hemstad Building 1300 S. Evergreen Park Drive SW Olympia, Washington 98504-7250

Re: Washington UTC v. Puget Sound Energy, Inc. Washington Utilities & Transportation Commission Docket Nos. UE-072300 and UG-072301

Dear Ms. Washburn:

Enclosed please find the original and twelve copies of the Prefiled Cross-Answering Testimony of Ralph C. Smith on behalf of the Federal Executive Agencies in the matters referenced above.

Please call me at (415) 503-6994 if you have any questions.

Yours truly,

NORMAN J. FURUTA Associate Counsel (Regulatory Law)

Enclosures: as stated



#### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Washington Utilities and Transportation Commission,

Complainant,

Docket UE-072300

v.

Puget Sound Energy, Inc., Respondent.

Docket UG-072301

#### CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of July, 2008, I served a copy of

Prefiled Cross-Answering Testimony of Ralph C. Smith on Behalf of the Navy Utility Rate and Studies Office and Federal Executive Agencies

in the above captioned proceeding, via electronic mail and via Federal Express, for next-day delivery, at San Francisco, CA, pursuant to WAC 480-07-150(6), to the following:

> Robert D. Cedarbaum WUTC Staff Counsel 1400 S. Evergreen Park Drive SW Olympia, WA 98504-0128 Tel: (360) 664-1188 Email: bcedarba@utc.wa.gov

jthompso@utc.wa.gov

Sheree Strom Carson Jason Kuzma Perkins Coie LLP 10885 NE Fourth Street, Suite 700 Bellevue, WA 98004-5579 Tel: (425) 635-1400 scarson@perkinscoie.com jkuzma@perkinscoie.com

I also hereby certify that on this 3rd day of July, 2008, I served a copy of the above-referenced document via electronic mail and by mailing a copy of same via First Class Mail, postage prepaid, at San Francisco, CA, pursuant to WAC 480-07-150(6), to the following:

Simon J. ffitch
Sarah Shifley
Assistant Attorney General
Public Counsel Section
Office of Attorney General
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
Email: simonf@atg.wa.gov
Email: SarahS5@atg.wa.gov

Damon Xenopoulos
Shaun Mohler
Brickfield Burchette Ritts &
Stone
1025 Thomas Jefferson St. NW
8<sup>th</sup> Floor, West Tower
Washington DC 20007
Email: DEX@BBRSLaw.com
SCM@BBRSLaw.com

S. Bradley Van Cleve
Irion Sanger
Davison Van Cleve, P.C.
333 SW Taylor, Suite 400
Portland, OR 97204-2445
Email: <u>BVC@dvclaw.com</u>
IAS@dvclaw.com

Khojasteh Davoodi Utility Rates and Studies Office 1322 Patterson AV SE Washington Navy Yard, DC 20374-5018

Email: khojasteh.davoodi@navy.mil

Edward A. Finklea
Chad M. Stokes
Cable Huston Benedict
Haagensen & Lloyd
1001 SW Fifth Avenue, Suite
2000
Portland, OR 97204-1136
Email:
efinklea@cablehuston.com
cstokes@cablehuston.com

Elaine L. Spencer Graham & Dunn PC Pier 70 2801 Alaskan Way, #300 Seattle, WA 98121 Email: espencer@grahamdunn.com Ronald L. Roseman 2011 - 14<sup>th</sup> Avenue East Seattle, WA 98112 Email: ronaldroseman@comcast.net Mike L. Kurtz / Kurt J. Boehm Boehm, Kurtz and Lowry 36 East Seventh St., STE 1510 Cincinnati, OH 45202

Email: mkurtz@bkllawfirm.com Kboehm@bkllawfirm.com Email:

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

EXECUTED this 3rd day of July, 2008, at San Francisco, CA.

Jann Funt

Naval Facilities Engineering

Command

EXHIBIT NO. \_\_\_(RCS-2T)
DOCKET NO. UE-072300/UG-072301
2007 PSE GENERAL RATE CASE
WITNESS: RALPH C. SMITH

### BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

Docket No. UE-072300 Docket No. UG-072301

**PUGET SOUND ENERGY, INC.,** 

Respondent.

PREFILED
CROSS-ANSWERING TESTIMONY OF
RALPH C. SMITH
ON BEHALF OF
THE NAVY UTILITY RATE AND STUDIES OFFICE
AND FEDERAL EXECUTIVE AGENCIES

2000 JUL -3 AM 8:58

PREFILED CROSS-ANSWERING TESTIMONY

OF RALPH C. SMITH

### 7

8

9

10 11

12

13

14

15

16

17

18

### I. INTRODUCTION

- Q. Please state your name and business address.
- A. Ralph C. Smith, 15728 Farmington Road, Livonia, Michigan 48154.
- Q. Are you the same Ralph C. Smith who filed direct testimony on behalf of the FEA?
- A. Yes. My firm is under contract with the Navy Utility Rate and Studies Office

  (URASO) to perform utility revenue requirement studies on behalf of the

  consumer interests of the Navy and all other Federal Executive Agencies (FEA). I

  filed direct testimony in this proceeding on behalf of the FEA.
- Q. Please describe the tasks you performed related to your cross-answering testimony in this case.

A. We reviewed the Company's testimony, exhibits and workpapers, issued information requests, and analyzed PSE's responses to them. We reviewed and analyzed data (1) to obtain an understanding of the Puget Sound Energy's ("PSE," "Puget" or "Company") rate filing package as it relates to the selected issues in the Company's proposed rate increase and (2) to formulate an opinion concerning the reasonableness of the Company's proposals on those selected issues. In conjunction with the preparation of cross-answering testimony, I selectively reviewed the testimony filed by Staff, the Public Counsel and intervenors such as the Industrial Customers of Northwest Utilities ("ICNU").

Q. What issues will you be addressing in your cross-answering testimony?

A. My cross-answering testimony responds to the recommendations concerning storm damage cost amortization periods presented in the direct testimony of Staff witness Danny Kermode.

- Q. With respect to the cost of catastrophic storm damage, what did Staff witness Kermode recommend?
- A. With respect to the cost of catastrophic storm damage, excluding expenses related to the extraordinary December 2006 windstorm, Mr. Kermode proposes using a 4-year amortization of catastrophic storm expenses that differs from the 3-year

period proposed by PSE. At page 15 of his direct testimony, he states that: "A four-year period would mitigate the rate impact of the catastrophic storms, while allowing recovery over a two-year rate case cycle. The use of a three-year recovery could result in a mis-match of recovery to rate filings." I agree with Mr. Kermode's recommendation concerning the amortization period for the cost of these other catastrophic storms. I have revised FEA's storm cost amortization adjustment accordingly, to use a four-year amortization period for the cost of the catastrophic storms other than the December 2006 storm.

- Q. With respect to the cost of the extremely catastrophic December 2006 storm what did Staff witness Kermode recommend?
- A. He accepted the six-year amortization period for the extremely costly December 2006 wind storm that PSE had proposed. At page 15, lines1-2, Mr. Kermode's direct testimony states that: "The six-year amortization period mitigates the rate impact of ... that storm's extraordinary cost."

Q. Do you agree with Staff's (and PSE's) proposed six-year amortization for the extraordinary cost of the December 2006 storm?

Prefiled Cross-Answering Testimony

- A. No. I recommend that the adjusted \$79.8 million cost related to the extremely catastrophic December 2006 wind storm be amortized over 10 years, rather than PSE's proposed six years. The reasons for my recommendations, as stated in my direct testimony, are described below:
  - 1) Using a longer amortization period for this extremely costly storm will help ameliorate the rate impacts.
  - 2) Using a longer amortization period is better correlated with the infrequent experience of storms as devastating and costly as the extraordinary December 13, 2006 wind storm.

As explained in my direct testimony, the use of a 10-year recovery period, in essence, treats PSE's cost related to the "once-per-century" Hanukkah Eve Storm as a "once-per-decade" event for ratemaking purposes. A period longer than ten years could be justified, based on the historic infrequency of storms of such extraordinary devastation, and the observations discussed in my direct testimony concerning this issue.

Q. Please explain how your recommendation of a 10-year period better mitigates the impact on ratepayers than PSE's proposed period of only six years, which Staff witness Kermode accepted, particularly coupled with your

acceptance of Staff's recommendation to amortize the other catastrophic storm costs over a four-year period.

- A. The annual allowance for catastrophic storm costs of \$15.1 million under my recommendation better mitigates the impact on ratepayers than PSE's proposed annual allowance of \$22.8 million. Using a 10-year amortization period produces an annual amortization amount for the Hanukkah Eve Storm of approximately \$8.0 million. In addition to the \$7.1 million annual expense for the other "catastrophic" storm cost amortization over the four-year period recommended by Staff witness Kermode, this produces an annual allowance for catastrophic storm costs of \$15.1 million. This allowance is approximately 3 times higher (i.e., approximately 297% higher) than PSE's test year recorded catastrophic storm amortization of \$3.8 million.
- Q. What adjustment to PSE's proposed operating expenses and net operating income results from your recommendations concerning storm cost?
- A. As shown on Exhibit \_\_(RCS-3r), my recommendations concerning storm cost decrease annual amortization expense by \$7.7 million and increase PSE's proposed net operating income by \$5.0 million.

## PUGET SOUND ENERGY-ELECTRIC STORM DAMAGE FOR THE 12ME TWELVE MONTHS ENDED SEPTEMBER 30, 2007 2007 GENERAL RATE CASE

TWELVE WORTHER ENDED 9,3002   TWELVE WORTHER ENDED 9,3002   TWELVE WORTHER ENDED 9,3003   TWEL	LINE NO.	DESCRIPTION				T A	Puget AMOUNT	FEA Proposed Amount	FEA Adjustment
VARIJA CARA   VARIJA   VARIJA CARA   VARIJA CARA   VARIJA CARA   VARIJA CARA   VARIJA   VARIJA CARA   VARIJA CAR			Transı		distribution		Fotal		
VERLA DE MONTHE RONDED 90.000   VERLA DE MONTHE RONDED 90.0000   VERLA DE MONTHE RONDED 90.0000   VERLA DEMONTHE RONDED 90.00000   VERLA DEMONTHE RONDED 90.0000   VERLA DEMONTHE PORTA DEMONTHE RONDED 90.0000   VERLA DEMONTHE PORTA DEMONTHE RONDED 90.0000   VERLA DEMONTHE PORTA	7	ACTUAL O&M:							
VARLY NEW MONTHE BENDED 9/30004   S 9/304/34   S 1/34/34   S 1/3	т	TWELVE MONTHS ENDED 9/30/02	<del>64</del>		6,583,315	<b>ь</b> я .	6,578,420		
VWELVE MONTHS ENDED 94004   S 20,197   S 12,062,138   S 12,062,137   S 10,369,064   S 10,360,058   S 10,360,0	4	TWELVE MONTHS ENDED 9/30/03	69		5,325,797	<b>∽</b> ·	5,332,412		
VWELVE MONTHER BENEED 940006   S 417714   S 1054658   S 10545599   VWELVE MONTHER BENEED 940006   S 417714   S 1054658   S 1059658   S 105968   S 1059658   S 1059658   S 1059658   S 105968   S 105968   S 105968   S 105968   S 1059658   S 105968   S 10	'n	TWELVE MONTHS ENDED 9/30/04	69		12,062,138	6 <del>9</del>	12,264,335		
TWELUC MONTHS RENDED 93000   TWELUC MONTHS RENDED 93000   TWELUC MONTHS RENDED 930000   TWELUC MONTHS RENDED 930000   TWELUC MONTHS RENDED 930000   TWELUC MONTHS RENDED 930000   TWELUC MONTHS RENDED 9300000   TWELUC MONTHS RENDED 93000000   TWELUC MONTHS RENDED 93000000000000000000000000000000000000	9	TWELVE MONTHS ENDED 9/30/05	69		1,947,137	6 <del>9</del>	1,998,004		
TWELVE MONTHS ENDED 9/4007	7	TWELVE MONTHS ENDED 9/30/06	64)		10,336,885	<b>69</b>	10,754,599		
1,166,228 5 4575,599 5 4 7924,127	∞	TWELVE MONTHS ENDED 9/30/07	60	- 1	10,500,628	64	10,996,358		
STOCKA DAMAGE EXPENSE LINE 34  STOCKA DAMAGE EXPENSE LINE 34  DEFERRED BALANCES FOR X TEXA PARK TILD 14)  S (301,025) S (2,707,978) S (3,009,003) S (3,009,0	6	TOTAL NORMAL STORMS	<del>69</del>		46,755,899	<del>69</del>	47,924,127		
CHARGED TO EXPENSE LIANGE TO EXPENSE (LINE 8)  STORM DAMAGE EXPENSE (LINE 8)  INCREASE (DECREASE) OPERATING EXPENSE (LINE 11-LINE 14)  S (301,025) \$ (2,707,978) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,003) \$ (1,009,	2 =	SIX-YEAR AVERAGE STORM EXPENSE FOR RATE YEAR (LINE 9 / 6 YEARS)	s		7,792,650	÷	7,987,354		· 85
CTAKEED TO EXPENSE (LINE 8)   NOTREASE (DECREASE) OPERATING EXPENSE (LINE 8)   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10,996,338   10	12								
NCKEASE (DECREASE) OPERATING EXPENSE (LINE 11-LINE 14)   S	E 2		Ð		869 005 01	6	10 006 358	\$ 10 006 358	·
CATASTROPHIC STORMS	15		•	1	070,000,01	,	00000000	2000000	,
DEFENSED BALANCES FOR 3 YEAR AMORTIZATION AT START OF RATE YEAR (11/108).         CATASTROPHIC STORMS         3,313,916         4         year amortization at 781,328 ls.         4         year amortization at 781,328 ls.         4         year amortization at 781,328 ls.         5         7,132,881 s.	91	INCREASE (DECREASE) OPERATING EXPENSE (LINE 11-LINE 14)	<del>69</del>		(2,707,978)		(3,009,003)	\$ (3,009,003)	
DEFERRED BALANCES FOR 3 YEAR AMORTIZATION AT   1313.916   2006 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2005 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   28,531,220   2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   28,531,220   2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM TIZATION (LINE 24)   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   28,531,230   2	17								
DEPERKED BALANCES FOR 3 YEAR AMORTIZATION AT START OF RATE YEAR (11/108):         3,313,916           206/57 URA DAMAGE (EXCL 12/13/07 WIND STORM)         24,456,289         4 year amortization           200/57 ORAN DAMAGE (EXCL 12/13/07 WIND STORM)         28,531,525         \$ 9,510,508         4 year amortization           200/57 ORAN DAMAGE (EXCL 12/13/07 WIND STORM)         28,531,525         \$ 9,510,508         4 year amortization           200/57 ORAN DAMAGE (EXCL 12/13/07 WIND STORM)         10 year amortization         3 7,132,881         \$ 7,132,881           ANNUAL (LINE 23 + LINE 24)         ANNUAL (LINE 24 + LINE 24)         10 year amortization         3 7,132,881         \$ 15,117,866           ANNUAL AMORTIZATION (LINE 30)         ANNUAL AMORTIZATION (LINE 30)         ANNUAL AMORTIZATION (LINE 30)         \$ 13,308,308         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866         \$ 15,117,866	<u>×</u> 2	THE COLD CLARENCE COLD TOUT OF							
1340916   24,436,289   24,436,289   24,436,289   24,436,289   2005 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2005 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,436,289   2005 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   24,336,289   2005 STORM DAMAGE (EXCL 12/13/07 WIND STORM)   28,531,525   \$ 9,510,508   \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,881   \$ 7,132,	2 6	TA TION AT							
124403 WINDSTORM 24456,289 2006 STORM DAMAGE (EXCL 12/13/07 WIND STORM) 22436,289 2007 STORM DAMAGE (EXCL 12/13/07 WIND STORM) 22436,289 2241 LINE 24) 23431,525 23431,525 23431,525 23431,525 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 23431,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526 2341,526	2 5								
2436.280 2005 STORM DAMAGE 2005 STORM DAMORTIZATION (LINE 25 . 3 YEARS [FEA REVISED]) 2005 STORM DAMORTIZATION (LINE 31 . 6 YEARS) 2006 STORM DAMORTIZATION (LINE 30 . 15,966,955 . 15,173,866 . 15,966,955 . 15,173,660 . 15,966,955 . 15,966,955 . 15,966,955 . 16,978,260 . 16,978,260 . 15,966,955 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260 . 16,978,260			12 016						
2007 STORM DAMAGE 2007 STORM DAMAGE 2007 STORM DAMAGE 1017 LALL DE 22 + LINE 24)  ANNUAL AMORTIZATION (LINE 23 + LINE 34)  STORAL (LINE 22 + LINE 24)  ANNUAL AMORTIZATION (LINE 31 + LINE 32)  START OF RATE YEAR (11/108): 101 101 101 101 101 101 101 101 101 101	1 %	ſ	15,710						
TOTAL (LINE 23 + LINE 24)	2.0	(EACE 12/12/19 WIND 3 (ONIV)	30,267						
DEFERRED BALANCES FOR 6 YEAR AMORTIZATION (LINE 25 - LINE 24)  DEFERRED BALANCES FOR 6 YEAR AMORTIZATION (LINE 25 - LINE 37)  DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT  START OF RATE YEAR (11/108):  12/13/06 WIND STORM  TOTAL (LINE 30)  ANNUAL AMORTIZATION (LINE 31 6 YEARS)  ANNUAL AMORTIZATION (LINE 32 6 LINE 32)  TOTAL RATE YEAR AMORTIZATION (LINE 32 6 LINE 32)  TOTAL RATE YEAR AMORTIZATION (LINE 34)  TOTAL RATE YEAR AMORTIZATION (LINE 36 1 1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/17/16/68/69 \$ 1/1/1	, ,		21,520					acidonista and accept	
DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT  START OF RATE YEAR (11/108):  12/13/06/108  TOTAL RATE YEAR (11/108):  12/13/06/108  TOTAL RATE YEAR (11/108):  12/13/06/108  TOTAL RATE YEAR AMORTIZATION (LINE 30)  START OF RATE YEAR AMORTIZATION (LINE 30)	3 %			0 5 10 500				year amontization e 7 130 881	(10311631)
START OF RATE YEAR (11/108):         79,849,846         8         13,308,308         10         year amortization           START OF RATE YEAR (11/108):         12/1306 WIND STORM         79,849,846         \$         13,308,308         \$         17,984,985         \$         \$         \$         1,984,985         \$         \$         \$         1,984,985         \$         \$         \$         1,984,985         \$         \$         \$         1,984,985         \$         \$         \$         1,984,985         \$         \$         1,984,985         \$         \$         1,984,985         \$         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,105         \$         1,117,106         \$         1,117,106         \$         1,117,106         \$         \$         1,117,106         \$         1,117,106         \$         \$         1,117,106         \$         1,117,106         \$ <td>27</td> <td>ANYONE ANOMIZATION (EINE 23, 3 TEANS [F3E] AND 4 TEANS [FEA NEVISED])</td> <td>÷</td> <td>3,210,300</td> <td></td> <td></td> <td></td> <td></td> <td>£ (2,311,021</td>	27	ANYONE ANOMIZATION (EINE 23, 3 TEANS [F3E] AND 4 TEANS [FEA NEVISED])	÷	3,210,300					£ (2,311,021
START OF RATE YEAR (11/108):         79,849,846         10         year annotization           12/13/06 WIND STORM         79,849,846         \$ 13,308,308         \$ 13,308,308         \$ 13,308,308         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,984,985         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,608         \$ 1,274,6	28	DEFERRED BALANCES FOR 6 YEAR AMORTIZATION AT							
12/13/06 WIND STORM TOTAL (LINE 34) ANNUAL AMORTIZATION (LINE 31 , 6 YEARS) ANNUAL AMORTIZATION (LINE 31 , 6 YEARS) ANNUAL AMORTIZATION (LINE 32 + LINE 32) LESS CATASTROPHIC STORM AMORT AS (9/30/07) INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36) INCREASE (DECREASE) NOI  S 13,308,308 S 12,818,816 S 12,818,916 S 12,818,816 S 12,818,816 S 12,818,916 S 12,818,916 S 12,818,927 S 12,818,816 S 12,818,927 S 12,718,608 S 11,274,608 S 11,274,608 S 12,822,962) S 13,726,643) S 13,726,643) S 13,726,643) S 13,726,643) S 13,726,643) S 13,726,643 S 13,726,643	56	START OF RATE YEAR (11/1/08):							
TOTAL (LINE 30) ANNUAL AMORTIZATION (LINE 31 , 6 YEARS) ANNUAL AMORTIZATION (LINE 31 , 6 YEARS) TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32 + LINE 32) BY 13,308,308 TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32 - LINE 34) BY 13,843,257 BY 13,843,25	30		19.846						
ANNUAL AMORTIZATION (LINE 31 , 6 YEARS)  TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32)  TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32)  LESS CATASTROPHIC STORM AMORT AS (9/30/07)  INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)  INCREASE (DECREASE) FIT (@ 35% (LINE 38 X 35%))  S	31		19,846					vear amortization	
TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32)  LESS CATASTROPHIC STORM AMORT AS (9/30/07)  LESS CATASTROPHIC STORM AMORT AS (9/30/07)  INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)  TOTAL INCREASE (DECREASE) PERATING EXPENSE (LINE 16 + LINE 36)  INCREASE (DECREASE) FIT (@ 35% (LINE 38 X 35%))  S (5,588,294)  S (10,378,261)  S (10,378,261)  S (5,372,643) S	32	TZATION (LINE 31 , 6 YEARS)		13,308,308				\$ 7,984,985	\$ (5,323,323)
LESS CATASTROPHIC STORM AMORT AS (9/30/07)       \$ 3,843,257       \$ 3,843,257         INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 36)       \$ 18,975,558       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 15,966,555       \$ 8,265,605       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608       \$ 11,274,608	33	TOTAL RATE YEAR AMORTIZATION (LINE 26 + LINE 32)		Ł	22,818,816		22,818,816	1.	
INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 34)  10	34	LESS CATASTROPHIC STORM AMORT AS (9/30/07)		· <del>69</del>	3,843,257	ı			
INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 34)  10	35								
TOTAL INCREASE (DECREASE) OPERATING EXPENSE (LINE 16 + LINE 36)       \$ 15,966,555       \$ 8,265,605         INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)       \$ (2,892,962)         INCREASE (DECREASE) NOI       \$ (10,378,261)       \$ (5,372,643)	36	INCREASE (DECREASE) OPERATING EXPENSE (LINE 26 + LINE 32 - LINE 34)				هو	18,975,558	\$ 11,274,608	\$ (7,700,950)
S (5,588,294) S (2,892,962)  INCREASE (DECREASE) NOI  S (10,378,261) S (5,372,643)	38					6	15 070 555		030 002 27 4
INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)       \$ (5,588,294)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,892,962)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,643)       \$ (2,372,64	36					^	15,900,555		(006,00/,/)
INCREASE (DECREASE) NOI S (5,372,643) \$	40	INCREASE (DECREASE) FIT @ 35% (LINE 38 X 35%)				s	(5,588,294)	\$ (2,892,962)	
3 (10,378,261) 3 (5,372,643) 3	<del>-</del> -	MCBGASE (DECBEASE) NO							•
	1 7	INCREASE (DECREASE) NOI				2	(10,378,261)	5 (5,372,643)	