

## Effect of Attorney General Rate Base and Operating Income Adjustments Incremental Effect of Proposed Adjustments

Operating Revenues:			
General Business Revenues	220,279,183		220,279,183
Interdepartmental			
Special Sales	66,195,696		66,195,696
Other Operating Revenues	5,830,462		5,830,462
Total Operating Revenues	<u>292,305,340</u>		<u>292,305,340</u>

Operating Expenses:			
Steam Production	59,580,062		59,580,062
Nuclear Production			
Hydro Production	3,311,553		3,311,553
Other Power Supply	86,040,182		86,040,182
Transmission	9,676,055		9,676,055
Distribution	13,758,365		13,758,365
Customer Accounting	7,952,082		7,952,082
Customer Service & Info	476,617		476,617
Sales	4,662		4,662
Administrative & General	20,683,067	(1,106,650)	19,576,417
Total O&M Expenses	<u>201,482,647</u>	<u>(1,106,650)</u>	<u>200,375,997</u>
Depreciation	31,266,029	(144,750)	31,121,279
Amortization	5,038,891	(473,000)	4,565,891
Taxes Other Than Income	5,477,913	-	5,477,913
Income Taxes: Federal	2,995,270	301,645	3,296,915
State	730,609	(290,733)	439,876
Deferred Income Taxes	12,508,941	(388,000)	12,120,941
Investment Tax Credit Adj.	(404,369)	-	(404,369)
Misc Revenue & Expense			-
Total Operating Expenses:	<u>259,095,931</u>	<u>(2,101,488)</u>	<u>256,994,443</u>
Operating Rev For Return:	<u>33,209,409</u>	<u>2,101,488</u>	<u>35,310,897</u>

Rate Base:			
Electric Plant In Service	1,134,495,894	(4,556,654)	1,129,939,240
Plant Held for Future Use	103,004	-	103,004
Misc Deferred Debits	10,194,634	(3,192,969)	7,001,665
Elec Plant Acq Adj	7,969,300	(7,969,000)	300
Nuclear Fuel		-	-
Prepayments	2,022,441	-	2,022,441
Fuel Stock	4,242,137	-	4,242,137
Material & Supplies	7,538,018	-	7,538,018
Working Capital	4,423,879	-	4,423,879
Weatherization Loans	795,339	-	795,339
Misc Rate Base	57,761	-	57,761
Total Electric Plant:	<u>1,171,842,408</u>	<u>(15,718,623)</u>	<u>1,156,123,785</u>

Deductions:			
Accum Prov For Deprec	(453,093,511)	(26,789,250)	(479,882,760)
Accum Prov For Amort	(26,340,998)	-	(26,340,998)
Accum Def Income Tax	(77,318,488)	(1,367,730)	(78,686,218)
Unamortized ITC	(2,261,530)	-	(2,261,530)
Customer Adv For Const	(120,509)	-	(120,509)
Customer Service Deposits	(1,606,372)	-	(1,606,372)
Miscellaneous Deductions	(10,903,870)	-	(10,903,870)
<hr/>			
Total Deductions:	(571,645,277)	(28,156,979)	(599,802,257)
Total Rate Base:	<u>600,197,130</u>	<u>(43,875,602)</u>	<u>556,321,528</u>

Return on Rate Base	5.533%	6.347%
Return on Equity	4.617%	6.476%
100 Basis Points on Equity Rev. Req. Impact	4,788,035	3,944,970

**Note:**

This schedule shows the effect of the incremental adjustments proposed in the testimony of PC witness Effron to the rebuttal position of the Company. It also recognizes the Company acceptance of certain PC adjustments in its rebuttal testimony.

**Attorney General Rate Base and Operating Income Adjustments to Company Position  
Incremental to Position in Wrigley Rebuttal**

	Total Normalized	Deferred Debits	Electric Plant Acquisition Adjustment	Major Plant Additions	Amortization of Capital Stock Expense	Incentive Compensation	IRS Tax Settlement	SIT Calculation	FIT- Interest Dividends	Capital Structure Interest Synch.
1 Operating Revenues:										
2 General Business Revenues	-	-	-	-	-	-	-	-	-	-
3 Interdepartmental	-	-	-	-	-	-	-	-	-	-
4 Special Sales	-	-	-	-	-	-	-	-	-	-
5 Other Operating Revenues	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	-	-	-	-	-	-	-	-	-	-
7										
8 Operating Expenses:										
9 Steam Production	-	-	-	-	-	-	-	-	-	-
10 Nuclear Production	-	-	-	-	-	-	-	-	-	-
11 Hydro Production	-	-	-	-	-	-	-	-	-	-
12 Other Power Supply	-	-	-	-	-	-	-	-	-	-
13 Transmission	-	-	-	-	-	-	-	-	-	-
14 Distribution	-	-	-	-	-	-	-	-	-	-
15 Customer Accounting	-	-	-	-	-	-	-	-	-	-
16 Customer Service & Info	-	-	-	-	-	-	-	-	-	-
17 Sales	-	-	-	-	-	-	-	-	-	-
18 Administrative & General	(1,106,650)	-	-	-	(171,000)	(935,650)	-	-	-	-
19 Total O&M Expenses	(1,106,650)	-	-	-	(171,000)	(935,650)	-	-	-	-
20 Depreciation	(144,750)	-	-	(144,750)	-	-	-	-	-	-
21 Amortization	(473,000)	-	(473,000)	-	-	-	-	-	-	-
22 Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
23 Income Taxes: Federal	301,645	33,870	242,567	210,538	57,133	312,610	16,453	110,831	(204,475)	(477,882)
24 State	(290,733)	4,602	32,961	28,609	7,763	42,478	2,236	(316,661)	(27,785)	(64,936)
25 Deferred Income Taxes	(388,000)	-	-	-	-	-	(388,000)	-	-	-
26 Investment Tax Credit Adj.	-	-	-	-	-	-	-	-	-	-
27 Misc Revenue & Expense	-	-	-	-	-	-	-	-	-	-
28 Total Operating Expenses:	(2,101,488)	38,473	(197,472)	94,396	(106,104)	(580,561)	(369,312)	(205,830)	(232,260)	(542,818)
29										
30 Operating Rev For Return:	2,101,488	(38,473)	197,472	(94,396)	106,104	580,561	369,312	205,830	232,260	542,818

31

32	Rate Base:									
33	Electric Plant In Service	(4,556,654)	-	-	(4,556,654)	-	-	-	-	-
34	Plant Held for Future Use	-	-	-	-	-	-	-	-	-
35	Misc Deferred Debits	(3,192,969)	(3,192,969)	-	-	-	-	-	-	-
36	Elec Plant Acq Adj	(7,969,000)	-	(7,969,000)	-	-	-	-	-	-
37	Nuclear Fuel	-	-	-	-	-	-	-	-	-
38	Prepayments	-	-	-	-	-	-	-	-	-
39	Fuel Stock	-	-	-	-	-	-	-	-	-
40	Material & Supplies	-	-	-	-	-	-	-	-	-
41	Working Capital	-	-	-	-	-	-	-	-	-
42	Weatherization Loans	-	-	-	-	-	-	-	-	-
43	Misc Rate Base	-	-	-	-	-	-	-	-	-
44	Total Electric Plant:	<u>(15,718,623)</u>	<u>(3,192,969)</u>	<u>(7,969,000)</u>	<u>(4,556,654)</u>	-	-	-	-	-
45										
46	Deductions:									
47	Accum Prov For Deprec	(26,789,250)	-	-	(26,789,250)	-	-	-	-	-
48	Accum Prov For Amort	-	-	-	-	-	-	-	-	-
49	Accum Def Income Tax	(1,367,730)	-	-	183,270	-	-	(1,551,000)	-	-
50	Unamortized ITC	-	-	-	-	-	-	-	-	-
51	Customer Adv For Const	-	-	-	-	-	-	-	-	-
52	Customer Service Deposits	-	-	-	-	-	-	-	-	-
53	Miscellaneous Deductions	-	-	-	-	-	-	-	-	-
54										
55	Total Deductions:	<u>(28,156,979)</u>	-	-	<u>(26,605,979)</u>	-	-	<u>(1,551,000)</u>	-	-
56										
57	Total Rate Base:	<u>(43,875,602)</u>	<u>(3,192,969)</u>	<u>(7,969,000)</u>	<u>(31,162,634)</u>	-	-	<u>(1,551,000)</u>	-	-

58											
59											
60	Estimated ROE impact	2.000%	0.081%	0.301%	0.886%	0.036%	0.195%	0.170%	0.069%	0.078%	0.183%
61											
62											
63											

64 TAX CALCULATION:

65											
66	Operating Revenue	1,724,400	-	473,000	144,750	171,000	935,650	-	-	-	
67	Other Deductions	612,000	-	-	-	-	-	-	612,000	-	
68	Interest (AFUDC)	-	-	-	-	-	-	-	-	-	
69	Interest	37,291	(101,375)	(253,011)	(989,394)	-	-	(49,243)	-	1,430,314	
70	Schedule "M" Additions	-	-	-	-	-	-	-	-	-	
71	Schedule "M" Deductions	504,000	-	-	504,000	-	-	-	-	-	
72	Income Before Tax	<u>571,110</u>	<u>101,375</u>	<u>726,011</u>	<u>630,145</u>	<u>171,000</u>	<u>935,650</u>	<u>49,243</u>	<u>(612,000)</u>	<u>(1,430,314)</u>	
73											
74	State Income Taxes	(290,733)	4,602	32,961	28,609	7,763	42,478	2,236	(316,661)	(27,785)	(64,936)
75											
76	Taxable Income	<u>861,842</u>	<u>96,772</u>	<u>693,050</u>	<u>601,536</u>	<u>163,237</u>	<u>893,171</u>	<u>47,008</u>	<u>316,661</u>	<u>(584,215)</u>	<u>(1,365,378)</u>
77											
78	Federal Income Taxes	301,645	33,870	242,567	210,538	57,133	312,610	16,453	110,831	(204,475)	(477,882)

SIT Rate	4.54%
FIT Rate	35.00%
Debt Component	3.175%
Company Rate Base	600,197,130
Common Equity Ratio	49.50%
Common Equity Supporting Rate Base	297,097,579
Company Return on Equity	11.13%
Company Rate of Return	8.75%

Schedule DJE-1  
 Page 1

PACIFICORP - WASHINGTON  
 ISSUES SUMMARY  
 (\$000)

	<u>Source</u>	<u>Effect on Rate Base</u>	<u>Effect on Operating Income</u>	<u>Effect on Revenue Requirement</u>
Miscellaneous Deferred Debits	(A)	\$ (3,193)	\$ -	\$ (406)
Acquisition Premium	(B)	(7,969)	293	(1,509)
Major Plant Additions	(C)	(31,163)	281	(4,441)
Out of Period Revenue Adjustment	(D)		-	-
Amortization of Capital Stock Expense	(E)		106	(179)
Incentive Compensation	(F)		581	(979)
IRS Tax Settlement	(G)	(1,551)	388	(852)
Income Tax Calculation	(H)		438	(739)
<b>Rate of Return</b>				
Return on Equity	(I)			(9,287)
Capital Structure	(I)			(3,273)
Total Revenue Requirement Effect of Issues				<u>\$ (21,665)</u>

Sources:

- (A) Schedule DJE -2.1
- (B) Schedule DJE -2.2
- (C) Schedule DJE -2.3
- (D) PacifiCorp Page 3.3.2 1,439\*.59305
- (E) PacifiCorp Page 4.1 171\*62.05%
- (F) Schedule DJE -2.4
- (G) PacifiCorp Page 7.4
- (H) Schedule DJE -2.5
- (I) Schedule DJE -3

Note: This schedule incorporates the effect on the interest synchronization into each individual adjustment

Schedule DJE-1  
Page 2

PACIFICORP - WASHINGTON  
ISSUES SUMMARY  
(\$000)

	<u>Source</u>	<u>Effect on Rate Base</u>	<u>Effect on Operating Income</u>	<u>Effect on Revenue Requirement</u>
Miscellaneous Deferred Debits	(A)	\$ (3,193)	\$ -	\$ (471)
Acquisition Premium	(B)	(7,969)	293	(1,671)
Major Plant Additions	(C)	(31,163)	281	(5,074)
Out of Period Revenue Adjustment	(D)		-	-
Amortization of Capital Stock Expense	(E)		106	(179)
Incentive Compensation	(F)		581	(979)
IRS Tax Settlement	(G)	(1,551)	388	(883)
Income Tax Calculation	(H)		438	(739)
Interest Synchronization Effect	(I)		(529)	891
<b>Rate of Return</b>				
Return on Equity	(J)			(9,287)
Capital Structure	(J)			(3,273)
Total Revenue Requirement Effect of Issues				<u>\$ (21,665)</u>

Sources:

(A)	Schedule DJE -2.1			
(B)	Schedule DJE -2.2			
(C)	Schedule DJE -2.3			
(D)	PacifiCorp Page 3.3.2	1,439*.59305		
(E)	PacifiCorp Page 4.1	171*62.05%		
(F)	Schedule DJE -2.4			
(G)	PacifiCorp Page 7.4			
(H)	Schedule DJE -2.5			
(I)	Total of Rate Base Adjustments	\$ (43,876)		
	Weighted Cost of Debt	<u>3.175%</u>	Schedule DJE-3	
	Synchronized Interest Expense	(1,393)		
	Income Tax Rate	<u>37.95%</u>		
	Income Tax Expense	<u>\$ 529</u>		
(J)	Schedule DJE-3			

Note: This schedule shows the effect on the interest synchronization of the aggregate of the adjustments to rate base as a separate adjustment

Schedule DJE-1  
Page 3

PACIFICORP - WASHINGTON  
FACTORS-CALCULATION OF REVENUE REQUIREMENT EFFECTS  
(\$000)

A	SIT Rate	4.54%
B	FIT Rate	35.00%
C	Combined Tax Rate	37.95%
D	Complement	62.05%
E	Revenue Sensitive Expense Factor	0.9558
F	Revenue Conversion Factor	0.5931
G	Company Pre-Tax Return	12.17%
H	Rate Base Adjustment Factor	0.1273

Notes

A	PacifiCorp Page 2.1		
B	PacifiCorp Page 2.1		
C	=	$B+(1-B)*A$	
D	=	$1 - C$	
E	Uncollectible Accounts	0.357%	PacifiCorp Page 1.2
	WA Revenue Tax	3.873%	PacifiCorp Page 1.2
	WUTC Fee	<u>0.190%</u>	PacifiCorp Page 1.2
	Total	4.420%	
	Complement	95.580%	
F	=	$D * E$	
G	Schedule DJE-3		
H	=	$G / E$	

Schedule DJE-2.1

PACIFICORP - WASHINGTON  
MISCELLANEOUS DEFERRED DEBITS  
(\$000)

Miscellaneous Deferred Debits in Rate Base	(A)	<u>\$ 7,597</u>
Amortization of Transition Plan Regulatory Asset	(B)	\$ 1,587
Adjustment to Income Taxes	37.95%	<u>(602)</u>
Adjustment to Net Operating Income		<u>\$ 985</u>

Sources:

- (A) PacifiCorp Page 1.1
- (B) PacifiCorp Page 4.4.2



Schedule DJE-2.2

PACIFICORP - WASHINGTON  
ELECTRIC PLANT ACQUISITION ADJUSTMENTS IN RATE BASE  
(\$000)

Plant Acquisition Adjustments in Rate Base	(A)	<u>\$ 7,969</u>
Amortization of Plant Acquisition Adjustments	(B)	\$ 473
Adjustment to Income Taxes	37.95%	<u>(180)</u>
Adjustment to Net Operating Income		<u>\$ 293</u>

Sources:

- (A) PacifiCorp Page 1.1
- (B) PacifiCorp Page 2.17

Schedule DJE-2.3  
 Page 1

PACIFICORP - WASHINGTON  
 MAJOR PLANT ADDITIONS  
 (\$000)

Adjustment to Company Forecast of Plant Additions (A) \$ (4,557)

Adjustment to Accumulated Reserve for Depreciation

Modification to Plant Additions 145

Growth in Depreciation Reserve:

	(B) Annual	Years	Total	
Steam Plant	11,553	2	23,106	
Hydro Plant	1,091	2	2,182	
Other Production Plant	823	2	1,646	
Total	13,467		26,934	(26,934)

Accumulated Deferred Income Taxes (C) 183

Total Adjustment to Company Rate Base \$ (31,163)

Depreciation Expense (D)

Steam Plant (A)	(4,190)	3.0547%	\$ (128)
Hydro Plant (A)	435	2.4997%	11
Other Production Plant (A)	<u>(802)</u>	3.4468%	<u>(28)</u>

Adjustment to Company Depreciation Expense (4,557) (145)

Company Depreciation Expense (E) 1,302

Net Depreciation Expense 1,157

Income Tax Expense 37.95% 439

Adjustment to Net Operating Income (718)

Company Adjustment to Net Operating Income (F) (999)

Adjustment to Company Pro Forma Net Operating Income \$ 281

Sources:

- (A) Schedule DJE-2.3, Page 2
- (B) PacifiCorp Page 2.16
- (C) PacifiCorp Page 8.4 4557/39209\*1577
- (D) PacifiCorp Page 8.4.1
- (E) PacifiCorp Page 8.4
- (F) PacifiCorp Page 8.0

Schedule DJE-2.3  
 Page 2

PACIFICORP - WASHINGTON  
 MAJOR PLANT ADDITIONS  
 (\$000)

	(A) Company <u>Forecast</u>	(B) <u>Update</u>	<u>Difference</u>	(C) Alloc. <u>Factor</u>	<u>Adjstmt.</u>
U1 Huntington ESP	20,500	256	(20,244)	8.627%	(1,746)
U1 Huntington LNB	10,384	-	(10,384)	8.627%	(896)
U2 Jim Bridger LNB	7,030	1,425	(5,605)	8.627%	(484)
Generator Rewind	5,988	3,801	(2,187)	8.627%	(189)
UO Coal Load-in Facility	5,500	-	(5,500)	8.627%	(474)
Controls Upgrade	5,461	4,777	(684)	8.627%	(59)
Rewind #2 Main Gen. Stator	5,288	5,578	290	8.627%	25
U2 Controls	5,252	5,581	329	8.627%	28
FY 2004 Cholla Capital	<u>4,460</u>	-	<u>(4,460)</u>	8.869%	<u>(396)</u>
TOTAL STEAM PLANT	<u>69,863</u>	<u>21,418</u>	<u>(48,445)</u>		<u>(4,190)</u>
Replace Prospect Flumes	11,479	12,860	1,381	8.627%	119
Swift 1 Oper. & Cap Upgrade	11,324	23,688	12,364	8.627%	1,067
Cove Flume Replacement	<u>8,701</u>	-	<u>(8,701)</u>	8.627%	<u>(751)</u>
TOTAL HYDRO PLANT	<u>31,504</u>	<u>36,548</u>	<u>5,044</u>		<u>435</u>
Currant Creek Phase 1	150,369	163,983	13,614	8.263%	1,125
Currant Creek Phase 2	<u>208,956</u>	<u>186,624</u>	<u>(22,332)</u>	8.627%	<u>(1,927)</u>
TOTAL OTHER PLANT	<u>359,325</u>	<u>350,607</u>	<u>(8,718)</u>		<u>(802)</u>
TOTAL CAPITAL ADDITIONS	<u>460,692</u>	<u>408,573</u>	<u>(52,119)</u>		<u>(4,557)</u>

Sources:

- (A) PacifiCorp Page 8.4.1
- (B) Response to Public Counsel Data Request 39
- (C) PacifiCorp Page 8.4

Schedule DJE-2.4

PACIFICORP - WASHINGTON  
INCENTIVE COMPENSATION  
(\$000)

Total Pro Forma Incentive Compensation	(A)	\$ 33,297
Allocation to Utility	(B)	<u>73.94%</u>
Cost Allocated to Utility		24,620
Allocation to Washington	(C)	<u>7.60%</u>
Cost Allocated to Washington		1,871
Proposed Adjustment	(D)	<u>50%</u>
Adjustment to Pro Forma Labor Expense		936
Adjustment to Income Taxes	37.95%	<u>(355)</u>
Adjustment to Net Operating Income		<u>\$ 581</u>

Sources:

- (A) PacifiCorp Page 4.10.5
- (B) PacifiCorp Page 4.10.5 459431/621347
- (C) PacifiCorp Page 4.9 2482/32655
- (D) See Testimony

Schedule DJE-2.5

PACIFICORP - WASHINGTON  
ADJUSTMENT TO INCOME TAX EXPENSE  
(\$000)

Adjusted Taxable Income before State Income Tax, per Company	(A)	\$ 1,367
Interest & Dividends (AFUDC - Equity)	(A)	<u>(612)</u>
Taxable Income before State Income Tax as Adjusted		755
State Income Tax Rate	(B)	<u>4.54%</u>
State Income Tax Expense		34
Company State Income Tax Expense	(A)	<u>379</u>
Adjustment to State Income Tax		<u>\$ (344)</u>
Adjusted Taxable Income before State Income Tax, per Company	(A)	\$ 1,367
Interest & Dividends (AFUDC - Equity)	(A)	(612)
State Income Tax		<u>(34)</u>
Taxable Income before Federal Income Tax as Adjusted		720
Federal Income Tax Rate		<u>35%</u>
Federal Income Tax Expense		252
Company Federal Income Tax Expense	(A)	<u>346</u>
Adjustment to Federal Income Tax		<u>\$ (94)</u>
Total Adjustment to Income Tax Expense		<u>\$ (438)</u>

Sources:

- (A) PacifiCorp Page 2.22
- (B) PacifiCorp Page 2.1

Schedule DJE-3  
Page 1

PACIFICORP - WASHINGTON  
EFFECT OF RATE OF RETURN PROPOSAL  
(\$000)

Company Rate Base	(A)	\$ 600,197
Proposed Adjustments	(B)	<u>(43,876)</u>
Proposed Rate Base		\$ 556,321
Company Pre-Tax Rate of Return	(C)	12.167%
Pre-Tax Rate of Return - Public Counsel ROE, Company Cap. Structure	(C)	<u>10.571%</u>
Difference		1.596%
Effect on Pre-Tax Return Requirement		\$ 8,876
Gross-Up for Revenue Sensitive Expenses	(D)	<u>0.9558</u>
Effect on Revenue Requirement		<u>\$ 9,287</u>
Proposed Rate Base	(A)	\$ 556,321
Pre-Tax Rate of Return - Public Counsel ROE, Company Cap. Structure	(C)	10.571%
Pre-Tax Rate of Return - Public Counsel ROE and Capital Structure	(C)	<u>10.009%</u>
Difference		0.562%
Effect on Pre-Tax Return Requirement		\$ 3,129
Gross-Up for Revenue Sensitive Expenses	(D)	<u>0.9558</u>
Effect on Revenue Requirement		<u>\$ 3,273</u>

Sources:

- (A) PacifiCorp Page 1.1
- (B) Schedule DJE-1, Page 1
- (C) Schedule DJE-3
- (D) Schedule DJE-1, Page 3

Schedule DJE-3  
 Page 2

PACIFICORP - WASHINGTON  
 RATE OF RETURN

Per Company:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Long Term Debt	49.40%	6.43%	3.175%	3.175%
Preferred Stock	1.10%	6.59%	0.072%	0.117%
Common Equity	<u>49.50%</u>	11.13%	<u>5.507%</u>	<u>8.875%</u>
Total Capital	<u>100.00%</u>		<u>8.754%</u>	<u>12.167%</u>

With Company Capital Structure and Public Counsel Return on Equity:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Long Term Debt	49.40%	6.43%	3.175%	3.175%
Preferred Stock	1.10%	6.59%	0.072%	0.117%
Common Equity	<u>49.50%</u>	9.13%	<u>4.517%</u>	<u>7.280%</u>
Total Capital	<u>100.00%</u>		<u>7.764%</u>	<u>10.571%</u>

With Public Counsel Return on Equity and Capital Structure:

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Cost</u>
Short Term Debt	3.00%	3.00%	0.090%	0.090%
Long Term Debt	52.00%	6.43%	3.342%	3.342%
Preferred Stock	1.00%	6.59%	0.066%	0.106%
Common Equity	<u>44.00%</u>	9.13%	<u>4.015%</u>	<u>6.471%</u>
Total Capital	<u>100.00%</u>		<u>7.513%</u>	<u>10.009%</u>

Sources: PacifiCorp Page 2.1  
 Testimony of Mr. Hill

	<u>Company Position</u>	<u>Adjustments</u>	<u>Proposed Position</u>
Rate Base	\$ 600,197,130	\$ (43,875,602)	\$ 556,321,528
Rate of Return	<u>8.75%</u>	<u>-1.24%</u>	<u>7.51%</u>
Operating Income Requirement	52,543,075	(10,746,973)	41,796,103
Adjusted Operating Income	<u>33,209,409</u>	<u>2,101,488</u>	<u>35,310,897</u>
Income Deficiency (Excess)	19,333,666	(12,848,461)	6,485,205
Gross Revenue Conversion Factor	<u>0.5931</u>	<u>-</u>	<u>0.5931</u>
Revenue Deficiency (Excess)	<u>\$ 32,599,610</u>	<u>\$ (21,664,531)</u>	<u>\$ 10,935,079</u>