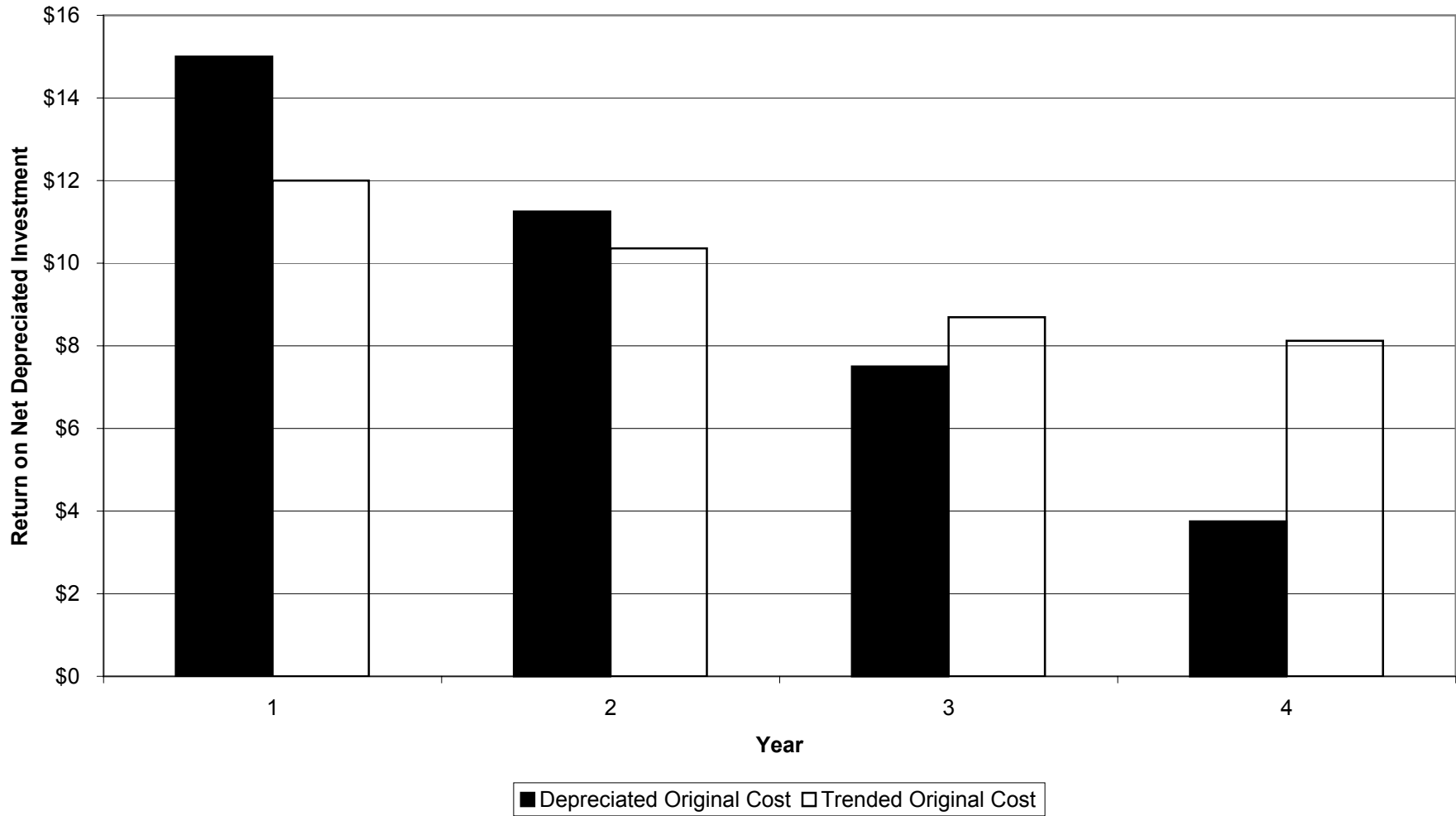


**Exhibit \_\_\_\_ (GRS-5), Page 1 of 5**  
**Total Annual Dollar Return on Net Depreciated Investment**  
**Based on a \$100 Investment with a 4 Year Life**

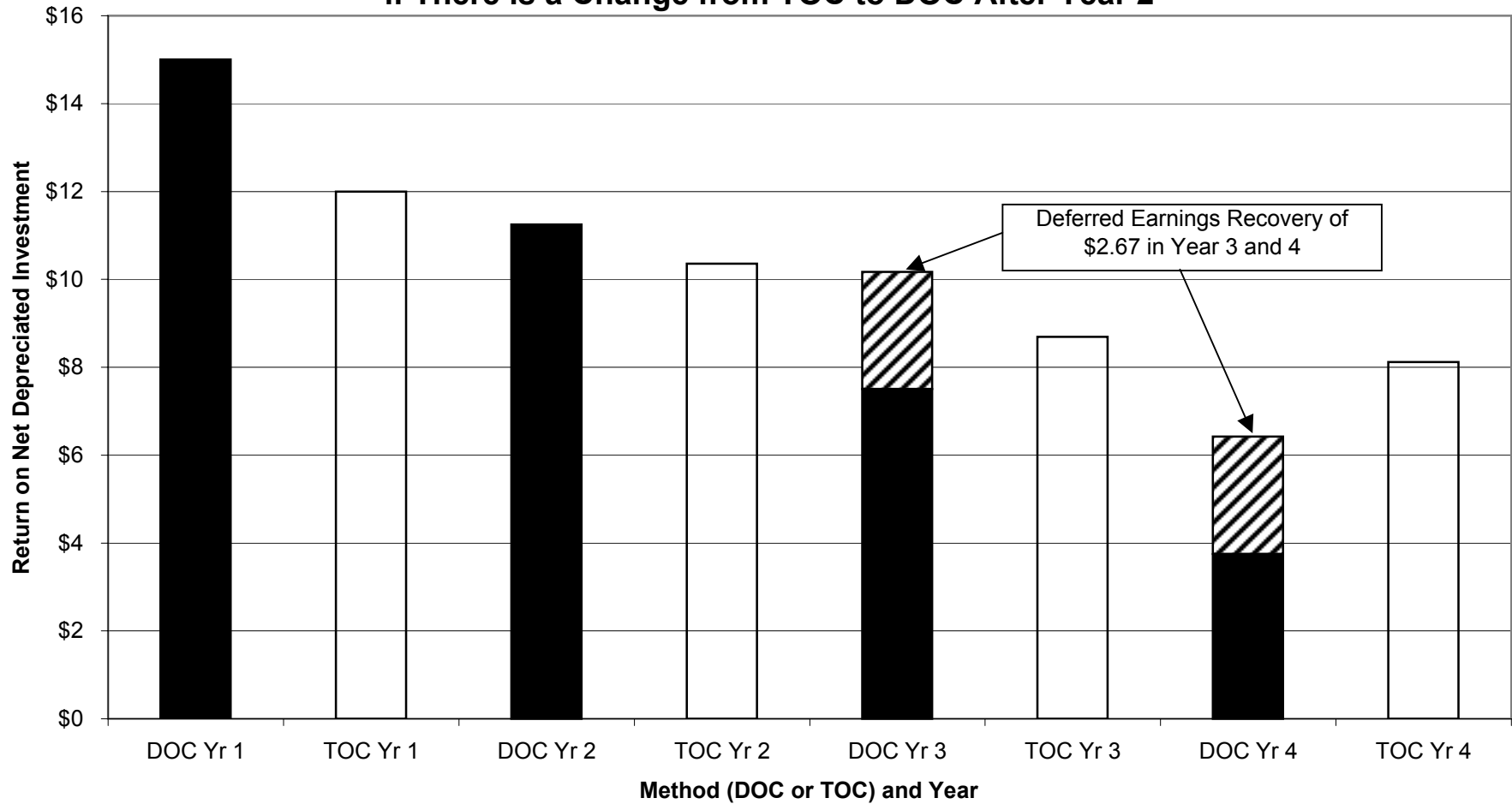


**Exhibit \_\_\_\_ (GRS-5), Page 2 of 5**

**Return on Net Depreciated Investment Based on Different Cost of Service Methods**

Cost of Service Method	Item	Year 0	Year 1	Year 2	Year 3	Year 4
Depreciated Original Cost	Return		\$15.00	\$11.25	\$7.50	\$3.75
	Discounted Present Value Factor at 15%		0.870	0.756	0.658	0.572
	Discounted Present Value of Return		\$13.04	\$8.51	\$4.93	\$2.14
	Total Discounted Present Value of Return	\$28.63				
	Internal Rate of Return	15.00%				
Trended Original Cost	Return		\$12.00	\$10.36	\$8.69	\$8.12
	Discounted Present Value Factor at 15%		0.870	0.756	0.658	0.572
	Discounted Present Value of Return		\$10.43	\$7.83	\$5.71	\$4.64
	Total Discounted Present Value of Return	\$28.63				
	Internal Rate of Return	15.00%				
Trended Original Cost to Depreciated Original Cost Without a Recovery of Deferred Earnings in Year 3 and 4	Return excluding Deferred Earnings		\$12.00	\$9.00	\$7.50	\$3.75
	Recovery of Deferred Earnings		\$0.00	\$1.36	\$0.00	\$0.00
	Total Return		\$12.00	\$10.36	\$7.50	\$3.75
	Discounted Present Value Factor at 15%		0.870	0.756	0.658	0.572
	Discounted Present Value of Return		\$10.43	\$7.83	\$4.93	\$2.14
	Total Discounted Present Value of Return	\$25.34				
	Internal Rate of Return	13.30%				
Trended Original Cost to Depreciated Original Cost With an Equal Amount Recovery of Deferred Earnings in Year 3 and 4	Return excluding Deferred Earnings		\$12.00	\$9.00	\$7.50	\$3.75
	Recovery of Deferred Earnings		\$0.00	\$1.36	\$2.67	\$2.67
	Total Return		\$12.00	\$10.36	\$10.17	\$6.42
	Discounted Present Value Factor at 15%		0.870	0.756	0.658	0.572
	Discounted Present Value of Return		\$10.43	\$7.83	\$6.69	\$3.67
	Total Discounted Present Value of Return	\$28.63				
	Internal Rate of Return	15.00%				

**Exhibit \_\_\_\_ (GRS-5), Page 3 of 5**  
**Total Annual Dollar Return on Net Depreciated Investment**  
**Based on a \$100 Investment with a 4 Year Life**  
**With Deferred Earnings Recovery to DOC**  
**if There is a Change from TOC to DOC After Year 2**



**Exhibit \_\_\_\_ (GRS-5), Page 4 of 5**

**Example of Depreciated Original Cost and Trended Original Cost for a 4 Year Investment**

Line	Item	Source	Depreciated Original Cost					Trended Original Cost					
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 0	Year 1	Year 2	Year 3	Year 4	
1	Start of Year Investment	Prior Line 3		\$100.00	\$75.00	\$50.00	\$25.00		\$100.00	\$75.00	\$50.00	\$25.00	
2	Depreciation	4 Year Life		\$25.00	\$25.00	\$25.00	\$25.00		\$25.00	\$25.00	\$25.00	\$25.00	
3	End of Year Investment	Line (1 - 2)		\$75.00	\$50.00	\$25.00	\$0.00		\$75.00	\$50.00	\$25.00	\$0.00	
4	Real Equity Return	Input		12.0%	12.0%	12.0%	12.0%		12.0%	12.0%	12.0%	12.0%	
5	Inflation	Input		3.0%	3.0%	3.0%	3.0%		3.0%	3.0%	3.0%	3.0%	
6	Nominal Equity Return	Line (4 + 5)		15.0%	15.0%	15.0%	15.0%		15.0%	15.0%	15.0%	15.0%	
7	Real Equity Return on Investment	Line (1 * 4)		\$12.00	\$9.00	\$6.00	\$3.00		\$12.00	\$9.00	\$6.00	\$3.00	
8	Inflation Return on Investment	Line (1 * 5)		\$3.00	\$2.25	\$1.50	\$0.75		n/a	n/a	n/a	n/a	
9	Total Equity Return on Investment	Line (7 + 8)		\$15.00	\$11.25	\$7.50	\$3.75		n/a	n/a	n/a	n/a	
10	Deferred Earnings	Line (1 * 5)							\$3.00	\$2.25	\$1.50	\$0.75	
11	Inflation Return on Deferred Earnings	Prior Line 18 * Line 5							\$0.00	\$0.09	\$0.13	\$0.11	
12	Total Deferred Earnings Created	Line (10 + 11)							\$3.00	\$2.34	\$1.63	\$0.86	
13	Amortization of Year 1 Total Deferred Earnings Created	Line 21 of Year 1 / 3								\$1.00	\$1.00	\$1.00	
14	Amortization of Year 2 Total Deferred Earnings Created	Line 21 of Year 2 / 2									\$1.17	\$1.17	
15	Amortization of Year 3 Total Deferred Earnings Created	Line 21 of Year 3 / 1										\$1.63	
16	Amortization of Year 4 Total Deferred Earnings Created	Line 21 of Year 4 / 1										\$0.86	
17	Total Amortization of Deferred Earnings	Sum Lines (13 to 16)							\$0.00	\$1.00	\$2.17	\$4.66	
18	End of Year Deferred Earnings	Prior Line 18 + Line (12 - 17)							\$3.00	\$4.34	\$3.80	\$0.00	
19	Real Return on Deferred Earnings	Prior Line 18 * Line 4							\$0.00	\$0.36	\$0.52	\$0.46	
20	Real Equity Return on Investment	Line 7		\$12.00	\$9.00	\$6.00	\$3.00		\$12.00	\$9.00	\$6.00	\$3.00	
21	Inflation Return on Investment	Line 8		\$3.00	\$2.25	\$1.50	\$0.75		n/a	n/a	n/a	n/a	
22	Total Amortization of Deferred Earnings	Line 17		n/a	n/a	n/a	n/a		\$0.00	\$1.00	\$2.17	\$4.66	
23	Real Return on Deferred Earnings	Line 19		n/a	n/a	n/a	n/a		\$0.00	\$0.36	\$0.52	\$0.46	
24	Total Equity Return on Investment	Sum Lines (20 to 23)		\$15.00	\$11.25	\$7.50	\$3.75		\$12.00	\$10.36	\$8.69	\$8.12	
25	Percentage Return on Investment	Line (24 / 1)		15.00%	15.00%	15.00%	15.00%		12.00%	13.81%	17.38%	32.48%	
26	Present Value Factor	(1/ (1+Line 6)) * Prior Line 26		0.870	0.756	0.658	0.572		0.870	0.756	0.658	0.572	
27	Present Value of Total Equity Return on Investment	Line (24 * 26)		\$13.04	\$8.51	\$4.93	\$2.14		\$10.43	\$7.83	\$5.71	\$4.64	
28	Return of Investment (through depreciation)	Line 2		\$25.00	\$25.00	\$25.00	\$25.00		\$25.00	\$25.00	\$25.00	\$25.00	
29	Present Value Factor	Line 26		0.870	0.756	0.658	0.572		0.870	0.756	0.658	0.572	
30	Present Value of Return of Investment	Line (28 * 29)		\$21.74	\$18.90	\$16.44	\$14.29		\$21.74	\$18.90	\$16.44	\$14.29	
31	Total Present Value of Total Equity Return on Investment	Sum Line 27 Years 1 to 4		\$28.63					\$28.63				
32	Total Present Value of Return of Investment	Sum Line 30 Years 1 to 4		\$71.37					\$71.37				
33	Total Present Value of Return of Investment and on Investment	Line (31 + 32)		\$100.00					\$100.00				
34	Internal Rate of Return Cashflows	Negative of Line 1 Yr 1 or Line (25 + 28)		(\$100.00)	\$40.00	\$36.25	\$32.50	\$28.75	(\$100.00)	\$37.00	\$35.36	\$33.69	\$33.12
35	Internal Rate of Return	Internal Rate of Return Calculation			15%					15%			

**Example of Changing from Trended Original Cost to Depreciated Original Cost After Year 2 for a 4 Year Investment Without and With Recovery of Deferred Earnings**

Line	Item	Source	Without Recovery of Deferred Earnings					With Recovery of Deferred Earnings in Years 3 and 4					
			Year 0	Year 1	Year 2	Year 3	Year 4	Year 0	Year 1	Year 2	Year 3	Year 4	
1	Start of Year Investment	Prior Line 3		\$100.00	\$75.00	\$50.00	\$25.00		\$100.00	\$75.00	\$50.00	\$25.00	
2	Depreciation	4 Year Life		\$25.00	\$25.00	\$25.00	\$25.00		\$25.00	\$25.00	\$25.00	\$25.00	
3	End of Year Investment	Line (1 - 2)		\$75.00	\$50.00	\$25.00	\$0.00		\$75.00	\$50.00	\$25.00	\$0.00	
4	Real Equity Return	Input		12.0%	12.0%	12.0%	12.0%		12.0%	12.0%	12.0%	12.0%	
5	Inflation	Input		3.0%	3.0%	3.0%	3.0%		3.0%	3.0%	3.0%	3.0%	
6	Nominal Equity Return	Line (4 + 5)		15.0%	15.0%	15.0%	15.0%		15.0%	15.0%	15.0%	15.0%	
7	Real Equity Return on Investment	Line (1 * 4)		\$12.00	\$9.00	\$6.00	\$3.00		\$12.00	\$9.00	\$6.00	\$3.00	
8	Inflation Return on Investment	Line (1 * 5)		n/a	n/a	\$1.50	\$0.75		n/a	n/a	\$1.50	\$0.75	
9	Total Equity Return on Investment	Line (7 + 8)		n/a	n/a	\$7.50	\$3.75		n/a	n/a	\$7.50	\$3.75	
10	Deferred Earnings	Line (1 * 5)		\$3.00	\$2.25				\$3.00	\$2.25	n/a	n/a	
11	Inflation Return on Deferred Earnings	Prior Line 18 * Line 5		\$0.00	\$0.09				\$0.00	\$0.09	\$0.13	\$0.07	
12	Total Deferred Earnings Created	Line (10 + 11)		\$3.00	\$2.34				\$3.00	\$2.34	\$0.13	\$0.07	
13	Amortization of Year 1 Total Deferred Earnings Created	Line 21 of Year 1 / 3				\$1.00				\$1.00	\$1.00	\$1.00	
14	Amortization of Year 2 Total Deferred Earnings Created	Line 21 of Year 2 / 2									\$1.17	\$1.17	
15	Amortization of Year 3 Total Deferred Earnings Created	Line 21 of Year 3 / 1										\$0.13	
16	Amortization of Year 4 Total Deferred Earnings Created	Line 21 of Year 4 / 1										\$0.07	
17	Total Amortization of Deferred Earnings	Sum Lines (13 to 16)		\$0.00	\$1.00				\$0.00	\$1.00	\$2.17	\$2.37	
18	End of Year Deferred Earnings	Prior Line 18 + Line (12 - 17)		\$3.00	\$4.34				\$3.00	\$4.34	\$2.30	\$0.00	
19	Real Return on Deferred Earnings	Prior Line 18 * Line 4		\$0.00	\$0.36				\$0.00	\$0.36	\$0.52	\$0.28	
<b>Equity Return on Investment (Deferred Earnings Amortization Based on TOC amortization and it is not set to equal amounts in this section of the table):</b>													
20	Real Equity Return on Investment	Line 7		\$12.00	\$9.00	\$6.00	\$3.00		\$12.00	\$9.00	\$6.00	\$3.00	
21	Inflation Return on Investment	Line 8		n/a	n/a	\$1.50	\$0.75		n/a	n/a	\$1.50	\$0.75	
22	Total Amortization of Deferred Earnings	Line 17		\$0.00	\$1.00	n/a	n/a		\$0.00	\$1.00	\$2.17	\$2.37	
23	Real Return on Deferred Earnings	Line 19		\$0.00	\$0.36	n/a	n/a		\$0.00	\$0.36	\$0.52	\$0.28	
24	Total Equity Return on Investment	Sum Lines (20 to 23)		\$12.00	\$10.36	\$7.50	\$3.75		\$12.00	\$10.36	\$10.19	\$6.40	
25	Percentage Return on Investment	Line (24 / 1)		12.00%	13.81%	15.00%	15.00%		12.00%	13.81%	20.38%	25.58%	
26	Present Value Factor	(1/ (1+Line 6)) * Prior Line 26		0.870	0.756	0.658	0.572		0.870	0.756	0.658	0.572	
27	Present Value of Total Equity Return on Investment	Line (24 * 26)		\$10.43	\$7.83	\$4.93	\$2.14		\$10.43	\$7.83	\$6.70	\$3.66	
28	Return of Investment (through depreciation)	Line 2		\$25.00	\$25.00	\$25.00	\$25.00		\$25.00	\$25.00	\$25.00	\$25.00	
29	Present Value Factor	Line 26		0.870	0.756	0.658	0.572		0.870	0.756	0.658	0.572	
30	Present Value of Return of Investment	Line (28 * 29)		\$21.74	\$18.90	\$16.44	\$14.29		\$21.74	\$18.90	\$16.44	\$14.29	
31	Total Present Value of Total Equity Return on Investment	Sum Line 27 Years 1 to 4		\$25.34					\$28.63				
32	Total Present Value of Return of Investment	Sum Line 30 Years 1 to 4		\$71.37					\$71.37				
33	Total Present Value of Return of Investment and on Investment	Line (31 + 32)		\$96.72					\$100.00				
34	Internal Rate of Return Cashflows	Negative of Line 1 Yr 1 or Line (24 + 28)		(\$100.00)	\$37.00	\$35.36	\$32.50	\$28.75	(\$100.00)	\$37.00	\$35.36	\$35.19	\$31.40
35	Internal Rate of Return	Internal Rate of Return Calculation			13.30%					15.00%			
<b>Value of Deferred Earnings if Continued Under TOC Amortization:</b>													
36	Total Deferred Earnings	Line (22 + 23)									\$2.69	\$2.65	
37	Present Value Factor	(1/ (1+ Line 6)) * Prior Line 37									0.870	0.756	
38	Present Value of Deferred Earnings at Year 2	Line (36 * 37)									\$2.34	\$2.00	
39	Total Present Value of Deferred Earnings at Year 2	Sum Line 38 Years 3 to 4								\$4.34			
<b>Recovery of Deferred Earnings if Recovery in Equal Amounts:</b>													
40	Equal Amortization of Deferred Earnings in Year 3 and 4	Computed so Line 38 = Line 43									\$2.67	\$2.67	
41	Present Value Factor	(1/ (1+ Line 6)) * Prior Line 41									0.870	0.756	
42	Present Value of Deferred Earnings at Year 2	Line (40 * 41)									\$2.32	\$2.02	
43	Total Present Value of Deferred Earnings at Year 2	Sum Line 42 Years 3 to 4								\$4.34			
<b>Return on Equity Investment (if Equal Recovery of Deferred Earnings in Year 3 and 4):</b>													
44	Real Equity Return on Investment	Line 20		\$12.00	\$9.00	\$6.00	\$3.00		\$12.00	\$9.00	\$6.00	\$3.00	
45	Inflation Return on Investment	Line 21		n/a	n/a	\$1.50	\$0.75		n/a	n/a	\$1.50	\$0.75	
46	Deferred Earnings Recovery for Years 1 and 2	Line (22 + 23) for Yr 1 and 2 Only		\$0.00	\$1.36	n/a	n/a		\$0.00	\$1.36	n/a	n/a	
47	Equal Amortization of Deferred Earnings in Year 3 and 4	Line 40 for Yr 3 and 4 Only		n/a	n/a	n/a	n/a		n/a	n/a	\$2.67	\$2.67	
48	Total Return on Equity Investment with an Equal Recovery of Deferred Earnings	Sum Lines (44 to 47)		\$12.00	\$10.36	\$7.50	\$3.75		\$12.00	\$10.36	\$10.17	\$6.42	
49	Present Value Factor	Line 26		0.870	0.756	0.658	0.572		0.870	0.756	0.658	0.572	
50	Present Value of Return of Investment	Line (48 * 49)		\$10.43	\$7.83	\$4.93	\$2.14		\$10.43	\$7.83	\$6.69	\$3.67	
51	Total Present Value of Return of Investment	Sum Line 50 Years 1 to 4		\$25.34					\$28.63				