

Comparison of Regulatory Asset Revenue Requirement and Credit Ratios Between Proposed Settlement and Commissioner Wood's Alternate

Proposed Settlement (from Part E of Appendix A)										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTALS
Amortization (\$Million)	\$142.7	\$161.4	\$182.6	\$206.5	\$233.6	\$264.2	\$298.8	\$338.0	\$382.3	\$2,210.1
Return and Taxes on Average Balance (\$Million)	\$280.4	\$260.4	\$237.9	\$212.4	\$183.5	\$150.9	\$114.0	\$72.3	\$25.1	\$1,536.9
Taxes on Amortization (\$Million)	\$98.1	\$111.0	\$125.6	\$142.0	\$160.6	\$181.7	\$205.5	\$232.5	\$262.9	\$1,519.9
Total Revenue Requirement (\$Million)	\$521.2	\$532.8	\$546.1	\$560.9	\$577.7	\$596.8	\$618.3	\$642.8	\$670.3	\$5,266.9
Total Debt and Preferred Credit Ratios							S&P BBB Guidelines			
Total Debt & Preferred % of Total Capitalization	51.3	48.3	48.0	48.0	48.0					45.0 - 52.5
EBIT Interest & Preferred Dividend Coverage /1	3.8	4.1	4.3	4.3	4.4					4.7 - 2.8
EBITDA Interest & Preferred Dividend Coverage /2	6.4	6.9	7.2	7.3	6.9					
FFO Interest & Preferred Dividend Coverage /3	4.5	4.8	5.0	5.1	5.4					5.1 - 3.3
FFO % of Total Debt & Preferred /3	22.7	24.1	25.2	25.9	28.1					36.5 - 24.5

\$1.2 Billion Regulatory Asset, Amortized over 4 yrs and Straight Line Depreciation /4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTALS
Amortization (\$Million)	\$300.0	\$300.0	\$300.0	\$300.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,200.0
Return and Taxes on Average Balance (\$Million)	\$137.7	\$98.3	\$59.0	\$19.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$314.6
Taxes on Amortization (\$Million)	\$206.2	\$206.2	\$206.2	\$206.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$824.9
Total Revenue Requirement (\$Million)	\$643.9	\$604.6	\$565.2	\$525.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,339.6

Total Debt and Preferred Credit Ratios

S&P BBB Guidelines

Total Debt & Preferred % of Total Capitalization	51.7	48.0	48.0	48.0	48.0					45.0 - 52.5
EBIT Interest & Preferred Dividend Coverage /1	3.9	4.3	4.5	4.5	4.1					4.7 - 2.8
EBITDA Interest & Preferred Dividend Coverage /2	7.0	7.5	7.8	7.9	6.5					
FFO Interest & Preferred Dividend Coverage /3	4.9	5.2	5.4	5.5	5.2					5.1 - 3.3
FFO % of Total Debt & Preferred /3	25.1	26.8	27.7	28.2	26.7					36.5 - 24.5

NOTES:

1/ EBIT: Earnings Before Interest & Tax

2/ EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

3/ FFO: Funds from Operations

4/ Assumes a Cash Balance of \$2,950 Million at 2003 Year End.