

Witness: Houstma/Fruehe

Revenue Requirement Comparison
2011 Future Test Year and 2009 Historical Test Year
In millions

	2011 Future Test Year (1)	2009 Historical Test Year	
1	Rate Base	\$ 7,471	\$ 7,717
2	Weighted Average Cost of Capital	8.54%	8.99%
3	Authorized Return (line 1 x Line 2)	638	694
4	Interest Synchronization and Permanent Tax Differences	(109)	(111)
5	After Tax Return (Line 3 x Line 4)	529	583
6	Gross Revenue Conversion Factor	1.66	1.66
7	Pre-Tax Authorized Return (Line 5 x Line 6)	878	968
8	Operating Expenses		
9	Distribution, Customer & Administrative and General	1,066	1,021
10	Bad Debt	25	36
11	Depreciation Expense	449	408
12	Total (Sum Lines 9 - 11)	1,540	1,465
13	Other Revenues	(104)	(96)
14	Revenue Requirement (Line 7 + Line 12 + Line 13)	2,314	2,337
15	Remove Bad Debt (Line 10) (2)	(25)	(36)
16	Adjusted Revenue Requirement (Line 14 - Line 15)	\$ 2,289	\$ 2,301
	Delta Between Test Years in \$\$	\$	12
	Delta Between Test Years in %		0.52%

Notes

- (1) Estimated June 2010.
- (2) Bad debt removed as it is revenue neutral due to the operation of Rider UF.

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Rate Base Comparison
2011 Future Test Year and 2009 Historical Test Year
In Millions

	2011 Future Test Year (1)	2009 Historical Test Year	
1	Gross Plant		
2	Distribution & Customer	13,617	13,296
3	General & Intangible	1,369	1,476
4	Total Gross Plant	14,986	14,772
5	Accumulated Depreciation		
6	Distribution & Customer	(5,354)	(4,743)
7	General & Intangible	(598)	(556)
8	Total Accumulated Depreciation	(5,952)	(5,299)
9	Net Plant	9,034	9,474
10	Accumulated Deferred Income Taxes	(1,582)	(1,582)
11	CWIP	74	13
12	Cash Working Capital	96	96
13	Materials & Supplies	33	27
14	Regulatory Assets	8	11
15	Deferred Debits	270	99
16	Operating Reserves	(362)	(307)
17	ARO	(25)	(19)
18	Other Deferred Credits	(27)	(12)
19	Customer Deposits	(49)	(45)
20	Customer Advances		(37)
21	Total	7,470	7,717

Notes

(1) Estimated June 2010.