

WORKPAPER TITLE

Overhead Loaders

WITNESS

Garry G. Yee

| <u>Overhead Category</u> | <u>Overhead Rate</u> | <u>Loading Base</u> |
|------------------------------------|----------------------|--|
| Payroll Taxes | 8.00% | Direct Labor |
| Vacation and Sick Time | 16.89% | Direct Labor |
| Benefits (non-balanced only) | 21.27% | Direct Labor |
| Workers' Compensation | 3.86% | Direct Labor |
| Public Liability / Property Damage | 2.70% | Direct Labor |
| Incentive Compensation Plan | 18.05% | Management and Associate Direct Labor |
| Purchased Services and Materials | 0.85% | Contract Labor, Services and Purchased Materials |
| Administrative and General | 2.09% | Direct Capital Costs |

WORKPAPER TITLE

Overhead Factor Application

WITNESS

Garry G. Yee

| | | Capital Management & Associate Labor | O&M Non-Labor (Non-Warehoused) (e.g. Contract Labor & all Non-Labor) | Capital Non-Labor (Non- Warehoused) (e.g. Contract Labor & all Non-Labor) |
|------------------------------------|-----------------|--|---|---|
| Overhead Category | Overhead Rate | | | |
| Payroll Taxes | 8.00% | X | | |
| Vacation and Sick Time | 16.89% | X | | |
| Benefits (non-balanced only) | 21.27% | X | | |
| Workers' Compensation | 3.86% | X | | |
| Public Liability / Property Damage | 2.70% | X | | |
| Incentive Compensation Plan | 18.05% | X | | |
| Purchased Services and Materials | 0.85% | | X | X |
| Administrative and General | 2.09% | X | | X |
| | Factor % | 72.87% | 0.85% | 2.94% |

| |
|------------------------|
| WORKPAPER TITLE |
| 2013 Actual Overhead |
| WITNESS |
| Garry G. Yee |

Vacation & Sick

| | <u>Recorded Expense -</u> | | <u>Adjustments</u> | <u>Expense Less</u> | | <u>V&S Base</u> | <u>V&S Percent After Adj</u> |
|-----------|---------------------------|------------------|--------------------|---------------------|--------------------|---------------------|----------------------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | | <u>Adjustments</u> | <u>Adjustments</u> | | |
| January | 12,054,829 | | | 12,054,829 | | 39,893,948 | |
| February | 6,072,807 | | | 6,072,807 | | 40,310,127 | |
| March | 6,115,418 | | | 6,115,418 | | 44,517,994 | |
| April | 6,452,728 | | | 6,452,728 | | 44,790,643 | |
| 2 May | 5,302,335 | | | 5,302,335 | | 48,201,967 | |
| 0 June | 7,335,394 | | | 7,335,394 | | 40,598,958 | |
| 1 July | 9,589,869 | | | 9,589,869 | | 44,166,612 | |
| 3 August | 6,444,799 | | | 6,444,799 | | 44,083,503 | |
| September | 9,162,573 | | | 9,162,573 | | 43,008,785 | |
| October | 2,295,869 | | | 2,295,869 | | 50,510,282 | |
| November | 7,108,250 | | | 7,108,250 | | 43,793,532 | |
| December | 11,582,086 | | | 11,582,086 | | 46,211,523 | |
| | 89,516,955 | - | - | 89,516,955 | | 530,087,874 | 16.89% |

Payroll Tax

| | <u>Recorded Expense -</u> | | <u>Adjustments</u> | <u>Expense Less</u> | | <u>PR Tax Base</u> | <u>PR Tax Percent After Adj</u> |
|-----------|---------------------------|------------------|--------------------|---------------------|--------------------|--------------------|---------------------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | | <u>Adjustments</u> | <u>Adjustments</u> | | |
| January | | 8,934,605 | | 8,934,605 | | 50,770,040 | |
| February | | 3,831,932 | | 3,831,932 | | 50,896,549 | |
| March | | 8,227,818 | | 8,227,818 | | 56,350,654 | |
| April | | (84,538) | | (84,538) | | 57,301,492 | |
| 2 May | | 4,736,567 | | 4,736,567 | | 61,736,932 | |
| 0 June | | 3,870,602 | | 3,870,602 | | 51,992,636 | |
| 1 July | | 4,453,127 | | 4,453,127 | | 56,819,676 | |
| 3 August | | 4,075,381 | | 4,075,381 | | 57,600,944 | |
| September | | 3,754,375 | | 3,754,375 | | 56,920,072 | |
| October | | 4,071,127 | | 4,071,127 | | 66,110,514 | |
| November | | 3,778,960 | | 3,778,960 | | 57,842,609 | |
| December | | 5,230,763 | | 5,230,763 | | 61,528,283 | |
| | | 54,880,720 | - | 54,880,720 | | 685,870,403 | 8.00% |

Benefits (non-balanced)

| | <u>Recorded Expense -</u> | | <u>Adjustments</u> | <u>Expense Less</u> | | <u>Benefits Base</u> | <u>Benefits Percent After Adj</u> |
|-----------|---------------------------|------------------|--------------------|---------------------|--------------------|----------------------|-----------------------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | | <u>Adjustments</u> | <u>Adjustments</u> | | |
| January | 98,234 | 9,479,130 | | 9,577,364 | | 39,894,229 | |
| February | 90,942 | 8,887,946 | | 8,978,889 | | 40,310,380 | |
| March | 96,758 | 12,371,919 | | 12,468,676 | | 44,518,315 | |
| April | 112,840 | 5,232,765 | | 5,345,604 | | 44,790,830 | |
| 2 May | 107,774 | 9,259,875 | | 9,367,649 | | 48,202,441 | |
| 0 June | 83,297 | 10,528,101 | | 10,611,399 | | 40,599,367 | |
| 1 July | 97,745 | 9,024,820 | | 9,122,566 | | 44,167,068 | |
| 3 August | 88,279 | 9,435,322 | | 9,523,601 | | 44,083,181 | |
| September | 89,236 | 10,412,303 | | 10,501,539 | | 43,008,191 | |
| October | 109,024 | 7,320,764 | | 7,429,788 | | 50,509,757 | |
| November | 109,020 | 10,071,225 | | 10,180,245 | | 43,792,965 | |
| December | 146,781 | 9,511,308 | | 9,658,090 | | 46,210,530 | |
| | 1,229,930 | 111,535,479 | - | 112,765,409 | | 530,087,254 | 21.27% |

| |
|--|
| WORKPAPER TITLE 2013 Actual Overhead |
| WITNESS Garry G. Yee |

Workers' Compensation

| | <u>Recorded Expense -</u> | <u>Recorded Expense -</u> | <u>Quarterly True-</u> | <u>Expense Less</u> | <u>WC Base</u> | <u>WC Percent</u> |
|-----------|---------------------------|---------------------------|------------------------|---------------------|--------------------|-------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | <u>up of Liability</u> | <u>Adjustments</u> | | <u>After Adj</u> |
| January | 60,572 | 2,779,712 | 977,826 | 1,862,458 | 39,892,377 | |
| February | 57,820 | 1,286,631 | | 1,344,451 | 40,309,064 | |
| March | 66,903 | 2,404,255 | | 2,471,158 | 44,516,820 | |
| April | 62,581 | 2,108,868 | | 2,171,449 | 44,790,991 | |
| 2 May | 70,848 | 1,704,056 | | 1,774,904 | 48,202,299 | |
| 0 June | 55,467 | 1,779,521 | | 1,834,988 | 40,599,231 | |
| 1 July | 64,866 | 1,506,371 | | 1,571,237 | 44,167,030 | |
| 3 August | 54,144 | 819,789 | | 873,934 | 44,083,407 | |
| September | 55,976 | 1,563,501 | | 1,619,477 | 43,008,589 | |
| October | 61,806 | 744,338 | | 806,143 | 50,512,891 | |
| November | 67,271 | 1,008,403 | | 1,075,674 | 43,796,539 | |
| December | 64,355 | 2,406,854 | (608,634) | 3,079,843 | 46,216,122 | |
| | 742,609 | 20,112,299 | 369,192 | 20,485,716 | 530,095,361 | 3.86% |

Public Liability/Property Damage

| | <u>Recorded Expense -</u> | <u>Recorded Expense -</u> | <u>True-up of</u> | <u>Expense Less</u> | <u>PLPD Base</u> | <u>PLPD Percent</u> |
|-----------|---------------------------|---------------------------|-------------------|---------------------|--------------------|---------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | <u>Liability</u> | <u>Adjustments</u> | | <u>After Adj</u> |
| January | 52,195 | 2,919,627 | 2,129,321 | 842,501 | 39,389,934 | |
| February | 40,364 | (1,016,909) | | (976,545) | 39,749,779 | |
| March | 38,848 | 2,861,435 | | 2,900,283 | 43,842,939 | |
| April | 54,648 | 3,371,571 | | 3,426,218 | 44,070,316 | |
| 2 May | 43,916 | (1,191,083) | | (1,147,167) | 47,228,597 | |
| 0 June | 40,322 | 963,692 | | 1,004,014 | 39,783,957 | |
| 1 July | 40,269 | 211,997 | | 252,265 | 43,243,739 | |
| 3 August | 56,432 | 3,338,104 | | 3,394,536 | 42,918,583 | |
| September | 36,814 | 569,819 | | 606,633 | 41,868,981 | |
| October | 54,796 | 882,866 | | 937,662 | 49,645,562 | |
| November | 41,435 | 1,115,714 | | 1,157,149 | 42,850,088 | |
| December | 29,218 | 1,188,395 | (432,108) | 1,649,721 | 45,447,783 | |
| | 529,256 | 15,215,229 | 1,697,213 | 14,047,272 | 520,040,259 | 2.70% |

Purchased Services and Materials

| | <u>Recorded Expense -</u> | <u>Recorded Expense -</u> | <u>Adjustments</u> | <u>Expense Less</u> | <u>Purchasing Base</u> | <u>Purchasing</u> |
|-----------|---------------------------|---------------------------|--------------------|---------------------|------------------------|----------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | | <u>Adjustments</u> | | <u>Percent After</u> |
| January | 307,985 | 100,814 | | 408,799 | 19,671,083 | |
| February | 342,307 | 216,741 | | 559,048 | 45,372,398 | |
| March | 318,909 | 274,023 | | 592,932 | 88,579,274 | |
| April | 295,744 | 233,148 | | 528,892 | 46,283,376 | |
| 2 May | 348,789 | 222,748 | | 571,537 | 59,311,003 | |
| 0 June | 275,448 | 175,260 | | 450,708 | 82,342,697 | |
| 1 July | 334,096 | 167,889 | | 501,986 | 39,225,456 | |
| 3 August | 321,696 | 174,039 | | 495,735 | 57,965,192 | |
| September | 282,549 | 177,523 | | 460,072 | 103,926,464 | |
| October | 367,033 | 125,974 | | 493,007 | 59,512,952 | |
| November | 319,290 | 212,494 | | 531,783 | 74,919,232 | |
| December | 284,636 | 1,069,788 | | 1,354,424 | 137,502,256 | |
| | 3,798,482 | 3,150,442 | - | 6,948,924 | 814,611,382 | 0.85% |

| |
|---|
| WORKPAPER TITLE 2013 Actual Overhead |
| WITNESS Garry G. Yee |

Administrative & General - Capital

| | <u>Recorded Expense -</u> | | <u>Adjustments</u> | <u>Expense Less</u> | <u>A&G Base</u> | <u>A&G Percent</u> |
|-----------|---------------------------|------------------|--------------------|---------------------|---------------------|------------------------|
| | <u>Labor</u> | <u>Non-Labor</u> | | <u>Adjustments</u> | | <u>After Adj</u> |
| January | 398,582 | 424,930 | | 823,512 | 20,806,946 | |
| February | 372,324 | 310,391 | | 682,715 | 27,857,557 | |
| March | 400,971 | 544,335 | | 945,306 | 41,263,271 | |
| April | 415,493 | 357,665 | | 773,158 | 30,996,866 | |
| 2 May | 452,082 | 451,925 | | 904,007 | 34,368,568 | |
| 0 June | 373,970 | 1,088,689 | | 1,462,659 | 42,342,007 | |
| 1 July | 411,042 | 402,966 | | 814,008 | 26,791,325 | |
| 3 August | 410,242 | (531,497) | | (121,255) | 35,966,276 | |
| September | 378,585 | 888,991 | | 1,267,577 | 62,170,894 | |
| October | 470,539 | 249,308 | | 719,847 | 48,743,608 | |
| November | 398,025 | 487,643 | | 885,668 | 53,784,159 | |
| December | 399,797 | 1,118,552 | | 1,518,349 | 85,412,401 | |
| | <u>4,881,652</u> | <u>5,793,898</u> | - | <u>10,675,551</u> | <u>510,503,878</u> | <u>2.09%</u> |

Incentive Compensation Plan

| | | | |
|---|--|---------------|---------------|
| 2 | 2013 Target ICP Rate for Management Employees (15.00%) | 15.00% | |
| 0 | Gross up by 1-VS rate (1 - VS rate of 16.89% = 83.11%) - Productivity Factor | 83.11% | |
| 1 | | | |
| 3 | Gross up for direct labor loading base (15% / 83.11%) | <u>18.05%</u> | <u>18.05%</u> |

WORKPAPER TITLE

Annual Escalation Rates and Factors

WITNESS

Garry G. Yee

| % Change | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Cost Category</u> | <u>Escalation Factor</u> | | | | | | | | | | | | | |
| Gas Transmission - Capital | Gas Transmission Plant | 4.80% | 1.59% | 2.44% | 2.87% | 2.50% | 2.45% | 2.55% | 2.60% | 2.55% | 2.39% | 2.07% | 2.07% | 2.07% |
| O&M (Non-Labor) | Gas Utility O&M Non-Labor | 1.91% | 1.94% | 2.12% | 2.33% | 2.30% | 2.06% | 1.89% | 2.11% | 1.96% | 1.96% | 2.03% | 1.96% | 1.96% |
| Factor (2014 Base) | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| <u>Cost Category</u> | <u>Escalation Factor</u> | | | | | | | | | | | | | |
| Gas Transmission - Capital | Gas Transmission Plant | 1.0000 | 1.0159 | 1.0407 | 1.0706 | 1.0973 | 1.1243 | 1.1530 | 1.1830 | 1.2132 | 1.2421 | 1.2678 | 1.2940 | 1.3207 |
| O&M (Non-Labor) | Gas Utility O&M Non-Labor | 1.0000 | 1.0194 | 1.0410 | 1.0652 | 1.0897 | 1.1122 | 1.1332 | 1.1572 | 1.1798 | 1.2029 | 1.2274 | 1.2514 | 1.2759 |

| % Change | | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|----------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Cost Category</u> | <u>Escalation Factor</u> | | | | | | | | | | | | | |
| Gas Transmission - Capital | Gas Transmission Plant | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% | 2.07% |
| O&M (Non-Labor) | Gas Utility O&M Non-Labor | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% | 1.96% |
| Factor (2014 Base) | | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
| <u>Cost Category</u> | <u>Escalation Factor</u> | | | | | | | | | | | | | |
| Gas Transmission - Capital | Gas Transmission Plant | 1.3480 | 1.3759 | 1.4043 | 1.4334 | 1.4630 | 1.4932 | 1.5241 | 1.5556 | 1.5877 | 1.6205 | 1.6540 | 1.6882 | 1.7231 |
| O&M (Non-Labor) | Gas Utility O&M Non-Labor | 1.3009 | 1.3264 | 1.3523 | 1.3788 | 1.4058 | 1.4334 | 1.4614 | 1.4901 | 1.5192 | 1.5490 | 1.5793 | 1.6102 | 1.6418 |

Factors shown above are from escalation indices published in the IHS Global Insight 2nd Quarter 2014 Utility Cost Forecast.

| |
|---|
| WORKPAPER TITLE Fully Loaded and Escalated Capital and O&M Costs, Including AFUDC |
| WITNESS Garry G. Yee |

(\$ millions)

| | Total | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024- 2039 |
|--------------------------------------|---------------|-------------|--------------|--------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| Adelanto to Moreno Pipeline | | | | | | | | | | | | |
| Capital - Transmission Company Labor | 33.82 | 1.31 | 3.56 | 4.55 | 6.17 | 7.10 | 8.62 | 2.50 | - | - | - | - |
| Capital - Transmission Non-Labor | 548.64 | 2.09 | 8.66 | 9.77 | 123.07 | 110.52 | 291.22 | 0.13 | 0.14 | 0.14 | 0.14 | 2.77 |
| Capital - Property Tax | 10.60 | 0.02 | 0.12 | 0.31 | 1.25 | 2.97 | 5.93 | - | - | - | - | - |
| AFUDC | 68.48 | 0.13 | 0.80 | 1.98 | 8.07 | 19.18 | 38.32 | - | - | - | - | - |
| Adelanto Compressor Station | | | | | | | | | | | | |
| Capital - Transmission Company Labor | 8.90 | 0.45 | 0.54 | 1.06 | 1.79 | 3.10 | 1.96 | - | - | - | - | - |
| Capital - Transmission Non-Labor | 152.65 | 0.48 | 0.85 | 11.38 | 65.32 | 41.81 | 32.81 | - | - | - | - | - |
| Capital - Property Tax | 4.25 | 0.00 | 0.02 | 0.11 | 0.63 | 1.42 | 2.07 | - | - | - | - | - |
| AFUDC | 27.47 | 0.02 | 0.14 | 0.72 | 4.07 | 9.16 | 13.37 | - | - | - | - | - |
| Total North-South Project | | | | | | | | | | | | |
| Capital - Transmission Company Labor | 42.72 | 1.76 | 4.10 | 5.60 | 7.97 | 10.20 | 10.58 | 2.50 | - | - | - | - |
| Capital - Transmission Non-Labor | 701.28 | 2.57 | 9.51 | 21.15 | 188.39 | 152.33 | 324.02 | 0.13 | 0.14 | 0.14 | 0.14 | 2.77 |
| Capital - Property Tax | 14.86 | 0.02 | 0.14 | 0.42 | 1.88 | 4.39 | 8.00 | - | - | - | - | - |
| AFUDC | 95.96 | 0.16 | 0.94 | 2.70 | 12.14 | 28.33 | 51.69 | - | - | - | - | - |
| O&M - Non-Labor | 0.73 | 0.20 | 0.03 | 0.04 | 0.05 | 0.21 | 0.21 | - | - | - | - | - |
| Total Capital | 854.82 | 4.51 | 14.69 | 29.87 | 210.38 | 195.25 | 394.30 | 2.64 | 0.14 | 0.14 | 0.14 | 2.77 |
| Total O&M | 0.73 | 0.20 | 0.03 | 0.04 | 0.05 | 0.21 | 0.21 | - | - | - | - | - |
| Total Capital and O&M | 855.54 | 4.71 | 14.72 | 29.90 | 210.42 | 195.46 | 394.50 | 2.64 | 0.14 | 0.14 | 0.14 | 2.77 |

*Numbers may not add due to rounding.

WORKPAPER TITLE

Annual Revenue Requirement Associated with Capital and O&M Costs

WITNESS

Garry G. Yee

(\$ millions)

| | <u>Total</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 2,781.98 | 0.20 | 0.03 | 0.04 | 0.05 | 0.22 | 0.21 | 133.57 | 120.48 | 118.71 | 114.40 | 110.49 |
| FF&U: | 48.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.32 | 2.09 | 2.06 | 1.98 | 1.92 |
| O&M: | 0.73 | 0.20 | 0.03 | 0.04 | 0.05 | 0.21 | 0.21 | - | - | - | - | - |
| Working Cash: | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.00) | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation: | 1,072.61 | - | - | - | - | - | - | 19.93 | 19.96 | 19.96 | 19.97 | 19.97 |
| Return on Common: | 713.90 | - | - | - | - | - | - | 43.95 | 42.27 | 40.27 | 38.40 | 36.65 |
| Return on Preferred: | 19.57 | - | - | - | - | - | - | 1.21 | 1.16 | 1.10 | 1.05 | 1.00 |
| Return on Debt: | 357.65 | - | - | - | - | - | - | 22.02 | 21.18 | 20.17 | 19.24 | 18.36 |
| Federal Taxes: | 294.53 | - | - | - | - | - | - | 28.15 | 22.11 | 23.38 | 22.20 | 21.22 |
| State Taxes: | 106.11 | - | - | - | - | - | - | 5.60 | 1.72 | 2.24 | 2.48 | 2.70 |
| Property Taxes: | 168.65 | - | - | - | - | - | - | 10.40 | 9.99 | 9.52 | 9.08 | 8.66 |

| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> | <u>2031</u> | <u>2032</u> | <u>2033</u> | <u>2034</u> | <u>2035</u> | <u>2036</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 106.79 | 103.23 | 99.69 | 96.11 | 92.51 | 88.88 | 85.22 | 81.36 | 77.39 | 73.50 | 70.16 | 67.90 |
| FF&U: | 1.85 | 1.79 | 1.73 | 1.67 | 1.60 | 1.54 | 1.48 | 1.41 | 1.34 | 1.27 | 1.22 | 1.18 |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation: | 19.97 | 19.98 | 19.98 | 19.98 | 19.99 | 19.99 | 20.00 | 20.00 | 20.00 | 20.01 | 20.01 | 20.02 |
| Return on Common: | 35.00 | 33.43 | 31.88 | 30.33 | 28.78 | 27.23 | 25.67 | 24.12 | 22.57 | 21.02 | 19.68 | 18.76 |
| Return on Preferred: | 0.96 | 0.92 | 0.87 | 0.83 | 0.79 | 0.75 | 0.70 | 0.66 | 0.62 | 0.58 | 0.54 | 0.51 |
| Return on Debt: | 17.54 | 16.75 | 15.97 | 15.19 | 14.42 | 13.64 | 12.86 | 12.09 | 11.31 | 10.53 | 9.86 | 9.40 |
| Federal Taxes: | 20.29 | 19.40 | 18.53 | 17.65 | 16.78 | 15.90 | 15.03 | 14.10 | 13.18 | 12.32 | 11.60 | 11.13 |
| State Taxes: | 2.90 | 3.06 | 3.19 | 3.29 | 3.36 | 3.40 | 3.41 | 3.29 | 3.04 | 2.81 | 2.60 | 2.46 |
| Property Taxes: | 8.28 | 7.90 | 7.54 | 7.17 | 6.80 | 6.43 | 6.07 | 5.70 | 5.33 | 4.96 | 4.65 | 4.44 |

*Numbers may not add due to rounding.

WORKPAPER TITLE

Annual Revenue Requirement Associated with Capital and O&M Costs

WITNESS

Garry G. Yee

(\$ millions)

| | <u>2037</u> | <u>2038</u> | <u>2039</u> | <u>2040</u> | <u>2041</u> | <u>2042</u> | <u>2043</u> | <u>2044</u> | <u>2045</u> | <u>2046</u> | <u>2047</u> | <u>2048</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 66.15 | 64.38 | 62.61 | 60.83 | 59.03 | 59.23 | 58.62 | 56.06 | 54.31 | 52.51 | 50.72 | 48.93 |
| FF&U: | 1.15 | 1.12 | 1.09 | 1.05 | 1.02 | 1.03 | 1.02 | 0.97 | 0.94 | 0.91 | 0.88 | 0.85 |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | 0.00 | 0.00 | 0.00 | 0.00 | - | - | - | - | - | - | - | - |
| Depreciation: | 20.02 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 |
| Return on Common: | 18.06 | 17.36 | 16.65 | 15.94 | 15.23 | 14.51 | 13.80 | 13.08 | 12.37 | 11.66 | 10.94 | 10.23 |
| Return on Preferred: | 0.50 | 0.48 | 0.46 | 0.44 | 0.42 | 0.40 | 0.38 | 0.36 | 0.34 | 0.32 | 0.30 | 0.28 |
| Return on Debt: | 9.05 | 8.69 | 8.34 | 7.99 | 7.63 | 7.27 | 6.91 | 6.55 | 6.20 | 5.84 | 5.48 | 5.12 |
| Federal Taxes: | 10.75 | 10.36 | 9.97 | 9.58 | 9.18 | 9.47 | 9.04 | 7.96 | 7.61 | 7.21 | 6.81 | 6.42 |
| State Taxes: | 2.36 | 2.25 | 2.14 | 2.03 | 1.92 | 3.09 | 4.18 | 4.01 | 3.90 | 3.79 | 3.69 | 3.58 |
| Property Taxes: | 4.27 | 4.10 | 3.94 | 3.77 | 3.60 | 3.43 | 3.26 | 3.09 | 2.92 | 2.75 | 2.58 | 2.42 |

| | <u>2049</u> | <u>2050</u> | <u>2051</u> | <u>2052</u> | <u>2053</u> | <u>2054</u> | <u>2055</u> | <u>2056</u> | <u>2057</u> | <u>2058</u> | <u>2059</u> | <u>2060</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 47.13 | 45.34 | 43.55 | 41.76 | 39.97 | 38.17 | 36.38 | 34.59 | 32.80 | 31.01 | 29.23 | 27.44 |
| FF&U: | 0.82 | 0.79 | 0.75 | 0.72 | 0.69 | 0.66 | 0.63 | 0.60 | 0.57 | 0.54 | 0.51 | 0.48 |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation: | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 | 20.03 |
| Return on Common: | 9.52 | 8.80 | 8.09 | 7.38 | 6.67 | 5.95 | 5.24 | 4.53 | 3.82 | 3.11 | 2.39 | 1.68 |
| Return on Preferred: | 0.26 | 0.24 | 0.22 | 0.20 | 0.18 | 0.16 | 0.14 | 0.12 | 0.10 | 0.09 | 0.07 | 0.05 |
| Return on Debt: | 4.77 | 4.41 | 4.05 | 3.70 | 3.34 | 2.98 | 2.63 | 2.27 | 1.91 | 1.56 | 1.20 | 0.84 |
| Federal Taxes: | 6.03 | 5.63 | 5.24 | 4.84 | 4.45 | 4.05 | 3.66 | 3.27 | 2.87 | 2.48 | 2.09 | 1.69 |
| State Taxes: | 3.47 | 3.36 | 3.25 | 3.14 | 3.03 | 2.92 | 2.82 | 2.71 | 2.60 | 2.49 | 2.38 | 2.27 |
| Property Taxes: | 2.25 | 2.08 | 1.91 | 1.74 | 1.57 | 1.40 | 1.23 | 1.07 | 0.90 | 0.73 | 0.56 | 0.39 |

*Numbers may not add due to rounding.

WORKPAPER TITLE

Annual Revenue Requirement Associated with Capital and O&M Costs

WITNESS

Garry G. Yee

(\$ millions)

| | <u>2061</u> | <u>2062</u> | <u>2063</u> | <u>2064</u> | <u>2065</u> | <u>2066</u> | <u>2067</u> | <u>2068</u> | <u>2069</u> | <u>2070</u> | <u>2071</u> | <u>2072</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 25.65 | (4.91) | 21.61 | 16.63 | 15.49 | 14.13 | 12.79 | 11.44 | 10.10 | 8.75 | 7.41 | 6.07 |
| FF&U: | 0.44 | (0.09) | 0.37 | 0.29 | 0.27 | 0.24 | 0.22 | 0.20 | 0.18 | 0.15 | 0.13 | 0.11 |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation: | 20.03 | 20.03 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 | 15.09 |
| Return on Common: | 0.97 | 0.29 | 0.30 | (0.24) | (0.77) | (1.31) | (1.84) | (2.38) | (2.91) | (3.44) | (3.98) | (4.51) |
| Return on Preferred: | 0.03 | 0.01 | 0.01 | (0.01) | (0.02) | (0.04) | (0.05) | (0.07) | (0.08) | (0.09) | (0.11) | (0.12) |
| Return on Debt: | 0.49 | 0.14 | 0.15 | (0.12) | (0.39) | (0.65) | (0.92) | (1.19) | (1.46) | (1.73) | (1.99) | (2.26) |
| Federal Taxes: | 1.30 | (21.58) | 3.77 | 0.22 | 0.10 | (0.20) | (0.50) | (0.79) | (1.09) | (1.38) | (1.68) | (1.98) |
| State Taxes: | 2.16 | (3.78) | 1.86 | 1.46 | 1.40 | 1.31 | 1.23 | 1.15 | 1.07 | 0.99 | 0.90 | 0.82 |
| Property Taxes: | 0.22 | 0.07 | 0.06 | (0.06) | (0.19) | (0.31) | (0.44) | (0.57) | (0.69) | (0.82) | (0.95) | (1.07) |

| | <u>2073</u> | <u>2074</u> | <u>2075</u> | <u>2076</u> | <u>2077</u> | <u>2078</u> | <u>2079</u> | <u>2080</u> | <u>2081</u> | <u>2082</u> | <u>2083</u> | <u>2084</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | 4.72 | 3.38 | 2.03 | (173.03) | 19.03 | (0.98) | 0.08 | 0.01 | 0.01 | 0.01 | (0.00) | (0.01) |
| FF&U: | 0.08 | 0.06 | 0.04 | (3.00) | 0.33 | (0.02) | 0.00 | 0.00 | 0.00 | 0.00 | (0.00) | (0.00) |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation: | 15.09 | 15.09 | 15.09 | 15.09 | 0.10 | 0.07 | 0.07 | 0.06 | 0.06 | 0.06 | 0.05 | 0.05 |
| Return on Common: | (5.05) | (5.58) | (6.12) | (6.36) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |
| Return on Preferred: | (0.14) | (0.15) | (0.17) | (0.17) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Return on Debt: | (2.53) | (2.80) | (3.06) | (3.19) | (0.01) | (0.00) | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) |
| Federal Taxes: | (2.27) | (2.57) | (2.86) | (143.16) | 17.04 | (0.93) | 0.02 | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) |
| State Taxes: | 0.74 | 0.66 | 0.58 | (30.80) | 1.59 | (0.09) | 0.00 | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Property Taxes: | (1.20) | (1.33) | (1.45) | (1.44) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |

*Numbers may not add due to rounding.

WORKPAPER TITLE

Annual Revenue Requirement Associated with Capital and O&M Costs

WITNESS

Garry G. Yee

(\$ millions)

| | <u>2085</u> | <u>2086</u> | <u>2087</u> | <u>2088</u> | <u>2089</u> | <u>2090</u> | <u>2091</u> | <u>2092</u> | <u>2093</u> | <u>2094</u> | <u>2095</u> | <u>2096</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue Requirement | (0.01) | (0.01) | (0.02) | (0.02) | (0.03) | (0.03) | (0.03) | (0.04) | (0.04) | (0.04) | (0.04) | (0.04) |
| FF&U: | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| O&M: | - | - | - | - | - | - | - | - | - | - | - | - |
| Working Cash: | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation: | 0.05 | 0.04 | 0.04 | 0.04 | 0.03 | 0.03 | 0.02 | 0.02 | 0.02 | 0.01 | 0.01 | 0.00 |
| Return on Common: | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) |
| Return on Preferred: | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Return on Debt: | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Federal Taxes: | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) | (0.03) |
| State Taxes: | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |
| Property Taxes: | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |

*Numbers may not add due to rounding.