DE 10-055 (UES)
Summary

Schedule JJC-1

| | | Recorded Test Year Ended 31-Dec-09 | | UES Proposal | | Staff Recommend (3) | | Variance From UES Proposal |
|---|---|---|---|---|---|---|---|---|
| **Depreciation and Amortization:** | | | | | | | | |
| Depreciation Expense | $ | 7,152,867 | $ | 7,810,678 | **$** | **7,161,724** | $ | (648,954) |
| Adjustment for Depreciation Reserve Variances for Prior Years | $ | - | $ | 566,418 | **$** | **132,578** | $ | (433,840) |
| Sub-Total Depreciation Expense | $ | 7,152,867 | $ | 8,377,096 | **$** | **7,294,302** | $ | (1,082,794) |
| Amortization of Intangible Plant | $ | 112,929 | $ | 112,929 | **$** | **110,446** | $ | (2,483) |
| Amortization of Other In House Software | $ | 185,643 | $ | 185,643 | **$** | **155,742** | $ | (29,901) |
| Sub-Total Amortization Expense | $ | 298,572 | $ | 298,572 | **$** | **266,188** | $ | (32,384) |
| **Total Depreciation and Amortization** | $ | 7,451,439 | $ | 8,675,668 | **$** | **7,560,490** | $ | (1,115,178) |
| **Pensions:** | $ | 861,564 | $ | 1,198,069 | **$** | **885,466** | $ | (312,603) |
| **PBOP's:** | $ | 890,189 | $ | 715,526 | **$** | **715,526** | $ | - |
| **401k Expense:** | $ | 128,982 | $ | 185,973 | **$** | **185,973** | $ | - |
| **Medical & Dental Costs** | $ | 694,498 | $ | 742,527 | **$** | **742,527** | $ | - |
| **Depreciation-Related Rate Base Adjustment (i.e. increase)** | | | | | **$** | **663,252** | $ | 663,252 |

DE 10-055 (UES)
Depreciation Study

Schedule JJC-2

**Development of UES Proposal**

| | Recorded Test Year Ended 31-Dec-09 | | Proforma Adjustments: Year-End Plant at Dec. 31, 2009 Per RevReq 3-11 | Proforma Adjustments: New Dep. Study Dep. Accr. Rates Per RefReq 3-12 | Proforma Adjustments: Amortization of Dep. Res. Var. Per RevReq 3-13 | UES Proposal |
|---|---|---|---|---|---|---|
| Depreciation Expense | $ 7,152,867 | (1) | $ 254,826 | $ 402,985 | $ - | $ 7,810,678 |
| Adjustment for Depreciation Reserve Variances for Prior Years | $ - | | $ - | $ - | $ 566,418 | $ 566,418 |
| Sub-Total Depreciation Expense | $ 7,152,867 | (1) | $ 254,826 | $ 402,985 | $ 566,418 | $ 8,377,096 |
| Amortization of Intangible Plant | $ 112,929 | (2) | $ - | $ - | $ - | $ 112,929 |
| Amortization of Other In House Software | $ 185,643 | (2) | $ - | $ - | $ - | $ 185,643 |
| Sub-Total Amortization Expense | $ 298,572 | (2) | $ - | $ - | $ - | $ 298,572 |
| Depreciation and Amortization | $ 7,451,439 | (3) | $ 254,826 | $ 402,985 | $ 566,418 | $ 8,675,668 |

footnotes:
(1) Reference UES Filing, Schedule RevReq 3-11, line 36.
(2) Reference data response Staff Tech Session No.2, October 14, 2010.
(3) Reconciliation of Dep/Amortiz RevReq-3-11, Line 36 vs. MHC-3:

| | | |
|---|---|---|
| Depreciation | $7,152,867 | RevReq 3-11, line 36 |
| Plus: Amortiz. of Intangible Softw | $ 298,572 | TS No. 2, Oct. 14, 2010 |
| Plus: FAS-109 Amortization/Othe | $ 567,999 | TS No. 2, Oct. 14, 2010 |
| Total Amortiz per Staff TS 2 (10/1 | $ 866,571 | Also, Staff 3-100 |
| MHC-3 Dep + Amortization | $8,019,438 | |

DE 10-055 (UES)
Depreciation Study

Schedule JJC-3

**Summary - Depreciation & Amortization of Software**

| | Test Year Dec. 31, 2010 | UES Proposal | Staff Recommend (1) | Variance From UES Proposal |
|---|---|---|---|---|
| **Depreciation and Amortization of Software:** | | | | |
| Depreciation Expense | $ 7,152,867 | $ 7,810,678 | **$ 7,161,724** | $ (648,954) |
| Adjustment of Reserve Deficiency | $ - | $ 566,418 | **$ 132,578** | $ (433,840) |
| Sub-Total Depreciation Expense | $ 7,152,867 | $ 8,377,096 | **$ 7,294,302** | $ (1,082,794) |
| Amortization of Intangible Plant (Account 303) | $ 112,929 | $ 112,929 | **$ 110,446** | $ (2,483) |
| Amortization of Other In House Software (Account 399) | $ 185,643 | $ 185,643 | **$ 155,742** | $ (29,901) |
| Sub-Total Amortization Expense | $ 298,572 | $ 298,572 | **$ 266,188** | $ (32,384) |
| **Depreciation and Amortization of Software** | $ 7,451,439 | $ 8,675,668 | **$ 7,560,490** | $ (1,115,178) |

footnotes:
(1) Source of Staff recommended amortization amounts:
Depreciation is per Attached Schedule JJC-4.
Amortization of Reserve Deficiency is per attached Schedule JJC-5.
Amortization of Intangible Plant (Account 303 and Account 399) is UES response to TS Staff No. 2, October 14, 2010.

DE 10-055 (UES)
Depreciation Study

Schedule JJC-4

Development of Staff Recommendation

| | 31-Dec-09 Test Year Plant Balance | UES Proposed Accrual Rates: Average Service Life | Net Salvage Percent | Depreciation Accrual Rate | Amount | | Staff Recommendation: Average Service Life | Net Salvage Percent | Depreciation Accrual Rate | Amount | Recommend over/(under) Proposed |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) = (1) x (8) | (9) - (5) |
| **Distribution Plant:** | | | | | | | | | | | |
| **343 Prime Movers** | $ 10,383 | 15 | 0.00% | 6.67% | $ 692 | | 15 | 0.00% | 6.67% | **$ 692** | $ - |
| **361 Structures and Improvements** | $ 167,773 | 52 | -30.0% | 2.50% | $ 4,194 | | 52 | -27.50% | 2.45% | **$ 4,114** | $ (81) |
| **362 Station Equipment** | $ 14,603,358 | 48 | -40.0% | 2.92% | $ 425,931 | | 51 | -32.50% | 2.60% | **$ 379,401** | $ (46,530) |
| **364 Poles Towers and Fixtures** | $ 39,317,925 | 37 | -60.0% | 4.32% | $ 1,700,235 | | 41 | -51.50% | 3.70% | **$ 1,452,845** | $ (247,389) |
| **365 Overhead Conductors and Devices** | $ 50,900,467 | 38 | -50.0% | 3.95% | $ 2,009,229 | | 39 | -42.00% | 3.64% | **$ 1,853,299** | $ (155,930) |
| **366 Underground Conduits** | $ 1,409,195 | 55 | -15.0% | 2.09% | $ 29,465 | | 56 | -14.50% | 2.04% | **$ 28,813** | $ (652) |
| **367 Underground Conductors and Devices** | $ 13,968,950 | 35 | -40.0% | 4.00% | $ 558,758 | | 52 | -32.50% | 2.55% | **$ 355,940** | $ (202,818) |
| **368.1 Line Transformers** | $ 20,218,623 | 37 | -10.0% | 2.97% | $ 601,094 | | 35 | -5.00% | 3.00% | **$ 606,559** | $ 5,464 |
| **368.2 Line Transformers Installations** | $ 12,178,160 | 37 | -2.0% | 2.76% | $ 335,722 | | 35 | -1.00% | 2.89% | **$ 351,427** | $ 15,705 |
| **369 Services** | $ 15,328,905 | 30 | -60.0% | 5.33% | $ 817,542 | | 27 | -53.00% | 5.67% | **$ 868,638** | $ 51,096 |
| **370.1 Meters** | $ 9,040,867 | 20 | 0.0% | 5.00% | $ 452,043 | | 20 | 0.00% | 5.00% | **$ 452,043** | $ - |
| **370.2 Meter Installations** | $ 3,061,503 | 20 | 0.0% | 5.00% | $ 153,075 | | 20 | 0.00% | 5.00% | **$ 153,075** | $ - |
| **371 Installations on Customers' Premises** | $ 1,148,691 | 17 | -30.0% | 7.65% | $ 87,841 | | 17 | -28.50% | 7.56% | **$ 86,828** | $ (1,014) |
| **373 Street Lighting and Signal Systems** | $ 2,877,865 | 17 | -35.0% | 7.94% | $ 228,536 | | 17 | -32.50% | 7.79% | **$ 224,304** | $ (4,232) |
| **Total Distribution** | $ 184,232,665 | $ 5,363,549 | $2,040,809 | 4.02% | $ 7,404,358 | | $ 5,183,505 | $ 1,634,472 | 3.70% | **$ 6,817,978** | $ (586,381) |
| **General Plant:** | | | | | | | | | | | |
| **390 Structures & Improvements** | $ 3,598,967 | 43 | 0.00% | 2.33% | $ 83,697 | | 43 | 10.50% | 2.08% | **$ 74,909** | $ (8,788) |
| **391.10 Office Furniture & Equipment** | $ 1,017,147 | 15 | 0.00% | 6.67% | $ 67,810 | | 15 | 12.50% | 5.83% | **$ 59,334** | $ (8,476) |
| **391.30 Computer Equipment** | $ 8,346 | 5 | 0.00% | 20.00% | $ 1,669 | | 5 | 6.50% | 18.70% | **$ 1,561** | $ (108) |
| **393 Stores Equipment** | $ 90,730 | 29 | 0.00% | 3.45% | $ 3,129 | | 29 | 2.50% | 3.36% | **$ 3,050** | $ (78) |
| **394 Tools, Shop and Garage Equipment** | $ 1,090,874 | 28 | 0.00% | 3.57% | $ 38,960 | | 25 | 9.00% | 3.64% | **$ 39,708** | $ 748 |
| **395 Laboratory Equipment** | $ 474,136 | 25 | 0.00% | 4.00% | $ 18,965 | | 25 | 2.50% | 3.90% | **$ 18,491** | $ (474) |
| **397 Communication Equipment** | $ 2,802,005 | 12 | 0.00% | 8.33% | $ 233,500 | | 15 | 1.00% | 6.60% | **$ 184,932** | $ (48,568) |
| **398 Miscellaneous Equipment** | $ 113,055 | 20 | 0.00% | 5.00% | $ 5,653 | | 20 | 2.50% | 4.88% | **$ 5,511** | $ (141) |
| **Total General Plant** | $ 9,195,260 | $ 453,383 | $ - | 4.93% | $ 453,383 | | $ 411,358 | $ (23,862) | 4.21% | **$ 387,496** | $ (65,887) |
| **Total Distribution and General Plant** | $ 193,427,925 | $ 5,816,932 | $2,040,809 | 4.06% | $ 7,857,741 | *$ 7,854,430 Study p. 356. Rounding* | $ 5,594,863 | $ 1,610,611 | 3.73% | **$ 7,205,474** | $ (652,267) |
| **Less: Amount Charged to Building OH Per Filing, RevReq 3-11, Line 33** | | - | $ - | | $ (43,750) | | - | $ - | $ - | **$ (43,750)** | $ - |
| **Net Distribution and General Plant** | | $ 5,816,932 | $2,040,809 | $ 0 | $ 7,813,991 | | $ 5,594,863 | $ 1,610,611 | $ 0 | **$ 7,161,724** | $ (652,267) |

footnotes:
(1) Ref. Depreciation Rate Study, Schedule PMN-2, Section VIII, Schedule A, Col. 1.
(2) Ref. Depreciation Rate Study, Schedule PMN-2, Section VIII, Schedule A, Col. 3.
(3) Ref. Depreciation Rate Study, Schedule PMN-2, Section VIII, Schedule A, Col. 6.
(4) Ref. Depreciation Rate Study, Schedule PMN-2, Section VIII, Schedule A, Col. 8.
(5) Calculation: Column (1) x Column (4).
(6) Ref. Schedule 7.
(7) Ref. Schedule 8.
(8) Whole-Life Technique

DE 10-055 (UES)
Depreciation Study

Schedule JJC-5

Development of Staff Recommendation - Amortization of Depreciation Reserve Variance

| | Total Plant Bal. 31-Dec-09 | Staff Recommend: UES Proposed Theoretical Reserve | UES Proposed Accr. Rate | Staff Recomm Accr. Rate | Accr. Rate Staff v. Prop. % | Recommend Theoretical Reserve Amount | Book Reserve | Reserve Deficiency (Surplus)/ Deficit | Reserve Deficiency Amortization over 8 years |
|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| **Distribution Plant:** | | | | | | | | | |
| **343 Prime Movers** | $ 10,383 | $ 1,038 | 6.67% | 6.67% | 100.00% | $ 1,038 | 374 | $ 664 | **$ 83** |
| **361 Structures and Improvements** | $ 167,773 | $ 106,102 | 2.50% | 2.45% | 98.08% | $ 104,062 | $ 118,328 | $ (14,266) | **$ (1,783)** |
| **362 Station Equipment** | $ 14,603,358 | $ 5,703,904 | 2.92% | 2.60% | 89.08% | $ 5,080,788 | $ 4,737,208 | $ 343,580 | **$ 42,948** |
| **364 Poles Towers and Fixtures** | $ 39,317,925 | $ 16,493,614 | 4.32% | 3.70% | 85.45% | $ 14,093,743 | $ 15,854,357 | $ (1,760,614) | **$ (220,077)** |
| **365 Overhead Conductors and Devices** | $ 50,900,467 | $ 14,964,252 | 3.95% | 3.64% | 92.24% | $ 13,802,924 | $ 15,965,146 | $ (2,162,222) | **$ (270,278)** |
| **366 Underground Conduits** | $ 1,409,195 | $ 415,650 | 2.09% | 2.04% | 97.79% | $ 406,453 | $ 437,825 | $ (31,372) | **$ (3,922)** |
| **367 Underground Conductors and Devices** | $ 13,968,950 | $ 4,100,142 | 4.00% | 2.55% | 63.70% | $ 2,611,869 | $ 4,836,200 | $ (2,224,331) | **$ (278,041)** |
| **368.1 Line Transformers** | $ 20,218,623 | $ 7,144,668 | 2.97% | 3.00% | 100.91% | $ 7,209,620 | $ 6,504,172 | $ 705,448 | **$ 88,181** |
| **368.2 Line Transformers Installations** | $ 12,178,160 | $ 2,554,777 | 2.76% | 2.89% | 104.68% | $ 2,674,286 | $ 2,123,924 | $ 550,362 | **$ 68,795** |
| **369 Services** | $ 15,328,905 | $ 8,189,461 | 5.33% | 5.67% | 106.25% | $ 8,701,302 | $ 8,135,004 | $ 566,298 | **$ 70,787** |
| **370.1 Meters** | $ 9,040,867 | $ 2,228,307 | 5.00% | 5.00% | 100.00% | $ 2,228,307 | $ 179,004 | $ 2,049,303 | **$ 256,163** |
| **370.2 Meter Installations** | $ 3,061,503 | $ 796,900 | 5.00% | 5.00% | 100.00% | $ 796,900 | $ (2,648,681) | $ 3,445,581 | **$ 430,698** |
| **371 Installations on Customers' Premises** | $ 1,148,691 | $ 490,980 | 7.65% | 7.56% | 98.85% | $ 485,315 | $ 370,982 | $ 114,333 | **$ 14,292** |
| **373 Street Lighting and Signal Systems** | $ 2,877,865 | $ 1,428,435 | 7.94% | 7.79% | 98.15% | $ 1,401,983 | $ 995,618 | $ 406,365 | **$ 50,796** |
| **Total Distribution** | $ 184,232,665 | $ 64,618,230 | | | | $ 59,598,589 | $ 57,609,461 | $ 1,989,128 | **$ 248,641** |
| **General Plant:** | | | | | | | | | |
| **390 Structures & Improvements** | $ 3,598,967 | $ 1,235,204 | 2.33% | 2.08% | 89.50% | $ 1,105,508 | $ 1,590,392 | $ (484,884) | **$ (60,611)** |
| **391.10 Office Furniture & Equipment** | $ 1,017,147 | $ 594,905 | 6.67% | 5.83% | 87.50% | $ 520,542 | $ 25,674 | $ 494,868 | **$ 61,858** |
| **391.30 Computer Equipment** | $ 8,346 | $ 5,842 | 20.00% | 18.70% | 93.50% | $ 5,462 | $ 7,295 | $ (1,833) | **$ (229)** |
| **393 Stores Equipment** | $ 90,730 | $ 45,406 | 3.45% | 3.36% | 97.50% | $ 44,271 | $ 51,917 | $ (7,646) | **$ (956)** |
| **394 Tools, Shop and Garage Equipment** | $ 1,090,874 | $ 384,601 | 3.57% | 3.64% | 101.92% | $ 391,985 | $ 434,160 | $ (42,175) | **$ (5,272)** |
| **395 Laboratory Equipment** | $ 474,136 | $ 247,793 | 4.00% | 3.90% | 97.50% | $ 241,598 | $ 196,517 | $ 45,081 | **$ 5,635** |
| **397 Communication Equipment** | $ 2,802,005 | $ 1,006,069 | 8.33% | 6.60% | 79.20% | $ 796,807 | $ 1,729,994 | $ (933,187) | **$ (116,648)** |
| **398 Miscellaneous Equipment** | $ 113,055 | $ 57,283 | 5.00% | 4.88% | 97.50% | $ 55,851 | $ 54,576 | $ 1,275 | **$ 159** |
| **Total General Plant** | $ 9,195,260 | $ 3,577,103 | 4.93% | 4.21% | | $ 3,162,024 | $ 4,090,525 | $ (928,501) | **$ (116,063)** |
| **Total Distribution and General Plant** | $ 193,427,925 | $ 68,195,333 | | | | $ 62,760,613 | $ 61,699,986 | $ 1,060,627 | **$ 132,578** |

footnotes:
(1) Ref. Depreciation Rate Study, Schedule PMN-1, Section VIII, Schedule A, page 1/2 of 2, Col. 1.
(2) Ref. Filing at Depreciation Study, page 355/356.
(3) Ref. Filing at Depreciation Study, page 355/356.
(4) Ref. Schedule JJC-4.
(5) Ref. Column 4 divided by Column 3.
(6) Column 2 x Column 5.
(7) Ref. Filing at Depreciation Study, page 355/356, col. 12.
(8) Column 6 minus Column 7.
(9) Column 8 divided by 8 years.

DE 10-055 (UES)
Depreciation Study

**Schedule JJC-6**

**Development of Staff Recommendation - Depreciation-Related Rate Base Adjustment**

| | | |
|---|---|---|
| **1. Accumulated Depreciation for Changes in Depreciation Expense:** | | |
| Adjust 2010 rate year for recommended reduction in depreciation expense per Schedule JJC-1 | $ | (1,115,178) |
| Est. Ratemaking adj. to increase year-end rate base due to the reduction in Acc. Dep. | $ | 1,115,178 |
| **2. Accumulated Deferred Federal Tax Credit (ADIT):** | | |
| Recommended Reduction in Depreciation and Amortization, per above | $ | (1,115,178) |
| Increase in gap between book and tax depreciation | $ | 1,115,178 |
| Effective Tax Rate (State + Federal) | | 40.53% |
| Increase in Accumulated Deferred Tax Credits (i.e. incresae in rate base) | $ | 451,926 |
| Increase in Accumulated Deferred Tax Credits reduces Rate Base | $ | (451,926) |
| **Net Rate Base Adjustment (i.e. increase)** | $ | 663,252 |

DE 10-055 (UES) Schedule JJC-7
Depreciation Study

**Development of Staff Recommendation - Average Service Lives**

| | 31-Dec-09 Test Year Plant Balance | Proposed Average Service Lives | Staff Recommendation | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Existing | SPR-Bal Top 3 Rank | Change | Recognize 50% Change | Calculation Existing + 50% | Rounding | Recommend |
| **Distribution Plant:** | (1) | (1) | (2) | (3) | (4) | (5) | (6) | | |
| **343 Prime Movers** | $ 10,383 | 15.0 | | | | | | | 15.0 |
| **361 Structures and Improvements** | $ 167,773 | 52.0 | 52.0 | | | | | | 52.0 |
| **362 Station Equipment** | $ 14,603,358 | 48.0 | 45.0 | 58.0 | 13.0 | 6.5 | 51.5 | (0.5) | 51.0 |
| **364 Poles Towers and Fixtures** | $ 39,317,925 | 37.0 | 34.0 | 48.0 | 14.0 | 7.0 | 41.0 | | 41.0 |
| **365 Overhead Conductors and Devices** | $ 50,900,467 | 38.0 | 34.0 | 45.0 | 11.0 | 5.5 | 39.5 | (0.5) | 39.0 |
| **366 Underground Conduits** | $ 1,409,195 | 55.0 | 52.0 | 61.0 | 9.0 | 4.5 | 56.5 | (0.5) | 56.0 |
| **367 Underground Conductors and Devices** | $ 13,968,950 | 35.0 | 30.0 | 75.0 | 45.0 | 22.5 | 52.5 | (0.5) | 52.0 |
| **368.1 Line Transformers** | $ 20,218,623 | 37.0 | 35.0 | 35.0 | - | - | | | 35.0 |
| **368.2 Line Transformers Installations** | $ 12,178,160 | 37.0 | 35.0 | 46.0 | 11.0 | 5.5 | 41.0 | | 35.0 |
| **369 Services** | $ 15,328,905 | 30.0 | 27.0 | 47.0 | 20.0 | 10.0 | 27.0 | | 27.0 |
| **370.1 Meters** | $ 9,040,867 | 20.0 | 37.0 | | | | 20.0 | | 20.0 |
| **370.2 Meter Installations** | $ 3,061,503 | 20.0 | 37.0 | | | | 20.0 | | 20.0 |
| **371 Installations on Customers' Premises** | $ 1,148,691 | 17.0 | 17.0 | 18.0 | 1.0 | 0.5 | 17.5 | | 17.0 |
| **373 Street Lighting and Signal Systems** | $ 2,877,865 | 17.0 | 17.0 | 18.0 | 1.0 | 0.5 | 17.5 | | 17.0 |
| | $ 184,232,665 | | | | | | | | |
| **General Plant:** | | | | | | | | | |
| **390 Structures & Improvements** | $ 3,598,967 | 43.0 | 43.0 | | | | 43.0 | | 43.0 |
| **391.10 Office Furniture & Equipment** | $ 1,017,147 | 15.0 | 15.0 | | | | 15.0 | | 15.0 |
| **391.30 Computer Equipment** | $ 8,346 | 5.0 | 5.0 | | | | 5.0 | | 5.0 |
| **393 Stores Equipment** | $ 90,730 | 29.0 | 29.0 | | | | 29.0 | | 29.0 |
| **394 Tools, Shop and Garage Equipment** | $ 1,090,874 | 28.0 | 25.0 | | | | 25.0 | | 25.0 |
| **395 Laboratory Equipment** | $ 474,136 | 25.0 | 25.0 | | | | 25.0 | | 25.0 |
| **397 Communication Equipment** | $ 2,802,005 | 12.0 | 15.0 | | | | 15.0 | | 15.0 |
| **398 Miscellaneous Equipment** | $ 113,055 | 20.0 | 20.0 | | | | 20.0 | | 20.0 |
| | $ 9,195,260 | | | | | | | | |
| | $ 193,427,925 | | | | | | | | |

footnotes:
(1) Source: Depreciation Study at Filing page 355.
(2) Source: Depreciation Accrual Rates approved by the Commission in Docket No. DE 05-178
(3) Source: Staff 3-103.
(4) Column (3) less Column (2)
(5) Column (5) x 50%
(6) Column (2) + Column (5).

DE 10-055 (UES)
Depreciation Study

Schedule JJC-8A

Development of Net Salvage Rates - Staff Recommendation

| | 31-Dec-09 Test Year Plant Balance | Proposed Net Salvage Percent | Staff Recommendation: Existing % | Staff Recommendation: Existing v. Proposed | Staff Recommendation: 50% of Change | Staff Recommendation: Recommend Existing + 50% | Rounded |
|---|---|---|---|---|---|---|---|
| | (1) | (1) | (2) | (3) | (4) | (5) | (6) |
| **Distribution Plant:** | | | | | | | |
| **343 Prime Movers** | $ 10,383 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | **0.00%** |
| **361 Structures and Improvements** | $ 167,773 | -30.00% | -24.75% | -5.25% | -2.63% | -27.38% | **-27.50%** |
| **362 Station Equipment** | $ 14,603,358 | -40.00% | -24.79% | -15.21% | -7.61% | -32.40% | **-32.50%** |
| **364 Poles Towers and Fixtures** | $ 39,317,925 | -60.00% | -42.89% | -17.11% | -8.56% | -51.45% | **-51.50%** |
| **365 Overhead Conductors and Devices** | $ 50,900,467 | -50.00% | -33.86% | -16.14% | -8.07% | -41.93% | **-42.00%** |
| **366 Underground Conduits** | $ 1,409,195 | -15.00% | -13.75% | -1.25% | -0.62% | -14.38% | **-14.50%** |
| **367 Underground Conductors and Devices** | $ 13,968,950 | -40.00% | -24.83% | -15.17% | -7.59% | -32.42% | **-32.50%** |
| **368.1 Line Transformers** | $ 20,218,623 | -10.00% | 0.00% | -10.00% | -5.00% | -5.00% | **-5.00%** |
| **368.2 Line Transformers Installations** | $ 12,178,160 | -2.00% | 0.00% | -2.00% | -1.00% | -1.00% | **-1.00%** |
| **369 Services** | $ 15,328,905 | -60.00% | -45.46% | -14.54% | -7.27% | -52.73% | **-53.00%** |
| **370.1 Meters** | $ 9,040,867 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | **0.00%** |
| **370.2 Meter Installations** | $ 3,061,503 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | **0.00%** |
| **371 Installations on Customers' Premises** | $ 1,148,691 | -30.00% | -26.17% | -3.83% | -1.92% | -28.09% | **-28.50%** |
| **373 Street Lighting and Signal Systems** | $ 2,877,865 | -35.00% | -29.62% | -5.38% | -2.69% | -32.31% | **-32.50%** |
| | $ 184,232,665 | | | | | | |
| **General Plant:** | | | | | | | |
| **390 Structures & Improvements** | $ 3,598,967 | 0.00% | 10.07% | -10.07% | n/a | 10.07% | **10.50%** |
| **391.10 Office Furniture & Equipment** | $ 1,017,147 | 0.00% | 12.06% | -12.06% | n/a | 12.06% | **12.50%** |
| **391.30 Computer Equipment** | $ 8,346 | 0.00% | 6.03% | -6.03% | n/a | 6.03% | **6.50%** |
| **393 Stores Equipment** | $ 90,730 | 0.00% | 2.17% | -2.17% | n/a | 2.17% | **2.50%** |
| **394 Tools, Shop and Garage Equipment** | $ 1,090,874 | 0.00% | 8.86% | -8.86% | n/a | 8.86% | **9.00%** |
| **395 Laboratory Equipment** | $ 474,136 | 0.00% | 2.05% | -2.05% | n/a | 2.05% | **2.50%** |
| **397 Communication Equipment** | $ 2,802,005 | 0.00% | 0.84% | -0.84% | n/a | 0.84% | **1.00%** |
| **398 Miscellaneous Equipment** | $ 113,055 | 0.00% | 2.40% | -2.40% | n/a | 2.40% | **2.50%** |
| | $ 9,195,260 | | | | | | |
| | $ 193,427,925 | | | | | | |

footnotes:
(1) Source: Depreciation Study at Filing page 355.
(2) Source: Depreciation Accrual Rates approved by the Commission in Docket No. DE 05-178
(3) Source: Column (2) minus Column (1).
(4) Column (3) x 50%.
(5) Column (2) + Column (4), where noted.
(6) Rounded up to half percentage point.

DE 10-055 (UES) Schedule JJC-8B

Depreciation

Net Salvage Rates - Comparison

| | DE 05-178 Approved Net Salvage Rate | DE 10-055 Proposed Net Salvage Rate | Change |
|---|---|---|---|
| Distribution Plant: | | | |
| 361 Structures and Improvements | -25% | -30% | -5.00% |
| 362 Station Equipment | -25% | -40% | -15.00% |
| 364 Poles Towers and Fixtures | -43% | -60% | -17.00% |
| 365 Overhead Conductors and Devices | -34% | -50% | -16.00% |
| 366 Underground Conduits | -14% | -15% | -1.00% |
| 367 Underground Conductors and Devices | -25% | -40% | -15.00% |
| 368 Line Transformers | 0% | -10% | -10.00% |
| 369 Services | -45% | -60% | -15.00% |
| 370 Meters | 0% | 0% | 0.00% |
| 371 Installations on Customers' Premises | -26% | -30% | -4.00% |
| 373 Street Lighting and Signal Systems | -30% | -35% | -5.00% |
| | | | |
| General Plant: | | | |
| 390 Structures & Improvements | 10% | 0% | -10.00% |
| 391.10 Office Furniture & Equipment | 12% | 0% | -12.00% |
| 391.30 Computer Equipment | 6% | 0% | -6.00% |
| 393 Stores Equipment | 2% | 0% | -2.00% |
| 394 Tools, Shop and Garage Equipment | 9% | 0% | -9.00% |
| 395 Laboratory Equipment | 2% | 0% | -2.00% |
| 397 Communication Equipment | 1% | 0% | -1.00% |
| 398 Miscellaneous Equipment | 2% | 0% | -2.00% |

DE 10-055 (UES)
**Development of Staff Recommendation - Pension, 401k, Medical & Dental Expense**

Schedule JJC-9

| | Fiscal Year Ending December 31, 2009 | | | | Proposed Fiscal Year Ending December 31, 2010 | | | | Staff Recommend Fiscal Year Ending Dec. 31, 2010 | | | | Variance From UES Proposal |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USC | | | | USC | | | | USC | | | |
| | UES | Total USC | UES At 30.3% | UES + USC | UES | Total USC | UES At 29.43% | UES + USC | UES | Total USC | UES At 29.43% | UES + USC | |
| | | *Staff 1-6, Att.2, 2/4* | | | | *Staff 1-6, Att.2, 4/4* | | | | | | | |
| **Pension:** | *Staff 3-113* | | | | *Staff 3-113* | | | | | | | | |
| Service Cost | $ 298,893 | $ 1,214,063 | $ 367,861 | $ 666,754 | $ 351,792 | $ 1,434,564 | $ 422,192 | $ 773,984 | $ 351,792 | $ 1,434,564 | $ 422,192 | **$ 773,984** | $ - |
| Interest Cost | $ 1,267,928 | $ 1,598,874 | $ 484,459 | $ 1,752,387 | $ 1,360,507 | $ 1,682,782 | $ 495,243 | $ 1,855,750 | $ 1,360,507 | $ 1,682,782 | $ 495,243 | **$ 1,855,750** | $ - |
| Expected Return on Fund Assets | $ (1,305,737) | $ (1,656,165) | $ (501,818) | $ (1,807,555) | $ (1,272,585) | $ (1,586,507) | $ (466,909) | $ (1,739,494) | $(1,272,585) | $(1,586,507) | $ (466,909) | **$ (1,739,494)** | $ - |
| Curtailment (gain)/ loss | $ (2,356) | $ 17,486 | $ 5,298 | $ 2,942 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | **$ -** | $ - |
| Amortization of Prior Service Cost | $ (11,323) | $ 12,245 | $ 3,710 | $ (7,613) | $ (10,663) | $ 8,394 | $ 2,470 | $ (8,193) | $ (10,663) | $ 8,394 | $ 2,470 | **$ (8,193)** | $ - |
| Amortization of Net (Gain)/Loss | $ 709,853 | $ 403,252 | $ 122,185 | $ 832,038 | $ 1,050,418 | $ 527,704 | $ 155,303 | $ 1,205,721 | (1) $ 737,815 | $ 527,704 | $ 155,303 | **$ 893,118** | $ (312,603) |
| Direct Costs | $ 957,258 | $ 1,589,755 | $ 481,696 | $ 1,438,954 | $ 1,479,469 | $ 2,066,937 | $ 608,300 | $ 2,087,769 | $ 1,166,866 | $ 2,066,937 | $ 608,300 | **$ 1,775,166** | $ (312,603) |
| Less: Bill out to Capital/Other Projects | $ (469,056) | | $ (108,333) | $ (577,389) | $ (723,756) | | $ (165,944) | $ (889,700) | $ (723,756) | | $ (165,944) | **$ (889,700)** | $ - |
| Grand Total Pension Expenses | $ 488,202 | | $ 373,363 | $ 861,565 | $ 755,713 | | $ 442,356 | $ 1,198,069 | $ 443,110 | | $ 442,356 | **$ 885,466** | $ (312,603) |
| | | | | | | *$ 182,099* | | | | *$ 281,881* | | | |
| | | | | | | *at 37.3% overall increase* | | | | *at 37.3% overall increase* | | | |
| **401 K Expense:** | | | | $ 128,982 | | | | $ 185,973 | | | | **$ 185,973** | $ - |
| **Medical and Dental Insurance** | | | | $ 694,498 | | | | $ 742,527 | | | | **$ 742,527** | $ - |

footnotes:
(1) Calulation of Amortization of Net (Gain)/Loss is based on response to Staff TS No. 3 as follows:

| | Amount | |
|---|---|---|
| Proposed Amortization of Net (Gain)/Loss-Total Plan | $ 2,405,358 | Staff 1-6, Attach. 2, page 4 of 4. |
| Staff Recommendation of Net (Gain)/Loss (Based on TS No.3): | | |
| Plan Assets-Total Plan | $ 47,082,101 | Staff 1-6, Attach 2, page 1 of 4. |
| Plan Assets-UES Plan only | $ 14,441,879 | |
| Percentage UES Plan to Total Plan Assets | 30.7% | |
| Staff Recommend Amortization Of Net (Gain)/Loss | $ 737,815 | |

DE 10-055

Development of Staff Recommendation - OPEBs

Schedule JJC-10

| | Fiscal Year Ending December 31, 2009 | | | | Fiscal Year Ending December 31, 2010 | | | | Staff Recommend Fiscal Year End Dec. 31, 2010 | | | | Variance From UES Proposal |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | USC | | | | USC | | | | USC | | | |
| | UES | Total USC | UES At 30.3% | UES + USC | UES | Total USC | UES At 29.43% | UES + USC | UES | Total USC | UES At 29.43% | **UES + USC** | |
| | | *Staff 1-6, Att.2, 2/4* | | | | *Staff 1-6, Att.2, 4/4* | | | | *Staff 1-6, Att.2, 4/4* | | | |
| | *Staff 3-115* | | | | *Staff 3-115* | | | | | | | | |
| Service Cost | $ 97,797 | $ 843,480 | $ 255,574 | $ 353,371 | $ 120,096 | $ 830,798 | $ 244,504 | $ 364,600 | $ 120,096 | $ 830,798 | $ 244,504 | **$ 364,600** | $ - |
| Interest Cost | $ 508,770 | $ 782,717 | $ 237,163 | $ 745,933 | $ 442,624 | $ 627,015 | $ 184,531 | $ 627,155 | $ 442,624 | $ 627,015 | $ 184,531 | **$ 627,155** | $ - |
| Expected Return on Fund Assets | $ (120,453) | $ (277,835) | $ (84,184) | $ (204,637) | $ (142,171) | $ (413,460) | $ (121,681) | $ (263,852) | $ (142,171) | $ (413,460) | $ (121,681) | **$ (263,852)** | $ - |
| Amortizaion of transition (asset) obligation | $ 9,318 | $ 4,910 | $ 1,488 | $ 10,806 | $ 9,318 | $ 4,910 | $ 1,445 | $ 10,763 | $ 9,318 | $ 4,910 | $ 1,445 | **$ 10,763** | $ - |
| Amortization of Prior Service Cost | $ 519,696 | $ 232,697 | $ 70,507 | $ 590,203 | $ 488,810 | $ 101,433 | $ 29,852 | $ 518,662 | $ 488,810 | $ 101,433 | $ 29,852 | **$ 518,662** | $ - |
| Amortization of Net (Gain)/Loss | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | **$ -** | $ - |
| Direct Costs | $ 1,015,128 | $ 1,585,969 | $ 480,549 | $ 1,495,677 | $ 918,677 | $ 1,150,696 | $ 338,650 | $ 1,257,327 | $ 918,677 | $ 1,150,696 | $ 338,650 | **$ 1,257,327** | $ - |
| Less: Bill out to Capital/Other Projects | $ (497,413) | | $ (108,075) | $ (605,488) | $ (449,417) | | $ (92,384) | $ (541,801) | $ (449,417) | | $ (92,384) | **$ (541,801)** | $ - |
| Grand Total OPEB Expenses | $ 517,715 | | $ 372,474 | $ 890,189 | $ 469,260 | | $ 246,266 | $ 715,526 | $ 469,260 | | $ 246,266 | **$ 715,526** | $ - |