

Return on Equity (ROE)

(000's)

| | 2004 |
|---|---------------|
| <u>Before Revenue Sharing</u> | <u>Amount</u> |
| 1 Operating Income from Electric Operations (page 4, line 20): | \$15,042 |
| 2 Average Regulated Rate Base (page 5, line 15): | \$165,870 |
| 3 Rate of Return on Rate Base (ROR) (line 1 / line 2): | 9.07% |
| 4 Less Weighted Cost of Debt (page 6, line 3): | 3.63% |
| 5 Less Weighted Cost of Preferred Stock (page 6, line 4): | 0.00% |
| 6 Weighted Return on Equity (line 3 - line 4 - line 5): | 5.44% |
| 7 % of Equity in Capital Structure (page 6, line 5): | 50.34% |
| 8 Return on Equity (ROE) before Revenue Sharing (line 6 / line 7): | 10.80% |

After Revenue Sharing

| | |
|--|---------------|
| 9 Shared After-Tax Earnings (page 8, line 5) X 50% | (\$84) |
| 10 Adjusted Operating Income (line 1 - line 9): | \$15,126 |
| 11 Adjusted Rate of Return on Rate Base (ROR) (line 10 / line 2): | 9.12% |
| 12 Adjusted Weighted Return on Equity (line 11 - line 4 - line 5): | 5.49% |
| 13 Return on Equity (ROE) after Revenue Sharing (line 12 / line 7): | 10.90% |

Normalized

| | |
|---|--------|
| 14 ROE before earnings sharing and reflecting normal weather: | 11.65% |
|---|--------|