

Settlement Proposal

Rate Pattern	Interim Refund Treatment	Base Revenue Increases	Est. ROE	Pros	Cons
5.0–5.0–5.0–0.0	\$4.1 million refunded to customers in 2014	2013: \$9.1 M 2014: \$9.6 M 2015: \$10.3 M 2016: <u>\$0 M</u> Total: \$29.0 M	2013: 9.9% 2014: 9.7% 2015: 10.0% 2016: 8.4%	<ul style="list-style-type: none"> • Stable, level increases • Interim refund in 2014 • Rate freeze in 2016 • Matches costs, provides chance to earn auth. ROE 	

Other Commission-Requested 4 Year Rate Scenarios*

Rate Pattern	Interim Refund Treatment	Base Revenue Increases	Est. ROE	Pros	Cons
A. Even 4 Year Spread 3.75–3.75–3.75–3.75 (spreads Settlement increases over 4 years)	\$6.1 million refunded to customers in 2014	2013: \$6.9 M 2014: \$7.1 M 2015: \$7.4 M 2016: <u>\$7.7 M</u> Total: \$29.0 M	2013: 9.2% 2014: 8.3% 2015: 8.1% 2016: 8.4%	<ul style="list-style-type: none"> • Stable, level increases • Interim refund in 2014 • Slightly lower annual increase %'s 	<ul style="list-style-type: none"> • No rate freeze • No opportunity to earn authorized ROE
B. Modified 4 Yr Spread 3.75–3.75–3.75–3.75 (uses interim refund to augment rate increases)	\$6.1 million not refunded; funds retained, deferred evenly in 2013-2016	2013: \$6.9 M 2014: \$7.1 M 2015: \$7.4 M 2016: <u>\$7.7 M</u> Total: \$29.0 M	2013: 9.7% 2014: 8.8% 2015: 8.5% 2016: 8.8%	<ul style="list-style-type: none"> • Stable, level increases • Lower annual increase %'s 	<ul style="list-style-type: none"> • No rate freeze • No 2014 interim refund • Deferring interim refund creates intergen'l subsidy • No opportunity to earn auth. ROE in 2014-2016

* Additional year of increases and/or deferral of the interim rate refund may require Notice of Opportunity for Hearing