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NHPUC(SEC) LSF DG 00-207-14

Exhibit No. 5

Witness

DO NOT REMOVE FROM FILE

State of New Hampshire
Before the
Public Utilities Commission

Pre-filed Direct Testimony of:

Mark G. Savoie and William R. Luthern

on behalf of:

EnergyNorth Natural Gas, Inc.

Agreements with AES Londonderry, LLC

Docket No. DG 00-___

July 3, 2000

Background Information Regarding Mark G. Savoie

Q. Mr. Savoie, please state your full name and business address.

A. My name is Mark G. Savoie. My business address is 1260 Elm Street, Manchester, New Hampshire.

Q. Please state your position with EnergyNorth Natural Gas, Inc. ("ENGI" or the "Company").

A. I am the Manager of Regulatory Affairs.

Q. How long have you been employed by EnergyNorth, Inc. or its affiliates and their predecessors and in what capacities?

A. In September 1985, I was hired as an Accountant by Concord Natural Gas Corporation. In February 1986, I was promoted to the position of Tax/SEC Accountant for EnergyNorth, Inc. I assumed the position of Rate Analyst in April 1996 and was promoted to Manager of Regulatory Affairs in December 1998.

Q. What do your responsibilities as Manager of Regulatory Affairs include?

A. I am primarily responsible for the budgeting of and analytical functions related to revenue and the cost of gas; preparing, coordinating, assisting and testifying in matters before the New Hampshire Public Utilities Commission; monitoring, proposing and explaining issues related to pricing and service options; developing detailed cost of service adjustments in support of the Company's rate cases; and the overall administration of rates, tariffs and cost studies.

Q. What were your prior responsibilities at the Company?

A. My prior responsibilities included insuring tax compliance, preparation of Securities and Exchange Commission filings, tax and securities law research, financial statement preparation, accounting for depreciation and contributions in aid of construction, maintaining the general ledger, and managing audits.

Q. Please describe your business experience prior to your employment with EnergyNorth.

A. My business experience from December 1978 to September 1985 consisted of employment as a Staff and Senior Staff Accountant at several New Hampshire public accounting firms. My duties included planning and conducting audits, internal control review, tax compliance, financial statement preparation and supervision of professional and clerical staff.

Q. Please describe your relevant educational background.

A. I received a Bachelor of Science degree in Accounting in 1980 and a Master of Business Administration in 1995, both at New Hampshire College. I have attended several seminars related to the gas industry including the American Gas Association Gas Rate Fundamentals Course held at the University of Wisconsin School of Business in Madison, Wisconsin.

Q. Do you have any professional licenses?

A. Yes, I am licensed in the State of New Hampshire as a Certified Public Accountant.

Q. Have you previously testified before the New Hampshire Public Utilities Commission?

A. Yes, I have testified on numerous occasions on a variety of matters before the Commission.

<u>**Background Information Regarding William R. Luthern**</u>

Q. Mr. Luthern, please state your full name and business address.

A. My name is William R. Luthern. My business address is One Beacon Street, Boston, Massachusetts.

Q. By whom are you employed and in what capacity?

A. I am Vice President of Gas Resources for Boston Gas Company, Essex Gas Company and Colonial Gas Company, the three gas subsidiaries of Eastern Enterprises ("Eastern"). I am responsible for the planning, and acquisition of the gas supply resources for all three subsidiaries. I am also responsible for all state, federal and Canadian regulatory matters relating to gas supply, planning and acquisition.

Q. Please outline your professional experience.

A. I joined Boston Gas in 1962 and served in various engineering and gas supply positions prior to being appointed Manager of Gas Supply in 1981. I was appointed Assistant Vice President in 1986 and assumed my present position in October 1996. I am presently responsible for all planning and acquisition activities pertaining to the natural gas supply of Eastern's gas subsidiaries, including the management and restructuring of the corporate natural gas supply portfolio (which includes pipeline supplies, underground storage facilities and local resources in the form of liquefied natural gas and propane/air facilities) in a competitive environment.

I am a member of several gas industry organizations including the New England Gas Association, the American Gas Association and the Guild of Gas Managers. I serve on the Board of Directors of Associated Gas Distributors, an organization of local gas distribution companies which provide natural gas service to more than 16 million residential, commercial and industrial customers in 19 states plus the District of Columbia, and have served as Chairman of the Algonquin Customer Group. In 1996 I was appointed by Massachusetts Governor William F. Weld to serve on a special commission to study the feasibility of bulk natural gas storage methods for Massachusetts.

Q. Have you previously testified in regulatory proceedings?

A. Yes, I have testified in a number of proceedings before the Massachusetts Department of Telecommunications and Energy, the Federal Energy Regulatory Commission and the Canadian National Energy Board. I have also submitted prefiled testimony to this Commission in DG 99-193, the EnergyNorth/Eastern Enterprises/KeySpan Corporation merger proceeding, but did not provide live testimony in that case.

Q. What has your involvement been with regard to the relationship between ENGI and AES Londonderry, LLC ("AES")?

A. I took over the AES project after Kenneth Margossian left EnergyNorth, Inc. Mr. Margossian had been EnergyNorth's Executive Vice-President, and was principally responsible for negotiations with AES and for overseeing the AES project. Mr. Margossian left EnergyNorth after announcement of the merger with Eastern

Enterprises. As part of the integration planning for the two companies, it was decided not to replace Mr. Margossian prior to the closing of the merger transaction. Because I oversee projects like the AES project for Boston Gas and the other gas utility subsidiaries of Eastern Enterprises, I was asked to take over responsibility for this project as well. Since that time, I have overseen most aspects of the project and have been closely involved in the negotiations with AES.

Summary of Scope of Testimony

Q. Gentlemen, what is the purpose of your testimony?

A. The purpose of our testimony is (1) to describe ENGI's plans to construct an approximately 2.8 mile long pipeline from the Tennessee Gas Pipeline Company ("Tennessee") take station in Londonderry to a proposed 720 megawatt electric generating facility being developed by AES, (2) discuss the terms of the relationship between ENGI and AES, and (3) summarize the financial analysis supporting the decision to make the investment.

Q. What is ENGI seeking in this proceeding?

A. ENGI is seeking approval of a Gas Transportation Agreement ("Transportation Agreement"), which was entered into by ENGI and AES on April 20, 2000. (The agreement is attached to the Petition in this case as Appendix 1.) The Transportation Agreement is a special contract because it calls for ENGI to provide transportation service to AES on terms and conditions that are different from those in ENGI's currently effective tariff. ENGI has also entered into a Natural Gas Firm Peaking Agreement ("Peaking Agreement") with AES, which is an integral part of the transaction. (The Peaking Agreement is attached to the Petition as Appendix 2.) The Peaking Agreement, in and of itself, is more in the nature of a gas supply agreement, but because it is a critical component of the overall transaction between ENGI and AES, the Company believes that the Commission will also need to review and approve the terms of the Peaking Agreement in this proceeding.

<u>Overview of AES Project</u>

Q. Mr. Luthern, please provide an overview of the AES project to which ENGI proposes to provide service and the lateral that ENGI proposes to construct for that purpose.

A. I am aware that all three Commissioners and Chief Engineer Michael Cannata participated in the New Hampshire Site Evaluation Committee ("SEC") proceeding involving the AES Londonderry project, SEC Docket No. 98-02. Nevertheless, in order to provide a complete record before this Commission, I think it would be useful to provide some background regarding the two agreements reached by ENGI and AES.

On May 25, 1999, the SEC issued a detailed order (the "SEC Order," a copy of which is included with this testimony as Attachment MGS/WRL-1) conditionally approving AES's plans for a 720 MW combined-cycle, gas-fired electric generating facility in Londonderry. The SEC found that the facility met the statutory criteria set forth in RSA 162-H, specifically the need to address "the present and predicted growth in electric power demands in the State of New

A. Rather than provide a restatement of the terms of the agreements in the form of testimony, we thought it would be helpful to provide a summary of each agreement in a form that presents the more significant terms grouped together by subject matter. We have included these summaries with this testimony as Attachment MGS/WRL-3 and Attachment MGS/WRL-4.

Q. Why do you believe that the Transportation Agreement and Peaking Agreement are in the public interest?

A. In addition to providing support to AES in its efforts to complete construction of the project that it proposed to the SEC and which the SEC found to be consistent with the State's energy policy, the agreements with AES provide significant benefits to ENGI's customers.

Under the Transportation Agreement, AES will pay rates that are sufficient to enable ENGI to recover all of the cost associated with construction of the project and the ongoing costs of operation plus a return on the capital investment. As the financial analysis set forth in Attachment MGS/WRL-5 shows, the demand charge alone will be sufficient to contribute net revenues above ENGI's overall allowed rate of return, which means that on an overall basis the project will effectively reduce ENGI's revenue requirement from its remaining customers relative to what it otherwise would have been. In addition to the demand charge, AES will also pay a commodity charge for each decatherm of gas delivered above in each contract year. The analysis applied a twenty year depreciable life for the investment, rather than the approximately thirty-eight year life (2.66% per year) currently used for distribution mains, in order to track the twenty year term of the Transportation Agreement and ensure that the all project costs would be recovered over the life of the contract. In considering whether the anticipated revenues from AES would be sufficient to cover the costs of the project, the Company included annual operating expenses such as property taxes, maintenance and the like.

The project was treated as a traditional main extension and analyzed the project's ability to pay for itself in accordance with the method utilized by ENGI in Docket DR 97-057 (the Hitchiner Manufacturing special contract proceeding) and as previously recommended by the Commission staff. Attachment MGS/WRL-5 shows that beginning in 2010, Year 10 of the project, the project has an aggregate surplus on a present value basis.

We should also note that, although the pipeline is initially being planned as a dedicated line to serve AES, there are provisions in the Transportation Agreement that would allow ENGI to tap into the line to serve other customers under specific conditions. The cost of any additional facilities needed to serve customers other than AES from the pipeline are not included in the charges under the Transportation Agreement.

Perhaps, the most important benefit that ENGI's customers will receive from the AES relationship is the additional gas supply that will become available under the Peaking Agreement. The Peaking Agreement is expected to provide significant gas cost savings because it will provide ENGI with considerable flexibility in managing its peaking resources.

Q. Mr. Luthern, please explain why you believe the Peaking Agreement will provide significant benefits to ENGI.

A. The Peaking Agreement has an extremely low demand charge compared with other available resources. As a result, this supply should be particularly economical during warmer than average winters. The monthly demand charge under the Peaking Agreement is $, which is equal to $ per MMBtu, multiplied by 1/12 of the Annual Contract Quantity, or MMBtu. The demand charge increases annually by an inflation rate after the first year of the contract. In addition, the commodity charge during most of the contract term is based on the hourly clearing price for energy at ISO New England. Thus, based on the scheduling of gas taken under the Peaking Agreement, it may be possible to have gas delivered to ENGI at below market prices because the pricing mechanism in the contract provides ENGI with considerable flexibility to maximize its purchases during times when the cost of gas is at its lowest under the agreement and avoid purchases during periods when the cost of gas would be highest. During the period before the AES facility is able to utilize gas itself, the commodity charge for gas will be limited to AES's cost of natural gas at Dracut, Massachusetts, plus any variable charges incurred by AES for transportation of the gas from Dracut. It is also important to note that the Peaking Agreement gives ENGI hourly flexibility in ordering gas. This will add to ENGI's ability to optimize its use of gas under the agreement and minimize the cost of this supply for its customers.

Q. Are there other factors that the Commission should consider in considering the terms of the agreements with AES?

A. As we mentioned earlier, AES has repeatedly made clear that bypass of ENGI's system was a viable option for them. The fact that AES did all of the preliminary right of way work and much of the design and engineering work necessary to construct and operate the pipeline without ENGI plainly demonstrated AES's intention and ability to proceed without ENGI if necessary. Ultimately, ENGI was able to reach agreement on the terms of an overall relationship that was acceptable to AES and would ensure that the rest of ENGI's customers received significant benefits from the addition of AES to ENGI's system. We believe this outcome is good for ENGI's customers and for AES at the same time.

It is also worth noting that the increase in size in Tennessee's pipeline in order to transport the gas required by AES will also improve the deliverability of gas to ENGI on the Tennessee system by providing an opportunity for ENGI to access additional capacity on the Concord lateral when AES is not taking either its full daily or hourly maximum quantity and because the increased size of Tennessee's pipeline will contribute to improved delivery pressures on the lateral.

Effect of Peaking Agreement on Resource Planning

Q. Will the existence of the Peaking Agreement result in any changes in the Company's long range gas supply plan?

A. Yes, it will. The AES peaking supplies will be reflected in the Company's long range gas supply plan.

<u>Project Schedule and Budget</u>

Q. Mr. Luthern, Please provide an overview of the construction schedule and expected in service date for the pipeline.

A. As is provided in Section 2.1 of the Transportation Agreement, construction of the pipeline is expected to begin by April 1, 2001. The target date for completion of the project is September 30, 2001.

Q. Mr. Savoie, what is the budget for the pipeline project and what amounts have been spent to date?

A. The total capital budget for the project is $. The costs to date total approximately $25,000, which consists of consulting expenses of approximately $15,500 and legal expenses of approximately $9,500.

<u>Accounting Treatment of Project Expenditures</u>

Q. Mr. Savoie, please describe the proposed accounting treatment of amounts expended and to be expended in planning and constructing the pipeline.

A. All incremental project costs, including consulting, legal, engineering and other related costs, will be capitalized and included in rate base. The revenues from the project will then be booked entirely above the line. The anticipated revenue from AES is more than sufficient to cover both the investment and related expenses. As was discussed earlier, the financial analysis utilizes a twenty year depreciable life, rather than thirty-eight years. Because the Company has structured this transaction utilizing a shorter than normal depreciation schedule for this investment, ENGI requests that the Commission expressly authorize the use of the shorter depreciation schedule in its final order. If a Form E-25 is required for this purpose, the Company will prepare one and submit it promptly. However, given that the request for approval of a shorter then normal depreciable life is for a new investment, rather than an existing one, a Form E-25 did not seem appropriate in this case.

Q. How will ongoing costs related to the pipeline be treated?

A. Ongoing costs related to the pipeline (e.g., taxes and maintenance) will be included in the Company's overall cost of service. The rate that is being charged to AES is designed to cover these costs, and that is one of the reasons that the rate includes an annual inflator.

<u>**Differences Between ENGI Tariff and Agreements With AES**</u>

Q. Will AES be subject to any environmental remediation charges, energy efficiency surcharges or other surcharges?

A. No, it will not. The Company negotiated the best financial terms possible with AES. AES was plainly in a position to bypass ENGI altogether if it so chose, and therefore it was not possible to impose significant additional costs on them such as the environmental surcharge.

ENGI's total annual weather-adjusted firm throughput (i.e., sales and transportation together) is approximately 130 million therms. The AES load is expected to be approximately three times this amount. Plainly, it would have been grossly uneconomical and unfair to require AES to pay additional volumetric surcharges. Had ENGI sought to impose these charges, AES would simply have proceeded with bypassing ENGI's system.

Q. Mr. Savoie, will any of the terms of the Company's tariff apply to AES, or are all terms contained in the Transportation Agreement?

A. Section 5.5 of the Transportation Agreement provides that billing and payment will be governed by ENGI's tariff. Those provisions are set out in the third paragraph on Page 47 of the tariff, which applies to LV-90 firm transportation customers.

Other than the billing and collection provisions, all of the terms and conditions of the relationship between ENGI and AES are set forth in the two contracts, and therefore the tariff does not govern the parties' relationship. In particular, as is discussed above, the rates established by the Transportation Agreement were designed to cover all of the costs of extending ENGI's system to the AES plant on North Wentworth Drive. Therefore, the contribution in aid of construction rules in Section 7 of the tariff were inapplicable. Instead, the Company applied the ten year payback analysis that the Staff has previously recommended be applied for major system expansions. The agreement also addresses issues such as metering, access to customer premises and curtailment. In addition to those places where the Transportation Agreement provisions differ from provisions in the tariff, many of the provisions of ENGI's tariff are simply inapplicable to the relationship with AES, given the nature of the service being provided and the size and design of the facilities and service being provided.

Conclusion

Q. What is the timeframe that ENGI is requesting for PUC review and approval of the contracts with AES?

A. Consistent with the schedule set forth in the Transportation Agreement, the Company is requesting that the Commission issue its order by October 1, 2000. Although the Commission is not bound by the schedule that ENGI and AES have agreed to, this date was chosen in order to accommodate the needs of AES's project schedule.

Q. Does that conclude your testimony?

A. Yes it does.

State of New Hampshire
Before the
Public Utilities Commission

Pre-filed Supplemental Testimony of:
Leo Silvestrini

on behalf of:

EnergyNorth Natural Gas, Inc.

Agreements with AES Londonderry, LLC

Docket No. DG 00-145

January 12, 2001

<u>**Background Information Regarding Leo Silvestrini**</u>

Q. Mr. Silvestrini, please state your full name and business address.

A. My name is A. Leo Silvestrini. My business address is One Beacon Street, Boston, Massachusetts.

Q. Please state your position with KeySpan Energy Delivery New England ("KeySpan" or the "Company").

A. I am the Director of Rates and Regulatory Affairs.

Q. How long have you been employed by KeySpan or its affiliates and in what capacities?

A. I was hired by Boston Gas Company in October 1978 as an economic analyst in the Rate Department. In October 1980 I was promoted to Manager of Rates and Revenue Analysis. I was further promoted in February 1985 to the position of Director of Rates and Economic Analysis. Over the next seven years I held a similar position in Market Planning and Development, Corporate Strategic Planning and Gas Resource Planning. In December of 2000 I was named to my current position, Director of Rates and Regulatory Affairs.

Q. What do your responsibilities as Director of Rates and Regulatory Affairs include?

A. I am primarily responsible for the forecasting and analytical functions related to the demand for natural gas, revenues and gas costs; preparing, coordinating, supervising and testifying in rates and forecasting matters before state regulatory commissions; and supervising the design, implementation and administration of the Company's rates, tariffs and cost studies.

Q. Please describe your relevant educational background.

A. I received a Bachelor of Arts Degree in History in 1973 from the State University of New York at Albany and a Master of Arts Degree in Economics from Tufts University in 1976. I have also received a certificate from the Northeastern University School of Business Management for the completion of the Management Development Program in 1987.

Q. Have you previously testified in regulatory proceedings?

A. Yes, I have testified in a number of regulatory proceedings before the Massachusetts Department of Telecommunications and Energy in rate matters including marginal cost allocation studies, rate design, cost of gas adjustment clause proposals, the rates, cost of service and financial analysis associated with special contract. I have also testified before the Massachusetts Energy Facilities Siting Board on demand forecasts, resource requirements and financial analysis. I am also responsible for the Company's current rate redesign case and periodic cost of gas filings before the New Hampshire Public Utilities Commission.

Q. What has been your involvement with regard to the project with AES Londonderry, LLC ("AES")?

A. I have reviewed the testimony, attachments and data responses prepared and submitted by Mark Savoie, analyzed the results of those documents and schedules and provided updates and modifications to them as required since Mr. Savoie's departure from the Company.

Q. Given your background and experience and your knowledge and understanding of those documents, are your prepared to adopt Mr. Savoie's testimony, attachments and responses as your own?

A Yes, I am.

Q. Do you have any amendments or updates to those documents, attachments and responses that you would like to make at this time?

A. Yes, I would like to submit the attached four page Attachment ALS-1, that updates the previously submitted MGS/WRL-5, the financial analysis supporting the favorable economics of the Transportation Agreement.

Q What updates does Attachment ALS-1 provide?

A. Attachment ALS-1 makes the following updates. (1) The initial investment is updated to reflect the latest engineering estimates on the costs of the project, as presented in the testimony of Anthony J. DiGiovanni. (2) The book life of the asset is increased to 38 years (2.63% per year), consistent with the discussions we have had with the Commission staff and the Office of the Consumer Advocate. (3) The property tax calculation is revised to reflect the changes presented in response to Data Request OCA 1-3. (4) The margin calculation is revised to reflect the escalation clause in the Transportation Agreement. (5) The contract is assumed to be renewed after year 20. (6) The estimated financial benefits to customers of the Peaking Agreement, as presented in the response to Data Request Staff 1-25 are added to the benefits of the Transportation Agreement to provide a complete cost/benefit analysis.

Q. What does Page 2 of 4 of Attachment ALS-1 provide?

A. Page 2 of 4 of Attachment ALS-1 provides a break-even calculation showing that an initial investment would provide a rate of return that approximates the Company's allowed rate of return of 9.83%.

Q. What does Page 3 of 4 of Attachment ALS-1 provide?

A. Page 3 of 4 responds to a request of Steven Frink, on behalf of the Commission's Finance Department, to provide a similar breakeven calculation that includes the benefits to customers from the Peaking Agreement. It shows that an initial investment of would provide a return of 9.9%.

Q. What does Page 4 of 4 show?

A. Page 4 of 4 presents the results of the financial analysis when the benefit of the Peaking Agreement is as presented in the Company's supplemental response to Data Request Staff 1-25, which updated the value of the peaking supply for market prices as of October 2000.

Q. Do these updates show that the Transportation Agreement and Peaking Agreements are in the public interest?

A. Yes. Despite the updated engineering estimates which increase the anticipated cost of the project, the results of the financial analysis presented in ALS-1 show that the demand charges alone are still sufficient to contribute net revenues above the Company's allowed rate of return. When the estimated benefits of the Peaking Agreement are added to anticipated benefits of the Transportation Agreement, the results show significant reductions in overall costs to customers.

Q. Does that conclude your testimony?

A. Yes, it does.

COST/BENEFIT ANALYSIS

AES FINANCIAL Model

																		WITH PEAKING BENEFIT		
ISCAL YEA	END YEAR RATE BASE	AVERAGE RATE BASE	TOTAL RETURN	TAX DEPREC.	BOOK DEPREC.	DEFERRED TAX	BOOK TAXABLE INCOME	BOOK INCOME TAX EXPENSE	PROPERTY TAX	ADDITIONAL OPERATING EXPENSES	REVENUE REQUIRE.	MARGINS	ANNUAL SURPLUS (DEFICIT)	RATE OF RETURN	PV OF ANNUAL SURPLUS (DEFICIT)	AGGREGATE SURPLUS (DEFICIT)	Cash Flow	PEAKING BENEFIT	TOTAL ANNUAL BENEFIT	RATE OF RETURN
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SSUMPTION Initial Capital Cost
Book Life (years)
Peaking Benefit [illegible] (Assumes Normal Forecasted Winter 1999/2000 - Staff 1-25)
Average Rate Base Calculated over 12 months.
Contract is renewed after year 20

COST/BENEFIT ANALYSIS

AES FINANCIAL Model

																		WITH PEAKING BENEFIT		
ISCAL YEA	END YEAR RATE BASE	AVERAGE RATE BASE	TOTAL RETURN	TAX DEPREC.	BOOK DEPREC.	DEFERRED TAX	BOOK TAXABLE INCOME	BOOK INCOME TAX EXPENSE	PROPERTY TAX	ADDITIONAL OPERATING EXPENSES	REVENUE REQUIRE.	MARGINS	ANNUAL SURPLUS (DEFICIT)	RATE OF RETURN	PV OF ANNUAL SURPLUS (DEFICIT)	AGGREGATE SURPLUS (DEFICIT)	Cash Flow	PEAKING BENEFIT	TOTAL ANNUAL BENEFIT	RATE OF RETURN
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SUMPTION Initial Capital Cost
Book Life (years)
Peaking Benefit (Assumes Normal Forecasted Winter 1999/2000 - Staff 1-25)
Average Rate Base Calculated over 12 months.
Contract is renewed after year 20.

Attachment ALS-1

EnergyNorth Natural Gas, Inc.
Docket DG 00-145
Witness: Leo Silvestrini

COST/BENEFIT ANALYSIS

AES FINANCIAL Model

ISCAL YEA	END YEAR RATE BASE	AVERAGE RATE BASE	TOTAL RETURN	TAX DEPREC.	BOOK DEPREC.	DEFERRED TAX	BOOK TAXABLE INCOME	BOOK INCOME TAX EXPENSE	PROPERTY TAX	ADDITIONAL OPERATING EXPENSES	REVENUE REQUIRE.	MARGINS	ANNUAL SURPLUS (DEFICIT)	RATE OF RETURN	PV OF ANNUAL SURPLUS (DEFICIT)	AGGREGATE SURPLUS (DEFICIT)	Cash Flow	WITH PEAKING BENEFIT PEAKING BENEFIT	TOTAL ANNUAL BENEFIT	RATE OF RETURN
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SUMPTION Initial Capital Cost
Book Life (years)
Peaking Benefit (Assumes Normal Forecasted Winter 1999/2000 - Staff 1-25)
Average Rate Base Calculated over 12 months.
Contract is renewed after year 20.

COST/BENEFIT ANALYSIS

AES FINANCIAL Model

ISCAL YEA	END YEAR RATE BASE	AVERAGE RATE BASE	DEBT INTEREST	COMMON RETURN	TOTAL RETURN	TAX DEPREC.	BOOK DEPREC.	DEFERRED TAX	BOOK TAXABLE INCOME	BOOK INCOME TAX EXPENSE	PROPERTY TAX	ADDITIONAL OPERATING EXPENSES	REVENUE REQUIRE.	MARGINS	ANNUAL SURPLUS (DEFICIT)	RATE OF RETURN	PV OF ANNUAL SURPLUS (DEFICIT)	AGGREGATE SURPLUS (DEFICIT)	Cash Flow	WITH PEAKING BENEFIT PEAKING BENEFIT	WITH PEAKING BENEFIT TOTAL ANNUAL BENEFIT	WITH PEAKING BENEFIT RATE OF RETURN
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SSUMPTION Initial Capital Cost
Book Life (years)
Peaking Benefit (Assumes Normal Forecasted Winter 1999/2000 - Revised Staff 1-25)
Average Rate Base Calculated over 12 months.
Contract is renewed after year 20.