

1 Q. Reconcile the \$21,179,000 return on equity for 2004 in the Finance and
2 Corporate Services evidence, Schedule II and the Finance and Corporate
3 Services evidence, Schedule IX with the \$16,610,081 return on equity for 2004
4 shown in Cost of Service evidence, Exhibit RDG-1 page 2 of 107, line 21,
5 column 2.

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8 A. Reconciliation is as follows:

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10 Return on Equity, Exhibit RDG-1, page 2 of 107 line 21, column 2

11 Rural Assets	213,761,000	x	0.00%		\$	0
12 Other Ratebase Assets	<u>1,271,707,000</u>	x	12.15%	x	10.75%	<u>16,610,083</u>
13	1,485,468,000				\$	16,610,083

14
15 Equity return on mid-year balance of:

16 CWIP	62,351,000	x	12.15%	x	10.75%	814,382
17 RSP	146,306,000	x	12.15%	x	10.75%	1,910,939

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19 Excess of assets over total capital structure¹

20	(1,694,124 - 1,670,431)	x	86.13	x	8.283%	1,690,294
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21 Differences due to timing of cash flows						<u>153,302</u>
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22 Return on equity Schedules II, IX, J.C. Roberts						<u>\$ 21,179,000</u>
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24 ¹ Assets exceed total capital structure due to 13-month averages being
25 used for fuel and supplies, and a lead lag study to determine working
26 capital requirements, rather than simple balance sheet averages.