

1 Q. Reconcile the \$19,384,000 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 \$15,052,375 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. The updated reconciliation, based on the revised Application dated August 12,
9 2003, is as follows:

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

12	Rural Assets	213,758,301	x	0.00%		\$	0
13	Other Ratebase Assets	1,271,692,388	x	12.14%	x	9.75%	15,052,375
14		1,485,450,000				\$	15,052,375

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16 Equity return on mid-year balance of:

17	CWIP	62,351,000	x	12.14%	x	9.75%	738,018
18	RSP	146,220,000	x	12.14%	x	9.75%	1,730,733
19	Financing charges on overdue accounts						369,000

20 Excess of assets over total capital structure¹

21		(1,694,021 - 1,670,241)	x	86.14	x	8.287%	1,697,481
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22	Differences due to timing of cash flows						(203,607)
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23	Return on equity Schedules II, IX, J.C. Roberts						<u>\$ 19,384,000</u>
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25 ¹ Assets exceed total capital structure due to 13-month averages being
26 used for fuel and supplies, and a lead lag study to determine working
27 capital requirements, rather than simple balance sheet averages.

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