

1 Q. **Reference: 2014 Cost Recovery Application, appendix A, 2014 test year COS**
2 Please provide the 2014 COS using the return on equity that was approved by the
3 Board following the 2007 GRA.

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6 A. The impact to the 2014 Cost of Service of using the return on equity that was
7 approved by the Board following the 2007 GRA is a decrease to the return on equity
8 of \$17.3 million as provided in Table 1 below:

Table 1: Calculation of Revised 2014 Test Year Return on Equity

	As Filed	Revised	Difference
Total Rate Base	1,692,567,000	1,692,567,000	-
Less: Rural Portion	-	-	-
Rate Base Available for Equity Return	1,692,567,000	1,692,567,000	-
Corporate Targets:			
Capital Structure: Percent of Debt	71.331%	71.331%	-
Return	7.051%	7.051%	-
Weighted Average Return: Debt	5.030%	5.030%	-
Capital Structure: Percent of Equity	23.565%	23.565%	-
Return	8.800%	4.465%	-4.335%
Weighted Average Return: Equity	2.074%	1.052%	-1.022%
Weighted Average Cost of Capital	7.103%	7.103%	-
Return on Rate Base (\$):			
Return on Debt	85,128,483	85,128,483	-
Return on Equity	35,099,439	17,808,977	(17,290,462)
Return on Rate Base (\$)	120,227,922	102,937,460	(17,290,462)