

1    Q.    **Section H - Capital Expenditures 2007-2016**

2            Using the same base information used in the previous question and averaging the  
3            capital expenditures forecast from 2012 to 2021 to provide a constant capital  
4            budget for each of those years, please calculate the impact on the revenue  
5            requirement for each of the upcoming five years that can be attributed directly to  
6            the forecast capital expenditures for that period.

7

8

9    A.    Table 1 provides *pro forma* estimates of the annual revenue requirement impacts  
10           for 2012 to 2016 of assuming \$94,340,000 in annual capital spending based on the  
11           average from 2012 to 2021.

**Table 1**  
***Pro Forma* Revenue Requirement**  
**2012-2016**  
**(\$000's)**

| <b>Year</b> | <b>Revenue Requirement</b> |
|-------------|----------------------------|
| 2012        | \$5,912                    |
| 2013        | \$17,545                   |
| 2014        | \$28,799                   |
| 2015        | \$39,672                   |
| 2016        | \$50,165                   |

12           The *pro forma* impacts include depreciation expense and return on debt and equity.  
13           Depreciation was calculated using the useful lives of the applicable functional asset  
14           group. Return on debt and equity was based on 2007 Test Year rates. All assets  
15           were assumed to go into plant in service in the current year. Half year treatment  
16           was applied to current year net plant additions.

- 1 Table 2 below provides a comparison between this response and the response to  
 2 PUB 38.

**Table 2**  
***Pro Forma* Revenue Requirement - Comparison of PUB 38 and PUB 39**  
**2012-2016**  
**(\$000's)**

| Year | PUB 38   | PUB 39   | Difference |         |
|------|----------|----------|------------|---------|
|      |          |          | \$         | %       |
| 2012 | \$5,732  | \$5,912  | \$180      | 3.14%   |
| 2013 | \$17,486 | \$17,545 | \$59       | 0.34%   |
| 2014 | \$30,119 | \$28,799 | (\$1,321)  | -4.38%  |
| 2015 | \$42,073 | \$39,672 | (\$2,401)  | -5.71%  |
| 2016 | \$62,730 | \$50,165 | (\$12,565) | -20.03% |