

## Appendix A-Part 1

### Calculation of Financial & Capital Operating Reserve Credit for 2011

\$ in '000

Factors affecting the reserve credit are calculated in two parts:

#### Prior Year True Up

##### Appendix A Part 3

Items affecting the reserve balance as of 12/31/2010.

The analysis shows the reserve balance at 12/31/2010 based on the assumptions used in our last GMC filing (for 2011), updates to those assumptions based on actual experience, and also incorporates new items affecting the reserve as of that date.

#### Current Year Estimates

##### Appendix A Part 2

2011 events affecting the reserve, including 2011 revenues, expenses and other reserve uses and credits.

Summary of Reserve Credit		If no changes to last years plan	Revised: Forecast to Actual	Difference
part 3, line 15	Available Credit for 2011	33,069	50,258	17,189
part 2	<b>2011 Events</b>			
	Reserve Balance at 1/2011	57,451	74,640	17,189
	2010 Results	(24,327)	(27,102)	(2,775)
	Ending Reserve Balance	33,124	47,538	14,414
	<b>Calculation of 2012 Credit</b>			
	2011 and 2012 O&M Budget	162,548	163,049	
	Less: 15% O&M Reserve	(24,382)	(24,457)	(75)
	<b>2012 Credit</b>	8,742	<b>23,081</b>	14,339
Notes:				
"Plan": Assumes 2011 expenses and revenues were equal to budgeted amounts				
"Revised": Reflects the updated reserve balance as of 12/31/10 and the items affecting the reserve in 2011				
<b>Summary of Reserve Credit (Alternate Reconciliation)</b>				
Available as credit based on 25% of debt service in 2011				8,742
part 3	<b>Prior Year Adjustments</b>			
	Updated 2010 Beginning Reserve Balance		-	
	Updated 2010 Revenue and Expenses		17,572	
	Adjust matters affecting 2010 reserve		(383)	
	<b>Subtotal</b>		17,189	
part 2	<b>Current Year Estimates</b>			
	Revenue Difference from budget		(2,775)	
	Expenses Difference from budget		0	
	<b>Subtotal</b>		(2,775)	
	Other Reserve Uses			0
	15% O&M Reserve Requirement			(75)
	<b>Grand Total</b>			<b>23,081</b>

\$ in '000

## Appendix A-Part 2

### Current Year Estimates

Line Item	Description	Budget	Estimate	Difference
1	Beginning Reserve Balance 1/1/2011	\$57,451	\$74,640	\$17,189
<b>Revenue</b>				
1a	Adj to Beginning Balance	-	-	-
2	GMC Revenue	189,788	187,013	(2,775)
2b	Other Settlement Revenues	-	-	-
2c	Total GMC Revenue	189,788	187,013	(2,775)
3	Other Income	6,900	6,900	-
3a	Realized loss on Investments	-	-	-
<b>Expenses</b>				
4	O&M	(162,548)	(162,548)	-
4a	Capitalized Labor	-	-	-
5a	Debt Service: Principal	(30,736)	(30,736)	-
5b	Debt Service: Interest	(4,231)	(4,231)	-
6	Cash Funded Capex	(23,500)	(23,500)	-
7	Contribution to Operating Reserve	(24,327)	(27,102)	(2,775)
<b>Other Reserve Uses</b>				
8	Interest on Excess Collection of A33 Fines	-	-	-
8a	Adjust fines to current expectation of refund liability	-	-	-
9	Interest on 2001 GMC Case	-	-	-
10	Matters pending dispute resolution	-	-	-
<b>Impact to Operating Reserve</b>				
11	Net Increase in Operating Reserve	(24,327)	(27,102)	(2,775)
12	Ending Reserve Balance	33,124	47,538	14,414
13	Less: Reserve Requirement	24,382	24,457	75
14	FY 2011 and FY2012 Operating Budget	162,548	163,049	501
15	Equals: Revenue Credit Available	\$ 8,742	\$ 23,081	\$ 14,339

## Appendix A-Part 3

### Prior Year True Up

Line Item	Description	Prior Year Estimate	Actual	Difference
1	Beginning Reserve Balance	\$61,005	\$61,005	
<b>Revenue</b>				
1a	Adj to Beginning Balance	-	-	-
2	GMC Revenue	195,081	202,093	7,012
2b	Other Settlement Revenues	15,932	15,932	-
2c	Total GMC Revenue	211,013	218,025	7,012
3	Other Income	8,100	7,180	(920)
3a	Realized loss on Investments	-	(597)	(597)
<b>Expenses</b>				
4	O&M	(159,696)	(151,198)	8,498
4a	Capitalized Labor	-	-	-
5a	Debt Service: Principal	(40,155)	(42,250)	(2,095)
5b	Debt Service: Interest	(8,625)	(2,951)	5,674
6	Cash Funded Capex	(15,000)	(15,000)	-
7	Contribution to Operating Reserve	(4,363)	13,209	17,572
<b>Other Reserve Uses</b>				
8	Interest on Excess Collection of A33 Fines	(591)	(974)	(383)
8a	Adjust fines to current expectation of refund liability	1,400	1,400	-
9	Interest on 2001 GMC Case	-	-	-
10	Matters pending dispute resolution	-	-	-
<b>Impact to Operating Reserve</b>				
11	Net Increase in Operating Reserve	(3,554)	13,635	17,189
12	Ending Reserve Balance	57,451	74,640	17,189
13	Less: Reserve Requirement	24,382	24,382	-
14	FY 2010 Operating Budget	162,548	162,548	-
15	Equals: Revenue Credit Available	\$ 33,069	\$ 50,258	\$ 17,189