

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	2011 Events			
	Reserve Balance at 1/2011	57,451	74,640	17,189
	2010 Results	(24,327)	(27,327)	(3,000)
	Ending Reserve Balance	33,124	47,313	14,189
	Calculation of 2012 Credit			
	2011 and 2012 O&M Budget	162,548	161,548	
	Less: 15% O&M Reserve	(24,382)	(24,232)	150
	2012 Credit	8,742	23,081	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				
Summary of Reserve Credit (Alternate Reconciliation)				
Available as credit based on 25% of debt service in 2011				8,742
part 3	Prior Year Adjustments			
	Updated 2010 Beginning Reserve Balance		-	
	Updated 2010 Revenue and Expenses		17,572	
	Adjust matters affecting 2010 reserve		(383)	
	Subtotal		17,189	
part 2	Current Year Estimates			
	Revenue Difference from budget		(3,000)	
	Expenses Difference from budget		0	
	Subtotal		(3,000)	
	Other Reserve Uses			0
	15% O&M Reserve Requirement			150
	Grand Total			23,081

\$ 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
Revenue				
1a	Adj to Beginning Balance	-	-	-
2	GMC Revenue	189,788	186,788	(3,000)
2b	Other Settlement Revenues	-	-	-
2c	Total GMC Revenue	189,788	186,788	(3,000)
3	Other Income	6,900	6,900	-
3a	Realized loss on Investments	-	-	-
Expenses				
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)	(27,327)	(3,000)
Other Reserve Uses				
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	-	-	-
Impact to Operating Reserve				
11	Net Increase in Operating Reserve	(24,327)	(27,327)	(3,000)
12	Ending Reserve Balance	33,124	47,313	14,189
13	Less: Reserve Requirement	24,382	24,232	(150)
14	FY 2011 and FY2012 Operating Budget	162,548	161,548	(1,000)
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	
Revenue				
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)
Expenses				
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
Other Reserve Uses				
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	-	-	-
Impact to Operating Reserve				
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