



**Calculation of Financial & Capital Operating Reserve Credit for 2012**

\$ 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 12/31/2011.  
The analysis shows the reserve balance at 12/31/2011 based on the assumptions used in our last GMC filing (for 2012), 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**

2012 events affecting the reserve, including 2012 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 2012	23,156	36,327	13,171
part 2	<b>2012 Events</b>			
	Reserve Balance at 1/2012	47,538	60,709	13,171
	2011 Results	(13,830)	(13,830)	0
	Ending Reserve Balance	33,708	46,879	13,171
	<b>Calculation of 2013 Credit</b>			
	2012 and 2013 O&M Budget	163,048	162,578	
	Less: 15% O&M Reserve	(24,457)	(24,387)	71
	<b>2013 Credit</b>	9,251	<b>22,492</b>	13,242

Notes:

"Plan": Assumes 2012 expenses and revenues were equal to budgeted amounts

"Revised": Reflects the updated reserve balance as of 12/31/11 and the items affecting the reserve in 2012

Summary of Reserve Credit (Alternate Reconciliation)			
	Available as credit based on 25% of debt service in 2012		9,251
part 3	<b>Prior Year Adjustments</b>		
	Updated 2011 Beginning Reserve Balance	-	
	Updated 2011 Revenue and Expenses	13,171	
	Adjust matters affecting 2011 reserve	-	
	<b>Subtotal</b>	13,171	
part 2	<b>Current Year Estimates</b>		
	Revenue Difference from budget	0	
	Expenses Difference from budget	0	
	<b>Subtotal</b>	0	
	Other Reserve Uses		0
	15% O&M Reserve Requirement		71
	<b>Grand Total</b>		<b>22,492</b>



\$ in '000

**Appendix A-Part 2**  
Current Year Estimates

Line Item	Description	Budget	Estimate	Difference
1	Beginning Reserve Balance 1/1/2012	\$47,538	\$60,709	\$13,171
<b>Revenue</b>				
1a	Adj to Beginning Balance	-	-	-
2	GMC Revenue	194,821	194,821	-
2b	Other Settlement Revenues	-	-	-
2c	Total GMC Revenue	194,821	194,821	-
3	Other Income	8,400	8,400	-
3a	Realized loss on Investments	-	-	-
<b>Expenses</b>				
4	O&M	(163,048)	(163,048)	-
4a	Capitalized Labor	-	-	-
5a	Debt Service: Principal	(39,580)	(39,580)	-
5b	Debt Service: Interest	(12,958)	(12,958)	-
5c	Smoothing Out Adjustment	15,535	15,535	-
6	Cash Funded Capex	(17,000)	(17,000)	-
7	Contribution to Operating Reserve	(13,830)	(13,830)	-
<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	(13,830)	(13,830)	-
12	Ending Reserve Balance	33,708	46,879	13,171
13	Less: Reserve Requirement	24,457	24,387	(71)
14	FY 2012 and FY2013 Operating Budget	163,048	162,578	(470)
15	Equals: Revenue Credit Available	\$ 9,251	\$ 22,492	\$ 13,242

**Appendix A-Part 3**  
Prior Year True Up

Line Item	Description	Prior Year Estimate	Actual	Difference
1	Beginning Reserve Balance	\$74,640	\$74,640	
<b>Revenue</b>				
1a	Adj to Beginning Balance	-	-	-
2	GMC Revenue	187,013	186,375	(638)
2b	Other Settlement Revenues	-	9,797	9,797
2c	Total GMC Revenue	187,013	196,172	9,159
3	Other Income	6,900	7,597	697
3a	Realized loss on Investments	-	(824)	(824)
<b>Expenses</b>				
4	O&M	(162,548)	(160,154)	2,394
4a	Capitalized Labor	-	-	-
5a	Debt Service: Principal	(30,736)	(30,736)	-
5b	Debt Service: Interest	(4,231)	(2,486)	1,745
5c	Smoothing Out Adjustment	-	-	-
6	Cash Funded Capex	(23,500)	(23,500)	-
7	Contribution to Operating Reserve	(27,102)	(13,931)	13,171
<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	(27,102)	(13,931)	13,171
12	Ending Reserve Balance	47,538	60,709	13,171
13	Less: Reserve Requirement	24,382	24,382	-
14	FY 2011 Operating Budget	162,548	162,548	-
15	Equals: Revenue Credit Available	\$ 23,156	\$ 36,327	\$ 13,171