



**REVENUE DEFICIENCY**

**Table 1 - Revenue Sufficiency/Deficiency**

	%	\$000
Rate Base		\$545,806
Cost of Capital	6.55	
Return on Rate Base		35,758
Distribution Expenses		57,088
Amortization		40,821
Payment in Lieu of Taxes		11,176
Service Revenue Requirement		144,844
Less Revenue Offsets		(7,586)
Base Revenue Requirement		137,258
Transformer Ownership Credit		1,159
TOTAL		\$138,416
Revenue at 2008 Load at 2007 Rates		124,138
Revenue Deficiency		\$(14,278)

A revenue deficiency of \$14,278,060 represents a required increase in distribution rates of 11.5%, to be applied to base rates not including the Smart Meter rate adder. For details on the Smart Meter Rate Adder, please refer to Appendix E.