

**Report on the Status of Stranded Cost Recoveries
by Virginia Incumbent Electric Utilities
2001-2004**

for

**The Commission on Electric Utility Restructuring
of the Virginia General Assembly**

by

**Division of Consumer Counsel
Virginia Office of the Attorney General**

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EXECUTIVE SUMMARY

The Commission on Electric Utility Restructuring's ("CEUR") January 15, 2004 resolution directed the Division of Consumer Counsel of the Office of the Attorney General ("Consumer Counsel") to prepare a report on the status of stranded cost recoveries by Virginia incumbent electric utilities. (See Attachment 1.) The CEUR directed Consumer Counsel to provide our initial status report by September 1, 2004, with annual status reports to follow thereafter for the remainder of the capped rate period.¹ This second annual status report covers stranded cost recoveries for the period from the commencement of capped rates on January 1, 2001 through December 31, 2004.

The results presented in this report are derived from electric utility earnings and generation revenue requirements and market price information prepared with the assistance of the State Corporation Commission ("SCC") Staff and the utilities, and are based on 2004 public financial and sales information filed by each utility. Consumer Counsel used the same "Accounting Approach" to evaluate stranded costs that was used in our 2004 report to the CEUR. Under this method, "recovery of stranded costs" is defined as the amount by which cumulative actual earnings from bundled electricity sales from 2001 through December 31, 2004 exceed an assumed level of authorized earnings for each utility as if it were regulated under traditional methods used prior to the passage of the Virginia Electric Utility Restructuring Act ("Restructuring Act"). These bundled earnings calculations are based on the Annual Information Filings ("AIF")² and earnings tests analyses conducted by the SCC Staff. In addition, Consumer Counsel evaluated the "potential stranded cost" exposure of each utility for 2004, as measured by the difference between the utility's generation revenue requirement, as calculated above, and the market price of generation during this period. In addition, Consumer Counsel conducted two sensitivity cases to assess the impact of differences in key input variables, such as varying market prices and a range of assumed returns on equity ("ROE"),³ on the Base Case stranded cost and stranded cost recovery results.

¹ Consumer Counsel submitted our initial September 1, 2004 status report on stranded costs to the CEUR, and subsequently appeared before the CEUR at its public meeting on November 23, 2004 to present the results of that initial report. The initial status report covered the period from the commencement of capped rates on January 1, 2001 through December 31, 2003.

² Or Rural Utilities Service ("RUS") Form 7 filings for cooperatives.

³ Or Times Interest Earned Ratio ("TIER") for cooperatives.

As shown in Table 1, over the 2001-2004 period, under “Base Case” authorized return assumptions of 10% ROE and 2.0 TIER, the total Virginia jurisdictional cumulative stranded cost recovery was approximately \$1.34 billion. Using the same Base Case return assumptions and the SCC-determined market price of 3.72 cents/kilowatt-hour (“kWh”) underlying the Commission-approved wires charge for 2004, the total annual Virginia jurisdictional stranded cost exposure is estimated to be approximately \$1.26 billion. If the Base Case analysis is revised to consider an updated 2004 market price of 4.46 cents/kWh based on actual market conditions in 2004, however, the total annual Virginia jurisdictional stranded cost exposure drops to approximately \$632.3 million.

Table 1
Cumulative Stranded Cost Recovery and 2004 Annual Stranded Cost Exposure
BASE CASE (10% ROE/2.0 TIER)

	Cumulative Recovery <u>2001-2004</u>	Annual Recovery <u>2004</u>	2004 Annual Stranded Cost Exposure	
			<u>3.72 ¢/kWh</u>	<u>4.46 ¢/kWh</u>
<u>Investor-Owned Utilities:</u>				
Allegheny Power	\$11,000,761	\$0	\$3,648,466	\$0
Appalachian Power Company	\$58,877,847	\$0	\$113,891,435	\$1,428,463
Delmarva Power & Light	\$0	\$0	\$5,955,545	\$2,744,502
Dominion Virginia Power *	<u>\$1,060,906,347</u>	<u>\$198,555,719</u>	<u>\$999,346,090</u>	<u>\$547,706,304</u>
Total IOUs:	\$1,130,784,955	\$198,555,719	\$1,122,841,535	\$551,879,269
<u>Electric Cooperatives:</u>				
A&N	\$2,370,734	\$583,728	\$4,272,531	\$2,670,199
BARC	\$2,891,612	\$1,354,223	\$2,310,107	\$1,286,309
Central Virginia	\$0	\$0	\$6,103,171	\$1,817,737
Community	\$3,364,386	\$957,367	\$3,083,418	\$1,844,028
Craig-Botetourt	\$0	\$0	\$524,115	\$0
Mecklenburg	\$4,290,375	\$1,095,403	\$8,243,581	\$4,508,779
Northern Neck	\$2,963,499	\$0	\$5,074,766	\$3,375,099
Northern Virginia	\$144,236,567	\$44,909,690	\$49,657,795	\$31,449,490
Prince George	\$1,032,900	\$218,312	\$4,006,623	\$2,207,057
Rappahannock	\$29,896,727	\$14,291,512	\$33,917,359	\$17,270,360
Shenandoah Valley	\$13,519,394	\$4,133,402	\$10,122,716	\$4,959,547
Southside	<u>\$1,908,246</u>	<u>\$1,908,246</u>	<u>\$14,762,263</u>	<u>\$9,039,573</u>
Total Cooperatives:	<u>\$206,474,440</u>	<u>\$69,451,884</u>	<u>\$142,078,446</u>	<u>\$80,428,180</u>
Total Va. Jurisdictional:	\$1,337,259,394	\$268,007,603	\$1,264,919,981	\$632,307,449

* At the time of this report, the SCC Staff had not completed its analysis of Dominion's AIF for 2004; therefore the earnings estimates for Dominion are based on the Company's 2004 AIF without SCC Staff's adjustments.

As noted in Consumer Counsel's initial status report and in previous reports by the SCC, until capped rates and wires charges expire, and until retail competition develops in Virginia, there will be minimal, if any, exposure to actual stranded costs by any Virginia incumbent electric utility. Nevertheless, the *potential* for stranded cost exposure for the post-transition period, when wires charges and capped rates will no longer exist, remains should generation market prices drop below 4 cents/kWh.

I. BACKGROUND

This report presents the status of stranded cost recoveries by electric utilities serving Virginia from the commencement of capped rates (January 1, 2001) through December 31, 2004. The report was prepared by Consumer Counsel, in response to the January 15, 2004 resolution of the CEUR, (See Attachment 1), with assistance from the SCC Staff and the affected electric utilities. Consumer Counsel engaged Norwood Energy Consulting, L.L.C. of Austin, Texas for assistance in compiling the data for the report.

The report is intended to provide information to the CEUR to help satisfy the requirement for annual monitoring of stranded cost recovery under Section 30-205 3. of the Code of Virginia, which provides that the CEUR shall:

Monitor, after the commencement of customer choice and with the assistance of the State Corporation Commission and the Office of Attorney General, the incumbent electric utilities, suppliers, and retail customers, whether the recovery of stranded costs, as provided in § 56-584, has resulted or is likely to result in the overrecovery or underrecovery of just and reasonable net stranded costs[.]

A January 27, 2003 stranded cost resolution of the CEUR had directed the SCC to convene a work group for the purpose of developing consensus recommendations on definitions of stranded costs and a method for calculating such costs for each utility. As stated in the SCC's July 1, 2003 Stranded Cost Report, the work group was unable to reach consensus. Consumer Counsel had recommended the following definition of "just and reasonable net stranded costs," which we believe is compatible with the Accounting Approach method endorsed by the CEUR in its January 15, 2004 resolution:

Just and Reasonable Net Stranded Costs are a utility's lost revenues arising from prudently incurred, verifiable and non-mitigable electric generation-related costs that become unrecoverable due to restructuring and retail competition.

The CEUR's January 15, 2004 resolution defined the scope of the analysis of stranded cost recoveries to be performed by Consumer Counsel as follows:

1. *On or before September 1, 2004, and annually thereafter, to report to the Commission on Electric Utility Restructuring (i) the cost of service of each*

incumbent electric utility's generation; and (ii) the market prices for generation as calculated for wires charge purposes immediately prior to said report date; provided, however, that the first such report is requested to cover the period beginning July 1, 1999 and ending December 31, 2003.

2. *In determining generation cost of service, to take into account factors such as the incumbent electric utility's applicable Annual Informational Filing to the SCC, any adjustments to such Filing made by the SCC, example ranges of returns on common equity, and such other factors as the Division deems relevant.*
3. *In determining market prices for generation, to take into account market prices as determined by the SCC and such other factors as the Division may deem relevant.*
4. *To continue to make such reports for each incumbent electric utility until the capped rates for such utility expire or are terminated pursuant to the provisions of § 56-582.*

The method and results of Consumer Counsel's analysis of the status of stranded cost recoveries in Virginia are described in the remainder of this report.

II. STUDY METHOD AND BASE CASE RESULTS

Consumer Counsel's assessment of the stranded cost recovery of utilities presented in this report is based on the SCC Staff's alternative "Accounting Approach." Under this approach the "recovery of stranded costs" during the study period is measured in terms of the amount by which actual bundled earnings exceed an assumed level of earnings of the utility that would have been permitted under traditional regulatory principals, calculated over a range of assumed return levels. The cumulative recovery of stranded costs over the study period is then compared to the "potential stranded cost" exposure of the utility for the most recent year (2004) in order to assess the extent to which capped rates are providing for stranded cost recovery, as well as the potential exposure to actual stranded costs in the future.

A. UTILITIES EVALUATED

Table 2 lists the 16 utilities evaluated — 4 investor-owned utilities and 12 electric cooperatives⁴ — along with their jurisdictional kWh sales in Virginia during 2004. Attachment 2 provides the 2004 kWh sales by rate class for each utility which serve as the basis for the figures presented in Table 2. The jurisdictional sales for electric cooperatives were estimated based on total 2004 sales and 2003 jurisdictional sales allocators derived from unbundling studies prepared by the cooperatives. As shown, Dominion and Appalachian Power Company (“Appalachian Power”) together supplied approximately 87% of total sales in Virginia in 2004.

Table 2
2004 Virginia Jurisdictional Sales

	<u>Total Va. Juris.</u> <u>kWh Sales</u>	<u>Percent</u> <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Dominion Virginia Power	61,032,403,492	69.5%
Appalachian Power Company	15,197,698,918	17.3%
Allegheny Power	2,778,255,638	3.2%
Delmarva Power and Light	<u>433,924,727</u>	<u>0.5%</u>
Total IOUs:	79,442,282,775	90.5%
<u>Electric Cooperatives:</u>		
A&N	216,531,239	0.2%
BARC	138,351,078	0.2%
Central Virginia	579,112,805	0.7%
Community	167,485,148	0.2%
Craig-Botetourt	75,323,909	0.1%
Mecklenburg	504,702,959	0.6%
Northern Neck	229,684,729	0.3%
Northern Virginia	2,460,581,774	2.8%
Prince George	243,184,606	0.3%
Rappahannock	2,249,594,359	2.6%
Shenandoah Valley	697,725,422	0.8%
Southside	<u>773,336,454</u>	<u>0.9%</u>
Total Cooperatives:	<u>8,335,614,482</u>	<u>9.5%</u>
Total Va. Jurisdictional:	87,777,897,257	100.0%

⁴ The Cooperatives have stated in correspondence with Consumer Counsel that as member-owned utilities they cannot have "over-earnings," as margins exceeding operational costs are returned to their membership as capital credits.

B. STUDY PERIOD

The study period addressed by this report is January 1, 2001 (the effective date of the capped rate period) through December 31, 2004.

C. CALCULATION OF STRANDED COST RECOVERIES

The calculation of stranded cost recoveries was based on the Accounting Approach described in the SCC's 2003 Stranded Cost Report as follows:

- *Recovery of stranded costs: Recovery of stranded costs occurs throughout the capped rate period to the extent actual earnings exceed costs plus a fair return. These recoveries can be calculated and monitored using the earnings test mechanism.*

Earnings test⁵ information is already required to be filed by investor-owned utilities under the Commission's existing rate case rules and Annual Informational Filing requirements. Earnings tests only recognize limited accounting or regulatory adjustments to per book amounts, and do not encompass going forward adjustments. Generally, earnings test adjustments restate per book results in order to reflect differences between generally accepted accounting principles and how costs are recognized for ratemaking purposes. It would be necessary to agree upon an appropriate fair rate of return to use as a benchmark return on equity from which to measure earnings available for stranded cost recovery.

A bundled earnings test should be used until such time as bundled, capped rates are terminated. It is proper to use a bundled earnings test since all earnings produced under bundled, capped rates that are in excess of actual costs plus a fair return can be used to mitigate stranded cost exposure.

Consumer Counsel relied upon annual earnings calculations developed by the SCC Staff in conjunction with their annual earnings test analyses. At the time of this report, the SCC Staff had not completed its analysis of Dominion's AIF for 2004; therefore, the earnings estimates for Dominion are based on the Company's 2004 AIF without SCC Staff adjustments.

To account for the fact that utilities' earnings are no longer regulated under the Restructuring Act, the earnings calculations were developed over a range of ROE for investor-owned utilities (9% to 12%), and TIER for cooperatives (1.5 to 3.0). Attachment 4 includes a description of the process used by the SCC Staff in making these calculations and provides backup calculations for each utility.

⁵ An earnings test measures a utility's earnings on a regulatory basis by making limited adjustments to its financial records.

Table 3 summarizes the stranded cost recovery for the period 2001-2004 under the Base Case scenario (ROE = 10%; TIER = 2.0). Under this scenario, Virginia utilities are estimated to have recovered approximately \$1.3 billion of accumulated stranded costs over the 2001-2004 study period.

Table 3
2001-2004 Virginia Jurisdictional Stranded Cost Recoveries
BASE CASE (10% ROE/2.0 TIER)

	<u>Annual 2004</u>	<u>Cumulative 2001-2004</u>	<u>Percent of Total</u>
<u>Investor-Owned Utilities:</u>			
Allegheny Power	\$0	\$11,000,761	
Appalachian Power Company	\$0	\$58,877,847	
Delmarva Power & Light	\$0	\$0	
Dominion Virginia Power	<u>\$198,555,719</u>	<u>\$1,060,906,347</u>	
Total IOUs:	\$198,555,719	\$1,130,784,955	84.6%
<u>Electric Cooperatives:</u>			
A&N	\$583,728	\$2,370,734	
BARC	\$1,354,223	\$2,891,612	
Central Virginia	\$0	\$0	
Community	\$957,367	\$3,364,386	
Craig-Botetourt	\$0	\$0	
Mecklenburg	\$1,095,403	\$4,290,375	
Northern Neck	\$0	\$2,963,499	
Northern Virginia	\$44,909,690	\$144,236,567	
Prince George	\$218,312	\$1,032,900	
Rappahannock	\$14,291,512	\$29,896,727	
Shenandoah Valley	\$4,133,402	\$13,519,394	
Southside	<u>\$1,908,246</u>	<u>\$1,908,246</u>	
Total Cooperatives:	<u>\$69,451,884</u>	<u>\$206,474,440</u>	<u>15.4%</u>
Total Va. Jurisdictional:	\$268,007,603	\$1,337,259,394	100.0%

D. CALCULATION OF POTENTIAL STRANDED COST EXPOSURE

The calculation of potential stranded cost exposure for 2004 is based on the Accounting Approach, as described in the SCC's 2003 Stranded Cost Report:

- **Potential stranded costs:** *Defined as the annual stranded cost exposure during the capped rate period, assuming all customers are paying market rates for generation service. This amount is represented by the difference between the recalculated, cost-based unbundled generation rates (at a fair return) and the actual market rate for the applicable year, times total annual sales.*

The determination of potential stranded costs will require a functionalized cost of service study that separates out the generation business. The cost of service study would incorporate the earnings test adjustments applicable to the test period. Actual generation costs for the test year including a fair return would then be used to calculate current, cost-based, unbundled generation rates by customer class. These generation rates would be compared to market-based rates applicable to the test year to calculate the potential stranded cost exposure for that year.

Throughout the transition period, comparisons can be made between stranded cost recoveries and potential stranded cost exposure. This will provide insight into the success of mitigation efforts, and the likelihood of whether an over or underrecovery of stranded costs will occur.

The potential stranded cost exposure presented in this report is measured as the difference between an assumed regulated unbundled generation revenue requirement and wholesale market prices. Therefore, wholesale market prices are key inputs that significantly impact the stranded cost exposure estimates.

1. 2004 GENERATION REVENUE REQUIREMENT

The first key input to the calculation of potential stranded cost exposure for 2004 is the unbundled generation revenue requirement for each utility as it would have been determined under traditional regulatory methods predating the Restructuring Act. Consumer Counsel relied upon Virginia jurisdictional generation revenue requirement calculations that were conducted by the SCC Staff in conjunction with annual earnings test analyses, along with 2004 unbundled cost information developed by Virginia's electric cooperatives based on 2003 unbundling studies. These generation revenue requirement analyses were developed over ROE and TIER ranges as discussed earlier in this report. Attachment 4 describes the general approach used by the SCC Staff in making these calculations and provides backup calculations for each utility. Table 4 summarizes the generation revenue requirements results for the Base Case return assumptions (10% ROE and 2.0 TIER).

Table 4
2004 Virginia Jurisdictional Generation Revenue Requirement
BASE CASE (10% ROE/2.0 TIER)

	2004 Generation <u>Rev. Rqt.</u>	Percent <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$106,999,575	
Appalachian Power Company	\$679,245,834	
Delmarva Power & Light	\$22,097,545	
Dominion Virginia Power	<u>\$3,269,751,500</u>	
Total IOUs:	\$4,078,094,454	90.0%
<u>Electric Cooperatives:</u>		
A&N	\$12,327,493	
BARC	\$7,456,767	
Central Virginia	\$27,646,168	
Community	\$9,313,866	
Craig-Botetourt	\$3,326,165	
Mecklenburg	\$27,018,531	
Northern Neck	\$13,619,038	
Northern Virginia	\$141,191,437	
Prince George	\$13,053,090	
Rappahannock	\$117,602,269	
Shenandoah Valley	\$36,078,101	
Southside	\$43,530,379	
Total Cooperatives:	<u>\$452,163,304</u>	<u>10.0%</u>
Total Va. Jurisdictional:	\$4,530,257,759	100.0%

2. 2004 GENERATION MARKET PRICES

The second key input to the calculation of potential stranded cost exposure for 2004 is generation market prices. Two different wholesale market prices were used for the Base Case analysis. To calculate the low end of the Base Case estimate of potential stranded cost exposure, Consumer Counsel used the SCC-determined generation market price for 2004 underlying the Commission-approved wires charges for 2004. This “original” 2004 system average market price, which was based on 2004 forward market prices as of late 2003, is 3.72 cents per kWh. As defined in this study, potential stranded cost exposure exists whenever market prices are lower than generation revenue requirements. As shown in Table 5, the original 2004 market price is significantly lower

than the 2004 Base Case (10% ROE and 2.0 TIER) generation revenue requirement estimates for all Virginia utilities.

Consumer Counsel also made a second Base Case calculation of potential stranded cost exposure using updated 2004 forward market prices. These “updated” market prices were derived from published 2004 on-peak and off-peak monthly market prices for the PJM West and Cinergy hubs⁶ as reported on the last trading day of the prior month. For example, prices for June 2004 were based on the forward price for June as traded on May 27, 2004. An annual sales weighted average adjustment factor was developed by comparing the forward market prices underlying the original market price to the updated 2004 forward market prices. The resultant updated 2004 system average market price of generation is 4.46 cents/kWh. As shown in Table 5, the significant difference between market prices and the 2004 Base Case (10% ROE and 2.0 TIER) generation revenue requirement narrows when using the updated 2004 market prices. Attachment 3 of the report provides the calculations of the original and updated generation market prices for 2004.

Table 5
2004 Generation Revenue Requirement
Compared to Market Prices
BASE CASE (10% ROE/ 2.0 TIER)

	2004 Gen. Rev. Rqt. (¢/kWh)	Percent Over Orig. 2004 Mkt. Price (3.72 ¢/kWh)	Percent Over/(Under) Updated 2004 Mkt. Price (4.46 ¢/kWh)
<u>Investor-Owned Utilities:</u>			
Allegheny Power	3.85	3.5%	-13.6%
Appalachian Power Company	4.47	20.1%	0.2%
Delmarva Power & Light	5.09	36.9%	14.2%
Dominion Virginia Power	5.36	44.0%	20.1%
<u>Electric Cooperatives:</u>			
A&N	5.69	53.0%	27.6%
BARC	5.39	44.9%	20.8%
Central Virginia	4.77	28.3%	7.0%
Community	5.56	49.5%	24.7%
Craig-Botetourt	4.42	18.7%	-1.0%
Mecklenburg	5.35	43.9%	20.0%
Northern Neck	5.93	59.4%	32.9%
Northern Virginia	5.74	54.3%	28.7%
Prince George	5.37	44.3%	20.3%
Rappahannock	5.23	40.5%	17.2%
Shenandoah Valley	5.17	39.0%	15.9%
Southside	5.63	51.3%	26.2%

⁶ These are the same trading hubs used in the SCC’s original determination of market prices for wires charges purposes.

3. 2004 POTENTIAL STRANDED COST EXPOSURE

Having examined the two key inputs for calculating potential stranded cost exposure, Tables 6 and 7 illustrate the 2004 Base Case potential stranded cost exposure for each utility using the original and adjusted 2004 market prices, respectively. Details for these calculations for each utility are presented in Attachment 4.

Table 6 summarizes the 2004 stranded cost exposure for the Base Case scenario with the original SCC-determined market price of 3.72 cents/kWh. Under this scenario, which sets the upper end of the Base Case potential stranded cost range for 2004, total Virginia jurisdictional stranded costs are estimated to be \$1.26 billion.

Table 6

2004 Potential Stranded Cost Exposure

BASE CASE WITH ORIGINAL 2004 MARKET PRICE

(10.0% ROE/2.0 TIER and 3.72 ¢/kWh Mkt. Price)

	Annual 2004 Stranded Cost <u>Exposure</u>	Percent <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$3,648,466	
Appalachian Power Company	\$113,891,435	
Delmarva Power & Light	\$5,955,545	
Dominion Virginia Power	<u>\$999,346,090</u>	
Total IOUs:	\$1,122,841,535	88.8%
<u>Electric Cooperatives:</u>		
A&N	\$4,257,825	
BARC	\$2,300,711	
Central Virginia	\$6,063,841	
Community	\$3,072,044	
Craig-Botetourt	\$519,000	
Mecklenburg	\$8,209,304	
Northern Neck	\$5,059,167	
Northern Virginia	\$49,490,686	
Prince George	\$3,990,107	
Rappahannock	\$33,764,578	
Shenandoah Valley	\$10,075,330	
Southside	\$14,709,742	
Total Cooperatives:	<u>\$142,078,446</u>	<u>11.2%</u>
Total Va. Jurisdictional:	\$1,264,919,981	100.0%

Table 7 presents the second Base Case estimate of potential stranded cost exposure which uses the updated 2004 market generation price of 4.46 cents/kWh for 2004, as described earlier in this report. Under this scenario, which sets the lower end of the Base Case potential stranded cost range for 2004, total Virginia jurisdiction stranded costs are estimated to be \$632 million. The Base Case results found in Tables 6 and 7 demonstrate the high sensitivity of stranded cost estimates to changes in the level of generation market prices.

Table 7
2004 Potential Stranded Cost Exposure
BASE CASE WITH UPDATED 2004 MARKET PRICE
(10.0% ROE/2.0 TIER and 4.46 ¢/kWh Mkt. Price)

	Annual 2004 Stranded Cost <u>Exposure</u>	Percent <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$0	
Appalachian Power Company	\$1,428,463	
Delmarva Power & Light	\$2,744,502	
Dominion Virginia Power	<u>\$547,706,304</u>	
Total IOUs:	\$551,879,269	87.3%
<u>Electric Cooperatives:</u>		
A&N	\$2,670,199	
BARC	\$1,286,309	
Central Virginia	\$1,817,737	
Community	\$1,844,028	
Craig-Botetourt	\$0	
Mecklenburg	\$4,508,779	
Northern Neck	\$3,375,099	
Northern Virginia	\$31,449,490	
Prince George	\$2,207,057	
Rappahannock	\$17,270,360	
Shenandoah Valley	\$4,959,547	
Southside	<u>\$9,039,573</u>	
Total Cooperatives:	<u>\$80,428,180</u>	<u>12.7%</u>
Total Va. Jurisdictional:	\$632,307,449	100.0%

III. SENSITIVITY RESULTS

Consumer Counsel evaluated stranded cost recoveries and potential stranded cost exposure under a range of scenarios for each of the 16 utilities. Detailed results for these sensitivity cases are presented in Attachment 4.

A. LOW AND HIGH EXPOSURE CASES

Consumer Counsel addressed the impact of uncertainty of key input variables on stranded cost results by evaluating a “Low Exposure” scenario that assumed the simultaneous occurrence of high stranded cost recoveries (low generation revenue requirement and high bundled earnings) and low stranded cost exposure (high market prices). In addition, Consumer Counsel evaluated a “High Exposure” scenario that assumed the simultaneous occurrence of low stranded cost recoveries (high generation revenue requirements and low bundled earnings) and high stranded cost exposure (low market prices). In both scenarios, it was assumed that retail competition develops to the point where 100% of customers are supplied by a competitive service provider.

The results of the Low Exposure scenario are summarized in Table 8. This scenario was defined by using the higher updated 2004 market price of 4.46 cents/kWh and the lower range of authorized returns (9% ROE/1.5 TIER).

The results of the high exposure scenario are summarized in Table 9. This scenario was defined by using the lower 2004 SCC-determined market price of 3.72 cents/kWh and the upper range of authorized returns (12% ROE/3.0 TIER). Market prices thus far in 2005 are above the 4.46 cents/kWh level considered in the Low Exposure case.

Table 8
Potential Stranded Cost Recovery and Exposure
LOW EXPOSURE CASE
(9% ROE/1.5 TIER and 4.46 ¢/kWh Mkt. Price)

	<u>Cumulative Recovery 2001-2004</u>	<u>2004 Annual Stranded Cost Exposure</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$14,650,768	\$0
Appalachian Power Company	\$80,850,627	\$0
Delmarva Power & Light	\$0	\$2,730,476
Dominion Virginia Power	<u>\$1,281,398,097</u>	<u>\$515,290,039</u>
Total IOUs:	\$1,376,899,493	\$518,020,515
<u>Electric Cooperatives:</u>		
A&N	\$4,180,482	\$2,626,422
BARC	\$4,940,365	\$1,263,987
Central Virginia	\$1,725,437	\$1,815,227
Community	\$4,397,766	\$1,841,733
Craig-Botetourt	\$185,363	\$0
Mecklenburg	\$8,422,759	\$4,508,599
Northern Neck	\$4,532,558	\$3,372,348
Northern Virginia	\$159,512,707	\$31,430,939
Prince George	\$2,233,196	\$2,203,751
Rappahannock	\$44,492,536	\$17,192,845
Shenandoah Valley	\$18,305,217	\$4,950,318
Southside	<u>\$11,543,144</u>	<u>\$9,002,020</u>
Total Cooperatives:	<u>\$264,471,531</u>	<u>\$80,208,189</u>
Total Va. Jurisdictional:	\$1,641,371,024	\$598,228,704

Table 9

Potential Stranded Cost Recovery and Exposure

HIGH EXPOSURE CASE

(12% ROE/3.0 TIER and 3.72 ¢/kWh Mkt. Price)

	Cumulative Recovery <u>2001-2004</u>	2004 Annual Stranded Cost <u>Exposure</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$5,769,675	\$3,648,466
Appalachian Power Company	\$24,023,797	\$120,934,033
Delmarva Power & Light	\$0	\$5,983,598
Dominion Virginia Power	<u>\$717,740,261</u>	<u>\$1,064,178,620</u>
Total IOUs:	\$747,533,733	\$1,194,744,716
<u>Electric Cooperatives:</u>		
A&N	\$252,496	\$4,360,085
BARC	\$327,616	\$2,354,753
Central Virginia	\$0	\$6,108,190
Community	\$1,297,625	\$3,088,008
Craig-Botetourt	\$0	\$527,350
Mecklenburg	\$0	\$8,243,941
Northern Neck	\$716,473	\$5,080,268
Northern Virginia	\$113,684,288	\$49,694,898
Prince George	\$0	\$4,013,234
Rappahannock	\$9,842,487	\$34,072,390
Shenandoah Valley	\$3,947,749	\$10,141,175
Southside	<u>\$0</u>	<u>\$14,837,370</u>
Total Cooperatives:	<u>\$130,068,734</u>	<u>\$142,521,663</u>
Total Va. Jurisdictional:	\$877,602,467	\$1,337,266,379

B. STRANDED COST MITIGATION

The analysis presented in this report does not explicitly consider future stranded cost mitigation measures taken by utilities since the implementation of capped retail rates in 2001. Such measures could include the use of excess earnings to accelerate amortization of above-market generation investments, renegotiation of above-market fuel and purchased power contracts, and more aggressive marketing of excess capacity and energy. Consumer Counsel invited each utility to identify mitigation measures that have been implemented to date and the estimated impact of such measures on stranded costs. Dominion has provided information on specific measures it has taken to mitigate stranded costs. The information provided by Dominion is summarized in Table 10. As shown, Dominion reports mitigation expenditures totaling \$1.16 billion for the 1998-2004 period, with resultant estimated savings of \$218 million per year, according to the company.

Table 10
Dominion's Jurisdictional Expenditures to Mitigate Stranded Generation Cost
For the Years 1998 to 2004
As Provided by Dominion
(\$Millions)

<u>Description</u>	<u>1998-2003 Jurisdictional Amount</u>	<u>2004 Jurisdictional Amount</u>	<u>1998-2004 Jurisdictional Amount</u>
<u>Non-Utility Generators</u>			
Buyout of Contracts	\$257	\$183	\$440
Purchase of NUG Assets	<u>\$55</u>	<u>\$85</u>	<u>\$140</u>
Total NUG Expenditures	\$312	\$268	\$580
<u>Accel. Recovery of Regulatory Assets</u>			
1998 Stipulation in Case No. PUE-1996-0296	\$106	\$0	\$106
1999 Write-off Due to Restructuring Legislation	<u>\$432</u>	<u>\$0</u>	<u>\$432</u>
Total Regulatory Assets	\$538	\$0	\$538
<u>Early Retirement/Restructuring Programs</u>			
2000 Early Retirement/Involuntary Separation	\$25	\$0	\$25
2001 Restructuring Plan	\$15	\$0	\$15
2002/2003 Ongoing Involuntary Separation	<u>\$2</u>	<u>\$0</u>	<u>\$2</u>
Total Restructuring Programs	\$42	\$0	\$42
Total Mitigation Expenditures:	\$892	\$268	\$1,160
Annual Savings Produced from Mitigation:	\$160	\$58	\$218

This Schedule provides information concerning Company expenditures for the period 1998 through 2004 for purposes of mitigating stranded cost exposure. The stated expenditures include only the generation portion, therefore both the accelerated recovery of regulatory assets related to the 1998 Rate Stipulation and the early retirement/restructuring programs have been reduced accordingly. In addition, the annual savings resulting directly from these mitigation efforts through the year 2004 are presented for informational purposes.

IV. CONCLUSION

The stranded cost exposure of Virginia's incumbent electric utilities remains significantly dependent on assumptions regarding the level of future market prices, assumed generation revenue requirements and authorized returns, and the extent to which a competitive retail market develops in Virginia. Despite the uncertainty regarding these variables key to calculating stranded cost recoveries and exposure, this report demonstrates that even relatively modest changes in the level of generation market prices and assumed authorized returns can significantly affect stranded cost recovery and exposure.

Resolution of the Commission on Electric Utility Restructuring

Adopted January 15, 2004

COMMISSION ON ELECTRIC UTILITY RESTRUCTURING

RESOLUTION

WHEREAS, section 56-584 of the Virginia Electric Utility Restructuring Act (the "Act") provides:

Just and reasonable net stranded costs, to the extent that they exceed zero value in total for the incumbent electric utility, shall be recoverable by each incumbent electric utility provided each incumbent electric utility shall only recover its just and reasonable net stranded costs through either capped rates as provided in § 56-582 or wires charges as provided in § 56-583; and

WHEREAS, subdivision (3) of § 30-205 of the Code of Virginia provides that the members of the Commission on Electric Utility Restructuring shall:

Monitor, after the commencement of customer choice and with the assistance of the State Corporation Commission and the Office of the Attorney General, the incumbent electric utilities, suppliers, and retail customers, whether the recovery of stranded costs, as provided in § 56-584, has resulted or is likely to result in the overrecovery or underrecovery of just and reasonable net stranded costs; and

WHEREAS, this Commission adopted a resolution on January 27, 2003, ("the Stranded Costs Resolution") requesting the State Corporation Commission ("SCC") to convene a work group of stakeholders to develop consensus recommendations for a definition of "stranded costs" and "just and reasonable net stranded costs," and for a methodology to monitor the recovery of a utility's just and reasonable net stranded costs; and

WHEREAS, the Stranded Costs Resolution also requested that, in the absence of consensus among work group members, the State Corporation Commission include in its reports any recommendations of the SCC and other work group members and an analysis by SCC staff of those recommendations; and

WHEREAS, the SCC convened four meetings of the work group for discussion of the issues presented in the Stranded Costs Resolution; and

WHEREAS, during the course of the work group discussions, the SCC, the Virginia Committee for Fair Utility Rates, and the utilities each proposed a methodology for monitoring stranded cost recovery; and

WHEREAS, as the work group progressed, SCC staff also proposed an accounting approach as an alternative to the methodology proposed by the stakeholders; and

WHEREAS, the work group was unable to reach consensus on the proposed definitions or methodologies for monitoring stranded cost recovery; and

WHEREAS, the SCC submitted on July 1, 2003, its first report to this Commission on the progress of the work group; and

WHEREAS, in its report, the SCC requested additional direction from this Commission on the appropriate methodology for monitoring stranded cost recovery; and

WHEREAS, this Commission received the report from the SCC at its meeting held November 19, 2003; and

WHEREAS, this Commission received comments from members of the work group on the SCC report and proposed methodologies at its meeting held November 24, 2003; and

WHEREAS, at that November 24 meeting, this Commission requested the Division of Consumer Counsel of the Office of Attorney General to amplify on its recommendations for the monitoring of stranded costs; and

WHEREAS, the Division of Consumer Counsel has recommended that the Division make an annual report to this Commission in the manner specified below as a means of assisting with such monitoring of stranded costs; and

WHEREAS, this recommendation reflects a fair balancing of the concerns of all stakeholders while preserving the spirit of the Restructuring Act; now therefore be it

RESOLVED, that the Commission on Electric Utility Restructuring hereby requests the Division of Consumer Counsel of the Office of Attorney General:

1. On or before September 1, 2004, and annually thereafter, to report to the Commission on Electric Utility Restructuring (i) the cost of service of each incumbent electric utility's generation; and (ii) the market prices for generation as calculated for wires charge purposes immediately prior to said reporting date; provided, however, that the first such report is requested to cover the period beginning July 1, 1999 and ending December 31, 2003.
2. In determining generation cost of service, to take into account factors such as the incumbent electric utility's applicable Annual Informational Filing to the SCC, any adjustments to such Filing made by the SCC, example ranges of returns on common equity, and such other factors as the Division deems relevant.

3. In determining market prices for generation, to take into account market prices as determined by the SCC and such other factors as the Division may deem relevant.
4. To continue to make such reports for each incumbent electric utility until the capped rates for such utility expire or are terminated pursuant to the provisions of § 56-582.

Adopted by the Commission on Electric Utility Restructuring on January 15, 2004.

**Virginia Jurisdictional kWh Sales
For Utilities Evaluated**

Potomac Edison
2004 kWh Sales in VA

Source: 2004 AIF

Rate Schedule:	<u>KWH</u>
R	1,164,701,481
C	177,896,967
G	140,683,780
PH	810,952,896
PP	<u>484,020,514</u>
Total	<u>2,778,255,638</u>

**Potomac Edison
2003 kWh Sales in VA**

Source: 2003 AIF

Rate Schedule:	<u>KWH</u>
R	1,151,406,000
C	174,605,000
G	123,440,000
PH	782,577,000
PP	<u>465,093,000</u>
Total	<u>2,697,121,000</u>

**Appalachian Power Company
Virginia Jurisdictional
Schedule of 2004 kWh by Rate Class**

Rate Class	kWh
Residential - Standard	6,180,802,710
Residential - Employee	41,541,372
Residential - TOD & LMTOD	3,340,839
Residential - Total	<u>6,225,684,921</u>
SWS	103,605,143
SGS - Standard	542,542,059
SGS - Unmetered	702,174
SGS - LMTOD	4,332
SGS - Total Secondary	<u>543,248,565</u>
SGS - Primary	826,898
MGS - Standard	838,897,671
MGS - TOD	48,181,262
MGS - Total Secondary	<u>887,078,933</u>
MGS - Primary	52,898,992
MGS - Subtransmission	4,763,400
MGS - Transmission	1,435,000
LGS - Secondary	1,583,367,010
LGS - Primary	128,687,551
LGS - Subtransmission	1,682,000
LPS - Secondary	582,998,030
LPS - Primary	2,318,059,850
LPS - Subtransmission	2,330,695,651
LPS - Transmission	359,616,700
OL	<u>73,050,274</u>
Total	<u><u>15,197,698,918</u></u>

**Appalachian Power Company
Virginia Jurisdictional
Schedule of 2003 kWh by Rate Class**

Rate Class	kWh
Residential - Standard	6,086,768,111
Residential - Employee	42,481,061
Residential - TOD & LMTOD	5,856,058
Residential - Total	<u>6,135,105,230</u>
SWS	101,226,741
SGS - Standard	525,149,250
SGS - Unmetered	714,642
SGS - LMTOD	4,965
SGS - Total Secondary	<u>525,868,857</u>
SGS - Primary	1,328,332
MGS - Standard	849,056,240
MGS - TOD	71,409,894
MGS - Total Secondary	<u>920,466,134</u>
MGS - Primary	55,434,155
MGS - Subtransmission	3,334,800
MGS - Transmission	1,505,000
LGS - Secondary	1,504,793,574
LGS - Primary	115,443,531
LGS - Subtransmission	2,019,000
LPS - Secondary	568,443,058
LPS - Primary	2,323,653,184
LPS - Subtransmission	2,165,028,044
LPS - Transmission	342,758,300
OL	<u>71,426,746</u>
Total	<u><u>14,837,834,686</u></u>

**Delmarva Power and Light Company
2004 kWh Sales in VA**

Source: 2004 AIF

Rate Schedule:	<u>KWH</u>
Residential	114,118,530
Residential Space Heating	64,437,664
General Service SGS-S	102,100,139
ORL	16,604
General Service LGS-S	25,241,296
General Service Primary Rate	124,769,626
Lighting	<u>3,240,868</u>
Total	<u>433,924,727</u>

**Delmarva Power and Light Company
2003 kWh Sales in VA**

Source: 2003 AIF

Rate Schedule:	<u>KWH</u>
Residential	110,924,877
Residential Space Heating	60,995,051
General Service SGS-S	94,997,835
ORL	22,494
General Service LGS-S	26,519,064
General Service Primary Rate	116,406,590
Lighting	<u>3,208,739</u>
Total	<u>413,074,650</u>

**Dominion Virginia Power
2004 kWh Sales in VA**

Source: 2004 AIF Revenue Adjustment

Residential

	<u>kwh</u>
Schedule 1	26,525,260,484
Schedule 1P	53,025,751
Schedule 1S	221,964,298
Schedule 1T	21,189,585
Schedule 1W	559,777
Total Residential	<u>26,821,999,895</u>

General Service

	<u>kwh</u>
GS-1	3,250,292,457
GS-2	9,577,071,349
GS-3	9,612,698,604
GS-4	6,779,334,316
GS-2T	1,338,772,058
Schedule 5	56,917,247
Schedule 6	108,844,467
Schedule 6TS	286,295,412
Schedule 7	17,308,246
Schedule 8	812,000
Schedule 10	2,339,994,152
Schedule RTP	108,721,835
Special Contract	<u>452,326,896</u>
Total GS	<u>33,929,389,039</u>

Church Service

Schedule 5C	175,388,362
Schedule 5P	<u>9,876,936</u>
Total Church	<u>185,265,298</u>

Outdoor Lighting

Schedule 25	282,283
Schedule 27	41,386,893
Schedule 28	48,980,349
Schedule 29	<u>5,099,735</u>
Total Outdoor Lighting	<u>95,749,260</u>

Total kWh Sales **61,032,403,492**

**Dominion Virginia Power
2003 kWh Sales in VA**

Source: 2003 AIF Revenue Adjustment

Residential

	<u>kwh</u>
Schedule 1	25,500,968,000
Schedule 1P	56,170,000
Schedule 1S	214,600,000
Schedule 1T	22,133,000
Total Residential	<u>25,793,871,000</u>

General Service

	<u>kwh</u>
GS-1	3,124,341,000
GS-2	9,297,734,000
GS-3	9,246,599,000
GS-4	6,741,873,964
GS-2T	1,226,983,000
Schedule 5	53,438,000
Schedule 6	114,318,000
Schedule 6TS	283,539,000
Schedule 7	20,127,000
Schedule 10	2,084,818,576
Schedule RTP	119,796,036
Special Contract	<u>399,635,424</u>
Total GS	<u>32,713,203,000</u>

Church Service

Schedule 5C	163,057,000
Schedule 5P	<u>7,486,000</u>
Total Church	<u>170,543,000</u>

Outdoor Lighting

Schedule 25	278,000
Schedule 27	39,483,000
Schedule 28	49,892,000
Schedule 29	<u>5,355,000</u>
Total Outdoor Lighting	<u>95,008,000</u>

Total kWh Sales **58,772,625,000**

1/ 2004 Va Coops kWh Sales

	Residential Sales (excluding seasonal)	Residential Sales (seasonal)	Irrigation Sales	Comm. & Ind. 1000 KVA or less	Comm. & Ind. Over 1000 KVA	Public Street & Highway Lighting	Other Sales to Public Authorities	Sales for Resales - RUS Borrowers	Sales for Resales - Other	Total	2/ VaJur Allocator	Va JUR
A&N	122,088,015	-	617,887	27,737,901	69,964,200	304,301	1,464,798	-	-	222,157,102	97.47%	216,531,239
BARC	119,388,056	-	-	29,096,928	22,023,600	-	-	-	-	170,508,584	81.14%	138,351,078
Central Va	422,879,367	-	-	89,061,630	88,918,109	-	-	-	-	600,859,106	96.38%	579,112,805
Community	145,923,745	-	209,036	17,783,489	3,188,500	347,980	8,568,484	-	-	176,021,234	95.15%	167,485,148
Craig-Botetourt	64,746,923	2,065,553	-	3,062,768	8,218,869	-	686,386	-	-	78,780,499	95.61%	75,323,909
Mecklenburg	339,324,314	-	-	62,183,436	104,367,256	-	29,770,057	-	-	535,645,063	94.22%	504,702,959
Northern Neck	196,863,787	-	-	33,699,797	-	8,016	1,574,464	-	-	232,146,064	98.94%	229,684,729
Northern Virginia	1,753,600,762	-	-	715,234,129	346,332,164	3,425,388	-	-	-	2,818,592,443	87.30%	2,460,581,774
Prince George	144,656,928	-	-	30,308,146	53,276,091	224,340	29,712,767	-	-	258,178,272	94.19%	243,184,606
Rappahannock	1,308,721,581	-	-	111,301,114	936,009,134	2,370,509	6,163,378	-	-	2,364,565,716	95.14%	2,249,594,359
Shenandoah Valley	452,795,304	6,149,641	-	103,052,278	207,291,746	-	-	-	-	769,288,969	90.70%	697,725,422
Southside	636,146,729	-	-	23,048,297	94,777,774	-	35,637,041	-	-	789,609,841	97.94%	773,336,454
Total	5,707,115,511	8,215,194	826,923	1,245,569,913	1,934,367,443	6,680,534	113,577,375	-	-	9,016,352,893		8,335,614,482

Notes: 1/ Source: RUS Form 7

2/ Va Jurisdiction Allocators from Coops' 2003 unbundling studies.

2003 kWh Sales

	Residential Sales (excluding seasonal)	Residential Sales (seasonal)	Irrigation Sales	Comm. & Ind. 1000 KVA or less	Comm. & Ind. Over 1000 KVA	Comm. & Ind. Over 1000 KVA	Public Street & Highway Lighting	Other Sales to Public Authorities	RUS Borrowers	Sales for Resales - Other	Total
A&N	117,299,670	-	776,605	26,594,782	71,748,600	307,441	1,445,762	-	-	-	218,172,860
BARC	114,312,552	-	-	27,286,601	21,501,520	-	-	-	-	-	163,100,673
Central Va	410,157,370	-	-	85,580,416	78,948,466	-	-	-	-	-	574,686,252
Community	138,549,320	-	160,427	17,308,072	2,815,260	343,746	8,213,121	-	-	-	167,389,946
Craig-Botetourt	63,823,966	2,056,889	-	3,147,345	7,573,827	-	719,005	-	-	-	77,321,032
Mecklenburg	325,507,122	-	-	59,003,920	104,918,826	-	28,629,171	-	-	-	518,059,039
Northern Virginia	1,611,893,462	-	-	655,127,603	332,769,280	3,289,441	-	-	-	-	2,603,079,786
Northern Neck	188,456,675	-	-	31,419,716	-	8,016	1,532,784	-	-	-	221,417,191
Prince George	144,993,740	-	-	32,027,869	51,663,926	2,244,413	30,257,633	-	-	-	261,187,581
Rappahannock	1,232,673,121	-	-	103,306,719	903,647,559	1,837,742	5,727,558	-	-	-	2,247,192,699
Shenandoah Valley	432,857,909	5,723,800	-	103,975,285	192,529,693	-	-	-	-	-	735,086,687
Southside	607,167,614	-	-	24,145,301	101,463,463	-	25,737,350	-	-	-	758,513,728
Total	5,387,692,521	7,780,689	937,032	1,168,923,629	1,869,580,420	8,030,799	102,262,384	-	-	-	8,545,207,474

Market Price Calculations

**Second Annual Report on Stranded Costs
Calculation of Weighted Average 2004 Market Price**

Source for sales: 2004 Dominion AIF

	<u>kwh</u>	<u>I/Class Avg Price cents/kWh</u>	<u>Mkt Revenue</u>	<u>Summer</u>	<u>Base</u>	<u>Summer</u>	<u>Base</u>	<u>Total</u>	<u>Rate</u>
Residential									
Schedule 1	26,525,260,484	0.03880	\$1,029,113,675	\$ 572.93	965.49	334.36	296	2168.78	0.03880
Schedule 1P	53,025,751			kWh 13585	27095	7054	8166	55900	
Schedule 1S	221,964,298								
Schedule 1T	21,189,585								
Schedule 1W	559,777								
Total Residential	26,821,999,895								
General Service									
GS-1	3,250,292,457	0.03797	\$123,428,335	\$ 3173				3173	0.03797
GS-2	9,577,071,349	0.03721	\$356,390,659	kWh 83556				83556	0.03721
GS-3	9,612,698,604	0.03592	\$345,277,555	\$ 55469				55469	0.03592
GS-4	6,779,334,316	0.03351	\$227,152,930	kWh 1490585				1490585	0.03351
GS-2T	1,338,772,058			\$ 40839					
Schedule 5	56,917,247			1219047	953492	1594884		2589215	0.03444
Schedule 6	108,844,467	0.03444	\$3,749,080	kWh 28384320	28384320	45367529		75170896	0.03444
Schedule 6TS	286,295,412	0.03520	\$10,078,634	\$ 498346	765593			1263939	0.03520
Schedule 7	17,308,246			kWh 14564338	21339330			35903668	
Schedule 8	812,000								
Schedule 10	2,339,994,152	0.03631	\$84,973,419	\$ 77255	621826	130848		829929	0.03631
Schedule RTP	108,721,835			kWh 1705528	17010283	4078736		22854547	
Special Contract	452,326,896								
Total GS	33,929,389,039								
Church Service									

**Second Annual Report on Stranded Costs
Calculation of Weighted Average 2004 Market Price**

Source for sales: 2004 Dominion AIF

	<u>1/Class Avg Price cents/kWh</u>	<u>Mkt Revenue</u>	<u>Summer</u>	<u>Base</u>	<u>Summer</u>	<u>Base</u>	<u>Total</u>	<u>Rate</u>
Schedule 5C	0.03850	\$ 6,751,793	2,108	3,594	2,203	1,694	9,599	#####
Schedule 5P			5,094.6	10,188.1	4,954.0	4,698.2	24,934.9	
Total Church								
		<u>175,388,362</u>						
		<u>9,876,936</u>						
		<u>185,265,298</u>						
Outdoor Lighting								
Schedule 25		282,283						
Schedule 27		41,386,893						
Schedule 28		48,980,349						
Schedule 29		<u>5,099,735</u>						
Total Outdoor Lighting		<u>95,749,260</u>						
Total kwh Sales		<u>61,032,403,492</u>						
Original 2004 Avg Price		58,750,928,863						
		<u>3.72679</u>						
Adjusted Factor		1.19742						
Updated 2004 Avg Price		<u>4.46253</u>						
			463				463	0.027243307
			16995				16995	

Note: 1/ Source of class average generation market prices is 2004 DVP wires charge filing, Case PUE-2001-00306

Workpaper for Calculation of 2004 Original vs Updated Market Price Update Factor

<u>Month</u>	1		2		3		4		5		6		7		8	
	Original/I PJM West		Original/I Cinergy		Original/I Max		Original/I PJM West		Original/I Cinergy		Original/I Max		Original Average		Updated/2, 3 PJM West	
	2004 Forward <u>On-Peak Price</u>	2004 Forward <u>Off-Peak Price</u>	2004 Forward <u>Mkt Price</u>	2004 Forward <u>Mkt Price</u>	2004 Forward <u>On-Peak Price</u>											
	43.99	35.80	43.99	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	33.69	53.00	53.00	53.00
	43.99	35.80	43.99	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	33.69	53.00	53.00	53.00
	41.05	34.88	41.05	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	32.30	46.95	46.95	46.95
	41.05	34.88	41.05	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	32.30	46.95	46.95	46.95
	38.30	30.61	38.30	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	30.99	46.65	46.65	46.65
	42.09	35.48	42.09	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	32.79	59.40	59.40	59.40
	53.03	42.64	53.03	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	38.00	66.00	66.00	66.00
	53.03	42.64	53.03	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	38.00	66.00	66.00	66.00
	37.02	31.38	37.02	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	30.38	44.80	44.80	44.80
	35.73	29.41	35.73	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	29.76	50.25	50.25	50.25
	35.73	29.41	35.73	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	29.76	50.25	50.25	50.25
	35.73	29.41	35.73	24.34	0.00	24.34	24.34	24.34	0.00	24.34	24.34	24.34	29.76	50.25	50.25	50.25
Annual Average																

Notes:

- 1) Based On Load Profile Information: Per Customer At Production Level
- 2) Average price based on 80 hours per week on-peak and 88 hours off-peak.
- 3) Source of updated 2004 on-peak market price information is Platts.
- 4) Source of updated 2004 off-peak market price information is ICE.

9	10	11	12	13	14	15
Updated/2, 3 Cinergy 2004 Forward <u>On-Peak Price</u>	Updated/2, 3 Max 2004 Forward <u>On-Peak Price</u>	Updated/2, 4 PJM West 2004 Forward <u>Off-Peak Price</u>	Updated/2, 4 Cinergy 2004 Forward <u>Off-Peak Price</u>	Updated/2, 4 Max 2004 Forward <u>Off-Peak Price</u>	Updated/2, 3, 4 Average 2004 Forward <u>Mkt Price</u>	15 (Col 14/ Col 7) Updated/2 2004 Mkt Price Adjustment <u>Factor</u>
44.50	53.00	26.50	17.50	26.50	39.12	1.16
44.50	53.00	26.50	17.50	26.50	39.12	1.16
40.00	46.95	26.50	17.50	26.50	36.24	1.12
40.00	46.95	26.50	17.50	26.50	36.24	1.12
39.50	46.65	26.50	17.50	26.50	36.10	1.16
49.40	59.40	26.50	17.50	26.50	42.17	1.29
53.55	66.00	26.50	17.50	26.50	45.31	1.19
53.55	66.00	26.50	17.50	26.50	45.31	1.19
37.60	44.80	26.50	17.50	26.50	35.21	1.16
42.70	50.25	26.50	17.50	26.50	37.81	1.27
42.70	50.25	26.50	17.50	26.50	37.81	1.27
42.70	50.25	26.50	17.50	26.50	37.81	1.27
						<u>5,332,460,000</u>
						58,524,976,675
						70,099,263,114

Updated Market Price Adjustment Factor

<u>Month</u>	<u>1999-2001</u> Total <u>kWh (1)</u>	<u>Updated/2</u> Mkt Price Adjustment <u>Factor</u>	<u>Updated</u> kWh Wtd Adjustment <u>Factor</u>
1	24,175,942	1.16	0.098
2	22,141,431	1.16	0.090
3	24,117,527	1.12	0.095
4	22,768,553	1.12	0.089
5	23,946,611	1.16	0.098
6	25,258,532	1.29	0.114
7	25,340,004	1.19	0.106
8	26,302,695	1.19	0.110
9	24,125,859	1.16	0.098
10	23,798,434	1.27	0.106
11	22,107,492	1.27	0.098
12	<u>21,814,916</u>	<u>1.27</u>	0.097
Annual Averag	285,897,994		1.197

Notes:

- 1) Based On Load Profile Information: Per Customer At Production Level
- 2) Source is Column 15 of price update workpaper (attached).

Virginia Electric and Power Company

Virginia Jurisdiction

Case No. PUE-2001-00306

Average Price to Compare

Using Rates Filed in Compliance Filing on December 18, 2003 with Revisions Filed on January 7, 2004

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
Rate Schedule	Total Booked kWh	Total Bundled Revenue (I)	Total Distribution Revenue	Total Wires Charge Revenue	Wires Charge Revenue Per kWh (V/II)	Price to Compare Revenue III-(IV+V)	Price to Compare Per kWh (VII/II)	Total Transmission Revenue	Transmission Revenue Per kWh (IX/III)	Total Market Revenue	Market Revenue Per kWh (XI/II)	Unbundled Generation Revenue	Unbundled Generation Revenue Per kWh (XIII/II)	Unbundled Generation Revenue (XIII/II)
I (Residential)	22,412,127,000	\$1,920,721,718	\$558,413,395	\$404,047,108	\$0.01803	\$958,261,215	\$0.04276	\$81,804,264	\$0.00365	\$876,456,951	\$0.03911	\$1,280,504,059	\$0.05713	\$0.05713
CS-1	2,854,970,000	\$226,764,726	\$64,060,218	\$39,362,799	\$0.01379	\$123,341,709	\$0.04320	\$7,960,825	\$0.00279	\$115,380,886	\$0.04041	\$154,743,683	\$0.05420	\$0.05420
CS-2	8,727,791,000	\$568,593,090	\$94,259,982	\$129,342,399	\$0.01482	\$344,999,709	\$0.03953	\$24,099,058	\$0.00276	\$320,907,997	\$0.03677	\$450,234,050	\$0.05159	\$0.05159
CS-3	8,042,871,748	\$419,854,778	\$47,543,903	\$65,715,104	\$0.00817	\$306,595,771	\$0.03812	\$18,524,418	\$0.00230	\$288,094,905	\$0.03582	\$353,786,457	\$0.04399	\$0.04399
CS-4	6,572,358,762	\$289,489,530	\$12,362,667	\$44,789,522	\$0.00681	\$232,337,341	\$0.03535	\$12,414,729	\$0.00189	\$219,932,153	\$0.03346	\$264,712,134	\$0.04028	\$0.04028
5C (Church and Synagogue Service)	111,244,001	\$9,261,899	\$1,862,953	\$2,774,353	\$0.02494	\$4,624,593	\$0.04157	\$310,371	\$0.00279	\$4,314,222	\$0.03878	\$7,088,575	\$0.06372	\$0.06372
1P	68,841,000	\$4,685,036	\$1,371,878	\$965,987	\$0.01403	\$2,347,171	\$0.03410	\$251,230	\$0.00365	\$2,095,941	\$0.03045	\$3,061,928	\$0.04448	\$0.04448
1S	193,890,000	\$13,240,969	\$3,938,520	\$2,711,709	\$0.01399	\$6,590,740	\$0.03399	\$707,366	\$0.00365	\$5,883,374	\$0.03034	\$8,595,083	\$0.04433	\$0.04433
1T	22,825,998	\$1,752,096	\$530,948	\$359,032	\$0.01573	\$862,116	\$0.03777	\$83,316	\$0.00365	\$778,800	\$0.03412	\$1,137,832	\$0.04985	\$0.04985
1W	766,000	\$39,047	\$17,124	\$6,526	\$0.00852	\$15,397	\$0.02010	\$1,249	\$0.00163	\$14,148	\$0.01847	\$20,674	\$0.02699	\$0.02699
5U	108,382,995	\$9,583,322	\$1,475,882	\$3,826,018	\$0.03530	\$4,281,422	\$0.03950	\$286,318	\$0.00264	\$3,995,103	\$0.03686	\$7,821,122	\$0.07216	\$0.07216
7U	25,400,000	\$2,023,664	\$340,043	\$650,352	\$0.02560	\$1,033,269	\$0.04068	\$70,592	\$0.00278	\$962,677	\$0.03790	\$1,613,029	\$0.06351	\$0.06351
6U	292,182,000	\$14,684,539	\$1,564,293	\$2,600,477	\$0.00890	\$10,519,769	\$0.03600	\$624,236	\$0.00214	\$9,895,826	\$0.03387	\$12,496,010	\$0.04277	\$0.04277
6TS	283,432,002	\$13,215,469	\$1,608,735	\$1,104,698	\$0.00390	\$10,502,036	\$0.03705	\$595,712	\$0.00210	\$9,906,506	\$0.03495	\$11,011,022	\$0.03885	\$0.03885
10	1,781,469,000	\$93,105,063	\$12,755,654	\$8,433,490	\$0.00473	\$71,915,919	\$0.04037	\$7,570,678	\$0.00425	\$64,345,430	\$0.03612	\$72,778,731	\$0.04085	\$0.04085
5P	4,001,000	\$261,823	\$54,444	\$76,782	\$0.01919	\$130,597	\$0.03264	\$11,158	\$0.00279	\$119,438	\$0.02985	\$196,221	\$0.04904	\$0.04904
CS-2T	956,974,000	\$52,877,936	\$8,832,378	\$12,102,285	\$0.01265	\$31,943,273	\$0.03338	\$1,914,702	\$0.00200	\$30,028,571	\$0.03138	\$42,130,856	\$0.04403	\$0.04403
25	267,000	\$24,830	\$12,034	\$4,817	\$0.01804	\$7,979	\$0.02988	\$708	\$0.00265	\$7,272	\$0.02724	\$12,088	\$0.04527	\$0.04527
27	32,131,260	\$6,793,176	\$4,996,372	\$833,844	\$0.02595	\$962,960	\$0.02997	\$86,828	\$0.00270	\$876,108	\$0.02727	\$1,709,976	\$0.05322	\$0.05322
28	53,070,840	\$4,775,362	\$1,810,519	\$1,375,716	\$0.02592	\$1,589,127	\$0.02994	\$142,839	\$0.00269	\$1,446,276	\$0.02725	\$2,822,004	\$0.05317	\$0.05317
29	4,914,000	\$281,587	\$67,582	\$67,174	\$0.01367	\$146,831	\$0.02988	\$13,022	\$0.00265	\$133,808	\$0.02723	\$200,983	\$0.04090	\$0.04090
Total	52,549,909,606	\$3,652,029,660	\$817,879,524	\$721,150,191		\$2,112,999,945		\$157,473,619		\$1,955,576,393	\$0.03721	\$2,676,676,517		\$0.05094
Average Rate		\$0.06950	\$0.01556	\$0.01372		\$0.04021		\$0.00300						

Notes: RegcompPUE-2001-00306 - Market Price - 2004Price-to-Compare Average Price-to-Compare for 2004_All Rate Schedules_Updated for Jan 7 2004 Revision.xls Price to Compare

1) Fuel recovery equals \$0.01891 per kWh.

Virginia Electric and Power Company
 Virginia Jurisdiction
 Case No. PUE-2001-00306

Using Rates Filed in Compliance Filing on December 18, 2003 with Revisions Filed on January 7, 2004

	I	II	III	IV	V	VI	VII	VIII
Rate Schedule	Total Booked kWh	Unbundled Generation Revenue	Unbundled Generation Revenue (M/ID)	Market Revenue Per kWh (M/ID)	Total Market Revenue	Market Revenue Per kWh (V/ID)	Total Wires Charge Revenue	Wires Charge Revenue Per kWh (VII/ID)
1 (Residential)	22,412,127,000	\$1,280,504,059	\$0,05713	\$876,456,951	\$0,03911	\$404,047,108	\$0,01803	
GS-1	2,854,970,000	\$154,743,683	\$0,05420	\$115,380,886	\$0,04041	\$39,362,799	\$0,01379	
GS-2	8,727,791,000	\$450,234,050	\$0,05159	\$320,907,997	\$0,03677	\$129,342,399	\$0,01482	
GS-3	8,042,871,748	\$353,786,457	\$0,04399	\$288,094,905	\$0,03582	\$65,715,104	\$0,00817	
GS-4	6,572,358,762	\$264,712,134	\$0,04028	\$219,932,153	\$0,03346	\$44,789,522	\$0,00681	
5C (Church and Synagogue Service)	111,244,001	\$7,088,575	\$0,06372	\$4,314,222	\$0,03878	\$2,774,353	\$0,02494	
1P	68,841,000	\$3,061,928	\$0,04448	\$2,095,941	\$0,03045	\$965,987	\$0,01403	
1S	193,890,000	\$8,595,083	\$0,04433	\$5,883,374	\$0,03034	\$2,711,709	\$0,01399	
1T	22,825,998	\$1,137,832	\$0,04985	\$778,800	\$0,03412	\$359,032	\$0,01573	
1W	766,000	\$20,674	\$0,02699	\$14,148	\$0,01847	\$6,526	\$0,00852	
5U	108,382,995	\$7,821,122	\$0,07216	\$3,995,103	\$0,03686	\$3,826,018	\$0,03530	
7U	25,400,000	\$1,613,029	\$0,06351	\$962,677	\$0,03790	\$650,352	\$0,02560	
6U	292,182,000	\$12,496,010	\$0,04277	\$9,895,826	\$0,03387	\$2,600,477	\$0,00890	
6TS	283,432,002	\$11,011,022	\$0,03885	\$9,906,506	\$0,03495	\$1,104,698	\$0,00390	
10	1,781,469,000	\$72,778,731	\$0,04085	\$64,345,430	\$0,03612	\$8,433,490	\$0,00473	
5P	4,001,000	\$196,221	\$0,04904	\$119,438	\$0,02985	\$76,782	\$0,01919	
GS-2T	956,974,000	\$42,130,856	\$0,04403	\$30,028,571	\$0,03138	\$12,102,285	\$0,01265	
25	267,000	\$12,088	\$0,04527	\$7,272	\$0,02724	\$4,817	\$0,01804	
27	32,131,260	\$1,709,976	\$0,05322	\$876,108	\$0,02727	\$833,844	\$0,02595	
28	53,070,840	\$2,822,004	\$0,05317	\$1,446,276	\$0,02725	\$1,375,716	\$0,02592	
29	4,914,000	\$200,983	\$0,04090	\$133,808	\$0,02723	\$67,174	\$0,01367	

N:\Rates\Regcomp\PUF\2004\02\06 - Market Price - 5/04/04 - Compare Average Price-to-Compare for 2004 - AN Rate Schedule - 7/21/04 - 5/01/04 - Unbund Gen_Mkt Rate_Wires Chg

**Schedule 1 - Residential
Market Revenue Per kWh by Month**

From Appendix 2 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

I Month	II		III		IV		V		VI		VII		VIII		IX		X	
	1999 Total kWh (I)	1999 Market Revenue	2000 Total kWh (I)	2000 Market Revenue	2001 Total kWh (I)	2001 Market Revenue	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (I) II + IV + VI	Monthly kWh Wtg Factor	1999 - 2001 Market Revenue III + V + VII	1999 - 2001 Market Revenue Per kWh IX / VIII						
1	1,372.03	\$50.96	1,504.76	\$54.49	1,538.57	\$53.98	4,415.36	\$53.98	4,415.36	0.11	\$159.43	\$0.03611						
2	1,158.83	\$40.93	1,174.34	\$41.49	1,160.03	\$39.80	3,493.20	\$39.80	3,493.20	0.09	\$122.22	\$0.03499						
3	1,205.64	\$36.98	963.24	\$28.65	1,185.00	\$34.48	3,353.88	\$34.48	3,353.88	0.08	\$100.11	\$0.02985						
4	809.87	\$24.67	827.89	\$24.09	858.22	\$24.83	2,495.98	\$24.83	2,495.98	0.06	\$73.59	\$0.02948						
5	868.92	\$28.19	973.46	\$35.50	857.62	\$27.67	2,700.00	\$27.67	2,700.00	0.07	\$91.36	\$0.03384						
6	1,130.17	\$56.25	1,255.37	\$51.87	1,234.30	\$50.89	3,619.84	\$50.89	3,619.84	0.09	\$159.01	\$0.04393						
7	1,626.94	\$77.01	1,269.45	\$52.63	1,300.72	\$56.84	4,197.11	\$56.84	4,197.11	0.10	\$186.48	\$0.04443						
8	1,427.30	\$66.83	1,263.94	\$56.98	1,457.66	\$68.44	4,148.90	\$68.44	4,148.90	0.10	\$192.25	\$0.04634						
9	927.99	\$30.64	977.61	\$31.87	965.59	\$29.56	2,871.19	\$29.56	2,871.19	0.07	\$92.07	\$0.03207						
10	837.85	\$25.02	844.78	\$24.80	872.22	\$24.91	2,554.85	\$24.91	2,554.85	0.06	\$74.73	\$0.02925						
11	936.75	\$28.68	1,071.01	\$31.21	920.51	\$26.27	2,928.27	\$26.27	2,928.27	0.07	\$86.16	\$0.02942						
12	1,305.41	\$38.92	1,584.27	\$45.44	1,208.53	\$33.55	4,098.21	\$33.55	4,098.21	0.10	\$117.91	\$0.02877						
							40,876.79		40,876.79	1.00	1,455.32	\$0.03560						

Note

I) Based On Load Profile Information: Per Customer At Production Level

**Schedule GS-1
Market Revenue Per kWh by Month**

From Appendix 3 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

I Month	II		III		IV		V		VI		VII		VIII		IX		X	
	1999 Total kWh (1)	1999 Market Revenue	2000 Total kWh (1)	2000 Market Revenue	2001 Total kWh (1)	2001 Market Revenue	1999 - 2001 Total kWh (1) II + IV + VI	2001 Market Revenue	1999 - 2001 Market Revenue III + V + VII	1999 - 2001 Market Revenue IX / VIII	1999 - 2001 Market Revenue Per kWh							
1	1,771.63	\$60.28	1,862.01	\$62.15	1,914.71	\$63.52	5,548.35	\$63.52	\$185.95	\$0.03351								
2	1,577.57	\$52.02	1,657.36	\$54.06	1,565.99	\$50.87	4,800.92	\$50.87	\$156.95	\$0.03269								
3	1,705.02	\$49.78	1,573.03	\$45.16	1,644.94	\$46.24	4,922.99	\$46.24	\$141.18	\$0.02868								
4	1,468.98	\$43.29	1,467.11	\$41.89	1,476.66	\$43.08	4,412.75	\$43.08	\$128.26	\$0.02907								
5	1,608.69	\$51.83	1,764.37	\$62.11	1,595.35	\$52.03	4,968.41	\$52.03	\$165.97	\$0.03341								
6	1,870.56	\$87.99	2,025.33	\$84.39	1,863.71	\$76.80	5,759.60	\$76.80	\$249.18	\$0.04326								
7	2,234.73	\$104.73	2,034.71	\$86.35	1,906.19	\$83.31	6,175.63	\$83.31	\$274.39	\$0.04443								
8	2,126.07	\$98.44	2,075.64	\$94.29	2,058.60	\$94.01	6,260.31	\$94.01	\$286.74	\$0.04580								
9	1,674.70	\$54.53	1,698.28	\$54.64	1,601.90	\$49.24	4,974.88	\$49.24	\$158.41	\$0.03184								
10	1,489.41	\$42.68	1,580.38	\$45.84	1,514.12	\$43.28	4,583.91	\$43.28	\$131.80	\$0.02875								
11	1,469.85	\$42.64	1,592.96	\$44.68	1,427.50	\$39.95	4,490.31	\$39.95	\$127.27	\$0.02834								
12	1,715.35	\$49.39	1,971.13	\$54.05	1,551.28	\$42.49	5,237.76	\$42.49	\$145.93	\$0.02786								
							62,135.82		2,152.03	\$0.03463								

Note

1) Based On Load Profile Information: Per Customer At Production Level

**Schedule GS-2
Market Revenue Per kWh by Month**

From Appendix 4 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

I Month	II		III		IV		V		VI		VII		VIII		IX		X		
	1999 Total kWh (I)	1999 Market Revenue	2000 Total kWh (I)	2000 Market Revenue	2001 Total kWh (I)	2001 Market Revenue	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (I) III + V + VII	1999 - 2001 Market Revenue IX / VIII	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (I) III + V + VII	1999 - 2001 Market Revenue IX / VIII	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (I) III + V + VII	1999 - 2001 Market Revenue IX / VIII	
1	30,762.85	\$1,043.52	29,378.54	\$982.73	34,132.15	\$1,134.16	94,273.54	\$1,134.16	83,043.75	\$937.03	\$1,134.16	83,043.75	\$937.03	\$0.03352	94,273.54	\$1,134.16	83,043.75	\$937.03	\$0.03280
2	27,643.68	\$917.89	26,547.66	\$868.87	28,852.41	\$937.03	83,043.75	\$937.03	87,436.82	\$874.26	\$874.26	87,436.82	\$874.26	\$0.02866	87,436.82	\$874.26	87,436.82	\$874.26	\$0.02866
3	30,238.97	\$882.48	26,176.08	\$749.40	31,021.77	\$834.33	81,170.52	\$834.33	81,170.52	\$834.33	\$834.33	81,170.52	\$834.33	\$0.02888	81,170.52	\$834.33	81,170.52	\$834.33	\$0.02888
4	27,248.34	\$800.99	25,041.61	\$709.23	28,880.57	\$834.33	81,170.52	\$834.33	81,170.52	\$834.33	\$834.33	81,170.52	\$834.33	\$0.02888	81,170.52	\$834.33	81,170.52	\$834.33	\$0.02888
5	30,884.43	\$986.31	30,572.44	\$1,032.77	31,624.44	\$1,017.60	93,081.31	\$1,017.60	93,081.31	\$1,017.60	\$1,017.60	93,081.31	\$1,017.60	\$0.03262	93,081.31	\$1,017.60	93,081.31	\$1,017.60	\$0.03262
6	34,622.58	\$1,510.74	33,675.59	\$1,348.36	36,255.68	\$1,435.21	104,553.85	\$1,435.21	104,553.85	\$1,435.21	\$1,435.21	104,553.85	\$1,435.21	\$0.04107	104,553.85	\$1,435.21	104,553.85	\$1,435.21	\$0.04107
7	40,743.50	\$1,806.82	34,250.17	\$1,392.13	37,392.31	\$1,571.00	112,385.98	\$1,571.00	112,385.98	\$1,571.00	\$1,571.00	112,385.98	\$1,571.00	\$0.04244	112,385.98	\$1,571.00	112,385.98	\$1,571.00	\$0.04244
8	39,128.95	\$1,729.47	35,026.76	\$1,525.10	40,084.81	\$1,758.99	114,240.52	\$1,758.99	114,240.52	\$1,758.99	\$1,758.99	114,240.52	\$1,758.99	\$0.04389	114,240.52	\$1,758.99	114,240.52	\$1,758.99	\$0.04389
9	32,123.82	\$1,026.35	30,262.93	\$946.77	31,887.60	\$965.72	94,274.35	\$965.72	94,274.35	\$965.72	\$965.72	94,274.35	\$965.72	\$0.03117	94,274.35	\$965.72	94,274.35	\$965.72	\$0.03117
10	28,692.46	\$819.90	27,670.78	\$794.20	29,255.23	\$834.03	85,618.47	\$834.03	85,618.47	\$834.03	\$834.03	85,618.47	\$834.03	\$0.02859	85,618.47	\$834.03	85,618.47	\$834.03	\$0.02859
11	27,382.80	\$789.78	26,104.90	\$731.79	27,218.23	\$760.76	80,705.93	\$760.76	80,705.93	\$760.76	\$760.76	80,705.93	\$760.76	\$0.02828	80,705.93	\$760.76	80,705.93	\$760.76	\$0.02828
12	30,188.75	\$867.92	30,700.81	\$840.50	29,149.44	\$797.86	90,039.00	\$797.86	90,039.00	\$797.86	\$797.86	90,039.00	\$797.86	\$0.02784	90,039.00	\$797.86	90,039.00	\$797.86	\$0.02784
							1,120,824.04		38,024.97			1,120,824.04		\$0.03393	1,120,824.04		38,024.97		\$0.03393

Note

1) Based On Load Profile Information: Per Customer At Production Level

Schedule GS-3

Market Revenue Per kWh by Month

From Appendix 5 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUJE-2001-00306

Month	I		II		III		IV		V		VI		VII		VIII		IX		X	
	1999 Total kWh (I)	1999 Market Revenue	2000 Total kWh (I)	2000 Market Revenue	2001 Total kWh (I)	2001 Market Revenue	1999 - 2001 Total kWh (I) II + IV + VI	2000 Market Revenue	2001 Market Revenue	1999 - 2001 Market Revenue III + V + VII	2001 Market Revenue	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Market Revenue III + V + VII	1999 - 2001 Total kWh (I) II + IV + VI	2001 Market Revenue	1999 - 2001 Market Revenue III + V + VII	1999 - 2001 Market Revenue Per kWh IX / VIII	1999 - 2001 Market Revenue Per kWh IX / VIII	
1	498,714.76	\$16,275.03	501,022.02	\$16,264.37	473,969.94	\$15,503.87	1,473,706.72	\$48,043.27	\$15,503.87	\$48,043.27	1,473,706.72	\$15,503.87	\$48,043.27	1,473,706.72	\$15,503.87	\$48,043.27	\$0.03260	\$0.03260		
2	451,564.71	\$14,562.81	464,860.20	\$14,852.19	414,017.51	\$13,119.00	1,330,442.42	\$42,534.00	\$13,119.00	\$42,534.00	1,330,442.42	\$13,119.00	\$42,534.00	1,330,442.42	\$13,119.00	\$42,534.00	\$0.03197	\$0.03197		
3	497,961.01	\$14,075.79	486,110.94	\$13,604.10	444,127.75	\$12,292.98	1,428,199.70	\$39,972.87	\$12,292.98	\$39,972.87	1,428,199.70	\$12,292.98	\$39,972.87	1,428,199.70	\$12,292.98	\$39,972.87	\$0.02799	\$0.02799		
4	467,713.64	\$13,349.38	461,876.81	\$12,837.36	423,231.23	\$11,947.84	1,352,821.68	\$38,134.58	\$11,947.84	\$38,134.58	1,352,821.68	\$11,947.84	\$38,134.58	1,352,821.68	\$11,947.84	\$38,134.58	\$0.02819	\$0.02819		
5	504,893.71	\$15,535.59	525,014.84	\$16,838.73	461,664.58	\$14,422.50	1,491,573.13	\$46,796.82	\$14,422.50	\$46,796.82	1,491,573.13	\$14,422.50	\$46,796.82	1,491,573.13	\$14,422.50	\$46,796.82	\$0.03137	\$0.03137		
6	538,832.00	\$21,863.34	551,000.97	\$21,189.93	490,910.94	\$18,637.19	1,580,743.91	\$61,690.46	\$18,637.19	\$61,690.46	1,580,743.91	\$18,637.19	\$61,690.46	1,580,743.91	\$18,637.19	\$61,690.46	\$0.03903	\$0.03903		
7	586,224.79	\$24,218.34	552,871.74	\$21,656.92	498,770.64	\$20,165.98	1,637,867.17	\$66,041.24	\$20,165.98	\$66,041.24	1,637,867.17	\$20,165.98	\$66,041.24	1,637,867.17	\$20,165.98	\$66,041.24	\$0.04032	\$0.04032		
8	580,635.23	\$24,220.73	571,249.34	\$23,812.50	531,241.54	\$22,207.27	1,683,126.11	\$70,240.50	\$22,207.27	\$70,240.50	1,683,126.11	\$22,207.27	\$70,240.50	1,683,126.11	\$22,207.27	\$70,240.50	\$0.04173	\$0.04173		
9	511,648.81	\$15,663.86	511,882.29	\$15,381.93	455,033.48	\$13,386.89	1,478,564.58	\$44,432.68	\$13,386.89	\$44,432.68	1,478,564.58	\$13,386.89	\$44,432.68	1,478,564.58	\$13,386.89	\$44,432.68	\$0.03005	\$0.03005		
10	486,578.14	\$13,436.73	501,998.39	\$13,956.82	445,758.30	\$12,418.55	1,434,334.83	\$39,812.10	\$12,418.55	\$39,812.10	1,434,334.83	\$12,418.55	\$39,812.10	1,434,334.83	\$12,418.55	\$39,812.10	\$0.02776	\$0.02776		
11	464,598.70	\$12,920.41	469,401.26	\$12,874.19	411,455.18	\$11,284.46	1,345,455.14	\$37,079.06	\$11,284.46	\$37,079.06	1,345,455.14	\$11,284.46	\$37,079.06	1,345,455.14	\$11,284.46	\$37,079.06	\$0.02756	\$0.02756		
12	481,625.38	\$13,474.46	501,139.07	\$13,461.66	411,414.74	\$11,065.10	1,394,179.19	\$38,001.22	\$11,065.10	\$38,001.22	1,394,179.19	\$11,065.10	\$38,001.22	1,394,179.19	\$11,065.10	\$38,001.22	\$0.02726	\$0.02726		
							17,631,014.58	572,778.80									\$0.03249	\$0.03249		

Note

1) Based On Load Profile Information: Per Customer At Production Level

Schedule 6
Market Revenue Per kWh by Month

From Appendix 7 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

Month	I		II		III		IV		V		VI		VII		VIII		IX		X	
	1999 Total kWh (L)	1999 Market Revenue	2000 Total kWh (L)	2000 Market Revenue	2001 Total kWh (L)	2001 Market Revenue	1999 - 2001 Total kWh (L) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (L) III + V + VII	1999 - 2001 Market Revenue IX / VIII	1999 - 2001 Total kWh (L) II + IV + VI	2001 Market Revenue	1999 - 2001 Total kWh (L) III + V + VII	1999 - 2001 Market Revenue IX / VIII						
1	1,600,720.68	\$49,621.45	1,663,194.30	\$51,642.37	1,939,449.54	\$61,233.17	5,203,364.52	\$61,233.17	5,203,364.52	\$162,496.99	\$61,233.17	5,203,364.52	\$162,496.99	\$0.03123						
2	1,242,541.30	\$38,297.05	1,612,253.18	\$49,065.95	1,766,597.84	\$54,009.61	4,621,392.32	\$54,009.61	4,621,392.32	\$141,372.61	\$54,009.61	4,621,392.32	\$141,372.61	\$0.03059						
3	1,407,328.94	\$37,933.98	1,739,774.77	\$46,802.82	1,931,167.70	\$52,022.33	5,078,271.41	\$52,022.33	5,078,271.41	\$136,759.13	\$52,022.33	5,078,271.41	\$136,759.13	\$0.02693						
4	1,268,886.34	\$34,452.04	1,585,654.98	\$42,499.60	1,802,410.89	\$49,344.07	4,656,952.21	\$49,344.07	4,656,952.21	\$126,295.71	\$49,344.07	4,656,952.21	\$126,295.71	\$0.02712						
5	1,396,396.24	\$40,868.13	1,399,849.03	\$41,912.12	1,672,015.92	\$50,843.25	4,468,261.19	\$50,843.25	4,468,261.19	\$133,623.50	\$50,843.25	4,468,261.19	\$133,623.50	\$0.02991						
6	1,775,016.79	\$66,243.55	1,821,197.90	\$64,986.08	1,658,037.08	\$59,933.96	5,254,251.77	\$59,933.96	5,254,251.77	\$191,163.59	\$59,933.96	5,254,251.77	\$191,163.59	\$0.03638						
7	1,504,590.82	\$55,878.68	1,848,768.07	\$68,188.44	1,652,265.17	\$64,869.81	5,005,624.06	\$64,869.81	5,005,624.06	\$188,936.93	\$64,869.81	5,005,624.06	\$188,936.93	\$0.03774						
8	1,803,959.21	\$69,545.15	1,892,335.08	\$74,072.26	1,727,560.82	\$69,428.58	5,423,855.11	\$69,428.58	5,423,855.11	\$213,045.99	\$69,428.58	5,423,855.11	\$213,045.99	\$0.03928						
9	1,735,708.18	\$50,182.52	1,734,701.57	\$49,277.18	1,541,502.04	\$44,319.19	5,011,911.79	\$44,319.19	5,011,911.79	\$143,778.89	\$44,319.19	5,011,911.79	\$143,778.89	\$0.02869						
10	1,670,275.77	\$44,105.12	1,642,249.77	\$43,515.18	1,515,171.51	\$41,291.59	4,827,697.05	\$41,291.59	4,827,697.05	\$128,911.89	\$41,291.59	4,827,697.05	\$128,911.89	\$0.02670						
11	1,625,355.52	\$43,141.67	1,588,826.31	\$41,735.39	1,358,602.93	\$36,315.58	4,572,784.76	\$36,315.58	4,572,784.76	\$121,192.64	\$36,315.58	4,572,784.76	\$121,192.64	\$0.02650						
12	1,494,965.39	\$40,491.65	1,492,083.82	\$38,839.83	1,216,122.55	\$32,048.33	4,203,171.76	\$32,048.33	4,203,171.76	\$111,379.81	\$32,048.33	4,203,171.76	\$111,379.81	\$0.02650						
							58,327,537.95		58,327,537.95	1,798,957.68		58,327,537.95	1,798,957.68	\$0.03084						

Note

1) Based On Load Profile Information: Per Customer At Production Level

Schedule 6TS

Market Revenue Per kWh by Month

From Appendix 8 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

Month	1999		2000		2001		1999 - 2001		1999 - 2001		1999 - 2001	
	Total kWh (I)	Market Revenue	Total kWh (I)	Market Revenue	Total kWh (I)	Market Revenue	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue IX / VIII
1	612,225.53	\$19,876.92	627,199.83	\$20,237.65	844,194.74	\$26,842.51	2,083,620.10	\$66,957.08	2,083,620.10	\$66,957.08	2,083,620.10	\$0.03213
2	546,349.31	\$17,523.48	577,897.11	\$18,333.72	742,440.23	\$23,017.16	1,866,686.65	\$58,874.36	1,866,686.65	\$58,874.36	1,866,686.65	\$0.03154
3	610,390.58	\$17,101.54	597,930.76	\$16,532.41	830,173.43	\$22,473.01	2,038,494.77	\$56,106.96	2,038,494.77	\$56,106.96	2,038,494.77	\$0.02752
4	560,746.80	\$15,842.49	563,342.99	\$15,454.82	819,960.89	\$22,502.41	1,944,050.68	\$53,799.72	1,944,050.68	\$53,799.72	1,944,050.68	\$0.02767
5	607,096.03	\$18,455.82	642,075.32	\$20,267.12	907,445.36	\$27,336.73	2,156,616.71	\$66,059.67	2,156,616.71	\$66,059.67	2,156,616.71	\$0.03063
6	659,238.75	\$26,170.87	688,894.90	\$25,673.30	980,815.87	\$35,415.00	2,328,949.52	\$87,259.17	2,328,949.52	\$87,259.17	2,328,949.52	\$0.03747
7	671,260.86	\$27,086.97	684,814.41	\$26,107.78	1,015,043.64	\$38,834.92	2,371,118.91	\$92,029.67	2,371,118.91	\$92,029.67	2,371,118.91	\$0.03881
8	669,623.90	\$27,211.84	715,048.74	\$28,933.04	1,077,576.36	\$42,436.17	2,462,249.00	\$98,581.05	2,462,249.00	\$98,581.05	2,462,249.00	\$0.04004
9	633,846.54	\$19,123.34	630,437.70	\$18,641.51	893,467.40	\$25,425.89	2,157,751.64	\$63,190.74	2,157,751.64	\$63,190.74	2,157,751.64	\$0.02929
10	590,882.10	\$16,138.24	585,582.44	\$15,994.88	860,115.05	\$23,313.59	2,036,579.59	\$55,446.71	2,036,579.59	\$55,446.71	2,036,579.59	\$0.02723
11	568,798.04	\$15,602.40	566,202.30	\$15,289.48	781,775.91	\$20,827.56	1,916,776.25	\$51,719.44	1,916,776.25	\$51,719.44	1,916,776.25	\$0.02698
12	605,288.28	\$16,664.12	631,030.24	\$16,701.74	810,970.57	\$21,230.95	2,047,289.09	\$54,596.81	2,047,289.09	\$54,596.81	2,047,289.09	\$0.02667
							25,410,182.91	804,621.38	25,410,182.91	804,621.38	25,410,182.91	\$0.03167

Note

1) Based On Load Profile Information: Per Customer At Production Level

Schedule 10
Market Revenue Per kWh by Month

From Appendix 9 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

Month	1999		2000		2001		2001		1999 - 2001		1999 - 2001		1999 - 2001	
	Total kWh (l)	Market Revenue	Total kWh (l) II + IV + VI	Market Revenue III + V + VII	Total kWh (l) II + IV + VI	Market Revenue III + V + VII	Total kWh (l) II + IV + VI	Market Revenue IX / VIII						
1	493,406.96	\$16,190.09	482,280.01	\$15,630.77	510,395.98	\$16,920.17	1,486,082.95	\$48,741.03	1,486,082.95	\$48,741.03	1,486,082.95	\$48,741.03	1,486,082.95	\$0.03280
2	453,898.45	\$14,721.53	461,276.70	\$14,896.50	441,899.57	\$14,081.30	1,357,074.72	\$43,699.33	1,357,074.72	\$43,699.33	1,357,074.72	\$43,699.33	1,357,074.72	\$0.03220
3	491,560.14	\$13,925.05	478,033.91	\$13,535.08	476,963.19	\$13,344.16	1,446,557.24	\$40,804.29	1,446,557.24	\$40,804.29	1,446,557.24	\$40,804.29	1,446,557.24	\$0.02821
4	447,632.58	\$12,899.58	434,978.37	\$12,349.37	447,564.50	\$12,889.60	1,330,175.45	\$38,138.55	1,330,175.45	\$38,138.55	1,330,175.45	\$38,138.55	1,330,175.45	\$0.02867
5	467,262.27	\$14,660.47	501,620.30	\$16,256.84	480,843.66	\$15,287.37	1,449,726.23	\$46,204.68	1,449,726.23	\$46,204.68	1,449,726.23	\$46,204.68	1,449,726.23	\$0.03187
6	512,150.72	\$20,571.94	503,218.01	\$19,659.65	493,943.33	\$19,188.38	1,509,312.06	\$59,419.97	1,509,312.06	\$59,419.97	1,509,312.06	\$59,419.97	1,509,312.06	\$0.03937
7	519,091.54	\$21,345.25	496,693.29	\$20,067.57	511,570.59	\$21,009.47	1,527,355.42	\$62,422.29	1,527,355.42	\$62,422.29	1,527,355.42	\$62,422.29	1,527,355.42	\$0.04087
8	526,047.60	\$22,327.36	518,018.13	\$22,038.17	516,912.94	\$21,775.83	1,560,978.67	\$66,141.36	1,560,978.67	\$66,141.36	1,560,978.67	\$66,141.36	1,560,978.67	\$0.04237
9	477,506.57	\$14,817.18	482,830.56	\$14,597.34	454,557.49	\$13,654.22	1,414,894.62	\$43,068.74	1,414,894.62	\$43,068.74	1,414,894.62	\$43,068.74	1,414,894.62	\$0.03044
10	467,882.40	\$13,006.22	481,483.97	\$13,536.56	465,395.68	\$13,140.02	1,414,762.05	\$39,682.80	1,414,762.05	\$39,682.80	1,414,762.05	\$39,682.80	1,414,762.05	\$0.02805
11	448,447.83	\$12,491.57	460,176.65	\$12,664.83	425,909.48	\$11,809.84	1,334,533.96	\$36,966.24	1,334,533.96	\$36,966.24	1,334,533.96	\$36,966.24	1,334,533.96	\$0.02770
12	473,479.09	\$13,237.69	483,759.66	\$12,996.43	466,154.23	\$12,615.56	1,423,392.98	\$38,849.68	1,423,392.98	\$38,849.68	1,423,392.98	\$38,849.68	1,423,392.98	\$0.02729
							17,254,846.35	564,138.96	17,254,846.35	564,138.96	17,254,846.35	564,138.96	17,254,846.35	\$0.03269

Note

1) Based On Load Profile Information: Per Customer At Production Level

Schedule 5C
Market Revenue Per kWh by Month

From Appendix 10 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

Month	1999		2000		2001		1999 - 2001		1999 - 2001		1999 - 2001	
	Total kWh (I)	Market Revenue	Total kWh (I)	Market Revenue	Total kWh (I)	Market Revenue	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue IX / VIII
1	4,896.35	\$172.34	5,608.22	\$196.21	5,821.06	\$199.52	16,325.63	\$568.07	16,325.63	\$568.07	16,325.63	\$0.03480
2	4,315.92	\$146.43	4,599.23	\$159.81	4,525.62	\$148.45	13,440.77	\$454.69	13,440.77	\$454.69	13,440.77	\$0.03383
3	4,477.99	\$133.94	3,753.48	\$110.53	4,615.61	\$132.43	12,847.08	\$376.90	12,847.08	\$376.90	12,847.08	\$0.02934
4	3,171.66	\$94.69	3,309.17	\$94.95	3,677.80	\$105.50	10,158.63	\$295.14	10,158.63	\$295.14	10,158.63	\$0.02905
5	3,862.13	\$122.89	4,345.65	\$154.47	4,016.11	\$128.95	12,223.89	\$406.31	12,223.89	\$406.31	12,223.89	\$0.03324
6	4,754.37	\$212.50	5,468.54	\$216.77	5,688.73	\$230.26	15,911.64	\$659.53	15,911.64	\$659.53	15,911.64	\$0.04145
7	6,698.33	\$315.08	5,631.54	\$229.38	5,950.38	\$249.86	18,280.25	\$794.32	18,280.25	\$794.32	18,280.25	\$0.04345
8	6,265.47	\$278.67	5,423.69	\$244.45	6,873.99	\$315.29	18,563.15	\$838.41	18,563.15	\$838.41	18,563.15	\$0.04517
9	4,139.65	\$135.18	4,349.08	\$142.65	4,962.27	\$152.20	13,451.00	\$430.03	13,451.00	\$430.03	13,451.00	\$0.03197
10	3,507.36	\$102.50	3,598.51	\$106.68	3,802.76	\$110.90	10,908.63	\$320.08	10,908.63	\$320.08	10,908.63	\$0.02934
11	3,383.19	\$101.54	3,969.15	\$114.75	3,757.05	\$105.94	11,109.39	\$322.23	11,109.39	\$322.23	11,109.39	\$0.02901
12	4,518.36	\$132.13	5,641.43	\$159.00	4,419.11	\$121.57	14,578.90	\$412.70	14,578.90	\$412.70	14,578.90	\$0.02831
							167,798.96	5,878.41	167,798.96	5,878.41	167,798.96	\$0.03503

Note

1) Based On Load Profile Information: Per Customer At Production Level

**Outdoor Lighting
Market Revenue Per kWh by Month**

From Appendix 11 Schedule 3 of November 1, 2002 Compliance Filing in Case No. PUE-2001-00306

Month	1999		2000		2001		2001		1999 - 2001		1999 - 2001		1999 - 2001	
	Total kWh (I)	Market Revenue	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue III + V + VII	Total kWh (I) II + IV + VI	Market Revenue III + V + VII						
1	448.91	\$10.23	448.92	\$11.25	448.92	\$11.60	\$11.60	\$11.60	1,346.75	\$33.08	1,346.75	\$33.08	1,346.75	\$33.08
2	360.83	\$8.47	373.56	\$9.42	360.83	\$10.87	\$10.87	\$10.87	1,095.22	\$28.76	1,095.22	\$28.76	1,095.22	\$28.76
3	375.69	\$8.67	375.69	\$9.11	375.69	\$9.40	\$9.40	\$9.40	1,127.07	\$27.18	1,127.07	\$27.18	1,127.07	\$27.18
4	318.38	\$6.72	318.38	\$6.94	318.38	\$7.33	\$7.33	\$7.33	955.14	\$20.99	955.14	\$20.99	955.14	\$20.99
5	291.85	\$6.22	291.85	\$6.56	291.85	\$7.31	\$7.31	\$7.31	875.55	\$20.09	875.55	\$20.09	875.55	\$20.09
6	254.71	\$4.87	254.71	\$5.89	254.70	\$6.72	\$6.72	\$6.72	764.12	\$17.48	764.12	\$17.48	764.12	\$17.48
7	264.25	\$4.58	264.25	\$6.11	264.25	\$6.95	\$6.95	\$6.95	792.75	\$17.64	792.75	\$17.64	792.75	\$17.64
8	328.99	\$7.42	329.00	\$8.55	329.00	\$9.71	\$9.71	\$9.71	986.99	\$25.68	986.99	\$25.68	986.99	\$25.68
9	337.49	\$7.31	337.48	\$7.67	337.48	\$8.29	\$8.29	\$8.29	1,012.45	\$23.27	1,012.45	\$23.27	1,012.45	\$23.27
10	397.97	\$8.60	397.97	\$9.16	397.97	\$9.71	\$9.71	\$9.71	1,193.91	\$27.47	1,193.91	\$27.47	1,193.91	\$27.47
11	413.90	\$10.06	413.90	\$10.56	413.90	\$10.49	\$10.49	\$10.49	1,241.70	\$31.11	1,241.70	\$31.11	1,241.70	\$31.11
12	452.11	\$10.88	452.10	\$11.38	452.10	\$11.19	\$11.19	\$11.19	1,356.31	\$33.45	1,356.31	\$33.45	1,356.31	\$33.45
									12,747.96	306.20	12,747.96	306.20	12,747.96	306.20
														\$0.02402

Note

1) Based On Load Profile Information: Per Customer At Production Level

**Calculations of Utility Stranded Cost Recoveries and
Potential Stranded Cost Exposure**

**DESCRIPTION OF SCC STAFF ANALYSIS
OF STRANDED COST RECOVERY
AND GENERATION REVENUE REQUIREMENTS**

2002 - 2003 Investor Owned Utilities:

Since the Division of Consumer Counsel, Virginia Office of the Attorney General, filed its Report on Status of Stranded Cost Recoveries by Virginia Incumbent Electric Utilities for 2001 – 2003, the Staff of the State Corporation Commission has filed earnings test reports for Delmarva Power and Light Company for calendar year 2002 as well as the Potomac Edison Company and for Appalachian Power Company for calendar year 2003. The following is a summary of differences between company filed earnings results and Staff's adjusted earnings results.

Delmarva Power and Light Company Case No. PUE-2003-00173

Delmarva Power & Light Company ("Delmarva") filed an earnings test for calendar year 2002 indicating an adjusted return on average rate base of 8.64% and an adjusted return on average equity of 9.30%. Staff's review of the earnings test determined that the Company had not properly functionalized generation revenues. Because of this, the level of purchased power allocated to Delmarva under its agreement with Conectiv Energy Supply, Inc. ("CESI") was understated by \$2.8 million. Staff included an adjustment to increase Virginia jurisdictional purchased power expense by the \$2.8 million.

Delmarva included in its earnings test two adjustments related to merger costs in Case No. PUE-1997-00008. In this case, Conectiv's acquisition of Delmarva would result in savings due to the elimination of duplicate corporate and administration

functions. The merger related costs were to be amortized over a ten-year period with the unamortized balance being subject to write-off or write-down based on the results of future earnings tests. Staff discovered that Delmarva was amortizing the estimated merger costs rather than the actual merger related costs. Staff's level of amortization of merger costs was lower than Delmarva's on a Virginia jurisdictional basis. Additionally, Staff did not include the unamortized balance of merger-related costs in rate base as proposed by Delmarva. This was consistent with the Commission's ruling in numerous cases including PUE-1994-00063 in which regulatory assets were excluded from rate base.

Finally, Staff excluded several adjustments made by Delmarva that were not proper for an earning test. These adjustments included adjustments to annualize depreciation expense and related adjustments and an adjustment to annualize interest on customer deposits. As a result, Staff's earnings test indicates a return on average rate base of 4.59% and a return on average equity capital of 1.96%. Delmarva did not take exception to Staff's report. This case has been closed by the Commission.

Potomac Edison Case No. PUE-2004-00031

Potomac Edison ("PE") filed an earnings test indicating a return on average rate base of 8.88% and a return on average equity capital of 10.03%. PE records purchase power expense using prices in accordance with the FERC approved Power Sales Agreement between Potomac Edison and AE Supply. PE included an adjustment to recognize the pricing of generation services to default service customers pursuant to the Memorandum of Agreement ("MOA"), adopted by the Commission in Case No. PUE-2000-00280. The effect of the repricing increased test year purchased power expense

allocable to the Virginia jurisdiction by \$451,000. In approving the MOA, the Commission found that safeguards set forth in the MOA provided satisfactory assurances that Allegheny Power's generating assets or their equivalent would remain available for service through the default service period. It is Staff's position that the alternative pricing safeguards are only applicable when the actual cost to Potomac Edison of purchasing power to meet its Virginia retail load exceeds the hypothetical cost under the MOA repricing methodology. Therefore, Staff did not adjust purchased power expense. As a result, Staff's earnings test indicates a return on average rate base of 9.04% and a return on average equity capital of 10.35%.

Potomac Edison filed a Response to Commission Staff Report on April 1, 2005. While Potomac Edison agreed with Staff's conclusion that no further action was necessary, it disagreed with Staff's adjustment to purchased power expense. PE argued that Staff should be consistent in adjusting purchase power under its interpretation of the MOU. The case is still open before the Commission.

Appalachian Power Company Case No. PUE-2004-00049

Appalachian Power Company's ("APCo") filed its 2003 earnings tests reflecting a return on average rate base of 8.43% and a return on average equity capital of 12.10%. Staff agreed with the adjustments made by the company, with the following exceptions.

1. Generation-Related Regulatory Assets

Staff has made adjustments to APCo's amortization of certain generation-related regulatory assets. In June 2000, APCo reclassified such regulatory assets (which had Commission-approved amortization periods of varying lengths) from individual subaccounts to a net transition regulatory asset to be amortized from July 2000 through

June 2007. Consequently, the annual amortization expense associated with each such asset was altered. Staff has restated the expense to remove the effects of the Company's reclassification. In addition, APCo functionalized the amortization expense as a distribution cost. Staff has functionalized its adjusted amortization expense as a generation cost. In the Commission's Order on Functional Separation in Case No. PUE-2001-00011, APCo was ordered to assign this amortization expense to the generation function.

In APCo's June 24, 2005 Response to Commission Staff Report ("Response"), APCo disagreed with Staff's above adjustments.

2. Accounts Receivable Savings

APCo began factoring its electric customer accounts receivable to AEP Credit, an affiliate, during 2001. APCo asserted that it would experience net savings from this program, primarily resulting from the fact that AEP Credit's cost of capital is far lower than APCo's cost of capital. However, APCo's savings related to its reduced financing costs are not reflected in its earnings test. This is because APCo has a zero cash working capital requirement in lieu of filing a lead/lag study. The primary benefit of the arrangement is the reduction of cash working capital. Without a lead/lag study, this benefit does not accrue to the customer.

Staff believes that all impacts of the factoring program should be reflected in the cost of service. During the course of Staff's investigation of this AIF, APCo provided a calculation of a rate base adjustment to reflect the savings and stated that the adjustment should be assigned to the distribution function. Staff has included this rate base adjustment. After Staff's adjustment, all impacts of the factoring program are

incorporated in the earnings test results. Staff has allocated the adjustment to all functions for reasons discussed below, despite APCo's belief that it should be assigned only to the distribution function.

APCo's Response did not specifically address this adjustment, though it did state in the Response that APCo "does not intend to waive the right to argue against any accounting adjustment or ratemaking treatment proposed by the Staff in any future proceeding by the filing of this response to the Staff Report."

3. Accounts Receivable Cost Functionalization

APCo functionalized the costs of the factoring program as a distribution cost. Staff does not believe it is appropriate for the distribution function to bear the entire cost of the program. All accounts receivable are factored, whether arising from distribution, transmission, or generation revenue. Staff has assigned a portion of the factoring costs to each function based on each function's relative level of revenue.

APCo's Response did not address Staff's functionalization of these costs.

4. State Income Tax

APCo did not propose an earnings test adjustment to reflect the Virginia state income tax ("VSIT") effect of its other adjustments. Staff has calculated the VSIT effect of its adjustments and included an adjustment to reflect the impact.

APCo's Response noted that while it understands the concept of Staff's VSIT adjustment, it reserves the right to contest Staff's calculations.

Based on Staff's analysis, Staff's earnings test indicates a return on average rate base of 9.16% and a return on average equity capital of 13.96%.

Review of Cooperative Financial Information:

Staff compared the 2004 financial information provided by Consumer Counsel to information in the RUS Form 7 filed with the Division of Public Utility Accounting. Staff was unable to verify Prince George Electric Cooperative's financial information since Prince George did not file a 2004 RUS Form 7. As to the remaining cooperative's information, Staff identified two issues: (1) capital credits should reflect capital credits to be received by the cooperative rather than capital credits paid to members; and (2) increases in purchased power expense makes the composite O&M percentage for 2004 materially different from the 2003 composite O&M percentage used to calculate the generation revenue requirement. The files sent to Consumer Counsel reflect capital credits accrued by the cooperatives and functionalization of each individual O&M expense item.

Note: This information was prepared and provided by SCC Staff.

The Potomac Edison Company d/b/a Allegheny Power
**SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
 AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total	Generation	Va Jurisdiction	Generation
	2001	2002	2003	2004	2001-2004	Rev Rqt	kWh Sales	Rev Rqt, cts/kWh
						2004	2004	2004
9.00%	6,193,132	6,765,082	1,692,553	N/A	\$14,650,768	\$106,999,575	2,778,255,638	3.851
10.00%	4,902,319	5,659,716	438,727	N/A	\$11,000,761	\$106,999,575	2,778,255,638	3.851
11.00%	3,611,506	4,554,349	N/A	N/A	\$8,165,855	\$106,999,575	2,778,255,638	3.851
12.00%	2,320,692	3,448,983	N/A	N/A	\$5,769,675	\$106,999,575	2,778,255,638	3.851

The Potomac Edison Company d/b/a Allegheny Power
Rate of Return Statement - Earnings Test
For the Year Ended December 31, 2004
(\$000's)

	Total Company	Non- Jurisdictional	Virginia Jurisdictional Business	Regulatory Accounting Adjustments	Jurisdictional after all Adjustments
Operating Revenues	924,425	767,852	156,573		156,573
Operating Revenue Deductions					
Operation and Maintenance Expense	752,098	632,797	119,301	7,180	126,481
Depreciation and Amortization	39,622	29,868	9,754		9,754
Income Taxes	34,341	26,068	8,273	(3,133)	5,140
Taxes Other Than Income Taxes	34,207	30,685	3,522		3,522
Gain/Loss on Property Disposition			0		0
Accretion Expense	17	17	0		0
Total Operating Expenses	860,285	719,435	140,850	4,047	144,897
Operating Income	64,140	48,417	15,723	(4,047)	11,676
Plus: AFUDC	1,032	1,032	0		0
Less: Charitable Contributions (net of tax)	327	259	68	(68)	0
Less: Interest Expense on Customer Deposits	61	47	14		14
Adjusted Operating Income	64,784	49,143	15,641	(3,979)	11,662
Plus: Other Income (Expense)	5,790	5,790	0		0
Less: Interest Expense	32,593	25,775	6,818	(1,027)	5,791
Less: Preferred Dividend			0		0
Less: JDC Capital Expense			0	128	128
Income Available for Common Equity	37,981	29,158	8,823	(3,080)	5,743
Allowance for Working Capital	14,046	11,028	3,018		3,018
Plus: Net Utility Plant	920,507	737,263	183,244	(452)	182,792
Less: Other Rate Base Deductions	131,105	103,573	27,532	3,512	31,044
Total Average Rate Base	803,448	644,718	158,730	(3,964)	154,766
Total Average Capital for Ratemaking	820,180		158,730	(3,964)	154,766
Average Common Equity Capital	408,042		78,969	(1,972)	76,997
% Rate of Return Earned on Avg. Rate Base	8.06%		9.85%		7.54%
% Rate of Return Earned on Avg. Common Equity	9.31%		11.17%		7.46%

The Potomac Edison Company d/b/a Allegaheny power
Rate of Return statement - Earnings Test for Purchased Power
For the Year Ended Decemeber 31, 2004
(\$000's)

	<u>Virginia Jurisdictional Purchased Power</u>	<u>Regulatory Accounting Adjustments</u>	<u>VA Jurisdictional Purchased Power Adjusted</u>
Operating Revenues	94,112		94,112
Operating Revenue Deductions			
Operation and Maintenance Expense	94,823	7,180	102,003
Depreciation and Amortization			0
Income Taxes	132	(240)	(108)
Taxes Other Than Income Taxes			0
Gain/Loss on Property Disposition			0
Total Operating Expenses	94,955	6,940	101,895
Operating Income	(843)	(6,940)	(7,783)
Plus: AFUDC			0
Less: Charitable Contributions (net of tax)			0
Less: Interest Expense on Customer Deposits			0
Adjusted Operating Income	(843)	(6,940)	(7,783)
Plus: Other Income (Expense)			0
Less: Interest Expense			0
Less: Preferred Dividend			0
Less: JDC Capital Expense			0
Income Available for Common Equity	(843)	(6,940)	(7,783)
Allowance for Working Capital			0
Plus: Net Utility Plant			0
Less: Other Rate Base Deductions			0
Total Average Rate Base	0	0	0
Total Average Capital for Ratemaking	0	0	0
Average Common Equity Capital	0	0	0

**The Potomac Edison Company d/b/a Allegheny Power
 Generation Revenue Requirement
 Based on 9, 10, 11 AND 12% ROE**

9% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(7,783)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	7,783
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	12,888
PLUS: ADJUSTED REVENUES	<u>94,112</u>
TOTAL REVENUE REQUIREMENT	<u>107,000</u>

10% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(7,783)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	7,783
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	12,888
PLUS: ADJUSTED REVENUES	<u>94,112</u>
TOTAL REVENUE REQUIREMENT	<u>107,000</u>

11% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(7,783)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	7,783
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	12,888
PLUS: ADJUSTED REVENUES	<u>94,112</u>
TOTAL REVENUE REQUIREMENT	<u>107,000</u>

12% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(7,783)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	7,783
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	12,888
PLUS: ADJUSTED REVENUES	<u>94,112</u>
TOTAL REVENUE REQUIREMENT	<u>107,000</u>

The Potomac Edison Company d/b/a Allegheny Power
Calculation of Earnings
Based on 9, 10, 11 AND 12% ROE

9% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	7,016	6,229	6,815	6,930
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(3,740)	(4,236)	(1,022)	1,187
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</u>	<u>60.39%</u>
REGULATORY ASSET WRITE-OFF	<u>6,193</u>	<u>6,765</u>	<u>1,693</u>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	7,795	6,921	7,572	7,700
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(2,961)	(3,544)	(265)	1,957
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</u>	<u>60.39%</u>
REGULATORY ASSET WRITE-OFF	<u>4,902</u>	<u>5,660</u>	<u>439</u>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	8,575	7,613	8,329	8,470
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(2,181)	(2,852)	492	2,727
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</u>	<u>60.39%</u>
REGULATORY ASSET WRITE-OFF	<u>3,612</u>	<u>4,554</u>	<u>N/A</u>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	9,354	8,305	9,086	9,240
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(1,402)	(2,160)	1,249	3,497
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</u>	<u>60.39%</u>
REGULATORY ASSET WRITE-OFF	<u>2,321</u>	<u>3,449</u>	<u>N/A</u>	<u>N/A</u>

The Potomac Edison Company d/b/a Allegheny Power
Rate of Return Statement - Earnings Test
For the Year Ended December 31, 2003
(\$000's)

	Total Company	Non- Jurisdictional	Virginia Jurisdictional Business	Regulatory Accounting Adjustments	Jurisdictional after all Adjustments
Operating Revenues	905,214	752,022	153,192		153,192
Operating Revenue Deductions					
Operation and Maintenance Expense	756,918	633,531	123,387		123,387
Depreciation and Amortization	38,319	29,842	8,477		8,477
Income Taxes	15,342	11,791	3,551	110	3,661
Taxes Other Than Income Taxes	38,214	34,392	3,822		3,822
Gain/Loss on Property Disposition	0	0	0		0
Total Operating Expenses	848,793	709,556	139,237	110	139,347
Operating Income	56,421	42,466	13,955	(110)	13,845
Plus: AFUDC	790	790	0		0
Less: Charitable Contributions (net of tax)	16	13	3	(3)	0
Less: Interest Expense on Customer Deposits	71	55	16		16
Adjusted Operating Income	57,124	43,188	13,936	(107)	13,829
Plus: Other Income (Expense)	15,245	15,245	0		0
Less: Interest Expense	31,325	24,807	6,518	(671)	5,847
Less: Preferred Dividend	0	0	0		0
Less: JDC Capital Expense	0	0	0	145	145
Income Available for Common Equity	41,044	33,626	7,418	419	7,837
Allowance for Working Capital	9,534	6,652	2,882		2,882
Plus: Net Utility Plant	898,530	721,103	177,427	(364)	177,063
Less: Other Rate Base Deductions	111,123	87,812	23,311	3,622	26,933
Total Average Rate Base	796,941	639,943	156,998	(3,986)	153,012
Total Average Capital for Ratemaking	822,100		156,998	(3,986)	153,012
Average Common Equity Capital	406,831		77,693	(1,973)	75,720
% Rate of Return Earned on Avg. Rate Base	7.17%		8.88%		9.04%
% Rate of Return Earned on Avg. Common Equity	10.09%		9.55%		10.35%

The Potomac Edison Company d/b/a Allegheny power
Rate of Return statement - Earnings Test for Purchased Power
For the Year Ended Decemeber 31, 2003
(\$000's)

	<u>Virginia Jurisdictional Purchased Power</u>	<u>Regulatory Accounting Adjustments</u>	<u>VA Jurisdictional Purchased Power Adjusted</u>
Operating Revenues	91,688		91,688
Operating Revenue Deductions			
Operation and Maintenance Expense	96,471		96,471
Depreciation and Amortization	0		0
Income Taxes	120		120
Taxes Other Than Income Taxes	0		0
Gain/Loss on Property Disposition	0		0
Total Operating Expenses	96,591		96,591
Operating Income	(4,903)		(4,903)
Plus: AFUDC	0		0
Less: Charitable Contributions (net of tax)	0		0
Less: Interest Expense on Customer Deposits	0		0
Adjusted Operating Income	(4,903)		(4,903)
Plus: Other Income (Expense)	0		0
Less: Interest Expense	0		0
Less: Preferred Dividend	0		0
Less: JDC Capital Expense	0		0
Income Available for Common Equity	(4,903)		(4,903)
Allowance for Working Capital	0		0
Plus: Net Utility Plant	0		0
Less: Other Rate Base Deductions	0		0
Total Average Rate Base	0		0
Total Average Captial for Ratemaking	0		0
Average Common Equity Capital	0		0

The Potomac Edison Company d/b/a Allegheny Power
Rate of Return Statement - Earnings Test
For the Year Ended December 31, 2002
(\$000's)

	(1) <u>Total</u> <u>Company</u>	(2) <u>Non-</u> <u>Jurisdictional</u>	(3) <u>Virginia</u> <u>Jurisdictional</u> <u>Business</u>	(4) <u>Regulatory</u> <u>Accounting</u> <u>Adjustments</u>	(5) <u>Jurisdictional</u> <u>after all</u> <u>Adjustments</u>
Operating Revenues	870,198	722,467	147,731	0	147,731
Operating Revenue Deductions					
Operation and Maintenance Expense	723,298	607,294	116,004	(2,438)	113,566
Depreciation and Amortization	36,170	28,985	7,185	0	7,185
Income Taxes	15,990	10,393	5,597	988	6,585
Taxes Other Than Income Taxes	30,242	26,280	3,962	0	3,962
Gain/Loss on Property Disposition	0	0	0	0	0
Total Operating Expenses	805,700	672,952	132,748	(1,450)	131,298
Operating Income	64,498	49,515	14,983	1,450	16,433
Plus: AFUDC (where applicable)	(138)	(138)	0	0	0
Less: Charitable Contributions (net of tax)	113	89	24	(24)	0
Less: Interest Expense on Customer Deposits	164	122	42	0	42
Adjusted Operating Income	64,083	49,166	14,917	1,474	16,391
Plus: Other Income (Expense)	0	0	0	0	0
Less: Interest Expense	32,995	26,369	6,626	(856)	5,770
Less: Preferred Dividend	0	0	0	0	0
Less: JDC Capital Expense	N/A	N/A	0	156	156
Income Available for Common Equity	31,088	22,797	8,291	2,174	10,465
Allowance for Working Capital	6,876	4,105	2,771	0	2,771
Plus: Net Utility Plant	892,133	716,294	175,839	(265)	175,574
Less: Other Rate Base Deductions	100,255	75,615	24,640	2,678	27,318
Total Average Rate Base	798,754	644,784	153,970	(2,943)	151,027
Total Average Capital for Ratemaking	840,717	686,747	153,970	(2,943)	151,027
Average Common Equity Capital	385,280	314,719	70,561	(1,349)	69,212
Rate of Return Earned on Avg. Rate Base	8.02%		9.69%		10.85%
Rate of Return Earned on Avg. Common Equity	8.07%		11.75%		15.12%

The Potomac Edison Company d/b/a Allegheny Power
Rate of Return Statement - Earnings Test
For the Year Ended December 31, 2001
(\$000's)

	<u>Total Company Per Books</u>	<u>Non- Jurisdictional</u>	<u>Virginia Jurisdictional Business</u>	<u>Regulatory Accounting Adjustments</u>	<u>Jurisdictional after all Adjustments</u>
Operating Revenues	864,534	723,586	140,948	0	140,948
Operating Expenses					
Operation and Maintenance Expense	688,435	580,828	107,607	(2,437)	105,170
Depreciation and Amortization	33,876	25,995	7,881	0	7,881
Income Taxes	26,683	22,878	3,805	1,673	5,478
Taxes Other Than Income Taxes	30,004	25,011	4,993	0	4,993
Gain/Loss on Property Disposition	0	0	0	0	0
Total Operating Expenses	778,998	654,712	124,286	(764)	123,522
Operating Income	85,536	68,874	16,662	764	17,426
Plus: AFUDC (where applicable)	178	178	0	0	0
Less: Charitable Contributions (net of tax)	511	405	106	(106)	0
Less: Interest Expense on Customer Deposits	149	103	46		46
Adjusted Operating Income	85,054	68,544	16,510	870	17,380
Plus: Other Income (Expense)	0	0	0	0	0
Less: Interest Expense	35,193	28,044	7,149	(718)	6,431
Less: Preferred Dividend	0	0	0	0	0
Less: JDC Capital Expense	0	0	0	193	193
Income Available for Common Equity	49,861	40,500	9,361	1,395	10,756
Allowance for Working Capital	36,131	27,525	8,606	0	8,606
Plus: Net Utility Plant	880,476	707,880	172,596	(283)	172,313
Less: Other Rate Base Deductions	99,525	79,550	19,975	0	19,975
Total Rate Base	817,082	655,855	161,227	(283)	160,944
Total Capital for Ratemaking	831,618		161,227	(283)	160,944
Common Equity Capital	402,799		78,091	(137)	77,954
Rate of Return Earned on Rate Base	10.41%		10.24%		10.80%
Rate of Return on Common Equity	12.38%		11.99%		13.80%

APPALACHIAN POWER COMPANY
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
Bundled Earnings Available for Stranded Cost Recovery	4,545,756	32,640,774	43,664,097	N/A	\$80,850,627	\$675,724,535	15,197,698,918	4.446
	N/A	24,017,839	34,860,008	N/A	\$58,877,847	\$679,245,834	15,197,698,918	4.469
	N/A	15,394,904	26,055,918	N/A	\$41,450,822	\$682,767,134	15,197,698,918	4.493
	N/A	6,771,969	17,251,829	N/A	\$24,023,797	\$686,288,433	15,197,698,918	4.516

Appalachian Power Company
Rate of Return Statement - Bundled Earnings Test
For the Test Year Ended December 31, 2004

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$927,818,581	\$0	\$927,818,581
2	Operating Revenue Deductions			
3	Operation and Maintenance Expense	\$655,231,901	(\$1,247,288)	\$653,984,613
4	Depreciation and Amortization Expense	102,114,468	6,588,077	108,702,545
5	Income Taxes	28,294,542	(453,717)	27,840,825
6	Taxes Other than Income	45,083,093	(423,413)	44,659,680
7	Gain/Loss on Property Disposition	(2,461,930)	0	(2,461,930)
	Total Operating Revenue Deductions	<u>\$828,262,074</u>	<u>\$4,463,659</u>	<u>\$832,725,733</u>
8	Operating Income (Loss)	<u>\$99,556,507</u>	<u>(\$4,463,659)</u>	<u>\$95,092,848</u>
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	864,043	0	864,043
11	Less: Interest on Customer Deposits	237,156	0	237,156
12	Adjusted Operating Income	<u>\$98,455,308</u>	<u>(\$4,463,659)</u>	<u>\$93,991,649</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	58,040,048	(6,175,072)	51,864,976
15	Less: Preferred Dividend	566,953	(65,993)	500,960
16	Less: JDC Capital Expense	708,878	(20,059)	688,819
17	Income Available for Common Equity	<u>\$39,139,429</u>	<u>\$1,797,465</u>	<u>\$40,936,894</u>
18	Rate Base			
19	Allowance for Working Capital	\$55,236,441	\$0	\$55,236,441
20	Net Utility Plant	1,999,099,984	(186,309,778)	1,812,790,206
21	Other Rate Base Deductions	302,615,899	(88,066)	302,527,833
	Total Rate Base	<u>\$1,751,720,526</u>	<u>(\$186,221,712)</u>	<u>\$1,565,498,814</u>
22	Common Equity Capital	\$730,029,529	(\$77,607,898)	\$652,421,631
23	Rate of Return Earned on Rate Base	5.62%		6.00%
24	Rate of Return Earned on Common Equity	5.36%		6.27%

Appalachian Power Company
Rate of Return Statement - Generation Earnings Test
For the Test Year Ended December 31, 2004

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$624,269,201	\$0	\$624,269,201
2	Operating Revenue Deductions			
3	Operation and Maintenance Expense	\$553,849,937	(\$382,635)	\$553,467,302
4	Depreciation and Amortization Expense	38,897,754	6,203,441	45,101,195
5	Income Taxes	(2,396,352)	(692,623)	(3,088,975)
6	Taxes Other than Income	27,672,905	1,417,395	29,090,300
7	Gain/Loss on Property Disposition	(6,191,432)	0	(6,191,432)
	Total Operating Revenue Deductions	<u>\$611,832,812</u>	<u>\$6,545,578</u>	<u>\$618,378,390</u>
8	Operating Income (Loss)	<u>\$12,436,389</u>	<u>(\$6,545,578)</u>	<u>\$5,890,811</u>
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	322,480	0	322,480
11	Less: Interest on Customer Deposits	0	0	0
12	Adjusted Operating Income	<u>\$12,113,909</u>	<u>(\$6,545,578)</u>	<u>\$5,568,331</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	24,192,328	(5,995,167)	18,197,161
15	Less: Preferred Dividend	236,318	(58,563)	177,755
16	Less: JDC Capital Expense	87,220	(47,439)	39,781
17	Income Available for Common Equity	<u>(\$12,401,957)</u>	<u>(\$444,409)</u>	<u>(\$12,846,366)</u>
18	Rate Base			
19	Allowance for Working Capital	\$46,896,678	\$0	\$46,896,678
20	Net Utility Plant	753,278,785	(181,345,688)	571,933,097
21	Other Rate Base Deductions	70,021,053	(374,132)	69,646,921
	Total Rate Base	<u>\$730,154,410</u>	<u>(\$180,971,556)</u>	<u>\$549,182,854</u>
22	Common Equity Capital	\$304,291,850	(\$75,407,393)	\$228,884,457
23	Rate of Return Earned on Rate Base	1.66%		1.01%
24	Rate of Return Earned on Common Equity	-4.08%		-5.61%

**APPALACHIAN POWER COMPANY
GENERATION REVENUE REQUIREMENT
BASED ON 9, 10, 11 AND 12% ROE**

9% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	228,884,457
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	20,599,601
LESS: ACTUAL INCOME AVAILABLE	<u>(12,846,366)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	33,445,967
DIVIDED BY: GROSS-UP FACTOR	<u>65.00%</u>
ADDITIONAL REVENUE REQUIREMENT	51,455,334
PLUS: ADJUSTED REVENUES	<u>624,269,201</u>
TOTAL REVENUE REQUIREMENT	<u>675,724,535</u>
10% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	228,884,457
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	22,888,446
LESS: ACTUAL INCOME AVAILABLE	<u>(12,846,366)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	35,734,812
DIVIDED BY: GROSS-UP FACTOR	<u>65.00%</u>
ADDITIONAL REVENUE REQUIREMENT	54,976,633
PLUS: ADJUSTED REVENUES	<u>624,269,201</u>
TOTAL REVENUE REQUIREMENT	<u>679,245,834</u>
11% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	228,884,457
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	25,177,290
LESS: ACTUAL INCOME AVAILABLE	<u>(12,846,366)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	38,023,656
DIVIDED BY: GROSS-UP FACTOR	<u>65.00%</u>
ADDITIONAL REVENUE REQUIREMENT	58,497,933
PLUS: ADJUSTED REVENUES	<u>624,269,201</u>
TOTAL REVENUE REQUIREMENT	<u>682,767,134</u>
12% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	228,884,457
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	27,466,135
LESS: ACTUAL INCOME AVAILABLE	<u>(12,846,366)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	40,312,501
DIVIDED BY: GROSS-UP FACTOR	<u>65.00%</u>
ADDITIONAL REVENUE REQUIREMENT	62,019,232
PLUS: ADJUSTED REVENUES	<u>624,269,201</u>
TOTAL REVENUE REQUIREMENT	<u>686,288,433</u>

**APPALACHIAN POWER COMPANY
CALCULATION OF EARNINGS
BASED ON 9, 10, 11 AND 12% ROE**

9% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	48,136,536	48,966,156	49,448,917	58,717,947
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>50,921,721</u>	<u>69,561,015</u>	<u>76,698,152</u>	<u>40,936,894</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(2,785,185)	(20,594,859)	(27,249,235)	17,781,053
DIVIDED BY: GROSS-UP FACTOR	<u>61.27%</u>	<u>63.10%</u>	<u>62.41%</u>	<u>65.00%</u>
REGULATORY ASSET WRITE-OFF	<u>4,545,756</u>	<u>32,640,774</u>	<u>43,664,097</u>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	53,485,040	54,406,840	54,943,241	65,242,163
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>50,921,721</u>	<u>69,561,015</u>	<u>76,698,152</u>	<u>40,936,894</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	2,563,319	(15,154,176)	(21,754,911)	24,305,269
DIVIDED BY: GROSS-UP FACTOR	<u>61.27%</u>	<u>63.10%</u>	<u>62.41%</u>	<u>65.00%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>24,017,839</u>	<u>34,860,008</u>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	58,833,544	59,847,523	60,437,565	71,766,379
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>50,921,721</u>	<u>69,561,015</u>	<u>76,698,152</u>	<u>40,936,894</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	7,911,823	(9,713,492)	(16,260,587)	30,829,485
DIVIDED BY: GROSS-UP FACTOR	<u>61.27%</u>	<u>63.10%</u>	<u>62.41%</u>	<u>65.00%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>15,394,904</u>	<u>26,055,918</u>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	64,182,048	65,288,207	65,931,890	78,290,596
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>50,921,721</u>	<u>69,561,015</u>	<u>76,698,152</u>	<u>40,936,894</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	13,260,327	(4,272,808)	(10,766,262)	37,353,702
DIVIDED BY: GROSS-UP FACTOR	<u>61.27%</u>	<u>63.10%</u>	<u>62.41%</u>	<u>65.00%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>6,771,969</u>	<u>17,251,829</u>	<u>N/A</u>

Appalachian Power Company
Rate of Return Statement - Bundled Earnings Test
For the Test Year Ended December 31, 2003

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$931,177,798	\$0	\$931,177,798
2	Operating Revenue Deductions			
3	Operation and Maintenance Expense	\$618,766,530	(\$9,153,195)	\$609,613,335
4	Depreciation and Amortization Expense	99,204,850	6,379,139	105,583,989
5	Income Taxes	40,482,080	4,539,463	45,021,543
6	Taxes Other than Income	39,998,205	0	39,998,205
7	Gain/Loss on Property Disposition	1,340,418	0	1,340,418
8	Total Operating Revenue Deductions	<u>\$799,792,083</u>	<u>\$6,617,817</u>	<u>\$801,557,490</u>
9	Operating Income (Loss)	\$131,385,715	(\$6,617,817)	\$129,620,308
10	Plus: AFUDC	\$0	\$0	\$0
11	Less: Charitable Donations - Net of Tax	262,926	0	262,926
12	Less: Interest on Customer Deposits	(22,973)	0	(22,973)
13	Adjusted Operating Income	<u>\$131,145,762</u>	<u>(\$6,617,817)</u>	<u>\$129,380,355</u>
14	Plus: Other Income	\$0	\$0	\$0
15	Less: Interest Expense	59,024,602	(7,797,943)	51,226,659
16	Less: Preferred Dividend	698,022	(90,368)	607,654
17	Less: JDC Capital Expense	974,413	(126,523)	847,890
18	Income Available for Common Equity	<u>\$70,448,725</u>	<u>(\$1,012,100)</u>	<u>\$76,698,152</u>
19	Rate Base			
20	Allowance for Working Capital	\$46,970,495	\$0	\$46,970,495
21	Net Utility Plant	1,810,444,339	(150,966,139)	1,659,478,200
22	Other Rate Base Deductions	229,865,485	63,434,000	293,299,485
23	Total Rate Base	<u>\$1,627,549,349</u>	<u>(\$150,966,139)</u>	<u>\$1,413,149,210</u>
24	Common Equity Capital	\$632,791,187	(\$83,358,774)	\$549,432,413
25	Rate of Return Earned on Rate Base	8.06%		9.16%
26	Rate of Return Earned on Common Equity	11.13%		13.96%

Appalachian Power Company
Rate of Return Statement - Generation Earnings Test
For the Test Year Ended December 31, 2003

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$635,213,194	\$0	\$635,213,194
	Operating Revenue Deductions			
2	Operation and Maintenance Expense	\$526,470,402	(\$335,598)	\$526,134,804
3	Depreciation and Amortization Expense	35,633,224	5,982,522	41,615,746
4	Income Taxes	11,226,378	489,554	11,715,932
5	Taxes Other than Income	24,996,041	0	24,996,041
6	Gain/Loss on Property Disposition	(2,051,862)	2,319,743	267,881
7	Total Operating Revenue Deductions	<u>\$596,274,183</u>	<u>\$6,638,818</u>	<u>\$604,730,404</u>
8	Operating Income (Loss)	<u>\$38,939,011</u>	<u>(\$6,638,818)</u>	<u>\$30,482,790</u>
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	(1,134)	0	(1,134)
11	Less: Interest on Customer Deposits	0	0	0
12	Adjusted Operating Income	<u>\$38,940,145</u>	<u>(\$6,638,818)</u>	<u>\$30,483,924</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	21,698,313	(6,885,093)	14,813,220
15	Less: Preferred Dividend	256,603	(80,888)	175,715
16	Less: JDC Capital Expense	289,325	(44,141)	245,184
17	Income Available for Common Equity	<u>\$16,695,904</u>	<u>(\$1,221,438)</u>	<u>\$15,249,805</u>
	Rate Base			
18	Allowance for Working Capital	\$41,402,142	\$0	\$41,402,142
19	Net Utility Plant	616,795,885	(146,398,360)	470,397,525
20	Other Rate Base Deductions	59,886,916	43,272,202	103,159,118
21	Total Rate Base	<u>\$598,311,111</u>	<u>(\$146,398,360)</u>	<u>\$408,640,549</u>
22	Common Equity Capital	\$232,632,360	(\$73,752,915)	\$158,879,445
23	Rate of Return Earned on Rate Base	6.51%		7.46%
24	Rate of Return Earned on Common Equity	7.18%		9.60%

Appalachian Power Company
Rate of Return Statement - Bundled Earnings Test
For the Test Year Ended December 31, 2002

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$860,066,162	\$0	\$860,066,162
2	Operating Revenue Deductions			
3	Operation and Maintenance Expense	\$550,289,387	(\$2,172,897)	\$548,116,490
4	Depreciation and Amortization Expense	93,499,021	3,494,012	96,993,033
5	Income Taxes	44,632,295	1,771,318	46,403,613
6	Taxes Other than Income	43,769,519	0	43,769,519
7	Gain/Loss on Property Disposition	1,534,266	(6,026,882)	(4,492,616)
	Total Operating Revenue Deductions	<u>\$733,724,488</u>	<u>(\$2,934,449)</u>	<u>\$730,790,039</u>
8	Operating Income (Loss)	\$126,341,674	\$2,934,449	\$129,276,123
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	180,398	0	180,398
11	Less: Interest on Customer Deposits	249,567	0	249,567
12	Adjusted Operating Income	<u>\$125,911,709</u>	<u>\$2,934,449</u>	<u>\$128,846,158</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	58,806,315	(1,251,801)	57,554,514
15	Less: Preferred Dividend	697,572	(17,154)	680,418
16	Less: JDC Capital Expense	1,067,731	(17,520)	1,050,211
17	Income Available for Common Equity	<u>\$65,340,091</u>	<u>\$4,220,924</u>	<u>\$69,561,015</u>
18	Rate Base			
19	Allowance for Working Capital	\$51,182,933	\$0	\$51,182,933
20	Net Utility Plant	1,664,785,605	(28,575,312)	1,636,210,293
21	Other Rate Base Deductions	208,222,992	0	208,222,992
	Total Rate Base	<u>\$1,507,745,546</u>	<u>(\$28,575,312)</u>	<u>\$1,479,170,234</u>
22	Common Equity Capital	\$556,961,205	(\$12,892,810)	\$544,068,395
23	Rate of Return Earned on Rate Base	8.35%		8.71%
24	Rate of Return Earned on Common Equity	11.73%		12.79%

Appalachian Power Company
Rate of Return Statement - Bundled Earnings Test
For the Test Year Ended December 31, 2001

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$3,273,368,576	\$0	\$3,273,368,576
	Operating Revenue Deductions			
2	Operation and Maintenance Expense	\$2,980,335,551	(\$4,310,272)	\$2,976,025,279
3	Depreciation and Amortization Expense	90,118,168	3,310,749	93,428,917
4	Income Taxes	42,321,233	2,276,129	44,597,362
5	Taxes Other than Income	54,947,681	248,820	55,196,501
6	Gain/Loss on Property Disposition	(3,528,027)	(5,671,264)	(9,199,291)
7	Total Operating Revenue Deductions	<u>\$3,164,194,606</u>	<u>(\$4,145,838)</u>	<u>\$3,160,048,768</u>
8	Operating Income (Loss)	<u>\$109,173,970</u>	<u>\$4,145,838</u>	<u>\$113,319,808</u>
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	136,676	0	136,676
11	Less: Interest on Customer Deposits	464,666	0	464,666
12	Adjusted Operating Income	<u>\$108,572,628</u>	<u>\$4,145,838</u>	<u>\$112,718,466</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	60,873,093	(1,072,945)	59,800,148
15	Less: Preferred Dividend	717,645	(19,534)	698,111
16	Less: JDC Capital Expense	1,148,698	149,788	1,298,486
17	Income Available for Common Equity	<u>\$45,833,192</u>	<u>\$5,088,529</u>	<u>\$50,921,721</u>
	Rate Base			
18	Allowance for Working Capital	\$48,891,141	\$0	\$48,891,141
19	Net Utility Plant	1,603,789,955	(25,011,365)	1,578,778,590
20	Other Rate Base Deductions	231,448,671	0	231,448,671
21	Total Rate Base	<u>\$1,421,232,425</u>	<u>(\$25,011,365)</u>	<u>\$1,396,221,060</u>
22	Common Equity Capital	\$544,431,505	(\$9,581,104)	\$534,850,401
23	Rate of Return Earned on Rate Base	7.64%		8.07%
24	Rate of Return Earned on Common Equity	8.42%		9.52%

Delmarva Power and Light Company
**SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
Bundled Earnings Available for Stranded Cost Recovery	N/A	N/A	N/A	N/A	\$0	\$22,083,519	433,924,727	5.089
	N/A	N/A	N/A	N/A	\$0	\$22,097,545	433,924,727	5.092
	N/A	N/A	N/A	N/A	\$0	\$22,111,571	433,924,727	5.096
	N/A	N/A	N/A	N/A	\$0	\$22,125,597	433,924,727	5.099

Delmarva Power & Light Company
Rate of Return Statement - Bundled Earnings Test
12 Months ending December 31, 2004
(000's)

<u>Line No.</u>	<u>Particulars</u>	<u>Virginia Jurisdiction Per Books</u>	<u>Previously Approved Adjustments</u>	<u>Virginia Adjusted</u>
1	Total Revenues	34,799		34,799
2	Operation & Maintenance Expense	27,700	(110)	27,590
3	Depreciation and Amortization	2,389	183	2,572
4	Income Taxes	954	73	1,027
5	Taxes other than Income Taxes	1,236	(169)	1,067
6	Gain/Loss on Property Disposition	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Expenses	32,279	(23)	32,256
8	Operating Income	2,520	23	2,543
9	AFUDC	0	0	0
10	Less:Charitable Contributions & IOCD	<u>7</u>	<u>3</u>	<u>10</u>
11	Adjusted Operating Income	2,513	20	2,533
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	1,044	0	1,044
14	Preferred Dividends	<u>49</u>	<u>0</u>	<u>49</u>
15	Income Available for Common Equity	1,420	20	1,440
16	Allowance for Working Capital	9,030	(17)	9,013
17	Net Utility Plant	43,301	0	43,301
18	Other Rate Base Deductions	<u>11,489</u>	<u>0</u>	<u>11,489</u>
19	Total Rate Base	40,842	(17)	40,825
20	Total Capital	40,842		40,842
21	Common Equity Capital	20,520		20,520
22	ROR Earned on Rate Base	6.15%		6.20%
23	ROR Earned on Common Equity	6.92%		7.02%

Delmarva Power & Light Company
Rate of Return Statement - Earnings Test
Generation
12 Months ending December 31, 2004
(000's)

(1) Line No.	(2) <u>Particulars</u>	(3) <u>Virginia Jurisdiction Per Books</u>	(4) <u>Previously Approved Adjustments</u>	(5) <u>Virginia Adjusted</u>
1	Total Revenues	21,900		21,900
2	Operation & Maintenance Expense	21,900		21,900
3	Depreciation and Amortization	0	3	3
4	Income Taxes	(47)	(20)	(67)
5	Taxes other than Income Taxes	97	0	97
6	Gain/Loss on Property Disposition	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Expenses	21,950	(17)	21,933
8	Operating Income	(50)	17	(33)
9	AFUDC	0	0	0
10	Less:Charitable Contributions & IOCD	<u>0</u>	<u>0</u>	<u>0</u>
11	Adjusted Operating Income	(50)	17	(33)
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	0	0	0
14	Preferred Dividends	<u>2</u>	<u>0</u>	<u>2</u>
15	Income Available for Common Equity	(52)	17	(35)
16	Allowance for Working Capital	856	(1)	855
17	Net Utility Plant	5	0	5
18	Other Rate Base Deductions	<u>(1,083)</u>	<u>0</u>	<u>(1,083)</u>
19	Total Rate Base	1,944	(1)	1,943
20	Total Capital	1,944	(1)	1,943
21	Common Equity Capital	977	(120)	857
22	ROR Earned on Rate Base	-2.57%		-1.70%
23	ROR Earned on Common Equity	-5.32%		-4.08%

Delmarva Power & Light Company
GENERATION REVENUE REQUIREMENT
BASED ON 9, 10, 11 AND 12% ROE

9% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	857
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	77
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	112
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	184
PLUS: ADJUSTED REVENUES	<u>21,900</u>
TOTAL REVENUE REQUIREMENT	<u>22,084</u>

10% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	857
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	86
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	121
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	198
PLUS: ADJUSTED REVENUES	<u>21,900</u>
TOTAL REVENUE REQUIREMENT	<u>22,098</u>

11% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	857
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	94
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	129
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	212
PLUS: ADJUSTED REVENUES	<u>21,900</u>
TOTAL REVENUE REQUIREMENT	<u>22,112</u>

12% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	857
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	103
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	138
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	226
PLUS: ADJUSTED REVENUES	<u>21,900</u>
TOTAL REVENUE REQUIREMENT	<u>22,126</u>

Delmarva Power & Light Company
CALCULATION OF EARNINGS
BASED ON 9, 10, 11 AND 12% ROE

9% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	2,250	1,615	1,669	1,847
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	632	1,234	869	407
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	2,501	1,795	1,855	2,052
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	882	1,414	1,054	612
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	2,751	1,974	2,040	2,257
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	1,132	1,593	1,240	817
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	3,001	2,154	2,226	2,462
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	1,382	1,773	1,425	1,022
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>	<u>61.10%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Delmarva Power & Light Company
Rate of Return Statement - Bundled Earnings Test
12 Months ending December 31, 2003
(000's)

Line No.	<u>Particulars</u>	<u>Virginia Jurisdiction Per Books</u>	<u>Previously Approved Adjustments</u>	<u>Virginia Adjusted</u>
1	Total Revenues	33,531	0	33,531
2	Operation & Maintenance Expense	26,928	(26)	26,902
3	Depreciation and Amortization	2,319	183	2,502
4	Income Taxes	1,161	51	1,212
5	Taxes other than Income Taxes	931	0	931
6	Gain/Loss on Property Disposition	(2)	<u>0</u>	(2)
7	Total Expenses	31,337	208	31,545
8	Operating Income	2,194	(208)	1,986
9	AFUDC	0	0	0
10	Less: Charitable Contributions & IOCD	<u>14</u>	(5)	<u>9</u>
11	Adjusted Operating Income	2,180	(203)	1,977
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	1,343	(218)	1,125
14	Preferred Dividends	<u>45</u>	<u>6</u>	<u>51</u>
15	Income Available for Common Equity	792	9	801
16	Allowance for Working Capital	9,069	45	9,114
17	Net Utility Plant	42,874	0	42,874
18	Other Rate Base Deductions	<u>13,788</u>	<u>0</u>	<u>13,788</u>
19	Total Rate Base	38,155	45	38,200
20	Total Capital	38,155	45	38,200
21	Common Equity Capital	18,525	22	18,547
22	ROR Earned on Rate Base	5.71%		5.17%
23	ROR Earned on Common Equity	4.28%		4.32%

Delmarva Power & Light Company
Rate of Return Statement - Earnings Test
Generation
12 Months ending December 31, 2003
(000's)

(1) Line No.	(2) <u>Particulars</u>	(3) <u>Virginia Jurisdiction Per Books</u>	(4) <u>Previously Approved Adjustments</u>	(5) <u>Virginia Adjusted</u>
1	Total Revenues	21,135	0	21,135
2	Operation & Maintenance Expense	21,066	(1)	21,065
3	Depreciation and Amortization	0	0	0
4	Income Taxes	40	(20)	20
5	Taxes other than Income Taxes	7	0	7
6	Gain/Loss on Property Disposition	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Expenses	21,113	(21)	21,092
8	Operating Income	22	21	43
9	AFUDC	0	0	0
10	Less: Charitable Contributions & IOCD	<u>0</u>	<u>0</u>	<u>0</u>
11	Adjusted Operating Income	22	21	43
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	72	(20)	52
14	Preferred Dividends	<u>2</u>	<u>0</u>	<u>2</u>
15	Income Available for Common Equity	(52)	41	(11)
16	Allowance for Working Capital	1,615	2	1,617
17	Net Utility Plant	5	0	5
18	Other Rate Base Deductions	<u>(144)</u>	<u>0</u>	<u>(144)</u>
19	Total Rate Base	1,764	2	1,766
20	Total Capital	1,764	2	1,766
21	Common Equity Capital	856	1	857
22	ROR Earned on Rate Base	1.25%		2.43%
23	ROR Earned on Common Equity	-6.07%		-1.28%

Delmarva Power & Light Company
Rate of Return Statement - Earnings Test
12 Months ending December 31, 2002
(000's)

<u>Line No.</u>	<u>Particulars</u>	<u>Virginia Jurisdiction Per Books</u>	<u>Previously Approved Adjustments</u>	<u>Virginia Adjusted</u>
1	Total Revenues	32,884	0	32,884
2	Operation & Maintenance Expense	26,960	57	27,017
3	Depreciation and Amortization	2,349	183	2,532
4	Income Taxes	393	66	459
5	Taxes other than Income Taxes	1,053	0	1,053
6	Gain/Loss on Property Disposition	(9)	<u>0</u>	(9)
7	Total Expenses	30,746	306	31,052
8	Operating Income	2,138	(306)	1,832
9	AFUDC	0		0
10	Less: Charitable Contributions & IOCD	<u>54</u>	<u>0</u>	<u>54</u>
11	Adjusted Operating Income	2,084	(306)	1,778
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	1,680	(336)	1,344
14	Preferred Dividends	<u>53</u>	<u>(0)</u>	<u>53</u>
15	Income Available for Common Equity	351	30	381
16	Allowance for Working Capital	8,743	61	8,804
17	Net Utility Plant	43,817	0	43,817
18	Other Rate Base Deductions	<u>13,355</u>	<u>0</u>	<u>13,355</u>
19	Total Rate Base	39,205	61	39,266
20	Total Capital	39,205	61	39,266
21	Common Equity Capital	17,920	28	17,948
22	ROR Earned on Rate Base	5.32%		4.53%
23	ROR Earned on Common Equity	1.96%		2.12%

Delmarva Power & Light Company
Rate of Return Statement - Bundled Earnings Test
12 Months ending December 31, 2001
(000's)

<u>Line No.</u>	<u>Particulars</u>	<u>Virginia Jurisdiction Per Books</u>	<u>Previously Approved Adjustments</u>	<u>Virginia Adjusted</u>
1	Total Revenues	37,661	0	37,661
2	Operation & Maintenance Expense	26,209	50	26,259
3	Depreciation and Amortization	2,572	224	2,796
4	Income Taxes	3,904	274	4,178
5	Taxes other than Income Taxes	1,042	(86)	956
6	Gain/Loss on Property Disposition	<u>(26)</u>	<u>0</u>	<u>(26)</u>
7	Total Expenses	33,701	462	34,163
8	Operating Income	3,960	(462)	3,498
9	AFUDC	0		0
10	Less: Charitable Contributions & IOCD	<u>19</u>	<u>(7)</u>	<u>12</u>
11	Adjusted Operating Income	3,941	(455)	3,486
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	2,362	(589)	1,773
14	Preferred Dividends	<u>92</u>	<u>2</u>	<u>94</u>
15	Income Available for Common Equity	1,487	132	1,619
16	Allowance for Working Capital	16,271	944	17,215
17	Net Utility Plant	46,278	(25)	46,253
18	Other Rate Base Deductions	<u>12,863</u>	<u>(9)</u>	<u>12,854</u>
19	Total Rate Base	49,686	928	50,614
20	Total Capital	49,686	928	50,614
21	Common Equity Capital	24,547	458	25,005
22	ROR Earned on Rate Base	7.93%		6.89%
23	ROR Earned on Common Equity	6.06%		6.47%

DOMINION VIRGINIA POWER
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT

	Bundled Earnings Available for Stranded Cost Recovery			Total	Generation	Va Jurisdiction	Generation
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2001-2004</u>	Rev Rqt	kWh Sales	Rev Rqt, cts/kWh
					<u>2004</u>	<u>2004</u>	<u>2004</u>
9.00%	62,023,811	716,273,468	248,067,502	\$1,281,398,097	\$3,237,335,235	61,032,403,492	5.304
10.00%	8,743,402	663,611,563	189,995,663	\$1,060,906,347	\$3,269,751,500	61,032,403,492	5.357
11.00%	N/A	610,949,658	131,923,824	\$884,951,603	\$3,302,167,765	61,032,403,492	5.411
12.00%	N/A	558,287,753	73,851,985	\$717,740,261	\$3,334,584,030	61,032,403,492	5.464

**VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST
12 MONTHS ENDED DECEMBER 31, 2004
IN THOUSANDS**

LINE NO.	(1) Total Company	(2) Non- Jurisdictional	(3) Virginia Jurisdictional Business	(6) Per Books Regulatory Accounting Adjustments	(7) Virginia Jurisdictional Adjusted	
1	<u>5,292,226</u>	<u>980,616</u>	<u>4,311,610</u>	<u>0</u>	<u>4,311,610</u>	
2	<u>OPERATING REVENUE DEDUCTIONS</u>					
3	3,303,289	672,595	2,630,694	147,132	2,777,826	
4	535,456	108,839	426,617	(10,410)	416,207	
5	393,866	49,323	344,543	(71,745)	272,798	
6	163,002	40,974	122,028	0	122,028	
7	<u>(20,581)</u>	<u>(4,385)</u>	<u>(16,196)</u>	<u>8,928</u>	<u>(7,268)</u>	
8	<u>4,375,032</u>	<u>867,346</u>	<u>3,507,686</u>	<u>73,905</u>	<u>3,581,591</u>	
9	<u>917,194</u>	<u>113,270</u>	<u>803,924</u>	<u>(73,905)</u>	<u>730,019</u>	
10	PLUS: AFUDC	1,572	1,572	0	0	
11	LESS: CHARITABLE DONATIONS	3,688	751	2,937	2,937	
12	INTEREST EXP. ON CUSTOMER DEPOSITS	1,381	51	1,330	1,330	
13	INTEREST ON TAX DEFICIENCIES	18,577	3,898	14,679	14,679	
14	OTHER INTEREST EXPENSE/(INCOME)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
15	<u>895,120</u>	<u>110,142</u>	<u>784,978</u>	<u>(73,905)</u>	<u>711,073</u>	
16	PLUS: OTHER INCOME/(EXPENSE)	(205,672)	(205,672)	0	0	
17	LESS: INTEREST EXPENSE-BOOKED	222,021	20,615	201,406	198,766	
18	PREFERRED DIVIDENDS	45,279	8,284	36,995	36,510	
19	JDC CAPITAL EXPENSE	<u>N/A</u>	<u>N/A</u>	<u>8,753</u>	<u>8,638</u>	
20	<u>422,148</u>	<u>(124,429)</u>	<u>537,824</u>	<u>(70,665)</u>	<u>467,159</u>	
21	ALLOWANCE FOR WORKING CAPITAL	541,328	87,677	453,651	512,947	
22	PLUS: NET UTILITY PLANT	11,622,026	2,438,521	9,183,505	8,998,002	
23	LESS: OTHER RATE BASE DEDUCTIONS	<u>1,738,839</u>	<u>359,429</u>	<u>1,379,410</u>	<u>1,361,446</u>	
24	<u>10,424,515</u>	<u>2,166,769</u>	<u>8,257,746</u>	<u>(108,243)</u>	<u>8,149,503</u>	
25	TOTAL AVERAGE CAPITAL	10,113,570	1,855,824	8,257,746	(108,243)	8,149,503
26	AVERAGE COMMON EQUITY CAPITAL	4,289,444	787,106	3,502,338	(45,909)	3,456,429
27	% RATE OF RETURN EARNED ON AVG. RATE BASE			9.51	8.73	
28	% RATE OF RETURN EARNED ON AVG. COMMON EQ.			15.36	13.52	

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST - GENERATION
12 MONTHS ENDED DECEMBER 31, 2004
IN THOUSANDS

LINE NO.	(1) Virginia Jurisdictional Business	(2) Per Books Regulatory Accounting Adjustments	(3) Virginia Jurisdictional Adjusted	
1	<u>OPERATING REVENUE</u>	<u>3,199,132</u>	<u>0</u>	<u>3,199,132</u>
2	<u>OPERATING REVENUE DEDUCTIONS</u>			
3	OPERATION & MAINTENANCE EXPENSE	2,373,543	136,337	2,509,880
4	DEPRECIATION & AMORTIZATION	209,004	(6,546)	202,458
5	INCOME TAXES	180,032	(72,990)	107,042
6	TAXES OTHER THAN INCOME TAXES	78,883	0	78,883
7	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	<u>(16,213)</u>	<u>9,193</u>	<u>(7,020)</u>
8	<u>TOTAL OPERATING REVENUE DEDUCTIONS</u>	<u>2,825,249</u>	<u>65,994</u>	<u>2,891,243</u>
9	<u>OPERATING INCOME</u>	373,883	(65,994)	307,889
10	PLUS: AFUDC	0	0	0
11	LESS: CHARITABLE DONATIONS	2,650	0	2,650
12	INTEREST EXP. ON CUSTOMER DEPOSITS	977	0	977
13	INTEREST ON TAX DEFICIENCIES	8,163	0	8,163
14	OTHER INTEREST EXPENSE/(INCOME)	<u>0</u>	<u>0</u>	<u>0</u>
15	<u>ADJUSTED OPERATING INCOME</u>	<u>362,093</u>	<u>(65,994)</u>	<u>296,099</u>
16	PLUS: OTHER INCOME/(EXPENSE)	0	0	0
17	LESS: INTEREST EXPENSE-BOOKED	117,048	(2,603)	114,445
18	PREFERRED DIVIDENDS	21,500	(478)	21,022
19	JDC CAPITAL EXPENSE	<u>5,087</u>	<u>(113)</u>	<u>4,974</u>
20	<u>INCOME AVAILABLE FOR COMMON EQUITY</u>	<u>218,458</u>	<u>(62,800)</u>	<u>155,658</u>
21	ALLOWANCE FOR WORKING CAPITAL	426,752	44,704	471,456
22	PLUS: NET UTILITY PLANT	5,107,186	(170,178)	4,937,008
23	LESS: OTHER RATE BASE DEDUCTIONS	<u>734,920</u>	<u>(18,758)</u>	<u>716,162</u>
24	<u>TOTAL AVERAGE RATE BASE</u>	<u>4,799,018</u>	<u>(106,716)</u>	<u>4,692,302</u>
25	TOTAL AVERAGE CAPITAL	4,799,018	(106,716)	4,692,302
26	AVERAGE COMMON EQUITY CAPITAL	2,035,396	(45,261)	1,990,135
27	% RATE OF RETURN EARNED ON AVG. RATE BASE	7.55		6.31
28	% RATE OF RETURN EARNED ON AVG. COMMON EQ.	10.73		7.82

**VIRGINIA ELECTRIC AND POWER COMPANY
GENERATION REVENUE REQUIREMENT
BASED ON 9, 10, 11 AND 12% ROE**

9% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	1,990,135
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	179,112
LESS: ACTUAL INCOME AVAILABLE	<u>155,658</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	23,454
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	38,203
PLUS: ADJUSTED REVENUES	<u>3,199,132</u>
TOTAL REVENUE REQUIREMENT	<u>3,237,335</u>

10% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	1,990,135
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	199,014
LESS: ACTUAL INCOME AVAILABLE	<u>155,658</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	43,356
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	70,619
PLUS: ADJUSTED REVENUES	<u>3,199,132</u>
TOTAL REVENUE REQUIREMENT	<u>3,269,751</u>

11% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	1,990,135
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	218,915
LESS: ACTUAL INCOME AVAILABLE	<u>155,658</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	63,257
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	103,036
PLUS: ADJUSTED REVENUES	<u>3,199,132</u>
TOTAL REVENUE REQUIREMENT	<u>3,302,168</u>

12% ROE	<u>2004</u>
COMMON EQUITY CAPITAL	1,990,135
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	238,816
LESS: ACTUAL INCOME AVAILABLE	<u>155,658</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	83,158
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	135,452
PLUS: ADJUSTED REVENUES	<u>3,199,132</u>
TOTAL REVENUE REQUIREMENT	<u>3,334,584</u>

**VIRGINIA ELECTRIC AND POWER COMPANY
CALCULATION OF EARNINGS
BASED ON 9, 10, 11 AND 12% ROE**

9% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	294,188	294,138	319,860	311,079
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(38,052)	(444,519)	(151,817)	(156,080)
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</u>	<u>61.20%</u>
REGULATORY ASSET WRITE-OFF	<u>62,024</u>	<u>716,273</u>	<u>248,068</u>	<u>255,033</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	326,875	326,820	355,400	345,643
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(5,364)	(411,837)	(116,277)	(121,516)
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</u>	<u>61.20%</u>
REGULATORY ASSET WRITE-OFF	<u>8,743</u>	<u>663,612</u>	<u>189,996</u>	<u>198,556</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	359,563	359,502	390,940	380,207
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	27,323	(379,155)	(80,737)	(86,952)
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</u>	<u>61.20%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>610,950</u>	<u>131,924</u>	<u>142,078</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	392,250	392,184	426,480	414,771
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	60,011	(346,473)	(45,197)	(52,388)
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</u>	<u>61.20%</u>
REGULATORY ASSET WRITE-OFF	<u>N/A</u>	<u>558,288</u>	<u>73,852</u>	<u>85,601</u>

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST
12 MONTHS ENDED DECEMBER 31, 2003
IN THOUSANDS

LINE NO.	(1) Total Company	(2) Non-Jurisdictional	(3) Virginia Jurisdictional Business	(6) Per Books Regulatory Accounting Adjustments	(7) Virginia Jurisdictional Adjusted
1	4,999,917	959,949	4,029,968	0	4,029,968
2					
3	3,163,821	703,070	2,460,751	(1,385)	2,459,366
4	498,651	98,166	400,485	(16,516)	383,969
5	338,653	46,786	291,867	(3,741)	288,126
6	168,862	41,251	127,411	0	127,411
7	(3,810)	(843)	(2,967)	10,251	7,284
8	4,165,977	888,430	3,277,547	9,855	3,266,156
9	833,940	81,519	752,421	(9,855)	752,812
10	1,781	1,781	0	0	0
11	529	117	412	0	412
12	1,491	69	1,422	0	1,422
13	9,001	1,875	7,126	0	7,126
14	0	0	0	0	0
15	824,700	81,239	743,461	(9,855)	754,852
16	33,973	33,973	0	0	0
17	291,838	56,937	235,001	(2,354)	232,647
18	45,428	9,140	36,288	(364)	35,924
19	N/A	N/A	14,752	(148)	14,604
20	521,307	49,135	457,420	(6,989)	471,677
21	495,394	88,167	407,227	53,974	461,201
22	10,960,966	2,284,094	8,676,872	(127,121)	8,549,751
23	1,516,732	321,230	1,195,502	5,892	1,201,394
24	9,939,628	2,051,031	7,888,597	(87,046)	7,809,551
25	9,866,731	1,978,133	7,888,597	(87,046)	7,801,551
26	4,494,796	901,140	3,593,656	(38,659)	3,553,997
27			9.42		9.67
28			12.73		13.27

% RATE OF RETURN EARNED ON AVG. RATE BASE
% RATE OF RETURN EARNED ON AVG. COMMON EQ.

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST - GENERATION
12 MONTHS ENDED DECEMBER 31, 2003
IN THOUSANDS

LINE NO.	(1) Virginia Jurisdictional Business	(2) Per Books Regulatory Accounting Adjustments	(3) Virginia Jurisdictional Adjusted	
1	<u>OPERATING REVENUE</u>	<u>2,933,583</u>	<u>0</u>	<u>2,933,583</u>
2	<u>OPERATING REVENUE DEDUCTIONS</u>			
3	OPERATION & MAINTENANCE EXPENSE	2,070,947	(6,095)	2,064,852
4	DEPRECIATION & AMORTIZATION	182,294	(6,838)	175,456
5	INCOME TAXES	182,312	6,752	189,064
6	TAXES OTHER THAN INCOME TAXES	80,998	0	80,998
7	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	<u>(3,259)</u>	<u>11,023</u>	<u>7,764</u>
8	<u>TOTAL OPERATING REVENUE DEDUCTIONS</u>	<u>2,513,292</u>	<u>4,842</u>	<u>2,518,134</u>
9	<u>OPERATING INCOME</u>	420,291	(4,842)	415,449
10	PLUS: AFUDC	0	0	0
11	LESS: CHARITABLE DONATIONS	347	0	347
12	INTEREST EXP. ON CUSTOMER DEPOSITS	1,004	0	1,004
13	INTEREST ON TAX DEFICIENCIES	3,888	0	3,888
14	OTHER INTEREST EXPENSE/(INCOME)	<u>0</u>	<u>0</u>	<u>0</u>
15	<u>ADJUSTED OPERATING INCOME</u>	<u>415,052</u>	<u>(4,842)</u>	<u>410,210</u>
16	PLUS: OTHER INCOME/(EXPENSE)	0	0	0
17	LESS: INTEREST EXPENSE-BOOKED	133,590	(4,399)	133,590
18	PREFERRED DIVIDENDS	20,628	(339)	16,229
19	JDC CAPITAL EXPENSE	<u>8,366</u>	<u>(1,433)</u>	<u>8,047</u>
20	<u>INCOME AVAILABLE FOR COMMON EQUITY</u>	<u>252,448</u>	<u>1,329</u>	<u>252,344</u>
21	ALLOWANCE FOR WORKING CAPITAL	371,096	(736)	371,096
22	PLUS: NET UTILITY PLANT	4,734,429	(96,237)	4,733,693
23	LESS: OTHER RATE BASE DEDUCTIONS	<u>621,150</u>	<u>5,891</u>	<u>524,913</u>
24	<u>TOTAL AVERAGE RATE BASE</u>	<u>4,484,375</u>	<u>(102,864)</u>	<u>4,579,876</u>
25	TOTAL AVERAGE CAPITAL	4,484,375	(102,864)	4,484,375
26	AVERAGE COMMON EQUITY CAPITAL	2,042,860	(46,863)	2,042,860
27	% RATE OF RETURN EARNED ON AVG. RATE BASE	9.26		8.96
28	% RATE OF RETURN EARNED ON AVG. COMMON EQ.	12.36		12.35

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST
12 MONTHS ENDED DECEMBER 31, 2002
IN THOUSANDS

LINE NO.	(1) Total Company	(2) Non-Jurisdictional	(3) Virginia Jurisdictional Business	(6) Per Books Regulatory Accounting Adjustments	(7) Virginia Jurisdictional Adjusted
1	5,005,696	955,552	4,050,144	0	4,050,144
2	<u>OPERATING REVENUE</u>				
3	2,807,840	630,533	2,177,307		2,176,596
4	501,443	101,466	399,977	(711)	397,013
5	451,918	54,203	396,535	(2,964)	380,739
6	147,454	37,948	109,506	(15,796)	109,506
7	(3,688)	(815)	(2,873)	0	(3,894)
8	3,904,967	823,335	3,080,452	(1,021)	3,059,960
9	1,100,729	132,217	969,692	(20,492)	950,184
10	<u>OPERATING INCOME</u>				
11	1,331	1,331	0	0	0
12	2,191	492	1,699	0	1,699
13	4,778	845	3,933	0	3,933
14	1,095,091	132,211	964,060	20,492	984,552
15	<u>ADJUSTED OPERATING INCOME</u>				
16	(32,117)	(32,117)	0	0	0
17	290,323	88,447	201,876	20,732	222,608
18	29,958	8,619	21,339	1,928	23,267
19	N/A	N/A	16,415	(16,395)	20
20	742,693	3,028	724,430	14,227	738,657
21	<u>INCOME AVAILABLE FOR COMMON EQUITY</u>				
22	541,523	117,558	423,965	12,148	436,113
23	9,429,652	2,030,723	7,398,929	604,497	8,003,426
24	1,352,651	304,116	1,048,535	(3,443)	1,045,092
25	8,618,524	1,844,165	6,774,359	620,088	7,394,447
26	<u>TOTAL AVERAGE RATE BASE</u>				
27	9,520,966	2,746,607	6,774,359	620,088	7,394,447
28	<u>TOTAL AVERAGE CAPITAL</u>				
29	4,208,115	1,213,956	2,994,159	274,039	3,268,198
30	<u>AVERAGE COMMON EQUITY CAPITAL</u>				
31	14.23	14.23	14.23	14.23	13.31
32	<u>% RATE OF RETURN EARNED ON AVG. RATE BASE</u>				
33	24.19	24.19	24.19	24.19	22.60
34	<u>% RATE OF RETURN EARNED ON AVG. COMMON EQ.</u>				

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST
12 MONTHS ENDED DECEMBER 31, 2001
IN THOUSANDS

LINE NO.	(1) Total Company	(2) Non-Jurisdictional	(3) Virginia Jurisdictional Business	(6) Per Books Regulatory Accounting Adjustments	(7) Virginia Jurisdictional Adjusted
1	<u>4,813,476</u>	<u>948,279</u>	<u>3,865,197</u>	0	<u>3,865,197</u>
2	OPERATING REVENUE				
3	3,212,553	707,134	2,505,419	(15,366)	2,490,053
4	517,676	104,898	412,778	34,389	447,167
5	246,621	20,514	224,612	(13,006)	211,605
6	158,456	39,658	118,798	0	118,798
7	(656)	(145)	(511)	1,420	909
8	<u>4,134,650</u>	<u>872,059</u>	<u>3,261,096</u>	<u>7,437</u>	<u>3,268,532</u>
9	678,826	76,220	604,101	(7,437)	596,665
10	1,558	1,558	0	0	0
11	878	0	878	0	878
12	8,054	1,019	7,035	0	7,035
13	<u>671,452</u>	<u>76,759</u>	<u>596,188</u>	<u>(7,437)</u>	<u>588,752</u>
14	55,910	55,910	0	0	0
15	280,955	68,680	212,295	5,037	217,332
16	35,789	10,343	25,446	2,633	28,079
17	N/A	N/A	11,517	(417)	11,101
18	<u>410,618</u>	<u>53,656</u>	<u>346,930</u>	<u>(14,691)</u>	<u>332,239</u>
19	439,590	94,345	345,245	13,116	358,361
20	9,201,161	1,948,278	7,252,883	676,833	7,929,716
21	<u>1,291,996</u>	<u>303,295</u>	<u>988,701</u>	<u>(3,631)</u>	<u>985,070</u>
22	<u>8,348,755</u>	<u>1,739,328</u>	<u>6,609,427</u>	<u>693,590</u>	<u>7,303,007</u>
23	9,308,134	2,698,707	6,609,427	693,590	7,303,007
24	4,166,228	1,207,914	2,958,314	310,439	3,268,753
25			9.02		8.06
26			11.73		10.16

**A&N ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>				
1.5 TIER	\$584,269	\$1,446,975	\$1,067,218	\$1,082,021	\$4,180,482	\$12,283,715	216,531,239	5.673
2.0 TIER	\$138,123	\$1,048,815	\$600,068	\$583,728	\$2,370,734	\$12,327,493	216,531,239	5.693
2.5 TIER	N/A	\$650,656	\$132,919	\$85,435	\$869,009	\$12,371,270	216,531,239	5.713
3.0 TIER	N/A	\$252,496	N/A	N/A	\$252,496	\$12,415,047	216,531,239	5.734

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**A&N ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,338,438	1,194,479	1,401,449	1,494,878
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>
REQUIRED MARGINS	446,146	398,160	467,150	498,293
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>
AVAILABLE EARNINGS	<u>584,269</u>	<u>1,446,975</u>	<u>1,067,218</u>	<u>1,082,021</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,784,584	1,592,638	1,868,598	1,993,171
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>
REQUIRED MARGINS	892,292	796,319	934,299	996,586
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>
AVAILABLE EARNINGS	<u>138,123</u>	<u>1,048,815</u>	<u>600,068</u>	<u>583,728</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,230,730	1,990,798	2,335,748	2,491,464
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>
REQUIRED MARGINS	1,338,438	1,194,479	1,401,449	1,494,878
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>650,656</u>	<u>132,919</u>	<u>85,435</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,676,876	2,388,957	2,802,897	2,989,757
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>
REQUIRED MARGINS	1,784,584	1,592,638	1,868,598	1,993,171
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>252,496</u>	<u>N/A</u>	<u>N/A</u>

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	19,924,082	0	19,924,082	659,113	19,264,969
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>360,230</u>	<u>0</u>	<u>360,230</u>	<u>0</u>	<u>360,230</u>
6	Total Operating Revenues	<u>20,284,312</u>	<u>0</u>	<u>20,284,312</u>	<u>659,113</u>	<u>19,625,199</u>
Operating Expenses						
7	Purchased Power Expense	12,455,532	0	12,455,532	315,422	12,140,110
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	4,107,428	0	4,107,428	91,696	4,015,732
13	Depreciation and Amortization	1,297,260	0	1,297,260	30,351	1,266,909
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>325</u>	<u>0</u>	<u>325</u>	<u>8</u>	<u>317</u>
16	Total Operating Expenses	<u>17,860,545</u>	<u>0</u>	<u>17,860,545</u>	<u>437,477</u>	<u>17,423,068</u>
17	Operating Margins	2,423,767	0	2,423,767	221,636	2,202,131
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,423,767	0	2,423,767	221,636	2,202,131
21	Plus: Capital Credits Accrued	316,782	0	316,782	10,303	306,479
22	Other Income	90,878	0	90,878	2,956	87,922
23	Less: Interest on Long-Term Debt	1,022,479	0	1,022,479	25,893	996,586
24	Other Interest Expense	11,653	0	11,653	295	11,358
25	Other Expense	<u>8,590</u>	<u>0</u>	<u>8,590</u>	<u>315</u>	<u>8,275</u>
26	Total Margins	<u>1,788,705</u>	<u>0</u>	<u>1,788,705</u>	<u>208,391</u>	<u>1,580,314</u>
31	Actual TIER	2.75		2.75		2.59

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
	Operating Revenues	
1	Base Rate	13,947,398
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>13,947,398</u>
	Operating Expenses	
7	Purchased Power Expense	12,140,110
8	Margin Stabilization	0
9	Operating and Maintenance Expense	221,601
13	Depreciation and Amortization	80,237
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>12,441,948</u>
17	Operating Margins	1,505,450
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,505,450
21	Plus: Capital Credits Accrued	290,005
22	Other Income	0
23	Less: Interest on Long-Term Debt	87,995
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>1,707,460</u>
27	Actual TIER	20.40

**A&N ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	87,995
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	131,992
LESS: INTEREST EXPENSE	<u>87,995</u>
REQUIRED MARGINS	43,997
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	43,777
LESS: ADJUSTED MARGINS	<u>1,707,460</u>
NET REVENUE REQUIREMENT	(1,663,683)
PLUS: ADJUSTED OPERATING REVENUES	<u>13,947,398</u>
TOTAL REVENUE REQUIREMENT	<u>12,283,715</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	87,995
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	175,989
LESS: INTEREST EXPENSE	<u>87,995</u>
REQUIRED MARGINS	87,995
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	87,555
LESS: ADJUSTED MARGINS	<u>1,707,460</u>
NET REVENUE REQUIREMENT	(1,619,906)
PLUS: ADJUSTED OPERATING REVENUES	<u>13,947,398</u>
TOTAL REVENUE REQUIREMENT	<u>12,327,493</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	87,995
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	219,987
LESS: INTEREST EXPENSE	<u>87,995</u>
REQUIRED MARGINS	131,992
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	131,332
LESS: ADJUSTED MARGINS	<u>1,707,460</u>
NET REVENUE REQUIREMENT	(1,576,128)
PLUS: ADJUSTED OPERATING REVENUES	<u>13,947,398</u>
TOTAL REVENUE REQUIREMENT	<u>12,371,270</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	87,995
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	263,984
LESS: INTEREST EXPENSE	<u>87,995</u>
REQUIRED MARGINS	175,989
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	175,109
LESS: ADJUSTED MARGINS	<u>1,707,460</u>
NET REVENUE REQUIREMENT	(1,532,351)
PLUS: ADJUSTED OPERATING REVENUES	<u>13,947,398</u>
TOTAL REVENUE REQUIREMENT	<u>12,415,047</u>

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	19,058,888	0	19,058,888	630,491	18,428,397	3.31%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>340,809</u>	<u>0</u>	<u>340,809</u>	<u>0</u>	<u>340,809</u>	0.00%
6	Total Operating Revenues	<u>19,399,697</u>	<u>0</u>	<u>19,399,697</u>	<u>630,491</u>	<u>18,769,206</u>	
Operating Expenses							
7	Purchased Power Expense	11,882,243	0	11,882,243	300,904	11,581,339	2.53%
8	Margin Stabilization	(80,326)	0	(80,326)	(2,034)	(78,292)	2.53%
9	Operating and Maintenance Expense	3,971,838	0	3,971,838	88,669	3,883,169	2.23%
13	Depreciation and Amortization	1,263,696	0	1,263,696	29,566	1,234,130	2.34%
14	Tax Expense - Property	206,094	0	206,094	4,574	201,520	2.22%
15	Tax Expense - Other	<u>125</u>	<u>0</u>	<u>125</u>	<u>3</u>	<u>122</u>	2.40%
16	Total Operating Expenses	<u>17,243,670</u>	<u>0</u>	<u>17,243,670</u>	<u>421,682</u>	<u>16,821,988</u>	
17	Operating Margins	2,156,027	0	2,156,027	208,809	1,947,218	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>10,400</u>	<u>0</u>	<u>10,400</u>	<u>263</u>	<u>10,137</u>	
20	Operating Margins Adjusted	2,145,627	0	2,145,627	208,546	1,937,081	
21	Plus: Capital Credits Accrued	306,762	0	306,762	9,977	296,785	3.25%
22	Other Income	252,268	0	252,268	8,205	244,063	3.25%
23	Less: Interest on Long-Term Debt	958,574	0	958,574	24,275	934,299	2.53%
24	Other Interest Expense	9,207	0	9,207	233	8,974	2.53%
25	Other Expense	<u>300</u>	<u>0</u>	<u>300</u>	<u>11</u>	<u>289</u>	3.67%
26	Total Margins	<u>1,736,576</u>	<u>0</u>	<u>1,736,576</u>	<u>202,209</u>	<u>1,534,367</u>	
Rate Base							
27	Net Utility Plant	29,984,922	0	29,984,922	752,891	29,232,031	2.51%
28	Allowance for Working Capital	1,342,417	0	1,342,417	32,526	1,309,891	2.42%
29	Other Rate Base Deductions	<u>297,319</u>	<u>0</u>	<u>297,319</u>	<u>9,670</u>	<u>287,649</u>	3.25%
30	Total Rate Base	<u>31,030,020</u>	<u>0</u>	<u>31,030,020</u>	<u>775,747</u>	<u>30,254,273</u>	
31	Actual TIER	2.81		2.81		2.64	
32	DSC	2.34		2.34		2.25	
33	Rate of Return on Rate Base	6.91%		6.91%		6.40%	
34	Return on Margins and Equity	10.08%		10.08%		9.21%	
35	Capital Credits Received	16,163	0	16,163	526	15,637	
Margins and Equities							
	Margins and Equities	17,226,967	0	17,226,967	560,291	16,666,676	3.25%
	Principal Payments	733,101	0	733,101	18,565	714,536	2.53%
	Capital Credits Retired	520,011	0	520,011	16,913	503,098	3.25%

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

Line No.	Description	Virginia Jurisdictional Generation and Trans.
	Operating Revenues	
1	Base Rate	13,341,739
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>13,341,739</u>
	Operating Expenses	
7	Purchased Power Expense	11,581,339
8	Margin Stabilization	(78,292)
9	Operating and Maintenance Expense	214,286
13	Depreciation and Amortization	78,161
14	Tax Expense - Property	68
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>11,795,562</u>
17	Operating Margins	1,546,177
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,546,177
21	Plus: Capital Credits Accrued	280,832
22	Other Income	0
23	Less: interest on Long-Term Debt	82,495
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>1,744,514</u>
	Rate Base	
27	Net Utility Plant	2,411,349
28	Allowance for Working Capital	461,149
29	Other Rate Base Deductions	<u>201,163</u>
30	Total Rate Base	<u>2,671,335</u>
31	Actual TIER	22.15
32	DSC	13.09
33	Rate of Return on Rate Base	57.88%
34	Return on Margins and Equity	21.62%
35	Capital Credits Received	0
	Margins and Equities	8,067,505
	Principal Payments	63,091
	Capital Credits Retired	0

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	17,943,583	0	17,943,583	593,595	17,349,988
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>295,190</u>	<u>0</u>	<u>295,190</u>	<u>0</u>	<u>295,190</u>
6	Total Operating Revenues	<u>18,238,773</u>	<u>0</u>	<u>18,238,773</u>	<u>593,595</u>	<u>17,645,178</u>
Operating Expenses						
7	Purchased Power Expense	11,460,318	0	11,460,318	290,219	11,170,099
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,521,511	0	3,521,511	78,616	3,442,895
13	Depreciation and Amortization	1,200,480	0	1,200,480	28,087	1,172,393
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>146</u>	<u>0</u>	<u>146</u>	<u>4</u>	<u>142</u>
16	Total Operating Expenses	<u>16,182,455</u>	<u>0</u>	<u>16,182,455</u>	<u>396,925</u>	<u>15,785,530</u>
17	Operating Margins	2,056,318	0	2,056,318	196,670	1,859,648
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,056,318	0	2,056,318	196,670	1,859,648
21	Plus: Capital Credits Accrued	233,138	0	233,138	7,582	225,556
22	Other Income	604,572	0	604,572	19,664	584,908
23	Less: Interest on Long-Term Debt	817,009	0	817,009	20,690	796,319
24	Other Interest Expense	20,666	0	20,666	523	20,143
25	Other Expense	<u>8,840</u>	<u>0</u>	<u>8,840</u>	<u>324</u>	<u>8,516</u>
26	Total Margins	<u>2,047,513</u>	<u>0</u>	<u>2,047,513</u>	<u>202,379</u>	<u>1,845,134</u>
27	Actual TIER	3.51		3.51		3.32

Notes: Property Tax Expense is reflected in O&M. Charitable Donations are included in line 25 other expense. Non-jurisdictional is allocated based on 2003 percentages.

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	17,002,234	0	17,002,234	0	17,002,234
2	Fuel - WPCA	0	0	0	0	0
3	Roll in Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>281,594</u>	<u>0</u>	<u>281,594</u>	<u>0</u>	<u>281,594</u>
6	Total Operating Revenues	<u>17,283,828</u>	<u>0</u>	<u>17,283,828</u>	<u>0</u>	<u>17,283,828</u>
Operating Expenses						
7	Purchased Power Expense	11,113,195	0	11,113,195	0	11,113,195
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,293,454	0	3,293,454	0	3,293,454
13	Depreciation and Amortization	1,160,554	0	1,160,554	0	1,160,554
14	Tax Expense - Property and Gross Receipts	5,727	0	5,727	0	5,727
15	Tax Expense - Other	<u>118,837</u>	<u>0</u>	<u>118,837</u>	<u>0</u>	<u>118,837</u>
16	Total Operating Expenses	<u>15,691,767</u>	<u>0</u>	<u>15,691,767</u>	<u>0</u>	<u>15,691,767</u>
17	Operating Margins	1,592,061	0	1,592,061	0	1,592,061
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,592,061	0	1,592,061	0	1,592,061
21	Plus: Capital Credits Accrued	217,792	0	217,792	0	217,792
22	Other Income	149,315	0	149,315	0	149,315
23	Less: Interest on Long-Term Debt	892,292	0	892,292	0	892,292
24	Other Interest Expense	28,206	0	28,206	0	28,206
25	Other Expense	<u>8,255</u>	<u>0</u>	<u>8,255</u>	<u>0</u>	<u>8,255</u>
26	Total Margins	<u>1,030,415</u>	<u>0</u>	<u>1,030,415</u>	<u>0</u>	<u>1,030,415</u>
27	Actual TIER	2.15		2.15		2.15

Notes: Property Tax Expense is reflected in O&M. Charitable Donations are included in line 25 other expense.
Non-jurisdictional is allocated based on 2003 percentages.

**BARC ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>				
1.5 TIER	1,041,954	779,873	1,251,012	1,867,526	\$4,940,365	\$7,434,445	138,351,078	5.374
2.0 TIER	534,416	245,018	757,955	1,354,223	\$2,891,612	\$7,456,767	138,351,078	5.390
2.5 TIER	26,877	N/A	264,898	840,920	\$1,132,695	\$7,479,090	138,351,078	5.406
3.0 TIER	N/A	N/A	N/A	327,616	\$327,616	\$7,501,413	138,351,078	5.422

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**BARC ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,522,616	1,604,566	1,479,171	1,539,909
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>1,015,077</u>	<u>1,069,710</u>	<u>986,114</u>	<u>1,026,606</u>
REQUIRED MARGINS	507,539	534,855	493,057	513,303
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>
AVAILABLE EARNINGS	<u>1,041,954</u>	<u>779,873</u>	<u>1,251,012</u>	<u>1,867,526</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,030,154	2,139,421	1,972,228	2,053,212
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>1,015,077</u>	<u>1,069,710</u>	<u>986,114</u>	<u>1,026,606</u>
REQUIRED MARGINS	1,015,077	1,069,710	986,114	1,026,606
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>
AVAILABLE EARNINGS	<u>534,416</u>	<u>245,018</u>	<u>757,955</u>	<u>1,354,223</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,537,693	2,674,276	2,465,285	2,566,516
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>1,015,077</u>	<u>1,069,710</u>	<u>986,114</u>	<u>1,026,606</u>
REQUIRED MARGINS	1,522,616	1,604,566	1,479,171	1,539,909
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>
AVAILABLE EARNINGS	<u>26,877</u>	<u>N/A</u>	<u>264,898</u>	<u>840,920</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	3,045,231	3,209,131	2,958,342	3,079,819
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>1,015,077</u>	<u>1,069,710</u>	<u>986,114</u>	<u>1,026,606</u>
REQUIRED MARGINS	2,030,154	2,139,421	1,972,228	2,053,212
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>327,616</u>

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	17,195,729	0	17,195,729	2,683,786	14,511,943
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>416,136</u>	<u>0</u>	<u>416,136</u>	<u>13,539</u>	<u>402,597</u>
6	Total Operating Revenues	<u>17,611,865</u>	<u>0</u>	<u>17,611,865</u>	<u>2,697,325</u>	<u>14,914,540</u>
Operating Expenses						
7	Purchased Power Expense	9,098,962	0	9,098,962	1,716,042	7,382,920
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,819,151	0	3,819,151	630,616	3,188,535
13	Depreciation and Amortization	1,456,962	0	1,456,962	272,657	1,184,305
14	Tax Expense - Property	25	0	25	0	25
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>14,375,100</u>	<u>0</u>	<u>14,375,100</u>	<u>2,619,315</u>	<u>11,755,785</u>
17	Operating Margins	3,236,765	0	3,236,765	78,009	3,158,756
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	0	<u>0</u>
20	Operating Margins Adjusted	3,236,765	0	3,236,765	78,009	3,158,756
21	Plus: Capital Credits Accrued	226,359	0	226,359	35,328	191,031
22	Other Income	119,966	0	119,966	18,724	101,242
23	Less: Interest on Long-Term Debt	1,265,224	0	1,265,224	238,618	1,026,606
24	Other Interest Expense	3,807	0	3,807	410	3,397
25	Other Expense	<u>49,556</u>	<u>0</u>	<u>49,556</u>	<u>9,359</u>	<u>40,197</u>
26	Total Margins	<u>2,264,503</u>	<u>0</u>	<u>2,264,503</u>	<u>(116,326)</u>	<u>2,380,829</u>
31	Actual TIER	2.79		2.79		3.32

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
	Operating Revenues	
1	Base Rate	8,057,378
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>8,057,378</u>
	Operating Expenses	
7	Purchased Power Expense	7,382,920
8	Margin Stabilization	0
9	Operating and Maintenance Expense	116,738
13	Depreciation and Amortization	31,766
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>7,531,424</u>
17	Operating Margins	525,954
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	525,954
21	Plus: Capital Credits Accrued	164,172
22	Other Income	0
23	Less: Interest on Long-Term Debt	44,870
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>645,256</u>
31	Actual TIER	15.38

**BARC ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	44,870
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	67,305
LESS: INTEREST EXPENSE	<u>44,870</u>
REQUIRED MARGINS	22,435
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	22,323
LESS: ADJUSTED MARGINS	<u>645,256</u>
NET REVENUE REQUIREMENT	(622,933)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,057,378</u>
TOTAL REVENUE REQUIREMENT	<u>7,434,445</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	44,870
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	89,740
LESS: INTEREST EXPENSE	<u>44,870</u>
REQUIRED MARGINS	44,870
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	44,645
LESS: ADJUSTED MARGINS	<u>645,256</u>
NET REVENUE REQUIREMENT	(600,610)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,057,378</u>
TOTAL REVENUE REQUIREMENT	<u>7,456,767</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	44,870
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	112,174
LESS: INTEREST EXPENSE	<u>44,870</u>
REQUIRED MARGINS	67,305
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	66,968
LESS: ADJUSTED MARGINS	<u>645,256</u>
NET REVENUE REQUIREMENT	(578,287)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,057,378</u>
TOTAL REVENUE REQUIREMENT	<u>7,479,090</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	44,870
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	134,609
LESS: INTEREST EXPENSE	<u>44,870</u>
REQUIRED MARGINS	89,740
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	89,291
LESS: ADJUSTED MARGINS	<u>645,256</u>
NET REVENUE REQUIREMENT	(555,965)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,057,378</u>
TOTAL REVENUE REQUIREMENT	<u>7,501,413</u>

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	14,405,175	0	14,405,175	2,327,339	12,077,836	16.16%
2	Fuel - WPCA	1,308,682	0	1,308,682	125,167	1,183,515	9.56%
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>329,092</u>	<u>0</u>	<u>329,092</u>	<u>10,707</u>	<u>318,385</u>	3.25%
6	Total Operating Revenues	<u>16,042,949</u>	<u>0</u>	<u>16,042,949</u>	<u>2,463,213</u>	<u>13,579,736</u>	
Operating Expenses							
7	Purchased Power Expense	8,411,450	0	8,411,450	1,586,379	6,825,071	18.86%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	3,765,153	0	3,765,153	621,700	3,143,453	16.51%
13	Depreciation and Amortization	1,421,629	0	1,421,629	266,045	1,155,584	18.71%
14	Tax Expense - Property	(2,271)	0	(2,271)	0	(2,271)	0.00%
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
16	Total Operating Expenses	<u>13,595,961</u>	<u>0</u>	<u>13,595,961</u>	<u>2,474,124</u>	<u>11,121,837</u>	
17	Operating Margins	2,446,988	0	2,446,988	(10,911)	2,457,899	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>240</u>	<u>0</u>	<u>240</u>	<u>45</u>	<u>195</u>	18.75%
20	Operating Margins Adjusted	2,446,748	0	2,446,748	(10,956)	2,457,704	
21	Plus: Capital Credits Accrued	253,985	0	253,985	39,640	214,345	15.61%
22	Other Income	74,227	0	74,227	11,585	62,642	15.61%
23	Less: Interest on Long-Term Debt	1,215,320	0	1,215,320	229,206	986,114	18.86%
24	Other Interest Expense	3,469	0	3,469	374	3,095	10.78%
25	Other Expense	<u>1,742</u>	<u>0</u>	<u>1,742</u>	<u>329</u>	<u>1,413</u>	18.89%
26	Total Margins	<u>1,554,429</u>	<u>0</u>	<u>1,554,429</u>	<u>(189,640)</u>	<u>1,744,069</u>	
Rate Base							
27	Net Utility Plant	33,729,232	0	33,729,232	6,327,593	27,401,639	
28	Allowance for Working Capital	764,206	0	764,206	133,229	630,977	
29	Other Rate Base Deductions	<u>130,520</u>	<u>0</u>	<u>130,520</u>	<u>20,371</u>	<u>110,149</u>	
30	Total Rate Base	<u>34,362,918</u>	<u>0</u>	<u>34,362,918</u>	<u>6,440,451</u>	<u>27,922,467</u>	
31	Actual TIER	2.28		2.28		2.77	
32	DSC	2.22		2.22		2.54	
33	Rate of Return on Rate Base	7.12%		7.12%		8.80%	
34	Return on Margins and Equity	9.23%		9.23%		12.28%	
35	Capital Credits Received	36,402	0	36,402	5,681	30,721	
Margins and Equities							
	Margins and Equities	16,833,922	0	16,833,922	2,627,317	14,206,605	
	Principal Payments	671,658	0	671,658	126,673	544,985	
	Capital Credits Retired	376,686	0	376,686	58,790	317,896	

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

<u>Line</u> <u>No.</u>	<u>Description</u>	Virginia Jurisdictional Generation and Trans.	
	Operating Revenues		
1	Base Rate	6,179,504	
2	Fuel - WPCA	1,183,515	55.52%
3	Roll In Riders	0	
4	Margin Stabilization	0	
5	Other Electric Revenues	<u>0</u>	
6	Total Operating Revenues	<u>7,363,019</u>	
	Operating Expenses		
7	Purchased Power Expense	6,825,071	
8	Margin Stabilization	0	
9	Operating and Maintenance Expense	115,087	
13	Depreciation and Amortization	30,996	
14	Tax Expense - Property	0	
15	Tax Expense - Other	<u>0</u>	
16	Total Operating Expenses	<u>6,971,154</u>	
17	Operating Margins	391,865	
18	Less: Interest Expense on Customer Deposits	0	
19	Charitable and Educational Donations	<u>0</u>	
20	Operating Margins Adjusted	391,865	
21	Plus: Capital Credits Accrued	184,208	
22	Other Income	0	
23	Less: Interest on Long-Term Debt	43,100	
24	Other Interest Expense	0	
25	Other Expense	<u>0</u>	
26	Total Margins	<u>532,973</u>	
	Rate Base		
27	Net Utility Plant	999,537	
28	Allowance for Working Capital	238,912	
29	Other Rate Base Deductions	<u>69,161</u>	
30	Total Rate Base	<u>1,169,288</u>	
31	Actual TIER	13.37	
32	DSC	9.07	
33	Rate of Return on Rate Base	33.51%	
34	Return on Margins and Equity	15.67%	
35	Capital Credits Received	0	
	Margins and Equities	3,401,049	
	Principal Payments	23,819	
	Capital Credits Retired	0	

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	15,514,789	0	15,514,789	2,506,611	13,008,178
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>373,534</u>	<u>0</u>	<u>373,534</u>	<u>12,153</u>	<u>361,381</u>
6	Total Operating Revenues	<u>15,888,323</u>	<u>0</u>	<u>15,888,323</u>	<u>2,518,764</u>	<u>13,369,559</u>
Operating Expenses						
7	Purchased Power Expense	8,494,265	0	8,494,265	1,601,998	6,892,267
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,695,435	0	3,695,435	610,188	3,085,247
13	Depreciation and Amortization	1,416,153	0	1,416,153	265,020	1,151,133
14	Tax Expense - Property	29,263	0	29,263	0	29,263
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>13,635,116</u>	<u>0</u>	<u>13,635,116</u>	<u>2,477,206</u>	<u>11,157,910</u>
17	Operating Margins	2,253,207	0	2,253,207	41,558	2,211,649
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,253,207	0	2,253,207	41,558	2,211,649
21	Plus: Capital Credits Accrued	168,536	0	168,536	26,304	142,232
22	Other Income	50,359	0	50,359	7,860	42,499
23	Less: Interest on Long-Term Debt	1,318,347	0	1,318,347	248,637	1,069,710
24	Other Interest Expense	759	0	759	82	677
25	Other Expense	<u>13,887</u>	<u>0</u>	<u>13,887</u>	<u>2,623</u>	<u>11,264</u>
26	Total Margins	<u>1,139,109</u>	<u>0</u>	<u>1,139,109</u>	<u>(175,620)</u>	<u>1,314,729</u>
27	Actual TIER	1.86		1.86		2.23

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	15,921,446	0	15,921,446	2,572,312	13,349,134
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>268,878</u>	<u>0</u>	<u>268,878</u>	<u>8,748</u>	<u>260,130</u>
6	Total Operating Revenues	<u>16,190,324</u>	<u>0</u>	<u>16,190,324</u>	<u>2,581,060</u>	<u>13,609,264</u>
Operating Expenses						
7	Purchased Power Expense	8,325,735	0	8,325,735	1,570,213	6,755,522
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	4,070,375	0	4,070,375	672,098	3,398,277
13	Depreciation and Amortization	1,320,128	0	1,320,128	247,050	1,073,078
14	Tax Expense - Property	67,396	0	67,396	0	67,396
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>13,783,634</u>	<u>0</u>	<u>13,783,634</u>	<u>2,489,361</u>	<u>11,294,273</u>
17	Operating Margins	2,406,690	0	2,406,690	91,698	2,314,992
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,406,690	0	2,406,690	91,698	2,314,992
21	Plus: Capital Credits Accrued	205,235	0	205,235	32,031	173,204
22	Other Income	104,450	0	104,450	16,302	88,148
23	Less: Interest on Long-Term Debt	1,251,015	0	1,251,015	235,938	1,015,077
24	Other Interest Expense	3,639	0	3,639	392	3,247
25	Other Expense	<u>10,512</u>	<u>0</u>	<u>10,512</u>	<u>1,985</u>	<u>8,527</u>
26	Total Margins	<u>1,451,209</u>	<u>0</u>	<u>1,451,209</u>	<u>(98,284)</u>	<u>1,549,493</u>
27	Actual TIER	2.16		2.16		2.53

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total 2001-2004	Generation Rev Rqt 2004	1/ Va Jurisdiction kWh Sales 2004	Generation Rev Rqt, cts/kWh 2004
	2001	2002	2003	2004				
1.5 TIER	456,177	947,492	321,768	N/A	\$1,725,437	\$27,643,658	579,112,805	4.773
2.0 TIER	N/A	N/A	N/A	N/A	\$0	\$27,646,168	579,112,805	4.774
2.5 TIER	N/A	N/A	N/A	N/A	\$0	\$27,648,677	579,112,805	4.774
3.0 TIER	N/A	N/A	N/A	N/A	\$0	\$27,651,187	579,112,805	4.775

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	4,360,247	4,491,414	4,747,839	4,979,147
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,906,831</u>	<u>2,994,276</u>	<u>3,165,226</u>	<u>3,319,431</u>
REQUIRED MARGINS	1,453,416	1,497,138	1,582,613	1,659,716
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,619,769</u>
AVAILABLE EARNINGS	<u>456,177</u>	<u>947,492</u>	<u>321,768</u>	<u>N/A</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	5,813,662	5,988,552	6,330,452	6,638,862
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,906,831</u>	<u>2,994,276</u>	<u>3,165,226</u>	<u>3,319,431</u>
REQUIRED MARGINS	2,906,831	2,994,276	3,165,226	3,319,431
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,619,769</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	7,267,078	7,485,690	7,913,065	8,298,578
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,906,831</u>	<u>2,994,276</u>	<u>3,165,226</u>	<u>3,319,431</u>
REQUIRED MARGINS	4,360,247	4,491,414	4,747,839	4,979,147
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,619,769</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,720,493	8,982,828	9,495,678	9,958,293
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,906,831</u>	<u>2,994,276</u>	<u>3,165,226</u>	<u>3,319,431</u>
REQUIRED MARGINS	5,813,662	5,988,552	6,330,452	6,638,862
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,619,769</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
	Operating Revenues						
1	Base Rate	44,675,527	105,156	44,780,683	1,417,822	43,362,861	96.83%
2	PCA Revenues	2,570,843	0	2,570,843	99,688	2,471,155	96.12%
3	Load Management Credits	(491,303)	0	(491,303)	0	(491,303)	100.00%
4	Margin Stabilization	0	0	0	0	0	#DIV/0!
5	Other Electric Revenues	<u>647,700</u>	<u>0</u>	<u>647,700</u>	<u>57,060</u>	<u>590,640</u>	91.19%
							#DIV/0!
6	Total Operating Revenues	<u>47,402,767</u>	<u>105,156</u>	<u>47,507,923</u>	<u>1,574,570</u>	<u>45,933,353</u>	96.69%
	Operating Expenses						#DIV/0!
7	Purchased Power Expense	27,930,831	0	27,930,831	1,010,873	26,919,958	96.38%
8	Margin Stabilization	0	0	0	0	0	#DIV/0!
9	Operating and Maintenance Expense	10,875,695	0	10,875,695	205,029	10,670,666	98.11%
13	Depreciation and Amortization	3,631,846	0	3,631,846	87,899	3,543,947	97.58%
14	Tax Expense - Property	0	0	0	0	0	#DIV/0!
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	#DIV/0!
							#DIV/0!
16	Total Operating Expenses	<u>42,438,372</u>	<u>0</u>	<u>42,438,372</u>	<u>1,303,801</u>	<u>41,134,571</u>	96.93%
							#DIV/0!
17	Operating Margins	4,964,395	105,156	5,069,551	270,769	4,798,782	94.66%
							#DIV/0!
							#DIV/0!
18	Less: Interest Expense on Customer Deposits	6,668	0	6,668	215	6,453	96.78%
19	Charitable and Educational Donations	<u>1,800</u>	<u>0</u>	<u>1,800</u>	<u>57</u>	<u>1,743</u>	96.83%
							#DIV/0!
20	Operating Margins Adjusted	4,955,927	105,156	5,061,083	270,497	4,790,586	94.66%
							#DIV/0!
							#DIV/0!
21	Plus: Capital Credits Accrued	104,021	0	104,021	3,358	100,663	96.77%
22	Other Income	(375,332)	406,998	31,666	(12,120)	43,786	138.27%
23	Less: Interest on Long-Term Debt	3,401,793	0	3,401,793	82,362	3,319,431	97.58%
24	Other Interest Expense	11,988	0	11,988	387	11,601	96.77%
25	Other Expense	<u>(16,295)</u>	<u>0</u>	<u>(16,295)</u>	<u>(529)</u>	<u>(15,766)</u>	96.75%
							#DIV/0!
26	Total Margins	<u>1,287,130</u>	<u>512,154</u>	<u>1,799,284</u>	<u>179,515</u>	<u>1,619,769</u>	90.02%
27	Actual TIER	1.38		1.53		1.49	

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

(1)

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Virginia</u> <u>Jurisdictional</u> <u>Generation</u>
Operating Revenues		
1	Base Rate	25,468,028
2	PCA Revenues	2,471,155
3	Load Management Credits	(491,303)
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>27,447,880</u>
Operating Expenses		
7	Purchased Power Expense	26,919,958
8	Margin Stabilization	0
9	Operating and Maintenance Expense	437,179
13	Depreciation and Amortization	275,728
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>27,632,865</u>
17	Operating Margins	(184,985)
18	Less: Interest Expense on Customer Deposits	3,393
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(188,378)
21	Plus: Capital Credits Accrued	153
22	Other Income	0
23	Less: Interest on Long-Term Debt	5,044
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>(193,269)</u>
27	Actual TIER	(37.32)

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,044
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	7,566
LESS: INTEREST EXPENSE	<u>5,044</u>
REQUIRED MARGINS	2,522
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	2,509
LESS: ADJUSTED MARGINS	<u>(193,269)</u>
NET REVENUE REQUIREMENT	195,778
PLUS: ADJUSTED OPERATING REVENUES	<u>27,447,880</u>
TOTAL REVENUE REQUIREMENT	<u>27,643,658</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,044
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	10,088
LESS: INTEREST EXPENSE	<u>5,044</u>
REQUIRED MARGINS	5,044
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	5,019
LESS: ADJUSTED MARGINS	<u>(193,269)</u>
NET REVENUE REQUIREMENT	198,288
PLUS: ADJUSTED OPERATING REVENUES	<u>27,447,880</u>
TOTAL REVENUE REQUIREMENT	<u>27,646,168</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,044
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	12,610
LESS: INTEREST EXPENSE	<u>5,044</u>
REQUIRED MARGINS	7,566
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	7,528
LESS: ADJUSTED MARGINS	<u>(193,269)</u>
NET REVENUE REQUIREMENT	200,797
PLUS: ADJUSTED OPERATING REVENUES	<u>27,447,880</u>
TOTAL REVENUE REQUIREMENT	<u>27,648,677</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,044
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	15,132
LESS: INTEREST EXPENSE	<u>5,044</u>
REQUIRED MARGINS	10,088
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	10,038
LESS: ADJUSTED MARGINS	<u>(193,269)</u>
NET REVENUE REQUIREMENT	203,307
PLUS: ADJUSTED OPERATING REVENUES	<u>27,447,880</u>
TOTAL REVENUE REQUIREMENT	<u>27,651,187</u>

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	42,973,684	205,938	43,179,622	1,186,005	41,993,617	2.75%
2	PCA Revenues	846,212	3,867	850,079	24,878	825,201	2.93%
3	Load Management Credits	(429,376)	0	(429,376)	0	(429,376)	0.00%
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>564,158</u>	<u>0</u>	<u>564,158</u>	<u>54,668</u>	<u>509,490</u>	9.69%
6	Total Operating Revenues	<u>43,954,678</u>	<u>209,805</u>	<u>44,164,483</u>	<u>1,265,551</u>	<u>42,898,932</u>	
Operating Expenses							
7	Purchased Power Expense	25,194,431	0	25,194,431	911,147	24,283,284	3.62%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	10,522,968	0	10,522,968	198,245	10,324,723	1.88%
13	Depreciation and Amortization	3,494,390	0	3,494,390	84,754	3,409,636	2.43%
14	Tax Expense - Property	(28,702)	0	(28,702)	(927)	(27,775)	3.23%
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
16	Total Operating Expenses	<u>39,183,087</u>	<u>0</u>	<u>39,183,087</u>	<u>1,193,219</u>	<u>37,989,868</u>	
17	Operating Margins	4,771,591	209,805	4,981,396	72,332	4,909,064	
18	Less: Interest Expense on Customer Deposits	(78)	0	(78)	(3)	(75)	
19	Charitable and Educational Donations	<u>1,800</u>	<u>0</u>	<u>1,800</u>	<u>57</u>	<u>1,743</u>	
20	Operating Margins Adjusted	4,769,869	209,805	4,979,674	72,278	4,907,396	
21	Plus: Capital Credits Accrued	99,101	0	99,101	3,199	95,902	3.23%
22	Other Income	(142,938)	213,181	70,243	(4,613)	74,856	-6.57%
23	Less: Interest on Long-Term Debt	3,243,762	0	3,243,762	78,536	3,165,226	2.42%
24	Other Interest Expense	8,832	0	8,832	285	8,547	3.23%
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
26	Total Margins	<u>1,473,438</u>	<u>422,986</u>	<u>1,896,424</u>	<u>(7,957)</u>	<u>1,904,381</u>	
Rate Base							
27	Net Utility Plant	81,808,113	0	81,808,113	2,764,888	79,043,225	3.38%
28	Allowance for Working Capital	3,959,834	0	3,959,834	272,610	3,687,224	6.88%
29	Other Rate Base Deductions	<u>2,354,100</u>	<u>0</u>	<u>2,354,100</u>	<u>44,230</u>	<u>2,309,870</u>	1.88%
30	Total Rate Base	<u>83,413,847</u>	<u>0</u>	<u>83,413,847</u>	<u>2,993,268</u>	<u>80,420,579</u>	
31	Actual TIER	1.45		1.58		1.60	
32	DSC	1.77		2.66		2.68	
33	Rate of Return on Rate Base	5.72%		5.97%		6.10%	
34	Return on Margins and Equity	5.12%		6.59%		6.89%	
35	Capital Credits Received	79,019		79,019	2,551	76,468	

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

Line No.	<u>Description</u>	<u>Virginia Jurisdictional Generation</u>
	Operating Revenues	
1	Base Rate	24,608,760
2	PCA Revenues	825,201
3	Load Management Credits	(429,376)
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>25,004,585</u>
	Operating Expenses	
7	Purchased Power Expense	24,283,284
8	Margin Stabilization	0
9	Operating and Maintenance Expense	451,290
13	Depreciation and Amortization	272,831
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>25,007,405</u>
17	Operating Margins	(2,820)
18	Less: Interest Expense on Customer Deposits	(40)
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(2,780)
21	Plus: Capital Credits Accrued	176
22	Other Income	0
23	Less: Interest on Long-Term Debt	5,820
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>(8,424)</u>
27	Actual TIER	(0.45)

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	41,347,742	(280,556)	41,067,186	1,108,716	39,958,470
2	PCA Revenues	773,061	(27,762)	745,299	28,181	717,118
3	Load Management Credits	(579,588)	0	(579,588)	(48)	(579,540)
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>472,606</u>	<u>0</u>	<u>472,606</u>	<u>48,524</u>	<u>424,082</u>
6	Total Operating Revenues	<u>42,013,821</u>	<u>(308,318)</u>	<u>41,705,503</u>	<u>1,185,373</u>	<u>40,520,130</u>
Operating Expenses						
7	Purchased Power Expense	24,041,498	0	24,041,498	867,938	23,173,560
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	9,062,776	0	9,062,776	169,623	8,893,153
13	Depreciation and Amortization	3,280,341	0	3,280,341	79,859	3,200,482
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>36,384,615</u>	<u>0</u>	<u>36,384,615</u>	<u>1,117,420</u>	<u>35,267,195</u>
17	Operating Margins	5,629,206	(308,318)	5,320,888	67,953	5,252,935
18	Less: Interest Expense on Customer Deposits	(21)	0	(21)	(1)	(20)
19	Charitable and Educational Donations	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>47</u>	<u>1,453</u>
20	Operating Margins Adjusted	5,627,727	(308,318)	5,319,409	67,907	5,251,502
21	Plus: Capital Credits Accrued	141,992	0	141,992	4,584	137,408
22	Other Income	194,681	(134,207)	60,474	1,953	58,521
23	Less: Interest on Long-Term Debt	3,068,570	0	3,068,570	74,294	2,994,276
24	Other Interest Expense	20,841	0	20,841	673	20,168
25	Other Expense	<u>(12,034)</u>	<u>0</u>	<u>(12,034)</u>	<u>(391)</u>	<u>(11,643)</u>
26	Total Margins	<u>2,887,023</u>	<u>(442,525)</u>	<u>2,444,498</u>	<u>(132)</u>	<u>2,444,630</u>
27	Actual TIER	1.94		1.80		1.82

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	<u>Description</u>	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	39,074,400	(461,847)	38,612,553	1,136,095	37,476,458
2	PCA Revenues	(1,454,652)	48,904	(1,405,748)	(45,538)	(1,360,210)
3	Load Management Credits	(460,393)	0	(460,393)	48	(460,441)
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>464,272</u>	<u>0</u>	<u>464,272</u>	<u>47,558</u>	<u>416,714</u>
6	Total Operating Revenues	<u>37,623,627</u>	<u>(412,943)</u>	<u>37,210,684</u>	<u>1,138,163</u>	<u>36,072,521</u>
Operating Expenses						
7	Purchased Power Expense	20,561,676	0	20,561,676	744,003	19,817,673
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	8,534,004	0	8,534,004	158,431	8,375,573
13	Depreciation and Amortization	3,116,919	0	3,116,919	76,067	3,040,852
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>203,475</u>	<u>0</u>	<u>203,475</u>	<u>6,571</u>	<u>196,904</u>
16	Total Operating Expenses	<u>32,416,074</u>	<u>0</u>	<u>32,416,074</u>	<u>985,072</u>	<u>31,431,002</u>
17	Operating Margins	5,207,553	(412,943)	4,794,610	153,091	4,641,519
18	Less: Interest Expense on Customer Deposits	12,244	0	12,244	1,691	10,553
19	Charitable and Educational Donations	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>47</u>	<u>1,453</u>
20	Operating Margins Adjusted	5,193,809	(412,943)	4,780,866	151,353	4,629,513
21	Plus: Capital Credits Accrued	120,233	0	120,233	3,881	116,352
22	Other Income	136,903	(24,326)	112,577	3,635	108,942
23	Less: Interest on Long-Term Debt	2,978,955	0	2,978,955	72,124	2,906,831
24	Other Interest Expense	48,163	0	48,163	1,556	46,607
25	Other Expense	<u>(8,499)</u>	<u>0</u>	<u>(8,499)</u>	<u>(276)</u>	<u>(8,223)</u>
26	Total Margins	<u>2,432,326</u>	<u>(437,269)</u>	<u>1,995,057</u>	<u>85,465</u>	<u>1,909,592</u>
27	Actual TIER	1.82		1.67		1.66

**COMMUNITY ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery					Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2001-2004</u>				
1.5 TIER	1,302,805	914,274	983,319	1,197,369	\$4,397,766	\$9,311,571	167,485,148	5.560	
2.0 TIER	1,008,616	656,356	742,046	957,367	\$3,364,386	\$9,313,866	167,485,148	5.561	
2.5 TIER	714,428	398,437	500,774	717,366	\$2,331,005	\$9,316,160	167,485,148	5.562	
3.0 TIER	420,240	140,519	259,501	477,365	\$1,297,625	\$9,318,455	167,485,148	5.564	

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	882,564	773,756	723,818	720,004
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>
REQUIRED MARGINS	294,188	257,919	241,273	240,001
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>
AVAILABLE EARNINGS	<u>1,302,805</u>	<u>914,274</u>	<u>983,319</u>	<u>1,197,369</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,176,753	1,031,675	965,090	960,005
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>
REQUIRED MARGINS	588,376	515,837	482,545	480,003
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>
EXCESS EARNINGS BASED ON 2.0 TIER	<u>1,008,616</u>	<u>656,356</u>	<u>742,046</u>	<u>957,367</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,470,941	1,289,593	1,206,363	1,200,006
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>
REQUIRED MARGINS	882,564	773,756	723,818	720,004
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>
EXCESS EARNINGS BASED ON 2.5 TIER	<u>714,428</u>	<u>398,437</u>	<u>500,774</u>	<u>717,366</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,765,129	1,547,512	1,447,635	1,440,008
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>
REQUIRED MARGINS	1,176,753	1,031,675	965,090	960,005
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>
EXCESS EARNINGS BASED ON 3.0 TIER	<u>420,240</u>	<u>140,519</u>	<u>259,501</u>	<u>477,365</u>

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	15,541,991	0	15,541,991	740,332	14,801,659
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>206,505</u>	<u>0</u>	<u>206,505</u>	<u>629</u>	<u>205,876</u>
6	Total Operating Revenues	<u>15,748,496</u>	<u>0</u>	<u>15,748,496</u>	<u>740,962</u>	<u>15,007,534</u>
Operating Expenses						
7	Purchased Power Expense	10,146,290	0	10,146,290	492,041	9,654,249
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,034,569	0	3,034,569	114,331	2,920,238
13	Depreciation and Amortization	939,190	0	939,190	44,577	894,613
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>203</u>	<u>0</u>	<u>203</u>	<u>0</u>	<u>203</u>
16	Total Operating Expenses	<u>14,120,252</u>	<u>0</u>	<u>14,120,252</u>	<u>650,950</u>	<u>13,469,302</u>
17	Operating Margins	1,628,244	0	1,628,244	90,012	1,538,232
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,628,244	0	1,628,244	90,012	1,538,232
21	Plus: Capital Credits Accrued	241,037	0	241,037	11,481	229,556
22	Other Income	159,565	0	159,565	7,601	151,964
23	Less: Interest on Long-Term Debt	504,466	0	504,466	24,463	480,003
24	Other Interest Expense	2,379	0	2,379	0	2,379
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>1,522,001</u>	<u>0</u>	<u>1,522,001</u>	<u>84,631</u>	<u>1,437,370</u>
27	Actual TIER	4.02		4.02		3.99

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) <u>Virginia Jurisdictional Generation and Trans.</u>
Operating Revenues		
1	Base Rate	9,821,609
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>9,821,609</u>
Operating Expenses		
7	Purchased Power Expense	9,560,912
8	Margin Stablization	0
9	Operating and Maintenance Expense	68,813
13	Depreciation and Amortization	32,630
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>9,662,355</u>
17	Operating Margins	159,253
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	159,253
21	Plus: Capital Credits Accrued	213,098
22	Other Income	144,594
23	Less: Interest on Long-Term Debt	4,613
24	Other Interest Expense	0
25	Other Expense	0
26	Total Margins	<u>512,333</u>
27	Actual TIER	112.07

**COMMUNITY ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	4,613
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	6,919
LESS: INTEREST EXPENSE	<u>4,613</u>
REQUIRED MARGINS	2,306
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	2,295
LESS: ADJUSTED MARGINS	<u>512,333</u>
NET REVENUE REQUIREMENT	(510,038)
PLUS: ADJUSTED OPERATING REVENUES	<u>9,821,609</u>
TOTAL REVENUE REQUIREMENT	<u>9,311,571</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	4,613
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	9,225
LESS: INTEREST EXPENSE	<u>4,613</u>
REQUIRED MARGINS	4,613
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	4,590
LESS: ADJUSTED MARGINS	<u>512,333</u>
NET REVENUE REQUIREMENT	(507,743)
PLUS: ADJUSTED OPERATING REVENUES	<u>9,821,609</u>
TOTAL REVENUE REQUIREMENT	<u>9,313,866</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	4,613
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	11,531
LESS: INTEREST EXPENSE	<u>4,613</u>
REQUIRED MARGINS	6,919
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	6,884
LESS: ADJUSTED MARGINS	<u>512,333</u>
NET REVENUE REQUIREMENT	(505,448)
PLUS: ADJUSTED OPERATING REVENUES	<u>9,821,609</u>
TOTAL REVENUE REQUIREMENT	<u>9,316,160</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	4,613
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,838
LESS: INTEREST EXPENSE	<u>4,613</u>
REQUIRED MARGINS	9,225
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	9,179
LESS: ADJUSTED MARGINS	<u>512,333</u>
NET REVENUE REQUIREMENT	(503,154)
PLUS: ADJUSTED OPERATING REVENUES	<u>9,821,609</u>
TOTAL REVENUE REQUIREMENT	<u>9,318,455</u>

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	14,340,854	0	14,340,854	683,117	13,657,737	4.76%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>192,334</u>	<u>0</u>	<u>192,334</u>	<u>586</u>	<u>191,748</u>	0.30%
6	Total Operating Revenues	<u>14,533,188</u>	<u>0</u>	<u>14,533,188</u>	<u>683,703</u>	<u>13,849,485</u>	
Operating Expenses							
7	Purchased Power Expense	9,069,447	0	9,069,447	439,820	8,629,627	4.85%
8	Margin Stabilization	(66,692)	0	(66,692)	(3,234)	(63,458)	4.85%
9	Operating and Maintenance Expense	2,932,005	0	2,932,005	110,467	2,821,538	3.77%
13	Depreciation and Amortization	878,934	0	878,934	41,717	837,217	4.75%
14	Tax Expense - Property	185,009	0	185,009	0	185,009	0.00%
15	Tax Expense - Other	<u>3,052</u>	<u>0</u>	<u>3,052</u>	<u>0</u>	<u>3,052</u>	0.00%
16	Total Operating Expenses	<u>13,001,755</u>	<u>0</u>	<u>13,001,755</u>	<u>588,770</u>	<u>12,412,985</u>	
17	Operating Margins	1,531,433	0	1,531,433	94,933	1,436,500	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>1,225</u>	<u>0</u>	<u>1,225</u>	<u>0</u>	<u>1,225</u>	0.00%
20	Operating Margins Adjusted	1,530,208	0	1,530,208	94,933	1,435,275	
21	Plus: Capital Credits Accrued	230,137	0	230,137	10,962	219,175	4.76%
22	Other Income	55,104	0	55,104	2,625	52,479	4.76%
23	Less: Interest on Long-Term Debt	507,138	0	507,138	24,593	482,545	4.85%
24	Other Interest Expense	0	0	0	0	0	
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>207</u>	<u>(207)</u>	
26	Total Margins	<u>1,308,311</u>	<u>0</u>	<u>1,308,311</u>	<u>83,720</u>	<u>1,224,591</u>	
Rate Base							
27	Net Utility Plant	19,487,568	0	19,487,568	1,425,028	18,062,540	
28	Allowance for Working Capital	1,050,842	0	1,050,842	53,322	997,520	
29	Other Rate Base Deductions	<u>267,069</u>	<u>0</u>	<u>267,069</u>	<u>12,722</u>	<u>254,347</u>	
30	Total Rate Base	<u>20,271,341</u>	<u>0</u>	<u>20,271,341</u>	<u>1,465,628</u>	<u>18,805,713</u>	
31	Actual TIER	3.58		3.58		3.54	
32	DSC	2.87		2.87		2.85	
33	Rate of Return on Rate Base	7.55%		7.55%		7.63%	
34	Return on Margins and Equity	8.20%		8.20%		8.06%	
35	Capital Credits Received	18,682	0	18,682	890	17,792	
Margins and Equities							
	Margins and Equities	15,958,740	0	15,958,740	760,184	15,198,556	
	Principal Payments	430,302	0	430,302	20,867	409,435	
	Capital Credits Retired	907,695	0	907,695	43,237	864,458	

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

Virginia
Jurisdictional
Generation
and Trans.

<u>Line No.</u>	<u>Description</u>	
	Operating Revenues	9,062,562
1	Base Rate	0
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	<u>0</u>
5	Other Electric Revenues	
		<u>9,062,562</u>
6	Total Operating Revenues	
	Operating Expenses	8,546,810
7	Purchased Power Expense	(63,458)
8	Margin Stabilization	66,487
9	Operating and Maintenance Expense	30,537
13	Depreciation and Amortization	4,171
14	Tax Expense - Property	<u>0</u>
15	Tax Expense - Other	
		<u>8,584,547</u>
16	Total Operating Expenses	
17	Operating Margins	478,015
		0
18	Less: Interest Expense on Customer Deposits	<u>0</u>
19	Charitable and Educational Donations	
		478,015
20	Operating Margins Adjusted	
		203,461
21	Plus: Capital Credits Accrued	49,934
22	Other Income	4,637
23	Less: Interest on Long-Term Debt	0
24	Other Interest Expense	<u>0</u>
25	Other Expense	
		<u>726,773</u>
26	Total Margins	
	Rate Base	180,477
27	Net Utility Plant	291,814
28	Allowance for Working Capital	<u>188,922</u>
29	Other Rate Base Deductions	
		<u>283,369</u>
30	Total Rate Base	
		157.73
31	Actual TIER	88.89
32	DSC	168.69%
33	Rate of Return on Rate Base	15.76%
34	Return on Margins and Equity	0
35	Capital Credits Received	
		4,611,613
	Margins and Equities	3,935
	Principal Payments	0
	Capital Credits Retired	

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	14,128,229	0	14,128,229	672,989	13,455,240
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>158,750</u>	<u>0</u>	<u>158,750</u>	<u>484</u>	<u>158,266</u>
6	Total Operating Revenues	<u>14,286,979</u>	<u>0</u>	<u>14,286,979</u>	<u>673,472</u>	<u>13,613,507</u>
Operating Expenses						
7	Purchased Power Expense	9,330,804	0	9,330,804	452,494	8,878,310
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	2,606,821	0	2,606,821	98,215	2,508,606
13	Depreciation and Amortization	820,641	0	820,641	38,950	781,691
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>145</u>	<u>0</u>	<u>145</u>	<u>0</u>	<u>145</u>
16	Total Operating Expenses	<u>12,758,411</u>	<u>0</u>	<u>12,758,411</u>	<u>589,660</u>	<u>12,168,751</u>
17	Operating Margins	1,528,568	0	1,528,568	83,812	1,444,756
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,528,568	0	1,528,568	83,812	1,444,756
21	Plus: Capital Credits Accrued	202,116	0	202,116	9,627	192,489
22	Other Income	53,821	0	53,821	2,564	51,257
23	Less: Interest on Long-Term Debt	542,127	0	542,127	26,290	515,837
24	Other Interest Expense	471	0	471	0	471
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>1,241,907</u>	<u>0</u>	<u>1,241,907</u>	<u>69,714</u>	<u>1,172,193</u>
27	Actual TIER	3.29		3.29		3.27

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	13,845,941	0	13,845,941	659,542	13,186,399
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>153,591</u>	<u>0</u>	<u>153,591</u>	<u>468</u>	<u>153,123</u>
6	Total Operating Revenues	<u>13,999,532</u>	<u>0</u>	<u>13,999,532</u>	<u>660,010</u>	<u>13,339,522</u>
Operating Expenses						
7	Purchased Power Expense	8,554,128	0	8,554,128	414,830	8,139,298
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	2,488,958	0	2,488,958	93,775	2,395,183
13	Depreciation and Amortization	795,352	0	795,352	37,750	757,602
14	Tax Expense - Property	69,024	0	69,024	0	69,024
15	Tax Expense - Other	<u>25</u>	<u>0</u>	<u>25</u>	<u>0</u>	<u>25</u>
16	Total Operating Expenses	<u>11,907,487</u>	<u>0</u>	<u>11,907,487</u>	<u>546,354</u>	<u>11,361,133</u>
17	Operating Margins	2,092,045	0	2,092,045	113,656	1,978,389
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,092,045	0	2,092,045	113,656	1,978,389
21	Plus: Capital Credits Accrued	185,162	0	185,162	8,820	176,342
22	Other Income	41,282	0	41,282	1,967	39,315
23	Less: Interest on Long-Term Debt	618,363	0	618,363	29,987	588,376
24	Other Interest Expense	8,678	0	8,678	0	8,678
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>1,691,448</u>	<u>0</u>	<u>1,691,448</u>	<u>94,455</u>	<u>1,596,993</u>
27	Actual TIER	3.74		3.74		3.71

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Total 2001-2004</u>	<u>Generation Rev Rqt 2004</u>	<u>1/ Va Jurisdiction kWh Sales 2004</u>	<u>Generation Rev Rqt, cts/kWh 2004</u>
	Bundled Earnings Available for Stranded Cost Recovery							
1.5 TIER	185,363	N/A	N/A	N/A	\$185,363	\$3,324,547	75,323,909	4.414
2.0 TIER	N/A	N/A	N/A	N/A	\$0	\$3,326,165	75,323,909	4.416
2.5 TIER	N/A	N/A	N/A	N/A	\$0	\$3,327,782	75,323,909	4.418
3.0 TIER	N/A	N/A	N/A	N/A	\$0	\$3,329,400	75,323,909	4.420

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	542,817	644,252	674,556	706,786
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	814,226	966,377	1,011,834	1,060,179
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>
REQUIRED MARGINS	271,409	322,126	337,278	353,393
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>
AVAILABLE EARNINGS	<u>185,363</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
 2.0 TIER:				
LONG-TERM INTEREST EXPENSE	542,817	644,252	674,556	706,786
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,085,635	1,288,503	1,349,112	1,413,572
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>
REQUIRED MARGINS	542,817	644,252	674,556	706,786
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
 2.5 TIER:				
LONG-TERM INTEREST EXPENSE	542,817	644,252	674,556	706,786
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,357,044	1,610,629	1,686,390	1,766,965
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>
REQUIRED MARGINS	814,226	966,377	1,011,834	1,060,179
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
 3.0 TIER:				
LONG-TERM INTEREST EXPENSE	542,817	644,252	674,556	706,786
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,628,452	1,932,755	2,023,668	2,120,358
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>
REQUIRED MARGINS	1,085,635	1,288,503	1,349,112	1,413,572
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	6,950,782	0	6,950,782	351,105	6,599,677
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>183,080</u>	<u>0</u>	<u>183,080</u>	<u>14,662</u>	<u>168,418</u>
6	Total Operating Revenues	<u>7,133,862</u>	<u>0</u>	<u>7,133,862</u>	<u>365,767</u>	<u>6,768,095</u>
Operating Expenses						
7	Purchased Power Expense	3,417,703	0	3,417,703	149,956	3,267,747
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	2,128,347	0	2,128,347	113,482	2,014,865
13	Depreciation and Amortization	652,057	0	652,057	29,128	622,929
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>11,818</u>	<u>0</u>	<u>11,818</u>	<u>0</u>	<u>11,818</u>
16	Total Operating Expenses	<u>6,209,925</u>	<u>0</u>	<u>6,209,925</u>	<u>292,566</u>	<u>5,917,359</u>
17	Operating Margins	923,937	0	923,937	73,201	850,736
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	923,937	0	923,937	73,201	850,736
21	Plus: Capital Credits Accrued	19,766	0	19,766	979	18,787
22	Other Income	58,324	0	58,324	2,887	55,437
23	Less: Interest on Long-Term Debt	739,220	0	739,220	32,434	706,786
24	Other Interest Expense	1,189	0	1,189	5,645	(4,456)
25	Other Expense	<u>525,000</u>	<u>0</u>	<u>525,000</u>	<u>0</u>	<u>525,000</u>
26	Total Margins	<u>(263,382)</u>	<u>0</u>	<u>(263,382)</u>	<u>38,987</u>	<u>(302,369)</u>
27	Actual TIER	0.64		0.64		0.57

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	3,318,099
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>3,318,099</u>
Operating Expenses		
7	Purchased Power Expense	3,267,747
8	Margin Stablization	0
9	Operating and Maintenance Expense	50,214
13	Depreciation and Amortization	1,718
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>3,319,679</u>
17	Operating Margins	(1,579)
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(1,579)
21	Plus: Capital Credits Accrued	0
22	Other Income	0
23	Less: Interest on Long-Term Debt	3,251
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>(4,831)</u>
31	Actual TIER	(0.49)

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	3,251
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	4,877
LESS: INTEREST EXPENSE	<u>3,251</u>
REQUIRED MARGINS	1,626
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	1,618
LESS: ADJUSTED MARGINS	<u>(4,831)</u>
NET REVENUE REQUIREMENT	6,448
PLUS: ADJUSTED OPERATING REVENUES	<u>3,318,099</u>
TOTAL REVENUE REQUIREMENT	<u>3,324,547</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	3,251
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	6,503
LESS: INTEREST EXPENSE	<u>3,251</u>
REQUIRED MARGINS	3,251
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	3,235
LESS: ADJUSTED MARGINS	<u>(4,831)</u>
NET REVENUE REQUIREMENT	8,066
PLUS: ADJUSTED OPERATING REVENUES	<u>3,318,099</u>
TOTAL REVENUE REQUIREMENT	<u>3,326,165</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	3,251
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,128
LESS: INTEREST EXPENSE	<u>3,251</u>
REQUIRED MARGINS	4,877
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	4,853
LESS: ADJUSTED MARGINS	<u>(4,831)</u>
NET REVENUE REQUIREMENT	9,683
PLUS: ADJUSTED OPERATING REVENUES	<u>3,318,099</u>
TOTAL REVENUE REQUIREMENT	<u>3,327,782</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	3,251
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	9,754
LESS: INTEREST EXPENSE	<u>3,251</u>
REQUIRED MARGINS	6,503
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	6,470
LESS: ADJUSTED MARGINS	<u>(4,831)</u>
NET REVENUE REQUIREMENT	11,301
PLUS: ADJUSTED OPERATING REVENUES	<u>3,318,099</u>
TOTAL REVENUE REQUIREMENT	<u>3,329,400</u>

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	6,621,423	0	6,621,423	329,971	6,291,452	4.98%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	(44,724)	0	(44,724)	2,238	(46,962)	-5.00%
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>132,433</u>	<u>0</u>	<u>132,433</u>	<u>10,606</u>	<u>121,827</u>	8.01%
6	Total Operating Revenues	<u>6,709,132</u>	<u>0</u>	<u>6,709,132</u>	<u>342,815</u>	<u>6,366,317</u>	
Operating Expenses							
7	Purchased Power Expense	3,186,180	0	3,186,180	139,798	3,046,382	4.39%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	2,191,476	0	2,191,476	116,848	2,074,628	5.33%
13	Depreciation and Amortization	623,068	0	623,068	27,833	595,235	4.47%
14	Tax Expense - Property	0	0	0	0	0	
15	Tax Expense - Other	<u>12,888</u>	<u>0</u>	<u>12,888</u>	<u>0</u>	<u>12,888</u>	0.00%
16	Total Operating Expenses	<u>6,013,612</u>	<u>0</u>	<u>6,013,612</u>	<u>284,479</u>	<u>5,729,133</u>	
17	Operating Margins	695,520	0	695,520	58,336	637,184	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>999</u>	<u>0</u>	<u>999</u>	<u>44</u>	<u>955</u>	4.40%
20	Operating Margins Adjusted	694,521	0	694,521	58,292	636,229	
21	Plus: Capital Credits Accrued	16,519	0	16,519	818	15,701	4.95%
22	Other Income	78,825	0	78,825	3,902	74,923	4.95%
23	Less: Interest on Long-Term Debt	705,511	0	705,511	30,955	674,556	4.39%
24	Other Interest Expense	119	0	119	565	(446)	474.79%
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>(5)</u>	
26	Total Margins	<u>84,235</u>	<u>0</u>	<u>84,235</u>	<u>31,487</u>	<u>52,748</u>	
Rate Base							
27	Net Utility Plant	18,535,377	0	18,535,377	822,989	17,712,388	
28	Allowance for Working Capital	611,855	0	611,855	29,397	582,458	
29	Other Rate Base Deductions	<u>125,877</u>	<u>0</u>	<u>125,877</u>	<u>6,231</u>	<u>119,646</u>	
30	Total Rate Base	<u>19,021,355</u>	<u>0</u>	<u>19,021,355</u>	<u>846,155</u>	<u>18,175,200</u>	
31	Actual TIER	1.12		1.12		1.08	
32	DSC	1.27		1.27		1.24	
33	Rate of Return on Rate Base	3.65%		3.65%		3.50%	
34	Return on Margins and Equity	0.95%		0.95%		0.63%	
35	Capital Credits Received	0	0	0	0	0	
Margins and Equities							
	Margins and Equities	8,858,087	0	8,858,087	438,471	8,419,616	
	Principal Payments	408,491	0	408,491	17,923	390,568	
	Capital Credits Retired	0	0	0	0	0	

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

<u>Line No.</u>	<u>Description</u>	Virginia Jurisdictional Generation and Trans. <u></u>
	Operating Revenues	
1	Base Rate	3,163,134
2	Fuel - WPCA	0
3	Roll In Riders	(46,962)
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>3,116,172</u>
	Operating Expenses	
7	Purchased Power Expense	3,046,382
8	Margin Stabilization	0
9	Operating and Maintenance Expense	51,703
13	Depreciation and Amortization	1,642
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>3,099,727</u>
17	Operating Margins	16,445
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	16,445
21	Plus: Capital Credits Accrued	0
22	Other Income	0
23	Less: Interest on Long-Term Debt	3,103
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>13,342</u>
	Rate Base	
27	Net Utility Plant	32,258
28	Allowance for Working Capital	116,081
29	Other Rate Base Deductions	<u>64,734</u>
30	Total Rate Base	<u>83,605</u>
31	Actual TIER	5.30
32	DSC	3.69
33	Rate of Return on Rate Base	19.67%
34	Return on Margins and Equity	N/A
35	Capital Credits Received	0
	Margins and Equities	0
	Principal Payments	1,797
	Capital Credits Retired	0

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	6,400,412	0	6,400,412	318,957	6,081,455
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>127,208</u>	<u>0</u>	<u>127,208</u>	<u>10,188</u>	<u>117,020</u>
6	Total Operating Revenues	<u>6,527,620</u>	<u>0</u>	<u>6,527,620</u>	<u>329,145</u>	<u>6,198,475</u>
Operating Expenses						
7	Purchased Power Expense	3,113,459	0	3,113,459	136,607	2,976,852
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	1,948,656	0	1,948,656	103,901	1,844,755
13	Depreciation and Amortization	597,188	0	597,188	26,677	570,511
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>6,789</u>	<u>0</u>	<u>6,789</u>	<u>0</u>	<u>6,789</u>
16	Total Operating Expenses	<u>5,666,092</u>	<u>0</u>	<u>5,666,092</u>	<u>267,185</u>	<u>5,398,907</u>
17	Operating Margins	861,528	0	861,528	61,960	799,568
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	861,528	0	861,528	61,960	799,568
21	Plus: Capital Credits Accrued	27,625	0	27,625	1,368	26,257
22	Other Income	102,976	0	102,976	5,098	97,878
23	Less: Interest on Long-Term Debt	673,816	0	673,816	29,564	644,252
24	Other Interest Expense	273	0	273	1,296	(1,023)
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>318,040</u>	<u>0</u>	<u>318,040</u>	<u>37,564</u>	<u>280,476</u>
27	Actual TIER	1.47		1.47		1.44

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	6,252,554	0	6,252,554	311,589	5,940,965
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>124,707</u>	<u>0</u>	<u>124,707</u>	<u>9,987</u>	<u>114,720</u>
6	Total Operating Revenues	<u>6,377,261</u>	<u>0</u>	<u>6,377,261</u>	<u>321,576</u>	<u>6,055,685</u>
Operating Expenses						
7	Purchased Power Expense	2,965,423	0	2,965,423	130,112	2,835,311
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	1,930,491	0	1,930,491	102,932	1,827,559
13	Depreciation and Amortization	553,519	0	553,519	24,726	528,793
14	Tax Expense - Property	11,557	0	11,557	0	11,557
15	Tax Expense - Other	<u>23,522</u>	<u>0</u>	<u>23,522</u>	<u>0</u>	<u>23,522</u>
16	Total Operating Expenses	<u>5,484,512</u>	<u>0</u>	<u>5,484,512</u>	<u>257,771</u>	<u>5,226,741</u>
17	Operating Margins	892,749	0	892,749	63,805	828,944
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	892,749	0	892,749	63,805	828,944
21	Plus: Capital Credits Accrued	27,873	0	27,873	1,380	26,493
22	Other Income	120,955	0	120,955	5,988	114,967
23	Less: Interest on Long-Term Debt	567,727	0	567,727	24,910	542,817
24	Other Interest Expense	7,787	0	7,787	36,972	(29,185)
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>466,063</u>	<u>0</u>	<u>466,063</u>	<u>9,292</u>	<u>456,771</u>
27	Actual TIER	1.82		1.82		1.84

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**MECKLENBERG ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>				
1.5 TIER	2,686,403	1,480,920	2,121,562	2,133,874	\$8,422,759	\$27,018,351	504,702,959	5.353
2.0 TIER	1,527,006	536,137	1,131,828	1,095,403	\$4,290,375	\$27,018,531	504,702,959	5.353
2.5 TIER	367,609	N/A	142,094	56,933	\$566,637	\$27,018,711	504,702,959	5.353
3.0 TIER	N/A	N/A	N/A	N/A	\$0	\$27,018,891	504,702,959	5.353

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kWh sales allocation.

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	3,478,191	2,834,349	2,969,202	3,115,410
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,318,794</u>	<u>1,889,566</u>	<u>1,979,468</u>	<u>2,076,940</u>
REQUIRED MARGINS	1,159,397	944,783	989,734	1,038,470
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>
AVAILABLE EARNINGS	<u>2,686,403</u>	<u>1,480,920</u>	<u>2,121,562</u>	<u>2,133,874</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	4,637,588	3,779,131	3,958,936	4,153,880
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,318,794</u>	<u>1,889,566</u>	<u>1,979,468</u>	<u>2,076,940</u>
REQUIRED MARGINS	2,318,794	1,889,566	1,979,468	2,076,940
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>
AVAILABLE EARNINGS	<u>1,527,006</u>	<u>536,137</u>	<u>1,131,828</u>	<u>1,095,403</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	5,796,985	4,723,914	4,948,670	5,192,351
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,318,794</u>	<u>1,889,566</u>	<u>1,979,468</u>	<u>2,076,940</u>
REQUIRED MARGINS	3,478,191	2,834,349	2,969,202	3,115,410
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>
AVAILABLE EARNINGS	<u>367,609</u>	<u>N/A</u>	<u>142,094</u>	<u>56,933</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	6,956,381	5,668,697	5,938,404	6,230,821
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,318,794</u>	<u>1,889,566</u>	<u>1,979,468</u>	<u>2,076,940</u>
REQUIRED MARGINS	4,637,588	3,779,131	3,958,936	4,153,880
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	46,932,376	0	46,932,376	2,521,498	44,410,878
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>365,038</u>	<u>0</u>	<u>365,038</u>	<u>3,631</u>	<u>361,407</u>
6	Total Operating Revenues	<u>47,297,414</u>	<u>0</u>	<u>47,297,414</u>	<u>2,525,129</u>	<u>44,772,285</u>
Operating Expenses						
7	Purchased Power Expense	29,067,613	0	29,067,613	1,679,121	27,388,492
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	10,343,754	0	10,343,754	491,826	9,851,928
13	Depreciation and Amortization	3,151,078	0	3,151,078	177,636	2,973,442
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>4,283</u>	<u>0</u>	<u>4,283</u>	<u>0</u>	<u>4,283</u>
16	Total Operating Expenses	<u>42,566,728</u>	<u>0</u>	<u>42,566,728</u>	<u>2,348,583</u>	<u>40,218,145</u>
17	Operating Margins	4,730,686	0	4,730,686	176,546	4,554,140
18	Less: Interest Expense on Customer Deposits	12,946	0	12,946	664	12,282
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	4,717,740	0	4,717,740	175,882	4,541,858
21	Plus: Capital Credits Accrued	631,051	0	631,051	33,904	597,147
22	Other Income	162,607	0	162,607	8,736	153,871
23	Less: Interest on Long-Term Debt	2,204,272	0	2,204,272	127,332	2,076,940
24	Other Interest Expense	0	0	0	0	0
25	Other Expense	<u>46,463</u>	<u>0</u>	<u>46,463</u>	<u>2,871</u>	<u>43,592</u>
26	Total Margins	<u>3,260,663</u>	<u>0</u>	<u>3,260,663</u>	<u>88,319</u>	<u>3,172,344</u>
27	Actual TIER	2.48		2.48		2.53

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans. <u></u>
Operating Revenues		
1	Base Rate	30,036,601
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>30,036,601</u>
Operating Expenses		
7	Purchased Power Expense	27,388,492
8	Margin Stabilization	0
9	Operating and Maintenance Expense	167,530
13	Depreciation and Amortization	5,593
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>27,561,615</u>
17	Operating Margins	2,474,987
18	Less: Interest Expense on Customer Deposits	8,133
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	2,466,854
21	Plus: Capital Credits Accrued	551,938
22	Other Income	0
23	Less: Interest on Long-Term Debt	362
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>3,018,430</u>
27	Actual TIER	8,339.47

**MECKLENBERG ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	362
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	543
LESS: INTEREST EXPENSE	<u>362</u>
REQUIRED MARGINS	181
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	180
LESS: ADJUSTED MARGINS	<u>3,018,430</u>
NET REVENUE REQUIREMENT	(3,018,250)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,036,601</u>
TOTAL REVENUE REQUIREMENT	<u>27,018,351</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	362
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	724
LESS: INTEREST EXPENSE	<u>362</u>
REQUIRED MARGINS	362
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	360
LESS: ADJUSTED MARGINS	<u>3,018,430</u>
NET REVENUE REQUIREMENT	(3,018,070)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,036,601</u>
TOTAL REVENUE REQUIREMENT	<u>27,018,531</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	362
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	905
LESS: INTEREST EXPENSE	<u>362</u>
REQUIRED MARGINS	543
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	540
LESS: ADJUSTED MARGINS	<u>3,018,430</u>
NET REVENUE REQUIREMENT	(3,017,890)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,036,601</u>
TOTAL REVENUE REQUIREMENT	<u>27,018,711</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	362
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,086
LESS: INTEREST EXPENSE	<u>362</u>
REQUIRED MARGINS	724
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	720
LESS: ADJUSTED MARGINS	<u>3,018,430</u>
NET REVENUE REQUIREMENT	(3,017,710)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,036,601</u>
TOTAL REVENUE REQUIREMENT	<u>27,018,891</u>

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	43,088,129	0	43,088,129	2,314,961	40,773,168	5.37%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>342,797</u>	<u>0</u>	<u>342,797</u>	<u>3,410</u>	<u>339,387</u>	0.99%
6	Total Operating Revenues	<u>43,430,926</u>	<u>0</u>	<u>43,430,926</u>	<u>2,318,371</u>	<u>41,112,555</u>	
Operating Expenses							
7	Purchased Power Expense	25,991,652	0	25,991,652	1,501,435	24,490,217	5.78%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	9,552,408	0	9,552,408	454,199	9,098,209	4.75%
13	Depreciation and Amortization	3,022,084	0	3,022,084	170,364	2,851,720	5.64%
14	Tax Expense - Property	317,950	0	317,950	18,161	299,789	5.71%
15	Tax Expense - Other	<u>3,872</u>	<u>0</u>	<u>3,872</u>	<u>0</u>	<u>3,872</u>	0.00%
16	Total Operating Expenses	<u>38,887,966</u>	<u>0</u>	<u>38,887,966</u>	<u>2,144,159</u>	<u>36,743,807</u>	
17	Operating Margins	4,542,960	0	4,542,960	174,212	4,368,748	
18	Less: Interest Expense on Customer Deposits	78	0	78	4	74	
19	Charitable and Educational Donations	<u>13,012</u>	<u>0</u>	<u>13,012</u>	<u>752</u>	<u>12,260</u>	
20	Operating Margins Adjusted	4,529,870	0	4,529,870	173,456	4,356,414	
21	Plus: Capital Credits Accrued	651,036	0	651,036	34,978	616,058	5.37%
22	Other Income	180,086	0	180,086	9,675	170,411	5.37%
23	Less: Interest on Long-Term Debt	2,100,824	0	2,100,824	121,356	1,979,468	5.78%
24	Other Interest Expense	0	0	0	0	0	
25	Other Expense	<u>55,552</u>	<u>0</u>	<u>55,552</u>	<u>3,433</u>	<u>52,119</u>	6.18%
26	Total Margins	<u>3,204,616</u>	<u>0</u>	<u>3,204,616</u>	<u>93,320</u>	<u>3,111,296</u>	
Rate Base							
27	Net Utility Plant	74,998,608	0	74,998,608	4,247,398	70,751,210	5.66%
28	Allowance for Working Capital	3,061,383	0	3,061,383	164,810	2,896,573	5.38%
29	Other Rate Base Deductions	<u>1,316,809</u>	<u>0</u>	<u>1,316,809</u>	<u>70,747</u>	<u>1,246,062</u>	5.37%
30	Total Rate Base	<u>76,743,182</u>	<u>0</u>	<u>76,743,182</u>	<u>4,341,461</u>	<u>72,401,721</u>	
31	Actual TIER	2.53		2.53		2.57	
32	DSC	2.22		2.22		2.25	
33	Rate of Return on Rate Base	5.90%		5.90%		6.02%	
34	Return on Margins and Equity	7.79%		7.79%		7.99%	
35	Capital Credits Received	0	0	0	0	0	
Margins and Equities							
	Principal Payments	1,643,611	0	1,643,611	94,945	1,548,666	5.78%
	Capital Credits Retired	1,781,665	0	1,781,665	95,722	1,685,943	5.37%

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

<u>Line No.</u>	<u>Description</u>	<u>Virginia Jurisdictional Generation and Trans.</u>
	Operating Revenues	
1	Base Rate	27,576,293
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>27,576,293</u>
	Operating Expenses	
7	Purchased Power Expense	24,490,217
8	Margin Stabilization	0
9	Operating and Maintenance Expense	154,713
13	Depreciation and Amortization	5,364
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>24,650,294</u>
17	Operating Margins	2,925,999
18	Less: Interest Expense on Customer Deposits	49
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	2,925,950
21	Plus: Capital Credits Accrued	569,418
22	Other Income	0
23	Less: Interest on Long-Term Debt	345
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>3,495,023</u>
	Rate Base	
27	Net Utility Plant	21,173
28	Allowance for Working Capital	827,073
29	Other Rate Base Deductions	<u>835,626</u>
30	Total Rate Base	<u>12,620</u>
31	Actual TIER	10,131.50
32	DSC	5,692.25
33	Rate of Return on Rate Base	23185.02%
34	Return on Margins and Equity	29.62%
35	Capital Credits Received	0
	Margins and Equities	11,797,979
	Principal Payments	270
	Capital Credits Retired	0

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	43,837,043	0	43,837,043	2,355,197	41,481,846
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>332,258</u>	<u>0</u>	<u>332,258</u>	<u>3,305</u>	<u>328,953</u>
6	Total Operating Revenues	<u>44,169,301</u>	<u>0</u>	<u>44,169,301</u>	<u>2,358,502</u>	<u>41,810,799</u>
Operating Expenses						
7	Purchased Power Expense	27,811,767	0	27,811,767	1,606,576	26,205,191
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	9,831,166	0	9,831,166	467,453	9,363,713
13	Depreciation and Amortization	2,892,396	0	2,892,396	163,053	2,729,343
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>3,912</u>	<u>0</u>	<u>3,912</u>	<u>0</u>	<u>3,912</u>
16	Total Operating Expenses	<u>40,539,241</u>	<u>0</u>	<u>40,539,241</u>	<u>2,237,082</u>	<u>38,302,159</u>
17	Operating Margins	3,630,060	0	3,630,060	121,420	3,508,640
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	3,630,060	0	3,630,060	121,420	3,508,640
21	Plus: Capital Credits Accrued	555,601	0	555,601	29,851	525,750
22	Other Income	325,521	0	325,521	17,488	308,033
23	Less: Interest on Long-Term Debt	2,005,410	0	2,005,410	115,844	1,889,566
24	Other Interest Expense	3,973	0	3,973	0	3,973
25	Other Expense	<u>24,708</u>	<u>0</u>	<u>24,708</u>	<u>1,527</u>	<u>23,181</u>
26	Total Margins	<u>2,477,091</u>	<u>0</u>	<u>2,477,091</u>	<u>51,388</u>	<u>2,425,703</u>
Rate Base						
27	Net Utility Plant	0	0	0		0
28	Allowance for Working Capital	0	0	0		0
29	Other Rate Base Deductions	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
30	Actual TIER	2.24		2.24		2.28

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	43,620,117	0	43,620,117	2,343,543	41,276,574
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>336,533</u>	<u>0</u>	<u>336,533</u>	<u>3,348</u>	<u>333,185</u>
6	Total Operating Revenues	<u>43,956,650</u>	<u>0</u>	<u>43,956,650</u>	<u>2,346,890</u>	<u>41,609,760</u>
Operating Expenses						
7	Purchased Power Expense	27,139,380	0	27,139,380	1,567,735	25,571,645
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	8,115,722	0	8,115,722	385,887	7,729,835
13	Depreciation and Amortization	2,750,493	0	2,750,493	155,054	2,595,439
14	Tax Expense - Property	21,550	0	21,550	1,231	20,319
15	Tax Expense - Other	<u>183,460</u>	<u>0</u>	<u>183,460</u>	<u>0</u>	<u>183,460</u>
16	Total Operating Expenses	<u>38,210,605</u>	<u>0</u>	<u>38,210,605</u>	<u>2,109,907</u>	<u>36,100,698</u>
17	Operating Margins	5,746,045	0	5,746,045	236,984	5,509,061
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	5,746,045	0	5,746,045	236,984	5,509,061
21	Plus: Capital Credits Accrued	552,357	0	552,357	29,676	522,681
22	Other Income	338,204	0	338,204	18,170	320,034
23	Less: Interest on Long-Term Debt	2,460,953	0	2,460,953	142,159	2,318,794
24	Other Interest Expense	46,877	0	46,877	0	46,877
25	Other Expense	<u>149,547</u>	<u>0</u>	<u>149,547</u>	<u>9,242</u>	<u>140,305</u>
26	Total Margins	<u>3,979,229</u>	<u>0</u>	<u>3,979,229</u>	<u>133,429</u>	<u>3,845,800</u>
27	Actual TIER	2.62		2.62		2.66

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**NORTHERN NECK ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery			Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cis/kWh <u>2004</u>	
	<u>2001</u>	<u>2002</u>	<u>2003</u>					<u>2004</u>
1.5 TIER	877,748	1,408,378	2,002,621	243,811	\$4,532,558	\$13,616,287	229,684,729	5.928
2.0 TIER	450,675	992,574	1,520,250	N/A	\$2,963,499	\$13,619,038	229,684,729	5.929
2.5 TIER	23,603	576,769	1,037,879	N/A	\$1,638,251	\$13,621,789	229,684,729	5.931
3.0 TIER	N/A	160,965	555,508	N/A	\$716,473	\$13,624,540	229,684,729	5.932

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**NORTHERN NECK ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,281,218	1,247,413	1,447,113	1,424,912
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>
REQUIRED MARGINS	427,073	415,804	482,371	474,971
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>
AVAILABLE EARNINGS	<u>877,748</u>	<u>1,408,378</u>	<u>2,002,621</u>	<u>243,811</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,708,290	1,663,217	1,929,484	1,899,883
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>
REQUIRED MARGINS	854,145	831,609	964,742	949,942
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>
AVAILABLE EARNINGS	<u>450,675</u>	<u>992,574</u>	<u>1,520,250</u>	<u>N/A</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,135,363	2,079,022	2,411,855	2,374,854
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>
REQUIRED MARGINS	1,281,218	1,247,413	1,447,113	1,424,912
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>
AVAILABLE EARNINGS	<u>23,603</u>	<u>576,769</u>	<u>1,037,879</u>	<u>N/A</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,562,435	2,494,826	2,894,226	2,849,825
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>
REQUIRED MARGINS	1,708,290	1,663,217	1,929,484	1,899,883
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>160,965</u>	<u>555,508</u>	<u>N/A</u>

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	23,296,546	0	23,296,546	211,060	23,085,486
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>457,077</u>	<u>0</u>	<u>457,077</u>	<u>1,251</u>	<u>455,826</u>
6	Total Operating Revenues	<u>23,753,623</u>	<u>0</u>	<u>23,753,623</u>	<u>212,311</u>	<u>23,541,312</u>
Operating Expenses						
7	Purchased Power Expense	13,928,522	0	13,928,522	147,677	13,780,845
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	6,902,138	0	6,902,138	52,282	6,849,856
13	Depreciation and Amortization	1,691,671	0	1,691,671	17,221	1,674,450
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>22,522,331</u>	<u>0</u>	<u>22,522,331</u>	<u>217,180</u>	<u>22,305,151</u>
17	Operating Margins	1,231,292	0	1,231,292	(4,869)	1,236,161
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,231,292	0	1,231,292	(4,869)	1,236,161
21	Plus: Capital Credits Accrued	346,741	0	346,741	3,141	343,600
22	Other Income	139,164	0	139,164	1,261	137,903
23	Less: Interest on Long-Term Debt	960,121	0	960,121	10,179	949,942
24	Other Interest Expense	4,893	0	4,893	0	4,893
25	Other Expense	<u>44,490</u>	<u>0</u>	<u>44,490</u>	<u>443</u>	<u>44,047</u>
26	Total Margins	<u>707,693</u>	<u>0</u>	<u>707,693</u>	<u>(11,089)</u>	<u>718,782</u>
27	Actual TIER	1.74		1.74		1.76

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and <u>Trans.</u>
Operating Revenues		
1	Base Rate	15,188,562
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>15,188,562</u>
Operating Expenses		
7	Purchased Power Expense	13,780,845
8	Margin Stablization	0
9	Operating and Maintenance Expense	147,690
13	Depreciation and Amortization	2,716
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>13,931,251</u>
17	Operating Margins	1,257,311
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,257,311
21	Plus: Capital Credits Accrued	323,245
22	Other Income	0
23	Less: Interest on Long-Term Debt	5,530
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>1,575,027</u>
27	Actual TIER	285.82

**NORTHERN NECK ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,530
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,295
LESS: INTEREST EXPENSE	<u>5,530</u>
REQUIRED MARGINS	2,765
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	2,751
LESS: ADJUSTED MARGINS	<u>1,575.027</u>
NET REVENUE REQUIREMENT	(1,572,276)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,188,562</u>
TOTAL REVENUE REQUIREMENT	<u>13,616,287</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,530
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	11,060
LESS: INTEREST EXPENSE	<u>5,530</u>
REQUIRED MARGINS	5,530
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	5,502
LESS: ADJUSTED MARGINS	<u>1,575.027</u>
NET REVENUE REQUIREMENT	(1,569,525)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,188,562</u>
TOTAL REVENUE REQUIREMENT	<u>13,619,038</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,530
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,825
LESS: INTEREST EXPENSE	<u>5,530</u>
REQUIRED MARGINS	8,295
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	8,253
LESS: ADJUSTED MARGINS	<u>1,575.027</u>
NET REVENUE REQUIREMENT	(1,566,773)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,188,562</u>
TOTAL REVENUE REQUIREMENT	<u>13,621,789</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,530
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	16,590
LESS: INTEREST EXPENSE	<u>5,530</u>
REQUIRED MARGINS	11,060
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	11,004
LESS: ADJUSTED MARGINS	<u>1,575.027</u>
NET REVENUE REQUIREMENT	(1,564,022)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,188,562</u>
TOTAL REVENUE REQUIREMENT	<u>13,624,540</u>

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	19,310,106	0	19,310,106	171,404	19,138,702	0.89%
2	Fuel - WPCA	2,294,772	0	2,294,772	24,330	2,270,442	1.06%
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>403,011</u>	<u>0</u>	<u>403,011</u>	<u>1,103</u>	<u>401,908</u>	0.27%
6	Total Operating Revenues	<u>22,007,889</u>	<u>0</u>	<u>22,007,889</u>	<u>196,837</u>	<u>21,811,052</u>	
Operating Expenses							
7	Purchased Power Expense	12,755,932	0	12,755,932	135,245	12,620,687	1.06%
8	Margin Stabilization	(166,367)	0	(166,367)	(1,764)	(164,603)	1.06%
9	Operating and Maintenance Expense	4,595,523	0	4,595,523	34,810	4,560,713	0.76%
13	Depreciation and Amortization	1,565,154	0	1,565,154	15,933	1,549,221	1.02%
14	Tax Expense - Property	190,040	0	190,040	1,970	188,070	1.04%
15	Tax Expense - Other	<u>11,217</u>	<u>0</u>	<u>11,217</u>	<u>0</u>	<u>11,217</u>	0.00%
16	Total Operating Expenses	<u>18,951,499</u>	<u>0</u>	<u>18,951,499</u>	<u>186,194</u>	<u>18,765,305</u>	
17	Operating Margins	3,056,390	0	3,056,390	10,643	3,045,747	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>1,283</u>	<u>0</u>	<u>1,283</u>	<u>14</u>	<u>1,269</u>	1.09%
20	Operating Margins Adjusted	3,055,107	0	3,055,107	10,629	3,044,478	
21	Plus: Capital Credits Accrued	338,217	0	338,217	3,064	335,153	0.91%
22	Other Income	92,349	0	92,349	837	91,512	0.91%
23	Less: Interest on Long-Term Debt	975,080	0	975,080	10,338	964,742	1.06%
24	Other Interest Expense	18	0	18	0	18	0.00%
25	Other Expense	<u>21,606</u>	<u>0</u>	<u>21,606</u>	<u>215</u>	<u>21,391</u>	1.00%
26	Total Margins	<u>2,488,969</u>	<u>0</u>	<u>2,488,969</u>	<u>3,977</u>	<u>2,484,992</u>	
Rate Base							
27	Net Utility Plant	33,007,060	0	33,007,060	336,398	32,670,662	1.02%
28	Allowance for Working Capital	1,312,992	0	1,312,992	12,206	1,300,786	0.93%
29	Other Rate Base Deductions	<u>449,731</u>	<u>0</u>	<u>449,731</u>	<u>4,074</u>	<u>445,657</u>	0.91%
30	Total Rate Base	<u>33,870,321</u>	<u>0</u>	<u>33,870,321</u>	<u>344,530</u>	<u>33,525,791</u>	
31	Actual TIER	3.55		3.55		3.58	
32	DSC	2.82		2.82		2.83	
33	Rate of Return on Rate Base	9.02%		9.02%		9.08%	
34	Return on Margins and Equity	10.57%		10.57%		10.65%	
35	Capital Credits Received	25,666	0	25,666	233	25,433	
	Margins and Equities	23,540,524	0	23,540,524	213,271	23,327,253	0.91%
	Principal Payments	810,253	0	810,253	8,591	801,662	1.06%
	Capital Credits Retired	515,653	0	515,653	4,672	510,981	0.91%

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

Virginia
Jurisdictional
Generation
and Trans.

<u>Line No.</u>	<u>Description</u>		
	Operating Revenues		
1	Base Rate	11,815,210	
2	Fuel - WPCA	2,270,442	65.79%
3	Roll In Riders	0	
4	Margin Stabilization	0	
5	Other Electric Revenues	<u>0</u>	
6	Total Operating Revenues	<u>14,085,652</u>	
	Operating Expenses		
7	Purchased Power Expense	12,620,687	
8	Margin Stabilization	(164,603)	
9	Operating and Maintenance Expense	98,334	
13	Depreciation and Amortization	2,513	
14	Tax Expense - Property	30	
15	Tax Expense - Other	<u>0</u>	
16	Total Operating Expenses	<u>12,556,961</u>	
17	Operating Margins	1,528,691	
18	Less: Interest Expense on Customer Deposits	0	
19	Charitable and Educational Donations	<u>0</u>	
20	Operating Margins Adjusted	1,528,691	
21	Plus: Capital Credits Accrued	315,299	
22	Other Income	0	
23	Less: Interest on Long-Term Debt	5,616	
24	Other Interest Expense	0	
25	Other Expense	<u>0</u>	
26	Total Margins	<u>1,838,374</u>	
	Rate Base		
27	Net Utility Plant	66,958	
28	Allowance for Working Capital	429,206	
29	Other Rate Base Deductions	<u>301,551</u>	
30	Total Rate Base	<u>194,613</u>	
31	Actual TIER	328.35	
32	DSC	179.59	
33	Rate of Return on Rate Base	785.50%	
34	Return on Margins and Equity	27.42%	
35	Capital Credits Received	0	
	Margins and Equities	6,703,567	
	Principal Payments	4,666	
	Capital Credits Retired	0	

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	20,780,328	0	20,780,328	184,454	20,595,874
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>377,986</u>	<u>0</u>	<u>377,986</u>	<u>1,035</u>	<u>376,951</u>
6	Total Operating Revenues	<u>21,158,314</u>	<u>0</u>	<u>21,158,314</u>	<u>185,489</u>	<u>20,972,825</u>
Operating Expenses						
7	Purchased Power Expense	12,274,057	0	12,274,057	130,136	12,143,921
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	5,058,463	0	5,058,463	38,317	5,020,146
13	Depreciation and Amortization	1,454,372	0	1,454,372	14,805	1,439,567
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>18,786,892</u>	<u>0</u>	<u>18,786,892</u>	<u>183,258</u>	<u>18,603,634</u>
17	Operating Margins	2,371,422	0	2,371,422	2,231	2,369,191
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,371,422	0	2,371,422	2,231	2,369,191
21	Plus: Capital Credits Accrued	281,025	0	281,025	2,546	278,479
22	Other Income	40,200	0	40,200	364	39,836
23	Less: Interest on Long-Term Debt	840,520	0	840,520	8,911	831,609
24	Other Interest Expense	3,758	0	3,758	0	3,758
25	Other Expense	<u>28,238</u>	<u>0</u>	<u>28,238</u>	<u>281</u>	<u>27,957</u>
26	Total Margins	<u>1,820,131</u>	<u>0</u>	<u>1,820,131</u>	<u>(4,051)</u>	<u>1,824,182</u>
27	Actual TIER	3.17		3.17		3.19

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	19,611,606	0	19,611,606	174,080	19,437,526
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>370,486</u>	<u>0</u>	<u>370,486</u>	<u>1,014</u>	<u>369,472</u>
6	Total Operating Revenues	<u>19,982,092</u>	<u>0</u>	<u>19,982,092</u>	<u>175,094</u>	<u>19,806,998</u>
Operating Expenses						
7	Purchased Power Expense	11,907,844	0	11,907,844	126,253	11,781,591
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	4,628,412	0	4,628,412	35,059	4,593,353
13	Depreciation and Amortization	1,486,783	0	1,486,783	15,135	1,471,648
14	Tax Expense - Property	67,019	0	67,019	695	66,324
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>18,090,058</u>	<u>0</u>	<u>18,090,058</u>	<u>177,142</u>	<u>17,912,916</u>
17	Operating Margins	1,892,034	0	1,892,034	(2,048)	1,894,082
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,892,034	0	1,892,034	(2,048)	1,894,082
21	Plus: Capital Credits Accrued	265,545	0	265,545	2,406	263,139
22	Other Income	57,088	0	57,088	517	56,571
23	Less: Interest on Long-Term Debt	863,298	0	863,298	9,153	854,145
24	Other Interest Expense	18,540	0	18,540	0	18,540
25	Other Expense	<u>36,651</u>	<u>0</u>	<u>36,651</u>	<u>365</u>	<u>36,286</u>
26	Total Margins	<u>1,296,178</u>	<u>0</u>	<u>1,296,178</u>	<u>(8,642)</u>	<u>1,304,820</u>
27	Actual TIER	2.50		2.50		2.53

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total <u>2001-2004</u>	Generation Rev Rqt <u>2004</u>	1/ Va Jurisdiction kWh Sales <u>2004</u>	Generation Rev Rqt, cts/kWh <u>2004</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>				
1.5 TIER	29,600,370	38,896,888	42,723,943	48,291,505	\$159,512,707	\$141,172,886	2,460,581,774	5.737
2.0 TIER	25,137,967	35,075,187	39,113,724	44,909,690	\$144,236,567	\$141,191,437	2,460,581,774	5.738
2.5 TIER	20,675,563	31,253,485	35,503,505	41,527,874	\$128,960,428	\$141,209,988	2,460,581,774	5.739
3.0 TIER	16,213,159	27,431,783	31,893,286	38,146,059	\$113,684,288	\$141,228,540	2,460,581,774	5.740

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,387,211	11,465,105	10,830,657	10,145,447
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>8,924,807</u>	<u>7,643,403</u>	<u>7,220,438</u>	<u>6,763,631</u>
REQUIRED MARGINS	4,462,404	3,821,702	3,610,219	3,381,816
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>
AVAILABLE EARNINGS	<u>29,600,370</u>	<u>38,896,888</u>	<u>42,723,943</u>	<u>48,291,505</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	17,849,615	15,286,807	14,440,876	13,527,262
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>8,924,807</u>	<u>7,643,403</u>	<u>7,220,438</u>	<u>6,763,631</u>
REQUIRED MARGINS	8,924,807	7,643,403	7,220,438	6,763,631
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>
AVAILABLE EARNINGS	<u>25,137,967</u>	<u>35,075,187</u>	<u>39,113,724</u>	<u>44,909,690</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	22,312,018	19,108,508	18,051,095	16,909,078
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>8,924,807</u>	<u>7,643,403</u>	<u>7,220,438</u>	<u>6,763,631</u>
REQUIRED MARGINS	13,387,211	11,465,105	10,830,657	10,145,447
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>
AVAILABLE EARNINGS	<u>20,675,563</u>	<u>31,253,485</u>	<u>35,503,505</u>	<u>41,527,874</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	26,774,422	22,930,210	21,661,314	20,290,893
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>8,924,807</u>	<u>7,643,403</u>	<u>7,220,438</u>	<u>6,763,631</u>
REQUIRED MARGINS	17,849,615	15,286,807	14,440,876	13,527,262
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>
AVAILABLE EARNINGS	<u>16,213,159</u>	<u>27,431,783</u>	<u>31,893,286</u>	<u>38,146,059</u>

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	267,053,234	0	267,053,234	24,486,261	242,566,973
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>3,004,450</u>	<u>0</u>	<u>3,004,450</u>	<u>24,716</u>	<u>2,979,734</u>
6	Total Operating Revenues	<u>270,057,684</u>	<u>0</u>	<u>270,057,684</u>	<u>24,510,977</u>	<u>245,546,707</u>
Operating Expenses						
7	Purchased Power Expense	160,218,049	0	160,218,049	16,582,642	143,635,407
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	38,545,536	0	38,545,536	1,986,426	36,559,110
13	Depreciation and Amortization	12,935,643	0	12,935,643	836,795	12,098,848
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>2,468</u>	<u>0</u>	<u>2,468</u>	<u>162</u>	<u>2,306</u>
16	Total Operating Expenses	<u>211,701,696</u>	<u>0</u>	<u>211,701,696</u>	<u>19,406,025</u>	<u>192,295,671</u>
17	Operating Margins	58,355,988	0	58,355,988	5,104,952	53,251,036
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	58,355,988	0	58,355,988	5,104,952	53,251,036
21	Plus: Capital Credits Accrued	3,939,388	0	3,939,388	0	3,939,388
22	Other Income	2,981,221	0	2,981,221	0	2,981,221
23	Less: Interest on Long-Term Debt	7,240,782	0	7,240,782	477,151	6,763,631
24	Other Interest Expense	37,712	0	37,712	2,473	35,239
25	Other Expense	<u>1,831,540</u>	<u>0</u>	<u>1,831,540</u>	<u>132,086</u>	<u>1,699,454</u>
26	Total Margins	<u>56,166,563</u>	<u>0</u>	<u>56,166,563</u>	<u>4,493,242</u>	<u>51,673,321</u>
27	Actual TIER	8.76		8.76		8.64

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	37,289
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	55,933
LESS: INTEREST EXPENSE	<u>37,289</u>
REQUIRED MARGINS	18,644
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	18,551
LESS: ADJUSTED MARGINS	<u>27,216,704</u>
NET REVENUE REQUIREMENT	(27,198,153)
PLUS: ADJUSTED OPERATING REVENUES	<u>168,371,040</u>
TOTAL REVENUE REQUIREMENT	<u>141,172,886</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	37,289
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	74,577
LESS: INTEREST EXPENSE	<u>37,289</u>
REQUIRED MARGINS	37,289
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	37,102
LESS: ADJUSTED MARGINS	<u>27,216,704</u>
NET REVENUE REQUIREMENT	(27,179,602)
PLUS: ADJUSTED OPERATING REVENUES	<u>168,371,040</u>
TOTAL REVENUE REQUIREMENT	<u>141,191,437</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	37,289
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	93,221
LESS: INTEREST EXPENSE	<u>37,289</u>
REQUIRED MARGINS	55,933
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	55,653
LESS: ADJUSTED MARGINS	<u>27,216,704</u>
NET REVENUE REQUIREMENT	(27,161,051)
PLUS: ADJUSTED OPERATING REVENUES	<u>168,371,040</u>
TOTAL REVENUE REQUIREMENT	<u>141,209,988</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	37,289
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	111,866
LESS: INTEREST EXPENSE	<u>37,289</u>
REQUIRED MARGINS	74,577
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	74,204
LESS: ADJUSTED MARGINS	<u>27,216,704</u>
NET REVENUE REQUIREMENT	(27,142,500)
PLUS: ADJUSTED OPERATING REVENUES	<u>168,371,040</u>
TOTAL REVENUE REQUIREMENT	<u>141,228,540</u>

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	211,760,867	0	211,760,867	19,348,280	192,412,587	9.14%
2	Fuel - WPCA	30,142,318	0	30,142,318	2,831,959	27,310,359	9.40%
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>2,631,512</u>	<u>0</u>	<u>2,631,512</u>	<u>21,648</u>	<u>2,609,864</u>	0.82%
6	Total Operating Revenues	<u>244,534,697</u>	<u>0</u>	<u>244,534,697</u>	<u>22,201,867</u>	<u>222,332,810</u>	
Operating Expenses							
7	Purchased Power Expense	140,735,920	0	140,735,920	14,566,233	126,169,687	10.35%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	34,202,378	0	34,202,378	1,762,603	32,439,775	5.15%
13	Depreciation and Amortization	12,309,724	0	12,309,724	796,305	11,513,419	6.47%
14	Tax Expense - Property	3,826,113	0	3,826,113	250,425	3,575,688	6.55%
15	Tax Expense - Other	<u>3,652</u>	<u>0</u>	<u>3,652</u>	<u>239</u>	<u>3,413</u>	6.54%
16	Total Operating Expenses	<u>191,077,787</u>	<u>0</u>	<u>191,077,787</u>	<u>17,375,805</u>	<u>173,701,982</u>	
17	Operating Margins	53,456,910	0	53,456,910	4,826,082	48,630,828	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>149,274</u>	<u>0</u>	<u>149,274</u>	<u>7,463</u>	<u>141,811</u>	5.00%
20	Operating Margins Adjusted	53,307,636	0	53,307,636	4,818,619	48,489,017	
21	Plus: Capital Credits Accrued	3,554,882	0	3,554,882	0	3,554,882	0.00%
22	Other Income	3,035,303	0	3,035,303	0	3,035,303	0.00%
23	Less: Interest on Long-Term Debt	7,729,815	0	7,729,815	509,377	7,220,438	6.59%
24	Other Interest Expense	61,856	0	61,856	4,057	57,799	6.56%
25	Other Expense	<u>1,580,807</u>	<u>0</u>	<u>1,580,807</u>	<u>114,004</u>	<u>1,466,803</u>	7.21%
26	Total Margins	<u>50,525,343</u>	<u>0</u>	<u>50,525,343</u>	<u>4,191,181</u>	<u>46,334,162</u>	
Rate Base							
27	Net Utility Plant	316,112,135	0	316,112,135	20,830,290	295,281,845	
28	Allowance for Working Capital	13,997,501	0	13,997,501	1,350,824	12,646,677	
29	Other Rate Base Deductions	<u>4,186,731</u>	<u>0</u>	<u>4,186,731</u>	<u>57,642</u>	<u>4,129,089</u>	
30	Total Rate Base	<u>325,922,905</u>	<u>0</u>	<u>325,922,905</u>	<u>22,123,472</u>	<u>303,799,433</u>	
31	Actual TIER	7.54		7.54		7.42	
32	DSC	2.62		2.62		2.59	
33	Rate of Return on Rate Base	16.36%		16.36%		15.96%	
34	Return on Margins and Equity	15.97%		15.97%		16.10%	
35	Capital Credits Received	216,455	0	216,455	19,453	197,002	
	Margins and Equities	316,446,983	0	316,446,983	28,730,975	287,716,008	
	Principal Payments	19,183,753	0	19,183,753	1,264,165	17,919,588	
	Capital Credits Retired	21,520,658	0	21,520,658	1,749,885	19,770,773	

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation <u>and Trans.</u>
Operating Revenues		
1	Base Rate	125,204,142
2	Fuel - WPCA	27,310,359
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>152,514,501</u>
Operating Expenses		
7	Purchased Power Expense	126,169,687
8	Margin Stabilization	0
9	Operating and Maintenance Expense	545,572
13	Depreciation and Amortization	218,223
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>126,933,482</u>
17	Operating Margins	25,581,019
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	25,581,019
21	Plus: Capital Credits Accrued	3,034,504
22	Other Income	0
23	Less: Interest on Long-Term Debt	39,807
24	Other Interest Expense	319
25	Other Expense	<u>0</u>
26	Total Margins	<u>28,575,397</u>
Rate Base		
27	Net Utility Plant	442,115
28	Allowance for Working Capital	4,249,490
29	Other Rate Base Deductions	<u>3,016,738</u>
30	Total Rate Base	<u>1,674,867</u>
31	Actual TIER	718.85
32	DSC	208.03
33	Rate of Return on Rate Base	1527.35%
34	Return on Margins and Equity	31.37%
35	Capital Credits Received	0
Margins and Equities		91,103,459
Principal Payments		98,792
Capital Credits Retired		0

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	231,548,913	0	231,548,913	21,156,285	210,392,628
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>2,782,926</u>	<u>0</u>	<u>2,782,926</u>	<u>22,894</u>	<u>2,760,032</u>
6	Total Operating Revenues	<u>234,331,839</u>	<u>0</u>	<u>234,331,839</u>	<u>21,179,178</u>	<u>213,152,661</u>
Operating Expenses						
7	Purchased Power Expense	135,588,457	0	135,588,457	14,033,468	121,554,989
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	38,422,718	0	38,422,718	1,980,096	36,442,622
13	Depreciation and Amortization	11,105,820	0	11,105,820	718,426	10,387,394
14	Tax Expense - Property	(278)	0	(278)	(18)	(260)
15	Tax Expense - Other	<u>(1,278)</u>	<u>0</u>	<u>(1,278)</u>	<u>(84)</u>	<u>(1,194)</u>
16	Total Operating Expenses	<u>185,115,439</u>	<u>0</u>	<u>185,115,439</u>	<u>16,731,888</u>	<u>168,383,551</u>
17	Operating Margins	49,216,400	0	49,216,400	4,447,290	44,769,110
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	49,216,400	0	49,216,400	4,447,290	44,769,110
21	Plus: Capital Credits Accrued	3,111,671	0	3,111,671	0	3,111,671
22	Other Income	3,230,480	0	3,230,480	0	3,230,480
23	Less: Interest on Long-Term Debt	8,182,619	0	8,182,619	539,216	7,643,403
24	Other Interest Expense	92,879	0	92,879	6,092	86,787
25	Other Expense	<u>713,970</u>	<u>0</u>	<u>713,970</u>	<u>51,490</u>	<u>662,480</u>
26	Total Margins	<u>46,569,083</u>	<u>0</u>	<u>46,569,083</u>	<u>3,850,493</u>	<u>42,718,590</u>
27	Actual TIER	6.69		6.69		6.59

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	217,351,050	0	217,351,050	21,156,285	196,194,765
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>2,777,876</u>	<u>0</u>	<u>2,777,876</u>	<u>22,894</u>	<u>2,754,982</u>
6	Total Operating Revenues	<u>220,128,926</u>	<u>0</u>	<u>220,128,926</u>	<u>21,179,178</u>	<u>198,949,748</u>
Operating Expenses						
7	Purchased Power Expense	128,851,282	0	128,851,282	14,033,468	114,817,814
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	38,295,952	0	38,295,952	1,980,096	36,315,856
13	Depreciation and Amortization	10,847,594	0	10,847,594	718,426	10,129,168
14	Tax Expense - Property	511,040	0	511,040	(18)	511,058
15	Tax Expense - Other	<u>(2,279)</u>	<u>0</u>	<u>(2,279)</u>	<u>(84)</u>	<u>(2,195)</u>
16	Total Operating Expenses	<u>178,503,589</u>	<u>0</u>	<u>178,503,589</u>	<u>16,731,888</u>	<u>161,771,701</u>
17	Operating Margins	41,625,337	0	41,625,337	4,447,290	37,178,047
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	41,625,337	0	41,625,337	4,447,290	37,178,047
21	Plus: Capital Credits Accrued	2,851,679	0	2,851,679	0	2,851,679
22	Other Income	3,438,107	0	3,438,107	0	3,438,107
23	Less: Interest on Long-Term Debt	9,464,023	0	9,464,023	539,216	8,924,807
24	Other Interest Expense	117,154	0	117,154	6,092	111,062
25	Other Expense	<u>420,679</u>	<u>0</u>	<u>420,679</u>	<u>51,490</u>	<u>369,189</u>
26	Total Margins	<u>37,913,267</u>	<u>0</u>	<u>37,913,267</u>	<u>3,850,493</u>	<u>34,062,774</u>
27	Actual TIER	5.01		5.01		4.82

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**PRINCE GEORGE ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total 2001-2004	Generation Rev Rqt 2004	1/ Va Jurisdiction kWh Sales 2004	Generation Rev Rqt, cts/kWh 2004
	2001	2002	2003	2004				
1.5 TIER	701,775	755,647	156,896	618,879	\$2,233,196	\$13,049,785	243,184,606	5.366
2.0 TIER	362,344	452,244	N/A	218,312	\$1,032,900	\$13,053,090	243,184,606	5.368
2.5 TIER	22,913	148,842	N/A	N/A	\$171,755	\$13,056,396	243,184,606	5.369
3.0 TIER	N/A	N/A	N/A	N/A	\$0	\$13,059,702	243,184,606	5.370

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,018,293	910,208	871,562	1,201,701
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>
REQUIRED MARGINS	339,431	303,403	290,521	400,567
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>
AVAILABLE EARNINGS	<u>701,775</u>	<u>755,647</u>	<u>156,896</u>	<u>618,879</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,357,724	1,213,610	1,162,082	1,602,268
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>
REQUIRED MARGINS	678,862	606,805	581,041	801,134
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>
AVAILABLE EARNINGS	<u>362,344</u>	<u>452,244</u>	<u>N/A</u>	<u>218,312</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,697,155	1,517,013	1,452,603	2,002,835
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>
REQUIRED MARGINS	1,018,293	910,208	871,562	1,201,701
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>
AVAILABLE EARNINGS	<u>22,913</u>	<u>148,842</u>	<u>N/A</u>	<u>N/A</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	2,036,586	1,820,415	1,743,123	2,403,403
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>
REQUIRED MARGINS	1,357,724	1,213,610	1,162,082	1,602,268
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	21,778,947	0	21,778,947	2,730,725	19,048,222
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>216,734</u>	<u>0</u>	<u>216,734</u>	<u>2,156</u>	<u>214,578</u>
6	Total Operating Revenues	<u>21,995,681</u>	<u>0</u>	<u>21,995,681</u>	<u>2,732,882</u>	<u>19,262,799</u>
Operating Expenses						
7	Purchased Power Expense	14,970,932	0	14,970,932	1,789,199	13,181,733
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,574,510	0	3,574,510	147,057	3,427,453
13	Depreciation and Amortization	1,137,020	0	1,137,020	60,554	1,076,466
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>19,682,462</u>	<u>0</u>	<u>19,682,462</u>	<u>1,996,811</u>	<u>17,685,651</u>
17	Operating Margins	2,313,219	0	2,313,219	736,071	1,577,148
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	2,313,219	0	2,313,219	736,071	1,577,148
21	Plus: Capital Credits Accrued	363,080	0	363,080	110,844	252,236
22	Other Income	35,728	0	35,728	2,083	33,645
23	Less: Interest on Long-Term Debt	850,528	0	850,528	49,394	801,134
24	Other Interest Expense	28,834	0	28,834	1,675	27,159
25	Other Expense	<u>16,233</u>	<u>0</u>	<u>16,233</u>	<u>943</u>	<u>15,290</u>
26	Total Margins	<u>1,816,432</u>	<u>0</u>	<u>1,816,432</u>	<u>796,986</u>	<u>1,019,446</u>
27	Actual TIER	3.14		3.14		2.27

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	16,166,628
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>16,166,628</u>
Operating Expenses		
7	Purchased Power Expense	13,181,733
8	Margin Stabilization	0
9	Operating and Maintenance Expense	76,892
13	Depreciation and Amortization	16,949
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>13,275,573</u>
17	Operating Margins	2,891,054
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	2,891,054
21	Plus: Capital Credits Accrued	235,964
22	Other Income	0
23	Less: Interest on Long-Term Debt	6,644
24	Other Interest Expense	225
25	Other Expense	<u>0</u>
26	Total Margins	<u>3,120,148</u>
27	Actual TIER	470.59

**PRINCE GEORGE ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	6,644
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	9,967
LESS: INTEREST EXPENSE	<u>6,644</u>
REQUIRED MARGINS	3,322
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	3,306
LESS: ADJUSTED MARGINS	<u>3,120,148</u>
NET REVENUE REQUIREMENT	(3,116,843)
PLUS: ADJUSTED OPERATING REVENUES	<u>16,166,628</u>
TOTAL REVENUE REQUIREMENT	<u>13,049,785</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	6,644
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,289
LESS: INTEREST EXPENSE	<u>6,644</u>
REQUIRED MARGINS	6,644
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	6,611
LESS: ADJUSTED MARGINS	<u>3,120,148</u>
NET REVENUE REQUIREMENT	(3,113,537)
PLUS: ADJUSTED OPERATING REVENUES	<u>16,166,628</u>
TOTAL REVENUE REQUIREMENT	<u>13,053,090</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	6,644
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	16,611
LESS: INTEREST EXPENSE	<u>6,644</u>
REQUIRED MARGINS	9,967
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	9,917
LESS: ADJUSTED MARGINS	<u>3,120,148</u>
NET REVENUE REQUIREMENT	(3,110,232)
PLUS: ADJUSTED OPERATING REVENUES	<u>16,166,628</u>
TOTAL REVENUE REQUIREMENT	<u>13,056,396</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	6,644
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	19,933
LESS: INTEREST EXPENSE	<u>6,644</u>
REQUIRED MARGINS	13,289
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	13,222
LESS: ADJUSTED MARGINS	<u>3,120,148</u>
NET REVENUE REQUIREMENT	(3,106,926)
PLUS: ADJUSTED OPERATING REVENUES	<u>16,166,628</u>
TOTAL REVENUE REQUIREMENT	<u>13,059,702</u>

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	17,455,387	0	17,455,387	2,182,801	15,272,586
2	Fuel - WPCA	2,487,370	0	2,487,370	317,696	2,169,674
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>185,954</u>	<u>0</u>	<u>185,954</u>	<u>1,850</u>	<u>184,104</u>
6	Total Operating Revenues	<u>20,128,711</u>	<u>0</u>	<u>20,128,711</u>	<u>2,502,347</u>	<u>17,626,364</u>
Operating Expenses						
7	Purchased Power Expense	13,918,722	0	13,918,722	1,652,366	12,266,356
8	Margin Stabilization	(180,386)	0	(180,386)	(10,476)	(169,910)
9	Operating and Maintenance Expense	3,554,211	0	3,554,211	146,222	3,407,989
13	Depreciation and Amortization	1,134,120	0	1,134,120	60,400	1,073,720
14	Tax Expense - Property	227,936	0	227,936	12,306	215,630
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>18,654,603</u>	<u>0</u>	<u>18,654,603</u>	<u>1,860,818</u>	<u>16,793,785</u>
17	Operating Margins	1,474,108	0	1,474,108	641,529	832,579
18	Less: Interest Expense on Customer Deposits	8,150	0	8,150	475	7,675
19	Charitable and Educational Donations	<u>18,637</u>	<u>0</u>	<u>18,637</u>	<u>1,082</u>	<u>17,555</u>
20	Operating Margins Adjusted	1,447,321	0	1,447,321	639,972	807,349
21	Plus: Capital Credits Accrued	352,169	0	352,169	107,513	244,656
22	Other Income	34,394	0	34,394	2,005	32,389
23	Less: Interest on Long-Term Debt	616,865	0	616,865	35,824	581,041
24	Other Interest Expense	56,666	0	56,666	3,291	53,375
25	Other Expense	<u>2,720</u>	<u>0</u>	<u>2,720</u>	<u>158</u>	<u>2,562</u>
26	Total Margins	<u>1,157,633</u>	<u>0</u>	<u>1,157,633</u>	<u>710,217</u>	<u>447,416</u>
Rate Base						
27	Net Utility Plant	26,622,881	0	26,622,881	1,488,956	25,133,925
28	Allowance for Working Capital	1,416,313	0	1,416,313	102,581	1,313,732
29	Other Rate Base Deductions	<u>962,841</u>	<u>0</u>	<u>962,841</u>	<u>56,136</u>	<u>906,705</u>
30	Total Rate Base	<u>27,076,353</u>	<u>0</u>	<u>27,076,353</u>	<u>1,535,401</u>	<u>25,540,952</u>
31	Actual TIER	2.88		2.88		1.77
32	DSC	2.73		2.73		2.10
33	Rate of Return on Rate Base	5.35%		5.35%		3.16%
34	Return on Margins and Equity	7.02%		7.02%		2.88%
35	Capital Credits Received	18,803	0	18,803	1,096	17,707
	Margins and Equities	16,496,357	0	16,496,357	961,771	15,534,586
	Principal Payments	447,696	0	447,696	26,000	421,696
	Capital Credits Retired	46,315	0	46,315	14,139	32,176

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

<u>Line No.</u>	<u>Description</u>	<u>(1) Virginia Jurisdictional Generation and Trans.</u>
	Operating Revenues	
1	Base Rate	12,633,940
2	Fuel - WPCA	2,169,674
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>14,803,614</u>
	Operating Expenses	
7	Purchased Power Expense	12,266,356
8	Margin Stabilization	(169,910)
9	Operating and Maintenance Expense	76,455
13	Depreciation and Amortization	16,906
14	Tax Expense - Property	1,139
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>12,190,946</u>
17	Operating Margins	2,612,668
18	Less: Interest Expense on Customer Deposits	5,649
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	2,607,019
21	Plus: Capital Credits Accrued	228,873
22	Other Income	0
23	Less: Interest on Long-Term Debt	4,819
24	Other Interest Expense	443
25	Other Expense	<u>0</u>
26	Total Margins	<u>2,830,630</u>
	Rate Base	
27	Net Utility Plant	459,465
28	Allowance for Working Capital	419,720
29	Other Rate Base Deductions	<u>667,369</u>
30	Total Rate Base	<u>211,816</u>
31	Actual TIER	588.39
32	DSC	343.00
33	Rate of Return on Rate Base	1230.79%
34	Return on Margins and Equity	48.32%
35	Capital Credits Received	0
	Margins and Equities	5,857,729
	Principal Payments	3,497
	Capital Credits Retired	0

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	19,732,741	0	19,732,741	0	19,732,741
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>184,474</u>	<u>0</u>	<u>184,474</u>	<u>0</u>	<u>184,474</u>
6	Total Operating Revenues	<u>19,917,215</u>	<u>0</u>	<u>19,917,215</u>	<u>0</u>	<u>19,917,215</u>
Operating Expenses						
7	Purchased Power Expense	13,735,043	0	13,735,043	0	13,735,043
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,835,771	0	3,835,771	0	3,835,771
13	Depreciation and Amortization	1,042,143	0	1,042,143	0	1,042,143
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>(47,595)</u>	<u>0</u>	<u>(47,595)</u>	<u>0</u>	<u>(47,595)</u>
16	Total Operating Expenses	<u>18,565,362</u>	<u>0</u>	<u>18,565,362</u>	<u>0</u>	<u>18,565,362</u>
17	Operating Margins	1,351,853	0	1,351,853	0	1,351,853
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,351,853	0	1,351,853	0	1,351,853
21	Plus: Capital Credits Accrued	291,343	0	291,343	0	291,343
22	Other Income	46,246	0	46,246	0	46,246
23	Less: Interest on Long-Term Debt	606,805	0	606,805	0	606,805
24	Other Interest Expense	4,687	0	4,687	0	4,687
25	Other Expense	<u>18,901</u>	<u>0</u>	<u>18,901</u>	<u>0</u>	<u>18,901</u>
26	Total Margins	<u>1,059,049</u>	<u>0</u>	<u>1,059,049</u>	<u>0</u>	<u>1,059,049</u>
27	Actual TIER	2.75		2.75		2.75

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	<u>Description</u>	<u>Total Cooperative Per Books</u>	<u>Adjustments Due to Ratemaking Requirements</u>	<u>Virginia Jurisdictional Per Books</u>	<u>Non-Virginia Jurisdictional Business</u>	<u>Adjusted Virginia Jurisdictional Business</u>
Operating Revenues						
1	Base Rate	18,964,077	0	18,964,077	0	18,964,077
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>170,416</u>	<u>0</u>	<u>170,416</u>	<u>0</u>	<u>170,416</u>
6	Total Operating Revenues	<u>19,134,493</u>	<u>0</u>	<u>19,134,493</u>	<u>0</u>	<u>19,134,493</u>
Operating Expenses						
7	Purchased Power Expense	13,093,159	0	13,093,159	0	13,093,159
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,616,499	0	3,616,499	0	3,616,499
13	Depreciation and Amortization	969,112	0	969,112	0	969,112
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>3,402</u>	<u>0</u>	<u>3,402</u>	<u>0</u>	<u>3,402</u>
16	Total Operating Expenses	<u>17,682,172</u>	<u>0</u>	<u>17,682,172</u>	<u>0</u>	<u>17,682,172</u>
17	Operating Margins	1,452,321	0	1,452,321	0	1,452,321
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	1,452,321	0	1,452,321	0	1,452,321
21	Plus: Capital Credits Accrued	271,286	0	271,286	0	271,286
22	Other Income	63,318	0	63,318	0	63,318
23	Less: Interest on Long-Term Debt	678,862	0	678,862	0	678,862
24	Other Interest Expense	58,266	0	58,266	0	58,266
25	Other Expense	<u>8,591</u>	<u>0</u>	<u>8,591</u>	<u>0</u>	<u>8,591</u>
26	Total Margins	<u>1,041,206</u>	<u>0</u>	<u>1,041,206</u>	<u>0</u>	<u>1,041,206</u>
27	Actual TIER	2.53		2.53		2.53

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**RAPPAHANNOCK ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total 2001-2004	Generation Rev Rqt 2004	1/ Va Jurisdiction kWh Sales 2004	Generation Rev Rqt, cts/kWh 2004
	2001	2002	2003	2004				
1.5 TIER	4,579,428	8,730,515	13,321,976	17,860,617	\$44,492,536	\$117,524,753	2,249,594,359	5.224
2.0 TIER	730,366	5,097,137	9,777,712	14,291,512	\$29,896,727	\$117,602,269	2,249,594,359	5.228
2.5 TIER	N/A	1,463,758	6,233,448	10,722,408	\$18,419,614	\$117,679,785	2,249,594,359	5.231
3.0 TIER	N/A	N/A	2,689,184	7,153,303	\$9,842,487	\$117,757,300	2,249,594,359	5.235

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	11,547,187	10,900,135	10,632,792	10,707,314
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>7,698,125</u>	<u>7,266,756</u>	<u>7,088,528</u>	<u>7,138,209</u>
REQUIRED MARGINS	3,849,062	3,633,378	3,544,264	3,569,105
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>
AVAILABLE EARNINGS	<u>4,579,428</u>	<u>8,730,515</u>	<u>13,321,976</u>	<u>17,860,617</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	15,396,250	14,533,513	14,177,056	14,276,419
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>7,698,125</u>	<u>7,266,756</u>	<u>7,088,528</u>	<u>7,138,209</u>
REQUIRED MARGINS	7,698,125	7,266,756	7,088,528	7,138,209
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>
AVAILABLE EARNINGS	<u>730,366</u>	<u>5,097,137</u>	<u>9,777,712</u>	<u>14,291,512</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	19,245,312	18,166,891	17,721,320	17,845,524
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>7,698,125</u>	<u>7,266,756</u>	<u>7,088,528</u>	<u>7,138,209</u>
REQUIRED MARGINS	11,547,187	10,900,135	10,632,792	10,707,314
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>1,463,758</u>	<u>6,233,448</u>	<u>10,722,408</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	23,094,375	21,800,269	21,265,584	21,414,628
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>7,698,125</u>	<u>7,266,756</u>	<u>7,088,528</u>	<u>7,138,209</u>
REQUIRED MARGINS	15,396,250	14,533,513	14,177,056	14,276,419
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>2,689,184</u>	<u>7,153,303</u>

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) <u>Total Cooperative Per Books</u>	(2) <u>Adjustments Due to Ratemaking Requirements</u>	(3) <u>Total Adjusted Per Books</u>	(4) <u>Non-Virginia Jurisdictional Business</u>	(5) <u>Adjusted Virginia Jurisdictional Business</u>
Operating Revenues						
1	Base Rate	194,822,823	0	194,822,823	6,850,665	187,972,158
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>2,762,821</u>	<u>0</u>	<u>2,762,821</u>	<u>641,204</u>	<u>2,121,617</u>
6	Total Operating Revenues	<u>197,585,644</u>	<u>0</u>	<u>197,585,644</u>	<u>7,491,869</u>	<u>190,093,775</u>
Operating Expenses						
7	Purchased Power Expense	122,833,965	0	122,833,965	4,049,434	118,784,531
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	36,212,324	0	36,212,324	1,667,294	34,545,030
13	Depreciation and Amortization	12,717,196	0	12,717,196	848,107	11,869,089
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16	Total Operating Expenses	<u>171,763,485</u>	<u>0</u>	<u>171,763,485</u>	<u>6,564,834</u>	<u>165,198,651</u>
17	Operating Margins	25,822,159	0	25,822,159	927,034	24,895,125
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	25,822,159	0	25,822,159	927,034	24,895,125
21	Plus: Capital Credits Accrued	3,006,884	0	3,006,884	121,788	2,885,096
22	Other Income	915,618	0	915,618	37,085	878,533
23	Less: Interest on Long-Term Debt	7,669,187	0	7,669,187	530,978	7,138,209
24	Other Interest Expense	0	0	0	0	0
25	Other Expense	<u>95,464</u>	<u>0</u>	<u>95,464</u>	<u>4,642</u>	<u>90,822</u>
26	Total Margins	<u>21,980,010</u>	<u>0</u>	<u>21,980,010</u>	<u>550,288</u>	<u>21,429,722</u>
27	Actual TIER	3.87		3.87		4.00

**RAPPAHANNOCK ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	155,810
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	233,716
LESS: INTEREST EXPENSE	<u>155,810</u>
REQUIRED MARGINS	77,905
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	77,516
LESS: ADJUSTED MARGINS	<u>14,489,185</u>
NET REVENUE REQUIREMENT	(14,411,670)
PLUS: ADJUSTED OPERATING REVENUES	<u>131,936,423</u>
TOTAL REVENUE REQUIREMENT	<u>117,524,753</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	155,810
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	311,621
LESS: INTEREST EXPENSE	<u>155,810</u>
REQUIRED MARGINS	155,810
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	155,031
LESS: ADJUSTED MARGINS	<u>14,489,185</u>
NET REVENUE REQUIREMENT	(14,334,154)
PLUS: ADJUSTED OPERATING REVENUES	<u>131,936,423</u>
TOTAL REVENUE REQUIREMENT	<u>117,602,269</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	155,810
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	389,526
LESS: INTEREST EXPENSE	<u>155,810</u>
REQUIRED MARGINS	233,716
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	232,547
LESS: ADJUSTED MARGINS	<u>14,489,185</u>
NET REVENUE REQUIREMENT	(14,256,638)
PLUS: ADJUSTED OPERATING REVENUES	<u>131,936,423</u>
TOTAL REVENUE REQUIREMENT	<u>117,679,785</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	155,810
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	467,431
LESS: INTEREST EXPENSE	<u>155,810</u>
REQUIRED MARGINS	311,621
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	310,063
LESS: ADJUSTED MARGINS	<u>14,489,185</u>
NET REVENUE REQUIREMENT	(14,179,122)
PLUS: ADJUSTED OPERATING REVENUES	<u>131,936,423</u>
TOTAL REVENUE REQUIREMENT	<u>117,757,300</u>

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Jurisdictional Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	177,444,787	0	177,444,787	6,239,591	171,205,196	3.52%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>2,792,745</u>	<u>0</u>	<u>2,792,745</u>	<u>648,149</u>	<u>2,144,596</u>	23.21%
6	Total Operating Revenues	<u>180,237,532</u>	<u>0</u>	<u>180,237,532</u>	<u>6,887,740</u>	<u>173,349,792</u>	
Operating Expenses							
7	Purchased Power Expense	112,016,804	0	112,016,804	3,699,165	108,317,639	3.30%
8	Margin Stabilization	(532,209)	0	(532,209)	(23,883)	(508,326)	4.49%
9	Operating and Maintenance Expense	35,266,501	0	35,266,501	1,623,746	33,642,755	4.60%
13	Depreciation and Amortization	12,270,813	0	12,270,813	818,338	11,452,475	6.67%
14	Tax Expense - Property	0	0	0	0	0	
15	Tax Expense - Other	<u>2,835</u>	<u>0</u>	<u>2,835</u>	<u>0</u>	<u>2,835</u>	0.00%
16	Total Operating Expenses	<u>159,024,744</u>	<u>0</u>	<u>159,024,744</u>	<u>6,117,366</u>	<u>152,907,378</u>	
17	Operating Margins	21,212,788	0	21,212,788	770,374	20,442,414	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>14,613</u>	<u>0</u>	<u>14,613</u>	<u>711</u>	<u>13,902</u>	4.87%
20	Operating Margins Adjusted	21,198,175	0	21,198,175	769,663	20,428,512	
21	Plus: Capital Credits Accrued	2,689,358	0	2,689,358	108,927	2,580,431	4.05%
22	Other Income	1,146,602	0	1,146,602	46,441	1,100,161	4.05%
23	Less: Interest on Long-Term Debt	7,615,810	0	7,615,810	527,282	7,088,528	6.92%
24	Other Interest Expense	0	0	0	0	0	
25	Other Expense	<u>162,224</u>	<u>0</u>	<u>162,224</u>	<u>7,888</u>	<u>154,336</u>	4.86%
26	Total Margins	<u>17,256,101</u>	<u>0</u>	<u>17,256,101</u>	<u>389,861</u>	<u>16,866,240</u>	
Rate Base							
27	Net Utility Plant	269,923,064	0	269,923,064	18,786,557	251,136,507	
28	Allowance for Working Capital	10,047,610	0	10,047,610	419,874	9,627,736	
29	Other Rate Base Deductions	<u>1,833,342</u>	<u>0</u>	<u>1,833,342</u>	<u>74,256</u>	<u>1,759,086</u>	
30	Total Rate Base	<u>278,137,332</u>	<u>0</u>	<u>278,137,332</u>	<u>19,132,175</u>	<u>259,005,157</u>	
31	Actual TIER	3.27		3.27		3.38	
32	DSC	2.88		2.88		2.92	
33	Rate of Return on Rate Base	7.62%		7.62%		7.89%	
34	Return on Margins and Equity	10.38%		10.38%		10.57%	
35	Capital Credits Received	234,171	0	234,171	9,485	224,686	
Margins and Equities							
	Principal Payments	166,236,487	0	166,236,487	6,733,076	159,503,411	
	Capital Credits Retired	5,291,979	0	5,291,979	257,310	5,034,669	
		4,683,429	0	4,683,429	189,693	4,493,736	

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

(1)

Virginia
Jurisdictional
Generation
and Trans.

<u>Line No.</u>	<u>Description</u>	
	Operating Revenues	
1	Base Rate	120,167,802
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>120,167,802</u>
	Operating Expenses	
7	Purchased Power Expense	108,317,639
8	Margin Stabilization	(508,326)
9	Operating and Maintenance Expense	634,135
13	Depreciation and Amortization	314,380
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>108,757,828</u>
17	Operating Margins	11,409,974
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	11,409,974
21	Plus: Capital Credits Accrued	2,209,225
22	Other Income	0
23	Less: Interest on Long-Term Debt	154,726
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>13,464,473</u>
	Rate Base	
27	Net Utility Plant	3,149,966
28	Allowance for Working Capital	3,754,688
29	Other Rate Base Deductions	<u>1,251,178</u>
30	Total Rate Base	<u>5,653,476</u>
31	Actual TIER	88.02
32	DSC	52.65
33	Rate of Return on Rate Base	201.82%
34	Return on Margins and Equity	23.67%
35	Capital Credits Received	0
	Margins and Equities	56,890,126
	Principal Payments	109,895
	Capital Credits Retired	0

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	166,628,592	0	166,628,592	5,859,255	160,769,337
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>1,721,099</u>	<u>0</u>	<u>1,721,099</u>	<u>399,438</u>	<u>1,321,661</u>
6	Total Operating Revenues	<u>168,349,691</u>	<u>0</u>	<u>168,349,691</u>	<u>6,258,693</u>	<u>162,090,998</u>
Operating Expenses						
7	Purchased Power Expense	108,469,814	0	108,469,814	3,582,032	104,887,782
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	31,774,674	0	31,774,674	1,462,975	30,311,699
13	Depreciation and Amortization	10,992,525	0	10,992,525	733,089	10,259,436
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>3,780</u>	<u>0</u>	<u>3,780</u>	<u>0</u>	<u>3,780</u>
16	Total Operating Expenses	<u>151,240,793</u>	<u>0</u>	<u>151,240,793</u>	<u>5,778,096</u>	<u>145,462,697</u>
17	Operating Margins	17,108,898	0	17,108,898	480,597	16,628,301
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	17,108,898	0	17,108,898	480,597	16,628,301
21	Plus: Capital Credits Accrued	2,313,137	0	2,313,137	<u>93,689</u>	2,219,448
22	Other Income	992,336	0	992,336	<u>40,193</u>	952,143
23	Less: Interest on Long-Term Debt	7,807,296	0	7,807,296	<u>540,540</u>	7,266,756
24	Other Interest Expense	86,153	0	86,153	<u>0</u>	86,153
25	Other Expense	<u>87,336</u>	<u>0</u>	<u>87,336</u>	<u>4,247</u>	<u>83,089</u>
26	Total Margins	<u>12,433,586</u>	<u>0</u>	<u>12,433,586</u>	<u>69,693</u>	<u>12,363,893</u>
27	Actual TIER	2.59		2.59		2.70

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Jurisdictional Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	159,650,940	0	159,650,940	5,613,896	154,037,044
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>1,342,989</u>	<u>0</u>	<u>1,342,989</u>	<u>311,685</u>	<u>1,031,304</u>
6	Total Operating Revenues	<u>160,993,929</u>	<u>0</u>	<u>160,993,929</u>	<u>5,925,581</u>	<u>155,068,348</u>
Operating Expenses						
7	Purchased Power Expense	105,416,310	0	105,416,310	3,481,195	101,935,115
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	29,940,383	0	29,940,383	1,378,520	28,561,863
13	Depreciation and Amortization	11,228,638	0	11,228,638	748,836	10,479,802
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>2,647</u>	<u>0</u>	<u>2,647</u>	<u>0</u>	<u>2,647</u>
16	Total Operating Expenses	<u>146,587,978</u>	<u>0</u>	<u>146,587,978</u>	<u>5,608,550</u>	<u>140,979,428</u>
17	Operating Margins	14,405,951	0	14,405,951	317,031	14,088,920
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	14,405,951	0	14,405,951	317,031	14,088,920
21	Plus: Capital Credits Accrued	1,978,937	0	1,978,937	<u>80,153</u>	1,898,784
22	Other Income	723,423	0	723,423	<u>29,301</u>	694,122
23	Less: Interest on Long-Term Debt	8,270,752	0	8,270,752	<u>572,627</u>	7,698,125
24	Other Interest Expense	288,411	0	288,411	<u>0</u>	288,411
25	Other Expense	<u>280,436</u>	<u>0</u>	<u>280,436</u>	<u>13,636</u>	<u>266,800</u>
26	Total Margins	<u>8,268,712</u>	<u>0</u>	<u>8,268,712</u>	<u>(159,779)</u>	<u>8,428,491</u>
27	Actual TIER	2.00		2.00		2.09

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery				Total 2001-2004	Generation Rev Rqt 2004	1/ Va Jurisdiction kWh Sales 2004	Generation Rev Rqt, cts/kWh 2004
	2001	2002	2003	2004				
1.5 TIER	4,709,924	4,364,716	3,929,804	5,300,774	\$18,305,217	\$36,068,871	697,725,422	5.169
2.0 TIER	3,392,137	3,199,552	2,794,304	4,133,402	\$13,519,394	\$36,078,101	697,725,422	5.171
2.5 TIER	2,074,350	2,034,388	1,658,805	2,966,029	\$8,733,572	\$36,087,331	697,725,422	5.172
3.0 TIER	756,563	869,224	523,305	1,798,657	\$3,947,749	\$36,096,561	697,725,422	5.173

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	3,953,361	3,495,492	3,406,499	3,502,117
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,635,574</u>	<u>2,330,328</u>	<u>2,270,999</u>	<u>2,334,745</u>
REQUIRED MARGINS	1,317,787	1,165,164	1,135,500	1,167,372
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>
AVAILABLE EARNINGS	<u>4,709,924</u>	<u>4,364,716</u>	<u>3,929,804</u>	<u>5,300,774</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	5,271,148	4,660,656	4,541,998	4,669,490
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,635,574</u>	<u>2,330,328</u>	<u>2,270,999</u>	<u>2,334,745</u>
REQUIRED MARGINS	2,635,574	2,330,328	2,270,999	2,334,745
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>
AVAILABLE EARNINGS	<u>3,392,137</u>	<u>3,199,552</u>	<u>2,794,304</u>	<u>4,133,402</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	6,588,935	5,825,820	5,677,498	5,836,862
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,635,574</u>	<u>2,330,328</u>	<u>2,270,999</u>	<u>2,334,745</u>
REQUIRED MARGINS	3,953,361	3,495,492	3,406,499	3,502,117
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>
AVAILABLE EARNINGS	<u>2,074,350</u>	<u>2,034,388</u>	<u>1,658,805</u>	<u>2,966,029</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	7,906,722	6,990,984	6,812,997	7,004,234
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>2,635,574</u>	<u>2,330,328</u>	<u>2,270,999</u>	<u>2,334,745</u>
REQUIRED MARGINS	5,271,148	4,660,656	4,541,998	4,669,490
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>
AVAILABLE EARNINGS	<u>756,563</u>	<u>869,224</u>	<u>523,305</u>	<u>1,798,657</u>

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	63,236,683	0	63,236,683	5,868,815	57,367,868
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>796,364</u>	<u>0</u>	<u>796,364</u>	<u>71,894</u>	<u>724,470</u>
6	Total Operating Revenues	<u>64,033,047</u>	<u>0</u>	<u>64,033,047</u>	<u>5,940,709</u>	<u>58,092,338</u>
Operating Expenses						
7	Purchased Power Expense	40,392,538	0	40,392,538	3,757,539	36,634,999
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	9,954,628	0	9,954,628	918,095	9,036,533
13	Depreciation and Amortization	4,937,119	0	4,937,119	458,999	4,478,120
14	Tax Expense - Property	66,696	0	66,696	6,205	60,491
15	Tax Expense - Other	<u>32,225</u>	<u>0</u>	<u>32,225</u>	<u>0</u>	<u>32,225</u>
16	Total Operating Expenses	<u>55,383,206</u>	<u>0</u>	<u>55,383,206</u>	<u>5,140,837</u>	<u>50,242,369</u>
17	Operating Margins	8,649,841	0	8,649,841	799,872	7,849,969
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	8,649,841	0	8,649,841	799,872	7,849,969
21	Plus: Capital Credits Accrued	956,790	0	956,790	88,797	867,993
22	Other Income	144,045	0	144,045	13,369	130,676
23	Less: Interest on Long-Term Debt	2,574,212	0	2,574,212	239,467	2,334,745
24	Other Interest Expense	58,568	0	58,568	5,472	53,096
25	Other Expense	<u>(5,415)</u>	<u>0</u>	<u>(5,415)</u>	<u>1,934</u>	<u>(7,349)</u>
26	Total Margins	<u>7,123,311</u>	<u>0</u>	<u>7,123,311</u>	<u>655,164</u>	<u>6,468,147</u>
27	Actual TIER	3.77		3.77		3.77

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line No.</u>	<u>Description</u>	<u>Virginia Jurisdictional Generation and Trans.</u>	<u>(1)</u>
Operating Revenues			
1	Base Rate	36,695,546	
2	Fuel - WPCA	0	
3	Roll In Riders	0	
4	Margin Stabilization	0	
5	Other Electric Revenues	<u>0</u>	
6	Total Operating Revenues	<u>36,695,546</u>	
Operating Expenses			
7	Purchased Power Expense	36,634,999	
8	Margin Stablization	0	
9	Operating and Maintenance Expense	113,379	
13	Depreciation and Amortization	27,946	
14	Tax Expense - Property	10,057	
15	Tax Expense - Other	<u>0</u>	
16	Total Operating Expenses	<u>36,786,381</u>	
17	Operating Margins	(90,836)	
18	Less: Interest Expense on Customer Deposits	0	
19	Charitable and Educational Donations	<u>0</u>	
20	Operating Margins Adjusted	(90,836)	
21	Plus: Capital Credits Accrued	745,292	
22	Other Income	0	
23	Less: Interest on Long-Term Debt	18,553	0.79%
24	Other Interest Expense	0	
25	Other Expense	<u>0</u>	
26	Total Margins	<u>635,904</u>	
27	Actual TIER	35.28	

SHENANDOAH VALLEY ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	18,553
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	27,829
LESS: INTEREST EXPENSE	<u>18,553</u>
REQUIRED MARGINS	9,276
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	9,230
LESS: ADJUSTED MARGINS	<u>635,904</u>
NET REVENUE REQUIREMENT	(626,674)
PLUS: ADJUSTED OPERATING REVENUES	<u>36,695,546</u>
TOTAL REVENUE REQUIREMENT	<u>36,068,871</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	18,553
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	37,105
LESS: INTEREST EXPENSE	<u>18,553</u>
REQUIRED MARGINS	18,553
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	18,460
LESS: ADJUSTED MARGINS	<u>635,904</u>
NET REVENUE REQUIREMENT	(617,444)
PLUS: ADJUSTED OPERATING REVENUES	<u>36,695,546</u>
TOTAL REVENUE REQUIREMENT	<u>36,078,101</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	18,553
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	46,381
LESS: INTEREST EXPENSE	<u>18,553</u>
REQUIRED MARGINS	27,829
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	27,690
LESS: ADJUSTED MARGINS	<u>635,904</u>
NET REVENUE REQUIREMENT	(608,214)
PLUS: ADJUSTED OPERATING REVENUES	<u>36,695,546</u>
TOTAL REVENUE REQUIREMENT	<u>36,087,331</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	18,553
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	55,658
LESS: INTEREST EXPENSE	<u>18,553</u>
REQUIRED MARGINS	37,105
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	36,920
LESS: ADJUSTED MARGINS	<u>635,904</u>
NET REVENUE REQUIREMENT	(598,984)
PLUS: ADJUSTED OPERATING REVENUES	<u>36,695,546</u>
TOTAL REVENUE REQUIREMENT	<u>36,096,561</u>

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Virginia Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	58,124,868	0	58,124,868	5,394,402	52,730,466	9.28%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>742,012</u>	<u>0</u>	<u>742,012</u>	<u>66,987</u>	<u>675,025</u>	9.03%
6	Total Operating Revenues	<u>58,866,880</u>	<u>0</u>	<u>58,866,880</u>	<u>5,461,389</u>	<u>53,405,491</u>	
Operating Expenses							
7	Purchased Power Expense	37,487,005	0	37,487,005	3,487,250	33,999,755	9.30%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	9,565,464	0	9,565,464	882,203	8,683,261	9.22%
13	Depreciation and Amortization	4,741,788	0	4,741,788	440,839	4,300,949	9.30%
14	Tax Expense - Property	64,938	0	64,938	6,041	58,897	9.30%
15	Tax Expense - Other	<u>23,448</u>	<u>0</u>	<u>23,448</u>	<u>0</u>	<u>23,448</u>	0.00%
16	Total Operating Expenses	<u>51,882,643</u>	<u>0</u>	<u>51,882,643</u>	<u>4,816,333</u>	<u>47,066,310</u>	
17	Operating Margins	6,984,237	0	6,984,237	645,056	6,339,181	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
20	Operating Margins Adjusted	6,984,237	0	6,984,237	645,056	6,339,181	
21	Plus: Capital Credits Accrued	970,413	0	970,413	90,061	880,352	9.28%
22	Other Income	144,826	0	144,826	13,441	131,385	9.28%
23	Less: Interest on Long-Term Debt	2,503,928	0	2,503,928	232,929	2,270,999	9.30%
24	Other Interest Expense	23,345	0	23,345	2,181	21,164	9.34%
25	Other Expense	<u>(4,825)</u>	<u>0</u>	<u>(4,825)</u>	<u>1,723</u>	<u>(6,548)</u>	-35.71%
26	Total Margins	<u>5,577,028</u>	<u>0</u>	<u>5,577,028</u>	<u>511,725</u>	<u>5,065,303</u>	
Rate Base							
27	Net Utility Plant	82,027,077	0	82,027,077	7,627,268	74,399,809	9.30%
28	Allowance for Working Capital	4,192,903	0	4,192,903	389,107	3,803,796	9.28%
29	Other Rate Base Deductions	<u>945,599</u>	<u>0</u>	<u>945,599</u>	<u>87,758</u>	<u>857,841</u>	9.28%
30	Total Rate Base	<u>85,274,381</u>	<u>0</u>	<u>85,274,381</u>	<u>7,928,617</u>	<u>77,345,764</u>	
31	Actual TIER	3.23		3.23		3.23	
32	DSC	2.86		2.86		2.86	
33	Rate of Return on Rate Base	8.19%		8.19%		8.20%	
34	Return on Margins and Equity	10.41%		10.41%		10.43%	
35	Capital Credits Received	115,632	0	115,632	10,731	104,901	
Margins and Equities							
	Margins and Equities	53,550,639	0	53,550,639	4,969,878	48,580,761	
	Principal Payments	1,986,697	0	1,986,697	184,814	1,801,883	
	Capital Credits Retired	3,372,335	0	3,372,335	312,977	3,059,358	

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.	
Operating Revenues			
1	Base Rate	33,729,216	
2	Fuel - WPCA	0	
3	Roll In Riders	0	
4	Margin Stabilization	0	
5	Other Electric Revenues	<u>0</u>	
6	Total Operating Revenues	<u>33,729,216</u>	
Operating Expenses			
7	Purchased Power Expense	33,999,755	
8	Margin Stabilization	0	
9	Operating and Maintenance Expense	108,947	
13	Depreciation and Amortization	26,840	
14	Tax Expense - Property	9,792	
15	Tax Expense - Other	<u>0</u>	
16	Total Operating Expenses	<u>34,145,334</u>	
17	Operating Margins	(416,118)	
18	Less: Interest Expense on Customer Deposits	0	
19	Charitable and Educational Donations	<u>0</u>	
20	Operating Margins Adjusted	(416,118)	
21	Plus: Capital Credits Accrued	755,904	
22	Other Income	0	
23	Less: Interest on Long-Term Debt	18,046	0.79%
24	Other Interest Expense	0	
25	Other Expense	<u>0</u>	
26	Total Margins	<u>321,740</u>	
Rate Base			
27	Net Utility Plant	103,813	
28	Allowance for Working Capital	1,133,136	
29	Other Rate Base Deductions	<u>622,340</u>	
30	Total Rate Base	<u>614,609</u>	
31	Actual TIER	18.83	
32	DSC	11.33	
33	Rate of Return on Rate Base	-67.70%	
34	Return on Margins and Equity	2.06%	
35	Capital Credits Received	0	
Margins and Equities		15,590,655	
Principal Payments		14,316	
Capital Credits Retired		0	

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

		(1)	(2)	(3)	(4)	(5)
Source: REA Form 7			Adjustments			Adjusted
Line		Total	Due to	Virginia	Non-Virginia	Virginia
<u>No.</u>	<u>Description</u>	<u>Cooperative</u>	<u>Rate-making</u>	<u>Adjusted</u>	<u>Jurisdictional</u>	<u>Jurisdictional</u>
		<u>Per Books</u>	<u>Requirements</u>	<u>Per Books</u>	<u>Business</u>	<u>Business</u>
Operating Revenues						
1	Base Rate	56,675,041	0	56,675,041	5,259,848	51,415,193
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>842,067</u>	<u>0</u>	<u>842,067</u>	<u>76,020</u>	<u>766,047</u>
6	Total Operating Revenues	<u>57,517,108</u>	<u>0</u>	<u>57,517,108</u>	<u>5,335,867</u>	<u>52,181,241</u>
Operating Expenses						
7	Purchased Power Expense	36,530,190	0	36,530,190	3,398,242	33,131,948
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	8,708,756	0	8,708,756	803,191	7,905,565
13	Depreciation and Amortization	4,567,055	0	4,567,055	424,594	4,142,461
14	Tax Expense - Property	61,590	0	61,590	5,730	55,860
15	Tax Expense - Other	<u>26,367</u>	<u>0</u>	<u>26,367</u>	<u>0</u>	<u>26,367</u>
16	Total Operating Expenses	<u>49,893,958</u>	<u>0</u>	<u>49,893,958</u>	<u>4,631,756</u>	<u>45,262,202</u>
17	Operating Margins	7,623,150	0	7,623,150	704,111	6,919,039
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	7,623,150	0	7,623,150	704,111	6,919,039
21	Plus: Capital Credits Accrued	841,711	0	841,711	78,117	763,594
22	Other Income	191,995	0	191,995	17,819	174,176
23	Less: Interest on Long-Term Debt	2,569,342	0	2,569,342	239,014	2,330,328
24	Other Interest Expense	2,301	0	2,301	215	2,086
25	Other Expense	<u>(4,041)</u>	<u>0</u>	<u>(4,041)</u>	<u>1,443</u>	<u>(5,484)</u>
26	Total Margins	<u>6,089,254</u>	<u>0</u>	<u>6,089,254</u>	<u>559,374</u>	<u>5,529,880</u>
27	Actual TIER	3.37		3.37		3.37

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Virginia Adjusted Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	56,614,566	0	56,614,566	5,259,848	51,354,718
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>733,252</u>	<u>0</u>	<u>733,252</u>	<u>76,020</u>	<u>657,232</u>
6	Total Operating Revenues	<u>57,347,818</u>	<u>0</u>	<u>57,347,818</u>	<u>5,335,867</u>	<u>52,011,951</u>
Operating Expenses						
7	Purchased Power Expense	35,440,670	0	35,440,670	3,398,242	32,042,428
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	8,622,375	0	8,622,375	803,191	7,819,184
13	Depreciation and Amortization	4,469,132	0	4,469,132	424,594	4,044,538
14	Tax Expense - Property	242,824	0	242,824	5,730	237,094
15	Tax Expense - Other	<u>31,591</u>	<u>0</u>	<u>31,591</u>	<u>0</u>	<u>31,591</u>
16	Total Operating Expenses	<u>48,806,592</u>	<u>0</u>	<u>48,806,592</u>	<u>4,631,756</u>	<u>44,174,836</u>
17	Operating Margins	8,541,226	0	8,541,226	704,111	7,837,115
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	8,541,226	0	8,541,226	704,111	7,837,115
21	Plus: Capital Credits Accrued	761,234	0	761,234	78,117	683,117
22	Other Income	207,232	0	207,232	17,819	189,413
23	Less: Interest on Long-Term Debt	2,874,588	0	2,874,588	239,014	2,635,574
24	Other Interest Expense	48,839	0	48,839	215	48,624
25	Other Expense	<u>(820)</u>	<u>0</u>	<u>(820)</u>	<u>1,443</u>	<u>(2,263)</u>
26	Total Margins	<u>6,587,085</u>	<u>0</u>	<u>6,587,085</u>	<u>559,374</u>	<u>6,027,711</u>
27	Actual TIER	3.29		3.29		3.29

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense.
Jurisdictional factors are allocated based on 2003.

**SOUTHSIDE ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
AND 2004 GENERATION REVENUE REQUIREMENT**

	Bundled Earnings Available for Stranded Cost Recovery					Total 2001-2004	Generation Rev Rqt 2004	1/ Va Jurisdiction kWh Sales 2004	Generation Rev Rqt, cts/kWh 2004
	2001	2002	2003	2004	2004				
1.5 TIER	2,872,928	2,322,771	1,920,594	4,426,851	\$11,543,144	\$43,492,826	773,336,454	5.624	
2.0 TIER	N/A	N/A	N/A	1,908,246	\$1,908,246	\$43,530,379	773,336,454	5.629	
2.5 TIER	N/A	N/A	N/A	N/A	\$0	\$43,567,932	773,336,454	5.634	
3.0 TIER	N/A	N/A	N/A	N/A	\$0	\$43,605,486	773,336,454	5.639	

Note: 1/ Va jurisdictional sales are estimated based on total reported sales and 2003 jurisdictional kwh sales allocation.

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2004**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1.5 TIER:				
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,210
TIMES: TIER RATIO	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,655,711	8,132,677	8,234,586	7,555,815
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,210</u>
REQUIRED MARGINS	2,885,237	2,710,892	2,744,862	2,518,605
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>6,945,456</u>
AVAILABLE EARNINGS	<u>2,872,928</u>	<u>2,322,771</u>	<u>1,920,594</u>	<u>4,426,851</u>
2.0 TIER:				
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,210
TIMES: 2.0 TIER	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	11,540,948	10,843,569	10,979,448	10,074,421
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,210</u>
REQUIRED MARGINS	5,770,474	5,421,785	5,489,724	5,037,210
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>6,945,456</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1,908,246</u>
2.5 TIER:				
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,210
TIMES: 2.5 TIER	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	14,426,185	13,554,462	13,724,310	12,593,026
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,210</u>
REQUIRED MARGINS	8,655,711	8,132,677	8,234,586	7,555,815
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>6,945,456</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
3.0 TIER:				
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,210
TIMES: 3.0 TIER	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	17,311,422	16,265,354	16,469,172	15,111,631
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,210</u>
REQUIRED MARGINS	11,540,948	10,843,569	10,979,448	10,074,421
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>6,945,456</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	81,379,940	0	81,379,940	2,495,895	78,884,045
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>520,562</u>	<u>0</u>	<u>520,562</u>	<u>5,179</u>	<u>515,383</u>
6	Total Operating Revenues	<u>81,900,502</u>	<u>0</u>	<u>81,900,502</u>	<u>2,501,074</u>	<u>79,399,428</u>
Operating Expenses						
7	Purchased Power Expense	45,607,888	0	45,607,888	2,050,763	43,557,125
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	18,226,904	0	18,226,904	264,422	17,962,482
13	Depreciation and Amortization	6,517,233	0	6,517,233	128,343	6,388,890
14	Tax Expense - Property	943,618	0	943,618	19,407	924,211
15	Tax Expense - Other	<u>(225,945)</u>	<u>0</u>	<u>(225,945)</u>	<u>0</u>	<u>(225,945)</u>
16	Total Operating Expenses	<u>71,069,698</u>	<u>0</u>	<u>71,069,698</u>	<u>2,462,335</u>	<u>68,606,763</u>
17	Operating Margins	10,830,804	0	10,830,804	38,139	10,792,665
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>48,754</u>	<u>0</u>	<u>48,754</u>	<u>1,003</u>	<u>47,751</u>
20	Operating Margins Adjusted	10,782,050	0	10,782,050	37,137	10,744,913
21	Plus: Capital Credits Accrued	1,197,404	0	1,197,404	48,604	1,148,800
22	Other income	97,789	0	97,789	3,969	93,820
23	Less: Interest on Long-Term Debt	5,143,209	0	5,143,209	105,999	5,037,210
24	Other Interest Expense	3,389	0	3,389	70	3,319
25	Other Expense	<u>1,580</u>	<u>0</u>	<u>1,580</u>	<u>33</u>	<u>1,547</u>
26	Total Margins	<u>6,929,065</u>	<u>0</u>	<u>6,929,065</u>	<u>(16,391)</u>	<u>6,945,456</u>
27	Actual TIER	2.35		2.35		2.38

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	42,550,366
2	Fuel - WPCA	0
3	Roll In Riders	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>42,550,366</u>
Operating Expenses		
7	Purchased Power Expense	43,557,125
8	Margin Stablization	0
9	Operating and Maintenance Expense	231,077
13	Depreciation and Amortization	164,529
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>43,952,731</u>
17	Operating Margins	(1,402,365)
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(1,402,365)
21	Plus: Capital Credits Accrued	572,992
22	Other Income	0
23	Less: Interest on Long-Term Debt	75,484
24	Other Interest Expense	50
25	Other Expense	<u>0</u>
26	Total Margins	<u>(904,906)</u>
27	Actual TIER	(10.99)

**SOUTHSIDE ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	75,484
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	113,226
LESS: INTEREST EXPENSE	<u>75,484</u>
REQUIRED MARGINS	37,742
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	37,553
LESS: ADJUSTED MARGINS	<u>(904,906)</u>
NET REVENUE REQUIREMENT	942,459
PLUS: ADJUSTED OPERATING REVENUES	<u>42,550,366</u>
TOTAL REVENUE REQUIREMENT	<u>43,492,826</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	75,484
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	150,968
LESS: INTEREST EXPENSE	<u>75,484</u>
REQUIRED MARGINS	75,484
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	75,107
LESS: ADJUSTED MARGINS	<u>(904,906)</u>
NET REVENUE REQUIREMENT	980,013
PLUS: ADJUSTED OPERATING REVENUES	<u>42,550,366</u>
TOTAL REVENUE REQUIREMENT	<u>43,530,379</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	75,484
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	188,710
LESS: INTEREST EXPENSE	<u>75,484</u>
REQUIRED MARGINS	113,226
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	112,660
LESS: ADJUSTED MARGINS	<u>(904,906)</u>
NET REVENUE REQUIREMENT	1,017,566
PLUS: ADJUSTED OPERATING REVENUES	<u>42,550,366</u>
TOTAL REVENUE REQUIREMENT	<u>43,567,932</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	75,484
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	226,452
LESS: INTEREST EXPENSE	<u>75,484</u>
REQUIRED MARGINS	150,968
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	150,213
LESS: ADJUSTED MARGINS	<u>(904,906)</u>
NET REVENUE REQUIREMENT	1,055,119
PLUS: ADJUSTED OPERATING REVENUES	<u>42,550,366</u>
TOTAL REVENUE REQUIREMENT	<u>43,605,486</u>

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Ratemaking Requirements	(3) Total Cooperative Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business	
Operating Revenues							
1	Base Rate	75,480,497	0	75,480,497	2,314,961	73,165,536	3.07%
2	Fuel - WPCA	0	0	0	0	0	
3	Roll In Riders	0	0	0	0	0	
4	Margin Stabilization	0	0	0	0	0	
5	Other Electric Revenues	<u>456,633</u>	<u>0</u>	<u>456,633</u>	<u>4,543</u>	<u>452,090</u>	0.99%
6	Total Operating Revenues	<u>75,937,130</u>	<u>0</u>	<u>75,937,130</u>	<u>2,319,504</u>	<u>73,617,626</u>	
Operating Expenses							
7	Purchased Power Expense	40,334,495	0	40,334,495	1,813,644	38,520,851	4.50%
8	Margin Stabilization	0	0	0	0	0	
9	Operating and Maintenance Expense	19,643,819	0	19,643,819	284,978	19,358,841	1.45%
13	Depreciation and Amortization	6,084,122	0	6,084,122	119,814	5,964,308	1.97%
14	Tax Expense - Property	896,133	0	896,133	18,430	877,703	2.06%
15	Tax Expense - Other	<u>(1,900)</u>	<u>0</u>	<u>(1,900)</u>	<u>0</u>	<u>(1,900)</u>	0.00%
16	Total Operating Expenses	<u>66,956,669</u>	<u>0</u>	<u>66,956,669</u>	<u>2,236,866</u>	<u>64,719,803</u>	
17	Operating Margins	8,980,461	0	8,980,461	82,638	8,897,823	
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0	
19	Charitable and Educational Donations	<u>7,003</u>	<u>0</u>	<u>7,003</u>	<u>144</u>	<u>6,859</u>	2.06%
20	Operating Margins Adjusted	8,973,458	0	8,973,458	82,494	8,890,964	
21	Plus: Capital Credits Accrued	1,236,860	0	1,236,860	50,206	1,186,654	4.06%
22	Other Income	97,113	0	97,113	3,942	93,171	4.06%
23	Less: Interest on Long-Term Debt	5,605,245	0	5,605,245	115,521	5,489,724	2.06%
24	Other Interest Expense	(819)	0	(819)	(17)	(802)	2.08%
25	Other Expense	<u>16,756</u>	<u>0</u>	<u>16,756</u>	<u>345</u>	<u>16,411</u>	2.06%
26	Total Margins	<u>4,686,249</u>	<u>0</u>	<u>4,686,249</u>	<u>20,793</u>	<u>4,665,456</u>	99.56%
Rate Base							
27	Net Utility Plant	146,870,447	0	146,870,447	2,951,678	143,918,769	
28	Allowance for Working Capital	4,905,482	0	4,905,482	118,618	4,786,864	
29	Other Rate Base Deductions	<u>606,630</u>	<u>0</u>	<u>606,630</u>	<u>24,624</u>	<u>582,006</u>	
30	Total Rate Base	<u>151,169,299</u>	<u>0</u>	<u>151,169,299</u>	<u>3,045,672</u>	<u>148,123,627</u>	
31	Actual TIER	1.84		1.84		1.85	
32	DSC	1.97		1.97		1.98	
33	Rate of Return on Rate Base	5.94%		5.94%		6.00%	
34	Return on Margins and Equity	7.16%		7.16%		7.43%	
35	Capital Credits Received	140,060	0	140,060	5,685	134,375	
	Margins and Equities	65,478,542	0	65,478,542	2,657,886	62,820,656	
	Principal Payments	2,710,238	0	2,710,238	55,856	2,654,382	
	Capital Credits Retired	1,200,721	0	1,200,721	48,739	1,151,982	

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003**

Line No.	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.		
	Operating Revenues			
1	Base Rate	39,465,780	53.94%	52.29%
2	Fuel - WPCA	0		
3	Roll In Riders	0		
4	Margin Stabilization	0		
5	Other Electric Revenues	<u>0</u>		
6	Total Operating Revenues	<u>39,465,780</u>	53.61%	51.97%
	Operating Expenses			
7	Purchased Power Expense	38,520,851	95.50%	
8	Margin Stabilization	0		
9	Operating and Maintenance Expense	249,040	1.27%	
13	Depreciation and Amortization	153,595	2.52%	
14	Tax Expense - Property	0		
15	Tax Expense - Other	<u>0</u>		
16	Total Operating Expenses	<u>38,923,486</u>	58.13%	
17	Operating Margins	542,294		
18	Less: Interest Expense on Customer Deposits	0		
19	Charitable and Educational Donations	<u>0</u>		
20	Operating Margins Adjusted	542,294		
21	Plus: Capital Credits Accrued	591,873		
22	Other Income	0		
23	Less: Interest on Long-Term Debt	82,265		
24	Other Interest Expense	(12)		
25	Other Expense	<u>0</u>		
26	Total Margins	<u>1,051,914</u>	<u>22.45%</u>	
	Rate Base			
27	Net Utility Plant	1,272,333		
28	Allowance for Working Capital	1,297,371		
29	Other Rate Base Deductions	<u>350,027</u>		
30	Total Rate Base	<u>2,219,677</u>		
31	Actual TIER	13.79		
32	DSC	10.55		
33	Rate of Return on Rate Base	24.43%		
34	Return on Margins and Equity	5.51%		
35	Capital Credits Received	0		
	Margins and Equities	19,083,900		
	Principal Payments	39,777		
	Capital Credits Retired	0		

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002**

Source: REA Form 7		(1)	(2)	(3)	(4)	(5)
Line No.	Description	Total Cooperative Per Books	Adjustments Due to Ratemaking Requirements	Total Cooperative Per Books	Non-Virginia Jurisdictional Business	Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	74,437,132	0	74,437,132	2,282,961	72,154,171
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>469,688</u>	<u>0</u>	<u>469,688</u>	<u>4,673</u>	<u>465,015</u>
6	Total Operating Revenues	<u>74,906,820</u>	<u>0</u>	<u>74,906,820</u>	<u>2,287,634</u>	<u>72,619,186</u>
Operating Expenses						
7	Purchased Power Expense	41,139,041	0	41,139,041	1,849,820	39,289,221
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	16,721,094	0	16,721,094	242,577	16,478,517
13	Depreciation and Amortization	5,881,748	0	5,881,748	115,829	5,765,919
14	Tax Expense - Property	758,892	0	758,892	15,607	743,285
15	Tax Expense - Other	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
16	Total Operating Expenses	<u>64,525,775</u>	<u>0</u>	<u>64,525,775</u>	<u>2,223,834</u>	<u>62,301,941</u>
17	Operating Margins	10,381,045	0	10,381,045	63,800	10,317,245
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	10,381,045	0	10,381,045	63,800	10,317,245
21	Plus: Capital Credits Accrued	1,049,400	0	1,049,400	42,597	1,006,803
22	Other Income	105,059	0	105,059	4,265	100,794
23	Less: Interest on Long-Term Debt	5,535,876	0	5,535,876	114,091	5,421,785
24	Other Interest Expense	13,319	0	13,319	276	13,043
25	Other Expense	<u>976,457</u>	<u>0</u>	<u>976,457</u>	<u>20,105</u>	<u>956,352</u>
26	Total Margins	<u>5,009,852</u>	<u>0</u>	<u>5,009,852</u>	<u>(23,811)</u>	<u>5,033,663</u>
27	Actual TIER	1.90		1.90		1.93

Note: Interest expense on customer deposits and charitable and educational donations are included in Other Expense. Jurisdictional factors are allocated based on 2003.

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

		(1)	(2)	(3)	(4)	(5)
Source: REA Form 7			Adjustments			Adjusted
Line		Total	Due to	Total	Non-Virginia	Virginia
<u>No.</u>	<u>Description</u>	<u>Cooperative</u>	<u>Rate-making</u>	<u>Cooperative</u>	<u>Jurisdictional</u>	<u>Jurisdictional</u>
		<u>Per Books</u>	<u>Requirements</u>	<u>Per Books</u>	<u>Business</u>	<u>Business</u>
Operating Revenues						
1	Base Rate	71,182,500	0	71,182,500	2,183,143	68,999,357
2	Fuel - WPCA	0	0	0	0	0
3	Roll In Riders	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>558,791</u>	<u>0</u>	<u>558,791</u>	<u>5,559</u>	<u>553,232</u>
6	Total Operating Revenues	<u>71,741,291</u>	<u>0</u>	<u>71,741,291</u>	<u>2,188,702</u>	<u>69,552,589</u>
Operating Expenses						
7	Purchased Power Expense	38,433,391	0	38,433,391	1,728,161	36,705,230
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	15,992,920	0	15,992,920	232,013	15,760,907
13	Depreciation and Amortization	5,502,567	0	5,502,567	108,361	5,394,206
14	Tax Expense - Property	1,128,105	0	1,128,105	23,201	1,104,904
15	Tax Expense - Other	<u>11,795</u>	<u>0</u>	<u>11,795</u>	<u>0</u>	<u>11,795</u>
16	Total Operating Expenses	<u>61,068,778</u>	<u>0</u>	<u>61,068,778</u>	<u>2,091,736</u>	<u>58,977,042</u>
17	Operating Margins	10,672,513	0	10,672,513	96,966	10,575,547
18	Less: Interest Expense on Customer Deposits	0	0	0	0	0
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	10,672,513	0	10,672,513	96,966	10,575,547
21	Plus: Capital Credits Accrued	945,962	0	945,962	38,398	907,564
22	Other Income	132,853	0	132,853	5,393	127,460
23	Less: Interest on Long-Term Debt	5,891,903	0	5,891,903	121,429	5,770,474
24	Other Interest Expense	32,858	0	32,858	682	32,176
25	Other Expense	<u>50,802</u>	<u>0</u>	<u>50,802</u>	<u>1,046</u>	<u>49,756</u>
26	Total Margins	<u>5,775,765</u>	<u>0</u>	<u>5,775,765</u>	<u>17,600</u>	<u>5,758,165</u>
27	Actual TIER	1.98		1.98		2.00