

**Report on the Status of Stranded Cost Recoveries
by Virginia Incumbent Electric Utilities
2001-2005**

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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 - Northern Neck Electric Cooperative
 - Northern Virginia Electric Cooperative
 - Prince George Electric Cooperative
 - Rappahannock Electric Cooperative
 - Shenandoah Valley Electric Cooperative
 - Southside Electric Cooperative

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. 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. This third annual status report covers stranded cost recoveries for the period from the commencement of capped rates on January 1, 2001 through December 31, 2005.

The results presented in this report are derived from electric utility earnings, 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 2005 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 two previous reports 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, 2005 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").¹ Next, Consumer Counsel evaluated the "potential stranded cost" exposure of each utility for 2005, as measured by the difference between the utility's generation revenue requirement (calculated assuming a level of authorized earnings), and the market price of generation during this period. By comparing the potential stranded cost exposure of the utility for a given year to cumulative stranded cost recoveries, one can 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.

As shown in Table 1, over the 2001-2005 period, under "Base Case" authorized return assumptions of 10% return on equity ("ROE") for investor-owned utilities and 2.0 Times Interest Earned Ratio ("TIER") for cooperative utilities, the total Virginia jurisdictional cumulative stranded cost recovery was approximately \$1.44 billion. Using the same Base Case return assumptions and the SCC-approved market price of 5.45 cents per kilowatt-hour ("kWh"),² the total Virginia jurisdictional stranded cost exposure for 2005 is estimated to be approximately \$388.39 million. As shown in the last column of Table 1, if the Base Case analysis is revised to consider an updated 2005 market price of 6.82 cents/kWh, based on actual market conditions in 2005, the total Virginia jurisdictional stranded cost exposure for 2005 drops to \$0.

¹ These bundled earnings calculations are derived from each utility's Annual Informational Filings ("AIF") to the SCC or, for cooperative utilities, Rural Utilities Service ("RUS") Form 7 filings.

² More specifically, the SCC-approved market price is Dominion Virginia Power's system average market price calculated pursuant to the methodology approved by the SCC in Case No. PUE-2001-00306, for purposes of calculating 2005 wires charges under § 56-583 of the Restructuring Act.

Table 1
Cumulative Stranded Cost Recovery and 2005 Annual Stranded Cost Exposure
BASE CASE (10% ROE/2.0 TIER)

	Cumulative Recovery <u>2001-2005</u>	Annual Recovery <u>2005</u>	2005 Annual Stranded Cost Exposure	
			<u>5.45 ¢/kWh</u>	<u>6.82 ¢/kWh</u>
<u>Investor-Owned Utilities:</u>				
Allegheny Power	\$11,000,761	\$0	\$0	\$0
Appalachian Power Company	\$58,877,847	\$0	\$0	\$0
Delmarva Power & Light	\$341,735	\$341,735	\$2,704,222	\$0
Dominion Virginia Power	<u>\$1,060,906,347</u>	<u>\$0</u>	<u>\$335,660,890</u>	<u>\$0</u>
Total IOUs:	\$1,131,126,690	\$341,735	\$338,365,112	\$0
<u>Electric Cooperatives:</u>				
A&N	\$2,926,696	\$555,962	\$1,932,415	\$0
BARC	\$22,333,870	\$19,442,258	\$809,178	\$0
Central Virginia	\$0	\$0	\$0	\$0
Community	\$4,369,935	\$1,005,549	\$1,284,685	\$0
Craig-Botetourt	\$0	\$0	\$0	\$0
Mecklenburg	\$4,290,375	\$0	\$2,114,668	\$0
Northern Neck	\$3,882,447	\$918,948	\$2,464,714	\$0
Northern Virginia	\$211,248,473	\$67,011,906	\$20,931,244	\$0
Prince George	\$1,054,621	\$21,721	\$721,421	\$0
Rappahannock	\$46,486,742	\$16,590,015	\$11,565,168	\$0
Shenandoah Valley	\$13,519,394	\$0	\$2,761,130	\$0
Southside	<u>\$3,089,525</u>	<u>\$2,214,637</u>	<u>\$5,530,754</u>	<u>\$0</u>
Total Cooperatives:	<u>\$313,202,078</u>	<u>\$107,760,996</u>	<u>\$50,025,378</u>	<u>\$0</u>
Total Va. Jurisdictional:	\$1,444,328,768	\$108,102,731	\$388,390,490	\$0

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 ROEs and TIERS, on the stranded cost recovery and exposure results. These results are reflected in Tables 7 and 8.

As noted in Consumer Counsel's previous status reports, and in previous reports by the SCC, until the potential for wires charges expires on July 1, 2007 and 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 when wires charges are no longer available remains significant should generation market prices drop below the level of utility generation revenue

requirements, which averaged 5.63 cents/kWh on a statewide basis in 2005 under the Base Case authorized return scenario.

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, 2005. 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 subdivision (3) of Section 30-205 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 a level of authorized earnings of the utility that would have been permitted under traditional regulatory principles, 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 (2005) 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 sixteen utilities evaluated – four investor-owned utilities and twelve electric cooperatives³ – along with their jurisdictional kWh sales in Virginia during 2005. Attachment 2 provides the 2005 kWh sales by rate class for each utility which serve as the basis for the figures presented in Table 2. The Virginia jurisdictional sales for electric cooperatives were estimated based on total 2005 sales and 2003 jurisdictional sales allocators derived from unbundling studies prepared by the cooperatives. As shown, Dominion Virginia Power ("Dominion") and Appalachian Power Company ("Appalachian Power") together supplied nearly 87% of total electricity sales in Virginia in 2005.

³ The Cooperatives, in communications with Consumer Counsel, have continued to express the view that, as member-owned utilities, they cannot have overrecoveries of stranded costs because any "over-earnings" or margins exceeding operational costs are eventually returned to their membership as capital credits.

Table 2
2005 Virginia Jurisdictional Sales

	<u>Total Va. Juris.</u> <u>kWh Sales</u>	<u>Percent</u> <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	2,919,980,770	3.2%
Appalachian Power Company	15,449,148,567	17.0%
Delmarva Power and Light	451,729,429	0.5%
Dominion Virginia Power	<u>63,136,065,240</u>	<u>69.6%</u>
Total IOUs:	81,956,924,006	90.3%
<u>Electric Cooperatives:</u>		
A&N	224,356,503	0.2%
BARC	139,489,020	0.2%
Central Virginia	603,988,756	0.7%
Community	173,853,979	0.2%
Craig-Botetourt	78,322,427	0.1%
Mecklenburg	515,196,429	0.6%
Northern Neck	243,675,792	0.3%
Northern Virginia	2,647,595,342	2.9%
Prince George	267,923,954	0.3%
Rappahannock	2,348,063,839	2.6%
Shenandoah Valley	714,213,847	0.8%
Southside	<u>811,500,415</u>	<u>0.9%</u>
Total Cooperatives:	<u>8,768,180,303</u>	<u>9.7%</u>
Total Va. Jurisdictional:	90,725,104,309	100.0%

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, 2005.

C. CALCULATION OF STRANDED COST RECOVERIES

Consumer Counsel's 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 test⁴ 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 pursuant to the CEUR resolution and derived from each utility's AIFs or RUS Form 7 filings. As discussed in Attachment 4, Staff's calculations generally rely upon information provided by the utilities, without further adjustment by Staff.

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 ROEs for investor-owned utilities (9% to 12%), and TIERs for cooperatives (1.5 to 3.0).

⁴ 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 2001-2005 under the Base Case scenario (10% ROE and 2.0 TIER). Under this scenario Virginia utilities are estimated to have recovered approximately \$1.44 billion of accumulated stranded costs over the 2001-2005 study period.

Table 3
2001-2005 Virginia Jurisdictional Stranded Cost Recoveries
BASE CASE (10% ROE/2.0 TIER)

	<u>Annual</u> <u>2005</u>	<u>Cumulative</u> <u>2001-2005</u>	<u>Percent</u> <u>of Total</u>
<u>Investor-Owned Utilities:</u>			
Allegheny Power	\$0	\$11,000,761	
Appalachian Power Company	\$0	\$58,877,847	
Delmarva Power & Light	\$341,735	\$341,735	
Dominion Virginia Power	<u>\$0</u>	<u>\$1,060,906,347</u>	
Total IOUs:	\$341,735	\$1,131,126,690	78.3%
<u>Electric Cooperatives:</u>			
A&N	\$555,962	\$2,926,696	
BARC	\$19,442,258	\$22,333,870	
Central Virginia	\$0	\$0	
Community	\$1,005,549	\$4,369,935	
Craig-Botetourt	\$0	\$0	
Mecklenburg	\$0	\$4,290,375	
Northern Neck	\$918,948	\$3,882,447	
Northern Virginia	\$67,011,906	\$211,248,473	
Prince George	\$21,721	\$1,054,621	
Rappahannock	\$16,590,015	\$46,486,742	
Shenandoah Valley	\$0	\$13,519,394	
Southside	<u>\$2,214,637</u>	<u>\$3,089,525</u>	
Total Cooperatives:	<u>\$107,760,996</u>	<u>\$313,202,078</u>	<u>21.7%</u>
Total Va. Jurisdictional:	\$108,102,731	\$1,444,328,768	100.0%

D. CALCULATION OF POTENTIAL STRANDED COST EXPOSURE

The calculation of potential stranded cost exposure for 2005 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. 2005 GENERATION REVENUE REQUIREMENT

The first key input to the calculation of potential stranded cost exposure for 2005 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 2005 unbundled cost information for Virginia's electric cooperatives which were derived using allocation factors 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 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
2005 Virginia Jurisdictional Generation Revenue Requirement
BASE CASE (10% ROE/2.0 TIER)

	2005 Generation <u>Rev. Rqt.</u>	Percent <u>of Total</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$125,965,072	
Appalachian Power Company	\$654,147,723	
Delmarva Power & Light	\$27,323,476	
Dominion Virginia Power	<u>\$3,776,576,445</u>	
Total IOUs:	\$4,584,012,716	89.7%
<u>Electric Cooperatives:</u>		
A&N	\$14,159,844	
BARC	\$8,411,329	
Central Virginia	\$30,488,048	
Community	\$10,759,727	
Craig-Botetourt	\$4,049,988	
Mecklenburg	\$30,192,873	
Northern Neck	\$15,745,045	
Northern Virginia	\$165,225,190	
Prince George	\$15,323,276	
Rappahannock	\$139,534,647	
Shenandoah Valley	\$41,595,785	
Southside	\$49,757,527	
Total Cooperatives:	<u>\$525,243,279</u>	<u>10.3%</u>
Total Va. Jurisdictional:	\$5,109,255,995	100.0%

2. 2005 GENERATION MARKET PRICES

The second key input to the calculation of potential stranded cost exposure for 2005 is generation market prices. Two different wholesale market prices were used for the Base Case analysis. First, Consumer Counsel used 2005 weighted average generation market prices from Dominion's 2005 wires charge compliance filing with the SCC. These market prices were calculated pursuant to § 56-583 of the Restructuring Act and the SCC-approved methodology for calculating wires charges. This "original" 2005 system average market price, which was based on 2005 forward market prices as of late 2004, is 5.45 cents/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 2005 market price was lower than the 2005 Base Case (10% ROE and 2.0 TIER) generation revenue requirement estimates for all but four Virginia utilities.

Consumer Counsel also made a second Base Case calculation of potential stranded cost exposure using "updated" 2005 forward market generation prices. These updated market prices were derived from published 2005 on-peak and off-peak monthly market prices for the PJM West and Cinergy hubs as reported on the last trading day of the prior month.⁵ For example, prices for June 2005 were based on the forward price for June as traded on May 27, 2005. An annual sales weighted average adjustment factor was developed by comparing the forward market prices underlying the original 2005 market price to the updated 2005 forward market prices. The resultant updated 2005 system average market price of generation is 6.82 cents/kWh. As shown in Table 5, the updated 2005 market price was higher than the 2005 Base Case generation revenue requirement for all Virginia utilities.

Attachment 3 of the report provides the calculations of the original and updated generation market prices for 2005.

⁵ These are the same trading hubs used in the SCC-approved methodology to determine 2005 market prices for wires charges purposes. Consumer Counsel notes that only the PJM West hub was used to calculate market prices for 2006. Final Order, SCC Case No. PUE-2001-00306 (Oct. 19, 2005). This change in methodology will be properly reflected in our future reports.

Table 5
2005 Generation Revenue Requirement
Compared to Market Prices
BASE CASE (10% ROE/ 2.0 TIER)

	2005 Gen. Rev. Rqt. (€/kWh)	Percent Over/Under Orig. 2005 Mkt. Price (5.45 €/kWh)	Percent Over/Under Updated 2005 Mkt. Price (6.82 €/kWh)
<u>Investor-Owned Utilities:</u>			
Allegheny Power	4.31	-20.8%	-36.7%
Appalachian Power Company	4.23	-22.3%	-37.9%
Delmarva Power & Light	6.05	11.0%	-11.3%
Dominion Virginia Power	5.98	9.8%	-12.3%
<u>Electric Cooperatives:</u>			
A&N	6.31	15.8%	-7.5%
BARC	6.03	10.6%	-11.6%
Central Virginia	5.05	-7.4%	-26.0%
Community	6.19	13.6%	-9.3%
Craig-Botetourt	5.17	-5.1%	-24.2%
Mecklenburg	5.86	7.5%	-14.1%
Northern Neck	6.46	18.6%	-5.3%
Northern Virginia	6.24	14.5%	-8.5%
Prince George	5.72	4.9%	-16.1%
Rappahannock	5.94	9.0%	-12.9%
Shenandoah Valley	5.82	6.9%	-14.6%
Southside	6.13	12.5%	-10.1%

3. 2005 POTENTIAL STRANDED COST EXPOSURE

Having examined the two key inputs for calculating potential stranded cost exposure, Table 6 illustrates the 2005 Base Case potential stranded cost exposure for each utility using the original and updated 2005 market prices, respectively. The Base Case results found in Table 6 demonstrate the high sensitivity of stranded cost estimates to changes in the market price of generation. Details for these calculations for each utility are presented in Attachment 4.

The first column of Table 6 summarizes the 2005 stranded cost exposure for the Base Case scenario with the original SCC-approved market price of 5.45 cents/kWh. Under this scenario, which sets the upper end of the Base Case potential stranded cost range for 2005, total Virginia jurisdictional stranded costs are estimated to be \$388.39 million.

The second column of Table 6 presents the second Base Case estimate of potential stranded cost exposure, which uses the updated 2005 market generation price of 6.82 cents/kWh. Under this scenario, which sets the lower end of the Base Case potential stranded cost range for 2005, total Virginia jurisdiction stranded costs are estimated to be \$0.

In both scenarios, it was assumed that 100% of customers are supplied by a competitive service provider.

Table 6
2005 Potential Stranded Cost Exposure
BASE CASE (10.0% ROE/2.0 TIER)

	Annual 2005 Stranded Cost <u>Exposure (5.45 ¢/kWh)</u>	Annual 2005 Stranded Cost <u>Exposure (6.82 ¢/kWh)</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$0	\$0
Appalachian Power Company	\$0	\$0
Delmarva Power & Light	\$2,704,222	\$0
Dominion Virginia Power	<u>\$335,660,890</u>	<u>\$0</u>
Total IOUs:	\$338,365,112	\$0
<u>Electric Cooperatives:</u>		
A&N	\$1,932,415	\$0
BARC	\$890,178	\$0
Central Virginia	\$0	\$0
Community	\$1,284,685	\$0
Craig-Botetourt	\$0	\$0
Mecklenburg	\$2,114,668	\$0
Northern Neck	\$2,464,714	\$0
Northern Virginia	\$20,931,244	\$0
Prince George	\$721,421	\$0
Rappahannock	\$11,565,168	\$0
Shenandoah Valley	\$2,671,130	\$0
Southside	\$5,530,754	\$0
Total Cooperatives:	<u>\$50,025,378</u>	<u>\$0</u>
Total Va. Jurisdictional:	\$388,390,490	\$0

III. SENSITIVITY RESULTS

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

A. LOW AND HIGH EXPOSURE CASES

Consumer Counsel addressed the impact of the 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 100% of customers are supplied by a competitive service provider.

The results of the Low Exposure scenario are summarized in Table 7. This scenario was defined by using the higher updated 2005 market price of 6.82 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 8. This scenario was defined by using the lower, original SCC-approved 2005 generation market price of 5.45 cents/kWh and the upper range of authorized returns (12% ROE/3.0 TIER).⁶

The sensitivity cases summarized in Tables 7 and 8 continue to demonstrate the high sensitivity of stranded cost recoveries and exposure to the assumed level of authorized earnings and generation market price.

⁶ For comparison, generation market prices over the first six months of 2006 have been higher than the 5.45 cents/kWh original price for 2005, but lower than the 2005 updated market price of 6.82 cents/kWh.

Table 7
Potential Stranded Cost Recovery and Exposure
LOW EXPOSURE CASE
(9% ROE/1.5 TIER and 6.82 ¢/kWh Mkt. Price)

	<u>Cumulative Recovery 2001-2005</u>	<u>2005 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	\$661,080	\$0
Dominion Virginia Power	<u>\$1,281,398,097</u>	<u>\$0</u>
Total IOUs:	\$1,377,560,572	\$0
<u>Electric Cooperatives:</u>		
A&N	\$5,333,080	\$0
BARC	\$24,872,171	\$0
Central Virginia	\$2,909,337	\$0
Community	\$5,676,326	\$0
Craig-Botetourt	\$185,363	\$0
Mecklenburg	\$9,319,043	\$0
Northern Neck	\$6,040,255	\$0
Northern Virginia	\$229,989,906	\$0
Prince George	\$2,748,703	\$0
Rappahannock	\$65,429,266	\$0
Shenandoah Valley	\$18,305,217	\$0
Southside	<u>\$15,559,527</u>	<u>\$0</u>
Total Cooperatives:	<u>\$386,368,196</u>	<u>\$0</u>
Total Va. Jurisdictional:	\$1,763,928,768	\$0

Table 8
Potential Stranded Cost Recovery and Exposure
HIGH EXPOSURE CASE
(12% ROE/3.0 TIER and 5.45 ¢/kWh Mkt. Price)

	<u>Cumulative Recovery 2001-2005</u>	<u>2005 Annual Stranded Cost Exposure</u>
<u>Investor-Owned Utilities:</u>		
Allegheny Power	\$5,769,675	\$0
Appalachian Power Company	\$24,023,797	\$0
Delmarva Power & Light	\$0	\$2,716,661
Dominion Virginia Power	<u>\$717,740,261</u>	<u>\$402,935,942</u>
Total IOUs:	\$747,533,733	\$405,652,603
<u>Electric Cooperatives:</u>		
A&N	\$252,496	\$2,037,250
BARC	\$18,790,779	\$851,757
Central Virginia	\$0	\$0
Community	\$1,757,152	\$1,289,906
Craig-Botetourt	\$0	\$0
Mecklenburg	\$0	\$2,115,065
Northern Neck	\$716,473	\$2,471,535
Northern Virginia	\$173,765,606	\$20,969,262
Prince George	\$0	\$729,571
Rappahannock	\$17,739,074	\$11,753,976
Shenandoah Valley	\$3,947,749	\$2,690,084
Southside	<u>\$0</u>	<u>\$5,615,299</u>
Total Cooperatives:	<u>\$216,969,330</u>	<u>\$50,523,704</u>
Total Va. Jurisdictional:	\$964,503,063	\$456,176,306

B. STRANDED COST MITIGATION

The analysis presented in this report does not explicitly consider stranded cost mitigation measures taken by utilities since the implementation of capped retail rates in 2001. Such measures could include the use of available 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.⁷ The information provided by Dominion is contained in Table 9. As shown, Dominion reports mitigation expenditures totaling \$1.25 billion for the 1998-2005 period, with resultant estimated savings of \$236 million per year, according to the company. To the extent portions of these amounts were reflected in Dominion's AIF filings with the SCC (upon which the earnings estimates presented in this report were based), certain mitigation amounts presented in Table 9 are reflected in the historical stranded cost recoveries and stranded cost exposure estimates presented in this report.

⁷ Delmarva Power & Light responded to Consumer Counsel's invitation to provide information on any mitigation measures by asserting that it will incur stranded costs during the June 2006 to May 2007 time period, as a result of the SCC's June 19, 2006 ruling in Case Nos. PUE-2006-00032 and PUE-2006-00033 concerning recovery of purchased power costs.

Table 9
Dominion Virginia Power's
Jurisdictional Expenditures to Mitigate Stranded Generation Cost
For Years 1998 to 2005
As Provided by Dominion
(\$Millions)

<u>Description</u>	1998-2004 Jurisdictional <u>Amount</u>	2005 Jurisdictional <u>Amount</u>	1998-2005 Jurisdictional <u>Amount</u>
<u>Non-Utility Generators</u>			
Buyout of Contracts	\$444*	\$62	\$506
Purchase of NUG Assets	<u>\$140</u>	<u>\$26</u>	<u>\$166</u>
Total NUG Expenditures	\$584	\$88	\$672
<u>Accel. Recovery of Regulatory Assets</u>			
1998 Stipulation in Case No. PUE-1996-00296	\$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:	\$1,164	\$88	\$1,252
Annual Savings Produced from Mitigation:	\$218	\$18	\$236

This Schedule provides information concerning Company expenditures for the period 1998 through 2005 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 2005 are presented for informational purposes.

*This 1998-2004 balance differs from that reported by Dominion in Consumer Counsel's prior stranded cost report due to Dominion's use of an estimated jurisdictional factor for the same period. This amount now reflects the actual allocation factor used each year.

IV. CONCLUSION

The stranded cost exposure of Virginia's incumbent electric utilities remains significantly dependent on assumptions regarding the level of future generation 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 market price of generation and assumed authorized returns have a significant impact on stranded cost recovery and exposure.

Attachment 1

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.

Attachment 2

**Virginia Jurisdictional kWh Sales
For Utilities Evaluated**

**Allegheny Power
2005 kWh Sales in VA**

Source: 2005 AIF

Rate Schedule:	<u>KWH</u>
R	1,269,383,613
C	179,195,749
G	154,991,260
PH	826,622,221
PP	<u>489,787,927</u>
Total	<u>2,919,980,770</u>

**Allegheny Power
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>

**Allegheny Power
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 2005 kWh by Rate Class**

Rate Class	kWh
Residential - Standard	6,438,677,135
Residential - Employee	41,819,495
Residential - TOD & LMTOD	3,196,575
Residential - Total	<u>6,483,693,205</u>
SWS	108,931,704
SGS - Standard	560,531,578
SGS - Unmetered	810,020
SGS - LMTOD	11,550
SGS - Total Secondary	<u>561,353,148</u>
SGS - Primary	976,336
MGS - Standard	798,591,403
MGS - TOD	71,764,186
MGS - Total Secondary	<u>870,355,589</u>
MGS - Primary	57,340,663
MGS - Subtransmission	3,032,800
MGS - Transmission	1,225,000
LGS - Secondary	1,659,956,439
LGS - Primary	150,326,732
LGS - Subtransmission	747,000
LPS - Secondary	573,972,240
LPS - Primary	2,359,788,075
LPS - Subtransmission	2,278,901,636
LPS - Transmission	338,548,000
OL	<u>0</u>
Total	<u><u>15,449,148,567</u></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
2005 kWh Sales in VA**

Source: 2005 AIF Data Request

Rate Schedule:	<u>KWH</u>
Res.	119,461,086
Res. Space Heating	71,740,054
GS SGS-S	106,729,086
ORL	15,734
GS LGS-S	28,450,269
GS Primary Rate	122,065,420
Lighting	<u>3,267,780</u>
Total	<u>451,729,429</u>

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

Source: 2004 AIF Data Request

Rate Schedule:	<u>KWH</u>
Res.	114,118,530
Res. Space Heating	64,437,664
GS SGS-S	102,100,139
ORL	16,604
GS LGS-S	25,241,296
GS 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 Data Request

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

**Dominion Virginia Power
2005 kWh Sales in VA**

Source: 2005 AIF Revenue Adjustment

Residential

	<u>kwh</u>
Schedule 1	27,953,378,372
Schedule 1P	51,774,355
Schedule 1S	229,523,667
Schedule 1T	21,827,813
Schedule 1W	555,544
Total Residential	<u>28,257,059,751</u>

General Service

	<u>kwh</u>
GS-1	3,383,655,350
GS-2	9,954,966,044
GS-3	9,808,114,755
GS-4	6,601,071,573
GS-2T	1,455,715,083
Schedule 5	55,196,760
Schedule 6	95,182,486
Schedule 6TS	292,874,103
Schedule 7	17,278,657
Schedule 8	1,000
Schedule 10	2,377,503,750
Schedule RTP	81,538,670
Special Contract	<u>459,046,906</u>
Total GS	<u>34,582,145,137</u>

Church Service

Schedule 5C	187,076,804
Schedule 5P	<u>13,391,755</u>
Total Church	<u>200,468,559</u>

Outdoor Lighting

Schedule 25	304,835
Schedule 27	43,470,892
Schedule 28	47,487,956
Schedule 29	<u>5,128,110</u>
Total Outdoor Lighting	<u>96,391,793</u>

Total kWh Sales **63,136,065,240**

**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	<u>58,772,625,000</u>

2005 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	Public Authorities	Sales for Resales		Sales for Resales - Other	Total
								RUS Borrowers	Other		
A&N	130,161,622	-	811,909	27,878,648	69,337,800	303,598	1,692,103	-	-	-	230,185,680
BARC	119,894,726	-	-	30,151,096	21,865,200	-	-	-	-	-	171,911,022
Central Va	452,070,480	-	-	91,678,595	82,920,100	-	-	-	-	-	626,669,175
Community	152,770,343	-	369,836	17,683,043	3,093,000	360,444	8,437,995	-	-	-	182,714,661
Craig-Botetourt	66,812,106	2,117,284	-	2,967,816	9,307,246	-	712,166	-	-	-	81,916,618
Mecklenburg	348,009,261	-	-	61,258,808	107,326,784	-	30,187,009	-	-	-	546,781,862
Northern Virginia	1,879,450,519	-	-	792,985,060	356,589,307	3,791,297	-	-	-	-	3,032,816,183
Northern Neck	210,005,706	-	-	34,532,126	-	8,016	1,741,209	-	-	-	246,287,057
Prince George	155,899,984	-	-	37,741,333	56,436,479	231,653	34,133,488	-	-	-	284,442,937
Rappahannock	1,396,100,381	-	-	115,402,365	946,758,221	2,687,907	7,118,860	-	-	-	2,468,067,734
Shenandoah Valley	468,395,238	6,660,722	-	106,639,914	205,772,687	-	-	-	-	-	787,468,561
Southside	673,780,352	-	-	59,079,574	57,555,253	-	38,161,711	-	-	-	828,576,890
Total	6,053,350,718	8,778,006	1,181,745	1,377,998,378	1,916,962,077	7,382,915	122,184,541	-	-	-	9,487,838,380

Source: RUS Form 7

2004 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	RUS Borrowers	Sales for Resales - Other	Total
A&N	122,068,015	-	617,887	27,737,901	69,984,200	304,301	1,464,798	-	-	222,157,102
BARC	119,388,056	-	-	29,096,928	22,023,600	-	-	-	-	170,508,584
Central Va Community	422,879,367	-	-	89,061,630	88,918,109	-	-	-	-	600,859,106
Craig-Botetourt	145,923,745	-	209,036	17,783,489	3,188,500	347,980	8,568,484	-	-	176,021,234
Mecklenburg	64,746,923	2,065,553	-	3,062,768	8,218,869	-	686,386	-	-	78,780,499
Northern Virginia	339,324,314	-	-	62,183,436	104,367,256	-	29,770,057	-	-	535,645,063
Northern Neck	1,753,600,762	-	-	715,234,129	346,332,164	3,425,388	-	-	-	2,818,592,443
Prince George	196,863,787	-	-	33,699,797	-	8,016	1,574,464	-	-	232,146,064
Rappahannock	144,656,928	-	-	30,308,146	53,276,091	224,340	29,712,767	-	-	258,178,272
Shenandoah Valley	1,308,721,581	-	-	111,301,114	936,009,134	2,370,509	6,163,378	-	-	2,364,565,716
Southside	452,795,304	6,149,641	-	103,052,278	207,291,746	-	-	-	-	769,288,969
	636,146,729	-	-	23,048,297	94,777,774	-	35,637,041	-	-	789,609,841
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

Source: RUS Form 7

2003 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
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 Community	410,157,370	-	-	85,580,416	78,948,466	-	-	-	-	574,686,252
Craig-Botetourt	138,549,320	-	160,427	17,308,072	2,815,260	343,746	8,213,121	-	-	167,389,946
Mecklenburg	63,823,966	2,056,889	-	3,147,345	7,573,827	-	719,005	-	-	77,321,032
Northern Virginia	325,507,122	-	-	59,003,920	104,918,826	3,289,441	28,629,171	-	-	518,059,039
Northern Neck	188,456,675	-	-	655,127,603	332,769,280	8,016	1,532,784	-	-	2,603,079,786
Prince George	144,993,740	-	-	32,027,869	51,663,926	2,244,413	30,257,633	-	-	221,417,191
Rappahannock	1,232,673,121	-	-	103,306,719	903,647,659	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

Attachment 3

Market Price Calculations

Virginia Electric and Power Company
 Virginia Jurisdiction
 Case No. PUE-2001-00306
 Average Price to Compare Based on Rate Design Test Year of 1999
 Using Rates Filed in Compliance Filing on December 8, 2004

Non-Filed Summary Sheet

Rate Schedule	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
	Total Booked kWh	Total Bundled Revenue (L)	Total Distribution Revenue	Total Wires Charge Revenue	Wires Charge Revenue Per kWh (C/L/D)	Price to Compare Revenue III-(IV+V)	Price to Compare Per kWh (C/L/D)	Total Transmission Revenue	Transmission Revenue Per kWh (C/X/D)	Total Market Revenue	Market Revenue Per kWh (C/L/D)	Unbundled Generation Revenue (L)	Unbundled Generation Revenue Per kWh (C/XII/L/D)	
1 (Residential)	22,412,127,000	\$1,920,721,718	\$538,413,395	\$0	\$0.00000	\$1,362,308,323	\$0.06078	\$81,804,264	\$0.00365	\$1,283,734,451	\$0.05728	\$1,280,504,059	\$0.05713	
GS-1	2,854,978,000	\$226,764,726	\$64,060,218	\$0	\$0.00000	\$162,704,508	\$0.05699	\$7,960,825	\$0.00279	\$167,351,974	\$0.05862	\$154,749,883	\$0.05420	
GS-2	8,727,791,000	\$568,593,090	\$94,259,982	\$0	\$0.00000	\$474,333,108	\$0.05435	\$24,099,058	\$0.00276	\$469,672,657	\$0.05381	\$430,234,050	\$0.05159	
GS-3	8,042,871,748	\$419,854,778	\$47,543,903	\$0	\$0.00000	\$372,310,875	\$0.04629	\$18,524,418	\$0.00230	\$422,921,164	\$0.05258	\$353,786,457	\$0.04399	
GS-4	6,572,358,782	\$289,489,530	\$12,362,667	\$0	\$0.00000	\$277,126,863	\$0.04217	\$12,414,729	\$0.00189	\$324,445,525	\$0.04937	\$264,712,134	\$0.04028	
5C (Church and Synagogue Service)	111,244,001	\$9,261,899	\$1,862,953	\$0	\$0.00000	\$7,398,946	\$0.06651	\$310,371	\$0.00279	\$6,314,290	\$0.05676	\$7,088,575	\$0.06372	
IP	68,841,000	\$4,685,036	\$1,371,878	\$0	\$0.00000	\$3,313,158	\$0.04813	\$251,230	\$0.00365	\$3,069,439	\$0.04459	\$3,061,928	\$0.04448	
IS	193,890,000	\$13,240,969	\$3,938,520	\$0	\$0.00000	\$9,302,449	\$0.04798	\$707,366	\$0.00365	\$8,616,587	\$0.04444	\$8,595,083	\$0.04433	
IT	22,825,998	\$1,752,096	\$530,948	\$0	\$0.00000	\$1,221,148	\$0.05350	\$83,316	\$0.00365	\$1,140,665	\$0.04997	\$1,137,832	\$0.04985	
IW	766,000	\$39,047	\$17,124	\$0	\$0.00000	\$21,923	\$0.02862	\$1,249	\$0.00163	\$20,728	\$0.02706	\$20,674	\$0.02699	
5U (2)	108,392,995	\$9,583,322	\$1,475,882	\$0	\$0.00000	\$8,107,440	\$0.07480	\$286,318	\$0.00264	\$5,849,550	\$0.05392	\$7,821,122	\$0.07216	
7U (2)	25,400,000	\$2,023,664	\$340,043	\$0	\$0.00000	\$1,683,621	\$0.06628	\$70,592	\$0.00278	\$1,405,453	\$0.05533	\$1,613,029	\$0.06351	
6U	292,182,000	\$14,684,539	\$1,564,293	\$0	\$0.00000	\$13,120,246	\$0.04490	\$624,236	\$0.00214	\$14,605,220	\$0.04999	\$12,496,010	\$0.04277	
6TS	283,432,002	\$13,215,469	\$1,608,735	\$0	\$0.00000	\$11,606,734	\$0.04095	\$595,712	\$0.00210	\$14,513,856	\$0.05121	\$11,011,022	\$0.03885	
10	1,781,469,000	\$93,105,063	\$12,755,654	\$0	\$0.00000	\$80,349,409	\$0.04510	\$7,570,678	\$0.00425	\$94,033,808	\$0.03278	\$72,778,731	\$0.04085	
5P (2)	4,001,000	\$261,823	\$54,444	\$0	\$0.00000	\$207,379	\$0.05183	\$11,158	\$0.00279	\$174,803	\$0.04369	\$196,221	\$0.04904	
GS-2T	936,974,000	\$32,877,936	\$8,632,378	\$0	\$0.00000	\$44,045,558	\$0.04603	\$1,914,702	\$0.00200	\$43,948,248	\$0.04592	\$42,130,856	\$0.04403	
25 (2)	267,000	\$24,830	\$12,034	\$0	\$0.00000	\$12,796	\$0.04793	\$708	\$0.00265	\$11,170	\$0.04184	\$12,088	\$0.04527	
27 (2)	32,131,260	\$6,793,176	\$4,996,372	\$0	\$0.00000	\$1,796,804	\$0.05592	\$86,828	\$0.00270	\$1,342,680	\$0.04179	\$1,709,976	\$0.05322	
28 (2)	53,070,840	\$4,775,362	\$1,810,519	\$0	\$0.00000	\$2,964,843	\$0.05587	\$142,839	\$0.00269	\$2,219,820	\$0.04183	\$2,822,004	\$0.05317	
29	4,914,000	\$281,587	\$67,582	\$0	\$0.00000	\$214,005	\$0.04355	\$13,022	\$0.00265	\$205,553	\$0.04183	\$200,283	\$0.04090	
Total	52,549,909,606	\$3,652,029,660	\$817,879,524	\$0	\$0	\$2,834,150,136		\$157,473,619		\$2,865,591,641		\$2,676,676,517		
Average Rate		\$0.06950	\$0.01556	\$0.00000		\$0.05393		\$0.00300		\$0.05453		\$0.05094		

Original 2005 Wrid Avg Mkt Price 5.45
 Mkt Price Update Factor 1.25
 Updated 2005 Wrid Avg Mkt Price 6.82

Note
 1) Fuel recovery equals \$0.01891 per kWh.
 2) Calculated positive wires charges set equal to \$0.
 N:\Rates\Regcomp\PUE-2001-00306 - Market Price - 2005\Price-to-Compare 2005 Va Market Prices Final Rev1.xls 2005MktPrice

Workpaper for Calculation of 2005 Original vs Updated Market Price Update Factor

1	2		3		4		5		6		7		8	
	Original/1 PJM West 2005 Forward <u>On-Peak Price</u>	Original/1 Cinergy 2005 Forward <u>On-Peak Price</u>	Original/1 Max 2005 Forward <u>On-Peak Price</u>	Original/1 PJM West 2005 Forward <u>Off-Peak Price</u>	Original/1 Cinergy 2005 Forward <u>Off-Peak Price</u>	Original/1 Max 2005 Forward <u>Off-Peak Price</u>	Original Average 2005 Forward <u>Mkt Price</u>	Updated/2 PJM West 2005 Forward <u>On-Peak Price</u>						
1	67.98	57.01	67.98	36.81	24.83	36.81	51.65	54.90						
2	67.98	57.01	67.98	36.81	24.83	36.81	51.65	54.90						
3	61.55	52.77	61.55	36.81	24.83	36.81	48.59	56.95						
4	61.55	52.77	61.55	36.81	24.83	36.81	48.59	56.95						
5	55.16	46.13	55.16	36.81	24.83	36.81	45.55	54.00						
6	57.34	48.57	57.34	36.81	24.83	36.81	46.58	57.00						
7	70.76	58.53	70.76	36.81	24.83	36.81	52.97	77.50						
8	70.76	58.53	70.76	36.81	24.83	36.81	52.97	77.50						
9	53.16	44.28	53.16	36.81	24.83	36.81	44.59	95.00						
10	51.41	42.53	51.41	36.81	24.83	36.81	43.76	101.75						
11	51.41	42.53	51.41	36.81	24.83	36.81	43.76	101.75						
12	51.41	42.53	51.41	36.81	24.83	36.81	43.76	101.75						
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 2005 market price information is Platts and ICE.

9	10	11	12	13	14	15	16	17
Updated/2 Cinergy 2005 Forward On-Peak Price	Updated/2 Max 2005 Forward On-Peak Price	Updated/2 PJM West 2005 Forward Off-Peak Price	Updated/2 ICE 2005 Forward Off-Peak Price	Updated/2 Max 2005 Forward Off-Peak Price	Updated/2 Average 2005 Forward Mkt Price	1999-2001 Total kWh (1)	(Col 14/ Col 7) Updated/2 2005 Mkt Price Adjustment Factor	Updated kWh Wid Adjustment Factor
49.00	54.90	42.00	44.25	44.25	49.32	24,175,942	0.95	0.081
49.00	54.90	41.61	44.25	44.25	49.32	22,141,431	0.95	0.074
51.50	56.95	41.98	37.50	41.98	49.11	24,117,527	1.01	0.085
51.50	56.95	38.55	37.50	38.55	47.31	22,768,553	0.97	0.078
50.50	54.00	35.18	35.50	35.50	44.31	23,946,611	0.97	0.081
47.50	57.00	31.80	33.00	33.00	44.43	25,258,532	0.95	0.084
67.75	77.50	42.57	43.00	43.00	59.43	25,340,004	1.12	0.099
67.75	77.50	45.31	43.00	45.31	60.64	26,302,695	1.14	0.105
77.00	95.00	56.25	44.00	56.25	74.70	24,125,859	1.68	0.141
85.30	101.75	48.17	41.00	48.17	73.68	23,798,434	1.68	0.140
85.30	101.75	56.72	41.00	56.72	78.16	22,107,492	1.79	0.138
85.30	101.75	63.25	41.00	63.25	81.58	<u>21,814,916</u>	1.86	0.142
						285,897,994		1.250

Virginia Electric and Power Company
 Virginia Jurisdiction
 Case No. PUE-2001-00306
 Summary Based on Rate Design Test Year of 1999
 Using Rates Filed in Compliance Filing on December 8, 2004

Non-filed Summary Sheet

I	II	III	IV	V	VI	VII	VIII
<u>Rate Schedule</u>	<u>Total Booked kWh</u>	<u>Unbundled Generation Revenue</u>	<u>Unbundled Generation Revenue Per kWh (III / II)</u>	<u>Total Market Revenue</u>	<u>Market Revenue Per kWh (V / II)</u>	<u>Total Wires Charge Revenue</u>	<u>Wires Charge Revenue Per kWh (VII / II)</u>
1 (Residential)	22,412,127,000	\$1,280,504,059	\$0.05713	\$1,283,734,451	\$0.05728	\$0	\$0.00000
GS-1	2,854,970,000	\$154,743,683	\$0.05420	\$167,351,974	\$0.05862	\$0	\$0.00000
GS-2	8,727,791,000	\$450,234,050	\$0.05159	\$469,672,657	\$0.05381	\$0	\$0.00000
GS-3	8,042,871,748	\$353,786,457	\$0.04399	\$422,921,164	\$0.05258	\$0	\$0.00000
GS-4	6,572,358,762	\$264,712,134	\$0.04028	\$324,445,525	\$0.04937	\$0	\$0.00000
5C (Church and Synagogue Service)	111,244,001	\$7,088,575	\$0.06372	\$6,314,290	\$0.05676	\$774,285	\$0.00696
1P	68,841,000	\$3,061,928	\$0.04448	\$3,069,439	\$0.04459	\$0	\$0.00000
1S	193,890,000	\$8,595,083	\$0.04433	\$8,616,587	\$0.04444	\$0	\$0.00000
1T	22,825,998	\$1,137,832	\$0.04985	\$1,140,665	\$0.04997	\$0	\$0.00000
1W	766,000	\$20,674	\$0.02699	\$20,728	\$0.02706	\$0	\$0.00000
5U	108,382,995	\$7,821,122	\$0.07216	\$5,843,550	\$0.05392	\$1,977,571	\$0.01825
7U	25,400,000	\$1,613,029	\$0.06351	\$1,405,453	\$0.05533	\$207,576	\$0.00817
6U	292,182,000	\$12,496,010	\$0.04277	\$14,605,220	\$0.04999	\$0	\$0.00000
6TS	283,432,002	\$11,011,022	\$0.03885	\$14,513,856	\$0.05121	\$0	\$0.00000
10	1,781,469,000	\$72,778,731	\$0.04085	\$94,033,808	\$0.05278	\$0	\$0.00000
5P	4,001,000	\$196,221	\$0.04904	\$174,803	\$0.04369	\$21,417	\$0.00535
GS-2T	956,974,000	\$42,130,856	\$0.04403	\$43,948,248	\$0.04592	\$0	\$0.00000
25	267,000	\$12,088	\$0.04527	\$11,170	\$0.04184	\$918	\$0.00344
27	32,131,260	\$1,709,976	\$0.05322	\$1,342,680	\$0.04179	\$367,308	\$0.01143
28	53,070,840	\$2,822,004	\$0.05317	\$2,219,820	\$0.04183	\$602,148	\$0.01135
29	4,914,000	<u>\$200,983</u>	\$0.04090	<u>\$205,553</u>	\$0.04183	<u>\$0</u>	\$0.00000
	52,549,909,606	\$2,676,676,517		\$2,865,591,641	\$0.05453	\$3,951,223	\$0.00008

Attachment 4

Calculations of Utility Stranded Cost Recoveries and Potential Stranded Cost Exposure

Calculations of Stranded Cost Recoveries

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

To assist Consumer Counsel in compiling this report, the SCC Staff has provided us with the recovery calculations included in this attachment. These calculations are derived from each utility's Annual Informational Filings ("AIF") and, for cooperative utilities, Rural Utilities Service ("RUS") Form 7 filings.¹

In AIF dockets, Staff regularly makes adjustments to the information filed by utilities. With the exception of the Staff adjustments found in the following AIF dockets,² which were not material or disputed, Staff's recovery calculations included in this attachment do not incorporate any Staff adjustments:

<u>Company</u>	<u>Case No.</u>	<u>Test Year</u>
Dominion Virginia Power	PUE-2002-00244	2001
Dominion Virginia Power	PUE-2003-00181	2002
Appalachian Power Company	PUE-2002-00093	2001
Appalachian Power Company	PUE-2003-00175	2002
Allegheny Power	PUE-2001-00066	2001
Allegheny Power	PUE-2003-00002	2002
Delmarva Power & Light	PUE-2002-00247	2001

¹ For Central Virginia Electric Cooperative, the calculations are derived from annual filings with the SCC made by the cooperative pursuant to its rate case in PUE-2000-00583.

² These adjustments were also included in our two previous reports. This list was provided by Staff for inclusion in the initial stranded cost report. See Attachment 4 of the 2004 Report.

**The Potomac Edison Company d/b/a Allegheny Power
Summary of Earnings Available for Stranded Cost Recovery**

In thousands

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
9.00%	6,193	6,765	1,693	N/A	N/A	--	--	14,651
10.00%	4,902	5,660	439	N/A	N/A	--	--	11,001
11.00%	3,612	4,554	N/A	N/A	N/A	--	--	8,166
12.00%	2,321	3,449	N/A	N/A	N/A	--	--	5,770

The Potomac Edison Company d/b/a Allegheny Power
Rate of Return Statement - Earnings Test
For the Year Ended December 31, 2005
(\$000's)

	Total Company	Non- Jurisdictional	Virginia Jurisdictional Business	Regulatory Accounting Adjustments	Jurisdictional after all Adjustments
Operating Revenues	971,201	807,966	163,235	0	163,235
Operating Revenue Deductions					
Operation and Maintenance Expense	772,496	647,446	125,050	16,272	141,322
Depreciation and Amortization	43,173	32,944	10,229	0	10,229
Income Taxes	30,803	24,269	6,534	(5,496)	1,038
Taxes Other Than Income Taxes	35,366	31,856	3,510	0	3,510
Gain/Loss on Property Disposition	0	0	0	0	0
Accretion Expense	17	13	4	(4)	0
Total Operating Expenses	881,855	736,528	145,327	10,772	156,099
Operating Income	89,347	71,439	17,908	(10,722)	7,136
Plus: AFUDC	968	968	0	0	0
Less: Charitable Contributions (net of tax)	25	20	5	(5)	0
Less: Interest Expense on Customer Deposits	406	316	90	0	90
Adjusted Operating Income	89,884	72,071	17,813	(10,767)	7,046
Plus: Other Income (Expense)	3,989	3,989	0	0	0
Less: Interest Expense	27,519	21,695	5,824	(741)	5,083
Less: Preferred Dividend	0	0	0	0	0
Less: JDC Capital Expense	0	0	0	108	108
Income Available for Common Equity	66,355	54,366	11,989	(10,134)	1,855
Allowance for Working Capital	16,096	12,797	3,299	0	3,299
Plus: Net Utility Plant	943,757	754,357	189,400	(472)	188,928
Less: Other Rate Base Deductions	153,442	120,460	32,982	3,182	36,164
Total Average Rate Base	806,411	646,694	159,717	(3,654)	156,063
Total Average Capital for Ratemaking	806,859		159,717		156,063
Average Common Equity Capital	403,253		79,824		77,998
% Rate of Return Earned on Avg. Rate Base	11.15%		11.15%		4.51%
% Rate of Return Earned on Avg. Common Equity	16.45%		15.02%		2.38%

The Potomac Edison Company d/b/a Allegheny power
Rate of Return statement - Earnings Test for Purchased Power
For the Year Ended December 31, 2005
(\$000's)

	<u>Virginia Jurisdictional Purchased Power</u>	<u>Regulatory Accounting Adjustments</u>	<u>VA Jurisdictional Purchased Power Adjusted</u>
Operating Revenues	99,054	0	99,054
Operating Revenue Deductions			
Operation and Maintenance Expense	98,917	16,272	115,189
Depreciation and Amortization	0	0	0
Income Taxes	25	92	117
Taxes Other Than Income Taxes	0	0	0
Gain/Loss on Property Disposition	0	0	0
Total Operating Expenses	98,942	16,364	115,306
Operating Income	112	(16,364)	(16,252)
Plus: AFUDC	0	0	0
Less: Charitable Contributions (net of tax)	0	0	0
Less: Interest Expense on Customer Deposits	0	0	0
Adjusted Operating Income	112	(16,364)	(16,252)
Plus: Other Income (Expense)	0	0	0
Less: Interest Expense	0	0	0
Less: Preferred Dividend	0	0	0
Less: JDC Capital Expense	0	0	0
Income Available for Common Equity	112	(16,364)	(16,252)
Allowance for Working Capital	0	0	0
Plus: Net Utility Plant	0	0	0
Less: Other Rate Base Deductions	0	0	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>2005</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(16,252)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	16,252
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	26,911
PLUS: ADJUSTED REVENUES	<u>99,054</u>
TOTAL REVENUE REQUIREMENT	<u>125,965</u>

10% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(16,252)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	16,252
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	26,911
PLUS: ADJUSTED REVENUES	<u>99,054</u>
TOTAL REVENUE REQUIREMENT	<u>125,965</u>

11% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(16,252)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	16,252
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	26,911
PLUS: ADJUSTED REVENUES	<u>99,054</u>
TOTAL REVENUE REQUIREMENT	<u>125,965</u>

12% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	0
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	0
LESS: ACTUAL INCOME AVAILABLE	<u>(16,252)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	16,252
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>
ADDITIONAL REVENUE REQUIREMENT	26,911
PLUS: ADJUSTED REVENUES	<u>99,054</u>
TOTAL REVENUE REQUIREMENT	<u>125,965</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>	<u>2005</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997	77,998
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<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	7,020
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>	<u>1,855</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(3,740)	(4,236)	(1,022)	1,187	5,165
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</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>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997	77,998
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<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	7,800
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>	<u>1,855</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(2,961)	(3,544)	(265)	1,957	5,945
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</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>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997	77,998
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<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	8,580
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>	<u>1,855</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(2,181)	(2,852)	492	2,727	6,725
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</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>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	77,954	69,212	75,720	76,997	77,998
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<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	9,360
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>10,756</u>	<u>10,465</u>	<u>7,837</u>	<u>5,743</u>	<u>1,855</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(1,402)	(2,160)	1,249	3,497	7,505
DIVIDED BY: GROSS-UP FACTOR	<u>60.39%</u>	<u>62.61%</u>	<u>60.39%</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>	<u>N/A</u>

APPALACHIAN POWER COMPANY
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
9.00%	4,545,756	32,640,774	43,664,097	N/A	N/A	--	--	80,850,627
10.00%	N/A	24,017,839	34,860,008	N/A	N/A	--	--	58,877,847
11.00%	N/A	15,394,904	26,055,918	N/A	N/A	--	--	41,450,822
12.00%	N/A	6,771,969	17,251,829	N/A	N/A	--	--	24,023,797

Appalachian Power Company
Rate of Return Statement - Bundled Earnings Test
For the Test Year Ended December 31, 2005

Line No.	Description	Virginia Jurisdictional Business Col. (1)	Per Books Regulatory Accounting Adjustments Col. (2)	Per Books Adjusted Col. (3)
1	Operating Revenue	\$1,028,287,878	\$0	\$1,028,287,878
2	Operating Revenue Deductions			
3	Operation and Maintenance Expense	\$749,051,665	(\$391,323)	\$748,660,342
4	Depreciation and Amortization Expense	94,449,438	10,763,934	105,213,372
5	Income Taxes	33,585,821	970,930	34,556,751
6	Taxes Other than Income	43,768,164	(1,348,855)	42,419,309
7	Gain/Loss on Property Disposition	1,716,034	0	1,716,034
	Total Operating Revenue Deductions	<u>\$922,571,122</u>	<u>\$9,994,686</u>	<u>\$932,565,808</u>
8	Operating Income (Loss)	<u>\$105,716,756</u>	<u>(\$9,994,686)</u>	<u>\$95,722,070</u>
9	Plus: AFUDC	\$0	\$0	\$0
10	Less: Charitable Donations - Net of Tax	2,700,475	0	2,700,475
11	Less: Interest on Customer Deposits	447,347	0	447,347
12	Adjusted Operating Income	<u>\$102,568,934</u>	<u>(\$9,994,686)</u>	<u>\$92,574,248</u>
13	Plus: Other Income	\$0	\$0	\$0
14	Less: Interest Expense	61,766,011	(7,772,023)	53,993,988
15	Less: Preferred Dividend	414,054	(47,934)	366,120
16	Less: JDC Capital Expense	590,797	(50,334)	540,463
17	Income Available for Common Equity	<u>\$39,798,072</u>	<u>(\$2,124,395)</u>	<u>\$37,673,677</u>
18	Rate Base			
19	Allowance for Working Capital	\$85,790,282	\$0	\$85,790,282
20	Net Utility Plant	2,235,435,615	(193,888,123)	2,041,547,492
21	Other Rate Base Deductions	326,656,041	57,252,976	383,909,017
	Total Rate Base	<u>\$1,994,569,856</u>	<u>(\$251,141,099)</u>	<u>\$1,743,428,757</u>
22	Common Equity Capital	\$855,072,097	(\$107,664,189)	\$747,407,908
23	Rate of Return Earned on Rate Base	5.14%		5.31%
24	Rate of Return Earned on Common Equity	4.65%		5.04%

Appalachian Power Company
Rate of Return Statement - Generation Earnings Test
For the Test Year Ended December 31, 2005

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)	\$12,436,389	(\$6,545,578)	\$5,890,811
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>2005</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>2005</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>2005</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>2005</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>	<u>2005</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631	747,407,908
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<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	67,266,712
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>	<u>37,673,677</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY DIVIDED BY: GROSS-UP FACTOR	(2,785,185) <u>61.27%</u>	(20,594,859) <u>63.10%</u>	(27,249,235) <u>62.41%</u>	17,781,053 <u>65.00%</u>	29,593,035 <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>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631	747,407,908
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<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	74,740,791
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>	<u>37,673,677</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY DIVIDED BY: GROSS-UP FACTOR	2,563,319 <u>61.27%</u>	(15,154,176) <u>63.10%</u>	(21,754,911) <u>62.41%</u>	24,305,269 <u>65.00%</u>	37,067,114 <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>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631	747,407,908
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<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	82,214,870
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>	<u>37,673,677</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY DIVIDED BY: GROSS-UP FACTOR	7,911,823 <u>61.27%</u>	(9,713,492) <u>63.10%</u>	(16,260,587) <u>62.41%</u>	30,829,485 <u>65.00%</u>	44,541,193 <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>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	534,850,401	544,068,395	549,432,413	652,421,631	747,407,908
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<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	89,688,949
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>	<u>37,673,677</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY DIVIDED BY: GROSS-UP FACTOR	13,260,327 <u>61.27%</u>	(4,272,808) <u>63.10%</u>	(10,766,262) <u>62.41%</u>	37,353,702 <u>65.00%</u>	52,015,272 <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>	<u>N/A</u>

Delmarva Power and Light Company
Summary of Earnings Available for Stranded Cost Recovery
In thousands

	Bundled <u>2001</u>	Bundled <u>2002</u>	Bundled <u>2003</u>	Bundled <u>2004</u>	Bundled <u>2005</u>	Bundled <u>2006</u>	Bundled <u>2007</u>	Total Bundled <u>2001-2007</u>
9.00%	N/A	N/A	N/A	N/A	661	--	--	661
10.00%	N/A	N/A	N/A	N/A	342	--	--	342
11.00%	N/A	N/A	N/A	N/A	22	--	--	22
12.00%	N/A	N/A	N/A	N/A	N/A	--	--	0

Delmarva Power & Light Company
Rate of Return Statement - Bundled Earnings Test
12 Months ending December 31, 2005
(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	40,508	0	40,508
2	Operation & Maintenance Expense	33,557	(29)	33,528
3	Depreciation and Amortization	1,181	183	1,364
4	Income Taxes	1,531	53	1,584
5	Taxes other than Income Taxes	636	0	636
6	Gain/Loss on Property Disposition	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Expenses	36,905	207	37,112
8	Operating Income	3,603	(207)	3,396
9	AFUDC	0	0	0
10	Less: Charitable Contributions & IOCD	<u>(12)</u>	<u>0</u>	<u>(12)</u>
11	Adjusted Operating Income	3,591	(207)	3,384
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	1,182	3	1,185
14	Preferred Dividends	<u>39</u>	<u>0</u>	<u>39</u>
15	Income Available for Common Equity	2,370	(210)	2,160
16	Allowance for Working Capital	6,320	0	6,320
17	Net Utility Plant	44,569	0	44,569
18	Other Rate Base Deductions	<u>(11,527)</u>	<u>0</u>	<u>(11,527)</u>
19	Total Rate Base	39,362	0	39,362
20	Total Capital	39,362	0	39,362
21	Common Equity Capital	19,512	0	19,512
22	ROR Earned on Rate Base	9.12%		8.60%
23	ROR Earned on Common Equity	12.15%		11.07%

Delmarva Power & Light Company
Rate of Return Statement - Earnings Test
Generation
12 Months ending December 31, 2005
(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	27,204	0	27,204
2	Operation & Maintenance Expense	28,282	(1)	28,281
3	Depreciation and Amortization	(1,210)	5	(1,205)
4	Income Taxes	47	(9)	38
5	Taxes other than Income Taxes	9	0	9
6	Gain/Loss on Property Disposition	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Expenses	27,128	(5)	27,123
8	Operating Income	76	5	81
9	AFUDC	0	0	0
10	Less: Charitable Contributions & IOCD	<u>0</u>	<u>0</u>	<u>0</u>
11	Adjusted Operating Income	76	5	81
12	Plus: Other Income (Expense)	0	0	0
13	Less: Interest Expense	0	19	19
14	Preferred Dividends	<u>1</u>	<u>0</u>	<u>1</u>
15	Income Available for Common Equity	<u>75</u>	<u>(14)</u>	<u>61</u>
16	Allowance for Working Capital	757	0	757
17	Net Utility Plant	5	0	5
18	Other Rate Base Deductions	<u>5</u>	<u>0</u>	<u>5</u>
19	Total Rate Base	<u>767</u>	<u>0</u>	<u>767</u>
20	Total Capital	767	0	767
21	Common Equity Capital	380	0	380
22	ROR Earned on Rate Base	9.91%		10.56%
23	ROR Earned on Common Equity	19.74%		16.05%

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

9% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	380
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	34
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	69
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	113
PLUS: ADJUSTED REVENUES	<u>27,204</u>
TOTAL REVENUE REQUIREMENT	<u>27,317</u>

10% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	380
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	38
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	73
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	119
PLUS: ADJUSTED REVENUES	<u>27,204</u>
TOTAL REVENUE REQUIREMENT	<u>27,323</u>

11% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	380
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	42
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	77
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	126
PLUS: ADJUSTED REVENUES	<u>27,204</u>
TOTAL REVENUE REQUIREMENT	<u>27,330</u>

12% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	380
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	46
LESS: ACTUAL INCOME AVAILABLE	<u>(35)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	81
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>
ADDITIONAL REVENUE REQUIREMENT	132
PLUS: ADJUSTED REVENUES	<u>27,204</u>
TOTAL REVENUE REQUIREMENT	<u>27,336</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>	<u>2005</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520	19,512
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<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	1,756
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>	<u>2,160</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	632	1,234	869	407	(404)
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<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>	<u>661</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520	19,512
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<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	1,951
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>	<u>2,160</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	882	1,414	1,054	612	(209)
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<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>	<u>342</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520	19,512
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<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	2,146
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>	<u>2,160</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	1,132	1,593	1,240	817	(14)
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<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>	<u>22</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	25,005	17,948	18,547	20,520	19,512
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<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	2,341
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>1,619</u>	<u>381</u>	<u>801</u>	<u>1,440</u>	<u>2,160</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	1,382	1,773	1,425	1,022	181
DIVIDED BY: GROSS-UP FACTOR	<u>61.10%</u>	<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>	<u>N/A</u>

**VIRGINIA ELECTRIC AND POWER COMPANY
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN THOUSANDS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
9.00%	62,024	716,273	248,068	255,033	N/A	--	--	1,281,398
10.00%	8,743	663,612	189,996	198,556	N/A	--	--	1,060,906
11.00%	N/A	610,950	131,924	142,078	N/A	--	--	884,952
12.00%	N/A	558,288	73,852	85,601	N/A	--	--	717,740

**VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST
12 MONTHS ENDED DECEMBER 31, 2005
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>5,652,484</u>	<u>1,175,609</u>	<u>4,476,875</u>	<u>0</u>	<u>4,476,875</u>
2	<u>OPERATING REVENUE DEDUCTIONS</u>				
3	4,033,074	808,273	3,224,801	7,084	3,231,885
4	543,009	90,238	452,771	(39,354)	413,417
5	257,089	69,853	187,236	23,935	211,171
6	164,703	40,085	124,618	0	124,618
7	<u>(55,195)</u>	<u>(11,818)</u>	<u>(43,287)</u>	<u>3,869</u>	<u>(39,418)</u>
8	<u>4,942,770</u>	<u>996,631</u>	<u>3,946,139</u>	<u>(4,466)</u>	<u>3,941,673</u>
9	<u>709,714</u>	<u>178,978</u>	<u>530,736</u>	<u>4,466</u>	<u>535,202</u>
10	2,404	2,404	0	0	0
11	4,603	923	3,680	0	3,680
12	1,389	46	1,343	0	1,343
13	(1,504)	(304)	(1,200)	0	(1,200)
14	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
15	<u>707,630</u>	<u>180,717</u>	<u>526,913</u>	<u>4,466</u>	<u>531,379</u>
16	(399,930)	399,930	0	0	0
17	275,838	34,057	241,781	1,799	243,580
18	45,284	8,061	37,223	276	37,499
19	<u>N/A</u>	<u>N/A</u>	<u>8,106</u>	<u>61</u>	<u>8,167</u>
20	<u>(13,422)</u>	<u>538,529</u>	<u>239,803</u>	<u>2,330</u>	<u>242,133</u>
21	504,043	87,553	416,490	69,672	486,162
22	11,704,900	2,358,304	9,346,596	(45,294)	9,301,302
23	<u>1,860,801</u>	<u>369,386</u>	<u>1,491,415</u>	<u>(37,163)</u>	<u>1,454,252</u>
24	<u>10,348,142</u>	<u>2,076,471</u>	<u>8,271,671</u>	<u>61,541</u>	<u>8,333,212</u>
25	10,068,679	1,978,133	8,271,671	61,541	8,333,212
26	4,424,791	789,715	3,635,076	27,045	3,662,121
27			6.37		6.38
28			6.60		6.61

Note: VAP's 2005 10-K reports that the Company's 2005 fuel under-recovery was \$660 million. Fuel costs are currently recovered through base rates. Therefore, earnings in column (7) are negatively impacted by the fuel under-recovery.

VIRGINIA ELECTRIC AND POWER COMPANY
RATE OF RETURN STATEMENT - EARNINGS TEST - GENERATION
12 MONTHS ENDED DECEMBER 31, 2005
IN THOUSANDS

LINE NO.	(1) Virginia Jurisdictional Business	(2) Per Books Regulatory Accounting Adjustments	(3) Virginia Jurisdictional Adjusted	
1	<u>OPERATING REVENUE</u>	<u>3,327,195</u>	<u>0</u>	<u>3,327,195</u>
2	<u>OPERATING REVENUE DEDUCTIONS</u>			
3	OPERATION & MAINTENANCE EXPENSE	2,957,448	1,548	2,958,996
4	DEPRECIATION & AMORTIZATION	224,094	(35,146)	188,948
5	INCOME TAXES	13,818	23,862	37,680
6	TAXES OTHER THAN INCOME TAXES	82,139	0	82,139
7	(GAIN)/LOSS ON DISPOSITION OF PROPERTY	<u>(42,886)</u>	<u>4,869</u>	<u>(38,017)</u>
8	<u>TOTAL OPERATING REVENUE DEDUCTIONS</u>	<u>3,234,613</u>	<u>(4,867)</u>	<u>3,229,746</u>
9	<u>OPERATING INCOME</u>	92,582	4,867	97,449
10	PLUS: AFUDC	0	0	0
11	LESS: CHARITABLE DONATIONS	3,375	0	3,375
12	INTEREST EXP. ON CUSTOMER DEPOSITS	998	0	998
13	INTEREST ON TAX DEFICIENCIES	(654)	0	(654)
14	OTHER INTEREST EXPENSE/(INCOME)	<u>0</u>	<u>0</u>	<u>0</u>
15	<u>ADJUSTED OPERATING INCOME</u>	<u>88,863</u>	<u>4,867</u>	<u>93,730</u>
16	PLUS: OTHER INCOME/(EXPENSE)	0	0	0
17	LESS: INTEREST EXPENSE-BOOKED	137,043	314	137,357
18	PREFERRED DIVIDENDS	21,098	48	21,146
19	JDC CAPITAL EXPENSE	<u>4,595</u>	<u>10</u>	<u>4,605</u>
20	<u>INCOME AVAILABLE FOR COMMON EQUITY</u>	<u>(73,873)</u>	<u>4,495</u>	<u>(69,378)</u>
21	ALLOWANCE FOR WORKING CAPITAL	408,404	5,744	414,148
22	PLUS: NET UTILITY PLANT	5,092,434	(33,745)	5,058,689
23	LESS: OTHER RATE BASE DEDUCTIONS	<u>812,414</u>	<u>(38,769)</u>	<u>773,645</u>
24	<u>TOTAL AVERAGE RATE BASE</u>	<u>4,688,424</u>	<u>10,768</u>	<u>4,699,192</u>
25	TOTAL AVERAGE CAPITAL	4,688,424	10,768	4,699,192
26	AVERAGE COMMON EQUITY CAPITAL	2,060,379	4,733	2,065,112
27	% RATE OF RETURN EARNED ON AVG. RATE BASE	1.90		1.99
28	% RATE OF RETURN EARNED ON AVG. COMMON EQ.	-3.59		-3.36

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

9% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	2,065,112
TIMES: RETURN ON EQUITY	<u>9.00%</u>
INCOME AVAILABLE REQUIREMENT	185,860
LESS: ACTUAL INCOME AVAILABLE	<u>(69,378)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	255,238
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	415,744
PLUS: ADJUSTED REVENUES	<u>3,327,195</u>
TOTAL REVENUE REQUIREMENT	<u>3,742,939</u>
10% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	2,065,112
TIMES: RETURN ON EQUITY	<u>10.00%</u>
INCOME AVAILABLE REQUIREMENT	206,511
LESS: ACTUAL INCOME AVAILABLE	<u>(69,378)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	275,889
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	449,381
PLUS: ADJUSTED REVENUES	<u>3,327,195</u>
TOTAL REVENUE REQUIREMENT	<u>3,776,576</u>
11% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	2,065,112
TIMES: RETURN ON EQUITY	<u>11.00%</u>
INCOME AVAILABLE REQUIREMENT	227,162
LESS: ACTUAL INCOME AVAILABLE	<u>(69,378)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	296,540
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	483,019
PLUS: ADJUSTED REVENUES	<u>3,327,195</u>
TOTAL REVENUE REQUIREMENT	<u>3,810,214</u>
12% ROE	<u>2005</u>
COMMON EQUITY CAPITAL	2,065,112
TIMES: RETURN ON EQUITY	<u>12.00%</u>
INCOME AVAILABLE REQUIREMENT	247,813
LESS: ACTUAL INCOME AVAILABLE	<u>(69,378)</u>
ADDITIONAL INCOME AVAILABLE REQUIRED	317,191
DIVIDED BY: GROSS-UP FACTOR	<u>61.39%</u>
ADDITIONAL REVENUE REQUIREMENT	516,656
PLUS: ADJUSTED REVENUES	<u>3,327,195</u>
TOTAL REVENUE REQUIREMENT	<u>3,843,851</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>	<u>2005</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429	3,662,121
TIMES: RETURN ON EQUITY	<u>9.00%</u>	<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	329,591
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>	<u>242,133</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(38,052)	(444,519)	(151,817)	(156,080)	87,458
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</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>	<u>N/A</u>
10% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429	3,662,121
TIMES: RETURN ON EQUITY	<u>10.00%</u>	<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	366,212
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>	<u>242,133</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	(5,364)	(411,837)	(116,277)	(121,516)	124,079
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</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>	<u>N/A</u>
11% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429	3,662,121
TIMES: RETURN ON EQUITY	<u>11.00%</u>	<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	402,833
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>	<u>242,133</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	27,323	(379,155)	(80,737)	(86,952)	160,700
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</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>	<u>N/A</u>
12% ROE	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
COMMON EQUITY CAPITAL	3,268,753	3,268,198	3,553,997	3,456,429	3,662,121
TIMES: RETURN ON EQUITY	<u>12.00%</u>	<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	439,455
LESS: INCOME AVAILABLE PER EARNINGS TEST	<u>332,239</u>	<u>738,657</u>	<u>471,677</u>	<u>467,159</u>	<u>242,133</u>
REDUCTION TO INCOME AVAILABLE FOR EQUITY	60,011	(346,473)	(45,197)	(52,388)	197,322
DIVIDED BY: GROSS-UP FACTOR	<u>61.35%</u>	<u>62.06%</u>	<u>61.20%</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>	<u>N/A</u>

**A&N ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	584,269	1,446,975	1,067,218	1,082,021	1,152,598	--	--	4,180,482
2.0 TIER	138,123	1,048,815	600,068	583,728	555,962	--	--	2,370,734
2.5 TIER	N/A	650,656	132,919	85,435	N/A	--	--	869,009
3.0 TIER	N/A	252,496	N/A	N/A	N/A	--	--	252,496

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	22,436,732	0	22,436,732	742,234	21,694,498
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>397,486</u>	<u>0</u>	<u>397,486</u>	<u>0</u>	<u>397,486</u>
6	Total Operating Revenues	<u>22,834,218</u>	<u>0</u>	<u>22,834,218</u>	<u>742,234</u>	<u>22,091,984</u>
Operating Expenses						
7	Purchased Power Expense	14,287,569	0	14,287,569	361,816	13,925,753
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	4,399,369	0	4,399,369	98,213	4,301,156
13	Depreciation and Amortization	1,370,870	0	1,370,870	32,073	1,338,797
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>20,058,133</u>	<u>0</u>	<u>20,058,133</u>	<u>492,111</u>	<u>19,566,022</u>
17	Operating Margins	2,776,085	0	2,776,085	250,123	2,525,962
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	2,776,085	0	2,776,085	250,123	2,525,962
21	Plus: Capital Credits Accrued	325,784	0	325,784	10,596	315,188
22	Other Income	116,030	0	116,030	3,774	112,256
23	Less: Interest on Long-Term Debt	1,224,276	0	1,224,276	31,004	1,193,272
24	Other Interest Expense	5,084	0	5,084	129	4,955
25	Other Expense	<u>6,170</u>	<u>0</u>	<u>6,170</u>	<u>226</u>	<u>5,944</u>
26	Total Margins	<u>1,982,369</u>	<u>0</u>	<u>1,982,369</u>	<u>233,134</u>	<u>1,749,235</u>
31	Actual TIER	2.62		2.62		2.47

**A&N ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	15,706,321
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>15,706,321</u>
Operating Expenses		
7	Purchased Power Expense	13,925,753
8	Margin Stabilization	0
9	Operating and Maintenance Expense	237,352
13	Depreciation and Amortization	84,790
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>14,247,895</u>
17	Operating Margins	1,458,427
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,458,427
21	Plus: Capital Credits Accrued	298,246
22	Other Income	0
23	Less: Interest on Long-Term Debt	105,361
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>1,651,312</u>
27	Actual TIER	16.67

**A&N ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	105,361
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	158,042
LESS: INTEREST EXPENSE	<u>105,361</u>
REQUIRED MARGINS	52,681
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	52,417
LESS: ADJUSTED MARGINS	<u>1,651,312</u>
NET REVENUE REQUIREMENT	(1,598,894)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,706,321</u>
TOTAL REVENUE REQUIREMENT	<u>14,107,427</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	105,361
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	210,723
LESS: INTEREST EXPENSE	<u>105,361</u>
REQUIRED MARGINS	105,361
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	104,835
LESS: ADJUSTED MARGINS	<u>1,651,312</u>
NET REVENUE REQUIREMENT	(1,546,477)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,706,321</u>
TOTAL REVENUE REQUIREMENT	<u>14,159,844</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	105,361
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	263,403
LESS: INTEREST EXPENSE	<u>105,361</u>
REQUIRED MARGINS	158,042
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	157,252
LESS: ADJUSTED MARGINS	<u>1,651,312</u>
NET REVENUE REQUIREMENT	(1,494,060)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,706,321</u>
TOTAL REVENUE REQUIREMENT	<u>14,212,292</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	105,361
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	316,084
LESS: INTEREST EXPENSE	<u>105,361</u>
REQUIRED MARGINS	210,723
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	209,669
LESS: ADJUSTED MARGINS	<u>1,651,312</u>
NET REVENUE REQUIREMENT	(1,441,643)
PLUS: ADJUSTED OPERATING REVENUES	<u>15,706,321</u>
TOTAL REVENUE REQUIREMENT	<u>14,264,679</u>

**A&N ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586	1,193,272
TIMES: TIER RATIO	<u>1.50</u>	<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	1,789,909
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>	<u>1,193,272</u>
REQUIRED MARGINS	446,146	398,160	467,150	498,293	596,636
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>	<u>1,749,235</u>
AVAILABLE EARNINGS	<u>584,269</u>	<u>1,446,975</u>	<u>1,067,218</u>	<u>1,082,021</u>	<u>1,152,598</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586	1,193,272
TIMES: 2.0 TIER	<u>2.00</u>	<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	2,386,545
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>	<u>1,193,272</u>
REQUIRED MARGINS	892,292	796,319	934,299	996,586	1,193,272
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>	<u>1,749,235</u>
AVAILABLE EARNINGS	<u>138,123</u>	<u>1,048,815</u>	<u>600,068</u>	<u>583,728</u>	<u>555,962</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586	1,193,272
TIMES: 2.5 TIER	<u>2.50</u>	<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	2,983,181
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>	<u>1,193,272</u>
REQUIRED MARGINS	1,338,438	1,194,479	1,401,449	1,494,878	1,789,909
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>	<u>1,749,235</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>650,656</u>	<u>132,919</u>	<u>85,435</u>	<u>N/A</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	892,292	796,319	934,299	996,586	1,193,272
TIMES: 3.0 TIER	<u>3.00</u>	<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	3,579,817
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>892,292</u>	<u>796,319</u>	<u>934,299</u>	<u>996,586</u>	<u>1,193,272</u>
REQUIRED MARGINS	1,784,584	1,592,638	1,868,598	1,993,171	2,386,545
LESS: ADJUSTED MARGINS	<u>1,030,415</u>	<u>1,845,134</u>	<u>1,534,367</u>	<u>1,580,314</u>	<u>1,749,235</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>252,496</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

BARC ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	1,041,954	779,873	1,251,012	1,867,526	19,931,806	--	--	24,872,171
2.0 TIER	534,416	245,018	757,955	1,354,223	19,442,258	--	--	22,333,870
2.5 TIER	26,877	N/A	264,898	840,920	18,952,710	--	--	20,085,405
3.0 TIER	N/A	N/A	N/A	327,616	18,463,163	--	--	18,790,779

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	18,865,382	0	18,865,382	2,944,373	15,921,009
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>18,389,639</u>	<u>0</u>	<u>18,389,639</u>	<u>598,306</u>	<u>17,791,333</u>
6	Total Operating Revenues	<u>37,255,021</u>	<u>0</u>	<u>37,255,021</u>	<u>3,542,680</u>	<u>33,712,341</u>
Operating Expenses						
7	Purchased Power Expense	10,282,221	0	10,282,221	1,939,202	8,343,019
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,711,287	0	3,711,287	612,806	3,098,481
13	Depreciation and Amortization	1,497,089	0	1,497,089	280,167	1,216,922
14	Tax Expense - Property	25	0	25	0	25
15	Tax Expense - Other	<u>(7)</u>	<u>0</u>	<u>(7)</u>	<u>0</u>	<u>(7)</u>
16	Total Operating Expenses	<u>15,490,615</u>	<u>0</u>	<u>15,490,615</u>	<u>2,832,174</u>	<u>12,658,441</u>
17	Operating Margins	21,764,406	0	21,764,406	710,506	21,053,900
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	21,764,406	0	21,764,406	710,506	21,053,900
21	Plus: Capital Credits Accrued	224,942	0	224,942	35,107	189,835
22	Other Income	191,092	0	191,092	29,825	161,267
23	Less: Interest on Long-Term Debt	1,206,670	0	1,206,670	227,575	979,095
24	Other Interest Expense	2,280	0	2,280	246	2,034
25	Other Expense	<u>3,106</u>	<u>0</u>	<u>3,106</u>	<u>587</u>	<u>2,519</u>
26	Total Margins	<u>20,968,384</u>	<u>0</u>	<u>20,968,384</u>	<u>547,031</u>	<u>20,421,353</u>
31	Actual TIER	18.38		18.38		21.86

**BARC ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

(1)

<u>Line No.</u>	<u>Description</u>	<u>Virginia Jurisdictional Generation and Trans.</u>
Operating Revenues		
1	Base Rate	8,839,724
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>8,839,724</u>
Operating Expenses		
7	Purchased Power Expense	8,343,019
8	Margin Stabilization	0
9	Operating and Maintenance Expense	113,441
13	Depreciation and Amortization	32,641
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>8,489,101</u>
17	Operating Margins	350,624
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	350,624
21	Plus: Capital Credits Accrued	163,144
22	Other Income	0
23	Less: Interest on Long-Term Debt	42,793
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>470,974</u>
31	Actual TIER	12.01

**BARC ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	42,793
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	64,190
LESS: INTEREST EXPENSE	<u>42,793</u>
REQUIRED MARGINS	21,397
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	21,290
LESS: ADJUSTED MARGINS	<u>470,974</u>
NET REVENUE REQUIREMENT	(449,685)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,839,724</u>
TOTAL REVENUE REQUIREMENT	<u>8,390,040</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	42,793
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	85,586
LESS: INTEREST EXPENSE	<u>42,793</u>
REQUIRED MARGINS	42,793
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	42,579
LESS: ADJUSTED MARGINS	<u>470,974</u>
NET REVENUE REQUIREMENT	(428,395)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,839,724</u>
TOTAL REVENUE REQUIREMENT	<u>8,411,329</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	42,793
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	106,983
LESS: INTEREST EXPENSE	<u>42,793</u>
REQUIRED MARGINS	64,190
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	63,869
LESS: ADJUSTED MARGINS	<u>470,974</u>
NET REVENUE REQUIREMENT	(407,105)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,839,724</u>
TOTAL REVENUE REQUIREMENT	<u>8,432,619</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	42,793
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	128,380
LESS: INTEREST EXPENSE	<u>42,793</u>
REQUIRED MARGINS	85,586
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	85,159
LESS: ADJUSTED MARGINS	<u>470,974</u>
NET REVENUE REQUIREMENT	(385,816)
PLUS: ADJUSTED OPERATING REVENUES	<u>8,839,724</u>
TOTAL REVENUE REQUIREMENT	<u>8,453,909</u>

**BARC ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606	979,095
TIMES: TIER RATIO	<u>1.50</u>	<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	1,468,643
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>	<u>979,095</u>
REQUIRED MARGINS	507,539	534,855	493,057	513,303	489,548
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>	<u>20,421,353</u>
AVAILABLE EARNINGS	<u>1,041,954</u>	<u>779,873</u>	<u>1,251,012</u>	<u>1,867,526</u>	<u>19,931,806</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606	979,095
TIMES: 2.0 TIER	<u>2.00</u>	<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	1,958,191
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>	<u>979,095</u>
REQUIRED MARGINS	1,015,077	1,069,710	986,114	1,026,606	979,095
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>	<u>20,421,353</u>
AVAILABLE EARNINGS	<u>534,416</u>	<u>245,018</u>	<u>757,955</u>	<u>1,354,223</u>	<u>19,442,258</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606	979,095
TIMES: 2.5 TIER	<u>2.50</u>	<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	2,447,738
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>	<u>979,095</u>
REQUIRED MARGINS	1,522,616	1,604,566	1,479,171	1,539,909	1,468,643
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>	<u>20,421,353</u>
AVAILABLE EARNINGS	<u>26,877</u>	<u>N/A</u>	<u>264,898</u>	<u>840,920</u>	<u>18,952,710</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	1,015,077	1,069,710	986,114	1,026,606	979,095
TIMES: 3.0 TIER	<u>3.00</u>	<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	2,937,286
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>	<u>979,095</u>
REQUIRED MARGINS	2,030,154	2,139,421	1,972,228	2,053,212	1,958,191
LESS: ADJUSTED MARGINS	<u>1,549,493</u>	<u>1,314,729</u>	<u>1,744,069</u>	<u>2,380,829</u>	<u>20,421,353</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>327,616</u>	<u>18,463,163</u>

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	456,177	947,492	321,768	N/A	1,183,900	--	--	2,909,337
2.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0
2.5 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0
3.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	46,749,519	163,076	46,912,595	1,237,738	45,674,857
2	PCA Revenues	3,777,859	0	3,777,859	105,043	3,672,816
3	Load Management Credits	0	0	0	0	0
4	Margin Stabilization	0	0	0	0	0
5	Other Electric Revenues	<u>806,659</u>	<u>0</u>	<u>806,659</u>	<u>57,464</u>	<u>749,195</u>
6	Total Operating Revenues	<u>51,334,037</u>	<u>163,076</u>	<u>51,497,113</u>	<u>1,400,245</u>	<u>50,096,868</u>
Operating Expenses						
7	Purchased Power Expense	30,919,789	0	30,919,789	1,113,971	29,805,818
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	10,406,012	0	10,406,012	196,679	10,209,333
13	Depreciation and Amortization	3,804,132	0	3,804,132	91,780	3,712,352
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>45,129,933</u>	<u>0</u>	<u>45,129,933</u>	<u>1,402,430</u>	<u>43,727,503</u>
17	Operating Margins	6,204,104	163,076	6,367,180	(2,185)	6,369,365
18	Less: Interest Expense on Customer Deposits	14,246	0	14,246	457	13,789
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	6,188,058	163,076	6,351,134	(2,699)	6,353,833
21	Plus: Capital Credits Accrued	127,018	0	127,018	4,100	122,918
22	Other Income	254,351	(174,631)	79,720	0	79,720
23	Less: Interest on Long-Term Debt	3,663,930	0	3,663,930	88,709	3,575,221
24	Other Interest Expense	27,680	0	27,680	894	26,786
25	Other Expense	<u>(17,618)</u>	<u>0</u>	<u>(17,618)</u>	<u>(572)</u>	<u>(17,046)</u>
26	Total Margins	<u>2,895,435</u>	<u>(11,555)</u>	<u>2,883,880</u>	<u>(87,630)</u>	<u>2,971,510</u>
27	Actual TIER	1.79		1.79		1.83

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

(1)

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Virginia</u> <u>Jurisdictional</u> <u>Generation</u>
	Operating Revenues	
1	Base Rate	26,855,565
2	PCA Revenues	3,672,816
3	Load Management Credits	0
4	Margin Stabilization	0
5	Other Electric Revenues	<u>0</u>
6	Total Operating Revenues	<u>30,528,381</u>
	Operating Expenses	
7	Purchased Power Expense	29,805,818
8	Margin Stabilization	0
9	Operating and Maintenance Expense	386,362
13	Depreciation and Amortization	280,470
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>30,472,650</u>
17	Operating Margins	55,731
18	Less: Interest Expense on Customer Deposits	7,250
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	48,481
21	Plus: Capital Credits Accrued	143
22	Other Income	0
23	Less: Interest on Long-Term Debt	4,156
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>44,468</u>
27	Actual TIER	11.70

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

2005

1.5 TIER:

LONG-TERM INTEREST EXPENSE	4,156
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	6,234
LESS: INTEREST EXPENSE	<u>4,156</u>
REQUIRED MARGINS	2,078
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	2,068
LESS: ADJUSTED MARGINS	<u>44,468</u>
NET REVENUE REQUIREMENT	(42,400)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,528,381</u>
TOTAL REVENUE REQUIREMENT	<u>30,485,981</u>

2.0 TIER:

LONG-TERM INTEREST EXPENSE	4,156
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,312
LESS: INTEREST EXPENSE	<u>4,156</u>
REQUIRED MARGINS	4,156
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	4,135
LESS: ADJUSTED MARGINS	<u>44,468</u>
NET REVENUE REQUIREMENT	(40,333)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,528,381</u>
TOTAL REVENUE REQUIREMENT	<u>30,488,048</u>

2.5 TIER:

LONG-TERM INTEREST EXPENSE	4,156
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	10,390
LESS: INTEREST EXPENSE	<u>4,156</u>
REQUIRED MARGINS	6,234
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	6,203
LESS: ADJUSTED MARGINS	<u>44,468</u>
NET REVENUE REQUIREMENT	(38,265)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,528,381</u>
TOTAL REVENUE REQUIREMENT	<u>30,490,116</u>

3.0 TIER:

LONG-TERM INTEREST EXPENSE	4,156
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	12,468
LESS: INTEREST EXPENSE	<u>4,156</u>
REQUIRED MARGINS	8,312
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	8,270
LESS: ADJUSTED MARGINS	<u>44,468</u>
NET REVENUE REQUIREMENT	(36,198)
PLUS: ADJUSTED OPERATING REVENUES	<u>30,528,381</u>
TOTAL REVENUE REQUIREMENT	<u>30,492,183</u>

**CENTRAL VIRGINIA ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431	3,575,221
TIMES: TIER RATIO	<u>1.50</u>	<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	5,362,832
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>	<u>3,575,221</u>
REQUIRED MARGINS	1,453,416	1,497,138	1,582,613	1,659,716	1,787,611
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,517,501</u>	<u>2,971,510</u>
AVAILABLE EARNINGS	<u>456,177</u>	<u>947,492</u>	<u>321,768</u>	<u>N/A</u>	<u>1,183,900</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	2,906,831	2,994,276	3,165,226	3,319,431	3,575,221
TIMES: 2.0 TIER	<u>2.00</u>	<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	7,150,442
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>	<u>3,575,221</u>
REQUIRED MARGINS	2,906,831	2,994,276	3,165,226	3,319,431	3,575,221
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,517,501</u>	<u>2,971,510</u>
AVAILABLE EARNINGS	<u>N/A</u>	<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	3,575,221
TIMES: 2.5 TIER	<u>2.50</u>	<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	8,938,053
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>	<u>3,575,221</u>
REQUIRED MARGINS	4,360,247	4,491,414	4,747,839	4,979,147	5,362,832
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,517,501</u>	<u>2,971,510</u>
AVAILABLE EARNINGS	<u>N/A</u>	<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	3,575,221
TIMES: 3.0 TIER	<u>3.00</u>	<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	10,725,663
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>	<u>3,575,221</u>
REQUIRED MARGINS	5,813,662	5,988,552	6,330,452	6,638,862	7,150,442
LESS: ADJUSTED MARGINS	<u>1,909,592</u>	<u>2,444,630</u>	<u>1,904,381</u>	<u>1,517,501</u>	<u>2,971,510</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**COMMUNITY ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	1,302,805	914,274	983,319	1,197,369	1,278,560	--	--	5,676,326
2.0 TIER	1,008,616	656,356	742,046	957,367	1,005,549	--	--	4,369,935
2.5 TIER	714,428	398,437	500,774	717,366	732,538	--	--	3,063,543
3.0 TIER	420,240	140,519	259,501	477,365	459,527	--	--	1,757,152

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	17,247,419	0	17,247,419	821,569	16,425,850
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>260,226</u>	0	<u>260,226</u>	<u>793</u>	<u>259,433</u>
6	Total Operating Revenues	<u>17,507,645</u>	<u>0</u>	<u>17,507,645</u>	<u>822,362</u>	<u>16,685,283</u>
Operating Expenses						
7	Purchased Power Expense	11,726,710	0	11,726,710	568,683	11,158,027
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	3,054,410	0	3,054,410	115,079	2,939,331
13	Depreciation and Amortization	961,241	0	961,241	45,624	915,617
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>21</u>	<u>0</u>	<u>21</u>	<u>0</u>	<u>21</u>
16	Total Operating Expenses	<u>15,742,382</u>	<u>0</u>	<u>15,742,382</u>	<u>729,386</u>	<u>15,012,996</u>
17	Operating Margins	1,765,263	0	1,765,263	92,976	1,672,287
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	1,765,263	0	1,765,263	92,976	1,672,287
21	Plus: Capital Credits Accrued	237,870	0	237,870	11,330	226,540
22	Other Income	213,263	0	213,263	10,159	203,104
23	Less: Interest on Long-Term Debt	573,850	0	573,850	27,828	546,022
24	Other Interest Expense	4,337	0	4,337	0	4,337
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>1,638,209</u>	<u>0</u>	<u>1,638,209</u>	<u>86,638</u>	<u>1,551,571</u>
27	Actual TIER	3.85		3.85		3.84

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	10,899,337
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>10,899,337</u>
Operating Expenses		
7	Purchased Power Expense	11,050,152
8	Margin Stabilization	0
9	Operating and Maintenance Expense	69,263
13	Depreciation and Amortization	33,397
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>11,152,811</u>
17	Operating Margins	(253,474)
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(253,474)
21	Plus: Capital Credits Accrued	210,298
22	Other Income	193,254
23	Less: Interest on Long-Term Debt	5,247
24	Other Interest Expense	0
25	Other Expense	0
26	Total Margins	<u>144,831</u>
27	Actual TIER	28.60

**COMMUNITY ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,247
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	7,870
LESS: INTEREST EXPENSE	<u>5,247</u>
REQUIRED MARGINS	2,623
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	2,610
LESS: ADJUSTED MARGINS	<u>144,831</u>
NET REVENUE REQUIREMENT	(142,221)
PLUS: ADJUSTED OPERATING REVENUES	<u>10,899,337</u>
TOTAL REVENUE REQUIREMENT	<u>10,757,117</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,247
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	10,494
LESS: INTEREST EXPENSE	<u>5,247</u>
REQUIRED MARGINS	5,247
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	5,221
LESS: ADJUSTED MARGINS	<u>144,831</u>
NET REVENUE REQUIREMENT	(139,610)
PLUS: ADJUSTED OPERATING REVENUES	<u>10,899,337</u>
TOTAL REVENUE REQUIREMENT	<u>10,759,727</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	5,247
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,117
LESS: INTEREST EXPENSE	<u>5,247</u>
REQUIRED MARGINS	7,870
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	7,831
LESS: ADJUSTED MARGINS	<u>144,831</u>
NET REVENUE REQUIREMENT	(137,000)
PLUS: ADJUSTED OPERATING REVENUES	<u>10,899,337</u>
TOTAL REVENUE REQUIREMENT	<u>10,762,337</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	5,247
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	15,741
LESS: INTEREST EXPENSE	<u>5,247</u>
REQUIRED MARGINS	10,494
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	10,441
LESS: ADJUSTED MARGINS	<u>144,831</u>
NET REVENUE REQUIREMENT	(134,389)
PLUS: ADJUSTED OPERATING REVENUES	<u>10,899,337</u>
TOTAL REVENUE REQUIREMENT	<u>10,764,948</u>

**COMMUNITY ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003	546,022
TIMES: TIER RATIO	<u>1.50</u>	<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	819,033
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>	<u>546,022</u>
REQUIRED MARGINS	294,188	257,919	241,273	240,001	273,011
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>	<u>1,551,571</u>
AVAILABLE EARNINGS	<u>1,302,805</u>	<u>914,274</u>	<u>983,319</u>	<u>1,197,369</u>	<u>1,278,560</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003	546,022
TIMES: 2.0 TIER	<u>2.00</u>	<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	1,092,044
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>	<u>546,022</u>
REQUIRED MARGINS	588,376	515,837	482,545	480,003	546,022
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>	<u>1,551,571</u>
AVAILABLE EARNINGS BASED ON 2.0 TIER	<u>1,008,616</u>	<u>656,356</u>	<u>742,046</u>	<u>957,367</u>	<u>1,005,549</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003	546,022
TIMES: 2.5 TIER	<u>2.50</u>	<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	1,365,055
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>	<u>546,022</u>
REQUIRED MARGINS	882,564	773,756	723,818	720,004	819,033
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>	<u>1,551,571</u>
AVAILABLE EARNINGS BASED ON 2.5 TIER	<u>714,428</u>	<u>398,437</u>	<u>500,774</u>	<u>717,366</u>	<u>732,538</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	588,376	515,837	482,545	480,003	546,022
TIMES: 3.0 TIER	<u>3.00</u>	<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	1,638,066
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>588,376</u>	<u>515,837</u>	<u>482,545</u>	<u>480,003</u>	<u>546,022</u>
REQUIRED MARGINS	1,176,753	1,031,675	965,090	960,005	1,092,044
LESS: ADJUSTED MARGINS	<u>1,596,993</u>	<u>1,172,193</u>	<u>1,224,591</u>	<u>1,437,370</u>	<u>1,551,571</u>
AVAILABLE EARNINGS BASED ON 3.0 TIER	<u>420,240</u>	<u>140,519</u>	<u>259,501</u>	<u>477,365</u>	<u>459,527</u>

CRAIG-BOTETOURT ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	185,363	N/A	N/A	N/A	N/A	--	--	185,363
2.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0
2.5 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0
3.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	8,568,453	0	8,568,453	432,819	8,135,634
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>239,299</u>	<u>0</u>	<u>239,299</u>	<u>19,164</u>	<u>220,135</u>
6	Total Operating Revenues	<u>8,807,752</u>	<u>0</u>	<u>8,807,752</u>	<u>451,983</u>	<u>8,355,769</u>
Operating Expenses						
7	Purchased Power Expense	4,163,930	0	4,163,930	182,698	3,981,232
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	2,534,936	0	2,534,936	135,161	2,399,775
13	Depreciation and Amortization	696,976	0	696,976	31,135	665,841
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>9,677</u>	<u>0</u>	<u>9,677</u>	<u>0</u>	<u>9,677</u>
16	Total Operating Expenses	<u>7,405,519</u>	<u>0</u>	<u>7,405,519</u>	<u>348,994</u>	<u>7,056,525</u>
17	Operating Margins	1,402,233	0	1,402,233	102,989	1,299,244
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	1,402,233	0	1,402,233	102,989	1,299,244
21	Plus: Capital Credits Accrued	34,055	0	34,055	1,686	32,369
22	Other Income	92,245	0	92,245	4,566	87,679
23	Less: Interest on Long-Term Debt	810,616	0	810,616	35,567	775,049
24	Other Interest Expense	2,216	0	2,216	10,521	(8,305)
25	Other Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
26	Total Margins	<u>715,701</u>	<u>0</u>	<u>715,701</u>	<u>63,154</u>	<u>652,547</u>
27	Actual TIER	1.88		1.88		1.84

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans. <u> </u>
Operating Revenues		
1	Base Rate	4,090,328
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>4,090,328</u>
Operating Expenses		
7	Purchased Power Expense	3,981,232
8	Margin Stabilization	0
9	Operating and Maintenance Expense	59,806
13	Depreciation and Amortization	1,837
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>4,042,875</u>
17	Operating Margins	47,453
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	47,453
21	Plus: Capital Credits Accrued	0
22	Other Income	0
23	Less: Interest on Long-Term Debt	3,565
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>43,888</u>
31	Actual TIER	13.31

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	3,565
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	5,348
LESS: INTEREST EXPENSE	<u>3,565</u>
REQUIRED MARGINS	1,783
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	1,774
LESS: ADJUSTED MARGINS	<u>43,888</u>
NET REVENUE REQUIREMENT	(42,114)
PLUS: ADJUSTED OPERATING REVENUES	<u>4,090,328</u>
TOTAL REVENUE REQUIREMENT	<u>4,048,214</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	3,565
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	7,131
LESS: INTEREST EXPENSE	<u>3,565</u>
REQUIRED MARGINS	3,565
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	3,547
LESS: ADJUSTED MARGINS	<u>43,888</u>
NET REVENUE REQUIREMENT	(40,340)
PLUS: ADJUSTED OPERATING REVENUES	<u>4,090,328</u>
TOTAL REVENUE REQUIREMENT	<u>4,049,988</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	3,565
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	8,913
LESS: INTEREST EXPENSE	<u>3,565</u>
REQUIRED MARGINS	5,348
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	5,321
LESS: ADJUSTED MARGINS	<u>43,888</u>
NET REVENUE REQUIREMENT	(38,567)
PLUS: ADJUSTED OPERATING REVENUES	<u>4,090,328</u>
TOTAL REVENUE REQUIREMENT	<u>4,051,761</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	3,565
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	10,696
LESS: INTEREST EXPENSE	<u>3,565</u>
REQUIRED MARGINS	7,131
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	7,095
LESS: ADJUSTED MARGINS	<u>43,888</u>
NET REVENUE REQUIREMENT	(36,793)
PLUS: ADJUSTED OPERATING REVENUES	<u>4,090,328</u>
TOTAL REVENUE REQUIREMENT	<u>4,053,535</u>

**CRAIG-BOTETOURT ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	542,817	644,252	674,556	706,786	775,049
TIMES: TIER RATIO	<u>1.50</u>	<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	1,162,574
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>	<u>775,049</u>
REQUIRED MARGINS	271,409	322,126	337,278	353,393	387,525
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>	<u>280,476</u>
AVAILABLE EARNINGS	<u>185,363</u>	<u>N/A</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	775,049
TIMES: 2.0 TIER	<u>2.00</u>	<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	1,550,099
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>	<u>775,049</u>
REQUIRED MARGINS	542,817	644,252	674,556	706,786	775,049
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>	<u>280,476</u>
AVAILABLE EARNINGS	<u>N/A</u>	<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	775,049
TIMES: 2.5 TIER	<u>2.50</u>	<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	1,937,624
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>	<u>775,049</u>
REQUIRED MARGINS	814,226	966,377	1,011,834	1,060,179	1,162,574
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>	<u>280,476</u>
AVAILABLE EARNINGS	<u>N/A</u>	<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	775,049
TIMES: 3.0 TIER	<u>3.00</u>	<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	2,325,148
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>542,817</u>	<u>644,252</u>	<u>674,556</u>	<u>706,786</u>	<u>775,049</u>
REQUIRED MARGINS	1,085,635	1,288,503	1,349,112	1,413,572	1,550,099
LESS: ADJUSTED MARGINS	<u>456,771</u>	<u>280,476</u>	<u>52,748</u>	<u>(302,369)</u>	<u>280,476</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

MECKLENBERG ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	2,686,403	1,480,920	2,121,562	2,133,874	896,285	--	--	9,319,043
2.0 TIER	1,527,006	536,137	1,131,828	1,095,403	N/A	--	--	4,290,375
2.5 TIER	367,609	N/A	142,094	56,933	N/A	--	--	566,637
3.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	50,875,435	0	50,875,435	2,733,343	48,142,092
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>402,313</u>	<u>0</u>	<u>402,313</u>	<u>4,002</u>	<u>398,311</u>
6	Total Operating Revenues	<u>51,277,748</u>	<u>0</u>	<u>51,277,748</u>	<u>2,737,345</u>	<u>48,540,403</u>
Operating Expenses						
7	Purchased Power Expense	32,390,551	0	32,390,551	1,871,074	30,519,477
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	11,874,827	0	11,874,827	564,626	11,310,201
13	Depreciation and Amortization	3,279,710	0	3,279,710	184,887	3,094,823
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>4,683</u>	<u>0</u>	<u>4,683</u>	<u>0</u>	<u>4,683</u>
16	Total Operating Expenses	<u>47,549,771</u>	<u>0</u>	<u>47,549,771</u>	<u>2,620,587</u>	<u>44,929,184</u>
17	Operating Margins	3,727,977	0	3,727,977	116,758	3,611,219
18	Less: Interest Expense on Customer Deposits	23,460	0	23,460	1,203	22,257
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	3,704,517	0	3,704,517	115,555	3,588,962
21	Plus: Capital Credits Accrued	617,727	0	617,727	33,188	584,539
22	Other Income	277,648	0	277,648	14,916	262,732
23	Less: Interest on Long-Term Debt	2,426,636	0	2,426,636	140,177	2,286,459
24	Other Interest Expense	0	0	0	0	0
25	Other Expense	<u>117,521</u>	<u>0</u>	<u>117,521</u>	<u>7,263</u>	<u>110,258</u>
26	Total Margins	<u>2,055,735</u>	<u>0</u>	<u>2,055,735</u>	<u>16,221</u>	<u>2,039,514</u>
27	Actual TIER	1.85		1.85		1.89

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
	Operating Revenues	
1	Base Rate	32,560,149
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>32,560,149</u>
	Operating Expenses	
7	Purchased Power Expense	30,519,477
8	Margin Stabilization	0
9	Operating and Maintenance Expense	192,327
13	Depreciation and Amortization	5,821
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>30,717,626</u>
17	Operating Margins	1,842,523
18	Less: Interest Expense on Customer Deposits	14,738
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,827,786
21	Plus: Capital Credits Accrued	540,285
22	Other Income	0
23	Less: Interest on Long-Term Debt	399
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>2,367,672</u>
27	Actual TIER	5,942.38

**MECKLENBERG ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	399
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	598
LESS: INTEREST EXPENSE	<u>399</u>
REQUIRED MARGINS	199
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	198
LESS: ADJUSTED MARGINS	<u>2,367,672</u>
NET REVENUE REQUIREMENT	(2,367,474)
PLUS: ADJUSTED OPERATING REVENUES	<u>32,560,149</u>
TOTAL REVENUE REQUIREMENT	<u>30,192,675</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	399
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	797
LESS: INTEREST EXPENSE	<u>399</u>
REQUIRED MARGINS	399
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	397
LESS: ADJUSTED MARGINS	<u>2,367,672</u>
NET REVENUE REQUIREMENT	(2,367,276)
PLUS: ADJUSTED OPERATING REVENUES	<u>32,560,149</u>
TOTAL REVENUE REQUIREMENT	<u>30,192,873</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	399
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	996
LESS: INTEREST EXPENSE	<u>399</u>
REQUIRED MARGINS	598
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	595
LESS: ADJUSTED MARGINS	<u>2,367,672</u>
NET REVENUE REQUIREMENT	(2,367,077)
PLUS: ADJUSTED OPERATING REVENUES	<u>32,560,149</u>
TOTAL REVENUE REQUIREMENT	<u>30,193,072</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	399
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	1,196
LESS: INTEREST EXPENSE	<u>399</u>
REQUIRED MARGINS	797
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	793
LESS: ADJUSTED MARGINS	<u>2,367,672</u>
NET REVENUE REQUIREMENT	(2,366,879)
PLUS: ADJUSTED OPERATING REVENUES	<u>32,560,149</u>
TOTAL REVENUE REQUIREMENT	<u>30,193,270</u>

**MECKLENBERG ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940	2,286,459
TIMES: TIER RATIO	<u>1.50</u>	<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	3,429,689
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>	<u>2,286,459</u>
REQUIRED MARGINS	1,159,397	944,783	989,734	1,038,470	1,143,230
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>	<u>2,039,514</u>
AVAILABLE EARNINGS	<u>2,686,403</u>	<u>1,480,920</u>	<u>2,121,562</u>	<u>2,133,874</u>	<u>896,285</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940	2,286,459
TIMES: 2.0 TIER	<u>2.00</u>	<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	4,572,918
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>	<u>2,286,459</u>
REQUIRED MARGINS	2,318,794	1,889,566	1,979,468	2,076,940	2,286,459
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>	<u>2,039,514</u>
AVAILABLE EARNINGS	<u>1,527,006</u>	<u>536,137</u>	<u>1,131,828</u>	<u>1,095,403</u>	<u>N/A</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940	2,286,459
TIMES: 2.5 TIER	<u>2.50</u>	<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	5,716,148
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>	<u>2,286,459</u>
REQUIRED MARGINS	3,478,191	2,834,349	2,969,202	3,115,410	3,429,689
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>	<u>2,039,514</u>
AVAILABLE EARNINGS	<u>367,609</u>	<u>N/A</u>	<u>142,094</u>	<u>56,933</u>	<u>N/A</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	2,318,794	1,889,566	1,979,468	2,076,940	2,286,459
TIMES: 3.0 TIER	<u>3.00</u>	<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	6,859,378
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>	<u>2,286,459</u>
REQUIRED MARGINS	4,637,588	3,779,131	3,958,936	4,153,880	4,572,918
LESS: ADJUSTED MARGINS	<u>3,845,800</u>	<u>2,425,703</u>	<u>3,111,296</u>	<u>3,172,344</u>	<u>2,039,514</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**NORTHERN NECK ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	877,748	1,408,378	2,002,621	243,811	1,507,697	--	--	6,040,255
2.0 TIER	450,675	992,574	1,520,250	N/A	918,948	--	--	3,882,447
2.5 TIER	23,603	576,769	1,037,879	N/A	330,198	--	--	1,968,449
3.0 TIER	N/A	160,965	555,508	N/A	N/A	--	--	716,473

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	26,537,859	0	26,537,859	240,425	26,297,434
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>472,964</u>	<u>0</u>	<u>472,964</u>	<u>1,294</u>	<u>471,670</u>
6	Total Operating Revenues	<u>27,010,823</u>	<u>0</u>	<u>27,010,823</u>	<u>241,720</u>	<u>26,769,103</u>
Operating Expenses						
7	Purchased Power Expense	16,121,194	0	16,121,194	170,925	15,950,269
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	6,263,725	0	6,263,725	47,446	6,216,279
13	Depreciation and Amortization	1,822,848	0	1,822,848	18,556	1,804,292
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>24,207,767</u>	<u>0</u>	<u>24,207,767</u>	<u>236,928</u>	<u>23,970,839</u>
17	Operating Margins	2,803,056	0	2,803,056	4,792	2,798,264
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	2,803,056	0	2,803,056	4,792	2,798,264
21	Plus: Capital Credits Accrued	381,721	0	381,721	3,458	378,263
22	Other Income	145,828	0	145,828	1,322	144,506
23	Less: Interest on Long-Term Debt	1,190,117	0	1,190,117	12,618	1,177,499
24	Other Interest Expense	11,172	0	11,172	0	11,172
25	Other Expense	<u>36,276</u>	<u>0</u>	<u>36,276</u>	<u>361</u>	<u>35,915</u>
26	Total Margins	<u>2,093,040</u>	<u>0</u>	<u>2,093,040</u>	<u>(3,407)</u>	<u>2,096,447</u>
27	Actual TIER	2.76		2.76		2.78

**NOTHERN NECK ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	17,301,789
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>17,301,789</u>
Operating Expenses		
7	Purchased Power Expense	15,950,269
8	Margin Stablization	0
9	Operating and Maintenance Expense	134,030
13	Depreciation and Amortization	2,927
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>16,087,225</u>
17	Operating Margins	1,214,564
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	1,214,564
21	Plus: Capital Credits Accrued	355,855
22	Other Income	0
23	Less: Interest on Long-Term Debt	6,855
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>1,563,564</u>
27	Actual TIER	229.11

**NORTHERN NECK ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	6,855
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	10,282
LESS: INTEREST EXPENSE	<u>6,855</u>
REQUIRED MARGINS	3,427
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	3,410
LESS: ADJUSTED MARGINS	<u>1,563,564</u>
NET REVENUE REQUIREMENT	(1,560,154)
PLUS: ADJUSTED OPERATING REVENUES	<u>17,301,789</u>
TOTAL REVENUE REQUIREMENT	<u>15,741,635</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	6,855
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	13,709
LESS: INTEREST EXPENSE	<u>6,855</u>
REQUIRED MARGINS	6,855
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	6,820
LESS: ADJUSTED MARGINS	<u>1,563,564</u>
NET REVENUE REQUIREMENT	(1,556,744)
PLUS: ADJUSTED OPERATING REVENUES	<u>17,301,789</u>
TOTAL REVENUE REQUIREMENT	<u>15,745,045</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	6,855
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	17,136
LESS: INTEREST EXPENSE	<u>6,855</u>
REQUIRED MARGINS	10,282
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	10,230
LESS: ADJUSTED MARGINS	<u>1,563,564</u>
NET REVENUE REQUIREMENT	(1,553,334)
PLUS: ADJUSTED OPERATING REVENUES	<u>17,301,789</u>
TOTAL REVENUE REQUIREMENT	<u>15,748,455</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	6,855
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	20,564
LESS: INTEREST EXPENSE	<u>6,855</u>
REQUIRED MARGINS	13,709
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	13,640
LESS: ADJUSTED MARGINS	<u>1,563,564</u>
NET REVENUE REQUIREMENT	(1,549,924)
PLUS: ADJUSTED OPERATING REVENUES	<u>17,301,789</u>
TOTAL REVENUE REQUIREMENT	<u>15,751,865</u>

**NORTHERN NECK ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942	1,177,499
TIMES: TIER RATIO	<u>1.50</u>	<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	1,766,249
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>	<u>1,177,499</u>
REQUIRED MARGINS	427,073	415,804	482,371	474,971	588,750
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>	<u>2,096,447</u>
AVAILABLE EARNINGS	<u>877,748</u>	<u>1,408,378</u>	<u>2,002,621</u>	<u>243,811</u>	<u>1,507,697</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942	1,177,499
TIMES: 2.0 TIER	<u>2.00</u>	<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	2,354,998
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>	<u>1,177,499</u>
REQUIRED MARGINS	854,145	831,609	964,742	949,942	1,177,499
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>	<u>2,096,447</u>
AVAILABLE EARNINGS	<u>450,675</u>	<u>992,574</u>	<u>1,520,250</u>	N/A	<u>918,948</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942	1,177,499
TIMES: 2.5 TIER	<u>2.50</u>	<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	2,943,748
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>	<u>1,177,499</u>
REQUIRED MARGINS	1,281,218	1,247,413	1,447,113	1,424,912	1,766,249
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>	<u>2,096,447</u>
AVAILABLE EARNINGS	<u>23,603</u>	<u>576,769</u>	<u>1,037,879</u>	N/A	<u>330,198</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	854,145	831,609	964,742	949,942	1,177,499
TIMES: 3.0 TIER	<u>3.00</u>	<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	3,532,497
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>854,145</u>	<u>831,609</u>	<u>964,742</u>	<u>949,942</u>	<u>1,177,499</u>
REQUIRED MARGINS	1,708,290	1,663,217	1,929,484	1,899,883	2,354,998
LESS: ADJUSTED MARGINS	<u>1,304,820</u>	<u>1,824,182</u>	<u>2,484,992</u>	<u>718,782</u>	<u>2,096,447</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>160,965</u>	<u>555,508</u>	<u>N/A</u>	<u>N/A</u>

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	29,600,370	38,896,888	42,723,943	48,291,505	70,477,199	--	--	229,989,906
2.0 TIER	25,137,967	35,075,187	39,113,724	44,909,690	67,011,906	--	--	211,248,473
2.5 TIER	20,675,563	31,253,485	35,503,505	41,527,874	63,546,612	--	--	192,507,040
3.0 TIER	16,213,159	27,431,783	31,893,286	38,146,059	60,081,319	--	--	173,765,606

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	314,860,031	0	314,860,031	28,869,693	285,990,338
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>3,485,455</u>	<u>0</u>	<u>3,485,455</u>	<u>28,673</u>	<u>3,456,782</u>
6	Total Operating Revenues	<u>318,345,486</u>	<u>0</u>	<u>318,345,486</u>	<u>28,898,366</u>	<u>289,447,120</u>
Operating Expenses						
7	Purchased Power Expense	186,989,967	0	186,989,967	19,353,548	167,636,419
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	38,548,841	0	38,548,841	1,986,596	36,562,245
13	Depreciation and Amortization	13,767,460	0	13,767,460	890,605	12,876,855
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>1,266</u>	<u>0</u>	<u>1,266</u>	<u>83</u>	<u>1,183</u>
16	Total Operating Expenses	<u>239,307,534</u>	<u>0</u>	<u>239,307,534</u>	<u>22,230,832</u>	<u>217,076,702</u>
17	Operating Margins	79,037,952	0	79,037,952	6,667,534	72,370,418
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	79,037,952	0	79,037,952	6,667,534	72,370,418
21	Plus: Capital Credits Accrued	3,920,691	0	3,920,691	0	3,920,691
22	Other Income	3,488,323	0	3,488,323	0	3,488,323
23	Less: Interest on Long-Term Debt	7,419,516	0	7,419,516	488,929	6,930,587
24	Other Interest Expense	65,887	0	65,887	4,321	61,566
25	Other Expense	<u>(1,245,000)</u>	<u>0</u>	<u>(1,245,000)</u>	<u>(89,786)</u>	<u>(1,155,214)</u>
26	Total Margins	<u>80,206,563</u>	<u>0</u>	<u>80,206,563</u>	<u>6,264,070</u>	<u>73,942,493</u>
27	Actual TIER	11.81		11.81		11.67

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line No.</u>	<u>Description</u>	(1) <u>Virginia Jurisdictional Generation and Trans.</u>
Operating Revenues		
1	Base Rate	198,512,147
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>198,512,147</u>
Operating Expenses		
7	Purchased Power Expense	167,636,419
8	Margin Stabilization	0
9	Operating and Maintenance Expense	614,904
13	Depreciation and Amortization	244,065
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>168,495,388</u>
17	Operating Margins	30,016,759
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	30,016,759
21	Plus: Capital Credits Accrued	3,346,764
22	Other Income	0
23	Less: Interest on Long-Term Debt	38,209
24	Other Interest Expense	340
25	Other Expense	<u>0</u>
26	Total Margins	<u>33,324,974</u>
27	Actual TIER	873.18

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	38,209
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	57,314
LESS: INTEREST EXPENSE	<u>38,209</u>
REQUIRED MARGINS	19,105
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	19,009
LESS: ADJUSTED MARGINS	<u>33,324,974</u>
NET REVENUE REQUIREMENT	(33,305,965)
PLUS: ADJUSTED OPERATING REVENUES	<u>198,512,147</u>
TOTAL REVENUE REQUIREMENT	<u>165,206,181</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	38,209
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	76,418
LESS: INTEREST EXPENSE	<u>38,209</u>
REQUIRED MARGINS	38,209
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	38,018
LESS: ADJUSTED MARGINS	<u>33,324,974</u>
NET REVENUE REQUIREMENT	(33,286,957)
PLUS: ADJUSTED OPERATING REVENUES	<u>198,512,147</u>
TOTAL REVENUE REQUIREMENT	<u>165,225,190</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	38,209
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	95,523
LESS: INTEREST EXPENSE	<u>38,209</u>
REQUIRED MARGINS	57,314
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	57,027
LESS: ADJUSTED MARGINS	<u>33,324,974</u>
NET REVENUE REQUIREMENT	(33,267,948)
PLUS: ADJUSTED OPERATING REVENUES	<u>198,512,147</u>
TOTAL REVENUE REQUIREMENT	<u>165,244,199</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	38,209
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	114,627
LESS: INTEREST EXPENSE	<u>38,209</u>
REQUIRED MARGINS	76,418
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	76,036
LESS: ADJUSTED MARGINS	<u>33,324,974</u>
NET REVENUE REQUIREMENT	(33,248,939)
PLUS: ADJUSTED OPERATING REVENUES	<u>198,512,147</u>
TOTAL REVENUE REQUIREMENT	<u>165,263,208</u>

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631	6,930,587
TIMES: TIER RATIO	<u>1.50</u>	<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	10,395,880
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>	<u>6,930,587</u>
REQUIRED MARGINS	4,462,404	3,821,702	3,610,219	3,381,816	3,465,293
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>	<u>73,942,493</u>
AVAILABLE EARNINGS	<u>29,600,370</u>	<u>38,896,888</u>	<u>42,723,943</u>	<u>48,291,505</u>	<u>70,477,199</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631	6,930,587
TIMES: 2.0 TIER	<u>2.00</u>	<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	13,861,174
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>	<u>6,930,587</u>
REQUIRED MARGINS	8,924,807	7,643,403	7,220,438	6,763,631	6,930,587
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>	<u>73,942,493</u>
AVAILABLE EARNINGS	<u>25,137,967</u>	<u>35,075,187</u>	<u>39,113,724</u>	<u>44,909,690</u>	<u>67,011,906</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631	6,930,587
TIMES: 2.5 TIER	<u>2.50</u>	<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	17,326,467
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>	<u>6,930,587</u>
REQUIRED MARGINS	13,387,211	11,465,105	10,830,657	10,145,447	10,395,880
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>	<u>73,942,493</u>
AVAILABLE EARNINGS	<u>20,675,563</u>	<u>31,253,485</u>	<u>35,503,505</u>	<u>41,527,874</u>	<u>63,546,612</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	8,924,807	7,643,403	7,220,438	6,763,631	6,930,587
TIMES: 3.0 TIER	<u>3.00</u>	<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	20,791,761
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>	<u>6,930,587</u>
REQUIRED MARGINS	17,849,615	15,286,807	14,440,876	13,527,262	13,861,174
LESS: ADJUSTED MARGINS	<u>34,062,774</u>	<u>42,718,590</u>	<u>46,334,162</u>	<u>51,673,321</u>	<u>73,942,493</u>
AVAILABLE EARNINGS	<u>16,213,159</u>	<u>27,431,783</u>	<u>31,893,286</u>	<u>38,146,059</u>	<u>60,081,319</u>

**PRINCE GEORGE ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	701,775	755,647	156,896	618,879	515,507			2,748,703
2.0 TIER	362,344	452,244	N/A	218,312	21,721			1,054,621
2.5 TIER	22,913	148,842	N/A	N/A	N/A			171,755
3.0 TIER	N/A	N/A	N/A	N/A	N/A			0

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	25,249,616	0	25,249,616	3,165,891	22,083,725
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>303,153</u>	<u>0</u>	<u>303,153</u>	<u>3,016</u>	<u>300,137</u>
6	Total Operating Revenues	<u>25,552,769</u>	<u>0</u>	<u>25,552,769</u>	<u>3,168,907</u>	<u>22,383,862</u>
Operating Expenses						
7	Purchased Power Expense	17,537,165	0	17,537,165	2,095,894	15,441,271
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	4,147,965	0	4,147,965	170,649	3,977,316
13	Depreciation and Amortization	1,260,292	0	1,260,292	67,120	1,193,172
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>22,945,422</u>	<u>0</u>	<u>22,945,422</u>	<u>2,333,663</u>	<u>20,611,759</u>
17	Operating Margins	2,607,347	0	2,607,347	835,244	1,772,103
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	2,607,347	0	2,607,347	835,244	1,772,103
21	Plus: Capital Credits Accrued	373,534	0	373,534	114,035	259,499
22	Other Income	31,501	0	31,501	1,836	29,665
23	Less: Interest on Long-Term Debt	1,048,462	0	1,048,462	60,889	987,573
24	Other Interest Expense	52,298	0	52,298	3,037	49,261
25	Other Expense	<u>16,072</u>	<u>0</u>	<u>16,072</u>	<u>934</u>	<u>15,138</u>
26	Total Margins	<u>1,895,550</u>	<u>0</u>	<u>1,895,550</u>	<u>886,256</u>	<u>1,009,294</u>
27	Actual TIER	2.81		2.81		2.02

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans. <u> </u>
Operating Revenues		
1	Base Rate	18,742,924
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>18,742,924</u>
Operating Expenses		
7	Purchased Power Expense	15,441,271
8	Margin Stabilization	0
9	Operating and Maintenance Expense	89,227
13	Depreciation and Amortization	18,787
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>15,549,285</u>
17	Operating Margins	3,193,638
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	3,193,638
21	Plus: Capital Credits Accrued	242,758
22	Other Income	0
23	Less: Interest on Long-Term Debt	8,191
24	Other Interest Expense	409
25	Other Expense	<u>0</u>
26	Total Margins	<u>3,427,797</u>
27	Actual TIER	419.50

**PRINCE GEORGE ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	8,191
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	12,286
LESS: INTEREST EXPENSE	<u>8,191</u>
REQUIRED MARGINS	4,095
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	4,075
LESS: ADJUSTED MARGINS	<u>3,427,797</u>
NET REVENUE REQUIREMENT	(3,423,722)
PLUS: ADJUSTED OPERATING REVENUES	<u>18,742,924</u>
TOTAL REVENUE REQUIREMENT	<u>15,319,201</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	8,191
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	16,381
LESS: INTEREST EXPENSE	<u>8,191</u>
REQUIRED MARGINS	8,191
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	8,150
LESS: ADJUSTED MARGINS	<u>3,427,797</u>
NET REVENUE REQUIREMENT	(3,419,647)
PLUS: ADJUSTED OPERATING REVENUES	<u>18,742,924</u>
TOTAL REVENUE REQUIREMENT	<u>15,323,276</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	8,191
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	20,477
LESS: INTEREST EXPENSE	<u>8,191</u>
REQUIRED MARGINS	12,286
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	12,225
LESS: ADJUSTED MARGINS	<u>3,427,797</u>
NET REVENUE REQUIREMENT	(3,415,572)
PLUS: ADJUSTED OPERATING REVENUES	<u>18,742,924</u>
TOTAL REVENUE REQUIREMENT	<u>15,327,351</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	8,191
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	24,572
LESS: INTEREST EXPENSE	<u>8,191</u>
REQUIRED MARGINS	16,381
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	16,299
LESS: ADJUSTED MARGINS	<u>3,427,797</u>
NET REVENUE REQUIREMENT	(3,411,497)
PLUS: ADJUSTED OPERATING REVENUES	<u>18,742,924</u>
TOTAL REVENUE REQUIREMENT	<u>15,331,426</u>

**PRINCE GEORGE ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134	987,573
TIMES: TIER RATIO	<u>1.50</u>	<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	1,481,360
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>	<u>987,573</u>
REQUIRED MARGINS	339,431	303,403	290,521	400,567	493,787
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>	<u>1,009,294</u>
AVAILABLE EARNINGS	<u>701,775</u>	<u>755,647</u>	<u>156,896</u>	<u>618,879</u>	<u>515,507</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134	987,573
TIMES: 2.0 TIER	<u>2.00</u>	<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	1,975,147
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>	<u>987,573</u>
REQUIRED MARGINS	678,862	606,805	581,041	801,134	987,573
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>	<u>1,009,294</u>
AVAILABLE EARNINGS	<u>362,344</u>	<u>452,244</u>	<u>N/A</u>	<u>218,312</u>	<u>21,721</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134	987,573
TIMES: 2.5 TIER	<u>2.50</u>	<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	2,468,933
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>	<u>987,573</u>
REQUIRED MARGINS	1,018,293	910,208	871,562	1,201,701	1,481,360
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>	<u>1,009,294</u>
AVAILABLE EARNINGS	<u>22,913</u>	<u>148,842</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	678,862	606,805	581,041	801,134	987,573
TIMES: 3.0 TIER	<u>3.00</u>	<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	2,962,720
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>678,862</u>	<u>606,805</u>	<u>581,041</u>	<u>801,134</u>	<u>987,573</u>
REQUIRED MARGINS	1,357,724	1,213,610	1,162,082	1,602,268	1,975,147
LESS: ADJUSTED MARGINS	<u>1,041,206</u>	<u>1,059,049</u>	<u>447,416</u>	<u>1,019,446</u>	<u>1,009,294</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**RAPPAHANNOCK ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	4,579,428	8,730,515	13,321,976	17,860,617	20,936,730	--	--	65,429,266
2.0 TIER	730,366	5,097,137	9,777,712	14,291,512	16,590,015	--	--	46,486,742
2.5 TIER	N/A	1,463,758	6,233,448	10,722,408	12,243,301	--	--	30,662,916
3.0 TIER	N/A	N/A	2,689,184	7,153,303	7,896,587	--	--	17,739,074

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	221,951,955	0	221,951,955	7,804,622	214,147,333
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>2,857,712</u>	<u>0</u>	<u>2,857,712</u>	<u>663,227</u>	<u>2,194,485</u>
6	Total Operating Revenues	<u>224,809,667</u>	<u>0</u>	<u>224,809,667</u>	<u>8,467,848</u>	<u>216,341,819</u>
Operating Expenses						
7	Purchased Power Expense	145,471,060	0	145,471,060	4,795,704	140,675,356
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	36,006,929	0	36,006,929	1,657,837	34,349,092
13	Depreciation and Amortization	13,348,265	0	13,348,265	890,193	12,458,072
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>194,826,254</u>	<u>0</u>	<u>194,826,254</u>	<u>7,343,734</u>	<u>187,482,520</u>
17	Operating Margins	29,983,413	0	29,983,413	1,124,114	28,859,299
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	29,983,413	0	29,983,413	1,124,114	28,859,299
21	Plus: Capital Credits Accrued	3,053,927	0	3,053,927	123,693	2,930,234
22	Other Income	2,438,842	0	2,438,842	98,781	2,340,061
23	Less: Interest on Long-Term Debt	9,340,091	0	9,340,091	646,663	8,693,428
24	Other Interest Expense	0	0	0	0	0
25	Other Expense	<u>160,528</u>	<u>0</u>	<u>160,528</u>	<u>7,806</u>	<u>152,722</u>
26	Total Margins	<u>25,975,563</u>	<u>0</u>	<u>25,975,563</u>	<u>692,119</u>	<u>25,283,444</u>
27	Actual TIER	3.78		3.78		3.91

**RAPPAHANNOCK ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	189,757
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	284,636
LESS: INTEREST EXPENSE	<u>189,757</u>
REQUIRED MARGINS	94,879
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	94,404
LESS: ADJUSTED MARGINS	<u>10,962,767</u>
NET REVENUE REQUIREMENT	(10,868,363)
PLUS: ADJUSTED OPERATING REVENUES	<u>150,308,606</u>
TOTAL REVENUE REQUIREMENT	<u>139,440,243</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	189,757
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	379,514
LESS: INTEREST EXPENSE	<u>189,757</u>
REQUIRED MARGINS	189,757
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	188,808
LESS: ADJUSTED MARGINS	<u>10,962,767</u>
NET REVENUE REQUIREMENT	(10,773,959)
PLUS: ADJUSTED OPERATING REVENUES	<u>150,308,606</u>
TOTAL REVENUE REQUIREMENT	<u>139,534,647</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	189,757
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	474,393
LESS: INTEREST EXPENSE	<u>189,757</u>
REQUIRED MARGINS	284,636
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	283,213
LESS: ADJUSTED MARGINS	<u>10,962,767</u>
NET REVENUE REQUIREMENT	(10,679,555)
PLUS: ADJUSTED OPERATING REVENUES	<u>150,308,606</u>
TOTAL REVENUE REQUIREMENT	<u>139,629,051</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	189,757
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	569,272
LESS: INTEREST EXPENSE	<u>189,757</u>
REQUIRED MARGINS	379,514
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	377,617
LESS: ADJUSTED MARGINS	<u>10,962,767</u>
NET REVENUE REQUIREMENT	(10,585,150)
PLUS: ADJUSTED OPERATING REVENUES	<u>150,308,606</u>
TOTAL REVENUE REQUIREMENT	<u>139,723,456</u>

**RAPPAHANNOCK ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209	8,693,428
TIMES: TIER RATIO	<u>1.50</u>	<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	13,040,142
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>	<u>8,693,428</u>
REQUIRED MARGINS	3,849,062	3,633,378	3,544,264	3,569,105	4,346,714
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>	<u>25,283,444</u>
AVAILABLE EARNINGS	<u>4,579,428</u>	<u>8,730,515</u>	<u>13,321,976</u>	<u>17,860,617</u>	<u>20,936,730</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209	8,693,428
TIMES: 2.0 TIER	<u>2.00</u>	<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	17,386,856
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>	<u>8,693,428</u>
REQUIRED MARGINS	7,698,125	7,266,756	7,088,528	7,138,209	8,693,428
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>	<u>25,283,444</u>
AVAILABLE EARNINGS	<u>730,366</u>	<u>5,097,137</u>	<u>9,777,712</u>	<u>14,291,512</u>	<u>16,590,015</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209	8,693,428
TIMES: 2.5 TIER	<u>2.50</u>	<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	21,733,570
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>	<u>8,693,428</u>
REQUIRED MARGINS	11,547,187	10,900,135	10,632,792	10,707,314	13,040,142
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>	<u>25,283,444</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>1,463,758</u>	<u>6,233,448</u>	<u>10,722,408</u>	<u>12,243,301</u>
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	7,698,125	7,266,756	7,088,528	7,138,209	8,693,428
TIMES: 3.0 TIER	<u>3.00</u>	<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	26,080,284
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>	<u>8,693,428</u>
REQUIRED MARGINS	15,396,250	14,533,513	14,177,056	14,276,419	17,386,856
LESS: ADJUSTED MARGINS	<u>8,428,491</u>	<u>12,363,893</u>	<u>16,866,240</u>	<u>21,429,722</u>	<u>25,283,444</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>2,689,184</u>	<u>7,153,303</u>	<u>7,896,587</u>

**SOUTHSIDE ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS**

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	2,872,928	2,322,771	1,920,594	3,393,492	5,049,743	--	--	15,559,527
2.0 TIER	N/A	N/A	N/A	874,888	2,214,637	--	--	3,089,525
2.5 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0
3.0 TIER	N/A	N/A	N/A	N/A	N/A	--	--	0

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

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	91,531,875	0	91,531,875	2,807,251	88,724,624
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>627,366</u>	<u>0</u>	<u>627,366</u>	<u>6,242</u>	<u>621,124</u>
6	Total Operating Revenues	<u>92,159,241</u>	<u>0</u>	<u>92,159,241</u>	<u>2,813,493</u>	<u>89,345,748</u>
Operating Expenses						
7	Purchased Power Expense	52,064,767	0	52,064,767	2,341,097	49,723,670
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	20,847,294	0	20,847,294	302,437	20,544,857
13	Depreciation and Amortization	6,814,919	0	6,814,919	134,206	6,680,713
14	Tax Expense - Property	0	0	0	0	0
15	Tax Expense - Other	<u>18,712</u>	<u>0</u>	<u>18,712</u>	<u>0</u>	<u>18,712</u>
16	Total Operating Expenses	<u>79,745,692</u>	<u>0</u>	<u>79,745,692</u>	<u>2,777,739</u>	<u>76,967,953</u>
17	Operating Margins	12,413,549	0	12,413,549	35,754	12,377,795
18	Less: Interest Expense on Customer Deposits	88,269	0	88,269	0	88,269
19	Charitable and Educational Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
20	Operating Margins Adjusted	12,325,280	0	12,325,280	35,754	12,289,526
21	Plus: Capital Credits Accrued	1,195,329	0	1,195,329	48,520	1,146,809
22	Other Income	149,946	0	149,946	6,087	143,859
23	Less: Interest on Long-Term Debt	5,789,530	0	5,789,530	119,319	5,670,211
24	Other Interest Expense	0	0	0	0	0
25	Other Expense	<u>25,664</u>	<u>0</u>	<u>25,664</u>	<u>528</u>	<u>25,136</u>
26	Total Margins	<u>7,855,361</u>	<u>0</u>	<u>7,855,361</u>	<u>(29,487)</u>	<u>7,884,848</u>
27	Actual TIER	2.36		2.36		2.39

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	47,858,414
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>47,858,414</u>
Operating Expenses		
7	Purchased Power Expense	49,723,670
8	Margin Stabilization	0
9	Operating and Maintenance Expense	264,297
13	Depreciation and Amortization	172,044
14	Tax Expense - Property	0
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>50,160,012</u>
17	Operating Margins	(2,301,598)
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(2,301,598)
21	Plus: Capital Credits Accrued	571,999
22	Other Income	0
23	Less: Interest on Long-Term Debt	84,970
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>(1,814,569)</u>
27	Actual TIER	(20.36)

**SOUTHSIDE ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	84,970
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	127,454
LESS: INTEREST EXPENSE	<u>84,970</u>
REQUIRED MARGINS	42,485
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	42,272
LESS: ADJUSTED MARGINS	<u>(1,814,569)</u>
NET REVENUE REQUIREMENT	1,856,841
PLUS: ADJUSTED OPERATING REVENUES	<u>47,858,414</u>
TOTAL REVENUE REQUIREMENT	<u>49,715,255</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	84,970
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	169,939
LESS: INTEREST EXPENSE	<u>84,970</u>
REQUIRED MARGINS	84,970
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	84,545
LESS: ADJUSTED MARGINS	<u>(1,814,569)</u>
NET REVENUE REQUIREMENT	1,899,113
PLUS: ADJUSTED OPERATING REVENUES	<u>47,858,414</u>
TOTAL REVENUE REQUIREMENT	<u>49,757,527</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	84,970
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	212,424
LESS: INTEREST EXPENSE	<u>84,970</u>
REQUIRED MARGINS	127,454
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	126,817
LESS: ADJUSTED MARGINS	<u>(1,814,569)</u>
NET REVENUE REQUIREMENT	1,941,386
PLUS: ADJUSTED OPERATING REVENUES	<u>47,858,414</u>
TOTAL REVENUE REQUIREMENT	<u>49,799,799</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	84,970
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	254,909
LESS: INTEREST EXPENSE	<u>84,970</u>
REQUIRED MARGINS	169,939
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	169,090
LESS: ADJUSTED MARGINS	<u>(1,814,569)</u>
NET REVENUE REQUIREMENT	1,983,658
PLUS: ADJUSTED OPERATING REVENUES	<u>47,858,414</u>
TOTAL REVENUE REQUIREMENT	<u>49,842,072</u>

**SOUTHSIDE ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,208	5,670,211
TIMES: TIER RATIO	<u>1.50</u>	<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	7,555,813	8,505,316
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,208</u>	<u>5,670,211</u>
REQUIRED MARGINS	2,885,237	2,710,892	2,744,862	2,518,604	2,835,105
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>5,912,096</u>	<u>7,884,848</u>
AVAILABLE EARNINGS	<u>2,872,928</u>	<u>2,322,771</u>	<u>1,920,594</u>	<u>3,393,492</u>	<u>5,049,743</u>
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,208	5,670,211
TIMES: 2.0 TIER	<u>2.00</u>	<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	10,074,417	11,340,422
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,208</u>	<u>5,670,211</u>
REQUIRED MARGINS	5,770,474	5,421,785	5,489,724	5,037,208	5,670,211
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>5,912,096</u>	<u>7,884,848</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>874,888</u>	<u>2,214,637</u>
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	5,770,474	5,421,785	5,489,724	5,037,208	5,670,211
TIMES: 2.5 TIER	<u>2.50</u>	<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	12,593,021	14,175,527
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,208</u>	<u>5,670,211</u>
REQUIRED MARGINS	8,655,711	8,132,677	8,234,586	7,555,813	8,505,316
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>5,912,096</u>	<u>7,884,848</u>
AVAILABLE EARNINGS	<u>N/A</u>	<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	5,037,208	5,670,211
TIMES: 3.0 TIER	<u>3.00</u>	<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	15,111,625	17,010,633
LESS: PER BOOKS LONG-TERM INTEREST EXPENSE	<u>5,770,474</u>	<u>5,421,785</u>	<u>5,489,724</u>	<u>5,037,208</u>	<u>5,670,211</u>
REQUIRED MARGINS	11,540,948	10,843,569	10,979,448	10,074,417	11,340,422
LESS: ADJUSTED MARGINS	<u>5,758,165</u>	<u>5,033,663</u>	<u>4,665,456</u>	<u>5,912,096</u>	<u>7,884,848</u>
AVAILABLE EARNINGS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SHENANDOAH VALLEY ELECTRIC COOPERATIVE
SUMMARY OF EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
IN DOLLARS

	<u>Bundled 2001</u>	<u>Bundled 2002</u>	<u>Bundled 2003</u>	<u>Bundled 2004</u>	<u>Bundled 2005</u>	<u>Bundled 2006</u>	<u>Bundled 2007</u>	<u>Bundled Total 2001-2007</u>
1.5 TIER	4,709,924	4,364,716	3,929,804	5,300,774	N/A	--	--	18,305,217
2.0 TIER	3,392,137	3,199,552	2,794,304	4,133,402	N/A	--	--	13,519,394
2.5 TIER	2,074,350	2,034,388	1,658,805	2,966,029	N/A	--	--	8,733,572
3.0 TIER	756,563	869,224	523,305	1,798,657	N/A	--	--	3,947,749

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - BUNDLED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

Line No.	Description	(1) Total Cooperative Per Books	(2) Adjustments Due to Rate-making Requirements	(3) Total Adjusted Per Books	(4) Non-Virginia Jurisdictional Business	(5) Adjusted Virginia Jurisdictional Business
Operating Revenues						
1	Base Rate	70,756,090	0	70,756,090	6,566,669	64,189,421
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>840,549</u>	<u>0</u>	<u>840,549</u>	<u>75,883</u>	<u>764,666</u>
6	Total Operating Revenues	<u>71,596,639</u>	<u>0</u>	<u>71,596,639</u>	<u>6,642,552</u>	<u>64,954,087</u>
Operating Expenses						
7	Purchased Power Expense	46,504,656	0	46,504,656	4,326,122	42,178,534
8	Margin Stabilization	0	0	0	0	0
9	Operating and Maintenance Expense	10,324,889	0	10,324,889	952,243	9,372,646
13	Depreciation and Amortization	5,311,751	0	5,311,751	493,828	4,817,923
14	Tax Expense - Property	70,291	0	70,291	6,539	63,752
15	Tax Expense - Other	<u>25,894</u>	<u>0</u>	<u>25,894</u>	<u>0</u>	<u>25,894</u>
16	Total Operating Expenses	<u>62,237,481</u>	<u>0</u>	<u>62,237,481</u>	<u>5,778,732</u>	<u>56,458,749</u>
17	Operating Margins	9,359,158	0	9,359,158	863,820	8,495,338
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	9,359,158	0	9,359,158	863,820	8,495,338
21	Plus: Capital Credits Accrued	1,000,080	0	1,000,080	92,814	907,266
22	Other Income	284,339	0	284,339	26,389	257,950
23	Less: Interest on Long-Term Debt	2,643,055	0	2,643,055	245,871	2,397,184
24	Other Interest Expense	292,753	0	292,753	27,350	265,403
25	Other Expense	<u>(6,667)</u>	<u>0</u>	<u>(6,667)</u>	<u>2,381</u>	<u>(9,048)</u>
26	Extraordinary Items	<u>845,942</u>	<u>0</u>	<u>845,942</u>	<u>77,620</u>	<u>768,322</u>
27	Total Margins	<u>8,560,378</u>	<u>0</u>	<u>8,560,378</u>	<u>785,041</u>	<u>7,775,337</u>
28	Actual TIER	4.24		4.24		4.24

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS TEST - GENERATION AND TRANSMISSION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005**

<u>Line</u> <u>No.</u>	<u>Description</u>	(1) Virginia Jurisdictional Generation and Trans.
Operating Revenues		
1	Base Rate	41,058,974
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>41,058,974</u>
Operating Expenses		
7	Purchased Power Expense	42,178,534
8	Margin Stablization	0
9	Operating and Maintenance Expense	117,597
13	Depreciation and Amortization	30,066
14	Tax Expense - Property	10,599
15	Tax Expense - Other	<u>0</u>
16	Total Operating Expenses	<u>42,336,796</u>
17	Operating Margins	(1,277,822)
18	Less: Interest Expense on Customer Deposits	0
19	Charitable and Educational Donations	<u>0</u>
20	Operating Margins Adjusted	(1,277,822)
21	Plus: Capital Credits Accrued	779,013
22	Other Income	0
23	Less: Interest on Long-Term Debt	19,049
24	Other Interest Expense	0
25	Other Expense	<u>0</u>
26	Total Margins	<u>(517,857)</u>
27	Actual TIER	(26.19)

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
GENERATION REVENUE REQUIREMENT
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
1.5 TIER:	
LONG-TERM INTEREST EXPENSE	19,049
TIMES: TIER RATIO	<u>1.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	28,573
LESS: INTEREST EXPENSE	<u>19,049</u>
REQUIRED MARGINS	9,524
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	9,477
LESS: ADJUSTED MARGINS	<u>(517,857)</u>
NET REVENUE REQUIREMENT	527,334
PLUS: ADJUSTED OPERATING REVENUES	<u>41,058,974</u>
TOTAL REVENUE REQUIREMENT	<u>41,586,308</u>
2.0 TIER:	
LONG-TERM INTEREST EXPENSE	19,049
TIMES: TIER RATIO	<u>2.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	38,097
LESS: INTEREST EXPENSE	<u>19,049</u>
REQUIRED MARGINS	19,049
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	18,953
LESS: ADJUSTED MARGINS	<u>(517,857)</u>
NET REVENUE REQUIREMENT	536,811
PLUS: ADJUSTED OPERATING REVENUES	<u>41,058,974</u>
TOTAL REVENUE REQUIREMENT	<u>41,595,785</u>
2.5 TIER:	
LONG-TERM INTEREST EXPENSE	19,049
TIMES: TIER RATIO	<u>2.50</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	47,622
LESS: INTEREST EXPENSE	<u>19,049</u>
REQUIRED MARGINS	28,573
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	28,430
LESS: ADJUSTED MARGINS	<u>(517,857)</u>
NET REVENUE REQUIREMENT	546,288
PLUS: ADJUSTED OPERATING REVENUES	<u>41,058,974</u>
TOTAL REVENUE REQUIREMENT	<u>41,605,262</u>
3.0 TIER:	
LONG-TERM INTEREST EXPENSE	19,049
TIMES: TIER RATIO	<u>3.00</u>
REQUIRED MARGINS AND LONG-TERM INTEREST EXPENSE	57,146
LESS: INTEREST EXPENSE	<u>19,049</u>
REQUIRED MARGINS	38,097
DIVIDED BY: GROSS-UP FACTOR	<u>99.50%</u>
REQUIRED MARGINS	37,907
LESS: ADJUSTED MARGINS	<u>(517,857)</u>
NET REVENUE REQUIREMENT	555,764
PLUS: ADJUSTED OPERATING REVENUES	<u>41,058,974</u>
TOTAL REVENUE REQUIREMENT	<u>41,614,738</u>

**SHENANDOAH VALLEY ELECTRIC COOPERATIVE
EARNINGS AVAILABLE FOR STRANDED COST RECOVERY
FOR THE YEAR ENDED DECEMBER 31, 2001 - 2005**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1.5 TIER:					
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745	2,397,184
TIMES: TIER RATIO	<u>1.50</u>	<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	3,595,775
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>	<u>2,397,184</u>
REQUIRED MARGINS	1,317,787	1,165,164	1,135,500	1,167,372	1,198,592
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>	<u>768,322</u>
AVAILABLE EARNINGS	<u>4,709,924</u>	<u>4,364,716</u>	<u>3,929,804</u>	<u>5,300,774</u>	N/A
2.0 TIER:					
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745	2,397,184
TIMES: 2.0 TIER	<u>2.00</u>	<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	4,794,367
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>	<u>2,397,184</u>
REQUIRED MARGINS	2,635,574	2,330,328	2,270,999	2,334,745	2,397,184
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>	<u>768,322</u>
AVAILABLE EARNINGS	<u>3,392,137</u>	<u>3,199,552</u>	<u>2,794,304</u>	<u>4,133,402</u>	N/A
2.5 TIER:					
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745	2,397,184
TIMES: 2.5 TIER	<u>2.50</u>	<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	5,992,959
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>	<u>2,397,184</u>
REQUIRED MARGINS	3,953,361	3,495,492	3,406,499	3,502,117	3,595,775
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>	<u>768,322</u>
AVAILABLE EARNINGS	<u>2,074,350</u>	<u>2,034,388</u>	<u>1,658,805</u>	<u>2,966,029</u>	N/A
3.0 TIER:					
LONG-TERM INTEREST EXPENSE	2,635,574	2,330,328	2,270,999	2,334,745	2,397,184
TIMES: 3.0 TIER	<u>3.00</u>	<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	7,191,551
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>	<u>2,397,184</u>
REQUIRED MARGINS	5,271,148	4,660,656	4,541,998	4,669,490	4,794,367
LESS: ADJUSTED MARGINS	<u>6,027,711</u>	<u>5,529,880</u>	<u>5,065,303</u>	<u>6,468,147</u>	<u>768,322</u>
AVAILABLE EARNINGS	<u>756,563</u>	<u>869,224</u>	<u>523,305</u>	<u>1,798,657</u>	N/A

Calculations of Stranded Cost Exposures

Virginia Commission on Electric Utility Restructuring
 Status of Stranded Cost Recovery as of 12/31/04
 for Electric Utilities serving Virginia

Virginia Jurisdiction with Original 2005 Approved Market Prices

	Va Jurisdiction KWH Sales <u>2005</u>	ROE/TIER	Bundled Earnings Available for Stranded Cost Recovery							Total <u>2001-2005</u>	Generation		Stranded Cost Exposure <u>2005</u>
			<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	Rev Rqt <u>2005</u>	Rev Rqt, cts/kWh <u>2005</u>				
Allegheny Power	2,919,980,770	10%	\$4,902,319	\$5,659,716	\$438,727	N/A	N/A	N/A	\$11,000,761	\$125,965,072	4.31	\$0	
Appalachian Power Company	15,449,148,567	10%	N/A	\$24,017,839	\$34,860,008	N/A	N/A	N/A	\$58,877,847	\$654,147,723	4.23	\$0	
Delmarva Power and Light	451,729,429	10%	N/A	N/A	N/A	N/A	N/A	\$341,735	\$341,735	\$27,323,476	6.05	\$2,704,222	
Dominion Virginia Power	63,136,065,240	10%	\$8,743,402	\$663,611,563	\$189,995,663	\$198,555,719	N/A	N/A	\$1,060,906,347	\$3,776,576,445	5.98	\$335,660,890	
A&N	224,356,503	2.0 TIER	\$138,123	\$1,048,815	\$600,068	\$583,728	\$555,962	\$555,962	\$2,926,696	\$14,159,844	6.31	\$1,932,415	
BARC	139,489,020	2.0 TIER	\$534,416	\$245,018	\$757,955	\$1,354,223	\$19,442,258	\$19,442,258	\$22,333,870	\$8,411,329	6.03	\$809,178	
CBEC	78,322,427	2.0 TIER	N/A	N/A	N/A	N/A	N/A	N/A	\$0	\$4,049,988	5.17	\$0	
Community	173,853,979	2.0 TIER	\$1,008,616	\$656,356	\$742,046	\$957,367	\$1,005,549	\$1,005,549	\$4,369,935	\$10,759,727	6.19	\$1,284,685	
CVEC	603,988,756	2.0 TIER	N/A	N/A	N/A	N/A	N/A	N/A	\$0	\$30,488,048	5.05	\$0	
Mecklenburg	515,196,429	2.0 TIER	\$1,527,006	\$536,137	\$1,131,828	\$1,095,403	N/A	N/A	\$4,290,375	\$30,192,873	5.86	\$2,114,668	
Northern Neck	243,675,792	2.0 TIER	\$450,675	\$992,574	\$1,520,250	N/A	\$918,948	\$918,948	\$3,882,447	\$15,745,045	6.46	\$2,464,714	
Northern Virginia	2,647,595,342	2.0 TIER	\$25,137,967	\$35,075,187	\$39,113,724	\$44,909,690	\$67,011,906	\$67,011,906	\$211,248,473	\$165,225,190	6.24	\$20,931,244	
Prince George	267,923,954	2.0 TIER	\$362,344	\$452,244	N/A	\$218,312	\$21,721	\$21,721	\$1,054,621	\$15,323,276	5.72	\$721,421	
Rappahannock	2,348,063,839	2.0 TIER	\$730,366	\$5,097,137	\$9,777,712	\$14,291,512	\$16,590,015	\$16,590,015	\$46,486,742	\$139,534,647	5.94	\$11,565,168	
Shenandoah Valley	714,213,847	2.0 TIER	\$3,392,137	\$3,199,552	\$2,794,304	\$4,133,402	N/A	N/A	\$13,519,394	\$41,595,785	5.82	\$2,671,130	
Southside	811,500,415	2.0 TIER	N/A	N/A	N/A	\$874,888	\$2,214,637	\$2,214,637	\$3,089,525	\$49,757,527	6.13	\$5,530,754	
Total	90,725,104,309		\$46,927,371	\$740,592,136	\$281,732,284	\$266,974,244	\$108,102,731	\$108,102,731	\$1,444,328,767	\$5,109,255,997	5.63	\$388,390,490	

Virginia Commission on Electric Utility Restructuring
 Status of Stranded Cost Recovery as of 12/31/05
 for Electric Utilities serving Virginia

Virginia Jurisdiction with Updated 2005 Market Prices

Bundled Earnings Available for Stranded Cost Recovery

Va Jurisdiction	kWh Sales 2005	ROE/TIER	2001-2005					Total 2001-2005	Generation		Stranded Cost Exposure 2005
			2001	2002	2003	2004	2005		Rev Rpt 2005	Rev Rpt, cbs/kWh 2005	
Allegheny Power	2,919,980,770	10%	\$4,902,319	\$5,659,716	\$438,727	N/A	N/A	\$11,000,761	\$125,965,072	4.31	\$0
Appalachian Power Company	15,449,148,567	10%	N/A	\$24,017,839	\$34,860,008	N/A	N/A	\$58,877,847	\$654,147,723	4.23	\$0
Delmarva Power and Light	451,729,429	10%	N/A	N/A	N/A	N/A	N/A	\$341,735	\$27,323,476	6.05	\$0
Dominion Virginia Power	63,136,065,240	10%	\$8,743,402	\$663,611,563	\$189,995,663	\$198,555,719	N/A	\$1,060,906,347	\$3,776,576,445	5.98	\$0
A&N	224,356,503	2.0 TIER	\$138,123	\$1,048,815	\$600,068	\$883,728	\$555,962	\$2,926,696	\$14,159,844	6.31	\$0
BARC	139,489,020	2.0 TIER	\$534,416	\$245,018	\$757,955	\$1,354,223	\$19,402,258	\$22,333,870	\$8,411,329	6.03	\$0
CBEC	78,322,427	2.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$4,049,988	5.17	\$0
Community	173,853,979	2.0 TIER	\$1,008,616	\$656,356	\$742,046	\$957,367	\$1,005,549	\$4,369,935	\$10,759,727	6.19	\$0
CVEC	603,980,756	2.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$30,488,048	5.05	\$0
Mecklenburg	515,196,429	2.0 TIER	\$1,527,006	\$536,137	\$1,131,828	\$1,095,403	N/A	\$4,290,375	\$30,192,873	5.86	\$0
Northern Neck	243,675,792	2.0 TIER	\$450,675	\$992,574	\$1,520,250	N/A	\$918,948	\$3,882,447	\$15,745,045	6.46	\$0
Northern Virginia	2,647,595,342	2.0 TIER	\$25,137,867	\$35,075,187	\$39,113,724	\$44,909,690	\$67,011,906	\$211,248,473	\$165,225,190	6.24	\$0
Prince George	267,923,954	2.0 TIER	\$362,344	\$452,244	N/A	\$218,312	\$21,721	\$1,054,621	\$15,323,276	5.72	\$0
Rappahannock	2,348,063,839	2.0 TIER	\$730,366	\$5,097,137	\$9,777,712	\$14,291,512	\$16,590,015	\$46,486,742	\$139,534,647	5.94	\$0
Shenandoah Valley	714,213,847	2.0 TIER	\$3,392,137	\$3,199,552	\$2,794,304	\$4,133,402	N/A	\$13,519,394	\$41,595,785	5.82	\$0
Southside	811,500,415	2.0 TIER	N/A	N/A	N/A	\$874,888	\$2,214,637	\$3,089,525	\$49,757,527	6.13	\$0
Total	90,725,104,309		\$46,927,371	\$740,592,136	\$281,732,284	\$266,974,244	\$108,102,731	\$1,444,328,767	\$5,109,255,997	5.63	\$0

2005 Generation Mkt Price: 6.82

Virginia Commission on Electric Utility Restructuring
 Status of Stranded Cost Recovery as of 12/31/04
 for Electric Utilities serving Virginia

Virginia Jurisdiction with Original 2005 Approved Market Prices

Va Jurisdiction kWh Sales	ROE/TIER	Bundled Earnings Available for Stranded Cost Recovery							Total 2001-2005	Generation Rev Rpt 2005	Generation Rev Rpt, cts/kWh 2005	Stranded Cost Exposure 2005
		2001	2002	2003	2004	2005	2001-2005	2005				
		2005	2005	2005	2005	2005						
Allegheny Power	11%	\$3,611,506	\$4,554,349	N/A	N/A	N/A	N/A	\$8,165,855	\$125,965,072	4.31	\$0	
Appalachian Power Company	11%	N/A	\$15,394,904	\$26,055,918	N/A	N/A	N/A	\$41,450,822	\$659,077,166	4.27	\$0	
Delmarva Power and Light	11%	N/A	N/A	N/A	N/A	N/A	N/A	\$22,390	\$27,329,696	6.05	\$2,710,442	
Dominion Virginia Power	11%	N/A	\$610,949,658	\$131,923,824	\$142,078,121	N/A	N/A	\$884,951,603	\$3,810,213,971	6.03	\$369,298,416	
A&N	2.5 TIER	N/A	\$650,656	\$132,919	\$85,435	N/A	N/A	\$869,009	\$14,212,262	6.33	\$1,984,832	
BARC	2.5 TIER	\$26,877	N/A	\$264,898	\$840,920	\$18,952,710	N/A	\$20,085,405	\$8,432,619	6.05	\$830,468	
CBEC	2.5 TIER	N/A	N/A	N/A	N/A	N/A	N/A	\$0	\$4,051,761	5.17	\$0	
Community	2.5 TIER	\$714,428	\$398,437	\$500,774	\$717,366	\$732,538	N/A	\$3,063,543	\$10,762,337	6.19	\$1,287,295	
CYEC	2.5 TIER	N/A	N/A	N/A	N/A	N/A	N/A	\$0	\$30,490,116	5.05	\$0	
Mecklenburg	2.5 TIER	\$367,609	N/A	\$142,094	\$56,933	N/A	N/A	\$566,637	\$30,193,072	5.86	\$2,114,866	
Northern Neck	2.5 TIER	\$23,603	\$576,769	\$1,037,879	N/A	\$330,198	N/A	\$1,968,449	\$15,748,455	6.46	\$2,468,125	
Northern Virginia	2.5 TIER	\$20,675,563	\$31,253,485	\$35,503,505	\$41,527,874	\$63,546,612	N/A	\$192,507,040	\$165,244,199	6.24	\$20,950,253	
Prince George	2.5 TIER	\$22,913	\$148,842	N/A	N/A	N/A	N/A	\$171,755	\$15,327,351	5.72	\$725,496	
Rappahannock	2.5 TIER	N/A	\$1,463,758	\$6,233,448	\$10,722,408	\$12,243,301	N/A	\$30,662,916	\$199,629,051	5.95	\$11,659,572	
Sherandoah Valley	2.5 TIER	\$2,074,350	\$2,034,388	\$1,658,805	\$2,966,029	N/A	N/A	\$8,733,572	\$41,605,262	5.83	\$2,680,607	
Southside	2.5 TIER	N/A	N/A	N/A	N/A	N/A	N/A	\$0	\$49,799,799	6.14	\$5,573,027	
Total		\$27,516,849	\$667,425,246	\$203,454,063	\$198,995,087	\$95,827,750	\$1,193,218,994	\$5,148,082,189	5.67	\$422,283,398		

2005 Generation Mkt Price: 5.45

Virginia Commission on Electric Utility Restructuring
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 for Electric Utilities serving Virginia

Virginia Jurisdiction with Updated 2005 Market Prices

Bundled Earnings Available for Stranded Cost Recovery

Va Jurisdiction kWh Sales	ROE/TIER	Bundled Earnings Available for Stranded Cost Recovery					Total 2001-2005	Generation Rev Rpt 2005	Generation Rev Rpt, cts/kWh 2005	Stranded Cost Exposure 2005
		2001	2002	2003	2004	2005				
Allegheny Power	9%	\$6,193,132	\$6,765,082	\$1,692,553	N/A	N/A	\$14,650,768	\$125,965,072	4.31	\$0
Appalachian Power Company	9%	\$4,545,756	\$32,640,774	\$49,664,097	N/A	N/A	\$80,850,627	\$649,218,280	4.20	\$0
Delmarva Power and Light	9%	N/A	N/A	N/A	N/A	\$661,080	\$661,080	\$27,317,257	6.05	\$0
Dominion Virginia Power	9%	\$62,023,811	\$716,273,468	\$248,067,502	\$255,033,317	N/A	\$1,281,398,097	\$3,742,938,919	5.93	\$0
A&N	1.5 TIER	\$584,269	\$1,446,975	\$1,067,218	\$1,082,021	\$1,152,598	\$5,333,080	\$14,107,427	6.29	\$0
BARC	1.5 TIER	\$1,041,954	\$779,873	\$1,251,012	\$1,867,526	\$19,931,806	\$24,872,171	\$9,390,040	6.01	\$0
CBEC	1.5 TIER	\$185,363	N/A	N/A	N/A	N/A	\$185,363	\$4,048,214	5.17	\$0
Community	1.5 TIER	\$1,302,805	\$914,274	\$983,319	\$1,197,369	\$1,278,560	\$5,676,326	\$10,757,117	6.19	\$0
CVEC	1.5 TIER	\$456,177	\$947,492	\$321,768	N/A	\$1,183,900	\$2,909,337	\$30,485,981	5.05	\$0
Mecklenburg	1.5 TIER	\$2,686,403	\$1,480,920	\$2,121,502	\$2,133,874	\$896,285	\$9,319,043	\$30,192,675	5.86	\$0
Northern Neck	1.5 TIER	\$877,748	\$1,408,378	\$2,002,621	\$243,811	\$1,507,697	\$6,040,255	\$15,741,635	6.46	\$0
Northern Virginia	1.5 TIER	\$29,600,370	\$38,896,888	\$42,723,943	\$48,291,505	\$70,477,199	\$229,989,906	\$165,206,181	6.24	\$0
Prince George	1.5 TIER	\$701,775	\$755,647	\$156,896	\$618,879	\$515,507	\$2,748,703	\$15,319,201	5.72	\$0
Rappahannock	1.5 TIER	\$4,579,428	\$8,730,515	\$13,321,976	\$17,860,617	\$20,936,730	\$65,429,266	\$139,440,243	5.94	\$0
Shenandoah Valley	1.5 TIER	\$4,709,924	\$4,364,716	\$3,929,804	\$5,300,774	N/A	\$18,305,217	\$41,586,308	5.82	\$0
Southside	1.5 TIER	\$2,872,928	\$2,322,771	\$1,920,594	\$3,393,492	\$5,049,743	\$15,559,527	\$49,715,255	6.13	\$0
Total		\$122,361,843	\$817,727,773	\$363,224,863	\$337,023,185	\$123,591,105	\$1,763,928,768	\$5,070,429,805	5.59	\$0

2005 Generation Mkt Price: 6.82

Virginia Commission on Electric Utility Restructuring
 Status of Stranded Cost Recovery as of 12/31/04
 for Electric Utilities serving Virginia

Virginia Jurisdiction with Original 2005 Approved Market Prices

Bundled Earnings Available for Stranded Cost Recovery

Va Jurisdiction	KWh Sales 2005	ROE/TIER	Bundled Earnings Available for Stranded Cost Recovery					Total 2001-2005	Generation Rev Rpt 2005	Generation Rev Rpt, cts/kWh 2005	Stranded Cost Exposure 2005
			2001	2002	2003	2004	2005				
Allegheny Power	2,919,980,770	12%	\$2,320,692	\$3,448,983	N/A	N/A	N/A	\$5,769,675	\$125,965,072	4.31	\$0
Appalachian Power Company	15,449,148,567	12%	N/A	\$6,771,969	\$17,251,829	N/A	N/A	\$24,023,797	\$664,006,608	4.30	\$0
Delmarva Power and Light	451,729,429	12%	N/A	N/A	N/A	N/A	N/A	\$0	\$27,335,915	6.05	\$2,716,661
Dominion Virginia Power	63,136,065,240	12%	N/A	\$558,287,753	\$73,851,985	\$85,600,523	N/A	\$717,740,261	\$3,843,851,497	6.09	\$402,935,942
A&N	224,356,503	3.0 TIER	N/A	\$252,496	N/A	N/A	N/A	\$252,496	\$14,264,679	6.36	\$2,037,250
BARC	139,489,020	3.0 TIER	N/A	N/A	N/A	\$327,616	\$18,463,163	\$18,790,779	\$8,453,909	6.06	\$851,757
CBEC	78,322,427	3.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$4,053,535	5.18	\$0
Community	173,853,979	3.0 TIER	\$420,240	\$140,519	\$259,501	\$477,365	\$459,527	\$1,757,152	\$10,764,948	6.19	\$1,289,906
CVEC	603,988,756	3.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$30,492,183	5.05	\$0
Mecklenburg	515,196,429	3.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$30,193,270	5.86	\$2,115,065
Northern Neck	243,675,792	3.0 TIER	N/A	\$160,965	\$555,508	N/A	N/A	\$716,473	\$15,751,865	6.46	\$2,471,535
Northern Virginia	2,647,595,342	3.0 TIER	\$16,213,159	\$27,431,783	\$31,893,286	\$38,146,059	\$60,081,319	\$173,765,606	\$165,263,208	6.24	\$20,969,262
Prince George	267,923,954	3.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$15,331,426	5.72	\$729,571
Rappahannock	2,348,063,839	3.0 TIER	N/A	N/A	\$2,689,184	\$7,153,303	\$7,896,587	\$17,739,074	\$139,723,456	5.95	\$11,733,976
Shenandoah Valley	714,213,847	3.0 TIER	\$756,563	\$869,224	\$523,305	\$1,798,657	N/A	\$3,947,749	\$41,614,738	5.83	\$2,690,084
Southside	811,509,415	3.0 TIER	N/A	N/A	N/A	N/A	N/A	\$0	\$49,842,072	6.14	\$5,615,299
Total	90,725,104,309		\$19,710,655	\$597,363,691	\$127,024,598	\$133,503,523	\$86,900,596	\$964,503,063	\$5,186,908,381	5.72	\$456,176,306

2005 Generation Mkt Price: 5.45