Approved: 3/17/95
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES.

The meeting was called to order by Chairperson Ben Vidricksen at 9:00 a.m. on March 16, 1995 in Room 245-E of the Capitol.

All members were present except:
Senator Rock

Committee staff present: Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Martha Ozias, Committee Secretary

Conferees appearing before the committee:
Dean Carlson - Secretary of Transportation
Bill Craven - Kansas Natural Resource Council
Doug Lawrence - Representative 9th District
Jim Haines - Western Resources
Robert Vancrum - Senator 11th District
Don Low - Kansas Corporation Commission

Others attending: See attached list

CONFIRMATION HEARING ON THE SECRETARY OF TRANSPORTATION - DEAN CARLSON

The Chairman introduced Mr. Carlson who addressed the committee on his background and involvement with transportation issues. (Attachments 1-2-3)

HB 2226 - CONCERNING PUBLIC UTILITIES; RELATING TO CERTAIN ELECTRIC GENERATION FACILITIES AND ELECTRIC TRANSMISSION LINES

This bill would exempt electric generation facilities or any other renewable source of energy from the Kansas Electric Generation Facility Siting Act. Bill Craven explained that this exemption is important because hearings under the siting act can cost thousands of dollars. He pointed out that removing the regulatory burden would provide an incentive for the development of renewable energy resources for the smaller facilities and private companies. (Attachment 4)

Representative Lawrence addressed this bill and explained that "Construction Work in Progress" financing has been a controversial subject. In this legislation CWIP would be an alternative at KCC discretion in some cases. He felt this bill offers a good balance, in incentives for renewable facilities, and in preparing the regulatory environment for change. (Attachment 5)

Jim Haines echoed previous comments and pointed out that Western Resources is primarily interested in the provision,which would give the KCC discretion in certain cases, to include the value of construction work in progress in rate base. They do not object to the provision which would exempt from the siting act facilities which are fueled by renewable sources of energy. (Attachment 6)

Senator Vancrum requested an amendment for sales tax exemptions for the treatment of waste water in the manufacturing process.

Don Low explained that the KCC did not support previous legislation because of the questions of financial impact and whether ratepayers should pay for facilities before they are used to provide service. They do not oppose the provisions concerning the renewable resources exemption from the siting act but the primary consideration for the KCC in exercising discretion to allow CWIP would be the financial impact on the utility company. He pointed out that there is the possibility that this bill could result in a competitive advantage for generating facilities built by traditional utilities since the non-utility generators will probably not be in a position to recover CWIP prior to the actual generation of electricity. (Attachment 7)

The chairman asked the committee to take action on the confirmation of Dean Carlson. Senator Papay made the motion to approve the confirmation of Mr. Carlson as the Secretary of Transportation. Senator Brady seconded this. The motion carried.

Attention was turned to **HB 2226.** Senator Burke made a motion to adopt the amendments presented by Senator Vancrum. Senator Papay seconded this. Motion carried.

A motion was then made by Senator Papay and seconded by Senator Harrington to pass this bill favorably as amended. Motion carried.

Senator Papay then made a motion to approve the minutes of the March 15th meeting. A second was made by Senator Harris. Motion carried.

The chairman adjourned the meeting.

The next meeting is scheduled for March 17, 1995.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE GUEST LIST

DATE: March 14, 1995

NAME	REPRESENTING
John DeCoursey	Western Resources
Jim Haines	Western Resources
Jim Ludwig	" "
Doug Lawrence	Legislature
Bill Craven	KNRC / Sierra
Ken Baker	Raytheon Aircraft Co.
Jill Crumpacker	Governor's Office
Sec. Bob Vancrum	Legislature
Ron Hein	MESA
Carolyn Carlson	
Nancy Bogina	KDOT
Orion Jordan	DFM
Rusty Ryskamp	UPS
Mary E. Turkington	Ks. Motor Carriers Assn.
Marshall Clark	KEC
Molly Phillips	Rep. McClure
Don Low	KCC
Larry Holloway	KCC

STATE OF KANSAS

KANSAS DEPARTMENT OF TRANSPORTATION
Docking State Office Building
Topeka 66612-1568
(913) 296-3566
FAX - (913) 296-1095

E. Dean Carlson
Secretary of Transportation

Bill Graves
Governor of Kansas

March 16, 1995

MEMORANDUM TO: Chairman Ben Vidricksen and Members of the Senate Transportation and Utilities Committee

FROM: E. Dean Carlson
Secretary of Transportation

REGARDING: Confirmation Hearing

Good morning, Chairman Vidricksen and members of the Committee. I appreciate the opportunity to address the Committee on my background and involvement with transportation issues. I also want to publicly thank Governor Graves for this opportunity and challenge. My wife, Carolyn, who is here with me, and I are pleased to be Kansans again after being residents of Lenexa from 1985 through 1988.

I started to work in the highway field in June 1954 by hiring on as a laborer with the Biba Construction Company, working on a project to surface a section of U.S. 183 north of my hometown, Holdrege, Nebraska. Mr. Biba taught me to do the arithmetic needed to do slope staking, and I spent the rest of the summer setting construction stakes. During my four years at the University of Nebraska, I worked either part-time or full-time for the Nebraska Department of Roads and Irrigation.

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Immediately upon graduation from the University of Nebraska, I began work for the U.S. Bureau of Public Roads, predecessor to the Federal Highway Administration. After completing a three-year engineering training program, I was given a series of more responsible assignments with the agency leading to my appointment as Executive Director in September of 1989. The position of Executive Director, the top career slot, was responsible for the day-to-day operation of the agency under the policy-setting direction of the politically-appointed Administrator. I was responsible for the planning, organizing and staffing of the agency, approximately 4,000 employees with offices in each state capital, nine regional offices and the Washington headquarters. Among the achievements in that position, I am particularly proud of my involvement in the passage of the 1991 Intermodal Surface Transportation and Efficiency Act (better known as ISTEA) which made $155 billion dollars available to the states for transportation improvements. Our average administrative take-down from this money, excluding research, was considerably less that 2 percent.

I was also gratified by the response of agency professionals in major disasters that occurred on my watch. In both California earthquakes, I was in touch by phone with the local offices within minutes after the quakes and was proud that our employees were on-site with executed demolition and debris removal contracts practically before the dust had settled. The very unfortunate disaster that befell the upper Midwest in the summer of 1993 took longer to develop but was more devastating and over a much broader area. I was pleased that FHWA's local office was able to cut through the red tape and present the first emergency relief check to Kansas.

However, I never lost sight of the fact that FHWA's programs were based on financial aid to the states which caused me to do two things. One was to develop long-term friendships with leaders from many state transportation agencies which led to the second, a desire to work in the area for a state transportation agency so that I could bring my experience to bear in that setting.

In my work as Executive Director of FHWA, there were day-to-day decisions to be made of importance to individuals and state and local agencies. Such things as hours-of-service requirements for truck drivers, planning and environmental requirements, and use of design criteria were made from a national perspective and were occasionally controversial.

During my interview for this position, Governor Graves asked me about one decision I had made regarding guardrail terminal sections, and I would like to give you a quick overview of my response.

FHWA had been studying a policy for getting the oldest, least safe guardrail designs off of major roadways, particularly the Interstate, for several years. A more intense effort was started in 1994 and reached completion in late September 1994. I signed the policy memo on September 30, 1994, rather than leave it for my successor since I had been involved in the development of the policy.

Unfortunately, the clarifying language which had been part of the discussion was not issued until very late in 1994. KDOT had originally estimated that it would cost $116 million dollars in FY 1995 and 1996 to achieve compliance with the policy. However, after receiving clarification, a new estimate was prepared indicating a total cost of $37 million dollars, a reduction of $79 million dollars. The work will be scheduled over five years. KDOT's plan for guardrail improvement will be sent to FHWA at the end of this month.

Because I lived in Lenexa for four years and grew up in a town 23 miles north of the Kansas-Nebraska border, I am quite familiar with Kansas highways. Growing up in the agricultural Midwest, I am acutely aware of the need for good highway transportation to get seed, fertilizer and equipment to the farms and products from the farms and factories to the railroads or other markets. I am aware of the need for an intermodal system with some balance among modes and the need for a transit system that provides service to those who can't or choose not to own automobiles. However, for a state like Kansas, a good transportation system is and must be based on good highways, streets and roads.

Based on my conversations with Governor Graves, the goal that I have set for myself and KDOT is to complete the Comprehensive Highway Program on time and on budget. With the dedicated KDOT staff, we are well on the way to that accomplishment. Governor Graves also asked Secretary Sherrer and I to work on a follow-on plan for highways in Kansas. We hope to begin a dialogue with you on this in the next year. I ask for your vote for confirmation and would be happy to answer any questions.

APPOINTMENTS QUESTIONNAIRE

Office of Governor Bill Graves

Please complete and return this form to the Governor's Appointments Office. Attach additional sheets if necessary.

Name: E. Dean Carlson

Home Address: 2323 S.W. Mayfair Place

City, State, Zip: Topeka, KS 66611

Business Address: 7th Floor, Docking State Office Building

City, State, Zip: Topeka, KS 66612

Home Phone: 913-266-8571 Business Phone: 913-296-3461

Date of Birth: 12/20/35 Place of Birth: Holdrege, NE

Party Affiliation: Republican KBI Check: ___ NA X In Process √ Complete

Appointed as: Secretary of Transportation

Appointment Date: 01/09/95 Expiration Date: At the Pleasure of the Governor

Term Length: At the Pleasure of the Governor Statutory Authority: 75-5001

Salary: $79,000 Predecessor: Michael L. Johnston

Statutory Requirements: None

BACKGROUND

1. List high school, college, or other education institution attended along with the date attended and degree conferred.

Education Institution	Dates	Degree
Holdrege High School	1951-54	H.S. Diploma
University of Nebraska	1954-58	B.S. in Civil Engineering
University of Texas	1969-71	None Received

2. List memberships in business, trade and professional organizations for the past 10 years.

Organization	Dates
American Society of Civil Engineers	1956-Present
American Arbitration Association	1994-Present
The Road Gang	1982-Present

3. List any public offices you have been elected or appointed to, along with the dates of service.

Office Held	Dates
None	

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4. List any positions held with a foreign, federal or local government entity along with the dates of service.

Position	Government Entity	Dates
Various positions, including Executive Director	Federal Highway Administration of the U.S. DOT	06/16/58 to 10/01/94

5. List any lobbying activities you have been involved in during the past five years. This includes activities as a registered lobbyist or lobbying activities for which you were compensated.

Group	Compensation (yes/no)	Dates
None		

6. List experience or interests which qualify you for the position to which you have been appointed. 36½ year career with the Federal Highway Administration with the last five years as Executive Director, the top career position.

7. Summarize business and professional experience. Professional engineer and manager with the Federal Highway Administration.

8. List any service in the United States military. Include dates of service, branch, date and type of discharge.

Branch	Discharge	Dates
None		

9. Provide details of any arrest, charge or questioning by a federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance (excluding traffic violations for which a fine of $100 or less was imposed).

None

10. List and provide details of any interests that may present a conflict of interest for this position. None

I. E. Dean Carlson, declare that this questionnaire is true, correct and complete to the best of my knowledge.

E Dean Carlson
Signature

Februrary 8, 1995
Date

Return completed questionnaire to Judy Krueger, Secretary of Appointments, State Captiol 226-S, Topeka, Kansas 66612. If you have questions, please call 913/ 296-4052.

FILED

FEB 08 1995 RECEIVED

SECRETARY OF STATE FEB 0 9 1995

Kansas Commission on Governmental Standards & Conduct

KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by each person whose appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of $10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

A. IDENTIFICATION: PLEASE TYPE OR PRINT

CARLSON E DEAN

Last Name First ~~Name~~ Initial MI NAME

CARLSON CAROLYN L

Spouse's Name

2323 SW MAYFAIR PLACE

Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

TOPEKA KS 66611

City, State, Zip Code

913**266**8571 913**296**3461

Home Phone Number Business Phone Number

B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:

SECRETARY OF TRANSPORTATI

List Name of Agency, Commission or Board

KS DEPT OF TRANSPORTATION

Position

* *The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.*

* 3637

KC

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E. **RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received $2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE ____.
   If you have nothing to report in Section "E"1, check here ____.

NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1. Federal Highway Administration	400 7th St. S.W. Washington, D.C. 20590	Government
2.		

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.
   If you have nothing to report in Section "E"2, check here _X_.

NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.		
2.		

F. **OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section. If you have nothing to report in Section "F", check here _X_.

BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.		
2.		
3.		
4.		
5.		

Kansas Natural Resource Council

P.O. Box 2635
Topeka, KS 66601-2635

William J. Craven,
Legislative Coordinator
701 Jackson
Suite 220
Topeka, KS 66603
913-232-1555
Fax: 913-232-2232

H.B. 2226
Senate Transporation and Utilities Committee
Testimony of Bill Craven
Kansas Natural Resource Council and
Kansas Sierra Club
March 16, 1995

Thank you for the opportunity to testify. The two groups I represent have long been urging the development of Kansas' abundant renewable energy resources, especially including wind power. This year, a new approach has been tried, namely an incentive approach as opposed to a mandate approach. This approach was suggested by members of both parties, and has been accepted by the two groups I represent.

H.B. 2226 combines two bills first heard in the House Energy and Natural Resources Committee. From the perspective of developing renewable energy resources, two main points need to be made: (1) the bill authorizes a quicker recovery of the capital costs necessary to pay for and construct a renewable energy facility which is 100 megawatts or less, and (2) the bill exempts such facilities from the requirements of the siting act. As a separate matter, the bill also grants the discretion to the Kansas Corporation Commission to include construction costs of new facilities of regulated utilities to be included within the ratebase if these new facilities will be commenced and completed in one year or less.

Neither of these proposals mandates that any company or utility develop renewable energy. Certain benefits might be accrued, however, should a company choose to pursue this path. The bill applies both to regulated utilities as well as other companies or entrepreneurs who choose to develop renewable energy. For non-utilities, companies which usually depend on private capital markets for their funding, these two provisions are extremely important. The exemption from the siting act is important because hearings under the siting act can cost thousands to hundreds of thousands of dollars. In general, the act requires a hearing before the KCC to ascertain the construction plans for a new facility, and to determine whether such a facility is necessary. These considerations aren't terribly significant in developing smaller renewable facilities of a size less than 100 megawatts. In addition, for smaller facilities and private companies, removing this regulatory burden and providing an incentive for the development of renewable energy resources is vital.

This bill represents a modest step forward, and I hope the committee joins the House in taking favorable action on this proposal.

Thank you for the opportunity to testify.

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STATE OF KANSAS

Doug Lawrence
STATE REPRESENTATIVE
902 MIAMI
BURLINGTON, KS 66839

COMMITTEE
MEMBER: AGRICULTURE AND
ENERGY AND NATURAL
RESOURCES
TRANSPORTATION

TOPEKA

HOUSE OF
REPRESENTATIVES

House Bill 2226 is the result of subcommittee deliberations, in the House Energy and Natural Resources Committee. I chaired that subcommittee, and much of the structure of this bill is the result my suggestion.

There are two distinct elements to this bill. The first Section gives the Kansas Corporation Commission discretion to consider the use of Construction Work in Progress in two circumstances. Kansas currently is one of only eight states in the US to have an absolute bar to C-WIP financing as an alternative for utility generation capacity construction.

In HB 2226, C-WIP financing would be an alternative at KCC discretion in cases where a generating facility of less than 100 megawatts which uses renewable energy resources is built. Renewables would include wind, solar, biomass, or landfill gas. In addition, C-WIP could also be allowed in cases where a facility had already been approved under the state's plant siting act process.

Construction Work in Progress financing has been controversial in the past. Arguments that current ratepayers should not be required to finance the costs of building power plants for future users are often made. While I understand the argument, I can not agree that the interests of the ratepayers are always best served by that approach. If a regulatory scheme ultimately leads to all ratepayers paying significantly more for their electricity for a lot longer, then the ratepayers are not well served by that regulatory approach. There are interest rate scenarios where the KCC's current approach to recapturing the construction costs and interest costs are actually more beneficial to utilities than using C-WIP financing. I believe the KCC should have the flexibility, to consider all financing alternatives seeking one that will best benefit the ratepayers, and utility. C-WIP financing may never be used, but depending on the cost of borrowing money, and the differential associated with investments, there may be circumstances where it works best to use a C-WIP mechanism.

C-WIP is most beneficial in cases where the power plant facility has high up front costs, but low on-going fuel and operation costs, as is the case in renewable energy facilities. These facilities require large capital investments, but once operational, fuel costs become almost negligible.

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In the case of extending C-WIP to any facility which has been approved as a part of the plant siting act, we are simply recognizing the shared decision-making process which was created when the plant siting act was put into place. The plant siting act represents an extensive review of the need for a new facility, the cost of construction of a facility, the viability of a proposed site and more. We put the KCC in the position of sharing in the decision of whether or not to build new electrical capacity and how those capacity needs will be met. Financing, and cost of construction are integral parts of that decision.

This is a significantly different approach than existed the last time any new major baseload generation capacity was constructed in Kansas. I believe this cooperative approach to decision making represents an appropriate change in the regulatory methods of the state. But, I think it is important to add, when we participate in the up front decision making, we also take some responsibility for the decision which is made. HB 2226 recognizes the participatory role the KCC now takes in reviewing utility plans for future growth, and gives the KCC discretion to consider all avenues for accomplishing quality utility services at the best possible cost.

The second portion of HB 2226 provides an exemption from the plant siting act for small Renewable Energy generation facilities. Facilities which are less than 100 megawatts would be exempt from the plant siting act. I see this as an incentive for utilities and other interest parties to explore opportunities in renewable energy in Kansas. It is appropriate given the abundant renewable opportunities in Kansas, that there be some economic incentives for this type of development. This bill offers a good balance, in incentives for renewable facilities, and preparing the regulatory environment for change.

HOUSE BILL No. 2226
As Amended By House Committee

Senate Committee on Transportation and Utilities

Statement of James Haines

Good morning Mr. Chairman and members of the Committee. My name is Jim Haines. I am appearing on behalf of Western Resources, Inc. and as a member of the utility industry task force which, at the request of Representative Carl Holmes, undertook a review of K.S.A. Chapter 66. I believe each of you have been provided a copy of the task force report.

H.B. 2226 would exempt from the Kansas Electric Generation Facility Siting Act electric generation facilities of 100 MW or less which are fueled by a renewable source of energy. H.B. 2226 would also permit those facilities as well as transmission and generation facilities for which siting permits have been issued by the KCC under K.S.A. 1,158 *et seq.* or 66-1,177 *et seq.* to be deemed to be completed and dedicated to commercial service. This latter provision would give the KCC *discretion* to include the value of such facilities in rate base.

Western Resources is primarily interested in the provision in H.B. 2226 which would give the KCC discretion in certain cases to include the value of construction work in progress in rate base. Western Resources does not object to the provision which would exempt from the siting act facilities which are fueled by renewable sources of energy.

H.B. 2226 would not mandate rate recognition of the value of CWIP, it would simply give the KCC the discretion to permit it.

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Why would you want the KCC to have this discretion?

- Reduces cost of new facilities
- Reduces rate impact of new facilities

Exhibit 1 takes a $100 million facility which takes five years to construct and compares the rate impact of putting the facility's value in rate base while its under construction with waiting until the facility is finished to put its value in rate base. Over the life of the facility the rate impact is $31.4 million less when its value is included in rate base while it's under construction.

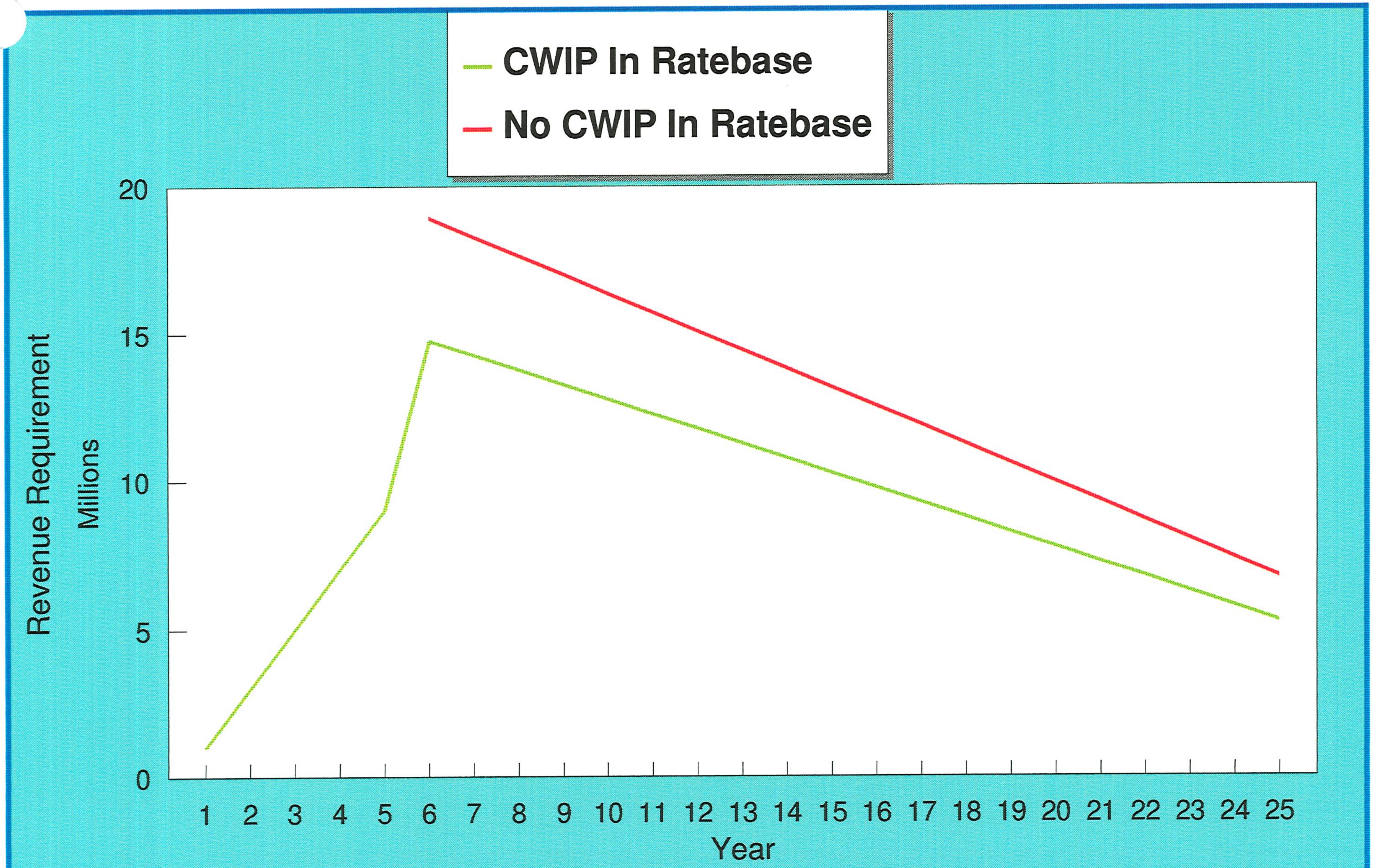
Why does this difference occur? While a facility is under construction, capital costs (interest and return on equity) are incurred on the funds necessary to pay for the construction as it progresses. If these capital costs are not paid as incurred, i.e. if the value of CWIP is <u>not</u> in rate base, then they are capitalized themselves and added to the bricks and mortar cost of the facility.

In the attached Exhibit, you can see that with the value of CWIP in rate base, the facility goes into rate base in year one and reaches a high of $100 million in year five when the facility goes into operation. When the value of CWIP is not in rate base, the facility has a cost at the end of construction of $128.2 million. As a result of that $28.2 million difference, over the 25 year life of the facility, customers will pay $31.4 million more than they would have paid if the value of CWIP had been included in rate base.

If there are any opponents to this part of H.B. 2226, I expect the first thing they will tell you is that it's really better for customers to pay this extra $31.4 million because what they get for it is the ability to delay paying anything until the fifth year. The theoretical basis for this argument is that utilities can borrow money at lower rates than customers. Therefore, using our example, on a present value basis, its really cheaper for customers to pay nothing for the first five years and then pay an extra $31.4 million in the last 20 years. This theoretical argument typically assumes that most customers, in effect, borrow from VISA or Mastercard at 18% in order to pay their electric bill which covers the cost of putting the value of CWIP in rate base.

I'm not certain those are good assumptions, but I do agree that if customers borrow to pay their electric bills and if their interest costs are higher than the utility's carrying cost (10% in our example) then, on a present value basis over the life of a facility, customers might be better off. I say "might" because there are other factors which should be considered. For example, all else equal, a project is less financially risky if its value is included in rate base while its under construction. Less risk means a lower capital cost for the utility, the benefit of which is passed on to customers. For another example, many believe that the best public policy is to "pay as you go." We follow such a policy for most infrastructure facilities. For schools, roads, bridges, prisons, hospitals, etc. we issue bonds to finance the facilities and we begin paying interest on those bonds before the facilities are completed. Still another factor to consider is the extent to which the state wants to have the ability, when necessary, to encourage construction of electric generation or transmission facilities.

By giving the KCC discretion to put the value of CWIP in rate base all these factors I've mentioned can be evaluated and a decision made, one way or the other, which is in the public interest. I urge you to vote in favor of H.B. 2226.



$100,000,000 facility; $20,000,000 per year for 5 years
5 year construction period; 25 year operating life; 10% interest

No CWIP In Ratebase

	Expenditure	Construction Capital Costs *	CWIP	Ratebase	Depreciation	Return @ 10%	Revenue Requirement
Year 1	$20,000,000	$1,000,000	$21,000,000				
Year 2	20,000,000	3,100,000	44,100,000				
Year 3	20,000,000	5,410,000	69,510,000				
Year 4	20,000,000	7,951,000	97,461,000				
Year 5	20,000,000	10,746,000	128,207,000				
Year 6				121,797,000	6,410,000	12,500,000	18,911,000
Year 7				115,386,000	6,410,000	11,859,000	18,270,000
Year 8				108,976,000	6,410,000	11,218,000	17,628,000
Year 9				102,566,000	6,410,000	10,577,000	16,987,000
Year 10				96,155,000	6,410,000	9,936,000	16,346,000
Year 11				89,745,000	6,410,000	9,295,000	15,705,000
Year 12				83,335,000	6,410,000	8,654,000	15,064,000
Year 13				76,924,000	6,410,000	8,013,000	14,423,000
Year 14				70,514,000	6,410,000	7,372,000	13,782,000
Year 15				64,104,000	6,410,000	6,731,000	13,141,000
Year 16				57,693,000	6,410,000	6,090,000	12,500,000
Year 17				51,283,000	6,410,000	5,449,000	11,859,000
Year 18				44,872,000	6,410,000	4,808,000	11,218,000
Year 19				38,462,000	6,410,000	4,167,000	10,577,000
Year 20				32,052,000	6,410,000	3,526,000	9,936,000
Year 21				25,641,000	6,410,000	2,885,000	9,295,000
Year 22				19,231,000	6,410,000	2,244,000	8,654,000
Year 23				12,821,000	6,410,000	1,603,000	8,013,000
Year 24				6,410,000	6,410,000	962,000	7,372,000
Year 25				0	6,410,000	321,000	6,731,000
Total							256,412,000

* Accountants refer to these costs as AFUDC - Allowance For Funds Used During Construction

CWIP In Ratebase

	Expenditure	Construction Capital Costs *	CWIP	Ratebase	Depreciation	Return @ 10%	Revenue Requirement
Year 1	$20,000,000			$20,000,000		$1,000,000	$1,000,000
Year 2	20,000,000			40,000,000		3,000,000	3,000,000
Year 3	20,000,000			60,000,000		5,000,000	5,000,000
Year 4	20,000,000			80,000,000		7,000,000	7,000,000
Year 5	20,000,000			100,000,000		9,000,000	9,000,000
Year 6				95,000,000	5,000,000	9,750,000	14,750,000
Year 7				90,000,000	5,000,000	9,250,000	14,250,000
Year 8				85,000,000	5,000,000	8,750,000	13,750,000
Year 9				80,000,000	5,000,000	8,250,000	13,250,000
Year 10				75,000,000	5,000,000	7,750,000	12,750,000
Year 11				70,000,000	5,000,000	7,250,000	12,250,000
Year 12				65,000,000	5,000,000	6,750,000	11,750,000
Year 13				60,000,000	5,000,000	6,250,000	11,250,000
Year 14				55,000,000	5,000,000	5,750,000	10,750,000
Year 15				50,000,000	5,000,000	5,250,000	10,250,000
Year 16				45,000,000	5,000,000	4,750,000	9,750,000
Year 17				40,000,000	5,000,000	4,250,000	9,250,000
Year 18				35,000,000	5,000,000	3,750,000	8,750,000
Year 19				30,000,000	5,000,000	3,250,000	8,250,000
Year 20				25,000,000	5,000,000	2,750,000	7,750,000
Year 21				20,000,000	5,000,000	2,250,000	7,250,000
Year 22				15,000,000	5,000,000	1,750,000	6,750,000
Year 23				10,000,000	5,000,000	1,250,000	6,250,000
Year 24				5,000,000	5,000,000	750,000	5,750,000
Year 25				0	5,000,000	250,000	5,250,000
Total							225,000,000

* Accountants refer to these costs as AFUDC - Allowance For Funds Used During Construction